

## **Paving-Over Paradise Land and Power in Hawai`i: 2006**

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O`hau's North Shore is fabled for its world-class surfing sites and laid-back "country lifestyle." In March several North Shore community groups rallied in front of Kahuku's Turtle Bay Resort to protest the plans of its new owner, Oaktree Capital Management, to build five additional hotels and condominium units along the ocean between Kawela Bay and Kahuku Point. This huge project would add 3,500 new units to the only hotel on Oahu's famed North Shore.



The developer of record - Kuilima Resort Co. - has mounted a well-financed "information program" arguing that the expansion would create an estimated 2,500 new job, and attract hundreds of new businesses that would add millions of dollars of business activities to this small rural community. Opponents, organizing into groups calling themselves "Defend O`ahu Coalition" and "Keep the North

Shore Country," along with the Sierra Club's Hawai'i chapter, are gravely concerned with the major environmental impact such a massive project would have on this relatively pristine area. The existing two lane road system winding its way along the coastline is already often jammed with tourists and residents. Further building up the surrounding areas would permanently wreck the special North Shore atmosphere, they believe.

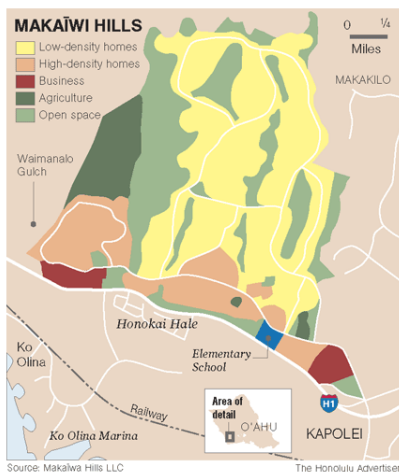
One can wonder whether the advocates for "Keeping the Country, Country" can counter the expensive legal efforts and public relations program mounted by OakTree Capital Management, a \$31 billion dollar Mainland investment hedge fund who proudly tells their investors that they are "dedicated to the achievement of consistent and superior performance." Oaktree has a history of vigorously fighting environmental and community groups over their development projects. In 2002, Oaktree fought a coalition of more than 100 environmental and community groups that were opposed to a massive coastal development in Playa Vista, California that pave over the last wetland in the entire county. That battle still goes on.

But it's not just a single wealthy off-shore corporation that is the problem. A whole array of land-owning estates, real estate developers and industry, the construction industry and related unions, and the tourism and time-sharing businesses work together unceasingly to build up rural areas, wherever they can.

### **Growing O'ahu's new "Second City"**

Thousands of new homes are arising on the former sugar plantation lands of the Ewa Plains. In November of 2003 about 350 residents turned out at a Makakilo Community Association meeting to complain about growing traffic congestion and overloaded schools. Soon after, they held a rally calling for a moratorium on development in the Makakilo area until adequate roads and schools could be built. Besides circulating petitions, the group sued a major housing developer for violating county and state environmental laws. Said their spokesman, "Our schools are overcrowded. The elementary-age children in this development will travel six miles -- past three other schools -- to Barber's Point Elementary....Our roads are already backed up in every direction for hours each day...."

On October 20, 2006 a Honolulu Advertiser article informed us that the "Second city" area would get 4,100 more homes. The proposed project, marketed as "Makaiwa Hills," would be one of the largest master-planned communities envisioned for the Kapolei region, whose population would grow from 84,000 today to 96,000 residents by 2010, and 141,000 by 2025.



Although the area is one of the most severely congested part of O'ahu, other long-term communities planned for the Kapolei region include 4,041 homes at the University of Hawai'i-West O'ahu campus, 11,000 to 13,000 at Ho'opili, and more than 7,000 at various sites in Kapolei.

So despite occasional protests, the story of pro-development forces working to convert rural land to commercial use at every opportunity is written into the history of Hawaii. And they employ many devices to gain their way.

### **Land and Power in Hawai`i**

Gaining wealth from acquired land is a practice that goes back 200 years in the Islands. In 1985 George Cooper and Gavin Daws published the provocative book Land And Power In Hawaii: The Democratic Years that in 459 pages of text, and 26 small-type pages of notes, carefully documented example after example of instances in the 1960s, `70s and `80s detailing how state and county office-holders regularly approved land rezoning and government-funded infrastructure improvements that enriched their friends, business associates, and themselves. The game-plan was simple: buy land cheaply from the estates or plantation owners, then use their insider-political connections to get the land rezoned from agricultural use to resort or urban. This up-zoned land — with permits — would be resold (flipped) to developers for huge profits. Getting early access to the condominiums or homes built on rezoned land was another way insiders profited from their connections.

Cooper and Daws convincingly showed the prevalence of these practices during the 1960s, 70's, and early 1980s, wherein it was common for many politicians to use their privileged positions as governmental officials to promote their own — and associates' — financial self-interests. Recent headlined disputes over development on all the Islands have led me ask whether today's political system operates the same way, or is there a different method being used by pro-growth interests to get what they want. As did Cooper and Daws, I consider: "Who are the politically well-connected?" and "What are their links to land developers and investors, bankers, and the construction industry and related unions?"

Doing this research is labor intensive and complex. Much of the wheelings-and-dealings go on beyond closed doors. One way the pro-growth constellation of industries gain support for their activities is by giving large campaign contributions to sympathetic politicians. Tom Coffman reported in his book on the 1970 Governor's race that incumbent Jack Burns raised most of his reelection funds from "the construction and development industries, and from such related interests as real estate and banking. He also raised large sums from architects and engineers who do a heavy business in non-big state contracts. He raised it from people who operate businesses in public places on state concession." (Catch A Wave, p. 204)

Coming to today's situation, I and my students have been examining campaign "donations" given by special interests to State legislators. Working with reports filed with the Campaign Spending Commission, we find that companies and individuals associated with "Construction Services, General and Special Contractors, Trade Unions, and Hotels and Resorts" have "donated" at least \$3,298,000 since 2000 to state officeholders. This number grossly under-reports the true amount flowing into campaign war chests, since it does not include County officeholders — who are also involved in all final permitting. Nor are many "donors" properly identified in the data-set compiled by The Institute on Money in State Politics, a national nonpartisan, nonprofit organization dedicated to research on campaign finance at the state level. [[www.FollowTheMoney.org](http://www.FollowTheMoney.org)].

Looking systematically at the special-interest "campaign donations" received by two legislators representing the above districts show one way pro-growth forces influence public policy-making.

### **A Majority Democrat and A Minority Republican**

Michael Magaoay, who represents the North Shore area that includes the Turtle Bay Resort (Kaena Point, Schofield, Mokuleia, Waialua, Haleiwa, Waimea, Pupukea, Sunset, Kahuku) has held elected office since 2002. As a Democrat he is among the super-majority that has dominated the Legislature for decades. Representative Magaoay sits on three important committees that deal with legislation affecting Agriculture, Economic Development & Business Concerns, and Finance (budget), and he is Chair of the Legislative Management committee.

Representative Mark Moses, who represents the Royal Kunia, Makakilo, Kapolei, and Kalaeloa areas on O`ahu's Leeward side, one of the fastest growing areas on Oahu, offers a second window into the politics of development. Its rapid buildup of subdivisions and businesses without adequate infrastructure in place has caused great consternation among residents who are regularly stuck in traffic jams and find their children packed into over-crowded schools because of inadequate roads and too few classrooms. Representative Moses sits on the Finance, Public Safety & Military Affairs, and Transportation committees.

Our data comes from candidate spending reports filed with the Hawaii Campaign Spending Commission, as compiled by The Institute on Money in State Politics, a national nonpartisan, nonprofit organization dedicated to research on campaign finance at the state level. [[www.FollowTheMoney.org](http://www.FollowTheMoney.org)]. Information about registered lobbyists come from the State Ethics Commission.

### **THE PRO-DEVELOPMENT INDUSTRY'S FRIEND ON THE NORTH SHORE — REPRESENTATIVE MICHAEL MAGAOAY.**

In his first run for office, in 2002, Magaoay received campaign donations totaling \$32,150, about the average for winners in that cycle. But in 2004, he received \$93,655 for his campaign, and spent \$105,068 — the most expensive House race that year. For this year's campaign, Rep. Magaoay has received already — for only the first half of the year — \$108,582 in donations.

The pro-building interests take care of their friends. During his three terms in office, Representative Magaoay has received **284** donations that we can identify from trustees of land estates, real estate developers and industry, builders and construction companies and unions, banks and financial institutions, tourism and time-sharing, and agents. These donors will profit from construction projects on the North Shore. Most recently Magaoay being given donations from TBR PROPERTY LLC "DBA TURTLE BAY RESORT," and lobbyists and lawyers connected with the project. (Rep. Magaoay has been employed as a Senior Project Engineer at A-1 A-lectrician, Inc. since 1997, and also by Alii Glass & Metal Inc since at least 2002.)

With the North Shore hosting thousands of acres of prime farm land, agricultural interests — including several corporations actively pursuing GMO research on genetically modified organisms (Monsanto, DOW chemical, and Dupont) — add their donations to Rep. Magaoay campaign coffers.

As a member of several important committees, Magaoay is also the regular recipient of large amounts from the tobacco (Altria, Philip Morris, RJ Reynolds) and health care industries, fundraising and PR firms, and eight of Hawaii's major lobbyists who represent a who's-who of special interests seeking favors at the Legislator.

**Number of Identified Special Interest Donations Rep. Magaoay has received since 2002 from --**

Construction Industry & related unions.	126 Donations	\$54,000
Estates, Land Owners, and Real Estate Developers and Industry	91 Donations	\$39,325
Lobbyists connected to development interests	31 Donations	\$9,475
Banks and Finance Industry	15 Donations	\$5,925
Tourism, Time Share Industry	21 Donations	\$4,700

**MAJOR DONORS TO MAGAOAY**

**Estates and Land Owners:** Trustees and CEOs from Alexander & Baldwin; Castle & Cooke; Estate of Samuel Mills Damon; James Campbell Estate; Mark A. Robinson Trust; Maui Land & Pineapple Co; Pacific Northwest Ltd (Ko`Olina)

**Other Real Estate Developers and Industry:** Cendant (resort management and time-shares; DKH Hawaii Leasing Llc; Imanaka Kudo & Fujimoto; Robert Midkiff; Kamehameha Schools (Bishop Estate).

**Construction Industry** and related unions. Magaoay collects donations from a long list of companies and individuals associated with builders, architects, engineers, electrical, plumbing, painting, air conditioning, glass & metal contractors, and construction unions.

**Banks and Finance** industry contributions come from First Hawaiian Bank, Bank of Hawaii, Mortgage bankers Association of Hawai`i, and several credit unions.

**Resorts, Tourism and Time Sharing** donors include direct contributions by the Turtle Bay Resort people, lobbyists and lawyers advocating for the project, and people and PACs (political action committees) from the industry.

**Legion of lobbyists and law firms who represent many clients with links** to land development, tourism, insurance and finance give large and frequent gifts to Magaoay. These "Masters of Influence" [ a report about them is coming soon] include: Watanabe Ing & Kawashima; Jon T. Okudara; G A (Red) Morris; Linda K Rosehill; R Brian Tsujimura; Goodsill Anderson Quinn & Stifel; and the top law firm of Mccoriston Miller Mukai Mackinnon LLP — real estate lawyers whose clients include Oaktree Capital Management, owners of Turtle Bay Resorts.

The complete list of Magaoay's special-interest donors is found on-line at <http://www.voterownedhawaii.org/cds.php> ["Candidate Donors Lists"]

The Sierra Club Hawaii's Scorecard on Representative Magaoay's votes related to eight important environment and land use issues have gone down steadily over the years, in parallel with the increasing amount of donations he's received from development interests. In 2002 he voted for 75% of significant environmental bills. His score fell to 71% for the 2003-2004 sessions, and dropped dramatically

to only 58% pro-environment votes during 2005-2006. Noteworthy is Magaoay voting twice for versions of the "Hokulia Fix Bill," a measure that dramatically weakened land use law and essentially opens up vast swaths of farmland statewide to development.

### **THE PRO-DEVELOPMENT INDUSTRY'S FRIEND IN KAPOLEI — REPRESENTATIVE MARK MOSES**

Being among the Republican minority who don't control committees, Representative Mark Moses has received about the average amounts of total campaign contributions given to winning House members during his four terms in office: \$35,909 in the year 2002, \$32,280 in 2002, \$26,055 in 2004, and \$19,169 so far in 2006. [As he has a strong Democratic challenger this year, Moses' usual benefactors will undoubtedly give him significant donations during the remaining period of the campaign.]

During this period Representative Moses has received more than 60 donations from special interests with a direct stake in development in the Kapolei area — the land-owning estates, developers, builders, construction industry and related unions, and commercial banks. In addition, he has taken in 6 donations from big oil — who run refineries in nearby Campbell Industrial Park — and 12 from the tobacco industry. Moses receives about 85% of his funds from businesses, 12% from unions, and the rest from the Republican Party or its PACs.

**Moses' Major donors** include Estates and Land Owners from Alexander & Baldwin, Castle & Cooke, the James Campbell Estate, and Jeff Stone's Pacific Northwest Ltd (Ko`Olina Resort). Other Developers include Makai Village Partnership, Schuler Homes, the Ko 'Olina Company, and Kobayashi Development. Contributors from the Construction Industry include the Building Industry Association of Hawai`i, Grace Pacific Corp, Hawaii Laborers/LIUNA, Pacific Allied Products (Plastic Manufacturer), Honsador Lumber Corp, the Ironworkers union, Island Ready Mix Concrete, and the Kilohana Company. Banks and Finance donors include Central Pacific Bank, Finance Enterprise, and the Hawaii Credit Unions League. Resorts, Tourism and Time Sharing donors include Ko`Alina Resort, and lobbyists, individuals and PACs (political action committees) from the hotel and resort industry. The donor's list includes several Real Estate and Insurance interests. Finally, Moses receives campaign contributions from Lobbyists and law firms who represent many clients with links to land development, tourism, insurance, and other interests: G A (Red) Morris [Wal-Mart]; R Brian Tsujimura; John Radcliffe, and the law firm of McCoriston Miller Mukai Mackinnon LLP — who concentrate in real estate issues.

The complete list of Mark Moses' special-interest donors is found on-line at <http://www.voterownedhawaii.org/cds.php> ["Candidate Donors Lists"]

Representative Moses's ratings on the Sierra Club Hawaii's Environmental Scorecard rank him nearly at the bottom on eight important ecological and development issues. His 2001-2002 session score of only 13% positive votes, was

second worst among 51 members in the House. He scored 29% in 2003-2004, and 17% in 2005-2006, ranking him again with the 2<sup>nd</sup> worst score. In sum, Representative Moses voting record places him among the most staunch anti-environmental members of the Hawaii Legislature.

### **Conclusion: Developers Still Rule - Usually**

These two in-depth case studies reveal the massive and constant deluge of special interest money flowing into the Legislature and country councils on all islands. There's even a name for it – “pay to play.” It's hard to track down.

Unprecedented-in-Hawaii, a courageous Director of the Campaign Spending Commission began in 2000 to investigate flagrant illegal campaign donations. Hiring investigators, and turning cases over the City Prosecutors' office, more that \$735,000 in fines were assessed against companies and individuals involved in the construction industry. It is common practice – as Hawaii courts acknowledged – for direct beneficiaries of county and State contracts to contribute to officeholders. [<http://www.hawaii.gov/campaign/fines.htm>]

Earlier I had cited \$3,298,000 as the total amount of construction-related donations given at the state level since 2000. But this figure would be much higher if the FollowTheMoney data-base had more correct source-identifications. Comparing their numbers for Rep. Magaoay with our own “fingerprinting” shows them missing about 40% of the donations coming from people or companies involved in the pro-growth industries. Projecting this “correction factor” to the 2000-2006 totals shows those involved in development gave at least \$5,581,000 to state officials.

We are still analyzing County council races and Non-Candidate Committees (PACS) for further documentation about amount given and by whom. For example PACs (political action committees) such as "Pacific Century Finance Corp - SPEC" disbursed \$107,569 this election cycle. "First Hawaiian Bank Good Citizenship Committee" gave \$53,250 to officeholders and candidates they approve of. And the 2006 campaign filings do not cover donations during the final two months of often hotly contested races.

Donations from major land owners Castle & Cooke totaled \$35,995 during the first part of the 2006 campaign season. Their "Castle & Cooke Legislative Committee" reports they have \$722,200 remaining in "cash on hand" for future donations. Since 2000, Castle & Cooke has given a total of \$238,296 to Legislators and Governor Lingle.

The large amounts of money (for Hawaii) expended on campaign donations illustrate a modern variant of the classic Land and Power game, another method used by wealthy interests to exert influence on sympathetic or cross-pressured elected officials. Citizen groups such as the Defend Oahu Coalition will find it difficult to prevail not only against Oaktree Capital, but the sum total of immense financial, legal, sophisticated public relations, and lobbying resources available to the many businesses and unions lined up them.

Talk about a David vs Goliath battle!

**Beating Goliath: Organizing, and Clean Elections**

Can the newly coming-together Defend Oahu Coalition — and other grassroots groups — repeat the recent and quite extraordinary successes of the Save Our Kakaako Coalition that defeated Alexander and Baldwin (A&B Properties Inc.) plans to build condos on the Kakaako waterfront, and the effort that saved Waimea Valley from being subdivided and developed? Or recreate the alliances that were crucial in the victories achieved by the Save Sandy Beach, Save Sunset Beach, and Save Ki Iwi groups?

There is another partial but significant remedy to reducing the influence of special interests on elected officials: by Hawai`i passing a Voter Owned Elections bill. Citizen groups in Maine, Arizona, North Carolina, New Mexico, West Virginia and Connecticut have enacted a new and successful method called “Clean Elections” that allows legitimate candidates to receive adequate amounts of public funds to run successful campaigns and win. "Clean Elections" candidates receive no special interest money at all, and so can be responsive to the voters in their districts, not the big donors who contribute to the campaigns. It's average citizens favoring pro-environment, better medical care, cheaper insurance and drugs, and other consumer issues who win.

If grassroots groups want to fight "on a level playing field," and have their voices heard — and listened to truly — they need to help pass a Voter Owned Elections bill this year. And demand that candidates they support pledge their commitment to enacting Clean Elections.

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Attachments - Moses Donors List    Magaoay Donor List