



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

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

Before the
Senate Committee on Transportation
January 30, 2019
1:15 p.m., Conference Room 225

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

Chair Inouye, Vice Chair Harimoto, and committee members:

Thank you for the opportunity to provide comments in Support for **Senate Bill 666** 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.

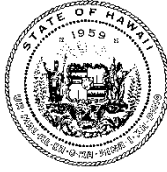
Currently, the responsibility of development, management, operation, and maintenance of all of the State's airports is distributed amongst several state agencies. This creates unnecessary delays in projects and restricts the airport system from keeping up to the standards of other leading global destinations.

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.

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

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
BONNIE KAHAKUI
ASSISTANT ADMINISTRATOR

STATE OF HAWAII
STATE PROCUREMENT OFFICE

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Honolulu, Hawaii 96810-0119
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email: state.procurement.office@hawaii.gov
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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
TRANSPORTATION
January 30, 2019, 1:15 PM

SB 666
RELATING TO AN AIRPORTS CORPORATION

Chair Inouye, Vice Chair Harimoto, and members of the Committee, thank you for the opportunity to submit testimony on SB 666. 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.

1. This Bill is attempting to exempt the Corporation from the Procurement Code. However, SPO is concerned with the legality of the verbiage on Section 2, Page 11, Lines 12-14:

“(6) May establish rules pursuant to chapter 91 that supersede chapter 103D” be amended to “May establish rules pursuant to chapter 91.”

Concern: Rules cannot supersede Statute. There are multiple Supreme Court Cases in which Government has lost due to implementing Rules that are less restrictive than Statute.

Recommendation: At a minimum, the Corporation should continue procuring under the Procurement Code until the Corporation has written policies and procedures that have been reviewed by SPO and approved by the board of directors of the Hawaii Airports Corporation.

SPO recommends using the following verbiage:

“(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 chapter 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:”

2. This Bill details the minimum requirements the Corporation shall implement in respect of its exempt procurement process in Section 2, on Pages 11 (Lines 18-20), 12, 13, and Page 14 (Lines 1-9).

Concern: This list excludes specific language in Page 13, Line 9-11 that talks to best value procurements, deliverable-based payments and limiting time and material contracts. Additionally, the entire list is written in passive language.

Recommendation: Reframe list in active voice as per SB1281 and SB1536, and include the missing verbiage as follows:

- (A) *A chief procurement officer position shall be established to oversee a centralized set of procurement professionals to conduct procurement;*
- (B) *The board of directors shall maintain internal policies and procedures for the timely and efficient procurement of goods and services, including planning, engineering, and construction services, to include post-award contract management and oversight procedures, that are consistent with the goals of public accountability and public procurement practices;*
- (C) *Procurement policies shall be published and available to the public;*
- (D) *The corporation shall implement and maintain an electronic procurement system to ensure electronic posting, to include requisition-to check, contract management, and spend analysis modules. All solicitations, including any bid openings, and additional solicitation documents shall be publicly available online;*
- (E) *The corporation shall develop 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) *The corporation shall develop a training and procurement delegation system;*

- (G) *Professional services contracts for licensees under chapter 464 shall be procured in accordance with section 103D-304; whereas all other services may be procured using best value competitive proposals and using, insofar as practical, deliverables as a payment method and limiting use of time and materials contracts;*
- (H) *Cost plus percentage of cost type contracts shall be disallowed;*
- (I) *Insofar as practical, and based on specifications developed, adequate and reasonable competition of no fewer than three proposals shall be solicited for each project;*
- (J) *Factors, including quality, warranty, delivery, and full lifecycle costs to include handover, surge, and disaster preparedness factors, and a best-value award, to include a past performance evaluation factor, shall be considered in determining the offeror with the most advantageous proposal;*
- (K) *The procurement requirements shall not be artificially divided or parceled so as to avoid competitive bidding or competitive proposals; and*
- (L) *The corporation shall implement a dispute resolution process for procurement award and post-award contract actions.*

3. Section 9, Page 42, Lines 1-9 correctly add the Corporation as an exempt entity.

Thank you.



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kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

David Y. Ige
Governor

Chris Tatum
President and Chief Executive Officer

Statement of
CHRIS TATUM

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON TRANSPORTATION

Wednesday, January 30, 2019
1:15 PM
State Capitol, Conference Room #225

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

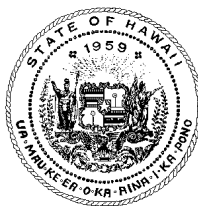
Chair Inouye, Vice Chair Harimoto and members of the Committee on Transportation, the Hawai'i Tourism Authority (HTA) **strongly supports** Senate Bill 666 which established a Hawai'i Airports Corporation within the Department of Transportation for administrative purposes.

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. We appreciate this 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

Deputy Director
Administration

Jodie F. Maesaka-Hirata
Deputy Director
Corrections

Renee R. Sonobe Hong
Deputy Director
Law Enforcement

No. _____

**TESTIMONY ON SENATE BILL 666
RELATING TO AN AIRPORTS CORPORATION**

by

Nolan P. Espinda, Director
Department of Public Safety

Senate Committee on Transportation
Senator Lorraine R. Inouye, Chair
Senator Breene Harimoto, Vice Chair

Wednesday, January 30, 2019; 1:15 p.m.
State Capitol, Conference Room 225

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

The Department of Public Safety (PSD) supports Senate Bill (SB) 666, 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 present this testimony.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Transportation
January 30, 2019 at 1:15 p.m.

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

SB 666 – RELATING TO AN AIRPORTS CORPORATION

Chair Inouye, Vice Chair Harimoto, and members of the committee:

Thank you for the opportunity to submit testimony on SB 666 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, 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 OF
HAWAII



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

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the Senate Committee on
TRANSPORTATION

Wednesday, January 30, 2019
1:15pm
State Capitol, Conference Room 225

In consideration of
SENATE BILL 666
RELATING TO AN AIRPORTS CORPORATION

Senate Bill 666 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. **The Department of Land and Natural Resources (Department) supports 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.



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

January 30, 2019
1:15 p.m.
State Capitol, Room 225



S.B. 666
RELATING TO AN AIRPORTS CORPORATION

Senate Committee on Transportation

The Department of Transportation (DOT) **strongly supports** Senate Bill 666 which establishes a Hawaii Airports Corporation (HAC) within the Department of Transportation for administrative purposes.

DOT recommends the following revision:

- (1) Section 2, Part II, Audits: The State Auditor shall conduct management and financial audits of the corporation for fiscal year 2023 and every second year thereafter.

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

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

The DOT requests that the Hawaii Airport Corporation shall have its own Chief Procurement Officer (CPO) jurisdiction within HRS Chapter 103D, and the Chief Executive Officer shall delegate procurement authority to the corporation's CPO with full authority to develop and implement procedures for the timely and efficient procurement of professional services; planning, engineering, and construction services; and services and material as may be required for the development, management, and operation of the airport system, consistent with accepted standards of probity, transparency, and accountability for a public body. This would allow the Hawaii Airport Corporation to develop more efficient internal processes and give it authority over its own procurements, but still maintain the higher level policies of the State Procurement Code and Rules.

DOT believes that an independent Airport Corporation, operating airports to achieve their full potential, would maximize their contribution to the State economy, improve global access and inter-island mobility, and in so doing, strengthen their critical role in sustaining the social and cultural fabric of the State.

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

DAVID Y. IGE
GOVERNOR



RYKER WADA
DIRECTOR

JASON MINAMI
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

January 29, 2019

**TESTIMONY TO THE
SENATE COMMITTEE ON TRANSPORTATION**

For Hearing on Wednesday, January 30, 2019
1:15 p.m., Conference Room 225

By

RYKER WADA
DIRECTOR

Senate Bill No. 666
Relating to an Airports Corporation

WRITTEN TESTIMONY ONLY

TO CHAIRPERSON LORRAINE INOUE, VICE-CHAIR BREENE HARIMOTO AND
MEMBERS OF THE COMMITTEE:

The purpose of Senate Bill No. 666 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.

The Department of Human Resources Development ("DHRD") supports the intent of this measure.

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

LATE



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

ON THE FOLLOWING MEASURE:

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

LATE

BEFORE THE:

SENATE COMMITTEE ON TRANSPORTATION

DATE: Wednesday, January 30, 2019 **TIME:** 1:15 p.m.

LOCATION: State Capitol, Room 225

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

Chair Inouye 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. To exempt up to two of the members of the Corporation's Board of Directors ("Board") from the requirement in section 78-1(b), Hawaii Revised Statutes (HRS), that appointed officers of the State, including members of boards and commissions be residents of the State, paragraph (4) of subsection (b) on page 6, lines 10-12 should be revised to read:

- (4) Notwithstanding the state residency provisions of section 78-1(b), up to no more than two members may be non-residents of the State.

2. Subsection (b) at lines 12-13 on page 5 provides that the powers of the Corporation are vested in and are to be exercised by the Board. However, subsection (g) on page 7, lines 13-15, provides that the Corporation shall be headed by the Chief

Executive Officer (CEO). To make clear that the head of the Corporation is its Board, not its CEO, lines 13-17 on page 7 should be revised to read:

(g) The board of directors of the airports corporation shall appoint a single executive to be known as the chief executive officer of the Hawaii airports corporation, who shall:

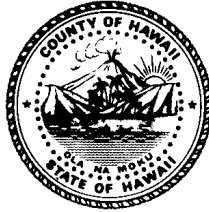
3. The "Audits" section on page 26, lines 1-2, of the bill references the Code of Federal Regulations (CFR). The CFR citation should also include the applicable part. Accordingly, lines 1-2 on page 26 should be revised to read "of 1984 (as amended) and in Title 2 Code of Federal Regulations Part 200, Subpart F, to the auditor."

4. This bill authorizes the Corporation to establish a procurement system for itself, if the Board adopts rules pursuant to chapter 91, HRS, that address and satisfy the detailed conditions included in subsection (a)(6) of the new section -3 starting on page 11, line 18, through page 14, line 9, of the bill. Given this, and to avoid confusion, section 9 of the bill on page 42, lines 1-9, should be deleted, and subsection (a)(6) on page 11, lines 12-17, is amended to read: "Shall be exempt from the provisions of chapter 103D, provided that the corporation adopts rules that provide, at a minimum for the following:"

5. Page 62, line 11: "airports corporations" should be revised to read "airports corporation."

Thank you for the opportunity to comment on this bill.

County of Hawai'i
Council District 9 -
North and South Kohala



Phone: (808) 961-8564
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Chair: Committee on Agriculture,
Water, Energy, and Environmental
Management

Vice Chair: Committee on Finance

HERBERT M. "TIM" RICHARDS, III
HAWAI'I COUNTY COUNCIL - DISTRICT 9
25 Aupuni Street, Ste. 1402, Hilo, Hawai'i 96720

LATE

January 28, 2019

Senate Committee on Transportation
Honorable Senator Lorraine R. Inouye, Chair
Honorable Senator Breene Harimoto, Vice Chair
Submission via online testimony

RE: **Support of SB 666**
Hearing Date/Time: January 30, 2019 at 1:15 p.m.

Dear Senators:

As the Chair of the Committee on Agriculture, Water, Energy, and Environmental Management for the Hawai'i County Council, I thank you for the opportunity to submit **testimony in SUPPORT of SB 666**. It is important that a Hawai'i Airports Corporation be established within the Department of Transportation for administrative purposes.

Please feel free to contact me should you need to discuss my position and knowledge of this matter further.

Sincerely,

HERBERT M. "TIM" RICHARDS, III
Hawai'i County Council, District 9

ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES
of Hawaii

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January 25, 2019

Senate Committee on Transportation

Hearing Date: Wednesday, January 30, 1:15 p.m., Conference Room 225

Subject: SUPPORT - SB 666, Relating to an Airports Corporation

Dear Chair Inouye, Vice-Chair Harimoto, and Members of the Committee:


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

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

Therefore, we support the bill with its language requiring that professional services be procured in accordance with HRS 103D-304.

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

Respectfully submitted,
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII



Sean Sugai, P.E.
President

SAH - Subcontractors Association of Hawaii

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

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

January 30, 2019

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

Presented By: Tim Lyons, President

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

Chair Inouye 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 5, 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, this Committee 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.



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

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

Committee on:
Transportation

Senate Bill 666: Relating to an Airports Corporation

Chair Inouye and members of the Committee on Transportation, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers — strongly supports Senate Bill 666 which would establish a Hawai'i airports corporation. For HLTA, the state's largest private sector visitor industry organization, we have advocated in support of an airports authority/corporation for three years now. This measure is one of our major objectives.

The Department of Transportation is a very large state department which is responsible for our roads, harbors, and airports. Our state's airports serve as the first and last impression to those visiting our islands. Given the importance of our airports, we fully support the establishment of a state airport corporation. The corporation would give a laser-like focus to streamlining operations, increasing economic opportunities, goal setting, expediting improvements of all of our state airports, and assisting all those involved with our airports to achieve quicker and more efficient results.

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

It is imperative that we keep our airports at the forefront of our state's priorities. Visitors to our islands are always impressed when they experience examples of our Aloha Spirit and the beauty of our Native Hawaiian culture - our airports can be one of the best venues to experience these memorable moments. Additionally, these sorely needed airport improvements will not come from the state's general fund or by tax payers dollars, rather they are paid by the airlines and concessionaires that utilize the airports coupled with the existing passenger facility fees already included in the airfares. In short, HLTA enthusiastically supports an airport corporation as the over- arching entity to oversee our airports' planning, management and marketing and development; all under one umbrella. We urge you to pass this bill expeditiously and let's work together in getting this long overdue measure on Governor Ige's desk for his approval.

Mahalo for your favorable consideration of Senate Bill 666.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Transportation
Wednesday, January 30, 2019 at 1:15 P.M.
Conference Room 225, State Capitol**

RE: SENATE BILL 666 RELATING TO AN AIRPORTS CORPORATION

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

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



Eric W. Gill, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Godfrey Maeshiro, Senior Vice-President

January 28, 2019

Transportation Committee, Hawaii State Senate

Re: Testimony with comments on SB 666 instituting an Airports Corporation

Aloha Chair Inouye and members of the Transportation Committee:

UNITE HERE Local 5 represents 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. **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.
3. **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).

4. **Free speech:** Airports are public spaces in which the freedom of expression is becoming increasingly important. The racist actions of the Trump administration in particular have called into question who we are as a country. Especially in Hawaii's tourist environment, it is important to show the world that we have Aloha for people from all cultures. Limiting free speech in the Trump era is the same as complicity in bigotry and racism. Current airport policies restricting free speech are unconstitutional as written. We need to ensure that as control of the airports changes hands, unconstitutional policies do not result in expensive litigation and/or a tool to promote xenophobia. SB 666 provides a vehicle to protect free speech rights.

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



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: January 28, 2019

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

RE: **SB 666 – Relating to An Airports Corporation**
Hearing Date: Wednesday, January 30, 2019 at 1:15 p.m.
Conference Room: 225

Dear Chair Inouye and Members of the Senate 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 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 and respectfully request that the Committee pass this measure. Thank you for the opportunity to submit this testimony.



TESTIMONY TO THE COMMITTEE ON TRANSPORTATION

Wednesday, January 30, 2019, 1:15 p.m.

State Capitol, Conference Room 225

TO: The Honorable Lorraine R. Inouye, Chair
The Honorable Breene Harimoto, Vice Chair
Transportation Committee Members

TESTIMONY IN SUPPORT OF SB666 RELATING TO AIRPORTS CORPORATION

I am Peter Ho, Chairman, President and CEO of Bank of Hawaii, testifying in support of SB666 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.

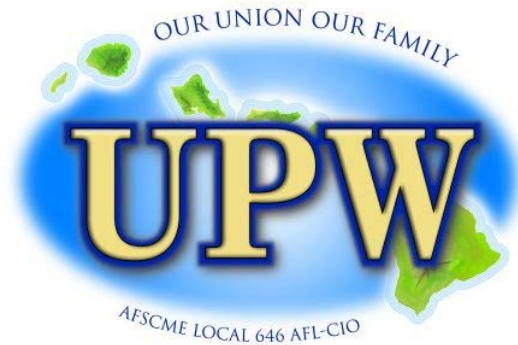
Each year, we continue to see increased traffic at all of our airports and the daily demands on infrastructure have only heightened the sense of urgency to transform the airport system. Additionally, along with the transformation can come new economic development and revenue-generating opportunities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

Respectfully submitted,

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



THE HAWAII STATE SENATE
The Thirtieth Legislature
Regular Session of 2019

COMMITTEE ON TRANSPORTATION
Senator Lorraine Inouye, Chair
Senator Breene Harimoto, Vice Chair

Date of Hearing: Wednesday, January 30, 2019
Time of Hearing: 1:15 p.m.
Place of Hearing: Conference room 225
State Capitol

UPW COMMENTS ON SB666 RELATING TO AN AIRPORT CORPORATION

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

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and four counties. The UPW also represents about 1,500 members in the private sector.

The Daniel K. Inouye International Airport is a major driver of the economy in Hawaii for all the four counties. As such, it must be protected, safeguarded, improved and managed to the benefit of our citizens in Hawaii. We must therefore look further than the next two years as the Legislature debates the bills on the development of a Hawaii Airport Corporation. The problem is *climate change* and its potentially damaging effect on the Daniel K. Inouye International Airport, supporting facilities and infrastructure. It is acknowledged that many do not believe in the issue of climate change but the UPW places its reliance on the scientific findings of our scientists at the University of Hawaii and allied scientific agencies (Hawaii Sea Level Rise Vulnerability and Adaptation Report 2017 by Tetra Tech and the state DLNR).

Honolulu Mayor Kirk Caldwell announced on November 26, 2018 that, “[There is] No more important issue than climate change” after he reviewed the Fourth National Climate Assessment Report from the Honolulu Climate Change Commission. Mayor Caldwell is taking action. The United Nations Secretary-General on September 2018 calls climate change “the defining issue of our time” and appeals for urgent action from world leaders.

According to Climate Central, published on June 18, 2013, an independent organization of leading scientists and journalist researching and reporting the facts about climate change and its impact on the public the following airports are most vulnerable to sea level rise:

San Francisco International, Oakland International, *Honolulu International (Daniel K. Inouye International Airport)*, New Orleans Louis Armstrong International, Tampa International, Miami International, Ft. Lauderdale International, Ronald Regan Washington International, Newark Liberty International, LaGuardia, Philadelphia International and John F. Kennedy International.

As SB666 moves through the legislative process, we strongly recommend it include the question of, “What do we (public and private sector) do to protect, preserve, the Daniel K. Inouye International Airport from the effects of climate change and whether a provision should be included in the bill for DOT or other agency, private or public, to develop initial plans and revenue sources immediately for mitigating measures for DKI International Airport.

President Barack Obama stated this about climate change, “We are the first generation to feel the effects of climate and the last generation who can do something about it.”

Thank you for the opportunity to submit these comments.



AIRPORT CONCESSIONAIRES COMMITTEE

Honorable Lorraine Inouye, Chair
Committee on Transportation
Hawaii State Senate

Hearing: January 30, 2019; 1:15 pm, Room 225

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

Dear Chair Inouye 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 the 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 operation costs.

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

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

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

Airports are an important economic hub and needs to run and operate in a business fashion quickly and efficiently. Unfortunately, such has not been the case under the present organization 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.

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.

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. 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.



January 30, 2019

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

Aloha Chairwoman Inouye, Vice Chairman Harimoto and members of the Senate 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. 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 that depends on the convening of a part-time Legislature has proven to be inefficient. 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. But the process has failed us, year after year.

S.B. 666 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, 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 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 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.

Few disagree that our airports need an upgrade. A decade ago, the ACH endorsed plans for a wholesale modernization of Honolulu's airport, to begin with the construction of a new Mauka Concourse. The first enabling project of those plans was to be the construction of a new cargo and maintenance facility. That facility was finally completed last October, several years late and tens of millions over budget.

This project is not an exception to the rule. The tortured path of delays and cost overruns experienced by the new cargo and maintenance project merely illustrates the inefficiency an Airports Corporation will fix. The millions saved on that project alone is money that the private users of the airport could have invested in growing our businesses, resulting in increased jobs, payroll taxes and a host of related benefits.

Opponents of S.B. 666 believe that an Airports Corporation will obscure accountability for the expenditure of funds. Delays in the tens of millions of dollars suggest that, in fact, accountability is absent in the current system. On the contrary, an Airports Corporation would create a CEO management structure that operates year-round to oversee and manage the private money that is dedicated to improving the guest experience at our state's airports. And, in fact, it will deliver much more transparency than the current system provides. It will deliver results, jobs on the street with short, mid and long-term construction projects.

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



Maui Hotel & Lodging

ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

SB 666

Relating To An Airport Corporation

COMMITTEE ON TRANSPORTATION

Wednesday, January 30, 2019, 1:15 pm

Conference Room 225

Dear Chair Inouye, Vice Chair Harimoto 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**, 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, the Director of Transportation, and the Governor, which shall be no later than 12/31/2022.

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.



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



January 29, 2019

To: Senate Committee on Transportation
Honorable Chairperson Lorraine Inouye & Vice Chairman Breene
Harimoto

Senate Committee on Ways and Means
Honorable Chairperson Donovan Dela Cruz & Vice Chair Gilbert Keith-
Agaran

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

Subject: SB 666 Relating to an Airports Corporation

Notice of Hearing

Date: Wednesday, January 30, 2019
Time: 1:15 PM
Place: Conference Room 225
State Capitol
415 South Beretania Street

Dear Chairs Inouye, Dela Cruz 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 Contractors Association (NECA). ECAH **Supports with amendment** the intent and purpose of SB 666 that establishes the Hawaii Airports Corporation (Corporation) which shall assume all the authority, powers, functions, duties and responsibilities of

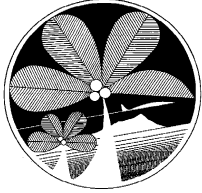
the Department of Transportation related to aeronautics and airports. Our support is dependent on the inclusion of the following to the measure, “In an invitation to bid, the Corporation shall specify that all bids include the name of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and the scope of the work to be performed by each.” This will provide the Corporation with the names of all of the contractors, joint contractors and subcontractors involved in the project. This primarily provides protection of any unethical activity of bid shopping or bid peddling. Bid shopping and bid peddling only enriches the bidding contractors and not the Corporation at the expense of the subcontractor(s). This is after the subcontractors have submitted their low bid to the prime or general contractors and only encourages change orders in order to make up for the losses.

Over 50 years ago, the California legislature passed the Subcontractor Listing Law to prevent the unfair practice of bid shopping and bid peddling. Their legislature found that the practice of bid shopping and bid peddling often resulted in poor quality of material and workmanship to the detriment of the public and deprived the public of the full benefits of fair competition among prime contractors and subcontractors. In the past, opponents of the sublisting requirement have cited that Federal projects do not always require a sublisting. This is not a good reason for the State of Hawaii to follow. The fact is many qualified local sub-contractors refuse to bid federal projects because it doesn't provide the protection to sub-contractors. This action prevents the procurement agency from receiving the best and most qualified contractors and sub-contractors.

Based on the above, ECAH **Supports with amendment** the passage of SB 666 and encourage this committee to approve this bill.

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



January 30, 2019

Senator Lorraine Inouye, Chair
Senator Breene Harimoto, Vice Chair
Senate Committee on Transportation

Re: SB 666 - RELATING TO AN AIRPORTS CORPORATION – IN STRONG SUPPORT
Conference Room 225 – 1:15 PM

Aloha Chair Inouye, Vice Chair Harimoto 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, 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 appreciate your leadership on this measure.

Sincerely,

Blaine Miyasato
ACH Co-chair

Matthew Shelby
ACH Co-chair

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



LATE

Testimony to the Senate Committee on Transportation

Wednesday, January 30, 2019

1:15 P.M.

Conference Room 225

RE: RELATING TO AN AIRPORTS CORPORATION – SB 666

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

My name is Gary Kai and I am the Executive Director of the Hawaii Business Roundtable. The Hawaii Business Roundtable supports Senate Bill 666, relating to the establishment of an Airports Corporation.

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

The Hawaii's Visitor Industry continues to contribute to the creation of jobs and economic growth. It is a vital component of Hawaii's economy and we must all do what we can to protect it from increasing competition on a global level. Our competition provides its customers with world class airports that deliver exemplary customer experiences and comfort, while maintaining a high level of efficiency.

An Airports Corporation will be able deliver timely improvements and innovations that will be required in our rapidly changing world. We believe that Airports Corporation with a Board, with the necessary professional expertise, can provide the oversight and structure needed to create a world class operation.

Thank you very much for the opportunity to testify.

Gary K. Kai, Executive Director
Hawaii Business Roundtable



January 29, 2019

TO: Senate Committee on Transportation
FROM: Blake Parsons, Executive Director
SUBJECT: Comments on *SB. 666 - Relating To An Airports Corporation*

LATE

Chair Inouye and Members of the Committee:

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

We respectfully request that you 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". The signature is fluid and cursive, written over a light grey background.

Blake Parsons
Executive Director



Kona-Kohala

CHAMBER OF COMMERCE

January 29, 2019

RE: SB666 RELATING TO AN AIRPORTS CORPORATION

LATE

Dear Senator Inouye and the Senate Committee on Transportation,

The Kona-Kohala Chamber of Commerce is in support of SB666 RELATING TO AN AIRPORTS CORPORATION that authorizes the establishment of the Hawai'i airports corporation which shall assume the authority of the department of transportation related to aeronautics and airports and including the responsibility for the development, management, operation and maintenance of the State's airports.

The Kona-Kohala Chamber of Commerce is a 501(c)(6) non-profit organization with nearly 500 member businesses that represent a wide range of industries in the private, non-profit and public sectors in the Kona and Kohala districts on the West side of the island of Hawai'i. Our members range in size from small businesses with less than 10 employees to large corporations with over 1000 employees. Our organization exists to provide leadership and advocacy for a successful business environment in West Hawai'i.

Since our founding in 1968, the Kona-Kohala Chamber of Commerce has advocated for airport improvements. Enabling more efficient airport management, operations and maintenance is essential to the economic prosperity of our region and the State. We believe an airport corporation will benefit resident and visitor travel, provide needed infrastructure to support a prosperous business environment and ultimately, strengthen our local economy.

Sincerely,

Wendy Laros

Executive Director, Kona-Kohala Chamber of Commerce

Kona-Kohala Chamber of Commerce

75-5737 Kuakini Hwy. Suite 208 | Kailua-Kona, HI 96740

Ph. (808) 329-1758 Fax (808) 329-8564

info@kona-kohala.com | www.kona-kohala.com



Activities & Attractions Association of Hawaii
PO Box 598, Makawao, Hawaii 96768
(808)871-7947 Main (808)877-3104 Fax

Testimony to the
[COMMITTEE ON TRANSPORTATION](#)
Senator Lorraine R. Inouye, Chair
Senator Breene Harimoto, Vice Chair

LATE

Wednesday, January 30, 2019, 1:15 pm
Conference Room 225

RE: Support SB666 RELATING TO AN AIRPORTS CORPORATION

Aloha Chair Senator Inouye and Vice Chair Senator Harimoto & Members of the committee;

Mahalo for this opportunity to testify, my name is Toni Marie Davis. For the last 20 years it has been my honor to serve the Activity & Attraction industry of Hawaii through my position as the Executive Director of A3H (Activities & Attractions Association of Hawaii). A3H represents nearly 200 businesses statewide. Our members range in size from very large (over 300 employees) to very small (1-2 employees). **A3H SUPPORTS SB666.**

As the saying goes, "You never get a second chance to make a first impression". Our State's main economic engine is the Visitor Industry. The first impression of our state happens at the airport. Every touch point of a visitor's experience should be impeccable. To remain a world class visitor destination, our goal should be to have the airport experience mirror the hotel experience. Today these two are worlds apart. Kauai, Maui and Hawaii Island's airports are in need of basic repair and quality maintenance. Next time you fly in or out of these airports, take a good look around. Note the condition of the ceilings, bathrooms, floors, carpets, windows, seats, flight monitors, etc... I flew into Sacramento, CA airport over the summer. It was impressive and immaculately clean in little ole Sacramento, CA.

I believe in the US, only two other States, Alaska and Washington airports are owned and operated by government departments, like Hawaii. The reason other states have transitioned to other modes is that operating outside of the state's restriction on hiring, procurement and the natural tendency to stagnant, progress, productive efficiency and profitability may thrive. Bringing the management to a Airport Corporation should provide the ability to properly maintain, hire & train needed staff, increase revenues to improve the cleanliness and beauty of the facility. Thank you again for the opportunity to testify.

Sincerely,

Toni Marie Davis
Executive Director

THE SENATE COMMITTEE ON TRANSPORTATION
January 30, 2019
1:15 p.m., Rm. 225

Senate Bill 666
Relating To An Airports Corporation

LATE

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

Chair Inouye and Members of the Committee:

Thank you for this opportunity to submit testimony on behalf of the Painting Industry of Hawaii Labor Management Cooperation Trust Fund, Hawaii Tapers Market Recovery Trust Fund, Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund, and Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund in **opposition** to Senate Bill 266.

This measure creates a new airport corporation that will be responsible, among other things, for procuring construction work at the state's airports. The proposed corporation will, with certain exceptions, be exempt from the state procurement code, including the requirement that the proposed corporation follow the state procurement code's subcontractor listing provisions.

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

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

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

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



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON TRANSPORTATION
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 225
WEDNESDAY, JANUARY 30, 2019 AT 1:15 P.M.**

To The Honorable Lorraine R. Inouye, Chair;
The Honorable Breene Harimoto, Vice Chair; and
Members of the Committee on Transportation;

TESTIMONY IN SUPPORT OF SB666 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
President