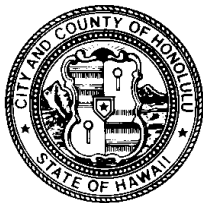


DEPARTMENT OF ENTERPRISE SERVICES
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DIRECTOR

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**TESTIMONY OF JERRY PUPILLO
DIRECTOR, DEPARTMENT OF ENTERPRISE SERVICES**

Re: HB 1432—Relating to Concessions on Public Property

**HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Tuesday, February 15, 2022, 2:00pm
State Capitol, Conference Room 329 Via Videoconference**

Chair Johanson, Vice Chair Kitagawa, and members of the committee, the Department of Enterprise Services, City and County of Honolulu, would like to offer the following comments on HB 1432.

HB 1432 increases the maximum length of concession contracts from 15 to 25 years and would allow for the use of a proposals process for certain concessions in parks that may allow for substantial capital improvements to concession premises and innovative business plans suitable for the parks. As the Department of Enterprise Services is responsible for concession contracts in City parks properties, finding and filling concessions with successful vendors has become a challenge over the recent years, and more so now due to economic downturn resulting from the pandemic.

Many of the coveted concession facilities in parks are aging and/or not ideally designed to fit current concession needs or functions. To require concessionaires to upgrade and renovate concession facilities requires them to invest substantial capital which is difficult or impossible to recoup under a 15-year term. Escalating costs for materials, construction, and services will also add difficulty to the concessionaire's ability to make capital investments. A term of up to 25-years will provide concessionaires with a more suitable duration to amortize the capital improvements necessary to support a successful operation.

The City has desired to require substantial capital investments for aging concession premises, including the concessionaires' proposed site plans. The City also is interested in innovating concessions and would like offerors to submit and be evaluated on business plans for concession sites. The high bid award requirement does not allow for consideration of these other important factors.

We feel that this bill will benefit the counties and appreciate your consideration for its passage.

Thank you for the opportunity to provide comments on this bill.

Memorandum to All Department and Agency Heads
July 22, 2016
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LATE

HB-1432

Submitted on: 2/14/2022 3:31:38 PM

Testimony for CPC on 2/15/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Thomas Copp	Palekaiko Beachboys Club	Oppose	No

Comments:

Aloha, Honorable Chair Johanson and Members of the Committee,

HB1432 does not serve the public’s best interest for the following reasons:

1) HB1432 creates a situation ripe for abuse and favoritism because it will grant government officials unbridled discretion on whether to exempt concessions or concession spaces to for profit entities without going through the rigorous bidding requirements of HRS Chapter 102.

2) HB1432 is ambiguous and vague as to exactly what “beach or ocean—related recreational services” are being addressed in this bill.

3) HB1432 will also give the government officials unbridled discretion on whether nonprofit beachboy organizations (that are exempt under HRS 102-2(b)(8)) are to compete with for profit entities for concessions or concessions spaces on beach park property under the control of the city or state.

Finally, due to the high level of the public’s distrust of government officials, this is not the time for state legislators to grant more discretion to public officials as would occur with the passing of HB1432.

Thank you of your consideration of our comments.