

# OVERVIEW

## *Audit Report of the Convention Center Authority: First Report-Design and Construction of the Convention Center*

Report No. 98-16, September 1998

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### Summary

This is the first of two reports of an audit being conducted by the Office of the Auditor pursuant to Section 12(a) of Act 156, SLH 1998, which directed the State Auditor to audit and monitor the progress made by the Convention Center Authority in resolving various outstanding issues and problems on or before the termination date of the authority. The interim report is to be submitted by September 30, 1998, with the final report to be issued by February 28, 1999.

The Convention Center Authority (authority) is charged by the Legislature with the responsibility of overseeing the development, management, operations, and maintenance of a convention center in Hawaii. The authority recently officially opened the \$350 million Hawai'i Convention Center amidst fanfare and controversy. The convention center, constructed on the "Aloha Motors" site in Waikiki, is praised for its excellent design and for being built within budget and ahead of schedule. Yet it is criticized for insensitivity to its residential neighbors and claims of faulty construction. This first report focuses on design and construction issues relating to the convention center. Issues relating to the authority's oversight and the management and marketing of the convention center will be addressed in the final report.

Thus far, the Convention Center Authority has generally assured that the newly constructed Hawai'i Convention Center meets or will meet contract and government requirements. The authority has generally assured that specific legislative design and construction requirements for the convention center have been met. In addition, the authority has monitored Nordic/PCL, the design/build contractor, to ensure substantial compliance with the design and construction requirements specified in the accepted environmental impact statement. However, there are defects and problems that the authority has been identifying and is working with the contractor to resolve. Some of these problems are potentially costly, and the authority must continue to exercise diligence to protect the interests of the State and public to ensure that the problems are effectively addressed in a timely manner. However, we also note that although the initial one year warranty period for design flaws will expire shortly, there are alternative legal remedies available to ensure resolution of these and other problems that the authority may identify.

The responsibility for two important and potentially costly problems is disputed by Nordic/PCL. The first problem is excessively warm temperatures in the convention center ground floor lobby and the foyer area fronting the rooftop ballroom. The second problem concerns the potential to generate excessive noise from events held on the rooftop terrace. The authority is actively seeking to resolve these issues. However, we found that confusion over noise standards hinders resolution of the noise problem. The authority currently claims that commonly used noise standards are not applicable to the rooftop terrace. However, evidence supports the



conclusion that the center was designed with the intent that such noise standards apply. The situation is further complicated by preliminary results of current noise testing that indicates the commonly used noise standard of 60 dBA may not be relevant because the background noise in the area already exceeds this standard.

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## Recommendations and Response

We recommended that the Convention Center Authority continue to identify problems that may be the fault of the design/builder and aggressively pursue resolution of those problems. We also recommended that the authority accept the Department of Health community noise guidelines as the current noise limits for rooftop terrace events. Finally, we recommend that if a new noise standard needs to be established it should be either through direct legislative action or by an objective party empowered by the Legislature.

The Convention Center Authority responded that it found the report comments helpful and would incorporate them in actions taken by the authority. In addition, the authority provided additional comments as points of clarification. The authority is continuing to use 60 dBA as the design and construction noise standard in its discussions with the design/builder, Nordic/PCL. The authority believes that the Department of Health should promulgate and administer rules pertaining to noise generated by convention center events and unsuccessfully supported legislation to this effect before the 1998 Legislature. The authority recognizes that it may have no choice but to establish its own rules with recommendations from a community committee under the leadership from the Department of Health. However, the authority also believes that it would be premature to establish a noise standard for the convention center until ongoing noise testing is completed and the results and recommendations have been made.

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