

AIRPORT

Continued from A1

never paid out to the suppliers and subcontractors. None of the subcontractors were paid for work done on the project after Sept. 30, 2015, and state officials believe as many as 47 subcontractors are owed money.

Ford Fuchigami, director of the Department of Transportation, said Tuesday was a "very important day" in the effort to finally resolve the subcontractors' claims. Two of the subcontractors reported they suffered such severe cash flow problems after the hangar job shut down they were unable to pay their state taxes, he said.

"They've done exactly what we've asked them to do, and it's very unfortunate," Fuchigami said. "We want them to get paid, we want them to move forward, we want them to get back into circulation when it comes to doing more construction work. We don't want these businesses to suffer, and that's the key."

Hawaiian Airlines has now taken control of the hangar project, which is about 85 percent complete. It was originally supposed to cost about \$85 million, but Hawaiian CEO Mark Dunkerley now estimates the total at about \$120 million including fixes to hundreds of construction flaws.

The state contracted with DCK to build the facility for Hawaiian, which will now pay to complete it. The state will then reduce Hawaiian's rent payments for the use of the hangar and

cargo facility in the years ahead to offset the cost of completing the structure.

The state was unable to simply pay the subcontractors what they are owed because it has no formal contracts or agreements with those companies under which it could pay out public funds. The state's agreement was only with the general contractor, DCK.

To work around that issue, the state is handling the matter as a package of legal claims against the state that can be authorized by the state Legislature. Using that approach avoids what could be dozens of lawsuits and years of litigation, Chin said.

More than \$10 million to pay those subcontractor claims was included in House Bill 1022, which won preliminary approval from the Senate Ways and Means Committee on Tuesday.

Transportation officials stressed that the airports system generates most of its funding from landing fees, property rentals, parking revenue, passenger facility charges and concession income.

Deputy Attorney General John Price said the state has verified the invoices for several contractors, which means the state can quickly make payments for the work that was done once the Legislature approves the settlement money. Others will require further checking to confirm their claims by determining that the work was done, and done correctly, he said.

The contract between the state and DCK allows the state to demand legal costs from the company if they



They've done exactly what we've asked them to do, and it's very unfortunate. We want them to get paid, we want them to move forward, we want them to get back into circulation when it comes to doing more construction work. We don't want these businesses to suffer, and that's the key."

Ford Fuchigami

The director of the Department of Transportation said two subcontractors reported they suffered such severe cash flow problems after the hangar job shut down that they were unable to pay their state taxes



STAR-ADVERTISER

have a dispute that winds up in court, and state officials said they will seek to have DCK pay the state's court costs.

Fuchigami said his department has asked the state's chief procurement officer to "debar" DCK, which would effectively ban it from contracting with the state for any additional jobs for the next five years.

DCK is already blocked from entering into another contract with the Department of Transportation for two years because the hangar contract was "terminated for cause," according to the attorney general's staff.

DCK's Honolulu office did not respond to a request for comment Tuesday.

Dunkerley has described the hangar project as the linchpin of a much larger \$739 million Honolulu Airport modernization program that includes what is known as the "Mauka Concourse," a large project planned for a site next to the Interisland Terminal that would add gates at the crowded airport.

The Mauka Concourse, which is expected to cost \$220 million and is years behind schedule, has been delayed partly because of the problems with the Hawaiian Airlines hangar and partly because the state has been unable to relocate two smaller airlines that operate from the old commuter terminal at the airport.

The Mauka Concourse is planned for the site where the old commuter terminal stands, and the airlines must be moved before construction can begin at the site.