
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:

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The Department of Transportation shall:

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

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

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

17
18 and

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20 WHEREAS, the 2020 Master Plan further states:

21
 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
28 and

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

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

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



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

7
 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
24 and

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26 WHEREAS, the Economic Momentum Commission made the
27 following recommendations:

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

41
42 and

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

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

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

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

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

32
33 WHEREAS, following a collaborative effort involving the
34 Hawaii Harbor Users Group members, Department of Transportation,
35 and Mercator, the Hawaii Harbor Users Group set forth its
36 findings and recommendations in its report, *Harbor Facility*
37 *Development To Serve The State of Hawaii* (the HHUG Report,
38 2006); and

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

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



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

7
 8 (3) Increased cargo and cruise traffic will soon consume
 9 most of the reserve capacity of the existing
 10 facilities, and thereby reduce the ability of ports
 11 and port users to efficiently serve the existing
 12 market, respond to new service requirements, or
 13 recover quickly from the natural and man-made service
 14 disruptions that invariably occur;

15
16 and

17
 18 WHEREAS, for Honolulu Harbor, among the most critically
 19 needed improvements identified in the Hawaii Harbor Users Group
 20 Report are improvements needed to increase cargo capacity in
 21 this severely congested harbor, and the Hawaii Harbor Users
 22 Group made the following findings:

23
 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
 39 (3) Growth in domestic volumes at Sand Island terminals
 40 that are already operating at high utilization levels,
 41 combined with growth of international volumes
 42 occurring at the Pier 1 facility, will lead to an
 43 expected shortfall in total container handling
 44 capacity in the coming years; and



1
2 (4) With respect to inter-island cargo operations:
3 Although container volume of Young Brothers, Limited
4 in 2004 was thirty eight per cent more than in year
5 2000, its operating area has not increased since it
6 moved into the terminal in 1998 (which even then was
7 four years later than the original planned occupancy
8 date), and Young Brothers, Limited is already now
9 operating at above the State's own target throughput
10 levels and absorbing the extra costs of doing so;

11 and

12
13
14 WHEREAS, with respect to Honolulu Harbor, the Hawaii Harbor
15 Users Group report made the following conclusions and
16 recommendations:

17
18 (1) To operate effectively and manage growing volumes, it
19 is clear that Young Brothers, Limited needs additional
20 land areas and another barge berth and loading
21 position suitable for the use of heavy lifting
22 equipment;

23
24 (2) With respect to international and long-haul domestic
25 container operations of Matson Navigation Company and
26 Horizon Lines, LLC: Develop new container facilities
27 to ensure there will be sufficient capacity to serve
28 growing international and long-haul domestic container
29 volumes. Based on available alternatives, development
30 of the former Kapalama Military Reservation, a 55-acre
31 parcel of land located adjacent to Pier 42, into a
32 container terminal is viewed as the preferred means to
33 meet this requirement; and

34
35 (3) With respect to inter-island cargo operations of Young
36 Brothers Limited: Incorporate what is commonly
37 referred to as the "Daishowa property", a 4.2 acre
38 property owned by the State and located adjacent to
39 Piers 39 and 40, into an improved inter-island cargo
40 terminal with a main container gate on Auiki Street to
41 facilitate delivery of containers coming from Sand
42 Island or Kapalama Military Reservation terminals, and
43 reinforce Pier 40E to create an additional barge



1 loading position (to be suitable for using 40-ton lift
2 equipment);

3
4 and

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

9
10 (1) With almost \$1,000,000 from the state Legislature, the
11 Department of Transportation in calendar year 2005
12 sought contractors to inventory existing conditions in
13 the Kapalama area, survey it for significant
14 historical features, and help start the planning and
15 redevelopment process;

16
17 (2) Developing Kapalama Military Reservation will increase
18 existing space for container cargo operations by
19 almost fifty per cent, at least temporarily
20 alleviating the need to develop another expensive
21 harbor somewhere in the State;

22
23 (3) Kapalama Military Reservation is directly across the
24 Kapalama Basin from an existing container yard for
25 Horizon Lines, which could move its entire operation
26 into the new facility, allowing Matson to expand into
27 space vacated by Horizon; and

28
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
36 and

37
38 WHEREAS, with respect to inter-island cargo operations at
39 Honolulu Harbor, the State has acquired what is commonly
40 referred to as the Daishowa property, but has not yet
41 incorporated the added space into an improved inter-island cargo
42 terminal or reinforced Pier 40E to create an additional barge
43 loading position; and

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

8
 9 WHEREAS, with respect to Kahului Harbor, the Hawaii Harbor
 10 Users Group Report:

11
 12 (1) Identifies the demand stresses on the harbor resulting
 13 from the growth in Neighbor Island container traffic
 14 handled by Matson Navigation Company and Young
 15 Brothers, Limited and, in addition, the introduction
 16 of inter-island ferry service in 2007;

17
 18 (2) Makes findings that: (A) the harbor capacity
 19 situation on Maui is considered the most critical of
 20 all the neighbor islands; (B) the combination of
 21 rising cargo volumes and increased passenger activity
 22 brings Maui closer and closer to the point at which
 23 service breakdowns and delivery disruptions can be
 24 expected and; (C) although the time when major
 25 disruptions will occur cannot be predicted precisely,
 26 small scale negative impacts of congestion involving
 27 increased costs and cargo delays at the port are
 28 probably already happening;

29
 30 (3) States that the currently planned location of the
 31 Hawaii Superferry will significantly impact the
 32 ongoing inter-island cargo operation of Young
 33 Brothers, Limited unless a variety of other
 34 improvements in facilities and adjustments to
 35 operations are made at the Kahului port;

36
 37 (4) States that Young Brothers Limited's loss of berth
 38 availability to the Hawaii Superferry and commingling
 39 of ferry and commercial cargo traffic at Pier 2B will
 40 disrupt and decrease the efficiency of Young Brothers,
 41 Limited's operation and create safety hazards for both
 42 Young Brothers, Limited and ferry users;

43



- 1 (5) Concludes that the severity of the problem and the
- 2 magnitude of the consequences make creation of new
- 3 port capacity on Maui one of the top strategic
- 4 priorities for Hawaiian port development; and
- 5
- 6 (6) Recommends the following as to the Pier 2 landside
- 7 areas: (A) move the cement tanks out of Pier 2; (B)
- 8 close Ala Luina street; and (C) acquire and
- 9 incorporate into an expanded inter-island cargo
- 10 terminal the four acres of land currently owned by A&B
- 11 Properties, Inc., already designated by A&B
- 12 Properties, Inc. for harbor use and sometimes referred
- 13 to as the "Railroad Building" and "Old Kahului Store"
- 14 properties; and (D) and clear and harden the property
- 15 to increase the inter-island container and cargo
- 16 operational area;

17
18 and

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

25
26 WHEREAS, with respect to Hilo Harbor, the Hawaii Harbor
27 Users Group Report:

- 28
- 29 (1) Identifies demand stresses on the harbor including the
- 30 demand stress resulting from commingling of cruise
- 31 vessel and cargo operations;
- 32
- 33 (2) Recognizes that the "growth of the NCL's United
- 34 States-flag cruise business of NCL America, Inc. is
- 35 remarkable" and that cruise vessel berth hours will
- 36 more than double at Hilo;
- 37
- 38 (3) Concludes that the presence of cruise vessels in the
- 39 midst of cargo operations results in frequent inter-
- 40 mixing of cruise passenger arrival and departure
- 41 traffic with both on-terminal tractors and lifting
- 42 equipment, and road trucks that are making pickups and
- 43 deliveries to the port at Hilo Harbor, with a
- 44 recommendation from a safety and security perspective



1 for these types of activities to be separated as much
2 as possible;

3
4 (4) Identifies the deteriorating strength of the paved
5 surface in the inter-island container yard at the Hilo
6 Harbor on the Big Island as a major safety
7 consideration;

8
9 (5) Recognizes that projects slated for Hilo Harbor in the
10 2020 Master Plan include the development of a new Pier
11 4 for inter-island cargo, which includes dredging,
12 construction of Pier 4 and inter-island cargo yard
13 improvements, and that planning for these improvements
14 is ongoing but that construction of these Department
15 of Transportation-recommended harbor improvements has
16 not yet commenced; and

17
18 (6) Recommends completing as soon as possible the planned
19 Pier 4 cargo facility in order to meet the
20 transportation needs of the State, as part of the
21 needed solution of separating cargo and passenger
22 operations and developing adequate and safe inter-
23 island cargo operation facilities;

24
25 and

26
27 WHEREAS, the Hawaii Harbor Users Group and the Department
28 of Transportation are requested to add construction and
29 improvements for needed ferry terminal development to Nawilili
30 Harbor on Kauai, known as the Pier 3 Dolphin Project; now,
31 therefore,

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

39
40 BE IT FURTHER RESOLVED that the Department of
41 Transportation is requested to implement the recommendations of
42 the Hawaii Harbor Users Group Report that require action by the
43 department, giving priority to the development priorities for
44 the new planned Pier 4 at Hilo Harbor, the improvements to



1 inter-island cargo facilities at Kahului Harbor; and the
2 development of Kapalama Military Reservation at Honolulu Harbor;
3 and
4

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

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

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

28 (3) With respect to Kahului Harbor, repair, improve, and
29 develop Kahului Harbor facilities, including by taking
30 the following measures:
31

32 (A) Relocate cement storage silos presently located
33 within the inter-island cargo operational area,
34 in order to prevent safety risks and increase
35 cargo operation efficiency;
36

37 (B) Expand landside space to accommodate increasing
38 volume of container and cargo operations; replace
39 landside space lost to provide security zones and
40 access routes to cruise ships and pier and
41 landside space to be lost to the Hawaii
42 Superferry and, in particular, to close and
43 harden Ala Luina Street to incorporate it into
44 the inter-island cargo yard; to acquire



1 approximately four acres of land owned by A&B
 2 Properties, Inc., sometimes referred to as the
 3 "Railroad Building" and "Old Kahului Store"
 4 properties, and to clear and harden the property
 5 to increase the inter-island container and cargo
 6 operational area (collectively, the "Kahului
 7 Harbor Pier 2 Improvements"); and
 8

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

18 and

19
 20 BE IT FURTHER RESOLVED that the Hawaii Harbor Users Group
 21 and the Department of Transportation are requested to add
 22 construction and improvements for needed ferry terminal
 23 development to Nawilili Harbor on Kauai, known as the Pier 3
 24 Dolphin Project; and
 25

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

- 30 (1) Planning and construction of the Kapalama Military
 31 Reservation Redevelopment;
- 32 (2) Honolulu Harbor Pier 40 Improvements;
- 33 (3) Kahului Harbor Pier 2 Improvements; and
- 34 (4) Hilo Harbor Pier 4 Improvements, including required
 35 dredging by or before December 2007, construction of
 36 new Pier 4 by or before April 2008 and construction of
 37 new cargo yard improvements by or before October 2009;
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 39
 40
 41

42 and

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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 Resolution be transmitted to the
13 Governor, the Director of Transportation, and the Hawaii Harbor
14 Users's Group.

