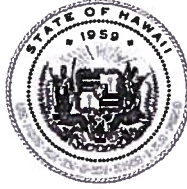


DAVID Y. IGE
GOVERNOR



FORD N. FUCHIGAMI
DIRECTOR

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

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

IN REPLY REFER TO:

December 23, 2015

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,
Speaker and Members of the House of
Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Souki and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Customer Facility Charge Report; In accordance with Act 226(08), I am also informing you that the report may be viewed electronically at:

<http://hidot.hawaii.gov/library/reports/reports-to-the-legislature/>

Sincerely,

FORD N. FUCHIGAMI
Director of Transportation

CC: Legislative Reference Bureau



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
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HONOLULU, HAWAII 96813-5097

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IN REPLY REFER TO:

December 10, 2015

**2015 ANNUAL REPORT OF THE DEPARTMENT OF TRANSPORTATION TO THE
HAWAII STATE LEGISLATURE PURSUANT TO
ACT 226 SESSION LAWS OF HAWAII 2008**

I. PURPOSE OF REPORT

This report is prepared and submitted pursuant to the provisions of Act 226 Session Laws of Hawaii 2008. Act 226 permits the imposition and collection of a customer facility charge (hereinafter "CFC") by the Department of Transportation on rental car transactions at state airports. Section 11 of the Act requires the Department of Transportation to submit an annual report to the Legislature relating to its activities under the Act:

"The department of transportation shall submit at least annual reports to the legislature relating to its activities for the purposes of this Act. The reports shall provide information and documents including, but not limited to:

- (1) A timeline for any expenditures and a description of any projects relating to the expenditures;
- (2) A timeline for the commencement date and completion date for any project;
- (3) A description with an appropriate plan or drawing identifying the location of any project;
- (4) Cost estimates for each project, including but not limited to planning, design, purchase, and construction costs and a timeline for the expenditures; and
- (5) The priority ranking for each project with commencement and completion dates.

The annual report shall be submitted to the legislature no later than twenty days prior to the convening of the regular session of the legislature, beginning with the regular session of 2009, and continuing through the regular session of 2018."

II. STATUS OF AIRPORTS DIVISION ACTIVITIES AND TASKS IDENTIFIED IN THE CALENDAR YEAR 2014 REPORT TO THE LEGISLATURE (Notations in parenthesis reference relevant Section numbers of the Act)

- a. **CFC.** Monitor 2015 legislative session to: assure uninterrupted collection of the CFC; obtain sufficient budget appropriations for OGG and HNL ConRAC facility projects. (Section 9)
Status: The 2015 Legislature made no changes to the CFC statute, assuring uninterrupted collection. Legislature approved sufficient budget appropriations for OGG and HNL ConRAC facility projects.
- b. **Plan of Finance.** Continue to monitor CFC collections; update cash flow requirements; update financial analysis as project construction contracts awarded. (Section 11)
Status: Financial analysis updated in November 2015 with cash flow requirements and project construction costs including accepted construction contractor bid (\$331.4 million) for OGG ConRAC. CFC revenues projected to be sufficient to cash-fund cash flow requirements until May 2017 when CFC-backed revenue bonds will need to be issued.
- c. **Rental Car Concessions Selection Process.** Re-bid neighbor island rental car concessions. (Section 11)
Status: Land Board approved DOTA request to issue RFB for neighbor island rental car concessions.
- d. **Honolulu Consolidated Facility.** Complete Phase 2A construction and commence operating from Phase 2A interim rental car facilities. Receive construction bids and award construction contract for Phase 2B permanent consolidated facility. (Section 11)
Status: HNL 2A interim facility opened and fully operational on November 4, 2015. Construction bids for Phase 2B permanent consolidated facility expected to be advertised in December 2015.
- e. **Kahului Consolidated Facility.** Complete construction of new airport access road. Commence construction of consolidated facility. (Section 11)
Status: Construction of new access road scheduled to be completed April 2016. Construction contract awarded to Hawaiian Dredging. NTP for construction of consolidated rental car facility expected to be issued effective February 1, 2016. Estimated completion date August 2018.
- f. **Kona Hydrogen Fueling Facility.** Continue to monitor "Hydrogen Highway" project for feasibility and timing. (Section 11)
Status: Continued to monitor.

- g. **Lihue Consolidated Facility.** Coordination as required with sellers of land site to obtain subdivision approval. *(Section 11)*
Status: Revised purchase agreement executed with seller. Balance of purchase price deposited into escrow. Purchase agreement subject to sellers obtaining site access and subdivision approvals by 2018.
- h. **Quarterly Update Meetings.** Continue regular meetings with the rental car industry representatives. *(Section 11)*
Status: Regular monthly meetings held.

III. ACTIVITIES AND TASKS FOR CALENDAR YEAR 2016

- a. **CFC.** Ensure sufficient budget appropriations remain in place for OGG and HNL permanent consolidated facility projects. *(Section 9)*
- b. **Plan of Finance.** Continue to: monitor CFC collections; update cash flow requirements; update financial analysis as project construction contracts awarded and construction proceeds on OGG consolidated facility. *(Section 11)*
- c. **Rental Car Concessions Selection Process.** Complete RFB process for neighbor island rental car concessions; award new concession contracts. *(Section 11)*
- d. **Honolulu Consolidated Facility.** Receive construction bids and award construction contract for Phase 2B permanent consolidated facility. *(Section 11)*
- e. **Kahului Consolidated Facility.** Complete construction of new airport access road. Issue NTP to contractor to commence construction of consolidated facility. *(Section 11)*
- f. **Kona Hydrogen Fueling Facility.** Continue to monitor “Hydrogen Highway” project for feasibility and timing. *(Section 11)*
- g. **Lihue Consolidated Facility.** Coordination as required with sellers of land site to obtain site access and subdivision approval. *(Section 11)*
- h. **Quarterly Update Meetings.** Continue regular meetings with the rental car industry representatives. *(Section 11)*