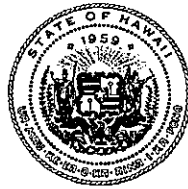


TESTIMONY
SCR 131 & SR 59

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IN REPLY REFER TO:

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

March 22, 2010

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE CONCURRENT RESOLUTION NO. 131
SENATE RESOLUTION NO. 59

REQUESTING A COST-BENEFIT STUDY TO DETERMINE WHETHER LEASING
INCOME CAN BE MAXIMIZED FROM AIRPORT AND HARBOR SPACE THROUGH
THE USE OF RETAIL LEASING AGENTS

COMMITTEE ON TRANSPORTATION, INTERNATIONAL AND
INTERGOVERNMENTAL AFFAIRS
COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS

The Department of Transportation (DOT) offers the following comments on this resolution requesting the Legislative Reference Bureau to conduct a cost-benefit study to determine whether airport and harbor revenues can be better maximized by contracting retail leasing agents to handle the leasing of state lands.

Both the Airports and Harbors Divisions have property management staff responsible for the leasing and rental of airport and harbor properties. As the proposed study is to include an estimate of the cost savings if this function is undertaken by private contractors, implementation issues as to how this public service that is currently being performed by state employees will be delivered through the private sector, should also be assessed in the study.

As the leasing of State lands is subject to various state laws, such as Chapters 102, 171 and 343, HRS, the study should also discuss how statutory requirements and processes should be addressed if leasing functions are turned over to private consultants.

Provided that the scope of the study is expanded to address the foregoing concerns, we feel that a study could serve as a useful management tool to assist the DOT in improving the delivery of leasing services by the most cost-efficient means possible.

Ken H. Takayama
Director

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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol
415 S. Beretania Street, Room 446
Honolulu, Hawaii 96813

Written Testimony

SCR131

REQUESTING A COST-BENEFIT STUDY TO DETERMINE WHETHER LEASING INCOME CAN BE MAXIMIZED FROM AIRPORT AND HARBOR SPACE THROUGH THE USE OF RETAIL LEASING AGENTS

Testimony by the Legislative Reference Bureau
Ken H. Takayama, Director

Presented to the Senate Committee on Water, Land,
Agriculture, and Hawaiian Affairs and the
Senate Committee on Transportation, International
and Intergovernmental Affairs

Monday, March 22, 2010, 2:45 p.m.
Conference Room 229

Chairs Hee and English and Members of the Committees:

Thank you very much for this opportunity to testify on Senate Concurrent Resolution No. 131, which directs the Legislative Reference Bureau (Bureau) to conduct a study to determine whether leasing income can be maximized from airport and harbor space through the use of retail leasing agents.

The Bureau takes **no position** either for or against the measure, but submits the following comments and concerns:

1. As always, if the Legislature wants us to do this study, we will do it to the best of our ability with the resources we have.
2. The study requested is not so much a matter of policy as it is one of operations of commercial leasing personnel in the private and public sectors.
3. We do not know whether the considerations that would go into leasing commercial space in airports are similar to or very different from harbors. The more varied those considerations are, the broader the scope of the study would be.

4. A potentially significant issue in this matter, however, is the issue of privatization. A need to cover this issue could substantially expand the scope of this study.
5. Accordingly, if this measure is to pass, we request that it be amended to exclude the issue of privatization.

Thank you very much for this opportunity to testify.

TESTIMONY
SCR 131 & SR 59
(END)