



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

IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

ISSUANCE OF A RETAIL CONCESSION  
KAHULUI AIRPORT

MAUI

The Department of Transportation (DOT) proposes to offer a Retail Concession at the Kahului Airport on the Island of Maui. The following contains a description and summary of some of the major terms and conditions that the DOT anticipates incorporating into the Concession Agreement (Agreement):

PURPOSE:

To award the Agreement to a qualified Concessionaire submitting the highest bid to exclusively operate the Retail Concession at the Kahului Airport.

LEGAL REFERENCE:

Chapter 102, Hawaii Revised Statutes, as amended

LOCATION:

Kahului Airport (OGG), Terminal Building Complex

PREMISES:

At commencement of the Concession Agreement:

1. Retail (Sales) Space
  - a. Ticket Lobby Building, Building 321, Space No. 108A, containing an area of approximately 1,220 square feet, as shown on the attached Exhibit B dated July 2010.

- b. Central Building 330
    - (1) Space No. 201, containing an area of approximately 1,895 square feet, as shown on the attached Exhibit C dated July 2010.
    - (2) Space No. 204, containing an area of approximately 2,387 square feet, as shown on the attached Exhibit C dated July 2010.
    - (3) Space No. 207B, containing an area of approximately 544 square feet, as shown on the attached Exhibit C dated July 2010.
  - c. Concourse Building 344, Space No. 203B, containing an area of approximately 675 square feet, as shown on the attached Exhibit D dated July 2010.
2. Storage (Non-Sales) Space
- a. Central Building 340
    - (1) Space No. 101, containing an area of approximately 956 square feet, as shown on the attached Exhibit E dated July 2010.
    - (2) Space No. 106A, containing an area of approximately 210 square feet, as shown on the attached Exhibit E dated July 2010.
  - b. Holding Room A, Building 345
    - (1) Space No. 119, containing an area of approximately 402 square feet, as shown on the attached Exhibit F dated July 2010.
3. Wired and Wireless Internet Access Kiosks
- a. Central Building 340, Space No. 208, containing an area of approximately 50 square feet, as shown on the attached Exhibit G dated July 2010.
  - b. Holding Room B, Building 341, Space No. 224, containing an area of approximately 65 square feet, as shown on the attached Exhibit H dated July 2010.
  - c. Holding Room C, Building 342, Space No. 221, containing an area of approximately 65 square feet, as shown on the attached Exhibit I dated July 2010.

- d. Concourse Building 344, Space No. 204, containing an area of approximately 65 square feet, as shown on the attached Exhibit D dated July 2010.
- e. Holding Room D, Building 346, Space No. 222, containing an area of approximately 65 square feet, as shown on the attached Exhibit J dated July 2010.
- f. Holding Room E, Building 350, Space No. 221, containing an area of approximately 65 square feet, as shown on the attached Exhibit K dated July 2010.
- g. Holding Room F, Building 354, Space No. 222, containing an area of approximately 65 square feet, as shown on the attached Exhibit L dated July 2010.

During the Term of the Agreement:

The Concessionaire is required to pay a monthly floor rent for its initial allocation of space premises, which is distinct and separate from the Annual Concession Fee. The annual floor rent of \$294,331.80 is based on square footage multiplied by the applicable rates and charges specified in the agreement.

The DOT may, at the DOT's sole discretion, require or permit the Concessionaire to add additional spaces.

If the Concessionaire requests and the DOT, at its sole discretion, agrees to make additional space available over and above the spaces initially allocated under the Agreement, the Concessionaire shall pay for such additional space as follows:

- (1) Floor rent equal to the square footage of such additional space multiplied by the rates and charges applicable to such additional space as established by the DOT; and
- (2) Gross receipts received or realized by the Concessionaire from or otherwise attributable to such additional space shall be included in the percentage fee obligation payable by the Concessionaire under the Agreement.

If the DOT, at its sole discretion, requires the Concessionaire to take or use additional space over and above the space initially allocated under the Agreement, the Concessionaire shall not be obligated to pay floor rent for such space but shall include the gross receipts received or realized by the Concessionaire from or otherwise attributable to such additional space in the percentage fee obligation payable by the Concessionaire under the Agreement.

ZONING:

State Land Use: Urban  
County of Maui: Industrial (I-2)

TAX MAP KEY:

2nd Division: 3-8-01-19 (Portion)

LAND STATUS:

Hawaii Admission Act Section 5(a), Non-Ceded  
DHHL 30% entitlement lands: NO

TERM:

Five (5) years, commencing on September 1, 2011 and ending on August 31, 2016.

CONCESSION FEE:

1. Annual Concession Fee. The total Annual Concession Fee shall be the greater of the following:
  - a. Minimum Annual Guaranteed Fee. The minimum annual guaranteed fee for the first year of the Concession Agreement shall be as set forth in the Concessionaire's Bid Proposal (hereafter the "MAG"). The upset MAG for the first year of the Concession Agreement shall not be less than SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS (\$700,000.00). Thereafter, for each succeeding agreement year the MAG shall be 85% of the actual annual fee paid and payable to the STATE (either MAG or percentage) for the preceding year; or
  - b. Percentage Fee.
    - (1) First Year: For the first year of the Concession Agreement, the percentage fee shall be twenty percent (20%) of the Concessionaire's annual gross receipts generated from, related or attributable to, or connected with the sale of authorized merchandise.
    - (2) Succeeding Years: For each succeeding year of the remaining Concession Agreement term, the percentage fee shall be the product of the percentage rate (as determined by the Concessionaire's annual gross receipts for the preceding agreement year in accordance with Table 1 in Article VI.A.1. (Annual Concession Fee) of the Concession Agreement

and the Concessionaire’s gross receipts for the current agreement year, provided however, the percentage fee shall not be greater than 22% of the Concessionaire’s gross receipts, nor lower than 17% of the Concessionaire’s gross receipts.

**TABLE 1 – ANNUAL GROSS RECEIPTS/PERCENTAGE RATE**

ANNUAL GROSS RECEIPTS		PERCENTAGE RENT
EQUAL TO OR MORE THAN	BUT LESS THAN	
\$ 0	\$ 5,000,000	17%
\$ 5,000,000	\$ 5,500,000	18%
\$ 5,500,000	\$ 6,200,000	19%
\$ 6,200,000	\$ 6,900,000	20%
\$ 6,900,000	\$ 7,500,000	21%
\$ 7,500,000 or more		22%

**DBE GOAL:**

A DBE minimum participation goal of fifteen percent (15%) will be used to meet the latest DBE regulations of the FAA, U.S. Department of Transportation.

**IMPROVEMENTS:**

The Concessionaire will be required to invest a minimum total of \$300,000.00 for improvements, certain fixtures and equipment on or within the premises of the spaces assigned under the Agreement in accordance with DOT and county building standards. No less than \$295,000.00 of the minimum total shall be allotted to the Sales space and no less than \$5,000.00 for the Non-Sales area. The DOT may establish separate minimum investment amounts for improvements, store fixtures and equipment applicable to any space added over and above the spaces initially allocated in the Agreement.

**CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:**

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawaii, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawaii Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawaii, Department of Transportation dated May 22, 2001, as approved by the Environmental Quality Council on November 15, 2000. Exemption Class #1 covers operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.

**BASIS OF AWARD:**

The award of the Agreement will be to the highest responsible bidder, based upon the total amount of the MAG bid for the five (5)-year term of the Concession Agreement.

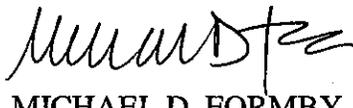
**REMARKS:**

The Retail Concession is an important revenue source for the DOT's airport system and an amenity that is welcomed by both inter-island and overseas travelers. The new Agreement is part of DOT's plan to continually improve its concession program and airport terminal operations to enhance the airport experience for travelers.

**RECOMMENDATION:**

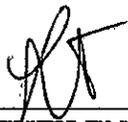
That the Board authorizes the call for sealed bid tenders and issuance of a new Retail Concession subject to: (1) the terms and conditions hereinabove outlined; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) the review and approval of the Department of the Attorney General's Office as to the agreement form and content.

Respectfully submitted,



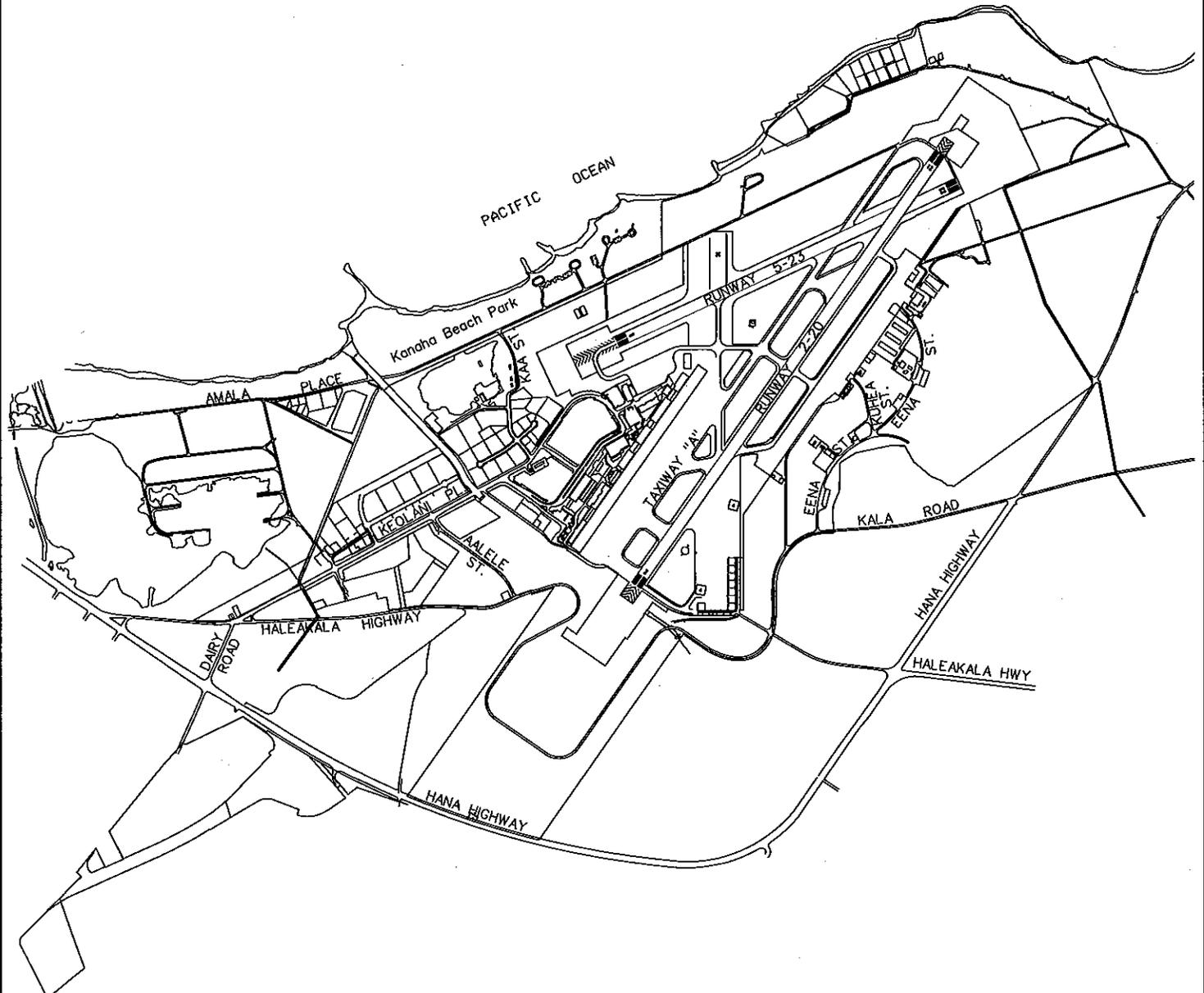
MICHAEL D. FORMBY  
Interim Director of Transportation

**APPROVED FOR SUBMITTAL:**



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LAURA H. THIELEN  
Chairperson and Member



SCALE: 1" = 2000'

DATE : JULY 2010

EXHIBIT: **A**

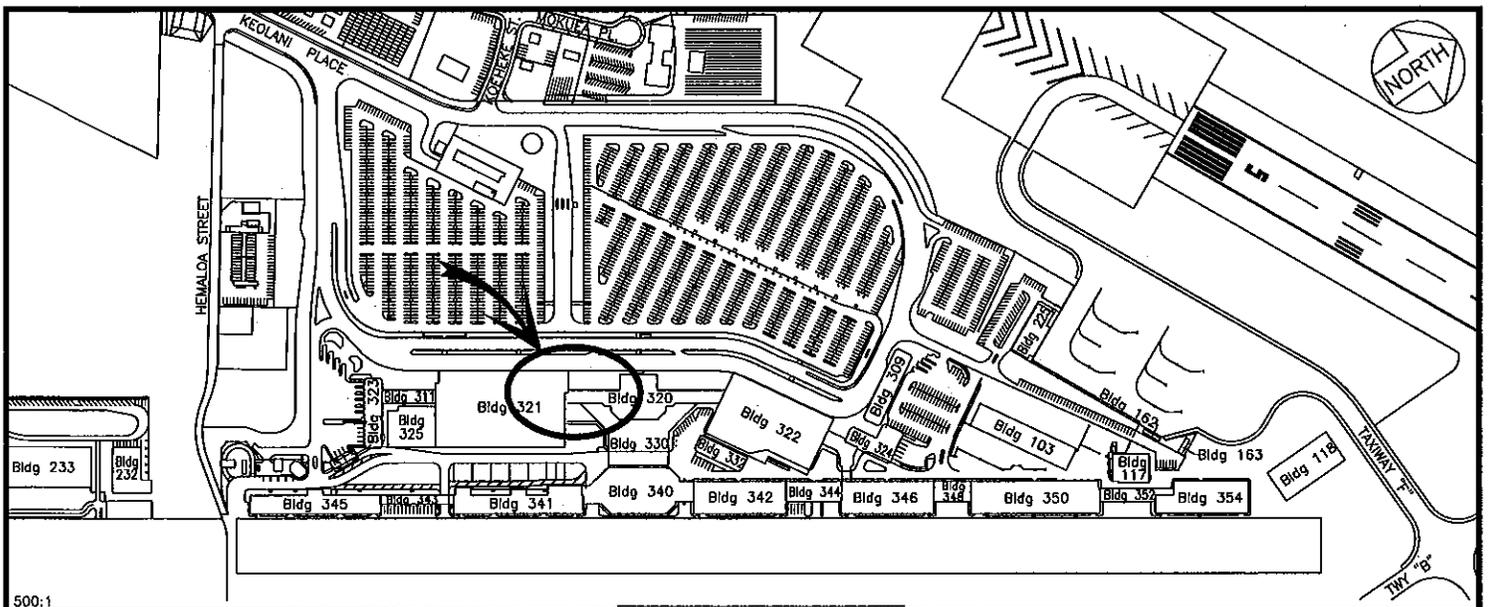
Airports Division

### RETAIL CONCESSION

PLAT 01

## KAHULUI AIRPORT

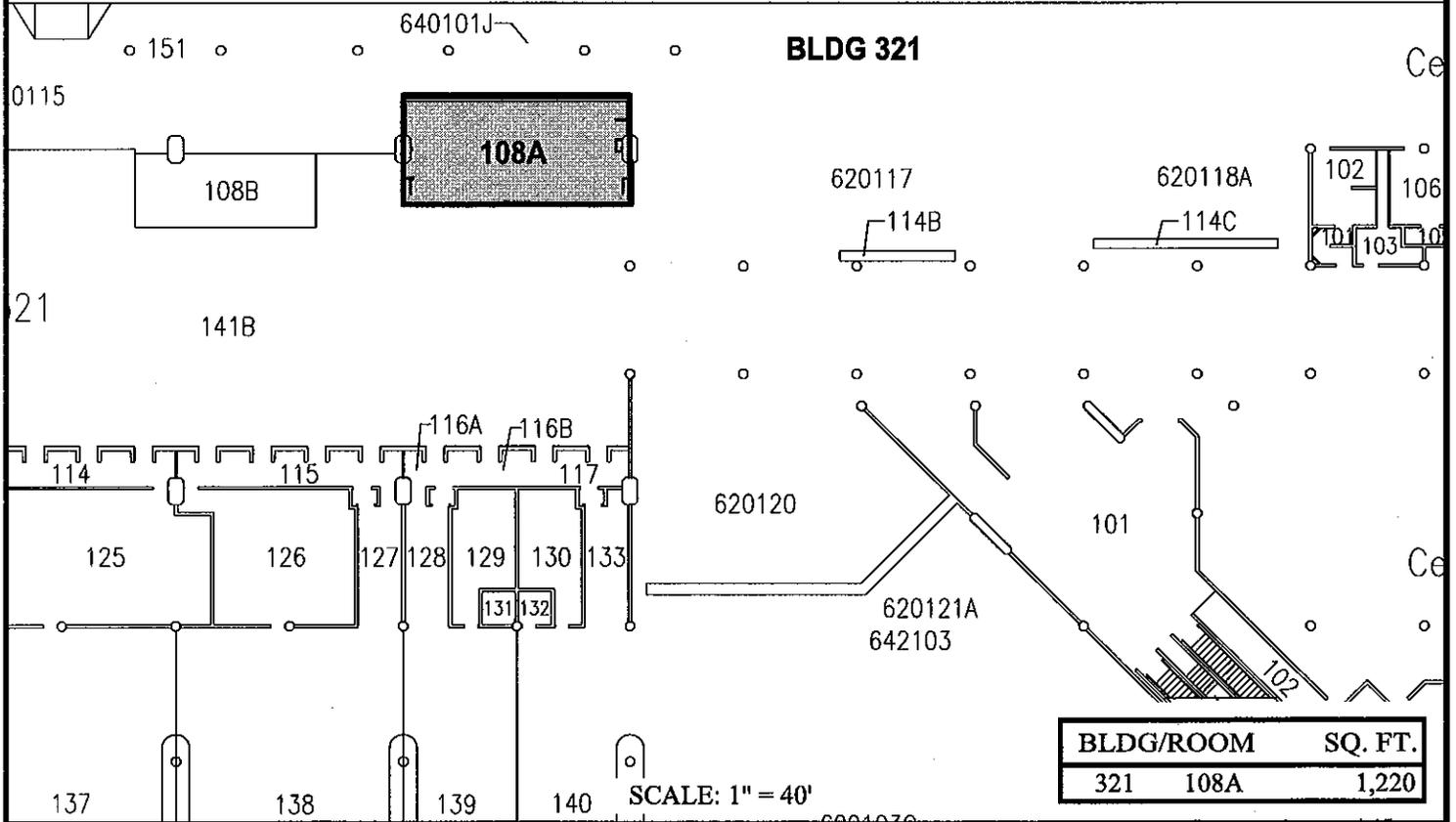
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FRONTAL ROAD



**BLDG 321**

**108A**

BLDG/ROOM	SQ. FT.
321 108A	1,220

SCALE: 1" = 40'

DATE : JULY 2010

EXHIBIT: **B**

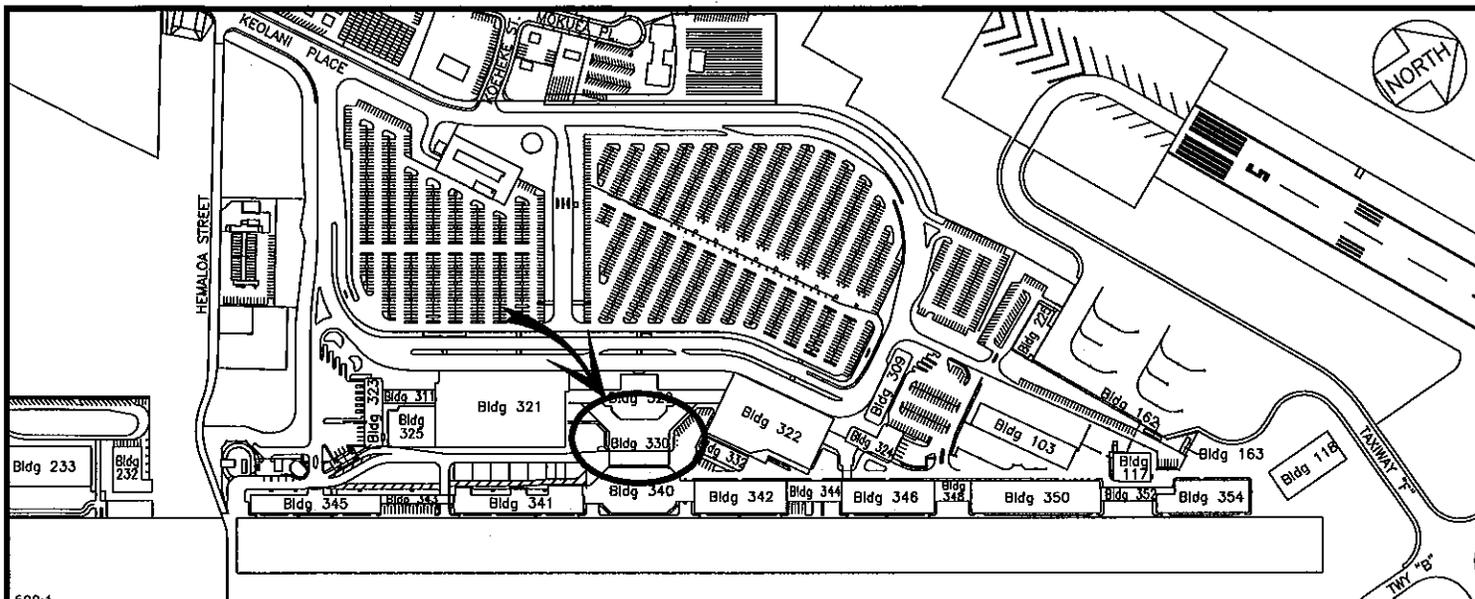


Airports Division

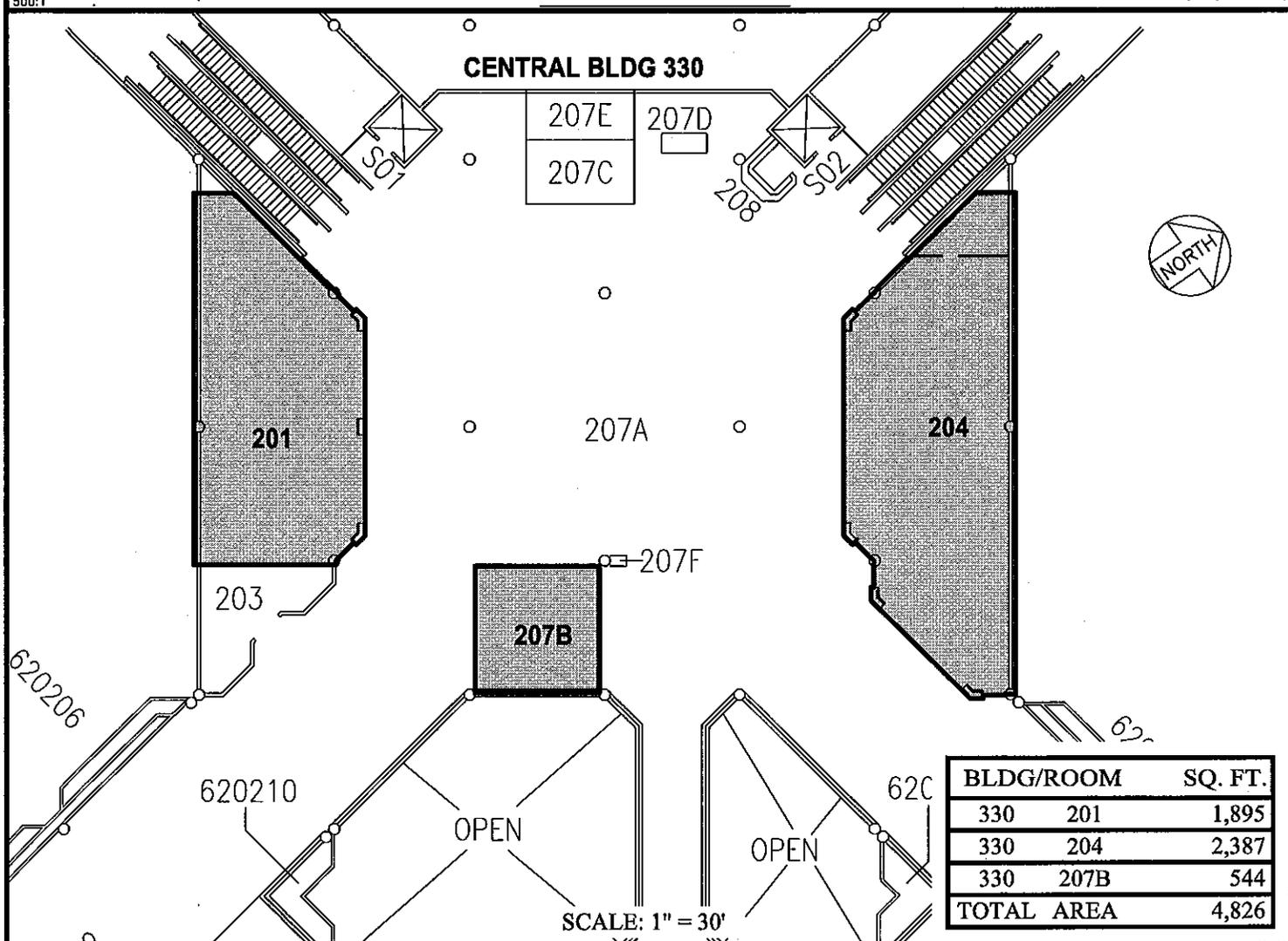
**RETAIL  
CONCESSION**

**BUILDING 321  
TICKET LOBBY  
GROUND LEVEL**

**321108A  
PLAT A1, 35**



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BLDG/ROOM	SQ. FT.
330 201	1,895
330 204	2,387
330 207B	544
<b>TOTAL AREA</b>	<b>4,826</b>

DATE : JULY 2010

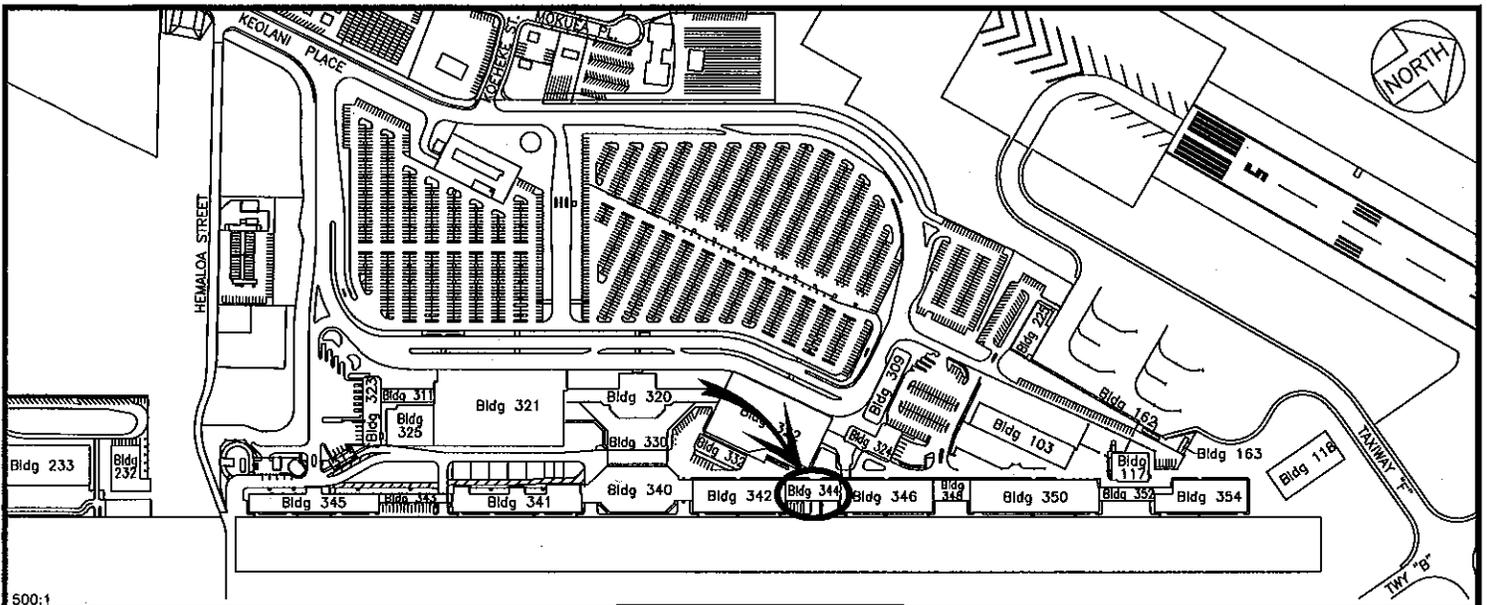
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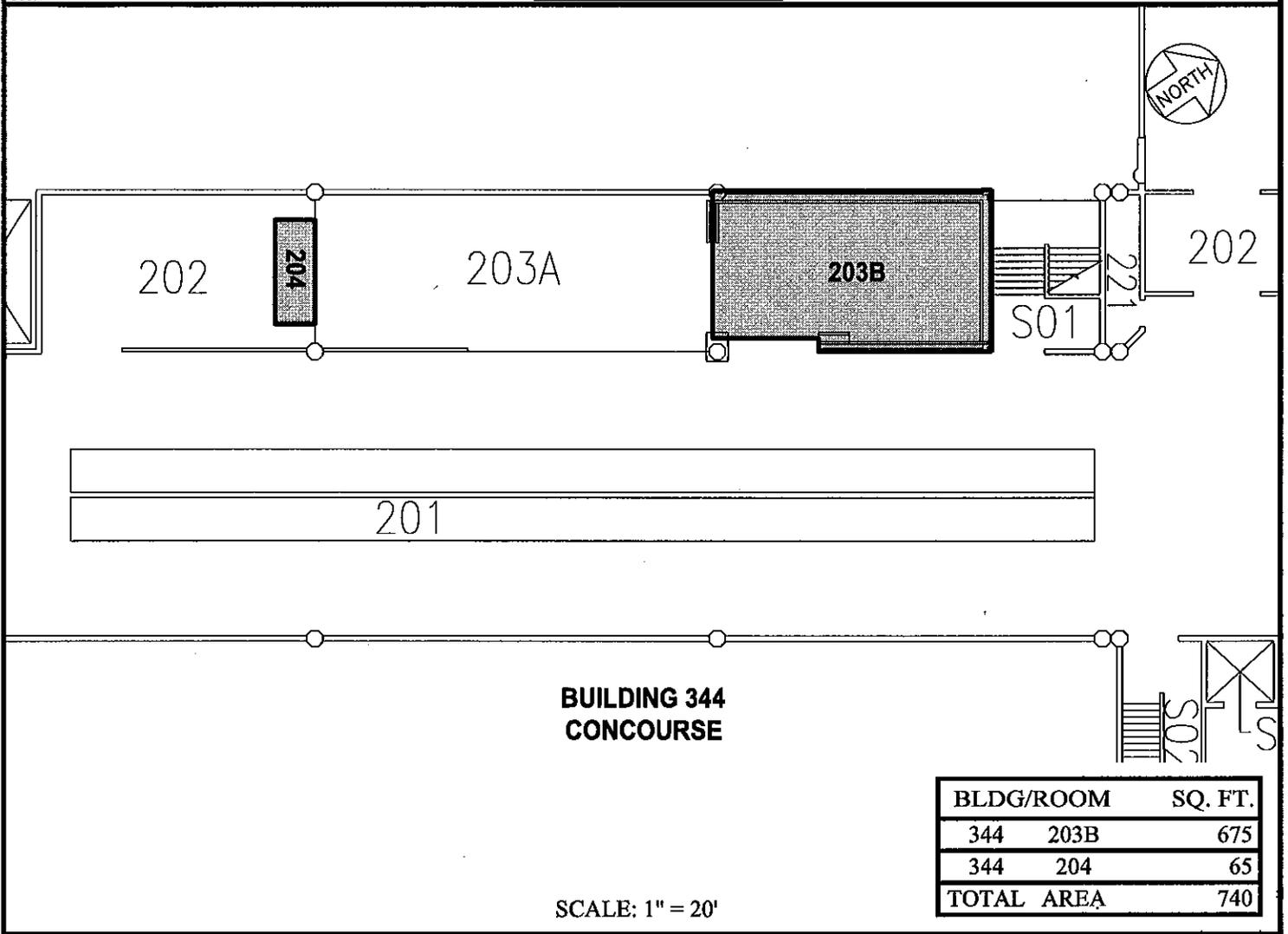
**RETAIL  
CONCESSION**

**BUILDING 330  
CENTRAL  
SECOND LEVEL**

**330201  
330204  
330207B  
PLAT A2, 35**



500:1



**BUILDING 344  
CONCOURSE**

BLDG/ROOM	SQ. FT.
344 203B	675
344 204	65
<b>TOTAL AREA</b>	<b>740</b>

SCALE: 1" = 20'

DATE : JULY 2010

EXHIBIT: **D**



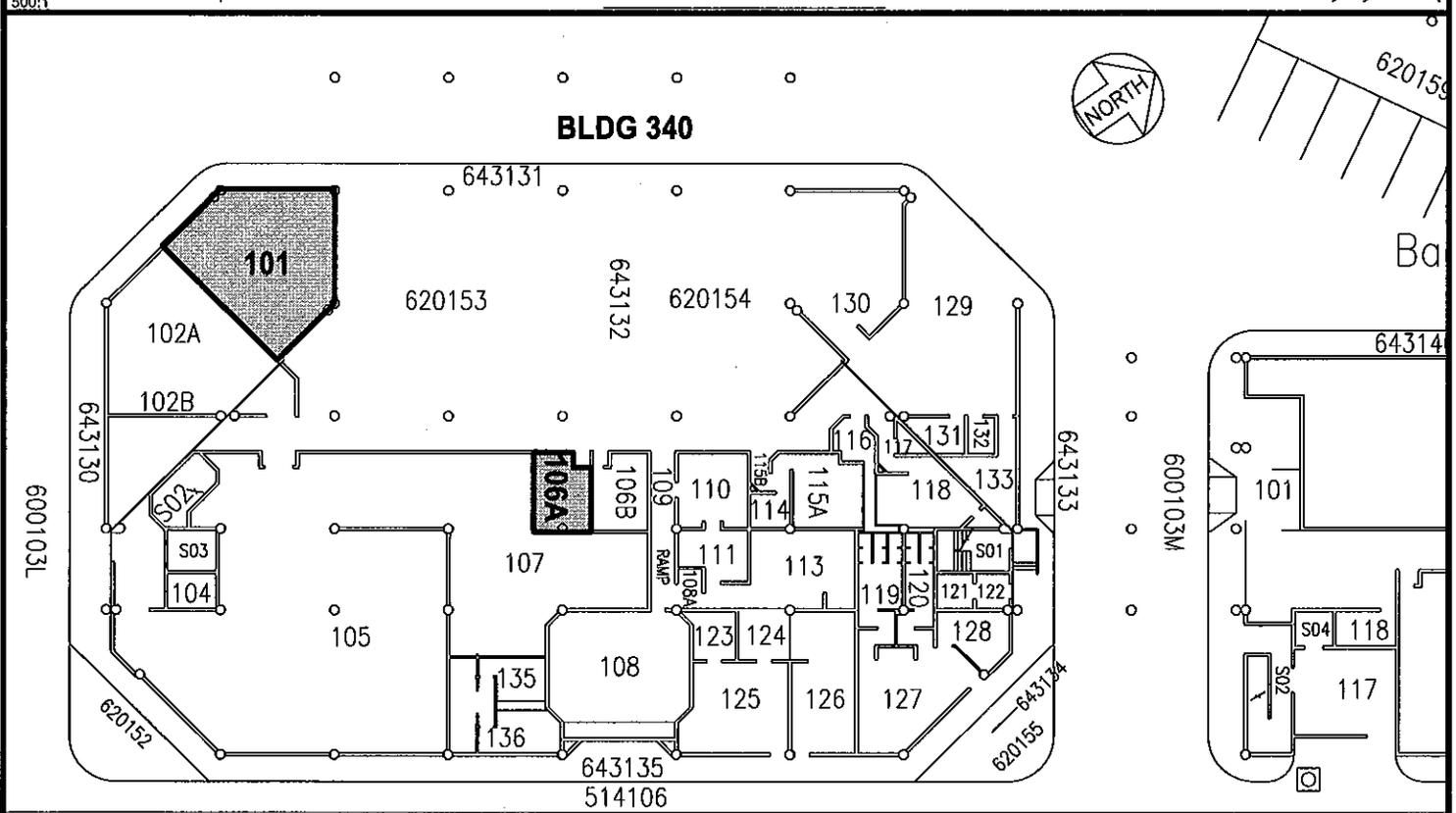
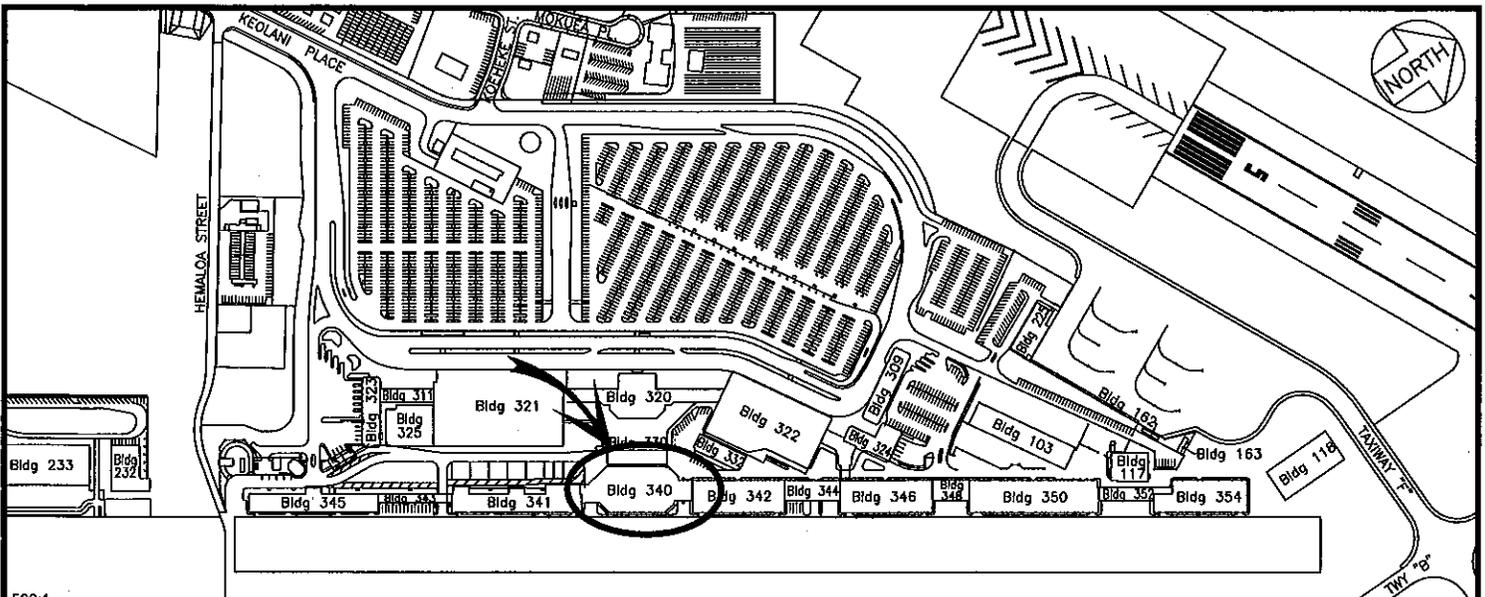
**RETAIL  
CONCESSION**

**BUILDING 344  
CONCOURSE  
SECOND LEVEL**

**344203B  
344204  
PLAT A2, 35**

**KAHULUI AIRPORT**

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Central  
Bldg 340

BLDG/ROOM	SQ. FT.
340 101	956
340 106A	210
<b>TOTAL AREA</b>	<b>1,166</b>

SCALE: 1" = 40'

DATE : JULY 2010

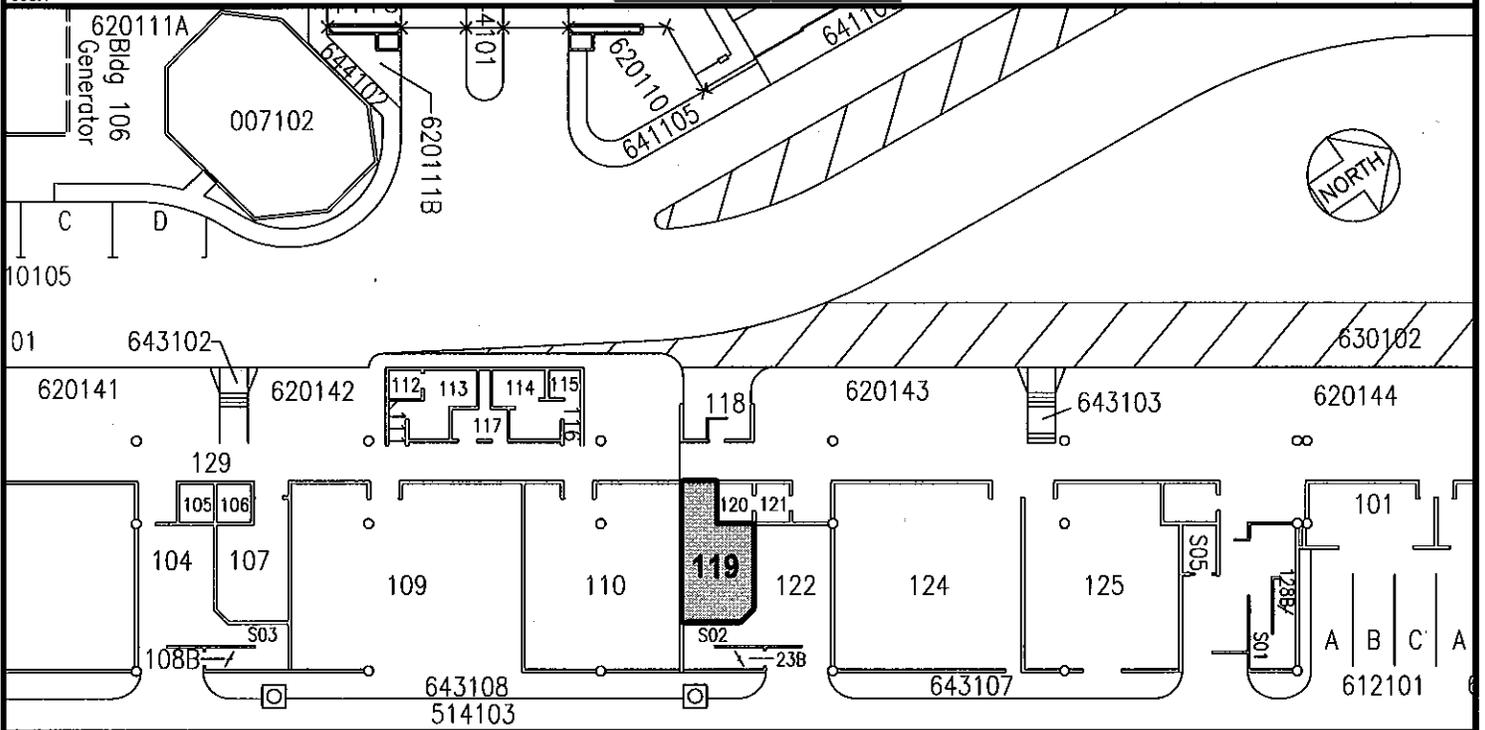
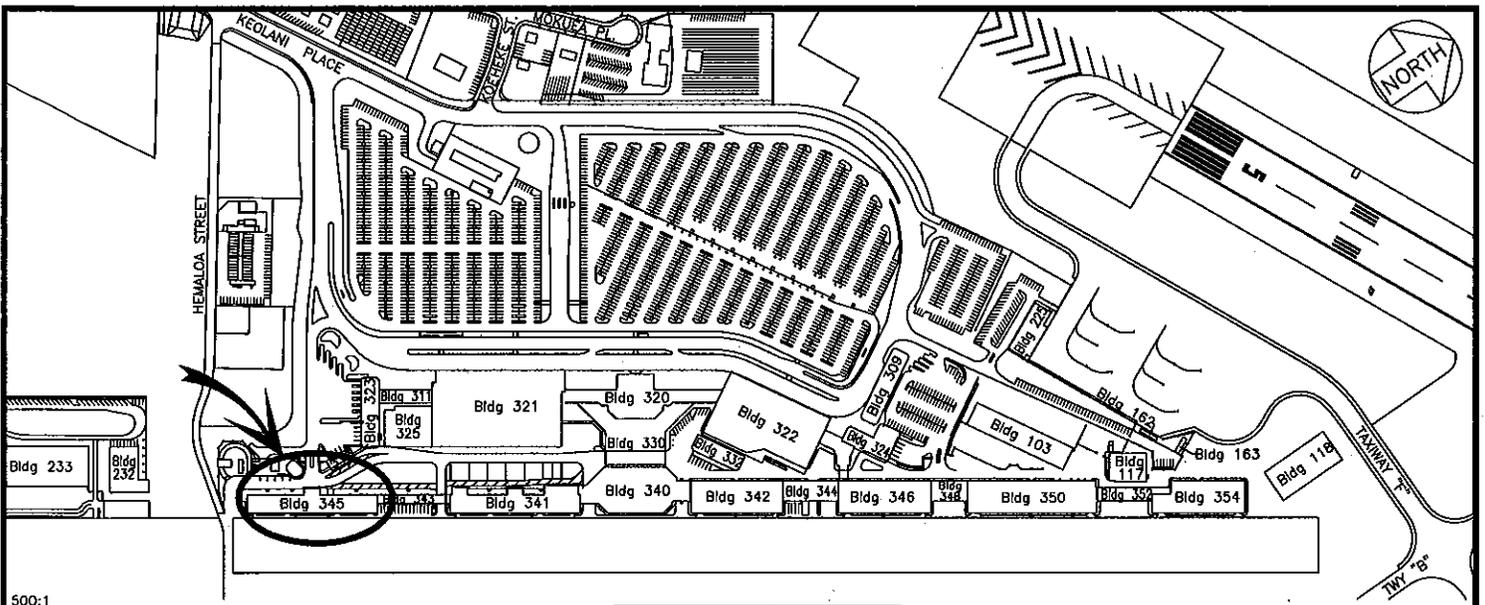
EXHIBIT: **E**



RETAIL  
CONCESSION

BUILDING 340  
CENTRAL BUILDING  
GROUND LEVEL

340101  
340106A  
PLAT A1, 35



**BLDG 345**

SCALE: 1" = 40'

BLDG/ROOM	SQ. FT.
345 119	402

DATE : JULY 2010

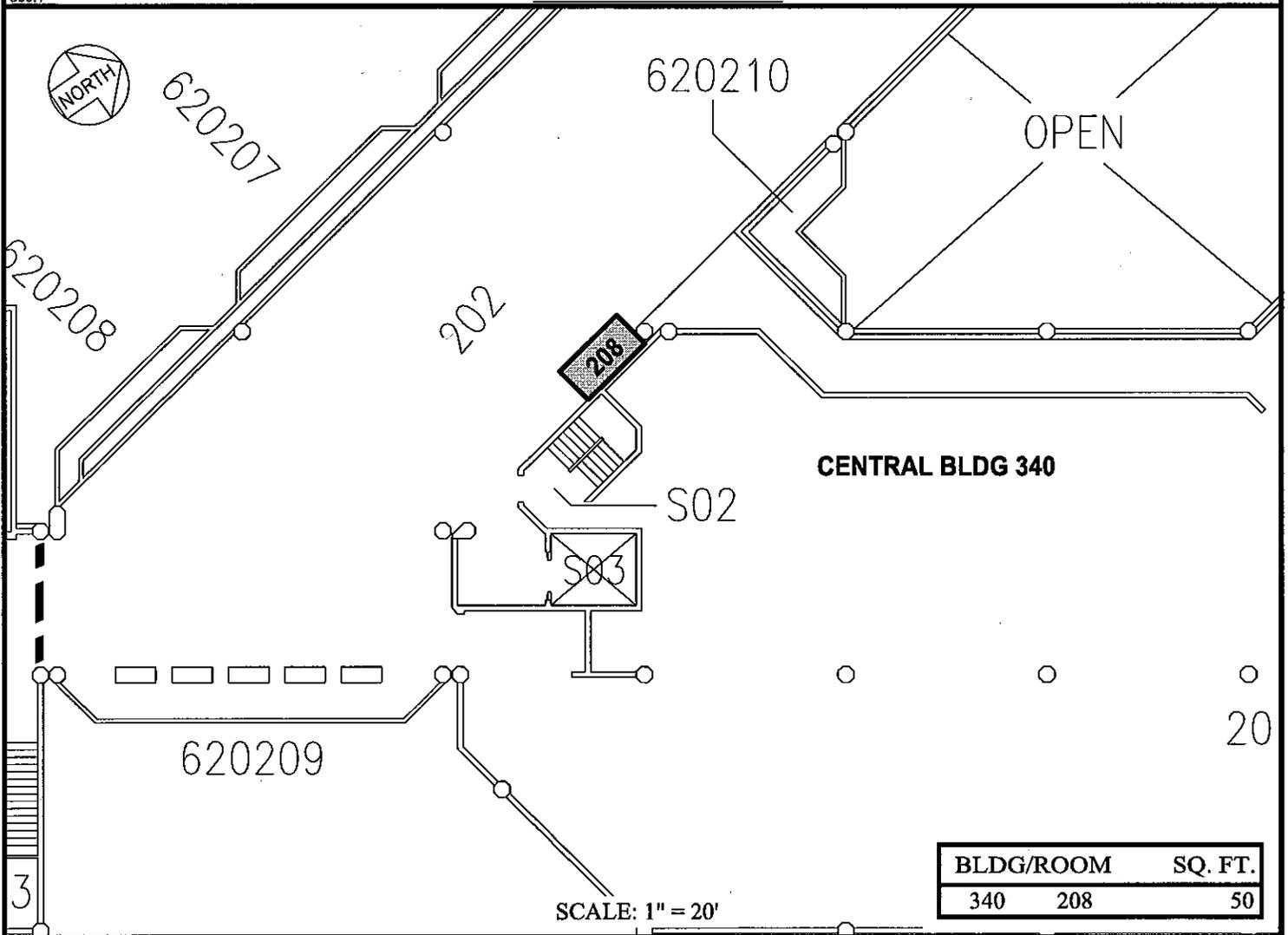
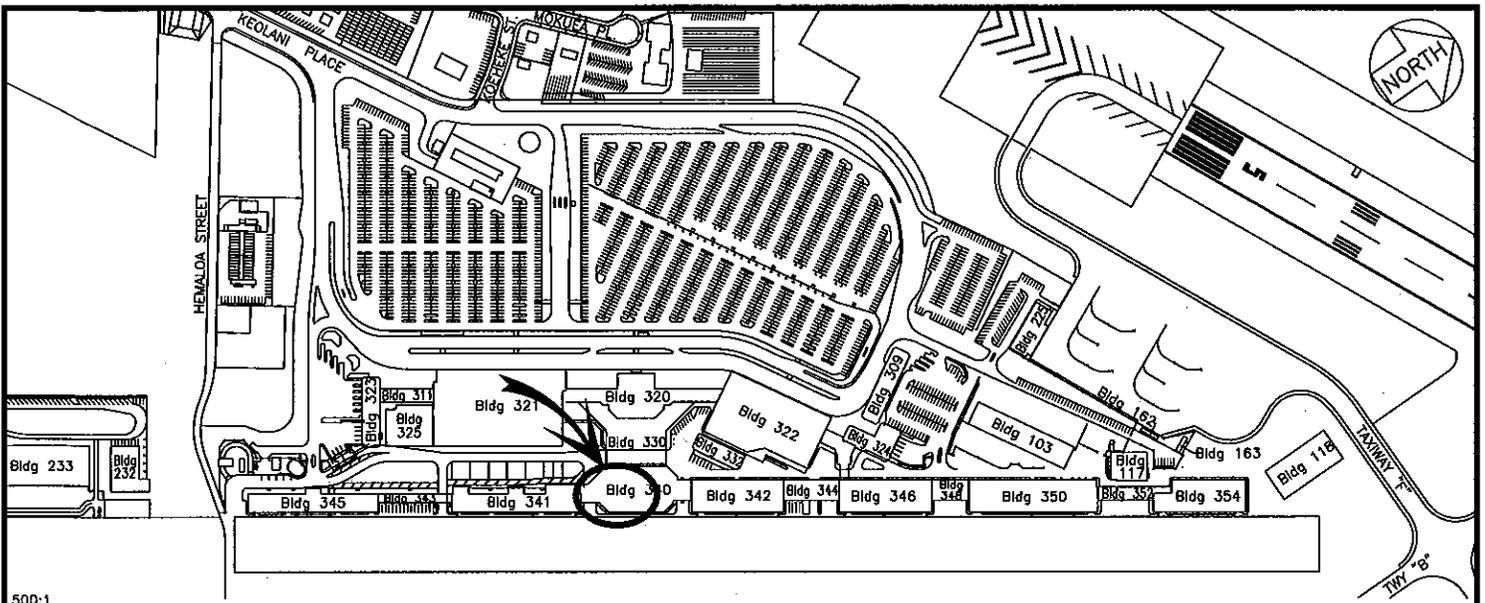
EXHIBIT: **F**



**RETAIL  
CONCESSION**

**BUILDING 345  
HOLDING ROOM A  
GROUND LEVEL**

**345119  
PLAT A1, 35**



DATE : JULY 2010

EXHIBIT: **G**



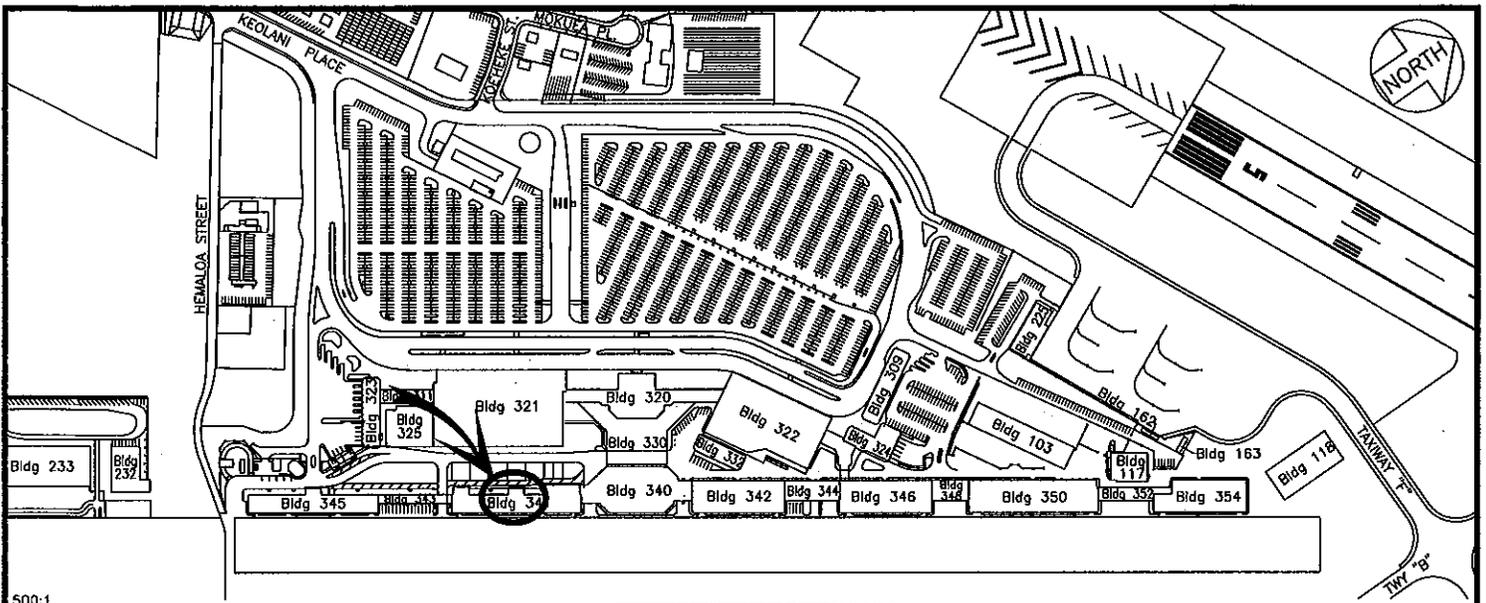
RETAIL  
CONCESSION

BUILDING 340  
CENTRAL BUILDING  
SECOND LEVEL

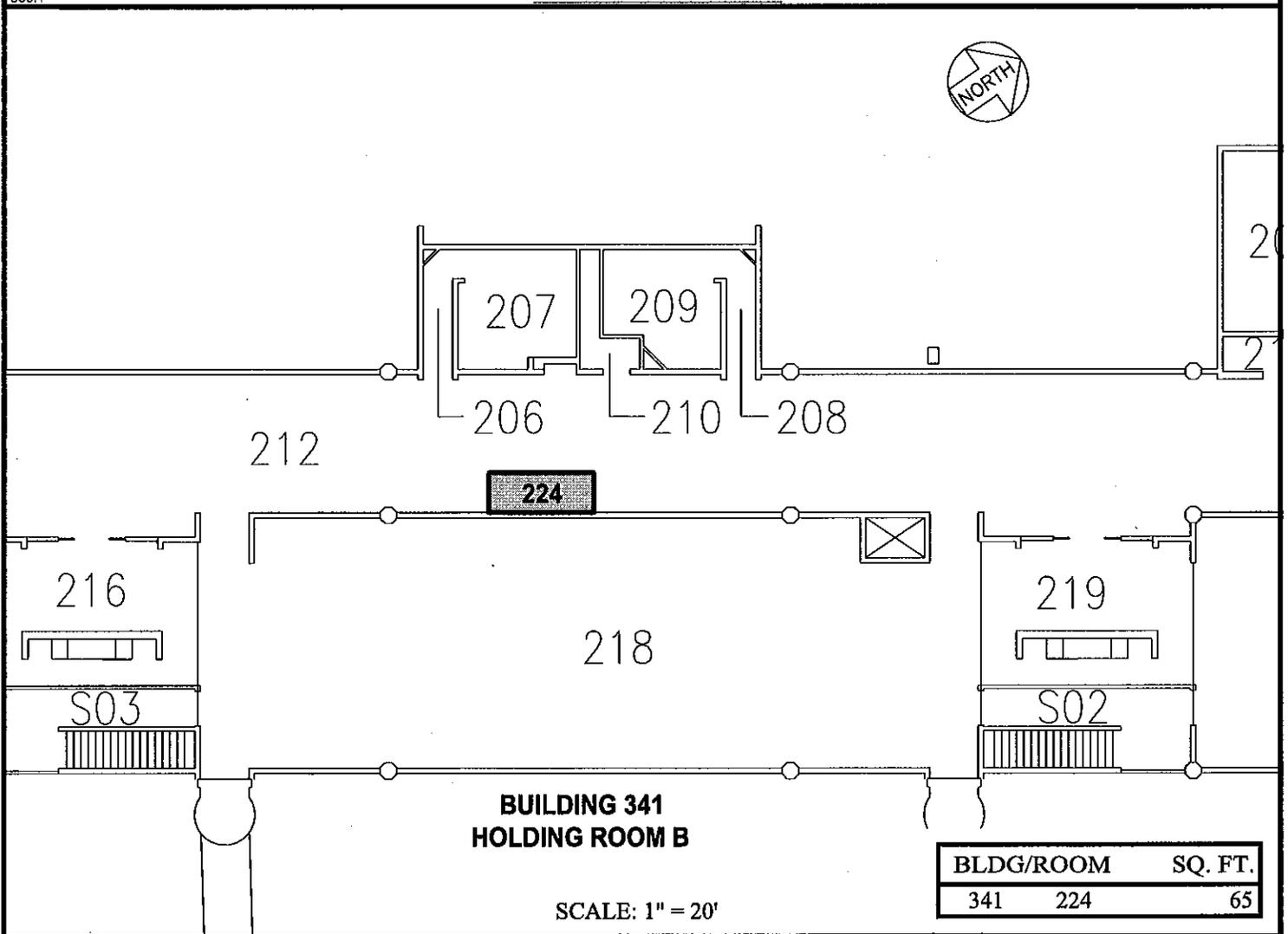
340208  
PLAT A2, 35

**KAHULUI AIRPORT**

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DATE : JULY 2010

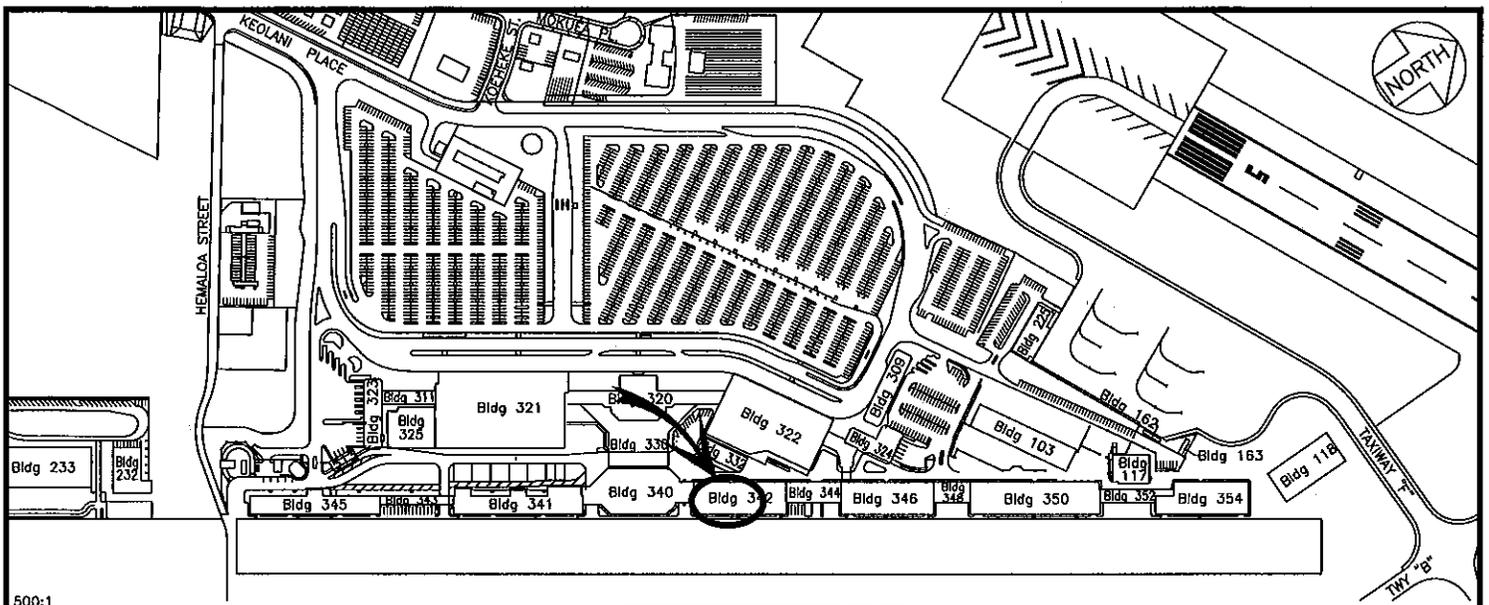
EXHIBIT: **H**



**RETAIL  
CONCESSION**

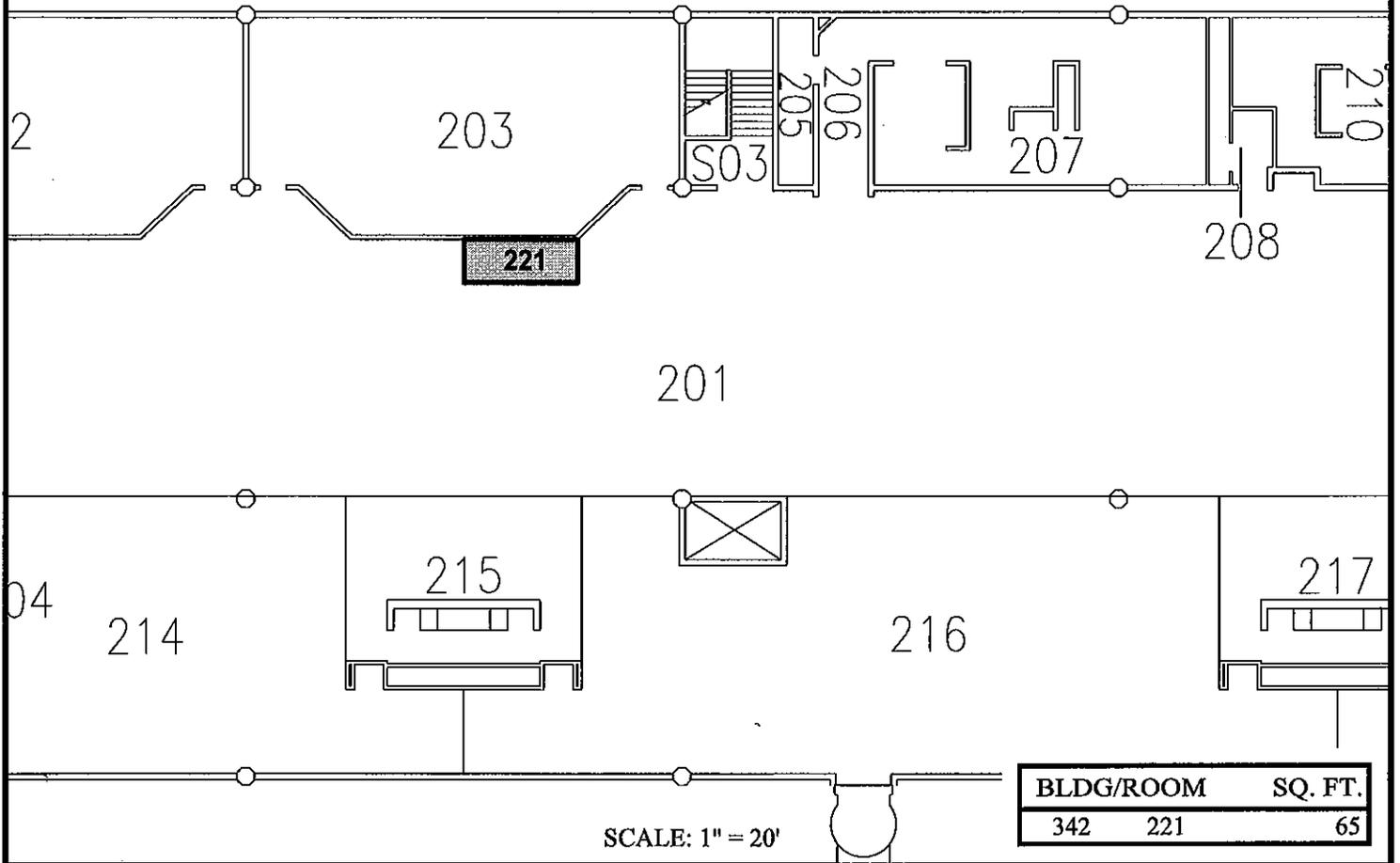
**BUILDING 341  
HOLDING ROOM B  
SECOND LEVEL**

341224  
PLAT A2, 35



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**BUILDING 342  
HOLDING ROOM C**



SCALE: 1" = 20'

BLDG/ROOM	SQ. FT.
342 221	65

DATE : JULY 2010

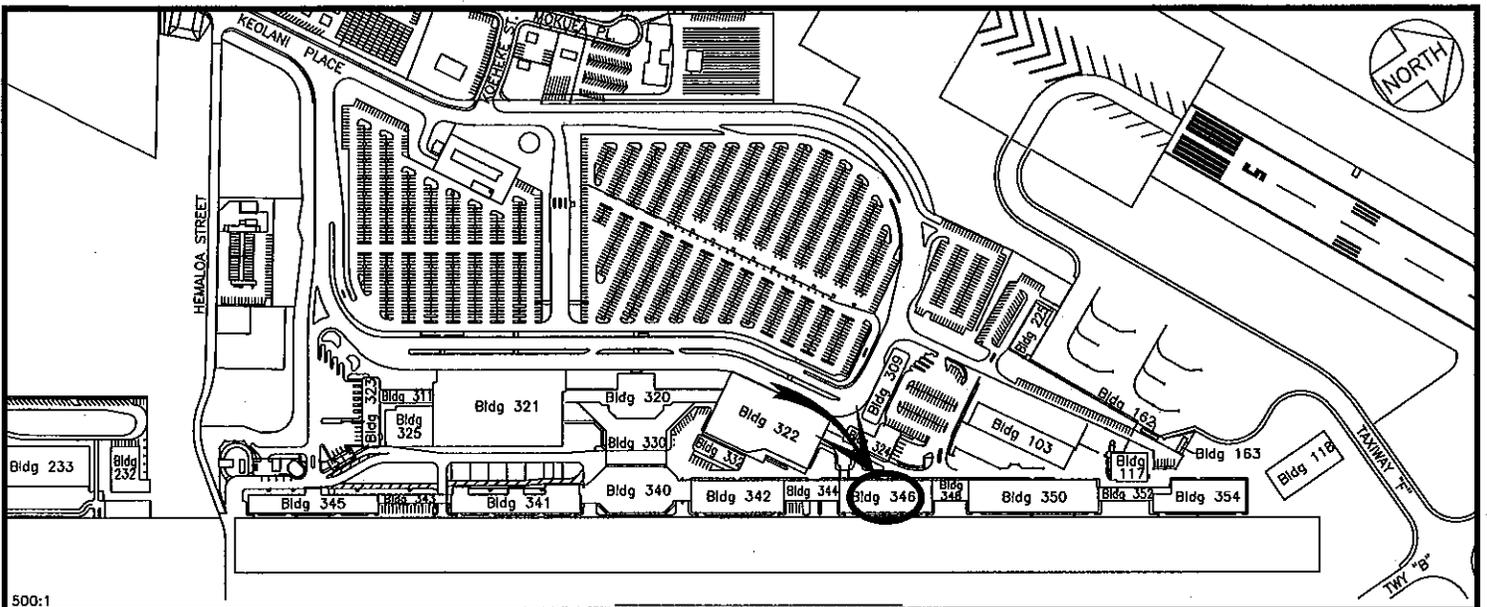
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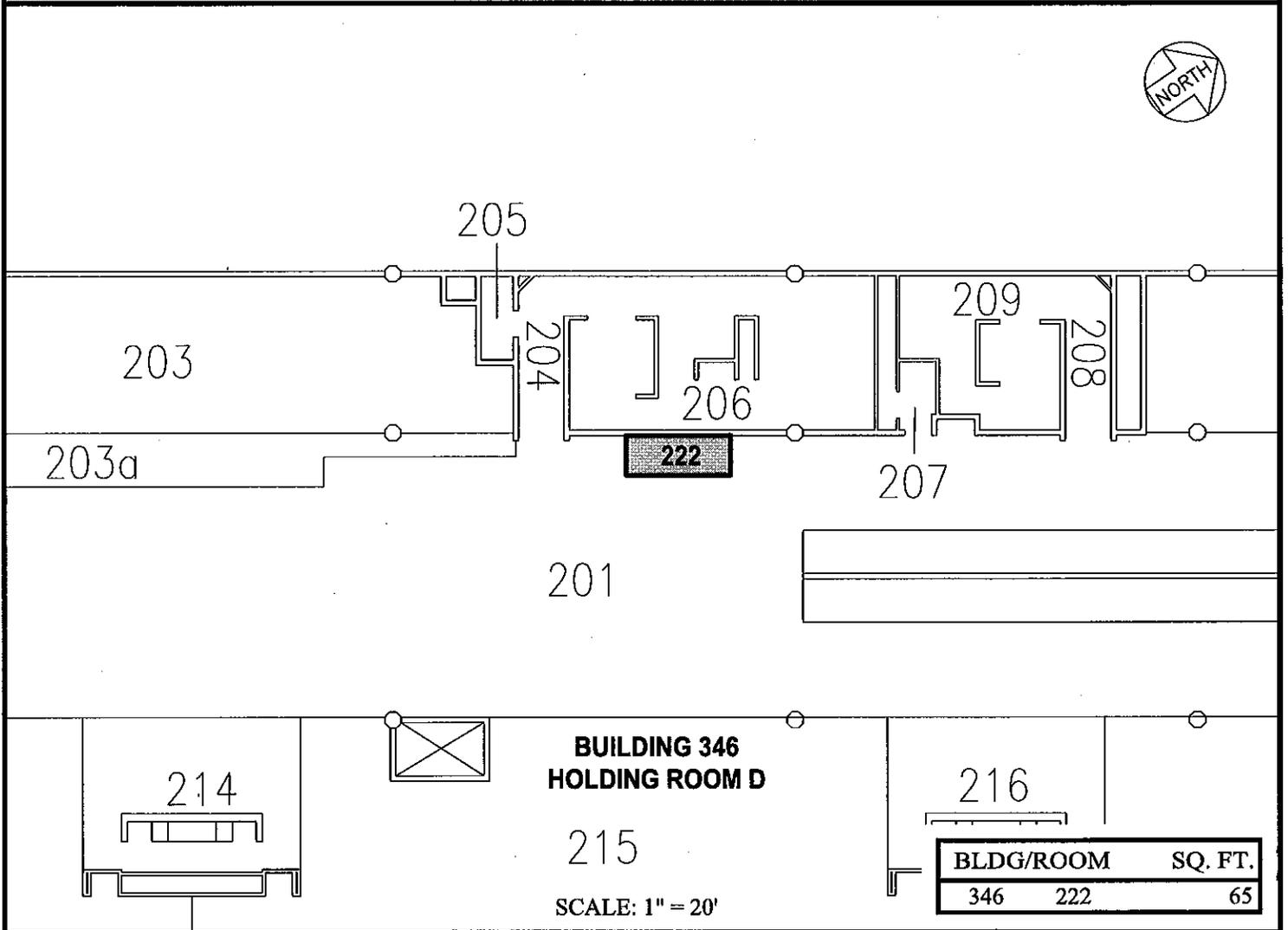
RETAIL  
CONCESSION

BUILDING 342  
HOLDING ROOM C  
GROUND LEVEL

342221  
PLAT A2, 35



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DATE : JULY 2010

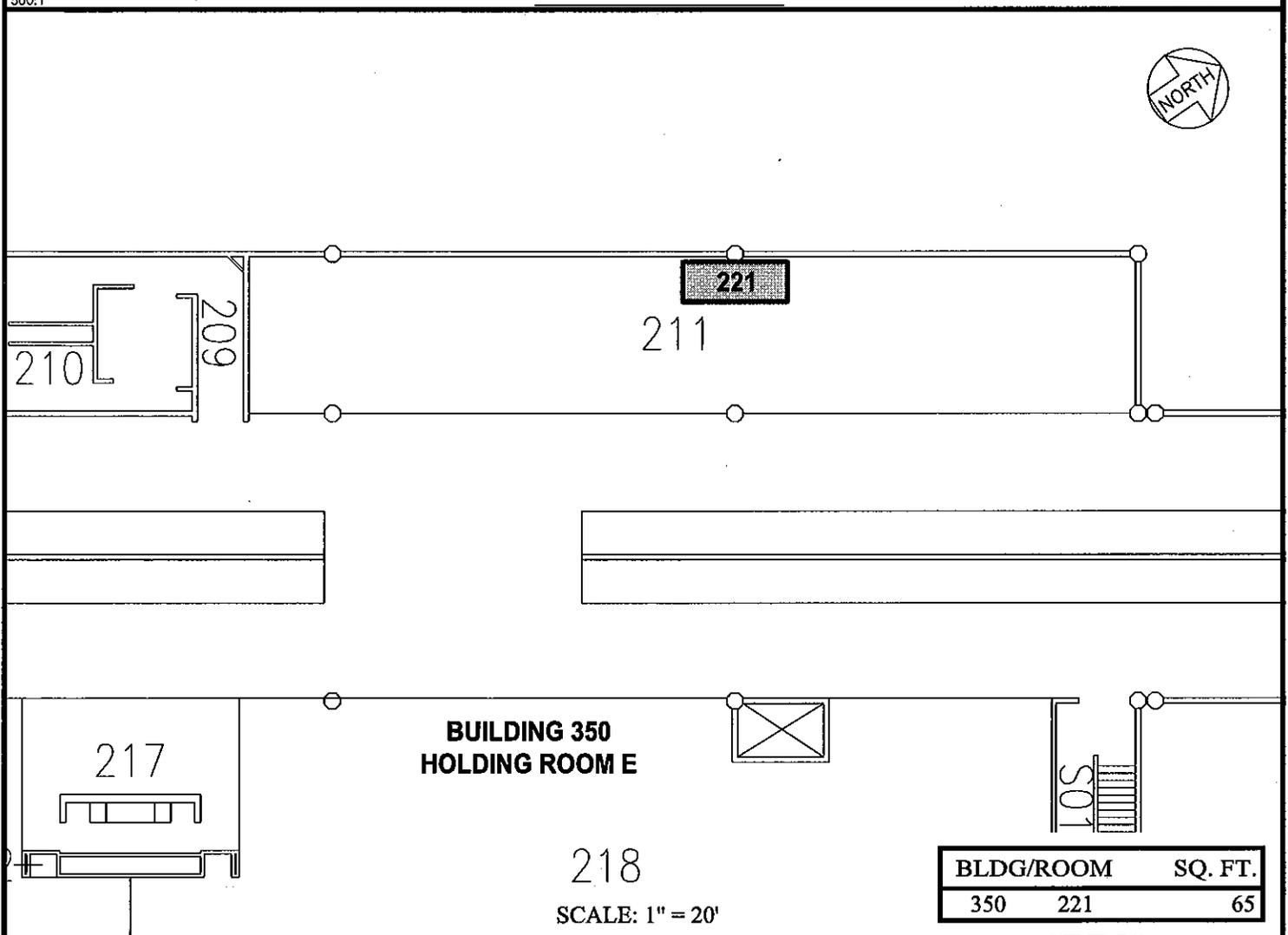
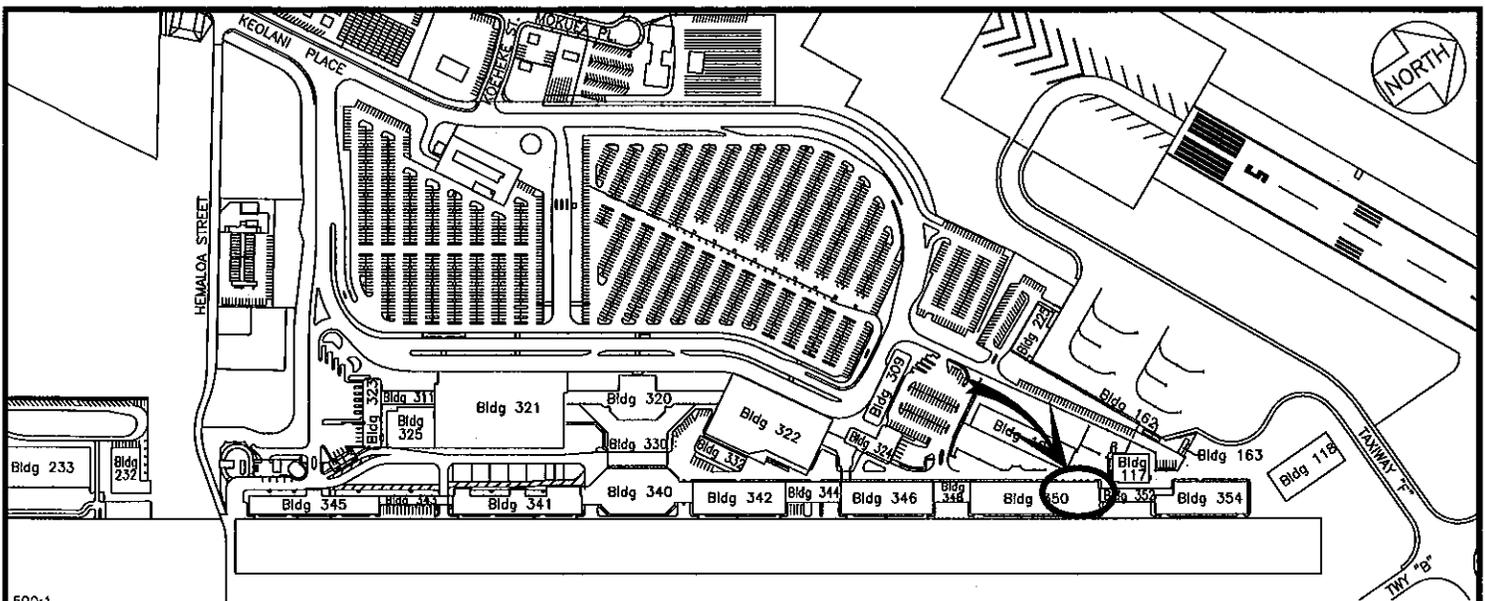
EXHIBIT: J



**RETAIL  
CONCESSION**

**BUILDING 346  
HOLDING ROOM D  
SECOND LEVEL**

346222  
PLAT A2, 35



218  
SCALE: 1" = 20'

BLDG/ROOM	SQ. FT.
350 221	65

DATE : JULY 2010

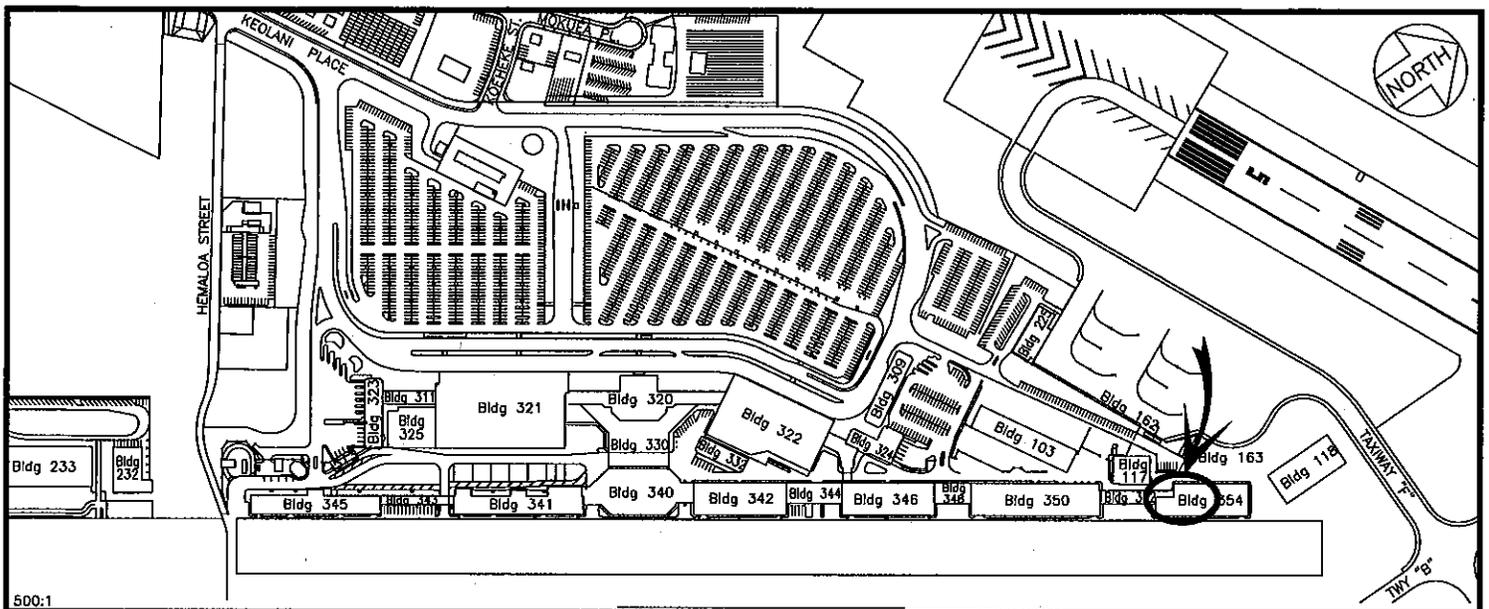
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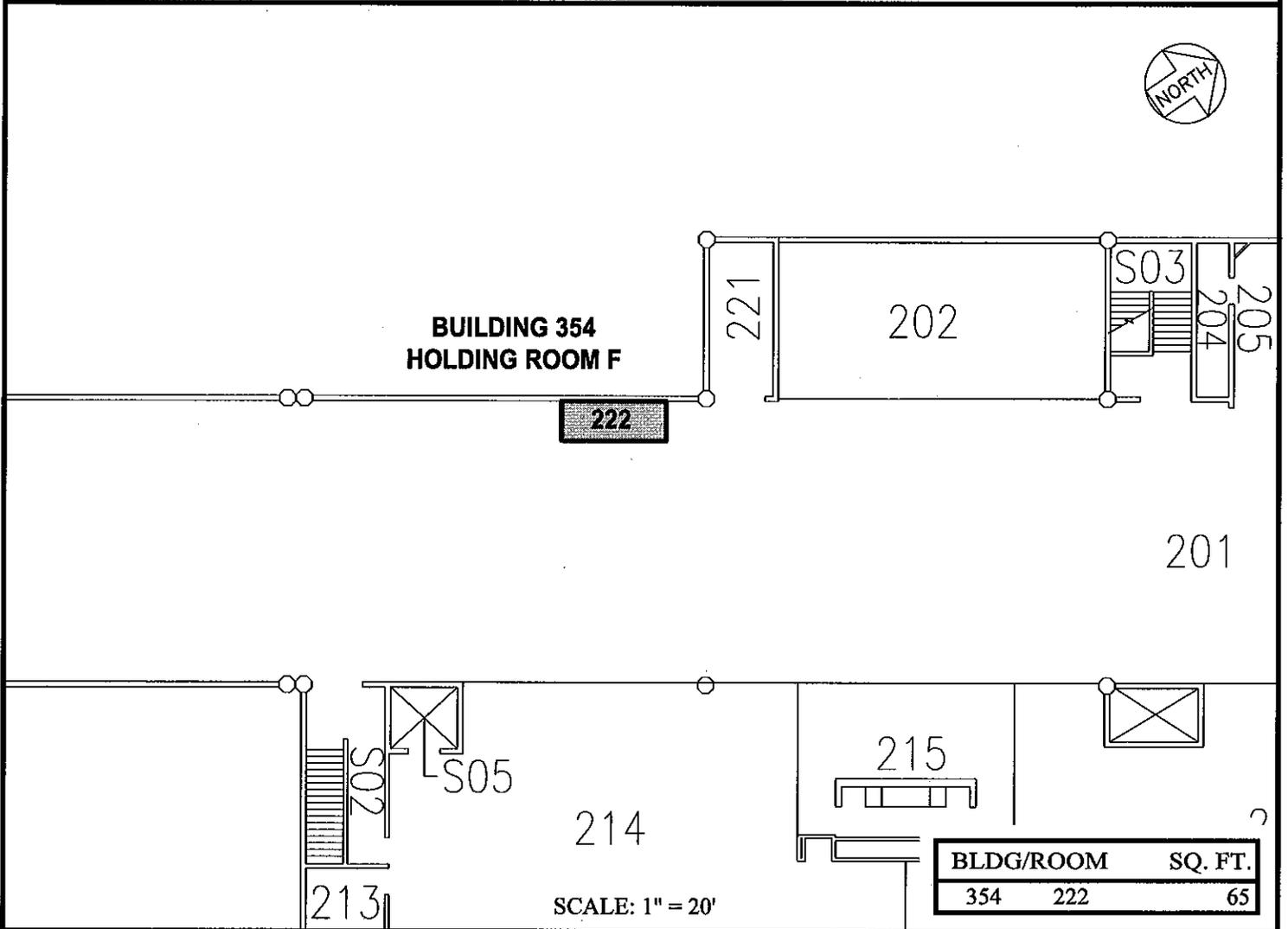
RETAIL  
CONCESSION

BUILDING 350  
HOLDING ROOM E  
SECOND LEVEL

350221  
PLAT A2, 35



500:1



DATE : JULY 2010

EXHIBIT: L



Airports Division

RETAIL  
CONCESSION

BUILDING 354  
HOLDING ROOM F  
SECOND LEVEL

354222  
PLAT A2, 35