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Portions of the Aloha Stadium Swap Meet and Marketplace operate on lands subject to federal use restrictions. Commercial activities are prohibited unless prior approval is obtained from the federal government

Pushing Boundaries: Follow-Up on Recommendations Made in Report No. 12-02, *Investigation of the Stadium Authority's Swap Meet Operations*

Report No. 15-05, May 2015

The 2008 Legislature amended the Auditor's governing statute to require follow-up reporting on recommendations made in various audit reports to ensure agency accountability over audit recommendations. The purpose of this change was to apprise the Legislature annually of recommendations not implemented by audited agencies, and to require such agencies to submit a written report not later than 30 days after issuance of our report explaining why the recommendation was not implemented and the estimated date of its implementation.

Stadium Authority improves swap meet and contractor oversight, but land use issues remain

Our review focused on the Stadium Authority's implementation of ten audit recommendations made in our 2012 Report No. 12-02, *Investigation of the Stadium Authority's Swap Meet Operations*. This report details each recommendation, its status, and actions taken related to the recommendation. We deemed seven recommendations closed (70 percent) and three open but in progress (30 percent). In 2012, we found that portions of the swap meet operate on lands that are subject to federal restrictions that they be used for public park or public recreational purposes. Commercial activities are prohibited unless prior approval is obtained from the federal government. However, the Stadium Authority Board neglected to notify and seek federal approval of changes to swap meet operations over the years, an obligation the City and County of Honolulu agreed to when it purchased the stadium lands in 1967. This violation could result in the federal government reclaiming its property, an action that could shut down swap meet operations. Furthermore, the Stadium Authority Board and stadium manager did not adequately oversee the swap meet contractor, who in turn did not consistently enforce swap meet rules and regulations.

Swap meet operations still "pushing boundaries" of federal land use

Since 2012, the stadium manager has communicated and met with the federal National Park Service representative seeking guidance on use restrictions of stadium land, as we recommended. The representative did not confirm or disagree that the current swap meet configuration and use is compliant with its permitted use requirement; rather, he said the stadium is a facility that inherently "pushes the boundaries" of a public recreational facility, and urged the State to consider other ways the facility could be used more extensively for public outdoor recreation. The representative also encouraged the State to continue exploring land exchange options to remove this restriction.

Authority's monitoring of swap meet contractor shows improvement

The Stadium's management has also strengthened monitoring of the swap meet contractor, as we recommended. The stadium manager has completed all mandatory State Procurement Office training. The authority uses agreed-upon procedures to independently evaluate and monitor vendor and buyer admission fees from swap meet operations, and holds regular meetings with the swap meet contractor to discuss various swap meet topics. The authority and swap meet contractor have an informal agreement whereby the authority's deputy stadium manager meets with the swap meet manager and complainants to discuss and assist in resolving complaints. The swap meet contractor assisted the Department of Taxation in educating swap meet vendors on state tax laws. The contractor also cross checks vendors' general excise tax licenses twice a year to ensure that licenses are active. Lastly, the deputy stadium manager reviews the swap meet contractor's log of warnings and citations four times a year for consistency of enforcement actions.