

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
MARA SMITH
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
JUDICIARY
February 15, 2017 2:00 p.m., Rm325

HB 1443 HD1
RELATING TO AN AIRPORT CORPORATION

Chair Nishimoto, Vice-Chair San Buenaventura and members of the committee, thank you for the opportunity to submit testimony on HB1443 HD1. The State Procurement Office's (SPO) supports the Committee's HD 1, #3, amendment to this bill.

This bill states that the Hawaii Airport Corporation shall be exempt from the Procurement Code and shall implement their own procurement policies and procedures for professional services, planning, engineering, and construction services, and other services - Consistent with accepted standards of probity, transparency, and accountability.

The Airport Authority works on a different business model from most state and government agencies. It receives its funds mostly from the airlines and concessions and not taxpayer's monies. This identifies a different set of stakeholders where the need for alignment with the procurement code can have a negative effect on the outcome. A set of policies and procedures more aligned with the business model of an Airport Authority is the logical path to take.

Notwithstanding my support, I do want to highlight some considerations for the implementation and maintenance of this separate entity:

The Hawaii Airport Corporation (HAC) must take into account that procurement is a complex function guided by numerous policies are critical to ensuring procurement staff, and all stakeholder's follow the proper procedures, and rules so all will have a clear and consistent understanding of the required regulations. The HAC should develop a comprehensive policy manual that clearly defines authority, management oversight, responsibility, and guidelines for the public and procurement staff when carrying out their responsibilities. This policy and set of procedures should cover the entire acquisition lifecycle and should be vetted by a third party expert to ensure they are robust, fair, maintainable and ensure separable duties to avoid fraud. Care should also be taken not to outsource inherently governmental duties.

Replacing the procurement code with HAC procurement policies and procedures maybe problematic. "Procuring faster is not always a good thing." The states competitive procurement processes are to insure that all potential providers are afforded the opportunity to compete for the required services through established time-tested, fair, and reliable set of rules and processes for award of contracts. Public procurement's primary objective is to give everyone equal opportunity to compete for Government contracts; to prevent favoritism, collusion or fraud in awarding of contracts.

The current organizational chart for procurement officers, and post-award contract managers does not lead itself to streamlining and effective actualization of procurements to contracts. The DOT Leadership should consider formulating a robust, centralized acquisition center that has the authority, skill and experience to manage complex procurements in all areas, as well as manage the administration and oversight thereto. There should be a CPO position created to be included in the c-suite set of executives to maintain a high level of presence and understanding of the acquisition landscape in which they are working.

In conclusion, it is important to state that, at any other time, the creation of an Airport Authority may be too large of a change to contemplate. However, with this current DOT Department Head, Mr. Ford Fuchigami, you have the luck of having a great leader to be able to bring this to life. Mr. Fuchigami understands the business aspects, has the respect of the community leaders, listens to his people and is a selfless, but strong leader that people will follow. Thank you.



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David Y. Ige
Governor

George D. Szigeti
President and Chief Executive Officer

Statement of
George D. Szigeti
Chief Executive Officer
Hawai'i Tourism Authority
on
HB1443 HD1 Relating to an Airport Corporation
House Committee on Judiciary
Wednesday, February 15, 2017
2:00 p.m.
Conference Room 325

Chair Nishimoto, Vice Chair Buenaventura and Members of the committee:

The Hawai'i Tourism Authority (HTA) offers the following **comments on** HB1443 HD1, which would create the Hawaii Airport Corporation within the Department of Transportation to develop, manage, and operate the State's airports and aeronautical facilities.

Improving our airport infrastructure is critical for Hawai'i's tourism industry. Without commenting on the precise structure of the authority, HTA supports the concept of a separate entity tasked with maintaining and improving the airports and focusing on issues affecting airlines and the tourism industry. Such an entity would address the needs of our airport visitors, businesses and airlines in a responsive and timely manner. HTA supports the investment in the state, our infrastructure and Hawai'i's visitor industry.

Mahalo for the opportunity to offer these comments.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2017**

ON THE FOLLOWING MEASURE:

H.B. NO. 1443, H.D. 1, RELATING TO AN AIRPORT CORPORATION.

BEFORE THE:

HOUSE COMMITTEE ON JUDICIARY

DATE: Wednesday, February 15, 2017 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 325

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Michael Q.Y. Lau, Deputy Attorney General

Chair Nishimoto and Members of the Committee:

The Department of the Attorney General provides the following comments on this measure.

The purpose of the bill is to establish the Hawai'i airport corporation (the "corporation") to manage state airports. The corporation would be placed within the Department of Transportation for administrative purposes.

Appointments

Subsection (b) on page 5, lines 5-12, of the new section -2 of the new Hawaii Revised Statutes chapter being added by section 2 of the bill provides that the corporation board of directors shall consist of five members, three who are appointed by the Governor, one appointed by the Speaker of the House, and one appointed by the President of the Senate. The direct appointment by the House Speaker and Senate President might be challenged as violating the separation of powers doctrine under the Hawai'i Constitution.

Whether the appointment power that is conferred directly to the Legislature for an executive branch board violates the separation of powers doctrine under article V, section 6 of the Hawai'i Constitution has not been addressed by the Hawai'i courts. Until a law is challenged and a court rules on the issue, the bill, if enacted into law, would be presumptively constitutional. See Schwab v. Ariyoshi, 58 Haw. 25, 31 (1977); Blair v. Cayetano, 73 Haw. 536, 542 (1992).

The Hawaii Revised Statutes contains examples of executive boards and commissions to which the Legislature appoints members. See, e.g., Elections Commission (Haw. Rev. Stat. § 11-7) and Research Corporation of the University of Hawaii (Haw. Rev. Stat. § 304A-3002). While these examples enjoy the presumption of constitutionality, only a challenge and determination by a court will definitively settle this issue. To obviate a potential challenge, we suggest that wording be added to the bill that provides that the Governor shall appoint all five members of the board of directors.

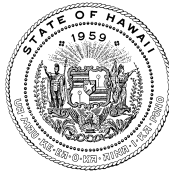
Chapter 171

The bill includes two provisions that conflict with chapter 171, Hawaii Revised Statutes (HRS). First, subsection (20) on page 12, line 3, of the new section -3 in section 2 provides that the corporation may own land. Section 171-2, HRS, identifies the state entities that may hold title to land in its own name. Section 171-2, HRS should be amended to provide that the corporation may hold title in its own capacity.

Second, paragraph (20) on page 12, lines 8-9, of the new section -3 provides that “corporation lands shall not be subject to chapter 171.” It is ambiguous whether “corporation lands” means land owned by the corporation, land controlled by the corporation, or both. All public airports, with the exception of Kawaihapai Airfield (formerly known as Dillingham Airfield), are located on “public land” as defined by section 171-2. The State of Hawai‘i, not the corporation, holds title to these public lands. The bill gives control over the public lands currently used for public airports to the corporation. The bill does not authorize the transfer of title of these public lands to the corporation. Accordingly we suggest that wording be added that the corporation and corporation lands owned or controlled by the corporation shall not be subject to chapter 171 (underscored wording added).

Thank you for the opportunity to comment on this bill.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON JUDICIARY
ON
HOUSE BILL NO. 1443, H.D. 1

**February 15, 2017
2:00 p.m.
Room 325**

RELATING TO AN AIRPORT CORPORATION

House Bill No. 1443, H.D. 1, proposes to establish the Hawaii Airport Corporation (HAC) which shall be a body politic and corporate, constituting a public instrumentality and a special political subdivision of the State, created for the performance of an essential public and government function that is to exercise general supervision over aeronautics within the State. The corporation shall be established and operate as a subdivision of the State. To accomplish this, the measure transfers the jurisdiction over aeronautics and airports, including airport functions under the Department of Transportation's (DOT) Airports Division, to the corporation on July 1, 2018. The bill also provides that the HAC shall be administratively attached to DOT.

The Department of Budget and Finance offers the following comments. This measure provides flexibility in two areas of general supervision over aeronautics operations – creation of a separate governing board with a chief executive officer and procurement flexibility through corporate policies and procedures. The Department

acknowledges that State government processes may not offer the flexibility that enterprise-type operations, such as airports, believe are necessary to support industry best practices. However, we do believe that our State government has proper internal control mechanisms in place to protect all assets under its control and it must maintain some level of accountability for funds that are collected and expended for a public purpose. Thus, we would like to work with the Governor's Office, the DOT leadership, and airport industry partners to identify functional areas where we can implement more efficient processes to support their enterprise-like operations.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR



LATE

Testimony by:
FORD N. FUCHIGAMI
DIRECTOR

Deputy Directors
JADE T. BUTAY
ROSS M. HIGASHI
EDWIN H. SNIFFEN
DARRELL T. YOUNG

IN REPLY REFER TO:

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

February 15, 2017
2:00 p.m.
State Capitol, Room 325

H.B. 1443, H.D. 1
RELATING TO AN AIRPORT CORPORATION

House Committee on Judiciary

The Department of Transportation (DOT) – Airports Division **supports** H.B.1443, H.D.1 with comments, specifically addressing the proposed amendment to delete the power of the Corporation to appropriate airport funds.

The DOT is working actively with the Attorney General's office to come forward with a determination on the appropriation issue and if legally possible, the DOT proposes to restore the original language in H.B.1443 which allows the Airport Corporation to appropriate and allot airport funds. A streamlined approval process would substantially increase effectiveness and enable accelerated delivery of needed capital improvements, with direct benefits to job creation and economic contribution.

At present, responsibility for development, management and operation of the State's Airports System is distributed among several State departments. Further, key decision-making is vested in the State legislature, which is only in session for part of each year. Distributed responsibility and involvement by multiple agencies, sometimes with conflicting goals and priorities, results in delay to decision-making, inefficiency and reduced effectiveness.

Such delays have stalled the Airport System capital programs, resulting in lost economic contribution and jobs, and insufficient airport capacity to meet future airline needs. At the same time, despite the financial self-sufficiency of the Airport System, State-imposed constraints to Airport operating budgets and staffing have resulted in progressive deterioration of the quality of terminal facilities, which no longer reflect the best of our great State, and are increasingly well below the standard of other airports serving leading global destinations.

Unlike other units of State government, its Airports are self-sustaining businesses, which must operate with a strong commercial and customer service focus, and must be rapidly responsive to opportunities and market conditions. Such a Corporation would create a single-purpose entity, configured with all the powers, capabilities and attributes

necessary to improve efficiency and implement airport industry best practices in all aspects of operation.

An independent Airport Corporation with a dedicated decision-making Board meeting throughout the year would enable capital program decisions to be made more rapidly and commercially important opportunities to be pursued more responsively. Streamlined procedures for budgeting, and procurement, and human resources processes configured to the unique needs of the Airport System would enable the airport enterprise to operate more efficiently. Operating budgets defined by airport needs would enable improvement both to terminal facilities and the quality of services and amenities offered to visitors, consistent with current airport industry standards.

While such an Airport Corporation would be independent of other State departments, it would retain full public accountability via Board appointments, public meetings, and full transparency of all policies and procedures, consistent with public sector standards and best practices. Further, recognizing the unique importance of the Airports System to our island State, DOT believes that an independent Airport Corporation, operating airports to achieve their full potential, would maximize their contribution to the State economy, improve global access and inter-island mobility, and in so doing strengthen their critical role in sustaining the social and cultural fabric of the State.

Thank you for the opportunity to provide testimony.



LATE

HB1443 HD1
RELATING TO AN AIRPORT CORPORATION
House Committee on Judiciary

February 15, 2017

2:00 p.m.

Room 325

The Office of Hawaiian Affairs (OHA) Beneficiary Advocacy and Empowerment Committee will recommend that the Board of Trustees **OPPOSE** HB1443 HD1, which would establish the Hawai'i Airport Corporation (Corporation) to exercise consolidated jurisdiction over the State's airports and airport lands, and exempt the Corporation from critical laws protecting Native Hawaiian rights and interests in public and "ceded" lands.

OHA has significant concerns regarding new language introduced to this measure in HD1 that would explicitly exempt the Corporation and Corporation-held lands from Hawai'i Revised Statutes (HRS) Chapter 171. Under Article 11, section 1 of the Hawai'i State Constitution and HRS Chapter 171, the State, through the Board of Land and Natural Resources (BLNR), holds in trust approximately 1.3 million acres of public lands, including the natural and cultural resources they contain, for the benefit of present and future generations. Much of these lands are also subject to the public land trust created by Article 12 of the Hawai'i State Constitution and the Admission Act section 5(f), which requires that a portion of revenues derived from public land trust lands be dedicated to OHA, for the purpose of the **LATE** conditions of Native Hawaiians. The trust status of these lands imposes primary obligations of due diligence and undivided loyalty, in making **LATE** effective and maximizing its benefits for the trust's Native Hawaiian **LATE** es.

By exempting the Corporation from Chapter 171, this bill would circumvent several critical laws that protect Native Hawaiian's rights related to ceded lands and the public land trust. Chapter 171 contains requirements that legislative approval be obtained prior to the sale or gift of state lands (HRS §171-64.7), or the exchange of public lands for private lands (HRS §171-50). OHA views these statutory protections as critical in maintaining the ceded lands corpus, as their enactment was a condition precedent to the settlement agreement in the OHA v. Housing and Community Development Corporation of Hawai'i lawsuit, brought in response to the State's actions to sell and alienate ceded lands. Chapter 171 also contains requirements for leases of public lands, including rent setting at public auction, limits on lease length and parcel use, and lessee qualifications, all of which are meant to benefit and protect the interests of Native Hawaiians and the public. Exempting a newly created Corporation invites potential violations of the public trust and public land trust, by foreclosing opportunities to maximize the financial and intangible benefits derived from the trust corpus.

OHA has additional concerns over Section 2 of the measure, which describes the new Corporation as a “body politic and corporate,” a “public instrumentality,” and a “subdivision of the State.” The latter term resembles the term “political subdivisions within the State” in Article VIII of the state constitution describing local government, i.e. the counties. Since the counties are not necessarily subject to the same laws as state agencies, it is unclear whether key state laws would apply to the Corporation, such as Act 178, Session Laws of Hawai’i 2006, which imposes strict public land trust revenue accounting requirements on state departments and agencies that use or manage public lands.

Should this measure move forward, OHA urges the Committee to ensure that all laws establishing and protecting the rights of OHA and its beneficiaries be made explicitly applicable to the Corporation in its receipt, administration, and disposition of lands that fall under its control.

Accordingly, OHA urges the Committee to **HOLD** HB1443 HD1. Mahalo for the opportunity to testify on this measure.

SanHi Government Strategies

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DATE: February 14, 2017

TO: Representative Scott Nishimoto
Chair, Committee on Judiciary
Submitted via Capitol Website

RE: **HB 1443, HD1 Relating to An Airport Corporation**
Hearing Date: Wednesday, February 15, 2017 at 2:00 p.m.
Conference Room: 325

Dear Chair Nishimoto and Members of the Committee on Judiciary:

We submit this testimony on behalf of Enterprise Holdings, which includes Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, Enterprise CarShare and Enterprise RideShare (Van Pool).

Enterprise **supports** the intent of H.B. 1443, HD1 which would authorize the establishment of the Hawaii airport corporation within the Department of Transportation. Enterprise believes it is important to establish an independent airport authority to oversee the transformation of our state airports into world class facilities. A single entity with consolidated jurisdiction over the development, management, and operation of Hawaii's airports would streamline processes and improve efficiencies. This would greatly benefit travelers to our islands, as well as all businesses that serve the Hawaii hospitality and tourism market.

For these reasons, we support H.B. 1443, HD1 and respectfully request that the Committee pass this measure. Thank you for the opportunity to submit this testimony.

Gary M. Slovin
Mihoko I. Ito
R. Brian Tsujimura
C. Mike Kido
Tiffany N. Yajima
Matthew W. Tsujimura



Maui Hotel & Lodging

ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

HB 1443 HD1

Relating To An Airport Corporation

COMMITTEE ON JUDICIARY

Wednesday, February 15, 2017, 2:00 pm

Conference Room 325

Dear Chair Nishimoto, Vice Chair San Buenaventura and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 175 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 25,000 residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA is **in support** of HB 1443 HD1, which authorizes the establishment of the Hawaii airport corporation within the department of transportation for administrative purposes on July 1, 2018. Sets out appointment of members to the board of directors and powers and duties of the Hawaii airport corporation. Transfers the aeronautics functions of DOT to the Hawaii airport authority.

MHLA believes that this measure could facilitate the completion of long-needed airport improvement and also create a platform for integrated planning that will greatly benefit the traveling public. These much-needed improvements will be paid for by the airlines and concessionaires that use the airports, together with the existing passenger facility charges already included with every airfare. There will be no expense to local taxpayers with no public tax dollars used.

The first and last impressions of our visitors occur at our airports. The hospitality industry's continued progress is very dependent on the quality of our airports. It is vital that we improve upon the service, infrastructure, and overall development of such a vital entity. We support the airport corporation as a single entity to overlook our airport's planning, management, marketing and development.

Thank you for the opportunity to testify.



Chamber of Commerce HAWAII

The Voice

LATE

**Testimony to the House Committee on Judiciary
Wednesday, February 15, 2017 at 2:00 P.M.
Conference Room 325, State Capitol**

RE: HOUSE BILL 1443 HD1 RELATING TO AN AIRPORT CORPORATION

Chair Nishimoto, Vice Chair San Buenaventura, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1443 HD1, would authorize the establishment of the Hawaii Airport Corporation within the department of transportation for administrative purposes on July 1, 2018. The bill sets out appointment of members to the board of directors and powers and duties of the Hawaii Airport Corporation, and transfers the aeronautics functions of DOT to the Hawaii airport authority.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We understand that the Airports Division recently completed a study that recommended restructuring toward a more independent airport authority, similar to port authorities on the mainland.

An Airport Corporation would allow for:

- Make improvements quickly and efficiently
- Create a more competitive tourism industry
- Deliver economic benefits across all sectors
- Make flying a better experience
- Provide year-round oversight and leadership with a five-member board and CEO
- Transfer all employees of the state to the corporation without loss of salary, seniority and benefits

One of the compelling arguments to create an Airport Corporation is that currently, Airports does not use any tax payer funds. All funds used in the airport operations are derived from user fees and assessments within the Airport properties.

While we support the proposal for the Hawaii Airport Corporation we also would encourage imposing policies and procedures that would provide sufficient oversight on the collection and expenditure of the funds raised on Airport properties which are state owned lands.



LATE

Testimony of

Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

House Committee on Judiciary

House Bill 1443, House Draft 1: Relating to an Airport Corporation

Chair Nishimoto, Vice Chair San Buenaventura, and members of the Committee:

Thank you for the opportunity to testify. On behalf of the Hawai'i Lodging & Tourism Association, we support House Bill 1443 HD1 which would establish a Hawai'i airport corporation. For HLTA, the state's largest private sector visitor organization, this is one of our major objectives.

The Department of Transportation is a very large state department which is responsible for our roads, harbors, and airports. Our state's airports serve as the first and last impression to those visiting our islands. Given the importance of our airports, we fully support the establishment of a state airport corporation. The corporation would give a laser-like focus to the operations, goal setting, and improvements of our airports, and would allow for quicker and more efficient results. That being said we would like to offer a comment in regards to an amendment made in the original bill. We believe that the capability to appropriate airport funds is a key function of the airport corporation in its ability to achieve its objectives and we ask for your committee's consideration in re-addressing this factor.

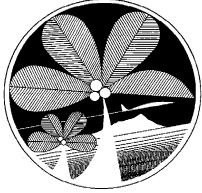
Our airports serve as our window to the world, and the hospitality industry's continued success is very dependent on the quality provided by our airports; so it is critically important that we improve upon the service, infrastructure, and overall development of such a vital entity. With year-round governance, the corporation would be able to better accommodate our air travelers by providing a higher level of comfort and convenience as well as establish standards and goals in achieving a higher caliber of customer service. It would also provide better transparency and public accountability by engaging stakeholders and all interested parties in the decision-making process.

It is imperative that we keep our airports at the forefront of our state's priorities. Visitors to our islands are always impressed when they experience examples of our Aloha Spirit and the beauty of our Native Hawaiian culture - our airports can be one of the best venues to experience these memorable moments.

We understand that these sorely needed airport improvements will be paid by the airlines and concessionaires that utilize the airports coupled with the existing passenger facility fees already included in the airfares. In short, HLTA enthusiastically supports an independent airport corporation as the overarching entity to oversee our airports' planning, management and marketing and development; all under one umbrella.

Mahalo for your consideration of House Bill 1443.

AIRLINES COMMITTEE OF HAWAII



Honolulu International Airport
300 Rodgers Blvd., #62
Honolulu, Hawaii 96819-1832
Phone (808) 838-0011
Fax (808) 838-0231

LATE

February 15, 2017

Honorable Scott Nishimoto, Chair
Honorable Joy San Buenaventura, Vice Chair
House Committee on Judiciary

Re: HB 1443 HD1 – RELATING TO AN AIRPORT CORPORATION – SUPPORT
Conference Room 325 – 2:00 PM

Aloha Chair Nishimoto, Vice Chair San Buenaventura and Members of the Committee:

The Airlines Committee of Hawaii* (ACH), which is made up of 20 signatory air carriers that underwrite the State Airport System, appreciates the opportunity to offer testimony supporting HB 1443 HD1, which authorizes the establishment of the Hawaii Airport Corporation.

We support the concept of HB 1443 HD1, however, would like to offer the following comments for the Committee's consideration:

- 1) The original bill was amended to delete the power of the Corporation to appropriate airport funds. We believe this is a critical issue and hope it may be resolved so the Corporation has the flexibility it needs to achieve its objectives; and
- 2) Respectfully request additional language requiring that at least one member of the board have aviation experience in addition to business and management experience.

HB 1443 HD1 addresses the many concerns about Hawaii's airports failing to provide a warm and welcoming experience for visitors by creating a means to efficiently and expediently execute much-needed projects at the airports. Experience at other US airports show that airport authorities can develop and implement policies and procedures designed to deliver uniquely complex airport capital programs more effectively and in a more timely fashion, while retaining full public transparency and accountability.

The Hawaii Airport Corporation will be self-sustaining and not require any tax payer dollars; it is fully funded by user fees and underwritten by the airlines serving the State's airport system. The Hawaii Airport Corporation will benefit from consistent leadership that can deliver on a long term vision for the airports.

Thank you for the opportunity to submit testimony.

Sincerely,

Blaine Miyasato
ACH Co-chair

Turner Maynor
ACH Co-chair

**ACH members are Air Canada, Air New Zealand, Alaska Airlines, All Nippon Airways/Air Japan, Aloha Air Cargo, American Airlines, China Airlines, Delta Air Lines, Federal Express, Fiji Airways, Hawaiian Airlines, Island Air, Japan Airlines, Korean Air, Philippine Airlines, Qantas Airways, United Airlines, United Parcel Service, Virgin America and WestJet.*

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Testimony to the House Committee on Judiciary**Wednesday, February 15, 2017****2:00 pm****Conference Room 423****LATE****RE: HB 1443 HD1 – Relating to an Airport Corporation**

Chair Nishimoto, Vice-Chair San Buenaventura, and members of the committees:

I am Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii is in support of HB 1443 HD1, which would authorize the establishment of the Hawaii Airport Corporation within the department of transportation for administrative purposes on July 1, 2018. The bill sets out appointment of members to the board of directors and powers and duties of the Hawaii Airport Corporation, and transfers the aeronautics functions of DOT to the Hawaii airport authority.

We understand that the Airports Division recently completed a study that recommended restructuring toward a more independent airport authority, similar to port authorities on the mainland.

An Airport Corporation would:

- Make improvements quickly and efficiently;
- Increase transparency and accountability;
- Create a more competitive tourism industry;
- Deliver economic benefits across all sectors;
- Make flying a better experience;
- Foster a better working environment;
- Provide year-round oversight and leadership with a five-member board and CEO;
- Transfer all employees of the state to the corporation without loss of salary, seniority and benefits.

One of the compelling arguments to create an Airport Corporation is that currently, Airports does not use any tax payer funds. All funds used in the airport operations are derived from user fees and assessments within the Airport properties.

While we support the proposal for the Hawaii Airport Corporation we also would encourage imposing policies and procedures that would provide sufficient oversight on the collection and expenditure of the funds raised on Airport properties which are state owned lands.

We appreciate the opportunity to provide our input on this important legislation.



Ann Botticelli
SVP Corporate Communications and
Public Affairs

TESTIMONY IN SUPPORT OF HB 1443 – RELATING TO AN AIRPORT CORPORATION

Date: Wednesday, February 15, 2017
Time: 2:00 pm
Location: Conference Room 325
Hawai'i State Capitol

Aloha Chair Nishimoto, Vice Chair San Buenaventura and members of the committee,

I appreciate the opportunity to affirm Hawaiian Airlines' strong **support** for the creation of an Airport Corporation, which will simplify the process of making badly needed improvements to our Airport infrastructure, improving the travel experience for visitors and locals alike. Hawaiian Airlines and the other airport users whose private money fund airport operations in their entirety are anxious to implement the improved process and efficiency promised by the creation of an Airport Corporation.

The amendments in HB 1443, HD1 reflect concerns raised by the state Attorney General regarding the use of public money. We believe this measure will benefit from a review of states with Constitutions similar to Hawai'i's in which Airport Authorities are in place and functioning well. We encourage the committee to move this measure forward to allow all parties to resolve concerns and enjoy the benefits an Airport Corporation would provide.

Respectfully submitted,

Ann Botticelli
SVP Corporate Communications and Public Affairs
Hawaiian Airlines

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 15, 2017 12:37 PM
To: JUDtestimony
Cc: robmoorehawaii@hotmail.com
Subject: Submitted testimony for HB1443 on Feb 15, 2017 14:00PM

HB1443

Submitted on: 2/15/2017

Testimony for JUD on Feb 15, 2017 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Moore	GACH	Support	No

Comments: Aloha, The General Aviation Council of Hawaii (GACH) supports the creation of an Airport Authority to help give the stability and professionalism to DOTA needed in Hawaii's Air Transportation system. GACH highly recommends the Senate combine the board member requirements stated in HB 1527 with this bill to ensure all facets of aviation are represented in the Airport Authority. HB 1527 requires professionals from both commercial and general aviation as well as tourism to be members of the authority and details that aviation people must be seated on the authority and that the executive (administrator) must also have aviation and airport management experience. One of the main problems we currently have with DOTA is that there is no one with aviation knowledge or recent experience existing in senior leadership positions within DOTA (only two people in DOTA have pilot certificates). This lack of aviation knowledge has slowed the development of many air transportation policies within the State. If Hawaii does not get experienced aviation people on the board, the State of Hawaii run the risk of unknowledgeable people mis-directing FAA funds and policies and adding another layer of bureaucracy on top of an already broken system. I have extracted the board requirements from HB 1527 and provided it below with salient points highlighted. GACH can also see the need to increase the board size up to 9 people if needed. I apologize that I could not be present to testify but GACH is available to discussion any questions later. Respectfully, Rob Moore, President The General Aviation Council of Hawaii (GACH) Hawaii airport authority; members. (a) The airport authority shall consist of seven voting members as follows: (1) The administrator, who shall be an ex officio, voting member of the airport authority; (2) Two members who shall have a background in general aviation; (3) Two members who shall have a background in commercial carrier aviation and be members of the general aviation council of Hawaii; and (4) Two members who shall represent the visitor industry and the airport concessionaires. (b) At least two members of the airport authority shall reside in a county with a population of less than eight hundred thousand. (c) The members of the airport authority shall be appointed by the governor pursuant to section 26-34, from a list presented to the governor by the president of the senate and the speaker of the house of representatives and except as specifically provided by this section. Initial appointments shall be for staggered terms, as determined by the governor. Appointment

of the members of the airport authority by the governor shall be exempt from the advise and consent authority of the senate. The president of the senate and the speaker of the house of representatives shall consult with stakeholders to compile the list presented to the governor pursuant to this section. (d) Except as provided in this chapter, no member of the airport authority appointed under this section shall be an officer or employee of the State or any of the counties. (e) The airport authority shall be exempt from the rulemaking requirements of chapter 91. § -4 Administrator of the Hawaii airport authority. (a) The airport authority shall be headed by a single executive to be known as the administrator of the airport authority. (b) The administrator: (1) Shall have extensive aeronautical and airport management expertise prior to appointment; (2) Shall report directly to the governor; (3) Shall be appointed by the vote of not less than five members of the airport authority, excluding the administrator; (4) Shall be a voting member of the airport authority; (5) May be removed from office by a vote of not less than five members of the airport authority, excluding the administrator; (6) Shall have the powers described in this chapter and as may be delegated by the airport authority; (7) May appoint, with the majority consent of the members voting thereon, a deputy administrator for each county as the administrator deems appropriate; and (8) May hire staff and employees to fill positions that may be provided for in the airport authority's annual budget.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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LATE

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Testimony Opposing HB 1443, HD 1, Relating to an Airport Corporation

Submitted to House Committee on Judiciary
2 pm February 15, 2017 Hearing in Conference Room 325

HB 1443, HD 1 will not accomplish what is desired by the agencies and organizations which support it. I recommend that you replace the current contents of this bill with a mandate and appropriation for the Legislative Auditor to:

- study “best-practices” for airport funding, operation, and management and
- recommend appropriate Constitutional and statutory amendments to adapt “best practices” for Hawaii’s situation.

HDOT’s February 3, 2017 testimony on HB 1443 alleged that “State-imposed constraints to Airport operating budgets and staffing have resulted in progressive deterioration of the quality of terminal facilities . . . below the standard of other airports serving leading global destinations.” I agree. But HB 1443, HD 1 will not help. Without a Constitutional amendment, the Legislature, Governor, and Department of Budget and Finance will continue to impose “constraints” on the proposed Airport Corporation’s expenditures and staffing.

HDOT’s February 3, 2017 testimony on HB 1443 also alleged that “Distributed responsibility and involvement by multiple agencies, sometimes with conflicting goals and priorities, results in delay to decision-making, inefficiency and reduced effectiveness. “ I agree. But HB 1443, HD 1 will not help. Merely creating and reducing “red tape” for an Airport Corporation is not going to reduce conflicts with other agencies which require space in airports and need additional funding and staffing to reduce delays for airport passengers. I think the proposed Airport Corporation needs to be assigned statutory responsibility to cooperate with and to assist the DOA and the DLNR - - because these agencies need to use airport facilities and to assess fees on airport users to fund state programs to control introduction of noxious non-native plants and animals. And I think the proposed Airport Corporation also needs statutory authorization to use Airport Corporation funds to “purchase” additional federal employees as necessary to reduce delays for passengers using Hawaii airports.