



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

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

Before the
House Committee on Transportation
March 13, 2019
10:00 a.m., Conference Room 423

In consideration of
Senate Bill No. 666 SD2
RELATING TO AN AIRPORTS CORPORATION

Chair Inouye, Vice Chair Harimoto, and committee members:

Thank you for the opportunity to provide comments in Strong Support for **Senate Bill 666 SD2** which authorizes establishment of the Hawaii Airports Corporation within the Department of Transportation for administrative purposes and appoints members to the board of directors to assume the authority, powers, functions, duties, and responsibilities for the development, management, operation, and maintenance of the State's airports.

Currently, the responsibility of development, management, operation, and maintenance of all of the State's airports is distributed amongst several state agencies. This creates unnecessary delays in projects and restricts the airport system from keeping up to the standards of other leading global destinations.

An independent corporation would allow for quicker decision making and a streamlined process for budgeting and procurement.

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

Thank you for the opportunity to provide testimony.



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

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

March 13, 2019
10:00 a.m.
State Capitol, Room 423

**S.B. 666, S.D. 2
RELATING TO AN AIRPORTS CORPORATION.**

House Committee on Transportation

The Department of Transportation (DOT) **strongly supports** S.B. 666, S.D.2. and offers the following recommended revisions for the Committee's consideration:

- (1) Remove Chapter 37D (lines 18-20 on page 19):
Revise the language to read "(b) The corporation shall not be subject to chapters 36, 37, 38, and 40, except for section 36-28.5 and as otherwise provided in this chapter and chapter 261."

Reason: The Airport Corporation will lose the option to issue Certification of Participation bonds once the transfer to the corporation is completed. Such bonds were issued to finance the Airports Division's Energy Performance Savings Contract.

- (2) Remove Chapter 37D, § -11 Exemptions. (lines 2-5 on page 23):
Revise the language to read "The airport revenue fund, passenger facility charge special fund, and rental motor vehicle customer facility charge special fund shall be exempt from chapters 36, 37 and 40."

Reason: Chapter 37D does not apply to such funds.

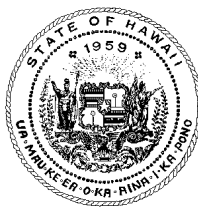
- (3) § -17 Audits (lines 11-13 on page 26):
Revise the language to read "The State Auditor shall conduct management and financial audits of the corporation."

Reason: To allow the State Auditor the discretion of when and how frequent to perform audits.

- (4) Section 29. (line 13 on page 74):
Revise the language to read "Section 29. This Act shall take effect on July 1, 2019"

Thank you for the opportunity to provide testimony.

DAVID Y. IGE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY
919 Ala Moana Boulevard, 4th Floor
Honolulu, Hawaii 96814

NOLAN P. ESPINDA
DIRECTOR

Maria C. Cook
Deputy Director
Administration

Jodie F. Maesaka-Hirata
Deputy Director
Corrections

Renee R. Sonobe Hong
Deputy Director
Law Enforcement

WRITTEN TESTIMONY ONLY

TESTIMONY ON SENATE BILL 666, SENATE DRAFT 2
RELATING TO AN AIRPORTS CORPORATION.

by

Nolan P. Espinda, Director
Department of Public Safety

House Committee on Transportation
Representative Henry J.C. Aquino, Chair
Representative Troy N. Hashimoto, Vice Chair

Wednesday, March 13, 2019; 10:00 a.m.
State Capitol, Conference Room 423

Chair Aquino, Vice Chair Hashimoto, and Members of the Committee:

The Department of Public Safety (PSD) supports Senate Bill (SB) 666, Senate Draft (SD) 2, which authorizes the establishment of Hawaii Airports Corporation within the Department of Transportation for administrative purposes. PSD supports the intent of a separate authority to develop, manage, operate, and maintain the State's airports.

Thank you for the opportunity to provide written testimony on this measure.

DAVID Y. IGE
GOVERNOR OF
HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
TRANSPORTATION**

**Wednesday, March 13, 2019
10:00 AM
State Capitol, Conference Room 423**

**In consideration of
SENATE BILL 666, SENATE DRAFT 2
RELATING TO AN AIRPORTS CORPORATION**

Senate Bill 666, Senate Draft 2 proposes to authorize the establishment of the Hawaii Airports Corporation (Corporation) within the Department of Transportation (DOT) for administrative purposes. The measure provides for appointment of members to the board of directors and powers and duties of the Corporation, transfers aeronautics functions and the real property assets of DOT to the Corporation by the established transfer completion date agreed upon by the Corporation, the director of DOT, and the Governor, which shall be no later than December 31, 2022, and appropriates funds. Senate Draft 2 of the measure makes a technical change to comport with drafting conventions and changes the effective date to July 1, 2050 to facilitate further discussion. **The Department of Land and Natural Resources (Department) recognizes DOT's desire to place the State's airports under the Corporation.**

The Department notes that any public trust lands held by DOT under Governor's executive order will be deemed to held by the Corporation as of the transfer completion date. Accordingly, no action by the Board of Land and Natural Resources or the Governor would be needed to cancel existing executive orders to DOT and reset aside airport lands to the Corporation.

Thank you for the opportunity to comment on this measure.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTIETH LEGISLATURE, 2019**

ON THE FOLLOWING MEASURE:

S.B. NO. 666, S.D. 2, RELATING TO AN AIRPORTS CORPORATION.

BEFORE THE:

HOUSE COMMITTEE ON TRANSPORTATION

DATE: Wednesday, March 13, 2019

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 423

TESTIFIER(S): Clare E. Connors, Attorney General, or
Michael Q.Y. Lau, Deputy Attorney General

Chair Aquino and Members of the Committee:

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

The purpose of the bill is to establish the Hawaii Airports Corporation ("Corporation"). The Corporation would be placed within the Department of Transportation (DOT) for administrative purposes. The functions, powers, and responsibilities of the DOT for the management and operations of state airports and aeronautics are to be transferred from DOT to the Corporation by no later than December 31, 2022.

1. Bond counsel for the State recommended that the following underscored wording be added to the bill:

a. Page 18, lines 11-14, "corporation and reserves therefor, including expenditures for capital improvement projects approved by the legislature, and to comply with covenants and agreements with holders of airport revenue bonds; provided that the rates, rentals, fees, or charges are established at an open meeting subject to the requirements of chapter 92;"

This revision would make paragraph (18) consistent with the wording in section 14, page 55, lines 5-8.

b. Page 26, line 10: "revenue bonds, bond anticipation notes, and certificates of participation."

This revision allows the corporation to request that the lump sum appropriation include revenue bonds, bond anticipation notes, and certificates of participation.

2. Section 14, page 53, lines 18-20, provides that the corporation shall fix, impose, prescribe, and collect rates, rentals, fees, or charges for the lease, use, and services of its airport facilities. Page 54 through page 57 make eight substitutions that replace “director” with “chief executive officer.” “Corporation” rather than “chief executive officer” should be used to replace “director” because it is the “corporation” that develops the airport rates, fees, and charges and will be the entity that enters into contracts for the use of airport property.

3. At page 58, line 19, insert “corporation or the” between “the” and “chief executive officer” and add “depending upon which of the two is authorized to act under the new chapter added to the Hawaii Revised Statutes in section 2 of this Act” before the period at the end of line 19.

This revision is necessary because the Corporation’s powers are exercised through its board of directors. Section 2, page 8, lines 18-21, further provides that the chief executive officer has the powers as may be delegated by the board. The bill establishes two entities to replace the Director of Transportation, which is a single officer.

4. At page 59, line 3, insert “corporation or the” between “the” and “phrase ‘chief executive officer’” and add “depending on which of the two is authorized to act under the new chapter added to Hawaii Revised Statutes in section 2 of this Act” before the semicolon at the end of line 7.

5. Section 29 on page 74, lines 14-19, and page 75, lines 1-5, provides that the amendments in section 14 made to section 261-7(e), Hawaii Revised Statutes, shall be delayed until the satisfaction and discharge of certain certificates and indentures. The satisfaction and discharge of these obligations will occur after the transition completion date, which shall be no later than December 31, 2022, as provided in section 18(b), page 66, lines 4-7. Accordingly, the Director of Transportation will still have certain obligations under section 261-7(e) even after the transition of responsibility

for the operation of state airports from the Department of Transportation to the Corporation.

The delay date is not necessary. The existing bond covenants required that the Department of Transportation maintain the residual methodology when developing rates, rentals, fees, and charges. Hawaii Revised Statutes section 261-7(e) requires the Department of Transportation to utilize the residual methodology. Last year, airport corporation bill SB 2996 attempted to remove the residual methodology. The delay date language was implemented to maintain the residual methodology until the existing bond obligations were satisfied.

Section 14, page 54, lines 20-21, of the current bill maintains the residual methodology in section 261-7(e), Hawaii Revised Statutes. Accordingly, the delay date in section 29 for section 14 is not necessary.

Thank you for the opportunity to comment on this bill.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Transportation
March 13, 2019 at 10:00 a.m.

By
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 666 SD2 – RELATING TO AN AIRPORTS CORPORATION

Chair Aquino, Vice Chair Hashimoto, and members of the Committee:

Thank you for the opportunity to submit testimony on SB 666 SD2 which among other things, authorizes the establishment of the Hawai'i Airports Corporation within the Department of Transportation for administrative purposes.

The University of Hawai'i (UH) supports SB 666 SD2, and believes the establishment of such a corporation would allow for the airport to operate more effectively and efficiently and enable capital improvements projects to be completed in a more timely manner.

The quality and appearance of our local airports serve as a critical impression on arriving students and families. UH considers the airports and all State facilities as a showcase of Hawai'i. For many visitors arriving into the State, the first impression is experienced at the airport, and this includes UH's non-resident students along with their families and prospective and current faculty members.

Thank you for the opportunity to testify on this important measure.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
BONNIE KAHAKUI
ASSISTANT ADMINISTRATOR

STATE OF HAWAII
STATE PROCUREMENT OFFICE

P.O. Box 119
Honolulu, Hawaii 96810-0119
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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
TRANSPORTATION
March 13, 2019, 10:15 AM

SB666 SD2
RELATING TO AN AIRPORTS CORPORATION

Chair Aquino, Vice Chair Hashimoto, and members of the committee, thank you for the opportunity to submit testimony on SB666 SD1. The State Procurement Office's (SPO) supports the intent of the bill and is submitting comments relating to the exemption of the Airports Corporation (Corporation) from the Procurement code.

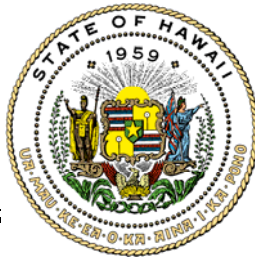
Concerns: This Bill exempts the Corporation from the Procurement Code. However, SPO is concerned that the corporation will write policies and adopt rules with little or no oversight or accountability, thereby leaving the Airports Corporation and the Department of Transportation at risk and liability.

Recommendation: At minimum, the Corporation should continue procuring under the Procurement Code until the Corporation has written policies and procedures. However, it is not sufficient that the Corporation consult with SPO prior to adopting the rules. The written rules and procedures should be reviewed by SPO and approved by the Chief Executive Officer and the Board of Directors.

SPO recommends the using the following verbiage on Section 2, Page 11, lines 14 to 19:

“(6) Shall be exempt from the provisions of chapter 103D, provided that prior to the implementation of such exemption, the corporation shall be subject to the procurement requirements of 103D. The Corporation shall submit written policies and procedures to be reviewed by the SPO, and approved by the Chief Executive Officer, and the Board of Directors. The rules shall provide, at a minimum for the following:”

Thank you.



HOUSE COMMITTEE ON TRANSPORTATION
The Honorable Henry J.C. Aquino, Chair
The Honorable Troy N. Hashimoto, Vice Chair

S.B. NO. 666, S.D. 2, RELATING TO AN AIRPORTS CORPORATION

Hearing: Wednesday, March 13, 2019, 10:00 a.m.

The Office of the Auditor has **no position** regarding S.B. No. 666, S.D. 2, which establishes the Hawai'i Airports Corporation and amends the Hawai'i Revised Statutes (HRS) to add a new Chapter relating to the corporation. **However, with respect to proposed Section 17 of the new Chapter, we have concerns about our ability to perform certain of the work and offer other suggestions.**

S.B. No. 666, S.D. 2, establishes the Hawai'i Airports Corporation, which is vested with the responsibility to:

1. Develop and implement management structures, policies, and procedures based on airport industry best practices;
2. Efficiently develop, manage, operate, and maintain the State's airports and aeronautical facilities; and
3. Administer the provisions of Chapters 102, 261, 261D, and 262, HRS, that are applicable to airports and aeronautical facilities.

The bill requires "the auditor [to] conduct management and financial audits of the corporation for fiscal year 2023 and every second year thereafter."

We have strong concerns about our capacity to perform the recurring work required by this bill without additional staff. We currently are statutorily mandated to regularly audit the Office of Hawaiian Affairs, the Hawai'i Tourism Authority, and the Deposit Beverage Container Program; to review departments' special funds, revolving funds, trust funds, and trust accounts; to assess proposed special and revolving funds; and to analyze the State's tax incentives. We also receive requests for audits and other studies each legislative session.

Further, conducting a management and financial audit for fiscal year 2023 may be premature given that the bill allows for the corporation to be established as late as December 31, 2022. Because audits are an historic assessment of an agency's performance, it is necessary to have sufficient historical data to meaningfully assess. The corporation will likely need time to develop and implement the policies, procedures, and processes so that we can assess whether it is carrying out its statutory responsibilities we note above.

Thank you for considering our testimony related to S.B. No. 666, S.D. 2.



SB666 SD2
RELATING TO AN AIRPORTS CORPORATION
House Committee on Transportation

March 13, 2019

10:00 a.m.

Room 423

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SB666 SD2, which would establish the Hawai'i Airports Corporation (Corporation) to exercise consolidated jurisdiction over the State's airports and airport lands.

While OHA takes no position on the creation of a Corporation authority for airports, OHA appreciates that this measure addresses our significant concerns over similar bills introduced in past legislative sessions, regarding language that would have explicitly exempted the Corporation and Corporation-held lands from Hawai'i Revised Statutes (HRS) Chapter 171, with no alternative safeguards for the disposition of the Corporation's public lands.

Under Article 11, section 1 of the Hawai'i State Constitution and HRS Chapter 171, the State holds in trust approximately 1.3 million acres of public lands, including the natural and cultural resources they contain, for the benefit of present and future generations. The vast majority of these lands are "ceded" lands, most of which are also subject to the public land trust created by Article 12 of the Hawai'i State Constitution and the Admission Act section 5(f). OHA notes that the trust status of these lands imposes on the State specific fiduciary obligations of due diligence and undivided loyalty, in making the trust corpus productive and maximizing its benefits for the trust's Native Hawaiian and public beneficiaries. Native Hawaiians' unrelinquished claims to "ceded" lands also obligates the state to maintain the "ceded" lands corpus, pending the resolution of such claims; with narrow exceptions, OHA opposes the sale or alienation of any "ceded" lands as well as any exception to procedural safeguards intended to prevent the diminution of the corpus.

By exempting their respective proposed Airports Corporations from Chapter 171, the past bills would have circumvented critical laws that protect Native Hawaiian rights related to "ceded" lands, other public lands, and the public land trust. For example, Chapter 171 contains requirements that legislative approval be obtained prior to the sale or gift of state lands (HRS §171-64.7), or to the exchange of public lands for private lands (HRS §171-50). OHA views these statutory protections as critical to maintaining the ceded lands corpus, and their enactment was a condition precedent to the settlement agreement in the OHA v. Housing and Community Development Corporation of Hawai'i lawsuit, brought in response to the State's actions to sell and otherwise alienate ceded

lands. An exemption from these statutory requirements would undermine the long-held understanding between OHA, Native Hawaiians, and the State, regarding the State's moral and legal obligation to maintain the ceded lands corpus. Chapter 171 also contains requirements for leases of public lands, including public auction requirements, limits on lease length and parcel use, and lessee qualifications, all of which are meant to benefit and protect the interests of Native Hawaiians and the public. An exemption from these requirements may invite potential violations of the public trust and public land trust, by foreclosing opportunities to maximize the financial and intangible benefits derived from the trust corpus, and fostering a sense of entitlement in long-term lessees that can and has in the past led to the alienation of public lands. **The previously proposed exemptions from Chapter 171, particularly without alternative safeguards for land dispositions, may have threatened a range of Native Hawaiian interests in our limited public land base.**

Accordingly, OHA greatly appreciates the inclusion of express safeguards for land dispositions in SB666 SD2, specifically relating to procedural requirements for the sale, gift, or exchange of Corporation-held lands, and the requirement that any leases, subleases, or permits issued for Corporation lands be issued in accordance with publicly-vetted administrative rules. **OHA would like to emphasize that these provisions reflect and satisfy OHA's previous concerns regarding the protection of Native Hawaiian rights related to "ceded" lands, other public lands, and the public land trust.**

Mahalo for the opportunity to testify on this measure.



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David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
HOUSE COMMITTEE ON TRANSPORTATION

Wednesday, March 13, 2019
10:00AM
State Capitol, Conference Room #423

In consideration of
SENATE BILL NO 666 SD2
RELATING TO AN AIRPORTS CORPORATION.

Chair Aquino, Vice Chair Hashimoto and members of the House Committee on Transportation, the Hawai'i Tourism Authority (HTA) **strongly supports** Senate Bill 666 SD2 which established a Hawai'i Airports Corporation within the Department of Transportation for administrative purposes.

HTA supports the creation of the Hawai'i Airports Corporation for the following reasons:

1. An independent airport corporation would provide flexibility and expedite facility improvements; and,
2. An independent airport corporation would allow funds generated by airport operations to be reinvested in operations and facilities without the need to seek executive or legislative approval; and,
3. An independent airport corporation would ensure our airports are developed to the highest standards, are well-maintained and are positioned to compete with other first-class facilities throughout the world; and
4. An independent airport corporation would help promote an enhanced experience at the point of entry and point of departure for both residents and visitors; and
5. An independent airport corporation, such as the one proposed here in this bill, is a model that has been proven successful in numerous world-class airports such as San Francisco International Airport and Dallas/Fort Worth International Airport.

It is for these reasons that the HTA **strongly supports** Senate Bill 666 SD2. We appreciate this opportunity to provide testimony.



March 11, 2019

Representative Henry J.C. Aquino, Chair
Representative Troy N. Hashimoto, Vice Chair
House Committee on Transportation
Hawaii Legislature

Testimony in Support of SB666 SD2

Dear Representative Aquino, Representative Hashimoto and Members of the House Committee on Transportation:

The Kohala Coast Resort Association (KCRA) is in full support of SB666 SD2 establishing the Hawaii Airport Corporation. KCRA has been an active partner on numerous 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 for the airport.

We believe that establishing a Hawaii Airport Corporation will allow much needed airport improvements, including the completion of Phase 1 of the Terminal Modernization Plan and the planning, design and building of a new Federal Inspection Station to meet the FAA's 2021 deadline, to happen much more quickly and efficiently.

The state's airport system, from civil service personnel to capital costs, is entirely funded through rates and charges paid for by the airport users and concessionaires. The money collected from the user groups is held in a special fund and, under federal law, cannot be used for purposes outside of the airport. The appropriation and distribution of those funds is managed through the state administrative and legislative process.

This is a critical distinction. The current system, which distributes private funds through a public budgetary process that depends on the convening of a part-time Legislature has proven to be inefficient. As former tenants and members of the AOC, we see those challenges first hand as improvements languish.

We believe SB666 SD2 solves the fundamental problem with the current governance system and will effectively clear the logjam.

This measure provides three important components for relief. All three must be present if we are to truly move our airports forward.

1) Consistent administrative direction. Under the current system, the monies paid by user airlines and concessionaires fund the state DOT-Airports division budget. Improvements plans are drawn up in coordination with the DOT-A personnel, and advanced through departmental plans as part of the Governor's budget. This makes the appointed Director of the state DOT the de-facto head of the Airports and leaves long-term airport improvement plans vulnerable to change with each four-year election cycle.

SB666 SD2, would remove the operation and management of the Airports systems from the election cycle, thereby allowing improvement and modernization plans a smoother and faster path to completion.

2) Lump-sum appropriation. It is rare for any construction project to proceed from plan to completion without any adjustment. Under the current system, once the state Legislature has adjourned such adjustments must wait to be taken up the following session. SB666 SD2 will allow the State to approve lumpsum annual appropriations from the user fee Airport Fund providing the Corporation with the ability to make necessary adjustments between Legislative sessions. This will keep schedules and costs on track.

3) Procurement efficiency. We wholeheartedly support a system that ensures efficiency and equity in the award of design and construction contracts. Over the years, we have encountered instances in which the existing process has driven, rather than prevented, inefficiency and increased costs. SB666 SD2 will allow the Corporation to set up a more efficient system for the award of design and construction contracts. This will mitigate, if not eliminate, long and costly construction delays.

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

We encourage your support of this important measure.

Sincerely,

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

Stephanie Donoho
Administrative Director

SAH - Subcontractors Association of Hawaii

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

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

March 13, 2019

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

Presented By: Tim Lyons, President

Subject: S.B. 666, SD 2 – RELATNG TO AN AIRPORTS CORPORATION.

Chair Aquino and Members of the Committee:

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

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

TILE CONTRACTORS PROMOTIONAL PROGRAM

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

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

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

The Procurement Code was put into place in order to avoid irregularities in the expenditure of public money. It serves a good purpose. We have heard few accusations tying the operational aspects of the procurement code and the other woes of the airport together. Last year, the Legislature took another alternative and adopted the wise move to add language from 103E-302(b) to this bill and we respectfully request that you honor that request again this year.

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

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

Thank you for the opportunity to testify.



Maui Hotel & Lodging

ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

SB 666 SD2

Relating To An Airports Corporation

COMMITTEE ON TRANSPORTATION

Wednesday, March 13, 2019, 10:00 am

Conference Room 423

Dear Chair Aquino, Vice Chair Hashimoto and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes 195 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 25,000 residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA is **in strong support of SB 666 SD2**, which authorizes establishment of the Hawaii Airports Corporation within the Department of Transportation for administrative purposes. Sets out appointment of members to the board of directors and powers and duties of the Hawaii Airports Corporation. Transfers aeronautics functions of the Department of Transportation to the Hawaii Airports Corporation by the established transfer completion date agreed upon by the Hawaii Airports Corporation, Director of Transportation, and Governor, which shall be no later than 12/31/2022. Appropriates funds. Effective 7/1/2050. (SD2)

Hawaii's airports are self-sustaining. State general funds are not used for Hawaii's airports and the Hawaii Airport Corporation (HAC) will not require any. It will be fully funded by user fees and underwritten by the airlines serving the State's airport system.

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

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

Thank you for the opportunity to testify.



TESTIMONY TO THE COMMITTEE ON TRANSPORTATION

Wednesday, March 13, 2019, 10 a.m.

State Capitol, Conference Room 423

TO: The Honorable Henry J.C. Aquino, Chair
The Honorable Troy N. Hashimoto, Vice Chair
Transportation Committee Members

TESTIMONY IN SUPPORT OF SB666, SD2 RELATING TO AIRPORTS CORPORATION

I am Peter Ho, Chairman, President and CEO of Bank of Hawaii, testifying in support of SB666, SD2 relating to the establishment of an airport corporation. As stated in the bill, its purpose is to establish the Hawaii airports corporation, which shall assume all of the authority, powers, functions, duties and responsibilities of the Department of Transportation related to aeronautics and airports, including responsibility for the development, management, operation and maintenance of the State's airports.

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

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

Our airports cannot remain underappreciated assets and deserve the focus and attention being provided by the legislature. The airport corporation, which would be led by a board with the requisite professional expertise, can provide the important oversight and management structure needed to help ensure projects are undertaken and completed in an efficient and cost-effective manner.

I encourage your favorable consideration of SB666 SD2. Thank you for the opportunity to testify.

Respectfully submitted,

A handwritten signature in black ink that reads 'Peter Ho'.



SanHi

GOVERNMENT STRATEGIES
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: March 12, 2019

TO: Representative Henry J.C. Aquino
Chair, House Committee on Transportation
Submitted Via Capitol Website

RE: **SB 666 S.D. 2 – Relating to An Airports Corporation**
Hearing Date: Wednesday, March 13, 2019 at 10:00 a.m.
Conference Room: 423

Dear Chair Aquino, Vice Chair Hashimoto and Members of the House Committee on Transportation:

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 Commute (Van Pool).

Enterprise **supports** S.B. 666 S.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. 666 S.D. 2 and respectfully request that the Committee pass this measure. Thank you for the opportunity to submit this testimony.

**Testimony to the House Committee on Transportation
Wednesday, March 13, 2019 at 10:00 A.M.
Conference Room 423, State Capitol**

RE: SB 666 SD1 RELATING TO AN AIRPORTS CORPORATION

Chair Aquino, Vice Chair Hashimoto, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 666 SD1, which authorizes the establishment of the Hawaii Airport Corporation within the Department of Transportation for administrative purposes. This bill also sets out appointment of members to the board of directors and powers and duties of the Hawaii Airport Corporation. Finally the bill transfers the aeronautics functions of the Department of Transportation to the Hawaii Airports Corporation by the established transfer completion date agreed upon by the Hawaii airports corporation, the director of transportation and the governor, which shall be no later than December 31, 2022.

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

An independent airports corporation would allow for:

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

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

Thank you for the opportunity to testify.



ELECTRICAL CONTRACTOR'S ASSOCIATION OF HAWAII

NECA Hawai'i Chapter

1286 Kalani Street, Suite B-203

Honolulu, Hawai'i 96817

PH: (808) 847-7306

FX: (808) 841-8096

Email: ecah@ecahi.com



March 12, 2019

To: House Committee on Transportation
Honorable Chairperson Henry Aquino and Vice Chair Troy Hashimoto

From: Al Itamoto, Executive Director
Electrical Contractors Association of Hawaii
National Electrical Contractors Association, Hawaii Chapter

Subject: SB 666, S2, Relating to an Airports Corporation

Notice of Hearing

Date: Wednesday, March 13, 2019
Time: 10:00 AM
Place: Conference Room 423
State Capitol
415 South Beretania Street

Dear Chairs Aquino, Hashimoto and Committee members:

The Electrical Contractors Association of Hawaii (ECAH) is a non-profit association representing over 100 electrical contractors doing business in the State of Hawaii. ECAH is the Hawaii Chapter of the National Electrical Contractors Association (NECA). ECAH **opposes** the passage of SB 666, SD2. In its current form, this measure exempts the Airport Corporation from the provisions of Chapter 103D, the procurement code and specifically, does not require the listing of Joint and subcontractors. While we agree that it would be beneficial to establish the Hawaii Airports Corporation (Corporation) which shall assume all the authority, powers, functions, duties and responsibilities of the Department of Transportation related to aeronautics and airports, we need assurances that its operation is conducted with a fair, transparent and fully

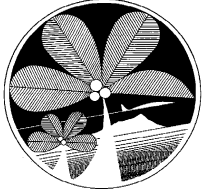
accountable procurement process; the provisions of Chapter 103D must be included.

The inclusion of the sub listing has been debated over many measures this legislature has considered in the past. The reasons for and against haven't changed but the bottom line is to ensure that the procurement policy ensures that all parties including the Corporation benefit from a transparent process. With no requirement for the prime contractor to provide a listing of joint and subcontractors, it opens the door to bid shopping where only the prime contractor benefits financially at the expense of the subcontractors. None of the financial benefits are realized by the Corporation.

Based on the above, ECAH **opposes** SB666, SD2 unless provisions are made as describe above to this measure before passage.

Thank you for the opportunity to provide testimony on this issue.

AIRLINES COMMITTEE OF HAWAII



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

March 13, 2019

Representative Henry Aquino, Chair
Representative Troy Hashimoto, Vice Chair
House Committee on Transportation

Re: SB 666 SD2 - RELATING TO AN AIRPORTS CORPORATION – IN STRONG SUPPORT
Conference Room 423 – 10:00 AM

Aloha Chair Aquino, Vice Chair Hashimoto and members of the committee:

The Airlines Committee of Hawaii (ACH), which is comprised of the 19 signatory air carriers that underwrite the State Airport System, appreciates the opportunity to offer testimony in strong support of SB 666 SD2, which authorizes the establishment of the Hawaii Airports Corporation (HAC).

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

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

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

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

Thank you for the opportunity to provide testimony. We ask for your favorable consideration of this measure.

Sincerely,

Blaine Miyasato
ACH Co-chair

Matthew Shelby
ACH Co-chair

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



AIRPORT CONCESSIONAIRES COMMITTEE

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

Hearing: March 13, 2019; 10:00 am, Room 423

Re: S.B. 666, SD2 – Relating To An Airport Corporation

Dear Chair Aquino and Honorable Members of the Committee:

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

Our Committee **STRONGLY SUPPORTS** this bill.

This bill is important since we all know, change for the better is not going to happen unless changes are made. Let's please seek to bring about such change. It's been too long and the inefficiencies and delays and loss of revenues must be improved upon. No government agency is always perfect. A new organization structure such as an Airport Corporation will be a big step in the right direction as documented by many public airports across the United States.

Such a corporation would in our opinion result in increases to airport revenues and also save airport-operational costs for the airports and people doing business at our public airports.

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

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

Airports are typically viewed as an economic engine of a city and state at which hundreds of jobs are provided with thousands of business transactions involving tourists, residents and many others each day. Airports in that respect are not like typical other government agencies and are more like a business.

Airports are an important economic hub and need to run and operate in a business fashion quickly and efficiently. Unfortunately, such has not been the case under the present organizational structure. There are simply too many steps with each Department having their own set of priorities and thus what may be a "top priority" for the DOT is understandably not a top priority for other Departments. Thus, delays after delays.

In our view, the current process has resulted in the airport losing money due to delays in finalizing contracts and gaining necessary approvals while increasing the costs of persons and entities doing business at our airports. That should be happening.

There simply has to be a better way to avoid losing money and to also avoid both airport tenants and the airport system being faced with loss of revenues and higher costs. Change for the better is not going to happen without change. Maintaining the status quo is not the solution .

We urge you to support the Airport Corporation which is an organizational structure that many airports across the United States find as a more efficient means of operating and managing the variety of business, needs and demands at their airports.

Finally, we note the Corporation will have a total of 9 voting members. We thank you for including the discipline of "non-aviation-airport business" as the background for a member on the Board of Directors for the Corporation. Unless you otherwise inform us we understand such language will allow for the consideration of someone with a background in airport-concession business to be on the Board which is very important in our view given the sizeable revenues generated by concessions for our public airports. Running a concession business at a public airport has security and many other unique challenges similar businesses off airport do not experience. We note the bill also recognizes the discipline of "aviation" which we understand to be for a person with a background in the airline industry.

Thank you for allowing us to testify.



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

GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

Via Email

March 12, 2019

Representative Henry J.C. Aquino, Chair
Representative Troy N. Hashimoto, Vice-Chair
House Committee on Transportation

Chair Aquino, Vice Chair Hashimoto, and Members of the Committee:

SUBJECT: SB666 SD2 Relating to Airports Corporation

My name is Gregg Serikaku, Executive Director for the Plumbing and Mechanical Contractors Association of Hawaii, and our Association represents contractors that perform plumbing, air conditioning, and fire sprinkler work throughout Hawaii and who employ more than 2,500 tradespersons, and administrative and managerial personnel.

Our airports are critically important to our tourism industry, and steps should be taken to form an airports corporation that oversees and coordinates the development and management of the State's airports under one umbrella organization, however, **we are very concerned with the proposed exemption to HRS 103D, the Hawaii Procurement Code,** particularly as it applies to Invitation For Bids (IFB) on construction projects.

The Hawaii Procurement Code was created to ensure that public funds are expended using a fair, efficient, competitive and transparent process which is designed to identify and eliminate conflicts of interest and other acts of impropriety, and which avoids the intent and appearance of unethical behavior by both the government agencies and contractors. Furthermore, Hawaii's procurement code has been used for many years to successfully procure numerous large construction projects, and this process can be integrated seamlessly within the proposed framework of the Airports Corporation. As such, we do not see the need to exempt the Airports Corporation from the requirements of HRS 103D.

Thank you for this opportunity to provide our testimony.

Respectfully yours,

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

Gregg S. Serikaku
Executive Director

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

Date

TO: HONORABLE REP. HENRY J.C. AQUINO, CHAIR & REP. TROY N. HASHIMOTO,
VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON
TRANSPORTATION

SUBJECT: TESTIMONY IN SUPPORT OF SB666: RELATING TO AN AIRPORTS
CORPORATION.

Hearing

DATE: Wednesday, March 13, 2019
TIME: 10:00a.m.
PLACE: Conference Room 423
Hawaii State Capitol

Dear, Rep. Henry J.C. Aquino, Chair, Rep. Troy N. Hashimoto, Vice Chair, and members of the House Committee on Transportation:

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

GCA supports the establishment of the Hawaii Airports Corporation within the Department of Transportation for administrative purposes, but with the condition that the language in SB666 that allows for the potential of an expedited procurement process without subcontractor listing remain.

The subcontractor listing requirement in Hawaii's current procurement law has become the dominant factor in bid protests which delays projects and cost taxpayers. Bids that do not comply with this requirement may be considered non-responsive and be disqualified for consideration.

The subcontractor listing requirement has been used beyond its legislative intent by many bidders to identify faults of winning bids. This has resulted in delays in awarding contracts to address these protests and, in the event the low bidder is disqualified, additional cost to the agency if the contract is awarded to a higher bidder.

GCA agrees that the well-being of the State is substantially dependent on the efficient administration, development, management, and operation of its airports and transportation infrastructure. Allowing for a procurement process that could provide for an exemption from the subcontractor listing requirement when establishing the Airport Authority should help to expedite the improvements needed.

We are in full support of the current draft and are also in full support of a previous draft of SB666 which clarified the exemption of the Hawaii Airports Corporation from chapter 103D, Hawaii Revised Statutes; and required that prior to exemption from chapter 103D, Hawaii Revised Statutes, the Hawaii Airports Corporation to, in consultation with the State Procurement Office, adopt procurement rules pursuant to chapter 91, Hawaii Revised Statutes, and further clarifying the minimum requirements for the procurement rules.

With these provisions in place, GCA supports SB666. Thank you for the opportunity to share our support.



March 13, 2019

TESTIMONY IN SUPPORT OF SENATE BILL 666, SD2 RELATING TO AN AIRPORTS CORPORATION

Aloha Chair Aquino, Vice Chair Hashimoto and members of the House Committee on Transportation,

I am Blaine Miyasato, Hawaiian Airlines' representative on the Airlines Committee of Hawai'i (ACH) and ACH co-chair. Hawaiian Airlines is the largest user of the state airport system and, as a result, the largest individual contributor to the operating budget of our state's 15 airports. We are keenly interested in the passage of S.B. 666, SD2. The Airports Corporation structure outlined in this measure will allow for a much more efficient and cost-effective process for badly needed airport renovations.

The state's airport system, from civil service personnel to capital costs, is entirely funded through rates and charges paid for by the airport users and concessionaires. The money collected from the user groups is held in a special fund and, under federal law, cannot be used for purposes outside of the airport. The appropriation and distribution of those funds is managed through the state administrative and legislative process.

This is a critical distinction. The current system, which distributes private funds through a public budgetary process has proven to be inefficient as it relates to the complexity of airport operations and capital improvement projects. Our kama'aina and malihini travelers begin and end their vacations with an antiquated and stressful airport experience. We have a long list of upgrades and we have both the budget and will among the user groups to fund them.

S.B. 666, SD2 solves the fundamental problem with the current governance system and will effectively clear the logjam.

This measure provides three important components for relief. All three must be present if we are to truly move our airports forward.

- 1) **Consistent administrative direction.** Under the current system, the monies paid by user airlines and concessionaires fund the state DOT-Airports division budget. Improvements plans are drawn up in coordination with the DOT-A personnel, and advanced through departmental plans as part of the Governor's budget. This makes the appointed Director of the state DOT the de-facto head of the Airports and leaves long-term airport improvement plans vulnerable to change with each four-year election cycle.

S.B. 666, SD2, would remove the operation and management of the Airports systems from the election cycle, thereby allowing improvement and modernization plans a smoother and faster path to completion.

- 2) **Lump-sum appropriation.** It is rare for any construction project to proceed from plan to completion without any adjustment. Under the current system, once the state Legislature has adjourned sine die, such adjustments must wait to be taken up the following session. S.B. 666, SD2 will allow the State to approve lump-sum annual appropriations from the user fee Airport Fund providing the Corporation with the ability to make necessary adjustments between Legislative sessions. This will keep schedules and costs on track.

- **Procurement efficiency.** We wholeheartedly support a system that ensures efficiency and equity in the award of design and construction contracts. Over the years, we have encountered instances in which the existing process has driven, rather than prevented, inefficiency and increased costs. S.B. 666, SD2 will allow the Corporation to set up a more efficient system for the award of design and construction contracts. This will mitigate, if not eliminate, long and costly construction delays.

The airport system is rife with examples of projects that have faltered due to one or more of the pitfalls described above. I have attempted to encapsulate a few of the more recent examples in the matrix below:

Location	Project	Description and Timeline	Contributing Issues
HNL	Mauka Concourse	Airlines Committee of Hawai'i approves construction of new gates on the Mauka side of HNL as Phase 1 of Airport modernization in 2007. Enabling projects poised to begin in 2010 when Administration changes. Project is halted. Enabling project resumes in 2012 but is further delayed by work stoppages due to issues with subcontractors. The cargo hangar is completed in October 2017, millions over budget. Mauka concourse is expected to be completed in 2021 – 14 years after approval by the ACH.	Change in Administration Procurement inefficiency
HNL	Baggage Handling System (BHS) upgrades	This project, which would update the antiquated system of moving baggage at Daniel K. Inouye International Airport, was approved by the Airlines Committee of Hawai'i in 2015. The contract for the work was signed in 2017, but due to inaction on the project, the funds lapsed. The project has been refunded and has only recently been realigned.	Lack of lump-sum funding.
OGG	Passenger Hold Rooms	In 2014 the Airlines Committee of Hawai'i supported a plan to increase the size of the hold rooms on the South side terminal at Kahului Airport to accommodate larger aircraft at gates there. The funding was delayed and then held up in the procurement process delaying the project further. The project has been realigned and scheduled to be completed in 2021.	Lack of lump-sum funding. Inefficient procurement.

Opponents of S.B. 666, SD2 believe that an Airports Corporation will obscure accountability for the expenditure of funds. Hawaiian Airlines would argue that the examples above suggest that, in fact, greater transparency is needed beyond what is delivered in the current system. An Airports Corporation would create a CEO management structure that operates year-round to oversee and manage the user-fee based resources that is dedicated to improving the guest experience at our state's airports. And, in fact, it will deliver much more accountability than the current system provides. It will deliver results, jobs on the street with short, mid and long-term construction projects providing local employment opportunities for years to come.

In conclusion, S.B. 666, SD2 represents Hawai'i's best chance at creating the world-class airport system that our guests experience elsewhere and we all deserve here in our Islands. I respectfully request your approval.

Wednesday, March 13, 2019 at 10:00 AM
Conference Room 423

House Committee on Transportation

To: Representative Henry Aquino, Chair
Representative Troy Hashimoto, Vice Chair

From: Ray Vara
President & CEO

Re: **Testimony In Support of SB 666, SD2
Relating to An Airports Corporation**

I am Ray Vara, President and CEO of Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of Kapi'olani, Pali Momi, Straub and Wilcox with 70 locations statewide serving Hawai'i and the Pacific Region.

I write in support of SB 666, SD2 which, among other things, authorizes the establishment of the Hawaii Airports Corporation within the Department of Transportation for administrative purposes.

The establishment of the Hawaii Airports Corporation would enable the airport to operate more effectively and efficiently. It would also enable capital improvement projects to be completed in a more timely manner.

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

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

Our airports are the gateway to the visitor experience in Hawai'i and leave an enduring first and last impression for all of our visitors. Given their importance to the total visitor

experience, our airports need an operational structure to best enable their ability to enhance the visitor experience.

The creation of an airport corporation - led by a board with the requisite professional expertise – will ensure that the airport will be provided with the operational flexibility and structure it needs to meet the demands of today and the future.

Thank you for the opportunity to testify.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
WEDNESDAY, MARCH 13, 2019 AT 10:00 A.M.**

To The Honorable Henry J.C. Aquino, Chair;
The Honorable Troy N. Hashimoto, Vice Chair; and
Members of the Committee on Transportation;

TESTIMONY IN SUPPORT OF SB666 HD2 RELATING TO AN AIRPORTS CORPORATION

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

We are in strong support of SB666, which authorizes the establishment of the Hawaii Airports Corporation. 98% of visitors arrive via the airport system and two critical airports – Honolulu (HNL) and Kahului (OGG) – were named among the American Airports People Hate Flying Into the Most. Our airports are our visitors first and last impression and they must reflect our brand, deliver quality experiences and promote Hawaii, not hold us back. Tourism supports 175,000 jobs in the state and it is imperative that we support this industry. We believe the establishment of the Hawaii Airports Corporation will be extremely beneficial as it will help to make improvements quickly and efficiently and increase transparency and attention to consumer needs. Also, it will not burden local taxpayers as it will be funded by user fees, not public tax dollars. We ask that you please pass this measure so that our airports can get the modifications they so desperately need to support our visitor industry.

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

Sincerely,

Pamela Tumpap

Pamela Tumpap
President



LATE

**TESTIMONY TO THE HOUSE COMMITTEE ON TRANSPORTATION
State Capitol, Conference Room 423
415 South Beretania Street
10:00 AM**

March 13, 2019

RE: SENATE BILL NO. 666 SD 2, RELATING TO AN AIRPORTS CORPORATION

Chair Aquino, Vice Chair Hashimoto, and members of the committee:

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

BIA-Hawaii is in **strong support** of S.B. 666 SD 2, which would authorize the establishment of the Hawaii Airport Corporation within the Department of Transportation (DOT) for administrative purposes. The bill sets out appointment of members to the board of directors and powers and duties of the Hawaii Airport Corporation, and transfers the aeronautics functions of DOT to the Hawaii Airport Authority.

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

An Airport Corporation would allow for:

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

One of the compelling arguments to create an Airport Corporation is that currently, the airports do not use any taxpayer funds. All funds used in the airport operations are derived from user fees and assessments within the airport properties. Having the users more involved in the oversight of airport improvements would provide more provide more accountability in how the fees and assessments are



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

The proposed Airport Corporation would also be in a better position to enter into public-private partnerships (P3s) which would allow for private investment to improve the airport facilities across the state. We understand that nationally, P3s involving airports have become attractive to private investors, which could result in mixed-use development being included in airport modernization.

We are in **strong support** of S.B. 666 SD 1, and appreciate the opportunity to provide our input on this important legislation.

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LATE

March 13, 2019

The Honorable Henry Aquino
Chairman, House Committee on Transportation
Hawaii State Capitol, Room # 419
415 S. Beretania Street
Honolulu, HI 96813

Dear Representative Aquino, and members of the committee:

Thank you for the hearing SB 666, relating to the establishment of the Hawai'i Airports Corporation, and the opportunity to comment. I write on behalf of the Aircraft Owners and Pilots Association (AOPA), the world's largest aviation organization, representing the general aviation interests of over 1,000 members in Hawai'i.

AOPA supports SB 666, legislation that would authorize the establishment of the Hawai'i Airports Corporation within the Department of Transportation. AOPA has been a part of similar efforts in other states and has seen firsthand the benefits such an organization can have. Not only these corporations offer a voice to key aviation partners in the State, they also increase efficiency in decision making, ensuring those most familiar with the issues provide proper context. This is a simple but effective measure to push aviation forward in the State.

Furthermore, to properly institute these corporations, it is critical to have a balanced makeup of the board of directors to ensure all stakeholders and users of the system have a voice at the table. In that spirit, AOPA would respectfully requests to be involved in the conversations regarding the makeup of the board as SB 666 moves forward in the legislative process.

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

Sincerely,

Melissa McCaffrey
Western Pacific Regional Manager, AOPA

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



March 13, 2019

LATE

TO: House Committee on Transportation

FROM: Blake Parsons, Executive Director

SUBJECT: Comments on *SB. 666 SD2 - Relating To An Airports Corporation*

Chair Aquino and Members of the Committee:

My name is Blake Parsons. I am the Executive Director of the Hawaii Chapter of Sheet Metal & Air Conditioning Contractors' National Association, a trade group that represents the management of unionized sheet metal and air conditioning contractors in Hawaii.

We respectfully request that you **do not exempt** the Airports Corporation from the Procurement Code. However, if you do exempt the Airports Corporation from the Procurement Code, please consider adding the following language in *Section 3 – Powers Generally*:

In an invitation to bid, the corporation shall specify that all bids include the name of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and the scope of the work to be performed by each. Construction bids that do not comply with this requirement may be accepted if acceptance is in the best interest of the corporation and the value of the work to be performed by the joint contractor or subcontractor is equal to or less than one per cent of the total bid amount;

This inclusion would encourage competition by ensuring small subcontractors like my members - and thousands of small businesses across our state - have a fair and level playing field when bidding state projects. Failing to include the subcontractor listing requirement would incite bid shopping and would *reduce* the pool of subcontractors interested in bidding state projects.

The listing of subcontractors is a central pillar of our State's procurement code and should be upheld as part of the Airports Corporation. Thank you for the opportunity to submit testimony on this matter.

Mahalo,

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

Blake Parsons
Executive Director



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

HOUSE COMMITTEE ON TRANSPORTATION
Wednesday, March 13, 2019, 10 AM, Conference Room 423
Senate Bill 666, SD 2, Relating to an Airports Corporation
COMMENTS

Douglas Meller, Legislative Committee, League of Women Voters of Hawaii

Chair Aquino and Committee Members:

The League of Women Voters of Hawaii takes no position on whether jurisdiction for state airports should be transferred to a semi-autonomous Hawaii Airports Corporation. However, we suggest amending SB 666, SD 2 to address the following concerns:

Directors of state departments, members of state boards, and chief executive officers with jurisdiction over private use of public property file public financial disclosure statements under §84-17, Hawaii Revised Statutes. We suggest amending SB 666, SD 2, to require the same public financial disclosure requirements for the board and chief executive officer of the proposed Airport Corporation

The State DOA, DLNR, and DOH may need airport space to control introduction of noxious non-native plants, animals, and diseases at state airports. They also may need to assess user fees to fund their airport-related responsibilities. To minimize potential future conflicts, we suggest amending SB 666, SD 2, to explicitly require the proposed Airports Corporation to cooperate with state agencies which need airport space and/or need to collect airport-related user fees for their airport-related functions.

It would seem reasonable for a statute creating an Airports Corporation to incorporate a transparent process and reasonable criteria for lease of airport property. However, SB 666, SD 2 would give the proposed Airports Corporation unfettered discretion over when to favor or subsidize commercial enterprises with either non-bid leases or below-market leases of public property.

Although SB 666, SD 2 does not address "hidden" state subsidies, we question whether it is appropriate for the state to allow tax exemptions for (and forego general fund revenues from) airport-related concessions operating outside of airports while using the state general fund to compensate OHA for its "share" of revenues arising from private use of ceded lands within airports.

Thank you for the opportunity to submit testimony.



Eric W. Gill, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Godfrey Maeshiro, Senior Vice-President

Monday, March 11, 2019

Hawaii State Legislature
House Committee on Transportation
State Capitol
415 South Beretania St.

Re: SB 666, SD 2 relating to an Airports Corporation

Aloha Chair Aquino and Committee Members,

UNITE HERE Local 5 – a local labor organization representing 11,000 hotel, health care and food service workers throughout Hawaii would like to offer comments in opposition to the current draft of SB 666. As a Union, we represent over 900 food service concession and in-flight catering workers at airports statewide. We are concerned about how establishing an Airports Corporation would impact the future for these and other people working at the airports. However, with the right language, SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry and protect the image of our state.

Specifically, we believe the bill should incorporate language establishing the following:

- 1. Labor Peace:** The State should commit to protecting its own financial interests in this way, especially if the Airports Corporation is intended to be self-funded from the revenues of its activities. **One crucial way to accomplish this is to require labor peace for non-airline businesses seeking to do business at the airport.** If the bill allows for an alternative procurement process from HRS 103D and HRS 102, that process should stipulate that all private employers at the airport must commit as part of their contracts to avoid labor disputes, which could otherwise be costly and disruptive to the state, threatening the revenue streams upon which the Airports Corporation will rely. Public agencies in cities across the U.S. have made similar commitments, including San Jose, Oakland, Atlantic City, Miami-Dade County and the NY/NJ Port Authority.

2. **Worker retention:** Regardless of what procurement processes are in place, inevitably some concessions will change control over time. With SB 666, **the State should ensure that workers can expect continuity of their employment.** Like labor peace, worker retention standards ensure that airport operations continue in a streamlined way with minimal disruption even when contracts change hands. Worker retention protections can also help retain an experienced, skilled and more motivated workforce, who could value their airport employment as long-term careers. This is especially valuable in an era of heightened airport security (whether or not those security fears are proportional to the actual threat).

3. **Living Wage:** Unfortunately, our airports are currently home to some of the lowest-paid jobs in the state. We believe one job should be enough for working people to put food on the table, raise a family, pay their rent or mortgage, get decent health care, send their kids to school and have a decent retirement. The state can play a role in demanding this by **instituting a living wage standard for all employers doing business within the airport areas.** This should include companies that do business directly with the state as well as their subcontractors. All employees working in and around the airport should make a living wage. With SB 666, this legislature can make that a reality.

4. **Exemption from the Procurement Code:** The expenditure of public money must be done in a transparent and open way to ensure public confidence in government.

We ask that your Committee further amend SB 666, SD 2 to include the following amendments.

1) Relating to Labor Peace:

(6) May establish rules pursuant to chapter 91 that supersede chapter 103D; provided that prior to the establishment of such rules the corporation shall be subject to the procurement requirements of chapter 103D. The rules shall provide, at a minimum, for the following:

- (A) Creating a chief procurement officer position to oversee a centralized set of procurement professionals to conduct procurement;
- (B) Establishing and maintaining internal policies and procedures for the timely and efficient procurement of goods and services, including planning; engineering; and construction services, including post-award contract management and oversight procedures, that are consistent with the goals of public accountability and public procurement practices;
- (C) Publishing procurement policies, to be made available to the public;
- (D) Implementing and maintaining an electronic procurement system to ensure electronic posting, including requisition-to-check, contract management, and spend analysis modules; provided that all solicitations, including any bid openings, and additional solicitation documents shall be made available online;
- (E) Developing key performance indicators covering the following four areas:
 - (i) Effective management and increased efficiency of the procurement process;

- (ii) Contract management and supplier performance;
 - (iii) Transparency, openness, and accountability of procurement processes; and
 - (iv) Professionalism of the procurement workforce;
- (F) Developing a robust training and procurement delegation system;
- (G) Requiring professional services contracts for licensees defined under chapter 464 to be procured in accordance with section 103D-304;
- (H) Disallowing cost plus percentage of cost type contracts;
- (I) Requiring that, insofar as practical, and based on specifications developed, adequate and reasonable competition of no fewer than three proposals shall be solicited for each project;
- (J) Requiring the following factors to be considered in determining the offeror with the most advantageous proposal: quality; warranty; delivery; and full lifecycle costs including handover, surge, and disaster preparedness factors; and a best-value award,

including a past performance evaluation factor;

- (K) Prohibiting the artificial division or parceling of procurement requirements meant to circumvent competitive bidding or competitive proposals; and
- (L) Implementing a dispute resolution process for procurement award and post-award contract actions;
- (M) Requiring any offeror of food and beverage or retail concession services to have an agreement with any labor organization which represents airport terminal concession employees in this state that is valid and enforceable under 29 U.S.C. section 185(a) and that prohibits any strikes, picketing or other economic interference with the business of the offeror for the duration of the offeror's contract to operate the concession, including any renewal or extension, and binds any successors to an original offeror;

2) Relating to Worker Retention and Living Wage:

SECTION 18. The Hawaii airports corporation shall recognize all bargaining units and collective bargaining agreements existing at the time of transfer to the corporation. All employees who are subject to chapter 76, Hawaii Revised

Statutes, and occupy civil service positions and whose functions are transferred to the Hawaii airports corporation by this Act shall retain their civil service status, whether permanent or temporary. The employees shall be transferred to the corporation without loss of salary, seniority (except as prescribed by applicable collective bargaining agreements), retention points, prior service credits, any vacation and sick leave credits previously earned, and other rights, benefits, and privileges, in accordance with state personnel laws and this Act; provided that the employees meet applicable requirements for the class or position to which transferred or appointed, as applicable.

Any employee who, prior to this Act, is a member of a bargaining unit, shall remain in that bargaining unit when future collective bargaining agreements are negotiated.

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

or privileges as a consequence of this Act. The chief executive officer of the Hawaii airports corporation may prescribe the duties and qualifications of these employees and fix their salaries without regard to chapter 76, Hawaii Revised Statutes.

No employee included in a collective bargaining unit as an employee of the department of transportation shall be laid off as a consequence of this Act.

The department of transportation, the airport corporation and every employer doing business at the airports pursuant to a contract, subcontract, lease, sublease or permit or license with or from the airport corporation shall pay a wage to each of its employees of not less than \$15.00 per hour worked, adjusted by the cumulative increase in the cost of living. The cost of living increase shall be measured by the percentage increase as of December 31 in any year over the level as of July 1, 2019 of the Consumer Price Index (All Urban Consumers, U.S. City Average) as published by the Bureau of Labor Statistics, U.S. Department of Labor or the successor index or federal agency. Tips or gratuities received by employees shall not be credited as being any part of or offset against the wage rate required by this section and the wage rate may not be waived except in a bona fide collective bargaining agreement but only if the waiver is

explicitly set forth in such agreement in clear and unambiguous terms.

The department of transportation and the airport corporation shall require every employer doing business at the airports pursuant to a concession contract or subcontract entered into with the airport corporation after the effective date of this section to retain as its employees for a minimum period of 120 days, during which they may be terminated only for cause, workers who are employed by the previous concessionaire or who were employed at the end of that concessionaire's contract and who have been displaced. The employer shall retain such workers in the same or equivalent job classifications as they held under the previous concessionaire and if more workers are eligible for retention than there are positions in the new or expanded concession, the employer shall give such workers preference for future employment in order of their seniority, as determined by their total length of service at the airports under one or more concessionaires.

2) Relating to the Procurement Code:

(6) Shall be exempt from the provisions of chapter 103D; provided that an invitation for bid for construction shall

specify that all bids include the name of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and scope of the work to be performed by each; provided that other construction bids that do not comply with this requirement may be accepted if acceptance is in the best interest of the State and the value of the work to be performed by the joint contractor or subcontractor is equal to or less than one per cent of the total bid amount; and that [-]prior to the implementation of the exemption, the corporation shall adopt rules pursuant to chapter 91; provided further that the corporation shall consult with the state procurement office prior to adopting the rules.

It is crucial to address these issues before moving forward to create a new system for running our airports. Thank you for your consideration.



Labor Peace and Worker Retention at North American Airports

The following North American airports have required concessions operators to guarantee labor peace and provide for worker retention. These requirements have come in the form of both policies/laws and RFP requirements.

Airport	Worker Retention	Labor Peace
Los Angeles International Airport		
Ontario California International Airport (LAWA)	X	X
O'Hare International Airport		
Midway International Airport (City of Chicago)		X
JFK International Airport		
LaGuardia International Airport	X	X
Newark International Airport (Port Authority of NY & NJ)		
San Francisco International Airport	X	X
Miami International Airport		X
Boston Logan International Airport		X
Philadelphia International Airport		X
Oakland International Airport	X	X
Austin International Airport		X
Seattle-Tacoma International Airport	X	X
Mineta San José International Airport	X	
Minneapolis-Saint Paul International Airport	X	X
Fort Lauderdale Hollywood International Airport	X	
George Bush Intercontinental Airport (Houston)	X	
Louis Armstrong New Orleans International Airport	X	
Phoenix Sky Harbor International Airport	X	



Airport Service and Revenue Stability, or Labor Peace, Policies

Major cities and airports across the country have adopted policies for terminal concessions operations that prevent walkouts, boycotts and other disruptions that could interrupt service to the public and revenues to the public treasury.

Airport authorities in Boston, Chicago, Los Angeles, Miami, Newark, New York, Oakland, Philadelphia, and San Francisco have all enacted these policies to avoid labor disruptions in their airport food and retail concessions programs.

These policies require developers and food and retail operators to have a labor peace agreement with a labor union in order to sign a lease. Under such an agreement, the union agrees not to picket, strike, or boycott the business. The agreements do not require any concessionaire to recognize a union or engage in collective bargaining and they do not establish wage rates, benefits or any other terms of employment. All this is left for private-sector decision-making.

Frequently Asked Questions

Q: Does this mean employees have to be represented by a union?

A: No. Labor Peace Agreements do not require any concessionaire to be unionized. And under federal law, an employer may not recognize a union unless it has been authorized by a majority of the employees as their representative.

Q: Do employees have to be members of the union?

A: These agreements do not require any employee to join the union – or to support it as their representative. This is entirely up to employees themselves.

Q: What if employees do not want a union?

A: Then they will not have one. These agreements do not make them accept union representation against their will, and federal law prohibits it.

Q: What has to be in a “labor peace” agreement?

A: A labor peace agreement must include an agreement that the union agrees not to picket, strike, or boycott the business.

Q: If an employer recognizes the union, then what happens?

A: The employer and the union negotiate a collective bargaining agreement. The airport is not involved.

Q: What union contract do employers have to agree to?

A: These agreements do not require an employer to agree to anything in a collective bargaining agreement. What a collective bargaining agreement contains is entirely up to the union and the employer.

IRONWORKERS STABILIZATION FUND

March 11, 2019

Henry Aquino, Chair
Committee on Transportation
House of Representative
State Capitol
415 S. Beretania Street
Honolulu, Hawaii 96813

Dear Honorable Chair Aquino and Members of the Committee on Transportation:

Re: Suggestion of Language for SB 666 SD2 – Relating to Airport Corporation

We are suggesting language for SB 666 SD2, Relating to Airport Corporation.

First, it should be recognized that the HRS 103D was created by the state legislature to have a fair process for contractors to bid for public works project. Additionally, this language ensured that only qualified and licensed contractors and subcontractors can work on a government project. Without these assurances public safety and welfare would be put at risk.

As such, the language that is now in SB666 SD2 does not provide these assurances and will not if this bill becomes law. Therefore we suggest a change to the language as follow:

The corporation shall be subject to HRS chapter 103D; provided that the chief executive officer shall serve as chief procurement officer pursuant to sections -2(i)(9) and 103D-203.

Our union alone has over 100 “mom and pop” specialty contractors who would be going out of business if SB666 SD2, as presently drafted, would be made into law. This does not take into account the other 68 plus specialty license out there that have been trained to do this work.

The overriding public policy of protecting the general public should not be compromised if the proposed agency is created deleting HRS Chapter 103D.

March 13, 2019

The Honorable Henry J.C. Acquino, Chair
The Honorable Troy Hashimoto, Vice Chair
and members
House Committee on Transportation
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Comments for SB666, RELATING TO AN AIRPORTS CORPORATION

Dear Chair Acquino, Vice Chair Hashimoto, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Laborers' International Union of North America, Local 368; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

While we understand the need for a separate entity in to direct construction and improvement projects at our airports, we also would like to point out that many of the Airports Corporations in other jurisdictions have also negotiated Project Labor Agreements (PLAs) with the respective construction unions in that area.

SB666 does not currently contain a PLA requirement, which means that there is no guarantee that a work stoppage could be dealt with in a expedient manner, and that these jobs are not reserved for local workers.

PLAs ensure that projects continue even if there is a labor dispute among the workers on site and ensure that local workers are utilized on these critical infrastructure jobs.

I would think that the Legislature is in favor of facilitating the smooth flow of projects without disruption, and that local construction workers would be given preference to work on a project when their tax dollars are being used to fund the job.

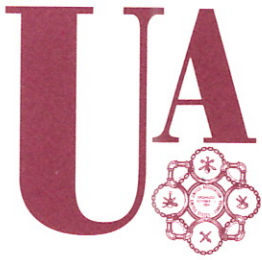
Therefore, we ask for your committee's favorable action on our comments about **SB666**.

Mahalo,



Nathaniel Kinney
Executive Director

Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org



Founded 1889

PLUMBERS AND FITTERS LOCAL 675 UNITED ASSOCIATION



LATE

March 12, 2019

Representative Henry Aquino, Chair
Representative Troy Hashimoto, Vice Chair
House Committee on Transportation
State Capitol, 415 South Beretania Street, Room 423
Honolulu, Hawaii 96813

Re: SB666, SD2 Relating To An Airport Corporation
Wednesday, March 13, 2019 at 10:00 am

Aloha Chair, Vice-Chair, and Committee Members;

Chartered in 1919, the Plumbers and Fitters UA, Local 675 is one of the oldest organized labor unions in Hawai'i and one of three 'licensed' skilled-construction trades, steeped in a rich history as one of Hawai'i's construction-industry pioneers.

The Plumber and Fitters UA Local 675, Business Manager Val Ceria and its nearly 2,300 hard-working members and their families, we would like to thank this Committee for considering SB666, SD2 relating to an Airports Corporation, which authorizes the establishment of such a Corporation within the Department of Transportation.

Local 675 appreciates and supports the general intent of SB666 SD2, to consolidate management and oversight of Hawaii's airports, including responsibility for its development, management, operation, and maintenance, and to maximize the contribution of the State's airports to Hawaii's economy. We would like to however, respectfully express our **STRONG OPPOSITION** to the exclusion of chapter 103D (HRS) which requires the application of a state procurement process when public resources are employed.

The State's procurement process, specifically chapter 103D (HRS), is very important to the construction trades, as it provides transparency and ensures that public resources are expended in a fair, responsive and responsible manner. Further, provisions in chapter 103D ensures that contractors who participate in publicly sponsored projects are properly licensed and qualified to perform the contracted work. We believe such processes protect the public's interest, minimizes unqualified contractors, excessive and costly change orders, post-award protests and bid-shopping.

As proposed, the Airports Corporation will be granted a considerable level of independence and autonomy. As such, maintaining reasonable checks and balances as provided by the inclusion of chapter 103D (HRS) ensures that the public's interests are protected. If chapter 103D (HRS) is excluded from this measure, we respectfully request that you hold SB666, SD2.

Mahalo for the opportunity to provide comments on this measure.



**International Union of Painters and Allied Trades
District Council 50**

LATE

2240 Young Street
Honolulu, HI 96826

Phone
808.941.0991

Fax
808.955.9091

Email
info@dc50.org

Website
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PAINTERS
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GLAZIERS
ARCHITECTURAL
AND GLASS METAL
WORKERS
808.946.3329

CARPET LINOLEUM
AND SOFT TILE
808.942.3988

DRYWALL TAPERS
FINISHERS
808.848.7766

**TO THE HOUSE COMMITTEE ON TRANSPORTATION
THIRTIETH LEGISLATURE
REGULAR SESSION OF 2019**

TIME/DATE: 10:00 A.M. - WEDNESDAY, MARCH 13, 2019

**TESTIMONY IN OPPOSITION TO
SENATE BILL NO. 666, S.D. 2, - "RELATING TO AN AIRPORTS CORPORATION."**

**TO CHAIR AQUINO AND MEMBERS OF THE HOUSE COMMITTEE ON
TRANSPORTATION:**

The International Union of Painters and Allied Trades, District Council 50 (DC50), appreciates the opportunity to provide testimony in OPPOSITION to Senate Bill No. 666, S.D. 2 – "RELATING TO AN AIRPORTS CORPORATION." My name is Lorna Woo, Director of Government Affairs, District Council 50. DC50 is an organization that represents five (5) local unions, the Painters, Local Union 1791; the Glaziers Architectural and Glass Metal Workers, Local Union 1889; the Carpet Linoleum and Soft Tile, Local Union 1926; the Drywall, Tapers Finishers, Local Union 1944 and the Pearl Harbor Metal Trades Specialty Workers, Local Union 1944 – approximately 2000 members statewide.

This measure establishes an airports corporation within the Department of Transportation which would carry out the functions and the authority to manage and operate all of the State's airport facilities. DC50 has major concerns regarding the exclusion of the Chapter 103D language from the measure and feels that it is imperative that the following amendments are inserted into this measure: "In an invitation to bid, the Corporation shall specify that all bids include the name of each

person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and the scope of the work to be performed by each.”

The inclusion of this language would ensure the protection against unscrupulous contractors who may attempt to bid shop or bid peddle subcontractors. By inserting this provision, contractors will be given an opportunity to bid on projects on an even playing field.

Thank you for the opportunity to provide testimony in OPPOSITION to Senate Bill No. 666, S.D. 2.

SB-666-SD-2

Submitted on: 3/11/2019 5:05:11 PM

Testimony for TRN on 3/13/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Miyahira	Individual	Support	No

Comments:

The current system that manages our airports involves several state agencies. This creates a cumbersome process in order to get meaningful work accomplished. The proposed independent corporation will hopefully enable decisions to be made quicker as well as provide a streamlined process for budgeting and procurement.

SB-666-SD-2

Submitted on: 3/11/2019 6:06:56 PM

Testimony for TRN on 3/13/2019 10:00:00 AM

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

Comments:

From: Joli Tokusato <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 3:04 PM
To: TRNtestimony
Cc: jolitokusato@gmail.com
Subject: Oppose SB 666 SD2

From: Joli Tokusato <jolitokusato@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

- 1) Labor peace. Labor peace is about protecting the State's financial interests.
- 2) Worker retention. The State should ensure that workers can expect continuity of their employment.
- 3) Living wage. A living wage standard should be instituted for all employers doing business within the airport areas. This should include companies that do business directly with the state as well as their subcontractors. We believe one job should be enough for working people to live in Hawaii.
- 4) Exemption from the Procurement Code. The expenditure of public money must be done in a transparent and open way to ensure public confidence in government.

Other major airports across the country have adopted similar policies. I urge you to oppose SB 666 SD2 unless the above amendments are made.

Sincerely,
Joli Tokusato

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Paola Rodelas <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 2:57 PM
To: TRNtestimony
Cc: paolarodelas@gmail.com
Subject: Oppose SB 666 SD2

From: Paola Rodelas <paolarodelas@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Other major airports across the country have adopted similar policies. I urge you to oppose SB 666 SD2 unless the above amendments are made.

Sincerely,
Paola Rodelas
Kalihi Valley resident

--

This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Jessica Hardway <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 3:13 PM
To: TRNtestimony
Cc: jhardway@5.unitehere.org
Subject: Oppose SB 666 SD2

From: Jessica Hardway <jhardway@5.unitehere.org>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

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Other major airports across the country have adopted similar policies. I urge you to oppose SB 666 SD2 unless the above amendments are made.

Sincerely,
Jessica Hardway

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Lisa Grandinetti <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 3:13 PM
To: TRNtestimony
Cc: lisanakagrand@gmail.com
Subject: Oppose SB 666 SD2

From: Lisa Grandinetti <lisanakagrand@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Other major airports across the country have adopted similar policies. I urge you to oppose SB 666 SD2 unless the above amendments are made.

Sincerely,

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Marshall Cacalda <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 3:20 PM
To: TRNtestimony
Cc: mcacalda@5.unitehere.org
Subject: Oppose SB 666 SD2

From: Marshall Cacalda <mcacalda@5.unitehere.org>
Subject: Oppose SB 666 SD2

Message Body:

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Sincerely,

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Marsha Bruhn <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 3:27 PM
To: TRNtestimony
Cc: mbruhn@5.unitehere.org
Subject: Oppose SB 666 SD2

From: Marsha Bruhn <mbruhn@5.unitehere.org>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

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Other major airports across the country have adopted similar policies. I urge you to oppose SB 666 SD2 unless the above amendments are made.

Sincerely,

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Chris Abe <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 3:35 PM
To: TRNtestimony
Cc: chrisabe543@gmail.com
Subject: Oppose SB 666 SD2

From: Chris Abe <chrisabe543@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

- 1) Labor peace. Labor peace is about protecting the State's financial interests.
- 2) Worker retention. The State should ensure that workers can expect continuity of their employment.
- 3) Living wage. A living wage standard should be instituted for all employers doing business within the airport areas. This should include companies that do business directly with the state as well as their subcontractors. We believe one job should be enough for working people to live in Hawaii.
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Sincerely,

--
This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Benjamin Sadoski <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 3:40 PM
To: TRNtestimony
Cc: bsadoski@5.unitehere.org
Subject: Oppose SB 666 SD2

From: Benjamin Sadoski <bsadoski@5.unitehere.org>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Sincerely,

--

This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Faustino Molina <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 3:43 PM
To: TRNtestimony
Cc: paupaumolina1226@gmail.com
Subject: Oppose SB 666 SD2

From: Faustino Molina <paupaumolina1226@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Other major airports across the country have adopted similar policies. I urge you to oppose SB 666 SD2 unless the above amendments are made.

Sincerely,
Faustino M.

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Jason Murai <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 3:43 PM
To: TRNtestimony
Cc: jmurai93@gmail.com
Subject: Oppose SB 666 SD2

From: Jason Murai <jmurai93@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Other major airports across the country have adopted similar policies. I urge you to oppose SB 666 SD2 unless the above amendments are made.

Sincerely,

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Nathan Yuen <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 4:05 PM
To: TRNtestimony
Cc: 808nateyuen@gmail.com
Subject: Oppose SB 666 SD2

From: Nathan Yuen <808nateyuen@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Other major airports across the country have adopted similar policies. I urge you to oppose SB 666 SD2 unless the above amendments are made.

Sincerely,
Nathan Yuen

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Chester corpuz <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 4:36 PM
To: TRNtestimony
Cc: cwcworpuz@gmail.com
Subject: Oppose SB 666 SD2

From: Chester corpuz <cwcworpuz@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Sincerely,

--
This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Jun Shin <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 7:51 PM
To: TRNtestimony
Cc: junshinbusiness729@gmail.com
Subject: Oppose SB 666 SD2



From: Jun Shin <junshinbusiness729@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Sincerely,

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Cindy Aban <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 5:54 PM
To: TRNtestimony
Cc: caban54@gmail.com
Subject: Oppose SB 666 SD2



From: Cindy Aban <caban54@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Other major airports across the country have adopted similar policies. I urge you to oppose SB 666 SD2 unless the above amendments are made.

Sincerely,
Cindy Aban
Medical Assistant
Unite Here Local 5 member
Waipahu

--

This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Nenita Cabanilla <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 5:55 PM
To: TRNtestimony
Cc: caban54@gmail.com
Subject: Oppose SB 666 SD2



From: Nenita Cabanilla <caban54@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Other major airports across the country have adopted similar policies. I urge you to oppose SB 666 SD2 unless the above amendments are made.

Sincerely,
Nenita Cabanilla
Waipahu

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Morgan Evans <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 6:09 PM
To: TRNtestimony
Cc: mevans@5.unitehere.org
Subject: Oppose SB 666 SD2



From: Morgan Evans <mevans@5.unitehere.org>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Sincerely,

--
This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Nick Chagnon <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 7:55 PM
To: TRNtestimony
Cc: nsurfecoast@gmail.com
Subject: Oppose SB 666 SD2



From: Nick Chagnon <nsurfecoast@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Sincerely,

--
This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Nanea Lo <wordpress@aikeahawaii.org>
Sent: Tuesday, March 12, 2019 11:06 PM
To: TRNtestimony
Cc: naneaclo@gmail.com
Subject: Oppose SB 666 SD2



From: Nanea Lo <naneaclo@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Sincerely,

--
This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

From: Cleo Mckeague <wordpress@aikeahawaii.org>
Sent: Wednesday, March 13, 2019 8:08 AM
To: TRNtestimony
Cc: cwaimeagirl10@gmail.com
Subject: Oppose SB 666 SD2



From: Cleo Mckeague <cwaimeagirl10@gmail.com>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Sincerely,

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

LATE

TRNtestimony

From: James McDonough <wordpress@aikeahawaii.org>
Sent: Wednesday, March 13, 2019 10:32 AM
To: TRNtestimony
Cc: james_mcdonough@fastmail.fm
Subject: Oppose SB 666 SD2

From: James McDonough <james_mcdonough@fastmail.fm>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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Sincerely,

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This e-mail was sent from a contact form on AiKea Hawaii (<http://www.aikeahawaii.org>)

TRNtestimony

From: Schay K. Iona <wordpress@aikeahawaii.org>
Sent: Wednesday, March 13, 2019 11:49 AM
To: TRNtestimony
Cc: siona@5.unitehere.org
Subject: Oppose SB 666 SD2



From: Schay K. Iona <siona@5.unitehere.org>
Subject: Oppose SB 666 SD2

Message Body:

Aloha, Chair Aquino and Committee Members:

I oppose SB 666 SD2 in its current form. I am concerned about the impact of an Airports Corporation on the people who work at the airports. I'd like to see the following amendments so that SB 666 can be a means to protect working people throughout the airport system, help their jobs become good jobs, protect airport system revenues, protect the tourism industry, and protect the image of our state:

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