

SB 2751

Exempts the operation of concessions for wireless and communication services and for advertising from the public concession bidding process.

NEIL ABERCROMBIE
GOVERNOR



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

February 10, 2014
2:45 p.m.
State Capitol, Room 16

**S.B. 2751
RELATING TO CONCESSIONS**

Senate Committee on Economic Development, Government Operations and Housing

The Department of Transportation **supports** Senate Bill No. 2751, Relating to Concessions. This bill adds two more types of concessions to the list of concessions not required to be issued through the sealed public bid 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 these services in a manner consistent with the expectations of the general public.

Thank you for the opportunity to provide this testimony.

Testimony of
GLENN M. OKIMOTO
DIRECTOR

Deputy Directors
FORD N. FUCHIGAMI
RANDY GRUNE
AUDREY HIDANO
JADINE URASAKI

IN REPLY REFER TO:



AIRPORT CONCESSIONAIRES COMMITTEE

Honorable Donovan M. Dela Cruz, Chair
Committee on Economic Development,
Government Operations & Housing
Hawaii State Senate
Hawaii State Capitol
Honolulu, Hawaii

Hearing: February 10, 2014, Room 016, 2:15pm

RE: SB 2751 - RELATING TO CONCESSIONS

Chair Dela Cruz 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.

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.

Airport Concessionaires Committee

Re SB 2751

Page 2 of 2

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 develop criteria and 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.

ShakaNet

300 Rodgers Blvd., Suite 27
Honolulu, Hawaii 96819
866-SHAKANET
info@shaka.net
www.shaka.net

February 10, 2014

Honorable Donovan M. Dela Cruz
Chair, Senate Committee on Economic Development, Government Operations and Housing
Senate
Hawaii State Capitol
Honolulu, Hawaii

RE: SB2751 – Relating to Concessions

Chair Dela Cruz 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.