



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

February 28, 2018
11:00 a.m.
State Capitol, Room 211



S.B. 2996, S.D. 1
RELATING TO AN AIRPORTS CORPORATION

Senate Committee on Ways and Means

The Department of Transportation (DOT) **strongly supports** S.B. 2996, S.D. 1 which authorizes the establishment of the Hawaii Airports Corporation within the DOT for administrative purposes.

At present, responsibility for development, management and operation of the State's airports system is distributed among several State departments. Distributed responsibility and involvement by multiple state agencies, sometimes with conflicting goals and priorities, results in delayed decision-making and inefficiency. Such delays have stalled the airport system capital programs, resulting in lost economic contribution and jobs, and insufficient capacity to meet future airline needs.

Unlike other departments of State government, the airports are self-sustaining businesses, which must operate with a strong commercial and customer service focus, and be able to adjust to economic opportunities and market conditions. A Hawaii Airports Corporation would be a single-purpose entity with capabilities and attributes necessary to improve efficiency and implement airport industry best practices in all aspects of operation.

An independent Corporation with a dedicated decision-making board meeting throughout the year would provide management continuity and enable capital program decisions to be more responsive to meet consumer and stakeholder demands. 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.

The Airport Corporation would have full public accountability and transparency, in addition to adhering to Federal Aviation Administration certification requirements.

The transition will not result in any loss of employment or benefits for current public employees.

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 and we urge your favorable consideration of this measure.



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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
SB2996 SD1
Relating to an Airports Corporation
Senate Committee on Ways and Means
Wednesday, February 28, 2018
11:00am
Conference Room 211

LATE

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members:

The Hawai'i Tourism Authority (HTA) offers the following **testimony in support** of SB2996 SD1, which authorizes the establishment of the Hawai'i airports corporation within the Department of Transportation to develop, manage and operate the State's airport facilities.

Without commenting on the precise structure of the authority, HTA supports the creation of a separate entity that is tasked with focusing on issues affecting airlines and travelers and maintaining and improving the airports. The State's airports, in addition to welcoming visitors to the islands, serve Hawai'i residents and their families, provide employment for thousands of residents and are a key source of revenue for many businesses. An airports corporation, which would oversee capital improvements and other airport enhancements, will help to ensure that the Hawai'i airport system is a world-class facility. Developing the focal points of the State's most essential transportation option will improve Hawai'i's appeal as a destination and location. HTA supports the investment in the State, our infrastructure and Hawai'i's visitor industry.

Mahalo for the opportunity to offer this testimony.



HAWAI'I LODGING & TOURISM
ASSOCIATION

LATE

Testimony of

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

Committee on Ways and Means
February 28, 2018

Senate Bill 2996 SD1: Relating to an Airports Corporation

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to testify. On behalf of the Hawai'i Lodging & Tourism Association, we **strongly support** Senate Bill 2996 SD1 which would establish a Hawai'i airports corporation. For HLTA, the state's largest private sector visitor industry 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 assist all those involved with our airports achieve quicker and more efficient results.

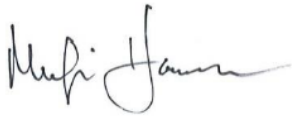
Our airports serve as our window to the world, and the hospitality industry's continued success is very dependent on the quality provided by our airports; so it is critically important that we improve upon the service, infrastructure, and overall development of such a vital entity. With year-round governance, 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 not come from the state's general fund or by tax payers dollars, rather they are 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 airport corporation as the over-arching entity to oversee our airports' planning, management and marketing and development; all under one umbrella.

Mahalo for your consideration of Senate Bill 2996 SD1.

Sincerely,



Mufi Hannemann
President & CEO



Gregg Nelson
Chairman of the Board



Glenn Vergara
Chairperson Elect



Michael Jokovich
Vice Chairperson



Bonnie Kiyabu
Oahu Chapter Chairperson



Angela Nolan
Maui Chapter Chairperson



Steve Yannarell
Hawai'i Island Chapter Chairperson



Jim Braman
Kaua'i Chapter Chairperson

The following is a list of hotels represented by the Hawaii Lodging & Tourism Association:

Aqua-Aston Hospitality, LLC
Castle Resorts & Hotels
Colony Capital, LLC
Halekulani Corporation
Hawaiian Hotels & Resorts, LLC
Highgate Hotels
Hilton Grand Vacations
InterContinental Hotels Group
Ko Olina Resort
Kyo-ya Company LLC
Kyo-ya Management Company, Ltd.
Lucky Hotels U.S.A. Co., Ltd.
Marriott International, Inc.
Outrigger Enterprises Group
Prince Resorts Hawaii, Inc.
Pulama Lana`i
Sasada International, LLC

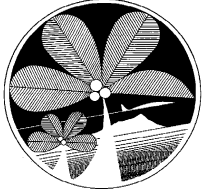
Aina Nalu Lahaina by Outrigger
Airport Honolulu Hotel
Ala Moana Hotel
Alohilani Resort Waikiki Beach
Ambassador Hotel Waikiki
Andaz Maui at Wailea Resort
Aqua Aloha Surf Waikiki
Aqua Bamboo & Spa
Aqua Kauai Beach Resort
Aqua Oasis
Aqua Pacific Monarch
Aqua Palms Waikiki
Aqua Park Shore Waikiki
Aqua Skyline at Island Colony
Aqua White Sands Hotel
Aston at Papakea Resort
Aston at Poipu Kai

Aston at the Executive Centre Hotel
 Aston at the Maui Banyan
 Aston at the Waikiki Banyan
 Aston at The Whaler on Kaanapali Beach
 Aston Islander on the Beach
 Aston Kaanapali Shores
 Aston Kona by the Sea
 Aston Mahana at Kaanapali
 Aston Maui Hill
 Aston Maui Kaanapali Villas
 Aston Shores at Waikoloa
 Aston Waikiki Beach Hotel
 Aston Waikiki Beach Tower
 Aston Waikiki Beachside Hotel
 Aston Waikiki Circle Hotel
 Aston Waikiki Sunset
 Aston Waikoloa Colony Villas
 Aulani, a Disney Resort & Spa
 Best Western Pioneer Inn
 Best Western The Plaza Hotel
 Breakers Hotel
 Coconut Waikiki Hotel
 Courtyard by Marriott Kaua'i at Coconut Beach
 Courtyard by Marriott King Kamehameha's Kona Beach
 Courtyard by Marriott Waikiki Beach
 Courtyard Oahu North Shore
 Doubletree by Hilton Alana Waikiki Hotel
 Embassy Suites by Hilton Oahu Kapolei
 Embassy Suites Hotel - Waikiki Beach Walk
 Ewa Hotel Waikiki - A Lite Hotel
 Fairmont Orchid Hawaii
 Four Seasons Resort Lana'i
 Four Seasons Resort Maui
 Four Seasons Resort O'ahu at Ko Olina
 Grand Hyatt Kauai Resort & Spa
 Grand Naniiloa Hotel
 Grand Wailea
 Hale Koa Hotel
 Halekulani
 Hampton Inn & Suites, Kapolei
 Hapuna Beach Prince Hotel
 Hilton Garden Inn Kauai Wailua Bay
 Hilton Garden Inn Waikiki Beach
 Hilton Grand Vacations at Waikoloa Beach Resort
 Hilton Grand Vacations Club
 Hilton Hawaiian Village Waikiki Beach Resort
 Hilton Waikiki Beach
 Hilton Waikoloa Village Resort & Spa
 Hokulani Waikiki by Hilton Grand Vacations Club
 Holiday Inn Express Waikiki
 Holiday Inn Waikiki Beachcomber Resort
 Honua Kai Resort & Spa
 Hotel Coral Reef Resort
 Hotel Renew by Aston
 Hotel Wailea Maui
 Hyatt Centric Waikiki Beach
 Hyatt Place Waikiki Beach
 Hyatt Regency Maui Resort & Spa
 Hyatt Regency Waikiki Beach Resort & Spa
 Ilikai Hotel and Luxury Suites
 Ilima Hotel
 Ka'anapali Beach Club
 Ka'anapali Beach Hotel
 Kahana Falls
 Kauai Marriott Resort & Beach Club
 Kiahuna Plantation Resort by Castle Resorts
 Ko'a Kea Hotel & Resort
 Kona Coast Resort
 Lawai Beach Resort
 Lotus Honolulu at Diamond Head
 Luana Waikiki Hotel and Suites
 Marriott's Kauai Lagoons, Kalanipu'u
 Marriott's Ko Olina Beach Club
 Marriott's Maui Ocean Club
 Marriott's Waiohai Beach Club
 Maui Beach Hotel
 Maui Coast Hotel
 Maui Condo & Home, LLC
 Maui Eldorado Kaanapali by Outrigger
 Mauna Kea Resort
 Mauna Lani Resort
 Mauna Loa Village IOA
 Moana Surfrider, A Westin Resort & Spa
 Montage Kapalua Bay
 Napili Kai Beach Resort
 OHANA Waikiki East by Outrigger
 OHANA Waikiki Malia
 Ohia Waikiki Hotel
 Outrigger Kiahuna Plantation
 Outrigger Napili Shores
 Outrigger Palms at Wailea
 Outrigger Reef Waikiki Beach Resort
 Outrigger Regency on Beachwalk
 Outrigger Royal Sea Cliff
 Outrigger Waikiki Beach Resort
 Pacific Marina Inn

Pagoda Hotel
Pearl Hotel Waikiki
Plantation Hale Suites
Prince Waikiki
Queen Kapiolani
Raintree - Kona Reef Raintree Vacation Club
Ramada Plaza Waikiki
Royal Grove Hotel
Royal Kahana Maui by Outrigger
Royal Kona Resort
Royal Lahaina Resort
Sheraton Kauai Resort
Sheraton Kona Resort & Spa at Keauhou Bay
Sheraton Maui Resort and Spa
Sheraton Princess Kaiulani
Sheraton Waikiki Resort
Shoreline Hotel Waikiki
St. Regis Princeville Resort
Stay Hotel Waikiki
The Cliffs at Princeville
The Club at Kukui`ula
The Fairmont Kea Lani, Maui
The Imperial Hawaii Resort At Waikiki
The Kahala Hotel & Resort
The Laylow, Autograph Collection

The MODERN Honolulu
The New Otani Kaimana Beach Hotel
The Point at Poipu, Diamond Resorts International
The Ritz-Carlton Residences, Waikiki Beach
The Ritz-Carlton, Kapalua
The Royal Hawaiian, A Luxury Collection Resort
The Surfjack Hotel & Swim Club
The Westin Maui Resort & Spa
The Westin Princeville Ocean Resort Villas
Travaasa Hana
Trump International Hotel Waikiki
Turtle Bay Resort
Vive Hotel Waikiki
Waikiki Beach Marriott Resort & Spa
Waikiki Grand Hotel
Waikiki Parc Hotel
Waikiki Resort Hotel
Waikiki Sand Villa Hotel
Waikiki Shore
Waikoloa Beach Marriott Resort & Spa
Wailea Beach Marriott Resort & Spa
Waipouli Beach Resort & Spa by Outrigger
Westin Ka'anapali Ocean Resort Villas
Wyndham at Waikiki Beach Walk
Wyndham Vacation Resorts Royal Garden at Waikiki

AIRLINES COMMITTEE OF HAWAII



Honolulu International Airport
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February 28, 2018

Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

Re: SB 2996 SD1 - RELATING TO AN AIRPORTS CORPORATION – IN STRONG SUPPORT
Conference Room 211 – 11:00 AM

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and members of the committee:

The Airlines Committee of Hawaii (ACH), which is comprised of the 21 signatory air carriers that underwrite the State Airport System, appreciate the opportunity to offer testimony in strong support of SB 2996 SD1, which authorizes the establishment of the Hawaii Airports Corporation (HAC). We would like to request the attached amendments to address the concerns raised regarding procurement and the Board composition. It is critical that the airports corporation be run by an independent board whose members have been chosen based solely on their qualifications. There should be no special interest representation on the Board. As with other airport Boards throughout the country, the Hawaii Airports Corporation Board must serve the interest of the airports corporation alone, not the interest of outside groups.

Airport authorities and corporations around the United States have implemented independent procurement policies that serve both to protect the public interest and at the same time deliver procurement systems better suited to the unique needs of an airport enterprise operating in a competitive commercial environment. The current procedures impose undue delay and process complexity and in consequence, have delayed needed airport capital projects, with negative impacts on job creation and economic development. The amendments proposed are consistent with best public practice and ensure that all public interests are appropriately protected.

The airports are self-sustaining, unlike other State departments and authorities. No State general funds are used today for Hawaii's airports and the HAC will not require any. It will be fully funded by user fees and underwritten by the airlines serving the State's airport system.

An independent airport corporation will provide a long term vision for the airports and be able to execute critical capital improvement programs in a timely and efficient manner. Hawaii is one of only three states that operate airports. Most U.S. airports are operated by authorities or corporations or a hybrid of the same. It is proven that airport authorities can develop and implement policies and procedures designed to deliver uniquely complex airport capital programs more effectively, while retaining full public transparency and accountability.

Hawaii's airports are inferior to other airports serving leading travel destinations. An airports corporation will increase responsiveness to consumer needs, commercial opportunities and economic demands through dedicated expert airport leadership, management continuity and year-round decision-making, consistent with industry best practices.

The HAC will be a highly regulated and scrutinized organization. It will be reviewed and certified by the Federal Aviation Administration (FAA). The FAA also imposes many regulatory requirements on airports and consistently monitors compliance.

Thank you for the opportunity to provide testimony. We appreciate your leadership on this measure.

Sincerely,

Blaine Miyasato
ACH Co-chair

Matthew Shelby
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, Southwest Airlines, United Airlines, United Parcel Service, Virgin America and WestJet.*

Suggested Amendments to SB 2996 SD1

1. Page 5, lines 15 – 16: Delete board member representing general aviation interests.
2. Page 9, lines 1 -2: Delete item (9) and correctly renumber the subsequent items.
3. Page 11, line 3 to Page 12, line, should be amended to read as below with new language in red and deleted language highlighted and crossed out:
 - (A) A Chief Procurement Officer position shall be created to oversee a centralized set of procurement professionals to conduct procurement;
 - (B) The board of directors shall maintain internal policies and procedures for the timely and efficient procurement of goods and services, including planning, engineering, and construction services, to include post-award contract management and oversight procedures, consistent with the goals of public accountability and public procurement practices;
 - (C) Procurement policies shall be published and available to the public;
 - (D) The corporation shall implement and maintain an eProcurement system to ensure electronic posting to include requisition-to-check, contract management and spend analysis modules. All solicitations, including any bid openings, and additional solicitation documents shall be available online;
 - (E) The corporation shall develop key performance indicators covering the following four areas: (1) Effective management and increased efficiency of the procurement process; (2) Contract management and supplier performance; (3) Transparency, openness and accountability of procurement processes; and (4) Professionalism of the procurement workforce;
 - (F) The corporation shall develop a robust training and procurement delegation system;
 - (G) Professional services contracts for architects and engineers shall be procured using qualification-based selection; whereas all other services may be procured using best value competitive proposals, using insofar as practical, deliverables as a payment method and limiting use of time and materials contracts;
 - (H) Cost plus percentage of cost type contracts shall be disallowed;

- (I) Insofar as practical, and based on specifications developed, adequate and reasonable competition of no fewer than three proposals shall be solicited for each project;
- (J) Considering factors, including quality, warranty, ~~and~~ delivery and full lifecycle costs to include handover, surge and disaster preparedness factors, ~~the~~ a best-value award, to include past performance evaluation factor, shall be made to the ~~vendor~~ offeror with the most advantageous proposal; and
- (K) The procurement requirements shall not be artificially divided or parceled so as to avoid competitive bidding or competitive proposals;
- (L) The corporation shall implement a dispute resolution process for procurement award and post-award contract actions; and
- (M) In an invitation to bid, the corporation shall specify that all bids include the name of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and the scope of the work to be performed by each. Construction bids that do not comply with this requirement may be accepted if acceptance is in the best interest of the corporation and the value of the work to be performed by the joint contractor or subcontractor is equal to or less than one percent of the total bid amount.

4. Page 18, Lines 20 – 21 to be amended to allow the corporation to hire a “Chief Procurement Officer” to be appointed by the Chief Executive Officer.

5. Page 53, line 17 to insert a new number (2) as below and correctly renumber the subsequent items:

“(2) Develop a set of robust procurement procedures and policy that fosters accountability, transparency and oversight of contracts to include compliance with federal procurement requirements.”



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LATE

February 27, 2018

The Honorable Donovan M. Dela Cruz
Chairman, Senate Committee on Ways and Means
Hawaii State Capitol, Room # 208
415 S Beretania Street
Honolulu, HI 96813

Dear Senator Dela Cruz, and members of the committee:

Thank you for the hearing SB2996, Relating to an Airports Corporation, and the opportunity to comment. I write on behalf of the Aircraft Owners and Pilots Association (AOPA), the world's largest aviation organization, representing the general aviation interests of over 1,000 members in Hawaii.

AOPA supports SB2996, legislation that would authorize the establishment of the Hawaii airports corporation within the Department of Transportation. We believe it is critical to have balanced interests make up the board of directors, in that spirit, we are appreciate of the inclusion of a General Aviation representative on the board, as proposed in SB2996. AOPA has seen the positive effects of establishing such a group at other airports across the United States. We would respectfully request that AOPA be involved in conversations involving the makeup of the board of directors as SB2996 moves forward in the legislative process.

If you have questions or require additional information, please contact me directly at 301-695-2228 or Melissa.McCaffrey@aopa.org

Respectfully,

Melissa McCaffrey
Western Pacific Regional Manager, AOPA

The Aircraft Owners and Pilots Association is a not-for-profit individual membership organization of General Aviation Pilots and Aircraft Owners. AOPA's mission is to effectively serve the interests of its members and establish, maintain and articulate positions of leadership to promote the economy, safety, utility and popularity of flight in general aviation aircraft. Representing two thirds of all pilots in the United States, AOPA is the largest civil aviation organization in the world.

AIRCRAFT OWNERS AND PILOTS ASSOCIATION



Testimony for
Senate Committee on Ways and Means
Wednesday, February 28, 2018, 11:00 a.m. Room 211

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

SB 2996 Relating to an Airports Corporation

Dear Chair Dela Cruz and Members of the Committee:

This testimony is in **STRONG SUPPORT** of SB 2996 to authorize the establishment of the Hawai'i Airports Corporation within the Department of Transportation (DOT). The bill provides the structure, governance, functions, and a transfer date of not later than July 1, 2021 from DOT.

I am Lynn McCrory, Senior Vice President of Government Affairs for Pulama Lanai. Pulama Lanai is the entity that was set up by Larry Ellison to work with the community and government as we move the island of Lanai toward sustainability.

The DOT – Airports division is a multi-million dollar entity that should have a Board that can actively provide the policies and guidance and decision making that is required of airports ranging from a world class airport that is the Daniel K. Inouye Airport, to a commercial airport the size of the Lāna'i Airport. Any corporation the size of DOT – Airports, along with many of the mainland airports, function very well with this corporation structure. DOT – Airports having only a five month option to provide decisions as to what is needed on a twelve month basis, along with all of the other departments in the State, results in not having the optimal operational efficiency and function. Decisions can need to be made on a daily basis.

If we want to continue to attract new industries to Hawai'i, they have to get here easily and safely. New and existing industries want airports that work efficiently, with flexibility, and that support their business decisions for being in Hawai'i.

We humbly ask that you SUPPORT SB2561. Mahalo!

Me ke aloha pumehana
With warm aloha,

Lynn P. McCrory
Senior Vice President of Government Affairs



LATE

**Testimony to the Senate Committee on Ways and Means
Wednesday, February 28, 2018 at 11:00 A.M.
Conference Room 211, State Capitol**

RE: SENATE BILL 2996 SD1 RELATING TO AN AIRPORTS CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2996 SD 1, which authorizes the establishment of the Hawaii Airport Corporation within the Department of Transportation for administrative purposes. Sets out appointment of members to the board of directors and powers and duties of the Hawaii Airport Corporation. Transfers the aeronautics functions of the Department of Transportation to the Hawaii Airports Corporation by the established transfer completion date agreed upon by the Hawaii airports corporation, the director of transportation and the governor, which shall be no later than July 1, 2021.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ 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.

An independent airports corporation would allow for:

- Accelerated implementation of needed airports capital improvement projects
- Increased transparency and accountability
- A more competitive tourism industry
- Delivery of economic benefits across all sectors
- A better travel experience for local residents and visitors
- Year-round oversight and continuity in leadership with a nine-member board and CEO
- All employees of the state's Department of Transportation Airports Division to be transferred to the corporation without loss of salary, seniority and benefits

It is important to note that there are no tax payer dollars used to sustain Hawaii's airports. Funding is solely from airport user fees and federal grants.

Thank you for the opportunity to testify.

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Website: www.gcawhawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

LATE

February 28, 2018

TO: HONORABLE DONOVAN DELA CRUZ, CHAIR, HONORABLE GIL KEITH AGARAN, VICE CHAIR, SENATE COMMITTEE ON WAYS AND MEANS

SUBJECT: **CONCERNS REGARDING S.B. 2996, SD1, RELATING TO AN AIRPORT CORPORATION.** Authorizes the establishment of the Hawaii airports corporation within the department of transportation for administrative purposes. 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 airports corporation by the established transfer completion date agreed upon by Hawaii airports corporation, the director of transportation, and the governor, which shall be no later than July 1, 2021. (SD1)

PUBLIC DECISION MAKING

DATE: Wednesday, February 28, 2018
TIME: 11:00 AM
PLACE: Capitol Room 211

Dear Chair Donovan Dela Cruz, Vice Chair Gil Keith Agaran and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

The GCA has concerns regarding S.B. 2996, SD1 and Section two of the Bill which proposes an overall exemption to Chapter 103D, HRS, commonly known as the State Procurement Code, while the SD1 includes some provisions of Chapter 103D, particularly the subcontractor listing requirement clause, currently in Section 103D-302(b) of the procurement code. The SD1 version of SB 2666 includes the subcontractor listing provision which would require the listing of subcontractors for potentially all forms of procurement, including provisions of the procurement code that currently does not require subcontractor listing. This could lead to further bid protests and delays of projects under the Airport Corporation. Instead of including the subcontractor listing provision – the corporation should be subject to Chapter 103D, HRS -- under the state's current procurement code, or as an alternative fix the current state procurement code.

The GCA has been a strong proponent of improving efficiency of the State Procurement Code and has proposed different amendments in previous sessions that could alleviate delays due to bid protests particular to the subcontractor listing provision – currently SB 2600, proposes to correct this matter. It has been suggested that the procurement code is not the issue, but rather

how the State's Procurement code has added "special provisions" (opihis) that do not exist in ABA Model Procurement Code that makes it difficult to administer, like the subcontractor listing requirement and other preferences. These "opihis" to the State's Procurement code has made it prone to unnecessary protests and delays in the initiation and completion of construction projects.

Therefore, the GCA suggests that instead of exempting the airport corporation from Chapter 103D, HRS, State Procurement Code, the focus should be on amending the procurement code to be more in line with the ABA Model Procurement Code, of which Hawaii's procurement law supposed to be modeled after.

The inclusion of the subcontractor listing clause to S.B. 2996 will move away from the intent of the Airport Corporation's goal which per the preamble suggests "coordinated planning and development of the State's air transportation system and infrastructure would be achieved more effectively by establishing and giving a separate state entity overall jurisdiction and responsibility for aeronautics and the State's airports." Instead, the exemption from the procurement code while still requiring special provisions, like the subcontractor listing clause will lead to further delay, bid protests and inefficient spending of funds.

Thank you for this opportunity to share our concerns regarding this measure.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS & MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
WEDNESDAY, FEBRUARY 28, 2018 AT 11:00 A.M.**

To The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair; and
Members of the Committee on Ways and Means;

TESTIMONY IN SUPPORT OF SB2996 RELATING TO AN AIRPORTS CORPORATION

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, serving in this role for over a decade. Thank you for the opportunity to testify.

We are in strong support of SB2996, which authorizes the establishment of the Hawaii Airports Corporation. 98% of visitors arrive via the airport system and two critical airports – Honolulu (HNL) and Kahului (OGG) – were named among the Top 10 Worst Airports in America. Our airports are our visitors first and last impression and they must reflect our brand, deliver quality experiences and promote Hawaii, not hold us back. Tourism supports 175,000 jobs in the state and it is critical that we support this industry. We believe the establishment of the Hawaii Airports Corporation will be extremely beneficial as it will help to make improvements quickly and efficiently and increase transparency and accountability. The establishment of the Hawaii Airports Corporation will also mean that airport updates will have no expense to local tax payers with no public dollars used and employees will all be transferred without loss of salary, seniority and benefits. We ask that you please pass this measure so that our airports can get the modifications they so desperately need to support our visitor industry

Mahalo for your consideration of our testimony and we hope you will support this bill.

Sincerely,

Pamela Tumpap
President



LATE

February 27, 2018

COMMITTEE ON WAYS & MEANS
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice-Chair

RE: SB2996, SD1 RELATING TO AN AIRPORT CORPORATION – SUPPORT

Aloha, Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee,

Since 1951, the Japanese Chamber of Commerce & Industry of Hawai'i (JCCIH) has been a voice for Hawai'i Island business. Today, at more than 300 members strong, we're focused on finding ways to boost the economy, support innovative industries, increase jobs and contribute to a thriving and island community. That's why we write to you in strong **support of SB 2996, SD1.**

We support establishing an independent airport authority to manage operations of the 15 airports spread across the islands. With the airport the first and last thing greet the millions of visitors coming to our islands each year, immediate updates to infrastructure and facilities are critical. We believe greater efficiency of operations and management, a more streamlined budgeting/procurement process, and swift, responsible development can happen under an airport corporation model.

Mahalo for the opportunity to testify in **support of SB2996, SD1.**

Respectfully,
Ashley Kierkiewicz & Steve Ueda
JCCIH Government Affairs Committee Co-Chairs

SB-2996-SD-1

Submitted on: 2/27/2018 2:03:09 PM

Testimony for WAM on 2/28/2018 11:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Ashley Kierkiewicz	Individual	Support	No

Comments:

Aloha, Chair Dela Cruz, Vice-Chair Keith-Agaran and Members of the Committee,

I write to you in strong support of SB2996, SD1 which would establish an independent airport authority for Hawaii's airports.

As the first and last thing to aloha our visitors and residents, it's imperative that we improve our airport infrastructure and facilities to better accommodate the needs of modern society.

Mahalo for the opportunity to testify in support of this measure.

LATE

SB-2996-SD-1

Submitted on: 2/27/2018 5:25:32 PM

Testimony for WAM on 2/28/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephen Ueda	Individual	Support	No

Comments:

Our airports are in dire need of improvements. An airport corporation will help make the necessary improvements in a timely manner.

LATE

SB-2996-SD-1

Submitted on: 2/28/2018 12:48:39 AM

Testimony for WAM on 2/28/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bill Plum	Individual	Support	No

Comments:

I support this bill. The state airports are not living up to their full potential. I also support the this bill in recongnizing that the interests of the actual users of the runways, tarmacs, hangars, and other *aviation* aspects of the airports be included with a voice on the board, e.g., pilots and those who are part of the general aviation section of those airports.

Thank you.

LATE

I am writing in strong support of SB2996 and believe it is essential to create an autonomous entity to allow our airports to more expeditiously bring them up to “world class” status. Our visitor industry is the leading industry in the State of Hawaii, and our airports are a key component to this very important industry.

Being only one of 3 states that do not have such an autonomous entity should be an indicator as to the importance of creating one.

Thank your for allowing me to submit my written testimony.

Art Taniguchi