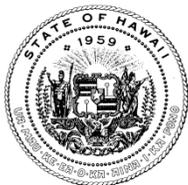


SCRISL/ SR116

REQUESTING THE DEPARTMENT OF TRANSPORTATION TO STUDY THE
FEASIBILITY OF ESTABLISHING AN INTERISLAND FERRY SYSTEM
SIMILAR TO THE FERRY SYSTEM OPERATED BY WASHINGTON STATE.



Testimony of
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IN REPLY REFER TO:
(808) 587-1965

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

March 31, 2015
2:50 p.m.
State Capitol, Room 229

S.C.R. 181 / S.R 118
REQUESTING THE DEPARTMENT OF TRANSPORTATION TO STUDY THE
FEASIBILITY OF ESTABLISHING AN INTERISLAND FERRY SYSTEM SIMILAR TO
THE FERRY SYSTEM OPERATED BY WASHINGTON STATE.

Senate Committee on Transportation

The Department of Transportation (DOT) **supports** the intent of S.C.R. 181 / S.R 118.

An interisland ferry system, similar to the ferry system operated by Washington State, could be a key facet of the DOT Sustainable Transportation Initiative which promotes several transportation alternatives and supports Transit Oriented Development (TOD). Based on Hawaii's experience with similar ferry services, the greatest challenge to a successful interisland ferry system is community support, environmental impacts, and profitability of the services. We provide the following for your consideration:

- The support by residents and the completion of an environmental impact statement regarding an interisland ferry system is a significant factor in determining the feasibility of a ferry service.
- Based on a contracted EIS for the large capacity ferry (e.g., Hawaii Superferry), at least \$1,000,000 would be required to finance a complete EIS.
- TheBoat, the City and County of Honolulu pilot ferry program from September 2007 to June 2009, required a \$5 million federal transit authority (FTA) subsidy, nearly \$4 million in City costs, in addition to daily operating expenses.
- TheBoat, prior to the termination of the pilot program, ran at 30% capacity, and incurred approximately \$120 per passenger expense.
- The DOT finds that it is feasible for a private firm to operate an interisland ferry system provided fuel costs are low, there is a right mix of passenger and drive-on/drive-off interisland vehicle transportation rates, car rental drop off fees are low, and winter sea conditions are factored in developing the business plan.

- The DOT finds that it is not feasible to finance a state-operated interisland ferry system at this time in light of the debt that has to be incurred in the development of the Kapalama Container Terminal and required focus to complete the project.
- Another challenge related to ferry usage which is not included in the resolution is available parking at the harbors, and CIP funds must be made available for the development of parking structures to accommodate ferry users.

In consideration of the information and data already publicly available, the key to a feasible interisland ferry system is financing and sound enterprise planning. The DOT supports the intent of this resolution, but it does not currently have necessary resources in the current budget to carry out the study and comprehensively resolve the financing and cost-benefit challenges of this study prior to the 2016 Legislative Session.

Thank you for the opportunity to testify.



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March 31, 2015

HEARING BEFORE THE
SENATE COMMITTEE ON TRANSPORTATION

TESTIMONY ON SCR 181/ SR 116
REQUESTING THE DEPARTMENT OF TRANSPORTATION TO STUDY THE
FEASIBILITY OF ESTABLISHING AN INTERISLAND FERRY SYSTEM SIMILAR TO
THE FERRY SYSTEM OPERATED BY WASHINGTON STATE

Room 229
2:50 PM

Aloha Chair Nishihara, Vice Chair Harimoto, and Members of the Committee:

I am Christopher Manfredi, President of the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,932 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

Hawaii Farm Bureau strongly supports this measure initiating a feasibility study for a ferry system in Hawaii.

Transportation of goods to markets and inputs for farming and ranching continue to be one of the biggest cost challenges to our non-Oahu members. When the ferry was last considered, farmers and ranchers were excited about the possibility of "driving" their products to market and returning with input products from Oahu. We believe the concept should be explored and support the feasibility study.

Thank you for this opportunity to provide our opinion on this matter. We respectfully request your support in advancing this measure.

TESTIMONY OF MICHAEL N HANSEN, PRESIDENT
HAWAII SHIPPERS' COUNCIL

BFORE THE COMMITTEE ON TRANSPORTATION
28TH LEGISLATURE, 2015
STATE OF HAWAII
CAPITOL ROOM #229, 2:50 P.M., TUESDAY, MARCH 31, 2014

SENATE CONCURENT RESOLUTION NO. 181

REQUESTING THE DEPARTMENT OF TRANSPORTATION TO STUDY THE FEASIBILITY OF
ESTABLISHING AN INTERISLAND FERRY SYSTEM SIMILAR TO THE FERRY SYSTEM
OPERATED BY WASHINGTON STATE.

Good day Chairman Nishihara and distinguished members of the Committee:

I am submitting testimony on behalf of the Hawaii Shippers Council in support of the broad intent of Senate Resolution No. 181, but we have several reservations regarding its approach and with its particulars and believe the resolution is premature.

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

At the Hawaii Shippers' Council we believe that the prospects for a Hawaii interisland ferry should be well researched and seriously considered by the Hawaii State Government, but believe approach outlined in the resolution is too narrowly focused on the Washington State Ferry System and should inter alia seek a private operator through a tender process as opposed to state owned and operated service.

We think the State has a major role to play especially in terms of port and terminal facilities and should not also undertake the highly specialized role of vessel owner and operator, which the private sector can accomplish much more efficiently.

Our primary concerns with the resolution as constructed are as follows:

1. Single Model Focus: Washington State Ferry.

The Washington State Ferry operates in the protected waters of Puget Sound and the kinds of vessels, manning, and operating costs will be substantially different from those inter Hawaiian Island environment. The Alaska State Ferry which operates between Seattle, Washington, and ports in South East Alaska would be the best analogue within the United States. However,

even focusing on the Alaska State Ferry would be too restrictive as there are a large number of oceangoing ferries operating throughout the world. One operating model of particular interest would be the ferry operating between mainland Australia and the island state of Tasmania, as the distances and operating frequency would be applicable to potential Hawaii routings.

2. Feasibility Study: Professional Consulting Contractor & Terms of Reference

We do not believe that the Hawaii State Department of Transportation has the expertise in house to credibly accomplish a Hawaii interisland ferry feasibility study, and this should be done by a professional consultant with specialized knowledge of ferry operations. The terms of reference for a feasibility would have to be developed, cost estimates made for the consultancy, and funding authorized for the Department of Transportation to undertake this. Among other things, the consultants should develop a Request for Proposals criteria for potential commercial ferry operators to bid on the opportunity to operate the proposed ferry service.

3. Port Ferry Facilities: Architectural and Engineering

Typically, the port facilities for ferry services are extensive and tailored to the particular operating model selected by the ferry service operator. This was a major area of controversy between the now defunct Hawaii SuperFerry and the Department of Transportation because the operation was not able to pay for the facilities. The extent and cost of the necessary facilities may well determine the State's role and desire to proceed with the project. This will require extensive engineering estimates to be conducted by A&E contractor after the operating model has been established.

4. Regulatory Approval of a Prospective Ferry Service.

There are several State regulatory issues that need to be resolved prior to attempting to establish a Hawaii interisland ferry and are at least as important as the technical modeling, facilities and feasibility considerations. The issue that plagued the Hawaii SuperFerry was the requirement for an Environmental Impact Statement (EIS), which was established in retrospect. The Department of Transportation, which was only responsible for providing the port facilities, was required by the Hawaii State Supreme Court to accomplish an EIS covering the vessel operations and other matters such as invasive species transmission that beyond their control. In addition, any ferry operator would have to comply with the Hawaii State Water Carriers Act of 1974 as amended by Act 213 of 2011. An important aspect of the feasibility of a prospective ferry service would be whether it would have to comply especially with the amendments of Act 213 to provide service to all neighbor island ports.

5. Coastwise Trade Exemption.

It is highly unlikely that a Hawaii interisland ferry service could be successfully inaugurated without what is known as an "exemption from the coastwise laws of the United States" to allow the use of foreign built ferry vessels operating under the U.S. flag. Section 27 of the Merchant

Marine Act of 1920 commonly known as the Jones Act and the Passenger Vessel Services Act of 1886 require that vessels be built in the U.S. to carry merchandise and passengers by water between to points in the U.S. The universe of oceangoing ferry vessels in the world fleet and those foreign shipbuilders who regularly construct oceangoing ferry vessels is exponentially larger than in the U.S., and ferry vessels can be obtained on considerably shorter lead times and substantially lower costs from these foreign shipbuilders.

6. Routing.

We believe the best prospects for introducing a successful Hawaii interisland ferry would be using a conventional displacement hull ferry of the kind that commonly operate throughout Europe. This kind of vessel would be far more economical to acquire and operate than the high speed aluminum hulled catamaran ferry vessels of the Hawaii SuperFerry, and should have better sea-keeping characteristics. The most advantageous route would be between Honolulu Harbor, Oahu Island, and Kawaihae Harbor, West Hawaii Island. This would require two identical ferry ships operating opposite to each other daily with an approximately 9 hour transit. A port call on Maui could be scheduled, however, there will be problems serving Kahului Harbor, as the ferry would have to transit the Pailolo Channel (between Molokai and Maui) and the North Shore of Maui Island on each directional leg. The heavy weather in the Pailolo and on the North Shore of Maui led to hull damage on the SuperFerry and suspended service during winter months. An alternative would be to construct a new deep draft commercial harbor on the South Coast of Maui Island for use by the proposed ferry service that would shorten the passage and reduce the impact of heavy winter weather.

We believe that the resolution while addressing a real need is premature and the approach should be developed further before adopting a measure that doesn't adequately address the issues.

We formed a Hawaii interisland ferry working group last October and would be pleased to share the results of our investigations with you during the interim.

Thank you for the opportunity to testify in regards to Senate Concurrent Resolution 181.

Attachment (1)

HAWAII SHIPPERS' COUNCIL
Inter-Hawaiian Island Marine Ferry Service Proposal

COMPARISON OF EXISTING AND PROPOSED ROUTINGS

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

Mainland Australia / Tasmania (Existing)

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

See: <http://www.spiritoftasmania.com.au/experience-the-ship/about-the-ship/>

Honolulu / Kawaihae Hawaii (Proposed)

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

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

Additional Maui Routing via South Coast Port (Proposed)

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

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

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

145 nautical miles	Total distance one-way passage

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

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

Additional Maui Routing via Kahului Harbor (Proposed)

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

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

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

174 nautical miles	Total distance one-way passage

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

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

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

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

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



Board of Directors

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Robin Tijoe

March 31, 2015
2:50 PM
Conference Room 229

To: Senate Committee on Transportation
Sen. Clarence Nishihara, Chair
Sen. Breene Harimoto, Vice Chair

From: Grassroot Institute of Hawaii
President Keli'i Akina, Ph.D.

RE: SCR 181 -- REQUESTING THE DEPARTMENT OF TRANSPORTATION TO STUDY THE FEASIBILITY OF ESTABLISHING AN INTERISLAND FERRY SYSTEM SIMILAR TO THE FERRY SYSTEM OPERATED BY WASHINGTON STATE.

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on SCR 181, which requests the Department of Transportation to study the feasibility of an interisland ferry system similar to that of Washington State.

The creation of an interisland ferry system is one that would be of great benefit to Hawaii's citizens, businesses, tourism industry, and overall economy. It demonstrates that when we work together to find effective solutions to improve our state's economy, we can do great things.

We would like to offer only two suggestions. First, that in order to give the idea the greatest scope for success, it should not be limited to the ferry system of Washington State, but be broadened to include other ferry systems that present a good model for Hawaii--such as the Alaska, New Zealand, and Australia/Tasmania ferries. In addition, we suggest that any feasibility study include an examination of whether the proposed interisland ferry would benefit from a limited Jones Act exemption allowing the purchase of ferries at best cost from shipbuilders in American-allied nations.

Thank you for the opportunity to submit our comments.

Sincerely,
Keli'i Akina, Ph.D.
President, Grassroot Institute of Hawaii