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**TESTIMONY  
OF  
AARON S. FUJIOKA  
ADMINISTRATOR  
STATE PROCUREMENT OFFICE**

**TO THE  
SENATE COMMITTEES  
ON  
ECONOMIC DEVELOPMENT AND TAXATION  
AND  
EDUCATION**

March 17, 2008

HB 2429, HD 2

**RELATING TO RECREATION.**

Chair Fukunaga, Chair Sakamoto and committee members, thank you for the opportunity to testify on HB 2429, HD 2. The State Procurement Office's (SPO) testimony is limited to Section 8, which exempts the University of Hawaii stadium corporation from Chapter 103D, the public procurement code.

Statutory exemptions are contrary to the Code, section 103D-102, HRS, on the applicability of the chapter that states in part ". . . shall apply to all procurement contracts made by governmental bodies whether the consideration for the contract is cash, revenues, realizations, receipts, or earnings, . . ." Any governmental agency with the authority to expend funds should be in compliance with Chapter 103D, which promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad-based competition; and increases public confidence in public procurement.

The Code should not be viewed as an obstacle to a purchasing agency's mission, but rather as the single source of public procurement policy to be applied equally and uniformly to obtain its requirements. It was the legislature's intent for the Code to be a single source of public procurement policy. If individual agencies are exempted and allowed to develop their own individual processes, it becomes problematic for the administration and vendors/contractors that must comply with a variety of processes. Fairness, open competition, a level playing field, and government disclosure and transparency in the procurement and contracting process are vital to good government. For this to be accomplished, we must participate in the process with one set of statutes and rules.

The Code provides consistency in the manner in which purchasing agencies procure goods, services, and construction. Although an exempted agency may develop their own procurement source selection methods, it was the intent and goal of the legislature to have a single source of policy and procedures to ensure consistency and continuity in the application of the procurement process among government agencies throughout the State and counties.

Exempting agencies from the Code will jeopardize uniform and consistent protections against waste, fraud, and abuse the legislature placed in the Code; and will potentially hinder the legislature in promoting and supporting specific segments of the Hawaii economy through preferences allowed by the Code. "Preferences" permit the legislature to promote specific segments of the state's economy and encourage the development of new products and technologies. However, preference programs apply only to agencies subject to the Code, and exempt agencies are not subject to the legislature's designated preferences.

The Code enables the legislature to impose specific requirements to eliminate practices that are detrimental to the public's perception of government procurement. The legislature passed and the governor signed into law, Act 52(2003), amending Section 103D-304 to require that all contract awards to professional service providers be made based upon the merits of the provider, and not upon any other factors; thereby reaffirming the public's understanding that professional service contracts are not awarded to companies based on political affiliation or amount of political contributions.

To provide fairness and consistency, and due process for vendors/contractors, the Code offers a legal and contractual remedy process to resolve protested solicitations and awards, which includes impartial reviews by the Department of Commerce and Consumer Affairs administrative hearings process and the ability to request judicial review. The protest process also protects agencies and taxpayers from onerous and baseless protests, minimizes delays and disruptions in the award of contracts, and supports a prompt resolution.

To insure all vendors/contractors who seek public contracts compete on equal footing they are required to demonstrate compliance with Hawaii laws. The Code requires potential vendors/contractors to comply with Hawaii laws prior to award of a contract, i.e. DOTAX Tax Clearance Certificate including IRS certification, DLIR Certificate of Compliance; DCCA Certificate of Good Standing. Upon completion of goods provided or services performed, and before final payment is made, a vendor/contractor is again required to demonstrate compliance with Hawaii laws, thereby assuring that public funds are paid to compliant vendors/contractors.

The Code contains a provision (§103D-102(b)(4)(L)) that allows a purchasing agency to request an exemption when it has been determined that procurement by competitive means is either not practicable or not advantageous to the State, thereby providing flexibility, but within the requirements of the Code.

HB 2429, HD 2  
Senate Committees on Economic Development and Taxation  
and Education  
March 17, 2008  
Page 3 of 3

Open bidding procedures assure that the State obtains value, and potential vendors/contractors are treated fairly. The SPO believes that it is vital to good government to have a fair and consistent process to award government contracts that hold agencies responsible and accountable for their actions.

The SPO is against exempting specific agencies from the Code, as it is not in the best interest of government, the business community, and the general public. The Code establishes a time-tested, fair, and reliable set of rules and processes for award of contracts.

In conclusion, there is no compelling reason to statutorily exempt the University of Hawaii stadium corporation from the Code. The SPO recommends deleting the amendments on Page 15, Section 8, lines 17-21.

Thank you.



**ALOHA STADIUM**

*An Agency of the State of Hawaii*

TESTIMONY  
OF  
SCOTT L. CHAN, STADIUM MANAGER  
STADIUM AUTHORITY  
TO THE  
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TAXATION  
AND  
SENATE COMMITTEE ON EDUCATION  
ON  
MARCH 17, 2008

H. B. No. 2429 H.D.2

Chairs Fukunaga and Sakamoto and members of the Senate Committees, thank you for this opportunity to testify before you on H. B. 2429 H.D.2.

Although newly appointed to the position of the Stadium Manager for Aloha Stadium, I have been with the stadium since 1995 and employed by the State of Hawaii since 1982. However, my relationship with the stadium dates back many more years than I'd like to say, starting off as a high school student and having the good fortune to actually play at the facility. You can't imagine how much it means to a teenager to be able to play at the same facility as professional athletes. It is something that stays with you for a lifetime.

The reason I am telling you this is because I want to stress the point that Aloha Stadium doesn't merely serve the University of Hawaii. It serves all of the people of Hawaii...high school students, graduating seniors at commencement exercises, grade school kids during the D.A.R.E program, firefighters training on their new fire trucks, truck drivers applying for their

commercial drivers licenses, concert goers, immigrants starting their own businesses, local people selling homemade bread and pastries, Girl Scouts distributing their cookies, etc. And I wonder how well these people will be served if House Bill 2429 H.D.2 is adopted?

Over the years and contrary to popular perception, the Stadium Authority and the staff at Aloha Stadium have supported the University of Hawaii Athletic Department in everyway possible. We take as much pride in UH Athletics and our Warriors as anyone else in the State of Hawaii. After the stadium spent \$2.2 million to professionally refurbishing the locker rooms and adjoining office spaces for UH, UH's coach was not satisfied with the exact shade of green used to paint the walls. To accommodate the team, our staff repainted the entire locker rooms again at no cost to UH.

On an annual basis, the stadium allots UH 2,127 parking stalls for promotional and staff purposes. In turn, 1,986 of these stalls are resold to season ticket holders or packaged with other marketing promotions, netting UH hundreds of thousands of dollars in additional revenue. Likewise, the stadium has allowed UH to use the interior of the stadium for advertising on the field and on the scoreboard as part of their \$2.2 million advertising program. For the past two years, UH has not been charged rent for its use of Aloha Stadium, saving the program more than \$700,000. We do this because we want to assist in supporting UH Athletics in general and UH football in particular.

At the same time, we want to remind everyone that only 13% of the stadium's \$9.4 million in revenue is generated by UH Athletics. As you know, most of our revenue is derived from non-sporting events such as the Aloha Stadium Swap Meet, carnivals and fairs, concerts, advertising income, etc. And, our investment into these other programs is very small in comparison to the time, energy and funding that is focus on the University and its 7-8 home

games annually. Because of this one-sided spending, the stadium has received criticism and complaints from our non-UH tenants.

If House Bill 2429 H.D.2 is passed, the staff at Aloha Stadium is fearful that all of the additional funds generated by the program will be used to support UH Athletics and that the stadium itself will fall further and further back into disrepair. As state agencies, it is incumbent upon all of us to be mindful of our expenditures and when the need arises, make appropriate, justifiable requests to the legislature for funding to cover program growth and repair and maintenance of our facilities. Bypassing the legislative allotment system should not be an option. However, this is exactly what can happen under House Bill 2429, H.D.2 and it requires only a mere vote of the board of directors to funnel all excess revenues to UH Athletics and away from much needed stadium repair programs. As legislators, you have always been extremely careful to ensure transparency and public input in your decision-making. If House Bill 2429 H.D.2 moves forward, it could certainly undo much of what you have hereto accomplished.

On behalf of the stadium staff, I therefore ask committee members to step back and re-examine this bill to determine if the House Bill 2429 H.D.2 is an appropriate way to address some of the recent issues that have plagued UH Athletics.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Joint Senate Committees on Economic Development  
& Taxation and Education

on

March 17, 2008 at 3:00 pm

by

David McClain

President, University of Hawai'i System

HB 2429, HD 2 – RELATING TO RECREATION

Chairs Fukunaga and Sakamoto and Members of the Committees on Economic Development & Taxation and Education:

The University supports the concept that the Aloha Stadium should generate net income which should support the intercollegiate athletics program of the University of Hawai'i. Toward this end, the University is willing to operate and manage Aloha Stadium. However, the University objects to being made responsible for the repair and maintenance and improvement of the Stadium. Adding this liability to the already large capital renewal and deferred maintenance burden of the University would not be economically feasible and would be to the detriment of the University.

This bill, as currently worded, would create a University of Hawai'i stadium corporation which would be a part of the University of Hawai'i. Since the duties of the corporation include maintaining and improving the Aloha Stadium, any liabilities relating to these duties and any budgetary requests for funding will become part of the University of Hawai'i's budget. Also, the bill states that capital improvement projects for Aloha Stadium shall be funded by the Aloha Stadium special fund or general obligation bonds. In either case, the liability for related costs or debt service requirements may become the responsibility of the University. Accordingly, we cannot support this bill in its current form.

Also, we have no detailed information regarding the current physical condition of the stadium, which could impact the operating costs of the Stadium even if the maintenance and improvement liability were separated. For example, the cost of, and even the ability to obtain, adequate insurance to cover the facility, events, operations and liability risks is uncertain. Additionally we have no information as to the historical financial operations and status of the Stadium, which could reveal other issues and concerns. Accordingly, we would need to be allowed the ability to do a significant amount of investigation into these and other matters prior to being given the responsibility for operations.

We would be willing to work with the Legislature on potential wording to address these concerns. In addition, there are several procedural issues with regard to the operation of the bill which we can address at that time.

Thank you for the opportunity to present this testimony.

TESTIMONY TO  
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TAXATION  
AND  
SENATE COMMITTEE ON EDUCATION  
THE TWENTY-FOURTH LEGISLATURE  
ON  
MARCH 17, 2008 3:00PM  
BY  
NEUMANN SHIM  
PRESIDENT,  
ALOHA STADIUM SWAP MEET VENDOR'S ASSOCIATION

HB2429 HD2

To Senate Committee on Economic Development and Taxation, Senator Carol Fukunaga, Chair, Senator Will Esporo Vice Chair, members of the committee; Senate Committee on Education, Senator Norman Sakamoto, Chair, Senator Jill N. Tokuda, Vice Chair and members of the committee.

Thank you for the opportunity to testify before you today. My name is Neumann Shim. I have been a vendor of the Aloha Stadium Swap Meet for over ten years. Currently, I am the President of the Aloha Stadium Swap Meet Vendor's Association.

Regarding House Bill 2429 to create the University of Hawaii Stadium Corporation and transfer jurisdiction of the Aloha Stadium from the Stadium Authority to the Stadium Corporation, I oppose this bill.

House Bill 2429's attempt to "transfer jurisdiction over Aloha Stadium to a public body with corporate powers is in the public interest." However HB2429, further states that its 'purpose' is "to create the University of Hawaii stadium corporation," which as a corporation in the State of Hawaii would be a private entity. This conflicting statement in HB 2429 suggests that really the transfer of jurisdiction is in the interest of a private corporation and not the public. The public will not have a direct benefit from such a transfer.

HB2429 states that "the primary duty of the stadium corporation is to operate, maintain, manage and improve the Aloha stadium," a duty already being performed by the current Stadium Manager and the current Stadium Authority Board of Directors.

HB2429 also states that the "secondary duty (of the stadium corporation) is to generate net income," again a duty already being performed by the current Stadium Manager and the current Stadium Authority Board of Directors. Yet, HB2429 believes that the "stadium corporation would be better able to maximize use and consequently the income of Aloha Stadium." However, there is nothing in the bill that states exactly how "the corporation" would do that.

One can only speculate the possibilities. There could be better marketing efforts, or reinvestments of current net income, the effects of which may only reap benefits in the longer term. In the short term, the only increase of net income can come from the current sources, which include the events, advertising, swap meet rent, parking fees and attendance revenues. So if the goal of the corporation is to hypothetically increase



revenues from the current 9 million per year to 25 million per year, in the short term it could only come from an increase in the current revenue sources.

The Vendor's Association and its 600 plus vendors believe that these increases would inflict extreme hardship and harm to the all of the vendors at the Aloha Stadium Swap Meet and eventually put all the vendors out of business. Current data shows clear evidence that while there were increases in rental and attendance rates in the last three years, a correlating decrease in Swap Meet rent revenues occurred. For example, although rental rates increased in 2006 there was a \$650,000 loss in rent revenues for 2006 compared to 2005. It's simply a matter of basic economics. Price affects supply and demand. As the price for stalls goes up, the demand for the stalls goes down. So if the corporation even thinks of raising price to increase revenues...they are deluded. If supporters of this bill had performed their due diligence, they would be more informed.

The swap meet vendors are a diverse ethnic mix of entrepreneurs that have, through hard work, dedication and perseverance made the Aloha Stadium Swap Meet the valuable current revenue source it is today. The Swap Meet is responsible for a large majority of the revenues (\$6 to \$7 million of the \$9.4 million annually) generated to support the Aloha Stadium and maintain its mission as a venue for recreation to the people of Hawaii. To support this bill in effect would be saying to all the Swap Meet vendors that although you have created value here at the Aloha Stadium for the last 29 years, you are valueless and we don't need you. It would be like telling all the voters that saw you, members of the committee, as valuable, that those voters have no value and that you don't need them any longer.

If you were to treat this whole scenario as a business transaction, which really it is, almost to the point of a hostile takeover, you must consider the built in value of the business being sought. You would have to also consider the future value that would be received. You would need to consider its effect on employees or other pertinent parties. You would need to negotiate a purchase price. What we have here through HB 2429 is a corporation wanting to take over a business for free. The bill has no consideration for the vendors that are more significantly responsible for the value built in to the Aloha Stadium compared to any other group including UH Athletics.

So to summarize my testimony in opposition to HB2429, again I oppose this bill. First, although the transfer is stated to be in the "public interest" it really is in the interest of a private corporation. Second, there is no evidence as to how this bill would "maximize net income" and thus could possibly be a detriment to the livelihood of over 600 Swap Meet Vendors. Third, I oppose HB 2429 because it has no consideration or compensation for the value of the Aloha Stadium that has been largely been built and earned by the Swap Meet vendors, to those vendors.

Please remember that the name "Aloha" is at the forefront of Stadium's namesake. It is not just a trivial trademark. It signifies everything that the people of Hawaii stand for. It even is the basis of a Law in Hawaii that determines the character of how a citizen should act. We have to ask ourselves, is HB 2429, with all its intent, really a "bill for an act" of "Aloha."

Thank you, for allowing me to testify on this matter.



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TESTIMONY TO  
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TAXATION  
AND  
SENATE COMMITTEE ON EDUCATION  
ON  
MARCH 17, 2008 3:00PM  
BY  
ASHLEY P. HARDING  
VICE PRESIDENT,  
ALOHA STADIUM SWAP MEET VENDORS' ASSOCIATION

HB2429 HD2

Aloha Chair Sakamoto, Chair Fukunaga and committee members. Thank you for the opportunity to testify on House Bill 2429 HD2. My name is Ashley Harding, I own and operate the Bubble Shack Hawaiian Soap Company, participate as a vendor at the Aloha Stadium Swap Meet, and as Vice President of the Aloha Stadium Swap Meet Vendors' Association I represent over six hundred entrepreneurs who all share a collective interest in the future of Aloha Stadium. I am providing my testimony today in opposition to HB2429 HD2.

First and foremost as a resident of the State of Hawaii I must point out that the Aloha Stadium should be for the people of Hawaii and all the diverse clients and events the stadium supports. As outlined in Section 1, yes, I agree the stadium could generate additional net income as a private corporation; however, this corporation should be in the interest of all of the people of Hawaii, preserving Aloha Stadium, and should not be the University of Hawaii Stadium Corporation whose top priorities include the transfer of stadium monies to try and fix the challenges of the University of Hawaii's Athletic program, again as outlined in section 1.

The Swap Meet Vendors' Association views this bill as a text book case of complete false economy. Although there could be short term financial gains for University of Hawaii Athletics, with no repair or maintenance responsibility assigned to the University of Hawaii stadium corporation, Swap Meet vendors are fearful that the stadium instead of properly being repaired will not remain at its current condition but actually continue to deteriorate.

HB2429 HD2 is not specific as to how additional net income will be captured. This should be a huge red flag. Unless the bill is specific as to how the corporation plans to earn more net income I ask all of you to oppose this bill. If you take this bill as read it seems to simply be unnecessary change; however, unless revenue sources are identified we all must imagine the endless changes that could negatively change the people of Hawaii's Aloha Stadium forever. These changes could potentially dissolve the Aloha Stadium Swap Meet and destroy the livelihood of over six hundred vendors who have been the primary revenue source and single largest user of Aloha Stadium for over 20 years.

Thank you.

## testimony

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**From:** Leigh Valencia [puertoviejo@mac.com]  
**Sent:** Sunday, March 16, 2008 5:28 PM  
**To:** testimony  
**Subject:** Testimony for House Bill 2429 @ 3 pm on March 17, conference room 225

Hello, my name is Manuel Gomez. I have been a vendor at the Aloha Stadium Swap Meet for the past 18 years. The last increase in rent at the swap meet, the cost of living, and the decline in tourism, has affected us all as vendors. Therefore I oppose House Bill 2429, which could possibly triple our rent. Already the swap meet accounts for 64% of the current annual revenues at Aloha Stadium. UH games only produce 13% of the annual revenues. Why should the swap meet vendors be punished with another increase in rent to make up for the lack of revenue by UH football games? Already the vendors sacrifice by cutting working hours on game days, while still paying the same amount in rent as a full working day.

Lately I have been aware of many vendors who have left the swap meet and gone out of business due to past rent increases and lack of sales. If you agree to pass this bill you will surely force many more vendors out of business, including myself. The swap meet is my only source of income. I ask you to consider the livelihood of hundreds of vendors before you attempt to pass this bill.

Thank You,

Manuel Gomez

**testimony**

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**From:** Shannon Wood [swood@hoku.com]  
**Sent:** Sunday, March 16, 2008 4:58 PM  
**To:** testimony  
**Subject:** HB2429 HD2 - RELATING TO RECREATION

**SUBMITTED BY:**

**Shannon Wood**  
**P.O. Box 1013**  
**Kailua, HI 96734**  
**Cell Phone: 224-4496**

**COMMITTEE ON ECONOMIC DEVELOPMENT & TAXATION**

*Sen. Carol Fukunaga, Chair*  
*Sen. Will Espero, Vice Chair*

**COMMITTEE ON EDUCATION**

*Sen. Norman Sakamoto, Chair*  
*Sen. Jill Tokuda, Vice Chair*

**PUBLIC HEARING**

**3 pm**  
**Monday, March 17, 2008**  
**Conference Room 225**

**HB2429 HD2 - RELATING TO RECREATION**  
**STRONGLY SUPPORT**

**TO:** *Chairs* Fukunaga and Sakamoto and members of the **Committees on Economic Developmetn & Taxation and Education.**

My name is Shannon Wood, a Kailua, O`ahu resident, speaking only as an individual on my own behalf and not representing any group or organization. I am, however, a *University of Hawai`i* sports fan.

**HB 2429 HD2** would provide a legal mechanism to transfer control of **Aloha Stadium** from the *Stadium Authority*, sited in the *Department of Accounting and General Services*, to a newly-created eleven-member *University of Hawai`i Stadium Corporation* within the *University of Hawai`i System* which would oversee its management and operations.

Five of its members would be appointed by the *Governor* & confirmed by the **Senate** and five by the **Board of Regents**. The 11th member would always be the *President* of the *University of Hawai`i*. All members are expected to have experience in business, marketing, accounting, economics, engineering, architecture, or sports administration. Perhaps that part of the bill should be amended to include "higher education administration" and also require that at least one seat be de dedicated to an individual with strong sports administration experience.

It made sense decades ago to tuck **Aloha Stadium** in under a state agency such as **DAGS**. The two sports **UH** was beginning to build its intercollegiate sports reputation on - baseball and women's volleyball - were not intended to be played there but in special facilities to be built on campus - **Rainbow Stadium** for baseball, later changed to **Les Murakami Stadium**, and **Stan Sheriff Center** for indoor court sports and other athletic and non-athletic activities

The other reason it made sense to put **Aloha Stadium** under **DAGS** was that **Aloha Stadium** was to be used for **Triple A** professional baseball in the spring & summer months in addition to **UH** football being played there in the fall and early wintertime. Now, of course, baseball is no more while the venue is now used for swap meets, drifting races, concerts, and other team sports in addition to football.

It is my opinion that, as long as **Aloha Stadium** is part of the **DAGS** and under the operational management of the **Stadium Authority**, the **University of Hawai'i Department of Athletics** will be standing outside shaking a tin cup and begging for a piece of the action in concession sales & parking from football games held there.

In transferring **Aloha Stadium's** operations to the **University of Hawai'i**, the latter would also get the net revenues from all other events scheduled there which could benefit all ten campuses. This will help further the goal of decreasing financial support from state taxes.

However, the most important part of the transfer would be to allow the **University of Hawai'i Stadium Corporation** to enter into agreements with major sponsors for naming rights by which major repairs & improvements could be made. I don't believe that this could be done under the present system.

Yes, there are problems, but there we can work through them. I urge that the two committees support **HB 2429 HD2**, as it is now time for the **University of Hawai'i** to move the **UH-Manoa Athletic Department** into long-term financial stability.

*Mahalo* for the opportunity to provide testimony in support of **HB 2429 HD2**.

## testimony

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**From:** James Cablay [cablayj001@hawaii.rr.com]  
**Sent:** Sunday, March 16, 2008 2:52 PM  
**To:** testimony  
**Subject:** House Bill 2429 HD2

This testimony is to be submitted to the: COMMITTEE ON ECONOMIC DEVELOPMENT AND TAXATION and COMMITTEE ON EDUCATION.

Date of Hearing: March 17, 2008  
Time of Hearing: 3:00pm

I would like to submit my written testimony against House Bill 2429 HD2. As a resident of Hawaii, born and raised, I have been privileged to attend many events at the Aloha Stadium from high school sports, UH athletics, music concerts and my grandkids Pop Warner football games. Each of those events was to benefit all the people of Hawaii. When each of those events generated any revenue, **that revenue benefited all the people of Hawaii.** The Aloha Stadium was built for one purpose in mind, **to benefit all the people of Hawaii.** Herein lies the problem of HB 2492 HD2.

To allow this bill to go forth with the sole intentional purpose of benefiting the University of Hawaii is terribly wrong. As a State "owned" facility the Aloha Stadium should remain in the hands of the State and not some private corporation with the sole purpose of benefiting one entity: the University of Hawaii.

I have heard that the proposed "new corporation" has boasted they could produce more than 2 ½ times the present revenue now being generated. Sure anyone can boast that they could produce additional revenue. To even boast that they could produce more that 2 ½ times the present revenue is a bit ludicrous. How will this revenue be generated? Has anyone seen any "plans" as to how this will be done?

Is part of that "plan" to increase rent to all those presently using the Aloha Stadium. Is part of this "so called revenue increase" coming from increasing costs to high schools, Pop Warner football teams, other athletic events, charity events, concert events, food vendors at UH football games, and the Aloha Stadium's golden egg, the Aloha Stadium Swap Meet.

Any rental increase to any of the above would have a negative effect to those involved. The biggest negative effect would be to the Aloha Stadium Swap Meet. As I understand, the Swap Meet produced 65% of all the revenue generated by the Aloha Stadium last year or nearly six million dollars. With the economic times being as bad as it is now any rent increase would force vendors out of business or may result in the total demise of the Swap Meet. This results not only in a loss of rental revenue to the Stadium but a huge loss in tax revenue to the State of Hawaii. Is this part of the proposed "new corporations" plan, to put small businesses out of business?

I humbly ask that this bill not be passed and should this bill continue to proceed, there should be an amendment requesting how specifically any additional revenue will be generated and include in this amendment a measure as to not financially jeopardize any of the Aloha Stadiums' present users.

Thank you,

Jim Cablay



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The Twenty Fourth Legislature, State of Hawaii  
Hawaii State Senate  
Committee on Economic Development and Taxation  
Committee on Education

Testimony by  
HGEA/AFSCME, Local 152, AFL-CIO  
March 17, 2008

**HB 2429, HD2 (HSCR 1022-08)-  
RELATING TO RECREATION**

The Hawaii Government Employees Association, Local 152, AFL-CIO supports H.B. 2429, HD 2 (HSCR 1022-08). This bill proposes to create a University of Hawaii Stadium Corporation and transfer jurisdiction of the Aloha Stadium to this corporation. Initially, the HGEA opposed this bill which proposed to remove from stadium employees their civil service status and collective bargaining rights.

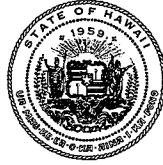
H.B. 2429, HD2 provides stadium employees the right to remain as civil servants subject to Chapters 76 and 89, HRS. It further guarantees that stadium employees that are transferred "shall continue to perform their regular duties upon their transfer, without the necessity of examination, and without loss of salary, seniority, prior service credit, vacation leave, sick leave, or other employee benefits or privileges, subject to the state personnel laws and this Act".

Based on the above guarantees for the stadium employees, the HGEA is able to support the overall goals of this legislation. Thank you for the opportunity to submit our testimony in support of this bill.

Respectfully Submitted,

Nora A. Nomura  
Deputy Executive Director

LINDA LINGLE  
GOVERNOR



RUSS K. SAITO  
Comptroller  
BARBARA A. ANNIS  
Deputy Comptroller

**STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES  
P.O. BOX 119  
HONOLULU, HAWAII 96810-0119**

TESTIMONY  
OF  
RUSS K. SAITO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEES  
ON  
ECONOMIC DEVELOPMENT AND TAXATION  
AND  
EDUCATION  
ON  
March 17, 2008

H.B. 2429, H.D. 2

RELATING TO RECREATION

Chair Fukunaga, Chair Sakamoto, and members of the Committees, thank you for the opportunity to testify on H.B. 2429, H.D. 2.

The Department of Accounting and General Services (DAGS) opposes H.B. 2429, H.D. 2, because it is unnecessary and may interfere with the complete repair and refurbishment of Aloha Stadium (Stadium) that is required to ensure the health, safety, and enjoyment of all who use the Stadium.

The bill proposes to create a University of Hawaii Stadium Corporation (Corporation) for two purposes. The first is to operate, maintain, manage, and improve Aloha Stadium with the University of Hawaii as the major tenant. That is already being done with the existing Aloha Stadium Board, which is diligently trying to fulfill its responsibility. Going forward with H.B. 2429, H.D. 2's proposed transfer to achieve the



bill's first purpose appears to be change for change's sake. That does not benefit the visitors, fans, or tenants of the Stadium.

The second purpose of the University of Hawaii Stadium Corporation is to generate net income from Aloha Stadium that may be transferred to the intercollegiate athletics program at the University of Hawaii. If there were excess funds after the revenues that the Aloha Stadium receives into the special fund were used to operate, maintain, and improve the Stadium, and it was determined that the funds were not necessary to contribute towards debt payment for the Stadium, the excess could be transferred to the intercollegiate athletics program at the University of Hawaii without having to transfer the Stadium to the University of Hawaii Stadium Corporation.

The reality is that there are not enough revenues to cover all of the Stadium's needs for operations, maintenance and improvements, especially when Capital Improvement Project (CIP) requirements are included. This being the case, siphoning off the "profit" to give it to the intercollegiate athletics program at the University of Hawaii is a charade that does not relieve the State of the need to fund the repair, maintenance, and CIP requirements of the Stadium.

In business, the responsible owner reinvests business "profits" into maintaining and improving the business. What is being proposed in this bill is analogous to a restaurant owner taking over another restaurant so that he or she can take profits from that restaurant to fix his or her restaurant, and then asking someone else to fix the restaurant he or she has taken over.

To put things into perspective, the University of Hawaii Football Team in Fiscal 2007 had 8 football games at the Stadium. The OIA, ILH, HHSAA and others, including the Hula and Pro Bowls had 24 football games. There were also a total of 236 other events at the Stadium or on its premises. Of the 236 other events, 158 were Swap Meets,

which brought in over 60% of the Stadium's revenues. Clearly, under the Stadium Board's oversight, the Stadium has generated revenues from many sources other than the University of Hawaii football program. It has also served a far broader purpose than hosting football games for the University of Hawaii. This is true to its purpose, to serve as a venue for all events that require its features and capacity. Furthermore, the Stadium Authority and the Stadium management continue to seek sources of revenue to maximize the benefit it provides to the people of Hawaii. In a single high-profile concert in 2007 the Stadium brought in \$700,000 of revenue.

It is not clear why H.B. 2429, H.D. 2, assumes that a University of Hawaii Stadium Corporation would be able to generate more revenues than the Aloha Stadium Board. Even if so, it is not clear what business principle would be promoted by using profits from this total customer base to provide benefits to just one of the customers. As with the bill's first purpose, change to achieve this bill's second purpose appears to be change for change's sake.

The bill's proposal to use the net income generated by the Stadium for the University of Hawaii athletic program ignores the fact that the Stadium needs more money for on-going maintenance and refurbishment of the Stadium itself. A good use of the net income would be to partially pay off the debt of the G.O. bond financing of the complete refurbishment that the Stadium sorely needs. The visitors, fans, and tenants of the Stadium would be well served by using the money they contribute to the Stadium to keep the Stadium safe and a pleasant place to participate in or watch events of all kinds.

The Aloha Stadium Board is fully supportive of the University of Hawaii athletic program. It has waived the rent for the University of Hawaii football team's use of the Stadium. It has also released parking spaces to the University to award to its sponsors and boosters. Siphoning off "net income" to the University of Hawaii athletic program is

false economy, especially when it would force the Stadium to ask the Legislature for replacement dollars out of the General Fund to do the repair and refurbishment that needs to be done.

In its current form, this bill proposes a couple of changes to increase revenues. One is to authorize the renaming of Aloha Stadium in exchange for a fee or other consideration. The other is to authorize bonuses for the Stadium Manager and Deputy Stadium Manager based on revenues. If these are good ideas, they can be addressed by providing the Stadium Authority with this authority. It is not necessary to transfer the Stadium to the University of Hawaii Stadium Corporation for this purpose. This bill also has provisions that should be subject to further discussion. In particular, exempting the University of Hawaii Stadium Corporation from the procurement code and further, exempting it from the Hawaii administrative rule making process under Chapter 91 of the HRS when setting fees and charges for the use of Aloha Stadium, may have adverse consequences for the users of the Stadium and the companies that do business with it or that hold or participate in events there.

In summary, this bill attempts to channel more money to the UH athletic program but offers no compelling argument why it would succeed in doing so. In addition, this bill may divert attention from the very pressing need to move forward with the complete repair and refurbishment of the Stadium that the visitors, fans, and tenants of the Stadium deserve and paid for. And, diverting money from the Stadium to the University of Hawaii's athletic program is false economy. Instead of providing funds to the University's athletic program through this bill's circuitous process, it would be more effective to simply and directly appropriate the funds to the University.

DAGS recommends that this bill be held.

Thank you for the opportunity to testify on this matter.

March 17, 2008

**Bill 2429**

**To Whom It May Concern:**

**If you have never tried selling at a Swapmeet, perhaps you ought to so you will know first hand how difficult it is.**

**I used to sell at Kam Swapmeet until the stall rent kept getting higher and higher and now I only sell on Sundays at Aloha.**

**Some days I do not even make 1 sell, and this is frustrating and hard work. Please understand my overhead to sell is not just Stall rent, but gas for car, buying stuff to sell and a lot of hard work packing and unpacking.**

**I personally live on a very fixed income from a donation of a friend to help me keep a float and this money I make on Sunday helps me to pay for food, electric, ect.**

**If passing this Bill 2429 means higher rent for Stall at Ahoaha Stadium then I must vote no.**

**Sincerely,**

*Trish Stainback*

**Trish Stainback**