

OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR

**TESTIMONY OF
THE OFFICE OF THE LIEUTENANT GOVERNOR
TO THE
HOUSE COMMITTEE ON
FINANCE**

SENATE BILL NO. 994 SD1 HD1
Relating to the Stadium Authority

March 30, 2017

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

The Office of the Lieutenant Governor **supports** SB 994 SD1 HD1, which expands the power and duties of the Stadium Authority to develop the stadium property and establish a stadium complex area.

With the current stadium reaching the end of its useful life cycle, recommendation by the state's hired consultants are that the State seek opportunities to build a new smaller facility that will better align with our community needs. Cost estimates for a new stadium facility have been estimated at \$250 to \$300 million. With this cost estimate in mind, stakeholders and advisers are endorsing that the possible ancillary development to the stadium property be used to offset the cost of building a new facility and provide for a revenue source for ongoing repair and maintenance.

The Office of the Lieutenant Governor respectfully ask that you pass the measure out of committee. Thank you for the opportunity to submit testimony.

DAVID Y. IGE
GOVERNOR

RODERICK K. BECKER
COMPTROLLER



An Agency of the State of Hawaii

ROSS I. YAMASAKI
CHAIRMAN, STADIUM AUTHORITY

SCOTT L. CHAN
MANAGER

RYAN G. ANDREWS
DEPUTY MANAGER

TESTIMONY
OF
ROSS YAMASAKI, CHAIRMAN
STADIUM AUTHORITY ON S.B. 994, SD1, HD1
TO THE
HOUSE COMMITTEE
ON
FINANCE

March 30, 2017

RELATING TO STADIUM AUTHORITY

Chair Luke, Vice Chair Cullen, and members of the Committee, thank you for the opportunity to submit testimony on S.B. 994, SD1, HD1.

The Stadium Authority supports the Governor's administrative proposal to expand the powers and duties of the Stadium Authority (Authority) to enable the Authority to effectively develop the stadium property in an expeditious and efficient manner.

Senate Bill 994, SD1, HD1 provides the Authority with the ability to retain private attorneys. The contracting and negotiation process for land development is a specialized area of law that requires subject matter expertise and the ability to respond to issues in an expedient manner. The Department of the Attorney General does not have the staffing resources available and/or may not have the specific skillset necessary to efficiently address the demands of a multi-million dollar redevelopment with the heavy workload the deputies already have. The ability to hire private attorneys would ensure that the program has the specific resources and tools required to operate more effectively and efficiently.

In addition, under §109-2 Stadium authority; powers and duties, Senate Bill 994, SD1, HD1 provides in Subsection (16) To contract for and accept gifts or grants in any form from any public agency or from any other source.

The Authority understands subsection 16 is provided to allow the Authority to accept gifts from other governmental agencies and private entities on behalf of the state. Some examples of gifts private entities make to the state include dedication of roads and parks, and contributions

towards affordable housing. These contributions will help to facilitate certain development or other requirements.

BACKGROUND / MOVING FORWARD

The Aloha Stadium is situated on approximately 99 acres of land which was originally limited to recreational purposes through federal and city deed restrictions. The Authority is in its final phase of completing the removal and/or transfer of its longstanding deed restrictions. Recordation of release and transfer of restrictions have been completed and parties directly involved/impacted by this action, including the Department of the Interior-National Parks Service as well as the City and County of Honolulu, have been notified. The deed restrictions have been a significant impediment to improving the stadium property and maximizing return on this valuable asset. Removal of the deed restrictions clears the path for the Authority to move forward in working with key stakeholders to develop a master plan for the Aloha Stadium and its surrounding stadium property.

Specifically, the Authority anticipates developing a master plan which would include:

- **Replacement of the aged 41 year old Aloha Stadium facility.** Consultant and engineering reports have shown that the financial cost of repairing the existing Aloha Stadium to an operationally safe level far outweigh the cost of building a new and upgraded stadium facility that would be inclusive of modern amenities, ADA compliant facilities, and improved efficiency in construction and operation.
- Over the past decade, the Authority has also been working diligently with various technical experts (architects, engineers) in an effort to maintain the existing structural integrity and safety of the Aloha Stadium. Structural studies conducted on a scheduled basis have helped the Authority prioritize the most emergent areas requiring repair and maintenance and guide the Authority to direct available funding to these high priority projects. Being cognizant that the Aloha Stadium facility is well into the point of diminishing returns, it became inevitable that a difficult and prudent decision would need to be made to set the course for the future. Concurrent with the ongoing major structural R & M projects, the Authority focused its efforts on lifting of the deed restrictions, planning for a new facility, and evaluating the various opportunities that would avail itself as a result of possessing an unencumbered property.
- Due to the magnitude of this project development, it was imperative that the Authority Board be cognizant of all the opportunities, issues, and options that should be taken into consideration. As such, a consultant was retained to address and guide the process, while apprising the Authority Board who, in turn, would review, evaluate, and determine the appropriate course of action. Collectively, the Authority has prepared a preliminary timeline extending out four (4) years, as well as, refined a

proposed budget to address planning, design, and other essential requirements necessary to begin the facility replacement project. A draft report from the consultant is expected to be presented by the Consultant and reviewed by the Authority Board in its next board meeting. Concurrently, the Authority is also reviewing its options to address major ancillary development of the remaining portion of the stadium property to maximize funding opportunities that will, in turn, maximize revenue opportunities for the stadium, while reducing the project's dependence on traditional sources of funding, including general obligation bonds.

- Recognition that the Aloha Stadium facility and HART rail station are anchor tenants to this overall master plan with ancillary development designed around the anchor tenants.
- Consideration of Transit Oriented Development's renderings based on information gathered through its public participation process.

The Authority has been working closely with the City and County's Transit Oriented Development office to incorporate feedback acquired from the community and other stakeholders.

S.B. 994, SD1, HD1 seeks to provide the Authority with flexibility and authority to move forward with a master plan, as well as address any project requirements in a compliant and effective manner. Of particular importance, S.B. 994, SD1, HD1 provides the Authority with the ability to:

- Readily acquire legal expertise to address complex contract negotiations and related contract matters that will ensure efficiency while minimalizing exposure to risk.
- Provide unique and specific legal expertise in areas that are not within the existing skillset of staff at the Office of the Attorney General.
- Implement development of the ancillary site by providing the authority with the ability to address real, personal, or mixed property issues that may impede or hinder implementation of the ancillary project's development.
- Attract and assemble a team of highly skilled resources with a shared vision and specific knowledge, expertise, and skillset that will effectively take the Stadium's overall master plan to fruition.

The Authority appreciates the opportunity to provide this testimony in support of S.B. 994, SD1, HD1.



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

**TESTIMONY FOR SENATE BILL 994, SENATE DRAFT 1, HOUSE DRAFT 1,
RELATING TO THE STADIUM AUTHORITY**

**House Committee on Finance
Hon. Sylvia Luke, Chair
Hon. Ty J.K. Cullen, Vice Chair**

**Thursday, March 30, 2017, 3:00 PM
State Capitol, Conference Room 308**

Honorable Chair Luke and committee members:

I am Kris Coffield, representing IMU Alliance, a nonpartisan political advocacy organization that currently boasts over 350 members. On behalf of our members, we offer this testimony in support of Senate Bill 994, SD 1, HD 1, relating to the Stadium Authority.

In January, the Aloha Stadium Authority recommended that the state invest in a new, smaller arena on land surrounding the deteriorating 42-year-old Aloha Stadium. The Authority also recommended that the state engaged in additional development of the site to help fund a stadium rebuild, capitalizing on the construction of a rail station on the stadium site.

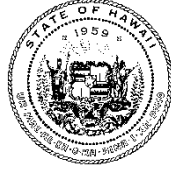
Our current stadium opened in 1975 at a cost of \$37 million, but, according to a Department of Accounting and General Services study, “as of 2016, Aloha Stadium requires approximately \$300 million in critical health and safety repairs to extend the facility’s useful life and that the cost of such repairs, if unaddressed, would grow at a rate of approximately 7 percent per annum.” Even if the state funds repairs at \$25.5 million per year, it would take 25 years to complete all necessary repairs at a total cost of \$637.5 million. Such dilapidation is unsustainable for the state’s largest outdoor arena, which is home to the UH-Mānoa football team, numerous high school athletic competitions, secondary school and collegiate graduation ceremonies, and more. Repairing the stadium at such a high cost, moreover, would be fiscally irresponsible.

To build a facility that attracts world class talent, including concerts and professional athletic events, and rewards resident ticket buyers, we must give the Stadium Authority the power to plan and develop space for a 30,000- to 35,000-seat facility, in accordance with the Authority’s January recommendations. While smaller than our current 50,000-seat stadium, an intimate venue would provide a family-friendly environment that enhances the fan experience, reduces operational and maintenance costs, and employs an efficient and state-of-the-art design.

For the current and former University of Hawai'i students who are members of our group and who crave a stadium that matches the vibrancy of their school spirit, we ask you to begin the redevelopment our neglected Aloha Stadium property this year. Mahalo for the opportunity to testify in support of this bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance

DAVID Y. IGE
GOVERNOR



LATE

RODERICK K. BECKER
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE ON FINANCE
ON
THURSDAY, MARCH 30, 2017
3:00 P.M.
CONFERENCE ROOM 308

S.B. 994, S.D. 1, H.D. 1

RELATING TO THE STADIUM AUTHORITY.

Chair Luke, Vice Chair Cullen, and members of the Committee, thank you for the opportunity to submit written testimony on S.B. 994, S.D. 1, H.D. 1.

The Department of Accounting and General Services (DAGS) supports the intent of the measure. The measure expands the Stadium Authority's duties and powers, which will provide the Authority with more flexibility in the development of the stadium property area.

DAGS supports the measure provided it does not replace the Governor's priorities requested in the Executive Budget.

Thank you for the opportunity to submit written testimony on this matter.



Testimony of

Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

House Committee on Finance

Senate Bill 994 SD1 HD1, Relating to the Stadium Authority

Chair Luke, Vice Chair Cullen, and members of the committee:

Mahalo for the opportunity to testify. On behalf of the more than 700 members of the Hawai'i Lodging & Tourism Association, we support Senate Bill 994 SD1 HD1, which would expand the powers and duties of the Stadium Authority in order to develop the stadium property and establish a stadium complex.

The Aloha Stadium has been our largest sports facility since its opening in 1975. Now approaching its 42nd anniversary, the facility has been the home of University of Hawai'i Rainbow Warriors football, host for the National Football League Pro Bowl and prep football, and the site of major concerts and large gatherings, but has not fully realized its potential as a major sports and entertainment venue.

The Aloha Stadium and its environs soon will be a major stop on O'ahu's rail line. As the former mayor of the City and County of Honolulu, I was and continue to be a staunch advocate of transit-oriented development, or the development of the property at and surrounding the rail stations. Very early in the planning process, we identified the Aloha Stadium area as a prime location for a transit stop and future development, given the expanse of public land and prime location. This proposal presents an excellent opportunity to construct a new multi-purpose stadium, which appears to be more economical than repairing and maintaining the existing facility. As envisioned, this stadium could attract more sports and entertainment events to our islands and benefit not only our residents but diversify our tourism attractions.

We also applaud the bill's emphasis on a public-private partnership for development. In addition, we believe that community involvement and input at every step of the process are essential. The stadium property could be revitalized with a blend of affordable housing, commercial and retail space, recreation, and entertainment that will balance the community's needs with the developer's need for a return on investment. Senate Bill 994 represents a bold, decisive, and very timely step in this direction, and the HLTA urges its approval.

Mahalo



LATE

Testimony of

Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

House Committee on Finance

Senate Bill 994 SD1 HD1, Relating to the Stadium Authority

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