

House District 2

Senate District 1

THE TWENTY-FOURTH LEGISLATURE
HAWAII STATE LEGISLATURE
APPLICATION FOR GRANTS & SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES

Log No: 12-C

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST - OPERATING

GRANT REQUEST - CAPITAL

SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): THE ARC OF HILO ON PROPERTY LEASED THROUGH DEPARTMENT OF HUMAN SERVICES DIVISION OF VOCATIONAL REHABILITATION
STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:
The Arc of Hilo

Dba: The Arc of Hilo

Street Address: 1099 Waianuenu Ave

Mailing Address: Hilo, Hawaii 96720

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name: MICHAEL G. GLEASON

Title: President & CEO

Phone # 808-935-8535 x 201

Fax # 808-961-0148

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3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
 FOR PROFIT CORPORATION
 LIMITED LIABILITY COMPANY
 SOLE PROPRIETORSHIP/INDIVIDUAL

4. FEDERAL TAX ID # _____

5. STATE TAX ID # _____

6. SSN (IF AN INDIVIDUAL): DINA

7. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

THE ARC OF HILO CLIENT SUPPORT SERVICES TRAINING AND COMMUNITY CENTER

(Maximum 300 Characters)

8. FISCAL YEARS AND AMOUNT OF STATE FUNDS REQUESTED:

FY 2008-2009 \$ 1,550,000

9. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
 EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ 450,000

FEDERAL \$ 1,255,640

COUNTY \$ _____

PRIVATE/OTHER \$ 400,000

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

AUTHORIZED SIGNATURE

MICHAEL GLEASON, PRESIDENT & CEO
NAME & TITLE

12/27/07
DATE SIGNED

**The Arc of Hilo Client and Support Services
Training and Community Center
2008 State Grant in Aid Application**

I. Background and Summary

I. 1. A brief description of the applicant's background:

The Arc of Hilo is a non-profit social service agency serving people with developmental and other disabilities in Hawaii. It has provided these services for the past 52 years. The mission of The Arc of Hilo is to improve the quality of life for people with developmental and other disabilities, who reside on Hawai'i through educational, vocational and skill training as well as employment and residential opportunities.

The primary focus of our programs is to enable persons with disabilities to become accepted and included in all aspects of our community.

In the past five years, The Arc of Hilo has increased its program outreach from an annual operating budget of \$1.5 million to over \$6 million. It now serves over 200 clients in its present CSS and Employment Training Services (ETS) program areas, as well as houses 53 persons of low income or with disabilities in 3 apartment buildings in Hilo (See Attachment A-1 – Present and Future Programs).

I. 2. The goals and objectives related to the request:

This proposal requests funding to build a new community and training center. This will provide additional space for existing and future agency activities. This Training and Community Center will allow the Client Support Services (C.S.S.) department to move from its presently limited space to a 17,600 square foot new building on the same property adjoining the current Arc of Hilo site. This will permit the Employment Training Services (E.T.S.) and Administration offices to spread out into the vacated original C.S.S. space. These departments are currently severely limited in office and meeting and training program space. The new facility will correct the present space issue and accommodate the expansion of existing programs, the development of new services and the availability of much needed meeting space for the community at large. This increase in space will create 339 jobs including construction jobs. In the planning and implementation phase for the new community center The Arc of Hilo is working with planning partners to incorporate all aspects of energy efficiency, usage of safe materials, and opportunities to accommodate persons with disabilities. A therapeutic swimming pool, new perimeter

fence, and equipment to serve as a disaster facility would be added in later stages when additional future funding becomes available.

The Training and Community Center was conceived as a means of serving the additional demand in people with disabilities in East Hawaii specifically. As a result of growing referral demand from the Division of Vocational Rehabilitation, statistics showing 18% of the school population being people with disabilities and the preponderance of drug-affected births, we project the need for doubling our capacity.

Primary Goal:

The primary issue The Arc is dealing with is “poor quality of life for persons with developmental and other disabilities.” Specific effects of this are: depression, poor health, isolation, exclusion, discrimination (housing, transportation, education, employment, and social ostracism), poverty, substance abuse, and aging. To deal with this issue and its effects, our primary goal is to promote a better quality of life for persons with disabilities.

The following four objectives will help us measure change in our client’s quality of life through the specific programs or activities we provide for people with disabilities:

- experience reduced feelings of isolation and loneliness.
- feel more included in the community.
- become employed in the community.
- have improved health.

Four Objectives:

The primary goal leads to several objectives measuring change in our clients’ quality of life. Specific methods (activities or programs) address the objectives and lead to the change.

1. Clients feel less isolated and lonely.

This will be measured by annual surveys, Direct Support Worker’s (DSW) daily observations and case notes, and client participation rates based on daily attendance records in various activities. The methods or new programs proposed to deal with this are specifically designed to involve the clients in group and community activities such as: daily outings, the Kiwanis Aktion Club, Easter Seals Youth Services, an expanded Arts program (including painting, drama, and a community choir).

2. The Clients feel included in the community.

This objective will be measured by Direct Support Work's (DSW's) through records of participation rates in group and community activities. The methods or new programs proposed to deal with this objective are two-fold: (1) taking clients out into the community and (2) inviting the community to The Arc to be involved with the programs at The Arc. Program activities focus on partnerships with Charter Schools for mentoring in the computer lab; teaching of vocational training skills to promote employment in the community; activities such as the Community Choir involving volunteers, friends, and family; and integration of a multitude of public activities facilitated by The Arc of Hilo's new Client Support Services Community Center. Inclusion through job training and placement provides opportunities for interaction.

3. More clients are employed in jobs in the community.

Although the CSS client group is the most difficult to place in the competitive job market (they are the most challenged), we continue to strive to reach an annual goal of gainful employment of 5 % each year. (The Employment Training Services department works with the higher functioning and less challenged individuals and achieves remarkable success placing this group in positions each year).

Employment records will serve as an indication of success for this objective. The methods or new programs proposed to deal with this objective are:

- Job skills development using the new computer lab and assistance from Charter School student mentors. This opportunity addresses one aspect of the development of communication skills using the computer and internet. It will help participants to develop resumes, establish email friends, practice reading and math, and in many cases complete the G.E.D.
- 2) Extensive community activities to encourage the appropriate social skills needed for employment in the community.
- 3) Job Skills Classes to teach employment skills.
- 4) Job exploration opportunities allowing participants to experience a real life work environment as part of The Arc's work crews (HI 5 redemption centers, yard, janitorial, food and clerical services) or with community based business partners.
- 5) On-the-job support through job coaches.

4. Clients have improved health.

It is assumed that many clients state of health is directly affected by their specific disabilities. Much can be gained by an improvement in the clients general health, through an appropriate exercise program and regular health and dental checkups, an appropriate exercise program and a nutrition

program (education, food service, cooking classes, meal planning). Dental issues and weight problems in this client population are common and usually extremely serious. This objective will be measured by regular health and dental clinics held at the new facility with nurse on staff. An appropriate exercise program can be tailored to each client's specific needs and areas of concern. A walking path, exercise equipment, and therapeutic swimming pool are future proposed facilities at The Arc of Hilo.

A specific objective is to see a 30% improvement in general health across the client base in each of the first three years. The method proposed is to hire a full time nurse who can teach and monitor health issues for staff and clients. The nurse would develop special health monitoring programs, exercise programs, administer medications when required, and allow The Arc of Hilo to begin to provide Adult Day Health Level III (the first agency to do so on Hawaii) services for mobile clients needing this highest level of care.

Achievement-based activities also promote a sense of self-worth and impacts mental health positively.

See Attachment A-1, The Arc of Hilo Present and Future Programs, which summarized the above information, estimates significant program participation rates over three years, and indicates volunteer and staff involvement.

The Arc of Hilo's Strategic Goals are to:

- 1) expand and improve the delivery of present programs and continue to develop new programs meeting the needs of our clients.
- 2) provide facilities appropriate for clients needs and activities such as the proposed Client Support Services Community Center:
 - a) broaden ADH Level II program to ADH Level III as needed
 - b) promote a community arts, drama, choir and music program
 - c) develop training programs for clients and staff in new Computer Lab
 - d) provide a variety of health and fitness services
 - e) develop after school programs for Special Needs students
 - f) provide meeting and activity space for community organizations
 - g) partner with Kiwanis Club to form an Aktion Club for the disabled.
 - h) provide a disabilities accessible therapeutic swimming pool.
 - i) partner with other agencies to provide new or expanded services more efficiently, such as The Arc of Hilo/Easter Seals Youth Services Program.
- 3) Develop Laulima Hana Enterprise Construction & Demolition Resale Store and Student Training Facility—2007-09. A business plan has been

prepared to promote this proposed multi-purpose vocational training center located in the Puna District.

- 4) Develop value-added agriculture to further diversify training and employment opportunities for people with disabilities.
- 5) Develop low-income housing (add to present 3 low-income apartments)—proposed 2008-09.

I. 3. State the public purpose and need to be served:

Promote community inclusion for everyone with disabilities by developing a multi-purpose community facility to serve the needs of the disabled and to present the public with an opportunity to become involved.

Provide employment and training services to people with disabilities promoting increases in self-sufficiency.

Partner with other similarly mandated non-profit programs and involve the general public in programs at the new proposed Client Support Services facility (activities within the framework of federal HIPA regulations).

Provide community facilities with particular design and amenities serving all people, but particularly those with disabilities. These facilities will promote health, community integration, flow of economic information, development of more able consumers and taxpayers, removal of dependents from state, federal and local government entitlement programs and increase of the public capacity to adequately care for and promote people with disabilities toward self-sufficiency.

I. 4. Describe the target population to be served:

The target population is persons with disabilities on Hawaii.

Who are the Disabled?

They are disabled if they have physical and/or mental impairments which

- **are expected to be long, continued and of indefinite duration;**
- **substantially impedes the persons abilities to live independently**
- **are of such a nature that such abilities could be improved by providing more suitable working conditions, and as a result**
- **are considered to be of low or moderate income**

Statistics for Hawai'i:

In Hawai'i, nearly 25% of the 1.2 million residents have some form of disability. Hawai'i County has 94,000 persons 16 to 64 years old, 17,224 (18%) are listed as having disabilities and of those over 11,000 are prevented from work due to their disabilities (County 2004 Data Book).

Fewer than 20% of persons with disabilities graduate from high school and go on to college.

Increased numbers of "ice babies" and Fetal Alcohol Syndrome (FAS) children are now moving through the school system this next decade.

In the Puna High Schools alone, over 400 students are classified as "Special Needs." In all the public schools on Hawai'i Island there are over 3400 "Special Needs" classified students.

One of the most significant statistics is in the East Hawai'i Census tract data for age 21-64 (see attached appendix), indicating that over 52% of those with disabilities are unemployed. This is a significant unemployment level among this predominately low-income group. (U.S. Bureau of Census, Census 2000). The Disability Child Count as of 2005 for Hawai'i County's schools stated that there were 3,654 students listed as having a disability.

Finally, the State of Hawai'i's unemployment rate fluctuates around 3% and it has been estimated that over half of the 3% are citizens with disabilities. We estimate that a disproportionate number of this group are Native Hawaiian.

I. 5. Describe the geographic coverage and how this grant request will permit the community to benefit from this funding.

The Arc of Hilo provides programs throughout the County of Hawai'i.

Its main office is located in Hilo on Waianuenue Ave across from the new Veterans Center. It has a satellite office in Puna. It provides services throughout the remainder of the Island of Hawai'i. In 2005 The Arc obtained the County contract to staff 10 HI-5 Redemption Centers throughout the 7 Districts of the County. Its traditional client base is primarily concentrated in East Hawai'i from Honokaa to Pahala. To provide program services throughout this area it maintains a fleet of 28 vehicles.

The Arc does not currently have the space, staff or work conditions to handle the potential expansion of its programming demand. There is significant demand from all of our communities for more space and places for more training participants, especially, within the Native Hawaiian and homeless community. Considering the other efforts to assist Native

Hawaiians to enhance their economic viability, few will have the multiple bottom line impact of assisting Hawaiians with disabilities because of the opportunity to 1) produce consumers for the marketplace, 2) remove beneficiaries from the community and state safety net roles and 3) provide sustainable lifestyle support, all with one strategy.

Obviously, the most important beneficiaries of this project are the disabled persons of Hawai'i County. Other specific beneficiaries of the project are diverse, but consist of a broad range of businesses in our community, such as county, state, and federal governments, colleges and universities, and a variety of small businesses. The small business category includes the general areas of: food service and preparation, security, car cleaners, restaurants and fast food, grounds keeping, building maintenance, sales (hardware, department store, and supermarket) schools, and hotels.

However, chief among beneficiaries are all of residents of the island of Hawai'i, whether they be in our surrounding target area or any part of the island that the HI-5 Redemption program serves. We have a specific goal of serving the Native Hawaiian community because of the concentration of need and the importance of preservation of culture, and improvement of their quality of life. The Arc of Hilo is dedicated to serve the Native Hawaiian population and all Hawai'i residents as we build a greener more productive society in our island environment. Through our HI-5 Redemption program, we serve Native Hawaiians and all other residents over the entire island.

Also, see #2. above, Goals and Objectives and Attachment A-1, The Arc of Hilo Present and Future Programs, for examples of benefits to a broad cross-section of our community, both present and future.

Our area does not have a good supply of meeting space to meet current demand. We are thinking of organizations which supply services to the disabled, but also, activities such as disaster sheltering, public education, club meetings, square or line dancing, workshop space, etc.

Our primary goal of community inclusion for our clients is demonstrated by the above list of expanded programs and new proposals to integrate persons with disabilities into our community. With these new facilities The Arc proposes to provide regular activities involving all the community—both disabled and able bodied.

Here is a listing of some of the present multiple community users of The Arc of Hilo Facilities:

- Shriners Health Clinics— 8 days per year
- Lions Club – 4 x's per year

- Various weekend workshops – 4 x's per year
- Hilo Bay Rotary Club Committee meetings – 6 x's per year
- The Arc of Hilo/Easter Seals Youth Services Program – weekly
- Veteran's use of The Arc's facility across the street from The Arc
- Performing Artists Lengthening Strides – weekly

II. Service Summary and Outcomes

See Section I, Part 2, page 2, above concerning goals and outcomes.

The general result or outcome will be an improved quality of life for clients served by The Arc of Hilo programs. As well, there will be a significant increase in the inclusion of clients in the community as a whole, and vice versa, a significant increase in the general public becoming involved in Arc of Hilo programs and facilities (note projected increases of clients, participants, volunteers, and the public projected in Attachment A-1.)

To summarize, it will result in a continued increase in the unduplicated numbers of clients served of about 5 to 10 % per year. An expected significant increase in duplicated numbers of program participants (that is, clients who attend more than one program) will begin as new programs are implemented in the proposed C.S.S. facility.

II. 1. Describe the scope of work, tasks, and responsibilities.

The Arc of Hilo has already initiated the required planning and design work for the new Community and Training Center (C. & T. Center) and Auditorium buildings to allow for the implementation of construction contracts by Spring of 2008. Construction (subject to funding) is expected to begin in April 2008 and be completed by 2009 year end. The Arc of Hilo has selected Durrant Media Five as the Architect and the architectural and engineering team has already completed all the design work and bid document preparation. This includes all the environmental assessments, including the topographical survey, soils investigation, a traffic Study, the biological and archaeological reports. Bid documents are complete and building permits have been obtained.

The new Community and Training building is approximately 13,000 square feet and provides much needed space for Adult Day Health classrooms, computer classroom, Music classroom, Art classroom, Kitchen classroom as well as toilet rooms and office and administrative space for the staff. The single-story structure is designed with architectural elements meant to facilitate passive and natural ventilation and day-lighting of the interior spaces as well as to provide full accommodation and compliance with the

American's With Disabilities Act for the comfort and safety of the users. The new Auditorium building is approximately 4,500 square feet and includes a large multi-functional auditorium space as well as toilet rooms and storage space which are design to service both the auditorium and the future in-ground ADA Therapeutic swimming pool.

The phased development for this project will include:

- Completion of permitting requirements for construction.
- Completion of contractor bidding and final selection of qualified General Contractor.
- Completion of negotiations with selected contractor to enter into a construction contract.
- Construction Activities (Spring 2008 ~ 2009 yearend)
 - Excavating, hauling, fill and compaction of the site as required.
 - Preparation of underground site utility infrastructure and building foundation
 - Structural building frame fabrication and erection.
 - Installation of roofing materials
 - Installation of exterior and interior wall construction
 - Installation of plumbing and electrical rough-in and systems
 - Finish interior spaces
 - Pave parking lots and other site improvements.
 - Final inspection of building and issuance of Certificate of Occupancy

The Arc of Hilo has already begun to prepare the building site by relocating (in February) two existing Plant Nursery greenhouses to the back of the property and closing the above ground swimming pool. These costs will be covered by a U.S.D.A. grant (\$59,000) and H.I.U.W. programming grant (\$22,000) to relocate and expand the Nursery operation in its new location.

II. 2. The applicant shall provide a projected annual timeline for accomplishing the results or outcomes of the service.

As suggested above, the timeline of the new Client Support Services Training and Community Center will be completed by the end of 2009. Please see Funding Sources for Phased Development (attached below) which relates a detailed timeline in the right hand column of the table.

See Attachment A-1, Present and Future Programs with New CSS Facility for a listing of program activities for years one through three of the implemented program. See Section IV. Part A. Scope of work for timeline for the facility construction project.

II. 3. The applicant shall describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results.

The Arc of Hilo is implementing an internal Outcome Measurement program. The expanded present and new proposed programs will be monitored with the four measurement objectives presented on page 2 outlined below:

- **experience reduced feelings of isolation and loneliness.**
- **feel more included in the community.**
- **become employed in the community.**
- **have improved health,**

as well as these additional evaluation methods are:

- 1) a client and a caregiver Satisfaction Survey (annually)**
- 2) a Continuous Quality Improvement (C.Q.I.) Caregiver Satisfaction Survey.**
- 3) State contract evaluations, including:**
 - Contract Compliance verification annually for Medicaid Waiver**
 - quarterly Quality Improvement Trend Reporting for Adverse Events**
 - face to face quarterly & annual Long-term Adult Supports and Resources (LASR) Narrative Report (including client, family, caregiver, and referring agent)**
- 4) quarterly Individual Progress Report & Annual Summary evaluation, which evaluates client daily personal goal achievement**
- 5) quality and success through annual job placement stats, service contract revenues, and annual audited financial statements**

The Arc has an active and supportive Board of Directors which holds monthly regular meetings and committee meetings to monitor and encourage the efficient operations and growth of this organization.

A Hawai'i Community College staff member will evaluate and give feedback on the new computer lab program in the new facility in order to assure that the best use of staff and volunteer mentors and assistive technology software is made for the benefit of clients.

We have used considerable space describing the Client Support Services program and its present and future programs in the new facility. Perhaps the most important impact on this organization will occur with the use of freed up space in the existing building when the CSS department moves next door to the new facility. This will allow both the Administration offices and the ETS offices to be spread out through the existing building space.

Staff and employees who are now placed 2 and 4 per office will at last be given more room. Training courses forced in minimal classroom areas will now have appropriate teaching space. The small client computer space will be moved to new quarters with updated equipment in the new building's modern computer lab. One of the most popular client training activities is the laundry. When it receives more space, this will allow the handling of larger laundry contracts which will permit more client trainee involvement. The grounds keeping and janitorial services will be able to set up better storage of equipment and supplies.

The Employment Training Services has quite a different perspective from the CSS program described above. Its emphasis is directed more to training and placement in competitive employment. As a result, the methods of program evaluation for this department are as follows:

- 1) in this service area, clients and families annually complete a Satisfaction Survey which is reviewed by the CEO.
- 2) for the fee-for-service agreement with the East Hawai'i DVR office to provide job placement and retention services, the service agency (The Arc) is paid on the basis of placement milestones at 3, 30, and 90 days. Thus indirectly, the service is evaluated by the milestone levels reached or maintained by each job placement. And in the final analysis, the DVR Counselor acts as a program evaluation point.
- 3) the JWOD Contracts (janitorial or grounds keeping) are a set-a-side contract for 5 years for persons with disabilities under the JWOD Act. This program is evaluated by designated staff Quality Control Manager's monthly reports to the federal contract managers. Each federal contract or property manager must approve the evaluations.

II. 4. The applicant shall list the measures of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

The Department of Human Services (the State agency) will be able to directly measure the physical facilities completed in Site Development by following the check list outlined in Section II. 1. "Description of Scope of Work, tasks, and responsibilities" found on pages 7 to 8.

Once the facilities are completed, The Department of Human Services will be able to measure The Arc of Hilo's program effectiveness using the goals and objectives laid out in Section I. 2. (pages 1 – 4.) Each of the four objectives listed on page 2 and 3 have an identifiable and measurable outcome suggested in the text.

III. Financial

Budget

III. 1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request. . See table and notes below as well as the budget forms in appendix.

Insert Table

III. 2. The applicant shall provide its anticipated quarterly funding requirements for the fiscal year 2008-2009.

1 st Quarter	\$1,000,000
2 nd Quarter	\$ 550,000
Total Grant	\$1,550,000

IV. Experience and Capability

IV. A. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experiences of related projects or contracts for the most recent three years that are pertinent to the request.

Agency	Contract Number	Year	Amount
Hale Ulu Hoi III (HH3) HOME renovation		01-02	\$750,000
DHS Job Placement & Retention	#DHS-06-VR-3021	05-06	\$192,000
DHS Job Placement & Retention	#DHS-04-VR-1672	03-04	\$115,200
DHS Support Employment Services	#DHS-04-VR-1671	05-06	\$ 32,000
DHS Supported Employment Service	#DHS-03-VR-1671	03-04	\$ 13,714
H. County Redemption Project	#HC-085.601.5607	05-06	\$550,000

H. County CBDG Design (HUD)	#00290	05-06	\$282,000
DOH Person Center Adults Service	ASO LOG#02-028	02-06	\$829,221
DHS Medicaid Waiver	#DHS-04-MWS-1753	04-05	\$2,512,910
Long-term Adult Supports & Resources	ASO Log No. 07-026	06-11	\$377,310
USDA RDGrant Nursery Dev.		06-07	\$59,000
HIUW New & Essential Services		08-09	\$30,000

The Arc demonstrates continued training and employment success with the following:

- Total clients currently served by The Arc of Hilo programs ~ 233
 - Client Support Services provides programs for 60 to 80 clients.
 - Employment Training Services provides employment for 60-70.
 - 5 to 15 clients are placed in competitive employment each year.
 - 50 to 80 clients are assisted to access community activities.
 - Residential Services provides housing for 53 people with disabilities.
 - CSS Direct Service Workers provide services to 40 - 50 clients.
- *Note: some of the above are involved in multiple programs. 53 residential clients plus 51 ETS plus 80 CSS plus 49 Glass/Metal/Plastic Redemption equal over 230 persons served.

This is an outline of the present Arc of Hilo Programs by Service area:

- Employment Training and Commercial Services (ETS)
 - Grounds Keeping
 - Laundry
 - Janitorial Services
 - Nursery
 - County Recycling Redemption Centers Contract
- Residential Services
 - 3 – Low-income apartment buildings with HUD and Section 8 programs
- Client Support Services (CSS)
 - Adult Day Health Program
 - Personal Assistance Program
 - Habilitation Supported Employment Program
 - Long-term Adult Support and Resources Program

The Arc of Hilo is one of the most experienced agencies on Hawai'i to provide the services it presently provides and the new services it hopes to provide with additional facilities. As an indication of its qualifications, it has operated successful training and employment service businesses for many years and continues to develop new areas to reach its goal of increasing operating revenue earned from private sector contracts. With the addition of the County Recycling Redemption Centers Contract, the ETS department produces over \$2 million in revenue each year from third party contracts.

Once the proposed facilities are complete, our program implementation plan will increase from the current low 200's to a total of 459 jobs within five years. The following is a breakdown of the economic impact of that job creation:

With expansion permitted by the new facility,

- Jobs increase from the current 220 to 459.
- The payroll potential is then \$6,885,000 based on an average salary of \$20,000/year.
- This payroll generates \$1,377,000 in federal taxes.
- This payroll generates \$413,000 in state taxes.
- This payroll generates \$144,585 in sales taxes.
- The expansion will create over \$2 million in new purchases with vendors.
- The construction will add a minimum of \$6 million to the county economy.
- The increase represents a \$1.2 million annual savings in government social assistance.

The expanded earned income will increase the self-sufficiency of The Arc of Hilo from its current 51% to 70%, thereby reducing its dependence on government funding significantly

The Client Support Services department continues to successfully deliver Adult Day Health services through the competitive State DOH and DVR contracts it is awarded.

IV. B. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities. Also describe how the facilities meet ADA requirements, as applicable.

In the past five years, The Arc of Hilo has increased its operation from an annual budget of \$1.5 million to over \$6 million. It now serves over 200 clients in its present CSS and Employment Training Services (ETS) program areas, as well as houses 53 persons of low income or with disabilities in 3 apartment buildings in Hilo (See Attachment A-1 – Present and Future Programs).

The planning and design stage of the project is well underway supported by a 2005 CDBG grant of \$282,000. The design firm of Durrant Media Five of Hilo is presently providing the design services for The Arc and has completed the design work and permits required. All Environmental state

and federal environmental assessments are complete. See the attached summary of building plans attached.

The new CSS facility's space allocation will consist of a complex of two interconnected buildings – a 13,000 sq ft office and classroom center and a 4500 sq ft auditorium. Within this complex will be 12 offices, 7 classrooms/assembly areas, a reception area, records storage, music room, accessible restrooms, and covered entrance area. A new paved parking area and walking paths around the grounds are sited and a proposed future ADA swimming pool site is identified.

The Arc of Hilo has utilized the present 10,000 sq ft building for over 25 years. The two departments (CSS and ETS) and administrative services share these facilities, which over the last five years have seen the number of clients served double and the number of employees double. The program managers have to seriously consider that the disabled population served has reached a certain limit. This client population begins to display increased negative behaviors that are injurious to themselves and to others when personal space is limited in group settings. Also the staff office space has become more and more limited as staff have been doubled and tripled in the same space. In order to insure client safety we have placed staff three to four to a room which once had only one or two.

V. Personnel: Project Organization and Staffing

V. A. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

Mr. Michael E. Gleason is the President and Chief Executive Officer of The Arc of Hilo. He joined the Arc of Hilo in July 2000. He holds a bachelor's degree in Education from Western Oregon State University and has worked as a Special Education teacher for 17 years, including 12 years in Hawaii. In his last position at Pahoa Intermediate and High School he was the Felix Student Coordinator and the Vice Principal. As the President and CEO, he represents The Arc of Hilo in the community and provides leadership, management direction and support to the entire agency.

The Chief Financial Officer is Mrs. Deborah A. Perkins. She has worked under Mr. Penn's supervision in the Accounting Department for years. She holds a B.S. in Commerce from the University of Santa Clara in

Science and Commerce. She brings to The Arc 15 years experience in accounting and record keeping for various industries: construction, manufacturing, and sales and service. Mr. Penn has trained Mrs. Perkins as the Chief Financial Officer.

The Client Support Services Group Manager, Ms Vicki Linter, has overseen the Client Support Services department for the past 5 years, and brings a wealth of experience leading the present program through this period of rapid growth. When she began at The Arc, she had 33 clients and is now working with 80. She holds a Bachelor's degree in Psychology, holds a certificate in Gerontology, and has extensive experience with long-term care for the Aging and disabled populations. Ms Linter's experience has been invaluable in defining the needs for one of the first facilities on Hawaii specifically designed to meet the programming needs of the most challenged group of The Arc's client base.

Glen Calvert has worked for the Arc for the past 2 years as a Fund Developer and small project manager. He holds an M.A. in Sociology and brings the experience as administrator for 12 years at British Columbia County government and Economic Development Officer for a British Columbia native tribal council for five years. While holding the above positions he funded and managed the development of several large projects including: a salmon hatchery, a seafood sales business, a small island airport, a mausoleum, and several regional campgrounds. He will assist Mr. Gleason in the coordination of this project.

Mr. Ron Penn, who is acting on a consulting basis for The Arc of Hilo, is a CPA and Associate Financial Planner with a Bachelor of Science Degree from the University of Colorado and over 40 years of experience in his field. His expertise includes financial analysis and planning, real estate administration and property management, corporate tax management and public accounting. Mr. Penn joined The Arc of Hilo in December 1999 and has been responsible for the agency's overall leadership and accountability for the financial and human resources management and the accurate interpretation and implementation of all policies related to these areas. He is currently acting for The Arc on a consulting basis.

The Chief Administrative and Operating Officer is Mrs. Debra Cabarloc. Her employment with The Arc of Hilo began as its Human Resources Coordinator over 4 years ago. Ron Penn, The Arc of Hilo's former Chief Financial and Administrative Officer trained Mrs. Cabarloc as his successor for Administrative issues. Mrs. Cabarloc's background is in Accounting, Human Resources, Payroll, and Systems & Information Management. She recently implemented and provides oversight to the highly successful Beverage Container Redemption program which provides job and training

opportunities for people with disabilities as well as revenue for the organization.

Irvin M. Henderson is the principal of a consulting firm and development company with particular expertise in the areas of community development education and training, community development finance and capital structure, collaboration and community involvement, community reinvestment, organizational development, project design and management, strategic planning, commercial, residential and enterprise development. He has developed training and coaching programs for the community development industry in a variety of settings. His CED Studies program has been presented in seventeen states. Irvin is Founding President of the Community Reinvestment Association of North Carolina, Chairperson of the National Community Reinvestment Coalition, Board member of the National Trust Community Investment Corporation, Trustee of the CRA Mutual Fund, founding Chair of the Banker Community Collaborative Council, founding Executive Committee member of the North Carolina Fair Housing Center and a trustee of the National Trust for Historic Preservation. He has assisted The Arc of Hilo as a consultant for the past six months.

The architectural firm, Durrant Media Five, is managing the current design contract and will continue to provide architectural services during the construction phase of this project. This is one of the most experienced architectural firms on the Big Island.

V. B. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organizational chart that illustrates the placement of this request. **See Attachment.**

VI. Other

A. Litigation

None.

B. Licensure or Accreditation

Not Applicable

**Attachment A-1.
Arc of Hilo Present and Future Programs with New Community and
Training Center**

Client Participation by Year After
Construction Completion

Expand Present Programs:	Present CSS Participant s	Present ETS Participants	Present Apartment Residences (people with disabilities)	Year 1	Year 2	Year 3	Community Volunteers/ Non- disabled Users	Present & Future Program Staff
D.S.S. and E.T.S—unduplicated ⁴	55	51	53	155	165	175		120
Arts and Choir ²	10							
Exposure to Computers ²	10							
Shriners Childrens Hospital Clinic ¹	500						30	
Small swimming pool—not ADA ²	10							
Sub-Total	585	51	53	155	165	175	30	120
Develop New Programs:								
ADH Level III Care ²					2	3		1
Computer Training Lab ²				50	70	80	15	2
Arts and Choir ²				15	20	25	1	
Shriner's Hospital Clinic ¹				500	525	550	20	
Job Training Skills Class 10/Mth ¹				120	120	120		
Community Partners								
Kiwanis Aktion Club ²				10	15	20	10	
Easter Seals Youth Services ¹				15	20	25	5	1
Hilo Rightcare Literacy Training ¹				15	20	20	7	
Charter & HawCC Schools mentors ¹							15	
ALS – Performing Artists L. Stride ¹				20	25	30	20	
Special Health Issues & Exercise ²				25	35	55	2	
General Community Meetings (users)							900	
Future ADA Pool--wheelchair access ²					14	25	2	1
Sub-Total ²	0	0		750	839	920	979	4
Total	585	51	53	905	1004	1095	1009	124

Notes to above table:

¹ Represent disabled clients, trainees, employees from outside The Arc enrollment, i.e. new participants from the general public

² Duplicated numbers--participants may be involved in multiple programs

³ Several existing staff will share duties with many of these part time programs or have volunteer coordinators

⁴ Unduplicated numbers of clients, trainees, and residents with disabilities in The Arc of Hilo programs

Notes to Attachment A-1.

The Shriner's large 500 duplicated clinic total was not carried forward since it represents non-Arc disabled users and confuses the picture. It in fact will continue to occur through the three year startup.

Also, note the General Community Meeting Users was not carried across the three years since it would also skew the numbers unrealistically.

This estimate of users from the public is very difficult to predict and could be much higher than the 900 duplicated suggested.

The Adult Day Health Level III services ability would allow The Arc to include fragile adults in the current program.

The Year 1 – 3 "Unduplicated" Client Participation numbers are quite likely conservative underestimates as are many of the expanded Present Program and Proposed New Program "Duplicated" numbers.

Attachment A-2 Evolution of Programs Offered at The Arc of Hilo

Five Years Ago	Present Programs	Future Plan with New Facility
The Arc of Hilo Employment Training Services Programs		
ADH 1	ADH 1 & 2	ADH 1 & 2 & 3
PA 1	PA 1	PA 2
	HABSE	HABSE
	Chore	Chore
		Respite
		Transportation
		Level 1 & 2 Emergency Evacuation Site
		Special Health/Exercise Program -- Dental /
		Baseline Research
		Therapeutic Pool Program

The Arc of Hilo Employment Training Services Programs		
Job Placement and Retention Contract	Job Placement and Retention Contract	Job Placement and Retention Contract
Supported Employment	Supported Employment	Supported Employment
	Job Seeking Skills Classes	Job Seeking Skills Classes
Employment Training Services	Employment Training Services	Employment Training Services
Nursery Training	Nursery Training	Nursery Training
Grounds keeping	Grounds keeping	Grounds keeping
Janitorial Services	Janitorial Services	Janitorial Services
Laundry	Laundry	Laundry
	HI-5 Recycle/Redemption	HI-5 Recycle/Redemption
		Upscale Resale Store
		Laulima Hana Construction and Demolition Recycle Program
		Job Discovery Hawai'i -- Student Transition Program

ACCOUNTS
BOARD OF DIRECTORS

M. Gleason
Pres. & CEO

D. Cabarloc
Chief Administrative & Operating Officer

D. Perkins
Chief Financial Officer

Division Manager
V. Linter
CSS Manager

Division Manager
C. Ka-Ipo
ETS Manager

Information Services
Special Projects

Accounting Department

Program Management

Program Supervisors

Direct Support Workers

Admin Assist

Facilities Maint

Facilities Maint Supervisor

Administrative Services Dept

Administrative Services Dept

Administrative Services Dept

OPERATIONS

ADMINISTRATIVE

Departmental Manager
Facilities Management

Departmental Manager
Information Services

Facilities Maint Dept

Facilities Maint Dept

Facilities Maint Dept

Administrative Services Dept

Administrative Services Dept

Facilities Maint Specialist

Facilities Maint Specialist

Facilities Maint Specialist

Administrative Services Specialist

Administrative Services Specialist

Administrative Services Specialist

Accounting Manager

Program Supervisor

Program Supervisor

Direct Support Worker

Facilities Maint

Facilities Maint Supervisor

Administrative Services Dept

Administrative Services Dept

Administrative Services Dept

Accountant

Program Supervisor

Program Supervisor

Direct Support Worker

Facilities Maint

Facilities Maint Supervisor

Administrative Services Dept

Administrative Services Dept

Administrative Services Dept

Account Specialist

Program Supervisor

Program Supervisor

Direct Support Worker

Facilities Maint

Facilities Maint Supervisor

Administrative Services Dept

Administrative Services Dept

Administrative Services Dept

APR & AVR Supervisor

Program Supervisor

Program Supervisor

Direct Support Worker

Facilities Maint

Facilities Maint Supervisor

Administrative Services Dept

Administrative Services Dept

Administrative Services Dept

Accounting Manager

Program Supervisor

Program Supervisor

Direct Support Worker

Facilities Maint

Facilities Maint Supervisor

Administrative Services Dept

Administrative Services Dept

Administrative Services Dept

Accounting Manager

Program Supervisor

Program Supervisor

Direct Support Worker

Facilities Maint

Facilities Maint Supervisor

Administrative Services Dept

Administrative Services Dept

Administrative Services Dept

EMPLOYMENT TRAINING SERVICES

CLIENT SUPPORT SERVICES

EMPLOYMENT TRAINING SERVICES

List of Attachments

1. **A-1. Arc of Hilo Present & Future Programs (Outcomes) with Community & Training Center**
2. **The Arc of Hilo Organization Chart**
3. **Plans for Client Support Services Community Center, Hilo, Hawaii, prepared by Durrant Media Five (See Business Plan Attachments below)**
4. **Proposed Funding Sources for the Phased Development of The Arc of Hilo Community and Training Center**
5. **All Application budget forms:**
 - Cover Page**
 - Budget Request by Source of Funds**
 - Personnel – Salaries and Wages**
 - Equipment and Motor Vehicles**
 - Capital Project Details**
6. **Business Plan for The Center including Pro Forma**

4. Funding Sources for Phased Development of
The Arc of Hilo Community Trail Center (updated Dec.20, 2007)

Design Development: October 2005 -- July 2006					
Phase I	Amount Requested	Funding Source Applied For	Funding Pending	Funding Secured	Date, Availability, Construction, & Funding Schedule
	\$45,000	Arc of Hilo 2005		\$45,000	Phase I Design Develop. -- secured and completed
	\$282,000	County CDBG 2005		\$282,000	Phase I Design Develop. -- secured and completed
\$327,000	\$327,000	Phase 1 Subtotal		\$327,000	Final permits obtained Jan. 07

Site Work, Spring 07: Site work, parking lot, services, Fall 2008 completion					
Phase II	Amount Requested	Funding Source Applied For	Funding Pending	Funding Secured	Date, Availability, Construction, & Funding Schedule
	\$200,000	The Arc of Hilo		\$200,000	Secured
	\$200,000	Other Foundations (6)	\$200,000		
	\$100,000	OHA		\$100,000	Requested July 2007; Decision announced December 2007
	\$50,000	CBED	\$50,000		Requested July 2007; Decision January 2008
	\$100,000	Local Fund Campaign (2)		\$100,000	
	\$400,000	Federal HUD-EDI Earmark (4)		\$262,640	Finally approved and announced December 20, 2007
		\$750,000 Bank Bridge Finance			May 2006 -- This bridge loan is secured & used if needed.
		State Grant-in-Aid 2006 (3)		\$200,000	2006 - Secured with DHS contract 2007
	\$450,000	State Grant-in-Aid 2007 (3)	\$250,000		2007-Bill HB500; pending Governor's release & DHS contract; decision Spring 08
		State Grant-in-Aid 2008 (\$1,550,000)			To be requested January 08 with decision & release by Winter 09
	\$993,000	Federal EDA/Other (1) & (7)		\$993,000	July 26, 2007 - Secured; subject to EDA Checklist
\$2,142,000	\$2,493,000	Estimated Phase II Subtotals	\$500,000	\$1,855,640	Site Works begin May 2008, Completed Dec. 2008

4. Funding Sources for Phased Development of
The Arc of Hilo Community Training Center (updated Dec.20, 2007)

Phase III Main Building Construction begins Winter 08: Complete buildings & facility - Fall 2009 Completion						
Original Goal	Amount to be Requested	Funding Source To Be Applied For	Funding Pending	Funding Secured	Date, Availability, Construction, & Funding Schedule	
		Estimated Funding From Phase II sources brought forward				
	\$900,000	Local Fund Campaign (3) pledged or secured				
	\$1,550,000	State Grant in Aid (4)				To be requested in January 08 and released in Fall of 09
		\$5,000,000 bank Bridge Loan for Phase III				Pending U.S.D.A. Loan Guarantee Application; Expect approval Spring 2008
	\$750,000	Other Federal sources (4)				
	\$200,000	Bank Foundations				To be requested in Spring to Summer 2008
	\$500,000	Other foundations & sources; (6)				
	\$3,000,000	Large local foundation (7) and/or New Market Tax Credits application or combination				Funds last 1/3 -- to be requested
	\$6,900,000	Estimated Phase III subtotal	\$0	\$0		Building Construction January 2009 to December 2009
\$6,681,391						

Notes to December 07 Funding Sources

(1) Pre-application competitive review completed in Seattle on August 4/07 for \$993,000 matching grant. We now have received the final letter of commitment from EDA. The \$262,640 federal earmark set up by Senator Akaka/Inouye will contribute further to this balance as well as add to "Other Government Sources (below)

(2) We believe this to be a reasonable goal. The quiet phase of our capital campaign has already begun and ended in December 2007. The quiet phase is the period in which we build the infrastructure for the campaign, organize the committees, pursue major and lead gifts, prepare materials and event schedules and build the administrative capacity of the Arc of Hilo to manage the process. The public phase will begin in January 2008.

(3) A substantially larger State Grant in Aid will be requested early in 2008 (\$2M less \$450,000 already received in 06 and 07= \$1,550,000).

(4) Several other federal funding sources will be applied for in the next six months to a year. They will include: Department of Labor JOLI (\$500,000) and OSC (\$700,000) and HUD funding.

(5) We have hired an outside consultant familiar with Mainland funding options. His name is Irvin Henderson. He taught the last Community Connections 9 month workshop sponsored by HACBED in 2006. He has been assisting us with various funding aspects of this project: obtaining bridge financing for the project, potentially obtaining New Market tax credits to cover part of the project (www.cdfifund.gov/programs/programs.asp?programID=5 or www.impactseven.org/NMTC_FAQ.htm), and working through a list of Mainland Foundations which he believes will seriously consider an Hawaii non-profit request with his recommendation. These include such sources as: Cooke/Atherton Foundation, Public Welfare Foundation, Surdna Foundation, Heron Foundation, State Farm, RW Johnson Foundation, H & R Block Foundation, Hawaii Bank Foundations, etc.

(6) Requests to Hawaii bank foundations

(7) We believe The Weinberg Foundation will seriously consider our worthy project. However it is too early in the campaign to receive a commitment from them. New Market Tax Credits either alone or in combination with above will produce the balance required.

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2008 to June 30, 2009)

Applicant: _____ The Arc of Hilo

BUDGET CATEGORIES	Total State Funds Requested (a)	(b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	6,681,391			
TOTAL (A+B+C+D+E)	666,681,391			
Please see note below: SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	1,550,000	D. Perkins		
(b)		Name (Please type or print)		Phone
(c)				39,809
(d)		Signature of Authorized Official		Date
TOTAL REVENUE	1,550,000	Debbie Perkins, Chief Financial Officer		
		Name and Title (Please type or print)		

Please refer to pages 16-17 of the Business Plan (attached to this application) where it details the total development of this project. The \$6.691 million refers to the amount of capital already being requested vs. a vs. this State request. Note the projected total project cost is \$10.6 million

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

The Arc of Hilo

Period: July 1, 2008 to June 30, 2009

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
NONE			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				0

JUSTIFICATION/COMMENTS:

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
NONE			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				0

JUSTIFICATION/COMMENTS:

**BUDGET JUSTIFICATION
CAPITAL PROJECT DETAILS**

Applicant: The Arc of Hilo

Period: July 1, 2008 to June 30, 2009

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ANY OTHER SOURCE OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED		FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2005-2006	FY: 2006-2007	FY:2007-2008	FY:2008-2009	FY:2009-2010	FY:2010-2011
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION	200000	250000	1550000			
EQUIPMENT						
	TOTAL:		1,550,000			

JUSTIFICATION/COMMENT \$200,000 is release and contracted; \$250,000 is awaiting governor's release.

**DECLARATION STATEMENT
APPLICANTS FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES**

The undersigned authorized representative of the applicant acknowledges that said applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to section 42F-103, Hawaii Revised Statutes:

- (1) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
- (2) Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
- (3) Agree not to use state funds for entertainment or lobbying activities; and
- (4) Allow the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and assuring the proper expenditure of the grant or subsidy.

In addition, a grant or subsidy may be made to an organization only if the organization:

- (1) Is incorporated under the laws of the State; and
- (2) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.

Further, a grant or subsidy may be awarded to a non-profit organization only if the organization:

- (1) Has been determined and designated to be a non-profit organization by the Internal Revenue Service; and
- (2) Has a governing board whose members have no material conflict of interest and serve without compensation.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Michael Gleason for The Arc of Hilo
(Typed Name of Individual or Organization)


(Signature)

Dec. 27, 2007
(Date)

Michael Gleason
(Typed Name)

President & CEO
(Title)

**The Arc of Hilo
Training and Community Center
Business Plan**

PURPOSE

The Arc of Hilo, a 501 c 3 workforce development, training and employment provider for disabled persons, proposes the development of a 17,600 square foot Client Services Support Community Center (Training and Community Center) in Hilo, Hawai'i. The Training and Community Center is designed to increase the space for employment training and services to persons with disabilities. This will allow The Arc of Hilo to broaden the contracted services it provides its business clients as well as increase the number of trained workers with disabilities its mission is to serve. The increase will not only double the number of participants currently being served from 230 to 459, but represents a permanent increase in the ability of the Arc of Hilo to serve this very important population. Typically, 25-35% of the Arc's workers are Native Hawaiians. This plan speaks to the development and operation of the facility as a critical capital expansion of the on-going operation of the business of the Arc of Hilo. The total capital investment for the Training and Community Center is projected to be \$10.6 million.

The Arc of Hilo, formed 53 years ago, serves people with disabilities through educational, vocational and skill training, employment placement, employment, quality of life enhancement, residential accommodations and an adult day health program. With an annual budget of \$6 million, the Arc serves 230 residents of Hawai'i and currently employs 115 on a fulltime basis. The most challenged of our clients get individualized support services 24 hours a day, seven days a week. The organization staff has grown from 35 employees to more than 120 in the last five years and the budget has grown from \$3 million to \$6 million. Under the leadership of Michel Gleason, President and CEO, the Arc of Hilo now provides over 50% of its budget through earned income providing commercial services. The Arc's rapid progress and growth has triggered a critical need for additional space. The ensuing growth will allow us to perform greater outreach to disabled persons, with an emphasis on Native Hawaiians and those that may find themselves homeless as a result of having a disability or multiple disabilities. The facility will serve the entire community for meetings, disaster relief facility (accessible for people with disabilities), education and training, arts events, exercise and cultural events.

PROBLEM / OPPORTUNITY STATEMENT

The Arc does not currently have the space, staff or work conditions to handle the potential expansion of its programming demand. There is significant demand from all of our communities for more space and places for more training

participants, especially, within the Native Hawaiian and homeless community. Not having adequate space for those most needing services means that the state and community public assistance roles will grow even though they are oversubscribed now. It means that those who with assistance could have meaningful contributory lives unfortunately will not. Our core operating strategy rejects this premise by helping transform these vulnerable Hawaiians to whatever level of self-sufficiency possible, thereby ensuring maximum impact and contribution to our society. Considering the other efforts to assist Native Hawaiians to enhance their economic viability, few programs will have the multiple bottom line impact of assisting Hawaiians with disabilities because of the opportunity to 1) produce consumers for the marketplace, 2) remove beneficiaries from the community and state safety net roles and 3) provide sustainable lifestyle support, all with one strategy.

The need in Hilo and on the Island of Hawai'i for services and mainstreaming of the disabled is represented by the fact that over half of the hardcore unemployed are believed to be Hawaiian residents with disabilities. Many of those receiving mental health treatment for depression are people with disabilities. The chance to give them economic opportunity and remove social barriers to happiness presents an incredible double impact for any investment of grant funds. The economic development need for this investment is the need to improve the employment level of persons with developmental and other disabilities. However the area has several functional deficiencies, as well, that are being impacted by a combination of factors: The first is the underemployment of employable adults with disabilities. Without the work of The Arc of Hilo, these workers would never be able to realize their potential as tax-paying contributing consumers. 52% of the disabled population is unemployed (see Appendix 1 – Disability and Unemployment Demographics) and this represents a grossly underemployed population as has been demonstrated by the number of viable workers created through the efforts of The Arc of Hilo. Secondly, the area is still suffering from the loss of agricultural and manufacturing jobs as a result of the failure of the sugar cane industry in the 80's.

All of the studies in the area of improving the quality of life for people with disabilities sight the need for six things:

- Mainstream contact
- A sense of self-worth and purpose
- Engaging activity for the mind
- Ability to care for one's own needs at the highest level possible
- Health awareness and exercise
- Personal and financial resources

Through the program of life skills development, employment training, job placement and employment with assistance, the Arc of Hilo provides all of the six essential elements.

MANAGEMENT AND STAFFING

KEY MANAGEMENT

Working with national networks and government leaders, the Arc of Hilo is led by Michael Gleason, a seasoned and dedicated executive with a flair for social entrepreneurship. Mike is a nationally recognized executive in this field and leads an award-winning team that consistently is asked to serve on various boards and committees, regionally and nationally. Mike has spearheaded the development of many key stakeholder relations including the Shriner's hospital, Area Mental Health, Hui Melama, The Department of Social Services, Habitat for Humanity, the Kiwanis Club, Hilo Rotary Clubs, KTA Super Stores, Business Services Hawai'i, Hawai'i Community College, the DID. Council, Easter Seals, the Chamber of Commerce, Alu-like, Bank of Hawai'i, First Hawaiian Bank, American Savings Bank, the Hawai'i Alliance for Community Based Economic Development and Federal, State and County Agencies. He currently serves on many boards in a leadership position including the Rotary, the Boys and Girls Clubs and the Chamber of Commerce. Project Manager for the development of the facility is Glen Calvert, who has training, expertise and experience in working with large scale projects. Glen has worked in the nonprofit environment for twenty years and has particular expertise with municipal and state agencies. He is a skilled grantsman who has won business plan competitions.

Mike's key colleagues and collaborators in the executive suite are Debbie Perkins, Chief Financial Officer, and Debra Carbaloc, Chief Administrative and Operating Officer. Debbie, as CFO has been with The Arc since 2001 and has revolutionized the accounting systems of the organization. Debra has a real knack for operational feasibility and is a planning resource for the division heads.

With the aim of improving the quality of life for those with developmental and other disabilities, the Arc activities are designed to reduce depression, improve health and to decrease isolation, exclusion, discrimination, poverty and substance abuse. This is done through therapeutic activities and exercises, but also training, education, workforce development, employment placement, employment, transportation, one-on-one counseling and housing. Each of these program components were designed and developed from the Arc's 53 years of experience in learning what is effective for the clients. There is no more critical aspect of this planning and development than the opinions of the worker-clients themselves. Their relatives also give input to the process, as do seasoned professionals who understand the unique challenges of assisting the development of independence for people with disabilities. It is critical with this

empowered setting to have excellent people-first staff, who appreciate the incredible difficulties that our clients and their families deal with on a daily basis. Mike and staff are very successful at achieving a 100% contribution atmosphere that promotes input, sharing and corrective behavior that protects the spirit of the individual and motivates the clients in all aspects of their progress. The impact of the empowerment factors of the program and the peer bonding aspects cannot be overstated in the contribution made to the removal of victimization emotional scarring and the promotion of healthy self-image.

Through Mike Gleason and other staff's leadership, the Arc has successfully recruited many business relationships with the firms that employ the Arc and its vocational trainees. The partnerships with the employers are key to the ability of the organization to provide experiential employment opportunities that support the objectives listed above. Once participants with disabilities are trained in the program, many find employment in The Arc's Business Service areas:

- Grounds keeping
- Janitorial services
- Laundry services
- A plant nursery
- Island-wide HI-5 plastics, glass and metal redemption / recycling program
- Construction & Demolition Resale Store

The increase in self-esteem, self-worth and economic viability provided through the provision of a job helps the client-worker become a tax-paying, consuming contributor and reduces the amount of public assistance required to maintain the individual.

KEY STAFF

The Arc of Hilo's President and CEO is **Michael Gleason**, who joined the organization in July of 2000. Mr. Gleason holds a bachelor's degree in Education and has worked as a special education teacher for 17 years, including 12 years in Hawai'i. In his last position at Pahoa Intermediate and High School, he was the Felix Student Coordinator and the Vice Principal. As the CEO he represents The Arc of Hilo in the Community and he provides leadership, management direction and support to the entire agency, including programs and services. Mike is well known by the entire nonprofit and government sectors and is increasingly considered a visionary in the private sector.

The Arc is organized into three divisions: Client Support Services, Employment Training Services, and Administrative Services. Currently, all of the divisions are housed in the 10,000 square foot Arc of Hilo Client Center. The development plan calls for the continued use of the 10,000 square foot facility for general administration and employment training. The new development of the 17,600

square foot Community Center will allow for specialized worker training classes using a computer lab. The additional space provides the protection of privacy, allowance for special needs disabilities and the ability to increase the number of people with disabilities trained at one time and therefore deployed as workers to one or more new job sites. All of this helps the Arc meet its goal of doubling the number of people served within the next four to five years. Concomitantly, severe space shortages in accounting and administration will be eliminated. It will provide space for arts and recreation, community outreach, exercise for the disabled and space for diverse community meetings.

Each division is led by a very qualified and capable leader. Administrative Services is led by **Debra Cabarloc**. She is The Chief Administrative and Operating Officer. Her employment with The Arc of Hilo began as its Human Resources Coordinator in 2001. Ron Penn, the Arc of Hilo's former Chief Financial Officer trained Ms. Cabarloc as his successor for administrative issues. Her background is in Accounting, Human Resources, Payroll, and Systems and Information Management. She is responsible for the overall administrative and operating management of the company and the accurate interpretation, compliance and implementation of the policies and procedures related to these areas. Previously, she was a Medical Claims Assistant for The Family Medicine Center of Hilo.

The Chief Financial Officer is Ms. Debbie Perkins. She joined the company in June 2003 and comes to the organization with over 20 years of experience in the Accounting and Management fields. She has served as the Chief Financial Officer for The Arc of Hilo since December of 2004 upon the retirement of Ron Penn. She has a Bachelor of Science in Commerce from the University of Santa Clara, Santa Clara, CA. Her responsibilities include the compilation and oversight of the company's audit, preparation of the 990's, monthly financial statements, payroll functions, grant reporting and compliance and oversees all aspects of the accounting functions and personnel. A true CFO, she ably assists the other executives in risk assessment, problem solving and human engineering as well. She also works closely with the Fund Developer in the development and financial aspects of grants for the organization as well as the construction of the new Community Center.

Employment Training Services is led by Mrs. **Charmaine Ka-ipo**. With a wealth of experience, she is the Employment Training Services Group Manager – including task areas such as Evaluation, Training, and Placement. She oversees The Arc of Hilo's Vocational Training Center which includes: the Job Placement and Retention and Supported Employment Program, and the Commercial Services businesses (Grounds keeping, Custodial Maintenance, Nursery, and Laundry). Ms. Ka-ipo has 16 years of experience in working with persons with disabilities. She has a Bachelor's Degree in Fashion Design/Merchandising and Business Administration from the University of Hawai'i at Manoa. Since she joined The Arc of Hilo in 1991 she provided case management, evaluation,

training and placement services. She has presided over the growth of the Arc's capacity to train people with disabilities while producing earned income for the Arc's operations. Before the Arc, she was a Customer Service Supervisor/Trainer to United Airlines and a Program Director for the Y.M.C.A.

Client Support Services is led by **Ms. Vicki Linter**, whose career spans tremendous growth in the number of people with disabilities served by the Arc. Her department works with individuals in two categories: small groups and one-on-one services. Her department provides a day program for the most physically and mentally disabled. She also shepherds the process of evaluating those clients in her charge for supported employment and is very skilled in helping seemingly dependent people with disabilities become serviceable workers adding value to their workplace and self-esteem and income for themselves. When she began at The Arc, she had 33 clients and is now working with more than 80. Ms. Linter holds a Bachelor's degree in Psychology and a certificate in Gerontology, and has extensive experience with long-term care of aging and disabled populations. She provides content and information research for the executive and grants staff, allowing the requests and planning to be clinically correct. As the CSS manager she oversees the Adult Day Health, Supported Employment, and Personal Assistance Programs.

Mr. Glen Calvert is the Fundraising and Project Developer for The Arc of Hilo for the past 4 years. He has a Bachelor and Masters degree in Sociology. He has extensive experience working in cross cultural situations in Micronesia (Chuk) and Canada (Salish tribes) and municipal government. He has many years experience as an economic development officer working with Micronesian fishing cooperatives, Salish oyster and fish farming projects, and administering many small and large municipal projects (rural airport, mausoleums, regional parks, rural medical clinics and municipal services—fire, water, sewer, waste management). He served as the Administrator for a Canadian county government office for 12 years. His current project at The Arc of Hilo is a \$993,000 matching grant from the Department of Commerce Economic Development Administration.

As CEO, Mike Gleason has assembled assets from the consulting worlds to assist the staff as they implement more complex projects. He is working with Irvin M. Henderson & Company, a firm dedicated to the effective execution of public-private partnerships, with nonprofit and for-profit developers, as co-developer and development coach. A former Executive Director of The Arc, Ron Penn is providing consulting services to the CFO and is assisting with HUD housing administrative issues.

Mr. Ron Penn serves as a consultant to the Accounting Function. He held the position of Chief Financial Officer for The Arc for four years and retired in 2004. He now serves as a consultant to the Accounting Function on an as needed basis. He has a Bachelor's of Science in Business and is a Certified Public

Accountant. His extensive bank qualifications include success in start-up, restructure and management of diverse functions with proven abilities in financial planning, retirement, and benefit consulting. He previously served for 20 years in various management positions at Norwest Bank Colorado and as a consultant in Financial Planning.

Irvin M. Henderson is the principal of a consulting firm and development company with particular expertise in the areas of community development education and training, community development finance and capital structure, collaboration and community involvement, community reinvestment, organizational development, project design and management, strategic planning, commercial, residential and enterprise development. He brings a background in financial planning and community development that includes a range from brokering securities to grass roots empowerment. He is the former President and CEO of Henderson Financial Services, a financial planning, securities and insurance full service company and the former President and CEO of Gateway Community Development Corporation. He has co-developed or served as development consultant for thousands of units of housing and over a million square foot of commercial space. He is the Immediate Past Chair of the National Community Reinvestment Coalition, founding Chair of the Banker Community Collaborative Council, founding Executive Committee member of the North Carolina Fair Housing Center, Trustee of the CRA Fund, Audit Chair and Executive Committee Member of the National Trust Community Investment Corporation and a Trustee of the National Trust for Historic Preservation.

Organizational Capacity

Our program managers have successfully worked in their positions from five to fifteen years. This demonstrates the strong and effective leadership we have in our organization. Other non-profits in the state have tried and failed to develop similar service industries. Our leadership serves on regional and national boards and has been awarded numerous designations, certifications and awards of excellence by peer, governmental and funding entities. The edge we maintain in obtaining competitive contracts demonstrates very performance-driven and successful management.

The Arc of Hilo's proven track record continues to be demonstrated through new successful innovative ventures. The very nature of what we do advances productivity by taking those, who in many cases are not productive at all, and assisting them to develop into productive citizens. Because we begin with a nontraditional market of workers, the innovation is in concept, training and counseling methodology, community recreation and results. Additionally, many of the services that we utilize offer a great base for entrepreneurship. Staff and former workers have left the Arc and now operate successful ventures creating new jobs. Many of our vendors are small entrepreneurs and thus the operation of our facility creates a viable market for entrepreneurial enterprises.

We are prepared to take risks to develop new business enterprises. A recent example is the aforementioned County of Hawai'i HI-5 Redemption contract. It has received applause from the State Auditor and the general public. It has operated for the past 2 ½ years, and has just received an extended contract renewal. It employs over 45 people and serves as a reservoir for placing new trainees from our programs. Its innovation is exhibited by the fact that it brings together both able and disabled persons working together at work sites under The Arc of Hilo's influence and management. It required innovative design, new training methods, facilitation of worker coordination by management and flexible scheduling.

Another example of a new entrepreneurial enterprise is the Lualima Hana Construction and Demolition Resale Store plan mentioned earlier. This enterprise concept was developed last year by a USDA Rural Development Grant and an Office of Hawaiian Affairs Community Based Economic Development (CBED) grant to the Arc to prepare the business plan for a Construction & Demolition Resale store and pre-apprenticeship carpentry and construction skills training program. Led by The Arc of Hilo, it will use major for-profit and non-profit community partnerships to leverage further vocational training and employment opportunities in a low-income area of Puna District south of Hilo, after a pilot location currently being developed in downtown Hilo. The idea is that the store will take donations of building supplies and materials from local General Contractors, process and place these materials in inventory to be sold/and or donated to other nonprofit businesses and low income individuals. Some of the materials will be utilized for affordable housing thereby reducing the materials cost and that reduction will be passed down to the consumer. It will initially create 10 regular jobs at the training center of the store. Going forward, the project should fund 30 jobs annually. These workers will receive on the job training while building 3 Habitat for Humanities homes per year as a training exercise. Considering that thousands of new homes are needed in Hawai'i County in the next few years, this general construction training program will find ready employment for trainees for years to come.

The Arc of Hilo has successfully demonstrated how to train people with disabilities and prepare them for employment in the community at large. It has gone a step further and developed basic business services which employ its trainees in grounds keeping, janitorial, laundry, nursery food production, and HI-5 Redemption. These business services have been developed specifically to match the capabilities of people with disabilities. Our work is based upon service industries in which the market demand will continue to escalate as our population matures. Studies have shown that the baby-boomer retiree is becoming more interested in leisure time and activities, thus creating additional demand for these types of services in the private residential market as well. The environmental redemption and janitorial services are at a price they can afford and a quality level that they can trust. We provide this for our customers in a unique and

effective manner. With a 52 % unemployment rate of persons with disabilities between 21 and 64 years old in East Hawai'i and an increasing demand for our goods and services, The Arc of Hilo has its work projected for decades into the future. This analysis further supports the need for the additional space and capacity.

The Arc of Hilo, its staff and Board of Directors play the role of advocate in island-wide, state-wide and nationwide settings. In its role of advocating for rights, mainstream procedures and commitments, arts inclusion, access issues, recreation and independent decision-making, the Arc works independently and in coalition with other networks and nonprofits. The Arc partners with the Hawaii Alliance for Community-Based Economic Development, Puna Roundtable, Hui Melama and Alu-Like, all community-based advocates for better quality of life for special populations including youth. It is one of our core goals to promote the improvement of the quality of life of these Hawai'i people with disabilities.

The value proposition of this project and future facility is that it will provide a permanent increase in the employment training and opportunity development infrastructure for the County. It will assist in the long-term diversification of the local and regional economy. This project will continue to deliver and transition non-working government-dependent citizens to working tax-paying consuming citizens. The space will promote the overall improvement in the quality of life of our program participants in the areas of health, recreation, reduction of isolation, utility, self-esteem, life skills, employable skills, employment counseling and employment placement. These new employees will add to the enhancement of the Hawaiians with disabilities' capacity to mainstream and contribute. The Arc's programs will continue to make this transition happen for developmentally challenged Hawai'i workers, assisting them in making their contributions to society, improving their lives and enhancing their self-sufficiency despite their unique challenges.

Collaboration and Evidence of Management of Grant Monies

The commitment of our stakeholder partners illustrates the respect and confidence that the broader community and specifically, the funding community have for the Arc. Many of these entities work closely with us and will play an even bigger role during the development of the Center. Examples of these relationships:

- High levels of local government or non-profit matching funds and private sector leverage. I.e. Hawai'i County Community Development Block Grant support: \$282,000 in 2005 and more CDBG funding in 2008.
- The Arc of Hilo makes significant contributions of its own funds to support the above CDBG funding: \$35,000 in 2005 and a commitment of \$210,000 for 2006-2008.

- Clear and unified leadership and support of local elected officials. See reference letters and the County's funding support.
- Support from the HUD Economic Development Initiative through the assistance of Senator Akaka's office in 2006 for \$400,000 from an appropriation committee earmark. (Earmark's were not funded by Congress in 2006 but new request has been made on behalf of The Arc of Hilo in 2007.)
- Economic Development Administration matching funding for Phase II site development of \$993,000. We are implementing this grant now.
- Strong cooperation between the business sector, relevant regional partners, and local, state and federal governments. We continue to compete successfully for county, state, and federal grounds keeping and janitorial contracts. We have the janitorial contract for the Mayor's office and maintain the downtown federal post office building. We also successfully partner with local for-profits such as KTA Superstores, a grocer and general merchandise retailer, and Business Services Hawai'i (local for-profit recycler) to execute joint ventures.
- A powerful steering committee has been assembled to guide the capital campaign for the Arc that includes captains of industry, business, labor, government, the nonprofit sector and the military.

Track Record in developing capital and managing development

The Arc of Hilo is one of the oldest service providers to people with disabilities in the state. It has provided services to East Hawai'i for over 53 years. In the past few years, it has recently gone through an organizational capacity building process involving staff training funded by the Hawai'i Community Foundation. It has upgraded its accounting software and hardware. Both Mike Gleason and Glen Calvert attended and successfully graduated from the Hawai'i Alliance for Community Based Economic Development's Community Connection Training program. This program involved over 150 hours of classroom presentation and a practicum project presentation that they worked on for 7 months.

To demonstrate our successful management and project capability, the following is a listing of grants (outside of the recent CDBG and EDA funding) involving construction or business development projects.

<u>Agency</u>	<u>Project Title</u>	<u>Year</u>	<u>Amount</u>
HUD - Hale Ulu Hoi III (HH3)	HOME renovation	01-02	\$750,000
USDA Rural Development -	Laulima Hana Business Plan	05	\$35,000
USDA Rural Development-	Nursery Expansion Project	06	\$59,000
Hawai'i Community Foundation -	Org. Capacity Building	06	\$30,000
HEL + Atherton Family Fd.	Janitorial 12 passenger van	05	\$20,000
2004 Federal Transport Assistance Program-	14 pass. Bus	04.	\$59,200

The Hale Ulu Hoi III project was a significant low-income apartment renovation project. It was funded by HUD's HOME program to renovate one of the three low-income apartment complexes for people with disabilities which The Arc of Hilo owns and operates. The Arc currently provides housing for 53 people with disabilities. This demonstrates The Arc's construction management and grant management skills.

The Laulima Hana Business Plan development, funded by a USDA Rural Development grant and a CBED state grant is an example of an innovative empowering project that the Arc of Hilo has under predevelopment. USDA and OHA-CBED funded The Arc of Hilo to develop an award winning business plan that received Second Place--\$10,000 award at Hogue Entrepreneur/Chaminade University 2005 Business Plan Competition. The staff and development team are currently considering sites and feasibility options for this employment training, recycling and earned income project, which will go online in the first quarter of '08.

The Nursery Expansion Project is a new effort that will erect five greenhouses at the back of The Arc of Hilo property to increase production and sales. This will expand the capacity of the Arc and its staff to do more contract work while controlling their own supply chain. A product marketing study has been completed to direct the expansion of nursery training and production. This improvement in getting capacity for additional landscaping contracts will result in new hiring, promotion to supervisor status for some and recruitment of new client-workers. Three of the greenhouses are completed. Of course as we develop more market share, we increase the viability of the Arc as a self-sufficient entity through greater earned income.

Another recent successful project example is the Hawai'i County HI-5 Redemption Project contract. The project contract requires the Arc to provide redemption and recycling facilities for the county and thereby recycles plastics, paper and glass. It now employs over 45 workers (new jobs) to successfully run one of the best rated Redemption programs of any county in the state this past year. This island-wide social enterprise is an important growth area for the Arc and demonstrates its ability to do program and project design that generates social benefit and earned income. It is obvious that the Arc maintains and runs private, federal, state and local grant and project initiatives with a great deal of success. The organization has successfully developed and maintained the internal capacity systems to train the workers, procure the contracts, manage the relationships, monitor evaluation and record keeping effectively and deliver the performance of the contracts. Some of these activities not only involve the maintenance and operation of facilities, but the development as well. The development of HUD Housing is also evidence of facilities development expertise. This success has produced the effective track record that gives us the confidence to embark upon a substantial facilities development process.

PROJECT PLAN

The plan is to develop a 17,600 square foot (usable space) facility (22,300 square foot considering roofline measurements) to be the Client Support Services Community Center. This facility will provide the space required to grow the number of workers that are assisted in worker skill training, basic life skills training, recreation, arts and crafts and self-sufficiency counseling. This increase should include 50-60 more Native Hawaiians, perhaps more. The Arc of Hilo is implementing an outreach program that will target the core unemployed with disabilities. Within the plan, a special focus is planned for the Native Hawaiian community.

The Arc of Hilo has also begun to respond to the number of residents who are homeless and may be found on public lands or in the street. Many of this population are veterans, many are people with disabilities. Centers of influence within the Hawaiian community, the Asian community and the Portuguese community will be canvassed for referrals. Often, some of the more underserved families come from the ethnic enclaves. Community organizations, churches, neighborhood organizations and other conduits will be solicited for this growth outreach. Area mental health is already an ally, as well as the Department of Social Services and the Division of Vocational Rehabilitation. Through the school system, private and parochial schools and parental outreach, we will develop even more referrals. This Training and Community Center is planned as a resource to all aspects of the community. The Arc of Hilo will reach out in the areas of small nonprofit technical assistance and development coaching to assist in the growth and development of the nonprofit infrastructure of the island of Hawai'i. Ultimately, the Center will serve as a hub of activity dedicated to enhance the quality of life and the interaction of people with disabilities and their families and neighbors.

The project will be developed on a collection of three parcels totaling 5.4 acres, which is the present location of The Arc of Hilo training center. Its tax map key is TMK 21-3-32 in Piihonua, South Hilo, Hawai'i. This property is located on Waianuenue Ave across the street from the new Veteran's Care Facility and the Hilo Medical Center. The area has become known as the "Health or Wellness Corridor", because many health-related facilities are within a few blocks of the location. As most of the other nonprofits in the corridor, the Arc of Hilo is a state lease recipient of these properties. However, the Arc's properties were statutorily granted by the Governor, expressly for the uses of the land that are both operating and proposed within The Arc strategic plan. The Arc of Hilo has 22 years left on the current lease and is negotiating an extension up to 99 years with no restrictions on the real improvements on the land with regard to finance and development. The state, as leaser, is extremely supportive of the project and is assisting in any way that it can.

The main target area for the project is the east side of Hawai'i Island from Honoka'a on the north to Na'alehu on the south, a distance of over 100 highway miles. This includes the following County Districts: Hāmākua, North and South Hilo, Puna and Ka'ū. The concentration of Native Hawaiians here represents about 10% of the base county population of 167,293, estimated by U.S. Census, 2005.

The area described above is within the service area for clients seeking The Arc of Hilo services and is generally within commuting distance of Arc of Hilo offices located in Hilo and Pāhoa on the East side of Hawai'i County. It is the area in which we place our vocational trainees and the area from which we draw our clients and vocational trainees. Our specific Native Hawaiian outreach efforts and our general outreach will involve more areas in which we have not concentrated before. This will definitely help us discover Native Hawaiian and other ethnic underserved disabled and other disabled residents who were not aware of our program and of whom we were not aware. We anticipate adding to the number of veterans and core homeless as well.

This capital project will add capacity to The Arc of Hilo training division and the adult day health services division, allowing much needed instructional and work space for staff for the expansion of present and future programs which train, employ and develop business opportunities for persons with disabilities. It will enhance the capacity of the Arc to provide arts and lifestyle programming to these important resident populations. The meeting space will be utilized by a variety of organizations from the Rotary Club to the Boys and Girls Clubs to the PALS drama group. The individual staff and client-workers who will utilize the office space will support all of the Arc's programming in education, life skills development, worker training, arts and cultural awareness, community building, disaster relief and health and wellness.

Considering the plethora of activities that underlay the development of this facility, its development and its operation will have a tremendous impact on many of the residents of the Big Island. Through the operation of the County's HI-5 redemption and recycling program, which generates a component of the \$3 plus million in earned income revenue that the Arc reinvests into its programs, the Arc touches every family and business on the Big Island. As the population grows and more services are required, the Arc of Hilo is poised to grow its capacity and become more essential to the service fabric of the island. This growth must be housed and cultivated for maximum impact with some of the most vulnerable populations within our society. We will meet these needs through the development of the Training and Community Center.

The Scope of Work and Funding for Phase I & II

Phase I of this project involved the completion of feasibility, finance design, project design, fund raising, development team building and submission for regulatory approval. The Arc of Hilo is contributing \$245,000 of its own funds to these pre-development activities and the site work of Phase II. A great partner in this process, the county's Community Development Office has invested an additional \$282,000 from Community Development Block Grant (CDBG) funds for the Phase I architectural and engineering costs. All of the working drawings are complete. We have applied for our permits and have received notice of all approvals, which means that we will be able to start work on Phase II as soon as we complete the bid process. We have a grading permit that may have to be resubmitted after negotiations with the County. The architects have developed a phased approach that allows the Arc to do the site work for the facility in Phase II and actually complete the Training and Community Center buildings in Phase III.

Phase II will complete the site work, including the paved parking lot, underground service connections to the building site, utility access and construction of the eastern retaining wall. We have received a commitment of \$993,000 for EDA for this phase and a commitment from the county of \$186,000; however we are requesting deferral of the County funds to Phase III. We are trying to work out the phasing of the project with the delivery timing of these funds. We have just received approval for Office of Hawaiian Affairs capital grant funding from their large grant program of \$100,000. All of the supplemental funding including the OHA funds is important, because we are negotiating a bridge loan to assist in aligning the timing of cash flows with the requirements of the development pro forma and timetable. The OHA and other grants will give us flexibility in utilizing the bridge loan and covering the soft and hard costs of Phase II, the site work. Additionally, we have two grant-in-aides from the state for Phase II for \$200,000-2006 and \$250,000 from 2007. With the use of these funds, there will be an interest saving in Phase II of \$10,000 or more. This saving will be invested in improving the props for the dramatic arts portion of our arts and crafts programming for our client-workers, who will be applying their training in arts in the new auditorium / performing arts section of the Training and Community Center. Vicki Linter, manager of Client Support Services leads the cultural and recreation aspects of the Arc of Hilo's commitment to the improvement of the quality of life of our client-workers. Her profile is mentioned in the key personnel section.

The Arc of Hilo has good banking relationships and plans to service debt on the new facility through bridge financing of \$750,000 for Phase II and \$5,500,000 for Phase III. The funds from the bridge of \$6.75 million will be used to maintain consistent access to capital backed by the grant sources, the Capital Campaign and the committed government funds. Final Sources and Uses documentation will detail a variety of sources including:

- Foundation grants
- Federal Government agency funding
- State Grant-in-Aid(s)
- State agency funding (OHA)
- Gifts from the Capital Campaign
- Bridge financing from the ASB / Bank of Hawai'i / First Hawaiian / Hawaii National (we are reviewing proposals from all)
- Equity from the Arc of Hilo
- Special appropriation from Senator Akaka and Inouye

We anticipate a new 2008 commitment from Senator Akaka or Inouye through the HUD Economically Targeted Initiative for \$268,000 as an earmark from federal appropriations. The bill has been approved and sent to the President's desk and he has indicated that he is signing the bill.

The bulk of our request of initial grant funds will go to support the site development work during Phase II. This work is critical to literally lay a good foundation and site pad for the development of the Center itself. We have a sloping lot that has to be corrected and is still cost effective because we have no site acquisition cost since we are utilizing land that is in a state lease, statutorily committed to the Arc alone, for the purposes of completing our mission. We also have to remove 3.5-4 feet of poor surface material, dump it at another location on site and truck in new fill material, grade and prepare it for the utilities.

The Contractor will perform the site work package per the following sequence:

1. Clear and grub the site of all trees and groundcover.
2. Remove items to be demolished (gates, fences, existing asphalt, etc).
3. Excavate and stockpile (or remove from site) earth as required.
4. Rough grade parking lot and building pad locations.
5. Construct concrete retaining wall for project building pad.
6. Excavate for and install underground dry wells.
7. Final grade parking lot and building pad locations.
8. Trench for underground utility lines within project site.
9. Connect underground utility lines (electrical, water, sewer, and tele/data) from existing point of connection (at property line) to building stub-out or service entrance.
10. Install gravel base course for parking lot and future buildings.
11. Construct concrete curbs, ramps and sidewalks as required.
12. Pave parking lot with asphalt paving.

13. Install parking lot lighting.
14. Install striping, pavement markings and signage at parking lot.
15. Install new chain link fence and gate
16. Install driveway apron from parking lot to Waiānuenue Avenue.
17. Relocate power pole

A list of the major components and estimated construction cost of this phase are included below. A site plan, location map, and floor plan are attached in the appendices. (See appendix #2--construction estimates, appendix #3, 4 and 5 respectively--site plan, location map and floor plan.)

The following is a summary of the three phases as configured at this point:

PHASE I: Site and Building Design with Request for Regulatory Approval

Description:	Amount
General design and working Drawings	\$282,000
Phase Take-offs	\$45,000
Subtotal	\$327,000
	Fully paid already

PHASE II: Parking Lot and Site Improvements for Future Buildings

Description	Amount
Infrastructure	\$855,803
Parking & Paving	\$813,540
Retaining Wall	\$210,000
Subtotal	\$1,879,343

Administration (4% of subtotal)	\$75,174
Contingency and Escalation (10% of subtotal)	<u>\$187,934</u>

Subtotal	\$2,142,451
	To be paid

PHASE III Main Construction of Buildings

Description	Amount
Client Services Building - structural	\$2,193,296
Gymnasium - structural	737,330
Mechanical	642,915
Electrical	510,030
Soft Costs	1,096,978
Contingency	700,743
Inflation Escalation Allowance	800,099
Subtotal	<u>\$6,681,391</u>
TOTAL	\$9,150,842

The preliminary development pro forma includes interest expense, development administration and furniture, fixtures and equipment, which are not in these numbers. The total development cost of the project is projected to be \$10.6 million. See the Pro Forma in Appendix #6 for further detail.

MARKET ANALYSIS

THE INDUSTRY

There are 49 million Americans with a disability. 24 million of these Americans have a severe disability that requires day-to-day assistance with their regular activities. Others may, with some assistance maintain a household, primarily care for themselves and lead a more mainstream and rewarding social and occupational life. The Arc of Hilo serves both ends of the spectrum, and many caveats in between. All of these people with disabilities can contribute to their society through employment, consumerism, paying taxes, contributing to the social and cultural atmospheres and indeed, building families and communities. Organizations, nationwide and globally, are employing cutting-edge tactics and tools to enhance the approach to developmental assistance. To the process of training and preparing people with disabilities for mainstream lifestyles, the Arc of Hilo has added superior methodology, clinical troubleshooting and the development of best practices.

The Arc of Hilo belongs to a national organization, known as The Arc of the United States. This organization has over 850 affiliated member organizations serving over 140,000 of people with disabilities nationwide. The Arc of Hilo is a leader in this industry as is evidenced by the numerous requests for tours and visits to our existing facility, from peer organizations from across the country. Mike Gleason and others on staff have testified before Congress and made many high profile presentations about training and building community with people with disabilities.

Statistically, in a survey of adults ages 25 to 64, 23% of those with no high school diploma had a severe disability. For those with a diploma, 9% had a severe disability. For those who were college graduates only 3% had a severe disability. This correlation between educational attainment and people with disabilities illustrates the importance of specialized programming to maximize their ability to become trained and self-sufficient. The sheer number of our friends, relatives and neighbors who will labor under this particular condition will impact our economy, social safety net and quality of life for all aspects of our society. It is the mission of the Arc of Hilo to assist people with disabilities on their journey toward self-sufficiency, as far as they are capable. The closer to self-sufficiency they travel, the lower the cost to our social services, the greater will be their personal rewards and the more they will contribute as a consumer, taxpayer and mainstream resident in our society.

In a recent survey of young mothers with children who had individualized education programs (IEP's), a full one third of the children were people with disabilities and poor, only 7% were non-poor. The link between developmental disabilities, education and poverty is also very clear. Finally, 50.4% of children

with disabilities show some specific learning disability. 20% show some development disability. It is from these populations that the future clientele for the Arc and its industry will be drawn. Unfortunately, this is a growing market with significant capacity deficiencies. The additional capacities and services that the Training and Community Center will make possible will not only be in high demand, but will be one of the few sources of new capacity within this industry on the whole and certainly within the area of East Hawai'i.

THE AREA

The project will be located on and more fully utilize the current 5.395 acre Arc of Hilo site of leased State land in Pi'ihonua. The property consists of TMK's 2-3-32: 6, 7, and 8, which are property under Executive Order to the Department of Human Services and leased by the Arc of Hilo until 2027 with a renewable lease. (See Appendix) The project site is located approximately 490 feet in elevation along Waianuenue Avenue, across the street from Hilo Medical Center campus.

In Hawai'i, nearly 25% of the 1.2 million residents have some form of disability. Hawai'i County has 94,000 persons 16-64 years old of which 17,224 (18%) are listed as having disabilities. Of these 11,000 are prevented from work due to their disabilities. (Hawai'i County 2004 Data Book)

This project has been listed in the FY 2006 Community Economic Development Strategies, as an amendment filed by the State of Hawai'i Office of Planning, and fulfills many of the current goals and objectives, that include providing a path to self-sufficiency, creating more opportunity and reducing public expenses where practicable.

How do we define those that are disabled? People are considered disabled if they have physical and/or mental impairments which

- are expected to be long lasting, continued and of indefinite duration
- substantially impedes the person's abilities to live independently
- are of such a nature that such abilities could be improved by providing more suitable working conditions, and as a result
- are considered to be of low or moderate income.

In order to address the high unemployment levels for people with disabilities in the County of Hawai'i (Hawai'i Island or referred to as "The Big Island"), The Arc of Hilo proposes to create over 300 new jobs over a 5 year period once the facility is complete. In the first year after construction of the facility 47 of these jobs are for persons with disabilities and 14 are staff (some of which will have disabilities). Typically, 25-35% of these staff and client-workers have been Native Hawaiian. The client placements will not only be within The Arc of Hilo's traditional business service areas (grounds keeping, janitorial, laundry, nursery, HI-5 redemption), but also in the community at large.

According to the 2000 U.S. Census, almost one in five working age Americans (age 16 to 64), has at least one disability (33.2 million people). Nearly a fourth of Hawai'i's 1.2 million residents have some form of disability. According to Bob Stodden, Director of the University of Hawai'i's Center on Disability Studies, 70% of disabled individuals are unemployed or underemployed and fewer than 20 percent who graduate from high school continue to college. (1) In the village of Pāhoa (near Hilo), not only are a higher number of residents low-income than in other parts of the County, but 35% of the residents, twenty-one or older, report having a disability. (2)

One of the most significant statistics is in the East Hawai'i Census tract data for age 21-64 (see attached appendix #1), indicating that over 52% of those with disabilities are unemployed. This is a significant unemployment level among this predominately low-income group. (U.S. Bureau of Census, Census 2000). The Disability Child Count as of 2005 for Hawai'i County's schools stated that there were 3654 (17%) students listed as having a disability.

Finally, the state of Hawai'i's unemployment rate is 3% and it has been estimated that over half of the 3% are citizens with disabilities. We estimate that a disproportionate number of this group is Native Hawaiian.

(1) University of Hawai'i's Center for Disability Studies. (2) U.S. Census Bureau (2000), www.census.gov, and County of Hawai'i Data Book 2004, Missouri Census Data Center.

MARKET SEGMENTATION

After careful analysis of government statistics and projections, market data and analysis, the executives and Board of the Arc formulated a strategic plan. Within that plan the target markets and the manner in which those markets would be approached were selected.

The Hawai'i Island Economic Development Board completed the update of County of Hawai'i Community Economic Development Strategies (CEDS) in coordination with the County of Hawai'i Department of Research and Development. A large conference, two County of Hawai'i CEDS committee meetings and four public meetings were held. The following cluster industries were targeted:

- Visitor industries
- Agriculture
- Science and High Technology
- Education
- Health and Wellness
- Energy Development

The development of the Community and Training Center and the accompanying expansion of projects and services by the Arc of Hilo support the following targeted clusters:

- Agriculture—nursery products
- Education—worker training and self-sufficiency training for people with disabilities
- Health and Wellness—exercise, arts, health education, counseling

Our programming fits directly with the priorities that have been targeted for the County and State CEDS. The Arc trains people with disabilities in occupational areas including, nursery, janitorial, recycling and redemption, commercial laundry and grounds keeping. There is also training in day-to-day life skills required for self-sufficiency. Additionally through aqua therapy, arts strategies and health education, The Arc improves the health and wellness of its clients. The combination provides an aggressive intervention strategy without which our clients would not become independent and quality contributors to their communities.

This facility investment will address the economic development need of improving the employment level of persons with developmental and other disabilities. However the area has several functional deficiencies that are being impacted by a combination of factors:

- The first is the underemployment of employable adults with disabilities. Without the work of The Arc of Hilo, these workers would never be able to realize their potential as tax-paying contributing consumers. 52% of the disabled population is unemployed (see Exhibit I, Review of unemployment rate) and this represents a grossly underemployed population as has been demonstrated by the number of viable workers created through the efforts of The Arc.
- Secondly, the area is still suffering from the loss of agricultural and manufacturing jobs as a result of the failure of the sugar cane industry in the 80's. This displacement has contributed to despair and hopelessness for many workers who have dropped from the demographic analysis of the unemployed and underemployed, yet still drain county, state and federal resources through their use of indigent services. The Arc has added addressing some of these individuals, who may be homeless and on the street, with a number of disabilities, to the programs that we were already executing. It is the goal of The Arc to assist people with disabilities in developing marketable skills, improving their quality of life and enhancing their ability to mainstream and become self-sufficient.

ACCESS TO THE MARKET SEGMENTS & DISTRIBUTION OF SERVICES

The Arc of Hilo receives referrals from other nonprofit agencies and the Department of Social Services for the County of Hawai'i. The agency is listed with emergency preparedness systems as a service provider for people with disabilities. Organizations from the Puna Roundtable to Alu-Like are involved in providing referrals for the Arc. The community outreach and word of mouth as well as constant networking have also provided recruits. In working with business leaders through the Chamber of Commerce, the Rotary Clubs and other professional entities, Mike Gleason and his executives have been able to secure many government and private sector contracts to provide the commercial services that are the sources of employment and earned income for the Arc. The Arc is physically located within the so-called "wellness corridor" on Waianuenue Avenue, with immediate access to the Veteran's facilities and the Hospital.

The organization operates its own transportation service to bring workers to jobsites all over the island. It also utilizes the public bus system. Many family members bring their relatives to the Arc as well.

FUNDING AND FINANCING PLAN

EQUITY

From the beginning the Arc decided to contribute \$200,000 of its own fund balance as capital equity toward the development of the Training and Community Center. This has grown to \$245,000 and by the end of the project may include more equity. Additionally, we are in negotiation with several community development entities for new markets tax credits which would provide \$4.13 million in gross equity for the project. If pricing stays current, that would generate \$2.6845 million to \$3.304 million in net proceeds to the project.

We are also running a capital campaign with a \$1 million goal, all of which will be equity from the community. We are now in the public phase just begun in December.

DEBT

The Arc of Hilo has secured a loan commitment for interim financing and bridging of its subsidies, gifts and construction needs. The commitment is in two stages. The first is a \$750,000 commitment to bridge timing gaps for Phase II and the third is a \$5.75 million commitment for Phase III. We are also applying for a USDA guarantee for the second commitment. The guarantee will be for \$5 million at the guarantee percentage for USDA.

All debt will be interim financing. It is our plan to retire all debt by the end of the capital campaign or approximately 4 years from now. We will continue to solicit gifts until all debt, campaign expenses, interest and carrying charges have been defrayed. However, as a contingency, the Arc is able to amortize \$1.3 million if needed, over fifteen years.

SUBSIDY

The Arc of Hilo has successfully competed for subsidy from national, state and local resources. Additionally, the organization has pending applications. This includes two and perhaps three state grant-in-aids, Community Development Block Grant funding, Economic Development Administration, Office of Hawaiian Affairs, foundations, other state and federal agencies.

DEVELOPMENT TEAM

The development team is anchored by Glen Calvert, development and project director for The Arc of Hilo and Irvin Henderson; serving as co-developer in a consultancy from Henderson & Co. (capability statement for this firm is attached in appendix D). Glen's background and qualifications are listed in the Key Management section. Both represent a considerable amount of project management experience (see resumes in appendix). Glen's tenure as an administrative manager for a municipality in Canada included large scale projects in which he was the primary responsible entity. He has overseen several efforts by The Arc of Hilo including the expansion and repositioning of the agriculture project (five large hot houses) of The Arc from their previous location, which will be the new parking and building site for Phase III of our current project. Irvin has been consultant or co-developer on several hundred thousand square feet of commercial development, including his most recent development, the development of a 35,000 square foot retail and office building one block from the White House in Washington, D.C., the National Economic Justice Center.

Scott Fleming is Principal-In-Charge of the Hilo office of Durrant Media Five. Fleming's 16-year architectural career has been marked by extensive work in new construction, renovation, adaptation and modernization of education and public and institutional facilities. He has applied his design expertise to total campus renovation and new construction for Woodside School, multiple projects for the City College of San Francisco and Mission Community College in Santa Clara, and many other projects at the elementary and high school levels. In addition, Fleming has been extensively involved in the design of the new Hospice of Hilo and construction of the new Imiloa Astronomy Center and Judiciary Complex, both located in Hilo, Hawai'i. Fleming is also an experienced project manager whose hands-on approach to construction administration results in high-quality finished projects for his clients.

Fleming received his Bachelor of Architecture degree from the University of Arizona in 1993 and is a licensed Architect in Hawai'i, California and Arizona. Prior to joining Durrant in the summer of 2004, Fleming was a partner at Paul Roberts + Partners, an architecture firm in Vallejo, California and an Associate at Chong Partners Architecture, an architecture firm in San Francisco, California.

In addition, James Takamine and Roberta Chu are commercial bankers on the team, representing American Savings Bank and Bank of Hawai'i, respectively. Both bring a wealth of experience in commercial banking and construction lending. Their assistance is buttressed by island executive David Homa of First Hawaiian and Head of Commercial lending Eugene Nishimura of Hawaii National.

Legal assistance is provided by Alan Okamoto, a prominent real estate attorney with nonprofit and for profit experience. Nelson Chu is the Arc's corporate attorney. The audit firm is Ann N. Fukuhara, CPA, MBA, An Accountancy Corporation.

PROJECT IMPACT

The five business service areas (janitorial, grounds keeping, plant nursery, commercial laundry, and HI-5 Redemption) which The Arc of Hilo has developed to date, generate about \$3,000,000 in revenue each year. To develop these competitive businesses, The Arc of Hilo competes for private, county, state, and federal contracts to supply services. We partner with other for-profit and not-profit organizations and we have dedicated professional staff. The Arc employs over 100 people (most with disabilities) who have been trained in our vocational training program. Our service programs are results driven or we wouldn't succeed in this competitive area very long.

The business services developed by The Arc of Hilo will grow as a result of the added facility capacity. With the additional staff and the participants who will be brought into the program, the marketing staff will recruit new client-employers and the Arc will either place new workers with them or begin providing new services to them. In either case we will significantly decrease the numbers of unemployed people with disabilities. The Arc will increase jobs on the Island of Hawai'i, by creating 229 jobs for staff and client-workers and 110 construction jobs as a result of the development of the TRAINING AND COMMUNITY CENTER. The Arc of Hilo business service trainees are not only being employed by The Arc but also by many other growing businesses in our region. Hawai'i is involved in a major construction boom. Several new large buildings are being constructed throughout the region, all of which require these services and thus represent potential growth in the Arc's market opportunities. Examples of these projects are: new HawCC Hilo Campus, State Judicial Building, UH Kona campus, U.S./China Cultural Center, Peace Institute Center, USDA Forestry

Research Center, UH-Hilo Astronomy Center and another USDA facility. The range of investment in this list is from \$10M to \$30M and represents substantial buildings that will require significant services fulfilling the need for more workers and more staff for the Arc, thus the need for additional space.

**Projected Jobs Created After One and Five Years
With New Arc of Hilo Community & Training Center**

	First Year Job Placement		Total Jobs for Five Years
	Clients	Staff	
New Placements in Community	10	1	124
New Placements within The Arc Business Services:			
Grounds keeping	5	1	12
Janitorial	10	2	18
Laundry	3	1	4
C&D Resale Store (new business)			12
Nursery	4		4
HI-5 Redemption	2	1	9
C & D Resale Store New Venture		1	26
Job Skills Class placements	10		10
Administration Staff	2	2	4
Receptionist		1	1
Nurse		1	1
Activities Coordinator		0.5	0.5
Lab Instructor		1	1
Supervisor		1	1
Janitor	1	0.5	1.5
Subtotal Jobs by Year	47	14	229
Construction Jobs First Year (40x6mos)	20		20
Construction Jobs Final Year (120x8mos)			90
Grand Total by Year	67	14	339

Proposed Project Development Schedule

We will continue in predevelopment until May at which time we hope to have identified all funding required and to have regulatory approval. In fact the last building permit required was obtained in the spring of '07. The quiet phase of our capital campaign has begun and will wrap up before the proposed ground breaking in February or March. The quiet phase is the period during which we build the infrastructure for the campaign, organize the committees, pursue major and lead gifts, prepare materials and event schedules and build the administrative capacity of the Arc to manage the process. In order to jumpstart publicity we have also started the public phase as of our Annual Holiday Concert Fundraiser in December '07.

This project proposes to start site work (as described above under "Scope of Work") in the spring of 2008, and will be completed in December 2008. Milestones would include: begin clearing and grubbing of the site; excavate and stockpile materials, rough grade parking lot and building pad locations, install underground services, construct retaining wall, and complete parking lot paving and facilities.

We propose to find a general contractor who will bid the entire project, yet bid and develop in phases and be adjusted based upon the fundraising schedule that we expect to complete by September. These breaks will be scheduled to accommodate the work of the contractor and the schedule of availability of funds per The Arc of Hilo.

We also intend to obtain and document bank interest in financing a long term loan for the remaining debt should there be any. We anticipate a 15 year loan at prime plus one/half interest. We are requesting that the bank waive its origination fee. The original loan commitment will be reduced by donations to our capital campaign and we will determine the loan amount after the analysis of potential donations and grants is complete. We have the capacity to service some debt for this project; however it is the intent that any remaining debt after the capital campaign would be retired through a series of annual campaigns and planned giving, both of which are currently being developed. It is our intent after a total five year campaign to have no permanent debt.

Action Items	Beginning of Activity	End of Activity
Concept Development	8-04	9-06
Grant Development	9-05	9-2011
Phase I-architectural and engineering	9-05	7-06
Permitting process	8-06	05-08
Bid Process	2-08	4-08
Capital Campaign--Quiet Phase	8-06	2-08
Capital Campaign--Public Phase	1-08	9-2011, if necessary
Phase II--Site Work and Development	5-08	12-08
Source Negotiation and Commitments	9-05	12-08
Financing Negotiation and Commitments	8-06	12-08
Bridge Financing	8-06	8-07
Phase III--Building Construction and Outfitting	1-09	12-09
Punch list and Certificate of Occupancy	12-09	2-10
Opening Board and Staff Retreat	2-10	3-10
Grand Opening and Break-in Period	5-10	2-2011

EVALUATION METHODOLOGY

It is critically important to the development of sustainable community economic development strategies that there is an enlightened and effective evaluation methodology in place. The Arc of Hilo will implement an evaluation methodology for the development of the building and the development of expanded and new services. The following items will be monitored and archived:

- Year over year revenue from services
- Year over year delivery of services to client workers—numbers and variety of services, as well as client-worker interviews about their satisfaction level
- Year over year expense/revenue ratios
- Full time equivalencies in staffing vs. productivity, revenue, expenses, complaints, awards and positive feedback, staff retention, clients served growth, business services delivered growth
- A self-sufficiency index for worker-clients
- A sustainability index for the organization

There are several goals for the workers in the program that are aligned with their mainstreaming, improvement of quality of life and development of their self-sufficiency. They include:

- Increase in their overall health and wellness

There are several goals for the workers in the program that are aligned with their mainstreaming, improvement of quality of life and development of their self-sufficiency. They include:

- Increase in their overall health and wellness
- Increase in their independence
- Development of basic life skills
- Improvement of their ability to interact with others comfortably
- Enhancement of their ability to earn a living wage
- Increase in their ability to maintain a household or effectively and happily coexist in a group home setting
- Enhancement of the recreation that they enjoy
- Development of arts and crafts participation
- Enhanced knowledge in a variety of areas including rights, civic participation, the arts, workforce development and independent living

In each area, each worker will be evaluated on a quarterly basis to adjust their program and reward progress. Files will be maintained over a long term basis for referral and review to additional types of assistance. Participants that are high performing will be encouraged to become volunteers in the program and to assist the recruitment of others with disabilities.

The quarterly evaluation will include the following:

- Interview with the worker
- Interview with the worker's immediate supervisor
- Attendance records
- Job description
- Job effectiveness report
- Arts, crafts and recreation evaluation
- Independence indicators updated quarterly
- Social comfort indicators evaluated
- General quality of life matrix completed

The effectiveness of the building and its space allocation plan will be evaluated quarterly. All employees will be surveyed 4 times during the first year, twice during the second and once during the third. They will be asked about the space that they occupy and their use of common space as well as the general utility of the space in total. Visitors and infrequent users will be asked to complete an assessment of the building after their use of the facility. The development team and the development committee (three board members) will meet quarterly to assess the utility of the building and make any and all adjustments required during the break-in period or the first three years.

These reports will be reviewed by management, staff and Board of Directors during the appropriate retreat setting. The data will also be utilized in individual annual staff evaluations, based on the role of the employee as well.

Strategic Goals

One of the most significant public-private strategies that leaders are employing around the country is to improve their balance of payments by assisting non-productive citizens in removing themselves from public assistance and becoming tax-paying consuming citizens, empowered to live full lives and contribute to society. This has the double effect of decreasing budget needs for these citizens and increasing their contribution to tax revenues. Inherently, any region that advances this strategy to more people and more different types of challenges is a more competitive region. Working with developmentally challenged adults is an innovative way to employ this strategy. Additionally, all of our services enhance the visual and quality of life appeal for our region.

Project Beneficiaries

Obviously, the most important beneficiaries of this project are the disabled persons of Hawai'i County. Other specific beneficiaries of the project are diverse, but consist of a broad range of businesses in our community, such as county, state, and federal governments, colleges and universities, and a variety of small businesses. The small business category includes the general areas of: food service and preparation, security, car cleaners, restaurants and fast food, grounds keeping, building maintenance, sales (hardware, department store, and supermarket) schools, and hotels.

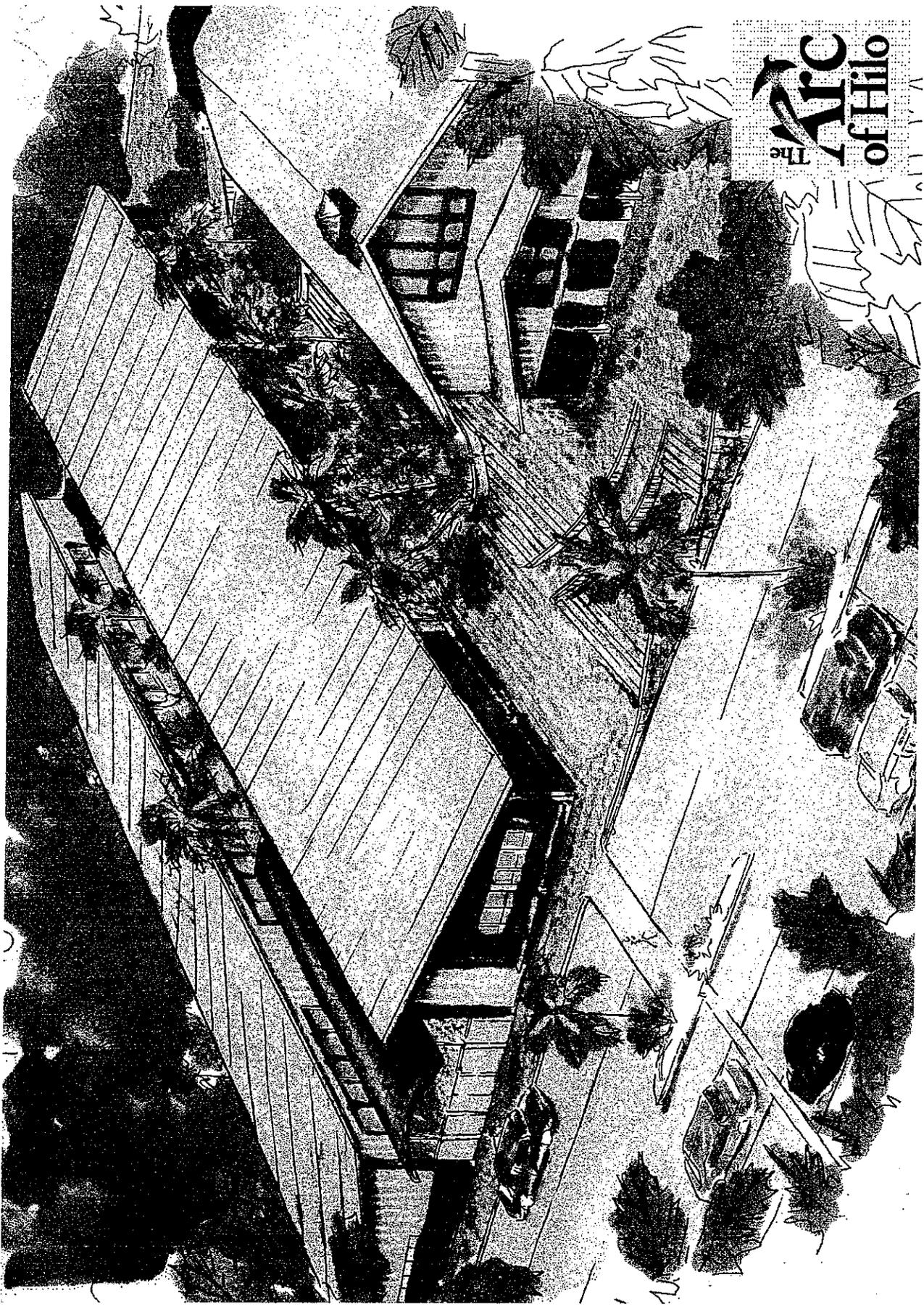
However, chief among beneficiaries are all of residents of the island of Hawai'i, whether they be in our surrounding target area or any part of the island that the Redemption program serves. We have a specific goal of serving the Native Hawaiian community because of the concentration of need and the importance of preservation of culture, Hawai'i's native residents and improvement of their quality of life. The Arc of Hilo is dedicated to serve the Native Hawaiian population and all Hawai'i residents as we build a greener more productive society in our island environment. Through our redemption program, we serve Native Hawaiians and all other residents over the entire island. We are uniquely equipped to serve these most fragile of Native Hawaiians enhancing their ability to be independent and continue the Hawaiian traditions of preservation of the aina, celebration of kupuna, resourcefulness and the fruitful pursuit of contentment, economic viability and happiness. We will fulfill our mission of enhancing the quality of life and the mainstreaming of people with disabilities through the development of the Training and Community Center. It is only with the help of all of the stakeholders that we can make these essential plans a reality. Thank you and Mahalo again for your consideration.

LISTING OF APPENDIXES

APPENDIXES -- placed below

1. Pro Forma
2. Site Plan
3. Site Photos
4. Locater Map & Site Plan
5. List of Board of Directors for 2007-08
6. IRS 501 (c) (3)
7. Letters of Support

The ARC of Hilo



Pro Forma

THE ARC OF HILO TRAINING AND COMMUNITY CENTER
DEVELOPMENT AND OPERATING PRO FORMA

The spreadsheet that you have in front of you is a combination of the development pro forma and the operating pro forma for the proposed Arc of Hilo Training and Community Center. On the first page you find the summary of all development costs broken down into the major categories. Below that is the detailed version of the development pro forma.

Below the large blue title divider that indicates the cash flow statement is the operating pro forma in two versions. Sheet 1(2) is the consolidated operating pro forma for the total operation of the Arc of Hilo, including programs, contract work, real estate and the proposed buildings. The revenue here is the combined revenue from all sources for the Arc of Hilo. Sheet 1(3) shows the development pro forma again up top and below, the operating pro forma for just the new building alone. The revenue here is the program rent for space paid by the individually funded programs of the Arc. This assumes that the new buildings will be held in a separate corporation and the Arc programs will pay rent to that entity from their program and earned income budgets as approved by their funders and contract customers.

In each of the sheets mentioned above, the year one is the first year of operation after the new buildings have been placed into service. The revenue and expense items in the column directly after the category titles comprise the base budget from this year ('07) upon which all of the projections have been based. The operating pro forma are projected through year 15 as is the longest possible debt scenario. The revenue grows by 10% in Year 1, 20% in year 2 and then back to 10% for a number of years before falling off to 5% in the later years. Expenses accelerate at the current rate of inflation or 2%.

The debt that is shown represents dollars to be used to defray permanent debt of \$1.3 million @ 8% over 15 years only if necessary. If the capital campaign is successful, this debt will be retired within the campaign period of five years. This same amount could also be used as cash flow share for equity invested as a result of the new markets tax credits that we are pursuing. In either case it is the largest amount that we are prepared to put toward permanent debt service, because it is our plan to have no permanent debt. The other debt service numbers represents the interim debt of the bridge loans and construction financing.

The base expense numbers have been increased by 70% for the first operational year to cover the new space costs allowing for an increase of 17,600 square feet, but also accommodating for the fact that the new space will be less expensive to maintain. Adjustments and losses are at 2%. Imbedded notes provide greater detail in all of the relevant areas. Any questions should be addressed to Irvin Henderson (ihend@ncol.net) at 919-451-7650 or Glen Calvert (gcalvert@hiloarc.org) at 808-935-8535, ex. 211. Mahalo.

	A	B	C	D	E	F	G	H
1	DEVELOPMENT PRO FORMA SUMMARY / OPERATING PRO FORMA							
	THE ARC OF HILO COMMUNITY and TRAINING CENTER							
3			TOTAL	PER SQ. FT.		IMPROVEMENTS	ASSUMPTIONS	
4	PRE-DEVELOPMENT COST	\$ 7,700.00						
5	(includes acquisition)							
6	HARD COSTS	6,125,000.00						
7								
8	SOFT COSTS	1,783,375.00						
9			TOTAL IMPROVED AREA		17,600	TOTAL IMPROVED AREA		
10	CONTINGENCY	701,668.75						
11	DEVELOPMENT ADMIN.	183,750.00						
12	DEVELOPER FEE	612,500.00						
13	TOTAL DEV. COSTS	\$ 10,638,993.75						
14								
15	DEVELOPMENT PRO FORMA		TOTAL	PER SQ. FT.		DEVELOPMENT PRO FORMA		
16	cost estimation rooftop area		22,800	\$ 488.62				
17	PRE-DEVELOPMENT	floor space	17,600	519.35		PRE-DEVELOPMENT		
18								
19	property inspection	-				property inspection		
20	title search	200.00				title search		
21	applicable permits	3,400.00				applicable permits		
22	environmental	4,100.00				environmental		
23	land cost	-				land cost		
24	acquisition	-				acquisition		
25	other	-				other		
26	PREDEV-SUBTOTAL	\$ 7,700.00				PREDEV-SUBTOTAL		
27								
28	HARD COSTS					HARD COSTS		
29								
30	off-site improvements	-				off-site improvements		
31	on-site improvements	-				on-site improvements		
32	demolition	-				demolition		
33	rehabilitation	-				rehabilitation		
34	new construction	6,125,000.00				new construction		
35						other		
36								
37	HARD COSTS- SUBTOTAL	\$ 6,125,000.00				HARD COSTS- SUBTOTAL		
38	CONTRACTORS' OVERHEAD & PROFIT	1,225,000.00						
39	TOAL HARD COSTS	7,350,000.00				SOFT COSTS		
40	SOFT COSTS							
41	architect	382,812.50				architect		
42	appraisal	3,000.00				appraisal		
43	engineering	54,000.00				engineering		
44	legal	10,000.00				legal		
45	construction management	150,000.00				construction management		
46	local permits	25,000.00				local permits		
47	real estate taxes	tax exempt				real estate taxes		
48	construction loan interest	220,600.00				construction loan fee		
49	construction loan fee	15,312.50				construction loan interest		
50	survey	1,000.00				survey		
51	holding period interest	771,750.00				holding period interest		
52	closing costs	150,000.00				contractor's overhead and profit		
53	SOFT COSTS SUBTOTAL	\$ 1,783,375.00				SOFT COSTS SUBTOTAL		
54	HARD COST CONTINGENCY	612,500.00	10%			HARD COST CONTINGENCY		
55	SOFT COST CONTINGENCY	89,168.76	5%			SOFT COST CONTINGENCY		
56	DEVELOPMENT ADMIN.	183,750.00	3%			DEVELOPMENT ADMIN.		
57	DEVELOPMENT FEE	612,500.00	10%			DEVELOPMENT FEE		
58								
59	TOTAL DEVELOPMENT COSTS	\$ 10,638,993.75				TOTAL DEVELOPMENT COSTS		
60								
61	Total Funds back to the ARC	\$ 798,250.00						
62								
63	NET DEVELOPMENT COST	\$ 9,842,743.75						
64	TOTAL CONTINGENCY	701,668.75						
65	POTENTIAL NET COST	\$ 9,141,075.00						
66								
67								

	A	B	C	D	E	F	G	H
69	CASH FLOW STATEMENT FOR THE COMMUNITY CENTER and EXISTING FACILITY							
70	PREPARED FOR THE ARC OF HILO							
71								
72	CATEGORIES		1	2	3	4	5	6
73	5,531,629.00				STABILIZED YEAR			
74	GROSS REVENUE	6,009,000.00	\$ 6,609,900.00	7,831,880.00	8,725,088.00	9,587,674.80	10,667,332.28	11,613,066.61
75	ADJUSTMENTS AND LOSSES—2%	120,180.00	132,198.00	158,837.60	174,501.36	191,851.50	211,146.65	232,261.31
76	EFFECTIVE GROSS REVENUE	5,888,820.00	6,477,702.00	7,773,242.40	8,550,586.64	9,405,823.30	10,346,185.63	11,380,804.20
77	OPERATING COSTS	BASE ACTUAL COSTS						
78	MANAGEMENT							
79	UTILITIES	49,408.00	83,993.60	92,392.96	98,860.47	105,780.70	113,185.35	121,108.32
80	SECURITY							
81	MARKETING							
82	REPLACEMENT RESERVES				258,517.00	274,473.19	283,688.31	314,244.35
83	INSURANCE	89,724.00	152,530.80	167,783.88	179,528.75	192,095.76	205,542.47	219,930.44
84	LEGAL	65,000.00	71,500.00	78,650.00	84,155.50	90,046.39	96,349.63	103,094.11
85	ACCOUNTING	40,000.00	44,000.00	48,400.00	51,788.00	55,413.16	59,292.08	63,442.53
86	MAINTENANCE	54,532.00	62,704.40	101,874.84	109,113.08	116,750.99	124,923.55	133,668.21
87	JANITORIAL & Grounds keeping	62,065.00	105,610.50	116,061.55	124,185.86	132,878.87	142,180.38	152,133.02
88	COMMUNICATIONS	33,229.00	56,489.30	62,138.23	66,487.81	71,142.06	76,122.00	81,450.54
89	PERMITS AND FEES		200.00	220.00	235.40	251.88	269.51	288.38
90	LICENSING							
91	PROPERTY TAXES							
92	OPERATING RESERVE							
93	SALARIES	3,032,273.00	3,841,954.90	4,338,160.39	4,638,680.92	4,964,458.58	5,311,970.88	5,683,808.63
94	BENEFITS	747,568.00	971,838.40	1,069,022.24	1,143,853.80	1,223,823.58	1,309,598.21	1,401,270.09
95	phone system repairs/ comm. Upgrade	1,259.00	2,140.30	2,354.33	2,519.13	2,685.47	2,884.16	3,086.05
96								
97								
98	indirect cost allocation -materials and services	120,180.00	204,306.00	224,736.50	240,468.16	257,300.93	275,312.00	294,583.84
99								
100	TOTAL EXPENSES	\$ 4,295,238.00	\$ 5,727,168.20	\$ 6,298,885.02	\$ 6,997,393.97	\$ 7,487,211.65	\$ 8,011,316.36	\$ 8,672,108.60
101								
102	NET OPERATING INCOME	\$ 1,593,582.00	750,533.80	1,473,357.38	1,553,172.67	1,918,411.76	2,334,869.28	2,806,695.70
103								
104	DEBT SERVICE							
105	ONE	160,000.00	160,000.00	180,000.00	180,000.00	160,000.00	160,000.00	160,000.00
106	TWO—holding period		298,125.00	298,125.00	175,500.00			
107	THREE—construction		150,000.00	71,000.00				
108	FOUR							
109	TOTAL DEBT SERVICE	160,000.00	608,125.00	528,125.00	335,500.00	160,000.00	160,000.00	160,000.00
110								
111	CASH FLOW BT/ AFTER DEBT	\$ 1,433,582.00	142,408.80	945,232.38	1,217,672.67	1,758,411.76	2,174,869.28	2,646,695.70
112								
113	SOURCES							
114	DEBT SERVICE ONE					1,300,000.00		
115	TWO							
116	THREE							
117	FOUR							
118	EQUITY and SUBSIDY	\$ 9,338,993.75						
119	TOTAL SOURCES	\$ 10,638,993.75						
120								
121	The additional resources from the development pro forma were not shown here but will equal the debt service for the bridge loan for years 1 and 2, \$175,500 for year 3 adding to this bottom line							

DEVELOPMENT

OPERATING

PRO FORMA

	I	J	K	L	M	N	O	P	Q	R
68										
69										
70										
71										
72	7	8	9	10	11	12	13	14	15	16
73										
74	12,193,718.78	12,803,404.72	13,443,574.96	14,116,763.71	14,821,541.39	15,562,618.48	16,340,748.38	17,157,786.85	18,016,678.20	18,916,460.01
75	249,874.38	258,068.09	268,871.50	282,315.07	298,430.83	311,252.37	326,814.99	343,155.74	360,313.52	378,329.20
76	11,949,844.41	12,547,396.63	13,174,703.48	13,833,438.63	14,525,110.56	15,251,366.09	16,013,934.40	16,814,631.12	17,655,382.67	18,538,130.81
77										
78										
79	129,585.91	138,856.92	148,362.90	158,748.31	169,860.69	181,750.94	194,473.50	208,086.65	222,652.71	238,238.40
80	-	-	-	-	-	-	-	-	-	-
81	-	-	-	-	-	-	-	-	-	-
82	336,241.46	358,778.36	384,962.85	411,810.25	440,743.96	471,566.04	504,607.76	539,980.31	577,725.43	618,166.21
83	235,325.57	251,788.35	269,424.25	288,283.94	308,463.82	330,055.29	353,160.23	377,881.44	404,333.14	432,636.48
84	110,310.89	118,022.44	126,294.71	135,195.34	144,594.82	154,716.45	165,548.61	177,134.87	189,534.31	202,801.71
85	67,883.50	72,635.35	77,719.82	83,160.21	88,981.43	95,210.13	101,874.83	109,006.07	116,636.50	124,801.05
86	143,024.99	153,036.74	163,749.31	175,211.76	187,476.58	200,589.84	214,641.94	229,668.88	245,743.56	262,945.61
87	162,782.33	174,177.09	186,369.49	199,415.35	213,374.43	228,310.64	244,292.38	261,392.85	279,690.35	299,268.67
88	87,152.08	93,252.73	99,780.42	106,785.05	114,238.60	122,235.30	130,791.77	139,947.20	149,743.50	160,225.55
89	308.56	330.16	353.27	378.00	404.46	432.77	463.07	495.48	530.17	567.28
90	-	-	-	-	-	-	-	-	-	-
91	-	-	-	-	-	-	-	-	-	-
92	-	-	-	-	-	-	-	-	-	-
93	6,081,675.23	6,507,392.50	6,982,909.88	7,450,313.67	7,971,835.63	8,529,864.13	9,126,954.61	9,765,841.44	10,449,450.34	11,180,911.86
94	1,486,358.99	1,604,314.12	1,716,616.11	1,836,779.24	1,965,383.79	2,102,928.55	2,250,133.55	2,407,642.90	2,576,177.90	2,756,510.35
95	3,302.07	3,533.21	3,780.54	4,045.18	4,326.34	4,631.32	4,955.52	5,302.40	5,673.57	6,070.72
96	-	-	-	-	-	-	-	-	-	-
97	-	-	-	-	-	-	-	-	-	-
98	315,204.71	337,269.04	360,877.87	386,139.32	413,169.07	442,090.91	473,037.27	506,149.88	541,680.37	579,481.00
99	-	-	-	-	-	-	-	-	-	-
100	\$ 9,172,168.10	\$ 9,814,207.02	\$ 10,501,201.52	\$ 11,236,285.62	\$ 12,022,825.62	\$ 12,884,423.41	\$ 13,784,933.05	\$ 14,728,478.36	\$ 15,758,471.85	\$ 16,882,634.87
101										
102	2,777,688.31	2,733,129.60	2,673,501.94	2,597,153.01	2,502,284.95	2,388,942.68	2,249,001.35	2,086,152.76	1,895,890.83	1,675,485.93
103										
104										
105	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00
106										
107										
108	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00
109										
110										
111										
112	2,617,682.31	2,573,129.60	2,513,501.94	2,437,153.01	2,342,284.95	2,226,942.68	2,089,001.35	1,926,152.76	1,735,890.83	1,515,485.93
113										
114										
115										
116										
117										
118										
119										
120										
121										

METHODOLOGY FOR FINANCING PLAN

The combination of sources for the Training and Community Center will include the following:

- Private donations
- Government grants—federal, state and local
- Earned income—equity invested by the Arc of Hilo

We will bridge the timing of those inflows and the construction demands of the project with bridge financing from American Savings Bank, First Hawaiian, Bank of Hawaii or Hawaii National, in two loan facilities, the first is a \$750,000 commitment for Phase II and the second is a \$4.75 million commitment for Phase III. We also have set aside interest payments for any special construction financing needs that may occur over and above the commitments listed here.

Our plan is to complete Phase II (the site work and underground utility services) without any borrowing if at all possible. So with the EDA funding (\$993,000), the Arc's \$200,000 in equity, the 150,000 from the Office of Hawaiian Affairs and the \$450,000 from previously committed state grant-in-aids, \$100,000 from the Capital Campaign and an additional \$200,000 from various foundations, all of the funding for Phase II would be complete. If any of these funds were not received in a timely manner we would be able to bridge it with the first \$750,000 loan commitment from American Savings Bank (ASB).

We are now in the public phase of our capital campaign, where we expect to raise the rest of our million dollar goal. We have raised \$200,000 in the quiet phase. These funds will be used directly on the first draws for Phase III, the actual construction of the Center's two new buildings. During this same period of time (January-'08-January '09) we expect to be in receipt of the following grant funds:

- COOKE Foundation---\$50,000
- Bank of Hawaii--\$50,000
- HHS-Office of Community Services---\$700,000
- Job Opportunities for Low Income-----\$500,000
- National Endowment for the Arts-----\$50,000
- H&R BLOCK-\$200,000
- Robert Woods Johnson Foundation-\$50,000
- Public Welfare--\$25,000
- STATE FARM--\$250,000
- HERON Foundation---\$50,000
- Fannie Mae Foundation--\$100,000
- Surdna Foundation---\$50,000
- Labor Department-----\$500,000

- HHS—Developmental Disabilities Grant--\$500,000
- First Hawaiian-----\$50,000
- American Savings Bank-----\$50,000
- Hawaii National----\$20,000
- Atherton Foundation-----\$50,000

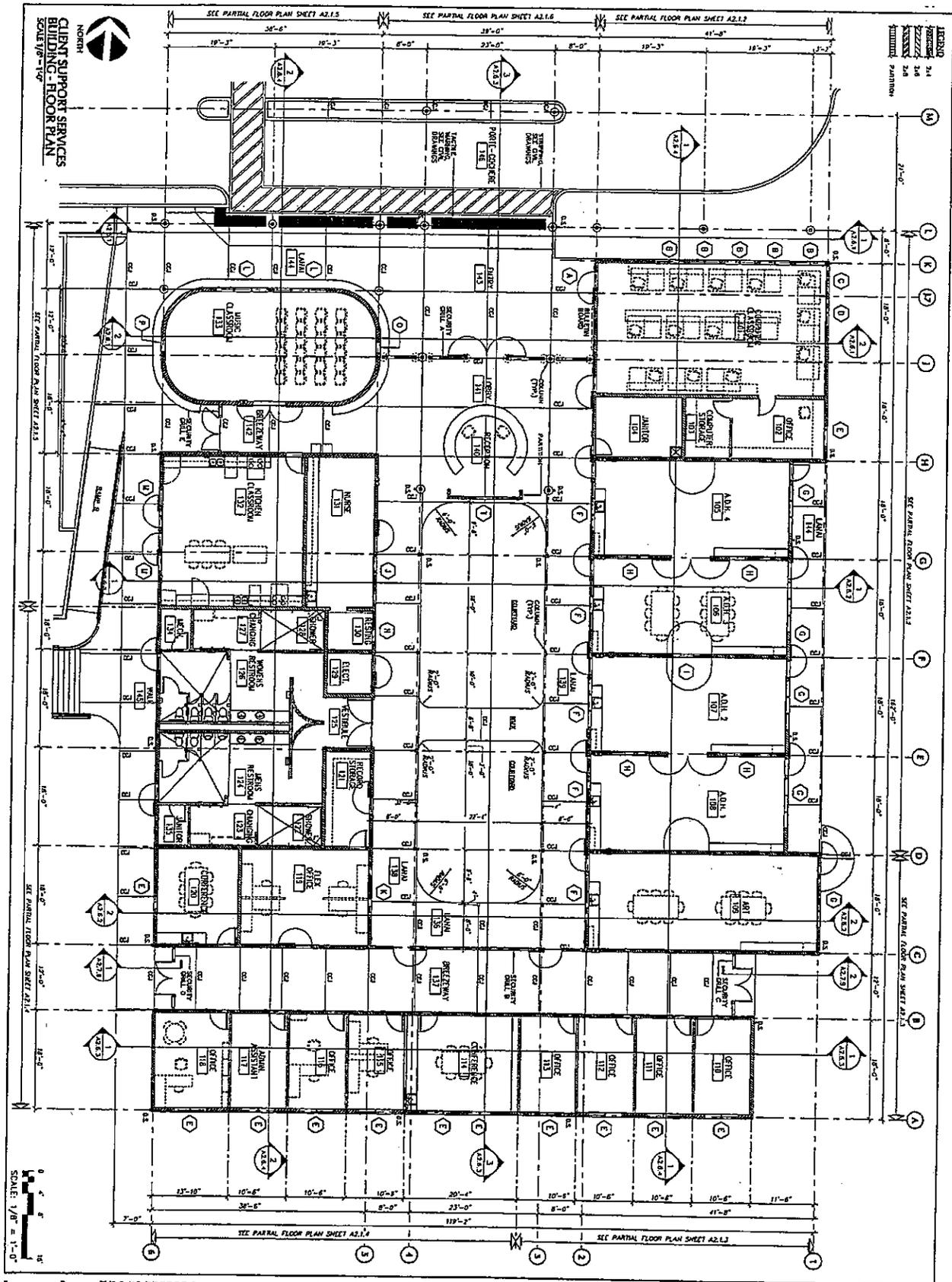
TOTAL----\$3.245 MILLION

This represents the gap in funding required for a total project cost of \$10.6 million, including all contingencies, inflation escalators and operating reserves. This will allow us to approach Weinberg Foundation for the remaining \$1.5 million required to complete the project. All of this assumes a 2008 Grant-in-Aid of \$1.55 million.

Should we not be able to secure Weinberg, the project will support up to \$3.3 million in New Markets tax credits. We are in contact with the Nonprofit Finance Fund, National Trust Community Investment Corporation (NTCIC) and Citibank about securing a sub-allocation of credits from them. Our project qualifies with the regulations and we have been told we would compete very strongly for the awarding of credits. However, recently we have completed pre-development with the NTCIC for a compilation strategy of credits available from '07 and '08 and have found that not only should we not have any problem getting credits closed, but we may be able to reduce our fee structure considerably. We have received a preliminary letter of interest from NTCIC and anticipate a commitment letter on the credits no later than May '08.

Finally, we have developed this project with a number of contingencies and we have many financing and funding scenarios that will work. Some of the commitments that we have were leveraged by the earlier grant-in-aid commitments and we are very grateful for them. Our request this year has been reduced from \$2 million to \$1.55 million because we recognize the need to utilize as little state money as the project needs. The state has many pressing needs, but this brings \$5 back to the state for every \$1 spent. Filling this request will mean that the Arc of Hilo will double its capacity to earn income and sustain itself, which will eliminate the need for other public expenditures five fold. With this funding we will remove people with disabilities from the public dole and assist them in becoming tax-paying contributors to our state, thereby eventually returning every dime of state funds invested. Mahalo.

Site Plan



CLIENT SUPPORT SERVICES
 BUILDING - FLOOR PLAN
 SCALE: 1/8" = 1'-0"

0' 1" 2" 4" 8" 16'
 SCALE: 1/8" = 1'-0"

A2.1.1

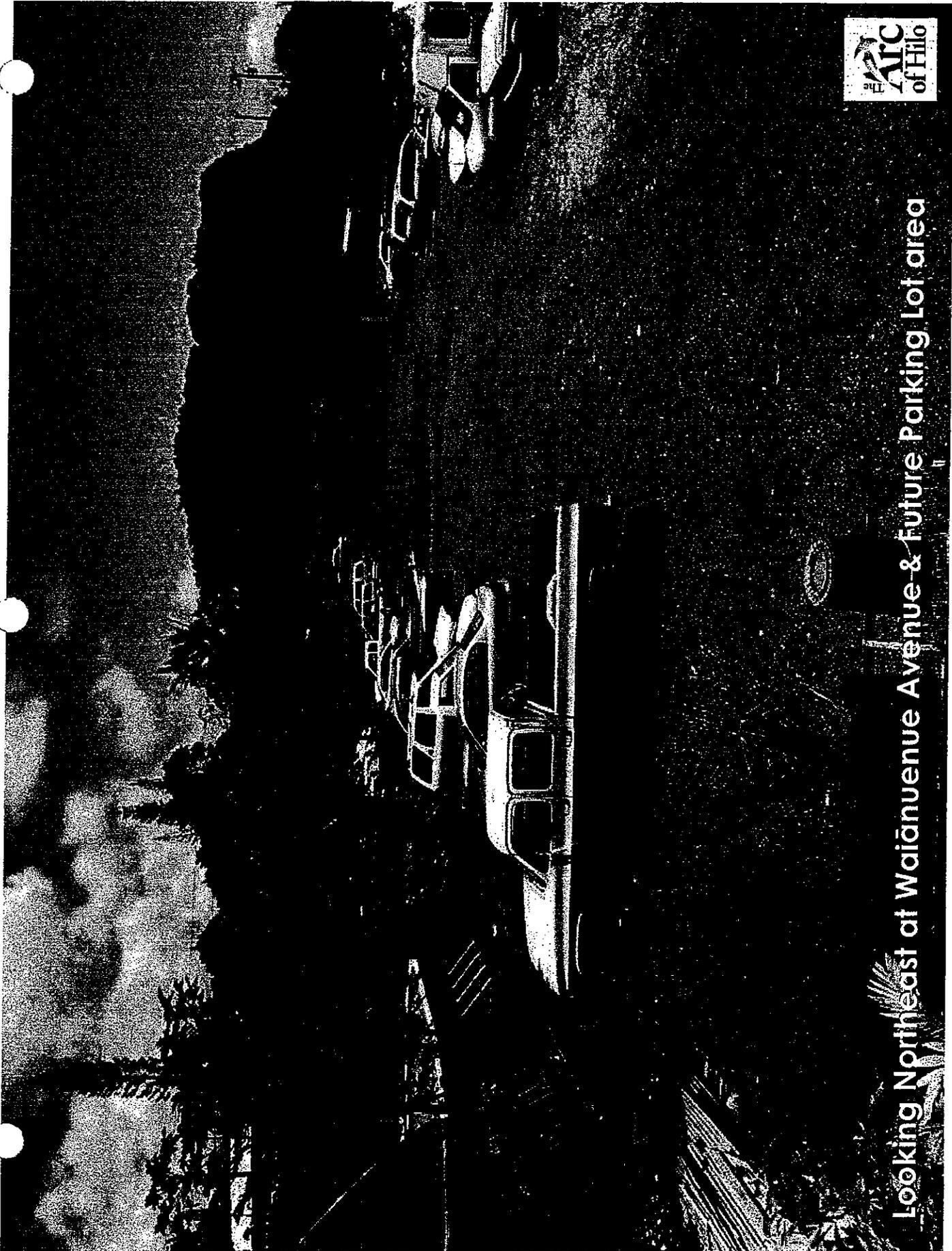
REVISIONS:
 NO. DATE BY DESCRIPTION
 1 04/27/05 G/GEORGE INITIALS
 2 04/27/05 G/GEORGE INITIALS
 3 04/27/05 G/GEORGE INITIALS
 4 04/27/05 G/GEORGE INITIALS
 5 04/27/05 G/GEORGE INITIALS
 6 04/27/05 G/GEORGE INITIALS
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 99 04/27/05 G/GEORGE INITIALS
 100 04/27/05 G/GEORGE INITIALS

CONTRACTOR: DIXRANT
 ARCHITECT: DIXRANT
 ENGINEER: DIXRANT
 CONSULTANT: DIXRANT
 CLIENT: ARC OF HILO
 PROJECT: CLIENT SUPPORT SERVICES BUILDING - FLOOR PLAN

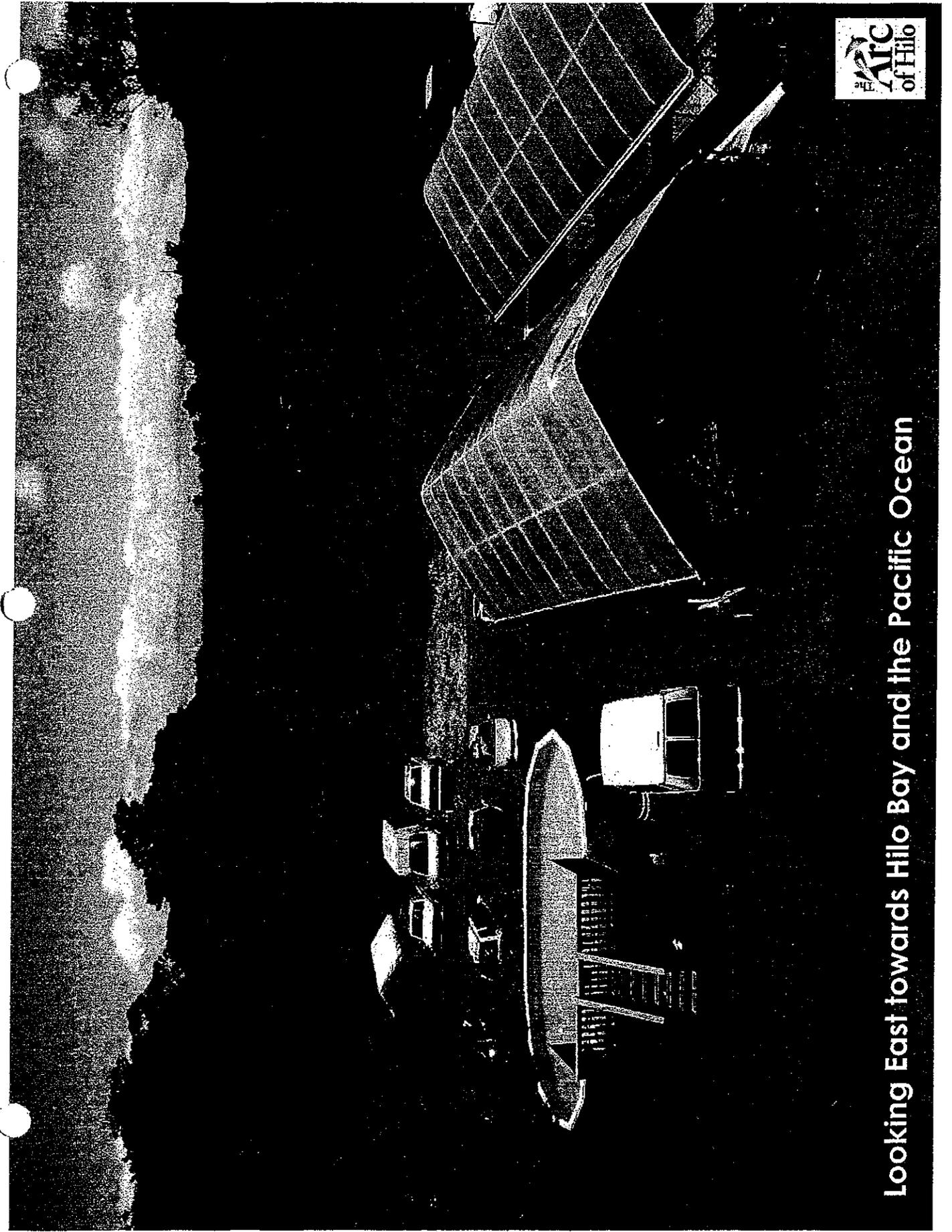


ARC OF HILO
 CLIENT SUPPORT SERVICES
 COMMUNITY CENTER
 1099 WAMANUWAE AVENUE
 HILO, HAWAII
 TAX MAP KEY: 2-3-32: 6, 7 & 8

Site Photos



Looking Northeast at Waiānuenu Avenue & future Parking Lot area



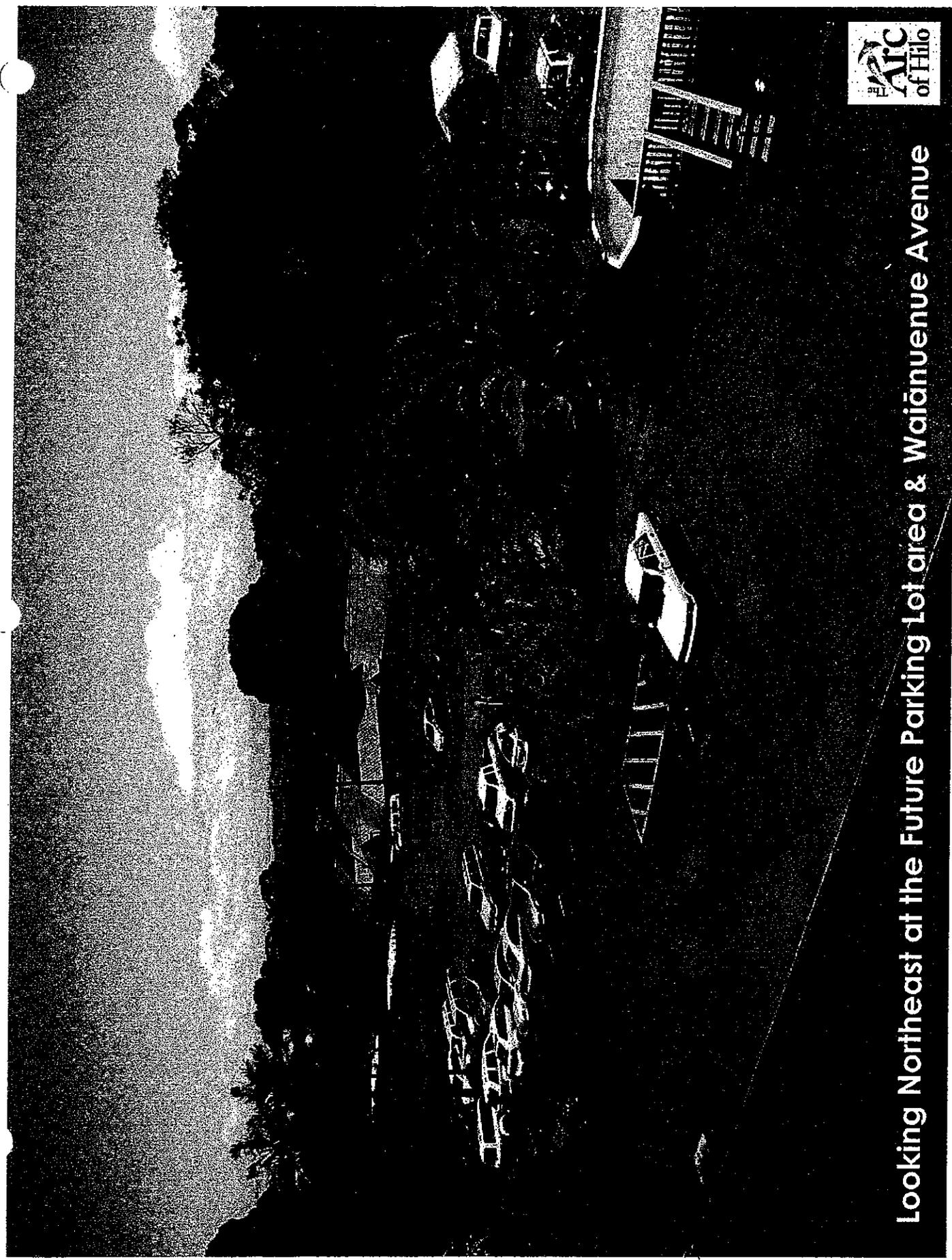
Looking East towards Hilo Bay and the Pacific Ocean



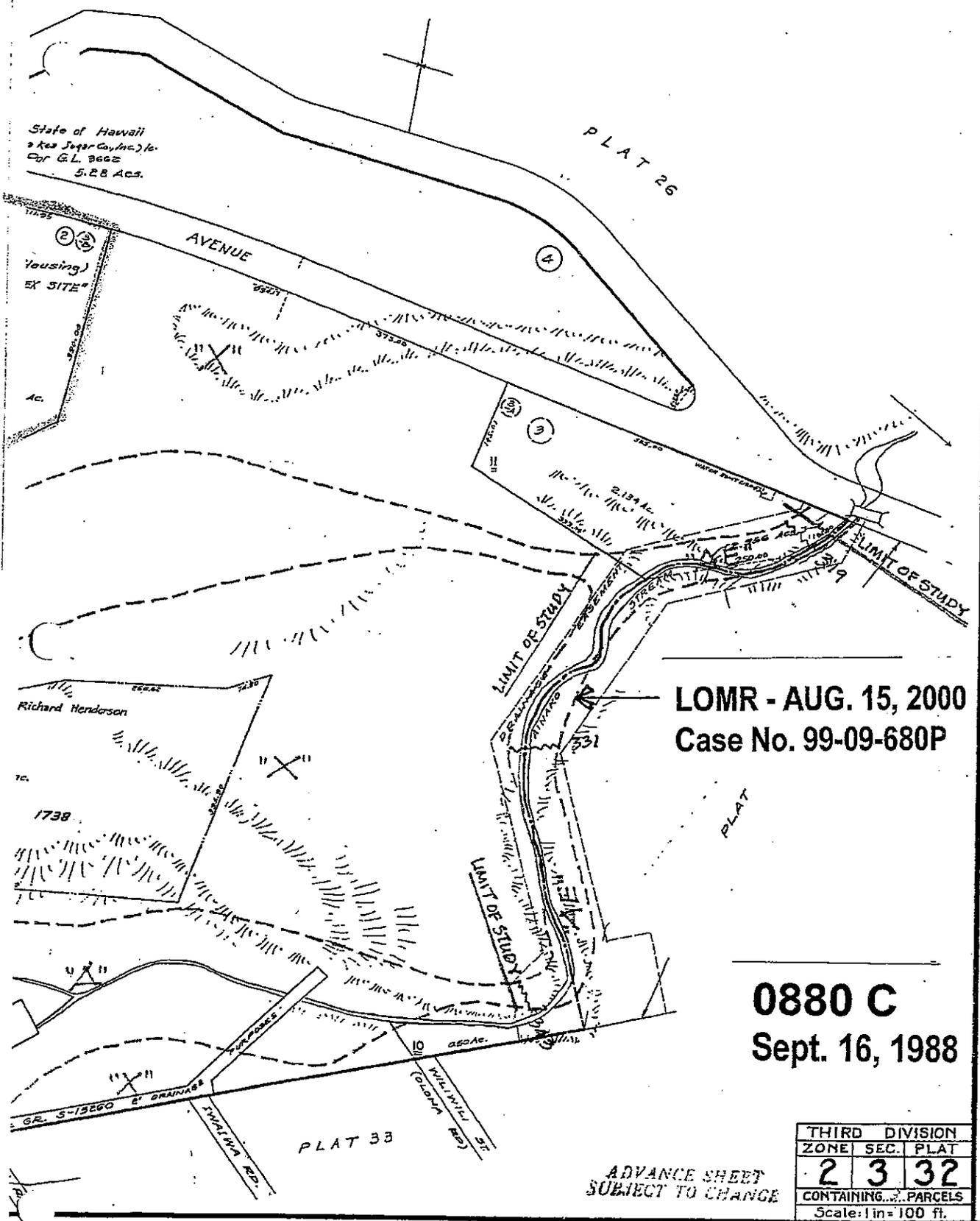
Facing North toward the old plant nursery and current building



Looking Northeast at the Future Parking Lot area & Waiānuenu Avenue



Locater Map & Site Plan



LOMR - AUG. 15, 2000
 Case No. 99-09-680P

0880 C
 Sept. 16, 1988

THIRD DIVISION		
ZONE	SEC.	PLAT
2	3	32
CONTAINING 2 PARCELS		
Scale: 1 in = 100 ft.		

ADVANCE SHEET
 SUBJECT TO CHANGE

G.G. - 12/12/03

PRINTED

THE FLOOD ZONES SHOWN REPRESENT
 DPW'S INTERPRETATION OF THE FIRM
 (FLOOD MAPS) AS OF APR 25 2007

**Board of Directors
2007-2008**


The ARC of Hilo
Hilo Arc Housing Corporation No. 1
Hale Ulu Hoi III

Board of Directors

July 1, 2007 through June 30, 2008

Director

Occupation/Address

Samuel R. Wallis, Jr.
Chairman of the Board

Retired, Investment Advisor
108 Lukia Place, Hilo, HI 96720

Susan Shirachi
Secretary

Director, UHH Office of Student Affairs
200 W. Kāwili Street, Hilo, HI 96720

Bobby Cooper
Treasurer

Retired, past President of W.H. Shipman, Ltd.
486-B 'Ākōlea Road, Hilo, HI 96720

Michelle Bauer
Parent of Adult with Disabilities

Retired
147 Likeke Street, Hilo, HI 96720

William Horace Farr
*Brother-in-law of
Adult with Disabilities*

Data Processing Coordinator,
Hawai'i County Office of Aging
505-A 'Āinalako Road, Hilo, HI 96720

Tana Zwick McDuffie

HPM Building Supply, Div. Manager
Home Planning
P.O. Box 431, Kurtistown, HI 96760

Angie Miyashiro
Director, E.HI Special Olympics

Educator, Hilo High School
379-A Lama Street, Hilo, HI 96720

Paul H. Rosendahl, Ph.D.
Parent of Adult with Disabilities

Archaeological Consultant
224 Waiānuenue Avenue, Hilo, HI 96720

Helen Shirota-Benevides

Former Educator
P.O. Box 37, Pepe'ekeo, HI 96783

Robert Zimmerman, Jr.

Financial Consultant
P.O. Box 11464, Hilo, HI 96721

Ex-Officio Member:

Michael E. Gleason
*President & CEO,
The Arc of Hilo*

Former Special Education Teacher
RR 2, Box 3886, Pāhoa, HI 96778

IRS 501(c) 3

Internal Revenue Service

Department of the Treasury

District
Director

THE ARC OF HILO
1099 WAIANUENUE AVE
HILO, HI 96720-2096

Person to Contact: **HARVEI REED**

Telephone Number: (213) 725-1235

Refer Reply to: EOMF Coordinator

Date: SEP 11 1996

EIN# 99-0109668

Internal Revenue Code Section:
501(c)(03)

Dear Sir or Madam:

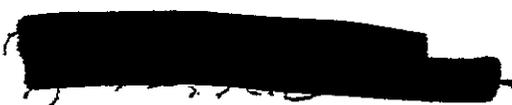
Thank you for submitting the information shown below or on the enclosure. We have made it a part of your file.

The changes indicated do not adversely affect your exempt status and the exemption letter issued to you continues in effect.

Please let us know about any future change in the character, purpose, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely yours,



District Director

<u>Item Changed</u>	<u>From</u>	<u>To</u>
(Name)	Hilo Association For Retarded Citizens	(SEE ABOVE)

EP/EC Division
McCaslin Industrial Park
2 Cupania Circle
Monterey Park, CA 91755-7406

Letter 976(DC) (Rev. 1-87)

Letters of Support

DANIEL K. AKAKA
HAWAII

WASHINGTON OFFICE:
141 HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510
TELEPHONE: (202) 224-8361

HONOLULU OFFICE:
3105 PRINCE JONAH KUHIO
KALANIANA'OLE FEDERAL BUILDING
P.O. Box 50144
HONOLULU, HI 96850
TELEPHONE: (808) 522-8970

United States Senate

WASHINGTON, DC 20510-1103

June 7, 2006

COMMITTEES:
ARMED SERVICES
ENERGY AND NATURAL RESOURCES
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
INDIAN AFFAIRS
VETERANS' AFFAIRS

Mr. Glen Calvert
Project and Fund Developer
The Arc of Hilo
1099 Waianuenue Avenue
Hilo, Hawaii 96720

Dear Mr. Calvert:

Thank you for contacting me regarding a Pre-application for Federal Assistance submitted by The Arc of Hilo to the Department of Commerce Economic Development Administration (EDA) for funding of its Employment Training Services Center (ETS) training facility.

I am pleased to inform you that I have written a letter of support for The Arc of Hilo's application to the EDA. I appreciate your keeping me apprised of efforts to help individuals with disabilities acquire job skills, and I look forward to the completion of the ETS training facility. Again, mahalo for taking the time to contact me.

Aloha pūmehana,


DANIEL K. AKAKA
U.S. Senator



HOUSE OF REPRESENTATIVES

STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813

March 6, 2007

Mr. Michael E. Gleason
President and CEO
The Arc of Hilo
1099 Waianuenue Avenue
Hilo, HI 96720

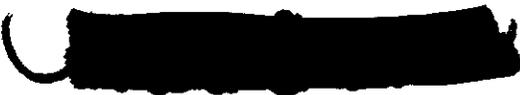
Dear Mr. Gleason:

Thank you for updating me on the progress being made at The Arc of Hilo and also for the letters of support.

Your commitment to providing services such as educational, skills training, and vocational skills as well as employment and residential opportunities to individuals with disabilities is such a wonderful service to our community. I truly believe that The Arc of Hilo is a positive and motivating support system and an essential part of the lives of individuals who have utilized your facilities.

During this legislative session, I will favorably consider your GIA request. If you have any questions or concerns please feel free to contact me directly at (808) 586-6790 or via email repcarroll@capitol.hawaii.gov.

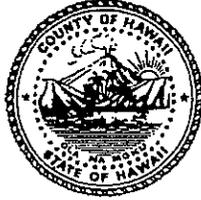
Sincerely,


Mele Carroll
State House Representative
13th District

MC: ck

Representative Mele Carroll
Majority Whip and Vice Chair of the Energy & Environmental Protection Committee
District 13: Paia, Haiku, Keanae, Nahiku, Hana, Kipahulu, Kaupo, Created on 2/27/2007 3:58:00 PM, Kalaupapa, Lana'i, Kaho'olawe, Molokini
State Capitol, Room 405, Honolulu, HI 96813
Phone: 586-6790 Fax: 586-6779 Neighbor Island Toll Free: Maui-984-2400 ext. 6-6790 Lana'i & Moloka'i 1-800-468-4644
Email Address: repcarroll@capitol.hawaii.gov

Harry Kim
Mayor



Dixie Kaetsu
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i

891 Ululani Street • Hilo, Hawai'i 96720-3982 • (808) 961-8211 • Fax (808) 961-6553
KONA: 75-5706 Kuakini Highway, Suite 103 • Kailua-Kona, Hawai'i 96740
(808) 329-5226 • Fax (808) 326-5663

March 15, 2007

To Whom It May Concern:

I am writing in support of The Arc of Hilo, an organization which works to improve the lives of people with disabilities in our community.

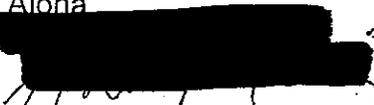
The County of Hawai'i has had ongoing and continued cooperation with The Arc of Hilo on its Community and Training Center project.

Several County of Hawai'i departments have worked with The Arc of Hilo either with funding or detailed reviews of The Arc of Hilo's development plans.

Without reservation, I support the invaluable contributions The Arc of Hilo makes to our community through its work on behalf of people with disabilities.

Thank you for this opportunity to express my gratitude to this organization for the great work they do.

Aloha


Harry Kim
MAYOR



February 28, 2007

The Arc of Hilo
1099 Waiuanuenue Avenue
Hilo, Hawaii 96720

To Whom It May Concern:

I am Chief of Staff at the Shriners Hospitals for Children – Honolulu. Our hospital staff has been involved with The Arc of Hilo since December 2003 and is tremendously impressed with the value of services The Arc of Hilo provides to the lives of the people they serve. They have also been of great assistance the Shriners Hospitals for Children – Honolulu and the patients that we serve.

I support their proposal for a new Client Support Services Community Center. This facility is badly needed and would be an asset to the clients of The Arc of Hilo and to the Big Island in general. It would continue to be an asset to the patients and families who are cared for by the Shriners Hospitals for Children – Honolulu. We look forward to continuing our association with The Arc of Hilo in the future. We would certainly continue to use the facility if we continue to be welcomed, to meet with our families there. I have known Michael Gleason, President and CEO, since our affiliation with The Arc of Hilo. I have been impressed with the dedication that he has shown in his work.

In conclusion, I wish to recommend funding requested by The Arc of Hilo. It would be money well spent and would assist a worthy organization to continue to supply a valuable service to the community.

Sincerely,


Ellen M. Raney, M.D.
Chief of Staff

Shriners Hospitals for Children – Honolulu
1310 Punahou Street
Honolulu, HI 96826-1099
(808)951-3638
eraney@shrinenet.org

EMR:tlm



KTA SUPER STORES

February 8, 2006

To Whom It May Concern:

KTA Super Stores is writing in support of the ARC of Hilo's ("ARC") Client Support Services Community Center. We have been involved with the ARC and have seen the difference the programs make in the lives of their client and the community. One of the current programs we are actively supporting is the Beverage Container Redemption Centers contract ARC has with the County of Hawaii Solid Waste Division, where clients work at the redemption centers at various County Transfer Stations. This program is a "win-win" program for the ARC, the County and the community.

The 2004 Hawaii County Data Book shows that 18% or 17,224 persons of Hawaii County's population between 16 and 64 are disabled. The ARC serves a small percentage of that population and needs this facility to increase their services to this target population.

In the past five years, the ARC has more than doubled their client base. They extended services and programs without expanding their facility. In order to continue their services and expanding their client base, this proposed facility is needed to provide the areas needed to continue services to their current and new clients.

We have supported the ARC through their fundraising events, client projects, and contributions to their Annual campaigns.

The ARC of Hilo provides a needed service to disabled people in our community. We believe the funds requested will be wisely used to continue expansion of essential programs to disabled persons in our community.

If you have any questions or need further information, please feel free to contact me at (808) 959-4575 ext. 317 in Hilo or via email at barry_taniguchi@ktasuperstores.com.

Sincerely,

Barry K. Taniguchi
President

Jesus & Alberdine Pascua
162 Nahale'a Ave.
Hilo, Hawaii 96720
Phone: (808) 969-3366

February 06, 2006

To Whom It May Concern:

This letter is being sent in support for funding a new Client Services Support Community Facility, which will include a 3,500 sq. ft. gymnasium/auditorium at The Arc of Hilo.

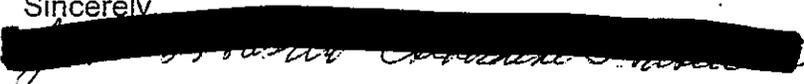
Our son, Jason has been a client at The Arc of Hilo for about 3 years and our focus has been and continues to be to improve his quality of life through specific programs and activities that are available to him in our community. As parents, we have had the responsibility of choosing the agency that would best fit our son and considering his disabilities, which facility and staff could best help us achieve the goals that we currently have in place for him. Prior to his transition from high school, we had researched and visited other agencies and found that The Arc of Hilo was the best fit for Jason. In saying this, I mean in comparison to the other agencies, but there is room for many improvements as well.

The number of clients with disabilities is increasing every year and in just the past three years there has been a noticeable reduction in space to accommodate the current activities. This trend will continue as the number of students exiting the special education school system is rising each year. We support The Arc of Hilo's goal to expand and improve the delivery of the present programs and also their desire to develop new programs meeting the growing needs of persons with disabilities. This multifaceted expansion project is overdue for our community and there is no other of this magnitude available to target the goals of persons with various levels of functioning.

As volunteer coaches with Special Olympics East Hawaii for the past eleven years, our drive is the improved health and fitness and social benefits for our son and other athletes with mental disabilities. The biggest challenge we have every sport season is securing a training facility in a community that has limited resources and numerous community sporting programs competing for the same space. With the construction of this facility, the health and fitness goals of persons with disabilities can be met through the activities provided by The Arc of Hilo and a possible partnership with Special Olympics would offer a double benefit by extending the facility usage to the same people and other athletes from various agencies in the community, all participating in their year round sport training sessions.

We applaud the efforts of The Arc of Hilo. They recognized the need and sought a plan to improve their current facility. Please support this proposal and enrich our community and the lives of persons with disabilities.

Sincerely


Jesus & Alberdine Pascua

Michael E. Gleason
ARC of Hilo
1099 Waiianuenu Ave.
Hilo, HI 96720

March 26, 2007

Dear Michael E. Gleason,

I welcome the opportunity to support the plan of ARC to construct a larger complex which will better serve the needs of the organization and its clientele.

As a 25 year volunteer in working with challenged persons through the PALS program (Performing Artists Lengthening Strides) I feel I have an appreciation of the Big Island's needs regarding this special population as a part of my lifetimes career in founding and managing a community theater. ARC has been a strong advocate and provider of services over the years and has added services by responding to community needs.

The organization now has the opportunity to support a multi-service complex which can work to bring monetary support to its programs, but, as well, to interact with the community in ways which will benefit both.

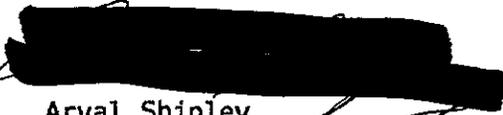
ARC reached out to my PALS program by giving us a place to teach classes and have been most supportive to our activities. I believe that by including a multipurpose space in the new complex, ARC can realize a rental income which it can rely on.

My experience in the East Hawaii Community has emphasized the great and continuing need for workable performance space for local theater as a major one. I know the proposed multipurpose area in the new complex would be well-used year-round at a fair rental. Nearness to central Hilo and parking space will only enhance the usage.

I stand ready to assist in every way possible ARC's planning for the future.

Sincerely,

Arval Shipley
Director of PALS


Arval Shipley
1310 Wailuku Dr.
Hilo, HI 96720
arvship@yahoo.com