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OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 658, S.D. 2, H.D. 2

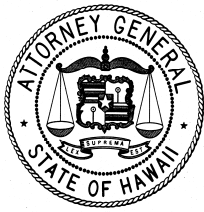
March 30, 2017
3:00 p.m.
Room 308

RELATING TO AN AIRPORT CORPORATION

Senate Bill No. 658, S.D. 2, H.D. 2, proposes to establish the Hawaii Airport Corporation (HAC) constituting a public instrumentality and a special political subdivision of the State, created for the performance of an essential public and government function, as provided in the bill. To accomplish this, the measure transfers the jurisdiction over aeronautics and airports, including airport functions under the Department of Transportation's (DOT) Airports Division, to the corporation on July 1, 2018. The bill also provides that the HAC shall be administratively attached to DOT.

The Department of Budget and Finance has concerns with the general powers in Item 28 "Subject to legislative authorization or appropriation may allot airport funds . . .," as all appropriations and authorizations are subject to Chapter 37, HRS, unless specifically exempt. Revenues that are derived from airport functions are public funds once they are deposited within a fund created by State law.

Thank you for your consideration of our comments.



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

ON THE FOLLOWING MEASURE:

S.B. NO. 658, S.D. 2, H.D. 2, RELATING TO AN AIRPORT CORPORATION.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Thursday, March 30, 2017

TIME: 3:00 p.m.

LOCATION: State Capitol, Room 308

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

Chair Luke and Members of the Committee:

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

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

EMPLOYMENT

Paragraph (6) on page 7, lines 11-13, of the new section -2 authorizes the chief executive officer (CEO) to appoint one deputy executive officer (DEO) who shall be exempt from chapter 76. If the intent is for the DEO appointment to exceed a period of three years, we recommend that section 76-16(b) be amended to expressly list the DEO as a position that is exempt from chapter 76. If it is not listed, pursuant to section 76-16(b)(17)(A), the DEO position will be for a three-year period unless affirmatively extended by an act of the Legislature.

There is no provision regarding the salary limit for the DEO. If the intent is to limit the salary of the DEO, we suggest that the bill specify the limit.

Section 15 on page 33, lines 3-6, addresses the transfer of exempt employees from the Department of Transportation to the corporation. These employees have existing qualifications, duties, and salaries. The bill however, on page 33, lines 12-16, authorizes the CEO to prescribe the duties, qualifications, and salaries of these exempt employees. We recommend that this sentence be deleted if the intent is that the

exempt employees who are transferred should remain in their same positions and maintain the same salaries.

CHAPTER 171

Paragraph (17) on page 11, line 19, refers to “corporation lands.” As written, it is ambiguous whether this means lands owned by the corporation (the Department of Transportation does not own any land and no land will be transferred to the corporation) or lands controlled by the corporation. We suggest that “corporation lands” be revised to “land controlled by the corporation” to be consistent with the wording of other provisions in the bill.

Thank you for the opportunity to provide comments regarding this bill.



SB658 SD2 HD2
RELATING TO AN AIRPORT CORPORATION
House Committee on Finance

March 30, 2017

3:00 p.m.

Room 308

The Office of Hawaiian Affairs (OHA) **OPPOSES** SB658 SD2 HD2, which would establish the Hawai'i Airport Corporation (Corporation) to exercise consolidated jurisdiction over the State's airports and airport lands, and exempt the Corporation from critical laws protecting Native Hawaiian rights and interests in public and "ceded" lands.

OHA has significant concerns regarding 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. Much 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), which 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, as their enactment was a condition precedent to the settlement agreement in the OHA v. Housing and Community Development Corporation of Hawai'i lawsuit, brought in response to the State's actions to sell and 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.**

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

Accordingly, OHA urges the Committee to **HOLD** SB658 SD2 HD2, 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.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808 543 0011 • Fax: 808 528 0922

The Twenty-Ninth Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

March 30, 2017

S.B. 658, S.D. 2, H.D. 2 - RELATING TO
AN AIRPORT CORPORATION

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes the purpose and intent of S.B. 658, S.D. 2, H.D. 2 which authorizes the establishment of a new state entity, "an independent airport corporation," to take over from the Department of Transportation Airports Division the responsibility for Hawaii's airport planning, management, marketing and capital development.

As written, this measure advances the notion that such corporation addresses delayed decision-making and inefficiency resulting from multiple agencies involved in the planning, development and operation of Hawaii's airport infrastructure. We assert that multiple agencies, each with their own area of responsibility, are rightly involved to collectively protect the public interest. The public benefits from the involvement of the Department of Health with respect to addressing environmental concerns, the Board of Land and Natural Resources with respect to protecting public lands and the Department of Human Resources Development with respect to enforcing civil service and collective bargaining laws to render impartial service to the public.

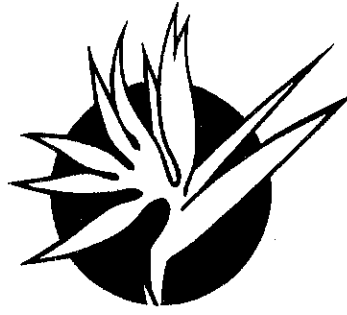
Furthermore, we respectfully remind the Committee of the negative impacts of a similarly independent public corporation, the Hawaii Health Systems Corporation, established in 1996, with an identical intent as found in this measure: freeing the community hospital system from bureaucratic oversight and red tape. The effects of the inefficiencies, mismanagement, and lack of accountability of that public corporation are continuing to disrupt families, communities, and health care services in the Maui region and statewide.

We respectfully maintain that the public interest of our airports would be better served by efforts to increase efficiency through improved collaboration among state agencies and involving the experience and expertise of their employees.

We respectfully request that S.B. 658, S.D. 2, H.D. 2 be deferred.

Respectfully submitted,

Randy Perreira
Executive Director



AIRPORT CONCESSIONAIRES COMMITTEE

Honorable Sylvia Luke, Chair
Committee on Finance
Hawaii State House of Representatives
Hawaii State Capitol

Hearing on March 30, 2017 at 3:00 pm, Room 308

Re: S.B. 658, HD2 – Relating To An Airport Corporation

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

Our Committee strongly supports this bill.

Such a corporation would increase airport revenues and also save airport operations costs. The current approval process is simply too long and typically requires approvals and obvious delays/reviews each step of the way such as with the DOT Director's office, Department of Accounting and General Services and Department of Budget and Finance.

As a result it's not unusual for final approvals to take 9 months , 12 months and at times longer before an approval is granted.

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 unlike other government agencies. Airports are an important economic hub and needs to run and operate in a business fashion quickly and efficiently. Such has not been the case under the present arrangement.

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.

The current process is such that before tenant improvements can receive necessary approvals much time passes resulting in higher construction costs to the tenants especially in the present construction market as well as airport projects.

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

We respectfully urge you to consider and support an Airport Corporation which is similarly to what many other airport across the United States have recognized as having great benefits and also savings to their community and state.

Thank you for allowing us to testify.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Thursday, March 30, 2017 at 3:00 P.M.
Conference Room 309, State Capitol**

RE: SENATE BILL 658 SD2 HD2 RELATING TO AN AIRPORT CORPORATION

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 658 SD2 HD2, 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 Airport Authority.

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

We understand that the Airports Division recently completed a study that recommended restructuring toward a more independent airport authority, similar to port authorities on the mainland. An Airport Corporation would allow for:

- Make improvements quickly and efficiently
- 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

While we support the proposal for the Hawaii Airport Corporation we also would support any policies and procedures that would provide sufficient oversight on the collection and expenditure of the funds raised at Hawaii's airports.

Thank you for the opportunity to testify.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
THURSDAY, MARCH 30, 2017 AT 3:00 P.M.**

To The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair; and
Members of the Committee on Finance

**TESTIMONY IN SUPPORT OF SB 658 TO ESTABLISH THE HAWAII
AIRPORT CORPORATION FOR ADMINISTRATIVE PURPOSES**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce representing approximately 600 businesses and 16,000 employees on Maui. I am writing share our support of SB658.

The visitor industry is extremely important to our overall state economy, creating a number of jobs for residents and generating revenue for local businesses. Our visitors are impacted by their experiences at the airport, which is their first and last impression of our islands. Many of our airports need updates and improvements to continue to sustain the growing tourism industry. Therefore, we support this bill that would create a the airport corporation to oversee updates and management of our state's vital airports.

We appreciate the opportunity to testify on this matter and therefore ask that this bill be passed.

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

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



Ann Botticelli
SVP Corporate Communications and
Public Affairs

TESTIMONY IN SUPPORT OF AN AIRPORT CORPORATION (SB 658, SD 2, HD 2)

**Committee on Finance
Thursday, March 30, 2017
Conference Room 308
3:00 PM**

Aloha Chairwoman Luke, Vice Chair Cullen and members of the Finance committee:

Mahalo nui for the opportunity to offer comments on a piece of legislation that represents a chance for meaningful and much-needed change in the way we operate our system of state airports.

As originally drafted, SB 658 created an Airport Corporation with the objective of improving the operational and financial efficiency of the airport system. This concept is supported by the Airline Committee of Hawai'i and the Airport Concessionaires Committee, two constituencies who are most keenly aware of how badly such changes to the process are needed.

Hawaiian Airlines adds its voice of support for the concept of an Airport Corporation. As many have stated, all Airport operations and salaries are paid for by the user fees and lease rents collected from airport users and concessionaires. The Corporation as envisioned by the State DOT would allow for a much more efficient and cost-effective management of those private funds, providing a vastly improved experience for travelers to and within Hawai'i.

The Corporation as envisioned contains three very critical components:

- It removes airport operations from the purview of the state Department of Transportation. The legislation as introduced would ensure that progress on large, forward-looking improvement projects will never be halted by a change in state Administration. Projects that are identified by the airport users as important, and paid for by the airport users via fees and rents, will not be subject to delay every four-year election cycle.
- It allows the Corporation to expend and allocate funds within a project that has already received Legislative approval without having to await a new legislative session. The airport sits on ceded lands. We do not quarrel with the Legislature's kuleana to steward those lands and approve large-scale projects. However, once that overarching approval has been obtained, it is important for continuity that the Corporation is able to release funds for changes that occur within that larger scope.

- It allows the Corporation to implement a more efficient procurement process that is better suited for airport projects. In our experience, the procurement requirements – such as mandatory acceptance of the lowest bid and the ability to “self-bond” -- almost guarantee inefficiency and delay. There is no question that a procurement process must be established; we would look forward to helping create a process that provides safeguards without impeding progress.

All of us at Hawaiian Airlines appreciate the deep thought and consideration that members of the House and Senate have devoted to this important piece of legislation. We have been heartened by the “yes” votes as this measure progressed through the process. We are grateful to all of the lawmakers who are committed to creating a solution that will allow us to build an airport system that is a source of pride of the entire state.

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Testimony to the House Committee on Finance**Thursday, March 30, 2017****3:00 pm****Conference Room 308****RE: S.B. 658 SD2 HD2, RELATING TO RELATING TO AN AIRPORT CORPORATION**

Chair Luke and Vice Chair Cullen, and members of the committees:

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

BIA-HAWAII is in support of S.B. 658 SD2 HD2 which would authorize the establishment of the Hawaii Airport Corporation within the department of transportation for administrative purposes. The bill sets out appointment of members to the board of directors and powers and duties of the Hawaii Airport Corporation, and transfers the aeronautics functions of DOT to the Hawaii airport authority.

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

An Airport Corporation would:

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

One of the compelling arguments to create an Airport Corporation is that currently, Airports does not use any taxpayer funds. All funds used in the airport operations are derived from user fees and assessments within the Airport properties. While we support the proposal for the Hawaii Airport Corporation we also would encourage imposing policies and procedures that would provide sufficient oversight on the collection and expenditure of the funds raised on Airport properties which are state owned lands.

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

SanHi Government Strategies

Gary M. Slovin
Mihoko E. Ito
R. Brian Tsujimura

a limited liability law partnership
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DATE: March 29, 2017

TO: Representative Sylvia Luke
Chair, Committee on Finance
Submitted Via Capitol Website

RE: **SB 658, S.D.2, H.D.2 Relating to an Airport Corporation**
Hearing Date: Thursday, March 30, 2017 at 3 p.m.
Conference Room: 308

Dear Chair Luke and Members of the Committee on Finance:

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. 658, S.D.2, H.D.2 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. 658, S.D.2, H.D.2 and respectfully request that the Committee pass this measure. Thank you for the opportunity to submit this testimony.

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



Testimony to the House Committee on Finance

March 30, 2017

3:00 p.m.

Conference Room 308

RE: RELATING TO AN AIRPORT CORPORATION – SB 658, SD2, HD2

Chair Luke, Vice Chair Cullen 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 658, SD2, HD2, relating to the establishment of an Airport 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 'the management and administration of scarce and increasingly valuable airport resources is most effectively served by the establishment of an independent airport corporation.

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 Airport 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 Airport 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

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

HOUSE OF REPRESENTATIVES
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

NOTICE OF HEARING

DATE: Thursday, March 30, 2017
TIME: 3:00 pm
PLACE: Conference Room 308

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

PRP **supports** SB 658, SD2, HD2, relating to an Airport Corporation, which authorizes the establishment of the Hawaii Airport Corporation within the Department of Transportation for administrative purposes on July 1, 2018. This measure 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 the Department of Transportation to the Hawaii Airport Authority.

The establishment of this independent airport governance will help create and provide the following:

- World-class transportation hubs;
- necessary improvements quickly and efficiently;
- a competitive tourism industry and deliver economic benefits across all sectors, statewide;
- better customer service
- clean restrooms at our airports; and
- quality construction jobs related to airport upgrades.

For the reasons mentioned above, we respectfully request your support on SB 658, SD2, HD2. Thank you for this opportunity to testify.



(Continued From Page 1)

About PRP

Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.

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

Testimony Opposing SB 658, SD 2, HD 2 Relating to an Airport Corporation

Submitted to House Committee on Finance
3 PM, March 30, 2017 Hearing in Conference Room 308

SB 658, SD 2, HD 2 cannot accomplish what is desired by the agencies and organizations which support it. Instead of enacting ineffective legislation, I suggest that you replace the current contents of this bill with a mandate and appropriation for the Legislative Auditor to:

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

HDOT’s February 1, 2017 testimony on SB 658 alleged that “State-imposed constraints to Airport operating budgets and staffing have resulted in progressive deterioration of the quality of terminal facilities . . . below the standard of other airports serving leading global destinations.” I agree. But SB 658, SD 2, HD 2 will not help. Without a Constitutional amendment, the proposed Airport Corporation can not appropriate airport funds, legislative appropriations will continue to impose “constraints” on the proposed Airport Corporation’s expenditures and staffing, and unencumbered airport appropriations will lapse as quickly as other state appropriations.

HDOT’s February 1, 2017 testimony on SB 658 also alleged that “Distributed responsibility and involvement by multiple agencies, sometimes with conflicting goals and priorities, results in delay to decision-making, inefficiency and reduced effectiveness.” I agree. But SB 658, SD 2, HD 2 will not help. Merely exempting the proposed Airport Corporation from the Governor’s allotment advice and political oversight will not reduce airport conflicts with other agencies which need additional funding, staffing, and airport space for their airport-related functions. At a minimum, the proposed Airport Corporation should be assigned statutory responsibility to cooperate with and assist the State DOA, DLNR, and DOH to control introduction of noxious non-native plants, animals, and diseases. Perhaps the proposed Airport Corporation should have statutory responsibility to collect user fees assessed by the DOA, DLNR, and DOH to fund their airport-related functions. And because several underfunded federal agencies need to screen embarking and/or disembarking passengers, the proposed Airport Corporation needs clear statutory authorization to use Airport Corporation funds to “purchase” sufficient federal employees to reduce delays for airport passengers.

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

- should the state subsidize Hawaii airports? Perhaps state law could and should deposit revenues from Duty Free concessions located outside of airports into the general fund rather than into the airport fund.
- should the Airport Corporation be authorized to favor or subsidize certain enterprises with either non-bid leases or below-market leases of public property? It seems reasonable for the statute creating an Airport Corporation to incorporate a transparent process and reasonable criteria for leases of airport property.
- should OHA be compensated for revenues arising from private lease of ceded lands within airports? State law should unambiguously resolve whether OHA is entitled to compensation; and, if compensation is owed, clarify whether compensation should be derived from airport revenues or from the general fund.
- should the DHHL be compensated for revenues arising from private lease of public lands within airports which were formerly leased for cultivation of sugar cane? If the State Constitution requires compensation, State law should unambiguously clarify whether compensation should be derived from airport revenues or from the general fund.

Statement of Richard Hill

Representative Sylvia Luke, Chairman
Representative Ty J. K. Cullen, Vice Chairman
Hawaii State Legislature - **House Committee on Finance**

Submitted March 29, 2017

→ **Written Statement for Hearing of Tuesday, March 30, 2017 3:00 p.m.**

Support for Intent of S.B 658, S.D. 2 H.D. 1 & Recommendations Relating to the Formation of an Airport Corporation

Revisions for HC LAB from HC TRN Statement of March 13, 2017 by Color/Italics

Revisions for HC FIN from HC LAB Statement of March 21, 2017 by Color/Italics

As a Hawaii Resident for most of the past 16 years I have a both a personal and professional interest in the success of HDOT's effort to reorganize the Hawaii Airport System. As a former Chairman of the Board for the Reno Tahoe Airport Authority, and having served in key career management and policy making roles during the formative development, growth and maturation of the agency over 20 years I have been asked by several stakeholders to contribute my opinions and recommendations for the committee to consider. Thank you for the opportunity Mr. Chairman.

Sharing the Experience - Airport Authority Formation

What started out as United Airlines Airport in the 1950's evolved to become Reno Municipal Airport managed by the City of Reno. Severe mismanagement, missed opportunities, conflicting priorities and unmet constituent needs led to the need for change. A well-crafted enabling statute in 1977 was a visionary effort marshaled forward by a strong Nevada State Senate Leader. When the creation statute was enacted it gave the agency the broadest of powers as a full subdivision of the state, not subordinate to any other agency. Improvements were subsequently made to the legislation but always at the request of the Authority, not the legislature. Certainly there was trepidation that the agency needed to ramp up gradually or it could fail. These fears were never realized as the agency developed its own civil service plan and followed the principles laid out in the state purchasing act. Upon the liberation from state control, expert management was unleashed and stakeholder confidence soared. Its passage sparked investment and spawned immediate and rapid development through the Authority's exclusive ownership of airport land, facilities and full governing autonomy over the operation and administration Reno Tahoe International Airport and Reno Stead Airport.

Performance & Results

The agency hit the ground running. From its inception, the Airport Authority was the recipient of countless financial excellence, productivity enhancement and efficiency awards. Frustration among all stakeholders gave way to definitive plans to energize idle assets. Bonds were issued for a terminal expansion. Innovative ideas were easily implemented and performed with absolutely no state, county or special municipal permissions, multiple agency approvals, revenue diversions

or state-control-for-the-sake-of-control. A new terminal building was funded and built. Airlines no longer balked at operating at RTIA, but were soon free to penetrate its once restrictive air service market and to obtain non-exclusive gate access to benefit from the synergies of shared facilities, ending the era of gate monopolization. The Authority worked closely with the FAA to be proactive in its interpretations of the FAR's to the delight of its General Aviation community. A new anchor carrier started service and identified an enduring market, launching into a diversified competitive redefinition leading to some of the lowest sustainable fares in the nation, and ultimately rising to a dominant market position they hold to this day. A parking structure transformed the passenger convenience standard to a new level by developing contiguous facilities with the shortest aggregate walk-to-gate distance in the nation for resident travelers. Non-aeronautical revenues increased dramatically and costs dropped precipitously as the airport rose to over 6.6 million passengers annually by the late 90's and was ranked as the fastest growing airport in the nation rising from the rank of the 60th busiest airport in the nation to 43rd. Landing fees, at the growing medium hub airport went from the highest in the nation to the lowest in three short years. Many industry leaders saw then, what we all see today; ***The enabling statute of the Reno Tahoe Airport Authority is one of the most successful airport governing models in the nation.***

Anyone who has visited Reno Tahoe International can easily see that it continues on its path of excellence today as a thematic masterpiece, efficiently run on a firm financial footing with widespread community acceptance and a full range of passenger conveniences. ***However, without the courage of the legislature to act to nearly four decades ago to implement the Airport Authority this vision of excellence would simply never have been realized.***

By the State of Nevada relinquishing direct control the Airport System it flourished, and the State Legislature can take the credit for the progress achieved, acting boldly to divest power when it seemed counterintuitive at the crossroads it faced at that pioneering time. Now Hawaii is in that same position.

The Hawaii Constituency – The Flying Public

The constituency requiring the most focused attention for their needs, and therefore representation for their interests are the **flying public**. Some argue that this representation is provided by the airlines. In practice, the reality is that the Airport Authority serves as the de-facto advocate for efficient and effective facilities on the ground to serve the passenger. The signatory airlines exercise their interests through their majority-in-interest clause of the residual airport agreement for these facilities. HDOT is disadvantaged by operating within the state run model for a variety of reasons. This frustrates the airlines whose properties executives expect to negotiate with an empowered decision maker. The airport leader's job is to frame the operating and development issues for investments that are in tune with their need to restrain costs, skillfully forecast requirements, identify and develop non-aeronautical funding sources and reliably deliver facilities as agreed according to a dynamically driven, coherent and predictable master plan. In like fashion, the same frustration is shared by concessionaires who serve your passengers and other first and second tier stakeholders who experience delays in the decision process.

The Urgency

As I have observed the bills being discussed in the halls of the legislature and my attendance at the Aviation Caucus, Aviation Day, and in conversation with individual legislators there is a palpable sense that the top-down power and decision structure is failing. Failing to keep up with the needs of the Airport System comprised of 15 airports and the many interests and constituencies requiring action. In my discussions with members of the airline, tourism, concessionaire, construction and general aviation communities and those within FAA circles have expressed an urgency to act now, not later. They want to streamline state processes and expedite decision-making that enables **responsible and responsive action** to seize immediate opportunities to deliver more efficient and effective airport facilities, and to administer them in a fair and equitable manner. These groups encourage removal of state imposed rules that are inflexible-in-practice, and procedures with constraints which impede the expected progress in building the proper capacity for the economic pipeline that the Airport System should be more efficiently delivering for the Aloha State. That takes expertise, focus, time and support. With the vast untapped aviation opportunities and strategic placement in the geographic center of the Pacific Rim, that time is now.

Opportunity Cost

Cargo buildings in the center of the Pacific Rim should not stand idle and unoccupied. Premium developable land and hangar facilities should not sit unattended, unfunded, un-partnered, un-negotiated and in economic limbo. Planes should not be parked on taxiways, left wanting for construction of ramp space. Progress on master plans should not be halted to await direction from the legislature to only find that action is deferred simply because it is too complex to unwind the byzantine rules. Simply put, to kick the airport can down the road from legislative session to legislative session is not progress. It needs to be championed in the legislature, ownership taken and closure brought to the bill before you. Your action now will send a message that there is a unified mandate to remedy these continued missed opportunities that hurt the entire airport system, and the citizens of Hawaii. The net effect of capitalizing on these missed opportunities is to generate a windfall that benefits the newly expanded Airport System and keeps it independent. An Airport Authority is one agency that will never be a burden, but rather it will produce direct and indirect dividends to the people of the Aloha State for years to come.

Appropriate Statutory Roles

Running a metropolitan international airport is analogous to running a complex city. Taken further, an airport system comprised of multiple airports serving multiple passenger catchment areas requires a staff structure with the appropriate divisions of labor which arm it with the credibility to responsibly carry out the fiscal administration and operations with full accountability to the public. It is a serious specialized business. The broad responsibilities of a State's Department of Transportation are not typically tooled for, nor should it be expected to provide the specific competencies and scale required to quickly and efficiently bring rapid change of focus to the airport as it does not have the specialized training, resources, procedures or communications configured to the complexities of this specialty field. An Airport Authority

structure provides a systematic forum that serves as the magnet for facilitating understanding and improved 'clarity of purpose' by and between their interdependent customers, reinforcing and refining its mission through its regular agendas.

Corporation vs. Authority

Airport Authority is the more prevalent industry term for an entity that governs an airport system such as the Hawaii Airport System. The DOT Director has testified that there is no difference in the intent or definitions between Authority and Corporation. With that said the difference could be just semantic on intent. However, Airport Authority governing structures most typically stand alone as a subdivision of the state with no influence being exerted by the state beyond its creation. A "Corporation" connotes that it is formed for a specific purpose and that it may be intended to extinguish after that purpose is achieved. It is usually subordinate to a parent agency. S.B.658 S.D.2 has eliminated the repeal clause and therefore it would seem that the entity is intended to endure beyond a single purpose. However, it also appears that there are linkages between HDOT and the Corporation that interweave the entities to the procurement statutes and civil service statutes under HDOT. It could be inferred from this that the "Corporation" could be interpreted as being subordinate to HDOT. *Although the Attorney General has deemed the terms synonymous, the term "Corporation" lead some to believe it is insulated from expected public accountabilities when in fact this is not the case. Therefore,* it would appear that the title of "Airport Authority" would be a better title for the agency's longer term strategic purposes to eliminate any misinterpretation of its intent, scope and durability.

Having reviewed Bills H.B.1443 and S.B.658 in detail through S.B.658 SD2 in TRN, *and the current S.B.658 SD2 HD1 in LAB*, along with the testimonies given, I respectfully provide my opinion in the form of recommendations and the narrative rationale below:

Review of S.B.658 S.D.1 H.D. 1 in its Current Form

Passage of the bill in its current form would be preferable to having no action taken in the legislature in the 2017 Legislative Session. The concern I see is that there could be interpretations that contain lingering potential mechanisms and influences from forces outside the agency that could dilute the agency's independence and invite politics to play a role in future transactions, appointments, or decisions. This should be protected against to ensure the long term health of the agency. But to avoid making the 'perfect' the enemy of the 'good', some actions should take place in this session to start the transition immediately.

The Transition

HDOT's immediate concern appears to be the need for a mechanism to allow HDOT latitude to move forward with backlogged projects and propel languishing programs. This is a good short-term goal. Once the immediate goals have been achieved there should be a specific period of time when the new Airport Authority agency should become its own subdivision of the State, and be removed from the operating "administrative purposes" under HDOT.

Procurement - RTAA was given broad exemptions on regulatory purchasing processes and required to follow some basic guidelines defined in the State Purchasing Act. This practice has resulted in using these exemptions to expend hundreds of millions of dollars of capital projects and operating contracts which deliver a high standard of value for the traveling public and have successfully maintained the public trust without scandal or waste. To enact this provision in S.B. 658 it would be prudent to give the new board the first task of passing the act within one year, at which time the provisions are met, then any dependence on interim state purchasing regulations would automatically sunset by this statute.

Civil Service Plan - To address the same issues faced by RTAA in their enabling statute, the Nevada Legislature enabled the Authority to adopt its own Civil Service Plan to be administered by its Board of Trustees. It has 14 provisions, required by the statute, which define the administration of both exempt and non-exempt employees which the Board did in fact adopt and in fact improved upon over the years, the outcome of which finds efficient, satisfied and well compensated employees. The elements of the civil service plan are quite similar to that of the state, except that the any issues are internally resolved within the agency and not subordinate to the State Human Resources Director.

Hawaii Labor's Stated Concerns Raised in TRN – *Positive labor relations is a valuable asset in moving an Airport organization forward, especially when a partnership is essential to raising the bar. To address any misconceptions early is important. Therefore, the issues raised by Hawaii Labor in the House Committee on TRN, particularly concern for the impact of the proposed legislation on State employees affected in the transition to the new Airport entity being created should be illuminated and discussed directly. The specific concerns are:*

- ✓ **Hawaii Labor's Concern - Comparison with the Hawaii Health Systems 'Corporation', and concern its apparent lack of success has a parallel to the Airport 'Corporation'.**
 - *While both agencies being compared benefit from reduced regulation and both happen to be proposed under the same moniker (Corporation) the similarity to HHSC ends there. HHSC differs considerably in scope, purpose and mission challenges as a point-by-point analysis of the specific needs faced, and specific tools available to each, would reveal. While the Airport Authority concept was groundbreaking almost four decades ago, the agency model is now mainstream with many dozens of organizations operating under the now classic model, and many more based on similarly situated and successful such models operate not only in the United States but at airports around the world, seamlessly serving hundreds of millions of passengers every day. You need only to turn on the TV news to recognize that the Health Care Industry is at a different stage in its evolution and circumstances entirely.*
- ✓ **Hawaii Labor's Concern – Asserting that multiple state agencies with improved cooperation would better protect the public interest than the proposed Airport Authority**

*Labor has stated their confidence that it is possible to achieve better coordination the current state agencies and thereby better serve the public interest. However, the record is replete with examples and testimony that this type of coordination has been more than elusive, not because of the people within the state agencies, but from a **structure** that places the agencies in competition for purview, priority and the resulting conflagration of time consuming processes that are unresponsive to the airport stakeholders. This is not unique to Hawaii, but of many states and countries that turn to the improved structure an Airport Authority provides. It comes down to **focus on the issues airports face on a systematic basis** -- Issues involving safety, economics, development and operations that simply must keep pace in a rapidly changing environment. This focus is provided by the team of people who make up the Airport Authority.*

People are the Key to Success

Once the structure is in place, the people are the greatest asset and the key to success at the new agency. If I were a concerned employee wanting to know how such a transition has worked at another Airport Authority I would want to know what other organizations have implemented this entity and how it worked out. Having served in the rank-and-file, on management staff, on both sides of the negotiating table and on the Reno Tahoe Airport Authority policy board as its Chairman, I would like to relate my knowledge of the transition by these specific observations:

- All then-existing transitioning municipal employees benefits/agreements were honored, not diminished, and newly hired employees were successfully integrated into the Airport workforce.*
- All employee collective bargaining rights were respected.*
- A pay for performance program was initiated resulting in a measurable increase in productivity. Employees were solicited for ideas and participated fully in assisting to set the higher standards by which they themselves were measured, and enjoyed the pride of achievement for their part in many award winning programs receiving industry recognition.*
- Nearly all of the transitioned employees raised their level of performance and fully participated in the higher, measurable performance expectations and went on to have full productive and rewarding careers, retiring with stable and competitive incomes.*
- The financial health of the organization maintained a trend that evolved to inspire confidence among its stakeholders and did not devolve in any manner.*

- *Of the many Legislative, State Agency, City and County Leaders, Employees, Unions, Airlines, FAA and the countless others I have had contact with who took risks of one kind or another during a time when an Airport Authority model was deemed experimental **not one person has expressed that it was a poor decision**, or any regret for the path taken to usher in the profound changes, nor do I recall hearing even a single comment that it would have been better to run the airport “the old way”.*
- *Each airport board and each airport executive leader have different approaches when applying their success formulas. RTAA had five such leadership changes over 40 years. So the road can at times be rocky when conducting position-based negotiations using these inherently different management styles. Like any organization, RTAA was no different in its evolution with Labor. However, these methods have yielded to the more contemporary **interest-based negotiation** that, on the whole, achieved greater efficiency, productivity and reward as it has raised standards and moved the organization higher. Employees always played an essential and important role in that effort with new collaborative ways for employees and managers to think about their work.*

Deputy Director Provisions in the Proposed Bill

The legislation defines and limits the number of Deputy Directors to one and a salary limitation in the statute. For whatever the reason is that this language was added to the bill this statutory constraint on the second tier level of the management team appears incongruous with the executive and board responsibility to effectively and competitively manage the organization. A classic structure for airports is to implement a division of labor between the administration and operations functions. This statutory constraint would foreclose that option for executive management into the future.

Board Member Qualifications

The RTAA places an emphasis on having the county/municipalities appoint members with qualifications in Aviation, Business and Tourism backgrounds. The board members (9) are also paid a modest stipend (\$560/mo. in 1977) by statute to help insure commitment, uniformity, and participation continuity and given a corporate surety bond conditioned on faithful service, also by statute. It has proven in the past to be a profound benefit to have at least one pilot on the board. With Reno-Stead Airport being the home of the Reno Air Races, we had a legacy of top pilots as Board Trustees who acted as ambassadors to the General Aviation community.

Board Sets, Executive Administers Policy

To be an appointee to the RTAA Airport Authority Board is considered a prestigious nomination. Accordingly a Hawaii Board will attract accomplished individuals with significant backgrounds and a deep understanding of the subject matter faced by airports. What will inevitably follow is a special dynamic between the Board and its executive leader

that drives a fully empowered agency to achieve measureable goals. It is the Board who sets policy and provides oversight. It is the executive who carries out policy, executes approved plans and manages the Authority's many divisions of labor. Therefore, contrary to what some may believe, a full time working Board is not required to achieve a span of control. Accordingly, whether a system is comprised of one airport or 15 airports, a professionally staffed Airport Authority is the best formula to carry out the respective missions of each airport master plan, with tailored solutions to the local constituencies.

Transparency & Accountability

It is a serious misconception that an Airport Authority is synonymous with privatization and should require State oversight. To the contrary, an Airport Authority functions as any public agency would with public meeting notices and full disclosure under sunshine laws. The only time executive sessions are typically held is when there is a confidential issue to discuss in essentially the same manner as any public agency would. In fact, most would argue that the transparency is much greater with an Authority structure as the agenda focuses exclusively on airport issues, eliminating the myriad of extraneous discussion that consumes valuable time of the user-public attendees and confound those who do business with the airport. Certain regular agendas and major issues of public interest at RTAA have been broadcast on regional public television. As a result of these innate types of outreach and the efficiencies created therein, it is an extraordinary fact that no significant Airport Authority, once created, has ever been dissolved by the State creating it.

Simplicity is the Solution

I respectfully submit that full State divestiture of the Airport System is the most effective means by which to satisfy the numerous business and tourism interests, restore the financial and operational trajectory, and to attain full benefit from the many idle and underutilized assets within the Hawaii Airport System for the traveling public and the citizens of the Aloha State.

Be brave, look forward, think big and take action. If you do, the agency you create and the professional airport executives that lead it to success will give you pride in the most impressive and wonderful way.

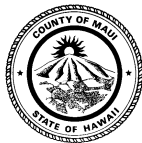
- **Thank you Madam Chairman for the opportunity to share my opinions and recommendations with the Committee.**

Council Chair
Mike White

Vice-Chair
Robert Carroll

Presiding Officer Pro Tempore
Stacy Crivello

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



Director of Council Services
Sandy K. Baz

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
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LATE

March 29, 2017

TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Mike White
Council Chair

Handwritten signature of Mike White in black ink.

SUBJECT: **HEARING OF MARCH 30, 2017; TESTIMONY IN SUPPORT OF SB 658, SD 2, HD 2, RELATING TO AN AIRPORT CORPORATION**

Thank you for the opportunity to testify in **support** of this measure. This bill authorizes the establishment of the Hawaii Airport Corporation, which consolidates jurisdiction over the State's airport infrastructure into a single entity.

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

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

1. The Kahului Airport on Maui is undergoing major upgrades with a consolidated rent-a-car facility currently under construction and a new access road which opened for motorists on July 23, 2016. A more streamlined, coordinated body such as the Hawaii Airport Corporation may help to complete complicated projects and on-going maintenance in a more efficient manner without having to coordinate with numerous jurisdictions.
2. I recently read an article in The Honolulu Star Advertiser ("Attempt to build airport facility delays dependent upgrades," March 22) relating to the modernization efforts at the Honolulu International Airport. It cited numerous delays with planning, contracting, and construction caused by State requirements and compounded by challenges with a general contractor. The time has come to at least try a new approach. This new model can provide focus and efficiency when improving our outdated airports and support facilities, especially on the neighbor islands.
3. The State Department of Transportation plays numerous roles with many constituencies, spanning from harbors to roadways. A single entity with a consolidated jurisdiction will be able to solely focus on operations and long-term planning for our airports. The authority will also allow for community input, while complementing other efforts to revitalize and promote Hawaii's economy.
4. Airports are the first and last impression visitors see of Hawaii, and a positive impression is critical for our long-term success as an international destination. It is vital for us to make the necessary structural changes to emphasize the importance of these values, especially when no general fund monies are used.

Mahalo for your consideration.

ocs:proj:legis:17legis:17testimony:sb658_sd2_hd1_mkz



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
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kahua pa'a web hawaii tourism authority.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
SB658 SD2 HD2 Relating to an Airport Corporation
House Committee on Finance
Thursday, March 30, 2017
3:00 p.m.
Conference Room 308

LATE

Chair Luke, Vice Chair Cullen and Members of the committee:

The Hawai'i Tourism Authority ("HTA") offers the following **comments on** SB658 SD2 HD2, which would create the Hawaii Airport Corporation within the Department of Transportation to develop, manage and operate the State's airports and aeronautical facilities.

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

Mahalo for the opportunity to offer these comments.

DAVID Y. IGE
GOVERNOR



LATE

Testimony by:
FORD N. FUCHIGAMI
DIRECTOR

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

IN REPLY REFER TO:

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

March 30, 2017
3:00 p.m.
State Capitol, Room 308

S.B. 658, S.D. 2, H.D. 2
RELATING TO AN AIRPORT CORPORATION

House Committee on Finance

The Department of Transportation (DOT) **supports** the intent of S.B. 658, S.D. 2, H.D. 2, which authorizes the establishment of the Hawaii Airport Corporation with the DOT for administrative purposes on July 1, 2018 with amendments.

The Hawaii Airport Corporation must be empowered to be able to hire or contract law enforcement officers to ensure the public's safety and a stand-alone Chief Procurement Officer whose jurisdiction within chapter 103D is separate and apart from the Executive Branch, with full authority to develop and implement policies and procedures for timely and efficient procurement of professional services, planning, engineering, and construction services; and such other services and material as may be required for the development, management and operation of the airport system, consistent with accepted standards of probity, transparency, and accountability.

The transition of the Hawaii Airport Corporation must also be orderly to facilitate the corporation's governance which includes the retention of current employees with no loss in benefits, assets, funds, accounts, contracts, and liabilities.

Under the corporation, the management and disposition of the airport lands does not change as these are State lands.

Respectfully and for your consideration, is our proposed H.D. 3 which makes it clear that the Hawaii Airport Corporation has the ability to take these actions, as well as offer competitive salaries for officers, agents, and employees; to lease or otherwise encumber public airport facilities; to plan or relocate roadways and other places; and, to establish an air revenue trust for use in further developing and managing airport resources.

Thank you for the opportunity to provide testimony.

A BILL FOR AN ACT

RELATING TO AN AIRPORT CORPORATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the economic well-
2 being of the State is substantially dependent on the efficient
3 development, management, and operation of its airports and air
4 transportation infrastructure. The legislature further finds
5 that responsibility for Hawaii's airport planning, management,
6 marketing, and capital development functions is currently
7 distributed among a number of agencies, including the department
8 of transportation's airports division, Hawaii tourism authority,
9 department of budget and finance, department of human resources
10 development, board of land and natural resources, department of
11 health with respect to environmental concerns, and the office of
12 Hawaiian affairs with respect to ceded land issues, among
13 others. Furthermore, key decision-making is vested in the
14 legislature, which is only in regular session for part of each
15 year, which imposes a constraint to responsiveness and causes
16 delay to key capital improvement program decisions. Distributed
17 responsibility and involvement by multiple agencies, sometimes

1 with conflicting goals and priorities, results in delayed
2 decision-making, inefficiency, and reduced effectiveness.

3 The legislature believes that coordinated planning and
4 development of air transportation would be achieved more
5 effectively by a single entity having overall consolidated
6 jurisdiction for the State's airport infrastructure.

7 The legislature further finds that the establishment of an
8 independent airport corporation would assist in the achievement
9 of the following important statewide objectives:

- 10 (1) Maximizing the contribution of the state airports
11 system to Hawaii's economy;
- 12 (2) Ensuring dedicated, expert airport leadership,
13 management continuity, and year-round decision-making,
14 consistent with industry best practices;
- 15 (3) Improving administrative efficiency by streamlining
16 administrative processes;
- 17 (4) Accelerating the planning and delivery of the airports
18 system's capital improvement program;
- 19 (5) Increasing the financial flexibility and strength of
20 the airports system;

- 1 (6) Increasing economic opportunities for the State, in
- 2 collaboration with the Hawaii tourism authority;
- 3 (7) Increasing responsiveness to customer needs,
- 4 commercial opportunities, and economic demands;
- 5 (8) Providing full transparency and public accountability,
- 6 and an appropriate forum to engage all interested
- 7 parties; and
- 8 (9) Maximizing job creation within the State.

9 The legislature further finds that the management and
 10 administration of scarce and increasingly valuable airport
 11 resources is most effectively served by the establishment of an
 12 independent airport corporation.

13 The purpose of this Act is to establish the Hawaii airport
 14 corporation.

15 SECTION 2. The Hawaii Revised Statutes is amended by
 16 adding a new chapter to be appropriately designated and to read
 17 as follows:

18 "CHAPTER

19 HAWAII AIRPORT CORPORATION

1 § -1 **Definitions.** As used in this chapter:

2 "Aeronautics" shall have the same meaning as defined in
3 section 261-1.

4 "Air navigation facility" shall have the same meaning as
5 defined in section 261-1.

6 "Airport" means any area of land or water that is used, or
7 intended for use, for the landing and taking-off of aircraft,
8 and any appurtenant areas that are used, or intended for use,
9 for airport buildings or other airport facilities or rights-of-
10 way, including approaches, together with all airport buildings
11 and facilities located thereon.

12 "Airport corporation" or "corporation" means the Hawaii
13 airport corporation.

14 "Airport funds" means all fees, charges, rents or other
15 payments received by or accruing to the Airport corporation by
16 reason of its ownership or operation of the State's airport
17 system.

18 "Chief executive officer" means the chief executive officer
19 of the Hawaii airport corporation.

20 § -2 **Airport corporation; establishment; board; members;**
21 **chief executive officer.** (a) There is established the Hawaii

1 airport corporation, which shall be a body politic and
2 corporate, constituting a public instrumentality for the
3 performance of an essential public and governmental function as
4 provided in this chapter. The corporation shall be established
5 and shall operate as a subdivision of the State for the purpose
6 of developing and implementing management structures, policies,
7 and procedures based on airport industry best practices and
8 expressly configured to support the efficient development,
9 management, and operation of the State's airports and
10 aeronautical facilities. The corporation shall be placed within
11 the department of transportation for administrative purposes
12 only. The airport corporation shall not be subject to
13 supervision or regulation by the department of transportation or
14 any other department, office or board of the State except to the
15 extent provided by this act. The airport corporation shall only
16 be repealed by a vote of not less than a majority of the members
17 of each house of the legislature.

18 (b) The powers of the airport corporation shall be vested
19 in and exercised by a board of directors, which shall consist of
20 nine voting members, who shall be appointed by the governor
21 pursuant to section 26-34; provided that there shall be one

1 member representing each of the counties of Hawaii, Kauai, and
2 Maui and the city and county of Honolulu. All members shall be
3 appointed for terms of four years; provided that the initial
4 terms of the members appointed by the governor shall be
5 staggered. Members shall be removed from office by the governor
6 only for inefficiency, neglect of duty, turpitude, or misconduct
7 in office after giving the member a copy of the charges against
8 the member and allowing the member an opportunity to be heard,
9 in person or by counsel, upon not less than ten days notice.

10 Members shall have relevant business and management
11 experience, including experience in one or more of the following
12 disciplines: financial planning, budgeting, hospitality,
13 tourism, commercial development, construction program
14 management, marketing, law, or aviation.

15 All members shall continue in office until their respective
16 successors have been appointed.

17 No board member appointed under this section shall be an
18 officer or employee of the State or the counties.

19 (c) The airport corporation shall be headed by a single
20 executive to be known as the chief executive officer of the
21 Hawaii airport corporation, who shall:

- 1 (1) Not be a member of the board;
- 2 (2) Serve at the pleasure of the board;
- 3 (3) Be exempt from chapter 76; and
- 4 (4) Receive compensation that shall be fixed by the board.
- 5 (d) The chief executive officer:
 - 6 (1) Shall be selected based on criteria approved by the
 - 7 board, including experience in airport management at
 - 8 an executive level at a large- or medium-hub airport
 - 9 within the United States, management of significant
 - 10 scale capital programs, and domestic and international
 - 11 air service development;
 - 12 (2) Shall be appointed by a majority vote of the members
 - 13 of the board;
 - 14 (3) Shall be employed subject to a formal contract, the
 - 15 terms of which shall be approved by the board;
 - 16 provided that the terms shall include provisions for
 - 17 the removal of the chief executive officer with and
 - 18 without cause;
 - 19 (4) May be removed from office only by a vote of not less
 - 20 than five members of the board; provided that the

- 1 basis for removal is consistent with the terms of the
 2 applicable employment contract;
- 3 (5) May establish management organization structures;
- 4 (6) May appoint one deputy executive officer, as the chief
 5 executive officer deems appropriate, who shall be
 6 exempt from chapter 76. The deputy executive officer
 7 shall exercise those powers that may be delegated by
 8 the chief executive officer;
- 9 (7) Shall have such powers as described in this chapter
 10 and as may be delegated by the members of the board;
- 11 (8) Shall attend all meetings of the board, keep a record
 12 of the proceedings, and shall maintain and be the
 13 custodian of all books, records, documents, and papers
 14 filed with the corporation, the minute book of the
 15 corporation, and the official seal of the corporation;
- 16 (9) Shall direct and supervise the corporation's
 17 administrative affairs and technical activities in
 18 accordance with the directives of the board;
- 19 (10) Shall approve all accounts for salaries and allowable
 20 expenses of the corporation or of any employee or
 21 consultant thereof;

1 (11) May hire staff and employees, ~~subject to chapters 76~~
 2 ~~and 89,~~ to fill positions provided for in the airport
 3 corporation's annual budget; provided that the
 4 functions and duties of all positions shall be
 5 provided for in the bylaws of the airport corporation;

6 (12) Shall serve as the chief procurement officer for the
 7 corporation; and

8 (13) Shall perform such other duties as may be directed by
 9 the board in carrying out the purpose of the
 10 corporation.

11 (e) The airport corporation shall establish bylaws
 12 providing for, upon the vacancy of the position of the chief
 13 executive officer, the automatic succession of a deputy
 14 executive officer on an interim basis until a permanent chief
 15 executive officer is appointed.

16 (f) The number of members of the board necessary to
 17 constitute a quorum to do business shall be a majority of the
 18 members.

19 § -3 Powers; generally. (a) Except as otherwise
 20 provided in this chapter, the airport corporation:

- 1 (1) Shall exercise power and control over airports, air
2 navigation facilities, buildings, and other facilities
3 belonging to, or controlled by, the airport
4 corporation;
- 5 (2) Shall exercise general supervision over aeronautics
6 within the State and, in connection therewith,
7 encourage, foster, and assist in the development of
8 aeronautics in the State, and encourage the
9 establishment of airports and air navigation
10 facilities;
- 11 (3) Shall provide as appropriate for the landing, taking-
12 off, and servicing of aircraft, and the loading and
13 unloading of passengers and cargo;
- 14 (4) Shall provide for the comfort, accommodation, and
15 convenience of air travelers;
- 16 (5) Shall establish performance targets and performance
17 standards to achieve the highest levels of customer
18 service;
- 19 (6) Shall cooperate with and assist the federal government
20 and other persons in the development of aeronautics;

1 (7) Shall seek to coordinate the aeronautical activities
2 of the State with those activities of the federal
3 government;

4 (8) Shall ensure that appropriate mission statements,
5 business plans, minimum development standards, and
6 strategic goals are established and that progress
7 towards their accomplishment is regularly assessed and
8 reported;

9 (9) Shall develop an organization and management structure
10 to best accomplish the goals of the Hawaii airport
11 system and the corporation;

12 (10) Shall develop and implement policies and procedures
13 for the timely and efficient procurement of
14 professional services; planning, engineering, and
15 construction services; and such other services and
16 materiel as may be required for the development,
17 management, and operation of the airport system,
18 consistent with accepted standards of probity,
19 transparency, and accountability for a public body.
20 The corporation shall establish a stand alone CPO
21 Jurisdiction within chapter 103D, separate and apart

1 from the Executive Branch, with full authority to
2 develop and implement policies and procedures for the
3 timely and efficient procurement of professional
4 services; planning, engineering, and construction
5 services; and such other services and materiel as may
6 be required for the development, management, and
7 operation of the airport system, consistent with
8 accepted standards of probity, transparency, and
9 accountability for a public body;

10 (11) Shall employ staff subject to public employment laws,
11 and establish compensation programs to ensure that
12 qualified staff can be remunerated competitively;

13 (12) Shall appoint officers, agents, and employees through
14 the chief executive officer, prescribe their duties
15 and qualifications, and fix their salaries~~Shall employ~~
16 ~~employees subject to chapters 76 and 89;~~

17 ~~(11)~~13) May use the facilities and services of any department,
18 board, commission, or agency of the State or counties,
19 if permitted pursuant to memoranda of understanding
20 approved by the board;

21 ~~(12)~~14) May sue and be sued;

- 1 ~~(1315)~~ Shall have a seal and may alter the seal at its
- 2 pleasure;
- 3 ~~(1415)~~ May make and execute contracts and all other
- 4 instruments necessary or convenient for the exercise
- 5 of its powers and functions under this chapter;
- 6 ~~(1516)~~ Shall establish bylaws for its organization and
- 7 internal management;
- 8 (17) Shall adopt rules pursuant to chapter 91 to carry out
- 9 the purpose of this chapter;
- 10 ~~(1618)~~ Shall adopt an annual budget for its operations,
- 11 maintenance, and capital improvements, pursuant to
- 12 chapter 37;
- 13 ~~(1719)~~ May own, sell, lease, hold, clear, improve, and
- 14 rehabilitate real, personal, or mixed property, and
- 15 assign, exchange, transfer, convey, lease, sublease,
- 16 or encumber any airport, or any project, improvement,
- 17 or facility related thereto; provided that the
- 18 corporation and corporation lands shall not be subject
- 19 to chapter 171;
- 20 ~~(1820)~~ May develop, construct, reconstruct, rehabilitate,
- 21 improve, alter, repair, or provide for the

1 development, construction, reconstruction,
2 rehabilitation, improvement, alteration, or repair of,
3 any airport, or any project, improvement, or facility
4 related to airports controlled by the corporation or
5 located on land controlled by the corporation;

6 (21) May own, hold, assign, transfer, convey, exchange,
7 lease, sublease, or encumber any airport or any
8 project, improvement, or facility related thereto;

9 ~~(1922)~~ May arrange or initiate appropriate action for the
10 planning, opening, grading, relocating, or closing of
11 streets, roads, roadways, alleys, easements, or other
12 places;

13 (23) May arrange or initiate appropriate action for the:

- 14 (A) Furnishing of facilities;
- 15 (B) Acquisition of property or property rights; and
- 16 (C) Furnishing of property, development rights, or
17 services in connection with any airport or any
18 project, improvement, or facility related to
19 airports controlled by the corporation;

1 (~~20~~24) May grant options or renew any lease entered into by
2 it in connection with any project, on terms and
3 conditions as it deems advisable;

4 (~~21~~25) May engage the services of consultants on a
5 contractual basis for rendering professional and
6 technical assistance and advice;

7 (~~22~~26) Shall procure insurance against any loss in connection
8 with its property and other assets and operations, in
9 such amounts and from such insurers as it deems
10 desirable, or provide for self-insurance;

11 (~~23~~27) May accept and receive gifts or grants in any form
12 from any person, public entity, or source; provided
13 that the grants and gifts shall be used for airport
14 corporation purposes;

15 (~~24~~28) May pledge or assign all or any part of the moneys,
16 fees, rents, charges, or other revenues and proceeds
17 derived by the airport corporation from the proceeds
18 of insurance or condemnation awards for the loss of
19 revenues or incurring of costs and expenses because of
20 any action taken by the airport corporation;

1 (2529) Shall fix, impose, prescribe, and collect rates,
 2 rentals, fees, or charges for the lease, use, and
 3 services of its airport facilities at least sufficient
 4 to pay the costs of operation, maintenance, and
 5 repair, if any, and the required payments of the
 6 principal of, and interest on, all bonds issued or
 7 assumed by the airport corporation and reserves
 8 therefor;

9 (2630) May take all actions necessary under emergencies such
 10 as hurricanes, tsunamis, and other natural disasters;

11 (2731) Shall plan, construct, operate, and maintain all
 12 airport facilities in the State;

13 (2832) ~~Subject to legislative authorization or appropriation,~~
 14 may Pursuant to sections 4 to 7 of this chapter, may
 15 appropriate and allot airport funds, ~~and~~ and issue
 16 revenue bonds and special facility revenue bonds in
 17 its name and secured by airport funds pursuant to
 18 chapter 39, but not in excess of such principal
 19 amounts as are necessary for its purposes or specified
 20 in covenants with bondholders;

1 ~~(2933)~~ May invest and secure its moneys in accordance with
2 chapters 36 and 38;

3 ~~(3034)~~ May take public and private property for use in
4 furthering any of the purposes of the airport
5 corporation; provided that all proceedings for
6 condemnation shall be conducted in accordance with
7 chapter 101;

8 ~~(3135)~~ May provide compensation, allowance, or other
9 assistance to any person for relocation or
10 displacement caused by the acquisition of land for
11 airport purposes;

12 (36) May hire or contract law enforcement officers;

13 ~~(3237)~~ May license all airports and heliports within the
14 State, pursuant to all federal and state rules and
15 regulations, and the procedures of the airport
16 corporation;

17 ~~(3338)~~ May approve all safety, security, and federal
18 certification plans, procedures, and specifications
19 related to the operation, management, and development
20 of all airports and heliports within the State; and

1 (3439) May do any and all things necessary to carry out its
2 powers and duties pursuant to this chapter.

3 (b) The corporation shall adopt rules pursuant to chapter
4 91 to carry out the purpose of this chapter.

5 § -4 Establishment of airport revenue trust. There is
6 established in the treasury of the State, separate and apart
7 from all public moneys or funds of the State, an airport revenue
8 trust fund which shall be administered by the board of directors
9 exclusively for the purposes of this chapter; and for the
10 establishment and maintenance of the airport corporation. The
11 fund shall consist of airport funds.

12 § -5 Management of the fund. The board of directors
13 shall be the treasurer and custodian of the airport revenue
14 trust fund and shall administer the fund in accordance with the
15 directions of the airport corporation. All moneys in the fund
16 shall be held in trust for the purposes of this chapter only and
17 shall not be expended, released, or appropriated or otherwise
18 disposed of for any other purpose. Moneys in the fund may be
19 deposited in any depository bank in which general funds of the
20 State may be deposited but such moneys shall not be commingled
21 with other state funds and shall be maintained in separate

1 accounts on the books of the depository bank. Such moneys shall
 2 be secured by the depository bank to the same extent and in the
 3 same manner as required by the general depository law of the
 4 State; and collateral pledged for this purpose shall be kept
 5 separate and distinct from any other collateral pledged to
 6 secure other funds of the State. The airport corporation shall
 7 be liable for the performance of the airport corporation's
 8 duties under this section as provided in chapter 37.

9 § -6 Disbursements from the fund. Expenditures of
 10 moneys in the airport revenue trust fund shall not be subject to
 11 any provisions of law requiring specific appropriations or other
 12 formal release by state officers of money in their custody.

13 § -7 Investment of moneys. With the approval of the
 14 airport corporation the board of directors may, from time to
 15 time, invest such moneys in the airport revenue trust fund as
 16 are in excess of the amount deemed necessary for the State's
 17 airports to be financially self-sustaining for a reasonable
 18 future period. Such moneys may be invested in bonds of any
 19 political or municipal corporation or subdivision of the State,
 20 or any of the outstanding bonds of the State, or invested in
 21 bonds or interest-bearing notes or obligations of the State or

1 of the United States, or those for which the faith and credit of
2 the United States are pledged for the payment of principal and
3 interest, or in federal land bank bonds or joint stock farm loan
4 bunds. The investments shall at all times be made so that all
5 the assets of the fund shall always be readily convertible into
6 case when needed for the payment of benefits. The board of
7 directors shall dispose of securities or other properties
8 belonging to the fund only under the direction of the airport
9 corporation."

10 SECTION 3. Section 26-19, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§26-19 Department of transportation.** The department of
13 transportation shall be headed by a single executive to be known
14 as the director of transportation. The department shall
15 establish, maintain, and operate transportation facilities of
16 the State, including highways, [~~airports,~~] harbors, and such
17 other transportation facilities and activities as may be
18 authorized by law.

19 The department shall plan, develop, promote, and coordinate
20 various transportation systems management programs that shall

1 include, but not be limited to, alternate work and school hours
2 programs, bicycling programs, and ridesharing programs.

3 The department shall develop and promote ridesharing
4 programs which shall include but not be limited to, carpool and
5 vanpool programs, and may assist organizations interested in
6 promoting similar programs, arrange for contracts with private
7 organizations to manage and operate these programs, and assist
8 in the formulation of ridesharing arrangements. Ridesharing
9 programs include informal arrangements in which two or more
10 persons ride together in a motor vehicle.

11 The functions and authority heretofore exercised by the
12 department of public works with respect to highways are
13 transferred to the department of transportation established by
14 this chapter.

15 On July 1, 1961, the Hawaii aeronautics commission, the
16 board of harbor commissioners and the highway commission shall
17 be abolished and their remaining functions, duties, and powers
18 shall be transferred to the department of transportation."

19 SECTION 4. Section 76-16, Hawaii Revised Statutes, is
20 amended by amending subsection (b) to read as follows:

1 "(b) The civil service to which this chapter applies shall
2 comprise all positions in the State now existing or hereafter
3 established and embrace all personal services performed for the
4 State, except the following:

5 (1) Commissioned and enlisted personnel of the Hawaii
6 National Guard as such, and positions in the Hawaii
7 National Guard that are required by state or federal
8 laws or regulations or orders of the National Guard to
9 be filled from those commissioned or enlisted
10 personnel;

11 (2) Positions filled by persons employed by contract where
12 the director of human resources development has
13 certified that the service is special or unique or is
14 essential to the public interest and that, because of
15 circumstances surrounding its fulfillment, personnel
16 to perform the service cannot be obtained through
17 normal civil service recruitment procedures. Any such
18 contract may be for any period not exceeding one year;

19 (3) Positions that must be filled without delay to comply
20 with a court order or decree if the director
21 determines that recruitment through normal recruitment

- 1 civil service procedures would result in delay or
- 2 noncompliance, such as the Felix-Cayetano consent
- 3 decree;
- 4 (4) Positions filled by the legislature or by either house
- 5 or any committee thereof;
- 6 (5) Employees in the office of the governor and office of
- 7 the lieutenant governor, and household employees at
- 8 Washington Place;
- 9 (6) Positions filled by popular vote;
- 10 (7) Department heads, officers, and members of any board,
- 11 commission, or other state agency whose appointments
- 12 are made by the governor or are required by law to be
- 13 confirmed by the senate;
- 14 (8) Judges, referees, receivers, masters, jurors, notaries
- 15 public, land court examiners, court commissioners, and
- 16 attorneys appointed by a state court for a special
- 17 temporary service;
- 18 (9) One bailiff for the chief justice of the supreme court
- 19 who shall have the powers and duties of a court
- 20 officer and bailiff under section 606-14; one
- 21 secretary or clerk for each justice of the supreme

1 court, each judge of the intermediate appellate court,
2 and each judge of the circuit court; one secretary for
3 the judicial council; one deputy administrative
4 director of the courts; three law clerks for the chief
5 justice of the supreme court, two law clerks for each
6 associate justice of the supreme court and each judge
7 of the intermediate appellate court, one law clerk for
8 each judge of the circuit court, two additional law
9 clerks for the civil administrative judge of the
10 circuit court of the first circuit, two additional law
11 clerks for the criminal administrative judge of the
12 circuit court of the first circuit, one additional law
13 clerk for the senior judge of the family court of the
14 first circuit, two additional law clerks for the civil
15 motions judge of the circuit court of the first
16 circuit, two additional law clerks for the criminal
17 motions judge of the circuit court of the first
18 circuit, and two law clerks for the administrative
19 judge of the district court of the first circuit; and
20 one private secretary for the administrative director
21 of the courts, the deputy administrative director of

1 the courts, each department head, each deputy or first
2 assistant, and each additional deputy, or assistant
3 deputy, or assistant defined in paragraph (16);

4 (10) First deputy and deputy attorneys general, the
5 administrative services manager of the department of
6 the attorney general, one secretary for the
7 administrative services manager, an administrator and
8 any support staff for the criminal and juvenile
9 justice resources coordination functions, and law
10 clerks;

11 (11) (A) Teachers, principals, vice-principals, complex
12 area superintendents, deputy and assistant
13 superintendents, other certificated personnel,
14 not more than twenty noncertificated
15 administrative, professional, and technical
16 personnel not engaged in instructional work;

17 (B) Effective July 1, 2003, teaching assistants,
18 educational assistants, bilingual/bicultural
19 school-home assistants, school psychologists,
20 psychological examiners, speech pathologists,
21 athletic health care trainers, alternative school

- 1 work study assistants, alternative school
2 educational/supportive services specialists,
3 alternative school project coordinators, and
4 communications aides in the department of
5 education;
- 6 (C) The special assistant to the state librarian and
7 one secretary for the special assistant to the
8 state librarian; and
- 9 (D) Members of the faculty of the University of
10 Hawaii, including research workers, extension
11 agents, personnel engaged in instructional work,
12 and administrative, professional, and technical
13 personnel of the university;
- 14 (12) Employees engaged in special, research, or
15 demonstration projects approved by the governor;
- 16 (13) (A) Positions filled by inmates, patients of state
17 institutions, persons with severe physical or
18 mental disabilities participating in the work
19 experience training programs;

1 (B) Positions filled with students in accordance with
2 guidelines for established state employment
3 programs; and

4 (C) Positions that provide work experience training
5 or temporary public service employment that are
6 filled by persons entering the workforce or
7 persons transitioning into other careers under
8 programs such as the federal Workforce Investment
9 Act of 1998, as amended, or the Senior Community
10 Service Employment Program of the Employment and
11 Training Administration of the United States
12 Department of Labor, or under other similar state
13 programs;

14 (14) A custodian or guide at Iolani Palace, the Royal
15 Mausoleum, and Hulihee Palace;

16 (15) Positions filled by persons employed on a fee,
17 contract, or piecework basis, who may lawfully perform
18 their duties concurrently with their private business
19 or profession or other private employment and whose
20 duties require only a portion of their time, if it is

1 impracticable to ascertain or anticipate the portion
2 of time to be devoted to the service of the State;
3 (16) Positions of first deputies or first assistants of
4 each department head appointed under or in the manner
5 provided in section 6, article V, of the Hawaii state
6 constitution; three additional deputies or assistants
7 either in charge of the highways[~~7~~] and harbors[~~7~~ and
8 airports] divisions or other functions within the
9 department of transportation as may be assigned by the
10 director of transportation, with the approval of the
11 governor; four additional deputies in the department
12 of health, each in charge of one of the following:
13 behavioral health, environmental health, hospitals,
14 and health resources administration, including other
15 functions within the department as may be assigned by
16 the director of health, with the approval of the
17 governor; an administrative assistant to the state
18 librarian; and an administrative assistant to the
19 superintendent of education;
20 (17) Positions specifically exempted from this part by any
21 other law; provided that:

- 1 (A) Any exemption created after July 1, 2014, shall
2 expire three years after its enactment unless
3 affirmatively extended by an act of the
4 legislature; and
- 5 (B) All of the positions defined by paragraph (9)
6 shall be included in the position classification
7 plan;
- 8 (18) Positions in the state foster grandparent program and
9 positions for temporary employment of senior citizens
10 in occupations in which there is a severe personnel
11 shortage or in special projects;
- 12 (19) Household employees at the official residence of the
13 president of the University of Hawaii;
- 14 (20) Employees in the department of education engaged in
15 the supervision of students during meal periods in the
16 distribution, collection, and counting of meal
17 tickets, and in the cleaning of classrooms after
18 school hours on a less than half-time basis;
- 19 (21) Employees hired under the tenant hire program of the
20 Hawaii public housing authority; provided that not
21 more than twenty-six per cent of the authority's

- 1 workforce in any housing project maintained or
2 operated by the authority shall be hired under the
3 tenant hire program;
- 4 (22) Positions of the federally funded expanded food and
5 nutrition program of the University of Hawaii that
6 require the hiring of nutrition program assistants who
7 live in the areas they serve;
- 8 (23) Positions filled by persons with severe disabilities
9 who are certified by the state vocational
10 rehabilitation office that they are able to perform
11 safely the duties of the positions;
- 12 (24) The sheriff;
- 13 (25) A gender and other fairness coordinator hired by the
14 judiciary;
- 15 (26) Positions in the Hawaii National Guard youth and adult
16 education programs; [~~and~~]
- 17 (27) In the state energy office in the department of
18 business, economic development, and tourism, all
19 energy program managers, energy program specialists,
20 energy program assistants, and energy analysts[-]; and

1 (28) The chief executive officer of the Hawaii airport
2 corporation.

3 The director shall determine the applicability of this
4 section to specific positions.

5 Nothing in this section shall be deemed to affect the civil
6 service status of any incumbent as it existed on July 1, 1955."

7 SECTION 5. Section 103D-203, Hawaii Revised Statutes, is
8 amended as follows:

9 1. By amending subsection (a) to read:

10 "(a) The chief procurement officer for each of the
11 following state entities shall be:

12 (1) The judiciary--the administrative director of the
13 courts;

14 (2) The senate--the president of the senate;

15 (3) The house of representatives--the speaker of the house
16 of representatives;

17 (4) The office of Hawaiian affairs--the chairperson of the
18 board;

19 (5) The University of Hawaii--the president of the
20 University of Hawaii; provided that, except as
21 specified in section 304A-2672(2), for contracts for

1 construction and professional services furnished by
2 licensees under chapter 464, the administrator of the
3 state procurement office of the department of
4 accounting and general services shall serve as the
5 chief procurement officer;

6 (6) The department of education, excluding the Hawaii
7 public library system--the superintendent of
8 education;

9 (7) The Hawaii health systems corporation--the chief
10 executive officer of the Hawaii health systems
11 corporation; [~~and~~]

12 (8) The Hawaii airport corporation--the chief executive
13 officer of the corporation; and

14 [~~(8)~~] (9) The remaining departments of the executive branch
15 of the State and all governmental bodies
16 administratively attached to them--the administrator
17 of the state procurement office of the department of
18 accounting and general services."

19 2. By amending subsection (c) to read:

20 "(c) For purposes of applying this chapter to the
21 judiciary, houses of the legislature, office of Hawaiian

1 affairs, University of Hawaii, department of education, Hawaii
2 airport corporation, remaining departments of the executive
3 branch and all governmental bodies administratively attached to
4 them, and the several counties, unless otherwise expressly
5 provided, "State" shall mean "judiciary", "state senate", "state
6 house of representatives", "office of Hawaiian affairs",
7 "University of Hawaii", "department of education", "Hawaii
8 airport corporation", "executive branch", "county", "board of
9 water supply" or "department of water supply", and "semi-
10 autonomous public transit agency", respectively."

11 SECTION 6. Section 261-1, Hawaii Revised Statutes, is
12 amended as follows:

13 1. By adding a new definition to be appropriately inserted
14 and to read:

15 "Chief executive officer" means the chief executive
16 officer of the Hawaii airport corporation."

17 2. By repealing the definition of "director".

18 [~~"Director" means the director of transportation.~~]

19 SECTION 7. Section 261-2, Hawaii Revised Statutes, is
20 amended to read as follows:

1 "**§261-2 Development of aeronautics, general.** The
2 department of transportation shall have general supervision over
3 aeronautics within the State[-]; provided that on July 1, 2018,
4 the general supervision shall be transferred to the Hawaii
5 airport corporation. It shall encourage, foster, and assist in
6 the development of aeronautics in the State and encourage the
7 establishment of airports and air navigation facilities. It
8 shall cooperate with and assist the federal government and other
9 persons in the development of aeronautics and shall seek to
10 coordinate the aeronautical activities of the State with those
11 of the federal government. Municipalities may cooperate with
12 the department in the development of aeronautics and aeronautics
13 facilities in the State."

14 SECTION 8. The Hawaii airport corporation shall be a
15 successor agency, and jurisdiction over aeronautics and
16 airports, including airport functions under the department of
17 transportation's airports division, shall be transferred to the
18 Hawaii airport corporation on July 1, 2018.

19 To the extent that the Hawaii airport corporation is
20 authorized in this Act to exercise powers and duties, which are
21 also granted to other departments, offices, or boards of the

1 State, with respect to airports and aeronautical facilities, the
2 Hawaii airport corporation shall exercise such powers and
3 perform such duties in lieu of any other departments, offices,
4 and boards.

5 SECTION 9. The State shall facilitate the corporation's
6 governance over airports and provide an orderly transition of
7 ownership, jurisdiction, assets, liabilities, powers, funds,
8 accounts, contracts, employees, and any other rights, benefits,
9 or obligations, and authority to control, operate, develop, and
10 maintain airports and aeronautical facilities from the
11 department of transportation to the corporation prior to July 1,
12 2018.

13 The Hawaii airport corporation and the State shall enter
14 into one or more memoranda of understanding to facilitate the
15 corporation's governance over airports and provide an orderly
16 transition from the department of transportation, within an
17 agreed timeframe, of ownership, jurisdiction, and authority to
18 control, operate, develop, and maintain airports and
19 aeronautical facilities. Such memoranda of understanding shall
20 include, but not be limited to:

- 1 (1) The administrative support functions to be provided by
2 the department of transportation and other State
3 departments during the agreed transition period;
- 4 (2) Those powers that will be exercised and duties that
5 will be performed by each party during the agreed
6 transition period
- 7 (3) Those assets, funds, account, contracts, and
8 liabilities that will be transferred to the Hawaii
9 airport corporation, and when such transfers will be
10 made;
- 11 (4) The transfer of employees who will be transferred to
12 the Hawaii airport corporation, and when such
13 transfers will be made;
- 14 (5) The time when services will be provided under the
15 memoranda of understanding; and
- 16 (6) Reimbursement to the State for the services provided
17 under the memoranda of understanding;
18 provided that the memoranda of understanding shall provide
19 for the lease, assignment, or transfer of ownership,
20 jurisdiction, and authority to control the airports,
21 together with all assets, funds, accounts, contracts, and

1 assumptions of liabilities and the manner and timing of any
 2 such lease, assignment or transfer; and provided further
 3 that the department of transportation shall receive no
 4 compensation in consideration of any such leases,
 5 assignments, or transfers.

6 SECTION 10. The revisor of statutes shall substitute the
 7 phrase "chief executive officer" in chapter 261, Hawaii Revised
 8 Statutes, wherever the terms "director" or "director of
 9 transportation" appear, except for the amendments made to
 10 section 261-1, Hawaii Revised Statutes, in section 6 of this
 11 Act.

12 SECTION 11. The revisor of statutes shall substitute the
 13 phrase "Hawaii airport corporation" in chapter 261, Hawaii
 14 Revised Statutes, wherever the terms "department" or "department
 15 of transportation" appear, except for the amendments made to
 16 section 261-2, Hawaii Revised Statutes, in section 7 of this
 17 Act.

18 SECTION 12. It is the intent of this Act not to jeopardize
 19 the receipt of any federal aid nor to impair the obligation of
 20 the State or any agency thereof to the holders of any bond
 21 issued by the State or by any such agency, and to the extent,

1 and only to the extent, necessary to effectuate this intent, the
2 governor may modify the strict provisions of this Act, but shall
3 promptly report any such modification with reasons therefor to
4 the legislature at its next session thereafter for review by the
5 legislature.

6 SECTION 13. This Act does not affect rights and duties
7 that matured, penalties that were incurred, and proceedings that
8 were begun before its effective date.

9 SECTION 14. If any provision of this Act, or the
10 application thereof to any person or circumstance, is held
11 invalid, the invalidity shall not affect the other provisions or
12 applications of this Act that can be given effect without the
13 invalid provision or application, and to this end the provisions
14 of this Act are severable.

15 SECTION 15. All rights, powers, functions, and duties of
16 the department of transportation's airports division are
17 transferred to the Hawaii airport corporation on July 1, 2018.

18 The Hawaii airport corporation shall be a successor employer to
19 the State, and shall recognize all bargaining units and
20 collective bargaining agreements existing at the time of
21 transfer to the corporation. The employees of the corporation

1 shall be considered employees of the State as provided in this
2 section.

3 All employees who occupy civil service positions and whose
4 functions are transferred to the Hawaii airport corporation by
5 this Act shall retain their civil service status, whether
6 permanent or temporary. Employees shall be transferred without
7 loss of salary, seniority (except as prescribed by applicable
8 collective bargaining agreements), retention points, prior
9 service credit, any vacation and sick leave credits previously
10 earned, and other rights, benefits, and privileges, in
11 accordance with state personnel laws and this Act; provided that
12 the employees possess the minimum qualifications and public
13 employment requirements for the class or position to which
14 transferred or appointed, as applicable.

15 Any employee who, prior to this Act, is exempt from civil
16 service and is transferred as a consequence of this Act may
17 retain the employee's exempt status, but shall not be appointed
18 to a civil service position as a consequence of this Act. An
19 exempt employee who is transferred by this Act shall not suffer
20 any loss of prior service credit, vacation or sick leave credits
21 previously earned, or other employee benefits or privileges as a

1 consequence of this Act; provided that the employee possesses
2 legal and public employment requirements for the position to
3 which transferred or appointed, as applicable. The chief
4 executive officer of the Hawaii airport corporation may
5 prescribe the duties and qualifications of these employees and
6 fix their salaries without regard to chapter 76, Hawaii Revised
7 Statutes.

8 No employee covered by a collective bargaining unit as an
9 employee of the department of transportation shall be laid off
10 as a result of the creation of the Hawaii airport corporation.
11 The officers and all other employees of the Hawaii airport
12 corporation shall be state employees for the purposes of
13 benefits and retirement.

14 SECTION 16. On July 1, 2018, all appropriations, records,
15 equipment, machines, files, supplies, contracts, books, papers,
16 documents, maps, and other personal property heretofore made,
17 used, acquired, or held by the department of transportation
18 relating to the functions transferred to the Hawaii airport
19 corporation shall be transferred with the functions to which
20 they relate.

1 SECTION 17. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 18. This Act shall take effect on July 1,
4 ~~2017~~December 16, 2050; ~~provided that sections 4, 6, 10, and 11~~
5 ~~shall take effect on December 17, 2050.~~

Report Title:

Tourism; Transportation; Aeronautics; Hawaii Airport Corporation

Description:

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 Airport Authority.
(SB658 HD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



LATE

HOUSE OF REPRESENTATIVES
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair

3/30/2017
Rm. 308, 3:00 PM

SB 658, SD 2, HD 2
Relating to An Airport Corporation

Chair Luke, and Members of this Committees, my name is Max Sword, here on behalf of Outrigger Hotels Hawaii, in support of SB 658, SD 2, HD 2.

Honolulu International Airport (HNL) is in dire need of a major up-grade. The chandeliers in the United end of the terminal are the same fixtures that were installed when the terminal was new 30+ years ago. They look like the pods from the movie Aliens. Having gone thru a multitude of terminals in my years of travel, even small airports like Portland, Oregon or Savannah-Hilton Head Airport puts HNL to shame.

Nothing seems to have work so far under the current system, we urge the formation of the Airport Corporation to help the transformation of HNL to a great airport that it can be.

Mahalo for allowing me to testify.



Testimony of

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

House Committee on Finance

Senate Bill 658 SD2 HD2: Relating to an Airport Corporation

Chair Luke, Vice Chair Cullen, and members of the committee:

Thank you for the opportunity to testify. On behalf of the Hawai'i Lodging & Tourism Association, we support Senate Bill 658 SD2 HD2 which would establish a very necessary Hawai'i airport corporation. For HLTA, the state's largest private sector visitor organization, this is one of our major objectives. We supported it strongly last session when the subject was broached and our support remains steadfast this session.

We appreciate the work done through the prior subject matter committees in sculpting this measure as well as the amendments proffered by supporters of the airport corporation. However, there are a few concerns that we would like to address. We would like to recommend that the committee consider removing stipulations from the corporation in its ability to appropriate and allot airport funds, as well as further consider re-establishing the procurement exemption language. We want to ensure that the airport corporation has the ability to implement initiatives in a timely manner as the modernization of our main international airport is already grossly behind schedule. Also, in addition to this, we would like to ensure that at least one of the nine appointed board members have substantial experience in the hospitality and tourism industry.

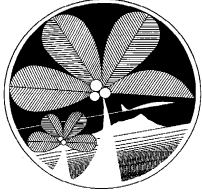
Our airports serve as our window to the world, and the hospitality industry's continued success is very dependent on the quality provided by our airports; so it is critically important that we improve upon the service, infrastructure, and overall development of such a vital entity. With year-round governance,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

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

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

Mahalo for the opportunity to testify.

AIRLINES COMMITTEE OF HAWAII



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



March 30, 2017

Honorable Sylvia Luke, Chair
Honorable Ty Cullen, Vice Chair
House Committee on Finance

**Re: SB 658 SD2 HD2 – RELATING TO AN AIRPORT CORPORATION – SUPPORT INTENT,
REQUEST AMENDMENTS**
Conference Room 308 – 3:00 PM; **Agenda #2**

Aloha Chair Luke, Vice Chair Cullen and Members of the Committee:

The Airlines Committee of Hawaii supports the intent of SB 658 SD2 HD2 which authorizes the establishment of the Hawaii Airport Corporation (HAC) within the Department of Transportation for administrative purposes on July 1, 2018.

While we are in support of the concept, we do have some concerns with the current draft of the bill and therefore, would like to propose the following amendments for the committee's consideration:

Add language exempting the HAC from Chapter 103D, Hawaii Revised Statutes, relating to the state procurement code.

The HAC will have a procurement officer and its own procurement office and rules.

Page 5, line 9 (b) add language that the terms of the members appointed by the governor be staggered to allow for continuity. Also, we would like to request a requirement that at least one member of the board have aviation experience in addition to business and management experience.

Page 7 (6) request replacing lines 11-15 with the following:

May appoint such deputy executive officers as the chief executive officer deems appropriate. Each deputy executive officer shall exercise those powers that may be delegated by the chief executive officer.

Hawaii's airports are facing continuing traffic growth and must deliver a large development program that is already behind schedule. The CEO must be able to organize and establish a leadership team equipped to meet those challenges. In addition, there should be allowances made to expand the number of exempt employees on a temporary basis in the event of large capital development programs to ensure that projects are properly managed and completed on schedule.

Page 14 (28), lines 7-12 request amending as follows:

May appropriate and allot airport funds and issue revenue bonds and special facility revenue bonds in its name and secured by airport funds, pursuant to chapter 39, but not in excess of such principal amounts as are necessary for its purposes or specified in covenants with bondholders. Airport funds shall be separate and apart from all public moneys or funds of the State and shall not be subject to any provision of law requiring specific appropriations or allotments.

Page 21, add to Section 8 the following language describing the transition process:

The Hawaii Airport Corporation and the State shall enter into one or more memoranda of understanding to facilitate the corporation's governance over airports and provide an orderly transition from the department of transportation, within an agreed timeframe, of ownership, jurisdiction, and authority to control, operate, develop and maintain airports and aeronautical facilities. Such memoranda of understanding shall include, but not be limited to:

- (1) The administrative support functions to be provided by the department of transportation and other State departments during the agreed transition period;*
- (2) Those powers that will be exercised and duties that will be performed by each party during the agreed transition period;*
- (3) Those assets, funds, accounts, contracts, and liabilities that will be transferred to the Hawaii Airport Corporation, and when such transfers will be made;*
- (4) The transfer of employees who will be transferred to the Hawaii Airport Corporation, and when such transfers will be made;*
- (5) The time when services will be provided under the memoranda of understanding; and*
- (6) Reimbursement to the State for the services provided under the memoranda of understanding; provided that the memoranda of understanding shall provide for the lease, assignment, or transfer of ownership, jurisdiction, and authority to control the airports, together with all assets, funds, accounts, contracts, and assumptions of liabilities and the manner and timing of any such lease, assignment or transfer; and provided further that the department of transportation shall receive no compensation in consideration of any such leases, assignments, or transfers.*

The Hawaii Airport Corporation will be a highly regulated and scrutinized organization. The new organization 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 testify. We hope the above proposed amendments help clarify and answer some of the questions that have been raised. We respectfully request the Committee pass SB 658 HD2 with these requested amendments.

Sincerely,

Blaine Miyasato
ACH Co-chair

Turner Maynor
ACH Co-chair

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



HAWAI'I LODGING & TOURISM
ASSOCIATION

LATE

Testimony of

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

House Committee on Finance

Senate Bill 658 SD2 HD2: Relating to an Airport Corporation

Chair Luke, Vice Chair Cullen, and members of the committee:

Thank you for the opportunity to testify. On behalf of the Hawai'i Lodging & Tourism Association, we support Senate Bill 658 SD2 HD2 which would establish a very necessary Hawai'i airport corporation. For HLTA, the state's largest private sector visitor organization, this is one of our major objectives. We supported it strongly last session when the subject was broached and our support remains steadfast this session.

We appreciate the work done through the prior subject matter committees in sculpting this measure as well as the amendments proffered by supporters of the airport corporation. However, there are a few concerns that we would like to address. We would like to recommend that the committee consider removing stipulations from the corporation in its ability to appropriate and allot airport funds, as well as further consider re-establishing the procurement exemption language. We want to ensure that the airport corporation has the ability to implement initiatives in a timely manner as the modernization of our main international airport is already grossly behind schedule. Also, in addition to this, we would like to ensure that at least one of the nine appointed board members have substantial experience in the hospitality and tourism industry.

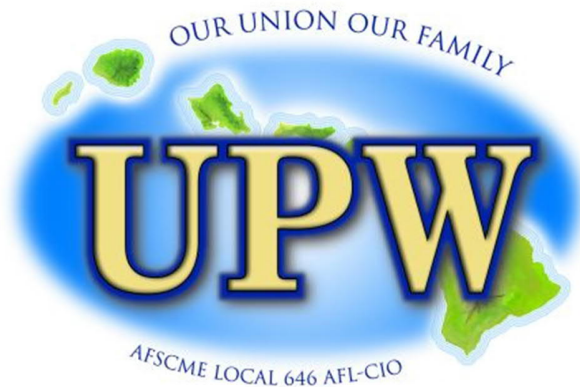
Our airports serve as our window to the world, and the hospitality industry's continued success is very dependent on the quality provided by our airports; so it is critically important that we improve upon the service, infrastructure, and overall development of such a vital entity. With year-round governance,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

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

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

Mahalo for the opportunity to testify.

LATE



THE HAWAII STATE HOUSE OF REPRESENTATIVES

The Twenty-Ninth Legislature
Regular Session of 2017

COMMITTEE ON FINANCE

Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen Vice Chair

DATE OF HEARING: Thursday, March 30, 2017
TIME OF HEARING: 3:00 p.m.
PLACE OF HEARING: State Capitol, Rm. 308
415 South Beretania Street

TESTIMONY ON SENATE BILL 658 SD2, HD2 RELATING TO AN AIRPORT
AUTHORITY

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 (UPW). The UPW is the exclusive bargaining representative for approximately 14,000 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 various counties. The UPW also represent about 1,500 members of the private sector.

SB658, SD2, HD2 proposes to establish a Hawaii Airport Corporation within the Department of Transportation for administrative purposes only on July 1, 2017. It sets out the appointment of members to the board of directors, including the powers and duties of the Hawaii Airport Corporation. The bill also proposes to transfer the aeronautics functions of the Department of Transportation to the Hawaii Airport Authority.

The UPW strongly opposes SB658, SD2, and HD2.

The Hawaii airports and aeronautical functions are enormously valuable assets to Hawaii. The appointment of a new quasi-independent airport corporation board that does not have accountability to the public is not in the best interest of the public. It is an over reach to resolving issues of the Hawaii airport system. If there is a lesson to be learned from the difficulties of the Maui Regional Hospital operations, it was the absence of a special task force of stakeholders including the public, to offer guidance for major changes in hospital, medical and health services. This is suggested for the DOT Airports Division.

A special task force or team of expert aviation technical, financial, and operational consultants, the Hawaii Tourism Authority, visitor industry and aviation stakeholders should be formed to make recommendations to the DOT Airports Division and the Legislature. This task force could be formed almost immediately.

It is recommended also that sufficient staffing and resources be made available to the DOT Airports division to enable it to function effectively and operate to meet its mission and goals. It needs the cooperation of other agencies to improve the decision-making process it requires to plan and implement its programs and projects. A change of paradigm is necessary; a new corporate board is not.

The UPW opposes this bill and requests the committee to defer it definitely.

Thank you for the opportunity to submit is testimony.



From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 30, 2017 11:41 AM
To: FINTestimony
Cc: hawaiiifishingfanatic@gmail.com
Subject: Submitted testimony for SB658 on Mar 30, 2017 15:00PM

SB658

Submitted on: 3/30/2017

Testimony for FIN on Mar 30, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Don Aweau	Individual	Support	No

Comments: In steadfast support of the bill as it will ensure continuity for aeronautical matters and a streamlined approach as has been done at other national and international airports. My experience working for FedEx and Frontier Airlines in the Mid-Atlantic states, has made me appreciate the need for a Hawai'i Airport Corporation. Additionally, I further urge an amendment in the measure to include the appointment of a Native Hawaiian voting member by the Office of Hawaiian Affairs or Native Hawaiian government to preserve Native Hawaiian beneficiaries interests (e.g., ceded lands, revenues, etc.) for present and future uses. Mahalo nui loa.

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

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

LATE

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

HOUSE OF REPRESENTATIVES
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

NOTICE OF HEARING

DATE: Thursday, March 30, 2017
TIME: 3:00 pm
PLACE: Conference Room 308

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

PRP **supports** SB 658, SD2, HD2, relating to an Airport Corporation, which authorizes the establishment of the Hawaii Airport Corporation within the Department of Transportation for administrative purposes on July 1, 2018. This measure 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 the Department of Transportation to the Hawaii Airport Authority.

The establishment of this independent airport governance will help create and provide the following:

- World-class transportation hubs;
- necessary improvements quickly and efficiently;
- a competitive tourism industry and deliver economic benefits across all sectors, statewide;
- better customer service
- clean restrooms at our airports; and
- quality construction jobs related to airport upgrades.

For the reasons mentioned above, we respectfully request your support on SB 658, SD2, HD2. Thank you for this opportunity to testify.



(Continued From Page 1)

About PRP

Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.



March 29, 2017

Testimony in Support of SB658 SD2 HD2

Members of the Hawaii State Legislature:

The Kohala Coast Resort Association (KCRA) is in full support of SB658 SD2 HD2 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 Phase 1 of the Terminal Modernization Plan and the 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".

Stephanie Donoho
Administrative Director

Patrick Fitzgerald, Hualalai Resort
Kelley Cosgrove, Fairmont Orchid, Hawai`i
David Givens, Hilton Waikoloa Village
Steve Yannarell, Waikoloa Beach Marriott Resort & Spa

Scott Head, Waikoloa Land Company
Robert Whitfield, Four Seasons Resort Hualalai
Rodney Ito, Mauna Lani Bay Hotel & Bungalows
Craig Anderson, Mauna Kea Beach Hotel and Hapuna
Prince Hotel



LATE

March 30, 2017

Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
House Committee on Finance

Support of SB 658, SD2, HD2 - Relating to an Airport Corporation (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 DOT to the Hawaii Airport Authority.)

FIN Hrg: Thursday, March 30, 2017, 3:00 p.m., Conf. Room 308

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF supports SB 658, SD2, HD2.

SB 658, SD2, HD2. This bill would authorize the establishment of the Hawaii Airport Corporation within the Department of Transportation [DOT] 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; and transfers the aeronautics functions of the DOT to the Hawaii Airport Authority.

LURF's Position. LURF supports the establishment an independent authority to develop, manage, and operate the State's airports and aeronautical facilities. According to DOT, this bill will result in better coordination of the development, management and operation of the State's Airports System; more efficient repair and maintenance; timely implementation of its capital improvement projects; and will improve planning and response to opportunities, market conditions and competitive forces.

For the above reasons, LURF **supports SB 658, SD2, HD2** and respectfully urges your favorable consideration.

Thank you for the opportunity to present testimony regarding this matter.