

STATE OF HAWAII  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
REGULAR GENERAL MEETING  
Honolulu, Hawaii, 96813

December 4, 2019

Chairperson and Members  
Hawaii Community Development Authority  
State of Hawaii  
Honolulu, Hawaii

HCDA Board Members:

**INFORMATION & DISCUSSION:** Status Update of the New Aloha Stadium Entertainment District (NASED)

**SUMMARY:**

On July 8, 2019, the governor signed Act 268 into law, establishing the Stadium Development District, which includes all state property under the jurisdiction of the stadium authority. This bill authorizes HCDA to facilitate the development of all State property within the District. Prior to Act 268, the Stadium Authority and the State Department of Accounting and General Services (DAGS) have made a great deal of progress towards planning and compiling a solicitation for a new stadium and the redevelopment of the surrounding area.

**BACKGROUND:**

**Aloha Stadium**

The Aloha Stadium is Hawaii's largest outdoor arena with 50,000 seats. Built over 40 years ago, the facility is owned and operated by the State of Hawaii. As the home of the University of Hawaii Rainbow Warriors football team and host to numerous other events, the Stadium has achieved its mission as a gathering place and as a first-class facility where the dreams of Hawaii's young people were realized through participation in sporting and other special events, where the spirit of achievement was nourished by the thrill of healthy competition, and where families gathered to share their cultural diversity with pride and a feeling of Aloha.

The iconic Stadium has hosted hundreds of major events including concerts by world-famous artists, National Football League Pro Bowl games, NCAA Division I football and bowl games, Minor and Major League Baseball games, the Great Aloha Run, and numerous high school events. A considerable amount of effort is put forth annually to maximize its usefulness and service to the community, including health and safety repairs to extend its operational life, while it continues to host over 300 events per year.

The area surrounding the stadium which primarily serves as a surface parking lot has also been well utilized. When not used to support an event in the Stadium, it is regularly used for such

events as the Swap Meet, and the annual 50<sup>th</sup> State Fair and Farm Fair. The large open area has also hosted various automotive events.

Built in 1975, the design incorporated the use of structural Cor-Ten steel which was selected because of its exceptional mechanical performance and corrosion resistance. In other environments Cor-Ten steel's surface serves as a protective layer against corrosion. Unfortunately, the Core-Ten steel has not held up in Hawaii's salt-air environment and in the 1990's major roof replacement and corrosion repairs were necessary.

### **Decision to Build a New Stadium**

The Stadium Authority is attached to the State Department of Accounting and General Services (DAGS), who assists with the major repair and maintenance projects. Since the 1990's DAGS has been working diligently with the Stadium Authority to maintain the facility, however, maintenance costs have quickly outpaced maintenance funding.

The DAGS engaged consultants for an update of the status of the structural health of the Stadium. They concluded that the Stadium needed approximately \$300 million in deferred maintenance, and that the cost of repairs would grow at a rate of about seven percent per year if not addressed.

If the state were to fund approximately \$20 million per year for repairs, it would cost over \$420 million and take over 20 years to complete what is necessary.

Based on market research, the estimated cost for a new stadium with 30,000-40,000 seats with modern amenities is approximately \$350 million. After considering the projected maintenance costs which would not yield any modernization improvements, in 2014, a decision was made to start exploring the prospect of a new stadium. Feedback from the industry solicited both formally and informally that:

- A smaller stadium and "sold out" appearance will attract more events enhancing overall performance;
- By realizing upgrades, including amenities standard at newer facilities, will increase operational efficiencies and enhance stadium return on a per event basis;
- Request for Interest is indicative that the stadium can be self-sustaining after adopting the aforementioned improvements along with ancillary development in the surrounding 98-acres; and
- RFI also confirmed interest from the industry and private sector to do the project, however prioritization of the stadium in the project would require a capital infusion from the State.

While building the new stadium, the Stadium Authority will seek to keep Aloha Stadium open and operational. To the extent maintenance projects will be prioritized and scaled appropriately to optimize the use of public resources, will largely depend upon the timing of realizing a new facility. It is estimated that these essential maintenance items would cost approximately a minimum of \$16.5M to realize 5 additional years without compromising public health and safety

or diminishing the visitor experience at Aloha Stadium. \$20 million would be a more ideal infusion to better address the Stadium's current needs.

### **Initial/Ongoing Planning Efforts**

Act 49, of the 2017 Legislative Session provided \$10 million for the new stadium planning, of which \$9.9 has been encumbered for the master plan, Environmental Impact Statement (EIS), and related studies for development and construction of a new stadium facility and mixed-use development of the district; including the procurement of phase one. A contract with Crawford Architects was executed in December 2018 by DAGS for the aforementioned pre-development due diligence through to the solicitation process.

Upon learning of these action, the State Office of Planning allocated to DAGS, \$200,000 of funding received during the 2016 session for supplemental development around Puuwai Momi (public housing units owned and operated by Hawaii Public Housing Authority) as a project immediately adjacent to the Stadium District.

To date, the pre-development efforts has analyzed the pros and cons of several sites for the new stadium, considering site access, transit connections, regional demographic and development opportunities and incentives. Based on a high-level survey, six potential sites were analyzed in detail. The study concluded and recommended that the current Halawa site is the most appropriate, viable and development ready site for a new 35,000 seat stadium with ancillary surrounding development.

Based on the site analysis report, along with other planning efforts including the Halawa TOD plan, DAGS through its contractor has initiated master planning efforts along with a Programmatic Environmental Impact Statement (EIS). The Environmental Impact Statement Preparation Notice (EISPN) was published on September 8, and the 30-day period for public comments ended October 8. The EISPN is available at <http://nased.hawaii.gov/eispn>. On September 25, 2019 an EIS Scoping Meeting was held at the Aloha Stadium Hospitality Room.

### **Initial/Ongoing Efforts to Realize a New Facility**

As previously indicated, DAGS and the Stadium Authority have engaged a two-pronged approach to optimize public resources to minimize necessary maintenance expenses in favor of realizing a new facility. Prior to Act 268, they have been working with their consultants to concurrently take on the master planning, EIS, and procurement/solicitation efforts. While not optimal from a planning perspective, the maintenance costs for 5 years of operations at the Stadium is \$16.5 million, while it could take 5 years to procure, design, permit and build the new stadium. This cost was a significant consideration of DAGS and Stadium Authority in deciding on this approach.

Working towards procurement, included in the DAGS contract with Crawford Architects is to assist with the procurement of a public private partnership to realize the first phase of development including the stadium. This scope of work includes the preparation of the procurement documents and technical assistance in the evaluation of proposals received. Separately, DAGS through the Office of the Attorney General has also retained special counsel,

O'Melveny, to provide supplemental project oversight including due diligence, legal review, and other services with regard to the project.

Relative to soliciting market interest, most recently the NASED team hosted a P3 Industry Day on October 3, and presented information and gathered feedback from developers, financiers, and other interested parties in anticipation of the upcoming Request for Qualifications (RFQ) for the NASED development in Halawa. At the Industry Day event the NASED team expressed its intent to issue a request for qualifications (RFQ), to initiate the procurement process, by the end of the year. The RFQ will be issued by DAGS.

### **Act 268**

In 2019, Act 268 established the stadium development district to make optimal use of public land for the benefit of the people of Hawaii. The district consists of 98.5 acres in Halawa, Oahu, Hawaii.

The Legislature found:

*The stadium facility has been in dire need of significant repair and maintenance for many years. The stadium authority has considered repairing, upgrading, and replacing the existing facility to optimize the public's enjoyment and ensure public safety. 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 interest of the state and its people.*

Per Act 268 the HCDA was inserted into the process that DAGS and the Stadium Authority has initiated. Pursuant to Act 268, the HCDA shall:

*The authority shall facilitate the development of all property belonging to the State within the district*

The construction of the new stadium facility and ancillary development of the entertainment district surrounding the new stadium will be pursued under a Public-Private-Partnership (P3) between the state and a private developer selected through a State Procurement Request for Qualifications (RFQ)/ Request for Proposals (RFP) process.

The contractors are assisting DAGS with the RFQ, which is expected to be issued in December of 2019. Following the RFQ process the contractor will assist the NASED team which currently includes the HCDA, DAGS, and the Stadium Authority evaluate the top three respondents.

Pursuant to 268 the HCDA shall serve as the redevelopment agency and will facilitate development. The Stadium Authority is responsible for site management and operational oversight. DAGS shall continue in its role in assisting with maintenance of the facility and other planning responsibilities.

Finally Act 268 requires that the HCDA submit to the legislature an annual comprehensive status report on the progress of the development within the stadium development district not less than twenty days prior to the convening of each regular session of the legislature.

