



AIRPORTS CONCESSIONAIRES COMMITTEE

Honorable David Ige
Chair, Senate Committee on Ways & Means
Hawaii State Senate
Hawaii State Capitol
Honolulu, Hawaii

LATE TESTIMONY

Hearing: March 25, 2014, Room 211

RE: HB 2147, SD1 - RELATING TO CONCESSIONS

Chair Ige and Honorable Committee Members:

My name is Peter Fithian and I represent the Airport Concessionaires Committee. The Committee represents the majority of the concessions at Hawaii's public airports.

Our Committee supports this bill seeking clarity and some flexibility that will yield better agreements and more revenues to public agencies.

Given ever changing technology, we support better services with latest technological advances for Hawaii's air travelers (visitors and residents) along with enhanced airport revenues.

Hawaii prides itself on being a first-class tourist destination but we clearly can improve in a number of services and offerings at our public airports and increase revenues and better control expenses at our airports at the same time. Two (2) of these areas are airport advertising and wireless/communication/internet services at our public airports.

This bill will give Hawaii's DOT flexibility and the "option" to either bid these concessions or negotiate agreements for these concessions like other concessions presently exempted under current law that have such an option.

The advertising concession and wireless/communication (including internet with possible advertising, etc.) concession, are well suited to be negotiated rather than bid at the discretion of Hawaii's DOT. Further, these contracts likely will not have the typical concession term of five (5) years due to significant investment costs which should be negotiated.

Airport Concessionaires Committee

There are newer, brighter, screens, monitors and equipment being developed and advertised each month. In a bid situation it often takes staff 6 to 9 months to draft a bid document whose equipment and other criteria most likely are understandably outmoded by the time the bid document is advertised and put out to bid.

Further, staff is typically precluded from talking with prospective bidders and/or vendors of equipment and technology to avoid allegations of impropriety. However, if negotiation is allowed for these concessions, Hawaii's DOT will be allowed to talk with two (2) or more interested parties and negotiate terms to get the latest in technological advances best suited for our public airports with guaranteed revenues and/or reduced costs deemed advantageous for our public airports.

We respectfully urge you to pass this bill which will provide greater flexibility and an option for these concessions given the circumstances. Let's provide this option to our public airports and other public agencies that may similarly benefit from such an option already granted to other concessions under present law. Thank you.