

**REPORT TO THE LEGISLATURE
ON 2007 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**

**Creative Industries 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**

CREATIVE INDUSTRIES DIVISION

CREATIVE INDUSTRIES DIVISION

GOALS AND OBJECTIVES

To strengthen, promote, expand and accelerate the economic viability of businesses in targeted Creative Industries and to support and implement programs, projects, and activities that result in:

1. Creative goods and services recognized for quality and excellence in world markets.
2. A creative economy that is a vibrant and sustainable sector of Hawaii's economy.

ACTION PLAN

To achieve these goals and objectives the division has a distinct role and relationship with this sector and provides leadership in these areas:

- Policies and legislation to complement business and community needs
- Current industry profiles and data through market research
- Business development and support to growth industries
- Business servicing to meet Legislative mandates

2006 Accomplishments

Arts & Culture Development Branch (ACDB)

- Completed a contract with SMS Research & Marketing Services, Inc. to develop a working database of information about Hawaii's creative economy which included the spectrum of artistic and cultural for-profit and non-profit activities in various industry sectors. The database consists of contact information, industry classification, marketing and product/service descriptions, and economic data regarding job count and income estimates.
- Entered into a contract with the Friends of the Hawaii State Art Museum, Inc. for services related to the planning and implementation of the "Live from the Lawn" series of free arts-oriented entertainment performances for FIRST FRIDAYS that take place on the grounds of the Hawaii State Art Museum. DBEDT co-sponsors the series as part of its ongoing strategic initiative to promote and attract national and international attention for Hawaii's creative and cultural assets.
- Co-sponsored a music concert with the Friends of the Hawaii State Art Museum, Inc. on January 6, 2006 that featured past and current Grammy nominees for the "Best Hawaiian Music Album of the Year."

- Co-sponsored a booth with the Hawaii Book Publishers Association at the *Hawaii Book and Music Festival* at Honolulu Hale on April 22 & 23, 2006. The Festival featured performances, presentations, demonstrations, book signings and other events by local, national and international authors, poets, storytellers, playwrights, songwriters, composers, arrangers and musicians.
- Co-sponsored the International Cultural Summit, *Ho'omoe wai kahi ke kao'o*, with the State Foundation on Culture and the Arts on May 11-13, 2006, at the Hawaii Convention Center. The summit featured an outstanding array of speakers and panelists on topics that included, but were not limited to, community building and leadership, cultural preservation and cultural diversity, creative economies and cultural tourism, public art and individual artists, and culture and arts education.
- Sponsored a *Gala Hawaiian Music Concert* on May 22, 2006, at the Nikko Hotel in Fukuoka, Japan. The dinner concert was attended by over 300 guests and was one of several activities celebrating the "25th Anniversary of Hawaii's Sister-State Relationship with Fukuoka." Entertainment from Hawaii included the Kaimana Band, Bruce Shimabukuro and Maunalua.
- Showcased Hawaii's Grammy nominated artists at the National Academy of Recording Arts and Sciences (NARAS) Board of Trustees' annual meeting on Maui on May 23, 2006. The purpose of the performance was to demonstrate the cultural heritage and diversity of Hawaii's music in order to support the creation of a second Grammy category for music from Hawaii.
- Co-sponsored a *West Coast Hawaii Books and Music* promotion with the Hawaii Book Publishers Association (HBPA) and the Hawaii Academy of Recording Arts (HARA) at fifteen (15) Border's retail outlets in Southern California from October 2-15, 2006.
- Assisted with the organizational development activities 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.
- Produced the e-newsletter *Hawaii Books Quarterly*, in coordination with the Hawaii Books Publishers Association (HBPA), which highlights the latest releases in books from Hawaii and provides links to industry/company websites.
- Monitored the grants-in-aid for the restoration of the Hawaii Theatre in downtown Honolulu and the World Music Association that puts on the *Hawaii International Jazz Festival*.

Hawaii Film Office

- Shepherded 15-20% film, television, and digital media production tax credit bill into law. The measure was passed by the legislature and signed into law by the Governor as Act 88 and took effect on 7/1/06. The film office was able to coalesce and galvanize the local film industry to lobby for the passage of the credit by providing regularly updated, digestible information about the bill and hearings through our blog.
- Established online application process for the new 15-20% tax credit, including detailed overview and instructions, registration form, and final production report form. Worked closely with the Department of Taxation (DoTax) to issue a Tax Information Release with further details on the credit, and to establish policies regarding what specific kinds of productions and costs are eligible for the credit. Continue to work closely with DoTax to fine tune the credit implementation.
- Established mandatory Educational and Workforce Development Contribution program under the new 15-20% tax credit. In order for productions to claim the credit, they must work with a local public or charter school, or labor union chapter to contribute financially or in-kind toward the furtherance of the film and arts industries in Hawaii with respect to workforce development.
- Established statistical tracking process for the new 15-20% tax credit. Will provide aggregate data on production expenditures, hires, neighbor island progress, and workforce development contributions on an annual basis.
- In 2005, processed 661 standard film permits (includes 1,650 state locations) and 152 annual permits (used by year-round local photographers and videographers). In the first half of 2006, processed 325 standard permits (includes 815 state locations) and 172 annual permits. Our longtime “one-stop shop” for film permits remains an industry model worldwide, as few jurisdictions have such a streamlined permitting process. To ensure a smooth permit process, we continue to maintain good relations with DLNR, DOT, DAGS, and other State agencies.
- Supported full seasons of ABC’s “Lost,” A&E’s “Dog the Bounty Hunter,” Discovery Kids’ “Flight 29 Down,” The N’s “Beyond the Break,” Here!’s “Dante’s Cove,” and MTV’s “Living Lahaina” and “Island Fever,” in addition to numerous television specials and episodic and commercials—all of which spent an aggregate of \$100 million in production expenditures in 2005. Our production servicing includes processing shooting permits for all State locations, assisting with location scouting, identifying production and parking facilities, on-location support, tax credit guidance, and answering all general inquiries (estimated call/fax/email volume of 30,000 per year).

- Completed \$7.3 million renovation of the Hawaii Film Studio, resulting in two new buildings: Production office building and Technical building. Attained long-term tenant (ABC's "Lost").
- Launched FilmHawaii Seminar Series in late 2005 to educate independent local filmmakers and the general public about the business and logistics of filmmaking in Hawaii. To date, we have organized three seminars on the following topics: Hawaii's tax incentives, film permitting, and labor unions. We will have held two more seminars by the end of 2006.
- Sponsored four local film festivals and one NYC film festival with Hawaii content: Hawaii International Film Festival, Island Independent Film Festival (formerly Cinema Paradise), Maui Film Festival, Ohina Short Film Showcase, and Pacifika – Hawaii/New York Film Festival.
- Attended three trade shows and events in L.A. to market new tax incentive and shooting in Hawaii in general: Locations Expo, Association of Independent Commercial Producers Show, and Cineposium.
- Placed advertising in three industry trade publications to market new tax incentive.
- Redesigned and revised official website to have clearer instructions for permits and all film-related tax credits, more information on local production resources, and better navigation overall.
- Continued to maintain blog on the latest news and events in Hawaii's film industry. Since its inception in March 2005, the blog contains over 500 posts, and has been visited by 45,000 unique users, and is revisited by 10,000 repeat users from around the world.
- Continue to promote the benefits of having a vibrant local film industry to the Hawaii public at large by speaking to groups. Participated in numerous speaking engagements, including Society of Corporate Planners, Rotary Club, and Harvard Alumni Club.
- Revised strategic plan as part of DBEDT-wide logic model planning process.

Tasks Planned for 2007

Arts & Culture Development Branch

1. Policy Analysis & Business Advocacy

Objectives:

- 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.
- 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 & Activities:

- **National Academy of Recording Arts & Sciences (NARAS):** To support the promotion of the range of Hawaiian music at the Grammy Board of Trustees meeting on Maui during 2007 and to co-sponsor NARAS' related music industry event in conjunction with the January 2007 *Live from the Lawn* event.
- **Hawaii Capital Cultural District (HCCD):** Work with the City & County of Honolulu to identify underutilized space for the development of viable incubators for the arts within the Chinatown district. Once the HCCD receives National Heritage Area Designation, explore the feasibility of utilizing Federal funds to develop incubator spaces and workshops that foster economic development for the arts in the expansive HCCD district.
- **Legislation:** Introduce, support, or oppose legislative proposals that affect industry sectors in Hawaii's creative economy

2. Industry information and Statistics

Objectives:

- To maintain and expand the Creative Industries database and to provide industry with current information about their sectors.
- Providing industry with networking opportunities to distribute and share information and to create business opportunities.

Projects & Activities:

- **Website Development:** To hire a consultant to provide expertise in planning, conceptualizing, content development, and implementation of a website that will provide internet presence for industry sectors in Hawaii's creative economy. The website is envisioned to function as a portal for the general public and trade to promote commerce and provide information and business development links and services.

3. Capacity Building:

Objective:

- To build the physical and intellectual ability for businesses and individuals to startup, maintain and expand their businesses and operate efficiently and to help local industries become self-sufficient, self-sustaining, and self-organizing.

Projects and Activities:

- **Export Readiness Workshops:** To produce a series of educational 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. The proposed schedule of quarterly workshops will bring in professionals with expertise in business and/or arts to conduct presentations and provide information important to the professional development and growth of Hawaii's Creative Industries. For example, in partnership with the Pacific Northwest Chapter of the Grammy organization, put on a workshop featuring national industry experts on how Hawaiian musicians can showcase and sell their music on iTunes. Other topics may include, but are not limited to, marketing and planning, business and community networking, technology infusion, market intelligence, IP protection, and logistics and shipping.

4. 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:

- **Development of a Strategic Road Map:** To develop a strategic road map for Hawaii's diverse creative and cultural resources. The ensuing plan will clearly lay out ACDB's role in supporting this vital sector of Hawaii's economy and will focus on Hawaii's Creative Industries that have not reached the point of maturity, as well as having the best growth potential for Hawaii.
- **"Hawaii Books Quarterly":** To coordinate and produce a quarterly e-newsletter that highlights the latest book releases from Hawaii, as well as to provide links to industry/company websites. In addition, hard copies of the newsletter will be distributed in local book stores.

- **Hawaii Books & Music Festival:** To co-sponsor the Hawaii Book Publishers Association's participation in the second annual Hawaii Books & Music Festival.
- **Marketing Campaign to Promote Hawaii's Visual and Performing Arts Products and Services:** To promote Hawaii's creative industries products and services through a local marketing campaign that primarily targets tourists through in-flight videos, local television shows that are shown on in-room hotel channels, brochures, etc.

Hawaii Film Office

1. **Production Servicing** - Continue to process film permits and tax credit applications, answer inquiries, coordinate workforce development program through tax credit process, and provide resource guidance to filmmakers.
2. **Sponsoring Events to Promote Local Film Industry** - Continue to sponsor film festivals and events that promote local films. Our sponsorship funds should produce well-attended, better-organized film festivals and events at which the local industry can come together to watch Hawaii-made films, network, and learn about filmmaking.
3. **Marketing Hawaii as Ideal Filming Location** - Continue to attend trade shows and advertise in trade publications to market new 15-20% tax credit in order to gain greater volume of productions to generate more in-state jobs and spending.
4. **Education/Outreach** - Continue to publish Hawaii Production Index (annual production guide), conduct FilmHawaii Seminars, update website with latest production news, and network at local events to build relationships and identify opportunities. Establish relationships with public and charter schools and local labor unions to ensure smooth partnerships with productions that need to make their workforce development contribution. The goal of these activities is to produce better educated local filmmakers with greater chances of getting distribution for their films, finding production work, and making contacts.
5. **Statistics Tracking** - Continue to track production statistics, and begin to track tax credits, hiring stats, workforce development, and neighbor island progress, and release aggregate statistics on a regular basis to the legislature and public. Regular statistical tracking will help us determine the effectiveness of the new tax credit, as well as fine-tune our program activities.
6. **Hawaii Film Studio** - Continue to manage and maintain Hawaii Film Studio facility. Also continue to encourage private sector development of film studio facilities.
7. **Local Filmmaker Fund** - Continue to seek sources of funding for film grant program to assist local independent filmmakers in completing their projects. Target annual amount: \$100K

- 8. Community Relations** – Continue to work with local film industry including associations, location managers, and producers, to educate them about the environmental and cultural sensitivities of Hawaii’s locations and to improve their relationships with the local communities and neighborhoods in which they shoot. Projects to include developing a comprehensive “welcome packet” for people shooting in Hawaii that explains these issues and a community outreach program for location managers and producers.

PERFORMANCE MEASURES

Measures of Effectiveness:

- Amount of direct expenditures in Hawaii by film, television, and digital media productions (as well as secondary economic impact and tax revenues generated by these expenditures).
- Number of local hires generated by production activity.
- Number of *major* feature films and television series attracted to Hawaii.
- Number of successful local independent filmmakers achieving national recognition.
- Feedback from target groups such as local independent filmmakers, mainland producers, Hollywood studios, and labor unions.
- Funding stimulated in addition to CID’s budget supporting arts/culture/film activities

Program Target Groups:

- Local independent filmmakers
- Local production companies/local production professionals
- Major Hollywood studios/U.S. & international film/TV/digital media industry
- Local film festivals
- Tourists prompted by local culture/arts/exposure to film/TV
- Nonprofit arts/culture organizations benefited by economic activities by CID
- Foundations and other funding sources

Program Activities:

- Total number of film/TV/commercial/digital media projects filmed in Hawaii
- Number of film permits processed.
- Number of locally focused educational & promotional events
- Number of overseas sales/marketing/promotions attended/sponsored/supported by CID
- Number 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.

The macroeconomic environment around the world has shifted in favor of United States exporters. This means that there will be more opportunities for U.S. exports and that U.S. companies may enjoy the kind of competitive pricing in many markets that they have not seen for many years. We do not know how long these market conditions will last. In general, the FTZ program assists businesses with the reduction of costs and some of the risks of engaging in international trading activity which are essential for handling certain types of international trade transactions.

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. Partnerships necessary include owners/operators of all FTZ sites in Hawaii, Maritime Industry, Pier 2 clients/tenants, Importers/Exporters,

DBEDT/Counties/EDBs/Ethnic Chambers, Federal Agencies (CBP, USEAC/DEC/Ex-Im Bank, SBA).

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

Please note that figures used in this section are preliminary ones for federal FY 2006.

- Hawaii's strong economy and a rise in petroleum prices pushed overall FTZ activity in Hawaii up 34 percent as measured by value in 2006. This past fiscal year, the total value of merchandise received and forwarded in all activated FTZ sites in Hawaii reached \$8.66 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 \$744.168 million in 2006.
- 391 companies used the Hawaii FTZ program in 2006, thirty-seven for the first time.
- Merchandise can be received in an FTZ in domestic or foreign status. In 2006, domestic status merchandise valued at \$937,696,246 entered Foreign-Trade Zone sites in Hawaii. During this same period, \$3,063,199,471 of foreign-status merchandise entered FTZ sites. Of merchandise received in foreign status, \$1,611,289,632 was received in non-privileged foreign status and \$1,753,067,323 was received in privileged foreign status.
- Merchandise from Foreign-Trade Zone sites in Hawaii is forwarded to both domestic and foreign markets. In 2006, \$3,155,053,456 of merchandise received was forwarded to the U.S. market. Twenty-six percent of merchandise received or \$744,168,238 was forwarded to foreign markets and \$378,362,199 was forwarded to other U.S. FTZs. Finally, an estimated \$3.147 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 155 percent to the value of merchandise forwarded. Companies reported that approximately 1,200 employees were directly attributable to participation in the Foreign-Trade Zone program. An additional 1,085 people were employed on a temporary or seasonal basis.
- Companies using the FTZ program made capital improvements of \$29.75 million to Zone facilities during the year.
- 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.
- FTZ9 is currently installing an access control and surveillance system to increase security at the Pier 2 facility. Funds for this project included \$250,000 from the Department of Homeland Security and \$250,000 from State Capital Improvement Projects.

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

2006 Accomplishments:

1. Worked cooperatively with state agencies on initiatives identified in the State Strategic Plan for Tourism as critical to the visitor industry.
2. Increased communications between the visitor industry, Executive Branch and State agencies.
3. Participated in the county advisory groups established by the Hawaii Tourism Authority to develop individual county tourism plans.
4. 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.
5. 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.
6. 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.
7. Assisted the Department of Transportation Airports Division in developing an airports modernization plan for Hawaii's airports and worked cooperatively with them on all airline and airport issues.
8. Assisted in successfully implementing the 2006 Governor's Mission to the Philippines, the International Women's Leadership Conference and assisted other state agencies with conferences.
9. Assisted various meeting planners, groups and travel sellers in obtaining letters and welcome messages and letters from the Governor.
10. Assisted the Department of Transportation Harbors Division on resolving the 'Less than Container Load' cargo delivery issue and in finalizing operations for the Hawaii Superferry.

**RESEARCH AND ECONOMIC
ANALYSIS DIVISION**

RESEARCH & ECONOMIC ANALYSIS DIVISION (READ)

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 2006

- Compiled and Published the *State of Hawaii Data Book 2005*, 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 several free Census workshops for the public.
- Participated in the Hawaii Workforce Development Council as the designated representative of the director and as liaison to the economic development sector.
- Produced and published updated measure and report on Hawaii's technology sector
- Made 20 presentations to agencies, community & professional groups
- Responded to 3,500 reference requests through the DBEDT Library.

Goals for 2006

- Publish the 2006 *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 County Input-Output tables for Hawaii.
- 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 additional growth industries beyond technology.
- Begin conversion of READ’s current, table-based, online data base to an automated, data warehouse system that can generate custom tables and reports for users.

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 2006:

- Partnered with the Strategic Marketing and Support Division (SMSD) to organize the participation of UH and numerous private companies and local economic development boards at BIO 2006 in Chicago to promote Hawaii's life science assets. The mission this year included a seminar on Hawaii's role in the fight against infectious diseases.
- Completed new Life Sciences Brochure as part of the Technology in Paradise series.
- Provided support for the Hawaii Science & Technology Council (formerly the Hawaii Life Science Council), an industry trade association, to prepare a multiple-sector industry directory.
- Collaborated with the Biotechnology Industry Organization (BIO), the international trade association for life sciences, to organize the first Pacific Rim Summit on Industrial Biotechnology and Bioenergy, held in Honolulu in January 2006. Coordinated the efforts of the local organizers. The conference attracted almost 400 participants, significantly more than anticipated for a first-time event.
- Coordinated the 16th Annual Workshop of the Japan-U.S. Science, Technology & Space Applications Program (JUSTSAP) held on Oahu, November 12-16, 2005 to continue to develop collaboration opportunities in aerospace for Japan and the United States.
- Continued the 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:
 - Contracted with UH to utilize State matching funds in support of the 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.

- Collaborated with UH to expand the series of university-industry forums to foster partnerships to target education and training in strategic technologies. The next sector targeted for this series is aquaculture.
- Organized the participation of Hawaii companies at the Oceans '05 conference and exhibition in Washington, DC 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.
- Co-sponsored and exhibited at EnergyOcean 2006 in San Diego, June 21-23, 2006. EnergyOcean 2007 will be held in Hawaii.
- Co-sponsored several Hawaii events to showcase science and technology industry sectors, including: Annual Ag Dinner which features dishes prepared with traditional, organic and biotech products; the 2nd Hawaii BioScience conference; Ocean Day; Science and Tech Day at the Capitol, Future of the Kakaako Biotech Park.
- Continued our support and participation in marine debris recycling with the following activities:
 - Nominated Hawaii Metal Recycling, Inc (now Schnitzer Steel) for an environmental award. The publicity from the awards helped Schnitzer Steel expand marine debris and metal recycling activities on the main Hawaiian Islands. Nominated Schnitzer Steel for the prestigious John Kelly Award from the Surfrider Foundation.
 - The Hawaii Longliners Association agreed to retrieve ghost net from the high seas before it reached Hawaii's Northwest Islands - the result of an initiative of the Marine Debris Task Force, spearheaded by DBEDT.
 - Presented Hawaii's marine debris recycling program to over 200 at the Mauka to Makai Conference. Presentation resulted in a front-page article on marine debris in the Honolulu Advertiser.
 - At the invitation of the Harvard School of Business, re-submitted a government Innovations Award application for Hawaii's marine debris recycling program. Hawaii's application placed among the "Top 50" from over 1,000 applications in 2006.
- Supported the Kauai Resource Center's program to produce exportable items from recycled glass by converting from an electric to a gas-fired furnace.

Tasks Planned for 2007 and Beyond:

- 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 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) through participation in conferences and workshops, development of collateral material and assisting companies interested in locating operations in Hawaii.
- Continue to work with other State agencies, the University of Hawaii, the private sector, and the Hawaii Science & Technology Council, to address issues that constrain growth of the science & technology cluster and increase awareness in the local community of the important social and economic contributions of this 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: expand the interactive website for ocean science and technology to include other sectors; and develop a family of brochures focused on technology sectors of greatest promise. Brochures for Applied Optics and Ocean Science & Technology and Life Sciences have been completed and were translated into Japanese and Chinese in early FY 07; brochures on renewable energy and aerospace are planned. A Hawaii Science & Technology in-flight video and newspaper insert are also planned.
- 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).
- Work toward development of the Pacific International Center for Space Exploration Systems (PISCES), a JUSTSAP project.
- Manage a Grant-in-Aid to the Hawaii Science & Technology Council to carry out a portfolio analysis of Hawaii's science & technology industry sectors.

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 2006:

- Continued to use The Energy Benchmarking Study for State Facilities on Oahu (2005) as a reference. 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.

- UH-Hilo Energy Performance Contract. UH-Hilo has completed a successful 10-year energy savings performance contract. For the period July 1, 2005, to June 30, 2006, 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 \$6,575,580. Cost of the contract was \$2.9 million.
- Continued activities of the Rebuild Hawaii Consortium, a statewide information sharing group of 250 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.
- 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. Public and private entity participation will include sessions in April, May, June, July, August, September, October, and November 2006. Trained over 1000 participants on these topics in 2006.
- Developed case studies, presentations and exhibit boards on the ENERGY STAR Dorm Room project at the University of Hawaii at Manoa's (UHM) Wainani Student Apartments and the ENERGY STAR for Multi-Family Housing at Kalani Gardens Apartments to identify energy saving opportunities in low-income housing facilities. Estimated savings available to the Kalani Gardens 119 unit low-income development is over \$50,000 per year. At the UHM, the ENERGY STAR Dorm Room saves over \$138 per year on electricity.
- Based upon the results of the ENERGY STAR Dorm Room Project, in May 2006, the UHM campus signed on with the US Environmental Protection Agency as an ENERGY STAR Partner. This commitment to energy efficiency will save the UH millions of dollars on its energy bills, demonstrate environmental stewardship, and serve as a learning tool for the students and those on campus.
- Promoted a Management Action Plan for Environmentally Preferable Purchasing (EPP) for the State of Hawaii to improve the purchasing of environmentally preferable products within the State of Hawaii. This plan was developed in 2005 with support from the U.S. Environmental Protection Agency. Worked with State agencies to increase the awareness of the plan and products available in Hawaii.
- Provided technical assistance to the Department of Health (DOH) and the State of Hawaii's Procurement Office related to environmentally preferable purchasing and expanded the 2006 survey of State of Hawaii agencies from recycled products to include other environmentally preferable products (such as ENERGY STAR products). Coordinated with the US EPA Region IX and DOH on quantifying the results of the survey and the impact of the environmental purchasing on energy, water and other resources.

- On behalf of the State of Hawaii, DBEDT joined the U.S. EPA's ENERGY STAR 10 percent Challenge program. Under this program a goal was set to improve the energy efficiency of the State of Hawaii's facilities 10 percent and reduce greenhouse gas emissions. Meeting the Challenge was the state's first public facility to be certified an Energy Star Building: the Kapolei State Office Building applied for, was certified and awarded an ENERGY STAR Building label in February 2006. The Kapolei State Building not only exceeded ENERGY STAR's energy performance rating of 75 (by attaining 95 out of 100), but also met the other conditions of thermal comfort, indoor air quality and luminance levels necessary to qualify for an ENERGY STAR building label.
- Co-sponsored workshops on Greening Affordable Housing with U.S. Housing and Urban Development, the Enterprise Foundation's Green Communities Initiative, and Rural Community Assistance Corporation in February 2006. During the workshop, a case study exercise on greening housing focused on a Habitat for Humanity house in Waimanalo.
- DBEDT Director convened a Cabinet-level kick-off meeting for Lead by Example on May 11, 2006. Lead by Example is the program in support of Act 96, which calls for a number of energy efficiency measures for state facilities. The kick-off meeting focused on departmental requirements and efforts to meet the newly enacted state law mandating energy efficiency in buildings (LEED Silver, performance contracting), transportation (ethanol and biodiesel), environmentally preferred practices and purchases (waste minimization, construction & demolition waste management, life-cycle cost analysis, Energy Star® purchases), and other efficiency and renewable energy mandates.
- SID staff met with the principal of Waipahu High School, two science teachers, and three local businessmen who provided equipment and materials in an experiment to reduce the temperatures in portable classrooms. One vendor supplied PV-powered attic fans, which were run for one month and interior temperatures were monitored. Then the fans were removed and a white elastomeric ceramic coating was applied to the roof, and, again, the interior temperatures were monitored. Then the PV fans were reinstalled and the rooms were monitored. The preliminary results showed the biggest difference with the application of the ceramic elastomeric coating (about an 8 degree reduction). The rooms' teachers said they were "very pleased" with the results.
- Invited State employees to eight lighting efficiency and building efficiencies workshops. Approximately 30 State employees attended.

Tasks Planned for 2007 and Beyond:

- Continue to 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 250 members from federal, local, state government, utilities, non-profits, private sector. Collect data on energy savings and project impact on the economy.
- Continue to provide assistance to the Hawaii Public Housing Authority Energy Performance Contract. An RFP for energy and water efficiency in 5,363 residential units in 68 projects on five Islands was prepared and is currently under review at the HPHA.

These projects are federal housing developments operating on rental revenues and annual subsidies from HUD.

- Continue to assist HPHA with life-cycle cost analyses to support solar water heating in planned public housing is not cost-effective. Promote solar water heating when economically favorable.
- Continue to monitor the Hawaii Air National Guard Air Compressor Project. Developed detailed information to support an energy audit (which will be cost-shared by Rebuild America partner HECO Energy Solutions) for the air compressor system at the Hawaii Air National Guard Facility at Hickam Air Force Base Bldg 1055. The compressor is oversized and the entire system needs extensive repairs which will be funded for construction in 2007.
- Continuing work on the Cost/Benefit Analysis of green vs. conventional construction for Department of Education. A cost/benefit analysis of the cost of green buildings vs. conventional construction will be completed in February 2007. The study examines available data on existing, constructed and occupied K-12 public schools that exemplify good sustainable design practices in order to develop a report on the comparative life-cycle cost of these buildings, tangible and intangible occupant benefits, and comparative construction costs. Two case studies developed as part of the project include: Comparative life-cycle cost studies of Waipahu Intermediate School Cafeteria and Campbell High School Classrooms for both a base case and a green case.
- Continue to offer technical assistance to state facilities in assessing potential for energy, water, and renewable energy measures, financing considerations, and implementation.
- U.S. EPA/State of Hawaii Clean Energy-Environment State Partnership (2006). DBEDT-SID will take the lead in a voluntary partnership with the USEPA to develop goals and implement plans for using energy policies and programs to improve quality, decrease energy use, reduce greenhouse gas emissions, and enhance economic growth. Hawaii is considered one of the leading States in energy efficiency and renewable energy by the U.S.EPA. The EPA will provide technical assistance to Hawaii to assist in analyzing and developing best practices, among others. Hawaii is focusing on implementation of energy policies through the LBE program, encouraging capacity building in State facilities, trying to make better use of energy performance contracting as an implementation tool. One of the benefits of the partnership is that it will provide some focus to interagency cooperation in the State and provide Hawaii with opportunities to study how other states implement energy efficiency and renewable projects.
- Implementing a federal grant to develop a Tropical Energy Code in conjunction with Guam, the Marianas Islands, Puerto Rico and the U.S. Virgin Islands.
- Conducted a 2007 International Illumination Design Awards (IIDA) program to showcase high-efficiency lighting projects.
- Continue to promote to the Counties of Hawaii and Honolulu to adopt a building energy code, based on ASHRAE 90.1-2004 and propose a far more stringent residential energy code for those counties, and for Maui County.
- 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. Information will include federal and State energy tax credits, utility rebates, the ready

availability of financing for energy efficiency retrofits, and recent technological breakthroughs in T-8 fluorescent lamps, LED lamps and ceramic metal halide lamps.

- Continue to 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) and other green building programs with local utility and other partners.
- Continue to co-sponsor workshops in 2007 on Greening Affordable Housing with U.S. Housing and Urban Development, the Enterprise Foundation's Green Communities Initiative, Rural Community Assistance Corporation, and other agencies.

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 2006:

- 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.
- Presented information on residential energy efficiency to the Construction Specifications Institute, the Institute of Real Estate Managers, the American Institute of Architects-Honolulu and other design and building professionals, realtors and homeowners through conferences, professional seminars, community presentations, informative newspaper articles, and interpretive displays.
- February 2-5, 2006, SID staff partnered with the U.S.DOE and the State Department of Commerce & Consumer Affairs (DCCA) on a double-wide booth at the 2006 BIA "Home Building & Remodeling Show," Blaisdell Exhibition Hall. This is the premier consumer home show in Hawaii. More than 20,000 people visited the Show over the four days, and about 4,000 energy related publications and collateral items were distributed. SID and DCCA staff were there all four days, for every minute of the show, talking to attendees about energy efficient design, materials, features, and equipment, construction and demolition waste management, green cleaners, and Energy Star homes and appliances.
- At the "Building Green Affordable Housing Communities" workshop on February 22, 2006, SID staff presented a comparison between the Hawaii BuiltGreen™ Program Checklist items and the Green Communities™ criteria items. About 80 people attended, including architects, engineers, affordable home builders, government agencies, and HECO representatives. About 200 energy publications were distributed, including flyers announcing the Build & Buy Green Conference & Expo.
- SID staff conducted the Build & Buy Green Conference & Expo at the Hawaii Prince Hotel Waikiki. There were 134 attendees at the May 16, 2006, Greening Approaches to Affordable Housing Workshop; and 295 attendees at the May 17 Build & Buy Green Seminars and Expo. Eighty-four attendees were from various state agencies (DCCH, DOT, DAGS, DOE, UH, DHHL, Public Safety, HPHA, HTDC, DBEDT), and 10 from various county agencies, four federal (HUD), and Eileen Yoshinaka, former U.S. Department of Energy Pacific Liaison. Other co-sponsors and partners included the U.S.

Environmental Protection Agency (EPA), Building Industry Association of Hawaii (BIA), Honolulu Chapter of the American Institute of Architects (AIA), General Contractors Association of Hawaii, Construction Specifications Institute (CSI), Hawaii State Dept. of Commerce & Consumer Affairs, State Department of Hawaiian Home Lands, State Department of Health, State Department of Education, Rebuild Hawaii Consortium, The Gas Company, Hawaiian Electric Company (HECO), Maui Electric Company, and the Urban Land Institute. Topics covered on May 16 included sustainability and affordability, energy comfort and health, HUD's Energy Action Plan, water conservation, and a local case study. There were three simultaneous tracks on May 17 that covered the Hawaii BuiltGreen™, Energy Star® Homes, and LEED (Leadership in Energy and Environmental Design) for Homes rating systems; LEED and Energy Star® for commercial buildings; and construction/demolition waste management, recycling, green purchasing, and green cleaners. About 600 energy related publications were distributed.

- SID and other members of the Restaurant and Food Service Industry Advisory Group participated in a meeting on May 18, 2006, at HECO. Information was presented by Steve Jurovics of the Cadmus Group (Energy STAR® consultant) and Don Fisher, of Fisher-Nickels, manager of the PG&E Food Service Technology Center. Information on ENERGY STAR product opportunities for the food service industry and a webcast sharing some of the resources that are currently being used by Pacific Gas and Electric were featured. Key areas of opportunity, research currently underway, and opportunities in this sector were highlighted and discussed.
- Partnered in the Pacific Home & Garden Show with the DCCA Division of Consumer Advocacy, June 16-18, 2006, Blaisdell Exhibition Hall. Discussed money saving strategies for Hawaii homeowners, such as solar water heaters, insulation, ceiling fans, and Energy Star® appliances. About 14,000 people attended and 500 energy related publications were distributed.
- Co-sponsored the Building Industry Association's "Remodel It Right Expo" at the Hawaii Convention Center, July 28-30, 2006. Discussed with visitors 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 other topics discussed. About 12,000 people attended and 1,000 energy related publications were distributed.
- A letter of agreement with KHON2, a local TV news station, was developed in which a series of 8 each 30-second spots will be produced. The spots will promote energy efficient and renewable technology products that residents can use to lower their energy costs and protect the environment. Also included in the agreement is a half-hour culmination highlighting residents who are utilizing energy efficiency and renewable technologies to make a difference in Hawaii.
- SID staff also assisted with the updating of the Durability and Materials Conservation section of the Hawaii BuiltGreen™ Program "Checklist" and "User Guide." For more than a year, members of the BIA's Technical Review Committee, of which SID staff are members, struggled to find language that the steel framing, lumber products, and cement and concrete representatives could agree on. That goal was accomplished and the changes were presented to the BIA Hawaii BuiltGreen Steering Committee for approval.
- The popular, award-winning consumer booklet, "Hawaii Homeowner's Guide to Energy, Comfort & Value" was reprinted in May 2006. More than 5,000 copies were printed of

this 40-page, 4-color booklet that illustrates ways to design and build a Hawaii home that is energy efficient, comfortable, healthy, and durable.

- Two full-page, full-color advertisements in Hawaii Home & Remodeling magazine were developed to promote energy efficiency and sustainability in Hawaii homes. The first one in May 2006, also promoted DBEDT's "Build & Buy Green Conference & Expo," which was held on May 16-17, 2006, at the Hawaii Prince Hotel Waikiki. The ad also featured the "Three Big Bang Technologies" for energy efficient Hawaii homes (solar water heater, insulation/radiant barrier, and natural ventilation), as well as a listing of on-line resources on energy efficiency, local utility rebate programs, and recycling. A second ad is planned for the December 2006 issue and will promote ways to save money in the home and conserve the environment using energy efficient appliances and building design features.
- SID staff also has been working with Building Media to develop a Web site with videos on how to install energy efficiency products and features in Hawaii homes. So far, videos on insulation, radiant barriers, solar water heaters, gas tank-less water heaters, photovoltaics, wind power, mold/mildew prevention, proper HVAC sizing, HVAC zoning, fenestration, and house wrap videos have been uploaded to the Web site (<http://www.codecollegenetwork.com/hi/index.html>). This Web site was advertised in the two full-page ads in the May and is proposed for the December 2006 issues of the Hawaii Home & Remodeling magazine.
- In conjunction with MECO's Solar for Molokai program, conducted three classes for over 90 Molokai residents on energy efficient technologies for the home, bringing the total number of Molokai residents served to 240 and resulting in a significant shift toward energy saving technologies.
- Worked with members of the National Fenestration Rating Council to make arrangements for double-pane, low-e glazing to be shipped to Hawaii in bulk, significantly bringing down shipping costs.
- Joined the U.S. Green Building Council (USGBC) on behalf of the State of Hawaii. As a member of the USGBC, the State of Hawaii has and will receive discounted rates on training events, resources such as LEED Reference Guides, and has been and will continue to participate in the formation of the local Hawaii USGBC Chapter in partnership with private sector entities in Hawaii.
- Recognized the Hawaii Prince Hotel, the Hilton Waikoloa Village Resort, and the Hawaii Hotel and Lodging Association at the Green Business Award Ceremony in 2006. Co-sponsored Hawaii Green Hotel Forums at the Waikiki Marriott, Kauai Sheraton and Hilton Hawaiian Village 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 on ENERGY STAR, Green Building and the Hawaii Green Business Program.
- In partnership with the State of Hawaii's Department of Health, participated in and co-sponsored sustainable design charrette on brownfields sites in Hawaii that promote 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 continued support for the Building Industry Association of Hawaii for its sustainable-designed Construction Training Center of the Pacific Project in Kalihi. This building will become the BIA's headquarters and training facility for construction industry workers.
- Provided information on "green" building, including cool roofs technologies and solar water heating, to Habitat for Humanity and other non-profit builders.
- Provided information on independent power systems, "green" building, solar water heating, and other residential efficiency and renewable energy techniques to residents, businesses and non-profits through personal contact and news media.

Tasks Planned for 2007 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, dehumidification options on air conditioning units, SEER 16 and above air conditioning and high-efficiency lighting including residential LED fixtures.
- 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 the Hawaii BuiltGreen™ Program, LEED, and other green building rating systems in partnership with the BIA, GCA, AIA, CSI, ULI and other partners to encourage state and local government agencies, architects, developers, builders, consumers, lenders, realtors, suppliers, and other industry groups to design and build energy and resource efficient buildings and homes in Hawaii. Provide technical assistance, training, and support to partners as requested for pilot projects, case study development and implementation.
- 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.
- Continue to participate with utilities, educational groups, and private sector entities conducting workshops, conferences, and exhibitions consistent with SID program goals.
- 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.
- Present at and participate in local workshops and meetings and national conferences on ENERGY STAR, Green Building, and the Hawaii Green Business Programs.
- Co-sponsor the "Home Building & Remodeling Show" and man a booth February 2007 to discuss energy efficiency in local residential buildings. Continue to discuss 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. Continue to discuss energy efficient home design and how to save money through energy efficiency. Distribute energy publications.
- Promote Build Green in the "Parade of Homes" and make site visits.
- 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. Support the conversion of the Kauai Resource

Facility's glass furnace from electricity to gas, with the capability of burning bio-gas. Support the initiative to install photovoltaic panels on the Kauai Civic Center.

- Encourage the Kona Planning Task force to serve as the catalyst for a stringent energy building code for Hawaii County. Support the Task Force's initiative to promote beyond-code measures.

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 2006:

- Monitored advances in ocean wave technology and facilitated visits to Hawaii by representatives of wave energy companies. Drafted maps and permitting references to be used when planning for wave power installations.
- 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.
- Continued meeting with the County of Hawaii Geothermal Direct Use Working Group to assess the potential of non-electric uses of geothermal energy in Hawaii County. Monitored the engineering consultant's progress with the feasibility study, and attended public meetings where the results were presented.
- Secured funding for test installations of downhole heat exchanges at two existing shallow wells in the Kilauea East rift Zone to test the efficacy of using the heat resource at the top of the aquifer for non-electric purposes. Worked with the Oregon Institute of Technology on the demonstration.
- Worked with fuel distributors, fleet managers, automotive industry, and the public to implement the E10 Unleaded requirement that at least 85 percent of Hawaii's gasoline contain 10 percent ethanol beginning April 2, 2006.
- Assisted the County of Kauai with calculations supporting solar as the least-cost option for residential water heating.
- Provided bill drafting, analysis, testimony, and coordination in support of the Governor's *Energy for Tomorrow (EFT)* Strategic Energy Policy Package. In 2005, responding to the Governor's request for an integrated package of "bold, strategic energy initiatives," DBEDT and its Strategic Industries Division developed legislative measures that were approved by the Governor and proposed as the *Energy for Tomorrow* plan to the 2006 Legislature. While the Governor's energy bill was disaggregated, about 95% of the measures were reflected in several bills passed by the 2006 Legislature and enacted into law by the Governor's signature.

These measures comprised the vast majority of an integrated strategic framework of policies and activities that provides reliable, cost-effective methods to conserve energy for tomorrow led by state agencies, to seek energy independence through indigenous renewable energy and a cost-competitive biofuels market and industry, and to move Hawaii toward a future hydrogen energy economy. These bold initiatives will achieve measurable results in the near, mid and long term – creating more sustainable and cost-effective energy for tomorrow in Hawaii.

- Continued participation in Hawaiian Electric Light Company, Kauai Island Utility Cooperative, and Maui Electric Company Integrated Resource Planning activities by promoting state energy policies, with priority on expanding cost-effective renewable energy and energy efficiency options ahead of plans for higher cost fossil fuel power generation. DBEDT was among proponents who successfully encouraged the utilities to update their oil price forecasts to reflect the current and likely higher future world oil prices.
- Continued to provide analyses and advice to utilities on benefits to their systems of customer-owned distributed generation (DG), and combined heat and power (CHP) for greater efficiency in fossil fuels use.
- Continued to participate in the Public Utilities Commission collaborative work to implement Hawaii Renewable Portfolio Standards (RPS).
- Initiated work on Hawaii Energy Strategy 2007 (HES 2007) scheduled for completion in early 2007.
- Assisted the Department of Land and Natural Resources (DLNR) by contracting for, funding, and completing the catalog of potential sites for renewable energy development requested required by §196-41, HRS, and provided to the Legislature.

In addition, initiated assistance to DLNR to expedite renewable energy resources development (§196-41, HRS).

- Continued to support the Hawaii Energy Policy Forum (HEPF). Executed contract with the University of Hawaii providing \$200,000 appropriated by the Legislature by Act 163, SLH 2006, for continuation of HEPF activities; to reconvene the HEPF to implement the vision, concepts, and recommendations of HEPF's final report, and its "Ten Point Plan" to meet Hawaii's energy goals. These resources enable further engagement of policy- and decision-makers and consumers on issues relevant to Hawaii's preferred energy future; and to assess the feasibility of the State's participation in the Chicago Climate Exchange.
- Initiated work with DBEDT's consultant (under an existing contract) to assist HEPF (by its request) to provide a report for the 2007 Legislature, pursuant to House Concurrent Resolution (HCR) 195 (2006). HCR 195 requested HEPF report to the Legislature with recommendations to encourage Hawaii's landowners, investors, county governments, and regulated electric utilities to pursue the development of fuel crops and to generate electricity.
- Supported the University of Hawaii (UH)-Hawaii Natural Energy Institute (HNEI) work to conduct a study pursuant to Section 355, Assessment of Dependence of State of Hawaii on Oil in the Federal Energy Policy Act of 2005 (see Objective 6, below), by providing energy data, and previous DBEDT studies related to the HNEI effort.
- Awarded a \$59,507 grant from the U.S. Department of Energy (USDOE) to prepare a "Geothermal Energy to Hydrogen" roadmap for the Island of Hawaii based on the potential for the use of geothermal energy for the production of hydrogen.

- Awarded \$50,000 grant by the U.S.DOE's GeoPowering the West Program to establish a Geothermal Resource Information System using the Geographic Information System (GIS) for DLNR to organize and maintain data for State and national use. The system will aid in policy development and facilitate management and appropriate use of Hawaii's geothermal resource.
- Conducted the Governor's Hawaii Biofuels Summit to facilitate collaboration and determine practical actions to create a biofuels industry necessary to achieve the Alternate Fuels Standard and support the RPS. The Hawaii Summit brought together leaders from Hawaii's government, fuels industry, landowners, and other key stakeholders to identify barriers and ways to overcome them. Facilitated preparation of a Briefing Book and participant meetings in advance of the Summit, and a production of Technical Synopsis summarizing the Summit results including six major "solutions" determined by the participants to be most important for biofuels development in Hawaii.
- Organized, in collaboration with industry partners, the Hawaii Bioenergy Workshop held in conjunction with the Ag 2006 Conference to provide community education and outreach.
- Leveraged the U.S.DOE's *Pacific Regional Biomass Energy Program* grant funds by providing technical assistance for the County of Kauai's Pacific Missile Range CHP landfill gas project and for completion of an update of Hawaii's ethanol production capability. Grant funds were also used for education and outreach, including ethanol workshops held in February 2006 and the Hawaii Bioenergy Workshop.
- Facilitated meetings and contacts for a number of biomass developers interested in biomass power and biofuels projects throughout the state.
- Coordinated Hawaii sponsorship and participation in the 2006 Fuel Cell Seminar, the premier international fuel cell industry event, held in Honolulu in November 2006.
- Issued a Request for Proposal for a multi-fuel statewide biofuels assessment pursuant to Act 240, SLH 2006.
- In cooperation with the Office of Planning, provided on-line GIS maps of biomass resource data to facilitate bioenergy industry development.

Tasks Planned for 2007 and Beyond:

- Continue to actively participate in all utilities' IRPs in 2007 with the objective to promote state policies encouraging renewable energy and energy efficiency as priorities.
- Work with fuel distributors, fleet managers, automotive industry, and the public to encourage expanded availability and use of biodiesel and E-85 transportation fuels.
- 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.
- Continue to provide information and assistance to developers of wave power devices interested in opportunities in Hawaii.
- 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.

- Lead State efforts to implement the Governor’s *EFT* Action Plan to improve Hawaii’s energy situation in cooperation with DBEDT offices and attached agencies -- Office of Planning, Land Use Commission, Hawaii Community Development Authority and the State Housing Agency, Natural Energy Laboratory of Hawaii Authority, High Technology Development Corporation, and Hawaii Strategic Development Corporation, and in coordination with other relevant State agencies, companies, and stakeholders. Seek private sector investment and action essential to success of the plan. The Action Plan includes the following elements:
 - Savings Through Efficiency. Using two new full-time energy efficiency positions authorized by Legislation, DBEDT will assist and train State agencies to advance energy efficiency for state facilities and equipment so the State will “Lead by Example.”
 - Fuels Through Farming. In addition to planning for implementation of the new statewide alternate fuels standard of 20 percent of highway fuel from alternate fuels by 2020, DBEDT will assist state vehicle fleet operators to implement the biofuels purchase preference for the State, develop a statewide multi-fuel biofuels assessment, and conduct and coordinate follow-on activities of the August 2006 to implement the six major tasks. Biofuels Summit enable development of a biofuels industry.
 - Security Through Technology. DBEDT/SID will help establish the \$10 million Hydrogen Investment Capital Special Fund within DBEDT as part of the Hawaii Renewable Hydrogen Program, using the funds to advance the Program as authorized by the 2006 Legislature.

Empowering Hawaii’s Consumers. DBEDT will develop proposals to restore DBEDT’s ability to obtain critical energy industry data necessary for the Director to provide analysis and advice to State energy consumers and stakeholders in his statutory role as the Energy Resources Coordinator (ERC) and to conduct essential energy data analysis functions to support the Governor and ERC in planning for and effectively responding to energy emergencies.

- Complete the Hawaii Energy Strategy 2007, a comprehensive, integrated strategy intended to recommend and inform new policies, legislation, and other actions to further improve energy efficiency, efficient use of fossil fuels, and increased renewable energy use, as follow on to *EFT*.
- Continue efforts to establish in-house capability and function to systematically conduct quantitative and qualitative technical analyses of Hawaii’s energy resources, systems, and markets, using data and other analysis (e.g., macro and micro energy economics, energy issue-, and situation-specific, etc.) to recommend, develop proposals for, and assess the effectiveness of policy and regulatory decisions, conduct energy emergency planning, and assessments of renewable energy, energy efficiency, and fossil fuels in all sectors. Will request one (1) exempt position (Energy Economist), which would restore one of three positions that were to be used to support development of *EFT* initiatives.
- Provide energy staff support to the ERC and Administration. This includes providing planning, and policy analyses, advice on key issues, studies, analyses, reports, and testimony to the Legislature, and other members of the energy community.
- Provide support and assistance to electric utilities and independent energy developers, and DLNR so that State RPS is achieved; i.e., provide required state assistance §196-41, HRS to the electric utilities to achieve the RPS.

- Continue participation in utility IRP efforts, and maintain utility database to support analysis of utility activities and plans.
- Continue to support HNEI work on Section 355, Assessment of Dependence of State of Hawaii on Oil for USDOE scheduled for completion in early 2007.
- Continue support of HEPF and management of contract (Act 163, SLH 2006) for HEPF activities continuing through 2007 into 2008.
- Continue to support the PUC implementation of RPS.
- Conduct the \$59,507 “Geothermal Energy to Hydrogen” roadmap project for the Big Island in collaboration with industry partners.
- Conduct the \$50,000 GIS-based Geothermal Resource Information System project in collaboration with DLNR.
- Continue to support initiatives toward the six “solutions” selected by the Hawaii Biofuels Summit participants to be most important to develop Hawaii’s biofuels industry.
- Continue to work with industry partners and organizers of the Hawaii Bioenergy Workshop held to provide community education and outreach and to coordinate implementation of measures recommended during the Workshop.
- Continue to manage the U.S.DOE’s *Pacific Regional Biomass Energy Program* grant funds by providing technical assistance to the counties, outreach and education, or other bioenergy projects, and by representing Hawaii in the national program.
- Continue to facilitate meetings and provide information and contacts to assist biomass developers interested in biomass power and biofuels projects throughout the state.
- Conduct the multi-fuel statewide biofuels assessment pursuant to Act 240, Session Laws of Hawaii (SLH) 2006.
- 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 to pursue external funding opportunities for renewable energy research, development, and demonstration including biomass, geothermal, and renewable hydrogen projects.

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 2006:

- Met with representatives of the County of Hawaii, University of Hawaii and several non-profit agencies to plan forums relating to the County’s sustainable energy planning efforts.
- Continued to function as lead State agency in support of Governor for emergency fuel shortage management planning and response, and energy emergency management, including DBEDT responsibilities to the Governor and State Civil Defense SCD as Emergency Support Function #12 (Energy) under Federal and State emergency

management and disaster response plans. Maintained readiness of Hawaii's State EEP program and plan in partnership with industry and other stakeholders, prepared to implement the plan in event of any energy emergency or threat to state energy security, stemming from natural or human-made disaster, or fuel market disruption. Examples of two significant events requiring EEP response in 2006 are:

- Propane Shortage - DBEDT-SID supported its Emergency Support Function #12 (Energy) fuel shortage management role by monitoring, conducting analysis of, and reporting on the shortage situation. Worked closely with the affected companies (Chevron Hawaii, The Gas Company (GASCO), Oahu Gas Service (OGS), Maui Gas Service, and AmeriGas) to facilitate expedited handling of requests for support from governmental agencies. For example, at GASCO's request, DBEDT coordinated with the Department of Transportation for priority scheduling and berthing of inter-island and incoming foreign shipments of propane. Consultations with the fuel companies were maintained to determine whether the shortage situation warranted recommendations for state government intervention pursuant to Chapter 125C, HRS. Daily Situation Reports (SITREPs) were prepared using data and information reported by the affected companies.
- Earthquake, October 15, 2006 - DBEDT-SID, implemented its role as state-level Emergency Support Function - 12 (Energy), in support of State Civil Defense's earthquake response through participation in the activated State Emergency Response Team (SERT) emergency management system. In coordination with affected member companies of the Hawaii State Energy Council (Maui Electric Company, Hawaiian Electric Company, Hawaii Electric Light Company, The Gas Company, Chevron Refinery, Tesoro Refinery, Aloha Petroleum, MidPac Petroleum, Honolulu Fueling Facilities Corp.), SID provided SCD with updated status and situation reports on the energy and gas & oil critical infrastructure sectors, and facilitated close relationships and contingency coordination among members from non-energy sectors (ESFs) with the most direct relevance and interdependency with energy.
- Continued to chair the Hawaii State Energy Council (EC), the principal coordination mechanism by which Hawaii provides policy advice on, and operates its EEP program. Members include all Hawaii's major energy companies (electric and gas utilities, oil refiners, and major fuel distributors and terminal operators, including the airlines' jet fuel terminal consortium), specialized military units, and relevant federal, state, and county government agencies.
- Conducted Hawaii State Energy Council meetings to identify possibilities for obtaining federal energy security resources and for cost reimbursement of federally mandated security measures for critical energy infrastructure companies. Meetings helped Hawaii State Energy Council member companies and agencies better prepare for energy emergencies.
- Managed a project to update the State of Hawaii Energy Emergency Preparedness (EEP) program and plans to align them with current federal and state policies and plans.
- Sponsored and participated in the 2006 Asia-Pacific Homeland Security Summit & Exposition – a regional forum on shared security challenges and concerns for Homeland Security.
- Continued activities supporting emergency communications interoperability, equipment maintenance, hardware/software currency, and operations training.

- Continued to function as the State's coordinating agency for the U.S. Strategic Petroleum Reserve (SPR) providing coordination with, U.S.DOE and Hawaii refiners to support Hawaii's non-competitive guaranteed access to and priority loading of crude oil from the U.S. SPR in the event of a drawdown by the President. Maintained supporting contingency plans and procedures for access by Hawaii refiners.
- Participated in U.S.DOE and National Association of State Energy Officials (NASEO) sponsored "Dark Mountain" Western States Energy Assurance Exercise in Salt Lake City.
- Supported the Public Utilities Commission in the implementation of the gasoline price cap law with data acquisition and analyses. Monitored Hawaii's petroleum market in an effort to gauge the effects of the wholesale gasoline price caps.
- Developed and supported legislation to increase petroleum market transparency.

Tasks Planned for 2007 and Beyond:

- Continue to chair the Hawaii State EC to coordinate the EEP program.
- Continue to function as lead State agency in support of Governor for emergency fuel shortage management planning and response, and energy emergency management, including DBEDT responsibilities to the Governor and State Civil Defense SCD to as Emergency Support Function #12 (Energy) under Federal and State emergency management and disaster response plans. Maintain readiness of Hawaii's State EEP program and plan in partnership with industry and other stakeholders, prepared to implement the plan in the event of any energy emergency or threat to state energy security, stemming from natural or human-made disaster, or fuel market disruption.
- Continue to work with our EC partners (e.g., the U.S. Army Corps of Engineers, etc.) to maintain the Statewide GIS database of emergency back-up power generators, and emergency power needs for emergency and essential service facilities.
- Seek to implement administrative and legislative recommendations developed by DBEDT's EEP update project to address inadequacies in current EEP statutes and to align them with federal and state emergency management policies and plans, and to improve the planning and energy security situation by amending data reporting and collection provisions.
- Continue to function as lead State coordination agency for Hawaii's guaranteed emergency access to and priority loading of crude oil from the SPR. Organize a Hawaii-exclusive SPR process and procedural training exercise in coordination with the U.S.DOE and Hawaii refiners.
- Continue activities supporting emergency communications interoperability, equipment maintenance, and hardware/software currency and operations training.
- Organize Hawaii State Energy Council and concurrent ESF-12 participation in Hawaii State Civil Defense's *Makani Pahili 2007* Annual Statewide Hurricane Exercise.
- Continue to advocate and seek funding for the revitalization of the EEP program initiative to develop and maintain an in-house capability and function to independently, and in coordination with industry, relevant government agencies (all levels), and all affected parties, and to systematically conduct quantitative and qualitative technical analyses of Hawaii's statewide energy systems and markets to support effective and

efficient State-level energy security and energy emergency preparedness decision making and actions.

- Support the Public Utilities Commission in the implementation of the Petroleum Industry Information Reporting Act (Chapter 486J, Hawaii Revised Statutes (HRS)).
- Continue the statewide fuels vulnerability assessment project to address economic impacts/risks specific to each fuel associated with Hawaii's petroleum import dependence. The assessment will examine transition issues and requirements (“value chain”-wide) associated with federally and state mandated changes in petroleum fuel specifications and blends (e.g., reductions of sulfur content in gasoline and diesel, ethanol blending, mandate, etc.), and related to reduction and replacement of petroleum-based liquid fuels resulting from development of a Hawaii biofuels industry (e.g., biodiesel and ethanol) and hydrogen. This assessment will be conducted in partnership with the Department of Transportation, Harbors Division's statewide petroleum facilities development plan, and other relevant government and industry projects.

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 2006:

- Obtained an additional \$50,000 from the U.S. Department of Energy for geothermal resource mapping.
- Obtained a \$100,000 U.S. DOE Grant to assist the Hawaii Natural Energy Institute (HNEI) to conduct a study to meet the requirements of Section 355, Assessment of Dependence of State of Hawaii on Oil in the Federal Energy Policy Act of 2005. Section 355 directed the Secretary of Energy to assess the economic implications of the State of Hawaii's dependence on oil as its principal source of energy. DBEDT contracted with UH-HNEI for the study.
- Obtained an \$800,000 U.S. DOE grant to establish Phase 2 of the Hawaii Hydrogen Power Park. Funds will be utilized to site hydrogen-based infrastructure initially on the Big Island at the NELHA Gateway Energy Center, eventually to support both stationary and mobile energy production from renewable resources. Funds to be disbursed through a partnership with the Hawaii Natural Energy Institute.

Tasks Planned for 2007 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.
- Continue to seek additional funding from federal grants and private sources.

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 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 AND SUPPORT DIVISION

STRATEGIC MARKETING AND SUPPORT DIVISION

GOALS AND 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 business advocacy, planning and coordination of programs and projects aimed at specific business sectors or economically-distressed areas, including rural areas.

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 exports of Hawaii's products and services.
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, are through sister-state relationships.
12. Increase business activity and job creation through the Immigrant Investor Program.
13. Work with project and fund managers to increase the number of investment projects in the State.

Tasks Accomplished in 2006:

1. Provided \$151,345 in community economic development "seed grants" to 10 community-based organizations.
2. Fourteen (14) Community-Based organizations completed their CBED grant objectives, reporting creation of more than 95 new jobs in their communities.

3. The CBED Program's technical assistance initiatives in FY 2006 included:
 - (a) Sponsorship of an assessment survey, developed and conducted through Volunteer Legal Services Hawaii, of the non-profit sector in Hawaii, including all organizations assisted by the CBED Program, to: (1) identify any obstacles nonprofits face in obtaining legal services, and (2) to assess the desirability and feasibility of providing services which nonprofits have difficulty accessing. The survey would identify gaps in service provided by existing legal firms and attorneys, and assess the feasibility of filling those gaps.
 - (b) Sponsorship of the "*Community Connection 2006*" planned and conducted by the Hawaii Alliance for Community-Based Economic Development (HACBED). Training for 20 organizations from across the State represented by 2 members each, conducted over five 2-1/2 day weekend session from October 2005 through June 2006, included: venture development and integrating the venture into a broader community economic development strategy; organizational management and development; and community organizing and mobilization. Participants received one-on-one technical support in conducting an organizational assessment, and based upon the assessment received additional help in developing a capacity-building plan to strengthen their ability to implement a successful venture.
 - (c) Co-sponsored a 4-day conference on Native Hawaiian Community Development which included 1,100 participants from all islands of Hawaii, the South Pacific, Alaska and the Mainland, representing more than 400 organizations. The conference resulted in an estimated \$1.3 million in economic impact on local spending, and included 26 plenary presentations and 19 informational workshops and capacity-building training sessions.
4. Provided a \$15,000 grant to the Hawaii Community Services Council (HCSC) to help grow the capacity of HCSC to reinvent itself as a Hawaii Association of Nonprofit Organizations (HANO). At the end of the grant period, HANO had grown from a startup organization of 34 members to a membership of 145 paying member organizations, and leveraged an additional \$176,000 in financial commitments from three private foundations.
5. Provided financial assistance to the Arc of Hilo, a nonprofit organization, through the Hawaii Island Economic Development Board, to develop a feasibility analysis and business plan for its community economic development project "Laulima Hana Enterprises" and the C&D Resale Store, a resale warehouse that is a clearing-house for surplus building materials on Hawaii Island. The project will employ 13 full-time staff and incorporates vocational training to a minimum of 20 additional individuals, including some with disabilities.
6. Provided financial assistance in the form of a \$15,000 grant to Hawaiian Homestead Technology to provide for trainer(s) to the Papakolea community to start a technology center. Activities included setting up a technology center, creating detailed training and operating manuals, and recruiting area residents to train for the IT positions that were created. IT positions are digitization positions, that is employees convert paper manuals and large graphics into electronic versions using the latest text and computer aided drafting. The program, up and running, has initially hired and trained 10 Papakolea residents.

7. Produced and published collateral brochures in the following targeted industries: Life Science, Optics & Photonics and Innovative Technologies
8. In recognition of the 25th anniversary of Hawaii's Sister-State relationship with Fukuoka Prefecture, the Departments of Business, Economic Development & Tourism and Department of Agriculture, the Oahu Visitors Bureau and its partners led a business mission to Fukuoka, Japan, from May 17-22, 2006. Participants included 47 individuals representing Hawaii's business community, Fukuoka Kenjinkai and government. Organizations that partnered with DBEDT and the DOA included the Oahu Visitors Bureau, U.S. Embassy-Tokyo, U.S. Consulate-Fukuoka and Osaka; U.S. Department of Agriculture, Honolulu Japanese Chamber of Commerce, Japan Airlines, Hawaii Fukuoka Kenjinkai and the Fukuoka Prefecture Government. One result of this promotion was an invitation to participate in the Kitakyushu International Food Fair, organized by the city of Kitakyushu. Hawaii received two booths to promote made in Hawaii products and Hawaii tourism at the biennial regional food promotion and sales.
9. Organized Hawaii's participation at the 2006 Natural Products Expo West at the Anaheim Convention Center, March 24-26, 2006. More than 43,000 industry attendees visited 3,000 booths to learn about the newest products for health-seeking consumers. Twelve Hawaii companies participated, representing products such as noni, Kona coffee, herbal tea, taro burgers, gourmet fruit spreads, Kona kampachi, bottled deep sea water, kiawe honey, and therapeutic bodycare and massage products. As a result of participating in this show, these companies' anticipated aggregate sales for the next 12 months exceed \$5 million.
10. Organized Hawaii's participation at the BIO 2006 Annual International Convention in Chicago, April 9-12, 2006, which this year attracted over 19,000 attendees. Hawaii's delegation consisted of 23 individuals representing 16 organizations and programs from the private sector, state agencies and the University of Hawaii. Some significant outcomes included: InCode Biopharmaceutics securing \$4 million in venture capital; over 200 contacts were made from the Hawaii Pavilion; \$11,000 in private sector support leveraged for this event; verbal commitment from BIO to re-convene the PacRim Industrial Bio meeting in Honolulu in November 2007; and the UH Med School Bioscience Conference website received over 100 hits as a result of promotional efforts at BIO.
11. Organized Hawaii's participation at the 2005 SPIE Optics & Photonics Conference & Exhibition held in San Diego, July 31 -August 4, 2005. This year's event, marking SPIE's 50th anniversary, was a record-breaker; over 270 exhibitors were featured and 5,900 people attended. The Hawaii team consisted of 22 individuals from 12 organizations, representing a cross section of private sector entities, academia and state government. Significant outcomes included 100 leads generated and two contracts awarded to one Hawaii Company for a total of \$70,000.
12. Organized Hawaii's participation in BioJapan 2005. 19 people representing the life sciences and biotech industry participated in this industry promotion project that included exhibiting at the BioJapan trade show for three days as part of the

- U.S. Pavilion and conducting the Hawaii Life Sciences business networking event attended by 19 high level industry representatives.
13. Japan Bio Mission to Hawaii. 13 participants, representing biotech companies, academia, and Japanese media, made up the reverse mission led by the U.S. Embassy-Tokyo. Arranged site visits to NELHA, Hoku Scientific, and Pacific BioDiesel and facilitated other business introductions.
 14. Kodama Koi Farm (KKF) - a result of BioJapan 2004. KKF invested over \$2 million in Hawaii to create a 10 acre aquaculture farm raising more than 1 million koi, making it the largest koi farm in the world. KKF will celebrate its grand opening in October 2006. Now that the koi farm has been built, KKF has relocated their administrative and retail sales office from California to Hawaii.
 15. Total I Japanese trading company. \$1.5 million invested to establish U.S. branch office in Hawaii, utilizing DBEDT's Foreign Trade Zone. Total I's investment is a result of on-going business attraction activities focused on Japan.
 16. Partnering with the U.S. Foreign and Commercial Service in Shanghai, Hawaii companies comprising of the Environmental Development Group Hawaii attended Pollutec China 2006 in Shanghai. 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. Four companies attended the event to evaluate possible participation in the 2007 event as part of the U.S. Pavilion. Over 300 international companies participated and marketed their services and products to the 8,000 visitors.
 17. In partnership with the U.S. Foreign & Commercial Service offices in Beijing and Chengdu and our EDG member companies, planned and coordinated an environmentally-focused program including industry briefings by Hawaii companies, site visits and select appointments with Hawaii companies for two environmental delegations from Beijing and Chengdu.
 18. Worked with the Economic Development Alliance of Hawaii and the four county economic development boards to promote Hawaii's technology-based services while jointly promoting county assets within the context of unified and coordinated state campaigns. Examples include BIO 2006 and SPIE 2005 Optics & Photonics.
 19. Through the efforts of our contractor, Enterprise Honolulu, a Targeted Business Development project was initiated to identify Hawaii innovation companies who are at a critical growth stage find potential mainland investors and partners to help develop and grow their products and services locally and globally. To accomplish this, Enterprise Honolulu held over 50 meetings with mainland investors and companies to showcase 10 Hawaii companies.
 20. Revamped the existing Immigrant-investor program to take advantage of greater clarity in the US Citizenship and Immigration Service's interpretation of the Immigration Act of 1990. After a four year hiatus, the program once again appears to be a very viable means of attracting job-creating investment to Hawaii. Hawaii's Regional Center authorization was updated to include a greater range of eligible industries, and to allow for a broader interpretation of indirect job

creation resulting from this investment. During FY 2006, \$1.5 million in new investment was realized, and can be directly attributed to this effort.

21. The Integrated Development Group continued its market development activities in China, focusing on three strategic areas (i) on promoting sustainable destination development and management training and services; (ii) hospitality industry planning, design, training and management, and (iii) in participating in the evaluation, planning and design of new World Trade Centers that will be developed in China. In this regard, IDG accomplished the following tasks and objectives:
 - Organized two business development missions to Yunnan, Tibet and Guangdong, which resulted in: verbal approval for the planning and design of the largest integrated resort in western China, in Lhasa. Estimated value of services to be provided is over \$1 million. The Guangdong government also sent officials to Hawaii for training (see below).
 - Participated in the China International Travel Mart in Kunming (see a. above), a show attended by over 70,000 people from throughout China. Supported Hawaii Tourism China's efforts by promoting edu-tourism to Hawaii.
 - Conducting three seminars on sustainable destination development and management in Kunming, Ningbo, and in Guangzhou.
 - Facilitating visits by UH TIM School, Kapiolani Community College and Brigham Young University-Hawaii, resulting in paid training in Hawaii (see below).
 - Laid the groundwork for an agreement with the New York based World Trade Centers Association to partner in the evaluation and planning of 40 World Trade Centers, to be built in China over the next 10 years.
 - Conducted seminars in Hawaii for six groups of tourism officials from China.
22. Organized visits for paid training and government delegations from Taiwan and China, realizing over \$700,000 in revenues. Training topics included tourism planning, policy and marketing; business and entrepreneurship, and public administration.
23. Organized and executed a mission to Taiwan to promote the export of Hawaii products, deep ocean water (DOW) technology and investment, March-April 2006. This mission has resulted in the following: (i) over \$700,000 in new product exports from Hawaii; (ii) a commitment from four investors to invest in Immigrant-investor projects in Hawaii, and (iii) a verbal commitment to contract Hawaii's DOW expertise to assist in site evaluation and selection by the Taiwan government.
24. Produced a Chinese-language brochure on executive, professional and vocational training in Hawaii, promoting custom designed, short term training programs offered by the University of Hawaii System, Hawaii Pacific University, the Japan-America Institute of Management Science (JAIMS) and Brigham young University—Hawaii. This brochure also represents a first step in coalescing an education and training consortium that will market Hawaii as a center for executive and professional development in China and Taiwan.
25. Thorough DBEDT's assistance, the University of Hawaii's College of Business Administration established a joint China International MBA program with Sun

- Yat-sen University in Guangzhou, China. Sun Yat-sen University is ranked among the top four business schools in China. Anticipated revenues from this program are in excess of \$500,000 per year.
26. Participated in eight trade shows to promote Hawaii's products, services and investment opportunities.
 27. Organized visits by over 14 official groups from China and Taiwan, including visits by Chinese Vice Premier Wu Yi, Beijing Mayor Wang Qishan and Chinese tourism minister Shao Qiwei.

Tasks Planned for 2007:

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. 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.
3. Provide technical assistance through outreach, workshops and conferences to
4. build community-based organizational capacity to strengthen the probability of successfully implementing community economic development ventures.
5. Plan and develop more effective promotional materials for the CBED Program.
6. Plan and develop a strategy to leverage state CBED funds with Federal grant dollars. Identify possible Federal programs that "fit" the CBED strategy.
7. Plan and develop the integration of DBEDT's strategic objectives into CBED strategic initiatives.
8. In collaboration with county coordinators, identify businesses and areas that need or could benefit from enrollment in the EZ Partnership program.
9. Update the EZ website and marketing materials for county coordinators, businesses, contractors, realtors, and accountants.
10. Perform on-site visits to meet the EZ county coordinators and conduct at least one presentation at each county.
11. Enroll at least 40 new firms into the EZ Partnership program.
12. Continue to update and rewrite Administrative Directive 99-02 in conjunction with the Governor's office, support proposed changes to the Hawaii RFA bill.
13. Implement a public relations campaign to gain more awareness of the Small Business Regulatory Review Board.
14. Organize Hawaii's participation at BIO 2007. 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 2007 Annual International Convention in Boston. 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.
15. Organize Hawaii's participation at the 2006 SPIE Optics & Photonics Conference & Exhibition to be held in San Diego, August 15-17, 2006. The annual event features over 250 exhibitors and over 5,000 engineers and designers, corporate managers, application and product developers, project managers, and technical managers attend to learn about the latest trends and commercial developments in optical engineering, remote sensing, materials and devices, signal and image

- processing, illumination engineering, nanotechnology, X-ray optical technologies, and more. The Hawaii team will consist of individuals and organizations representing a cross section of private sector entities, academia and state government. Hawaii participated in 2003 and 2005 and made a significant impact in promoting our optics and photonics technology and astronomy sectors.
16. Continue to work with Hawaii's environmental technology companies to join the Environmental Development Group Hawaii (EDG). The EDG was created in 2006 to coalesce Hawaii's environmental companies to promote and market their services and products to the domestic and overseas markets.
 17. Under the EDG banner, organize a follow-up environmental mission to two secondary cities in China. Contacts made and relationships developed in Shanghai and Chengdu will play a part in deciding which cities/provinces to target. Hawaii companies will be able to take advantage of Gold Key Service provided in part by DBEDT through the U.S. & Foreign Commercial Service. The Gold Key Service features embassy/consulate briefings, industry and targeted matchmaking services for each of the participating companies.
 18. Kitakyushu International Food Fair, a result of May 2006 mission to Fukuoka. Received two booths to promote made in Hawaii products and Hawaii tourism at the biennial regional food promotion and sales show.
 19. Through contacts made and relationships developed on an environmental mission to Shanghai and Chengdu, China, encourage reverse missions to Hawaii by government and private-sector businesses interested in environmental services and products provided by EDG member companies.
 20. Plan, coordinate with EDG member companies to create and print environmental marketing brochure in English and Chinese targeting the China market.
 21. Organize Hawaii's participation in Bio-Japan 2007 in Yokohama.
 22. Organize a Hawaii product promotion mission, in collaboration with the U.S. Embassy –Tokyo, in two cities in Japan.
 23. Organize Hawaii's participation at the 4th Korea-Pacific U.S. States Joint Conference, October 15-16, 2006, in Seoul. Invite participants representing public and private sector organizations to attend. Arrange for at least two speakers to participate at the education and tourism seminars. Delegates will also network with Korean executives to promote Hawaii products and services.
 24. Work with Enterprise Honolulu to continue the Targeted Business Development project, which identifies Hawaii innovation companies who are at a critical growth stage find potential mainland investors and partners to help develop and grow their products and services locally and globally. Approximately 75 meetings with mainland investors and companies are planned, with the intent to assist 20 Hawaii companies.
 25. Work with the Economic Development Alliance of Hawaii and the four county Economic Development Boards to address one of DBEDT's strategic focus areas, workforce development, to expand the "Kama'aina Come Home" program started by EDBs ten years ago. The program is targeted to Hawaii ex-patriots to educate them about the job opportunities available in Hawaii, in hopes of attracting back to the state.

26. Create a workforce housing development fund, into which immigrant-investors can invest a minimum of \$500,000 to help finance workforce housing development on Oahu and the Neighbor Islands. The size of this fund could range from \$15 million upwards, and would help developers obtain much needed gap financing, lower their costs, and consequently, their risks.
27. Conduct a minimum of three investment promotion missions, focusing on attracting investment for workforce housing and other priority economic development projects that may include UH dormitories, staff housing and infrastructure. The first investment mission is planned for November 23 – 30, 2006, to Guangzhou and Beijing, China. Other missions could include Korea and Taiwan.
28. Develop a Chinese-language website to promote export of Hawaii's products, investment opportunities, services and specialized expertise to Greater China.
29. Support the Hawaii Tourism Authority's efforts to attract higher-spending travelers from China, utilizing DBEDT's relationships with the China National Tourism Administration, other national and provincial government agencies, and China's emerging private sector. DBEDT will work with HTA and CNTA to develop a pilot program, including "Honesty in Tourism" guidelines for operators of tours to Hawaii. Emphasis will be placed on attracting Chinese visitors for meetings, incentives, conferences and training, primarily focusing on business-related activities.
30. Work with the World Trade Center (WTC) Association board to develop a funding vehicle that will pay for the services of IDG professionals to conduct their evaluation, planning and design work, thus minimizing the need to contract with individual developers in China. Look to obtain a minimum of three WTC projects during FY 2007.
31. Coalesce Hawaii's education and training institutions and firms, and collaboratively pursue executive, vocational and professional training opportunities in Greater China and Southeast Asia.
32. Continue to promote Hawaii's specialized expertise in tourism, by organizing seminars and workshops on sustainable destination development and management, in collaboration with Chinese government agencies.
33. Work with Hawaii tourism training institutions to firmly establish Hawaii as the premier training destination in the Pacific, by continuing to promote paid training programs; by conducting content-based seminars and workshops, and by continuing to nurture relationships with Chinese government entities. In this regard, DBEDT has been asked by the United Nations Development Program to submit a proposal to conduct a comprehensive training program for national, provincial and municipal government officials on sustainable destination development.
34. Develop internship and study abroad opportunities for Hawaii's high school and university students in China and Taiwan. The China Council for the Promotion of International Trade, China's external trade agency, has agreed to accept a minimum of 20 college students from Hawaii each year, for periods of up to four months.

35. Develop teacher and student exchange programs aimed at increasing understanding and knowledge of Greater China and other parts of Asia.
36. Coalesce a deep ocean/marine technology consortium interested in pursuing contract opportunities in Taiwan and China. By banding together, Hawaii's smaller firms can become more competitive and pursue larger, integrated projects.
37. Build on the foundation established through the March-April 2006 mission to Taiwan, to increase the amount and diversity of Hawaii product exports to Taiwan.
38. Create a Hawaii Export Training Academy, to help small business to explore and pursue new export market opportunities. The aim of this initiative is to work closely with a small group of Hawaii companies, to provide them with the knowledge, information, training and contacts they need to become export ready.

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 OBJECTIVES

The Aloha Tower Development Corporation (ATDC) was established in 1981 to redevelop lands surrounding the landmark Aloha Tower on the downtown waterfront. The boundaries of the project area, called the Aloha Tower Complex, include land areas makai of Nimitz Highway from Piers 5 & 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

- Complete the public/private partnership with UC URBAN for the development of a mix-use commercial condo/hotel project at Piers 5 and 6 to strengthen the international economic base of the community, enhance the beautification of the waterfront and provide for stellar public access to the waterfront.
- Complete the planning process to update the Hawaii Administrative Rules and the ATDC Development Plan to create a reenergized and contemporary vision for the Aloha Tower Area.
- Complete the development of the New World Divers international diving facility in the Aloha Tower Project Area.
- Continue to work in concert with the Department of Transportation, Harbors Division (DOT-H), to develop maritime infrastructure projects in Honolulu Harbor to address aging facilities and a critical shortage of berthing space and cargo handling areas. The ATDC and the DOT-H are teamed under a pilot project called the Hawaii Harbors Project to work in partnership on harbor development. Strategies of the program include:
 - Expedite development projects that will provide short-term relief by maximizing efficiencies at existing facilities;
 - Acquire and quickly upgrade expansion areas; and

- Plan and execute major long-term redevelopment projects such as the former Kapalama Military Reservation.

PERFORMANCE MEASURES

- The number of contracts and the dollar value of construction contracts executed as a result of development efforts.
- The increase in revenues as a result of development projects.
- The increase in land area (acres) made productive by development efforts towards improving harbor infrastructure.

**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

HAWAII COMMUNITY DEVELOPMENT AUTHORITY (HCDA)

MISSION AND GOALS: To plan and implement initiatives that increase economic, social/cultural, and environmental value in HCDA's community development districts – Kalaeloa and Kakaako.

OBJECTIVE 1: Plan and implement capital improvement projects to upgrade infrastructure and develop public facilities that strengthen and diversify Hawaii's economy while meeting the needs/desires of its residents.

ACTION PLAN: In Kakaako, major infrastructure improvements are targeted for primary and central roadways such as South Street, Cooke Street, Halekauwila Street, Queen Street and Kamakee Street in the Mauka Area and Ilalo Street, and Forrest Avenue in the Makai 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. Also, public facilities projects such as public parks and parking facilities will be planned and developed in the 2006-2012 timeframe.

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 was used to undertake strategic and master planning for Kalaeloa. With the master plan approved, promulgation of Administrative Rules and infrastructure planning is underway. 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 new 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 continuing economic, social/cultural, and environmental opportunity in Kakaako, the Mauka Area Plan is being revised to incorporate principles of smart growth and new urbanism as well as overhaul HCDA's reserved housing rules. HCDA works towards ensuring that its community planning efforts are responsive to the many interests involved (e.g. small lot owners, large landowners, public at-large, etc.). Among the agency's aims is to create an outstanding physical neighborhood that will be known for its environmental sensitivity/excellence and an active, pedestrian-oriented public realm. Another is to provide a range of housing options for Hawaii residents. The Mauka Area plan is being revised to achieve these goals.

The State of Hawaii owns the majority of the Kakaako Makai Area lands. A community participatory planning process is being started to involve the larger community in the planning process for the Waterfront lands in the Makai Area.

A private company has renovated existing residential development at Kalaeloa. HCDA is focused on encouraging public-private partnerships to create a mixed-use community, which will provide jobs and workforce housing for local residents, and public facilities that provide services and recreation for local residents and visitors as well as promote environmental awareness/conservation and development best practices.

PERFORMANCE MEASURES:

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

**HAWAII STRATEGIC
DEVELOPMENT CORPORATION**

HAWAII STRATEGIC DEVELOPMENT CORPORATION

The mission of the Hawaii Strategic Development Corporation (HSDC) is to support the development of 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 its workforce.

GOALS: HSDC's goals are to support industry growth by investing public funds in professionally-managed venture capital funds which will leverage external sources of private investment capital to fund promising high technology firms. In 2006 HSDC provided a new investment commitment to support seed and early stage growth of Hawaii companies.

Near term goals for HSDC include assisting entrepreneurial development through focused conferences and seminars and innovation infrastructure development.

HSDC is also assisting DBEDT in deploying the \$10 million Hydrogen Capital Investment Special Fund established in 2006 by Act 240.

ACTION PLANS: Specific activities include funding and implementing a series of entrepreneurial development workshops and two conferences to prepare entrepreneurs to raise capital. The first of these workshops was completed in December.

An RFP has been prepared by HSDC and DBEDT soliciting one or more managers of the new hydrogen fund to assist in the areas of providing cost share funding for federal grants; seed and venture investment in hydrogen-related technology companies, and program administration.

MEASUREMENTS AND OUTCOMES: Private sector investment leveraging exceeded \$4 million in new investments over the past year. One portfolio company was listed on the London Stock Exchange. Outcomes from the training workshops upon series completion will include 150 entrepreneurs able to prepare market-oriented business plans and 12 entrepreneurs able to effectively present their plans to venture capitalists.

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

The *Hawaii TSP* identifies four high level measurements – *Visitor Spending, Report on Tax Receipts, Visitor Satisfaction* and *Resident Sentiment* – that provide indicators of the overall health of Hawaii's visitor industry (as listed below):

- **Visitor Spending.** For CY 2005, visitor spending was \$11.9 billion for the State of Hawaii. For CY 2006 (year-to-date thru August 2006) visitor spending is \$8.1 billion (a 4.5% increase from the same period in 2005).
- **Tax Receipts.** For FY 2005, the State collected \$198.7 million in transient accommodations taxes (TAT). For FY 2006, the State collected \$217 million in TAT.
- **Visitor Satisfaction.** Visitor Satisfaction Levels by Major Market Areas (MMAs) for 2004 and 2005 (the latest years that the data is available are provided below):

MMA	2005	2004
US West	65.9	66.8
US East	69.8	70.0
Japan	53	51
Canada	62.7	65.6
Europe	70	67.2

- **Resident Sentiment.** The following question was asked in the Resident Sentiment Survey, in 2005 and in 2002: Overall, tourism has brought more benefits than problems to this island.
 - In 2005, 71% of the respondents agreed.
 - In 2002, 77% of the respondents agreed.

Besides these statewide 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)
- Bookings for Hawaii Convention Center (see below)

Hawaii Convention Center (HCC)

Indicators	2006 Goal	Y-T-D August
Bookings	700,000	608,147

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 2006 Actual	CY 2005 Actual
Major Festivals supported throughout the year	10	11
Product Enrichment Projects funded throughout the State	126	110

**HIGH TECHNOLOGY
DEVELOPMENT CORPORATION**

**HIGH TECHNOLOGY DEVELOPMENT CORPORATION
HIGH TECHNOLOGY INNOVATION CORPORATION**

2006

GOALS AND OBJECTIVES

- (1) Provide business opportunities with Asian countries 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 incubation program; and,
- (5) Continue to improve Hawaii's business climate for high tech industry development.

ACTION PLAN – TASKS ACCOMPLISHED IN 2006

- (1) **International Business and Technology Incubation Program:**
 - (a) To expand opportunities for Hawaii's high tech industry, the legislature provides start-up funding for an International Business and Technology Incubation Program within HTDC (S.B. 2036).
 - (b) Reciprocal Cooperative Agreements executed with Beijing Zongguancun Technology Park and Shanghai Pudong Productivity Center of the Shanghai Zhangjiang Hi-Tech Park to help increase trade relationships with State of Hawaii and implement S.B. 2036. Discussions begin with the international incubation program of the Guangzhou City Technology Park.
 - (c) Presentations on HTDC International Business and Technology Incubation Program made to the Japan Pharmaceutical Manufacturers Association, Toshiba Research & Development, Japan Stem Cell Institute, and Euris Genomics with Dr. Ed Cadman, Yokohama, Japan.
 - (d) HTDC Executive Director & CEO invited to present papers on China initiatives and International Incubation Program at the States Science & Technology Institute Annual Conference in Atlanta, Georgia, and to the National Institute of Standards & Technology, Manufacturing Extension Program Conference.

(2) **Hawaii Innovation Technology Corporation (HTIC):**

- (a) Corporation documents are filed for the Hawaii Innovation Technology Corporation. These documents included corporation articles, bylaws, conflict of interest policy, and application for 501-c-3 status. The purpose of HTIC is to assist HTDC mission by increasing the number of technology programs and projects in Hawaii, and increase sources of funding.
- (b) Legislature authorizes HTIC to establish bank accounts including accounts in China to operate its office in Beijing (H.B. 3060).
- (c) Beijing Municipal Government of China approved HTIC application for a Representative Office and Business License.

(3) **Small Business Innovation Research (SBIR) Grant Program:**

- (a) Legislature expands HTDC ability to help local technology companies develop new technologies for commercialization with local research institutions, including research institutes at the University of Hawaii, and to compete for national science and technology grants under the national federal program **Small Business Technology Transfer Program** (H.B. 3060).
- (b) Kuehnle Agrosystems, an HTDC Incubator Program company, receives a \$500,000 SBIR Phase II Award from NSF for their project, "Enabling High Output Carotenogenesis in Plant Cells."
- (c) In 2005-06 six companies on the Big Island are first time awardees of SBIR grants from the US Department of Agriculture. Hawaii remains the state with the highest number of SBIR USDA grants. This is a good sign indicating agricultural diversification and new product development.
- (d) Hawaii SBIR Awards Data Summary: Since 1989, Hawaii has 56 companies engaged in SBIR. These companies received 191 Phase I grants totaling \$16.6M, and 62 Phase II grants totaling \$41.4M. This represents a high conversion rate (phase I to phase II) of 32 percent. Of Phase II companies, several went on to receive a total of \$57.5M in commercialization contracts.

(4) **HTDC Hawaii Business and Technology Incubators:**

- (a) Maui Research & Technology Center. Trex Enterprises graduates and opens new 14,000 square foot facility in Maui. The federal funded Pacific Disaster Center Program expands and relocates to the new Maui Economic Development Board facility in the tech park. The Maui High Performance

Computing Center, a park tenants, significantly expands its computing capability and develops a new 8,323 square foot data center at MRTC Building B. Oceanit expands its operations by additional 3,238 square feet. New tenant companies move in: CrossFiber (a Trex spin-off), and Schafer Corporation. Maui's Enterprise Zone expanded to include Kihei, where MRTC is located.

- (b) Manoa Innovation Center: Blue Lava Wireless (sold to Jamdat for \$157 Million), Blue Planet Software, GL Scientific, Inc, Mauna Kea Infrared, LLC, and Kamakura Corporation graduate to larger commercial facilities on Oahu. Go2Group, Bluecliff, Kuehnle Agrosystems, and Pipeline Communications expand at MIC. New tenant companies move in: Hawaii Environmental Bioengineering (water purification technology), GeoRecovery, Concentris, and ADXPO.
- (c) Hawaii Innovation Center at Hilo: HICH, a project partnership with UH Hilo, continues to be fully occupied.
- (d) HTDC tenant companies were surveyed to determine use of limited HTDC resources. Companies preferred more networking opportunities and greater access to capital and financing programs.

(5) **HTDC Virtual Incubation Program:**

HTDC opens its virtual program and signs companies: Ultra Spectral LLC (hyper spectral imaging software development), Concentris Systems LLC (wireless and data networking), William Aerospace, Inc. (unmanned aerial vehicle manufacturing), ADXPO, Kealoha Technologies, LLC (software development-ChipIn), GeoRecovery (waste management and environmental), and Sopogy Inc. (solar power generation company).

(6) **Community Outreach Programs:**

- (a) HTDC launches monthly *CEO Breakfast Forums* to increase communication among CEOs of incubation tenants.
- (b) HTDC co-sponsors with HSDC and UH Angels, the *Kauffman Foundation Angel Investor Workshop*, on October 13, 2005.
- (c) HTDC co-sponsors annual *Flavors of Technology High Tech Leadership Awards Dinner*, on October 23, 2005.
- (d) HTDC co-sponsors with Oceanic Time Warner, *Kauai Roadrunner & Internet Tech Expo*, on November 5, 2005.
- (e) HTDC co-sponsors with Kauai Economic Development Board, *Kauai Tech Ohana*, on November 5, 2005
- (f) HTDC co-sponsors with DBEDT, HSDC, HCDA, CRCH, HVCA, and JABSOM, *Finding Your Future @ KB Park*, on November 17., 2005.

- (g) HTDC Manufacturing Extension Program sponsors *Family Business Seminar*, November 18, 2005 at Manoa Innovation Center. Dr. George Vozikis, a Davis Bovaird Endowed Chair holder of Entrepreneurial Studies & Private Enterprise at the University of Tulsa and visiting UH Manoa CBA professor, is the keynote speaker.
- (h) HTDC sponsors *State of the Internet Seminar*, November 22, 2005.
- (i) HTDC sponsors *HTDC 9th Biennial Small Business Innovation Research Conference* on December 5-9, 2005 at Ilikai Hotel. Participating federal SBIR Program Managers are from Department of Defense Air Force, Army CBD, MDA, Navy; Homeland Security, Transportation, Commerce, Energy, NASA, NIH, and NSF. Program managers met one-on-one with local technology companies providing advice on SBIR proposal presentation, intellectual property management, commercialization, and attracting private investment, as well as working with local research institutes like the University of Hawaii.
- (j) HTDC conducts tech tour of successful local SBIR companies for federal SBIR Program Managers.
- (k) HTDC co-sponsors Holiday Science & Technology Fair on December 28, 2005.
- (l) HTDC co-sponsors Global Pau Hana, a networking function for tech entrepreneurs and individuals, on December 28, 2005.
- (m) HTDC conducts briefing for legislators on the current status of tech-based economic development and the resources needed to sustain the current level of growth.
- (n) HTDC CEO featured on KHON Morning Tech Buzz with Kirk Matthews on December 20, 2005, and on Dot.Biz with Mike Buck on December 22, 2005.
- (o) HTDC co-sponsors with UH Connections and UH-OTTED a New Product Commercialization Workshop on January 17-19, 2006. Local R&D teams participated.
- (p) HTDC Hawaii Center for Advanced Transportation Technologies (HCATT) provides a tour and briefing on fuel cell vehicles and Hickam AFB hydrogen fueling project to U.S./Korea Transportation Experts on January 9-12, 2006.
- (q) HTDC CEO presents Hawaii's Technology Opportunities and Infrastructure, including alternative energy, to Sinopec Executives, China's largest oil company.
- (r) HTDC sponsors *Technology Entrepreneurship: The Ultimate Reality Program*, by Peter Kay on March 22, 2006.
- (s) HTDC co-sponsors Honolulu Roadrunner 2006 Technology & Internet Expo on March 31, 2006.
- (t) HTDC co-sponsors UH College of Engineering Career Fair on March 17, 2006.
- (u) HTDC co-sponsors Science and Tech Day at the Legislature on March 29, 2006.
- (v) HTDC exhibits at Maui Roadrunner and Internet Expo, on May 11, 2006.

- (w) HTDC supports TechEnterprise 2006 Conference speaker, Brad Bertoch of the Wayne Brown Institute, Salt Lake City, Utah, on June 13-14, 2006.
 - (x) HTDC co-sponsors Summer Science & Tech Fair, on June 14, 2006.
 - (y) HTDC co-sponsors Hawaii Science & Technology Council, “Tech Download” monthly breakfast meetings.
- (7) **HTDC alternative fuels program, Hawaii Center for Advanced Transportation Technologies (HCATT).**
- (a) HCATT receives federal funding for FY 06 of \$3.4M, and for FY07 \$2.7M has been appropriated by congress.
 - (b) U.S. Defense Appropriations Subcommittee staff under Congressman Dan Inouye visits HCATT hydrogen fueling project at Hickam Air Force Base.
 - (c) HCATT installs first hydrogen vehicle fueling station for Hawaii, the U.S. Air Force, and U.S. Department of Defense.
 - (d) HCATT continues expansion of fuel cell vehicle fleet at Hickam.
 - (e) HCATT plans 2006 Fuel Cell Seminar in Honolulu.
- (8) **HTDC federal funded program, National Institute of Standards & Technology (NIST) for Manufacturing Extension Program (MEP):**
- (a) Companies assisted through MEP included Grace Pacific Corporation, Hawaii Popcorn, Hawaii Planing Mill Ltd., High Health Aquaculture, Ohana Seafood, Pacific Island Technology, Hawaiian Host Candies, Hawaii County Economic Opportunity Council, Atebara Chips, Inside Addition, Arc of Hilo, Tsukiji Fish Market, YS Dental, and Cellular Bioengineering.
 - (b) 2006-07 Annual Operation Plan is approved by NIST. HTDC received NIST award of \$437,066 to continue the HTDC-Manufacturing Extension Program in FY 06.
 - (c) HTDC MEP competes and is selected to deliver export training services to local agriculture companies under a \$125,000 WUSATA contract.
- (9) **The 2005 Tech Survey – A New Economy in Hawaii Report** prepared by HIPA and co-sponsored by HTDC is completed. Although this report has a “tech indicator” analysis, the final report does not fully meet all the needs for information on the state of the high tech industry sector in Hawaii. The next tech survey and analysis will return to the original format.

(10) **Expansion of R&D Space:**

- (a) HTDC initiates discussions with University of Hawaii, Vice President of Research, and Research Corporation of the University of Hawaii Executive Director, to develop approximately 50,000+ square feet of research and development space. HTDC with assistance from local brokers provided a comprehensive report on available laboratory and office space to UH and RCUH.
- (b) HTDC maintained discussions with UH and Townsend Capital, developer of the UH Cancer Research Center of Hawaii and JABSOM Phase II. HTDC looks forward to locating an appropriate biotech-based incubation program in both facilities.

PERFORMANCE MEASURES OF EFFECTIVENESS

- (1) Actual number of technology companies assisted at HTDC Incubation Centers.
117 companies
- (2) Actual number of individuals or companies assisted by all HTDC programs including federal funded programs.
58,721 individuals and companies

2007

GOALS AND OBJECTIVES

- (1) Continue implementation of Hawaii's International Business and Technology Incubation Program and facilitate international companies to locate or partner in Hawaii.
- (2) Improve HTDC Incubation Program services to meet changing needs of technology companies.
- (3) Increase the amount of available and affordable space for startup technology companies particularly in the life sciences industry.
- (4) Assist DBEDT with its Innovation Infrastructure Policy, specifically addressing development of Hawaii technology workforce and alternative fuels.
- (5) Increase collaboration and partnerships with public and private organizations and other economic development entities and trade organizations to develop Hawaii's high tech industry.

- (6) Continue to improve Hawaii's business climate for high tech industry growth by focusing our efforts on supporting workforce development, alternative energy issues and establishing a market beyond Hawaii.

ACTION PLAN

- (1) Contract with HTIC to implement International Incubator Program. Coordinate appointments to HTIC Board of Directors.
- (2) Evaluate HTDC Statewide Incubation Program and develop a new program that is relevant to the changing needs of tech companies.
- (3) Continue discussions and negotiations with developers to provide incubation and innovation programs and facilities in Kakaako adjacent to JABSOM and CRCH to support the biotechnology industry and research and development.
- (4) Fulfill and build on House Concurrent Resolution 218, SLH 2006, which requests HTDC, University of Hawaii JABSOM and CRCH, Department of Education, Department of Land and Natural Resources, Hawaii Community Development Authority, Kamehameha Schools, and Hawaii Science & Technology Council, to recommend to the legislature in 2007 a technology-based collaborative project that would support K-12 education, medical research and development activities, and an incubator and innovation center for technology-based companies on state land in Kakaako. This project would build a pipeline of workers skilled to fill jobs created by a growing science and technology industry in Kakaako and the State.
- (5) Continue to gather information and conduct analysis that will accurately measure the state's effectiveness and ability to grow Hawaii's high tech industry.
- (6) Partner with major stakeholders to advance policies and programs to support growth of tech industry.
- (7) Seek continuing funding for HCATT that will assist the state to develop alternative energy transportation solutions.
- (8) Seek continued funding from federal NIST for Manufacturing Extension Program (MEP) and new funding opportunities from technology-based federal economic development initiatives; to engage larger manufacturing companies in Hawaii to have bigger impact to improving Hawaii's economy to enable Hawaii companies to be more efficient with current resources given limited availability of workforce (due to one of the nation's lowest unemployment rates); and, to increase the number of small businesses it assists statewide with improved business processes, marketing and planning.

- (9) Evaluate potential for new funding opportunities for tech-based economic development initiatives to support innovation infrastructure.

PERFORMANCE MEASURES OF EFFECTIVENESS

- (1) Estimated number of technology companies assisted at HTDC Incubation Centers.
165 companies
- (2) Estimated number of individuals or companies assisted by all HTDC programs including federal funded programs.
59,300 individuals and companies

LAND USE COMMISSION

STATE LAND USE COMMISSION

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 that the due process rights of parties before the Commission are maintained;
- Maintain or enhance the efficiency of its processes by processing and acting upon petitions for district boundary amendments and applications for special permits in accordance with timeframes specified in statute; and
- Accommodate requests for boundary interpretations, maps and information in a timely fashion.

Besides performance of its statutory responsibilities, Commission staff will be undertaking significant initiatives established by the State Legislature. These initiatives include:

1. Assisting County planning departments and the State Department of Agriculture in the identification and mapping of Important Agricultural Lands (IAL) as specified in Act 183 SLH 2005.
2. Facilitating public input into the review and update of standards and criteria for the State Land Use (SLU) Agricultural and Rural Districts as specified by Act 205 SLH 2005.

The LUC is comprised of nine members nominated by the Governor and confirmed by the State Senate. The 2006-07 LUC Chair is Lisa Judge (Maui). Other members of the LUC include: Vice Chair Michael Formby (at-large); Vice Chair Steven Montgomery (at-large); Kyong-Su Im (at-large); Duane Kanuha (Hawaii); Thomas Contrades (Kauai); Reuben Wong (Oahu); Ransom Piltz (at-large); and Nicholas Teves, Jr. (at-large).

**NATURAL ENERGY LABORATORY
OF HAWAII AUTHORITY**

NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

NELHA MISSION

The Natural Energy Laboratory of Hawaii Authority mission 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 managing and operating facilities providing land and resources for the conduct of research, development of commercial and aquaculture businesses and technologies utilizing the natural resources available at NELHA such as cold deep and warm surface seawater as well as the high solar energy indices.
- 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 aggressively move 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. In this regard, NELHA executed a Letter of Understanding with a private company in fiscal 2006 to construct and operate a 1 megawatt OTEC plant.
- To increase the number of new tenants locating at NELHA and continue to support our current tenants expanding their activities.

- To increase its revenues to continue the progress toward self-sustainment, 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. Preliminary results (on an operating basis) indicate NELHA decreased its 2006 loss to about \$47,000 from \$291,000 in 2005. *This was the direct result of NELHA management aggressively examining costs, requiring increase reimbursement of expenses from tenants, and raising land lease rates.* 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 higher 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 continually only gradually increasing the seawater price to tenants, is causing NELHA to lose money. NELHA wants to reorganize its management system with the purpose of creating more efficient workflow and updating and re-describing certain positions according to the evolved needs of the organization.

The NELHA Board and staff are cognizant of the role that NELHA has in the broader context. Consideration is given to issues impacting the community, including and not limited to, traffic, import and export infrastructure, support services, workforce availability, workforce development, and public acceptance.

In these regards, NELHA received foreign trade zone status in 2006 (September after filing its application in February). This could in the future substantially increase employment in the area, provided NELHA can attract high tech manufacturing firms to locate at NELHA.

Considerable efforts are undertaken in public outreach for both receiving and disseminating information.

NELHA successfully implemented, at no expense of state funds, a public educational and outreach program through a non-profit group, the Friends of NELHA in January of 2006. Many foreign (both from out-of-state and foreign countries) visitors are thus exposed to Hawaii's unique asset at NELHA.

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. The Hawaii legislature granted NELHA \$400,000 in C.I.P. funding in 2006 to plan and design the infrastructure for this road. NELHA has commenced work on obtaining the \$4.0 million to build this essential roadway.

NELHA is implementing a significant expansion of its comprehensive environmental monitoring program. This will continue the assurance that no harmful discharges from agricultural tenants and the increasing number of commercial tenants reach the pristine ocean. NELHA is examining a plan to require tenants to pre-treat their discharge waters to further enhance this assurance.

The NELHA Board of Directors and staff are also in the process of updating the master plan (the last one was completed in 1989) to address issues including and not limited to, changing land use and resource management; infrastructure needs; and identification of opportunities for revenue enhancement and leveraging of resources with adjacent landholders. This has been significantly aided through a \$300,000 C.I.P. appropriation from the legislature in 2006.

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 about 14 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.

We believe the most telling measure of NELHA reaching goals and objectives is its ability to do what no other state agency has done before: become self-reliant from an operating funding perspective. NELHA is close to achieving that goal through management perseverance in requiring tenants to pay the costs of the products they use from NELHA. NELHA still is in the position of subsidizing aquaculture and aquaculture tenants. However, in raising the price of the water they buy to \$.1728/thousand gallons from \$0.144/ thousand gallons, NELHA is inflicting financial harm on this industry. A key goal for fiscal 2007 is communicating the need for agricultural assistance from some source other than NELHA.

**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.

ACCOMPLISHMENTS DURING FY05-06

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 upheld all but one of OP's positions on boundary amendment petitions. In FY06, the LUC acted on six petitions affecting 775.276 acres.

Important Agricultural Lands and Rural Land Use Policy: 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, and for the Counties and State to make recommendations for better use of the State Rural Land Use District. Following up on this legislation, OP launched a rural policy and best practices project with support from CZM funds. The project, which will run through June 2007, involved two sets of rural land use workshops conducted statewide in May and June 2006. The first set of workshops examined rural land use policy and definitions of rural, and the second set of workshops explored a set of rural planning principles and potential tools to improve rural land use planning and management. A rural best

practices guidebook for use by County planners and others is being prepared for dissemination in FY 2007. OP staff is also assisting and participating in discussions with the Executive Officer of the Land Use Commission and the County planning directors regarding potential legislative changes to the statutory provisions related to the State Rural Land Use District.

Policy/Legislation: Prepared testimony on approximately 54 bills and resolutions pertaining to agricultural lands, incentives for agriculture, land use, coastal issues, and other topics.

Planning Assistance for CEDS Projects: OP has received a follow up grant from EDA to provide planning assistance for three or four top ranked projects in the Hawaii Statewide Comprehensive Economic Development Strategy (CEDS) in order to support the implementation of the economic strategy.

Sustainability 2050 Task Force. Participated as a member of the Sustainability 2050 Task Force.

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 and assisted in planning for the PacGeo Statewide GIS Conference. In accordance with the two-year strategic plan, which outlines targeted activities, OP is evaluating the potential implementation of an Enterprise License Agreement (ELA) for GIS software to help improve overall coordination of GIS activities within State government. The evaluation process included holding informational meetings and the conduct of a survey of State GIS users to ascertain current software holdings, levels of usage and user needs. A consolidated ELA budget request was prepared to help demonstrate OP's strong support of a coordinated and integrated GIS Program.

Special Plans: Participates in Oahu Metropolitan Planning Organization Technical Advisory and Oahu Regional Transportation Plan Task Force meetings, Humpback Whale National Marine Sanctuary Advisory Committee, and the Natural Area Reserves Commission. Provided staff support to the Economic Momentum Commission. The Special Plans Branch prepared the following reports:

Comparison of Ad Hoc Conditions of Development Approvals and Impact Fees as Two Different Means of Offsetting Some Infrastructure Costs Required to Serve New Developments: An examination of current practice locally for assessing fees on new development, possible affects on market prices, affordable housing, and recommendations for a comprehensive method for impact fee system development.

Report on Urban Lands in the State of Hawaii, Part I: Supply of Urban Lands by Island and Geographic Planning District: Identification of vacant and developable lands currently within the State Urban District in order to ascertain whether each island or geographic planning districts

have sufficient urban lands to accommodate projected future growth. The methodology follows that used for a similar study done in 1991.

A Short History of the State Land Use District 5-Year Boundary Reviews: Summarizes how the law relating to State boundary reviews has changed over the past 42 years, and identifies the changes which currently limit the effectiveness of State-sponsored, proactive, comprehensive Five-Year Boundary Reviews. The report provides data comparing boundary amendments sponsored by the Five-Year Boundary Review with cumulative land reclassification changes resulting from individual petitions for boundary amendments.

Coastal Hazards Initiative: Funding and staff support resulted in the completion of the following projects which implement the State of Hawaii Hazard Mitigation Plan – the reports, *Evaluation of HAZUS-Multi-Hazards for Hurricane Loss Estimation*, the *Climatic Atlas of Tropical Cyclones over the Central North Pacific (1966-2003)*, and the Applied Technology Council Post-Earthquake Safety Evaluation of Buildings training in Honolulu and Hilo. Presentations on some of these projects were made at the March 2006 Pacific Risk Management Ohana Annual Meeting on Kauai and the March 2006 Hawaii State Hurricane Advisory Committee meeting on Oahu. The *Earthquake Hazards and Estimated Losses in the County of Hawaii* booklet we published in 2005 was a cover story in the Coastal Services Magazine (January-February 2006 issue). The International Tsunami Information Center distributed copies of our *Natural Hazards Preparedness Wheel* to nations affected by the 2004 Indian Ocean tsunami. This resulted in the National Disaster Warning Center of Thailand producing a hazards wheel which is based on our wheel. Work commenced on the County of Hawaii wind speed study, which will facilitate adoption of building codes that include standards to protect communities from coastal hazards.

Cumulative and Secondary Impacts: Building upon the Waianae Ecological Characterization, the *Moku Management Framework* study was completed

Ocean Resources Management: A working draft of the *Ocean Resources Management Plan* was prepared. Met with members of various governmental agencies to discuss core perspectives for the Ocean Resources Management Plan and formulate management goals, strategic actions, projected cost and timelines for these initiatives.

Nonpoint Source Pollution Control: Low Impact Design (LID) workshops were conducted statewide covering building and site design techniques for managing stormwater, drainage and small-scale wastewater systems in ways that can reduce nonpoint pollution rather than increasing it. A workbook, *LID in Hawaii: A Practitioner's Guide*, was distributed at the workshops. In addition, a *LID Final Summary Report* was completed. 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. The *Participants Guide to the SMA Permit Process* was published and distributed to aid planners and decision-makers in administering the SMA permit.

Coastal and Estuarine Land Conservation Program (CELCP): The *Coastal and Estuarine Land Conservation Program Plan* was completed.

Section 309 Five Year Assessment and Strategy: Conducted an assessment of nine coastal zone enhancement areas and formulated strategies to address priority enhancement areas. Conducted statewide public meetings to solicit input. Draft assessment and strategy submitted to NOAA.

Federal Consistency, Special Management Area (SMA) Permits and Shoreline Setback Variances (SSV): Conducted 83 Federal Consistency reviews. Reviewed and approved SMA's and SSV's in Kakaako.

Coastal Zone Management Act Performance Measurement System (CZMA PMS): Completed Phase 1a of this new federal requirement which evaluates the effectiveness of coastal zone management programs nationwide in meeting the objectives of the CZMA. This pilot, voluntary phase of the CZMA PMS looked at accomplishments in the areas of public access and government coordination and decision-making. The report, *CZM Phase 1a Final Report*, was submitted to NOAA.

Outreach and Education: Supported preparation of Ohia Productions' *Wings of the Islands Educational Resource Guide*. The guide was distributed to public schools and educators throughout Hawaii to complement the Ohia Productions' play "Wings of the Islands."

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 issues of shoreline certification, ocean resources management, aquaculture, boating facilities, shoreline erosion, rural lands, and marine protected areas were examined.

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

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.

ACTIONS TO BE UNDERTAKEN IN FY06-07

STATEWIDE PLANNING AND POLICY FORMULATION AND ANALYSIS

1. Complete an assessment of State and County models for rural planning and the preparation and publication of a Rural Best Management Practices Guidebook.
2. Participate as a member of the Hawaii 2050 Sustainability Task Force.
3. Provide research and analysis on land use policy and land use related issues and develop legislation as necessary. Provide legislative testimony.
4. Provide planning assistance to three or four top ranked projects in the Hawaii Comprehensive Economic Development Strategy.
5. 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 thirteen action items before the Land Use Commission involving 4,706.227 acres. There has been a significant increase in petitions, special permits, and land use proposals submitted in FY06 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. Continue to seek outside funding opportunities to advance the system such as federal grant announcements to support the development of spatial databases essential to homeland security.
6. Continue to enhance and improve interagency coordination and cooperation including the investigation of executing a State of Hawaii GIS Enterprise Licensing Agreement.
7. Continue to participate on the Hawaii Geographic Information Coordinating Council.

8. Continue to participate as a member of the National States Geographic Information Council.
9. 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 improve the SMA Permit system.
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 310 Coastal Nonpoint Program: Continue to work toward full approval of the nonpoint source pollution control plan and work with partners (HDOA, DLNR, HDOH, UH-CTAHR, HACD, other agricultural interest groups) to develop and implement a GIS-based tool to assist farmers to develop and use environmental management plans that implement CNP management measures and meet regulatory requirements.
2. Address NOAA's comments, revise Section 309 Assessment and Strategy report, and re-submit to NOAA and receive final approval.
3. Section 309 Enhancement Area Grants-Coastal Hazards: Continue work on the County of Hawaii wind speed project and initiate work on the County of Maui wind speed project. Initiate training on the implementation of the International Building Code and International Residential Code. Print and distribute copies of the Climatic Atlas of Tropical Cyclones in the Central North Pacific (1966-2003), and participate in outreach projects.
4. Section 309 Enhancement Area Grants-Ocean Resources Management: Prepare draft Ocean Resources Management Plan. Conduct statewide public informational meetings on the draft plan. Revise the plan to include public comments and submit the Ocean Resources Management Plan to the Governor and Legislature. Conduct follow-up activities to implement the first Five-year strategic actions outlined in the November

2006 update of the Ocean Resources Management Plan including soliciting a contractor for a Moku Management Framework and Principles project.

5. Coastal Zone Management Act Performance Measurement System (CZMA PMS): Conduct data collection and develop a management system for Phase 1b and Phase 2 covering public access, government coordination and decision-making, coastal water quality, and coastal habitats.
6. Coastal and Estuarine Lands Conservation Plan: Complete web-based CELCP application form and assistance program for individuals, groups, or agencies interested in nominating projects.

Program Projects

1. Conduct wastewater systems study to examine alternative treatment systems suitable for Hawaii's soils.
2. Update the CZM Program Document.
3. Conduct OP and CZM Strategic Planning project.
4. 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.