

DAVID Y. IGE
GOVERNOR



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

JADE T. BUTAY
INTERIM DIRECTOR

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

IN REPLY REFER TO:

December 15, 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 Scott K. Saiki
Speaker and Members of the House of
Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki 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,

A handwritten signature in black ink, appearing to read "J. T. Butay".

JADE T. BUTAY
Interim Director of Transportation

c: Legislative Reference Bureau

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**2017 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: Sufficient budget appropriations remain 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 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)*
Status: State of Hawaii Airports System Customer Facility Charge Revenue Bonds, Series 2017A in the par amount of \$249,805,000 issued July 27, 2017. Rated A+ by S & P.
- c. **Rental Car Concessions Selection Process.** Renew Revocable Permits for neighbor island concessions as necessary. *(Section 11)*
Status: Necessary Revocable Permits are in place.
- d. **Honolulu Consolidated Facility.** Continue construction of permanent consolidated facility. *(Section 11)*
Status: Construction 10% complete. Projected opening October 2020.
- e. **Kahului Consolidated Facility.** Continue construction of consolidated facility. *(Section 11)*
Status: Construction 50% complete. Expected opening May 2019.
- f. **Kona Hydrogen Fueling Facility.** Continue to monitor "Hydrogen Highway" project for feasibility and timing. *(Section 11)*
Status: DOT-A determined that a better use of CFC revenues would be to upgrade the existing rental car facilities to enable a consolidated rental car customer shuttle bus operation with bus fleet powered by non-fossil fuel.
- g. **Lihue Consolidated Facility.** Initiate and complete consolidated facility site location study. Monitor progress of the sellers of land site DOT is under contract to purchase, to obtain site access and subdivision approval. *(Section 11)*
Status: Site location study initiated. Land sellers continuing process to obtain site access and subdivision approvals. Closing on land purchase projected for December 2018.
- h. **Quarterly Update Meetings.** Continue regular meetings with the rental car industry representatives. *(Section 11)*
Status: Monthly meetings held the rental car industry representatives.

III. ACTIVITIES AND TASKS FOR CALENDAR YEAR 2018

- a. **CFC.** Ensure sufficient appropriations included in FY 2019 budget for HNL and OGG ConRAC facilities' O&M; HNL common bus fleet acquisition and O&M; and OGG tram O&M. (*Section 9*)
- b. **Plan of Finance.** Continue to: monitor CFC collections; update cash flow requirements; update financial analysis. Complete second CFC-backed revenue bond sale by December 2018, for funding of the balance of HNL and OGG ConRAC construction. (*Section 11*)
- c. **Rental Car Concessions Selection Process.** Develop strategic business terms and conditions for neighbor island rental car concession bidding. (*Section 11*)
- d. **Honolulu Consolidated Facility.** Continue construction of permanent consolidated facility; Procure 3rd party facility manager; implement pilot program to test alternate fuel buses for permanent shuttle bus fleet. (*Section 11*)
- e. **Kahului Consolidated Facility.** Continue construction of consolidated facility. Procure 3rd party facility manager. (*Section 11*)
- f. **Kona Hydrogen Fueling Facility.** Begin to study options for upgrades to the existing rental car facilities to enable operation of a consolidated rental car customer shuttle bus fleet powered by non-fossil fuel. (*Section 11*)
- g. **Lihue Consolidated Facility.** Complete consolidated facility site location study. Continue to 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*)