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IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

ISSUANCE OF DIRECTLY-NEGOTIATED CONCESSION AGREEMENT
FOR THE MANAGEMENT AND OPERATION OF THE
AUTOMOBILE PARKING FACILITIES
SP PLUS CORPORATION
HILO INTERNATIONAL AIRPORT
TAX MAP KEY: (3) 2-1-12

HAWAII

The Department of Transportation (DOT) proposes to directly offer a Concession Agreement (Agreement) for the management and operation of the Automobile Parking Facilities at Hilo International Airport (ITO). The following contains a description and summary of some of the major terms and conditions that the DOT anticipates incorporating into the Agreement.

LEGAL REFERENCE:

Section 102-2, Hawaii Revised Statutes (HRS), as amended.

APPLICANT:

SP Plus Corporation, whose business address is 1301 East Ninth Street, Suite #1050, Cleveland, Ohio 44114.

LOCATION AND TAX MAP KEY:

Portion of Hilo International Airport, Hilo, Island of Hawaii, identified by Tax Map Key: 3rd Division, 2-1-12.

ZONING:

State Land Use District: Urban
County of Hawaii: Industrial (ML20)

ITEM M-8

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LAND TITLE STATUS:

Section 5(b) lands of the Hawaii Admissions Act: Ceded
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 2653, dated March 5, 1973, setting aside 284.466 acres designated as General Lyman Field under the control and management of the State of Hawaii, Department of Transportation, Airports for public purposes.

TERMS:

Five (5) Years.

COMMENCEMENT DATE:

Upon execution of the Concession Agreement.

CONCESSION FEE:

1. Annual Concession Fee. The total annual Concession Fee shall be the greater of the following:

- a. Minimum Annual Guaranteed Fee.

First Year. The minimum annual guaranteed fee for the first year of the term of the Agreement shall be \$817,766.00 (Eight Hundred Seventeen Thousand, Seven Hundred Sixty-Six and No/100 Dollars).

Successive Years. The minimum annual guarantee for each succeeding agreement year shall be 85% of the actual annual concession fee paid and payable to the STATE (either MAG or Percentage) for the preceding year.

- b. Percentage Fee. Sixty percent (60%) of the CONCESSIONAIRE's gross receipts.

IMPROVEMENTS:

The Concessionaire will invest a minimum of \$200,000.00 in improvements, which includes a new Parking and Revenue Control System which connects ticket dispensers, gates, pay stations, card manager server for monthly parking and additional enhancements:

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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:

The State of Hawaii, Department of Transportation, Airports Division, has determined that the subject land areas are covered by the Hilo International Airport Final Environmental Assessment (EA), dated April 15, 2003, and published by the Office of Environmental Quality Control (OEQC) in the May 8, 2003, issue of The Environmental Notice. Accordingly, all relevant mitigation from the EA and best management practices will be implemented to address the minimum impacts of this action.

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 DOT proposes to issue a direct Concession Agreement to SP Plus Corporation, for the purpose of operating and managing the Automobile Parking Facilities at ITO.

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SP PLUS CORPORATION

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RECOMMENDATION:

That the Board authorize the Department of Transportation to enter into a Concession Agreement with SP Plus Corporation for the management and operation of the Automobile Parking Facilities at ITO, 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,



EDWIN H. SNIFFEN
Director of Transportation

APPROVED FOR SUBMITTAL



DAWN N.S. CHANG
Chairperson
Board of Land and Natural Resources