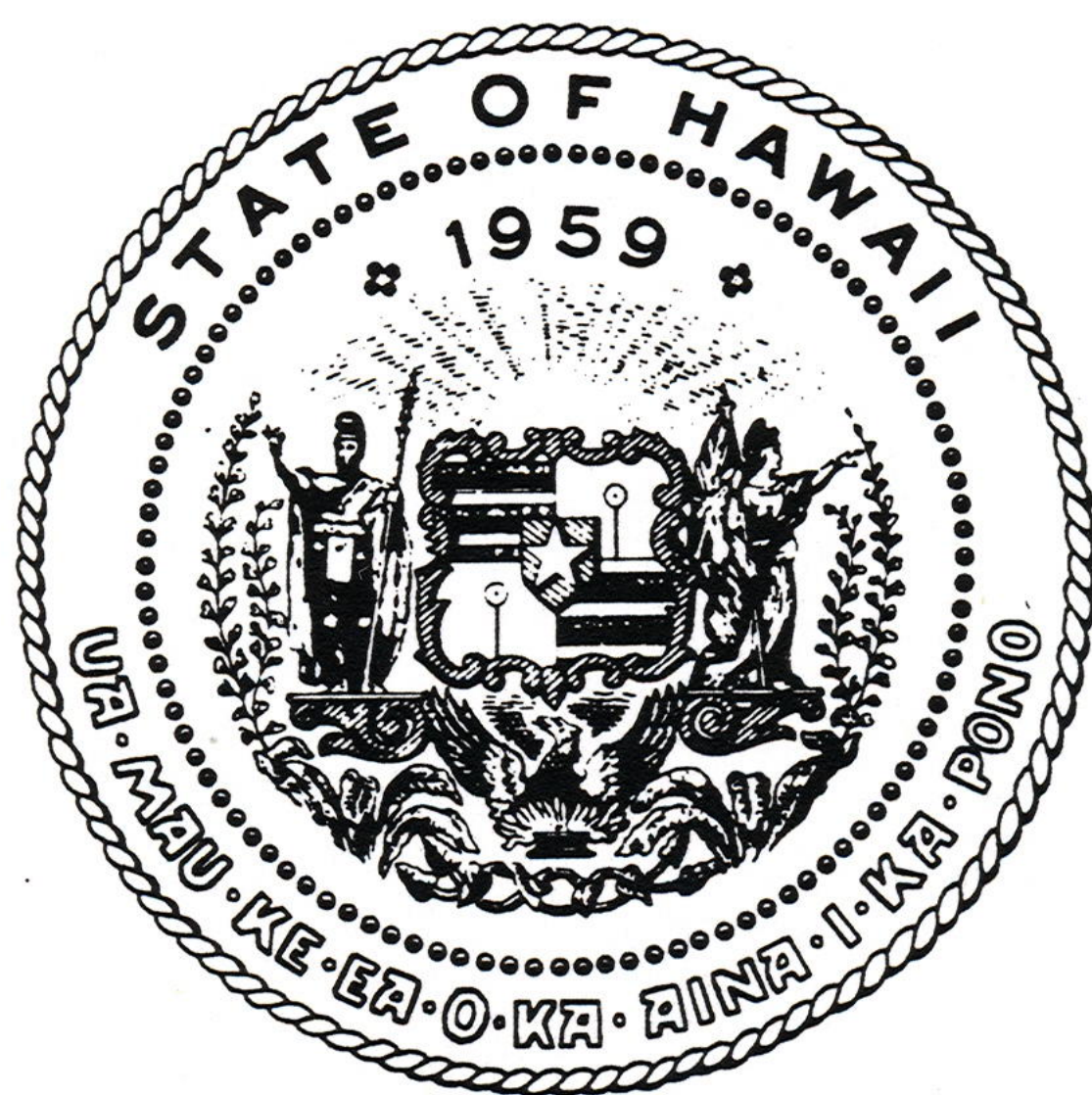


# Department of Transportation



## Report to the Governor

1999



# Director's Letter

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I am pleased to submit the Department of Transportation's annual report for the fiscal year ending June 30, 1999.

This year the opening of the ZipLane on Oahu illustrates the impact of just one of the various projects that the DOT implemented to maintain and modernize our facilities to continue to meet Hawaii's transportation needs.

The Airports Division hosted the First Annual Hawaii International Air Cargo Symposium on September 15 and 16, 1998 at the Hawaiian Regent Hotel, with more than 180 attendees.

This symposium involved discussions among representatives from Hawaii-based producers, suppliers, freight forwarders, airline and government officials. The objective was to improve communication among the participants and increase air lift to and from the State.

At the Harbors Division, a dedication ceremony was held for Pier 40 Shed and Landside Improvements and Young Brothers, Ltd. Office and Maintenance Facilities at Honolulu Harbor. The improvements were designed to improve efficiency and allow for the present and future needs of interisland operations as part of the overall improvements being made to the Pier 39 and Pier 40 complex.

Groundbreaking was held for the Domestic Commercial Fishing Village Pier Improvements, Piers 36 to 38 at Honolulu Harbor. This project will consolidate Oahu's commercial fishing fleet and many wholesaling operations, while showcasing the fishing industry as a unique visitor attraction. The 16.5 acre site between Pier 36 and Pier 38 is designated for a complex that will house a fish auction facility, seafood wholesalers and other related industries. Centralization of these industries will

minimize the handling of fresh fish, providing consumers with better quality seafood products and enhancing Hawaii's reputation for providing quality fresh seafood.

On our highway, the ZipLane combines both system and demand management. It helps to ease peak Honolulu-bound morning traffic congestion on the H-1 Freeway without the expense and delay of building an entirely new lane. It spans nine miles and begins at the Managers Drive Overpass and ends at the Pearl Harbor Interchange. There are three entrances, ZipOn #1 at Managers Drive Overpass, ZipOn #2 at Paiwa Street and ZipOn #3 where the H-1 and H-2 freeways merge.

Utilizing ZipLinks (movable concrete barrier), the ZipMobile uses a Waianae-bound lane to contraflow traffic and add an additional lane for Honolulu-bound motorcycles, buses and other vehicles with three or more passengers. The ZipLane hours are from 5:30 to 8:00 a.m. except on weekends and holidays.

Other projects the DOT is working on include collaborating with the City & County of Honolulu, emergency response agencies, community organizations and the federal government to plan and design the Akamai Highway Information (AHI) program for the highways and freeways on Oahu. When AHI is fully operational, it will provide better management of the traffic flow on the freeways as well as manage incidents at a lower cost than building new highways or freeways.

A year-long demonstration project to improve nighttime driver safety and reduce the electrical consumption from traditional street lights was implemented. The project includes installing 1,000 feet of 3M Lighted Guidance Tube (LGT) at the Pali Highway horse shoe



curve in the Kailua-bound direction and on the H-1 Airport Exit Ewa-bound.

The LGT creates a continuous line of light that is easy for motorists to follow through hazardous sections of the highway. This system consists of four-inch plastic tubes that transmit light from a single source through sections of the tube up to 100 feet long.

These new lights are also expected to reduce and prevent nighttime crashes; and reduce the glare of existing light fixtures. The project will be inspected quarterly to review the impact it has made on highway safety and electrical savings. The demonstration will cost the state approximately \$60,000.

In December, a year after opening, the H-3 Freeway traffic counts show that it handles 31.7 percent of all trans-Koolau trips, 7.3 percent less than Pali Highway, which handles 39 percent but more than Likelike Highway, with 29.3 percent of traffic.

The H-3 Freeway was also named the 1998 Outstanding Civil Engineering Achievement project in the U.S. by the American Society of Civil Engineers (ASCE) in August. This national award has been presented annually since 1960 to civil engineering projects that contribute to community well-being, demonstrate resourcefulness in planning and solving design challenges and use innovative construction methods. A six-member expert panel of prominent engineers and journalists, appointed by ASCE selected Interstate H-3 from 24 nominations.

The Honoapiilani Highway widening project begins after years of controversial public hearings. Maui residents were concerned because of the noise and delay in traffic it would create during the construction to widen the 2.2 mile stretch from Kaanapali Parkway to Honokowai Channel Bridge. This project is an off-shoot of the Lahaina bypass

project.

The DOT has been conducting meetings with the City & County of Honolulu Department of Transportation Services to discuss residents' concerns about the future of Oahu's transportation system. Oahu Trans 2K is a community-based transportation planning process that consists of a series of presentations and workshops to be held throughout Oahu. Oahu Trans 2K will involve the members of the public in the development of transportation concepts that will meet the needs of every community individually and islandwide.

In addition to these efforts to reduce congestion through systems management, our Transportation Demand Management Office continues to work on reducing congestion through alternatives to single occupant vehicles.

Vanpool Hawaii, the state's vanpool program, which provides seven to 15-passenger vans to groups that wish to ride together to and from work now have a total of 145 vanpools.

In addition to Vanpool and Ridesharing, the Transportation Demand Management Office has developed SchoolPool. The new SchoolPool program provides a matching service for students interested in carpooling to and from school.

The department also initiated the Safe Communities program to assist neighborhoods with traffic safety problems. To date more than 150 Safe Community Groups have been identified statewide.

The Governor's Highway Safety Council Impaired Driving Task Force remains active in developing legislation on impaired driving. In FY99 the Task Force developed an omnibus DUID bill, which consolidated all DUID laws and presented it to the legislature.

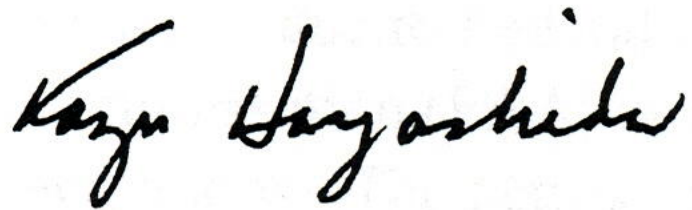
The Task Force was also responsible for drafting a bill to the legislature to increase



requirements for young drivers. The bill was passed by the legislature and signed by the Governor and will go into effect, January 1, 2001. This will require mandatory driver's education for new drivers under the age of 18 and raise the driving age to 16.

The department also initiated the Safe Communities program to assist neighborhoods with traffic safety problems. To date more than 150 Safe Community Groups have been identified statewide.

Everyone in Hawaii depends on our airports, harbors and highways. At DOT we continue to improve these facilities so that they meet the needs of our population and economy, now and in the future.

A handwritten signature in black ink, appearing to read "Kazu Hayashida". The signature is written in a cursive style with a prominent initial "K".

Kazu Hayashida  
*Director*



# Airports Division

The statewide airport system consists of 11 airports serving commercial airlines and general aviation flights and four airports serving general aviation flights only. In FY99, these airports handled 35,618,312 passengers, a 3.3 percent decrease over the previous year.

The Airports Division accepted 757 acres of surplus land at Barbers Point Naval Air Station as Kalaeloa Airport on July 1, 1999. This airport is being used by general aviation aircraft to practice pilot training, formerly done at Ford Island and Honolulu. A perimeter fence was constructed prior to the U.S. Navy turning over Kalaeloa Airport. This fence was necessary due to Federal Aviation Administration (FAA) operational and security regulations. The perimeter fence was completed prior to July 1, 1999, allowing for general aviation operations at Kalaeloa Airport on the turnover date.

The FAA issued the Record of Decision for the Environmental Impact Statement on

improvements at Kahului Airport including the runway extension, cargo facilities and new access road on August 26, 1998. Mitigation measures are required, including interdiction of invasive and alien species to protect the endangered species and environment of Maui.

Airports Division was the host for the 1998 Hawaii International Air Cargo Symposium, held on September 15 & 16, 1998, at the Hawaiian Regent Hotel in Waikiki.

The conference examined opportunities associated with air cargo transportation in Hawaii and the Asia-pacific Region. It also offered presentations and interactive discussions on the issues and conditions that affect Hawaii's air cargo industry today.

Representatives from Hawaii-based producers, suppliers and freight forwarders, along with airline and government officials and other representatives involved in cargo and commodities transportation to and from the

Airport	Cargo (tons)			Mail (tons)			Operations		
	FY98	FY99	%Change	FY98	FY99	%Change	FY98	FY99	%Change
HNL	416,986	414,511	(0.6)	97,501	104,018	6.7	338,002	341,543	1.0
OGG	38,739	31,035	(19.9)	9,363	11,049	18.0	170,599	193,626	13.5
ITO	25,197	19,445	(22.8)	3,495	3,545	1.4	112,070	112,276	0.2
KOA	24,385	22,062	(9.5)	2,193	4,788	118.3	85,759	81,066	(5.5)
LIH	14,551	14,755	1.4	2,962	3,278	10.7	107,837	111,396	3.3
LNy*	917	872	(4.9)	118	71	(39.8)			
MKK	1,186	1,261	6.3	149	143	(4.0)	45,050	50,957	13.1
MUE*	35	10	(71.4)	583	577	(1.0)			
HNM*	1	26	25.0			0.0			
LUP*	79	173	119.0	5	1	(80.0)			
JHM*	730	714	(2.2)	1	2	100.0			

Empty cells mean data not recorded.

LNy=Lanai; MUE=Waimea-Kohala; HNM=Hana; LUP=Kalaupapa; JHM=Kapalua



islands also participated in the forum.

Participants contributed their insights and ideas relating to air cargo activities and examined the conditions, opportunities and challenges facing the development of the Hawaii Air Cargo Market. Input at the symposium provided information to augment future facilities planning, assist in seeking changes for the enhancement of air cargo distribution, processing and handling and help forge collaborative development of air cargo and air cargo derived business opportunities in the Hawaii market by all segments of the industry.

Air cargo and tourism are important to Hawaii's economy as evidenced by United Airlines new \$7.8 million state-of-the-art cargo facility at Honolulu International Airport and the groundbreaking ceremony for Phase III Terminal Improvements at Kona International Airport at Keahole.

The Phase III Terminal Improvements were designed for the convenience and comfort of traveling visitors and residents. It is intended to accommodate the growth in passenger service, which has exceeded the capabilities and capacities of the current facilities. These improvements will reduce ticketing and baggage check-in delays due to inadequate facilities.

Airports Division is implementing the recommendations of the Hawaii Airports Cultural Advisory Committee (HACAC) at the five major airports. These recommendations stem from the Legislature desire to "integrate Hawaii's rich multi-cultural influences, with a strong emphasis on the native Hawaiian culture, into the physical and service characteristics of the airport system." Each of the five major airport has a theme that these improvements will support and emphasize.

In Calendar Year 1998, Honolulu International Airport was the 23th busiest airport in the United States, 36th in the world.

### Honolulu (HNL)

Fiscal Year	Passengers	Change
1999	22,275,743	(5.0)
1998	23,458,853	(2.1)
1997	23,954,711	(2.1)
1996	24,464,866	5.3
1995	23,232,778	1.6

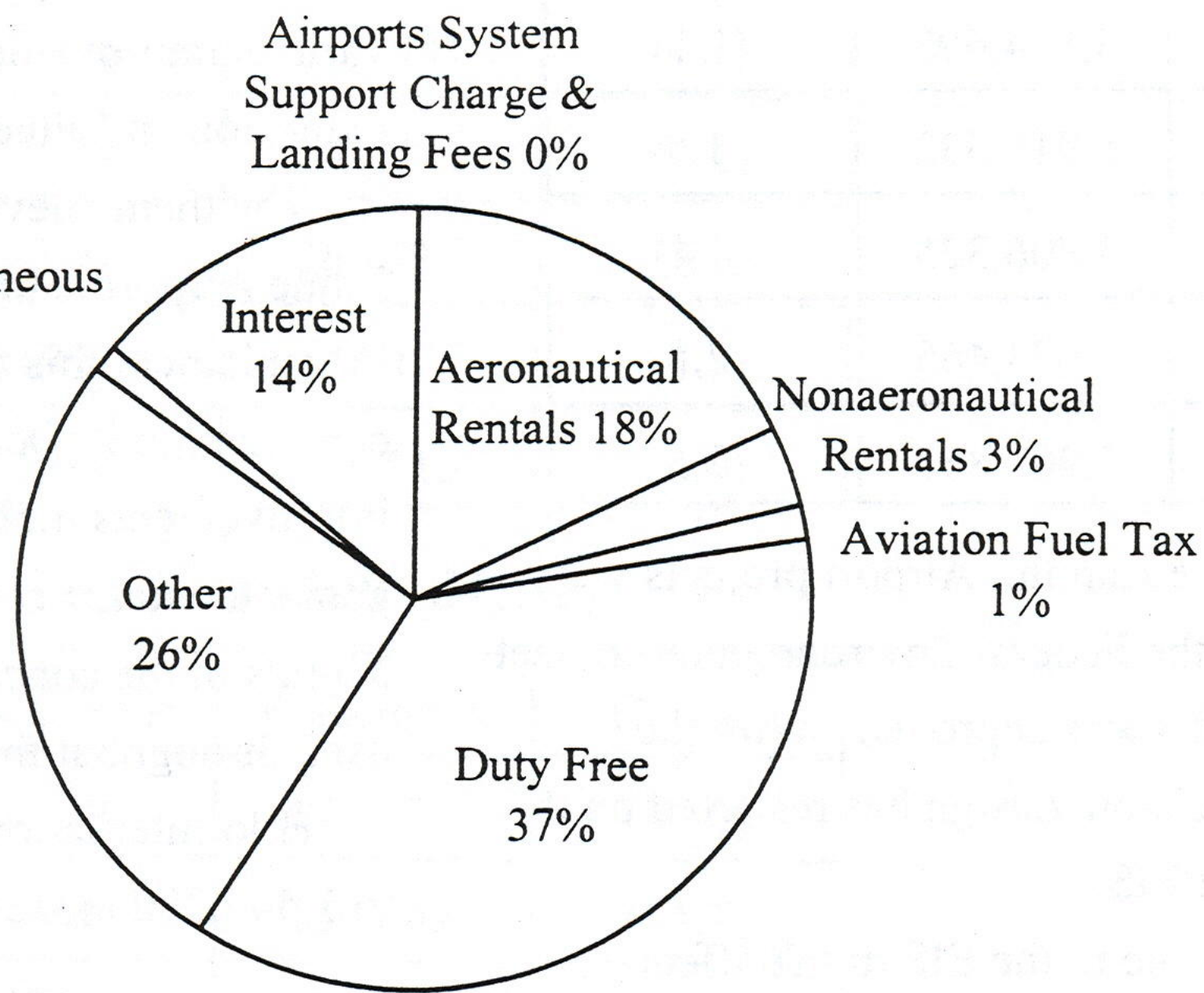
Work is ongoing on the modifications to the interior of the International Arrivals Building (IAB) at Honolulu International Airport. This project provided improvements to the baggage claim area, rest rooms, air conditioning, lighting and provides a "Hawaiian Sense of Place" to the facility.

The theme developed by the HACAC for Honolulu International Airport is ancient Polynesian voyaging. Construction is ongoing throughout the concourse areas. Improvements include tiles with a wave motif, kapa pattern highlights on the walls, planter boxes, and two stairway skylights to the Central Lobby gardens.

In FY99, four airport projects not funded by the Airports Division were started or completed. United Airlines opened a \$7.8 million cargo facility at Honolulu International Airport. Continental Airlines opened a \$25 million, 85,000 square foot aircraft maintenance facility at the airport funded by a \$25,255,000 issuance of Airport System Special Facility Revenue Bonds. The FAA initiated construction of a \$22 million Center Radar Approach Control Facility (CERAP) adjacent to the Air Traffic Control Tower. Finally, the United States Department of Justice (DOJ)



## Airport Revenues



started construction of a Federal Detention Center adjacent to Honolulu International Airport. This project is being constructed on former airport land that was purchased by DOJ.

Traffic at Kona International Airport at Keahole continues to increase due to direct, international flights which started in June 1996. Passenger traffic was up 0.4% to 2,643,999, making it the fourth busiest airport in the State.

### Kona (KOA)

Fiscal Year	Passengers	Change
1999	2,643,999	0.4
1998	2,632,515	7.7
1997	2,445,265	1.7
1996	2,405,435	6.1
1995	2,258,947	2.1

Work started in September 1998 on improvements to the terminal at Kona International Airport at Keahole. This project will improve passenger convenience and increase passenger capacity through improvement to the ticket counters, baggage makeup area and airline office spaces.

The theme developed by the HACAC for Kona International Airport at Keahole is one based on King Kamehameha I. Improvements includes a trellis and banners that will reflect this.

Kahului Airport is the second busiest airport in the State, with 5,854,693 passenger in FY99.



### Kahului (OGG)

Fiscal Year	Passengers	Change
1999	5,854,693	(1.1)
1998	5,919,532	1.9
1997	5,806,325	(4.4)
1996	6,073,465	2.8
1995	5,909,863	7.5

Most of the Kahului Airport projects were delayed until the Federal Environmental Impact Statement (EIS) was approved. With the Record of Decision, design has restarted on the projects in the EIS.

The delay due to the EIS didn't affect construction of the Multi-Cultural Improvements at Kahului Airport. The theme developed by HACAC for the airport is Legends of Maui: The Demigod. The terminal roadway median will be improved by new plantings and a moss rock wall with custom grill work fence will be constructed.

Lihue Airport is the third busiest airport in the State, with 2,692,206 passengers in FY99, an increase of 4.2% over FY98.

### Lihue (LIH)

Fiscal Year	Passengers	Change
1999	2,692,206	4.2
1998	2,583,365	1.3
1997	2,550,621	(0.7)
1996	2,569,741	8.1
1995	2,376,211	11.1

Work is ongoing on an Environmental Impact Statement for the master plan at Lihue Airport. Once approved, it will allow for various improvements, including a runway extension, at Lihue Airport.

The theme developed by HACAC for Lihue Airport is the Garden Isle. The project to implement this theme is schedule to start construction in October 1999. Planned improvements includes a Laua'e Leaf mural above the ticket counter, skylights, Hula Photo Murals in the concourses and a Kapa Border used throughout the terminal.

Hilo International Airport traffic decreased to 1,543,280 passengers in FY99.

### Hilo (ITO)

Fiscal Year	Passengers	Change
1999	1,543,280	(5.7)
1998	1,635,964	0.2
1997	1,633,153	0.0
1996	1,633,066	1.0
1995	1,624,787	2.0

Work is ongoing on a project providing various improvements at Hilo International Airport. Additional streetlights, an improved airport entrance sign and additional storage will be added to the Airport Rescue and Fire Fighting (ARFF) building.

The theme developed by HACAC for Hilo International Airport is Pele: The Fire Goddess. This theme will be implemented using wood panels and a kapa border/pattern throughout the airport.



### Molokai (MKK)

Fiscal Year	Passengers	Change
1999	265,941	10.3
1998	241,721	(7.1)
1997	260,217	-8.2
1996	240,420	(3.3)
1995	248,519	(6.0)

### Kapalua (JHM)

Fiscal Year	Passengers	Change
1999	140,921	(10.0)
1998	156,642	(14.7)
1997	183,678	22.1
1996	150,404	8.0
1995	139,273	(54.7)

### Lanai (LNY)

Fiscal Year	Passengers	Change
1999	179,448	(1.5)
1998	182,226	10.7
1997	164,594	(5.8)
1996	174,773	1.6
1995	172,052	11.2



# Airports Division

## Statements of Revenues, Expenses and Changes in Retained Earnings

Years ended June 30

1999

1998

Operating Revenues:		
Concession fees	178,771,851	174,111,548
Aeronautical rentals:		
Nonexclusive joint use premise charges	26,534,288	27,732,606
Exclusive use premise charges	23,974,212	25,278,608
Nonaeronautical rentals	9,763,481	9,217,126
Aviation fuel tax	3,765,025	3,527,963
Airport landing fees	-	3,854,843
Airports system support charges	-	78,478
Miscellaneous	2,965,126	6,148,372
<b>Total Operating Revenues</b>	<b>245,773,983</b>	<b>249,949,544</b>
<b>Operating expenses other than depreciation</b>	<b>127,888,935</b>	<b>125,158,064</b>
<b>Operating income before depreciation</b>	<b>117,885,048</b>	<b>124,791,480</b>
<b>Depreciation</b>	<b>74,980,225</b>	<b>73,512,592</b>
<b>Operating Income</b>	<b>42,904,823</b>	<b>51,278,888</b>
Nonoperating revenues (expenses):		
Interest income:		
Certificates of deposit, repurchase agreements and		
U.S. Government securities	39,578,930	44,043,117
Investment in direct financing leases	3,618,645	3,127,386
Other	-	85,200
Interest expense:		
Revenue bonds:		
Airports system	(76,382,987)	(77,229,759)
Special facility	(3,618,645)	(3,127,386)
General obligation bonds	(72,645)	(92,509)
Loss on disposal of property, plant and equipment	(23,375,450)	(36,793,750)
<b>Total nonoperating expenses, net</b>	<b>(60,252,152)</b>	<b>(69,987,701)</b>
<b>Net loss</b>	<b>(17,347,329)</b>	<b>(18,708,813)</b>
<b>Depreciation expense on assets acquired with federal grants transferred to contributed capital</b>	<b>10,176,567</b>	<b>10,403,892</b>
<b>Retained earnings at beginning of year</b>	<b>1,051,120,867</b>	<b>1,059,425,788</b>
<b>Retained earnings at end of year</b>	<b>1,043,950,105</b>	<b>1,051,120,867</b>



## PROJECTS COMPLETED & IN PROGRESS FISCAL YEAR 1998-1999

PROJECT	STARTED	COMPLETED	COST	DESCRIPTION
Hilo Int'l Airport Lighting, Signs and ARFF Improvements	8/98	5/99	\$2.0M	ARFF building improvements, install street lights and signs
Kona Int'l Airport Terminal Improvements Phase II	4/97	9/98	\$6.9M	Lighting/security/passenger waiting area improvements
Kona Int'l Airport Terminal Improvements Phase III	9/98	1/00	\$8.5M	Ticket counter, offices and baggage system improvements
Kona Int'l Airport Road N	9/96	8/98	\$4.7M	Construct service road
Kona Int'l Airport Passenger Shelter at Interim FIS Facility	4/99	10/99	\$750,000	Shelters for arriving international passengers
Kona Int'l Airport Upgrading of Utilities Phase I	9/96	9/98	\$2.8M	Improvements to elec/com/water system
Multi-Cultural Enhancements at Kahului Airport	1/99	4/99	\$644,001	Multi-cultural enhancements
Honolulu Int'l Airport Architectural Barrier Removal	10/97	6/98	\$1.6M	Upgrades for ADA compliance
Multi-Cultural Enhancements at Honolulu Int'l Airport	5/99	12/99	\$2.4M	Garden theme enhancements
Honolulu Int'l Airport Modifications to Int'l Arrival Building Phase I	11/98	4/00	\$19.9M	Int'l Arrival Building interior improvements
Honolulu Int'l Airport Modifications to Int'l Arrival Building Phase II	10/97	8/98	\$3.6M	Int'l Arrival Building exterior improvements
Honolulu Int'l Airport Fire Alarm System Phase II	11/96	11/98	\$1.6M	Update fire alarm system
Honolulu Int'l Airport Emergency Power System	10/96	1/99	\$7.7M	System
Honolulu Int'l Airport Interisland Terminal Hardstands	1/98	6/98	\$1.1M	pads
Honolulu Int'l Airport Reconstruction of Main Sewer Line	5/98	6/99	\$953,587	Reconstruct under overseas terminal
Kalaeloa Airport Perimeter Fence	4/99	9/99	\$1.1M	Perimeter fence for Kalaeloa Airport
Harbor Facilities on Oahu	8/96	8/98	\$20,000	Provide fire sprinkler system services
Harbor Facilities on Oahu	8/96	8/98	\$10,000	Provide fire extinguisher services
Harbors Maintenance Baseyard, Honolulu	6/98	8/98	\$85,000	Repaint exterior of sheds
Honolulu Harbor	7/96	7/00	\$117,000	Maintenance of elevators & escalators
Honolulu Harbor, Piers 1-2	4/98	7/98	\$400,000	Replace waterline
Honolulu Harbor, Pier 2	1/99	6/99	\$78,000	Replace Bollards
Honolulu Harbor, Fort Armstrong	10/98	12/98	\$75,000	Pavement repairs
Piers 8-9 Honolulu	3/98	7/98	\$220,000	Replace waterline
Pier 8 Honolulu	6/98	8/98	\$85,000	Repair fender system
Honolulu Harbor, Piers 13-14	6/98	8/98	\$60,000	Repair roll-up doors
Honolulu Harbor, Pier 15 Improvements	6/98	9/99	\$1.43M	Improvements to pier
Honolulu Harbor, Aloha Tower	6/97	7/98	\$825,000	Interior improvements
Honolulu Harbor, Pier 21	11/97	7/98	\$125,000	Electrical system improvements
Honolulu Harbor Pier 21	3/99	5/99	\$26,000	Repaint exterior of carpenter shop
Honolulu Harbor, Piers 31-33	2/98	8/98	\$150,000	Repair substructure
Honolulu Harbor, Pier 32	1/98	10/99	\$626,500	pipeline
Honolulu Harbor, Pier 32-34	6/98	7/98	\$57,000	Pavement repairs
Honolulu Harbors Pier 36-38	3/99	5/00	\$6.4M	Domestic commercial fishing village
Honolulu Harbor, Pier 39	1/99	3/99	\$36,500	Install metal siding at Pier 39 shed
Honolulu Harbor, Pier 39-40	1/99	2/99	\$36,000	Replace chain link fence-Nimitz Hwy
Honolulu Harbor, Pier 40	3/98	2/99	\$77,000	improvements
Honolulu Harbor, Pier 40	1/97	7/99	\$12.8M	Shed and storage yard
Honolulu Harbor, Pier 51-53	1/98	1/99	\$450,000	1-Yr maint. contract-Pavement repairs
Barbers Point Harbor	7/98	11/98	\$47,000	Repair damage to ferry pier
Barbers Point Expansion	6/97	3/00	\$13.9M	Basin expansion
Kaunakakai Wharf	6/98	10/98	\$11,000	Repair apron fascia
Kahului Harbor	3/98	9/98	\$937,000	improvements