
A BILL FOR AN ACT

RELATING TO COMMERCIAL HARBORS MODERNIZATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Act 127, Session Laws of Hawaii 2007, is
2 amended by amending section 1 to read as follows:
3 "Section 1. To meet the economic needs of the state, the
4 harbors division of the department of transportation must
5 provide suitable harbor facilities^[7] and berthing piers, which
6 in turn ensures the efficient and timely delivery and shipment
7 of goods imported into the state. Ocean surface transportation
8 is our state's lifeline. It remains the only viable means to
9 service the lion's share of Hawaii's economic needs. However,
10 Hawaii's aging commercial harbor system has not kept pace with
11 our growing economy, and ~~[it is now]~~ Hawaii's commercial ports
12 statewide are experiencing competition for berthing rights for
13 cargo, fuel, and cruise ship activities, and severe congestion
14 in harbor facilities. It is recognized by the harbor users,
15 state administration, and the legislature that it is now
16 extremely critical to upgrade existing port facilities and
17 develop harbor improvements in an expedited manner. The Hawaii
18 Harbors Users Group, a maritime transportation industry group,



1 was formed in 2005 because the industry recognized that Hawaii
2 is facing a shortage of port facilities statewide. Its goal is
3 to help the state identify and prioritize Hawaii's harbor
4 improvement needs. The Hawaii Harbors Users Group has completed
5 research that predicts that if Hawaii's harbor infrastructure is
6 not improved, the loss of real domestic product (in 2007
7 dollars) could amount to more than \$50,000,000,000 by the year
8 2030. In comparison, an assessment of immediate commercial
9 harbor needs statewide is estimated to cost in the range of
10 \$850,000,000.

11 Under its statutory mandate, the harbors [~~division's focus~~
12 ~~is on~~] division focuses on essential daily management and
13 operations of the commercial harbor system rather than
14 development of new expansion opportunities. To expeditiously
15 develop critically needed harbor infrastructure improvements and
16 curtail statewide economic hardships that will occur if the
17 harbors reach maximum cargo handling capacity by the year 2011
18 as currently projected, the harbors division [~~desires to~~
19 ~~partner~~] partnered with Aloha Tower development corporation, an
20 entity with a development-oriented mission, statutory powers,
21 and expertise in the development of state-owned properties for
22 development of Honolulu harbor pursuant to this Act.



1 The harbors division is additionally stymied by the lack of
2 funding necessary to develop costly wharfs and cargo handling
3 terminals and its [~~inability~~] traditional structure limits its
4 ability to consider development-oriented financing options such
5 as public or private partnerships [~~under its traditional~~
6 ~~structure~~], but the Aloha Tower development corporation is
7 empowered to do such things. A partnership with the Aloha Tower
8 development corporation, which has jurisdiction over a portion
9 of Honolulu harbor, can also assist the harbors division by
10 providing financial support from its limited commercial
11 development along the downtown urban waterfront. Revenues
12 generated from commercial development are proposed to be
13 directed towards the funding of commercial harbor system
14 infrastructure improvements.

15 The legislature, together with the administration and key
16 harbor users, recognizes that extraordinary means must be
17 employed to catch up on deferred harbor infrastructure
18 development. Accordingly, the legislature finds that the
19 harbors division should be given further development tools to
20 accomplish the formidable task of bringing the State's
21 commercial harbors up to the standards needed to sustain
22 economic growth. The purpose of this Act is to [~~establish a~~]



1 expand the formal partnership for development of Honolulu harbor
2 between the Aloha Tower development corporation and the
3 department of transportation harbors division to a statewide
4 jurisdiction for the [~~development of Honolulu harbor~~
5 ~~infrastructure improvement projects.~~] implementation of the
6 commercial harbors modernization plan."

7 SECTION 2. Section 206J-2, Hawaii Revised Statutes, is
8 amended by amending the definition of "development corporation"
9 to read:

10 "Development corporation" means the Aloha Tower
11 [~~Development Corporation~~] development corporation established by
12 section 206J-4.

13 SECTION 3. Section 206J-5.5, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "§206J-5.5 Partnership with department of transportation
16 for [~~Honolulu harbor.~~] the implementation of the commercial
17 harbors modernization plan and the establishment of the harbors
18 modernization group. (a) Consistent with its general powers
19 under this chapter, the development corporation [~~may~~] shall
20 establish a subgroup called the harbors modernization group to
21 undertake projects for [~~Honolulu harbor and its adjacent lands,~~
22 the commercial harbors modernization plan in subsection (b),



1 which are under the jurisdiction of the department of
2 transportation. Notwithstanding any provision in section 206J-
3 17 to the contrary, payments to the development corporation for
4 its administrative and operational expenses shall be made by the
5 department of transportation and deposited into the Aloha Tower
6 fund in a subaccount designated for [~~the particular development~~
7 ~~project.~~] commercial harbors modernization plan projects. The
8 department of transportation shall delegate to the development
9 corporation the implementation of commercial harbors
10 modernization plan projects. All projects, prior to
11 implementation by the development corporation, shall be approved
12 by the director of transportation and the governor. After
13 approval by the director of transportation and the governor,
14 expending authority for the approved projects shall be delegated
15 to the development corporation.

16 [~~(b) All appropriations for the development of Honolulu~~
17 ~~harbor by the development corporation shall be received and~~
18 ~~administered by the department of transportation. The department~~
19 ~~of transportation shall retain fiscal management and oversight~~
20 ~~of all project cost expenditures, budget, and contract~~
21 ~~approvals.~~]



1 (b) The harbors modernization group shall have
2 jurisdiction over harbors projects that shall collectively be
3 known as the commercial harbors modernization plan. These
4 harbor projects shall be as follows:

5 (1) Honolulu harbor. Development of infrastructure,
6 expansion of facilities, and tenant relocations,
7 including the development of the new Kapalama
8 container terminal;

9 (2) Kahului harbor. Development of infrastructure,
10 expansion of facilities, tenant relocations, and
11 acquisition of lands, including the West harbor barge
12 or ferry slip or both, West harbor dredging and
13 breakwater, West harbor cruise terminal, Pier 1 fuel
14 line replacement and upgrade, East harbor breakwater,
15 and Pier 2B strengthening;

16 (3) Hilo harbor. Development of infrastructure, expansion
17 of facilities, tenant relocations, and acquisition of
18 lands, including the Pier 4 interisland cargo
19 terminal;

20 (4) Kawaihae harbor. Development of infrastructure,
21 expansion of facilities, tenant relocations,
22 acquisition of lands, including the Pier 2 terminal



1 and barge improvements, Pier 2 extension and terminal,
2 and Pier 4 and liquid bulk terminals;

3 (5) Kalaeloa harbor. Development of infrastructure,
4 expansion of facilities, tenant relocations, and
5 acquisition of lands, including the West harbor
6 infrastructure, Pier 4 dedicated fuel pier, and
7 extension of the fuel line; and

8 (6) Nawiliwili harbor. Development of infrastructure,
9 expansion of facilities, tenant relocations, and
10 acquisition of lands, including the new multi-use
11 pier.

12 (c) For the purposes of this section, the chief executive
13 officer of the development corporation shall have the power to
14 appoint officers, agents, and employees, prescribe their duties
15 and qualifications, and fix their salaries, without regard to
16 chapter 76.

17 (d) Projects identified in the commercial harbors
18 modernization plan involving land disposition matters, including
19 land acquisition, leasing, conveyance, or acquisition of
20 easements or rights-of-ways, shall continue to be under the
21 jurisdiction of the board of land and natural resources pursuant
22 to chapter 171.



1 (e) The harbors modernization group shall retain all the
2 powers of the development corporation under sections 206J-5 to
3 206J-21.

4 (f) Six additional voting members shall, except as
5 otherwise provided in this subsection, be appointed to the
6 development corporation by the governor to comprise the harbors
7 modernization group for four year terms pursuant to chapter 26-
8 34. These members shall act and be counted in determining
9 quorum and majority only with respect to the directing of
10 planning, design, construction, and financing of the harbor
11 projects identified in the commercial harbors modernization
12 plan. A majority of members of the development corporation and
13 four of the six members of the harbor modernization group shall
14 constitute quorum for matters relating to the directing of
15 planning, design, construction, and financing of the harbor
16 projects identified in the commercial harbors modernization
17 plan. Majority of the voting members of the quorum shall be
18 required to validate any act relating to the harbor projects.
19 These members shall serve without compensation, but each member
20 shall be reimbursed for expenses, including travel expenses,
21 incurred in the performance of their duties. These members
22 shall consist of:



- 1 (1) The director of the department of budget and finance,
2 or a respective designated representative, who shall
3 serve as an ex officio voting member;
- 4 (2) Two public members from the maritime industry who
5 shall be directly involved with a harbor or off-shore
6 mooring facility which is primarily for the movement
7 of commercial cargo, passenger, and fishing vessels
8 entering, leaving, or traveling within the State
9 harbor system, or directly involved with an activity
10 that requires and is directly related to the loading,
11 off-loading, storage, or distribution of goods and
12 services by means of seaborne transportation; and
- 13 (3) The mayors of the counties of Hawaii, Maui, and Kauai,
14 or their respective designated representatives, who
15 shall serve as ex-officio voting members.

16 All members shall continue in office until their respective
17 successors have been appointed. The chairperson of the harbors
18 modernization group shall be the chairperson of the board.

19 [~~e~~](g) Subject to existing contractual and statutory
20 commitments to the department of transportation for any losses
21 in revenue under this chapter, the development corporation may
22 apply any revenues derived from commercial development projects

1 in the Aloha Tower project area to defray the cost of harbor
2 infrastructure improvements incurred within the [~~State~~] state."

3 SECTION 4. Section 171-59, Hawaii Revised Statutes,
4 subsection (b) is amended to read as follows:

5 "(b) Disposition of public lands for airline, aircraft,
6 airport-related, agricultural processing, cattle feed
7 production, aquaculture, marine, maritime, and maritime-related
8 operations may be negotiated without regard to the limitations
9 set forth in subsection (a) and section 171-16(c); provided
10 that:

- 11 (1) The disposition encourages competition within the
12 aeronautical, airport-related, agricultural,
13 aquaculture, maritime, and maritime-related
14 industries;
- 15 (2) The disposition shall not exceed a maximum term of
16 thirty-five years [~~and~~] except in the case of
17 maritime and maritime-related operations which may
18 provide for a maximum term of seventy years; and
- 19 (3) The method of disposition of public lands for cattle
20 feed production as set forth in this subsection shall
21 not apply after December 31, 1988.



1 For the purpose of this subsection: "agricultural processing"
2 means the processing of agricultural products, including
3 dairying, grown, raised, or produced in Hawaii, "airport-
4 related" means a purpose or activity that requires air
5 transportation to achieve that purpose or activity, and
6 "maritime-related" means a purpose or activity that requires and
7 is directly related to the loading, off-loading, storage, or
8 distribution of goods and services of the maritime industry."

9 SECTION 5. The department of transportation is authorized
10 to issue harbor revenue bonds for harbor capital improvement
11 projects authorized in section 6 of this Act and designated to
12 be financed by revenue bond funds or by general obligation bond
13 funds with debt service cost to be paid from special funds, in
14 such principal amount as shall be required to yield the amounts
15 appropriated for such capital improvement program projects, and,
16 if so determined by the department and approved by the governor,
17 such additional amounts as may be deemed necessary by the
18 department to pay interest on such revenue bonds during the
19 estimated construction period of the capital improvement project
20 for which such harbor revenue bonds are issued to establish,
21 maintain, or increase reserves for the harbor revenue bonds or
22 harbor revenue bonds heretofore authorized (whether authorized



1 and issued or authorized and still unissued), and to pay the
2 expenses of issuance of such bonds. The aforementioned harbor
3 revenue bonds shall be issued pursuant to the provisions of part
4 III of chapter 39, Hawaii Revised Statutes, as the same may be
5 amended from time to time. The principal of and interest on
6 harbor revenue bonds, to the extent not paid from the proceeds
7 of such bonds, shall be payable solely from and secured solely
8 by the revenues derived from harbors and related facilities
9 under the ownership of the State or operated and managed by the
10 department, including rents, mooring, wharfage, dockage,
11 pilotage fees, and other fees or charges presently or hereafter
12 derived from or arising through the ownership, operation, and
13 management of harbor and related facilities and the furnishing
14 and supplying of the services thereof. The expenses of the
15 issuance of such harbor revenue bonds shall, to the extent not
16 paid from the proceeds of such bonds, be paid from the harbor
17 special fund.

18 The governor, at the governor's discretion, is authorized
19 to use the harbor revenue fund to finance those projects
20 authorized in section 6 of this Act where the method of
21 financing is designated to be by harbor revenue bond funds.



1 SECTION 6. The following sums, or so much thereof as may
2 be sufficient to accomplish the purposes designated herein, are
3 hereby appropriated or authorized, as the case may be, from the
4 harbor revenue bond funds for the fiscal year beginning July 1,
5 2008, and ending June 30, 2012. The sums appropriated shall be
6 expended by the department of transportation for the purposes of
7 this Act. The department of transportation, as expending
8 agency, shall delegate to the Aloha Tower development
9 corporation the implementation of the capital improvement
10 projects authorized in this Act and subsequent acts, for the
11 projects identified as the commercial harbors modernization plan
12 described in chapter 206J, Hawaii Revised Statutes. After
13 approval of the project by the director of transportation and
14 the governor, expending authority for the approved projects
15 shall be delegated to the Aloha Tower development corporation.
16 The authorized capital improvement projects are:

17 1. HMP - Kapalama military reservation improvements,
18 Honolulu harbor, Oahu
19 Design and construction for the development of a new
20 container terminal facility.
21 Design \$26,900,000



1	Construction	\$3,000,000
2	Total funding	\$29,900,000
3	2. HMP - Kalaeloa Barbers Point harbor infrastructure	
4	improvements, Oahu	
5	Design of utility and infrastructure improvements.	
6	Design	\$300,000
7	Total funding	\$300,000
8	3. HMP - Kalaeloa Barbers Point harbor fuel pier	
9	improvements, Oahu	
10	Design of new fuel pier and other site related	
11	improvements.	
12	Design	\$6,300,000
13	Total Funding	\$6,300,000
14	4. HMP - Pier 4 interisland cargo terminal, Hilo harbor,	
15	Hawaii	
16	Design of additional interisland cargo terminal areas	
17	including a pier, yard, roadways, and utilities.	
18	Design	\$13,400,000
19	Total Funding	\$13,400,000
20	5. HMP - Kahului harbor land acquisition and	
21	improvements, Maui	



1	Purchase additional land and subsequent design of	
2	improvements for the acquired land.	
3	Land	\$15,000,000
4	Design	\$2,000,000
5	Total Funding	\$17,000,000
6	6. MP - West harbor barge/ferry slip, Kahului harbor,	
7	Maui	
8	Design for a new west harbor barge/ferry slip and	
9	associated site work improvements.	
10	Design	\$8,000,000
11	Total Funding	\$8,000,000
12	7. HMP - West harbor dredging and breakwater, Kahului	
13	harbor, Maui	
14	Design for west harbor breakwater, dredging and	
15	associated improvements.	
16	Design	\$3,000,000
17	Total Funding	\$3,000,000
18	8. HMP - West harbor cruise terminal Kahului harbor, Maui	
19	Design of a cruise terminal including paving,	
20	utilities, security, and other site work improvements.	
21	Design	\$3,000,000
22	Total Funding	\$3,000,000



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|----|-----|--|-------------|
| 1 | 9. | HMP - East harbor breakwater, Kahului harbor, Maui | |
| 2 | | Design of the east harbor breakwater and related | |
| 3 | | improvements. | |
| 4 | | Design | \$3,000,000 |
| 5 | | Total Funding | \$3,000,000 |
| 6 | 10. | HMP - Pier 2 improvements, Kahului harbor, Maui | |
| 7 | | Design of improvements to the pier including | |
| 8 | | strengthening, bollard replacement, dredging, and | |
| 9 | | environmental permitting. | |
| 10 | | Design | \$500,000 |
| 11 | | Total Funding | \$500,000 |
| 12 | 11. | HMP - Kawaihae harbor development plan, Hawaii | |
| 13 | | Development plan for improving new terminal cargo | |
| 14 | | facilities at Kawaihae harbor. | |
| 15 | | Plans | \$500,000 |
| 16 | | Total Funding | \$500,000 |
| 17 | 12. | HMP - Pier 2 terminal improvements, Kawaihae harbor, | |
| 18 | | Hawaii | |
| 19 | | Design and construction of terminal improvements | |
| 20 | | including and not limited to paving, utilities, | |
| 21 | | relocation of the harbor agent's office, and interim | |
| 22 | | ferry improvements. | |



1	Design	\$5,000,000
2	Construction	\$21,000,000
3	Total Funding	\$26,000,000
4	13 HMP - Pier 4, Kawaihae harbor, Hawaii	
5	Design of a multi user pier 4 and associated site	
6	work.	
7	Design	\$9,000,000
8	Total Funding	\$9,000,000
9	14. HMP - Multi-user pier 4, Nawiliwili harbor	
10	Design of new pier improvements and related site and	
11	utility work.	
12	Design	\$300,000
13	Total Funding	\$300,000
14	15. HMP - Construction management support, statewide	
15	Construction consultant services during construction	
16	of harbor modernization plan projects at harbor	
17	facilities statewide.	
18	Construction	\$2,400,000
19	Total Funding	\$2,400,000
20	16. HMP - Harbors division capital improvement program	
21	staff cost, statewide	



1 Costs related to wages and fringes for permanent
2 harbor modernization plan project funded positions.
3 Planning \$1,735,000
4 Total Funding \$1,735,000

5 The appropriations made for capital improvement projects
6 authorized by this Act shall not lapse at the end of the fiscal
7 biennium for which the appropriation is made; provided that all
8 appropriations which are unencumbered as of June 30, 2012, shall
9 lapse as of that date.

10 SECTION 7. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 8. This Act shall take effect upon its approval;
13 provided that:

14 (1) The amendments to section 206J-5.5, Hawaii Revised
15 Statutes, in section 3 of this Act shall be repealed
16 on June 30, 2016, and section 206J-5.5, Hawaii Revised
17 Statutes, shall be reenacted in the form in which it
18 read on the day before the effective date of this Act;
19 and



1 (2) On June 30, 2016, any moneys or funds under the
2 management of the harbors modernization group pursuant
3 to section 206J-5.5, Hawaii Revised Statutes, shall be
4 deposited into the department of transportation harbor
5 special fund.
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INTRODUCED BY:

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Carlisle Y. Day

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JAN 23 2008



Report Title:

Harbors; Modernization Plan; Capital Improvement Projects;

Description:

Expands the authority of the Aloha Tower Development Corporation to assist in the development of the statewide harbors modernization plan by establishing the Harbors Modernization Group. Authorizes the Department of Transportation to issue revenue bonds to finance the harbor improvements.

