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

IN REPLY REFER TO:

January 6, 2017

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

The Honorable Joseph M. Souki,
Speaker and Members of the House of
Representatives
Twenty-Ninth 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 from Act 226 of 2008.

In accordance with HRS 93-16, I am also informing you that the report may be viewed electronically at: <http://hidot.hawaii.gov/library/reports/reports-to-the-legislature/>

Sincerely,

A handwritten signature in blue ink, consisting of a stylized, flowing line that forms a shape resembling a 'W' or a series of connected loops.

FORD N. FUCHIGAMI
Director of Transportation

CC: Legislative Reference Bureau

DEPARTMENT OF TRANSPORTATION'S
REPORT TO THE LEGISLATURE
OF
THE STATE OF HAWAII
REQUIRED UNDER
SECTION 261-7, HAWAII REVISED STATUTES

**CUSTOMER FACILITY CHARGE
FROM ACT 226
SESSION LAWS OF HAWAII 2008**

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
DECEMBER 2016

**2016 ANNUAL REPORT OF THE DEPARTMENT OF TRANSPORTATION TO
THE 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 2016 REPORT TO THE LEGISLATURE (Notations in parenthesis reference relevant Section numbers of the Act)

- a. **CFC.** Ensure sufficient budget appropriations remain in place for OGG and HNL permanent consolidated facility projects. (*Section 9*)
Status: Legislature approved sufficient budget appropriations for OGG and HNL ConRAC 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*)
Status: CFC collections monitored monthly; financial analysis updated quarterly and now includes HNL ConRAC facility awarded construction contract amount. Cash flow analysis determined that CFC-backed special facilities bonds will need to be issued in July 2017.
- c. **Rental Car Concessions Selection Process.** Complete RFP process for neighbor island rental car concessions; award new concession contracts. (*Section 11*)
Status: Revocable Permits issued for neighbor island rental car concessions. RFP process deferred until 2019 or 2020 when baseyard facility leases expire.
- d. **Honolulu Consolidated Facility.** Receive construction bids and award construction contract for Phase 2B permanent consolidated facility. (*Section 11*)
Status: Construction contract awarded. Construction commenced December 2016. Estimated completion--2020.
- e. **Kahului Consolidated Facility.** Complete construction of new airport access road. Issue NTP to contractor to commence construction of consolidated facility. (*Section 11*)
Status: Airport access road construction completed June 2016. Construction of consolidated rental car facility commenced May 2016 and is on schedule. Estimated completion--early 2019.
- f. **Kona Hydrogen Fueling Facility.** Continue to monitor "Hydrogen Highway" project for feasibility and timing. (*Section 11*)
Status: No change.
- g. **Lihue Consolidated Facility.** Coordination as required with sellers of land site to obtain site access and subdivision approval. (*Section 11*)
Status: Sellers of land site continuing site access and subdivision approval process.
- 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 2017

- 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 in preparation for revenue bond sale. CFC-backed special facilities bonds will need to be issued in July 2017 to provide balance of funds to complete HNL and OGG ConRAC projects (*Section 11*)
- c. **Rental Car Concessions Selection Process.** Renew Revocable Permits for neighbor island concessions as necessary. (*Section 11*)

- d. **Honolulu Consolidated Facility.** Continue construction of permanent consolidated facility. *(Section 11)*
- e. **Kahului Consolidated Facility.** Continue 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.** Initiate and complete consolidated facility site location study. Monitor progress of 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)*