



TESTIMONY BY:

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STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
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HONOLULU, HAWAII 96813-5097

February 15, 2022
3:30 PM
State Capitol, Teleconference

S.B. 3361
RELATING TO AIRPORTS

Senate Committee on Transportation

The Department of Transportation, Airports Division (DOTA) provides **comments** to S.B. 3361.

The bill proposes to establish an advisory working group to advise on design and construction projects that prioritizes the passenger experience, reflect the local culture, sense of place, sharing a narrative of Hawaii's Heritage, by having the advisory group set general goals and direction of the airports, review airport project needs, prior to establishing project planning, and provide feedback, and provide recommendations reflecting the goals to improve the airport.

Airports, in general, are a complex system of needs and requirements guided by safety (FAA), security (TSA), airline requirements with new aircraft (signatory airlines), county (SMA requirements), state and federal policy that affect the airports improvements at airports expense.

Years ago, the DOTA's plans were to continue to create a sense of place with aircraft open air terminals that still exist today like the koi ponds at the central concourse of Daniel K. Inouye International Airport (HNL) and Ellison Onizuka Kona International Airport. Over the years, the DOTA's airport system hub-and-spoke design gave way to new improved fuel-efficient aircraft with direct flights to Kauai, Maui, and Hawaii islands. External events also altered airport designs with overnight federalized TSA checkpoints. The DOTA has since improved its main overseas checkpoint and added a check point facility in the Mauka Concourse at the Daniel K. Inouye International Airport. It is also planning to add another checkpoint at the Kahului Airport to accommodate increased passenger volumes. The impacts from the events of 9/11, the great recession, and currently, the pandemic we are struggling with, have caused a material financial burden to the signatory airlines which operates under a residual cost system per the Airport-Airline Agreement and Bond Covenants. Changes in Administrations have affected the execution of airport plans and designs, in which projects were delayed and cancelled.

It should be noted that the DOTA retained a cultural specialist consultant who organized a community group that provided guidance and direction on the Hawaiian Sense of Place theme for both the Mauka Concourse and the Consolidated Rental Car Facility.

The DOTA understands the goals of the proposed bill and recently are re-focusing on the curb appeal and passenger experience. The desire to achieve common goals are tempered with the needs to rehabilitate airfields for safety, comply with security demands, and resiliency in balance with funding, competing airline wants, and world-wide economic, security and health requirements. The DOTA recognizes the interest of the Legislature, and as a significant stakeholder, invites the Senate and House Chairs of Transportation to meet on a quarterly basis with DOTA management and attend Airlines Committee of Hawaii meetings to voice their concerns and recommendations, rather than establish an advisory working group to advise on design and construction projects.

Thank you for the opportunity to provide testimony.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
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WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON TRANSPORTATION
ON
SENATE BILL NO. 3361

February 15, 2022
3:30 p.m.
Via Videoconference

RELATING TO AIRPORTS

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 3361 establishes the Airport Advisory Working Group in the Department of Transportation to advise on airport design and construction projects to prioritize user experience while reflecting local culture, environment, and the history of Hawai'i. This bill also appropriates an unspecified amount of general funds in FY 23 for the establishment and operation of the Airport Advisory Working Group.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.

AIRLINES COMMITTEE OF HAWAII



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Senator Chris Lee, Chair
Senator Lorraine Inouye, Vice Chair
Committee on Transportation

Re: SB 3361 – RELATING TO AIRPORTS – IN OPPOSITION
February 15, 2022; 3:30 p.m.

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

The Airlines Committee of Hawaii (ACH), comprised of 20 signatory air carriers that underwrite the State airport system, respectfully opposes SB 3361, which establishes the Airport Advisory Working Group in the Department of Transportation to advise on airport design and construction projects to prioritize user experience while reflecting local culture, environment and the history of Hawaii.

The ACH and the State Department of Transportation - Airports Division (DOT-A) coordinate closely on all capital improvement projects, with input from local and mainland consultants that have global expertise in designing and modernizing airports. The customer experience is always top of mind and we would like to avoid passengers being inconvenienced by antiquated facilities. Travelers want clean modern facilities, efficient security processes, convenient dining and shopping options, and sufficient and courteous staff. They want to get to where they need to go as quickly and efficiently as possible. The new Mauka Concourse is a prime example of the successful collaboration of the ACH, DOT-A and consultants that led to a modern and efficient concourse addition that also reflects local cultural design elements.

Unlike other State departments and authorities, the airports are self-sustaining and must meet stringent operating, safety and security standards 365 days of the year. Given that the majority of visitors to Hawaii are leisure versus business travelers, maintaining an affordable cost structure is important. Additionally, Hawaii has a uniquely complex 15-airport system that makes it very challenging to efficiently operate and maintain. It has always been our goal for Hawaii's airports to reflect the very best of our state and our culture, and meet or exceed expectations of our travelers.

While well intended, SB 3361 will add another layer of oversight, that is likely to delay the completion of airport improvement projects without much benefit.

Thank you for your consideration of the ACH's comments.

Sincerely,

Brendan Baker
ACH Co-chair

Mark Berg
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, Sun Country Airlines, United Airlines, United Parcel Service, and WestJet.

Honorable Chris Lee, Chair
Committee on Transportation
Hawaii State Senate

For Hearing: February 15, 2022, 330pm; VideoConference

Re: SB 3361– Relating to Airports

Chair Johanson and Honorable Committee Members,

My name is Ron Tang and I am the co-chair of the Legislative Committee for the Airport Concessionaires Committee which assists a majority of the concessions at Hawaii's public airports.

We stand in strong support of this bill.

Please don't hesitate to ask us questions.