

COUNCIL OF THE COUNTY OF MAUI  
**BUDGET AND FINANCE COMMITTEE**

January 22, 2002

**Committee**  
**Report No.**

02-3

Honorable Chair and Members  
of the County Council  
County of Maui  
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on December 18, 2001 and January 8, 2002, makes reference to County Communication No. 01-325, from the Economic Development Coordinator, transmitting a proposed resolution entitled "AUTHORIZING A GRANT OF A LICENSE TO HULA BOWL MAUI LLC D.B.A. HULA BOWL MAUI ALL-STAR FOOTBALL CLASSIC".

The purpose of the proposed resolution is to authorize the use of County facilities to Hula Bowl Maui LLC for a period in excess of three days for the Hula Bowl Maui All-Star Football Classic for games and related activities beginning in 2002 and ending in 2008.

By correspondence dated December 11, 2001 to the Economic Development Coordinator, your Committee Chair requested an accounting of the County's resources used to support the Hula Bowl since its inception as a Maui event in 1998.

By correspondence dated December 14, 2001, your Committee Chair transmitted a copy of the current contracts and license agreements for the Hula Bowl Maui. Your Committee notes that the current license agreement for Hula Bowl Maui is between the County of Maui and Aloha Sports, Inc. d.b.a. Bowl Games of Hawaii. The agreement expires on February 1, 2002.

At its meeting of December 18, 2001, your Committee met with the Budget Director; the Director of Finance; the Economic Development Coordinator; the Director of Parks and Recreation; a Deputy Corporation Counsel; and Leonard Klompus, Chief Executive Officer, Hula Bowl Maui LLC.

Your Committee notes that the date of the 2002 Hula Bowl Maui game has changed to February 2, 2002, which extends one day after the expiration of the

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current agreement for the Hula Bowl Maui. Your Committee further notes that the licensee has changed from Aloha Sports, Inc. to Hula Bowl Maui LLC.

Your Committee received testimony from Marsha Wienert, Executive Director of the Maui Visitors Bureau, in support of the proposed resolution and license agreement for the Hula Bowl Maui. She provided your Committee with a document entitled "Hula Bowl Maui 2002, What are they saying about us? ...Through the Years...". In addition, she stated that since the Hula Bowl Maui has a new affiliation with the National Football League (NFL), new sales and marketing opportunities exist with broader national markets.

Ms. Wienert informed your Committee that the new agreement provides an opportunity for the County to receive revenue that is tractable as opposed to the existing agreement. She further stated that the Hula Bowl Maui is the only collegiate bowl game in the State. She contrasted it with the Pro Bowl, which the State provides funding in the amount of \$4.5 million.

Your Committee expressed concern that the proposed resolution and new license agreement was transmitted to your Committee at the last minute with an expectation of expeditious approval.

Your Committee expressed additional concern regarding the terms of the proposed license agreement and the County's expenditures compared to the revenue received in the existing contract.

The Director of Finance provided your Committee with a preliminary review of the revenue received from each year of the event since its inception as a Maui event. He reported that in 1998, the County received revenues in the amount of \$23,000; in 1999, \$23,000; in 2000, \$26,000; and in 2001, \$17,000. He noted that the expenditures are paid from the Department of Parks and Recreation's budget.

The Director of Parks and Recreation reported that in addition to the use of the War Memorial Football and Track Stadium, other facilities that will be used by Hula Bowl Maui activities include Keopuolani Park, the War Memorial Gym, and the Lahaina Recreation Center. These facilities will be closed to other groups for about seven days, including time before and after the event.

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The Deputy Corporation Counsel informed your Committee that if your Committee decided to extend the current agreement for one day for the 2002 Hula Bowl Maui game, the agreement would also need to be amended to reflect the change in licensee since Hula Bowl Maui LLC is the successor to Aloha Sports, Inc. for the Hula Bowl Maui.

Mr. Klompus responded to questions from your Committee regarding attracting "big- name players" in order to generate more interest in the game, and therefore, produce additional revenue. He explained that of the four all-star games, the Hula Bowl Maui is one of them. In addition, he indicated that he has an exclusive agreement with the Heisman Trophy Committee, which includes a verbal commitment for a Heisman Trophy winner to participate in the Hula Bowl Maui.

Mr. Klompus further informed your Committee that Hula Bowl Maui has an agreement with the NFL, which has resulted in a commitment from representatives of 31 out of the 32 NFL teams to be on Maui. He explained that NFL skill drills will be held in the middle of the week, which are open and free to all residents to attend and obtain autographs from players. Mr. Klompus stated that he also has an exclusive agreement with the American Football Coaches Association, which will attract more national attention to the game on Maui.

Mr. Klompus requested your Committee's support for the proposed resolution and license agreement. He stated that not having a multiple-year agreement with the County presents some challenges in seeking a title sponsor for the game.

Your Committee deferred the matter pending further discussion.

By correspondence dated December 19, 2001, your Committee Chair requested that the Department of the Corporation Counsel prepare (1) an alternate proposed resolution with the purpose of authorizing the use, by Hula Bowl Maui LLC, of County facilities for a period in excess of three days for the Hula Bowl Maui All-Star Football Classic and related activities for the 2002 game only; and (2) a proposed license agreement consistent with this purpose.

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By correspondence dated December 19, 2001, your Committee Chair requested that the Department of the Corporation Counsel respond to several issues raised at your Committee's meeting regarding the proposed resolution and license agreement. These issues relate to the change in licensee, potential liability to the County if the agreement is not approved before February 2, 2002, and the lengthy duration of the proposed six-year agreement.

By correspondence dated December 20, 2001, the Economic Development Coordinator provided a response regarding the accounting of the County's resources used to support the Hula Bowl since its inception as a Maui event in 1998.

By correspondence dated December 21, 2001 to the Director of Finance, your Committee Chair requested a final accounting of the County's resources used to support the Hula Bowl Maui, including personnel costs and cash expenditures, compared to the revenue received.

By correspondence dated December 21, 2001, your Committee Chair requested that the Director of Parks and Recreation transmit (1) a list of park facilities that will be closed to local groups because of the football game; (2) the seating capacity of the War Memorial Football and Track Stadium (stadium); and (3) a list of recent improvements made to the stadium, including the planned long-term improvements.

By correspondence dated December 27, 2001, your Committee Chair requested that the Department of the Corporation Counsel respond to questions regarding Chapter 102, Hawaii Revised Statutes (HRS), as amended by Act 303 (2001), which generally requires a bidding process prior to the awarding of a contract conferring concession rights.

Your Committee notes that Act 303 (2001) amends Chapter 102, HRS relating to Concessions on Public Property. The Act was signed by Governor Cayetano on June 28, 2001 and had an effective date of January 1, 2002. Act 303 amends the definition of concession to include the sale of services such as advertising, communications and telecommunications; authorizes issuance of one-year revocable permits; and adds rental car operation concession contract.

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In addition, your Committee notes that the Chapter generally requires a bidding process prior to the awarding of a contract conferring concession rights.

By correspondence dated December 28, 2001, the Department of the Corporation Counsel provided an alternate proposed resolution entitled "AUTHORIZING AN AMENDMENT TO THE MAUI WAR MEMORIAL FOOTBALL AND TRACK STADIUM LICENSE AGREEMENT" and a revised proposed license agreement. The purpose of the alternate proposed resolution is to amend the current license agreement to change the licensee from Aloha Sports, Inc. to Hula Bowl Maui LLC, and to extend the term of the agreement to February 4, 2002. The license agreement was revised to be consistent with the alternate proposed resolution.

By correspondence dated January 2, 2002, the Department of the Corporation Counsel responded to issues raised in correspondence dated December 19, 2001. The Department stated that the current license agreement should be amended to reflect the change in licensee, that the Hula Bowl Maui activities could not proceed without a license agreement, and that there are no legal concerns with the proposed six-year agreement.

By correspondence dated January 4, 2002, the Director of Parks and Recreation provided a list of park facilities used by the Hula Bowl Maui, the seating capacity of the stadium, and a list of recent and planned improvements to the stadium.

By correspondence dated January 4, 2002, your Committee Chair requested that the Department of the Corporation Counsel revise the originally proposed resolution (attached to County Communication No. 01-325) and corresponding license agreement to (1) authorize a new agreement with Hula Bowl Maui LLC, as opposed to an amendment to the current agreement; (2) specify the permit fees for "Type V activities" according to the Fiscal Year (FY) 2002 Budget Ordinance; (3) specify a fee that is different from the fees specified for "Type V activities"; and (4) add a requirement that the FY 2002 Budget Ordinance be amended to reflect the stated fees for this agreement.

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By correspondence dated January 7, 2002, the Director of Finance provided a final accounting of County resources compared to revenue received from the Hula Bowl for the years 1998 through 2001.

Your Committee notes that the County's expenditures for the Hula Bowl Maui in each of the four years the event has been held on Maui have exceeded the revenue received by the County.

By correspondence dated January 7, 2002, the Department of the Corporation Counsel opined that the Hula Bowl Maui is not considered a concession because the event does not involve operations over a continuing period of time. Therefore, the Hula Bowl Maui is exempt from the bidding process for concessions as required in Chapter 102, HRS.

By correspondence dated January 7, 2002, the Department of the Corporation Counsel transmitted a revised proposed resolution entitled "AUTHORIZING A GRANT OF A LICENSE TO HULA BOWL MAUI LLC D.B.A. HULA BOWL MAUI ALL STAR FOOTBALL CLASSIC" incorporating your Committee Chair's suggested revisions. The purpose of the revised proposed resolution is to authorize use of County facilities to Hula Bowl Maui LLC for a period in excess of three days for the Hula Bowl Maui All-Star Football Classic for the 2002 Hula Bowl.

At its meeting of January 8, 2002, your Committee met with the Budget Director, the Director of Finance, the Economic Development Coordinator, the Director of Parks and Recreation, and a Deputy Corporation Counsel.

Your Committee received testimony from Marsha Weinert, Executive Director of the Maui Visitors Bureau, who spoke in support of extending the existing contract for one day for the Hula Bowl Maui 2002. In addition, she requested that the Committee continue its review of the new contract and expedite its approval in order to solicit sponsors for the event and finalize the ESPN television contract.

The Economic Development Coordinator provided a summary of the economic value of the Hula Bowl to local businesses. In addition, she stated that she saw no disadvantages to having the Hula Bowl on Maui.

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Your Committee requested that the Department of Parks and Recreation provide information and a breakdown of the types of activities authorized for the Hula Bowl Maui.

Your Committee expressed concern regarding the discrepancy of the seating capacity of the stadium as presented by the Department of Parks and Recreation and the Office of Economic Development. The Department of Parks and Recreation reported that the seating capacity of the stadium is 16,776; the Office of Economic Development reported a total of 20,280 seats. The 16,776 figure presented by the Department of Parks and Recreation included permanent and temporary bleachers and handicapped seating. It did not include the Corporate Village/Pads, which accounted for an additional 1,780 seats. In addition, the Economic Development Coordinator stated that the remaining difference related to her Department's use of the number of tickets issued by the Hula Bowl Maui. She further stated that this difference may include individuals who did not attend the game. Your Committee noted that the number of seats required by the National Collegiate Athletic Association (NCAA), as stated by the Hula Bowl Maui promoter at the previous meeting, is 20,000. The Economic Development Coordinator further noted that 23,719 tickets were issued for the 2001 Hula Bowl Maui, which included the half-time performers, concessionaires, ticket takers, hawkers, and volunteers in addition to the permanent and temporary seating and the Corporate Village/Pads.

After extensive discussion, your Committee voted to recommend adoption of the alternate proposed resolution and license agreement, transmitted by correspondence dated December 28, 2001 from the Department of the Corporation Counsel, with the following additional changes:

1. Revision to the title of the resolution to include the year of the event;
2. Revision to the daily permit fee to \$1,000 for the stadium;
3. Addition of a reference that an amendment to the FY 2002 Budget Ordinance will be required for the stated fee in lieu of the 10% of gross receipts, whichever is greater, requirement;

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4. Revision to the end date to February 7, 2002; and
5. Addition of an assignment provision to change the licensee from Aloha Sports, Inc. to Hula Bowl Maui LLC.

Your Committee is in receipt of a revised proposed resolution entitled "AUTHORIZING AN AMENDMENT TO THE MAUI WAR MEMORIAL FOOTBALL AND TRACK STADIUM LICENSE AGREEMENT FOR THE 2002 HULA BOWL MAUI GAME" and the associated revised license agreement, incorporating your Committee's suggested revisions. In addition, the Department of the Corporation Counsel stated that, since the Hula Bowl Maui plans to use the stadium with lights, the daily permit fee was revised in the resolution and the associated license agreement to \$1,200. This change is in accordance with the lighting fee in the FY 2002 Budget Ordinance.

Your Budget and Finance Committee RECOMMENDS that Resolution No. \_\_\_\_\_, as revised herein and attached hereto, entitled "AUTHORIZING AN AMENDMENT TO THE MAUI WAR MEMORIAL FOOTBALL AND TRACK STADIUM LICENSE AGREEMENT FOR THE 2002 HULA BOWL MAUI GAME" be ADOPTED.

Adoption of this report is respectfully requested.



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**G. RIKI HOKAMA** Chair

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**PATRICK S. KAWANO** Member

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**ALAN M. ARAKAWA** Member

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**MICHAEL J. MOLINA** Member

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**ROBERT CARROLL** Member

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**WAYNE K. NISHIKI** Member

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**JO ANNE JOHNSON** Member

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**CHARMAINE TAVARES** Member

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**DAIN P. KANE** Member