

Isley Concession Bids Soon

By Diane Maddex
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SAIPAN - Bids on the prime retail concession at Saipan's new Isley International Airport - including a duty-free shop, restaurant and bar - are due to be advertised beginning next week. Marianas District officials hope to open bids and award the concession in early June.

But any interested business that can't come up with at least \$1 million need not bother to apply. That is the minimum prepaid advance concession fee the airport planners will accept under their bold plan to make Isley the Trust Territory government's first self-supporting venture.

The money is not just a dream, but a fact of life if the island-style terminal at Isley ever is to be completed, Marianas Deputy District Administrator Dan E. Akimoto said.

At a press briefing in District Administrator Francisco C. Ada's office, it was announced that the Trust Territory has in hand only \$842,000 of the nearly \$3 million estimated cost for the terminal.

Also present at the briefing were district program and budget officer Addison Marrow and planner Thomas Sheehan.

The available funds just barely cover the \$821,000 needed to complete contract drawings and construction of one building, to prepare an unpaved parking lot and to do site work.

The planners faced a choice of using these funds to complete drawings for all three major terminal buildings and putting up a temporary terminal or devoting the money for construction of one of the permanent structures according to the design prepared by the Ralph M. Parsons Co.

They took the latter route and elected to fill the \$2 million gap by requiring an advance concession fee that will be interest-free for the first five years. This, together with other possible advance rentals, will be used to assure that the remainder of the terminal is erected as soon as possible after the first building.

Revamping of the Isley runways at a cost of another \$3 million is expected to be finished in April 1975. Hopes are high for the opening of the first terminal building about the same time, with the rest to follow in 1976.

Bids on the initial terminal building, which eventually will be the arrivals building, are scheduled to be advertised later this month and opened by the end of May. Construction could start as early as June, the officials said.

Four businesses already have put into writing their willingness to pay the minimum \$1 million concession fee.

They are: J.C. Tenorio Enterprises, Manuel S. Villagomez Enterprises, Jones and Guerrero and International Shoppers Ltd.

The prime concessionaire will be exempt from Micronesian gross revenue taxes and other district fees, but will pay a "business privilege" fee of 10 to 12 per

cent of its annual gross sales. The Congress of Micronesia will get 3 percent and the remainder will be paid into a special fund created to operate the airport.

Isley planners are projecting that sales at the terminal's duty-free store will rival the \$5 million taken in annually at the Guam airport's duty-free shop.

Marrow said that they are not necessarily looking for the most money when the concession bids are opened.

"What we want is just enough to build the terminal. Our real concern," he said, "is to get a good operator." In other words, if the concession loses money, so will the airport operation.

"We'd like to see a Micronesian get the bid," Marrow added, "although the bidding is open to everyone." Non-Micronesian firms need a TT foreign investors business permit.

It will be in the concessionaire's interest also, said Marrow, to put up his money as soon as possible. There will be no concession building or permanent space for sales until the money is in hand to start on the remaining structures. The departures building is the third major facility.

Another major source of income for Isley will be rentals from the four airlines who have asked for space in the terminal. The 3,000 square feet available will be rented for \$5 to \$7 a square foot annually, increasing the operating fund by \$155,000 to \$200,000 a year.

The president of Nauru and other organizations have also shown interest in

investing in Isley. Airport planners, however, are trying to avoid taking on the burden of repaying loans from the fund's spare first years.

They also have obtained Interior Department approval to have airport landing fees and other rentals paid into the fund, subject to local legislative concurrence.

An airport authority will be established to operate Isley based on a board of directors framework comprised of district officials. A management company will be secured to oversee day-to-day operations until the agency gains necessary expertise.

The airport planners admit that until last Wednesday all this was little more than a dream. It was not until then, when legislation from the last Congress of Micronesia session was signed, that duty-free concessions were allowed in Micronesia.

At the same time, the Marianas District also was specially authorized to take charge of the full contracting authority for the terminal, including award of the prime concession. Headquarters officials, particularly of the Public Works Department, have borne the design and construction burden of the runway work. This is being done by American International Constructors of Seattle.

District officials pointed out that the terminal project marks one of the few instances where commercial financing was obtained to help support a TT government undertaking.

"Before, all we were running was a cow pasture," said Marrow about Saipan's now-outmoded Kobler Field.