

DAVID Y. IGE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
TRANSPORTATION**

**Wednesday, February 10, 2016
10:00 AM
State Capitol, Conference Room 309**

**In consideration of
HOUSE BILL 2756
RELATING TO A PORT AUTHORITY**

House Bill 2756 proposes to establish a three-year Hawaii Port Authority (Authority) pilot project, and empowers the Authority to administer a statewide system of harbors and airports. **The Department of Land and Natural Resources (Department) supports this measure but defers to the Department of Transportation regarding language concerning the airports and commercial harbors.** The Department is also open to discussing the inclusion of the State Small Boat Harbor Program to this measure.

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

KEKOA KALUHIWA
FIRST DEPUTY

JEFFREY T. PEARSON P.E.
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

HAWAII SHIPPERS' COUNCIL

Representing Merchant Cargo Owners Shipping in the Hawaii Trade

49 Niuhi Street • Honolulu, Hawaii 96821-1516 • Tel (808) 947-4334 • Email: pacmar@hawaiiintel.net


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(Total 3 pages including attachments)

FACSIMILE TRANSMISSION (HSC-852)

DATE: February 9, 2016

TO: Committee on Transportation
House of Representatives
Capitol Building
State of Hawaii
Fax: 808 586-6081

FROM: Michael N Hansen, President 

ATTACHMENTS: Testimony

SUBJECT: House Bill 2756 Relating to a port authority

Please find faxed herewith our testimony in regards to the above mentioned bill.

EOM

TESTIMONY OF MICHAEL N HANSEN, PRESIDENT
HAWAII SHIPPERS' COUNCIL

BEFORE THE HOUSE:
COMMITTEE ON TRANSPORTATION (TRN)
28TH LEGISLATURE, REGULAR SESSION OF 2016
STATE OF HAWAII
CONFERENCE ROOM #309, 10:00 A.M., WEDNESDAY, FEBRUARY 10, 2016
HAWAII STATE CAPITOL

HOUSE BILL NO. 2756 (HB 2756)
RELATING TO A PORT AUTHORITY

Good morning Chair Aquino and distinguished members of the Committees:

I am Michael Hansen submitting testimony on behalf of the Hawaii Shippers Council in opposition to House Bill No. 2756, Relating to a Port Authority.

The Hawaii Shippers' Council is a business league organization incorporated in 1997 to represent merchant cargo interests -- known as "shippers" -- who tender their goods for shipment with the ocean carriers operating in the Hawaii trade.

At the Hawaii Shippers' Council we do not believe that formation of a standalone Port Authority to operate the State's small boat harbors and small airports will improve the management of those facilities or even prove feasible.

The Section 1 preamble of HB 2756 refers to Senate Concurrent Resolution No. 214, H.D. 1 (1996) and the Hawaii Maritime Industry Policy Advisory Task Force, which examined several issues including "establishing a port authority to implement and administer maritime policy under the port authority."

I was a member of that Task Force which recommended that the State should consider formation of a State port authority to assume the domain of the Hawaii State Department of Transportation (HDOT) Harbors Division, which was primarily focused on the State's commercial harbors.

The instant proposal to create a port authority to operate the State's Small Boat Harbors and Small Airports is substantially different from the construction of a port authority recommended by the Task Force nearly 20 years ago.

There are substantial problems with the operation of the State's Small Boat Harbors operated by the Hawaii State Department of Land and Natural Resources (DLNR) Division of Boating and Ocean Recreation (DBOR) largely related to a lack of financial and institutional resources.

Prior to July 1, 1992, the HDOT Harbors Division operated and managed the 54 Small Boat Harbors, which had the advantages of a funding stream from the commercial harbors, established harbor facilities district operating units that also encompassed the small boat harbors, and the expertise of the engineering branch to design and provide technical maintenance of the facilities.

For the past twenty-four years, DLNR DBOR has not been able to provide the same higher level of operational and engineering management of the State's small boat harbors.

Removing the small airports from the HDOT Airports Division would likely result in the same kind of problems encountered by DLNR DBOR attempting to operate and manage the State's Small Boat Harbors after being separated from HDOT Harbors Division.

At the present time the revenues generated from the small boat harbors is insufficient to provide the resources for DLNR DBOR to properly operate and maintain the small boat harbors.

As it is not clear where the proposed port authority would obtain funding beyond than existing small boat harbors and small airport revenues, it is likely the proposed port authority would not receive the necessary funding to operate the small boat harbors and small airports.

Perhaps given all the problems encountered with the State's small boat harbors under the operation and management of DLNR DBOR, it might be time to transfer the small boat harbors back to HDOT Harbors Division.

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AIRPORT CONCESSIONAIRES COMMITTEE

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

Room 309, 10:00 a.m.

February 10, 2016

Re: HB 2756 Relating to Port Authority

Dear Chair Aquino and Honorable Committee Members:

My name is Peter Fithian and I am the Chair of the Legislative and Governmental Affairs Committee of the Airports Concessionaires Committee.

Our Committee represents the majority of the concession operators at the public airports throughout the State of Hawaii. Members of our group contribute about 50% of the operating revenues of the airports along with the airlines who also contribute about 50%.

Our Committee supports the purpose of this bill which is still under our review.

For airport concessions in particular we like the idea that contracts can be "negotiated" via RFP or other means with interested parties like virtually all other airports across the United States. It's time Hawaii airports utilizes a process that will achieve the overall maximum benefits that can result from negotiations among competitors.

At this time we believe amendments to the bill should be made to consider: 1) membership on the Authority that represent the major stakeholder groups. In the case of the airports that would be at least from the airline group and the concessions group; and 2) deletion of language that this be a pilot project as set forth in the bill. Let' make the decision and be committed to proceed with the Authority unless a major issue arises that calls for the concept to be revisited. Lets' focus on making it work.

Thank you for allowing us to testify on this bill.



Ocean Tourism Coalition

The Voice for Hawaii's Ocean Tourism Industry
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(808) 537-4308 Phone (808) 533-2739 Fax
timlyons@hawaiiantel.net

February 10, 2016

Testimony To: House Committee on Transportation
Representative Henry J.C. Acquino, Chair

From: Tim Lyons
Executive Director

Subject: H.B. 2756 - RELATING TO PORT AUTHORITY

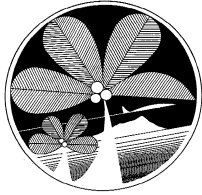
Chair Acquino and Members of the Committee:

I am Tim Lyons, Executive Director of the Ocean Tourism Coalition and we support this bill.

We are not sure whether a port authority is exactly the proper thing to do however we do think the issue has merit and deserves additional study and conversation as to the wisdom of moving the small boat harbors and small airports to a port authority.

Thank you.

AIRLINES COMMITTEE OF HAWAII



Honolulu International Airport
300 Rodgers Blvd., #62
Honolulu, Hawaii 96819-1832
Phone (808) 838-0011
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February 10, 2016

Honorable Henry Aquino, Chair
Honorable Matthew LoPresti, Vice Chair
House Committee on Transportation

Re: HB 2756 – RELATING TO A PORT AUTHORITY – In Support
Conference Room 309 – 10:00 AM

Aloha Chair Aquino, Vice Chair LoPresti, 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 HB 2756.

This measure establishes the Hawaii Port Authority, and empowers the Authority to administer a statewide system of small boat harbors and small airports.

The ACH is in strong support of a Hawaii Port Authority, and is grateful the legislature recognizes the need for a single entity with overall consolidated jurisdiction.

Thank you for the opportunity to submit testimony.

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, Virgin America and WestJet.*



COMMITTEE ON TRANSPORTATION

Rep. Henry J.C. Aquino, Chair
Rep. Matthew S. LoPresti, Vice Chair

LATE

DATE: Wednesday, February 10, 2016

TIME: 10:00am

PLACE: Conference Room 309

TESTIMONY OF JAMES COON SPEAKING IN SUPPORT OF HB 2756

My name is James E. Coon, President of the Ocean Tourism Coalition **speaking in support of HB 2756.** The OTC represents over 300 small ocean tourism businesses state wide. Most of these are family businesses which are locally owned and operated. Many of them have been in business for several decades and are an important and valued part of their respective communities. Almost all of these companies operate out of State Small Boat Harbors and Ramps and Offshore Moorings.

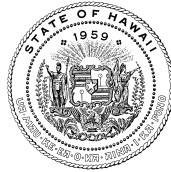
I participated with the maritime industry looking at this issue many years ago and it was the consensus at that time that the advantages of a Port Authority outweighed the disadvantages. We believe this is still the case.

We humbly ask you to pass HB 2756.

Sincerely,

James E. Coon, President OTC

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON TRANSPORTATION
ON
HOUSE BILL NO. 2756**

LATE

February 10, 2016
10:00 a.m.

RELATING TO A PORT AUTHORITY

House Bill No. 2756 proposes to establish a Hawaii Port Authority (HPA) which will be an independent public entity tasked with setting statewide policy on all matters relating to small boat harbors and small airports in Hawaii. To accomplish this task, the measure transfers the functions, duties, and powers exercised by the Department of Transportation (DOT) over small airports and maritime functions related to small boat harbors and by the Department of Land and Natural Resources over small boat harbors to the HPA. Functions are to be transferred on July 1, 2017. The measure places the HPA within the Department of Budget and Finance (B&F) for administrative purposes, and provides an unspecified general fund appropriation for Fiscal Year 2016-2017 for the implementation and operation of the HPA.

B&F opposes this measure. DOT is currently in the process of exploring the feasibility of establishing an airport authority. This feasibility study has not been completed, nor has any follow-up analysis been conducted of the benefits and challenges of establishing such an authority. Considering the complexity and magnitude of the operations of the State's airports and harbors, it would be prudent to review the airports authority feasibility study first, then determine the best course of action for the State.