

HISTORY OF AIR SERVICE HAWAII

(from Air Service Hawaii website)

The year 1948, replete with “firsts,” was one for the record books. The U.S. instituted the \$17 billion Marshall Plan European aid package. The communists staged a coup d’etat in Czechoslovakia. Gandhi was assassinated. Harry S. Truman was elected President. Ferdinand Porsche built the first 356 car and Packard had 13 different models from which to choose. The long-playing record was invented.

James Michener won the Pulitzer Prize for his novel, “Tales of the South Pacific,” and Laurence Olivier received the Oscar for “Hamlet.” Israel was a new member of the U.N. Prince Charles of Wales was born and Babe Ruth died. Eddie Arcaro won the Triple Crown. Cole Porter wrote the Broadway musical, “Kiss Me, Kate,” and the hit songs were “Buttons and Bows” and “All I Want for Christmas is My Two Front Teeth.” The U.S. was prospering, and people were having babies right and left.

These were heady times, especially for three adventurous young men who were determined to make a go of it during Hawaii’s post-war reconstruction years.

Hawaii was irrevocably changed after the war. Wally Waterhouse arrived there two weeks after the last Pan Am China Clipper discontinued service in 1946 and knew in his heart that Hawaii was the place for him.

It was during this period that Wally learned of Monsanto’s interest in the use of aircraft for spraying crops – primarily sugar – in Hawaii. Sugar was king there for nearly a decade and weeds that choked the cane had to be pulled ho hana (by hand.) Hoes, mules and finally tractors were used to uproot the troublesome plants. Wally was certain that airplanes could do a better job.

He called his friend, Phil Murray, a pioneer in the crop spraying business (and later, an honoree in the Agriculture Aviation Hall of Fame) to tell him the news. Knowing that Wally had always maintained an avid interest in the business, Phil, accompanied by another of Wally’s long-time friends, Don Campbell, journeyed to Hawaii to assess the possibility of using modified Stearman biplane to spray sugar cane.

Wally, Phil and Don looked at sugar crops on Oahu, Maui and Hawaii and Phil became convinced that this was the place for a business. Murrayair was inaugurated in 1948 with the arrival of one Stearman. Wally hustled for jobs and the company’s first income came from a flight over Waialua. Business began to pick up and the men worked from dawn until dark to make a go of the fledgling business.

Things began to go so well for the company that Phil sent two additional Stearmans over from California. Bill Stearns arrived with them and became the third “founding father” of Murrayair. Harry Naihe, formerly with Hawaiian Airlines, was hired as mechanic for the three-plane fleet and worked in half of a Quonset hut which was rented from the state; the other half was a public bathroom. Located not far away was the Airway, a bar which became a haunt for the young aviators. There was even a stool reserved for Wally’s dog, Farley.

Following what seemed like a promising start, cancellation of the company’s insurance due to aerial spraying drift problems caused 1948 to end on a dismal note. The company did no flying for a good portion of 1949 and the pilots worked on their planes and dabbled in the surplus market. They brown-bagged it for lunch along with a ten-cent cup of coffee and scraped to pay their creditors on time.

An insurance underwriter who would cover the company was finally located and Bill Stearns moved to Naalehu to work with Hutchison and Hawaiian Ag to keep the company afloat. Honokaa Sugar was interested in aerial applications, but wanted it done by helicopter. Phil somehow wrangled a deal on a new Hiller and the company bought one on reasonable terms.

The devastating, six-month longshoreman’s strike of ‘49 crippled Hawaii and caused numerous business closures and bankruptcies. Food shortages were common, and a siege mentality gripped the islands. Murrayair was forced to ship their new helicopter in pieces by air. It was reassembled on Dick Frasier’s front lawn in Honokaa and went to work the following day. Thus, began a series of new headaches with breakdowns and general maintenance problems that were for the most part alleviated when Al Ching moved to Honokaa to become the company’s first helicopter mechanic.

Murrayair incorporated in 1950 and began work for Libby McNeil spraying pineapples on Oahu, Molokai, and Maui. They used a helicopter to string electric wire for Hawaiian Electric (which years later became the accepted method of stringing wire) in Honolulu. After the work was completed, the helicopter crashed.

Dave Ferguson, a Hawaiian Airlines pilot who prior to WWII had worked as a duster pilot in Sacramento, was naturally attracted to the business. He bought 150 shares of Murrayair in 1951 for \$3000 cash. It was the biggest \$3000 Wally had ever seen. It helped the company clear its debts and launch its first successful year.

The helicopter was back in action, customers were again accepting the airplane as a valid agricultural tool and the company moved into a new hangar which was formerly owned by K-T Flying Service. (The “K” was for Knox of the Knox gelatin family and the “T” for an aviator named Tyson. Tyson had been standing in front of the hangar on December 7, 1941 and was killed by a Japanese Zero. Bullet holes were still visible in its walls when Murray Air moved in.)

The Bank of Hawaii lent the company money to purchase the hangar despite the facts that its planes were viewed as unacceptable collateral and that it was then a customer of Bishop Bank. The day after they made the deal, Wally moved their entire account – all \$87 of it – to the Bank of Hawaii.

They were able that year to purchase another used helicopter made of cannibalized parts, and after much ado and assistance from old war-days friends at Douglas Aircraft, finally got the thing off of the ground. The new pilot they hired managed to crash it a few days after the rebuild.

Phil Murray brought over a few more Stearmans in 1952 because the company had begun the aerial application of fertilizer. They were still, however, not out of the woods. Wally polished up his '39 Mercury to a fine buff finish (even though it had been in Ewa on December 7th and also had some bullet holes in it) and took it to the used car lot to borrow a few dollars against it. He used the money on several occasions to meet the payroll.

That year, they acquired a surplus SMJ military trainer for the grand sum of \$1000 and managed to trade it through a broker for a brand-new, four-seater Cessna 170. Bill Sterns, their chief pilot and customer relations man, began the practice of flying plantation people over their areas to observe their crops and the results of Murrayair's work for them.

Myra Ho joined the company in 1953 and became the mainstay of the organization. She had in the early days jurisdiction over the "Coca-Cola Fund." When the boys wanted money for a party, she would always ask if the wives were invited. If they weren't, the men would have to buy their own beer. Chuck Young was hired that year to take over the overhauling of the company's aircraft engines.

George Roth of Texas A&M joined the company in 1954 and solved a number of technical problems for it. Developer of the MA-1 airplane, he served a term as president of Murrayair. The helicopters were sold and the proceeds invested in the stock market . . . which realized a considerably better return on the company's money than the helicopters had.

Cessna Aircraft inaugurated the 172 in 1956, and Murrayair became a distributor. The following year, under pressure from the Cessna factory, Wally and his company bought a twin-engine Cessna 310 on speculation. He had no idea how he and his friends were going to sell such an expensive airplane. One day shortly thereafter, a lady walked into his office and asked, "How much do you want for that 310 out there?"

"Would you like to go for a ride in it?" he replied. She did, and when they returned, she asked, "Well, how much?"

Wally said, "\$47,000."

She posed, "If I give you a check for \$10,000 tomorrow and the balance in 30 days, would that be all right?"

The answer was obviously a resounding, "Yes," and the Cessna sales were off and running as well as the company's agriculture business.

By 1958, Phil had sent the company a dozen Stearmans from California. Wally knew that the new Honolulu Airport passenger terminal would likely make their company move, so he and his group made plans to build a new hangar for their operations.

The company entered into large aircraft ground handling activities in 1959 and in 1961 was awarded a contract to maintain all of the Army planes at Wheeler Field. Stanley Obatake joined the company that year, stayed at Wheeler for the duration of the contract and came back to work on ag airplanes. To date, he still keeps them flying. The company moved into its newly completed building on Labor Day of 1963.

Bob Fraker, the Pacific area manager for Cessna Aircraft, joined the company in 1964. He had pestered the company to buy more Cessnas for so long that the solution to this nuisance was to sign him aboard. He developed an excellent flight training center which trained many of today's captains of Hawaiian, Aloha, Continental, and other major airlines. He also began fueling operations for corporate aircraft. Jimmy Miyachi signed on with the company that year and from time-to-time audited the tax auditor which resulted in the return of some of the company's paid tax money.

The company by 1967 was again using helicopters and had developed mobile landing and take-off platforms mounted on the backs of trucks. This practice permitted operations in the immediate area of the ditches and fields to be sprayed.

Wally and Bill conducted flight tests in 1969 of the new MA-1 aircraft that George Roth had designed. Their results led to FAA certification and five complete planes were built in Honolulu. The tooling was then moved to Texas where they produced 45 more airplanes.

Further expansion of the passenger terminal was underway, and the company was forced to move, again. Airport authorities condemned Murrayair's new building and planned to compensate the company for it with the intention of tearing it down. Wally asked if instead of demolition, the building could be given to them. The proposal was okayed on the condition that it was to be moved right away. Star Movers of southern California stripped the tin off of the building and welded in a few large girders to which they attached 186 pick-up sized wheels. Wally rented a 707 tow-tractor from Pan Am and in a 45-minute period, the building was moved by Star to its present location on the south side of the field. The tower cooperated. Only one runway was shut down at a time and minimal air traffic delay resulted.

The company supplemented the building with additional space and the FAA became the key tenant of the new facility. Murrayair now had 15 Stearmans in operation.

The company's agriculture business began to decline in the 70s as a result of drip irrigation, a process through which fertilizer is placed directly into irrigation water. Fortunately, the company was kept busy performing most of the maintenance work on the expanding fleet of Royal Hawaiian Airways aircraft. Also established by the company was an operation in Samoa which serviced U.S. Air Force transport aircraft.

The company, by now good at figuring out how to be flexible in business, was back to using Hiller helicopters – newer, quieter and more powerful – for operations over Oahu, Maui and Kauai. Bob Fraker began O.K. (Oahu and Kauai) Air using Cessna 402s to fly between Honolulu and Princeville, Kauai, in 1974.

The Princeville developer bought a couple of DeHavilland Twin Otters in 1980, and he and Fraker founded Princeville Airways which eventually became Aloha Island Air. That year, they merged the 402 operation with Air Hawaii and became a 49% owner of a number of Cessna 404s flying an all-island tour and a commuter operation between Honolulu, Molokai, Lanai and Maui.

Royal Hawaiian Airways suspended their entire 15-airplane operation when Amfac closed the Kaanapali airstrip in 1986. The void was partially filled at various times by the formation of Mid-Pac Airlines, then eventually by Discovery Airlines, and then by Mahalo Airlines, each of which rented space in the Murrayair hangar.

Murrayair had long been in the business of refueling aircraft. Bob Fraker expanded this area and established a fueling operation for corporate jet aircraft. This concern, well-known in the aircraft industry as AIR SERVICE HAWAII, is now the company's principal source of revenue. In addition, Air Service Hawaii provides fueling services for Commercial and Cargo Carriers.

The days of the sugar plantations are numbered and Murrayair has but a handful of those customers left. Wally Waterhouse is not sad to see the old days go because he and his buddies learned from them, lived every moment of them and with good, old-fashioned elbow grease and seat-of-the-pants flying made their dreams of a business in Hawaii come true. Now, at age 84, Wally is just beginning to realize that he is one of Hawaii's – and aviation's – colorful characters. "Why on earth would anyone think that?" he muses.

by Maureen Fagan

Mahalo nui loa to Wally Waterhouse and Myra Ho for taking the time to "talk story." Maureen Fagan is a freelance writer based in Kane'ohe, Hawai'i.