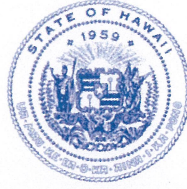


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IN REPLY REFER TO:

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

ISSUANCE OF PARKING CONCESSION AGREEMENTS FOR THE
MANAGEMENT AND OPERATON OF AUTOMOBILE PARKING FACILITIES
TO ABM AVIATION, INC. AT:

KAHULUI AIRPORT

MAUI

TAX MAP KEY: (2) 3-8-001:019

KAPALUA-WEST MAUI AIRPORT

MAUI

TAX MAP KEY: (2) 4-3-001:068

The Department of Transportation (DOT) proposes to directly offer a Concession Agreement for the parking management and operation of the parking facilities at Kahului Airport (OGG) and Kapalua-West Maui Airport (JHM). The following contains a description and summary of the disposition and some of the major terms and conditions that the DOT anticipates incorporating into the Concession Agreement.

LEGAL REFERENCE:

Hawaii Revised Statutes (HRS) Section 171-11 and HRS Chapter 102.

LOCATION AND TAX MAP KEY:

2nd Division – 3-8-001:019 Kahului Airport

2nd Division – 4-3-001:068 Kapalua-West Maui Airport

ZONING:

Kahului - Land Use: Urban/County: Airport

Kapalua - Land Use: Urban/County: Airport

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

ITEM M-3

BLNR – ISSUANCE OF A PARKING CONCESSION AGREEMENT FOR THE MANAGEMENT AND OPERATION OF THE AUTOMOBILE PARKING FACILITIES TO ABM AVIATION, INC. AT KAHULUI AIRPORT AND KAPALUA-WEST MAUI AIRPORT

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Kapalua – 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 and Kapalua-West Maui: Twelve (12) years.

CONCESSION FEE:

The total annual Concession Fee shall be the greater of the Minimum Annual Guaranteed Fee (MAG) or the Percentage 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 the requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by HRS Chapter 343, 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 DTOA 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.

DISCUSSION:

Concessions on public land are governed by HRS Chapter 171 as well as HRS Chapter 102.

The Legislature enacted Chapter 102, which applies specifically to concessions. HRS Section 102-2(a) requires that all concession contracts be issued pursuant to a “sealed bid” process. HRS Section 102-2(b)(12) makes an exception to the sealed bid process for “airport operation of concessions . . .” This exception to the sealed bid process was created by amendment by the Legislature through Act 138 (Session Laws of Hawaii 2017), now codified in HRS 102-2(b)(12). The Legislature did not specify the particular

manner in which an airport concession must be issued. Hence, DOT is not limited to issuing a concession through any particular method (i.e., request for proposal, sealed bid, negotiation etc.), Act 138 stated that the HRS section 102-2 was amended to provide the “Department of Transportation” with “flexibility” and “discretion” in issuing airport concession contracts.

For concession contracts at the airport, the DOT is not required to maximize profit. Act 138 specifically states: “To ensure quality services and offerings to travelers, the department of transportation should not be limited to awarding airport concessions on who offers the most or least amount of money . . . [M]onetary amounts should not be the sole or most compelling factor and basis for awarding an airport concession . . .”

Act 138 further provides that “existing laws with emphasis on dollars paid without any negotiations allowed has not served the public’s best interests in meeting the needs of travelers, providing additional revenues to the airport system or providing the department of transportation with the flexibility and discretion to meet the department’s important goals and objectives.”

DOT has selected ABM Aviation, Inc. (“ABM”), as the proposed concessionaire for the parking facilities at OGG and JHM. The selection of ABM is based upon DOT’s determination that ABM will serve the public’s best interests in meeting the needs of travelers and will help DOT to achieve its goals and objectives of ensuring quality services and offerings to travelers. ABM has extensive experience in parking operations at the State’s airports over the past twenty-plus years. DOT has been very pleased with ABM’s performance and believes that ABM can provide quality services at OGG and JHN going forward.

In addition, there are two other reasons in favor of selecting ABM as the concessionaire for the OGG contract. First, the OGG contract will be the first that includes operating the top-level parking facility of the top-level parking area of the newly constructed Consolidated Rent-A-Car Facility (RAC), in addition to the existing parking facilities at OGG. This top-level parking area was designed as an additional parking facility for airport employees as well as travelers and other airport users. Based on ABM’s performance in its current operation of the OGG parking facilities, DOT is confident that ABM is will-equipped to operate this new top-level parking area.

Second, the OGG contract will require the concessionaire to timely install and operate new parking facility equipment for a certain parking area. This new equipment will enable the parking area to be accessible to all users (not just airport employees as is currently the case) as well as increase efficiency in operations and generate additional parking revenue. DOT has been satisfied with ABM’s performance in the past in timely installing and operating similar parking equipment at DOT’s other airports and DOT is confident that ABM is best suited for this task.

BLNR – ISSUANCE OF A PARKING CONCESSION AGREEMENT FOR THE MANAGEMENT AND OPERATION OF THE AUTOMOBILE PARKING FACILITIES TO ABM AVIATION, INC. AT KAHULUI AIRPORT AND KAPALUA-WEST MAUI AIRPORT

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RECOMMENDATION:

That the Board authorize the DOT to enter into a Concession Agreement with ABM Aviation, Inc. for the management and operation of the automobile parking facilities at OGG and JHM, 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 concession agreement form and content.

Respectfully submitted,



JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member