

Q1/2019

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PACIFIC RESOURCE PARTNERSHIP

INSIGHTS

AIRPORT UPGRADES



INSIDE:

MODERNIZING HAWAII'S GATEWAYS

DELAYED TAKE OFF

HAWAII'S AIRPORT MODERNIZATION

There's no denying that Hawaii's airports are among our most critical pieces of infrastructure.

For most locals, they're our link to other islands and the rest of the world. For the state's #1 industry, they're both the first and last thing the vast majority of our visitors see. But even though just about everybody uses them from time to time, surprisingly few are aware of the massive changes our airports have undergone since 2013 when the state Department of Transportation launched the Hawaii Airports Modernization Program.

That's because some projects are not public-facing and others have proceeded intermittently, based on political support and available resources. Funding challenges (see page 7) have impeded progress. But taken altogether, the advancements have touched every island, with many more projects in the pipeline.

The Hawaii Airports Modernization program includes improvement projects on all island airports with multiple goals of increasing capacity and efficiency while incorporating safety, technology and environmental sustainability. Accommodating approximately 20 million passengers annually, Honolulu's Daniel K. Inouye International Airport is Hawaii's busiest. Projects at various stages are under way to improve operations and passenger experience at this critical aviation infrastructure hub.



\$13M

EWA CONCOURSE

- Gates C4 & C9 improvements to accommodate Airbus A380
- New upper level jetways and passenger accommodations

ESTIMATED COMPLETION: 2019



\$220M

MAUKA CONCOURSE

- New 260,000 SF two-level facility (LEED Silver)
- Provides 6 additional widebody or 11 narrow body aircraft gates

ESTIMATED COMPLETION: 2020



\$23M

PEDESTRIAN BRIDGE REPLACEMENT

- Replaces three pedestrian bridges connecting the parking garage to Terminal 2 ticket lobbies

ESTIMATED COMPLETION: 2021

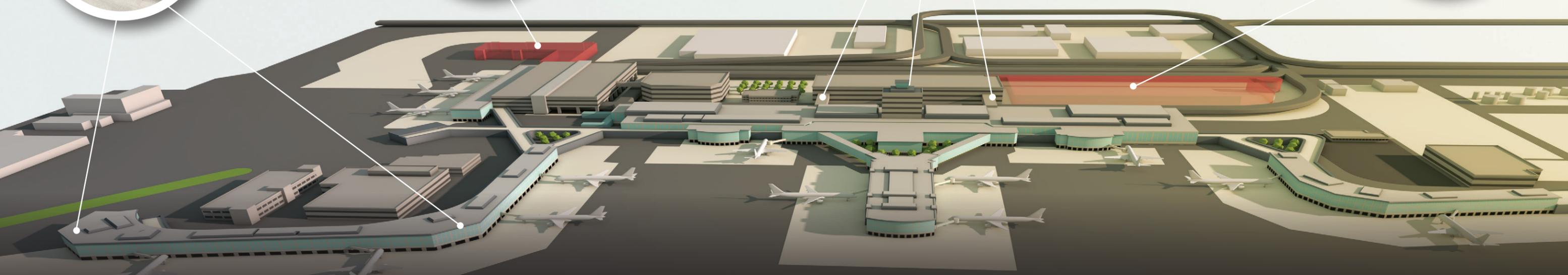


\$330M

CONSOLIDATED RENTAL CAR (CONRAC) FACILITY

- New 5-story facility with 2,250 spaces
- Houses all rental car companies on airport property

ESTIMATED COMPLETION: 2021



ON THE COVER:

Makai Plantation, a new dining experience at Daniel K. Inouye International Airport

ENERGY SAVINGS PERFORMANCE CONTRACT

\$158M (Airports Statewide)

- Reduces energy costs through energy efficient lighting, ventilation, air-conditioning and solar panels

ESTIMATED COMPLETION: 2033

DIAMOND HEAD CONCOURSE PROGRAM

\$1.1B

- Multi-project program, including environmental planning and remediation prior to construction
- New 800,000 SF concourse to replace existing building and house additional gates; Customs and Border Protraction facility; improved Transportation Security Administration (TSA) screening services; landside facilities, including roadway access; employee parking lot; and relocation of ancillary support facilities

ESTIMATED COMPLETION: 2030



Expert Q&A

JASON VAN EATON

SENIOR VICE PRESIDENT – GOVERNMENTAL AFFAIRS & REAL ESTATE

SOUTHWEST AIRLINES



With 25 years of experience working in politics and government in state and federal affairs, Jason Van Eaton joined Southwest Airlines in 2015, and took on his current role as Senior Vice President in 2018. He represents Southwest in every airport and market they serve, including upcoming service to Hawaii.

The nation's largest domestic air carrier since 2003, the Dallas-based Southwest employs 58,000 employees and serves more than 120 million passengers annually.

Before joining Southwest, he held positions in the U.S. Senate from 1994 until 2007. He subsequently began a private consulting services company that he operated for eight years before joining Southwest.

Q: What prompted Southwest Airlines to enter the Hawaii market?

JVE: Well, it was our customers. We listen to them all the time. We ask them where they want us to fly, how often they want us to fly, and we take that feedback when we're developing our schedule. And one of the things that we've been hearing for a long time, especially on the West Coast, is access to Hawaii. "When are you going to fly to Hawaii?"

Adding that service gives both residents and visitors more choices. Many of the routes that we're going to be flying, particularly interisland flying, are monopolies today. What I think you'll find is that, when you add competition, when you add other choices, prices come down and customer experience goes up. So, not only is our service going to be the legendary customer service that our customers are used to getting from Southwest, we believe it's going to help all customers that are flying to and within the Hawaiian Islands.

I have been to Hawaii maybe about half a dozen times in the last year or so just working on this project. And the number one question by far that I get from anyone that I meet with in Hawaii is, "Are you going to fly interisland?" From Gov. David Ige to every member of the legislature that I've talked to, every businessman and -woman in Hawaii that we've spoken to. They all want to know, and we were so excited to be able to announce last May that we will be flying interisland.

Q: Are there any airport improvements that were important to Southwest from an operational perspective?

JVE: Yes. At the terminal in Honolulu, they've constructed new, common-use hold room space, restrooms, and concession areas at the end of the Diamond Head Concourse that will allow Southwest to operate there. In addition to that, we have gone right alongside the state, and made several substantial investments in adjacent hold rooms and supporting facilities for our Southwest employees that will be based there in Honolulu.

That will be training space, and administrative support space, and break rooms, storage facilities and technical support areas. Actually, the first thing that customers will see when they come into the airport will be the ticketing and baggage check area. We've made a number of improvements there. I don't think it's been unveiled yet, but they're going to look really good there, in Lobby 6.

Q: Do you believe an airport authority would be good for Hawaii?

JVE: I really do. There are a lot of different ways that airports are organized and managed across the country. Airport authorities or corporations seem to be the best from an operational standpoint. It gives you the ability to streamline and make improvements to an airport as efficiently as possible. The more we can drive efficiency in an airport, the better the customer experience, from the time you park your car until you get on the plane.

We work with airport authorities in many places around the country. As a matter of fact, many U.S. airports are now operated by an authority or corporation or some hybrid of the two, and they have been able to deliver unique, complex airport capital projects much more efficiently. One of the questions we get a lot from public entities is about transparency and accountability, and an airport authority is not a private corporation. It allows for full public transparency and accountability that any public entity could and should have.

I applaud the legislature for taking this on. You know, it's a hard thing for a state to give up that kind of control sometimes. But to make this very mature decision to move towards an airport authority shows just how forward thinking the state legislature is.



Integrated Communities

NEXT STOP: WAIKIKI?



One of the many benefits of light rail coming to Oahu is easier access to Daniel K. Inouye International Airport. That station is sited just mauka of the terminal between the Overseas and International parking garages, with bus and Handi-Van transit at the entrance and ground level pedestrian access to the lei stands and terminals.

The rail line will be especially beneficial during peak travel times, when vehicular traffic is the most snarled. At its Sept. 26, 2018, public unveiling of the airport transit station design, HART officials signaled their expectation that the airport rail stop would see close to 4,000 riders a day, more of them employees who work at and around the airport than visitors.

Taking all of those airport workers off the road will certainly help traffic, but it would be even more impactful if rail went all the way to Waikiki. Under current plans, Waikiki-bound passengers will have to

transfer from rail to another mode of transportation at Ala Moana Center. It makes sense to add a rail spur into the state's biggest tourist destination, for the benefit of both workers and visitors. The 2013 City and County of Honolulu's Waikiki Regional Circulator Study stated "Visitor trips from Waikiki and work trips to Waikiki are two of the top twelve key transit markets on Oahu," underscoring the importance of this critical, four-mile district that hosts five million visitors annually.

The benefits of rail aren't limited to improving traffic congestion. According to a 2013 joint study by the U.S. Travel Association and the American Public Transportation Association, *A New Partnership: Rail Transit and Convention Growth*, cities that have an airport rail connection enjoy an economic advantage over cities that don't. Hotels in airport rail cities – the study looked at San Francisco, Chicago, Atlanta, Minneapolis, Washington, D.C., and Portland, ORE – were

found to pull in nearly 11 percent more revenue per room compared to cities lacking direct airport rail service – Las Vegas, New Orleans, Orlando, Sacramento and Tampa. That increased hotel revenue adds up to increased tax revenue; the study found that the economic advantages could total in the neighborhood of \$313 million in revenue per year.

The study found that a big part of that financial boost comes from conferences. Just as conferences seek locations that can support their attendees' needs for mass hotel rooms and large meeting spaces, they also tend to prefer mass transit that makes it easy to transfer from the airport to the conference center and hotel. While conferences currently make up only a small percentage of Oahu's visitor industry, a Waikiki spur could make the island an even more attractive conference destination. ●



Contractor Profile

COLIN CHING

HAWAIIAN DREDGING CONSTRUCTION COMPANY INC.

Five years ago, Hawaiian Dredging Construction Company Inc. named Colin Ching as the project manager to oversee its upcoming projects at the Daniel K. Inouye International Airport. He successfully navigated challenges and steered these projects to completion, in part due to his two decades of experience in civil, bridge and underground utility construction all at HDCC, where he honed his technical, management and client relations skills. As he wraps up two airport modernization projects, Colin had high praise for his team – subcontractors, suppliers, vendors and crew - and expressed sincere appreciation for the airport operators who came together for the good of the traveling public.

COMPANY:
Hawaiian Dredging Construction Company Inc.

GENERAL CONTRACTOR:
Sitework, Deep Foundations, Concrete & Masonry, Layout, Finish, Rough Carpentry

WEBSITE:
www.hdcc.com

CONTACT:
Andre Wong

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(808) 735-3211

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After high school, Colin Ching headed to Colorado to pursue his B.S. in architectural engineering from the University of Colorado. But the Honolulu native always knew that he would return home to Hawaii after graduation. His first job out of college was with Hawaiian Dredging Construction Company (HDCC), where he's remained for the last 25 years, taking every opportunity to learn and grow through increased project responsibility and mentoring.

Colin's first airport modernization project involved widening Taxiways G and L that were connected to the main runways by the larger, Taxiway A. The distance between G and L was increased and the pavement strengthened so larger aircraft could access the interisland terminal. Meanwhile, a major extension of a concrete culvert over a canal increased the width of Taxiway A. The intersection of these two taxiways was strengthened with a new concrete pavement, enabling aircraft to make 90-degree turns as they entered and exited the interisland and commuter terminals.

In order to accommodate airport operations, HDCC organized the work into eight phases, and scheduled both day and evening work shifts for their crew. Night work brings its own set of challenges. "Worker fatigue was one of our concerns, so we did everything possible to provide sufficient labor and well-maintained equipment for the crew to complete their work in a safe and productive manner," explained Colin. His other concern was advanced planning to make sure that all materials and equipment needed at night were ordered and secured during the day. "If you're missing anything, you're out of luck as no one is open late at night or early morning."

In 2016, HDCC began the project that would rehabilitate the roadway used primarily by the Wiki Wiki shuttle buses to transport passengers between the interisland and overseas/international terminals. Deteriorating road conditions made for a bumpy ride and water leaked down to the second level during rainy

periods. HDCC replaced or installed new three-inch thick concrete slabs to protect the road against the constant stop-and-go action of the buses and replaced the sandwiched waterproofing membrane.

Colin described how HDCC was able to minimize disruption to the shuttle bus operation by performing the project in five phases and building large tent-like structures along the roadway. "Our concern was to keep the shuttle operation going and minimize water leakage and damage to the gates, holding areas, restaurants and vendors below on the second level."

During both projects, Colin's priorities were to keep the projects going safely and smoothly while working within the site restrictions. Equally important, Colin said, was maintaining good working relationships with state engineers and minimizing disruption to airport operations.

Colin credits HDCC's dedicated staff, field crews, subcontractors, material suppliers and vendors for the projects' success. "Without their cooperation and dedication, we could not have completed all this work with the level of quality that was achieved." He also praised the cooperation of Hawaiian Airlines and WikiWiki shuttle operator Roberts Hawaii. "Hawaiian Airlines relocated planes when we needed to work in front of certain gates, and we worked closely with Roberts Hawaii so their drivers had enough room to safely operate the buses around our construction areas."

Both these important airport tenants, along with the traveling public, will benefit from these projects due to increased aviation safety, reduced maintenance, and shuttle passenger comfort. WikiWiki shuttle riders can thank Colin and his crew's hard work for their smooth ride. ●

Our View

PRP STAFF



TAP INTO DEMOCRACY

With Hawaii's first-ever civic engagement app, KAKOU.

KAKOU is a unified, digital platform that makes it easy for everyone to engage with Hawaii's elected officials and participate in the democratic process. Put the power of change in the palm of your hand – scan the QR code below to download KAKOU.

www.kakouapp.org



An initiative of Pacific Resource Partnership

The 2018 J.D. Power survey of North American airport satisfaction – which rated accessibility, check-in, terminal facilities, baggage claim and food, beverage and retail – ranked Honolulu's Daniel K. Inouye International Airport 21st out of 24 large airports in the U.S. and Canada. Kahului was ranked last out of 21 mid-sized airports. The less-than-stellar performance of our airports is unfortunate given the significant ongoing investment in modernization efforts.

Hawaii airports' outdated budget and procurement system ensures that improvements will remain in a perpetual backlog, making visionary change at an impactful scale all but impossible. That's because Hawaii's airports are managed by the state Department of Transportation, which has to secure funding for all projects from the state legislature for operations and capital improvement expenditures. Every project must go through appropriations and the Hawaii state procurement process, which gives airport management little authority or control over its own projects.

The legislature is limited to only 60 legislative days a year, and the annual session encompasses all of the state's business, among which the airports are but a small part. Funding becomes a political football. Approval can come down to the wire – often languishing until the last day of the legislative session. Combined with the ongoing committee changes at the legislature, that puts the airports' caretakers at a disadvantage in managing the wide array of construction projects required for an already aged system, not to mention attracting carriers and remaining competitive on a national and international scale.

If the airports were using taxpayer dollars to fund improvements, legislative approval might make some sense. But Hawaii's airports are entirely self-funded by fees levied on airlines, passengers and vendors, in addition to ad revenue generated by enlivening vacant spaces with commercial messaging. It makes little sense to require airports to seek legislative approval for use of their own funding. It exacerbates the already difficult feats of large-scale planning, execution and improvement. While the current management has done an impressive job innovating new revenue streams, prioritizing needs and cannibalizing long-term, nice-to-have projects for short-term urgencies, we need a new way forward.

Hawaii needs an independent airport authority. Forty-seven other states have one. We should, too. An airport authority could meet regularly throughout the year, depoliticize decision-making and contribute constructive input to a positive vision. An independent authority could also consider other process changes that would positively impact the schedule and quality of projects completed. From streamlining the procurement system to prioritizing projects based on changing conditions and available technologies, the airport authority could provide a more responsive and cost-effective means of meeting the development needs of an ever-increasing visitor market. Hawaii is recognized as a world-class destination. Our airports should enhance this distinction, not detract from it. ●



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