

MAR 2 - 2006

SENATE 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:

27 Hawaii depends almost entirely on the ocean shipping
28 industry to import its essential commodities (food,
29 clothing, fuel, building materials, automobiles, etc.)



1 and export local products (pineapple, sugar, molasses,
2 livestock, diversified agriculture, etc.) to and from
3 the neighbor islands, the mainland, and various
4 foreign countries. Developed island economies are
5 typically dependent on ocean shipping for their
6 sustenance.

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

16 and;

17

18 WHEREAS, the 2020 Master Plan further states:

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

24 and

25

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

30

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

35

36 WHEREAS, the Economic Momentum Commission, which was formed
37 by Governor Linda Lingle on June 7, 2005 to develop an action
38 plan to sustain the State's current economic momentum over the
39 longer term made the following findings in its report dated
40 November 1, 2005:



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

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

21 and

22
23 WHEREAS, the Economic Momentum Commission made the
24 following recommendations:

25
26 The Commission recommends a public/private partnership
27 to pursue the immediate update and implementation of a
28 master plan that addresses all of Hawaii's commercial
29 harbors. The plan should incorporate the views of the
30 harbor users, the community, and government. It
31 should accurately forecast the future needs of all our
32 harbor users, identify appropriate harbor and port
33 improvements, and identify funding priorities and
34 funding mechanisms that assess users equitably.
35 Lastly, the plan should have specific deadlines to
36 hold the state Department of Transportation
37 accountable for results;

38
39 and

40
41 WHEREAS, the Hawaii Harbor Users Group was formed by
42 commercial harbor users to work with the Department of



1 Transportation and the legislature to improve the operations and
2 capacity of the State's commercial harbors; and

3
4 WHEREAS, Hawaii Harbor Users Group members include Matson
5 Navigation Company, Inc. (Matson); Horizon Lines, LLC; NCL
6 America Inc.; Young Brothers, Limited/Moana Pa'akai, Inc., dba
7 Hawaiian Tug & Barge; Sause Bros., Inc.; Aloha Cargo Transport;
8 McCabe, Hamilton & Renny Company, Limited; Hawaii Stevedores,
9 Inc.; Hawaii Superferry, Inc.; Tesoro Hawaii Corporation; The
10 Gas Company, LLC; and Ameron; and

11
12 WHEREAS, harbor users and members of Hawaii Harbor Users
13 Group are well aware of the growing unavailability of berth and
14 terminal resources throughout the State's harbor system; and

15
16 WHEREAS, Hawaii Harbor Users Group retained Mercator
17 Transport Group (Mercator) to review and evaluate facility
18 requirements of the State's harbor system as part of the efforts
19 of the Hawaii Harbor Users Group and its members to work with
20 and assist the Department of Transportation with planning and
21 development of port facilities; and

22
23 WHEREAS, Mercator is a consulting firm that provides
24 advisory services to companies involved in international freight
25 transportation and logistics, as well as to entities developing,
26 operating, or financing transportation/logistics infrastructure
27 and, in addition, assists government agencies and trade
28 associations regarding transportation regulation and policy
29 issues; and

30
31 WHEREAS, following a collaborative effort involving the
32 Hawaii Harbor Users Group members, Department of Transportation,
33 and Mercator, the Hawaii Harbor Users Group set forth its
34 findings and recommendations in its report, *Harbor Facility*
35 *Development To Serve The State of Hawaii* (the HHUG Report,
36 2006); and

37
38 WHEREAS, the Hawaii Harbor Users Group report included the
39 following statewide findings and recommendations:

- 40 (1) There are increasing demands being placed on the
41 harbor system by new business activity and growth
42 among current users; and



1 (2) There is a looming shortage of port facilities on
2 many islands, brought about by rapid growth of
3 cruise traffic, the introduction of inter-island
4 ferry service and the continued growth in the
5 transportation of core commodities and consumer
6 goods; and
7

8 (3) Increased cargo and cruise traffic will soon
9 consume most of the reserve capacity of the
10 existing facilities, and thereby reduce the
11 ability of ports and port users to efficiently
12 serve the existing market, respond to new service
13 requirements, or recover quickly from the natural
14 and man-made service disruptions that invariably
15 occur;
16

17 and
18

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

24 (1) Container traffic has steadily increased, with an
25 average increase of about four per cent per year over
26 the ten years through 2004, but over the last four
27 years, container traffic has increased more sharply
28 and is up more than twenty six per cent versus year
29 2001 levels;
30

31 (2) With respect to international and long-haul domestic
32 container operations, Matson Navigation Company and
33 Horizon Lines, LLC each report that they are incurring
34 excess costs as a result of land constraints at their
35 Sand Island terminals, and both carriers/terminal
36 operators need increased terminal areas as top
37 priorities;

38 (3) Growth in domestic volumes at Sand Island terminals
39 that are already operating at high utilization levels,
40 combined with growth of international volumes
41 occurring at the Pier 1 facility, will lead to an



1 expected shortfall in total container handling
2 capacity in the coming years;

- 3
4 (4) With respect to inter-island cargo operations:
5 Although container volume of Young Brothers, Limited
6 in 2004 was thirty eight per cent more than in year
7 2000, its operating area has not increased since it
8 moved into the terminal in 1998 (which even then was
9 four years later than the original planned occupancy
10 date), and Young Brothers, Limited is already now
11 operating at above the State's own target throughput
12 levels and absorbing the extra costs of doing so;

13
14 and

15
16 WHEREAS, with respect to Honolulu Harbor, the Hawaii Harbor
17 Users Group report made the following conclusions and
18 recommendations:

- 19
20 (1) To operate effectively and manage growing volumes, it
21 is clear that Young Brothers, Limited needs additional
22 land areas and another barge berth and loading
23 position suitable for the use of heavy lifting
24 equipment;
- 25
26 (2) With respect to international and long-haul domestic
27 container operations of Matson Navigation Company and
28 Horizon Lines, LLC: Develop new container facilities
29 to ensure there will be sufficient capacity to serve
30 growing international and long-haul domestic container
31 volumes. Based on available alternatives, development
32 of the former Kapalama Military Reservation, a 55-acre
33 parcel of land located adjacent to Pier 42, into a
34 container terminal is viewed as the preferred means to
35 meet this requirement; and
- 36
37 (3) With respect to inter-island cargo operations of Young
38 Brothers Limited: Incorporate what is commonly
39 referred to as the "Daishowa property", a 4.2 acre
40 property owned by the State and located adjacent to
41 Piers 39 and 40, into an improved inter-island cargo
42 terminal with a main container gate on Auiki Street to
43 facilitate delivery of containers coming from Sand
44 Island or Kapalama Military Reservation terminals, and



1 reinforce Pier 40E to create an additional barge
2 loading position (to be suitable for using 40-ton lift
3 equipment);

4
5 and
6

7 WHEREAS, with respect to the site known as the former
8 Kapalama Military Reservation, the Hawaii Harbor Users Group
9 Report made the following findings:

10
11 (1) With almost \$1,000,000 from the state Legislature, the
12 Department of Transportation in calendar year 2005
13 sought contractors to inventory existing conditions in
14 the Kapalama area, survey it for significant
15 historical features, and help start the planning and
16 redevelopment process;

17
18 (2) Developing Kapalama Military Reservation will increase
19 existing space for container cargo operations by
20 almost fifty per cent, at least temporarily
21 alleviating the need to develop another expensive
22 harbor somewhere in the State;

23
24 (3) Kapalama Military Reservation is directly across the
25 Kapalama Basin from an existing container yard for
26 Horizon Lines, which could move its entire operation
27 into the new facility, allowing Matson to expand into
28 space vacated by Horizon; and

29 (4) The 55-acre Kapalama Military Reservation site is
30 considered the ideal location for a container terminal
31 because of its relatively underused space and its
32 proximity to the Young Brothers inter-island shipping
33 terminal, allowing for cargo to be efficiently
34 transshipped to neighbor islands;

35 and

36 WHEREAS, with respect to inter-island cargo operations at
37 Honolulu Harbor, the State has acquired what is commonly
38 referred to as the Daishowa property, but has not yet
39 incorporated the added space into an improved inter-island cargo



1 terminal or reinforced Pier 40E to create an additional barge
2 loading position; and

3
4 WHEREAS, with respect to neighbor island harbors, the
5 Hawaii Harbor Users Group Report identifies Kahului and Hilo
6 harbors as the facilities in the most critical need of
7 improvements, and recommends improvements to Kahului and Hilo
8 Harbors as being absolutely critical to the timely delivery of
9 essential cargo to the Big Island and Maui communities and to
10 the economic vitality of these communities; and

11
12 WHEREAS, with respect to Kahului Harbor, the Hawaii Harbor
13 Users Group Report:

14
15 (1) Identifies the demand stresses on the harbor resulting
16 from the growth in Neighbor Island container traffic
17 handled by Matson Navigation Company and Young
18 Brothers, Limited and, in addition, the introduction
19 of inter-island ferry service in 2007;

20
21 (2) Makes findings that: (A) the harbor capacity
22 situation on Maui is considered the most critical of
23 all the neighbor islands; (B) the combination of
24 rising cargo volumes and increased passenger activity
25 brings Maui closer and closer to the point at which
26 service breakdowns and delivery disruptions can be
27 expected and; (C) although the time when major
28 disruptions will occur cannot be predicted precisely,
29 small scale negative impacts of congestion involving
30 increased costs and cargo delays at the port are
31 probably already happening;

32
33 (3) States that the currently planned location of the
34 Hawaii Superferry will significantly impact the
35 ongoing inter-island cargo operation of Young
36 Brothers, Limited unless a variety of other
37 improvements in facilities and adjustments to
38 operations are made at the Kahului port;

39
40 (4) States that Young Brothers Limited's loss of berth
41 availability to the Hawaii Superferry and commingling
42 of ferry and commercial cargo traffic at Pier 2B will
43 disrupt and decrease the efficiency of Young Brothers,



1 Limited's operation and create safety hazards for both
2 Young Brothers, Limited and ferry users;

3
4 (5) Concludes that the severity of the problem and the
5 magnitude of the consequences make creation of new
6 port capacity on Maui one of the top strategic
7 priorities for Hawaiian port development; and
8

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

20
21 and
22

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

28 WHEREAS, with respect to Hilo Harbor, the Hawaii Harbor
29 Users Group Report:

30 (1) Identifies demand stresses on the harbor
31 including the demand stress resulting from
32 commingling of cruise vessel and cargo
33 operations;

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

38 (3) Concludes that the presence of cruise vessels in
39 the midst of cargo operations results in frequent
40 inter-mixing of cruise passenger arrival and



1 departure traffic with both on-terminal tractors
2 and lifting equipment, and road trucks that are
3 making pickups and deliveries to the port at Hilo
4 Harbor, with a recommendation from a safety and
5 security perspective for these types of
6 activities to be separated as much as possible;

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

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

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

26 now, therefore,

27
28 BE IT RESOLVED by the Senate of the Twenty-third
29 Legislature of the State of Hawaii, Regular Session of 2006,
30 that the Legislature commends and congratulates the Department
31 of Transportation and Hawaii Harbor Users Group for their work,
32 coordination and cooperation in completing the Hawaii Harbor
33 Users Group Report; and
34

35 BE IT FURTHER RESOLVED that the Department of
36 Transportation is requested to implement the recommendations of
37 the Hawaii Harbor Users Group Report that require action by the
38 department, giving priority to the development priorities for
39 the new planned Pier 4 at Hilo Harbor, the improvements to
40 inter-island cargo facilities at Kahului Harbor; and the



1 development of Kapalama Military Reservation at Honolulu Harbor;
2 and

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

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

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

25 (3) With respect to Kahului Harbor, repair, improve,
26 and develop Kahului Harbor facilities, including
27 by taking the following measures:

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

33 (B) Expand landside space to accommodate
34 increasing volume of container and cargo
35 operations; replace landside space lost to
36 provide security zones and access routes to
37 cruise ships and pier and landside space to
38 be lost to the Hawaii Superferry and, in
39 particular, to close and harden Ala Luina



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

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

21 and

22 BE IT FURTHER RESOLVED that the Department of
 23 Transportation is requested to continue to work with the Hawaii
 24 Harbor Users Group towards the timely completion of:
 25

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

34 and

35 BE IT FURTHER RESOLVED that the Department of
 36 Transportation conduct legislative briefings before the House
 37 and Senate committees with jurisdiction over transportation at
 38 each Regular Session of the Legislature, to include the status



S.R. NO. 17

1 of the Kapalama Military Reservation Redevelopment at Honolulu
2 Harbor and the Honolulu Harbor Pier 40 Improvements, the Kahului
3 Harbor Pier 2 Improvements, the Hilo Harbor Pier 4 Improvements,
4 respectively, until these improvements are completed and fully
5 operational; and

6
7 BE IT FURTHER RESOLVED BE IT FURTHER RESOLVED that
8 certified copies of this Resolution be transmitted to the
9 Governor, the Director of Transportation, and the Hawaii Harbor
10 Users's Group.

11
12
13

OFFERED BY: *Jamaine R. Young*

