

DAVID Y. IGE
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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
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WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE HOUSE COMMITTEE ON
LABOR AND PUBLIC EMPLOYMENT

THURSDAY, FEBRUARY 6, 2020, 9:10 A.M.
CONFERENCE ROOM 309, STATE CAPITOL

H.B. 2285

RELATING TO MAKING AN EMERGENCY APPROPRIATION TO THE STADIUM
AUTHORITY

Chair Johanson, Vice Chair Eli, and members of the committee, thank you for the opportunity to submit testimony for H.B. 2285.

The Department of Accounting and General Services (DAGS) strongly supports this bill to make an emergency appropriation to the Stadium Authority (Authority) for the purposes of funding payroll, various repair and maintenance costs, contracts for services, and operating equipment.

The DAGS appreciates the Legislature's consideration and support for the Authority's request to increase the special fund ceiling. This would address unbudgeted-unexpected expenditures resulting from a shortfall of available ceiling to continue operations through the second half of the fiscal year. The increase in the special fund ceiling would ensure the continued operations of the Aloha Stadium through fiscal year end.

The continued safe operation of the Aloha Stadium remains paramount to providing this unique venue for the Hawaii community, and this request to increase the Authority's special fund ceiling by \$1,137,708 is essential to cover unbudgeted expenditures that have been identified in the first half of this fiscal year.

These expenditures include the \$206,000 to implement the recommended increase in structural assessments frequency from every two years to annually, and \$470,000 to immediately fund design work to ensure structural repair begins soon after the Authority's requested \$7.7 million in supplemental operating funds for construction are appropriated and released. These project costs have been reviewed and validated by our Public Works Division as necessary to be implemented within this calendar year to address the increasing corrosion damage before incremental shut-down of sections of the stadium is the only way to protect public and employee health and safety.

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

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
HOUSE COMMITTEE
ON
LABOR & PUBLIC EMPLOYMENT

February 6, 2020
9:10 a.m. Conference Room 309

H.B. 2285

RELATING TO MAKING AN EMERGENCY APPROPRIATION
TO THE STADIUM AUTHORITY

Chair Johanson, Vice Chair Eli, and members of the committee, thank you for the opportunity to submit testimony in support of HB 2285.

The Stadium Authority Board (Authority) and I appreciate the Legislature's consideration and support in approving our request to increase our special fund ceiling by \$1,137,708 to address unbudgeted-unexpected expenditures that is resulting in a shortfall of available ceiling to continue operations through the second half of this fiscal year. It is absolutely imperative and essential that the ceiling be increased to ensure operations of the Aloha Stadium can continue through fiscal year end.

The ceiling increase is six-fold based on the following major categories:

1. **Annual Structural Assessment Report.** **(\$206,000)**
 - a. Moving from a biennial to an annual assessment, this report is necessary to closely monitor the structural integrity of the facility and to allow the Authority to update and continuously prioritize its structural repair and maintenance projects, accordingly.

- b. The prioritized repair and maintenance project list is the documentation to support the Authority's request for funding; in this case, the \$7.7M supplemental budget repair and maintenance operating request for FY 2021.

2. **Design Work for Health and Safety Repair and Maintenance.** **(\$470,000)**

- a. In conjunction with repair work identified in the structural assessment report, \$470k in funding for design work that would occur in FY 2020 is required to initiate the repair project.
- b. Full project funding of \$7.7M is being requested by the Authority in its supplemental (operating) budget request.

3. **Contracts and Expenses Incurred or Impending (unbudgeted).** **(\$501,000)**

- a. Water pressure pumps, peripheral equipment, and labor to address significant water pressure loss in the upper concourse (\$200,000).
- b. Contract for financial services to expeditiously process payment to HPD Special Duty Officers for events at the Aloha Stadium (\$50,000 fee portion-only).
- c. Contract to provide professional engineering and stadium knowledge to participate and address steps in the request for qualifications and proposal process (\$50,000).
- d. Replacement of wireless headsets: To address replacement of the Authority's current wireless headsets that are operating on a frequency now fully owned by T-Mobile and is no longer available for use by the Authority (\$25,000).
- e. Replacement of golf carts: To address purchase of five (5) golf carts to replace carts that are no longer safe to operate on premises (36,100).
- f. Event related purchases/expenses (wall padding, sani-toilets, other misc. expenses) (\$140,000).

4. **Carryover of Special Fund Assessment** **(\$95,000)**

- a. As a result of an incredible record breaking seven (7) concert events and three (3) monster truck events in FY 2019, \$95,000 of the total Central Service Assessment (CSA) was carried over and addressed in the first quarter

of FY 2020. CSA is based on 5% of total revenues earned and is transferred to the credit of the general fund.

- b. No significant/material change in the Administrative Assessment expense between fiscal years.
- c. The sum of the two assessments totaled \$558k in FY 2019 compared to \$454k in FY 2018; an increase of \$104k / 23% over prior year or \$199k /44% with carryover included.

5. **Ongoing Repairs and Maintenance (Unbudgeted)** **(Ongoing)**

6. **Increase in Various Expenditures (Actual - 09/30/19)** **(\$539,608)**

A point in time exercise: The Authority’s first quarter expenditures increased by \$539k over first quarter of prior year, most notably in the following area. (This is a point-in-time estimate):

- a. Personal Services (\$268k)
- b. Utilities (\$69k)
- c. Special Fund Assessments (\$138k)
- d. Services on a Fee Basis (\$87k)
- e. Workers’ Compensation (\$80k)

Since a portion of the special fund expenditures are offset by reimbursement received through post-event settlement, the following adjustment for reimbursement is included:

Total of Items No. 1 through 6 above: \$1,811,708 B

Less: Reimbursements forthcoming/recorded from Licensee(s):

Los Angeles Rams Football Game: \$ 47,000
 University of Hawaii Football Games: \$627,000

\$674,000 B

Total Ceiling Increase Required: **\$1,137,708 B**

Estimated Ceiling Increase by Cost Element:

Personal Services (10) \$268,172
 Other Current Expenses (20) \$869,536

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The Authority respectfully requests your consideration in expediting this request to minimize the need to take more severe action on its operations and allow the stadium to operate in an efficient and financially prudent manner.

Mahalo for the opportunity to provide this testimony in strong support of HB 2285.