

**REPORT TO THE LEGISLATURE  
ON 2006 GOALS AND OBJECTIVES  
AS REQUIRED BY ACT 100, SESSION LAWS  
OF HAWAII 1999**

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

## **INTRODUCTION**

Act 100, Session Laws of Hawaii (SLH) 1999 requires every department and agency of the State to submit an annual report to the Legislature identifying goals, objectives and an action plan. It also requires the departments and agencies to report on the process that will be used to measure the performance of its programs and services in meeting the stated goals, objectives and policies. This report has been prepared to meet the requirements of Act 100, SLH 1999.

The report describes division and attached agency goals, objectives, action plans, and processes to monitor/measure performance.

**DIVISION, OFFICE, AND ATTACHED AGENCY GOALS,  
OBJECTIVES, ACTION PLANS, AND PROCESSES TO  
MEASURE/MONITOR PERFORMANCE**

**Arts, Film & Entertainment Division  
Foreign-Trade Zone Division  
Office of Tourism Liaison  
Research and Economic Analysis Division  
Strategic Industries Division  
Strategic Marketing & Support Division**

**Aloha Tower Development Corporation  
Hawaii Community Development Authority  
Hawaii Strategic Development Corporation  
Hawaii Tourism Authority  
High Technology Development Corporation  
Land Use Commission  
Natural Energy Laboratory of Hawaii Authority  
Center of Excellence for Research in Ocean Sciences  
Office of Planning**

**ARTS, FILM & ENTERTAINMENT  
DIVISION**

# **ARTS, FILM & ENTERTAINMENT DIVISION**

## **GOALS & OBJECTIVES**

To promote the growth of, and to work as a business advocate for film, video and digital media production industry; the diverse creative and cultural businesses of Hawaii; as well as Hawaii-made products by supporting and implementing programs, projects, and activities that result in: (1) an internationally recognized and self-sustaining cinema, television and digital arts industry; (2) a creative economy that is a vibrant and sustainable sector of Hawaii's economy; and (3) the development and expansion of domestic and foreign markets for Hawaii's products.

## **ACTION PLAN**

### **2005 Accomplishments**

#### **Arts & Culture Development Branch**

2005 was a seminal year for the Arts & Culture Development Branch. In addition to numerous projects supporting creative industry development, critical groundwork was laid for programs that will provide a platform from which all our future efforts can flourish.

- Secured partnership with the Hawaii Community Foundation to together launch the Economic Plan for the Creative Economy, a multi-part strategic planning effort to encompass the nine creative industry sectors under our purview (film & digital media, visual arts, performing arts, literary arts, applied design, advocacy and support, heritage and preservation, festivals and cultural tourism, and arts education).
- Launched a database development project to gather information about Hawaii's creative economy which includes the spectrum of artistic and cultural for-profit and non-profit activities. The database will consist of contact information, industry classification, marketing and product/service descriptions, and economic data regarding job count and income estimates that are essential to both tracking and monitoring industry development and assisting companies in marketing themselves.
- Co-sponsored a National Academy of Recording Arts and Sciences (NARAS) professional educational forum on May 4, 2005 to inform Hawaii's music industry about the nomination and voting process for the 2006 Grammy awards, and the deadlines for submitting albums for consideration in the Best Hawaiian Music Album category. In addition, presented a performance of Hawaii's Grammy nominated artists at the NARAS Board of Trustees' annual meeting on May 24, 2005 to demonstrate the scope and range of Hawaiian music.
- Implemented a public relations campaign to promote Hawaiian Music internationally using the new Grammy Award category for Best Hawaiian Music Album as the driver.

The objectives of the campaign were to generate local, national, and international recognition for the inaugural award and for Hawaiian music in general; inform the local community about the Grammy nomination and voting process; and support the future growth of this new award category. The project produced extensive local and national media coverage for Hawaii's music industry, including stories in Newsweek, the LA Times, and the NY Times.

- Continued to coordinate the organizational development activities (coalition is now a formal non-profit) and marketing of the Hawaii Capital Cultural District (HCCD) to positively impact the economic well-being of the businesses in the district by attracting more visitors to the area. The HCCD area encompasses many businesses, culture and art venues, historic sites and attractions, museums, and educational and government institutions and will become a model for the creation of other heritage and cultural districts throughout the State.
- Signed a Letter of Intent with the Shanghai Media and Entertainment Group (SMEG), a large-scale multi-industry media and culture group (e.g. TV broadcasting, movie production, performance, art, entertainment, sports, and tourism), and launched a cooperative effort to develop mutually beneficial opportunities for Shanghai artists and Hawaii artists. Future planned activities will allow artists from Hawaii and Shanghai to perform, teach, learn and grow through cultural exchange and to enhance cultural and business trade between Shanghai. First steps under the LOI included meetings between SMEG and Hawaii leading arts organizations during a March 2005 visit by SMEG's Vice Chairman and the reverse when Hawaii creative companies visited Shanghai during the Governor's business mission in June (see below). Discussions are underway regarding the next steps.
- Supported the Governor's China/Korea 2005 Trade Mission on June 8-19, 2005. Coordinated and managed meetings, tours and activities for business people with interests in film and digital media, performing arts, and visual arts in Shanghai, Beijing, Guangzhou and Seoul. Worked with Events International, Worldsound and the Polynesian Cultural Center to produce a number of Hawaiian music and dance concerts in China. Performance highlights included concerts at Xintiandi in Shanghai, the Great Hall of the People in Beijing and a cultural exchange celebration concert at the Sun Yat-Sen Memorial Hall in Guangzhou.
- Produced the e-newsletter *Hawaii Books Quarterly*, in coordination with the Hawaii Book Publishers Association, which highlights the latest releases in books from Hawaii and provides links to industry/company web sites.
- Monitored the grant-in-aid for the design and construction for the restoration and maintenance of the Hawaii Theatre in downtown Honolulu.
- Finalized a contract with The Chamber of Commerce of Hawaii to implement the New Economy Transition (NET) Program that assisted local businesses to participate in the information-technology revolution.

- Sponsored the 7<sup>th</sup> Annual Governor's Exporter of the Year Awards Program that acknowledged the achievements of successful Hawaii exporters in various categories.

### **Hawaii Film Office**

The film office is very proud of its accomplishments this year. Beginning with the 2005 Legislative session, we were able to gather the local film industry together, foster a sense of community among them, and give them a collective and unified political voice. The degree of consensus and cooperation among local film industry stakeholders was unprecedented. Members of the local film community have praised us for our efforts to coalesce them at the Legislature this year, and have been inspired by this camaraderie to form local industry associations such as HUI (Hawaii United Indies), which hopes to evolve into a Hawaii chapter of Independent Feature Project (IFP), the 25-year old New York-based organization that advocates and lobbies for independent film.

We are also proud of our ability to handle the ever-growing influx of inquiries and permit requests, sparked by the level of publicity the state has gotten from ABC's "Lost," Fox's "North Shore," and NBC's "Hawaii." We are happy that the long-awaited CIP renovation of the film studio has finally begun, and will be completed in early March 2006. And we are glad to have revised our Film Industry Roadmap and some of our marketing materials. We would not have been able to handle all of these inquiries, permits, and projects without our three new temporary positions.

The film office is a creative and resourceful group, and we have already saved the state a large amount of money. For example, we have used our production, camera, and editing skills to create new clip reels and begin creating a new marketing DVD (saving at least \$50,000); we have used our production and art department expertise to sort through the film studio's props and set dressing in preparation for our CIP renovation (saving at least \$25,000); we have used our Internet technology skills to create a blog that does a good job of reaching out to the public and creating a sense of a cohesive local film community (saving at least \$1,500 per month); and we have created all of our ads and publicity materials (graphics and writing) in-house (saving at least \$10,000 this year).

We've had a great year, and are proud of our complementary skills and spirit of teamwork. Our specific accomplishments this year were:

- Supported full seasons of ABC's "Lost," A&E's "Dog the Bounty Hunter," Fox's "North Shore, NBC/Discovery Kids' "Flight 29 Down," plus "Tides of War" feature film, several episodes of "Hawaii," and numerous commercials. Support included processing all shooting permits, seeking facilities and parking, managing Fox's tenancy at studio, and on-location support.
- Processed 607 film permits and approximately 150 annual permits.

- Updated Film Industry Roadmap, the film office's strategic plan in the form of a Powerpoint presentation.
- Broke ground on CIP renovation of the Hawaii Film Studio. Film office staff sorted, organized, and inventoried set dressing and props.
- Generated unprecedented support from the local and offshore film industries, administration, and labor unions for a legislative initiative to incent growth of Hawaii's film industry. As a result, we have laid the groundwork for a more unified voice from a more cohesive industry.
- Created blog as an informational resource for the local film and television community, and as a way for non-Hawaii industry executives to keep track of legislation and the latest news in/about Hawaii.
- Increased our distribution of the Hawaii Media Index + Magazine to include local schools such as ACM, LCC, UH Pacific New Media, hotels, and advertising agencies. We now have 959 local and 424 non-local "subscribers."
- Sponsored 3 local film festivals: HIFF, Maui Film Festival, and Cinema Paradise.
- Began new sponsorship relationship with the Pacifika /New York Hawaiian Film Festival, which offers the opportunity to network with and market to New York-based commercial producers and filmmakers.
- Revised marketing materials and forms, including press kit, clip reel, white paper on tax incentives, and guidelines for claiming Motion Picture and Film Production Tax Credit. Developed and ordered more effective promotional items.
- Shot all new footage for new marketing DVD, and converted existing film clip footage to DV.
- Began master-planning effort of the Hawaii Film Studio in conjunction with the University of Hawaii's Academy for Creative Media, with the help of an EDA technical assistance grant.

### **Tasks Planned for 2006**

#### **Arts & Culture Development Branch**

##### 1. Evaluation & Strategic Planning

*Objective:*



- Evaluate the current economic status of Hawaii’s creative economy sectors, determine realistic achievable goals for growth, and devise a strategic plan that will help Hawaii reach the goals.

*Projects and Activities:*

- *Database Development for Hawaii’s Creative Economy:* Continue to develop a working database of information about the industry sectors in Hawaii’s creative economy which includes the spectrum of artistic and cultural for-profit and non-profit businesses.
- *Strategic Plan for the Creative Economy (FY 06 and FY 07):* Launch the strategic planning process for Hawaii’s diverse creative and cultural resources to identify the impact of the various industry sectors on Hawaii’s general economy; strengthen and increase the impact of Hawaii’s creative economy; generate new partnerships among different economic sectors to leverage creative resources; and identify funding needs and sources for implementation. The plan will be “owned and operated” by the private sector so that it can have a life beyond what government can provide. It will involve representatives from throughout the State and different portions of the business and arts community, to assure full community input and a thorough understanding of community needs and opportunities. The ensuing plan will clearly lay out roles within government, the creative and cultural industry sectors, and throughout the general economy, that we can all play in supporting this vital sector of Hawaii’s economy. The preliminary phase will be addressed in FY 06 and the actual plan will be completed in FY 07.

2. Business Advocacy

*Objective:*

- Serve 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.

*Projects and Activities:*

- *Hawaii Capital Cultural District (HCCD):* Continue to support the activities and marketing of the cultural district to positively impact the economic well-being of the businesses in the district by attracting more visitors to the area.
- *The Hawaii Theatre:* Continue to monitor the GIA for the design and construction for the restoration and maintenance of the Hawaii Theatre. The funds will be used for the removal and re-roofing of the main roof; replacement of the interior light bulbs with an electricity-saving diode illumination system; and upgrades to the sound and lighting controls for the 1,400 seat theatre.

- *Web Site Development:* Develop a web site that will provide Internet presence for industry sectors and individual businesses within Hawaii's creative economy. The web site will be a portal for the general public and trade to promote commerce and provide information and business development links and services.
- *Celebration of Music:* Co-sponsor a Hawaii music industry event to celebrate the achievements of Hawaii's music industry and provide networking opportunities for industry members. As part of AFED's ongoing initiative to increase Hawaii music industry participation in the Grammy awards, the event will also encourage membership in the National Academy of Recording Arts & Sciences (NARAS) and the Hawaii Academy of Recording Arts and Sciences (HARA) and provide information about the Grammy nomination and voting process. This event will be conducted in coordination with NARAS, HARA, and the State Foundation on Culture & the Arts (SFCA) and will primarily be funded by the private sector.
- *Education, Training & Seminars:* Produce workshops and other training forums to assist Hawaii's creative industries, its artists and arts related organizations throughout the State with the establishment or expansion of viable and sustainable businesses. Professionals with expertise in business related topics will be brought in to conduct presentations and provide information important to the professional development and growth of Hawaii's creative industries. Possible topics include strategic and business planning, fundraising, accounting, marketing and promotion, technology, taxation, and business law.

### 3. Trade Development & Market Expansion

#### *Objective:*

- Direct the formulation and implementation of statewide programs to assist Hawaii creative industry businesses in developing and expanding domestic and foreign markets for products and services.

#### *Projects and Activities:*

- *Quarterly E-Newsletter:* Coordinate and produce a quarterly e-newsletter that highlights the latest book releases from Hawaii, as well as to provide links to industry/company web sites.
- *PR & Marketing Campaign for the Grammys:* Continue the ongoing public relations and marketing campaign to promote Hawaii's Grammy Awards category for Best Hawaiian Music Album. The objectives of the campaign are to continue efforts to inform the local community about the Grammy nomination and voting process; generate local, national, and international attention and media coverage for Hawaii's category; and to support the future and growth of the award category. Activities are to include providing exposure and promoting the visibility of Hawaii's Grammy award category through print and other media; targeted efforts to educate members of

the National Academy of Recording Arts and Sciences about Hawaii's music through trade publications and other media; and the production of informational pieces about the Grammy nomination and voting process.

- *Celebrating the Products of Hawaii*: Co-sponsor the Retail Merchants of Hawaii's promotion, "Celebrating the Products of Hawaii" at Ala Moana Center. The objectives of the promotion are to: provide an opportunity for Hawaii's apparel manufacturers and designers to showcase their products directly to the consumer; provide an opportunity for other non-apparel manufacturers, including the music industry, to present their products to the consumer in cooperation with retailers who carry their products; provide an opportunity for exposure and education about Hawaii products to locals and tourists alike; and to provide additional support and recognition for the Aloha Festivals. Activities will include entertainment by Na Hoku Hanohano Award winners and fashion shows on center stage; in-store events such as book/CD signings by guest artists, informal modeling, and prize drawings at participating retailers; and special Hawaiian menus utilizing locally grown/manufactured food products at participating restaurants.
- *Diamond Head Crater Celebration*: Provide assistance for the creation of an annual international music festival and music industry conference scheduled to take place at Diamond Head Crater in the Spring.
- *Hawaii International Book Festival*: Provide assistance for the creation of an annual international book fare to take place in Honolulu in 2007.
- *Promotion with "Borders Books & Music"*: Co-sponsor a promotion with the Hawaii Academy of Recording Artists (HARA) and the Hawaii Book Publishers Association (HBPA) to feature music and books produced and published in Hawaii at selected Borders outlets on the Mainland.

#### 4. Cultural Exchange

##### *Objective:*

- Attract and create regional, national, and international business and cultural exchange opportunities that have the potential for net export and visitor-related benefits.

##### *Projects and Activities:*

- *State Foundation on Culture and the Arts' Cultural Summit*: Host a creative industries "track" in conjunction with SFCA's Cultural Summit.
- *China Crossings 2007*: Support a private sector initiative to create a multi-media, multi-venue exhibition and performance based cultural exchange event called *China Crossings 2007*.

- *Cultural Exchange Events:* Actively assist and develop international business opportunities and cultural exchange events and activities with international entities in China and Taiwan such as the Shanghai Cultural Development Foundation, Shanghai Media and Entertainment Group, and the Guangzhou Symphony. Efforts includes securing support and funding for related events, coordinating industry involvement, and coordination of the events.

## 5. Policy Analysis & Development

### *Objective:*

- Identify and analyze challenges and issues that hamper the growth of industry sectors of Hawaii's creative economy and recommend appropriate State remedies of the development of legislative proposals and policies.

### *Projects & Activities:*

- *Legislation:* Introduce, support, or oppose legislative proposals that affect industry sectors in Hawaii's creative economy

## **Hawaii Film Office**

### 1. Stimulate Local Industry Development

#### *Objective:*

- Help the local film community to become self-sufficient, self-sustaining, and self-organizing.

#### *Projects & Activities:*

- Launch FilmHawaii Seminar series to educate and provide networking opportunities for local independent filmmakers. Topics could include: Permitting 101, Film Financing & Act 221, Distribution, IATSE Contracts, SAG Contracts, Teamster Contracts, How to Do a Budget, Choosing a Film or Video Format, Film Festival Strategy & Politics, Film & Government Policy, Overview of Production Positions, Travel Visas, etc.
- Work with the local industry to start an IFP Hawaii chapter, or other organization that supports local independent filmmakers.
- Revise Web site to be more user-friendly and provide more resources to local filmmakers. Possible additional features include a bulletin board for crew calls and casting notices, online screening room for links to made-in-Hawaii shorts, expanded location library, links to local resources, and casting database of local actors.

- Research and develop the idea of having a film financing arm to fund local films using private sector investment.
- Work to reinstate HTA cultural films initiative grants.
- Dissolve the Television and Film Development Board in favor of supporting the IFP Hawaii initiative, or alternately, fund and reinstate the Board.
- Develop master plan for Phase III of film studio renovations that would benefit the local industry.
- Cooperate with ACDB in data collection for new AFE database.
- Participate in the planning process for the Economic Plan for the Creative Economy, which will include an economic impact analysis of the film and digital media industry sector as well as grassroots strategic planning on all islands.

## 2. Attract More Offshore Production Activity

### *Objective:*

- Grow quantity and quality of business activity from visiting productions to facilitate higher local expenditures and tax revenues, and to provide training for local crews

### *Projects & Activities:*

- Develop a new marketing strategy to attract productions in light of the failed legislation and increasing competition from other jurisdictions. This may include marketing to Korea, China, Japan, and Europe.
- Devise ways to promote Hawaii's star talent (surf cinematographers, actors, production designers, special effects, etc.), such as profiles on blog, Web site, or in Hawaii Media magazine.
- Plan/hold grand opening celebration for Hawaii Film Studio renovation completion. Work with event planner to plan and solicit sponsors for event.
- Create new brochure for Hawaii Film Studio.
- Revise comprehensive FOHI brochure.
- Complete production of new marketing DVD.
- Develop new logo.

## 3. Provide Excellent Industry Service

*Objective:*

- Increase our level of industry service, public customer service, and on-the-ground support for projects in production and pre-production.

*Projects & Activities:*

- Provide a higher level of service to the industry, including connecting productions to local resources, handling permits, providing location suggestions, providing on-location support for sensitive areas to ensure that Hawaii's delicate environment is protected, assisting with production research, establishing an online permit application process, handling public phone and email inquiries in a more efficient manner, explaining tax incentives, providing general information, drafting and managing sponsorship and partner contracts, managing grants-in-aid, managing studio lease agreements including negotiating with tenants, and ensuring studio operations are running smoothly and tenant needs are being met.
- Prepare to service a slate of upcoming projects (in addition to Season 2 of "Lost") such as: Jordan Allen's surf-horror feature, "Pipeline," Regent Entertainments 2 indie features, Angie Laprete's "Tattoo," blockbusters "Hawaii 5-0" and "Magnum P.I.," Nickelodeon TV Series "Boarding School," Discovery Kids TV series "Flight 29 Down," and other TV and film projects we cannot predict.
- Increase rentals of state's set dressing and props via marketing and promotion, now that they have been sorted and organized.
- Continue to oversee renovation of Hawaii Film Studio through completion, making sure to consider tenant needs throughout.
- Enhance statistical gathering, analysis, and reporting to support industry development efforts.

## **PERFORMANCE MEASURES**

Measures of Effectiveness:

- Amount of direct expenditures from film production in Hawaii
- Impact on State economy from direct expenditures by film productions
- Tax revenues generated by direct expenditures from film production (\$M)
- Funding stimulated in addition to AFED's budget supporting arts/culture/film activities

Program Target Group

- Major Hollywood studios/U.S. & international film companies/TV industry
- Local production companies/local production professionals
- Local film festivals
- Tourists prompted by local culture/arts/exposure to film/TV

- Nonprofit arts/culture organizations benefited by economic activities by AFED
- Foundations and other funding sources

Program Activities

- No. film/TV/commercial projects filming in the State yearly
- No. of film permits processed annually
- No. of locally focused educational & promotional events
- No. of overseas sales/marketing/promotions attended/sponsored/supported by AFED
- No. of arts, culture and film inquiries

# **FOREIGN-TRADE ZONE DIVISION**



# FOREIGN-TRADE ZONE DIVISION

## INTRODUCTION

The Foreign-Trade Zone Division of the Department of Business, Economic Development & Tourism administers the federal grant issued to Hawaii in 1965 by the Foreign-Trade Zones Board in Washington D.C. As grantee, the Foreign-Trade Zone Division is responsible for making available the benefits of the foreign-trade zone program to qualifying firms statewide. There are currently 13 sites on the islands of Oahu, Maui, and Hawaii that have received FTZ designation. Of the 13 sites, three general-purpose zones and four special-purpose subzones are active. The Foreign-Trade Zone Division is responsible for ensuring that U.S. Customs and Foreign-Trade Zones Board regulations are followed at these sites

## GOALS AND OBJECTIVES

To increase the amount of international trading activity in Hawaii, to encourage value-added activities, stimulate capital investment and generate employment opportunities by using a federal trade development program to reduce the costs associated with international trade.

**Objective 1: Establish, maintain and administer the general-purpose Foreign-Trade Zones and special-purpose Foreign-Trade Subzones throughout the state.**

Action Plan: Promote the creation and expansion of special-purpose manufacturing activities in subzones and general-purpose zones throughout the state of Hawaii. Actively promote Hawaii and its Foreign-Trade Zone program. Observe and support FTZ Board guidelines to develop new business, promote the Zone concept, and assist the port community in expansion.

Measures:

- Number of general-purpose zones in Hawaii
- Number of special-purpose zones in Hawaii
- % increase in the value of cargo in/out of all FTZ sites in Hawaii

**Objective 2: Provide storage and distribution services to firms engaged in import/export of merchandise. Lease office, exhibit, warehouse and manufacturing space to firms engaged in international trade.**

Action Plan: Provide for the timely expansion of physical plant and facilities support.

- Measures:
- Number of new firms using FTZ program
  - Increase in value of cargo in/out of Pier 2 facility

**Objective 3: Identify types of businesses that can benefit from the FTZ program and services; market FTZ benefits to qualifying firms.**

Action Plan: Operate the FTZ program as a public utility and provide the benefits of the FTZ program to as many qualified firms as possible. Actively promote Hawaii and its Foreign-Trade Zone program. Observe and support FTZ Board guidelines to develop new business, promote the Zone concept, and assist the port community in expansion.

- Measures:
- Advertising/marketing expenditures of Zone promotion

**Objective 4: Encourage investment in Hawaii by making the benefits of the FTZ program available to qualifying firms.**

Action Plan: Provide information to local, national and international traders and manufacturers concerning the advantages of operating in Hawaii and under the auspices of the Zone program. Support the private sector in its effort to take full advantage of the benefits offered by the FTZ program.

- Measures:
- % of total manufacturing receipts in Hawaii attributable to firms using the FTZ program
  - % increase in the value of exports from FTZ facilities
  - Increase in users' employment attributable to participation in FTZ program

**Objective 5: Work with public and private agencies to foster and improve programs that encourage international trade and investment in Hawaii.**

Action Plan: Seek cooperative relationships with public and private economic development agencies statewide.

- Measures:
- Number of partnerships formed

**Objective 6: Operate the FTZ program in a self-sustaining manner.**

Action Plan: Operate the FTZ program so that operating revenues cover operating expenditures.

Measures:     •   Yearly special fund balance

**Objective 7: Create a vibrant center for international trade at Pier 2.**

Action Plan:   Attract federal and state CIP funding to create an International Trade Resource Center (ITRC). The ITRC would provide all the services and facilities that an importer or exporter of merchandise would need at one location.

Measure:       Investment amount

**ACCOMPLISHMENTS**

- Hawaii’s strong economic recovery, a rise in petroleum prices, and increased fueling activity pushed overall FTZ activity in Hawaii up 32 percent as measured by value in 2004. This past fiscal year, the total value of merchandise received and forwarded in all activated FTZ sites in Hawaii reached \$4.75 billion. This high figure reflects the importance of petroleum activity to Hawaii’s international trade and at the FTZ. Exports, a majority in the form of jet fuel, reached \$434 million in 2004.
- 301 companies used the Hawaii FTZ program in 2004, thirty-four for the first time. These companies directly employed 1,505 people and an additional 965 people on a part-time or seasonal basis.
- Merchandise can be received in an FTZ in domestic or foreign status. In 2004, domestic status merchandise valued at \$812,916,447 entered Foreign-Trade Zone sites in Hawaii. During this same period, \$1,402,811,950 of foreign-status merchandise entered FTZ sites. Of merchandise received in foreign status, \$856,196,201 was received in non-privileged foreign status and \$691,346,459 was received in privileged foreign status.
- Merchandise from Foreign-Trade Zone sites in Hawaii is forwarded to both domestic and foreign markets. In 2004, \$1,561,083,900 of merchandise received was forwarded to the U.S. market. Thirty-four percent of merchandise received or \$478,282,079 was forwarded to foreign markets and \$331,624,271 was forwarded to other U.S. FTZs. Finally, an estimated \$2.644 million of Customs duties were collected on merchandise entering the U.S. market from the Zone during the fiscal year.
- Within Foreign-Trade Zone sites in Hawaii, a variety of value-added and manufacturing activities occurred that added between 3 and 75 percent to the value of merchandise forwarded. Companies reported that 1,400 employees were directly attributable to participation in the Foreign-Trade Zone program. An additional 1,205 people were employed on a temporary or seasonal basis.
- Companies using the FTZ program made capital improvements of \$30.9 million to Zone facilities during the year.

- The FTZ program has a particular focus on helping Hawaii manufacturers compete in external markets. In addition to working with established users, in 2004 we identified water bottling operations and chocolate products manufacturing as potential new users for the program. Our development section has been working with companies from these sectors in preparing applications for FTZ Board review, which we hope to submit shortly.
- We are repositioning our Pier 2 facility as a ‘place where international trade happens.’ The idea is that the FTZ benefit will be joined with other benefits, using an incubator model, to help small businesses participate in international trade. We have many of the elements already in place: office space, access to customs brokers and shipping agents, complete warehousing services, and the benefit of having both the Bureau of Customs and Border Protection and the U.S. Department of Commerce’s Export Assistance Center at our facility.
- Our facility improvement plans are moving forward. In mid 2005, a \$3.25 million CIP project will be completed at the FTZ. We will gain 12,000 square feet of additional rentable office space and 5,000 square feet of additional temperature-controlled warehouse space. The revenues from this new space are critical to our financial survival. Reassuringly, we do have strong interest by members of the maritime community to rent space at our facility.
- Fiscal Year 2004 was a year that presented our program with a serious financial challenge. Due to redevelopment activities near Honolulu Harbor, the Foreign-Trade Zone #9 lost the use of its expansion site at Pier 1. With the loss of this site, our program is faced with the prospect of making up \$500,000 in revenue on a yearly basis. Additionally, state government assessments and fund transfers adversely impacted our program. However, the FTZ was, once again, able to operate in FY 2004 without any State general fund support.
- FTZ-9 received a \$250,000 grant from the Department of Homeland Security for an access control and surveillance system to increase security at the Pier 2 facility.
- According to a 2004 study by the National Association of Foreign-Trade Zones, 88 percent (by value) of all merchandise exports from Hawaii came from a foreign-trade zone.

# **OFFICE OF TOURISM LIAISON**

## OFFICE OF TOURISM LIAISON

### Goal:

The Tourism Liaison coordinates with state agencies, the Hawaii Tourism Authority (HTA), visitor industry businesses, organizations, national and international agencies on all tourism related matters, on behalf of the Executive Branch, to ensure a positive visitor experience and further tourism's growth within the state.

### Objective:

- To coordinate and communicate with the visitor industry on all tourism related issues.
- To communicate and coordinate with all state agencies on tourism industry issues and assist state agencies in developing programs that will address the concerns of tourism and stimulate tourism's growth.
- To coordinate with the Hawaii Tourism Authority on all tourism issues and participate on the HTA Board of Directors.
- To communicate and coordinate with the Department of Homeland Security and its agencies on safety, security and customs and immigration rules and regulations.
- To coordinate with the airline industry and assist in developing initiatives that addresses their concerns.

### Action Plans:

1. Facilitate communications and coordination between the tourism stakeholders, the executive branch and state agencies.
2. Provide assistance in resolving concerns between tourism businesses and state agencies.
3. Work with visitor industry businesses and state agencies in determining actions plans to address the critical issues identified in the Strategic Tourism Plan.
  - a. Department of Transportation Airports, Harbors and Highway Divisions
  - b. Department of Land & Natural Resources Small Boat Harbors, Parks and Ocean Recreation Divisions
  - c. Department of Labor and Industrial Relations
  - d. Department of Health
4. Assist the executive branch in establishing policies on tourism.
5. Provide testimony to the legislature on behalf of the executive branch on bills relating to and affecting tourism
6. Encourage airlines to increase service to Hawaii
7. Represents the Governor in meetings with officials and representatives from private/public organizations, national and federal agencies and foreign countries.
8. Monitor current trends in tourism and coordinates and interfaces with individual islands on tourism related issues

### **Performance Measures:**

1. Increased communications and coordination with tourism stakeholders, the executive branch and state agencies
2. Action plans from various agencies include solutions to the critical issues identified in the Strategic Tourism Plan
3. Policies are developed that further tourism's growth in Hawaii
4. Various meetings are held to discuss issues that concern the visitor industry
5. Airlift to Hawaii increases to meet the needs of the tourism industry in its' goal to increase visitor spending

### **2005 Accomplishments:**

1. Worked with the U.S. Embassy in Seoul Korea, the Hawaii Tourism Authority and Korean travel agencies in implementing the 'Aloha Korean Honeymoon' campaign which accelerated the visa application process for honeymooners to travel to Hawaii.
2. Worked cooperatively with state agencies on initiatives identified in the State Strategic Plan for Tourism as critical to the visitor industry.
3. Increased communications between the visitor industry, executive branch and state agencies.
4. Participated in the county advisory groups established by the Hawaii Tourism Authority to develop individual county tourism plans.
5. Worked cooperatively with the island visitor bureaus, Hawaii Tourism Authority, Transportation Security Administration, and Department of Transportation Airports Division in implementing optimization plans for our airports during heavy volume times of the year.
6. Worked cooperatively with Customs and Border Protection and the Department of Transportation Airports Division to increase customer satisfaction and decrease wait times in the Customs and the Border Protection facility.
7. Worked cooperatively with the Department of Homeland Security, U.S. Visit division and Department of Transportation, Airports Division and airlines on the U.S. Visit outbound process and infrastructure needs at Honolulu and Kona International airports.
8. Assisted the Department of Transportation Airports Division in developing a long range plan for Hawaii's airports and worked cooperatively with them on all airline and airport issues.
9. Assisted in successfully implementing the 2005 Governor's Mission to China and Korea, the International Women's Conference and assisted other state agencies with conferences.
10. Assisted various meeting planners, groups and travel sellers in obtaining letters and welcome messages and letters from the Governor.

**RESEARCH AND ECONOMIC  
ANALYSIS DIVISION**



## RESEARCH & ECONOMIC ANALYSIS DIVISION

### Goal & Objectives:

#### Goal:

Provide data, analyses and technical assistance that support economic development planning, business decisions and public policy making.

#### Objectives:

- Provide a range of statistics on the economy, population and other relevant categories, in convenient, accessible and comprehensible formats.
- Develop and provide statistical and analytical information and conduct special research on Hawaii's visitor industry that will aid state marketing efforts, industry planning, tourism policymaking, and facilitate sustainable tourism.
- Develop, maintain and use state-of-the-art-economic analysis tools to provide better understanding of Hawaii's economic situation, the challenges and opportunities in particular industries, analyses of economic policy options, and development of projections for future economic and population growth.
- Assist in the technical coordination of interdepartmental and inter agency efforts to better align economic development, workforce development and education policies to support Hawaii's emerging economy.

### Action Plan:

#### Accomplishments in 2005

- Compiled and Published the *State of Hawaii Data Book 2004*, containing more than 700 tables of key data widely used by government, business and residents.
- Published monthly visitor arrival and characteristic reports, expenditure reports and created new surveys on cruise ship spending.
- Produced four issues of the web-based publication, *Quarterly Statistical and Economic Report*.
- Produced four, quarterly projections and assessments of Hawaii's economy.
- Conducted a free public workshop on the 2002 Economic Census.
- Published the first Hawaii "Inter-County" Input-Output Study.
- Provided staff support for the Governor's Economic Momentum Task Force, which developed a number of ideas designed to maintain Hawaii's current economic prosperity.
- Participated in the Hawaii Workforce Development Council as the designated representative of the director and as liaison to the economic development sector.
- Completed work on National Governor's Association grant Project "Pathways to Advancement" aimed at increasing the number of low income adult workers enrolling in post-secondary training and education in order to increase their skill levels and incomes.

- Made 29 presentations to agencies, community & professional groups
- Responded to nearly 4,000 reference requests through the DBEDT Library.

### **Goals for 2006**

- Publish the 2005 *State of Hawaii Data Book* in electronic form.
- Publish four issues of the *Quarterly Statistical and Economic Report*.
- Publish 4 economic assessments and forecasts
- Develop and publish updated 2002 Input-Output tables for Hawaii.
- Integrate new models developed in the Sustainable Tourism Project into the division's ongoing modeling program.
- Continue to improve the quality and timeliness of tourism data and publish a report on the Tourism Satellite Account.
- Continue working with our workforce development and education partners on the Workforce Development Council to improve the quality and coordination of workforce development programs in Hawaii.
- Publish "e-reports" on the DBEDT website providing updated information and data for growth industries including an technology.
- Convert READ's current website information into a new, DAGS developed website by the required deadlines.

### **Performance Measures:**

- Number of Requests for information, analysis and presentations.
- Number of Publications produced including electronic and Internet-based products.
- Accuracy of economic and demographic forecasts (percent from actual).
- Percent of monthly tourism reports produced within 30 days of month end.
- Percent of other time-sensitive reports issued as scheduled.
- Number of census workshops held.

# **STRATEGIC INDUSTRIES DIVISION**

# STRATEGIC INDUSTRIES DIVISION

The mission of the Strategic Industries Division (SID) is to support statewide economic efficiency, productivity, development and diversification by promoting, attracting and facilitating the sustainable development of Hawaii-based energy, environmental, ocean, and technology industries.

## **Key Policies -- The Foundation of The SID Program**

1. The legal basis for support of Hawaii's energy program is cited in HRS Chapter 226 (Hawaii State Planning Act), Section 18, which requires the state to achieve energy self-sufficiency.

This act is supplemented by Chapter 196, and Chapter 226-18, HRS, requiring state energy planning and project activities in energy efficiency, renewable energy and clean fossil fuel energy, and Chapter 26-18(a), HRS, which provides that DBEDT: [S]hall . . . *encourage the development and promotion of industry and international commerce through programs established by law*. SID achieves these statutory policy aims through the following goals and objectives:

2. The department's authority related to ocean resource-based development is found in Chapter 201-13, HRS, which describes DBEDT's powers and duties related to marine affairs.

In addition, Sections 226-10(b)(1) and (7) of the Hawaii State Planning Act include policies for the growth of the economy in areas that have potential and increasing research and development of ocean-related activities.

3. The department's responsibilities for developing science and technology-related industries are found in Chapter 213, HRS, which provides for a research and development industry promotion program.

In addition, the department has a role in developing Hawaii's aerospace industry as provided for in Chapter 201-71, 72 and 73, HRS.

SID achieves these statutory policy aims through the following goals and objectives:

## **Goals**

**Goal 1.** Increase the economic contribution of technology-based industry sectors by supporting technology development, facilitating technology transfer and providing marketing assistance.

**Goal 2.** Increase economic efficiency and productivity and competitiveness by promoting and facilitating resource conservation and efficiency.

- Goal 3.** Increase the productivity and robustness of Hawaii's economy by developing cost-competitive indigenous sources of energy.
- Goal 4.** Increase energy security for the state by developing comprehensive plans to effectively deal with energy crises.
- Goal 5.** Increase non-state funding support for technology and resource-based economic development.

### **Objectives & Action Plans**

- Objective 1.** Facilitate the growth and exports of U.S. energy, environmental, ocean, life science, aerospace and other key technologies and related services from Hawaii, with an emphasis on Asia/Pacific markets: Double the size of the sector by 2010 using 1999 as baseline.  
*(Supports Goal 1.)*

### ***Action Plan***

#### **Tasks Accomplished in 2005:**

- Organized the participation of UH and numerous private companies and local economic development boards at BIO 2005 in Philadelphia to promote Hawaii's life science assets.
- Participated in a statewide private-sector effort to develop a Hawaii Life Sciences Roadmap to guide growth and development of this industry cluster. Provided support for the Hawaii Life Science Council, an industry trade association.
- Collaborated with the Biotechnology Industry Organization (BIO), the international trade association for life sciences, to organize the Pacific Rim Summit on Industrial Biotechnology and Bioenergy to be held in Honolulu in January 2006. Coordinated the local organizing committee and developed promotional materials to attract participation.
- Coordinated the 15<sup>th</sup> Annual Workshop of the Japan-U.S. Science, Technology & Space Applications Program (JUSTSAP) held on the Island of Hawaii, November 11-14, 2004 to continue to develop collaboration opportunities for Japan and the United States.
- Initiated a program to strengthen collaboration between DBEDT and the University of Hawaii to facilitate the role of UH as an economic engine for the State. Specific actions included:
  - Led DBEDT's successful effort to obtain State matching funds for a second three-year Experimental Program to Stimulate Competitive Research (EPSCoR) Research Infrastructure Improvement grant from the National Science Foundation. State matching funds will strengthen public-private partnerships in workforce development of critical technology skills, nurture an entrepreneurial culture at UH, and boost tech transfer to the private sector. Increased DBEDT participation in EPSCoR with election of CTO to position of co-director.
  - Collaborated with UH to inaugurate a series of university-industry forums to foster partnerships to target education and training in strategic technologies. The initial forum in December 2004 focused on establishing an Applied Optics

program at UH and resulted in a series of industry presentations to UH faculty and staff.

- Assisted UH in developing a successful proposal to the National Institutes for Health to provide \$25 million for the construction of a biosafety laboratory that would enhance Hawaii's research infrastructure and ability to respond to infectious disease threats.
- Worked with UH to address issues and inform legislators about bioprospecting.
- Published “A Cost Comparison of Various Methods of Retrieving Derelict Fishing Gear” in the 2005 PACON Journal. The article makes a case for retrieving “ghost net” from the North Pacific and burning it to produce electricity. The Journal is read throughout the Pacific Basin.
- Successfully nominated Hawaii Metal Recycling, Inc. (HMR) for two environmental awards. The publicity from the awards helped HMR secure additional sources of scrap metal for export to Asia.
- Supported the Kauai Resource Center’s program to produce exportable items from recycled glass.
- Facilitated participation by three Hawaii solar companies out of a total of eight participating U.S. firms in a National Renewable Energy Laboratories' (NREL) China Business Development Mission/Renewable Energy Study Tour and Village Power Workshop in China. Federally-funded grants paid for all of the in-country expenses.
- Organized the participation of Hawaii companies at the Oceans '04/TechnoOcean '04 conference and exhibition in Kobe, Japan to promote the sale of Hawaii ocean science & technology products and services.
- Published the online *Hawaii Ocean Science & Technology Magazine & Directory* to support industry growth by showcasing research, technology developments and industry accomplishments.
- Coordinated State and private sector presentations to a visiting delegation of government and academic representatives of Yi-Lan County, Taiwan interested in developing deep ocean water resources and coastal tourism. There have been follow-up visits to Taiwan by the private company and a request for a tourism development-scoping visit has been referred to SMSD.
- Conducted the annual survey of revenues and employment in the ocean science and technology industry. Revenues for 2004 were \$176 million, a 13.5% increase over 2003.
- Maintained the export trade development *Platinum Key Service* (PKS) agreement between the U.S. Commercial Service — Beijing and DBEDT for the provision of specific project information and business development assistance to Hawaii energy, engineering, environmental and planning firms.
- Facilitated Environmental Technology business meetings in Shanghai and Beijing for Governor Lingle’s China Mission.
- Partnered with Strategic Marketing and Support Division (SMSD) in support of the Department’s on-going environmental export initiatives in Asia, under Team DBEDT's overall Asia Pacific-focused export development activities by cooperative initiatives for development and joint use of targeted promotional and marketing materials for trade missions and outreach

## **Tasks Planned for 2006 and Beyond:**

- Expand upon the PACON Journal article to document the effect of providing recycling facilities at Honolulu's fishing piers to receive derelict fishing gear, scrap metal and used oil. Article will assist Pacific Basin nations in establishing similar facilities.
- Continue to support sustainable, technology-related economic development for the State by increasing access to overseas projects for Hawaii companies and by attracting Mainland companies to Hawaii through facilitation of increased exports of Hawaii energy, environmental, and other sustainable technologies and related services.
- Conduct comprehensive survey of Hawaii energy and sustainable infrastructure firms to assess current dimensions of export readiness and needs.
- Continue program to promote growth and expansion of Hawaii's ocean science & technology industry by facilitating industry's efforts to penetrate new export markets through trade show participation and increasing customer awareness of Hawaii's research and commercial assets.
- Continue efforts to promote the development of Hawaii's life sciences industry sectors through participation in national and international conferences and exhibitions, development of collateral materials, and liaison with county economic development boards, the University of Hawaii and the private sector.
- Continue to work with other State agencies, the University of Hawaii and the private sector, through the Hawaii Life Sciences Council, to address issues that constrain growth of the life sciences cluster.
- Continue to promote export of technology-based products and services and the attraction of technology-based companies and investment through the development and distribution of promotional materials. Planned actions include: maintain interactive website for ocean science and technology with technical information to potential investors and a directory of Hawaii firms (ongoing); distribute complementary ocean science & technology CD-ROM software to science press and trade show attendees (ongoing), develop websites focused on other targeted technology sectors; and develop a family of brochures focused on technology sectors of greatest promise. Brochures for Applied Optics and Ocean Science & Technology were completed in early FY 06; a brochure for life sciences will be completed for distribution at the Pacific Rim Congress on Industrial Biotechnology and Bioenergy in January 2006.
- Continue collaboration with the University of Hawaii to expand opportunities for university-industry interaction, partnerships, technology transfer and workforce development initiatives:
  - Strengthen DBEDT role in EPSCoR planning and implementation, particularly in regard to expenditures of State matching funds.
  - Expand university-industry forums to other areas, including aquaculture and ocean sciences.
  - Manage contract with UH Center for Marine Microbial Ecology & Diversity to integrate life sciences research across the University of Hawaii System by creating the UH Life Sciences Industry Consortium that can more closely coordinate UH efforts and provide the interface with industry and government.
- Continue serving as the coordinator of the U.S. Secretariat and Annual Workshop for the Japan-U.S. Science, Technology & Space Applications Program (JUSTSAP).

- Continue to identify and promote opportunities for expanding and diversifying aerospace-related industries in Hawaii, including but not limited to applied optics, astronomy and astrophysics, aviation, dual-use technology, environmental monitoring, meteorology, remote sensing, satellite communications, and commercial space launch.
- Continue technical partnership support of the Department's on-going energy, engineering, environmental export initiatives in Asia, under Team DBEDT approach.

**Objective 2.** Increase state facility energy and resource efficiency through the use of energy efficiency measures and renewable energy resources.  
(Supports Goal 2.)

### **Action Plan**

#### **Tasks Accomplished in 2005:**

- Completed The Energy Benchmarking Study for State Facilities on Oahu. The study characterizes electrical energy usage and presents data for each State agency by end use distribution. The report identifies Energy Conservation Measures (ECMs) that would help reduce the State's electrical consumption and quantifies their energy savings potential and the associated construction costs for implementation. The study shows that the 11 ECMs identified by the study could save up to 14.2 percent of State facilities' annual energy use on Oahu. Estimated energy cost savings for these ECMs would be \$10.7 million; estimated construction cost would be \$78.3 million.
- Continued activities of the Rebuild Hawaii Consortium, a statewide information sharing group of 200 members from federal, local, state government, utilities, non-profits, private sector. Overall impact of this program includes \$67 million investment in energy efficiency projects, \$9 million annual energy savings to statewide facilities, 851 jobs created. Continued technical assistance to a variety of State and County facilities to reduce energy consumption.
- A \$1.4 million Judiciary Lighting Energy Performance Contract and air-conditioning retrofit was completed in five Judiciary buildings on Oahu and Maui. These retrofits are saving the Judiciary over 3 million kilowatt hours annually, reducing demand by 600 kilowatts, and saving approximately \$342,000 on utility bills.
- UH-Hilo, the pilot energy performance project of DBEDT, has reported a successful fifth year for the UH-Hilo performance contract. For the period July 1, 2002, to June 30, 2004, the project provided \$764,253 in energy and operational savings, exceeding the guaranteed savings by \$58,289. Since the start of the contract in 1996, the University has saved \$4,282,820. Cost of the contract was \$2.9 million.
- A series of eight sustainability workshops included commissioning, advanced building design, daylighting, advanced daylighting, photovoltaics in buildings, Energy Management/DDS systems, building energy simulation, indoor air quality. There were an aggregate of 496 attendees at all workshops and 293 participants overall. Sixteen percent of the participants were architects, seventeen percent, engineers; thirty-one percent, federal, state, and local government. The solar industry and utilities made up twenty-two percent of participants.
- A Seminar on Measurement and Verification of Energy Savings for government energy managers was held in October. There were twenty participants from federal and state



government, gas and electric utilities who learned about the latest developments in this technical area of energy performance.

- Six staff from three state agencies participated in training and peer exchanges through the Rebuild Hawaii Peer Exchange Program.
- Coordinated with private sector building suppliers and the Department of Education to commence a pilot passive cooling project on portable classrooms. Project includes installing solar fans and high-reflectance roofs. Students in science classes are conducting before and after temperature measurements to determine the cooling effects of the technologies.
- Co-sponsored presentations on the “Costs and Benefits of Green Building” by Greg Kats of Capital E, on Oahu and at the PCEA Conference and Expo at the Hilton Waikoloa on the Big Island in September 2005. Attendees included representatives from State of Hawaii, County, federal and private sector entities.
- Co-sponsored webcasts and in person training sessions on the ENERGY STAR Program and U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) Program with local utility and other partners.
- Developed case studies, fact sheets, and a Guide on Environmentally Preferable Products for the State of Hawaii. The two case study projects were State of Hawaii facilities: Waipahu Intermediate School Cafeteria and the John A. Burns School of Medicine. Fact sheets focused on the federal executive orders and State of Hawaii statutes that relate to the procurement of environmentally preferable products.
- Developed a Management Action Plan for the State of Hawaii to improve the purchasing of environmentally preferable products with support from the U.S. Environmental Protection Agency.
- Provided technical assistance to the Department of Health and the State of Hawaii’s Procurement Office related to environmentally preferable purchasing and the 2005 survey of State of Hawaii agencies on recycled product purchased.
- Co-sponsored with the U.S. Department of Energy, the ENERGY STAR Dorm Room project that featured ENERGY STAR products in the University of Hawaii at Manoa’s Wainani Student Apartments.
- Co-sponsored Sustainable Design Charrettes on Brownfields sites at: Kanuikapono Learning Center (a charter school) in Anahola, Kauai under a cooperative agreement with the US Environmental Protection Agency, Brownfields Pilot Project.
- Co-sponsored workshops on Greening Affordable Housing with US Housing and Urban Development, the Enterprise Foundation’s Green Communities Initiative, and Rural Community Assistance Corporation in Fall 2005.

#### **Tasks Planned for 2006 and Beyond:**

- Use the benchmarking study completed in 2005 to identify the most promising candidate state buildings for energy efficient retrofits and as an educational tool to encourage energy efficiency in state facilities. Provide technical assistance to state agencies to implement three projects.
- Continue activities of the Rebuild Hawaii Consortium, a statewide information sharing group of 200 members from federal, local, state government, utilities, non-profits, private sector. Collect data on energy savings and project impact on the economy.

- Evaluate engineers' analyses of solar water heating in planned State housing projects to promote the installation of solar water heating where cost effective.
- In conjunction with Guam, the Marianas Islands, Puerto Rico and the U.S. Virgin Islands, develop a Tropical Energy Code, as described in a grant from the U.S. Department of Energy.
- Conduct a 2006 International Illumination Design Awards (IIDA) program to showcase high-efficiency lighting projects.
- Coordinate with the County of Hawaii to adopt a building energy code, possibly based on ASHRAE 90.1-2004.
- Continue partnering with the private sector, other state agencies, counties, and the military to develop and integrate energy efficiency and Honolulu's energy code in their buildings and procurement.
- Continue to provide information on sustainability, energy efficiency practices, products, and technologies through technical workshops and technical assistance. Planned actions include workshops on energy efficiency, commissioning, financing tools, and evaluation. Specific project technical assistance will be provided based on available resources.
- Continue to support State agency participation in training and conferences through the SEP/Rebuild Hawaii Peer Exchange Program.
- Complete a cost/benefit analysis of "conventional vs. "green" construction for State facilities.
- Co-sponsor webcasts and in person training sessions on the ENERGY STAR Program and U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Program with local utility and other partners.
- Co-sponsor workshops on Greening Affordable Housing with US Housing and Urban Development, the Enterprise Foundation's Green Communities Initiative, and Rural Community Assistance Corporation in 2006.
- Develop an ENERGY STAR for affordable housing demonstration project that analyzes the usage of ENERGY STAR versus conventional products in an affordable housing project in the State of Hawaii with support from the US Departments of Energy and Housing and Urban Development.
- Promote energy efficiency in State of Hawaii buildings under the ENERGY STAR program and products under the State of Hawaii's partnership with the US EPA's Energy Star Challenge Program.

**Objective 3.** Reduce energy consumption in non-State residential and commercial buildings: Cut energy use 35% in new buildings; and 20% in retrofits by 2010.  
(Supports Goal 2.)

### ***Action Plan***

#### **Tasks Accomplished in 2005:**

- Completed numerous workshops and conferences to promote the construction of "green buildings," high efficiency technologies, sustainable practices for the visitor industry, and training for architects, engineers, and builders.

- Successfully promulgated an energy building code for Maui County. The code is based on the national ASHRAE 90.1-1999 standard, with significant limits on lighting and HVAC systems and is expected to result in substantial energy savings.
- Presented information on residential energy efficiency to design and building professionals, Realtors, homeowners and others through conferences, professional seminars, community presentations, informative newspaper articles, and interpretive displays.
- Co-sponsored the Building Industry Association of Hawaii's "Home Building & Remodeling Show" and manned a booth Feb. 3-6, 2005. Conducted a seminar on the Hawaii BuiltGreen™ Home program and how to save money through energy efficient appliances and features. Discussed with visitors and distributed information on DBEDT/BIA's Hawaii BuiltGreen™ Home Program and other energy efficiency subjects. About 22,000 people attended and 4,000 publications were distributed.
- Co-sponsored the Building Industry Association of Hawaii's "Remodel It Right!" seminars at four community venues. Conducted one seminar on the Hawaii BuiltGreen™ program and how to save money with energy efficient equipment and design features. Energy efficient home design, solar water heaters, insulation, proper windows, and air conditioning were some of the topics discussed. About 300 people attended and 1,000 energy-related publications were distributed.
- Participated in the Pacific Home & Garden Show with the DCCA Division of Consumer Advocacy in June 2005. Conducted three seminars on money saving strategies for Hawaii homeowners, such as solar water heaters, insulation, ceiling fans, and Energy Star® appliances. About 200 people attended and 500 energy-related publications were distributed.
- Participated in the Building Industry Association of Hawaii's "Parade of Homes" and made site visits to the homes in October 2005. We discussed building practices with builder representatives and reviewed energy efficiency features of the homes,
- Co-sponsored Hawaiian Electric Company's "Energy Awareness Month Expo" in October 2005. About 5,000 people attended and about 6,000 energy-related publications and peripheral items were distributed.
- Installed an interactive educational display featuring elements of low-energy residential design, including solar water heating and photovoltaics as well as passive construction techniques, at NELHA's Gateway Center.
- In conjunction with MECO's Solar for Molokai program, conducted six classes for over 150 Molokai residents on energy-efficient technologies for the home.
- Organized and conducted the 2005 International Illuminating Design Awards (IIDA) program. Five nominations were submitted and all received awards. The nominees demonstrated successful lighting conversions resulting in energy savings of between 48% and 83% while improving lighting conditions. The Awards were presented at the July 2005 Rebuild Hawaii meeting
- Organized and conducted a workshop on residential air conditioning. Attended by 80 professionals from the private sector, the utilities and government, the workshop stressed the need to avoid oversizing residential AC systems. Oversizing is a major cause of rapidly rising demand for electricity.

- Addressed the National Fenestration Rating Council's Technical Review Committee on the envelope section of Hawaii's energy code. Reviewed the best options for upgrading fenestration requirements in Hawaii.
- Co-sponsored Hawaii Green Hotel Forums at the Fairmont Orchid, the Hilton Waikoloa, the Hawaii Prince and the Kauai Hyatt Regency Resorts. Energy and resource efficiency as well as renewable energy and green purchasing projects were featured during the forums.
- Presented at local workshops and meetings and national (National Environmental Performance Summit and NACO) conferences on ENERGY STAR, Green Building and the Hawaii Green Business Programs.
- Participated in and co-sponsored sustainable design charrettes on brownfields sites in Hawaii that promoted energy efficient and renewable energy features in site and building designs.
- Participated in the Hawaii Built Green Executive and Steering Committees to promote green building design and construction in public and private residential projects in the State of Hawaii.
- Provided support for a sustainable design workshop for the Construction Training Center of the Pacific Project on the Building Industry Association of Hawaii's brownfield site in Kalihi.

#### **Tasks Planned for 2006 and Beyond:**

- Coordinate closely with industry and trade groups in optimizing an energy code for tropical climates. Groups include fenestration, structural integrated panel, reflective coating, steel framing, dessicant dehumidification, air conditioning and high-efficiency lighting sectors.
- Work with the County of Honolulu and other counties to update the energy efficient building codes to comply with the national standard, ASHRAE\_90.1-2004. Encourage "beyond-code" measures in residential and commercial buildings.
- Continue promotion of residential energy efficient building guidelines to encourage architects, developers, builders, consumers, lenders, realtors, suppliers, and other industry groups to design and build energy and resource efficient homes in Hawaii.
- Promote and distribute Hawaii Energy Efficient Commercial Building Guidelines to assist architects, engineers, developers, builders, suppliers, and other industry groups design and build energy and resource efficient commercial buildings in Hawaii.
- Co-sponsor Hawaii Green Hotel Forums other Hotel and Resorts in the State of Hawaii. Energy and resource efficiency as well as renewable energy and green purchasing projects will be featured during the forums.
- Present at local workshops and meetings and national conferences on ENERGY STAR, Green Building and the Hawaii Green Business Programs.
- Participate in and co-sponsor sustainable design charrettes on brownfields sites in Hawaii that promoted energy efficient and renewable energy features in site and building designs.
- Participate in the Hawaii Built Green Executive and Steering Committees to promote green building design and construction in public and private residential projects in the State of Hawaii.

- Continue to participate with utilities, educational groups, and private sector entities conducting workshops, conferences, and exhibitions consistent with SID program goals.
- Continue to work closely with the design and construction industries by providing technical assistance to Hawaii-based businesses and institutions that provide design and construction-related services and products to Hawaii and the Asia/Pacific Region.
- Co-sponsor a Hawaii Green Building Conference with tracks on the Hawaii BuiltGreen™ Program, Energy Star® programs, LEED, and green low-cost housing in Hawaii.
- Co-sponsor the “Home Building & Remodeling Show” and man a booth February 2006 to discuss energy efficiency in local residential buildings. Conduct at least one seminar on the Hawaii BuiltGreen™ Program and how to save money through energy efficient appliances and design features. Distribute energy publications.
- Co-sponsor the “Remodel It Right!” Expo. Conduct at least one seminar on energy efficient home design and how to save money through energy efficiency. Distribute energy publications.
- Conduct at least one seminar at the Pacific Home & Garden Show regarding money saving strategies for Hawaii homeowners. Distribute energy publications.
- Participate in the “Parade of Homes” and make site visits.
- Co-sponsor Hawaiian Electric Company’s “Energy Awareness Month Expo”. Distribute energy-related publications and peripheral items.
- Conduct additional classes in conjunction with the Solar for Molokai program to encourage the purchase and installation of energy-saving technologies.
- Complete an assessment of the economic and strategic feasibility of a Combined Heat and Power (CHP) plant at the Pacific Missile Range Facility (PMRF) fueled by methane gas from a nearby Kauai landfill.

### **Objectives & Action Plans**

**Objective 4.** Facilitate the increased use of renewable, indigenous energy resources for power generation, heat and transportation fuels: Achieve at least 20% of electricity produced by renewable energy by 2020. Meet statutory responsibilities with respect to the production and use of renewable transportation fuels such as ethanol.

*(Supports Goal 3.)*

### ***Action Plan***

#### **Tasks Accomplished in 2005:**

- Monitored advances in ocean wave technology and provided advice regarding a proposed demonstration by HECO and EPRI. Responded to inquiries by developers of wave power devices interested in demonstrating installations in Hawaii.
- Supported construction and program development for the USDOE funded Hawaii Gateway Energy Resource Center at NELHA in Kona, Hawaii. Participated in the Renewable Hydrogen Consortium being formed with the University of Hawaii, national labs, Sentech, and other partners to support the mission of the Center.

- Provided technical assistance via the *Pacific Regional Biomass Energy Program* to promote biodiesel, landfill gas, and biomass resource assessments.
- Supported efforts to enact Act 95, SLH 2004, establishing a renewable portfolio standard for the state that requires Hawaii electric utilities to obtain 20 % of their energy from renewable sources by 2020.
- In conjunction with the National Renewable Energy Laboratory (NREL) and HECO, published and distributed updated wind resource maps for individual counties in the state; developed and distributed a “Hawaii Consumer’s Guide to Small Wind Electric Systems;” developed wind energy display.
- Developed and distributed informational materials in preparation for implementation of the E10 Unleaded requirement for gasoline to contain 10 percent ethanol beginning April 2, 2006.
- Met with a number of private company representatives to learn about their products and services; directed representatives to public and private entities for further contacts.
- Established a Working Group to assess the potential of non-electric uses of geothermal energy in Hawaii County and conducted informational meetings for businesses, agriculturalists and the general public. Presented a paper on several options for geothermal direct use development at the 2005 Geothermal Resources Council annual meeting. Worked with the County of Hawaii to select a consultant for a direct use feasibility study. Developed a map of existing water and geothermal wells in the Kapoho area of Puna District for public reference.
- Installed an interactive educational display on the production of hydrogen with solar energy and the uses of hydrogen fuel at NELHA’s Gateway Center.
- Completed an assessment of the cost of photovoltaic-generated electricity in Hawaii. Completed Phase 1 of the USDOE funded Hawaii Hydrogen Power Park Project, with the University of Hawaii’s Hawaii Natural Energy Institute as implementing partner. The project enabled Hawaii to gain valuable expertise in the design, installation, and testing of fuel cell and hydrogen production and storage systems at the Hawaii Fuel Cell Test Facility.
- Coordinated preparations for the staging of the 2006 Fuel Cell Seminar, the premier fuel cell industry event, in Honolulu in November, 2006. Hawaii will be featured as an ideal site for advanced energy technology demonstrations to the 2,500 national and international participants.
- Awarded funds for Hawaii’s Bioenergy Program under the USDOE’s Pacific Regional Biomass Energy Program, one of five regional partnerships that work to advance the use of bioenergy and bioproducts.
- Continued to provide technical support under the Pacific Regional Biomass Energy Program to the County of Hawaii for a biodiesel education and promotion program, the County of Kauai for a landfill methane gas quality analysis of the Kekaha Landfill, and to the City and County of Honolulu for a methane gas model update and the resumption of operations solicitation proposal for the Kapa’a landfill.
- Continued analysis of chemical, physical, and fuel properties of select Hawaii biomass resources in cooperation with the University of Hawaii to support industry use of agriculture and forestry residues for bioenergy.
- Worked with the County of Hawaii to educate the Big Island community on the potential for geothermal direct use.

- Completed the “Assessment of Energy Reserves and Costs of Geothermal Resources in Hawaii,” a study that presents scenarios for the development of geothermal electrical potential through 2025, under a grant from the USDOE.
- Supported the Economic Momentum Commission’s “Upgrade Infrastructure and Review Our Master Planning Process” Committee through development of cost-effective “good ideas” energy solutions.
- Supported the Public Utilities Commission (PUC) to implement Hawaii’s Renewable Portfolio Standard (RPS) (Act 95, Session Laws of Hawaii 2004).
- Initiated development of Integrated Energy Strategy for Hawaii.
- Participated in electric utility Integrated Resource Planning (IRP) Advisory Groups.
- Initiated work to assist the Department of Land and Natural Resources (DLNR) in developing a catalog of potential sites for renewable energy development as required by §196-41, Hawaii Revised Statutes (HRS).
- Completed initial report on DBEDT’s program to maximize the use of renewable energy and cost-effective conservation measures by state government agencies and on work with federal agencies to develop funding and technical assistance to support Hawaii in its efforts to achieve its RPS as required by §196-41, HRS.
- Provided financial and staff assistance to the University of Hawaii’s Hawaii Energy Policy Forum, a group of energy stakeholders seeking to increase the sustainability of Hawaii’s energy system.

#### **Tasks Planned for 2006 and Beyond:**

- Continue private-public sector partnership development to strengthen hydrogen programs and to attract funding for projects throughout the state including participation in the proposed federally funded Hawaii Hydrogen Center for Development and Deployment of Distributed Energy Systems, and Phase 2 of the Hawaii Hydrogen Power Park project, to be lead by the University of Hawaii’s Hawaii Natural Energy Institute.
- Continue to actively participate in all utilities’ IRPs in 2006 with the objective to promote state policies encouraging renewable energy and energy efficiency as priorities.
- Continue to work with fuel distributors, fleet managers, automotive industry, and the public in preparation for implementation of the E10 Unleaded requirement for gasoline to contain 10 percent ethanol beginning April 2, 2006.
- Undertake activities to encourage and foster greater use of renewable energy to meet or exceed RPS.
- Pursue increased use of distributed energy resources and combined heat and power to gain greater efficiency in the use of fossil fuels.
- Acquire and administer Federal funds for renewable energy applications, assessments, information, and technology transfer through contracts and support of partnerships with the County of Kauai (ongoing); County of Hawaii (ongoing); County of Maui (ongoing); City and County of Honolulu (ongoing); Honolulu Clean Cities Program (ongoing); State Civil Defense (ongoing); National Oceanic and Atmospheric Administration; and the DOE's state energy efficiency and renewable energy programs.
- Continue to provide information to interested parties on Brightfields (solar PV) development on brownfields sites in the State of Hawaii. Invite stakeholders and provide private sector and utility contacts in the State of Hawaii.

- Promote renewable technology installations increasing public awareness of utility rebates and new federal tax credits and other incentives.
- Continue to inform residents, businesses, and agricultural interests of potential applications of geothermal direct use in Hawaii County. Provide information and assistance to developers of wave power devices interested in opportunities in Hawaii.
- Continue private-public sector partnership development and support for Hawaii hydrogen projects to strengthen programs and to attract additional external funding for new projects.
- Continue facilitation of host activities related to the 2006 Fuel Cell Seminar.
- Continue technical support for bioenergy projects, including statewide biomass resource assessments and maps, education and outreach, and services to County governments.
- Continue to pursue external funding opportunities for research, development, and demonstration of innovative uses for geothermal energy, including conversion to renewable hydrogen.
- Continue to support efforts by the PUC to implement the Hawaii RPS.
- Continue to develop the Integrated Energy Strategy.
- Continue to actively participate on utility IRP Advisory Groups with the objective to promote state policies encouraging renewable energy and energy efficiency as priorities.
- Assist the DLNR in completing the Legislature-requested catalog of potential sites for renewable energy development. Initiate assistance to DLNR in working with the electric utility companies and renewable energy developers on all applicable planning and permitting processes to expedite the development of renewable energy resources as required by §196-41, HRS.
- Continue efforts to maximize renewable energy and conservation measure implementation by State government agencies, and to obtain federal funding and technical assistance to support Hawaii in its efforts to achieve its RPS as required by §196-41, HRS.
- Continue to provide staff assistance to the Hawaii Energy Policy Forum.

**Objective 5.** Develop comprehensive energy plans, and maintain a strong energy emergency response capability by keeping contingency plans current and coordinating efforts of the energy delivery stakeholders.  
(*Supports Goals 2 through 4.*)

### ***Action Plan***

#### **Tasks Accomplished in 2005:**

- Organized quarterly meetings and chaired the Hawaii Energy Council, the public-private energy emergency coordinating organization.
- Supported the Public Utilities Commission in the implementation of the gasoline price cap law with crucial data acquisition and analyses.
- Coordinated Energy Security meetings to facilitate Hawaii's energy industry and Federal, State, and County emergency officials' mutual understanding of private energy sector needs and procedures for federal emergency resources "sharing", and cost reimbursement for critical energy infrastructure companies. Meetings provided comprehensive



information on current Federal and State-level government and industry critical infrastructure protection and energy assurance plans and programs to assist Hawaii Energy Council member companies and agencies to better prepare for energy emergencies.

- Updated statewide assessment and database of minimum emergency back-up power generator needs for emergency & essential service facilities -- identifies and prioritizes emergency generator support for large lifeline and essential service facilities. Integrated into Statewide Geographic Information System platform.
- Organized Hawaii State Energy Council participation in Hawaii State Civil Defense's *Makani Pahili 2005* Annual Statewide Hurricane Exercise in support of the Statewide Response Plan's Emergency Support Function-12 (combined energy sector).
- Managed comprehensive project to update the State of Hawaii Energy Emergency Preparedness (EEP) Program and Plans to address the current EEP planning and energy security situation and incorporate security planning initiatives and recognition of the current EEP planning situation.
- Prepared Draft Interim Update of State of Hawaii Energy Emergency Preparedness (EEP) Program Implementation Guides to ensure currency of State's Guide to Four-Phased Implementation of 1) the EEP Program and Plan, 2) the EEP Public Information Program, and 3) the State Fuel Set-Aside Program.
- Sponsored and participated in the 2005 Asia-Pacific Homeland Security Summit & Exposition – a regional forum that provided insight into and perspective on shared security challenges and concerns for *Homeland Security*.
- Organized and participated in a U.S. Department of Energy, Strategic Petroleum Reserve (SPR) *Eagle-III* exercise of Hawaii's non-competitive guaranteed access to and priority loading of crude oil from the SPR in the event of a Presidential Drawdown in coordination with Hawaii oil refiners.
- Organized joint meetings of the Governor's Energy Emergency Preparedness Advisory Committee (GEEPAC) and the Hawaii State Energy Council (HSEC) to discuss preparations for potential adverse impacts due to implementation of wholesale gasoline price caps.
- Monitored Hawaii's petroleum market in an effort to gauge the effects of the wholesale gasoline price caps.

#### **Tasks Planned for 2006 and Beyond:**

- Incentivize the installation of rooftop photovoltaic systems in commercial and residential buildings built according to planned Tropical Energy Code.
- Continue to conduct supplemental and additional technical, market, and policy analysis related to the issue of petroleum industry regulation and price controls.
- Continue to conduct supplemental and additional technical, market, and policy analysis related to petroleum industry regulation and price controls.
- Lead the formation of the Strategic Technology Industry Development Branch's Energy Data Monitoring Section, which will support the more expansive petroleum industry data functions contained in Chapter 486J, HRS, and support the data acquisition and analyses associated with the gasoline price cap law.

- Develop legislation to increase petroleum market transparency and to support integrated energy planning and policy-making efforts.
- Complete a comprehensive update of the State of Hawaii energy emergency preparedness program and plans.
- Continue to conduct quarterly meetings of the Hawaii Energy Council.
- Maintain staff proficiency to prepare and evaluate comprehensive energy plans and policies.
- Plan for energy emergency exercise both at a local and regional (states) level.
- Continue ongoing energy statistical and data support functions for all energy program activities, especially essential energy emergency preparedness activities.

**Objective 6.** Develop non-state funding sources and obtain at least 25% of SID's annual budget from other than State funds; e.g., federal grants, etc.  
(Supports Goal 5.)

### ***Action Plan***

#### **Tasks Accomplished in 2005:**

- Obtained a U.S. Department of Energy Grant in the amount of \$149,986 to develop a Tropical Energy Code for Hawaii, Guam, the Marianas Islands, Puerto Rico and the US Virgin Islands. It will be matched by \$95,944 in in-kind matching services.
- Obtained a U.S. Department of Energy grant in the amount of \$100,000 to conduct a feasibility study and educational outreach activities relating to geothermal direct use in Hawaii County.

#### **Tasks Planned for 2006 and Beyond:**

- In each FY SID will continue to apply for and receive competitively awarded federal grants to supplement is state funding, finding ways to leverage state tax dollars.

### **Process for Measuring/Monitoring Performance**

SID measures and monitors performance through an approved set of metrics that are reported to the Governor and Legislature through the Department of Budget and Finance.

#### **Measures of Effectiveness:**

1. Number of qualified trade leads generated.
2. Number of businesses and organizations and individuals participating in outreach, market and industry development activities.
3. Decline in energy use per capita or per unit of economic output.
4. Ratio of external:State matching support of cooperative projects.

Target Groups:

1. Number of businesses and organizations interested in energy, environmental, ocean, and recyclable products.
2. Energy consumers statewide.
3. Energy producers statewide.

Program Activities:

1. Number of business and promotion activities developed and supported.
2. Number of industry/market development assessments conducted.
3. Number of industry outreach projects developed and implemented.
4. Number of energy efficiency and renewable energy projects developed and implemented.

**STRATEGIC MARKETING &  
SUPPORT DIVISION**

# Strategic Marketing & Support Division

## Goals & Objectives

To promote industry development and economic diversification by supporting 1) existing and emerging industries through the attraction of new investment; increase in exports of Hawaii products and services; expansion of Hawaii's participation in global trade and commerce and 2) new and existing businesses through licensing and permit information and referral, business advocacy, planning and coordination of programs and projects aimed at specific business sectors or economically-distressed areas, including rural areas and areas affected by natural disaster.

## Action Plan

### *Strategies*

1. Expand markets for Hawaii's firms in the domestic and international arenas.
2. Attract investment and companies in selected clusters to Hawaii.
3. Facilitate communication and networking.
4. Provide assistance and capacity building to help industries reach the next level.
5. Work with industries to improve their business environment.
6. Increase the number of small businesses via a one-stop center for small business interested in starting, expanding or locating their business in the state with their licensing requirements.
7. Work with the executive branch to resolve regulatory issues and provide testimony to the legislature on bills affecting small business; provide administrative, logistical and technical assistance to the Small Business Regulatory Review Board (SBRRB)
8. Provide training and capacity building opportunities and investments, in the form of grants and low-interest loans, in community economic development projects that result in measurable economic impact.
9. Stimulate business activity and job creating via the tax incentives of the Enterprise Zone program in areas selected by the counties and approved by the Governor.
10. Administer the Disaster Commercial and Personal Loan Program to businesses, individuals and families who suffer damages in a state-declared disaster.
11. Increase Hawaii firms global competitiveness by facilitating strategic partnerships locally and internationally.
12. Increase business activity and job creation through the Immigrant Investor Program.
13. Work with project and fund manager to increase the number of investment projects in the State.

### *Tasks Accomplished in 2005:*

1. Worked with financial institutions, businesses and individuals on loan assistance after the Governor issued a disaster proclamation resulting from the rains and

- floods of December 7, 2003, through April 12, 2004. The division also participated in another disaster relief effort when heavy rains and flooding caused extensive damages in the areas of Manoa on Oahu during the period beginning October 30, 2004, to November 7, 2004.
2. Pursuant to Act 229, SLH 2004, that allowed for loans to businesses threatened by military base realignment and closures, the division worked closely with the community and businesses whose revenues declined due to the deployment of troops.
  3. Provided \$171,295 in community economic development “seed grants to 12 community-based organizations.
  4. The Community Based Economic Development’s (CBED) financial planning assistance was responsible for the community of Hookena on the Big Island receiving \$886,000 in Federal funds (USDA) to implement a community-run eco-tourism project involving the creation of several small businesses in their community.
  5. The CBED Program’s technical assistance initiatives in FY 2005, intended to increase a community’s capacity to successfully implement their community economic development projects, co-sponsored 29 one and two-day community-based organizational training workshops and conferences. Over 700 individuals representing more than 250 community organizations and agencies from all major islands attended training sessions and conferences that helped increase economic literacy.
  6. Enrolled 15 new and existing businesses in the EZ Program
  7. The EZ Program provided training and worked with all four county EZ Coordinators to develop a strategic plan for the Enterprise Zone Partnership Program.
  8. Worked with county coordinators to initiate pro-active marketing of the EZ program in their respective counties.
  9. Supported the “Small Business Bill of Rights” at the legislature.
  10. Recommended the implementation of an efficient process for posting of proposed administrative rules to the Office of the Lieutenant Governor’s website, to which the Office of the Lieutenant Governor responded by creating a hyper text link to redirect internet users to state agencies rule changes.
  11. Assisted DFS in obtaining a contract for the operation of DFS concession stores at Haikou and Sanya Airports in Hainan, China. This contract is worth several millions of dollars to DFS.
  12. In its continuing efforts to export Hawaii’s specialized services, the Integrated Development Group (IDG)—a public-private partnership coalesced by DBEDT—conducted a series of seminars on tourism development in Hawaii, Taiwan and China. Ten speakers from Hawaii made presentations to an audience of approximately 100 tourism planners, policy makers and promoters. This effort has thus far resulted in two contracts for Hawaii firms, worth \$40k, with more in various stages of discussion.
  13. The Integrated Development group also signed a Memorandum of Understanding with the World Trade Center, Hong Kong to plan and develop a resort in Lhasa,

Tibet. As soon as development rights are obtained (expected in Nov '05) work will begin on the first phase of planning, worth about \$300,000.

14. IDG hosted tourism officials from 16 countries, in a week-long program on sustainable destination development, sponsored by the Asian Productivity Organization. IDG also conducted a series of sustainable tourism seminars in Beijing, Shanghai and Guangzhou, China.
15. With IDG, assisted the University of Hawaii in organizing and conducting a post-tsunami tourism re-development mission to Sri Lanka. The five person team conducted an assessment of the damage and has proposed revisions and updates to the national and regional tourism master plans.
16. In partnership with the University of Hawaii, Hawaii Pacific University, Brigham Young University Hawaii, and private sector firms, organized events to promote Hawaii as a center for professional, vocational and executive education. Conducted workshops and small group meetings in Taiwan and China.
17. Produced and published the IDG brochure in Simplified and Traditional Chinese.
18. Showcased Hawaii projects at the annual American Immigration Lawyer's conference Association conference in Salt Lake City.
19. In collaboration with the Hong Kong Business Association of Hawaii, conducted a series of workshops entitled Chasing the China Dream: The Myths and Realities of Doing Business with China.
20. Produced and published collateral brochures highlighting Hawaii business opportunities and incentives.
21. Organized Hawaii's participation at the BIO 2005 Annual International Convention in Philadelphia, Pennsylvania, June 19–June 22, which this year attracted over 18,000 attendees. Hawaii's delegation consisted of 36 individuals representing 19 organizations and programs from the private sector, state agencies and the University of Hawaii. Some significant outcomes included a planned meeting between Hawaii Biotech and a Japanese company to take place at BioJapan in September; two companies considering expanding their operations to Hawaii; and possible license of UH technology.
22. Organized Hawaii's participation at the 2005 SPIE Optics & Photonics Conference & Exhibition held in San Diego, August 2-4, 2005. A record 5,900 people attended. Hawaii's delegation consisted of 22 individuals representing 12 public and private organizations. Our participation resulted in over 100 shared leads, 27 qualified sales leads for three companies, and two contracts for one Hawaii company.
23. Organized Hawaii's participation in BioJapan 2005. Twenty two participated in this industry promotion project that included exhibiting at the BioJapan trade show for three days and producing the Hawaii Life Sciences Symposium attended by 90 high level industry representatives.
24. JETRO Seminar on the Japan Life Sciences Market. Generated participation from 75 individuals representing business, government and academia. Facilitated individual business appointments for three Japanese companies that led to follow-up activities for these firms with interest market expansion to Japan.

### *Tasks Planned for 2006:*

1. Continue to follow up on loan collections as well as work with the Attorney General's office to resolve and reduce outstanding delinquent loans.
2. Provide more "one-on-one" technical assistance help through outreach, workshops, and conferences to build community-based organizational capacity and assist in "taking those organizations to the next level" of community economic development.
3. Develop improved communication networks to "get the word out" about successful community economic development in Hawaii and the State's efforts to support those community initiatives.
4. Increase the number of requests for financial and technical assistance being received by the program through more proactive outreach and dissemination of information.
5. The Community Based Economic Development (CBED) Program will develop partnerships between other DBEDT Programs, State agencies and the private sector to provide more marketing opportunities for community-based organizations and their members.
6. The CBED Program will expand its focus to include host culture health and wellness and agro-tourism initiatives.
7. Work with county coordinators to recommend the identification of new zones or expanded zones in their respective counties;
8. Provide updated and better marketing materials for the EZ Program to coordinators and the general business community and increase outreach to qualified businesses to increase enrollment.
9. Continue to update and rewrite Administrative Directive 99-02 in conjunction with the Governor's office, support proposed changes to the Hawaii RFA bill.
10. Conduct a strategic planning session for the Small Business Regulatory Review Board to develop and focus on objectives for 2006.
11. Aggressively promote Hawaii's tourism development services through venues such as the China International Travel Mart (CITM) November 23-27, 2006 and other targeted conferences and trade shows.
12. Facilitate and help organize a forum in Honolulu in April 2006, to address the challenges and opportunities related to the Beijing 2008 Olympic Games in conjunction with the Pacific Alliance Gymnastic Championships. The US Gymnastics Federation will obtain sponsorship from major Olympic sponsors to underwrite the event. DBEDT will help to develop the program and to invite key officials from Chinese cities that will host Olympic events. This event will help Hawaii to promote its training expertise and resources to a targeted group of individuals.
13. Participate in the Western China Development Conference, May 2006, to promote Hawaii's sustainable tourism development expertise and environmental services.
14. Coalesce an airports development consortium to conduct training and consultancy in China. By 2010 China plans to develop 100 new airports in Western China Environmental.



15. Conduct a mission to Taiwan in May 2006 to promote Hawaii products and services, music, culture and training. Some events will be organized around Gourmet Taiwan, a food and related products show.
16. Participate in the United Nations Development Program conference in Lhasa, Tibet, March 2006. Hawaii's IDG has been invited to conduct a workshop on sustainable destination development for tourism officials from Western China Environmental.
17. Organize Hawaii's participation at BIO 2006 - an expected 20,000 biotechnology and life sciences professionals and top leaders from organizations from around the world will come together to highlight the future of biotechnology at the BIO 2006 Annual International Convention in Chicago, April 9-12. The State plans to have an even stronger presence than last year, as discussions are occurring with BIO to include a Hawaii life science industry leader as a speaker or panelist.
18. Organize Hawaii's participation at the 2006 SPIE Optics & Photonics Conference & Exhibition. The SPIE Annual Meeting is the industry's longest running event for innovations in optical components, systems and instruments. This meeting draws top-ranking physicists, optical engineers, applied scientists, engineers, and product developers. Almost 6,000 attendees are expected. Hawaii participated in 2003 and 2005 and made a significant impact in promoting our optics and photonics technology and astronomy sectors.
19. Help the Ehime Prefectural International Center with their Colleges for Mom tour to Hawaii. The Colleges for Mom program provides activities for wives of Ehime farmers as a way to network with other farming communities and to provide interesting tours outside of Ehime to broaden their view of the world. The contingent of 200 wives will arrive in three smaller groups. Their tour will include hands-on activities at select Oahu agri-tourism venues facilitated through DBEDT.
20. In partnership with the State Department of Agriculture, organize Hawaii's presence at the 2006 Natural Products Expo West held in Anaheim, California. The exposition will feature growers, producers and manufacturers at one of the largest natural products trade shows in the world. The exhibition attracts over 2,400 booths with attendance topping 35,000 buyers and visitors. The department will solicit vendors interested in promoting their health and wellness products and services to domestic and overseas distributors and large retailers.
21. Organize Hawaii's presence at Pollutec China 2006 in Shanghai, China. Pollutec China is recognized as one of the leading exhibitions in the international environmental protection industry and provides an excellent venue for Hawaii companies interested in meeting key environmental decision-makers in China. Hawaii environmental service companies will be part of the U.S. Pavilion. Over 300 exhibitors are expected to participate and market to the 8,000 visitors to the exhibition. Hawaii companies will be able to take advantage of Gold Key Service provided by DBEDT through the U.S. & Foreign Commercial Service. The Gold Key Service features embassy/consulate briefings, industry and company-specific research and individualized matchmaking services for each of the participating companies.

22. Plan and organize an industry cluster group of Hawaii environmental tech companies patterned after the Integrated Development Group (IDG) created in 2003 with the support and assistance of DBEDT. The purpose of the environmental cluster group is to promote and market the diversified services provided by Hawaii's companies in the domestic and overseas markets.
23. Organize Pacific Rim Summit on Industrial Biotechnology and Bio-energy work with the U.S. Embassy-Tokyo to attract a Japan delegation of business executives to Hawaii.
24. Work with the U.S. Consulate-Osaka on a Hawaii Promotion at Hankyu's flagship department store in Osaka. The promotion will kick-off at the end of March and continue through the end of May. Plans are underway to promote Hawaii's lifestyle through a broad range of unique products and services.
25. Together with the DOA, organize an exposition of Hawaii's unique products and services in Fukuoka. This project will receive planning support and assistance from the U.S. Consulate-Fukuoka.
26. Organize Hawaii's participation in Bio-Japan 2006 in Osaka.

### **Performance Measures**

1. Investment and trade generated by business development and promotional activities (\$M).
2. Number of trade and investment leads generated.
3. Level of client satisfaction of services provided and impact upon business development based on direct evaluation surveys after each major project. (On a score of 1-10, 10 being the highest)
4. Number of jobs generated by community-based organizations.
5. Number of new firms enrolled in the enterprise zone program.
6. Number of jobs generated by enterprise zone businesses.

### *Target Groups:*

1. Number of Hawaii firms and organizations in targeted industries engaged in out-of-state business or seeking partnerships or investment opportunities.
2. Number of eligible non-profit community-based organizations and cooperatives.
3. Number of small businesses requesting regulatory relief or legislation.

### *Program Activities:*

1. Number of international business development activities.
2. Number of national business development activities
3. Number of out-of-state firms and organizations assisted to locate or invest in Hawaii.
4. Number of locally focused educational and promotional events and business development activities.
5. Number of print and electronic publications and marketing collateral.
6. Number of investment and trade consultations.
7. Number of firms provided information or assistance for participation in enterprise zones.
8. Number of CBED applications (grants and/or loans) received and reviewed.
9. Number of new and amended rules reviewed by Business Advocate and SBRRB.

**ALOHA TOWER DEVELOPMENT  
CORPORATION**

# **ALOHA TOWER DEVELOPMENT CORPORATION**

## **GOALS AND OBJECTIONS**

The Aloha Tower Development Corporation (ATDC) was established in 1981 to redevelop lands surrounding the Aloha Tower. The boundaries of the project area, called the Aloha Tower Complex, include land areas makai of Nimitz Highway from Piers 5 and 6, Piers 8 through 23, and portions of Nimitz Highway and Iwilei.

The goals and objectives of 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; and
- Provide for public access and use of the waterfront property.

## **ACTION PLAN**

In addition to performance of its statutory responsibilities, the ATDC will be undertaking a number of major initiatives. These initiatives include:

- Continuing to pursue public/private partnerships to further development of the Aloha Tower Project Area;
- Updating of Hawaii Administrative Rules pertaining to the Aloha Tower Project Complex and other operating administrative rules;
- Completion of development of the New World Divers facility;
- Continuing with priority waterfront redevelopment projects in Honolulu Harbor in partnership with the Department of Transportation under the Hawaii Harbors Task Force Project.

## **PERFORMANCE MEASURES**

1. The number of contracts and the dollar value of construction contracts executed as a result of development efforts
2. The increase in revenues as a result of development projects.

**HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY**

# HAWAII COMMUNITY DEVELOPMENT AUTHORITY

## Mission and Goals

To stimulate the economic development of specific community districts by planning and implementing community development programs and facilitating capital investment. Currently, HCDA is in the planning stage for the 3,698-acre Kalaeloa Community Development District (Kalaeloa), and the plan implementation stage of the 670-acre Kakaako Community Development District (Kakaako).

### Objective 1:

Plan and implement capital improvement projects to upgrade infrastructure and develop public facilities to meet Hawaii's economic and recreational needs.

### Action Plan:

To bring Kakaako to developable standards, major infrastructure improvements are targeted to primary and central roadways such as South Street, Cooke Street, Halekauwila Street, Queen Street and Kamakee Street in the Kakaako Mauka Area and Ilalo Street in the Kakaako Waterfront Area. Improvements to various segments of these projects have been completed or are ongoing. As work on these primary roadways is completed in the 2002-2009 timeframe, secondary and access roadways that are needed to support major redevelopment projects will be targeted.

In Kalaeloa, HCDA is working to complete parcel conveyances from the Navy to the various local entities to which property has been designated. HCDA secured a federal grant and matching state funds, which it has used to undertake strategic and master planning for Kalaeloa. Engineering analyses will be required to determine how to address drainage needs in Kalaeloa. Given the cost of upgrading infrastructure throughout the 3,698-acre Kalaeloa district, initial infrastructure improvements will be targeted to the northeastern and northwestern corners of the district where most near-term development is expected to be concentrated.

### Performance Measures:

1. New private development in Kakaako (\$M).
2. New building floor space in Kakaako (1,000 s.f.).
3. Number of actively-used parcels within Kalaeloa.
4. New private development in Kalaeloa (\$M).

**Objective 2:**

Implement long term planning initiatives to support development of a mixed-use community.

**Action Plan:**

To foster a well-balanced and successful living and working environment in Kakaako, HCDA works towards ensuring that its community planning efforts are responsive to the many interests involved. One of the agency's aims is to create an outstanding physical neighborhood that will be known for its environmental excellence and an active, pedestrian-oriented public realm.

The State of Hawaii owns the majority of the Kakaako Waterfront lands. The HCDA's aim is to transform the Waterfront lands into a contemporary urban village; a walkable and self-contained community that will accommodate the lifestyles of workers in the growing industries that represent Hawaii's economic future.

While a private company is in the process of renovating existing residential development at Kalaeloa, HCDA is focused on the public-private partnerships to create a mixed-use community, which will provide jobs for local residents, workforce housing, and public facilities that provide services and recreation for local residents and visitors.

**Performance Measures:**

1. Number of new housing units in Kakaako.
2. Number of new public facilities in Kakaako.
3. Number of actively-used parcels in Kalaeloa.
4. New private development in Kalaeloa (\$M)

**HAWAII STRATEGIC  
DEVELOPMENT CORPORATION**



# **HAWAII STRATEGIC DEVELOPMENT CORPORATION**

The Hawaii Strategic Development Corporation's (HSDC) mission is to develop a sustainable venture capital industry in Hawaii which will stimulate the growth of viable new businesses. HSDC works to diversify the State's economy by commercializing emerging technologies and providing skilled employment opportunities for citizenry.

Near-term objectives are to develop venture capital investment funds in Hawaii which will attract external sources of private investment; to establish a fund of funds to raise capital for Hawaii venture funds, to expand the business infrastructure supporting the venture industry and the growth of emerging companies; and to assist entrepreneurial development through focused conferences and seminars.

# **HAWAII TOURISM AUTHORITY**

# HAWAII TOURISM AUTHORITY

## Mission Statement

In October 2004, the Hawaii Tourism Authority (HTA), with assistance from the industry, community and other government agencies, prepared the *Hawaii Tourism Strategic Plan: 2005-2015 (Hawaii TSP)*. This 10-year plan identifies a shared vision for Hawaii tourism in the year 2015 by Hawaii's tourism stakeholders and provides a roadmap – nine strategic initiatives as well as responsible and supporting partners – for achieving that vision.

The *Hawaii TSP* recognizes that achieving a successful tourism industry cannot be accomplished by any one agency or group. As such, this document provides the overall umbrella under which other stakeholders should develop their respective action plans. Therefore, in addition to this document, the HTA creates its own Action Plan, utilizing the framework of the *Hawaii TSP*. And though implementation of the plan may be creative and flexible from year-to-year, the HTA's mission remains constant:

*“To strategically manage the growth of Hawaii’s visitor industry in a manner consistent with our economic goal, cultural values, preservation of natural resources, and community interests.”*

## Goals and Objectives

While the *Hawaii TSP* identifies four high level measurements – *Report on Tax Receipts, Visitor Spending, Visitor Satisfaction* and *Resident Sentiment* – that provide indicators of the overall health of Hawaii's visitor industry, HTA, in concert with its industry and community partners, develops targets for Hawaii's visitor industry for CY 2005 (as listed below):

- **Visitor Spending.** \$11.2 billion in visitor spending for the State of Hawaii.
- **Visitor Days.** 65,772,618 visitor days for the State of Hawaii.
- **Tax Receipts.** +% increase in transient accommodations tax (TAT) collections over CY 2004.

## Measurement

Indicators	CY 2005 Targets	CY 2005 Actual (Year-to-date thru August 2005)
Visitor Expenditures	\$11.220 billion (6.1% increase over 2004)	\$7.7 billion (Y-T-D 7.7% increase from the same period in 2004)
Visitor Days	65,772,618 visitor days (3.7% increase over 2004)	45,920,000 (Y-T-D 7.4% increase from the same period in 2004)
TAT collections	% increase from \$174.68 million in CY 2004	\$140.5 million (Y-T-D 6.7% increase from the same period in 2004)

Note: Visitor spending and visitor days are preliminary numbers from DBEDT.

Besides the industry measures of performance, HTA also measures the performance of its leisure and business marketing programs, which are part of the marketing initiative identified in the *Hawaii TSP*. Information is listed below:

**Marketing.**

**Goal:** To develop marketing programs that contribute to sustainable economic growth.

**Measurement**

- Visitor Expenditures (see above chart)
- Visitor Days (see above chart)
- Lead and Room Nights for Corporate Meetings and Incentives (see below)
- Bookings for Hawaii Convention Center (see below)

**Measurement**

Corporate Meetings and Incentives

Indicators	2005 Goal	Y-T-D August
Leads	1,100	711
Room nights (Leads)	765,000	576,048

Hawaii Convention Center (HCC)

Indicators	2005 Goal	Y-T-D September
Bookings	34	44

**Tourism Product Development**

**Goal:** To provide a diverse and quality tourism product unique to Hawaii that enhances the Hawaii visitor experience and enriches residents' quality of life.

**Measures of Performance**

Indicators	CY 2005 Targets	CY 2005 Actual
Major Festivals supported throughout the year	7	11
Product Enrichment Projects funded throughout the State	40	110

**HIGH TECHNOLOGY  
DEVELOPMENT CORPORATION**

# HIGH TECHNOLOGY DEVELOPMENT CORPORATION

2005

## Goals and Objectives

- (1) Enhance high tech incubation programs;
- (2) Facilitate federal and dual use opportunities;
- (3) Focus marketing and promotion narrowly;
- (4) Provide support to technology companies; and
- (5) Improve Hawaii's business climate for high tech.

## Action Plan - Tasks Accomplished in 2005

- (1) Blue Lava Wireless graduates from Manoa Innovation Center – sold at \$137 Million.
- (2) Trex Enterprises graduates from Maui Research & Technology Center and moves into new facilities double its former size.
- (3) Oceanit, Inc. former MIC and current MRTC incubator tenant and Hawaii SBIR Grant Program recipient receives federal Phase III contract – commercialization award of \$50 Million.
- (4) The non-profit High Technology Innovation Corporation (HTIC) was created by the legislature to assist HTDC and the State to further develop technology programs and projects.
- (5) HTDC opens its Representative Offices in China and executes reciprocal Memorandum of Agreements with Technology Incubators in Beijing and Shanghai Technology Parks.
- (6) HTDC executes a memorandum of agreement with DragonBridge, a merchant bank investment firm, to assist Chinese startup companies in Hawaii.
- (7) The Maui High Performance Supercomputing Center expands its operations and supercomputing equipment in Maui at HTDC Maui Research & Technology Center.
- (8) HTDC receives NIST award of \$347,066 to continue the HTDC- Manufacturing Extension Program in FY 05.
- (9) HTDC receives DoC EDA award of \$75,000 to promote the use of ethanol in Hawaii via the design and delivery of a public education program.
- (10) HTDC receives DOD funding of \$3,096,070 appropriated for Hawaii Center for Advanced Transportation Technologies (HCATT) to continue development and evaluation of alternative fuel vehicle technologies at the National Demonstration Center at Hickam Air Force Base, with a continued focus on fuel cell vehicles and hydrogen infrastructure.
- (11) HTDC receives SBA Federal and State Technology Partnership (FAST) Program funding of \$90,000 to assist with the promotion and delivery of the Small Business Innovation Research (SBIR) Grant Program and technology commercialization in the state.
- (12) HTDC continues its outreach program to local technology companies and the university and its research institutes to apply and receive grant funds through federal SBIR and STTR programs. In FY05, the Hawaii SBIR Grant Program

awarded 13 grants to 9 local technology companies totaling \$260,000 in funding. Five of these nine companies were first-time-ever federal grant SBIR awardees. The state's program has assisted local small businesses attract \$54.5 million in federal funding and an addition \$57 million in commercial and follow on funding. For every dollar the state has invested in the SBIR program, \$14 federal dollars have been returned.

- (13) HTDC completes new marketing materials and translates them for Japanese and Chinese speaking markets.
- (14) HTDC expands its State Tech Web Portal ([www.HiTechHawaii.com](http://www.HiTechHawaii.com)) to include national and international links, provide resources on Act 221/211, upcoming tech conferences, workshops and networking events, tech job opportunities, Hawaii Tech Companies Directory, and information on starting a new business in Hawaii.
- (15) Hawaii Innovation Center at Hilo, a partnership with the UH Hilo, is fully operational and 100% occupied.
- (16) HTDC expands its Incubation Program increasing the number of participants in its Professional Service Providers Program and the new Virtual Incubation Program.
- (17) HTDC collaborates with Hawaii Community Development Authority to organize a workshop to facilitate the development of a biotechnology and life sciences technology industry and infrastructure at Kakaako Makai.
- (18) HTDC sponsors and co-sponsors with local tech industry organizations, economic development entities, and chambers of commerce a variety of statewide meetings, workshops, seminars, conferences, expos, forums, and networking events on training and workforce development, commercialization of technologies, technical team management, communication products, marketing and media skills, intellectual property and licensing, growing your business and creating value, employment laws and intellectual property, startup financing, federal and state R&D credits, biotechnology, e-commerce, telecommunications, Internet, tech career and job fairs, tech expo and awards events, etc.

### **Performance Measures**

- (1) Number of technology companies incubated or assisted by HTDC programs: 137
- (2) Number of individuals or companies assisted by HTDC: 41,538

## **2006**

### **Goals and Objectives**

- (1) Provide global (Asian) business opportunities for local technology companies;
- (2) Increase collaborations and partnerships with federal programs and private sources;
- (3) Increase the amount of available and affordable space for startup technology companies particularly in the life sciences industry;
- (4) Increase the number of graduates from HTDC Incubation Program; and,

- (5) Continue to improve Hawaii's business climate for high tech industry development.

### **Action Plan**

- (1) Implement reciprocal Memorandum of Agreements with Beijing and Shanghai Technology Incubators.
- (2) In conjunction with MOAs with Beijing and Shanghai Technology Incubators, implement an International Business & Technology Incubator including seeking startup funding for first two-years.
- (3) Continue implementation of the non-profit entity, Hawaii Innovation Technology Corporation (HTIC) to increase the number of technology programs and projects in Hawaii.
- (4) Continue discussions and negotiations to lease and/or develop biotech laboratory and office space in Kakaako and to provide incubation program management services.
- (5) Seek continued funding from federal DOD and DOT for Hawaii Center for Advanced Transportation Technologies (HCATT), and assist the state to develop alternative energy transportation solutions, as requested.
- (6) Seek continued funding from federal NIST for Manufacturing Extension Program (MEP) and new funding opportunities from technology-based federal economic development initiatives.
- (7) Increase the number of graduates by strengthening the incubation services program and direct services to incubator companies.
- (8) Reevaluate occupancy objectives and release major vacancies at Maui Research & Technology Center due to the graduation of a large phase-in company and incubator companies, and the completion of MEDB building adjacent to MRTC.
- (9) Continue measures of performance surveys and analysis, and partnerships with major stakeholders to advance policies and programs to support growth of the high tech industry in Hawaii.

### **Performance Measures**

- (1) Number of technology companies incubated or assisted by HTDC programs.
- (2) Number of individuals or companies assisted by HTDC.



# **LAND USE COMMISSION**

# STATE LAND USE COMMISSION

## GOALS AND OBJECTIVES

The objectives of the Land Use Commission (LUC) are to: administer the State Land Use Law within the parameters specified in statute and administrative rule; ensure the due process rights of parties before the Commission are maintained; and maintain or enhance the efficiency of its processes. Operationally, the LUC will continue to process, review and act on district boundary amendment petitions and special permit applications in accordance with statutory timeframes. Staff also continues to accommodate a stream of requests for boundary interpretations, maps and information.

## ACTION PLAN

Besides performance of its statutory responsibilities, the Commission will be undertaking a number of significant initiatives. These initiatives include:

The Land Use Commission will continue to process, review and act on district boundary amendment petitions and special permit applications in accordance with statutory timeframes. Staff also continues to accommodate a stream of requests for boundary interpretations, maps and information. In responding to 1165 requests for boundary interpretations in the past year, Commission staff has and will continue to seek to provide preliminary findings within two weeks of the request. However, besides performance of its statutory responsibilities, the Commission will be undertaking some significant initiatives. These initiatives include:

- Working with County Planning Departments, state and federal agencies, agricultural stakeholders, regional interest groups and landowners to develop and refine standards and criteria for protecting important agricultural lands per Act 183 SLH 2005;
- Reviewing state boundaries and county policies relating to the State Land Use (SLU) Rural District and providing recommendations to the State Legislature per Act 205 SLH 2005;
- Issuing findings of fact, conclusions of law and decision-and-orders in two (2) controversial petitions for declaratory rulings; and

Continuing development of an integrated land use information system capable of monitoring project compliance with State Land Use and Coastal Zone Management goals and objectives for installation on the Commission website

## PERFORMANCE MEASURES

Measures of effectiveness include: the submittal to the State Legislature of IAL or other land use reform legislation; the development of statewide data warehouse and mapping protocols by the LUC and the county planning departments; publication of the LUC database at the LUC website; and convening discussions amongst state and county agencies relative to the development and refinement of district standards and criteria for the SLU Agricultural and Rural Districts.

**NATURAL ENERGY LABORATORY  
OF HAWAII AUTHORITY**

# **NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY**

## **NELHA MISSION**

The mission of Natural Energy Laboratory of Hawaii Authority is to develop and diversify the economy of Hawaii by providing resources and facilities for energy and ocean related research, education, and commercial activities in an environmentally sound and culturally sensitive manner.

## **NELHA GOALS & OBJECTIVES**

- To achieve NELHA's mission statement through marketing, managing and operating facilities that provide sites and resources for the development of research, aquaculture and commercial businesses and technologies that utilize the natural resources available such as cold deep seawater, warm surface seawater, and high solar energy.
- To enhance economic development and diversification through the management and operation of state owned facilities, leasing land and providing services for projects involved in research, development, demonstration and commercialization utilizing natural resources and other compatible scientific, technological and educational activities. NELHA's facilities are located at Keahole Point in Kona on the Island of Hawaii.
- To continue serving as the laboratory for research and development of alternative energies, as an incubator facility for developing innovative new technologies and businesses, and as a base for commercial operations that utilize and/or are related to the use of the natural and logistical resources available, including deep ocean water at Keahole. NELHA is the only location in the world where large quantities of warm surface and cold deep seawater are consistently pumped ashore for use in aquaculture, marine biotechnology, energy, and other related technologies.
- To continue aggressively moving into areas of alternative energy research and development, while continuing to be recognized as the world leader in research on Ocean Thermal Energy Conversion (OTEC). OTEC is receiving renewed interest as a viable and sustainable source of energy due to the high prices of fossil fuels.
- To increase the number of new tenants locating at NELHA and continue to support our current tenants expanding their activities.
- Continue to increase our revenues in both an effort to become self-sustaining as well as to better support our tenants, increase the amount of land in use at NELHA, diversify economic development opportunities, and to increase the amount of cumulative State, Federal and Private Sector capital improvement investment at NELHA facilities.

## **NELHA ACTION PLAN**

NELHA continues to work closely with the Legislature and others to ensure that NELHA's transition to self-sufficiency and related objectives are met successfully. By examining expense structures and

increasing efficiency of operations, NELHA was able to reduce operating expenses as well as significantly enhance the revenue stream by implementing new seawater rates, royalty rates for water bottling companies and other fees for services. However, the high cost of electricity needed to run the seawater pumping system, combined with a mandate to gradually increase the seawater price to tenants, is causing NELHA to lose money and is jeopardizing its future viability. Currently NELHA is in the process of drafting a proposed reorganization with the purpose of creating more efficient workflow and to updating and re-describing certain positions according to current needs of the organization.

In all planning and review, the NELHA Board and staff are cognizant of the role that NELHA has in the broader context. Consideration is given to issues that impact the community, including and not limited to, traffic, import and export infrastructure, support services, workforce availability, workforce development, and public acceptance. Considerable efforts are undertaken in public outreach for both receiving and disseminating information. An example of review in a broader context includes NELHA's success in securing \$500,000 through a Congressional appropriation to design, plan, and engineer a connector road between NELHA and the Kona International Airport. NELHA is working with both federal and state agencies to implement this project as part of the State Transportation Improvement Projects (STIP) program. This connection is vital to security at the airport as well as opening access to new land for the continued development of NELHA.

NELHA continues to work with the Hawaii Foreign Trade Zone to complete applications for NELHA to obtain FTZ designation. FTZ waived all application costs for those tenants who have expressed interest to for designation, and provided staff support to coordinate the application process.

The NELHA Board of Directors and staff are also in the process of updating its master plan to address issues including and not limited to, land use and resource management; infrastructure needs; and identification of opportunities for revenue enhancement and leveraging of resources with adjacent landholders.

NELHA recently has gone through successful testing and opening of the 55-inch Distribution System. It was built at a cost of \$19.9 million. The 55 inch pipe line provides tenants with 3,000 feet deep sea water for commercial and aquaculture use.

Existing and emerging projects at NELHA include facilities for premium abalone production, specialty agar production, shrimp and finfish operations, desalination of deep seawater and bottling for boutique beverages, health supplements, and federally funded NELHA Gateway facility for energy research, education, and outreach. Production of algae for biopharmaceutical purposes has begun signaling the start of an exciting new industry as potential new tenants at NELHA. NELHA continues to be highly involved in marketing and promotion of its resources to attract additional tenants.

## **NELHA PERFORMANCE MEASURES**

NELHA's measures of effectiveness can be measured by tenant statistics that have been identified. The current ratio of private sector tenant employees to NELHA staff is over 15 to 1 which believed to be the best private/public sector ratio in the state.

These statistics include:

- Increase in number of tenants
- Number of current tenants expanding
- Amount of tenant gross sales
- Revenues received by NELHA
- Amount of investment at NELHA
- Number of individuals served through outreach and interface activities
- Number of jobs created and the ratio of private sector tenant employees to NELHA staff.

**CENTER OF EXCELLENCE FOR  
RESEARCH IN OCEAN SCIENCE**

# **NATIONAL DEFENSE CENTER OF EXCELLENCE FOR RESEARCH IN OCEAN SCIENCES**

## **GOALS AND OBJECTIVES**

1. To solicit and support innovative technologies for national maritime military applications and sustained technology-based economic development in Hawaii.
2. To develop and demonstrate state-of-the-art ocean technologies to address Department of Defense requirements and build residual benefit for the State.
3. To establish a Hawaii-based program to accelerate benthic habitat mapping and classification in the water of the Hawaiian Islands and the surrounding Exclusive Economic Zone in accordance with the mapping implementation strategy of the United States Coral Reef Task Force.

## **ACTION PLAN**

1. Solicit proposals, evaluate proposals competitively according to criteria published in the solicitation, and award contracts based on funding availability in the following areas:
  - Shallow Water Surveillance Technologies
  - Ocean Environmental Preservation
  - New Ocean Platform and Ship Concepts
  - Ocean Measurement Instrumentation and Ocean Engineering Tools
  - Unique Properties of the Deep Ocean Environment
2. Conduct technical outreach and information exchanges between CEROS sponsors and constituents.
3. Conduct semi-annual program reviews to monitor the contract with the University of Hawaii's (UH) School of Earth Science and Technology (SOEST) to conduct seafloor mapping operations to support ongoing National Oceanographic and Atmospheric Administration (NOAA) benthic habitat mapping efforts in the Hawaiian archipelago and U.S.-affiliated Pacific Island areas.

## **PERFORMANCE MEASURES**

1. Number of proposals reviewed
2. Number of contracts awarded
3. Number of outreach events conducted
4. Number of program reviews



# **OFFICE OF PLANNING**

# OFFICE OF PLANNING

## OVERALL GOAL

To guide the development of the State through comprehensive, long-range and strategic planning to meet the physical, economic, and social needs of Hawaii's people and provide for the use and conservation of Hawaii's resources.

## OBJECTIVES

1. 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.
2. 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.
3. To conduct statewide planning activities to promote the orderly future growth and development of the State pursuant to Chapter 225M, HRS.
4. 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.
5. To carry out lead agency responsibilities for the Hawaii Coastal Zone Management program as specified in Chapter 205A, HRS.
6. To administer the Statewide Planning and Geographic Information System program under Chapter 225M, HRS.
7. To administer the Brownfields Cleanup Revolving Loan Fund and Brownfields site assessment grant programs.

## FY05 ACCOMPLISHMENTS

**Land Use Planning/Regulation:** The Office of Planning (OP) continues to represent the State's case before the LUC and meet all statutory deadlines to ensure that petitions are reviewed and decided upon in a timely manner. The LUC has upheld all of OP's positions on boundary amendment petitions. In FY05, the LUC acted on seven petitions affecting 944.503 acres.

**Important Agricultural Lands and Rural Land Use Policy:** As one of the members of the Agricultural Working Group, OP provided testimony on bills relating to important agricultural lands and rural land use policy during the 2005 session. In 2005, the Legislature passed and the Governor signed into law, legislation to identify and protect important agricultural lands as required by the 1978 Constitutional Convention.

Legislation was also enacted for the counties and State to examine rural land use issues and make recommendations for better use of the State Rural Land Use District.

**Community and Economic Diversification Planning:** The Hawaii Comprehensive Economic Development Strategy (CEDS) was prepared by OP, the Neighbor Island Economic Development Boards and Enterprise Honolulu with the cooperation of County economic development agencies and the assistance of the Economic Development Alliance of Hawaii. This project was groundbreaking effort to coordinate economic strategy throughout the State. It was a collaborative effort between the key State and County governmental and non-governmental economic development organizations throughout the State. The project involved hundreds of people statewide from the urban center of Honolulu to remote rural communities on the Neighbor Islands. It resulted in the first statewide CEDS for Hawaii. Prior to this there were County CEDS but no statewide strategy. The CEDS is required for receipt of funds under certain U.S. Economic Development Administration (EDA) programs.

**Planning Assistance for CEDS Projects:** OP has received a follow up grant from EDA to provide planning assistance for 3 or 4 top ranked projects in the CEDS in order to support the implementation of the economic strategy.

**Master Plan for Film and Digital Media Center:** In partnership with DBEDT's Arts, Film and Entertainment Division, OP and the Department of Accounting and General Services submitted an application to EDA for a planning grant to master plan a film and digital media center. EDA approved a \$160,000 grant which was matched by the University of Hawaii for total project funding of \$320,000. Work has commenced. This project supports the CEDS since film and digital media is identified as a targeted cluster industry.

**2004 International Planning Conference:** OP organized the September 2004 Hawaii Congress of Planning Officials first International Conference in conjunction with the Hawaii Chapter of the American Planning Association. Speakers from Australia, New Zealand and other national and international scholars and planners explored the theme of "Planning in the New Pacific Era-Emerging Issues and Innovations".

**Honolulu Power Plant Initiative:** OP staffed a working group to identify sites to relocate the Honolulu Power Plant in order to redevelop the Honolulu Waterfront. OP completed a report which evaluated various sites and presented recommendations.

**Brownfields Cleanup Revolving Loan Fund:** Work plan developed and approved by EPA. Rules have been adopted. OP has developed a memorandum of agreement (MOA) with DOH and County coalition members to formalize program roles and responsibilities. The project is accepting applications for loans.

**Brownfields Site Assessment:** OP was awarded \$400,000 from EPA for community-wide assessments of hazardous materials and petroleum sites. The project will contract

with an environmental engineering firm to do at least four Phase 1 environmental site assessments.

**Special Projects:** Participates in Oahu Metropolitan Planning Organization Technical Advisory and Oahu Regional Transportation Plan Task Force meetings, Humpback Whale National Marine Sanctuary Advisory committee, the Natural Area Reserves Commission, and provided staff support to the Energy program to monitor the impacts of the gas cap. Provided staff support to the Economic Momentum Commission.

**Policy/Legislation:** Prepared testimony on approximately 52 bills and resolutions pertaining to agricultural lands, incentives for agriculture, land use, shoreline certification and setbacks, coastal issues, and other topics.

**Planning and Geographic Information System:** Continued data acquisition and partnership projects including membership in the Pacific Islands IKONOS Data Purchase Consortium and purchase of Quickbird satellite and LIDAR imagery. The acquisition of the Quickbird satellite imagery provides a higher resolution for more detailed land analysis. The LIDAR acquisition will be used for a number of applications including the development of flood hazard and tsunami inundation zone maps. Participated in GIS Day, an event for school children. A two-year strategic plan outlining targeted activities was completed.

**Coastal Hazard Initiative:** Funding and staff support has resulted in the completion of the following work products -- Earthquake Hazards and Estimated Losses in the County of Hawaii, Tsunami: The Great Waves (revised), and Improved Building Code Policies as a Hazard Mitigation Tool for Hawaii County. Participated in the following events (exhibits, organization, presentations, sponsorships): NOAA Panel on State Efforts in Tsunami Mitigation, Earthquake Hazard Briefing to County of Hawaii Officials, Solutions to Coastal Disasters 2005, the 2005 Pacific Risk Management Ohana Meeting, the Asia Pacific All Hazards Workshop, and the Third Annual Asia Pacific Homeland Security Summit.

**Cumulative and Secondary Impacts:** Completed the Waianae Ecological Characterization and continued work on the Waianae Ahupuaa Management project.

**Ocean Resources Management:** Began preparation and organization for the October 26, 2005 Ocean Resources Management Plan (ORMP) Workshop as part of the update of the ORMP. Participated in the Hawaii Ocean and Coastal Council meetings. Met with environmental groups and small and large business ocean users on the update of the ORMP.

**Nonpoint Source Pollution Control:** Continued to work to meet NOAA and EPA conditions placed on Hawaii's nonpoint source pollution control plan to bring about full approval.

**Special Management Area (SMA) Permit System Project:** Completed the Assessment Report on SMA permitting and processing. Prepared educational materials to aid planners and decision-makers in administering the SMA permit.

**Coral Reef Initiative:** Administered community-based grants under the Coral Reef Initiative.

**Federal Consistency, Special Management Area (SMA) Permits and Shoreline Setback Variances (SSV):** Conducted 77 Federal Consistency reviews. Reviewed and approved SMA's and SSV's in Kakaako.

**Outreach and Education:** Developed coastal zone management related outreach and education materials; participated in informational fairs such as Earth Day, Molokai; Marine Conservation Evening, Hawaii, Earthday, Oahu-Mother Earth for You a Lei; and Earth Day Hawaii Community College; sponsored workshops and conferences such as Dive into Education and DOE Student Watershed Symposium; and participated in Get the Drift and Bag It. The CZM Program also provided thousands of copies of various program outreach and educational material to the State Library's Summer Reading Program.

**Monitoring and Compliance:** Monitored the actions of State, County and federal agencies that affect Hawaii's coastal zone.

**Marine and Coastal Zone Management Advocacy Group (MACZAC):** Provided staff support to MACZAC and its committees. In particular, the issue of shoreline certification was examined.

**Grant Administration:** Administer Coastal Zone Management grants, including grants to the Counties to administer Special Management Area (SMA) permits and Shoreline Setback Variances (SSV's).

## **2006 ACTION PLAN**

### **STATEWIDE PLANNING AND POLICY FORMULATION AND ANALYSIS**

1. Conduct Rural Policy and Best Practices Project which involves two rounds of workshops on rural policy and rural best practices and preparation of a Rural Best Management Practices Guidebook.
2. Complete impact fee study.
3. Participate as a member of the Hawaii 2050 Sustainability Task Force.
4. Provide research and analysis on land use policy and land use related issues and develop legislation as necessary. Provide legislative testimony.
5. Provide planning assistance to 3 or 4 top ranked projects in the Hawaii Comprehensive Economic Development Strategy.

6. Conduct master planning for the Film and Digital Media Center in conjunction with the DBEDT Arts, Film and Entertainment Division including the Hawaii Film Office, UH, Academy for Creative Media and DAGS.

## **LAND USE REGULATION**

1. Continue to present the State's position before the LUC on boundary amendments, special permits, declaratory rulings, and other matters in a timely manner. Anticipate that the office will review and present positions on eleven action items before the Land Use Commission involving 2,389 acres. There has been a significant increase in petitions, special permits, and land use proposals submitted in FY05 reflecting the upturn in the economy, lower interest rates, and increased confidence in investment in real estate. A land use petition database will also be completed.

## **BROWNFIELDS SITE ASSESSMENT AND CLEAN-UP**

1. Brownfields community-wide inventory of sites with potential for redevelopment.
2. Conduct site assessments and provide clean-up loans to promote redevelopment of Brownfield sites.
3. Measure effectiveness of Brownfields program.

## **GEOGRAPHIC INFORMATION SYSTEM**

1. Continue to add data layers to the Planning and Geographic Information System.
2. Continue efforts to establish inter-organizational partnerships to develop new databases.
3. Continue to maintain a GIS website to facilitate public access to information about the program.
4. Create GIS applications that are publicly available via the Internet.
5. Seek federal funds to support the development of spatial databases essential to homeland security.
6. Investigate the possibility of executing a State of Hawaii GIS Enterprise Licensing Agreement.
7. Staff the Board on Geographic Names.

## **COASTAL ZONE MANAGEMENT PROGRAM**

### **Core Activities**

1. Continue to administer CZM grants with the eventual goal of administering a single grant per year permitting extensions of up to six months for selected projects that require additional time.
2. Review federal activities, federal permits, and federal funding for consistency with the Coastal Zone Management Program.

3. Review and process Special Management Area (SMA) permits for designated Community Development Districts. Develop closer relationship with HCDA to anticipate development in Kakaako and potential SMA permits.
4. Work with the Counties on follow up actions to implement the SMA Permit Assessment recommendations related to the Section 312 Evaluation.
5. Conduct consistency and compliance workshops to assure consistency with CZM objectives and policies.
6. Continue to conduct lead agency responsibilities under Chapter 205A, HRS.
7. Prepare the annual routine program change report.
8. Prepare the CZM annual report.
9. Review and monitor activities to assure consistency with the CZM law.
10. Continue to administratively support the CZM citizens advisory body—the Marine and Coastal Zone Advisory Council (MACZAC) and its subcommittees.

### **Federal Requirements**

1. Section 6217-Continue to work toward full approval of the nonpoint source pollution control plan.
2. Section 309 Enhancement Area Grants-Coastal Hazards: Evaluation of the Suitability of HAZUS-Multi Hazard (Hurricane Module) for the State of Hawaii, Climatic Atlas of Tropical Cyclones in the Central North Pacific from 1966-2003, and Windspeed Mapping and Building Code Amendments for the County of Hawaii. Update and reprint the Natural Hazards Preparedness Wheel – over 22,000 copies have been distributed and requests continue to flow in for this educational product.
3. Section 309 Enhancement Area Grants-Ocean Resources Management: Conduct follow-up activities to update the Ocean Resources Management Plan.
4. Section 309 Five Year Plan-Assessment and Strategy: Assess enhancement areas and develop a five-year strategy for the use of Section 309 funds.
5. National Coastal Management Performance Measurement System: Conduct data collection and develop a management system for Phase 1 covering public access and government coordination and decision-making.
6. Coastal and Estuarine Lands Conservation Plan: Complete development of the plan and submit to NOAA. Conduct outreach and education.
7. Section 312 Evaluation: Prepare response to necessary actions and program suggestions.

### **Program Priority Projects**

1. Continue to support the Rural Lands Policy and Best Practices Model Project.
2. Prepare and monitor contracts for network solicited projects.

## **MONITORING AND PERFORMANCE MEASURES**

OP monitors its performance through reports to the Legislature as part of the budget process. Performance measures include:

1. The number of planning reports developed or reviewed.
2. LUC decisions upholding OP positions as a percentage of total LUC decisions.
3. Number of acres involved in LUC decisions supporting OP position.
4. Number of State position statements prepared for land use boundary change petitions.
5. Number of land use boundary amendment petitions, special permits, declaratory rulings, and other LUC action items reviewed.
6. Number of Federal Consistency Reviews.
7. State permits reviewed by the Coastal Zone Management Program.

OP is required to submit periodic performance reports for federally funded programs and projects including the Coastal Zone Management Program, Comprehensive Economic Development Strategy, Brownfields Cleanup Revolving Loan Fund, and Brownfields Site Assessment grant.

NOAA conducts a program evaluation of the Hawaii Coastal Zone Management Program every three years.