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THE STATE OF HAWAII

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SUBJECT: RELATING TO GOVERNMENT OPERATIONS

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
November 2007

DEPARTMENT OF TRANSPORTATION

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 twenty-three (2,423) 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, design, construction, operation, and maintenance 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 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, and maintaining efficient airport facilities.

The Airports Division strives to provide an efficient 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 accommodate the flow of passengers, cargo, and mail between the islands as well as to and from Pacific Basin nations and the Mainland.

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, 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. Keep our stakeholders satisfied.
4. Maximize airport revenues.
5. Protect the environment.

Actions Taken in FY 2007 to Implement Objectives and Policies.

During fiscal year 2007, 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. All of our managers participated in a two-day "Executive Steering Group (ESG) Team Building" training seminar conducted by a consultant, which covered the following topics:
 - Trust
 - Honesty and full disclosure
 - Good, clear and open communication
 - Clarity in what needs to be done
 - Commitment to the team
 - Effective leadership
 - Establish clear goals to fulfill mission
 - Set priorities
 - Identify and maximize resources
 - Supportive environment
- b. One of our managers attended the Hawaii Leadership Academy. The purpose of HLA is to ensure that state government managers acquire the ability to reach the goals of today and meet the new challenges of tomorrow. The foundation of HLA is a series of leadership competencies-- knowledge, skills and behaviors--that are

critical for success. HLA is composed of three major phases: learning the competencies, applying the competencies and evaluating the application of the competencies. The first phase consists of four seminars which covering basic interpersonal, teambuilding, human resources management and communication skills. It also covers administrative and problem solving skills of management. Finally, this first phase covers skills leading organizations to a higher level. The second and third phase cover applying the competencies on the job and evaluating the application of the competencies, respectively.

- c. Four of our managers participated in workshop on "Drafting Bills for Legislation" which covered 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. Held weekly ESG meetings with managers to discuss current issues and how to effectively resolve them.

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. Under this program, 100 Automated External Defibrillators (AED) were installed at 10 airports on six islands, and over 1200 airport employees participated in the American Heart Association Heartsaver CPR/AED courses at various airports. By addressing health related issues, the Airports Division is contributing to the safety of the traveling public.
- b. Developed and implemented a Mass Casualty Plan. Purchased Emergency Medical Trailers for Kalaeloa and Honolulu International airports in the event of a disaster leading to mass casualties. Also purchased a 50-Bed Portable Hospital complete with training package for Honolulu International Airport.

- c. Developed and implemented a Statewide Inoperable Communication Plan that includes purchasing and upgrading an 800 MHz system, establishing channels and talk groups, and drafting an operational readiness strategy plan.
- d. Developed and implemented a statewide incident command system "Quick Attack" plan which facilitates the transition from a small emergency to major disasters.
- e. Requested and received authorization from the Legislature to establish 18 new firefighters positions and 8 operations and maintenance worker positions at Hana, Kalaupapa, Kapalua and Waimea-Kohala airports in compliance with Title 14, Code of Federal Regulations, Part 139. Once these positions are established and filled, firefighting and operations capability at these airports will be improved.

3. Keep our stakeholders satisfied

The following actions were undertaken to improve stakeholder satisfaction through stakeholder involvement and communication:

- a. Conducted 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. Conducted meetings with stakeholders to solicit their input during the various phases of the master planning process. The stakeholders included representatives from concessionaires, airlines, general aviation council, hotel association, county visitors bureau, military and local, state and federal government.
- c. Prepared, published and distributed a weekly "Wikiwiki Construction Newsletter". The purpose of this newsletter is to keep tenants informed about on-going construction activities at Honolulu International Airport.

- d. Attended 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.

4. Maximize revenues

- a. Established and implemented new schedule of rental rates and charges based on current property appraisals.
- b. Developed and implemented new retail concession agreement which includes provisions for wired and wireless internet access at Kahului Airport.
- c. Awarded concession agreement for rental car concession at Honolulu International Airport.
- d. Implemented new statewide In-Bond (Duty Free) concession agreement.

5. Protect the environment

- a. 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. Conducted annual environmental compliance training for airport workers.
- c. Participated in the State's "Leadership by Example" task force on energy and environment sustainability efforts again this year.
- d. Made improvements to the paper-recycling program in the Airports Division administration offices.

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

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. Motivate managers to develop and cultivate leadership qualities such as vision, drive, good judgment, initiative and maturity, and continue to meet with them on a weekly basis.
- b. Encourage managers to improve their leadership skills by taking advantage of training sessions offered by the State.
- c. Ensure that managers are trained and equipped to meet the demands of changing circumstances.
- d. Improve the efficiency and effectiveness of airport management, operations and maintenance.
- e. 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. Require managers to take a more active role in the legislative process by proposing, researching and developing legislative initiatives if they are needed.

2. Improve safety and security

The following capital improvements are being undertaken to improve public safety and security:

- a. *A01022-14 Airfield Lights and Sign Replacement.* This project will provide for the replacement of airfield signs at Honolulu International Airport (HNL). The scope also includes replacing the existing taxiway lights with LED-type lights and other work necessary to comply with the requirements identified by FAA's Runway Safety Action Team (RSAT).

- b. A01037-27 *HNL IAB Ceiling Replacement*. Remove and replace the ceiling, including removal of asbestos containing materials, replace drainage lines, improve heating, ventilation and air-conditioning system in the International Arrivals Building at HNL.

- c. A01095-29 *HNL EDS Integration Improvements, Ph I* Installing new and/or modifying existing baggage conveyor system in the baggage make-up area at the Interisland Terminal Building (Aloha and Hawaiian Airlines) at HNL, providing electrical power to the new conveyor system and EDS units, and HVAC for the EDS unit.

- d. A01095-33 *HNL EDS Integration Improvements, Phase 2*. The scope of work includes the design and construction of a complete in-line Explosive Detection System (EDS) including associated Explosive Trace Detection (ETD) areas in lobbies 4, 5, 7, and 8 meeting the latest requirements of the Transportation Security Administration (TSA) and based on HNL, Overseas Terminal (Lobbies 4-8) Lobby Reconfiguration with Inline Checked Baggage Explosive Detection System. The first initiative includes modifications to the existing Baggage Handling Systems (BHS) as well as relocation of functions displayed by the new EDS system matrix on the apron and basement levels. The second initiative includes passenger-ticketing reconfiguration at lobbies 5, 7, and 8. The improvements shall remove the existing "herringbone" layout ticketing podiums and shall be replaced with new ticketing positions capable of accommodating self-service check-in devices in an "island" configuration at lobby 5 and a "back wall" configuration at lobbies 7 and 8.

- e. A01098-17 *HNL New Airfield Electrical Vault*. Project will construct an additional 60' x 120' airfield electrical vault (Vault Z) at the end of Lagoon Drive to provide 100% emergency backup power airfield loads at HNL. The scope of work includes the following: switchgear-regulator system, 480V switchgear, UPS, emergency generator, backup feeders and manholes to Vault X, recircuiting and recabling of all lighting, new airfield lighting control and monitoring system, wind turbines and related work.

- f. A01098-18 *Electrical Distributed Generation System Ph 1.* Purchase electric power generating equipment for the Emergency Back-up Power System at HNL.
- g. A01098-19 *Electrical Distributed Generation System Ph 2.* This phase will construct the structure for the power generating equipment that will increase the emergency back-up power at HNL by 10 MW.
- h. AM1023-13 *Runway Safety Area and Perimeter Road Improvements.* This project will construct improvements to bring Runway Safety Area (RSA) and Taxiway Safety Area deficiencies at Kahului Airport into compliance with Federal Aviation Administration (FAA) requirements and improve safety and security around the airfield through improvements to the perimeter road and fencing.
- i. AM1023-14 *Runway Safety Area Improvements Phase II.* This project is the second phase to construct improvements to bring Runway Safety Area (RSA) and Taxiway Safety Area deficiencies at Kahului Airport into compliance with Federal Aviation Administration (FAA) requirements and improve safety and security around the airfield through improvements to the perimeter road and fencing.
- j. AM1095-06 *OGG EDS Integration Improvements.* Phase II of EDS Integration started in Terminal Improvements Phase 1B to complete the rest of the terminal at Kahului Airport.
- k. AM3031-01 *Part 139 Improvements at Hana.* An allotment was made to finance the subject project. This project will correct the deficiencies at Hana Airport (HNM) to meet the revised Federal Aviation Administration (FAA) Title 14 Code of Federal Regulations Part 139 Airport Certification that became effective on June 9, 2004.
- l. AK1052-04 *Perimeter Road and Fence.* Title 14, Code of Federal Regulations (CFR), Part 139.335 requires fencing around Lihue Airport to meet the requirements of applicable Federal Aviation Administration and Transportation Security

Administration security regulations for the certification of the airport. In addition, as a result of the September 11, 2001 events, the FAA conducted a nationwide initiative to increase the airport security under Title 14, CFR, Part 107. This project to improve the fencing to a 6-foot high chain link fence with barbed wire will increase the security of the airport. There currently is a dirt service road along the east side of Runway 17-35. Due to the existing terrain, the service road is not always located adjacent to the existing fence, and in some instances is up to 125 feet away. This distance makes it difficult for Airports personnel and TSA or other security personnel to inspect the fence line for integrity and access the fence line for maintenance purposes. The airport is also required to maintain a 10-foot clearance on both sides of the fence to help maximize their visual surveillance capabilities.

- m. *AK1052-06 Explosive Detection System Integration Improvements.* The current security screening process at Lihue Airport involves running baggage to be checked into an aircraft's cargo area through an Explosive Detection System (EDS) machine. Bags exiting the machine must be hand carried to the airlines conveyor belt for transport to the aircraft cargo hold. This project will move the EDS machine away from the current ticket lobby area and add a conveyor between the exit of the EDS and the airlines conveyor system.

- n. *AK1033-01 Airfield Lights and Signs Replacement.* The airfield signs at Lihue Airport are in poor operating condition and require replacement as noted by the Federal Aviation Administration Runway Safety Action Team (RSAT). Numerous signs are weathered and randomly malfunction, or are completely inoperable as mentioned in the RSAT report. Efforts are continuously being made to fix the signs but since the original manufacturer is no longer in business, compatible replacement parts are not available. This project will correct all deficiencies by installing new airfield signs in compliance with FAA Advisory Circular 150/5340-18C and 150/5345-44F.

- o. AS1037-03 *Airfield Lights and Sign Replacement, ITO/KOA*. The scope of work includes the replacement of 121 illuminated airfield guidance signs and related appurtenances at Hilo International Airport and Kona International Airport at Keahole.
- p. AS1037-04 *Airfield Lights and Sign Replacement, OGG/LNY*. The scope of work includes the replacement of 85 illuminated airfield guidance signs, 65 runway light fixtures, conduit, cables and related appurtenance at Kahului and Lanai airports.
- q. AS1050-25 *Phase I - Security Access Control System And CCTV System, Statewide*. This project provides for the upgrading of the security access control system and CCTV system at Kahului, Molokai, Lanai, Honolulu International, Hilo International, Kona International and Lihue airports.

3. Keep our stakeholders satisfied

- a. Follow up on evaluating the feasibility of establishing an Airport Liaison Office.
- b. Continue to meet with the concessionaires committee at Honolulu International Airport every month.
- c. Continue to publish and distribute the "Wiki-Wiki Construction Newsletter" to tenants at Honolulu International Airport.
- d. Start developing and publishing newsletters that cover construction activities at Neighbor Island airports and distribute them to tenants at those airports.
- e. Develop, print and disseminate "How to do Business with Us" brochures.
- f. Conduct customer satisfaction training for employees under a grant from the State.

4. Maximize revenues

- a. Convert existing on-airport car rental concessions from month-to-month holdover to long-term concession agreements.
- b. Increase on-airport car rental concession fees for Neighbor Islands from 7.5% to 10%.
- c. Change the fee structure of off-airport rent-a-car operations from a per vehicle fee to an 8% of gross receipts fee.
- d. Increase parking rates for all airports.
- e. Increase parking capacity at all airports.
- f. Issue concession agreement for advertising at the airport.
- g. Implement joint-use charges for Terminal 3 at Honolulu International Airport.
- h. Issue new concession agreement for food and beverage operation at Lihue Airport.
- i. Issue new concessions agreement for food and beverage operation at Hilo International and Kona International airports.
- j. Issue new concession agreements for wired and wireless internet access at all airports.
- k. Implement development program for Kona International Airport.
- l. Increase level of non-aeronautical income.
- m. Increase Airport Use Charges, which include landing fees and other charges covered by Chapter 16.1, Hawaii Administrative Rules.

5. Protect the environment

- a. Continue to participate in the State's "Leadership by Example" task force.

- b. Maintain a recycling program for multiple materials in the public areas of the Honolulu International Airport.
- c. Increase the budget of the Environmental Section to ensure improved monitoring, testing and remediation capabilities.
- d. Continue the environmental compliance tracking system.
- e. Continue the Leadership in Energy and Environment Design (LEED) in new, major facilities and retrofit older facilities to meet LEED standards.

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 no. of times the airport facility restrooms are cleaned per day.

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. Keeping our stakeholders satisfied
 - 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. Increase fees to generate additional revenue.
 - b. Use innovative approaches in generating revenues.
5. Protect the environment
 - a. Number of fines or citations issued to the Airports Division by state or federal environmental agencies.
 - b. Ability to ensure full compliance with environmental laws, regulations and requirements.
 - c. Improvement in the environmental compatibility and appearance of airport facilities and properties.

C. HARBORS DIVISION

Statement of Goals

The Harbors Division's program is aimed at effectively providing and managing a commercial harbor system that facilitates the efficient 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. Program objectives also include the support of fishing and passenger cruise industries, other maritime and non-maritime related service and support activities.

Objectives and Policies

The statewide harbors system consists of ten (10) commercial harbors located at Honolulu, Kalaeloa Barbers Point, Kewalo, Hilo, Kawaihae, Kahului, Kaunakakai, Kaunapali, Nawiliwili and Port Allen.

The major activities of this program are to maintain and operate the ten commercial harbors in a well managed and planned manner that will provide program planning and administrative support; manage vessel traffic into, within, and out of harbor facilities; provide, allocate, and control cargo storage areas; maintain, repair and operate harbor facilities; impose appropriate rates, rents, fees and charges to produce revenues and manage the harbors system as a self supporting enterprise, as well as maintain offices and facilities for the conduct of maritime business with the public.

Revenues for the development, maintenance, and operation of the Harbors program are derived from a number of sources including wharfage, rentals, dockage, port entry fees, mooring charges, demurrage, cleaning, property rental, operation agreements and other ancillary harbor fees and charges. Wharfage and rentals currently represent the largest sources of revenues.

Activities conducted in the Harbors program require interaction with other public and private sector agencies and businesses. Government agencies include:

1. The U.S. Army Corps of Engineers, which administers and participates in the planning, design, construction, and maintenance of harbor navigational improvements.

2. The Federal Maritime Commission that regulates port and marine terminal operators that engage in United States ocean-borne commerce. The Commission also receives and reviews tariff filings.
3. The U.S. Coast Guard that 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.
4. The U.S. Treasury Department that 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.
5. The U.S. Customs and Border Protection Agency that monitors the flow of foreign people and goods entering U.S. ports.
6. The Environmental Protection Agency that is involved with water quality standards.
7. State agencies that are involved in coastal areas, land and water use, economic development, environmental regulations and safety regulations.
8. The counties of the state that are involved in zoning, the granting of permits and similar activities.

Private sector entities provide shipping services, stevedoring, warehousing, tug services, maintenance, ship chandlery and repair, distribution and other functions. One of the main objectives of the statewide harbors program is to provide adequate maritime facilities to accommodate the needs of the commercial shipping industry and the public.

Commercial Harbor Master Plans are used to plan and program future expansions and improvements to commercial harbor facilities. The master plans are developed with input from government agencies, maritime users and the public. The plans serve as a guide for continued port development.

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

Changes made to increase efficiency and effectiveness for the purpose of achieving programmed objectives include:

1. Where possible, the development of immediate facility improvements designed to alleviate congestion and crowding of cargo and passenger processing areas. These adjustments are intended to provide interim relief pending the completion of major improvements identified in the respective Harbor Master Plans.
2. Accelerated implementation of projects identified in prior plans; adjustments and revision in project prioritization to reflect identified changes in activity and harbor user operational requirements.
3. Continuing development and update of the Commercial Harbors Master Plans to ensure that long term planning strategies reflected in the CIP are integrated in accomplishing the objectives and mission of the Department. Included in this effort is the exploration of alternative means of funding for capital improvements and other strategies for revenue enhancement.
 - a. Complete Kahului Harbor 2030 Master Plan and EIS in 2007 or early 2008. Develop implementation program and schedule.
 - b. Commence Hawaii Commercial Harbors 2030 Master Plan Update for Hilo and Kawaihae Harbors in late 2007 with completion in 2008.
 - c. Undertake development of harbor expansion effort to accommodate Young Bros. less than container load (LCL) Interisland barge service at Kahului, Honolulu and Kawaihae Harbors in 2007-2008.
4. Honolulu Harbor Project Group: The short term utilization of the special development team established to focus on key Honolulu Harbor projects for the purpose of initiating development of critically needed maritime improvements. Comprised of members of the Department of Transportation, Harbors Division and the Aloha Tower Development Corporation (ATDC), this partnership centers on expediting development of additional cargo areas and related

improvements for Honolulu Harbor by allowing concentrated attention on activities designed to achieve the planned improvements for harbor expansion. The establishment of the team and its composition permits work to be done with personnel experienced in development activities with focus on specific projects. Harbors Division prefers to continue the arrangement for a longer period and expand the scope of ATDC's alliance with the Harbors Division. Alternative proposals will be offered in response to budgetary requirements in order to address this matter.

5. Hawaii Harbors User Group (HHUG): Continued support and participation with the harbor user group is on going. The major operators have joined to form the HHUG organization that has provided a forum for the users to collaborate with the Harbors Division on major planning and development initiatives to be implemented in a condensed time frame (5 to 6 years). This program is referred to as the Harbor Modernization Plan and is being worked between Harbors Division, ATDC and the administration. This effort provides improved coordination and mutual support in the updating of harbor planning and development statewide. The HHUG is also assisting the Harbors Division in the pursuit of federal funding alternatives to assist in harbor development.
6. Complete a court mandated Chapter 343 environmental document for harbor improvements related to the operation of an inter-island ferry system.
7. Terminate management of Kewalo Basin as soon as legally possible. This change will entail removal of the Harbors Division from the administration, operation and maintenance of the harbor and turn the entire activity over to the Hawaii Community Development Authority, owners of the property or as determined by legislative action.
8. Improve the revenue earnings opportunities to support expansion and development programs. Areas of attention will include property rentals, tariff adjustments, long term leases, minimum

annual guarantees, the possible acquisition of federal funds and grants and the possible development of facilities improvements through public-private developments that will alleviate total improvement costs on the Harbors Division alone.

9. Continue in conjunction with the Department of Business and Economic Development and Tourism the development of the state fuel infrastructure and planning for state harbors in support of alternative fuels and energy efficiency development programs.

Major Accomplishments Achieved

1. Due to the importance to preserve Piers 1 and 2 at Honolulu Harbor to support maritime needs, Act 165, SLH 2006, was enacted to remove this area from the jurisdiction of HCDA and convey authority to the DOT and the Foreign Trade Zone of the Department of Business and Economic Development and Tourism, effective July 1, 2006.
2. In July 2006, approximately \$97.5 million in Series A of 2006 Harbors System Revenue Bonds were issued to provide financing for major capacity expansion projects statewide.
3. Pier 3 was extended to provide additional pier space to safely berth longer cruise vessels at Hilo Harbor's secondary cruise berth.
4. At Kahului Harbor, the Puunene yard project that included lighting, a bridge for cargo operations, pavement strengthening and other utilities for expanded cargo operations was substantially completed. Along with the adjacent Wharf Street Shed demolition project, Young Bros. was provided with additional container operations area as well as open yard area to ensure continuation of less than container load (LCL) service to Kahului Harbor.

Over the next one, two, and five years, the Harbors Division will be pursuing the following actions in order to achieve its objectives:

1. Ensure stakeholders are satisfied with the services and facilities provided.
2. Create and maintain a positive work environment for its employees.
3. Ensure the facilities are compliant with applicable federal, State and local safety regulations and standards.
4. Promote the health and safety of the public by eliminating harbors related deaths and injuries.
5. Optimize the use of Harbor resources through sound financial and organizational practices.
6. Anticipate and accommodate the commercial water transportation needs of the State.
7. Proactively address the needs of stakeholders.
8. Improve inter- and intra-division communication and collaboration.
9. Implement interim improvement plans and congestion relief projects.
10. Continue accelerated development of major harbor expansion, construction and improvement projects.
11. Continue to upgrade rules, regulations and procedures to address improved ground transportation and related commercial activities; establish greater tenant and user environmental rules compliance; upgrade operational agreements with harbor users.
12. Revamp and upgrade tariff and property rental rates to provide greater financial stability and support to the harbor program.
13. Upgrade harbor emergency preparedness planning, security measures and emergency response capability.
14. Continue to participate in Honolulu Harbor Iwilei District Participating Partner (IDPP) environmental cleanup and remediation of the piers 26-29 site.
15. Develop the new container yard at the former Kapalama Military Reservation (KMR). Activities include major tenant relocation, design of the new deep-water pier that will be needed for cargo ship and future container operation.
16. Develop and initiate expansion and improvement projects at all state harbors under the Harbor Modernization Plan. This plan will include a list of Statewide Harbor CIP projects that have the support of the Hawaii Harbor Users Group.

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

Progress on attainment of the Division's goals and objectives will be measured through the level of

achievement, accomplishment and development of major improvement projects against the developed timetables established for the specific improvements identified. The respective Master Plans, including any subsequently adopted updates or enhancements will be used as the base from which the pace and progress of attainment on specific accomplishments will be measured.

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.

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. In the pursuit of improvements, a careful balance between the need and timing for the desired improvements and the time needed for implementation is established to avoid imposing higher tariff, fees, and charges on users than would otherwise be necessary to assure the progressive development of the state's commercial harbors. Additional pier, yard, and support facilities are provided where necessary and existing facilities are upgraded when appropriate.

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 three (3) Staff Services Offices, five (5) Branches and four (4) Districts under the direction of the Highways Administrator as follows:

- Staff Services Office
- Engineering Services Office
- Motor Vehicle Services Office
- Planning Branch
- Design Branch
- Right-of-Way Branch
- Materials Testing and Research Branch
- Construction and Maintenance Branch
- Traffic Branch
- Oahu District

- Kauai District
- Maui District
- Hawaii District

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, and construct and maintain highway facilities on the State Highway System, which consists of 932 miles and approximately 2,423 lane-miles of highway.

Over the past two years, the Division has undertaken and continued various programs and projects to improve the efficiency, effectiveness, and safety of the land transportation system.

- Oahu - Construction is nearing completion on the 1st increment (Phase 1A) of the North South Road in Ewa between the Kapolei Parkway and Interstate Route H-1. When North-South Road is completed, it will help ease the existing congestion and provide access to future developments in the area. Construction for the next two increments, the first (Phase 1B) which includes 4 lanes that connects the floating segment from Phase 1A to Farrington Highway and Kapolei Parkway, the second (Phase 1C) which includes 6 lanes that connects Farrington Highway to the H-1 Freeway, a new diamond interchange, and an undercrossing at the H-1 Freeway, will commence in 2007, and is scheduled to be completed in the fall of 2009.
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- Exploring options to mitigate congestion along our facilities, we will begin a study for contraflow along Kahekili Highway from Haiku Road to Hui Iwa Street.
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- The development of a Freeway Management System will make the existing freeways more efficient and safe by using intelligent transportation systems technologies. Since the existing freeway system is so congested, this project will increase roadway efficiency, relieve congestion and improve emergency services by employing intelligent transportation systems technologies to manage traffic operations and disseminate traveler information.
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- Pedestrian safety is included in the current program through projects such as the retrofitting of incandescent traffic signal heads to LED modules, which will provide both improved signal visibility and energy-efficiency to various locations around Oahu. Projects to convert pedestrian signals to countdown timers will provide an added gauge to safely cross streets at intersections throughout Oahu.
- State-of-the-art equipment such as traffic signal heads and controllers will be installed at various intersections, including Waiialae Avenue from 21st Avenue to Kilauea Avenue; Nimitz Highway from Valkenburgh Street to Halekauwila Street; and Pali Highway at School Street. As a result, safety and traffic signal operation will be improved.
- Hawaii - The first phase of the Queen Kaahumanu Widening from Henry Street to Kealakehe Parkway is under construction with completion anticipated in May 2008. Construction for the second phase of the widening from Kealakehe Parkway to Kona International Airport Access Road is scheduled to be obligated in calendar 2007. Design for the Keaau-Pahoia Road Shoulder Lane Conversion, Keaau Bypass Road to Shower Drive is ongoing and expected to be completed by May 2009. Planning efforts continue for the Waimea Bypass and Kawaihae Road Bypass projects. Design is ongoing for the first of the three areas under the Hawaii Belt Road Rockfall Mitigation project. Study for the widening of Hawaii Belt Road from the two to four lanes between Henry Street to Kamehameha III Road will begin with the impending award of the planning contract.
- Maui - The contra flow operation on Haleakala Highway continues to provide relief to motorists from Upcountry to Kahului and Wailuku during the morning peak and afternoon traffic period. The second phase of Haleakala Highway Widening, from North Firebreak Road to Pukalani Bypass is estimated to complete construction in April 2008. Mokulele Highway Widening, from Maui Humane Society to Vicinity of Kolaloa Bridge is expected to be completed in February 2008, and the widening from Kealia Pond Driveway to Piilani Highway is expected to be completed in January 2008. These projects will help relieve congestion across the isthmus from Kihei/Wailea to Kahului.

Design for the first of three phases for Kihei-Upcountry Highway was awarded. Design by the design-build team for Phase-1A of the Honoapiilani Highway Realignment, from the Future Keawe Street Extension to Lahainaluna Road is ongoing. Design for the next increment from Lahainaluna Road to Launiupoko will start in a few months. Design for the widening of Honoapiilani Highway between Aholo Road to Lahainaluna Road is expected to be completed in March 2008. Planning for the Honoapiilani Highway Widening/Realignment, from Maalaea Harbor to Puamana is ongoing. In Paia, planning studies for the Paia Bypass have begun. In Hana, design for the second phase of rockfall mitigation is progressing at Mile Post 19 and expected to be completed by April 2008. In Kahului, consultant procurement for the planning and design of the Kahului Airport Access Road should be completed within the next few weeks.

- Molokai - A contract for guardrail and shoulder improvements for Kamehameha V Highway from Kapuokolau to Kamalo went out to bid. 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 2008, and will consist of two lanes with bikeways and shoulders.
- 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 in the area fronting Coco Palms, and an additional lane on the Wailua Cane Haul Bridge are scheduled to be advertised by December 2007. Design for the first increment of Kaumualii Highway Widening, from Rice Street to Anonui Street is ongoing and is scheduled to be completed in late 2008.

- Statewide

1. We have continued our traffic safety countermeasure activities. Through its Click It or Ticket (CIOT) campaign, Hawaii has one of the highest seat belt use rate in the Nation at 97.6%. 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 Vehicle Carrier Safety Association, the local fire departments, religious leaders, military bases and others. We also supported the enforcement campaign with a strong media campaign (television, radio, movie theatre).
2. 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.
3. 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, hotels, etc., 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. In 2007, the WWH pedestrian education programs continued to be presented to senior groups and other interested groups by a representative from the Honolulu Police Department.
4. In January 2007, as a part of the Safe Routes To School (SRTS) program, the DOT began airing new television and radio spots reminding people to slow down while driving through school zones and to watch out for pedestrians.

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

The effectiveness of the program is measured by the ability of the highway system to move 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.

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 has embarked in a Stewardship agreement with the Federal Highway Administration (FHWA). This agreement allows for decreased oversight by FHWA, and thus greater self-management by the Highways Division.
- o A new accounting system for the Highways Division is being pursued. Such an effort would allow for greater dissemination of funding and fiscal information within the Division and thus, greater management of our overall program.
- o Review of our overall project development process has concluded resulting in several program revision initiatives. These recommendations will be pursued once priority is established and implementation plans are developed.
- o The Division continues to scope our projects with a scoping team consisting of members with specific engineering and land acquisition expertise such as design, traffic, structural, hydraulic, geotechnical, environmental, right of way, maintenance and construction. This team visits the project locations, determines the functional requirements, evaluates alternatives, defines the detailed scope of the project, and prepares cost estimates and project schedules for the new projects. This is being done before the design of the project begins. Process adjustments are being made to

complete CIP project scoping prior to their inclusion in our budget.

- o The Division is streamlining functions by seeking new ways of eliminating unnecessary requirements through constant evaluation of our processes and procedures. 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 systems 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 widening the Waipahu Street off-ramp from the H-1 and adding another westbound lane through the 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 Maui - The first phase of the Lahaina Bypass project intends to divert traffic away from the heavily congested Honoapi'ilani Highway / Lahainaluna Road

intersection by providing an alternate access via Keawe Street and the new Lahaina Bypass to the schools along Lahainaluna Road. In addition to the above projects, 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.

- West Hawaii - The highway widening 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.
- Kauai - We have committed to add an additional southbound lane on Kuhio Highway from the Temporary Kapaa Bypass road to the Wailua River, and widen the Wailua Cane Haul Bridge from one to two lanes. This widening will provide some congestion relief during both the morning and afternoon peak periods.
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- 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 are working with members of the Hawaii Traffic Records Committee to revise the current State of Hawaii Motor Vehicle Accident Report 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.
 - We are working with the Hawaii Strategic Highway Safety Plan Coordinating Committee to develop Hawaii's Strategic Highway Safety Plan (SHSP). The purpose of the SHSP is to identify statewide areas of concern and to develop countermeasures 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.
- 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 With the conclusion of negotiations with the Environmental Protection Agency and the Department of Health, the Department of Transportation ensures that preventive and mitigative measures are performed to comply with EPA issues.
- 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.
 - To address Oahu District environmental concerns, an ad hoc committee of engineers, inspectors and clerical staff has been formed to proactively address EPA issues in regards to the Clean Water Act (MS4), Resource Conservation and Recovery Act (RCRA) and other compliance issues.

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.

