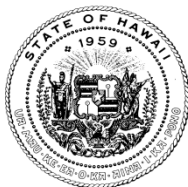


SCR194/

SR129

URGING THE DEPARTMENT OF TRANSPORTATION TO DEVELOP A PLAN
FOR THE ESTABLISHMENT OF AN AIRPORT AUTHORITY.

DAVID Y. IGE
GOVERNOR



Testimony of
FORD N. FUCHIGAMI
DIRECTOR

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

IN REPLY REFER TO:
(808) 587-1965

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

March 31, 2015
2:50 p.m.
State Capitol, Room 229

S.C.R. 194 / S.R. 129
URGING THE DEPARTMENT OF TRANSPORTATION TO DEVELOP A PLAN FOR
THE ESTABLISHMENT OF AN AIRPORT AUTHORITY

Senate Committee on Transportation

The Department of Transportation (DOT) **strongly supports** these resolutions to develop a plan for establishing an airport authority. However to better manage its system of airports and harbors, the DOT seeks to add its harbors to the plan and offers language to the Committee on Transportation to consider.

A port authority would afford Hawaii with the opportunity to design its operations after many proven and successful port authorities in other states. This operational model offers the added nimbleness, stability, expertise, and accountability of a private sector business along with the necessary government oversight.

Thank you for the opportunity to provide testimony.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR

PAULA A. YOUNGLING
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
TRANSPORTATION
MARCH 31, 2015, 2:50 PM

SCR 194/SR 129
URGING THE DEPARTMENT OF TRANSPORTATION TO DEVELOP A PLAN FOR THE
ESTABLISHMENT OF AN AIRPORT AUTHORITY

Chair Nishihara, Vice-Chair Harimoto, and members of the committee, thank you for the opportunity to submit testimony on SCR 194 and SR 129. The State Procurement Office (SPO) understands the intent of the resolution and provides comments as follows:

Page 1, Lines 21 through 23 indicate that ". . .time required for approval and implementation of projects is excessive due to stringent and lengthy appropriation, allotment, and procurement processes. . ." The SPO disagrees with this statement. Hawaii Revised Statutes (HRS) provides six methods of procurement in chapter 103D. Each method has specific processes to follow within the procurement Code, which is modeled after the ABA 2000 Model Procurement Code--as adopted by many States. The Code provides for a competitive and transparent environment to purchase goods, services and construction. It is the department's responsibility to determine the best method of procurement after first performing acquisition planning and conducting market research. A Request for Proposals (RFP) is required to be "on the street" for 30 days after which time proposals shall be evaluated and scored. Award may be made immediately thereafter without discussions or call for best and final. Invitations for bids (IFB) are required to "open to the public" for ten days after which time an award to the lowest responsive, responsible bidder may be made. What may be lengthy are the internal process within an individual department for analysis/review, approvals and "paper processing" in order to execute a contract.

Page 1, Lines 29 through 31 states that ". . .the procurement regulations obligate the Department of Transportation-Airports Division to select the low bidder for construction contracts.." Again, the SPO disagrees with this statement--as explained above there are six methods of procurement. Departments have a choice as to which method is most appropriate in the given situation. A department is not required to utilize the competitive sealed bidding method (IFB) for all construction contracts.

Page 2, Lines 1 through 3 state that "...the procurement regulations permit bidders not selected for a particular contract to file protests which can delay the award of a contract for years...." The SPO disagrees with this statement also. When a department receives a protest on an award, HRS 103D-701 mandates the department to "promptly issue a decision in writing to uphold or deny the protest." Thereafter, if the aggrieved chooses to be heard by the Department of Commerce and Consumer Affairs (DCCA) hearings officer, pursuant to HRS 103D-709, the hearings officer "shall issue a written decision, not later than forty-five days from receipt" of the request for administrative hearing. The clock begins as soon as the department responds to a protest. Based on the above, a protest would delay a contract execution by a maximum of 50 days.

Statutory procurement processes are not the reason projects are delayed.

Thank you.



Ann Botticelli
SVP-Corporate
Communications and
Public Affairs

TESTIMONY OF ANN BOTTICELLI ON BEHALF OF HAWAIIAN AIRLINES

RE: SCR194 URGING THE DEPARTMENT OF TRANSPORTATION TO DEVELOP A
PLAN FOR THE ESTABLISHMENT OF AN AIRPORT AUTHORITY

Senate Committee on Transportation

DATE: Tuesday, March 31, 2015
TIME: 2:50 PM
PLACE: Conference Room 229
State Capitol
415 South Beretania Street

Aloha Chair Clarence Nishihara, Vice Chair Breen Harimoto and members of the Senate Committee on Transportation,

Mahalo for this opportunity to testify in support of SCR 194 Urging the Department of Transportation to develop a plan for the establishment of an Airport Authority.

Hawaiian Airlines supports the exploration of an Airport Authority as a method of assuring that critical airport facilities improvements move forward on a timely basis.

Such independent authorities are in place at several U.S. Airports highly regarded for their efficient operation, including Portland International Airport in Oregon and Washington Dulles Airport in our nation's Capitol.

We believe it makes sense to evaluate such a model here in Hawai'i.

Ann Botticelli

AIRLINES COMMITTEE OF HAWAII



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

March 31, 2015

Honorable Clarence Nishihara, Chair
Honorable Breene Harimoto, Vice Chair
Senate Committee on Transportation

**Re: SCR 194/SR 129 - URGING THE DEPARTMENT OF TRANSPORTATION TO
DEVELOP A PLAN FOR THE ESTABLISHMENT OF AN AIRPORT
AUTHORITY- IN SUPPORT**

Conference Room 229 – 2:50 PM

Aloha Chair Nishihara, Vice Chair Harimoto and Members of the Committee:

The Airlines Committee of Hawaii* (ACH), which is made up of 20 signatory air carriers that underwrite the State Airport System, appreciates the opportunity to offer testimony supporting SCR 194/SR 129.

This measure urges the Department of Transportation to develop a plan for the establishment of an Airport Authority. An Airport Authority is an entity created by government to operate, maintain, and develop airport facilities within a specified domain. An Airport Authority for the Hawaii State Airports System would greatly enhance the efficiencies of the airports by eliminating the lengthy approval and implementation processes that currently exist.

Thank you for the opportunity to submit testimony in support 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, Island Air, Japan Airlines, Korean Air, Philippine Airlines, Qantas Airways, United Airlines, United Parcel Service, US Airways, and WestJet.*

Owen Miyamoto
3209 Paty Drive
Honolulu, HI 96822-1439

March 29, 2015

Honorable Clarence K. Nishihara, Chair
Honorable Breene Harimoto, Vice Chair
Members of the Senate Committee on Transportation

Dear Senator Nishihara, Senator Harimoto, and Committee Members:

Subject: Senate Concurrent Resolution 194/Senate Resolution 129

I am testifying in support for the passage of SCR 194/SR 129 Urging the Department of Transportation to develop a plan for the establishment of an airport authority.

My name is Owen Miyamoto. I served as the Airports Administrator for the Airports Division from 1969 to 1996 and a member of the Commission on Transportation from 2005 to 2013. The Commission on Transportation was abolished by Act 285, 2013. The Commission on Transportation was created by statehood to replace the Hawaii Aeronautics Commission, the Board of Harbor Commissioners, and the Highway Commission.

Creating an airport authority will give the Legislature the opportunity to form an effective organization to manage the complex activities of the Hawaii State Airports System. Most of the major airports in the United States are managed by commissions with membership from the private sector with the knowledge and interests to promote safe, efficient and economical air transportation services. For Hawaii, air service is the critical link binding the islands to each other and the rest of the world. The commission would be responsible for creating a professional staff to manage and operate all public airports serving commercial and general aviation. The commission would restore the transparency of airport activities lost when the Commission on Transportation was abolished.

The relation between airport management and its customers, the traveling public, the airlines, general aviation, concessionaires and ground transportation services is a complex activity. The airports are literally small cities providing for the diverse needs of its users. Specialized airport planning and engineering are critical to safe operations. The financial needs of construction, operations and maintenance can be met by use and lease agreements with the airlines, concessionaires and other airport users. The Federal Aviation Administration requires the airport to utilize airport revenues for airport purposes.

I believe an effective Airports Commission can address the problems described in the Resolutions as well as many more that exist in the current activities of the Airports Division. There are many resources available from successful airport commissions, professional airport organizations and airport executives.

I urge the passage of Senate Concurrent Resolution 194 and Senate Resolution 129

Respectfully submitted,



Owen Miyamoto, PE, FASCE