

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

Testimony by:
FORD N. FUCHIGAMI
DIRECTOR

Deputy Directors
JADE T. BUTAY
ROSS M. HIGASHI
EDWIN H. SNIFFEN
DARRELL T. YOUNG

IN REPLY REFER TO:

March 16, 2016
10:30 a.m.
State Capitol, Room 309

S.B. 2618 S.D. 1
RELATING TO TRANSPORTATION

House Committee on Transportation

The Department of Transportation (DOT) strongly **supports** SB 2618 SD 1 that proposes to fund a feasibility study for the establishment of an interisland ferry.

There is much data and analysis that needs to occur prior to making a decision on whether to implement such a system. As example, please find a link to the US DOT Office of the Assistant Secretary for Research and Technology, Bureau of Transportation Statistics' (BTS) National Census of Ferry Operators (NCFO) data.

Moving Ahead for Progress in the 21st Century Act (MAP- 21) (Public Law 112-141, section 1121(a))¹ set aside \$67 million in 2013 and 2014 for the maintenance and improvement of the Nation's ferry system. It also required the Federal Highway Administration to use the BTS NCFO data for 2010 to set the specific formula for allocating Federal ferry funds.

(LINK: https://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/subject_areas/ncfo/highlights)

The link highlights Ferry Operators in the US for calendar year 2009, and covers general information on subjects such as:

Ferry Passenger and Vehicle Traffic Volume
U.S. Ferry Operations
The U.S. Ferry Fleet
The U.S. Ferry System
Methodology of the census

And tables covering

Table 1: Passenger and Vehicle Boarding Estimates by Census Region (2009)

Table 2: Ferry Operators by Census Region (2009)

Testimony of the Department of Transportation
S. B. No. 2618 S. D. 1
March 16, 2016
Page 2

Table 3: Percent of Revenue from Funding Source (2009)
Table 4: Ferry Vessels by Census Region (2009)
Table 5: Ferry Fleet Vessel Characteristics (2009)
Table 6: Ferry Terminals by Census Region (2009)
Table 7: Route Segments by Census Region (2009)
Table 8: Ferry Route Miles by Census Region (2009)
Table 9: Segment Type and National Park Service by Census Region (2009)
Appendix A - Passengers, Vehicles, and Route Miles by State, 2009
Appendix B – State Groupings by Census Region
Appendix C – Operator, Fleet, and Terminal Characteristics, 2009
Appendix D - Operators, Vessels, Terminals, and Route Segments by State, 2009

In addition to these statistics, the proposed feasibility study should look at the data collected for the prior State DOT ferry pilot project, the City's TheBoat operation, and the former SuperFerry concept. We believe a market survey and business plan would also need to be a part of the study to determine how such a ferry operation could be fiscally sustainable with minimal impact to consumers and tax payers

We appreciate the renewed interest in the discussions of a ferry system, and if such a proposal is approved and adopted by the Legislature, an Environmental Impact Statement will be conducted after studying factors such as possible routes, speed, impacts, benefits and ridership.

Thank you for the opportunity to testify.

lopresti2 - Jasmine

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 14, 2016 10:19 AM
To: TRNtestimony
Cc: mikegolojuch808@gmail.com
Subject: *Submitted testimony for SB2618 on Mar 16, 2016 10:30AM*

SB2618

Submitted on: 3/14/2016

Testimony for TRN on Mar 16, 2016 10:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Golojuch	Individual	Support	No

Comments:

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SB2618

Submitted on: 3/14/2016

Testimony for TRN on Mar 16, 2016 10:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Brad Parsons	Aloha Analytics	Oppose	No

Comments: COMMENTS AND OPPOSED TO SB2618 Representatives: In 2015, the Legislature passed the following resolution: SCR181/ SR116 (2015) REQUESTING THE DEPARTMENT OF TRANSPORTATION TO STUDY THE FEASIBILITY OF ESTABLISHING AN INTERISLAND FERRY SYSTEM SIMILAR TO THE FERRY SYSTEM OPERATED BY WASHINGTON STATE. (Report to the Legislature in 2016) We inquired with the LRB, they show no study by HIDOT resulting from that resolution. I assumed the reason for the new bill this legislative session is to appropriate some \$ to pay for the study since it did not get done in the past year as a resolution. We notice there still is no dollar figure mentioned in the bill sent over from the Senate - WAM. Having studied this issue and all related technology for the past many of years, the technology currently being considered for an inter island ferry will not be economically nor structurally feasible over the intermediate to long-term. Nevertheless, short of deferring this bill, I recommend you budget NO MORE THAN \$100,000 for the study mentioned in this bill for HIDOT to do in the coming year. Aloha, Brad Parsons

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P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

March 16, 2016

HEARING BEFORE THE
HOUSE COMMITTEE ON TRANSPORTATION

TESTIMONY ON SB 2618, SD1
RELATING TO TRANSPORTATION

Room 309
10:30 AM

Aloha Chair Aquino, Vice Chair LoPresti, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

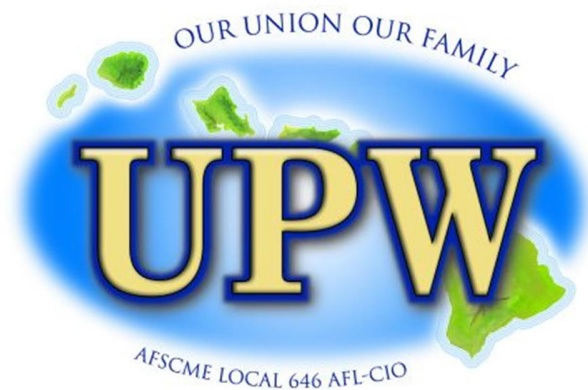
HFB strongly supports SB 2618, SD1, appropriating funds for a feasibility study relating to an interisland ferry system.

During the Superferry debate, there was a consensus within the agricultural sector that such a service was needed between the islands. The cause of the conflict was the methodology, thus emphasizing the need to understand the various ramifications associated with these measures. As Hawaii grows, the need for improved transportation services is urgently needed. Agriculture cannot depend on air transport and new food safety regulations coupled with market needs require improvements in surface transportation.

HFB believes that the scope of this study should not be limited to the feasibility of an interisland ferry system but to analyze this option along with other surface transportation options. It is only with a comprehensive review that the best option for Hawaii can be identified and minimize later questions and conflict.

HFB respectfully requests the passage of this measure, with further clarification that the feasibility study include a comprehensive review to identify the most affordable and reliable means for interisland transport of goods, people, and cargo.

Thank you for this opportunity to provide our opinion on this important matter.



THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Eighth Legislature
Regular Session of 2016

COMMITTEE ON TRANSPORTATION

The Honorable Henry J. C. Aquino, Chair
The Honorable Matthew LoPresti, Vice Chair

DATE OF HEARING: Wednesday, March 16, 2016
TIME OF HEARING: 10:30 a.m.
PLACE OF HEARING: State Capitol
415 South Beretania Street
Conference Room 309

TESTIMONY IN SUPPORT OF HB 2618, SD1 REELATING TO TRANSPORTATION

By DAYTON M. NAKANELUA,
State Director of the United Public Workers (UPW),
AFSCME Local 646, AFL-CIO

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 12,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

SB2618, SD1 requires the department of transportation to conduct a feasibility study of establishing an interisland ferry system. An appropriation is made for the study. The UPW supports this bill.

Thank you for the opportunity to submit this testimony.

BIA-HAWAII

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THE VOICE OF THE CONSTRUCTION INDUSTRY

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MAILING
P.O. BOX 970967
WAIPAHU, HAWAII
96797-0967

STREET
94-487 AKOKI STREET,
WAIPAHU, HAWAII 96797

P 808.847.4666
F 808.440.1198
E INFO@BIAHAWAII.ORG

WWW.BIAHAWAII.ORG

Testimony to the House Committee on Transportation Wednesday, March 16, 2016 10:30 a.m. State Capitol - Conference Room 309

RE: S.B. 2618 S.D. 1- Relating to Transportation.

Dear Chair Aquino, Vice-Chair Lo Presti, and members of the Committee:

My name is Gladys Marrone, Chief Executive Officer for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-Hawaii is in support of the intent of of revisiting an inter-island ferry system. This bill would authorize and fund a study on the feasibility of establishing an interisland ferry system. We are supportive of this course of action.

Given the fiasco of the Superferry, there needs to be a more coordinated effort among the agencies and potential operators in developing an environmental assessment that would meet the requirements of Chapter 343 HRS as a "public disclosure" document, and avoid future challenges that "sunk" the Superferry's operations in Hawaii.

Thank you for the opportunity to express our views on this matter.

TESTIMONY OF MICHAEL N HANSEN, PRESIDENT
HAWAII SHIPPERS' COUNCIL
Honolulu, Hawaii • Tel: 808 947-4334 • E-m: pacmar@hawaiiantel.net

BEFORE THE:
COMMITTEE ON TRANSPORTATION (TRN)
HOUSE OF REPRESENTATIVES
28TH LEGISLATURE, REGULAR SESSION OF 2016
STATE OF HAWAII

CONFERENCE ROOM #309, 10:30 P.M., WEDNESDAY, MARCH 16, 2016
HAWAII STATE CAPITOL

SENATE BILL NO. 2618 SENATE DRAFT NO. 1 (SB 2618 SD1)
RELATING TO TRANSPORTATION

Good morning Chair Aquino and distinguished members of the Committee:

Thank you for the opportunity to testify before you today.

I am submitting testimony on behalf of the Hawaii Shippers Council (HSC) in support of the broad intent of Senate Bill No. 2618 Senate Draft 1 (SB 2618 SD 1) to authorize and fund a Hawaii interisland ferry service feasibility study to be facilitated by the Hawaii State Department of Transportation (HSDOT).

HSC is a business league organization incorporated in 1997 to represent merchant cargo interests -- known as "shippers" -- who tender their goods for shipment with the ocean carriers operating in the Hawaii trade.

We believe that the prospects for a Hawaii interisland ferry should be well researched and seriously considered by the Hawaii State Government before making any decisions to proceed. A well-conducted feasibility study should make that possible.

However, we do have several reservations regarding the bill's approach and particulars, and believe our testimony will offer substantive amendments, which would significantly improve the subject measure.

1. Issue Summary

A summary of the main issues we identified with the instant bill in its current form is as follows:

- i. Operation: Public vs. Private Ferry Service – The bill anticipates a state government -owned and -operated service. HSC recommends the study identify the most commercially promising operating model and layout a tender process to subsequently seek a private operator.
- ii. Modeling Comparisons: Domestic vs. International Services – The bill in Section 2 (1) calls for modeling the prospective Hawaii interisland ferry after the domestic and publically-operated Alaska and Washington state ferry systems. For several reasons, HSC recommends the study explicitly consider commercially successful privately-operated oceangoing (or blue water) ferry services elsewhere in the world outside the U.S.
- iii. Vessel Type: Fast vs. Conventional Ferry – The bill in Section 2 (6) calls for the study to “consider the particulars of an interisland ferry system.” HSC recommends the study be directed to explicitly determine whether a “fast ferry” (e.g., Hawaii Superferry) or a “conventional ferry” (e.g., European Roll-on /Roll-off - Passenger “Ro/Pax” ferry) would be best suited for the proposed Hawaii interisland ferry service.
- iv. Route Structure: All Islands vs. Selected Routes – The bill in Section 2 (3) calls for the study to “identify appropriate routes and harbors.” HSC recommends the study positively identify those route(s) that can support daily commercial ferry service as opposed to a broad mandate that all or most inhabited Hawaiian Islands be served regardless of the commercial viability.
- v. Jones Act: Exemption vs. Compliance – The bill doesn’t address Jones Act cabotage. HSC recommends the study explicitly consider and describe a federal cabotage exemption allowing a foreign shipowner operate foreign-built ferry vessels under the U.S. flag as does Norwegian Cruise Lines (NCL) with the foreign-built U.S. flag cruiseship PRIDE OF AMERICA.
- vi. Hawaii Water Carriers Act of 1972 (HWCA) – The bill doesn’t address HWCA. The HWCA as amended (by Act 213 of 2011) places unrealistic burdens on a new entrant intrastate common carrier by water, which would in all probability keep out a private ferry service operator. HSC recommends the study consider and describe a narrowly-tailored exemption for a commercial ferry operator from the HWCA as amended.
- vii. Hawaii Environmental Policy Act of 1974 (HEPA) – The bill in Section 2 (2) calls for the study to “emphasize compliance with the State’s environmental protection laws.” This provision arises from the Hawaii State Supreme Court finding that minor state harbor improvements on Maui triggered the need for an Environmental Impact Statement (EIS) covering the overall operation of the Hawaii Superferry, and was the proximate cause of its bankruptcy in 2008. HSC recommends the study identify and describe a workable solution that would facilitate recruiting a private operator through a tender process.
- viii. Harbor Facilities – The bill in Section 2 (6) calls for the study to “consider the particulars of an interisland ferry system including compatibility with harbor infrastructure.” This arises from State harbor improvements for the Hawaii Superferry, which the Legislative Auditor found cost an uncompensated \$62 million. HSC recommends the study should assume new, purpose designed State harbor facilities are likely to be required for a ferry service and a commercial operator should not be expected to fund state harbor improvements upfront as was

the Hawaii Superferry. Rather, the commercial ferry operator should be expected to pay harbor user fees on an as used basis for State facilities.

- ix. Reporting. The bill in Section 3 calls for the HSDOT to report the results of the study to the Legislature no later than twenty days before the convening of the regular session of 2017. HSC recommends that the reporting deadline be extended to the regular session of 2018 for the complete study and an interim report be submitted for the regular session of 2017.
- x. Appropriation (Study Cost) – The bill in Section 4 doesn't specify a funding amount for the study. HSC contacted several experts to obtain rough indications. Based upon those indications, we estimate up to \$1,000,000 would be required for a feasibility study.

2. Publicly versus Privately Operated Ferry Service

Section 1 preamble of the instant bill prominently references the Alaska and Washington State ferry systems in its second paragraph. These references are repeated twice in Section 2 including the terms of reference for the study at Section 2 (1).

This appears to be a clear inference that these two state-owned and -operated systems are intended by the measure to be the only model (i.e., state-owned and –operated) considered by the proposed feasibility study for a prospective Hawaii interisland ferry service.

Honolulu Civil Beat published an editorial on February 24, 2016, regarding the instant bill which came to the same conclusion cautioning, “It’s difficult to predict whether launching a publicly owned ferry service today might be a viable idea.”

Creating a state –owned and –operated Hawaii interisland ferry system would involve a very large ongoing general fund financial obligation that may not be sustainable. This is an issue with which both the Alaska and Washington state ferry systems are struggling especially in respect to the replacement of elderly ferry vessels and the construction and maintenance of terminals.

Extrapolating from the state administrative structures for the Alaska and Washington state ferry systems, it would appear another division would have to be added to HSDOT for a state -owned and -operated Hawaii interisland ferry system. This would be a new HSDOT division in addition to the existing Hawaii State Highway, Airports and Harbors Divisions.

An alternative to a state –owned and -operated Hawaii State ferry system, would be for the State of Hawaii to identify through the proposed feasibility study the most promising interisland ferry operating model and subsequently seek a private operator through a tender process.

In this way the State’s commitments could be limited to expenditures in respect of harbor improvements for a privately -owned and -operated Hawaii interisland ferry service. According to the

Legislative Auditor, the Hawaii State Harbors Division expended some U.S. \$62 million to provide facilities for the Hawaii Superferry. That amount was largely uncompensated by the Superferry.

It should be expected that a long term successful Hawaii interisland ferry service would require far more in terms of harbor facilities expenditures both initially and over time than did the state spend on the Hawaii Superferry.

The State expenditure for Hawaii Superferry harbor facilities was a major point of contention between the State and the private operators of that service. These past expenditures for the Hawaii Superferry would pale in comparison to those resources necessary to fund a state –owned and –operated Hawaii interisland ferry system.

We would strongly recommend that the measure be amended to direct the proposed feasibility study to consider a privately operated interisland ferry service in addition to a publicly operated one. Also, rather than making a somewhat oblique reference to the Alaska and Washington state ferry system to imply a state –owned and –operated Hawaii interisland ferry service, simply state explicitly that option is a “publicly operated service.”

3. Modeling Comparisons: Publically-operated Alaska and Washington state ferry systems

Not only are the Alaska and Washington State references biased to steering the proposed feasibility study to consider only a single structure – i.e., a publically owned entity, we also believe these references can be viewed as largely superfluous to this measure because those ferry systems are so different operationally from what would be required in Hawaii.

These references may potentially infer a misleading legislative intent to those who might conduct the proposed feasibility study and unnecessarily restrict the vision of the study.

As such, we would recommend deleting the paragraph referencing the Alaska and Washington state ferry systems from Section 1 and amending Section 2 references for the following reasons:

- i. Both the Alaska and Washington state ferry systems are State -owned and -operated, while we believe the instant bill should also direct the feasibility study consider a private operator for the prospective Hawaii interisland ferry service.
- ii. The Alaska and Washington state ferry systems involve a extensive route structures operating approximately two dozen or more terminals and a dozen or more vessels, while any prospective commercial Hawaii service would operate a simple route structure (with one or two routes) would likely not operate any more than two or three vessels, and three or four terminals.
- iii. The Washington State Ferry (WSF) system operates 10 discrete routes, 20 terminals, and 24 vessels within the protected inland waters of Puget Sound and the Georgia Straits, while the prospective Hawaii interisland ferry system would operate in the open ocean between and

amongst the main Hawaiian Islands requiring a completely different kind of operation and vessels.

- iv. The instant bill states that the WSF “employs approximately 1,800 people” possibly implying that a prospective Hawaii interisland ferry system might similarly employ such large numbers of people. However, because of the very different characteristics between the existing Washington State and prospective Hawaii systems, this would not be true.
- v. The Alaska state ferry system operates its “mainline” interstate service from Puget Sound via the “Inside Passage” avoiding the open North Pacific to ports in South Eastern Alaska on voyages that last several days. In addition, they operate intra-Alaska services with “day boat” and “shuttle” ferries. The total system has routes of 3,500 nautical miles, 32 terminals and 11 vessels. Only two of the vessels are considered ocean class for operation in the open ocean conditions in Gulf of Alaska. Although the Alaska system would be the closest domestic analogy for a prospective Hawaii interisland service, there are still substantial differences.
- vi. Both the Alaska and Washington state ferry systems operate elderly vessels and are facing financial difficulties replacing their vessels due to federal Jones Act cabotage requirements that the ships be built in the U.S.
- vii. Both the Alaska and Washington state ferry systems require substantial public subsidies. Vessel and terminal construction and maintenance are largely funded from the respective state’s general funds, and operations are subsidized too.

4. Fast versus conventional ferry.

A major issue to be addressed by a Hawaii interisland ferry service feasibility study would be to consider the alternatives of a “fast ferry” versus a “conventional ferry.” Especially as so much of the public simply anticipates that a new ferry operation would be a resumption of a “fast ferry” service very similar if not identical to that offered by the Hawaii Superferry.

The operating model employed by the Hawaii Superferry is typically referred to generically as a “Fast Ferry.” The features of a Fast Ferry operation include, of course, the high speed of the ferry vessels as the name implies, typically around 40 knots.

Fast Ferry vessels operating at high speeds are intended to complete their trips (by virtue of shorter transit times resulting from high speed operation) within daylight hours (or, at least within 12 hours during the day as opposed to the night) eliminating the many of the kinds of onboard services and facilities necessary to operate a vessel 24 hours per day.

As a result of providing limited onboard services, Fast Ferry vessels typically do not have overnight cabins for passengers and crew, full scale catering arrangements to prepare three meals per day (for passengers and crew), do not employ a large hotel staff on board, and only carry a single marine crew

watch (as opposed to 2 or 3 watches to operate around the clock). This was true of the Hawaii Superferry.

Fast Ferry vessels are typically constructed of aluminum in a catamaran (or, trimaran) hull configuration to limit light ship weight, reduce hull resistance and facilitate vessel speed. The two Hawaii Superferry vessels were aluminum catamarans with water jet propulsion.

Limited provision of onboard services and operating hours significantly reduce certain operating costs of a Fast Ferry, as opposed to conventional mono-hull ferry constructed of steel with a screw propeller for propulsion. Conventional ferries operate at slower speeds – in the range of 18 to 28 knots – and typically include full facilities on board and carry a full hotel staff and marine crew to operate around the clock to complete their trips at slower vessel speeds.

The Hawaii Superferry Fast Ferry operation incurred significant operating problems. For instance, the Hawaii Superferry vessel ALAKAI was not able to maintain its schedule between Honolulu Harbor, Oahu Island, and Kahului, Maui Island, during certain winter months due to the heavy weather. A winter service hiatus came into effect after the ALAKAI incurred damage to its aluminum hull in the Pailolo Channel (between Molokai and Maui) attempting to maintain service speed in heavy weather.

Although a Fast Ferry limits certain operating costs, in order to maintain its high speed, it must consume significantly large amounts of high quality distillate fuel at a considerable operating expense. This was true for the Hawaii Superferry.

The Hawaii Superferry did not attract the load factors and as a result revenues originally projected for a number of reasons. Despite its high speed (and fuel consumption), the Hawaii Superferry ALAKAI was largely scheduled for a single trip per day (port rotation: Honolulu, Kaului, Honolulu), except for a limited time during the late summer when the sea conditions were the most favorable and two voyages could be scheduled per day.

In terms of generating passenger traffic, the Hawaii Superferry's single departure per day (from Honolulu and Kahului) was not competitive with the high frequency of airline departures each day on the same route. The transits between the main ports in Hawaii conditions are simply too long and sea conditions too rough to allow for higher frequency operation by a Fast Ferry.

A Fast Ferry operation would be more successful on a shorter route and under calmer conditions where the ferry vessels could operate several trips per day between large population centers offering several departures per day to a larger traveling public.

Although the proximate cause of the Hawaii Superferry bankruptcy in July 2009 was the adverse ruling on the need for a Environmental Impact Statement (EIS) by the Hawaii State Supreme Court, it is quite likely that if the EIS issue hadn't arose the operation would have failed for financial reasons.

In addition to the failure of the Hawaii Superferry, similar Fast Ferry operations around the world have also failed and been replaced by conventional ferry operations.

5. Routing Structure: Operating Model Between Mainland Australia and Tasmania.

The best model for a Hawaii interisland ferry service we have identified is the existing private service operating with two conventional ferry vessels between Mainland Australia (Melbourne, Victoria State) and the island state of Tasmania across the Bass Strait. (See Annex I.)

We believe the best prospects for introducing a successful Hawaii interisland ferry would be using a conventional displacement hull ferry of the kind that commonly operate throughout Europe. This kind of vessel would be far more economical to acquire and operate than the high speed aluminum hulled catamaran ferry vessels of the Hawaii SuperFerry, and should have better sea-keeping characteristics.

The most advantageous route would be between Honolulu Harbor, Oahu Island, and Kawaihae Harbor, West Hawaii Island. This would require two identical ferry ships operating opposite to each other daily with an approximately nine hour transit. A port call on Maui could be scheduled, however, there will be problems serving Kahului Harbor, as the ferry would have to transit the Pailolo Channel (between Molokai and Maui) and the North Shore of Maui Island on each directional leg.

The heavy weather in the Pailolo and on the North Shore of Maui led to hull damage on the SuperFerry and suspended service during winter months. An alternative would be to construct a new deep draft commercial harbor on the South Coast of Maui Island for use by the proposed ferry service that would shorten the passage and reduce the impact of heavy winter weather.

6. Jones Act Cabotage Exemption.

We would recommend that the State seriously consider seeking an exemption from the federal coastwise laws to allow the operation of foreign-owned foreign-built ferry vessels under the U.S. flag in the same fashion as the late U.S. Senator Daniel K. Inouye obtained for Norwegian Cruise Lines (NCL) to operate the PRIDE OF AMERICA in the Hawaii trade.

This would substantially lower the capital costs of an interisland service and allow established and experienced foreign ferry operators to respond to a tender vastly increasing the likelihood of a successful private interisland ferry service that does not require public support outside of the harbor facilities.

7. Harbor Facilities; Architectural and Engineering (A & E) Consultants

Typically, the harbor facilities for ferry services are extensive and tailored to the particular operating model selected by the ferry service operator through purpose designed and built facilities.

This was a major area of controversy between the Hawaii SupperFerry and the HSDOT because the vessel operator was not able to pay the capital cost for the facilities as was originally agreed.

The extent and cost of the necessary facilities may well determine the State's role and desire to proceed with a prospective Hawaii interisland ferry service project. This will require engineering estimates to be conducted by A&E contractor after the ferry vessel operating model has been identified.

8. Proposed Feasibility Study; Terms of Reference

Section 2 of the instant bill describes six (6) terms of reference for the proposed feasibility study to be addressed by the HSDOT.

We would recommend the following deletions and amendments to Section 2:

- i. In the introductory paragraph to Section 2 delete the phrase "similar to the ferry systems operated by Washington State and other jurisdictions" and in the final phrase of that paragraph insert the "department 'among other things' shall" so that HSDOT can extend the terms of the feasibility study as needed.
- ii. Delete the existing language at (1) and insert: "Consider the advantages and disadvantages of state –owned and -operated Hawaii interisland ferry service organized similarly to the Alaska and Washington state ferry systems versus a privately owned and operated one."
- iii. Delete the existing language at (2) and insert: "Investigate and determine how a prospective Hawaii interisland ferry service would comply with Hawaii state regulatory requirements including the Hawaii Environmental Policy Act of 1972 (HEPA), the Hawaii Water Carriers Act of 1974 (HWCA) as amended, state procurement law for a possible tender and contract with private operator, Chapter 268 Ferries (HRS Sections 268-1 through 268-16) and identify any requirements for new legislation to implement a Hawaii interisland ferry service."
- iv. Delete the existing language at (3) and insert: "Consider the particulars of an interisland ferry system, including identifying the prospective routes and harbors, blue water vessel design and speed, passenger and vehicle capacity, service reliability, weather and navigational considerations, and required harbor facilities improvements to accommodate the ferry vessels."
- v. Delete the existing language at (4) and insert: "Identify and assess the potential capital and operating costs for vessels and terminals, and forecast demand and revenues including estimating freight and passage rates."

- vi. Deleted the existing language at (5) and insert: “Identify funding sources and evaluate financial stability particularly for a state –owned and –operated Hawaii interisland ferry system and for harbor and terminal construction and maintenance.”
- vii. Delete the existing language at (6) and insert: “Investigate for the proposed Hawaii interisland ferry service a limited exemption from federal coastwise laws similar to that sponsored by the late U.S. Senator Daniel K. Inouye granting three large foreign-built foreign-owned U.S.-flag cruise ships a coastwise endorsement to operate in the Hawaii trade recognizing that U.S. shipyards could not successfully construct large specialist passenger vessels.”

9. Proposed Feasibility Study; Estimated Cost

Section 4 of the instant bill proposes to appropriate funds from the general revenues of the State of Hawaii for the proposed feasibility study. However, the amount to be appropriated is intentionally left blank.

We believe that the technical requirements of the proposed feasibility study are beyond the expertise of the HSDOT and consulting contractors will need to be retained for that purpose.

To estimate what the cost of a feasibility study might be, we sought and obtained several indications from bone fide expert consultants who could undertake the various aspects of the study.

Reviewing the various potential costs for a proposed Hawaii interisland ferry service feasibility study, we would recommend that the Hawaii State legislature consider an appropriation of approximately \$750,000 to 1,000,000. See Annex II for a table containing an analysis of the several indications.

See Annex XI for a contact list of all the consultants contacted by the Hawaii Shippers’ Council in respect of the proposed Hawaii interisland ferry service feasibility study.

10. Interferry

Interferry is the ferry industry trade association representing ferry service operators and related interests world-wide, and is a valuable resource for information regarding ferry operations.

Interferry provided the Hawaii Shippers’ Council with the contact information for five potential consultants to provide the overall ferry service operation feasibility. The Interferry memorandum with those contacts is attached as Annex III.

Interferry is holding its 41st annual Interferry Conference on October 15 – 19, 2016, at the Sofitel Manila Plaza on Manila Bay, in Metro Manila outside the central business district, the Philippines.

We would suggest that the key employees of the Hawaii State Department of Transportation charged with facilitating the Hawaii interisland ferry service feasibility study and perhaps a few key legislators should attend the 2016 Interferry conference in Manila during October 2016.

We think it would be great opportunity to learn about the world of ferry services.

In addition, we believe the same State officials should consider visiting the private Australian ferry service that operates across the Bass Strait between Mainland Australia and Tasmania.

11. HSDOT Testimony

HSDOT provided identical testimony to the two committee hearings held in the Hawaii State Senate.

That testimony largely consisted of material copied off the website of the U.S. Department of Transportation (USDOT) from the National Census of Ferry Operators (NCFO), which can be found at the following references:

Bureau of Transportation Statistics (BTS)

Office of the Assistant Secretary for Research and Technology (OST-R)

Research and Innovative Technology Administration (RITA)

U.S. Department of Transportation (US DOT)

<http://www.rita.dot.gov/bts/home>

Includes the National Transportation Statistics and Maritime Program

Maritime Program

https://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/subject_areas/maritime_program/index.html

Includes National Transportation Statics, Databases & publications.

National Census of Ferry Operators (NCFO)

https://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/subject_areas/ncfo/index.html

We don't believe this resource would be applicable to a Hawaii interisland ferry service as the ferry services covered are operated in protected inland waters.

ANNEXES:

- I. Comparison of Existing and Proposed Ferry Service Routings, HSC
- II. Estimated Study Cost Based on Possible Contractor Indications, HSC, March 16, 2016.
- III. Memo: Request for companies competent to provide advice for intra-Hawaii ferry service, Interferry, February 2, 2016.
- IV. Letter: Hawaii Interisland Ferry Service, Carus Executive Consulting, February 21, 2016.
- V. Letter: Hawaii Interisland Ferry Service Feasibility Study – Proposal, KPFF Marine Transit Consulting Group, February 23, 2016.
- VI. Proposal: Hawaii Interisland Ferry Feasibility Study, Kund E. Hansen USA
- VII. Letter: Hawaii State Interisland Feasibility Study, Michael J. Lilly, Ning, Lilly & Jones, February 17, 2016.
- VIII. Letter: Senate Bill 2618 Relating to Transportation, Robert Kunkel, Amtech, February 14, 2016.
- IX. Letter, FRS Europe (Forde Reederei Seetouristik GmbH & Co. KG), March 1, 2016.
- X. Letter, Vard Marine Inc., February 26, 2016
- XI. List of Consultants Contacted in Connection with the Proposed Hawaii Interisland Ferry Service Feasibility Study, Hawaii Shippers' Council

HAWAII SHIPPERS' COUNCIL
COMPARISON OF EXISTING AND PROPOSED FERRY SERVICE ROUTINGS

This is a comparison between an existing privately operated ferry service routing between mainland Australia and the island state of Tasmania and possible Hawaiian Island routings.

Mainland Australia / Tasmania (Existing)

Mainland Port: Port Melbourne, Victoria State, Australia
 Island Port: Devonport, Tasmania State, Australia
 Distance: 232 nautical miles
 Operator: TT Line Company Pty Ltd.
 Ships: Sprit of Tasmania I & Sprit of Tasmania II
 Built: Finland 1998
 Speed: 27 knots
 Transit Time: 11 hours (including departing and entering ports and maneuvering to and from berth)
 Deployment: One ship departs each evening from Port Melbourne and Devonport crossing the Bass Strait.
 Schedule: Check-in: 5:00 – 6:45 p.m.
 Depart: 7:30 p.m.
 Arrive: 6:00 a.m.
 Clear: 6:30 a.m.

Honolulu / Kawaihae Hawaii (Proposed)

Base Port: Honolulu, Oahu Island, Hawaii
 Range Port: Kawaihae, Hawaii Island (i.e., the Big Island), Hawaii
 Distance: 140 nautical miles
 Operator: To Be Named (TBN)
 Ships: Two Roll-on / Roll-off Passenger (Ro/Pax) ferries TBN
 Built: Europe (proposed)
 Speed: Minimum 18 knots
 Transit Time: 9 hours (including departing and entering ports, berthing and un-berthing)
 Deployment: One ship departs each morning from both Honolulu and Kawaihae
 Schedule: Check-in: 6:00 a.m. to 7:45 a.m.
 Depart: 8:00 a.m.
 Arrive: 5:00 p.m.
 Clear: 5:30 p.m.

Note: A smaller ship operating at a slower speed than the Tasmania service should be suitable for the Hawaii service and help to keep costs down.

Additional Maui Routing via South Coast Port (Proposed)

To include a stop on Maui, the following alternative is offered for consideration:

Port Rotation: Honolulu / A port on the South Coast of Maui (using Mala Wharf as an example) / Kawaihae

<u>Distance</u>	<u>Passage Description</u>
73 nautical miles	Honolulu / Mala Wharf (Lahina Roads)
72 nautical miles	Mala Wharf (Lahina Roads) / Kawaihae

145 nautical miles	Total distance one-way passage

Compared to 140 nautical miles direct from Honolulu to Kawaihae there is very little deviation (5 nautical miles) to call on the south coast of Maui Island. Mala Wharf is at Lahina Roads somewhat West of Maalea and environs where a second port had been proposed for Maui Island by the Territorial Government. A call on the South Coast of Maui would add approximately 2 ½ hours of port time to the one way passage (for a total of 11 ½ hours).

Transit Time: 11 ½ hours (including departing and entering ports, berthing and un-berthing)
 Deployment: One ship departs each morning from both Honolulu and Kawaihae
 Schedule: Check-in: 6:00 a.m. to 7:45 a.m.
 Depart: 8:00 a.m.
 Arrive: 7:30 p.m. (Kawaihae, Eastbound – or – Honolulu, Westbound)
 Clear: 8:00 p.m.

Additional Maui Routing via Kahului Harbor (Proposed)

An alternative routing would be to call at Kahului, an existing commercial harbor on Maui’s North Shore.

Port Rotation: Honolulu / Kahului / Kawaihae (Eastbound)
 Kawaihae / Kahului / Honolulu (Westbound)

<u>Distance</u>	<u>Passage Description</u>
89 nautical miles	Honolulu / Kahului
85 nautical miles	Kahului / Kawaihae

174 nautical miles	Total distance one-way passage

Not only does calling at Kahului add around 30 nautical miles to the one-way passage (or around 1 hour 40 minutes at 18 knots), the routing would entail transiting the Pailolo Channel (between Molokai and Maui) and the full north shore of Maui Island including east Maui and entering the Alenuihaha Channel (between Maui and Hawaii Islands) from the North. The sea conditions would likely require the ship to regularly slow down adding to the voyage time and passenger discomfort, and require trips to be cancelled from time to time.

<u>Time</u>	<u>Description</u>
2 hours	Additional distance
2 ½ hours	Additional port time

4 ½ hours	Total additional time (not including allowance for slow steaming on account of weather)

Transit Time: 11 ½ hours (including departing and entering ports, berthing and un-berthing)
 Deployment: One ship departs each morning from both Honolulu and Kawaihae
 Schedule: Check-in: 6:00 a.m. to 7:45 a.m.
 Depart: 8:00 a.m.
 Arrive: 9:30 p.m. (Kawaihae, Eastbound – or – Honolulu, Westbound)
 Clear: 10:00 p.m.

Serving Maui via Kahului would clearly be far less efficient than calling at a port on the south coast of Maui.

Hawaii Shippers' Council
Hawaii Interisland Ferry Service Feasibility Study
Senate Bill 2618 Senate Draft No. 1, 26th Legislature, Regular Session of 2016

Estimated Study Cost Based on Possible Contractor Indications
(March 16, 2016)

Description	Estimated Cost in U.S. \$			
	Subtotals		Total	
	Minimum	Maximum	Minimum	Maximum
<u>Overall Service Consulting</u>				
Carus Executive Consulting (See Annex III)	500,000	750,000		
KPFF Marine Transit Consulting Group (see Annex IV)	250,000	500,000		
Total from two (2) consultants	750,000	1,250,000		
Overall service consultant average	375,000	625,000	375,000	625,000
Hawaii State regulatory compliance Michael A. Lilly, Ning, Lilly & Jones (See Annex VI)			20,000	50,000
<u>Marine technical consultant new construction and compliance</u>				
Robert Kunkel, Amtech (See Annex VII)	17,000	23,000		
FRS Europe (Annex IX)	100,000	100,000		
Vard Marine Inc. (Annex X)	100,000	100,000		
Knud E. Hansen USA (See Annex V)	66,720	66,720		
Total from four (4) technical consultants	283,720	289,720		
Technical consultant average	70,930	72,430	70,930	72,430
Specialist maritime attorney coastwise exemption brief Warren L. Dean, Jr., Thompson Coburn, Washington, D.C.			10,000	15,000
Architectural and Engineering (A&E) contractor Identify the extent and cost harbor facilities improvement HSDOT to provide estimates.				
Total estimated outside consulting costs based on possible contractors' indications (not including A&E cost)			475,930	762,430
Estimated HSDOT overhead and costs @20% (Guesstimate, not verified)			95,186	152,486
Total estimated costs including consultants and state overheads			571,116	914,916

Notes:

1. The estimated feasibility study costs provided in the table above are indications only based upon the individual contractors' familiarity with similar projects undertaken elsewhere in the world. The various possible contractors would have to receive firm terms of reference from the State of Hawaii before providing firm bids.
2. The total estimated costs do not include a provision for the estimated cost of Architectural and Engineering contractor to identify and estimate the cost of harbor facilities improvements that might be needed by a proposed Hawaii interisland ferry service. This requirement could add another \$100,000 to 200,000 to the totals above.



To: ECSA, Lieselot Marinus Brussels 13/02/2016

cc: John Waggoner, Goetz Becker, Steve Hunt, Mike Anderson, Simon Johnson, David Moseley, Interferry CEO

Request for companies competent to provide advice for intra-Hawaii ferry service

Dear Lieselot,

As per your request on 12 February 2016, with regards to your correspondence with the 'Hawaiian Shippers Council', we have made a quick survey of the Interferry membership and suggest that the below companies would be worthwhile contacting for the issue annexed to this letter.

With kind regards
Johan Roos, Interferry

HMS Global Marine (Hornblower)
John Waggoner, President & CEO
115 E. Market Street, New Albany, Indiana, USA
Tel: +1 812 941 9990
jwaggoner@hornblower.com
<http://hmsgm.com/>
Global experience in operating high speed ferries of the type required for Hawaii

Förde Reederei Seetouristik (FRS)
Goetz Becker, Managing Director
Norderhofenden 19-20, Flensburg, Germany
Tel: +49 4618 6411
Goetz Becker (gb@frs.de)
www.frs.de
Global experience in operating high speed ferries of the type required for Hawaii

Thompson Clarke Shipping
Steve Hunt, Chief Operating Officer
PO BOX 652, Terrigal NSW, 2260, Australia
Tel: +61 0466 927 166
Steve Hunt (shunt@thompsonclarke.com.au)
<http://www.thompsonclarke.com.au/>
Australia's largest maritime consultancy firm

KPFF Consulting Engineers
Mike Anderson, Director of Marine Transportation
1601 5th Avenue, Suite 1300, Seattle, WA 98101, USA
Tel: +1 206 926 0588
mike.anderson@kpff.com
www.kpff.com
Mike Anderson is a former CEO of Washington State Ferries

Carus – Executive Consulting
Simon Johnson, President
PB 195, Östra Esplanadgatan 7, FIN-22101 Mariehamn, Finland
Tel: +44 (0) 7801 033 177
simon.johnson@carus.com
www.carus.com
David Moseley, a Senior Consultant with Carus, is a former CEO of Washington State Ferries

21 February 2016

Michael N Hansen
President
Hawaii Shippers' Council

Subject: Hawaii Interisland Ferry Service Feasibility Study

Dear Michael,

Many thanks for contacting Carus Executive Consulting with a view of utilising our consultancy services to undertake a Hawaii interisland ferry feasibility study currently being proposed in legislation by the Hawaii State Legislature to be facilitated by the Hawaii State Department of Transportation (HDOT).

We have reviewed the draft scope you have proposed for the feasibility study. You will be aware this is a very complex study that will require extensive analysis of vessel capabilities and options, ridership demand analysis, operational considerations, docking requirements, and marine protections.

We believe a very rough range of estimate for a comprehensive feasibility study of this type would be in the \$500,000 to \$750,000 range. At this stage we cannot be more specific but given the general information you have provided, we believe this would be an estimate for a project of this kind.

Should you have any further questions, please contact our lead consultant for this assignment, who is based in the US:

David Moseley
dmooseleyseattle@gmail.com
Cell: 206-734-8511
Land: 206-264-1807
97 S. Jackson St. #406
Seattle, WA 98104

We look forward to hearing from you at your earliest convenience.

Kind regards

Simon Johnson
President Carus Executive Consulting

Simon.johnson@carus.com

Cell: +44 (7801) 033177

Land: +44 (208) 6505578

Skype: jsimon580

Carus PBS Ab Ltd
P.O. Box 195

Tel: +358 20 7107 800
Fax +358 20 7107 827

Internet www.carus.com
Email: info@carus.com

FIN-22 101 MARIEHAMN



February 23, 2016

Mike Hansen President
Hawaii Shippers' Council
49 Niuhi St.
Honolulu, Hawaii 96821-1516

RE: Hawaii Interisland Ferry Service Feasibility Study— Proposal

Dear Mr. Hansen,

Thank you for the opportunity to assist the efforts of the Hawaii Shippers' Council to advance a practical inter-island ferry service. KPFF has assisted several other agencies in starting up new ferry services and we believe our experience will help ensure any feasibility study addresses the elements of a new ferry service that are the keys to success. We look forward to working with you to get this project off the ground.

The project will be led by KPFF's Marine Transit Consulting Group, formed eight years ago to provide integrated planning, engineering, operational, and management services to ferry system operators. Our unique experience in the industry with passenger and vehicle ferry systems would put us in a distinctive position to conduct a comprehensive feasibility study for ferry service feasibility in your region. Working with clients across the country and internationally, we have learned that the keys to determining the feasibility of a ferry service include: defining the primary stakeholders' vision for the new ferry service, determining the demand, understanding the operational feasibility of the proposed route(s), and developing a realistic financial model of the proposed operation.

Prior to beginning the feasibility study, we propose conducting a visioning workshop where the desired level of service and willingness to subsidize service, if necessary, are clearly defined. This workshop should include a focused group of stakeholders that will characterize the potential new ferry service and can address any funding constraints it may face. In other words, the outcome of the visioning workshop would answer the question "what does feasible mean?" Does it mean financially self-sustaining? Does it mean operationally feasible? Does it mean politically feasible, which could be affected by the number islands / legislative districts it serves? These questions should be answered before the feasibility study begins.

Other concerns could also be addressed in the visioning workshop, such as the importance of transit times or fares relative to inter-island airfares. Additionally, there may be a desire to serve additional islands or for specific landing site locations. All of this input will be critical to ensuring the feasibility study addresses the concerns of the stakeholders.

With the results of the visioning session, the feasibility study can get underway in earnest. The feasibility study will consist of the following elements: ridership demand and revenue forecasts, operational, navigational, and seafaring conditions, vessels requirements, preliminary operational costs, terminal programming requirements and concepts, environmental restrictions, funding sources, and public outreach.



Our Marine Transit Consulting Group would conduct much of the analyses required for the feasibility study and would oversee the work of subject matter experts in each discipline to develop a comprehensive analysis from a system-wide perspective. Based on our previous experience with business plan development and implementation of new ferry service, the following disciplines would be required to fully analyze the prospect of new ferry service:

- > Operational and Capital Cost Estimating: vessels and terminals
- > Vessel Operations: service reliability, weather, and navigational assessment
- > Demand Forecasting: ridership and revenue evaluation
- > Blue Water Vessel Design and Operation: design and operational needs of vessels in open ocean conditions
- > Financial Analysis: funding sources and financial sustainability
- > Environmental Analysis: completing the environmental permitting requirements and environmental sensitivity
- > Public Relations: engaging community groups for a transparent decision-making process
- > System Integration and Planning: assembly of all analyses and development of recommendations

We have worked extensively and formed trusted relationships with the specialty disciplines listed above. Through the team's analysis, we would provide recommendations for implementing a successful ferry service. We anticipate the fee for this initial feasibility effort would be between \$250,000 and \$500,000. The narrower the focus of the desired service defined through visioning session, the more straight-forward and less costly the analysis would be.

We look forward to working with you on developing this unique marine transportation opportunity. If you have any questions, please don't hesitate to contact me at 206.926.0588 or mike.anderson@kpff.com. Thank you again.

Sincerely,

Mike Anderson,
Marine Transit
Director

1601 Fifth Avenue, Suite 1600 Seattle, WA 98101 (206) 622-5822 Fax (206)622-8130

Seattle Tacoma Lacey Portland Eugene Sacramento San Francisco Walnut Creek Los Angeles Long Beach Pasadena Irvine San Diego Boise Phoenix St. Louis Chicago New York

ANNEX VI

Kund E. Hansen USA

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NING, LILLY & JONES

Attorneys at Law, A Law Corporation
707 Richards Street, Suite 700 • Honolulu, HI
96813
(808) 528-1100

Ke-ching Ning
Michael J. Lilly
Stephen A. Jones

Valerie M. Kato

MAILING ADDRESS
P.O. Box 3439
Honolulu, Hawaii 96801
TELECOPIER
(808) 531-2415

WIUTER'S DIRECT E-MAIL ADDRESS:
micjl@nlaw.com

February 17, 2016

Via email: pacmar@Hawaiiantel.net

Mr. Michael N. "Mike" Hansen

President

Hawaii Shippers' Council

49 Niuhi St.

Honolulu, HI 96821

Re: Hawaii State Interisland Feasibility Study

Dear Mr. Hansen:

As you know, I am a former Hawai'i Attorney General who has litigated cases involving environmental laws since 1974. My first reported case under the National Environmental Policy Act (NEPA) was *Concerned About Trident v. Schlesinger*, 400 F.Supp. 454 (D. DC 1975). The Hawai'i Environmental Policy Act (HEPA), like NEPA, requires an Environmental Impact Statement (EIS) for major governmental actions that may have a significant impact on the environment. With respect to the Superferry, the Department of Transportation correctly (in my opinion) determined that its minor work on Maui to accommodate the Superferry was so insignificant that an EIS was not required.

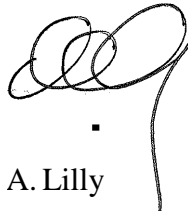
Unfortunately, the Hawai'i Supreme Court's August 31, 2007 decision extended the EIS requirements to a consideration of "secondary" or remote impacts. Because the trivial pier work on Maui enabled the private Superferry to transit between the islands, the court required the state to prepare an EIS regarding its indirect impacts on the environment. The Legislature could have solved that by passing a bill I recommended making clear (as everyone thought before the Supreme Court's decision) that our environmental laws do not extend to "secondary" impact. In any event, the Superferry was unable to continue in business pending the court cases and delays from environmental reviews.

With the Hawai'i State Interisland Feasibility Study, the State has a unique opportunity to establish a ferry system that satisfies all environmental laws, is business-friendly, and which will serve the citizens of the state by providing a cost-effective alternative to air travel. Significantly, in a public disaster, a ferry system will also provide a ready platform to send emergency supplies and relief to any island.

We are willing to providing legal advice in connection with the regulatory compliance aspects of the Hawai'i State Interisland Feasibility Study. We understand the main part of the regulatory compliance will be compliance with the Hawai'i Water Carrier's Act of 1974 as amended and the HEPA and drafting a request for proposal.

We work on an hourly basis and while it is not possible to determine in advance precisely how much work will be required for the regulatory compliance issues, we estimate that our work will be in the range of \$20-50,000.

Very truly yours,

A handwritten signature in black ink, consisting of several loops and a long vertical stroke extending downwards.

A. Lilly



State of Hawaii Inter-Island Ferry Study

Date: February 14, 2016

Attn: Mr. Michael Hansen – President Hawaii Shipper's Council

Reference: Senate Bill 2618 (companion House Bill 2225) Relating to transportation Twenty-eight legislature 2016 State of Hawaii SB2618

Dear Mr. Hansen

Reference our telephone conversation, Alternative Marine Technologies LLC (hereafter Amtech) is pleased to forward our estimates to complete a base U.S. build cost analysis and feasibility study for a proposed Hawaiian Inter-Island Ferry system.

Alternative Marine Technologies LLC (AMTECH) was incorporated in 2007 as a marine engineering and consulting company assisting private equity, financial institutions and historic ship owning companies with construction and operating decisions and projects (www.alternativemarinetech.com). The company's U.S. and Korean Project Teams have been previously involved in new construction projects throughout Asia, Europe and the United States. The company continues to support its clients in new construction and also providing pre-purchase survey of existing tonnage, valuation and market research in wet, dry, offshore, passenger and freight ferry and container sectors. Amtech is currently supporting three (3) U.S. Jones Act construction projects in the United States and six (6) Chemical tankers under construction in South Korea.

The company maintains relationships with all major U.S builders and is familiar with the cost and delivery of the Alaskan ferry system delivered out of Derecktor Shipyard in Bridgeport, Connecticut.

Our study is prepared to address the following:

1. A selection of technical specifications addressing conventional speed ferry systems and high-speed technology in Europe, Asia and the United States.
2. A base analysis of the selected routes to support the selected specifications
3. A rough order of magnitude cost estimate to construct the selected vessels in the United States and under the requirements of the Jones Act and the Passenger Vessel Services Act of 1886 requiring that vessels be built in the U.S. to carry merchandise and passengers by water between to points in the U.S.
4. Comparison costs to construct the vessels abroad under an exemption of the coastwise laws referenced above.

Our cost to complete the above work is estimated between \$17,000 and \$23,000 pending when approvals are received the time period allotted to complete the study.

Thank you for your time and consideration in this matter and the opportunity to serve the Hawaiian Legislature.

Very Truly Yours

R. Kunkel
President Amtech



EUROPE

 FRS Europe Holding GmbH • P.O. Box 26 26 • D-24916 Flensburg

Mr. Michael Hansen

President
 Hawaii Shippers' Council 49
 Niuhi Street
 Honolulu, HI 96821
 USA

Management
 Norderhofenden 19-20
 24937 Flensburg
 Germany

Phone +49 (0)461 864-11
 Fax +49 (0)461 864-70
 E-mail ceo@frs.eu
 Internet www.frs.eu

Bank Accounts
 Commerzbank AG Flensburg
 Account No. 212 963 300
 /BAN: DE 62215400600212963300
 SWIFT (BIG): GOBADEFFXXX

UniCredit Bank AG Flensburg
 Account No. 638760330
 /BAN: DE 8220030000638760330 SWIFT
 (BIG): HYVEDEMM300

<i>Your Ref.</i>	<i>Your Letter of</i>	<i>Our Ref.</i>	<i>Direct Phone</i>	<i>Date</i>
				01 March 2016

Hawaii Interisland Ferry Service Feasibility Study

Dear Mr. Hansen,

With Reference to your e-mail dated February 17th, 2016, FRS is pleased to answer your request of providing a short description of our consultancy services and an indicative cost overview for performing the overall inter-island ferry service feasibility study for Hawaii State of Transportation.

Forde Reederei Seetouristik GmbH & Co. KG (FRS) looks back on a shipping history of 150 years. Today, FRS is leader in the maritime transportation of people, vehicles and cargo on short distance routes. A global ferry and shipping group, FRS currently operates 60 vessels and carried over 7 million passengers and 2 million vehicles last year on national and international ferry lines. Based in Northern Germany, FRS has a portfolio that comprises 24 operating subsidiaries across Europe, North America, North Africa and the Middle East, with more than 1,500 employees. FRS owns manages and operates a varied fleet including RoPax ferries, passenger ferries, high speed catamarans for vehicles and passengers, crew transfer vessels for the wind offshore industry, hovercrafts, water taxis, and electric-powered solar ferries. FRS is committed to developing ecofriendly solutions for public transportation. FRS also provides port management and operation services worldwide.

FRS provides high-quality and maritime services, drawing on its unmatched experience and diverse maritime knowledge. Solutions developed by FRS are tailor-made for every single client. FRS offers comprehensive consultancy services for all aspects of maritime projects. Feasibility studies are our daily business and our business development department is very experienced developing and executing such studies. In addition, our consultancy services include the development and implementation of logistics concepts, the conceptual design and implementation of maritime projects, complete solutions for maritime transport operations and the implementation of ISM and QM. The maritime consultancy services of FRS have a broad international scope and amongst others consultancy services have been executed for Germany, government of the UAE, National Ferries Company, Sultanate of Oman and New York Water Taxi, United States of America.

Our consultancy team comprises amongst others Officers of the Washington State Ferries and BC Ferries, Gunther Becker (active board member and former chairman of Interferry, 2004- 2012), Merideth Tall and Luis Mora (Interferry board members) and Getz Becker (European Board for Safety and New Regulations, OPC of Interferry) . Further, Getz Becker, as well as Ralf Lange, FRS Inspector for Safety and Security and DPA, and Mark McManemy, FRS Fleet Superintendent, are members of the Interferry OWG committees.

Furthermore, through the acquisition of Seattle based, Clipper Navigation, Inc. FRS is able to provide 30 years of experience in the US market and is familiar with the coastwise regulations of the Jones Act as well as US Coast Guard Regulations.

Based on the received information we suggest that the feasibility study should contain and address the following issues:

1. Market Analysis – An analysis of the local conditions, the current transport options and potential customers, comparison with similar markets and estimation of yearly transport volumes
2. Feasible Routes – An analysis of potential routes and inter-island connections, available port facilities and hinterland connection of the ports, indications of necessary and/or recommended infrastructure investments
3. Development of a possible traffic/route model including a proposed time schedule
4. Collection and preparation of all necessary background information as well as development of a statement of requirements for a potential Request for Proposal of such a service

Our fees to complete the above work are estimated to be as from USD 100,000 plus travel expenses depending on the conclusively defined scope and requirements of the feasibility study.

Should you require any further details, please do feel free to contact us.

Yours sincerely,



Getz Becker
CEO



Tobias Haack
Director Business Development

FRS Europe Holding GmbH
Norderhofenden 19-20
24937 Flensburg
GERMANY
E-Mail: ceo@frs.de
Tel: +49 461 864-11

Hawaii Shippers Council
49 Niuhi Street
Honolulu, HI
96821

Our Reference
L16-012

Your Reference
Inter-Island Ferry Study

Date
26 February, 2016

Attn: Mr. Michael Hansen, President Hawaii Shipper's Council

Reference: Hawaii Inter-Island Ferry Service Feasibility Study Dear Mr.

Hansen,

This letter is in response to your 17 February 2016 email to Eero Makinen regarding the proposed Hawaii Inter-Island Ferry Service Feasibility Study. I am President of Vard Marine and Mr. Makinen previously served on the Board of Directors of the company. As you might be aware, Vard Marine consists of three design & engineering offices located in Vancouver, Ottawa, and Houston. We have been in North America for over 30 years and focus on the design of passenger vessels including ferries, offshore support vessels, offshore patrol vessels, LNG fueled vessels, and power barges. Some of our notable ferries are the "S" Class vessels and 100AEQ vessels operated by the BC Ferry Corporation for whom we have also carried our many similar type feasibility studies.

Vard Marine is a wholly owned subsidiary of Vard AS in Aalesund, Norway and they operate ten shipyards in Norway, Romania, Brazil, and Vietnam specializing in the construction of offshore support vessels, ferries, and fishing vessels. Furthermore, the majority owner of Vard AS is Fincantieri that specializes in the design & construction of cruise ships and a comprehensive range of passenger ferries as well as Naval ships.

Overall, we are the 4th largest shipbuilder in the world.

We note that a Jones Act waiver is in consideration for the Hawaii Inter-Island Ferry and, as we have design & construction around the globe, Vard Marine can assist by offering designs tailored to US, European, or Asian construction methodology.

We are greatly interested in becoming part of your team for the Hawaii Inter-Island Ferry Service Feasibility Study. Our suggested contribution would be to provide input to the overall feasibility study using our route analysis tools and to then develop conceptual designs for the ferry so that the appropriate ship is selected for the intended service. As part of this service, Vard Marine proposes to develop concepts for three different ferries. The studies would include General Arrangement Plans, Specifications, and comparisons for vessel size, speed, passenger & cargo capacity, class notations, ships motions, and stability. Working with your team, it would take Vard Marine approximately 10 weeks to develop three concepts and we estimate the associated fee to be US\$100,000.

Vard Marine Inc

Suite 180, 2930 Virtual Way, Vancouver, British Columbia, Canada, V5M 0A5
Tel: (604) 216-3360 | Fax: (604) 216-3399 | www.vardmarine.com

Business ID: 869668707

Thanks again for bringing this exciting opportunity to Eero's attention and please do not hesitate to contact me directly if you have any questions. Once we have a better understanding of your needs on the study, we can quickly develop a formal quotation and full presentation of our capabilities.

Sincerely,
VARD MARINE INC.

A handwritten signature in blue ink that reads "Dave McMillan". The signature is written in a cursive, flowing style.

Dave McMillan – President and CEO

Cc: Eero Makinen; Bill Lind - Vard Marine Houston

HAWAII SHIPPERS' COUNCIL
LIST OF CONSULTANTS CONTACTED IN CONNECTION WITH THE PROPOSED
HAWAII INTERISLAND FERRY SERVICE FEASIBILITY STUDY
(Rev. 03/15/2016)

Johan Roos
Director Regulatory Affairs
Interferry
Rue Ducale 67/B2
1000 Brussels
Belgium
Tel: 011 32 2 510 6123
Cell: 011 32 479 676984
URL: <http://www.interferry.com/>

John Waggoner
President & CEO
HMS Global Marine (Hornblower)
115 E. Market Street
New Albany, Indiana
USA
Tel: +1 812 941 9990
Email: jwaggoner@hornblower.com
URL: <http://hmsgm.com/>

Goetz Becker
Managing Director
Förde Reederei Seetouristik (FRS)
Norderhofenden 19-20
Flensburg
Germany
Tel: +49 4618 6411
Email: gb@frs.de
URL: www.frs.de

Mike Anderson
Director Marine Transit
KPF Consulting Engineers
1601 Fifth Avenue, Suite 1600
Seattle, WA 98101
USA
Tel: 206 622-5822 (Office)
Tel: 206 926 0588 (Direct)
Cell: 206 498-5438
Email: mike.anderson@kpff.com
URL: www.kpff.com

Steve Hunt
Chief Operating Officer
Thompson Clarke Shipping Pty Ltd
Street Address:
1B, 78 Terrigal Esplanade,
Terrigal, NSW 2260
Australia
Mailing Address:
PO BOX 652
Terrigal NSW, 2260
Tel: 61 (02) 43858752
Cell: 61 0466 927 166
Email: shunt@thompsonclarke.com.au
URL: <http://www.thompsonclarke.com.au/>

Simon Johnson
President
Carus – Executive Consulting
PB 195, Östra Esplanadgatan 7
FIN-22101 Mariehamn
Finland
Tel: +44 (0) 7801 033 177
Email: simon.johnson@carus.com
URL: www.carus.com

David Moseley
97 S. Jackson St. #406
Seattle, WA 98104
Email: dmoseleyseattle@gmail.com
Tel: 206-264-1807
Cell: 206-734-8511

David Mosely is a Senior Consultant with Carus Consulting of Findland and is a former CEO of the Washington State Ferries.

Douglas L. Frongillo
C.O.O.
Knud E. Hansen USA Inc.
Portside Yachting Center
1850 SE 17th St. STE 102
Ft. Lauderdale, FL
USA
Tel : +1 954 541 3963
Cell: +1 954 383 5354
Email: dof@knudehansen.com
Skype: dof-keh

Michael A. Lilly
Attorney at Law
Nig, Lilly & Jones
707 Richards St., Suite 700
Honolulu, HI 96813-4623
Tel: (808) 528-1100
Email: Michael@NLJLAW.COM

Robert N (“Bob”) Kunkel
President / CEO
Alternative Marine Technologies LLC (Amtech)
One Stamford Landing, Suite 214
(Marine Money Complex)
Stamford CT. 06902
Tel: (203) 406 0106 ext 3720
Cel: (203) 969-5468
Fax:
Email: rkunkel4@gmail.com
URL: <http://alternativemarinetech.com/>

Warren L. Dean, Jr.
Thompson Coburn LLP
1909 K Street N.W. Suite 600
Washington, D.C. 20006-1167
Email: wdean@thompsoncoburn.com
Tel: 202.585.6908
Fax: 202.508.1011
Cell: 202.997.3584
URL: www.thompsoncoburn.com

A. Sarah Addix
Project Manager
Förde Reederei Seetouristik GmbH & Co. KG (FRS)
Norderhofenden 19-20
24937 Flensburg
Tel.: +49 461 864-587
Fax: +49 461 864-71
Email: sarah.addix@frs.de
URL: www.frs.de

Dave McMillan
President and CEO
Vard Marine Inc.
2930 Virtual Way, Suite 180
Vancouver, BC
CANADA V5M 0A5
Tel: +1 604 216 3360 (office)
Tel: +1 604 216 3361 (direct)
Cell: +1 604 671 0468
URL: www.vardmarine.com

###

lopresti2 - Jasmine

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 16, 2016 4:39 AM
To: TRNtestimony
Cc: peter8067@hotmail.com
Subject: *Submitted testimony for SB2618 on Mar 16, 2016 10:30AM*

LATE

SB2618

Submitted on: 3/16/2016

Testimony for TRN on Mar 16, 2016 10:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Kirk	Individual	Support	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

LATE

Testimony of

Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

Committee on
Transportation

Senate Bill 2618 SD1: Relating to Transportation

Chair Aquino, Vice Chair LoPresti, and members of the Committee on Transportation:

Thank you for the opportunity to testify. On behalf of the Hawai'i Lodging & Tourism Association, we support Senate Bill 2618 SD1, which would require the state Department of Transportation to conduct a feasibility study of establishing an interisland ferry system, as well as make an appropriation for the study.

HLTA supports this measure because an interisland ferry system would offer a transportation alternative for passengers and vehicles traveling between the Hawaiian Islands. A local ferry system would also provide an attractive shipping option for small businesses and farmers, while enabling kupuna, disabled individuals, families with infants, and youth groups to enjoy another mode of travel between the islands. We also believe during times of statewide emergencies caused by natural or man-made disasters, it would be a practical way to move people, equipment, food, and supplies between the islands.

When the interisland ferry was last implemented, it proved to be a popular transportation choice. Surveys continue to show that an overwhelming majority of the people of Hawaii want a ferry service. This bill enables the state to take a critical first step in addressing important environmental issues that were bypassed the first time and a major reason the ferry service was halted.

Mahalo.

TRNtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 16, 2016 11:04 AM
To: TRNtestimony
Cc: rswindell@bridgedeck.org
Subject: Submitted testimony for SB2618 on Mar 16, 2016 10:30AM

LATE

LATE

SB2618

Submitted on: 3/16/2016

Testimony for TRN on Mar 16, 2016 10:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Swindell	IOMM&P	Support	No

Comments: Testimony updated to support SB 2618

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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