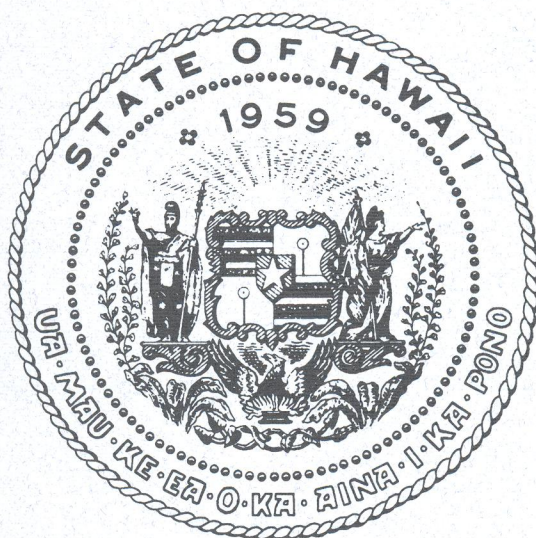


Department of Transportation



Report to the Governor

1996

Director's Letter

I am pleased to submit the Department of Transportation's annual report for the fiscal year ending June 30, 1996.

This was a year in which we made progress through innovation.

For the first time, we completely shut a portion of an Interstate Freeway for road work; we had a second airport become truly "international;" and in three locations, we actually reduced traffic congestion.

The Airports Division worked with the Barbers Point Naval Air Station Redevelopment Commission to acquire 725 acres at Barbers Point Naval Air Station for use as Kalaeloa General Aviation Reliever Airport.

In FY96, 22 percent of the aircraft operations at Honolulu International Airport (HIA) involved general aviation aircraft (aircraft with less than 12,500 pounds gross weight).

Acquisition of the Barbers Point site will make HIA safer and extend its capacity well into the future without additional runway construction; provide for general aviation training and compensate for the loss of Ford Island Field in 1999; satisfy the airlines' need for an alternate landing area, which will save them fuel; and provide a sturdy disaster relief base.

In short, Kalaeloa Airport will be a very valuable addition to the State Airport System.

Keahole-Kona International Airport welcomed its first direct flight from Japan in June.

In anticipation of the arrival of international flights, interim facilities were constructed at Keahole for use by the Federal Inspection Services.

It is expected the direct flights will increase the number of visitors to the Big Island and provide a boost to the island's economy.

Our Harbors Division is in the process of revising the master plans for Honolulu Har-

bor, Barbers Point Harbor and Kewalo Basin to the year 2020.

The goal of the process, which involves participation by harbor users and State agencies, is to develop plans that are both comprehensive and integrated. The master plans are expected to be completed by the fall of 1996.

The size of cargo vessels is increasing around the world. To ensure that Barbers Point Harbor will continue to service such vessels efficiently, we are preparing a petition for the redesignation of 140.5 acres of additional land from agriculture to urban in preparation for expansion of the harbor.

A cruise ship, *The Legend of the Seas*, made port calls at Hilo Harbor, Kahului Harbor, Honolulu Harbor and Port Allen during its inaugural visit to our state.

What made this particular tour of our state ports noteworthy is that the 866-foot vessel carried 2,800 passengers and crew, the most ever on a cruise ship to visit Hawaii.

Several other cruise lines added Hawaii to their sailing schedules during the fiscal year. Most of them stopped not only in Honolulu, but at our Neighbor Island ports as well.

Our Highways Division opened two bypass roads and a limited use shoulder lane that helped reduce traffic congestion in their areas.

The Temporary Kapaa Bypass routed traffic around congested Kapaa Town, thereby reducing travel times for Kauai commuters using Kuhio Highway.

Residents of Haleiwa Town have suffered the effects of traffic congestion for years. Particularly during times of heavy surf on the North Shore, traffic on the two-lane Kamehameha Highway that bisects the town's business district would be jammed with barely moving, bumper-to-bumper traffic.

The Haleiwa Bypass provided residents with congestion relief by allowing motorists bound for Sunset, Waimea, Turtle Bay and other North Shore locations to get to their destinations without traveling through the center of town.

On the Big Island, the opening of the Keaau Shoulder Lane, reduced Hilo-bound morning rush hour congestion.

In June, for the first time, we completely shut down a portion of the H-1 Freeway to allow the contractor to repave it without worrying about traffic moving past the job site.

This new approach shortened the work time from a projected eight days to three days and had no adverse effect on traffic.

The Transportation Demand Management Office continued its efforts to reduce traffic congestion through alternatives to single occupant vehicles.

It provides a matching service for people interested in finding one or more partners, either passengers or drivers, to share the commute to and from work. The office also oversees the state's vanpool program, Vanpool Hawaii.

Vanpool Hawaii provides comfortable nine or 15-passenger vans to groups that wish to ride together to and from work.

Riders pay a monthly fee. Drivers, who are responsible for picking other passengers and maintenance, get to use the van during non-work hours.

Transportation Demand Management provides the only possibility of reducing traffic congestion without incurring huge costs, and at the same time extending the functional life of our existing system of roads and highways.

If every person who drives a single occupant vehicle decided to either drive another person or ride with one tomorrow, traffic congestion would be a thing of the past.

In April, we held a unique event that allowed the general public to get a close-up look at Interstate Route H-3.

While the H-3 Freeway is still under construction, we had a window in our construction schedule that allowed us to take people up to the Windward Viaduct and the Trans-Koolau Tunnel.

From that vantage point at the back of Haiku Valley, they could enjoy the view down to Kaneohe Bay, see the dramatic Koolau Mountains up close and learn about the building of Oahu's last freeway and its high-tech tunnel.

More than 30,000 people paid \$3.50 to attend the event we called, "A Taste of H-3." The \$3.50 was used to pay for buses, portable toilets and other expenses.

"A Taste of H-3" was staffed by volunteers from the department, members of their families, other state agencies and H-3 contractors.

Almost everyone who attended had a great time; despite unpredictable weather that, at times, had the sun shining on our parking lot and rain pouring down outside the tunnel.

"A Taste of H-3" generated more positive telephone calls and letters than any other program implemented by the department.

It also won an award from the American Association of State Highway and Transportation Officials as the Best Public Affairs Project in 1996.

My congratulations go to our Employee and Manager of the Year, Jeanne Whitmire and Jerry Iwata, respectively. They embody the "can do" attitude of DOT employees that ensures the department of future success.



Kazu Hayashida

Director

Airports Division

Hawaii's airport system, which consists of 16 airfields on six islands, showed an overall increase in passenger traffic, continuing the gains made the previous year.

With all five of the major airports posting passenger traffic increases, Hawaii's airports handled 37,753,554 passengers, a 4.8 percent increase from the previous year.

The Airports Division has worked with the Barbers Point Naval Air Station Redevelopment Commission to acquire 725 acres at Barbers Point Naval Air Station for use as Kalaeloa General Aviation Reliever Airport.

Acquisition of the Barbers Point site will be a positive development in a number of ways.

It will make Honolulu International Airport safer and extend its capacity well into the future without additional runway construction; provide for general aviation training and compensate for the loss of Ford

Island Field in 1999; satisfy the airlines' need for a alternate landing area which will save them fuel; and provide a sturdy disaster relief base.

Kalaeloa airport will be a great addition to the State Airport System.

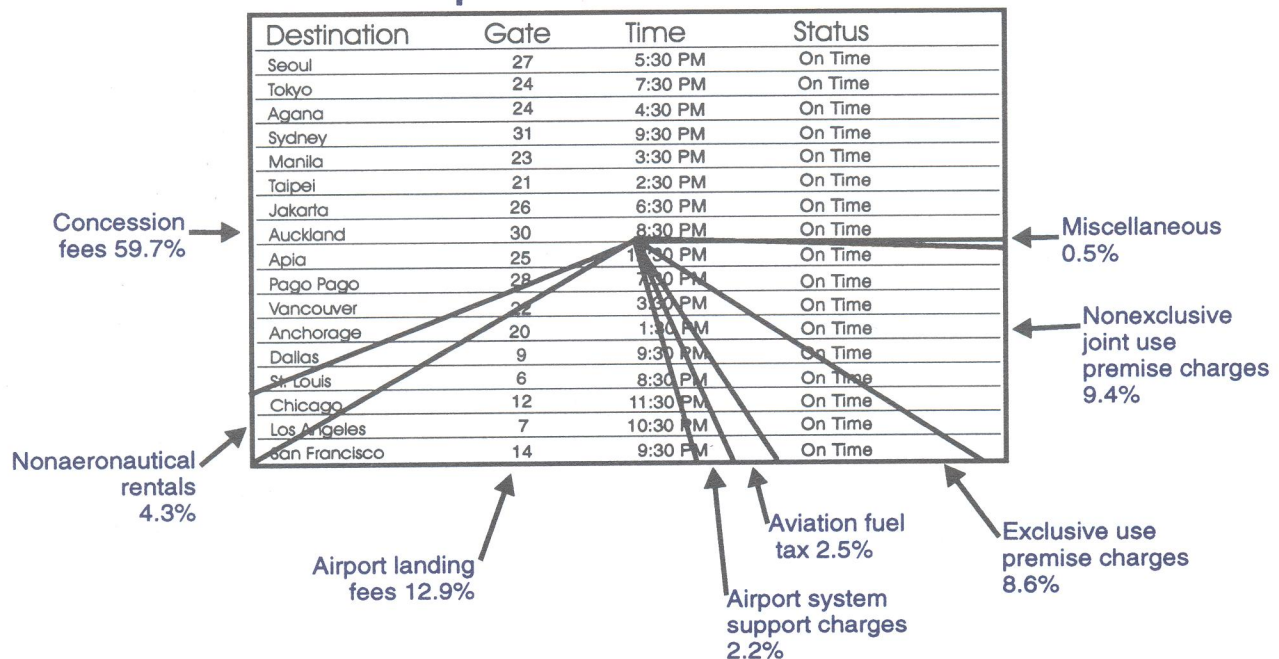
Lihue Airport is nearly back to 1991 passenger levels and Keahole-Kona International Airport now has direct international flights from Japan.

Honolulu (HNL)

Year	Passengers	% Change
96	24,464,866	5.3
95	23,232,778	1.6
94	22,449,366	1.1
93	22,204,488	-3.0

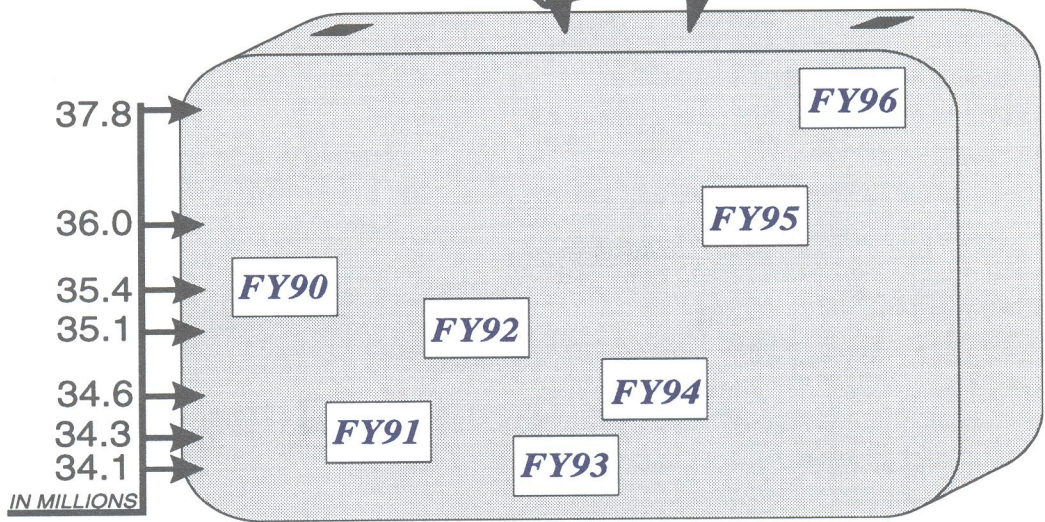
Nationally, Honolulu International was the 17th busiest airport in the United States.

Airport Revenues



Passenger Traffic

HAWAII AIRPORTS



Plans have been developed for the renovation of the International Arrivals Building.

The renovation will increase the available floor space, install faster baggage handling equipment and make modifications to help the Federal Agencies process passengers more quickly and efficiently.

The Makai Pier extension to the Interisland Terminal was opened on October 20, 1995.

This project added five additional gates and loading bridges to the Interisland Terminal.

It also provided a connecting link at second and third level roadways with a 240-foot moving walkway between the Interisland and Overseas terminals.

Work on the International Terminal Building Complex Site Improvements, Parking and Landscaping project was completed on August, 1996.

This project provided an employee parking lot near the planned location of the International Terminal Complex.

Keahole-Kona (KOA)

Year	Passengers	% Change
96	2,405,435	6.5
95	2,258,947	2.1
94	2,211,497	0.1
93	2,209,657	4.2

An Interim Federal Inspection Service Facility at Keahole-Kona International Airport was completed in March 1996.

This facility is needed for inspection of international flights by various Federal Agencies including Customs, Immigration, Public Health and Agriculture.

Flights from Tokyo began in June 1996.

Work on the Terminal Improvements Phase I at Keahole was completed. This project renovated restrooms, expanded the gate/hold areas and added a baggage claim unit.

The Peripheral Road and Parking project was completed.

This project widened the Peripheral Road from three to five lanes, expanded the Kea-hole parking lot by 150 stalls, provided new landscaping at the north and south ends of the parking lots and buried electrical distribution lines near the road.

Kahului (OGG)

Year	Passengers	% Change
96	6,073,465	2.8
95	5,909,863	7.5
94	5,499,374	1.9
93	5,394,744	9.2

Kahului Airport is the second busiest in the state system. The Honolulu-Kahului city-pair is one of the busiest in the nation.

Most of the Kahului construction projects are being delayed until the Federal Environmental Impact Statement (EIS) is approved (anticipated for early 1997).

A biological assessment of the impacts of possible introduction of alien species on Maui's endangered species is being added to the EIS.

Lihue (LIH)

Year	Passengers	% Change
96	2,569,741	8.1
95	2,376,211	11.1
94	2,139,630	16.3
93	1,839,430	-33.4

At Lihue Airport, design is nearing completion for improving Ahukini Road, general aviation hangars, lease lots and helicopter facilities.

An Environmental Impact Statement on the airport master plan and possible runway extension is being prepared.

Molokai (MKK)

Year	Passengers	% Change
96	240,420	-3.3
95	248,519	-6.0
94	264,290	-12.4
93	301,832	-5.2

Hilo (ITO)

Year	Passengers	% Change
96	1,633,066	1.0
95	1,624,787	2.0
94	1,593,522	-0.1
93	1,594,532	4.4

Kapalua (JHM)

Year	Passengers	% Change
96	150,404	8.0
95	139,273	-54.7
94	307,363	-7.8
93	privately	owned

Lanai (LNY)

Year	Passengers	% Change
96	174,773	1.6
95	172,052	11.2
94	154,716	10.7
93	139,762	1.0

Department of Transportation

The Department of Transportation was formed shortly after Hawaii became a state in 1959. It has three divisions, Airports, Harbors and Highways, which are supported by 10 departmental staff offices. The offices are Statewide Transportation Planning, Hazardous Materials, Public Affairs, Visitor Information, PPB Management and Analytical, Personnel, Business Management, Computer Systems and Services, and Property Management.

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

Funding

The DOT is required by law to generate its own monies to fund its programs and projects. Independent special funds were established for each of the three division's major programs.

Each fund is expected to generate enough revenue to pay for program operation and maintenance costs and to contribute a fee to the State General Fund for central services. This fee is set at five percent of each special fund's gross revenues after debt service.

These special funds must also provide a higher level of cash financing in the Capital Improvement Program to ease the burden on debt service.

Since the Capital Improvement Program is large, the DOT continues to rely on reimbursable General Obligation Bonds and federal aid to help fund programs and projects.

Highway Fund

The State Highway Fund was established under Section 248-8 HRS, as amended. The principal sources of revenue are a 16 cent per gallon fuel tax and a vehicle weight tax of 3/4 cent per pound for vehicles weighing less than 4,000 pounds, 1 cent per pound for vehicles between 4,000 and 7,000 pounds, 1 and 1/4 cent per pound for vehicles from 7,000 to 10,000 pounds and a flat \$150 for vehicles over 10,000 pounds.

Airport Revenue Fund

The Airport Revenue Fund was created under Section 261-5, HRS. Its primary revenue sources are the aviation fuel tax, landing fees, airport use charges, concession fees, and investment income. Other revenue sources include rentals and miscellaneous earnings.

Harbor Special Fund

The Harbor Special Fund was established under Section 266-19, HRS. The majority of the fund's revenues come from fees and charges for wharfage, dockage, demurrage, and the rental of land and wharf space at the state's commercial harbors. The remaining amount is generated from various service charges, permits and licenses.

Airports Division

Statements of Revenues, Expenses and Changes in Retained Earnings

Years ended June 30	1996	1995
Operating Revenues		
Concession Fees	165,271,725	158,399,880
Airport landing fees	35,775,477	38,969,763
Aeronautical rentals:		
Exclusive use premise charges	23,741,515	24,835,372
Nonexclusive joint use premise charges	26,054,722	25,665,071
Aviation fuel tax	6,987,404	6,726,300
Nonaeronautical rentals	11,811,206	12,598,444
Airports system support charges	6,031,422	602,265
Miscellaneous	1,240,403	3,640,473
Total Operating Revenues	276,913,874	271,437,568
Operating expenses other than depreciation	117,879,151	126,607,307
Operating income before depreciation	159,034,726	144,830,261
Depreciation	71,609,343	66,924,329
Operating Income	87,425,380	77,905,932
Nonoperating revenues (expenses):		
Interest income:		
Certificates of deposit, repurchase agreements and U.S. Government securities	37,732,792	35,410,813
Notes receivable	122,280	138,890
Investment in direct financing leases	2,254,21	2,875,688
Interest expense:		
Revenue Bonds:		
Airport system	(83,747,683)	(77,960,193)
Special facility	(2,524,210)	(2,875,688)
General obligation bonds	(181,433)	(277,875)
Loss on disposal of property, plant and equipment	(18,297,218)	(115,648)
Other	—	(3,890,074)
Total nonoperating expenses, net	(64,371,262)	(46,694,087)
Net income	23,054,118	31,211,845
Depreciation expense transferred to contributed capital - Federal Government grants	10,022,861	9,787,041
Retained earnings at beginning of year	999,680,305	958,681,419
Retained earnings at end of year	1,032,757,284	999,680,305

PROJECTS COMPLETED & IN PROGRESS FISCAL YEAR 1995-1996

PROJECT	STARTED	COMPLETED	COST	DESCRIPTION
Honolulu Int'l Airport Aolele Street Landscaping Improvements	11/95	8/96	\$53,308	Landscaping at airport main entrance
Honolulu Int'l Airport Energy Monitoring & Control System Phase III	3/96	5/97	\$1.5M	Energy monitoring system for gates 31-34 and IIT
Honolulu Int'l Airport Flight Information Displays System Phase III	12/95	6/96	\$1.2M	Flight information display for Makai Pier
Honolulu Int'l Airport Installation of Taxiway and Runway Signs	7/94	1/96	\$2.0M	New runway/taxiway signs to meet FAA standards
Honolulu Int'l Airport Loading Bridges for Makai Pier Phase II (5)	1/95	10/95	\$1.6M	5 new loading bridges for Makai Pier Phase II
Honolulu Int'l Airport Makai Pier Phase II and Ground Tran Court	9/94	10/95	\$21.7M	Construct 5 additional IIT gates & connecting link
Honolulu Int'l Airport Non-Potable Water System Phase II	6/95	12/95	\$400,000	Non-potable system for misc locations & koi pond
Honolulu Int'l Airport Security System Phase III	1/96	5/96	\$500,000	Provide security for IIT Makai Pier
Honolulu Int'l Airport Site Improvements, Parking and Landscaping	5/95	8/95	\$1.8M	Construct employee parking lot near planned ITB
Honolulu Int'l Airport Telecommunications System Phase II	10/95	12/95	\$181,610	Telephone system for IIT Makai Pier
Kahului Airport Relocation of VORTAC	1/95	7/96	\$1.3M	Relocate VHF omni radio range/tactical air nav
Keahole-Kona Int'l Airport Interim Federal Inspection Services Facilities	12/95	3/96	\$2.6M	Inspection facilities for Federal agencies
Keahole-Kona Int'l Airport Modifications to Baggage Claim Unit II	12/95	8/96	\$417,970	Upgrade baggage handling facilities & carousels
Keahole-Kona Int'l Airport Peripheral Road and Parking	2/95	5/96	\$6.1M	Construct parking & peripheral road improvements
Keahole-Kona Int'l Airport Sign Modification and Grading	12/94	10/95	\$253,296	New airport sign & landscaping at entrance
Keahole-Kona Int'l Airport Improvements Phase I	12/94	12/95	\$8.7M	Terminal 1 improvements
Statewide Installation of Taxiway and Runway Signs	7/94	8/95	\$1.6M	Runway/taxiway signs at Hilo, Molokai & Lanai
Honolulu Harbor, Pier 34	11/94	1/96	\$2.8M	Pier Construction
Honolulu Harbor, Pier 51C	11/94	9/96	\$14.4M	Pier extension and storage yard
Honolulu Harbor, Pier 39, PhI	8/94	4/96	\$8.8M	Shed and storage yard
Honolulu Harbor, Pier 39, PhII	5/95	8/96	\$5.4M	Storage yard
Honolulu Harbor, Libby/Auiki Sts Intersection	6/96	1/97	\$900,000	Roadway improvements
Honolulu Harbor, Pier 40	12/95	1/96	\$32,000	Reroof office building
Honolulu Harbor, Pier 40	2/96	3/96	\$23,000	Repaint office building
Honolulu Harbor, Pier 24	5/96	7/96	\$80,000	Administration building roof repair
Honolulu Harbor, Pier 35	11/95	7/96	\$75,000	Pavement repairs
Honolulu Harbor, Pier 1, Fort Armstrong CY	3/96	6/96	\$52,000	Pavement repairs
Honolulu Harbor, Pier 20 Container Yard	5/96	6/96	\$49,000	Pavement repairs
Honolulu Harbor, Pier 51-53 Container Yard	3/96	3/97	\$500,000	Pavement repairs
Barbers Point Harbor, Ferry & Service Vessel Pier	12/92	11/95	\$1.5M	Pier and parking lot
Barbers Point Harbor, Shed & Yard S-3	3/95	8/96	\$5.4M	Transit shed and yard
Kahului Harbor, Maintenance Shop Building	3/95	12/95	\$1.8M	Maintenance/shop building
Kahului Harbor, Pier 1	2/96	2/96	\$22,000	Remove/seal AA pipelines
Kahului Harbor, Pier 1A Shed	6/96	8/96	\$185,000	Repaint interior
Kahului Harbor, Roadway	5/96	5/96	\$59,000	Pavement repairs
Kahului Harbor, Pier 2 Shed Extension	6/96	7/96	\$53,000	Siding repairs
Kahului Harbor, Pier 2 Container Yard	5/96	6/96	\$165,000	Resurface pavement
Kaunakakai Harbor, Ferry Terminal	4/94	11/95	\$165,000	Ferry passenger terminal
Kaunakakai Harbor Pier	5/96	8/96	\$48,000	Repair pier apron
Hilo Harbor Yard Expansion	1/95	10/95	\$869,000	Paved storage yard