



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Water and Land  
and  
Senate Committee on Energy, Economic Development, and Tourism  
February 5, 2021 at 1:00 p.m.  
by  
Kalbert K. Young  
Vice President for Budget and Finance/Chief Financial Officer  
University of Hawai'i System

### SB 1423 – RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chairs Inouye and Wakai, Vice Chairs Keith-Agaran and Misalucha, and members of the Committees:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) is supportive of Senate Bill No. 1423, Relating to the Stadium Development District, and requests further amendments to the bill where it relates to the UH. Among a number of things, this bill seeks to establish a special fund, broadens development authority of the Stadium Authority, amends the bond financing structure for the new stadium project, and adds two members to the Stadium Authority.

The UH requests that the bill be revised to allow the UH representative to have a vote on the Stadium Authority Board. I recommend the bill (page 7, lines 4 through 9) be amended, as follows:

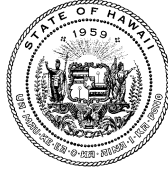
Each member of the authority shall have been a citizen of the United States and a resident of the State for at least five years next preceding the member's appointment. The eleven members shall include the president of the University of Hawai'i and the superintendent of education, or their designated representatives, who shall be ex-officio members of the authority [but shall not vote].

The inclusion of the UH President to the Stadium Authority Board originated out of the recognition that UH athletics was a primary anchor of the stadium and a foremost purpose for the stadium itself. This purpose remains a prominent component of the planned new stadium and the broader stadium district project. Having the UH President, or their designee, serve in a full capacity on the Stadium Authority will ensure that the broader project and eventual operation of the completed project has the governance input and involvement of one of the primary users and beneficiaries.

Lastly, the UH recently provided a list of desired objectives to the State's project leadership (Department of Accounting and General Services) that should be incorporated as business outcomes as part of the structure for the new stadium and district project. Those items can be more thoroughly considered once the State gets underway negotiating terms with the project partners.

Thank you for this opportunity to testify.

DAVID Y. IGE  
GOVERNOR



CURT T. OTAGURO  
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  
CURT T. OTAGURO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
COMMITTEE ON WATER AND LAND  
AND THE  
COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT,  
AND TOURISM

FRIDAY, FEBRUARY 5, 2021, 1:00 P.M.  
CONFERENCE ROOM 229, STATE CAPITOL

S.B. 1423

RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chairs Inouye and Wakai, Vice Chairs Keith-Agaran and Misalucha, and members of the Committees, thank you for the opportunity to submit testimony on S.B. 1423.

The Department of Accounting and General Services (DAGS) strongly supports S.B. 1423 to enable the intent of Act 268, Session Laws of Hawaii 2019, and to provide necessary powers, appropriations, and guidance to ensure optimal development of the stadium development district for the enjoyment of Hawaii's residents and visitors. These provisions include authorizing the stadium authority to acquire and hold title to real property, exempting lands to which the stadium authority holds title from the definition of "public lands," establishing the stadium development special fund, and establishing general development guidance policies for the Hawaii community development authority's actions in the stadium development district, among other vital provisions.

DAGS continues to coordinate closely with the Stadium Authority and the Hawaii Community Development Authority to ensure our on-going project efforts coincide with the future goals to bring benefit in the best interests of the State and its people.

Thank you for this opportunity to provide testimony on this matter.

**DAVID Y. IGE**  
GOVERNOR

**CURT T. OTAGURO**  
COMPTROLLER



**ROSS I. YAMASAKI**  
CHAIRMAN, STADIUM AUTHORITY

**SCOTT L. CHAN**  
MANAGER

**RYAN G. ANDREWS**  
DEPUTY MANAGER

*An Agency of the State of Hawaii*

TESTIMONY  
OF  
SCOTT L. CHAN, MANAGER  
ALOHA STADIUM  
STADIUM AUTHORITY  
TO THE  
JOINT SENATE COMMITTEES  
ON  
WATER AND LAND  
AND  
ENERGY, ECONOMIC DEVELOPMENT, AND TOURSIM

FEBRUARY 5, 2021, 1:00 P.M.  
CONFERENCE ROOM 229

S.B. 1423

RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chairs Inouye and Wakai, Vice Chairs Keith-Agaran and Misalucha, and members of the respective committees, thank you for the opportunity to submit this testimony strongly supporting SB 1423.

We see this measure as a critical and essential component to providing the State of Hawaii – Stadium Authority with the ability to move forward in a careful, judicious, yet expeditious manner. It is the product of many hours of collaborative work with subject matter experts in departments across the executive branch as well as invaluable consultation and guidance from the Legislature and the Administration. We believe this comprehensive product provides the impetus required to bring the stadium development district project to fruition and clarifies roles and responsibilities of all parties involved while fostering a collaborative process and platform on which to move forward.

In an effort to ensure short and long term project success, of note, this measure includes revision of development guidance policies for the Stadium Authority, clarifies roles between the Stadium Authority and the Hawaii Community Development Authority, authorizes the Stadium Authority to hold title to real property, establishes a stadium development special fund, exempts

SB 1423 (WTL/EET)  
February 5, 2021  
Page 2

land to which the Stadium Authority hold title, and amends the general bond authorization enabled through Act 268, Session Laws of Hawaii 2019.

Thank you for your ongoing support and guidance over the years and for the opportunity to provide this testimony in strong support of SB 1423.



**HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY**

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DAVID Y. IGE  
GOVERNOR

JOHN WHALEN  
CHAIR

DEEPAK NEUPANE, P.E., AIA  
EXECUTIVE DIRECTOR

Statement of  
**DEEPAK NEUPANE, P.E., AIA**  
**Executive Director**  
Hawaii Community Development Authority  
before the  
**SENATE COMMITTEE ON WATER AND LAND**  
**And the**  
**SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM**

Friday, February 5, 2021  
1:00 PM  
State Capitol, Conference Room 229

In consideration of  
**SB 1423**  
**RELATING TO THE STADIUM DEVELOPMENT DISTRICT.**

Chairs Inouye and Wakai, Vice Chairs Keith-Agaran and Misalucha, and members of the Committees. The Hawaii Community Development Authority (HCDA) offers **comments** of concern regarding SB 1423, that establishes a special fund, and revises the guidance policies for the Stadium Authority and HCDA.

In section 8, of SB 1423, it states that, “the stadium authority shall have sole jurisdiction over the development of the stadium development district.” Amendment to Act 268 designates HCDA as the expending agency for capital improvements authorized by this Act and allows for delegating implementing of projects when it is determined advantageous to do so by both the HCDA and the agency to which the expending authority is delegated. The HCDA has concerns that the Act assigns fiduciary duties to the HCDA without providing any oversight authority over the project implementation. HCDA’s role is not clear.

SB 1423 requires the HCDA executive director to serve directly under the stadium authority for matters affecting the stadium development district, without the oversight of the HCDA board that hires the HCDA Executive Director. In accordance with HRS 206E-3, the Executive Director serves at the pleasure of the authority. In this

instance, "Authority" means the Hawaii Community Development Authority, as provided in section 206E-2.

SB 1423 also states that the executive director of the Hawaii community development authority, state comptroller, and the stadium authority shall execute a memorandum of agreement with appropriate state agencies. I note that currently the executive director of HCDA requires approval from the HCDA board to enter into any agreements.

Thank you for the opportunity to testify.

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

ROBERT YU  
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 CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEES ON WATER AND LAND AND ENERGY,  
ECONOMIC DEVELOPMENT, AND TOURISM  
ON  
SENATE BILL NO. 1423

**February 5, 2021**

**1:00 p.m.**

**Room 229**

RELATING TO THE STADIUM DEVELOPMENT DISTRICT

The Department of Budget and Finance (B&F) has concerns with the creation of the Stadium Development Special Fund (SDSF).

Senate Bill (S.B.) No. 1423 establishes the SDSF to be administered by the Stadium Authority (SA) into which shall be deposited:

1. All revenues from the Stadium Development District (SDD).
2. All gifts or grants awarded in any form from any public agency or from any other source for purposes of the SDD.
3. All proceeds from revenue bonds issued by the SA.
4. Appropriations made by the Legislature to the fund.

SDSF funds are directed to be used by the SA for the payment of expenses arising from any and all use, operation, repair, maintenance, alteration, improvement, or any unforeseen or unplanned repairs of the SDD.

The bill also amends the general bond authorization made in Act 268, SLH 2019; revises the general development guidance policies for the SDD; broadens the powers



and duties of the SA; exempts land to which the SA holds the title from the definition of “public lands”; authorizes the Hawai'i Community Development Authority, with approval by the Governor, to delegate to other State agencies implementation of capital improvement projects, under certain conditions; broadens the representation of the SA by adding two members to its membership; and makes the financial disclosures of members of the SA public records pursuant to Section 84-17(d), HRS.

As a matter of general policy, B&F does not support the creation of special funds that do not meet the requirements of Section 37-52.3, HRS. Special funds should:

1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining.

Regarding S.B. No. 1423, it is unclear if the sources of revenues will be able to adequately support the SDSF aside from appropriations from the general fund.

Thank you for your consideration of our comments.



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SENATE COMMITTEE ON WATER AND LAND  
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM  
Friday, February 5, 2021, 1 pm, State Capitol Room 229  
SB 1423  
Relating to the Stadium Development District

**TESTIMONY**

Douglas Meller, Legislative Committee, League of Women Voters of Hawaii

Chair Inouye, Chair Wakai, and Committee Members:

**The League of Women Voters requests amendment of SB 1423 to delete Part II Section 6 paragraph (c) which would exempt “establishing and amending of fees and charges” ... “from the public notice, public hearing, and gubernatorial approval requirements of chapter 91.”** If the Legislature authorizes the Stadium Authority to selectively adjust rental rates, fees, and charges every time the Authority meets, then inevitably the Authority will be pressured to negotiate arbitrary case-by-case adjustments. Exactly the same pressures occur with short-term, non-bid DHHL and DLNR rentals of public land. By comparison, rule-making and gubernatorial oversight ensure predictability and accountability.

Thank you for the opportunity to submit testimony.



February 3, 2021

**Senate Committee on Water and Land  
Senate Committee on Energy, Economic Development, and Tourism  
Hearing Date: Friday, February 5, 2021, 1:00 p.m.**

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Honorable Chairs Inouye and Wakai and Members of the Senate Committees

Subject: **SB 1423, Relating to Stadium Development District  
Testimony in Support, with Recommendations for Amendments**

Dear Chairs Inouye and Wakai and Committee Members:

The American Council of Engineering Companies of Hawaii (ACECH) represents more than 70 member firms with over 1,500 employees throughout Hawaii. ACECH member firm projects directly affect the quality of the water we drink and the food we eat; the safety of our buildings, highways, bridges, and infrastructure; and the quality of the environment in which we work and play. Procurement of design professional services by licensees regulated under HRS §464 is a serious undertaking and serves to protect public health and safety.

We support the intent of this bill to establish a stadium authority that may improve the procurement and delivery of stadium redevelopment projects.

SB1423 adds a provision for the stadium authority to be able “to engage in coordination, planning, design, and construction activities, including on-site repairs, within the stadium development district” (§109-2 (2)). Any such activities by the stadium authority, as a state agency, must be subject to appropriate procurement best practices, including Qualifications-Based Selection (QBS), the nationally recognized model procurement code for the procurement of design professional services. QBS protects taxpayer interests and provides for the selection of the best qualified design professional for each project, essential for public safety.

We recommend the following language be added in two clauses:

**§109-2 Stadium authority; powers and duties.**

(2) To engage in coordination, planning, design, and construction activities, including on-site repairs, within the stadium development district, provided that the procurement of such services be subject to the Hawai‘i Public Procurement Code contained in §103D;

**"[§206E-224] Development guidance policies.**

(4) The authority may engage in planning, design, and construction activities within and outside the district; provided that activities outside the district shall relate to infrastructure development, area-wide drainage improvements, roadway realignments and improvements, business and industrial relocation, and other activities the authority deems necessary to carry out development of the district and implement this part, and further provided that the procurement of such services be subject to the Hawai‘i Public Procurement Code contained in §103D.

We appreciate the opportunity to provide testimony on this matter. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,  
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII

*Garret A. Masuda*

Garret Masuda, P.E.  
President



**HAWAI'I LODGING & TOURISM**  
**A S S O C I A T I O N**

**LATE**

Testimony of

Mufi Hannemann  
President & CEO

Hawai'i Lodging & Tourism Association

Committee on Water & Land  
Committee on Energy, Economic Development, & Tourism  
Senate Bill 1423: Relating to the Stadium Development District

Chair Inouye, Chair Wakai and members of the Committees, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers — recognizes that our appeal as a premier travel destination stems from the depth and breadth of our offerings. It is not just our beaches and natural attractions, but our restaurants, our retail outlets, our music, arts and entertainment, as well as our signature sporting events, many of which have called Aloha Stadium their home for years.

A new stadium is long overdue, the people of Hawai'i are deserving of a first class facility. The time is ripe for a transit-oriented development opportunity to develop the area, to make maximum use of the land, and accrue a plethora of benefits for the community. The establishment of the stadium development district special fund is a critical first step in this process, and we urge the Committees to pass this measure.

**As such, HLTA supports Senate Bill 1423.**

Thank you for the opportunity to offer this testimony.

**LATE**



**SENATE COMMITTEES ON WATER & LAND;  
AND ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM  
Hawaii State Capitol  
415 South Beretania Street  
Via Videoconference  
1:00 PM**

February 5, 2021

RE: SB 1423, RELATED TO STADIUM DEVELOPMENT DISTRICT

Chairs Inouye & Wakai, Vice Chairs Keith-Agaran & Misalucha, and members of the committees:

My name is Beau Nobmann, 2021 President of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

**BIA Hawaii supports SB 1423, Relating to Stadium Development District.** This bill would establish the stadium development special fund, and allows for the development of the stadium area by broadening the powers and duties of the stadium authority with respect to land and property ownership. This bill would also authorize the Hawaii community development authority, with approval from the governor, to delegate to other state agencies implementation of capital improvement projects. Simply put, this bill would allow for the expedited and comprehensive development of the stadium area.

We are currently in a severe housing and economic crisis. Our housing crisis is a supply issue. We need to increase the supply of housing at all price points in order to solve this crisis. The solution requires forward-thinking and innovative solutions, both of which this stadium development plan possesses. With the combined effects of the housing crisis and the economic chaos due to the pandemic, we must find ways to improve the lives of Hawaii's middle-class families. Addressing housing affordability and availability would be an important first step.

We appreciate the opportunity to provide our comments on this matter.

**SB-1423**

Submitted on: 2/3/2021 10:06:18 PM

Testimony for WTL on 2/5/2021 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
John Kawamoto	Individual	Support	No

Comments:

My name is John Kawamoto, and I support SB 1423 with an amendment. This bill establishes legal infrastructure to facilitate the development of the stadium development district.

Aloha Stadium was built in 1975. Although its design was innovative, its steel has never stopped rusting because of the salt air from the nearby ocean. In 2019 the Legislature appropriated \$350 million to build a new stadium.

On Dec. 17, 2020, the Aloha Stadium Authority announced that it would close Aloha Stadium indefinitely. The stadium was experiencing safety issues due to corrosion and a lack of sufficient funding to maintain the facility.

In early January, 2021, the University of Hawaii Athletic Department announced that it would expand the Clarence T.C. Ching Athletics Complex on the Manoa campus and play home football games there for the following three years.

Although the University of Hawaii's football program had been the anchor tenant at Aloha Stadium, the UH Athletic Department issued a memorandum saying that it was only the fourth priority in making decisions for the new stadium. The UH Athletic Department contended that it would have no direct input into the RFP criteria, the RFP process, the selection of the contractor(s), or the provisions of the contract that the state would enter into.

According to the UH Athletic Department, "UH is being forced to fend for itself to identify and prepare a home field for football for at least 2021-2023, likely longer, and potentially indefinitely."

The potential absence of UH football from the new stadium creates an uncertainty about its viability and the viability of the stadium development district. It is possible that the new stadium will not be built and the stadium development district will be abandoned.

SB 1423 accounts for this possibility. The provision on page 14, lines 17-21 would return the land to the Department of Land and Natural Resources. Instead, however, due to Hawaii's housing crisis, the land should be transferred to the Housing Finance and Development Corporation.

Hawaii faces tens of thousands of housing units, which disproportionately impacts families earning the median income and below. A recent Aloha United Way report, entitled, "ALICE: A Study in Financial Hardship in Hawaii" (ALICE = Asset Limited, Income Constrained, Employed), 59% of Hawaii households cannot afford the basic necessities of life. Housing is the biggest item in a typical family's budget, so these families are in dire need of housing that is affordable to them.

SB 1423 should be amended so that if the land is no longer needed for the stadium development district, it should be transferred to the Housing Finance and Development Corporation to develop housing for the people of Hawaii that is affordable to them.