

REPORT OF THE CHIEF EXECUTIVE OFFICER

January 27, 2010

1. Administrative & Financial Reports

- a. ATDC FY09 Financial Statement Summary as of 12/31/09 (**Exhibit A**)

Staff has prepared the 2009 Annual Report and budget for the legislative session.

- b. Personnel

HMG Contract Specialist – ATDC interviewed the top five (5) candidates and a recommendation for hire is being considered.

HMG Secretary – An employment offer will be made to the selected candidate upon paperwork processed by DBEDT.

- c. Audit of ATDC by the State Auditor

The State Auditor continues to request monthly Board minutes and reports. No word on when the draft audit is to be issued.

2. Media Reports

- a. *Higher harbor tariffs will pay for repairs*, Pacific Business News, January 1, 2010. (**Exhibit B**)
- b. *Picture of Paradise*, Honolulu Advertiser, January 5, 2010
- c. ATDC made a connection with Senator Brickwood Galuteria's Office and the Aloha Tower Marketplace to publicize events at ATM. Senator Galuteria has a website of over 2,000 names in and outside of the Downtown district that receive his email blast about monthly events, including Chinatown and Fort Street sub-districts.

3. Aloha Tower Complex and Project Area

- a. Aloha Tower Project Area

- i. A For Information on the ATDC Draft Strategic Plan is on today's agenda.
- ii. The ATDC Draft Strategic Plan was presented to the following entities:
- Downtown Neighborhood Board on January 7, 2010
 - U.S. Coast Guard on January 10, 2010

- Honolulu Culture and Arts District, Downtown Chinatown District; and Fort Street Mall Business Improvement District on January 14, 2010
- Harbor Square Association on January 19, 2010

iii. Aloha Tower Marketplace (ATM)

Discussion in Executive Session on the possible settlement of the legal action with the ATM owner is on today's agenda.

Processed and approved restaurateur's Zoning Clearance application for liquor license for the old Harbor Chinese Restaurant space. Plans are to open another Chinese Restaurant there.

iv. Staff continues to attend DOT Harbors Operational (Honolulu) meetings to coordinate issues and concerns.

JANUARY 1, 2010

Higher harbor tariffs will pay for repairs

TRANSPORTATION

BY CHAD BLAIR
PACIFIC BUSINESS NEWS

Gov. Linda Lingle is expected to approve substantial hikes in harbor tariffs this month, increases that will be passed on to businesses and consumers.

For example, the cost of shipping a 40-foot container from Honolulu to the Neighbor Islands will increase from \$129 to \$165 in 2010, and to \$356 in 2015. Discounts will be made for shipping locally grown produce.

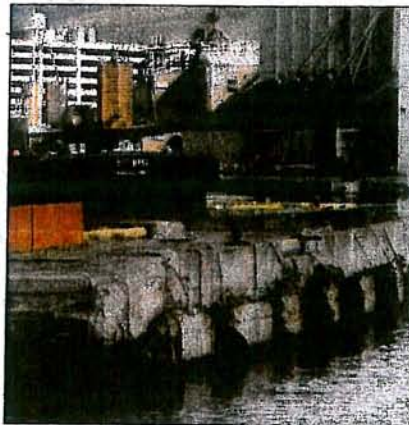
The tariff hikes will pay for a \$618 million modernization plan that already is under way in some ports. Groups that depend on ocean commerce for both their livelihood and lifeline say the state has no choice but to fix its 10 commercial harbors, several of which are overcrowded and deteriorating.

Public hearings on the rate hikes were held in late November and early December in Honolulu and on Maui, Kauai, Lanai, Molokai and the Big Island. Department of Transportation officials say attendance was sparse.

"No testimony opposing the proposed tariffs was received at any of the public hearings," said Mike Formby, deputy director of the Harbors Division.

Gary North, executive director of the Hawaii Harbors Users Group, called the meetings "rather uneventful."

HHUG, a nonprofit representing 15



CHRISTINA FAILMA PBN

Honolulu Harbor's Pier 28 awaits repairs as part of a \$618 million statewide modernization plan.

companies and organizations such as shipping companies, fuel providers and dock workers, has pushed for the tariff hikes for several years. The state has not increased fees for port entry, wharfage, dockage and late penalties in nearly 13 years.

Formby said the Harbors Division has received written comments proposing changes or modifications, comments that will be reviewed by his staff before the plan is finalized.

Testifying in support of proposed tariff amendments, the Maui County Farm Bureau said concerns about in-

vasive species and biosecurity risks should be addressed through harbor improvements.

The Hawaii Pilots Association, a HHUG member that provides pilotage service for commercial vessels, also supports the improvements plan.

Before submitting the tariff schedule to Lingle by mid-January, the Harbors Division will provide a small-business impact statement to the state's Small Business Regulatory Review Board, which has the option of providing additional comments to the governor.

Once approved, the tariff increases will take effect immediately.

HHUG and government officials say they recognize that the tariff increases will impact everyone statewide.

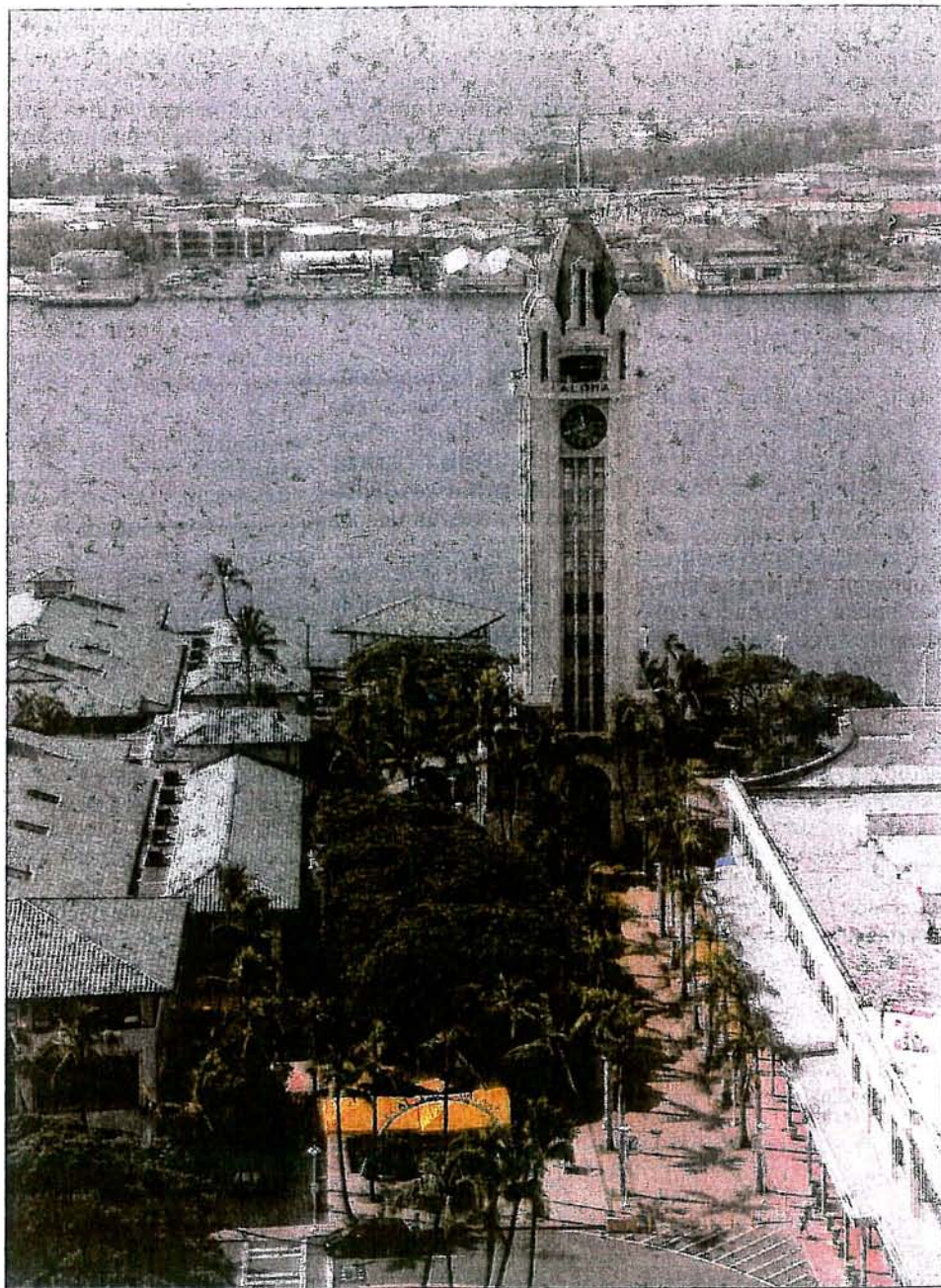
But they warn that if operational efficiency is not improved and harbor congestion is not reduced, the cost of consumer goods to residents, businesses and tourists would be far greater than paying more in harbor fees.

In a 2007 report, local economist Leroy Laney estimated that more harbor gridlock would delay delivery of goods and services and cost the state more than \$50 billion in gross domestic product.

Formby said the Harbors Division "hopes to realize increased revenue during the five or so months remaining in fiscal year 2010 under the new tariffs."

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PICTURE OF PARADISE



DEBORAH BOOKER | The Honolulu Advertiser

The Topa Financial Center offers a clear view of Aloha Tower and Aloha Tower Marketplace. Today's forecast calls for some showers and 81-degree weather.