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STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 11, 2025
3:01 P.M.
State Capitol, Room 224

S.B. 1076
RELATING TO TRANSPORTATION

Senate Committee on Transportation and Culture and the Arts

The Department of Transportation (DOT) **supports** of this measure. This measure proposes to increase the current limits on capital advancement contracts.

The existing law authorizes DOT to enter into capital advancement contracts with private parties for any public improvement to or construction of a state port facility when the director determines that a capital advancement contract promotes the best interest of the State. In recent years, this tool has proven effective in expediting project delivery, especially for projects that increase port resilience and operational efficiency.

The current cap of \$2,000,000 per contract or aggregate \$5,000,000 per party limits the scope and type of work and number of projects that can be done under a capital advancement contract. By increasing these caps to at least \$5,000,000 and \$20,000,000, respectively, DOT can accomplish more in improving port facilities through these contracts. DOT anticipates escalating project costs due to inflation and rising costs of materials and labor and the higher limits will facilitate improved project delivery given these factors.

DOT requests the committee's consideration of amending the reporting timeline to align with the fiscal year instead of the proposed reporting period of December 1 through November 30.

Thank you for the opportunity to provide testimony.

Testimony to the Senate Committee on Transportation and Culture and the Arts

Senator Chris Lee, Chair

Senator Lorraine R. Inouye, Vice Chair

Wednesday, February 14, 2024, at 9:15AM

Conference Room 325 & Videoconference

RE: SB1076 Relating to Transportation

Aloha e Chair Lee, Vice Chair Inouye, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports Senate Bill 1076 (SB1076), which increases the caps for the total contract value for any one Capital Advancement Contract (CAC) and the total aggregate value of CACs in a fiscal year entered into by the Department of Transportation with private parties for harbor improvements.

SB1076 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Maritime. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

Hawaii faces delays in critical port infrastructure projects due to restrictive funding caps on capital advancement contracts. While the Department of Transportation can partner with private entities for port improvements, the current \$2 million per contract and \$5 million per party limits restrict the number and scale of projects. These constraints slow progress on vital upgrades that enhance port resilience and efficiency.

This bill raises financial limits on capital advancement contracts, allowing greater flexibility in funding and execution. By leveraging private investment, projects can be completed faster and at lower costs without relying solely on public funds. Strengthening port infrastructure boosts trade, supports economic growth, and improves disaster resilience. The Chamber supports this measure as it accelerates critical improvements, ensuring Hawaii remains a competitive and well-connected hub.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass Senate Bill 1076. Thank you for the opportunity to testify.



February 11, 2025

Senator Chris Lee, Chair
Senator Lorraine R. Inouye, Vice Chair
Senate Committee on Transportation and Culture and the Arts

RE: Senate Bill 1076 – RELATING TO TRANSPORTATION
Hearing date: February 11, 2025, 3:01 p.m.

Aloha Chair Lee, Vice Chair Inouye, and Members of the Committee:

Thank you for the opportunity to submit testimony on behalf of Young Brothers, LLC (“YB”)¹ offering **STRONG SUPPORT** for Senate Bill 1076 – Relating to Transportation.

This measure would increase the annual cap for the total contract value for any single Capital Advancement Contract (“CAC”) from \$2M to an unspecified amount and the annual cap for the total aggregate value of all CACs entered into by the Department of Transportation (“DOT”) from \$5M to an unspecified amount. This measure would also create a new requirement that DOT submit an annual report to the legislature of all executed CACs in the prior year.

YB notes that CACs allow the DOT to enter into an agreement with a private entity for the improvement of State harbor properties or other State-owned waterfront properties in situations where private development is likely to be cheaper, faster, or allows for more readily available funds than any other type of contract. CACs are also required to ensure that public works and procurement laws are followed. These agreements have been capped at \$2M per CAC for over 20 years. This measure would raise this cap to an unspecified amount, recognizing inflation and other design and construction costs that have escalated over time. Increasing the limit will also help support our harbors by strengthening public-private partnership agreements for certain federal grant funding.

For the reasons stated above, YB offers **STRONG SUPPORT** for this measure.

Thank you for your service to the State of Hawaii, and for the opportunity to testify offering comments on this measure.

Sincerely,

Kris Nakagawa
Vice President, External and Legal Affairs

¹ YB is a common carrier by water, transporting property by tug and barge between the islands of O‘ahu, Hawai‘i, Kaua‘i, Maui, Moloka‘i, and Lāna‘i. YB is currently the only water carrier authorized to transport property under Chapter 271G, Hawaii Revised Statutes (“HRS”) (i.e., the Hawaii Water Carrier Act), subject to the regulatory authority of the Public Utilities Commission of the State of Hawaii (“PUC”). Since 1900, customers across Hawaii have relied on YB’s frequent, regular, and universal sailings to serve as the bridge that connects all communities in this island-state.