



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I**  
**DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

June 28, 2024

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

ISSUANCE OF A CONCESSION AGREEMENT RELATING TO THE  
OPERATION OF THE STATEWIDE IN-BOND (DUTY-FREE) CONCESSION  
BY REQUEST FOR PROPOSALS  
DANIEL K. INOUE INTERNATIONAL AIRPORT  
TAX MAP KEY: (1) 1-1-003: 001 (PORTION)

OAHU

REQUEST:

The Department of Transportation (HDOT) proposes to issue a Concession Agreement relating to the operation of a Statewide In-Bond (Duty-Free) Concession by Request for Proposals (RFP).

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEY:

Daniel K. Inouye International Airport (HNL), Island of Oahu, State of Hawaii, identified by Tax Map Key: 1<sup>st</sup> Division, 1-1-003: 001 (portion), as shown on Exhibit A.

AREA:

At the commencement of the Concession Agreement, the Concessionaire will be required to operate the following spaces:

1. In-Bond (Duty Free) Sales at HNL  
Building/Room No. 342-220F, containing an area of approximately 1,414 square feet;  
Building/Room No. 342-273M, containing an area of approximately 1,201 square feet;  
Building/Room No. 342-273N, containing an area of approximately 10,311 square feet;  
Building/Room No. 342-280, containing an area of approximately 806 square feet;

**ITEM M-24**

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Building/Room No. 342-284A, containing an area of approximately 1,324 square feet;  
Building/Room No. 342-284B, containing an area of approximately 1,905 square feet; and  
Building/Room No. 363-239, containing an area of approximately 4,368 square feet.

2. In-Bond (Duty Free) Storage Space at HNL

Building/Room No. 344-140A, containing an area of approximately 1,753 square feet;  
Building/Room No. 344-140B, containing an area of approximately 78 square feet; and  
Building/Room NO. 344-140C. containing an area of approximately 865 square feet.

NOTE: During the term of the Concession Agreement, HDOT may, at HDOT's sole discretion, require or permit the Concessionaire to add additional spaces at Daniel K. Inouye International Airport, Ellison Onizuka Kona International Airport at Keahole, Hilo International Airport, Kahului Airport, and Lihue Airport.

ZONING:

State Land Use District: Urban  
City and County of Honolulu: I-2 (Industrial)

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admissions Act: Non-ceded  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES \_\_\_ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3201, dated June 8, 1983, setting aside 3,152.177 acres designated as the Airport under the control and management of the HDOT, for Airport Purposes.

CHARACTER OF USE:

Operation and Management of a Statewide In-Bond (Duty-Free) Concession.

COMMENCEMENT DATE:

Upon complete execution of the Statewide In-Bond Duty-Free Concession Agreement.

TERM:

Ten (10) years.

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MINIMUM ALLOWABLE PROPOSED CONCESSION FEE:

For each year of the Concession Agreement term, the total annual concession fee shall be the sum of the following:

- a. Minimum Annual Guaranteed Concession Fee. The minimum annual guaranteed concession fee for the first year of the Concession Agreement as set forth in the Concessionaire's Proposal, and for each year thereafter of the Concession Agreement term, 85% of the Annual Fee (the greater of the percentage fee or MAG) received by HDOT for the preceding year; or
- b. Percentage Fee. The percentage fee as set forth in the Concessionaire's Proposal based on the annual gross receipts generated from, related or attributable to, or connected with the sale of merchandise authorized.

The Concession rent described herein may be subject to change and further modification prior to the deadline for submitting proposals for the Concession.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The environmental impacts of the proposed action to the subject land area are covered by the Airport Master Plan Update and Noise Compatibility Program Environmental Assessment (EA), State Project No. AO1011-03. The EA is a joint State of Hawaii and Federal document, dated September 1989 and published in the October 23, 1989, issue of the OEQC Bulletin. Accordingly, relevant mitigation from the EA and HDOT environmental best management practice will address minimal impacts from this action.

REMARKS:

The successful proposer who is awarded the exclusive right and obligation to operate and maintain this Statewide Concession will be responsible for providing high quality In-Bond (Duty-Free) offerings and services to international travelers. A high degree of experience, expertise, competence and management capability will be needed to administer, manage, operate, and provide such offerings and services. Only qualified individuals and business entities authorized to do business in the State of Hawaii and capable of demonstrating such abilities will be considered for the exclusive right and obligation to operate and maintain this Concession.

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RECOMMENDATION:

That the Board authorizes HDOT to issue a Concession Agreement relating to the operation of a Statewide In-Bond (Duty-Free) Concession by RFP, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such additional 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 Concession Agreement form and content.

Respectfully submitted,



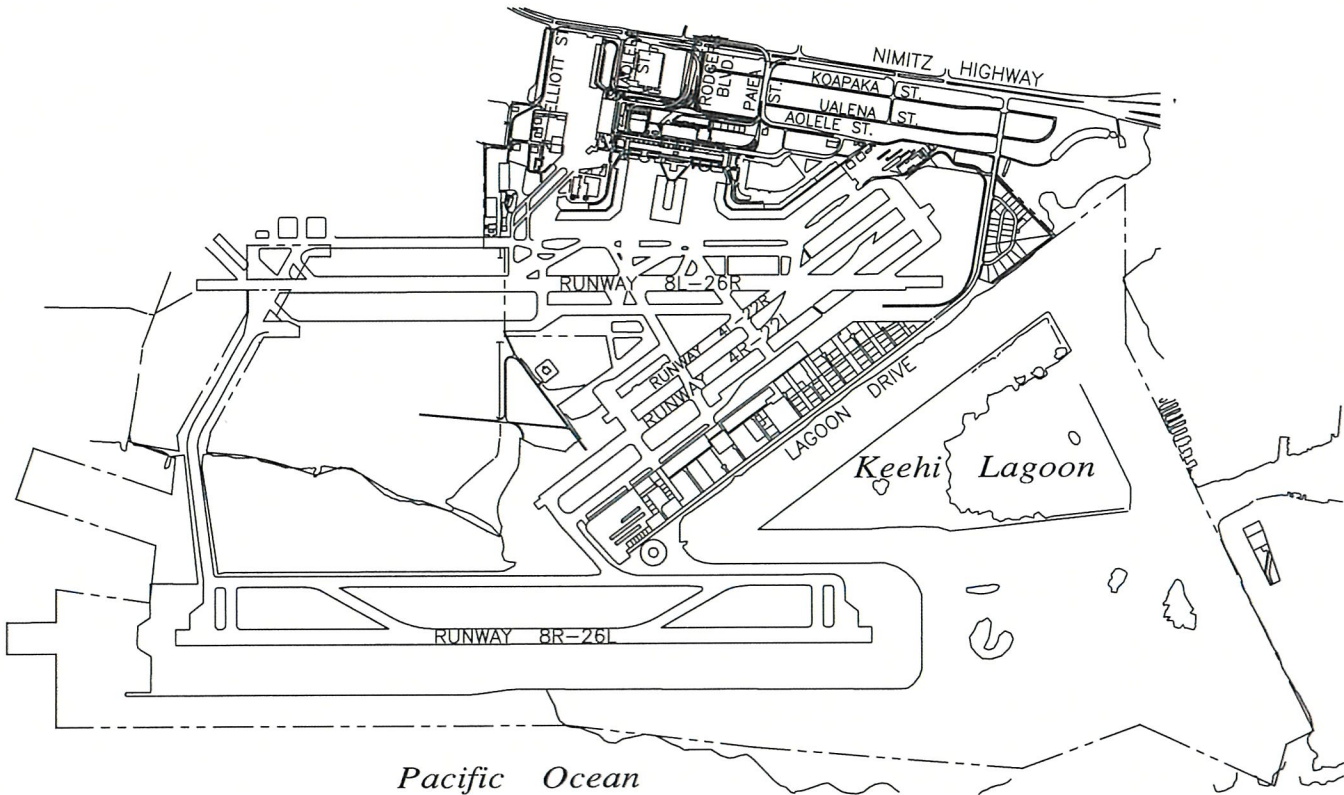
EDWIN H. SNIFFEN  
Director of Transportation

APPROVED FOR SUBMITTAL:



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

Attachment



DATE : JUNE 2024

EXHIBIT: A



Airports

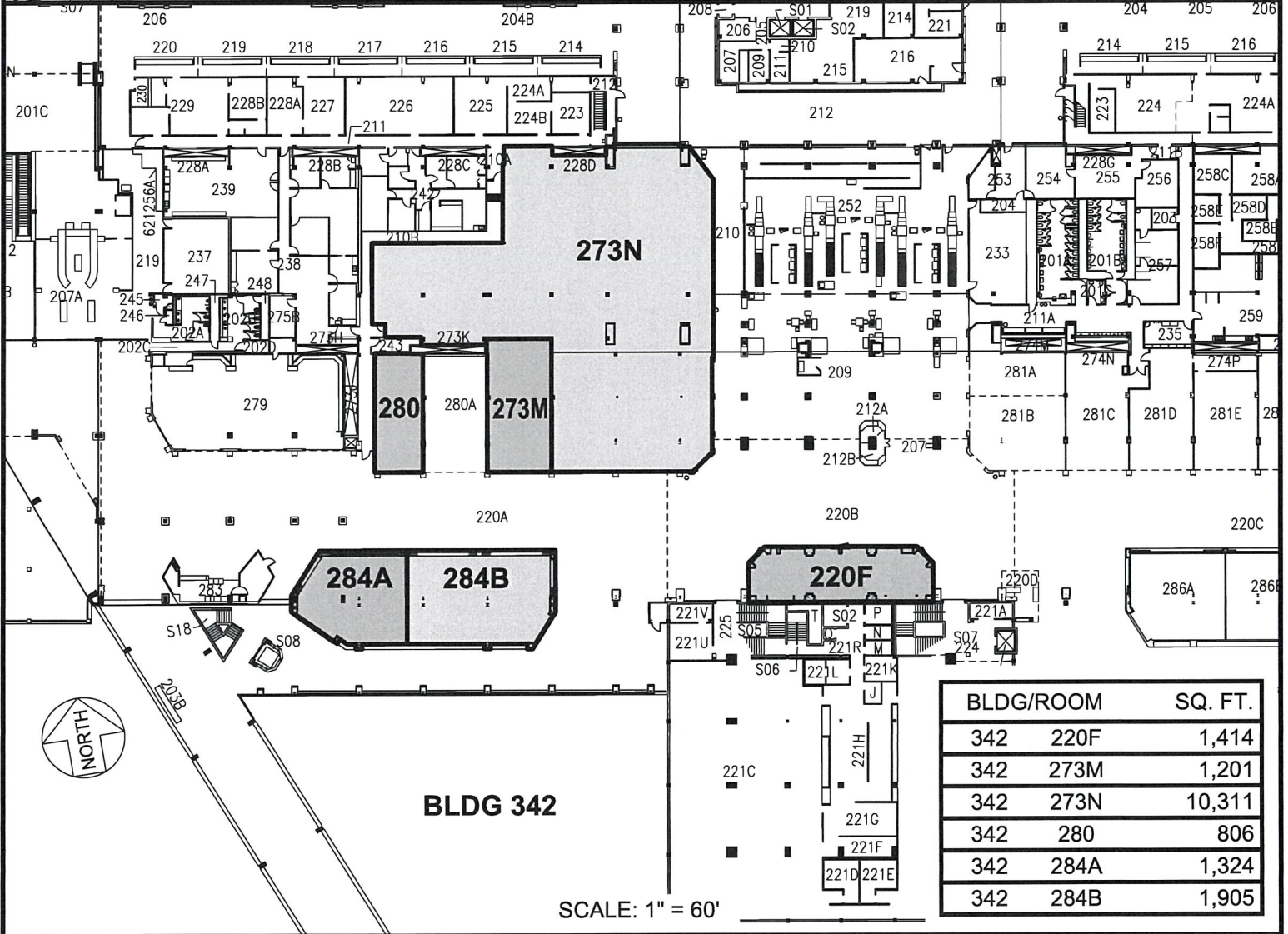
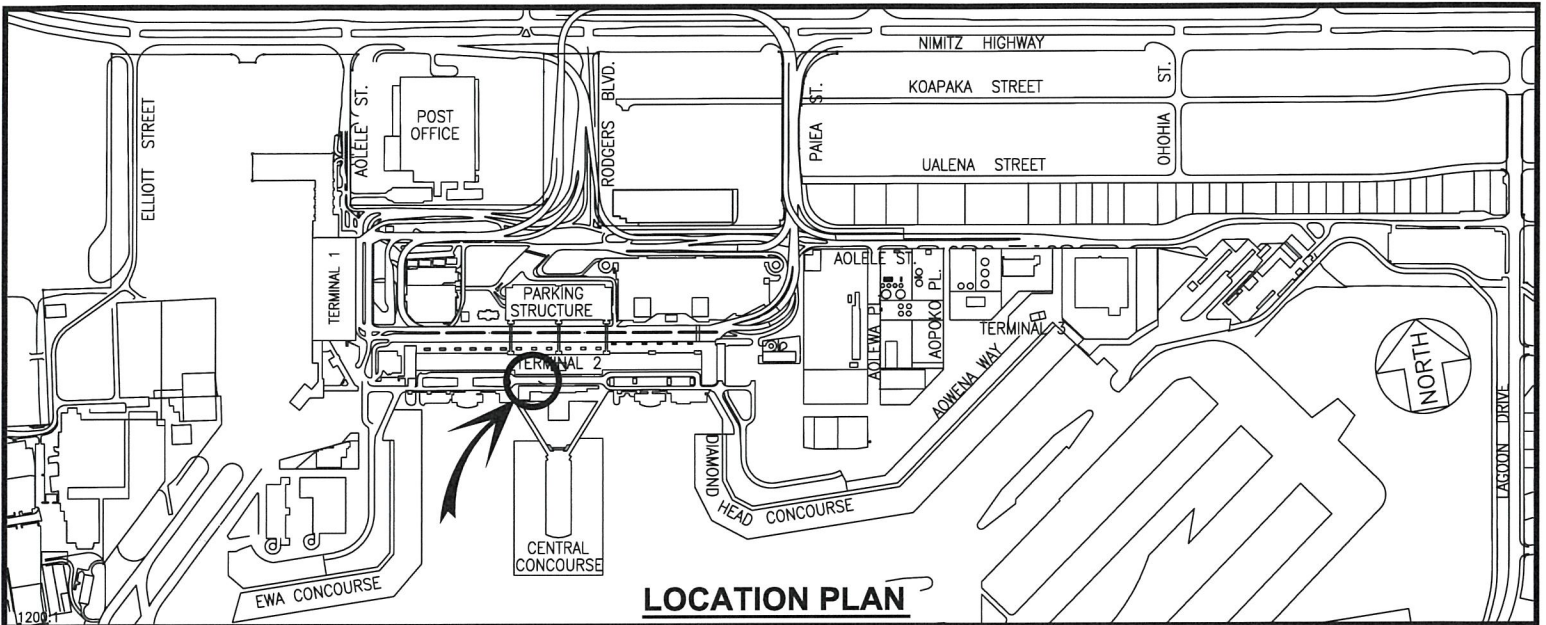
IN-BOND (DUTY-FREE)  
CONCESSION

"AIRPORT"

PLAT 01

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DANIEL K. INOUE INTERNATIONAL AIRPORT



DATE : JUNE 2024

EXHIBIT: **B**



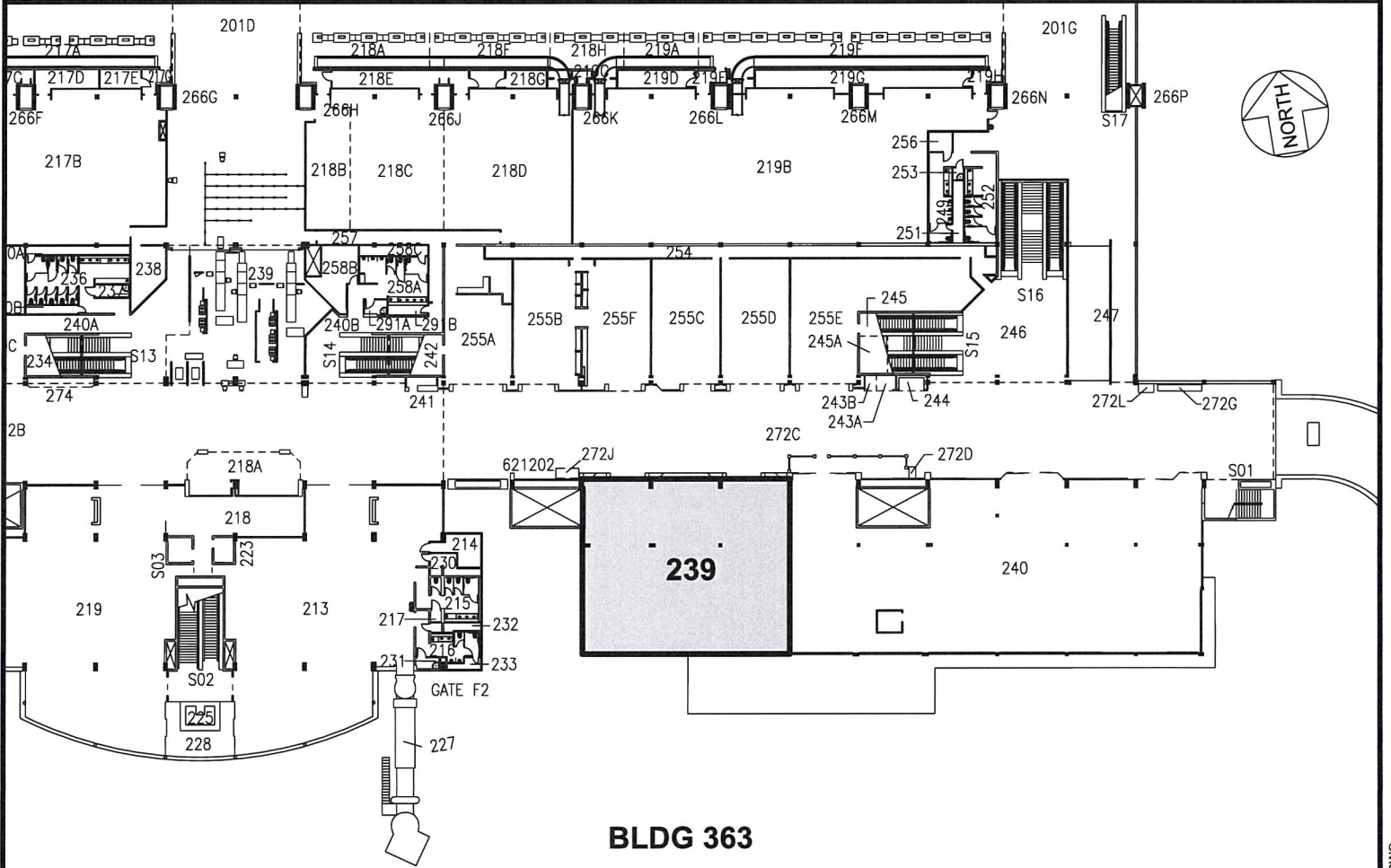
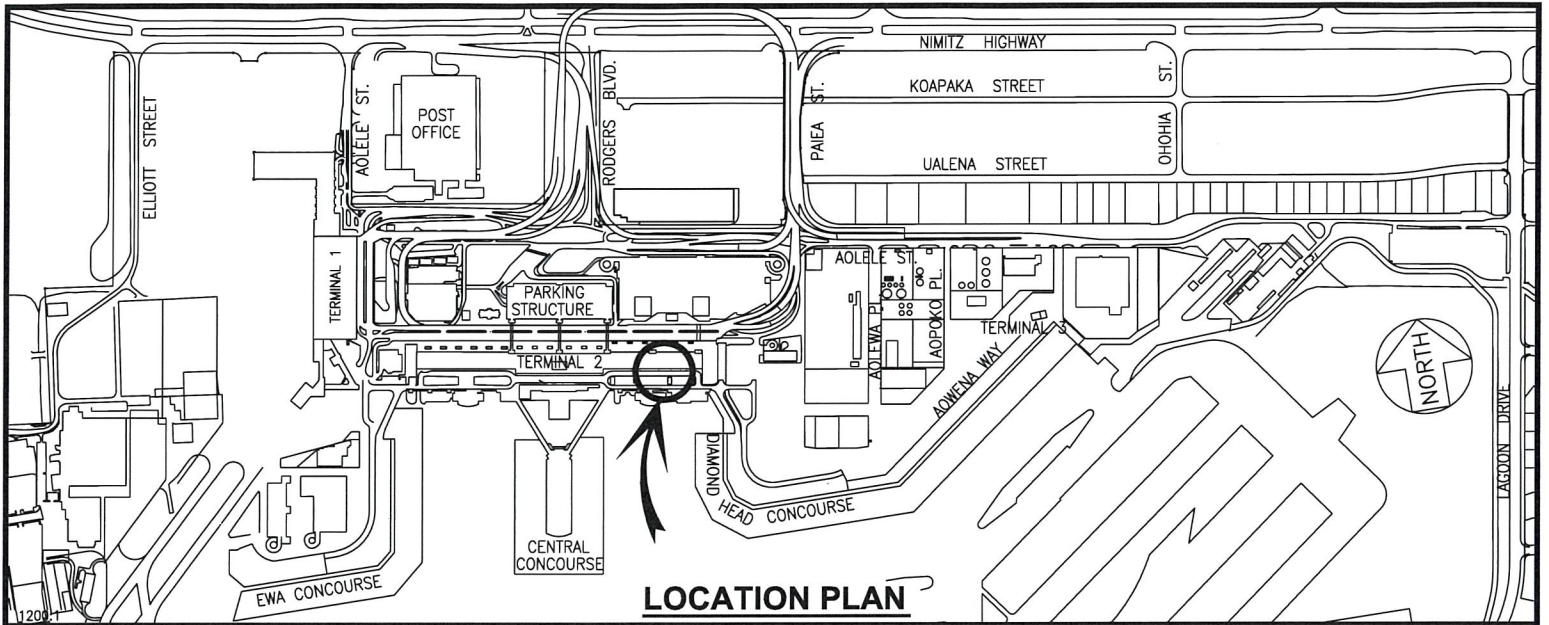
**IN-BOND (DUTY FREE)  
CONCESSION**

**BUILDING 342  
WAITING LOBBY  
SECOND LEVEL**

**342220F  
342273M-N  
342280  
342284A-B**

**DANIEL K. INOUE INTERNATIONAL AIRPORT**

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SCALE: 1" = 60'

BLDG/ROOM	SQ. FT.
363 239	4,368

DATE : JUNE 2024

EXHIBIT: **C**



AIRPORTS

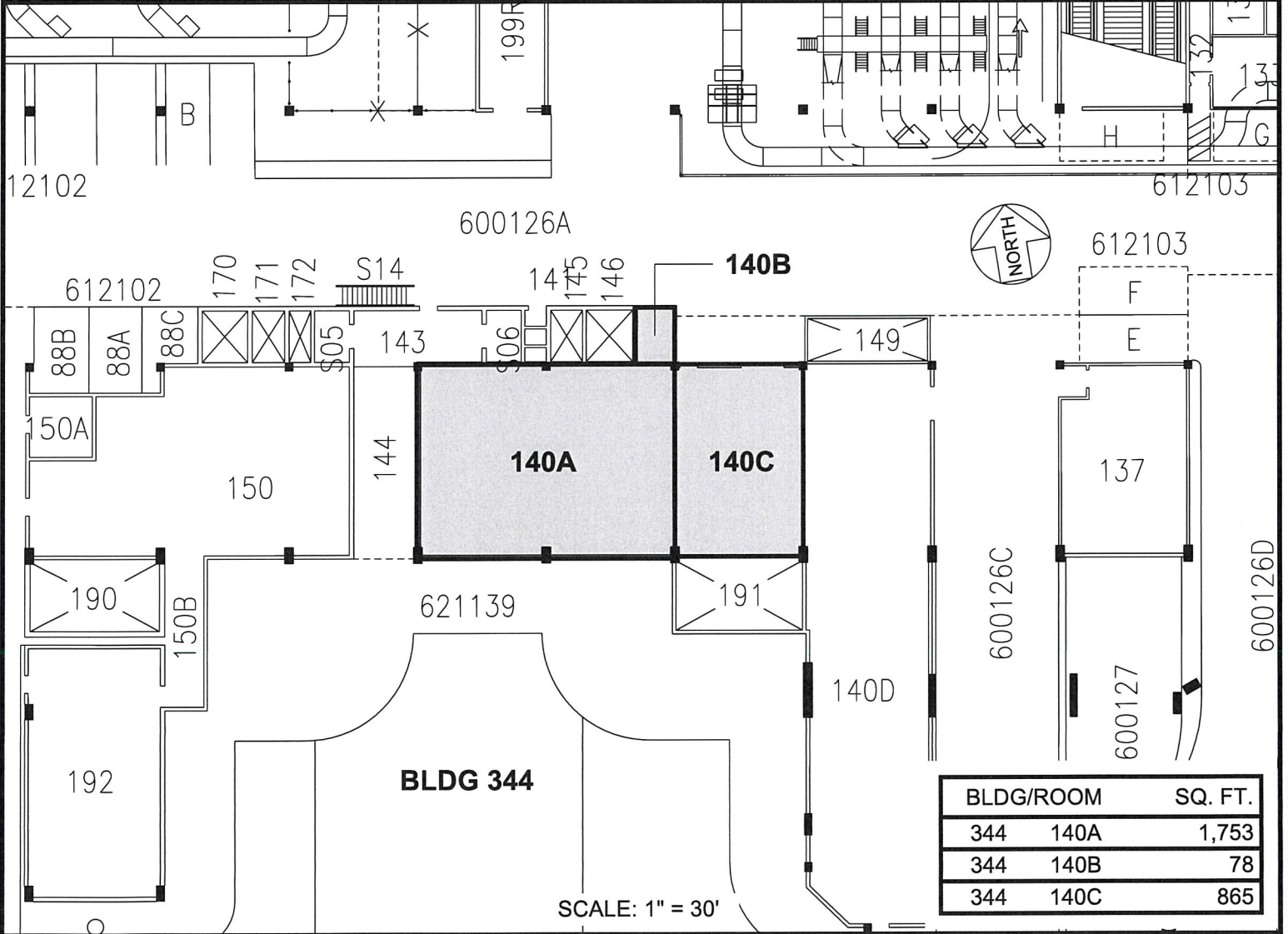
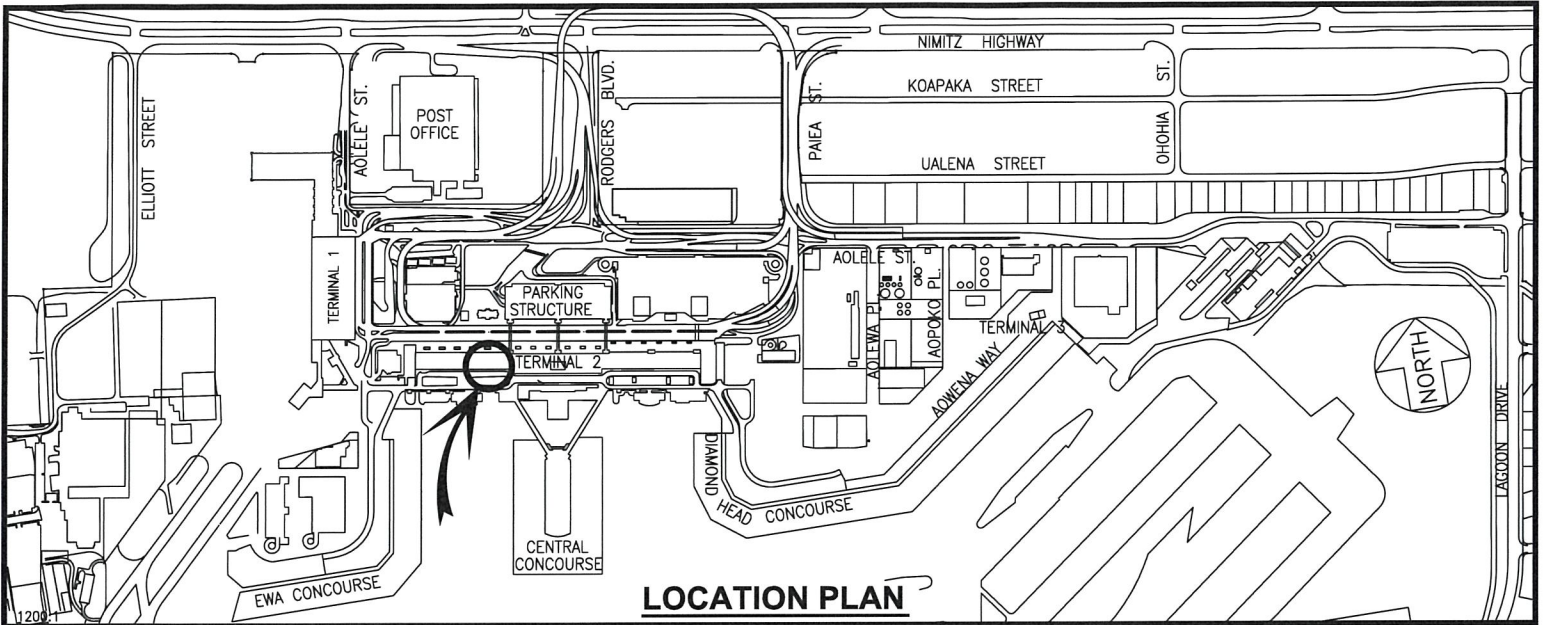
IN-BOND (DUTY FREE)  
CONCESSION

BUILDING 363  
D.H. CONNECTING LINK  
GROUND LEVEL

363239

DANIEL K. INOUE INTERNATIONAL AIRPORT

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DATE : JUNE 2024

EXHIBIT: **D**



**IN-BOND (DUTY-FREE)  
CONCESSION**

**BUILDING 344  
EWA DOMESTIC EXTN.  
GROUND LEVEL**

**344140A-C**