



Richard Hill

February 12, 2020

Rep. Henry J.C. Aquino, Chairman of House Transportation Committee

Rep. Richard H.K. Onishi, Chairman of House Committee on Tourism & International Affairs

Dear Chairman Aquino & Onishi,

As a Hawaiian Airlines Gold Member and frequent inter-island flier I have indeed been supportive of the airline for many years. I laud the joint committee for its support of our local airline and the non-binding appeal to the Wall State Journal to give HAL their due consideration regarding customer service. I am certain SB18 it will impress its editors that there is deep political support for the carrier. However, there are numerous domestic and international carriers that serve Honolulu International Airport for which I believe the Legislature should keep firmly in focus as they all work very hard to improve the passenger experience at HNL, OGG, ITO, KOA & LIH.

The most vulnerable aspect and constraint of the passenger experience is the Airport Facility. Unfortunately, only one airport ranks below HNL in the passenger experience in the United States. Equally disheartening is that Hawaii is outclassed, outpaced and falling further behind as a relevant part of the international aviation network. In 2006 a \$2.3 Billion, 12 year plan was adopted. Now, 14 legislative sessions, 2 Governors and \$3 Billion later, the projects remain years from completion. The number one airport in the world in every passenger satisfaction metric (including cleanest airport) just broke ground Nov 2019 on their \$4.1 Billion Phase 4 terminal and will be complete, including a new runway, before HNL. Passengers in the jewel destination at the heart of the Pacific Rim deserve better.

In my view, several relatively simple adjustments must be made in the decision making process. The root cause in large part is the lack of confidence among the airlines to partner and leverage their investments when it sees the lack of government policy continuity and layers of bureaucracy that stalls decision-making. These simple adjustment have proven impossible without a change of the business model to an Airport Authority. Each time the legislature clings to controlling airport business the business of the airport fails.

Time is the enemy of airport progress. The life blood of the airport/airline partnership is non-aviation derived revenues. To all observers, the opportunity cost over the past two decades is incalculable. The numerous undeveloped assets and unexplored revenue streams within the 15 airport system are largely

untapped and should be rebalanced more responsibly in order to bring down landing fees to a competitive level and to minimize the budget shortfalls seen at the smaller airports. An empowered Airport Authority that focuses only on airport business is a proven decision structure unfettered by unreasonable procurement or labor constraints in all but three states. The Airport Management team deserves the support from the legislature to manage with a new mandate. They know it. The Governor knows it. The State Senate knows it and has acted upon it in SB666. The entire tourism community, airlines, airport tenants, and numerous other constituencies who depend on it have testified in lockstep for four long years running placing their great energies and faith in your decision.

I understand there has been some opposition expressed to the Airport Authority bill. Accordingly, I relate to you that I was once a young intern for a state lawmaker who sponsored the creation statute when the Reno/Tahoe Airport Authority was debated, fought and ultimately passed in the Nevada legislature. Uniquely, I then had a 20 year career both on the staff and the board of the agency culminating in my serving as its Chairman. As disruptors to the status quo, the changes we made were assailed then as drastic & severe. Fears of rampant privatization impacting on the jobs of our good employees were fears never realized. For those selected contracts we pursued, the business case was transparent and broadly supported internally, and the results were obvious to our constituencies. In fact, since all measures were focused on the PASSENGER EXPERIENCE as the ultimate measure of success, it resulted in a cohesive staff who clearly knew how to succeed in its goals.

I believe that clear-headed view should guide the House as the final link in the chain to improving the passenger experience for the Hawaii Airport System. Therefore, I also believe it is time move beyond symbolic non-binding votes and use the power of your respective House Committees, including the Finance Committee with Sylvia Luke as its Chair, hold any necessary hearings without further delay so your body can finally and proudly pass back through to the Senate for action on SB666 long before the April 11, 2020 deadline is upon you and your constituencies.

Thank you for the opportunity to comment.

Respectfully Submitted,

Richard Hill

Richard Hill

cc: Rep. Sylvia Luke, House Finance Committee Chair

HR-18

Submitted on: 2/11/2020 9:08:53 AM

Testimony for TRN on 2/14/2020 11:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Victor K. Ramos	Individual	Support	No

Comments: