



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

Deputy Directors
RANDY GRUNE
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IN REPLY REFER TO:

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

AMENDMENT TO PRIOR BOARD ACTION TAKEN JUNE 14, 2013
UNDER ITEM M-2 ISSUANCE OF CONCESSION AGREEMENTS
AND FACILITY LEASES FOR THE NON-EXCLUSIVE ON-AIRPORT
CAR RENTAL CONCESSION AT KAHULUI AIRPORT
TAX MAP KEY: (2) 3-8-01: 009

MAUI

The Department of Transportation (DOT) seeks to amend its submittal, approved by the Board at its June 14, 2013 meeting under Item M-2 (attached), in which the Board authorized the DOT to seek sealed bids for new car rental concessions to operate from the to be constructed consolidated rental car facility (facility), to include ground rent and clarify the adjustment of minimum annual guarantee.

PURPOSE:

To include land rent in the concession agreements and clarify that the minimum annual guaranteed concession fee shall adjust each year to 85% of the concession fee that was due to the state in the prior year.

LEGAL REFERENCE:

Chapter 102, and Section 261-7, Hawaii Revised Statutes, as amended.

LOCATION:

Kahului Airport

ZONING:

State Land Use District: Urban
County of Maui: Airport

ITEM M-7

TERM:

Ten (10) years, commencing upon beneficial occupancy of the Consolidated Rental Car Facility.

CONCESSION FEE:

Greater of the Minimum Annual Guarantee Fee (MAG) or ten (10) percent of gross receipts.

First concession agreement year. The MAG shall be the amount bid by the Concessionaire.

Subsequent years. For each subsequent concession agreement year, the MAG will be 85% (eighty-five percent) of the prior year's concession fee.

IMPROVEMENTS:

The DOT will be building a multi-story Consolidated Car Rental Facility to house all of the car rental activities at the airport. The Concessionaires will operate from space in the customer service building, ready/return parking stalls, and additional vehicle storage areas.

The DOT will establish space packages comprised of (a) rental counters, office and queuing space in the Customer Service Area, (b) Ready/Return Area, (c) QTA Area in the Structured Quick Turnaround Building and (d) overflow vehicle storage space. Each operator will be required to build out its customer service facilities, install its own equipment and signage.

REMARKS:

At the time of the initial submittal, no ground rent had been established and it was anticipated that the concession fee would not be less than the amount established thru the bids for the first year. Discussions with industry confirmed that ground rent would be charged and the MAG would adjust each year, either up or down depending on the prior year's performance.

Subsequent to the issuance of the bid documents, as part of the construction project, an appraisal was completed which established the ground rent at Kahului Airport to be \$2.11 per square foot per annum. The ground rent will be adjusted each year based on the change in the Consumer Price Index. Every five years during the term of the concession, the property will re-appraised

and the ground rent adjusted accordingly. Provided however, the ground rental rate for any agreement year shall not decrease compared to the prior year, during each five agreement year period.

RECOMMENDATION:


That the Board approve (a) the imposition of the ground rent based on appraisal and the adjustments, and (b) the annual adjustment to the MAG, as hereinabove outlined, subject to (1) such other terms and conditions as may be prescribed by the Director of Transportation to serve the best interests of the State; and (2) review and approval of the Department of the Attorney General.

Respectfully submitted,



FORD N. FUCHIGAM
Interim Director of Transportation

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, JR.
Chairperson and Member

NEIL ABERCROMBIE
GOVERNOR



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

June 14, 2013

GLENN M. OKIMOTO
DIRECTOR

Deputy Directors
JADE T. BUTAY
FORD N. FUCHIGAMI
RANDY GRUNE
JADINE URASAKI

IN REPLY REFER TO:

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

ISSUANCE OF CONCESSION AGREEMENTS AND FACILITY LEASES
FOR THE NON-EXCLUSIVE ON-AIRPORT CAR RENTAL CONCESSIONS
AT KAHULUI AIRPORT
TAX MAP KEY: (2) 3-8-001-019 MAUI

The Department of Transportation ("DOT") proposes to offer new non-exclusive Concession Agreements and Facility Leases to operate car rental concessions at Kahului Airport. The following contains a description and summary of some of the major terms and conditions that the DOT anticipates incorporating into the Concession Agreements ("Agreement"):

PURPOSE:

To award Agreements to all Rental Car Operators submitting qualifying bids to operate non-exclusive rental car concession from the to-be-built Consolidated Rental Car Facility at Kahului Airport.

LEGAL REFERENCE:

Chapter 102, and Section 261-7, Hawaii Revised Statutes, as amended.

LOCATION:

Kahului Airport

PREMISES:

Customer service areas, vehicle storage, quick turn around facilities (car wash and fueling), light maintenance areas in the Consolidated Rental Car Facility will be made available to all successful bidders.

APPROVED BY THE BOARD
AT ITS MEETING HELD ON

6-14-2013

ITEM M-2

BLNR- Issuance of non-exclusive car rental
Concession Agreements at Kahului Airport
Page 2

ZONING:

State Land Use District: Urban
County of Maui: Airport

TAX MAP KEY:

2nd Division – 3-8-001-019

LAND STATUS:

Section 5(a) Hawaii Admission Act, Non-Ceded
DHHL 30% entitlement lands Yes___ No X

TERM:

Ten (10) years, commencing upon beneficial occupancy of the Consolidated Rental Car Facility.

CONCESSION FEE:

Greater of the Minimum Annual Guarantee Fee (MAG) or ten (10) percent of gross receipts.

First concession agreement year. The MAG shall be the amount bid by the Concessionaire.

Subsequent years. For each subsequent concession agreement year, the MAG will 85% of the prior year's concession fee. However, the MAG shall not be lower than the MAG for the first concession agreement year.

IMPROVEMENTS:

The DOT will be building a multi-story Consolidated Car Rental Facility to house all of the car rental activities at the airport. The Concessionaires will operate from space in the customer service building, ready/return parking stalls, and additional vehicle storage areas.

The DOT will establish space packages comprised of (a) rental counters, office and queuing space in the Customer Service Area, (b) Ready/Return Area, (c) QTA Area in the Structured Quick Turnaround Building and (d) overflow vehicle storage space. Each operator will be required to build out its customer service facilities, install its own equipment and signage.

The space packages will be sized to take into account large and small operators.

BASIS OF AWARD:

Concession Agreements and Facility Leases will be awarded to all responsible bidders submitting a bid in excess of the required minimum bid.

Bidders will be segregated into two groups, large and small operators. The minimum bid for a large operator is \$2,000,000.00. For small operators, the minimum bid is \$100,000.00

The choice of space packages will be awarded in order of bid received, from high to low.


REMARKS:

The DOT will be constructing the multi-story Consolidated Rental Car Facility using proceeds from the Consolidated Rental Car Facility Charge (CFC). All on-airport Car Rental Companies have been collecting the CFC since 2008. The DOT will be issuing bonds backed by the proceeds from the CFC to finance the construction of the Consolidated Rental Car Facility. In order to be able to successfully issue the bonds the DOT must have sign agreements with the rental car companies stating that they will occupy and operate from the facility


RECOMMENDATION:

That the Board authorize the call for sealed bid tenders and issuance of a new Rental Concessions as hereinabove outlined, subject to (1) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (2) review and approval of the Department of the Attorney General.

Respectfully submitted,


GLENN M. OKIMOTO, Ph.D.
Director of Transportation

APPROVED FOR SUBMITTAL:


WILLIAM J. AILA, JR.
Chairperson and Member