



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

February 15, 2011

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 1247

COMMITTEE ON TRANSPORTATION

The Department of Transportation does **not support** Senate Bill No. 1247 and recommends several amendments.

First, we recommend the TMK parcels be redefined to only include the Aloha Tower Project area. Chapter 206J, Hawaii Revised Statutes, established the Aloha Tower complex and placed this area under the redevelopment jurisdiction of the Aloha Tower Development Corporation (ATDC). ATDC's jurisdiction included lands makai of Nimitz Highway from piers 4 through 6, Piers 8 through 23 and portions of Nimitz Highway and Iwilei. As written, this bill transfers all properties within ATDC's jurisdiction to the Hawaii Community Development Authority (HCDA). DOT has no objections to the transfer of ATDC's waterfront development functions to the Hawaii Community Development Authority (HCDA), provided that the areas under their jurisdiction are reduced to only include the Aloha Tower Project area.

Second, this bill proposes to transfer ATDC's assets to the Department of Transportation (DOT). This transfer will also include the Marketplace lease, which serves as a cornerstone for the development of the Aloha Tower Project area. ATDC owes the DOT approximately \$7.7 million in past due obligations. We strongly feel that the bill should provide for the transfer of assets and obligations of ATDC to HCDA so a responsible entity can continue to work with DOT to settle the outstanding debt as well as resolve the Marketplace's financial issues under the lease.

Notwithstanding that the DOT assumed full management of the Harbors Modernization Plan (HMP), due to the lack of operating appropriations to ATDC effective July 1, 2011, the bill further proposes to transfer the implementation of the HMP to the DOT. Our foremost interest is in ensuring the continued expedited implementation of these New Day Work projects. In that regard, we offer replacement language to address this concern.

Attached is a suggested draft incorporating our recommendations for consideration by this Committee.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE  
GOVERNOR

RICHARD C. LIM  
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STATEMENT OF

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

BEFORE THE

SENATE COMMITTEE ON WATER, LAND, AND HOUSING

Tuesday, February 15, 2011

1:15 P.M.

State Capitol, Conference Room 225

**S. B. 1247 - RELATING TO ALOHA TOWER DEVELOPMENT CORPORATION**

**Purpose:** Repeals Chapter 206J, HRS Aloha Tower Development Corporation (ATDC). Transfers the ATDC's assets and Aloha Tower Fund to the Department of Transportation and the zoning and planning jurisdiction to the Hawaii Community Development Authority (HCDA). Establishes the Harbor Modernization Group/Commercial Harbors Modernization Plan under the Department of Transportation (DOT).

**Position:** The DBEDT supports the passage of this administrative proposal.

*Section 1: Repeal of 206J, HRS and the abolition of the ATDC.* Given last year's legislative deliberations on the abolition of the ATDC, I have discussed with the other members of the ATDC Board what options are available regarding the future of the ATDC. While petitioning the Legislature for restoration is one option, it is my belief that we should be examining other strategies to ensure that the State's investment and objectives for the Aloha Tower Marketplace (ATM) complex is protected and its potential is realized. With those objectives in mind, the DBEDT supports the abolition of the ATDC as proposed and looks forward to working with the Legislature to ensure that the ATM complex becomes a valued asset and facility of the State of Hawaii.

*Section 2 and 3: Transfer of the ATDC's assets, Aloha Tower Fund and property to the Department of Transportation* – As the DOT holds title to the Aloha Tower Project Area lands and the ATDC has an outstanding financial obligation to the DOT (of approximately \$7M) revenues from the ATM complex and the existing balance in the Aloha Tower Fund should be continuously transferred to the DOT until the ATDC's financial obligation is satisfied.

*Section 4: Transfer of the ATDC zoning and planning functions to the HCDA by expanding the boundaries of the Kakaako Community Development District (KCDD) to include those lands currently administered by the ATDC.* Given the similarities between the ATDC and the HCDA and its current capacity to both plan and administer zoning rules in the KCDD, the DBEDT supports the transfer of these functions to the HCDA. This transfer would not require any appropriation and would represent an efficient use of existing HCDA capacities. The DBEDT defers to the DOT as it relates to setting the exact boundaries of the expanded KCDD.

*Section 5 and 6: Establishing a Harbor Modernization Group, Commercial Harbors Modernization Plan under the DOT* – The DBEDT understands the critical importance for the State of Hawaii to maintain and enhance the capacities and operations of the statewide commercial harbors system. The work of the harbor modernization group should proceed without a break in its operations under the auspices of the DOT.

*Section 7: Makes an appropriation to the DOT from the Aloha Tower Fund.* In as much as the DOT will be taking on additional responsibilities for managing the ATM complex, the DBEDT supports the appropriation to the DOT from the Aloha Tower Fund to offset expected operational costs.

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



HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY



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STATEMENT OF

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

BEFORE THE

SENATE COMMITTEE ON WATER, LAND, AND HOUSING

Tuesday, February 15, 2011

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**Position:** The HCDA takes no position relating to the repeal of the ATDC and provides the following comments regarding the proposed transfer of functions and duties.

*Section 1: Repeal of 206J, HRS and the abolition of the ATDC.* The HCDA takes no position.

*Section 2 and 3: Transfers ATDC's assets, rights and personal property to the DOT.* The HCDA takes no position on the merits of transferring the assets to the DOT. The HCDA understands that the DOT holds title to the Aloha Tower Project Area lands and the ATDC has an outstanding financial obligation to the DOT for their lease of such lands. Accordingly, rents from the lands and the balance of the Aloha Tower Fund should be used to pay off the ATDC's financial obligation to the DOT.

*Section 4: Transfer of the zoning and planning functions, duties and boundaries of the ATDC to the HCDA* – The mandate and authority of the HCDA is nearly identical to that of the ATDC. The boundaries of the Kakaako Community Development District is also directly adjacent to that of the ATDC. In addition, the HCDA has staff planning, regulatory and asset management capacities that the ATDC does not have. Given the similarity in its general powers, authority and increased capacities, the HCDA is ideally positioned to take on the zoning and planning functions currently charged to the ATDC. If this transfer is effected the HCDA will make every effort to discharge those duties and responsibilities efficiently. We will also work closely with the DOT to plan and realize the renaissance of this important state facility.

*Section 5 and 6: Establishing a Harbor Modernization Group, Commercial Harbors Modernization Plan under the DOT* – The HCDA takes no position on the specifics of this section, but offers its understanding of the critical importance for the State of Hawaii to maintain and enhance the capacities and operations of the statewide commercial harbors system. It is critically important that the work of the harbor modernization group proceeds without a break in its operations under the auspices of the DOT.

*Section 7: Makes an appropriation to the DOT from the Aloha Tower Fund.* The HCDA takes no position.

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