

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 SENATE COMMITTEES ON
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
AND

MONDAY, FEBRUARY 10, 2020, 3:00 P.M. CONFERENCE ROOM 414, STATE CAPITOL

WATER AND LAND

S.B. 2940

## RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chairs Wakai and Kahele, Vice Chairs Taniguchi and Keith-Agaran, and members of the committees, thank you for the opportunity to submit testimony for SB 2940.

The Department of Accounting and General Services (DAGS) strongly supports this bill with the following amendments which are intended to further streamline oversight of the development of Stadium real property without creating a new Stadium Development District by giving the Stadium Authority necessary rights to hold title, develop, lease, collect rents, fees and charges, etc., for real property held by the Stadium Authority; authorizing the Manager to appoint Deputy Managers; creating a new stadium development special fund; designating proceeds of appropriated revenue bonds to be deposited in the new special fund; transferring expending agency status for funds appropriated by Act 268, SLH 2019, to the

Stadium Authority; enabling the Stadium Authority to delegate CIP funds; and making an appropriation of \$1 million to the Stadium Authority for purposes of this Act:

- 1. Revise page 1, line 5 to read, "To maintain, operate, [and] manage, and develop the stadium...."
- 2. Revise page 1, lines 13-15 to read, "... provided that [the terms of any lease shall not conflict with the requirements of section 206E 14(a)] no lease shall be for a longer term than ninety-nine years;"
- 3. Revise page 2, line 10 to read, "To appoint a manager and [a] deputy managers who..."
- 4. Revise page 2, line 14 to read, "...deputy managers shall be exempt from the requirements ..."
- 5. Revise page 2, line 19 to read, "...deputy managers shall be paid a salary not to exceed..."
- 6. Delete Sections 4, 5, and 6 in their entirety.
- 7. Insert the following new Sections 4 10:

"SECTION 4. Chapter 109, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated to read as follows:

"§109- Stadium development special fund. (a) There is established in the state treasury the stadium development special fund, into which shall be deposited:

- (1) All revenues from the operations of the stadium development;
- (2) All proceeds from revenue bonds issued by the stadium authority; and
- (3) Appropriations made by the legislature to the fund.
- (b) Moneys in the stadium development special fund shall be used for the expenses of development and operations of the stadium property."

SECTION 5. Act 268, Session Laws of Hawaii 2019, sections 1 and 2 are rescinded in their entirety.

SECTION 6. Act 268, Session Laws of Hawaii 2019, section 4, is amended to read as follows:

"SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$20,000,000 or so much thereof as may be necessary for fiscal year 2019-2020 for the [establishment and] development of the stadium [development district] authority property for public use.

The sum appropriated shall be expended by the [Hawaii community development authority] stadium authority for the purposes of this Act; provided that the appropriation shall not lapse at the end of the fiscal year for which the appropriation is made; provided further that all moneys unencumbered as of June 30, 2022, shall lapse as of that date."

SECTION 7. Act 268, Session Laws of Hawaii 2019, section 5, is amended to read as follows:

"SECTION 5. The legislature finds and declares that the issuance of revenue bonds under this Act is in the public interest and for the public health, safety, and general welfare[. Pursuant] pursuant to part III, chapter 39, Hawaii Revised Statutes. Accordingly, the [Hawaii community development authority] stadium authority, with the approval of the governor, may issue in one or more series revenue bonds in a total amount not to exceed \$180,000,000 for the [Hawaii community development authority] stadium authority to implement [the stadium development district as provided for in part—, chapter 206E, Hawaii Revised Statutes]development of the stadium authority property for public use.

The proceeds of the revenue bonds shall be deposited into the [Hawaii community development revolving fund] stadium development special fund created in section [206E-16] 109-, Hawaii Revised Statutes.

The revenue bonds authorized under this Act shall be issued pursuant to part III, chapter 39, Hawaii Revised Statutes. The authorization to issue revenue bonds under this Act shall lapse on June 30, 2024."

SECTION 8. Act 268, Session Laws of Hawaii 2019, section 6, is amended to read as follows:

"SECTION 6. The director of finance is authorized to issue general obligation bonds in the sum of \$150,000,000 or so much thereof as may be necessary and the same sum or so much thereof as may be necessary is appropriated for fiscal year 2019-2020 to the [Hawaii community development authority] stadium authority for the [stadium development district.]development of the stadium authority property for public use; provided that the appropriation shall not lapse at the end of the fiscal year for which the appropriation is made; provided further that all moneys unencumbered as of June 30, 2022, shall lapse as of that date."

SECTION 9. Act 268, Session Laws of Hawaii 2019, section 7, is amended to add a new section as follows:

"SECTION 7A. With the approval of the governor, the stadium authority as designated expending agency for capital improvement projects authorized in this Act may delegate to other state agencies the implementation of projects when it is determined advantageous to do so by both the stadium authority as the original expending agency and the agency to which expending authority is to be delegated."

SECTION 10. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,000,000, or so much thereof as may be necessary for fiscal year 2020-2021, to carry out the purposes of this Act.

The sum appropriated shall be expended by the stadium authority; provided that the appropriation shall not lapse at the end of the fiscal year for which the appropriation is made; provided further that all moneys unencumbered as of June 30, 2022, shall Lapse as of that date."

- 8. Revise page 11, line 11 to read, "SECTION [7] 11. Statutory material to be repealed is bracketed..."
- 9. Revise page 11, line 13 to read, "SECTION [8] 12. This Act shall take effect upon its approval."

DAGS believes this will bring clear focus, governance, and increased transparency under the proven leadership of the Stadium Authority Chair Ross Yamasaki and Stadium Manager Scott Chan, who have demonstrated their capability and commitment to utilize all their resources available to provide top quality events and property management for the benefit of all of Hawaii's residents and visitors. The Stadium Authority's on-going partnerships with the community, stakeholders, and various industries make this a worthwhile and exciting venture for DAGS to partner in and promote.

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



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 SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM AND WATER AND LAND

MONDAY, FEBRUARY 10, 2020, 3:00 P.M. CONFERENCE ROOM 414, STATE CAPITOL

S.B. 2940

### RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chairs Wakai and Kahele, Vice Chairs Taniguchi and Keith-Agaran, and members of the committees, thank you for the opportunity to submit testimony for SB 2940.

The Department of Accounting and General Services (DAGS) strongly supports this bill with the following amendments which are intended to further streamline oversight of the development of Stadium real property without creating a new Stadium Development District by giving the Stadium Authority necessary rights to hold title, develop, lease, collect rents, fees and charges, etc., for real property held by the Stadium Authority; authorizing the Manager to appoint Deputy Managers; creating a new stadium development special fund; designating proceeds of appropriated revenue bonds to be deposited in the new special fund; transferring expending agency status for funds appropriated by Act 268, SLH 2019, to the Stadium Authority; enabling the Stadium Authority to delegate CIP funds; and making an appropriation of \$1 million to the Stadium Authority for purposes of this Act:

- 1. Revise page 1, line 5 to read, "To maintain, operate, [and] manage, and develop the stadium..."
- 2. Revise page 1, lines 13-15 to read, "... provided that [the terms of any lease shall not conflict with the requirements of section 206E—14(a)] no lease shall be for a longer term than ninety-nine years;"
- 3. Revise page 2, line 10 to read, "To appoint a manager and [a] deputy managers who..."
- 4. Revise page 2, line 14 to read, "...deputy managers shall be exempt from the requirements ..."
- 5. Revise page 2, line 19 to read, "...deputy managers shall be paid a salary not to exceed..."
- 6. Delete Sections 4, 5, and 6 in their entirety.
- 7. Insert the following new Sections 4 10:

"SECTION 4. Chapter 109, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated to read as follows:

"§109- Stadium development special fund. (a) There is established in the state treasury the stadium development special fund, into which shall be deposited:

- (1) All revenues from the operations of the stadium development;
- (2) All proceeds from revenue bonds issued by the stadium authority; and
- (3) Appropriations made by the legislature to the fund.
- (b) Moneys in the stadium development special fund shall be used for the expenses of development and operations of the stadium property."

SECTION 5. Act 268, Session Laws of Hawaii 2019, sections 1 and 2 are rescinded in their entirety.

SECTION 6. Act 268, Session Laws of Hawaii 2019, section 4, is amended to read as follows:

"SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$20,000,000 or so much thereof as may be necessary for fiscal year 2019-2020 for the [establishment and] development of the stadium [development district] authority property for public use.

The sum appropriated shall be expended by the [Hawaii community development authority] stadium authority for the purposes of this Act; provided that the appropriation shall not lapse at the end of the fiscal year for which the appropriation is made; provided further that all moneys unencumbered as of June 30, 2022, shall lapse as of that date."

SECTION 7. Act 268, Session Laws of Hawaii 2019, section 5, is amended to read as follows:

"SECTION 5. The legislature finds and declares that the issuance of revenue bonds under this Act is in the public interest and for the public health, safety, and general welfare[. Pursuant] pursuant to part III, chapter 39, Hawaii Revised Statutes. Accordingly, the [Hawaii community development authority] stadium authority, with the approval of the governor, may issue in one or more series revenue bonds in a total amount not to exceed \$180,000,000 for the [Hawaii community development authority] stadium authority to implement [the stadium development district as provided for in part—, chapter 206E, Hawaii Revised Statutes]development of the stadium authority property for public use.

The proceeds of the revenue bonds shall be deposited into the [Hawaii community development revolving fund] stadium development special fund created in section [206E-16] 109-, Hawaii Revised Statutes.

The revenue bonds authorized under this Act shall be issued pursuant to part III, chapter 39, Hawaii Revised Statutes. The authorization to issue revenue bonds under this Act shall lapse on June 30, 2024."

SECTION 8. Act 268, Session Laws of Hawaii 2019, section 6, is amended to read as follows:

"SECTION 6. The director of finance is authorized to issue general obligation bonds in the sum of \$150,000,000 or so much thereof as may be necessary and the same sum or so much thereof as may be necessary is appropriated for fiscal year 2019-2020 to the [Hawaii community development authority] stadium authority for the [stadium development district.]development of the stadium authority property for public use; provided that the appropriation shall not lapse at the end of the fiscal year for which the appropriation is made; provided further that all moneys unencumbered as of June 30, 2022, shall lapse as of that date."

SECTION 9. Act 268, Session Laws of Hawaii 2019, section 7, is amended to add a new section as follows:

"SECTION 7A. With the approval of the governor, the stadium authority as designated expending agency for capital improvement projects authorized in this Act may delegate to other state agencies the implementation of projects when it is determined advantageous to do so by both the stadium authority as the original expending agency and the agency to which expending authority is to be delegated."

SECTION 10. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,000,000, or so much thereof as may be necessary for fiscal year 2020-2021, to carry out the purposes of this Act.

The sum appropriated shall be expended by the stadium authority; provided that the appropriation shall not lapse at the end of the fiscal year for which the appropriation is made; provided further that all moneys unencumbered as of June 30, 2022, shall Lapse as of that date."

- 8. Revise page 11, line 11 to read, "SECTION [7] 11. Statutory material to be repealed is bracketed..."
- 9. Revise page 11, line 13 to read, "SECTION [8] 12. This Act shall take effect upon its approval."

DAGS believes this will bring clear focus, governance, and increased transparency under the proven leadership of the Stadium Authority Chair Ross Yamasaki and Stadium Manager Scott Chan, who have demonstrated their capability and commitment to utilize all their resources available to provide top quality events and property management for the benefit of all of Hawaii's residents and visitors. The Stadium Authority's on-going partnerships with the community, stakeholders, and various industries make this a worthwhile and exciting venture for DAGS to partner in and promote.

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

DAVID Y. IGE GOVERNOR OF HAWAII





### STATE OF HAWAII **DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621 HONOLULU, HAWAII 96809

Testimony of **SUZANNE D. CASE** Chairperson

# SUZANNE D. CASE

CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA FIRST DEPUTY

M. KALEO MANUEL

AQUATIC RESOURCES AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT ENGINEERING FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION LAND STATE PARKS

# **Before the Senate Committees on** ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM WATER AND LAND

Monday, February 10, 2020 3:00PM State Capitol, Conference Room 414

# In consideration of SENATE BILL 2940 RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Senate Bill 2940 proposes to authorize the Stadium Authority to acquire and hold real property and transfer authority to issue leases the lands within the Stadium Development District from the Hawaii Community Development Authority to the Stadium Authority. The measure also proposes to exempt development of the Stadium Development District from community development plan requirements, except requirements of the county transit-oriented development plan. The Department of Land and Natural Resources (Department) offers the following comments on this measure.

SECTION 3 of this measure proposes to exempt lands to which the Stadium Authority holds title from the definition of public lands as defined in Section 171-2, Hawaii Revised Statutes. Should lands held by the Stadium Authority no longer be needed for stadium and related purposes, said lands should be returned to the public land trust administered by the Department.

Thank you for the opportunity to comment on this measure.

GARETT KAMEMOTO INTERIM EXECUTIVE DIRECTOR

Telephone: Fax:

(808) 594-0300 (808) 587-0299

Web site: http://dbedt.hawaii.gov/hcda/

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

Before the

# SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM And the

SENATE COMMITTEE ON WATER AND LAND

Monday, February 10, 2020 3:00 P.M. State Capitol, Conference Room 414

in consideration of

# SB 2940 RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chairs Wakai and Kahele, Vice Chairs Taniguchi and Keith-Agaran, and members of the committees.

The Hawaii Community Development Authority (HCDA) has not formally taken a position on SB 2940, but in my capacity as interim executive director, I offer the following **comments regarding SB 2940,** which streamlines oversight of the redevelopment of Aloha Stadium.

We support the amendments proposed by the Department of Accounting and General Services (DAGS), as they are in the best interests of the state. HCDA stands ready to assist the stadium authority and DAGS in any way we can.

Thank you for the opportunity to testify on SB 2940.

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
SENATE COMMITTEE
ON
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
AND
WATER AND LAND

FEBRUARY 10, 2020, 3:00 P.M. CONFERENCE ROOM 414

S.B. 2940

### RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chairs Wakai and Kahele, Vice Chairs Taniguchi and Keith-Agaran, and members of the respective committees, thank you for the opportunity to submit this testimony strongly supporting SB 2940 with amendments as proposed by the Department of Accounting and General Services (DAGS) in its testimony.

Thank you for the opportunity to provide this testimony in strong support of SB 2940 with amendments as proposed by DAGS.



# SB2940 RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Ke Kōmike 'Aha Kenekoa o ke Ikehu, ka Ho'omohala Waiwai, a me ka 'Oihana Ho'okipa Malihini Ke Kōmike 'Aha Kenekoa o ka Wai a me ka 'Āina

Pepeluali 10, 2020 3:00 p.m. Lumi 414

The Office of Hawaiian Affairs (OHA) provides the following **COMMENTS** on SB2940, which seeks to amend the Hawai'i Revised Statutes (HRS) § 171-2 definition of "public lands" to exempt lands to which the Stadium Authority (Authority) holds title. OHA appreciates the opportunity to comment on this measure and respectfully requests that, should the Committees choose to move this measure forward, the amendment offered below be added to ensure that any state-owned lands to which the Authority holds title remain <u>consistently</u> protected against inappropriate—fee sales.

OHA requests that any proposals to exempt state lands from the definition of "public lands" in HRS § 171-2 be paired with amendments to ensure continued compliance with HRS § 171-64.7, a critical mechanism protecting our public lands, including "ceded" lands, from inappropriate alienation. The prior notice to OHA and supermajority legislative approval required for the sale or gift of public lands under HRS § 171-64.7 ensure a close level of oversight, accountability, and transparency in the potential alienation of our limited public land base; this statutory requirement is particularly critical to maintaining the "ceded" lands corpus, and its enactment was a condition precedent to the settlement agreement in the OHA v. Housing and Community Development Corporation of Hawai'i lawsuit, brought in response to the State's actions to sell and otherwise alienate "ceded" lands. Therefore, to the extent that SB2940 proposes to exempt lands to which the Authority holds title from the HRS § 171-2 definition of "public lands," OHA urges that such lands by expressly included under HRS § 171-64.7, consistent with lands that other State agencies hold in title.

To accomplish this, OHA respectfully requests the inclusion of language in this measure to amend HRS § 171-64.7 to insert a new paragraph (a)(11), to read as follows:

"(11) Lands to which the stadium authority holds title."

Mahalo piha for the opportunity to testify on this measure.



Senate Committee on Energy, Economic Development, and Tourism Senate Committee Water and Land February 10, 2020 at 3:00 p.m. State Capitol Room 414

#### SUPPORTING SB 2940 WITH AN AMENDMENT

Faith Action for Community Equity is a coalition of religious and community organizations driven by a spiritual commitment to improve the quality of life for all of the people of Hawaii by addressing the root causes of social justice challenges.

This bill transfers the authority to lease land within the Stadium Development District to the Stadium Authority and modifies the development guidance policies of the Stadium Development District.

The Legislature established the purpose of the Stadium Development District in Act 268, SLH 2019, codified as Section 206E-221, HRS, which reads in part, "Redeveloping, renovating, or improving these public lands in a manner that will provide suitable recreational, residential, educational, and commercial areas, where the public can live, congregate, recreate, attend schools, and shop, as part of a thoughtfully integrated experience, is in the best interests of the State and its people."

In that same Act, codified as Section 206E-224, HRS, the Legislature directed the Stadium Authority to "promote economic development and employment opportunities by fostering diverse land uses and encouraging private sector investments that use the opportunities presented by the high-capacity transit corridor project consistent with the <u>needs of the public</u>, including mixed use housing and housing in transit-oriented developments." (Underscoring added.)

We agree with the Legislature. In fact, much of the District can be used for non-stadium uses since only a portion of the site will be used for the new stadium and affiliated parking. The rest of the site can be used for the high priority "needs of the public."

About half of Hawaii's residents are struggling financially to afford basic needs because their earnings are not enough to cover Hawaii's high cost of living. These are people who are a paycheck or two away from homelessness. Housing is the highest cost item in a typical family's budget.

The Stadium Development District is ideal for developing affordable housing for three reasons. First, it is State land, so the land cost is zero, making the development of affordable housing financially viable. Second, it is in the Primary Urban Center, where housing density on Oahu is targeted to be increased to reduce the pressure to urbanize the rest of Oahu. Third, it is on the rail line, where housing is being encouraged because it reduces the need for personal vehicles.

Our vision is that 20,000 affordable housing units would be built in the Stadium Development District. The housing would be integrated with a substantial amount of commercial businesses, such as grocery stores, restaurants, department stores, movie theaters, health clinics, social service agencies, retail stores, fitness centers, parks, child care centers, senior care centers, and various professional services. These urban amenities would be within walking distance of the housing, creating a livable community and minimizing the need for personal vehicles.

Tens of thousands of people would live in the 20,000 housing units, making the stadium more viable financially. As it is now, the stadium loses money every year, so it must be subsidized by the State. Further losses can be predicted because the Hawaii Bowl, the biggest game of the year for the UH football team, drew fewer than 20,000 customers. The plan is for new commercial businesses in the District to subsidize the operations of the new stadium.

Tens of thousands of people living in the District and within walking distance of the stadium will increase attendance at UH football games, along with the swap meet, and other activities at the stadium, increasing income to the new stadium. Tens of thousands of people living near the commercial businesses that will subsidize the operations of the new stadium will ensure their success.

The bill should be amended to create 20,000 housing units in the District at prices that are affordable to the people of Hawaii. Our idea of "affordable housing" is pricing that is affordable to a three-person household earning 80% of the area median income or less, but no higher than \$450,000. At a price of \$450,000, the typical monthly mortgage payment would be \$2,050. If the affordable housing units are rented rather than sold, the monthly rent plus any affiliated fees should be no higher than \$1,600.

With the amendment requiring 20,000 affordable housing units to be built in the Stadium Development District, Faith Action for Community Equity supports the bill.



# SB-2940

Submitted on: 2/10/2020 3:12:50 PM

Testimony for EET on 2/10/2020 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ellen Godbey Carson	Individual	Support	No

### Comments:

I support this bill, with a request for amendment. I am a member of Faith Action for Community Equity. and we are very concerned about the lack of adequate housing units in the state, particularly affordable housing that can provide homes for those in the range of 80% area median income and below.

This bill transfers the authority to lease land within the Stadium Development District to the Stadium Authority and modifies the development guidance policies of the Stadium Development District.

The Stadium redevelopment is one of this state's best opporutnities to create tens of thousands of units of affordable housing to benefit our community, all within walking distance to the rail station. I was one of the members of the legislative delegationi that went to Singapore and Hong Kong last year to look at their models of affordable housing. Singapore used government land such as this for building major high rise esnity on rail lines, with abundant retail and services in the immediate vicinity, which is part of what is already being planned for the Stadium. This could be a model site for how to increase our affordable housing stock, while we "keep the country country"

The bill should be amended to create at least 20,000 housing units in the District at prices that are affordable to the people of Hawaii. We urge that "affordable housing" be pricing that is affordable to a three-person household earning 80% of the area median income or less, but no higher than \$450,000.

Thank you, and please support this bill.