

**FISCAL ASSESSMENT:
POLICIES AND PROCEDURES FOR THE SOLICITATION, SELECTION, AND
AWARD OF CONCESSION AGREEMENTS**

**A.B. WON PAT INTERNATIONAL
AIRPORT GUAM**



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SECTION 1: Executive Summary

The Antonio B. Won Pat International Airport Authority, Guam (“GIAA”) intends to adopt policies and procedures for the solicitation, selection, and award of concession agreements (“Concession Policies”) pursuant to § 1203.1(a)(1) of Article 2, Chapter 1, Title 12 of the Guam Code Annotated (GCA) which was authorized pursuant to Public Law 38-21. Additionally, Executive Order 2025-05 (“E.O. 2025-25”) was signed and promulgated on August 1, 2025, which further establishes requirements for adoption of such Concession Policies to include the requirement that the Concession Policies shall become effective upon approval and signature of the Governor of Guam.

The proposed Concession Policies are recommended to be added to Title 4 – Commerce of the Guam Administrative Rules and Regulations (“GARR”) under a new Chapter 7B¹.

In addition to the proposed Concession Policies, P.L. 38-21 requires that the GIAA (1) prepare a Fiscal Assessment (“FA”) which shall be posted with a copy of the Concession Policies on its website, (2) allow for no less than thirty (30) calendar days for public comment, and (3) hold a public hearing noticed pursuant to 5 GCA § 8107 (Open Government Law).

The FA shall directly address, at a minimum, (1) the purpose and need for, (2) the financial impact upon those persons or entities directly affected by, and (3) the potential benefits expected to the GIAA by the proposed Concession Policies. Concessions include, but are not limited to retail, specialty retail, food and beverage, advertising, currency exchange, car rentals, and parking.

This Fiscal Assessment Report (“Report”) is made in compliance with the requirements of P. L. 38-21 and includes the following:

SECTION 1: Executive Summary

SECTION 2: Purpose and Need for the Proposed Concession Policies

SECTION 3: Financial Impact on Directly Affected Parties

SECTION 4: Potential Benefits to the GIAA from the Proposed Concession Policies

Because of the importance of non-aeronautical revenues to airport sponsors generally, it is not only a goal of the GIAA, but an imperative that such sources of revenues be expanded and diversified such that the continued self-sustaining requirement can be achieved.

¹ See § 1606, Chapter 16, Title 1 Guam Code Annotated – Powers of the Compiler of Laws Relative to Revision regarding the Compiler of Laws’ ability to number and renumber chapters, sections, and parts of sections; rearrange sections so that they fit harmoniously within the publication being prepared, as it relates to the creation of a new Chapter 7B in Title 4 GARR.

SECTION 2: Purpose and Needs for the Proposed Concession Policies

The proposed Concession Policies are intended to provide a competitive, transparent, accountable, and industry-standard process for the solicitation, selection, and award of concession agreements at the GIAA. This effort is driven by the need to enhance and expand the concession opportunities in the GIAA Main Terminal Building in order to increase its non-aeronautical revenues and to diversify and expand its operational income potential. Additionally, the currently-extended concession agreements authorized under Public Law 37-23—which allowed to be extended for up to an additional three (3) years from the end of the then-current terms—are set to lapse in calendar year 2026.

PART 1: Purpose - Create a Competitive, Industry-Standard, Accountable, and Transparent Solicitation Process.

The new process and framework for the Concession Policies:

- Aligns with federal regulations and industry standards;
- Facilitates improved customer experience and optimized revenue through industry-standard Request for Proposals (“RFP”) procedures²;
- Are modeled after the Guam Procurement Law and Regulations to the extent applicable; and
- Adheres to E.O. 2025-05 to the extent authorized.

The proposed Concession Policies creates a new Chapter 7B under Title 4 of the GARR and establishes six (6) Articles including the following:

Article 1: General Provisions

Article 2: Compliance with Federal Requirements

Article 3: Solicitation Method and Contract Formation

Article 4: Legal and Contractual Remedies

Article 5: Appeals to the Appeal Panel

Article 6: Ethics in Public Contracting

The drafting of the proposed Concession Policies are substantially similar to the Guam Procurement Law and corresponding rules and regulations as it relates to the competitive, industry-standard solicitation method—the Request for Proposal as well as ethics in public contracting. No other solicitation method is currently contemplated in the proposed Concession Policies. The legal and contractual remedies and the appeals process hold similar processes to Guam Procurement Law and corresponding rules and regulations with the exception that protest appeals are handled by an Appeal Panel rather

² See Chapter 10, Section 10.1 - Airport Cooperative Research Program (“ACRP”) Report 54 entitled “Resource Manual for Airport In-Terminal Concessions,” 2011 available at https://crp.trb.org/acrp0715/wp-content/themes/acrp-child/documents/045/original/ACRP_54_Resource_Manual_for_Airport_In-Terminal_Concessions.pdf

than under the Office of Public Accountability (“OPA”) – because P.L. 38-21 does not empower the OPA to hear appeals concerning GIAA concession related disputes.

PART 2: Need - Diversify and Expand Non-Aeronautical Revenues

The need to diversify and expand GIAA’s operational revenues cannot be overstated. Prior to the COVID-19 pandemic, concession fees collected by the Authority annually averaged \$23.55 million which represented approximately 35% of total operating revenues between Fiscal Year (“FY”) 2015 through FY 2019. From FYs 2020 through 2022, during the height of the COVID-19 pandemic, concession fees averaged approximately \$9.49 million or 29% of total operating revenues and from FYs 2022 through 2024³, averaged approximately \$9.6 million or 20% of total operating revenues as seen in Table 2.

The percentage of non-aeronautical revenues to total operating revenues of 35% pre-COVID-19 as compared to FYs 2022 to 2024 of just 20% shows a downward trajectory which places additional need to cover the costs to operate the airport from other revenues sources such as aeronautical revenues to include facilities and systems usage charges. The proposed Concession Policies are needed to diversify and expand these non-aeronautical revenues and expand concession services and offerings to passengers and airport users.

Table 2

Average Annual Operating Revenues⁴ - FYs 2015 - 2019 (Pre-COVID-19); FYs 2020 - 2021; & FYs 2022 - 2024

Millions of Dollars	(A)	(B)	(C)	(D)	(E)	(F)
Revenue Description	FYs 2015 - 2019 (Pre-COVID-19)	Percent (%) of Total	FYs 2020 - 2021	Percent (%) of Total	FYs 2022 - 2024	Percent (%) of Total
Facilities and systems usage charges	28.38	42%	11.42	34%	22.37	47%
Concession Fees	23.55	35%	9.49	29%	9.60 ⁵	20%
Rental income	11.69	17%	10.86	33%	10.61	22%
Miscellaneous	3.74	6%	1.40	4%	2.17	5%
Aviation fuel tax	.00	0%	.00	0%	4.21	9%
Average/Total	67.36	100%	33.17	100%	47.55	100%

Table 2 reflects the continued recovery focus of GIAA in managing its financial resources diligently while actively pursuing both aeronautical and non-aeronautical revenues to support the island’s only commercial airport. Given the importance of concession fees revenue to the GIAA’s finances during the pre-COVID-19 prior years, the proposed Concession Policies will authorize the potential to increase this non-aeronautical revenue

³ See Government Accounting Standards Board (“GASB”) 87 relative to Leases that were implemented for FYs 2022 to 2024. Figures herein include the relevant accounting adjustments and may differ from other parts of this report that report unadjusted figures.

⁴ Annual average operating revenues reflected in this table do not include non-operating revenues such as passenger facility charges and federal operating grants. See Annual Audited Financial Statements for the Guam International Airport Authority for FYs 2015 through 2024, available at the Office of Public Accountability website at www.opaguam.org.

⁵ *supra note 3*

source through expanded concessions in vacant terminal space as well as enhance revenues through potentially better efficiencies and concession offerings and services.

The types of concession agreements the GIAA has and/or currently holds includes specialty retail, retail, newsstand, food and beverage, rental cars, advertising, foreign exchange, commercial parking, etc. Given the additional concessionaire square footage available in the main terminal building, there are opportunities to continue to expand and enhance the GIAA's concession offerings to its passengers and airport users that can generate additional non-aeronautical revenue.

PART 3: Need - Continuity of Concessions due to Expiring Concession Agreements

Public Law 37-23 became law on April 5, 2023 and found that given the damage and uncertainty caused by the COVID-19 pandemic, Typhoon Mawar, and other geopolitical issues and hardships that had arisen over the years prior to its enactment, it was projected to take several years for Guam's visitors industry and the GIAA to achieve its expected enplanement trajectory and financial stability it had prior to the COVID-19 pandemic. Accordingly, Public Law 37-23 found that then-current GIAA concessions were in the best interest of GIAA and Guam and that an extension of such concessions is in the best interest of GIAA and the island.

Given these findings, Public Law 37-23 authorized the GIAA to negotiate extensions of up to three (3) years to its existing concession agreements from the end of the then-current terms. The GIAA negotiated such extensions with its existing concessionaires in 2023 with many expiring between July and December 2026. Given the impending expiration of these concession agreements, there is a substantial need for the proposed Concession Policies to ensure continuity of concession services within the GIAA.

The proposed Concession Policies are essential to meet rising traveler expectations, generate non-aeronautical revenue, and support GIAA's operational and financial sustainability.

SECTION 3: Financial Impact on Directly Affected Parties

In its assessment of the parties that may be directly affected by the proposed Concession Policies, the GIAA determined there to be a number of persons or entities directly impacted. These include the following:

PART 1: Guam International Airport Authority

PART 2: Airlines Operating at GIAA

PART 3: Current Concessionnaires

PART 4: Prospective Concessionnaires

PART 5: Passengers and the Traveling Public

PART 6: Local Business Community

PART 7: External Government Entities

PART 1: Guam International Airport Authority

As the airport operator, the GIAA has the most significant financial and operational interest in the proposed Concession Policies. Airport concessions have historically represented a critical non-aeronautical revenue stream that supports the airport's budget, funding for capital improvements, and long-term financial sustainability. Clear, competitive, and standardized policies enhance the GIAA's ability to maximize return on its commercial leases, reduce solicitation risks, and strengthen internal controls.

Currently, a majority of the GIAA's concession fees revenue derive from specialty retail, food and beverage, rental car, commercial parking, and advertising concessions. Because of the lack of Concession Policies, several of the existing concession agreements have continued to be extended from their original contract start dates dating back to 2007 and further with the enactment of Public Law 37-23.

Current concessionaires include one (1) specialty retail; four (4) car rental; nine (9) food and beverage; one (1) parking lot; and one (1) advertising. The possible other concession opportunities include currency exchange, gift, novelty, souvenir, newsstand, bookstores, and other retail, non-airline club lounges, financial services, spa services, storage services, etc.

There is approximately up to 91,480 square feet of main terminal space available for concession operations with up to 16,425 square feet vacant and available for concession offerings. Given the amount of available space for concessions, there is expected to be additional non-aeronautical revenues that could be generated and increased passenger experience improvements that can be made.

Table 3.1
Average Annual Concession Fee Revenues - FYs 2015 - 2019 (Pre-COVID-19); FYs 2020 - 2021; & FYs 2022 - 2024

Millions of Dollars Concession Type	(A) FYs 2015 - 2019 (Pre-COVID-19)	(B) Percent (%) of Total	(C) FYs 2020 - 2021	(D) Percent (%) of Total	(E) FYs 2022 - 2024 ⁶	(F) Percent (%) of Total
General merchandise	14.78	63%	6.70	71%	7.93	64%
Ground transportation	4.25	18%	.93	10%	1.01	8%
Car rental	1.42	6%	.59	6%	1.35	11%
Food and beverage	1.05	4%	.35	4%	.73	6%
In-flight catering	.87	4%	.41	4%	.78	6%
Money exchange	.37	2%	.06	1%	-.02	0%
Advertising	.37	2%	.18	2%	.19	2%
Parking lot	.23	1%	.09	1%	.18	1%
Other	.23	1%	.18	2%	.19	2%
Average/Total	23.56	100%	9.49	100%	12.35	100%

Table 2 reflected that total operating revenues have decreased from an annual average of \$67.36 million during FYs 2015 to 2019 to \$47.55 million during FYs 2022 to 2024 and that concession fees revenue has also reduced as a percentage of total operating revenues. Table 3.1 presents a breakdown of those concession fee revenues by concession type with total concession fees revenue averaging \$23.56 million during the pre-COVID-19 period, which has since reduced to an average of \$12.35 million from FYs 2022 to 2024. General merchandise reflecting the largest percent of total concession fees revenue at 63% during the pre-COVID-19 period, 71% from FYs 2020 to 2021, and 64% from FYs 2022 to 2024.

Given the vacant space available and the potential for enhanced and/or additional concession services and offerings, the financial impact of the proposed Concession Policies is expected to have a positive impact on the GIAA's financial position.

PART 2: Airlines Operating at GIAA

Airlines rely on the financial stability of the airport. A robust concession program increases non-aeronautical revenues, allowing the airport to potentially reduce the financial burden on airlines through lower or stabilized airline rates and charges. Improved passenger satisfaction, driven by better concession experiences, may also increase airline loyalty and route sustainability.

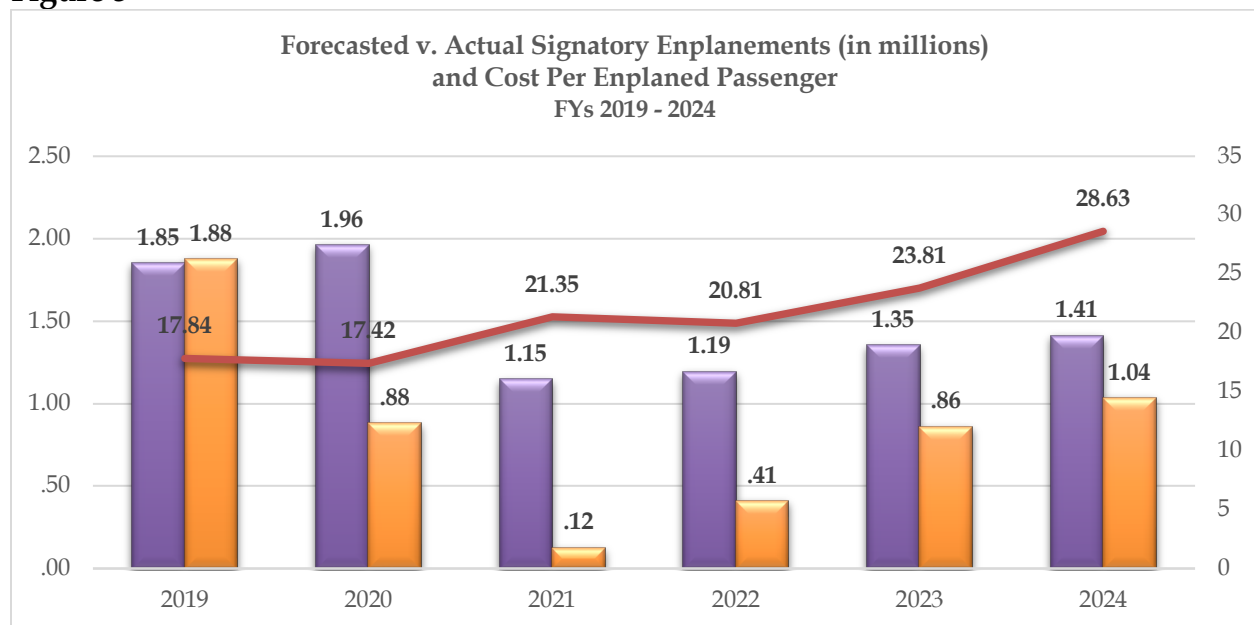
⁶ Data for FYs 2023 - 2024 does not include the Government Accounting Standards Board ("GASB") 87 adjustments. Figures herein may differ from other parts of this report that report adjusted figures.

Furthermore, because GIAA determines its airport rates and charges on a single till principle⁷, both aeronautical and non-aeronautical revenues are incorporated into the determination of airport rates and charges. By diversifying and generating increased non-aeronautical revenues through concession agreements and other means, this can further assist in the GIAA’s financial self-sustainability, enhance its ability to continue capital maintenance and improvement projects, and reduce pressure on rates and charges applied to airline partners.

Total operating revenues attributable to airlines are categorized under facilities and systems usage charges and include arrival fees, departure fees, immigration fees, and common use departure fees which are based on passenger count, passenger loading bridge usage charge which are based on use, public apron and landing fees which are based on a unit of 1,000 pounds of maximum gross take-off weight of aircraft, as well as fuel flowage fees and utility recovery charges and other fees.

Per Table 2, from FYs 2015 to 2019, facilities and systems usage charges revenue accounted for \$28.38 million or 42% of total operating revenues compared to FYs 2022 to 2024 where it accounted for \$22.38 million or 47% of total operating revenues, an increase of 5%. This is partly due to the reduction in other operating revenue categories to include concession fees revenue which was offset by the new aviation fuel tax revenue.

Figure 3



Enplanements or enplaned passengers are individuals departing from the airport or transiting through the the airport. The total operating revenues, including non-operating revenues such as passenger facility charge revenue and federal operating grants are

⁷ See International Air Transport Association (“IATA”) definition of “single till” available at <https://www.iata.org/contentassets/fa95ede4dee24322939d396382f2f82d/single-till.pdf>

considered when determining the Cost Per Enplaned Passenger (“CPE”) which is a key metric utilized to reflect the average passenger airline payments per passenger at a given airport. Figure 3 compares the forecasted signatory enplanements to the actual signatory enplanements from FYs 2019 through 2024. The CPE reflected in Figure 3 reflects the calculated rates charged to airlines based on the forecasted signatory enplanements.

For FYs 2019 through 2024, the facilities and systems usage charges applied to and paid by airlines were not adjusted even though actual signatory enplanements fell substantially short of the forecasted signatory enplanements from FYs 2020 through 2024 – the periods impacted by the COVID-19 pandemic and Typhoon Mawar. Because of the lower than forecasted enplanements, the GIAA reduced operating costs, restructured debt payments, and utilized federal operating grants to ensure financial performance was achieved in accordance with bond covenants.

Because of the continued enplanement recovery, the determining of airport rates and charges on a single till principle that considers non-aeronautical revenues in the determination facilities and systems usage charges to airlines, and the potential for increased concession fees revenue, the proposed Concession Policies are expected to have a positive financial impact to airlines operating at the GIAA.

PART 3: Current Concessionaires

Existing concession operators may experience changes in how future agreements are awarded as compared to the time in which they submitted proposals previously for their respective concession. Many current concessionaires have been operating under extended, but short-term agreements, which have limited their ability to fully invest in improvements to processes and/or infrastructure.

Additionally, the airport concession industry has continued to evolve post-COVID-19 pandemic, with changes in consumer preferences and industry advancements. Because current concessionaires’ contracts were from pre-COVID-19 pandemic timeframes, there may be a need to ensure concession agreements take full advantage of these evolving trends, consumer preferences, and industry advancements, which may require current concessionaires to adapt and adjust accordingly.

The revenue models collected from current concessionaires vary depending on the type of concession. Specialty retail concessions pay concession fees based on enplaned passengers plus an annual concession fee. Car rental concessions pay a customer facility charge, the greater of a minimum annual guarantee fee or percentage fee rate, plus counter and parking rental fees. Food and beverage concessions generally pay the greater of a percentage of sales, which vary between food sales, alcohol beverage sales, and merchandise and advertising sales and main terminal building rental rates plus CAM. Parking lot concessions pay the greater of minimum annual guarantee or a percentage of

total ticket sales based on the public parking rates published. Advertising concessions pay a specific percentage of sales.

The proposed Concession Policies introduce new opportunities to current concessionaires and ensures that all prospective concessionaires have an open, industry-standard and competitive solicitation process from which to participate. Incumbents will have the opportunity to compete under clear, published criteria that value both financial return and customer experience.

The proposed Concession Policies may have a different financial impact to each current concessionaire depending on the outcome of future solicitations.

PART 4: Prospective Concessionaires

New and emerging vendors stand to benefit from greater access to airport commercial opportunities. The proposed Concession Policies utilize the industry-standard competitive Request for Proposal process⁸, which allow qualified proposers to submit a proposal subject to the requirements in said RFP. This approach can stimulate innovation, improve diversity in offerings, and increase the number of qualified bidders.

The proposed Concession Policies may have a different financial impact to prospective concessionaires depending on the outcome of future solicitations.

PART 5: Passengers and the Traveling Public

Passenger experience is directly impacted by the quality and variety of food, retail, and service concessions at the airport. Policies that promote competitive selection ensure a broader mix of brands, better pricing, improved amenities, and greater responsiveness to customer needs. Because there is a strong connection between concessions and overall airport satisfaction, the proposed Concession Policies provide a process to competitively select the most qualified concessionaires for the specific needs indicated in the solicitation.

The proposed Concession Policies are expected to provide enhancements to concession services. The financial impact to passengers and the traveling public will depend on the outcome of future solicitations and the propensity for said customers to spend, utilize, or take advantage of such concession offerings.

PART 6: Local Business Community

Local entrepreneurs and regional firms may benefit from clear and fair entry points into airport concession programs. These policies support Guam's broader economic development goals by opening commercial opportunities within the airport

⁸ *supra note 2*

environment, fostering job creation, and promoting economic development. As of September 30, 2025, there are over 300+ employees that work in concessions operating or vendors supporting such concessions at the GIAA. To the extent more or less employees will be needed based on the outcome of future solicitations, this may have an impact on workforce availability outside of the GIAA concessions.

Furthermore, the proposed Concession Policies may have varying financial impacts on the local business community depending on the outcome of future solicitations.

PART 7: External Government Entities

The proposed Concession Policies intend to bring change to the GIAA in the form of new concession activity, updated solicitation and administrative processes, capital improvement projects and construction, and assured compliance with federal mandates. With the expectation of increased capital improvement activities related to additional or enhanced facilities that prospective concessionaires may conduct, external government entities to the extent permitting, business licensing, environmental and safety inspections, and workforce related increases may be financially impacted.

SECTION 4: Potential Benefits to the GIAA from the Proposed Concession Policies

In addition to the previously discussed financial benefits, the proposed Concession Policies will bring a number of other potential benefits to GIAA to include:

Revenue Optimization and Operational Excellence: Qualifications-based competitive solicitations allow GIAA to prioritize customer service, design, innovation, and investment. Given the GIAA's ongoing enplanement recovery and the impending expiration of concession agreements in 2026, the proposed Concession Policies will allow the GIAA to work toward continuity of concession services and non-aeronautical revenue generation.

For small hubs, like GIAA, non-aeronautical revenues have historically comprised between 45% to 50% of total operating revenue. Therefore, strengthening the policy and process framework for concessions is financially strategic. Competitive solicitations utilizing the RFP process aim to promote higher revenue guarantees, encourage capital investments, and reduce long-term risk of underperformance.

From an operational perspective, the proposed Concession Policies are substantially similar to existing Guam Procurement Laws and rules and regulations with certain exceptions, therefore adapting GIAA's existing procurement procedures and documents are expected to be much more streamlined.

Passenger Experience: Greater brand variety, improved service quality, and modern retail and dining offerings. "There is an increase in value-seeking consumers who prioritize a well-balanced combination of quality, affordability, and functionality in their buying choices."⁹ The proposed Concession Policies will create a process from which concession improvements and enhancements can be achieved through the competitive solicitation, selection, and award process. This will ultimately improve passenger experience and help to generate increased non-aeronautical revenues.

Public Trust: Transparent procedures strengthen accountability and community confidence. The proposed Concession Policies and its adoption process which requires this Fiscal Assessment, a thirty (30) day public comment period, a public hearing to be noticed in accordance with the Guam Open Government Law to be held no sooner than thirty (30) calendar days after posting of the proposed Concession Policies and Fiscal Assessment, and further review and approval by both the GIAA Board of Directors as well as *I Maga'hågan Guåhan* provides such a process for the adoption of the Concession Policies. Additionally, the proposed competitive RFP process upholds similar accountability and transparency principles.

⁹ See Page 17, Section 3.1.4 - Airport Cooperative Research Program ("ACRP") Project 03-70 entitled "Incorporating Technologies into Airport In-Terminal Concessions Programs," 2025, available at <https://nap.nationalacademies.org/29146>