



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

IN REPLY REFER TO:

March 28, 2017
9:30 a.m.
State Capitol, Room 211

**H.B. 997, H.D. 2, S.D. 1
RELATING TO CONCESSIONS**

Senate Committee on Ways and Means

The Department of Transportation (DOT) – Airports Division **supports** the intent of this bill which states monetary amounts should not be the sole or most compelling factor and basis for awarding concessions at Hawaii's airports.

However, the DOT prefers the language in H.B. 997, H.D. 1, which allows the DOT the flexibility and discretion to grant an extension of time to concession agreements, based on circumstances that would benefit and be in the best interest of the DOT.

Awarding a concessionaire agreement through a negotiation process, as compared to the highest bid, should result in improved quality food, products and services. Furthermore, most mainland airports award terminal concession agreements through a negotiation process. Quality products and services offered will increase volume and sales, which in turn will increase airport concession fees.

As the DOT continues its efforts to improve our facilities and offerings to the traveling public, the passage of this bill will add support to the DOT's goals and objectives.

Thank you for the opportunity to provide testimony.

DAVID Y. IGE
GOVERNOR

RODERICK K. BECKER
COMPTROLLER



An Agency of the State of Hawaii

ROSS I. YAMASAKI
CHAIRMAN, STADIUM AUTHORITY

SCOTT L. CHAN
MANAGER

RYAN G. ANDREWS
DEPUTY MANAGER

TESTIMONY
OF
ROSS YAMASAKI, CHAIRMAN
STADIUM AUTHORITY
ON
H.B. 997, HD2, SD1
TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS

March 28, 2017

RELATING TO CONCESSIONS

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee, thank you for the opportunity to submit testimony on H.B. 997, HD2, SD1.

The Stadium Authority supports H.B. 997, HD2, SD1 as it provides the State with the flexibility necessary to ensure the best overall success from its concession contracts, while maximizing its overall return on investment.

The Stadium Authority's operation, in many ways, mirrors that of the Department of Transportation's Airports Division. The Stadium Authority has existing concession contracts that would definitely benefit from the ability to apply greater flexibility through a negotiation process: Its current concession agreements include its food and beverage operation agreement and its advertising sponsorship agreement. Greater flexibility in the contract negotiation process will help to ensure that the best product is provided with the greatest return on investment, in turn, providing the best possible outcome for both the State and the Concessionaire.

Given the foregoing, the Stadium Authority respectfully requests the Legislature's consideration in revising the existing language of §102-2 to read as follows:

(13) For the stadium authority operation of concessions [~~providing electronic communication services;~~

~~(14) For the stadium authority operation of concessions consisting solely of advertising];~~

With the Stadium Authority moving towards building a new stadium as well as pursuing development of its surrounding area, passage of this measure will help to lay the groundwork for the Stadium Authority to expeditiously capitalize on the opportunities that avail itself in the overall process.

The Authority appreciates the opportunity to provide this testimony in support of H.B. 997, HD2, SD1, inclusive of our proposed edits.