



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

Testimony of **Ford Fuchigami**  
Administrative Director, Office of the Governor

Before the  
**House Committee on Transportation and  
House Committee on Labor & Public Employment**  
March 16, 2018  
11:00 a.m., Conference Room 423

In consideration of  
**Senate Bill No. 2996, SD3**  
**RELATING TO AN AIRPORTS CORPORATION**

Chair Aquino, Chair Johanson, Vice Chair Quinlan, Vice Chair Holt and committee members:

Thank you for the opportunity to provide comments in **Strong Support for Senate Bill 2996 SD3**.

Currently, the responsibility of development, management, and operation of all of the State's airports is distributed amongst several state agencies. This creates unnecessary delays in projects and restricts the airport system from keeping up to the standards of other leading global destinations. An independent corporation would allow for quicker decision making and a streamlined process for budgeting and procurement.

We request the timeline inserted into S.D. 3 be moved forward to reflect the transition to begin no sooner than July 1, 2018. The expedited timeline would allow the Hawaii Department of Transportation to proceed with more decisive action and quicker results. Waiting another year for the transition could delay projects that could easily move forward with the Corporation.

We defer specific comments to testimony submitted separately by the Department of Transportation.

We appreciate your attention and will be available to answer your questions, should you have any at this time.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-NINTH LEGISLATURE, 2018**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 2996, S.D. 3, RELATING TO AN AIRPORTS CORPORATION.

**BEFORE THE:**

HOUSE COMMITTEES ON TRANSPORTATION AND ON  
LABOR AND PUBLIC EMPLOYMENT

**DATE:** Friday, March 16, 2018

**TIME:** 11:00 a.m.

**LOCATION:** State Capitol, Room 423

**TESTIFIER(S):** Russell A. Suzuki, Acting Attorney General, or  
Charleen M. Aina, Deputy Attorney General

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Chairs Aquino and Johanson and Members of the Committees:

This bill adds a new chapter to the Hawaii Revised Statutes, to establish the Hawaii Airports Corporation as an agency of the State, to which the functions, powers, and responsibilities of the Department of Transportation ("DOT") relating to the management and operations of the State's airports, and the administration of all activities and matters relating to airports and aeronautics in the State, shall be transferred, no later than July 1, 2021.

The Department of the Attorney General provides the following comments, and recommended revisions to the bill.

1. At page 8, line 14, insert "and" after the semi-colon.
2. Paragraph (23) in § -3(a) of the new chapter, at page 18, lines 14-19, is not needed and should be deleted. The reporting requirements of Act 178, Session Laws of Hawaii 2006, apply to all state agencies that hold title to or manage ceded lands, and will apply to the Corporation if it owns or manages ceded lands.
3. At page 20, line 19 change "under chapter 76 and an" to "under chapter 76, and an "appointing authority" and an".
4. At page 49, line 21, change "transportation in chapters" to "transportation or "department" in chapters".

5. At page 50, line 3, change “transportation in chapters” to “transportation or "director" in chapters”.

6. At page 50, line 13, insert “, and shall delete the definitions of "Director" and "Department" in sections 261-1 and 262-1, Hawaii Revised Statutes” before the period at the end of line 13.

7. At page 51, line 3, insert “Hawaii” between “the” and “airports”.

8. At page 53, line 16, change “section 20” to “section 18”.

9. At page 57, line 10, “July 1, 2019” needs to be changed inasmuch as members of the Corporation’s board of directors will not be appointed until October 1, 2019 at the soonest, see page 53, line 1.

10. At page 59, line 6, insert “completion” between “transfer” and “date”.

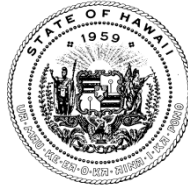
11. At page 59, line 12, insert “of transportation” after “department” and before the period.

12. At page 61, line 7, change “corporations” to “corporation”.

Note also if it is the intent of the Legislature that the Hawaii Airports Corporation expend the general fund appropriation in Section 22 at pages 64-65 of the bill, then the fiscal year needs to be changed to fiscal year 2019-2020, inasmuch as the board of directors of the Corporation will not be appointed until October 1, 2019. However, if the appropriation is made for expenditure beginning July 1, 2018, the Department of Transportation should be substituted as the expending agency, as it could begin work on some tasks to effect the transfer.

Finally, we have serious concerns about postponing the Governor’s ability to appoint members of the Corporation’s board of directors until October 1, 2019, nine months after the Act’s effective date, and almost seventeen months after this Legislature adjourns sine die. This draft of the bill effectively establishes the Corporation in name only until October 1, 2019 at the soonest, and December 31, 2019 at the latest. Our recent experience implementing the transfer of the Hawaii Health Systems Corporation’s three Maui hospitals to Kaiser’s Maui Health System suggests that 18 months to complete this transfer could be ambitious.

Thank you for the opportunity to testify on this bill. We appreciate the opportunity to submit these comments and recommendations for revising S.B. No. 2996, S.D. 3.



Testimony of:  
JADE T. BUTAY  
Director

Deputy Directors  
ROY CATALANI  
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

March 16, 2018  
11:00 a.m.  
State Capitol, Room 423

**S.B. 2996 S.D. 3**  
**RELATING TO AN AIRPORTS CORPORATION**

House Committee on Transportation  
and  
House Committee on Labor and Public Employment

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The Department of Transportation (DOT) **strongly supports** S.B. 2996 S.D.3 which authorizes the establishment of the Hawaii Airports Corporation within the DOT for administrative purposes. **The DOT offers this comment** regarding the suggested timelines embedded within S.D. 3: For the betterment of the state, the transition and the effective date for the Act, under Sections 14 and 25, should be July 1, 2018.

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 some departments of State government, the airports are self-sustaining entities, 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 Airports 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 Airports 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.



Hawai'i Convention Center  
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815  
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**kahua pa'a** web [hawaii tourismauthority.org](http://hawaii tourismauthority.org)

**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 SD3**  
**Relating to an Airports Corporation**  
House Committee on Transportation  
House Committee on Labor & Public Employment  
Friday, March 16, 2018  
11:00am  
Conference Room 423

Chair Aquino and Johanson, Vice-Chair Quinlan and Holt, and Committee Members:

The Hawai'i Tourism Authority (HTA) offers the following **testimony in support** of SB2996 SD3, 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.

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
MARA SMITH  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

P.O. Box 119  
Honolulu, Hawaii 96810-0119  
Tel: (808) 586-0554  
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<http://spo.hawaii.gov>  
Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE  
  
TO THE HOUSE COMMITTEES  
ON  
TRANSPORTATION  
AND  
LABOR & PUBLIC EMPLOYMENT

Friday, March 16, 2018 11:00 a.m.

SENATE BILL 2996, SD 3  
RELATING TO AN AIRPORTS CORPORATION

Chair Aquino and Johanson, and Vice Chair Quinlan, Holt and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 2996, SD 3. The State Procurement Office (SPO) supports the intent of the bill, and wants to thank the legislature for inserting SPO's recommendations into the bill and wants to comment on the language on pages 10 and 41 that exempt the Airport Corporation (Corporation) from the procurement code.

In an effort for more flexibility in procurement but still have the Corporation stand inside of the State Code, the SPO is recommending that at a minimum, continue procuring under the code until the Corporation has written policies and procedures that have been reviewed by SPO and approved by the board of directors of the Hawaii Airports Corporation.

SPO recommends that Section 8, page 41, line 20, "(3) The Hawaii airports corporation" be amended to "The Hawaii airports corporation, provided that they continue procuring under the code until the Corporation has written policies and procedures that have been reviewed by the State Procurement Office and approved by the board of directors of the Hawaii Airports Corporation."

For clarification purposes, Section 2, page 12, line 9, "with section 103D-104; whereas all other service".

HRS 103D-104 are Procurement Definitions, SPO believes that is a typographical error and therefore, should reference 103D-304 instead.

Thank you.



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## HAWAII STATE ETHICS COMMISSION

State of Hawaii · Bishop Square, 1001 Bishop Street, ASB Tower 970 · Honolulu, Hawaii 96813  
*50<sup>th</sup> ANNIVERSARY 1968-2018*

Committee: Committee on Transportation  
Committee on Labor & Public Employment  
Bill Number: S.B. 2996 SD3  
Hearing Date/Time: March 16, 2018, 11:00 a.m.  
Re: Testimony of the Hawaii State Ethics Commission with **COMMENTS**  
on S.B. 2609 SD3, Relating to an Airports Corporation

Dear Chair Aquino, Chair Johanson, and Committee Members:

The Hawaii State Ethics Commission (“Commission”) respectfully requests clarification regarding Page 6, subsection (f) of this measure, which provides: “No board member appointed under this section shall be an officer or employee of the State or a county.”

The Commission assumes that this provision is addressed at the qualifications for office for board members but that, once appointed, these board members would be considered “employees” for purposes of the State Ethics Code, Hawaii Revised Statutes (“HRS”) chapter 84.<sup>1</sup> In other words, the Commission assumes that newly appointed members of the board of directors of the airport corporation would be subject to the State Ethics Code, and that the language in subsection (f) (quoted above) is not intended to exempt airport commission board members from the Ethics Code. To avoid any confusion, the Commission respectfully requests that the Committees so indicate in their Committee Report – or elsewhere as appropriate – to ensure that these board members are held to the same high ethical standards as other state officials.

Thank you for your continuing support of the Commission’s work and for considering the Commission’s testimony on S.B. 2996 SD3.

Very truly yours,

Daniel Gluck  
Executive Director and General Counsel

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<sup>1</sup> See HRS § 84-3: “‘Employee’ means any nominated, appointed, or elected officer or employee of the State, including members of boards, commissions, and committees, and employees under contract to the State or of the constitutional convention, but excluding legislators, delegates to the constitutional convention, justices and judges.”

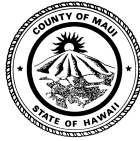


Council Chair  
Mike White

Vice-Chair  
Robert Carroll

Presiding Officer Pro Tempore  
Stacy Crivello


Councilmembers  
Alika Atay  
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Don S. Guzman  
Riki Hokama  
Kelly T. King  
Yuki Lei K. Sugimura



**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

March 15, 2018

TO: The Honorable Henry J.C. Aquino, Chair  
House Committee on Transportation  
The Honorable Aaron Ling Johanson, Chair  
House Committee on Labor and Public Employment

FROM: Mike White  
Council Chair 

SUBJECT: **HEARING OF MARCH 15, 2018; TESTIMONY IN SUPPORT OF SB 2996, SD3, RELATING TO AN AIRPORTS CORPORATION**

Thank you for the opportunity to testify in **support** of this important measure. The purpose of this measure is to establish the Hawaii Airports Corporation, which shall assume all of the authority, powers, functions, duties, and responsibilities of the Department of Transportation related to aeronautics and airports.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

1. The planning, design, and construction of critical modernization projects for our airports have fallen behind as a result of numerous layers of government regulation and changes in administrations. Compounding the situation is the State Department of Transportation's vast jurisdiction, which includes oversight of not only airports but also harbors and roadways.
2. The purpose of the Hawaii Airports Corporation is to provide consistent leadership with a clear, singular focus on maintaining, completing critical upgrade projects, and overseeing long-term planning, at all 15 statewide airports.
3. The Kahului Airport is the second busiest airport in the state, serving an average of 7,000 passengers daily, and hosting over a dozen airlines. For these passengers, many of whom are visitors, Kahului Airport is their first and last impression of Hawaii. Therefore, it is vital for us to make the present and future structural and aesthetic improvements necessary to maintain and grow our tourism-based economy.

For the foregoing reasons, I strongly **support** this measure.



**Testimony to the House Committees on Transportation and  
Labor & Public Employment  
Friday, March 16, 2018 at 11:00 A.M.  
Conference Room 423, State Capitol**

**RE: SENATE BILL 2996 SD3 RELATING TO AN AIRPORTS CORPORATION**

Chairs Aquino and Johanson, Vice Chairs Quinlan and Holt, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2996 SD 3, which would authorize the establishment of the Hawaii Airport Corporation within the department of transportation for administrative purposes. 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 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.

We understand that the Airports Division 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
- 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

The proposed bill would address the problems encountered in the recently completed Hawaiian Airlines Hangar. The Honolulu Star Advertiser reported, "The new Hawaiian Air



# Chamber of Commerce HAWAII

*The Voice of Business*

hangar was originally expected to cost about \$85 million, including change orders, but the final cost was about \$120 million. Hawaiian Air identified 3,688 “issues” on the hangar project after the airline took control of the unfinished facility. Airline officials said about two-thirds of the problems involved incomplete work that the contractor had marked as finished and the state had already paid for.” (October 17, 2017).

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. Having the users more involved in the oversight of airport improvements, would provide more provide more accountability in how the fees and assessments are being spent. 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.

Thank you for the opportunity to testify.

1065 Ahua Street  
Honolulu, HI 96819  
Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcahawaii.org](mailto:info@gcahawaii.org)  
Website: [www.gcahawaii.org](http://www.gcahawaii.org)



# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

March 16, 2018

TO: HONORABLE HENRY AQUINO, CHAIR, HONORABLE SEAN QUINLAN, VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON TRANSPORTATION

HONORABLE AARON JOHANSON, CHAIR, HONORABLE DANIEL HOLT, VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

SUBJECT: **CONCERNS REGARDING S.B. 2996, SD3, 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 Airports Corporation. Transfers the aeronautics functions of 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 7/1/2021. Effective 1/1/2019. (SD3)

HEARING

DATE: Friday, March 16, 2018  
TIME: 11:00 a.m.  
PLACE: Capitol Room

Dear Chair Aquino, Chair Johanson, Vice Chair Quinlan, Vice Chair Holt and Members of the Committees,

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, SD3 and the language that allows an overall exemption to Chapter 103D, HRS, commonly known as the State Procurement Code.**

While the GCA understands the intent of forming this Airport Corporation, it has concerns regarding the blanket exemption from Chapter 103D, HRS which may lead to an unequal bidding environment. In the past, when other state agencies were granted an exemption from Chapter 103D, HRS and given the ability to come up with their own procurement guidelines and procedures, unfortunately there have been incidents of mishandling the procurement processes and imbalanced bidding practices. The mishandling of the procurement processes by these agencies that have come under scrutiny by the public and those with oversight of public works projects. While GCA understands the intent of the Airport Corporation and the belief that the avoidance of Chapter 103D, HRS – could expedite the awarding of contracts and avoid bid protests; the GCA respectfully disagrees. Instead, GCA believes that a pure exemption from Chapter 103D, HRS may lead to the inability of interested contractors having the opportunity to fairly bid on projects affecting the airport.

Section two of the bill, and the proposed language in a new § \_3 to promulgate rules that would “supersede Chapter 103D, HRS” is of particular interest as the language suggests this new Board of the Airport Corporation would be picking which sections of the current Chapter 103D HRS they would like to apply, and then adopting other procurement policies that would purport to provide transparency and oversight of this new Corporation. Part of the difficulty in understanding this language is that it all sounds good, however actual implementation and adoption of these processes are unknown at this time. In the past when this safeguard was tried, it did not alleviate the questionable bidding practices and the exemption was reconsidered. Therefore, due to the lack of safeguards presented in this measure, the GCA’s concerns remain unresolved.

Furthermore, the SD3 version of S.B. 2996 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 by doing away with the “special provisions” that make projects more prone to bid protests.

#### **GCA supports Improving Public Procurement Code through Task Forces**

From 2013 through part of 2015 the Procurement Task Force was initiated pursuant to [Senate Concurrent Resolution 92 \(2013\)](#) which met from 2013 through the early part of 2015, and one of the issues discussed included how to address bad performing contractors. Additionally, in 2014 this body passed [House Concurrent Resolution 176 \(2014\)](#), which required a study of past performance of government contractors. These Task Forces together with participating government agencies and private industry stakeholders agreed that issues related to the procurement needed further discussion before dictating an approach with potential unintended consequences. 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 and have introduced legislation to improve the procurement code. 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.

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

# ***SAH - Subcontractors Association of Hawaii***

***1188 Bishop St., Ste. 1003\*\*Honolulu, Hawaii 96813-2938***

***Phone: (808) 537-5619 ✦ Fax: (808) 533-2739***

March 16, 2018

Testimony To: House Committee on Transportation  
Representative Henry J.C. Aquino, Chair

House Committee on Labor & Public Employment  
Representative Aaron Ling Johanson, Chair

Presented By: Tim Lyons, President

Subject: S.B. 2996, SD 3 – RELATNG TO AN AIRPORTS CORPORATION.

Chair Aquino, Chair Johanson and Members of the Joint Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. The SAH represents the following nine separate and distinct contracting trade organizations.

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

TILE CONTRACTORS PROMOTIONAL PROGRAM

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

We have not actually taken a position on the establishment of an airport corporation however, we do know that based on the testimony that we heard last year and this, it sounds like an idea that is headed in the right direction.

The reason that we are testifying however, is that we are in strong support of the language in Part 2. Subsection -3 (a) (6) (M), page 8, which specifically provides for the listing of subcontractors as an exception to the blanket exemption from the provisions of Chapter 103D, the Procurement Code. No matter what other revisions this Committee may make to the bill we urge you to retain this language or, in the alternative to restore the applicability of the full procurement code to the Airport Corporation.

The Procurement Code was put into place in order to avoid irregularities in the expenditure of public money. It serves a good purpose. We have heard few accusations tying the operational aspects of the procurement code and the other woes of the airport together. We see no reason for a blanket exemption. However, if that is deemed necessary then we believe, at a minimum, that the part of the Procurement Code which mandates subcontractor listing must be retained. The current version of this bill does that.

Subcontractor listing is a proven method of doing business and it has benefited the State and the Counties with more efficient bidding and less protests. It needs to be retained.

With that proviso or as mentioned above with a total inclusion of the Procurement Code we can conceptually envision a future for this bill.

Thank you for the opportunity to testify.



# Maui Hotel & Lodging

ASSOCIATION

Testimony of

**Lisa H. Paulson**

Executive Director

Maui Hotel & Lodging Association

on

SB 2996 SD3

**Relating To An Airport Corporation**

COMMITTEE ON TRANSPORTATION

COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

**Wednesday, March 16, 2018, 11:00 am**

**Conference Room 423**

Dear Chairs Aquino, Johanson; Vice Chairs Quinlan, Holt; and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes 185 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 strong support** of **SB 2996 SD3**, which 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 Airports Corporation. Transfers the aeronautics functions of 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 7/1/2021.

MHLA believes that this measure could facilitate the completion of long-needed airport improvement and 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. The current governance model is not conducive to maintaining global competitiveness and efficiency for the Airports System. Delays to the capital program, deferral of maintenance and modernization programs resulting from complex State approvals and decision-making processes are limiting capacity to accommodate demand and resulting in airports which fall behind the standards expected of a primary global destination

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 oversee our airport's planning, management, marketing and development.

We respectfully request you consider passing SB 2996 SD3. Thank you for the opportunity to testify.

1727-B Wili Pa Loop • Wailuku, HI 96793 • 808/244-8625 • 808/244-3094 fax • [info@mauihla.org](mailto:info@mauihla.org)





## The following is a list of members represented by Maui Hotel & Lodging Association:

### Property Members

Andaz Maui  
Aston at the Whaler on Kā'anapali Beach  
Aston Kā'anapali Shores  
Aston Mahana at Kā'anapali  
Best Western Pioneer Inn  
Destination Maui Vacation Rentals  
Destination Residences Hawai'i  
Fairmont Kea Lani, Maui  
Four Seasons Resort Lāna'i  
The Lodge at Koele, A Four Season Resort  
Four Seasons Resort Maui at Wailea  
Grand Wailea Resort  
Hana Kai Maui Resort  
Honua Kai Resort & Spa  
Hotel Molokai

Hotel Wailea Maui  
Hyatt Regency Maui Resort & Spa  
Hyatt Residence Club, Kā'anapali Beach  
Kā'anapali Beach Club  
Kā'anapali Beach Hotel  
Kahana Falls  
Lāhaina Shores, Classic Resorts  
Mana Kai Maui  
Marriott's Maui Ocean Club  
Maui Beach Hotel  
Maui Coast Hotel  
Maui Condo & Home, LLC  
Maui Eldorado Kā'anapali by Outrigger  
Mauihan Hotel, The  
Montage Kapalua Bay

Napili Kai Beach Resort  
Napili Shores Resort by Outrigger  
Plantation Inn  
Residence Inn Maui Wailea  
Ritz-Carlton Kapalua  
Royal Lāhaina Resort  
Sheraton Maui Resort & Spa  
Travaasa Hana  
Wailea Beach Marriott Resort & Spa  
Wailea Point  
Westin Kā'anapali Ocean Resort Villas  
Westin Maui Resort & Spa  
Westin Nanea Ocean Villas  
Maui Beach Ocean View Rentals, LLC

### Allied Members

21st. Century Group  
A&B Properties  
AA Oceanfront Rentals & Sales  
Activities & Attractions Assn. of HI  
Airbnb, Inc.  
Akina Tours & Transportation  
Alaska Airlines  
Ali'i Linen Service  
Allana Buick & Bers, Inc.  
Aloha Visitor Guides  
Aloha Waste Systems, Inc.  
Altres, Inc.  
American Airlines  
American Hotel Register  
American Resort Development  
Association  
Andaz Beach Crew  
Anheuser-Busch Sales of HI  
Aqualani Recreation  
Aubrey Hord Photography LLC  
Bank of Hawai'i  
BELFOR Property Restoration  
Bev Gannon Restaurants  
Blue Hawaiian Helicopters  
Carlsmith Ball  
Castaway Construction & Restoration  
Central Pacific Bank  
Chrysalis Events Hawai'i  
Clean Island Breathing LLC  
Cleaners Warehouse  
Condominium Rentals Hawai'i  
Doctors on Call  
Dorvin D. Leis Co., Inc.  
Embassy Carpets  
ENPRO Environmental  
Enterprise|Alamo|National Car Rental  
Eskimo Candy Inc.  
Expedia Local Experts  
Expeditions  
Ferguson Enterprises, Inc.  
First Hawaiian Bank  
Ganir & Co. Pacific Rim Commercial Svc.  
Gilbert & Associates, LLC  
Happy Valley Service  
Hawai'i Care & Cleaning  
Hawai'i Energy  
Hawai'i Executive Transportation Service  
Hawai'i Pacific Solar  
Hawai'i Petroleum Inc.  
Haynes Publishing Group

Heidi & Cook LLC  
He-Man Landscaping & Tree Services  
HFM Foodservice  
HMSA  
Home Maid Bakery  
Honua Kai Condominium Association  
Integrated Business Solutions of Hawai'i  
Island Movers  
Johnson Controls, Inc.  
Kā'anapali Beach Resort Association  
Kā'anapali Golf Courses  
Kā'anapali Operations Association Inc.  
Kahului Carpet & Drapery Products Inc.  
Kapalua Golf and Tennis  
Kōkua 'Āina Energy Partners, LLC  
KONE Elevators & Escalators  
Landmark Hotels Group  
Layton Construction Company, LLC  
Maui Chemical and Paper Products, Inc.  
Maui Disposal Co., Inc.  
Maui Dive Shop  
Maui Electric Company  
Maui Linen Supply, LLC  
Maui Ocean Center  
Maui Printing Company  
Maui Soda & Ice Works, Ltd.  
Maui Windows & Doors, LLC  
MD Restoration Maui  
Meadow Gold Dairies  
Munekiyō Hiraga  
Native Hawaiian Hospitality Association  
NETT Distribution, LLC  
Next Level Entertainment, LLC  
Oahu Publications, Inc.  
Old Lāhaina Lū'au  
Pacific Biodiesel Logistics  
Pacific Dream Photography  
Pacific Media Group  
Pi'iholo Ranch Zipline  
Pono Communications, LLC  
Premier Restoration Hawai'i  
ProService Hawai'i  
Pūlama Lāna'i  
PWC Hawai'i Corporation  
Pyramid Insurance Centre, Ltd.  
Queen Ka'ahumanu Shopping Center  
Ruth's Chris Steak House  
Securitas Security Services USA  
SGS Hawai'i Inc. Landscape Management  
Soleil Management Hawai'i

Spectrum  
Standard Parking  
Sun Fresh Hawai'i LLC  
Surfing Goat Dairy  
The Beast & Spoon LLC  
The Orchid Lei Company  
The Outlets of Maui  
The Shops at Wailea  
ThyssenKrupp Elevator Americas  
TravelClick  
Trilogy Excursions  
Tri-Star Restaurant Group  
TS Restaurants  
University of Hawai'i Maui College  
VIP Foodservice  
VivoAquatics  
Wailea Golf, LLC  
Wailea Resort Association  
Wash Laundry Systems  
Whalers Village Fine Shops & Restaurants  
Where Hawai'i, Morris Visitor  
Publications  
Xclusive Staffing  
Xerox Corp Maui  
Young Brothers, LTD.  
Hawaii AgriTourism Association  
Hawaiian Airlines  
Hospitality Advisors  
Maui Chamber of Commerce  
West Maui Taxpayer's Association



Testimony of: Michael Jokovich  
Area Vice President and General Manager  
Andaz Maui at Wailea Resort  
On  
SB 2996 SD3  
Relating to an Airport Corporation

Committee on Transportation  
Committee on Labor and Public Employment  
Wednesday March 16, 2018, 11:00am  
Conference Room 423

Dear Chairs Aquino, Johanson; Vice Chairs Quinlan, Holt; and Members of the Committee,


My name is Michael Jokovich, Area Vice President and General Manager of the Andaz Maui at Wailea Resort.

On behalf of the Maui Hotel & Lodging Association, I ask for your support of SB 2996 SD1, which 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 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.

We believe that this measure could facilitate the completion of long-needed airport improvement and 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. The current governance model is not conducive to maintain global competitiveness and efficiency for the Airports System. Delays to the capital program, deferral of maintenance and modernization programs resulting from complex state approvals and decision-making processes are limiting capacity to accommodate demand and results in airports, which fall behind the standards that are expected of a primary global destination.

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 oversee our airport's planning, management, marketing and development.

We respectfully request you consider passing SB 2996 SD1. Thank you for the opportunity to testify.



Best Regards,



Michael Jokovich  
Area Vice President Hawaii  
and General Manager

ANDAZ MAUI AT WAILEA RESORT  
3550 Wailea Alanui Drive, Wailea, HI 96753

**SB-2996-SD-3**

Submitted on: 3/15/2018 9:33:18 AM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Angela Nolan	Maui Hotel and Lodging Association	Support	No

Comments:

Dear Chairs Aquino, Johanson; Vice Chairs Quinlan, Holt; and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes 185 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. I serve as the Chair of the MHLA Board . 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 strong support of SB 2996 SD3, which 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 Airports Corporation. Transfers the aeronautics functions of 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 7/1/2021.

MHLA believes that this measure could facilitate the completion of long-needed airport improvement and 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. The current governance model is not conducive to maintaining global competitiveness and efficiency for the Airports System. Delays to the capital program, deferral of maintenance and modernization programs resulting from complex State approvals and decision-making processes are limiting capacity to accommodate demand and resulting in airports which fall behind the standards expected of a primary global destination

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 oversee our airport's planning, management, marketing and development.

We respectfully request you consider passing SB 2996 SD3. Thank you for the opportunity to testify.

Sincerely,

Angela Nolan

Chair, MHLA

Vice President Resort Operations, Hawaii for Vistana Signature Experiences

**SB-2996-SD-3**

Submitted on: 3/14/2018 2:20:12 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Barbara Kono	Hawaii Wall & Ceiling Industry Association	Support	No

Comments:

Members of the Hawaii Wall & Ceiling Industry Association favor the language in Part 1  
- 3

Powers - Specifically 6 (a) (m) - Keep subcontractor listing.



March 14, 2018

Representative Henry J.C. Aquino, Chair  
House Committee on Transportation  
Representative Aaron Ling Johanson, Chair  
House Committee on Labor and Public Employment  
Hawaii State Capitol

### **Testimony in Support of SB2996 SD3**

Dear Representative Aquino, Representative Johanson, Members of the House Committee on Transportation, and Members of the House Committee on Labor and Public Employment:

The Kohala Coast Resort Association (KCRA) is in full support of SB2996 SD3 establishing the Hawaii Airport Corporation. KCRA has been a partner on numerous improvement projects at the Ellison Onizuka Kona International Airport at Keahole, and was a tenant for more than 15 years. Our Administrative Director serves on the Airport Operations Committee. We believe that establishing a Hawaii Airport Corporation will allow much needed airport improvements, including the completion of Phase 1 of the Terminal Modernization Plan and the planning, design and building of a new Federal Inspection Station to happen more quickly and efficiently.

KCRA is a collection of master-planned resorts and hotels situated north of the airport which represents more than 3,500 hotel accommodations and an equal number of resort residential units. This is approximately 35 percent of the accommodations available on the Island of Hawaii. KCRA member properties annually pay more than \$20 million in TAT and \$20 million in GET.

We encourage your support of this measure.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is written in a cursive, flowing style.

Stephanie Donoho  
Administrative Director



1088 BISHOP STREET #408  
HONOLULU, HI 96813  
PH: (808) 597-1216

GREGG S. SERIKAKU  
EXECUTIVE DIRECTOR

Via Email

March 13, 2018

Representative Henry J.C. Aquino, Chair  
Representative Sean Quinlan, Vice-Chair  
House of Representatives Committee on Transportation

Representative Aaron Ling Johanson, Chair  
Representative Daniel Holt, Vice-Chair  
House of Representatives Committee on Labor and Public Employment  
The Twenty-Ninth Legislature, Regular Session of 2018

Chairs Aquino and Johanson, Vice Chairs Quinlan and Holt, and Members of the Committees:

**SUBJECT: SB2996 SD3 Relating to Airports Corporation**

My name is Gregg Serikaku, I am the Executive Director of the Plumbing and Mechanical Contractors Association of Hawaii. We support the intent of SB2996 SD3. This bill authorizes the establishment of the Hawaii Airports Corporation within the Department of Transportation to coordinate the planning and development of the State's air transportation system and infrastructure.

While we are always concerned about exemptions from the Hawaii Procurement Code, we are able to support this version of the bill which includes language in Part I, Section 3(a)(6)(M) retaining the vital subcontractor listing requirement.

The subcontractor listing requirement has many benefits:

1. Creates a level bidding environment by compelling all bidders to check the licenses and qualifications of their subcontractors prior to submitting bids, thus allowing only properly qualified subcontractors to be listed.
2. Allows the procurement agencies to more easily review and monitor the subcontractors on the project.
3. Reduces the unethical practice of bid shopping. Bid shopping ultimately results in reduced subcontractor bids, less competition, increased costs, drastically more change orders, and substandard work, etc.

Thank you for this opportunity to provide our testimony.

Respectfully yours,

A handwritten signature in black ink that reads "Gregg S. Serikaku".

Gregg S. Serikaku  
Executive Director



**SB-2996-SD-3**

Submitted on: 3/14/2018 7:23:16 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joe Noll	Customers/Operators in the Hawaii Airports System	Support	No

Comments:

In my opinion and experience private industry outperforms government in just about every way. Private industry can be held accountable, can the same be said for government?

mahalo for reaching out for opinions

**SB-2996-SD-3**

Submitted on: 3/15/2018 4:05:32 AM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael Mazzone	Statewide General Contracting & Construction, Inc.	Support	No

Comments:

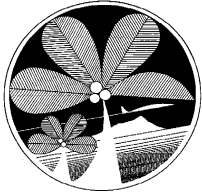
We are a subcontracting firm that employs 30 Hawaii residents. Most of our work is done on State projects. Subcontractor listing is a very important law that helps keep the bidding process fair for all the bidding contractors. It being the most fair and equitable way to put work out to bid, it has been adopted in most private bidding procedures. My testimony is in favor of the language in Part I, 3 Powers; generally (a)(6)(M) regarding the subcontractor listing requirement.

Without the subcontractor listing, Prime contractor who are the low bidder will be able to renegotiate lower pricing with subcontractors and pocket the extra profits. Removing the listing requirement will not benefit the State in any way. The only effect would be to increase the profits of Prime contractors.

Michael Mazzone President

Statewide General Contracting & Construction, Inc.

# AIRLINES COMMITTEE OF HAWAI'I



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

March 16, 2018

Representative Henry Aquino, Chair  
Representative Sean Quinlan, Vice Chair  
House Committee on Transportation

Representative Aaron Ling Johanson, Chair  
Representative Daniel Holt, Vice Chair  
House Committee on Labor & Public Employment

**Re: SB 2996 SD3 - RELATING TO AN AIRPORTS CORPORATION – IN STRONG SUPPORT,  
REQUEST AMENDMENTS**  
Conference Room 423 – 11:00 AM

Aloha Chairs Aquino and Johanson, Vice Chairs Quinlan and Holt and members of the committees:

The Airlines Committee of Hawai'i (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 SD3, which authorizes the establishment of the Hawai'i Airports Corporation (HAC).

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. Hawai'i 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.

It is critical that the airports corporation be run by an independent board whose members have been chosen based solely on their qualifications. As with other airport Boards throughout the country, the Hawai'i Airports Corporation Board must serve the interest of the airports corporation alone and not any special interests.

As with other airport authorities and corporations around the United States, also vital is the ability for the HAC to implement 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 as a consequence, have delayed needed airport capital projects, with negative impacts on job creation and economic development. The procurement language in SB 2996 SD3 is consistent with best public practice and ensures 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 Hawai'i'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.

Hawai'i'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.

We are asking for your consideration in amending the effective date of the Act to July 1, 2018 and amending Section 14 (a) to "within 90 days of the effective date of the Act". We are concerned that a six month delay for the Act to take effect will delay readiness for the Transfer Completion date and may create a period of "limbo" and "decision paralysis" that may impose new delays. There are so many important capital programs and other initiatives underway or planned for the Airport system.

Thank you for the opportunity to provide testimony. We appreciate your leadership on this measure and urge you to pass SB 2996 SD3 with our requested amendments.

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.*



**March 14, 2018**

**TO:** House Committee on Transportation  
**FROM:** Blake Parsons, Executive Director  
**SUBJECT:** Support of *S.B. 2996, S.D. 3 - Relating to Airports Corporation*

Chair Aquino and Members of the Committee:

My name is Blake Parsons. I am the Executive Director of the Sheet Metal Contractors Association (SMCA), a trade association that represents the management of unionized sheet metal and air conditioning contractors in Hawaii.

SMCA **supports S.B. 2996, S.D. 3**, provided that Part 1, § -3 Powers; generally. (a) (6) (M) is preserved that requires the listing of subcontractors.

The listing of subcontractors encourages competition by ensuring small subcontractors like my members - and thousands of small businesses across our state - have a fair and level playing field when bidding state projects. Removing the subcontractor listing requirement would incite bid shopping and peddling, and would *reduce* the pool of subcontractors interested in bidding.

The listing of subcontractors is a central pillar of our State's procurement code and should be upheld as part of the Airports Corporation.

Therefore, we **support S.B. 2996, S.D. 3**, provided that Part 1, § -3 Powers; generally. (a) (6) (M) is preserved that requires the listing of subcontractors.

Thank you for the opportunity to submit testimony on this matter.

Mahalo,

A handwritten signature in black ink, appearing to be "Blake Parsons", written over a horizontal line.

Blake Parsons  
Executive Director

JOINT HEARING BEFORE THE HOUSE COMMITTEES ON  
TRANSPORTATION AND LABOR & PUBLIC EMPLOYMENT

March 16, 2018

11:00 a.m.

Senate Bill 2996, SD3  
Relating To An Airports Corporation

Painting Industry of Hawaii Labor Management Cooperation Trust Fund  
Hawaii Tapers Market Recovery Trust Fund  
Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889  
AFL-CIO Stabilization Trust Fund  
Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund

Chairs Aquino, Johanson and Members of the Committee:

Thank you for this opportunity to submit testimony on behalf of the Painting Industry of Hawaii Labor Management Cooperation Trust Fund, Hawaii Tapers Market Recovery Trust Fund, Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund, and Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund **commenting** on Senate Bill 2996, SD3.

This measure creates a new airport corporation that will be responsible, among other things, for procuring construction work at the state's airports. The proposed corporation will, with certain exceptions, be exempt from the state procurement code. One such exception contained in the current version of the bill is the requirement that the proposed corporation follow the state procurement code's subcontractor listing provisions.

While we understand and appreciate the desire to improve Hawaii's airports, we are concerned about any loss of the protections currently afforded to subcontractors by the procurement code, Chapter 103D, Hawaii Revised Statutes, including the requirement that all subcontractors be listed on bids submitted on a construction project. This provision protects subcontractors from the undesirable and harmful practice of bid shopping.

Contrary to claims otherwise, the subcontractor listing provision does not significantly increase delays or costs to the state. A task force convened pursuant to Senate Concurrent Resolution 92, S.D.2 (2013) studied the issue of bid protests related to subcontractor listing and based on an analysis of protest data found that the subcontractor listing requirement did not result in significant delays or increased costs. The Task Force rejected calls for the repeal or amendment of the procurement code's subcontractor listing provisions and recommended no changes be made to that statute.

While we prefer that the corporation not be given any exemption from the procurement code, we respectfully request that, at a minimum, the subcontractor listing provision be retained in the bill given the benefits it provides and the lack of any serious detriment it poses to procuring agencies.

Thank you again for this opportunity to share our comments and concerns on this measure.

Jeffrey S. Masatsugu



## AIRPORT CONCESSIONAIRES COMMITTEE

Honorable Henry Aquino, Chair  
Committee on Transportation  
Hawaii House of Representatives

Honorable Aaron Ling Johanson, Chair  
Committee on Labor and Public Employment  
Hawaii House of Representatives

Hearing: March 16, 2018; 11:00 am, Room 423

Re: S.B. 2996, SD3 – Relating To An Airport Corporation

Dear Chair Aquino, Chair Johanson and Honorable Members of the Committees:

My name is Peter Fithian and I am the Legislative Chair for the Airports Concessionaires Committee whose membership consists of the major concession operators at Hawaii's public airports. Airport concessions have historically on average contributed 50% to 75% of the operating revenues for Hawaii's airport system which as you know is special funded.

Our Committee supports this bill BUT WITH AMENDMENT. The existing bill already provides for a member on the Board having the discipline of "aviation" . We believe it's only fair that the discipline of "non-aviation-airport business" be an added discipline which would include an airport concession.

Running a non-aviation-airport business at our public airports (such as an airport concession) is much different than running a business at other locations given the regulations, limitations and security measures that don't exist elsewhere. Just because one knows or understands how to operate a business off airport does not necessarily mean he/she fully understands what is necessary to successfully run a business on airport OR what airport management needs to do to support an enhance non-aviation-airport businesses.

Our proposed Amendment to Section 2 of the bill is attached and it simply seeks to add the words "non-aviation-airport business" as a discipline which would include an airport-concession business

This bill is important since we all know, change for the better is not going to happen unless changes are made. Let's please seek to bring about such change. It's been too long and the inefficiencies and delays and loss of revenues must be improved upon . While nothing is perfect, we believe the Airport Corporation is a big step in the right direction .

Such a corporation would in our opinion result in increases to airport revenues and also save airport operation costs.

The current approval process is simply too long and results in delays/reviews each step of the way such as at times with the Department of Accounting and General Services, Department of Budget and Finance, Department of Land and Natural Resources, Department of Attorney General and/or other State Departments

As a result it's not unusual for final approvals to take 9 months , 12 months, 18 months and at times longer before a final approval is granted. Such approvals typically are granted in about 3-4 months in the private-business sector.

Airports are typically viewed as an economic engine of a city and state at which hundreds of jobs are provided with thousands of business transactions involving tourists, residents and many others each day. Airports in that respect are not like typical other government agencies and are more like a business. Airports are an important economic hub and needs to run and operate in a business fashion quickly and efficiently. Unfortunately, such has not been the case under the present arrangement set up. There are simply too many steps with each Department having their own set of priorities and thus what may be a "top priority" for the DOT is understandably not a top priority for other Departments. Thus, delays after delays.

In our view, the current process has resulted in the airport losing money due to delays in finalizing contracts and gaining necessary approvals.

As an example, the current process is such that before agreements allowing for tenant improvements can take place, necessary approvals must first be obtained from several State agencies which results in delays and higher construction costs to the tenants and also for airport projects by the DOT which airport projects our members financially support along with many others.

Their simply has to be a better way to avoid losing money and to also avoid both airport tenants and the airport system being faced with loss of revenues and higher costs.

We respectfully urge you to consider and support an Airport Corporation with the attached amendment. Such an Airport Corporation is similar to what many other airport across the United States have recognized as having great benefits and savings to airport operations, community and state.

Thank you for allowing us to testify. Please see attached-proposed amendment.



provisions of chapters 261, 261D, and 262. The corporation shall be a body politic and corporate, and an instrumentality and agency of the State, placed within the department of transportation for administrative purposes only, and shall enjoy the same sovereign immunity available to the State. The corporation shall not be subject to supervision by the department of transportation or its director. Further, section 26-35(a)(1), (4), (5), and (6) shall not apply to the airports corporation.

(b) The powers of the airports corporation shall be vested in and exercised by a board of directors, which shall consist of nine voting members, who shall be appointed by the governor pursuant to section 26-34; provided that there shall be at least one member each who is a resident of the counties of Hawaii, Kauai, and Maui, and the city and county of Honolulu. All members shall be appointed for terms of four years; provided that the governor shall stagger the initial terms pursuant to section 26-34(a).

(c) Members shall have relevant business and management experience, including experience in one or more of the following disciplines: financial planning, budgeting, hospitality, tourism, commercial development, construction program management, marketing, law, aviation, <sup>NON-AVIATION-AIRPORT BUSINESS,</sup> or the cultural traditions and practices of native Hawaiians. It is the intent of the legislature that there shall be, as far as practicable, a wide cross-section of these disciplines represented by the board.

(d) The governor may appoint up to two of the at-large members without regard to the requirement in section 78-1(b) that appointive officers be residents of the State at the time of their appointment;

**Friday, March 16, 2018, 11:00am**  
State Capitol, Conference Room 423

House Committee on Transportation

To: Representative Henry Aquino, Chair  
Representative Sean Quinlan, Vice Chair

House Committee on Labor & Public Employment

To: Representative Aaron Ling Johanson, Chair  
Representative Daniel Holt, Vice Chair

From: Ray Vara  
President & CEO

**Re: Testimony in Support of SB 2996 SD 3, Relating to Airports Corporation**

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I am Ray Vara, President and CEO of Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system with over 70 locations statewide including medical centers, clinics, physicians and other caregivers serving Hawai'i and the Pacific Region with high quality, compassionate care. Its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox – specialize in innovative programs in women's health, pediatric care, cardiovascular services, cancer care, bone and joint services and more. Hawai'i Pacific Health is recognized nationally for its excellence in patient care and the use of electronic health records to improve quality and patient safety.

I write in support of SB 2996 SD 3 relating to the establishment of an airport corporation. The purpose of SB 2996 SD 3 is to establish the Hawaii airports corporation, which shall assume all of the authority, powers, functions, duties and responsibilities of the Department of Transportation related to aeronautics and airports, including responsibility for the development, management, operation and maintenance of the State's airports.

A highly functioning and well-designed airport is critical to our State's economic future and ultimately the quality of life of all Hawai'i's residents. Hawai'i is blessed to be a destination of choice for millions of visitors every year, which supports our island's economic base and provides an opportunity to introduce the aloha spirit to millions across the world. The importance of the visitor industry and the benefits it provides to our community is something we do not take for granted.

At Hawai'i Pacific Health, we recognize the close interrelations between the income security of our patients and their health and well-being. As a non-profit health care delivery system we are therefore also invested in assuring that Hawai'i sustains its economic viability as its income security is a key component supporting the general health of our communities.

Our airports are the gateway to the visitor experience in Hawai'i and leave an enduring first and last impression for all of our visitors. Given their importance to the total visitor experience, our airports need an operational structure to best enable their ability to enhance the visitor experience.

Despite our State's tourism infrastructure being a model in many areas, Hawaii still remains one of only three states with an airport operated by the State. Other states operate under authorities or corporations, or a combination thereby allowing their airports to adapt to the demands of a highly dynamic visitor industry. Given the complexity and market sensitivity in the tourism industry, it is important that our airports also be given the operational flexibility to reach their fullest potential.

The creation of an airport corporation - led by a board with the requisite professional expertise - will ensure that the airport will be provided with the operational flexibility and structure it needs to meet the demands of today and the future. I encourage your favorable consideration of SB 2996 SD 3. Thank you for the opportunity to testify.



**TESTIMONY TO THE COMMITTEES ON TRANSPORTATION AND LABOR & PUBLIC EMPLOYMENT**

**Friday, March 16, 2018, 11 a.m.**

**State Capitol, Conference Room 423**

**TO:** The Honorable Henry Aquino, Transportation Chair  
The Honorable Sean Quinlan, Transportation Vice Chair  
The Honorable Aaron Ling Johanson, Labor & Public Employment Chair  
The Honorable Daniel Holt, Labor & Public Employment Vice Chair  
Members of the Committees

**TESTIMONY IN SUPPORT OF SB2996 SD3 RELATING TO AIRPORTS CORPORATION**

I am Peter Ho, Chairman, President and CEO of Bank of Hawaii, testifying in support of SB2996 SD3 relating to the establishment of an airport corporation. As stated in the bill, its purpose is to establish the Hawaii airports corporation, which shall assume all of the authority, powers, functions, duties and responsibilities of the Department of Transportation related to aeronautics and airports, including responsibility for the development, management, operation and maintenance of the State's airports.

We appreciate and support the Committee's initiative and efforts toward addressing this long-standing issue. I believe all parties involved share the common goal of having an international airport truly befitting of our global destination and one of which we can all be proud. A highly functioning and well-designed airport is critical to our State's future, and should include facilities that ably meet the divergent needs of our casual, business and international travelers.

Each year, we continue to see increased traffic at all of our airports and the daily demands on infrastructure have only heightened the sense of urgency to transform the airport system. Additionally, along with the transformation can come new economic development and revenue-generating opportunities across the network.

Our airports cannot remain underappreciated assets and deserve the focus and attention being provided by the legislature. Hawaii is one of only three states with a state-operated airport. Other states operate under authorities or corporations, or a combination thereof. The airport corporation, which would be led by a board with the requisite professional expertise, can provide the important oversight and management structure needed to help ensure projects are undertaken and completed in an efficient and cost-effective manner.

I encourage your favorable consideration of SB2996 SD3. Thank you for the opportunity to testify.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Peter Ho'.



March 16, 2018

## TESTIMONY IN SUPPORT OF SENATE BILL 2996, SD 3 RELATING TO AN AIRPORTS CORPORATION

Aloha Chairs Aquino and Johanson, Vice Chairs Quinlan and Holt, and members of the House Committee on Transportation, and House Committee on Labor & Public Employment,

I am Ann Botticelli, Senior Vice-President of Corporate Communications and Public Affairs at Hawaiian Airlines. Hawaiian Airlines is the largest user of the state airport system and, as a result, the largest individual contributor to the operating budget of our state's 15 airports. We are keenly interested in the passage of S.B. 2996, SD 3. The Airports Corporation structure outlined in this measure will allow for a much more efficient and cost-effective process for badly needed airport renovations.

Few disagree that our airports are in need of an upgrade. A decade ago, the Airlines Committee of Hawaii (ACH) endorsed plans for a wholesale modernization of Honolulu's airport, to begin with the construction of a new Mauka Concourse. The first enabling project of those plans was to be the construction of a new cargo and maintenance facility. That facility was finally completed last October, several years behind schedule.

This project is not an exception to the rule. The tortured path of delays and cost overruns experienced by the new cargo and maintenance project merely illustrates the inefficiency an Airports Corporation will fix.

S.B. 2996, SD 3 will:

- Allow the State to approve lump-sum annual appropriations from the user fee Airport Fund providing the Corporation with the ability to make adjustments as necessary between Legislative sessions. This will keep schedules and costs on track.
- Allow the Corporation to set up a more efficient system for the award of design and construction contracts. This will mitigate, if not eliminate, long and costly construction delays.

Opponents of S.B. 2996, SD 3 believe that an Airports Corporation will obscure accountability for the expenditure of funds. Delays that increase the cost of projects suggest that, in fact, accountability is absent in the current system. On the contrary, an Airports Corporation would create a CEO management structure that operates year-round to oversee and manage the private money that is dedicated to improving the guest experience at our state's airports. And, in fact, it will deliver much more transparency than the current system provides.

In conclusion, S.B. 2996, SD 3 represents Hawai'i's best chance at creating the world-class airport system that our guests experience elsewhere and we all deserve here in our Islands. We respectfully request your approval.

**SB-2996-SD-3**

Submitted on: 3/14/2018 4:25:20 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alex Da Silva	Hawaiian Airlines	Support	No

Comments:

**SB-2996-SD-3**

Submitted on: 3/15/2018 9:09:59 AM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Andrew Everett	Hawaiian Airlines	Support	No

Comments:



**SanHi**

GOVERNMENT STRATEGIES  
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: March 15, 2018

TO: Representative Henry Aquino  
Chair, Committee on Transportation

Representative Aaron Johanson  
Chair, Committee on Labor and Public Employment

*Submitted Via Capitol Website*

RE: **S.B. 2996, SD3 Relating to An Airports Corporation**  
**Hearing Date: Friday, March 16, 2018 at 11:00am**  
**Conference Room: 423**

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Dear Chair Aquino, Chair Johanson, and Members of the Committees on Transportation and Labor and Public Employment:

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** S.B. 2996, SD3 which would authorize the establishment of the Hawaii airports 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 S.B. 2996, SD3 and respectfully request that the Committees pass this measure. Thank you for the opportunity to submit this testimony.





Testimony for  
House Committee on Transportation and  
House Committee on Labor & Public Employment  
Friday, March 16, 2018, 11:00 a.m. Room 423

Representative Henry J.C. Aquino, Chair  
Representative Sean Quinlan, Vice Chair

Representative Aaron Ling Johanson, Chair  
Representative Daniel Holt, Vice Chair

**SB 2996 SD3 Relating to an Airports Corporation**

Dear Chair Aquino, Chair Johanson, and Members of the Committees:

This testimony is in **STRONG SUPPORT** of SB 2996 SD3 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 Lānaʻi 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 SD3. Mahalo!

Me ke aloha pumehana  
With warm aloha,

Lynn P. McCrory  
Senior Vice President of Government Affairs

**SB-2996-SD-3**

Submitted on: 3/14/2018 3:24:03 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gregg Nelson	Napili Kai Beach Resort	Support	No

Comments:

Dear Chairs and Committee Members for Transportation and Labour and Public Employment,

As I reside on Maui, I will be unable to provide testimony in person in favour of this bill but I am very much in favour of SB 2296 SD3. I am the general manager of one of Maui's oldest resorts and we employ approximately 160 of Maui's citizens and we all believe this bill will go along way towards improving the condition and appearance of our State's airports through a more efficient method for distributing the necessary funds to pay for the desperately needed improvements at our airports. A critical component of staying competitive in the world tourism market place is airports that reflect the destination. Our airports are a sad reflection of our beautiful islands and we all request you vote for SB 2996 SD3 so we can change that first impression.

Mahalo

Gregg Nelson

General Manager

Napili Kai Beach Resort

Maui, Hawaii



**KELLEY COSGROVE**  
GENERAL MANAGER

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kelley.cosgrove@fairmont.com

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**Fairmont Orchid**  
One North Kaniku Drive  
Kohala Coast, Hawaii  
United States 96743  
T + 1 808 887 7336  
F + 1 808 885 1125

March 15, 2018

Representative Henry J.C. Aquino, Chair  
House Committee on Transportation  
Representative Aaron Ling Johanson, Chair  
House Committee on Labor and Public Employment  
Hawaii State Capitol

**Testimony in Support of SB2996**

Dear Representative Aquino, Representative Johanson, Members of the House Committee on Transportation, and Members of the House Committee on Labor and Public Employment:

Fairmont Orchid is in full support of SB 2996 establishing the Hawaii Airport Corporation. Through KCRA, we have partnered on numerous improvement projects at the Ellison Onizuka Kona International Airport at Keahole. We believe that establishing a Hawaii Airport Corporation will allow much needed airport improvements, including the completion of Phase 1 of the Terminal Modernization Plan, and the planning, design and building of a new Federal Inspection Station to happen more quickly and efficiently.

Fairmont Orchid Hawaii is a 32-acre oceanfront luxury AAA Four Diamond resort located on the Kohala Coast of Hawaii with 540 rooms, white sand lagoon, and offers spa, golf, tennis, six restaurants, extensive meeting and event facilities, and year-round children's program.

Sincerely,



BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION AND LABOR & PUBLIC  
EMPLOYMENT

March 16, 2018

Senate Bill No. 2996 SD3  
Relating to an Airports Corporation

Aloha Chair Aquino, Vice Chair Quinlan, Chair Johansen, Vice Chair Holt, and Members of the  
Committees:

KPAC submits the following testimony in opposition to SB 2996 SD3 exempting lands to which the  
Hawai'i airports corporation from the definition of "public lands" in chapter 171, Hawai'i Revised Statutes.

This proposal to exempt lands held by the Hawai'i Public Housing Authority is contrary to its  
intended purpose as detailed below and could also potentially be determined to be a breach of trust.

By way of background, Professor Williamson Chang of the UH Law  
School has detailed his analysis that the Joint Resolution was incapable of acquiring  
Hawai'i at [http://blog.hawaii.edu/aplpj/files/2015/09/APLPJ\\_16\\_2\\_Chang.pdf](http://blog.hawaii.edu/aplpj/files/2015/09/APLPJ_16_2_Chang.pdf).  
Despite this analysis, the former Crown and government lands of the Kingdom  
of Hawai'i were illegally transferred to the US and as a condition of Statehood was  
transferred to the State of Hawaii to be held as a public trust for 5 purposes  
including the betterment of the conditions of native Hawaiians as defined in the  
Hawaiian Homes Commission Act, 1920. The Admissions Act further states  
that any other object besides the 5 purposes shall constitute a breach of trust  
for which suit may be brought by the United States. The Article XII Constitutional  
provisions further establish that the lands are held as a public trust for native  
Hawaiians as defined in the Hawaiian Homes Commission Act, 1920 and  
should be used solely for that purpose.

The Ka Lāhui Hawai'i Political Action Committee (KPAC) affirms and defends our  
Hawaiian peoples' right to over 1.8 million acres of our national lands.

Respectfully submitted,

M. Healani Sonoda-Pale  
Chair, KPAC

**SB-2996-SD-3**

Submitted on: 3/14/2018 12:56:29 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Stephen Ueda	Individual	Support	No

Comments:

Our airports need to be modernized!

**SB-2996-SD-3**

Submitted on: 3/14/2018 1:30:05 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rhea R. Lee-Moku	Individual	Support	No

Comments:

I support SB2996, which establishes the Hawaii Airports Corporation and transfers the aeronautic responsibilities of the Department of Transportation to the newly formed Hawaii Airports Corporation. I humbly ask you to support this bill as well.

Airports in Hawaii lag behind many of the other airports I have visited in the Continental United States as well as abroad. The visual appeal to the visitor is dismal at best. Airport conveniences, like restrooms and common areas are shabby and haphazardly put together. Just walk in to the women's restroom in the interisland terminal in Honolulu. Often several toilets and sinks are inoperable. The doors don't match and the locking mechanisms don't work well. One time I opened a door and someone was using the toilet...it was an embarrassing moment for both of us.

The Hawaii Airport Corporation would have the authority to make repairs, renovations, upgrades, etc., without having to go through the long DOT process. I envision this will bring about positive changes to our state airports and will be a welcome sight for visitors and help us build our economy. We depend on tourism. Please support this bill.

Mahalo

Douglas Meller  
2615 Aaliamanu Place  
Honolulu, Hawaii 96813  
douglasmeller@gmail.com

## **Testimony Opposing SB 2996, SD 3, Relating to an Airports Corporation**

Submitted to House Committee on Transportation & House Committee on Labor & Public  
Employment

11 AM, March 16, 2018 Hearing in Conference Room 423

SB 2996, SD 3 is unlikely to accomplish what is desired by the agencies and organizations which support it. Instead of enacting flawed, ineffective legislation, I request 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 unique situation.

Last year, HDOT 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. Unfortunately, without a Constitutional amendment:

- The proposed Airports Corporation can not appropriate airport funds. (Moreover, the State Constitution does not allow carte-blanche “Expenditures in excess of appropriations” as proposed on p. 25 of SB 2996, SD 3.)
- Legislative appropriations, budget provisos, and legislation such as SB 2515, SD 2 will impose “constraints” on airport expenditures and staffing.
- Unencumbered airport appropriations will lapse as quickly as other state appropriations.

It has been alleged that the State Procurement Code has frustrated airport-related procurement of “best value” and “design-build-maintain” contracts. It also has been alleged that the State Procurement Code has frustrated quick resolution of disputes over the performance of airport contractors. But the State Procurement Officer questions, and no one really knows, whether SB 2996, SD 3 will resolve these problems by authorizing the proposed Airports Corporation to adopt rules which supersede Chapter 103D, Hawaii Revised Statutes.

Because the board and chief executive officer of the proposed Airport Corporation will control use of public lands and funds, it would seem reasonable to require that they file public financial disclosure statements under §84-17, Hawaii Revised Statutes. However, SB 2996, SD 3 would not require any financial disclosures.

Last year, HDOT alleged that “Distributed responsibility and involvement by multiple agencies, sometimes with conflicting goals and priorities, results in delay to [airport] decision-making, inefficiency and reduced effectiveness.” I agree. Unfortunately, SB 2996, SD 3 fails to address and may even worsen airports conflicts with state and federal agencies which need additional funding, staffing, and airport space for their airport-related functions. At a minimum, the Legislature should assign a statutory mandate for the proposed Airports Corporation to cooperate with and assist the State DOA, DLNR, and DOH to control introduction of noxious non-native plants, animals, and diseases. Perhaps the proposed Airports Corporation should also have statutory responsibility to collect user fees assessed by the DOA, DLNR, and DOH to fund their airport-related functions. Finally, because several underfunded federal agencies need to screen embarking and/or disembarking passengers, the proposed Airports Corporation needs clear statutory authority to use airport funds to “purchase” sufficient federal employees to reduce delays for airport passengers.

Before establishing a new semi-autonomous Airports Corporation, I also suggest that the Legislature ask the Legislative Auditor to reconsider potentially problematic “airport financial and property considerations”. For example:

- Is it necessary or prudent for the state to allow tax exemptions for (and forego general fund revenues from) airport-related concessions operating outside of airports while using the state general fund to compensate OHA for its “share” of revenues arising from private use of ceded lands within airports? SB 2996, SD 3 does not address this question.
- Should the Airports Corporation be authorized to favor or subsidize certain enterprises with either non-bid leases or below-market leases of public property? It seems reasonable for the statute creating an Airports Corporation to incorporate a transparent process and reasonable criteria for lease of airport property. Unfortunately, SB 2996, SD 3 would not accomplish this.

Thank you for the opportunity to share my concerns.



**SB-2996-SD-3**

Submitted on: 3/14/2018 4:35:41 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kyle Shaner	Individual	Support	No

Comments:

**SB-2996-SD-3**

Submitted on: 3/14/2018 4:48:57 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Erin	Individual	Support	No

Comments:

**SB-2996-SD-3**

Submitted on: 3/14/2018 5:01:33 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Wendell Ogi	Individual	Support	No

Comments:

I fully support SB2996 SD3 as it will allow an independent agency to manage the Honolulu Airport thus limiting the red tape (State DOT) that slows down much needed progress at the airport.

**SB-2996-SD-3**

Submitted on: 3/14/2018 5:17:18 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
kateyao	Individual	Support	No

Comments:

Just came back from an international flight, window glass in the airport is broken, ceiling is leaking, elevator is inopt. It has been how many years? Where is all our tax payer's money went? I support the airline take the main role responsible just based on how our airport appearance right now. Yes, we have money to change the name of the airport in just few weeks, but does it really make sense? million dollar to just change the airport name, or the majority money went to someone's personal pocket? Our state has no love for our beautiful land Hawaii, don't destroy our beautiful land because of your greedy.

**SB-2996-SD-3**

Submitted on: 3/14/2018 5:27:08 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Durk French	Individual	Support	No

Comments:

Hawaii needs First class airports and our current way of running airports is wasteful and full of delays. I feel ashamed when guests arrive and tell me the terminal at HNL looks like its from the 1960s and the roads are full of potholes. The HNL Moderization was supposed to been completed by 2015 and is more behind schedule than our Rail system.

I strongly support the establishment of a Hawai'i Airports Corporation to develop, manage, operate and maintain the entire airports system, removing that responsibility from the state DOT.

Aloha,

**SB-2996-SD-3**

Submitted on: 3/14/2018 5:51:29 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Wendi Keanu	Individual	Support	No

Comments:

To Whom IT May Concern,

I am asking that S.B. 2996 be approved. That following transition of responsibility of all Airport operations go to the Airport Operation Corporation instead of the DOT.

Thank you for considering my testimony regarding this very important Bill.

Sincerely,

Wendi Keanu

Keaau, Hawaii+

**SB-2996-SD-3**

Submitted on: 3/14/2018 8:07:13 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gordon Takaki	Individual	Support	No

Comments:

I am in full support of SB2996 SD3.

Hawaii's airports are falling behind in the modernization because of red tape and delays embedded in the government system. We need our airports to run more like a business in order to make the necessary improvements on time. I'm confident that with a corporation in place there will be faster improvements at all statewide airports.

These crucial renovations to modernize our airports will help make the guest experience a more pleasant and memorable one.

**SB-2996-SD-3**

Submitted on: 3/15/2018 8:32:53 AM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Leah Langowski	Individual	Support	No

Comments:

I fully support S.B. 2996. Creating the Hawai'i Airports Corporation would save the state time and money and allow airports in Hawai'i to move forward with much needed improvements. Please pass this important bill.

Aloha,

Leah



**SB-2996-SD-3**

Submitted on: 3/15/2018 8:47:55 AM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Hyung Joon Kim	Individual	Support	No

Comments:

I support SB2996, primarily because I believe that the Airport Corporation structure outlined in this measure will allow for a much more efficient and cost-effective process for necessary airport improvements and renovations. Hawaii's airports need to improve dramatically in order to keep up with world class airports around the globe.

**SB-2996-SD-3**

Submitted on: 3/15/2018 10:30:02 AM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
William Walter	Individual	Support	No

Comments:

The airports are the first impression most travelers get of our State. As a State that is highly dependent on tourism for jobs and revenue, it is, thus, highly important that our airports operate efficiently, effectively and are pleasant to be in. This measure will provide new administration that is much more likely (based on experience of other State, etc.) to ensure the type of operation that we need.

Beyond that, we as an island state, need the airports in our State to operate well for our own residents.

Please support this legislation to ensure the airport operations that we very much need.

**SB-2996-SD-3**

Submitted on: 3/15/2018 1:32:22 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Darren Hamilton	Individual	Support	No

Comments:

Though I have been in Hawaii just over 5 years, the entirety of my time has been working at a number of the State's airports. I oversee the financial functions of K & S Helicopters (dba Paradise Helicopters) to include tenancy contracts, landing fee reports and payments, and acquiring infrastructure to support growth in various segments of the helicopter industry. We are tenants at four airports - Kona, Hilo, Kalaeloa, and Honolulu - and have worked on plans to develop numerous sites at each one of those airports with very little progress. In fact, I believe we were the first ones to ever obtain an airport property lease by way of auction when we acquired the former Iolani Air building at the Kona International Airport after it had sat empty for over 3 years.

In any case, we have faced numerous delays and bureaucratic frustrations trying to build infrastructure that would support a company that has grown from 30 employees to over 100 in the past 5 years. Our fleet of 13 aircraft sit outside and the hangars we conduct maintenance from are not the optimal fit for our operation. We have expressed a number of times our interest in building specific designs but are met with obstacles and paperwork cycles. Aside from the request delays, the most common obstacle is the 30-day revocable permit. We are unable to obtain financing to build any large infrastructure if we cannot obtain a lease that would allow us reasonable time to pay down the loan - typically 30 years or more.

It is my impression that an Airports Corporation will understand how to build partnerships with tenants that will allow for public-private investment to improve the airports. In turn, this would increase jobs and possibly bring larger businesses to the table to serve Hawaii's thriving aviation industry. Hawaii's airports are the "windows to the world" - these are where almost all visitors collect their first "Aloha's" and last "Farewells" and should be a first class experience for customers and tenants alike.

It seems that an Airports Corporation would understand how to consistently guide and improve all airports to keep up with an industry that is pushing headlong into the 21st century. I support S.B. 2996 in order to set a foundation for the future of Hawaii's airports and the overall economy that depends on them.

**SB-2996-SD-3**

Submitted on: 3/15/2018 2:03:29 PM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Maarten de Leeuw	Individual	Support	No

Comments:

I strongly believe it's imperative for Hawaii to have modern, well functioning airports to remain competitive as a tourist and business destination.

I believe an Airports Corporation is the best means to achieve this.

Thank you

**LATE**



**SB2996 SD3**  
**RELATING TO AN AIRPORTS CORPORATION**  
House Committee on Transportation  
House Committee on Labor & Public Employment

March 16, 2018

11:00 a.m.

Room 423

The Administration of the Office of Hawaiian Affairs (OHA) will recommend that the Board of Trustees offer the following **COMMENTS** on SB2996 SD3, 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 that protect Native Hawaiian rights and interests in public and "ceded" lands.

While OHA takes no position on the creation of a Corporation authority for airports, OHA appreciates the amendments made in the latest draft of this measure, which address our significant concerns regarding language 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 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. The vast majority of these lands are "ceded" lands, most of which 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). OHA notes that the trust status of these lands imposes on the State specific fiduciary obligations of due diligence and undivided loyalty, in making the trust corpus productive and maximizing its benefits for the trust's Native Hawaiian and public beneficiaries.

**By exempting the proposed Corporation from Chapter 171, previous drafts of this bill would have circumvented critical laws that protect Native Hawaiian rights related to "ceded" lands, other public lands, and the public land trust.** For example, Chapter 171 contains requirements that legislative approval be obtained prior to the sale or gift of state lands (HRS §171-64.7), or to the exchange of public lands for private lands (HRS §171-50).<sup>1</sup> OHA views these statutory protections as critical to maintaining the ceded lands corpus, and their enactment was a condition precedent to the settlement agreement in the OHA v. Housing and Community Development Corporation of Hawai'i lawsuit, brought

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<sup>1</sup> OHA notes that while the corporation does not have the explicit authority to "sell" lands it holds, it does have the authority to "exchange, transfer, [or] convey" real property,

in response to the State's actions to sell and otherwise alienate ceded lands. An exemption from these statutory requirements would therefore undermine the long-held understanding between OHA, Native Hawaiians, and the State, regarding the State's moral and legal obligation to maintain the ceded lands corpus. Chapter 171 also contains requirements for leases of public lands, including public auction requirements, 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. An exemption from these requirements may invite 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, and fostering a sense of entitlement in long-term lessees that can and has in the past led to the alienation of public lands. **The prior exemption of the Corporation and its lands from Chapter 171 may have threatened a range of Native Hawaiian interests in our limited public land base.**

Accordingly, OHA greatly appreciates the inclusion of express safeguards for land dispositions in SB2996 SD3, specifically relating to procedural requirements for the sale, gift, or exchange of Corporation-held lands, and the requirement that any leases, subleases, or permits issued for Corporation lands be issued in accordance with administrative rules. **OHA would like to emphasize that these amendments reflect and satisfy OHA's previous concerns regarding the protection of Native Hawaiian rights related to "ceded" lands, other public lands, and the public land trust.**

Mahalo for the opportunity to testify on this measure.



HAWAI'I LODGING & TOURISM  
ASSOCIATION

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

Committees on  
Transportation; and Labor & Public Employment  
March 16, 2018

Senate Bill 2996 SD3: Relating to an Airports Corporation

Chair Aquino, Chair Johanson, and members of the Committees:

Thank you for the opportunity to testify. On behalf of the Hawai'i Lodging & Tourism Association, we **strongly support** Senate Bill 2996 SD3 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 SD3.

Sincerely,



Mufi Hannemann  
President & CEO



Gregg Nelson  
Chairman of the Board



Glenn Vergara  
Chairperson Elect



Michael Jokovich  
Vice Chairperson



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Oahu Chapter Chairperson



Angela Nolan  
Maui Chapter Chairperson



Steve Yamarell  
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 Naniloa 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



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March 15, 2018

**House Committee on Transportation  
House Committee on Labor & Public Employment**

**Hearing Date: Friday, March 16, 11:00 a.m., Conference Room 423**

**Subject: SUPPORT WITH AMENDMENTS - SB 2996 SD3, Relating to  
an Airports Corporation**

Dear Chairs Aquino and Johanson, and Members of the Committees:

The American Council of Engineering Companies of Hawaii (ACECH) represents 70 engineering consulting firms with over 1,500 employees throughout Hawaii. ACEC nationally is a strong supporter of long-term investment in modern and efficient infrastructure as a driver of our economy. We support the intent of this bill to establish an airport authority that may improve the delivery of needed projects at Hawaii's airports.

Any such Airport Corporation, funded by Hawaii taxpayers, must be subject to appropriate procurement best practices, including Qualifications-Based Selection (QBS), the nationally recognized model procurement code for the procurement of design professional services. QBS protects taxpayer interests and provides for the selection of the best design professional for each project.

SB 2996, SD3 contains an appropriate requirement to include qualification-based selection for design professionals, but **we note an apparent typographic error in the statute cited in Paragraph G on Page 12 (line 9). HRS 103D-104 should be revised to HRS 103D-304.**

Please do not hesitate to contact us if you have any questions regarding this letter.

Respectfully submitted,  
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII

Janice C. Marsters  
National Director



**Testimony to the House Committees on Transportation; and Labor & Public Employment  
Friday, March 16, 2018  
11:00 am  
State Capitol, Room 423**

**LATE**

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**RE: SB 2996 SD3 – Relating to an Airports Corporation**

Chairs Aquino & Johanson, Vice-Chairs Quinlan & Holt, & members of the Committees:

My name is 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 **strong support** of S.B. 2996, SD 3, which would authorize the establishment of the Hawaii Airport Corporation within the department of transportation for administrative purposes. 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 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
- 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

The proposed bill would address the problems encountered in the recently completed Hawaiian Airlines Hangar. The Honolulu Star Advertiser reported, "The new Hawaiian Air hangar was originally expected to cost about \$85 million, including change orders, but the final cost was about \$120 million. Hawaiian Air identified 3,688 "issues" on the hangar project after the airline took control of the unfinished facility. Airline officials said about two-thirds of the problems involved incomplete work that the contractor had marked as finished and the state had already paid for." (October 17, 2017).

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.



Having the users more involved in the oversight of airport improvements would provide more provide more accountability in how the fees and assessments are being spent. 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 are in **strong support** of S.B. 2996, SD 3, and appreciate the opportunity to provide our input on this important legislation.

**SB-2996-SD-3**

Submitted on: 3/16/2018 12:24:00 AM

Testimony for TRN on 3/16/2018 11:00:00 AM



<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Shannon Rudolph	Individual	Oppose	No

Comments:

Oppose!

Because Hawai'i residents forced legislators to repeal the PLDC - you're now trying to accomplish the same goal of privatization piece by friggin' piece; many see what is happening. This is not a 'streamlining' of procedures, it is setting up these 'corporations' to work around and skirt hard fought normal laws & rules that have been in place for decades and replacing them with a free for all decided on by an appointed 'board' in their place, leaving the public pretty much out of the loop & vulnerable to bad decisions with no recourse.

This bill, and other similar bills are bad public policy and invite underhandedness by those so inclined.

**LATE****LATE****SB-2996-SD-3**

Submitted on: 3/16/2018 8:58:38 AM

Testimony for TRN on 3/16/2018 11:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Johnny Alvarez	Individual	Oppose	No

## Comments:

Aloha to all, I have been working at the airport servicing and maintaining all aircraft jet bridges for the past 12 years. It has been my personal experience that the airport corporation bill will be disasterous to the operation of all jetway operations. The experience and knowledge required to keep the operation moving smoothly is so critical. Turning control over to a third party would only cause delays and confusion. ACH does not have the knowledge necessary to run this operation. There are so many variables with so much at stake. Working with the state maint division has keep the jetways running with no down time. We cannot afford to let this operation be turned over to a corporation that has no experience handling something that is so critical to our tourism industry. They have been taking care of the baggage system and it has fallen to disrepair. They cannot even handle the baggage system properly and now they want to take over the jetways. I see nothing but problems ahead if this bill passes. Please kill this bill, we all have so much to lose.