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STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
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IN REPLY REFER TO:

December 31, 2020

The Honorable Ronald D. Kouchi
President and Members of the
Senate.
31st State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki
Speaker and Members of the House of
Representatives.
31st 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 "Jade T. Butay".

JADE T. BUTAY
Director of Transportation

REPORT TO THE THIRTY-FIRST LEGISLATURE
OF
THE STATE OF HAWAII
REGULAR SESSION OF 2021
ON
ACT 100
SECTION 7
SESSION LAWS OF HAWAII 1999

SUBJECT: RELATING TO GOVERNMENT OPERATIONS

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
DECEMBER 2020

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.

1. Create and manage an integrated multi-modal transportation system that provides mobility and accessibility for people and goods.
2. Enhance the safety of the transportation system.
3. Ensure the secure operation and use of the transportation system.
4. 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. The Airports Division's objective is to build for the future and promote Hawaii's airports as important gateways for its economic growth by planning, designing, constructing, managing, and maintaining efficient cost-effective airport facilities and equipment based on evolving technology.

The Airports Division strives to provide a professionally managed, efficient, safe, and financially sound airport system by working in partnership with the airlines, concessionaires, governmental and regulatory agencies, lessees, businesses, employees, members of the public, and other stakeholders.

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.

Statement of Goals

The Airports Division's goal is to develop, manage, and promote a high quality cost-effective regional and global air transportation enterprise with the spirit of aloha for all.

In order to achieve its goals, the Airports Division has established the following objectives:

Objectives and Policies

1. **Mobility and Accessibility - Create and Manage an Integrated Multi-modal Transportation System that Provides Mobility and Accessibility for People and Goods.**
 - **Preserve and maintain the existing air transportation systems, in good condition or better.**
 - **Ensure multi-modal connections for passengers.**
 - **Reduce congestion in the air transportation systems.**

Daniel K. Inouye International Airport (HNL) Mauka Concourse Program: Construction of a new Mauka Concourse which will provide additional gates to accommodate 6 wide body, 11 narrow body, or a combination of wide and narrow body aircraft.

Timeline:

- Construction commenced September 2016
- Sale of Airport Revenue Bonds closed October 21, 2020 that will primarily fund the construction of the Mauka Concourse and other Airports projects
- Anticipated construction complete August 2021

Measures used to gauge effectiveness: Construction on time and within budget. Construction extended due to the relocation of the Commuter Terminal, contaminated materials and unforeseen utility conflicts.

Daniel K. Inouye International Airport (HNL)

Roadway/Terminal Signage Improvements: Replace the roadway, parking garages, and terminal wayfinding signage, including renaming the terminals and gates to alpha-numeric and baggage claims to numeric.

Timeline:

- Construction commenced May 2017

- Anticipated construction complete June 2021
- Measures used to gauge effectiveness:** Construction on time and within budget. Construction extended to accommodate changes from stakeholders, as well as changes in operations due to COVID-19.

Daniel K. Inouye International Airport (HNL) DH Concourse Concession Improvements: Provide additional concession spaces by enclosing the exterior sidewalk and demolishing and/or renovating existing restrooms.

Timeline:

- Construction commenced September 2017
- Construction completed November 2020

Measures used to gauge effectiveness: Construction on time and within budget. Construction extended to accommodate changes from stakeholders.

Daniel K. Inouye International Airport (HNL) Restroom Improvements: Renovate and/or enlarge 52 public restrooms at Terminal 2 (baggage claim, ticket lobbies, OST concourse walkway, and Central Concourse "E Gates"). Restrooms in the Ewa and DH Concourses ("Gates C1-C5" and "G Gates", respectively) were completed under respective Concession Improvements projects.

Timeline:

- Construction commenced September 2018
- Anticipated construction complete October 2021

Measures used to gauge effectiveness: Construction on time and within budget.

Daniel K. Inouye International Airport (HNL) OST Pedestrian Bridge Replacement: Replace three (3) pedestrian bridge crossings between Terminal 2 (Overseas Terminal) and the Terminal 2 Parking Structure.

Timeline:

- Construction commenced September 2018
- Anticipated construction complete November 2021

Measures used to gauge effectiveness: Construction on time and within budget. Construction extended to accommodate changes from stakeholders.

Daniel K. Inouye International Airport (HNL) Restroom Improvements, Phase 2: Renovate and/or enlarge 32 public restrooms, located in Terminal 1 ("A" and "B" Gates), International Arrivals Building, and Ewa Concourse ("Gates C6-C9").

Timeline:

- Bids opened May 2020
- Anticipated construction commence January 2021
- Anticipated construction complete March 2023

Measures used to gauge effectiveness: Construction on time and within budget.

Daniel K. Inouye International Airport (HNL) Baggage Handling System Improvements Phase 2 & Ticket Lobby Renovations:

Replace Terminal 1 & 2 Baggage Handling Systems; Renovate Ticket Lobby 4, 5 & 6 to match Lobbies 7 & 8.

Timeline:

- Bids opened May 2020; project under protest
- Anticipated construction commence TBD
- Anticipated construction complete TBD

Measures used to gauge effectiveness: Construction on time and within budget. Start of construction delayed due to protest.

Daniel K. Inouye International Airport (HNL) DH Extension

Modernization Program: A \$1.1B program to extend the DH 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 FIS facility and Intra-Terminal Transportation System to replace the Wiki-Wiki Buses will be considered.

Timeline:

- Planning Study commenced January 2020
- Anticipated Planning Study complete March 2021
- Anticipated Environmental Site Assessment/Investigation and Environmental Assessment commence TBD
- Anticipated design for various projects commence TBD
- Anticipated construction for various projects commence TBD
- Anticipated DH Extension Modernization Program complete TBD

Measures used to gauge effectiveness: Construction on time and within budget. Anticipated schedules for work beyond the Planning Study TBD, pending the level of passenger traffic recovery from COVID-19.

Statewide Consolidated Car Rental Facilities: Construction of Consolidated Car Rental Facilities at Daniel K. Inouye International Airport (HNL), Kahului Airport (OGG), and Lihue Airport (LIH) which will provide more efficient use of land and facilities to car rental companies and passengers. Projected Schedules as of reporting period - actual schedules dependent upon leases, funding, and land acquisition.

Timeline:

- HNL Interim CONRAC construction completed November 2015
- HNL Permanent CONRAC construction commenced June 2016
- OGG CONRAC construction completed May 2019
- HNL Permanent CONRAC anticipated construction complete April 2022
- LIH anticipated land subdivision approval complete December 2020
- LIH anticipated Environmental Assessment commence TBD
- LIH CONRAC anticipated design commence TBD
- LIH anticipated Environmental Assessment complete TBD
- LIH CONRAC anticipated design complete TBD
- LIH CONRAC anticipated construction commence TBD
- LIH CONRAC anticipated construction complete TBD

Measures used to gauge effectiveness: Construction on time and within budget. HNL Permanent CONRAC construction extended due to contaminated materials and unforeseen utility conflicts. Anticipated schedules for the LIH CONRAC TBD, pending the level of passenger traffic recovery from COVID-19.

Alternative Fuel Usage Pilot Program/Car Rental Facility Shuttles: Executed a pilot program to collect data that provided useful information as to what is the most cost-effective alternative fuel to be used during the operation of the shuttle bus service to/from the HNL Car Rental Facility on the airport property. There were three different alternative fuel sources involved in the testing during the pilot program, Electric, Natural Gas and Hydrogen.

Timeline:

- Pilot program completed February 2019 - Electric bus chosen

- Anticipated Design-Build RFP for HNL CONRAC Electric Bus Charging and Maintenance Facility
TBD

Measures used to gauge effectiveness: Construction on time and within budget. Anticipated RFP schedule TBD, pending the level of passenger traffic recovery from COVID-19.

Ellison Onizuka Kona International Airport at Keahole

Terminal Modernization Program (TMP): Design and construction to provide a centralized security checkpoint to connect the north and south holdrooms and an in-line baggage handling system.

Timeline:

- Construction commenced February 2017
- TSA in-line baggage handling screening completed at the back-of-house and operational July 2019
- Construction completed February 2020
- Centralized TSA Security Checkpoint operational November 2020

Measures used to gauge effectiveness: Construction on time and within budget. COVID-19 impacted TSA from relocating their screening equipment earlier.

Ellison Onizuka Kona International Airport at Keahole

Federal Inspection Station (FIS): Design and construction facility to meet U.S. Department of Homeland Security, Customs and Border Protection (CBP) technical design standards. This project will provide a permanent facility to replace the interim facility thereby establishing a permanent 2nd point of entry for international passengers, which can also serve as a CBP compliant alternate for the Daniel K. Inouye International Airport (HNL).

Timeline:

- Construction commenced March 2020
- Anticipated construction complete September 2021

Measures used to gauge effectiveness: Construction on time and within budget.

Ellison Onizuka Kona International Airport at Keahole USDA

Inspection Building: Design and construction to in-line the USDA inspection screening with the TSA baggage handling screening at the back-of-house.

Timeline:

- Bids opened May 2020
- Anticipated construction commence March 2021

- Anticipated construction complete March 2022
- Measures used to gauge effectiveness:** Design and construction on time and within budget. Start of construction delayed due to bids being over budget and additional funds needed to be requested.

Ellison Onizuka Kona International Airport at Keahole

Restroom Improvements: Design and construction to renovate restrooms in the north and south terminals, both landside and airside.

Timeline:

- Bids opened May 2020; bids rejected
- Redesign commenced August 2020
- Anticipated redesign complete March 2021
- Anticipated construction commence September 2021
- Anticipated construction complete September 2022

Measures used to gauge effectiveness: Design and construction on time and within budget. Bids rejected due to bids being over budget and unable to negotiate a reduction in scope. Project being redesigned to include only the airside restrooms.

Kahului Airport Restroom Improvements: Third phase of the restroom renovation to include restrooms in Holdrooms A, B and E.

Timeline:

- Bids opened June 2018; project protested
- Construction commenced May 2020
- Anticipated construction complete May 2021

Measures used to gauge effectiveness: Construction on time and within budget. Start of construction delayed due to protest.

CBP Automated Passport Control (APC) Kiosks at International Arrivals Building, Daniel K. Inouye International Airport

(HNL): In coordination with CBP, installed 40 APC kiosks in the Federal Inspection Station (FIS), International Arrivals Building, Daniel K. Inouye International Airport (HNL) and 13 APC kiosks at Ellison Onizuka Kona International Airport at Keahole (KOA). The use of these self-service kiosks at other international arrivals airports has been proven to be effective in reducing the wait time and congestion for returning U.S. citizens and international travelers, who qualify for and receive approval under the Electronic System for Travel Authorization (ESTA). The technology used in

these kiosks automates the routine checks with the highest level of protection and allows the CBP inspectors to focus on passenger assessment and not reviewing documents (passport, fingerprints, and declaration cards).

Timeline:

- 2015 - Notice to Proceed issued to install 32 APC Kiosks at HNL
- 2016 & 2017 - Due to the success of the first 32 installed kiosks, 8 additional kiosks were installed at HNL, as well as 13 kiosks installed at KOA with the reopening of the FIS
- 2023 - Per CBP's guidelines, APC kiosks will be replaced with facial biometrics, called Simplified Entry (for arrivals) and Simplified Exit (for departures). CBP will install the Simplified Entry system, with DOT-A commitment to install the Simplified Exit system.

Measures used to gauge effectiveness: Determine the effective use of APC kiosks, evaluate the reduction of wait time and passenger congestion at the FIS. Wait times were found to be reduced by 30%.

Kahului Airport Holdroom and Gate Improvements: 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.

Timeline:

- Bids opened May 2020; Protest resolved
- Anticipated construction commence February 2021
- Anticipated construction complete May 2022

Measures used to gauge effectiveness: Construction on time and within budget. Start of construction delayed due to protest.

Lihue Airport Ticket Lobby Improvements: Enlarge ticket lobby by removing planter boxes for increased capacity.

Timeline:

- Bids opened October 2019
- Construction commenced August 2020
- Anticipated construction complete May 2021

Measures used to gauge effectiveness: Construction on time and within budget. Start of construction delayed due to bids being over budget and additional funds needed to be requested.

Lihue Airport Holdroom Improvements: Enlarge the holdroom capacity by enclosing and air conditioning the exterior walkway.

Timeline:

- Anticipated design commence February 2021
- Anticipated design complete February 2022
- Anticipated construction commence September 2022
- Anticipated construction complete March 2024

Measures used to gauge effectiveness: Design and construction on time and within budget.

Hilo International Airport Restroom Improvements: Renovate 4 set of restrooms on the ground level.

Timeline:

- Bids opened March 2019; project protested
- Construction commenced May 2020
- Anticipated construction complete May 2021

Measures used to gauge effectiveness: Construction on time and within budget. Start of construction delayed due to bid protest.

2. Safety – Enhance the Safety of the Air Transportation System

- **Enhance the system and user safety and transportation facilities both motorized and non-motorized, with the use of proper equipment, technology, and physical hazard reduction; and implement priority safety projects for each mode.**
- **Continuously conduct assessment, preparedness, and emergency response for natural disasters as part of all planning efforts.**

Ellison Onizuka Kona International Airport at Keahole Airport Rescue Fire Fighting (ARFF) Training Facility: This project will construct a regional ARFF training facility which will be used by the ARFF personnel statewide to consolidate training into one facility for cost savings and efficiency. Key components include Full Scale Specialized Aircraft Fire Trainer (SAFT), Fuel Spill Trainer (FST), Control Tower, Structural Trainer, Rehab Shelter, and associated site improvements. The main purpose is to design and construct a world-class ARFF and emergency response facility that fully meets end user goals, to be financially self-sustaining, and to provide academic and practical training for ProBoard Certification.

Timeline:

- Project deferred due to COVID-19 impacts

Measures used to gauge effectiveness: Continuous personnel training, field evaluation by FAA Certification Inspector and to standardize the training to meet national certification criteria offered throughout the State.

Kahului Airport Runway 2-20 Reconstruction: Reconstruct Runway 2-20. East Ramp temporary runway to be constructed for use while Runway 2-20 is reconstructed. Temporary relocation of East Ramp tenants.

Timeline:

- Environmental Assessment commenced July 2019
- Anticipated Environmental Assessment complete June 2021
- Design commenced November 2020
- Anticipated design complete November 2023
- Anticipated construction commence June 2024
- Anticipated construction complete December 2026

Measures used to gauge effectiveness: Design and construction on time and within budget.

Lihue Airport Runway 3-21 RSA Improvements: Provide Runway Safety Areas to enhance the safety of aircraft in the event of an undershoot, overshoot, or excursion from the runway.

Timeline:

- Environmental Assessment completed June 2018
- Design commenced August 2015
- Airport Layout Plan approved October 2020
- Anticipated design complete December 2021
- Anticipated construction commence July 2022
- Anticipated construction complete December 2023

Measures used to gauge effectiveness: Design and construction on time and within budget.

3. Security - Ensure the secure operation and use of the Air Transportation System.

- 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.

- Coordinate and work with Federal, State, and County agencies in various emergency training exercises and response preparedness.

Test the Effectiveness of Hazing to Prevent/Minimize Nesting of Nesting of Nēnē at Hōkūala Resort, Līhu`e, Kaua`i:

The objective of the proposed pilot project is to minimize/prevent nēnē nesting at Hōkūala Timbers Resort (Resort), Līhu`e, Kaua`i, by initiating a continuous hazing program during the 2018/2019 breeding season (August to March) thru the use of trained dogs (Border Collies) with the objective of flushing birds from the property. The birds will need to be flushed multiple times in order to be effective. A spotter with infrared scope and/or night vision binoculars will need to be observing to see where the birds go so that if they land again on the property they can be flushed again. The use of dogs has proven to be successful in chasing Canada geese from specific locations. The information obtained by this project may be useful in the development of long-term plan to prevent nēnē nesting at the Resort.

Nēnē began visiting and subsequently nesting at the Resort property between the two main runways at Līhu`e Airport (LIH) in the mid-1980's. The increasing number of nēnē adjacent to LIH created concerns that an air strike could result. On April 14, 2011, Governor Neal Abercrombie issued an Emergency Proclamation directing the State Department of Land and Natural Resources (DLNR) in cooperation with the Department of Transportation, Federal Aviation Administration, the U.S. Fish and Wildlife Service, and the U.S. Department of Agriculture Wildlife Services to immediately undertake to translocate nēnē from the Resort property. The DLNR developed a 5-year plan to translocate the entire nēnē nesting population from the Resort. As of March 31, 2016 a total of 652 nēnē were translocated from the Resort to the islands of Maui and Hawai`i. As nēnē were removed from the Resort, the number of dispersal events at LIH declined. However, since translocation of nēnē stopped in April of 2016, nēnē have resumed loafing and nesting at the Resort. This project is also intended to prevent additional pairs from nesting.

Timeline:

- **One-Year Pilot Project (Start June 2019)**

Measures used to gauge effectiveness:

The use of two trained dog (Border Collies) teams provided instant results and continued success since the inception of the program in terms of reducing Nene loafing and nesting at the Resort by approximately 95% during the first 6 months of the pilot program (June 2019 to present).

4. **Environment and Quality of Life** - Ensure that the air transportation system respects environmental, natural, cultural, and historic resources; and adopts guidelines to conserve natural resources and alleviate environmental degradation caused by motor vehicles.
 - **Implement sustainability and livability practices in existing and new facilities, with "sustainability" defined as: "Respect the culture, character, beauty, and history of our state's island communities; strikes a balance among economic, social, community, and environmental priorities; and meets the needs of the present without compromising the ability of future generations to meet their own needs."**
 - **Assess sustainability and livability for air transportation facilities and operation practices.**

Sustainability and Cultural Development: The Airports Division has developed guiding documents for sustainability and cultural programs. Used together, these resources empower Hawaii's airports to cultivate best practices within their respective districts. Implementation of the Airports Division's sustainability initiative started through the Sustainable Management Plan project which was 75% funded by the FAA. Through sustainable efforts, Daniel K. Inouye International Airport currently holds the Level 2 Reduction of the Airport Carbon Accreditation Program from the Airports Council International. To further implement sustainable initiatives, a study for the feasibility of

water reclamation (scalping) at Hawaii's airports in response to Act 229, Session Laws of Hawaii 2015, was completed.

Timeline:

- 2016 - Sustainable Management Plan completed
- 2018 - Sustainability/Water Scalping Study completed
- 2018 - Water scalping projects commenced
- 2021 - Anticipated water scalping projects complete

Measures used to gauge effectiveness: Measurable reduction in use of fossil fuels and natural resources. Traveling public recognition of Hawaiian sense of place in airports.

5. Economy and Growth - Ensure that the air transportation facility systems support Hawaii's economy and future growth objectives.

- **Identify sector needs, current and projected, as they relate to the movement of people and goods.**

Master Planning: The Airports Division does master plans for all its 15 airports based on internal and external requirements and stakeholder needs. The master planning process involves inventory assessment, passenger forecasts, stakeholder and public involvement, identification of alternatives and recommendation of a preferred alternative. Master plans are approved by the FAA and result in development plans and projects. Development plans and projects then require an environmental assessment process prior to implementation.

Timeline: Ongoing

Measures used to gauge effectiveness: Organize development of the airport system which meets stakeholder needs.

6. Sustainability - Support 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. Incorporate sustainable practices in operations and infrastructure.

Energy Savings Performance Contract: Procured Energy Savings Performance Contracts to install energy efficient

equipment in State facilities. Improvements are paid for through the savings in energy payments.

Timeline:

- 2013 - Phase 1 Procurement completed
- 2015 - Phase 1 Construction completed
- 2019 - Phase 2 Construction completed

Measures used to gauge effectiveness: Kilowatt hour savings of equipment replaced as much as 49%.

Kahului Airport Wastewater and Water Treatment System:

Design-Build to construct package membrane bioreactor scalping plant to extract R-1 water from a Kahului wastewater reclamation plant for irrigation use.

Timeline:

- Design-Build commenced May 2018
- Anticipated construction complete November 2021

Measures used to gauge effectiveness: Water recycling reducing potable and non-potable water consumption and associated expenses.

7. **Funding - Create secure, flexible, and sustainable revenues and funding sources to sustain the statewide airport system (Enterprise).**
 - **Develop a framework for long-range financial forecasting; and within this framework distinguish between system preservation, capacity enhancement, and modernization needs that are funded from user-financing.**
 - **Identify sources and develop and secure funding for the sustainable delivery, maintenance, operation, rehabilitation, replacement, and expansion of the state transportation systems.**
 - **Ensure funding for the safety and security of the state transportation systems**
 - a. Maximize the use of Federal programs and funding for needed transportation infrastructure; use Federal non-recurring initiatives and funding sources such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act and Discretionary Airport Improvement grants, and report on project and program achievements.
 - b. Study the reliability and viability of future transportation financing streams and funding and consider scenarios for innovative and non-traditional financing.

- c. Achieve project readiness in support of new funding sources as they come available; and report on achievements of project completion.
- d. Review outstanding bond issues and refund (refinance) if it is cost beneficial.
- e. Review potential areas to increase revenue from current and prospective customers, tenants and stakeholders.
- f. Meet with rating agencies and bond issuers, to maximize borrowing.

Timeline: Continuous

Measures used to gauge effectiveness: Maintain bond credit ratings in comparison with other major Airports.

Convert the Revocable Permits for parking into a concession agreement for the neighbor island airports similar to that at Daniel K. Inouye International Airport (HNL).

Timeline:

- 2012 the Airports Division drafted and executed individual concession agreements for parking management for all islands. The agreements include the provision, if applicable, for charging stations in accordance with the law.
- 2013 Districts monitored the management firm to determine if they were in compliance with the terms of their agreements. Districts used customer surveys, on-site observations, and unannounced audits as gauge to determine compliance. Progress: Maui completed, a draft for Kona was reviewed by the AG, a contract for Hilo was worked on, Lihue was under contract.
- 2014 Districts monitored the management firm to determine if they were in compliance with the terms of their agreements. Districts used customer surveys, on-site observations, and unannounced audits to determine and encourage compliance.
- 2015 Districts monitored the management firm to determine if they were in compliance with the terms of their agreements. Districts used customer surveys, on-site observations, and unannounced audits as gauge to determine compliance. Timelines being established for rolling concession offerings at each of the airports. Such timelines helped insure broad response to the solicitation.

- 2016 Districts monitored the management firm to determine if they were in compliance with the terms of their agreements. Districts used customer surveys, on-site observations, and unannounced audits as gauge to determine compliance. Five-year concession agreement advertised for operation of the public parking facilities at the Ellison Onizuka Kona International Airport at Keāhole, bids opened, and contract awarded in 2016.
- 2017 Review in process to establish terms for offering to be issued in 2017 for Hilo International Airport. Anticipate new contract to take effect in 2018. Subsequent issuances for Lihue, Kahului, and Honolulu to be made on similar timetables to avoid multiple contracts being issued in the same year.
- 2018 New five-year contract which commenced in 2018 negotiated with the current parking operator at Honolulu.
- 2019 Negotiations anticipated to issue new contracts at Hilo International Airport and Kahului Airport.

Measures used to gauge effectiveness: Minimal complaints, efficient and timely service, and maximum revenues for the State.

Extensions of Concession Agreements: Act 46, Session Laws of Hawaii 2012, as extended by Act 126, Session Laws of Hawaii, 2014, allowed the DOT to extend the terms of existing Concession Agreements, provided that the concessionaire agreed to make revenue enhancing improvements to the airport concession. Ten Concession Agreements were extended under the provisions of the acts. The concessions agreed to construct almost \$88 million in improvements at the airports. In general, the concessions pay the DOT the greater of a minimum annual guaranteed fee or a percentage fee. As part of the agreements, the concessions collectively increased the guaranteed revenues to the DOT by approximately \$90 million over the term of the extensions.

Timeline:

- 2015 The Airports Division extended the Concession Agreements and monitored its progress.
- 2019 Concessionaires in the process of constructing new facilities at HNL, and OGG.

Efforts at KOA to begin once remodeling of terminal areas is completed.

Measures used to gauge effectiveness: Timeliness of completing improvements and determine if the improvements increased revenues.

Ensure that the current Non-Signatory rates are consistent with the First Lease Amendment of 2008: This initiative is to ensure that the Airports Division meets its obligation to the First Lease Amendment that all Non-Signatory rates must be 125% above the Signatory rates. The impact of not meeting this critical obligation could result in Signatory carriers electing to become Non-Signatory carriers which could affect the Airports' bond rating.

Timeline:

- 2019 To be consistent with the First Amended Lease Extension Agreement signed in October, 2007 and ensure that all rates and charges were consistent with all agreements, Airports Division increased the rates and charges for the non-signatory carriers with effective date July 1, 2019.

Measures used to gauge effectiveness: The modification or "right sizing" of the rates will ensure that all signatory air carriers will remain as signatory carriers and will not convert to non-signatory carriers. Conversely, non-signatory carriers will pay the higher rate and charges, but their operations will be commensurate to these charges. Should their operations expand they (non-signatory carriers) will have the ability to convert to signatory carriers.

Audits: Increased frequency of unannounced audits and inspections of contracts, cash and financial instruments on hand, documents, equipment, and facilities to prevent theft and ensure maximum utilization. Increase audits of tenants, contractors, and concessionaires to assure that gross revenues and reimbursable costs were accurately reported. Evaluated the effectiveness of the audit and monitored the corrective actions by the Districts. This was an on-going effort and expanded to other program areas. Audit results were noted and reported to appropriate management. The effectiveness of the audit was determined by management response and noted on follow-up audits. Evaluated whether additional internal controls were necessary to improve operations.

Timeline:

- 2019 On-going. Evaluated the effectiveness of their audit and monitored the corrective actions by the Districts. This was an on-going effort and expanded to other program areas. Audit results were noted, reported to appropriate management. The effectiveness of the audit was determined by management response and noted on follow-up audits. Determined if additional internal controls were necessary to improve operations. Audited statewide T-Hangar maintenance contract to determine if contract costs are reasonable. Determined if General Aviation tenants are meeting the 70% sublease clause in their lease agreements in order to receive 50% of fair market rent. Reviewed revenue projection of tenant delinquent on rent payments. Reviewed financial information to assess whether they could continue to make rent payments despite financial hardship. Various confidential audits are currently in progress.

Measures used to gauge effectiveness: The results of the audits and monitoring of the corrective measures will reduce theft of funds, mishandling of purchases, encourage effective contract management, compliance with SPO regulations, and promote ethical behavior.

8. **Leadership** - Provide effective leadership focusing on accountability, ethics, training, and transparency.
- Increase the level of accountability of personnel both on and off the job.
 - Provide increased opportunities for training and sufficient equipment allowing personnel to be successful.
 - Implement policies that demonstrate commitment to transparency, ethics, and strict compliance with regulations, policies, and procedures.

Development of the Oracle Unifier Project Management

Application: The Oracle Unifier Project Management Application is the Engineering Branch's tool for tracking, monitoring and archiving project processes, documents, records and financial information to provide accountability for project performance, funding and expenditures.

Timeline: Ongoing

Measures used to gauge effectiveness: Deployment of Business Processes and implementation of real time contracting.

LEADERSHIP ASPECTS

- a. Increase the level of accountability of personnel
- b. Provide increased opportunities for training and sufficient equipment, sufficient staffing, and sufficient funding to support new facilities and to allow personnel to be successful.
- c. Implement and update policies that demonstrate commitment to transparency, ethics, and strict compliance with regulations, policies, and procedures.
- d. Promote open communication between management and rank and file employees.
- e. 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 our many projects.
- f. 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 arrives at possible and best solutions moving forward.
- g. Conduct regular meetings with the local and regional Federal Aviation Administration representatives on compliance issues as well as Airport Improvement Program grant funding.
- h. We have worked with the State's Ethics Commission to conduct mandatory Ethics Training for our personnel.
- i. Continue the effort to ensure that all projects are on schedule and all Federal grant funds associated with these projects are expended in a timely manner.
- j. Establish a team approach for determining which projects are included in the CIP budgets. We have provided the Airport District Managers more of a voice in this process.

Timeline: Ongoing.

Measures use to gauge effectiveness: Increase in productivity and efficiency due to increased teamwork.

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; Hawaii District - Hilo and Kawaihae; Maui District - Kahului and Hana on Maui, Kaunakakai on Molokai, and Kaunapali on Lanai; and Kauai District - Nawiliwili and Port Allen. 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 has reset its objectives over the next 5 years from July 1, 2019. The Harbors Division 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 Harbors Division has implemented concepts presented in the KBPH 2040 Master Plan (MP) 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 Harbors Division 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 sub-division lots were to incorporate the coral spoils into the subdivision lots. 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. Designs have slowed to assess the operational impact of AES not needing coal delivered to KBPH that would open almost ten (10) days of berthing space at Piers 5 and 6 and reduce congestion at the piers.

Year 5 - Finish design of Fuel Pier.

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 inter-island 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, 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 DOT Harbors 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 DOT Harbors 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 Kapalama Container Terminal.

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:

Currently in Year 5 - The DOTH is awaiting DOD's completion to provide for the integration of each island's system to a central command center and DAGS and 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.

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 - With the completion of construction of container yard, Phase I, the year 5 goal is to complete KCT II during FY 24 and open the terminal for use.

Measures used to gauge effectiveness: Phase II allows for the Kapalama Container Terminal 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 - Inter-island 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 Harbors Division to ensure financial self-sufficiency for the system-wide harbors capital program and Harbors Modernization Plan.

Timeline:

In January 2018, the Harbors Division 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. 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

this year should reflect greater efficiencies created by the opening of the Kapalama Container Terminal during FY 2024.

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 - Seek to consolidate the Harbors Division budget into one program to create efficiencies and effectiveness with streamlining procurement processes.

Year 5 - KCT is the cornerstone of the Harbors Modernization Program and will be operating with

Pasha, utilizing new facilities and transferring interisland cargo directly to Young Brothers at Pier 41, Honolulu Harbor. We will continue to coordinate and comply with federal security requirements provided in 33 CFR 105.

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 oversees the State Highway System. It is comprised of more than 981.2 centerline of highways and roads that provide regional movement and link major sites, such as airports, harbors, industrial areas, military installations, major communities, and primary urban centers. By providing this critical network, the Highways system serves Hawaii's communities, land uses and economy. It is critical to supporting commuter and freight travel, and provides mobility for a variety of user needs, abilities, and mode choices such as persons with disabilities, pedestrians, bicyclists, transit, motorists, and commercial vehicles. The State Highway System provides mobility for over 1.4 million Hawaii residents—including a civilian 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 highways and roads, the State Highway System carries approximately 56% of the 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 enables the efficient movement of commuters and goods statewide.

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

<https://highways.hidot.hawaii.gov/stories/s/2020-Act-100-Report-Homepage/xvth-36b8/>

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