

HAWAII AERONAUTICS COMMISSION
 Minutes of Regular Meeting
 Monday, May 26, 1952

The regular monthly meeting of the Hawaii Aeronautics Commission was held in the conference room of the Commission, Overseas Terminal Building, Honolulu Airport, at 1:30 p.m. on Monday, May 26, 1952.

Present were: Dr. F. K. Sylva, Chairman
 Mr. R. C. Honda, Secretary
 Mr. R. A. Anderson, Member
 Mr. D. W. Edwards, Member (Kauai)
 Mr. H. W. Rice, Member (Maui)
 Mr. David Furtado, Member (Hawaii)
 Mr. Thomas Flynn, Member

Absent were: Mr. O. J. Burnett, Member
 Mr. C. J. Pietsch, Jr. (on Mainland)

Attending: Mr. Peyton Harrison, Director, HAC
 Mr. R. M. Lee, Admin. Asst., HAC
 Mr. M. E. Martin, Supt. A & O, HAC
 Mr. C. J. Brenham, Prop. Adm., HAC
 Mr. C. M. Kee, Asst. Dir., HAC
 Mr. Ford Studebaker, HAL
 Mr. Lee Grubb, HAL
 Mr. David Benz, TPA
 Mr. McCraw, TPA
 Mr. McGuire, UAL
 Mr. S. F. Weaver, Spencecliff Corp.
 Mr. O. V. Andrew, Andrew Flying Service

MINUTES: The Minutes of regular meeting of April 28th and special meeting of May 3d were approved as circulated.

KONA AIRPORT, Caretaker: Mr. Furtado moved that another man be employed at Kona Airport to assist the present caretaker. Motion seconded by Mr. Edwards and carried.

HILO AIRPORT, REQUEST OF NATIONAL GUARD: The Chairman stated that a request had been received from the Hawaii National Guard that a certain small segment of land now occupied by the National Guard, on which there are 5 or 6 National Guard buildings which will not be used by the HAC at Hilo, be left out of the Executive Order transferring additional land to the HAC.

Mr. Martin stated that he would not recommend granting this request since the National Guard's needs could be taken care of by giving them a use permit; also, inasmuch as the National Guard always fences in areas used by them, which in this instance would include roads the HAC would have to use.

The matter was discussed briefly.

Mr. Furtado moved that the matter be discussed with the National Guard. Motion seconded by Mr. Edwards and carried.

The Chairman appointed the Commissioner from Hawaii to work with the Director and Mr. Martin in conferring with the National Guard.

MASTER PLAN, HONOLULU AIRPORT: In the discussion regarding the adoption of a Master Plan for the Honolulu Airport, it was pointed out that modifications previously requested by the Commission had been made and that the CAA was agreeable to this plan; also that the Master Plan could be amended in view of the fact that the HAC would be committing itself only to the building line and runways.

Mr. Rice moved to approve the Master Plan; seconded by Mr. Furtado.

Mr. Honda questioned the wisdom of calling the area designated on the plan Nos. 10 through 13 "Golf Course or Park". He moved to amend

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Mr. Rice's motion to the effect that the area numbered 10 through 13 be called "Approach and Takeoff Area", and that area number 36 be called "Beach Area"; seconded by Mr. Edwards and carried.

The motion as amended was carried unanimously.

BUILDINGS, HONOLULU AIRPORT: The Director reported that the staff had made a study of some of the buildings on the Hawaiian Airlineside of the airport which have deteriorated and constitute a fire hazard. He requested approval to negotiate with the Navy to remove those buildings. The buildings were reported to be old barracks which were built in 1942 and have been empty for years.

Mr. Rice moved to approve Director's request. Motion seconded by Mr. Anderson and carried.

REQUEST FOR FIVE YEAR LEASE FROM BAPTIST FOUNDATION: The Director stated that the Baptist Foundation desires a five-year lease with five-year option to renew on Building #62, Honolulu Airport, but that this building is in the NAF area, which cannot be leased unless the Commission makes exception to its policy set at the August meeting not to lease building in this area. He continued that the Baptist Foundation is presently renting 4 buildings on the airport and is an excellent tenant. He therefore strongly recommended that an exception be made in this case.

Mr. Edwards pointed out that the previous policy had been determined not on the desirability or non-desirability of tenants, but because the HAC had no assurance it could make good on any lease.

The Director said the proposed lease would be subject to this clause.

At Mr. Edwards' query as to whether or not the Director would recommend that the policy be changed to include all occupants of buildings within the NAF area, the Director stated that he would be, provided leases were subject to the aforementioned clause. In this regard, Mr. Anderson added that it should be clearly stated in any lease that tenants would not be reimbursed for any improvements.

Mr. Edwards pointed out that the previous policy had not been arrived at without a considerable amount of discussion and thought being given to the matter and that he would be opposed to changing the policy on this basis.

The matter was referred to the Finance Committee by order of the Chair.

ALTERATION OF OVERSEAS TERMINAL BUILDING: The Director's request to concur in the Department of Public Works' recommendation to award the contract for alterations to be made on the ramp side of the Overseas Terminal to W. S. Kiyota, low bidder in the amount of \$9,677, was approved on motion by Mr. Anderson, seconded by Mr. Furtado and carried unanimously.

ANDREW FLYING SERVICE HANGAR: The Director stated that Andrew Flying Service would like toilet facilities costing about \$1200 placed in their hangar and that if the HAC will do the job, they are willing to reimburse the Commission over the remaining ten years of their lease, at a rate of \$10 a month. The Director recommended that this be done.

Mr. Flynn moved to approve the Director's recommendation; seconded by Mr. Edwards and carried unanimously.

KAHULUI RESTAURANT CONCESSION: It was reported that two bids had been received for the Kahului restaurant concession, the highest bidder being Mr. Marco M. Meyer for the amount of 12½% of the gross and 7½% to apply on one-half of net profit.

Mr. Rice moved to accept the bid; seconded by Mr. Furtado.

Mr. Honda moved to amend Mr. Rice's motion to include that in computing net profit the salaries of the operators may be counted as expense; seconded by Mr. Furtado and carried.

Mr. Rice's motion was carried as amended.

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KAHULUI OPENING: Mr. Rice reported that the opening of Kahului Airport had been postponed because of the fact that the crystals for the radiobeacon had been ruined and would have to be re-ground. He stated that the sugar mill stack adjacent to the airport was in the process of being dismantled.

Mr. Studebaker of Hawaiian Airlines recommended that no tentative date be set until the crystals have been completed.

Mr. Rice moved to leave the matter up to the Director; seconded by Mr. Edwards and carried.

The Chairman directed the Director to consult with the airlines, and other persons concerned, on the matter.

FINANCE COMMITTEE REPORT: Mr. Honda reported that the Finance Committee had met and made several recommendations.

(1) Ground Transportation - It was recommended that:

I. For Taxi, U-Drive & Tour operators on Hawaii, Maui & Kauai:

- (1) The same policy now in effect (\$12.00 per annum license fee) to be continued.
- (2) The number of badges in effect on June 30, 1952 shall be the highest number of badges to be issued at any time. This is not only to protect the operators from undue competition, but also to protect our airport managers from undue pressure. If circumstances dictate the necessity of increasing the number of badges, the whole commission shall consider the matter upon receipt of advice from the airport manager and director.
- (3) The HAC to provide parking stalls at vantage points, and rent them out at \$5.00 per month each to those desiring to rent them, payable quarterly in advance. It shall NOT be compulsory for the operators to rent stalls.

II. For Operators in Honolulu:

- (1) Hawaiian Airlines Side: Present contract runs until June 30, 1953, and therefore this contract to be kept in force until expiration date.
- (2) Overseas Terminal Side: HAC to continue present arrangement for another year, starting July 1, 1952, with the same operators.

III. The above policy to go into effect as of July 1, 1952 for a period of one year. This policy to be reviewed next February.

Mr. Honda moved to adopt this plan. Motion seconded by Mr. Flynn and carried.

(2) Landscaping Lei Vendors' Stands - It was recommended that the Commission appropriate a sum not to exceed \$4,000 for landscaping the area surrounding the Lei Vendors' Stands, the matter to be left up to the Director and the Chairman. Mr. Honda moved that this be done; seconded by Mr. Flynn and carried.

(3) Inter-Island Coffee Shop - Mr. Honda said that after conferring with the Attorney General's office, the members of the committee felt (a) That the original 5-year term of lease is binding, and (b) That the lease covered the area now occupied by the coffee shop and does not include the NAF area. He said that it was the committee's recommendation that the original lease for 5 years running from February 8, 1949 to February 7, 1954 be executed. Mr. Honda moved to accept the committee's recommendations. Motion seconded by Mr. Flynn.

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Mr. Flynn pointed out that approval of the original lease means the terms as gathered from correspondence and discussions (a straight 5-year lease with rentals specified), and does not mean the lease which was never signed.

Mr. Honda's motion was carried unanimously.

- (4) Alterations to Inter-Island Coffee Shop: Mr. Honda stated that it was the Finance Committee's recommendation that the Commission expend a sum not to exceed \$3,000 for improvements to the inter-island coffee, the improvements to be at the Commission's expense and to include extending the roof, smoothing the floor, installing screen doors and possibly moving of the counter. It was pointed out that the Finance Committee's conclusion was based on the fact that the time for operation of the coffee shop on the HAL side of the field is limited.

At the Chairman's question as to whether or not the concessionaire had been consulted regarding these improvements, Mr. Weaver of Spencecliff Corporation stated that he had not been consulted. He said that the plans he had presented to the Commission in September of 1951 had included a small cocktail lounge and bar, enlargement of the kitchen, additional counter space and seats. He continued that when such improvements are made the Spencecliff Corporation will have to spend about \$5,000 for new equipment and would be willing to reimburse the commission the \$12,000 estimated for these improvements.

Mr. Flynn asked if in the future the operation of the inter-island restaurant were not needed, whether or not Spencecliff Corporation would be willing to pay back the cost of improvements. Mr. Weaver said they would be.

In the following discussion, the inadequacy of the present service was touched upon. Mr. Weaver said that he felt the plan submitted would provide a fast cafeteria-type service counter and with added kitchen space they would be able to increase their work area and seating capacity.

Mr. Flynn pointed out that the existing lease will be up in less than two years and the commission should consider that along with the request for improvements.

The Chairman asked Mr. Studebaker if some of HAL's facilities would remain on the north side of the field, when the new terminal is constructed, or if HAL would like them moved to the present overseas side.

Mr. Studebaker said that HAL hoped in the future to have a building on the present overseas side of the field adequate to house their shops and work area, as well as hangar and office space, but that they wouldn't expect this accomplished in a particularly short time. He said that it was Hawaiian's desire to have all activities together. He continued, that when the new terminal is built they expect first to move passenger handling, dispatching, pilots' and stewardesses lounges on the overseas side; the other facilities to remain on the inter-island side until such time as accommodations are available.

Mr. Rice said he felt that the present restaurant concessionaire should be given the opportunity to study the plans.

In the course of discussion, Mr. Rice suggested the commission supply all restaurant facilities and negotiate for lease extensions. He expressed the feeling that it would be to the Commission's advantage to do so. Mr. Edwards said, however, it was his understanding that the law required the Commission to advertise for bids; that one other alternative would be if the Commission recognized the need for standard facilities and worked out arrangements for providing suitable ones. He continued that there might be less objection to this arrangement than to tying down a ten-year extension of lease, which was probably one of the things which has resulted in some hesitation on the part of some commissioners to vote for it.

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He pointed out that they are not finding fault with the present concessionaire but feel that the matter should be reconsidered and re-evaluated from time to time. Mr. Edwards added that if there is need of a \$12,000 investment and the tenant can pay his portion of improvements in the remaining time of his lease, he would not find this objectionable.

Mr. Edwards moved that a sum not to exceed \$12,000 be set up for necessary improvements to the inter-island coffee shop; seconded by Mr. Rice.

Mr. Anderson moved to amend the motion to the effect that the money be spent only if the HAC and Spencecliff Corporation have agreed on the plans; seconded by Mr. Rice.

Mr. Flynn said that some understanding should be reached regarding the lease, or it wouldn't be worth the Commission's while to put in the \$12,000.

Mr. Weaver stated that his letter of April 30th outlined the fact that Spencecliff Corporation agreed to pay \$100 a month over a period of ten years if the Commission put in improvements. He added that he would prefer a five year lease with the option to renew for an additional 5 years; the rent to be renegotiated.

The Chairman pointed out that the Commission has already taken action on the 5 year lease, and that if \$12,000 is spent the assumption is that Spencecliff Corporation would have to pay for only two years; if the lease were renegotiated for an additional five years, they would pay for five years more.

Mr. Randolph Lee expressed the feeling that the problem is of such magnitude that perhaps it would be well for the administrative staff to consider facts which have come before the Commission and report back their findings to the Commission.

Mr. Rice said he would prefer that the Commission spend \$12,000 for improvements and renegotiate with Mr. Weaver upon termination of his lease in two years.

Mr. Flynn pointed out the possibility of future litigation on the terms of the lease.

Mr. Weaver said that Spencecliff Corporation would sign a release of any such claim if the building were enlarged and he were given 5 years to amortize the cost of additional equipment, inasmuch as there was never any agreement that the lease was for 5 years only.

Mr. Furtado moved to table the motion; seconded by Mr. Honda and carried.

Mr. Flynn moved that the matter be re-referred to the Finance Committee. Motion seconded by Mr. Anderson and carried.

ACCOUNT OF TRANS-PACIFIC AIRLINES: The Director reported that TPA had promised substantial payment on their account when summer months arrived and when business was better, but to date such payment had not been received and TPA's account was now over \$60,000 in arrears. The Director continued that in view of this fact he had instructed the Property Administrator to discuss the matter with Mr. Tongg. He then read a memorandum from the Property Administrator in which it was reported that Mr. Tongg had stated that "... business is still 'lousy' and kindly ignore any former statements made by letter."

Mr. Benz of TPA objected to Mr. Tongg's being quoted in this manner. He said he was certain that when Mr. Tongg received an informal call he did not intend having such a statement transmitted to the Commission; otherwise, he would have phrased it far more carefully. He said further that he would like to recall to the Commission that approximately

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a month ago TPA had met with members of the Commission and HAC's attorney and an agreement had been reached whereby the airline was to pay -- by the 10th of each month -- a stipulated sum to apply to whatever account the Commission saw fit. He continued that TPA was under the impression that they were carrying out their obligations.

Mr. Benz said that they have been paying the federal and territorial governments and feel they should receive some credit in HAC's eyes because of the amount being paid the Territorial Tax Office.

The Director commented that his recollection of the conference held with TPA was to the effect that TPA agreed to pay \$300 per month until the summer months arrived, at which time they would resume payment on their current account. To this statement Mr. Benz replied that he remembered clearly making a commitment of \$300 by the 10th of each month, but did not recall making further commitments.

The Chairman stated that there was apparently some misunderstanding with respect to the meeting in TPA's office; that it was his understanding that the conference was called for the sole purpose of discussing TPA's past due account. He added that with respect to their past account they have been living up to their obligations. The Chairman said further that he had assumed that TPA would take care of their current account from month to month, the token payment of \$300 to be applied to their back account. He continued, that the Commission is concerned because TPA has fallen down on their current account, and the Commission has the duty to try and collect this money.

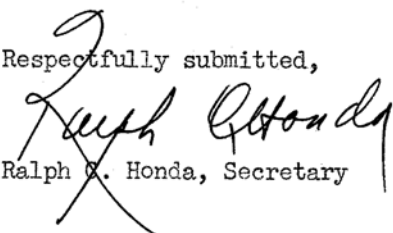
Mr. Benz expressed the feeling that the creditors of TPA have been very understanding of TPA's position and inability to clear all indebtedness at one time.

It was pointed out that TPA's last payment on their current account was in October of 1951. To Mr. Flynn's question as to whether or not TPA could give the Commission any idea as to what payments they can make now, Mr. Benz replied he would need time to go into the matter.

Mr. Anderson indicated that another meeting seemed in order to clear up the existing misunderstandings. He moved that the management of TPA meet with the Finance Committee at its next meeting to work up some plan, and that the matter be referred back to the HAC at its next meeting. Motion seconded by Mr. Furtado and carried unanimously.

ADJOURNMENT: Meeting adjourned at 3:05 p.m.

Respectfully submitted,


Ralph O. Honda, Secretary