

TRUST TERRITORY GOVERNMENT

Office of the District
Administrator, Saipan, M.I.

03
4,27

Memorandum

TO : District Administrator, Marianas

DATE: Feb. 1, 1974

FROM : Deputy District Administrator, Marianas

SUBJECT: Isley Airport Project -- Progress and Current Action Report

Ref: (1) Mr. Leigh Fisher, Airport Consultant letter of January 23, 1974 to the Attorney-General, "Re: Duty Free and Prime Concession Bid Documents" and attachments thereto.

(2) Memo of Deputy Distad, Marianas to District Administrator, dated January 25, 1974, entitled: "Meeting in Honolulu, Hawaii Relative to Saipan International Airport (Isley), January 2-8, 1974".

To keep you posted on current development and status of the Saipan International Airport Project (Isley), herein follows "current status" and immediate measures to be taken, or needing to be taken. Reference should be made to Mr. Leigh Fisher's letter of January 23, 1974 (Reference 1), which, as usual, is excellent and highly productive, and confirms my very high opinion of Mr. Fisher's capabilities and excellence, and my memo of January 25, 1974, which is, at least, "long-winded"! "Dench-Marks" follow:

1. The Duty-Free Legislation was duly (and very promptly) introduced by Senator Pangelinan, as Senate Bill 189 on January 16. Senator Iehsi also simultaneously introduced Senate Bill 194, also a "Duty Free" Bill, but, in our opinion, unsuitable for the type of "Duty Free" operation we had visualized as being necessary, when correlated with an Airport Development and Funding proposals. (Ironically, Senate Bill 194 was an almost intact re-submission of what Senators Borja and Pangelinan had submitted in the previous Session of Congress, and which had been disapproved by the High Commissioner!)

A "Pre-Hearing" Meeting, chaired by Special Assistant for District Affairs Boyd Mackenzie on the two "Duty Free" Bill was held on January 24, 1974, attended by myself, District Budget Officer Add Marrow, Headquarters Public Works Isley Project Manager Charles Wright, Director of Resources and Development Wyman Zachary, Mike Ashman from the R&D Department, Carlos Salii for the Attorney-General's Office and Mr. Neiman Craley, Special Assistant for Legislative Affairs. To our dismay, we discovered that Headquarters R&D intended to support Senate Bill 194 (Senator Iehsi's Bill), which in our opinion would have effectively

03- 031724

Isley Airport Project, etc.

Feb. 1, 1974

Page 2

scuttled our airport package! Much discussion, revisions and "compromises" followed. It was (at that time) "decided" that the Administration would support both Duty Free Bills, with S.B. 189 re-written to apply only to the Marianas, but deeper consideration indicated that this, from the legislation strategy standpoint would be unwise...an opinion supported by Senator Pangclinan, the author (at our request) of Senate Bill 189.

Another "Pre-Hearing" meeting was held, therefor, on January 25 (the day of the Hearing), with Distad Frank Ada, myself, Budget Officer Marrow, Isley Airport Project Mgr., Charles Wright, Mike Ashman of R&D, Sebio Pechucher, Deputy Director of R&D, SADA Boyd Mackenzie and Mr. Wheeler of the Attorney-General's Office present. It was then agreed that the High Commissioner would support S.B. 189 (Senator Pangelinan's Bill), with modifications inserted, which were acceptable to all concerned. This "revised" Senate Bill 189 (hastily retyped at the 11th hour before the 1 p.m. Hearing on January 25) was the version presented to the Senate Committee on Resources and Development. (chairman: Senator Amata Kabua of the Marshall District)

District Administrator Frank Ada, Mr. Wheeler of the Attorney-General's Office, District Programs and Budget Officer Add Marrow and Public Works Isley Project Manager Charles Wright testified on January 25 before said Senate Committee on Resources and Development, supporting revised Senate Bill 189. As of this date, the official "Report" and action of the Committee on the Bill has not yet been received.

2. The "Duty Free/Prime Concession Bid Documents": The "finalization" and issuance of these "Bid Documents" would seem to be the next step that should be actively taken on by ourselves. As noted in Airport Consultant Leigh Fisher's letter of January 23, 1974 (Reference 1) to the Attorney-General, "These are (Fisher's) final comments...and it is now over to you (the Attorney-General) to complete the bid documents and get them ready for advertising." The "Bid Documents" herein referred to, is that voluminous and complex package, entitled: "Instruction, Proposal Form and Form of Agreement for Food-Beverage-Merchandise Concession at the Saipan International Airport (Revision of November 12, 1973)", which was drafted by Mr. Fisher, and has been made available to you and other concerned. (See Deputy Distad's memo of January 25, 1974 (Reference #2), in particular, Part IV.)

031725

Isley Airport Project, etc.

Feb. 1, 1974

Page 3

Mr. Fisher's letter to the Attorney-General of January 23, (Reference 1) includes embodiment of "comments and recommendations" by the FAA, as a result of our meetings in Honolulu (January 2-8, 1974) (See also, Mr. Fisher's letter to Mr. Robert Beremand of the FAA, dated January 23, 1974, attached to Mr. Fisher's letter of January 23, Reference 1), as well as a proposed "letter of transmittal" to "Prospective Proposers" relative to the Bid Documents.

Attorney-General Miyamoto indicated, on January 31, 1974, that he had referred the "Bid Document drafts" to Assistant Attorney-General Carlos Salii, who was reviewing the document on a priority basis, and has been assigned the "finalization" of the Bid documents. Salii indicated that he should be completed with his "preliminary reviews" by early next week (i.e., week of February 3 -9, 1974) and we agreed that a meeting should be held, hopefully during that week, of "all concerned" to "nail down" the Bid documents. (Meeting should include: Salii, myself, Budget Officer Harrow and Project Manager Charles Wright, minimally.) Assistant Attorney-General Salii will convene this Meeting as soon as he is ready.

I do not know, at what juncture, we should publicly issue the "Bid Documents" to prospective bidders, but we are "racing against time" (with the completion of Isley Airport still scheduled for April, 1975), and the earlier we can issue, the better, I would think. I feel, and Attorney Salii concurs, that we can publicly issue the Bid Documents (which will need careful and time-consuming reviews by prospective bidders) even before finalization of the Duty-Free Bill, establishment of Airport Authority and Terminal Corporation, etc., as the Bid Solicitation letter contain a clause that we can reject "any or all" bids, which we would have to exercise, should our "balloon" collapse, and the "Airport Terminal Dream" not materialize!

3. The Establishment of the AIRPORT AUTHORITY and the TERMINAL CORPORATION:
As noted in Airport Consultant Leigh Fisher's letter of January 23, 1974 to the Attorney-General (in a P.S.), Mr. Fisher is now working on "a draft Executive Order to create the Saipan Airport Authority and researching an Airline Terminal Corporation Management Agreement format.", with expectations to get some information ~~to~~ on these "in the next few weeks." This, again, will require extensive and intensive reviews by ourselves, but I do not believe there is much we can do, at this point, until we see Mr. Fisher's drafts.

031726

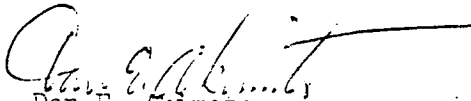
Isley Airport Project, etc.

Feb. 1, 1974

Page 4

However, I have discussed with, and the Attorney-General agrees, that we need careful research on, and pinpointing of the legal authorities of the High Commissioner to establish the "Airport Authority", in the manner that we have proposed, (i.e., by Executive Order), and nailing down of the authority for and propriety of airport income (possibly including Landing Fees) flowing to the Airport Enterprise fund. The Attorney-General and Attorney Salii indicated that this would receive priority handling. This need to "pin down" the High Commissioner's authority "to establish" is particularly pertinent, since Senator Lazarus Salii questioned the authority of the HICOM to "establish by Executive fiat", (or more accurately, requested citation of appropriate and pertinent Regulations) which indicates that this may become a key question that may arise, when we reach that point.

We are not "there" yet, by any means, and much more efforts are needed in this vital Project of Saipan International Airport development, but I think we are on the right track, and the progress, to date, are very encouraging all things considered. Any comments, instructions and/or recommendations you may have will be highly valued.


Dan E. Akimoto

cc: Attorney-General

Director of Transportation and Communications, TT Hdqtrs

Director of Public Works, TT Hdqtrs (Attn: Mr. Charles Wright,
Isley Project Manager)

District Programs and Budget Officer, Marianas

District Director of Public Works, Marianas

District Economic Development Officer, Marianas

Mr. Leigh Fisher, Marianas Airport Consultant, Burlingame, California

Senator Edward DLG. Pangelinan, Marianas Delegation to Congress of Micro.

Director of Resources & Development, TT Hdqtrs

Special Assistant for District Affairs, TT Hdqtrs

031727



January 21, 1974

Mr. Addison S. Marrow, Director
District Programs & Budgets
District Administrator's Office
Mariana Islands District
Saipan, Mariana Islands 96950

Re: Space in Terminal
Building for TT?

Dear Add:

Going over my notes after leaving our sessions in Honolulu, I noted that I failed to point out that my most recent information from Parsons indicates they have no formal space request for office space in the terminal building nor at the airport.

I don't know how you wish to handle this -- whether or not you wish to verify the "no request" or to have Charles Wright make further discreet inquiries to determine if in fact TT has any legitimate space requests (and how they are to be funded -- will they pay rent -- etc.)

Cliff Argue called me and filled me in on the progress Charles Wright made with Parsons. I hope it works out as it sounds it will.

You'll be hearing from me shortly as I dig further into our notes and decisions.

Cordially,

Leigh Fisher

LF:dc

03 031728



January 23, 1974

Mr. Richard Miyamoto
Attorney General
Trust Territory of the Pacific
Saipan, Mariana Islands 96950

Re: Duty Free and Prime
Concession Bid Documents

Dear Dick:

Confirming our discussions in Honolulu January 4-5, I have now completed my review of the Duty/Free/Prime Concession bid documents, and am attaching hereto the pages which will require redraft. Incorporated are several changes necessitated by:

- a. Need to conform to the precise text of the Duty Free Act which I sent Senator Pangelinan (presuming it is adopted in that form), and
- b. Need to conform to FAA's requests for revisions per the memorandum from the Regional Counsel dated January 3, 1974. You will also note attached a copy of a letter I have sent to Bob Beremand commenting on the fact that we have incorporated several of the requests made by the Regional Counsel and answering also the comments of his and Herman Bliss.

These are my final comments to you and it is now over to you to complete the bid documents and get them ready for advertising. I suggest that in the advertising an "Information Sheet" be prepared and attached to the letter inviting the proposals (suggested draft of letter attached). The Information Sheet should be developed by Charles Wright and give basic information about Saipan International Airport (i.e., even a small plan of the runways, terminal location and location on Saipan, and traffic).

Charles Wright

*1/23/74
Chick Miyamoto
on it*

*we should have
a "general revision"
including District involvement*

I suggest that the Parsons forecasts of traffic and schedules be used and restricted to the period 1970 actual, 1975, 1980 and 1985.

It is my understanding that the Airlines and the Marianas District both wish to proceed with the Airline Terminal Corporation concept. Thus, you should carefully review the bid documents to make sure that nothing in them prohibits or impedes the delegation by the District to the Airline Terminal Corporation (ATC) of both the \$200,000 security deposit and the balance of the prepaid Minimum Concession Fee as well as all the obligations and responsibilities under the documents. Possibly it might even be worthwhile to incorporate a specific provision in the Agreement Form authorizing this. Note that I raise questions on Page 2 of the Proposal Form and Page 6 of the Agreement Form asking whether or not an escrow holder should be designated for the deposit of both the \$200,000 security deposit as well as the additional Minimum Fee. I defer to your decision on these matters.

As we discussed, Charles Wright should be asked to review Pages 8-11 to make sure that the specifications of the document reflect actually what is to be built. This may require some coordination between Wright and Parsons. I think it would be a good idea to have Charles Wright also simply read over the text on Pages 11-18 to make sure that everything is properly coordinated there. Finally, on Page 2 of the Proposal Form, Charles Wright and Parsons are going to have to come up with a precise budget allocation for the construction of solely the Food and Beverage portions of the Apronside Building (i.e., not the Duty Free Shop, etc. -- just the bar/coffee shop/restaurant and space below which is to be separately designed and constructed after the concession has been awarded).

Finally, on Page 36 of the Agreement Form, you will have to consider Section 30 and revise it in its entirety. Remember that we all discussed at some length to what extent the District and TT were going to waive any license and fee requirements for the concessionaire. Whatever decision you make must be incorporated in section 30.

If an "Airline Corp" - we need a much better agreement on terms, authorities & responsibilities of corp, etc. to make sure we are not walking into the Airline Corp

*12/24
Security
Airline
Terminal Corp
must a
Terminal
Corp.
not pas
G...
...*

These conclude my comments regarding the Duty Free/Prime Concession documents and bidding procedures. If the Legislature acts and authorizes the Act which I suggested allowing open bidding, I am confident that the terminal building as planned can be funded. I would like to see the final draft of the bid documents before they are issued just for one last scanning.

I very much enjoyed working with you again in Honolulu and look forward to seeing you in Saipan.

Cordially,

Leigh Fisher

LF:dc
Encls.


xcs: Addison Marrow
Edward Pangelinan

P.S. I am now working on a draft Executive Order to create the Saipan Airport Authority. I am also researching an Airline Terminal Corporation Management Agreement format. I expect to have some information about these to you in the next few weeks.

LF

Dictated by Mr. Fisher but typed and signed in his absence.

Cord. We need this soon!



January 23, 1974

Mr. Robert Beremand
APC-660
Department of Transportation
Federal Aviation Administration
P. O. Box 4009
Honolulu, Hawaii 96813

Re: Saipan Prime Concession Document

Dear Bob:

At long last I got back to my office and have been working on the Saipan Concession Agreement.

Attached are two pages reflecting the changes which I made in the Agreement per our discussion of Friday, January 4th, and FAA's Regional Counsel's memorandum of January 3, 1974.

I will comment on the several points raised in Mr. Standell's memo in the same number as set out in his memo:

1. TT Attorney General Miyamoto is to refer to the 02 Project Grant Agreement, Special Condition No. 9. I understand this simply requires sending an advertisement of the concession to comply with the minority business provisions.
2. We have incorporated as a replacement for Subsection 29.03 the language suggested in Mr. Standell's memorandum.
3. After substantial discussion with Attorney General Miyamoto and TT Senator Pangelinan (also an attorney), and also relying on my experience at many mainland airports, we decided not to revise Section 3 (g) to the extent suggested by Mr. Standell. You will note that Section 3 (a) was amended, however, so that concessionaire could not take any legal

03 031732

action by injunction, mandamus or other process which might either stop or impede the operation of the airport.

As I indicated to you in our telephone discussion of Friday, January 4th, we unanimously felt that it was not appropriate to require the concessionaire to revise his operations in advance of any legal determination. To do so would make the matter moot. It was pointed out that other sections of the Concession Agreement require compliance with laws and regulations, but that the right of litigation is inherent under our system and should not be contracted away.

I noted to you in our discussion that this matter had been raised at several mainland airports and the same decision had been arrived at -- the right of litigation was a right which should be reserved and not contracted away (I also noted that the draft as I now have it written had been approved at dozens of mainland ADAP airports). It was the opinion of the attorneys that the Agreement as well as the sponsor's assurances, grant agreements, etc. provide adequate protection both to the TT and FAA.

4. and 5. Not applicable.

I hope these changes and the comments above satisfy the matters raised by FAA. While I know you will coordinate this with Herman Bliss, I am sending him a copy for his file.

Cordially,

Leigh Fisher

LF:dc
Encls.

xcs: Richard Miyamoto
Edward Pangelinan
Herman Bliss

Dictated by Mr. Fisher but typed
and signed in his absence.

031733