

HAWAII AERONAUTICS COMMISSION
 Special Meeting
 Thursday, February 8, 1951

A special meeting of the Hawaii Aeronautics Commission was held in the Commission Board Room on Thursday, February 8, 1951, at 10:00 a.m.

Present were: Dr. F. K. Silva, Chairman
 Mr. Charles J. Pietsch, Vice Chairman
 Mr. Ralph C. Honda, Secretary
 Mr. Roy R. Bright, Member
 Mr. Harold W. Rice, Member (Maui)
 Mr. D. W. Edwards, Member (Kauai)
 Dr. G. J. Silva, Member (Hawaii)

Absent were: Mr. O. J. Burnett, Member
 Mr. R. A. Anderson, Member

Attending: Mr. Peyton Harrison, Director
 Mr. Clark M. Kee, Consulting Engr.
 Mr. Randolph M. Lee, Adm. Asst.
 Mr. W. Duncan Smith, Accountant

MR. BELCHER'S RESIGNATION: Dr. Silva reported that Mr. Belcher had submitted his resignation as Assistant Director due to poor health and that he was going to the mainland.

Mr. Edwards moved that the Commission accept his resignation without prejudice and that a letter expressing appreciation and Aloha for his work in the past and also expressing regret that it was necessary for him to resign because of ill health, be sent. Motion seconded by Mr. Bright and carried.

KONA FREIGHT TERMINAL: Mr. Harrison stated that Mr. Crozier suggested the width of the Kona Freight Terminal be increased from 40' to 49' because the rafters available were 49' long and that to cut them shorter would be waste of material. Mr. Harrison then read a memo from Mr. Clark Kee in which Mr. Kee stated that Mr. Crozier's idea of using 49' trusses on the Kona building would necessitate the complete redesigning of the entire structure.

Mr. Rice stated that he is in favor of saving dollars in material and labor by sending material on hand to Kona without cutting them up. Mr. Kee said that there was no objection to that type of building by the building inspector in Hilo.

Dr. G. Silva moved that Mr. Kee redesign the plans to fit the material available, and that the HAC proceed with this plan. Motion seconded by Mr. Rice and carried.

Mr. Rice invited Mr. Kee to come to Maui to see the structure prior to redesign.

BUDGET: Mr. Lee explained that the amended budget is only an informal budget and that the Commissioners' sanction is final, not requiring any legislative action. He stated that at the end of the 1951-53 biennium there would be a deficit of \$410,000. He found that operating costs were being charged against the gas revenue fund and, on the other hand, surplus was accruing in the airport revenue fund due to improper bookkeeping. Mr. Lee stated that 67% of the total revenue was brought in by the gas tax and that 33% came from other aeronautical and non-aeronautical sources.

To show that the laws pertaining to expenditure from funds are confusing, Mr. Lee quoted Act 32 SSL of H 1947, Sec. 4915.07, Sec. 7, on Funds which states:

- "(a) There is created in the treasury of the Territory, in addition to the special fund created by section 5260, a special fund to be designated as 'Airport Revenue Fund'.
- "(b) All tax collections paid into the territorial airport fund, created by section 5260, shall be expended by the commission for the construction, operation and maintenance of airports

and air navigation facilities, including acquisition of real property and interests therein, and for the other purposes of this chapter.

"(c) All moneys received by the commission from rents, fees and other charges, pursuant to this chapter, shall be paid into the airport revenue fund and shall be applied by the commission for the expenses of operation and maintenance of airports and air navigation facilities, including reserves therefor.

"(d) All expenditures by the commission shall be made on vouchers duly approved by the chairman or such other officer as shall be designated by the commission."

Mr. Lee said that the logical way to charge different expenses is for all separate revenue items to bear their just cost on a percentage basis.

Mr. Rice suggested that the budget be put in order for presentation to the Legislature and for the acceptance of the Commission.

In the opinion of Mr. Lee, the estimated fuel tax for 1951-53 in the sum of \$1,200,000 or even \$1,300,000 was conservative. He suggested an "accrued basis of accounting", which system the Board of Water Supply is now using. He stated: "Relative to our \$3,000,000 revenue bond structure, we should set aside from net earnings an amount sufficient to meet interest and bond redemption requirements when they fall due.

Mr. Lee said that he would like to show the income derived from this terminal building, what the actual cost is in maintaining this building, find out whether HAC is running on deficit or profit by the rental rates as established, and in six months he can give a reasonably good cost accounting. Mr. Rice brought up the subject of personnel increase; the HAC is carrying its own pension fund and that the general fund is overdrawn. He said that Mr. Thurston assured him that he will not touch HAC funds; also, that should HAC go on an accrued basis, Mr. Thurston will agree to this. In pointing out the increased personnel cost, it was brought out that personnel had increased from 83 to 146 and the estimated payroll expenditures were based on the 1950 salary payroll.

Mr. Lee pointed out that the Commission had approved the purchase of the unexpired lease of the butler hangar for \$22,500 payable from the airport revenue fund. It had been noted that the auditor passed and okayed it. Now, it was the HAC's job to make the adjustment and charge this purchase to the fuel tax fund. Mr. Lee said that in accepting this payment, Mr. Osborne of Hawaiian Air Transport automatically disallowed himself in his claim for back rental adjustment.

Mr. Lee stated that the past budget had been prepared to conform with the Budget Bureau general budgetary form and said, "Let us find out the cost of maintaining each airport. An airport system should be designed so that we could compare operating costs with other areas such as San Francisco. It behooves me, therefore, to explore other systems before cost factor can be determined".

Mr. Honda asked why the budget shows a half million dollar deficit, to which was given the answer that the half-million dollars was earmarked for purchasing Damon Estate land.

Mr. Lee expressed his opinion that the field operating costs should be charged against their corresponding revenues.

The question of how to correlate the landings of other islands was brought up. It was pointed out that all the outside islands' operations were showing losses instead of profits.

Mr. Harrison brought out the fact that CAA is unable to give any estimate on their matching funds for future bienniums. Mr. Rice moved that the Director delegate Mr. Lee to inform the Budget Bureau that HAC expects to go on an accrued basis so that HAC can eventually float bonds and that HAC set up the books as soon as

possible on an accrued basis. Seconded by Mr. Edwards and carried unanimously.

The Chairman directed Mr. Lee to revise the amended budget for presentation at the next regular meeting on February 19.

AIRPORT OPERATORS CONVENTION: Mr. Honda mentioned that in April, the Airport Operators Convention will be held and suggested about five persons attend.

PRESS RELEASE: Mr. Kee presented to the Commission his press release entitled, "Hawaii Aeronautics Commission Plans for the Honolulu Airport", which has gone into the mainland press. He stated that he has already heard from New York requesting information. As for the local release, Mr. Edwards suggested that it be released to the newspapers to be published on an appropriate day -- release to be signed by Director.

LIHUE AIR FREIGHT TERMINAL: Mr. Edwards reported that the freight terminal has been completed and is in use. He explained that at the time the contract was let, no provision was made for painting the building and now, as a separate job, it will cost about \$2,500. Mr. Rice suggested that the inside of the building be painted immediately because of possible damage from salt, and that the outside be painted at some later date.

Mr. Edwards moved that authorization for painting be given. Seconded by Mr. Rice and carried.

ADDITIONAL PAVING OF LIHUE FREIGHT TERMINAL AREA: Mr. Edwards stated that additional paving of area near the freight terminal was necessary because the area is fairly swampy and subject to erosion. The additional paving and smoothing out of the slope will cost between \$1,000 to \$1,200, he said.

Mr. Rice moved to authorize the Lihue Commissioner to proceed with this job. Mr. Bright seconded the motion; motion carried.

HANGARS: Mr. Edwards stated that there is a need for T or nose hangars at Lihue for small aircraft and that there were applications for at least two T hangars which could be leased to private operators. He believed that two hangars could be put up and within the life of the buildings, they could be amortized. The matter was deferred for further study.

LIHUE RUNWAY EXTENSION: Mr. Edwards explained that runway extension toward Ahukini will be more expensive than toward the Nawiliwili side. The present plan is for 1,000 feet of extension to the Nawiliwili side and 300 feet on the Ahukini end. He then asked if the exchange of lands was executed. Mr. Harrison assured him that as soon as HAC is ready to work on the field, the HAC has permission to enter the property.

LIHUE RUNWAY LIGHTS: Mr. Edwards informed the Commission that on the proposed installation of runway and emergency light facilities, the contractor has done nothing to date, although he was scheduled to start on the transformer vault on January 15, 1951. It was suggested that the Director contact the contractor and hold him to the time he gave on the bid.

LIHUE - 3½ ACRES OF PLANTATION LAND: Mr. Edwards recommended that the 3½ acres of land between the taxiway and the parking apron of Lihue Airport be leased back to the plantation.

Dr. Silva moved and Mr. Bright seconded that the HAC lease this land back to the plantation. Motion carried unanimously. The Lihue Commissioner was empowered to contact the plantation manager to this effect.

LIHUE - OLD VEHICLES: Mr. Edwards informed the Commission that there are a Chevrolet pick-up and a surplus jeep which should be traded in for a new pick-up and a sedan. The Chairman advised that this matter be studied by the committee-in-charge of equipment (Mr. Bright).

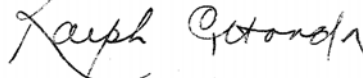
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✓ LIHUE - PARKING STALLS: Mr. Edwards said that there are 20 covered parking stalls ready for occupancy immediately at Lihue Airport and asked for rental charges for each. Mr. Honda suggested temporary charge of \$4 per month per stall starting March 1, 1951, subject to revision. Motion seconded and carried.

LANDSCAPING - LIHUE: Mr. Edwards stated that \$5,000 for landscaping was set aside for the Lihue terminal area and the total cost was estimated at about \$3,000. He mentioned that to date, \$800 has been spent and that there are some bills outstanding. Progress of this work was reported as good.

ADJOURNMENT: Meeting adjourned at 12 Noon.

Respectfully submitted,



Ralph C. Honda, Secretary