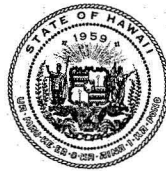


LINDA LINGLE
GOVERNOR



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
HOUSE COMMITTEES
ON
WATER, LAND, OCEAN RESOURCES & HAWAIIAN AFFAIRS
AND
HIGHER EDUCATION
AND
TOURISM & CULTURE
ON
January 29, 2008

H.B. 2429

RELATING TO RECREATION

Chairs Ito, Chang, Yamane, and members of the Committees, thank you for the opportunity to testify on H.B. 2429.

The Department of Accounting and General Services (DAGS) opposes H.B. 2429 because it is unnecessary and may interfere with the complete repair and refurbishment of the 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 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 and whose

members have experience in all of the areas that HB 2429 requires of its Stadium Corporation. Going forward with HB 2429'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. 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 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 single high profile concert in 2007 the Stadium brought in \$700,000 of revenue. It is not clear why HB 2429 assumes that a University of Hawaii Stadium Corporation comprised of members with the same experiences as the Aloha Stadium Board would be able to generate more revenues than the Aloha Stadium Board. Once again, change to achieve this 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 ongoing maintenance and refurbishment of the Stadium itself. A good use of the net income would be to partially pay off the debt of the GO 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.

A part of the bill that will prove difficult to manage is the requirement that all officers and employees of the Stadium shall be exempt from chapters 76 and 89. Although existing employees would be grandfathered, when an employee leaves, the position would become exempt and filling a trade, maintenance or technical position with an exempt employee would be a challenge.

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.

TESTIMONY OF
KEVIN H. M. CHONG KEE, STADIUM AUTHORITY CHAIRPERSON
TO THE
COMMITTEE ON WATER, LAND AND OCEAN RESOURCES
AND
COMMITTEE ON HIGHER EDUCATION
AND
COMMITTEE ON TOURISM AND CULTURE
ON
JANUARY 29, 2008
H. B. No. 2429

The Honorable Chairs Ken Ito, Jerry L. Chang, and Ryan Yamane and members of the committee on Water, Land and Ocean Resources; Higher Education and Tourism and Culture, thank you for this opportunity to testify before you on H. B. 2429.

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

The Stadium Authority, which consist of Alexander Kane, Marvin Fong, Marcia Klompus, Kathleen Ahina, Nelson Oyadamari, Kathy Inouye, Kenneth Marcus, Alan Tamayose and its current management team and staff has provided the families of

Hawai'i with a facility that has brought much enjoyment and excitement in the events that they have attended. They have been successful in maintaining a facility that many have thought was past its usefulness. With limited revenues and resources, the stadium has been able to maintain and provided all with a world class venue to enjoy.

Unfortunately, there are health and safety concerns that are facing Aloha Stadium. The Department of Accounting and General Services has presented to the Stadium Authority a plan to address this situation which we totally support. It will be costly to renovate Aloha Stadium, yet until a decision is made to build a new stadium or to relocate to another venue, health and safety of the present facility is the number one goal of this board.

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

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

Again, thank you for this opportunity to testify before your committees.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin H.M. Chong Kee". The signature is written in a cursive, flowing style.

KEVIN H.M. CHONG KEE
Chairperson
Stadium Authority

TESTIMONY
OF
SCOTT L. CHAN, STADIUM MANAGER
STADIUM AUTHORITY
TO THE
COMMITTEE ON WATER, LAND AND OCEAN RESOURCES
AND
COMMITTEE ON HIGHER EDUCATION
AND
COMMITTEE ON TOURISM AND CULTURE
ON
JANUARY 29, 2008

H. B. No. 2429

Chairs Ito, Chang, Yamane and members of the Committees thank you for this opportunity to testify before you on H. B. 2429.

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 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 every way 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 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 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 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 is an appropriate way to address some of the recent issues that have plagued UH Athletics.

UNIVERSITY OF HAWAI‘I SYSTEM LEGISLATIVE TESTIMONY



HB 2429 – RELATING TO RECREATION

Testimony Presented Before the
Committee on Water, Land, Ocean Resources & Hawaiian Affairs
Committee on Higher Education
and
Committee on Tourism & Culture

January 29, 2008 at 2:00pm
by

Linda Johnsrud
Acting President
Vice President for Academic Planning & Policy
University of Hawai'i System

Testimony Presented Before the
Committee on Water, Land, Ocean Resources & Hawaiian Affairs
Committee on Higher Education

and
Committee on Tourism & Culture

January 29, 2008 at 2:00pm
by

Linda Johnsrud
Acting President
Vice President for Academic Planning & Policy
University of Hawai'i System

HB 2429 – RELATING TO RECREATION

Chairs Ito, Chang and Yamane, Vice Chairs Karamatsu, Bertram and Manahan and Members of the Committees:

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 committees 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.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME LOCAL 152, AFL-CIO

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The Twenty-Fourth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Water, Land Ocean Resources and Hawaiian Affairs
Committee on Higher Education
Committee on Tourism and Culture

Testimony by
Hawaii Government Employees Association
January 29, 2008

H.B. 2429 – RELATING TO RECREATION

The Hawaii Government Employees Association opposes this bill in its current form. As drafted, H.B. 2429 creates a University of Hawaii Stadium Corporation and transfers jurisdiction over Aloha Stadium to the new corporation. The overall goals of the legislation are worthwhile such as to maximize usage and income to the stadium, generating additional support for stadium capital improvements and possibly generating additional income for the University of Hawaii's intercollegiate athletic program.

However, the bill eventually removes all stadium employees from civil service and collective bargaining. As the exclusive representatives of civil service employees in HGEA bargaining units, we do not support these amendments. We firmly believe that each employee should have the right to representation and a voice in the workplace afforded by collective bargaining.

Additionally, we are concerned regarding the possible curtailment of high school interscholastic athletic and other less profitable events currently held at the Aloha Stadium. We believe the mission of the Stadium must include safeguards for usage of the facility for events which serve the community beyond a profit margin.

We respectfully request the bill, in its current form, be held. Thank you for the opportunity to express our opposition to H.B. 2429.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director



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

Presentation to the
House Committee on Water, Land, Ocean Resources & Hawaiian Affairs
House Committee on Higher Education
House Committee on Tourism & Culture
Tuesday, January 29, 2008 at 2:00p.m. Room 309

HB2429 Relating to Recreation

Representative Ken Ito, Chair, Committee on Water, Land, Ocean Resources & Hawaiian Affairs

Representative Jon Riki Karamatsu, Vice Chair
and members of the Committee on Water, Land, Ocean Resources & Hawaiian Affairs

Representative Jerry Chang, Chair, Committee on Higher Education

Representative Joe Bertram, III, Vice Chair
and members of the Committee on Higher Education

Representative Ryan Yamane, Chair, Committee on Tourism & Culture

Representative Joey Manahan, Vice Chair
and members of the Committee on Tourism & Culture

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.

From: Shannon Wood [mailto:swood@hoku.com]
Sent: Monday, January 28, 2008 9:18 PM
To: WLHtestimony
Subject: HB2429 - RELATING TO RECREATION

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

COMMITTEE ON WATER, LAND, OCEAN RESOURCES & HAWAIIAN AFFAIRS

Rep. Ken Ito, Chair
Rep. Jon Riki Karamatsu, Vice Chair

COMMITTEE ON HIGHER EDUCATION

Rep. Jerry Chang, Chair
Rep. Joe Bertram III, Vice Chair

COMMITTEE ON TOURISM & CULTURE

Rep. Ryan Yamane, Chair
Rep. Joey Manahan, Vice Chair

PUBLIC HEARING

2 pm
Tuesday, January 29, 2008
Conference Room 309

HB2429 - RELATING TO RECREATION
STRONGLY SUPPORT

Good afternoon, *Mr. Chairs & Members* of the **Committees on Water, Land, Ocean Resources & Hawaiian Affairs, Higher Education, and Tourism & Culture**. 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 *UH* sports fan.

HB 2429 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*.

I think that this is an excellent idea to help move the *UH-Manoa Athletic Department* into long-term financial stability. Granted, there are some serious issues which need to be addressed, but on balance this is an important step in the right direction.

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