

NEIL ABERCROMBIE
GOVERNOR



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

ROSS M. HIGASHI
INTERIM DIRECTOR

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JEFFREY CHANG
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IN REPLY REFER TO:

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

TIARE ENTERPRISES, INC.
AMENDMENT NO. 5 TO RETAIL CONCESSION AGREEMENT NO. DOT-A-10-0008
AT HILO INTERNATIONAL AIRPORT (ITO) AND KONA INTERNATIONAL AIRPORT
AT KEAHOLE (KOA) TO EXTEND LEASE TERM UNDER PROVISIONS OF ACT 46,
SESSION LAWS OF HAWAI'I 2012, AS AMENDED BY ACT 126, SESSION LAWS OF
HAWAI'I 2014

TAX MAP KEY: ITO: (3)-2-1-12:90 (PORTION)

TAX MAP KEY: KOA: (3)-7-3-43:40 (PORTION)

HAWAI'I

APPLICANT:

Tiare Enterprises Inc., its mailing address is P.O. Box 29638, Honolulu, Hawaii 96819.

LEGAL REFERENCE:

Chapter 102, Hawai'i Revised Statutes, as amended.

Act 46, Session Laws of Hawai'i 2012, as amended by Act 126 Session Laws
of Hawai'i 2014.

LOCATION AND TAX MAP KEY:

Hilo International Airport, Island of Hawai'i
3rd Division, 2-1-12: 90 (Portion)

Kona International Airport at Keahole, Island of Hawai'i
3rd Division, 7-3-43:40 (Portion)

ZONING:

State Land Use District:
County of Hawai'i :

Urban & Conservation
Industrial (MG-1a) and open (KOA)
Industrial (ML-20) (ITO)

ITEM M-11

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LAND TITLE STATUS:

Section 5 (a) and 5 (b) lands of the Hawai'i Admission Act: Ceded
DHHL 30% entitlement lands: Yes ___ No X

CONCESSION TERM:

The Retail Concession Agreement No. DOT-A-10-0008 (Concession) began on September 1, 2010, and continues through August 31, 2015.

Applicant, pursuant to Act 46, Session Laws of Hawai'i 2012, as amended by Act 126 Session Laws of Hawai'i 2014, is seeking an extension of the concession term through August 31, 2025, a period of 10 years.

IMPROVEMENTS:

The applicant is proposing to expend five hundred thousand dollars (\$500,000) for expansion and upgrades to the retail facilities in the South Terminal at KOA and two hundred thousand dollars (\$200,000) in upgrades to the retail facilities in the North Terminal at KOA and the retail facilities at ITO.

The Department of Transportation has a project that will remodel KOA through the creation of a single central Transportation Security Administration Checkpoint and eventually create a second level air conditioned departure facility that would allow travelers embark and disembark from aircraft through passenger loading bridges, as is currently the case at the other major Hawai'i airports. Depending on the timetable for completion of these projects, the applicant may be required to make further improvements during the term of the concession.

CONCESSION FEE:

The existing concession fee is the greater of the minimum annual guarantee (MAG) or percentage fee. The MAG adjusts annually to 85% of what was paid and payable in the prior concession year. Currently, the MAG at KOA is \$390,442.88 and at ITO the MAG is \$58,821.77 or a total MAG of \$449,264.65.

Applicant is proposing the MAG at the commencement of the extension be set at \$625,000.00.

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

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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 dated November 14, 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.

REMARKS:

Under the Act 46, Session Laws of Hawai‘i 2012, as amended by Act 126 Session Laws of Hawai‘i 2014, "...the department of transportation is allowed to upon mutual agreement with a concession and in exchange for revenue enhancing improvements that are made or paid for by the concession deemed acceptable by the department of transportation, may extend, modify, alter, or amend the terms of concession contracts, leases and permits."

The DOT reviewed the request and determined that the proposed concession improvements within the airport terminal will allow the applicant to better serve the traveling public and the airports will benefit from the increase in concession activity.

RECOMMENDATION:

The Board authorizes the Department of Transportation to amend the existing Concession Agreement No. DOT-A-10-0008 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 by the Department of the Attorney General.

Respectfully submitted,



ROSS M. HIGASHI
Interim Director of Transportation

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.
Chairperson and Member