

JOSH GREEN, M.D.
GOVERNOR



DEPT. COMM. NO. 414

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

IN REPLY REFER TO:

April 4, 2023

The Honorable Ronald D. Kouchi
President and Members of the
the House of Senate.
32nd State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki
Speaker and Members of
Representatives.
32nd State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Government Operations Report as required by Act 100 (09).

In accordance with HRS 93-16, I am also informing you that the report may be viewed electronically at: <https://hidot.hawaii.gov/library/reports/reports-to-the-legislature/>

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Sniffen".

EDWIN SNIFFEN
Director of Transportation

REPORT TO THE THIRTY-SECOND LEGISLATURE

OF

THE STATE OF HAWAII

REGULAR SESSION OF 2023

ON

ACT 100

SECTION 7

SESSION LAWS OF HAWAII 1999

SUBJECT: RELATING TO GOVERNMENT OPERATIONS

STATE OF HAWAII

DEPARTMENT OF TRANSPORTATION

DECEMBER 2022

A. DEPARTMENT OF TRANSPORTATION

Statement of Goals

The overall goal of the Department of Transportation is to facilitate the rapid, safe, and economical movement of people, goods, and mail into, within, and out of the State by providing and operating transportation facilities and supporting services.

Objectives and Policies

In order to achieve its overall goal, the Department of Transportation currently has three Divisions- Airports, Harbors and Highways- that provide, operate, and maintain eleven (11) commercial service airports, four (4) general aviation airports, ten (10) commercial harbors, and more than nine hundred eighty- one and two-tenths (981.2) centerline miles of highway.

To help move the Department toward its goal the Divisions will implement policies and projects relating to the following objectives.

Create and manage an integrated multi-modal transportation system that provides mobility and accessibility for people and goods.

1. Enhance the safety of the transportation system.
2. Ensure the secure operation and use of the transportation system.
3. Protect Hawaii's unique environment and quality of life and mitigate any negative impacts.
5. Ensure that the transportation facility systems support Hawaii's economy and future growth objectives.
6. Support the state's energy goal of 100% clean energy by 2045, which includes a target of 40% renewable energy and a 30% increase in energy efficiency by 2030, enhancing the reliability and security of clean energy sources.
7. Create secure, flexible, and sustainable revenues and funding sources for transportation needs.
8. Provide effective leadership department wide, focusing on accountability, ethics, training, and transparency.

Action Plan and Timetable to Implement Objectives and Policies.

The Department of Transportation is responsible for the planning, designing, constructing, operating, and maintaining of the state facilities in all modes of transportation including air, water, and land. Coordination with other state, county,

and federal programs is maintained in order to achieve the overall objective.

Responsible planning and budgeting for air, water, and land transportation systems is essential to meeting our objectives. Each capital improvement or special maintenance project is related to either improving our existing system, managing demand, or expanding the present system.

Process to Measure the Performance of Programs and Services in Meeting the Stated Goals, Objectives, and Policies

The Multi-Year Program and Financial Plan (PFP) measures the Department's effectiveness by reporting on a number of effectiveness measures for each of the divisions.

Performance is determined by comparing actual results with established goals on a fiscal year basis. Further, each project or initiative highlighted in this report is measured by the respective division for effectiveness by their own specific guidelines.

While these measures may be used to measure our performance, our customers, the traveling public, grade us by their personal experiences.

B. Airports Division

The statewide airports system consists of eleven airports serving commercial airlines and four general aviation airports. Recognizing that the state's airport system is only one of two modes to enter or exit the state, the statewide airports system is part of the state's critical economic infrastructure, enabling interstate and international commerce and travel through the flow of passengers, cargo, and mail between the islands, as well as throughout the Pacific Basin and the continental U.S.

The Airports Division's mission is to provide a safe, efficient, accessible, and sustainable air transportation system that ensures the mobility of people and goods; and enhances and/or preserves economic prosperity and the quality of life.

Statement of Goals

The Airports Division is responsible to plan, design, construct, operate and maintain state airports. The Airports Division strives to professionally meet these objectives by working in partnership with the airlines, concessionaires, governmental and regulatory agencies, lessees, businesses, employees, members of

the public, and other stakeholders.

Objectives and Policies

1. Plan, design, construct and maintain the airports' physical facilities to support travelers and commerce through the airports and communities it serves.
 - a. Ensure upgrades provide for efficient and modernized facilities that can support air traffic demands at the five major airports.
 - b. Reduce congestion in the ticket lobbies, through security and in the gate areas. Minimize time to get through airport whether arriving or departing.
 - c. Conserve natural resources and alleviate environmental degradation.

Projects/Strategies

i. Environmental, Social and Corporate Governance (ESG) projects:

1. Act 96/SLH 2006, which requires buildings and facilities to be designed and constructed to meet the Leadership in Energy and Environmental Design (LEED) silver or two green globes rating system. All new buildings and facilities constructed at Hawaii Airports are designed in accordance with LEED specifications, to the extent practicable.
 - a. Kahului Airport Consolidated Car Rental Facility - achieved LEED Silver certification.
 - b. Daniel K. Inouye International Airport Mauka Concourse - achieved LEED Gold certification.
 - c. Ellison Onizuka Kona International Airport at Keahole Federal Inspection Services Building - achieved LEED Gold certification.
 - d. Daniel K. Inouye International Airport Consolidated Car Rental Facility - on track to receive LEED Silver certification.
2. Statewide Energy Savings Performance Contract (ESPC) with Johnson Controls, Inc., which brings improvements at 12 airports

including lighting, HVAC systems, solar PV arrays and deferred maintenance specifically to the Airports Division.

3. Kahului Airport Wastewater and Water Treatment System.
 - a. Design-Build to construct package membrane bioreactor scalping plant to extract R-1 water from a Kahului wastewater reclamation plant for irrigation use.
 - b. Design-Build commenced May 2018.
 - c. Estimated construction completion - February 2023.
 4. Daniel K. Inouye International Airport received its sixth airport carbon accreditation certificate (Level 2) in September 2022 from ACI.
 5. Airlines funded the design and installation of Ground Power Units (GPU) and Pre-Conditioned Air (PCA) Units on passenger loading bridges at HNL, Kahului and Lihue Airport, which reduces greenhouse gas emissions. Prior to the GPU and PCA units being installed, aircraft engines were left on to power ancillary systems and air conditioning while the aircraft are parked at the gates.
- ii. Daniel K. Inouye International Airport Restroom Improvements
1. Renovate and/or enlarge 52 public restrooms at Terminal 2 (baggage claim, ticket lobbies, OST concourse walkway, and Central Concourse E Gates). Restroom in the Ewa and DH Concourses (Gates C1-C5 and G Gates, respectively) were completed under respective Concession Improvements projects.
 2. Construction commenced September 2018.
 3. Construction completed February 2022.
- iii. Daniel K. Inouye International Airport Restroom Improvements, Phase 2

1. Renovate and/or enlarge 32 public restrooms located in Terminal 1 (A and B Gates), International Arrivals Building, and Ewa Concourse (Gates C6-C9).
 2. Construction commenced March 2021.
 3. Estimated construction completion December 23.
- iv. Daniel K. Inouye International Airport Ticket Lobby Renovations and Baggage Handling System Improvements Phase 2.
1. Replace Terminal 1 & 2 Baggage Handling Systems; renovate Ticket Lobby 4, 5 and 6 to match Lobbies 7 & 8.
 2. Construction commenced July 2021.
 3. Estimated construction completion January 2025.
- v. Daniel K. Inouye International Airport DH Extension Modernization Program.
1. A \$1.1B program to extend the Diamond Head side of the airport, providing 15-20 additional gates, including necessary landside facilities (i.e., roadway access, parking, ticket lobbies, baggage claim, security checkpoints, and concessions). A second Federal Inspection Station (FIS) and Intra-Terminal Transportation System to replace the Wiki-Wiki Buses will be considered.
 2. Timeline:
 - a. Planning Study commenced January 2020.
 - b. Planning Study completed October 2021.
 - c. Environmental Assessment commenced October 2021.
 - d. Environmental Site Investigation commencement TBD.
 - e. Estimated Environmental Assessment completion February 2024.
 - f. Design for various projects commencement TBD.
 - g. Construction for various projects commencement TBD.

h. DH Extension Modernization Program completion TBD.

vi. Statewide Consolidated Car Rental Facilities (CONRAC).

1. Construction of Consolidated Car Rental Facilities at Daniel K. Inouye International Airport (HNL), Kahului Airport (OGG), Lihue Airport (LIH) and Ellison Onizuka Kona International Airport at Keahole (KOA) which will provide more efficient use of land and facilities to car rental companies and passengers. Projected schedules dependent upon leases, funding, and land acquisition.

a. OGG

- i. Construction completed May 2019.
- ii. DOTA received LEED Silver Certification.

b. HNL

- i. Construction completed December 2021.
- ii. DOTA expects to receive LEED Silver Certification.

c. LIH

- i. LIH Land subdivision approval TBD.
- ii. Due to community pushback against the LIH Master Plan Update to increase airport capacity, LIH CONRAC is cancelled.

d. KOA

- i. Site Selection Study commenced October 2022.
- ii. Design commencement TBD.
- iii. Environmental Assessment TBD.
- iv. Construction commencement TBD. Construction completion TBD.

vii. Car Rental Facility Shuttle Buses.

1. Pilot program to determine cost effective alternative fuel for the shuttle bus service at the HNL Car Rental Facility. Three alternative fuel sources were tested, Electric, Natural Gas and Hydrogen. Electric was selected.

2. Design-Build RFP for HNL CONRAC Electric Bus Charging and Maintenance Facility commenced November 2022.
 3. Construction commencement TBD.
 4. Construction completion TBD.
- viii. Ellison Onizuka Kona International Airport at Keahole USDA Inspection Building.
1. Design and construction to in-line USDA inspection screening with the TSA baggage handling screening at the back-of-house.
 2. Construction commenced March 2021.
 3. Estimated construction completion February 2023.
- ix. Ellison Onizuka Kona International Airport at Keahole Restroom Improvements.
1. Design and construction to renovate airside and landside restrooms in the north and south terminals.
 2. Bids opened May 2020; bids over budget and rejected.
 3. Request to install covered walkway from the centralized TSA checkpoint to the north and south terminals.
 4. Timeline
 - a. Construction commenced October 2022.
 - b. Estimated construction completion March 2024.
- x. Hilo International Airport Ground Transportation Building Restroom Addition.
1. Addition of a men's and women's restroom on the east end of the ground transportation/rental car building.
 2. Construction commenced June 2021.
 3. Estimated construction completion January 2023.
- xi. Kahului Airport Inbound Baggage Handling System Improvements.
1. Design-Build to replace existing inbound baggage handling system.

2. Construction commenced September 2021.
 3. Estimated construction completion May 2023.
- xii. Kahului Airport Holdroom and Gate Improvements.
1. Enlarge the holdroom capacity by enclosing and air conditioning the exterior walkway and connecting Holdrooms A and B; reconfigure the aircraft apron for increased capacity.
 2. Construction commenced June 2021.
 3. Estimated construction completion November 2024.
- xiii. Kahului Airport South TSA Checkpoint.
1. Construct South TSA Checkpoint to Holdroom A, with concession spaces.
 2. Timeline
 - a. Design commenced October 2021.
 - b. Estimated Design completion Mary 2023.
- xiv. Kahului Airport Runway 2-20 Reconstruction.
1. Reconstruct Runway 2-20; East Ramp taxiway to be constructed as a temporary runway for use while Runway 2-20 is reconstructed; temporary relocation of East Ramp tenants.
 2. Timeline
 - a. Environmental Assessment commenced July 2019.
 - b. FAA requiring Environmental Impact Statement (EIS). Estimated EIS completion TBD.
 - c. Estimated Airport Layout Plan approval TBD.
 - d. Design commenced November 2020. Design to stop at 25%.
 - e. Design completion TBD.
 - f. Construction commencement TBD.
 - g. Construction completion December TBD.
- xv. Lihue Airport Ticket Lobby Improvements.
1. Enlarge ticket lobby by removing planter boxes for increased capacity, including roofs for weather protection.
 2. Construction commenced August 2020.

3. Estimated construction completion February 2022.

xvi. Lihue Airport Holdroom Improvements.

1. Enlarge holdroom capacity by enclosing and air conditioning the exterior walkway, including renovating restrooms.
2. Timeline
 - a. Due to community pushback against the LIH Master Plan to increase airport capacity, LIH Holdroom Improvements is cancelled.
 - b. Airport will proceed with LIH Optimization Plan.
 - i. Optimization Plan commencement TBD.

xvii. Lihue Airport Runway 3-21 RSA Improvements.

1. Provide Runway Safety Areas to enhance the safety of aircraft in the event of an undershoot, overshoot, or excursion from the runway.
2. Timeline
 - a. Environmental Assessment completed June 2018.
 - b. Design commenced August 2015.
 - c. Airport Layout Plan approved October 2020.
 - d. Estimated design completion January 2023.
 - e. Construction commencement TBD.
 - f. Construction completion TBD.

NOTE: For all airport construction projects, the measures used to gauge effectiveness is construction on time and within budget.

xviii. Master Planning.

1. The Airports Division does master plans for all its 15 airports based on internal and external requirements and stakeholders needs. The master planning process involves inventory assessment, passenger forecasts, stakeholder and public involvement,

identification of alternatives and recommendations of a preferred alternative. Master plans are approved by the FAA and result in development plans and projects, which then requires an environmental process in compliance with the Hawaii Environmental Policy Act and/or National Environmental Policy Act prior to implementation.

2. Timeline

- a. Daniel K. Inouye International Airport
 - i. Last completion 2010
 - ii. New commencement TBD
- b. Kahului Airport
 - i. Last completion 2016
 - ii. New commencement - N/A
- c. Ellison Onizuka Kona International Airport at Keahole
 - i. Last completion 2010
 - ii. New commencement 2023
- d. Hilo Airport
 - i. Last completion 2002
 - ii. New commencement TBD
- e. Lihue Airport
 - i. Last completion 1989
 - ii. New commencement - Due to community pushback against the LIH Master Plan Update to increase airport capacity, LIH Master Plan is cancelled.
- f. Kalaeloa Airport
 - i. Last completion 1998
 - ii. New commencement 2023

2. Implement and refine work processes to maintain successful airport operations.

- a. Maintain financial viability.
- b. Provide a safe and secure environment for passengers, employees, and users of airport's services.
- c. Provide a memorable experience for passengers by embracing the Spirit of Aloha.
- d. Maintain compliance with Federal, State, and local regulations.

- e. Work with airlines, concessions and others doing business at the airport to ensure their operations support the airport's objectives.
- f. Support the communities surrounding the airports.

Projects/Strategies

- i. Create secure, flexible, and sustainable revenues and funding sources to sustain the statewide airport system.
 - 1. Maximize the use of Federal programs and funding for needed transportation infrastructure; use Federal non-recurring initiatives and funding sources such as the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), American Rescue Plan Act (ARPA) and Discretionary Airport Improvements grants.
 - 2. Identify and assess the reliability and viability of future transportation financing streams and funding and consider scenarios for innovative and non-traditional financing.
 - 3. Pursue alternate funding sources to support new projects.
 - a. Non-reimbursable General Obligation (GO) Bonds.
 - b. Public-Private Partnerships (P3).
 - 4. Review outstanding bond issues and refund (refinance) if cost beneficial.
 - 5. Continue to explore potential areas to increase revenue from current and prospective customers, tenants, and stakeholders.
 - 6. Meet with rating agencies to maintain and improve bond ratings and bond issuers to maximize borrowing.
 - a. Timeline - Continuous
- ii. Identified and implemented expense reduction measures and planned further expense reduction actions to be taken in Fiscal Year 2022.

- a. Projected \$47 million reduction in debt service through the issuance of the Series 2020 Bonds.
 - b. Submitted grant reimbursement under the CRRSA (\$45 million) Act, and ARPA (\$87 million).
 - c. Continue preparing for utilization of \$57 million from ARPA Act grant.
 - d. Awaiting grant instructions from Airport Infrastructure Act (\$246 million).
- iii. Ensure current Non-Signatory rates are consistent with the First Lease Amendment of 2008.
- iv. Implement Safety Management Systems (SMS) Plan. Proactive approach to safety management through a framework of tools and methodologies to address safety issues.
 - 1. Create Airport Safety & Operations Control Unit at the five major airports.
 - a. Reorganization estimated completion was July 2022 however, after further discussions, a special project to create safety technician positions is being requested and budget approval is needed before the reorganization can be completed. New estimated completion date is July 2023
 - b. Measures used to gauge effectiveness:
 - i. Reduced costs related to incidents and accidents.
 - ii. Reduced insurance and liability costs.
 - iii. Improved control.
 - iv. Reduced reliance on a few key personnel. Organization wide participation.
 - v. Improved regulatory compliance.
- v. Enhance Security Programs by expanding operations to include additional management support.
 - 1. Reorganization of management structure for Security.

2. Reorganization estimated completion was May 2022 however, the reorganizational structure was changed, and budget approval is needed. New estimated completion date is July 2023.
3. Measures used to gauge effectiveness:
 - a. Reduction or elimination of TSA fines for security violations.
 - b. Minimalization of risks of disruption of transportation to, from, and within Hawaii due to terrorism and other human security threats and events, as well as threats and events from natural disasters.
3. Maintain an effective workforce that will fulfill the objectives of the Airports Division by successfully executing the various projects and processes that support it.
 - a. Encourage quality management/leadership through accountability, ethics, training, and transparency.
 - b. Build and maintain an effective workforce that is flexible, adaptable, self-driven, well-trained, and skilled.
 - c. Provide a healthy and safe work environment.

Projects/Strategies

- i. Provide management/leadership training for those supervisors that have no formal training or education in management.
- ii. Continue to conduct regular meetings of the Executive Steering Group (all Airport District Managers and Branch Heads) to collectively discuss critical issues, and possible and best solutions and status of projects.
- iii. Create Ad Hoc Committees to address critical issues. The committee, comprising of all key SMEs and some decision makers, identifies the problem(s), finds out what the cause(s) are and arrive at possible and best solutions moving forward.

- iv. Provide training for the employees so they understand management's expectations and their role within the workforce.
- v. Adhere to government regulations regarding health and safety in the workplace.

Measures used to gauge effectiveness for all projects/strategies:

- i. Employee absenteeism rate, especially leave without pay.
- ii. Employee retention rate.
- iii. Volume and severity of workers compensation claims.
- iv. Volume of critical issues resolved.

C. HARBORS DIVISION

The Harbors Division operates and manages a statewide harbors system of ten (10) commercial harbors divided into four (4) districts. The four (4) districts are: Oahu District - Honolulu and Kalaeloa Barbers Point Harbors; Hawaii District - Hilo and Kawaihae Harbors; Maui District - Kahului and Hana Harbors on Maui, Kaunakakai Harbor on Molokai, and Kaumalapau Harbor on Lanai; and Kauai District - Nawiliwili and Port Allen Harbors. The commercial harbors provide for the movement of cargo, passengers, and vessels between ports within the state and provide facilities and support services for loading, off-loading, and handling of cargo, passengers, and vessels.

Statement of Goals

The Harbors Division's goal is to provide for the expeditious, efficient, and safe movement of people and goods which may be delivered for shipment or discharged on the commercial docks, wharves, and piers to ensure the economic security of the state; promote economic growth and sustain the quality of life within the state by:

1. Creating and managing an integrated multi-modal transportation system that provides mobility and accessibility for people and goods.
2. Enhancing the safety of the water transportation system.
3. Ensuring the secure operation and use of the water

- transportation system.
4. Protecting Hawaii's unique environment and quality of life and mitigating any negative impacts.
 5. Ensuring that the water transportation facility systems support Hawaii's economy and future growth objectives.
 6. Supporting the state's energy goal of 70% clean energy, which includes 40% produced by renewable energy and 30% increase in energy efficiency, enhancing the reliability and security of clean energy sources.
 7. Creating secure, flexible, and sustainable revenues and funding sources for transportation needs.
 8. Providing effective leadership division-wide focusing on accountability, ethics, training, and transparency.

Objectives and Policies

The Harbors Division (DOTH) has reset its objectives over the next 5 years from July 1, 2019. The DOTH will plan, develop, and implement the following projects to help achieve the following objectives:

1. **Mobility and Accessibility.**
 - **Preserve and maintain existing water transportation systems in good condition or better; give comparable consideration to funding preservation capital projects as is given to expansion projects.**
 - **Ensure the provision of essential and critical water transportation operation and services for all communities throughout the islands.**
 - **Reduce congestion in the water transportation systems.**
 - **Obtain federal funds for harbor infrastructure projects.**

Kalaeloa Barbers Point Harbor (KBPH) Fuel Pier Development Plan and Environmental Impact Statement, Oahu, Hawaii

Timeline:

Year 1 - The DOTH has implemented concepts presented in the KBPH 2040 Master Plan by identifying phases in which to develop the improvements. Vessel berth and dockage time was studied to provide strategic guidance in determining the length and placement of the fuel pier. In coordination with the current tenant, detailed discussions may lead to a final design of the fuel pier and minimize relocation and operational disruption to the tenant's operation. With Kapolei Properties LLC completing the area-wide drainage channel, the DOTH has also begun its work to plan and

design its drainage elevations and KBPH roadways in and around the harbor and future development of cargo and revenue generating leased lots.

Year 2 - Work and design of drainage elevations and proposed development of commercial lots were completed. The development of the commercial industrial subdivision lots were to incorporate the coral spoils into the subdivision lots. The project is awaiting further development of a bridge over the drainage system that will support the sewer line from KBPH to the main pumping station. The design of the fuel pier has proceeded, however, with HECO stating that it will not buy power produced using coal from the AES plant after the contract expires in 2022.

Year 5 - Without coal shipments, almost 10 days per month of berthing space at Piers 5 and 6 will open, alleviating traffic congestion at KBPH. As a result, fuel pier designs have slowed. Focus on developing Piers 7 through 10 for additional berthing space is planned to resume after an energy analysis and financial update to the master plan is conducted. In addition, further discussions regarding the acquisition of land from Kapolei Properties Development, LLC will also resume pending a date when the bridge over the drainage canal will be constructed. Again, water and sewer lines will be attached to the new bridge.

Measures used to gauge effectiveness: Determine the economic and social impact of removing the remaining coral material and develop alternative plans consistent with the Regional Drainage Plan, while incorporating material in future plans to develop KBPH, which is also underway for planned uses.

Pier 4 Inter-Island Cargo Terminal, Hilo, Hawaii

Timeline:

Year 1 - Construction of Pier 4 was completed during December 2017. The interisland shipping company has adopted new terminal operations to improve efficiency in the movement of cargo. Plans to remove the Pier 2-3 shed were in progress. Removal of the shed will support efficiency of terminal operations with the creation of more space without obstruction from a structure.

Year 2 - The removal the Pier 2-3 shed is in progress with a project completion date during Year 3. Removal of the shed supports efficient use of terminal

operations by creating more open space.
Year 5 - Complete the land acquisition along Kalaniana'ole Street and Kumau Street to further separate container load traffic from container and passenger traffic. Plan and design street access into Pier 4 for interisland terminal operations and Pier 1 for overseas cargo traffic.

Measures used to gauge effectiveness: Complete the removal of the Pier 2 and 3 shed and related improvements. Substantially complete the acquisition of land along Kalaniana'ole Street to improve traffic safety and cargo yard expansions.

**Kapalama Container Terminal (KCT), Phase 1, Oahu, Hawaii
Timeline:**

Year 1 - Continued to make significant progress on construction of KCT Phase I. The KCT project is the cornerstone of DOTH Modernization Program. This container terminal is needed to meet Hawaii's cargo demands.

Year 2 - KCT Phase I is substantially completed with punch-list items and testing of power connections remaining to complete the container yard.

Year 5 - Complete KCT Phase II.

Measures used to gauge effectiveness: Complete KCT Phase II.

Kapalama Container Wharf, Phase 2, Oahu, Hawaii

Timeline:

Year 1 - Plans to start construction of KCT Phase II - Container Yard in summer 2020 were postponed. The KCT project is the cornerstone of DOTH Modernization Program. This container terminal is needed to meet Hawaii's cargo demands.

Year 2 - Due to a bid protest and the economic impact of COVID-19, the contract was awarded on October 12, 2020 with notice to proceed to start construction of KCT II issued during spring of 2021.

Year 5 - Construction completed and KCT Phase I & II in full use.

Measures used to gauge effectiveness: Fully operational KCT.

2. Safety

Enhance the system and user safety and transportation facilities with the use of proper equipment, physical

hazard reduction, and implement priority safety projects for each harbor.

Annual planning and development of Special Maintenance Projects to remediate and address safety concerns and necessary facility improvements.

3. Security

- **Minimize risks of disruption of transportation to, from, and within Hawaii due to terrorism and other human security threats and events, as well as threats and events from natural disasters.**
- **Work with federal, state, and county agencies as well as tenants to conduct vulnerability and risk assessments.**
- **Implement security policies and strategies to minimize risks and threats of disruption of or damage to the transportation systems while maintaining the intended function of the system.**
- **Provide continuous monitoring of critical infrastructure and communications systems to provide for appropriate emergency response capability.**
- **Support national security in the Indo-PACOM region by providing reliable and efficient water-borne commerce throughout the Pacific Islands.**

Maritime Wireless Communication System - Broadband (Funded by Department of Homeland Security, Port Security Grant)

Timeline:

Year 1 - Design and construction phases.

Year 2 - The DOTH is awaiting the Department of Defense's (DOD) completion to provide for the integration of each island's system to a central command center and the Department of Accounting and General Services and the DOD enhancements to the microwave system. In the alternate and redundancy, the DOTH is focusing on expanding its current Command Bridge system to integrate each island's system to a central command center.

Year 5 - Project has been completed. The system is being modified and updated to accommodate new technology.

Measures used to gauge effectiveness: Connect statewide video feeds from all commercial harbors to county emergency centers and state civil defense. The connection will allow common situational awareness during pre-disaster and post-disaster situations,

critical for response and continuity of business operations. The project is being supported by DAGS because of their unique and assigned core functions regarding electronic communications.

4. Environment and Quality of Life

- **Ensure that users and tenants of the water transportation system and its facilities respect environmental, natural, and historic resources.**
- **Support the programs of state and federal natural resource agencies, as well as support on-going lines of communication and coordination with these agencies.**

Small Municipal Separate Storm Sewer System (MS4), Storm Water Permits for Honolulu Harbor and Kalaeloa Barbers Point Harbor.

Timeline:

Completed - Met Storm Water Management Plan (SWMP).

Measures used to gauge effectiveness: Meet EPA compliance deadlines pursuant to the consent decree and address any third-party audit findings, if any.

5. Economy and Growth

- **Create a community flow and freight handling system that is dependable and efficient, with industrial/commercial land use and storage areas.**
- **Provide reliability, dependability, and redundancy for commerce in the import and export of goods movement system including inspection facilities at ports, address actions for security of commerce.**
- **Create modern water transportation systems that are part of a positive visitor experience.**

Development of 84-Acre Container Terminal with 1,800+ Foot Long Pier at Kapalama Military Reservation, Honolulu Harbor, Oahu, Hawaii

Timeline:

Year 1 - As of the end of September 2019, construction of KCT is 65% complete. In reviewing the financial plan that includes the increases in tariffs that support the funding requirements to construct Phase I, the DOTH anticipates that it can possibly fund Phase I by combining remaining funds from its 2010 Revenue Bonds, with DOTH's cash while maintaining 1,000 days of operating cash. A DOTH cash balance equal to 1,000 days of operating cash is to remain in compliance with

the policy directions and fiscal practices set by the former DOT Director. The cash financing may save the DOTH approximately \$16 million a year in debt service payments for each year that a new revenue bond issuance is deferred.

Year 2 - KCT Phase I is to be completed during November 2020.

Year 5 - The DOTH has recently received \$47,326,300 from the Port Infrastructure Development Program (PIDP) FFY 2022 grant award with a private entity partner co-applicant. Additional landside improvements will modify the completion target date of construction of container yard, Phase I, and open the terminal for use.

Measures used to gauge effectiveness: Phase II allows for the KCT facility to be completed and opened for use. The improvements will accommodate the rising demand for container facilities at Honolulu Harbor, improve port resiliency, and reduce drayage of containers from Sand Island to Pier 39-40 - Interisland terminal. Continue to move forward with Phase II before the construction of wharf, pier, and dock improvements.

6. Energy

- Support the national goal to reduce transportation-related greenhouse gas (GHG) emissions and reliance on foreign oil.
- Use opportunities where and when practicable and available, to use solar (heating and photovoltaic), wind, geothermal, and ocean resources to supply power to create electricity for transportation facilities.

Assess the feasibility of energy savings performance contracting to implement energy conservation measures in facilities using guaranteed energy savings to finance the projects.

Timeline:

Completed - effective March 31, 2019.

7. Funding

- Develop a framework for long- and short-term financial forecasting for system-wide maintenance, capital improvement, and modernization projects to ensure the harbors will support optimized operations.
- Achieve and maintain high bond ratings and other performance ratios that support a broad range of

financing options for projects, including but not limited to bond sales, commercial paper, and cash flow financing.

- Maximize the use of federal funding and support programs for needed infrastructure, feasibility studies, planning, and other authorized uses.

Continue to review, analyze, and amend the administrative rules for the DOTH to ensure financial self-sufficiency for the system-wide harbors capital program and Harbors Modernization Plan.

Timeline:

In January 2018, the DOTH approved a series of tariff increases for dockage, port entry, and passenger fees to supplement the increases for cargo wharfage that were approved in December 2016.

Year 1 - July 1, 2019, was the effective date for a 20% increase in dockage and port entry fees for all vessels, as well as the effective date for an incremental increase (the greater of either 3% or the CPI) for wharfage. The analysis of the administrative rules and other portions of the tariff will continue to determine whether other user fees must be adjusted; amendments will be made and approved accordingly.

Year 2 - Due to the impact of COVID-19, the July 1, 2020, 15% increase in dockage and port entry fees for all vessels, as well as the effective date for an incremental increase (the greater of either 3% or the CPI) for wharfage was deferred to January 1, 2021. On December 2, 2020, the DOTH issued Revenue Bonds in the total amount of \$266,550,000. Approximately \$175,000,000 of the proceeds were used primarily to fund KCT Phases I and II. In addition, proceeds in the amount of \$145,180,000 were used to refinance higher interest rate revenue bonds in effect providing a net present value savings of approximately \$46,700,000. This favorable bond issuance and savings was due to low market interest rates and excellent bond ratings from Moody's Investors Service, Inc. of Aa3 and Fitch IBCA, Inc. of AA-.

Year 5 - Continue analysis of revenue trends, manage the use of cash as the primary source of funding capital improvement projects, and ensure high grade bond ratings and other performance ratios that allow for multiple options for financing, especially cash flow financing during 2040. Revenue trends during FY

2024 and beyond should increase due to the addition of cargo capacity to receive containerized cargo, and increased competition for the trans-shipment of containers from Honolulu Harbor to the neighbor island harbors. Continue to seek Federal grant availability and awards to assist with funding of CIP projects.

Measures used to gauge effectiveness: Bond ratings, financial performance ratios (e.g., debt ratio), calculated savings based on cash flow financing compared to bond sales, and the number of projects delivered on time and on or under budget.

8. Leadership

- Increase the level of accountability of personnel both on and off the job.
- Provide professional and personal development in the areas of project management, team building, conflict resolution, critical thinking, and problem solving.
- Implement policies that demonstrate commitment to transparency, ethics, and strict compliance with regulations, policies, and procedures.
- Promote open communication between management and rank and file employees.

Improve management capabilities to ensure coordination and compliance of the statewide maritime security program with all federal security requirements provided in 33 CFR 105.

Timeline:

Year 1 - In accordance with Act 187 (19), 2 Harbor Police were certified as trainers for new electric guns. Harbor law enforcement personnel are equipped with knowledge, skills, and abilities comparable to state sheriffs to increase professionalism and ensure the division's compliance with all federal requirements imposed by 33 CFR 105. Additionally, the DOTH has monitored changes in operations and re-classified existing and vacant positions to meet new manpower demands. All staff involved in project development and procurement will be trained in project management and contract management.

The 2017 and 2018 State Legislature consolidated the appropriations for motor vehicles, equipment, and

special maintenance. Consolidation has proven to be efficient and effective with streamlining procurement processes.

Year 2 - The attempt to consolidate the DOTH budget into one program was not approved.

Year 5 - The Legislature has approved the creation of a new Department of Law Enforcement which will consolidate law enforcement in the State. The DOTH Law Enforcement Unit is included in the consolidation and its positions will be transferred to the new department on January 1, 2024.

Measures used to gauge effectiveness: No assessment of violations or fines relating to non-compliance of 33 CFR 105. And more recently, minimize the increase in positions by reviewing and re-organizing positions to meet new program needs.

D. HIGHWAYS DIVISION

The Hawaii Department of Transportation Highways Division overseesthe State Highway System. It is comprised of more than 981.2 centerline of highways and roads that provide regional movement andlink major sites, such as airports, harbors, industrial areas, military installations, major communities, and primary urban centers. By providing this critical network, the Highways systemserves Hawaii's communities, land uses and economy. It is criticalto supporting commuter and freight travel, and provides mobilityfor a variety of user needs, abilities, and mode choices such aspersons with disabilities, pedestrians, bicyclists, transit, motorists, and commercial vehicles. The State Highway System provides mobility for over 1.4 million Hawaii residents-including acivilian labor force of approximately 680,000 people-over 8 million visitors, and over 32 million tons of freight each year. Although it accounts for only 22% of the total centerline miles of highwaysand roads, the State Highway System carries approximately 56% ofthe total 22.42 Million annual vehicle miles traveled in Hawaii.

The segments of the State Highway System that experience the highest freight volumes can transport over 20,000 trucks per day. By connecting regions with key locations and carrying high volumes of vehicles and freight, the State Highway System enablesthe efficient movement of commuters and goods statewide.

To be transparent and data-centric. Highways Division
Act 100report is available at:

<https://highways.hidot.hawaii.gov/stories/s/2022-Act-100-Report-Homepage/n8yx-tyve>

The web page demonstrates how the daily operations of the Highways Division is driven by its stated goals, mission, and objectives.