
HOUSE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF TRANSPORTATION TO CONTINUE TO COLLABORATE WITH THE HAWAII HARBOR USERS GROUP TO IMPLEMENT PLANNED IMPROVEMENTS AND CONSTRUCTION TO IMPROVE CARGO TERMINAL AND CONTAINER FACILITIES AT HONOLULU HARBOR, KAHULUI HARBOR, AND HILO HARBOR, AND COMMENDING AND CONGRATULATING THE DEPARTMENT OF TRANSPORTATION AND THE HAWAII HARBOR USERS GROUP FOR THEIR FINE WORK IN COMPLETING THE HAWAII HARBORS USER GROUP'S REPORT.

1 WHEREAS, the Department of Transportation has jurisdiction
2 over the State's commercial harbors, as provided under section
3 266-2, Hawaii Revised Statutes, which reads in pertinent part:

4
5 The Department of Transportation shall:

6
7 Have and exercise all the powers and shall
8 perform all the duties which may lawfully be
9 exercised by or under the State relative to the
10 control and management of commercial harbors,
11 commercial harbor and waterfront improvements,
12 ports, docks, wharves, piers, quays, bulkheads,
13 and landings belonging to or controlled by the
14 State, and the shipping using the same;

15
16 and

17
18 WHEREAS, the mission of the Department of Transportation is
19 to provide a safe, efficient, accessible, and inter-modal
20 transportation system that ensures the mobility of people and
21 goods, and enhances and preserves economic prosperity and the
22 quality of life; and

23
24 WHEREAS, the Oahu Commercial Harbors 2020 Master Plan (2020
25 Master Plan) prepared by the Department of Transportation in
26 1997 states in pertinent part:



1 Hawaii depends almost entirely on the ocean shipping
2 industry to import its essential commodities (food,
3 clothing, fuel, building materials, automobiles, etc.)
4 and export local products (pineapple, sugar, molasses,
5 livestock, diversified agriculture, etc.) to and from
6 the neighbor islands, the mainland, and various
7 foreign countries. Developed island economies are
8 typically dependent on ocean shipping for their
9 sustenance.

10 The importance of cargo shipping to our State cannot
11 be overstated. This Master Plan therefore begins with
12 the facilities and services required by the overseas
13 cargo carriers. While the economic value of
14 commercial fishing, ocean mining, passenger cruises,
15 excursions and ferries, etc. cannot be denied,
16 commercial harbor planning must first address Hawaii's
17 life-sustaining cargo operations. The requirements of
18 the ocean cargo carriers must be given priority.

19 and;

20
21 WHEREAS, the 2020 Master Plan further states:

22 The inter-island system of cargo distribution is the
23 principal means by which neighbor island communities
24 receive and export their cargo. This system has
25 Honolulu Harbor as its hub or point of distribution
26 and consolidation;

27 and

28
29 WHEREAS, the 2020 Master Plan estimates that eighty percent
30 of everything used or consumed in the State is imported and that
31 over ninety-eight percent of these imported goods are shipped by
32 sea entering the State through our commercial harbors; and

33
34 WHEREAS, Hawaii's economic sustainability depends on the
35 effectiveness and efficiency of berth and terminal resources
36 throughout the State's harbor system, as well as the
37 availability of sufficient cargo and container facilities; and

38
39 WHEREAS, the Economic Momentum Commission, which was formed
40 by Governor Linda Lingle on June 7, 2005 to develop an action
41 plan to sustain the State's current economic momentum over the



1 longer term made the following findings in its report dated
2 November 1, 2005:

3 Hawaii's port system is of primary importance to this
4 island state and to its visitors. Not only does the
5 vast majority of everything that Hawaii consumes come
6 to us via our ports, the harbors are also experiencing
7 increased use by the passenger cruise industry.

8 Ensuring adequate, efficient, and safe harbor
9 facilities is essential to the health and future of
10 Hawaii's economy. At present, Hawaii's harbors are at
11 capacity, and there are not adequate plans to address
12 the imminent overcrowding that will occur with the
13 advent of new users, expansion of the cruise industry,
14 and increasing cargo volumes resulting from a growing
15 economy. It is projected that Honolulu Harbor will
16 run out of space for international cargo this year and
17 for domestic cargo in 2010. Further, the last Harbor
18 Master Plan for Oahu was prepared in 1997 and the
19 needed harbor improvements have yet to be implemented
20 despite cargo volumes considerably exceeding the
21 projections in that plan. Master plans for most of
22 the neighbor island harbors do not exist;

23 and

24
25 WHEREAS, the Economic Momentum Commission made the
26 following recommendations:

27
28 The Commission recommends a public/private partnership
29 to pursue the immediate update and implementation of a
30 master plan that addresses all of Hawaii's commercial
31 harbors. The plan should incorporate the views of the
32 harbor users, the community, and government. It
33 should accurately forecast the future needs of all our
34 harbor users, identify appropriate harbor and port
35 improvements, and identify funding priorities and
36 funding mechanisms that assess users equitably.
37 Lastly, the plan should have specific deadlines to
38 hold the state Department of Transportation
39 accountable for results;

40
41 and



1
2 WHEREAS, the Hawaii Harbor Users Group was formed by
3 commercial harbor users to work with the Department of
4 Transportation and the legislature to improve the operations and
5 capacity of the State's commercial harbors; and

6
7 WHEREAS, Hawaii Harbor Users Group members include Matson
8 Navigation Company, Inc. (Matson); Horizon Lines, LLC; NCL
9 America Inc.; Young Brothers, Limited/Moana Pa'akai, Inc., dba
10 Hawaiian Tug & Barge; Sause Bros., Inc.; Aloha Cargo Transport;
11 McCabe, Hamilton & Renny Company, Limited; Hawaii Stevedores,
12 Inc.; Hawaii Superferry, Inc.; Tesoro Hawaii Corporation; The
13 Gas Company, LLC; and Ameron; and

14
15 WHEREAS, harbor users and members of Hawaii Harbor Users
16 Group are well aware of the growing unavailability of berth and
17 terminal resources throughout the State's harbor system; and

18
19 WHEREAS, Hawaii Harbor Users Group retained Mercator
20 Transport Group (Mercator) to review and evaluate facility
21 requirements of the State's harbor system as part of the efforts
22 of the Hawaii Harbor Users Group and its members to work with
23 and assist the Department of Transportation with planning and
24 development of port facilities; and

25
26 WHEREAS, Mercator is a consulting firm that provides
27 advisory services to companies involved in international freight
28 transportation and logistics, as well as to entities developing,
29 operating, or financing transportation/logistics infrastructure
30 and, in addition, assists government agencies and trade
31 associations regarding transportation regulation and policy
32 issues; and

33
34 WHEREAS, following a collaborative effort involving the
35 Hawaii Harbor Users Group members, Department of Transportation,
36 and Mercator, the Hawaii Harbor Users Group set forth its
37 findings and recommendations in its report, *Harbor Facility*
38 *Development To Serve The State of Hawaii* (the HHUG Report,
39 2006); and

40
41 WHEREAS, the Hawaii Harbor Users Group report included the
42 following statewide findings and recommendations:



- 1 (1) There are increasing demands being placed on the
- 2 harbor system by new business activity and growth
- 3 among current users; and
- 4 (2) There is a looming shortage of port facilities on
- 5 many islands, brought about by rapid growth of
- 6 cruise traffic, the introduction of inter-island
- 7 ferry service and the continued growth in the
- 8 transportation of core commodities and consumer
- 9 goods; and
- 10
- 11 (3) Increased cargo and cruise traffic will soon
- 12 consume most of the reserve capacity of the
- 13 existing facilities, and thereby reduce the
- 14 ability of ports and port users to efficiently
- 15 serve the existing market, respond to new service
- 16 requirements, or recover quickly from the natural
- 17 and man-made service disruptions that invariably
- 18 occur;

19
20 and

21
22 WHEREAS, for Honolulu Harbor, among the most critically
23 needed improvements identified in the Hawaii Harbor Users Group
24 Report are improvements needed to increase cargo capacity in
25 this severely congested harbor, and the Hawaii Harbor Users
26 Group made the following findings:

- 27 (1) Container traffic has steadily increased, with an
- 28 average increase of about four per cent per year over
- 29 the ten years through 2004, but over the last four
- 30 years, container traffic has increased more sharply
- 31 and is up more than twenty six per cent versus year
- 32 2001 levels;
- 33
- 34 (2) With respect to international and long-haul domestic
- 35 container operations, Matson Navigation Company and
- 36 Horizon Lines, LLC each report that they are incurring
- 37 excess costs as a result of land constraints at their
- 38 Sand Island terminals, and both carriers/terminal
- 39 operators need increased terminal areas as top
- 40 priorities;

1 (3) Growth in domestic volumes at Sand Island terminals
 2 that are already operating at high utilization levels,
 3 combined with growth of international volumes
 4 occurring at the Pier 1 facility, will lead to an
 5 expected shortfall in total container handling
 6 capacity in the coming years;

7
 8 (4) With respect to inter-island cargo operations:
 9 Although container volume of Young Brothers, Limited
 10 in 2004 was thirty eight per cent more than in year
 11 2000, its operating area has not increased since it
 12 moved into the terminal in 1998 (which even then was
 13 four years later than the original planned occupancy
 14 date), and Young Brothers, Limited is already now
 15 operating at above the State's own target throughput
 16 levels and absorbing the extra costs of doing so;

17
18 and

19
 20 WHEREAS, with respect to Honolulu Harbor, the Hawaii Harbor
 21 Users Group report made the following conclusions and
 22 recommendations:

23
 24 (1) To operate effectively and manage growing volumes, it
 25 is clear that Young Brothers, Limited needs additional
 26 land areas and another barge berth and loading
 27 position suitable for the use of heavy lifting
 28 equipment;

29
 30 (2) With respect to international and long-haul domestic
 31 container operations of Matson Navigation Company and
 32 Horizon Lines, LLC: Develop new container facilities
 33 to ensure there will be sufficient capacity to serve
 34 growing international and long-haul domestic container
 35 volumes. Based on available alternatives, development
 36 of the former Kapalama Military Reservation, a 55-acre
 37 parcel of land located adjacent to Pier 42, into a
 38 container terminal is viewed as the preferred means to
 39 meet this requirement; and

40
 41 (3) With respect to inter-island cargo operations of Young
 42 Brothers Limited: Incorporate what is commonly
 43 referred to as the "Daishowa property", a 4.2 acre
 44 property owned by the State and located adjacent to



1 Piers 39 and 40, into an improved inter-island cargo
2 terminal with a main container gate on Auiki Street to
3 facilitate delivery of containers coming from Sand
4 Island or Kapalama Military Reservation terminals, and
5 reinforce Pier 40E to create an additional barge
6 loading position (to be suitable for using 40-ton lift
7 equipment);

8
9 and

10
11 WHEREAS, with respect to the site known as the former
12 Kapalama Military Reservation, the Hawaii Harbor Users Group
13 Report made the following findings:

- 14
15 (1) With almost \$1,000,000 from the state Legislature, the
16 Department of Transportation in calendar year 2005
17 sought contractors to inventory existing conditions in
18 the Kapalama area, survey it for significant
19 historical features, and help start the planning and
20 redevelopment process;
- 21
22 (2) Developing Kapalama Military Reservation will increase
23 existing space for container cargo operations by
24 almost fifty per cent, at least temporarily
25 alleviating the need to develop another expensive
26 harbor somewhere in the State;
- 27
28 (3) Kapalama Military Reservation is directly across the
29 Kapalama Basin from an existing container yard for
30 Horizon Lines, which could move its entire operation
31 into the new facility, allowing Matson to expand into
32 space vacated by Horizon; and
- 33
34 (4) The 55-acre Kapalama Military Reservation site is
35 considered the ideal location for a container terminal
36 because of its relatively underused space and its
37 proximity to the Young Brothers inter-island shipping
38 terminal, allowing for cargo to be efficiently
transshipped to neighbor islands;

39 and



1 WHEREAS, with respect to inter-island cargo operations at
2 Honolulu Harbor, the State has acquired what is commonly
3 referred to as the Daishowa property, but has not yet
4 incorporated the added space into an improved inter-island cargo
5 terminal or reinforced Pier 40E to create an additional barge
6 loading position; and

7
8 WHEREAS, with respect to neighbor island harbors, the
9 Hawaii Harbor Users Group Report identifies Kahului and Hilo
10 harbors as the facilities in the most critical need of
11 improvements, and recommends improvements to Kahului and Hilo
12 Harbors as being absolutely critical to the timely delivery of
13 essential cargo to the Big Island and Maui communities and to
14 the economic vitality of these communities; and

15
16 WHEREAS, with respect to Kahului Harbor, the Hawaii Harbor
17 Users Group Report:

- 18
19 (1) Identifies the demand stresses on the harbor resulting
20 from the growth in Neighbor Island container traffic
21 handled by Matson Navigation Company and Young
22 Brothers, Limited and, in addition, the introduction
23 of inter-island ferry service in 2007;
24
25 (2) Makes findings that: (A) the harbor capacity
26 situation on Maui is considered the most critical of
27 all the neighbor islands; (B) the combination of
28 rising cargo volumes and increased passenger activity
29 brings Maui closer and closer to the point at which
30 service breakdowns and delivery disruptions can be
31 expected and; (C) although the time when major
32 disruptions will occur cannot be predicted precisely,
33 small scale negative impacts of congestion involving
34 increased costs and cargo delays at the port are
35 probably already happening;
36
37 (3) States that the currently planned location of the
38 Hawaii Superferry will significantly impact the
39 ongoing inter-island cargo operation of Young
40 Brothers, Limited unless a variety of other
41 improvements in facilities and adjustments to
42 operations are made at the Kahului port;
43



1 (4) States that Young Brothers Limited's loss of berth
 2 availability to the Hawaii Superferry and commingling
 3 of ferry and commercial cargo traffic at Pier 2B will
 4 disrupt and decrease the efficiency of Young Brothers,
 5 Limited's operation and create safety hazards for both
 6 Young Brothers, Limited and ferry users;

7
 8 (5) Concludes that the severity of the problem and the
 9 magnitude of the consequences make creation of new
 10 port capacity on Maui one of the top strategic
 11 priorities for Hawaiian port development; and

12
 13 (6) Recommends the following as to the Pier 2 landside
 14 areas: (A) move the cement tanks out of Pier 2; (B)
 15 close Ala Luina street; and (C) acquire and
 16 incorporate into an expanded inter-island cargo
 17 terminal the four acres of land currently owned by A&B
 18 Properties, Inc., already designated by A&B
 19 Properties, Inc. for harbor use and sometimes referred
 20 to as the "Railroad Building" and "Old Kahului Store"
 21 properties; and (D) and clear and harden the property
 22 to increase the inter-island container and cargo
 23 operational area;

24
 25 and

26
 27 WHEREAS, even in the absence of the need to replace cargo
 28 areas being reallocated to support ferry operations at Pier 2
 29 and cruise operations at Pier 1, more space is needed to
 30 accommodate expanding container and cargo operations at Kahului
 31 Harbor; and

32 WHEREAS, with respect to Hilo Harbor, the Hawaii Harbor
 33 Users Group Report:

34 (1) Identifies demand stresses on the harbor
 35 including the demand stress resulting from
 36 commingling of cruise vessel and cargo
 37 operations;

38 (2) Recognizes that the "growth of the NCL's United
 39 States-flag cruise business of NCL America, Inc.
 40 is remarkable" and that cruise vessel berth hours
 41 will more than double at Hilo;



1 (3) Concludes that the presence of cruise vessels in
 2 the midst of cargo operations results in frequent
 3 inter-mixing of cruise passenger arrival and
 4 departure traffic with both on-terminal tractors
 5 and lifting equipment, and road trucks that are
 6 making pickups and deliveries to the port at Hilo
 7 Harbor, with a recommendation from a safety and
 8 security perspective for these types of
 9 activities to be separated as much as possible;

10 (4) Identifies the deteriorating strength of the
 11 paved surface in the inter-island container yard
 12 at the Hilo Harbor on the Big Island as a major
 13 safety consideration;

14 (5) Recognizes that projects slated for Hilo Harbor
 15 in the 2020 Master Plan include the development
 16 of a new Pier 4 for inter-island cargo, which
 17 includes dredging, construction of Pier 4 and
 18 inter-island cargo yard improvements, and that
 19 planning for these improvements is ongoing but
 20 that construction of these Department of
 21 Transportation-recommended harbor improvements
 22 has not yet commenced; and

23 (6) Recommends completing as soon as possible the
 24 planned Pier 4 cargo facility in order to meet
 25 the transportation needs of the State, as part of
 26 the needed solution of separating cargo and
 27 passenger operations and developing adequate and
 28 safe inter-island cargo operation facilities;

29 now, therefore,

30
 31 BE IT RESOLVED by the House of Representatives of the
 32 Twenty-third Legislature of the State of Hawaii, Regular Session
 33 of 2006, the Senate concurring, that the Legislature commends
 34 and congratulates the Department of Transportation and Hawaii
 35 Harbor Users Group for their work, coordination and cooperation
 36 in completing the Hawaii Harbor Users Group Report; and
 37

38 BE IT FURTHER RESOLVED that the Department of
 39 Transportation is requested to implement the recommendations of
 40 the Hawaii Harbor Users Group Report that require action by the



1 department, giving priority to the development priorities for
2 the new planned Pier 4 at Hilo Harbor, the improvements to
3 inter-island cargo facilities at Kahului Harbor; and the
4 development of Kapalama Military Reservation at Honolulu Harbor;
5 and

6 BE IT FURTHER RESOLVED that, in particular, the Department
7 of Transportation is requested to do the following:

8 (1) With respect to Kapalama Military Reservation at
9 Honolulu Harbor: (A) complete plans to redevelop
10 the Kapalama Military Reservation site as a
11 container terminal, expand pier space in the
12 area, dredge nearby harbor space, and create the
13 infrastructure necessary to support major
14 container cargo operations; (B) commence
15 necessary construction by 2010; and (C) keep
16 current tenants apprised of the development
17 schedule so that the tenants may timely find new
18 space (collectively, the "Kapalama Military
19 Reservation Redevelopment");

20 (2) With respect to inter-island cargo facilities at
21 Honolulu Harbor, incorporate what is commonly
22 referred to as the Daishowa property into an
23 improved inter-island cargo terminal and
24 reinforce Pier 40E to create an additional barge
25 loading position to be suitable for using 40-ton
26 lift equipment (collectively, "the Honolulu
27 Harbor Pier 40 Improvements");

28 (3) With respect to Kahului Harbor, repair, improve,
29 and develop Kahului Harbor facilities, including
30 by taking the following measures:

31 (A) Relocate cement storage silos presently
32 located within the inter-island cargo
33 operational area, in order to prevent safety
34 risks and increase cargo operation
35 efficiency;

36 (B) Expand landside space to accommodate
37 increasing volume of container and cargo
38 operations; replace landside space lost to
39 provide security zones and access routes to



1 cruise ships and pier and landside space to
 2 be lost to the Hawaii Superferry and, in
 3 particular, to close and harden Ala Luina
 4 Street to incorporate it into the
 5 inter-island cargo yard; to acquire
 6 approximately four acres of land owned by
 7 A&B Properties, Inc., already designated by
 8 A&B Properties, Inc. for harbor use and
 9 sometimes referred to as the "Railroad
 10 Building" and "Old Kahului Store"
 11 properties, and to clear and harden the
 12 property to increase the inter-island
 13 container and cargo operational area
 14 (collectively, the "Kahului Harbor Pier 2
 15 Improvements"); and

16 (4) With respect to Hilo Harbor, complete the planned
 17 construction of the new Pier 4 inter-island cargo
 18 terminal facility at Hilo Harbor, including required
 19 dredging by or before December 2007, construction of
 20 the new Pier 4 by or before April 2008, and
 21 construction of new cargo yard improvements by or
 22 before October 2009 (collectively, the "Hilo Harbor
 23 Pier 4 Improvements");

24 and

26 BE IT FURTHER RESOLVED that the Department of
 27 Transportation is requested to continue to work with the Hawaii
 28 Harbor Users Group towards the timely completion of:

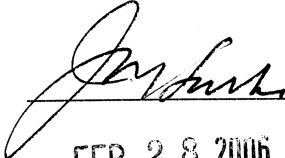
- 29 (1) Planning and construction of the Kapalama Military
 30 Reservation Redevelopment;
- 31 (2) Honolulu Harbor Pier 40 Improvements;
- 32 (3) Kahului Harbor Pier 2 Improvements; and
- 33 (4) Hilo Harbor Pier 4 Improvements, including required
 34 dredging by or before December 2007, construction of
 35 new Pier 4 by or before April 2008 and construction of
 36 new cargo yard improvements by or before October 2009;

37 and



1 BE IT FURTHER RESOLVED that the Department of
2 Transportation conduct legislative briefings before the House
3 and Senate committees with jurisdiction over transportation at
4 each Regular Session of the Legislature, to include the status
5 of the Kapalama Military Reservation Redevelopment at Honolulu
6 Harbor and the Honolulu Harbor Pier 40 Improvements, the Kahului
7 Harbor Pier 2 Improvements, the Hilo Harbor Pier 4 Improvements,
8 respectively, until these improvements are completed and fully
9 operational; and

10
11 BE IT FURTHER RESOLVED BE IT FURTHER RESOLVED that
12 certified copies of this Concurrent Resolution be transmitted to
13 the Governor, the Director of Transportation, and the Hawaii
14 Harbor Users's Group.

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16
17 OFFERED BY:  _____
FEB 28 2006