



**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

March 31, 2011

COMMENTS OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 1247, S.D. 2, H.D. 1

COMMITTEE ON FINANCE

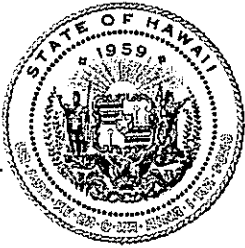
The Department of Transportation supports the intent of Senate Bill No. 1247, SD2, HD1 and recommends several amendments as set forth in Attachment "A" to this testimony.

As written, SB 1247, SD2, HD1, repeals Chapter 206J, Hawaii Revised Statutes, which abolishes the Aloha Tower Development Corporation, transfers Piers 4 – 11 to the Hawaii Community Development Authority (HCDA), and transfers Piers 12 - 19 to the Department of Transportation.

At this time, however, there is a prospective purchaser of the Aloha Tower Marketplace (ATM). As such, it is imperative that the lessor of the ATM, the Aloha Tower Development Corporation, remain in place to provide stability to the immediate situation. Additionally, the harbors modernization projects have already been incorporated into the Department's Capital Projects budget and will be executed under the Department's programs and operations. To that end, the proposed amendments:

- Maintains the ATDC structure
- Reduces the jurisdiction of ATDC to Piers 4 – 11
- Restructures the ATDC board to 3 members: Director of DOT, Harbor Deputy Director, and the Director of DBEDT
- Administratively attached ATDC to DOT
- Eliminates the harbors modernization group board
- Clarifies that the Aloha Tower fund can be used to pay the ground lease to DOT

Finally, HDOT respectfully requests an appropriation out of the Aloha Tower Fund in the amount of Two Million Four Hundred Thousand and no/100 dollars (\$2.4 million). At this time, ATDC owes HDOT approximately \$7.7 million. The requested appropriation will be used primarily toward paying down the outstanding debt owed by ATDC and for minimal operational needs.



NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

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STATEMENT OF

RICHARD C. LIM, DIRECTOR
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT
AND TOURISM

BEFORE THE

HOUSE COMMITTEE ON FINANCE

Thursday, March 31, 2011

3:00 P.M.

State Capitol, Conference Room 308

S. B. 1247, S.D. 2, H.D. 1 - RELATING TO ALOHA TOWER DEVELOPMENT CORPORATION

This proposal seeks to transfer the role and responsibilities of the Aloha Tower Development Corporation (ATDC) to the Hawaii Community Development Authority (HCDA). Of equal if not greater importance, the proposal would establish that the implementation of the commercial harbors modernization plan would be the responsibility of the Department of Transportation (DOT).

However, based on discussions with the DOT, it is my understanding that the DOT is proposing language similar to the language provided in H.B. 1020, H.D. 2, S.D. 1, that transfers the ATDC from the Department of Business, Economic Development and Tourism (DBEDT) to the DOT (and not the HCDA) and provides for the continued implementation of the commercial harbors modernization plan projects by the DOT. Accordingly, the ATDC and the DBEDT supports the DOT's intent as described in H.B. 1020, H.D. 2, S.D. 1 and is working closely with the DOT to ensure a smooth transition and ensure the completion of the harbor related New Day Work projects.

Thank you for this opportunity to submit testimony on this proposal.



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



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STATEMENT OF

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

BEFORE THE

HOUSE COMMITTEE ON FINANCE

Thursday, March 31, 2011

3:00 P.M.

State Capitol, Conference Room 308

**S. B. 1247, S.D. 2, H.D. 1 - RELATING TO ALOHA TOWER
DEVELOPMENT CORPORATION**

Purpose: Abolishes the Aloha Tower Development Corporation (ATDC) and transfers all rights, powers, functions, duties and obligations to the Hawaii Community Development Authority (HCDA). Also appropriates from the Aloha Tower Fund an unspecified amount for FY 11-12 operating expenses. Affirms that the implementation of the commercial harbors modernization plan shall be the responsibility of the department of transportation.

Position: While the HCDA supports the intent of the proposal to transfer the responsibility for the implementation of the commercial harbor modernization plan to the Department of Transportation (DOT), details of an equitable transfer of responsibilities and obligations from the ATDC to the HCDA have not yet been finalized. As this transfer may also have an effect on the commercial harbor modernization effort, until such time that the DOT, ATDC and the HCDA are assured that the terms and conditions of an equitable and reasonable transfer can be defined, without jeopardy to the harbor modernization effort, the HCDA disagrees with the transfer of the ATDC's financial and legal obligations to the HCDA.

However, as there is no disagreement as the importance of the commercial harbor modernization plan proceeding without delay, the HCDA supports the immediate passage of the proposal with the contents of Section 2. The transition of the ATDC to the HCDA might then be taken up during the 2012 Legislative Session without impeding the progress of the harbor modernization effort.

Thank you for the opportunity to provide comments on this proposal.