

DAVID Y. IGE
GOVERNOR



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

JADE T. BUTAY
DIRECTOR

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

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawai'i
Honolulu, Hawai'i

ISSUANCE OF A DIRECT LEASE TO DEVELOP, CONSTRUCT, OPERATE,
AND MAINTAIN AN AIRLINE STORAGE FACILITY FOR AIRCRAFT
PROVISIONING SUPPLIES IN THE MAIN TERMINAL
SOUTHWEST AIRLINES CO.
KAHULUI AIRPORT
TAX MAP KEY: (2) 3-8-01: PORTION OF 19

MAUI

APPLICANT/LÉSSEE:

SOUTHWEST AIRLINES CO. (SW), whose mailing address is 2702 Love Field Drive,
Dallas, Texas 75235-1611.

LEGAL REFERENCE:

Section 171-59 (b), Hawai'i Revised Statutes (HRS), as amended.

LOCATION AND TAX MAP KEY:

Portion of Kahului Airport ("OGG"), Kahului, Island of Maui, State of Hawai'i,
identified by Tax Map Key: 2nd Division, 3-8-01: Portion of 19.

AREA:

Building 354, Ground Level:

Building/Room No. 354-101A, consisting of approximately 1,149 square feet as shown
and delineated on the attached "Exhibit A".

ZONING:

State Land Use District: Urban
County of Maui: Airport

ITEM M-9

BLNR – ISSUANCE OF A DIRECT LEASE TO DEVELOP, CONSTRUCT, OPERATE, AND MAINTAIN AN AIRLINE STORAGE FACILITY FOR AIRCRAFT PROVISIONING SUPPLIES IN THE MAIN TERMINAL, SOUTHWEST AIRLINES CO., KAHULUI AIRPORT

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LAND TITLE STATUS:

Section 5(a) lands of the Hawai‘i Admissions Act: Non-ceded

DHHL 30% entitlement lands pursuant to the Hawai‘i State Constitution: YES ___ NO X

CURRENT USE STATUS:

Airport and aeronautical purposes.

CHARACTER OF USE:

Develop, construct, operate, and maintain an airline storage facility of aircraft provisioning supplies for SW’s Signatory Airline Carrier Operations at OGG.

TERM OF LEASE:

Five (5) years.

COMMENCEMENT DATE:

To be determined by the Director of Transportation at a later date.

ANNUAL LEASE RENTAL:

Annual Lease Rental for Fiscal Year 2019: Beginning upon the commencement date of the Lease, the annual rental shall be One hundred four thousand five hundred ninety-three and 47/100 dollars (\$104,593.47), based upon the rental rate of \$91.03 for a signatory carrier for fiscal year 2019.

Annual Rental for the Remaining Lease Term: For each fiscal year of the remaining Lease term, the annual rental shall be the product of the square footage of the Area, and the prevailing signatory airline terminal rate for OGG, as published in the Airports Division Signatory Carriers Rates and Charges, Hawai‘i Airports System.

PERFORMANCE BOND:

The sum equal to one quarter of the annual rental in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

Three hundred thousand dollars (\$300,000.00).

BLNR – ISSUANCE OF A DIRECT LEASE TO DEVELOP, CONSTRUCT, OPERATE, AND MAINTAIN AN AIRLINE STORAGE FACILITY FOR AIRCRAFT PROVISIONING SUPPLIES IN THE MAIN TERMINAL, SOUTHWEST AIRLINES CO. KAHULUI AIRPORT

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DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO _____
Registered business name confirmed:	YES <u>X</u>	NO _____
Good standing confirmed:	YES <u>X</u>	NO _____

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawai‘i, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawai‘i Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawai‘i, Department of Transportation, dated November 15, 2000, as approved by the Environmental Quality Council. Exemption Class #1 covers operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.

Airports Division consulted with the U.S. Federal Aviation Administration (FAA) as to the appropriateness of the citation of the Environmental Exemption Class from the Comprehensive list for the Department of Transportation dated November 15, 2000. The FAA concurred on the appropriateness.

REMARKS:

In accordance with Section 171-59 (b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, Airports Division proposes to issue a direct lease to SW for the development, construction, operation and maintenance of airline storage of aircraft provisioning supplies at OGG. The proposed improvements will allow SW to establish facilities to begin and support its commercial airline operations at OGG.

Airports Division recognizes SW’s investment, and commitment to the State of Hawai‘i, and believes that the issuance of a direct lease to SW is in the best interest of the State. Airports Division considers the proposed lease is in accordance with the underlying intent of Section 171-59(b), HRS, since this will allow SW to compete with other Signatory Airline Carriers at OGG.

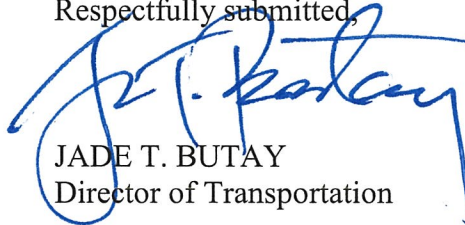
BLNR – ISSUANCE OF A DIRECT LEASE TO DEVELOP, CONSTRUCT, OPERATE, AND
MAINTAIN AN AIRLINE STORAGE FACILITY FOR AIRCRAFT PROVISIONING
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KAHULUI AIRPORT

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RECOMMENDATION:

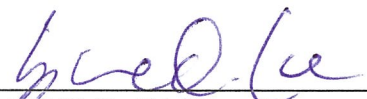
That the Board authorize the Department of Transportation to issue a direct lease to SW, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,

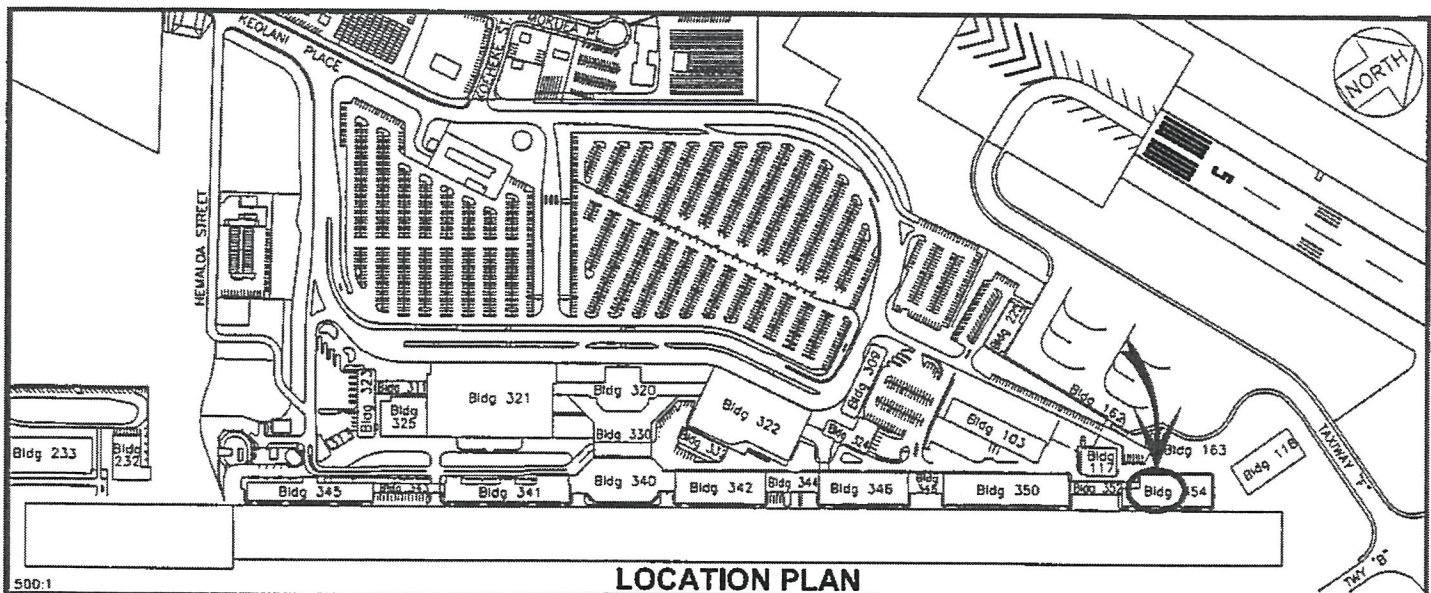


JADE T. BUTAY
Director of Transportation

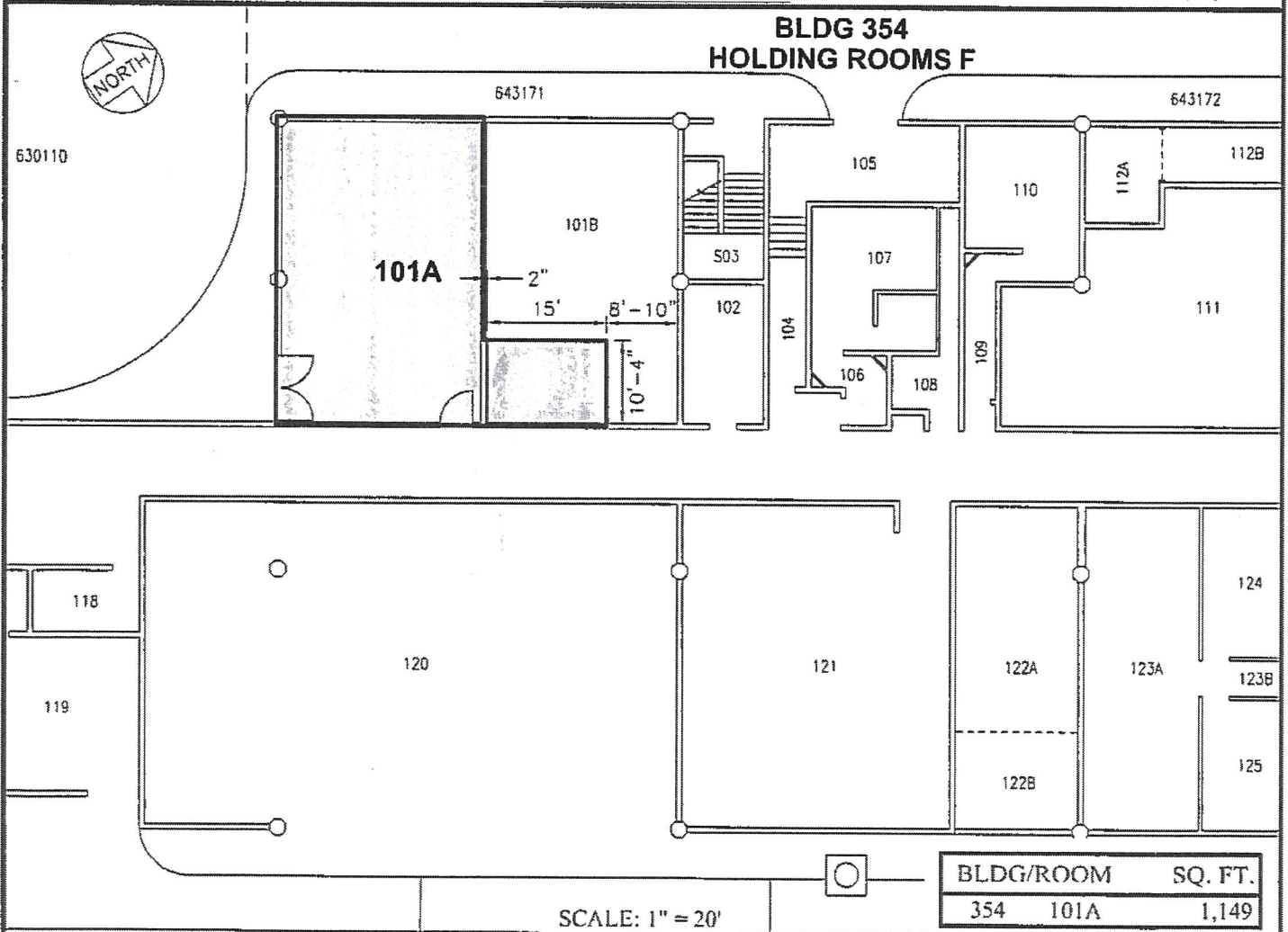
APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



LOCATION PLAN



DRAFT

DATE : NOVEMBER 2018

EXHIBIT: **A**



SOUTHWEST AIRLINES

**BUILDING 354
HOLDING ROOMS F
GROUND LEVEL**

**354101A
PLATS B1, 36**

KAHULUI AIRPORT