

# **SB 2727**

Extends the sunset date of Act 46, SLH 2012, to authorize the Department of Transportation to extend the term of an airport concession, and to modify and amend the terms of any concession contracts, leases, and permits in exchange for revenue-enhancing improvements that are made or paid for by the concession.

NEIL ABERCROMBIE  
GOVERNOR



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

Testimony of  
GLENN M. OKIMOTO  
DIRECTOR

Deputy Directors  
FORD N. FUCHIGAMI  
RANDY GRUNE  
AUDREY HIDANO  
JADINE URASAKI

IN REPLY REFER TO:

February 6, 2014  
1:16 p.m.  
State Capitol, Room 224

**SB 2727**  
**RELATING TO TRANSPORTATION**

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Senate Committee on Transportation and International Affairs

The Department of Transportation supports Senate Bill 2727, which extends the sunset date for ACT 46, Session Laws of Hawaii 2012, to December 31, 2014.

The bill will allow the department to have more time to complete lease negotiations and reach agreement with concessionaires.

Thank you for the opportunity to provide testimony.



## AIRPORT CONCESSIONAIRES COMMITTEE

Honorable J. Kalani English  
Chair, Committee on Transportation  
and International Affairs  
Hawaii State Senate  
Hawaii State Capitol  
Honolulu, Hawaii

Hearing: February 6, 2014, Room 224, 116pm

RE: SB 2727 - RELATING TO TRANSPORTATION

Chair English and Honorable Committee Members:

My name is Peter Fithian and I represent the Airport Concessionaires Committee. The Committee represents the majority of the concessions at Hawaii's public airports.

With minor amendment, the Committee supports this bill for a 6 month extension of Act 46 passed by the 2012 Legislature. More time is needed to review proposals and plans and gain necessary approvals at the discretion of Hawaii's DOT.

As to the amendment, we request that the word "lease" be removed from line 5 on page 2 of the bill since such negotiations may involve not only leases but also permits in accordance with Act 46.

At the sole discretion of Hawaii's DOT, the program allows the DOT and individual airport concessions to continue to proceed with fast-tracking construction of 80,000 or more feet of concession space and/or improvements needed at Hawaii's public airports.

A DOT Airports study not only documented the immediate need for more space but also the additional and immediate revenues the DOT Airports division would generate from concession improvements when completed.

While the goal to enhance DOT revenues is important, this program per Act 46 recognizes hardships and extra costs such fast-tracking will result to various concessions due to barricades, noise, re-routing of passengers and possible temporary re-location of concession space. Further, various concessions with short-term leases and/or permits would object to

***Airport Concessionaires Committee  
Re SB 2727, February 6, 2014 testimony  
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such improvements since the remaining term on their lease/permit does not allow them to spend monies and amortize the costs of improving existing space and/or newly built space.

To help solve these difficulties, to meet the goal to fast tracking improvements and to gain additional airport revenues sooner than later, this program allows the DOT at its sole discretion to work with airport concessions, and in exchange for expenses paid and improvements made by concessions, the DOT at its sole discretion may modify and extend the term of concession leases and permits to address such concerns and hardships faced by the concessions.

Various concessions are still proceeding to meet and complete discussions with the DOT Airports divisions. The 6 month extension of Act 46 should allow for the completion of such discussions.

We respectfully urge you to pass this bill with minor amendment to conform with Act 46. As in the past, your continued support of this program is appreciated. Thank you.



Honolulu International Airport

Honorable J. Kalani English, Chair  
Committee on Transportation and International Affairs  
Hawaii State Senate  
Hawaii State Capitol  
Honolulu, Hawaii

Hearing: February 6, 2014

RE: SB 2727 - RELATING TO TRANSPORTATION

Dear Chair English and Honorable Senators:

My name is Chris Wong and I am the Sr. Director of Operations with HMSHost which operates an airport concession.

We support this bill with amendment and also the arguments presented by the Airports Concessionaires Committee.

This bill seeks to extend Act 46 for 6 months beyond June 30, 2013. Various concessions need more time to review proposals and plans and gain necessary approvals at the discretion of Hawaii's DOT.

While the goal to enhance DOT revenues is important, this program per Act 46 recognizes hardships and extra costs such fast-tracking will result to various concessions due to barricades and possible temporary re-location of concession space. Concessions with short-term leases and/or permits would object to such improvements since the remaining term on their lease/permit does not allow them to spend monies.

This program allows the DOT at its sole discretion to work with airport concessions, and in exchange for expenses paid and improvements made by concessions, the DOT at its sole discretion may modify and extend the term of concession leases and permits to address such concerns and hardships faced by the concessions.

We thank you for your past support and respectfully urge you to pass this bill with amendment. Thank you.

HMSHost Corporation, Hawaii

By

Chris Wong, Senior Director of Operations

P. O. Box 30428 Honolulu, HI 96820 Phone: 808.836.2566 Fax: 808.834.0968

GRL CORPORATION  
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HONOLULU, HAWAII 96820

Honorable J. Kalani English, Chair  
Committee on Transportation and International Affairs  
Hawaii State Senate  
Hawaii State Capitol  
Honolulu, Hawaii

Hearing: February 6, 2014

RE: SB 2727 - RELATING TO TRANSPORTATION

Dear Chair English and Honorable Senators:

My name is Garrett Lew and I am the President of GRL Corporation which operates an airport concession.

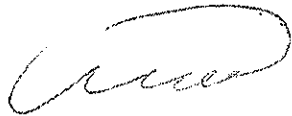
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While the goal to enhance DOT revenues is important, this program per Act 46 recognizes hardships and extra costs such fast-tracking will result to various concessions due to barricades and possible temporary re-location of concession space. Concessions with short-term leases and/or permits would object to such improvements since the remaining term on their lease/permit does not allow them to spend monies.

This program allows the DOT at its sole discretion to work with airport concessions, and in exchange for expenses paid and improvements made by concessions, the DOT at its sole discretion may modify and extend the term of concession leases and permits to address such concerns and hardships faced by the concessions.

We thank you for your past support and respectfully urge you to pass this bill with amendment. Thank you.



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FOOD AND BEVERAGE CONCESSION  
A CERTIFIED ACDBE CORPORATION





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Honorable J. Kalani English, Chair  
Committee on Transportation and International Affairs  
Hawaii State Senate  
Hawaii State Capitol  
Honolulu, Hawaii

Hearing: February 6, 2014

RE: SB 2727 - RELATING TO TRANSPORTATION

Dear Chair English and Honorable Senators:

My name is **John Matias** and I am the President of **Island Shoppers, Inc.** which operates an airport concession.

We **support** this bill with amendment and also the arguments presented by the Airports Concessionaires Committee.

This bill seeks to extend Act 46 for 6 months beyond June 30, 2013. Various concessions need more time to review proposals and plans and gain necessary approvals at the discretion of Hawaii's DOT.

While the goal to enhance DOT revenues is important, this program per Act 46 recognizes hardships and extra costs such fast-tracking will result to various concessions due to barricades and possible temporary re-location of concession space. Concessions with short-term leases and/or permits would object to such improvements since the remaining term on their lease/permit does not allow them to spend monies.

This program allows the DOT at its sole discretion to work with airport concessions, and in exchange for expenses paid and improvements made by concessions, the DOT at its sole discretion may modify and extend the term of concession leases and permits to address such concerns and hardships faced by the concessions.

We thank you for your past support and respectfully urge you to pass this bill with amendment. Thank you.

Aloha,

John R. Matias Jr.  
President  
Island Shoppers, Inc.