



TESTIMONY OF DANIEL NĀHO'OPI'I
INTERIM PRESIDENT & CEO, HAWAII TOURISM AUTHORITY
BEFORE THE SENATE COMMITTEES ON
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
AND
GOVERNMENT OPERATIONS
Thursday, February 1, 2024 2:00 p.m.
In consideration of
SB 2765
RELATING TO THE STATE CONVENTION CENTER

Aloha Chairs DeCoite and McKelvey, Vice Chairs Wakai and Gabbard, and Members,

The Hawai'i Tourism Authority (HTA) offers the following comments on SB2765 for your consideration. HTA understands the intent of this measure to transfer oversight of the Hawai'i Convention Center and its enterprise special fund from HTA to the Department of Accounting and General Services (DAGS).

Over the quarter century that the Hawai'i Convention Center has been in operation, it has hosted high-profile international convenings, national and local conferences and conventions, beloved festivals and events, athletic events attracting participants locally and from abroad, and served as an important hub for the state's response to emergencies.

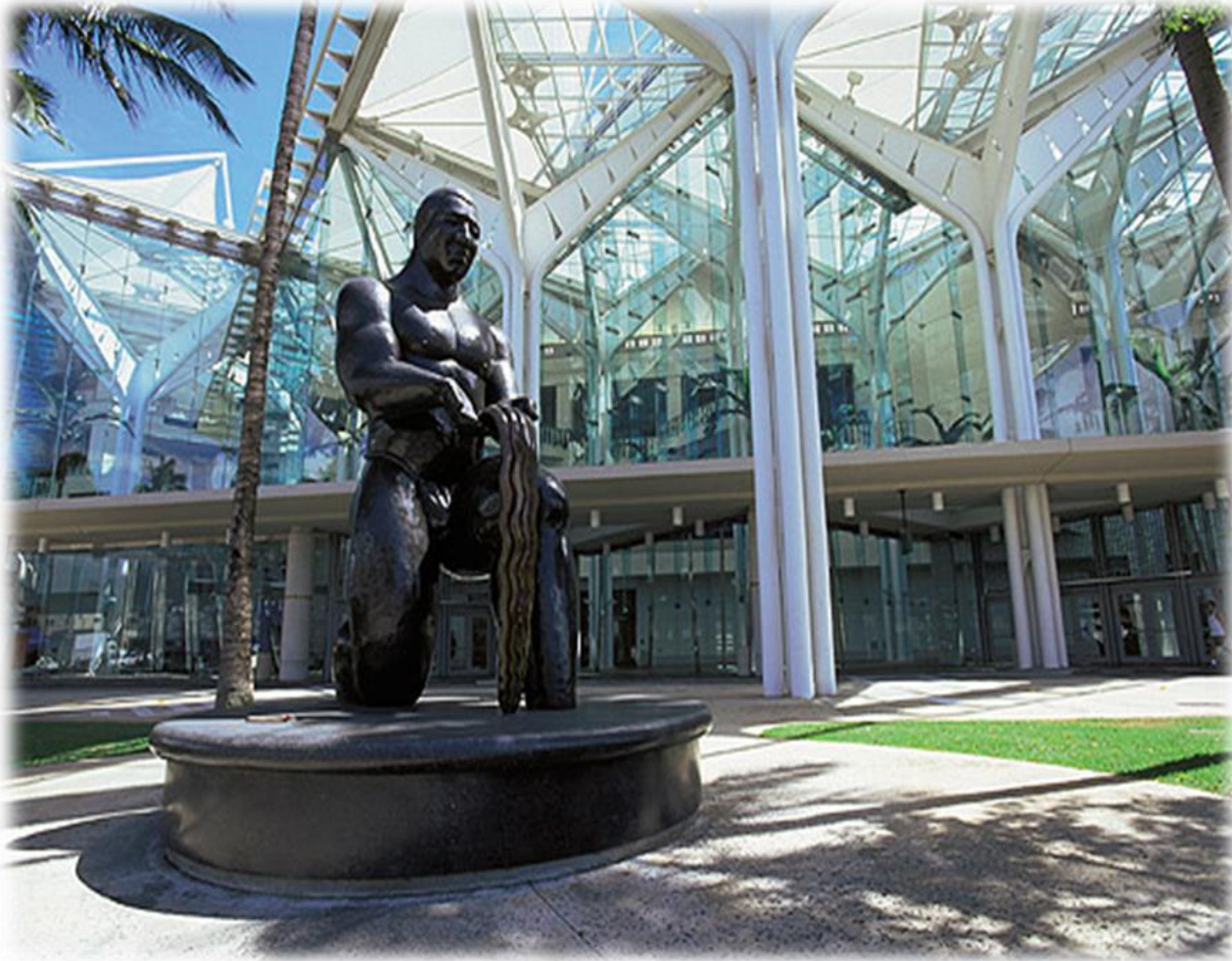
HTA's oversight and management of the Hawai'i Convention Center on the state's behalf leverages our tourism expertise to integrate the center's operations, sales and marketing efforts for local events, and the work of Meet Hawai'i – HTA's global meetings, conventions and incentives marketing effort. The close integration allows Hawai'i as a destination to compete at a high level for large gatherings that attract mindful, high-spending visitors.

We are making good progress on repair projects to maintain this important state asset, including progress on the roof repair. With funding support from the Legislature this session, we will continue to keep to our timeline to complete repairs in 2026. We are also exploring new ideas to contribute to future repair and maintenance needs, such as supporting naming rights for the center.

The HTA board receives monthly presentations from the Convention Center's management contractor, including a financial report, recent and upcoming events, and updates on repair and maintenance projects. The most recent presentation is attached. As shown in the attachment, the state's return on investment (for expenditures on the Convention Center as well as Meet Hawai'i) under HTA's management is **\$18.52 for every dollar spent to date in FY2024**.

For the reasons above, we believe HTA management of the Hawai'i Convention Center is working well for the state. We are poised and eager to continue in our current role, and we appreciate the opportunity to offer these comments on this measure.

Hawai'i Convention Center



Update for
December 2023
For
(January 2024 meeting)

Financial Update

	Dec-23 Actual	FY 2024 Reforecast	FY 2024 Budget	Variance	FY 2023 Actual	FY 2022 Actual
Facility Number of Events	20	243	225	18	273	213
Facility Operating Revenue	\$835,100	\$22,765,200	\$18,354,500	\$4,410,700	\$14,310,800	\$7,178,200
Facility Other Income	\$174,500	\$1,532,200	\$125,700	\$1,406,500	\$135,700	\$78,500
Facility Total Revenue	\$1,009,600	\$24,297,400	\$18,480,200	\$5,817,200	\$14,446,500	\$7,256,700
Facility Operating Expenses	-\$1,649,700	-\$25,085,800	-\$23,812,600	-\$1,273,200	-\$18,412,200	-\$11,842,500
Facility Net Income/(Subsidy)	-\$640,100	-\$788,400	-\$5,332,400	\$4,544,000	-\$3,965,700	-\$4,585,800
Local S&M Operating Expenses	-\$60,400	-\$1,223,700	-\$1,223,700	\$0	-\$959,400	-\$522,600
HCC Net Income/(Subsidy)	-\$700,500	-\$2,012,100	-\$6,556,100	\$4,544,000	-\$4,925,100	-\$5,108,400

ROI December 2023 FYTD

HCC Revenue + State Revenue
+Tax Revenue
= \$265.4 M

HCC Expense + HVCB MCI
Expense = \$14.3 M

	<u>FYTD 2024 ROI</u>	<u>CW's FYTD</u>
	07.23-12.23	\$18.52 (10)
	07.23-11.23	\$20.63 (10)
	07.23-10.23	\$23.16 (8)
	07.23-09.23	\$18.62 (6)
	07.23-08.23	\$25.91 (5)
	07.23	\$30.74 (4)
	<u>FY 2023 ROI</u>	
	07.22-06.23	\$4.19 (7)

***ROI = For every dollar spent,
\$18.52 returned to the State***

Recent Events @ Hawai'i Convention Center

- Sony Open Gala Dinner, Jan 11, 2024, 1,000 attendees
- Hawaii Royale Winter '24, Jan 13-14, 800 attendees (Sports)
- TransPacific Volleyball Championships 2024, Jan 13-15, 2024, 12,000 attendees (CW/Sports)



Upcoming Local/Citywide Events

- Hawai'i Dental Convention, Jan 25-26, 3,000 attendees
- Hawaiian AAU Grand Prix 2024, Feb 17-19, 4,000 attendees (CW)
- Joy of Sake, Feb 23, 1,000 attendees



HCC in the News



Honolulu Star Advertiser, Jan 8, 2024

NEWSMAKERS

HIRES and PROMOTIONS



Edwin Torres

OUTRIGGER HOSPITALITY GROUP

Edwin Torres is general manager at the Outrigger Kā'anapali Beach Resort, effective in September.

Torres' appointment follows Outrigger Hospitality Group's acquisition of the 11-acre, 432-room Kā'anapali Beach Hotel in July. He previously served as complex general manager, overseeing both the Outrigger Waikiki Beachcomber Hotel and Ohana Waikiki East by Outrigger. He also served as general manager at the Outrigger Waikiki Beachcomber and began his career with Outrigger as food and beverage director at the Outrigger Guam Beach Resort. Other



Alexander Figler

CASTLE HOSPITALITY GROUP

Alexander Figler was named Castle Vacation Rentals Hawai'i (CRVH) operations manager in

September. CRVH markets vacation rental units throughout the state using exclusive distribution technology. Figler will focus on guest and homeowner satisfaction. He will also coordinate operations and guest services, including housekeeping, maintenance and repairs. Previously, Figler served as guest experience manager at the Ala Moana Hotel.



Brooke Tadana

HAWAII CONVENTION CENTER

The Hawai'i Convention Center in April welcomed Executive Chef Brooke Tadana to direct the

center's culinary offerings. Tadana has more than a decade of culinary leadership experience, most recently working as executive sous chef at the Hilton Hawaiian Village starting in 2014. He also served as an executive sous chef at Moana Surfrider, A Westin Resort & Spa, and as a banquet chef at the Hilton Hawaiian Village. Tadana earned his associate degree in occupational studies from the Culinary Institute of America in New York and attended Kapi'olani Community College in Honolulu.

directing all front office operations. He also held management positions at Alohilani Resort Waikiki Beach, Enterprise, Vive Hotel Waikiki and Hyatt Hotels Corp.

Hawai'i Hospitality Magazine, Winter '23-24 issue

Carbon Offset Program

- This is a first-of-its-kind Carbon Offset Program that provides meeting organizers with the opportunity to offset the carbon footprint of their meeting.
- Participating events include:
 - CHEST 2023 (42 trees)
 - 2023 International Conference on Machine Learning (36 trees)
 - 2023 Made in Hawaii Festival (12 trees)
 - 2023 Okinawan Festival (11 trees)



Total Contributions	Partner Trees Planted
\$21,840.67	9,129
<u>HCC Carbon Offset Trees Planted</u>	
270	



ICML
International Conference
On Machine Learning



9,399
Total Legacy Trees Planted



262.76
MTCO₂e
Carbon Offset

As of November 2023
(total carbon offset costs)



Repair, Maintenance and Replacement Projects Update

Repair, Maintenance and Replacement Projects

6-Year Plan (page 1)

Project Number	Project Title	Estimated Project Cost	Priority	Prior Expenses to Dec 23	FY24	FY25	FY26	FY27	FY28	FY29	Total
001	Rooftop Terrace Deck Full Repair	\$ 64,000,000	1	\$ -	\$ 2,000,000	\$ 30,000,000	\$ 32,000,000				\$ 64,000,000
011	Ballroom Gutter, Foyer Transom Glass Roof Repair and Soffit R	\$ 7,706,791	1	\$ 71,071	\$ 7,635,720						\$ 7,706,791
013	Ballroom Roof Repairs	\$ 2,271,093	1	\$ 29,519	\$ 2,241,574						\$ 2,271,093
012	Parapet Roof Repairs	\$ 3,066,470	1	\$ 25,555	\$ 3,040,915						\$ 3,066,470
003	Kalākaua Kitchen Exterior Wall Repair	\$ 2,440,752	1	\$ 313,460		\$ 2,127,292					\$ 2,440,752
007	Kitchen Hood Control Panel Replacement	\$ 341,407	1	\$ 18,770	\$ 322,636						\$ 341,406
008	Pantry 348 Walk-in Refrigerator Replacement	\$ 135,443	1	\$ 54,637	\$ 80,806						\$ 135,443
009	Slate Tile Repair	\$ 2,142,108	1	\$ 150,018	\$ 1,992,090						\$ 2,142,108
010	Chiller Replacement	\$ 6,909,252	1	\$ 180,912	\$ 6,728,340						\$ 6,909,252
014	Lobby Water Feature	\$ 1,086,810	3	\$ 3,932			\$ 1,082,878				\$ 1,086,810
015	House Sound Audio System Upgrade	\$ 2,973,864	1	\$ 38,020	\$ 2,935,843						\$ 2,973,863
022	Chill Water Pipe Reinsulation	\$ 677,894	1	\$ 306,864	\$ 371,030						\$ 677,894
023	Air Wall Repairs	\$ 282,058	1	\$ 16,155	\$ 265,903						\$ 282,058
024	Roll-up Door Replacement	\$ 225,000	2	\$ 23,656		\$ 201,344					\$ 225,000
025	Ballroom and Meeting Room Wallpaper Replacement	\$ 203,531	1	\$ 147,721	\$ 55,810						\$ 203,531
026	IT Network Upgrades	\$ 125,000	3	\$ -		\$ 55,000	\$ 70,000				\$ 125,000
027	Ice Machines Replacement	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
028	Theatre 310 and 320 Furnishings Upgrade	\$ 750,000	3	\$ -			\$ 375,000	\$ 375,000			\$ 750,000
029	Theatre 310 and 320 Seating Upgrade	\$ 500,000	3	\$ 155			\$ 249,845	\$ 250,000			\$ 500,000
030	FB China and Equipment Upgrade	\$ 5,300,000	1	\$ -	\$ 2,500,000	\$ 2,800,000					\$ 5,300,000
031	Ala Wai Waterfall Repair	\$ 1,071,501	3	\$ 2,362			\$ 1,069,139				\$ 1,071,501
036	Water Intrusion Remediation	\$ 400,000	1	\$ 166,165	\$ 233,835						\$ 400,000
037	Exterior Security Camera Upgrade	\$ 231,348	1	\$ 155,504	\$ 75,844						\$ 231,348
041	Children's Courtyard Repair	\$ 329,162	1	\$ -			\$ 329,162				\$ 329,162
042	Kahakai/Atkinson Drywell Rehabilitation	\$ 351,113	1	\$ -	\$ 351,113						\$ 351,113
043	Air Handler Unit 9 and 10 Replacement	\$ 401,382	2	\$ 377		\$ 401,005					\$ 401,382
044	Fire Sprinkler Line Refurbishment	\$ 343,394	1	\$ -	\$ 100,000	\$ 125,000	\$ 118,394				\$ 343,394
045	Escalator Modernization	\$ 15,865,737	1	\$ 9,058	\$ 6,900,000	\$ 2,640,000	\$ 6,316,678				\$ 15,865,736
046	LED Light Upgrade	\$ 4,781,506	1	\$ 68,293	\$ 4,713,213						\$ 4,781,506

- Current project
- Cumming-managed project
- HCC-managed project
- CM/PM - to be assigned



Repair, Maintenance and Replacement Projects

6-Year Plan (page 2)

Project Number	Project Title	Estimated Project Cost	Priority	Prior Expenses to Dec 23	FY24	FY25	FY26	FY27	FY28	FY29	Total
048	Electrical Harmonics Testing	\$ 100,000	3	\$ -			\$ 100,000				\$ 100,000
049	Main Kitchen Dishwasher Replacement	\$ 421,315	1	\$ 219,521	\$ 201,794						\$ 421,315
050	Main Kitchen Flooring Replacement	\$ 600,000	1/3	\$ 19,019	\$ 200,000	\$ 380,981					\$ 600,000
051	PBX System Replacement	\$ 90,505	1	\$ -	\$ 90,505						\$ 90,505
052	Ride-on Sweeper Replacement	\$ 55,000	1	\$ 100	\$ 54,900						\$ 55,000
054	Boardroom Upgrade	\$ 1,099,549	3	\$ 73,263			\$ 1,026,286				\$ 1,099,549
055	Elevator #2 Upgrade	\$ 250,000	3	\$ -			\$ 250,000				\$ 250,000
058	Kitchen Hood Fire Suppression System Replacement	\$ 341,407	1	\$ 18,770	\$ 322,636						\$ 341,406
060	Lobby Sail Repair and Maintenance	\$ 179,000	1	\$ 41,196	\$ 61,021	\$ 76,783					\$ 179,000
061	ADA Lift (#320) Replacement	\$ 165,000	1	\$ 387	\$ 164,613						\$ 165,000
064	F&B Equipment	\$ 1,266,870	1	\$ 12,640	\$ 1,254,230						\$ 1,266,870
065	Transformer Replacement	\$ 140,297	1	\$ 294	\$ 140,002						\$ 140,296
066	Kitchen Boiler Replacement	\$ 130,000	1	\$ -	\$ 130,000						\$ 130,000
068	3rd Floor Planter Repair and Exterior Planter Repair	\$ 11,048,647	1	\$ 34,545	\$ 4,415,590	\$ 6,598,512					\$ 11,048,647
069	Parking System Equipment Upgrade / Parking Flooring Sealing	\$ 616,515	1	\$ 28,382	\$ 20,000	\$ 568,133					\$ 616,515
070	Parking Garage Floor Sealing	\$ 250,000	1	\$ -		\$ 250,000					\$ 250,000
071	Access Control Upgrade	\$ 2,000,000	2	\$ -		\$ 1,000,000	\$ 1,000,000				\$ 2,000,000
072	Ride-on Scrubber Replacement	\$ 82,400	1	\$ -	\$ 82,400						\$ 82,400
073	Common Area Furniture Upgrade	\$ 200,000	1	\$ -		\$ 200,000					\$ 200,000
074	Ice Rink and Equipment	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
075	Exterior Building Painting	\$ 2,416,382	1	\$ -	\$ 1,188,316	\$ 1,228,066					\$ 2,416,382
076	Main Kitchen Freezer Repair	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
077	Interior Building Painting	\$ 7,000,000	1	\$ -	\$ 7,000,000						\$ 7,000,000
078	Pot Wash Machine Replacement	\$ 180,000	1	\$ -	\$ 180,000						\$ 180,000
079	Digital Signage Upgrade	\$ 6,150,000	1	\$ 20,390	\$ 30,000	\$ 6,099,610					\$ 6,150,000
081	Facility Equipment Replacement	\$ 1,000,000	1	\$ -	\$ 500,000	\$ 500,000					\$ 1,000,000
082	Escalator and Elevator Repairs	\$ 1,000,000	1	\$ 131,376	\$ 300,000	\$ 568,624					\$ 1,000,000
	Legal Retainer	\$ 151,094		\$ 112,768	\$ 38,326						\$ 151,094
	GRAND TOTAL	\$163,346,597		\$ 2,494,855	\$60,419,005	\$ 55,820,350	\$43,987,382	\$ 625,000	\$ -	\$ -	

Repair, Maintenance and Replacement Projects

Major Project Update

Exterior Painting

- Planning work schedule around HCC events and building access logistics

Exterior Planter Repair

- Planning investigative work logistics
- Reviewing scheduling around HCC event schedule

Chiller Replacement

- Chillers received and are on island
- Construction started, cut access opening in outside wall, scaffolding to be erected

House Sound Audio Upgrade

LED Lighting Upgrade

- Bidders presented proposals to evaluation committees
- Final selection by end January

Escalator Modernization

- RFP issued mid-January, proposals due end February
- Site walk conducted this week

Repair, Maintenance and Replacement Projects

CUMMING GROUP Priority Projects

- *Kitchen Hood Control Panel and Fire Suppression Upgrade*
- *Slate Tile Repair*
- *Chiller Replacement*
- *Main Kitchen Dishwasher Replacement*
- *Ballroom Roof Repairs*
- *House Sound Audio Upgrade*
- *Ballroom Gutter, Foyer Transom Glass and Soffit Repair*
- *3rd floor and Exterior Planters Repair*
- *LED Lighting Upgrade*
- *Walk-in Refrigerator Replacement*
- *Main Kitchen Flooring Replacement*
- *Exterior Building Painting*
- *Kalākaua Kitchen Wall Repair and Atkinson Drywell Replacement*
- *Main Kitchen Freezer Repair*
- *Interior Building Painting*
- *Pot Wash Machine Replacement*
- *Parking Garage Equipment Upgrade and Floor Sealing*

Repair, Maintenance and Replacement Projects Completed (since 2020)

COMPLETED 2020

- *Gutter Trough, Roof Repairs; \$8.3M*
- *Boiler Replacement; \$585k*
- *Ala Wai Waterfall Repairs; \$185k*
- *Chiller 4 Repairs; \$55k*
- *#320 Roof Repairs; \$1.4M*
- *Banquet Chairs/Tables Upgrade; \$2.25M*

COMPLETED 2021

- *Cooling Tower Replacement; \$3.2M*
- *Theatre LED Lighting Upgrade; \$77k*
- *Roof Overflow Drain Repairs; \$16k*
- *Jockey Chiller Repairs; \$28k*
- *ADA Lift Replacement; \$71.5k*
- *Emergency Generator Repairs; \$32k*
- *Window Repairs – Vandalism; \$177k*

COMPLETED 2022

- *Leak Repairs – 12/21-1/22; \$396k*
- *Chiller Repairs; \$69.3k*
- *Trellis Renovation; \$4.7M*
- *Lobby Glass Replacement; \$25k*
- *New Security Camera, Access Control; \$1.56M*
- *Kitchen AC Compressor Replacement; \$16.5k*

COMPLETED 2023

- *Event Stage ADA Ramp; \$41k*
- *Escalator #1 Handrail Replacement; \$64k*
- *Exterior Sign Refurbishment; \$50k*
- *Leak Repair Remediation; \$168k*
- *Forklift Replacement; \$175k*

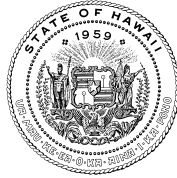
COMPLETED 2024

- *Water Intrusion Remediation; \$400k*

A close-up photograph of a sailboat's rigging. The image shows a wooden mast, white ropes, and a wooden boom with a sail. The text "Mahalo Nui Loa" is overlaid in white. The background is slightly blurred, showing other boats and greenery.

Mahalo Nui Loa

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE COMMITTEES ON

**ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
GOVERNMENT OPERATIONS**

FEBRUARY 1, 2024, 2:00 P.M.
CONFERENCE ROOM 229 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 2765

RELATING TO THE STATE CONVENTION CENTER.

Chairs DeCoite and McKelvey, Vice Chairs Wakai and Gabbard, and Members of the Committees, thank you for the opportunity to testify on S.B. 2765.

The Department of Accounting and General Services (DAGS) offers **comments** on S.B. 2765, which transfers oversight of the Hawai'i Convention Center (HCC) and the Hawai'i Convention Center Enterprise Special Fund from the Hawai'i Tourism Authority to the DAGS.

DAGS recognizes the importance of properly maintaining the HCC. If it is the legislature's intent to transfer oversight of the maintenance of the HCC, DAGS has the expertise in construction and facilities management to properly maintain this facility. However, we believe that marketing and management should remain with the Hawai'i Tourism Authority.

Thank you for the opportunity to comment on this matter.



January 31, 2024

To: The Honorable Lynn DeCoite
Chair, The Hawai'i State Senate Committee on Energy, Economic
Development and Tourism

&

The Honorable Angus McKelvey
Chair, The Hawai'i State Senate Committee on Government Operations

From: Kekoa McClellan on behalf of the Hawai'i Hotel Alliance

Offering Comments on SB2765, Relating to The State Convention Center

Aloha Chair DeCoite, Chair McKelvey and Honorable members of the joint committee. Please accept this testimony on behalf of the Hawai'i Hotel Alliance offering **Comments to SB2765, relating to the State Convention Center.**

The Hawai'i Convention Center serves as an integral part of our State's tourism infrastructure. Group travel at the convention center concentrates visitors within our resort district, enables pre-arrival communication and education with convention goers, enhances revenue opportunities for tourism adjacent business, and the average daily spend of convention goers often outpaces that of leisure travel. City-wide bookings at the convention center - larger events that require event planners to coordinate room blocks with multiple hotel operators throughout the City - are an important component to meeting the revenue needs for many of our member properties. The average hotel needs north of 70% blended average annual occupancy to meet their operational costs, debt service, deferred maintenance, and capital improvement targets. Because of this, many of our members factor in a robust calendar of bookings at the convention center to hit their booking targets for any given year.

With Hawai'i at an inflection point in our relationship with tourism, SB2765 offers us an important opportunity to separate what we are doing right from what we can improve on. The convention center has the ability to attract the kinds of visitors that our tourism industry and our communities covet: well-informed guests who stay in the resort district and who are encouraged to participate in authentic engagements with our host culture and our unique island home. And while our local communities have made clear that the impact of

short-term rentals on our communities must be curtailed, the vast majority of convention center goers do not utilize short-term rentals. In short, reinvesting in the convention center is an opportunity to merge the themes of regenerative tourism with maximizing revenue opportunities for our hotel and lodging industry.

SB2765 appears to support this philosophy by ensuring that the convention center will be adequately supported with resources for management, maintenance and marketing by the Department of Accounting and General Services. As a critical asset to our State's largest industry and a key tool in attracting the kinds of visitors we want in Hawai'i, the full funding of the convention center's management, maintenance and marketing are critical to meeting our obligations to our State's revenue targets and commitments to our communities.

Placing the convention center under DAGS may ensure that deferred maintenance costs do not go unfunded resulting in costly repairs down the line. An example of this being the extreme delay in repairing the roof at the convention center. Roof repairs at the convention center ultimately cost the State more to fix in the long run and resulted in the loss of bookings when whole event spaces were rendered unusable due to flooding through the convention center's ceiling. From a physical asset standpoint, DAGS appears to be a great fit for the convention center, ensuring the long term maintenance of this critical asset.

Marketing and management of the convention center under DAGS could prove more nuanced. Marketing of the convention center has been going well at the moment, and convention sales, working long leads, and preparing for events that are sometimes years out are not activities that can be easily handed off. Should the State move stewardship of the convention center to DAGS, special consideration should be given to the good work of the existing marketing and management of the events at the center to ensure continuity in relationships concomitant to future bookings.

Mahalo again Chair DeCoite, Chair McKelvey and committee members for your time and consideration of this testimony offering comments to SB2765. Special thanks to the Bill's sponsors for acknowledging the critical need to ensure the convention center's long-term maintenance, its role in supporting our State's economic engine, and the center's role in promoting regenerative tourism.

Me ka ha'aha'a,





Kekoa McClellan for the Hawai'i Hotel Alliance

Principal

The McClellan Group

Kekoa.McClellan@gmail.com

1.808.393.7937





HAWAI'I LODGING & TOURISM
ASSOCIATION

*Testimony of
Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association*

*Committee on Energy, Economic Development, and Tourism
Committee on Government Operations
Thursday, February 1, 2024
Senate Bill 2765: Relating to the State Convention Center*

Aloha Chairs DeCoite and McKelvey and Members of the Committees,

On behalf of the Hawai'i Lodging & Tourism Association, the state's oldest and largest private sector tourism organization, representing 700 members, nearly 50,000 hotel rooms, and 40,000 lodging workers, we would like to provide comments on Senate Bill 2765 concerning the transfer of oversight for the Hawai'i Convention Center from the Hawai'i Tourism Authority (HTA) to the Department of Accounting and General Services (DAGS).

We acknowledge that the intent behind the proposed transfer may be driven by concerns over the prolonged duration of rooftop repairs. We believe, however, that in regard to balance, the Convention Center is better suited within the purview of the HTA.

Our primary concern lies in the potential shift of sales and marketing responsibilities for the Hawai'i Convention Center away from HTA to DAGS. We perceive this as a challenging role for DAGS, considering their overall capacity. Moreover, we believe that managing sales and marketing is a role ideally suited for the Hawai'i Tourism Authority. This alignment would enable HTA to seamlessly integrate global marketing contracts, leveraging citywide events, including major meetings, incentives, conventions, and exhibitions. This strategic approach not only promotes a high return on investment but also attracts a desirable visitor demographic. There is also a naming rights measure currently before the legislature, supported by HTA, which holds the potential to generate additional revenues.

On a local front, HTA also has the ability to oversee the Convention Center's operations and foster relationships with local festivals, conferences, events, and shows supported by the Authority and the State. This synergistic approach ultimately contributes to a more comprehensive and effective tourism strategy.

Mahalo for providing us with the opportunity to share our comments.