

**REQUEST FOR PROPOSALS
FOR
MANAGAHA ISLAND MASTER CONCESSION OPERATOR**

**COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
DEPARTMENT OF PUBLIC LANDS**



RFP22 – RED001

RFP INFORMATION PACKET

INTRODUCTION AND GENERAL BACKGROUND

The Commonwealth of the Northern Mariana Islands (CNMI) Government's Department of Public Lands (DPL) is inviting proposals in support of its fiduciary duty to select a firm that is most capable of providing DPL the highest return from the use of certain public lands described under the Description of Premises section of this RFP information package.

DPL serves as the trustee of public lands and is responsible for the administration, use, leasing, development, and disposition of all public lands in the CNMI. In line with its responsibilities is the duty to maximize financial returns from the use of public lands. DPL must make a decision, consistent with its fiduciary duty to its beneficiaries, to enter into a new concession agreement on the most favorable terms to DPL that the market will bear.

This RFP does not commit the CNMI or DPL to award a contract or pay any costs incurred in the preparation of the proposal or attendance at meetings with CNMI or DPL staff.

DESCRIPTION OF PREMISES

The island of Managaha, in general, and the Exclusive Concession Area (ECA) containing an area of approximately 11,203 square meters, more or less, are hereinafter referred to as the Premises. An overview of the Premises is attached as Exhibit A. A description of the ECA is shown in Exhibit B.

Interested firms should note that all requirements by law and other government agencies apply. The successful proposer will be responsible for obtaining any and all necessary approvals, permits, and licenses for any construction and lawful operation of the concession.

OBJECTIVE:

The principal objective of this RFP is to secure a Master Concession Agreement with the most responsive firm, or a consortium of firms under one agreement, capable of providing DPL the highest rent from sales relating to transportation to and from the Premises, non-motorized marine sports, recreational activities, food, beverages and souvenirs, while providing high quality, consistent maintenance of the Premises as part of a viable operation. An additional objective is to have an operation that will make significant improvements to the Premises and provide convenience for residents. Interested firms should note that all requirements imposed by law and regulations to include but not limited to permits, certifications and clearance apply and it is their responsibility to know and ensure the operations of Managaha in its proposal comply.

DPL will only consider proposals that include, at a minimum, the activities listed in the General Description of the Master Concession Agreement below. Projections for Business Gross Receipts must include the sales from these activities, including transportation to and from the Premises, package tours for marine sports activities, including sales that relate to the Premises but occurred outside of the Premises, and all other sales that occur within the Premises. For purposes of this RFP, DPL is seeking a proposal from one, or a combination of firms acting as one, that provide the greatest overall benefit to DPL based on the evaluation and selection criteria of this RFP.

MANAGAHA ISLAND MASTER CONCESSION OPERATOR AGREEMENT

General Description

By submitting a proposal, the interested firm agrees to enter into a concession agreement. DPL proposes to grant the successful proposer the right, privilege, and duty to develop, equip, operate, and maintain a vibrant exclusive concession, including the maintenance and operations of existing facilities on the Premises, for the purpose of generating revenues from the sale of non-motorized marine sports, recreational activities, food, beverages and souvenirs on the Premises. Such activities include, but are not limited, to the following:

1. Transport visitors to and from the Premises;
2. Prepare, deliver, sell, and provide food and/or beverages on the Premises for all persons who desire to purchase the same;
3. Rent or sell water sports equipment, recreational equipment, or beach equipment and related supplies;
4. Conduct tours on the Island and from the Island;
5. Sale of goods on the Island; and
6. Operate surface and underwater activities, such as parasailing, banana boat rides, pedal bikes, power boat lagoon cruises, windsurfing, canoe rentals and tours, and kayak rentals, scuba/scuba and similar tours.

The interest given to the Concessionaire shall not exclude the general public from using the Premises or restrict third parties from providing transportation to and from the island; however, the Concessionaire will have the limited right to restrict use of the Exclusive Concession Area by the general public and third parties pursuant to the terms and conditions of the Master Concession Agreement.

Condition of the Premises

The Concessionaire shall acknowledge and accept the Premises and inventory "AS IS" in its existing condition on the date the Master Concession Agreement, and that DPL makes no warranties, express or implied, and shall not be obligated to make any alterations, additions, or betterments to the Premises except as otherwise provided for in the Master Concession Agreement.

Term

The term of the Managaha Island Master Concession Operator Agreement shall be for a period of ten (10) years with an option to extend the term by an additional five (5) years at DPL's discretion.

Rent

Minimum annual rent amount shall be as the following:

- I. \$300,000 per year (or greater as bid), PLUS
- II. 3.00% of Business Gross Receipts (BGR) from all sales generated relating to the Premises (or greater as bid).

Public Benefit Contribution

- a. Transportation. Concessionaire shall reserve 20% of its seating capacity for CNMI Residents on regularly scheduled daily round trips from Saipan to and from Managaha Island, free of charge, on a 24-hour reservation bases.
- b. Improvements, support for cultural events, local discounts, etc.
- c. To allow local cultural group(s), approved by DPL, to sell handicrafts and/or food on the island, provided that those cultural groups do not compete with the concession.
- d. To contribute monetary or in-kind donation to Indigenous Affairs Office, Carolinian Affairs Office and other agencies to promote traditional and cultural activities.

Reimbursable Costs

Concessionaire is required to maintain Managaha Island at its sole expense although certain expenses are reimbursable by DPL. Proposers may submit a better offer higher than the minimum percentage rate of reimbursement. The reimbursement percentage rate are as follows:

Expense Category:

Reimbursement Rate (or lower as bid):

- 1. Maintenance of improvements outside of the Exclusive Concession Area (ECA) including pathways, pavilions, barbeque pits - 50%
- 2. Janitorial and landscaping outside of ECA - 50%
- 3. Maintenance of infrastructure and equipment throughout the island including power generation and distribution, water production and distribution, wastewater/sewage treatment and disposal - 50%
- 4. Fuel and Lube costs to run generators - 50%
- 5. Property Insurance - fire and damage (including typhoon and vandalism) with extended coverage endorsements, jointly in the names of the concessionaire and DPL, (all buildings, equipment, and fixtures) 50%
- 6. Night Security (public safety & protection of buildings, equipment, & fixtures) 50%
- 7. Lifeguards (throughout the island) 50%

****For auditing purposes, DPL will require documentation for all expenses and justification for the approval of reimbursements.***

REQUIRED CONTENT AND LAYOUT OF PROPOSALS

The proposal must contain information in the order listed below. Proposers who do not follow these guidelines or submit incomplete information may be disqualified.

Proposal, attachment and exhibits must be in English. Documents in other languages will not be translated and will be considered invalid.

1. Identification & Background Information

- a. A cover letter signed by a member of the firm authorized to commit the firm to a contractual arrangement with the Department of Public Lands and the CNMI.
- b. Firm's name, email address, business postal address, contact name, telephone and facsimile number(s).
- c. Provide a copy of firm's Certificate of Incorporation and current business license.
- d. Provide a brief history of the firm including: organization, size and office locations. Specify the office location where the work associated with the project would be performed.
- e. Describe your firms existing operations including how sales are generated, types of goods or service sold, facilities, and management approach.

2. Personnel

- a. Provide your firm's organizational chart, identifying key contact persons/people who will be responsible for decision making and for regular communication with DPL.
- b. If affiliate companies will be involved in providing concession services, describe each affiliate's relationship with the proposing firm and the role of the affiliate in providing services under the Master Concession Agreement.
- c. Provide percentage of local hires (U.S. citizens) on the ground, excluding management.

3. Experience and Equipment

- a. Firm must have at least three years of experience in management/operation of business in relation to tourism. Additional points will be given for direct experience in management and operation of an island concession.
- b. Firm must have direct experience with operating and maintaining self-contained infrastructure systems including water purification, proper sewage treatment and disposal, and power generation.
- c. Describe your firms experience in the sale of and providing the services for activities listed in the Master Concession section above and related activities.
- d. Describe experience and approach in complying with environmental regulations applicable to a Managaha concessionaire including those imposed by US Federal and CNMI laws.
- e. Describe your safety policies associated with the experience shown for items 3a and 3b above.
- f. List the existing marine sports recreational activities and concession services your firm provides.

- g. List and describe equipment, boats, and facilities currently owned and operated by the firm.
- h. List and describe additional equipment, boats, or facilities the firm proposes to acquire to maximize its capabilities in providing services / activities and the estimated acquisition costs.

4. Financial Resource and Requirements

- a. Explain the method of financing operations (i.e., self-financing, bank loans, etc.) and explain firm’s capability to borrow, form joint venture with others, or obtain a bank loan.
- b. Provide verifiable proof of availability of development funds and certify that the firm has cash available to support six months of working capital needs for the proposed operations.
- c. Submit financial statements (balance sheet, Profit and Loss, and Cash Flow) for each year from 2017 through 2020, management statements acceptable, CPA audited statements preferred.

5. Proposed Operations and Financial Projections

- a. Describe your view and understanding of operating the facility, infrastructure, and equipment.
- b. Provide a detailed business plan of your proposed operations under a Master Concession Agreement incorporating your understanding of the requirements of this RFP including the following:
 - i. Work plan schedule, including anticipated start date and ramp-up of services;
 - ii. Proposed services/activities to be provided by firm;
 - iii. Pricing schedule for each service/activity;
 - iv. Proposed approach for the maintenance of the Premises;
 - v. Proposed minimum rent above and in excess of the minimum stated above;
 - vi. Proposed rent as percentage of BGR in excess of the minimum stated above; and
 - vii. Proposed benefits to be conferred by concessionaire to the public.
- c. Five-years pro-forma financial statements showing the following:
 - i. Anticipated gross revenues and operational costs;
 - ii. Assumptions supporting revenue projections;
 - iii. Annual working capital needs in each year;
 - iv. Estimated rent as a percentage of BGR for each year; and
 - v. Certification by firm that the pro-forma financial statements are reasonable and achievable

6. Others

- a. Disclosure of any potential conflict of interest and / or any ongoing litigation that might affect firm’s ability to carry out its operations.

- b. Describe efforts concessionaire will undertake to increase sales levels while preserving the number of visitors to Managaha from the CNMI’s four primary sources (Japan, Korea, Russia, and China), and efforts to increase the number of visitors from declining markets such as Russia and Japan.

Questions and DPL’s answers will be shared in a Q&A format and can be viewed in the DPL after November 18, 2022. Please note that this forum is intended to provide proposing firms an opportunity to obtain clarification on the RFP. The RFP will not be amended in response to the questions.

Sealed proposals must be marked “**RFP22 – RED001” Managaha Island Master Concession Operator**. One (1) original and seven (5) copies of sealed proposals must be submitted to the DPL at its address below **no later than 4:00pm ChST, November 30, 2022**.

Department of Public Lands
2nd Floor, Joeten Dandan Building
P.O. Box 500380
Saipan, MP 96950
Email: sixto.igisomar@dpl.gov.mp or dpl@dpl.gov.mp

EVALUATION CRITERIA

Proposers will be evaluated based on the submission of a complete proposal as listed in the content and layout of proposals section of this RFP taking the following into consideration:

1. 30% - 20% on Rent payment amounts to DPL in terms of dollars and percentage points in excess of the minimums stated above proposed by firm and 10% BGR from all sales generated relating to the premises in excess of the minimum percentage.
2. 20% - Firm’s financial capability to carry out plans to operate.
3. 20% - 18% for Firm’s experience and credibility in managing/operating a similar concession and approach in executing proposed plans and 2% for direct experience in island concession operation.
4. 10% - Firm’s marketing plans, operational capability and readiness to assume the duties of the master concessionaire (i.e., timeline to start operations, ability to maintain the Premises).
5. 20% - Proposals that provide public benefits (improvements, support for cultural events, local discounts, etc.) in addition to the mandatory transportation requirement set forth in the specimen concession agreement.

Interviews may be conducted with the top two (2) ranked firms to discuss the proposal submitted if DPL deems the two proposals to be similarly advantageous to DPL.

DPL reserves the right to reject any or all proposals and to waive any imperfection in any proposal, if, in its opinion to do so would be in the best interest of public land beneficiaries. All costs associated with preparing a proposal are entirely the responsibility of proposers. All proposals shall become the sole property of DPL.

IMPORTANT INFORMATION TO PROPOSERS

All proposals shall be accorded fair and equal treatment with respect to any opportunity for discussion and revisions of proposals and such revisions may be permitted after submission and prior to award for the purpose of obtaining the best and final offer. In conducting discussions, there shall be no disclosure of any information derived from any of the competing proposals submitted.

All responses to this RFP should take into account any and all taxes, including excise tax, or fees which will be the obligation of the company or individual awarded the concession agreement.

In the interest of full disclosure, the CNMI Legislature has on several occasions proposed to statutorily restrict DPL from collecting the Managaha Landing Fee of \$10.00 assessed on each nonresident visitor to the island. The most recent attempt is House Bill 19-109. While DPL has taken the position that the other uses proposed by the Legislature are not allowed by the Constitution, should DPL no longer be able to collect the landing fees, rent amounts would need to be adjusted. If DPL and the Concessionaire are unable to mutually agree to changes to the Master Concession Agreement to account for changes to the Managaha landing fee, DPL may terminate the Concession Agreement in its sole discretion and without recourse from the Concessionaire.

EXHIBIT A
Managaha Island Arial View



EXHIBIT B
Managaha Exclusive Concession Area

