

House District 26 Oahu-wide
Senate District 13 Oahu-wide

**THE TWENTY-SEVENTH LEGISLATURE
APPLICATION FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES**

Log No:

For Legislature's Use Only

Type of Grant or Subsidy Request:

- GRANT REQUEST – OPERATING GRANT REQUEST – CAPITAL SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): DLNR - DOBOR

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:
Navatek Ltd.
Dbas:
Street Address: 841 Bishop St. Suite 1110
Mailing Address: 841 Bishop St. Suite 1110,
Honolulu, HI 96813

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name ANN CHUNG
Title Director of Special Projects
Phone # 808-351-6000
Fax # 808-523-7668
e-mail achung@navatekltd.com

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
 FOR PROFIT CORPORATION
 LIMITED LIABILITY COMPANY
 SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

Survey of "high risk" zones in the South Oahu Ocean Recreation Management Area to identify where current legislation, rules and regulations are adequate to protect the safety of users and minimize the legal liability to the State of Hawaii in case of accidents or deaths.

4. FEDERAL TAX ID #: [REDACTED]
5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2015: \$ \$461,786.09

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
 EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ _____
FEDERAL \$ _____
COUNTY \$ _____
PRIVATE/OTHER \$ _____

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

[REDACTED]
AUTHORIZED SIGNATURE

Michael Buelsing, Mechanical Engineer/Ship Captain
NAME & TITLE

1/29/14
DATE SIGNED

Application for Grants and Subsidies

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Include the following:

1. A brief description of the applicant's background

Navatek, Ltd. was founded in 1979 and operates out of offices in Honolulu, Hawaii with 49 employees. Navatek is a subsidiary of kama'aina company Pacific Marine, founded in 1944, with 450 employees.

For over 30 years, Navatek has professionally operated a fleet of advanced small craft in Hawaiian waters: Including survey vessels capable of conducting sustained, at-sea observations and data collection. The company also employs a staff of local, certified, trained and U.S.C.G-Licensed boat operators who are familiar with Hawaii waters. This unique combination of available survey craft and skilled boat operators makes it possible for Navatek to conduct the proposed "on-water" survey safely, efficiently and effectively.

Navatek is currently conducting surveys in the South Oahu Ocean Recreation Management Area (ORMA) under a grant received in 2013-2014 from the Hawaii State Legislature. The data collected from these surveys will be compiled over the next few months, and the experience gained from this research will be invaluable for the 2014-2015 effort.

2. The goals and objectives related to the request

- i. Use the data and statistics from the 2013-2014 South Oahu Ocean Recreation Management Area to develop a list of "high risk" zones in the South Oahu ORMA. These zones will be identified by pinpointing the areas with the greatest likelihood of conflicting activities. An example of a conflicting activity would be open ocean swimming and high speed boating.
- ii. Develop and establish survey methodology and procedures to determine the 2014-2015 scope and degree of ocean sports activities being conducted in the "high risk" areas. During the 2013-2014 survey's, a relatively small amount of time could be spent in each zone of interest. The 2014-2015 project would include a focused effort in which the surveyor's spend more time in key zones during peak

usage times. Depending on the size of the zone of interest, multiple surveyors could be deployed concurrently in order to capture as much data as possible.

- iii. Conduct surveys in zones identified as “high risk” in the South Oahu ORMA.
- iv. Compile the survey data and produce a report for the State of Hawaii which will allow it to determine where current legislation, rules and regulations are adequate to protect the safety of our users, and minimize the legal liability to the State of Hawaii in case of accidents or deaths resulting from usage of the South Oahu ORMA.

3. The public purpose and need to be served

As the State's population grows, the public's usage of Hawaii's ocean waters is continually increasing. Tourism brings millions of people to play in Hawaii's waters, and the ocean recreation industry continues to develop and market new craft, vehicles and toys for ocean sports use. The waters become more and more crowded, and the new products create new risks. Traditional water sports like surfing, swimming, sailing, paddling a canoe, and fishing have been enjoyed for years. They now share the water with activities popularized in the last 2- 3 decades such as: Sailboards, scuba divers, high-speed jet skis, parasailers, and water sleds. Several new water sports activities have become extremely popular in recent years. These include Stand-Up Paddling (SUP), paddle board racing, extreme skin diving, and unlimited class outrigger canoe racing.

To better manage risks associated with ocean sports in Hawaii, the State of Hawaii has created an Ocean Recreation Management Plan (HRS 256) which 1) Designates specific Ocean recreation Management Areas (ORMA) on each island, and 2) Lays down rules and regulations regarding the use of these areas by the public. Perhaps the most heavily used ORMA in the State is the South Oahu Ocean Recreation Management Area. This ORMA covers the heavily used and tourist-popular waters of Waikiki and Hanauma Bay, as well as seven other zones.

As usage has exploded, so have accidents (even deaths) along with costly lawsuits against individuals, corporations and the State of Hawaii. "Lawsuits arising out of water sports and recreational liability issues have become quite common in our society. Plaintiffs generally claim that they should have been protected or warned of a hazard by the defendants." (Louie and Ching, FDCC Quarterly Summer 2006).

As the number of people using Hawaii's ocean waters increases, and new activities are introduced, the danger grows that Hawaii's legislative rules and regulations no longer adequately cover the activities - and risks- found in the ORMAs. In 2013, shark attack frequency increased at an alarming rate, and as of December 2013, thirteen incidents had been reported. Over the past 20 years, the average incident rate for the state of Hawaii was around four attacks per year. This equates to an increase in shark attack frequency of more than 300%. Many of Navatek's vessels are outfitted with flybridges or have roofs that can be used for observation. During the 2014-2015 survey's Navatek would plan to utilize these boats in order to monitor marine animal surface behavior: Sharks, turtles, whales, dolphins...etc.

Under this request, Navatek proposes to conduct an on-water survey of current ocean sports activities and marine animal behaviors taking place in the waters of the South Oahu Ocean Recreation Management Area, in order to 1) Determine the present scope and range of these activities in the areas identified as “high risk” in the 2013-2014 surveys, and 2) Identify safety concerns, usage conflicts and liability issues stemming from the interactions of ORMA users and the marine animals which also inhabit these areas.

During these surveys, Navatek will be stationed on the water in the “high risk” South Oahu ORMA zones. This will allow Navatek to provide, at no additional cost, three other additional benefits to the State of Hawaii during this 12 month survey project. Navatek will 1) Monitor the ORMA for sea-borne debris, including identifying and collecting samples of any debris from the Japan 2011 earthquake off Tohoku which may make it to Hawaii's shore, 2) Help the Coast Guard and DOBOR respond to any endangered swimmers and boaters operating in the ORMA, and 3) Report shark sighting's to DLNR and/or Honolulu Lifeguards.

4. Describe the target population to be served

The target population to be served includes; Oahu residents and Oahu tourists using the “High Risk” zones in the South Oahu Ocean Recreational Management Area.

5. Describe the geographic coverage

The nine zones in the South Oahu Ocean Recreational Management Area are: Hanauma Bay Restricted Zone, Maunalua Bay Restricted Waters, Waialae-Kahala Restricted Areas, Diamond Head Restricted Area, Waikiki Ocean Waters Restricted Zones, South Shore Parasail Area, Kahakaaulana Islet Commercial Zone, Reef Runway Zone, and the Koko Head and Makapu'u commercial high speed boating zone. The high risk zones will be decided upon the completion of the 2013-2014 survey data analysis. Additionally, offshore areas beyond the seaward boundaries of the zones will be monitored for activity. The range of SUP, paddle board racer practice, and even extreme skin diving activity is perceived to be increasing further offshore.

II. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

The scope of work, tasks and responsibilities include determining "high risk" areas from 2013-2014 ORMA survey data, developing survey methodologies for "high risk" areas, conducting surveys, assembling data, and managing the overall program.

a. Analyze the 2013-2014 South Shore ORMA report to determine "high risk" areas of activity

Most of the work required for this portion of the 2014-2015 project is part of the 2013-2014 program, but during the start-up phase of this project, it will be necessary to revisit the data to ensure that the areas selected are the highest risk zones in the South Oahu ORMA. Depending on the final scope of the project, it may also be necessary to determine the highest risk times for each of the zones of interest.

b. Develop and establish survey study methodologies and procedures for "high risk" areas

The survey process was developed and tuned during the 2013-2014 project, but the 2014-2015 project requires a slightly different approach due to the lower number of zones being serviced and the higher level of detail required for each zone. The details of the survey process will be developed once the results from the 2013-2014 project are available. The selected geographical areas will be specifically defined- baseline areas will reference the "high risk" South Oahu Ocean Recreation Management Areas. Each zone may be further defined to ensure proper coverage; this will likely include ranges from shore to establish use-density zones. Survey methodology and procedures will be defined and include: Survey intervals, survey frequency, survey target definition, and survey target verification for quality assurance. The data analysis methods will be defined to include statistical data reduction tools and output formatting for final reporting.

c. Conduct "high risk," Ocean Recreation Area Surveys

Using Navatek contributed/supplied assets including vessels, mooring facilities, survey equipment and data recording equipment, surveys will be conducted in the "high risk" South Oahu Ocean Recreation Management Area zones. On water

surveys of activity will be conducted from vessels with the range and endurance to support accessing all areas and remaining on station through the individual survey windows. Supplemental surveys will be conducted from the shoreline to access areas restricted to vessel operations.

d. Data compilation, data reduction, report production

All of the data collected will be consolidated into a comprehensive report. Survey data will be compiled and organized for analysis. Raw data will be available as final report appendix information. Data reduction of survey sightings and counts will be applied using statistical analysis tools. A detailed report of results, analysis, interpretation and conclusions will be provided.

e. Program Management

Navatek shall maintain the overall program management, which includes overall direction, technical guidance, program schedule, reviews, report production, contracting support, and other programmatic.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

The project work will commence upon award and continue for 12 months. The following timeline details the activity:

Task	Description	Months After Award											
		1	2	3	4	5	6	7	8	9	10	11	12
1	Develop Plan and Methodologies	█											
2	Conduct Surveys		█	█	█	█	█	█	█	█			
3	Analyze Data. Produce Report											█	█
4	Program Management												

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

Navatek has conducted many at-sea tests and trials with experimental craft, ocean wave sensing equipment, data collection from electronic sensors for up to 25 channels at rates up to 20,000Hz, and supplemented all data collection with real-time observational logging and recording. The processes for the at-sea data collection are established.

For the purposes of the proposed survey, observations shall be recorded via manual log and include date, time, location confirmed with GPS position, type of activity, nature of activity, course, rate of travel and other notations. Data will be transcribed to computer log on board as time allows, or no later than close of business on the day of the observations. All available tools for sightings will be used including binoculars, range finders, bearing compasses, radar, and electronic chart plotting/course tracking software.

Two persons will be jointly conducting observations and will verify and confirm sightings. Acknowledgement of sightings will be required to establish them for record keeping. All data recording will be signed off daily by the persons conducting the survey.

The data will be evaluated for quality by reviewing logs and raw data streams for missing data components. (I.e. A sighting may not include a course heading or rate of travel.) During data reduction, the data streams will be cleaned of incomplete entries to allow for fully accurate and complete data sets to be used in analysis.

- 4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.**

The reporting will be to DLNR-DOBOR or other as necessary. The data outputs will be listed to include:

- v. Usage of ocean areas by craft/equipment type
- vi. By time of day
- vii. By distance out from shore
- viii. Use by day of the week with reference to seasonal and holiday impacts
- ix. The data outputs will be concise and clearly supported with intuitively readable chart graphics

As a measure of effectiveness and accomplishment, the data outputs will represent the depth of the significant collection/observation efforts proposed. Trends in use, use by area, and use by time will be readily apparent and provide sound information on which to assess the need to adjust rules or policy. The study can be considered effective if it provides the State with adequate information to help determine:

- 1) Any major changes in what ocean sports and recreation activities are taking place in the South Oahu Ocean Recreation Management Area (ORMA)
- 2) Whether marine animals found in the "high risk" zones create additional risks for people using those areas
- 3) Whether usage changes in the ORMA have increased the risk of accidents and resulting liability to the State and other parties
- 4) Whether current legislative rules and regulations need to be reviewed and updated to reflect these changes.

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.

Please see attached completed budget forms following this section.

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2015.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$244,114.35	\$88,249.93	\$85,264.35	\$43,767.46	\$461,786.09

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2015.

None. No other funds are being requested for FY 2014 – 2015.

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

Tax Credits	2011	2012	2013
State of Hawaii	\$0	\$0	\$0
Federal	\$0	\$0	\$0
Research & Development	\$125,909	\$208,333	\$219,022

Capitol Project Tax Credits	2011	2012	2013
State of Hawaii	\$0	\$0	\$0
Federal	\$0	\$0	\$0

5. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2013.

Estimated Balance of Unrestricted Current Assets as of December 31, 2013
\$9,681,151

BUDGET REQUEST BY SOURCE OF FUNDS

(Period: July 1, 2014 to June 30, 2015)

Applicant: Navatek Ltd.

BUDGET CATEGORIES	Total State Funds Requested (a)	Navatek Supplied Funding (b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries	147,851			
2. Payroll Taxes & Assessments	177,422			
3. Fringe Benefits	47,312			
TOTAL PERSONNEL COST	372,585			
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment		320,000		
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9. Port Entry Fees	4,401			
10. Survey Equipment	8,000			
11. Vessel Consumables	25,600			
12. Fuel	51,200			
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	89,201	320,000		
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	461,786	320,000		
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	461,786	Michael Buelsing	808-226-7720	
(b) Navatek Supplied Funding	320,000	Name (Please type or print) Phone		
(c)				
(d)		Date <u>1/29/14</u>		
TOTAL BUDGET	781,786	Michael Buelsing, Mechanical Engineer/Ship Captain Name and Title (Please type or print)		

BUDGET JUSTIFICATION PERSONNEL - SALARIES AND WAGES

Applicant: Navatek Ltd.

Period: July 1, 2014 to June 30, 2015

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Senior Contracts Administrator		\$72,508.80	11.92%	\$ 8,645.28
Mechanical Engineer/Ship Captain/Controls Engineer/PADI Certified Diver		\$80,774.20	41.70%	\$ 33,684.56
Mechanical Engineer/Vessel Operator		\$75,824.32	33.85%	\$ 25,663.62
Small Vessel Maintenance Manager/PADI Certified Diver/Vessel Operator		\$52,000.00	33.85%	\$ 17,600.00
Marine Mechanic III/PADI Certified Diver		\$82,638.40	18.46%	\$ 15,256.32
Marine Mechanic II/PADI Certified Diver		\$69,180.80	18.46%	\$ 12,771.84
Marine Electrician		\$70,491.20	18.46%	\$ 13,013.76
Marine Mechanic II/PADI Certified Diver		\$62,400.00	18.46%	\$ 11,520.00
Marine Mechanic I/PADI Certified Diver		\$52,520.00	18.46%	\$ 9,696.00
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				147,851.38
JUSTIFICATION/COMMENTS: The budget listed above assumes a planing period of one month which will be primarily staffed by the Mechanical Engineers and the Small Vessel Maintenance Manager. The survey portion of the job will consist of four approximately 8 hour trips per week. The surveys will be staffed by a ship captain or a vessel operator, a marine mechanic, and/or an electrician. The data reduction and report writing will be completed by the Mechanical Engineers and the Small Vessel Maintenance Manager.				

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: Navatek Ltd.

Period: July 1, 2014 to June 30, 2015

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST		TOTAL BUDGETED
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
TOTAL:					

JUSTIFICATION/COMMENTS:

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	NO. OF DAYS UTILIZED	TOTAL BUDGETED
BLB-65 (Navatek Supplied Asset)	1.00	\$4,500.00	\$ 4,500.00	32	144000
TLB-CAT (Navatek Supplied Asset)	1.00	\$3,500.00	\$ 3,500.00	32	112000
Bladerunner 35 (Navatek Supplied Asset)	1.00	\$1,500.00	\$ 1,500.00	32	48000
MISC Craft Under 30ft (Navatek Supplied Assets)	1.00	\$500.00	\$ 500.00	32	16000
			\$ -		
TOTAL:	4		\$ 10,000.00		320,000

JUSTIFICATION/COMMENTS: All of the assets listed above are supplied and funded by Navatek. See attached reference titled Navatek Charter Rates.doc for cost basis. The budget assumes One Hundred Twenty-Eight survey trips equally distributed between the different boats and ships in Navatek's fleet.

NAVATEK

Navatek Charter Rates

TLB-CAT:

Vessel Day Rate: **\$3,500/day**

- Includes: Vessel, crew, fuel, food for crew for day operations in local waters not exceeding 12 hours.
- Applies to days vessel is restricted from any other operations at the request of the charterer or due to handling charterer equipment (mob/demob).
 - Exclusive access by charterer.
 - Crew on board for support of at-sea operations if required.

Vessel Day Rate; 24 hour operations: **\$5,000.00/day**

- Includes: Vessel, two crews, fuel, food for crew for 24 hour operations in local waters.

Additional Days will be charged at the following rates:

- Underway Day \$3,500.00
 - Any day vessel is made underway at charterer's request.
- Manned Lay Day \$2,000.00
 - Any pier side day vessel is for exclusive use of charterer with crew requested on board for possible underway or support.
- Lay Day \$1,000.00
 - Any pier side Business Weekday vessel is for exclusive use/access of charterer without crew. OWNER may have crew or other personnel on board for maintenance activity.

Other Services:

- Crane - lifts to 10,000# \$150.00/hr
- Crane - heavy or long reach lifts Price on request
- Trade services: \$60.00/hr
 - Welding, Electrical, Mechanical, Machining, Labor, Rigging

BLB-65:

Vessel Day Rate: \$4,500.00/day

- Includes: Vessel, crew, fuel, food for crew for day operations in local waters not exceeding 12 hours.
- Applies to days vessel is restricted from any other operations at the request of the charterer or due to handling charterer equipment (mob/demob).
 - Exclusive access by charterer.
 - Crew on board for support of at-sea operations if required.

Vessel Day Rate; 24 hour operations: \$6,500.00/day

- Includes: Vessel, two crews, fuel, food for crew for 24 hour operations in local waters.

Additional Days will be charged at the following rates:

- Underway Day \$4,500.00
 - Any day vessel is made underway at charterer's request.
- Manned Lay Day \$2,000.00
 - Any pier side day vessel is for exclusive use of charterer with crew requested on board for possible underway or support.
- Lay Day \$1,000.00
 - Any pier side Business Weekday vessel is for exclusive use/access of charterer without crew. OWNER may have crew or other personnel on board for maintenance activity.

Other Services:

- Crane - lifts to 10,000# \$150.00/hr
- Crane - heavy or long reach lifts Price on request
- Trade services: \$60.00/hr
 - Welding, Electrical, Mechanical, Machining, Labor, Rigging

Bladerunner 35:

Vessel Bareboat Day Rate: \$1,500/day

- Includes: Vessel only. Charterer to provide all crew, fuel, etc.
- Applies to days all days vessel is in custody of charterer.

Vessel Bareboat Weekly Rate: \$5,000/week

- Includes: Vessel only. Charterer to provide all crew, fuel, etc.
- Excess days at day rate.

Vessel Bareboat Monthly Rate: \$10,000.00/month

- Includes: Vessel only. Charterer to provide all crew, fuel, etc.
- Excess days at day or weekly rate, whichever is less.

Long term charters will be quoted on an individual basis.

Other Services:

- Crane - lifts to 10,000# \$150.00/hr
- Crane - heavy or long reach lifts Price on request
- Trade services: \$60.00/hr
 - Welding, Electrical, Mechanical, Machining, Labor, Rigging

Miscellaneous Small Craft less than 30 ft in Length:

Vessel Bareboat Day Rate: **\$500/day**

- Includes: Vessel only. Charterer to provide all crew, fuel, etc.
- Applies to days all days vessel is in custody of charterer.

Vessel Bareboat Weekly Rate: **\$2,000/week**

- Includes: Vessel only. Charterer to provide all crew, fuel, etc.
- Excess days at day rate.

Vessel Bareboat Monthly Rate: **\$5,000.00/month**

- Includes: Vessel only. Charterer to provide all crew, fuel, etc.
- Excess days at day or weekly rate, whichever is less.

Long term charters will be quoted on an individual basis.

Other Services:

- Crane - lifts to 10,000# \$150.00/hr
- Crane - heavy or long reach lifts Price on request
- Trade services: \$60.00/hr
 - Welding, Electrical, Mechanical, Machining, Labor, Rigging

**BUDGET JUSTIFICATION
CAPITAL PROJECT DETAILS**

Applicant: Navatek Ltd.

Period: July 1, 2014 to June 30, 2015

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2012-2013	FY: 2013-2014	FY:2014-2015	FY:2014-2015	FY:2015-2016	FY:2016-2017
PLANS	0	\$250,000.00	\$461,786.09	0	0	0
LAND ACQUISITION	0	0	0	0	0	0
DESIGN	0	0	0	0	0	0
CONSTRUCTION	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
TOTAL:	0	0	0	0	0	0
JUSTIFICATION/COMMENTS: Funding received in 2013-2014 was through the State of Hawaii Grants in Aid program. Funding requested for 2014-2015 is per this Grants in Aid application.						

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO
CHAPTER 42F, HAWAII REVISED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.
- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Navatek Ltd.

(Typed Name of Individual or Organization)

(Signature)

(Date)

Michael Buelsing

Mechanical Engineer/Ship Captain

(Typed Name)

(Title)

IV. Experience and Capability

A. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

Navatek's vessels have logged thousands of hours in the waters of the south shore of Oahu. All of the testing for Navatek's Hawaii-built prototypes is conducted between Makapuu and Kaena Point. The employees that will be used for this survey have qualifications that include the following:

- USCG Captain's License,
- USCG Duty Designated Engineer,
- PADI dive certifications,
- First aid,
- CPR certifications.

In addition to these formal qualifications and work experience in these waters, many of the employees also spend their free time in this region swimming, canoe paddling, surfing, fishing, spearfishing, wind surfing, kite surfing, or kayaking. The intimate knowledge of the waters and coastline greatly enhance Navatek's ability to perform meaningful surveys.

The engineers scheduled to support this effort also have a multitude of experience involving complex data acquisition programs. Hardware and software already owned by Navatek will be utilized to assist in the data collection, and laptop computers will be taken on each survey to log and store the collected data in real time. Navatek also possesses a number of data reduction tools and algorithms that will be employed after the data has been collected.

Previous Projects with Relevant Experience:

1. Pacific Missile Range Charters
 - a. Utilized the BLB-65 to support missile recovery mission on Kauai
2. Data Acquisition Programs Conducted off of the South Shore of Oahu
 - a. Include operations at various speeds in a wide range of sea states
 - b. Also include wave height and frequency measurements
 - c. Vessels Tested
 - i. HDV-100

- ii. BLB-65
- iii. BR-51
- iv. TLB-CAT
- v. Sea Flyer
- vi. Foilcat
- vii. NSW RIBS
- viii. Navy Standard RIBS
- ix. Ultra Deep-V
- x. ST Marine USVs

- 3. "Battleship" Movie Support
 - a. Fabricated part of the on-water set for the movie
 - b. Supported filming of key scenes off of Barber's Point
- 4. Buoy Retrieval Charters
- 5. 2013-2014 ORMA Survey Study

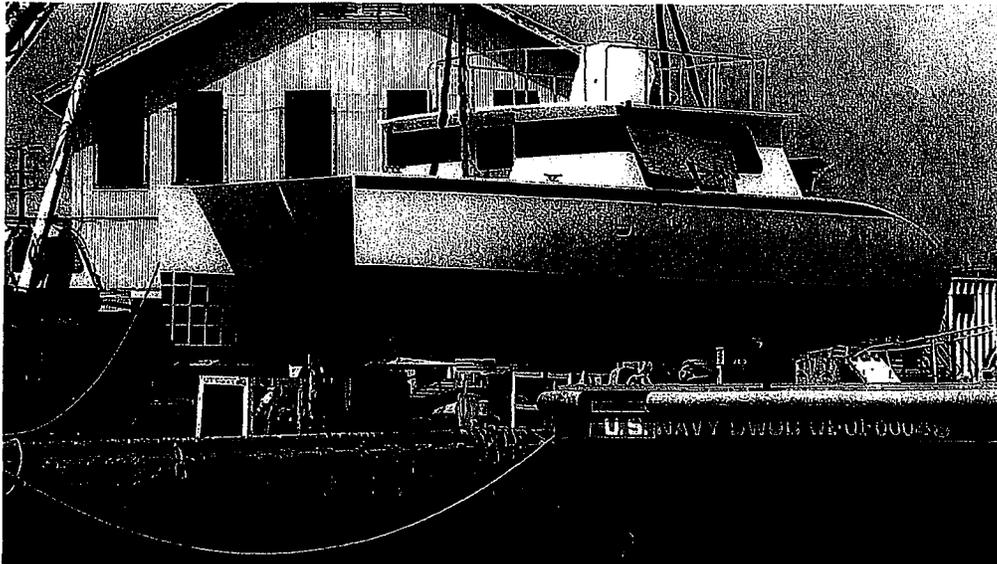
B. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities. The applicant shall also describe how the facilities meet ADA requirements, as applicable.

Navatek's Applied Engineering Division employs a staff of engineers and marine mechanics and vessel operators working out of offices and construction facilities located on the site of its sister company Pacific Shipyards International, Pier 41, Honolulu, Hawaii. Navatek's small boat construction facility shares Pacific Shipyard International's 7-acre construction and repair facilities and equipment including dry-docking, rigging and crane services, steel and aluminum fabrication and welding, mechanical and machine shop, and painting and preservation. Navatek separately owns and operates a fiberglass reinforced plastics shop. The Navatek, Ltd. GRP shop includes a free-span 3000 square foot insulated building, a 1000 square foot covered boat shop and more than 5000 square feet of hard-top storage and lay-down area. The GRP shop and staff has the capability and expertise to work in a variety of composite materials including all fabrics such as Kevlar, carbon fiber and pre-pregs, and all resins such as vinylesters, epoxy and fire retardant formulations of each. The shop application techniques include capability for hand laminating, vacuum bagging, and resin infusion. Staff experience includes fabrication and repair of US Navy RIBs, and other small Navy support craft and construction of America's Cup racing yachts.

Navatek has a fleet of vessels particularly suited for the waters off Oahu. These vessels including all maintenance as required and insurance are offered as in-kind contributing support to this project. See attached detail sheets for vessel information.

Navatek TLB-Cat



Navateks 45' Tandem Lifting Body Catamaran was initially built in 2010 to demonstrate the application of tandem lifting body concept to a multihull vessel. The TLB-Cat has demonstrated excellent motions in high sea states and provides exceptional efficiency due to the reduced drag afforded by the lifting bodies. Combined with Navatek ARES (Adaptive Ride Enhancement system) the TLB-Cat is a stable working platform with a large enclosed cabin and ample space to accommodate a large group of passengers or crew.

PERFORMANCE:

Speed Maximum	27 kts
Cruise Speed	20 kts
Maximum Time at Sea.....	5 Days

GENERAL DIMENSIONS:

Length Overall	45' 6"
Beam Overall	20' 6"
Draft (Full Load)	4' 2"
Displacement at Full Load	16 LT

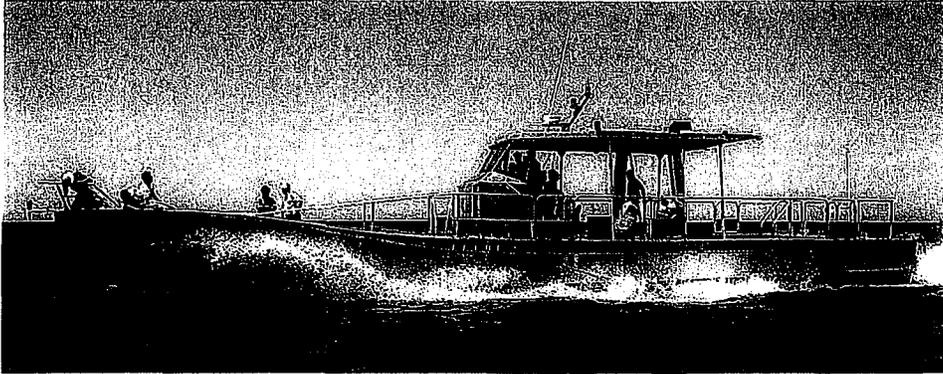
PROPULSION AND AUXILIARIES:

Main engines x2	Yanmar 370 hp
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TANK CAPACITIES:

Fuel	360 Gallons
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Navatek BLB-65



Navatek's bow lifting body (BLB) hull form achieved the greatest combination of efficiency, sea keeping, and cost of any Navatek lifting body. Official Navy trials were conducted aboard the BLB-70 in 2007. Their subjective assessment stated: "*most impressive was the smoothness and stability of the ride...*" and "*...the active system was highly effective in reducing the amount of severity of impacts and motions.*" In 2008, the BLB-70 was modified to become the **BLB-65**. Its waterline length was shortened slightly, and Navatek installed its new, dihedral bow lifting body with trailing edge flaps. The vessel provides a stable platform from which to conduct at sea operations, a weather proof helm station and long range capabilities.

PERFORMANCE:

Speed Maximum 40 kts
 Cruise Speed 25 kts
 Maximum Time at Sea..... 5 Days

GENERAL DIMENSIONS:

Length Overall 64' 9"
 Beam Overall 18' 11"
 Draft (Full Load) 5' 3"
 Displacement at Full Load 29LT

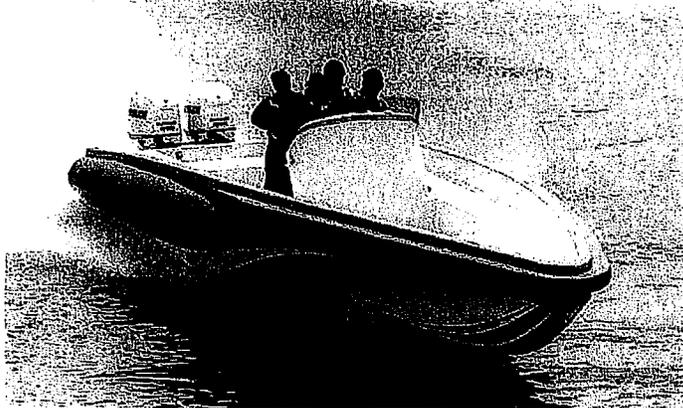
PROPULSION AND AUXILIARIES:

Main engines x 2 CAT C-12 704 hp

TANK CAPACITIES:

Fuel 1000 Gallons

Navatek *Bladerunner-35*



Navatek's ETM[®] Bladerunner-35 RIB, developed in 2006, is optimized for very high speed. It features a multi-stepped hull and ventilated tunnel for air entrapment. It is a militarized version of ICE Marine's successful commercial Bladerunner-34 sport boat. The 35-foot "Mosquito" has a 9.5 foot beam, twin 300 HP outboards, and can carry 14 persons (a 12 man boarding party plus 2 crew) at a top speed of 44 knots (60 knots light load). Design features include:

- Superior stability and seakindliness in open ocean waves at all speed ranges (including zero/loiter speed)
- Shallow draft (21 inches) for near shore operations
- Wider gunwales and walk-around deck for safer boarding operations
- Hybrid inflatable/foam collar for safer alongside fendering
- High-strength, low maintenance, carbon-reinforced composite hull
- Reduced fuel costs/extended range due to low-drag hull form

PERFORMANCE:

Speed Maximum	60 kts
Cruise Speed	35 kts
Maximum Time at Sea	2 Days

GENERAL DIMENSIONS:

Length Overall	35' 6"
Beam Overall	20' 6"
Draft (Full Load)	21"
Displacement at Full Load	4 LT

PROPULSION AND AUXILIARIES:

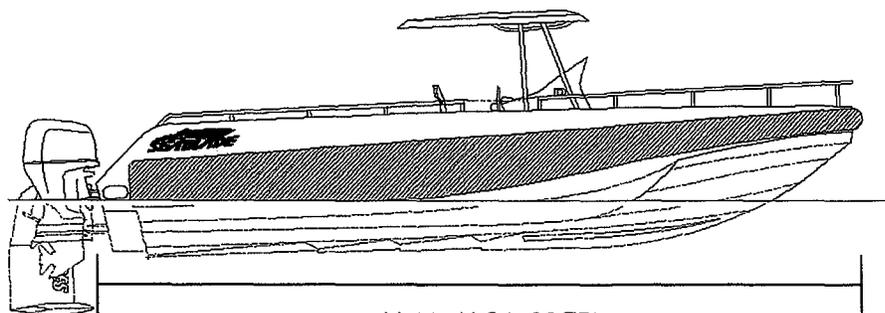
Main engines x2	300 HP
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TANK CAPACITIES:

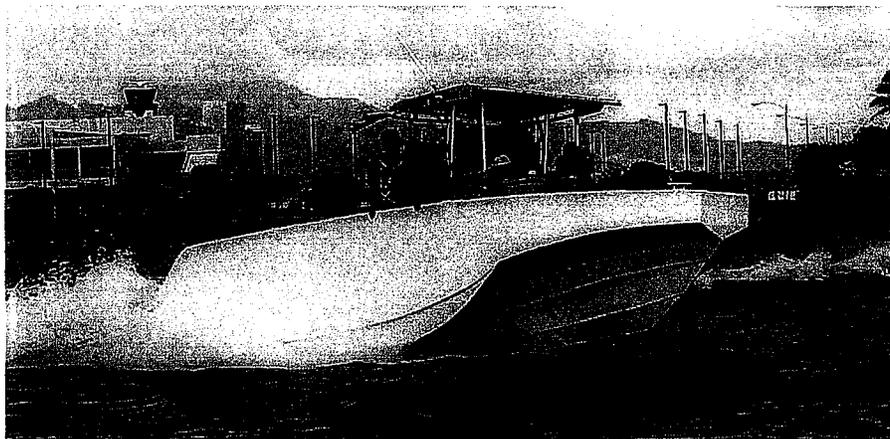
Fuel	160 Gallons
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SEABLADE

30



Molded LOA: 30.75'



PERFORMANCE:

Speed Maximum (Light Load).....+40 mph
 Cruise Speed:..... 25 mph

GENERAL DIMENSIONS:

Trailer Able Length 34'5" (10.5 m)
 Molded LOA..... 30'9" (9.37 m)
 Beam Overall (Tubes Inflated)..... 11' (3.35 m)
 Beam Molded (Tubes Deflated)..... 9' (2.7 m)
 Draft (w/ motors) 3'4" (1.03 m)
 Displacement at Light Ship (w/ Diesel Stern Drive)..... 8,120 lbs. (3,683 kg)
 Displacement at Full Load 13,500 lbs. (6,123 kg)

CONSTRUCTION:

Material Hull and Deck..... Fiberglass

PROPULSION AND AUXILIARIES:

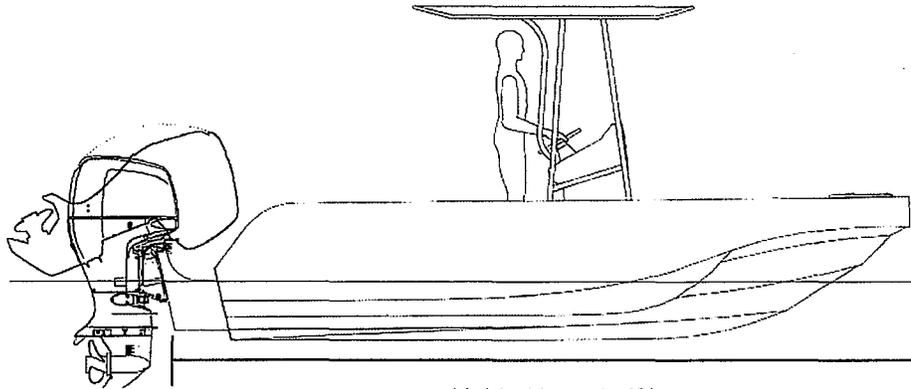
Main engines: Diesel Inboards or Gasoline Outboards
 Single or Twin, up to 700 HP

TANK CAPACITIES:

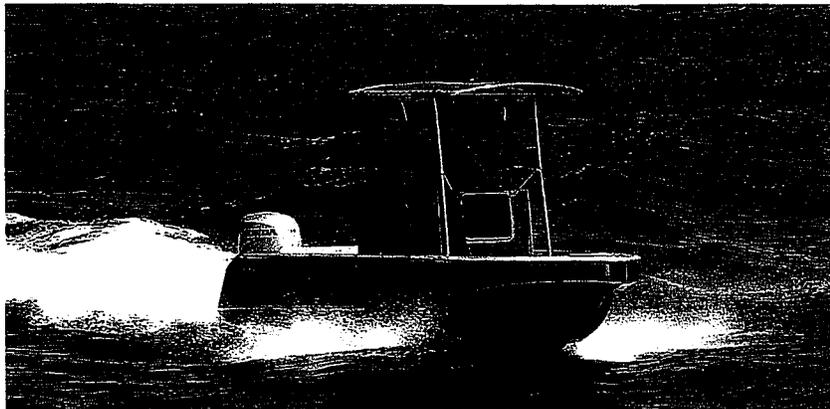
Fuel (Standard)..... 216 US Gallons

SEABLADE

19



Molded Length: 19'



PERFORMANCE:

Speed Maximum (Light Load).....+35 mph
 Cruise Speed:20 mph

GENERAL DIMENSIONS:

Trailer Able Length 21'4" (6.5 m)
 Molded LOA 19'0" (5.8 m)
 Beam Overall7'4" (2.3 m)
 Draft (w/ motor)2'9" (.88 m)
 Displacement at Light Ship 1,950 lbs. (885 kg)
 Displacement at Full Load 3,400 lbs. (1,542 kg)

CONSTRUCTION:

Material Hull and DeckAluminum

PROPULSION AND AUXILIARIES:

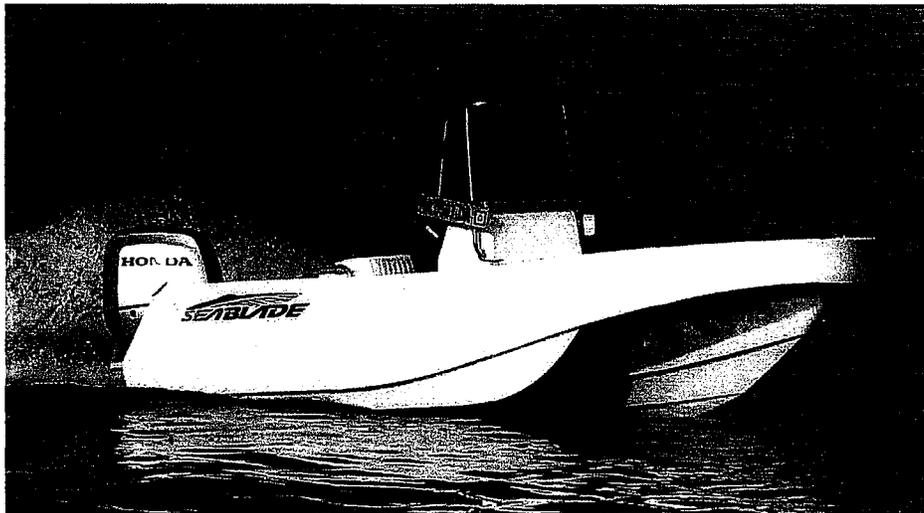
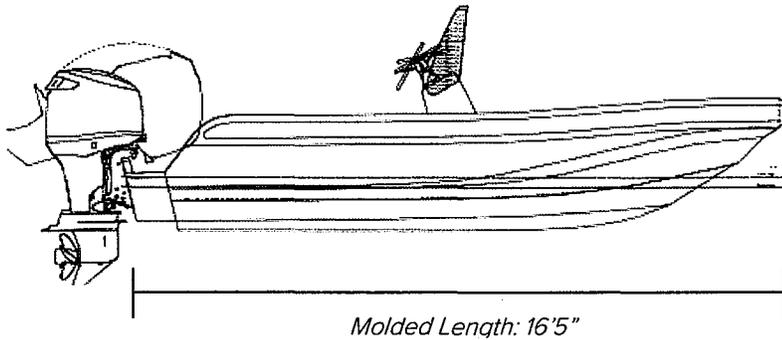
Main engines:Single or Twin Outboards, up to 150 HP

TANK CAPACITIES:

Fuel (Standard) 55 US gallons (208 Liters)

SEABLADE

16.5



PERFORMANCE:

Speed Maximum (Light Load).....+35 mph
 Cruise Speed: 15 mph

GENERAL DIMENSIONS:

Trailer Able Length 18'8" (5.7 m)
 Molded LOA 16'5" (5.0 m)
 Beam Overall 6'10" (2.1 m)
 Draft (w/ motor) 2'5" (.76 m)
 Displacement at Light Ship 1,500 lbs. (680 kg)
 Displacement at Full Load 2,400 lbs. (1,089 kg)

CONSTRUCTION:

Material Hull and Deck.....Fiberglass

PROPULSION AND AUXILIARIES:

Main engines:Single or Twin Outboards, up to 120 HP

TANK CAPACITIES:

Fuel (Standard) 24 US gallons (91 Liters)

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

The staffing will be allocated over the term of project consistent with the Scope of Work and the tasks. Technical and management staff will be involved in the first month establishing the plan and procedures. Vessel operating crew and observers will be involved during the 8 month long survey phase. Technical staff will conduct data reduction and report generation. Management staff will oversee the project and support all phases of task activity.

Please see attached sheets which detail the staff experience and qualification.

Navatek regularly conducts large scale project operations for research and technical design and engineering. Project value ranges from \$50,000 to \$25,000,000. Staffing levels range from 1 to 50. Project terms range from 1 month to 3 years or more. Navatek has never been debarred, cited or restricted in any manner from participating in State, Federal, or other agency bid, procurement or competitive solicitations. Navatek has contracted with numerous State and Federal agencies including HI St. DOT, US Navy, US Air Force, US SOCOM and others.

B. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organizational chart that illustrates the placement of this request.

Please see attached organization chart following this section.

NAVATEK

Staff Experience and Qualification

Michael Buelsing

Mechanical Engineer, Ship Captain, Controls Engineer, PADI Certified Diver

As a graduate from the University of San Diego with a B.A./B.S in Mechanical Engineering and a minor in Math, Michael started at Navatek in July of 2010. Bringing experience gained through designing and building a prototype wave energy generator for his senior project he has since supported a wide range of projects at Navatek. Some of the more notable projects he has worked on include designing a floating movie set that would eventually be filmed off of Koolina, and helping to design and test a range of amphibious vehicles that may be used to deliver aid to coastal areas recovering from natural disasters. In March of 2011 Michael earned a USCG Master's License entitling him to serve as the captain aboard Navatek's fleet of demonstrator vessels. In his free time he enjoys sailing, diving, and triathlons.

Audra White

Senior Contracts Administrator, Navatek Ltd.

William Lawson

Mechanical Engineer, Vessel Operator

Billy joined Navatek Ltd. in July 2009 to assist in production and design of Navatek's prototype technologies. He earned a B.S.E. in Mechanical Engineering from the University of Hawaii and has held CPR and lifeguard certifications as a surf instructor along the south shore of Oahu. Billy has played a role in engineering and construction on projects such as the SLED and TLB Cat, and has also coordinated and executed testing programs and data collection on the performance of various prototypes. Billy is a competitive paddler, a surfer and a fisherman. He has spent the majority of his life participating in water sports along the south shore of Oahu.

Will Foster

Small Vessel Maintenance Manager, Vessel Operator, PADI Certified Diver

Joining Navatek Ltd. in May of 2010, Will has been primarily active in vessel operation, technology demonstration, vessel maintenance, purchasing, and logistics. Graduated from the University of Oregon in 2006 in Environmental Science with a double minor in Geography and Biology, Will's affinity for the ocean brought him back to Hawaii where he was born and raised. Prior to Navatek Will spent 2007-2010 at the Kaneohe Marine Corps Base Marina as a mechanics assistant and boat operations specialist. Versed in sailing, a Hawaii state champion paddler, U.S. Department of Interior certified Inshore and Offshore Small Vessel Operator, and certified by PADI up to Rescue Diver, Will's continued to choose to spend his time on the water surfing, fishing, kayaking, free-diving, body surfing, stand-up paddling, and crossing inter-island channels by boat. Will has continued to renew his Medic First Aid and CPR certifications.

John Zaleski

Marine Mechanic, PADI Certified Diver

John joined the company in 1996 as diesel mechanic. John served as the chief engineer on the Navatek II, Seaflyer, Slice, Midfoil, and Foilcat. John previously served for 24 years in the US Navy as a Chief Engineman. John is also PADI certified as a Dive Master. John is also certified as a Duty Designated Engineer with the USCG for unlimited horsepower.

Arnold Manzano

Marine Mechanic, PADI Certified Diver

Arnold joined the company in 2006 as a diesel and an outboard mechanic. Arnold is our chief outboard mechanic, and he also provides us with support on our larger diesel powered vessels. Arnold previously worked for Atlantis Submarines as their lead mechanic between 2001 and 2008. Arnold is also PADI certified as a Rescue Diver.

Dell Agricola

Marine Mechanic, PADI Certified Diver

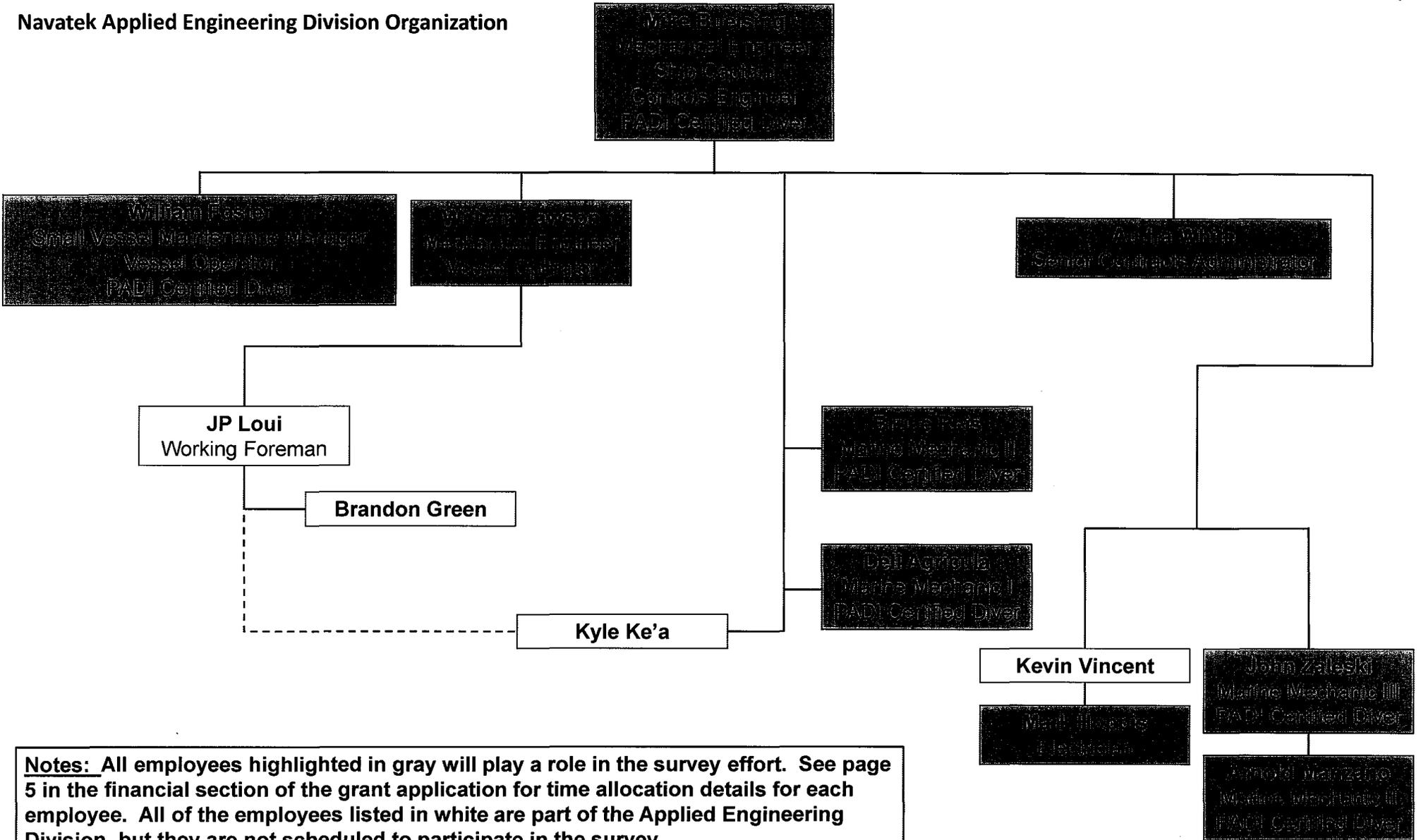
Dell joined the company in 2005 as a diesel mechanic and a welder. Dell has provided us with support on long range charters in the past. He previously worked for Pacific Shipyards International as a welder and a competent person. Dell is a very experienced free diver, and he has competed in multiple spear fishing tournaments.

Mark Hoppis

Electrician

Mark joined the company in 2001 as a marine electrician. Mark is also an excellent deckhand, and he has crewed many of our vessels in the past. Mark enjoys spending time on the water, especially fishing is involved.

Navatek Applied Engineering Division Organization



Notes: All employees highlighted in gray will play a role in the survey effort. See page 5 in the financial section of the grant application for time allocation details for each employee. All of the employees listed in white are part of the Applied Engineering Division, but they are not scheduled to participate in the survey.

C. Compensation

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

Highest Paid Personnel	Annual Salary
Marine Mechanic III/PADI Certified Diver	\$82,638.40
Mechanical Engineer/Ship Captain/Controls Engineer/PADI Certified Diver	\$80,774.00
Mechanical Engineer/Vessel Operator	\$75,824.32

VI. Other

A. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgment. If applicable, please explain.

There is no litigation pending with Navatek.

B. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that applicant possesses relevant to this request.

Not applicable.