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An Agency of the State of Hawaii

TESTIMONY
OF
SCOTT L. CHAN, MANAGER
ALOHA STADIUM
STADIUM AUTHORITY
TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS

MARCH 2, 2021, 9:30 A.M.
CONFERENCE ROOM 211 / VIDEO CONFERENCE

S.B. 1033, S.D. 1

RELATING TO MAKING AN EMERGENCY APPROPRIATION
TO THE STADIUM AUTHORITY

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee, thank you for the opportunity to submit this testimony strongly supporting SB 1033, S.D.1.

Year 2020 has undoubtedly been the most challenging and financially devastating year in the history of the Aloha Stadium. After coming off a sensational, record-breaking year in 2019 that was filled with multiple headliner concerts and other sports and entertainment events, the State of Hawaii was soon impacted by the COVID-19 virus that rapidly became a worldwide pandemic in March 2020.

Throughout this difficult time, the Stadium Authority (Authority) has fully complied with Governor's Emergency Proclamation(s) (EP), Mayor's Emergency Order(s) (EO), and other guiding documents issued by subject matter experts. Beginning in March 2020, in order to control and drastically reduce expenditures, the Authority made some very difficult and extreme operating adjustments: Part-time intermittent workers were immediately removed from work schedules, contracts were reviewed and either reduced in scope and frequency or cancelled altogether, position vacancies were not filled, and only essential, prioritized expenses were processed.

From a budgetary standpoint, in March 2020, we immediately focused our energy on our budget projection analysis to determine where we would be at benchmark points in time and what type of operating adjustments and the magnitude of these adjustment(s) that needed to be made to extend financial solvency; mindful that operating in an extended and restrictive COVID-19 environment would quickly have a devastating impact on the Authority's cashflow and financial position.

Assumptions in the budget projection:

- The initial projection for the emergency appropriation was developed in August 2020. Since that time, the Authority has continued to adjust and refine projections based on actual data, additional information, and operating adjustments implemented from March 2020.
- Any residual balance in fiscal year (FY) 2021 from the emergency appropriation would be carried forward to provide beginning working capital for FY 2022; based on projections at that time, this amount was \$360,000.
- A biennium budget request in the amount of \$2,587,000 would supplement the residual carry-forward. All things being equal, this subsidy would carry the Authority through December of 2021, at which point, we believed we would be in a less restrictive, more robust economy and post-COVID-19 operating environment generating revenue to address our operating expenses.
- If not fully solvent at that point, we would rely on having more abundant information including trend data from which to determine future funding requirement(s), as well as be positioned to determine the most appropriate financial vehicle to address a projected shortfall, or alternate options to consider.
- To this end, we continue to remain financially vigilant while concurrently exploring and pursuing alternate ways of generating revenue by maximizing use of our property in ways that were traditionally not done in decades past.

As we move forward, we will continue to comply with all COVID-19 EP's and EO's issued by the Governor and the Mayor, respectively. Until such time that these EP's and EO's are relaxed and/or lifted and physical distancing is no longer a factor in containing the spread of COVID-19, the Stadium must continue to remain vigilant and operate in a very limited and restrictive capacity to ensure the health and safety of the general public.

Proceeding on this track is with the understanding that it is in the best interest of the people of the State of Hawaii, to eliminate, individually and by cluster, any potential spread of the COVID-19 virus. We truly and firmly believe that preventative measures taken now will lead to a safer, quicker, and more vibrant recovery in the future.

Thank you for your ongoing support and guidance over the years and for the opportunity to provide this testimony in strong support of SB 1033, S.D.1.