

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

IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

OAHU

ISSUANCE OF A CONSTRUCTION RIGHT-OF-ENTRY TO MATSON TERMINALS, INC. FOR THE COMPLETION OF TENANT IMPROVEMENTS AND CAPITAL IMPROVEMENTS PROJECTS WITHIN THE SAND ISLAND CONTAINER FACILITY, PIERS 51, 52, AND 53, HONOLULU HARBOR, OAHU, TAX MAP KEY NOS. (1) 1-5-041: PORTIONS OF 049, 111, 115, 170, 185, 200, 313, 320, 321 & 324

**LEGAL REFERENCE:**

Sections 171-11, 171-13, and 171-55, Hawaii Revised Statutes, as amended.

**APPLICANT:**

Matson Terminals, Inc. ("Applicant"), a domestic profit corporation, whose mailing address is 1411 Sand Island Parkway, Honolulu, Hawaii 96819

**CHARACTER OF USE:**

To allow Applicant and its permitted agents (assignees, contractors, sub-contractors, and agents) the right to enter upon and take possession of the premises for the purposes of establishing temporary staging and work areas to support the following tenant improvements and capital improvement projects including: construction of electrical and civil infrastructure improvements to accommodate new and existing gantry cranes, the demolition and removal of aging cranes, the relocation of cranes, the installation of new cranes, and the installation of a new backup electrical power generators and redundant switchgear in the cargo terminal.

**LOCATION:**

Portion of Government lands situated on Sand Island, Honolulu Harbor, Tax Map Key Nos. (1) 1-5-041, portions of 049, 111, 115, 170, 185, 200, 313, 320, 321 & 324, as delineated in red shown on the attached map labeled Exhibit "A." As stated below, said lands have been set aside to the State of Hawaii Department of Transportation ("DOT") by Executive Order 2931.

**ITEM M-6**

**AREA:**

Approximately 622,000 square feet, more or less.

**CONSIDERATION:**

Gratis. It is noted that the right-of-entry facilitates the construction and completion of tenant improvements and capital improvement projects that will increase the operating efficiency of the cargo container facility. The operating efficiency, in turn, generates additional revenue for the DOT.

**ZONING:**

State Land Use Commission:	Urban
City and County of Honolulu:	I-3 Waterfront Industrial

**TERM OF RIGHT-OF-ENTRY:**

Twelve (12) months, with the option to extend the term in increments of ninety (90) days until the tenant improvements and the capital improvement projects as described herein are complete.

**COMMENCEMENT DATE:**

To be determined by the Director of Transportation

**CURRENT USE STATUS:**

Cargo container facility and pier

**LAND TITLE STATUS:**

Owned by State of Hawaii; management and control of the property was transferred to the DOT by Executive Order 2931.

**TRUST LAND STATUS**

A portion of the subject property was acquired pursuant to Section 5(a) of The Admissions Act, and the remainder of the subject property was acquired pursuant to Public Law 88-233.

**CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:**

A Declaration of Exemption from the preparation of an environmental assessment was made by the Director of Transportation on October 13, 2017, for the proposed right-of-entry use. This is exempt from Office of Environmental Quality Control requirements pursuant to Sub-Chapter 11-200-8 of the Hawaii Administrative Rules that exempts the following:

*Exemption Class 2. Replacement or reconstruction of existing structures and facilities where the new structure will be located, generally on the same site, and will have substantially the same purpose, capacity, density, height and dimensions as the structure replaced.*

- *Item A.5. Replacement or repair of existing deteriorated and/or damaged structures to their original/better condition within areas under the jurisdiction of the Department of Transportation such as piers, mooring buoys, single story office buildings, warehouses, sheds, comfort station, and shelters.*

#### **APPLICANT REQUIREMENTS:**

Matson Terminals, Inc. shall:

1. Ensure that their contractors, sub-contractors shall obtain the following insurance during the term of the right-of-entry and naming the Department of Transportation Harbors Division as additional insured:
  - (a) Bodily injury or property damage caused by Applicant's or its permitted agent's negligence in the form of a general liability insurance policy with a combined single limit of not less than \$1,000,000.00 for bodily injury and damage to property per occurrence, and \$2,000,000 in the aggregate.
  - (b) Automobile insurance for any vehicles used to access and are on the Premises with a minimum limit of not less than \$1,000,000.00 per occurrence.
  - (c) All insurance required to be maintained by Applicant and its permitted agents hereunder shall be pursuant to policies in form and substance consistent with policies of similar type issued to businesses similar to Applicant and its permitted agents and issued by companies of sound and adequate financial responsibility, who are authorized to do business in the State of Hawaii, all as reasonably satisfactory to the State.
  - (d) Applicant shall name the State as an additional insured on the policies or provide other assurances, reasonably acceptable to the State, that Applicant's insurance policies shall be primary, not in excess of or pro rata and noncontributing as to and with any other insurance held or maintained by the State, for any injury or claim arising on the Premises due to Applicant's negligence or the negligence of its permitted agents. The "State" shall include the State's officers and employees acting within the scope of their duties.
  - (e) Applicant shall provide proof of all required insurance to the State either by production of the actual insurance policies or by an insurance certificate on an ACORD form or some other written form reasonably acceptable to the State, together with appropriate written evidence,

reasonably satisfactory to the State, that the insurance premiums have been paid.

2. Use due care for public safety and agrees to defend, hold harmless, and indemnify the State, its officers, agents, and employees, or any person acting for and on its behalf, from and against all claims or demands for damage, including claims for property damage, personal injury, or death, arising on, about or in connections with the exercise of the rights and privileges herein granted, caused directly or approximately by any failure on the part of the Applicant in its use of the premises.
3. Take all necessary steps to ensure that any of its work involving the premises will not cause any permanent damage to property or improvements situated on, adjacent to, or near the Premises.
4. Upon expiration of the right-of-entry, at its sole cost and expense, restore the premises, and the ingress and egress thereto, to the condition it was in immediately prior to commencement of the right-of-entry, to the satisfaction of the State within a reasonable time after such expiration.
5. Take all necessary steps to ensure that the work done on the premises does not interfere with any of the operational activities of any adjacent property owners.
6. Coordinate all activities with Staff of the Department of Transportation Harbors Division.
7. At all times during the term of right-of-entry, comply with all applicable laws, statutes, ordinances, rules and regulations, whether State, County, or Federal, which are now or hereafter may be in effect.
8. Adhere to other terms and conditions as may be prescribed by the Director of Transportation.

**REMARKS:**

Implementation of the DOT Harbors Modernization Plan is underway and affirms that modernization of the container-handling facility is essentially dictated by inevitable changes occurring in the shipping industry. The shipping industry is shifting toward the use of larger container ships, which necessitate the use of cranes with greater lift height, lifting capacity (weight), and outreach. The cranes also need to have sufficient lift height to clear the larger container ship and its tiers of stacked containers on the ship's deck.

Matson currently operates at the Sand Island Container Terminal as authorized by the DOT's current allocation of yard/pier/berth space for cargo handling (pursuant to Chapters 19-41, 19-42, and 19-44, Hawaii Administrative Rules) and Harbors Lease No. H-79-5. There are seven cranes operating at this facility ranging in age from 25 to 42 years old, and they are nearing the end of their operating lifespan. Matson has commissioned new, larger vessels that will join its fleet in late 2018, but the existing

cranes are not high enough to unload and load the highest tiers of stacked containers on the new vessels. Replacing the older cranes with new cranes is necessary to maintain and improve crane reliability, which prevents potential disruptions in commercial harbor activities that may affect the timely delivery of essential cargo. This is especially important given the “just-in-time” nature of freight service for island and remote locations such as Hawaii.

Specifically, the scope of work to be completed on the property under this right-of-entry includes the following:

- **Phase A1: Install three new dockside cranes with electric power.**  
The new cranes will have a load capacity of 65 long-tons with a maximum height of 320 feet or (329 feet above mean sea level), and will be capable of unloading/loading the highest tier of Matson’s new larger containerships. They will operate on 11.5kV electrical power and include fiber-optic cabling as well as optical assists for crane operators.
- **Phase A2: Demolish four aging dockside cranes, retain and upgrade three existing cranes, and relocate one of the upgraded cranes.** The cranes to be demolished include two Alliance cranes originally built in 1975 with a maximum height of 123 feet 9 inches and two Paceco cranes originally built in 1976 with a maximum height of 247 feet 8 inches. The existing cranes to be upgraded consist of three MGM cranes with a maximum height of 300 feet (or 309 feet above mean sea level). The upgrades consist of electric power cable reels and fiber-optic cabling.
- **Phase B: Construct associated electrical and civil infrastructure improvements to accommodate the new and existing cranes.** This includes the following tasks:
  - Installing a power cable trench located inland of the landside crane rail at Pier 51C and Pier 52/53;
  - Adding cable termination vaults and one crane substation each at Pier 51C and Pier 52/53;
  - Removing the existing busbar crane power system;
  - Relocating existing utilities;
  - Constructing a new crane tie-down system including new pile installation at the landside girder of Piers 51 to 53;
  - Providing new stowage hardware, and new crane stops;
  - Adding micropiles for land-side tiedowns and to buttress up a few small sections land-side rail girder for larger diameter outfalls and culvert; and
  - Filling the crane power trench for water-side tiedowns.
- **Phase C: Install backup electrical power generators and redundant switchgear on the terminal.** The new generators, along with the redundant switchgear, will improve the reliability and resiliency of power to all cranes.

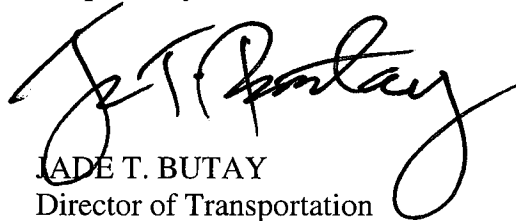
The existing cranes have been permitted and approved to operate on Piers 51C, 52, and 53 for several decades. The proposed project will result in a net reduction of one crane;

three existing cranes are proposed to be replaced with three new cranes and a fourth crane is proposed to be demolished. The three new cranes, when fully extended, measure 320 feet above mean sea level, and are proposed to be 20 feet higher in the stowed position height than the existing MGM cranes that will remain on-site at 300 feet. However, the new cranes will be on the same site, and will have substantially the same purpose, capacity, density, and dimensions as the structures replaced. Matson has conducted a series of aeronautical studies that conclude that the proposed structures would have no substantial adverse effect on the safe and efficient utilization of the navigable airspace by aircraft or on the operation of air navigation facilities. A final airspace determination of "No Hazard to Air Navigation" was issued on July 7, 2015, for each of the six crane locations and was confirmed valid by letter dated August 10, 2017.

**RECOMMENDATION:**

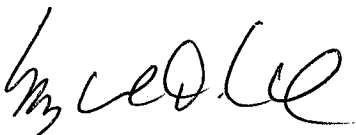
That the Board authorizes the issuance of a Right-of-Entry to the Applicant and its permitted agents covering the subject area for the purposes cited above, subject to the terms and conditions outlined above and incorporated herein by reference, and such terms and conditions as may be prescribed by the Director of Transportation.

Respectfully submitted,



JADE T. BUTAY  
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE CASE  
Chairperson and Member  
Board of Land and Natural Resources

Exhibit 'A' - Matson Construction Right of Entry

