

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

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

ISSUANCE OF PARKING CONCESSION AGREEMENT FOR THE
MANAGEMENT AND OPERATION OF THE AUTOMOBILE PARKING FACILITY
TO ABM AVIATION, INC. AT
KAHULUI AIRPORT MAUI
TAX MAP KEY: (2) 3-8-001
HILO INTERNATIONAL AIRPORT HAWAII
TAX MAP KEY: (3) 2-1-12:
LIHU'E AIRPORT LIHU'E
TAX MAP KEY: (4) 3-5-001

The Department of Transportation (DOT) proposes to directly offer a Concession Agreement (Agreement) for the parking management and operation of the parking facilities at Kahului Airport (OGG), Hilo International Airport (ITO), and Līhu'e Airport (LIH). The following contains a description and summary of some of the major terms and conditions that the DOT anticipates incorporating into the Concession Agreement.

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEY:

2nd Division - 3-8-01: Kahului Airport
3rd Division - 2-1-12: Hilo International Airport
4th Division - 3-5-01: Līhu'e Airport

ZONING:

Kahului - Land Use: Urban/County: Airport
Hilo - Land Use: Urban/County: Industrial (ML20)
Līhu'e - Land Use: Urban/County: Industrial (IG-STP)

LAND TITLE STATUS:

Kahului - Section 5(a) lands of the Hawai'i Admissions Act: Non-Ceded
DHHL 30% entitlement lands pursuant to the Hawai'i State Constitution: No
Hilo - Section 5(b) lands of the Hawai'i Admissions Act: Ceded
DHHL 30% entitlement lands pursuant to the Hawai'i State Constitution: No

ITEM M-16

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

CURRENT USE STATUS: Airport and aeronautical purposes.

TERM: Kahului – Twelve (12) years .
Hilo – Ten (10) years.
Līhu‘e – Ten (10) years.

CONCESSION FEE: The total annual Concession Fee shall be the greater of the MAG or
Percentage Fee.

1. Kahului Airport:

a. Minimum Annual Guaranteed Fee.

The Minimum Annual Guaranteed fee for the first year of the term of the Agreement shall be \$2,975,000.00 (Two Million, Nine Hundred Seventy-Five Thousand and No/100 Dollars), thereafter, the MAG for each succeeding agreement year shall be 85% of the actual annual fee paid and payable to the STATE (either MAG or Percentage) for the preceding year.

b. Percentage Fee. The percentage fee shall be the sum of the following:

- (1) Kapalua-West Maui Airport. Fifty percent (50%) of the Concessionaire's annual gross receipts.
- (2) Heliport at Kahului Airport. Fifty percent (50%) of the Concessionaire's annual gross receipts.
- (3) Kahului Airport (other than the Heliport). Seventy-Five percent (75%) of the Concessionaire's annual gross receipts.

2. Hilo International Airport

a. Minimum Annual Guaranteed Fee.

The Minimum Annual Guaranteed fee for the first year of the term of the Agreement shall be \$903,125.00 (Nine Hundred Three Thousand and One Hundred Twenty-Five and No/100 Dollars), thereafter, the MAG for each succeeding agreement year shall be 85% of the actual annual fee paid and payable to the STATE (either MAG or Percentage) for the preceding year.

b. Percentage Fee. Fifty-two percent (52%) of the CONCESSIONAIRE’s gross receipts.

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3. Līhu‘e Airport

a. Minimum Annual Guaranteed Fee.

The Minimum Annual Guaranteed fee for the first year of the term of the Agreement shall be \$1,487,500.00 (One Million Four Hundred Eighty-Seven Thousand Five Hundred and No/100 Dollars), thereafter, the MAG for each of the succeeding agreement year shall be 85% of the actual annual fee paid and payable to the STATE (either MAG or Percentage) for the preceding year.

b. Percentage Fee. Sixty-two percent (62%) of the CONCESSIONAIRE’s gross receipts.

BASIS OF AWARD:

Chapter 102, HRS, provides in relevant part:

§102-1 Definition. The word “concession” as used in this chapter means the grant to a person of the privilege to:

(2) Operate a parking lot on property owned or controlled by the State with the exception of buildings, facilities, and grounds operated by or otherwise under the jurisdiction of the department of education; ...

§102-2 Contracts for concessions; bid required, exception.

(a) Except as otherwise specifically provided by law, no concession or concession space shall be leased, let, licensed, rented out, or otherwise disposed of either by contract, lease, license, permit or any other arrangement, except under contract let after public notice for sealed bids in the manner provided by law; provided that the duration of the grant of the concession or concession space shall be related to the investment required but in no event to exceed fifteen years; provided further that and subject to approval by county council resolution, the fifteen-year limit shall not apply to nonprofit corporations organized pursuant to chapter 414D.

(b) The bidding requirements of subsection (a) shall not apply to concessions or space on public property set aside for the following purposes:

(1) For operation of ground transportation services and parking lot operations at airports, except for motor vehicle rental operations under Chapter 473D; ...

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 the requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact

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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 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:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by negotiation, the Department of Transportation proposes to issue a direct lease to ABM Aviation, Inc. for the purpose of operating and managing the Automobile Parking Facility at ITO, LIH and OGG Airports.

RECOMMENDATION:

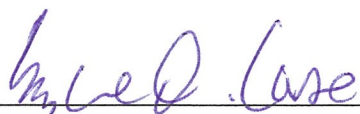
That the Board authorize the Department of Transportation to enter a Concession Agreement with ABM Aviation, Inc. for the management and operation of the Automobile Parking Facility at ITO, LIH and OGG Airports, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interest 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