

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

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Statement of
JAMES KUNANE TOKIOKA
Director

Department of Business, Economic Development, and Tourism
Before the
HOUSE COMMITTEE ON FINANCE

Wednesday, February 21, 2024
2:00 PM
State Capitol, Conference Room 308

In consideration of
H.B. 2664
RELATING TO SPORTS FACILITIES

Chair Yamashita, Vice Chair Kitagawa and members of the Committee on Finance.

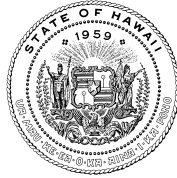
The Department of Business, Economic Development and Tourism (DBEDT) **opposes** House Bill 2664, which proposes to lapse appropriations of funds previously authorized for the planning, design, and construction of a stadium in Halawa by the Stadium Authority.

DBEDT, along with leadership from both the House and Senate worked hard on an agreed pathway forward for this project, and after much due-diligence and market soundings has progressed with a procurement for a single developer to design, build, operate, and maintain a new stadium in Halawa, using the \$350M in general obligation bonds, and the \$49.5M in general funds, appropriated by the Legislature in 2022 and signed into law by Governor Ige as Act 248, SLH 2022.

This bill, if passed, would force the cancellation of an active procurement, and further delay the completion of a new stadium past 2028. This bill, even without passing, sends a mixed message to the developers who have submitted their qualifications and are awaiting evaluation to participate in the proposals phase of this project.

DBEDT respectfully requests that you allow the current process to continue. Thank you for the opportunity to testify.

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

COMMITTEE ON FINANCE

FEBRUARY 21, 2024, 2:00P.M.
CONFERENCE ROOM 308 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 2664

RELATING TO SPORTS FACILITIES

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee, thank you for the opportunity to submit testimony on H.B. 2664.

The Department of Accounting and General Services (DAGS) **opposes** this measure which proposes to lapse appropriations of funds previously authorized for the planning, design, and construction of a stadium in Halawa.

If enacted, this measure may require the State to breach a number of contractual obligations into which it has entered to implement the will of the legislature as set forth in Act 88, Session Laws of Hawaii (SLH) 2021, as amended by Section 5 of dAct 248, SLH 2022; and Act 268, SLH 2019, as amended by Section 5 of Act 4, SLH 2020, as amended by Section 18 of Act 146, SLH 2021, as amended by Section 10 of Act 220, SLH 2022. Enactment of this measure will also result in the waste of millions of dollars

in State funding appropriated, allotted, encumbered, and expended by the actions taken to date to effect the intents of those preceding legislative acts. The measure may also expose the State to claims from development and finance entities who have committed and expended significant sums in support of the State's ongoing and active procurement activities taken to implement those legislative acts, and should be expected to impair the ability of the State to encourage those and similar entities to work with the State to pursue future efforts to realize a replacement for the existing Aloha Stadium facility.

DAGS is also concerned that this measure will violate the trust the State has successfully labored to build with communities adjoining and adjacent to the current stadium site in Halawa.

The department also notes that, if implemented, this measure will delay delivery of a replacement for the existing Aloha Stadium facility by many years past 2028, and that the funding provided by this measure will be inadequate to plan, design, and construct a replacement facility comparable in size, quality, and amenity to that envisioned by the State's current procurement effort for a single developer to design, build, operate, and maintain a new stadium in Halawa.

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

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DBEDT DIRECTOR

DANE K. WICKER
DBEDT DEPUTY DIRECTOR



BRENNON T. MORIOKA
CHAIR, STADIUM AUTHORITY

RYAN G. ANDREWS
STADIUM MANAGER

CHRIS J. SADAYASU
DEPUTY STADIUM MANAGER

An Agency of the State of Hawaii

TESTIMONY
OF
RYAN G. ANDREWS, STADIUM MANAGER
STADIUM AUTHORITY
Department of Business, Economic Development, and Tourism
Before the

**HOUSE COMMITTEE ON
FINANCE**

February 21, 2024
2:00 PM
State Capitol, Conference Room 308

In consideration of
BILL H.B. 2664
RELATING TO SPORTS FACILITIES

Chair Yamashita, Vice Chair Kitagawa and members of the Committee.
The Stadium Authority strongly opposes House Bill 2664, which proposes to lapse appropriations of funds previously authorized for the planning, design, and construction of a stadium in Halawa by the Stadium Authority.

Extensive planning and due diligence has been completed to maximize the benefit and success of building a new Aloha Stadium within the Stadium Authority's Halawa properties, and procurement is currently underway for a single developer to design, build, operate, and maintain a new stadium in Halawa, using the \$350M in general obligation bonds, and the \$49.5M in general funds, appropriated by the Legislature in 2022 and signed into law by Governor Ige as Act 248, SLH 2022. This same developer will also have the obligation of developing a portion of the mixed-use district and use revenues from the developments to supplement state funds for the stadium construction as well as to fund ongoing operating and maintenance costs.

The due diligence that was completed from 2018 to present included a rigorous site selection process completed in 2019 to objectively site the new multi-purpose stadium to replace the existing Aloha Stadium. Eighteen initial potential sites were identified across Oahu, and after a desktop assessment, six were selected for a detailed evaluation, including at the University of Hawaii Manoa campus. Each of the six sites were evaluated using the following criteria: Site, Infrastructure and Environment; Development Costs; Community; Economic Impact; Intuitive Site Analysis. The report found the current Halawa site to be the most suitable for replacing the existing Aloha Stadium with a new multi-purpose stadium and reported:

“The Halawa Site is the most ready for development. It has the transportation infrastructure in place in terms of visitor access and will only get better with the addition of a rail stop. It has the land available to create additional programming on site, enhancing its value to residents and increasing its desirability for developers. It is a site already used for the specific purpose of a stadium, and thus likely to be accepted by the community, at least from a use standpoint. Its construction will not take away any beloved parks, landmarks, or other uses. It is an opportunity to take something that is already highly used and accepted by the community, and to make it even better.”

The combination of the new stadium as an anchor asset along with a vital, mixed-use district is the optimal leveraging tool for economic and community revitalization to provide the most benefit to the people of Hawaii.

This bill, if passed, would force the cancellation of an active procurement, and further delay the completion of a new stadium beyond the 2028 University of Hawaii football season. The introduction of this bill, even without passing, sends a negative mixed message to the developers who have already submitted their qualifications and are awaiting evaluation to participate in the proposals phase of this project.

Thank you for the opportunity to testify.

The New Aloha Stadium Entertainment District will be a vibrant, community-centric mixed-use district, anchored by a new sports and entertainment venue, that celebrates Hawaii’s culture and embodies the aloha spirit for the community and visitors alike.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented to the
House Committee on Finance
Wednesday, February 21, 2024 at 2:00 p.m.

By

Kalbert K. Young

Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

HB 2664 – RELATING TO SPORTS FACILITIES

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

The University of Hawai'i (University or UH) would like to provide comments on HB 2664 which among other things, transfers certain special fund moneys earmarked for the development of a new stadium in Halawa to the general fund and reappropriates those funds to plan, design, and construct a new stadium at the University of Hawai'i at Mānoa (UH Mānoa) campus. The University does not support transferring funding away from the New Aloha Stadium and Entertainment District (NASED) project at present as its procurement is currently underway.

The prolonged project to replace Aloha Stadium has been detrimental to the University. The abrupt closure of the stadium and start-stop-restart-stop-start again progress to the project has resulted in UH having to undertake extraordinary efforts to build a temporary facility and find millions of dollars over the last four years to address the state's deficiency of a stadium facility. In losing Aloha Stadium, UH and other users have been displaced for a lack of a stadium venue – many of those users have also had to be accommodated at UH. All this being said, after four long years, the NASED project's procurement is currently finally underway soliciting for possible private development teams that could construct the new stadium and undertake the surrounding development. The University's interest is in seeing a path forward where a stadium will be constructed timely. The project is already beyond the date originally forecasted when Aloha Stadium was closed.

I believe HB 2664 may be partially driven by the shared frustration of the NASED project's progress. However, the University supports the NASED project as the path for the state to construct its stadium. And, the University expects that the development and business structure of the project will result in a facility that makes financial sense to the state and the University to utilize. NASED has been promised to give the University a better financial arrangement than previously existed with Aloha Stadium. Given the

current status of the procurement process for NASED, the University wants to see NASED succeed – and, get underway expeditiously.

If the project is further delayed or should the procurement process not satisfy the state objectives and the project deliverables, a bill like HB 2664 would be more timely. For the \$370,000,000 in funds contemplated in HB 2664 for construction of a stadium at the UH Mānoa campus would likely be a sufficient amount for a collegiate-level stadium facility. However, it would not be enough to construct the type of stadium that is contemplated in Halawa at the UH Mānoa campus. While a stadium on campus would support UH collegiate football, it would probably not be able to support the same community expectations that are being sought at Halawa due to community traffic and parking needs at an already saturated Mānoa campus. As has already been experienced over the past four years, UH is not adequately staffed or managed to support broad community (non-UH) events on campus.

For these reasons, UH supports, needs, and expects the NASED project to be successful.



**Church
of the
Crossroads**
United Church of Christ



TESTIMONY IN SUPPORT OF HB 2664

House Committee on Finance
February 21, 2024 at 2:00 p.m.
Conference Room 308 & Video

Chair Yamashita, Vice Chair Kitagawa, Members,

Church of the Crossroads, Hawaii's first deliberately interracial congregation now over 100 years old, remains committed to supporting Hawaii's richly diverse population. We ask you to **please support the intent of HB 2664**, which would shift funds previously authorized for a Halawa stadium to construct a new stadium at UH Manoa, where our temporary stadium currently exists. HB 2664 also creates a "Halawa Redevelopment Authority" to redevelop the Aloha Stadium site as a "Halawa Redevelopment District."

Our church believes Hawaii desperately needs more affordable housing for its residents. Hawaii has been building homes at a rate of only 2,000 units per year, far lower than the 10,000 a year needed. Hawaii's limited housing production is driving our people to the mainland. The State's population has declined for seven consecutive years. The people leaving include our young and others most needed for our future. It's a tragedy that more Native Hawaiians live outside Hawaii than in Hawaii.

Instead, our islands need to help Hawaii's "priced out" children, relatives, and friends find homes here. Our people don't like having the world's wealthy overwhelm this small local market with their often-vacant vacation homes.

HB 2664, creating an authority with the power to build housing at the Aloha Stadium site, could oversee development of 10,000 housing units for Hawaii residents, along with related services needed and desired by both the new community and its existing neighbors. The new community's location along the City's rail line would minimize traffic created by community residents. Community decision making can be guided by both surrounding residents and those who reserve space in the new apartment buildings. The buildings themselves could be designed to be lower than the current Aloha Stadium structure's maximum height.

Mahalo for your attention to the Church's testimony supporting the intent of HB 2664.

Aloha,

Galen Fox, Past Moderator (President)
for Church of the Crossroads

HOUSE COMMITTEE ON FINANCE
Hearing on Feb. 21, 2024 at 2:00 pm

SUPPORTING HB 2664

My name is John Kawamoto, and I support HB 2664 because of the dubious value of a new Aloha Stadium, especially when compared with the alternative of building lots of affordable housing on the site, for which there is a much greater need.

The old Aloha Stadium was closed permanently in 2020, and since then Hawaii residents – even longtime UH football fans like me -- have found that they could live just as well without it.

The Aloha Stadium was built primarily to house University of Hawaii (UH) football games, and at one time 50,000 UH football fans attended games there. However, college football has been drastically restructured in recent years to reward schools with big football programs. Schools like UH with small football programs have been left behind, and they now face lower attendance and reduced income. When Aloha Stadium was shut down, UH built its own stadium on the Manoa campus so that it could continue playing football. Seating is limited, but experience shows that there are more than enough seats for UH football games. The UH stadium could use an upgrade, and this bill provides the funding.

In the past, UH football brought in substantial income to Aloha Stadium, but the biggest user didn't even use the stadium. It was the swap meet, which needed only the big parking lot, which it is still using.

The biggest users of the old Aloha Stadium don't need a stadium. Advocates of a new stadium claim that events like rock concerts, football, soccer, and rugby can generate sufficient income. What they don't say is that major league rugby attendance in the U.S. averages only 2,600 per game. With that kind of attendance, the stadium would lose money every time a game is played. No wonder none of the State agencies involved with the new Aloha Stadium has issued a pro-forma income statement. No wonder the new Aloha Stadium has been compared with the rail project.

Alternately, the Aloha Stadium site could be used to build lots of housing that is affordable to low- and moderate-income families. State agencies, such as the Hawaii Public Housing Authority and the University of Hawaii, have figured out how to build housing on State land with low up front costs, as those projects are financed mainly by future revenue. The Aloha Stadium site is owned by the State, so the experience and knowledge of these two agencies could be fruitful.

Affordable housing built on the Aloha Stadium site should be integrated with housing at all income levels in a mixed-use walkable neighborhood that includes grocery stores, shops, restaurants, health care, entertainment, professional offices, and parks. The site is adjacent to a rail station, which reduces the need for personal vehicles.

In Hawaii the biggest financial issue that families are facing is the high cost of living, and affordable housing addresses that need. The Aloha Stadium site needs a vision for affordable housing, and this bill is a start.