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 WAYAS AND MEANS

#### FEBRUARY 17, 2021, 10:00 A.M. CONFERENCE ROOM 211 & VIDEOCONFERENCE

### S.B. 1423, SD1

### RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the committee, thank you for the opportunity to submit this testimony strongly supporting SB 1423, SD1.

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 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, SD1.



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 WAYS AND MEANS

### WEDNESDAY, FEBRUARY 17, 2021, 10:00 A.M. CONFERENCE ROOM 211 AND VIDEOCONFERENCE, STATE CAPITOL

### S.B. 1423, SD1

# RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee, thank you for the opportunity to submit testimony on S.B. 1423, SD1.

The Department of Accounting and General Services (DAGS) strongly supports S.B. 1423, SD1 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.

DAVID Y. IGE GOVERNOR S.B. 1423, SD1 Page 2

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

EMPLOYEES' RETIREMENT SYSTEM HAWAI'I EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

OFFICE OF THE PUBLIC DEFENDER



CRAIG K. HIRAI DIRECTOR

ROBERT YU DEPUTY DIRECTOR

STATE OF HAWAI'I DEPARTMENT OF BUDGET AND FINANCE P.O. BOX 150 HONOLULU, HAWAI'I 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE BUDGET, PROGRAM PLANINIG 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 COMMITTEE ON WAYS AND MEANS ON SENATE BILL NO. 1423, S.D. 1

### February 17, 2021 10:00 a.m. Room 211 and Videoconference

# 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, S.D. 1, 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, S.D. 1, 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.



# Testimony to the Senate Committee on Ways and Means Wednesday, February 17, 2021 at 10:00 A.M. Written Only

# **RE:** SB 1423, SD 1, RELATING TO THE STADIUM DEVELOPMENT DISTRICT

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 1423, SD 1 which:

- 1. Establishes the stadium development district special fund;
- Revises the general development guidance policies for the stadium development district and clarifies the respective roles the stadium authority and Hawaii community development authority in the development of the stadium development district;
- 3. Broadens the powers and duties of the stadium authority, including authorizing the stadium authority to acquire and hold title to real property;
- 4. Exempts land to which the stadium authority holds title from the definition of "public lands;"
- 5. Authorizes the Hawaii community development authority, with approval from the governor, to delegate to other state agencies implementation of capital improvement projects, under certain conditions;
- 6. Broadens the representation of the stadium authority by adding two members to its membership. Amends the general bond authorization made by Act 268, Session Laws of Hawaii 2019.; and
- 7. Makes the financial disclosures of members of the stadium authority public records pursuant to section 84-17(d), Hawaii Revised Statutes.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.



Hawaii's stadium development district is an untapped growth segment to transform and consolidate Hawaii's entertainment, tourism, retail, and housing into a major economic driver. Given the opportunity to establish itself as a premier development destination for not only sports and events, the district would have limitless potential to advance the breath of future commercial retail, residential housing, and transit-oriented development, to name a few, in delivering another economic driver to Hawaii for residents and tourists.

The Chamber believes this is an untapped opportunity for the State to benefit in planning, coordinating, and marketing the strength to live, work, and play.

Thank you for this opportunity to provide testimony.



49 South Hotel Street, Room 314 | Honolulu, HI 96813 www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

### SENATE COMMITTEE ON WAYS AND MEANS Wednesday, February 17, 2021, 10 am, State Capitol Room 211 SB 1423, SD 1 Relating to the Stadium Development District

# TESTIMONY

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

Chair Dela Cruz and Committee Members:

The League of Women Voters requests amendment of SB 1423, SD 1 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." Rule-making and gubernatorial oversight ensure predictability and accountability. If the Legislature authorizes the Stadium Authority to selectively adjust rental rates, fees, and charges every time the Authority meets, then inevitably the Authority wlll 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.

Thank you for the opportunity to submit testimony.



# HAWAII COMMUNITY DEVELOPMENT AUTHORITY

547 Queen Street, Honolulu, Hawaii 96817 Telephone: (808) 594-0300 Fax: (808) 587-0299 Web site: http://dbedt.hawaii.gov/hcda/ 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 WAYS AND MEANS

Wednesday, February 17, 2021 10:00 AM State Capitol, Conference Room 211 & Videoconference

### In consideration of SB 1423, SD1 RELATING TO THE STADIUM DEVELOPMENT DISTRICT.

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee. The Hawaii Community Development Authority (HCDA) offers **comments** on SB 1423, SD1 that establishes the stadium development district special fund, revises the guidance policies for the stadium development district and clarifies the respective roles of the Stadium Authority and HCDA in the development of the stadium development district, broadens the powers and duties of the stadium authority, and amends Act 268 (2019) changing the \$180,000,000 in revenue bonds to \$180,000,000 in general obligation bonds.

Broadening the Stadium Authority's powers will allow the Stadium Authority to better develop, operate, and maintain the district. SB 1423, SB1 should further empower the Stadium Authority by establishing the stadium development district special fund under HRS §109, the Stadium Authority instead of under HCDA, HRS §206E.

It appears that in SB 1423, SD1 HCDA's new role is to just delegate implementation of capital improvement projects to other state agencies along with the funds from the bonds appropriated in Act 268. The stadium development project could move forward more efficiently if the general obligation bond funding was provided directly to the Stadium Authority or the Department of Account and General Services. Providing funding through the HCDA adds another layer of approval that could delay HCDA Testimony Page 2

implementation of the project. Also, burdening the HCDA with fiscal responsibility without any oversight over the project may not be in the best interest of the state.

SB 1423, SD1 states, "the stadium authority established pursuant to section 109-1 shall have sole jurisdiction regarding matters affecting the stadium development district; provided that the executive director of the Hawaii community development authority shall serve directly under the stadium authority for those matters." The bill requires the HCDA executive director to serve directly under the stadium authority 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. Serving under two separate and independent boards has the potential to create conflict in the executive director when carrying out his or her duties and responsibilities.

SB 1423 SB1 also states, "the executive director of the Hawaii community development authority, state comptroller, and the stadium authority shall execute a memorandum of agreement with the appropriate state agencies." Currently, the executive director of HCDA requires approval from the HCDA board to enter into any agreements.

HCDA is a redevelopment agency of the state that brings community development plans to fruition. However, in the role outlined for HCDA in SB 1423, SB1 HCDA does not believe it would meet the highest needs and aspirations of Hawaii's people (§206E). HCDA believes that the stadium authority could better implement the project if it has the sole financial control and project oversight for the stadium development district.

Thank you for the opportunity to testify.





#### SENATE COMMITTEE ON WAYS & MEANS Hawaii State Capitol 415 South Beretania Street Via Videoconference 10:00 AM

February 17, 2021

### RE: SB 1423, RELATED TO STADIUM DEVELOPMENT DISTRICT

Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the committee:

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.

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### <u>SB-1423-SD-1</u> Submitted on: 2/16/2021 9:55:56 AM Testimony for WAM on 2/17/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John Kawamoto	Individual	Support	No

Comments:

My name is John Kawamoto, and I support SB 1423 SD 1 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 stadium development district. It is possible that the new stadium may not be built.

The bill 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 a critical housing shortage, 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 SD 1 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.