

**SB**

**1314**

**EDT/WTL**



# DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**ABBEY SETH MAYER**  
Director  
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Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WATER, LAND, AGRICULTURE,  
AND HAWAIIAN AFFAIRS**  
AND  
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND  
TECHNOLOGY**

Wednesday, February 11, 2009  
1:15 PM  
State Capitol, Conference Room 016

in consideration of  
**SB 1314**  
**RELATING TO STRUCTURE OF STATE GOVERNMENT.**

Chairs Hee and Fukunaga, Vice Chairs Tokuda and Baker, and Members of the Senate Committees on Water, Land, Agriculture, and Hawaiian Affairs and Economic Development and Technology.

We strongly oppose SB 1314 Relating to the Structure of State Government. SB 1314 creates the state resources protection and development agency to house functions currently under Office of Planning, Aloha Tower Development Corporation (ATDC), and Hawaii Community Development Authority (HCDA).

The Office of Planning's mission and geographic scope are much broader than missions and geographic scope of ATDC or HCDA. This merger would detract from the mission and functions of the Office of Planning.

The primary mission of ATDC and HCDA is the redevelopment of underutilized areas. In contrast, OP provides government-wide support in the areas of planning and policy analysis (particularly land use policy); coastal zone management and geographic information. The Hawaii Ocean Resources Management Plan is a comprehensive policy document that illustrates the broad range of statewide issues that OP is involved in.

ATDC and HCDA have limited geographic scope and currently focus their redevelopment efforts on Kakaako, Kalaeloa and the Aloha Tower. (Although other

Community Development Districts may be designated throughout the State, it is not likely that HCDA would be involved in numerous sites throughout the State.) The Office of Planning deals with statewide issues. For example, under Chapter 205, HRS, State Land Use Law, all lands in the State are classified into land use districts. OP represents the State in district boundary amendments and other matters before the Land Use Commission in areas throughout the State. At present, there are active petitions for boundary amendments, declaratory rulings and special permits in every county of the State. Further, OP coordinates with and represents the positions of state agencies, such as the Departments of Agriculture, Transportation, Health, Civil Defense, etc. OP also formulates and proposes legislation pertaining to statewide issues such as important agricultural lands and rural land use.

In addition to the lack of a good fit between the agencies missions and functions, we are concerned that our focus and resources may be directed away from government wide support and instead directed toward servicing redevelopment activities. Additionally, OP is the regulatory authority for Special Management Area permits in Community Development Districts.

Finally, this merger will entail costs potentially including relocation and reorganization and we cannot support increased expenditures at this time.

Thank you for the opportunity to testify.



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STATEMENT OF

ANTHONY J. H. CHING, EXECUTIVE DIRECTOR  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

SENATE COMMITTEE ON WATER, LAND, AGRICULTURE, AND  
HAWAIIAN AFFAIRS

AND

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND  
TECHNOLOGY

Wednesday, February 11, 2009

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**S. B. 1314 – RELATING TO THE STRUCTURE OF  
STATE GOVERNMENT.**

**Purpose:** Creates a new State agency, called the State Resource Protection and Development Agency (“NEW AGENCY”), having the functions of the Department of Planning and Sustainability by combining the Office of Planning (“OP”), Aloha Tower Development Corporation (“ATDC”), and Hawaii Community Development Authority (“HCDA”).

**Position:** The HCDA is **opposed** to this measure and offers the following comments as it relates to those parts of the proposal which calls for the HCDA to be administratively consolidated with OP and ATDC as part of the NEW AGENCY.

The HCDA supports the Legislature’s efforts to address the state’s current economic condition, including efforts to reduce the cost of government by consolidating agencies with like operations and functions. In light of the difficulties of physically and operationally consolidating agencies, a proposed consolidation of three agencies into one large agency, like the consolidation proposed by this measure, should necessarily create real economic and operational efficiencies. We question whether the NEW AGENCY will create any real economic and operational efficiencies.

**Three Unlike Agencies.** The three agencies proposed for consolidation do not have like operations and functions. The HCDA submits that because of the divergent operations and scope of the three agencies no economical or operational efficiency will likely be realized by the consolidation for the following reasons:

**HCDA's jurisdiction is regional.** The HCDA's jurisdiction is restricted to the districts of Kakaako and Kalaeloa. By design, this allows the work of the HCDA to be focused on planning and development efforts for those districts, and to continue to require from willing developers or actually produce itself public facilities such as roadway improvements, parks, and reserved housing. This is in contrast to the government-wide support provided by and the statewide jurisdiction of OP, and the statewide jurisdiction of the NEW AGENCY.

**Consolidation will not enhance the HCDA's mission.** A merger or consolidation, in the private or public sector, should bring together organizations that share a common purpose and goal. In the case of the proposed consolidation, the purposes of the respective agencies are diverse:

- The HCDA functions as a planning, regulatory and development agency. While the HCDA is responsible for developing or causing to be developed Kakaako and Kalaeloa, it is not responsible for statewide planning.
- The HCDA applies for SMA permits from the OP and in that capacity, it would be preferable for OP to remain separate and independent from the agencies it issues permits to.

**The method of funding for each agency is diverse, making consolidation problematic and difficult.** Nineteen of the twenty-three positions in the HCDA are funded by CIP appropriations. The remaining four positions are currently general funded, but in accordance with the Administration's budget reduction measures 3.5 FTE's are proposed to be funded through the Hawaii Community Development Revolving Fund, leaving only .5 FTE's, or approximately \$42,000, funded through general funds. In contrast, we understand that OP and ATDC are respectively funded through a combination of State general, Federal special funds, and revenue bonds (in the case of the harbor modernization).

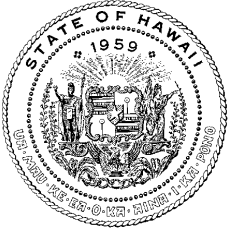
**Unique Powers and Authority.** The structure and authority of the HCDA is unique in that its charter allows it to make contracts,

hold title to land, issue and sell bonds, fix assessments against real property specially benefited and administering a special and revolving fund. These unique powers and authority were intended to be focused on areas (i.e., Kakaako and Kalaeloa) targeted for redevelopment and are not suitable to be wielded on a state-wide basis. Should the NEW AGENCY not be equipped with these unique powers and authority, its ability to effect planned redevelopment would be seriously compromised. The HCDA's unique structure was not intended to wielded state wide.

**A Community Governance Structure is Lacking.** A governing board that includes community and government members provides the HCDA with valuable input and direction. As the HCDA's core mission is to develop communities, this input is invaluable. There are eighteen members on the Authority board that represent Kalaeloa, Kakaako, government, and small business interests. This measure eliminates the HCDA's community governance structure.

Each of the agencies has their own mission and function. A physical and operational consolidation, like the one being proposed in this measure, should consider the ongoing functions of each agency and whether or not such a consolidation is in the best interest of the communities the HCDA serves and the general public. I submit that the consolidation does not so serve. In addition, such consolidation should make economic sense and not serve to simply "move boxes around an organization chart". I submit that the proposed consolidation moves boxes around without producing increased efficiency or savings.

Thank you for the opportunity to provide our objections to this legislative proposal. The HCDA would ask that the committee hold this measure.



## ALOHA TOWER DEVELOPMENT CORPORATION

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**Amended: 2/10/09**

Statement of  
**Sandra Pfund**  
Chief Executive Officer  
Aloha Tower Development Corporation  
before the  
Joint Senate Committees of  
**Economic Development and Technology**  
and  
**Water, Land, Agriculture, and Hawaiian Affairs**  
Wednesday, February 11, 2009  
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State Capitol, Conference Room 016

in consideration of

### **SB 1314 RELATING TO THE STRUCTURE OF STATE GOVERNMENT**

Chairs Fukunaga and Hee, Vice-Chairs Baker and Tokuda, and Members of the Senate Committees on Economic Development and Technology, and Water, Land, Agriculture, and Hawaiian Affairs.

This measure proposes to consolidate the Aloha Tower Development Corporation (ATDC), the Office of State Planning, and the Hawaii Community Development Authority (HCDA) into a new agency entitled "State Resources Protection and Development Agency".

The Board of Directors of the Aloha Tower Development Corporation (ATDC) has not held a meeting since the introduction of this measure and therefore has not discussed or taken a position on this bill.

From an administration perspective, the ATDC has carefully considered the pros and cons of this proposal, and is not in favor of the bill for the following reasons:

- Each agency has a distinct and diverse constituency and purpose;
- Each agency has different funding sources that are restricted to specified purposes, such that funding sources could not be shared toward consolidation of functions for the sake of efficiency; and
- A consolidation effort at this time would require a significant level of planning and coordination by the agencies, and detract focus from the work at hand.

The ATDC is currently partnered with the Department of Transportation – Harbors Division, to expedite the development of critically needed harbor infrastructure statewide under the Harbors Modernization Plan. It is critical during this economic downturn that the focus of the agency remains on moving the projects forward. Cargo and passenger volumes are down, and it is a good time to implement construction projects when impacts to operations are lessened. Construction projects undertaken during a strong economy often encounter extended project schedules to accommodate work stoppages for operational users of the working harbor. It is also an opportune time to stimulate the economy by having government projects move forward to provide jobs.

The ATDC is also seeking a Capital Improvement Project award to expand an on-grade parking area to provide additional parking, which is sorely needed in the project area. For the reasons stated above, it is likewise a good time to pursue this project and keep focus on the ATDC's mission.



Thank you for the opportunity to testify on this measure.



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February 11, 2007

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukunaga, Chair  
Senator Rosalyn H. Baker, Vice Chair

COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS

Senator Clayton Hee, Chair  
Senator Jill N. Tokuda, Vice Chair

SB 1314

RELATING TO THE STRUCTURE OF STATE GOVERNMENT

Committee Chairs and members:

Hawaii's Thousand Friends, a statewide non-profit land and water use organization, opposes SB 1314 that creates the state resources protection and development agency to house functions currently under Aloha Tower development corporation, state planning office, and Hawaii community development corporation.

What is the purpose of combining resource management and planning agencies, OP and CZM with development driven entities, HCDA and Aloha Tower Development Corporation? Is the purpose to shift the federal funds that are consistently given to Hawaii's Coastal Zone Management Program directly into DBEDT? What problem(s) will combining these agencies resolve?

A more comprehensive approach is to leave OP and CZM and Aloha Tower as they are. Eliminate HCDA and give the planning functions back to the City and County. As it is now the 600 or so acres that make up Kaka'ako and administered by HCDA are a big black hole in the Primary Urban Center Development Plan planning area. To ensure that land use, resource protection and infrastructure development are interconnected and efficient planning must be done through a comprehensive and regional approach.

To avoid unknown, unforeseen and unintended consequences a new multi-tasked agency will bring we urge you to hold SB 1314 in committee.

