

**Department of Business, Economic Development, and Tourism
Fiscal Biennium 2009-2011
2009 Legislature
Budget Briefing Testimony**

Narrative

Operational aspects of the Department's Mission (see Mission Statement, Tables 1 and 2) include:

1. Lead implementation of the Hawaii 5-Point Economic Plan to stabilize the economy and establish the basis for future growth.
2. Lead efforts to transform how Hawaii produces, distributes and uses energy with an objective that 70% of Hawaii's energy to come from locally developed alternative energy sources and energy efficiency and conservation efforts by 2030.
3. Align, facilitate and lead public and private resources to develop Hawaii's innovation capacity based on science, technology, engineering, and math skills, creative ideas and lifelong learning resulting in an innovation-driven and globally-competitive economy.
4. Increase international trade and international educational opportunities for Hawaii's citizens.
5. Support public policy-making and public and private decision-making by providing data, research and analysis; by creating better data standards, reports, and data-sharing protocols with other state entities and Hawaii's educational institutions.
6. Advocate open, fair and transparent tax and regulatory policies to provide a competitive business environment for Hawaii's small businesses.
7. Increase the supply of workforce or "gap" housing units to support an increasing quality of life in Hawaii.
8. Plan and advocate policies, including land-use policies, that promote the efficient use of public and private resources.
9. Advocate and achieve, directly and in partnership with other departments, world-class infrastructure.

The overall fiscal and economic conditions have reduced the budget and personnel resources of the department. Pursuant to the Legislature's and the Executive's reductions, the department's budget was reduced by \$1,840,875 in general funding and 7 permanent positions. Although these restrictions and reduction will have an impact on our departmental operations, that impact has and will continue to be mitigated by the departmental actions described below.

With the exception of the Hawaii 5-Point Economic Plan, necessitated by the current national and international economic crisis, the department has for the past four years implemented the above operational activities. These departmental priorities and activities have been consistently been discussed in department budget testimonies since 2005. For example, data collection and reporting, land use planning and foreign trade have been core departmental functions for many years; the energy initiative was launched in 2005 and the innovation initiative in 2006.

Therefore, all of these operational activities are well-underway. As shown in Table 2, substantially all of the department's programs and activities are aligned or linked to these priorities.

More importantly, implementation is being done in partnership with other agencies, institutions and entities, public and private.

Furthermore, given the budget situation over the years, the department has and will continue to seek funding from federal and other non-state sources, through partnerships (such as the Hawaii Clean Energy Initiative) and competitive grants (such as the National Governors Association STEM and energy grants).

"Leverage" for limited state funding through partnership and non-state funding is summarized below:

Operational Activity	Partnerships	Non-State Funding
Implementing the Hawaii 5-Point Economic Plan	Counties, congressional delegation, County chambers of commerce, Building Trades Council, Pacific Resource Partnership, Hawaii Economic Stabilization Initiative, non-profits, private entities, others	Federal Department of Transportation, federal economic stimulus packages, developer financing
Transformation to Clean Energy Economy	U.S. Department of Energy, National Renewable Energy Lab, Sandia National Lab, HCEI Technical Working Groups, HCEI Integration Group, HECO group of companies, KIUC, other state agencies, numerous private entities, County Mayors and energy coordinators	U.S. Department of Energy, National Renewable Energy Laboratory, National Governors Association, National Energy Technology Laboratory, numerous private entities
Building innovation capacity and lifelong learning	University of Hawaii, UH Community Colleges, Department of Education, scholastic robotics organizations, entertainment, new media and private sector entities	National Governors Association STEM grant, National Science Foundation EPSCoR grant, NASA, Robotics Organizing Committee, numerous private entities
Increasing international trade and education	Department of Education, Pacific Asian Affairs Council, East West Center, District Export Council, University of Hawaii, U.S. Commercial Service, local private schools and universities	U.S. Department of Commerce, U.S. Commercial Service and Market Development Cooperator Program, numerous private sector
Providing data, research and analysis	Hawaii Tourism Authority, Department of Transportation, Hawaii Clean Energy Initiative	U.S. Census Bureau
Improving the business environment	Chamber of Commerce of Hawaii, County Finance Directors, state agencies	Private entities
Increasing workforce Housing	Housing Hawaii, numerous private non-profits and for-profit developers	Federal tax credits, federal grants, private financing, developer equity
Planning and land use	County planning agencies, federal and state agencies	Federal coastal zone management and brownfields programs, US Department of Commerce EDA
Infrastructure improvements	Department of Education, University of Hawaii, Departments of Transportation, Hawaiian Homes Lands, Land and Natural Resources, other state and county agencies	Various federal funding, developer financing

DBEDT Mission Statement

DBEDT's Mission in the short term is to monitor and strengthen Hawaii's economy and business sectors and, in the medium- to long-term, to transition Hawaii to a world-competitive economy based on human capital and the capacity to innovate.

To achieve its Mission in the short-term, to meet the current global economic crisis the Department leads efforts to implement the Administration's Five Point Economic Plan, with a particular emphasis on implementing the Hawaii CIP and federal spending stimulus plans.

To achieve its Mission in the medium- to long-term, the Department leads efforts to improve the competitiveness of Hawaii's economy and businesses and to create the conditions to encourage and facilitate increased productivity, entrepreneurial effort and innovation.

Worksheet
Funding levels for divisions/branches

Division or Branch Name	FY09 Pos (P)	FY09 Pos (T)	FY09 \$\$\$	FY10 Pos (P)	FY10 Pos (T)	FY10 \$\$\$	MOF
Strategic Marketing and Support Division	20.00		1,828,212	21.00	1.00	2,050,935	A
	-		250,000			250,000	N
			1,821,915			1,821,915	W
Land Use Commission	6.00		491,668	6.00		506,202	A
Creative Industries Division	13.00	1.00	1,293,170	12.00	1.00	1,173,985	A
Foreign Trade Zone	19.00		2,010,341	19.00		2,147,501	B
Hawaii Tourism Authority	2.00	24.50	88,055,000	2.00	24.50	84,180,691	B
HTA - Convention Center		1.50	52,008,979		1.50	54,028,007	B
Strategic Industries Division	9.00	3.00	1,273,579	5.00	9.00	1,075,197	A
		15.00	4,263,397		15.00	4,498,999	N
		3.00	100,000		1.00	119,280	U
Research and Economic Analysis Division	17.00		1,091,287	17.00		1,125,445	A
	5.00		1,575,737	5.00		1,893,588	U
General Support for Economic Development	34.00	2.00	1,545,755	33.00	1.00	2,201,809	A
Office of the Tourism Liaison	1.00		103,239	1.00		111,490	A
High Technology Development Corporation	1.50	5.25	1,068,465	1.50	5.25	762,202	A
	1.50	5.95	3,827,732	1.50	5.95	3,827,732	B
		7.80	3,548,750		7.80	3,648,750	N
			1,500,000			1,500,000	W
Office of Planning	16.00	1.00	1,218,563	15.00		1,135,227	A
			1,978,587				N
			1,000,000			1,000,000	W
Coastal Zone Management	2.00		462,759	2.00		456,200	A
	4.00	5.00	2,358,084	4.00	5.00	2,468,744	N
Hawaii Strategic Development Corporation			8,700,000			2,609,375	B
		2.00	4,272,728		2.00	4,272,728	W
Natural Energy Laboratory of Hawaii Authority		22.00	5,394,341		22.00	6,413,710	B
			365,000				A
		5.00	6,883,294		5.00	9,931,408	N
Hawaii Community Development Authority	2.00		183,690	0.50		42,940	A
			450,000	1.50		630,889	W
HCDA - Kalaheo Community Development District		2.00	127,020				A
			200,000		2.00	394,955	W
Aloha Tower Development Corporation		6.00	1,530,554		6.00	1,628,940	B
			1,500,000			375,000	U
Hawaii Housing, Finance and Development Corp.- Administration	3.00	2.00	184,401				A
	23.00	17.00	3,721,458	25.00	19.00	4,777,827	W
Hawaii Housing, Finance and Development Corp.- Housing Development	4.00	15.00	1,559,856	4.00	15.00	1,778,892	W

Worksheet
Funding levels for divisions/branches

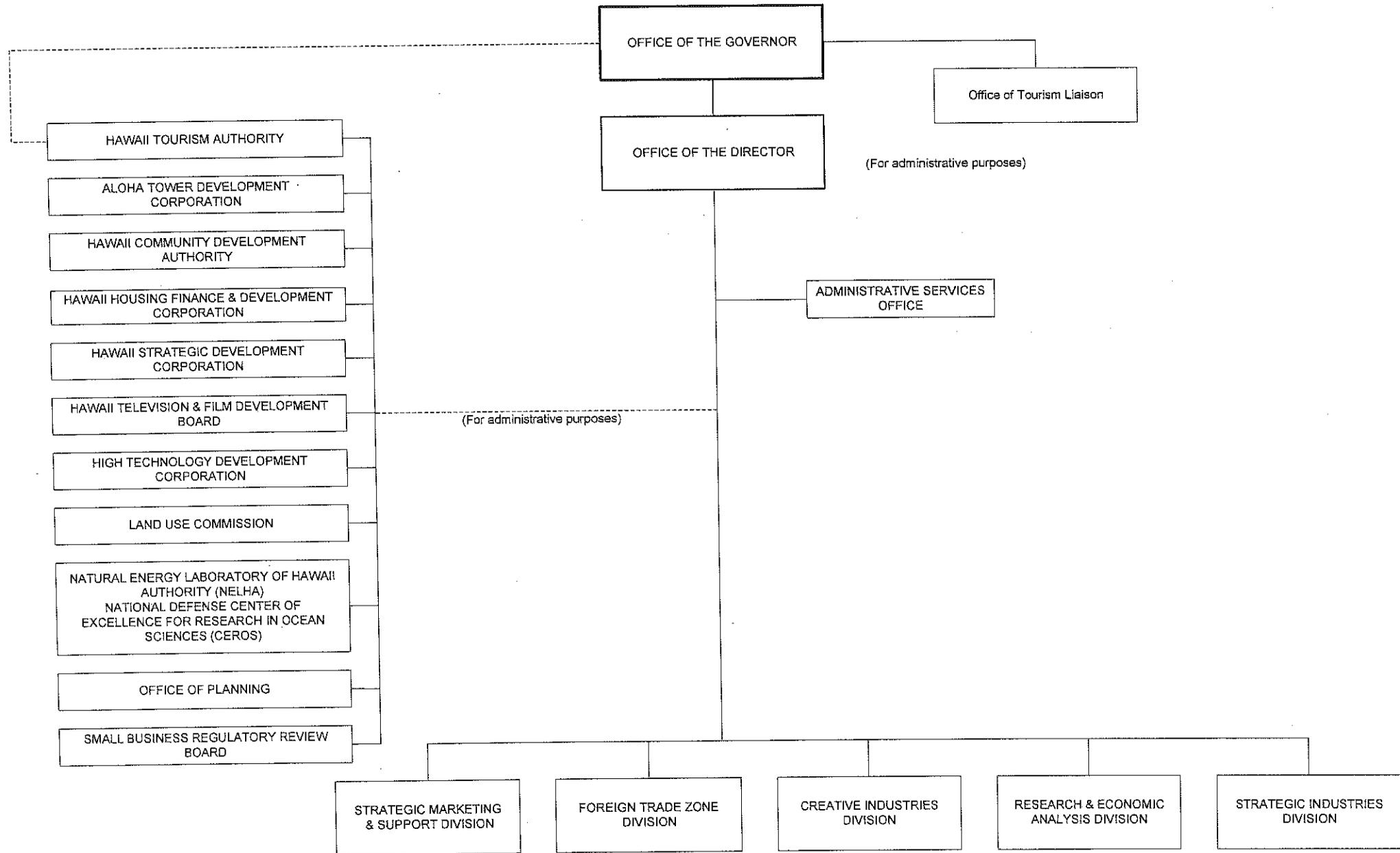
<u>Division or Branch Name</u>	<u>FY09 Pos (P)</u>	<u>FY09 Pos (T)</u>	<u>FY09 \$\$\$</u>	<u>FY10 Pos (P)</u>	<u>FY10 Pos (T)</u>	<u>FY10 \$\$\$</u>	<u>MOF</u>
Hawaii Housing, Finance and Development Corp. - Housing Finance			3,000,000			3,000,000	N
			31,923,698			46,923,698	T
	4.00	13.00	1,089,841	4.00	13.00	1,369,125	W

ORGANIZATION CHART

PRESENT

Acknowledged
Georgina K. Kawamura, Director of Finance

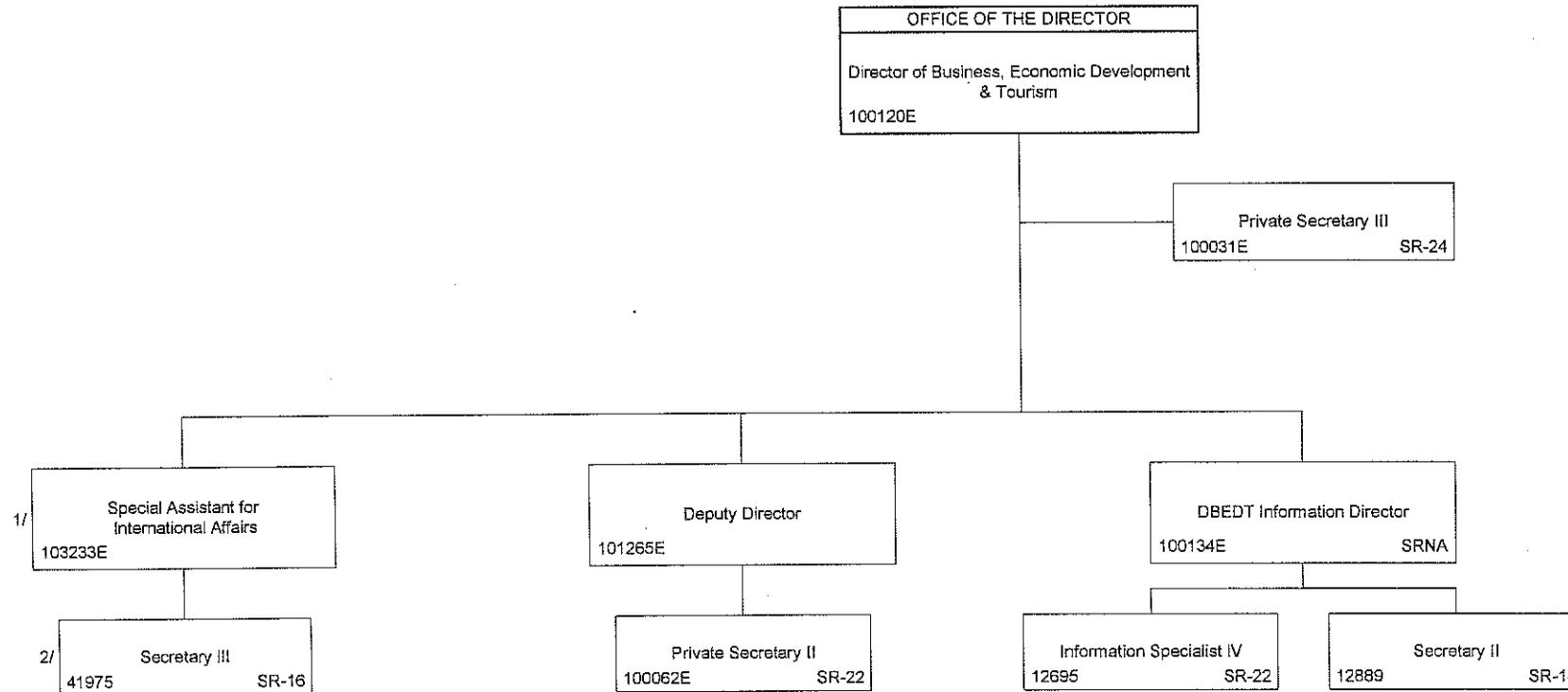
01/18/07
Date



Acknowledged
Georgina K. Kawamura, Director of Finance

4/2/2004
Date

POSITION ORGANIZATION CHART
PRESENT



E = Exempt
1/ Re- described to Special Assistant for International Affairs – 05/25/07; NTE 06/30/09
2/ NTE - 06/30/09
Position No. 117452, DBEDT Projects Coordinator - Established 07/01/05-abolished 06/30/06

ACKNOWLEDGED

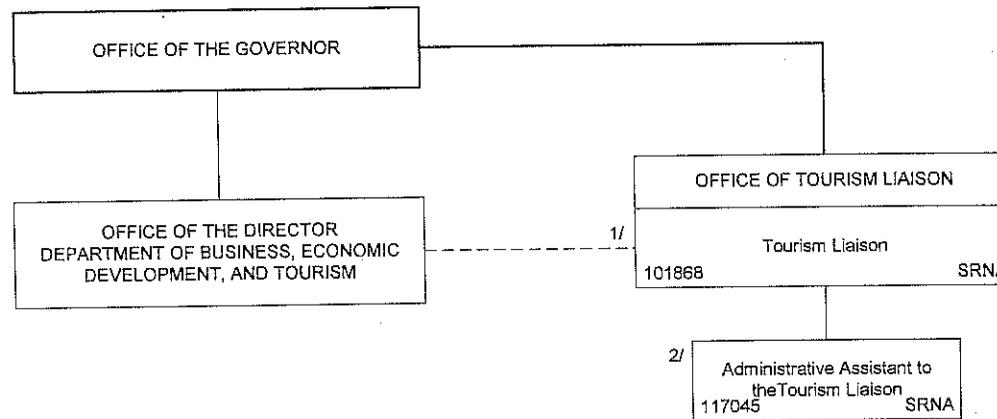
Acknowledged
Georgina K. Kawamura, Director of Finance

4/2/2004
Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
OFFICE OF TOURISM LIAISON

POSITION ORGANIZATION CHART

PRESENT



1/ Temporary NTE 12/31/10
2/ Re-described from Film Industry/CIP Coordinator, CID and transferred to OTL; NTE 12/30/2009
* Position No. 116584 abolished 06/30/05 Act 178-05 SLH

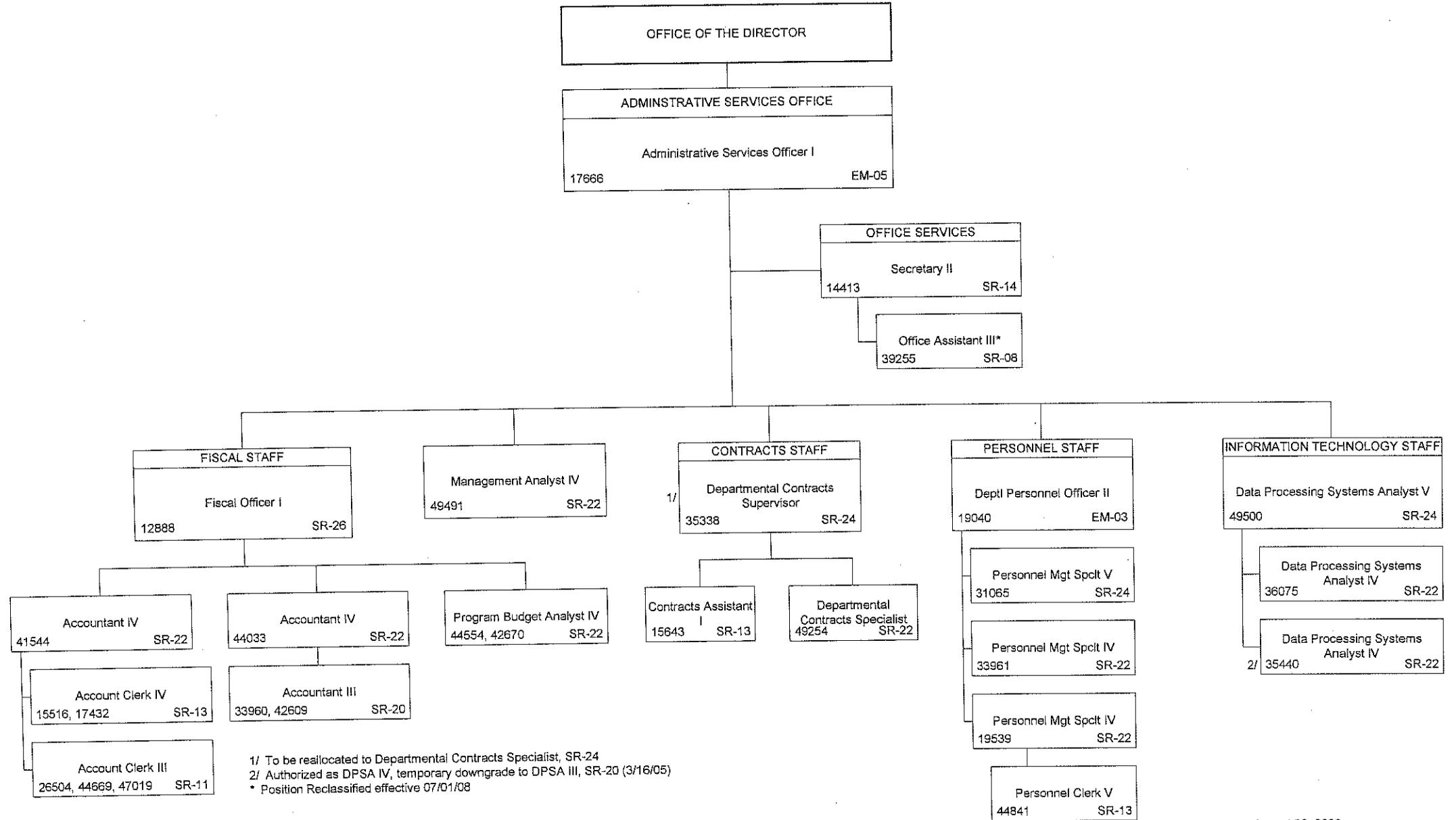
July 03, 2007

Theodore E. Liu
Theodore E. Liu, Director, DBEDT

August 07, 2008
Date

POSITION ORGANIZATION CHART

PRESENT



ACKNOWLEDGED

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

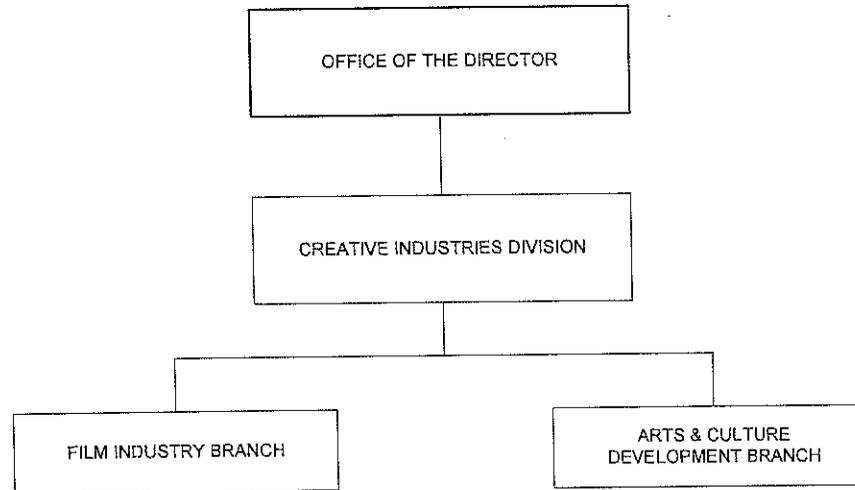
7/21/2006

Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
CREATIVE INDUSTRIES DIVISION

ORGANIZATION CHART

PRESENT



July 21, 2006

ACKNOWLEDGED

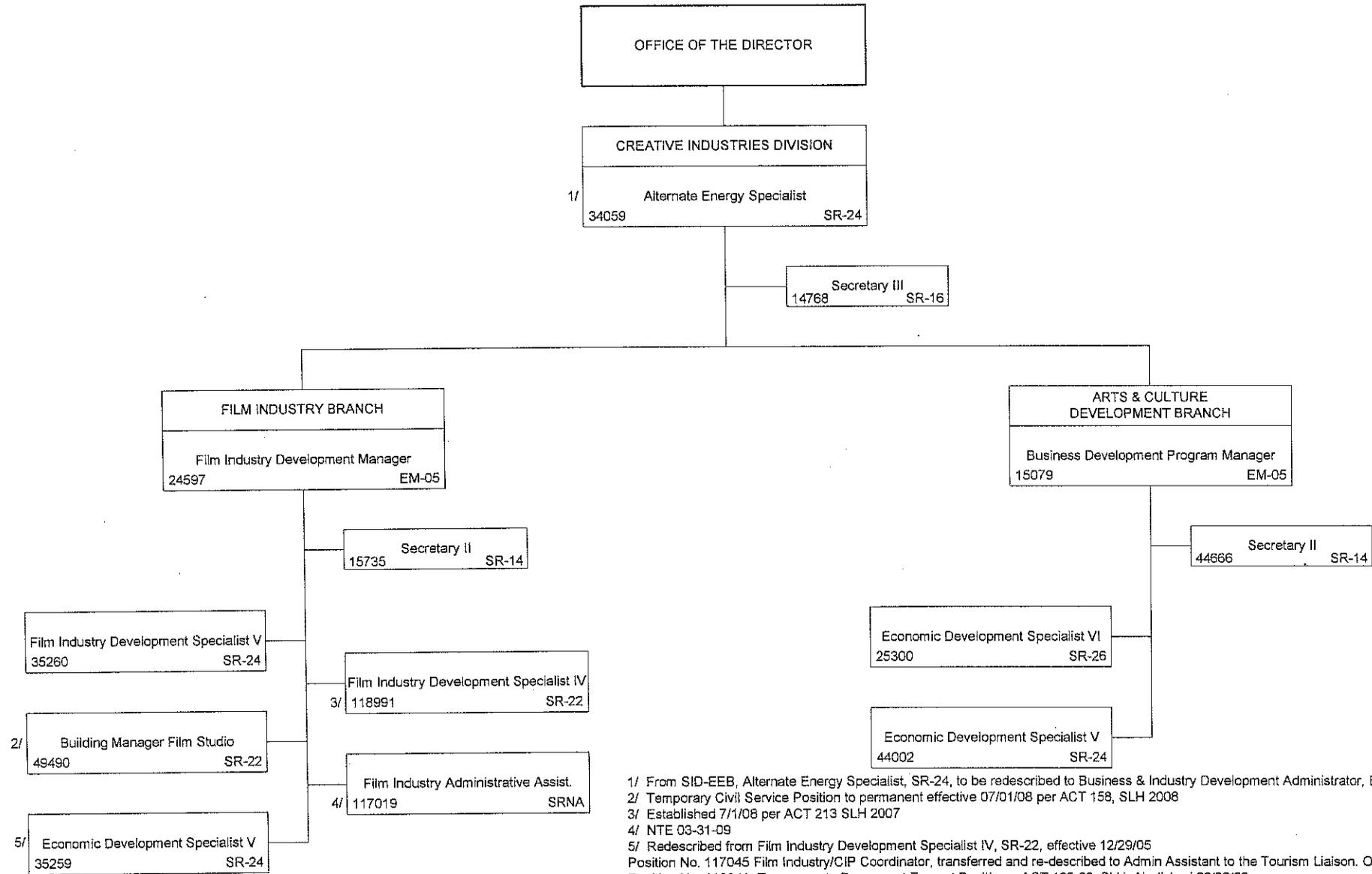
7/21/2006

Georgina K. Kawamura, Director of Finance

Date

POSITION ORGANIZATION CHART

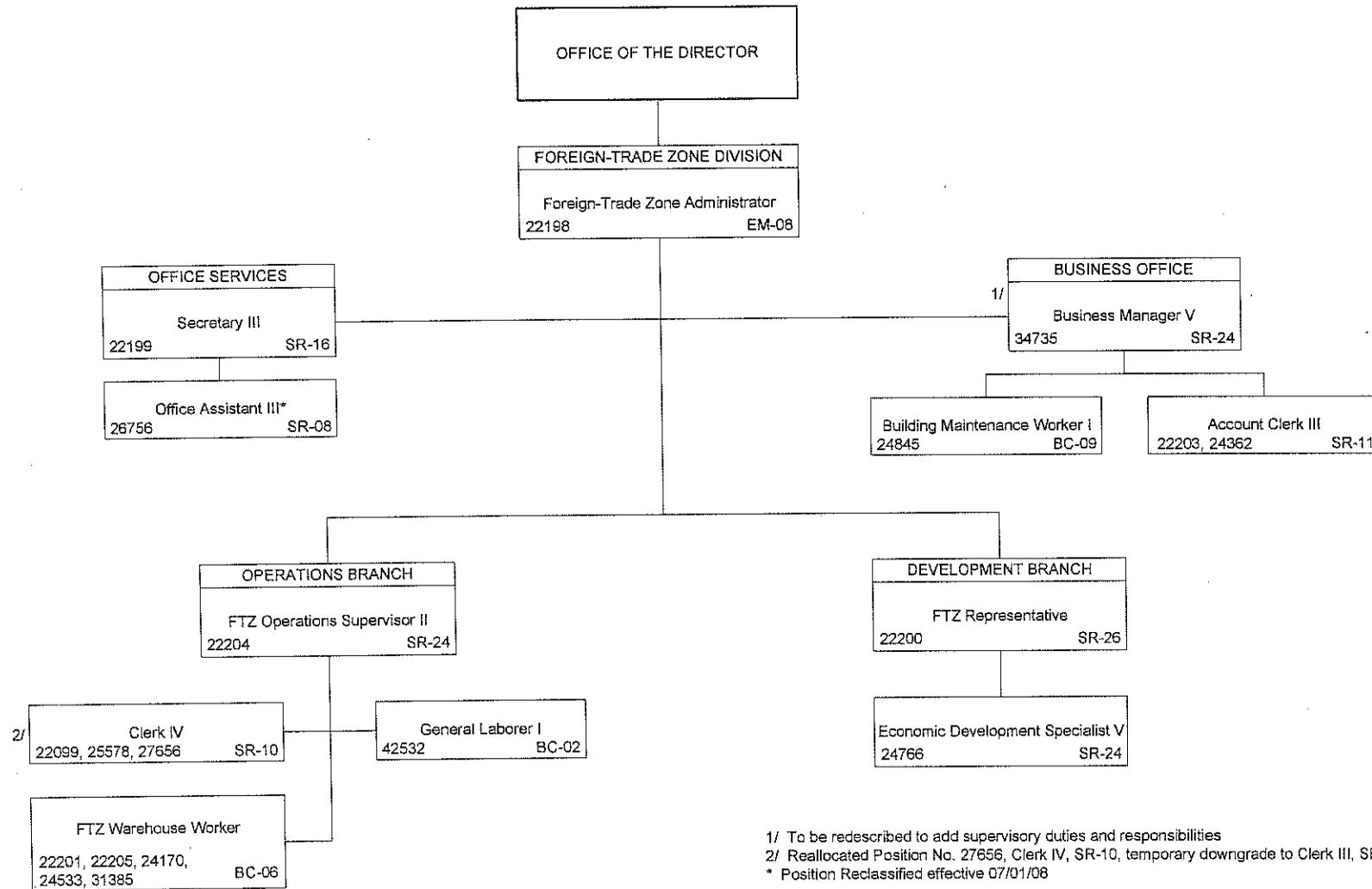
PRESENT



1/ From SID-EEB, Alternate Energy Specialist, SR-24, to be re-described to Business & Industry Development Administrator, EM-08
 2/ Temporary Civil Service Position to permanent effective 07/01/08 per ACT 158, SLH 2008
 3/ Established 7/1/08 per ACT 213 SLH 2007
 4/ NTE 03-31-09
 5/ Redescribed from Film Industry Development Specialist IV, SR-22, effective 12/29/05
 Position No. 117045 Film Industry/CIP Coordinator, transferred and re-described to Admin Assistant to the Tourism Liaison, Office of the Director, NTE 12/30/09
 Position No. 116941, Temporary to Permanent Exempt Position – ACT 160-06, SLH, Abolished 06/30/08

Acknowledged
 Georgina K. Kawamura, Director of Finance

2/3/2006
 Date



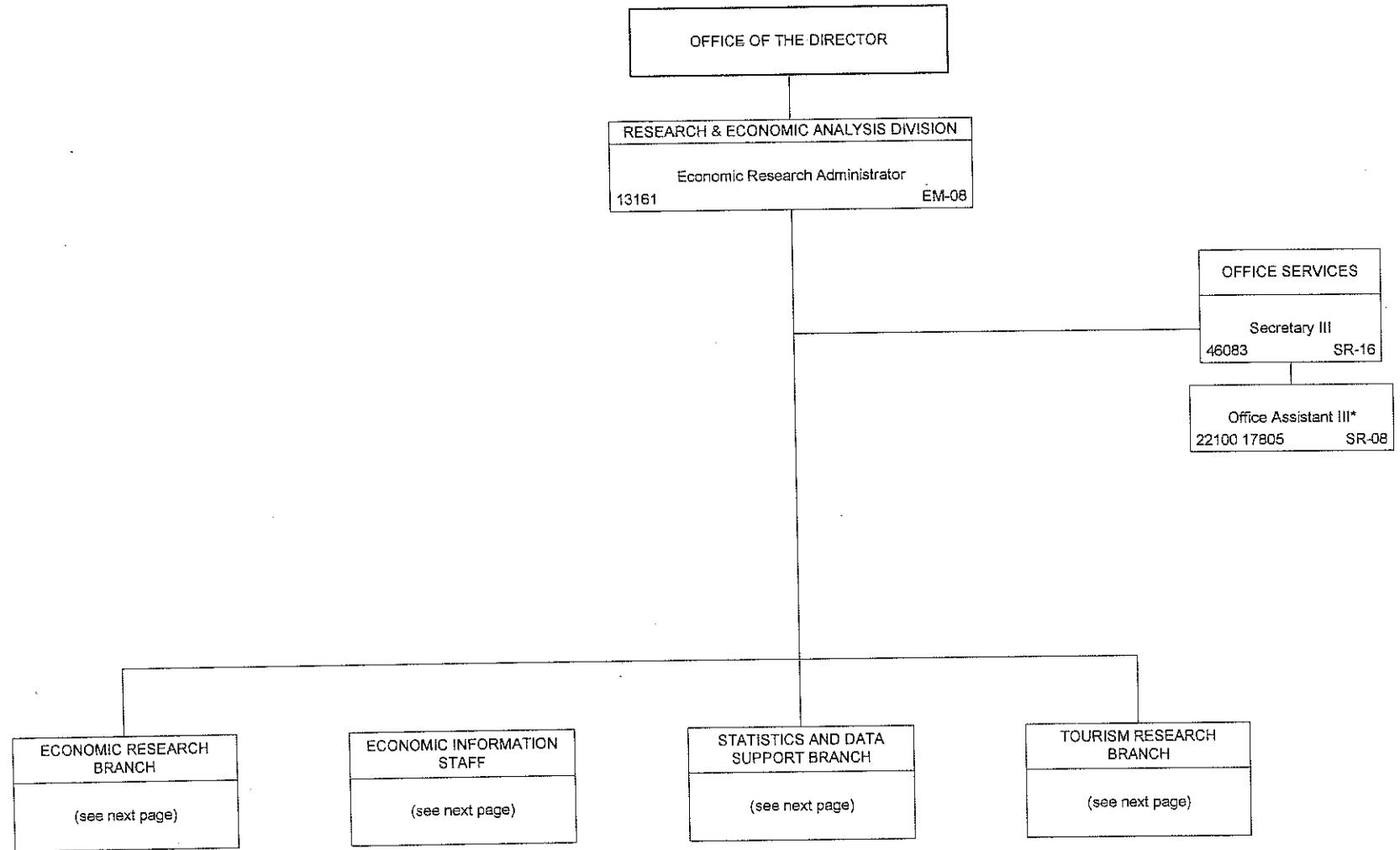
1/ To be redescribed to add supervisory duties and responsibilities
 2/ Reallocated Position No. 27656, Clerk IV, SR-10, temporary downgrade to Clerk III, SR-08, 10/16/05
 * Position Reclassified effective 07/01/08

ACKNOWLEDGED-Theodore E. Liu
Georgina K. Kawamura, Director of Finance

06/29/2007
Date

POSITION ORGANIZATION CHART

PRESENT



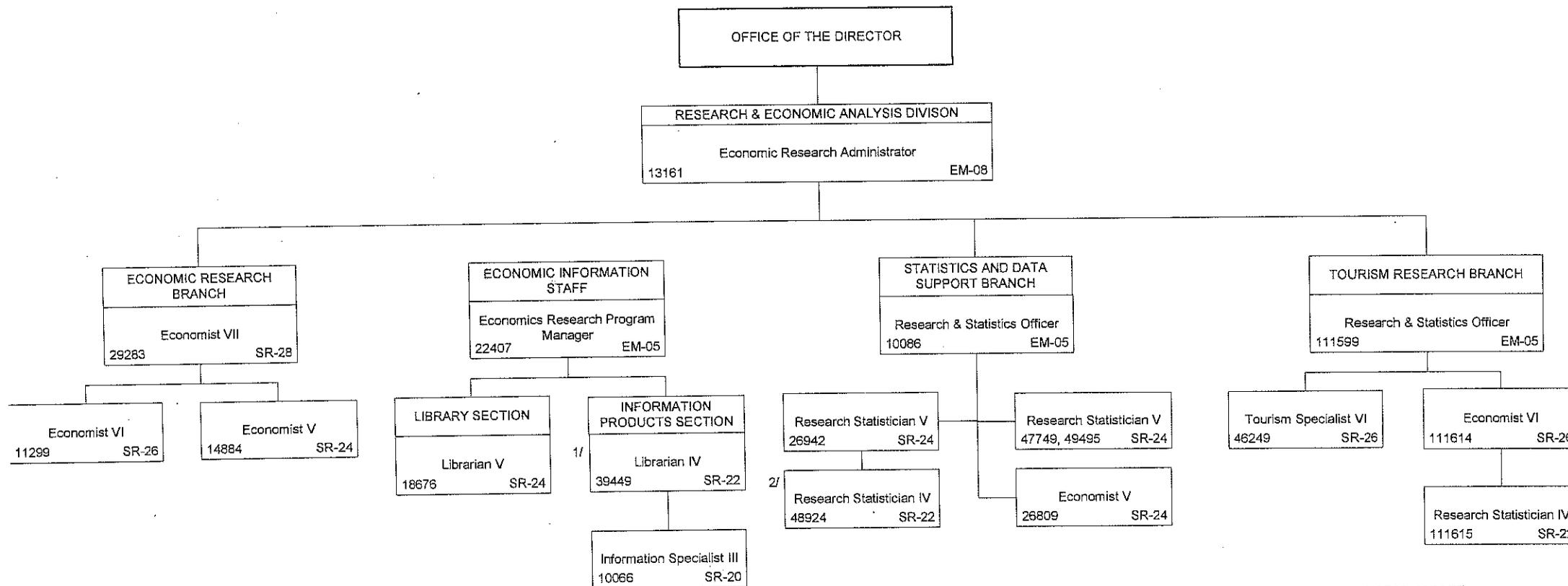
* Position Reclassified effective 07/01/08

ACKNOWLEDGED-Theodore E. Liu
 Georgina K. Kawamura, Director of Finance

06/29/2007
 Date

POSITION ORGANIZATION CHART

PRESENT



1/ Re-described as Economist V, SR-24, from Librarian IV, SR22, 12/28/07
 2/ Temporary downgrade to Research Statistician III, SR-20, 07/16/07

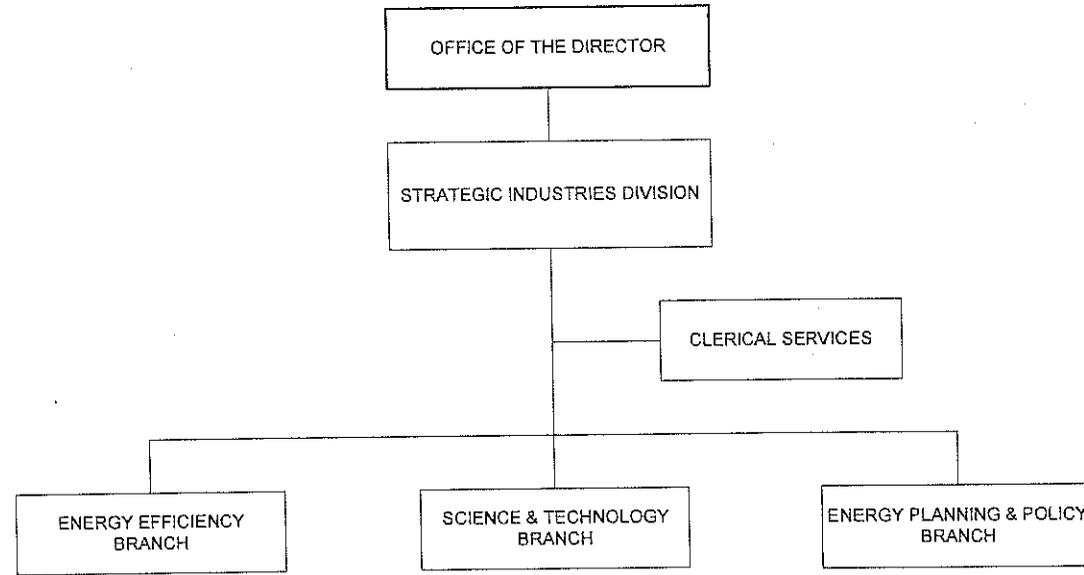
ACKNOWLEDGED

ACKNOWLEDGED
Georgina K. Kawamura, Director of Finance

2/3/2006
Date

ORGANIZATION CHART

PRESENT



February 03, 2006

ACKNOWLEDGED

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

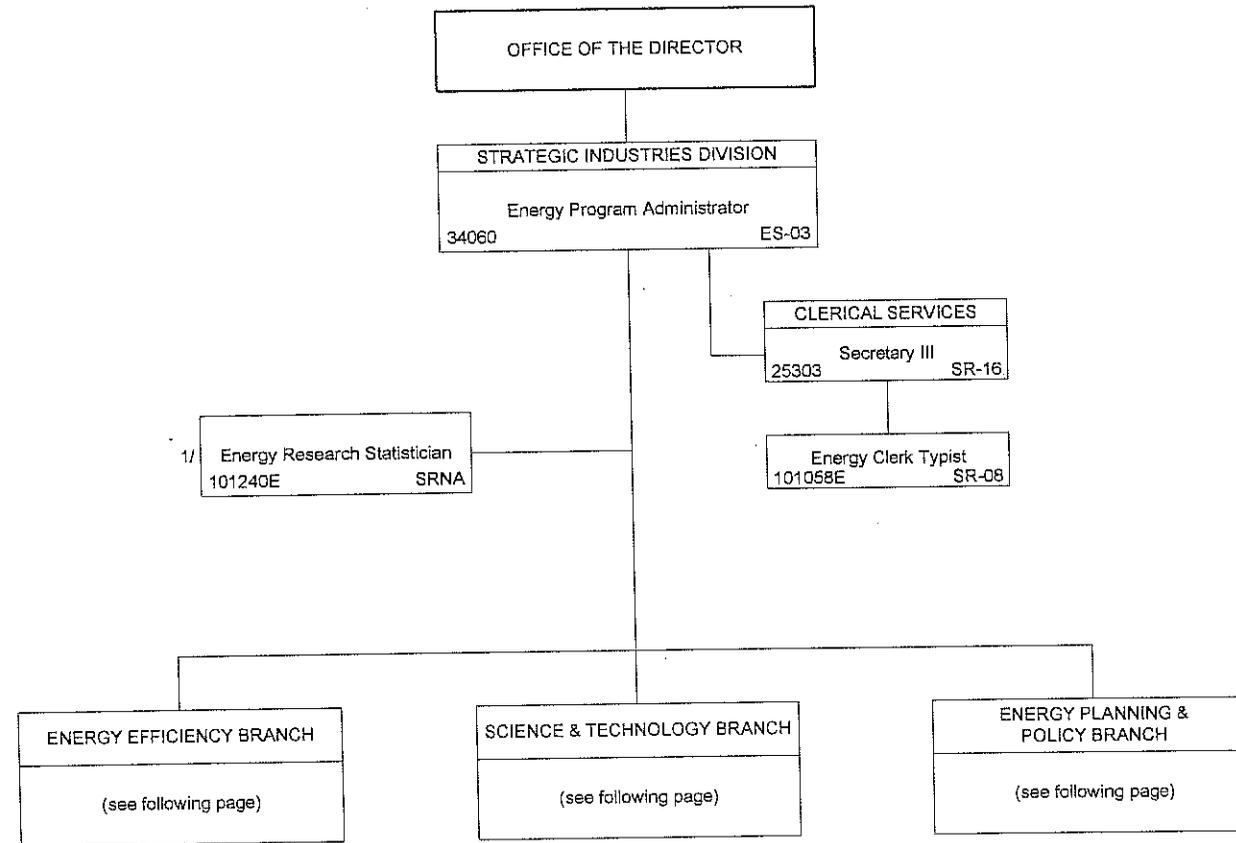
2/3/2006

Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STRATEGIC INDUSTRIES DIVISION

POSITION ORGANIZATION CHART

PRESENT



1/ To be redescribed as Federal Contracts & Grants Specialist
E - Temporary exempt position, NTE 06/30/08

July 03, 2007

ACKNOWLEDGED

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

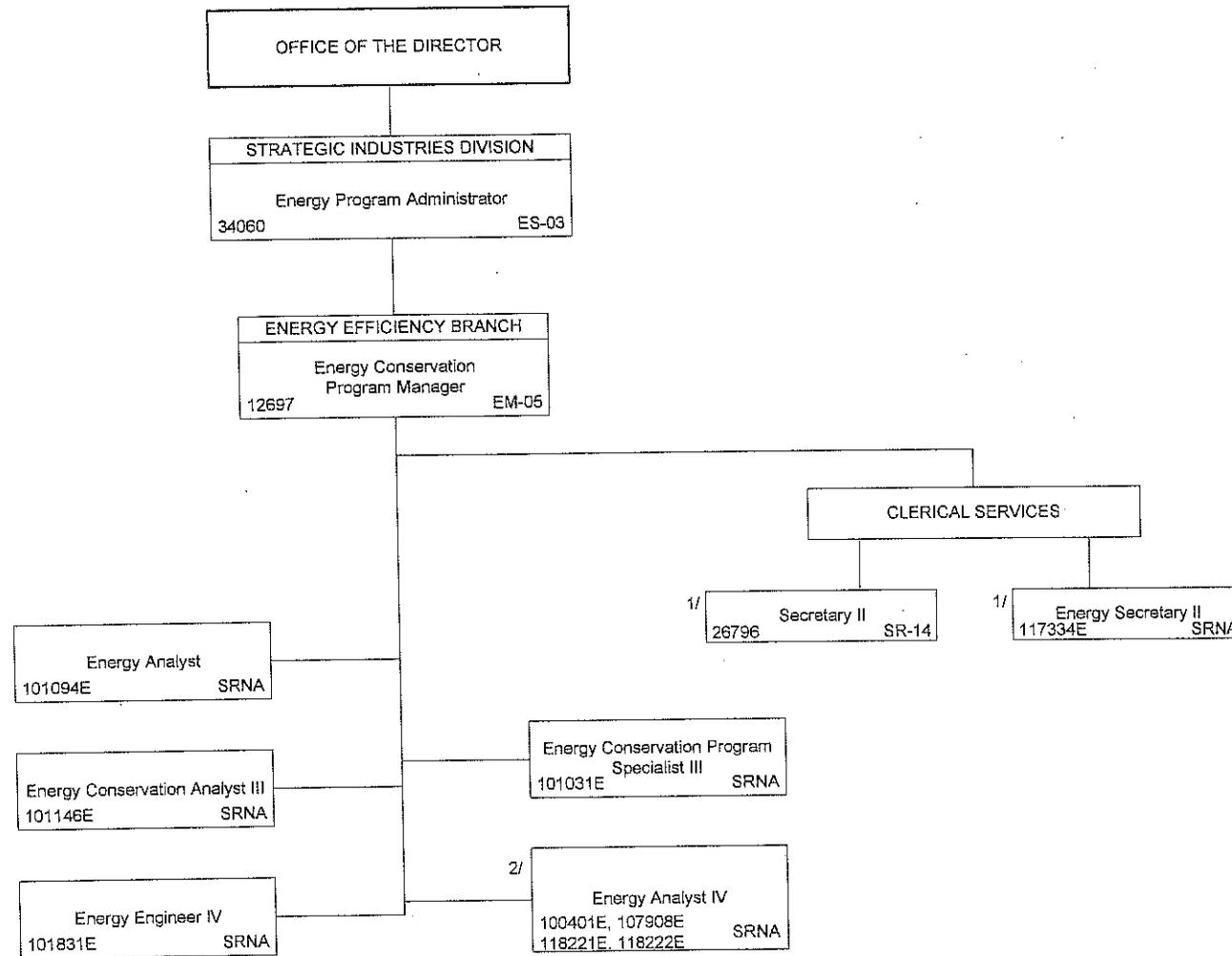
2/3/2006

Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STRATEGIC INDUSTRIES DIVISION
ENERGY EFFICIENCY BRANCH

POSITION ORGANIZATION CHART

PRESENT



1/ Position No. 26796 Clerk Stenographer III, SR-11, reallocated to Secretary II, effective 04/16/02; to be redescribed
Position No. 117334E, Energy Secretary II, established 05/27/05

2/ Position No. 118221E and 118222E established 10/12/06; ACT 96-06 SLH

E = Exempt position NTE 06/30/08; except Position No. 118221 and 118222 Energy Analyst IV - NTE 06/30/09

ACKNOWLEDGED

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

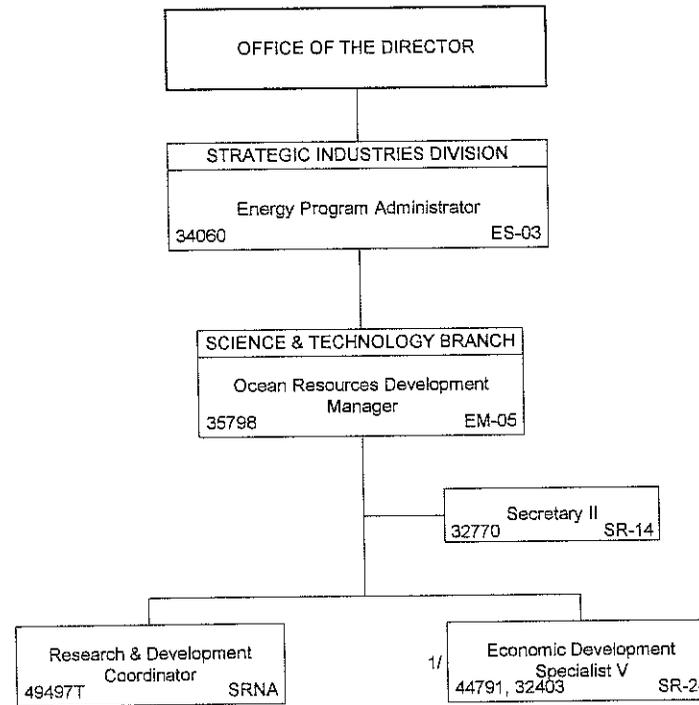
2/3/2006

Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STRATEGIC INDUSTRIES DIVISION
SCIENCE & TECHNOLOGY BRANCH

POSITION ORGANIZATION CHART

PRESENT



1/ Marine Programs Specialist, SR-24, re-described to Economic Development Specialist V, SR-24 (Position No. 44791-01/16/07; Position No. 32403-03/01/07)
T = Temporary civil service position, NTE, 06/30/09

July 05, 2007

ACKNOWLEDGED

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

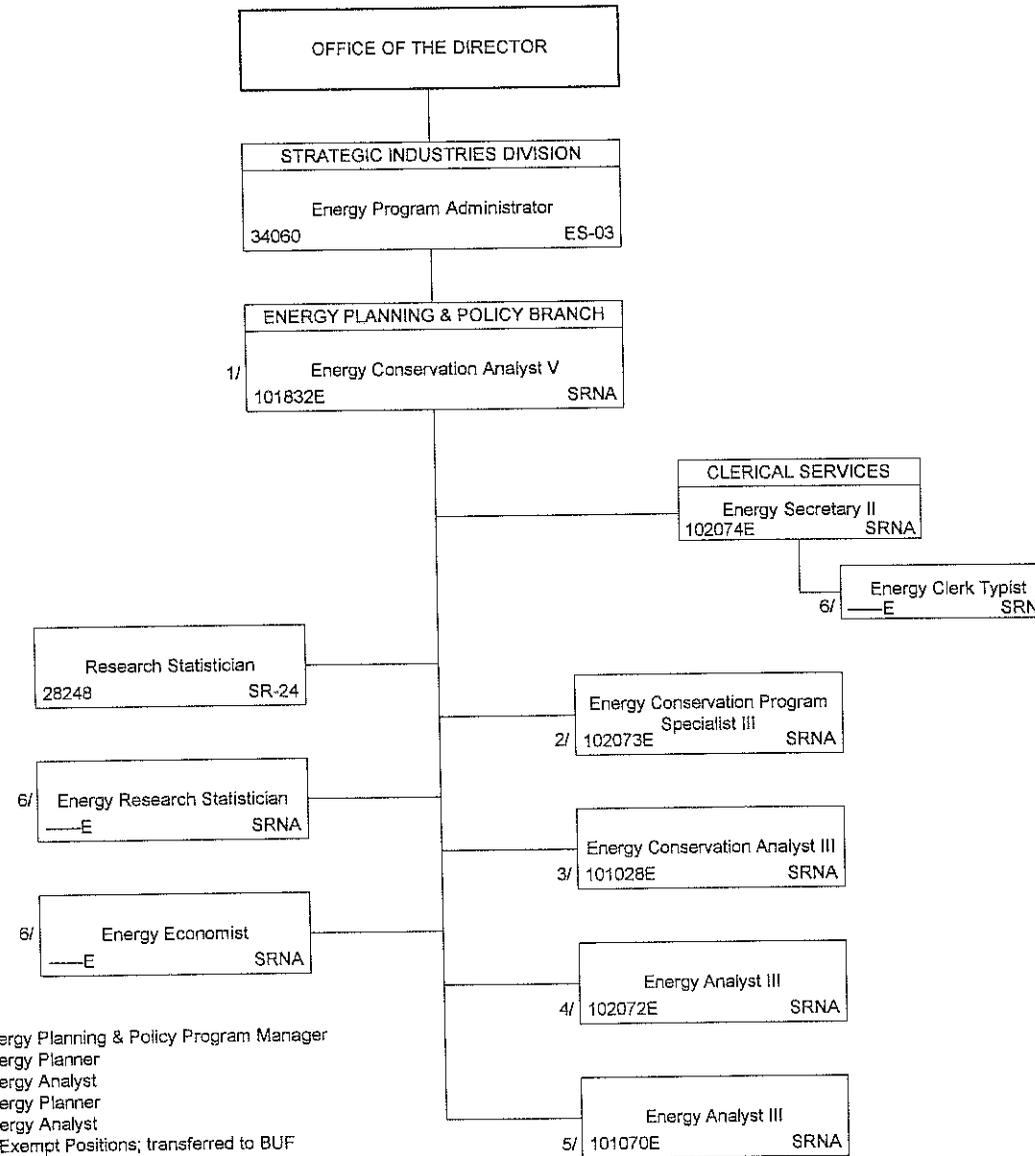
2/3/2006

Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STRATEGIC INDUSTRIES DIVISION
ENERGY PLANNING & POLICY BRANCH

POSITION ORGANIZATION CHART

PRESENT



- 1/ To be redescribed as Energy Planning & Policy Program Manager
- 2/ To be redescribed as Energy Planner
- 3/ To be redescribed as Energy Analyst
- 4/ To be redescribed as Energy Planner
- 5/ To be redescribed as Energy Analyst
- 6/ Temporary Unbudgeted Exempt Positions; transferred to BUF
07/01/06, ACT 178, Section 128, SLH 2005
E - Exempt position NTE 06/30/08

July 05, 2007

ACKNOWLEDGED

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

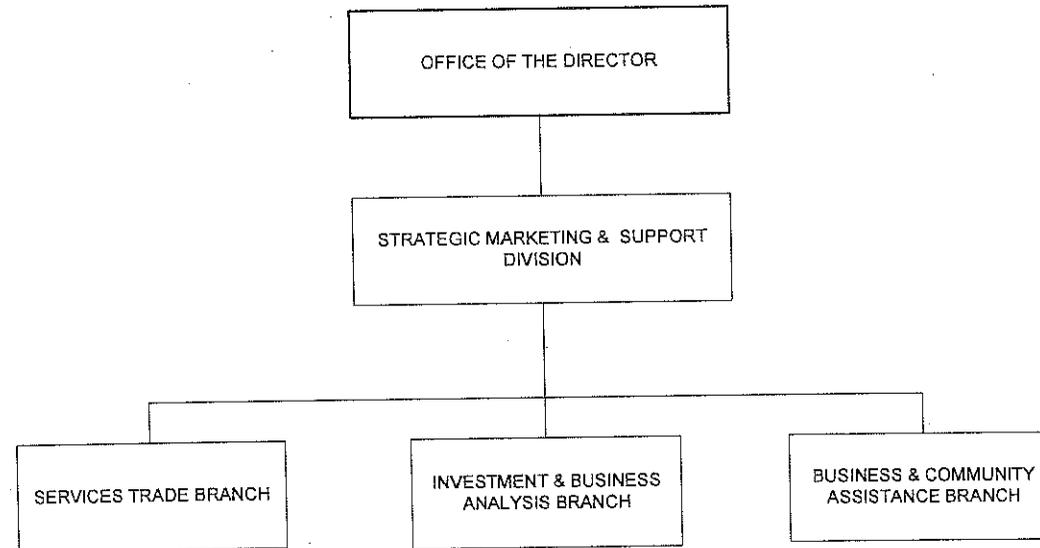
08/03/07

Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STRATEGIC MARKETING & SUPPORT DIVISION

ORGANIZATION CHART

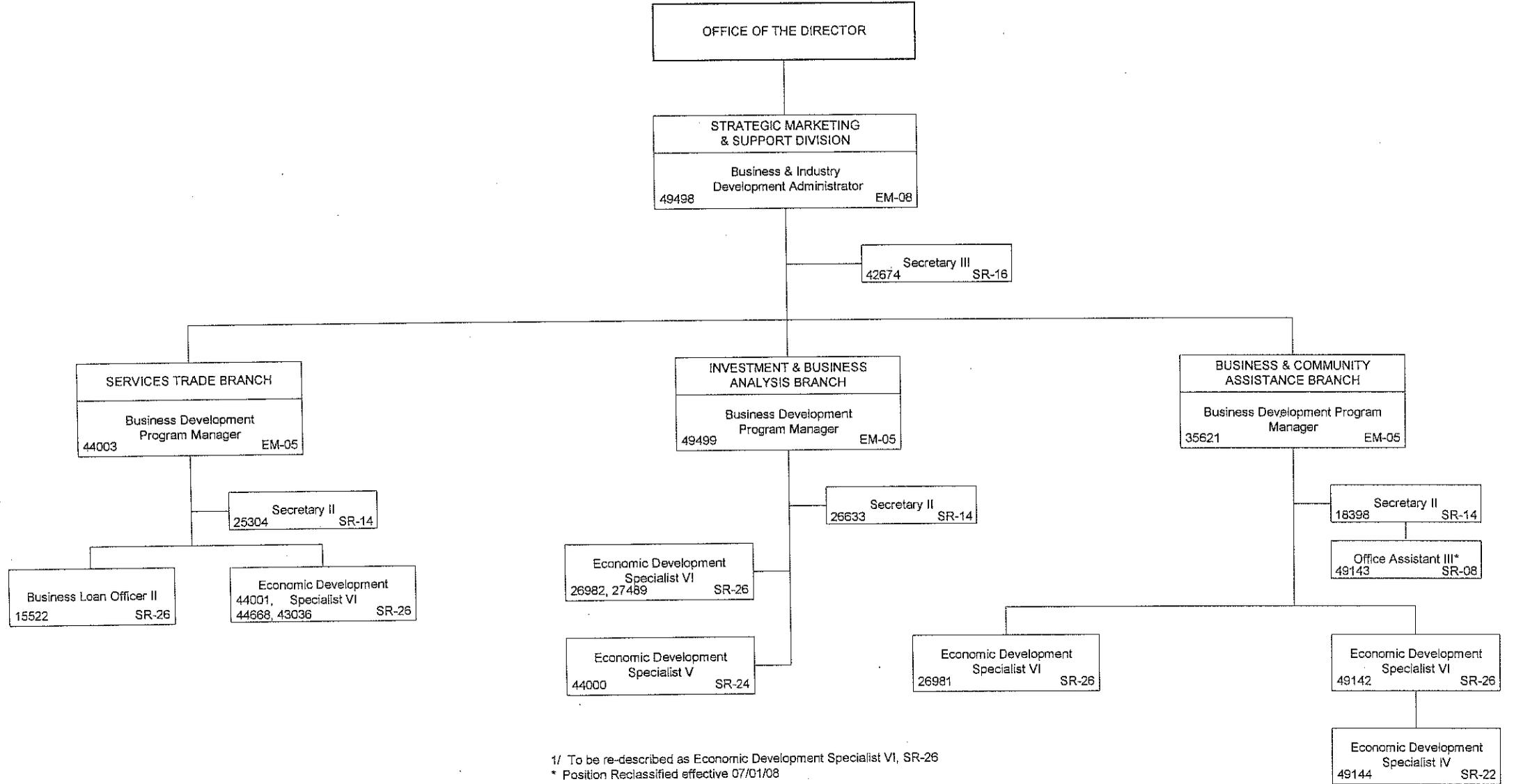
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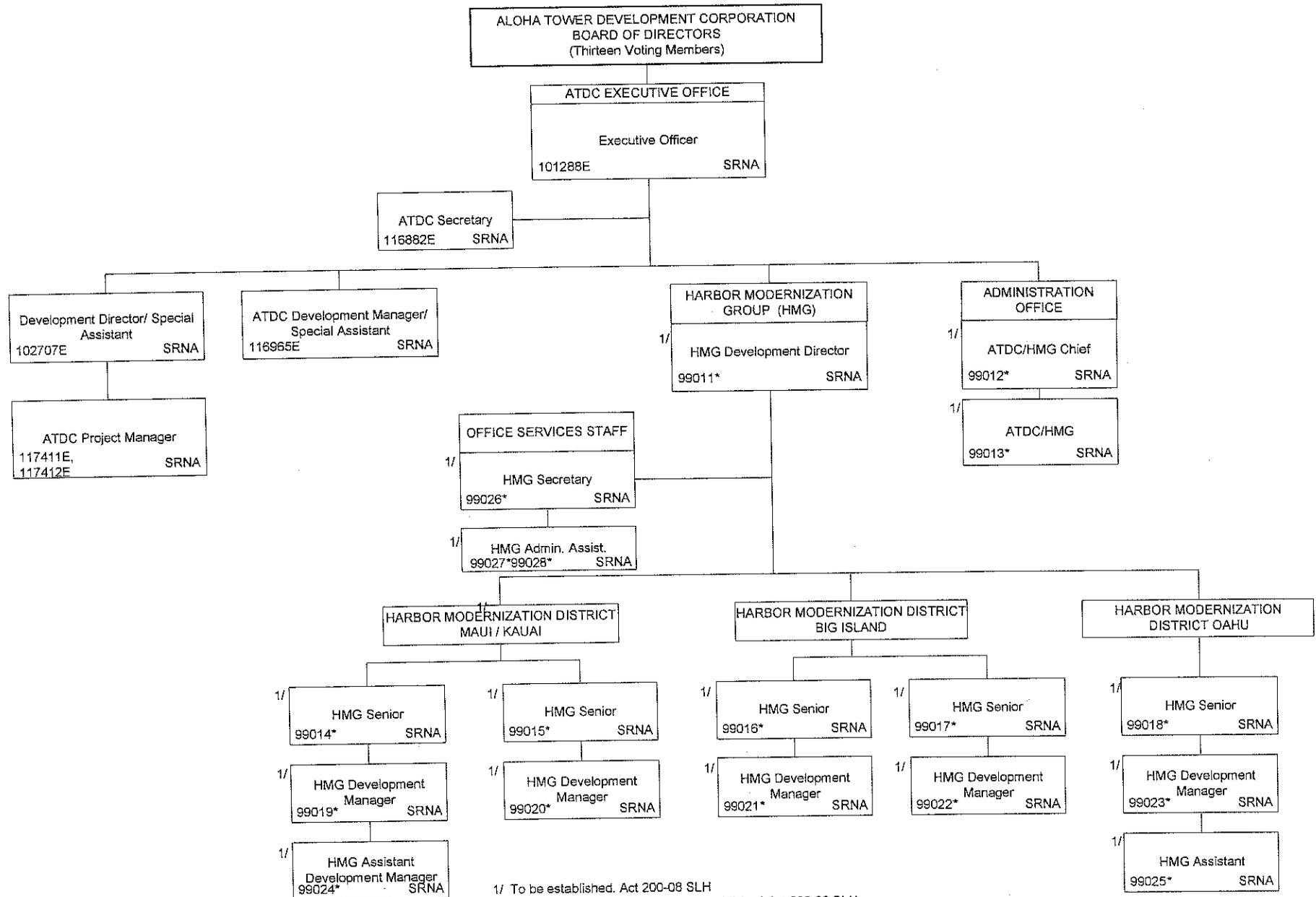
December 1, 2003

POSITION ORGANIZATION CHART

PRESENT



1/ To be re-described as Economic Development Specialist VI, SR-26
* Position Reclassified effective 07/01/08



1/ To be established. Act 200-08 SLH
 * Position No. 99011-99028 to be established-Act 200-08 SLH
 E = NTE 06/30/09

Acknowledged

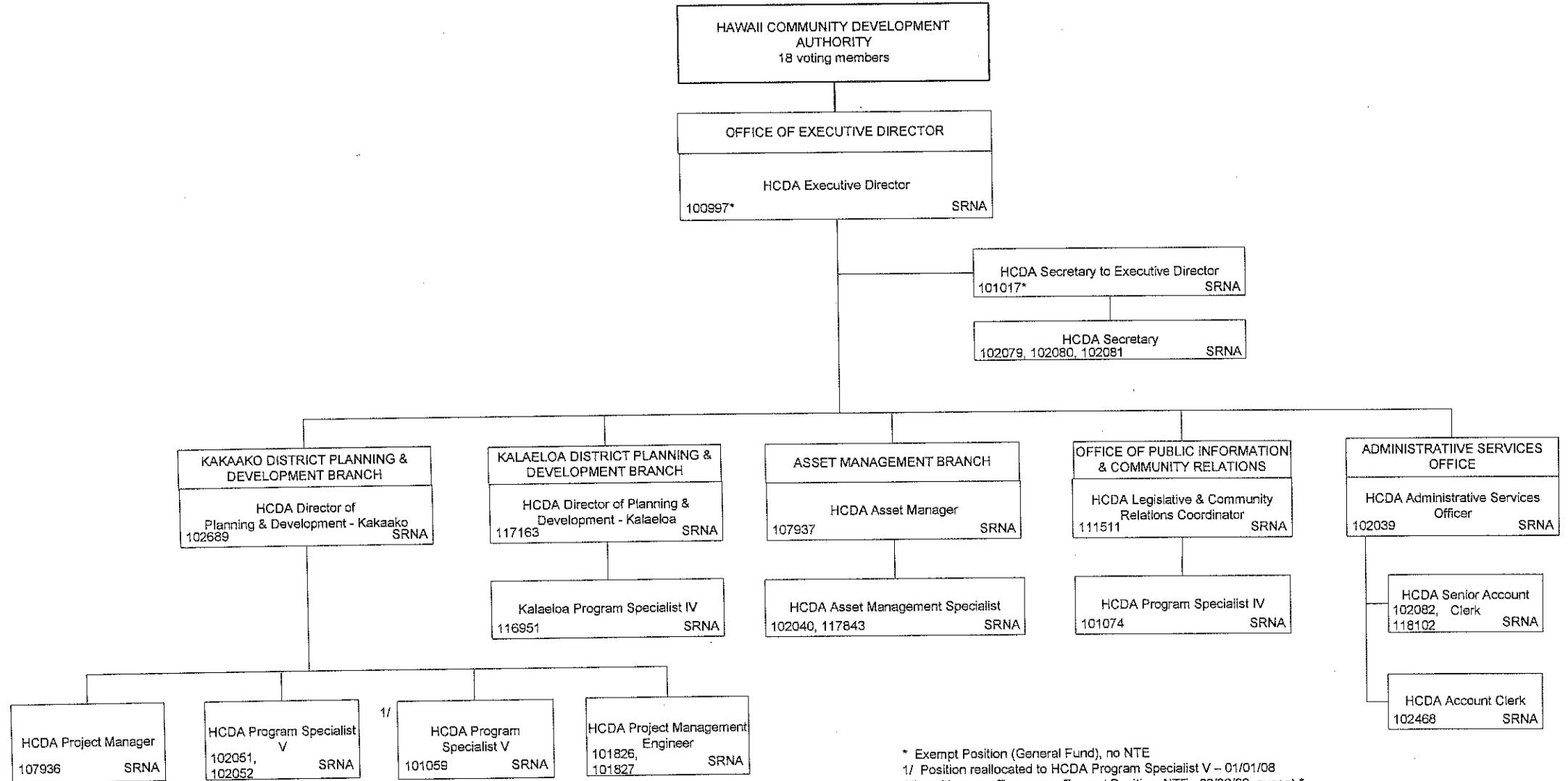
12/05/07

POSITION ORGANIZATION CHART

Georgina K. Kawamura, Director of Finance

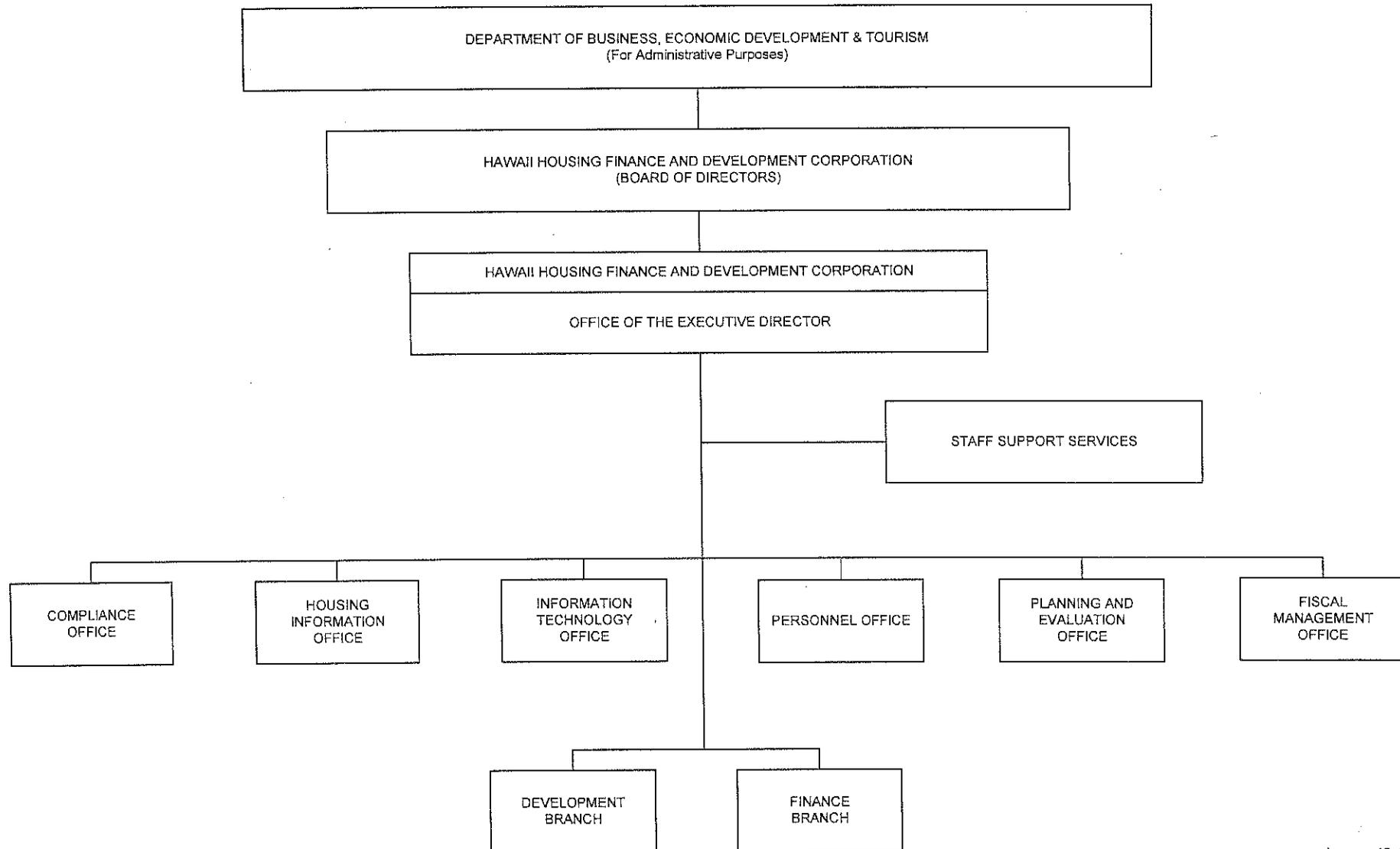
Date

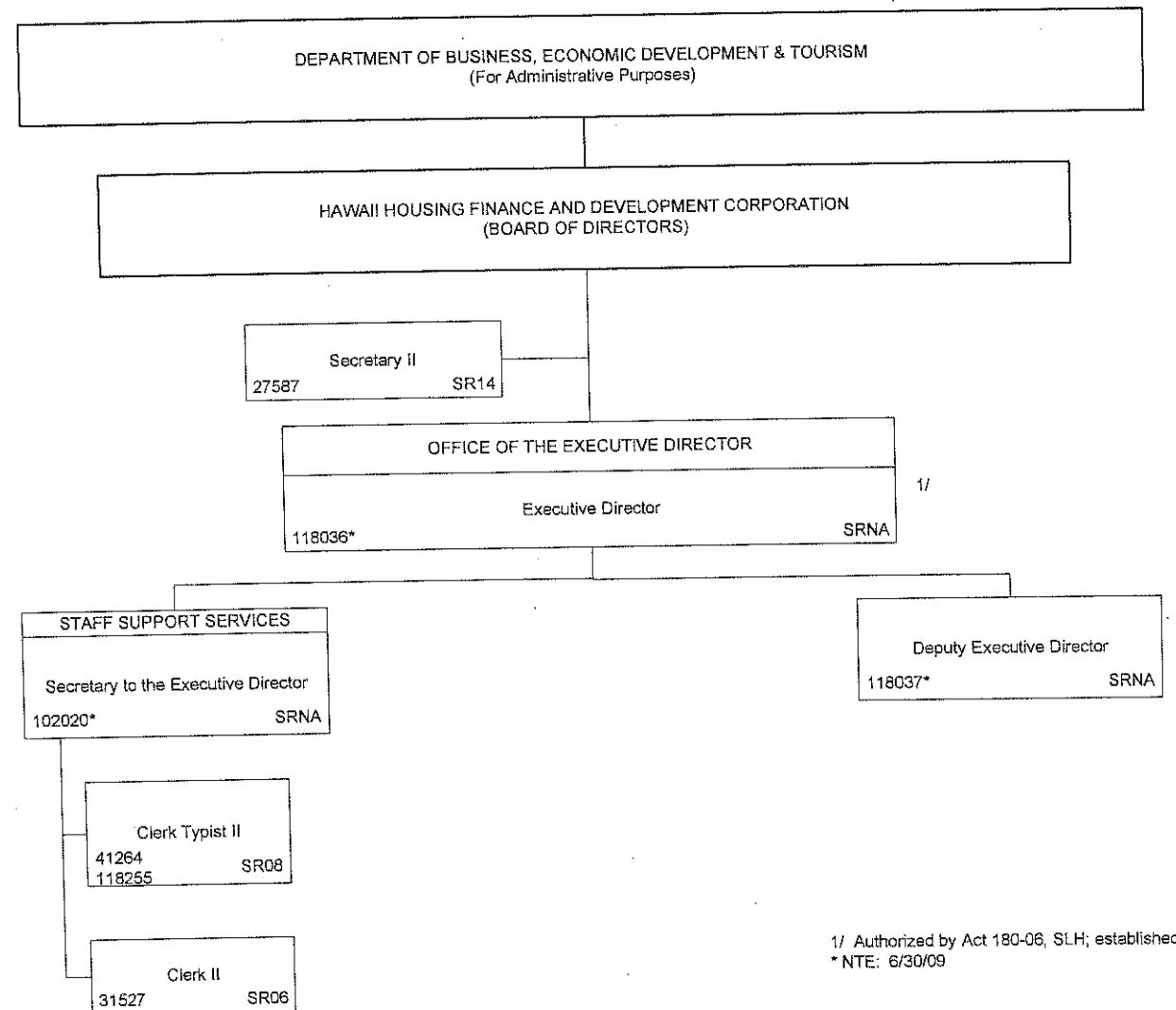
PRESENT



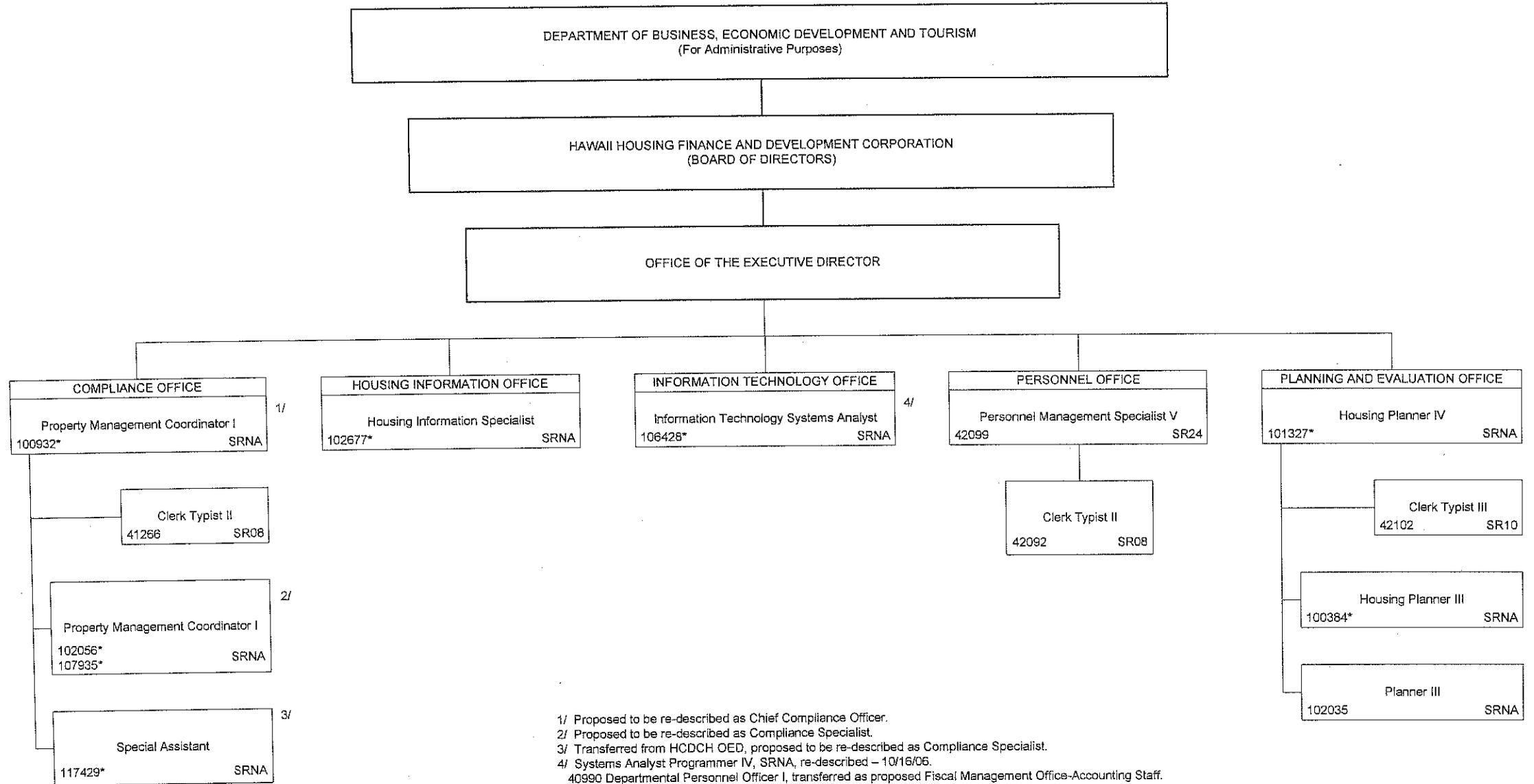
* Exempt Position (General Fund), no NTE
1/ Position reallocated to HCDA Program Specialist V - 01/01/08
All positions are Temporary Exempt Position; NTE: 06/30/09, except *

ORGANIZATION CHART

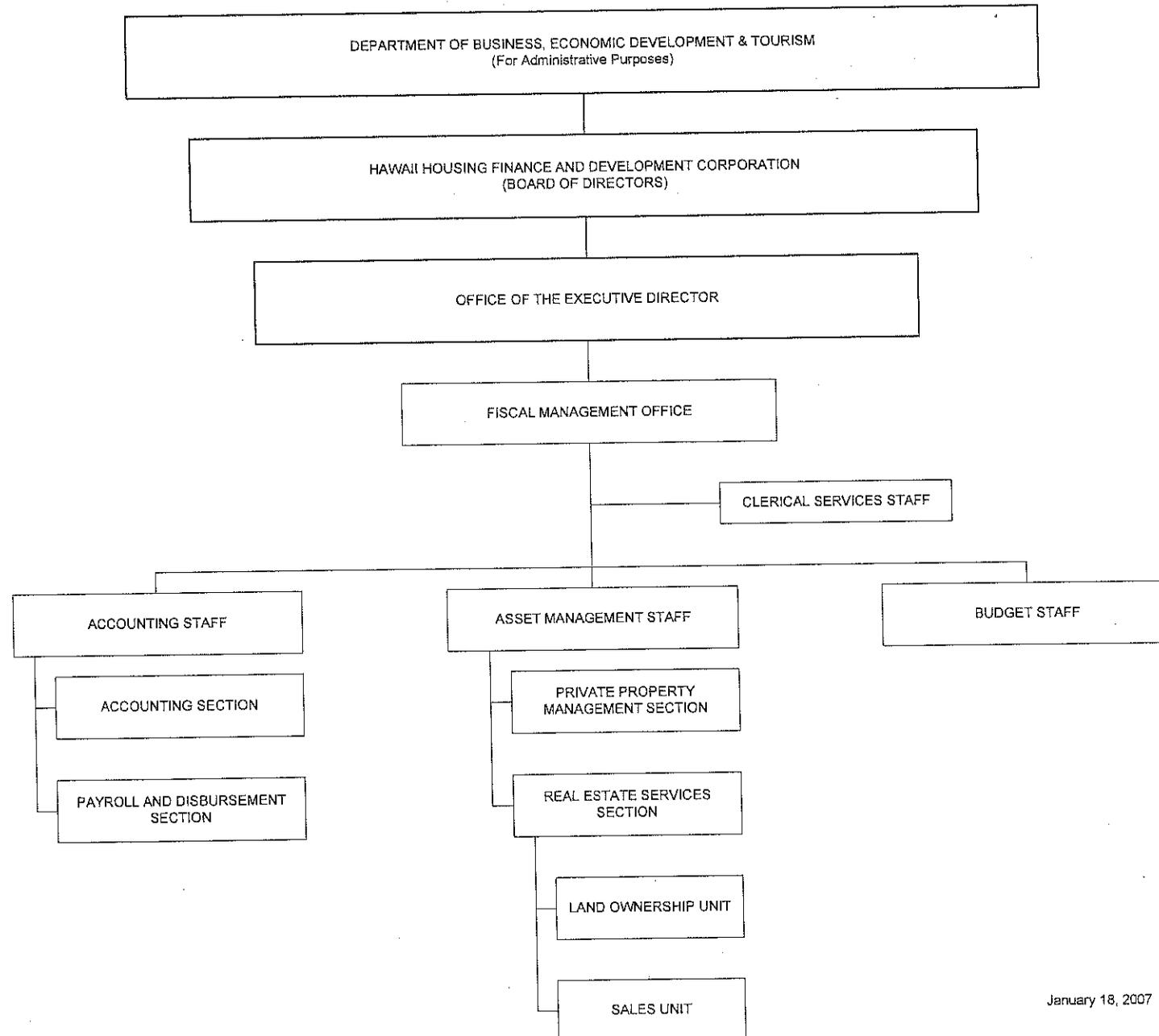


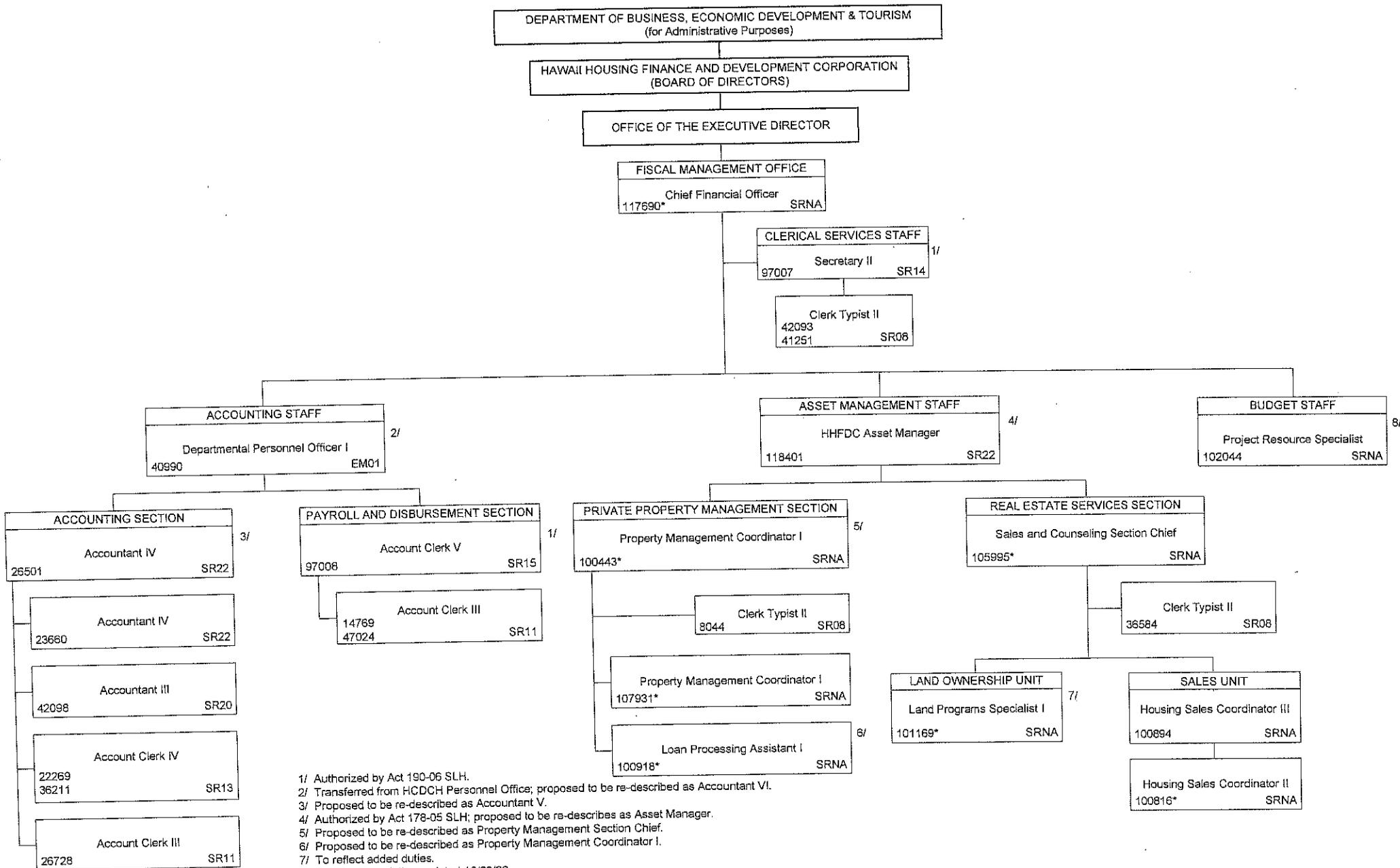


1/ Authorized by Act 180-06, SLH; established 07/01/06.
* NTE: 6/30/09



1/ Proposed to be re-described as Chief Compliance Officer.
 2/ Proposed to be re-described as Compliance Specialist.
 3/ Transferred from HCDCH OED, proposed to be re-described as Compliance Specialist.
 4/ Systems Analyst Programmer IV, SRNA, re-described - 10/16/06.
 40990 Departmental Personnel Officer I, transferred as proposed Fiscal Management Office-Accounting Staff.
 *NTE: 6/30/09

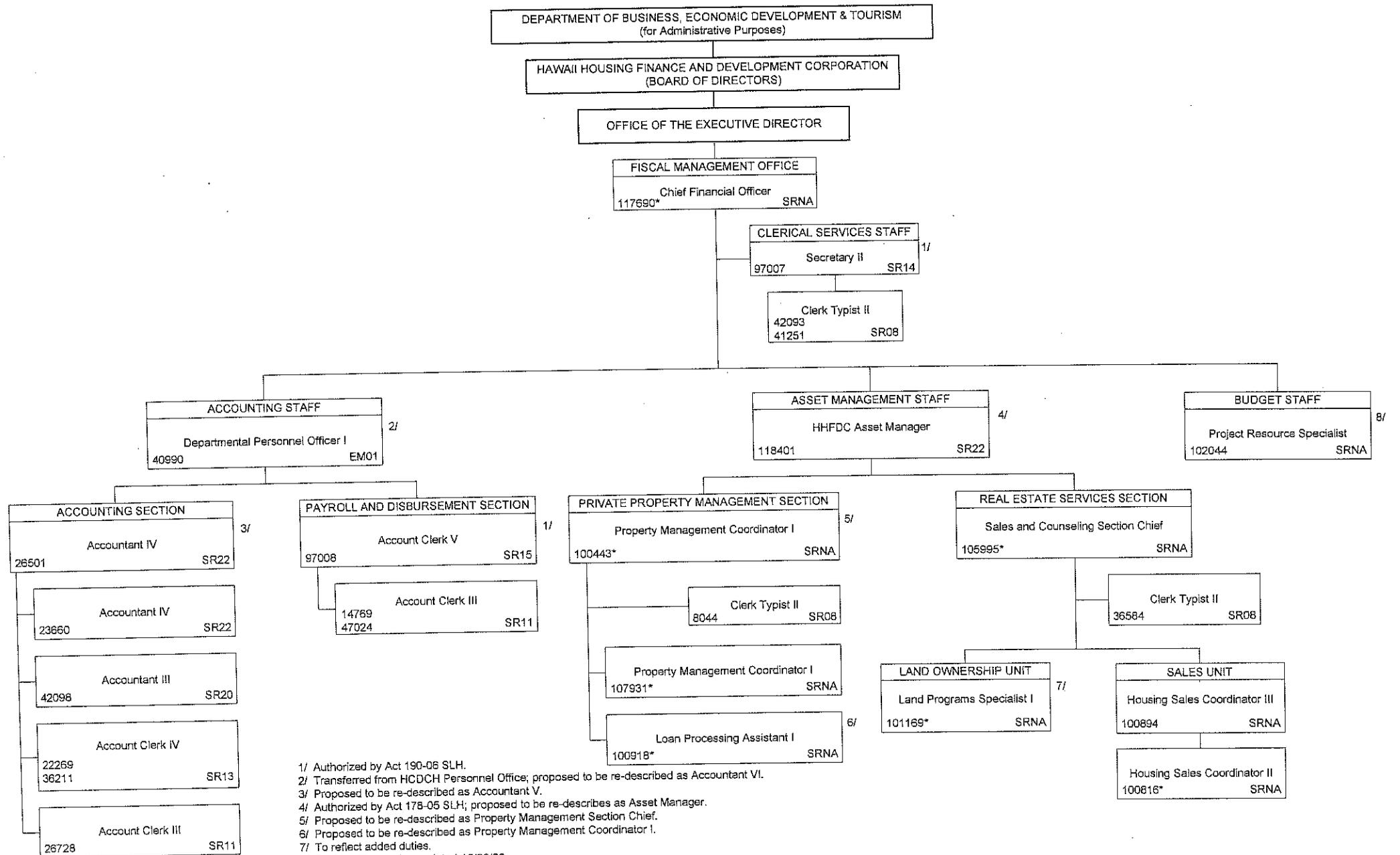




1/ Authorized by Act 190-06 SLH.
 2/ Transferred from HCDCH Personnel Office; proposed to be re-described as Accountant VI.
 3/ Proposed to be re-described as Accountant V.
 4/ Authorized by Act 178-05 SLH; proposed to be re-describes as Asset Manager.
 5/ Proposed to be re-described as Property Management Section Chief.
 6/ Proposed to be re-described as Property Management Coordinator I.
 7/ To reflect added duties.
 8/ Position Description updated-10/23/06.

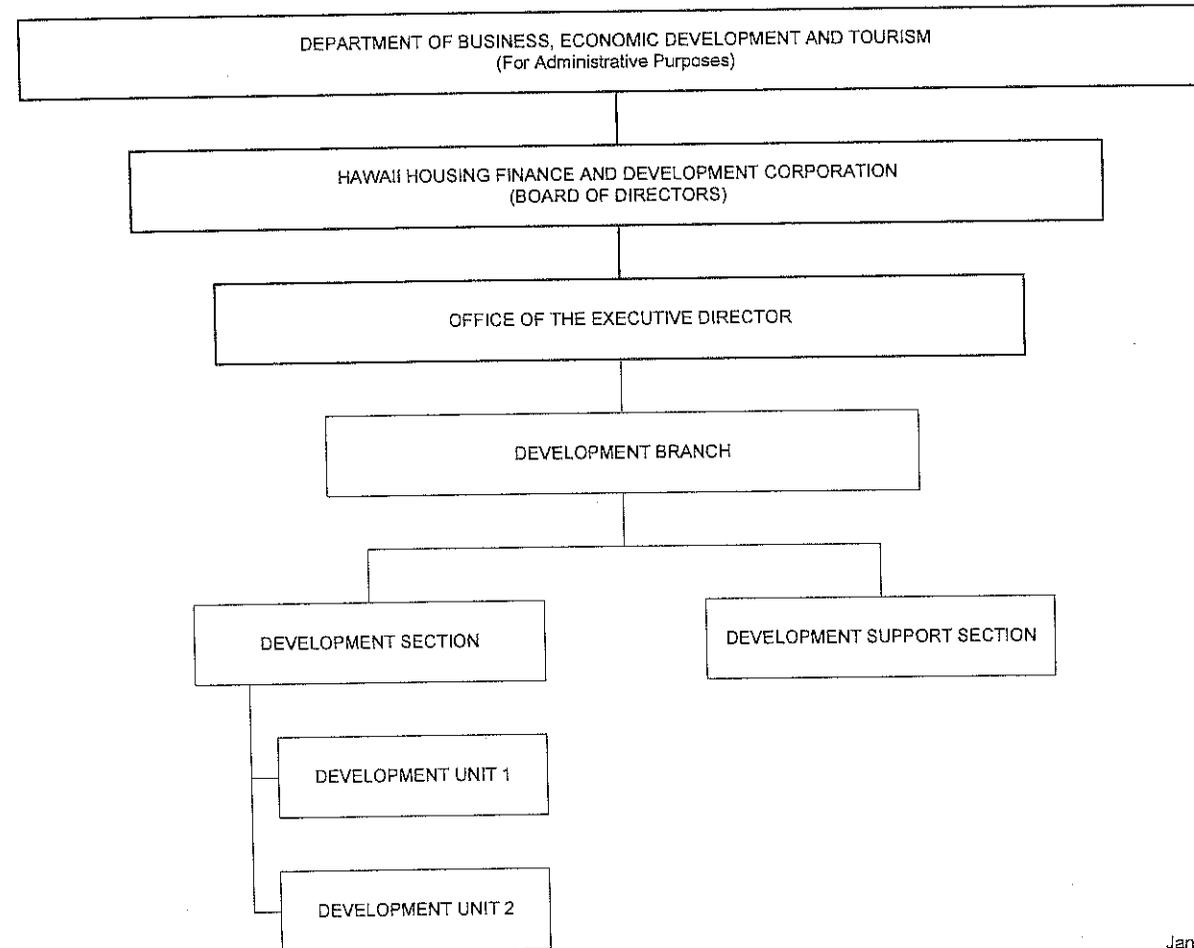
* Position No. 97007 established permanent Position No. 118427, Secretary II, SR12, 05/01/07.
 ** NTE: 6/30/09

FISCAL MANAGEMENT OFFICE -
ACCOUNTING STAFF AND ASSET MANAGEMENT STAFF AND BUDGET STAFF
POSITION ORGANIZATION CHART

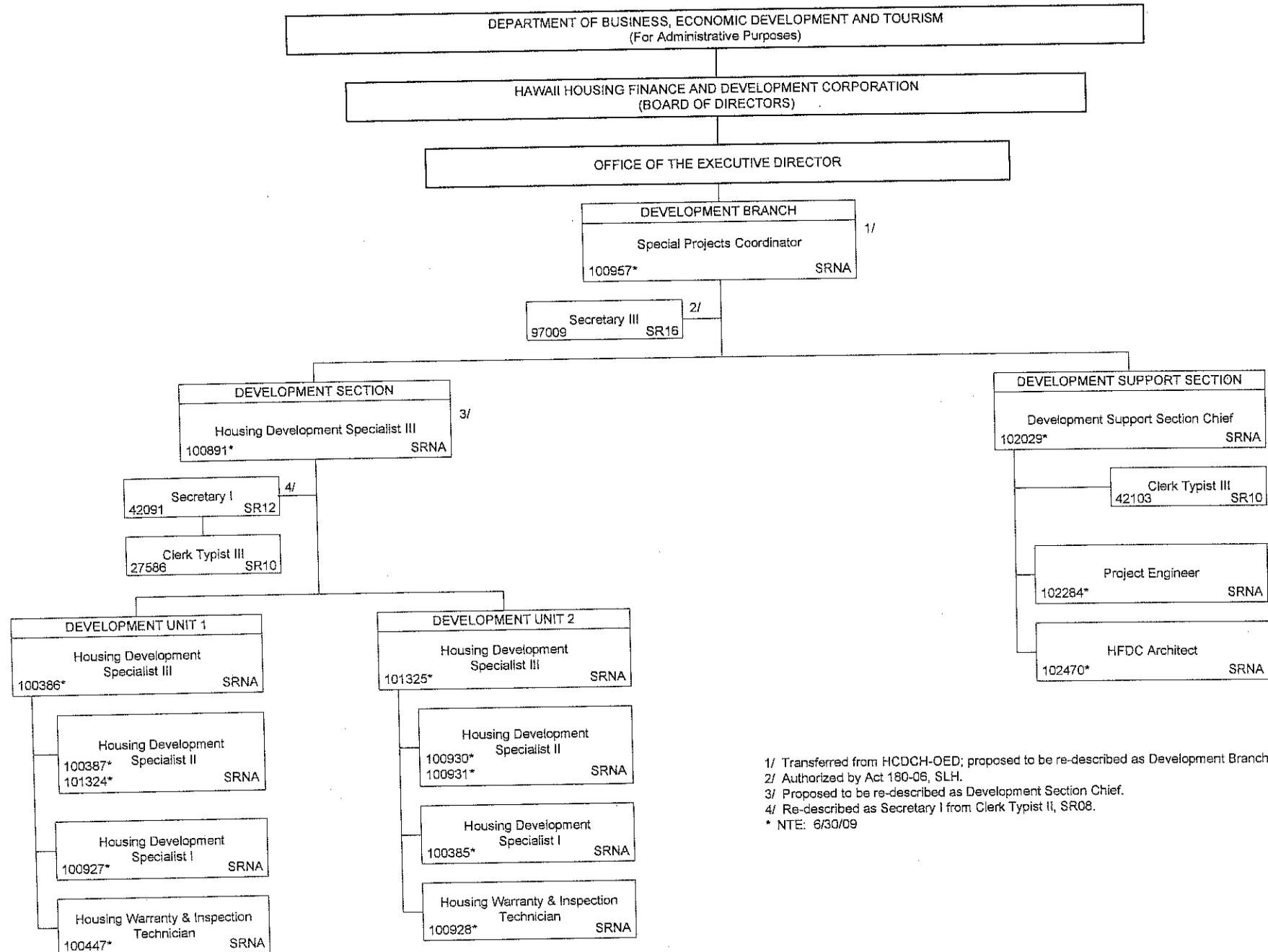


1/ Authorized by Act 190-06 SLH.
2/ Transferred from HCDCH Personnel Office; proposed to be re-described as Accountant VI.
3/ Proposed to be re-described as Accountant V.
4/ Authorized by Act 178-05 SLH; proposed to be re-describes as Asset Manager.
5/ Proposed to be re-described as Property Management Section Chief.
6/ Proposed to be re-described as Property Management Coordinator I.
7/ To reflect added duties.
8/ Position Description updated-10/23/06.

* Position No. 97007 established permanent Position No. 118427, Secretary II, SR12, 05/01/07.
** NTE: 6/30/09

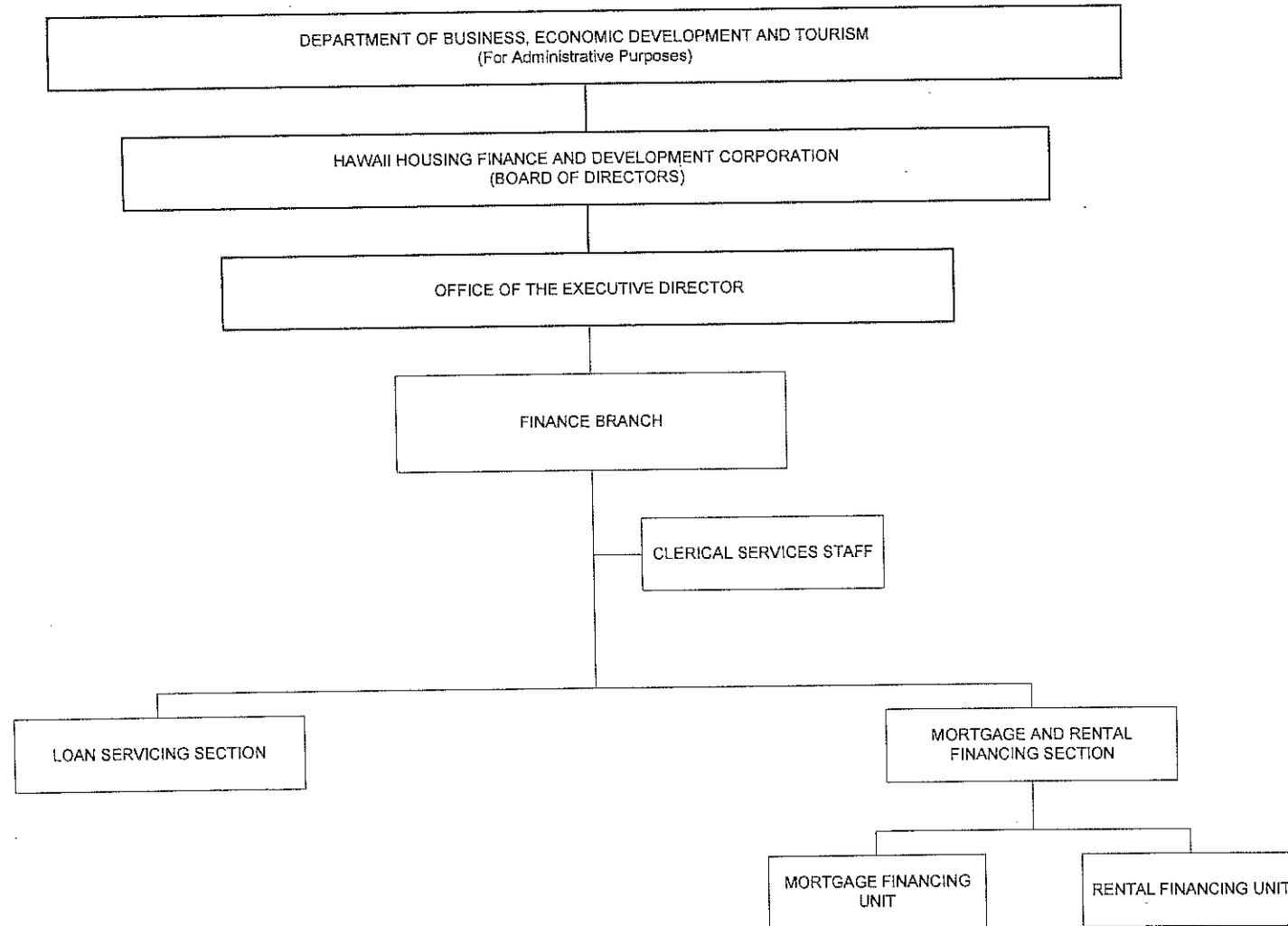


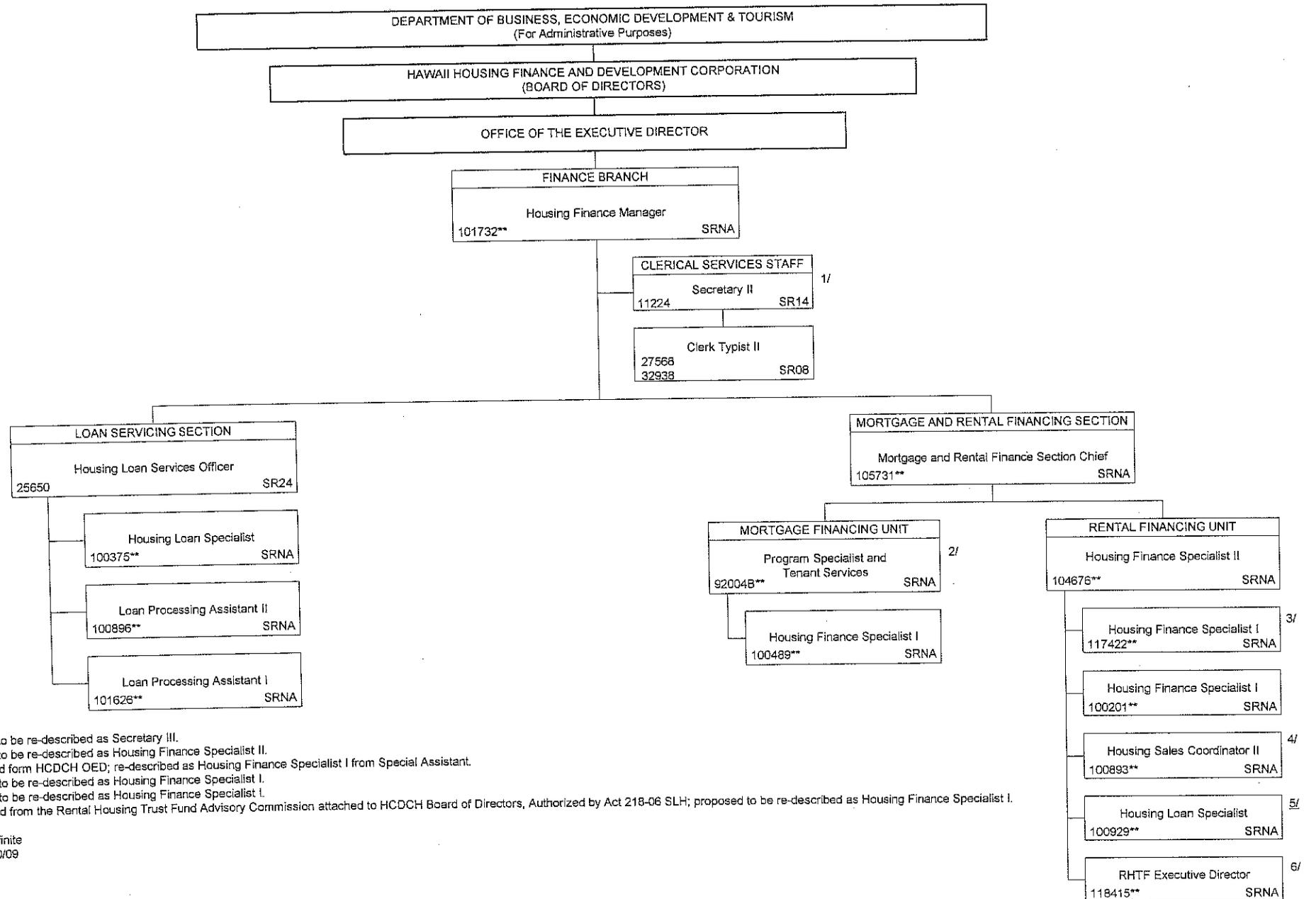
January 18, 2007



1/ Transferred from HCDCH-OED; proposed to be re-described as Development Branch Chief.
 2/ Authorized by Act 180-06, SLH.
 3/ Proposed to be re-described as Development Section Chief.
 4/ Re-described as Secretary I from Clerk Typist II, SR08.
 * NTE: 6/30/09

FINANCE BRANCH
ORGANIZATION CHART





1/ Proposed to be re-described as Secretary III.
 2/ Proposed to be re-described as Housing Finance Specialist II.
 3/ Transferred from HCDCH OED; re-described as Housing Finance Specialist I from Special Assistant.
 4/ Proposed to be re-described as Housing Finance Specialist I.
 5/ Proposed to be re-described as Housing Finance Specialist I.
 6/ Transferred from the Rental Housing Trust Fund Advisory Commission attached to HCDCH Board of Directors, Authorized by Act 218-06 SLH; proposed to be re-described as Housing Finance Specialist I.

* NTE: Indefinite
 ** NTE: 6/30/09
 V= Vacant

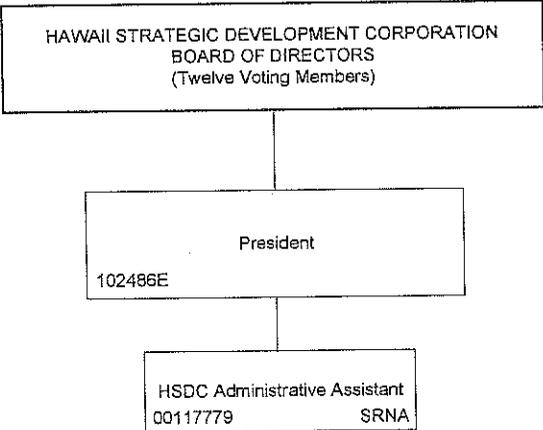
ACKNOWLEDGED

Acknowledged
Georgina K. Kawamura, Director of Finance

2/14/2007
Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII STRATEGIC DEVELOPMENT CORPORATION

POSITION ORGANIZATION CHART
PRESENT



E = Temporary Exempt Position, NTE 06/30/09

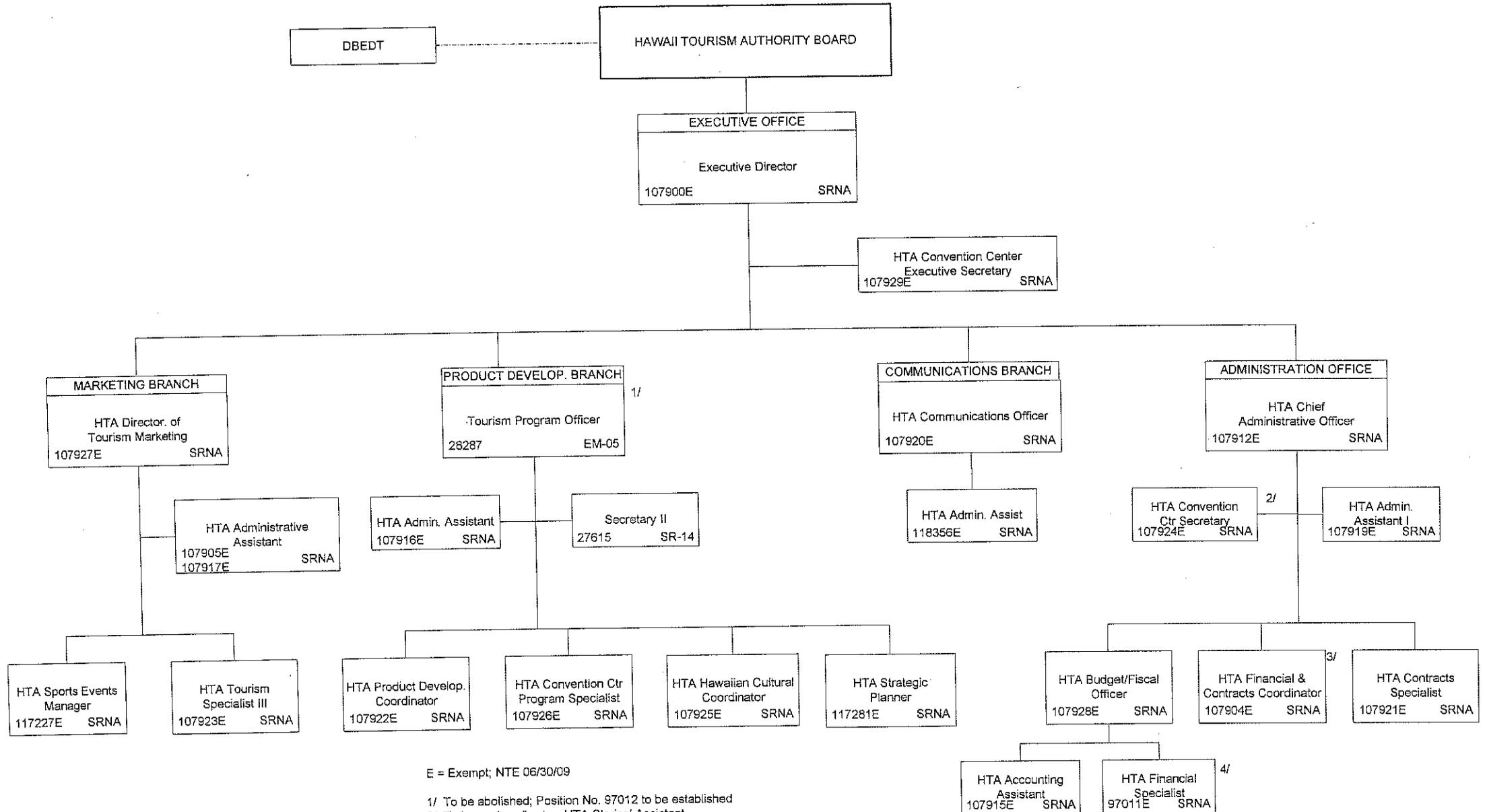
July 03, 2007

POSITION ORGANIZATION CHART

PROPOSED

Georgina K. Kawamura, Director of Finance

Date



E = Exempt; NTE 06/30/09

1/ To be abolished; Position No. 97012 to be established

2/ To be re-described as HTA Clerical Assistant

3/ To be re-described as HTA Contract & Program Manager

4/ To be established

Acknowledged

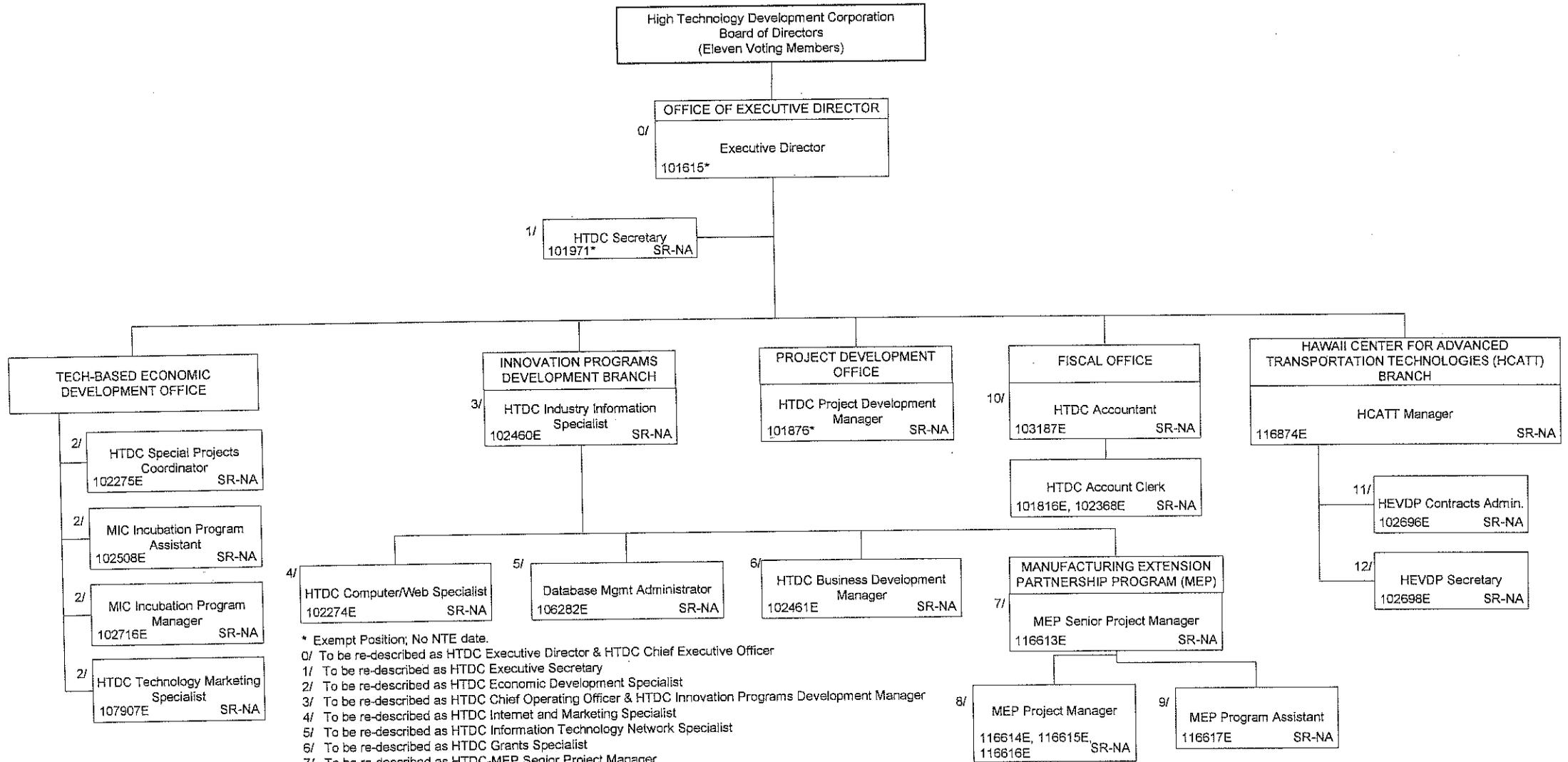
December 12, 2007

Georgina K. Kawamura, Director of Finance

Date

POSITION ORGANIZATION CHART

PRESENT



* Exempt Position; No NTE date.
 0/ To be re-described as HTDC Executive Director & HTDC Chief Executive Officer
 1/ To be re-described as HTDC Executive Secretary
 2/ To be re-described as HTDC Economic Development Specialist
 3/ To be re-described as HTDC Chief Operating Officer & HTDC Innovation Programs Development Manager
 4/ To be re-described as HTDC Internet and Marketing Specialist
 5/ To be re-described as HTDC Information Technology Network Specialist
 6/ To be re-described as HTDC Grants Specialist
 7/ To be re-described as HTDC-MEP Senior Project Manager
 8/ To be re-describes as HTDC-MEP Project Manager
 9/ To be re-described as HTDC-MEP Budget Specialist
 10/ To be re-described as HTDC Controller
 11/ To be re-described to HTDC-HCATT Contracts Administrator
 12/ To be re-described as HCATT Secretary
 E = NTE 06/30/09, except for MEP positions (116613, 116614, 116615, 116616, 116617) NTE 06/30/08

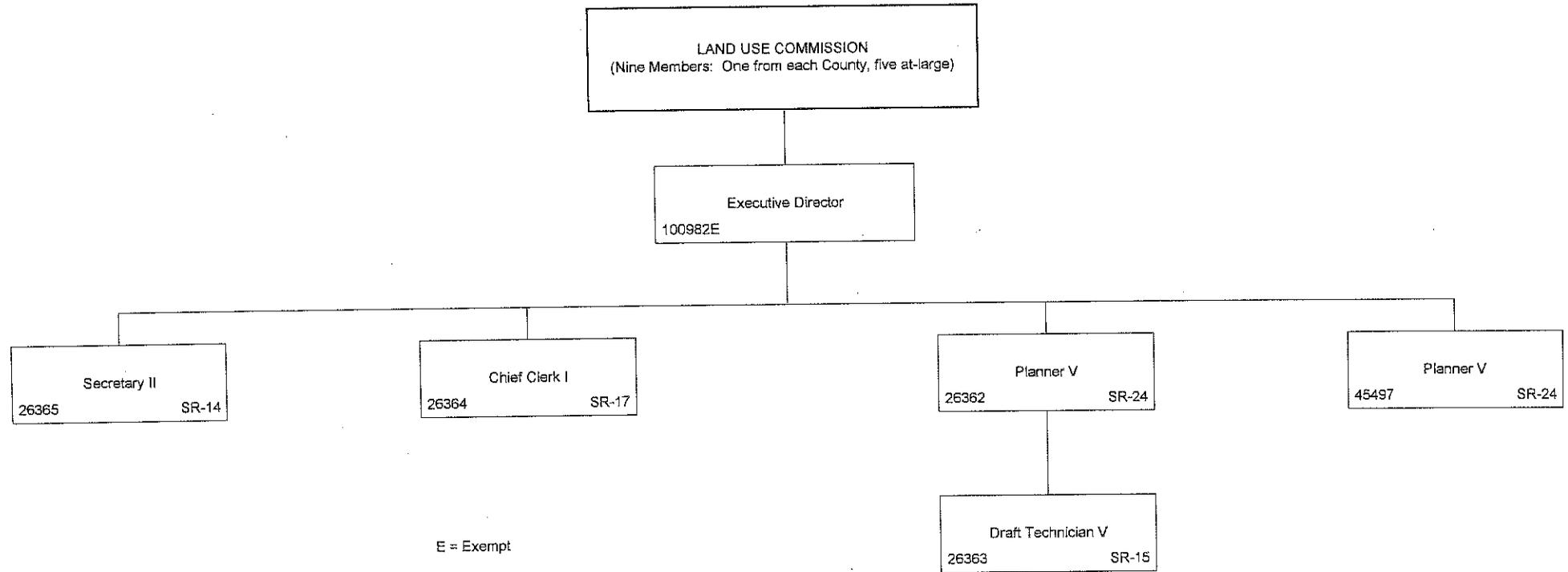
ACKNOWLEDGED

Acknowledged
Georgina K. Kawamura, Director of Finance

04/02/04
Date

POSITION ORGANIZATION CHART

PRESENT



E = Exempt

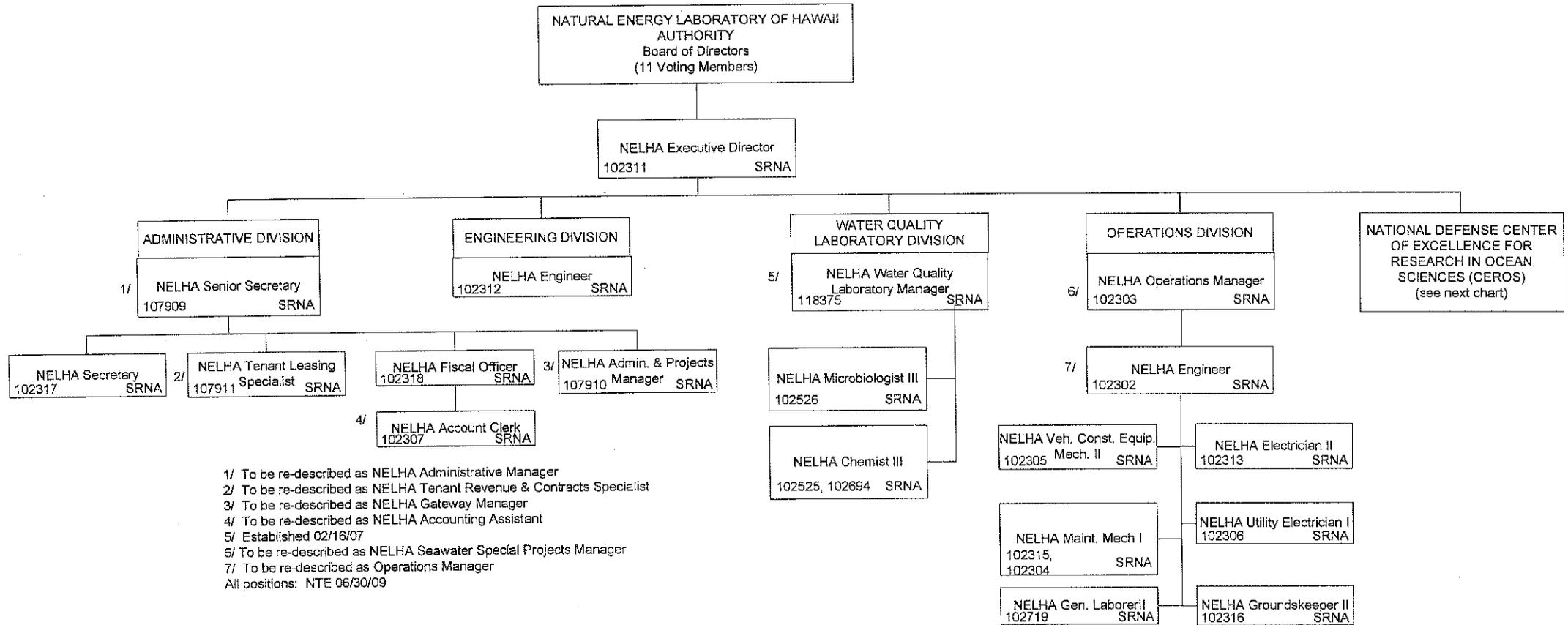
March 29, 2004

POSITION ORGANIZATION CHART

PROPOSED

Georgina K. Kawamura, Director of Finance

Date



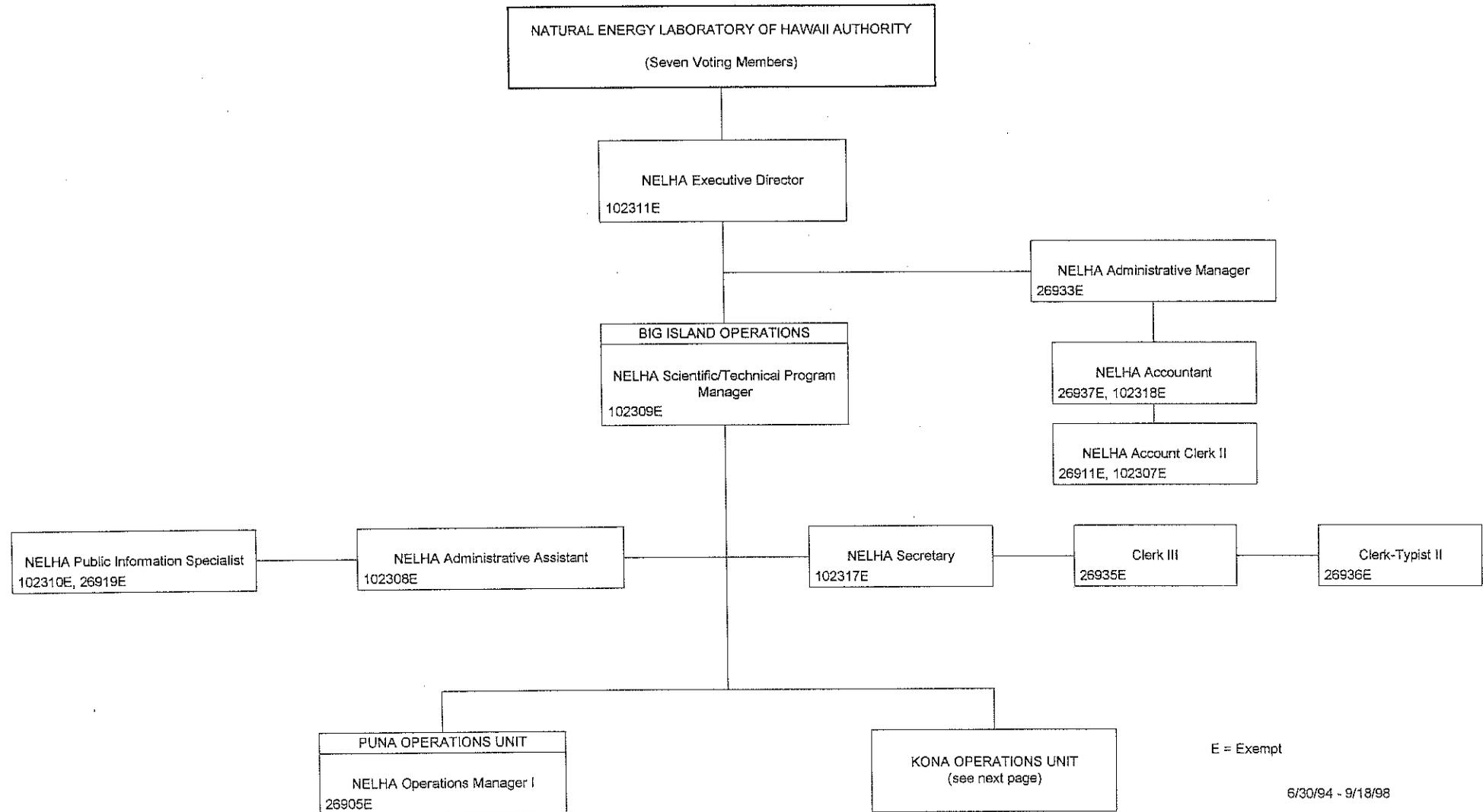
- 1/ To be re-described as NELHA Administrative Manager
 - 2/ To be re-described as NELHA Tenant Revenue & Contracts Specialist
 - 3/ To be re-described as NELHA Gateway Manager
 - 4/ To be re-described as NELHA Accounting Assistant
 - 5/ Established 02/16/07
 - 6/ To be re-described as NELHA Seawater Special Projects Manager
 - 7/ To be re-described as Operations Manager
- All positions: NTE 06/30/09

POSITION ORGANIZATION CHART

PRESENT

Georgina K. Kawamura, Director of Finance

Date

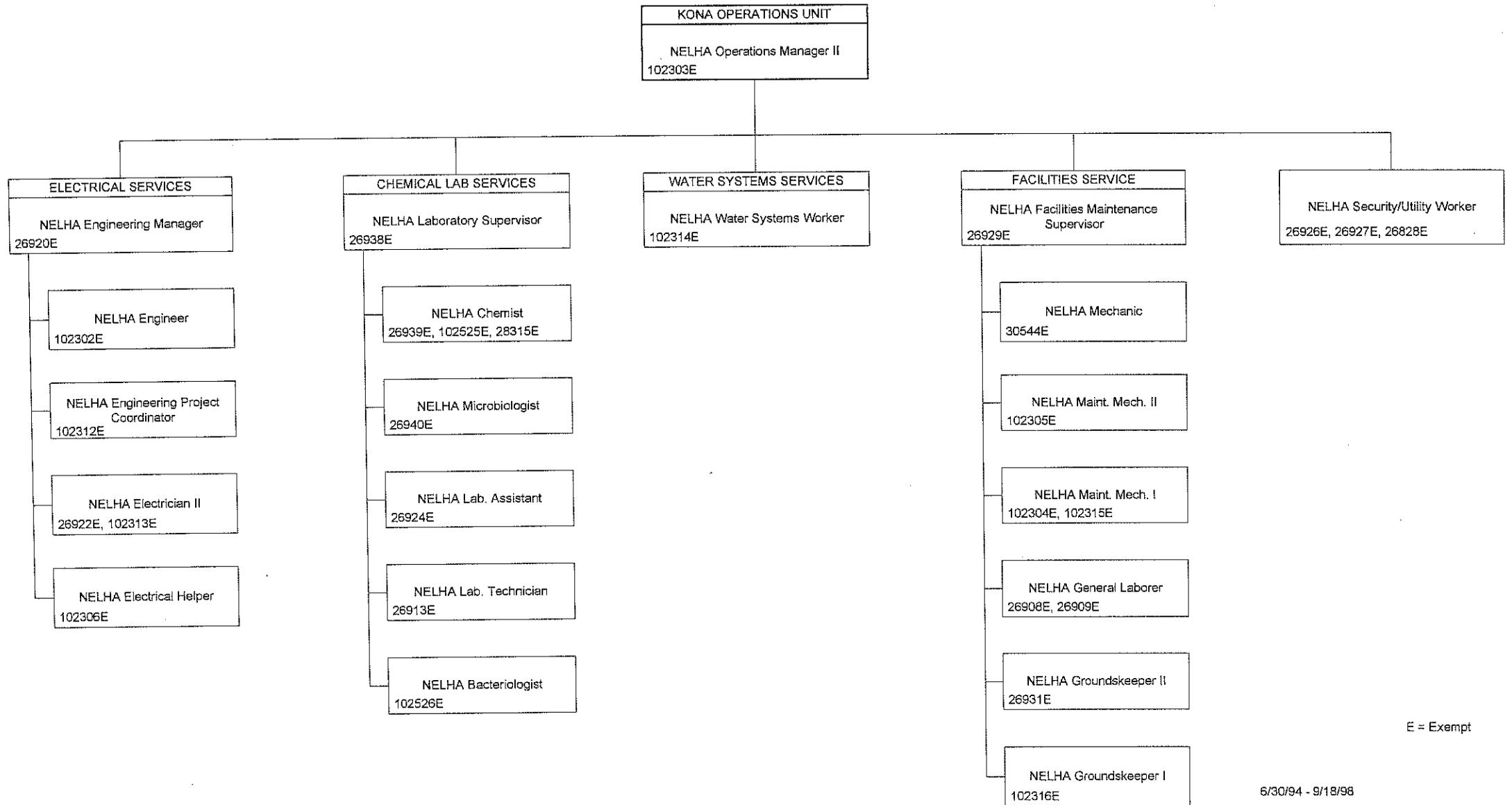


POSITION ORGANIZATION CHART

PRESENT

Georgina K. Kawamura, Director of Finance

Date



E = Exempt

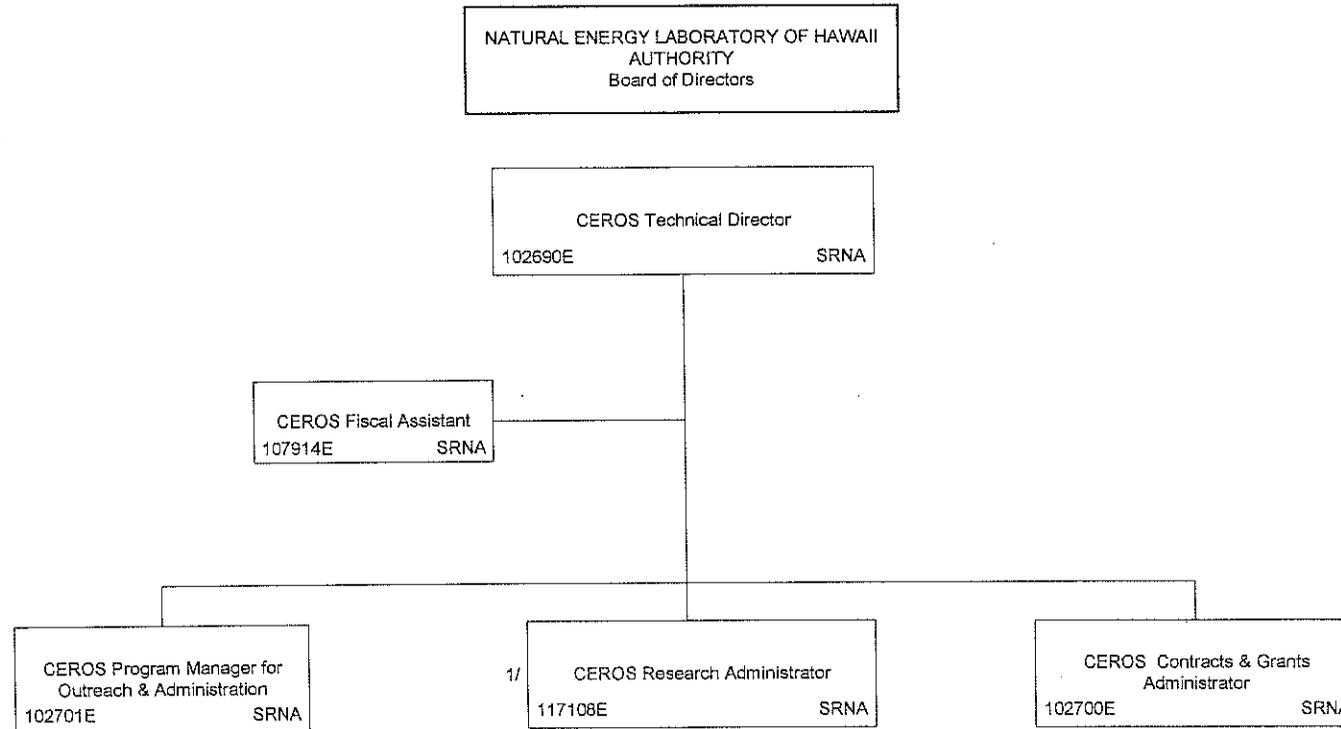
5/30/94 - 9/18/98

Georgina K. Kawamura, Director of Finance

Date

POSITION ORGANIZATION CHART

CURRENT OPERATIONAL



E = Exempt Position, NTE 09/30/09
1/ Established 09/21/04, Act 41 SLH 2004

August 22, 2008

ACKNOWLEDGED

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

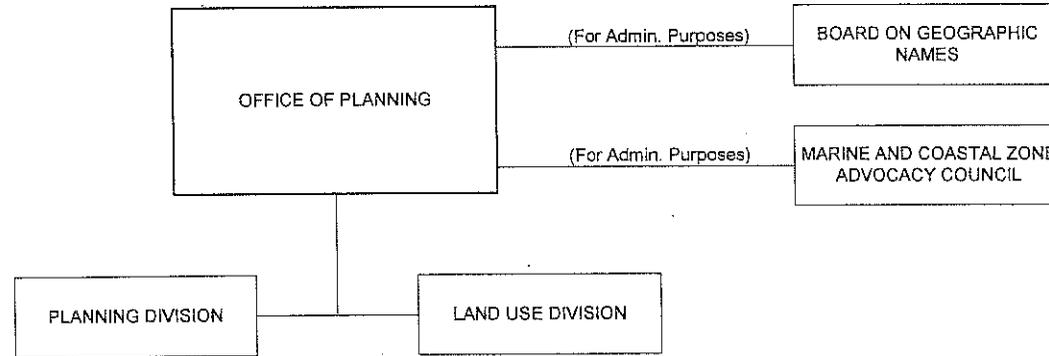
April 2, 2004

Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
OFFICE OF PLANNING

ORGANIZATION CHART

PRESENT



September 16, 2002

ACKNOWLEDGED

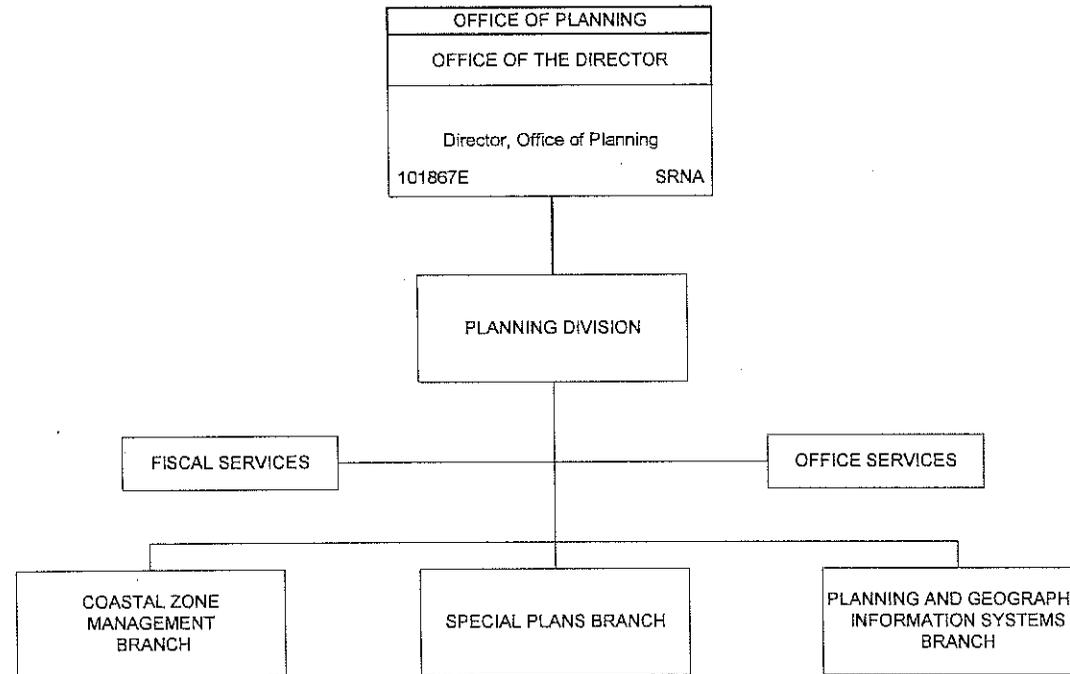
Acknowledged
Georgina K. Kawamura, Director of Finance

4/2/04
Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
OFFICE OF PLANNING

POSITION ORGANIZATION CHART

PRESENT



September 27, 2006

ACKNOWLEDGED

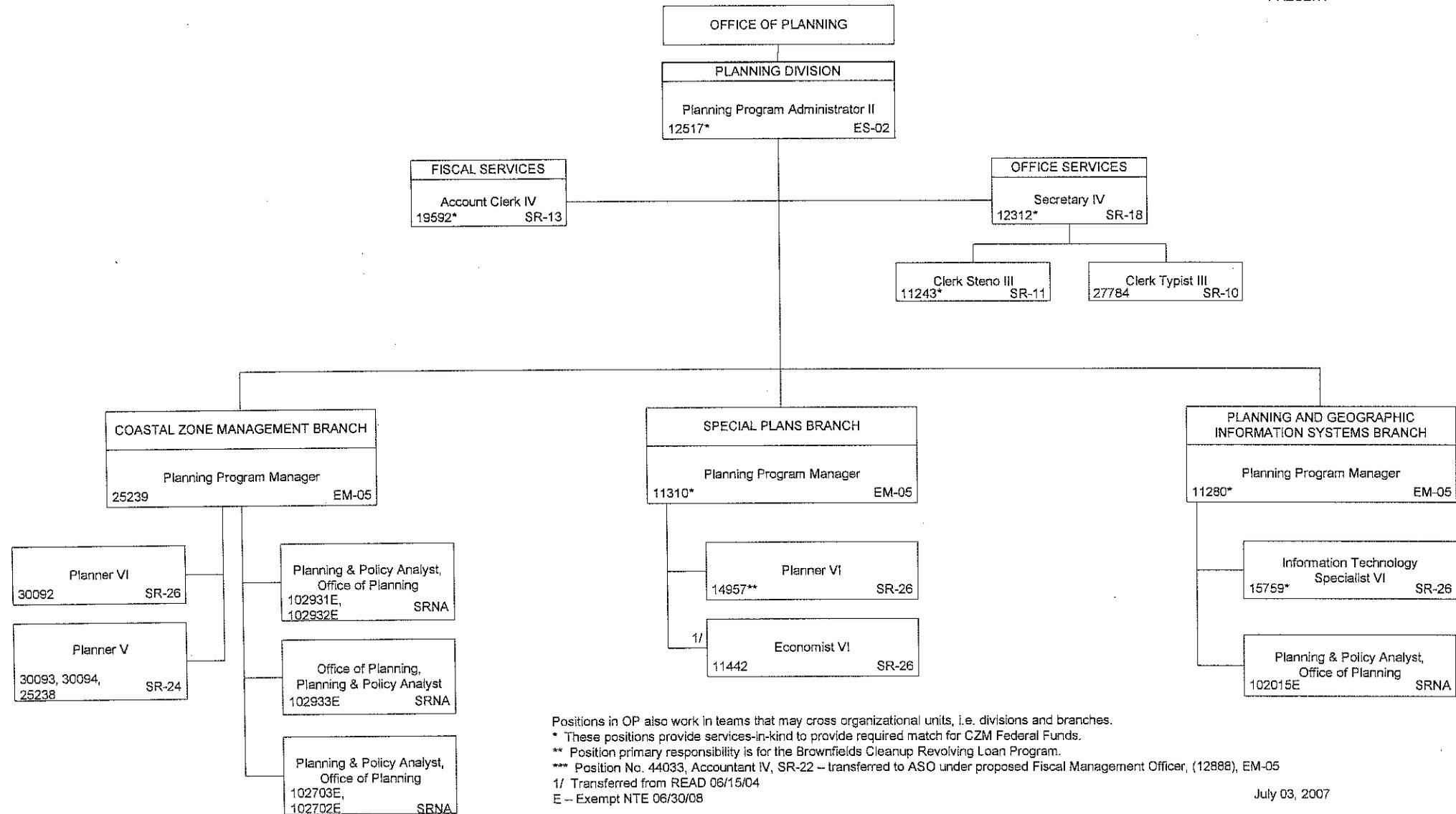
April 2, 2004

Georgina K. Kawamura, Director of Finance

Date

POSITION ORGANIZATION CHART

PRESENT



July 03, 2007

ACKNOWLEDGED

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

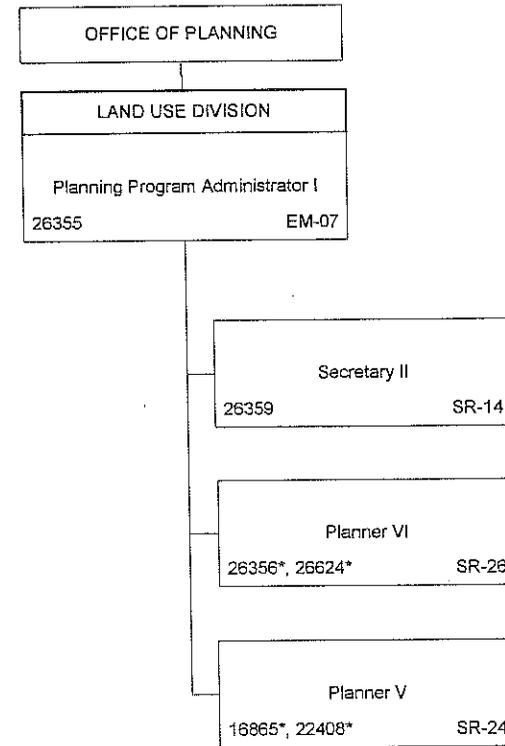
April 2, 2004

Date

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
OFFICE OF PLANNING

POSITION ORGANIZATION CHART

PRESENT



Positions in OP also work in teams that may cross organizational units, i.e. divisions and branches.

* These positions provide services-in-kind to provide required match for CZM Federal Funds.

Position No. 26624 is also assigned duties related to Chapter 226, HRS, Hawaii State Plan and part-time to the Brownfields Cleanup Revolving Loan Fund Program.

August 12, 2008

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

Present Major Functions

Under the general direction of the Governor of the State of Hawaii, DBEDT plans, organizes, directs, and coordinates programs relating to statewide economic development; energy development and management; and research, economic analysis, and other support activities.

The Office of Tourism Liaison (OTL), a part of the Director's Office, serves as the Governor's Liaison between the Administration and all tourism-related industries, committees, businesses, labor unions, and special interest groups. The Office provides high-level support and advice to the Governor in the areas of tourism marketing, management, and strategy, and represents the Governor in various capacities.

The "Core" DBEDT functions are organized into five Divisions:

- ◆ Creative Industries Division,
- ◆ Foreign-Trade Zone No. 9,
- ◆ Research and Economic Analysis Division
- ◆ Strategic Industries Division, and
- ◆ Strategic Marketing & Support Division

Creative Industries Division

Promotes the growth of, and works as a business advocate for, the film, video and digital media production industry and the diverse artistic and cultural resources of Hawaii by supporting and implementing programs, projects, and activities that result in: (1) an internationally recognized and self-sustaining cinema, television and digital arts industry; and (2) an arts and culture industry that is a vibrant and sustainable sector of Hawaii's economy.

Foreign-Trade Zone Division

The Foreign-Trade Zone (FTZ) Division oversees a statewide foreign-trade zone program of thirteen federally approved sites in three of Hawaii's four counties. The Division helps to expand and diversify the state's economic base by providing qualified Hawaii companies with ways to reduce their operating costs and thereby compete more effectively in foreign markets. The FTZ Division also operates a common-use, incubation-type facility at Pier 2, Honolulu Harbor that is open to the importing and exporting public.

Foreign-Trade Zone No. 9 is operated as a public utility making the various economic advantages of the Foreign-Trade Zone program available to all qualifying importing and exporting businesses, regardless of size or country of registration.

Research and Economic Analysis Division

The Research and Economic Analysis Division provides timely data, information and analysis on economic, demographic and related issues affecting Hawaii's people, consistent with statewide program objectives. The division also coordinates Hawaii's participation in the U.S. Census and provides state-specific information. Overall, READ:

- Collects, compiles, interprets, and publishes information and statistical data on all aspects of the economy.
- Uses economic models, other analytical tools and economic principles to provide insight, direction and policy recommendations regarding the impact of economic

forces and potential policy changes on the economy, as well as to make economic and population growth forecasts and projections.

- Maintains a statewide economic, business and tourism statistics reporting system.

Strategic Industries Division

The Strategic Industries Division (SID) supports statewide economic efficiency, productivity, development and diversification by promoting, attracting and facilitating the development of Hawaii-based industries which focus on the sustainable development of Hawaii's energy, environmental, ocean, physical, intellectual and technological resources.

SID develops, plans and conducts programs to encourage private and public-partnerships for the sustainable commercial development of Hawaii's resources, focusing on technology-and resource-based industries that contribute to economic efficiency and diversification, and enable marketing overseas of Hawaii's expertise. Strategic industry development will be pursued with a high degree of leverage, with emphasis given to those industries with high potential for development success that capitalize on Hawaii's comparative advantages.

Strategic Marketing & Support Division

The Strategic Marketing & Support Division (SMSD) promotes industry development and economic diversification by supporting existing and emerging industries through the attraction of new business, investment, and support services; increase in exports of Hawaii products and services; expansion of Hawaii's participation in global trade and commerce, and assistance to new entrepreneurs and community based economic organizations.

DBEDT also has one support office:

Administrative Services Office

Provides internal management, fiscal, budgetary, contractual, legislative, personnel, and information technology services in support of departmental programs and activities; provides advice and assistance to Director and staff in administrative matters.

Coordinates the preparation and submittal of program and financial plans, budgets, fiscal, variance, personnel, and processes the departmental payroll and maintains payroll records.

Maintains the department's accounting records to be in conformity with applicable requirements. Reviews and processes the department's receipts and expenditures transactions.

Administers departmental personnel program and provides advice and assistance in personnel management matters, including, but not limited to recruitment, classification, compensation, training, employee relations, occupational safety and health, and employee benefits and services.

Coordinates the formulation, preparation, compilation, and submittal of bills, resolutions, testimony, reports, and requested information to the Legislature, its members, committees, and staff. This includes the development and maintenance of a system of reviewing, analyzing, and monitoring legislative measures.

Maintains the integrity of the communications links within the department's local area network (LAN) and wide area network (WAN) as well as the numerous department servers.

Coordinate the updating of the web pages on the department's Internet and Intranet websites. Develop and produce multimedia based CD-ROMs for the various offices within the department. The CD-ROMs are then distributed or sold to the public at trade

shows, conventions or other venues. Install and repair the desktop computers and printers used by the department staff. Assist in the configuration and ordering of new technology related hardware and software.

Agencies Administratively Attached to DBEDT:

The Hawaii Tourism Authority

The HTA is the state agency supporting Hawaii's most important industry. It is now independently operated and funded. It is responsible for:

- Tourism promotion, marketing and development;
- Market research;
- Product development and diversification;
- Developing, promoting and coordinating sports-related activities and events;
- Reducing barriers to travel;
- Conducting tourism education and information programs; and
- Monitoring and investigating complaints about the tourism industry.

The HTA also has the responsibility of promoting, operating, managing, and maintaining the Hawaii Convention Center (HCC).

Hawaii Housing Finance and Development Corporation

Coordinates the finance, development and management of housing and the delivery of housing and housing services to the State of Hawaii. HHFDC provides overall administration for development, construction administration and technical assistance projects to increase housing opportunities for low and moderate income households, elderly and special needs groups. Provides architectural and engineering review, inspection services, development tools and financing assistance to eligible developers and contractors for the development, and the modernization, capital improvement, and repair and maintenance of existing facilities. HHFDC also administers various housing financing programs including the issuance of tax exempt and taxable bonds to finance mortgages, and the construction and/or acquisition of rental housing projects.

Aloha Tower Development Corporation

Plans, initiates, and carries out actions necessary for the redevelopment of the Aloha Tower Complex, that area in downtown Honolulu on the waterfront, bounded by Piers 8, 9, 10, 11, and Nimitz Highway, including the Hale Awa Ku Moku Building and Irwin Memorial Park

The mission and functional goals of the Aloha Tower Development Corporation (ATDC) are:

- Strengthen the international economic base of the community in trade activities;
- Enhance the beautification of the waterfront;
- Improve modern maritime uses in concert with the Department of Transportation (DOT); and
- Provide for public access and use of the waterfront property.

The ATDC was established in 1981 with a primary emphasis on redeveloping the Aloha Tower Complex Area, located on the waterfront in downtown Honolulu, bounded by Piers 5 and 6, Piers 8 through 23 and portions of Nimitz Highway and Iwilei. The ATDC also has jurisdiction for planning, development and redevelopment of lands located seaward of Nimitz Highway between Pier 4 and the Honolulu International Airport.

Act 200, Session Laws of Hawaii 2008, expanded the ATDC functional goal to improve modern maritime uses in concert with the DOT by authorizing to ATDC, a statewide jurisdiction for implementation of the commercial harbors modernization plan described in the Act.

Hawaii Community Development Authority

The Hawaii Community Development Authority (HCDA) plans and implements the timely redevelopment of Community Development Districts in urban areas throughout the State. HCDA undertakes long-range planning and implementation of improved community development by joining the strengths of private enterprise with public development to accomplish its objectives.

Kakaako was the first Community Development District to be redeveloped and revitalized.

HCDA is also responsible for the Kalaeloa Community Development District formerly under the jurisdiction of the Barbers Point Naval Air Station Redevelopment Commission.

Hawaii Strategic Development Corporation

The Hawaii Strategic Development Corporation (HSDC) is the agency that promotes economic development and diversification in conjunction with private enterprise. The mission of HSDC is to provide venture capital funding and develop a sustainable venture capital industry in Hawaii that will stimulate the growth of new businesses.

High Technology Development Corporation

The High Technology Development Corporation (HTDC) facilitates the growth and development of the commercial high technology industry in Hawaii. The Corporation develops and manages technology parks, buildings, and programs, promotes and markets Hawaii as a site for commercial high technology activity, and provides business development assistance for start-up technology companies. To adapt to the changing needs of technology companies, the Corporation also collects and analyzes information on the state of commercial high technology activity in Hawaii and provides advice on policy and planning for technology-based economic development.

Land Use Commission

The objectives of the Land Use Commission (LUC) are to preserve, protect, and encourage the development of lands in the State for those uses to which they are best suited for the public welfare, through the implementation of the State Land Use Law, Chapter 205, Hawaii Revised Statutes, as amended.

The LUC processes, reviews, and acts on petitions for district boundary amendments which involve lands over 15 acres in the State Agricultural, Rural, and Urban Districts and all petitions for reclassification of lands in the Conservation District; review and act on applications for special permits in the Agricultural and Rural Districts which are over 15 acres; process motions and boundary interpretation requests; and maintain, update, and disseminate official State land use district maps and land use information.

Natural Energy Laboratory of Hawaii Authority

The Natural Energy Laboratory of Hawaii Authority (NELHA), brings economic development and diversification to the Hawaii community it serves. NELHA has developed the state's only ocean science and technology park on 870 acres of prime coastal real estate in Kailua-Kona on the Island of Hawaii. NELHA markets and manages a unique complement of natural and logistical assets at its properties to attract tenants who can help build sustainable industries for Hawaii's future.

The National Defense Center of Excellence for Research in Ocean Sciences (CEROS) is administered through DBEDT and NELHA.

CEROS programs seek to identify leading edge, value-added technologies that support Department of Defense (DoD) requirements, advance innovative concepts and new approaches to technology while fully leveraging existing facilities and infrastructure in

Hawaii. CEROS-funded activities foster commercial development to help advance expanding technology-based industries.

Office of Planning

The Office of Planning (OP) organizes, directs, coordinates and reports on various activities as established by laws, policies, rules and regulations. The functions of OP include:

- Land Use Planning - developing and presenting the position of the State in all boundary change petitions and proceedings before the Land Use Commission, assisting State agencies in the development and submittal of petitions for land use district boundary amendments, and conducting periodic reviews of the classification and districting of all lands in the State.
- Coastal and Ocean Policy Management - carrying out the lead agency responsibilities for the Hawaii Coastal Zone Management Program.
- Planning and Geographic Information System - planning, developing, implementing and coordinating a statewide planning and geographic information system.
- Strategic Planning - identifying and analyzing significant issues, problems, and opportunities confronting the State, and formulating strategies and alternative courses of action in response to identified problems and opportunities.
- Intergovernmental Coordination and Cooperation - facilitating coordinated and cooperative planning and policy development and implementation activities among State agencies, and between the State, County and Federal governments.
- Comprehensive Planning Program Coordination - formulating and articulating comprehensive statewide goals, objectives, policies, and priorities, and coordinating their implementation through the statewide planning system.

Small Business Regulatory Review Board

The Small Business Regulatory Review Board works with businesses and business organizations that are often unaware of proposed administrative rule changes. The Board reviews, analyzes and comments on the business impact of all proposed rule amendments and new rules. It also reviews existing regulations based on concerns expressed by small businesses.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

OFFICE OF TOURISM LIAISON PRESENT FUNCTIONAL STATEMENT

The Office of Tourism Liaison serves as the Governor's Liaison between the Administration and all tourism-related industries, committees, businesses, labor unions, and special interest groups. The Office provides high-level support and advice to the Governor in the areas of tourism marketing, management, and strategy, and represents the Governor in various capacities.

- Represents the Governor on all tourism issues at the Cabinet level and helps to bridge the impact of the State's largest industry with the other facets of State government. Assesses the impact of events on the tourism Industry and integrates island-specific issues with other facets of State government to build consensus among the parties involved.
- Advises the Governor on matters of importance and consequences and removes barriers and moves the Administration's agenda forward.
- Monitors the current visitor industry issues and trends in the private and public sectors. Coordinates and interfaces with individual islands on tourism-related issues.
- Oversees the formulation and development of policies and procedures to further develop the Tourism Industry.
- Responsible for the planning, organizing, and administration of long-range State policies and directives for tourism and related activities, including updating of the State Tourism Functional Plan.
- Maintains open and active communications with the Governor's Office. Communicates the Administration's goals to the Hawaii Tourism Authority, its advocates, and in conjunction with other Departments in order to ensure the sustained health and diversification of Hawaii's core Tourism Industry.
- Participates in the development and implementation of various Departments' plans and budgets concerning tourism.
- Represents the Governor in meetings with officials and representatives from private/public organizations, national and federal agencies, and foreign countries.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

OFFICE OF THE DIRECTOR PRESENT FUNCTIONAL STATEMENT

Under the General direction of the Governor of the State of Hawaii, plans, organizes, directs, coordinates, and reports on the various activities of the department within the scope of laws and established policies and regulations. The work of the department includes statewide economic development; energy development and management; and research, economic analysis, artistic, entertainment and film industry liaison and other support activities.

To the extent that the State seeks to market itself as a business location and in business development initiatives, the department will create and initiate business attraction programs and proactively seek to promote the State of Hawaii in venues both foreign and domestic.

- Recommends policies, programs, organizations, and directs their implementation after approval is obtained.
- Promulgates administrative rules, regulations, and procedures governing the conduct of departmental activities.
- Directs and maintains program and financial planning, evaluation activities and management improvement services.
- Develops and directs the State's primary economic development and business marketing program to external constituencies.
- Provides interface with the visitor industry, Hawaii Tourism Authority and inter-governmental agencies on tourism related issues.
- Provides the State's interface with the Art, Film and Entertainment communities, with the intent of supporting Hawaii's cultural activities as a viable business sector.
- Directs the preparation of program budgets, submits and justifies budgets before reviewing and approving authorities, and exercises control and expenditure of funds made available to the department.
- Serves as a major liaison with the news media, the public and business sectors, particularly in conveying DBEDT initiatives and priorities aimed at developing and attracting business, capital investment and supporting statewide planning activities.
- Represents the department before the legislature and community and public groups.
- Maintains effective working relationships between the department and the Governor, legislature, other government officials and the general public.
- Conceptualizes and administers a wide-ranging information and advertising program which targets current economic activities in Hawaii and pursues new sources of employment and revenue.
- Exercises leadership, guidance and control of the efforts of employees toward the achievement of department objectives; directs personnel management of the department and serves as the department appointing authority.
- Serves on committees, boards, and commissions established by the Governor from time to time or as provided by legislation.

- Serves as Science Advisor to the Governor; provides advice on developing science and technology matters of interest to economic development and quality of life of Hawaii.
- Conducts periodic staff meetings of program manager; establishes procedures for communication between the office of the director and subordinate units.
- Directs a department public information program that includes preparing and distributing promotional and informational news releases, newsletters, reports, brochures, web-based materials and other media on business and economic issues to individuals and organizations throughout the State, the mainland and abroad; and assisting with DBEDT-sponsored events.
- Serves as State Energy Resource Coordinator and carries out functions assigned by Chapter 196, HRS.
- Pursuant to Section 26-35, HRS, and implementing executive policies, provides for the supervision of boards and commissions assigned by statutes to the department for administrative purposes.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

ADMINISTRATIVE SERVICES OFFICE PRESENT FUNCTIONAL STATEMENT

Provides internal management, fiscal, budgetary, contractual, legislative, personnel, and information technology services in support of departmental programs and activities; provides advice and assistance to Director and staff in administrative matters.

- Provides general internal management assistance to the administering programs and activities of the department.
- Examines goals, objectives, policies, procedures, and operations of the department and programs and recommends changes.
- Coordinates the preparation and submittal of program and financial plans, budgets, fiscal, variance, personnel, and other reports to the Department of Budget and Finance (B&F), the Department of Accounting and General Services (DAGS), the Department of Human Resources Development (DHRD), and other government agencies.
- Advises and assists department staff in developing, drafting, processing, and monitoring contracts; maintains a tracking system for contracts going through the approval and execution process; coordinates contract approvals with the Office of the Governor, B&F, the Department of the Attorney General, DAGS, and other government agencies.
- Coordinates the formulation, preparation, compilation, and submittal of bills, resolutions, testimony, reports, and requested information to the Legislature, its members, committees, and staff. This includes the development and maintenance of a system of reviewing, analyzing, and monitoring legislative measures affecting the department.
- Coordinates the preparation and submittal of the departmental organization.
- Coordinates and supports information technology activities of the department.
- Provides divisions and programs with advice and assistance in obtaining other administrative support services.

Fiscal Staff

- Establishes and maintains an accounting system for the department's budget consisting of General, Special, Federal, Revolving, Trust, and Bond funds, in conformity with applicable State and Federal rules and regulations and governmental accounting standards. Reviews and implements revisions to the accounting systems required for compliance with regulations and the maintenance of proper internal control over accounting ledgers and records.
- Performs purchasing activities in conformity with applicable policies and requirements; maintains departmental property and equipment records and prepares quarterly and annual inventory reports.
- Processes the departmental payroll; reports expense data to comply with federal requirements, distributes payroll checks/statements, and maintains payroll records.
- Administers the expenditure and receipt of departmental funds in accordance with Federal/State statutes, rules and regulations, budget execution and other administrative policies, and generally accepted accounting practices and procedures.
- Prepares various financial reports as required or requested for the department, Department of Accounting and General Services, Department of Budget and Finance, Federal agencies, and legislative committees.
- Prepares audit schedules and prepares or coordinates responses for information requested for operational and financial audits of the department including the annual single audit of federal grants and audits conducted by State, Federal, Legislative, or other agency.

Consolidates program comments and prepares the departmental response to audit findings and implements revisions to accounting procedures as required.

- Provides technical advice on accounting policies and procedures to management and departmental programs. Develops and implements recommendations for compliance to changes in financial management policies and procedures.
- Coordinates the budget development, formulation, presentation, submittal, and execution. Advises and assists departmental personnel in interpreting budget directives, instructions, policies and procedures.
- Reviews/compiles budget requests and assists programs in preparation of financial and budget testimony for support of the department's budget request. Prepares or coordinates the preparation of responses to requests from the legislature for financial and other information regarding biennium and supplemental budget requests. Reviews proposed legislation and provides analysis relating to the impact on the department's budget.
- Implements budget execution policies and procedures. Coordinates and reviews operational expenditure plans and prepares allotment request and amendments in accordance with policies and procedures. Develops and maintains budgetary controls over appropriations and allotments. Reviews status of appropriations, allotments, fund balances, variances, and recommends fund transfers as required.
- Prepares and coordinates the department's Capital Improvement Program (CIP) expenditure plan. Reviews requests for allotment of CIP funds for conformance to administrative policies and approved expenditure plan.
- Prepares various budgetary reports on operating and CIP appropriations, allotments, actual revenues and expenditures, fund balances and variances for the department or other agencies as required. Prepares reports on revenue projections on a quarterly basis as requested by the Department of Budget and Finance.
- Provides technical advice to management and programs on all aspects of budget development, formulation, and execution.

Personnel Staff

Administers DBEDT human resources (HR)/personnel program and provides advice and assistance in HR/personnel management subject areas, including, but not limited to labor relations; classification and compensation; recruitment, selection, and placement; personnel transactions; training, employee development, and benefits; employee services; records management; workers compensation; occupational health and safety; and equal employment opportunity/affirmative action.

- Advises top management and others on labor relations (LR) personnel policies, rules, regulations, procedures, etc. Investigates employee/management problems. Advises supervisors and higher management on discipline concepts and principles. Advises and works with program staff to address all types of grievances and adherence to Bargaining Unit (BU) Contract provisions. Drafts and negotiates Settlement Agreements. Proposes, amends, and develops LR policies, procedures, rules, regulations, and other guidelines.
- Reviews and analyzes classification and compensation (CC) requests. Conducts on-site reviews with program staff. Prepares classifier's reports. Advises program staff on creation or amendment of position descriptions. Works with the central State HR agency to amend existing or develop new classes. Addresses administrative reviews and CC appeals. Prepares and processes selective certification requests. Analyzes and coordinates re-pricing requests and appeals before the Public Employees' Compensation Appeals Board (PECAB). Oversees other CC requests, e.g., establish new positions, abolish positions, personal contracts, BU determinations, etc. Participates in CC special projects, surveys, etc.
- Advises program staff on recruitment, selection and job placement (RSJP) requirements, BU Contract provisions, Americans w/Disabilities Act (ADA) provisions/requirements, civil service rules and regulations, etc. Explains to applicable parties, minimum qualifications (MQ), appropriate salary ranges (SR), job standards, hiring practices, fringe benefits, etc. Prepares Internal Vacancy Announcements (IVA). Coordinates recruitment efforts and activities at the IVA level and above. Works on hiring-above-the-minimum requests and shortage category requests. Oversees recruitment in concert with employment service companies, universities, and other non-civil service entities. Screens job applicant's qualifications against MQs or other criteria such as those for exempt

positions. Works with Division/Office/Attached Agency staff on preparation of interview standards and selection criteria. Ensures appointment recommendations are in line with appropriate laws, rules, and regulations. Coordinates Reduction-In-Force (RIF) activities within DBEDT and with external entities.

- Oversees personnel transactions (PT) processing for appointments, promotions, transfers, reallocations, leaves without pay, terminations, etc. and generates pertinent reports. Coordinates PT with Fiscal Staff to ensure completion of proper payroll adjustments, e.g., workers' compensation, leave without pay, and retroactive classification actions. Coordinates and carries out activities for mass pay adjustments from negotiated collective bargaining pay increases, change to new salary schedules, and lump sum retroactive payments. Processes newly hired employees, including tending to related paperwork. Processes performance evaluation forms and maintains related records. Provides services to employees re: benefits such as, retirement, health plans, etc. Maintains record-keeping for employee leaves and related activities.
- Coordinates processing of DBEDT training requests. Reviews training requests then recommends or takes action. Identifies DBEDT training needs and works with appropriate parties to setup training programs. Oversees various employee benefit programs, e.g., health fund, retirement, union membership, premium conversion plan, etc. Reviews and distributes training announcements to proper parties. Screens training requests for compatibility with employees' position requirements. Maintains training records. Keeps track of pending training requests and takes appropriate follow-up actions.
- Coordinates and oversees a workers' compensation (WC) program for the department. Reviews WC forms. Calculates disability payments. Provides data requested by appropriate agencies. Calculates employees' WC leaves. Maintains WC records and files.
- Oversees activities to comply with Equal Employment Opportunity (EEO)/Affirmative Action (AA) requirements. Investigates EEO discrimination charges and prepares response. Periodically analyzes DBEDT workforce for identification of protected employee groups.
- Promotes safety and health awareness throughout DBEDT and carries-out related activities. Attends meetings regarding safety and health subjects or to address specific concerns or problems. Coordinates seminars, classes, workshops, other training opportunities on safety and health for employees. Participates in investigation of accidents on the job. Determines probable causes and recommends corrective actions to prevent accidents. Works with staff involved in safety and health programs.

Contracts Staff

- Advises and assists department staff in developing, drafting, processing, and monitoring contracts.
- Maintains a tracking system for contracts going through the approval and execution process.
- Coordinates contract approvals with the Office of the Governor, B&F, the Department of the Attorney General, DAGS, and other government agencies.

Information Technology Staff

- Maintain the integrity of the communications links within the department's local area network (LAN) and wide area network (WAN).
- Maintain and upkeep the numerous department servers:
 - File and print servers
 - Lotus Domino / Notes R6 servers
 - Internet / Intranet servers (WWW, DNS, SMTP)
 - Database servers (FileMaker and SQL)
- Maintain the many security systems of the network.
 - Firewalls (on-site and off-site)
 - Anti-virus software (desktop and server)
 - Anti-spam filtering software
 - Security log analyzer
- Coordinate the updating of the web pages on the department's Internet and Intranet

websites.

- Develop and produce multimedia based CD-ROMs for the various offices within the department. The CD-ROMs are then distributed or sold to the public at trade shows, conventions or other venues.
- Install and repair the desktop computers and printers used by the department staff.
- Assist in the configuration and ordering of new technology related hardware and software.
- Assist the department staff with technology related issues.

Office Services

Provides clerical, scheduling, correspondence, and other administrative support services to staff of the Administrative Services Office.

- Provides receptionist, stenographic, typing, photocopying, mailing, faxing and other clerical functions to facilitate the work of the office.
- Maintains files of the office and retrieves filed materials, as needed by office staff.
- Makes arrangements for purchase of services, supplies, and equipment for the office.
- Coordinates State parking assignments for department staff.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

CREATIVE INDUSTRIES DIVISION

PRESENT FUNCTIONAL STATEMENT

Creative Industries Division (CID) promotes, accelerates and advocates for the growth of Hawaii's creative industries, through implementation of programs, projects, and activities resulting in a vibrant, internationally recognized self-sustaining sector of Hawaii's economy.

CID administers and coordinates the activities of the division branches; Film Industry Branch (aka Hawaii Film Office) and Arts and Culture Development Branch.

CID represents the department on various government and private task forces, resource committees, and other policy development and implementation bodies that deal with growth and diversification of Hawaii's economy.

Film Industry Branch

- In coordination with county film commissioners, develops and administers a statewide program to encourage motion picture and television production companies and studios to use Hawaii as a production site for feature films, television films and programs, television commercials, and other filming activities.
- Develops and maintains contacts with representatives of the film industry and others involved in related activities to keep them apprised of local resources, and development of new resources including locations, financial support, equipment and human resources.
- Provides assistance to producers in obtaining film locations, equipment, facilities, permits and clearances, and other requirements for production of films.
- Provides administrative, logistical and research support to the Film and Television Development Board.
- Conducts or arranges for research regarding the film industry; develops data to identify people, firms, and other resources available to support production; disseminates research findings and information.
- Prepares and administers state contracts for the development and promotion of the film industry.
- Identifies and analyzes major public problems and issues involving the film industry; recommends appropriate State actions through the development of legislative proposals and policies.
- Works closely with committees, task forces, community groups, and industry representatives in addressing problems and issues involving the film industry and in addressing development and promotion of the film industry in Hawaii.
- Markets, administers and manages the Hawaii Film Studio, a multi-soundstage facility for the production of television series, motion pictures and commercials. Oversees the design, construction and operation of the facility, as well as develops materials to promote the facility.

Arts and Culture Development Branch

- Directs the formulation and implementation of a statewide program to assist Hawaii businesses in developing and expanding domestic and foreign markets for Hawaii's arts and cultural products and services and other Hawaii-made products whenever possible.
- Assumes the role of facilitator for export- and visitor-related components of Hawaii's arts and culture industry.
- Acts as a statewide liaison to identify and support economic development opportunities for arts and culture sectors and organizations.
- Attracts national, regional and international arts and culture events with the potential for positive net export and visitor-related benefits.
- Arranges and conducts research regarding baseline data on the local arts and culture industry and its relation to export-earning sectors.
- Prepares and administers state contracts for the development and promotion of Hawaii's arts and culture industry.
- Identifies and analyzes major challenges and issues involving the arts and culture industry; works closely with industry representatives and recommends appropriate State actions through the development of legislative proposals and policies.

**DEPARTMENT OF BUSINESS, ECONOMIC
DEVELOPMENT, AND TOURISM**

FOREIGN-TRADE ZONE DIVISION

PRESENT FUNCTIONAL STATEMENT

Establishes, operates, and maintains a Foreign-Trade program; promotes international trade throughout Hawaii; encourages establishment of new industry and employment; expands export markets for Hawaii's business firms and to diversify industrial base through establishment of neighbor island subzones and general purpose Zone expansion sites.

- Plans, develops, maintains and operates the general purpose FTZ including all facilities and improvements therein; provides for expansion of facilities as required.
- Establishes, maintains and administers special purpose sub-foreign-trade zones consistent with Federal and State policies for development of trade, economy and industry.
- Develops rules, regulations, policies and procedures for the operation of the Foreign-Trade Zone subject to approval by appropriate Federal agencies.
- Provides research to identify selected manufacturing and assembly operations which have a potential for functioning under FTZ status.
- Insures compliance of zone activities with applicable Federal and State laws.
- Promotes the use of zone facilities and services.
- Operates terminal facility to maximize revenue.
- Coordinates zone activities among zone users, business and industry groups, regulatory agencies, transport firms, and other groups involved in the operation and use of the Foreign-Trade Zone.
- Promotes the expanded use of Hawaii as a center for re-export and transshipment in international trade activities.
- Stimulates awareness within the community of international trade opportunities and disseminates other trade information.

Business Office

Provides fiscal, accounting, budgeting, and other administrative support services for the Foreign-Trade Zone Division; manages real property of the Zone; maintains inventory records of merchandise in the Zone; computes charges and bills Zone customers; provides information to customers and potential customers on Zone charges, fees, policies, and procedures. Operates and develops improvements to the Hawaii Foreign-Trade Zone Information Processing System (HFTZIPS). Supervises maintenance of equipment, buildings, facilities, and grounds of the Zone.

- Maintains accounts of Zone revenues, appropriations, and expenditures; maintains records of equipment and personal property; prepares financial reports and statements.
- Develops program and financial plans, budgets, variance reports, and other reports about the program; prepares allotment requests and expenditure plans. Invests surplus cash.

- Purchases supplies, services, and equipment required by the Zone; vouchers payments for purchases made; negotiates and arranges for contractual services; drafts contracts and letters of agreement for Zone-related activities.
- Maintains real property records; processes approved leases of Zone premises; processes approved temporary permits for use of Zone property.
- Supervises repairs and maintenance of buildings, facilities, grounds material-handling and other equipment of the Zone; ensures the provision of fire and safety precautions.
- Maintains Zone parking records; processes parking permits for the Zone; collects parking fees for the Zone.
- Using HFTZIPS, maintains master inventory of records of merchandise in Zone; computes charges for use of Zone based on established fee schedule or tariff; bills and collects fees from Zone customers; deposits and accounts for collections; provides information on Zone fees, policies, and procedures to customers and potential customers.
- Presents basic information about the benefits, rates, and policies of the FTZ program to the public.
- Provides administrative support in management of Zone such as coordinating work schedules with U.S. Customs Service; providing internal management assistance, providing evaluation and analysis of work processes, and undertaking special projects; provides auxiliary services to facilitate work of the Division.
- Provides excellent customer service to the public.

Operations Branch

Oversees warehouse operations at the Zone, involving the receipt, storage, and release of merchandise; and manages security measures at the Zone.

- Oversees Zone warehouse functions to receive, store, and release cargo which is shipped by water, air, and ground transportation modes, and which must be handled in strict compliance with U.S. Customs Service and Internal Revenue Service requirements; ensures the provision of safe, orderly, and systematic handling and storage of merchandise; gives the Operations Section direction in providing tenants and users with a variety of warehouse services.
- Oversees movement of cargo in and out of the Zone with truckers, customhouse brokers, ocean and air carriers, and owners. Coordinates with U.S. Customs Service in inspecting and examining cargo for duty determination and relative to processes of manipulation, manufacture, or destruction.
- Monitors documentation of all cargo received and withdrawn; gives direction to the Operations Section in providing advice and assistance to consignees in completing required forms, in locating and removing merchandise, and in adhering to Zone regulations; monitors inventory accuracy.
- Manages internal and external security measures to prevent theft and pilferage; ensures the maintenance of security over ingress and egress as required by U.S. Customs.
- Manages areas occupied by customers for manufacturing and cargo manipulating processes.

- Presents basic information about the benefits, rates, and policies of the FTZ program to the public.
- Provides excellent customer service to the public.

Development Branch

Conducts research and economic studies relating to Foreign-Trade Zone operations; develops new business for the Division; provides for advertising and promotion of Zone usage; prepares application for expansion of the FTZ program.

- Conducts studies to identify selected manufacturing and assembly operations which would benefit from using the Zone or the establishment of a new zone site.
- Conducts time, motion and space studies to analyze efficiency of Zone operations and makes recommendations for improvements; prepares analyses of tariff rules and charges and recommends revisions to Division Head.
- Advertises and promotes the use of Zone facilities and services; meets with potential users to provide information on use of Zone.
- Through joint agency sponsorship, coordinates production of trade seminars, trade shows, trade missions, and in-house briefings for foreign and domestic business firms.
- Promotes the expanded use of Hawaii as a center for re-export and transshipment in international trade opportunities and disseminates other trade information.
- Coordinates zone activities among zone users, business and industry groups, regulatory agencies, and other groups involved in the operation and use of the Zone.
- Works with Subzones and general-purpose expansion site operators to insure strict compliance with the U.S. Customs and FTZ regulations; resolves operational problems occurring at the Subzones; evaluates and makes recommendations for processing of expansion or modification of site(s) by the Subzone user.
- Develops rules, regulations, policies, and procedures for the operation of the Foreign-Trade Zone; develops fee schedules or tariffs; develops annual and special reports.
- Provides excellent customer service to the public.

Office Services

Provides clerical, stenographic, word processing and other computer-related tasks, and other administrative support services to the division's staff.

- Provides receptionist, mail, and other clerical functions to facilitate the work of the division.
- Maintains files of the division and obtains materials from files needed by staff members.
- Presents basic information about the benefits, rates, and policies of the FTZ program to the public.
- Provides excellent customer service to the public.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

RESEARCH AND ECONOMIC ANALYSIS DIVISION PRESENT FUNCTIONAL STATEMENT

The mission of the Research and Economic Analysis Division is to enable sound public and private decisions by providing timely data, information and analysis on economic, demographic and related issues affecting Hawaii's people, consistent with statewide program objectives under BED 130. The division:

Collects, compiles, interprets, and publishes information and statistical data on all aspects of the economy.

Uses economic models, other analytical tools and economic principles to provide insight, direction and policy recommendations regarding the impact of economic forces and potential policy changes on the economy, as well as to make economic and population growth forecasts and projections.

Maintains a statewide economic, business and tourism statistics reporting system.

Statistics and Data Support Branch

Develops, evaluates, interprets, and disseminates data and reports on economic and business statistics such as income and population characteristics, military personnel and dependents, housing, land use, education, and government finance and employment, for use by the Department, other government agencies, the business community, and the public.

- (a) Prepares the annual *State of Hawaii Data Book*, a statistical abstract for Hawaii, the annual *Foreign Investment Activities in Hawaii and the United States*, the *Quarterly Statistical and Economic Report*, the monthly Selected Economic Activities report and other statistical reports.
- (b) Develops and maintains a statewide economic and business statistical database through its Economic Planning Information System and on the DBEDT Internet web site.
- (c) Provides statistical services to DBEDT staff and other agencies of government and the community.
- (d) Provides data to support the various economic models and accounts maintained by Division staff and other public and private agencies.
- (e) Helps prepare, evaluate, and disseminate population estimates and forecasts for the State and sub-State areas.
- (f) Provides liaison with the U.S. Census Bureau in the development of data for current population estimates and other census reports through the Federal-State Cooperative Program for Population Estimates (FSCPE).
- (g) Operates a State Data Center under a cooperative agreement with the U.S. Census Bureau to make census products and other Federal statistics accessible to government agencies and the public.
- (h) Provides workshops and training on the use and access to Census and other information.

Economic Research Branch

Develops and interprets quantitative information on the state's economy. Also develops and utilizes economic models and other analytic tools to examine the impact of economic changes on Hawaii.

- (a) Maintains the Hawaii Input/Output Model, the Hawaii Population and Economic Projection and Simulation Model, the Short-Run Econometric Forecasting Model, and the Gross State Product Accounts.

- (b) Provides quarterly forecasts of economic growth and monthly reports of the Leading Economic Indicator for Hawaii.
- (c) Analyzes developments in major economic sectors for Hawaii (such as the construction industry), and other issues and events that may require actions by government or industry.
- (d) Through the use of economic models and other tools examines the impact of national and international economic developments on Hawaii's economy.
- (e) Applies quantitative economic methods to special projects such as the impact of tax changes or regulations on the state's economy, benefit-cost analysis of economic activities and development programs, and institutional and programmatic changes that will improve economic development efforts.
- (f) Uses such quantitative economic tools as the Hawaii Input/Output Model to analyze the impact of changes occurring in various sectors of Hawaii's economy, such as agriculture, tourism, defense and communications, among others.
- (g) Provides estimates of Gross State Product and updates selected GSP Accounts.

Tourism Research Branch

Administers the state's statistical survey and research program for tourism through the development and administration of contracts with specialized survey-research contractors. Also promotes industry collaboration by conducting statistical and economic analysis of the data developed by contractors, other tourism agencies and department staff.

- (a) Contracts for, oversees, and participates in the development and implementation of surveys of visitors and the visitor industry in order to collect and maintain the official visitor statistics for the State of Hawaii as mandated by Act 156 of 1998.
- (b) Assists the Hawaii Tourism Authority and visitor industry entities by providing timely and appropriate information and reports on visitor activity in order to permit effective decision-making and to measure the effectiveness of the state's visitor industry development effort.
- (c) Provides basic visitor arrival data on a monthly basis including such visitor characteristics as points of origin, visitor days, party size, visit status, travel method, islands visited, length of stay, accommodations, and purpose of trip through the arrival surveys.
- (d) Provides annual data on visitor plant inventory by island and area including the type and class of accommodations.
- (e) Conducts an annual survey on visitor satisfaction.
- (f) Provides data on visitor expenditures.
- (g) Surveys and obtains visitor characteristics for visitors on cruise ships to Hawaii.
- (h) Analyzes visitor and related data and prepares forecasts of visitor activity as well as special reports on the visitor industry.
- (i) Prepares and maintains an annual Tourism Satellite Account, linked to the Hawaii Gross State Product Accounts, in order to monitor the impact of tourism on Hawaii's economy.
- (j) Continuously improves the system of data collection, analysis and dissemination, as well as research contract administration, to monitor the visitor industry in a timely and accurate manner.
- (k) Works closely with federal, state and county agencies, as well as private industry, to develop and collect the necessary visitor data.

Economic Information Staff

Researches, develops and maintains printed and electronic analyses, reports and publications designed to help business, government and the public understand the changing economy, its impact on the various segments of the community and private-public policy efforts intended to develop the economy. It accomplishes this by: 1) synthesizing and interpreting the basic research and information developed in other branches of the division, other divisions of the department, other agencies and relevant published materials, as well as supervising division staff in special inter-branch projects to produce and distribute targeted information that can be accessed and clearly understood by a lay audience; and 2) maintaining a resource library to make available

important economic and business information to state government agencies, business, investors and researchers. Vehicles for the distribution of information may range from published reports such as the periodical *Hawaii's Economy*, the publications *County Reports* and *Hawaii Facts and Figures*, to internet website, electronic mail, pamphlet/brochure distributions, and where appropriate, the organization of seminars, workshops and conferences.

Information Products Section

- (a) Researches, develops and publishes reports that address and clarify economic events, issues, and policies through publications and other reports and vehicles as needed to support the economic development and policy efforts of the State. The distinguishing features of such reports are: their emphasis on reducing complex economic matters to terms and concepts easily accessible and understandable to the average citizen; and their applicability to practical economic policy and business issues.
- (b) Supervises inter-branch projects designed to integrate the expertise of the division's economists, statisticians, librarians and other specialists in efforts to develop information and reports on important issues that overlap the functional responsibilities of the branches.
- (c) Coordinates the information flow from the division and elsewhere as appropriate, in order to provide quick and convenient access to information by Hawaii's businesses, policy makers, the public, as well as targeted users on the mainland, in the Asia-Pacific Region, and the rest of the world.
- (d) Maintains and continually evaluates and improves the presentation format and information content of the division's information on the internet. This includes the organization of frequently requested information on-line with an emphasis on serving the needs of out-of-state businesses seeking information about investing in Hawaii, Hawaii businesses seeking to expand business abroad, and citizens, policy makers, researcher, media and others seeking a better understanding of Hawaii's economy and economic opportunities.
- (e) Develops and improves vehicles for disseminating information, ranging from potential new reports to organized gatherings designed to provide and exchange information.
- (f) Constantly reviews, updates and keeps the information accessible in order to support the State's economic goals and the division's responsibilities for statewide program support through BED 130.
- (g) Reviews and evaluates the internet presentation of economic and business information by other states and Federal agencies, in order to ensure the completeness and competitiveness of Hawaii's internet web presentation in the area of economic and business information.
- (h) Assists as needed in the development and printing or electronic publication of the division's other periodic reports such as *the State of Hawaii Data Book* and the *Annual Tourism Research Report*.
- (i) Coordinates the division's Legislative responsibilities.

Library Section

- (a) Collects, catalogs and maintains a collection of business and economic information needed to support the programs of the division, department and where appropriate, other agencies, businesses and researchers.
- (b) Handles initial calls from government agencies, businesses and the public to DBEDT requesting economic, statistical, business and related information, and either provides the information (if readily available) or refers callers to the most likely source of such information.
- (c) Periodically surveys the needs and views of the Library's clientele regarding library resources and services and provides information and guidance for division, department and other state staff on access to and use

of resources available from the library that may assist the economic development efforts of the State.

- (d) Maintains records on the use of library materials and services, in order to better identify and serve priority needs.
- (e) Investigates and makes recommendations on opportunities to improve library services through technological means such as electronic storage and distribution of materials.
- (f) Assists where appropriate in the compilation, preparation and presentation of information for publication, internet and other distribution vehicles.

Office Service Unit

Provides fiscal, personnel, clerical and other support to the division's staff.

- (a) Provides receptionist, mail and other clerical functions to facilitate the work of the division.
- (b) Maintains files of the division and obtains materials from files needed by staff members.
- (c) Prepares purchase orders and other fiscal and personnel documents, maintains an inventory of equipment and supplies, and prepares and maintains a database of expenditures and balance of funds.
- (d) Monitors correspondence and information requests.
- (e) Assists in the production of statistical and economic reports of the division, such as the *State of Hawaii Data Book*.
- (f) Assists in the processing of contracts, letters of agreement, quotations for goods and services, and the maintenance of related files.
- (g) Maintains mailing lists and distributes reports, press releases and announcements in the appropriate manner to staff and various target groups.
- (h) Assists in the processing, monitoring and filing of legislative matters referred to the division for comment or action.

**DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM
STRATEGIC INDUSTRIES DIVISION**

PRESENT FUNCTIONAL STATEMENT

The Strategic Industries Division supports statewide economic development, efficiency, productivity, and diversification by promoting, attracting, and facilitating the sustainable development of Hawaii's energy, environmental, and science & technology-based industries and resources.

The Division directs the activities of its three branches -- the Energy Efficiency Branch, Energy Policy and Planning Branch, and Science & Technology Branch. The Administrator plans, organizes, coordinates, evaluates, and reports on Division activities and participation in State and Federal programs conducted by the branches. The Division provides staff support to the Director of the Department of Business, Economic Development, and Tourism in the Director's statutory role of Energy Resources Coordinator.

Division programs are coordinated with activities at the University of Hawaii, the State's High Technology Development Corporation (HTDC), Pacific International Center for High Technology Research (PICHTR), Natural Energy Laboratory of Hawaii Authority (NELHA), the U.S. Departments of Energy and Commerce, and the U.S. Environmental Protection Agency. In addition, the Division works closely with other State agencies, especially the Public Utilities Commission, the Consumer Advocate, State Civil Defense, the Departments of Land and Natural Resources, Agriculture, and Health, and other relevant public and private organizations. It also collaborates with County economic development agencies and local economic development boards.

Division activities are funded by State and Federal funds that are often leveraged by additional non-state funding in the form of competitively awarded grants and public-private partnerships.

ENERGY EFFICIENCY BRANCH

The Energy Efficiency Branch plans, develops, implements, and evaluates programs, projects, and activities contributing to the State's statutory energy self-sufficiency and efficiency objectives, which also enhance economic efficiency and productivity. The branch ensures that its energy efficiency, conservation, and renewable energy programs comport with State energy policy objectives and are consistent with objectives of the State Energy Program funded, supported, and directed by the U.S. Department of Energy.

In coordination with the Science & Technology Branch, and the Energy Planning & Policy Branch, and in relevant functional areas of the branch, supports strategic partnerships and innovative programs that bring industry, government and research institutions together to collaborate and leverage state funds and partners' resources to develop, diversify and grow Hawaii's economy. Seeks opportunities and prepares proposals for federally- and industry-funded programs and projects in relevant functional areas of the branch; leveraging of state funds to be sought as a priority. Provides technical assistance in the branch's functional areas to support the Division's participation in relevant policy proceedings.

Branch program areas include, but are not limited to: energy efficiency codes and standards; energy efficiency, conservation, and renewable energy in State and other government buildings; facilities, and procurement; energy efficiency, conservation, and renewable energy in private and non-profit sector buildings, facilities and energy-consuming processes/activities; sustainable building design, planning, and construction; environmentally preferable product promotion; and recycling and remanufacturing of used materials. Key activities include the following:

Renewable Energy Functions. In coordination with the Energy Planning and Policy Branch, proposes, plans, conducts, and reports on results of activities to increase the use of indigenous, sustainable renewable and alternate energy, including the following:

- Participates in renewable and sustainable energy evaluation and demonstration projects, outreach, and other activities to promote technically, economically, and environmentally feasible projects.
- Supports State and County transportation planning efforts through recommendations for cost-effective energy efficiency transportation system management measures and alternative transportation fuels and modes.
- Administers the State's alternate fuels program, encouraging cost-effective use of indigenous fuel feedstocks (e.g., ethanol and biodiesel), pursuant to State laws and regulations (e.g., Chapter 486J-10, HRS), and monitors and reports compliance with requirements established therein.

Energy Efficiency and Conservation Functions. Proposes, plans, conducts, and reports on results of energy efficiency and conservation programs. Provides advice and assistance to the general public, private and non-profit sectors, and to public agencies on energy efficiency and conservation, demand-side management (DSM), and renewable energy projects. These energy efficiency and conservation activities include the following functions:

- Works with design professionals, the building industry, and county officials to update and implement the Model Energy Code for commercial buildings and residential dwellings and to install energy efficient technologies.
- Promotes the adoption of energy efficiency practices and technologies in governmental agencies and the private sector.
- Provides professional and technical advice and assistance to public building management in developing and implementing energy efficiency programs and practices.
- Monitors, evaluates and reports on the effectiveness of utility DSM programs.
- Develops partnerships and networks with the public and private sectors and community organizations to provide information and education on energy efficiency.

Recycling Functions. Provides advice and assistance on use and procurement of environmentally preferable and recycled and recycled-content products and materials, develops and expands markets for recycled content products.

Clerical Services Function. Provides clerical, stenographic, typing and other administrative support services to the Branch's staff and other authorized programs.

ENERGY PLANNING & POLICY BRANCH

The Energy Planning & Policy Branch creates, develops, implements, and evaluates comprehensive integrated energy development plans; energy data collection, analyses, and forecasting; and contingency plans to protect critical energy systems and effectively deal with energy crises. Advocates diversification of the State's energy resource portfolio, market-based development of cost-competitive indigenous energy sources and advanced energy technologies. Coordinates programs and projects to ensure they comport with State energy policy objectives and are consistent with objectives of the State Energy Program funded, supported, and directed by the U.S. Department of Energy.

Coordinates policy analysis and development activities of the Division. Provides technical assistance to support the Division's participation in relevant policy proceedings. Provides statistical research and technical reference services to Division. Integrates legislative coordination for the Division.

In coordination with the Science & Technology Branch, and Energy Efficiency Branch, other public and private energy organizations, supports strategic partnerships and innovative programs to collaborate and leverage State funds and partners' resources to develop, diversify and grow Hawaii's economy in relevant functional areas of the branch; e.g., conventional energy supply-side resource options and advanced energy system technologies with emphasis on those with the most promise to commercially capitalize on the sustainable development of indigenous energy resources of Hawaii, and the most sustainable use of fossil fuels on the market; promotes Hawaii as the best location to conduct energy related sustainable economic development activities and enterprises; and develops proposals for appropriate incentives for sustainable energy development in Hawaii.

Conducts assessments of economic, social, and environmental impacts of strategic targeted energy supply programs and objectives; conducts analyses and long-range assessments of conventional and advanced energy resources to ensure sustainable resource development. Conducts analyses of existing and proposed alternate and conventional energy supply-side resource programs and projects; evaluates analyses done by others; makes recommendations on programs which represent the most effective allocation of research and development, operating, and CIP funds.

Energy Planning and Policy Functions. Provides professional staff services in support of the DBEDT Director's statutory role and responsibilities as State Energy Resources Coordinator, for statewide energy management and development, and the State Energy Program (SEP) objectives, and to achieve the State's sustainable statewide economic diversification and development objectives. Activities include the following:

- In accordance with Chapter 196D and Chapter 226, HRS, prepares comprehensive energy plans, including the Hawaii Energy Strategy program activities, and forecasts of energy supply and demand using advanced computer models of the state's energy systems and economy.
- Promotes and facilitates commercial development of distributed energy resources (DER) and other advanced sustainable energy technologies.
- Assesses impacts of changes in energy supply and demand on global, national, and State levels, and recommends appropriate State and private sector actions.

Advanced Energy Technology and Resources Functions. Develops plans and programs for the sustainable development and use of Hawaii's energy supply-side resources; assesses, develops, and makes recommendations for cost-effective, sustainable development of Hawaii's indigenous renewable energy resources.

- Administers programs such as the Pacific Regional Biomass Energy Partnership and GeoPowering the West, and hydrogen projects to promote the use of renewable energy resources with focus on technology innovation.
- Identifies appropriate Hawaii renewable energy resources and relevant application technologies through assessments and analyses to facilitate project demonstration and commercial development.
- Coordinates education and outreach activities with counties, private sector, research, and other government agencies to establish and maintain cooperation on projects of shared interest.
- Identifies, plans and manages technical assistance projects to support the development of innovative renewable energy projects by government and the private sector.

Emergency Energy Preparedness and Homeland Security Functions. In accordance with Chapter 125C, HRS and in coordination with other government and private agencies and organizations, develops, maintains, exercises, and in the event of an actual energy emergency implements, with augmentation by additional staff as may be required, the State's statutory energy emergency preparedness plans. Formulates and recommends plans, policies and procedures for fuel allocation and distribution to be implemented in the event of a declared energy emergency, and conducts daily operations of the State Emergency Fuel Set-Aside Office.

- Supports State Civil Defense (SCD), pursuant to Chapter 128, HRS, in the event of an emergency or a Homeland Security threat. Conducts State-level Emergency Support Function #12 - Energy, and under direction of SCD, compiles and analyzes data and information for preparation of emergency situation reports relating to energy, fuels and critical energy infrastructure facilities.
- Maintains up-to-date information on procedures for Hawaii's emergency access to national and international petroleum stockpiles during fuel market disruptions; provides staff assistance to obtain fuel from the U.S. Strategic Petroleum Reserve, and proposes other mechanisms meet Hawaii's emergency fuel needs.
- Supports efforts to establish an industry based on strategic advantages for homeland security within the Asia Pacific region.

Energy Data Monitoring Function. Provides staff services in support of the DBEDT Director's statutory role and responsibilities as State Energy Resources Coordinator, and the Division's programs, projects, and activities by compiling, evaluating, and disseminating data and information on fuel supplies, energy savings, energy demand and supply. In accordance with relevant laws, rules and regulations, gathers, analyzes, and reports petroleum and fuel supply, production, demand, storage, transport, and price data.

Clerical Services Function. Provides clerical, stenographic, typing and other administrative support services to the Branch's staff and other authorized programs.

SCIENCE & TECHNOLOGY BRANCH

The Science & Technology Branch proposes, plans, implements and reports on programs to support the development of science and technology and related industries to further statewide economic expansion and diversification. Subject areas that receive particular emphasis at this time include oceans, aerospace, life sciences and dual use. Working with industry, Hawaii's research institutions, and other public sector agencies, the branch focuses on activities to retain and expand existing industry and attract new enterprises and investment:

- Promotes increased scientific research and the development of new technologies based on Hawaii's natural resources and strategic advantages.
- Monitors national and global trends in strategic technology sectors and recommends programs, policies and strategies that can support technology industry development statewide (including research on target industries, development of policy papers and program briefings, and preparation of legislative testimony and reports).
- Increases awareness of Hawaii's science and technology assets, accomplishments and competitive advantages to promote the purchase of goods and services from Hawaii's science and technology companies, and attract investment and new business formation. Activities comprise

development and distribution of a variety of digital and print media, including brochures and directories, websites and advertising.

- Provides opportunities for Hawaii companies to explore and penetrate export markets by organizing cooperative trade show participation and trade missions in targeted sectors and geographic areas.
- Promotes recognition of Hawaii's potential as a center for leadership in the Pacific in areas such as aerospace, life sciences and ocean science and technology through coordination of conferences, workshops, seminars and other events that bring together scientists, government representatives and business leaders from around the Asia-Pacific Region.
- Develops programs to enhance the University of Hawaii's role as an economic engine by stimulating industry-university interaction and partnerships, facilitating the transfer of university research to the private sector to stimulate new enterprises and job creation, improving the relevance and quality of university training to support Hawaii's technology industries, and providing co-management to integrate economic development objectives into the federally-funded Experimental Program to Simulate Competitive Research (EPSCoR) program.
- Works with State agencies, the University of Hawaii and the private sector to identify, research, and develop strategies to resolve industry constraints (e.g. bioprospecting regulations, GMO concerns, development of additional astronomy infrastructure).
- Represents the department on a variety of public and private sector committees and task forces.

Ocean Industry Functions. Plans and implements specific projects to build market presence, attract new investment and assist all sectors of the ocean science and technology industry in expanding markets. Monitors national and international policy issues and research & development trends. Works with the public and private sector to address policy issues as they affect the State and create programs to capitalize on development trends where Hawaii has a strategic advantage.

Life Sciences Industry Functions. Co-chairs the DBEDT Biotech Hui, which plans and implements activities to support the growth of Hawaii's life sciences cluster. In coordination with the Energy Efficiency Branch and the Energy Planning & Policy Branch, encourages the development of bio-energy and bio-based products, particularly from indigenous, sustainable feedstocks, to diversify and conserve energy resources. Monitors issues that impact life sciences industry development and works with the private and public sectors to address constraints to growth.

Aerospace Industry Functions. Identifies and promotes opportunities for expanding and diversifying aerospace-related industries in Hawaii, including but not limited to aviation, astronomy and astrophysics, applied optics, planetary geosciences, satellite telecommunications, remote sensing, meteorology, environmental monitoring, and commercial space launch.

Dual Use Industry Functions. Works with defense agencies to identify future research needs and match them to Hawaii areas of expertise and plans and implements specific projects to attract new dual use projects and assist existing programs to expand.

Clerical Services Function. Provides clerical, stenographic, typing and other administrative support services to the Branch's staff and other authorized programs.

**DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM**

**STRATEGIC MARKETING & SUPPORT DIVISION
PRESENT FUNCTIONAL STATEMENT**

The Strategic Marketing & Support Division (SMSD) promotes industry development and economic diversification by supporting existing and emerging industries through the attraction of new business, investment, and support services; increase in exports of Hawaii professional services; expansion of Hawaii's participation in global trade and commerce, assistance to new entrepreneurs and community based economic organizations. Working collaboratively with a network of public and private sector partners, SMSD plans and implements programs to:

- Encourage the growth of existing and emerging industries by opening and developing domestic and international markets for Hawaii firms;
- Attract new business and investment, particularly knowledge-based and environmentally compatible industries to grow and diversify Hawaii's economy;
- Market Hawaii as a serious place to do business;
- Create new jobs, particularly those that require high-skills to support knowledge-based industries;
- Increase sales and exports of professional services;
- Administer and promote Hawaii's sister-state relationships to facilitate economic development objectives;
- Collaborate with the counties and private business and economic development organizations to support the state's economic development objectives.
- Serves as business advocate within the Executive Branch by facilitating relations with other departments.
- Administers and coordinates the activities of division branches.
- Represents the department on various government and private task forces, resource committees, and other policy development and implementation bodies that deal with growth and diversification of Hawaii's economy.
- Supports small business operations through loans and technical assistance. Loan assistance is also provided to business and personal setbacks caused by a state-declared natural disaster.

Investment and Business Analysis Branch

The Investment and Business Analysis Branch (IBAB) develops, plans and implements programs to attract investment and businesses to Hawaii. IBAB provides information and facilitates opportunities for businesses considering investing in or expanding to Hawaii.

- Compile and provide information needed by prospective companies to make their relocation and expansion decisions;
- Operate representative offices to provide stable linkages with selected regions to generate and follow-up on business opportunities;
- Establish Hawaii as a significant resource for economies in transition;
- Encourage new business and investment into Hawaii through developing and implementing programs;
- Facilitate matches and strategic alliances for investment into Hawaii's firms in key areas;
- Administer and promote Hawaii's sister-state relationships to facilitate economic development objectives.

Services Trade Branch

The Services Trade Branch (STB) plans, implements and supports marketing initiatives to expand existing markets and open new markets for Hawaii's professional services. STB works closely with industry and professional associations to increase sales, build

capacity and serve as a communication link for domestic and international trade opportunities; plans and implements initiatives to increase the export and growth of Hawaii's professional services in targeted industries such as medical and health care services including health and wellness tourism, education-related services including education, infrastructure-related services including resort development, architectural, engineering, planning, and environmental services; and technology-related services.

The branch also seeks out and facilitates overseas investments directly into Hawaii or through partnerships and alliances with Hawaii service firms to expand market reach growth potential, and is the lead coordinator of the public-private development and marketing of Hawaii's business brand.

- Raise the level of awareness, assist, and provide relevant information for companies interested in exporting;
- Organize and support firms to gain new customers, increase sales and access new markets;
- Work with industry to build capacity, encourage cohesiveness, and plan marketing efforts to strengthen the industry.
- Promote Hawaii as an center of excellence for selected professional services;
- Increase trade and investment attraction services to Hawaii companies by developing international networks;
- Promote Hawaii as a good place to do business in partnership with the private sector;
- Collaborate with the counties and private business and economic development organizations to support the state's economic development objectives.
- Promote Hawaii as the "Geneva of the Pacific" for international conferences, meetings and seminars;
- Facilitate an international leadership, teacher exchange program and "experience abroad" opportunities for Hawaii students;
- Coordinate with DBEDT's Office Of International Affairs on international projects.

Business and Community Assistance Branch

The Business and Community Assistance Branch provides support to businesses in dealing with the regulatory environment and in their interactions with government. The branch reviews and monitors proposed rules, regulations and legislation for economic impact on the business sector, and proposes rule or statutory changes that would improve the business climate. The branch coordinates and facilitates community economic development technical and financial assistance programs, administers economic development activities associated with the various state and federal agencies and administers the State Enterprise Zones Program.

- Provides administrative and research support to the Small Business Regulatory Review Board which acts as direct representatives of the small business community. Reviews existing state and county Administrative Rules and provides comments on new and modified Administrative Rules to rule-making agencies.
- Acts as a facilitator between the private sector and agencies; recommends streamlining of government practices; reviews existing and proposed administrative rules or laws to determine the impact on business and the economy; recommends legislation in support of economic growth and business stability and to remove government barriers to business formation and expansion.
- Provides management and technical advice to help the development, start-up, and growth of small businesses. Provides assistance to small businesses to help them use the resources of federal, state and county business support agencies.
- Coordinates rural area economic development activities of the State and counties.
- Prepares grant applications and administers various federal grants for statewide economic development projects.

- Formulates specific economic development plans for distressed rural areas, including those transitioning from an economy based on production and manufacturing of large-scale agricultural sugarcane.
- Facilitates overall job creation strategies in rural areas.
- Administers the Community-Based Economic Development (CBED) Program and provides administrative and research support to the CBED Advisory Council.
- Prepares and administers CBED grant contracts.
- Provides technical assistance to CBED grant recipients relating to organizational development, business activities and determination of financial assistance.
- Administers the Enterprise Zones (EZ) Partnership in coordination with county councils and mayors to identify areas qualifying for zone designation.
- Markets, administers and facilitates business participation for the EZ Partnership in conjunction with county governments and other economic development organizations.
- Underwriting and servicing loans for the Hawaii Capital Loan Program, the Commercial/Personal Disaster Loan Program, and the Community-Based Economic Development Loan Program.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

**ALOHA TOWER DEVELOPMENT CORPORATION
PRESENT FUNCTIONAL STATEMENT**

The Aloha Tower Development Corporation (ATDC) is overseen and guided by a thirteen (13) member Board of Directors, which establishes policies and executive direction for the corporation. The Board approves actions to be undertaken by the agency and acts upon staff recommendations to enter into contracts and other instruments necessary to exercise the powers granted to the ATDC.

The mission and functional goals of the Aloha Tower Development Corporation (ATDC) are:

- Strengthen the international economic base of the community in trade activities;
- Enhance the beautification of the waterfront;
- Improve modern maritime uses in concert with the Department of Transportation (DOT); and
- Provide for public access and use of the waterfront property.

The ATDC was established in 1981 with a primary emphasis on redeveloping the Aloha Tower Complex Area, located on the waterfront in downtown Honolulu, bounded by Piers 5 and 6, Piers 8 through 23 and portions of Nimitz Highway and Iwilei. The ATDC also has jurisdiction for planning, development and redevelopment of lands located seaward of Nimitz Highway between Pier 4 and the Honolulu International Airport.

Act 200, Session Laws of Hawaii 2008, expanded the ATDC functional goal to improve modern maritime uses in concert with the DOT by authorizing to ATDC, a statewide jurisdiction for implementation of the commercial harbors modernization plan described in the Act. The Act empowers ATDC to partner with DOT to develop the State's commercial harbors up to standards needed to sustain state economic growth. The Act is effective for the period July 1, 2008 to June 30, 2016.

ATDC EXECUTIVE OFFICE

The ATDC Executive Office executes the statutory provisions of Chapter 206J, Hawaii Revised Statutes, under the policy and executive direction of the ATDC Board of Directors. The Office is responsible for the uniform application of policies, procedures and practices of the state government, the Department of Business, Economic Development and Tourism (DBEDT) and the ATDC. The Office is responsible for the following functions:

1. Provides the overall administration and management of all functions and activities related to the operation of ATDC.
2. Implements programs to meet ATDC goals and objectives in consonance with applicable plans and guidelines.
3. Establishes policies and procedures to guide program operations; adopts by-laws for the organization and oversees internal management of the ATDC.
4. Provides the central coordination to integrate delivery of staff support services to promote achievement of goals and objectives.
5. Appoints officers, agents and employees, prescribes their required qualifications and duties, and fixes their salaries.
6. Provides the focal point for program and personnel development and evaluation.

7. Submits to the Governor and to the Legislature a complete and detailed annual report of the Corporation's activities.
8. Studies and reviews national financial and real estate markets to identify and target potential developers of large-scale projects to develop the Aloha Tower Complex and its broader jurisdictional area.
9. Develops and executes contracts and all other instruments necessary or convenient for the exercise of powers and functions authorized under Chapter 206J, HRS.
10. Recommends and adopts administrative rules, or amendments thereto, under Chapter 91, HRS, necessary to effectuate Chapter 206J, HRS, in connection with projects, operations, properties, and facilities of the Corporation.
11. Implements Chapter 26, Hawaii Administrative Rules, subchapters 6-8, 9 and 26, related to the ATDC jurisdictional area.
12. Prepares, or causes to be prepared, a development plan for the Aloha Tower Complex, incorporating the needs of the Department of Transportation.
13. Partners with qualified persons, constructs, reconstructs, rehabilitates, improves, alters, or repairs facilities required in the development of the Aloha Tower Complex and its broader jurisdictional area.
14. Issues revenue bonds for the purpose of providing funds for corporate purposes.
15. Imposes, prescribes, and collects rentals, fees, or charges for the lease, use, and services of its projects.

HARBORS MODERNIZATION GROUP

This group is responsible for the implementation of the Commercial Harbors Modernization Plan pursuant to Act 200, Session Laws of 2008. The functions are as follows:

1. Implements Chapter 206J-5.5 in partnership with the Department of Transportation related to the Commercial Harbors Modernization Plan and the establishment of the Harbors Modernization Group.
2. Develops and executes contracts and all other instruments necessary or convenient for the exercise of powers and functions authorized under Chapter 206J-5.5, HRS.
3. Partners with DOT and other partners, constructs, reconstructs, rehabilitates, improves, alters, or repairs facilities required in the development of projects defined in the Commercial Harbors Modernization Plan.
4. Receives, manages and expends revenue bond funds and other funds delegated by the DOT to ATDC for the Commercial Harbors Modernization Plan under revenue bond and other fund management guidelines prescribed by DOT.
5. Implement the planning, design, construction and financing of the harbor projects identified in the Commercial Harbors Modernization Plan.

ADMINISTRATION OFFICE

This office is responsible for providing administrative services in the functional area of budget, fiscal, procurement and purchasing, as follows:

1. Prepares operating and CIP budget requests, oversees actions related to fund release, expenditures, and encumbrances.
2. Oversees and coordinates the formulation, presentation and execution of the multi-year program and financial plans.
3. Manages and provides support regarding state budget policies and instructions, procedures and timetables.
4. Administers the expenditure of departmental funds in accordance with federal and state statute, rules and regulations, and generally accepted accounting practices and procedures; establishes and follows procedures for non-bid purchasing of goods and services, processing of invoices, inventory or personal property and equipment, petty cash fund establishment and reimbursement.
5. Plans, organizes and directs the development of accounting systems for all of the corporation's project components.
6. Monitors contracts and ensures compliance with contract provisions that are consistent with applicable state laws, rules, regulations and policies.
7. Reviews contracts and associated documents for compliance to revenue bond underwriting requirements.
8. Prepares financial reports for ATDC, coordinates audits, and verifies or makes projections on revenues and expenditures.
9. Maintains sound internal controls by overseeing and performing proper procurement actions and documentation for contracts and purchasing.
10. Reviews for appropriateness and conformity to procurement requirements, all RFP, scope of services and other contract documents.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

PRESENT FUNCTIONAL STATEMENT

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

The Hawaii Community Development Authority has 18 voting Authority Members who establish policies and executive direction for the agency, as well as approves programs and actions to be undertaken by the agency; and acts upon staff recommendations to enter into contracts and other instruments necessary to exercise the powers granted to the HCDA.

The HCDA is responsible for long-range planning and implementation of improved community development for areas of the State of Hawaii that are designated as Community Development Districts by the State Legislature. For designated community development districts, HCDA:

1. Determines community development programs and cooperates with private enterprise and the various components of federal, state, and county governments in bringing plans to fruition.
2. Prepares and implements a community development district plan.
3. Establishes and enforces community development rules on health, safety, building, planning, zoning, and land use.
4. Prepares and implements a district-wide improvement program to improve infrastructure and other public facilities.
5. Assesses the cost of providing infrastructure and other public facility improvements against the real properties that benefit from the improvements.
6. Issues bonds to provide funds to finance infrastructure and other public facility improvements.
7. Provides relocation assistance to individuals and businesses that are forced to relocate because of government action or a development project approved by the Authority.
8. Undertakes the planning, design, and construction of improvements to roadway, sewer, drainage, water, and other utility and communications systems.
9. Undertakes the development of major public facilities, such as public parking garages and public community facilities.
10. Encourages the private sector development of industrial, residential, and commercial space in the community development district.
11. Administers a reserved housing program to provide for affordable housing units.

OFFICE OF EXECUTIVE DIRECTOR

Under the policy and executive direction of the Authority, the HCDA Executive Director is the focal point for the execution of the statutory provisions relating to the redevelopment of the legislatively designated development districts. The Executive Director is responsible for the uniform application of policies, procedures and practices as they relate to the responsibility of the Hawaii State Government, Department of Business, Economic Development, and Tourism and the Hawaii Community Development Authority. Within this capacity, the HCDA Executive

Director shall be responsible for the following functions:

1. Provides for the overall administration and management of all functions and activities related to the operation of the HCDA.
2. Implements programs to meet HCDA goals and objectives in consonance with applicable plans and guidelines.
3. Establishes policies and procedures to guide program operations.
4. Provides the central coordination to integrate delivery and staff support services to promote achievement of goals and objectives.
5. Provides the focal point for program and personnel evaluation, and program personnel development.

The support staff provides a variety of clerical support services for the HCDA organization including the following functions: typing correspondence and other documents; maintaining and retrieving files; arranging appointments and meetings; preparing information necessary for meetings and presentations; and researching for data. Each secretary is assigned to support a branch within the HCDA; however, the support staff works as a pool when any of the secretaries are on vacation or out sick to provide customer service to the public's inquiries via telephone or in person and to the Authority and branch/office staff of the HCDA.

KAKAAKO DISTRICT PLANNING & DEVELOPMENT BRANCH

This branch is responsible for Kakaako District planning, development, and engineering functions:

1. Administers community development district Plans and Rules including review, evaluation and amending existing Plans and Rules.
2. Performs plan and zoning enforcement by review and evaluation of development proposals and recommends changes to proposals to conform to the Plans and Rules.
3. Facilitates development by providing consultation service for better understanding of requirements of the Plans and Rules, assists private developers in design of development projects to be feasible under the Plans and Rules.
4. Develops State, and/or HCDA-owned, properties including preparing development plans and concepts; conducting market analyses; arranging for interim and permanent financing; preparing engineering and architectural designs; and monitoring construction.
5. Works directly with federal, state and county agencies and officials to effectuate various HCDA initiatives.
6. Plans and carries out District-wide Improvement projects including: financing of the project, designing and constructing infrastructure improvements; conducting appraisals; negotiating land acquisitions; filing for condemnation of property; coordinating with other HCDA branches on relocation assistance programs as necessary; monitoring construction; arranging acceptance and dedication when completed.

KALAELOA DISTRICT PLANNING & DEVELOPMENT BRANCH

This branch is responsible for Kalaeloa District planning, development, and engineering functions:

1. Establishes and promulgates community development district Plans and Rules.
2. Coordinates with the U.S. Navy and other entities during the conveyance of properties and conducts remediation activities for the District.

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
(DBEDT)
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
(HHFDC)

PRESENT FUNCTIONAL STATEMENT

HHFDC BOARD OF DIRECTORS

The nine (9) member HHFDC Board of Directors:

1. Establishes policies and executive direction for the HHFDC.
2. Approves programs and actions to be undertaken by the HHFDC; approves staff recommendations to enter into contracts and other instruments necessary to exercise the powers granted to the HHFDC.
3. Approves for adoption and/or revision administrative rules and procedures for the various programs of the HHFDC.
4. Monitors the status of projects receiving assistance from the HHFDC.

OFFICE OF THE EXECUTIVE DIRECTOR

Under the policy and executive direction of the Board of Directors, the Office of the Executive Director is the focal point for the execution of the statutory provisions relating to the finance, development and management of housing and the delivery of housing and housing services to the State of Hawaii. The Executive Director is responsible for the uniform application of policies, procedures and practices as they relate to the responsibility of the Hawaii State Government and the Hawaii Housing Finance and Development Corporation, Department of Business, Economic Development and Tourism to provide housing and related services to the people of the state of Hawaii. Within this capacity, the Office of the Executive Director shall be responsible for the following functions:

1. Provides for the overall administration and management of all functions and activities related to the operation of the Hawaii Housing Finance and Development Corporation.
2. Implements programs to meet HHFDC goals and objectives in consonance with applicable plans and guidelines.
3. Establishes policies and procedures to guide program operations.
4. Provides the central coordination to integrate delivery and staff support services to promote achievement of goals and objectives.
5. Provides the focal point for program and personnel evaluation, and program and personnel development.
6. Coordinates responses for Governor and DBEDT Director's referrals.
7. Provides administrative support services to the Board of Directors.

Staff Support Services

Provides a variety of centralized clerical support services for the HHFDC organization including the following:

1. Maintains appropriate systems for the receipt, distribution, and processing of the HHFDC's incoming and outgoing correspondence.

2. Provides front office reception services and answers telephone calls and transfers to appropriate staff.
3. Requisitions and maintains an inventory of office supplies for the Office of the Executive Director.
4. Requisitions and maintains an inventory of duplicating and facsimile supplies. Also provides technical assistance in the operation and servicing of duplicating and facsimile machines.
5. Provides other clerical and office support functions as required.

COMPLIANCE OFFICE

This office performs activities to ensure the HHFDC manages and operates programs in accordance with Federal and State requirements, and corporate policies and directives.

1. Reviews, monitors and investigates all programs and activities for the Executive Director (ED) and notifies the ED of any performance problems, fraud, waste, misuse of funds, mismanagement or situations with any potential for such abuse and recommends corrective action. Imposes enforcement action if corrective action is not taken on improper activities.
2. Monitors progress and ensures that corrective action is being taken to enforce compliance for all of the HHFDC's various programs and activities.
3. Reviews Federal and State laws, rules and regulations to determine their impact on the HHFDC's procedures, and assists program managers in determining and developing operational and procedural changes.
4. Disseminates compliance issues for all programs that impact the HHFDC's procedures.
5. Performs annual and special reviews of the HHFDC's programs to ensure uniform application and implementation of rules, policies and procedures and to determine the extent to which its objectives are being met.
6. Addresses resident complaints relating to alleged discrimination or any other civil rights type of complaint.
7. Ensures the HHFDC's safety program is in compliance with Occupational Safety and Health Standards (OSHA) and Hawaii Occupational Safety and Health (HIOSH) requirements.
8. Reviews and monitors relocation assistance plans developed by other State departments and county agencies involved in displacement of individuals, families, businesses and farm operations pursuant to Chapter 111, HRS.
9. Coordinates and enforces all fair housing functions to promote and improve equal housing opportunity and access as required by law.
10. Coordinates and enforces all civil rights functions (i.e. – Section 504 of the Rehabilitation Act of 1973, Americans with Disabilities Act, Equal Employment Opportunity, etc.) to comply with the Law.
11. Administers and monitors contracts for various Federal and State rental assistance programs to ensure compliance with applicable rules and regulations. Programs include: Rental Assistance Payments, Rental Housing Trust Fund, Low Income Housing Tax Credit and HOME programs.

12. Conducts management reviews of projects, assisted by the HHFDC, which includes physical inspections and file reviews based on program requirements.
13. Coordinates the development of, establishes the criteria for, assembles and implements all documents and contracts relating to compliance monitoring.
14. Processes and evaluates competitive bids for compliance monitoring services.
15. Provides program compliance monitoring services for HHFDC rental development programs.

HOUSING INFORMATION OFFICE

This office provides for regular communication among the HHFDC, with other government and private entities, the media and the general public regarding the HHFDC's programs, services, actions, plans and policies. Establishes and maintains an effective communications program in the support of public information and advocacy requirements under State law.

1. Acts as the media liaison. Responds to the media's information needs regarding State housing activity. Prepares and Disseminates information that increases public awareness of the HHFDC's programs, services, projects and accomplishments.
2. Provides crisis communications, responding rapidly to unforeseen crisis through issue research, policy input, and dissemination of appropriate responses. Anticipates negative reaction or misunderstanding of the HHFDC's function, and prepares appropriate spokespersons/responses.
3. Receives, researches and responds to queries and complaints from the public, private and non-profit sectors. Monitors referrals to ensure expeditious response/resolution.
4. Assists other branches and offices of the HHFDC with advocacy efforts to inform selected regional targets about the advantages/impacts of housing projects, programs and services in their area.
5. Develops cost-effective communication tools, such as printed products including the HHFDC's annual report, brochures and newsletters; audio/visual materials, special events and presentations, public services announcements, and consumer services. Assists the management with employee/internal communications.
6. Conducts strategic communications planning to achieve understanding and support among selected target audiences. Develops, implements, evaluates and updates the communications program to insure integration with the HHFDC's plans, policies and objectives.

INFORMATION TECHNOLOGY OFFICE

The Information Technology Office (ITO) assists DBEDT with the overall administration, planning, direction, management, development, implementation and maintenance of all information technology (IT) systems and processing for the HHFDC including support and management in business application development and maintenance, project planning and implementation, telecommunication and network operations, systems software/hardware, and technical training for the HHFDC. Desired goal is to achieve/implement a fully integrated financial/property-asset management/compliance application system for the HHFDC.

Assists DEBDT to direct and coordinate all IT matters within and between the HHFDC and other State and county agencies, the Federal government, and commercial hardware and software organizations including private consultants.

Assists DEBDT in the following areas:

1. Develops, implements, and maintains short and long range information technology strategy plans that address key issues such as legacy systems, end-user training, a comprehensive hardware replacement schedule, leveraging the internet, etc.
2. Conducts analyses of existing hardware and software components and recommends maintenance or upgrades based upon current or future processing requirements. Ensure that appropriate hardware and software are acquired and/or upgraded to support the various entities of the HHFDC.
3. Plans, coordinates, develops, evaluates, monitors and assists in bid, proposals and contract processing procedures/activities in acquisition of IT hardware, software, and services.
4. Provides overall project management expertise and assistance in project management for all systems development projects; works with various divisional offices and administrators to implement automation initiatives; assists in the development of the advance planning document for the systems development and implementation project plans; provides systems analysis and design services, and computer programming services to the end user community; and provides daily operational support and maintenance in all aspects of data processing requirements for the end user community.
5. Performs system analysis and design functions in the development of new system requirements definition; or enhances existing system requirements.
6. Modifies/develops applications to computer programs and performs unit tests; develops data processing documentation in accordance with established documentation standards. Provides computer programming functions for the various programs within the HHFDC.
7. Plans, coordinates and directs systems software support and control programming; database management and operational support installation and maintenance service for centralized computing systems; development, implementation and maintenance of specialized systems software used in support of applications and controls systems.
8. Determines efficiency/capacity and recommends improvements to the computer system and guidance in the effective and efficient use of systems software.
9. Defines, develops, and administers all divisional security procedures and processes; manages access to the division's automated systems; conducts system security studies for conformance to laws, policies and procedures relating to the security guidelines and policies; works with various local, State, Federal and Private sector agencies on all system security issues; and conducts security reviews.
10. Plans, directs and oversees the implementation and support of network components; the evaluation of efficient and cost-effective deployment and usage of transmission media; and the development of policies, standards and procedure and long-range plans and goals for the HHFDC's telecommunications infrastructure. Ensures that the plans are consistent with the State's long-range telecommunication's infrastructure to allow connectivity with other agencies.
11. Manages, plans and directs office automation usage and development of customized office automation applications and databases. Provides technical expertise in the support of client applications and WEB development.

12. Oversees and manages the daily activities of the HHFDC's computer network. Enables and maintains network software parameters, configures and optimizes network components including servers and firewalls, routers, switches and hubs.
13. Prepares and maintains production schedules and documentation for new and on going application systems; submits job requests; reviews jobs for quality assurance.
14. Oversees the HHFDC's computer network system and all peripherals.
15. Provides on-site technical support to all users within the HHFDC; develops and implements training sessions for internal users; plans and implements re-training efforts at the basic, intermediate and management levels.
16. Develops and implements the HHFDC's system recovery plan.
17. Participates in Informational Systems technical user and/or Project Committees.
18. Develops and/or updates Agency automated system user guides to reflect current processes and procedures.
19. Prepares status reports and convey concerns regarding the quality and progress of IT systems/projects.
20. Assists in research of office and staff productivity technologies.

PERSONNEL OFFICE

Under DBEDT oversight, the Personnel Office is responsible for providing personnel staff support and advisory services to the Executive Director, managers and employees of the HHFDC. Manages various personnel programs and activities for the HHFDC including recruitment, examination and placement, position description updates, labor relations, civil rights, employee relations and safety, employee training and development, and personnel transactions and records maintenance. Collaborates and coordinates with the DBEDT Personnel Office in providing/addressing the personnel program needs of the HHFDC.

1. Manages the HHFDC's personnel programs and activities in accordance with a broad range of standards and requirements, including Federal and State statutes and guidelines, personnel rules, regulations, policies and procedures, and collective bargaining contract provisions.
2. Provides advisory services to management personnel, supervisors, and employees. Interprets civil service regulations, departmental policies and procedures, Federal and State rules and regulations, collective bargaining contractual agreements, etc.
3. Advises management on labor relations issues, such as just cause for discipline, handling of grievances, etc. Conducts grievance investigations, reports findings and makes recommendations for appropriate actions.
4. Meets with employee/employer representatives to discuss problems and negotiate mutual agreements with respect to terms and conditions of employment unique to the HHFDC in an attempt to resolve grievances, if necessary.
5. Provides advice and assistance to managers and supervisors in preparing action requests for establishing positions, reallocations, exemptions, etc.
6. Reviews position descriptions prepared by supervisory personnel to insure that all DHRD/DBEDT requirements are met and that classification recommendations are appropriate before processing the action for appropriate attention.

7. May conduct job audits and perform other job analysis functions in order to advise management on position utilization matters including preventing duplication of effort, overlapping of responsibilities, developing career ladders, etc.
8. Provides advice and assistance to managers and supervisors in planning and conducting recruitment, examination, selection and placement activities for filling of position vacancies; and coordinates with the departmental (DBEDT) or central (DHRD) recruitment entities, as appropriate, to fill position vacancies with appropriate qualified applicants.
9. Assists managers and supervisors in identifying employee training needs; develops and implements employee training programs and/or obtains/coordinates appropriate resource(s) for in-service training.
10. Ensures that out-service training requests are properly justified and processed on a timely basis.
11. Establishes and maintains appropriate programs to effectively address/monitor employee safety and workers' compensation concerns; and develops and maintains a Loss Control Program.
12. Maintains all status records on employees and positions for the HHFDC.
13. Coordinates with managers/supervisors when processing notification of personnel action forms; and collaborates/coordinates with departmental personnel office to ensure timely processing, appropriate control/recording, etc., of such actions.
14. Prepares personnel related reports, projections, etc., as necessary.
15. Keeps managers, supervisors and employees informed on personnel matters and concerns; obtains clarification on personnel issues as necessary and provides advice and guidance in the application of policies, procedures, etc.
16. Maintains the HHFDC's authorization documents and reviews proposed reorganizations in order to advise HHFDC management of position classification implications and effective staff usage.
17. Identifies problems such as absenteeism, turnover, discriminatory practices, etc., and conducts appropriate research and analysis in order to develop recommendations and proposals for corrective action(s).
18. Coordinates and/or monitors various personnel management programs with the departmental personnel office including drug free, civil rights, employee service awards, etc.
19. Maintain close working relationship with other State agencies concerning the Office's areas of responsibility.
20. Reviews and coordinates the HHFDC's safety program compliance with Occupational Safety and Health Standards (OSHA) and Hawaii Occupational Safety and Health (HIOSH) requirements.

PLANNING AND EVALUATION OFFICE

This office performs overall planning, evaluation and research activities for programs administered by the HHFDC, and coordinates legislative activities.

1. Formulates and assists in developing long and short-range/functional plans to meet the HHFDC's program objectives. Updates internally formulated plan documents as required.

2. Compiles, reviews and analyzes statistical, demographic and market data to identify specific levels and types of housing needs within the State; works with the Branches in determining how these needs may best be met; assesses tenant population and potential tenant population; works with other Government agencies, developer and advocacy groups and others to assess needs and identify strategies; incorporates all of this information into the HHFDC's long and short-range/functional plans.
3. Maintains regular communication with housing groups and agencies in the State and across the nation on housing-related matters; identifies potential innovative alternatives to housing management, development, and financing of housing facilities.
4. Administers the Hawaii State Housing Functional Plan (HSHFP) and State of Hawaii Consolidated Plan (CP) pursuant to statutes, Federal regulations, or executive directives and monitors and updates the HSHFP and CP as necessary.
5. Reviews and evaluates the HHFDC's objectives, policies, procedures and programs; as necessary, submits recommendations for the development of new and/or modifications to existing objectives, policies, procedures and programs for the HHFDC.
6. Assists, produces or causes to be produced housing studies and reports.
7. Develops legislative proposals and reports in support of the HHFDC's plans and programs; assists in the development of the HHFDC's position with respect to legislative, congressional or county council requests and proposals; produces testimony on housing-related legislation and issues; and coordinates all of the HHFDC's legislative responses.
8. Develops and maintains communication with congressional delegation, State legislators and county councils on housing-related matters.
9. Develops administrative rule-making procedures of the HHFDC; coordinates and assists in the development of revisions of the rules and bylaws as necessary.
10. Maintains and updates a State housing advocacy and informational system as required by State law.
11. Develops, compiles, retrieves and reports housing data and statistics for use by the HHFDC and other agencies and organizations, and prepares maps, visual aids, and reports for presentation purposes.
12. Conducts market research, needs assessments, and housing studies to assist management in decision making on prospective programs and projects; reviews development proposals to determine whether they will address identified housing needs.
13. Reviews, coordinates and formulates responses to petitions for State land use district boundary amendments, environmental impact statements; and county development/community plans in conjunction with the Branches.
14. Coordinates applications for grants or other resources to fund projects or programs to meet the housing or supportive services needs of residents assisted by the HHFDC.

FISCAL MANAGEMENT OFFICE

The Fiscal Management Office (FMO) is responsible for providing administrative assistance and advisory services in fiscal management, budget, and accounting services for the HHFDC. In addition, the FMO monitors the performance of and oversees/manages the HHFDC's assets, including real property. The FMO formulates

policies, procedures and standards in administering central accounting, asset (inventory) management and contract monitoring activities within the HHFDC; and provides consultative and technical services in budget coordination, planning development, execution and monitoring activities for all programs within the HHFDC, and with budget staff at the departmental level.

Accounting Staff

Maintains a central accounting system for all of the HHFDC's General, Federal, Special, Revolving, Bond, Trust and Capital Improvement Project funds. Monitors, coordinates and administers fiscal control of fiscal policies, regulations and procedures established by the Governor, Legislature, Federal and State fiscal agencies.

1. Develops, maintains and improves methods, procedures and forms of the HHFDC's accounting systems to ensure that the HHFDC's payments are made promptly and in conformance with established accounting standards and legality.
2. Maintains accounts, records and reports accurately and on a timely basis, ensures that HHFDC's financial transactions are legal and appropriate.
3. Prepares financial statements for submittal to appropriate offices.
4. Advises, assists and/or develops a subsidiary-accounting system and exercises general supervision in the implementation of subsystems.
5. Provides fiscal direction and assistance and coordinates fiscal activities of HHFDC's various elements.
6. Assists in preparing budget estimates and projections.

Accounting Section

Responsible for accounting, recordkeeping, financial analysis, financial reporting and associated monetary transactions for the following programs and functional areas:

- o The Dwelling Unit Revolving fund, including the Nani O Puna and Kamaaina Hale projects;
- o The Revenue Bond programs, including the Single Family, UH, Rental Housing System, SHARP and multifamily;
- o The Housing Finance programs, including Low Income Housing Tax Credit, Mortgage Credit Certificate, Rental Assistance, Waialua and Hamakua;
- o The Fee Simple Residential program;
- o The Rental Housing Trust Fund;
- o Federal Funds including Home Investment Partnerships Program
- o Capital Improvement Project Fund; and
- o General Fixed Asset Accounting.

Provides financial accounting support pertaining to the above programs, including the following:

1. Extracts financial data from various central accounts and general ledger reports and sorts and accumulates this information for program management.
2. Serves as a resource for fiscal related Federal and State program rules and regulations.

3. Assists branches and other offices in preparing financial reports and in monitoring accounts and appropriations.

Payroll and Disbursement Section

Under DBEDT oversight, the Payroll and Disbursement Section is responsible for accounting, recordkeeping, financial analysis, financial reporting and associated monetary transactions for the following programs and functional areas:

- o The Disbursing Fund, including Petty Cash;
- o The Equipment Rental and Equipment funds;
- o The Payroll functions;
- o The Allocation Fund; and
- o The Accounts Payable functions for all of the HHFDC's allocated costs.

Provides financial accounting support pertaining to the above programs, including the following:

1. Extracts financial data from various central accounts and general ledger reports and sorts and accumulates this information for program management and Federal and State reporting purposes.
2. Serves as a resource for fiscal related Federal and State program rules and regulations.
3. Assists branches and other offices in preparing financial reports and in monitoring accounts and appropriations.

Asset Management Staff

Manages all assets owned or controlled by the HHFDC, including inventory of all real properties and fixed assets.

1. Manages property management activities for HHFDC properties including rental housing properties, vacant land, commercial space, and public facilities.
2. Provides recommendations for managing the HHFDC's real estate portfolio. Activities include maintaining a database of all real property assets owned or controlled by the HHFDC; consolidating financial information on the performance of individual projects; planning for long range maintenance, renovation and new/replacement construction; assessing potential financing strategies and market demand; and providing strategic planning/goal setting and recommendations for the management of the HHFDC's real property holdings.
3. Manages land acquisition or disposition activities related to HHFDC's financing and development programs.
4. Develops/establishes policies, procedures, and standards for property inventory and disposal consistent with Federal and State laws, rules, regulations, policies and procedures.
5. Assists program staff in document preparation, identification and accurate reporting of acquired assets.
6. Reviews requests for property disposals and makes recommendations for approval/disapproval to the Executive Director.

7. Conducts on-site audit of property inventory records and random sampling of requests for disposal of properties.
8. Prepares quarterly, annual and/or special inventory reports on equipment, vehicles and real property under the control of the HHFDC.

Private Property Management Section

Plans, processes, coordinates and monitors various property management services agreements between the HHFDC and the property management firms supporting lease/rental policies. Administers various assigned project based rental assistance programs for privately owned rental developments. Prepares periodic reports on progress/status of functional activities and projects.

1. Analyzes all proposals with regards to planning, development and management of all rental properties and prepares feasibility analysis in the area of property management for the HHFDC.
2. Coordinates the development of, establishes the criteria for, assembles and implements all governing documents, agreements, contracts and leases for all assigned rental properties.
3. Administers and reviews the operation of privately managed, State funded developments owned by the HHFDC to ensure all terms of agreements are met and implemented in with applicable rules and policies.
4. Processes, evaluates and monitors competitive bids for property management services.
5. Prepares annual operating budgets for assigned rental properties and coordinates proper funding levels with RFS staff.
6. Facilitates annual financial audit of HHFDC owned rental properties.
7. Provides management information on current trends and recommends policies for operating lease and rental properties for all corporate programs.
8. Maintains liaison with homeowner or tenant associations of the HHFDC's real properties and participates, where warranted, in association activities.
9. Administers and manages non-dwelling space and facilities (e.g. commercial areas, community centers, etc.) of the HHFDC.

Real Estate Services Section

This Section oversees the following programs: New Sales, Repurchases, Resale and Rental of HHFDC's Units, Foreclosure, Waiver of HHFDC's Repurchase Right, Consent to Mortgage and/or Deferment to Pay HHFDC's Shared Appreciation Equity, Deferred Sales Price, Shared Appreciation and other HHFDC Subsidy Programs and Individual Leasehold and Leased Fee Program and the Future Homebuyers Club of Hawaii.

Land Ownership Unit

1. Administers the various land programs in accordance with applicable statutes, rules and regulations.
2. Performs research and conducts studies of land programs to establish an appropriate database for implementation in support of land programs' operations.
3. Develops and processes for adoption, appropriate administrative rules and recommends policies applicable to or revising the programs' operations.

4. Develops and reviews proposed legislation relative to land programs. Prepares appropriate testimony for use by the HHFDC in appearing before legislative committees.
5. Coordinates with attorneys in developing briefs, memorandums and affidavits for support of condemnation litigation.
6. Prepares periodic reports on progress/status of functional activities and projects.
7. Reviews and processes all complaints from lessees and/or lessors relative to alleged noncompliance of Land Reform statutory requirements. Arranges for and conducts investigations, as necessary, to resolve complaints. Initiates investigations of suspected violations of Land Reform statutory requirements and coordinates with the Housing Information Office as appropriate.

Sales Unit

1. Administers and coordinates the sales of the HHFDC sponsored projects involving new sales, resale and repurchases.
2. Reviews and approves all applications received from prospective purchasers regarding the HHFDC's eligibility requirements and prepares a drawing selection list based on priorities established by statutes or administrative rules.
3. Originates documentation for sales contracts, leases, deeds, escrow arrangements, deferred sales agreements, listing contracts, rent options and agreement of sales.
4. Conducts public drawings, information sales meetings, and coordinates on-site inspections for sales agents and prospective purchasers.
5. Coordinates functions of sales agents, mortgage lenders, appraisers, escrow, attorneys and the Asset Management Section to consummate the sale of closing of units in a timely manner.
6. Conducts surveys or other information gathering procedures to determine the level of satisfaction of buyers of the HHFDC's housing units following purchase to identify features needing improvement in future developments.
7. Analyzes and evaluates all requests for repurchase of units to determine feasibility to waive or exercise the HHFDC's option to repurchase.
8. Accumulates pertinent data and formulates sales analysis in order to establish resale prices that are affordable and consistent with the HHFDC's policies.
9. Conducts and coordinates lease to fee options, deferred sales agreements and subsidy agreements through documentation, recordation and closing.
10. Conducts negotiation, arbitration and sale proceedings for lease rent, extension of lease and sale of the HHFDC's leased fee interest in accordance with established procedures and professional practices associated with those proceedings.
11. Reviews, coordinates, computes and supervises all requests for consent to mortgage and if applicable, defer payment of the Shared Appreciation Program.
12. Monitors, coordinates and supervises all activities to collect obligations due the HHFDC under the Deferred Sales Price Program, Shared Appreciation Program and other HHFDC Subsidy Programs.
13. Oversees and monitors owner occupancy restrictions, buyback restrictions and the Shared Appreciation Program; informs owners of various real estate services provided by the HHFDC; responds to all subsequent inquiries.

Budget Staff

Serves as the HHFDC's principal staff on budget planning, execution and monitoring matters. Operates within the framework of statutory authorizations, Federal and State requirements, executive branch rules, policies and directives, and departmental policies and procedures. Advises and provides technical assistance to HHFDC personnel on the preparation of program and financial plans and budget requests. Coordinates budget planning, development, execution and monitoring activities of all programs within the HHFDC.

1. Coordinates, reviews, analyzes and makes recommendations on the HHFDC's multi-year program and financial plans and budget requests, variance reports and program structure.
2. Consolidates/compiles the overall budget request for the HHFDC for submittal to the DBEDT Director.
3. Reviews, analyzes, evaluates, and monitors the expenditures of programs in order to assure conformance with the authorized fund allocations and makes recommendations relating to the allocation, reallocation or restriction of resources.
4. Reviews, analyzes, evaluates and makes recommendations on requests to fill, establish or abolish positions.
5. Reviews the status of each housing project and provides monthly status reports for the Dwelling Unit Revolving Fund (DURF) for Chief Financial Officer (CFO), Executive Director, and Board of Directors. Apprises the CFO of delays or changes to housing projects which may have an impact on the DURF.
6. Monitors requests for release of funds for housing projects and insures that the requests are acted upon in a timely manner to prevent increased project costs due to delays in the release of funds.
7. Advises and provides training and technical assistance in preparation of HHFDC program and financial plans and budget requests, variance reports, program structure and expenditure plans.
8. Coordinates and prepares responses to the Legislature on budget/fiscal matters via appropriate Corporate/Departmental chain of command.
9. Monitors the overall budget status of the HHFDC and of each branch and office on a monthly basis, and apprises the appropriate management official of issues/concerns when deemed necessary.
10. Prepares regular and special reports on the status of the budget.
11. Assists in preparing short and long-term resource estimates, requirements and/or projections for the various programs within the HHFDC.
12. Coordinates preparation and submittal of budget testimonies to legislative committees.
13. Participates in budget presentations given to the Board, Legislature and/or other interested persons.

Clerical Services Staff

Performs typing, duplicating, filing and other clerical functions for the Fiscal Management Office.

1. Provides word processing and typing services.
2. Provides copying, duplicating, collating, and stapling/binding services through use of various office equipment.
3. Receives, sorts, and distributes the daily mail.
4. Requisitions appropriate office supplies.
5. Prepares travel and other reports.
6. Prepares/processes various personnel forms and reports and maintains appropriate related files.
7. Prepares/processes various lease requests.
8. Receives phone calls and routes calls to appropriate parties.
9. Provides other office support functions as required and/or requested.

DEVELOPMENT BRANCH

This Branch provides overall administration for development, construction administration and technical assistance projects which are assisted by the HHFDC or developed on its own behalf to increase housing opportunities for low and moderate income households, elderly and special needs groups. Provides architectural and engineering review, inspection services, development tools and financing assistance to eligible developers and contractors for the development, and the modernization, capital improvement, and repair and maintenance of existing facilities.

Development Section

This Section develops or re-develops fee simple or leasehold real property and constructs supportive infrastructure and housing units for sale or for rent with an eligible developer or on its own behalf. Encourages private developer's interests to develop affordable housing in the State of Hawaii.

Development Units 1 & 2

1. Administers the development and maintenance of supportive infrastructure and housing projects under the various housing programs.
2. Provides services to accomplish the purchase and/or the development of real property and construction of dwelling units by itself, on behalf of the State or the counties; or in collaboration with qualified government agencies, qualified developers, non-profits and contractors.
3. Reviews and considers land studies and project proposals in conjunction with other branches and offices of the HHFDC; evaluates and recommends approval or disapproval of such proposals.
4. Accepts, reviews, processes and recommends for approval or disapproval affordable housing proposal applications submitted under HRS 201G, as amended, and/or any other housing development powers that may be conferred by State Legislature.
5. In coordination with the Finance Branch, reviews financing alternatives for specific projects and makes recommendations to provide interim construction loans, mortgages or acquisition funds to developers, non-profits or contractors.

6. Evaluates housing development loans under the various financing programs in conjunction with the Finance Branch.
7. Administers, monitors project and contract compliance with applicable laws, ordinances, rules and standards including Federal Labor Standards provisions and applicable Federal and State wage determinations and program requirements as it relates to construction.
8. Pursues and coordinates with Federal, State and County agencies, regarding funding and administration of such funds for development purposes.
9. Administers, monitors and coordinates all phases of the development of projects, including but not limited to, general development matters, preparation of Requests for Proposals (RFP) and recommendation on the RFPs, community review and acceptance, State or County land use entitlements, governmental approvals, development or loan agreements, procurement, preparation of design and construction contracts, construction administration, maintenance of infrastructure, dedication of infrastructure, project fund management, and warranty and inspection services.
10. Maintains communication concerning affordable housing development with Federal, State, County agencies, private firms and community groups concerned with the environment, housing programs, land, finance, physical planning and construction. Responds to any development inquiries, complaints and requests for information.
11. Analyzes the cash flow position of designated projects and prepares necessary reports regarding the project funds, indicating projected income and disbursements; validates the source and availability of funds to exercises control of the disbursement of funds upon appropriation or once loans are made; determines availability, and obtains assurance of the source of funds.
12. Coordinates with the Planning and Evaluation Office to obtain demographics and market data to develop detailed plans and to identify resources required to meet projected housing needs and provides assistance in developing forecasts on the HHFDC's housing production.
13. Performs or causes to be performed detailed planning of selected housing sites and master planning of larger parcels of land, including but not limited to, infrastructure development and community redevelopment.
14. Encourages rental and for-sale affordable housing by private developers and non-profits by providing assistance and tools in the form of expedited governmental reviews, general excise tax (GET) exemptions, exemptions from statutes, ordinances and governmental rules as allowed by law.

Development Support Section (DSS)

This section provides architectural and engineering review; assists with quality control; assists with abatement of hazardous materials (i.e. Lead-Base Paint (LBP) and asbestos Containing Materials (ACM), etc.; and meeting accessibility/requirements for the HHFDC's new projects and modernization, repair, and maintenance of existing projects, and for projects assisted by the HHFDC. Assists with the conformance with plans and specifications, compliance with applicable laws, ordinances, rules and standards, coordinates with the appropriate branch/section or office of the HHFDC and monitors compliance with Federal Labor Standards Provisions and applicable Federal and State wage determinations, Section 3, and other Federal and State program requirements as it relates to construction.

1. Reviews and provides recommendations on constructions plans, specifications, products, proposals, bid submissions, contracts, change orders, and other related proposals through all stages of planning, development, construction and warranty.

2. Review plans and specifications for the HHFDC's compliance with applicable laws, ordinances, rules and standards, and maintains the HHFDC's plans and specifications for housing projects.
3. Reviews, assists or prepares cost estimates for construction, repair and maintenance of assigned projects.
4. Assists the HHFDC in reviewing work of architects, engineers, or other consultants in the preparation of construction plans and specifications, studies and reports for assigned projects. Prepares graphics, construction plans, specifications and contracts for the HHFDC within its capacities.
5. Assists with site analysis and infrastructure investigation.
6. Assists other branches and sections of the HHFDC with the preparation, implementation or administration of master plans, design guidelines, and declaration of covenants, conditions and restrictions (CC&R's), U.S. Environmental Protection Agency (EPA) compliance, etc.
7. Provides architectural and engineering support in terms of investigation, analysis, and recommendations for correcting various deficiencies and maintenance requirements at projects Statewide in coordination with the HHFDC's branches.
8. Establishes standards for design and construction for the HHFDC's projects or projects assisted by the HHFDC; and provides design support to the HHFDC.
9. Assists other branches and offices of the HHFDC with the administration of construction contracts for all new development, maintenance, repair, rehabilitation, replacement and hazardous materials projects to ascertain that all work generally complies with the intent of the plans and specifications and applicable laws, ordinances, rules and standards; reviews and evaluates change orders for conformance to contract requirements.
10. Conducts or causes to be conducted, research on housing materials, designs, and technology and develops the means for applying the findings of such investigation to the HHFDC's designated projects.
11. Monitors compliance with Federal Labor Standards Provisions and applicable Federal and State wage determinations, and other Federal and State program requirements as it relates to construction.
12. Assists other branches and offices of the HHFDC with the collection of and management of construction documentation.
13. Provides the Development Section with support on the development of projects, including but not limited to, general development matters, preparation of Requests for Proposals (RFP) and other contract related requirements, and planning for selected housing sites and master planning of larger parcels of land, including but not limited to, infrastructure development and community redevelopment.
14. Provides the Finance Branch with support relating to the review of financing proposals.

FINANCE BRANCH

This Branch provides the overall administration of the various housing financing programs of the HHFDC including the issuance of tax exempt and taxable bonds to finance mortgages, and the construction and/or acquisition of rental housing projects. The Branch reviews requests for the financing of specific projects and makes recommendations on the provision of loans and grants to developers, non-profits, and contractors.

Loan Servicing Section

This Section oversees the review of Hula Mae loans for eligibility and oversees the administration of the HHFDC's homeowner loan portfolio for compliance with Federal and State statutes.

1. Manages a mortgage portfolio consisting of Hula Mae and other loans which includes assuring compliance with statutory owner-occupancy requirements, monitoring loan servicers' collection efforts, directing foreclosure activities, marketing foreclosed properties, and filing appropriate insurance claims; includes the purchase of individual mortgages including assurance of meeting all legal, procedural and documentary requirements; includes processing assumptions, title changes and prepaid mortgages.
2. Assists in the implementation of the HHFDC's development program by performing owner-occupancy verification and collection/foreclosure duties on first and second mortgage portfolios originated under the HHFDC's development program and for units developed by the HHFDC.
3. Assists in administering special loan programs established by the Legislature according to the legislation authorizing such programs.

Mortgage and Rental Financing Section

This Section is comprised of the Mortgage Financing Unit, which provides assistance to individuals and families who wish to purchase affordable homes, and the Rental Financing Unit, which provides assistance to individuals and families in obtaining affordable rental units. The Rental Financing Unit also provides assistance to developers/owners of rental units to create and/or maintain affordable rental units.

Mortgage Financing Unit

1. Issues tax-exempt revenue bonds in the national marketplace to make available below market interest rate mortgage loans to eligible borrowers pursuant to Part II Chapter 201G, HRS, as amended; utilizes the services and coordinates the activities of a team of investment bankers, bond counsels, bond trustees, mortgage insurers, mortgage lenders, mortgage servicers, and escrow agents.
2. Manages all outstanding bonds which include assuring compliance with all State and Federal legal requirements, all requirements of trust indentures and supplements thereto, managing cash flow and the resultant investment portfolios to assure availability of adequate funds to meet interest payments, bond maturities, and special par redemptions as they become due or are required by indenture.
3. Administers the HOME Investment Partnerships (HOME) Program which requires keeping abreast of changes in the HOME regulations to ensure the program's compliance with all applicable requirements, reviewing potential HOME projects for eligibility and feasibility and monitoring the rents and occupancy of those projects during the term of affordability, and working closely with other Federal, State and county governments, as well as non-profit organizations, to ensure effective administration of the program.
4. Administers the Mortgage Credit Certificate (MCC) Program which involves keeping abreast of MCC Federal requirements, as well as the underwriting standards of FNMA, FHLMC, FHA and other private mortgage insurance companies to ensure full value of MCC is realized by the borrower.
5. Administers the Down Payment Loan Program which requires keeping abreast of the underwriting standards of FNMA, FHLMC, FHA and the private mortgage

insurance companies to ensure the program provides only the minimum amount needed for the borrower to qualify for the first mortgage loan.

6. Provides guidance to the Loan Servicing Section relative to borrower eligibility and program compliance.

Rental Financing Unit

1. Issues tax-exempt revenue bonds in the national marketplace to provide low rate financing for construction and/or acquisition of rental projects that will be owned and operated by the private sector or the HHFDC pursuant to Part II Chapter 201G, HRS, as amended; utilizes the services and coordinates the activities of a team of investment bankers, bond counsels, bond trustees, mortgage insurers, mortgage lenders, servicers, housing management companies, and escrow agents.
2. Manages all outstanding bonds which include assuring compliance with all State and Federal requirements, all requirements of trust indentures and supplements thereto, managing cash flow and the resultant investment portfolios to assure availability of adequate funds to meet interest payment, bond maturities, and special par redemptions as they become due or are required by indenture.
3. Administers the Hawaii Rental Housing System Revenue Bond Program which provides the HHFDC with funds, through the issuance of tax-exempt revenue bonds, to develop, own and manage affordable rental units. Evaluates feasibility and secures all funding necessary to develop projects under this program.
4. Administers the Low-Income Housing Tax Credit Program created by the Tax Reform Act of 1986 and governed under Section 42 of the Internal Revenue Code. This Program provides a direct tax credit against Federal and State income tax liability for owners of low income rental projects. Evaluates project applications and makes recommendations to the Board with respect to awarding of tax credits. Ensures compliance with all applicable Federal and State statutes.
5. Administers the Rental Assistance Program insuring complete documentation, adequate funds for making subsidy payments, consulting with project owners and developers, and directing the investment of funds. Assures compliance with all requirements of the program documents.
6. Administers Rental Assistance Revolving Fund Interim Construction Loan Program which provides interim construction financing for affordable rental housing projects. Completes all documentation and monitors construction and draws requests for compliance with all applicable requirements.
7. Administers numerous other special financing programs which require evaluating rental projects, monitoring the flow of funds, consulting with project owners, working with rental tenants and reacting to specific requests for modification of terms. Assures compliance with all requirements of the financing documents.

Clerical Services Staff

Provides typing, duplicating, filing and other clerical duties for the Housing Finance Branch.

1. Provides word processing and typing services.
2. Provides copying, duplicating, collating and stapling/binding services through use of various office equipment.
3. Receives, sorts and distributes the daily mail.
4. Requisitions appropriate office supplies.

5. Prepares travel reports.
6. Prepares/processes personnel forms and reports; maintains appropriate related files.
7. Receives phone calls, and routes calls to appropriate parties.
8. Provides other office support functions as required and/or requested.

**DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM**

**HAWAII STRATEGIC DEVELOPMENT CORPORATION
PRESENT FUNCTIONAL STATEMENT**

- Plans and implements programs to develop Hawaii's venture capital industry to support the expansion of new businesses and technologies for the purposes of economic diversification.
- Takes all actions, as authorized by Chapter 211-F, HRS, to provide for the development of partnerships with the private sector to form new sources of investment capital for emerging businesses.
- Adopts bylaws for the organization and internal management of the Corporation.
- Develops and executes contracts and all other instruments necessary or convenient for the exercise of powers and functions authorized under Chapter 211-F, HRS.
- Adopts administrative rules necessary to effectuate Chapter 211-F, HRS, in connection with the programs of the Corporation,
- Invests public funds in privately managed seed-capital funds, venture capital funds, merchant banks, or funds-of-funds leveraging private sector capital for investment in emerging growth businesses.
- Plans and implements entrepreneurial development seminars and venture capital conferences to assist businesses in attracting investment.
- Plans and stages investor seminars for institutions and high net worth individuals to inform them of investment opportunities in Hawaii.
- Develops networks in Hawaii, the US Mainland, and abroad to expand access to new investment sources.
- Assists the University of Hawaii and other public and private agencies develop programs for capital access by scientists and entrepreneurs.
- Works with entrepreneurs to assist in business plan development, accessing of various financial sources.
- Submits to the Governor and to the Legislature a complete and detailed annual report of the Corporation's activities.
- Works with DBEDT to deploy the Hydrogen Investment Capital Special Fund established by the Legislature under Act 240, SLH 2006.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

HAWAI'I TOURISM AUTHORITY

PRESENT FUNCTIONAL STATEMENT

HAWAI'I TOURISM AUTHORITY

In 1998, the Hawai'i Tourism Authority (HTA) was established by the Hawai'i State Legislative Act 156, SLH 1998 as the lead state agency of Hawai'i's visitor industry. This same act also established a Tourism Special Fund and set a percentage of the transient accommodations tax (TAT) collections, which is assessed on hotels, vacation rentals and other accommodations, for use by the HTA to market, develop and support Hawai'i's visitor industry.

The HTA is headed by a policy-making board of directors consisting of 12 public, voting members and four ex officio nonvoting members. Its primary purpose is to set broad policies and directions for the HTA's activities consistent with the *Hawai'i Tourism Strategic Plan*, which provides the framework under which the HTA develops and implements its tactical program and activities.

As the lead state agency of Hawai'i's visitor industry, the HTA is responsible for setting tourism policy and direction from a statewide perspective. The HTA is charged with: developing and implementing the State's tourism marketing plan; administering programs and activities to sustain a healthy visitor industry; developing and monitoring implementation of the *Hawai'i Tourism Strategic Plan*; and coordinating tourism-related research, planning, promotional, and outreach activities with the public and private sectors. The HTA's mission is to strategically manage Hawai'i tourism in a sustainable manner consistent with its economic goals, cultural values, preservation of natural resources, community desires, and visitor industry needs. To accomplish this, the HTA:

1. Creates a vision and develops a long range plan for tourism in Hawai'i, including product development, infrastructure, and diversification issues.
2. Develops, coordinates, and implements state policies and directions for tourism and related activities, taking into account the economic, social, and physical impacts of tourism on the State.
3. Develops and implements the State tourism strategic marketing plan to promote and market the State as a desirable visitor destination.
4. Has a permanent and strong focus on marketing and promotion.
5. Conducts market development-related research as necessary.
6. Coordinates all agencies and advises the private sector in the development of tourism-related activities and resources.
7. Works to eliminate or reduce barriers to travel in order to provide a positive and competitive business environment, including coordinating with the Department of Transportation on issues affecting airlines and air route development.
8. Markets and promotes sports-related activities and events.
9. Coordinates the development of new products with the public and private sectors, including the development of sports, culture, health, education, business, and eco-tourism.
10. Establishes a public information and educational program to inform the public of tourism and tourism-related problems.

11. Encourages the development of tourism education, training, and career counseling programs.
12. Establishes a program to monitor, investigate and respond to complaints about problems resulting directly or indirectly from the tourism industry and taking appropriate action as necessary.

EXECUTIVE OFFICE

The HTA Board of Directors appoints the HTA Executive Director, who functions as HTA's President and Chief Executive Officer. Under the policy direction of the Board, the Executive Director assists the Board with executing its statutory mandates by performing the following functions:

1. Carries out the policy directions of the HTA Board of Directors.
2. Provides for the overall administration and management of all HTA operations, including personnel matters.
3. Provides for the overall development and execution of programs to meet HTA goals and objectives.

MARKETING BRANCH

This branch is responsible for all marketing and promotional efforts and performs the following functions:

1. Works to eliminate or reduce barriers to travel in order to provide a positive and competitive business environment.
2. Develops and implements major tourism promotion, marketing and advertising programs associated with the tourism strategic plan.
3. Develops recommendations for the terms and conditions of the tourism promotion and development contracts executed with various marketing contractors and manages the major marketing contracts.
4. Obtains information of the number of travelers, traveler/trip characteristics, economic impact data, motivational information, market intelligence and forecasts.
5. Supports the sports industry, sports activities and sporting events in Hawai'i.
6. Seeks and solicits new sports opportunities for Hawai'i, analyzes sports proposals and events for the economic impact on Hawai'i's economy and makes recommendations on the benefits to the State; and coordinates and works with governmental agencies, the Hawai'i Visitors & Convention Bureau (HVCB), and the private sector to maximize the benefits of major sporting events.
7. Provides information, assistance and advice to event promoters and/or sponsors on government licensing and permit processing requirements and procedures.
8. Maintains a detailed survey of available sports facilities in the State and develops a priority list of facilities required to establish Hawai'i as a major sports center.

PRODUCT DEVELOPMENT BRANCH

This branch is responsible for all product development efforts and performs the following functions:

1. Identifies product development and diversification possibilities; establishes new or enhances existing programs in health tourism, cultural tourism, educational tourism, business tourism, eco-tourism, and other tourism product “supply driven” programs; and provides opportunities to work with the visitor industry and private sector to coordinate development of new products.
2. Compiles and analyzes data on a wide variety of factors about the visitor industry; develops work plans for research projects, including project objectives, work schedules and resources to be committed to the project; and focuses on economic, social and physical impacts, carrying capacities, and product development issues.
3. Develops and implements long-range strategic plans; identifies issues, develops recommendations, methodologies and approaches, scope and coverage, components, and resources required for various phases of the strategic planning process; and focuses on “demand driven” issues.

COMMUNICATIONS BRANCH

This branch is responsible for communication activities and performs the following functions:

1. Communicates information designed to keep the public, visitor industry and private sector informed of tourism issues.
2. Facilitates discussion with committees, community groups and industry representatives in addressing problems and issues of the visitor industry.
3. Oversees and manages the HTA web site, including maintenance and updates.

ADMINISTRATION OFFICE

This office is responsible for administrative operations and performs the following functions:

1. Provides administrative support services to the office’s staff.
2. Provides receptionist, mail, and other clerical functions to facilitate the work of the office.
3. Maintains files of the office and obtains materials from files needed by staff.
4. Makes arrangements for purchase of services, supplies, and equipment; and facilitates payments of bills for services and goods received by the office.
5. Provides budgets for each Office and Branch and consolidates to the HTA Budget for Board of Directors approval and for HTA execution.
6. Provides all accounting policies and procedures and executes all accounting transactions to formulate all financial statements.
7. Provides all procurement policies and procedures.
8. Provides all necessary documents and resources to independent auditors or any auditors for audits of the HTA.
9. Provides all necessary personnel assistance by coordinating all meetings with the respective State agencies.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM

HIGH TECHNOLOGY DEVELOPMENT CORPORATION

PRESENT FUNCTIONAL STATEMENT

The mission and function of the High Technology Development Corporation is to plan and implement programs to facilitate the growth and development of the commercial high technology industry in Hawaii. The Corporation develops and manages technology parks, buildings, and economic development programs, promotes and markets Hawaii as a site for commercial high technology activity, and provides business development assistance for early-stage technology companies. To adapt to the changing needs of technology companies, the Corporation also collects and analyzes information on the state of commercial high technology activity in Hawaii and provides advice on policy and planning for technology-based economic development.

There are four offices and two branches of the High Technology Development Corporation, which serve to implement the core mission and purpose of the Corporation.

Office of Executive Director

- Manages Corporation personnel and carries out day-to-day operations of the Corporation.
- Develops and executes strategic direction that accomplishes the Corporation's mission, goals and objectives. Advises and communicates regularly to the Corporation's Board of Directors on the direction and progress of the Corporation's goals and strategic plans.
- Represents the Corporation and its Board of Directors before industry, academia, and government on tech-based economic development policies and practices.
- Adopts and maintains bylaws, administrative and development rules for the organization and internal management of the Corporation and its projects, programs, real property and facilities.
- Reports to the Governor of the State of Hawaii and to the Hawaii State Legislature annually on the Corporation's activities.
- Serves as Executive Director of the High Technology Innovation Corporation, a public not-for-profit agency.

Tech-Based Economic Development Office

- Creates an environment that supports high technology economic development, including providing policy analysis and information important to the development of high technology industries in Hawaii.
- Collaborates and coordinates its efforts with other public and private agencies and organizations involved in stimulating technology-based economic development in Hawaii.
- Initiates and collaborates to resolve issues facing the growth of commercial high technology industries such as K-12 education, workforce development, entrepreneurial culture, availability of capital and technical expertise, rules and regulations, etc.
- Develops programs to support startup and existing high technology companies in Hawaii and to attract new companies to relocate or establish operations in Hawaii by assessing the needs of these companies and providing the physical and technical infrastructure to support their operations. Provides critical business development services, incubation and business mentoring to startup and existing businesses in the technology sector.
- Promotes and markets Hawaii as a site for commercial high technology activity.
- Implements new projects created by the Office of the Executive Director and coordinates the efforts of other Corporation offices and branches.
- Administers the Statewide Incubation Network program. Attracts and selects, then evaluates, assists, develops, and measures the progress of incubation clients.

Innovation Programs Development Branch

- Attracts new federal funds to implement tech-based economic development programs in Hawaii. Administers and manages federal programs that support Hawaii's innovation infrastructure by assisting tech firms that develop new technologies or use technology to become a more globally competitive business.

- Finances, conducts, or cooperates in the financing of business and financial investigations including grants, loans, start-up and expansion capital, loan guaranty, loans convertible to equity, equity charged and received by the Corporation, and other forms of assistance.
- Administers the Hawaii Small Business Innovation Research (SBIR) Grant program, Hawaii Small Business Technology Transfer (STTR) Grant program, and the Phase 0 Technical Assistance Grant program. Maintains relationships with eleven federal agencies responsible for administration of federal SBIR and STTR grant programs to increase funding opportunities for Hawaii research companies developing potential commercial products.
- Provides creative and technical support for Corporation's information technologies, telecommunications, Internet and Web-Based programs and facilities.
- Administers and implements NIST Manufacturing Extension Program or MEP, a federal matching grant program. Provides specialized direct consulting services to small and medium size manufacturers. Deploys methodologies and industry technologies developed by the federal government to local manufacturers in need.
- Provides staff support to the HTDC Board of Directors Federal Projects Committee.
- Provides staff support to the Office of the Executive Director particularly when the HTDC Executive Director & CEO is on travel or otherwise away from the office.

Project Development Office

- Formulates and identifies plans, strategies, objectives, and implements tech-based economic development projects including developing technology industrial projects (incubation and innovation centers and parks) on behalf of the State and for non-state entities.
- Utilizes statutory powers of the Corporation (e.g. acquire, own, lease, clear, hold, improve, and rehabilitate real, personal, or mixed property and assign, exchange, transfer, convey, lease, sublease, encumber, contract, etc.) to develop technology projects for the public's benefit.
- Issues special purpose revenue bonds and special facility revenue bonds, pursuant to Chapter 206M, HRS, and with the approval of the Governor of the State of Hawaii, to finance the cost of technology projects.
- Serves as Corporation's government affairs liaison and assists Corporation's Executive Director with legislative initiatives. Assists Corporation's Executive Director with strategic planning and new initiatives of the Corporation.

Fiscal Office

- Maintains fiscal solvency within approved budgets and guidelines set by the Corporation and administrative state departments (Business, Economic Development & Tourism, Budget & Finance, Accounting & General Services, Attorney General), and the legislature.
- Provides administrative services support including establishing administrative policies and procedures, preparing budgets and capital improvement program plans, purchasing and procurement, fiscal reporting, inventory, and audits.
- Oversees grant reporting and compliance of Corporation's federal funded programs.
- Coordinates with and provides information to state departments' administrative and fiscal staff.
- Trains and supports Corporation staff on external and internal policies and procedures to effectively accomplish administrative tasks related to projects and programs of the Corporation.
- Provides staff support to the HTDC Board of Directors Finance Committee.

Hawaii Center for Advanced Transportation Technologies Branch

- Administers and implements the Hawaii Center for Advanced Transportation Technologies or HCATT, a federal program funded by the Department of Transportation.
- Conducts high-value alternative energy research and development identified as high national importance. Maximizes local business opportunities with national energy initiatives.
- Establishes Hawaii as a leader in transportation energy solutions such as the hydrogen fuel station for military vehicles on base.
- Collaborates with county, state, and local industry on transportation initiatives to reduce reliance on fossil fuel and provides advice on national programs of which HCATT is a member.

**DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM**

**LAND USE COMMISSION
PRESENT FUNCTIONAL STATEMENT**

The Land Use Commission is responsible for administering the provisions of Chapter 205, HRS, as amended, to preserve, protect and encourage development of lands in the State for those uses to which they are best suited for the public welfare.

The primary activities of the Commission in carrying out its responsibilities are to:

- Process petitions for district boundary amendments to reclassify lands into one of the four major land use districts: urban, rural, agricultural and conservation;
- Prepare interpretations of the district boundaries upon request;
- Provide information to the public regarding the state land use law, district boundary amendment process and other matters relative to the land use commission;
- Develop and maintain official state land use district boundary maps, docket files and other land use records;
- Develop and maintain various land use information, statistics, database and other related information; and
- Other administrative and legislative related activities.

Planning Services

- Provides research, mapping, planning, analytical and evaluative support for the Land Use Commission in carrying out its mandated responsibilities.

Clerical Services

Provides clerical, stenographic, typing and other administrative support services to staff and members of the Land Use Commission.

- Provides receptionist, mail and other clerical services to facilitate the work of the Commission;
- Maintains files of the Commission and retrieves materials from file upon demand; and
- Makes arrangements for purchase and payment of services, supplies and equipment required by the Commission.

**DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM**

**NATURAL ENERGY LABORATORY OF HAWAII, AUTHORITY
PROPOSED FUNCTIONAL STATEMENT**

Provides resources and facilities for energy and ocean-related research, education, and commercial activities to further enhance continued research, development, and economic diversity in Hawaii.

- In accordance with the provisions of Hawaii Revised Statutes Chapter 227 establishes, manages, and operates facilities of the Authority.
- Provides support, utilities, and other services to facility tenants and government agencies.
- Maintains the physical structure of the facilities.
- Promotes and markets the facilities.
- Promotes and markets the reasonable utilization of available natural resources.
- Provides for community outreach and educational resources.
- Promotes commercial applications at the facilities of successful and viable research and development projects.

Fiscal Section

- Maintains the Authority's accounting records in conformity with applicable requirements.
- Reviews and processes the Authority's receipts and expenditures transactions.
- Performs purchasing activities in conformity with applicable requirements; maintains the Authority's property and equipment records.
- Provides assistance in budget formulation, presentation, and execution.
- Develops and maintains budgetary controls over appropriations and allotments.

Operations Section

- Administers, manages, and operates the water systems, mechanical operations, security and maintenance of the facilities of the Authority.
- Plans and coordinates installation or construction of modifications to all operating systems of the facilities of the Authority.
- Administers the Species Management Program and emergency preparedness in anticipation of natural disaster.
- Provides oversight and management for the planning, design, specifications, scope of work, scheduling, and execution of engineering projects planned by the Authority and its tenants.

Science and Technical Section

- Coordinates and manages scientific and technical activities.
- Recommends and provides technical guidance on interfacing of facilities and systems.
- Recommends appropriate instrumentation and equipment suitable for tenant's needs.
- Promotes the Authority and its facilities for use by the scientific community.
- Supervises all aspects of operations of the water quality laboratory, environmental regulations and monitoring of plans, permitting and procedures for the Authority.

Development & Project Section

- Provides administrative support for the Authority and administers DBDT personnel programs and provides advice and assistance in personnel matters.
- Processes personnel transactions, disseminates personnel information, maintains files, petty cash account, and secretarial services for the Board and Staff.
- Provides guidance and general support for Board of Directors, ADA compliance issues, legislative matters, human resources, union, and tenant interests.
- Provides management and point of contact, interface, and development for the Authority on capital improvement and special projects.
- Manages the funding, development, and operations of the NELHA Gateway Distributed Energy Resources Facility.

Tenant Relations Section

- Provides primary point of contact, interface, administrative support and development for the Authority on leasing, potential tenants, and existing tenant relations.
- Interacts with individuals, government agencies, community and special interest groups, commercial enterprises, and contractors.
- Provides complete administrative and legal support for all areas of leasing, tenant applicants, and historical data.
- Serves as principal on public relations events, requests, and documentation.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

CENTER OF EXCELLENCE FOR RESEARCH IN OCEAN SCIENCES PROPOSED FUNCTIONAL STATEMENT

The National Defense Center of Excellence for Research in Ocean Sciences (CEROS)

CEROS is a unique technology development program between the State of Hawaii and the federal Defense Advanced Research Projects Agency (DARPA). CEROS is a State program entirely supported by federal funds. The program started in 1993, with \$5 million appropriated for CEROS in the supplemental federal appropriation for the Department of Defense (DoD). Federal support for CEROS comes to the State through a Cooperative Agreement with DARPA, the principal technology development agency for the Department of Defense. DARPA also provides technical and administrative guidance to assure that the program remains responsive to the needs of the federal defense establishment while helping the technical commercial base develop in Hawaii.

PROGRAM MISSION AND GOAL

Solicit and support innovative technology development for DoD applications and sustained technology-based economic development in Hawaii.

- Demonstrate capabilities
- Build residual benefits

FIT WITH DEPARTMENT AND STATEWIDE GOALS

The State of Hawaii established and administers the CEROS through the Natural Energy Laboratory of Hawaii Authority (NELHA). The CEROS program through a cooperative agreement between NELHA and DARPA seeks to (1) advance innovative concepts and new approaches to technology, (2) use and leverage facilities and infrastructure in Hawaii and (3) demonstrate beneficial results and/or commercial applications germane to Department of Defense technical requirements. The CEROS Program pursues the Department and State of Hawaii's objectives to enhance technical economic development and diversification in Hawaii.

Five technical topic areas are identified in the legislation that originally funded CEROS:

- Ocean Environment Preservation Technology;
- New Ocean Platform and Ship Concepts;
- Shallow Water Surveillance Technologies;
- Ocean Measurement Instrumentation; and
- Unique Properties of the Deep Ocean Environment.

**DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM**

**OFFICE OF PLANNING
PRESENT FUNCTIONAL STATEMENT**

OFFICE OF THE DIRECTOR

Under the general direction of the Governor and the Director of the Department of Business, Economic Development and Tourism, the Director of Planning plans, organizes, directs, and coordinates, and reports on the various activities within the scope of laws and established policies, rules and regulations. The work of the Office of Planning includes statewide planning, research, coordination, and other support activities.

- Conducts comprehensive, long-range and strategic planning activities, directs land use and coastal zone management programs, administers the State Planning and Geographic Information System Program and carries out other planning activities in accordance with Chapters 205, 205A, and Chapter 226, HRS.
- Recommends policies, programs, organizations and directs their implementation after approval is obtained.
- Exercises leadership, guidance and control of the efforts of employees toward the achievement of program objectives and directs personnel management of the Office of Planning.
- Promulgates administrative rules, regulations, and procedures governing the conduct of OP activities.
- Directs and maintains program and financial planning, evaluation activities and management improvement services.
- Directs the preparation of program budgets, submits and justifies budgets before reviewing and approving authorities, and exercises control and expenditure of funds made available to the office.
- Represents the office before the Legislature and public groups.
- Maintains effective working relationships between the Office of Planning and the Governor, Legislature, and other government officials and the general public.
- Serves on committees, boards, and commissions established by the Governor from time to time or as provided by legislation.
- Conducts periodic staff meetings: establishes procedures for communication between the Office of the Director and subordinate units.
- Administers the Brownfields Cleanup Revolving Loan Fund.
- Directs special projects as instructed by the Governor.

PLANNING DIVISION

The Planning Division of the Office of Planning conducts comprehensive, long-range, and strategic planning activities in furtherance of Chapters 225M, 205A, and 226, HRS. It provides assistance in the development of State policies, strategies, plans, and programs to promote the orderly future growth and development of the State. In carrying out the State planning responsibilities, the Division performs the following functions:

- Provides information to the Director to assist in the overall analysis and formulation of State policies and strategies.

- Provides recommendations to the Director to provide central direction and cohesion in the allocation of resources and effectuation of State activities and programs and effectively addresses current or emerging issues and opportunities.
- Provides recommendations and technical planning assistance to the Director for the resolution of immediate, as well as long-term issues and concerns which are confronted by the State.
- Reviews, assesses and coordinates as necessary, major plans, programs, projects and regulatory activities proposed by State and County agencies.
- Conducts State comprehensive planning and program coordination by formulating and articulating comprehensive statewide goals, objectives, policies, and priorities, and coordinating their implementation through the statewide planning system established in part II of chapter 226.
- Conducts strategic planning by identifying and analyzing significant issues, problems, and opportunities confronting the State, and formulating strategies and alternative courses of action in response to identified problems and opportunities by:
 - Providing in-depth policy research, analysis, and recommendations on existing or potential areas of critical state concern;
 - Examining and evaluating the effectiveness of state programs in implementing state policies and priorities;
 - Monitoring through surveys, environmental scanning, and other techniques--current social, economic, and physical conditions and trends; and
 - Developing, in collaboration with affected public or private agencies and organizations, implementation plans and schedules and, where appropriate, assisting in the mobilization of resources to meet identified needs.
- Facilitates coordinated and cooperative planning and policy development and implementation activities among state agencies, and between the state, county, and federal governments, by:
 - Reviewing, assessing, and coordinating, as necessary, major plans, programs, projects, and regulatory activities existing or proposed by state and county agencies; and
 - Formulating mechanisms to simplify, streamline, or coordinate interagency development and regulatory processes.
- Collects, analyzes, maintains, and disseminates data and information to further effective state planning, policy analysis and development, and delivery of government services by:
 - Assembling, organizing, evaluating, and classifying existing data and performing necessary basic research in order to provide a common data base for governmental planning;
 - Planning, developing, implementing, and coordinating a statewide planning and geographic information system. Carrying out the lead agency responsibilities for planning and coordinating the establishment of a multi-agency, statewide geographic information system and the development of planning applications including spatial data analyses to enhance decision making; and
 - Maintaining a centralized depository of state and national planning references.
- Carries out the lead agency responsibilities for the Hawaii coastal zone management program, as specified in chapter 205A. Also, develops and maintains an ocean and coastal resources information, planning, and management system further developing

and coordinating implementation of the ocean resources management plan, and formulating ocean policies with respect to the exclusive economic zone, coral reefs, and national marine sanctuaries.

- Conducts regional plans and studies to determine:
 - The capability of various regions within the State to support projected increases in both resident populations and visitors;
 - The potential physical, social, economic, and environmental impact on these regions resulting from increases in both resident populations and visitors;
 - The maximum annual visitor carrying capacity for the State by region, county, and island; and
 - The appropriate guidance and management of selected regions and areas of statewide critical concern.
- Conducts regional, national, and international planning by participating in and assuring that state plans, policies, and objectives are consistent, to the extent practicable, with regional, national, and international planning efforts.
- Administers the Brownfields Cleanup Revolving Loan Fund.
- Provides budgetary, fiscal, personnel and office services.

COASTAL ZONE MANAGEMENT BRANCH

This Branch administers the Hawaii Coastal Zone Management Program.

- Implements and further develops the Hawaii Coastal Zone Management Program in accordance with Chapter 205A, HRS, and the National Coastal Zone Management Act of 1972, as amended.
- Provides staff support for grants management, the Federal Consistency Review and monitoring of State agencies' and Counties' compliance with CZM program requirements.
- Researches local and national legislation and analyzes their potential effects and coordinates the interests and concerns of the CZM-network agencies, prepares testimony, and provides support services to CZM-network agencies.
- Provides guidance on the interpretation and implementation of the CZM law to government, private interests, and community groups.
- Examines a variety of legal issues to determine their effects on CZM-Hawaii.
- Develops policies and procedures that address public trust responsibilities and benefits, as the need arises;
- Provides for the update and implementation and integration of the Hawaii Ocean Resources Management Plan (ORMP) into the State's CZM Program.
- Supports the Coral Reef Initiative by working closely with the State Point of Contact (DLNR).
- Supports public participation and outreach to generate public awareness for CZM policies and activities through public awareness and education activities.
- Monitors the actions of the State, County, and Federal agency activities that affect the Hawaii coastal zone including County implemented CZM-related regulatory programs,

Federal Consistency, Special Management Area Use and Shoreline Setback Variance Decisions and other permits.

- Administers the Coastal Nonpoint Pollution Control Program (Section 6217).
- Provides technical assistance to State and County agencies engaged in coastal zone and shoreline management programs and regulatory activities.
- Provides staff support to the Marine and Coastal Zone Advocacy Council which contributes valuable public input regarding marine and coastal issues and problems.
- Conducts projects and activities relating to coastal hazards mitigation, beach replenishment, ahupua'a/watershed management, public access and other critical ocean and coastal issues.
- Initiates plans, programs and project activities relating to ocean planning and management.
- Reviews and evaluates proposed developments and activities to assure their consistency with legislated policies.

Conducts other Planning projects as may be assigned by the Director.

SPECIAL PLANS BRANCH

This Branch undertakes comprehensive, strategic and regional planning under Chapters 225M and 226, HRS, conducts special analytical studies and special-mission programs which address specific planning objectives or issues, and administers the Brownfields Cleanup Revolving Loan Program.

- Conducts State comprehensive planning and program coordination by formulating and articulating comprehensive statewide goals, objectives, policies, and priorities, and coordinating their implementation through the statewide planning system established in part II of Chapter 226 and administers Chapter 226.
- Conducts strategic planning by identifying and analyzing significant issues, problems, and opportunities confronting the State, and formulating strategies and alternative courses of action in response to identified problems and opportunities by:
 - Providing in-depth policy research, analysis, and recommendations on existing or potential areas of critical state concern;
 - Examining and evaluating the effectiveness of state programs in implementing state policies and priorities;
 - Monitoring through surveys, environmental scanning, and other techniques--current social, economic, and physical conditions and trends; and
 - Developing, in collaboration with affected public or private agencies and organizations, implementation plans and schedules and, where appropriate, assisting in the mobilization of resources to meet identified needs.
- Facilitates coordinated and cooperative planning and policy development and implementation activities among state agencies, and between the state, county, and federal governments, by:
 - Reviewing, assessing, and coordinating, as necessary, major plans, programs, projects, and regulatory activities existing or proposed by state and county agencies; and
 - Formulating mechanisms to simplify, streamline, or coordinate interagency development and regulatory processes.

- Collects, analyzes, maintains, and disseminates data and information to further effective state planning, policy analysis and development, and delivery of government services by:
 - Assembling, organizing, evaluating, and classifying existing data and performing necessary basic research in order to provide a common data base for governmental planning; and
 - Maintaining a centralized depository of state and national planning references.
- Conducts regional plans and studies to determine:
 - The capability of various regions within the State to support projected increases in both resident populations and visitors;
 - The potential physical, social, economic, and environmental impact on these regions resulting from increases in both resident populations and visitors;
 - The maximum annual visitor carrying capacity for the State by region, county, and island; and
 - The appropriate guidance and management of selected regions and areas of statewide critical concern.
- Conducts regional, national, and international planning by participating in and assuring that state plans, policies, and objectives are consistent, to the extent practicable, with regional, national, and international planning efforts.
- Administers the Brownfields Cleanup Revolving Loan Fund.
- Conducts special analytical studies of policy and planning issues which affect resource management/planning functions, and which contribute towards more effective executive and legislative decision-making.
- Provides staff support and participation on governmental committees and commissions exercising advisory, regulatory, and decision-making functions.
- Provides continuous monitoring of significant planning variables such as economic growth, population mobility, environmental actions, changing technologies, and rising societal expectations and aspirations which impact resource management/planning responsibilities.
- Undertakes special mission, resource-oriented planning studies to address specific statewide and/or national concerns as mandated by the Administration and the Legislature.
- Participates on the Hawaii Humpback Whale National Marine Sanctuary Council.
- Undertakes special project assignments relating to resource management and planning which are required by executive, legislative, and departmental directives in coordination with other governmental agencies.
- Identifies and recommends the undertaking of critically needed planning studies for regional and statewide administration, including preparation of planning proposals to meet Federally-mandated requirements.
- Conducts analyses and evaluation of development plans, technical studies, Federal and State legislation, regulations and legislative proposals; environmental, and other planning documents to determine impact on State and local planning programs and to assure conformance with State and Federal planning requirements.
- Facilitates intergovernmental planning and coordination.
- Conducts other planning projects as may be assigned by the Director.

PLANNING AND GEOGRAPHIC INFORMATION SYSTEM BRANCH

This Branch plans, develops, implements, and coordinates the Planning and Geographic Information System Program. It is responsible for planning and coordinating the establishment of a multi-agency, statewide geographic information system and the development of planning applications including spatial data analyses to enhance decision-making.

- Supports various Office of Planning programs and projects using GIS technology.
- Coordinates various State agency GIS activities to reduce duplication of effort and to increase government efficiency, ensure that agencies work together toward common goals, and encourage partnering and sharing of resources among agencies.
- Coordinates the development of a centralized State GIS database to avoid the development and acquisition of redundant databases and to reduce acquisition costs through joint purchasing agreements and Memorandum of Understanding to exchange data with other entities.
- Maintains the centralized State GIS database and facilitate State agency access to this resource.
- Serves as a liaison for the State with other local and federal government agencies and serves as a point of contact for the State for various state and national GIS initiatives.
- Supports various State agency programs and projects using GIS technology and assists agencies in initiating GIS implementation efforts.
- Staffs the Board on Geographic Names.
- Administers the Geographic Information Systems Special Fund.
- Conducts other planning projects as may be assigned by the Director.

SPECIAL PROJECTS STAFF

Provides staff services to undertake Governor's initiatives and priority projects.

OFFICE SERVICES

Provides clerical, stenographic, word processing, and other administrative services to the staff of the Office of Planning.

- Provides mail and other clerical functions to facilitate the work of the office.
- Maintains files of the office and obtains materials from files needed by staff members.
- Makes arrangements for purchase of services, supplies, and equipment; facilitates payments of bills for services and goods received by the office.
- Operates word processing equipment; provides typing and stenographic services; provides for the recording of minutes of public meetings and hearings; operates office equipment to reproduce and print materials.
- Assists with administrative duties including processing personnel transactions, disseminating personnel information, maintaining personnel records and files, and preparing personnel and related reports.

FISCAL SERVICES

Provides internal management, fiscal and budgetary services in support of OP programs and activities; provides advice and assistance to the Division Head and staff in administrative matters.

- Provides general internal management assistance in administering programs and activities of the office.
- Coordinates the preparation and submittal of program and financial plans, budgets, and variance reports; provides assistance in budget formulation, presentation, and execution.
- Installs and maintains budgetary controls over appropriations and allotments.
- Maintains OP's accounting records in conformity with applicable requirements.
- Reviews and processes OP's receipts and expenditures transactions.
- Performs purchasing activities in conformity with applicable requirements; maintains OP property and equipment records.
- Prepares financial reports for OP as required or requested.
- Provides divisions and programs with advice and assistance in obtaining administrative support services.

LAND USE DIVISION

The Land Use Division administers a state land use program under Chapter 205, HRS, that reflects public policies and concerns and presents guides and recommendations before the Land Use Commission as bases for land use decisions affecting the development and growth of the State.

- Develops and presents the position of the State in all boundary change petitions and proceedings before the State Land Use Commission; assists State agencies in the development and submittal of petitions for land use district boundary amendments and conducts periodic reviews of the classification and districting of all lands in the State, as specified in Chapter 205;
- Provides timely comments and recommendations on EIS's, conservation district use applications, special permit applications, County general/development/community plan amendments and zoning applications.
- Negotiates public benefits to the mutual satisfaction of State and other governmental agencies and landowners/developers.
- Conducts subregional, regional, islandwide or statewide analysis as required for significant petitions or groups of petitions.
- Conducts analyses and makes recommendations on proposed land use legislation, policies and plans.
- Conducts research and studies of land use issues, prepares reports on findings, conclusions and recommendations.
- Coordinates land use program activities with other State and County agencies.
- Represents OP in meetings with landowners, community groups, individual citizens, students and other organizations on land use matters.
- Drafts legislation and reviews proposed legislation dealing with land use issues.
- Conducts other planning projects as may be assigned by the Director.

Table 1
Priority List of Functions

Priority #	Description of Function	Performance Measures	Statutory Reference (HRS, PL, etc.)
1. Lead implementation of the Hawaii 5-Point Economic Plan to stabilize the economy and establish the basis for future growth	Hawaii Five Point Economic Plan – Stabilize Hawaii’s economy and preserve/create jobs by (i) Increasing tourism marketing and outreach; (ii) Accelerating public CIP investment in infrastructure; (iii) Attracting external investments, particularly in energy; (iv) reduce fees and taxes; and (v) Maximize federal partnerships and funding	<ul style="list-style-type: none"> > Achievement of Hawaii 5-Point Economic Plan’s CIP spending targets within established timeframes > Absolute and percentage increase in federal stimulus funding obtained, particularly in energy and “green infrastructure” > BLS measure of jobs retained/expanded in economy 	HRS 201-2, 201-3, 201-4, 201-5, 201-7, 201-8, 201-9, 201-10, 201-11, 201-12, 201-12.5, 201-12.8, 201-13, 201-13.7, 201-13.8, 201-14, 201-16, 201-17, 201-19, 201-61, 201-62, 201-63, 201-64, 201-65, 201-73, 201-81, 201-82, 201-112, 201B, 201M, 201N, 205, 205A, 206E, 206J, 206M, 211E, 211F, 211G, 212, 213, 214, 223, 225M, 226, 227D, 229
2. Lead efforts to transform how Hawaii produces, distributes and uses energy with an objective that 70% of Hawaii’s energy to come from locally developed alternative energy sources and energy efficiency and conservation efforts by 2030	Clean Energy Initiative – Fundamentally transform how Hawaii produces, distributes, and uses energy by developing policies and regulatory proposals and leading public/private partnerships to accelerate the development of indigenous renewable energy; increase energy efficiency; encourage the adoption of new technologies; improve Hawaii’s energy infrastructure; develop an energy business sector and “green-collar” jobs; and retain in Hawaii’s economy portion of the \$5 billion to \$7 billion a year exported to purchase foreign oil	<ul style="list-style-type: none"> > Year-on-year percentage energy generated and used from clean and renewable energy sources (RPS) > Year-on-year percentage energy conserved and saved through efficiency (EEPS) > Renewable energy generation and bio-fuels projects facilitated > Federal and private investments in renewable and clean energy projects and in transmission and distribution infrastructure 	HRS 201-2, 201-3, 201-4, 201-5, 201-7, 201-8, 201-9, 201-10, 201-11, 201-12, 201-12.5, 201-12.8, 201-13, 201-13.7, 201-16, 201-17, 201-18, 201-19, 201-61, 201-62, 201-63, 201-64, 201-65, 201-81, 201-101, 201M, 201N, 202, 205, 205A, 206E, 206J, 206M, 210, 210D, 211D, 211E, 211F, 211G, 213, 214, 223, 225M, 226, 227D

Table 1
Priority List of Functions

Priority #	Description of Function	Performance Measures	Statutory Reference (HRS, PL, etc.)
<p>3. Align, facilitate and lead public and private resources to develop Hawaii's innovation capacity based on science, technology, engineering, and math skills, creative ideas and lifelong learning resulting in an innovation-driven and globally-competitive economy</p>	<p>Hawaii Innovation Initiative – Build the capacity of Hawaii’s creative and entrepreneurial talent to turn ideas into globally competitive products and services by providing supportive policies, facilities and assistance to: (i) increase Hawaii's ability to meet the increasing demand for a workforce with critical thinking skills and technical expertise by improving education in science, technology, engineering, and math (STEM) subjects through enquiry-based programs; (ii) reach a broader spectrum of students by blending art, science, and technology in programs to enhance creativity; (iii) achieve economic growth through facilitating the expansion of Hawaii's science & technology (S&T) sectors by addressing barriers and accelerating the commercialization of scientific innovation.</p> <p>Workforce Development – Develop and retain a workforce with the skill-set required for an innovation-driven and globally-competitive economy through building a 21st Century workforce development system based on life-long learning and up-grading skills for all incumbent workers</p>	<p>Influence "Hawaii Innovation Indicators" measures , which include year-on-year percentage increase in:</p> <ul style="list-style-type: none"> > proportion and performance of students in STEM programs > college readiness, college-going and completion rates > entrepreneurial training and activity > university, government and private industry R&D spending per \$1000 of GDP > patents issued per 100 workers > venture capital invested per \$1000 GDP > SBIR grant dollars per \$1000 GDP > STTR grant dollars per \$10,000 GDP > percent degrees earned in STEM majors at UH > part-time enrollment in post-graduate education as percent of 25 - 44 year olds > technology sector growth and proportion of jobs > proportion of STEM jobs outside technology sector > growth in R&D jobs > size and growth of the creative sector > percentage of STEM occupations in the economy > average earnings in STEM occupations 	<p>HRS 201-2, 201-3, 201-4, 201-5, 201-7, 201-8, 201-9, 201-10, 201-11, 201-12, 201-12.5, 201-12.8, 201-13, 201-13, 201-13.7, 201-13.8, 201-14, 201-16, 201-17, 201-18, 201-19, 201-61, 201-62, 201-63, 201-64, 201-65, 201-71, 201-72, 201-73, 201-75, 201-81, 201-82, 201-101, 201-102, 201-103, 201-104, 201-105, 201-112, 201B, 201C, 201H, 201M, 201N, 202, 205, 205A, 206E, 206M, 210, 210D, 211D, 211E, 211F, 211G, 213, 214, 223, 225M, 226, 226-6, 226-10, 227D, 229</p>
<p>4. Increase international trade and international educational opportunities for Hawaii’s citizens</p>	<p>Global Links – Increase the range and value of goods and services exchanged between Hawaii and its export markets by improving the export-readiness of Hawaii businesses, encouraging international educational exchanges, and reinforcing factors that link Hawaii and the Asia-Pacific region</p>	<ul style="list-style-type: none"> > Year-on-year absolute and per-capita percentage increase in exports of goods and services > Absolute and year-on-year dollar increase in international commercial opportunities for Hawaii’s businesses > Absolute and year-on-year increase in numbers of secondary and post-secondary students studying abroad > Absolute and year-on-year increases in numbers of participants in international professional development, education exchange, professional and trade conferences in Hawaii 	<p>HRS 201-2, 201-3, 201-4, 201-5, 201-7, 201-8, 201-9, 201-10, 201-11, 201-12.5, 201-12.8, 201-13, 201-13.7, 201-13.8, 201-14, 201-16, 201-17, 201-19, 201-61, 201-62, 201-63, 201-64, 201-65, 201-73, 201-81, 201-82, 201-83, 201-84, 201-85, 201-101, 201-112, 201B, 201C, 201N, 202, 205, 205A, 206E, 206J, 206M, 210D, 211D, 211E, 211F, 211G, 212, 213, 225M, 226, 227D, 229</p>

Table 1
Priority List of Functions

Priority #	Description of Function	Performance Measures	Statutory Reference (HRS, PL, etc.)
5. Economic research and data analysis that support public policy-making and public and private decision-making	Support public policy-making and public and private decision-making by providing data, research and analysis; by creating better data standards, reports, and data-sharing protocols with other state entities and Hawaii's educational institutions	<ul style="list-style-type: none"> > Number of major economic & statistical reports issued > Number of tourism sector reports issued > Program survey respondents "more than satisfied" (%) > Program outputs cited in major news media (ave #, monthly #) > Accuracy of economic & demographic forecasts 	HRS 201-2, 201-3, 201-4, 201-5, 201-7, 201-8, 201-9, 201-10, 201-11, 201-12, 201-13, 201-13.7, 201-13.8, 201-14, 201-16, 201-17, 201-19, 201-73, 201-81, 201-112, 201B, 201C, 201H, 201M, 201N, 202, 205, 205A, 206E, 206J, 206M, 210, 210D, 211D, 211E, 211F, 211G, 212, 213, 214, 223, 225M, 226, 227D
6. Advocate open, fair and transparent tax and regulatory policies to provide a competitive business environment for Hawaii's small businesses	Hawaii Open for Business – Lead public sector efforts to bring about a world competitive business environment by reducing unnecessary regulations and barriers to competition; increasing transparency; and advocating for overall improvements to Hawaii's business environment	<ul style="list-style-type: none"> > Number of administrative rules reviewed > Number of response to regulatory relief inquires > Percentage achievement of small business set-asides > Increase in business environment rankings by reputable national organizations 	HRS 201-2, 201-3, 201-4, 201-5, 201-7, 201-8, 201-9, 201-10, 201-11, 201-12, 201-12.5, 201-12.8, 201-13, 201-13.7, 201-14, 201-16, 201-17, 201-18, 201-61, 201-62, 201-63, 201-64, 201-65, 201-73, 201-112, 201B, 201M, 201N, 202, 205, 205A, 206E, 206J, 206M, 209, 210, 210D, 211D, 211E, 211F, 211G, 212, 213, 214, 223, 225M, 226, 227D, 229
7. Increase the supply of workforce or "gap" housing units to support an increasing quality of life in Hawaii	Workforce Housing – Create workforce housing units in high-quality living environments by developing state lands; expediting approvals and permits; providing incentives and financing tools; and advocating for land use and housing policy changes	Annual production in the number of workforce housing units created or retained	HRS 201-2, 201-3, 201-4, 201-5, 201-7, 201-8, 201-9, 201-10, 201-11, 201-12, 201-13, 201-13.7, 201-13.8, 201-16, 201-17(1,4), 201-18, 201-61, 201-62, 201-63, 201-64, 201-65, 201H, 202, 205, 205A, 206E, 223, 225M, 226

Table 1
Priority List of Functions

Priority #	Description of Function	Performance Measures	Statutory Reference (HRS, PL, etc.)
8. Planning and land use	Plan and advocate policies, including land-use policies, that promote the efficient use of public and private resources; implement initiatives that increase economic, social, cultural, environmental value in Community Development Districts	<ul style="list-style-type: none"> > Number of Land Use Commission dockets filed; number decided > Number of Office of Planning position papers prepared on LUC dockets other LUC matters > Update and percentage implementation of Comprehensive Economic Development Strategy (CEDS) > Development achieved in Community Development Districts, including housing units, building floor space, and actively used parcels > Incorporate LEED standards into zoning rules for Community Development Districts 	HRS 201-2, 201-3, 201-4, 201-5, 201-7, 201-8, 201-9, 201-10, 201-11, 201-12, 201-12.5, 201-12.8, 201-13, 201-13.7, 201-14, 201-17(1,4), 201-18, 201-19, 201-61, 201-62, 201-63, 201-64, 201-65, 201-73, 201-112, 201B, 201H, 201M, 201N, 205, 205A, 206E, 206J, 206M, 210D, 211D, 212, 213, 214, 223, 225M, 226, 227D
9. Advocate and achieve, directly and in partnership with other departments, world-class infrastructure	World Class Infrastructure – Analyze, recommend, advocate and implement plans to upgrade Hawaii’s ground, air and water transportation, parks and recreation, advanced communications and science and technology infrastructure	Year-on-year increase in public (CIP) and private investment in Hawaii’s infrastructure	HRS 201-2, 201-3, 201-4, 201-5, 201-7, 201-8, 201-9, 201-10, 201-11, 201-12, 201-12.5, 201-12.8, 201-13, 201-13.7, 201-14, 201-16, 201-17(1,4), 201-18, 201-19, 201-61, 201-62, 201-63, 201-64, 201-65, 201-73, 201-112, 201B, 201C, 201H, 201M, 201N, 202, 205, 205A, 206E, 206J, 206M, 209, 211E, 211F, 211G, 212, 213, 214, 223, 225M, 226, 227D

Table 2
Program ID Listing of Major Activities

Prog ID/Org	Major Activity or Activities performed	Priority #	Pos (P)	Pos (T)	PS \$\$\$\$	Other \$\$\$\$	MOF	
BED 100/SM	Strategic Marketing and Support Division	Export of Goods and Services and Innovation Infrastructure (see attached)	1	21.00	1.00	1,372,936	677,999	A
		Workforce Development (see attached)	2	-		250,000		N
		Improve Hawaii's Business Environment (see attached)	3			1,821,915		W
		Workforce Housing (see attached)	4					
BED 103/DA	Land Use Commission	Administer the State Land Use Law within the parameters in HRS and HAR.	1	6.00		361,535	144,667	A
		Promote process efficiency such that processing times are streamlined and within automatic approval timeframes. Support reform of the State Land Use Law as suggested by the State Legislature, public advisory groups, staff analysis and the comments received from parties appearing before the LUC, including Rules for Important Agricultural Land.	2					
		To ensure the due process rights of parties before the LUC are maintained	3					
BED 105/CI	Creative Industries Division (See Activities Performed - Attachment A)	Creation of an Innovation Infrastructure: To create the infrastructure that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services.	1	12.00	1.00	760,791	413,194	A
		Human Capital Development: To educate, develop, retain and attract a workforce with the skills required for an innovation-driven and globally-competitive economic.	2					
		Improving Hawaii's Business Environment: To lead public sector efforts to bring about a business environment that is market-driven, and rewards productivity and entrepreneurship.	3					
		Global Links: To increase the flow of people, products, services and ideas between Hawaii and its export markets.	4					

Table 2
Program ID Listing of Major Activities

Prog ID/Org	Major Activity or Activities performed	Priority #	Pos (P)	Pos (T)	PS \$\$\$\$	Other \$\$\$\$	MOF	
BED 107/BA	Foreign Trade Zone	Asset Management: FTZ9 owns and operates 2 facilities in Hawaii. The Pier 2 facility is 50 years old and offers significant potential for expansion, upgrade and is in need of continual repair and maintenance. The Hilo site also offers significant opportunity for expansion and potential to service the needs of East Hawaii. Coinciding with the reinvention and re-branding of FTZ9, we are in the 4th year of a \$10 million upgrade and expansion program to revitalize our Pier 2 facility.	1	19.00		1,245,404	902,097	B
		Marketing/Training: Continue to "re-brand" and "re-invent" the FTZ9 site as a "Hub of International Trade" in Hawaii. In addition to FTZ services, develop additional 'incubation-type', export-oriented training services, e-commerce training and a full array of third party logistics services (3PL) to small businesses as well. We particularly want to be seen as the place for exporting activity in Hawaii.	2					
		Customer Service: Provide consistent customer service based on standards of performance, provide proper training to staff, and monitor performance on a regular basis. Solicit input from our FTZ users on existing services and additional services which will provide additional value.	3					
		Expansion and Subzone Sites: Assist firms that apply for foreign-trade zone designation and activation at sites throughout the State. Continue to market the program to new businesses that can take advantage of FTZ procedures.	4					

Table 2
Program ID Listing of Major Activities

Prog ID/Org	Major Activity or Activities performed	Priority #	Pos (P)	Pos (T)	PS \$\$\$\$	Other \$\$\$\$	MOF
BED 113/TO Hawaii Tourism Authority	To maintain and improve transportation access, infrastructure and services to facilitate travel to, from and within Hawaii. (see attached)	1	2.00	24.50	2,221,438	81,959,253	B
	To facilitate interaction among all stakeholders that improves the lines of communications and enhances greater understanding of roles, values and concerns. (see attached)	1					
	To honor and perpetuate the Hawaiian culture and community. (see attached)	1					
	To develop marketing programs that contribute to sustainable economic growth. (see attached)	1					
	To respect, enhance and perpetuate Hawaii's natural resources to ensure a high level of satisfaction for residents and visitors. (see attached)	1					
	To perform collaborative research and planning for use in the development of programs, policies and plans that will positively contribute to the State's economy, benefit the community and sustain Hawaii's resources. (see attached)	1					
	To achieve a safe Hawaii visitor experience. (see attached)	1					
	To provide a diverse and quality tourism product unique to Hawaii that enhances the Hawaii visitor experience and enriches residents' quality of life. (see attached)	1					
	To ensure a sufficient and highly-qualified workforce that is provided with meaningful careers and advancement opportunities. (see attached)	1					
BED 113/XC HTA - Convention Center	To compete in the lucrative convention market	1		1.50	191,833	53,836,174	B

Table 2
Program ID Listing of Major Activities

Prog ID/Org	Major Activity or Activities performed	Priority #	Pos (P)	Pos (T)	PS \$\$\$\$	Other \$\$\$\$	MOF	
BED 120/SI	Strategic Industries Division	SID implements, and coordinates the private and public sectors' implementation of Energy for Tomorrow (EFT)/Hawaii Clean Energy Initiative (HCEI), by initiating and engaging in partnerships in successful program activities and projects under the six major components of the EFT strategic action plan such as: Savings Through Efficiency, Independence Through Renewable Energy, Fuels Through Farming, Security Through Technology, Empowering Hawaii's Consumers, and Preserving Hawaii's Energy Security. These initiatives are designed to fundamentally change how Hawaii consumes energy, accelerate the production of renewable and alternative energy, increase energy efficiency, develop and adopt new technologies and ensure the State's energy security, which comprise the net goals of the landmark energy statutes enacted in 2006.	1	5.00	9.00	864,554	210,643	A
		SID coordinates Lead by Example (LBE), a new program focused on setting and achieving specified targets for energy efficiency, renewable energy and sustainable building practices for all state, and attached agencies, Act 96, SLH 2006, and Administrative Directive 06-01, Energy and Resource Efficiency and Renewable Energy and Resource Development.	2		15.00	1,649,806	2,849,193	N
					1.00	119,280		U
BED 130/FA	Research and Economic Analysis Division	Innovation Initiative & Emerging Industry/Workforce Research. Data & Analysis Support for Business Environment & State Policy including data support for "Energy for Tomorrow" initiative.	1	17.00		1,079,300	46,145	A
		Export Growth (tourism)	2	5.00		601,353	1,292,235	U
BED 142/AA	General Support for Economic Development	Overall direction & coordination of Statewide economic development and energy programs in support of the following: a. Workforce Housing b. Workforce Development c. Energy for Tomorrow d. Export of Goods and Services e. Innovation Infrastructure f. Improve Hawaii's business environment	1	33.00	1.00	2,015,207	186,602	A
BED142/TL	Office of the Tourism Liaison	Improve Hawaii's business environment (see attached)	1	1.00		105,386	6,104	A

Table 2
Program ID Listing of Major Activities

Prog ID/Org	Major Activity or Activities performed	Priority #	Pos (P)	Pos (T)	PS \$\$\$\$	Other \$\$\$\$	MOF	
BED 143/TE	High Technology Development Corporation	Developing and operating incubation and innovation centers. Supporting the development of physical infrastructure for tech-based economic development.	1	1.50	5.25	386,496	375,706	A
		Providing support and services to entrepreneurs and new and existing small businesses, particularly technology-based small businesses.	2	1.50	5.95	655,598	3,172,134	B
		Managing federal projects in advanced energy transportation technologies, manufacturing partnerships for small and tech businesses, assisting companies with small business innovation research & commercialization grants and contracts.	3		7.80	812,197	2,836,553	N
						1,500,000		W
BED 144/PL	Office of Planning	Statewide Planning and Coordination functions are conducted to implement Ch. 225M, HRS, State Planning; Ch. 226, HRS, Hawaii State Plan; Ch. 205, HRS, State Land Use Law and Ch. 205A, HRS, Coastal Zone Management.	1	15.00	-	1,089,798	45,429	A
		Brownfields Cleanup Revolving Loan Fund	2			-		N
						1,000,000		W
BED 144/PZ	Coastal Zone Management	CZM Program Administration (Ch. 205A, HRS)	1	2.00		174,156	282,044	A
		County Implementation of the CZM Program (Ch. 205A, HRS)	2	4.00	5.00	800,376	1,668,368	N
		CZM Program Implementation (Ch. 205A, HRS)	3					
		Ocean Resources Management Plan (Ch. 205A, HRS)	4					
		Public Participation (Ch. 205A, HRS)	5					
BED 145/VC	Hawaii Strategic Development Corporation	Hydrogen Fund implementation (% of Hydrogen Fund)	1			2,609,375		B
		Entrepreneurial training programs and venture capital conferences/workforce development	2		2.00	200,878	4,071,850	W
		Creation of an Innovation infrastructure, Export of Goods and Services, Improve Hawaii's Small Business Environment, Energy for Tomorrow, Development of Core Urban Areas	3					
BED 146/EL	Natural Energy Laboratory of Hawaii Authority	Operate and maintain the seawater distribution systems for large volumes of deep and surface seawater.	1		22.00	1,703,461	4,710,249	B
		Operate water quality laboratory for an environmental monitoring program that samples near shore and off shore groundwater.	2					A
		Identify, develop and implement revenue enhancement opportunities which support NELHA's objectives to attain self-sufficiency.	3		5.00	616,950	9,314,458	N
		Conduct the National Defense Center of Excellence for Research in Ocean Sciences (CEROS) program.	4					

Table 2
Program ID Listing of Major Activities

Prog ID/Org	Major Activity or Activities performed	Priority #	Pos (P)	Pos (T)	PS \$\$\$\$	Other \$\$\$\$	MOF	
BED 150/KA	Hawaii Community Development Authority	Implement a 5-year work plan that includes infrastructure and public facilities development.	1	0.50		41,325	1,615	A
				1.50		176,043	454,846	W
BED 150/KL	HCDA - Kalaeloa Community Development District	Continue Planning & Development Activities						A
		Providing Community Support	2		2.00	194,955	200,000	W
		Continuing Government Coordination						
BED 151/AT	Aloha Tower Development Corporation	Development of urban core areas in the Aloha Tower Project Area; promote revitalization of the downtown waterfront.	1		6.00	686,644	942,296	B
		Improve and beautify the public waterfront; provide public access opportunities to the downtown waterfront.	2				375,000	U
		Improve the Hawaii small business environment.	3					
BED 160/HA	Hawaii Housing, Finance and Development Corp.- Administration	Provide administrative oversight and support services for HHFDC. Provide overall administration and management of all functions and activities related to the day-to-day operations of the HHFDC; Ensure housing programs are in compliance with federal, state and HHFDC requirements; Maintain regular communication within HHFDC, with other government and private entities, the media and general public regarding HHFDC's programs, services, actions, plans and policies; Maintain HHFDC information technology systems; Provide personnel staff support and advisory services; Conduct overall planning, evaluation and research activities for HHFDC programs and coordinate legislative activities; and Provide administrative and advisory services in fiscal management, budget, and accounting for HHFDC, as well as administers property management services.	1	-	-	-	-	A
				25.00	19.00	3,269,260	1,508,567	W
BED160/HD	Hawaii Housing, Finance and Development Corp.- Housing Development	Provide development tools and resources to facilitate the development of affordable and workforce housing. Provide developable land or below-market interest rate interim construction loans.	1	4.00	15.00	1,686,841	92,051	W
		Facilitate the development of affordable housing through administration of HRS 201H development powers. Coordinate and sponsor affordable housing development under the provisions of Chapter 201H, HRS to obtain expedited land use, planning, zoning, and subdivision exemptions and approvals before the State Land Use Commission or County Councils.	2					

Table 2
 Program ID Listing of Major Activities

Prog ID/Org	Major Activity or Activities performed	Priority #	Pos (P)	Pos (T)	PS \$\$\$\$	Other \$\$\$\$	MOF
BED 160/HF Hawaii Housing, Finance and Development Corp. - Housing Finance	Finance the development/preservation of affordable rental housing. Provide construction and permanent loans, tax credits, and project subsidies for the development of affordable rental housing.	1			3,000,000		N
	Expand homeownership opportunities. Provide first time homebuyers with low interest mortgage loans and mortgage tax credits.	2			46,923,698		T
			4.00	13.00	1,245,749	123,376	W

Table 2 - Major Activity or Activities performed

BED100/SM -Strategic Management and Support Division

1. Export of Goods and Services and Innovation Infrastructure

- Promotes the development of internationally competitive innovation industries such as education, environmental, medical and health, tourism consulting, bio-agriculture and other growth services industries; and new and emerging industries such as renewable energy technologies, ocean science & technology, and aerospace to compete in global trade and commerce;
- Advocates international awareness, connections and linkages to increase Hawaii's competitiveness in a global economy;
- Attracts new investments in emerging, innovation industries and the export of these industries' products and services.
- Carries out the functions of the Office of International Affairs as legislatively mandated by HRS 201-17;
- Leverages existing agreements with foreign governments and organizations to forge closer ties and generate new business;
- Promotes and fosters economic, political, educational and cultural relationships with alliances overseas in cooperation with the Legislative and Executive Branches of Government;
- Creates business partnership and matchmaking opportunities for Hawaii innovation companies through conferences, events, and Sister-State relationships;
- Operates representative offices in Taiwan and Beijing to provide stable linkages (governmental and business) with those regions;
- Provides relevant and timely information about overseas market opportunities;
- Facilitates introductions between buyers and investors and other incoming business groups to purchase from or partner with Hawaii innovation companies;
- Promotes professional and vocational education and training at Hawaii's institutions to Asian managers, administrators, and students as a means of developing higher value market opportunities; and

- Leverages Hawaii's network of contacts with counterparts in the Asia-Pacific region.

2. Workforce Development

- Encourages international curriculum development of secondary and post-secondary education through activities such as international student and teacher exchanges, study abroad programs, and visiting student excursions;
- Coordinates with workforce development agencies and organizations, educational institutions, labor unions and the private sector to collaborate on aligning economic and workforce development initiatives;
- Finds funding support to prepare for and lead Hawaii into an innovation economy including STEM education initiatives;
- Organizes hands-on STEM projects such as the FIRST Robotics competitions and the VEX Challenges.

3. Improve Hawaii's Business Environment

- Provides incentives for businesses in targeted areas through the Enterprise Zones Program;
- Advocates the rights of small businesses through the Small Business Regulatory Review Board and the Small Business Utilization Council;
- Supports innovation industry development and entrepreneurship in rural and economically distressed areas;
- Supports community based innovation businesses and organizations through grants and technical assistance;
- Leverages community based grants programs with other county, state and federal sources.

4. Workforce Housing

- Attracts overseas investment for housing development.

Table 2 - Major Activity or Activities performed

BED 105/CI - Creative Industries Division Attachment A

Film Industry Branch:

- Since the passage of Act 88 (15%-20% of film industry refundable tax credits) in July 2006, 25 film projects qualified for Act 88 in FY 07 and 30 film projects qualified in FY 08. The direct expenditures of those qualified applicants that took advantage of the tax credits were \$80.0 million in FY 07 and \$149.8 million in FY 08. Donations made to Hawaii schools by qualified Act 88 projects totaled 21 in FY 07 and 16 in FY 08.
- Worked closely with the Department of Taxation to draft proposed Hawaii Administrative Rules for the film industry's 15%-20% tax credit.
- In FY 2008, 549 projects applied for standard film permits (resulting in 1,158 film permits issued for state locations) and 384 annual permits (used by year-round local photographers and videographers). In FY 2007, 672 projects applied for standard film permits (resulting in 1,344 film permits issued for state locations) and 175 annual permits. Our longtime "one-stop shop" for film permits remains an industry model worldwide, as few jurisdictions have such a streamlined permitting process. To ensure a smooth permit process, we work on a daily basis with DLNR, DOT, DAGS, and other state agencies.
- Supported full seasons of four (4) television productions/series including ABC's "Lost," A&E's "Dog the Bounty Hunter," "Asylum Entertainment/Remote Productions," "Maui Fever," and AND Syndicated Productions, "High School Reunion 4" and five (5) major feature film productions including Second Mate Production's "Pirates of the Caribbean," Pacific High Production's "Morning Light," Genre Hawaii Production's "Indiana Jones 4," Tropic Thunder Production's "Tropic Thunder," and Princess Production's "Untitled Princess Kaiulani Project." In addition, the FIB supported numerous television specials and episodic and commercials—all of which spent an aggregate of \$369.3 million in production expenditures in FY 2007 and 2008.
- Provided ongoing production servicing for all off-shore and local industry needs including processing of shooting permits for all state locations, assisting with location scouting, identifying production and parking facilities, on-location support, tax credit guidance, and answering all general inquiries.
- Finalized matching funds grant and participated in master planning process for a Film and Digital Media Center at Hawaii Film Studio. Project funded by Economic Development Administration Grant (\$160,000) matched by University of Hawaii (\$160,000) to develop plans for a digital media incubator, classroom facilities for

University of Hawaii Academy for Creative Media, and potential integration of Kapiolani Community College New Media Arts/Creativity Academies programs to support Hawaii's growing digital media industry.

- Sponsored two (2) local film festivals: Hawaii International Film Festival and Maui Film Festival.
- Participated and represented Hawaii at numerous industry events in L.A. to market the 15%-20% tax incentive and develop opportunities for shooting in Hawaii at events including Locations Expo, Industry Tax Credit Seminars and Cineposium.
- Entered into a contract with Hawaii International Film Festival for the 9th Annual Film in Hawaii Award.
- Continued to promote the benefits of having a vibrant local film industry to the Hawaii public at large by speaking to various groups. Participated in numerous speaking engagements, including a Master's class for the University of Hawaii Academy for Creative Media, speaking for a kid's group at the Kauhale Nani Housing Project in Wahiawa, participating in a panel on film tax incentives in Maui, speaking to the American Society of Safety Engineers, and serving as a judge in the Kalo Awards and the Farrington High School Film and Arts Festival in addition to participating in numerous television and radio interviews.

Arts and Culture Development Branch:

Innovation Infrastructure:

- Entered into a contract with the Honolulu Community College (HCC) to develop an Associate degree with a concentration in Music Business & Production or Audio Engineering Technology. The Music & Entertainment Learning Experience (MELE) program consists of a comprehensive music business, production, and audio engineering technology curriculum that meet the requirements for entry-level training into the music industry that is paramount to building an educational foundation for this important sector of Hawaii's creative industries growth. The curriculum focuses on combining academic experience with real-world applications to prepare students to work in the rapidly evolving global music industry for the 21st century.
- Established the Creative Academies (CA) program in partnership with UHCC/KapCC, Department of Education Career and Technical Education (CTE), DBEDT and Industry. Initiated contract between DBEDT/CID and UHCC/KCC and integration with DOE/CTE to develop the CA program; a new curriculum paradigm for the 21st century that fuses the creative arts, science and technology in standards-based learning to achieve relevant and dynamic course content that

engages a broad spectrum of students in STEM and new media arts education, from middle school through workforce.

- Established partnerships with science, technology, academia and digital media industries including Sony Imageworks, Dreamworks Animation, USC School of Cinematic Arts, California Institute of the Arts, Ulua Media, PTC, BAE Systems, STEM education leadership in Hawaii, physicists from Skidmore University and Vassar to join Hawaii STEM and New Media Arts leadership in creation of the Creativity Academies Visioning Team, which provides industry guidance on curriculum and program development.

Music Initiatives:

- Entered into agreements with the Friends of the Hawaii State Art Museum, Inc. for services related to the planning and implementation of the “Live from the Lawn” series of free arts-oriented entertainment performances for FIRST FRIDAYS that take place on the grounds of the Hawaii State Art Museum. DBEDT co-sponsors the series as part of its ongoing strategic initiative to promote and attract national and international attention for Hawaii’s creative and cultural assets.
- Co-sponsored the inaugural Borders’ Books and Music “Hawaii Grammy Nominees” campaign, October 2-15, 2006 in 15 stores in the Southern California region, including San Diego and Santa Barbara. The promotion featured live performances, product displays, and an ad campaign supported by DBEDT/CID, the Hawaii Book Publishers Association (HBPA) and the Hawaii Academy of Recording Arts (HARA).
- Co-sponsored Hawaiian music concerts with the Friends of the Hawaii State Art Museum, Inc. and LEF Foundation on January 5, 2007 and January 11, 2008, that featured the current Grammy nominees for the “Best Hawaiian Music Album of the Year.” This annual concert is filmed in High Definition for local television simulcast on Oceanic Time Warner Cable/OC16 and KITV and streamed via the Internet to reach audiences in the U.S. Mainland and around the world.
- In co-sponsorship with Outrigger Hotels and Resorts and Hawaiian Airlines, coordinated live music performances by Hawaii’s Grammy nominees at 3 Borders’ stores in the Southern California region; Border’s Montclair (performance by Amy Hanaialii), February 7, 2007; Border’s South Coast Plaza (performance by Amy Hanaialii), February 8, 2007; Borders’ Manhattan Beach, February 9, 2007 (performances by Ledward Ka’apana, David Kahiapo, Mike Kaawa, Paul Togioka, Amy Hanaialii, Daniel Ho, George Kahumuku Jr., Keoki Kahumoku, Richard Hoopii, and Da Ukulele Boys). From February 5-9, 2008 live in-store performances were held in stores in Sacramento, San Francisco, Costa Mesa and Torrance, California. The performances were well attended and received, especially at the Manhattan Beach outlet where over 500 people

attended the event. Hundreds of CDs were sold during the time period of the in-store performances.

- Developed working partnership with National Academy of Recording Arts & Sciences (NARAS), American Society of Composers, Authors and Publishers (ASCAP), Grammy Foundation, Music Cares, Grammy in the Schools, Grammy Museum, Rhapsody Music, Real Networks, Nashville's Belmont University, Seattle's Experience Music Project, South by Southwest (SXSW) and Austin City Limits to mobilize and collaborate on key initiatives, resulting in accelerated growth of Hawaii's music sector.
- Co-sponsored Inc.'s NARAS educational forum, "Music Tech Hawaii", with the Outrigger Waikiki Hotel on June 30, 2007. A panel of music and technology experts discussed the changing landscape of the music business and how Hawaiian musicians could best take advantage of this trend. On June 7, 2008, "Music Tech Hawaii" provided timely information on how professionals can thrive in the evolving music industry, which has seen a shift away from the sale of physical goods/CDs and big box retailers to a performance based model and an emphasis on digital distribution.
- Arranged to feature a ukulele crafted by the Kamaka Family and owned by the late Israel Kamakawiwo'ole in the new Grammy Museum that opened on December 6, 2008 in Los Angeles. The ukulele is featured within the section dedicated to "Roots" music forms, where it will sit alongside stories and artifacts from the folk, blues, Cajun, and other "traditional" musical forms.
- Placed a half-page ad in the December 2007 & 2008 issue of "Billboard" magazine to promote Hawaii's Grammy finalists to voting members of NARAS to enable them to vote knowledgeably for the nominees.

Literary Arts:

- Co-sponsored a booth with the Hawaii Book Publishers Association at the *Hawaii Book and Music Festival* at Honolulu Hale on May 19- 20, 2007. The Festival featured performances, presentations, demonstrations, book signings and other events by local, national and international authors, poets, storytellers, playwrights, songwriters, composers, arrangers and musicians.
- Co-sponsored the Hawaii Book Publishers Association's (HBPA) participation at the *American Library Association Conference (ALA)* on June 28 through July 1, 2008, in Los Angeles. Attending the tradeshow were representatives from HPBA's 20 member organization. Attended by more than 18,000 librarians, educators, writers and publishers, HBPA representatives were able to make contact with publishers from national trade publications for book publishing and library services, national book jobbers, and the president of the Asian Pacific

American Librarians Association – probably the most strategic group of librarians at the conference for Hawaii book publishers.

- Supported the activities of the 16th Annual Maui Writers Conference, August 29 to September 1, 2008 at the Ala Moana Hotel that brought together literary and entertainment leaders to nurture the development of writers from around the world.

Visual Arts:

- Co-sponsored the Textile Society of America's 2008 Symposium, "Textiles as Cultural Expressions," that was held on September 24-27, 2008, at the Sheraton Waikiki Hotel. The symposium was a smashing success. Attended by approximately 300 people, 206 came from 32 states and 77 people came from 24 foreign countries. Programming and marketing probably played more in making the event so well received. When you consider that the museums in Honolulu presented 30 textile exhibitions in celebration of the TSA Symposium, responses indicate it was the best TSA Symposium ever.

Table 2 - Major Activity or Activities performed

BED113/TO - Hawaii Tourism Authority

All major activities of the HTA are of equal importance.

Table 2 - Major Activity or Activities performed

BED142/TL - Office of the Tourism Liaison

- Work cooperatively with the HTA in implementing the Statewide Strategic Tourism Plan.
- Garner support and initiate discussions between state agencies and visitor industry groups and organizations on various issues.
- Coordinated with the visitor industry to address economic challenges and forecast future outlook.
- Worked with airlines to ensure adequate airseats to Hawaii.
- Worked cooperatively with Customs and Border Protection (CBP), the airlines and DOT-A to develop and implement a plan to increase customer satisfaction.
- Worked cooperatively with DOT-A and the Airline Committee of Hawaii on the Airport Modernization Plan and communicated details of the plan and the objective to the visitor industry.
- Worked cooperatively with CBP, TSA, HTA and its marketing contractors, airlines and wholesalers to communicate and educate travel sellers, media and potential visitors on the new US VISIT program process, new security rules and regulations and the new Electronic System for Travel Authorization (ESTA).
- Worked cooperatively with DOT-Harbors on the Harbors Modernization Plan and communicated details of the plan and the objective to the visitor industry.
- Worked cooperatively with DLNR and the weddings industry on implementing a permitting system to conduct commercial wedding activities on the beach.
- Worked cooperatively with DLIR as part of the State's Rapid Response Team to assist those affected by employment lay-offs.
- Worked cooperatively with DOH on a health screening pilot program for international passengers at Honolulu International Airport.
- Coordinated communications between State Civil Defense, HTA and the visitor industry on several natural disasters including floods, sewage spills, earthquake and tsunamis.

- Coordinated communications between state agencies and the visitor industry.
- Represented the visitor industry and participated in crisis planning with multiple state agencies.
- Coordinated with the Consular sections of the U.S. Embassy and assisted groups and diplomats in obtaining visas to visit Hawaii.
- Worked with federal agencies on CBP's proposed rule change to the Passenger Vessel Services Act and successfully lobbied against it, citing the adverse impacts it would have on Hawaii's economy.
- Worked with federal agencies on promoting new countries to be admitted into the Visa Waiver Program, including South Korea.

Table 3
Biennium Budget Reductions

#		Description of Reduction	Impact of Reduction	Prog ID/Org	MOF	FY 2010		FY 2011		
						Pos		Pos		
						Perm	Temp	Perm	Temp	
						\$\$\$\$	\$\$\$\$	\$\$\$\$	\$\$\$\$	
1	RE	Out-of-State Offices (Beijing and Taiwan)	Funding for one of the Offices will be provided by remaining balance (approx. \$225K) of the Market Development Cooperator Program federal grant funds.	BED 100/SM	A			(25,746)		(25,746)
2	RE	Services Trade Branch	Branch will concentrate on in-state activities to promote export of goods and services and to build global links and seek federal grant funds for marketing.	BED 100/SM	A			(26,000)		(26,000)
3	RE	Community-Based Economic Development (CBED) and Enterprise Zone (EZ) Programs	Portion of operating funds will be provided by division; grant funds to be reduced by \$5,000.	BED 100/SM	A			(26,857)		(26,857)
4	RE	Investment & Business Analysis Branch	Branch will concentrate on workforce development initiatives and seek federal grant funds for additional projects.	BED 100/SM	A			(5,000)		(5,000)
5	RE	Reduce OCE for various operating expenses	Division will streamline operations to meet reductions.	BED 100/SM	A			(13,000)		(13,000)
6	RE	Reduce 1.0 position and funds (51,312) for Econ Dev Spec V, #35259 and other funds (101,599) for various operating expenses	<p>The transfer of Position #35259 and its funds is part of the Administration's package to support the Hawaii Clean Energy Initiative. The reduction will prevent the division from filling this vacant position; which may adversely impact operations of the Film Industry Branch (FIB). Due to the reduction in other funds (101,599) the division is also unable to continue the Invitation for Bid (IFB) process to hire a film industry tax credit consultant to mitigate the loss of the position and impacts to the branch. The EDSV position was key to managing the Film Industry Tax Credits (Act 88), developing support programs for Hawaii filmmakers and assisting in the growth of the division's key initiatives. Without this position to assist with the increased workload due to the success of the credit, the management will fall to the Program manager and staff, impacting timely administration of the program as well as elimination of developing support and funding mechanisms to increase growth of the local film/digital media industry.</p> <p>Additional impacts may include staff's ability to respond to film permit applications and may negatively affect the day-to-day operations of FIB. The \$101,599 reduction in various operating expenses will impact the division by: stalling planned support for accelerating the growth of Hawaii's creative sectors, prevent Arts and Culture Development Branch (ACDB) implementation of planned initiatives where significant growth has occurred, including music, arts, and educational Initiatives including innovation-based programs such as MELE and Creativity Academies, as well as further impacting FIB by eliminating the entire film/division advertising budget as well as eliminating any support for Hawaii-based film festivals.</p>	BED 105/CI	A	-		(101,599)	-	(101,599)

Table 3
Biennium Budget Reductions

#		Description of Reduction	Impact of Reduction	Prog ID/Org	MOF	FY 2010			FY 2011		
						Pos		\$\$\$\$	Pos		\$\$\$\$
						Perm	Temp		Perm	Temp	
7	O	Reduce special fund ceiling	Due to the Council of Revenues' projections which show a decrease in Transient Accommodations Tax (TAT) revenues, there is a \$3 million reduction in FY 2010 which results in less available funds to finance projects for the 9 State TSP initiatives.	BED 113/TO	B			(3,000,000)			-
8	RE	Reduce 3.0 unfunded temp positions	No impact, housekeeping measure	BED 120/SI	U		(3.00)			(3.00)	
9	RE	Reduce position and funds (\$51,312) for Econ VII, #29283.	Reduces capacity for modeling and impact analysis	BED 130/FA	A	(1.00)		(51,312)	(1.00)		(51,312)
10	RE	Reduce vacant Contract Asst, #15643 (36,516) and Sec III, #41975 (35,064) and funds for overtime (42,940).	Only overtime funds are reduced. The 2 positions are being transferred to BED 120SI for the Hawaii Clean Energy Initiative.	BED 142/AA	A	-	-	(42,940)	-		(42,940)
11	RE	Vacancy savings and reduce funds or convert MOF to special funds for various operating expenses	The economic recession has impacted occupancy at HTDC's innovation centers thus lowering its revenue stream and directly impacting its ability to cover fixed expenses. By shifting general-funded expenditures to the HTDC Special Fund, cash reserves will erode significantly and limit the long-term sustainability of the agency's mission, projects, and programs.	BED 143/TE	A			(265,392)			(265,392)
12	RE	Reduce vacant Planner VI, #26624 and OP Dir Sec, #118982	Adverse impacts include inability to meet statutory deadlines for position statements/filings before the Land Use Commission resulting in delays in the regulatory process which may slow development/construction and further weaken Hawaii's economy. There will be adverse impacts on our ability to conduct planning projects and policy analysis. Office operations will also be negatively impacted.	BED 144/PL	A	(1.00)	(1.00)	-	(1.00)	(1.00)	-
13	RE	Aquaculture water subsidy	NELHA aquaculture tenant water costs will increase.	BED 146/EL	A			(365,000)			(365,000)
14	RE	Convert positions and various operating expenses to revolving funds	Conversion of General Funded positions to Revolving Funded to comply with mandated General Fund reduction.	BED 160/HA	A	(1.00)	(2.00)	(146,178)	(1.00)	(2.00)	(146,178)
15	O	Change Means of Financing	Conversion of General Funded positions to Revolving Funded to comply with mandated General Fund reduction.	BED 160/HA	A	(1.00)		-	(1.00)		-

Table 3: Biennium Budget Reductions

Discuss what public input, if any, was received concerning the impact of these reductions.

BED 143/TE

- Incubator and innovation centers' companies/tenants, tech companies receiving virtual services, program partners, recipients of federal program funding and business development services, professional service providers, and the tech industry in general have expressed concern about further program cuts, loss of business and economic diversification momentum, and impact on existing jobs and synergy. The negative impacts are even greater on the neighbor islands, where HTDC has provided programs to assist start-up and existing businesses as there are less partners and cost-sharing opportunities. Yet, neighbor islands (e.g., Kauai and Big Island) are highly volatile during a recession and extremely dependent on successful local companies and jobs, and will now have even fewer options.
- Due to the federal Small Business Innovation Research (SBIR) Grant Program and Small Business Technology Transfer (STTR) Grant Program, local industry growth has increased each year, bringing into the State new federal dollars from grants and contracts. Federal agencies, including defense, science, commerce, and agriculture departments, depend on local/state programs to match funds when awarding federal funds to Hawaii businesses through these programs. HTDC administers the State of Hawaii matching SBIR and STTR Grant Programs. Both the federal and Hawaii programs fund projects ranging from research and development through commercialization of products and projects. Unfortunately, because of the budget constraints, approximately \$100,000 of Hawaii matching funds had to be cut. Throughout the years (1989 to present) the State's investment in this program directly increased the amount of funds expended by Hawaii businesses due to follow-on grants and contracts. These small businesses have already been significantly impacted by the economic recession and, as a result, will be relying heavily on programs such as SBIR and STTR to continue to feed the innovation pipeline, which will help the State diversify our economy. While there are no "silver bullets" to diversifying Hawaii's construction-military-tourism based economy, globally technology and innovation are the key major drivers of economic development in the 21st century that current policies and plans, including budgets, must continue to support.
- HTDC has already experienced and continues to realize lower streams of receipts from incubator and innovation companies/tenants due to successful graduation from the centers (graduating companies pay higher rents), as well as increased vacancies and delinquencies. While we

expect some vacancies and delinquencies because of our model of growing and developing companies, if receipts continue to decline as they have, we will no longer have sufficient funds to cover HTDC staff salaries (half of payroll and fringe benefits comes from the revenues from the incubator and innovation centers).

Table 4
Biennium Budget Additions

#		Description of Addition	Prog ID/Org	MOF	FY 2010			FY 2011			Justification
					Pos		\$\$\$\$	Pos		\$\$\$\$	
					Perm	Temp		Perm	Temp		
1	RC	Increase special fund ceiling	BED 107/BA	B			50,363			50,363	Fringe Benefit increase.
2	O	Increase special fund ceiling	BED 113/XC	B			2,000,000			2,000,000	Increase of \$2 million each for FY 2010 and FY 2011 is for increase in operation costs due to anticipated increase in the number of events at the Convention Center. This increase in expenditure would be covered by the related increase in revenues.
3	G	Increase federal fund ceiling	BED 120/SI	N			167,642			167,642	Additional payroll expenses
4	G	Add Renewable Energy Facilitator position.	BED 120/SI	U		1.00	119,280		1.00	119,280	To facilitate renewable energy permitting process
5	G	Add position and funds for filled Economist V position established through Act 148 (07)	BED 130/FA	A	1.00		51,312	1.00		51,312	Includes filled economist position established under Act 148 (2007) to continue emerging industry research.
6	G	Economic Support for Department of Transportation	BED 130/FA	U			100,000			100,000	Permits program to assist DOT in modeling and impact analysis related to transportation projects.
7	O	Increase federal fund ceiling	BED 143/TE	N			100,000			0.00	An appropriation request for an EDA federal grant opportunity that may arise in FY09-10. Current expenditures from EDA federal grant expires in January 2009; however, a new EDA grant has been applied for. Matching general funds will be needed to support these new federal funds.
8	RC	Increase special fund ceiling	BED 146/EL	B			111,366			145,429	Increased payments for central services.
9	RC	Increase special fund ceiling	BED 146/EL	B			536,655			1,858,172	Rising electrical rates and increased tenant demand for pumping seawater.
10	RC	Increase special fund ceiling	BED 146/EL	B			122,535			183,357	Increased costs for freshwater at NELHA.
11	RC	Increase special fund ceiling	BED 146/EL	B			140,543			159,891	Increased ceded land payments for OHA.
12	O	Increase federal fund ceiling	BED 146/EL	N			2,940,880			2,940,880	Additional federal funds received under DARPA Cooperative Agreements for increased levels of technology development contracts under CEROS.
13	RC	Harbors Modernization Plan	BED 151/AT	U			375,000			385,000	Transfer of operating funds for Harbor Modernization Plan.
14	O	Increase ceiling to reflect Rental Housing Trust Fund Infusion	BED 160/HF	T			25,000,000			25,000,000	This expenditure ceiling increase is required to accommodate infusion of funds into the Rental Housing Trust Fund appropriated in Act 158/08 (\$10,000,000 MOF: C)
15	RC	Increase revolving fund ceiling	BED 160/HA	W			680,869			680,869	Fringe adjustment.

Table 4
Biennium Budget Additions

#		Description of Addition	Prog ID/Org	MOF	FY 2010			FY 2011			Justification
					Pos		\$\$\$\$	Pos		\$\$\$\$	
					Perm	Temp		Perm	Temp		
16	O	Convert positions and various operating expenses to revolving funds	BED 160/HA	W	1.00	2.00	331,229	1.00	2.00	332,733	Conversion of General Funded positions to Revolving Funded to comply with mandated General Fund reduction.
17	O	Change Means of Financing	BED 160/HA	W	1.00		44,271	1.00		44,321	Conversion of General Funded positions to Revolving Funded to comply with mandated General Fund reduction.
18	RC	Increase revolving fund ceiling	BED 160/HD	W			219,036			219,036	Fringe adjustment.
19	RC	Increase revolving fund ceiling	BED 160/HF	W			279,284			279,284	Fringe adjustment.

Table 5
Current Year (FY09) Restrictions

<u>Prog ID</u>	<u>FY09 \$\$\$</u>	<u>Impact</u>	<u>FY10 \$\$\$</u>	<u>FY11 \$\$\$</u>
BED 100/SM	180,808	FY 09 hiring freeze	-	-
BED 105/CI	47,488	FY 09 hiring freeze	-	-
BED 120/SI	9,714	FY 09 delay in hiring	-	-
BED 130/FA	57,720	FY 09 hiring freeze	-	-
BED 143/TE	50,206	FY 09 hiring freeze, delay in hiring ¹	18,708	18,708
BED 144/PL	103,536	FY 09 hiring freeze ²	-	-

Note:

1. HTDC's focus on core services are affected. HTDC will not have its full complement of staff to create new federal programs or possibly pursue large new opportunities that arise.

2. Adverse impacts include inability to meet statutory deadlines for position statements/filings before the Land Use Commission resulting in delays in the regulatory process which may slow development/construction and further weaken Hawaii's economy. Adverse impacts on our ability to conduct planning projects and policy analysis. Negative impacts on office operations.

**Department of Business, Economic Development, and Tourism
Biennium Budget 2009-2011
Other Sources of Revenue**

Please discuss any revenue generating possibilities for your department.

Strategic Marketing and Support - BED 100/SM

While the Strategic Marketing and Support Division already assesses nominal fees to businesses who participate in certain events and activities, an increase in fees could be assessed, and more fee-generating activities could be produced. However, in order to produce more and better fee generating services and activities, it requires an up-front investment to get the project started, which given the budget situation, would not be readily available.

Land Use Commission - BED 103/DA

The Land Use Commission has sought where appropriate to shift a portion of its meeting, court reporter, and sound costs to the private section. The LUC Policy in this regard is attached.

Foreign Trade Zone - BED 107/BA

The Foreign Trade Zone (FTZ) has been a self-sufficient special funded program for over 40 years. It receives no general fund and as such is always seeking new ways to grow its revenues. This has allowed FTZ to return over \$4.0 million to the general fund during this period.

Hawaii Tourism Authority - BED 113/TO

The Hawaii Tourism Authority leverages funds from the Tourism Special Fund by requiring marketing and event contractors to provide matching funds for projects throughout the state. Additionally, HTA receives revenues interest earned from deposits into the Tourism Special Fund.

Hawaii Convention Center - BED 113/XC

Additional revenues will be generated by the anticipated increase in number of events at the Hawaii Convention Center.

High Technology Development Corporation - BED 143/TE

The High Technology Development Corporation is currently pursuing a \$100,000 EDA federal grant that may arise in FY09-10.

Office of Planning - BED 144/PL

The Office of Planning will continue to pursue Federal grant opportunities.

Coastal Zone Management Program - BED 144/PZ

The Coastal Zone Management Program (CZM) of the Office of Planning will continue to apply for Federal funding under the National Coastal Zone Management Act. At the present time, Federal funding under this program is

stable but at risk due to competing demands for funds. In general, federal funds are tight. The CZM Program is focused on assuring that Federal funds to the program do not decrease.

Natural Energy Lab of Hawaii Authority - BED 146/EL

Natural Energy Lab of Hawaii Authority (NELHA) continues to examine potential consulting or service contracts as a source of additional revenues. However, before they can be implemented, the attorney general advises us that standard procurement methods should be followed.

Hawaii Community Development Authority - BED 150/KA

Hawaii Community Development Authority (HCDA) maintains Hawaii community development revolving fund pursuant to Section 206E-16, HRS which requires all revenues and receipts of HCDA to be deposited into this fund and used to further HCDA's community development objectives. Objectives include planning and implementation of capital improvement projects to upgrade infrastructure and develop public facilities, implementation of long-term planning initiatives to support the development of mixed-use communities that strengthen and diversify Hawaii's economy while enhancing the quality of life for Hawaii's people. In sum, with the support of the Legislature and stakeholders, HCDA strives to create better communities for tomorrow.

The Hawaii community development revolving fund consists of several different sub-accounts established by law.

The Public Facilities Dedication Fees sub-account consists of fees collected from private developers to mitigate the impacts of their developments. Monies in this account are restricted to the purchase, creation, expansion, or improvement of public facilities within the Kakaako Community Development District including parks, schools, parking improvements, etc.

The Reserved Housing sub-account is made up of fees collected from developers to ensure the continued availability of low-income and affordable housing in the jurisdiction, and its usage is restricted to the purchase, creation, expansion, or improvement of reserved (affordable) housing within Kakaako and by administrative rule, adjacent or within the County.

The Improvement District sub-account consists of assessments paid by landowners for their proportionate share of Improvement District costs, and its usage is restricted to the issuance of assessment area bonds, the advancement of funds in lieu of issuing assessment area bonds, and the sale and purchase of delinquent assessment area lots, and improvement projects in Kakaako District.

The Receipts from Ceded Lands sub-account accounts for revenues derived from use of the ceded lands. Monies there are obligated to meet Act178/SLH2006 requirements and to maintain properties on ceded lands.

The monies in the Deposits sub-account are funds that must be returned to the payer upon meeting certain conditions.

The Leasing & Management sub-account consists of monies paid to HCDA for such things as lease rents of HCDA-owned properties, or for revenues from HCDA-operated parking facilities, etc. which are the only funds that can be used to fund HCDA program costs such as: administrative expenditures for the Kakaako District, plan and rules amendment, study, analysis and planning for the District, park security, repairs, maintenance and improvements; common area landscaping, repair and maintenance costs; and repairs and maintenance of properties owned by HCDA. This balance has been negatively affected in recent years due to the loss of rents resulting from various activities including the relocation of tenants such as the Produce Center (\$840,000/year in rent) to accommodate the University of Hawaii John A. Burns School of Medicine, which now leases the property for \$1 per year.

Hawaii Community Development Authority (Kalaeloa) - BED 150/KL

Hawaii Community Development Authority (HCDA) maintains Hawaii community development revolving fund pursuant to Section 206E-16, HRS which requires all revenues and receipts of HCDA to be deposited into this fund and used to further HCDA's community development objectives. Objectives include planning and implementation of capital improvement projects to upgrade infrastructure and develop public facilities, implementation of long-term planning initiatives to support the development of mixed-use communities that strengthen and diversify Hawaii's economy while enhancing the quality of life for Hawaii's people. In sum, with the support of the Legislature and stakeholders, HCDA strives to create better communities for tomorrow.

The Hawaii community development revolving fund consists of several different sub-accounts established by law.

The Public Facilities Dedication Fees sub-account consists of fees collected from private developers to mitigate the impacts of their developments. Monies in this account are restricted to the purchase, creation, expansion, or improvement of public facilities within the Kakaako Community Development District including parks, schools, parking improvements, etc.

The Reserved Housing sub-account is made up of fees collected from developers to ensure the continued availability of low-income and affordable housing in the jurisdiction, and its usage is restricted to the purchase, creation, expansion, or improvement of reserved (affordable) housing within Kakaako and by administrative rule, adjacent or within the County.

The Improvement District sub-account consists of assessments paid by landowners for their proportionate share of Improvement District costs, and its

usage is restricted to the issuance of assessment area bonds, the advancement of funds in lieu of issuing assessment area bonds, and the sale and purchase of delinquent assessment area lots, and improvement projects in Kakaako District.

The Receipts from Ceded Lands sub-account accounts for revenues derived from use of the ceded lands. Monies there are obligated to meet Act178/SLH2006 requirements and to maintain properties on ceded lands.

The monies in the Deposits sub-account are funds that must be returned to the payer upon meeting certain conditions.

The Leasing & Management sub-account consists of monies paid to HCDA for such things as lease rents of HCDA-owned properties, or for revenues from HCDA-operated parking facilities, etc. which are the only funds that can be used to fund HCDA program costs such as: administrative expenditures for the Kakaako District, plan and rules amendment, study, analysis and planning for the District, park security, repairs, maintenance and improvements; common area landscaping, repair and maintenance costs; and repairs and maintenance of properties owned by HCDA. This balance has been negatively affected in recent years due to the loss of rents resulting from various activities including the relocation of tenants such as the Produce Center (\$840,000/year in rent) to accommodate the University of Hawaii John A. Burns School of Medicine, which now leases the property for \$1 per year.

HCDA also maintains Kalaeloa Community Development Revolving Fund pursuant to Section 206E-195, HRS which requires all revenues and receipts for the Kalaeloa Community Development District be deposited into this fund and be used to further HCDA's community development objectives for Kalaeloa. Objectives include implementation of policies, programs, and projects that promote economic development and employment opportunities through varied land uses and private sector investment. Assessment payments from all land users, except the federal government, for their fare share of the costs required to administer and operate the Kalaeloa Community Development District are the sources of revenue.

Hawaii Housing Finance Development Corporation (Administration) - BED 160/HA

As the administrative support section of the Hawaii Housing Finance Development Corporation (HHFDC), BED 160/HA supports HHFDC programs in revenue generating efforts, such as applying for federal funds and complying with associated reporting requirements (see response for BED 160/HF), and supporting legislation needed to improve the agency's ability to collect receivables (see response for BED160/HD).

Hawaii Housing Finance Development Corporation (Housing Development) - BED 160/HD

The Hawaii Housing Finance Development Corporation (HHFDC) is proposing legislation in the 2009 Session to make it easier to collect its shared appreciation equity (SAE) lien from the sale or transfer of affordable for-sale homes assisted by the HHFDC through its development tools. The HHFDC currently holds SAE liens on 1196 homes, which represents a significant amount of potential revenue that, if collected, would be used to fund additional housing.

The HHFDC has experienced difficulties in not receiving sufficient prior notice of foreclosure proceedings on such HHFDC-assisted properties, especially as mortgages of such properties are foreclosed upon, purchased and consolidated with large national mortgage companies that do not have experience with affordable properties in Hawaii. The HHFDC has not had the advance notice needed to prepare to bid at foreclosure sales of government-assisted properties, when it would be appropriate and beneficial to do so.

This bill would afford the HHFDC with notice of intent to foreclose forty-five days before commencement of the foreclosure to allow sufficient time to decide whether bidding at the foreclosure sale makes sense under the circumstances. The HHFDC has had to intervene in foreclosure actions and litigate to assert its rights as a priority lien holder, which incurs substantial litigation costs. This measure clarifies that the HHFDC agency lien is a priority lien, and will hopefully mitigate the amount of litigated claims in the future.

Hawaii Housing Finance Development Corporation (Housing Finance) - BED 160/HF

The Hawaii Housing Finance Development Corporation (HHFDC) has made a concerted effort to increase the volume of federal funds it brings into the State by applying for new competitive grant programs offered by the U.S. Department of Housing and Urban Development (HUD). This fall, the HHFDC was awarded two federal grants: the National Foreclosure Mitigation Counseling Act counseling and legal services grant (\$398,470); and a Neighborhood Stabilization Program grant (\$19.6 million).

Please discuss any increased use of non-general funds to provide for current operations.

Strategic Marketing and Support - BED 100/SM

The remaining funds of the Market Development Cooperator Program federal funds (approx. \$225,000) will be exhausted during the next two years to provide for current operational expenses for the overseas offices.

Foreign Trade Zone - BED 107/BA

FTZ is increasing its personal services (fringe benefits requirement) with special funds.

Hawaii Convention Center - BED 113/XC

SMG which is the HTA's contractor for the Hawai'i Convention Center, utilizes all of its services while events are held at the HCC to increase its auxiliary income. Additionally, HTA receives revenues from Interest earned from deposits into the Convention Center Enterprise Special Fund.

Economic Planning and Research - BED 130/FA

READ is proposing to provide economic modeling and analysis services related to transportation projects through a U transfer from DOT, highway special fund. This will result in joint products that are useful for both transportation and other uses, thereby leveraging the transferred funds.

High Technology Development Corporation - BED 143/TE

HTDC is currently pursuing a \$100,000 EDA federal grant that may arise in FY09-10.

Office of Planning - BED 144/PL

The Office of Planning has utilized limited Economic Development Administration (EDA) grant funds for allowable expenses to offset reductions to its general fund other current expenses budget. However, not all expenses are allowable. Therefore, OP has only been able to offset a small part of the reductions. Expenses must be consistent with the grant purposes and approved by EDA. Further, expenses cannot be paid directly but must be reimbursed in order to allow review by EDA. In addition, it takes more staff time to process these reimbursements. Further, these grant funds are one-time grants and there is no guarantee that OP will receive additional grants.

Coastal Zone Management - BED 144/PZ

As a condition of receipt of CZM Federal funds, a one-to-one match is required. Services-in-kind are allowed as a match but are not looked upon favorably. The State cash match in FY09 was \$426,000, only a 20% match. The low State cash match has been raised as a concern in Federal evaluations of the CZM Program by the National Oceanic and Atmospheric Administration (NOAA). The Federal government is looking to the State to fund their fair share of program costs. Therefore, increased use of Federal funds to provide for current operations would not be looked upon favorably by NOAA and could have adverse impacts on program certification and future federal funding.

Natural Energy Lab of Hawaii Authority - BED 146/EL

NELHA is requesting an increase in non-general funds (special funds) for current operations to accommodate rising electrical rates and increased tenant demand for pumping seawater, rising cost of freshwater, increased ceded land payments to OHA, and increased central services payments.

Hawaii Housing Finance Development Corporation (Administration) - BED 160/HA

The HHFDC is already funded predominately by non-general funds and federal funds. In the current biennium budget request, BED 160/HA is proposing to

convert 2 Permanent FTE positions and 2 Temporary FTE positions and funding from general funds to revolving funds. The proposal is to comply with mandated general fund reductions. The program is also requesting an increase in personal services using revolving funds in FY 10 (\$680,869) and FY11 (\$680,869) due to fringe benefit funding requirement.

Hawaii Housing Finance Development Corporation (Housing Development) - BED 160/HD

The HHFDC is already funded predominately by non-general funds and federal funds.

In the current biennium budget, the program is requesting an increase in personal services using revolving funds in FY 10 (\$219,036) and FY 11 (\$219,036) due to fringe benefits funding requirement.

Hawaii Housing Finance Development Corporation (Housing Finance) - BED 160/HF

The HHFDC is already funded predominately by non-general funds and federal funds. The HHFDC is not seeking to create new positions to administer these federal programs, and will utilize a portion of the federal grant funds received by the HHFDC to cover administrative costs. In the current biennium budget, the program is requesting an increase in personal services using revolving funds in FY 10 (\$279,284) and FY 11(\$279,284) due to fringe benefits funding requirement.



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LAND USE COMMISSION
Department of Business, Economic Development & Tourism
State of Hawai'i

POLICY TITLE: Commission Policy Regarding Reimbursement of Expenses

DATE ISSUED: March 7, 2008

EFFECTIVE DATE: March 7, 2008

Introduction

This policy clarifies and implements the provisions of Hawai'i Revised Statutes ("HRS") §205-4.1, and Hawai'i Administrative Rules ("HAR") §15-15-49(d) relating to the reimbursement of court reporter expenses and other reimbursement for hearing expenses incurred for proceedings before the Land Use Commission ("Commission"), and updates previous Commission policies regarding reimbursement of expenses.

Legal Reference

HRS §205-4.1 authorizes the Commission to require reimbursements to be made for court reporter expenses and for any other hearing expenses incurred for boundary amendment proceedings, and provides:

§205-4.1 Fees. The commission may establish reasonable fees for the filing of boundary amendment petitions and petitions for intervention to cover the cost of processing thereof and for the reproduction of maps and documents. The commission also may assess a reasonable fee or require reimbursements to be made for court reporter expenses, the inexcusable absence of a party from a boundary amendment proceeding, and any other reimbursements for hearing expenses as determined by the commission. Any fees collected shall be deposited to the credit of the general fund.

Additionally, HAR §15-15-49(d) provides:

§15-15-49 Fees.

(d) After notice and opportunity to be heard, the commission may also assess any party to any proceeding before the commission a reasonable fee or require reimbursements for court reporter expenses, and any other reimbursements for hearing expenses as determined by the commission.

Policy

Petitioners seeking District Boundary Amendments pursuant to HRS §205-4, Special Permits pursuant to HRS §205-4, and Declaratory Rulings, are responsible for the direct reimbursement of the following items related to all proceedings before the Commission on their respective docket matters (including, but not limited to HRS Chapter 343 proceedings, pre-hearing motions, and post-hearing matters):

1. the costs of publishing the Notice of Hearing if such Notice is required by HRS Chapter 205 and HAR Title 15, Chapter 15;
2. all court reporter fees incurred for all proceedings before the Commission pertaining to the specific docket matter including appearance fees and transcription fees;
3. the costs incurred for the rental of the hearing room/facility utilized to conduct the Commission proceedings pertaining to the specific docket matter; and
4. the costs for providing audio and/or visual services required to conduct the public and/or contested case hearing portions of the specific docket matter.

The Commission Staff will provide Petitioners with invoices or billing statements from the providers of the services specified above, and Petitioners will thereafter be responsible for making the direct reimbursements to such service providers on a timely basis.

In the event that multiple proceedings are conducted before the Commission during the course of the Commission's scheduled meeting, each Petitioner will be required to pay for only the Petitioner's pro rata share of the costs incurred, as determined by Commission Staff.

If any Petitioner is genuinely not financially capable of reimbursing the costs set forth above, the Commission, for good cause, may excuse the Petitioner from having to make the required reimbursements.

However, the failure of a Petitioner to comply with all of the terms of this Policy without the prior written permission of the Commission, will result in the immediate termination of the specific docket proceedings, and may result in the rescission of any Commission orders issued up to the date the proceedings are terminated.

This policy shall be effective as of March 6, 2008, shall be reviewed as needed by the Commission, and shall remain in effect until repealed.

/s/ LISA JUDGE

LISA JUDGE
Chairperson
Land Use Commission
State of Hawai'i

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. Title and Program ID:** Strategic Marketing and Support - BED 100/SM
- b. Summary of program objectives.**

This Program's Objective supports Departmental Missions of *"Increasing international trade and international educational opportunities for Hawaii's citizens"* and *"Advocating policies to provide a competitive business environment for and supporting Hawaii's small businesses"*. With the restructuring of BED 120 to focus solely on energy, this Program's Objectives also supports the Departmental Mission of *"Aligning, facilitating and leading public and private resources to develop Hawaii's innovation capacity based on science, technology, engineering, and math skills, creative ideas and lifelong learning resulting in an innovation-driven and globally-competitive economy."*

Strategically located at the crossroads between Asia and the U.S. mainland and with its multicultural heritage, Hawai'i has always been uniquely international in outlook. With increased global integration, new and significant international opportunities and challenges have arisen.

This Program focuses on new opportunities that include increased export of Hawaii goods and services and attracting overseas business and investment into the state. This Program supports Hawaii citizens and businesses to meet the challenges of global competition, as competitors are now not only down the street, but half-way across the world.

In order to maintain a globally competitive economy, this Program also focuses on improving the skills of Hawaii's existing and future workforce, especially in the area of science, technology, engineering, and math (STEM) and international education. This program also focuses on building Hawaii's capacity to innovate, by providing supportive policies, facilities, and assistance.

This Program also extends economic development opportunities to those areas outside major economic centers and into communities and rural areas by encouraging entrepreneurship and "home grown" businesses.

Finally, this Program support small business growth by advocating the rights of business in balance with regulations to protect the consumer and the environment.

Hence the overall Objective of BED 100 is to “*Enhance Global Competitiveness and Build Local Competencies*”.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program’s measures of effectiveness relate to the department’s mission and program objectives.

Export of Goods and Services – Attracting new sources of business and investment, positioning Hawaii as a significant global business location, and facilitating opportunities for Hawaii’s companies to access new domestic and international markets are vital to increasing the export of Hawaii’s goods and services. The Division’s measures of effectiveness include the dollar amount of investments, exports, and direct economic impact that are generated by its business development and promotional activities and the number of trade/investment leads generated and actual/potential clients reached. These measures directly relate to Departmental Mission of “*Increasing international trade and international educational opportunities for Hawaii’s citizens*”.

Innovation Capacity and Workforce Development – Support for STEM and international education skills, vital to the development of a globally-competitive economy and for increased capacity to innovate, will be measured by improvements to the “Hawaii Innovation Indicators (” see: “Innovation Indicators” at www.hawaii.gov/dbedt/innovation) which include year-on-year percentage increase in:

- > proportion and performance of students in STEM programs
- > college readiness, college-going and completion rates
- > entrepreneurial training and activity
- > university, government and private industry R&D spending per \$1000 of GDP
- > patents issued per 100 workers
- > venture capital invested per \$1000 GDP
- > SBIR grant dollars per \$1000 GDP
- > STTR grant dollars per \$10,000 GDP
- > percent degrees earned in STEM majors at UH
- > 25 – 44 year olds enrolled in part-time post-graduate education
- > technology sector growth and proportion of jobs
- > proportion of STEM jobs outside technology sector
- > growth in R&D jobs
- > size and growth of the creative sector
- > percentage of STEM occupations in the economy
- > average earnings in STEM
- > numbers of secondary and post-secondary students studying abroad

> participants in international professional development, education exchange, professional and trade conferences in Hawaii

These measures directly relate to Departmental Mission of *“Aligning, facilitating and leading public and private resources to develop Hawaii's innovation capacity based on science, technology, engineering, and math skills, creative ideas and lifelong learning resulting in an innovation-driven and globally-competitive economy.”*

Improve Hawaii’s business environment – Supporting communities and rural areas to enhance economic development, administering incentives that benefit businesses, reducing regulations detrimental to small business, and advocating fairness for business are necessary elements for a healthy business environment. The effectiveness of the Division in meeting this priority is measured by the number of jobs generated by community based organizations, number of new firms enrolled in enterprise zones, number of jobs generated by businesses in enterprise zones and the number of rules reviewed by Small Business Regulatory Review Board and the Business Advocate. These measures directly relate to the Departmental Mission of *“Advocating policies to provide a competitive business environment for and supporting Hawaii’s small businesses”*.

c. How Performance Results Affect Program Activities

Performance results serve as an indicator to whether activities are relevant to and having an impact on the needs of Hawaii’s economy. By correlating the increase in revenues and the leads and reach of aggregated activities, we have a good determinant of the effectiveness of the program activities related to increasing the export of goods and services. Should the correlation of these performance indicators, coupled with other factors such as reduced budgets and manpower reflect a decrease, steps to revise and adjust program activities are undertaken. Similarly, performance measures of job growth and new firms enrolled in community based and enterprise zone activities serve as an indicator to the effectiveness of the program. Taking into account current economic conditions, and other external factors, activities are revised to not only maintain growth of business environment, but to stimulate growth.

Finally, STEM workforce development and innovation capacity activities are best measured by increased education attainment and progress through the education pipeline; increased public and private research and development (R&D) effort; increased public and private capital availability; increases quality of workforce and the putting in place infrastructure that supports innovation. Year-on-year percentage increases in the Hawaii Innovation Indicators provide feedback on the relevance and impact of the program activities. Conversely, declines in these percentages will result in a reassessment of the specific program activity designed to impact that area.

The following were implemented to improve performance results:

- Reorganized to include the Science and Technology Branch formerly with the Strategic Industries Division, within BED100, to take advantage of synergies and commonalities in program focuses, and to better leverage available funds.
- Restructured the Immigrant Investor Program to be in compliance with new rules and regulations as set forth by the U.S. Customs and Immigration Service by seeking a professional third party to market, screen and track investments and investors participating in the program;
- Branded under "Global Links" the various international related activities undertaken by the Division: Global Links newsletter, Global Links seminar, Global Links special events, etc.
- Entered into a contract with the Pacific and Asian Affairs Council (PAAC) to facilitate and implement more international educational relationships. PAAC has a strong network of international affairs clubs at the local high schools while DBEDT has a strong network of contacts in education in Taiwan and China. The partnership will help more Hawaii students and teachers to travel abroad, and vice versa.
- Developed a continuing and comprehensive local, national and international marketing program that positions Hawaii as a location for serious business.
- Implemented a more collaborative approach to mobilize county economic development agencies and boards, industry and trade associations, private sector firms and the academic community to jointly produce and implement projects, leverage resources and compliment skills.
- Collaborated with partners located overseas and in domestic markets, including expatriates, to help market Hawaii as a business location and to find partners/opportunities for Hawaii's firms.
- Continued streamlining the Beijing and Taipei Offices in 2007 and 2008 to be responsive to the potentially lucrative opportunities resulting from, among other things: a) Shanghai's 2010 World's Fair; b) a major development initiative in Western China, led by an effort to use tourism to stimulate local and regional economies; and c) development of World Trade Centers in China. Hawaii's expertise in sustainable tourism development could be well-utilized in these development efforts, and plans and programs are underway to ensure that our firms are being considered.
- Aggressively pursued opportunities to promote Hawaii as a location for investment, through seminars and outbound and inbound missions.
- Enhanced the level of awareness and provided relevant information on Hawaii's products, as well as supported business development for companies interested in international trade.
- Increased the local awareness of DBEDT's Beijing and Taiwan offices.

- Collaborated with DLIR and the Workforce Development Council, colleges and universities and other state agencies to identify and workforce needs and streamline ways for government to meet these needs.
- Continued to emphasize improving the rule review process of the Review Board. The Advocate has improved communications with regulatory agencies to insure that draft rules have a more specific impact analysis before they are sent to the Governor.
- Partnered with Federal, State and private economic development fund providers, private sector businesses, and technical assistance providers to develop more efficient lines of communication between agencies to control duplication of services, and to leverage funding.
- Obtained passage of legislation to help more farmers qualify for EZ benefits by substituting increasing sales rather than employment as a stipulation. Finally, a strategic plan has been developed with input from DBEDT staff, program staff and county representatives to enhance and improve the effectiveness of the EZ program.
Increased activities with Korea to take advantage of the visa waiver passage, such as securing the Joint Korea-U.S. Pacific States Economic Conference for Hawaii in 2009.

d. Modifications to program's performance measures and rationale for these modifications.

The following modifications were made to program's performance measures and rationale:

- INVESTMENT, EXPORTS, DIRECT ECONOMIC IMPACT GEN BY BUS DEV & PROMO ACT \$M – Dollar values of direct results received as a result of business development and promotional activities were combined to provide a better metric of direct economic impact in dollars. Includes metrics from the Science and Technology Branch formerly with the Strategic Industries Division, within BED100.
- NUMBER OF TRADE & INVESTMENT LEADS GENERATED, ACTUAL/POTENTIAL CLIENTS REACHED – Leads and persons reached were combined to provide a more accurate metric of the extent/reach of activities. include the Science and Technology Branch formerly with the Strategic Industries Division, within BED100,
- NUMBER OF RULES REVIEWED BY SBRRB AND BUS ADVOCATE – Measure included as an indicator of small business support
- VALUE OF SUPPORT FOR WORKFORCE DEVELOPMENT PROJECTS \$K—Measure included as an indicator for workforce development support in the area of STEM.
- BAC MEASURES OF EFFECTIVENESS – The Business Action Center (BAC) has been transferred to DCCA so measures are deleted.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 100						
1	INVESTMENT, EXPORTS, DIRECT ECONOMIC IMPACT GEN BY BUS DEV & PROMO	Increase	9.1	12.5	13	13
2	NUMBER OF TRADE & INVESTMENT LEADS GENERATED, ACTUAL/POTENTL CLIENTS REACHED	Increase	1555	575	650	650
3	CLIENT SATISFACTN BASED ON EVAL SURVEYS	See foot note 1.	9	9	9	9.5
4	# JOBS GENERATED BY COMMUNITY-BASED ORGANIZATIONS	Increase	153	100	100	100
5	# NEW FIRMS ENROLLED IN ENTERPRISE ZONE PROGRAM	Increase	15	22	40	40
6	# JOBS GENERATED BY ENTERPRISE ZONE BUSINESSES	Increase	830	300	300	300
7	#RULES REVIEWED BY SBRRB AND BUS ADVOCATE	Increase	63	67	-	-
8	VALUE OF SUPPORT FOR WORKFORCE DEVELOPMENT PROJECTS \$K	Increase	-	595	600	600

Note: 1. remain in 8-10 range.

BED 100/SM Table 6: Program Performance Results

Attachment:

Supporting the Export of Goods and Services:

- Export Sales and Investments Generated by Business Development & Promotional Activities

The Division links Hawaii experts and producers with overseas customers, assists overseas companies in establishing their business in Hawaii and helps local project promoters find investors. The Division endeavors to meet the evolving needs of Hawaii's vendors, service providers and project developers in targeted growth industries as identified by the Department. In FY 2007 & 2008, the Division generated 575 trade and investment leads. The following were reported by firms as a result of these leads. (This is not a complete list of firms reporting export growth or investments—most firms declined to be identified).

Investments & Export Sales Generated by Business Development & Promotional Activities			
FY	Name	Category	Economic Impact
2007	MicroNose Technologies (Environmental)	Investment	\$1,250,000.00
	Kodama Koi Farm (Aquaculture)	Investment	\$2,000,000.00
	Total I (Import/Export)	Investment	\$260,000.00
2008	Kona Brewing (Import/Export)	Export	\$12,000.00
	Food Taipei (Diversified Agriculture)	Export	\$1,500,000.00
	Kalakaua 1723 (EB-5 from China)	Investment	\$2,000,000.00
	Hawaii Simple Green (Import/Export)	Export	\$60,000.00
	Total		\$7,082,000.00

Reverse Missions/Incoming Overseas Groups Attracted and Assisted for Business, Education and Training

Drawing upon the Division's extensive networks with government agencies overseas; international organizations abroad and local; and universities, policy makers, businesses and other leaders in Hawaii and the Asia Pacific region to serve as a source of expertise and leads; the Division was able to attract and service a number of incoming groups to Hawaii for business, education and training, and investment prospecting. Following is a listing of groups that came to Hawaii from out of state and the impact that their visit made to our economy.

FY	Name	#Participants	#Group nights
2007	BYUH Summer ESL Camp	16	224
	Beijing Mayor Wang Qishan	10	50
	China Friendship Association	16	48
	Beijing Agriculture Academy	7	49
	China National Tourism Administration	9	36

	Guilin Tourism Group	4	24
	Heilongjiang Tourism Administration	16	32
	National Committee of the People's Consultative Conference	4	28
	CCPIT Shanghai Pudong	6	18
	Ironman Competition	1	3
	Beijing Civil Aviation University Men's Basketball Team	17	68
	Shanghai Municipal Tourism Commission	24	144
	China American Scientific Expedition and Cultural Exchange	33	231
	CCPIT Guangdong Sub Branch	6	30
	CCTV TV Crew	4	24
	Heilongjiang Provincial Tourism Administration Chairwoman Madam Bo Xiru	3	12
	Heilongjiang Provincial Tourism Administration/Group Board Chair Mr. Zhen Zhiqi	3	12
	Governor of Qing Hai Madam Song Xiuyan and her delegation	12	36
	Zhongguancun Technology Committee	6	24
	TOTAL	197	1,093
Direct Impact = 1,093 x \$233.80 (total direct visitor spending) = \$256,000			
Total Output = 1.68 (multiplier) x \$256,000 = \$430,000			
State tax multiplier = 0.106 (multiplier) x \$256,000 = \$27,136			

FY	Name	#Participants	#Group nights
2008	Nankai University Study Mission to Hawaii	25	250
	Global Links China Consulting	2	12
	Fukui Chamber of Commerce & Industry	14	28
	China Life Insurance Company	160	800
	Beijing Tourism Group Summer Camp	18	252
	China American Scientific Expedition and Cultural Exchange	77	770
	Hyundai Motor Corp China Executive	3	12
	Shandong Provincial Tourism Bureau	3	12
	Chinese Academy of Social Sciences	1	3
	Chinese Academy of Sciences	1	4
	Jiangsu Province Executive Group	30	150
	Huazhong University Women's Basketball Team	14	60
	Guangdong Foreign Affairs Office	14	42
	China Council for the Promotion of International Trade	21	63
	China Ministry of Education	8	24
	China American Scientific Expedition and Cultural Exchange	54	378
	Audi China	300	1500
	"Self Drive" Tour Group	65	195
	China Inaugural US Tour Group	160	320
	Asian Development Bank Business Opportunities Seminar	5	20
	Asia Productivity Organization Study Tour on Environmental Management in Hawaii	19	114
	Niigata Prefectural Gov't's Visit	2	4

	TOTAL	996	5,013
Direct Impact = 5,013 x \$233.8 (total direct visitor spending) = \$1.2 million Total Output = 1.68 (multiplier) x \$1.2 million = \$2.02 million State tax multiplier = 0.106 (multiplier) x \$127,200			

Building Global Links

Doing business in a global context requires an understanding of a variety of underlying political, cultural, legal, economic and environmental conditions that will influence operations, viability and success of the venture. The Global Links forums were created to provide information from a variety of international sources, on a various range of topics that lead to a better understanding of the overseas markets.

FY	Name	Reach/Hawaii Attendees
2008	Hawaii Global Links: ADB	80
	Hawaii Global Links: US Embassy-Beijing	65
	Hawaii Global Links: China Ministry of Education	75
	Hawaii Global Links: EXIM Bank	25
	Hawaii Global Links: US Embassy-Hanoi, Vietnam	50
	Hawaii Global Links: Taiwan Bureau of Energy	50
	Hawaii Global Links: TECO	45
	Hawaii Global Links: Canadian Consulate	40
	Hong Kong Trade Development Council Conference	6
	China Town Hall	40
	NAFSA Bi-Regional Conference	500
	TOTAL	976

The Hawaii Global Links online newsletter serves to inform educators, businesspersons, government officials and others of the latest developments in business and international education in Hawaii. Articles highlight speakers at the Hawaii Global Links Forums, as well as special events, such as educational and trade exhibitions. DBEDT's Overseas Offices in Beijing and Taiwan are regular contributors. Seven issues of the Hawaii Global Links on-line newsletter were produced since October, 2007.

Publication	Frequency	Reach Per Issue
Hawaii Global Links Newsletter	Bi-monthly	1,218

Events and Activities Held out-of-State

The Division links the resources of Hawaii businesses with the needs of overseas domestic and international markets by participating in trade shows or marketing forums. While participation in these shows frequently results in direct contracts and sales, value lies in being able to assess the viability of a product or service, developing a targeted marketing strategy, securing a distributor, sourcing lower cost inputs, and increasing profitability through business alliances and financing. To support participating companies and to increase awareness of Hawaii's

strategic assets, advantages and accomplishments in science and technology industry sectors, the Science & Technology Branch develops and updates brochures and industry directories in the "Technology in Paradise" series. To date, brochures have been developed for aerospace, applied optics, life sciences, ocean science & technology, and sustainable energy.

FY	Name	Reach/Hawaii Participants
2007	BIO-Boston	26
	SPIE-San Diego	20
	OCEANS-Vancouver, BC	7
	Korea U.S. Economic Council Pacific States Annual Meeting-Seoul	30
	Tokyo Business and Investment Seminar	20
	Okinawa Business and Investment Seminar	15
	Hiroshima Business and Investment Seminar	30
	Niigata Business and Investment Seminar	10
	TOTAL	158

FY	Name	Reach/Hawaii Participants
2008	BIO -- San Diego (including Tech Showcase and Kama`aina Come Home events)	40
	PowerGen (Renewable Energy)	10
	Korea U.S. Economic Council Pacific States Annual Meeting, Idaho	3
	Guam Economic Opportunities Conference	10
	Hawaii Teacher Study Tour to China	15
	Hawaii Student Study Tour to China	25
	Freeman Foundation Community College Program in China	9
	7 th Graduate School Expedition in Taiwan	15
	2008 Pingtung American Higher Education & Travel Fair	5
	China International Education Exhibition Tours (CIEET)	10
	TOTAL	142

In addition to events held out of the State, the Science & Technology Branch organizes or co-sponsors conferences in Hawaii to attract national and international industry, academic and government experts to exchange information on technical developments and to network and develop partnerships, business relationships and potential research programs. Hawaii's mid-Pacific location provides a natural meeting place and conferences held in the State focus attention on Hawaii's emerging role as a center for S&T research and development and commercialization.

FY	Name	Participants
2007	Pacific Rim Summit on Industrial Biotechnology & Bioenergy	397
	PACON 06 (Pacific Congress on Marine Science & Technology)	173
	JUSTSAP 06 (Japan-US Science, Technology & Space Applications Symposium)	130
2008	PACON 07	149

	EnergyOcean 07	278
	JUSTSAP 07	150
	TOTAL	1277

Marketing Consortia Development

The Division has developed a number of key partnerships with industry to provide leadership in strategic marketing to overseas markets. By drawing upon its networks and resources in overseas governments, agencies and businesses, the Division has been able to increase contracting opportunities for firms.

Consortia		
FY	Groups Organized and Assisted	\$Value of Contracts/\$Increase in Revenue
2007, 2008	Environmental Development Group (EDG)	
	International Development Group (IDG)	\$75,000.00
	Study Hawaii	\$1,000,000.00
	TOTAL	\$1,025,000.00

International Education

The Division supports Hawaii high-school students, and University undergraduates and graduates to participate in study abroad programs to improve their language skills, develop a deeper understanding of culture and observe international business through first hand experiences in a foreign country. These experiential learning opportunities abroad provide an appreciation of the international business and professional opportunities and challenges available in their future profession. In addition, the Division attracts Chinese students to Hawaii's educational institutions through its offices in Taiwan and Beijing. The 5,645 foreign students in the state contributed \$117.6 million to the state economy in the 2006-2007 academic year.

FY	International Education Promotions	Members
2007	Study Hawaii Group	15
2008	China Hawaii Educational Exchange Consortium (CHEEC)	5
	Japan-Hawaii Super Science High School Exchange Consortium	5
	Total	25

Office of Aerospace Development

The 2007 Legislature established the Office of Aerospace Development, which is housed within the Science & Technology Branch. The programs of this office are focused specifically on activities to capitalize on Hawaii's strategic location, unique Moon/Mars-like geological resources, existing infrastructure and resident

university/industry expertise. These attributes give Hawaii significant competitive advantages in this industry and strong potential for global leadership.

The 2007 appropriation included funding for the following initiatives:

- Established the Pacific International Space Center for Exploration Systems (PISCES) at UH Hilo, which among other accomplishments, formed research partnerships that won grants totaling \$640,000.
- Facilitated the world's first solar energy to microwave power-beaming experiment in Hawaii (the demonstration was aired nationally on the Discovery Channel).
- Conducted the 2007 JUSTSAP Symposium and 2007 PISCES Conference on the Big Island.
- Represented Hawaii at several conferences and symposia to promote interest in and support for Hawaii-based aerospace activities.
- Developed extensive marketing materials (including websites, brochures, video productions and Skyline displays) to promote Hawaii's aerospace assets, current activities and future potential to the global space community.

Supporting the Improvement of Hawaii's Business Environment:

Community Based Economic Development

The Division's Community Based Economic Development program has well-established networks with non-profit, business, industry, social service agencies and organizations, and community groups in Hawaii that it leverages to produce a comprehensive set of grants and technical assistance programs to improve the competitiveness of community and rural based organizations. Through its work with other agencies and organizations such as Office of Hawaiian Affairs, Council for Native Hawaiian Advancement, Hawaii Alliance of Community Based Economic Developers (HACBED), it develops specialized seminars and workshops to meet the needs of its community constituents. It also provides direct grant assistance to worthy non-profit organizations to implement key projects.

Community Based Economic Development				
FY	Name	Technical Assistance Provided	Reach/Organizations or Individuals Assisted	\$ Value of Assistance
2007	Hawaii Alliance for Community-Based Economic Development	Organizational Assessment	12 organizations	\$20,000
	Council for Native Hawaiian Advancement	Conference Co-sponsorship	500 attendees	\$10,000
	Council for Native Hawaiian Advancement	Grantee Forum	125 individuals	\$5,000
	Office of Hawaiian Affairs	Economic Development Summit Co-sponsorship	100 organizations	\$1,000
2008	Council for Native Hawaiian Advancement	Conference Co-sponsorship	1,000 attendees	\$13,000

	Council for Native Hawaiian Advancement	Grantee Forum	125 individuals	\$5,000
	Empower Oahu	Technical Assistance	8 organizations representing Aiea, Kalihi-Palama-Chinatown, North Shore, Papakolea, Waianae, Waimanalo, Waipahu and Wahiawa	\$10,000

FY2008	Grants Awarded	\$Value
	Kona Historical Society	\$10,000
	Ho'oulu Lahui, Inc.	\$10,000
	North Shore Country Market	\$10,000
	Ke Aupuni Lokahi, Inc.	\$14,999
	Hale Ku'ai Cooperative	\$14,999
	Enterprise & Development Resources for the Pacific	\$5,000
	Hawaii Cooperative of Organic Farmers	\$10,000
	Lokahi Pacific, Inc.	\$4,950
	Waianae Coast Coalition	\$7,000
	Wailea Village Historic	\$12,000
	South Seas Women's Development Group	\$14,999
	TOTAL	\$53,949

In FY 2007, 12 community based organizations receiving CBED financial support in the prior year reported:

- 163 new full-time jobs created.
- 100 new part-time jobs created.
- 72 new businesses created.
- 92 existing businesses assisted.
- 280 students assisted/trained.

Enterprise Zones

Enterprise Zones are making a tangible and cost-effective contribution to the department's efforts to stimulate business activity and job creation in economically distressed areas. The addition of more high-tech business activities to EZ eligibility, and the flexibility for agricultural concerns, should also increase the program's contribution to the state's economic diversification efforts.

Enterprise Zones			
FY	New Companies Enrolled	Certification Letters Issued	Number of Companies in Program
2007	15	104	204
2008	22	89	209

Note, results are reported based on a fiscal year. The EZ Annual Report to the Governor is reported based on a calendar year.

Also, end-of-year reports used for certification may be submitted at any time. Thus, the total letters issued for 2007 is higher than reported for last year.

Jobs generated that were reported in FY07 were calculated at 830 over a period of seven years which is the term of enterprise zone eligibility. In FY08, it was calculated at 300 to avoid any double counting from previous years.

Small Business Regulatory Review Board/Business Advocate

The Business Advocate has responsibility for assisting state agencies in determining the effect of regulations on the business community. Reviewing and testifying on proposed legislation and analyzing administrative rules carry out this objective. While much of the effort of the Advocate is based on input from the agencies themselves, there is a continuing emphasis on determining the best methods for developing meaningful and less burdensome regulations and helping agencies determine the business impact of their rules. The advocate also supports the Small Business Utilization Council which was created to assist small business through contract set-asides as sub-contractors to large contracts.

Small Business Regulatory Review Board			
FY	Rules Reviewed by SBRRB	Rules Reviewed by Business Advocate	Total Rules Reviewed
2007	51	12	63
2008	55	12	67

Supporting Workforce Development:

A key strategy in developing a globally competitive workforce and build an economy that is based on developing human capital instead of limited natural resources is to direct more attention to expanding and diversifying Hawaii's science & technology (S&T) sectors, including preparing Hawaii's workforce to fill the expanding demand for highly skilled employees in these sectors, as well as tech-related jobs in all sectors of the economy. The foundation of creating this workforce is improving the State's ability to deliver a quality education in science, technology, engineering, and math (STEM).

STEM Education:

Supporting the development of new STEM programs became a primary focus of the Science & Technology Branch in 2007. Acts 111 and 271 (SLH 2007) funded programs designed to supplement the current education system and offer students and teachers added programs/tools to raise the standards of STEM education. The Hawaii Excellence in Science & Technology (HiEST) Academy program is administered by the UH Community Colleges in volunteer DOE high schools. Act 111 provided funds for two Kauai high schools and DBEDT funds were used for a limited pilot program at Waipahu High School for the 2007 – 2008 school year. DBEDT worked with the Department of Human Services to provide funds to expand

the HiEST program to six more schools for the 2008 – 2009 school year, reaching 408 math and 630 physical science students.

With Act 111 funding, DBEDT partnered with the University of Hawaii’s STEM Workforce Development Program in the Office of Technology Transfer & Economic Development to establish a secondary and post-secondary internship/mentorship program that will expand opportunities for students to experience work environments in the private sector related to their field of study.

With Act 271 funding, DBEDT entered into a contract with the Economic Development Alliance of Hawaii to utilize an appropriation to maintain and expand the successful Project EAST contextual learning program.

In 2007, DBEDT partnered with the Department of Education to submit a proposal for a STEM education grant from the National Governors Association Center for Best Practices. Funds for the grant are provided by the Bill & Melinda Gates Foundation and Intel Corporation. Hawaii was one of six successful states, based in part on the commitment shown by the Administration and the Legislature to promote STEM education.

Robotics Competitiveness:

One of the most enriching experiences for students is meeting and competing with their counterparts in conjunction with a contextual learning experience. While we can only measure the number of students and teams participating, and the amount of outside funds generated to produce the events, the intangibles of STEM education as a result of the experience provided to students by the robotics challenges are immeasurable and invaluable.

The Division continues to develop a number of partnerships in the public and private sector to provide hands-on training and experience with robotics in an “edu-tainment” format. It has taken the lead as project manager for the FIRST Regional Robotics Competition in 2008 and 2009. The Division is also assisting with the planning and implementation of the Pan Pacific VEX Robotics Championship.

FY	Name	Reach/#Participants	Int'l Teams	Sponsorship/Funding Secured
2008	FIRST Hawaii Regional Robotics Competition	⇒ ~2,000 spectators ⇒ 37 High School Teams ⇒ 25 Hawaii Teams (16 Oahu, 2 Maui, 2 Kauai, 5 FBI) ⇒ 12 Mainland Teams (Cali, NJ, WV, FL) ⇒ 700+ Students ⇒ 450+ Students from Hawaii	0	NASA Scholarships (for team registration fees of \$6,000/team) - \$120,000.00 NASA Event Support - \$150,000 BAE Support (Event sponsorship, team grants, mobile shop, receptions, volunteer support) - \$324,500
2009	FIRST Hawaii Regional	⇒ ~2,000 spectators expected	2	NASA Scholarships (for team registration fees of \$6,000/team) - \$120,000.00

	Robotics Competition	<ul style="list-style-type: none"> ⇒ 34 High School Teams ⇒ 24 Hawaii Teams (19 Oahu, 2 Maui, 1 Kauai, 2 FBI) ⇒ 8 Mainland Teams (CA, LA, MA) ⇒ 700+ Students expected ⇒ 450+ Students from Hawaii expected 		NASA Event Support - \$125,000 BAE Support (Event sponsorship, team grants, mobile shop, receptions, volunteer support) - TBD
	Pan Pacific VEX Robotics Championship	<ul style="list-style-type: none"> ⇒ ~2,000 spectators expected ⇒ 84 Middle to High School Teams ⇒ 67 Hawaii Teams (44 Oahu, 4 Maui, 3 Kauai, 15 FBI, 1 Molokai) ⇒ 5 Mainland Teams (CA) ⇒ 1000+ Students expected ⇒ 700+ Students from Hawaii expected 	12	Innovation First - \$100,000 NASA Event Support - \$10,000

Human Capital Development

The Division's workforce development component was established to develop initiatives to prepare the workforce for high skilled jobs by aligning workforce development with economic development. By coordinating and leveraging workforce development support with funds from other state, labor and education agencies, and the private sector, the workforce development program seeks to address the present workforce needs of businesses, and the workforce needs of the future.

Much of the work in FY2008 has been devoted to working closely with sister agencies and organizations; i.e. – Department of Labor and Industrial Relations (DLIR), DLIR/Workforce Development Division, Workforce Development Council (WDC), UH Community Colleges, local area Workforce Investment Boards and industry associations (Society for Human Resource Management) to collaborate on developing an alignment of policies and actions that complement each organizations mission and achieve workforce development objectives. Activities in the WDC were actions associated with the management of Workforce Investment Act funding, the development of the Five Year Strategic Plan for Workforce in the State and sponsorship of a WDC workforce forum held in Honolulu in January of 2008. Part of the mission of this division is to generate more resources for workforce related activities. Much of the work done applying for grants and programs were started in FY2008 and submitted in FY2009. Applications were sent to the NSF (2), DOLETA (1), and the NGA (2) for consideration for programs. The results of applications submitted are pending.

FY2008	Program Activities
	Workforce Development Council Forum, Hawaii January 2008
	Workforce Development Council Five Year Strategic Plan for the State

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. **Title and Program ID:** Land Use Commission – BED 103/DA
- b. **Summary of program objectives.**

To preserve, protect, and encourage the development and preservation of lands in the State for those uses to which they are best suited in the interest of public health and welfare of the people of the State of Hawaii through the implementation of the State Land Use Law, Chapter 205, Hawaii Revised Statutes (HRS), as amended.

2. Program Performance Results:

- a. **Table 6: Program Performance Results**
- b. **Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.**

The program objectives of the Land Use Commission (LUC) are to process, review, and act on petitions for district boundary amendments which involve lands over 15 acres in the State Agricultural, Rural, and Urban Districts and all petitions seeking reclassification of lands in the Conservation District; review and act on applications for special permits in the Agricultural and Rural Districts which are over 15 acres; process motions and boundary interpretation requests; and maintain, update, and disseminate official State land use district maps and land use information.

There are currently 14 active boundary amendment petitions pending before the LUC involving approximately 7,101 acres.

- 1. Docket No. A08-780/Department of Environmental Services, City and County of Honolulu: Requests the reclassification of approximately 200.622 acres of land from the State Land Use Agricultural District to the State Land Use Urban District to allow the expansion of the Waimanalo Gulch Sanitary Landfill at Waimanalo Gulch, Honouliuli, Ewa, Oahu, Hawaii.
- 2. Docket No. A07-779/Kona Heights, LLC: Requests the reclassification of approximately 26.186 acres of land from the Agricultural District to the Urban District the development of La`ipala Heights, a low-rise,

residential subdivision at Pahoehoe 1st – Kapalaalaea 2nd (Beach Sec.), North Kona, Hawaii.

3. Docket No. A07-778/SCD Kaloko Makai, LLC: Requests the reclassification of approximately 952.165 acres of land from the Conservation and Agricultural Districts to the Urban District for a proposed master planned residential mixed use community at Kaloko, North Kona, Hawaii.
4. Docket No. A07-777/Hawaiian Memorial Life Plan, Ltd., a Hawaii corporation: Requests the reclassification of approximately 56.6 acres of land from the Conservation District to the Urban District for the expansion of Hawaiian Memorial Park at Kaneohe, Ko`olau Poko, Oahu, Hawaii.
5. Docket No. A07-775/Castle & Cooke Homes Hawaii, Inc.: Requests the reclassification of approximately 766.327 acres of land from the Agricultural District to the Urban District for residential uses at Waipio and Waiawa, Oahu Hawaii.
6. Docket No. A07-774/North Kona Village LLC: Requests the reclassification of approximately 181.169 acres of land from the Conservation District to the Urban District for residential and village mixed uses at O`oma 2nd – Kaloko, North Kona, Hawaii.
7. Docket No. A07-772/A&B Properties, Inc.: Requests the reclassification of approximately 94.352 acres of land from the Agricultural District to the Urban District for residential uses at Waiakoa, Maui, Hawaii.
8. Docket No. A06-771/D.R. Horton – Schuler Homes, LLC: Requests the reclassification of approximately 1,553.844 acres of land from the Agricultural District to the Urban District for residential uses at Ewa, Oahu, Hawaii.
9. Docket No. A06-769/1250 Oceanside Partners: Requests the reclassification of approximately 1,434.755 acres of land from the Agricultural District to the Rural and Conservation Districts for residential and preservation uses at North and South Kona, Hawaii.
10. Docket No. A06-766/Towne Development of Hawaii, Inc., Endurance Investors, LLC, and Association of Il Wai Hui LP: Requests the reclassification of approximately 210 acres of land from the Agricultural District to the Urban and Rural Districts for residential

uses at Wailuku, Maui, Hawaii.

11. Docket No. A06-765/Maalaea Properties, LLC: Requests the reclassification of approximately 260 acres of land from the Agricultural District to the Urban District for residential uses at Maalaea, Maui, Hawaii.
12. Docket No. A06-764/Molokai Properties Limited: Requests the reclassification of approximately 252 acres of land from the Agricultural District to the Conservation District, approximately 613 acres of land from the Agricultural District to the Rural District, and approximately 10 acres of land from the Conservation District to the Rural District for preservation, residential and park uses at La'au Point, Molokai, Hawaii.
13. Docket No. A05-762/Big Island Country Club Homes, LLC: Requests the reclassification of approximately 402.08 acres of land from the Agricultural District to the Rural District for golf course and residential uses at Pu'uanahulu, Hawaii.
14. Docket No. A05-760/Pukalani Associates, LLC: Requests the reclassification of approximately 87.702 acres of land from the Agricultural District to the Urban District for residential uses at Kula, Makawao, Maui Hawaii.

LUC expects other petitions for similar uses to be filed over the next two years. In addition to district boundary amendments, the LUC issued three special permits in FY 08 involving 456 acres. During the course of the fiscal year, Commission staff also will process approximately 1,000 to 1,100 verbal and written requests for boundary interpretations involving lands statewide.

The LUC intends to continue processing, reviewing, and acting on petitions for district boundary amendments and special permits in accordance with statutory timeframes, as applicable. The LUC also intends to continue processing motions and boundary interpretation requests. In addition, as part of the LUC's objectives to disseminate and provide maps and other information, the LUC will continue to expand and enhance its web site by including accurate and timely information on LUC hearings, pending petitions and applications, district boundary maps, and legislative matters. The LUC will also seek to adopt both procedural and substantive changes to its administrative rules. Several petitions for major new residential communities presently are pending before the LUC which accounts for the increase in acres currently being processed.

c. Discussion on how performance results affect program activities.

For the past two years, the LUC's performance results reflected the extent to which the LUC continued to administer Chapter 205, HRS, in a timely and efficient manner to preserve and protect Hawaii's lands and encourage those uses to which they were best suited. The LUC's activities involved the preservation of natural, historical, and cultural resources as well as the development of uses that diversified the State and local economy, created jobs, increased State and county revenues, and attracted new economic activity.

The LUC has also sought to appropriately integrate into its decision making criteria consideration for two of the DBEDT's six strategic Objectives. The DBEDT's six strategic objectives include the development of initiatives in: workforce housing; human capital development; energy for tomorrow; global links; creation of an innovation infrastructure; and improving the state's business environment. Given limitations in the purview and authority, the LUC will continue to focus on how individual development proposals before the Commission address the workforce housing and energy for tomorrow strategic objectives.

In focusing on the DBEDT workforce housing and energy tomorrow strategic objectives, the LUC considers existing state and county programs and ordinances and if appropriate imposes conditions of approval which ensure that the individual project meets or exceeds statutory mandates. In much the same manner, the LUC also reviews individual projects and based on the individual circumstances and imposes conditions of approval related to energy conservation for that project.

The LUC has been successful in raising the understanding in the development community as to the importance of developing affordable workforce housing. The subject of energy conservation has also been advanced and the LUC is now conversant in topic areas such as LEED, energy star, Hawaii Built Green standards and certification programs.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 103						
1	Number of acres reviewed for Reclassification	Increase	1637	4069	4340	3000
2	Number of acres reviewed for Special Permit	Increase	0	456	650	300
3	Land Use Boundary Interpretations	Increase	1190	1087	1100	1100
4	Land Use Boundary Change Petitions Processed	Increase	8	9	11	10
5	Special Permits Processed	Increase	0	3	3	3

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. Title and Program ID:** Creative Industries Division - BED 105/CI
- b. Summary of program objectives.**

This Program aligns with Departmental Missions of *“Aligning and facilitating public and private resources to encourage Hawaii citizens’ life-long learning and development of science, technology, engineering, and math skills, resulting in the ability to turn new and creative ideas into products and services that have demand in global markets”*, and *“Increasing international trade and international educational opportunities for Hawaii’s citizens”*.

The development of a vibrant and sustainable creative sector will provide Hawaii with the foundational elements necessary to transition our economy from one that is land based to one focused on human capital and innovation. The development of Hawaii’s creative sector is all the more important in the context of the current economic challenges. During this “lean” period, Hawaii must position itself for economic recovery and future growth, including in the visitor industry. Hawaii’s creative sector plays a critical role in both that recovery and the future growth.

In its broadest definition, our creative economy encompasses a wide spectrum of activities that are rooted in, or generated by artistry, design, aesthetic value or cultural enterprise. Creativity, by its very nature, is also prevalent in industries such as engineering, science, technology, education and healthcare. All combined, these core drivers of Hawaii’s innovation-based economy signify the greatest potential in growth, by influencing the way creative applications, ideas and products are created and translated into goods and services.

Hawaii is seeing increasing growth in the creative and technology sectors, according to recent reports such as the September 2008 *Innovation Indicators*¹ by the Department of Business, Economic Development and Tourism’s Research and Economic Analysis Division (READ), noting the following areas as fundamental components of a successful innovation infrastructure:

- Capacity for Innovation, leading to;
- A thriving array of innovation assets, resulting in:
- Economic transformation and a strong, prosperous sustainable economy.

¹ Innovation Indicators Report; Hawaii’s Innovation Initiative – September 2008

Hawaii's is making great strides in the development of a vibrant creative economic sector. For example, the total average annual creative output for Hawaii has risen 15% since 2002 when there were 39,984 creative sector jobs to 46,163 jobs in 2007, an annual average increase annually of 2.9%. Average salaries in the creative sector in 2007 were \$49,906, placing the creative sector above the annual wage base. Total creative earnings for the state also increased to \$1.110 billion in 2005.

The Creative Industries Division / DBEDT:

Formed in 2003 to provide a cohesive program to support the development of Hawaii's creative economy comprised of the entertainment, culture and arts sectors, the Creative Industries Division is dedicated to promoting the growth of Hawaii's creative industries. Comprised of the **Film Industry Branch (FIB)** and the **Arts and Culture Development Branch (ACDB)**, the Creative Industries Division is dedicated to:

- Activating Strategic Partnerships
- Connecting existing assets to deliver
- Tangible and Transformational results

Survey of Industry Sectors

In response to a 2005 SMS Research survey conducted with businesses and artisans in Hawaii's creative industries sectors, the following were cited as need areas to support growth:

- Marketing & planning workshops
- Technology infusion & opportunities
- Market intelligence
- Intellectual property protection
- Business & community networking

Leveraging resources, partnerships, developing innovative education and workforce development are all critical to accelerating the economic viability of the creative industries in Hawaii's economy. The end result: higher paying and highly desirable jobs and entrepreneurial opportunities for the 21st century and beyond.

CID target industry sectors:

- Film, television, digital media & animation
- Performing arts
- Visual fine arts
- Literary arts

- Heritage & preservation
- Advocacy & support
- Arts and Music education
- Design & culinary arts
- Cultural arts & events
- STEM/New Media and Music Education

Creative Industries Division program objectives:

- Develop programs to accelerate the growth and sustainability of Hawaii's creative workforce.
- Develop alliances across affinity sectors to drive economic growth.
- Create education programs that support workforce development in film, digital media, STEM education; blending arts, science, and technology.
- Institutionalize programs to advance Hawaii's innovation economy (Creative Industries Zone-Hawaii Film Studio/KCC/UHACM, broadband connectivity)

CID programs are maturing, and as such are currently focused on three major areas that support and accelerate product export, workforce development and development of Hawaii's innovation infrastructure :

- **Innovation in Education**
- **Music Industry Development**
- **Film and Digital Media Industry Development**

Innovation in Education

CID/DBEDT, in partnership with the Department of Education, Career and Technical Education (CTE), University of Hawaii Community College-Kapiolani Community College focused on transforming the way in which students learn the core skills necessary to succeed in an innovation-centric workforce. Projects include Creativity Academies; a standards-based curriculum that infuses STEM education with creative disciplines and MELE - the Music Entertainment Learning Experience program, with courses focused on the business of music and recording, at Honolulu Community College in partnership with Belmont University, Mike Curb School of Music Business, Nashville, TN.

Music Industry Development

CID has formed partnerships with The Recording Academy, the American Society of Composers, Authors and Publishers (ASCAP), Grammy Foundation, Grammy Museum, Real Networks, iTunes, Austin City Limits

(Austin, TX), Hawaii Visitors and Conventions Bureau, Hawaii Tourism Authority and the Rock and Roll Hall of Fame (Cleveland, OH) and Experience Music Project (Seattle, WA) founders, to develop programs designed to advocate and accelerate for the growth of Hawaii's music industry.

Film and Digital Media Industry Development

Hawaii has a thriving film, television and digital media program that has recently seen an increase in overall production activity in large part due to the success of Act 88, the refundable tax incentive program, which provides for education and workforce development support. CID and its Hawaii Film Office deliver vital production support services to off-shore productions, support local film industry development and together with the University of Hawaii Academy for Creative Media and the U.S. Economic Development Administration are exploring the potential of a mixed use digital media facility to house education programs and incubate new companies in the areas of film and new media arts. CID also supports efforts to bring Hawaii's broadband infrastructure up to international standards and speed, providing residents with increased capability to export their creative product globally.

Creative Industries Division Branch Specific Program Objectives:

Arts and Culture Development Branch

The mission of the Arts and Culture Development Branch (ACDB) is to activate a statewide program that accelerates the economic viability and visibility of the arts and cultural sectors of Hawaii's creative economy.

ACDB'S program objectives are to expand and diversify Hawaii's economy by:

Short Term:

- Evaluating the current economic status of Hawaii's creative economy sectors.
- Developing strategic partnerships and initiatives that support human capital development in creative industry sectors, including education.
- Directing the formulation and implementation of statewide programs to assist Hawaii creative industry businesses in developing and expanding domestic and foreign markets for their products and services.

Long Term:

- Activating key sector-specific partnerships to advance goals and initiatives to create the infrastructure that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services.

- Serving as a statewide liaison and business advocate to support and enhance industry sectors of Hawaii's creative economy that have the potential to become greater economic drivers for Hawaii.
- Identifying and analyzing challenges and issues that hamper the growth of industry sectors of Hawaii's creative economy and recommending appropriate State remedies by developing legislative proposals and policies to support and enhance the viability of these sectors.

Film Industry Branch (FIB) (aka Hawaii Film Office)

The mission of the Film Industry Branch (aka Hawaii Film Office) is to stimulate and support a sustainable, self-sufficient film, television, and digital media industry which respect Hawaii's natural beauty and resources. To promote statewide economic development of the film and video production industry in Hawaii in growth, revenue generation, diversity of resources, and stability.

Short Term:

- Administer and improve the statewide one-stop film permitting process.
- Serve as the primary liaison between the film industry and government, and striving to maintain positive relations among the film industry and government, and maintaining positive relations among the film industry, the community, labor, and business.
- Attract more off-shore productions through marketing Act 88 (SLH 2006) film industry tax incentives which increased the refundable tax credit to 15% on Oahu and 20% on the neighbor islands. Program also is responsible for increased educational opportunities in film and digital media, with productions donating services, equipment, internships, mentorships and outreach to 32 schools.
- Market and promote Hawaii as a film location through advertising and promotional materials, trade shows, film festivals, and film industry events.
- Support local film industry development including workshops and seminars, film festivals and outreach to Hawaii schools.
- Provide support for industry groups, networking and film education opportunities, access to resources, and strategic business partnerships to stimulate distribution of products.

Long Term:

- Stimulate the development of the local film and digital media industries by developing infrastructure and export opportunities.

- Streamline operations and management at the Hawaii Film Studio, including site improvements.
- Develop a multi-use digital media production and education facility to support incubating creative products and services.
- Work with education leadership in Hawaii to create initiatives in the areas of professional development in film, television, digital media, and new media that support all aspects of workforce development.

2. Program Performance Results:

a. Table 6: Program Performance Results

Refer to Table 6, Program Performance Results.

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

CID's measures of effectiveness support the department's mission to transition Hawaii's economy to a thriving, globally competitive economy based on the capacity to innovate.

Working with the diverse creative sectors in film, television, digital media, new media arts, visual and performing arts and literary arts, CID uses the indicators of direct expenditures, those expenditures impacts on Hawaii's economy, tax revenues generated by the direct expenditures, additional funding streams stimulated for these sectors, as well as the overall annual percentage of growth in the aggregate creative sectors to focus its objectives and programs.

For example, the division's film branch is focused on stimulating and attracting off-shore production, which results in increased tax revenues, direct expenditures and supports growth of Hawaii-based workforce in the film, television and digital media industries.

In the short term, the film industry attraction programs stimulate the economy, build a skilled workforce and facilitate opportunities for growth of the film, digital media, new media arts entrepreneurial sectors.

In the long term, CID's MOE's support Hawaii transition to an economy based on creativity and innovation by ensuring there are indicators, metrics and measures of performance for all sectors to deliver sustained growth and opportunity in these areas.

c. Discussion on how performance results affect program activities.

The measures of effectiveness allow for strategic planning, driving our decisions as to how best to apply the limited resources to be effective, accountable and support our division and department's mission to build a knowledge based workforce for the 21st century.

d. Modifications to program's performance measures and rationale for these modifications.

Modifications were made for the Biennium year 2009-2011 Measures of Effectiveness.

Adding: **Creative Economy Annual Growth** rate to track level of music, film, arts, technology, digital media, non-profit and for profit sectors growth. This is critical to measure and track effectiveness of CID programs.

Adding: **Number of Creativity Academy programs in Hawaii schools** to show growth rate of schools using the CA program of fused curriculum in arts, science and technology.

Adding: **Percentage of HS graduates entering UHCC and UH system in New Media Arts, Technology and Film**, to determine 1) success rate of CA program within higher education, 2) infrastructure needed to support sector-specific growth in these areas.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
1	The amount of direct expenditures from film productions in Hawaii.	increase	185.7	183.7	100	100
2	Impact on State's economy of direct expenditures from film productions.	increase	296.7	293.6	159.8	159.8
3	Tax revenues generated by direct expenditures from film productions.	increase	13.7	16.5	12.9	12.9
4	Amount of funding stimulated in addition to CID budget to support arts, culture and film activities.	increase	192400	1.1 M	1 M	1 M
5	Creative Economy rate of growth (jobs + annual revenues)	new measure				
6	Number of Creativity Academies in Hawaii HS	new measure	n/a	n/a		
7	% of HS graduates entering UH system in new media, film, arts, music	new measure				

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program ID: Foreign-Trade Zone – BED 107/BA

b. Summary of program objectives:

Program Objectives align with Departmental Missions of *“Increasing international trade opportunities for Hawaii’s citizens”*; *“Advocating a competitive business environment for Hawaii’s small businesses”*; and *“Improving, directly and in partnership with other departments, Hawaii’s critical infrastructure”*.

The Program’s Objectives are to encourage value-added and international trading activities that will create new investment and job opportunities in Hawaii by operating a statewide Foreign-Trade Zone program that reduces the barriers and costs associated with international trade.

The Foreign-Trade Zone (FTZ) Division of the Department of Business, Economic Development & Tourism administers the federal grant, issued in 1965 to the State of Hawaii, for the Foreign-Trade Zone 9 (FTZ9). There are currently 14 sites on the islands of Oahu, Maui, and Hawaii that have received a foreign-trade zone designation of which three general-purpose zone and four special-purpose subzone sites are activated. As the grantee, the FTZ9 staff is responsible for ensuring that U.S. Customs and Foreign-Trade Zones Board regulations are followed by the operators of the subzones at these sites. The FTZ Division’s primary responsibility is to administer the FTZ program in Hawaii. In addition, the FTZ Division provides advice and direction to potential users of the program and operates a general-purpose zone at Pier 2. Any company that imports and exports merchandise can take advantage of the benefits of the Foreign-Trade Zone program at this Pier 2 incubation-type, shared-use facility. The FTZ also provides important port services to the Department of Homeland Security’s U.S. Customs and Border Protection.

Specific program objectives include:

- Oversee the implementation of the FTZ program on a statewide basis to make the advantages of the FTZ program available to as many qualifying firms as possible.
- Operate the FTZ public warehouse facility at Pier 2; provide office, exhibit, warehouse, and industrial space to qualified individual businesses.

- Provide information to local, national, and international firms to explain the advantages of doing business in Hawaii under the auspices of the FTZ program.
- Partner with both private and public sector entities to encourage greater participation in the FTZ program and attract new economic activity to Hawaii.
- Continue operating the program in a self-sustaining manner without the use of general funds.
- Implement information technology to reduce the transaction costs of complying with federal regulations.
- Plan for the expansion of services and facilities to meet the needs of businesses that qualify for FTZ utilization.
- Work in conjunction with U.S. Customs and Border Protection in streamlining the admittance process in easing barriers for Foreign-Trade Zone users while increasing utilization to maximize benefits to clients.
- Align with DBEDT's other Business Development Programs and its strategic plans to increase Hawaii exports and business development.
- Promote the programs of the Export-Import Bank of the United States to small- and medium-size businesses.
- Actively promote the FTZ program through various chambers of commerce and business associations and initiate and build relationships with key groups to utilize the FTZ as an international hub.
- Maintain FTZ9 relationships with the national Foreign-Trade Zones Board officials and keep abreast of updated policies and regulations to ensure the most up-to-date information is available to FTZ9 customers.
- Short-term desired results include:
 - Increased growth of Hawaii's small and medium sized entities exporting through the e-commerce program.
 - Align public/private partnerships to provide well rounded assistance programs for Hawaii companies.
 - Assist businesses and State agencies in providing additional FTZ#9 incentive for new companies/investments to the Hawaii market.
 - More companies participating in the FTZ#9 program statewide.
 - Consult with web designers and experts to maximize the FTZ website and e-commerce program implementation.
- Long-term desired results include:
 - Increased economic diversification for Hawaii businesses.
 - Increased foreign investments towards Hawaii businesses.
 - Increased business exports and established Hawaii export industry.
 - Growth with consistent active Pier 2 users.
 - Contributing to DBEDT strategic goals.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The goals of DBEDT are to attract new business, stimulate private investment, create jobs, encourage the expansion and retention of existing companies, bring about structural changes to Hawaii's economy that facilitate an increase in productivity. The Measures of Effectiveness allows the Foreign-Trade Zone (FTZ) to actively identify and react to changes in the business climate, applying its efforts to attract, grow, and service a thriving import/export industry in Hawaii.

Each measure is a reflection of the volume and value of goods imported into and exported from Hawaii. An increase in volume and value reveals the positive impact the FTZ program has on businesses by stimulating the economy through the development of new business, growth and creation of jobs, and a positive future for Hawaii through increased exports.

c. Discussion on how performance results affect program activities.

The Measures of Effectiveness are indicators of the import/export industry in Hawaii. As the value and volume of cargo into the Foreign-Trade Zone and its subzones increases, so does the strength and number of businesses in Hawaii. Positive results indicate an increase in business activity and employment. It also validates the effectiveness of FTZ actions and provides a clear direction for future activities. In these instances the Foreign-Trade Zone focuses its marketing efforts on the expansion of the program.

If the measures show a decline in value or a reduction in program users or business employment, the Foreign-Trade Zone identifies these decreases and acts accordingly to quickly assist businesses in an effort to stabilize and reverse the decline. Some factors however are out of the FTZ control such as declining oil prices on the world market or the overall world economy. In these instances, the FTZ focuses its activities on assisting businesses through tough economic periods. The Foreign-Trade Zone also works to ensure its own stability and strength by reviewing and adjusting projected revenues and planned expenditures.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 107						
1	Increase of Cargo in/out of FTZ (Excluding Subzones)	Increase	15	16	5	3
2	Value Cargo In/Out of All Subzones	Increase	39	-3.29	0	3
3	Value of Cargo In/Out of Pier 2 Facility	Increase	-6	-5.3	2	6
4	# Of New Firms Using the FTZ Program	Increase/Year	28	25	30	30
5	Value of Exports From All FTZ Facilities	Increase	18	-6	0	5
6	Number of Users' Employment Attributed to Participation in FTZ Program	Increase/Year	50	50	60	50

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program I.D.: Tourism/Hawai'i Tourism Authority (HTA) - BED 113/TO

b. Summary of program objectives.

The objective of the Tourism program is to achieve a strong and sustainable tourism industry that values and perpetuates Hawai'i's natural and cultural resources, honors Hawai'i's people and heritage, and supports a vital economy.

1) Description of program objectives.

The HTA is mandated to create a vision and develop a long-range plan for tourism in Hawai'i. As such, in October 2004, using research from tourism studies and input solicited from the community, industry and other government entities, the HTA completed the "*Hawai'i Tourism Strategic Plan: 2005-2015*" (State TSP). The State TSP is a 10-year plan that:

- Outlines a shared vision for Hawai'i tourism in the year 2015 by Hawai'i's tourism stakeholders – the government entities, private industry, residents and visitors who are involved in tourism; and
- Provides a roadmap – strategic directions, specific goals and responsible and supporting partners – for achieving that vision.

The State TSP is comprised of nine strategic initiatives: Access; Communications and Outreach; Hawaiian Culture; Marketing; Natural Resources; Research and Planning; Safety and Security; Tourism Product Development; and Workforce Development. While the State TSP does not identify the HTA as the lead agency for all of the nine initiatives, it does provide the framework under which the HTA has developed its annual agency budget and action plan. The HTA's action plan details the Authority's specific activities and resource allocations within each of the nine initiatives for the year, and is described in the following section.

2) Discussion on how program intends to meet its objectives in the upcoming fiscal biennium.

The economic challenges nationally and globally have impacted visitors' travel patterns resulting in a slowdown in Hawai'i's visitor industry for 2008 through 2009 which will affect transient accommodations tax (TAT) revenue collections, the source of HTA's funding. As such, HTA will be focusing on those initiatives that will stimulate travel to Hawai'i such as Access and Marketing. The HTA will also support core programs within the other initiatives such as Hawaiian Culture, Natural Resources and

Tourism Product Development so that Hawai'i remains a competitive destination during these challenging times. Specific areas of focus in each of the nine initiatives is outlined briefly below:

- **Access** includes airlift development programs and meetings and advocacy of transportation issues to support lift to Hawai'i, as well as reinstatement of the statewide greetings program at airports and harbors.
- **Communications and Outreach** will include efforts to communicate and educate tourism stakeholders about HTA programs, state tourism policy and industry activities through informational materials (e.g., press releases, newsletters, and other collateral), publicity and media relations, HTA's web site and outreach efforts (e.g., community meetings, programs and presentations).
- **Hawaiian Culture** will include the following:
 - Support of projects on each island that strengthen, support and perpetuate the Hawaiian culture and community;
 - Implementation of the Keep It Hawai'i Program;
 - Support for Native Hawaiian festivals; and
 - Partnership with the Native Hawaiian Hospitality Association on their action plan and capacity-building with the organization.
- **Marketing** will be comprised of leisure, business and sports marketing programs. In leisure, the focus will be on sustaining core markets (e.g., North America and Japan) and developing new markets (e.g., China and Korea). Sports will include new activities like the 2009 Diamond Head Classic and a review of existing partnerships (e.g., Pro Bowl and PGA Tour contracts). Marketing the Hawai'i Convention Center and group business will also be a focus.
- **Natural Resources** will include continued implementation of HTA's Natural Resources Program.
- **Research and Planning** will include various projects such as the leisure marketing effectiveness study, visitor industry research by DBEDT, the Resident Sentiment Survey, and efforts to update the State TSP.
- **Safety and Security** will include the statewide visitor assistance program, crime prevention efforts and other related efforts.
- **Tourism Product Development** will include support for tourism projects and events statewide through Product Enrichment and Major Festivals Programs, technical assistance and capacity-building for event organizers and support for community activities.

- **Workforce Development** will include support for travel industry career training programs and a partnership with the University of Hawai'i Travel Industry Management School (UH-TIM) on its workforce plan.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

HTA's mission is: "To strategically manage Hawai'i tourism in a sustainable manner consistent with our economic goals, cultural values, preservation of natural resources, community desires and visitor industry needs." The results of HTA's programs and initiatives are consistent with the State TSP vision of a sustainable tourism industry that values and perpetuates Hawai'i's natural and cultural resources, honors Hawai'i's people and heritage, and supports a vital economy.

Way the effectiveness of the program is measured and the performance results achieved during the past two years.

The overall health of the visitor industry is measured by four high-level performance indicators that are noted in the State TSP:

- Visitor expenditures
- Visitor satisfaction
- Resident sentiments
- Tax receipts

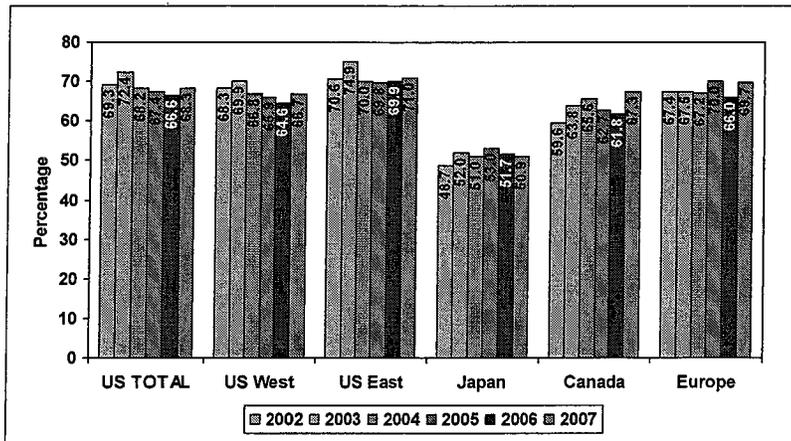
The following information demonstrates Hawai'i's visitor industry performance:

Table 1: Visitor Industry Performance

Visitor Statistics	2007	2008 Projections*
Visitor Expenditures	\$12.811 billion	\$11.743 billion
Visitor Days	70.075 million	63.883 million
Visitor Arrivals	7.628 million	6.837 million

*Projections are based on DBEDT statistics using January – September actual information and projections for October, November and December 2008. Source: Department of Business, Economic Development & Tourism

Table 2: Visitor Satisfaction by select Major Market Areas



Source: Department of Business, Economic Development & Tourism

Table 3: Resident Sentiment Survey

An important question on the survey is listed below:

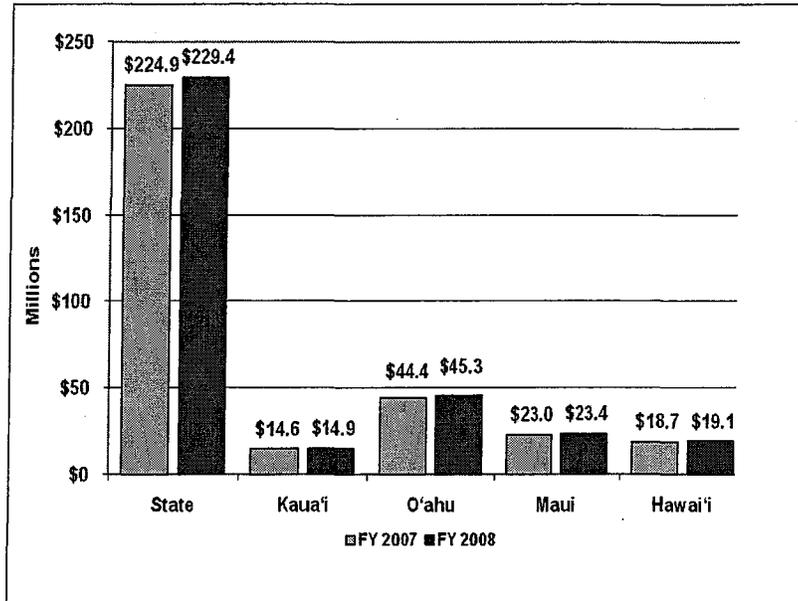
Do you agree or disagree: *“Overall, tourism has brought more benefits than problems.”*

- Survey conducted in 2007 73 percent agree
- Survey conducted in 2006 74 percent agree
- Survey conducted in 2005 71 percent agree

Source: Market Trends Pacific, Inc., and John M. Knox & Associates

Table 4: Comparison of TAT revenues collected for FY 07 and FY 08.

Another measurement of the health of the visitor industry is the amount of TAT revenues collected by the state each month. The more TAT collected, the more benefits that are accrued to the state as a whole, to the individual counties and also to Hawai'i's residents. Below, is a breakdown of TAT collections to the state and to the counties for FY 2007 and FY 2008:



Source: Department of Business, Economic Development & Tourism

The following information demonstrates how the visitor industry contributes to Hawai'i's economy. In 2007, Hawai'i's Visitor Industry:

- Produced \$12.5 billion or 21.8 percent of Gross State Product;
- Accounted for approximately 187,000 jobs or 21.4 percent of total employment for the state; and
- Contributed \$1.29 billion tax dollars to the state and county government or 20.8 percent of total state and county tax revenue.

Source: Department of Business, Economic Development & Tourism

Besides the above indicators for Hawai'i's visitor industry, the HTA has also been reviewing the results from its various program areas in an effort to evaluate and improve their effectiveness.

c. Discussion on how performance results affect program activities.

1) Actions taken by each program to improve its performance results.

Marketing. To improve marketing performance for the state, HTA conducted several additional marketing efforts in North America, Japan and Other Asia as described in previous pages. In addition to these, HTA also undertook the following:

- *Industry Stakeholder Marketing Meetings.* To improve coordination of Hawai'i's marketing efforts between the visitor industry, HTA and its marketing contractors, key industry stakeholders were invited to participate in the planning process with HTA's marketing contractors on their respective 2009 annual tourism marketing plans. These meetings which occurred in March, June and August of 2008 involved over 140 participants and have resulted in improved collaboration and support in all of the MMAs.
- *The Japan Hawai'i Tourism Council* was established in 2008 to maintain the relationship between Japan and Hawai'i. As the largest source of international visitors to the state, Japan is an important market for Hawai'i's visitor industry to continue to support.
- HTA and HVCB hired Sabre Airline Solutions, an airline consulting firm, to provide ongoing research regarding maintaining and growing lift to the state.
- *Sports Marketing Improvements.* Efforts undertaken in 2008 to improve HTA's sports program in upcoming years include the following:
 - Review of agreements with National Football League and the PGA TOUR on long-term agreements for future events in Hawaii; and
 - New partnership between HTA and ESPN Regional Television, Inc. Through this new agreement, Hawai'i will receive nearly \$4 million worth of national media coverage in target consumer markets during the inaugural **Diamond Head Classic** and **Sheraton Hawai'i Bowl** in 2009.

Research. To improve research efforts, HTA conducted the following activities:

- **Marketing Study.** In addition to its marketing effectiveness study in three of the state's core markets, HTA is in the process of expanding this survey to include conversion results to determine if those who said they were planning a vacation to Hawai'i actually traveled here.
- **Hawai'i Visitor Statistics.** To improve the relevancy of visitor statistical research, READ, upon HTA's request, is developing an improved report showing more details about visitor expenditure breakdowns as well as a new tourism forecast model. Both reports will assist HTA in responding to future tourism scenarios.

Other. HTA staff continued to monitor and evaluate all contracts in the various program areas. In addition, this year, due to a revised FY 2009 budget approved in November 2008, HTA staff met with its partners to revise contractors' CY 2009 budgets and activities.

2) Problems and issues.

Continued decline in performance of Hawai'i's visitor industry in 2009.

As noted earlier, the economic downturn in 2008 is expected to affect leisure and business visitors' travel patterns, especially in Hawai'i's core markets of U.S. East, U.S. West and Japan through 2009. This has and will continue to impact TAT revenue collections and accordingly, the State Council of Revenues (COR) has projected a decrease in TAT collected in FY 2010 which translates to a \$3 million decrease in HTA's Tourism Special Fund for that year. As a result, HTA will have less funding available to support projects for each of the nine initiatives and to successfully implement the State TSP.

To address this situation and continue to achieve the vision of the State TSP and the goals within each of the nine initiatives, HTA will undertake the following activities in the fiscal biennium:

- Ongoing review of current programs and budgets to find efficiencies and improve performance of each program;
- Focus on initiatives in FY 2010 that will stimulate travel to Hawai'i such as Access and Marketing. The HTA will also support core programs within the other initiatives such as Hawaiian Culture, Natural Resources and Tourism Product Development so that Hawai'i remains a competitive destination during these challenging times;
- Seek more resources for HTA programs from public and private sectors including identifying possible state and federal legislation;
- Enlist the help of others by strengthening existing and developing new partnerships and collaborating with them to leverage and expand tourism programs throughout the state; and
- Advocate for more resources to its government counterparts including the State Department of Transportation, State Department of Land and Natural Resources, public safety and county agencies.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 113/TO						
1	TOTAL VISITOR EXPENDITURES (\$BILLIONS)	Increase	12.1	12.4	12.2	12
2	TOTAL TRANSIENT ACCOMMODATIONS TAX COLLECTION	Increase	224931	229378	232335	231777
3	TOTAL VISITOR DAYS	Increase	67.6	67.7	65.3	68.1
4	TOTAL VISITOR ARRIVALS	Varies	7.4	7.3	7.1	7.4
5	AIR SEATS (\$MILLION)	Increase	10.632	9.9	8.7	10.024

BED 113/TO Table 6: Program Performance Results

Attachment:

Discussion on program's performance results.

Performance results achieved within each initiative in CY 2008 (January through October 31, 2008) are listed below.

Access.

- *HTA's Airlift Development Program.* As visitor numbers decline, it's essential to ensure adequate lift to Hawai'i. For this reason, HTA provided funding for 56 cooperative programs in conjunction with airlines and travel wholesalers who were required to provide at least a 3:1 match in funds to support travel during the spring, summer and fall periods. The program seeks to attract higher spending, active visitors; expand exposure for the destination; and help sustain routes that are at risk of cancellation. In total, through these programs, over \$11 million (of this, HTA's portion was \$2.5 million) was invested into the various markets – Europe, North America, Japan, Other Asia and Oceania.
- *Addressing changes in the airline industry.* HTA, together with HVCB, hired an airline consulting firm, Sabre Airline Solutions, to conduct an ongoing air service review of Hawai'i and provide recommendations on maintaining and growing domestic and international lift to the state. The review provides an in-depth analysis on a number of topics including the airline industry's current market conditions, the effects to Hawai'i on potential mergers and code sharing of certain carriers, and Hawai'i's interisland air system.
- *Airline Meetings.* In an effort to promote and facilitate closer relations with current and potential airlines serving Hawai'i, HTA's executives have been meeting with their airline counterparts from the U.S. East, U.S. West, Japan, Other Asia, and locally to discuss mutual concerns, operating issues, future outlooks, and proactive solutions.
- *Statewide Airport and Harbor Greetings Program.* The objective of this program is to share the spirit of aloha with arriving and departing passengers at Hawai'i's airports and harbors through support of entertainment, visitor information, hospitality services, amenity upgrades, Hawaiian cultural craft demonstrations, airport displays, and other services at airports and harbors throughout the state. This year, through a new Hospitality Training Program implemented at Honolulu International Airport, more than 1,000 front-line employees received training.

Communications & Outreach.

- *Public Relations.* HTA is responsible for conducting communications and community outreach activities to educate and inform local stakeholder groups about HTA programs, policies, and tourism in general. This year's

communication efforts included distribution of press releases to local media; monthly newsletters about HTA activities and programs to government, industry and community members; HTA presentations in Hawai'i and abroad; and face-to-face meetings with various individuals and groups statewide. In particular, HTA increased its media relations efforts in 2008, securing over 270 print articles, 30 of which were in Neighbor Island publications and 73 broadcast interviews that provided information to the public about HTA-sponsored programs and events.

- *Hawai'i Tourism Conference.* On August 7-8, 2008, more than 700 people attended the 5th annual Hawai'i Tourism Conference – *Hawai'i a Ma 'Ō Aku– So Much More Hawai'i*, at the Hawai'i Convention Center. The conference convened Hawai'i's visitor industry to hear from experts locally, nationally and from around the globe about the latest trends in tourism. On the first day, speakers presented a variety of topics including preparing for the arrival of Korean and Chinese visitors, how to find and use Hawai'i visitor statistics and information on Hawai'i's airline industry in these challenging times. On the second day, HTA's marketing partners presented their 2009 tourism marketing plans.
- *Web sites.* Ongoing work and enhancements were done on the following:
 - HTA's Web site (www.hawaiiitourismauthority.org) provides an overview of the agency and information about HTA's programs, plans and activities;
 - Travel Smart Hawai'i's Web site (www.travelsmarthawaii.com) provides information to visitors traveling to Hawai'i. This year, the site was especially useful in providing up-to-date information to the public following the closure of Aloha Airlines and ATA regarding chartered flights and other helpful resources to displaced travelers;
 - HTA's Festivals and Events Microsite (www.htafestivalsandevents.com) was launched this year to promote the agency's annual Festival and Events Seminar, providing information on registration, island schedules, speaker biographies, and post-conference materials; and
 - HTA's Hawai'i Tourism Conference Microsite (www.hawaiiitourismconference.com) was also launched this year. The site featured registration information, program details including speaker biographies and powerpoint presentations.

Hawaiian Culture.

- *Kūkulu Ola Program.* HTA continued its partnership with the Council for Native Hawaiian Advancement to implement and administer the Kūkulu Ola – Living Hawaiian Culture Program. Through this program, HTA

provided \$839,012 in funding to 20 organizations for various projects that help strengthen and perpetuate the Hawaiian culture including the Hawai'i Maoli's Hawaiian Cultural Resource Directory; Hui Kū Maoli Ola's Lelekamanu – Moloka'i Project; Hula Preservation Society's Preserving the Past, Sharing the Future; and the Kīpahulu 'Ohana Inc.'s Kapahu Living Farm (a complete list of projects is available on the HTA Web site). Throughout the year, CNHA held informational workshops on its 2009 program and more than 200 individuals participants attended these events.

- *Keep It Hawai'i Program.* This program recognizes the efforts of individuals, organizations and businesses that help to perpetuate the Hawaiian culture. At this year's 17th Annual Keep it Hawai'i Recognition Awards ceremony:
 - Six Legacy Awards - He Kuleana Ke Aloha, were presented to those who have "built a legacy of aloha," and strive to honor and perpetuate the Hawaiian culture;
 - A single Koa Award - *Kū Kilakila Ka Ulu Koa I Ka Nahele*, was presented to **Kamehameha Investment Corporation** for its **Ho'ihō'i Kūlana Wahi Pana – Restoring Sacred Places** project for its commitment to help preserve and perpetuate Hawai'i's host culture; and
 - 17 Kāhili Awards – *Kāhili Kū Ki'eki'e* and 26 Lehua Maka Noe Awards - *Lehua Maka Noe Mōhala O Uka*, were presented to individuals, organizations and businesses.
- *Native Hawaiian Festivals Program.* HTA provided funding and support to four Native Hawaiian Signature Events that perpetuate the Hawaiian culture through programs and activities for residents and visitors. They are the **Prince Kūhiō Celebration, King Kamehameha Celebration, Prince Lot Hula Festival and Aloha Festivals.**
- *Native Hawaiian Hospitality Association (NaHHA).* HTA continues to support organizational capacity building of NaHHA, the lead organization in the Hawaiian Culture Initiative. In May, NaHHA held its annual conference that was attended by more than 800 individuals from the Hawaiian community and the visitor industry. The conference serves as a venue for participants to learn, share and collaborate on issues of mutual concern, and to encourage the industry and the Hawaiian community to forge ahead collaboratively.

Marketing.

This year, Hawai'i's visitor industry faced several external challenges including rising fuel costs, overall volatility of the airline industry and the U.S. financial crisis. Locally, challenges included the closures of Aloha and ATA Airlines and Molokai Ranch, the withdrawal of NCL America's Pride of Hawai'i

and Pride of Aloha cruise ships and layoffs at retail outlets, hotel properties and other businesses. To address these challenges, HTA, throughout the year, has placed more focus and increased resources towards marketing-related initiatives to stimulate travel to Hawai'i. In particular, with the most notable decline in arrivals occurring from the traditionally strong North America market, the HTA, the Hawai'i Visitors and Convention Bureau (HVCB) and the visitor industry launched a cohesive marketing program to supplement current marketing efforts in key U.S. cities that have direct flight access to Hawai'i. The additional funds were used to support three media campaigns themed "Return on Vacation."

While the short-term focus has been on markets like North America, that can drive business to Hawai'i immediately, HTA has also been working with its Asia marketing contractor, Hawai'i Tourism Asia (HTAsia) which includes Hawai'i Tourism China (HTC), Hawai'i Tourism Korea (HTK) and Hawai'i Tourism Taiwan (HTT), to position Hawai'i as an attractive visitor destination in developing international markets like China and Korea. In particular, HTA provided HTAsia with an additional \$800,000 in February to increase marketing efforts in China and Korea for enhanced training and sales tools, support trade and media familiarization tours, develop joint promotions and campaigns and for a second office in Beijing, China. To complement these efforts, HTA also and its marketing contractors met with various airline partners to discuss airlift from those markets to Hawai'i.

Leisure Marketing. In addition to the efforts described above, HTA and its five marketing contractors, Hawai'i Visitors & Convention Bureau (HVCB); Hawai'i Tourism Japan (HTJ); Hawai'i Tourism Asia (HTAsia); Hawai'i Tourism Europe (HTE); and Hawai'i Tourism Oceania (HTO), together with the visitor industry stakeholders, have been working diligently to implement their 2008 marketing plans globally. The following section details this year's marketing highlights from those plans for each market.

- *North America* is Hawai'i's largest source market for visitors and is comprised of Canada, U.S. East and U.S. West. HVCB highlights for the year include the various "Return on Vacation" campaigns featuring special value packages; the "Aloha Season" promotion on *The Golf Channel*, including more than 60 hours of live programming originating from Hawai'i; and special Hawai'i promotions on *The Travel Channel's* hit shows, "Anthony Bourdain's No Reservations" and "Bizarre Foods" and on *The Food Network's* "Dinner Impossible" show.
- *Japan* is the largest source of international visitors to Hawai'i and boasts the state's biggest daily spenders. Given the various challenges affecting visitor arrivals from that market, marketing efforts were refocused to

promote longer stays and increase daily visitor spending. HTJ highlights for the year include:

- 2008 “So Much More Hawai’i” campaign which showcased new events, attractions and activities in updated collateral;
 - Hula Week 2008 promotion with partners HTJ, Japan Airlines and JALPAK to encourage shoulder season travel. This promotion resulted in nearly 5,000 additional Japanese visitors to Hawai’i during June and July;
 - Year-round P.R. efforts which resulted in more than \$66 million worth of media coverage; and
 - Korean Airlines’ “Beyond Incheon” campaign which promoted connector flights to Hawai’i from Japan’s regional markets, via Incheon, Korea and resulted in 4,000 Japanese visitors flying to Hawai’i via Incheon each month.
- *Other Asia.* Two exciting developments occurred this year - the signing of the Tourism Memorandum of Understanding (MOU) in June 2008 between the Chinese and U.S. governments which allows for the first time, travel agents in China to openly promote group leisure tours to Hawai’i; and the inclusion of S. Korea into the visa waiver program in November 2008. As a result of these two events, HTC and HTK projects a doubling of arrivals from China and Korea to Hawai’i over the next 1-2 years. Highlights from HTAsia for the year include the following efforts:
 - Following the signing of the Tourism MOU, a large China tour group including tourism officials, industry and media representatives were welcomed to Hawai’i with a special reception on O’ahu by HTA, HTC, state officials and industry partners in June;
 - HTC launched two major campaigns with Chinese travel partners including Air China Travel Service, Easy Tour International and China CITS to promote newly developed Hawai’i tour packages;
 - HTK, with support from the U.S. Embassy in Seoul, launched the “Aloha Incentive Visa Program” to bring more incentive groups to Hawai’i. Companies planning incentive trips to Hawai’i; and
 - HTK organized its 4th Annual Hawai’i Travel Mission to Seoul which included 26 Hawai’i participants to promote travel to Hawai’i.
 - *Oceania* is the third largest source of international visitors to Hawai’i, following Japan and Canada. This year, despite Oceania’s favorable exchange rate and a healthy economy, there was a decline in air seat capacity from this MMA to Hawai’i and consequently, YTD visitor arrivals from Australia and New Zealand through September have also seen a decline. Nevertheless, HTO’s highlights for the year include the following:
 - Promotion with Flight Centre Limited, Australasia’s most successful travel agency group, to stage their annual awards event, Flight Centre Global Gathering, in Hawai’i this past July. More than 2,700 travel

- consultants from Flight Centre traveled to Hawai'i for the event and many of them also participated in island fam tours.
- Twenty-four Hawai'i suppliers joined HTO for their annual "Aloha Down Under" road show held in Auckland, Melbourne, Brisbane, and Sydney. This year's roadshow theme was "So Much More Hawai'i," and included five travel agent events, two media events, and a consumer show where suppliers met with over 650 agents, product and marketing managers and key journalists and travel writers from Oceania;
 - HTO secured the Australian version of the "**Biggest Loser**" television show, and hosted 6 final contestants in Hawai'i, where they faced their fears and participated in a variety of challenges. Exposure resulted in five hours of television coverage (estimated media value of US\$15 million). The Hawai'i Challenge week was one of the highest rating weeks for the series with 5.3 million viewers over the 6-day period.
- *Europe.* For Hawai'i, the European market presents many challenges to overcome such as the travel distance from Europe to Hawai'i, competition from "closer to home" destinations, limited options for access between the two geographic areas, and immigration concerns. Despite these challenges, YTD visitor arrivals from Europe through September 2008 are showing an increase over the same period last year. HTE's highlights for the year include the following:
 - Promotion with DOVE, a leading German body care product company and Meier's Weltreisen travel agency, which featured 350,000 pieces of point-of-sale material, advertising in various magazines with a total circulation of 500,000, a Web site promotion, and a grand prize drawing for five trips to Hawai'i;
 - Consumer campaign with Sony Pictures, United Airlines and Starwood Hotels & Resorts in Hawai'i for the DVD launch of *Surf's Up*. The promotional campaign included a 1-page ad in 500,000 DVD booklets, an on-pack promotion with 2.5 million coffee packets and a grand prize trip to Hawai'i; and
 - Travel agent training guide with U.K. tour operator, Virgin Holidays. The guide which is a sales tool that was distributed to over 3,000 travel agencies was also featured on the company's trade web site.

Other major marketing efforts in 2008, are detailed below:

- *State of Hawai'i Assists Stranded Passengers.* Due to the shutdown of ATA on the heels of Aloha Airlines' closure of transpacific and interisland passenger operations, an estimated 9,500 passengers were stranded in Hawai'i in April unable to secure an alternative flight home. To service Hawai'i's visitors and assist residents who were stranded on the mainland, the HTA issued a request for proposal on April 3 for charter airline services to help stranded passengers. The following day, the HTA board held an emergency meeting to approve funds to help underwrite flights

and support other potential activities to assist travelers. The HTA secured a total of nine flight segments on Hawaiian Airlines, United Airlines and Panda Travel that month. More than 2,200 visitors and residents took advantage of the HTA-subsidized flights at the approximate cost of \$500,000 of the allocated funds. In addition, informational updates were posted on HVCB's Web site - gohawaii.com – about the situation. Hawai'i was well represented nationally as a state that takes immediate action to assist its visitors and residents in a time of need.

- *Japan Hawai'i Tourism Council (JHTC)* was established in 2008 in place of the Japan Hawai'i Economic Council which was disbanded last year. The council is comprised of more than 60 top government and industry executives from Japan and Hawai'i's visitor *industry* and its purpose is to address issues and opportunities relating to travel between Japan and Hawai'i. The first general meeting was held on April 22, 2008 in Waikīkī, where members identified four important issues that needed to be addressed: service, marketing, airlift, and meetings, incentives & conventions. Following the first meeting, council members formed four committees to further examine the issues and identify next steps. On September 24, the council met in Japan to present the actions and results that the various committees have conducted.
- *Online Marketing Initiative*. In an effort to increase online marketing efficiencies, the HTA began work this year, to centralize its marketing contractors' Web sites under one *physical* location. While the respective market's identity will still be maintained, centralizing the Web sites will allow for improved cross utilization of assets for all markets, in addition to elevating Hawai'i's online representation. In 2008, the initial phase of the online initiative took place. Results include improved integration of the Island Chapter Web sites into HVCB's site - gohawaii.com, better cross-selling of the islands, and improved navigation between the islands.

Business Marketing. The strategy for business marketing is to promote Hawai'i as a preferred destination for business tourism (to attend a meeting, convention or incentive conference) by increasing promotional presence and brand identity of the destination on a global basis. In 2008, the HTA worked with the Hawai'i Convention Center's (HCC) sales and marketing department of SMG Hawai'i and the HVCB's Corporate Meetings and Incentives (CMI) Department to brand Hawai'i as a business destination, expand sales efforts through collaborative partnerships and increase "top of mind" awareness for Hawai'i as a business destination.

- *HCC Sales and Marketing*. With respect to marketing HCC, below are highlights from SMG Hawai'i's marketing activities and accomplishments:
 - Kicked off the 10th Anniversary promotion at the January annual meeting of the Professional Convention and Meetings Association

- (PCMA) in Seattle, WA targeting associations of over 2,500 attendees and encouraging them to book Hawai'i over "need" years;
- Developed insert pieces in both English and Japanese for the "Global Outreach" program, targeting associations which are seeking opportunities to draw attendance from both sides of the Pacific; and
 - Multiple efforts in Japan including the launch of the Japanese Business Microsite and initiation of the "Global Outreach" program in Japan with convention organizers and travel partners in May 2008 in Tokyo.
- *CMI Marketing.* Below are highlights from HVCB's marketing activities and accomplishments:
 - Recipient of the 2008 Gold Service Award for the 19th consecutive year by readers of *Meetings & Convention* magazine;
 - Awarded the 2008 Pinnacle Award for Top Destination Support Organization Worldwide by *Successful Meeting News*; and
 - Translation of the Meeting Planners Guide into Japanese, Korean, simplified Chinese and traditional Chinese for use in building business from Asia.

Sports Marketing. Sporting events offer several benefits for Hawai'i including economic impact and national and international media coverage.

Recognizing the value of these benefits, HTA has developed a Sports Marketing Program that will increase Hawai'i's sports presence to a globally competitive level and facilitate sports business development in the state. Additionally, the program stimulates visitor travel during non-peak travel periods, supports local sports organizations, sports intrinsic to the islands, residents' quality of life, and initiatives that showcase the islands, the host culture, and distinctive cultural assets. Efforts in CY 2008 included the following activities:

- More than 20,000 fans watched international soccer sensation David Beckham, Hawai'i's own Brian Ching, and other stars from L.A. Galaxy, Houston Dynamo of Major League Soccer, Gamba Osaka of Japan and Sydney FC of Australia compete in the inaugural **Pan-Pacific Championship** at Aloha Stadium. The 2-night tournament in February was broadcast live on *ESPN Classic*, online at *ESPN360.com*. and was also shown in Japan, Hong Kong, Malaysia, Canada, Australia, Vietnam, South Korea, and other international markets. During the week leading up to the tournament, players from all four teams participated in community events on O'ahu including youth soccer clinics and a meet and greet with fans. The Pan-Pacific Championship accounted for more than \$8.4 million in visitor expenditures and generated \$750,000 in state tax revenue.
- The 2008 **NFL Pro Bowl** brought in approximately 24,761 visitors, 80 percent of which specifically came to Hawai'i to attend the game, accounting for \$28.07 million in visitor spending and \$2.5 million in state

taxes. The Nielsen national rating for the Pro Bowl was 6.3, an increase of 37 percent over 2007.

- The HTA's partnership with the **PGA Tour**, for seven Hawai'i-based tournaments including the Sony Open in Hawai'i, Mercedes-Benz Championship and MasterCard Championship at Hualālai, resulted in 20 plus hours of television coverage, broadcast nationally during the winter months.

Natural Resources.

HTA, together with members of its Natural Resources Advisory Group (NRAG), focused on setting policies and priorities through the agency's Natural Resources Program and building partnerships with the community. Specifically through this program, the HTA:

- Provided \$1.75 million to support the State Department of Land and Natural Resources (DLNR) to address priority list projects, identified by the 2003 Natural Resources Assessment, including Hāpuna Beach State Recreation Area on Hawai'i Island, Wailua River State Park on Kaua'i and Wai'anapanapa State Park on Maui;
- Provided \$250,000 to the County of Kaua'i to support work at the Hā'ena County Beach Park, a priority site identified in the Assessment;
- Provided \$1.0 million to DLNR to support the Nā Ala Hele Trails and Access Program and its State Parks Division on various projects; and
- Supported 25 community-based projects throughout the state (A complete list of projects can be found on the HTA Web site).

Research and Planning.

- **TNS.** Using services provided by TNS, the HTA continued its accountability measurement system to track the impact and effectiveness of its marketing programs in three MMAs – U.S. West, U.S. East and Japan. The results are compared against the previous quarter to gauge changes in consumers' attitudes about Hawai'i as a destination. Year-to-date quarterly reports are available on HTA's Web site and the final 2008 report is due February 2009.
- **Hawai'i Visitor Statistics.** HTA provided approximately \$1.5 million to the Research, Economic and Analysis Division (READ) of the state's Department of Business, Economic Development and Tourism (DBEDT) to conduct Hawai'i visitor research on topics including monthly visitor arrival and expenditure information by MMA, airlift by MMA to Hawai'i and visitor satisfaction surveys. This information which is used by the HTA, its marketing contractors, other government agencies, and visitor industry businesses to make informed decisions relating to Hawai'i's visitor industry can be found at <http://hawaii.gov/dbedt/info/visitor-stats>.

- **Hawai'i Cruise Industry Study.** During the 2007 legislative session, funds were appropriated to HTA and to the Hawai'i State Department of Transportation for a Hawai'i Cruise Industry Study. The study has been managed by DBEDT and includes involvement by a group of over 25 individuals from across the state, who have provided input relating to Hawai'i's environment, economy, Native Hawaiian culture, maritime industry, cruise industry, and visitor industry. The study which is comprised of nine modules is scheduled for completion by year-end and will be provided to policymakers to assist them in their decision-making processes.

Safety and Security.

- **Safety and Security Plan.** Tourism & More, Inc. completed a plan for the HTA to help advance the Safety and Security initiative. The plan (available at HTA's Web site) included an assessment of visitor industry safety and security needs, and various recommendations for the HTA, to implement, that would contribute to a "safe visitor experience."
- **Hawai'i Visitor Alert System.** Developed with the cooperation and support of State Civil Defense, the City's Department of Emergency Management and the Hawai'i Hotel and Visitor Industry Security Association, this system features pre-recorded in-hotel room television programming on various security and emergency situations in English and Japanese languages.
- **Security Camera Surveillance Systems.** With successful results generated by a pilot security camera program, the HTA entered into agreements in 2008 with each of the four counties to develop and implement security camera surveillance systems in public areas frequented by visitors and residents.
- **Visitor Assistance Programs (VAP).** When visitors in Hawai'i are affected by crime and other adversities, Hawai'i's hospitality is exemplified by VAP providers in each county. These agencies, along with their volunteers and a wide network of partner organizations from outside and within the visitor industry, offer assistance in many forms: guidance and support, restaurant coupons, amenity bags, lodging and airline assistance, bereavement services and much more.

Tourism Product Development.

- **Product Enrichment Program (PEP).** The County PEP (CPEP) is a partnership between the HTA and each of the four counties to diversify and enrich Hawai'i's tourism product by developing new and enhancing existing community-based events, experiences and projects related to activities in the niches of agritourism, cultural tourism, ecotourism, health and wellness tourism, edutourism, and technotourism. In 2008, each

county was allocated \$500,000, an additional \$200,000 was made available to support the Statewide PEP (SPEP) that covers multi-county or special activities and \$300,000 was provided to the counties for Other Product Development efforts. (A complete list of all projects is available on the HTA Web site).

- **Major Festivals Program.** HTA's Major Festivals Program supports events that portray the diversity and culture of Hawai'i while drawing significant attendance to the state. In 2008, the HTA supported seven major festivals including the Hawai'i International Film Festival, Honolulu Festival, Kōloa Plantation Days Festival, Kona Coffee Cultural Festival, Maui Writers' Conference and Pan Pacific/Matsuri in Hawai'i Festival.
- **Technical Assistance and Capacity Building.** Within this initiative, one of HTA's major focuses this year is to provide support to festival and event organizers so that they can build capacity while improving the quality of festivals and events offered in the state. Three efforts under this area are:
 - **Annual Festivals & Events Seminar** held in all counties in May 2008 which attracted 365 attendees who participated in various professional development opportunities;
 - **Certified Festival and Event Executive (CFEE) Program.** Through a partnership with the International Festivals and Events Association (IFEA), HTA initiated the "CFEE Fast Track" – a new program offered for the first time anywhere. The CFEE certification program was developed by the IFEA in 1983 to provide industry professionals the opportunity to enhance their professional stature and set higher standards for the festivals and events industry. The Fast Track version of the program allows candidates from Hawai'i to complete the program in two years versus the normal three or more years at a substantial cost savings and without leaving the state.
 - **Post-Arrival Promotional Campaign** provides information to post-arrival visitors and residents of the many quality events in Hawai'i supported by HTA. The *Festivals of Hawai'i* campaign includes print, television, radio, and internet media, as well as a promotional effort targeted at hotel concierges throughout the state. New elements for 2008 include promotion through Hawaiian Air's in-flight video and in-flight publication, "This Week" visitor publication and promotions with KSSK radio station.

Workforce Development.

- **Academy of Hospitality and Tourism (AOHT)** is a partnership between local businesses and schools to prepare young people for future careers in hospitality and tourism through a combination of school-based curricula and work-based experiences. Six high schools on O'ahu, Maui and Kaua'i participate in this program and plans are underway for expansion to additional high schools. HTA's funding supported various AOHT

workshops, enrichment programs and activities, AOHT's annual student conference and career fair day and a statewide program coordinator.

- **Tourism Workforce Coordinator and Advisory Council.** HTA partnered with the Hawai'i State Department of Labor and Industrial Relations (DLIR) to support implementation of actions recommended in the "Tourism Workforce Development Strategic Plan 2007-2015," including the hire of a tourism workforce coordinator and the expansion of its tourism workforce Web site.
- **Other efforts** supported are:
 - Partnership between HTA and Kapi'olani Community College to develop a curriculum and training program to prepare employees working in Hawai'i's hospitality and tourism industry on the language, culture, protocol, and customs of emerging visitor markets: China and Korea;
 - Collaboration with the City and County of Honolulu's Youth Build Services Center and KCC's Interpret Hawai'i Program on the Ho'okipa Me Ke Aloha Program which was developed to provide training for youth at the Kalihi Youth Services Center; and
 - Expansion of the Ho'okipa Me Ke Aloha Program to include a Train-the-Trainer Certification of Professional Development for visitor industry employees.

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Program Title and Title: Tourism/Hawai'i Convention Center - BED 113/XC

b. Summary of program objectives.

The objective of the Tourism program is to achieve a strong and sustainable tourism industry that values and perpetuates Hawai'i's natural and cultural resources, honors Hawai'i's people and heritage, and supports a vital economy.

With respect to the Hawaii Convention Center (HCC), the HTA's responsibility includes operating and marketing the center. Specifically, the HTA's efforts are to ensure that the center is operated as a world-class facility and that it attracts the kind of business meetings that contribute to revenue growth for the state.

1) Description of program objectives.

The objective of the HTA's program as it relates to the Hawai'i Convention Center is to provide for the marketing, management, use, operation, and maintenance of the convention center facility, and doing all the things that are necessary for the use of the facility as a commercial enterprise. Specifically, the HTA's focus with respect to the Center includes working with its contractor for the center – SMG Hawai'i (SMG) – on the following:

- Increasing the effectiveness of marketing efforts to promote Hawai'i as a preferred destination for business tourism (to attend a meeting, convention, or incentive conference);
- Quality servicing of clientele through the facility's operating manager; and
- Continuing community relations efforts.

2) Discussion on how program intends to meet its objectives in the upcoming fiscal biennium.

During the upcoming fiscal biennium, the HTA will continue its oversight of the following efforts:

- SMG's implementation of its 2010 and 2011 Annual Tourism Marketing Plans for the marketing of the center to ensure maximum use of the facility. It should be noted that several key events are confirmed to be held at the center in 2009 including the American Academy of Cosmetic Dentistry and the Hawai'i Dental Association. As such, CY 2009 is estimated to be the best year for room night production since the center's opening; and

- SMG's management and operation of the center to ensure the facility is well-maintained, managed efficiently, achieves LEED (Leadership in Energy and Environmental Design) certification and receives high ratings by users of the center through various mechanisms.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The maintenance and operation of a quality facility with quality service is the key to the objective of the program, which is the marketing, management, use, operation, and maintenance of the convention center facility and doing all the things that are necessary for the use of the facility as a commercial enterprise.

Way the effectiveness of the program is measured and the performance results achieved during the past two years.

In FY 2005, HCC commissioned a study by an independent market research firm – OmniTrak Group – to evaluate the economic impact of conventions held at the Center. The findings, presented in FY 2006, showed that the total direct spending from HCC delegates, organizers, exhibitors, and their respective travel party was \$908.3 million. In addition to the economic benefits, HCC continued to provide benefits for the local community, serving as a venue for consumer shows, concerts, civic and educational events throughout the year. As a result of this study, the HTA has adopted a new goal – room nights – to measure the effectiveness of the sales and marketing of the center (as shown below):

Total Definites and Forecast as of October 2008 for HCC – Annual Goal is 700,000 Room Nights

Year	Definites			Forecast
	Events	Delegates	Room Nights	Month-to-date Room Night Forecast
2007	39	91,765	545,208	545,208*
2008	41	80,968	433,253	433,703
2009	19	96,485	742,961	783,620
2010	14	73,720	503,639	700,000
2011	10	46,008	359,094	700,000
2012	6	38,300	307,932	648,500
2013	4	26,631	187,953	597,000

Source: SMG Hawai'i

*Actual

The HTA also developed qualitative and quantitative evaluation criteria to assess SMG's performance relative to maintaining, managing and operating the center. In addition to receiving monthly reports from SMG, the HTA meets with the SMG to monitor issues concerning operations and budget.

c. Discussion on how performance results affect program activities.

1) Actions taken to improve performance results.

As noted earlier, in 2006, the new goal of room nights was adopted as a means of measuring the effectiveness of the sales and marketing of the center. At its November 2008 board meeting, the HTA Board of Directors discussed the need to re-visit business marketing efforts including convention center marketing and revised reporting requirements. As such, HTA, SMG and the HVCB will be holding meetings to further look into these issues.

On an ongoing basis, the HTA meets regularly with SMG to monitor issues relating to the marketing of the center. With respect to operations and management of the center, the HTA will continue to work with SMG to explore and enhance the HCC facilities to benefit the Center's users and the community at large.

Due to the anticipated increase in events at the center in 2009, the HTA is requesting \$2 million in FY 2010 and in FY 2011 to cover the additional operating costs. This will be funded by the anticipated increase in food and beverage revenues.

2) Problems and Issues:

- The weakened economy nationally and globally may impact bookings at the Convention Center in future years. In particular, a review of the historical patterns of bookings for HCC by HTA and SMG shows that the years ending in 2 and 3 are non-cycle years and therefore fall outside the marketing cycle. As such, the years 2012 and 2013 are looking soft in terms of performance (see table above).
- The Hawaii Convention Center is a world-class facility that has been in operations for over 10 years. Ongoing maintenance and replacement of infrastructure is essential to implementing the various programs that are needed to reach the center's goals. To partially remedy this situation, Act 209, SLH 2006 was enacted in July, which allowed for the increase of deposits for HCC from \$31 million annually up to \$33 million. The additional funds will go towards maintaining the center at the level expected of a world-class facility. However, maintenance for the center is a concern that needs to be reviewed on an ongoing basis.

To address the soft years at the HCC especially in 2012 and 2013, HTA, SMG and its advisory board, together with HVCB, will be putting even more emphasis on booking business for the center. Examples of joint promotions include the 10th anniversary promotion launched at PCMA's annual meeting, which targets various associations to book HCC in specific years and HCC's international attendance development program, which targets meetings originating from geographic markets around the world. In addition, HTA will undertake the following actions in CY 2009:

- Seek more resources and collaboration for the center's marketing efforts from public and private sources;
- Enlist the help of others by strengthening existing and developing new partnerships; and
- Conduct research including possible legislation to support the center.

In addition to yearly maintenance for the center with current funds available, the HTA will continue to work with SMG to identify solutions so that the center continues to be maintained at a high quality level. This will include SMG's efforts to achieve LEED certification for the facility and possible legislation to increase the deposits into the Convention Center Enterprise Special Fund (CCESF). Currently, this fund receives up to \$33 million in any calendar year, however repealing this limit will provide for the additional funds needed to address anticipated major repair and maintenance projects and the expansion of the Center.

d. Modifications to program's performance measures and rationale for these modifications.

The number of hotel room nights associated with HCC events replaces the number of delegates as the performance measure as it better indicates the effectiveness of the HTA's sales and marketing efforts. Number of room nights has a closer correlation to total direct spending as it takes into account the delegates, organizers, exhibitors, and travel parties.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
 Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
	BED 113/XC					
1	Hawai'i CONVENTION CENTER ROOM NIGHTS (CY)	Increase	545208	433253	783620	700000

BED 113/XC Table 6: Program Performance Results

Attachment:

Discussion on program's performance results.

Management and operational highlights for CY 2008 (January through October 31, 2008) are listed below:

- Recipient of *Facilities and Destinations Magazine's* "Prime Site" award for the 10th consecutive year. This award positions HCC as one of the nation's top entertainment, sports and special event venues and allows the center to be marketed to a larger audience;
- One of SMG's focus is on ensuring that the HCC is able to achieve Leadership in Energy and Environmental Design (LEED) certification through green building and energy savings programs such as a complete lighting retrofit of the exhibit hall, recycling management, delegate education programs, procurement of "green" products, and reuse of resources; and
- SMG's employees at the center reached out to the community through participation in various efforts including Aloha United Way, Toys for Tots, the Annual Visitor Industry Charity Walk, Tour de Trash, River of Life Mission's Thanksgiving Outreach, the American Cancer Society's "Relay for Life," and by providing surplus food donations to Harbor House.

The HTA continued its oversight of SMG's management of the facility, which included the Client Survey Evaluation by users of the HCC. The Client Survey report reflected an excellent year-end average rating of 98 percent. Clients have consistently rated the facility and staff performance with excellent in most categories since the opening of the Center in 1998.

In terms of marketing, highlights from SMG's marketing activities for HCC for CY 2008 are listed below:

- New records were set for two organizations holding their events at the center including the Society of Critical Care Medicine's, which surpassed its projected attendance of 4,500 by 29 percent and the American Society of Pediatrics, which exceeded its projected attendance of 3,000 by 3 percent. In addition to these, other top events for 2008 at the center included the following:

Event*	Delegates	Room Nights	Tax Revenues
Sweet Adelines Int'l 2008 Conference	10,000	80,400	\$4,580,134
Pediatric Academic Societies Annual Mtg	7,000	56,280	\$3,206,094
Society for Critical Care Medicine Annual Congress	4,500	36,180	\$2,061,060
American Podiatric Medical Association Annual Scientific Meeting	3,500	28,140	\$1,603,047
American Counseling Association	3,500	28,140	\$1,603,047
Flight Centre Global Gathering	2,200	3,300	\$1,007,629
Major Corporate Groups including Sony, Cisco Systems Partner Summit, Corporate Global Annual Mtg and Best Western Int'l Annual Meeting	9,400	69,036	\$4,305,326

*projections by SMG Hawai'i

- Business and attendance development were targeted for future conventions at the center including the Alzheimer's Association 2009, the American Academy of Cosmetic Dentistry 2009, the American Dental Association 2009, and the American College of Chest Physicians 2011;
- Partnership relationships were leveraged with the Professional Convention Management Association (PCMA), the HCC Association Advisory Board, and a newly created Corporate Advisory Board to achieve more leads and bookings for the center;
- 10th anniversary promotion at the January annual meeting of PCMA in Seattle, WA targeted associations of over 2,500 attendees and encouraging them to book Hawai'i over "need" years;
- Insert pieces in both English and Japanese for the "Global Outreach" program were developed to target associations, which are seeking opportunities to draw attendance from both sides of the Pacific; and
- Efforts in the Japan market included the launch of the "Global Outreach" program with convention organizers and travel partners in May 2008 in Tokyo, and the development of a Japanese Business Microsite in conjunction with an advertorial insert on the center by Nikkei Business.

Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011

1. Introduction:

Title and Program ID: Strategic Industries Division - BED120/SI

a. Summary of program objectives.

The Strategic Industries Division (to be renamed the State Energy Office, as discussed below) aligns with the Departmental Mission of *“Leading efforts to transform how Hawaii produces, distributes and uses energy with an objective that 70% of Hawaii’s energy to come from locally developed alternative energy sources and energy efficiency and conservation efforts by 2030.”*

The Program implements the State Energy Resources Coordinator’s statutory responsibilities to: *“Conduct energy planning and policy development activities in energy efficiency, renewable energy, clean energy resources, and energy emergency preparedness. The purpose of this responsibility is to achieve growth, diversification, and long-term stability of the State’s economy by facilitating the sustained development of Hawaii’s locally-based renewable energy system and industries.”*

The development of a clean and sustainable energy sector will provide Hawaii with the elements necessary to transition our economy from one that is susceptible to disruption and price volatility to one that is dependable and affordable, as petroleum resources become limited and/or depleted. The transformation of Hawaii’s energy sector is all the more important in the context of Hawaii’s 90% petroleum dependence, which causes economic hardships and uncertainty, and threatens to adversely impact the public’s health, safety, and welfare.

Hawaii recently partnered with the U.S. Department of Energy through the signing of a memorandum of understanding on January 28, 2008, launching the Hawaii Clean Energy Initiative. This initiative can be described as enterprising, ambitious, proactive, innovative, and progressive with the intended goal of accelerating the use and development of indigenous renewable energy resources in Hawaii while decreasing energy demand by increasing the scale and rate of renewable energy and energy efficiency technology market adoption in residential, building, industrial, utility and transportation end-use sectors. This initiative also seeks to have Hawaii serve as a national model and demonstration test bed of energy efficiency and renewable energy technologies. As a result of this initiative, in October 2008, the Hawaiian Electric Companies entered into a precedent-setting energy agreement with the State to move the State towards a “clean energy”

future, whereby the utility is no longer a traditional sales-based company, but instead an energy-services provider.

The fundamental components in moving Hawaii towards this secure energy future are as follows:

- Stronger energy efficient buildings and energy efficiency practices;
- Renewable energy-based generation, emerging technologies, facilitated permitting of renewable energy projects; and
- Energy planning and analysis, regulated energy infrastructure, and energy emergency preparedness.

The Strategic Industries Division (SID) / DBEDT:

SID provides a cohesive program to support the development of Hawaii's energy sector comprised of the traditional petroleum, natural gas, and electric utility industries; and the emerging efficiency, renewable, and alternative energy-based transportation systems. The Division is comprised of the **Energy Efficiency Branch**, the **Energy Planning Branch**, and a proposed reorganization to establish a **Renewable Energy Branch**. Additionally, the Division will be reorganized and renamed the **State Energy Office**.

This reorganization is necessary due to the increasing importance and impact of energy to the State's security and economy. Over the past years the energy program has been under-resourced; energy staff decreased by four (4) positions over the last seven years. Recently there has been a qualitative increase in the state's energy priority and activities and new initiatives, requirements and legislative mandates of the state's energy program. In order to fulfill its existing and additional new program objectives, seven (7) existing positions are being re-allocated and re-described from the department into BED 120 SI. Without these additional positions not only will the state's energy program not deliver on current expectations, but the gains made to date will also be at risk.

State Energy Office program objectives:

- Enhance renewable energy system/industry viability by promoting and facilitating energy development, conservation and efficiency, and recycling and re-manufacturing, which decrease the use of imported petroleum and the generation of greenhouse gas emissions.
- Reduce risks to Hawaii's economy by developing cost-competitive indigenous sources of energy to reduce dependence on imported fossil fuels, which increases economic productivity and economic diversification, and decreases greenhouse gas emissions.
- Increase energy security for the State by developing comprehensive plans to meet State energy policy objectives and contingency plans to protect critical energy systems and effectively deal with energy crises.

- Increase non-state funding support to accomplish Hawaii's energy objectives.

The energy policies relating to these energy objectives:

- To ensure the provision of adequate, reasonably priced, and dependable energy services to accommodate demand;
- Support research and development as well as promote the use of renewable energy sources;
- Ensure that the combination of energy supplies and energy-saving systems is sufficient to support the State's future;
- Base decisions of least-cost supply-side and demand-side energy resource options on a comparison of their total costs and benefits when a least-cost is determined by a reasonably comprehensive, quantitative, and qualitative accounting of their long-term, direct and indirect economic, environmental, social, cultural, and public health costs and benefits;
- Promote all cost-effective conservation of power and fuel supplies through measures, including:
 - (1) Development of cost-effective demand-side management programs;
 - (2) Education; and
 - (3) Adoption of energy-efficient practices and technologies;
- Ensure, to the extent that new supply-side resources are needed, that the development or expansion of energy systems uses the least-cost energy supply option and maximizes efficient technologies.
- Support research, development, and demonstration of energy efficiency, load management, and other demand-side management programs, practices, and technologies;
- Promote alternate fuels and energy efficiency by encouraging diversification of transportation modes and infrastructure;
- Support actions that reduce, avoid, or sequester greenhouse gases in utility, transportation, and industrial sector applications;
- Support actions that reduce, avoid, or sequester Hawaii's greenhouse gas emissions through agriculture and forestry initiatives; and
- Provide priority handling and processing for all state and county permits required for renewable energy projects.

The federal government energy programs increasingly rely on state governments to deploy advanced energy technologies. Export and domestic markets for these technologies continue to grow. Alternative energy is a recognized growth sector for Hawaii. The annual growth rate of jobs in Hawaii for renewable energy is 4%

compared to 2.5% for the whole economy and 3.3% for the private technology sector. We believe, this will increase at a higher rate in the future.¹

The Hawaii Clean Energy Initiative is a significant change project, designed to encompass the entire activities of SID in assisting the Energy Resources Coordinator in driving systemic change in Hawaii's energy system. It also is designed to enfold the energy community on a broad basis. Numerous milestones have been met this year, including the signing of a Voluntary Partnership Agreement between the State, the Consumer Advocate, and the HECO utilities, which delineates a mutual commitment for some significant steps forward in renewable energy generation. Additionally, SID has taken the lead in coordinating with new energy companies to come to Hawaii and do business. Better Place and Phoenix Motorcars are among the first to be announced as new arrivals. Additionally, the Renewable Energy Facilitator has done substantive work for 20 renewable energy companies since being authorized by SLH 2008 Act 208.

SID energy efficiency experts are working with other state agencies to further increase the State's efficient use of energy, as well as to reduce consumption of electricity and petroleum use by other public and private organizations.

In addition, SID has continued to work with the Department of Energy and the technical working groups of HCEI to form a set of significant legislative recommendations for moving the state's energy system forward, based on analysis, world class expertise and experience, and broad-based thinking. Reflecting changes to:

- Hawaii's policy/regulatory framework;
- System-level technology development and integration;
- Financing/capital investment; and
- Institutional system planning.

State Energy Office Branch-Specific Program Initiatives:

- SID implements, and coordinates the private and public sectors' implementation of *Energy for Tomorrow (EFT)/Hawaii Clean Energy Initiative (HCEI)*, by initiating and engaging in partnerships under the six major components of the *EFT* strategic action plan:
 1. Savings Through Efficiency
 2. Independence Through Renewable Energy
 3. Fuels Through Farming
 4. Security Through Technology
 5. Empowering Hawaii's Consumers
 6. Preserving Hawaii's Energy Security

¹ *Innovation and Technology in Hawaii: An Economic and Workforce Profile*, Hawaii Science & Technology Institute, October 2008, page 34.

This action plan seeks to fundamentally change how Hawaii consumes energy, by accelerating the production of renewable and alternative energy, increasing energy efficiency, developing and adopting new technologies and ensuring energy security. It forms the basis of actions by SID and its partnerships to implement the *Energy for Tomorrow/Hawaii Clean Energy Initiative*:

(1) Savings Through Efficiency

- Support updates and adoption of a statewide energy code for residential and commercial buildings. Develop energy code training and provide technical assistance and training to building code officials, building developers, design professionals, and realtors.
- Provide technical assistance to state agencies regarding the use of energy efficiency practices and products and the use of renewable energy technologies. Assistance includes working with agencies to incorporate Energy Star benchmarking and building efficiency measures, as well as to incorporate Leadership in Energy and Environmental Design (LEED) practices.
- Provide to state personnel, training and education sessions on LEED to increase the number of state employees becoming LEED Accredited Professionals.
- Work with universities, community colleges, the Department of Education, and local organizations to help establish and increase energy efficiency and renewable energy worker training programs.
- Continue our Rebuild Hawaii Program which provides information about the latest energy efficiency and renewable energy applications to building owners, design professionals, government agencies, and energy businesses.
- Provide consumers information about energy efficiency practices and products to encourage wise decision making at home and in the workplace.
- Continue support for the Green Business Program and expand partnerships for sustainable business practices.
- Establish the Green Government Program on sustainable government practices.
- Provide technical assistance and training to agencies to meet minimum standards for energy and resource efficiency, and meet Leadership in Energy and Environmental Design (LEED) silver.
- Provide technical assistance to agencies that are now required to purchase state vehicles that meet minimum federal and state alternate

fuel requirements, efficiency, and use alternate fuels such as ethanol blends and biodiesel.

(2) Independence Through Renewable Energy

- Provide information and technical assistance to constituencies who can use the increased renewable energy technologies income tax credit for certain solar-thermal, wind-powered, and photovoltaic energy systems now made permanent.
- Provide support to electric and gas utilities, and independent energy developers so that state renewable portfolio standards are achieved.
- Formulate plans for the optimum development of Hawaii's renewable energy resources.
- Conduct systematic analysis of existing and proposed energy resource programs and evaluate the analysis conducted by government agencies and other organizations.
- Develop programs to encourage private and public exploration, research and commercial development of renewable energy resources.
- Oversee programs to facilitate the efficient permitting of renewable energy projects.
- Serve as a consultant to the Governor, public agencies and private industry on matters related to the utilization of renewable energy resources.

(3) Fuels Through Farming

- Complete, with public input, the statewide Bioenergy Master Plan.
- Complete the statewide multi-fuel biofuels assessment; coordinate energy feedstock development work with HDOA.
- Develop execution plans to implement statewide transportation energy diversification objectives.
- Provide technical assistance to DAGS and other state fleet operators to implement the biofuels purchase preference for the State.
- Coordinate and facilitate permitting and siting as necessary and appropriate.

(4) Security Through Technology

- Manage the Hawaii renewable hydrogen program within DBEDT, coordinating with HSDC as appropriate.

- Coordinate use of the \$10,000,000 hydrogen investment capital special fund together with needed guidelines, rules, and execution plans (FY 07 appropriation).
- Develop a deep understanding of the emerging technologies and their implications for the State's energy system, including policy implications, and make policy recommendations to facilitate expedited commercialization of energy technology.
- Develop partnerships and seek outside funding for projects to improve the reliability and flexibility of Hawaii's electrical grid.

(5) Empowering Hawaii's Consumers

- Provide expert counsel on issues that arise from the indefinite suspension of gasoline price controls and develop suggestions to restore DBEDT's ability to obtain critical energy industry data under Chapter 486J.
- Coordinate with the PUC who has been empowered to obtain information from oil companies to increase "transparency" of gasoline prices.
- Represent the State's interests in appropriate PUC dockets such as the Feed-In Tariff and decoupling dockets.
- Represent the State's interest as well as provide support in the electric utilities' resource planning activities.
- Coordinate with the AG on matters relating to prohibiting of unfair pricing practices by petroleum companies.
- Provide information on energy efficiency and renewable energy to Hawaii's consumers, homeowners, business owners, regulators, and investors.

(6) Preserving Hawaii's Energy Security

- Implement and coordinate DBEDT responsibility to the Governor and SCD to fulfill State-level Emergency Support Function #12 (Energy) under Federal emergency management and SCD Statewide disaster response plans as well as function as lead State agency for fuel shortage management plans and responses (Chapter 125C, HRS).
- Complete the programmatic review and update of the state's energy emergency preparedness program plan, and pursue recommended administrative and legislative recommendations developed over the course of this two-year project.
- Restore and revitalize the programs initiative to develop an in-house capability and function to systematically conduct quantitative and

qualitative technical analyses of Hawaii's statewide energy systems and markets.

Through the "Hawaii Clean Energy Initiative (HCEI)" SID is striving to move Hawaii from near-total reliance on fossil fuels to attaining 70% of the State's energy from indigenous renewable and efficiency measures by 2030. Under HCEI a number of initiatives have already been undertaken by HCEI partners and include such projects as:

- ❖ Modeling the electricity grids on all islands
 - ❖ Wind resource and storage testing
 - ❖ Maui grid integration
 - ❖ 100% renewable Lanai
 - ❖ Forest City (Navy) highly efficient communities
 - ❖ National marine renewable Energy Center at the Hawaii Natural Energy Institute, University of Hawaii
 - ❖ Bio-energy Master Plan
 - ❖ Regulatory framework development
 - ❖ Inter-island cable feasibility and cost/benefits study
 - ❖ Economic modeling of energy system
 - ❖ Technical and economic assessment of plug-in hybrid and electric vehicles
 - ❖ Hawaii greenhouse gas carbon tax/abatement analysis
 - ❖ 70% clean energy scenario analyses
- SID also coordinates Lead by Example (LBE), which provides technical information and assistance on energy efficiency, renewable energy and sustainable building practices for all state, and attached agencies in support of, Act 96, SLH 2006, and Administrative Directive 06-01, Energy and Resource Efficiency and Renewable Energy and Resource Development.

2. Program Performance Results:

a. Table 6: Program Performance Results

See Table 6.

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

SID tracks several measures of effectiveness to monitor its performance:

The state, with the support and in partnership with the US Department of Energy, has set a goal of achieving 70% of its energy from clean sources

(renewable and efficiency) within a generation. SID is working with the USDOE to set intermediate targets and measures of effectiveness to support reaching this goal.

Besides state support, SID pursues federal funds to support state energy initiatives. Over the past 5 years, SID has generated about \$2.75 million of federal funds, an average of approximately \$549,996 per year. Grants are developed by public/private partnerships with contracts awarded to the public and private sector to help grow this sector.

Hawaii's energy intensity, (ratio of energy input/Gross State Product (GSP*) output), has continued to decrease (improve) over the past 35 years, from approximately 11,492 Btu/\$1.00 of GSP in 1970, this value has improved to 6,622 Btu/\$1.00 of GSP, in FY 07 (*GSP in constant 2000 dollars.)

SID provided training for professional development regarding energy efficient technologies and practices and sustainable buildings; conducting 31 events Jul 07 - Jun 08 (FY08).

Act 78, SLH 2006, amended Chapter 486J, HRS, reassigning lead agency role to the PUC, but retained DBEDT-SID's use and full access to the expanded volumes of petroleum industry data reported to the state. SID requires this and other energy data to support the Governor, and ERC to fulfill their respective statutory energy emergency preparedness and all energy program responsibilities.

Specific measures include:

- > Year-on-year percentage energy generated and used from clean and renewable energy sources (RPS)
- > Year-on-year percentage energy conserved and saved through efficiency (EEPS)
- > Renewable energy generation and bio-fuels projects facilitated
- > Federal and private investments in renewable and clean energy projects and in transmission and distribution infrastructure

These measures relate to the Department Mission of *“Leading efforts to transform how Hawaii produces, distributes and uses energy with an objective that 70% of Hawaii’s energy to come from locally developed alternative energy sources and energy efficiency and conservation efforts by 2030.”*

c. Discussion on how performance results affect program activities.

SID's functions primarily relate to and support DBEDT's objectives for: "Energy for Tomorrow"/"HCEI" and related initiatives/projects; and energy security. Priorities are developed, target goals and objectives are set, resources budgeted accordingly, and projects/programs are monitored for effectiveness against predetermined, targeted outputs and outcomes.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	<u>Measures of Effectiveness</u>	<u>Direction of Success</u> <u>(increase/decrease)</u>	<u>FY07 Result</u>	<u>FY08 Result</u>	<u>FY09 Plan</u>	<u>FY10 Plan</u>
BED 120						
1	QUALIFIED TRADE LEADS GENERATED	Increase	724	3784	3506	10
2	#BUS/ORGS PARTIC IN OUTRCH, MKT & INDUS DEV ACTIV	Increase	666	1515	1117	1048
3	DECLINE IN ENERGY USE PER CAP/PER ECON OUTPUT UNIT	Decrease	4746	4641	6980	4641
4	RATIO OF EXTERNAL /STATE MATCHING SPPT OF COOP ACT	Increase	1.89	0.8	3.54	0.67

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program ID: Economic Planning and Research - BED 130/FA

b. Summary of program objectives.

This Program's Objective aligns with Departmental Missions of *"Supporting public policy-making and public and private decision-making by providing data, research and analysis; by creating better data standards, reports, and data-sharing protocols with other state entities and Hawaii's educational institutions"*, *"Leading efforts to transform how Hawaii produces, distributes and uses energy"*, *"Aligning and facilitating public and private resources to encourage Hawaii citizens' life-long learning and development of science, technology, engineering, and math skills"*, and *"Advocating open, fair and transparent tax and regulatory policies to provide a competitive business environment for Hawaii's small businesses."*

This Program's Objective is to enhance and contribute to the economic planning and development of the state by providing analyses, forecasts and policy recommendations; conducting and reporting on basic research into the state's economy, compiling and publishing data on tourism, business activity, the economy, and demographic characteristics; and maintaining a statewide statistical reporting system.

Activities of this Level IV program, Economic Planning and Research (BED 130) to accomplish the above objectives include the following:

- Develop and produce short-range economic forecasts and long-range, state population and economic projections.
- Publish monthly visitor arrival and characteristic reports, expenditure reports and information on cruise ship spending. The program is the only source of detailed state visitor statistics and endeavors to continually improve the quality and quantity of information on the industry.
- Produce the *State of Hawaii Data Book*, containing more than 700 tables of key data widely used by government, business and residents. The State Data Book provides residents agencies and companies in Hawaii with access to a common, authoritative base of statistical information that saves users countless hours of research and compiling of information.

- Conduct strategic economic and industry analyses and impact studies; A range of studies are undertaken to address economic development issues, industry development and trends, the economic impact of tourism and other major industries.
- Update and utilize the Hawaii Input-Output models to guide state, county and private sector planning efforts. The program recently developed a new set of Input-Output models for each individual county. This will enable more accurate estimates of how economic activity affects a particular county.
- Improve and add to the division's modeling tools based on emerging best practices in the field of econometrics.
- Produce the web-based publications, *Quarterly Statistical and Economic Report* (QSER) and monthly, *Selected Economic Indicators* (SEA). As core data products, the QSER and SEA provide current detailed statistics on Hawaii's economy in a convenient on-line format.
- Conduct Census-related workshops to enhance businesses' ability to mine census data for marketing and business development purposes. The free training sessions help business and agency staff learn how to obtain important census data from the Bureau's web site.
- Maintain economic information and statistics on the department's web site. Approximately 60% of all hits to the DBEDT website are made to access data maintained by the research program.
- Partner with agencies such as the Workforce Development Council, University of Hawaii, Enterprise Honolulu, Hawaii Science and Technology Council (HSTC) and others to develop an understanding of, and options for, addressing the workforce and development needs of key industries.
- Respond through the DBEDT Library to nearly 4,000 annual requests for information and other inquiries to the department.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The results show that the program is providing an abundant volume of data and analyses on the health and outlook for Hawaii's economy, population, industries and related issues. These efforts are focused on the priority economic development need to transition the economy to more high valued, high skill economic activity. It is also anticipating the emerging needs of the public and private sectors through the development of new data delivery systems (one-line data warehouse) and growth industry research.

c. Discussion on how performance results affect program activities.

Accuracy of forecasts and timeliness of reports are metrics that are closely monitored by the program's managers. Because these are important factors in the impact and services provided by the program these become key measures determining program effort. Quantity of requests and reports issued have become less helpful measures guiding program decisions. Quantity of requests may decline as more materials are provided in a clear and easily obtainable form on the internet. Also, the subject matter and quality of analysis are increasingly more important factors in effective research services than quantity as a performance measure.

d. Modifications to program's performance measures and rationale for these modifications.

Consistent with the assessment in 'c' above, the program is modifying performance measures to emphasize the satisfaction level of users with the programs products and services, and how effectively the information is getting to the public, rather than simply the quantity of output. (Quantity of output is addressed in performance measures dealing with program activities). The new measures of effectiveness are as follows:

- Prog. Survey respondents 'more than satisfied' (%)
- Prog. Outputs cited in major new media (ave. monthly #)
- Accuracy of Econ & Demog. Forecasts

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 130 - Table 6b						
1	#Req for analysis, research & data products	Increase	1080	946	1000	1000
2	# pub produced (incl electronic)	Increase	48	85	60	60
3	Accuracy of Econ & Demog. forecasts	Increase	2	2	1	2
4	% touris stat reports issued within 30 days of month-end	Increase	100	100	95	95
5	% of other time-sensitive reports issues as scheduled.	Increase	95	95	95	95

BED 130 - Table 6d

1	Prog. Survey respondents 'more than satisfied' (%)	Increase	NA	56	50	50
2	Prog. Outputs cited in major news media (ave, mnthly #)	Increase	20	22	20	20
3	Accuracy of Econ & Demog. forecasts	Increase	2	2	5	5

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program ID:

General Support for Economic Development Departmental Administration
(Office of the Director, Administrative Services Office) BED 142 AA

b. Summary of program objectives.

In general, this program's objective is to lead and enhance the effectiveness and efficiency of economic development programs by providing overall leadership and direction, formulating state-wide and departmental policies and plans, managing operations, allocating resources, providing staff support and other administrative services, coordinating and partnering with other state and federal agencies and with private entities and informing the public about programs, services, projects, data and activities.

Specifically, this program's objective is to:

- Formulate, recommend and implement the economic development policies of the Governor and implement initiatives proposed and approved by the Legislature.
- Formulate and implement short-term and long-term economic development state-wide and/or sector-specific policies and plans.
- Allocate resources, and administer fiscal, budgetary, personnel, contracting, and information technology operations for the Department.
- Assist and support the economic development and diversification efforts of the State by providing information to the Administration, Legislature, government agencies, the business community, and the general public on the Hawaii economy and society, and on the Department's programs and activities that relate to the development, growth, vitality and diversification of the Hawaii economy and businesses.
- Propose, establish, and administer a broad range of Departmental initiatives and programs that fulfill the goals and objectives of the executive and legislative branches in such areas as tourism, business development, business attraction, international trade, small business services, rural development, land use, economic data, energy, technology development and services, and housing.

- The Director of the department serves as the State's Energy Resources Coordinator.
- Coordinate and partner with other state and federal agencies in areas including energy, infrastructure, agriculture, secondary and post-secondary education, workforce development, land and natural resources, housing, health and the environment.
- Maintain State emphasis on support for tourism and other established industries, while concurrently fostering new industries that broaden Hawaii's economic base and business mix.
- Directly oversee the administration of all Departmental operations, including supervision of program offices, management, and staff. Establish and implement policies governing such administration, including fiscal, budgetary, personnel, and contractual matters.
- Oversee attached agencies, boards and commissions and other special programs and projects assigned to the Department by either the legislative or executive branch.
- Establish and maintain links to business and industry in Hawaii, on the mainland and overseas, and with chambers of commerce, government agencies, and other organizations to promote business expansion or relocation to the state.
- Develop and administer, in cooperation with other State agencies, programs and projects that effectively combine and maximize the use of existing funding and personnel resources to achieve mutual goals (e.g., diversification of economic sectors and cross-marketing of Hawaii agriculture products).
- Coordinate the Department's legislative proposals and responses.
- Serve as the State's chief liaison with the local business community and with off-shore businesses seeking to establish operations in Hawaii.
- Draft and distribute reports and other materials on the varied functions and activities of, and economic data compiled by the Department. Assist all divisions and agencies in drafting, editing, printing, and distributing publications, newsletters, reports, etc., which assist Hawaii businesses.

2. Program Performance Results:

a. Table 6: Program Performance Results

This program reviews and approves, through a Yearly Activity Plan (YAP; see www.hawaii.gov/dbedt/YAP) process the objectives, activities and performance results of each departmental program. The “performance result measures” summarized by each program’s testimony submission for Operational Budget for Biennium Budget 2009-2011, is the ultimate responsibility of this program.

b. Discussion on how program’s measures of effectiveness relate to the department’s mission and program objectives.

At one level, the effectiveness of the Director’s Office and the Administrative Services Office (ASO) is measured by how well they provide the Department’s programs with leadership and the administrative assistance they need to achieve their respective goals and objectives. ASO’s performance is measured in the areas of contracts processing and voucher (payment) processing. The number of contracts and letters of agreement (LOAs) executed by the ASO is a measure of the services that are provided to help the economy. The percentage of error-free vouchers processed by the ASO for the programs is an indication of the quality of support provided to the programs to enable them to efficiently procure the goods and services they require for their operations.

As discussed in 2. a. above, at another level each performance measures identified by the departmental programs are approved by this program. As such, achievement of those measures relate directly to the department’s mission of:

In the short term, to monitor and strengthen Hawaii’s economy and business sectors and, in the medium- to long-term, to transition Hawaii to a world-competitive economy based on human capital and the capacity to innovate.

To achieve its Mission in the short-term, to meet the current global economic crisis the Department leads efforts to implement the Administration’s Five Point Economic Plan, with a particular emphasis on implementing the Hawaii CIP and federal spending stimulus plans.

To achieve its Mission in the medium- to long-term, the Department leads efforts to improve the competitiveness of Hawaii’s economy and businesses and to create the conditions to encourage and facilitate increased productivity, entrepreneurial effort and innovation.

c. Discussion on how performance results affect program activities.

They serve to provide feedback on the general effectiveness of our program. Program activities are adjusted to improve performance.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	<u>Measures of Effectiveness</u>	<u>Direction of Success</u> <u>(increase/decrease)</u>	<u>FY07 Result</u>	<u>FY08 Result</u>	<u>FY09 Plan</u>	<u>FY10 Plan</u>
	BED 142AA					
1	% CONTRACTS & LTRS OF AGMT PROC/REVWD W/IN 10 DAYS	Increase	100	205	100	100
2	% CHNG IN AMT OF FED & NONSTATE GRANT FUNDS RECD	Increase	-38	33	0	0
3	% ERROR-FREE SUMMARY WARRANT VOUCHERS PROCESSED	Increase	99	99	95	95
4	SERVER DOWNTIME AS % TOTAL OPERATIONAL TIME (<)	Decrease	0.80	2.00	2.00	2.00
5	% DBEDT EMPLOYEES WORKING W/OUT FORMAL GRIEVANCE	Increase	98	99	98	98

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program ID: Office of Tourism Liaison - BED 142/TL

b. Summary of program objectives.

- To coordinate and communicate with the visitor industry on all tourism related issues.
- To communicate and coordinate with all state agencies on tourism related issues and assist state agencies in developing programs that address the concerns of tourism, especially those raised in the Tourism Strategic Plan.
- To coordinate with the Hawaii Tourism Authority on all tourism issues and participate on the HTA Board of Directors.
- To coordinate with the Department of Transportation, Airports Division, the visitor industry, HTA and airlines on the Airport Modernization Plan and encourage airlines to increase capacity to Hawaii.
- To coordinate with Federal agencies on tourism related issues.

2. Program Performance Results:

a. Table 6: Program Performance Results – Not applicable

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

Not applicable

c. Discussion on how performance results affect program activities.

Not applicable

d. Modifications to program's performance measures and rationale for these modifications.

Not applicable

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. Title and Program ID:** High Technology Development Corporation – BED 143/TE

- b. Summary of program objectives.**

The mission of the agency is to **facilitate the growth and development of the commercial high tech industry in the state**. Its statutory duties include, but are not limited to:

- (a) Developing industrial parks as high technology innovation centers and the development of projects within or outside of industrial parks;
- (b) Providing support and services to Hawaii-based high technology companies;
- (c) Collecting and analyzing information on the state of commercial high technology activity in Hawaii;
- (d) Promoting and marketing Hawaii as a site for commercial high technology activity in Hawaii;
- (e) Providing advice on policy and planning for technology-based economic development.

To put it simply, HTDC, as the State's leading agency in tech-based economic development (TBED), serves three (3) major functions for the State:

- (1) Liaison between the industry and the State government, to facilitate communication for forming TBED policies and state-wide plans, and to advise the legislature and the administration as appropriate
- (2) Establish incubation centers and assist in planning for tech parks to improve innovation infrastructure of the State, and
- (3) Provide specialized programs and services needed for mentorship of tech entrepreneurs and businesses looking to incorporate innovation to complete in the global market

These functions serve the State to shift to an innovation-based economy, less dependent on our limited natural resources or our geographical location. Such an economy offers more diverse opportunities to people of Hawaii with higher paid jobs.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The five (5) MOE registered with the State are just some of the indicators used to measure our performance. Because incubation is a large part of what HTDC does, our MOE focus only on the incubation center related activities.

These figures are significant because studies by the Small Business Administration show that companies which went through an incubation program has a significantly higher chance of survival compared to companies that do not: 50% of small businesses fail after the first year of business and 90% fail in the first five years. HTDC's incubator in Manoa has a 76% success rate, reversing the statistics from non-incubated businesses.

Because HTDC's ability to offer physical incubation is limited by the size of our facilities, we also launched a virtual incubation program as well as services community members can participate in without being a physical tenant. HTDC believes that because we act as a clearinghouse of information and programs useful to innovation companies, the number of companies we serve as tenants or community members is an important metric. These metrics feed into Hawaii's long-term commitment to growing the tech and related industries to found an innovation-based economy.

HTDC closely monitors our effectiveness through both quantitative and qualitative metrics, because HTDC believes that a limited set of quantitative data may not provide the whole picture when it comes to performance levels and effectiveness. To that end, surveys and questionnaires are collected from attendees of workshops, current HTDC clients, graduates (companies leaving the incubation centers), and our economic development and industry partners.

HTDC also monitors its performance at the program-level (e.g., federal programs we administer come with metrics dictated by the federal government, each grant/contract we receive come with specific deliverables). In addition to the five MOE listed in this document, and in

addition to specific metrics dictated by each grant/contract, HTDC also monitors other important innovation growth metrics, including:

- Small Business Innovation Research (SBIR) award winners from the State of Hawaii
- Hawaii SBIR award winners and their award amounts
- Number of new Hawaii SBIR award winners
- Number of staff of graduating companies at the time of graduation
- Square footage of office size at our incubation facility vs. one they are moving into
- For the clients of HTDC's Manufacturing Extension Partnership Program (MEP): cost savings to our clients due to our assistance, their overall sales numbers, new monies invested as a result, and number of clients served.

c. Discussion on how performance results affect program activities.

HTDC must maintain a rigorous standard because much of its funding comes from the federal government programs with their own list of deliverables and metrics. HTDC must meet for continued funding, but also from private sector clients (program fees and rent), who can choose not to utilize our services should they find our services ineffective.

HTDC creates a set of mid-term focus areas, which in turn feed into the five of the six departmental areas of interests, which then addresses the State's goals. The current focus areas are:

1) Establishing an entrepreneurship campus:

A coordinated effort that brings together industry partners and economic development supporters to provide coherent entrepreneurship mentoring

2) Neighbor island initiatives:

While many entities cut their outreach programs to rural areas to obtain efficiencies, HTDC believes that as a State agency, we must not be Honolulu-centric, and fill the gap in programs, esp. in times of economic adversity. We must adjust our strategies to leverage the strengths and address the challenges faced by each of our communities rather than searching for a generic solution.

3) Alignment with federal programs:

Accepting that the State of Hawaii does not have sufficient funds or resources to fully execute our plans to establish an innovation-based, we must do better to align the federal resources available to our existing goals of our State.

Shorter-term tactics are then devised as projects, to meet the deliverables set for those focus areas. Tasks and related expenditures are then approved. Should we discover that tasks for the projects themselves are not addressing the specific deliverables of the focus areas, the projects are retooled and the implementation plan re-examined, or the project itself is terminated and replaced with more effective project ideas and corresponding plans.

Tasks that do not address these focus areas do not gain the support of HTDC's senior management and their expense requests denied. Further, for the last two years, HTDC has practiced zero-based budgeting approaches for both fiscal and programmatic decisions, and prioritizes expenses that address multiple areas/purposes over ones that only serve single purposes. MOE assist the staff and managers to evaluate not only the return on investment of each of our projects but also help set priorities and allocation of our limited resources.

Here is an example of specific goals met by HTDC-MEP during the 12-month period from October 1, 2007 through September 30, 2008. Twenty companies measured had notable impacts on the State's economy:

- \$6+ million in retained and increased sales.
- \$3.69 million of cost savings or 10.5 times return on federal and State funding.
- \$6.69+ million worth of investment or 15 times return on federal and State funding.
- Over 127 employees retained and 113 jobs created.

To achieve these goals, MEP staff retooled their project plans to discontinue activities that did not contribute significantly to the above metrics (e.g., hosting workshops that provided very little "attendee to client conversion") and prioritized assistance to companies where larger investment numbers were realized by the companies (e.g., assisting Hawaii SBIR award winners), and established partnerships with other entities to further improve on this result for continued funding by the federal government.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 143						
1	# of companies assisted at HTDC Incubation Centers	Increase	152	156	220	175
2	Mktg: # of individuals or companies assisted	Decrease	33805	34723	60400	32100
3	# of potential tech-based companies	Decrease	1476	1350	1290	1200
4	# of companies applying for incubation services	Level	15	13	21	15
5	# of contacts and responses	Decrease	136184	140474	255000	127200

* The statistic for Internet website activity for HTDC's three sites for FY09 were projected during the previous biennium budget process when a different vendor was hosting the websites. The vendor used a different methodology of tracking website activities than the current vendor. The statistic reported for FY07, FY08 & FY10 are based on information from the current vendor.

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. **Title and Program ID:** Statewide Planning and Coordination – BED 144/PL
- b. **Summary of program objectives.**

The Program Objectives align with Departmental Missions of *“Planning and advocating policies, including land-use policies, that promote the efficient use of public and private resources”*; *“Leading efforts to transform how Hawaii produces, distributes and uses energy”*; and *“Improving, directly and in partnership with other departments, Hawaii’s critical infrastructure”*.

The Program’s Objectives are to enhance the efficiency and effectiveness of State programs by maintaining a comprehensive statewide planning process, through the formulation of a State policy plan and the development of a policy planning and implementation framework; undertaking comprehensive land use and coastal zone planning, management, and implementation; facilitating intergovernmental coordination and cooperation; undertaking strategic and regional planning to address areas of critical State concerns relating to social, economic or physical conditions; and promoting programs and capital improvement projects which further State policies. Specific objectives include:

1. To conduct statewide planning activities to promote the orderly future growth and development of the State pursuant to Chapter 225M, HRS.
2. To administer a comprehensive system of public planning on a Statewide basis to enhance the overall effectiveness of the Hawaii State Planning Act, Chapter 226, HRS.
3. To administer a State land use program that reflects public policies and concerns and presents guidance and recommendations before the Land Use Commission (LUC) as bases for land use decisions affecting the development and growth of the State pursuant to Chapter 205, HRS.
4. To assure that the lands of the State are developed to those uses to which they are best suited for the public welfare while ensuring that important agricultural and natural resources are protected and the socio-economic needs of residents are met.
5. To administer the Statewide Planning and Geographic Information System program under Chapter 225M, HRS.
6. To administer the Coastal Zone Management Program under Chapter 205A, HRS, to promote the beneficial use, protection and development of Hawaii’s water and land resources. (Also covered under BED144PZ)

To administer the Brownfields Cleanup Revolving Loan Fund and assist the State with related Brownfields redevelopment programs.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The Office of Planning conducts activities which support the following DBEDT goals: 1. Encourage better government policy and decision-making by providing data and analysis; and 2. Advocate for land use policies that promote the efficient use of resources. The Office of Planning prepares planning studies and conducts policy analysis on issues pertaining to land use, growth, and development. The Office advocates for land use policies that promote efficient use of resources including but not limited to protecting important agricultural lands and other important natural resources; discouraging sprawl; and assuring the evaluation of impacts to government fiscal resources and government services. A major DBEDT initiative is to increase energy efficiency. OP supported DBEDT's proposal to include energy efficiency standards for buildings during the land use district boundary amendment process. In addition, reducing sprawl helps to cut travel time and gas consumption and also supports DBEDT's goal to increase energy efficiency. Further, work on the Hawaii Comprehensive Economic Development Strategy which ensures eligibility for Federal Economic Development Administration funding provides overall support to DBEDT goals.

In addition, the Office of Planning carries out important functions which are mandated by statute. The Office of Planning (BED144PL and PZ) carries out statewide planning functions including but not limited to planning and policy analysis; developing and presenting the State's case before the Land Use Commission and conducting land use planning; and administering the Statewide Geographic Information System and the Coastal Zone Management Program. The Office of Planning's functions are mandated by Ch. 225M, State Planning; Ch. 226, HRS, Hawaii State Plan; Ch. 205, State Land Use Law; and Ch. 205A, Coastal Zone Management. "

The Office of Planning is under the Budget category of "Government-Wide Support" and provides services to assist executive and legislative decision-making by providing information and analysis. As such, OP supports DBEDT as well as other executive departments.

c. Discussion on how performance results affect program activities.

The Office of Planning's objectives relate to government-wide support and improving the effectiveness and efficiency of State programs. OP provides government-wide support by providing information and analysis through the preparation of studies, reports, maps and plans in order to aid executive and legislative decision-makers.

Performance measures for OP include the number of plans and studies completed; statements for land use boundary amendments completed in a timely manner and upheld by the LUC and other permit reviews completed.

OP has completed reports and studies assigned by the Legislature and Governor in a timely manner. OP completed studies and reports to provide findings and recommendations on critical statewide issues.

OP has also completed reviews for land use district boundary amendments and other permits in a timely manner and has had a high percentage of its position statements upheld by the LUC (usually 100%).

The number of data layers and users of the Statewide GIS system have increased. The success of the Statewide GIS program is also reflected in the fact that agencies consult with OP before initiating their own GIS efforts and its web site continues to receive over 80,000 hits monthly.

OP measures the effectiveness of its Brownfields program by the number of communities and property owners made aware of the opportunities and helped to assess, cleanup and redevelop abandoned or underutilized former industrial properties with actual or perceived contamination. OP staff has worked closely with DOH-HEER, the State lead agency for Brownfields, holding county meetings and Brownfields Working Group meetings to build awareness of EPA Brownfields grant opportunities, and the benefits of the State Voluntary Response Program benefits, and brownfields redevelopment in general.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 144/PL						
1	# Of Plans/Studies Prepared in a Timely Manner	Decrease	12	12	7	8
2	# LUC Decisions Uphldg OP Pos as % of Total LUC Decisions	Increase	See note.	100	100	100
3	#Acres Involved in LUC Decisions Supporting OP Position	Increase	See note.	1101	1500	1500

Note: Petitions in FY07 were not at the decision-making stage.
OP does not have control over LUC scheduling.

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. Title and Program ID:** Statewide Planning and Coordination/Coastal Zone Management - BED 144/PZ
- b. Summary of program objectives.**

Program Objectives: To enhance the efficiency and effectiveness of State programs by maintaining a comprehensive statewide planning process, through the formulation of a State policy plan and the development of a policy planning and implementation framework; undertaking comprehensive land use and coastal zone planning, management, and implementation; facilitating intergovernmental coordination and cooperation; undertaking strategic and regional planning to address areas of critical State concerns relating to social, economic or physical conditions; and promoting programs and capital improvement projects which further State policies. The specific objective of the CZM Program is: To administer the Coastal Zone Management Program under Chapter 205A, HRS, to promote the beneficial use, protection and development of Hawaii's water and land resources.

2. Program Performance Results:

- a. Table 6: Program Performance Results**
- b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.**

The Office of Planning is the lead agency for the Coastal Zone Management Program under Ch. 205A, HRS. The Office of Planning as an attached agency may not directly relate to DBEDT's mission and program objectives. However, the Office of Planning carries out important functions which are mandated by statute including the administration of the Coastal Zone Management Program as required by Ch. 205A, HRS. The CZM Program works to ensure a balance between competing demands for limited and often fragile coastal and marine resources and is the policy umbrella for designing and carrying out uses and activities affecting these resources. Compliance with Ch. 205A, HRS, CZM objectives and policies ensure that appropriately designed developments along coastal areas respect economic, biological, environmental and cultural values.

The CZM Program promotes OP's objectives aimed at "enhancing the effectiveness and efficiency of State programs by analyzing and formulating

policies and strategies, by conducting statewide planning and coordinating such planning within and between various levels of government, and by undertaking comprehensive land use and coastal zone management activities.”

c. Discussion on how performance results affect program activities.

Coastal Zone Management Program performance results are measured by the number of federal consistency reviews conducted and State permit approvals reviewed by the CZM program. The number of reviews for federal consistency has, and is expected to remain generally constant with some efficiencies due to streamlining. The CZM Program will continue to focus more staff resources on critical coastal issues and provide general policy oversight with respect to CZM compliance, particularly with respect to the management goals of the ORMP.

The CZM Program will also review its performance in by evaluating its completion of the work tasks and objectives identified in the OP Strategic and Operational Plans.

Program effectiveness is essentially a byproduct of CZM Hawaii’s ability to develop its work plan. Based on this work plan that allocates Section 306, 309, and 6217 grants on a yearly basis, specific tasks, schedules, and product/outcomes are developed. On the federal level, these activities are jointly monitored by NOAA with the CZM Hawaii program to ensure program effectiveness in the various areas of the prepared work plan. Through Section 312 Program Evaluations and regular Routine Program Changes (RPCs) Reports conducted by the federal government, program effectiveness can also be monitored quantitatively as well as qualitatively.

The CZM Program is also required to submit semi-annual performance reports to the Federal government and performance is measured through these reports.

The latest Federal Section 312 Evaluation was highly favorable and the findings documented a number of accomplishments of the CZM Program.

d. Modifications to program’s performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 144/PZ						
1	# Reviews of Fed Activity Propls/Conducted in CZM Area	Decrease	43	40	40	40
2	#State/Cnty Progs Amiing to Att. Objectives of CZM Program	Increase	9	11	11	11

Note: Item 1 due to streamlining efforts.

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. **Title and Program ID:** Hawaii Strategic Development Corporation - BED 145/VC
- b. **Summary of program objectives.**

Program aligns with Departmental Mission as follows:

<i>Departmental Mission</i>	HSDC FY09 Contribution to Effort:
<i>Stabilize the economy and establish the basis for future growth.</i>	Monitor and provide appropriate oversight to ~\$30M in unprecedented state investments in the high technology and energy sectors. Encourage investment and contractor Partners, at this critical time, to leverage the remaining limited funds with private and public sources, for priority investments.
<i>Transform how Hawaii produces, distributes and uses energy with an objective that 70% of Hawaii's energy to come from locally developed alternative energy sources and energy efficiency and conservation efforts by 2030</i>	Provide oversight and guidance in the implementation of the \$8.7M Hydrogen Investment Fund efforts

Departmental Mission	HSDC FY09 Contribution to Effort:
<i>Align, facilitate and lead public and private resources to encourage Hawaii citizens' life-long learning and development of science, technology, engineering, and math skills, resulting in the ability to turn new and creative ideas into products and services that have demand in global markets</i>	Work with local education institutions to: (1) introduce entrepreneurship into the public school curriculum; (2) provide a service to students by introducing future entrepreneurs to the essential concepts of business development; and, (3) design, create and implement a college level course, complete with a post course assessment and follow-up survey, for a target audience of 8-24 middle and high school teachers, that will instruct teachers how to introduce the concept of entrepreneurship into the standard middle and high school curriculum.
<i>Increase international trade and international educational opportunities for Hawaii's citizens</i>	Monitor and provide guidance to those investee companies to encourage investments that result in increase of Hawaii's exports of goods and services.

Description of program objectives/activities as presented in the Multi Year Program and Financial Plan.

- **HIGH TECH TRANSITION:** The 2007 legislative session appropriated \$5M to HSDC for a grant fund to support "dual use" companies, those which are developing defense and commercial markets applications. Funds were expended through a contract with the Pacific International Center for High Technology Research (PICHTR) and were directed to companies which have received prior funding from the Center of Excellence for Research in Ocean Sciences (CEROS) or from the Hawaii Technology Development Venture (HTDV), but require follow-on-funding to transition already developed IP. The 1st round of a competitive solicitation resulted in 7 contracts (\$1.5M) and a 2nd round will be completed in the Spring.
- **HYDROGEN FUND:** The 2006 legislative session appropriated \$8.7M Hydrogen Fund to DBEDT Strategic Industries Division (SID) with future HSDC oversight. Funds were expended through a competitive DBEDT/SID contract with Kolohala Holding, the General Partner. Work is beginning to create a Hydrogen Economy. HSDC will review invoices and provide limited oversight as needed.
- **EDUCATION:** HSDC supports entrepreneurial development programs through conferences designed to assist firms in improving their management capabilities and attract capital. HSDC sponsors conferences bringing in venture capitalists to meet with entrepreneurs and positioning them for

possible investment. Other conferences are provided for investors and support organizations to better understand private equity investing.

- **ENTREPRENEURSHIP:** HSDC entered into a new partnership with Chaminade University, driven by data indicating: (1) small proprietor (entrepreneur-run) organizations constitute the largest segment of Hawaii businesses; (2) entrepreneur-run businesses are the fastest growing national business segment; (3) entrepreneur run businesses are started without the entrepreneur understanding what is involved in developing the business; and (4) introducing entrepreneurship into the regular educational curriculum would provide a service to students by introducing future entrepreneurs to the essential concepts of business development. The partnership shall design, create and implement a college level course, complete with a post course assessment and follow-up survey, for a target audience of 8-24 middle and high school teachers, that will instruct teachers how to introduce the concept of entrepreneurship into the standard middle and high school curriculum. The course will be presented during the 2009 Chaminade Special Summer Institute.
- **INVESTMENTS:** Through its "indirect investment" policy, HSDC invests public funds in privately managed venture capital limited partnerships, which in turn invest in emerging Hawaii companies. The venture capitalists identify companies with promising products or technologies, high market potential, and strong management teams, and negotiate the investment directly with the firm. HSDC assists in technology development, creating and transitioning Intellectual Property (IP) and launching new industries. This policy provides entrepreneurs with access to venture capital expertise and private sources of capital to leverage public funds. HSDC has made capital commitments to funds ranging from seed stage investment, to early/growth stage, to later stage mezzanine financing. This diversified investment policy is designed to provide different stages of financing to companies throughout their growth cycles. The investments made by HSDC are typically for a ten year period. HSDC has invested approximately \$16 million in ten venture capital limited partnerships which have invested or are investing in Hawaii companies.

2. Program Performance Results:

To meet its objectives in the upcoming fiscal year. HSDC will continue to:

- Work with companies to assist them to become "investment-ready."
- Work with other entrepreneurial support organizations, through the Hawaii Technology Enterprise Network (HiTEN), to form a network to assist entrepreneurs.
- Monitor and provide guidance to PICHTR regarding the \$5M Follow-On-Funding effort

- Monitor and provide guidance to DBEDT/SID in the implantation of the \$8.7M Hydrogen Fund

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The measures of program effectiveness relate to the departmental mission of aligning, facilitating and leading public and private resources to develop Hawaii's innovation capacity based on science, technology, engineering, and math skills, creative ideas and lifelong learning resulting in an innovation-driven and globally-competitive economy. They also align with departmental missions of leading efforts to transform how Hawaii produces, distributes and uses energy with an objective that 70% of Hawaii's energy to come from locally developed alternative energy sources and energy efficiency and conservation efforts by 2030. Finally the measures relate to the departmental mission of increasing international trade opportunities for Hawaii's citizens.

c. Discussion on how performance results affect program activities.

Although by design HSDC has no influence over the investment decisions of its venture fund managers or of the companies receiving grants, any decline in or non-performance of the measures of effectiveness will result in HSDC management encouraging the General Partners to increase performance with end-of-contract liquidation returns and for rapid and detailed investment reporting.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 145/VC						
1	Incr in Leveraging Public Investments w/Private Capital	Increase	0	1400000	5000000	5000000
2	Incr in Number of Venture Capital Partnerships Established	Increase	0	0	1	1
3	Increase In Number of Companies Funded	Increase	0	5	5	5
4	Amount New Inv Capital Raided thru State Private Inv Fund	Increase	0	130	0	0

BED 145/VC Table 6: Program Performance Results

Attachment:

The completion of this section will be left to the new HSDC Permanent President, to be identified in early 2009, and the results of the ongoing HSDC Fiscal Audit to provide specific quantifiable metrics.

Mission	HSDC FY09 Contribution to Effort:	Overview: Metric to Measure Success	Quantifiable Metric to Measure Goal, Success
5-Point Economic Plan	Monitor and provide oversight to ~\$30M (i.e., \$15M in investments, \$8.7M in the Hydrogen Fund, \$5M in PICHTR Follow-on-Funding effort) in unprecedented State investments in the High Tech and Energy sectors. Encourage investment and contractor partners, at this critical time, to leverage the remaining limited funds with private and public sources, for priority investments.	\$15M in investments: HSDC, as a Limited Partner in 10 contract partnerships, has no influence on what investments are made, but can apply pressure to encourage General Partners or other mechanisms to increase HI investments with end-of-contract liquidation returns, demand rapid and detailed investment reporting.	<ul style="list-style-type: none"> -Number of new investment -Amount of new investments -Returns on short term (<1 year) investments -IP developed -Technology Readiness level (TRL) improvements in previously developed products -Amount of new leveraged VC -Number of new employees, in assisted companies, directly linked to assistance -Average individual incomes of employees of assisted companies, directly linked to assistance

Mission	HSDC FY09 Contribution to Effort:	Overview: Metric to Measure Success	Quantifiable Metric to Measure Goal, Success
Energy	Provide oversight and guidance in the implementation of the \$8.7M Hydrogen Fund efforts conducted by DBEDT/SID and General Partner	H2 Fund is divided into 3-efforts that include no influence on what investments are made: (1) H2 Plan development (\$0.4M) where many metrics will be defined; (2) Identifying and Implementing Matching Fund Projects (\$4M); (3) Identifying and implementing equity investments (\$4M)	<ul style="list-style-type: none"> -# of new investment -Amount of new investments -New H2 Economy Capability IP developed -Technology Readiness level (TRL) improvements in previously developed products -Amount of new leveraged VC -# of new employees, in assisted companies, directly linked to assistance -Average individual incomes of employees of assisted companies, directly linked to assistance -Original investments, present status of investments, amount of leveraged funds -#, type, original investment and present amount of active investments in Hawaii companies -#, type, original investment and present amount of active investments in Non-Hawaii companies -#, type, original investment and present amount of inactive investments in Hawaii companies -#, type, original investment and present amount of inactive investments in Non-Hawaii companies -Fees and commissions received by General Partners

Mission	HSDC FY09 Contribution to Effort:	Overview: Metric to Measure Success	Quantifiable Metric to Measure Goal, Success
STEM Education	Work with local education institutions to: (1) introduce entrepreneurship into the public school curriculum; (2) provide a service to students by introducing future entrepreneurs to the essential concepts of business development; and, (3) design, create and implement a college level course, complete with a post course assessment and follow-up survey, for a target audience of 8-24 middle and high school teachers, that will instruct teachers how to introduce the concept of entrepreneurship into the standard middle and high school curriculum.	HSDC-Chaminade contract has not been finalized, but developing quantifiable metrics, for monitoring long term success, are included in the tasking	<p>SHORT TERM</p> <ul style="list-style-type: none"> -# of student-teachers attending course -# of public school students under student-teacher -# of follow-on public school lectures, events linked to entrepreneurship concept -results of before/after testing results <p>LONG TERM</p> <ul style="list-style-type: none"> -# and % of graduating students entering an entrepreneurial situation -# and % of graduating students entering a successful entrepreneurial situation

Mission	HSDC FY09 Contribution to Effort:	Overview: Metric to Measure Success	Quantifiable Metric to Measure Goal, Success
International Trade	Monitor and provide guidance (as permitted) to those specific historic investments targeted to encourage international trade	\$.05M in investments: HSDC, as a Limited Partner in one fund focused on international. While it has no influence on what investments are made, HSDC can encourage General Partners or other mechanisms to increase investments with objective of increasing Hawaii's exports of goods and services.	<ul style="list-style-type: none"> -# of new Int'l focused investments -Amount of new Int'l focused investments -Returns on short term (<1 year) Int'l focused investments -Amount of new leveraged VC -Number of new employees, in assisted companies, directly linked to assistance -Average individual incomes of employees of assisted companies, directly linked to assistance
Infrastructure	Provide funding mechanisms for investment in emerging technology companies. by developing networks to organize public and private sources of capital, and to establish infrastructure to support venture capital investment	See Hydrogen Fund and PICHTR contract above	See Hydrogen Fund and PICHTR Contract metrics above

Historic Investment Statistics

Number, type and amount of General Partnership/Limited Partner relationships including individual investments under each:

- i. Original investments, present status of investments, amount of leveraged funds
- ii. Number, type, original investment and present amount of active investments in Hawaii companies
- iii. Number, type, original investment and present amount of active investments in Non-Hawaii companies
- iv. Number, type, original investment and present amount of inactive investments in Hawaii companies
- v. Number, type, original investment and present amount of inactive investments in Non-Hawaii companies
- vi. Fees and commissions received by General Partners

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. **Title and Program ID:** Natural Energy Lab of Hawaii Authority – BED 146/EL
- b. **Summary of program objectives.**

NELHA's Objective aligns with the Departmental Missions of *"Leading efforts to transform how Hawaii produces, distributes and uses energy with an objective that 70% of Hawaii's energy to come from locally developed alternative energy sources and energy efficiency and conservation efforts by 2030"; "Aligning and facilitating public and private resources to encourage development of science, technology, engineering, and math skills resulting in the ability to turn new and creative ideas into products and services that have demand in global markets"; "Increasing international trade and international educational opportunities for Hawaii's citizens"; and "Improving, directly and in partnership with other departments, Hawaii's critical infrastructure."*

The Program promotes sustainable business development and supports economic diversification by providing resources and facilities for energy and ocean related research, education, public outreach, and commercial activities in an environmentally sound and culturally sensitive manner. This is achieved through marketing, managing and operating facilities that support sustainable utilization of available natural resources such as cold deep seawater, warm surface seawater, and high solar insolation and alternative distributed energy resources. Facilities are located at Keahole Point in Kailua-Kona and in Puna, both on the Island of Hawaii.

National Defense Center of Excellence for Research in Ocean Sciences (CEROS) Objectives align with Departmental Mission of *"Aligning and facilitating public and private resources to encourage development of science, technology, engineering, and math skills resulting in the ability to turn new and creative ideas into products and services that have demand in global markets"*

Attached for administrative purposes to NELHA, the Program solicits and supports concept development and demonstration of advanced technologies for maritime military purposes and to advance technology, enhance regional capabilities and infrastructure, and demonstrate beneficial maritime military utility for the Department of Defense.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

NELHA's measures of effectiveness include the total number of tenants; the number of new tenants; tenants' gross sales; amount of investment at NELHA from both public and private sector sources. These measures reflect NELHA's on-going efforts and commitment to growth and expansion and to development and diversification of Hawaii's economy. NELHA's ongoing commitment in securing alternative energy projects keeps in line with the Governor's energy awareness mandates.

Projects funded by CEROS for concept development and demonstration of ocean technologies and applied ocean sciences for military maritime purposes support both State and National security interests. These efforts also help to create sustainable technology-based employment and economic growth for Hawaii companies.

c. Discussion on how performance results affect program activities.

The results of NELHA's work allow NELHA's facilities at Keahole Point to continue serving as the premiere site worldwide, where large volumes of both warm surface and cold deep seawater are consistently pumped ashore for use in aquaculture, marine biotechnology, manufacturing of highly valuable and desirable potable water, and other technologies. NELHA continues to serve as a laboratory for research and development; as an incubator facility for developing innovative, new technologies and businesses; and as a base for commercial operations that utilize, or are otherwise related to the use of the seawater and other available resources.

NELHA has continued to aggressively develop new and strengthen existing public-private sector collaborative efforts, thereby maximizing respective and collective resources to ensure outcomes that reflect higher achievement of success at quantitative levels.

The results of CEROS work ensures continued opportunities for additional and increased federal funding for establishment of new and stronger alliances with both federal and private sector entities and strengthening and diversifying Hawaii's economy.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP projects

Project Title: Host Park Infrastructure Upgrades

Act/Yr: 160/06

Amount of Lapse: FY 10 \$17,422

Justification: Project complete. Remaining allotment not required.

Project Title: NELHA Groundwater Environmental Monitoring Wells

Act/Yr: 160/06

Amount of Lapse: FY 10 \$13,511

Justification: Contract encumbered, project 50% complete. Remaining allotment not required.

Project Title: NELHA Master Plan Reconfiguration

Act/Yr: 160/06

Amount of Lapse: FY 10 \$49,026

Justification: Contract encumbered, project 25% complete. Remaining allotment not required.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 146/EL						
1	# of New NELHA Tenants (Actual)	Increase	3	5	3	3
2	New Tenants (Acres) (Actual)	Increase	24.3	17.5	10	20
3	Amount of Tenant Sales (\$M)	Increase	50	52.9	54	82.5
4	Increase in Revenues (\$K)	Increase	577	304	1479	1446
5	Amount of Tenant Capital Investment at NELHA (\$M)	Increase	15.3	4	6.5	6
6	Value of CEROS Projects Funded (\$M)	Increase	4.9	5.1	8.8	9
7	# of CEROS Outreach & Interface Activities	Increase	17	18	19	17

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program ID: Hawaii Community Development Authority - BED 150/KA

b. Summary of program objectives.

The Program Objectives align with Departmental Missions of *“Planning and advocating policies, including land-use policies, that promote the efficient use of public and private resources”*; *“Leading efforts to transform how Hawaii produces, distributes and uses energy”*; *“Increasing the supply of workforce or “gap” housing units to support an increasing quality of life in Hawaii”*; and *“Improving, directly and in partnership with other departments, Hawaii’s critical infrastructure”*.

Established by the Hawaii State Legislature in 1976, Hawaii Community Development Authority (HCDA) Objectives are to plan and implement initiatives that increase economic, social/cultural, and environmental value in Community Development Districts (“CDD”) as assigned by the Legislature. HCDA plans and implements capital improvement projects to upgrade infrastructure and develop public facilities. HCDA also implements long-term planning initiatives to support the development of mixed-use communities that strengthen and diversify Hawaii’s economy while enhancing the quality of life for Hawaii’s people.

The Legislature designated the Kaka`ako area as the first community development district, recognizing that it was relatively underdeveloped and underutilized. Furthermore, the Legislature determined that the redevelopment of Kaka`ako offered an exceptional opportunity to address the need for more housing, parks, open areas, and new commercial and industrial space in urban Honolulu. HCDA’s goal for Kaka`ako is to create a community that is attractive and safe, with provisions for housing, recreation, and places to work, shop and socialize; in short, a desirable place to “live, work, play, learn, and visit.” By combining public and private investment and resources, opportunities for community building and economic development can be maximized.

HCDA’s five-year work plan for Kaka`ako includes the following projects:

Mother Waldron Neighborhood Park: Currently, Mother Waldron Playground is the only active park in the Mauka Area and is heavily used by area residents, businesses, the public and various private and charter school students in the neighborhood. Improvements will focus on the Coral Street

portion of the park that was created by the closure of Coral Street between Pohukaina and Halekauwila Streets as part of the Improvement District ("ID") 3 Project. Several years ago the asphalt pavement at both ends of the closed street was removed and landscaped with grass and trees. The middle portion is still paved and used every Monday for a small open market. The proposed improvements will create a "Coral Street Promenade" to allow the growth of the open market and provide a venue for special events. Improvements will include park lighting for increased public safety, decorative paving or concrete, and new infrastructure, such as an outdoor electrical outlet cabinets for the open market vendors or special events. Other improvements will include adding infrastructure for amenities such as a lunch wagon and additional facilities to make the park more attractive and useful. Other added facilities will include moving a trailer that HCDA owns to the parking lot along Pohukaina Street. The trailer will be used as a community center and also serve as a neighborhood library.

Queen-Kamakee Street Intersection Traffic Signal: A traffic signal was originally planned at the Queen and Kamakee Street intersection as part of ID-11 project. That project was subsequently cancelled in 2007. Activities in the area have been increasing and the intersection is becoming busier. With the upcoming opening of the Ward Village Shops, it is anticipated that both pedestrian and vehicular traffic at the intersection will significantly increase. The existing four-way stop at the intersection will not function adequately once more development occurs in the area. Residents of the area have requested signalization of the intersection on several occasions before the Ala Moana/Kakaako Neighborhood Board. The project will include aligning both ends of Queen Street across Kamakee Street and installing a traffic signal. No other improvements will be made.

McKinley High School Track and Field: Shared public facilities within Kakaako Mauka can provide much-needed public amenities to the residents and community in Kakaako. The McKinley High School is currently developing a master plan for redeveloping its athletic facilities. The school's existing football field and track is currently in disrepair and is planned to be replaced with an artificial turf field and all-weather track. Officials involved in the master planning process have approached staff with the idea that the HCDA fund the redevelopment of the football field and track as a public facility within Kakaako. Construction of such a public facility would enable both the community and school to jointly use the field and track for football, soccer and active physical training activities. Discussions with the Department of Education ("DOE") and other stakeholders are proceeding at this time on the concept and scope of the project and staff is developing a memorandum of understanding with the DOE.

Remediation, Capping and Interim Parking in the Makai Area: The State Department of Health ("DOH") is requiring the HCDA to develop an interim remediation proposal for the Makai Area waterfront lands in the absence of a

development plan. Staff has been in consultation with the DOH and initial discussion has indicated that capping the sites with either a six-inch gravel cover or asphalt paving will be considered adequate interim remediation based on location and type of contamination. DOH has also identified the locations that trigger remediation. Based on DOH feedback, staff is proposing a mix of asphalt paving and six-inch gravel cover. To maximize the benefits of capping, the areas with asphalt paving will be used for parking and will have drainage, lighting, and landscape included as part of the project. It is expected that this will result in approximately 1,500 additional parking stalls being developed in the Makai Area. It is expected that the interim parking will produce approximately \$900,000 in annual parking revenue.

Master Plan for Water Plan Development and Cultural Public Market:

The Kakaako Makai Community Planning Advisory Council is close to completing the vision and guiding principles for Kakaako Makai. Once the visioning for the Makai Area is completed, the development plan for the area needs to be prepared. Also consistent with Section 206E-34, Hawaii Revised Statutes, a plan for a cultural public market in Kakaako Makai needs to be developed.

Waterfront, Gateway and Kewalo Park Improvements: These parks were built in the early 1990's and have not had any major repairs since. The hardscape and fixtures in the park have deteriorated and are in need of repair. The repair work in the parks will include replacement of concrete furniture, walkways and hardscape, sea walls, concrete bollards, electrical fixtures, and comfort stations. In addition to these repairs, a new fitness equipment area, jogging path and other recreational amenities will be constructed to make the parks more attractive to users. This request is for funding the construction. The Authority has already authorized funding and contracting with a consultant for the design work. A consultant has already been engaged and the design is expected to be completed by June 2009.

District-Wide Parking Facility for Kakaako Makai: There are at least three new projects coming up in the Makai Area: University of Hawaii's ("UH") Cancer Research Center of Hawaii; the Regional Bio-Safety Laboratory; and Kamehameha School's ("KS") Asia Pacific Research Center. Two other potential projects that may come up in the near future are the headquarters and cultural center for the Office of Hawaiian Affairs and UH's John A. Burns School of Medicine Phase II. One common element in all these projects is "parking". Total parking demand for all five projects is estimated to be more than 2,000 parking stalls. Unless the parking requirement for these projects are coordinated and consolidated into one or two centrally located district parking structures, each project will have a self-contained parking garage constructed in close proximity to other similar facilities. Constructing parking structures for each project is not an efficient use of land and resources, particularly when the projects are so close together. In a situation like this, a combined district-wide parking facility can meet the parking needs of all the

projects and achieve the economy that would not be possible to achieve with individual projects. The HCDA, UH, and KS have been in discussion on a district-wide parking solution and have common understanding on the need for such a project. To support the redevelopment of the Makai Area as well as the burgeoning 'Life Science' research complex, the HCDA needs to take the lead in planning and developing a district-wide parking facility.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

HCDA's mission in Kaka`ako and Kaleloa is to plan and encourage development. Our infrastructure and improvement district projects, if any, are intended to provide needed facilities that either encourage private sector development or create much needed community facilities. Development results in the production of housing units (and reserved housing units) and dedication of land for public facilities. For Kalaeloa, the measure of effectiveness includes the implementation and promulgation of zoning rules for Kalaeloa that implement the Kalaeloa Master Plan.

c. Discussion on how performance results affect program activities.

The measures of effectiveness indicate the development and other activity that has occurred as a result of HCDA's projects.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

See attached Table R.

2. Proposed Lapses of CIP Projects

a. Project Title: HCDA'S COMMUNITY DEV DISTRICTS, OAHU-PLN

b. Act and Year of Project appropriation (include all applicable amendments)

- c. Amount requested for lapse and MOF: \$179, MOF C
- d. Justification for lapse of the project: Remnant too small to use for payroll.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 150/KA						
1	New private development in Kakaako CDD (\$M)	Increase	0	92	95	80.9
2	New building floor space in kakaako (1000 sf)	Increase	1000	749	15.5	636
3	# of new housing units in Kakaako	Increase	720	614	12	492
4	# of new public facilities in Kakaako	Increase	0	0	1	2

CAPITAL PROJECT INFORMATION AND JUSTIFICATION SHEET

EXPENDING AGENCY:		
USER PROGRAM ID	CAPITAL PROJECT NUMBER	
DEPT	NUMBER	NUMBER
BED	150	HCD001

ISLAND
1

SEN DIST
12

REP DIST
230

PRIORITY NO.

PREV PRIO NO.

PROJ. SCOPE
O

SCOPE CODES

- N - NEW
- I - RENOVATION
- A - ADDITION
- R - REPLACEMENT
- O - ONGOING

DATE
9/30/2008

PROJECT TITLE: HAWAII COMMUNITY DEVELOPMENT AUTHORITY'S COMMUNITY DEVELOPMENT DISTRICTS, OAHU

PROJECT DESCRIPTION:
 PLANS FOR COSTS RELATED TO WAGES AND FRINGE BENEFITS FOR PERMANENT AND NON-PERMANENT PROJECT-FUNDED STAFF POSITIONS FOR IMPLEMENTATION OF CAPITAL IMPROVEMENT PROGRAM PROJECTS FOR THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY'S COMMUNITY DEVELOPMENT DISTRICTS. FUNDS MAY BE USED TO MATCH FEDERAL AND NON-STATE FUNDS AS MAY BE AVAILABLE.

TOTAL ESTIMATED PROJECT COST (In Thousands of Dollars)

COST ELEMENT	PRIOR APPROPRIATIONS (including MOF)						APPROPRIATIONS (including MOF)			TOTAL PROJECT COST
	AC1 YR ITEM	AC1 YR ITEM	AC1 YR ITEM	AC1 YR ITEM	AC1 YR ITEM	ACT YR ITEM	FY 2010	FY 2011	FUTURE YEARS	
PLANS							1,855	1,855		3,710
LAND							0	0		0
DESIGN							0	0		0
CONSTRUCT EQUIPMENT							0	0		0
TOTALS							1,855 C	1,855 C		3,710 C

PROJECT INFORMATION AND JUSTIFICATION (use back if necessary):

a. Total Scope of Project.

Projects, programs and activities relating to the redevelopment of Kakaako and Kalaeloa Districts, including long-range planning efforts, enforcement of regulatory provisions, participation in planning, design and construction of infrastructure improvements, and developments programs to plan and oversee all public facilities projects and facilitate private development efforts.

b. Identification of Need and Evaluation of Existing Situation.

Kakaako has been identified as underdeveloped and underutilized. Much of the infrastructure system is 50 to 60 years old and inadequate for development requirements. Kakaako offers an opportunity to address the need for more housing, parks and new commercial and industrial space in urban core Honolulu with proper planning, implementation and infrastructure improvements. As for Kalaeloa, HCDA completed a Master Plan (approved by the Governor in August 2006) highlighting the opportunity for affordable workforce housing in a mixed-use environment designed to provide greater connectivity to the Kapolei region, attract jobs, and serve as center for innovation, technology, and sustainability. The next phase in the planning process involves the preparation and promulgation of District Plan and Rules, which is currently undergoing.

c. Alternatives Considered and Impact if Project is Deferred.

Infrastructure improvements for about one-fourth of Kakaako are complete. Deferring future improvements will delay development opportunities. In particular, deferring planning and redevelopment of the Makai area will result in further deterioration of State-owned properties and the delay of economic and other benefits. Development incentives must be actively pursued. Given that development of Kalaeloa cannot occur without District Plan and Rules in place, no other alternatives were considered. Deferral of these projects will prevent development in Kalaeloa.

d. Discuss What Improvements Will Take Place When Project Completed (including benefits to be derived and/or deficiencies this project intends to correct).

District-wide infrastructure improvements will allow and encourage development opportunities. Additionally, more housing, commercial and industrial space, parks, and other community and waterfront facilities will be developed.

e. Impact Upon Future Operating Requirements (show initial and ongoing funding requirements by cost element, including position count, means of financing, fiscal year).

Currently, HCDA has 19 authorized positions funded by general obligation bond funds (Plans element). Additional staff may be needed as the number of projects and responsibilities increase.

f. Additional Information:

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. **Title and Program ID:** Hawaii Community Development Authority - BED 150/KL

- b. **Summary of program objectives.**

The Program Objectives align with Departmental Missions of *“Planning and advocating policies, including land-use policies, that promote the efficient use of public and private resources”*; *“Leading efforts to transform how Hawaii produces, distributes and uses energy”*; *“Increasing the supply of workforce or “gap” housing units to support an increasing quality of life in Hawaii”*; and *“Improving, directly and in partnership with other departments, Hawaii’s critical infrastructure”*.

Established by the Hawaii State Legislature in 1976, Hawaii Community Development Authority (HCDA) Objectives are to plan and implement initiatives that increase economic, social/cultural, and environmental value in Community Development Districts (“CDD”) as assigned by the Legislature. HCDA plans and implements capital improvement projects to upgrade infrastructure and develop public facilities. HCDA also implements long-term planning initiatives to support the development of mixed-use communities that strengthen and diversify Hawaii’s economy while enhancing the quality of life for Hawaii’s people.

Act 184, Session Laws of Hawaii 2002, designated the former Barbers Point Naval Air Station (BPNAS) in Kalaeloa as a new community development district under HCDA. This Act transferred the responsibilities for the redevelopment of the former base from the Barbers Point Naval Air Station Redevelopment Commission (BPNAS-RC) to HCDA and repealed the BPNAS-RC’s enacting legislation, effective July 1, 2002. Recognizing the development potential of the former BPNAS 3,600+ acres, HCDA has adopted a Master Plan to transform Kalaeloa into a model community that will create new jobs, nurture new businesses, lead-by-example in energy generation, use and efficiency and provide much-needed housing and public facilities for the people of Hawaii.

HCDA’s goal in the Kalaeloa Community Development District (Kalaeloa) is to create an economically viable, environmentally sensitive, and socially vibrant community that will contribute to the well-being of the community and to Hawaii as a whole. To achieve this goal, HCDA will seek to encourage and develop active uses of the land in the Kalaeloa District in the short- and long-term. HCDA intends to complete the promulgation of administrative rules that

will implement the Kalaeloa Master Plan and establish zoning rules for Kalaeloa. To encourage and facilitate private and public sector development within Kalaeloa, HCDA is proposing an energy corridor project that will include one mile of overhead poles that will bring electricity and other utilities into Kalaeloa.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

HCDA's mission in Kaka'ako and Kaleloa is to plan and encourage development. Our infrastructure and improvement district projects, if any, are intended to provide needed facilities that either encourage private sector development or create much needed community facilities. Development results in the production of housing units (and reserved housing units) and dedication of land for public facilities. For Kalaeloa, the measure of effectiveness includes the implementation and promulgation of zoning rules for Kalaeloa that implement the Kalaeloa Master Plan.

c. Discussion on how performance results affect program activities.

The measures of effectiveness indicate the development and other activity that has occurred as a result of HCDA's projects.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

See attached Table R's.

2. Proposed Lapses of CIP Projects

None.

Table 6
 Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 150/KL						
1	# actively-sued parcels in Kalaeloa CDD	Increase	54	56	57	57
2	New private development within Kalaeloa CDD (\$M)	Increase	0	0	0	0

TABLE R (8/02)

CAPITAL PROJECT INFORMATION AND JUSTIFICATION SHEET

EXPENDING AGENCY:		
USER PROGRAM ID	CAPITAL PROJECT	
DEPT	NUMBER	NUMBER
BED	##	KL005

ISLAND
1

SEN DIST
19

REP DIST
40

PRIORITY NO.

PREV PRIO NO.

PROJ. SCOPE
O

SCOPE CODES

N - NEW
 I - RENOVATION
 A - ADDITION
 R - REPLACEMENT
 O - ONGOING

DATE
12/12/2008

PROJECT TITLE:
IMPROVEMENTS TO ENTERPRISE ROAD, KALAELOA, OAHU

PROJECT DESCRIPTION: (legislation, if appropriated, will show in CIP section of budget act)
PLANS, DESIGN, LAND ACQUISITION, CONSTRUCTION AND INSTALLATION OF OVERHEAD 12 KV ELECTRIC LINE. PROJECT MAY INCLUDE STEEL UTILITY POLES, OVERHEAD COMMUNICATION AND STREET LIGHT LINES, TRAFFIC SAFETY IMPROVEMENTS AT THE INTERSECTION OF ENTERPRISE AND ROOSEVELT ROADS

TOTAL ESTIMATED PROJECT COST (In Thousands of Dollars)

COST ELEMENT	PRIOR APPROPRIATIONS (including MOF)												APPROPRIATIONS (including MOF)			TOTAL PROJECT COST			
	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM		FY 2010	FY 2011	FUTURE YEARS
PLANS																			
LAND																			
DESIGN																			
CONSTRUCT																	3,145	C	
EQUIPMENT																			
TOTALS																	3,145	C	3,145 c

PROJECT INFORMATION AND JUSTIFICATION (use back if necessary):

a. Total Scope of Project.

Overhead HECO 12 kv line extension on Fort Barrette and Enterprise Roads from Kapolei Parkway to Midway Street, including installation of additional steel utility poles on Fort Barrette Road across from existing poles and on both sides of Enterprise Road. Additionally, overhead communication and street light lines would be installed on the utility poles. Traffic safety improvements at the intersection of Enterprise and Roosevelt Roads will be installed as warranted by the traffic study included in this project.

b. Identification of Need and Evaluation of Existing Situation.

The current electrical distribution system, which is owned by the U.S. Navy, is too antiquated, inadequate and unreliable to support both the existing and future demands of the Kalaeloa District. The purpose of the project is to create a main energy corridor into Kalaeloa and initiate the transfer of ownership of the electrical distribution system from the Navy to Hawaiian Electric Company. Traffic safety improvements, such as traffic signals and street lights, will be needed as an increase in traffic is anticipated from the development within and adjacent to Kalaeloa.

c. Alternatives Considered and Impact if Project is Deferred.

The alternative of designing and constructing full improvements in Enterprise Road, such as road widening, new sewer, water and drainage systems and underground electrical and communication systems, was determined to be too costly at this time. However, if this proposed "scaled-down" project is deferred, electrical service to existing tenants in Kalaeloa will continue to be unreliable, as well as being unable to support future development. In addition, even if development within Kalaeloa is stalled by the deferral of this project, development adjacent to the district will continue and major roadways will be connected to the existing roads in Kalaeloa. Traffic is anticipated to increase and public safety will be jeopardized with the deferral of this project.

d. Discuss What Improvements Will Take Place When Project Completed (including benefits to be derived and/or deficiencies this project intends to correct).

A portion of the electrical distribution system, as well as the communication systems, within Kalaeloa will be improved and be more reliable. The new systems will be under the ownership and jurisdiction of public utilities companies and will be maintained on regular basis. Public safety will be enhanced with the installation of street lights and traffic improvements.

e. Impact Upon Future Operating Requirements (show initial and ongoing funding requirements by cost element, including position count, means of financing, fiscal year).

There is no anticipated impact on future operating requirements because HCDA will dedicate the improvements constructed in this project to the State Department of Transportation and applicable public utility companies.

f. Additional Information:

TABLE R (8/02)

CAPITAL PROJECT INFORMATION AND JUSTIFICATION SHEET

EXPENDING AGENCY:		
USER PROGRAM ID	CAPITAL PROJECT	
DEPT	NUMBER	NUMBER
BED	150	AAFES

ISLAND
1

SEN DIST
12

REP DIST
23

PRIORITY NO.

PREV Prio No.

PROJ. SCOPE
O

SCOPE CODES

N - NEW
 I - RENOVATION
 A - ADDITION
 R - REPLACEMENT
 O - ONGOING

DATE
12/12/2008

PROJECT TITLE:
 ARMY AND AIR FORCE EXCHANGE SERVICES ("AAFES") BUILDING IMPROVEMENTS

PROJECT DESCRIPTION: (legislation, if appropriated, will show in CIP section of budget act)
 CONSTRUCTION OF REPAIR AND MAINTENANCE PROJECTS, INCLUDING ENERGY EFFICIENCY PROJECTS, AT THE AAFES BUILDING

TOTAL ESTIMATED PROJECT COST (In Thousands of Dollars)

COST ELEMENT	PRIOR APPROPRIATIONS (Including MOF)						APPROPRIATIONS (including MOF)			TOTAL PROJECT COST		
	ACT YR	ITEM	ACT YR	ITEM	ACT YR	ITEM	ACT YR	ITEM	FUTURE YEARS			
PLANS						1	C				1	C
LAND						1	C				1	C
DESIGN						200	C				200	C
CONSTRUCT						542	C				542	C
EQUIPMENT						1	C				1	C
TOTALS						745	C				745.0	CAW

PROJECT INFORMATION AND JUSTIFICATION (use back if necessary):

a. Total Scope of Project.

Construction of various repair and maintenance, including energy efficiency, projects at the AAFES Building.

b. Identification of Need and Evaluation of Existing Situation.

These repair and maintenance projects have been long deferred and overdue. The A/C cooling tower is leaking resulting in excessive energy consumption. The exterior of the building needs to be sealed as the paint is peeling and the concrete is spalling. If the exterior is not sealed and the spalling concrete is not immediately repaired, more costly repairs could be required in the future.

c. Alternatives Considered and Impact if Project is Deferred.

Other alternatives are not available. Failure to address these much needed repair and maintenance projects will result in the continued deterioration of the AAFES building exterior and parking lot.

d. Discuss What Improvements Will Take Place When Project Completed (including benefits to be derived and/or deficiencies this project intends to correct).

Improvements will include replacing AC colong tower, various electrical upgrades, flooring replacement, exterior painting and resealing, and resealing the asphalt parking lot.

e. Impact Upon Future Operating Requirements (show initial and ongoing funding requirements by cost element, including position count, means of financing, fiscal year).

The impact on future operating requirements is favorable. The completion of the much needed repair and improvement projects should result in less costlier repairs being necessary in the future as these repairs will stop the further deterioration of the building's exterior and parking lot. The installation of the new cooling tower should result in less energy consumption. The other energy efficiency projects should, likewise result in less energy consumption.

f. Additional Information:

None

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program ID: Aloha Tower Development Corporation - BED 151/AT

b. Summary of program objectives.

The Program Objectives align with the Departmental Missions of *“Planning and advocating policies, including land-use policies, that promote the efficient use of public and private resources”*; *“Increasing international trade and international educational opportunities for Hawaii’s citizens”*; and *“Improving, directly and in partnership with other departments, Hawaii’s critical infrastructure”*.

The Aloha Tower Development Corporation (ATDC) is charged with overseeing developments within the waterfront area of the Honolulu downtown business district. The jurisdictional boundary includes lands adjoining Piers 5 and 6, and Piers 8 to 23 in Honolulu Harbor.

The ATDC is also authorized under its enabling statute, HRS Chapter 206-J, to plan, develop or redevelop lands located seaward of Nimitz Highway between Pier 4 and the Honolulu International Airport. In FY 06, the ATDC began working in partnership with the Department of Transportation, Harbors Division (DOT-H), to expedite implementation of selected harbor infrastructure projects in Honolulu Harbor.

Act 200, SLH 2008, became effective July 1, 2008, which partners the ATDC with the Department of Transportation – Harbors Division (DOT-H), for implementation of the Harbors Modernization Plan (HMP). The legislation is effective from July 1, 2008 to June 30, 2016 and calls for the ATDC/DOT partnership to expedite the development of critically needed port infrastructure statewide. Appropriations totaling \$144.3 million were approved for the program in FY09 with the means of financing by revenue bonds.

ATDC has the statutory mandate of redeveloping, renovating, and/or improving the Aloha Tower Complex to: (1) strengthen the international base of the community in trade activities; (2) enhance the beautification of the waterfront; (3) improve modern maritime uses in concert with the Department of Transportation (DOT); and (4) provide for public access and use of waterfront property.

Proper development will result in the Aloha Tower Complex serving as a stimulus to enhance commercial activities within the downtown business district and help transform the waterfront urban core into a “people place.” In

addition, the infusion of new capital for the project will further stimulate the local economy as well as the construction industry and provide new jobs.

A major program objective is to attract investment capital to the downtown waterfront. The first phase of the Aloha Tower Complex was completed without any State funds. In addition, the developer provided public improvements such as the interim cruise ship facilities and refurbishment of Aloha Tower at no cost to the State. ATDC continues to pursue this strategy for the development of future phases.

Another program objective is to update the development and financial plan for the Aloha Tower Project Area through cohesive planning and the identification of short-term, mid-term and long-term projects. The planning process will culminate in a comprehensive update to ATDC's Hawaii Administrative Rules.

As part of the development planning process, ATDC prioritizes public outreach and communication to bring the various interests and multiple jurisdictions in the harbor together to work towards mutual gain.

Act 200, SLH 2008, became effective July 1, 2008, which partners the ATDC with the Department of Transportation – Harbors Division (DOT-H), for implementation of the Harbors Modernization Plan (HMP). The legislation is effective from July 1, 2008 to June 30, 2016 and calls for the ATDC/DOT partnership to expedite the development of critically needed port infrastructure statewide. Appropriations totaling \$144.3 million were approved for the program in FY09 with the means of financing by revenue bonds.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

Development projects generated.

Redevelopment projects in the commercial harbor system will support DBEDT's objectives in energy, global links and innovation infrastructure. Expansion projects at the Aloha Tower Project Area and other projects for the maritime industry will support DBEDT's objective to improve Hawaii's Small Business Environment.

Number of jobs created.

This measure of effectiveness will indicate growth in the economy and provide an indicator that development projects are being generated under programmatic and DBEDT objectives.

Total construction value of development projects under negotiation.

This measure of effectiveness will provide an indicator of progress in the targeted objectives.

Est. tax revenue increase from development.

This measure of effectiveness will provide an indicator of progress in the targeted objectives.

c. Discussion on how performance results affect program activities.

ATDC has completed an evaluation assessment of its program under its Yearly Activity Plan and identified in detail its action plan for the fiscal biennium.

d. Modifications to program's performance measures and rationale for these modifications.

Performance measures were modified to include areas regarding number of initiatives developed, agreements entered into and developers attracted. The rationale for these changes was to conform the performance measures to the actual goals of the ATDC, which is to foster development. These indicators are designed to measure and illustrate the actual development activity of the ATDC and its success in generating new initiatives.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

See attached Table R.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 151/AT						
1	Development projects generated	Status unchanged	5	5	5	5
2	Number of jobs created	Status unchanged	100	100	100	100
3	Total construction value of development projects under negotiation (mil)	Decrease	305	0	300	0
4	Estimated tax revenue increase from development (mil)	Decrease	35.7	0	35.1	0

BED 151/AT Table 6: Program Performance Results

Attachment:

Major Activities Performed

Aloha Tower Project Area and Complex

- In June 2006, the ATDC Board approved development rights to Kenneth Hughes, Inc. for the development of a mix-use condo-hotel project on Piers 5&6, subject to successful negotiation of a mutually acceptable Development Agreement and Ground Lease. In Oct 2007, Hughes filed a demand for arbitration seeking to move forward with development of the project on his terms, or in the alternative, seeking compensation for termination of the project. Key issues are the value of the lease and resolution of parking issues. The arbitration proceedings commenced in August 2008 and a decision is expected in the first half of 2009.
- The ATDC retained a planning consultant to begin a comprehensive review of the ATDC Development Plan and the Hawaii Administrative Rules. Planning charettes were initiated in 2nd quarter 2008.
- Negotiations continued with Apollo, owners of the Aloha Tower Marketplace, to resolve parking shortages and possible improvements to the marketplace.
- New World Divers proposal to construct a world-class diving facility off the water's edge at Piers 5 & 6 was terminated due to the developer's inability to secure financing for the project.
- In 2007, the Aloha Tower Marketplace (ATM) averaged an 87% occupancy rate and tenant revenues were up by approximately 4.1% from 2006. However, the ATM continued to aggressively market the property as it struggles with financial viability.

Hawaii Harbors Task Force (2007) – Hawaii Harbors Modernization Plan (2008)

- In 2007, ACT 127 SLH 2007, was adopted by the Legislature, formalizing a partnership between the ATDC and DOT-H for the expedited development of commercial harbor infrastructure in Honolulu Harbor.
- An 8-year lease was negotiated and executed with Matson for a 9.6 acre portion of Sand Island. Matson completed construction on site improvements and is fully utilizing the site as on November 2007.

- Construction was completed on \$2.7 million in improvements at Piers 1 & 2.
- A development plan was completed for the new 70-acre Kapalama Container Terminal.
- A warehouse shed at Pier 40 was demolished to provide expansion area for Young Brothers.
- Matson rolling stock operations was relocated from Pier 29 to Pier 2.
- ACT 200, SLH 2008, was adopted which partners the ATDC with the Department of Transportation – Harbors Division (DOT-H), for implementation of the Harbors Modernization Plan. The legislation is effective from 7/1/08 to 6/30/2016 and calls for the ATDC/DOT partnership to expedite the development of critically needed port infrastructure statewide. Appropriations totaling \$144.3 million were approved for the program in FY09.

TABLE R (8/02)

CAPITAL PROJECT INFORMATION AND JUSTIFICATION SHEET

EXPENDING AGENCY: DBEDT - ATDC	
USER PROGRAM ID	CAPITAL PROJECT
DEPT NUMBER	NUMBER
BED 151	ATDC03

PROJECT TITLE: Aloha Tower Project Area Parking Improvements

PROJECT DESCRIPTION: Plan, design and construction of parking improvements within the Aloha Tower Project Area to provide an additional 110 parking stalls and resolve parking litigation with the Aloha Tower Marketplace.

TOTAL ESTIMATED PROJECT COST (in Thousands of Dollars)

COST ELEMENT	PRIOR APPROPRIATIONS (Including MOF)			APPROPRIATIONS (Including MOF)			TOTAL PROJECT COST
	ACT	YR	ITEM	ACT	YR	ITEM	
PLANS							
LAND							
DESIGN							
CONSTRUCT							
EQUIPMENT							
TOTALS							

PROJECT INFORMATION AND JUSTIFICATION (use back if necessary):

- a. Total Scope of Project. Plan for the expansion of the existing surface parking at Piers 5&6, including but not limited to, pre-development studies such as traffic, infrastructure and environmental impact documentation. Design and prepare bid specifications for the expanded parking area and roadway improvements. Grading, configuring, repaving, and restriping the existing parking areas within Piers 5&6 and the Ala Moana Mini-Park location within the Aloha Tower Project Area to increase the number of parking stalls from 367 to approximately 477. The project will also require relocation of existing landscaping and re-routing of existing surface roads, creating a new ingress and egress. Specific improvements are subject to change based on additional information obtained during the planning and design stages.
- b. Identification of Need and Evaluation of Existing Situation. ATDC and the owners of the Aloha Tower Marketplace are currently mediating both party's legal obligations with regard to parking within the Aloha Tower Area and potential solutions in this matter. Constructing the proposed parking improvements will resolve the legal matters and allow ATDC to avoid costly litigation expenses.
- c. Alternatives Considered and Impact if Project is Deferred. The owners of the Aloha Tower Marketplace had previously proposed two parking projects that did not move forward: 1) Parking structure at Irwin Park - opposition from the Irwin family and the community; and 2) Parking structure at the Mini-Park - opposition from government agencies. The inability of ATM to move forward with parking proposals resulted in ATM's filing of lawsuits in state and federal courts against ATDC, to which, ATDC and DOT filed a counterclaim. The lawsuits have been stayed pending engagement of court-approved mediation that will expire at the federal level on Dec. 31, 2008. During this past year and pursuant to the mediation, the ATM and ATDC worked towards progressing a surface parking lot expansion at Piers 5&6 and the Mini-Park as had been initially contemplated when ATM was first built. The ATDC and ATM will negotiate the terms under which ATDC will finance and build the expanded parking lot, which will include at a minimum, dismissal of all lawsuits. Alternatives for increasing parking at ATM have been thoroughly explored and there are no other alternatives. No action will result in resumption of costly litigation.
- d. Discuss What Improvements Will Take Place When Project Completed (including benefits to be derived and/or deficiencies this project intends to correct). Additional parking stalls, better vehicular circulation within the Aloha Tower Project Area and revitalization of the Aloha Tower Marketplace, ATDC's existing tenant. The parking solution will help the Marketplace attract a critical mass and allow ATDC to further its mission to create a vibrant waterfront project.
- e. Impact Upon Future Operating Requirements (show initial and ongoing funding requirements by cost element, including position count, means of financing, fiscal year).
- f. Additional Information:

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. Title and Program ID:** Hawaii Housing Finance Development Corporation Administration – BED 160/HA
- b. Summary of program objectives.**

The HHFDC's objective is aligned with the Departmental Mission to support economic growth by increasing the supply of workforce and affordable housing and preserving the existing inventory of affordable housing. BED 160 HA, HHFDC Administration, provides administration oversight and support services for the Hawaii Housing Finance and Development Corporation (HHFDC). The BED 160HA program objective is to enhance the effectiveness and efficiency of housing programs by formulating policies, direction, operations, and personnel, and providing other administrative and support services such as accounting and information technology systems.

2. Program Performance Results:

- a. Table 6: Program Performance Results**
- b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.**

The HHFDC's performance results are indicators of the effectiveness of the program in supporting the housing programs in meeting the HHFDC's and Department's workforce housing objective.

- c. Discussion on how performance results affect program activities.**

Performance results indicate how effective HHFDC programs are at addressing the affordable housing shortage statewide. When planned performance results are not met, the HHFDC reviews the specific programs and sections responsible, analyze current economic and other conditions, and determine what necessary corrective action is required. Corrective action may include seeking additional resources to finance more affordable housing developments, modifying existing administrative rules, policies, or procedures to promote program efficiency, or when necessary, seeking legislative remedies to address program impediments.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

None.

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 160/HA						
1	Number of New Home Buyers Assisted	Increase	199	889	409	414
2	Number of New Rental Units	Increase	768	443	437	354
3	Number of Existing Affordable Rental Housing Preserved	Increase	108	929	108	50
4	Number of Lease Rents Renegotiated	Increase	0	0	0	0
5	Number of Single Family Leasehold Lots Converted to Fee Simple	Increase	0	0	1	0

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

- a. Title and Program ID:** Hawaii Housing Finance Development Corporation Development - BED 160/HD
- b. Summary of program objectives.**

The objectives of BED 160/HD align with Departmental Mission to support economic growth by increasing the supply of workforce and affordable housing and preserving the existing inventory of affordable housing.

2. Program Performance Results:

- a. Table 6: Program Performance Results**
- b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.**

The performance results indicate that the program and Department objectives of increasing the supply of affordable and workforce housing are being met.

- c. Discussion on how performance results affect program activities.**

Performance results indicate how effective HHFDC programs are at addressing the affordable housing shortage statewide. When planned performance results are not met, the HHFDC reviews the specific programs and sections responsible, analyze current economic and other conditions, and determine what necessary corrective action is required. Corrective action may include seeking additional resources to finance more affordable housing developments, modifying existing administrative rules, policies, or procedures to promote program efficiency, or when necessary, seeking legislative remedies to address program impediments.

- d. Modifications to program's performance measures and rationale for these modifications.**

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

Fiscal Year (w/MOF)	2010	2011
---------------------	------	------

1.	HFDC04 Senior Residence at Iwilei Construction C	33,000,000	
	Total	33,000,000	
2.	HFDC05 Dwelling Unit Revolving Fund Infusion Construction C	25,000,000	25,000,000
	Total	25,000,000	25,000,000

1. HFDC04 Senior Residence at Iwilei:

The requested funds will be used to finance the new construction of the Senior Residence at Iwilei, a 163,403 square foot, 15-story building comprised of 159 one- and two-bedroom affordable rentals for low-income seniors, a resident manager's unit, project office, an adult day care center, office space for Pacific Housing Assistance Corporation and Steadfast Housing Development Corporation, parking garage, and related common areas. The project is ready to proceed to start construction once funding is made available. Construction is projected to commence in August 2009, and be completed by August 2011.

Senior Residence at Iwilei is intended to not only address the need for quality permanent affordable rental housing for lower income elders in Urban Honolulu, but to deal with the growing demand for assisted living housing through the planned on-site adult day care center. The lack of rental supply at affordable levels suggests that demand for the proposed project will be strong. With little availability of projects with below-market rents, and very few competing new projects planned during the next several years, units in the project are expected to be rented immediately upon completion.

2. HFDC05 Dwelling Unit Revolving Fund Infusion:

Dwelling Unit Revolving Fund (DURF) funds may be used for the acquisition of real property, infrastructure development and interim construction financing. Due to the lack of available credit in the current financial markets, the infusion of additional funds requested herein would be used to meet the demand for interim and permanent financing for affordable housing production statewide.

General Obligation bond funds infused into the DURF can be leveraged with other funding sources to finance affordable housing development. Upon the

sale of improved land or dwelling units, the DURF funds will be repaid with interest and made available to finance additional housing development.

DURF commitments have been made for projects as varied as master planned communities in Kapolei, Oahu, Lahaina, Maui, and Kealahou, Hawaii; Mokuola Vista (70-unit affordable family rental project in Waipahu, Oahu); Maili Self-Help Project (77 self-help housing units in Maili, Oahu); and Holomua (90 unit affordable for-sale condominium project in Honolulu).

a. Senate and House district(s) for the project.

- 1. Senate: 12 House: 28
- 2. Senate: All House: All

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
BED 160/HD						
1	Number of New Home Buyers Assisted	Increase	199	889	409	414
2	Number of New Rental Units	Increase	768	443	437	354
3	Number of Existing Affordable Rental Housing Preserved	Increase	108	929	108	50
4	Number of Lease Rents Renegotiated	Increase	0	0	0	0
5	Number of Single Family Leasehold Lots Converted to Fee Simple	Increase	0	0	1	0

CAPITAL PROJECT INFORMATION AND JUSTIFICATION SHEET

EXPENDING AGENCY:		
USER PROGRAM ID	CAPITAL PROJECT	
DEPT	NUMBER	NUMBER
BED	160	HFDC06

PROJECT TITLE: Senior Residence at Iwilei, Oahu.

PROJECT DESCRIPTION: Construction of a 15 story building comprised of 160 one and two-bedroom apartments for low income seniors, a ground floor adult day care center, and second floor offices for non-profit agencies, on-site parking for tenants and guests, resident manager's unit and office, and other common areas.

TOTAL ESTIMATED PROJECT COST (In Thousands of Dollars)

COST ELEMENT	PRIOR APPROPRIATIONS (including MOF)												APPROPRIATIONS (including MOF)			TOTAL PROJECT COST			
	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM		FY 2010	FY 2011	FUTURE YEARS
PLANS																			
LAND																			
DESIGN																			
CONSTRUCT																33,000 C			33,000 C
EQUIPMENT																			
TOTALS																33,000 C			33,000 C

PROJECT INFORMATION AND JUSTIFICATION (use back if necessary):

a. Total Scope of Project.

The requested funds will be used to finance the new construction of the Senior Residence at Iwilei, a 163,403 square foot, 15-story building comprised of 160 one- and two-bedroom affordable rentals for low-income seniors, a resident manager's unit, project office, an adult day care center, office space for Pacific Housing Assistance Corporation and Steadfast Housing Development Corporation, parking garage, and related common areas.

The project is on 1.825 acres of State-owned land leased to the Senior Residence at Iwilei Limited Partnership for 55 years. Other project financing sources include revenue bond proceeds, private low-income housing tax credit equity, and other private grants and loans. The project is ready to proceed to start construction once funding is made available. Construction is projected to commence in August 2009, and be completed by August 2011

b. Identification of Need and Evaluation of Existing Situation.

The total project cost is estimated at \$70,000,000. Nearly 94 percent of the construction financing has been secured. The \$33,000,000 in General Obligation Bond funds requested will be used as permanent financing to retire a portion of construction financing debt. Pending approval of the bond request, the project can immediately commence construction: the final drawings are completed, a general contractor has been secured through a competitive bid process and the City and County of Honolulu has issued foundation permits to the general contractor.

c. Alternatives Considered and Impact if Project is Deferred.

The project has explored all other alternative sources of financing and requires the requested funds in order to proceed. Should the project be deferred, the chance of it being built diminishes greatly. The impact of deferral would result in the loss of nearly \$24,000,000 in out-of-state capital infused into Hawaii's economy, default on existing financing agreements, repayment of over \$3,000,000 in funds for project costs incurred and the expiration of City and County permits currently approved. If the project is not built, the construction industry would lose over \$55,000,000 in construction-related capital and the General Fund would lose income from personal and corporate income taxes.

d. Discuss What Improvements Will Take Place When Project Completed (including benefits to be derived and/or deficiencies this project intends to correct).

Senior Residence at Iwilei is intended to not only address the need for quality permanent affordable rental housing for lower income elders in Urban Honolulu, but to deal with the growing demand for assisted living housing through the planned on-site adult day care center. The lack of rental supply at affordable levels suggests that demand for the proposed project will be strong. With little availability of projects with below-market rents, and very few competing new projects planned during the next several years, units in the project are expected to be rented immediately upon completion.

e. Impact Upon Future Operating Requirements (show initial and ongoing funding requirements by cost element, including position count, means of financing, fiscal year).

There will be no impact on future State operating requirements, as rent revenues will be used to cover project operating costs and to pay permanent financing debt.

f. Additional Information:

None.

CAPITAL PROJECT INFORMATION AND JUSTIFICATION SHEET

EXPENDING AGENCY:		
USER PROGRAM ID		CAPITAL PROJECT
DEPT	NUMBER	NUMBER
BED	160	HFDC05

PROJECT TITLE: DWELLING UNIT REVOLVING FUND INFUSION

PROJECT DESCRIPTION: TO PROVIDE AN INFUSION OF FUNDS TO FINANCE ADDITIONAL AFFORDABLE HOUSING STATEWIDE.

TOTAL ESTIMATED PROJECT COST (In Thousands of Dollars)

COST ELEMENT	PRIOR APPROPRIATIONS (Including MOF)												APPROPRIATIONS (including MOF)			TOTAL PROJECT COST			
	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM		FY 2010	FY 2011	FUTURE YEARS
PLANS																			
LAND																			
DESIGN																			
CONSTRUCT																25,000	25,000		50,000
EQUIPMENT																			
TOTALS																25,000	25,000		50,000

PROJECT INFORMATION AND JUSTIFICATION (use back if necessary):

a. Total Scope of Project.

To provide additional resources to support development of workforce and affordable housing statewide.

b. Identification of Need and Evaluation of Existing Situation.

HHFDC's mission is to increase the supply of affordable housing by providing tools and resources to facilitate housing development, both rental and for-sale. While DURF funds may also be used for the acquisition of real property, infrastructure development, and interim construction loans for affordable housing projects due to the lack of available credit in the current financial markets. The infusion of the additional funds requested would enable the HHFDC to meet the demand for interim and permanent financing needed to partner with private developers and other government agencies to produce affordable housing statewide. This request meets the Hawaii State Plan objective of providing greater opportunities for Hawaii's people to secure reasonably priced, safe, sanitary, and livable homes, located in suitable environments that satisfactorily accommodate the needs and desires of families and individuals, through collaboration and cooperation between government and nonprofit and for-profit developers to ensure that more affordable housing is made available to very low-, low-, and moderate-income segments of Hawaii's population, as set forth in section 226-19(a)(1), Hawaii Revised Statutes.

c. Alternatives Considered and Impact if Project is Deferred.

If the infusion of funds is not provided, the HHFDC will have to turn away affordable housing developers seeking financing assistance to commence development of their projects. \$25,000,000 infused into the DURF could provide interim construction financing for approximately 92 affordable units every year, on a revolving basis.

d. Discuss What Improvements Will Take Place When Project Completed (including benefits to be derived and/or deficiencies this project intends to correct).

G.O. Bond funds infused into the DURF can be leveraged with other funding sources to finance affordable housing development. Upon the sale of improved land or dwelling units, the DURF funds will be repaid with interest and made available to finance additional housing development. More specifically, with the requested infusion of funds, the HHFDC would be able to undertake the following imminent affordable housing development activities: (1) a \$25,000,000 interim construction loan for Keahuolu, Kona, Hawaii; (2) \$11,500,000 for design and construction of a well at Keahuolu; and (3) \$1,260,000 for design and construction of a 12 foot water line at Keahuolu.

e. Impact Upon Future Operating Requirements (show initial and ongoing funding requirements by cost element, including position count, means of financing, fiscal year).

None.

f. Additional Information:

The requested DURF infusion of \$50,000,000 over the fiscal biennium, would restore in part funds transferred out of DURF in prior budget Acts. Since 1995, \$58,400,000 has been transferred out of DURF, and only \$10,000,000 has been returned. Since 1995, a total of \$211,870,984.66 has been transferred from special and revolving funds administered by the HHFDC and its predecessors.

**Department of Business, Economic Development, and Tourism
Operational Budget for Biennium Budget 2009-2011**

1. Introduction:

a. Title and Program ID: Hawaii Housing Finance Development Corporation
Finance – BED 160/HF

b. Summary of program objectives.

The objectives of BED 160/HF align with Departmental Mission to support economic growth by increasing the supply of workforce and affordable housing and preserving the existing inventory of affordable housing.

2. Program Performance Results:

a. Table 6: Program Performance Results

b. Discussion on how program's measures of effectiveness relate to the department's mission and program objectives.

The performance results indicate that the program and Department's objectives of increasing the supply of affordable and workforce housing are being met.

c. Discussion on how performance results affect program activities.

Performance results indicate how effective HHFDC programs are at addressing the affordable housing shortage statewide. When planned performance results are not met, the HHFDC reviews the specific programs and sections responsible, analyze current economic and other conditions, and determine what necessary corrective action is required. Corrective action may include seeking additional resources to finance more affordable housing developments, modifying existing administrative rules, policies, or procedures to promote program efficiency, or when necessary, seeking legislative remedies to address program impediments.

d. Modifications to program's performance measures and rationale for these modifications.

None.

Capital Improvement Program (CIP) Budget for Biennium Budget 2009-2011

1. CIP Requests

<u>Fiscal Year (w/MOF)</u>	<u>2010</u>	<u>2011</u>
HFDC06 Rental Housing Trust Fund Infusion		
Construction C	25,000,000	25,000,000
Total	25,000,000	25,000,000

HFDC06 Rental Housing Trust Fund Infusion:

There is a substantial need for affordable rental housing throughout the State of Hawaii. 47 percent of existing renters paid more than 30 percent of their income towards rent (Hawaii Housing Policy Study, 2006 Update, Data Tabulations, Tables A-6a and A-6b). A critical barrier to increasing the inventory of affordable rental units is the financing gap between the costs of developing an affordable project and the amount of rental income the project can expect to generate over the useful life of the structure(s). The Rental Housing Trust Fund (RHTF) was created to fill that financing gap by providing loans or grants to projects that set aside units affordable to very-low and low-income families.

As of November 30, 2008, \$89,320,279 was available in the RHTF, but a total of \$109,723,426 in both outstanding commitments (\$82,869,002) and applications for funding under review (\$26,854,424) are pending. Without an infusion of funds, affordable rental housing projects that are ready to proceed will not be built for lack of financing.

a. Senate and House district(s) for the project.

Senate: All House: All

2. Proposed Lapses of CIP Projects

None.

Table 6
Program Performance Results

#	<u>Measures of Effectiveness</u>	<u>Direction of Success</u> <u>(increase/decrease)</u>	<u>FY07 Result</u>	<u>FY08 Result</u>	<u>FY09 Plan</u>	<u>FY10 Plan</u>
BED 160/HF						
1	Number of New Home Buyers Assisted	Increase	199	889	409	414
2	Number of New Rental Units	Increase	768	443	437	354
3	Number of Existing Affordable Rental Housing Preserved	Increase	108	929	108	50
4	Number of Lease Rents Renegotiated	Increase	0	0	0	0
5	Number of Single Family Leasehold Lots Converted to Fee Simple	Increase	0	0	1	0

CAPITAL PROJECT INFORMATION AND JUSTIFICATION SHEET

EXPENDING AGENCY:			
USER PROGRAM ID		CAPITAL PROJECT	
DEPT	NUMBER	NUMBER	
BED	160	HFDC04	

PROJECT TITLE: RENTAL HOUSING TRUST FUND INFUSION

PROJECT DESCRIPTION: TO PROVIDE AN INFUSION OF FUNDS TO FINANCE ADDITIONAL AFFORDABLE RENTAL HOUSING STATEWIDE.

TOTAL ESTIMATED PROJECT COST (In Thousands of Dollars)

COST ELEMENT	PRIOR APPROPRIATIONS (including MOF)												APPROPRIATIONS (including MOF)			TOTAL PROJECT COST			
	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM		FY 2010	FY 2011	FUTURE YEARS
PLANS																			
LAND																			
DESIGN																			
CONSTRUCT															25	0	0	0	50
EQUIPMENT																			0
TOTALS															25	0	0	0	50

PROJECT INFORMATION AND JUSTIFICATION (use back if necessary):

a. Total Scope of Project.

To provide additional resources to finance the development of affordable rental housing.

b. Identification of Need and Evaluation of Existing Situation.

There is a substantial need for affordable rental housing throughout the State of Hawaii. Statewide, 47 percent of existing renters paid more than 30 percent of their income towards rent (Hawaii Housing Policy Study, 2006 Update, Data Tabulations, Tables A-6a and A-6b). A critical barrier to increasing the inventory of affordable rental units is the financing gap between the costs of developing an affordable project, and the amount of rental income that a project serving very-low and low-income households can expect to generate over the useful life of the structure(s). The Rental Housing Trust Fund (RHTF) was created to fill that financing gap by providing loans or grants to projects that set aside units affordable to very-low and low-income families. This request meets the Hawaii State Plan objective of development and provision of affordable rental housing to meet the housing needs of Hawaii's people, as set forth in section 226-19(a)(3), Hawaii Revised Statutes.

As of September 2008, \$92,300,000 was available in the RHTF, but a total of \$117,100,000 in outstanding commitments (\$70,800,000) and applications for funding under review (\$46,300,000) are pending. Without an infusion of funds, affordable rental housing projects that are ready to go forward will not be built for lack of needed financing.

c. Alternatives Considered and Impact if Project is Deferred.

If additional funding is not provided, the HHFDC will not be able to finance the development of approximately 267 units in each biennium year (FY 10 and FY 11).

d. Discuss What Improvements Will Take Place When Project Completed (including benefits to be derived and/or deficiencies this project intends to correct).

G.O. Bond funds infused into the RHTF can be leveraged with other funding sources to finance affordable housing development to respond to the high demand for affordable rentals statewide.

e. Impact Upon Future Operating Requirements (show initial and ongoing funding requirements by cost element, including position count, means of financing, fiscal year).

None.

f. Additional Information:

None.

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Attachment 1
Department-Wide Summary Information (by MOF)

Fiscal Year (FY) 2009					
Act 158/08 Appropriation (a)		Restriction (b)	Emergency Request (c)	Total FY09 (a)+(b)+(c)	MOF
11,236,808		(449,472)		10,787,336	A
161,526,947				161,526,947	B
22,282,112				22,282,112	N
3,175,737				3,175,737	U
15,615,798				15,615,798	W
31,923,698				31,923,698	T
245,761,100		(449,472)	-	245,311,628	Total

Fiscal Year (FY) 2010					
Act 158/08 Appropriation (d)	Collective Bargaining (e)	Reduction (f)	Additions (g)	Total FY10 (d)+(e)+(f)+(g)	MOF
11,236,808	688,648	(1,283,824)		10,641,632	A
161,526,947	438,172	(38,538)		161,926,581	B
22,282,112	285,854		3,208,522	25,776,488	N
3,175,737	217,851		594,280	3,987,868	U
15,615,798			1,930,533	17,546,331	W
31,923,698			25,000,000	56,923,698	T
245,761,100	1,630,525	(1,322,362)	30,733,335	276,802,598	Total

Fiscal Year (FY) 2011					
Act 158/08 Appropriation (h)	Collective Bargaining (i)	Reduction (j)	Additions (k)	Total FY11 (h)+(i)+(j)+(k)	MOF
11,236,808	688,648	(1,283,824)		10,641,632	A
161,526,947	438,172		4,397,212	166,362,331	B
22,282,112	285,854		3,108,522	25,676,488	N
3,175,737	217,851		1,323,510	4,717,098	U
15,615,798			1,212,857	16,828,655	W
31,923,698			25,000,000	56,923,698	T
245,761,100	1,630,525	(1,283,824)	35,042,101	281,149,902	Total

Please indicate restrictions and reductions as negative numbers, using brackets ()

Attachment 2
FY09 Proposed Emergency Requests

<u>Program ID</u>	<u>Description of Emergency Request</u>	<u>FTE</u>	<u>\$\$\$</u>	<u>MOF</u>
	None			

Attachment 3
Program ID Totals

Prog ID	Title	Pos 10	\$\$\$ 10	Pos 11	\$\$\$ 11	MOF
BED 100/SM	Strategic Marketing and Support Division	21.00	2,050,935	21.00	2,050,935	A
			250,000		250,000	N
			1,821,915		1,821,915	W
BED 103/DA	Land Use Commission	6.00	506,202	6.00	506,202	A
BED 105/CI	Creative Industries Division	12.00	1,173,985	12.00	1,173,985	A
BED 107/BA	Foreign Trade Zone	19.00	2,147,501	19.00	2,147,501	B
BED 113/TO	Hawaii Tourism Authority	2.00	84,180,691	2.00	87,180,691	B
BED 113/XC	HTA - Convention Center		54,028,007		54,028,007	B
BED 120/SI	Strategic Industries Division	5.00	1,075,197	5.00	1,075,197	A
			4,498,999		4,498,999	N
			119,280		119,280	U
BED 130/FA	Research and Economic Analysis Division	17.00	1,125,445	17.00	1,125,445	A
		5.00	1,893,588	5.00	1,893,588	U
BED 142/AA	General Support for Economic Development	33.00	2,201,809	33.00	2,201,809	A
BED142/TL	Office of the Tourism Liaison	1.00	111,490	1.00	111,490	A
BED 143/TE	High Technology Development Corporation	1.50	762,202	1.50	762,202	A
		1.50	3,827,732	1.50	3,827,732	B
			3,648,750		3,548,750	N
			1,500,000		1,500,000	W
BED 144/PL	Office of Planning	15.00	1,135,227	15.00	1,135,227	A
			1,000,000		1,000,000	W
BED 144/PZ	Coastal Zone Management	2.00	456,200	2.00	456,200	A
		4.00	2,468,744	4.00	2,468,744	N
BED 145/VC	Hawaii Strategic Development Corporation		2,609,375		2,609,375	B
			4,272,728		4,272,728	W
BED 146/EL	Natural Energy Laboratory of Hawaii Authority		6,413,710		7,849,460	B
			9,931,408		9,931,408	N
BED 150/KA	Hawaii Community Development Authority	0.50	42,940	0.50	42,940	A
		1.50	630,889	1.50	630,889	W
BED 150/KL	HCDA - Kalaeloa Community Development District		394,955		394,955	W
BED 151/AT	Aloha Tower Development Corporation		1,628,940		1,628,940	B
			375,000		385,000	U

Attachment 3
Program ID Totals

<u>Prog ID</u>	<u>Title</u>	<u>Pos 10</u>	<u>\$\$\$ 10</u>	<u>Pos 11</u>	<u>\$\$\$ 11</u>	<u>MOF</u>
BED 160/HA	Hawaii Housing, Finance and Development Corp.- Administration	25.00	4,777,827	25.00	4,779,381	W
BED160/HD	Hawaii Housing, Finance and Development Corp.- Housing Development	4.00	1,778,892	4.00	1,778,892	W
BED 160/HF	Hawaii Housing, Finance and Development Corp. - Housing Finance		3,000,000		3,000,000	N
			46,923,698		46,923,698	T
		4.00	1,369,125	4.00	1,369,125	W

Attachment 4
Budget Decisions

Priority	Prog ID/Org	Description	MOF	Dept FY10			Dept FY11			B&F FY10			B&F FY11			Gov FY10			Gov FY11		
				FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$
1	BED 100/SM	Transfer for Legislative Reductions	A			(202,354)			(202,354)			(202,354)			(202,354)			(202,354)			(202,354)
1	BED 100/SM	Community-Based Economic Development (CBED) and Enterprise Zone (EZ) Programs	A			(26,857)			(26,857)			(26,857)			(26,857)			(26,857)			(26,857)
1	BED 100/SM	Services Trade Branch	A			(26,000)			(26,000)			(26,000)			(26,000)			(26,000)			(26,000)
1	BED 100/SM	Out-of-State Offices (Beijing and Taiwan)	A			(25,746)			(25,746)			(25,746)			(25,746)			(25,746)			(25,746)
1	BED 100/SM	Reduce OCE for various operating expenses	A			(13,000)			(13,000)			(13,000)			(13,000)			(13,000)			(13,000)
1	BED 100/SM	Investment & Business Analysis Branch	A			(5,000)			(5,000)			(5,000)			(5,000)			(5,000)			(5,000)
1	BED 103/DA	Transfer for Legislative Reductions	A			(9,084)			(9,084)			(9,084)			(9,084)			(9,084)			(9,084)
1	BED 105/CI	Reduce 1.0 position and funds (\$1,312) for Econ Dev Spec V, #35259 and other funds (101,599) for various operating expenses	A	(1.00)		(152,911)	(1.00)		(152,911)	-		(101,599)	-		(101,599)	-		(101,599)	-		(101,599)
1	BED 105/CI	Transfer for Legislative Reductions	A			(66,260)			(66,260)			(66,260)			(66,260)			(66,260)			(66,260)
1	BED 105/CI	Transfer funds \$4,814 from OCE to Pers Svcs	A			-			-			-			-			-			-
1	BED 105/CI	Transfer funds \$1,658 from BED 150/KA to BED 105/CI	A			1,658			1,658			1,658			1,658			1,658			1,658
1	BED 113/TO	Transfer funds \$29,247 from OCE to Pers Svcs	B			-			-			-			-			-			-
1	BED 120/SI	Transfer for Legislative Reductions	A			(65,256)			(65,256)			(65,256)			(65,256)			(65,256)			(65,256)
1	BED 130/FA	Transfer for Legislative Reductions	A			(40,000)			(40,000)			(40,000)			(40,000)			(40,000)			(40,000)
1	BED 130/FA	Reduce position and funds (\$51,312) for Econ VII, #29283.	A	-		-	-		-						(1.00)			(51,312)	(1.00)		(51,312)
1	BED 142/AA	Reduce vacant Contract Asst, #15643 (36,516) and Sec III, #41975 (35,064) and funds for overtime (42,940).	A	(1.00)	(1.00)	(114,520)	(1.00)	(1.00)	(114,520)	-	-	(42,940)	-	-	(42,940)	-	-	(42,940)	-	-	(42,940)
1	BED 142/AA	Transfer for Legislative Reductions	A			542,560			542,560			542,560			542,560			542,560			542,560
1	BED 142/TL	Transfer funds from BED 142/AA to BED 142/TL	A			58,440			58,440			-			-			-			-
1	BED 143/TE	Transfer for Legislative Reductions	A			(54,746)			(54,746)			(54,746)			(54,746)			(54,746)			(54,746)

Attachment 4
Budget Decisions

Priority	Prog ID/Org	Description	MOF	Dept FY10			Dept FY11			B&F FY10			B&F FY11			Gov FY10			Gov FY11		
				FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$
1	BED 143/TE	Vacancy savings and reduce funds or convert MOF to special funds for various operating expenses	A			(284,798)			(284,798)			(265,392)			(265,392)			(265,392)			(265,392)
1	BED 144/PL	Reduce vacant Planner VI, #26624 and OP Dir Sec, #118982	A	(1.00)	(1.00)	(91,500)	(1.00)	(1.00)	(91,500)	(1.00)	(1.00)	-	(1.00)	(1.00)	-	(1.00)	(1.00)	-	(1.00)	(1.00)	-
1	BED 144/PL	Transfer for Legislative Reductions	A			(37,437)			(37,437)			(37,437)			(37,437)			(37,437)			(37,437)
1	BED 144/PZ	Transfer for Legislative Reductions	A			(36,211)			(36,211)			(36,211)			(36,211)			(36,211)			(36,211)
1	BED 146/EL	Reduction: Aquaculture water subsidy	A			(365,000)			(365,000)			(365,000)			(365,000)			(365,000)			(365,000)
1	BED 150/KA	Convert 1.5 positions HCDA Exec Dir, #100997 and HCDA Sec, #101017 and OCE for various operating expenses to revolving funds	A	(1.50)		(128,820)	(1.50)		(128,820)	(1.50)		(128,820)	(1.50)		(128,820)	(1.50)		(128,820)	(1.50)		(128,820)
1	BED 150/KA	Transfer payroll funds to BED 150/KL	A			(10,272)			(10,272)			(10,272)			(10,272)			(10,272)			(10,272)
1	BED 150/KA	Transfer funds \$1,658 from BED 150/KA to BED 105/CI	A			(1,658)			(1,658)			(1,658)			(1,658)			(1,658)			(1,658)
1	BED 150/KA	Convert 1.5 positions HCDA Exec Dir, #100997 and HCDA Sec, #101017 and OCE for various operating expenses to revolving funds	W	1.50		180,889	1.50		180,889	1.50		180,889	1.50		180,889	1.50		180,889	1.50		180,889
1	BED 150/KL	Convert 2.0 positions Kalaeloa Prog Spclt, #116951 and HCDA Dir of Plng, Kalaeloa, #117163 to revolving funds	A		(2.00)	(137,292)		(2.00)	(137,292)		(2.00)	(137,292)		(2.00)	(137,292)		(2.00)	(137,292)		(2.00)	(137,292)
1	BED 150/KL	Transfer payroll funds from BED 150/KA	A			10,272			10,272			10,272			10,272			10,272			10,272
1	BED 150/KL	Convert 2.0 positions Kalaeloa Prog Spclt, #116951 and HCDA Dir of Plng, Kalaeloa, #117163 to revolving funds	W		2.00	194,955		2.00	194,955		2.00	194,955		2.00	194,955		2.00	194,955		2.00	194,955
1	BED 160/HA	Convert positions and various operating expenses to revolving funds	A	(1.00)	(2.00)	(146,178)	(1.00)	(2.00)	(146,178)	(1.00)	(2.00)	(146,178)	(1.00)	(2.00)	(146,178)	(1.00)	(2.00)	(146,178)	(1.00)	(2.00)	(146,178)

Attachment 4
Budget Decisions

Priority	Prog ID/Org	Description	MOF	Dept FY10			Dept FY11			B&F FY10			B&F FY11			Gov FY10			Gov FY11		
				FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$
1	BED 160/HA	Transfer for Legislative Reductions	A	-		(31,212)	-		(31,212)	(1.00)		(31,212)	(1.00)		(31,212)	-		(31,212)	-		(31,212)
1	BED 160/HA	Change Means of Financing - Account Clerk V #97008B	A	(1.00)		-	(1.00)		-							(1.00)		-	(1.00)		-
1	BED 160/HA	Change Means of Financing - Account Clerk V #97008B	W	1.00		44,271	1.00		44,321							1.00		44,271	1.00		44,321
1	BED 160/HA	Convert positions and various operating expenses to revolving funds	W	1.00	2.00	331,229	1.00	2.00	332,733	1.00	2.00	331,229	1.00	2.00	332,733	1.00	2.00	331,229	1.00	2.00	332,733
2	BED 100/SM	Transfer Econ Dev Spec, #27489 & Bus Dev Prgm Mgr, #35621 to BED 120/SI	A	-		-	-		-	(2.00)		(67,260)	(2.00)		(67,260)	(2.00)		(67,260)	(2.00)		(67,260)
2	BED 100/SM	Transfer Admin Asst, #99001 to BED 120/SI	A	-		-	-		-	(1.00)		(51,312)	(1.00)		(51,312)	(1.00)		(51,312)	(1.00)		(51,312)
2	BED 100/SM	Transfer 4.0 perm and 1.0 temp position and OCE from BED 120/SI to BED 100/SM	A	4.00	1.00	599,296	4.00	1.00	599,296	4.00	1.00	599,296	4.00	1.00	599,296	4.00	1.00	599,296	4.00	1.00	599,296
2	BED 105/CI	Transfer Econ Dev Spec, #35259 to BED 120/SI	A	-		-	-		-	(1.00)		(51,312)	(1.00)		(51,312)	(1.00)		(51,312)	(1.00)		(51,312)
2	BED 120/SI	Transfer positions and funds from various BED programs to support the Hawaii Clean Energy Initiative program.	A	-	-	-	-	-	-		7.00	393,518		7.00	393,518		7.00	393,518		7.00	393,518
2	BED 120/SI	Transfer 4.0 perm and 1.0 temp position and OCE from BED 120/SI to BED 100/SM	A	(4.00)	(1.00)	(599,296)	(4.00)	(1.00)	(599,296)	(4.00)	(1.00)	(599,296)	(4.00)	(1.00)	(599,296)	(4.00)	(1.00)	(599,296)	(4.00)	(1.00)	(599,296)
2	BED 120/SI	Increase federal fund ceiling	N			-			-			167,642			167,642			167,642			167,642
2	BED 120/SI	Add Renewable Energy Facilitator position.	U		-	-		-	-	1.00	119,280		1.00	119,280		1.00	119,280		1.00	119,280	
2	BED 130/FA	Transfer funds (\$11,112) for Econ VII, #29283 to BED 120/SI.	A	-		-	-		-			(11,112)			(11,112)			(11,112)			(11,112)
2	BED 142/AA	Transfer Contract Asst, #15643 and Sec III, #41975 to BED 120/SI	A	-		-	-		-	(1.00)	(1.00)	(71,580)	(1.00)	(1.00)	(71,580)	(1.00)	(1.00)	(71,580)	(1.00)	(1.00)	(71,580)
2	BED 143/TE	Transfer funds for HTDC MIC Incubation Mgr, #102716 to BED 120/SI	A			-			-			(19,406)			(19,406)			(19,406)			(19,406)
2	BED 144/PL	Transfer funds for Planner VI, #26624 and OP Dir Sec, #118982 to BED 120/SI	A			-			-			(91,500)			(91,500)			(91,500)			(91,500)

Attachment 4
Budget Decisions

Priority	Prog ID/Org	Description	MOF	Dept FY10			Dept FY11			B&F FY10			B&F FY11			Gov FY10			Gov FY11		
				FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$
2	BED 160/HA	Transfer Sec II, #118427 to BED 120/SI	A			-			-	(1.00)		(30,036)	(1.00)		(30,036)	(1.00)		(30,036)	(1.00)		(30,036)
3	BED 160/HA	Increase revolving fund ceiling - Fringe Benefit increase	W			680,869			680,869			680,869			680,869			680,869			680,869
3	BED 160/HD	Increase revolving fund ceiling - Fringe Benefit increase	W			219,036			219,036			219,036			219,036			219,036			219,036
3	BED 160/HF	Increase ceiling to reflect Rental Housing Trust Fund Infusion	T															25,000,000			25,000,000
3	BED 160/HF	Increase revolving fund ceiling - Fringe Benefit increase	W			279,284			279,284			279,284			279,284			279,284			279,284
4	BED 130/FA	Add position and funds for filled Economist V position established through Act 148 (07)	A			-			-							1.00		51,312	1.00		51,312
5	BED 151/AT	Harbors Modernization Plan	U			375,000			385,000			375,000			385,000			375,000			385,000
6	BED 113/TO	Reduce special fund ceiling - other current exp	B			(3,000,000)						(3,000,000)						(3,000,000)			
7	BED 113/XC	Increase special fund ceiling - other current exp	B			2,000,000			2,000,000			2,000,000			2,000,000			2,000,000			2,000,000
8	BED 130/FA	Economic Support for Department of Transportation	U															100,000			100,000
9	BED 107/BA	Increase special fund ceiling - Fringe Benefit	B			50,363			50,363			50,363			50,363			50,363			50,363
10	BED 146/EL	Increase special fund ceiling - Central Svcs	B			111,366			145,429			111,366			145,429			111,366			145,429
11	BED 146/EL	Increase special fund ceiling - Water	B			122,535			183,357			122,535			183,357			122,535			183,357
12	BED 146/EL	Increase special fund ceiling - OHA	B			140,543			159,891			140,543			159,891			140,543			159,891
13	BED 146/EL	Increase special fund ceiling - Electricity	B			536,655			1,858,172			536,655			1,858,172			536,655			1,858,172
14	BED 146/EL	Increase federal fund ceiling - DARPA	N			2,940,880			2,940,880			2,940,880			2,940,880			2,940,880			2,940,880
15	BED 143/TE	Increase federal fund ceiling - EDA Fed. Grant	N			100,000						100,000						100,000			
16	BED 120/SI	Reduce 3.0 unfunded temp positions	U		(3.00)				(3.00)			(3.00)			(3.00)			(3.00)			(3.00)
n/a	BED 100/SM	Reduce 2.0 vacant positions: Econ Dev Spec, #27489 & Bus Dev Prgm Mgr, #35621	A	(2.00)		(67,260)	(2.00)		(67,260)	-		-			-			-			-

Attachment 4
Budget Decisions

Priority	Prog ID/Org	Description	MOF	Dept FY10			Dept FY11			B&F FY10			B&F FY11			Gov FY10			Gov FY11		
				FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$	FTE(P)	FTE(T)	\$\$\$
n/a	BED 100/SM	Reduce 2.0 positions: Econ Dev Spec VI, #26981 & Admin Asst #99001 and other current expenses to support the Small Business Regulatory Review Board (SBRRB)	A	(2.00)		(150,296)	(2.00)		(150,296)	-		-	-		-	-		-		-	
n/a	BED 105/CI	Transfer 1.0 position, Film Industry/CIP Coordinator, #117045 from BED 105/CI to BED 142/TL	A		(1.00)			(1.00)			-		-			-				-	
n/a	BED 120/SI	Hawaii Clean Energy Initiative	A				4.00	23.00	2,194,248			-	-		-	-		-		-	
n/a	BED 120/SI	Add Renewable Energy Facilitator position.	N		1.00	119,280					-		-			-				-	
n/a	BED 120/SI	Hawaii Clean Energy Initiative	N		9.00	924,780		4.00	406,120			-	-		-	-		-		-	
n/a	BED 120/SI	Hawaii Clean Energy Initiative	N				(4.00)	(22.00)	(2,107,752)			-	-		-	-		-		-	
n/a	BED 130/FA	Convert Econ VII, #29283 to U funds and incorporate funds for filled Economist V position established through Act 148 (07)	A	-		(11,112)	-		(11,112)	-		-		-		-		-		-	
n/a	BED 130/FA	Act 148 program incorporation.	A	2.00		60,576	2.00		60,576	-		-		-		-		-		-	
n/a	BED 130/FA	Convert Econ VII, #29283 to U funds	U	1.00		88,642	1.00		88,642	-		-		-		-		-		-	
n/a	BED 142/AA	Transfer funds from BED 142/AA to BED 142/TL	A			(58,440)			(58,440)			-		-		-		-		-	
n/a	BED 142/TL	Transfer 1.0 position, Film Industry/CIP Coordinator, #117045 from BED 105/CI to BED 142/TL	A		1.00			1.00			-		-			-				-	
n/a	BED 160/HA	Reduce 1.0 perm Sec II, #118427	A	(1.00)		(30,036)	(1.00)		(30,036)	-		-		-		-		-		-	

Note: Priority #1 - Base budget adjustments including trade-off/transfers and mandated budget reductions.
 Priority #2 - Hawaii Clean Energy Initiative related requests.
 Priority #3 - HHFDC requests.
 Priority #4 to #16 - Remaining DBEDT requests.
 n/a - non applicable requests

Attachment 5

All Positions Vacant as of 12/1/08

Date of Vacancy	Position Title	Position Number	Exempt (Y/N)	Budgeted Amount	Actual Salary Last Paid	MOF	Program ID	Authority to Hire (Y/N)
5/30/2008	Secretary II	18398	N	29976	31176	A	BED100SM	N
12/29/2007	Business Development Prgm Mgr	35621	N	102676	105912	A	BED100SM	N
8/16/2007	Business Development Prgm Mgr	49499	N	78929	83268	A	BED100SM	N
10/1/2008	Chief Clerk I (Board Or Comm)	26364	N	42696	46176	A	BED103DA	Y
9/2/2008	Planner V	45497	N	49332	49344	A	BED103DA	Y
7/7/2007	Economic Development Spclt V	35259	N	47448	49332	A	BED105CI	N
7/29/2006	Ftz Representative	22200	N	51312	45744	B	BED107BA	N
11/1/2005	Ftz Warehouse Worker	22205	N	34728	32760	B	BED107BA	N
5/18/1999	Office Assistant III	26756	N	23736	22608	B	BED107BA	N
5/1/2008	General Laborer I	42532	N	30036	31236	B	BED107BA	N
10/9/2008	Executive Director, HTA	107900	Y	240000	240000	B	BED113TO	N
11/19/2008	Secretary III	25303	N	49944	44412	A	BED120SI	N
3/16/2004	Secretary II	26796	N	0	32448	A	BED120SI	N
11/7/2008	Energy Analyst III	102072	Y	67541	73056	N	BED120SI	Y
4/15/2008	Energy Consvrtn Prgm Spclt III	102073	Y	73021	75000	N	BED120SI	Y
5/17/2008	Energy Analyst IV	118221	Y	65000	70200	A	BED120SI	N
5/10/2008	Economist VII	29283	N	57720	73044	A	BED130FA	N
10/10/2008	Contracts Assistant I	15643	N	32424	35064	A	BED142AA	N
7/23/2008	Personnel Mgmt Specialist IV	19539	N	51312	62424	A	BED142AA	N
2/20/2008	Secretary III	41975	N	35100	33720	A	BED142AA	N
3/26/2008	Departmental Contracts Spclt	49254	N	28836	43824	A	BED142AA	Y
5/17/2008	HTDC Computer WEB Specialist	102274	Y	51754	53820	A/B	BED143TE	N
3/8/2008	HTDC Special Proj Coord	102275	Y	51304	53352	A/B	BED143TE	Y
11/1/2007	HTDC MIC Incubation Prog Mgr	102716	Y	77625	24960	A/B	BED143TE	N
8/16/2007	MEP Project Manager	116615	Y	70380	73200	N	BED143TE	N
5/16/2008	Planner VI	26624	N	67536	73044	A	BED144PL	N
3/27/2008	Planner V	30094	N	51312	55488	N	BED144PZ	Y

Attachment 5

All Positions Vacant as of 12/1/08

Date of Vacancy	Position Title	Position Number	Exempt (Y/N)	Budgeted Amount	Actual Salary Last Paid	MOF	Program ID	Authority to Hire (Y/N)
7/1/2008	President, HSDC	102486	Y	98981	102936	W	BED145VC	Y
2/12/2008	HSDC Administrative Assistant	117779	Y	32093	44040	W	BED145VC	N
6/30/2007	NELHA Microbiologist III	102526	Y	49332	47448	B	BED146EL	N
6/30/2007	NELHA Chemist III	102694	Y	44066	44064	B	BED146EL	N
9/17/2001	Departmental Pers Officer I	40990	N	50472	46200	W	BED160HA	N
2/14/2007	Office Assistant III	41266	N	23736	23736	W	BED160HA	N
3/9/2005	Prop Mgmt Coord I	100932	Y	51312	40716	W	BED160HA	N
7/1/2008	Project Resource Specialist	102044	Y	55476	55008	W	BED160HA	Y
2/20/2004	Property Management Coord I	107935	Y	35688	38976	W	BED160HA	N
5/4/2007	Special Assistant	117429	Y	70638	65244	W	BED160HA	N
5/16/2008	Housing Development Spclt III	100386	Y	76679	70236	W	BED160HD	Y
4/11/2006	Hsg Warranty & Inspection Tech	100447	Y	42696	50184	W	BED160HD	Y
2/2/2002	Housing Development Spclt III	100891	Y	64920	64920	W	BED160HD	N
3/29/2002	Development Support Sec Chief	102029	Y	66144	66144	W	BED160HD	N
12/31/1998	Housing Loan Services Officer	25650	N	47448	45840	W	BED160HF	N
4/23/2007	Office Assistant III	32938	N	24684	23736	W	BED160HF	N
3/4/2008	Housing Sales Coordinator II	100893	Y	53352	55488	W	BED160HF	N
8/30/2007	Housing Loan Spclt	100929	Y	53352	55488	W	BED160HF	N
7/6/2000	Loan Processing Assistant I	101626	Y	32136	32136	W	BED160HF	N
6/20/2007	Mortgage & Rental Fin Sec Chf	105731	Y	64936	64932	W	BED160HF	N

Attachment 6
Federal Fund Expenditures Exceeding Ceiling for FY08 and FY09 to date

<u>Prog ID</u>	<u>Act 158/08 Ceiling</u>	<u>Additional Ceiling</u>	<u>Date of Transfer</u>	<u>Reason for Exceeding Ceiling</u>	<u>Recurring (Y/N)</u>	<u>GF Impact (Y/N)</u>
<u>FY 2008</u>						
BED 144	125,000	1,978,589	7/21/2007	FY 08: Brownsfield Cleanup Revolving Loan Fund Grant. Funds are being used to provide low-cost loans for the cleanup or remediation of contaminated properties.	N	N
BED 144		14,620	7/13/2007	Brownsfield Assessment Grant, Public Law 107-118, Small Business Liability Relief and Brownsfield Revitalization Act. Funds used to conduct environmental site investigations of Brownsfield properties that are known or suspected to be contaminated by hazardous substances or petroleum.	N	N
<u>FY 2009</u>						
None						

Attachment 7

List of Transfers for FY08 and FY09 to date

<u>From Prog ID</u>	<u>To Prog ID</u>	<u>Amount Transferred</u>	<u>Date of Transfer</u>	<u>Reason for Transfer</u>	<u>Recurring (Y/N)</u>
BED100/SM	BED 105/CI	76,000	Gov Appvl rec'd 6/24/08	To fund contractual services associated with implementing the Creative Academies Program.	N
BED103/DA	BED 105/CI	17,000	Gov Appvl rec'd 6/24/08	To fund contractual services associated with implementing the Creative Academies Program.	N
Various pgms	BED 105/CI	289,000	Gov Appvl rec'd 6/24/08	To fund contractual services associated with implementing the Creative Academies Program.	N
BED 120/SI	BED 105/CI	4,000	Gov Appvl rec'd 6/24/08	To fund contractual services associated with implementing the Creative Academies Program.	N
BED 130/FA	BED 105/CI	17,000	Gov Appvl rec'd 6/24/08	To fund contractual services associated with implementing the Creative Academies Program.	N
BED 142/AA	BED 105/CI	8,000	Gov Appvl rec'd 6/24/08	To fund contractual services associated with implementing the Creative Academies Program.	N
BED 143/TE	BED 105/CI	13,000	Gov Appvl rec'd 6/24/08	To fund contractual services associated with implementing the Creative Academies Program.	N
BED 144/PL	BED 105/CI	154,000	Gov Appvl rec'd 6/24/08	To fund contractual services associated with implementing the Creative Academies Program.	N
BED100/SM	BED 142/AA	202,354	Gov Appvl rec'd 10/7/08	To reallocate Act 158/08, 2008 Legislature intent to decrease department wide general fund authority among various programs.	N
BED103/DA	BED 142/AA	9,084	Gov Appvl rec'd 10/7/08	To reallocate Act 158/08, 2008 Legislature intent to decrease department wide general fund authority among various programs.	N
BED 105/CI	BED 142/AA	66,260	Gov Appvl rec'd 10/7/08	To reallocate Act 158/08, 2008 Legislature intent to decrease department wide general fund authority among various programs.	N
BED 120/SI	BED 142/AA	65,256	Gov Appvl rec'd 10/7/08	To reallocate Act 158/08, 2008 Legislature intent to decrease department wide general fund authority among various programs.	N

Attachment 7

List of Transfers for FY08 and FY09 to date

<u>From Prog ID</u>	<u>To Prog ID</u>	<u>Amount Transferred</u>	<u>Date of Transfer</u>	<u>Reason for Transfer</u>	<u>Recurring (Y/N)</u>
BED 130/FA	BED 142/AA	40,000	Gov Appvl rec'd 10/7/08	To reallocate Act 158/08, 2008 Legislature intent to decrease department wide general fund authority among various programs.	N
Various pgms	BED 142/AA	542,560	Gov Appvl rec'd 10/7/08	To reallocate Act 158/08, 2008 Legislature intent to decrease department wide general fund authority among various programs.	N
BED 143/TE	BED 142/AA	54,746	Gov Appvl rec'd 10/7/08	To reallocate Act 158/08, 2008 Legislature intent to decrease department wide general fund authority among various programs.	N
BED 144/PL	BED 142/AA	37,437	Gov Appvl rec'd 10/7/08	To reallocate Act 158/08, 2008 Legislature intent to decrease department wide general fund authority among various programs.	N
BED 144/PZ	BED 142/AA	36,211	Gov Appvl rec'd 10/7/08	To reallocate Act 158/08, 2008 Legislature intent to decrease department wide general fund authority among various programs.	N
BED 160/HA	BED 142/AA	31,212	Gov Appvl rec'd 10/7/08	To reallocate Act 158/08, 2008 Legislature intent to decrease department wide general fund authority among various programs.	N

Attachment 8
CIP Summary

Priority	Project Title	FY10 \$\$\$	FY11 \$\$\$	MOF
1	HHFDC - Senior Residence at Iwilei, Oahu	33,000,000		C
2	HHFDC - Rental Housing Trust Fund Infusion	25,000,000	25,000,000	C
3	HHFDC - Dwelling Unit Revolving Fund Infusion	25,000,000	25,000,000	C
4	Hawaii Community Development Authority's Community Development Districts, Oahu	1,855,000	1,855,000	C
5	HCDA - Improvements to Enterprise Road		3,145,000	C
6	ATDC - Aloha Tower Project Development Parking	2,400,000		C
7	HCDA - Army & Airforce Exchange Services (AAFES) Bldg Improvements	745,000		C
Total		88,000,000	55,000,000	