

DAVID Y. IGE  
GOVERNOR



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

FORD N. FUCHIGAMI  
DIRECTOR

Deputy Directors  
JADE T. BUTAY  
ROSS M. HIGASHI  
EDWIN H. SNIFFEN  
DARRELL T. YOUNG

IN REPLY REFER TO:

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

ISSUANCE OF A DIRECT LEASE TO BARBERS POINT AVIATION SERVICES, LLC  
KALAELOA AIRPORT, ISLAND OF O'AHU, STATE OF HAWAI'I  
TAX MAP KEY: (1) 9-1-13: PORTION OF 32

O'AHU

REQUEST:

Issuance of a direct lease to Barbers Point Aviation Services, LLC (BPAS) to renovate, operate, and maintain portions of Building 104 to use as office space, flight school simulation room, and a student and customer lounge at Kalaeloa Airport.

APPLICANT/LESSEE:

BPAS, authorized to do business in the State of Hawai'i, whose business address is 91-1259 Midway Road, Kapolei, Hawai'i 96707

LEGAL REFERENCE:

Subsection 171-59(b), Hawai'i Revised Statutes, as amended

LOCATION AND TAX MAP KEY:

A portion of Kalaeloa Airport, Kapolei, Island of O'ahu, State of Hawai'i identified by Tax Map Key: 1<sup>st</sup> Division, 9-1-13: portion of 32

AREA:

Building/Room No. 104-115, containing an area of approximately 1,157 square feet;  
Building/Room No. 104-123, containing an area of approximately 226 square feet; and  
Building/Room No. 104-127, containing an area of approximately 407 square feet,  
as shown and delineated on the attached map labeled Exhibit A.

ZONING:

State Land Use District: Urban  
City and County of Honolulu: P-2 (To be rezoned in the future)

**ITEM M-7**

BLNR-ISSUANCE OF A DIRECT LEASE TO BARBERS POINT AVIATION  
SERVICES, LLC, KALAELOA AIRPORT  
Page 2

LAND TITLE STATUS:

Non-ceded land acquired from the U.S. Government by the State of Hawai'i after Statehood  
DHHL 30% entitlement lands pursuant to the Hawai'i State Constitution: YES \_\_\_ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3861, setting aside Kalaeloa  
Airport under the control and management of the Department of Transportation, Airports  
Division, State of Hawai'i, for Airport Purposes.

CHARACTER OF USE:

Office space, a flight school simulation room, and a student and customer lounge.

TERM OF LEASE:

Ten (10) years

COMMENCEMENT DATE:

Upon execution of the Lease document

ANNUAL GROUND LEASE RENTAL:

Lease Years 1-5: \$30,931.20 per annum, based upon a building rate of \$12.60 per square foot  
per annum as published in the Airports Division Schedule of Rates and Charges; and a utility  
charge of \$8,377.20 per annum.

Lease Years 6 – 10: \$34,314.30 per annum, based upon the product of the annual rental for the  
fifth (5<sup>th</sup>) year of the lease term (\$25,937.10 and 115%); and a utility charge of \$8,377.20 per  
annum.

SECURITY DEPOSIT:

Sum equal to three (3) times the month rental in effect.

MINIMUM IMPROVEMENTS REQUIREMENT

\$53,000

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by the Final Environmental Assessment for the Kalaeloa  
Airfield Development Plan Improvements, State Project No. AO5011-02 dated June 2010.  
This Environmental Assessment was prepared by Wilson Okamoto Corp. for the State of  
Hawai'i, Department of Transportation, Airports Division, in part to evaluate the

BLNR-ISSUANCE OF A DIRECT LEASE TO BARBERS POINT AVIATION SERVICES, LLC, KALAELOA AIRPORT

Page 3

environmental effects of the recommended Kalaeloa Airfield Master Plan to meet existing and forecast general aviation demands.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u>    </u>
Registered business name confirmed:	YES <u>X</u>	NO <u>    </u>
Good standing confirmed:	YES <u>X</u>	NO <u>    </u>

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 Department of Transportation proposed to issue a direct lease to BPAS, for the purpose of renovating, operating, and maintaining portions of Building 104, to use as office space, a flight simulation room, and an aeronautical student and customer lounge at Kalaeloa Airport.

BPAS currently occupies this space under a month-to-month revocable permit. BPAS has requested that Airports Division convert the revocable permit to a 10-year lease to amortize the cost of substantial improvements.

RECOMMENDATION:


That the Board authorize the Department of Transportation to issue a direct lease to BPAS, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; and (2) such additional terms and conditions as may be prescribed by the Director of Transportation to best serve the interest of the State.

Respectfully submitted,

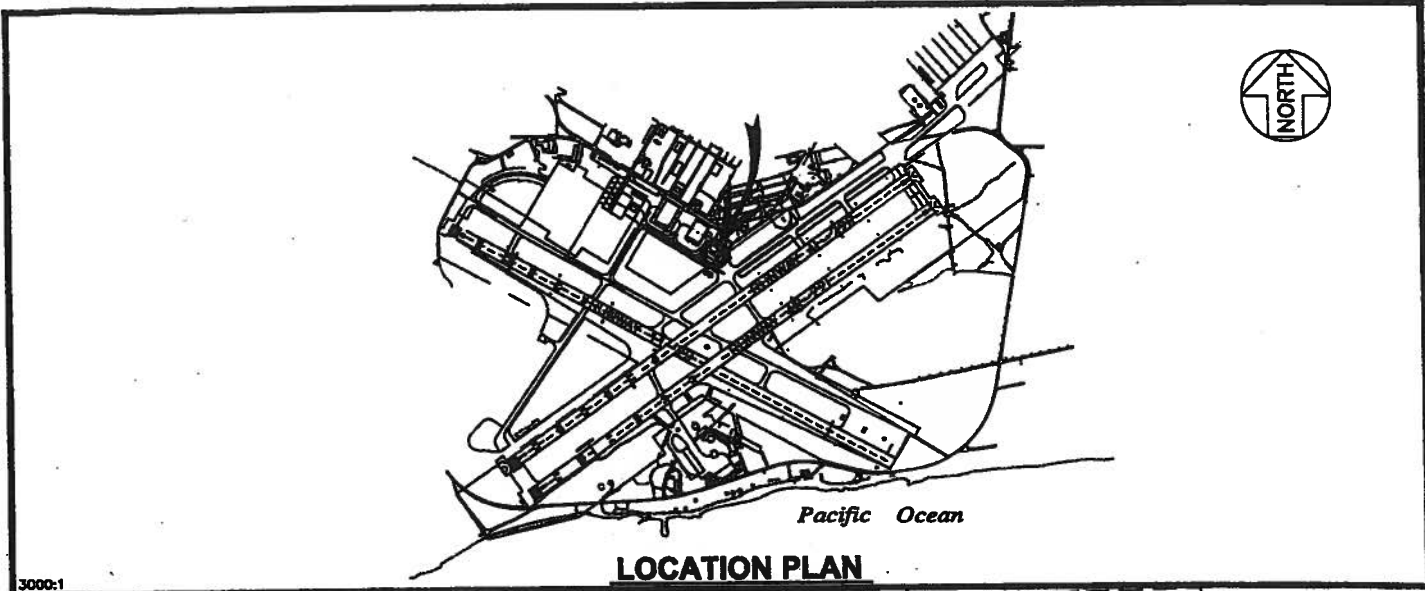


FORD N. FUCHIGAMI  
Director of Transportation

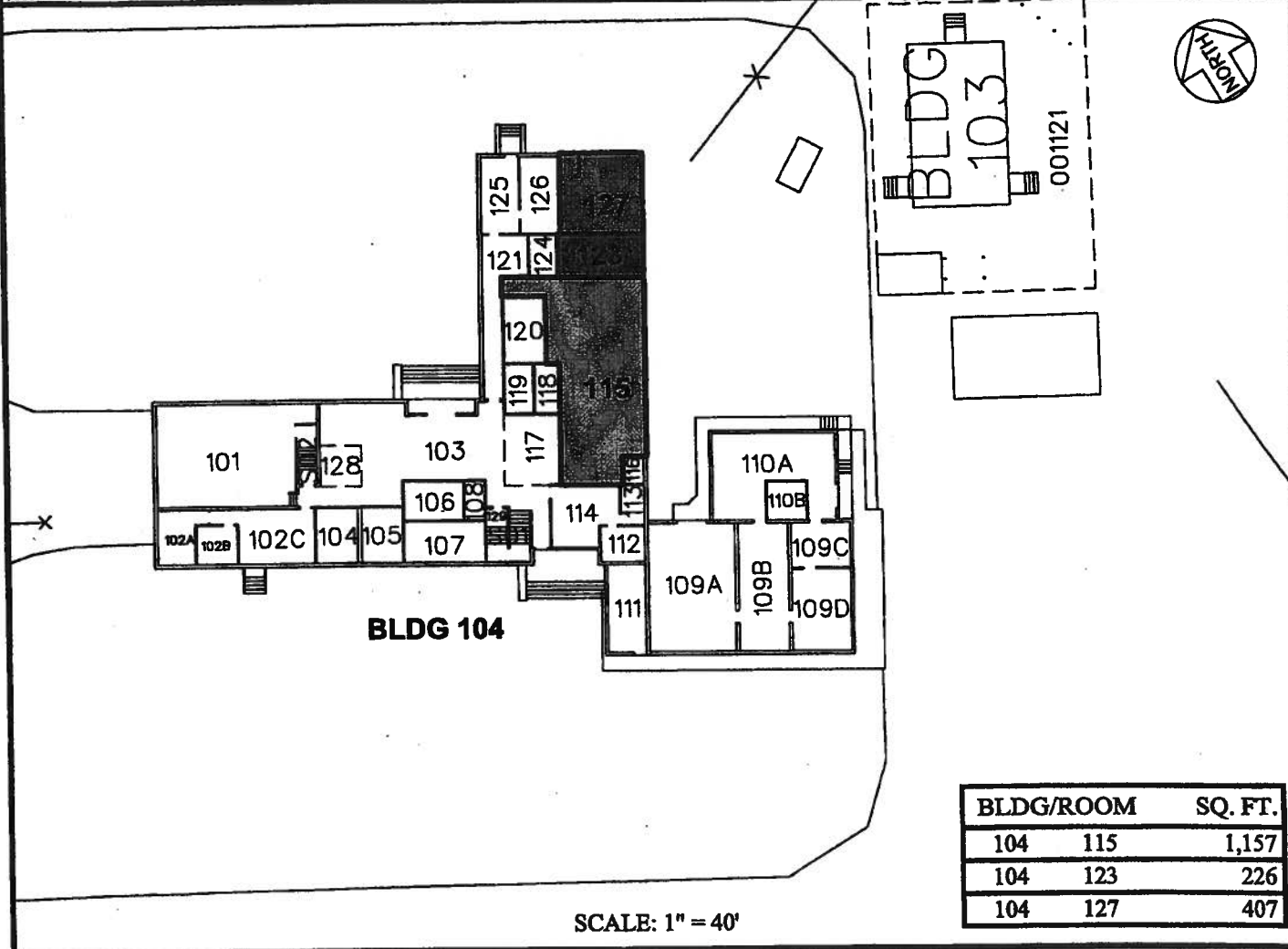
APPROVED FOR SUBMITTAL:



SUZANNE D. CASE  
Chairperson and Member



3000:1



BLDG/ROOM	SQ. FT.
104 115	1,157
104 123	226
104 127	407

SCALE: 1" = 40'

DATE :

EXHIBIT: **A**



Airports Division

**BARBERS POINT AVIATION SERVICES, LLC**

**BUILDING 104  
OPERATIONS BUILDING  
GROUND LEVEL**

104115  
104123  
104127

**KALAELOA AIRPORT**

Barbers Point Aviation Services, LLC (BPAS) currently provides significant services to Kalaeloa Airport (JRF). It currently holds the lease to operate the fueling facility at the airport. That contract runs through the end of 2018, at which time it will be put out to bid.

BPAS also services military and private aircraft.

As noted earlier, BPAS also provides flight training, including the use of simulators.

In the case of the flight training, there is a request that will be before the board at the next meeting from the Right Flight School, which is seeking to relocate from Honolulu International Airport to JRF.

JRF is an example of a slow to develop airport. It was returned to the State in 1999. It is intended to be the main general aviation airport on O'ahu.

In 2013, the Board approved issuance of a lease to Straube's Aircraft Services Hawaii, Inc. which allowed for construction of an aircraft paint booth. Currently, it is the only approved aircraft paint booth in the state.

In order for the general aviation community to accept JRF's role as the major general aviation airport on O'ahu, the appropriate services must be available. The issuance of a lease to BPAS will be another step on the path toward the goal.

state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-

- 1) Operating the airport's aeronautical facilities whenever required;
  - 2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
  - 3) Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

#### **20. Hazard Removal and Mitigation.**

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

#### **21. Compatible Land Use.**

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

#### **22. Economic Nondiscrimination.**

- a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or

to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-

- 1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
  - 2) charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
  - d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.
  - e. Each air carrier using such airport (whether as a tenant, non-tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
  - f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.
  - g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
  - h. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.
  - i. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.