

COMMITTEE ON WATER, LAND AND OCEAN RESOURCES
COMMITTEE ON HIGHER EDUCATION
COMMITTEE ON TOURISM AND CULTURE

January 29, 2008

RE: HB 2429
UH Stadium Corporation; Transfer of Aloha Stadium

Testimony from: Kathryn Whang Inouye
Board Member of Stadium Authority

Good afternoon, Honorable Chairs Jerry Chang, Ken Ito and Ryan Yamane and members of the subject committees. I am Kathryn Inouye, board member of the Stadium Authority and also Chief Operating Officer of Kobayashi Group, a real estate development and consulting company.

I find the subject bill intriguing. The major premise of the bill is to be able to:

- "...maximize the usage and, consequently, income of Aloha Stadium and generate support for the capital improvement of Aloha Stadium."
- The bill further states that this "...may result in the generation of net income transferable to the University of Hawaii intercollegiate athletics program."

Taken at face value, these are worthwhile goals. However, I would recommend we first take a look at:

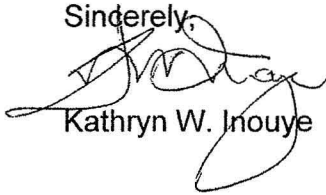
- How can usage be maximized? During my tenure on the Board, we have actively sought to change past practices in order to more aggressively market the stadium. Two key changes being discussed are (a) Revision of the RFP for advertising to possibly include capital improvements; and (b) Hiring of a Marketing Coordinator to reach a broader market.
- Retaining total net income for stadium purposes. Even if revenues are increased, how can total net revenues be assigned solely for Stadium projects? Currently a ceiling exists and the Stadium is not permitted to spend anything in excess of the ceiling. Therefore, it is important that maximization of usage and revenue be tied into lifting the current ceiling. This would allow any additional revenue to go toward long-deferred capital improvements and to potentially offset any debt service or interest on GO bonds.

With the State's ongoing competing needs and budgetary constraints, the Aloha Stadium has deteriorated substantially. I agree that much needs to be changed in the way the stadium has been operated, the way maintenance has been funded, and in the way the facility has or has not been marketed. I, too, wish there was a way to provide more funds toward UH athletic programs. However, with the tens of millions of dollars required over the next several years in order to

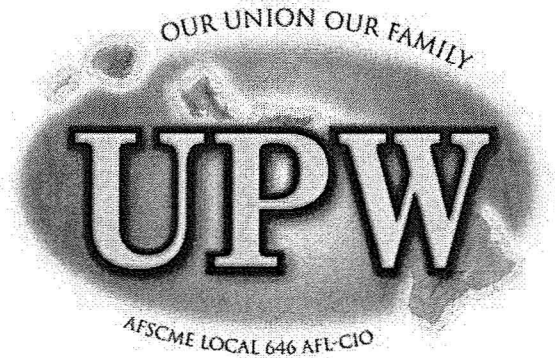
keep our stadium usable over the next 20+ years, it's highly doubtful that there will be any surplus left to fund athletic programs.

The problems are diverse and require clear focus and attention. I do not agree that transfer to the University of Hawaii will accomplish these goals.

Sincerely,



Kathryn W. Inouye



**HOUSE OF REPRESENTATIVES
COMMITTEE ON WATER, LAND, OCEAN RESOURCES & HAWAIIAN
AFFAIRS
COMMITTEE ON HIGHER EDUCATION
COMMITTEE ON TOURISM & CULTURE
TUESDAY, JANUARY 29, 2008, 2:00 P.M.**

**TESTIMONY IN OPPOSITION TO HB 2429
DAYTON M. NAKANELUA, STATE DIRECTOR, UNITED PUBLIC WORKERS**

Chair Ito, Vice Chair Karamatsu, Chair Chang, Vice Chair Bertram, Chair Yamane, Vice Chair Manahan, and members of House Committee on Water, Land, Ocean Resources & Hawaiian Affairs, House Committee on Higher Education, and House Committee on Tourism & Culture, thank you for this opportunity to testify on House Bill 2429.

My name is Dayton M. Nakanelua, and I am the State Director of United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). UPW represents blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10 in the State of Hawaii, and the various counties. UPW also represents members in the private sector. As a statewide union with 13,000 plus members, UPW is opposed to HB 2429.

HB 2429 proposes that stadium manager, deputy stadium manager, and other officers and employees shall be exempt from chapters 76 and 89 but be entitled to participate in any employee benefits program generally applicable to employees of the State. UPW as a union representing more than 10,000 government employees statewide, is strongly against any proposal that exempts employees from chapters 76 and 89.

In conclusion, UPW strongly opposes the passage of HB 2429.

TESTIMONY OF KENNETH B. MARCUS, STADIUM AUTHORITY VICE-CHAIR
TO
COMMITTEE ON WATER, LAND AND OCEAN RESOURCES
AND
COMMITTEE ON HIGHER EDUCATION
AND
COMMITTEE ON TOURISM AND CULTURE
REGARDING *H.B. 2429*

To the Honorable Chairs Ken Ito, Jerry L. Chang and Ryan Yamane, and members of the committees holding hearings on H.B. 2429, thank you for the opportunity to present my thoughts on H.B. 2429.

The members of the Stadium Authority have worked hard over the last several years to understand and deal with the many challenges facing the Stadium after many years of stagnation and neglect. We have all worked very hard to install energetic management of the Stadium, and to nurture in management concern for service to the clients that the Stadium was designed to serve – the people of Hawaii, and most especially the users of the facility. And, of course, the largest user of the Stadium is the University of Hawaii football program.

While I can think of no reason why control over the Stadium ought to be transferred to the University, there are several reasons why doing so would not, in my view, be to the benefit of either the people of Hawaii or the University itself.

First among those reasons is that the Stadium is a business, tasked with accommodating not only UH football, but other matters for the benefit and entertainment of Hawaii's people. The members of the Authority have worked hard to understand that business, and to work with Stadium management to improve it, most especially in terms of its benefit to the State. While the members of the Authority are no smarter than those that the University might appoint to oversee the Stadium, it seems counterproductive to toss out the experience developed over the last several years and to require the University to appoint new overseers who will have to reacquire that


information and reforge the relationships with Stadium management that have begun to work so well.

Second is the additional burden that H.B. 2429 would place upon the University were responsibility for the Stadium to be transferred as contemplated by the bill. The Stadium, as reflected in testimony by the State Controller in past years and to be resubmitted this year, requires substantial capital investment in order to keep it safe, as well as to bring it back to a level that the people of Hawaii (including the UH football team when it plays at the site) can be proud of. The Stadium Authority understands that challenge, and devotes considerable time for the purpose of dealing with that challenge. Were the responsibility to be transferred to UH, it would only be faced with the challenge of re-recruiting citizens willing to relearning those lessons.

The University's needs, and especially that of the football program, have not been slighted or hindered by the present arrangement. A member of the UH Athletic Program (usually the Athletic Director himself) attends every Authority meeting, and the views and needs of the University are taken seriously by the Authority. UH has participated with Stadium management and the Authority in various initiatives over the past year alone, resulting in greatly improved parking procedures, the elimination of a 'rent' payable by UH for the use of the facility and, over a longer term, tremendous support for the UH Athletic Department's needs and concerns. It is hard to see what will result from the transfer of this duty on UH, especially in light of the major improvement programs already facing it. Adding to the University's burden that of raising additional funds for renovation, or even replacement, of Aloha Stadium seems counterproductive to Chancellor McClain's efforts and a diversion of his attention to matters well attended to already by the Authority.

Thank you once again for the opportunity to testify before your committees.

Sincerely,



KENNETH B. MARCUS
Vice-chair, Stadium Authority