



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

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

Before the  
**Senate Committee on Transportation and Energy**  
January 31, 2018  
1:15 p.m., Conference Room 225

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

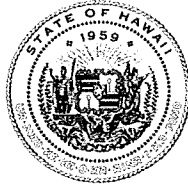
Chair Inouye, Vice Chair Espero, and committee members:

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

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 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 by:  
JADE T. BUTAY  
INTERIM 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

January 31, 2018  
1:15pm  
State Capitol, Room 225

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

Senate Committee on Transportation and Energy  
and  
Senate Committee on Ways and Means

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

At present, responsibility for development, management and operation of the State's airports system is distributed among several State departments. Distributed responsibility and involvement by multiple agencies, sometimes with conflicting goals and priorities, results in delayed decision-making and inefficiency. Such delays have stalled airport system capital programs, resulting in lost economic contribution and jobs, and insufficient capacity to meet future airline needs. At the same time, despite the financial self-sufficiency of the airport system, State-imposed constraints to airport operating budgets and staffing have resulted in progressive deterioration of the quality of terminal facilities, which no longer reflect the best of our great State, and are increasingly well below the standard of other airports serving leading global destinations.

Unlike many other units of State government, the airports are self-sustaining businesses, which must operate with a strong commercial and customer service focus, and must be rapidly responsive to opportunities and market conditions. The 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 enable capital program decisions to be made more rapidly and commercially important opportunities to be pursued more responsively. Streamlined procedures for budgeting and procurement, and human

resources processes configured to the unique needs of the airport system would enable the airport enterprise to operate more efficiently. Operating budgets defined by airport needs would enable improvement both to terminal facilities and the quality of services and amenities offered to visitors, consistent with current airport industry standards.

The Hawaii Airports Corporation would have full public accountability and transparency and continued federal oversight. The transition will not result in any loss of employment or benefit for current public employees. DOT believes that an independent airport corporation, operating airports to achieve their full potential, would maximize their contribution to the State economy, improve global access and inter-island mobility, and in so doing, strengthen their critical role in sustaining the social and cultural fabric of the State.

Thank you for the opportunity to provide testimony and we urge your favorable consideration of this measure.

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
MARA SMITH  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE  
  
TO THE SENATE COMMITTEE  
ON  
TRANSPORTATION AND ENERGY

January 31, 2018 1: 15 p.m.

SENATE BILL 2996  
RELATING TO AN AIRPORTS CORPORATION

Chair Inouye, Vice-Chair Espero, and members of the committee, thank you for the opportunity to submit testimony on SB 2996. The State Procurement Office (SPO) supports the intent of the bill, but questions the exemption language on page 11, SECTION 2, lines 1 through 18, and **requests this committee consider providing the Airport Corporation with its own CPO Jurisdiction within the Procurement code.** The following delineates the bill verbiage in question and offers comments:

1. “(6) Shall be exempt from the provisions of chapter 103D,.. ” ,

Total Exemption from Procurement Code for the Airport Corporation (Corporation). The SPO does not believe this to be a prudent action for several reasons. First, the Corporation will not be able to leverage cost efficiencies and economies of scale through state-wide and cooperative contracts, lose ability to participate in pCard program, will distance themselves from HI-EMA team approach, will lose out on cost savings and consistent systems across the Executive (eProcurement system), access to solicitations will be diminished, reducing competition, and the corporation will not be included in any state mall business and set-aside programs. Deviation from the Code increases the likelihood of unethical practices. In addition, all departments in the Executive Branch receive consistent procurement training, which would not be accessible or applicable to an exempt corporation. Finally, the procurement code offers protections to the procurement officer as well as to the vendor with a fair protest process.

The code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with both HRS chapter 103D and 103F conveys a sense of disproportionate equality in the law's application.

Exemptions to the code mean that all procurements made with taxpayer monies and airport fees will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the code. It means that there is no requirement for due diligence, proper planning or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost savings efficiencies found in the consistent application of the procurement code are lost. It also means Agencies are not required to adhere to the code's procurement integrity laws.

The National Association of State Procurement Officials state: "Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments."

When public bodies, are removed from the state's procurement code it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices. Moreover, a public body often can no longer achieve the benefits of aggregation by using another public body's contract because different state laws and regulations may apply to the various public bodies making compliance more difficult.

Each year new procurement laws are applied to state agencies causing state agency contracts to become more complex and costly, while other public bodies, such as agencies with strong legislative influence, are exempted. Relieving some public bodies from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the various jurisdictions and the entire procurement process becomes less efficient and costlier for the state and vendors.

2. “(6)(A) The board of directors shall maintain internal policies and procedures...., consistent with the goals of public accountability and public procurement practices.

The desire to be consistent with public procurement practices, naturally delineates this corporation to the already-existing procurement code.

3. “(6) (B) Insofar as practical, and based on specifications developed, adequate and reasonable competition of no fewer than three proposals shall be solicited for each project”.

This verbiage implies that the corporation has the power to communicate to three offerors and have them solicit. This method of procurement radically decreases competition and also reduces any efficiencies to be gained through innovative procurement methods and performance-based contracting. Saying that no fewer than three proposals shall be solicited, does not in of itself support full and open competition. There are times when a procurement may very well be a sole source. There are the majority of times where there will be more than three interested offerors. Full and open competition, transparency and safeguarding of taxpayers monies cannot be all encompassed in this one statement.

In addition, the terms, “as practical”, and “based on specifications developed”, opens the door for less than three proposals to be received per solicitation, allowing the corporation to go around its own rule whenever they please.

4. Page 49, Lines 19-21; Page 50 Lines 1-7, Page 52, Lines 3-8. This section mandates the SPO to enter into a memorandum of understanding to:
  - “Provide administrative support services;
  - Expeditiously transfer or otherwise facilitate the corporation’s acquisition or assumption of all powers.”

The SPO cannot provide support services for a corporation that is exempt from the procurement code, nor is it the SPO mission to assist in developing alternative procurement processes to the already existing procurement code. Notwithstanding this, the SPO does not have the resources to acquiesce to this mandate.

### **Recommendation:**

The SPO recommends the Hawaii Airport Corporation (HAC) become its own CPO Jurisdiction. This will allow the HAC to develop more efficient internal processes and give it authority over its own procurements, but still maintain the higher level policies of the State Procurement Code and Rules.

The current organizational chart for procurement officers, and post-award contract managers does not lead itself to streamlining of procurements and effective actualization of contracts. **The DOT Leadership should consider formulating a**

**robust, centralized acquisition center that has the authority, skill and experience to manage complex procurements in all areas, as well as manage the administration and oversight thereto. There should be a CPO position created separate from the CEO to be included in the c-suite set of executives to maintain a high level of presence and understanding of the acquisition landscape in which they are working.**

To achieve the above recommendations, the SPO suggests the following verbiage to this bill:

The Hawaii airport corporation shall have its own CPO Jurisdiction within HRS103D, and the Chief executive officer shall delegate procurement authority to the corporation chief procurement officer with full authority to develop and implement procedures for the timely and efficient procurement of professional services; planning, engineering, and construction services; and such other services and materiel as may be required for the development, management, and operation of the airport system, consistent with accepted standards of probity, transparency, and accountability for a public body;

Add a new Section:

SECTION X. Section 103D-203, Hawaii Revised Statutes, is amended to read as follows:

Chief procurement officers. (a) The chief procurement officer for each of the following state entities shall be:

- (1) The judiciary--the administrative director of the courts;
- (2) The senate--the president of the senate;
- (3) The house of representatives--the speaker of the house of representatives;
- (4) The office of Hawaiian affairs--the chairperson of the board;
- (5) The University of Hawaii--the president of the University of Hawaii; provided that, except as specified in section 304A-2672(2), for contracts for construction and professional services furnished by licensees under chapter 464, the administrator of the state procurement office of the department of accounting and general services shall serve as the chief procurement officer;
- (6) The department of education, excluding the Hawaii public library system--the superintendent of education;

(7) The Hawaii health systems corporation--the chief executive officer of the Hawaii health systems corporation; and

(8) The Hawaii airport corporation – the chief executive officer of the corporation.

(89) The remaining departments of the executive branch of the State and all governmental bodies administratively attached to them--the administrator of the state procurement office of the department of accounting and general services.

(b) The chief procurement officers for each of the several counties shall be:

(1) The executive branch--the respective finance directors of the several counties, except as provided in paragraphs (3), (4), and (5);

(2) The legislative branch--the respective chairpersons of the councils of the several counties;

(3) The Honolulu, Kauai, and Maui boards or departments of water supply--the managers and chief engineers of the respective boards or departments of water supply as designated by county charter;

(4) The Hawaii board of water supply--the manager of the board of water supply as designated by county charter; and

(5) The semi-autonomous public transit agency--the director of the agency as designated by county charter; provided that the chief procurement officers designated under paragraphs (1), (2), (3), (4), and (5) shall not exercise their powers or duties over contracting in a manner contrary to the respective county's charter, ordinances, or rules adopted in accordance with chapter 91.

Thank you.





**SB2996**  
**RELATING TO AN AIRPORTS CORPORATION**  
Senate Committee on Transportation and Energy

January 31, 2018

1:15 p.m.

Room 225

The Office of Hawaiian Affairs (OHA) **OPPOSES** SB2996, 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 does not have a position on the creation of a Corporation authority for airports, OHA has significant concerns regarding language in this measure 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); the public land trust requires that a portion of revenues derived from public land trust lands be dedicated to OHA, for the purpose of bettering the conditions of Native Hawaiians. 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, this bill would circumvent 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). 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 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. Exempting the Corporation 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 lessees that can and has in the past led to the alienation of public lands. **Accordingly, the wholesale exemption of the Corporation and its lands from Chapter 171 may threaten a range of Native Hawaiian interests in our limited public land base.**

Accordingly, OHA urges the Committee to **HOLD** SB2996, or otherwise ensure that all laws establishing and protecting the rights of OHA and its beneficiaries be made explicitly applicable to the Corporation in its receipt, administration, and disposition of lands that fall under its control. Mahalo for the opportunity to testify on this measure.



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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**  
**Relating to an Airports Corporation**  
Senate Committee on Transportation and Energy  
Wednesday, January 31, 2018  
1:15pm  
Conference Room 225

Chair Inouye, Vice-Chair Espero, and Committee Members:

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

HTA supports the creation of a separate entity that is tasked with focusing on issues affecting airlines and travelers and maintaining and improving the airports. The State's airports, in addition to welcoming visitors to the islands, serve Hawai'i residents and their families, provide employment for thousands of residents and are a key source of revenue for many businesses. An airports corporation, which would oversee capital improvements and other airport enhancements, will help to ensure that the Hawai'i airport system is a world-class facility. Developing the focal points of the State's most essential transportation option will improve Hawai'i's appeal as a destination and location. HTA supports the investment in the State, our infrastructure and Hawai'i's visitor industry.

Mahalo for the opportunity to offer this testimony.



**HAWAI'I LODGING & TOURISM**  
**A S S O C I A T I O N**

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

Committee on:  
Transportation and Energy

Senate Bill 2996: Relating to an Airports Corporation

Chair Inouye and members of the Committee on Transportation and Energy:

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

Sincerely,



Mufi Hannemann  
President & CEO



Gregg Nelson  
Chairman of the Board



Glenn Vergara  
Chairperson Elect



Michael Jokovich  
Vice Chairperson



Bonnie Kiyabu  
Oahu Chapter Chairperson



Angela Nolan  
Maui Chapter Chairperson



Steve Yannarell  
Hawai'i Island Chapter Chairperson



Jim Braman  
Kaua'i Chapter Chairperson

**The following is a list of hotels represented by the Hawai'i 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 Nanioloa 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

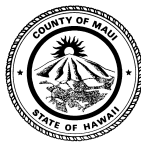
The MODERN Honolulu  
The New Otani Kaimana Beach Hotel  
The Point at Poipu, Diamond Resorts International  
The Ritz-Carlton Residences, Waikiki Beach  
The Ritz-Carlton, Kapalua  
The Royal Hawaiian, A Luxury Collection Resort  
The Surfjack Hotel & Swim Club  
The Westin Maui Resort & Spa  
The Westin 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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**COUNTY COUNCIL**  
COUNTY OF MAUI  
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January 30, 2018

TO: The Honorable Lorraine R. Inouye, Chair  
Senate Committee on Transportation and Energy

FROM: Mike White  
Council Chair

Handwritten signature of Mike White in black ink.

SUBJECT: **HEARING OF JANUARY 31, 2018; TESTIMONY IN SUPPORT OF SB 2996, RELATING TO AN AIRPORTS CORPORATION**

Thank you for the opportunity to testify in **support** of this important measure. The purpose of this bill is to establish the Hawaii Airports Corporation, which shall assume overall jurisdiction and responsibility for aeronautics and airports, including responsibility for the development, management, operation, and maintenance of the State's airports beginning on July 1, 2019.

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 has 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.



## AMERICAN INSTITUTE OF ARCHITECTS

January 31, 2018

Honorable Lorraine R. Inouye, Chair  
Senate Committee on Transportation & Energy

**Re: Senate Bill 2996      Relating to an Airports Corporation (TRE/WAM)**

Dear Chair Inouye and Members of the Committee

My name is Daniel Chun Government Affairs Commissioner of the American Institute of Architects Hawaii State Council (AIA); speaking in **STRONG OPPOSITION** to the text of SB 2996 Page 11 lines 1 and 2. AIA opposes an airport corporation being totally exempt from 103D:

- Architect services for projects receiving federal funds must comply with 1972 federal Brooks Act (Public Law 92-582); a process closely aligned with HRS Chapter 103D-304 procedures.
- Projects using airport fees collected from the traveling public are "public money", not "private money", and need to be spent as such.
- Hawaii's current architect selection law was passed in 2002 in response to allegations of public corruption in award of design service contracts. There is no guarantee the same situation will not arise if the corporation is allowed to frame internal policies and procedures. Other bills related to airports, such as SB 3007, cite "questionable procurement practices" at HDOT airports.
- The corporation might use low-price bidding to procure architect services; thus increasing business overhead "pursuit costs" of our member businesses.
- Exemption from 103D means private business will no longer have the state legislature to balance the needs of government operation and private businesses. The corporation board is appointed by the governor.

Several years ago the legislature granted the University of Hawaii an exemption from Chapter 103D. Notably, the exemption did not include architect services. More notably, the "UH procurement exemption" has since been repealed by the legislature and architect services still remain under State Procurement Office oversight.

AIA suggests the language of Page 11 be modified by adding "Design professional services furnished by licensees under Chapter 464 shall be procured under 103D-304. Strike out reference to "engineering."

At this time AIA has no other commentary on the rest of the bill. Thank you for this opportunity to **STRONGLY OPPOSE** SB 2996 Page 11 lines 1 and 2.

**SB-2996**

Submitted on: 1/30/2018 4:27:24 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>   | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|-----------------------|---------------------------|---------------------------|
| Calvin G. Dorn      | -Paradise Helicopters | Support                   | No                        |

Comments:

I support SB2996 as a method to streamline the DOT A decision making system. The current level of oversight and requirements to make a simple decision are effectively strangling the otherwise competent DOT A employees. Buildings vacant and falling into disrepair are a sign that the system has become unweildy and ineffective. The inability to make decisions and proceed with an agreed upon course of action squanders resources and does not allow private industry to make improvements to the Statewide system. Having a CEO type of leader with a board should streamline the process and allow the airports to flourish once again.



January 26, 2018

Senator Lorraine Inouye, Chair  
Senate Transportation and Energy Committee  
Hawaii State Capitol

**Testimony in Support of SB2996**

Dear Senator Inouye and Members of the Transportation and Energy Committee:

The Kohala Coast Resort Association (KCRA) is in full support of SB2996 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 Hawai'i. 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



# WAIKĪKĪ IMPROVEMENT ASSOCIATION

Statement of **Rick Egged, President, Waikiki Improvement Association**  
Before the Senate **Committee on Transportation and Energy**  
Wednesday, January 31, 2018. 9:30am, Room 225  
in consideration of

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

Aloha Chair Inouye and members of the committee. I am Rick Egged testifying on behalf of the Waikiki Improvement Association. WIA is a nonprofit organization representing 173 leading businesses and stakeholders in Waikiki.

**The Waikiki Improvement Association strongly supports SB 2996 which authorizes the establishment of the Hawaii Airports Corporation within the department of transportation for administrative purposes.**

This bill would establish the Hawaii Airports Corporation based on an independent airport governance model with comprehensive powers to manage, develop and operate the airport system in Hawaii.

Despite their critical importance to Hawaii's number one industry Hawaii's airports are falling far behind our competitors. In 2015 the Hawaii State legislature passed a resolution urging the Department of Transportation to complete a feasibility study and provide recommendations on how our airports should be governed.

The completed study reported that, HNL and OGG were recently named among the "Top 10 Worst Airports in America", Compared to other major airport capital improvement programs across the nation, Hawaii falls behind, customers say the airport is falling behind competitors, that it is outdated and gloomy and desperate for an overhaul and makeover. Community stakeholders complain that necessary improvements have been delayed for years, and that our airports don't reflect Hawaii's "brand".

WIA believes the solution is a Hawaii Airports Corporation that would:

- Make improvements quickly and efficiently
- Increase transparency and accountability
- Allow our tourism industry to be more competitive
- Create a better flying experience
- Provide year-round oversight and leadership
- Assume all airport employees of the state without loss of compensation, seniority or benefits.

Thank you for this opportunity to provide these comments on this important legislation.

**Testimony on behalf of David Erdman, President and CEO of PacRim Marketing Group, Inc. and PRTech in support of support of S.B. 2996 RELATING TO AN AIRPORT CORPORATION.**

January 30, 2018

Dear Chair Inouye and Vice Chair Espero of the Senate Committee on Transportation,

I am the President and CEO of PacRim Marketing Group, Inc. and PRTech, two marketing, media, and communications firms that provide marketing support to Hawaii's largest clients in tourism-related business, including destinations, resorts, hotels, shopping centers and retailers, attractions, financial institutions, resort real estate, and consumer goods, all aligned with Hawaii's most important industry. Our focus is on the Asia-Pacific region, and thus I understand well about the critical needs for our airport to reach its full potential and be developed to be a modern, efficient, traveler friendly transportation hub for our state for domestic and international travelers. I personal travel back and forth to Japan and Asia monthly and know how important our airport facility is to the traveler, and where we are not competitive in our domestic, and well as the increasing competitive global travel market.

The State Airport System is one of the most important drivers of the State's economy and really should be developed to achieve its full potential. The current model of managing the airport and its full potential does not seem to be working. The best solution is to create an Airport Corporation, which would be financially self-sufficient from fund from airport user fees. An Airport Corporation could manage the airport more effectively to handle decision making, human Resources process, and response to opportunities and delivery of a capital program for modernization—all led by decision making by a board with relevant industry expertise.

A great airport, run by an Airport Corporation, would help contribute to our State's economy, create new jobs, and support all aspects of our important tourism industry. A better airport serves the needs of our traveling residents, facilitates Inter-Island commerce and connectivity, and helps us all be proud of a key part of Hawaii's infrastructure that serves both residents and visitors as a world-class facility.

Again, I support S.B. 2996 and thank you for your consideration.



David Erdman  
President & CEO



**SanHi**

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: January 30, 2018

TO: Senator Lorraine R. Inouye  
Chair, Committee on Transportation & Energy  
*Submitted Via Capitol Website*

RE: **S.B. 2996 Relating to An Airports Corporation**  
**Hearing Date: Wednesday, January 31, 2018 at 1:15pm**  
**Conference Room: 225**

---

Dear Chair Inouye and Members of the Committee on Transportation & Energy:

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

For these reasons, we support S.B. 2996 and respectfully request that the Committee pass this measure. Thank you for the opportunity to submit this testimony.



## AIRPORT CONCESSIONAIRES COMMITTEE

Honorable Lorraine Inouye, Chair  
Committee on Transportation and Energy  
Hawaii State Senate  
Hawaii State Capitol

January 31, 2018, 1:15pm, Room 225

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

Dear Chair Inouye and Honorable Committee Members,

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 presently have historically contributed more than half of the operating revenues for Hawaii's airport system which as you know is special funded.

Our Committee supports this bill.

As 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 an approval is granted. Such approvals typically are granted in about 3 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. 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 another Department.

In our view, the current process is such that 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 our members financially support along with many others.

There 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 which is similarly to what many other airports across the United States have recognized as having great benefits and also savings to their airport operations, community and state.

Thank you for allowing us to testify.





**TESTIMONY TO THE COMMITTEE ON TRANSPORTATION AND ENERGY**

**Wednesday, January 31, 2018, 1:15 p.m.**

**State Capitol, Conference Room 225**

**TO:** The Honorable Lorraine R. Inouye, Chair  
The Honorable Will Espero, Vice Chair  
Members of the Transportation and Energy Committee

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

I am Peter Ho, Chairman, President and CEO of Bank of Hawaii, testifying in support of SB2996 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. Thank you for the opportunity to testify.

Respectfully submitted,

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



January 30, 2018

Re: SB 2996 RELATING TO AIRPORTS CORPORATION

Dear Chair Inouye, Vice Chair Espero and members of the Committee on Transportation and Energy,

The Kona-Kohala Chamber of Commerce is in support of SB 2996 RELATING TO AN AIRPORTS CORPORATION that authorizes the establishment of the Hawai'i airports corporation.

The Kona-Kohala Chamber of Commerce is a 501(c)(6) non-profit organization with over 500 member businesses that represent a wide range of industries in the private, non-profit, and public sectors in the Kona and Kohala regions on the West side of the island of Hawai'i. Member businesses range in size from single-owner entrepreneurs to large, multinational corporations. Our organization exists to provide leadership and advocacy for a successful business environment in West Hawai'i.

Celebrating our 50<sup>th</sup> anniversary, the Kona-Kohala Chamber of Commerce has advocated for airport improvements and modernization for decades. Enabling more efficient airport improvements is essential to the economic prosperity of our region and the state. We believe improvements to our airports through the establishment of an airport corporation will benefit resident and visitor travel, provide a prosperous business environment and strengthen the economy for our region and the state.

Sincerely,

A handwritten signature in black ink that reads 'Wendy J. Laros'.

Wendy J. Laros  
Executive Director, Kona-Kohala Chamber of Commerce



**Testimony to the Senate Committee on Transportation  
Tuesday, January 30, 2018  
1:15 pm  
State Capitol, Room 225**

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CONSTRUCTION CO. INC.

ADDRESS:  
94-487 AKOKI STREET, SUITE 213  
WAIPAHU, HAWAII 96797  
P 808.847.4666

**RE: SB 2996 – Relating to Airport Corporation**

Chair Inouye, Vice-Chair Espero, & members of the Committee:

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, which would authorize the establishment of the Hawaii Airport Corporation within the Department of Transportation (DOT) 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, and appreciate the opportunity to provide our input on this important legislation.

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

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

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

January 31, 2018

Testimony To: Senate Committee on Transportation and Energy  
Senator Lorraine R. Inouye, Chair

Presented By: Tim Lyons, President

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

Chair Inouye, Vice Chair Espero and Members of the 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 airports corporation however, we do know that based on the testimony that we heard last year, it sounds like an idea that is headed in the right direction.

The reason that we are testifying however, is that we are adamantly opposed to the language on Part 1, page 6, subsection 3 (6) which exempts the corporation from the provisions of Chapter 103D, the Procurement Code.

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 an exemption. We believe that there are two (2) options here. One is to remove that exemption or two, to add additional language which we have provided as an additional Section (E) (page 7) which would maintain that part of the Procurement Code which mandates subcontractor listing.

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. The language is found in 103E-302(b) **(language modified to fit)**. "In an invitation to bid, it shall specify that all bids include the name of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and the scope of the work to be performed by each. Construction bids that do not comply with this requirement may be accepted if acceptance is in the best interest of the State and the value of the work to be performed by the joint contractor or subcontractor is equal to or less than 1% of the total bid amount."

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

Thank you for the opportunity to testify.

**SB-2996**

Submitted on: 1/29/2018 1:18:26 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>                                      | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|--|---------------------------|---------------------------|
| Owen Miyamoto       | Hawaii Section<br>American Society of<br>Civil Engineers | Oppose                    | No                        |

Comments:

In place of an airport corporation, sb296 should be amended to re-establish the former Transportation Commission and make it a decision-making body rather than its former advisory capacity. Legislation for the Advisory Commission was canceled at the request of the former Director of Transportation who never participated in the Commission meetings. Transparency of DOT activities and decisions was part of the value of public hearings held by the Commission.



January 29, 2018

## TESTIMONY IN SUPPORT OF SENATE BILL 2996 RELATING TO AN AIRPORT CORPORATION

Aloha Chairwoman Inouye, Vice Chairman Espero and members of the Senate Committee on Transportation and Energy,

I am Blaine Miyasato, Hawaiian Airlines' representative on the Airlines Committee of Hawai'i (ACH) and ACH co-chair. 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. The Airport 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 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 late and \$40 million over budget.

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 Airport Corporation will fix. The \$40 million that this single project was over budget is money that the private users of the airport could have invested in growing our businesses, resulting in increased jobs, payroll taxes and a host of related benefits.

S.B. 2996 will:

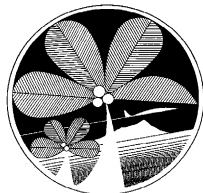
- Allow the State to approve lump-sum annual appropriations from the user fee Airport Fund providing the Corporation with the ability to make adjustments as necessary between Legislative sessions. This will keep schedules and costs on track.
- Allow the Corporation to set up a more efficient system for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

Opponents of S.B. 2996 believe that an Airport Corporation will obscure accountability for the expenditure of funds. Delays in the tens of millions of dollars suggest that, in fact, accountability is absent in the current system. On the contrary, an Airport 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 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.



# AIRLINES COMMITTEE OF HAWAII



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

January 31, 2018

Senator Lorraine Inouye, Chair  
Senator Will Espero, Vice Chair  
Senate Committee on Transportation and Energy

**Re: SB 2996 - RELATING TO AN AIRPORTS CORPORATION – IN STRONG SUPPORT**  
Conference Room 225 – 1:15 PM

Aloha Chair Inouye, Vice Chair Espero and members of the committee:

The Airlines Committee of Hawaii (ACH), which is comprised of the 21 signatory air carriers that underwrite the State Airport System, appreciate the opportunity to offer testimony in strong support of SB 2996, which authorizes the establishment of the Hawaii Airports Corporation (HAC).

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

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

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

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

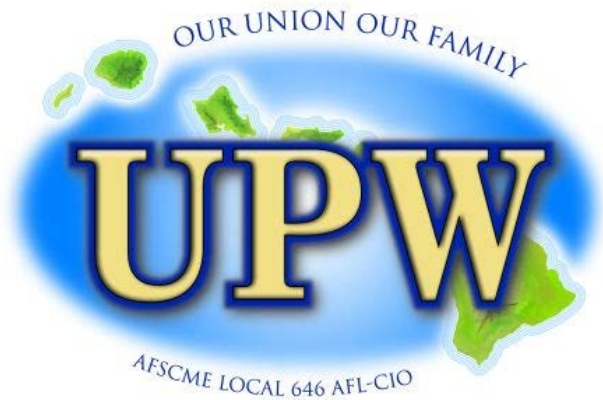
Thank you for the opportunity to provide testimony. We appreciate your leadership on this measure.

Sincerely,

Blaine Miyasato  
ACH Co-chair

Matthew Shelby  
ACH Co-chair

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



THE HAWAII STATE SENATE  
The Twenty-Ninth Legislature  
Regular Session of 2018

COMMITTEE ON TRANSPORTATION AND ENERGY

Senator Lorraine Inouye, Chair  
Senator Will Espero, Vice Chair  
Members of the Committee

DATE OF HEARING: Wednesday, January 31, 2018  
TIME OF HEARING: 1:15 p.m.  
PLACE OF HEARING: Conference Room 225  
State Capitol  
415 South Beretania Street

**Testimony in Strong Opposition to SB2996 Relating to An Airport Corporation**

By DAYTON M. NAKANELUA,  
State Director of the United Public Workers,  
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 12,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and the four counties. The UPW also represents about 1,500 members of the private sector.

SB2996 authorizes the establishment of an airport corporation administratively attached to the Department of Transportation with an appointed board of directors having enormous corporate powers and responsibilities. The bill also transfers the aeronautics

functions of the DOT to this airport corporation. The hearing notice related to this bill announced a prior agreement was done for the transfer of DOT aeronautics functions before July 1, 2021.

The transfer of a major function of the aeronautical transportation service of the DOT is a major milestone event and the public should be informed through state-wide information sharing and education.

The UPW respectfully asks the Senate Transportation and Energy Committee to consider the following:

1. *Senate Rule 25: Fact-finding and Content of Reports*, states, “Whenever any matter shall be referred to a committee it shall be the duty of the committee to make diligent inquiry into all of the facts and circumstances connected with the matter.” Public hearings are like Fact-finding; the legislators need information through debate, research and discussion to be able to make a diligent inquiry.
2. The UPW suggests fact-finding, debate and discussions on another model of air transportation services, a **separate aeronautics department** for comparison purposes, with experts from various fields especially in aviation, business, etc. employed as exempt or contract personnel or as consultants accountable to the general-public as opposed to a non-governmental board with enormous corporate and virtually independent powers in control of millions of dollars in public assets and not totally accountable to the public and tax payers.
3. *Senate Rule 23: Public Hearings on Bills* which states, “The public has not been provided with an opportunity to submit testimony on the significant or substantial amendment” in its procedures for public participation. A milestone event such as this proposed transfer affecting all the islands should have public hearings on all islands.
4. According to *Airport Privatization, Issues for the United States* a report by Dr. Richard de Neuville of the Technology and Policy Program of MIT, “The fundamental choice in the privatization process is how the government should sustain the **public interest** to open access to fair rates for airport services”. There are also serious concerns for airline services. One can cite the amazing and rapid increases in local inter-island air fares and added charges for baggage as an example. The loss of airline service to smaller islands is another serious example of the detriment to the public interest.
5. Dr. Richard de Neuville also states that, “Some activities should not be fully privatized [that] are central to the community welfare and potentially open to monopolistic **exploitation of the public**”. He further states that, “It is commonly accepted that the operation and management of facilities with these features (community welfare and monopolistic exploitation) **cannot** be totally left to private commercial operators.”

6. Further to Dr. de Neuville's report, the public will always want to be involved with the "size and level of services available, prices for these services and accessibility of these services to the public". Under this bill the state will not have control as the measure readily cedes nearly all control to the Hawaii airport corporation, except for general fund activities. There is little or no budget oversight. This is unheard of when it comes to public assets valued in hundreds of millions of dollars. Where is the accountability and to whom? Will there be consultation with the public who will need inter-island air, ground transportation and auxiliary services that are affordable?
7. Still further to Dr. Neuville's report, most large airports in the United States that are privatized in some manner have the following elements of **shared control**: ownership, planning, design, finance, operation, pricing and access. There is little or no shared control under SB2996, not even by the legislature (except for general funds). How will the Legislature perform its duties of legislative oversight of these valuable public assets?
8. We refer the members of the Senate Transportation and Energy Committee to a document that is familiar, namely, *P3 Infrastructure Delivery: Principles for State Legislators*, (Public-Private Partnership) prepared by the National Conference of State Legislators, July 2017. A Hawaii state Legislator is a member of the steering committee. While this bill is not based on an actual P3 project, some principles of P3 nevertheless, are very relevant to our discussion and application to any transfer of public assets for the use and control of a private entity without public accountability. The State of Hawaii is a partner by appropriating general funds, providing equipment, materials, infrastructure, personnel to the "project". Therefore, the Principles of P3 hold true for SB2996.
9. Principle 1. Be informed. State decision makers need access to fact-based information that supports sound decisions. More facts can be acquired by discussing and debating the benefits and concerns of another airport model e.g. a new state department for aeronautics and compared with a private run corporation in a joint Senate/House public hearing taken to the four counties.
10. Principle 3. Consider the public interest for all stakeholders. (define how to protect it).
11. Principle 4. Involve and educate the stakeholders. Stakeholders involvement helps protect the public interest, gain support and mitigate political risk. (Airports are on all islands therefore, the local communities should be informed and educated about this bill and alternatives). For meaningful impact, public participation cannot be **perfunctory** and government agencies must strive for **transparency** in their outreach.

12. Principle 6. Let infrastructure needs drive the [airport] project—not the other way around. The [airport] project should be pursued to support Hawaii’s infrastructure needs and public benefit, not just to raise revenue. The NCSL (National Conference of State Legislators) report “...cautions lawmakers and decision makers from seeking P3s for financial reasons rather than as a strategic option for fulfilling the existing goals and objectives of their transportation plans”.
13. Principle 7. Support comprehensive analysis.

The UPW strongly opposes SB2996. We thank the committee for this opportunity to submit our comments on a very important issue.



# Maui Hotel & Lodging

ASSOCIATION

Testimony of

**Lisa H. Paulson**

Executive Director

Maui Hotel & Lodging Association

on

SB 2996

**Relating To An Airport Corporation**

COMMITTEE ON TRANSPORTATION AND ENERGY

**Wednesday, January 31, 2018, 1:15 pm**

**Conference Room 225**

Dear Chair Inouye, Vice Chair Espero 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, 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 DOT to the Hawaii airports corporation by the established transfer completion date agreed upon by Hawaii airports corporation, the director of transportation, and the governor, which shall be no later than July 1, 2021.

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. Thank you for the opportunity to testify.



**Testimony to the Senate Committee on Transportation & Energy  
Wednesday, January 31, 2018 at 1:15 P.M.  
Conference Room 225, State Capitol**

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

Chair Inouye, Vice Chair Espero, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2996, which authorizes the establishment of the Hawaii Airport Corporation within the Department of Transportation for administrative purposes on July 1, 2018; sets out appointment of members to the board of directors and powers and duties of the Hawaii Airport Corporation; transfers the aeronautics functions of the Department of Transportation to the Hawaii Airports Corporation.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

An independent airports corporation would allow for:

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

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

Thank you for the opportunity to testify.

**SB-2996**

Submitted on: 1/28/2018 10:16:37 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b>     | <b>Organization</b>                                  | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|-------------------------|--|---------------------------|---------------------------|
| De MONT R. D.<br>CONNER | Ho'omanapono Political<br>Action Committee<br>(HPAC) | Support                   | Yes                       |

Comments:





**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

January 29, 2018

Senator Lorraine Inouye, Chair  
Senate Transportation and Energy Committee  
Hawaii State Capitol

**Testimony in Support of SB2996**

Dear Senator Inouye and Members of the Transportation and Energy Committee:

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,

**SB-2996**

Submitted on: 1/31/2018 7:05:30 AM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>           | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|-------------------------------|---------------------------|---------------------------|
| J Porter DeVries    | DeVries & Associates,<br>P.C. | Support                   | No                        |

Comments:

We need better management of our airports, which are outdated and underutilized. As the point of the first impression for visitors, our airports should be a beacon of efficiency and modernity. The State has proved that it cannot adequately manage the airport to keep up with industry standards and international norms. A private authority is necessary to improve the airports.

**SB-2996**

Submitted on: 1/30/2018 2:08:42 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b>           | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|-------------------------------|---------------------------|---------------------------|
| Rick Gaffney        | Pacific Boats & Yachts<br>LLC | Support                   | No                        |

Comments:

Turning over management of all Hawaii Airports to a management corporation, as is done in virtually every other state in the nation, makes perfect sense and should be approved by the 2018 legislature.



**Testimony to the Senate Committee on Transportation and Energy**

**January 31, 2018**

**1:15 p.m.**

**Conference Room 225**

**RE: RELATING TO AN AIRPORTS CORPORATION – SB 2996**

Chair Inouye, Vice Chair Espero and Members of the Committee:

My name is Gary Kai and I am the Executive Director of the Hawaii Business Roundtable. The Hawaii Business Roundtable supports Senate Bill 2996, relating to the establishment of an Airports Corporation.

The Hawaii Business Roundtable supports our Visitor Industry and believes that a world class airport system is a necessary and vital element of our visitor infrastructure. We concur with the legislation that “coordinated planning and development of the State's air transportation system and infrastructure would be achieved more effectively by establishing and giving a separate state entity overall jurisdiction and responsibility for aeronautics and the State's airports.”

The Visitor Industry continues to contribute to the creation of jobs and economic growth. It is a vital component of Hawaii's economy and we must all do what we can to protect it from increasing competition on a global level. An Airports Corporation will be able deliver timely improvements and innovations that will be required in our rapidly changing world. World class airports deliver ever changing customer experiences and comfort while maintaining a high level of efficiency, necessary to maintain costs at a reasonable level for all.

Having an Airports Corporation with a Board and Staff, focused on its customers, will provide us all with the world class airport system we all need and deserve.

Thank you very much for the opportunity to testify.

Gary K. Kai, Executive Director  
Hawaii Business Roundtable



AMERICAN COUNCIL OF ENGINEERING COMPANIES  
of Hawaii

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January 30, 2018

**Senate Committee on Transportation and Energy**

**Hearing Date: Wednesday, January 31, 1:15 p.m., Conference Room 225**

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

Dear Chair Lorraine R. Inouye, Vice Chair Will Espero, and Members of the Committee:

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. Therefore, we propose the following revision to SB 2996:

Add the following paragraph (E) to Section (6), page 11:

(E) Procurement of professional services shall not be exempted from HRS 103D-304, entitled, "Procurement of professional services."

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

Respectfully submitted,  
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII

Jeff K. Kalani, PE  
President



Testimony for  
Committee on Transportation and Energy  
Wednesday, January 31, 2018, 1:15 p.m. Room 225

Senator Lorraine R. Inouye, Chair  
Senator Will Espero, Vice Chair

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

Dear Chair Inouye and Members of the Committee:

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

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

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

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

We humbly ask that you SUPPORT SB2561. Mahalo!

Me ke aloha pumehana  
With warm aloha,

Lynn P. McCrory  
Senior Vice President of Government Affairs

**SB-2996**

Submitted on: 1/30/2018 2:39:02 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <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 Chair Inouye and Transportation and Energy Committee members,

I am a resident of Maui and unable to testify before you in person. I am the general manager of a resort on Maui employing 160 staff. I strongly urge you to support Bill 2996 regarding the Airport Corporation. With the tourism industry so fundamental to Hawaii's economy it is imparative that all of our airports be world class in all respects. Passage of this Bill will allow funding to proceed expeditiously towards the necessary improvements and the best part, there is no state tax dollars used in this funding. Passage of this Bill will bring Hawaii par to what is being done in most other cities/states in the U.S.

Mahalo

Gregg Nelson

General Manager

Napili Kai Beach Resort

Testimony of

Glenn P. Vergara  
General Manager  
Waikiki Resort Hotel

Committee on:  
Transportation and Energy

Senate Bill 2996: Relating to an Airports Corporation

Chair Inouye and members of the Committee on Transportation and Energy:

Thank you for the opportunity to testify. On behalf of Waikiki Resort Hotel and its 120 employees and the 700-member Hawai'i Lodging & Tourism Association as its Chair-Elect, we **strongly support** Senate Bill 2996 which would establish a Hawai'i airport corporation.

Our airports represent our visitors' "first impression" as well as its "last impression." The hospitality industry's continued success is very dependent on the quality provided by our airports. However, based on visitor feedback, our airports do fall short of meeting the caliber of product and experience offered by many other airports throughout the globe. As such, it is critical 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.

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, Waikiki Resort Hotel 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.



Testimony of:  
Denise Wardlow  
General Manager  
The Westin Princeville Ocean Resort Villas

Committee on:  
Transportation and Energy

Senate Bill 2996: Relating to an Airports Corporation

Chair Inouye and members of the Committee on Transportation and Energy:

Thank you for the opportunity to testify. I **strongly support** Senate Bill 2996 which would establish a Hawai'i airport corporation. This is a very important initiative.

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. I enthusiastically support 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.

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**SB-2996**

Submitted on: 1/30/2018 9:45:45 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Frederick Bauld     |                     | Support                   | No                        |

Comments:

I have worked at the HNL airport for thirty years. In that time all aspects of airport management have been a mess. Delay after delay, bribes, conspiracy etc... Even the police force is a failure. The Hawaiian Airlines Hangar failure in particular stands out.

We need a new approach and the Corporation seems to be viable. Anything other than what we have now would be better.

**SB-2996**

Submitted on: 1/29/2018 7:30:26 AM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| William Brizee      |                     | Comments                  | No                        |

Comments:

1. I strongly opposed to text of Page 11 lines 1 and 2; exempting the airport corporation from Chapter 103D-304 Hawaii Procurement Code Engineer-Architect Selection Law. The bill says the corporation shall solicit at least three proposals - implying that price competition may be allowed.

2. If federal funds are used for a project, the Brooks Act (federal QBS law or an equivalent must be used) Chapter 103D-304 is considered an equivalent. HDOT has implied that airport fees etc are their "private money" so they can spend it like private sector. Procurement watchdogs say this is "public money" because it is a tax collected from traveling public. So spending it is public procurement.

3. At this time, I have no other comments related to SB 2996.

**SB-2996**

Submitted on: 1/30/2018 2:11:32 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Baagie Erdenebat    |                     | Support                   | No                        |

Comments:

I support the S.B. 2996 RELATING TO AN AIRPORT CORPORATION.

**SB-2996**

Submitted on: 1/30/2018 5:49:08 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Kathy Harter        | retired             | Support                   | No                        |

Comments:

I am in favor of outside oversight for our airports. Hopefully, this will avoid the delays and mistakes. Our airports are not world class and much needs doing, more than state workers can accomplish.

**SB-2996**

Submitted on: 1/30/2018 2:35:08 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Hyung Joon Kim      |                     | 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**

Submitted on: 1/30/2018 3:17:46 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Maarten de Leeuw    | Hawaiian Airlines   | Support                   | No                        |

Comments:

I support SB2996 because I strongly believe the establishment of the Hawai'i Airports Corporation will be of benefit to both visitors and residents of Hawaii.

We need modern and efficient airports.

Thank you for your time.

**SB-2996**

Submitted on: 1/27/2018 1:42:40 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b>   | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|-----------------------|---------------------|---------------------------|---------------------------|
| Javier Mendez-Alvarez |                     | Oppose                    | No                        |

Comments:



**From:** [Douglas Meller](#)  
**To:** [TRE Testimony](#)  
**Subject:** submitting attached testimony opposing SB2996 for 1/31/18 TRE  
**Date:** Saturday, January 27, 2018 1:03:47 PM  
**Attachments:** [D. Meller 1-31-18 Testimony Opposing SB2996. Relating to an Airports Corporation.pdf](#)

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I am submitting my attached testimony, opposing SB2996, for the 1/31/18 TRE hearing. I will not attend the hearing.

Thanks!

I'm not sure why, but after I logged into the leg. website, selected submit testimony, and selected SB2996, the leg. website would not allow me to enter my testimony.

**SB-2996**

Submitted on: 1/30/2018 2:06:47 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier<br/>Position</b> | <b>Present at<br/>Hearing</b> |
|---------------------|---------------------|-------------------------------|-------------------------------|
| Matt Merrill        |                     | Support                       | No                            |

Comments:

**SB-2996**

Submitted on: 1/30/2018 2:14:23 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier<br/>Position</b> | <b>Present at<br/>Hearing</b> |
|---------------------|---------------------|-------------------------------|-------------------------------|
| Mehran Nejad        |                     | Support                       | No                            |

Comments:

**SB-2996**

Submitted on: 1/30/2018 2:18:53 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Melanie Nohara      |                     | Support                   | No                        |

Comments:

Hawaii airports are in desperate need of improvement. I have seen first-hand how obsolete and run down our airports have become. I strongly believe that an airport corporation is the best solution and it's long overdue.

**SB-2996**

Submitted on: 1/31/2018 9:22:30 AM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Timothy Nolley      | Hawaiian Airlines   | Support                   | No                        |

Comments:

Thank you for the opportunity to testify. My testimony will be short and to the point. I am a senior pilot with Hawaiian Airlines and have been with the company for 17 years. I have seen the growth of Hawaiian, dramatic growth, over my years with the company and as of this month we are almost exactly twice the size in terms of personel and number of aircraft as when I started. This translates to increased employment (Hawaiian is the state's largest employer) and increased tax revenue. Through this growth, and the addition of more flights from other airline companies, Hawaii as a state has also seen a dramatic increase in visitors with a corresponding increase in money spent in Hawaii.

The plan to remodel the terminal Hawaiian Airlines uses has stalled. What this means is that sometimes after arriving back home in Hawaii we must park on the taxiway, burning jet fuel, until a gate opens up. I'm sure others at Hawaiian have already pointed this out to you but I can't stress enough how incredibly expensive and wasteful this is, and frusterating and angering to airline crews and our passangers. Recently, our new hangers were finally opened for us to use more than 2 years behind schedule. Construction on additional gates has also stalled. We cannot bring more people to Hawaii without additional gates, it's a simple matter of math. We can do better can't we?

I believe an independant commision charged with airport improvments free from state bureaucracy is essential in moving the airport improvement project forward.

Respectfully,

Timothy Nolley

**SB-2996**

Submitted on: 1/30/2018 2:08:52 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

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

Comments:

**SB-2996**

Submitted on: 1/30/2018 2:49:00 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

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

Comments:

Establishing the Hawai'i Airports Corporation would save the state time and money, while enabling Hawai'i airports to move forward with much needed improvements. I fully support S.B. 2996.

Mahalo,

Leah

**SB-2996**

Submitted on: 1/30/2018 2:49:40 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Daniel C. Smith     | self                | Support                   | No                        |

Comments:

I support the legislation because it will speed up airport improvements. As an airline employee, I have seen -- and suffered -- the major delays in airport improvements. Examples are the new Hawaiian Airlines hangar and the much-needed but unstarted Ewa Mauka terminal.

The State has been slow to spend the fees that we as passengers pay. Those fees pay for the improvements; no State general funds are used.

Also, Hawaii's airports need upgrading to make them more modern and attractive to tourists.

An airport corporation will reduce, if not eliminate, long delays in making needed improvements based on the experiences of other cities.



**SB-2996**

Submitted on: 1/30/2018 2:53:30 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Greta Richardson    |                     | Support                   | No                        |

Comments:

Please approve Bill SB2996, we need desperately to improve our aging Airport. We need the process of improvements to be stramlined and efficient and this will help to ensure that. I travel to mainland at least 2 times a month and the last 10 years, Honolulu Aiport has quickly become the least desirable airport to go to and from.

Mahalo,

Greta Richardson

**SB-2996**

Submitted on: 1/30/2018 3:07:44 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Shelley Canon       |                     | Support                   | No                        |

Comments:

Please support Bill SB2996. It will help airport improvement and is something we desperately need. The airport has been under improvements for years and is not really effeciently run or organized. Thank you

**SB-2996**

Submitted on: 1/30/2018 4:49:07 PM

Testimony for TRE on 1/31/2018 1:15:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| christopher wolfe   |                     | Support                   | No                        |

Comments:

I support the Hawaii airport corporation