

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 HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2940, S.D. 2, H.D. 1

June 29, 2020
2:00 p.m.
Room 329

RELATING TO THE STADIUM DEVELOPMENT DISTRICT

The Department of Budget and Finance offers comments on Senate Bill (S.B.) No. 2940, S.D. 2, H.D. 1.

S.B. No. 2940 amends Chapter 109, HRS, to add four new sections to establish guidelines for the Stadium Development District. S.B. No. 2940 also establishes the Stadium Development Special Fund (SDSF) which shall receive funding from the following sources: all revenues from the operations of the Stadium Development; all proceeds from revenue bonds issued by the Stadium Authority; and appropriations made by the Legislature. The SDSF shall be used for expenses of the development and operations of the stadium property.

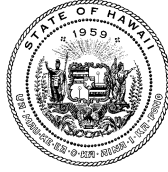
As a matter of general policy, the department does not support the creation of any special fund that does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and

charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regard to S.B. No. 2940, S.D. 2, H.D. 1, it is difficult to determine whether the proposed special fund would be self-sustaining or why the program cannot be implemented under the general fund appropriation process.

In addition, it should be noted that S.B. No. 3139, S.D. 1, H.D. 1, which was enrolled to the Governor on May 21, 2020, converts \$20,000,000 appropriated in Act 268, SLH 2019, from general funds to general obligation bonds and is accounted for in the general fund financial plan. S.B. No. 2940, however, does not contain provisions for this conversion.

Thank you for your consideration of our comments.

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 HOUSE COMMITTEE ON
FINANCE

MONDAY, JUNE 29, 2020, 2:00 P.M.
CONFERENCE ROOM 329, STATE CAPITOL

S.B. 2940, S.D. 2, H.D. 1

RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chair Luke, Vice Chair Cullen, and members of the committee, thank you for the opportunity to submit testimony for S.B. 2940, S.D. 2, H.D. 1.

The Department of Accounting and General Services (DAGS) **strongly supports this bill and requests consideration to include the following amendments** which are intended to ensure that the development and management of Stadium real property can realize optimal benefits from innovative project delivery by further defining the Stadium Authority rights to receive and utilize revenues from the operations of the stadium property, all governmental funds, and gifts, bequests, or other non-governmental sources of funds; and to better clarify that the Stadium Authority may also make and execute various innovative project delivery agreements as necessary or convenient to exercise powers necessary, incidental, or convenient to carry out the purposes and provisions of Chapter 109, Hawaii Revised Statutes (prior Ramseyer format revisions eliminated to increase clarity of newly proposed revisions):

1. Revise Page 1, lines 12-13 to read:

“(1) All revenues from the [~~operations of the~~] stadium development, including its operations and land agreement(s);

2. Revise Page 1, line 15, to read “authority; [~~and~~]”

3. Revise Page 1, line 16 to read:

“(3) Appropriations made by the legislature to the fund[-]; and”

4. Page 1, after line 16, insert:

“(4) All proceeds from general obligation bonds and reimbursable general obligation bonds issued by the director of finance for the benefit of the stadium authority,”

5. Revise page 2, lines 1 – 3, to read:

“(b) Moneys in the stadium development special fund shall be used for [~~the~~] expenses of the stadium authority related to repairs to the existing stadium, and to the development and operations of the stadium property, including recurring contractual availability payments and other recurring contractual payments to developers or contractors engaged by the stadium authority for the purpose of redeveloping the site and related on and off site infrastructure (the “Project”).”

6. Revise page 2, line 7, to read, “...development district for the Project:

7. Revise page 3, line 7, to read, “...construction activities (including on site repairs) within and outside the...”

8. Revise page 3, lines 15-16, to read:

“(5) [~~Hawaiian archaeological~~] Archaeological, historic, and cultural sites shall be preserved and protected in accordance with chapter 6E,”

9. Revise page 4, lines 18-21 to read:

“(1) To maintain, operate, manage, and develop or redevelop the stadium (including repairs), facilities related to the stadium, and real property held by the

stadium authority[, ~~which shall be referred to as~~] (the ‘stadium development district’), either directly or through partnerships or contractual agreements with private third parties or other entities;”

10. Revise page 5, lines 6-7, to read:

“...entering into leases, contracts, or other such development and use agreements that may apply; provided that leases shall not exceed a term of ninety-nine years;”

11. Revise page 6, line 1, to read, “...respective offices at the pleasure of the authority to manage the stadium development district.”

12. Revise page 6, line 7, to read, “Effective July 1, 2005, [a] deputy managers shall...”

13. Revise page 6, line 20, to read, “...and except for the manager, deputy manager(s), and...”

14. Revise page 12, line 19, to read, “...auction, sell, or lease for a term not exceeding ~~[sixty five]~~ ninety-nine...”

DAGS believes that these amendments are essential to capture and utilize the potential variety of income and assets that, together with the prior amendments to bring clear focus, governance, and increased transparency under the proven leadership of the Stadium Authority Chair Ross Yamasaki and Stadium Manager Scott Chan, will ensure all resources are made available to provide top quality events and property management for the benefit of all of Hawaii’s residents and visitors.

DAGS remains committed to support and promote the Stadium Authority’s on-going efforts to continue implementation of this project as expeditiously as possible to maintain our current partnerships and commitments with the community, stakeholders, and various industries

to make this a worthwhile and exciting venture to the mutual benefit of the state and all parties.

The approval of this bill as soon as possible is necessary to ensure that we may do so.

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

DAVID Y. IGE
GOVERNOR

CURT T. OTAGURO
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
SCOTT L. CHAN, MANAGER
ALOHA STADIUM
STADIUM AUTHORITY
TO THE
HOUSE COMMITTEE
ON
FINANCE

JUNE 29, 2020, 2:00 P.M.
CONFERENCE ROOM 329

S.B. 2940, S.D. 2, H.D. 1

RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chair Luke, Vice Chair Cullen, and members of the committee, thank you for the opportunity to submit this testimony strongly supporting SB 2940, S.D. 2., H.D. 1

The Stadium Authority and I are in strong support of this measure as it supports and clarifies the Stadium Authority's role in developing the New Aloha Stadium Entertainment District (NASED); and in doing so, provides the Stadium Authority with the necessary resources and statutory language required to successfully initiate the foundation and development of NASED. We also appreciate the financial support in providing a combination of funding sources that represents the State of Hawaii's commitment towards underwriting its portion of a new Aloha Stadium facility.

Respectfully, we defer to and support the Department of Accounting and General Services' testimony on any proposed technical changes to this measure.

Finally, we also recognize that this measure is a very complex one and one that required the collaborative effort of so many parties in order to reach this point. We would like to express our sincere gratitude to the Legislature, the Governor's administration, DAGS, and numerous subject matter experts for their collaborative energy and sharing of expertise.

Thank you for the ongoing support over the years and the opportunity to provide this testimony in strong support of SB 2940, S.D. 2, H.D. 1

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June 29, 2020
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Thank you for your consideration of our comments.



HAWAII COMMUNITY DEVELOPMENT AUTHORITY

547 Queen Street, Honolulu, Hawaii 96817
Web site: <http://dbedt.hawaii.gov/hcda/>

DAVID Y. IGE
GOVERNOR

JOHN WHALEN
CHAIR

GARETT KAMEMOTO
INTERIM EXECUTIVE DIRECTOR

Telephone: (808) 594-0300
Fax: (808) 587-0299

STATEMENT OF GARETT KAMEMOTO, INTERIM EXECUTIVE DIRECTOR HAWAII COMMUNITY DEVELOPMENT AUTHORITY

Before the
HOUSE COMMITTEE ON FINANCE

Monday, June 29, 2020
2:00 P.M.
State Capitol, Conference Room 329

in consideration of

SB 2940, SD2, HD1 RELATING TO THE STADIUM DEVELOPMENT DISTRICT

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

The Hawaii Community Development Authority (HCDA) offers the following
comments in strong support of SB 2940 SD2, HD1, which streamlines oversight of the
redevelopment of Aloha Stadium.

HCDA believes this bill will put the Stadium Authority in a better position to fully
execute the New Aloha Stadium Entertainment District.

We defer to the Stadium Authority and the Department of Accounting and General
Services (DAGS) on specifics in this measure.

HCDA stands ready to assist both agencies in any way we can.

Thank you for the opportunity to testify on **SB 2940, SD2, HD1**.

**Testimony of
Stephen Joseph
PVT Land Company, Ltd.**

SUBMITTED VIA CAPITOL WEBSITE

Rep. Sylvia Luke, Chair

Rep. Ty Cullen, Vice Chair

Members of the Committee on Finance

Re: SB 2940, SD 2, HD1 Relating to the Stadium Development District

Dear Chair Luke, Vice Chair Cullen and Members of your Committee,

Thank you for the opportunity to submit testimony concerning SB 2940, SD 2, HD1 Relating to the Stadium Development District. On behalf of PVT Land Company, I appreciate the opportunity to **comment** on this bill. PVT is the only publicly available construction and demolition landfill on Oahu and a strong supporter of the construction industry.

PVT supports the intent of this bill to redevelop Aloha Stadium and establish development guidance policies to promote economic development and employment opportunities by fostering diverse land uses and encouraging private sector investments. However, we want to bring to your attention another bill pending before the Legislature that would adversely affect the Aloha Stadium project and the objectives of SB 2940.

The Legislature is poised to pass another bill, SB 2386, Related to Waste Management, which will prevent PVT from relocating its landfill to an adjacent site and will require the closure of PVT in the next five years. If PVT is not able to relocate, it must operate its business to maximize the use of the space remaining at the landfill and to ensure proper closure.

We wanted you to know that PVT will not be able to accept the demolition debris from the Aloha Stadium redevelopment project if SB 2386 passes. If SB 2386 passes, effective July 1, 2020, PVT's rates will be increased substantially. In addition to the increased fees, PVT will limit the waste it accepts. In its final years of operation, PVT will no longer accept waste that does not readily compact. PVT will not accept major project demolition debris, such the Aloha Stadium demolition debris, or disaster debris. PVT will no longer accept asbestos-containing materials. We understand that this will make both the Aloha Stadium project and the Honolulu rail project more difficult and costly.

There is no permitted alternative for construction and demolition debris on Oahu. The City and County of Honolulu's Director of Environmental Services recently testified that there is not another entity dealing with construction and demolition debris and there is not a plan on how to deal with construction and demolition debris should PVT be forced to close. If SB 2386 passes, it will take the City at least 7 to 10 years to site and build a new landfill before it can accept waste, and longer if the property is not already owned by the City. This means that there would be years of delay before a substitute can be found to accept debris from the Aloha Stadium redevelopment project.

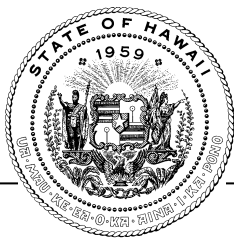
Without PVT, the Aloha Stadium project may not be able to meet its recycling and sustainability requirements. We understand that the project intends to seek Leadership in Energy and Environmental Design (LEED) certification. The best way to earn LEED points is to deconstruct and salvage construction components, if possible, and recycle all other materials at PVT. To receive LEED points, the weight and volume of the different material types must be tracked and documented. For that, PVT issues a recycle report that can be used for LEED or other green building documentation.

The vast majority of construction and demolition debris that enters the PVT facility is separated, crushed, or shredded for reuse or recycling. PVT is able to recycle up to 80 percent of the debris that enters the facility: metals are recycled offsite; concrete, rock and dirt are recycled for use at the facility or offsite; wood and other combustible material are processed into feedstock that can be used in a gasifier to produce clean synthetic natural gas. PVT works with contractors and others who bring debris to our facility so that they may earn points toward LEED certification.

Closing PVT would have devastating results. If PVT is forced to close in the next five years, the following would occur:

- Developers, contractors and truckers, and other parts of the construction industry would have no legal place on Oahu to take their construction and demolition debris. Construction projects – as small as a kitchen remodel or as large as a shopping center - would come to a halt.
- Federal, state and local government would have no legal place on Oahu to take their construction and demolition debris. Again vital renovations and new construction would be halted. Examples of the state agencies that take their demolition debris to PVT include the Hawaii Air National Guard, the Department of Education, the Department of Land and Natural Resources, the Department of Transportation and the University of Hawaii.
- If there is no legal disposal option on Oahu, illegal dumping would be rampant, both on private and government land.
- The bill would be a serious blow to disaster preparedness. In the event of a natural disaster, the first response is debris removal, particularly from priority roadways. The City and County of Honolulu has developed plans for a category 4 hurricane. Under this scenario, PVT would receive an anticipated 4 million cubic yards of debris, which is comparable in volume to filling Yankee Stadium five times. With this bill, there would be no place for the disaster debris to go for recycling and disposal.

PVT is hopeful that SB 2386 will not pass, and it will be able to continue to accept all construction and demolition debris, including Aloha Stadium redevelopment demolition debris. For these reasons, PVT respectfully asks the Committee to consider the impact of closing the only construction and demolition landfill on Oahu on bills relating to Aloha Stadium such as SB 2940. Thank you again for the opportunity to submit comments.



OFFICE OF PLANNING STATE OF HAWAII

LATE

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR
OFFICE OF PLANNING

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846
Fax: (808) 587-2824
Web: <http://planning.hawaii.gov/>

Statement of
MARY ALICE EVANS
Director, Office of Planning
before the
HOUSE COMMITTEE ON FINANCE
Monday, June 29, 2020
2:00 PM
State Capitol, Conference Room 329

in consideration of
SB 2940, SD 2, HD 1
RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance.

The Office of Planning (OP) strongly supports SB 2940, SD 2, HD 1, which includes the assignment of jurisdiction and title for the Aloha Stadium real property, and redevelopment thereof, to the Stadium Authority; establishment of a special fund for Stadium redevelopment, operations, and management; and authorization for the Stadium Authority to undertake infrastructure improvements necessary for stadium district development.

OP is the lead agency for promoting smart growth and transit-oriented development (TOD) statewide and co-chair of the Hawaii Interagency Council for Transit-Oriented Development. In this capacity, OP has been a supporter of the Aloha Stadium Redevelopment Project, which is identified as a key catalytic State TOD project in the *State Strategic Plan for Transit-Oriented Development*, initially published in December 2017 and reissued in August 2018.

This bill will clarify roles and responsibilities for the redevelopment of the Stadium as well as for ancillary TOD on other Stadium lands contemplated under the New Aloha Stadium Entertainment District (NASED) planning effort underway. This clarification can only enhance the Stadium Authority's efforts to procure a successful public-private partnership that would deliver a new Aloha Stadium that Hawaii can be proud of. The passage of SB 2940, SD 2, HD 1 should ensure that planning, design, and construction of the new Aloha Stadium can proceed efficiently and on schedule, laying the cornerstone for a new live-work-play TOD community around the Stadium.

OP respectfully recommends that Paragraphs (1) and (2) on page 2, lines 8-19, be replaced with language such as provided below. The proposed amendment would clarify the intent and eliminate the need to amend a county-adopted TOD plan.

“(1) Development shall be in accordance with stadium district development plans or similar transit-oriented development plans adopted by the stadium authority for the development of the district; provided that the plan or plans shall consider any county transit-oriented development plan and allow for public input in their preparation and updates;”

Thank you for the opportunity to testify on this measure.