

HAWAII AERONAUTICS COMMISSION
 Regular Monthly Meeting
 Monday, August 22, 1955

The regular monthly meeting of the Hawaii Aeronautics Commission was called to order by Dr. Francis K. Sylva, Chairman, on Monday, August 22, 1955 at 1:35 p.m., in the Board Room of the Commission, Honolulu International Airport.

A quorum of the Commission was in attendance. (See Record of Attendance.)

GENERAL

MINUTES OF JULY 25, 1955 MEETING: The minutes were approved as circulated, on motion by Mr. Honda, seconded by Mr. Edwards, and unanimously carried.

CHANGE IN MEETING DATE: The Chairman advised that a change in meeting date from the 4th Monday to the 4th Saturday of each month, had been discussed among Commission members, in order to better accommodate neighbor island Commissioners who find it difficult to make the trip to Honolulu for meetings as presently scheduled.

Mr. Wheeler asked whether or not the operators had been taken into consideration, in view of some of them being closed on Saturdays. He said, however, that he would be agreeable to the change if the operators had no objection to it.

The Chairman stated that those operators with whom he discussed the matter interposed no objection.

Mr. Wirtz then made a motion, seconded by Mr. Kobayashi, and it was unanimously

VOTED: that future meetings of the Commission be held on the 4th Saturday of each month at 9:00 a.m.

INTRODUCTION OF NEW COMMISSION MEMBER: The Chairman introduced Attorney Joseph V. Hodgson, newly appointed member of the HAC, and welcomed him to the Commission.

REVISED SCHEDULE OF RATES AND CHARGES: The Chairman reported that he had received telephone calls from various individuals and organizations, objecting to the rate increases contained in the revised Schedule of Rates and Charges to be effective October 1, 1955, and added that the Commission had also received letters of objection from a number of tenants. He then asked to hear from persons wishing to be heard on the subject.

Dr. C. V. Caver, representing the Aircraft Owners and Pilots Association of Hawaii, read a letter to the HAC suggesting, in part, an alternate schedule of rates for small plane hangars and an extension of the amortization period to reduce the basic rental structure and to prevent increased non-occupancy of hangars, which may result from higher rates listed in the Revised Schedule of Rates and Charges.

Mr. Furtado stated that he would like to see the entire Schedule put off to a later date. He reported receiving letters of objection from the gift shop concessionaire and Mr. Montgomery Clark, a chicken raiser, located at Hilo Airport. He emphasized the fact that the Commission had been willing to enter into lease agreements with these tenants when their occupancy was approved, at rates presently in effect, but that leases were not granted as a result of the Attorney General's opinion that the Commission does not have the authority to enter into such agreements with non-aeronautical tenants. Mr. Furtado expressed the opinion that the Commission would be "breaking faith" with them by increasing their rates.

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At the request of Commissioner Wheeler, the Director explained that the basic reason for the revision of rates was to achieve a balanced budget. The Director pointed out that the Commission is losing income of approximately \$90,000 a year as a result of the enactment of Act 247, Session Laws of 1955, providing for a 5% surcharge on all receipts of special funds. He said that the only means of balancing the budget was to adjust the present rate structure, and enumerated some of the most significant changes.

In the following discussion, it was pointed out that T.P.A., by letter, requested the opportunity to be heard on the matter.

Mr. Furtado suggested that, before taking final action, the Commission await the report covering the administrative-economic survey presently underway. The Director advised, however, that the survey will take into account economic evaluations in a general, rather than detailed, sense. He advised that in establishing the new rates, each special structure was taken into account, and that there were various methods used in the determinations.

Mr. J. Garner Anthony, representing Pan American Airways, said that PAA is quite alarmed at the increase; that it will mean an increase in rental of facilities of roughly, 105%, as well as an additional 30 to 40 thousand dollars per annum in landing fees. He stated that they did not feel that the overseas carriers have had enough information to intelligently analyze the matter. He added that the overseas carriers are taxed much more in Hawaii than in any state or anyplace in the world, and that, elsewhere, gas tax monies are, in substantial amount, refunded and, hence, are inoperative as a means of financing airport operations. Mr. Anthony said that the taxes they are paying into the territory are not allocated on any reasonable or fair basis for the benefit of overseas or international air carriers, and also that money from the gas tax fund is being used for construction projects at other islands. Consideration should be given, he added, to the question of whether the Commission has the authority to establish these rates and charges, or whether that is in the exercise of regulatory powers.

The Chairman pointed out to Mr. Anthony that most of the money used for construction at outer-island airports was derived from funds accumulated during airlift operations and from airport housing revenues. He said that the Commission had been very careful in the proper application of money to construction projects.

Mr. Anthony stated that they should like a hearing on the matter, and would also like to be supplied with any data the Director has to substantiate the proposed increase.

The Chairman pointed out to Mr. Anthony that the Commission placed the matter on the agenda in order to give interested persons an opportunity to be heard. The Director added that the HAC has the power to increase rates and put them into effect without a hearing, according to Act 32 and an opinion of the Attorney General.

Mr. Edwards advised Mr. Anthony that the legislature, from time to time, appropriates specific sums for construction projects on neighbor islands from both the General Fund and the Loan Fund of the Territory. He also took exception to Mr. Anthony's statement regarding the fuel tax and pointed out that the Commission has studied the matter thoroughly and submitted to the legislature information to the effect that the gas tax charged was not excessive to that charged elsewhere. He added, however, that if Mr. Anthony has information to prove his point, he should be given the opportunity to present this material.

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Mr. Wheeler commented that it is the general policy of the Commission to conduct hearings whenever controversy exists, and since one now exists, a hearing should be held.

Mr. Edwards suggested that if Mr. Anthony and others have information to support their position, this information should be supplied the HAC.

Mr. Wheeler made a motion, seconded by Mr. Honda, and it was unanimously

VOTED: that a hearing on the Revised Schedule of Rates and Charges be scheduled, and that the effective date of the Schedule be deferred indefinitely.

Mr. Kobayashi raised the question as to whether or not this action would set a precedent for the future.

The Commission was in accord with Mr. Edwards' interpretation that the HAC, by taking this action, is not setting a precedent of requiring a hearing whenever an individual rate is changed or established; that this policy applies only when a major change is being made.

Mr. Anthony said he would need about 60 days in which to secure and compile information covering other major airports.

The Chairman did not agree with this, and pointed out that information on rates and charges, landing fees, rentals paid by airlines, gas tax, refunds, etc., at other airports could be furnished by the Director.

In answer to a question as to how those affected will be informed of the hearing, the Director stated that he would publish a notice of the hearing in the newspapers.

Speaking as a person interested in the tourist business in Hawaii, and not as a representative of PAA, Mr. William Mullahey advised the Commission that he has heard people refer to Honolulu as the "Toll Gate" of the Pacific and remark that it is one of the "toughest" places to get into and out of (as concerns Immigration, Customs and Agriculture).

He remarked that comments such as these would not be beneficial to the tourist industry.

Mr. Edwards said that the Commission should take Mr. Mullahey's comments into account and pay them heed, and that the feelings of someone as vitally interested in the tourist industry as he, should receive proper publicity.

In reply to the Chairman's inquiry as to how the HAC could assist in effecting the necessary changes to Customs and Immigration, Mr. Mullahey pointed out that the subject is quite involved, but he would be glad to go into the matter further with the HAC at another more convenient time.

Mr. W. F. McGuire of United Air Lines stated that facts concerning the revised Schedule had been forwarded to their Chicago office, and a reply should be forthcoming shortly. He added, however, that he felt quite sure that UAL's position would be similar to that of PAA.

FREE SPACE - POLICY RE: Mr. Furtado made a motion, seconded by Mr. Wirtz, and it was unanimously

POLICY

VOTED: that the Commission adopt a policy of granting no free space to anyone, unless it is mandatory by law.

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U-DRIVE LICENSE: The Director advised that the license form for the U-Drive concession was discussed with two operators, who were in whole-hearted agreement with it.

The item of public liability insurance was discussed briefly. Mr. Honda then made a motion, seconded by Mr. Kobayashi, and it was unanimously

VOTED: that the license be approved as to form, and that the staff submit to the HAC for approval at its next meeting, a recommended figure covering public liability insurance.

PROPOSED CONSTRUCTION - CURRENT BIENNIUM 1955-57: A letter of August 1, 1955 from the Superintendent of Public Works, requesting information on proposed construction for the current biennium 1955-57, was presented. In accordance with the request, Mr. Edwards made a motion, seconded by Mr. Furtado, and it was unanimously

VOTED: that the Director and Chairman prepare a list of projects, with data of estimated cost, and probable starting and ending dates.

MAUI

PUUNENE AIRPORT - INSTALLATION OF 8" TRANSITE PIPE: Mr. Wirtz advised that a recent meeting between Maui County officials and HAC representatives, the County, through the Water Department, offered to undertake the project of reinstalling the 8" transite loop at the Puunene Airport, at cost, as soon as necessary materials such as couplings and rubber gaskets are procured. Total estimated cost: \$9,505.95.

The Chairman called to attention the fact that CAA has agreed that the HAC can dispose of the balance of pipe and use the proceeds for aeronautical purposes.

Mr. Wirtz made a motion, seconded by Mr. Wheeler, and it was unanimously

VOTED: that the HAC accept the offer of the Maui County, through the Water Department, to reinstall the loop at Puunene for a cost of \$9,505.95, and that this sum be appropriated to accomplish this purpose, using \$8,335 set aside for the Kahului Sewer System plus an additional \$1,171 to cover the balance; and that the staff be authorized and directed to enter into a contract with the Maui Water Department, forthwith.

The need to accomplish this project before the end of the year was emphasized.

The Chairman instructed that a progress report on the matter be made at the next HAC meeting.

KAHULUI AIRPORT - REPAIRS TO PASSENGER TERMINAL: Commissioner Wirtz pointed out that the Kahului Passenger Terminal is badly in need of painting, both inside and out, and certain other repairs. Total cost of the repairs and improvements is estimated at \$9,650.00.

The Director stated that there was a question in his mind as to whether or not the Commission can expend funds for such a project on property it does not own, in view of the magnitude of its cost.

Commissioner Wirtz advised that the project is one of repairing the existing terminal. He expressed the feeling that the terminal should not be permitted to deteriorate but should be kept in good condition in order to be usable for another ten years. He then made a motion, which was seconded by Mr. Edwards and unanimously

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VOTED: to appropriate a sum of \$10,000 to perform, immediately, the necessary repairs to the Kahului Passenger Terminal, as outlined in the Maui Airport Manager's letter no. M-5045, dated August 12, 1955, subject, however, to approval of the Attorney General.

KAHULUI AIRPORT - MASTER PLAN: Commissioner Wirtz explained that some time ago the Commission requested the Department of Public Works to proceed with a Master Plan for Kahului Airport. Subsequently, however, in view of the delay in the transfer of title to Kahului Airport, the DPW was advised to hold the matter in abeyance pending further advice from the Commission. The DPW, he further stated, has written the HAC inquiring into the disposition of the matter at this time.

Mr. Wirtz made a motion, seconded by Mr. Furtado, and it was unanimously

VOTED: that the drafting of a Master Plan for Kahului Airport be deferred, and that the action taken by the Commission at its January meeting, be rescinded.

HONOLULU AIRPORT

HOUSING ACTIVITIES, NAF AREA: Reference was made to a communication from the Governor to the Hawaii Housing Authority, requesting that the HHA take over tenants of the airport housing area, and that each housing unit be demolished as it becomes vacant. Further reference was made to subsequent communications between the HHA and HAC with regard to the problem. It was pointed out that the Commissioners of the Housing Authority are desirous of meeting with the HAC to work out the problem.

The Chairman pointed out that the HAC has taken no action whatever on phasing out of the housing facilities.

The background in development of the housing facilities was touched upon.

Mr. Honda suggested that the Commission work together with the HHA on the matter of phasing out the housing activities and, thereafter, rent the facilities for industrial purposes. Mr. Furtado was in accord with this suggestion.

Mr. Hodgson advised that he is in a dual position, in that he is the attorney for the Hawaii Housing Authority. He expressed the feeling that it would be helpful to have a factual study made of the problem before the Commission attempts to act upon it. He pointed out also that the HHA is in the first phase of abandoning Manoa Housing, having approximately the same tenancy as the airport housing area, and that therefore any action to be taken should be synchronized; also, that a study should be made in conjunction with the HHA and, possibly, the Navy.

Mr. Wirtz made a motion, seconded by Mr. Honda, and it was

VOTED: that the matter be referred to the staff for a factual study of the entire situation, and that the staff work in conjunction with HHA and the Navy, who are also interested parties, and report back to the Commission at the next meeting.

Motion Carried

Affirmative votes: Messrs. Wirtz, Edwards, Honda, Wheeler, Kobayashi, Hodgson

Negative votes: Mr. Furtado

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COIN OPERATED BAGGAGE LOCKERS: The Director explained that, early in the year, a request was received from Davis Distributors to install coin operated lockers in the lobby, but the staff did not go along with the proposal because of the low revenue percentage offered. In the meantime, the staff has been in contact with the Flxible Company, and the HAC can now get a better revenue percentage by direct purchase of these lockers. The air carriers are endorsing the project because they feel there is a need for such facility. The Director added that there is space available for the lockers, and it is the recommendation of the staff that four (4) Model GF-7 Guardian Locker Stacks be purchased, for a total cost of approximately \$2,459.87.

Mr. Wheeler made a motion, seconded by Mr. Edwards, and it was unanimously

VOTED: to accept the staff's recommendation.

AIRPORT THEATRE - RENTAL ADJUSTMENT: A request from Mr. Samuel S. Luke, Manager of the Airport Theatre, for acceptance of his proposal to pay an adjusted rental of \$50.00 per month, was presented. The Director explained that the going rate for the structure amounts to about \$83.00 per month, based on building rates, but that the theatre's income is extremely small. He advised that the staff recommended that the proposal be accepted.

Mr. Honda made a motion, seconded by Mr. Kobayashi, and it was unanimously

VOTED: to accept Mr. Luke's proposal.

COIN OPERATED MACHINES - ROBERT T. VIERRA, DBA "THE BARN": It was explained that Mr. Robert T. Vierra, DBA "The Barn", has various type of coin operated machines in his facility, and has submitted an offer to pay 10% of total receipts to the HAC. The Director stated that, in view of his temporary tenancy, the staff feels it should recommend acceptance of the offer.

Mr. Edwards asked whether the Commission was in danger of establishing a precedent for any similar installation. The Director advised that the Commission receives 5% of receipts from the inter-island coffee shop.

Mr. Edwards said that he was opposed to creating any further inequities in rates, but that if the matter could be included in the over-all rate study, the 10% rate might be established purely as an "administrative" rate subject to revision in line with the over-all policy adopted.

With the Commission's concurrence, the Chairman instructed the Director to handle the matter in accordance with Commissioner Edwards' suggestions.

PHOTOGRAPHIC CONCESSION: A proposal from Mr. Walt E. Pollack, for a new photographic concession at Honolulu Airport, was presented. The Director stated that it was the recommendation of the staff that the proposal not be accepted.

Mr. Kobayashi made a motion, seconded by Mr. Wheeler, and it was unanimously

VOTED: to accept the staff's recommendation.

PARKING CONCESSION: An application for a car parking concession from Enterprise Parking (Louis Stambler), was presented.

Mr. Edwards made a motion, seconded by Mr. Honda and it was unanimously

VOTED: that, in view of plans for new terminal facilities, the application not be approved.

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RACE TRACK: The Director advised that a request from the Hawaii Miniature Race Car Association has been received, for location of a race track at Honolulu Airport. He said, however, that the area requested is in the operational area. The matter was discussed briefly.

Mr. Edwards expressed the feeling that if a site can be found which is not in the operational area, there should be no objection to locating the Miniature Race Car Association on the airport. The Commission concurred in Mr. Edwards' statement.

On motion by Mr. Edwards, seconded by Mr. Wirtz, it was unanimously

VOTED: that the staff take appropriate action.

PAVING OF SMALL PLANE HANGAR AREA - AWARD OF CONTRACT: On motion by Mr. Honda, seconded by Mr. Kobayashi, it was unanimously

VOTED: to award the contract for paving of taxiway in the small plane hangar area at Honolulu Airport to Hawaiian Bitumuls Co., Ltd., on their low bid of \$11,493.00, plus \$257.00 for extras and \$200.00 for inspection.

HAWAII

HILO AIRPORT:

NON-PAYMENT OF GROUND TRANSPORTATION FEES BY CERTAIN OPERATORS:

The Director advised that it was the staff's recommendation to prosecute those ground transportation operators who are operating on territorial airports in violation of the Commission's Rules and Regulations.

Mr. Kobayashi made a motion, seconded by Mr. Wheeler, and it was unanimously

VOTED: to accept the staff's recommendation.

SALE OF DISCONTINUED CABLE SYSTEMS: It was pointed out that an offer of \$1,100 had been received from the Hawaiian Telephone Company for purchase of certain sections of discontinued cable systems located at Hilo Airport.

Mr. Furtado made a motion, seconded by Mr. Wirtz, and it was unanimously

VOTED: that the staff be authorized to negotiate the sale of this cable to Hawaiian Telephone Company, subject to claims of all other interested agencies.

DISPOSAL OF BUILDINGS: On motion by Mr. Furtado, seconded by Mr. Kobayashi, it was unanimously

VOTED: to authorize the Director to dispose of Building Nos. 221, 223, 227, A-211 and Quonset Hut, at Hilo Airport.

AIRPORT SERVICE ROADS: At the staff's suggestion that the Hilo Airport service road (and all other airport service roads) be dedicated to the County of Hawaii (and other counties concerned), Mr. Furtado stated that he did not think the county would take it over. He said, however, that he did not think the HAC should spend any money at this time for repairing of these roads.

KAMUELA AIRPORT:

DAY RATE FOR INTERMITTENT USE OF TICKET OFFICE, KAMUELA AIRPORT:

On motion by Mr. Furtado, seconded by Mr. Edwards, it was unanimously

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VOTED: to accept the staff's recommendation to adopt the rate of \$9.50 per day for intermittent use of the ticket office at Kamuela Airport.

REQUESTS FOR TAXI AND U-DRIVE CONCESSIONS: Action was deferred on requests from Big Island U-Drive and Henry K. Ohumukini, for taxi and U-Drive concessions at Kamuela Airport, pending a staff survey to ascertain the need for such services.

MEDIUM INTENSITY RUNWAY LIGHTING, AWARD OF CONTRACT: On motion by Mr. Furtado, seconded by Mr. Edwards, it was unanimously

VOTED: to award the contract for installation of a medium intensity runway lighting system to Aruda Electric Company, Ltd., on their low bid of \$51,274.77, plus \$3,043.23 for extras and \$5,682 for engineering -- for a total appropriation of \$60,000.

SOUTH CAPE AIRPORT (MORSE FIELD): It was reported that approval had been received from the CAA for abandonment of South Cape Airport. It was therefore moved by Mr. Furtado, seconded by Mr. Wirtz, and unanimously

VOTED: that the Commission turn the property back to the Territory of Hawaii for disposal.

GENERAL:

A.O.C. MID-YEAR CONFERENCE OF MEMBERS AND BOARD OF DIRECTORS: Mr. Furtado made a motion, seconded by Mr. Wheeler, and it was unanimously

VOTED: to authorize the Chairman to select representation to the mid-year conference of Members and the Board of Directors of the Airport Operators Council, to be held October 3 and 4 in Milwaukee, Wisconsin.

ADJOURNMENT: Meeting adjourned at 3:45 p.m.

ATTENDANCE:

Hawaii Aeronautics Commission

Present: Dr. F. K. Sylva, Chairman
Mr. D. W. Edwards (Kauai), Vice Chairman
Mr. Ralph C. Honda, Secretary
Mr. David Furtado, Member (Hawaii)
Mr. Cable Wirtz, Member (Maui)
Mr. Richard Wheeler, Member
Mr. George Kobayashi, Member
Mr. J. V. Hodgson, Member

Absent: Mr. C. J. Pietsch, Jr. (out of Territory)

In Attendance: Mr. R. M. Lee, Director, HAC
Mr. J. E. Batchelder, Asst. Dir., HAC
Mr. W. F. McGuire, United Air Lines
Mr. Wm. Mullahey, PAA
Mr. J. Garner Anthony, Attorney For PAA
Mr. Pete Gilman, Star Bulletin
Mr. C. V. Caver, AOPAH
Mr. Robert W. Donovan, TPA
Mr. J. W. Cooper, JAL
Mr. Alan S. Floyd, AOPAH
Mr. Hamp. T. Langley, Crescent Apts.
Mr. Thomas Hessian, Homewood Apts.
Mr. Pacomendes Rivera, Tony's Apartment
Mr. G. W. Roseberry, CAA
Mr. Douglas T. Cole, TOA
Mr. Tony M. Pirera, Tony's Apartment

Respectfully submitted,



Ralph C. Honda, Secretary