

DAVID Y. IGE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
FINANCE**

**Wednesday, March 1, 2017
11:00 A.M.
State Capitol, Conference Room 308**

**In consideration of
HOUSE BILL 1310, HOUSE DRAFT 1
RELATING TO THE WAIAKEA PENINSULA REDEVELOPMENT DISTRICT**

House Bill 1310, House Draft 1 proposes to establish the Waiakea Peninsula Redevelopment District (WPRD) in East Hawaii, and create a planning committee and revolving fund for the district. **The Department of Land and Natural Resources (Department) offers the following comments on this bill.**

Under Chapter 171, Hawaii Revised Statutes (HRS), the Board of Land and Natural Resources (Board) is authorized to issue leases up to a maximum term of 65 years. Section 171-32, HRS, provides that it is the policy of the State to issue leases by public auction. At the end of their lease terms, lessees have little incentive to invest in improvements to their leasehold properties because the leases cannot be extended further. Rather, new leases of the lands must be issued pursuant to the public auction process. As a result, the properties frequently fall into disrepair.

In 2015, the Legislative Reference Bureau (LRB) issued Report No. 2, Commercial Leasing of Public Lands: State Policies Regarding Leases Near End of Term. LRB found other states in the nation that had maximum lease terms and reviewed how those states' leasing practices dealt with end of the term leases. LRB concluded its report in stating:

While some states have policies that generally address the maintenance and improvement of leased public lands, these policies appear to arise when a lease agreement is initially drafted and entered into, or within the context of negotiations for a lease renewal, rather than during the last few years of an existing lease. In comparison, commercial leases of public lands in Hawaii include a general covenant that requires lessees to maintain the property. The

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Bureau offers no conclusions regarding which, if any, of the policies employed by the other states represents practices that should be incorporated into the commercial leasing of public lands in Hawaii.

The proposed WPRD encompasses the Waiakea Peninsula in Hilo. Although a number of State leasehold properties in this area are in poor condition, the Department points out that the Hilo Hawaiian Hotel, the Hilo Bay Café (former Nihon Restaurant site), and the Grand Naniloa Hotel are State leasehold properties that are in good condition, with Naniloa currently undergoing an extensive renovation. The long-term leases for Uncle Billy's Hilo Bay Hotel (now the Pagoda Bay Hotel), Country Club Condominium (which is now a residential apartment building – not a condominium), and Reeds Bay all expired in 2016 and have been converted to month-to-month revocable permits. No new leases for these sites have issued yet because the Department has been working the County of Hawaii Banyan Drive Hawaii Redevelopment Agency (BDHRA), and prior to that the Banyan Drive Task Force, to develop a long term plan for the area. Once a long-term plan for Banyan Drive is settled on, the Department can issue new long-term resort leases for these properties, if that is what BDHRA ultimately supports.¹

In the past, the Department has generally opposed legislative bills that proposed to allow existing lessees to acquire new lease terms on leases that are scheduled to expire soon, following instead general public policy to promote fairness in competition in access to public property. One reason for the Department's position was the statutory policy mentioned above favoring issuance of leases by public auction. Another reason was to preserve the State's legal right to the remaining value of the improvements after the lease term; when leases expire, the lessees' improvements on the land revert to State ownership pursuant to the express terms of the lease, unless the State directs the lessee to remove the improvements. Assuming the improvements have some remaining useful life, the State is then in a position to auction leases of improved properties at potentially greater rents than the State would receive for a ground lease alone, which amounts can in turn be applied to public purposes.

The Department notes that there are a number of bills before the Legislature this session that would allow for the extension of existing leases. If one of these measures becomes law, the Legislature will have established a new policy for the Department to follow in the leasing of its public lands. Additionally, the Department recognizes that a prior legislative act providing for extensions of resort leases did have a beneficial effect on one State lease on Banyan Drive. The lessee of Hilo Hawaiian Hotel property took advantage of Act 219 Session Laws of Hawaii 2011 to extend its lease from 2031 to 2068, making substantial improvements to the property pursuant to a development agreement negotiated between the State and the lessee.

¹ The Department procured a consultant to conduct a number of studies to facilitate planning for Banyan Drive including a market study on tourism to determine if the area could support a new hotel, and studies on sea level rise, the viability of master leasing multiple parcels in the area, and the remaining useful life of existing structures on expiring lease premises. Another consultant, Erskine Architects, conducted a much more detailed architectural and engineering study on whether existing improvements on the expired lease premises should be demolished or rehabilitated.

The Department thus acknowledges different public policy benefits from different approaches. Based on this, the Department now takes a neutral stance on legislative proposals to extend existing leases.

The Department respectfully suggests that extensions of existing leases in exchange for lessees making substantial improvements may be the better way to deal with end of lease issues and redevelopment on Waiakea Peninsula.

In addition, the Department identifies the following issues with respect to this measure:

The Department is unclear as to the effect of this bill on existing ongoing state and county collaboration on redevelopment for Waiakea Peninsula

As explained above, the Department has been working with the BDHRA regarding plans for the Banyan Drive area. Additionally, as mentioned above, the Department procured consultants for Banyan Drive to analyze market trends, and explore options for redevelopment and rehabilitation of specific parcels or areas. After the 2013 legislative session, former Governor Abercrombie approved the formation of a Banyan Drive Task Force that met a number of times to discuss many of the issues covered by the bill. The task force members included representatives from local businesses, the former executive director of the Big Island Visitors Bureau, the executive director of the 'Imiloa Astronomy Center of Hawaii, and representatives from the Hawaii County Mayor's Office and State legislators also attended the meetings. This informal task force worked well and at limited expense to the State.

The bill creates a new layer of redevelopment process in addition to the task force and the BDHRA: the WPRD and a planning committee to serve as a policy-making board for the district. In addition to an administrator, the planning committee would likely require a secretary and perhaps more staff for proper administration, as well as office equipment, supplies, and travel expenses for the committee members. There will be added expense for the committee to comply with HRS Chapter 92's sunshine law requirements. Further, the committee's actions may be subject to contested case hearings and appeals. The bill provides no direct appropriation to carry out the purposes of the measure. A conservative budget for such a planning committee, including payroll, fringe benefits, hearing officer fees, and other costs and expenses, would be \$500,000 annually.

The Department relies on the revenues from leases of public lands to fulfill its fiduciary duties

House Bill 1310 proposes that 50% of the revenues from the WPRD are to be deposited into a redevelopment district revolving fund, and that moneys in the fund shall be used solely for the WPRD. The Department and Board are responsible for managing approximately 1.3 million acres of public lands comprised of sensitive natural, cultural and recreational resources. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boat harbors, parks, and recreational facilities; performing public safety duties (e.g., flood and rockfall prevention); issuing and managing leases of public lands (agriculture, pasture, commercial,

industrial, and resort leases); maintaining unencumbered public lands; and enforcing the Department's rules/regulations.

To properly perform these fiduciary duties, the Board determined that the Department should utilize a portion of the lands it manages to generate revenues to support the Department's operations and management of public lands/programs. Annual lease revenues currently support the Special Land and Development Fund (SLDF), with revenues coming primarily from leases for commercial, industrial, resort, geothermal and other renewable energy projects.

The SLDF is a critical and increasingly important funding source for various divisions within the Department to deal with emergency response to natural catastrophes such as fire, rockfall, flood or earthquake and hazard investigation and mitigation. The SLDF also is critical for staff support of various programs and funding conservation projects on all state lands. It has also become an important source of state match for federally funded endangered species and invasive species initiatives that otherwise would not go forward.

The authority to construct, improve, renovate and revitalize areas within the counties is already authorized under Sections 46-80.5 and Chapter 53, HRS

The bill seeks to redevelop the WPRD. However, the bill is unnecessary because there are already existing laws and ordinances that provide the process and financing to effect redevelopment, as evidenced by the County of Hawaii's creation of BDHRA under Chapter 53, HRS.

Section 46-80.5, HRS, authorizes the various counties to enact ordinances to create special improvement districts for the purpose of providing and financing such improvements, services, and facilities within the special improvement district as the applicable county council determines necessary or desirable to restore or promote business activity in the special improvement district. This is the same purpose sought by House Bill 1310.

Under the authority of Section 46-80.5, HRS, the County of Hawaii, as an example, enacted Chapter 12 of the Hawaii County Code, which authorizes the County of Hawaii to create improvement districts to construct new, or improve existing infrastructure and facilities, including roadways and utility infrastructure and improvements. It should also be noted that the responsibilities for maintaining such improvements within the proposed redevelopment districts are already vested with the County of Hawaii. Most, if not all, of the public roadways and utility infrastructure within any potentially designated district boundaries have been dedicated to the County.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1310, H.D. 1

March 1, 2017
11:00 a.m.
Room 308

RELATING TO THE WAIAKEA PENINSULA REDEVELOPMENT DISTRICT

House Bill (H.B.) No. 1310, H.D. 1, establishes the Waiakea Peninsula Redevelopment District on the island of Hawaii and the Waiakea Peninsula Redevelopment District Planning Committee to help carry out the revitalization effort. The bill creates the Waiakea Peninsula Redevelopment District Revolving Fund that would generate revenues through: 50% of the income, revenues, and receipts from the public lands in the redevelopment district; legislative appropriations; and grants, gifts, and other funds accepted by the planning committee. The measure will be repealed on June 30, 2027.

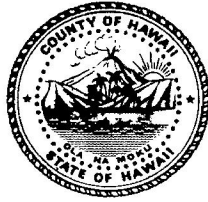
The Department of Budget and Finance, as a matter of general policy, does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4 of the HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide

an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to H.B. No. 1310, H.D. 1, it is difficult to determine if there is a clear nexus between the benefits sought and the users and whether the proposed source of revenues will be self-sustaining. It appears that H.B. No. 1310, H.D. 1, is relying on the redevelopment district framework proposed in H.B. No. 1469 to provide clarity on how the revolving funds will be used and the appointment and powers of the planning committee.

The department also has a concern on the general fund revenue impact of the bill since half of the revenue, income, and receipts from public lands in the Waiakea Peninsula will be diverted away from the Special Land and Development Fund. Pursuant to Section 171-19, HRS, excess moneys in the Special Land and Development Fund lapse to the credit of the State general fund.

Thank you for your consideration of our comments.

From the office of -
Council Member
District 3



Office: (808) 961-8396
Fax: (808) 961-8912
Email: sue.leeloy@hawaiiicounty.gov

SUSAN L.K. LEE LOY

25 Aupuni Street, Hilo, Hawai'i 96720

The Honorable Sylvia Luke, Chair
And members of the Committee on Finance

February 27, 2017

Dear Representative Luke and Committee members,

Thank you for the opportunity to provide testimony in strong support of **HB 1469 HD1**, **HB 575 HD1**, and **HB 1310 HD1**.

Last week Wednesday, the Hawai'i County Council voted to approve Resolution No. 76, which took a position in general support of a package of bills, including those mentioned above, which would revitalize Hilo, the economic hub of East Hawai'i. Although it was sent to you, in the event that you have not seen it I would like to emphasize that the resolution called these bills "of the highest importance to the people of East Hawai'i, and to the economic growth of our Island."

This session, your committee is examining a number of bills that would have a direct impact on the district that I represent. My colleagues on the County Council do not take a position on which bill is superior. We defer to your considered judgment and experience to advance bills that complement each other to guide the vision of our beloved town for the next few decades.

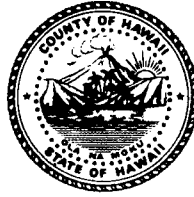
Generally speaking, these three bills before you today have been introduced to improve the State's management over commercial, industrial, and resort lands, with the ultimate goal of supporting reinvestment in private businesses and unleashing economic growth for some areas that are in real need of revitalization.

In that spirit, I respectfully ask for your approval of the above-mentioned bills.

Aloha piha,

A handwritten signature in black ink, appearing to read "Sue Lee Loy".

Sue Lee Loy
Council Member, District 3



RESOLUTION NO. 76 17

A RESOLUTION URGING THE HAWAI‘I STATE LEGISLATURE TO PASS LEGISLATION TO REVITALIZE THE CITY OF HILO AND EAST HAWAI‘I.

WHEREAS, there are eight bills currently being discussed in the Hawai‘i State Legislature that will provide much needed stimulus and revitalization to Hilo and East Hawai‘i; and

WHEREAS, Senate Bill 274 and its companion House Bill 575 authorizes the Board of Land and Natural Resources to extend commercial, hotel, resort, and industrial leases when the lessees make qualifying substantial improvement to the leased land; and

WHEREAS, Senate Bill 1184 and its companion House Bill 1310 establishes the Waiākea Peninsula Redevelopment District, Planning Committee, and Revolving Fund; and

WHEREAS, Senate Bill 1185 and its companion House Bill 1469 establishes procedures for designating public land redevelopment districts, planning committees, district redevelopment plans, and designated redevelopment district revolving funds, establishes powers and duties of planning committees, modifies public land lease restrictions and appropriates funds; and

WHEREAS, Senate Bill 1292 and its companion House Bill 1479 establishes the Hilo Community Economic District located in East Hawai‘i and places it under the jurisdiction of the Hawai‘i Community Development Authority, establishes the Hilo Community Economic Revolving Fund and sets its funding requirements; and

WHEREAS, under current laws and procedures, there has been little incentive for the lessees of State-owned properties to make major investments in improvements to the infrastructure and facilities on these public lands, resulting in the deterioration and stagnation of business; and

WHEREAS, State-owned properties in East Hawai‘i, and in Hilo in particular, present an opportunity for the revitalization and redevelopment of the area’s economy; and

WHEREAS, the Hawai‘i County Council strongly supports all bills introduced in the current session of the Legislature and supports any legislation that will bring much needed revitalization and stimulus to the Banyan Drive and Kanoelehua Industrial Area; and

WHEREAS, the Hawai‘i County Council is in support of allowing Hawai‘i County to provide input and be involved in discussions regarding planning for the future of State-owned properties in Hilo and East Hawai‘i to facilitate the revitalization and stimulation of our economy; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE COUNTY OF HAWAI'I that the Hawai'i State Legislature is urged to pass legislation to revitalize the City of Hilo and East Hawai'i.

BE IT FURTHER RESOLVED that these bills are of the highest importance to the people of East Hawai'i, and to the economic growth of our Island.


BE IT FINALLY RESOLVED that the County Clerk shall transmit a copy of this resolution to the Honorable Governor David Y. Ige; all Hawai'i State Senators and Representatives; Suzanne D. Case, Chairperson, Department of Land and Natural Resources; Luis P. Salaveria, Director of the Department of Business, Economic Development and Tourism; Jobie M. K. Masagatani, Director of Department of Hawaiian Home Lands; Ford Fuchigami, Director, Department of Transportation; Jesse K. Souki, Executive Director, Hawai'i Community Development Authority; the Honorable Mayor Harry Kim; Michael Yee, Director, Hawai'i County Planning Department; Brian De Lima, Chair, Banyan Drive Hawai'i Redevelopment Agency; Albert Alapaki Nahale-a, Director, Kamehameha Schools-Hawai'i Island; Jacqui Hoover, Executive Director, Hawai'i Island Economic Development Board; David De Luz Jr., President, Kanoelehua Industrial Area Association; Mike Kaleikini, President, Hawai'i Island Chamber of Commerce; and Russell M. Arikawa, President, Japanese Chamber of Commerce and Industry of Hawai'i.

Dated at Kona , Hawai'i, this 22nd day of February , 2017 .

INTRODUCED BY:



 COUNCIL MEMBER, COUNTY OF HAWAI'I



 COUNCIL MEMBER, COUNTY OF HAWAI'I

COUNTY COUNCIL
 County of Hawai'i
 Hilo, Hawai'i

I hereby certify that the foregoing RESOLUTION was by the vote indicated to the right hereof adopted by the COUNCIL of the County of Hawai'i on February 22, 2017 .

ATTEST:



COUNTY CLERK



CHAIRPERSON & PRESIDING OFFICER

ROLL CALL VOTE

	AYES	NOES	ABS	EX
CHUNG	X			
DAVID			X	
EOFF	X			
KANUHA	X			
LEE LOY	X			
O'HARA	X			
POINDEXTER	X			
RICHARDS	X			
RUGGLES		X		
	7	1	1	0

Reference: C-105/Waived GREDC

RESOLUTION NO. 76 17



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Ninth Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

March 1, 2017

H.B. 1310, H.D. 1 – RELATING TO
THE WAIAKEA PENINSULA
REDEVELOPMENT DISTRICT

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 1310, H.D. 1 which establishes the Waiakea Peninsula Redevelopment District, Planning Committee, and Revolving Fund.

Since the State is the largest landowner in East Hawaii, it by default has a significantly influential role in the development and economic success of the East Hawaii community. In particular, the Waiakea peninsula contains approximately eighty-five percent of the overnight visitor accommodations in east Hawaii. As the law stands, there is no incentive for current lessees to invest in infrastructural improvements, since the future of their leases remain unknown. The concepts provided in H.B. 1310, H.D. 1 are positive steps in the right direction to revitalize the deteriorating peninsula, increase workforce development opportunities for residents, and ensure a strong East Hawaii economy.

Thank you for the opportunity to testify in strong support of passing H.B. 1310, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director

The Twenty-Ninth Legislature
Regular Session of 2017

THE HOUSE OF REPRESENTATIVES

Committee on Finance

Representative Sylvia Luke, Chair

Representative Ty J.K. Cullen, Vice Chair

State Capitol, Conference Room 308

Wednesday, March 1, 2017; 11:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1310 HD 1
RELATING TO THE WAIAKEA PENINSULA REDEVELOPMENT DISTRICT**

The ILWU Local 142 supports H.B. 1310 H.D. 1, which establishes the Waiakea Peninsula Redevelopment District, planning committee and revolving fund. H.B. 1310 HD 1 creates a strategic planning committee to develop an overall plan that would leverage the potential for tourism and other related industries to thrive in the redevelopment district. The planning committee would also develop strategies for creating economic incentives for major investments and improvements to infrastructure in the district.

H.B. 1310 HD 1 creates a Waiakea Peninsula Redevelopment Special Fund which provides a tool to marshal any financial resources that may be available, to implement the plan and strategies generated by the planning committee. With approximately eighty five per cent of the visitor accommodations from east Hawaii County being located in the District, and the State being the predominant land owner, these factors should assist the planning committee in carrying out its mission.

This bill creates a mechanism for bringing together people, resources, and good ideas to help revitalize the Waiakea Peninsula Redevelopment District, and recognizes the potential for increased growth. These kinds of efforts will further the social, environmental, and economic well-being of the residents of Hawaii Island.

The ILWU urges passage of H.B. 1310 HD 1. Thank you for the opportunity to share our views on this matter.



HB1310 HD1

House Committee, FIN
Chair Sylvia Luke
Vice Chair Ty J.K. Cullen

Aloha Chair Luke

I am Garth Yamanaka, Committee chair for Government affairs for the Kanoelehua Industrial Area Association (KIAA). Established in 1968, KIAA is an active business association that is comprised of both small and large businesses and organizations within specific Hilo and Keaau boundaries. One of our goals is to advance the commercial and community interests of our member firms. Presently, we represent approximately 350 business members employing approximately 4,500 workers.

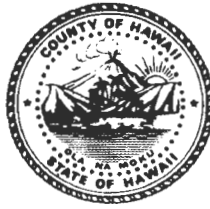
KIAA supports the purpose of this measure which is to establish the Waiakea peninsula redevelopment district, planning committee and revolving fund. The current framework for management of the Waiakea peninsula has been sub-par to market expectations which is having a harmful effect on the economy of East Hawaii. The passing of HB 1310 HD1 will help to push policy in the right direction as local expertise has an opportunity to be a part of a redevelopment district that will allow public lands to be managed property which in turn will help the sites on the Waiakea peninsula to be revitalized and relevant in today's market.

We urge you to pass HB 1310 HD1 and Mahalo for this opportunity to provide testimony.

Mahalo,

Garth Yamanaka
Committee Chair for Government Affairs
KIAA

Harry Kim
Mayor



Brian DeLima, Chair
Mary Begier, Vice Chair
Elmer Gorospe
Barry Taniguchi
Sig Zane

County of Hawai'i

BANYAN DRIVE HAWAII REDEVELOPMENT AGENCY

Aupuni Center • 101 Pauahi Street, Suite 3 • Hilo, Hawai'i 96720
Phone (808) 961-8288 • Fax (808) 961-8742

February 23, 2017

Dear Committee Chairs:

Subject: HB 575, SB 274, HB 1310, SB 1184, HB 1469, SB 1185, HB 1479, & SB 1292

The Banyan Drive Hawai'i Redevelopment Agency (BDHRA) offers their general support of all legislation aimed at economic revitalization of State-owned properties within the Banyan Drive redevelopment area, including legislation that attempts to resolve issues surrounding State leases that are approaching conclusion.

The BDHRA was established in 2016 to encourage the redevelopment of neglected properties within and along the Waiākea peninsula in East Hawai'i. The County of Hawai'i, in agreement with the Chair of the Board of Land and Natural Resources, identified the implementation of Hawai'i Revised Statutes, Chapter 53, relating to Urban Renewal Law, as the appropriate vehicle to encourage this redevelopment. Beginning in May of 2016, the BDHRA held monthly meetings to solicit input into a conceptual land use master plan for redevelopment of the peninsula in a manner that was in line with the community's values. In October of 2016, the BDHRA adopted a conceptual land use master plan with which to move forward on the required studies and vetting as required by State law. The concept that was adopted includes considerations for commercial, visitor, community, cultural, and open space development.

The BDHRA is appreciative of the much needed attention these properties are receiving at the Legislature this session, and supports efforts to improve the conditions of these properties in a manner that is consistent with the values, resources, and cultures of our county. The BDHRA welcomes further discussion on ways to keep the values and character of our county at the forefront of any bill(s) that move forward.

Sincerely,



Brian DeLima, Chair
Banyan Drive Hawai'i Redevelopment Agency

LM:klt

Testimony of
Christopher Delaunay
Pacific Resource Partnership

HOUSE OF REPRESENTATIVES
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

NOTICE OF HEARING

DATE: Wednesday, March 1, 2017
TIME: 11:00 am
PLACE: Conference Room 308

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

PRP supports HB 1310, HD1, Relating to the Waiakea Peninsula Redevelopment District, which establishes the Waiakea Peninsula Redevelopment District, Planning Committee, and Revolving Fund.

The revitalization and redevelopment of the Waiakea Peninsula in Hilo is an important component to the overall economic well-being of East Hawaii . However, the economic potential of the area cannot be fully realized without much-needed improvements to its aging infrastructure and facilities. HB 1310, HD1 will give Hilo the tools it needs to improve the infrastructure at the Waiakea Peninsula, which will stimulate the economy of East Hawaii by attracting new hotels, business opportunities, and patrons to the area.

Thank you for allowing us to testify on HB 1310, HD1 and we respectfully request your support in moving this bill forward.

About PRP

Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.



February 28, 2017

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

Testimony in Support of HB1310 HD1

Aloha Chair Luke,

Hawaii Planing Mill, Ltd. dba HPM Building Supply will be celebrating its 96th anniversary on August 8, 2017. We have over 320 employees and operate 8 facilities across Hawaii Island, Oahu and Kauai. Today we are a 100% employee-owned company and proud that all our success is returned to the communities we serve. Our roots are in Hilo, where HPM was founded in 1921. Since 1961, we have been a lessee of the State of Hawaii and were a recipient of one of the original “tidal wave” leases.

We respectfully ask for your support of HB1310 HD1. The opportunity to establish the Waiakea Peninsula Redevelopment District, Planning Committee, and Revolving Fund is much needed for our town’s economic revitalization. We also appreciate that HB1310 HD1 operates on the foundation of HB1469, which establishes the procedures for designating planning committees, district redevelopment plans, and redevelopment district revolving fund appropriations. With these two bills in combination, Hilo has a real chance of finally taking the appropriate action and making the necessary investments to transform the Waiakea Penninsula into an area we can be proud of for our families and all that come to visit our town of Hilo. This also establishes an economic foundation and engine for future generations of our Hilo community to thrive.

Thank you for your support of this bill.

Mahalo,



Robert M. Fujimoto, Chairman of the Board Emeritus



Michael K. Fujimoto, Chairman and Chief Executive Officer



Jason R. Fujimoto, President & Chief Operating Officer

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 11:40 AM
To: FINTestimony
Cc: rhkwine@gmail.com
Subject: *Submitted testimony for HB1310 on Mar 1, 2017 11:00AM*

HB1310

Submitted on: 2/28/2017

Testimony for FIN on Mar 1, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Ryan Kadota	Kadota Liquor	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 10:14 AM
To: FINTestimony
Cc: steve.ueda@suisan.com
Subject: Submitted testimony for HB1310 on Mar 1, 2017 11:00AM

HB1310

Submitted on: 2/28/2017

Testimony for FIN on Mar 1, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Steve Ueda	Individual	Support	No

Comments: I support this bill. I believe that the creation of the Redevelopment District will lead to better planning and much needed investment in Hilo.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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LATE

KAMEHAMEHA SCHOOLS®

House Committee on Finance

Time: 11:00 a.m.

Date: March 1, 2017

Where: Conference Room 308

TESTIMONY

By Kau'i Burgess
Kamehameha Schools

To: Chair Luke, Vice Chair Cullen and Members of the Committee

RE: **HB 1310 RELATING TO THE WAIĀKEA PENINSULA REDEVELOPMENT DISTRICT**

Aloha! My name is Kau'i Burgess and I am testifying in support of HB 1310, relating to the Waiākea Peninsula redevelopment district, on behalf of Kamehameha Schools.

This bill would expand the scope and formality of the existing Banyan Drive Redevelopment Agency and is intended as the first step toward creating a broader Hilo Community Economic District. The area business community favors the expansion of hotel and resort projects with amenities because these properties are nearly or fully occupied.

We, along with many, view the establishment of a Hilo Community Economic District as the preeminent way to preserve economic opportunity for future generations. We believe that the establishment of a revolving fund will help ensure that public improvements in the Waiākea Peninsula are up-to-date and attract more investment into the East Hawaii economy by way of additional commercial tenants and aesthetically improved infrastructure. We are assured of a strong community voice in the planning in this district. In short, we support the efforts described in this measure.

Founded in 1887, Kamehameha Schools is an organization striving to advance a thriving Lāhui where all Native Hawaiians are successful, grounded in traditional values, and leading in the local and global communities. We believe that community success is individual success, Hawaiian culture-based education leads to academic success and local leadership drives global leadership.

‘A‘ohe hana nui ke alu ‘ia. No task is too large when we all work together! Mahalo nui.



From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 3:39 PM
To: FINTestimony
Cc: bbalsisjr@yahoo.com
Subject: Submitted testimony for HB1310 on Mar 1, 2017 11:00AM

HB1310

Submitted on: 2/28/2017

Testimony for FIN on Mar 1, 2017 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Bernard A Balsis Jr Jr	Individual	Support	No

Comments: I support this Bill to promote the economic development in Hilo. The bill will help businesses be the conduit for good economic development and business growth in East Hawaii. positive ramifications will be felt across the state.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 28, 2017 5:18 PM
To: FINTestimony
Cc: doug@shipmanlawhilo.com
Subject: *Submitted testimony for HB1310 on Mar 1, 2017 11:00AM*

HB1310

Submitted on: 2/28/2017

Testimony for FIN on Mar 1, 2017 11:00AM in Conference Room 308

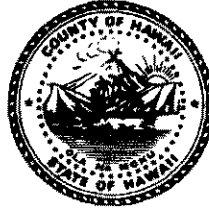
Submitted By	Organization	Testifier Position	Present at Hearing
Douglass Adams	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Harry Kim
Mayor



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i
Office of the Mayor

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LATE

February 28, 2017

Representative Sylvia Luke
Finance Committee
Hawai'i State Capitol
Honolulu, HI 96813

Dear Chair Luke and members:

RE: **HB 1310, HD1**
Relating to the Waiakea Peninsula Redevelopment District

Thank you for this opportunity to testify in support of the intent and purpose of HB 1310, HD1.

HB 1310, HD1 and HB 1479, HD2 both deal with the redevelopment of a portion of Hilo, although the scope of HB 1479 may be broader and the language more detailed. In testifying on HB 1479, I pointed out that the County of Hawaii has been partnering with the community in planning the future of publically-owned commercial properties in Hilo, through the Banyan Drive Hawai'i Redevelopment Agency (BDHRA). While we appreciated the initiatives put forth in HB 1479 and comparable bills, we had not wanted to abandon our current partners, and therefore had been hoping to get input from BDHRA before taking a final position on the proposed legislation.

Since your hearing on HB 1479, BDHRA has expressed its support for a redevelopment district, so we, too, are on board.

We wish to offer the following comments for your consideration:

1. Should this bill be enacted into law, the Hilo Community Economic District (HCED) will be the only redevelopment district outside of the City and County of Honolulu. For this reason, we ask that consideration be given to providing that the District have a voting majority of members from the Hilo community. Any cultural specialist, in particular, should definitely be a cultural practitioner from the Hilo community.

2. Financial support from State general revenues should include opportunities for staffing and facility support, through reimbursements, as may be provided by the County of Hawai'i and the BDHRA in support of the Banyan Drive redevelopment project.

3. We cannot afford to jeopardize or divert the real property tax revenue that comes from the affected parcels and currently goes into the County general fund. (We estimate that for the properties in HB 1479, tax revenue exceeds \$3M. We do not have a separate estimate for just the Waiakea Peninsula, but it, too, would be substantial).

HB 1310, HD1 says that


SECTION 5. There is established the Waiakea peninsula redevelopment district revolving fund, into which shall be deposited:

(1) Fifty per cent of the revenues, income, and receipts from the public lands in the Waiakea peninsula redevelopment district;

We do not think that provision is intended to include real property taxes, but would need language that makes it crystal clear that real property taxes are not part of "revenues, income, and receipts..."

We appreciate the attention that the Legislature has placed on the disposition of State lands within and proximate to the Banyan Drive Peninsula and the Kanoiehua Industrial Area, where opportunities exist to optimize the use of these lands for the benefit of the entire community. Our ongoing efforts with the BDHRA reflect that such benefits are not simply economic, but social and cultural as well. It is with this comprehensive approach that we support the intent and purpose of HB 1310, HD1 and other bills introduced during this legislative session that seek to explore opportunities regarding the use and management of State-owned lands within the core economic section of Hilo.

Respectfully submitted,



Harry Kim
Mayor



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST
650 Iwilei Road, Suite 285 · Honolulu, HI 96817 · Phone: 808-845-3238 · Fax: 808-845-8300

LATE

**TESTIMONY OF HAWAII LECET
CLYDE T. HAYASHI – DIRECTOR**

HOUSE COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

NOTICE OF HEARING

DATE: Wednesday, March 1, 2017
TIME: 1100 a.m.
PLACE: State Capitol, Room 308

TESTIMONY ON HOUSE BILL NO. 1310 HD1, RELATING TO THE WAIAKEA PENINSULA

ALOHA COMMITTEE CHAIR SYLVIA LUKE, COMMITTEE VICE CHAIR TY J.K. CULLEN, AND COMMITTEE MEMBERS:

My name is Clyde T. Hayashi, and I am the Director of Hawaii LECET. Hawaii LECET is a labor-management partnership between the Hawaii Laborers Union, Local 368, and its unionized contractors.

Mahalo for the opportunity to testify in **STRONG SUPPORT** of House Bill No. 1310 HD1, especially on behalf of over 300 members and their families and our many contractors who call the Big Island home. This bill will establish the Waiakea Peninsula Redevelopment District, Planning Committee, and Revolving Fund.

The Waiakea Peninsula area contains 85 percent of the overnight visitor accommodations in East Hawaii and the State owns a large part of the area. With proper management and support, that area could become an economic driver for East Hawaii, with hotel and resort, commercial and public activities all existing together.

HB 1310, together with HB 1469, will provide the Waiakea Peninsula and the surrounding area an opportunity to finally realize economic revitalization and growth which will greatly benefit the East Hawaii community.

For these reasons, Hawaii LECET **STRONGLY SUPPORTS HB 1469 HD1.**