

NEIL ABERCROMBIE
GOVERNOR



Testimony of
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IN REPLY REFER TO:

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

February 10, 2014
2:45 p.m.
State Capitol, Room 325

H.B. 2147, H.D. 1
RELATING TO CONCESSIONS

House Committee on Consumer Protection and Commerce

The Department of Transportation **supports** H.B. 2147, H.D. 1.

This bill exempts airport operation of concessions for wireless and communication services and for advertising from the public concession bidding process.

The rapid evolution of communications and media technology make the inclusion of those providing wireless and communication services and those consisting solely of advertising, logical additions to this list.

Being able to forgo the formal bidding process will better enable the State to provide services in a manner consistent with the expectations of the general public.

Thank you for the opportunity to provide this testimony.

February 9, 2014

Honorable Angus L.K. McKelvey
Chair, Committee on Consumer Protection and Commerce
House of Representatives
Hawaii State Capitol
Honolulu, Hawaii

RE: HB2147 – Relating to Concessions

Chair McKelvey and Honorable Committee Members:

My name is Nam Vu and I represent ShakaNet, Inc. ShakaNet currently operates the wireless communications concession at all of the airports in Hawaii. ShakaNet is a minority, woman-owned company and is a certified DBE company.

Our company opposes this bill.

In a time when the public is demanding more transparency in government, we feel that this bill would be a step backwards.

There is no compelling reason to exempt wireless communications or advertising from the concession bidding process.

Businesses need transparency, stability and consistency to be able to develop business plans, and business models, so that they may be able to make the necessary investments needed.

Technology companies are not immune to these requirements. Even more so, because of the large costs of technology, quickly changing technologies and technology landscape, technology companies need more transparency and stability to accurately project revenues and costs.

Because of the pace of change in technology, technology concession agreements may need to be more generally or broadly written to allow for changes in technology to take place. This would accommodate any technology latency that may occur during the bidding process. There is no need to specify specific technologies or specific products or model. Thus, the fear of technology outdatedness would be mitigated.

The concession operator has an inherent interest in providing the best service possible using the latest technology possible because their revenues depend on it.

We urge the committee to keep these concessions in the bidding process as they are currently and allow market forces to continue to determine the outcomes.

Thank you.

LATE



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AIRPORT CONCESSIONAIRES COMMITTEE

Honorable Angus McKelvey
Chair, Committee on Consumer Protection
And Commerce
House of Representatives
Hawaii State Capitol
Honolulu, Hawaii

LATE TESTIMONY

Hearing: February 10, 2014, Room 325

RE: HB 2147, HD1 - RELATING TO CONCESSIONS

Chair McKelvey 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

Re HB 2147, HD1

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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.