AMENDMENT NO. 8 TO CONCESSION AGREEMENT NO. DOT-A-07-0001 REQUEST FOR ADDITIONAL SPACES FOR IN-BOND (DUTY FREE) USE DFS GROUP L.P. IN-BOND (DUTY FREE)

DANIEL K. INOuye INTERNATIONAL AIRPORT O‘AHU
TAX MAP KEY: (1) 1-1-003: 1 (PORTION)

ELLISON ONIZUKA KONA INTERNATIONAL AIRPORT AT KEĂHOLE HAWAI‘I
TAX MAP KEY: (3) 7-3-043: 3 (PORTION)

The Department of Transportation (DOT) seeks approval to amend the existing Concession Agreement No. DOT-A-07-0001 for additional spaces for In-Bond (Duty Free) use at Daniel K. Inouye International and Ellison Onizuka Kona International Airport at Keāhole.

APPLICANT:
DFS GROUP L.P., whose postal address is P.O. Box 29500, Honolulu, Hawai‘i 96820.

LEGAL REFERENCE:
Chapters 102 and Section 261-7, Hawai‘i Revised Statutes, as amended.

LOCATION AND TAX MAP KEY:

Ellison Onizuka Kona International Airport at Keāhole (KOA), Island of Hawai‘i, State of Hawai‘i, identified by Tax Map Key: (3) 7-3-043: 3 (Portion).

ZONING:

HNL:
State Land Use District: Urban
County: Industrial (I-2)

KOA:
State Land Use District: Urban
County: Industrial (MG1a)
LAND TITLE STATUS:

HNL:
Section 5(a) lands of the Hawai‘i Admissions Act: Non-Ceded
DHL 30% entitlement lands pursuant to the Hawai‘i State Constitution: No

KOA:
Section 5(a) and 5(b) lands of the Hawai‘i Admission Act: Ceded
DHL 30% entitlement lands: YES ___ NO __

DCCA VERIFICATION:

Place of business registration confirmed: YES X NO ___
Registered business name confirmed: YES X NO ___
Good standing confirmed: YES X NO ___

CONCESSION TERM:

To run for the balance of the term of the existing concession agreement that expires on May 31, 2027.

ADDITIONAL SPACE:

HNL:
Area/Space No. 342-279, containing an area of approximately 2,636 square feet, as delineated on the attached Exhibit O dated February 2019.

Area/Space No. 342-285, containing an area of approximately 150 square feet, as delineated on the attached Exhibit O dated February 2019.

KOA:
Area/Space No. 365-102, containing a total area of approximately 42 square feet, as delineated on the attached Exhibit P dated February 2019.

IMPROVEMENTS:

Applicant at its own cost and expense shall be responsible for any renovation, upgrade, remodeling and improvements to the additional spaces.

CONCESSION FEE:

The current In-Bond (Duty Free) Concession pays a Minimum Annual Guaranteed Fee (MAG) of $40 million plus an applicable percentage fee of gross receipts based on a tiered schedule when gross receipts exceed certain levels as provided in Article VI. (Concession Fee). Sales recorded from the additional spaces will be added to the on-airport gross receipts to determine the actual concession fee.
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 Amended 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.

The DOTA consulted with the U.S. Federal Aviation Administration 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:

The In-Bond (Duty Free) Concession (Concession) is a statewide concession. The Concession is limited to selling merchandise to travelers whose immediate destination are foreign countries. Any products purchased at the Concession will be made available to travelers at the gate immediately prior to departure.

RECOMMENDATION:

That the Board approved and authorize the Department of Transportation to amend the existing Concession Agreement No. DOT-A-07-0001 as described above, subject to: (1) terms and conditions hereinabove outlined, which are by reference incorporated herein; (2) such 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.

Respectfully submitted,

JADE T. BUTAY
Director of Transportation

APPROVAL FOR SUBMITTAL:

SUZANNE D. CASE
Chairperson and Member