

**SB 1313**



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**THEODORE E. LIU**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Friday, February 27, 2009  
9:00 a.m.  
State Capitol, Conference Room 211

### **SB 1313 SD 1** **RELATING TO COMMUNITY DEVELOPMENT.**

Chairs Kim, Vice Chair Tsutsui and Members of the Senate Committee on Ways and Means.

The Department of Business, Economic Development and Tourism respectfully opposes SB 1313 SD 1, which would repeal HRS Chapter 206E, Hawaii Community Development Authority (HCDA) and transfer personnel and assets to other State agencies and the City and County of Honolulu.

While there is merit in periodically reviewing the organizational arrangements of state programs, this bill would eliminate an important state planning and development agency for no apparent reason. The changes are extensive, including the transfer of valuable state lands to the City and County of Honolulu. There will be considerable uncertainty created with the elimination of statutes, transfer of personnel without programs to administer, and long-term arrangements put into limbo.

The HCDA is working on numerous projects that are very important to the infrastructure and economic development of the State. For instance:

- HCDA is proposing an important \$8.5 million energy corridor project for Kalaeloa utilizing CIP and DOT funds as well as private sector cost sharing. This project would likely collapse if HCDA was abolished.
- The agency is involved in a \$15 million Loan to Restart and construct 202 affordable rental project (Halekauwila Place), which would be in jeopardy if the agency were eliminated.
- If abolished the HCDA's \$4.9M repair of Kewalo Basin Harbor would be jeopardized as the financing revolving funds would be absorbed elsewhere. The project represents

critical deferred maintenance that needs to be done to safeguard a prime state commercial harbor asset.

- A number of other energy and high technology projects would be jeopardized by this bill.

In summary, the department believes that the agency and the many key infrastructure and economic development projects it is engaged in are important to the State and do not warrant change at this time.

Thank you for the opportunity to offer these comments.

**kim2 - Arline**

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**From:** rawcohi@cs.com  
**Sent:** Wednesday, February 25, 2009 9:19 PM  
**To:** WAM Testimony  
**Subject:** Testimony in support of a change to SB 1313, SD1

TESTIMONY IN SUPPORT OF SB 1313, SD 1  
WITH A MUCH NEEDED CHANGE SUGGESTED

SENATE COMMITTEE ON WAYS AND MEANS

Friday, 27 February 2009 in room 211 at 0900

Chair Mercado Kim and respected members of the committee,

My name is Reg White. I work in the commercial boating industry of our state and have been involved with operations from Kewalo Basin for the past thirty five years. I speak on this bill today from that very narrow perspective of only having an interest in the Kewalo Basin preservation part of this bill. The recent years, since 1992, under the auspices of HCDA, our basin and its facilities have been allowed to run down and deteriorate, even though the state auditor reports show that there was an annual surplus of funds paid by our fees, income sufficient to have paid the maintenance all the way along. HCDA management has been a disaster for Kewalo Basin and its tenants from the beginning. This should not be a surprise to anyone as running a harbor is not HCDA's area of experience nor expertise. This bill has our complete support except for the clause in Section 8 that transfers the staff from HCDA to go along with the job. This staff is the problem, they are the common thread that has caused our basin to deteriorate. These are the people who were mis-cast and who have no maritime background, therefore no judgement to enable marine management. These are the same people who mis-planned the restoration project in 1994 that made access to the basin nearly impossible for visitors who don't already know their way around, and in the process they parked the buses in a way to block the view of the waterfront from one of our main marketing sources, the traffic passing by on Ala Moana Blvd. These are the same people who never thought to look for the yearly surplus income and apply it to facility maintenance, leading to the present deteriorated condition of our harbor and the present reduction in it's earning capacity. No, if you must transfer this staff along with the job, then this bill has done nothing to help the tenants of Kewalo Basin.

***If you want to make a perfect fit, take Kewalo Basin and it's immediately surrounding fast land, from the ewa wall of Ala Moana Park on ewa to Ahui Street and from Ala Moana Blvd makai to the ocean, and transfer it from HCDA to DOT. Please make the necessary amendments to fix this and then pass the bill as SD 2.***

Respectfully.

Reg White  
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DEPARTMENT OF PLANNING AND PERMITTING  
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MUFI HANNEMANN  
MAYOR



DAVID K. TANOUE  
DIRECTOR  
ROBERT M. SUMITOMO  
DEPUTY DIRECTOR

February 27, 2009

The Honorable Donna Mercado Kim, Chair  
and Members on the Committee on Ways and Means  
State Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Kim and Members:

**Subject: Senate Bill 1313, SD 1  
Relating to Community Development**

The Department of Planning and Permitting **supports** the intent of Senate Bill 1313, SD1, as it relates to placing zoning for all lands designated within the Kakaako Community Development District and the Kalaeloa Community Development District under the jurisdiction of the City and County of Honolulu.

However, we do not support Section 11 of the subject bill which may transfer all liability for deeds, leases, contracts, loans, agreements, permits, and any documents entered into by or on behalf of the Hawaii Community Development Authority to the City without having thoroughly reviewed the obligations that these documents may place on the City. We recommend the final version of this bill be amended to give the City an opportunity to review these documents before accepting their transfer, especially if there are provisions that conflict with standing city ordinances and regulations.

Please amend the bill accordingly.

Thank you for the opportunity to testify.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David K. Tanoue".

David K. Tanoue, Director  
Department of Planning and Permitting

DKT: jmf  
sb1313sd1-kst.doc