

I MINA 'TRENTA NA LIHESLATURAN GUÅHAN
2009 (FIRST) REGULAR SESSION

BILL NO. 290-30 (COR)

Introduced by:

T.R. MUÑA-BARNES

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**AN ACT TO REPEAL AND REENACT SECTION 1203.1 OF
ARTICLE 2, CHAPTER 1, DIVISION 1, 12 GCA FOR THE
PURPOSE OF EXTENDING THE TERMS OF EXCLUSIVE
CONCESSION AGREEMENT AT THE ANTONIO B. WON
PAT INTERNATIONAL AIRPORT AUTHORITY**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. On September 24, 1992, Governor

Joseph H. Ada signed Bill No. 797 (LS) into law as Public Law 21-135, and thereby granted the Antonio B. Won Pat International Airport Authority the right to enter into exclusive concession agreements with businesses and service providers operating at the Airport (“Concessionaires”) for a maximum term of five (5) years. *I Liheslaturan Guåhan* passed Bill No. 797 (LS) in the hope that such exclusive concession agreements would induce Concessionaires to make significant capital investments in the Airport. However, in the past seventeen years since its adoption, Public Law 21-135 has failed to effect the level of new investment hoped for by *I Liheslaturan Guåhan* and the Authority.

I Liheslaturan Guåhan finds that the five (5) year maximum term currently permitted under Public Law 21-135 is, in the main, too short to induce Concessionaires into making significant capital investments in the Airport. A five (5) year term does not provide a

1 Concessionaire enough time to amortize the cost of significant capital outlays. Moreover, a five
2 (5) year term does not represent an asset upon which a Concessionaire can secure financing for
3 significant capital outlays at terms that are not cost prohibitive.

4 *I Liheslaturan Guåhan* finds that by increasing the maximum term for exclusive concession
5 agreements between the Authority and Concessionaires to ten (10) years, Concessionaires will be
6 much better positioned, and much more apt, to make significant investments in the Airport.
7 Moreover, *I Liheslaturan Guåhan* finds that increased private investment in the Airport will not
8 only benefit Airport customers through enhanced service and lower costs, but will also benefit
9 the people of Guam. Increased investment in the Airport will raise the revenue of the Airport,
10 increase the number of new jobs and amount taxable income generated by Concessionaires and
11 reduce Guam’s dependence on the public debt market as a means for financing Airport
12 improvements.

13 **Section 2.** Section 1203.1 of Title 12 Guam Code Annotated is repealed and
14 reenacted to read as follows:

15 “(a) The Antonio B. Won Pat International Airport Authority shall have the power and
16 authority to enter into or award leases, licenses, or concession agreements for the retail sale of
17 goods and merchandise, (including food and beverages) and the provisions of services at the
18 Airport, provided that any such lease, license or concession agreement shall conform to the
19 following:

20 (i) allow for an exclusive right to sell certain goods (or categories of goods
21 and merchandise) or provide certain services only after a competitive proposal procedure,
22 according to the applicable procurement laws and rules and regulations, and for a duration of no
23 longer than ten (10) years;

1 (ii) in the procurement and award of any lease, license or concession for the
2 sale of goods or merchandise or the provision of services, to the extent consistent with good
3 business practice and in conformance with the applicable procurement laws and rules and
4 regulations, the Antonio B. Won Pat International Guam International shall make every effort to
5 maximize the local participation in concession businesses at the Airport facility. The Authority
6 may use any mode of procurement available to it under the applicable procurement laws and
7 rules and regulations, including sealed bids and competitive proposals.

8 (b) The rates, charges, fees under the agreements between the Antonio B. Won Pat
9 International Airport and airlines offering service to Guam using the facilities of the Airport shall
10 be sufficient to cover the reasonable operating expenses of the Airport and the debt service
11 coverage of any revenue bonds issued by the Authority pursuant to the Authority granted under
12 12 GCA § 1204. Such rates, charges, fees shall be non-discriminatory.”

13 **Section 3. Effective Date.** The provisions of this Act shall be effective upon
14 enactment. Only new transactions that have gone through the Authority’s competitive
15 procurement process after the enactment date of this Act shall be eligible for the changes made to
16 this provision.

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