

THE STATE'S ANSWERS TO WRITTEN QUESTIONS RECEIVED
FOR THE CONCESSION FOR THE MANAGEMENT AND
OPERATION OF THE AUTOMOBILE PARKING FACILITIES AT
KONA INTERNATIONAL AIRPORT AT KEĀHOLE

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MANAGEMENT AND OPERATION OF THE AUTOMOBILE PARKING FACILITIES AT
KONA INTERNATIONAL AIRPORT AT KEĀHOLE

THE STATE'S ANSWERS TO FINAL WRITTEN QUESTIONS

1. Please provide a copy of the current Concession Agreement, along with any associated amendments, governing the Management and Operation of the Automobile Parking Facilities at Kona International Airport at Keāhole, Island of Hawai'i.

ANSWER: A copy of the existing Parking Agreement for Kona International Airport at Keāhole (KOA) has been posted on the web site.

2. DBE Participation – Is the State's goal for DBE or ACDBE participation under the proposed Concession agreement?

Page NB-2 of the Notice to Bidders refers to '...a DBE goal of fifteen percent (15%)...' while page IB-11 and the Concession Agreement (pages 2 and 12-13) refer to ACDBE participation.

ANSWER: The State used both DBE and ACDBE interchangeably in the solicitation to allow the successful bidder the greatest latitude in meeting the goal.

3. Please clarify how AC/DBE participation will be calculated under the Concession Agreement?

ANSWER: It is up to the Operator to demonstrate to the State that the "provision of goods and services relating to the operation and maintenance of the Concession, the Premises, or the Automobile Parking Facilities" by the AC/DBE meet the required level of participation.

Will participation be measured against the portion of gross revenue retained by the Operator, as it (sic) typical with a Concession Agreement?

ANSWER: Yes.

Or is it measured against some other amount?

ANSWER: See above.

4. Is there a required form for specifying proposed AC/DBE participation, to be submitted with the Intent to Bid or Bid Proposal Package?

ANSWER: There is no required form to be used for specifying the proposed AC/DBE participation.

5. Please provide a list of any current ACDBE or DBE vendors providing services in conjunction with the current concession agreement for the Automobile Parking Facilities, with details as to:
- the structure of the relationship (Joint Venture, subcontract or other)
 - the scope of services provided
 - total dollar value of each DBE's participation for calendar year 2015
 - copies of any subcontract or JV agreements between the current Operator and any ACDBE or DBE participants
 - copies of monthly, quarterly or annual DBE participation reports for calendar year 2015

ANSWER: The existing contract has been held over for a number of years. Consequently, in the initial offering of the concession, no DBE or ACDBE goal was stated.

6. IB – Article 6(f) –

- Will the Tax Clearance Application provided in the bid documents suffice for applying for the Tax Clearance Certificate (TCC) from the Counties of Kaua‘i, Maui, Hawai‘i and the City and County of Honolulu or is a different application needed?

ANSWER: Each of the counties has its own form.

- Does one agency provide the TCC for these entities or do the TCC's need to be applied for individually?

ANSWER: If you are listed with Hawaii Compliance Express, that can be used to get the tax clearances, otherwise each of the Counties is an independent sovereign entity and the clearances must be obtained separately.

7. IB – Article 7c – please explain what an Upset Fee is and how it is exercised or used in relation to this Concession Agreement. Please confirm if this applies to year one (1) of the Concession Agreement only.

ANSWER: The Upset Fee is the minimum annual concession fee (bid), it also referred to as the upset minimum annual guaranty (MAG), for the first year of the Concession Agreement term. As stated in the concession offering, "The upset MAG shall not be less than NINE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$950,000.00)."

8. IB – Article 11 - Please confirm that a Performance Bond is acceptable to the State for the Concession Bond requirement.

ANSWER: Provided that Performance Bond meets the requirements listed in the Concession offering, the State is willing to accept it.

9. IB – Article 14 – Can the State provide the last two years' records on:

- Any taxes levied by the US Government and/or the State of Hawai‘i based on revenues from the Concession and,

ANSWER: As the State of Hawai‘i, Department of Transportation, Airports Division is not assessed for the tax liabilities of the Operator, the State of Hawaii, Department of

Transportation, Airports Division is not aware of the amount levied by either United States of America or the State of Hawai'i.

b. Real Property Taxes

ANSWER: See answer to a. above.

10. IB – Article 14 – Are there currently, or will there be, Possessory Interest Taxes or other leasehold interest taxes derived from the leasehold/concession interest in the parking facilities? If yes, please provide the amount or records of any Possessory Interest Taxes or other leasehold taxes assessed or paid for the past 2 years.

ANSWER: The State is not aware of any imposition of Possessory Interest Taxes assessed on any airport property. However, all airport property controlled by a private entity, such as the Operator, an in-terminal concessionaire, airline, or fixed base operator, for example, is required to annually pay real property taxes. Real property taxes are assessed annually by the County.

11. IB – Article 15 – Is the State aware of any future changes in Airline or Airport activity (originating or terminating airline activity, major construction, etc.) which may alter parking operations?

ANSWER: While the State does have a project to remodel the terminal building(s) into a single terminal area, the State does not believe the project will impact the parking concession.

12. IB – Article 15 – Would adjustments to the annual or total guaranteed concession fee owed to the State be permissible should changes to national or state minimum wage or healthcare laws occur that are beyond the control of the operator?

ANSWER: There is no provision in the concession offering that would allow changes to the terms of the Concession Agreement in the event that changes were made to national or state minimum wage or healthcare laws.

13. Please provide the number of Enplanements, Deplanements and Gross Receipts, by month, for July 2015 – February 2016.

ANSWER: Please see Addendum No. 1. At the present time, the State of Hawai'i, Department of Transportation, Airports Division, has released passenger number at the various airports only thru the end of 2015.

14. Appendix A, Attachment 1, Section 8 – For many parking companies, including those represented at the pre-bid meeting, the list of parking facilities operated over the past ten years would be in the thousands of locations. Would the State be willing to accept a complete listing of Airport Public Parking Facilities, with the required information, for the past ten years? Provided of course that it provides the experience required to meet the Minimum Qualifications.

ANSWER: The State is willing to accept a complete listing of Airport Public Parking Facilities operated by the bidder in response to the requirement listed in Appendix A,

Attachment 1, Section 8. It is up to the bidder to be sure that such a list provides the appropriate level of experience.

15. For 2014 and 2015, please provide what percent of all transaction processed were paid for through the use of a credit or debit card.

ANSWER: The existing Concession Agreement does not require a separate report on the number of credit or debit card transactions.

16. Please provide the amount the current Operator deducted from Gross Receipts by Month for FY15 (July 2014 – June 2015) and for each month starting July 2015 through any current month data.

ANSWER: The State has no record of any deductions from Gross Receipts taken by the Operator.

17. Concession Agreement, Article III – As the State reserves the right to add additional parking areas and the Operator is required to provide all insurances, will the State allow an adjustment to the Concession Fee should parking areas be increased more than a certain percentage (say 25%).

ANSWER: As the minimum concession fee adjusts each year to 85% of what was paid and payable in the prior year, the State sees no reason to adjust the concession fee due to the addition of parking areas under the concession.

18. Please provide a copy of the most recent audit performed by an independent licensed certified public accounting firm covering the period July 2014 – June 2015.

ANSWER: See attached audit

19. Concession Agreement, Article V – What is the anticipated Commencement Date?

ANSWER: September 1, 2016.

20. Concession Agreement, Article VI.E.3 – Please provide a copy of the most current month's Operational Data Report.

ANSWER: The existing Concession Agreement did not require submission of monthly Operational Data Reports.

21. Concession Agreement, Article VI.H.1 – Given the Concession Agreement structure, it is not typical for Operator to be obligated to provide cost and expense, capital expenditure and depreciation/amortization information. We respectfully request that this obligation be limited to proof of payment for the capital investment required in the Agreement.

ANSWER: The State will not make the requested change to its standard language.

22. Concession Agreement, Article VI.I.1.e – Please confirm Utility Costs are monthly costs.

ANSWER: Yes, utility costs are monthly costs.

23. Concession Agreement, Article VI.I.1.e – Please provide copies of the twelve (12) most recent invoices for Utilities submitted by the State to the Operator for reimbursement.

ANSWER: The State has not billed the Operator for electricity. However, should the State do so, it would be the Operator's responsibility to pay for the usage.

24. Concession Agreement, Article VI.K & L Please quantify and provide description of any liquidated damages or reimbursements and “Unaccounted for Exits Penalties” by Operator to the State for the last 3 fiscal years.

ANSWER: The State has not had to impose any liquidated damages during the cited period.

25. Concession Agreement, Article VI.K.5 – Please confirm where Operator is to store any towed vehicle per Article IX.A.13 and if any storage fees are applicable and the responsibility of the Operator.

ANSWER: The State does not provide a lot for storage of towed vehicles.

26. Please advise how many vehicles were towed by the current Operator for the period July 2014 –June 2015.

ANSWER: Five vehicles were towed.

27. Concession Agreement – Article VI.N.6 – If the State should determine that allowing financial relief would impair the State's bond obligations, then would the State at least allow Operator a right to terminate the Agreement, upon some reasonable number of days' prior notice?

ANSWER: The State does not see how, if temporary relief from the terms of the Concession would impair the State's bond obligation, that a termination of the Concession Agreement would not have the same effect. The State will not make the requested change to its standard language which it believes serves the interest of the State.

28. Concession Agreement, Article VII – Regarding the current parking rate structure please provide the date it became effective, as well as the most recent prior rate structure.

ANSWER: The effective date of the current parking rate structure is posted on the State's web page at <http://hawaii.gov/koa/airport-parking/parking-rates>

29. Concession Agreement, Article VII – Does the State have any plans, projected timeline or guidelines for future parking rate increases?

ANSWER: The State does not have any plans, projected timeline or guidelines for future parking rate increases.

30. Concession Agreement, Article VII.C – Please confirm if Operator's employees are provided complimentary parking while on-duty? If not, please provide the monthly cost per employee.

ANSWER: Operator's employees are provided with complimentary parking, but only when on-duty.

31. Concession Agreement, Article VII.C – Can the State provide which airport employees qualify for employee parking (e.g., Domiciled vs. non-domiciled), who determines eligibility and the monthly fees for both groups?

ANSWER: Article VII.C. Employee Parking Facilities Charges and Locations states the following: As used herein, the term “employee” shall include all employees of any lessee, tenant, permittee, contractor or OPERATOR of the Airport.

The article also contains the following language: “The OPERATOR agrees to place and maintain in effect separate monthly rates for employees.”

The State, in consultation with the operator, establishes parking rates for employees.

32. Concession Agreement, Article VII.C – Please describe the process for the monthly parking program and the responsibility that the State and/or Operator have in that process.

ANSWER: The STATE does not understand what is meant by “the process for the monthly parking program”.

33. Concession Agreement, Article VII.C – Please provide statistics on how many access cards are currently issued to Airport employees for parking.

ANSWER: The existing concession agreement does not require the reporting of such data.

34. Concession Agreement, Article VII.E – If monthly parking fees are not paid by the 6th business day of the month for which parking is purchased, does the Operator have the authority to suspend parking privileges?

ANSWER: Yes.

35. Concession Agreement, Article IX.A.2 – The final sentence of this paragraph seems to indicate that the Operator is to provide an Assistant Manager position. Please confirm.

ANSWER: Yes.

36. Concession Agreement, Article IX.A.4 – Please provide current staffing schedules for the parking facilities, including all positions provided by or subcontracted to others under the current concession agreement.

ANSWER: The State does not set specific staffing schedules, nor does it track the number of subcontracted personnel.

37. Concession Agreement, Article IX.A.6 – Please advise what type of PRCS and Monthly Access systems are currently in place so that proper budgeting of temporary ticket stock and access cards can be made.

ANSWER: PRCS and monthly access system is DataPark.

38. Will the State provide an inventory of access cards for the current system to the Operator?

ANSWER: The existing concession agreement does not require the reporting of such data.

39. Concession Agreement, Article IX.A.10 – Please provide the make and model of the Parking Meters currently in place. Also, As the Operator may, at its expense, replace all parking meters at the State’s request, please provide the specifications to any new parking meters or self-collection boxes the State is considering.

ANSWER: The State is not aware of any parking meters currently in use at Kona International Airport at Keahole. The State, at this time, is not considering parking meters or self-collection boxes.

40. Concession Agreement, Article IX.A.12 – What is the Operator’s responsibility regarding abandoned vehicles once there are removed from the parking facilities and placed in the impound/storage lot?

ANSWER: The State is not providing an impound/storage lot.

41. Please confirm if any service vehicles will be provided by the State for use by the Operator.

ANSWER: The State will not be provided any service vehicles for use by the Operator.

42. Please advise if the current process for collecting License Plate Inventory is performed manually or with handheld devices?

ANSWER: Both.

43. Concession Agreement, Article IX.B.3 – As the type and expense of trash receptacles varies greatly, please provide the specification and number of trash receptacles the State wishes the operator to provide.

ANSWER: The State does not provide specifications for, or stipulate the number of, trash receptacles. It is up to the Operator to provide sufficient receptacles and to empty each of them on a timetable that prevents trash from piling up at the parking lots, or being spread by wind, rain, etc. to areas of the parking lots or other portions of the airport.

44. Concession Agreement, Article IX.B.7 – Please provide the type of mechanical vacuum equipment the State envisions the operator to provide.

ANSWER: The State is not specifying the type of mechanical vacuum equipment to be utilized by the Operator. However, the use of such equipment must keep the parking lots free from debris, branches or leaves.

45. Concession Agreement, Article IX.C – Does the State have any specific Good Faith Effort requirements or guidelines for ACDBE participation? If so, please provide details.

ANSWER: The State has not stipulated any specific actions it will consider to be Good Faith Efforts to meet the requirements or guidelines for ACDBE participation. It is the State’s intention that the Operator have DBE/ACDBE participation in the concession.

46. Concession Agreement, Article X.A – Will the existing PRCS remain in place should a new Operator be selected?

ANSWER: Yes, the State intends the existing PRCS to remain so that the Operator can be fully operational at the start of the concession term.

- a. Will the new Operator have use of the existing PRCS until such time that a new PRCS can be acquired, installed and tested?

ANSWER: Yes, however, the use of the existing PRCS is not intended to delay the acquisition and installation of a new PRCS. Failure to promptly provide a replacement PRCS will result in the State taking action to terminate the parking concession.

- b. If not, how does the State intend for a new Operator to assume responsibility for Management & Operation of the Parking Facilities until such time as a new PRCS can be Installed?

ANSWER: See answer to question 44.a. above.

47. Concession Agreement, Article X.A – As PRCS very dramatically in complexity and cost, please provide the following in the regards to the existing parking access and revenue control system (PARCS):

- a. detailed specifications, project scope, and any RFP or similar specifications used to solicit and procure the new PARCS.

ANSWER: As the State was not part of the process it is unable to provide such information.

- b. a complete listing of all components of the PARCS including hardware, software, peripheral devices, warranty, maintenance and support services, when each component was purchased and the date put into service.

ANSWER: See answer to Questions #45 a. above.

- c. detailed pricing for the PARCS, including invoices, price quotes, installation costs and/or amortization information

ANSWER: See answer to Questions #45 a. above.

- d. copies of any agreements for the purchase and installation, ongoing maintenance or support for the PARCS and contact information for the provider of those services

ANSWER: See answer to Questions #45 a. above.

48. Concession Agreement, Article XI.C – Minimum Investment Requirement – At the pre-bid meeting it was noted that the selected Operator would be required to invest \$300,000 in improvements for the Automobile Parking Facilities. However, Article XI. IMPROVEMENTS, Section D. 2 of the Concession Agreement indicates a \$200,000 Minimum Investment Requirement. Please clarify.

ANSWER: At the Pre-bid meeting held on February 16, 2016, it was stated that the Minimum Investment Requirement was increased to \$300,000.00. An addendum page showing the amount has been posted on Kona International Airport at Keahole Airport Parking Concession page on the DOTA website.

49. Are the proposed investments, including the revenue control system, to be described/itemized in the Intent to Bid or Bid Proposal Package?

ANSWER: No, the State believes it is in the best interest of the Operator to make the appropriate investments in equipment and systems, as the Operator will be required to operate the concession for a five-year period.

50. Concession Agreement, Article XVI.B – Please confirm that the current Automobile Parking Facilities are in compliance with all ADA requirements. If not currently ADA compliant, how can potential bidders arrange to review the operation with licensed contractors and ADA experts to perform audit and develop any plans, and associated cost estimates, to bring the Premises and Automobile Parking Facilities into compliance.

ANSWER: The State offered a tour of the parking facilities as part of the pre-bid meeting held on February 16, 2016. That was the opportunity to view the facilities and look over the existing operation. The State is not responsible for any particular entity's failure to take advantage of the offering.

51. Concession Agreement – Article XIV.B – Would the State agree to revise this indemnification clause to tie the Operator's indemnification of the State to injury, death or damage actually or allegedly caused by Operator, its employees or subcontractors?

(NOTE: Several questions were received that in the question cited portions of Article XIV, however the subject of the question clearly indicates the appropriate article is Article XVI. To maintain the material as submitted the article reference in the questions was not changed, but the answer reflects the appropriate article in the Concession Agreement.)

ANSWER: The State will not make the suggested change to its standard language, which it believes serves the interest of the State.

52. Concession Agreement, Article XVI.C.1.a – please provide a copy of the most recently completed Baseline Environmental Assessment (BEA) so Operator may have an idea of the requirements of the audit. If no BEA has been recently conducted, please provide a detailed scope of the BEA (and corresponding CEA) so that potential bidders can properly develop any plans, and associated cost estimates prior to submission of their bids.

ANSWER: The State has not conducted a BEA for the main parking lot. Neither is the State stipulating the scope of the BEA or CEA. The State is leaving the BEA to the Operator and reminding the Operator that any material difference between the two is the responsibility of the Operator to clean up.

53. Concession Agreement – Article XIV.C.1.a – If the BEA reveals that soils or groundwater require monitoring and/or remediation or removal, will the State undertake such activities, at the State’s expense? Or, does the State expect Operator to be responsible for these costs? Please clarify.

ANSWER: Should the BEA require monitoring, it would be in the best interest of the Operator to conduct the monitoring as the Operator would be immediately aware of any additional materials and limit its obligation to amounts in excess of what was shown on the BEA. The State does not believe the Operator should be responsible to remediate or remove soils or groundwater if the BEA shows the contamination occurred prior to commencement date of the Concession Agreement.

54. Concession Agreement, Article XVI.C.1.b – Does the last sentence of this section (2nd paragraph, page 49) include those contaminants that clearly would not be within the scope of the Operator’s activities within the Automobile Parking Facilities (e.g., aircraft fuel)?

ANSWER: If the Operator conducts a BEA, the level of any contaminants found will not be the responsibility of the Operator. Should the CEA show an increase in such contaminants or new contaminants, those will be the responsibility of the Operator. Given the locations of the parking lots included in the offering and the airfield it seems unlikely that aircraft fuel would be found at significant levels in the CEA, if it is not shown in the BEA.

55. Concession Agreement – Article XIV.C.1.b – If the CEA reveals contamination unrelated to the Operator’s activities (e.g. a plume of jet fuel in the soils or groundwater), then would the State agree that Operator shall not be liable for remediating such contamination, since it is obviously unrelated to the parking facilities?

ANSWER: See answer Question #54 above.

56. Can the Airport please provide a current list of “State-approved” person(s) or entities that may perform the BEA or Concluding Environmental Assessments (CEA)?

ANSWER: The State does not maintain a list of “State-approved” entities to conduct a BEA or CEA.

57. Concession Agreement – Article XIV.C.2.e – Would the State agree that Operator shall not be required to undertake an environmental investigation in the absence of any reasonable indication of an environmental issue?

ANSWER: The State believes it is in the best interest of the Operator to conduct a BEA as that would clearly indicate the current conditions and set a baseline for responsibility, if any.

58. Concession Agreement, Article XVI.C.2.e – Please provide the scope of any future Environmental Investigation or Assessment the State envisions as well as a copy of the most recent assessment, investigation, tests and analysis.

ANSWER: The State will not stipulate the scope of future Environmental Investigation or Assessments.

59. Concession Agreement – Article XIV.C.2.i – Would the State agree to give Operator written notice and an opportunity to cure any such failure before the State acts on its own?

ANSWER: As compliance is a duty under the Concession Agreement, it is the Operator's responsibility to be pro-active in addressing such issues and not rely on notification from the State to begin compliance.

59. Concession Agreement – Article XIV.C.2.k – Is the Performance Bond for Clean up/ Restoration required only in the event that environmental remediation is needed, or must it be in place from the onset of the Agreement?

ANSWER: The State intends the Bond to be in effect at the commencement of the Concession Agreement and continue in effect throughout the term of the Concession Agreement.

60. Is the Operator to provide security personnel in conjunction with the obligations in Concession Agreement, Article XVI.F.2?

ANSWER: To the extent that any of the obligations listed in the Concession Agreement apply to the parking concession, the Operator is required to provide the necessary manpower or equipment to meet the obligation.

61. Concession Agreement, Article XVI.G – Can the State advise when they plan to establish the Airport Alarm System and the scope of the connections and hook-ups to said system the Operator is required to provide and install?

ANSWER: The State's existing alarm system covers the State operated facility. At this time, there is no timetable to extend the system to the parking facilities.

62. Is the Operator to provide security personnel in conjunction with the obligations in Concession Agreement, Article XVI.F.2?

ANSWER: To the extent that any of the obligations listed in the Concession Agreement apply to the parking concession, the Operator is required to provide the necessary manpower or equipment to meet the obligation.

63. Concession Agreement, Article XVI.G – Can the State advise when they plan to establish the Airport Alarm System and the scope of the connections and hook-ups to said system the Operator is required to provide and install?

ANSWER: The State's existing alarm system covers the State operated facility. At this time, there is no timetable to extend the system to the parking facilities.

64. Concession Agreement, Article XIX.A.4 – Pollution Liability is not typically required of Parking Operators and is costly. We respectfully request the removal of this requirement from the Concession Agreement.

ANSWER: The State will not make the requested change to its standard language, which it believes serves the interest of the State.

65. Can the State provide a larger map that encompasses all of the Automobile Parking Facilities, designates each entry and exit lane and delineates employee parking?

ANSWER: The State provided an opportunity to tour the parking facilities and see the existing improvements. In addition, the airport is open to the public and interested parties can walkthrough and view the parking areas from the travelers' perspective. The Concession documents also provide exhibits showing the layout of the parking facilities. Consequently, the State will not provide maps or other illustrations of the parking facilities.

66. Can the State also provide a current aerial photo of the entire Automobile Parking Facilities?

ANSWER: See answer to question 64 above.

67. Is the existing PRCS PCI compliant? If yes, will the State provide documentation certifying such?

ANSWER: The current concession agreement did not require such compliance.