

TESTIMONY
OF
KEVIN H.M. CHONG KEE, STADIUM AUTHORITY CHAIRPERSON
TO THE
SENATE COMMITTEES
ON
ECONOMIC DEVELOPMENT AND TAXATION
AND
EDUCATION
ON
March 17, 2008
H.B. 2429, H.D. 2

RELATING TO RECREATION

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

As Chairman of the Stadium Authority, I have deep concerns regarding H.B. 2429, H.D. 2, and the use of the Aloha Stadium (Stadium) and related facilities if it is transferred to the University of Hawaii.

The Stadium Authority and its current management team have provided the families of Hawaii with a facility that has brought much enjoyment and excitement in the events that they have attended. Stadium management has been successful in maintaining a facility that many have thought was past its usefulness. With limited revenues and resources, they have been able to maintain and provide all with a world class venue to enjoy.

The Stadium, which was opened in 1975, is thirty-three years old and in need of repairs to address the current health and safety issues. Current revenues that are generated from events at the stadium will not cover the cost of the repairs. This has been one of the major concerns of the Stadium Authority because of the success that the University of Hawaii has achieved and the number of fans that are in attendance.

My concern with H.B. 2429, H.D. 2, is that revenues that are generated from the use of the Stadium will not be utilized to keep it at the present level of operation. A larger part of this revenue will ultimately be diverted to the University of Hawaii Athletic Programs or related operations instead of continuing to finance the repairs that are needed towards keeping the Stadium as a safe and sound venue for all to enjoy.

Revenues from the University of Hawaii's athletic program are approximately thirteen percent of all revenues that are generated at the Stadium. The major user of the Stadium is the Aloha Stadium Swap Meet, which operated one hundred fifty eight days in 2007 and has generated sixty percent of the revenues for the Stadium.

The Stadium Authority and management has assisted the University of Hawaii Athletic Department in 2006 by eliminating the rent that is charged to them, which is approximately \$700,000 for the 2006 and 2007 football season. We have worked with Ahahui Koe Anuenue this past season to increase the allotment of parking spaces to a total of 2,127, of which 1,986 are resold in their sports packages.

The University of Hawaii should be an institution of higher education and learning that is fiscally sound before adding the management and maintenance of a facility, like the Stadium, to its list of responsibilities. The Stadium should be a facility for the people of Hawaii and not as a resource of revenue for the University of Hawaii Athletic Department. As a member of the Stadium Authority, I cannot support the passage of H.B. 2429, H.D. 2.

Thank you for the opportunity to testify on this matter.



Anthony R. Guerrero, Jr.
Vice Chairman
Retail Banking Group

LATE

Presentation to the
Senate Committee on Economic Development and Taxation
and
Committee on Education

Monday, March 17, 2008, 3:00 PM in Room 225

HB2429 Relating to Recreation

Senator Carol Fukunaga, Chair, Committee on Economic Development and Taxation
Senator Will Espero, Vice Chair
and members of the Committee on Economic Development and Taxation

Senator Norman Sakamoto, Chair, Committee on Education
Senator Jill N. Tokuda, Vice Chair
and members of the Committee on Education

My name is Tony Guerrero, Vice Chairman of First Hawaiian Bank and chairman of Koa Anuenue, however, I am here today in my capacity as a concerned citizen, and I testify in support of HB 2429. The purpose of this bill is to create a quasi-public corporation, similar to RCUH, who would operate, maintain, manage and improve Aloha Stadium, for the benefit of the public and the University of Hawaii athletic program.

We are all aware of the financial constraints that our athletic program operates under, especially when compared with other public institutions of higher learning that compete in BCS conferences. The purpose of this bill is to create another funding source for the University of Hawaii to help level the playing field with other intercollegiate athletic competitors. By developing another source of funding for UH athletics, we will be helping the core academic mission of the University by reducing the need for the upper campus to financially support the lower campus, thus devoting more resources to the upper campus.

Jurisdiction over Aloha Stadium would be transferred to the University of Hawaii stadium corporation, which will be governed by an 11 member board of directors. The UH president will be an ex officio member of the board, and the UH regents will select 5 members who will not be subject to Senate confirmation, and the governor would select 5 members, who would be subject to Senate confirmation.

While existing employees will become employees of this new corporation, their status as state civil service employees will be fully protected and all of their benefits, past and future, will not be impacted by this transition.

Page 2

I would like to suggest four amendments to the bill which will serve to aid the purpose of this bill more effectively.

On page 5, line 17, insert a new (9) to read as follows: "(9) To amend, alter, or change the name of Aloha Stadium in consideration of a fee and other consideration." The purpose of this amendment is to allow the corporation to sell the naming rights to Aloha Stadium for a fee. Many stadiums have changed their names to reflect a corporate sponsor and thus generated much revenue. While we may be more familiar with stadiums housing professional teams, Oregon State's football stadium is named Reser Stadium, after the owners of Reser Foods. A name change may not mean the disappearance of the Aloha Stadium name. It could remain part of the name. For example, the Rose Bowl is named "The Rose Bowl presented by Citi". The Anaheim Angels are now named the California Angels of Anaheim. On page 6, the sentence on lines 6-8 should be revised to read: "The board of directors shall set the compensation package, including salaries, of the stadium manager and deputy stadium manager, which compensation package may include bonuses based on the revenue of Aloha Stadium."

This amendment would permit the corporation to develop innovative compensation packages tied to performance as is the case in the private sector.

On page 7, lines 10 and 11, clause (1) should be revised to read "(1) Income earned by the stadium corporation from fees and charges for the use or renaming of Aloha Stadium;" This amendment is consistent with the thought that fees can be generated from the renaming of Aloha Stadium.

On page 24, line 19 should be amended by deleting "Aloha Stadium" and substituting "any stadium operated by the University of Hawaii stadium corporation". Again, the purpose of this amendment is to clarify that a renaming of Aloha Stadium is within the purview of the corporation.

Thank you for this opportunity to testify and I will be happy to answer any questions you may have.