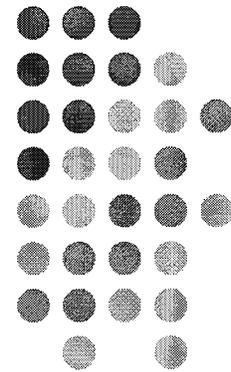
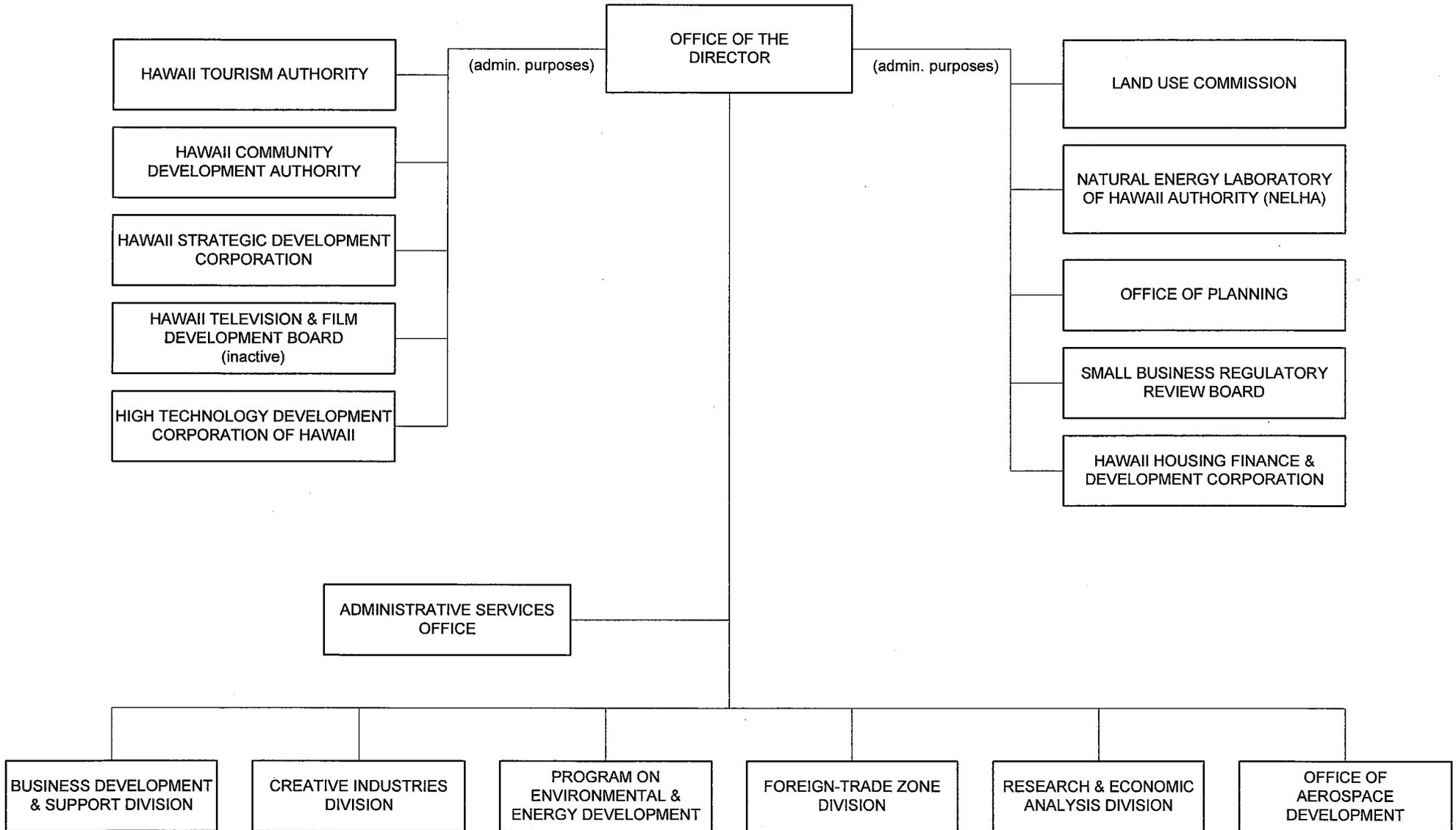


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**Department of Business, Economic  
Development and Tourism**



**STATE OF HAWAII  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
ORGANIZATION CHART**



# DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

## Department Summary

***Mission Statement***

To achieve a Hawaii economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawaii's citizens to prosper.

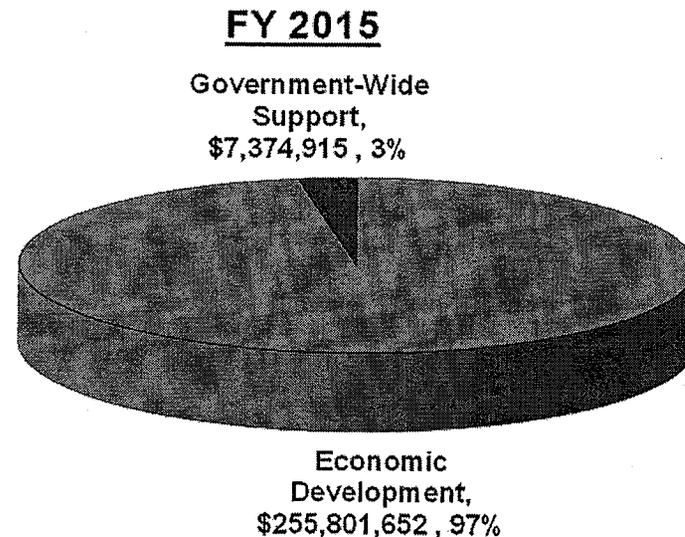
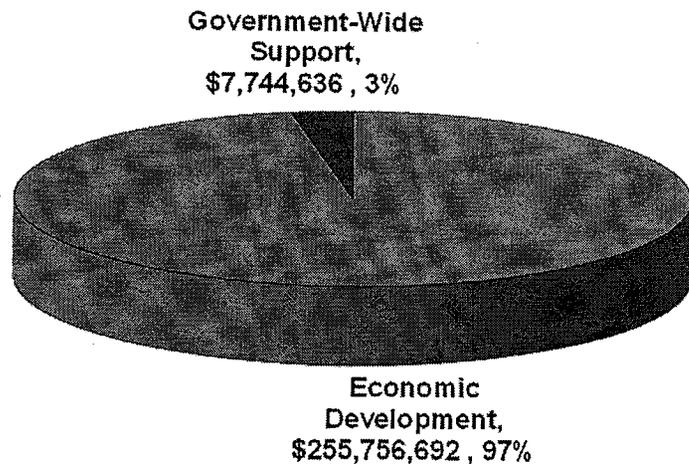
***Department Goals***

Lead efforts to facilitate structural economic adjustments to improve the competitiveness of Hawaii businesses and create the conditions to reward productivity and entrepreneurship.

***Significant Measures of Effectiveness***

	<u>FY 2014</u>	<u>FY 2015</u>
1. Annual percentage increase in Gross State Product	5	5
2. Number of new jobs created per annum	6,272	5,668
3. Investment generated by business development and promotional activities (\$M)	13	13

### FB 2013-2015 Operating Budget by Major Program Area



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM MAJOR FUNCTIONS

- **Workforce Housing** – Create workforce housing units in high-quality living environments to support a skilled labor force in Hawaii.
- **Human Capital Development** – Educate, develop, retain and attract a workforce with the skills required for an innovation-driven and globally-competitive economy.
- **“Hawaii Clean Energy Initiative”** – Fundamentally transform how Hawaii uses energy by accelerating the production of renewable and alternative energy, increasing energy efficiency and developing and adopting new technologies thereby ensuring energy security and long-term environmental quality, and benefits to residents.
- **Global Links** – Increase the flow of people, products, services and ideas between Hawaii and its export markets.
- **Creation of an Innovation Infrastructure** – Create the infrastructure that enables Hawaii’s creative and entrepreneurial talent to turn ideas into products and services.
- **Improving Hawaii’s Business Environment** – Lead public sector efforts to bring about a business environment that is market-driven, and rewards productivity and entrepreneurship.

## MAJOR PROGRAM AREAS

The Department of Business, Economic Development and Tourism has programs in the following major program areas:

### Economic Development

BED 100	Business Development & Support Division
BED 105	Creative Industries Division
BED 107	Foreign Trade Zone
BED 113	Tourism
BED 120	Environment & Energy Development
BED 128	Office of Aerospace Development
BED 142	General Support for Economic Development
BED 143	High Technology Development Corporation
BED 145	Hawaii Strategic Development Corporation
BED 146	Natural Energy Laboratory of Hawaii Authority
BED 150	Hawaii Community Development Authority
BED 160	Hawaii Housing Finance and Development Corporation

### Government-Wide Support

BED 103	Statewide Land Use Management
BED 130	Economic Planning and Research
BED 144	Statewide Planning and Coordination

**Department of Business, Economic Development and Tourism  
(Operating Budget)**

		Budget Base		
		FY 2014	FY 2014	FY 2015
<b>Funding Sources:</b>	Positions	76.50	81.50	81.50
General Funds	\$	7,279,366	18,369,527	18,363,365
		29.50	28.50	28.50
Special Funds		161,104,591	163,054,591	163,054,591
		5.00	5.00	5.00
Federal Funds		32,729,901	7,513,559	7,100,000
			0.00	0.00
Other Federal Funds			24,915,950	25,162,445
Trust Funds		21,923,698	21,923,698	21,923,698
		33.00	33.00	33.00
Revolving Funds		17,572,468	27,572,468	27,572,468
Federal Stimulus		0	151,535	0
		144.00	148.00	148.00
<b>Total Requirements</b>		<b>240,610,024</b>	<b>263,501,328</b>	<b>263,176,567</b>

**Major Adjustments in the Executive Budget Request:** (general funds unless noted)

1. Adds \$10 million in FY14 and FY15 for the Hawaii Strategic Development Corporation investment initiative. (New Day Initiative)
2. Adds \$250,000 in FY14 and FY15 for the State Trade Export Program.
3. Adds \$200,000 in FY14 and FY15 to conduct economic studies and analysis.
4. Adds \$150,000 in FY14 and \$100,000 in FY15 for out of state offices.
5. Adds \$50,000 in FY14 and FY15 for Hawaii Fashion Month.
6. Adds 2.00 positions and \$123,883 in FY14 and \$174,721 in FY15 for Statewide Planning and Coordination.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO.

PROGRAM TITLE: DEPT OF BUSINESS & ECONOMIC DEVELOPMENT

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	145.00*	144.00*	148.00*	148.00*	148.0*	148.0*	148.0*	148.0*
PERSONAL SERVICES	23,093,993	22,600,107	24,061,152	24,061,990	24,063	24,063	24,063	24,063
OTHER CURRENT EXPENSES	206,007,141	218,587,024	239,398,176	239,079,577	239,077	239,077	239,077	239,077
EQUIPMENT	398,543		7,000					
MOTOR VEHICLE		35,000	35,000	35,000	35	35	35	35
TOTAL OPERATING COST	229,499,677	241,222,131	263,501,328	263,176,567	263,175	263,175	263,175	263,175
BY MEANS OF FINANCING								
GENERAL FUND	72.50*	76.50*	81.50*	81.50*	81.5*	81.5*	81.5*	81.5*
	11,011,616	7,123,263	18,369,527	18,363,365	18,362	18,362	18,362	18,362
	29.50*	29.50*	28.50*	28.50*	28.5*	28.5*	28.5*	28.5*
SPECIAL FUND	127,066,501	160,880,127	163,054,591	163,054,591	163,053	163,053	163,053	163,053
	10.00*	5.00*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0*
FEDERAL FUNDS	17,321,436	32,579,073	7,513,559	7,100,000	7,100	7,100	7,100	7,100
	*	*	*	*	*	*	*	*
OTHER FEDERAL FUNDS			24,915,950	25,162,445	25,163	25,163	25,163	25,163
TRUST FUNDS	52,735,774	21,923,698	21,923,698	21,923,698	21,924	21,924	21,924	21,924
	*	*	*	*	*	*	*	*
FEDERAL STIMULUS FUNDS	11,711,043	1,337,752	151,535					
	33.00*	33.00*	33.00*	33.00*	33.0*	33.0*	33.0*	33.0*
REVOLVING FUND	9,653,307	17,378,218	27,572,468	27,572,468	27,573	27,573	27,573	27,573
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS	1,880,000	5,659,000	2,385,000	1,855,000	1,855	1,855	1,855	1,855
LAND ACQUISITION		1,000	1,000					
DESIGN	69,000	5,240,000	9,944,000		440			
CONSTRUCTION	26,200,000	18,746,000	94,052,000	13,000,000	3,210			
EQUIPMENT	440,000		500,000					
TOTAL CAPITAL APPROPRIATIONS	28,589,000	29,646,000	106,882,000	14,855,000	5,505	1,855	1,855	1,855
BY MEANS OF FINANCING								
SPECIAL FUND	734,000							
G.O. BONDS	27,855,000	24,896,000	106,882,000	14,855,000	5,505	1,855	1,855	1,855
G.O. BONDS REPAID		3,250,000						
FEDERAL FUNDS		1,500,000						
TOTAL POSITIONS	145.00*	144.00*	148.00*	148.00*	148.00*	148.00*	148.00*	148.00*
TOTAL PROGRAM COST	258,088,677	270,868,131	370,383,328	278,031,567	268,680	265,030	265,030	265,030

**Department of Business, Economic Development and Tourism  
(Capital Improvements Budget)**

	<u>FY 2014</u>	<u>FY 2015</u>
<b>Funding Sources:</b>		
General Obligation Bonds	106,882,000	14,855,000
<b>Total Requirements</b>	<u>106,882,000</u>	<u>14,855,000</u>

**Highlights of the Executive CIP Budget Request:** (general obligation bonds unless noted)

1. Adds \$12 million in FY14 for the Natural Energy Laboratory of Hawaii Authority.
2. Adds \$9.4 million in FY14 and \$4.9 in FY15 for various projects for the Hawaii Community Development Authority.
3. Adds \$10 million in FY14 and FY15 for the Dwelling Unit Revolving Fund Infusion.
4. Adds \$7.8 million in FY14 for Waiahole Water System improvements.
5. Adds \$54.8 million in FY14 for the High Technology Development Corporation Facility Phase 2.
6. Adds \$5.7 million in FY14 for the Hawaii Film Studio.
7. Adds \$2.2 million in FY14 for roof repairs to the Foreign Trade Zone Pier 2 Facility.
8. Adds \$5 million in FY14 for plans and design for Fuel Infrastructure. (New Day Initiative)

STATE OF HAWAII  
PROGRAM ID  
PROGRAM STRUCTURE NO.  
PROGRAM TITLE

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
IN THOUSANDS OF DOLLARS

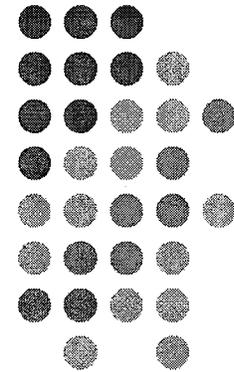
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DEPT OF BUSINESS & ECONOMIC DEVELOPMENT

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE	BUDGET PERIOD								SUCCEED YEARS	
					PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17		FY 17-18
				COST ELEMENT/MOF										
				PLANS	67,335	44,426	1,880	5,659	2,385	1,855	1,855	1,855	1,855	3,710
				LAND	22,458	22,456		1	1					
				DESIGN	30,529	14,836	69	5,240	9,944		440			
				CONSTRUCTION	275,944	120,736	26,200	18,746	94,052	13,000	3,210			
				EQUIPMENT	12,393	11,453	440		500					
				TOTAL	408,659	213,907	28,589	29,646	106,882	14,855	5,505	1,855	1,855	3,710
				GENERAL FUND	49,752	49,752								
				FEDERAL FUNDS	5,500	4,000		1,500						
				G.O. BONDS	349,423	160,155	27,855	24,896	106,882	14,855	5,505	1,855	1,855	3,710
				G.O. BONDS REP	3,250			3,250						
				SPECIAL FUND	734		734							

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## Operating Budget Details



OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID:  
 PROGRAM STRUCTURE NO. 01  
 PROGRAM TITLE: ECONOMIC DEVELOPMENT

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	110.00*	108.00*	109.00*	109.00*	109.0*	109.0*	109.0*	109.0*
PERSONAL SERVICES	19,987,450	19,576,806	20,759,326	20,709,326	20,710	20,710	20,710	20,710
OTHER CURRENT EXPENSES	204,204,831	214,498,671	234,962,366	235,057,326	235,055	235,055	235,055	235,055
EQUIPMENT	185,108							
MOTOR VEHICLE		35,000	35,000	35,000	35	35	35	35
TOTAL OPERATING COST	224,377,389	234,110,477	255,756,692	255,801,652	255,800	255,800	255,800	255,800
BY MEANS OF FINANCING								
GENERAL FUND	42.50*	45.50*	47.50*	47.50*	47.5*	47.5*	47.5*	47.5*
	8,409,647	4,705,105	15,388,450	15,338,450	15,337	15,337	15,337	15,337
	29.50*	29.50*	28.50*	28.50*	28.5*	28.5*	28.5*	28.5*
SPECIAL FUND	127,066,501	160,880,127	163,054,591	163,054,591	163,053	163,053	163,053	163,053
	5.00*	*	*	*	*	*	*	*
FEDERAL FUNDS	14,801,117	29,885,577	4,750,000	4,750,000	4,750	4,750	4,750	4,750
	*	*	*	*	*	*	*	*
OTHER FEDERAL FUNDS			24,915,950	25,162,445	25,163	25,163	25,163	25,163
TRUST FUNDS	52,735,774	21,923,698	21,923,698	21,923,698	21,924	21,924	21,924	21,924
	*	*	*	*	*	*	*	*
FEDERAL STIMULUS FUNDS	11,711,043	1,337,752	151,535					
	33.00*	33.00*	33.00*	33.00*	33.0*	33.0*	33.0*	33.0*
REVOLVING FUND	9,653,307	15,378,218	25,572,468	25,572,468	25,573	25,573	25,573	25,573
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS	1,880,000	5,659,000	2,385,000	1,855,000	1,855	1,855	1,855	1,855
LAND ACQUISITION		1,000	1,000					
DESIGN	69,000	5,240,000	9,944,000		440			
CONSTRUCTION	26,200,000	18,746,000	94,052,000	13,000,000	3,210			
EQUIPMENT	440,000		500,000					
TOTAL CAPITAL APPROPRIATIONS	28,589,000	29,646,000	106,882,000	14,855,000	5,505	1,855	1,855	1,855
BY MEANS OF FINANCING								
SPECIAL FUND	734,000							
G.O. BONDS	27,855,000	24,896,000	106,882,000	14,855,000	5,505	1,855	1,855	1,855
G.O. BONDS REPAID		3,250,000						
FEDERAL FUNDS		1,500,000						
TOTAL POSITIONS	110.00*	108.00*	109.00*	109.00*	109.00*	109.00*	109.00*	109.00*
TOTAL PROGRAM COST	252,966,389	263,756,477	362,638,692	270,656,652	261,305	257,655	257,655	257,655

**OPERATING AND CAPITAL APPROPRIATIONS**

REPORT P61-A

PROGRAM ID: **BED100**  
 PROGRAM STRUCTURE NO. **010101**  
 PROGRAM TITLE: **BUSINESS DEVELOPMENT & SUPPORT DIVISION**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	9.00*	10.00*	10.00*	10.00*	10.0*	10.0*	10.0*	10.0*
PERSONAL SERVICES	530,449	657,648	679,662	679,662	680	680	680	680
OTHER CURRENT EXPENSES	486,115	2,248,028	3,232,815	3,479,310	3,479	3,479	3,479	3,479
EQUIPMENT	2,356							
<b>TOTAL OPERATING COST</b>	<b>1,018,920</b>	<b>2,905,676</b>	<b>3,912,477</b>	<b>4,158,972</b>	<b>4,159</b>	<b>4,159</b>	<b>4,159</b>	<b>4,159</b>
<b>BY MEANS OF FINANCING</b>								
GENERAL FUND	9.00*	10.00*	10.00*	10.00*	10.0*	10.0*	10.0*	10.0*
FEDERAL FUNDS	1,018,920	935,043	1,387,057	1,337,057	1,337	1,337	1,337	1,337
OTHER FEDERAL FUNDS		148,718						
REVOLVING FUND		1,821,915	1,821,915	1,821,915	1,822	1,822	1,822	1,822
<b>TOTAL POSITIONS</b>	<b>9.00*</b>	<b>10.00*</b>	<b>10.00*</b>	<b>10.00*</b>	<b>10.00*</b>	<b>10.00*</b>	<b>10.00*</b>	<b>10.00*</b>
<b>TOTAL PROGRAM COST</b>	<b>1,018,920</b>	<b>2,905,676</b>	<b>3,912,477</b>	<b>4,158,972</b>	<b>4,159</b>	<b>4,159</b>	<b>4,159</b>	<b>4,159</b>

PROGRAM ID: **BED100**  
 PROGRAM STRUCTURE: **010101**  
 PROGRAM TITLE: **BUSINESS DEVELOPMENT AND AND SUPPORT DIVISION**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. % INCREASE IN EXPORTS DUE TO PROG PARTICIPATION	10	10	10	10	10	10	10	10
2. \$ VALUE OF TOTAL/PROJ SALES-TRADE & EXPORT PROMO	200000	5000000	5000000	5000000	5000000	5000000	5000000	5000000
3. # NEW FIRMS ENROLLED IN ENTERPRISE ZONE PROGRAM	20	20	20	20	20	20	20	20
<b>PROGRAM TARGET GROUPS</b>								
1. # OF FIRMS ENROLLED IN ENTERPRIZE ZONE PROGRAM	22	20	20	20	20	20	20	20
2. #COMM-BASED ORGS, CO-OPS & SMALL BUS ASSISTED	200	200	200	200	200	200	200	200
<b>PROGRAM ACTIVITIES</b>								
1. # INT'L BUSINESS DEVELOPMENT ACTIVITIES	50	50	50	50	50	50	50	50
2. OUTREACH ACTIVITIES	15	10	10	10	10	10	10	10
3. #FIRMS ASSISTED FOR PARTIC IN ENTERPRSE ZONES	300	300	300	300	300	300	300	300
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	62	57	52	47	47	47	47	47
NON-REVENUE RECEIPTS	206	206	206	206	206	206	206	206
TOTAL PROGRAM REVENUES	268	263	258	253	253	253	253	253
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	219	219	219	219	219	219	219	219
ALL OTHER FUNDS	49	44	39	34	34	34	34	34
TOTAL PROGRAM REVENUES	268	263	258	253	253	253	253	253

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To promote industry development and economic diversification by supporting 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 by supporting small business and community based organizations.

B. Description of Request and Compliance with section 37-68 (1) (A) (B)

\$250,000 Matching for \$703,000 in FY14 and \$1,000,000 in FY15 for Federal (US Small Business Administration) grant. Only 0.3% of Hawaii business export their products and services while 95% of the world's consumers exist outside of the US. There is vast potential for us to increase Hawaii Exports. The purpose of the SBA State Trade and export promotion (STEP) grant is to help states increase exports and related jobs. State funds requested are to provide at least 25% matching funds for the federal funds. The trade sector is the growth engine of Hawaii's Economy especially in job creation. The focus o the STEP export assistance will be targeted to those Asian countries which Hawaii as a competitive advantage: Japan, Korea and China. Metrics (increase in \$ exports, number of firms exporting) are required by the SBA for the grant, will justify the effectiveness of the federal grant and state support.

\$50,000 for FY14 and FY15 Hawaii Fashion Month. This is a New Day in Hawaii initiative fulfilling promises made by the Governor. Hawaii's fashion industry of manufacturers, designers and retailers is a growth creative sector of Hawaii's economy especially as it relates to exports. The fashion industry also directly contributes towards tourism revenues by promoting the lifestyle and image that is synonymous with Hawaii. Hawaii's fashion industry has a rich and fascinating history. The Aloha shirt is a worldwide icon, part of the Hawaii brand that created the movement and rise of Hawaii fashions. Blending traditional and contemporary themes and global influences, there is a renaissance and new interpretation of Hawaii fashion that have multiple

benefits for economic development. Fashion in Hawaii is experiencing a worldwide resurgence and DBEDT is working with the industry to resurrect the Governor's Fashion Awards as well to help accelerate business activity for promising new designers and support existing manufacturers to further grow their businesses. This is a promising industry that will create jobs and increase exports of Hawaii fashion products and accessories to new markets. DBEDT in collaboration with the fashion industry, proposes to develop Hawaii Fashion Month that will include diverse marketing elements, activities and events to showcase Hawaii fashions to residents and visitors alike.

\$150,000 for FY14 and \$100,000 for FY15 for Out of State Offices. Budget cutbacks and lack of restoration have created a situation which funds from other programs and funds from a federal grant (which has expired) can no longer subsidize the operational expenses of the offices. To alleviate expenses, the state of Hawaii in Beijing moved to a smaller office to reduce the monthly rent. The State of Hawaii Office in Taipei requested and received rent subsidies from the Taiwan government to offset their budget shortfall. However, even with these cost saving measures, additional funds are needed to continue the operations of the offices. Budget and Finance also requires an bi-annual financial review of the Offices books, and the State Auditor recommends that a bi-annual financial audit be conducted of the overseas offices. An Audit of the offices (\$50,000 request) needs to be conducted at the beginning of the Biennium.

(\$148,718) reduction of federal fund grant appropriation for Market Development Cooperator Program. Appropriation no longer required.

C. Description of Activities Performed

The Business Development and Support Division (BDSD) plans, organizes, and implements programs to attract new, job-creating businesses and investments, and to expand markets for Hawaii's products and professional services by: (a) opening and expanding markets for Hawaii's firms; (b)

attracting investment and companies in selected industry clusters; (c) providing assistance and capacity building for firms; (d) improving the business environment; (e) facilitating the State's sister-state relations and international relations. The Division also provides direct support to local small business through (a) enterprise zone tax incentives; (b) rural development stimulation programs; (c) community-based economic development grants and technical assistance.

#### D. Statement of Key Policies Pursued

BDSB's policies are based on creating new jobs and diversifying Hawaii's economic base. Towards these objectives, export promotion policies and import substitution policies are being pursued together with business and investment attraction measures. Emphasis is placed on the following strategies: (1) opening and expanding markets for Hawaii's firms reverse missions to Hawaii (buyers, media, targeted industries); operating overseas offices in targeted markets such as Beijing and Taipei; conducting conferences and events that provide business matchmaking opportunities; promoting and facilitating short-term training; participating in local, mainland and international trade shows; opening new marketing channels; international workshops and seminars; (2) providing assistance and capacity building to help companies reach the next level through workshops, technical assistance and industry education and venture acceleration; and (3) improving the business environment – developing a brand to promote Hawaii as a place for business; (4) encouraging new types of businesses and strengthening existing businesses especially in distressed areas and through incentives such as the Enterprise Zone Program and Community Based Economic Development Program.

#### E. Identification of Important Program Relationships

BDSB partners with the four Economic Development Boards; County Economic Development Offices; the Chamber of Commerce of Hawaii and ethnic chambers; and industry, trade and professional organizations. It also works with the U.S. Departments of Commerce and State; U.S. Customs;

foreign consulates; U.S. embassies; sister-state affiliations; and the Citizenship and Immigration Service (CIS); county administrations and councils; with the state Departments of Agriculture, Labor and Industrial Relations, Commerce and Consumer Affairs, Health, Human Services, Transportation, Taxation; Office of Hawaiian Affairs, and Hawaiian Home Lands; federal agencies such as IRS, SBA, USDA, DOC, DOD, EDA, and HUD; local financial institutions; and individual entrepreneurs and businesses. It also works with non-profits such as the Pacific Asian Affairs Council, the Confucius Center, University of Hawaii system and private colleges and universities, and the state Dept. of Education.

#### F. Description of Major External Trends Affecting the Program

- Reduction in force of staff by 45% and reduction of budget by more than 50% has limited division priorities to focus on legislatively mandated programs;
- Agreements between the State of Hawaii and Chinese agencies have engendered relationships for Hawaii to increase the export of services to and investments from China.
- Federal grant with the US Small Business Administration has enabled the division to increase promotion of the exports from Hawaii.

#### G. Discussion of Cost, Effectiveness and Program Size Data

- External trends have increased the demand for BDSB's programs to assist Hawaii businesses to expand, open new markets and take advantage of investment and business development opportunities. This is especially true for China and Japan.
- U.S. Small Business Administration grant has enabled the division to increase its export promotion efforts.

#### H. Discussion of Program Revenue

Participation fees are collected and applied towards shared expenses incurred for marketing events and projects. The direct revenue generated by these activities accrue to the participating companies through sales, orders, partnerships, contracts and investment capital for these businesses. Division continues to seek federal, institutional and private grant sources to expand programs or initiate new ones continues.

made for decline in value of US dollar against the Chinese RMB or Taiwan NT dollar.

I. Summary of Analysis Performed

The effectiveness of major strategies previously summarized are measured through: (1) number of jobs generated; (2) number of trade and investment leads serviced; (3) number of firms involved in exporting and (4) dollar increase in exports of products and services. BDS D works towards long-term relationship building and working in concert with specific industries and organizations towards common goals as evidence of successful programming. External factors interrelate so closely with most program activities that accurate independent analysis is usually not possible. Area strategic studies have produced community-approved goals, objectives and projects but do not normally include effectiveness components.

J. Further Considerations

There will be significant decreases in the measures of effectiveness from prior years due to a 45% reduction in program size and 50% reduction in budget. Professional staff has been reduced from 11 down to 6 due to reduction in force and retirement. As a result, concentration of efforts will be on those programs, projects and activities that will directly benefit existing small businesses and community based organizations—to build entrepreneurial skills, protect against business regulations, increase market and business opportunities and take advantage of available incentives. Division will place lower priority on new business and investment attraction, and on building strategic and financial alliances. International business and trade relations will be limited to China and Japan; Beijing and Taiwan Offices expenses have been reduced and salaries maintained at level of \$4,140/month for Beijing Exec. Dir., and \$3,423 for Taiwan Exec. Dir., with no adjustments

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BED105**  
 PROGRAM STRUCTURE NO. **010102**  
 PROGRAM TITLE: **CREATIVE INDUSTRIES DIVISION**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	8.00*	11.00*	12.00*	12.00*	12.0*	12.0*	12.0*	12.0*
PERSONAL SERVICES	539,406	705,047	751,912	751,912	752	752	752	752
OTHER CURRENT EXPENSES	255,286	274,298	349,298	349,298	349	349	349	349
EQUIPMENT	16,116							
<b>TOTAL OPERATING COST</b>	<b>810,808</b>	<b>979,345</b>	<b>1,101,210</b>	<b>1,101,210</b>	<b>1,101</b>	<b>1,101</b>	<b>1,101</b>	<b>1,101</b>
BY MEANS OF FINANCING								
GENERAL FUND	8.00*	11.00*	12.00*	12.00*	12.0*	12.0*	12.0*	12.0*
	810,808	979,345	1,101,210	1,101,210	1,101	1,101	1,101	1,101
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS			250,000					
DESIGN		690,000	650,000		440			
CONSTRUCTION		2,760,000	4,810,000		3,210			
<b>TOTAL CAPITAL APPROPRIATIONS</b>		<b>3,450,000</b>	<b>5,710,000</b>		<b>3,650</b>			
BY MEANS OF FINANCING								
G.O. BONDS		3,450,000	5,710,000		3,650			
TOTAL POSITIONS	8.00*	11.00*	12.00*	12.00*	12.00*	12.00*	12.00*	12.00*
<b>TOTAL PROGRAM COST</b>	<b>810,808</b>	<b>4,429,345</b>	<b>6,811,210</b>	<b>1,101,210</b>	<b>4,751</b>	<b>1,101</b>	<b>1,101</b>	<b>1,101</b>

PROGRAM ID: **BED105**  
 PROGRAM STRUCTURE: **010102**  
 PROGRAM TITLE: **CREATIVE INDUSTRIES DIVISION**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. AMT OF DIRECT EXPEND. FROM FILM PROD IN HI (MIL)	150	150	150	150	150	150	150	150
2. IMPACT ON STATE ECON BY FILM PROD DIRECT EXP (MIL)	200	200	200	200	200	200	200	200
3. TAX REV GEN BY DIRECT EXPEND FRM FILM PROD (MIL)	15	15	15	15	15	15	15	15
4. FILM PROJ THAT APPL FOR & QUAL FOR ACT 88 TAX CRED	25	25	25	25	25	25	25	25
5. AMT OF DIR EXPEND FROM QUAL ACT 88 PROJECTS (MIL)	135	135	135	135	135	135	135	135
6. CREATIVE SECTOR SHARE OF HAWAII GDP (BIL)	4	4	4	4.5	4.5	4.5	5	5
7. # OF CREATIVE SECTOR JOBS (THOUS) IN HAWAII			49	50	51	52	53	54
<b>PROGRAM TARGET GROUPS</b>								
1. # OF CONTR TO LOCAL EDUC INST FR ACT 88 PROJ	24	24	24	24	24	24	24	24
2. MUSIC INDUSTRY ORGANIZATIONS SERVED			6	6	6	6	6	6
3. # OF ARTS/CULT BENEFICIARIES OF CID ACTIVITIES			35	35	35	35	45	45
<b>PROGRAM ACTIVITIES</b>								
1. #FILM/TV/COMMERCIAL PROJS FILMING IN STATE YEARLY	140	140	140	140	140	140	140	140
2. # OF FILM PERMITS PROCESSED ANNUALLY	1500	1500	1500	1500	1500	1500	1500	1500
3. # LOCALLY FOCUSED EDUCATIONAL & PROMOTNL EVENTS	12	12	12	12	14	14	14	14
4. #OVERSEAS SALES/MKTG/PROMO ATTND/SPON/SPPT BY CID	4	4	4	4	4	4	4	4
5. # OF FILM INQUIRIES			3500	3500	3500	3500	3500	3500
6. # OF BUS OPPTY GEN THROUGH WORKSHOPS/SEMINARS			75	150	150	150	150	150
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	333	371	451	451	451	451	451	451
CHARGES FOR CURRENT SERVICES	56	20						
TOTAL PROGRAM REVENUES	389	391	451	451	451	451	451	451
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	389	391	451	451	451	451	451	451
TOTAL PROGRAM REVENUES	389	391	451	451	451	451	451	451

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

The Creative Industries Division (CID) is the state's lead agency which serves as a business and industry advocate for the advancement of Hawaii's creative economy. Comprised of the Hawaii Film Office (HFO) and the Arts and Culture Development Branch (ACDB) the division's programs and initiatives expands and connects creative communities locally and globally to advance business development and export capacity, positioning the state as a key node in the global creative and innovation-based economy.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The executive budget reflects the addition of:

- 1) \$25,668 to fund an Office Assistant III.
- 2) \$75,000 increase in FY14 and FY15 for other current expenses for FIB.
- 3) \$250,000 CIP request for planning and site selection for Creative Media Studio Complex.
- 4) \$5.45M CIP request to fund Phase II of the Hawaii Film Studio major repairs, upgrades to refurbish this heavily utilized facility which is in critical need of restoration.

C. Description of Activities Performed

Through metrics and performance tracking of thirteen (13) relevant creative sectors locally and trending globally, CID and DBEDT's Research and Economic Analysis Division (READ) have defined the base, emerging, declining, and transitioning sectors performance. CID implements programs targeting the transitioning and emerging sectors and continue to support base growth sectors, including management of the state's film program.

D. Statement of Key Policies Pursued

The policies of CID are based on the following priority functions of the department.

- 1) Human Capital Development: "To educate, develop and retain a workforce with the skills required for an innovation-driven, globally-competitive innovation-based economy."  
This function is critical to accelerating the economic viability of Hawaii's creative economy to ensure that higher paying, highly desirable jobs will be available for the people of Hawaii.
- 2) Global Links: "To increase the flow of people, products, services and ideas between Hawaii and its export markets."  
An increase in Hawaii's capacity for innovation, increases global exports of creative products and services resulting in innovation sector growth that supports entrepreneurs and small businesses in the creative and tech sectors.
- 3) Creation of an Innovation Infrastructure: "To create the infrastructure that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services."  
Encouraging the growth of Hawaii's creative industries accelerates the growth of a broad spectrum of commercial businesses entrepreneurs, and cultural enterprises in the for-profit and non-profit sectors. These goods and services are generated by artistry, design, aesthetic value or cultural enterprise. Encouraging the application and use of new technologies advances creative-tech and non-tech businesses. The creative sectors are the nexus for development and support of Hawaii's innovation economy, particularly in the digital media, game, animation and visual effects/audio post-production areas.
- 4) Improving Hawaii's Business Climate: "To be a business advocate by identifying and analyzing challenges and issues that hamper the growth of the industry and to recommend appropriate remedies such as: legislation; being a liaison between industry and government; and supporting the growth of local businesses that interrelate and service the core creative industry sectors."

This function is critical to alleviating impediments to the growth of Hawaii's creative industries. From infrastructure improvements to tax incentives, an agency advocate is necessary to build the foundational elements to support this industry sector that generates \$3.8B in GDP annually.

E. Identification of Important Program Relationships

Strategic partnerships with Hawaii, mainland and internationally based organizations are pivotal to CID's ability to leverage resources to support programs and advance the growth of the creative sectors. CID has worked in partnership with industry organizations such as Association of Film Commissioners (AFCI), The Recording Academy, ASCAP, BMI, Guild of Music Supervisors, The Writers Guild of America (WGA), Directors Guild of America (DGA), Producers Guild of America (PGA), Coalition of Asian Pacifics in Entertainment (CAPE), Film and Video Association of Hawaii (FAVAH), Hawaii Association of Media Artists (HAMA), all major broadcast networks (NBC, ABC, CBS), cable broadcast networks, major film studios, StartUP America, America Venture Accelerator Network, Accelerators in Creative and international organizations in broadband/photonic network distribution including CineGrid, Disney Digital Studios and NTT labs of Japan, as well as government agencies statewide.

F. Description of Major External Trends Affecting the Program

Creative Industries divisions and agencies are rising across the U.S. with states like Colorado patterning structures after Hawaii's CID/DBEDT. Emphasis on startups, accelerators in the technology and creative sectors are on the rise, with cluster concentration in areas that provide a high quality of life environment, such as Santa Monica and Venice California. Hawaii is well positioned to capitalize on this trend which focuses on the development of entrepreneurial companies, knowledge-based industries and intellectual property development. In the area of film industry development, the institution of tax incentives is a primary driver in the decisions to film in a jurisdiction vs. simply the location's natural attributes. It is critical to maintain the tax

incentive program in order for Hawaii to remain competitive in the global film production landscape.

G. Discussion of Cost, Effectiveness, and Program Size Data

Resources are necessary to support sector growth, advance opportunities in the export of creative products, provide infrastructure and services to maintain the film industry as an economic driver for the state, as well as to take advantage of business opportunities that emerge.

H. Discussion of Program Revenues

The Hawaii Film Office generates average revenue of \$350K - \$400K per year through the rental of the Hawaii Film Studio and through the rental of set dressing and props.

I. Summary of Analysis Performed

47,264 entrepreneurs, small businesses and companies comprised the Creative Industries in 2011. Average annual earnings are \$46,625 and have shown a net increase in jobs of 13.8% since 2001. These methods of statistical tracking are valuable in showing how the industry has grown in the past decade and are a strong indication of future growth potential. The division monitors global trends and correlates programs to advance and seize opportunities to advance business growth in the creative sectors.

J. Further Considerations

DBEDT, and in particular CID will play an increasingly important role in the job creation and high growth industry development of Hawaii's workforce. Broadband connectivity will increase capacity of distribution of content from Hawaii screenwriters, filmmakers, musicians, performing arts and new media creators to global audiences, providing new revenue streams and monetization of Hawaii's knowledge based industries. Hawaii's film and

television industry has been identified as one of the state's top emerging industries and one that, with the proper levels of government support, could triple in size in the next five to ten years and become a viable player in the diversification of Hawaii's economy.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BED107**  
 PROGRAM STRUCTURE NO. **010103**  
 PROGRAM TITLE: **FOREIGN TRADE ZONE**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	17.00*	17.00*	17.00*	17.00*	17.0*	17.0*	17.0*	17.0*
PERSONAL SERVICES	1,164,693	1,121,902	1,164,693	1,164,693	1,165	1,165	1,165	1,165
OTHER CURRENT EXPENSES	803,033	901,452	901,452	901,452	901	901	901	901
EQUIPMENT	603							
<b>TOTAL OPERATING COST</b>	<b>1,968,329</b>	<b>2,023,354</b>	<b>2,066,145</b>	<b>2,066,145</b>	<b>2,066</b>	<b>2,066</b>	<b>2,066</b>	<b>2,066</b>
BY MEANS OF FINANCING								
SPECIAL FUND	17.00*	17.00*	17.00*	17.00*	17.0*	17.0*	17.0*	17.0*
	1,968,329	2,023,354	2,066,145	2,066,145	2,066	2,066	2,066	2,066
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS			30,000					
DESIGN		750,000	120,000					
CONSTRUCTION		3,000,000	2,050,000					
<b>TOTAL CAPITAL APPROPRIATIONS</b>		<b>3,750,000</b>	<b>2,200,000</b>					
BY MEANS OF FINANCING								
G.O. BONDS			2,200,000					
G.O. BONDS REPAID		2,250,000						
FEDERAL FUNDS		1,500,000						
<b>TOTAL POSITIONS</b>	<b>17.00*</b>	<b>17.00*</b>	<b>17.00*</b>	<b>17.00*</b>	<b>17.00*</b>	<b>17.00*</b>	<b>17.00*</b>	<b>17.00*</b>
<b>TOTAL PROGRAM COST</b>	<b>1,968,329</b>	<b>5,773,354</b>	<b>4,266,145</b>	<b>2,066,145</b>	<b>2,066</b>	<b>2,066</b>	<b>2,066</b>	<b>2,066</b>

PROGRAM ID: BED107  
 PROGRAM STRUCTURE: 010103  
 PROGRAM TITLE: FOREIGN TRADE ZONE

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. %VALUE INCR OF CARGO IN/OUT OF FTZ (EXCL SUBZONES)	3	3	3	3	3	3	3	3
2. % INCR VALUE CARGO IN/OUT OF ALL SUBZONES	3	3	3	3	3	3	3	3
3. % INCR IN VALUE OF CARGO IN/OUT OF PIER 2 FACIL	6	6	6	6	6	6	6	3
4. # OF NEW FIRMS USING FTZ PROGRAM	30	30	30	30	30	30	30	30
5. % INCR IN VALUE OF EXPORTS FROM ALL FTZ FACILITIES	5	5	5	5	5	5	5	5
6. INCR IN USERS' EMPLMT ATTRIB TO PARTIC IN FTZ PROG	60	60	60	60	60	60	60	60
7. SATIS RATING BY FTZ USERS (1-5 SCALE)	4	4	4	4	4	4	4	4
8. YEARLY SPECIAL FUND BAL (TOT REV LESS TOT EXP)	0	0	0	0	0	0	0	0
<b>PROGRAM TARGET GROUPS</b>								
1. FIRMS USING FTZ PROGRAM (NO.)	250	250	250	250	250	250	250	250
2. COMPANIES THAT IMPORT/EXPORT DUTIABLE MERCHANDISE	500	500	500	500	500	500	500	500
3. COMPANIES THAT MANUF USING DUTIABLE COMPONENTS	70	70	70	70	70	70	70	70
<b>PROGRAM ACTIVITIES</b>								
1. VALUE OF CARGO IN/OUT OF FTZ (EXCL SUBZONES) (MIL)	1750	1750	1750	1750	1750	1750	1750	1750
2. VALUE OF CARGO IN/OUT OF SUBZONES (MIL)	7600	7600	7600	7600	7600	7600	7600	7600
3. VALUE OF CARGO IN/OUT OF PIER 2 FACILITY (MIL)	60	60	60	60	60	60	60	60
4. VALUE OF CARGO HANDLD FOR DEPT OF HOMELAND SEC	0	0	0	0	0	0	0	0
5. ADVERTISING/MARKETING EXPEND ZONE PROMOTION	75	75	75	75	75	75	75	75
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
CHARGES FOR CURRENT SERVICES	1,473	1,502	1,557	1,557	1,557	1,557	1,557	1,557
TOTAL PROGRAM REVENUES	1,473	1,502	1,557	1,557	1,557	1,557	1,557	1,557
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	1,473	1,502	1,557	1,557	1,557	1,557	1,557	1,557
TOTAL PROGRAM REVENUES	1,473	1,502	1,557	1,557	1,557	1,557	1,557	1,557

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

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

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The Executive budget reflects a \$2.2M CIP request for plans, design, and construction to repair the roof of Foreign-Trade Zone, Pier 2 facility. The roof is approximately 60 years old and repairs are necessary to the roof, gutter lines, drains, skylight panels, perimeter eaves, and parapet wall. The facility houses Foreign-Trade Zone tenant offices and merchandise which is stored in a bonded warehouse. This project will ensure the State owned facility to remain structurally intact and mitigate any water damage to tenant offices, facility electrical systems, or stored merchandise within the bonded warehouse.

C. Description of Activities Performed

The Foreign-Trade Zone Division of the Department of Business, Economic Development and Tourism administers the federal grant for FTZ9 which includes 13 zone sites throughout the State. FTZ9 operates as a public utility to make various economic advantages available to importing and exporting firms.

1. Operates the FTZ public warehousing and manufacturing complex as efficiently and effectively as possible.
2. Provides office, exhibit, warehousing and industrial space through leases and revocable permits.

3. Provides information to local, national and international traders and manufacturers concerning the advantages of operating in Hawaii and under the auspices of the Zone program.
4. Supports the private sector in its efforts to take full advantage of the benefits offered by the Foreign-Trade Zone program.
5. Plans for the expansion of services and facilities to meet the needs of firms which qualify for Zone utilization.

D. Statement of Key Policies Pursued

1. Operate the program as a self-sustaining enterprise so that operating expenditures are covered by operating revenues.
2. Provide for the timely expansion of physical plant and facilities support.
3. Operate as a public utility making the advantages of the FTZ program available to firms regardless of size or country of registration.
4. Actively promote Hawaii and its Foreign-Trade Zone program.
5. Promote the creation and expansion of special-purpose manufacturing activities in subzones and general-purpose zones throughout the State of Hawaii.
6. Observe and support FTZ Board guidelines to develop new business, promote the Zone concept, assist the port community in expansion, aid national export expansion, increase employment, and protect the revenue.

E. Identification of Important Program Relationships

The Foreign-Trade Zones Board in Washington, D.C. has the oversight authority for all foreign-trade zone operations in Hawaii. Additionally, federal oversight comes from the Port Director for the Honolulu Customs District of the Bureau of Customs and Border Protection. Locally, the State Department of Transportation, Hawaii Community Development Authority, the High Tech Development Corporation, Small Business Administration, Hawaii Pacific University, University of Hawaii, and local Chambers of Commerce are important partners in the future development of the FTZ program.

F. Description of Major External Trends Affecting the Program

The development and growth of the program are dependent upon the amount of international trade that is moved through Hawaii. Those factors that contribute to increasing the amount of international trade in Hawaii increase the relevancy and importance of the Foreign-Trade Zone program.

G. Discussion of Cost, Effectiveness, and Program Size Data

The operating costs for the budget period will slightly increase as the Zone program enhances its marketing efforts and seeks to upgrade certain facilities and equipment.

H. Discussion of Program Revenues

Revenues generated by the program consist of fees and charges for Zone usage by firms and for services provided to the Subzone operators. The program operating costs are covered by these revenues which are held in a special fund.

I. Summary of Analysis Performed

Not applicable.

J. Further Considerations

Slow growth in program activity is anticipated as Hawaii's economy recovers from one of the worst economic downturns.

**OPERATING AND CAPITAL APPROPRIATIONS**

REPORT P61-A

PROGRAM ID: **BED142**  
 PROGRAM STRUCTURE NO. **010104**  
 PROGRAM TITLE: **GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	21.00*	23.00*	24.00*	24.00*	24.00*	24.00*	24.00*	24.00*
PERSONAL SERVICES	1,409,391	1,468,184	1,563,375	1,563,375	1,563	1,563	1,563	1,563
OTHER CURRENT EXPENSES	112,223	126,670	126,670	126,670	127	127	127	127
EQUIPMENT	16,785							
<b>TOTAL OPERATING COST</b>	<b>1,538,399</b>	<b>1,594,854</b>	<b>1,690,045</b>	<b>1,690,045</b>	<b>1,690</b>	<b>1,690</b>	<b>1,690</b>	<b>1,690</b>
BY MEANS OF FINANCING								
GENERAL FUND	21.00*	23.00*	24.00*	24.00*	24.00*	24.00*	24.00*	24.00*
	1,538,399	1,594,854	1,690,045	1,690,045	1,690	1,690	1,690	1,690
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS		2,200,000						
<b>TOTAL CAPITAL APPROPRIATIONS</b>		<b>2,200,000</b>						
BY MEANS OF FINANCING								
G.O. BONDS		2,200,000						
TOTAL POSITIONS	21.00*	23.00*	24.00*	24.00*	24.00*	24.00*	24.00*	24.00*
<b>TOTAL PROGRAM COST</b>	<b>1,538,399</b>	<b>3,794,854</b>	<b>1,690,045</b>	<b>1,690,045</b>	<b>1,690</b>	<b>1,690</b>	<b>1,690</b>	<b>1,690</b>

PROGRAM ID: BED142  
 PROGRAM STRUCTURE: 010104  
 PROGRAM TITLE: GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. # OF PROCUREMENT VIOLATIONS	0	0	0	0	0	0	0	0
2. % ERROR-FREE SUMMARY WARRANT VOUCHERS PROCESSED	95	95	95	95	95	95	95	95
3. SERVER DOWNTIME AS % TOTAL OPERATIONAL TIME (<)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
4. % DBEDT EMPLOYEES WORKING W/OUT FORMAL GRIEVANCE	98	98	98	98	98	98	98	98
<b>PROGRAM TARGET GROUPS</b>								
1. NUMBER OF DBEDT POSNS (PERMANENT & TEMPORARY)	305	298	303	303	303	303	303	303
<b>PROGRAM ACTIVITIES</b>								
1. # OF REQUESTS FOR ALLOTMENT (A19) PREPARED	200	200	200	200	200	200	200	200
2. # OF IFBS & RFPS ADVERTISED OVER DELEGATED AMOUNT	3	5	2	2	2	2	2	2
3. # OF CONTRACTS EXECUTED OVER DELEGATED AMOUNT	50	50	50	50	50	50	50	50
4. # OF SUMMARY WARRANT VOUCHERS PROCESSED	1500	1500	1200	1200	1200	1200	1200	1200
5. # OF FORMAL GRIEVANCES FILED ANNUALLY	1	5	5	5	5	5	5	5
6. # OF HR/PERSONNEL TRANSACTIONS PROCESSED ANNUALLY	1569	2600	2600	1500	1500	1500	1500	1500

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To enhance program effectiveness and efficiency of economic development programs by formulating policies and plans, directing operations, allocating resources, providing staff support and other administrative services, and coordinating with and informing the public about programs, services, projects, and activities.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Request for a Departmental Contract Specialist position (1.00) and funding of \$45,576.

C. Description of Activities Performed

The Office of the Director provides for the overall direction and coordination of Statewide economic development, and energy programs. It formulates and executes the economic development policies of the Governor and executive branch and executes economic development initiatives proposed and approved by the Legislature.

The Administrative Services Office (ASO) provides internal management, fiscal, budgetary, contract, personnel, computer and office automation, and other miscellaneous administrative services in support of DBEDT programs and activities.

D. Statement of Key Policies Pursued

The activities of this program focus on facilitating, coordinating, and expediting decision-making in Statewide economic development, and energy use and development.

E. Identification of Important Program Relationships

Relationships are maintained with all major programs and departments of the State; planning, economic development, and energy programs at both Federal and State levels; and with the organizations, institutions, and other segments of commerce and industry.

F. Description of Major External Trends Affecting the Program

There are many externalities that directly and indirectly affect program activities. These include crisis situations such as strikes, natural disasters, or international conflicts which require immediate policy analyses and recommendations for action; national and international fiscal policies and economic conditions; the Federal budget deficit and its attendant effects on the Federal program levels and activities; and the expanding use of local and State fiscal resources in updating and expanding infrastructure systems. Additionally, unemployment, inflation, environmental, and demographic concerns affect planning for economic development and the implementation of priority directions of the Hawaii State Plan.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BED113**  
 PROGRAM STRUCTURE NO. **0102**  
 PROGRAM TITLE: **TOURISM**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	6.00*	6.00*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0*
PERSONAL SERVICES	2,413,271	2,324,608	3,453,319	3,453,319	3,454	3,454	3,454	3,454
OTHER CURRENT EXPENSES	117,546,752	138,749,027	137,708,979	137,708,979	137,708	137,708	137,708	137,708
TOTAL OPERATING COST	119,960,023	141,073,635	141,162,298	141,162,298	141,162	141,162	141,162	141,162
BY MEANS OF FINANCING								
GENERAL FUND	3,570,000							
	6.00*	6.00*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0*
SPECIAL FUND	116,390,023	141,073,635	141,162,298	141,162,298	141,162	141,162	141,162	141,162
TOTAL POSITIONS	6.00*	6.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*
TOTAL PROGRAM COST	119,960,023	141,073,635	141,162,298	141,162,298	141,162	141,162	141,162	141,162

PROGRAM ID: **BED113**  
PROGRAM STRUCTURE: **0102**  
PROGRAM TITLE: **TOURISM**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. TOTAL VISITOR EXPENDITURES (\$ BILLIONS)	11.8	12.6	14.4	14.4	14.4	14.4	14.4	14.4
2. TOTAL VISITOR DAYS (MILLIONS)	68.3	70.9	75.4	75.4	75.4	75.4	75.4	75.4
3. TOTAL VISITOR ARRIVALS (MILLIONS)	7.1	7.4	8	8	8	8	8	8
4. TOTAL SCHEDULED AIR SEATS ( MILLIONS)	9.179	9.179	9.986	9.986	9.986	9.986	9.986	9.986
5. HAWAII CONVENTION CENTER ROOM NIGHTS	700000	700000	480000	480000	480000	480000	480000	480000
<b>PROGRAM TARGET GROUPS</b>								
1. JAPANESE TRAVELERS TO THE US (MILLION)	3.6	3.71	3.7	3.7	3.7	3.7	3.7	3.7
2. US AIR TRAFFIC TO OVERSEAS REGIONS (MILLIONS)	38.84	38.84	37.32	37.32	37.32	37.32	37.32	37.32
<b>PROGRAM ACTIVITIES</b>								
1. # SPORTING EVENTS ACTUALLY FUNDED	26	26	21	21	21	21	21	21
2. # PRODUCT ENRICHMT PROJECTS ACTUALLY FUNDED	125	125	103	103	103	103	103	103
3. # OF HAWAIIAN AND MAJOR FESTIVALS ACTUALLY FUNDED	15	15	12	12	12	12	12	12
4. # SPEECHES/PRESENTATIONS TO TOURISM STAKEHOLDERS	50	50	55	55	55	55	55	55
5. # OF TOURISM RESEARCH PUBLICATIONS ISSUED	364	364	362	362	362	362	362	362
6. NATURAL RESOURCES PROJECTS FUNDED (\$MILLIONS)	3	3	2	2	2	2	2	2
7. MAJOR MARKETING CONTRACTORS FUNDED (\$MILLIONS)	52	52	43	43	43	43	43	43
8. # OF LIVING HAWAIIAN CULTURAL PROGRAMS	30	30	15	15	15	15	15	15
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
TAXES	104,637	104,000	104,000	104,000	145,373	147,732	152,705	157,538
REVENUES FROM THE USE OF MONEY AND PROPERTY	10,335	8,919	8,878	8,878	8,878	8,878	8,878	8,878
CHARGES FOR CURRENT SERVICES	268	24	24	24	24	24	24	24
NON-REVENUE RECEIPTS	3,570	1,866	3,500	3,500	3,500	3,500	3,500	3,500
TOTAL PROGRAM REVENUES	118,810	114,809	116,402	116,402	157,775	160,134	165,107	169,940
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	118,810	114,809	116,402	116,402	157,775	160,134	165,107	169,940
TOTAL PROGRAM REVENUES	118,810	114,809	116,402	116,402	157,775	160,134	165,107	169,940

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

The Authority serves as a critical bridge linking public and private sectors, integrating and balancing the interests of government, the visitor industry, visitors and state residents in order to support sustainable economic development, optimize the benefits of tourism, improve visitor experiences and contribute to a good quality of life for residents.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The biennium budget request includes a change to the funding of seven employee positions as related to their funding between two of the HTA's special funds (Tourism Special Fund and Convention Center Enterprise Special Fund). The request also includes reflecting in the BJ tables a re-description of the Tourism Program Officer position (permanent, non-exempt) to the HTA Director of Meetings, Conventions and Incentives (MCI) position (temporary, exempt).

C. Description of Activities Performed

The HTA developed and executed the Hawai'i Tourism Authority Strategic Plan (HTA Plan) for years 2012-2013 and later updated for years 2013-2014, to prioritize the Authority's efforts in support of the Hawai'i Tourism Strategic Plan: 2005-2015 (State TSP). In developing the HTA plan, the HTA took into consideration market conditions such as the U.S. economic crisis, the Eurozone crisis and the March 2011 Japan tsunami, in an effort to help maintain the momentum of the Hawai'i tourism economic sector.

The HTA Plan provided aggressive short-term and long-term goals (revised and approved by the HTA Board of Directors on July 26, 2012) for 2012 (7.9 million visitors; \$188 PPPD expenditures; \$13.9 billion economic impact in direct visitor spending), 2013 (8.17 million visitors; \$192 PPPD expenditures; \$14.88 billion economic impact in direct visitor spending) and 2014 (8.4

million visitors; \$199 PPPD; \$15.77 billion economic impact in direct visitor spending).

HTA organized and supervised the efforts of our contractors for the major market areas of United States and Canada, Japan, Europe, Oceania and Other Asia (China and Korea) markets. Each contractor worked with HTA to develop and execute an Annual Tourism Marketing Plan for their region. HTA tracks performance of the contractors through quarterly reviews of key performance indicators and other initiatives.

The HTA Plan also emphasizes executing the HTA Brand Experience Plan, with a focus on brand sustainability through the perpetuation of our native culture, the development of new experiences and products and by offering capacity building assistance for organizations providing brand experiences. HTA's brand experience activities included the funding of 24 Major Festivals and Events, 104 County Product Enrichment Programs, 7 Kukulua Ola projects and 13 Community-Based Natural Resources projects statewide.

Further, the HTA continues to improve internal capacity through professional development and improvement of workflow and knowledge management capabilities.

D. Statement of Key Policies Pursued

1. Implementation of the State Tourism Strategic Plan.

The State TSP is a 10-year plan that was developed using research from tourism studies and input solicited from tourism stakeholders, state and county entities, other interested organizations and individuals from the private and public sectors, including the Hawaiian community. The focus of this 10-year plan is on building a sustainable future for tourism as an economic engine for Hawai'i and as such, identifies nine strategic initiatives vital to the long-term health of tourism.

- Access includes airlift development programs and advocacy of airlift and transportation issues, including efforts to increase direct or convenient access to all islands, especially from emerging markets.
  - Communications & Outreach includes efforts to communicate and educate stakeholders about HTA programs, state tourism policy and industry activities through media relations, publicity efforts, special events like the Hawai'i Tourism Conference, HTA Web Sites, collateral (e.g., press releases, email bulletins, and reports) and outreach (e.g., community meetings and programs and presentations).
  - Hawaiian Culture includes incorporating elements of the native Hawaiian culture into all HTA programs and leveraging visitor industry resources to help perpetuate the Hawaiian culture. The HTA supports Hawaiian culture and community projects, provides funding for signature events such as Aloha Festivals and King Kamehameha Celebration, and partners with lead agencies of the Hawaiian Culture initiative that help to bridge the visitor industry and the Hawaiian community.
  - Marketing consists of leisure, business and sports marketing programs, and particularly, those programs which drive demand and generate arrivals to Hawai'i during the period of 2010-2012. In leisure, the focus is on sustaining core markets (e.g., North America and Japan) and developing new markets (e.g., China and Korea). Sports includes activities like the NFL Pro Bowl, PGA Tour, LPGA Tour, Iron Man Triathlon and others. HTA is also tasked with overseeing the marketing of the Hawai'i Convention Center and statewide Meetings, Conventions and Incentives (MCI). This will include further leveraging Hawai'i's once-in-a-generation opportunity to help the U.S. in hosting the APEC World Leaders' Summit in November 2011 and streamlining the sales and marketing efforts of the Hawai'i Convention Center and MCI market.
  - Natural Resources includes implementation of HTA's Natural Resource Program.
  - Research & Planning consists of the marketing effectiveness accountability study; tourism research; monitoring the State TSP and HTA Plan and other related activities.
  - Safety & Security includes visitor industry crisis management efforts and the statewide visitor assistance program.
  - Tourism Product Development includes the creation, development, and support for programs and projects that deliver a unique experience that aligns with our people, place, and culture. This includes support for various festivals and events to help these projects develop into signature events and/or become self-sufficient.
  - Workforce Development includes supporting tourism education programs in DOE schools; culture and customer service programs to address industry's changing needs; and, collaborative efforts to elevate the industry's reputation to attract more interest in the tourism industry as a profession.
2. Implementation of the HTA Plan to Sustain Hawai'i's Tourism Economic Sector. The worldwide financial crisis severely impacted consumer and business travel on a global basis, and especially travel to Hawai'i that resulted in an extension of the slowdown of Hawai'i's tourism economy that began in 2007. As a result, the HTA Plan was created to prioritize HTA's efforts in response to the economic crisis, and to focus on key objectives such as driving demand and increasing arrivals, implementing strategic marketing programs with an emphasis on conversion and actual visitation to Hawaii, maximizing marketing dollars by leveraging industry partnerships, supporting the uniqueness of Hawai'i's tourism product, and delivering a quality visitor experience.

Beyond 2012 and through 2014, and with Hawai'i's tourism economy rebounding to historic levels, HTA's objectives expand to refocusing on growing market share in key markets, obtaining greater balance in the distribution of visitors to the neighbor islands through airlift and event management, elevating the Meetings, Conventions and Incentives (MCI) efforts to position the Hawaiian Islands as a world-class destination for hosting MCI programs, placing an emphasis on the visitor experience through brand sustainability efforts, increasing emphasis on State TSP initiatives where HTA has a lead role, and strengthening HTA's position as

a knowledge-based organization utilizing a research-based decision-making model.

3. **HTA's Evolution as a Knowledge-Based Organization.** The HTA Plan includes an HTA organizational directive "to improve HTA internal capacity." The HTA will build upon its infrastructure and capabilities to better support contract and program management. HTA successfully integrated the operations of the DBEDT's former Tourism Research office into HTA in December 2009. As a result, HTA is responsible for the monthly review, analysis and distribution of important visitor data to all constituencies. Another HTA organizational directive includes to "use research programs and information to drive HTA decision making, evaluate programs and guide visitor industry stakeholders." This includes the monitoring of key performance indicators to better gauge the effectiveness and efficiency of marketing and other program and partner efforts.

**E. Identification of Important Program Relationships**

The vision of the State TSP is a successful and sustainable tourism economy which will require the collective effort of public and private sectors, including the HTA, Legislative and Executive branches of state and county government, visitor industry partners, and local communities. Consistent with this vision, the overarching strategic goal of the HTA Plan is to "optimize benefits for Hawai'i that integrates the interests of visitors, the community and the visitor industry." In particular, the HTA must maintain relationships with all of the various parties in the private and public sector that have been identified and referenced in these plans, and which contribute to the successful implementation of the various activities and efforts necessary to help sustain Hawai'i's tourism economy.

**F. Description of Major External Trends Affecting the Program**

Tourism remains the number one economic engine for Hawai'i, accounting for approximately 18.3 percent of the state's employment and 17.7 percent of the gross state product. Many events have impacts to tourism, both negative and

positive. The worldwide economic crisis and Japan tsunami of March 2011 hurt Hawai'i's tourism economy. These events showed the vulnerability of the tourism industry to global crisis and, likewise, the importance of strategic flexibility. While the overall economy has improved, challenges and uncertainties remain in place, including the possibility of falling back into recession due to the events occurring in Europe, U.S. and international fiscal policy and the possibility of increased oil prices.

Despite these challenges, there remains many opportunities for Hawai'i's visitor industry, starting with the execution of the HTA Plan and concentrated industry efforts to boost arrivals; distribution to neighbor island channels; upturns in various economies, including the strengthened economies of Japan and the U.S.; improving business conditions to pave the way for corporations to consider overseas travel; and, the post-event opportunity to leverage Hawai'i's hosting of the 2011 APEC World Leaders' Summit which brought worldwide exposure to Hawai'i being an excellent venue for corporations and groups to hold productive and successful business meetings.

In response to these external and ever changing conditions, HTA will continue to monitor the events and trends occurring locally, nationally and globally, to ensure that Hawai'i's programs and activities can respond to, better leverage and appropriately address changing conditions and opportunities.

**G. Discussion of Cost, Effectiveness, and Program Size Data**

<b>Visitor Statistics</b>	<b>2012 Goals*</b>	<b>2011 Actuals</b>
<b>Visitor Arrivals</b>	7.9 million	7.4 million
<b>Per Person Per Day Spending</b>	\$188	\$184
<b>Total Statewide Economic Impact in Visitor Spending</b>	\$13.9 billion	\$12.07 billion

\*Projections are based on overall goals described in the HTA Plan and its revised targets approved by the HTA Board of Directors on July 26, 2012. The 2011 actual figures are based on final information provided by HTA's Tourism Research.

In addition to the above indicators for Hawaii's visitor industry, the HTA has also been reviewing the results from its various program areas, including various key performance indicators, in an effort to evaluate and improve their overall efficiencies and effectiveness.

#### H. Discussion of Program Revenues

Tourism Special Fund (TSF). HRS Section 237D provides that 34.2% of revenues from Transient Accommodations Tax (TAT) shall be deposited into the TSF. Pursuant to Act 171, SLH 2012, total TAT deposits into the TSF shall be capped at \$71 million from FY 2013 through FY 2015.

Convention Center Enterprise Special Fund (CCESF). HRS Section 237D provides that 17.3% of revenues from TAT shall be deposited into the CCESF, not to exceed \$33 million each calendar year. Act 243, SLH 2012, changed the funding year such that the TAT deposited into the CCESF is capped at \$33 million per fiscal year.

Out of \$323.9 million in TAT received in fiscal year 2012, HTA received \$104.6 million for the TSF and CCESF, \$93 million was distributed to counties, and \$126.3 million was added to the general fund.

#### I. Summary of Analysis Performed

The following information demonstrates how tourism contributes to Hawaii's economy. In 2011, Hawaii's tourism economic sector:

- Produced 17.7 percent of Gross State Product;

- Accounted for approximately 154,050 jobs or 18.3 percent of total employment for the State; and
- Contributed \$1.11 billion tax dollars (TAT and other taxes) to state government or 23.0 percent of total state tax revenue.

#### J. Further Considerations

- **Hawaii's Tourism Strategic Plan Update.** The HTA is delegated the authority to create a vision and develop a long-range strategic plan for sustainable economic development in the tourism sector in Hawaii. During the HTA Board of Directors meeting on May 31, 2012, the HTA Board established a Statewide Tourism Strategic Plan Investigative Committee to research and assess any necessary revisions and updates to the State TSP.
- **International Markets.** During the 2012 Legislature, the HTA's cap on TAT revenues was increased by \$2 million annually from FY 2013 through FY 2015. Funds are being used to accelerate the gains the HTA has made in various international markets and will include capitalizing on the recently-expanded visa waiver programs for China and Taiwan.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BED120**  
 PROGRAM STRUCTURE NO. **010501**  
 PROGRAM TITLE: **PROGRAM ON ENVIRONMENT & ENERGY DEVELOPM**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	13.00*	5.00*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0*
PERSONAL SERVICES	4,379,220	4,024,964	3,699,525	3,649,525	3,650	3,650	3,650	3,650
OTHER CURRENT EXPENSES	3,684,030	5,809,024	5,536,315	5,384,780	5,384	5,384	5,384	5,384
EQUIPMENT	42,565							
<b>TOTAL OPERATING COST</b>	<b>8,105,815</b>	<b>9,833,988</b>	<b>9,235,840</b>	<b>9,034,305</b>	<b>9,034</b>	<b>9,034</b>	<b>9,034</b>	<b>9,034</b>
BY MEANS OF FINANCING								
GENERAL FUND	3.00*	*	*	*	*	*	*	*
	303,259							
SPECIAL FUND	5.00*	5.00*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0*
	3,510,601	3,822,842	5,789,305	5,789,305	5,789	5,789	5,789	5,789
FEDERAL FUNDS	5.00*	*	*	*	*	*	*	*
	931,180	4,673,394	1,750,000	1,750,000	1,750	1,750	1,750	1,750
OTHER FEDERAL FUNDS	*	*	*	*	*	*	*	*
			1,545,000	1,495,000	1,495	1,495	1,495	1,495
FEDERAL STIMULUS FUNDS	*	*	*	*	*	*	*	*
	3,360,775	1,337,752	151,535					
CAPITAL INVESTMENT APPROPRIATIONS								
DESIGN			5,000,000					
<b>TOTAL CAPITAL APPROPRIATIONS</b>			<b>5,000,000</b>					
BY MEANS OF FINANCING								
G.O. BONDS			5,000,000					
<b>TOTAL POSITIONS</b>	<b>13.00*</b>	<b>5.00*</b>	<b>5.00*</b>	<b>5.00*</b>	<b>5.00*</b>	<b>5.00*</b>	<b>5.00*</b>	<b>5.00*</b>
<b>TOTAL PROGRAM COST</b>	<b>8,105,815</b>	<b>9,833,988</b>	<b>14,235,840</b>	<b>9,034,305</b>	<b>9,034</b>	<b>9,034</b>	<b>9,034</b>	<b>9,034</b>

PROGRAM ID: **BED120**  
PROGRAM STRUCTURE: **010501**  
PROGRAM TITLE: **PROGRAM ON ENVIRONMENTAL & ENERGY DEVELOPMENT**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. # RE PROJECTS ASSITED			41	41	41	41	41	41
2. # EV DEPLOYMENT/ADOPTION PROJECTS ASSISTED			24	24	24	24	24	24
3. # EA ACTIVITIES DEV & SUPPORTED			4	4	4	4	4	4
4. TA TO PUBLIC & PRIVATE ENTITIES			444	447	443	443	475	475
<b>PROGRAM TARGET GROUPS</b>								
1. # CLEAN ENERGY PRODUCERS			54	59	64	69	74	79
2. # CLEAN ENERGY DEVELOPERS			74	84	94	104	114	124
3. # ENERGY AND FUEL CONSUMERS			1419272	1434410	1449710	1465172	1480800	1496594
4. # EV STAKEHOLDERS			25	25	25	25	25	25
5. # BUS/ORG INTERESTED IN ENERGY ASSURANCE			25	25	25	25	25	25
<b>PROGRAM ACTIVITIES</b>								
1. MWH RE PRODUCED TOWARD RPS			1335489	1368671	1462110	1656780	1877369	2127328
2. # REGISTERED PASSENGER PLUG IN EVS			456	456	456	456	456	456
3. # PUBLIC CHARGING STATIONS			40	40	40	40	40	40
4. # BUS/ORG PARTICIPATED IN EA ACTIVITIES			100	100	100	100	100	100
5. # ENTITIES PARTICIPATED EE ACTIVITIES			2065	2140	2084	2109	2209	2209
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
TAXES	3,944	3,900	3,900	3,900				
REVENUES FROM THE USE OF MONEY AND PROPERTY	1							
REVENUE FROM OTHER AGENCIES: FEDERAL	17,250	5,306	20					
TOTAL PROGRAM REVENUES	21,195	9,206	3,920	3,900				
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	3,990	4,831	3,920	3,900				
ALL OTHER FUNDS	17,205	4,375						
TOTAL PROGRAM REVENUES	21,195	9,206	3,920	3,900				

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To achieve the growth, diversification and long-term stability of the state's economy by facilitating the sustained development of Hawaii's clean energy resources.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

EED requests funding to support the Hawaii Clean Energy Initiative (HCEI) program established under Act 73, 2010.

- 1) 3.69 FTE (T) and \$1,950,000 in FY14 and 4.19 FTE (T) and \$1,950,000 in FY15 – add positions and funding for the Energy Security Special Fund.
- 2) 0.50 FTE (T) and \$151,535 in FY14 – ARRA Energy Efficiency Conservation Block Grant.
- 3) 0.25 FTE (T) and \$1,545,000 in FY14 and \$1,495,000 in FY15 – add position and change federal fund grants from MOF N to MOF P.
- 4) (\$1,545,000) in FY14 and (\$1,495,000) in FY15 – change federal fund grants from MOF N to MOF P.
- 5) (3.00) FTE (T) and (\$1,417,295) in FY14 and (3.00) FTE (T) and (\$1,467,295) in FY15 – Delete 3 federal funded positions and reduce N funds.
- 6) \$5,000,000 CIP in FY14 – for planning and design of fuel infrastructure.

C. Description of Activities Performed

EED's activities are focused on implementing the clean energy objectives of the HCEI, concentrating on near and mid-term opportunities to accelerate renewable energy development and energy efficiency while promoting innovation in the energy sector. These activities include technical assistance for energy efficient buildings to include performance

contracting for state/county/private sector, benchmarking and certification for Energy Star in public and private

buildings, support for the Lead By Example program; development of strategy to build out energy ecosystem; supporting the cable RFP; updating the energy assurance plan; supporting electronic permitting tools; supporting the Programmatic Environmental Impact Statement; enhancements to the Renewable EnerGIS mapping application; and activities related to supporting the advancement of renewable energy and alternative transportation and fuels, including research and implementation assistance.

D. Statement of Key Policies Pursued

EED's activities will carry out the state's energy objectives and policies for facility systems identified in Chapter 226-18, HRS. The activities are directed toward the achievement of the following: 1) dependable, efficient, and economical statewide energy systems; 2) increased energy self-sufficiency; 3) greater energy security; and reduced greenhouse gas emissions from energy supply and use. Chapters 196, and 226-18, HRS require state energy planning and project activities in energy efficiency, renewable energy and clean energy resources to support achievement of these energy policies. Chapters 125C and 128, HRS, assign energy emergency and critical energy infrastructure protection planning and response functions to DBEDT, which EED conducts with industry and State Civil Defense.

E. Identification of Important Program Relationships

US Departments of Energy, Interior, Agriculture; Environmental Protection Agency; Hawaii Natural Energy Institute; Hawaii Energy; State Civil Defense; and Hawaiian Electric Company.

F. Description of Major External Trends Affecting the Program

The major energy trends affecting the state include increasing and volatile oil prices, increased challenges to integrate additional intermittent renewable power sources, an uncertainty in clean energy incentives, and an increasing focus on Hawaii as a testbed for deployment of advanced energy technologies.

installation required to meet or approach the 70% clean energy goal by 2030 is \$16B.

J. Further Considerations

None.

G. Discussion of Cost, Effectiveness, and Program Size Data

The state, in partnership with the US Department of Energy, is leading the way in relieving the state's dependence on oil by setting goals and a roadmap to achieve 70% clean energy by 2030, with 30% from efficiency measures and 40% from locally generated renewable sources.

EED had undergone a reduction in staffing, from 45.0 FTE in FY10 to 39.5 FTE in FY13. Further reductions to 36.25 FTE in FY14 and 36.0 FTE in FY15 are proposed. With most of the ARRA projects coming to an end, positions are being transferred federal funding to state funding. The level of staffing is required to carry out the proposed activities for supporting the HCEI objectives.

H. Discussion of Program Revenues

EED's primary source of revenue to carry out the objectives of HCEI will be the Energy Security Special Fund. An increase in DBEDT's allocation of the Environmental Response, Energy, and Food Security Tax is being proposed. In addition to state support, EED will continue to pursue federal funds to conduct activities which supplement those proposed.

I. Summary of Analysis Performed

The Hawaii Clean Energy Initiative Scenario Analysis (Booz Allen Hamilton, March 2012) estimates the net present value of capital

**OPERATING AND CAPITAL APPROPRIATIONS**

REPORT P61-A

PROGRAM ID: **BED143**  
 PROGRAM STRUCTURE NO. **010502**  
 PROGRAM TITLE: **HIGH TECHNOLOGY DEVELOPMENT CORPORATION**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	3.00*	3.00*	3.00*	3.00*	3.0*	3.0*	3.0*	3.0*
PERSONAL SERVICES	1,489,802	1,429,268	1,730,802	1,730,802	1,730	1,730	1,730	1,730
OTHER CURRENT EXPENSES	7,904,061	10,336,976	20,563,976	20,563,976	20,564	20,564	20,564	20,564
EQUIPMENT	27,395							
<b>TOTAL OPERATING COST</b>	<b>9,421,258</b>	<b>11,766,244</b>	<b>22,294,778</b>	<b>22,294,778</b>	<b>22,294</b>	<b>22,294</b>	<b>22,294</b>	<b>22,294</b>
BY MEANS OF FINANCING								
	1.50*	1.50*	1.50*	1.50*	1.5*	1.5*	1.5*	1.5*
GENERAL FUND	1,089,277	1,038,016	1,049,658	1,049,658	1,049	1,049	1,049	1,049
	1.50*	1.50*	1.50*	1.50*	1.5*	1.5*	1.5*	1.5*
SPECIAL FUND	663,353	3,736,746	3,755,410	3,755,410	3,755	3,755	3,755	3,755
	*	*	*	*	*	*	*	*
FEDERAL FUNDS	6,168,628	5,491,482						
	*	*	*	*	*	*	*	*
OTHER FEDERAL FUNDS			15,989,710	15,989,710	15,990	15,990	15,990	15,990
REVOLVING FUND	1,500,000	1,500,000	1,500,000	1,500,000	1,500	1,500	1,500	1,500
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS	25,000	100,000	100,000					
LAND ACQUISITION			1,000					
DESIGN	69,000	2,900,000	2,399,000					
CONSTRUCTION	200,000		51,800,000					
EQUIPMENT	440,000		500,000					
<b>TOTAL CAPITAL APPROPRIATIONS</b>	<b>734,000</b>	<b>3,000,000</b>	<b>54,800,000</b>					
BY MEANS OF FINANCING								
SPECIAL FUND	734,000							
G.O. BONDS		3,000,000	54,800,000					
<b>TOTAL POSITIONS</b>	<b>3.00*</b>	<b>3.00*</b>	<b>3.00*</b>	<b>3.00*</b>	<b>3.00*</b>	<b>3.00*</b>	<b>3.00*</b>	<b>3.00*</b>
<b>TOTAL PROGRAM COST</b>	<b>10,155,258</b>	<b>14,766,244</b>	<b>77,094,778</b>	<b>22,294,778</b>	<b>22,294</b>	<b>22,294</b>	<b>22,294</b>	<b>22,294</b>

PROGRAM ID: BED143  
 PROGRAM STRUCTURE: 010502  
 PROGRAM TITLE: HIGH TECHNOLOGY DEVELOPMENT CORPORATION

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. # OF COMPANIES ASSTD AT HTDC INCUBATION CENTERS	209	250	250	250	250	250	275	275
2. MKTG:# OF INDIVIDUALS OR COMPANIES ASSISTED	34363	35300	35300	35300	35400	35400	35500	35500
<b>PROGRAM TARGET GROUPS</b>								
1. # OF POTENTIAL TECH-BASED COMPANIES	1241	1300	1300	1300	1300	1300	1350	1350
2. # OF COMPANIES APPLYING FOR INCUBATION SERVICES	15	15	15	15	15	15	15	15
<b>PROGRAM ACTIVITIES</b>								
1. # OF CONTACTS AND RESPONSES	50039	50100	50100	50100	50100	50100	50200	50200
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	122	121	120	369	516	563	562	562
REVENUE FROM OTHER AGENCIES: FEDERAL	4,085	7,187	9,333	9,333	5,000			
REVENUE FROM OTHER AGENCIES: ALL OTHER	100							
CHARGES FOR CURRENT SERVICES	612	909	1,021	998	1,013	998	1,013	998
TOTAL PROGRAM REVENUES	4,919	8,217	10,474	10,700	6,529	1,561	1,575	1,560
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	4,919	8,217	10,474	10,700	6,529	1,561	1,575	1,560
TOTAL PROGRAM REVENUES	4,919	8,217	10,474	10,700	6,529	1,561	1,575	1,560

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To develop and promote Hawaii's science and technology assets and resources to benefit the commercial sector; implement programs to support the attraction, expansion, and retention of technology companies; support firms engaged in technology research & investment, and projects that support national and State interests; utilize facilities and infrastructure in Hawaii to foster commercial technology development; and promote and provide support for businesses involved in areas including but not limited to: information & telecommunication technology, biotechnology, medical healthcare technology, renewable energy and clean tech and earth/ocean/space science technologies.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

- 1) Reallocate special fund between cost elements of \$93,305 from OCE to Personal Services
- 2) Authorize 1.00 FTE HCATT Program Manager and reallocate federal funds between cost elements of \$147,695
- 3) Increase the appropriation for federal funding by \$10.468 million
- 4) Change in MOF for federal funds from N to P for 7.0 positions and \$5,521,710
- 5) CIP funding of \$54.8 million to complete the remaining phases of the project for plans, design, land acquisition, construction and equipment for a new facility as the lease at MIC expires in April 2015

C. Description of Activities Performed

Activities include: 1) enhance high tech development with its incubation programs, activities and tech synergy at the Manoa Innovation Center (MIC) and Maui Research & Technology Center (MRTC). The centers also offer a virtual incubation program to companies that don't want to be tenants at the centers but can benefit from its services and opportunities; 2) facilitate federal and/or Dual Use opportunities with a) the Small Business Innovation Research (SBIR) program, the purpose of which is to

expand new science, tech and agricultural-based economic development and commercialization, increase revenues to the State, and provide sustainable, high quality job opportunities, b) Hawaii Center for Advanced Transportation Technologies (HCATT) has on-going demonstration projects at Joint Base Pearl Harbor Hickam (JBPHH), and c) Innovate Hawaii is our Manufacturing Extension Partnership (MEP) program to assist small to medium size manufacturing companies become more globally competitive by improving their operation and expanding business through new product development; 3). focused marketing and organizing the industry to encourage tech sector development by a) conducting or sponsoring conferences, workshops, and networking events, b) promoting HTDC programs and seminars as part of its awareness campaign, c) administering our own the tech websites and organizing posts for or actively participating in social media outlets for the innovation sector (e.g., Facebook pages, Twitter), d) public relations, publications, editorials, and spots on tech-related television programs, e) provides the State a periodic assessment of the local technology industry, trends, policies, and support needs and f) marketing and promotion of the Governor's Hawaii Broadband Initiative (HBI); and 4) key contributor in working with DBEDT to craft coordinated policies and/or programs for the high tech sector. On-going information is provided to legislators' regarding high tech issues to facilitate sound policy making.

D. Statement of Key Policies Pursued

The tech-based economic development programs and activities will focus on: a) ongoing enhancement of the entrepreneurial campus programs at the incubation centers, b) maintain, increase and better align federal and state partnerships, c) reinstate our commitment to serve statewide by increasing neighbor island partnerships, and d) provide input on tech based economic development policies.

E. Identification of Important Program Relationships

Important program relationships include: the Legislature, Chambers of Commerce, Economic Dev. Boards, Dept. of Commerce NIST, U.S. Air Force and JBPHH, Small Business Admin., Maui High Performance Computing Ctr, Pacific International Center for High Technology Research, Hawaiian Electric Company, Small Business Development Center, Hawaii Innovation Alliance, various technical and professional technology organizations, individuals providing technical advisory services to incubation program companies, other economic development associations and institutes and state entities such as, UH OTTED, RCUH, OIMT, DCCA, East West Center; HSDC, NELHA, HCDA, FTZ, DAGS, ICSD, DOE, DHRD and Dept. of Taxation.

F. Description of Major External Trends Affecting the Program

1. The continued slow recovery of the local economies and resulting forecast of low State revenues has caused a significant reduction in general funds over the years. Due to its limited resources, HTDC has focused on core programs and services and not pursued new opportunities. The slowdown has significantly impacted occupancy at MRTC resulting in less revenues and the need to subsidize a portion of MRTC's common area maintenance expenses.
2. Expiration of the lease at MIC in 2015 and landlord's desire not to extend requires HTDC to look for an alternative facility. Cash reserves are being built up to cover the anticipated short-term revenue dip when MIC is vacated and the new center is being filled.
3. Lack of capital financing for tech startups, and corresponding financial infrastructure and ecosystem (e.g., sufficient deal flow to command a presence of groups of Hawaii-targeted investment funds, esp. beyond the seed level).
4. Many tech companies are inexperienced start-ups or university researchers that lack the business knowledge to successfully commercialize their innovations. Focused business training is needed to assist the firms in accelerating products to market.
5. Hawaii lacks the critical mass for qualified tech trained workforce.
6. Internet bandwidth needs to be upgraded and be affordable to the overall population. HTDC is now a heavily involved in marketing and

disseminating information on the Governor's Hawaii Broadband Initiative.

7. Research University lacking any commercialization mechanism.

G. Discussion of Cost, Effectiveness, and Program Size Data

The biennium budget requests include funding within the current appropriation for the general, special and revolving funds. The federal fund request includes an increase for the HCATT. The funding request is sufficient to maintain existing priority programs and projects. There are 1250 and 1300 tech companies respectively targeted in the biennium years' to be served by HTDC.

H. Discussion of Program Revenues

Program revenues are primarily generated from rents and user fees charged to tech center occupants. Other revenues include fees from conferences, parking, interest, and contracts or private sector grants. The MEP & HCATT programs receive funding from federal sources.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BED145**  
 PROGRAM STRUCTURE NO. **010503**  
 PROGRAM TITLE: **HAWAII STRATEGIC DEVELOPMENT CORPORATION**

PROGRAM EXPENDITURES	-----IN DOLLARS-----				-----IN THOUSANDS-----			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	*	*	*	*	*	*	*	*
PERSONAL SERVICES	146,906	212,822	217,799	217,799	218	218	218	218
OTHER CURRENT EXPENSES	12,107	6,680,366	26,680,366	26,680,366	26,680	26,680	26,680	26,680
TOTAL OPERATING COST	159,013	6,893,188	26,898,165	26,898,165	26,898	26,898	26,898	26,898
BY MEANS OF FINANCING								
GENERAL FUND			10,000,000	10,000,000	10,000	10,000	10,000	10,000
SPECIAL FUND	1,062	2,608,516	2,608,516	2,608,516	2,608	2,608	2,608	2,608
REVOLVING FUND	157,951	4,284,672	14,289,649	14,289,649	14,290	14,290	14,290	14,290
TOTAL POSITIONS	*	*	*	*	*	*	*	*
TOTAL PROGRAM COST	159,013	6,893,188	26,898,165	26,898,165	26,898	26,898	26,898	26,898

PROGRAM ID: **BED145**  
PROGRAM STRUCTURE: **010503**  
PROGRAM TITLE: **HAWAII STRATEGIC DEVELOPMENT CORPORATION**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. INCR IN LEVERAGING PUBLIC INV W/PRIVATE CAPITAL	5000000	5000000	5000000	5000000	5000000	5000000	5000000	5000000
2. INCR IN NUMBER OF VENTURE CAP PARTNERSHIPS ESTAB	1	2	2	1	1	1	1	1
3. INCREASE IN NUMBER OF COMPANIES FUNDED	2	5	5	5	5	5	5	5
<b>PROGRAM TARGET GROUPS</b>								
1. ENTREPRENEURIAL START-UP COMPANIES	50	50	50	50	50	50	50	50
2. POTENTIAL INVEST ORG, INCL HIGH NET WORTH INDIVIDS	20	20	20	20	20	20	20	20
3. SUPPORT ORGS INCLUDING LEGAL & ACCT FIRMS	5	5	5	5	5	5	5	5
<b>PROGRAM ACTIVITIES</b>								
1. REINVEST INVEST DISTRIB IN NEW VENTURE PARTNERSHIP	500000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
2. ORGANIZE AND SPONSOR VENTURE CAPITAL CONF	4	3	3	3	3	3	3	3
3. ENTREPRENEURIAL TRAINING PROGRAMS	1	1	1	1	1	1	1	1
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	1	1	1	1	1	1	1	1
REVENUE FROM OTHER AGENCIES: ALL OTHER	200	250	250	250	250	250	250	250
TOTAL PROGRAM REVENUES	201	251	251	251	251	251	251	251
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
ALL OTHER FUNDS	201	251	251	251	251	251	251	251
TOTAL PROGRAM REVENUES	201	251	251	251	251	251	251	251

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To create funding mechanisms for investment in emerging technology companies by developing networks to organize public and private sources of capital and develop infrastructure to support venture capital in Hawaii.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

HSDC is requesting a \$10 million general fund infusion into its revolving fund in FY14 and in FY15. These are to fund a new investment program called the HI Growth Fund. The HI Growth Fund will invest, in partnership with the private sector in three key areas: 1) commercialization of research; 2) support for incubators and accelerators; and 3) investment capital in investment funds to grow and scale businesses. A portion of the funds will be used for program management, e.g. legal work, industry networking conferences, and studies to measure program effectiveness.

HSDC has demonstrated that it can implement investment programs cost effectively by working closely with private sector partners in the execution of its programs and does not duplicate or compete with private sector efforts. HSDC seeks to invest where there are gaps in the private sector's ability to support innovation and commercialization. HSDC's programs achieve core State objectives of economic development, economic diversification and the creation of high wage jobs in Hawaii.

C. Description of Activities Performed

Manage a venture capital fund of funds investment program to mobilize capital for Hawaii's emerging technology companies and earn a return on capital. Organize and participate in venture capital conferences that help to inform Hawaii's venture capital community and network Hawaii businesses with sources of capital.

D. Statement of Key Policies Pursued

HSDC will continue to serve as a catalyst where needed to fill gaps in Hawaii's venture capital sector and support entrepreneurial development by providing programs and networking to assist companies to gain skills and capital needed to grow their businesses. HSDC's programs achieve core State objectives of economic development, economic diversification and the creation of high wage jobs in Hawaii.

E. Identification of Important Program Relationships

HSDC, HTDC and NELHA maintain seats on each others' boards and HSDC works with these agencies to promote investments in their client companies. HSDC also works with UH's OTTED to assist in the commercialization of UH intellectual property. HSDC provides support to DBEDT's energy, science and technology and EB-5 initiatives, particularly in the area of mobilizing finance. Externally, HSDC works with Enterprise Honolulu, MEDB, HDTV, and HREDV to provide advice on capital raising issues for start-up companies. HSDC is networked with private sector investors and entrepreneur organizations. Finally, HSDC works closely with its investee funds and companies and potential funds and companies seeking to raise investment capital, in particular ERS' Hawaii venture capital program.

F. Description of Major External Trends Affecting the Program

The difficult conditions persisting in US financial markets have negatively impacted HSDC's revenues as 1) portfolio companies have had difficulty raising new capital and have not been able to expand, while 2) others have gone out of business and 3) the more mature companies in the portfolio have not been able to achieve exits and return capital to the program. The state's financial crisis has prevented the program from

raising additional new capital to support Hawaii's emerging technology companies.

On the positive side, there has been a significant increase in entrepreneurial activity in the state as evidenced by events such as Startup Weekend Honolulu, university business plan competitions and the response to the venture accelerator funding program. Hawaii's institutional investors, such as Kamehameha Schools, Queens Health Systems and the University of Hawaii Foundation are providing significant support to the venture community.

G. Discussion of Cost, Effectiveness, and Program Size Data

HSDC has operated a lean organization overseeing more than \$20 million in investment funds with just one full time employee. HSDC has consistently operated within its budget allocation and efficiently deploys capital when available.

H. Discussion of Program Revenues

Program revenues are based on investment returns. Liquidity events impacting portfolio companies typically take place in the form of initial public offerings of the company's stock or the company being acquired by another firm. These events are extremely difficult to predict with any accuracy, and therefore revenue projections are highly speculative.

I. Summary of Analysis Performed

Studies on Hawaii's technology sector published by HTDC and HIPA have highlighted the importance of capital formation for the development of a technology industry in Hawaii. There have been numerous studies at the national level with similar conclusions and many states have undertaken significant investment programs to support capital formation in their regions.

HSDC has reviewed the historical investment performance of its portfolio and has concluded that economic development objectives are being met. While investment returns have been subpar, that is a result of poor securities management and not due to the lack of quality investment opportunities in the state.

J. Further Considerations

HSDC is in the processing of investing \$13 million into 3-4 Hawaii based seed stage funds and allocating \$2 million under the venture accelerator funding program. There is a need to support an effective research commercialization program to support the university's efforts to upgrade its research capabilities and allow Hawaii based entrepreneurs to capitalize on innovations developed in Hawaii. Significant private sector support has been provided to HSDC's efforts and maintaining the scale of recent activity will unlock more private sector resources to leverage the State's investment.

OPERATING AND CAPITAL APPROPRIATIONS

PROGRAM ID: BED146  
 PROGRAM STRUCTURE NO. 010504  
 PROGRAM TITLE: NATURAL ENERGY LAB OF HAWAII AUTHORITY

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PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST								
PERSONAL SERVICES	2,248,418*	2,158,375*	1,832,345*	1,832,345*	1,832*	1,832*	1,832*	1,832*
OTHER CURRENT EXPENSES	3,335,779	15,315,907	5,805,572	5,805,572	5,806	5,806	5,806	5,806
EQUIPMENT	8,855							
MOTOR VEHICLE		35,000	35,000	35,000	35	35	35	35
TOTAL OPERATING COST	5,593,052	17,509,282	7,672,917	7,672,917	7,673	7,673	7,673	7,673
BY MEANS OF FINANCING								
SPECIAL FUND	4,533,133*	7,615,034*	7,672,917*	7,672,917*	7,673*	7,673*	7,673*	7,673*
FEDERAL FUNDS	1,059,919*	9,894,248*						
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS		1,000						
DESIGN		1,000	75,000					
CONSTRUCTION		6,248,000	11,942,000					
TOTAL CAPITAL APPROPRIATIONS		6,250,000	12,017,000					
BY MEANS OF FINANCING								
G.O. BONDS		5,250,000	12,017,000					
G.O. BONDS REPAYED		1,000,000						
TOTAL POSITIONS								
TOTAL PROGRAM COST	5,593,052*	23,759,282*	19,689,917*	7,672,917*	7,673*	7,673*	7,673*	7,673*

PROGRAM ID: **BED146**  
 PROGRAM STRUCTURE: **010504**  
 PROGRAM TITLE: **NATURAL ENERGY LAB OF HAWAII AUTHORITY**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. NELHA REVENUES (INCL REIMBURSABLES) (\$M)	7.2	8.7	10.7	12.5	13.9	16	16	16
2. ENERGY PRODUCED FROM RENEWABLE RESOURCES (MWH/YR)	2121	2227	2227	2227	2227	2227	2227	2227
3. TOTAL TENANT REVENUE (\$M)	50.3	51.8	51.8	51.8	51.8	51.8	51.8	51.8
4. ANNUAL TENANT CAPITAL IMPROVEMENT (\$M)	10	5	5	5	5	5	5	5
5. SEAWATER SYSTEM DELIVERY RELIABILITY (%)	99.999	99.999	99.999	99.999	99.999	99.999	99.999	99.999
<b>PROGRAM TARGET GROUPS</b>								
1. COMMERCIAL TENANTS	28	30	30	30	30	30	30	30
2. PRE-COMMERCIAL TENANTS	7	8	8	8	8	8	8	8
3. RESEARCH/EDUCATION/OTHER TENANTS	14	15	15	15	15	15	15	15
4. PUBLIC OUTREACH PARTICIPANTS	3200	3500	3700	4000	4200	4500	4500	4500
<b>PROGRAM ACTIVITIES</b>								
1. TOTAL EMPLOYMENT AT NELHA (PUBLIC & PRIVATE)	380	400	400	400	400	400	400	400
2. TOTAL VOLUME OF SEAWATER PUMPED (MGALS)	7.69	8.08	8.48	8.90	9.35	11.25	11.25	11.25
3. TOTAL NUMBER OF NELHA TENANTS	49	53	53	53	53	53	53	53
4. PERCENTAGE OF NELHA LAND IN USE	36.7	37.8	37.8	37.8	37.8	37.8	37.8	37.8
5. TOTAL CUMULATIVE CIP; TENANT, STATE, FEDERAL (\$M)	235	240	240	240	240	240	240	240
6. BEACH PARK USE (# OF ATTENDEES)	112300	112300	112300	112300	112300	112300	112300	112300
7. CEMP (# OF REGULATORY AGENCIES)	7	7	7	7	7	7	7	7
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES	1,497	1,791	2,241	2,508	2,781	2,807	2,833	2,833
TOTAL PROGRAM REVENUES	6,822	8,616	10,944	12,794	15,067	17,093	17,119	17,119
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	6,822	8,616	10,944	12,794	15,067	17,093	17,119	17,119
TOTAL PROGRAM REVENUES	6,822	8,616	10,944	12,794	15,067	17,093	17,119	17,119

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

NELHA's has 7 key objectives. They are: 1) Financial Resources – Broaden revenue streams and diversify funding sources; 2) Productivity – Increase number of quality research and commercial tenants while improving the cost-effective utilization of staff and facilities to increase and upgrade services; 3) Profit Requirement – Provide a positive total economic impact to the community and state through generating revenues to NELHA, commercial tenant revenues and non-state employment; 4) Innovation – Facilitate and promote new and unique uses of the ocean and energy resources; 5) Marketing – Attract and promote ocean and energy research and commercial activities; 6) Physical Resources – Provide infrastructure and support facilities/equipment suitable for optimal operation of NELHA and tenants; and, 7) Social and Cultural Responsibility – Facilitate and develop educational and information programs for ocean and energy subjects which relate to NELHA activities.

B. Description of Request and Compliance with Section 37-68(1) (A) (B)

- 1) Reduction of CEROS federal fund appropriation of 6 positions and \$9,926,408
- 2) Transfer \$256,677 from OCE to Personal Services.
- 3) CIP– NELHA Frontage Road and new intersection connection \$9,694,000 in FY 14.
- 4) CIP – NELHA Seawater System upgrades - \$2,323,000 in FY 14.

C. Description of Activities Performed

- 1) Market, manage and operate facilities.
- 2) Identify, develop and implement revenue enhancement opportunities, which support NELHA's objectives and its efforts to maintain financial self-sufficiency and sustainability.
- 3) Operate and maintain unique transmission and distribution systems for large volumes (approximately two tons per second) of deep and

surface seawater and increase cost efficiency by investing in technology.

- 4) Implement an infrastructure implementation plan for HOST Park considering full build out adequate roads, telecommunications, efficient pipe line distribution systems, and greenways.
- 5) Operate a water quality laboratory for an environmental monitoring program that samples groundwater, near shore water and offshore water; these are required activities to maintain the Special Management Permit under which all tenants are able to operate at NELHA.
- 6) Provide informational and educational material and lectures to school classes (K-12 and university level), professional associations, community groups, international visitors, legislators, and the general public. Some 3,072 visitors and 60 energy companies visited NELHA during the past fiscal year.

D. Statement of Key Policies Pursued

- 1) HRS 226-4(1): "to achieve a strong viable economy, characterized by stability, diversity, and growth" is reflected by marketing NELHA site and its unique natural resources to bring in a diversity of research projects and commercial businesses that utilize the facility and create new jobs. However, lacking marketing funds and positions, this is accomplished through word-of-mouth or referrals.
- 2) HRS 226-13: physical environment-land, air and water quality policy is enforced at NELHA by maintaining class AA offshore waters through a water quality monitoring program and supporting other such programs in the State. This program has been under constant scrutiny in the past year and is slated for significant changes/expansion during the Biennium.
- 3) HRS 226-18(c)(1): "Support research and development as well as promote the use of renewable energy sources" is implemented by:
  - a) Facilitating research and development of renewable energy sources such as OTEC, photovoltaic, wind turbine, geothermal,

hydrogen, waste to energy and other sources.

- b) Using deep seawater (DSW), solar heat, and other alternative energy sources to operate NELHA facilities whenever feasible, including the use of cold deep seawater for air-conditioning and irrigation.
  - c) Offering presentations and information about renewable energy to the general public, educational entities, other individuals and businesses.
- 4) HRS 226-103: State economic priority guidelines are carried out by:
- a) Providing land and support to research and commercial activities, which will strengthen a diversified economy.
  - b) Encouraging businesses that provide jobs at all levels for the local residents and have minimal impact on Hawaii's environment.

E. Identification of Important Program Relationships

- 1) The private sector has been responsible for all the development of alternate and renewable energy sources. NELHA has developed strong relationships with the public and such private sector interests to maximize resources and partner with them to result in higher achievements. Most notable, NELHA continues to work closely with the National Renewable Energy Laboratory, State of Hawaii Energy Office and the County of Hawaii.
- 2) NELHA has developed strong ties with the U.S. Department of Energy, national laboratories and the U.S. Department of Interior (USDI).
- 3) NELHA has developed strong national ties as efforts continue to develop the NELHA Gateway Ocean Resources and Commercial Activities Center and is strongly supported by the private non-profit Friends of NELHA.
- 4) NELHA's ties with research and development based tenants and commercially viable tenants have furthered the commercial development and aquaculture.
- 5) NELHA maintains communications with U.S. Homeland Security, the Federal Bureau of Investigation, and related agencies to participate in security and counter-intelligence efforts.

F. Description of Major External Trends Affecting the Program

- 1) The cost of electricity continues to have a significant impact on NELHA operations.
- 2) Worldwide focus on renewable energy has increased the interest in OTEC technology and other forms of alternative energy which will assist NELHA in attracting new tenants.
- 3) Strong worldwide demand for desalinated drinking water from NELHA has developed into one of the State's largest export industries.
- 4) NELHA has developed into a world-class site for the production of algae and other marine aquaculture products and a significant portion of the State's \$40 million aquaculture industry is based at NELHA.
- 5) Private sector interests have supported new projects and construction.

G. Discussion of Cost, Effectiveness, and Program Size Data

NELHA continues to operate in a self-sufficient manner and receives no general fund support for its operations. NELHA has received CIP funds for public goods such as infrastructure development to benefit the overall community. A recent analysis by UHERO indicates that the program for every dollar of state expenditures on NELHA results in \$42.80 of output is generated in the Hawaii economy.

H. Discussion of Program Revenues

Revenues continue to increase and current projections show that based on current lease structure they are continued to increase at a faster pace over the next five years.

I. Summary of Analysis Performed

NELHA completed updates of its master plan, strategic plan and marketing plans in FY 2012. These plans will continue to guide the desired growth of NELHA and increase its revenue base. In addition,

NELHA contracted with the UHERO to complete an economic impact analysis of HOST Park. Results indicate that NELHA is generating almost \$100 million in annual economic impact, \$4.5 million state tax revenues annually and almost 600 jobs.

J. Further Consideration

The State Department of Transportation's plans to widen Queen Kaahumanu Highway will have a significant impact on NELHA by restricting access at the existing entry to HOST Park. However, DOT has recently agreed to construct a fully-signalized 4 way intersection at the highway and Kaiminani Street. As a result of previous CIP appropriations, the design of a new road from the existing entry to the new entry at Kaiminani Street and the highway is underway and will be complete in mid-2013. This is a "shovel-ready" project. In this regard, the CIP request for \$9.6 million is vital to NELHA's continued success.

In addition, NELHA has also requested approximately \$2.3 million to upgrade the main pipeline system to allow warm seawater to be shared between the two main subsystems. This will allow for redundancy in the system in the event of failure at either end subsystem; allow more warm seawater to be pumped to higher elevation properties; and greatly facilitate the development of a 1MW ocean thermal energy conversion facility. NELHA received funds for the design of this pipeline as a result of an earlier CIP appropriation and as such this is a "shovel-ready" project.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BED150**  
 PROGRAM STRUCTURE NO. **010701**  
 PROGRAM TITLE: **HAWAII COMMUNITY DEVELOPMENT AUTHORITY**

PROGRAM EXPENDITURES	--IN DOLLARS--				--IN THOUSANDS--			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
PERSONAL SERVICES	436,818	422,019	436,818	436,818	437	437	437	437
OTHER CURRENT EXPENSES	537,935	650,000	650,000	650,000	650	650	650	650
EQUIPMENT	70,433							
<b>TOTAL OPERATING COST</b>	<b>1,045,186</b>	<b>1,072,019</b>	<b>1,086,818</b>	<b>1,086,818</b>	<b>1,087</b>	<b>1,087</b>	<b>1,087</b>	<b>1,087</b>
BY MEANS OF FINANCING								
REVOLVING FUND	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
	1,045,186	1,072,019	1,086,818	1,086,818	1,087	1,087	1,087	1,087
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS	1,855,000	3,357,000	2,005,000	1,855,000	1,855	1,855	1,855	1,855
LAND ACQUISITION		1,000						
DESIGN		898,000	950,000					
CONSTRUCTION		4,900,000	6,400,000	3,000,000				
<b>TOTAL CAPITAL APPROPRIATIONS</b>	<b>1,855,000</b>	<b>9,156,000</b>	<b>9,355,000</b>	<b>4,855,000</b>	<b>1,855</b>	<b>1,855</b>	<b>1,855</b>	<b>1,855</b>
BY MEANS OF FINANCING								
G.O. BONDS	1,855,000	9,156,000	9,355,000	4,855,000	1,855	1,855	1,855	1,855
TOTAL POSITIONS	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*
<b>TOTAL PROGRAM COST</b>	<b>2,900,186</b>	<b>10,228,019</b>	<b>10,441,818</b>	<b>5,941,818</b>	<b>2,942</b>	<b>2,942</b>	<b>2,942</b>	<b>2,942</b>

PROGRAM ID: **BED150**  
PROGRAM STRUCTURE: **010701**  
PROGRAM TITLE: **HAWAII COMMUNITY DEVELOPMENT AUTHORITY**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. NEW PRIV DEV IN KAKAAKO COM DEV DIST (\$M)	40.70	147.00	206.90	218.40	0	0	0	0
2. NEW BLDG FLOOR SPACE IN KAKAAKO (1000 SF)	553.00	101.20	0	1620.9	0	0	0	0
3. # OF NEW HOUSING UNITS IN KAKAAKO	489.0	0	0	1198.0	0	0	0	0
4. # OF NEW PUBLIC FACILITIES IN KAKAAKO	0	0	0	0	0	0	0	0
5. # ACTIVELY-USED PARCELS IN KALAELOA CDD	57	57	57	57	57	57	57	57
6. NEW PRIVATE DEVELOPMENT WITHIN KALAELOA (\$M)	59.75	15	5	0	0	0	0	0
7. # ACRES RESTORATION OF WETLANDS USES IN HEEIA	20	40	60	80	100	120	140	160
<b>PROGRAM TARGET GROUPS</b>								
1. # OF RESIDENTS IN KAKAAKO	9579	10328	10328	10328	10328	10328	10328	10328
2. # OF EMPLOYEES IN KAKAAKO	25877	25822	25822	25822	25822	25822	25822	25822
3. # OF BUSINESSES IN KAKAAKO	1656	1656	1656	1656	1656	1656	1656	1656
4. # OF LANDUSERS WITHIN KALAELOA	15	15	15	15	15	15	15	15
5. # RESIDENTS WITHIN KALAELOA & SURROUNDING AREAS	5100	5100	5100	5100	5100	5100	5100	5100
<b>PROGRAM ACTIVITIES</b>								
1. DEVELOPMENT PERMITS ISSUED IN KAKAAKO	127	160	160	160	160	160	160	160
2. # INFRASTRUCTURE IMPROV PROJS BEGUN IN KAKAAKO	0	0	0	0	0	0	0	0
3. NEW PUBLIC IMPROVEMENTS IN KAKAAKO (\$M)	0	0	0	0	0	0	0	0
4. # PARCELS IN KALAELOA COVERED BY ECON DEV PLAN	84	84	84	84	84	84	84	84
5. NEW PLANNING IN KALAELOA (\$M)	0	0	0	0	0	0	0	0
6. # PARCELS, INFRASTRUCTURE SYS CONVEYED IN KALAELOA	84	84	84	84	84	84	84	84
7. # PROJS FACILITATED & COMPLETED IN KALAELOA	5	5	5	5	5	5	5	5
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	2,221	522	2	3	548	537		
REVENUE FROM OTHER AGENCIES: ALL OTHER	200	200	200	200	200			
CHARGES FOR CURRENT SERVICES	570	398		232	381	381	135	135
TOTAL PROGRAM REVENUES	2,991	1,120	202	435	1,129	918	135	135
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
ALL OTHER FUNDS	2,991	1,120	202	435	1,129	918	135	135
TOTAL PROGRAM REVENUES	2,991	1,120	202	435	1,129	918	135	135

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To revitalize urban areas in the State which are in need of timely redevelopment through the creation of mixed-use districts for residential, commercial and light industrial development that help to address the economic and social needs of the people of the State of Hawaii by encouraging the desired private investment through: 1) the planning and implementation of infrastructure improvements; 2) the development of public facilities; and 3) the establishment of planning guidelines and parameters that encourage mixed-use development.

B. Description of Request and Compliance with section 37-68 (1) (A) (B)

The Fiscal Biennium 2014-15 CIP budget includes the following requests:

1. BED 150KA – Hawaii community development authority's community development districts, Oahu – \$1,855,000 and \$1,855,000 in G.O. bond funds for FY14 and FY15, respectively, for costs related to wages and fringe benefits for nineteen (19) program and support staff for implementation of capital improvement projects for HCDA's community development districts.
2. BED 150KA – Complete Street, Kakaako, Oahu - \$5,000,000 in G.O. bond funds for FY14, for a Complete Street demonstration project in Kakaako Distract.
3. BED 150KA – New Community And Educational Center And Performance Facility At Kakaako Gateway Park And Kakaako Waterfront Park, Kakaako, Oahu - \$1,500,000 and \$3,000,000 in G.O. bond funds for FY14 and FY15, respectively, for a community/educational center and performing facility.
4. BED 150KA – Kewalo Basin Jetty Riprap Wall Repair, Kakaako, Oahu - \$1,000,000 in G.O. bond funds for FY14, for jetty riprap wall repair at the mouth of Kewalo Basin Harbor, Oahu.

C. Description of Activities Performed

For legislatively designated Community Development Districts, HCDA is mandated to develop community development plans which include, but are not limited to, community development guidance policies, district-wide infrastructure improvement programs and community development rules. HCDA must implement a Community Development District Plan after the Governor approves it and funding is provided by the Legislature. Major activities during the plan implementation stage include: (a) planning and regulatory functions in the administration of the plan and rules; (b) infrastructure systems improvements under the district-wide improvement program; (c) development and maintenance of public facilities (parks, parking garages, etc.); and (d) development and maintenance of State lands.

Currently, HCDA is in the plan implementation stage of the 600+ acre Kakaako Community Development District, and in the planning stage of the 3,698-acre Kalaeloa Community Development District, and the He'eia Community Development District.

D. Summary of Key Policies Pursued

HCDA's objectives and activities are guided by policies stated in: (1) Chapter 206E, HRS, which establishes HCDA and provides it with its objectives and mandates; and (2) Chapter 206E, HRS, which states the objectives, powers, and responsibilities of HCDA, establishes the Kakaako, Kalaeloa and He'eia Community Development Districts, respectively, and sets specific development guidelines for each District.

Direction for HCDA's activities is also provided by Chapter 226, HRS, particularly Section 226-52(a)(2), which requires that State programs conform to the priority guidelines of the Hawaii State Plan.

E. Identification of Important Program Relationships

HCDA has important program relationships with State and County agencies that are involved in activities relating to infrastructure systems improvements,

redevelopment of Kalaeloa and the Honolulu waterfront area. In addition, important relationships exist with the U.S. Navy with regard to the redevelopment of Kalaeloa. HCDA coordinates with the appropriate Federal, State or County agency when a program relationship exists.

Because of the comprehensive nature of HCDA's economic and recreational development objectives, its activities support each of DBEDT's strategic objectives: 1) development of the urban core and of workforce housing; 2) workforce development; 3) energy for tomorrow; 4) export of goods and services; 5) creation of an "innovation infrastructure"; and 6) improve Hawaii's small business environment.

#### F. Major External Trends Affecting the Program

The major external trend affecting the program is the condition of the economy in general, and that of the real estate industry in particular. An integral part of HCDA's implementation of its development programs is the participation of the private sector, which is greatly influenced by macro-economic conditions. Another major impact is the market demand for industrial, commercial and residential floor space on Oahu generally, and in Kakaako and Kalaeloa specifically.

#### G. Discussion of Cost, Effectiveness and Program Size Data

With new construction volume resulting from infrastructure improvements, public facilities development projects, and continuation of private sector development projects, the related tax revenues to the State of Hawaii generated from HCDA improvement district program should exceed program costs in the long run. The increase in land values due to infrastructure improvements and new developments benefits the City and County of Honolulu through increased property taxes. In terms of State and Functional Plan objectives, the returns are in the functional areas of optimal land use, increased construction and economic activity, new housing units, new public facilities, and improved business and residential community areas.

Previous CIP appropriations and future requests are typically based on the construction of infrastructure systems improvements in segments, the construction of public facilities and the development, planning and construction of infrastructure improvements systematically. The objective is to continuously maintain construction activity and complete the necessary district-wide improvements in a timely manner.

#### H. Discussion of Program Revenues

Act 015, Session Law Hawaii 2012 signed into law on April 11, 2011 conveyed about 25 acres of lands controlled and managed by the HCDA to the Office of Hawaiian Affairs. The law took effect on July 1, 2012. As results of the conveyance, the HCDA's revenue sources have been permanently reduced. In the recent fiscal years, the HCDA collected between approximately \$1.2 to \$1.7 million revenue (on cash basis) from these lands.

Direct program revenues, whose use is restricted by statute and case law, include: (a) fees in lieu of public facilities dedication fees and reserved housing fees received from private developers; (b) improvement district property assessments received from property owners who benefit from infrastructure systems improvements made; (c) lease rents collected on HCDA-managed lands/facilities; and (d) permit and other fees charged to offset some of the administrative processing costs. Non-cash receipts include land dedicated by private developers for public facilities. Other potential revenue sources would be a yet-to-be-established business improvement district program, and Federal programs.

#### I. Summary of Analysis Performed

Not applicable.

#### J. Further Considerations

None.

**OPERATING AND CAPITAL APPROPRIATIONS**

REPORT P61-A

PROGRAM ID: **BED160**  
 PROGRAM STRUCTURE NO. **0108**  
 PROGRAM TITLE: **HAWAII HOUSING FINANCE AND DEVELOPMENT C**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	31.00*	31.00*	31.00*	31.00*	31.0*	31.0*	31.0*	31.0*
PERSONAL SERVICES	5,150,092	4,975,618	5,150,092	5,150,092	5,150	5,150	5,150	5,150
OTHER CURRENT EXPENSES	69,527,510	33,325,427	33,325,427	33,325,427	33,326	33,326	33,326	33,326
TOTAL OPERATING COST	74,677,602	38,301,045	38,475,519	38,475,519	38,476	38,476	38,476	38,476
BY MEANS OF FINANCING								
FEDERAL FUNDS	6,641,390	9,677,735	3,000,000	3,000,000	3,000	3,000	3,000	3,000
OTHER FEDERAL FUNDS			6,677,735	6,677,735	6,678	6,678	6,678	6,678
TRUST FUNDS	52,735,774	21,923,698	21,923,698	21,923,698	21,924	21,924	21,924	21,924
FEDERAL STIMULUS FUNDS	8,350,268							
REVOLVING FUND	31.00* 6,950,170	31.00* 6,699,612	31.00* 6,874,086	31.00* 6,874,086	31.0* 6,874	31.0* 6,874	31.0* 6,874	31.0* 6,874
CAPITAL INVESTMENT APPROPRIATIONS								
DESIGN			750,000					
CONSTRUCTION	26,000,000		17,050,000	10,000,000				
TOTAL CAPITAL APPROPRIATIONS	26,000,000		17,800,000	10,000,000				
BY MEANS OF FINANCING								
G.O. BONDS	26,000,000		17,800,000	10,000,000				
TOTAL POSITIONS	31.00*	31.00*	31.00*	31.00*	31.00*	31.00*	31.00*	31.00*
TOTAL PROGRAM COST	100,677,602	38,301,045	56,275,519	48,475,519	38,476	38,476	38,476	38,476

PROGRAM ID: **BED160**  
PROGRAM STRUCTURE: **0108**  
PROGRAM TITLE: **HAWAII HOUSING FINANCE AND DEVELOPMENT CORP**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. # OF HOMEBUYERS ASSISTED	691	371	40	225	641	100	500	500
2. # OF NEW RENTAL UNITS	216	1073	885	276	662	300	320	320
3. # OF EXISTING AFFORD RENTAL HOUSING UNITS PRESERV	325	190	150	150	150	150	150	150
4. # OF LEASE RENTS RENEGOTIATED	5	0	2	6	0	67	2	2
5. # OF SINGLE FAM LEASHLD LOTS CONVERT TO FEE SIMPLE	5	2	2	2	2	2	2	2
<b>PROGRAM TARGET GROUPS</b>								
1. HSEHLDS EARN UP 140% OF MED INC EST BY USDHUD	2700	2700	2700	2700	2700	2700	2700	2700
2. EMPLOYEES OF TARGETED IND IDENTIFIED BY DBEDT	0	0	0	0	0	0	0	0
<b>PROGRAM ACTIVITIES</b>								
1. ORIGINATE LOANS/GRANTS FOR ACQ/REHAB OR DEV OF HSE	786	729	314	400	400	400	400	400
2. ALLOCATE TAX CRDT FOR ACQ/REHAB OR DEV OF HOUSING	243	300	300	300	300	300	300	300
3. ISSUE TAX-EXEMPT REVENUE BONDS (\$M)	84	75	15	15	15	15	15	15
4. UTILIZE CH 201H TO FAC ST & CNTY LAND APP FOR HSNB	301	350	350	350	350	350	350	350
5. ACQUIRE/DISPOSE OF REAL PROPERTY	2	2	2	2	2	2	2	2
6. ASSIST FIRST-TIME HOMEBUYERS	691	371	40	225	641	100	500	500
7. PROCESS APP FOR ARBITRATION OF LEASE RENT RENEGO	0	0	0	0	0	0	0	0
8. PROCESS APPLICATIONS FOR LEASEHOLD CONVERSION	0	0	0	0	0	0	0	0
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
TAXES	10,540	9,000	9,000	9,000	9,000	9,000	9,000	9,000
REVENUES FROM THE USE OF MONEY AND PROPERTY	32,805	33,744	34,300	34,664	35,028	35,399	35,753	35,753
CHARGES FOR CURRENT SERVICES	12,782	7,197	5,684	6,992	6,176	5,182	4,522	4,522
NON-REVENUE RECEIPTS	140,841	186,690	71,220	130,072	103,154	68,651	92,651	87,313
TOTAL PROGRAM REVENUES	196,968	236,631	120,204	180,728	153,358	118,232	141,926	136,588
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
ALL OTHER FUNDS	196,968	236,631	120,204	180,728	153,358	118,232	141,926	136,588
TOTAL PROGRAM REVENUES	196,968	236,631	120,204	180,728	153,358	118,232	141,926	136,588

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To support economic growth by increasing the supply of workforce and affordable housing and preserving the existing inventory of affordable housing.

B. Description of Request and Compliance with section 37-68(1)(A)(B)

The Fiscal Biennium 2014-2015 CIP budget includes the following requests:

1. Dwelling Unit Revolving Fund Infusion, Statewide - \$10,000,000 and \$10,000,000 for FY14 and FY15, respectively
2. Waiahole Water System Improvements - \$7,800,000 for FY14
3. Change in MOF for federal funds from N to P for \$6,677,735

C. Description of Activities Performed

The Hawaii Housing Finance and Development Corporation (HHFDC) is mandated to facilitate the development of affordable for-sale and rental housing under the policies, direction, and oversight of a nine-member Board of Directors. The HHFDC works with private and public partners to increase the supply of permanent, affordable housing, as well as preserve the existing inventory of rental housing using its financing and development tools.

D. Summary of Key Policies Pursued

The HHFDC is a functional plan preparing agency for the housing functional plan. The HHFDC's activities directly support the Hawaii State Plan's Objectives and Policies for Socio-Cultural Advancement – Housing (section 226-19, HRS) and Priority Guidelines for Affordable Housing (section 226-106, HRS).

The HHFDC's specific objectives and activities are guided by Chapter 201H, HRS, which established the HHFDC.

E. Identification of Important Program Relationships

The HHFDC has important program relationships with State, County, and Federal agencies involved in affordable housing financing and development, including the Hawaii Public Housing Authority, the Department of Land and Natural Resources, the Department of Hawaiian Home Lands, the County housing agencies and Planning Departments, the U.S. Department of Housing and Urban Development, and the U.S. Department of Agriculture -- Rural Development. The HHFDC and these agencies work together to coordinate activities and resources to promote affordable housing statewide.

F. Description of Major External Trends Affecting the Program

The HHFDC's production and efficacy is dependent on the state of the real estate market and the construction industry, the condition of the financial markets, and the economy in general. The demand for affordable housing, as well as the capacity to increase supply statewide, is dependent on these external factors.

G. Discussion of Cost, Effectiveness and Program Size Data

HHFDC's program effectiveness improved over prior years, but the recession and housing downturn continue to adversely impact affordable housing development. In FY 2012, HHFDC exceeded some of the program performance measures, including the number of existing affordable rental units preserved and number of loan originations resulting in housing development. However, there were decreases in the number of new rental units developed and placed in service during FY 2012 and the number of units developed resulting from 201H exemptions. Affordable housing developers still find it difficult to secure financing for new projects, and to keep their financing packages together while going through the lengthy planning and permitting phases of the development process. In response to recession challenges, HHFDC sought available competitive

federal grant opportunities made available under the American Recovery and Reinvestment Act of 2009 (ARRA), the Housing and Economic Recovery Act of 2008 (HERA) and other federal programs. HHFDC has partnered with the Counties and with nonprofit organizations to bring in approximately \$83 million in federal funds available for housing assistance to the State.

J. Further Considerations.

None.

H. Discussion of Program Revenues

Revenues generated from the Housing Development program activities include application fees, interim interest on Dwelling Unit Revolving Fund construction loans, administrative fees and fees related to the disposition of land or affordable units developed under the program. Revenues are collected from the sale of the leased fee interest, deferred sales prices, the Shared Appreciation Equity Program, and administrative fees from various programs.

The Hula Mae Single Family Program and the Hawaii Rental Housing System Revenue Bond Program produce revenues pledged to the repayment of the bonds issued to fund the program.

Revenues generated from the Mortgage Credit Certificate Program and Low Income Housing Tax Credit Program reflects applicable fees charged to applicants. Revenues from the Rental Assistance Revolving Fund primarily reflect interim construction loan payments which are used to make additional loans.

Finally, the Rental Housing Trust Fund obtains revenues generated by a share of the conveyance tax proceeds.

Pursuant to Act 79, Session Laws of Hawaii 2009, interest generated by HHFDC funds are deposited into the General Fund until June 30, 2015.

I. Summary of Analysis Performed

Not applicable.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **BED128**  
 PROGRAM STRUCTURE NO. **0109**  
 PROGRAM TITLE: **OFFICE OF AEROSPACE**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	*	*	*	*	*	*	*	*
PERSONAL SERVICES	78,984	76,351	78,984	78,984	79	79	79	79
OTHER CURRENT EXPENSES		81,496	81,496	81,496	81	81	81	81
TOTAL OPERATING COST	78,984	157,847	160,480	160,480	160	160	160	160
BY MEANS OF FINANCING								
GENERAL FUND	78,984	157,847	160,480	160,480	160	160	160	160
CAPITAL INVESTMENT APPROPRIATIONS								
PLANS		1,000						
DESIGN		1,000						
CONSTRUCTION		1,838,000						
TOTAL CAPITAL APPROPRIATIONS		1,840,000						
BY MEANS OF FINANCING								
G.O. BONDS		1,840,000						
TOTAL POSITIONS	*	*	*	*	*	*	*	*
TOTAL PROGRAM COST	78,984	1,997,847	160,480	160,480	160	160	160	160

PROGRAM ID: BED128  
 PROGRAM STRUCTURE: 0109  
 PROGRAM TITLE: OFFICE OF AEROSPACE

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. EXTRAMURAL (FEDERAL/PRIVATE) FUNDING GENERATED		350	100	100	100	100	100	100
2. FEDERAL COOPERATIVE AGREEMENTS INAUGURATED		2	3	3	3	3	3	3
3. PUBLIC-PRIVATE PARTNERSHIPS INITIATED/MAINTAINED		5	5	5	5	5	5	5
4. INTERNATIONAL ALLIANCES INITIATED/MAINTAINED		4	4	4	4	4	4	4
<b>PROGRAM TARGET GROUPS</b>								
1. HAWAII-BASED AEROSPACE COMPANIES/CORPORATIONS		50	65	75	75	75	75	75
2. HAWAII-BASED EDUCATIONAL AND RESEARCH INSTITUTIONS		7	7	9	9	9	9	9
3. OVERSEAS AEROSPACE AGENCIES/COMPANIES/CORPORATIONS		5	12	17	25	25	25	25
4. OVERSEAS EDUCATION AND RESEARCH AGENCIES/INSTITUTI		16	19	23	25	25	25	25
<b>PROGRAM ACTIVITIES</b>								
1. PACIFIC INTERNATIONAL SPACE ALLIANCE (ANNUAL MEETI		1	1	1	1	1	1	1
2. PISCES* FUNDING GENERATED THROUGH STATE LEGISLATUR		3.0	3.0	3.0	3.0	3.0	3.0	3.0
3. COMMERCIAL SPACE TRANSPORTATION (FAA GRANT APPLICA		2	1	1	1	1	1	1
4. NEXT-GENERATION AVIATION (UAS/OTHER ALLIANCES/APPL		3	3	3	3	3	3	3
5. REAL WORLD DESIGN CHALLENGE (NUMBER OF TEAMS COORD		12	15	15	15	15	15	15
6. HAWAII AEROSPACE ADVISORY COMMITTEE MEETINGS		4	4	4	4	4	4	4
7. HAWAII STARLIGHT RESERVE COMMITTEE MEETINGS		4	4	4	4	4	4	4
8. COMMUNITY OUTREACH (MEETINGS ATTENDED/PRESENTATION		20	25	25	25	25	25	25
9. PUBLICATIONS (INFORMATIONAL MATERIALS/REPORTS/WEBS		5	5	5	5	5	5	5

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To provide a focal point within State government to facilitate dialogue and coordination among Hawaii's government, private and academic sectors, and between State-based entities and overseas organizations, both public and private, to promote the growth and diversification of Hawaii's aerospace industry.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Not Applicable.

C. Description of Activities Performed

OAD's primary activities are to: (1) identify and promote opportunities for expanding and diversifying aerospace-related industries in Hawaii, including but not limited to astronomy, aviation and aeronautics, commercial space launch, environmental monitoring and remote sensing, satellite communications, space-based applications of dual-use technologies, robotic and human space exploration, and commercial space launch; (2) catalyze partnerships among local universities and businesses that can (i) improve the relevance and quality of university training to support the growth and diversification of Hawaii's aerospace industry; (ii) identify entrepreneurial opportunities for commercializing innovative spinoffs from basic research; and (iii) facilitate technology transfer from universities to the private sector; (3) promote innovative education and workforce development programs that will enhance public awareness of Hawaii's aerospace potential and enable local citizens to pursue employment in the State's aerospace industry; (4) leverage aerospace and related technological capabilities in Hawaii's government, academic and private sectors to enhance the State's ability to procure both federal and private research and development grants to increase the State's competitiveness in national and global aerospace markets;

(5) establish alliances with

NASA and other federal and state space agencies and institutions that can support both Hawaii-based aerospace development and the United States space program, as well as enable international dialogue and exchange toward the design, development and implementation of multinational space initiatives that can enhance both opportunities and benefits for space exploration and development; (6) monitor national and global trends in the aerospace industry and recommend programs and policies that can support aerospace industry development statewide; (7) facilitate the development and utilization of publications, exhibits and other marketing materials that highlight the current capabilities and future potential of Hawaii's aerospace industry; and (8) serve as a central point of contact for State government that can respond to both local and out-of-state inquiries concerning Hawaii's aerospace-related interests and activities.

D. Statement of Key Policies Pursued

OAD'S activities will carry out the State's aerospace objectives and policies as set forth in Chapter 201-72, HRS, which directs the Office of Aerospace Development to oversee, supervise, and direct the planning, evaluation and coordination of space-related activities in Hawaii, as well as to identify and promote opportunities for expanding and diversifying aerospace-related industries statewide.

E. Identification of Important Program Relationships

OAD works closely with the Hawaii State Legislature, the University of Hawaii, the Department of Education, other State agencies and organizations, both local and national aerospace companies, the National Aeronautics and Space Administration, the Federal Aviation Administration, the national Aerospace States Association and Aerospace

Industries Association, other national aerospace institutions and organizations, and international space agencies and organizations worldwide toward establishing both public-private and multinational partnerships that can advance its operational goals and priorities.

F. Description of Major External Trends Affecting the Program

The aerospace industry has played a pivotal role in expanding and diversifying our national economy. From aviation to space exploration, aerospace research and development has forged new inroads to scientific discovery; dramatically advanced our national engineering and manufacturing expertise; pioneered innovation in communications technology and computer science; enhanced our surveillance of our home planet and understanding of the factors that drive weather systems and climate change; spurred spinoffs of commercial products that have significantly enhanced our qualities of life; enriched educational and training opportunities for K-12 and college students nationwide; and ultimately afforded new frontiers for humankind to explore and develop.

Today, aerospace holds an equal if not greater potential for mobilizing our nation's strategic assets and capabilities to enable innovation in science and technology that can uplift our national economy, enhance global security, promote STEM education to grow a technologically proficient workforce, improve healthcare diagnostics and delivery worldwide, advance global communications and remote sensing of critical resources, forge sustainable energy systems for our planet, and ultimately pioneer future pathways to space.

Hawaii's strategic mid-Pacific location, Moon/Mars-like terrain, resident expertise covering a broad range of aerospace-related technologies, and long-standing ties with space-faring nations throughout Asia and the Pacific, clearly afford strategic assets and capabilities that can be leveraged to realize humankind's full potential in space, and in so doing

enable our State to engage as both a major contributor to and beneficiary of the global space enterprise.

For the past half century, Hawaii has played a seminal role in developing our national space program – beginning with astronaut training for the Apollo lunar missions and the development of world-class observatories on the Big Island. Over the past four decades, the University of Hawaii, the U.S. military, and numerous companies statewide have pioneered nationally-funded programs in planetary geosciences, satellite communications, space-based remote sensing and environmental monitoring, deep-space surveillance, and other areas employing aerospace-related technologies. Yet new opportunities are forthcoming in this industry that are ideally suited for our State – many of which hold substantial scientific, educational and commercial promise for residents statewide.

For example, the University of Hawaii is applying its resident expertise in adaptive optics and remote sensing toward the development of advanced sensor technologies for space-based observations of our planet. Local companies such as Oceanit, Raytheon Solipsys, NovaSol and Trex Enterprises are also leading national efforts to develop new sensors for atmospheric monitoring, land and coastal resource assessment, and both optical communications and electro-optical tracking.

In addition, major aerospace corporations such as Boeing, Lockheed Martin, Northrop Grumman, Raytheon and BAE Systems, already established in Hawaii, are looking to expand their operations in the islands as a bridge to Asian and Pacific markets – especially in the development and delivery of advanced systems for aviation maintenance and training, air traffic control, satellite communications, and deep space tracking and reconnaissance.

Finally, Hawaii's unique geography and technological assets are ideally suited to support the commercial launch of next-generation aircraft,

including spaceplanes, to carry small satellites, experimental payloads and tourists to space; the monitoring, management and mitigation of both man-made and natural disasters Pacific-wide; and the development of space-based power systems to capture sunlight as a renewable energy resource for both interplanetary spacecraft and earth-based applications.

G. Discussion of Cost, Effectiveness, and Program Size Data

OAD sustains an average annual operating budget of approximately \$80K and is staffed by one individual. Notwithstanding these limited resources, OAD has been able to mobilize significant Legislative support for several major aerospace initiatives, including \$2.34 Million in general funds and obligation bonds (FY13) to support buildout and operation of the Pacific International Space Center for Exploration Systems (PISCES) on the Big Island, as well as \$250K (FY13), supplemented by a one-to-one matching federal grant from the Federal Aviation Administration, to support the environmental assessment and other studies required for a commercial spaceport license for the State. A \$100K (FY12) grant was also awarded from NASA to support initial development of an infrastructure-based plan to advance sustainable space exploration beyond low-Earth orbit, including the design of analog test facilities in Hawaii that can demonstrate and validate innovative technologies and integrated systems to support both robotic and human space missions.

H. Discussion of Program Revenues

Extramural funding for OAD operations and programs is primarily generated through grants from the National Aeronautics and Space Administration, the Federal Aviation Administration, and other federal agencies and institutions interested in leveraging Hawaii's strategic location, resources and capabilities to advance aeronautics and space exploration programs. The development of new initiatives such as the Pacific International Space Center for Exploration Systems (PISCES), Hawaii's bid to become one of six national test sites for Unmanned Aerial

Systems (UAS), and efforts to obtain a commercial spaceport license for the State (to bring space tourism and other commercial space transportation programs to Hawaii) will generate additional sources of revenue, including private sector investments, in support of these initiatives.

I. Summary of Analysis Performed

Not applicable.

J. Further Considerations

Additional factors make aerospace in Hawaii even more attractive as a growth industry for our local economy. For example, it can substantially enhance and diversify local scientific research, technology transfer, and commercial development in many fields, and provides multiple opportunities to advance basic K-12 and college education programs in science, engineering and mathematics.

Aerospace is a growth industry that won't be exported once it matures. It flourishes here because of where we are and what we have – a strategic mid-Pacific location, unique geological assets, resident expertise in space science and technology, and strong international ties throughout the Asia-Pacific community - all of which combine to give our State competitive advantages in this industry.

Hawaii already has expended considerable effort establishing key working relationships throughout the global aerospace community. We can build upon our rich legacy and existing capabilities in aerospace to grow this industry statewide – especially through multinational partnerships and support.

Hawaii's aerospace sector requires only modest upfront investments to leverage substantial returns. Again, this is largely related to the State's

geographical and environmental advantages over land-locked states, which make us an ideal testbed for both robotic and human space exploration systems, as well as the development and validation of next-generation aviation technologies.

Finally, there is growing interest in Hawaii as a catalyst for space exploration. NASA, along with other space agencies, universities, and aerospace corporations worldwide, recognize our State's intrinsic advantages in aerospace, as well as our potential for promoting international dialogue and exchange, and have increasingly expressed interest in partnering with Hawaii to seed multinational programs that can reduce the costs while enhancing the benefits of and accelerating the timetables for both robotic and human space missions.

**OPERATING AND CAPITAL APPROPRIATIONS**

REPORT P61-A

PROGRAM ID:  
 PROGRAM STRUCTURE NO. **11**  
 PROGRAM TITLE: **GOVERNMENT-WIDE SUPPORT**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	35.00*	36.00*	39.00*	39.00*	39.0*	39.0*	39.0*	39.0*
PERSONAL SERVICES	3,106,543	3,023,301	3,301,826	3,352,664	3,353	3,353	3,353	3,353
OTHER CURRENT EXPENSES	1,802,310	4,088,353	4,435,810	4,022,251	4,022	4,022	4,022	4,022
EQUIPMENT	213,435		7,000					
<b>TOTAL OPERATING COST</b>	<b>5,122,288</b>	<b>7,111,654</b>	<b>7,744,636</b>	<b>7,374,915</b>	<b>7,375</b>	<b>7,375</b>	<b>7,375</b>	<b>7,375</b>
BY MEANS OF FINANCING	30.00*	31.00*	34.00*	34.00*	34.0*	34.0*	34.0*	34.0*
GENERAL FUND	2,601,969	2,418,158	2,981,077	3,024,915	3,025	3,025	3,025	3,025
FEDERAL FUNDS	5.00*	5.00*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0*
REVOLVING FUND	2,520,319	2,693,496	2,763,559	2,350,000	2,350	2,350	2,350	2,350
		2,000,000	2,000,000	2,000,000	2,000	2,000	2,000	2,000
<b>TOTAL POSITIONS</b>	<b>35.00*</b>	<b>36.00*</b>	<b>39.00*</b>	<b>39.00*</b>	<b>39.00*</b>	<b>39.00*</b>	<b>39.00*</b>	<b>39.00*</b>
<b>TOTAL PROGRAM COST</b>	<b>5,122,288</b>	<b>7,111,654</b>	<b>7,744,636</b>	<b>7,374,915</b>	<b>7,375</b>	<b>7,375</b>	<b>7,375</b>	<b>7,375</b>

**OPERATING AND CAPITAL APPROPRIATIONS**

REPORT P61-A

PROGRAM ID: **BED144**  
 PROGRAM STRUCTURE NO. **11010302**  
 PROGRAM TITLE: **STATEWIDE PLANNING & COORDINATION**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	17.00*	17.00*	19.00*	19.00*	19.0*	19.0*	19.0*	19.0*
PERSONAL SERVICES	1,955,575	1,875,402	1,980,025	2,030,863	2,031	2,031	2,031	2,031
OTHER CURRENT EXPENSES	1,658,013	3,897,541	4,017,498	3,603,939	3,604	3,604	3,604	3,604
EQUIPMENT	123,069							
<b>TOTAL OPERATING COST</b>	<b>3,736,657</b>	<b>5,772,943</b>	<b>5,997,523</b>	<b>5,634,802</b>	<b>5,635</b>	<b>5,635</b>	<b>5,635</b>	<b>5,635</b>
BY MEANS OF FINANCING	12.00*	12.00*	14.00*	14.00*	14.0*	14.0*	14.0*	14.0*
GENERAL FUND	1,216,338	1,079,447	1,233,964	1,284,802	1,285	1,285	1,285	1,285
	5.00*	5.00*	5.00*	5.00*	5.0*	5.0*	5.0*	5.0*
FEDERAL FUNDS	2,520,319	2,693,496	2,763,559	2,350,000	2,350	2,350	2,350	2,350
REVOLVING FUND		2,000,000	2,000,000	2,000,000	2,000	2,000	2,000	2,000
TOTAL POSITIONS	17.00*	17.00*	19.00*	19.00*	19.00*	19.00*	19.00*	19.00*
<b>TOTAL PROGRAM COST</b>	<b>3,736,657</b>	<b>5,772,943</b>	<b>5,997,523</b>	<b>5,634,802</b>	<b>5,635</b>	<b>5,635</b>	<b>5,635</b>	<b>5,635</b>

PROGRAM ID: **BED144**  
PROGRAM STRUCTURE: **11010302**  
PROGRAM TITLE: **STATEWIDE PLANNING AND COORDINATION**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. # OF PLANS/STUDIES PREPARED IN TIMELY MANNER	4	3	3	3	3	3	4	4
2. #LUC DECISIONS UPHLDG OP POS AS %TOT LUC DECSNS	100	100	100	100	100	100	100	100
3. # ACRES INVOLVED IN LUC DECISIONS SPRTG OP POSTN	600	600	600	600	600	600	600	600
4. # RIEWS OF FED ACTIV PROPSD/CONDUCTD IN CZM AREA	40	40	40	40	40	40	40	40
5. #STATE/CNTY PROGS AIMG TO ATTN OBJ OF CZM PROG	11	11	11	11	11	11	11	11
6. #AGENCIES PARTICPTING IN STATE GIS USER GROUP	7	10	12	15	15	15	15	15
7. # OF STATE AGENCIES CONTRIB DATA	3	5	10	10	12	15	15	15
<b>PROGRAM TARGET GROUPS</b>								
1. STATE RESIDENT POPULATION (THOUSANDS)	1415	1420	1420	1420	1420	1420	1423	1425
2. NO. OF APPLICANTS FOR FEDERAL PERMITS & LICENSES	60	60	60	60	60	60	60	60
3. NUMBER OF APPLICANTS FOR LAND USE REVIEWS	6	6	6	6	6	6	6	6
<b>PROGRAM ACTIVITIES</b>								
1. # SPECIAL PLANS/PLNGG REPORTS DEVELOPED/REVIEWED	4	3	3	3	3	3	4	4
2. # OF COUNTY GENERAL & DEV PLANS/AMENDMTS REVUED	30	25	25	25	25	25	25	25
3. # LU BOUNDARY AMDT PETITIONS, OTH LUC ITEMS REVWD	7	7	7	7	7	7	7	7
4. # STATE POSN STATEMTS PREP FOR LU BOUNDRY CHG PETS	6	6	6	6	6	6	6	6
5. NUMBER OF FEDERAL CONSISTENCY REVIEWS	85	85	85	85	85	85	85	85
6. STATE PERMITS/APPROVALS REVIEWED BY CZM PROGRAM	14	14	14	14	14	14	14	14
7. # OF NEW DATA LAYERS IN STATE GIS DB	5	10	10	10	12	15	15	15
8. # OF UPDATED LAYERS IN STATE GIS DB	12	20	25	25	40	50	50	50
9. % DATA LAYERS COMPLIANT W/FED STDS	5	50	80	100	100	100	100	100
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUE FROM OTHER AGENCIES: FEDERAL	2,989	2,608	2,201	2,251	2,251	2,251	2,251	2,251
TOTAL PROGRAM REVENUES	2,989	2,608	2,201	2,251	2,251	2,251	2,251	2,251
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	2,989	2,608	2,201	2,251	2,251	2,251	2,251	2,251
TOTAL PROGRAM REVENUES	2,989	2,608	2,201	2,251	2,251	2,251	2,251	2,251

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

The statutory purpose of the Office of Planning (OP) is to assist the governor and the director of the Department of Business, Economic Development, and Tourism in (1) maintaining an overall framework to guide the development of the State of Hawaii through a continuous process of comprehensive, long-range, and strategic planning to meet the physical, economic, and social needs of Hawaii's people; and (2) providing for the wise use of Hawaii's resources in a coordinated, efficient, and economical manner, including the conservation of those natural, environmental, recreational, scenic, historic, and other limited and irreplaceable resources which are required for future generations. See HRS §225M-1.

B. Description of Request and Compliance with Section 37-68 (1) (A) (B).

The FB 13-15 budget request includes the following:

1. Add personnel funds to cover shortfall (FY14/\$23,045, FY15/\$23,045).
2. Restore Land Use Division (LUD) Secretary position and funds. (FY14/\$23,088, FY15/\$46,176).
3. Add funds for Coastal Zone Management (CZM) Program Other Current Expenses (FY14/\$50,000, FY15/\$50,000).
4. Add 1.00 Planner position and funds (FY14/\$27,750, FY15/\$55,500)
5. Appropriate federal fund grants on FFIS listing-BED144 PL (FY14/\$135,131, FY15/\$21,572).
6. Adjust federal fund grants on FFIS listing-BED144PZ (FY14/- \$114,607, FY15/- \$414,607)

C. Description of Activities Performed

The statutory purpose of OP is carried out through eight statutorily defined activities: State comprehensive planning and program coordination; Strategic planning; Planning coordination and cooperation; Statewide planning and geographic information system (GIS); Land use planning; Coastal and ocean

policy management; Regional planning and studies; and Regional, national, and international planning. See HRS §225M-2.

Ongoing regulatory activities include (1) reviewing and issuing of special management area permits for projects within the Hawaii community development districts, (2) reviewing and issuing of Coastal Zone Management (CZM) Act federal consistency determinations for certain federal actions and activities, and (3) developing and presenting the position of the State in all boundary change petitions and proceedings before the Land Use Commission. Other planning and policy related activities pursued by OP are based on administration priorities and availability of staff and funding (mostly federal grant opportunities).

D. Summary of Key Policies Pursued

1. State Planning, HRS Chapter 225M. The purpose of this law is to "(1) Fix responsibility and accountability to successfully carry out statewide planning programs, policies, and priorities; (2) Improve the efficiency and effectiveness of the operations of the executive branch; and (3) Ensure comprehensive planning and coordination to enhance the quality of life of the people of Hawaii." See HRS §225M-1.
2. Hawaii State Plan, HRS Chapter 226. The purpose of this law is to "set forth the Hawaii state plan that shall serve as a guide for the future long-range development of the State; identify the goals, objectives, policies, and priorities for the State; provide a basis for determining priorities and allocating limited resources, such as public funds, services, human resources, land, energy, water, and other resources; improve coordination of federal, state, and county plans, policies, programs, projects, and regulatory activities; and to establish a system for plan formulation and program coordination to provide for an integration of all major state, and county activities." See HRS §226-1.
3. State Land Use Law, HRS Chapter 205. The purpose of this law is to "preserve, protect and encourage the development of the lands in the

State for those uses to which they are best suited for the public welfare[.]” See L. 1961, c 187, §1.

4. Hawaii Coastal Zone Management Act, HRS Chapter 205A. The purpose of this law is to “provide for the effective management, beneficial use, protection, and development of the coastal zone.” See L 1977, c 188, § 1.

#### E. Identification of Important Program Relationships

OP works closely with many federal, state and county agencies in the development of policies, preparation of plans and studies and in implementation activities. Specific projects which involve coordination with other state and county agencies include coordinating the Hawaii comprehensive economic development strategy, preparing the State’s position before the Land Use Commission, implementing the Coastal Zone Management Program, administering the Geographic Information System Program, and participating in Brownfields partnerships.

#### F. Major External Trends Affecting the Program

Among the many externalities that directly and indirectly impinge on program activities are national and international economic conditions and the state’s fiscal and economic condition. These conditions affect land demand for resort, commercial, industrial, residential and agricultural uses and coastal and ocean activities which have potential impacts on natural, cultural, historic, recreational and other resources. Federal policies and regulations and court decisions also impact program activities.

#### G. Discussion of Cost, Effectiveness and Program Size Data

OP has continued to focus on its core statutory functions, federally-funded programs and priority project areas of the administration and legislature. OP produces planning and policy studies, position papers, and reports in order to provide quality information to decision-makers. The National

Oceanic and Atmospheric Administration (NOAA) has continued to increase requirements for the receipt of federal Coastal Zone Management (CZM) funds. OP is challenged by staff and resource constraints but works diligently to maintain its productivity and efficiency.

#### H. Discussion of Program Revenues

Federal funds are received on an annual basis to manage Hawaii’s coastal resources. Federal funds for Brownfields loans and site assessment and federal Economic Development Administration (EDA) grants for economic development planning have also been obtained. OP has successfully pursued federal grant funding and will continue to do so where the federal funding opportunities align with our mission, statutory responsibilities, and capacity.

#### I. Summary of Analysis Performed

1. OP calculated annual personnel costs for existing positions and found a shortfall of \$23,045 in Personal Services. This funding is necessary to fund staff to prepare planning studies and comprehensive and strategic plans and to manage Economic Development Administration grants.
2. The LUD Secretary position was cut during the 2009 reduction-in-force (RIF). The position is essential to prepare and organize the submittals of position papers, testimonies and legal documents needed to represent the State’s position before the quasi-judicial Land Use Commission (LUC). The remaining Secretary position is already overloaded and handles the work of two support staff positions which were also cut during the RIF (Clerk Steno II and Account Clerk positions). It is not cost-effective or operationally efficient for the planners to do this clerical work.
3. CZM federal funds require one to one matching funds. The Federal government has expressed concern over the declining state cash match for the program.
4. Requests for planning assistance have been made by the administration and the legislature. The additional planner position will conduct new work

that is not being conducted by existing planners. The planner position will provide planning services throughout state government, a capacity OP previously had but lost due to reductions-in-force.

J. Further Considerations

None.

**OPERATING AND CAPITAL APPROPRIATIONS**

PROGRAM ID: **BED103**  
 PROGRAM STRUCTURE NO. **11010303**  
 PROGRAM TITLE: **STATEWIDE LAND USE MANAGEMENT**

REPORT P61-A

PROGRAM EXPENDITURES	-IN DOLLARS-				-IN THOUSANDS-			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	5.00*	5.00*	6.00*	6.00*	6.0*	6.0*	6.0*	6.0*
PERSONAL SERVICES	344,104	332,633	408,952	408,952	409	409	409	409
OTHER CURRENT EXPENSES	105,486	144,667	172,167	172,167	172	172	172	172
EQUIPMENT	13,035		7,000					
<b>TOTAL OPERATING COST</b>	<b>462,625</b>	<b>477,300</b>	<b>588,119</b>	<b>581,119</b>	<b>581</b>	<b>581</b>	<b>581</b>	<b>581</b>
BY MEANS OF FINANCING								
GENERAL FUND	5.00*	5.00*	6.00*	6.00*	6.0*	6.0*	6.0*	6.0*
	462,625	477,300	588,119	581,119	581	581	581	581
TOTAL POSITIONS	5.00*	5.00*	6.00*	6.00*	6.00*	6.00*	6.00*	6.00*
TOTAL PROGRAM COST	462,625	477,300	588,119	581,119	581	581	581	581

PROGRAM ID: **BED103**  
PROGRAM STRUCTURE: **11010303**  
PROGRAM TITLE: **STATEWIDE LAND USE MANAGEMENT**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. NUMBER OF BOUNDARY AMENDMENT PETITIONS AND SPECIAL	6	7	6	6	6	6	6	6
2. NUMBER OF ACCEPTED BOUNDARY AMENDMENT PETITIONS AN	12	8	10	10	10	10	10	10
3. NUMBER OF ACRES REVIEWED FOR RECLASSIFICATION.	2917.73	12,062	3000	3000	3000	3000	3000	3000
4. NUMBER OF ACRES REVIEWED FOR SPECIAL PERMIT.	0	250	250	250	250	250	250	250
5. NUMBER OF INDIVIDUALS, BUSINESSES OR ORGANIZATIONS	896	600	600	600	600	600	600	600
6. NUMBER OF CONTESTED PROGRAM DECISIONS PROCESSED	3	2	2	2	2	2	2	2
7. NUMBER OF MOTIONS PROCESSED	17	20	20	20	20	20	20	20
8. NUMBER OF DRAFT EIS RESPONSES ISSUED	208							
<b>PROGRAM TARGET GROUPS</b>								
1. NUMBER OF APPLICANTS FOR LAND USE REVIEW	35	40	40	40	40	40	40	40
2. INDIVIDUALS OR BUSINESSES/ORGANIZATIONS INTERESTED	1250	1300	1300	1300	1300	1300	1300	1300
<b>PROGRAM ACTIVITIES</b>								
1. LAND USE DISTRICT BOUNDARY AMENDMENT PETITIONS PRO	6	7	6	6	6	6	6	6
2. SPECIAL PERMIT APPLICATIONS PROCESSED.	156	160	150	150	150	150	150	150
3. LAND USE DISTRICT BOUNDARY INTERPRETATIONS PROCESS	1409	1400	1400	1400	1400	1400	1400	1400
4. MOTIONS PROCESSED.								
5. SUPPORT OF PUBLIC & PRIVATE SECTOR REQUESTS FOR LA								
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
CHARGES FOR CURRENT SERVICES	4	4	4	4	4	4	4	4
TOTAL PROGRAM REVENUES	4	4	4	4	4	4	4	4
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	4	4	4	4	4	4	4	4
TOTAL PROGRAM REVENUES	4	4	4	4	4	4	4	4

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

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

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Add one (1.00) permanent Secretary position and funding of \$32,424, add one (1.00) temporary Secretary position and funding for the position and operating expenses for the digitization project of \$39,424 for FY 14 and \$32,424 for FY 15, and add additional funding of \$27,500 for required travel to the neighbor islands to meet legal mandates.

C. Description of Activities Performed

The major activities of the Land Use Commission (LUC) include: (1) processing and deciding on district boundary amendment petitions which involve lands over 15 acres in the State Agricultural, Rural and Urban Districts, and all district boundary amendment petitions of lands in the Conservation District; (2) processing special permit applications for lands in the Agricultural or Rural Districts which are over 15 acres; (3) processing boundary interpretation requests; (4) monitoring of past LUC approvals; (5) maintaining, updating and disseminating official State land use district boundary maps and land use statistics; and (6) providing public information.

D. Statement of Key Policies Pursued

The State Land Use Law, Chapter 205, HRS, as amended, and Chapter 15-15, Hawaii Administrative Rules (HAR), provide statutory and administrative rules and guidelines for the LUC's consideration and decision on district

boundary amendment petitions and special permit applications. Chapter 205, HRS, also requires that any decision by the LUC shall comply with the goals, objectives, policies, and priorities of the Hawaii State Plan, Chapter 226, HRS, as amended. Other policy guidelines are found in Chapter 205A, HRS, Coastal Zone Management.

E. Identification of Important Program Relationships

During its review process for district boundary amendment petitions, the LUC is required to consider the extent to which the proposed reclassification conforms to the applicable goals, objectives, and policies of the Hawaii State Plan and relates to the applicable priority guidelines and adopted functional plans, all of which are presently administered by the Office of Planning. The LUC is also bound by rules to consider, the relevant objectives, policies and guidelines of the Coastal Zone Management Program, and the General Plan of the respective county in which the land is located.

F. Description of Major External Trends Affecting the Program

Major external trends affecting the program include: (1) general economic conditions on a local and national scale; (2) population and tourism growth; (3) commercial and industrial development; and (4) federal programs and policies. Recent up ticks in the economy have had a significant impact on the program workload.

G. Discussion of Cost, Effectiveness, and Program Size Data

The effectiveness of the program is measured by (1) the number of acres reviewed for reclassification; (2) the number of acres reviewed for special permit; (3) the number of boundary amendment petitions and special permit applications reviewed and processed within administrative rules guidelines; (4) the number of public persons and entities assisted by providing data and boundary interpretations; and (5) the number of program decisions, EIS

applications and motions processed. Program effectiveness may also be measured by the timeliness and efficiency in which the LUC processes district boundary amendment petitions and special permit applications according to statutory requirements. As the LUC, while operating on a restricted and declining budget, has consistently approved on a timely basis, a significant amount of acreage statewide for various needed uses while protecting the State's interest in land use, the program can therefore be considered highly cost-effective. The LUC will continue to review its procedures and operations to remain as cost-effective as possible over the upcoming budget period to comply with its statutory mandate. External variances in land use pressures brought on by the resurgent economy are trending to significant neighbor island activity. This will require additional response costs impacting on budget requirements that cannot be mitigated programmatically.

#### H. Discussion of Program Revenues

State receipts generated by this program include: (1) \$500 filing fee for district boundary amendment petitions; and (2) a \$50 filing fee for intervention petitions pursuant to section 205-4.1, HRS, and sections 15-15-49 and 15-15-52, HAR, respectively. All fees collected are deposited to the general fund.

#### I. Summary of Analysis Performed

None.

#### J. Further Considerations

None.

**OPERATING AND CAPITAL APPROPRIATIONS**

PROGRAM ID: **BED130**  
 PROGRAM STRUCTURE NO. **11010304**  
 PROGRAM TITLE: **ECONOMIC PLANNING & RESEARCH**

REPORT P61-A

PROGRAM EXPENDITURES	--IN DOLLARS--				--IN THOUSANDS--			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	13.00*	14.00*	14.00*	14.00*	14.0*	14.0*	14.0*	14.0*
PERSONAL SERVICES	806,864	815,266	912,849	912,849	913	913	913	913
OTHER CURRENT EXPENSES	38,811	46,145	246,145	246,145	246	246	246	246
EQUIPMENT	77,331							
<b>TOTAL OPERATING COST</b>	<b>923,006</b>	<b>861,411</b>	<b>1,158,994</b>	<b>1,158,994</b>	<b>1,159</b>	<b>1,159</b>	<b>1,159</b>	<b>1,159</b>
BY MEANS OF FINANCING								
GENERAL FUND	13.00*	14.00*	14.00*	14.00*	14.0*	14.0*	14.0*	14.0*
	923,006	861,411	1,158,994	1,158,994	1,159	1,159	1,159	1,159
TOTAL POSITIONS	13.00*	14.00*	14.00*	14.00*	14.00*	14.00*	14.00*	14.00*
TOTAL PROGRAM COST	923,006	861,411	1,158,994	1,158,994	1,159	1,159	1,159	1,159

PROGRAM ID: BED130  
 PROGRAM STRUCTURE: 11010304  
 PROGRAM TITLE: ECONOMIC PLANNING AND RESEARCH

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>MEASURES OF EFFECTIVENESS</b>								
1. PROG. OUTPUTS CITED IN MAJOR MEDIA (AVE.MONTHLY#)	10	10	10	10	10	10	10	10
2. ACCURACY OF ECON FORECASTS (% ERROR)	5	5	5	5	5	5	5	5
<b>PROGRAM TARGET GROUPS</b>								
1. VISITS TO PROGRAM WEBSITE (AVE PER MONTH, THOUS.)	15	15	15	15	15	15	15	15
<b>PROGRAM ACTIVITIES</b>								
1. DATA SERIES MAINTAINED ON-LINE (X 100)	50	50	50	50	50	50	50	50
2. OTHER ECONOMIC AND STATISTICAL REPORTS ISSUED (#)	40	40	40	40	40	40	40	40
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
CHARGES FOR CURRENT SERVICES					100	100	100	100
TOTAL PROGRAM REVENUES					100	100	100	100
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS					100	100	100	100
TOTAL PROGRAM REVENUES					100	100	100	100

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To enhance and contribute to the economic development of the State by providing plans, analyses and policy recommendations on economic issues; conducting and reporting on basic research into the economy of the state, collecting, compiling, interpreting and publishing data and statistics on all aspects of business activity, the economy and demographic characteristics of the State; and developing and maintaining a statewide statistical reporting system.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The program is requesting funding: (1) Add personal services funding of \$70,686 to cover shortage; and (2) Add \$200,000 to conduct surveys and research to measure the progress of Hawaii's innovation, economic diversification, clean energy initiative, and the industry structural changes in Hawaii.

C. Description of Activities Performed

Compiles and Publishes Hawaii's Innovation Indicators report to measure the performance and progress of Hawaii's innovation and comparison with national trends.

Prepares the Emerging Industries report which analyzes Hawaii's sources of growth and identifies key industries and clusters driving growth and diversification.

Compiles and publishes Self-Sufficiency Income Standard report as required by Hawaii Revised Statutes, 201-3(b). This report establishes Hawaii's self-sufficient family income standards and compares self-sufficient family budgets with poverty thresholds, minimum wage level,

median family income, and estimates for actual incomes for five family types.

Maintains the automated data warehouse site to greatly expand access to data relevant for government and business decision making.

Compiles and Publishes the *State of Hawaii Data Book* containing 800 tables of key data widely used by government, business and residents.

Develops and publishes long-range, State Population and Economic Projections and the State and county Input-Output models to guide state, county and private-sector planning efforts.

Compiles and publishes daily passenger count and weekly unemployment initial claim data. Collects passenger data from all the airlines carrying passengers to Hawaii on monthly basis.

Produces the web-based publications, Quarterly Statistical and Economic Report, Monthly Economic Indicators, and Monthly Energy Trends.

Conducts Census-related workshops to enhance businesses' ability to mine census data for marketing and business development purposes.

Conducts economic analyses and impact studies.

Responds to about 2,000 annual requests for information and other inquiries to the department.

D. Statement of Key Policies Pursued

Pursues research support for the development of emerging and growth industries and the transition of Hawaii's economy under the state's innovation initiative.

Provides policy makers with economic data, plans and alternatives to facilitate strategic economic development decision making. This includes basic research to develop functional models of Hawaii's economic activity.

Provides ongoing and special analyses of economic and business issues affecting the State.

Develops and provide accurate, complete statistics to assist decision making by the Administration, Legislature, and the business community.

E. Identification of Important Program Relationships

The program maintains important relationships with decision makers in the State Administration, Legislature, private industry, and Federal agencies, in order to provide the highest quality information and economic analysis support in meeting the State's economic development goals.

F. Description of Major External Trends Affecting the Program

Over the last several years the program's priorities have centered on assisting the Administration, Legislature, counties and various boards and commissions to address the need for economic transformation in Hawaii's economy. As the economy moves into a cyclical weak period, the program is monitoring the economic environment closely and provided affected sectors and relevant state agencies with information and briefings on the situation and prospects for the near

future. The program also works closely with the U.S. Census Bureau on the data collection, estimation, and interpretation for Hawaii such as the decennial census, the annual American Community Survey, and the annual population estimates.

G. Discussion of Cost, Effectiveness, and Program Size Data

Reductions in force and the cut in other current expenditures forced the program closed the business library precluded the ability to fund more than necessary operating expenses of General Fund activities. Consequently, all hard copy printing of reports and the engaging of outside, supplemental research services, have been severely limited. The program has sought to address this challenge by electronic dissemination of information and development of the automated data warehouse project. The program continues to seek ways to economize, including careful consideration of research priorities, staff development to permit all research needs to be performed in house, and elimination of numerous subscriptions and publications.

H. Discussion of Program Revenues

Minor revenues of roughly \$100 per year are generated through sale of the State Data Book on CD-ROM.

I. Summary of Analysis Performed

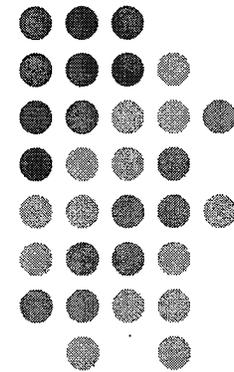
No major program changes are planned.

J. Further Considerations

Not Applicable.

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## Capital Budget Details





**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
IN THOUSANDS OF DOLLARS**

PROGRAM ID **BED-107**PROGRAM STRUCTURE NO. **010103**PROGRAM TITLE **FOREIGN TRADE ZONE**

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD						SUCCEED YEARS		
				PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17		FY 17-18	FY 18-19
FTZ012			RENOVATION	FOREIGN-TRADE ZONE	IMPORT-EXPORT	STEP-UP	INCUBATOR, MAUKA RENOVATION, OAHU							
			DESIGN				750							
			CONSTRUCTION				3,000							
			TOTAL				3,750							
			FEDERAL FUNDS				1,500							
			G.O. BONDS REP				2,250							
FTZ013			OTHER	ROOF REPAIRS TO THE	FOREIGN-TRADE ZONE	PIER 2 FACILITY, OAHU								
			PLANS				30							
			DESIGN				120							
			CONSTRUCTION				2,050							
			TOTAL				2,200							
			G.O. BONDS				30							
			G.O. BONDS				120							
			G.O. BONDS				2,050							
PROGRAM TOTALS														
			PLANS				30							
			DESIGN				870		750			120		
			CONSTRUCTION				5,050		3,000			2,050		
			TOTAL				5,950		3,750			2,200		
			G.O. BONDS				2,200					2,200		
			FEDERAL FUNDS				1,500		1,500					
			G.O. BONDS REP				2,250		2,250					

STATE OF HAWAII

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
IN THOUSANDS OF DOLLARS

REPORT B78

PROGRAM ID BED-142

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PROGRAM STRUCTURE NO. 010104

PROGRAM TITLE GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD								SUCCEED YEARS	
				PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19		
BED100			NEW	TRANSPACIFIC CABLE PROJECT, STATEWIDE											
			PLANS	2,200					2,200						
			TOTAL	2,200					2,200						
			G.O. BONDS	2,200					2,200						
				PROGRAM TOTALS											
			PLANS	2,200					2,200						
			TOTAL	2,200					2,200						
			G.O. BONDS	2,200					2,200						



STATE OF HAWAII

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
IN THOUSANDS OF DOLLARS

REPORT 878

PROGRAM ID BED-120

PROGRAM STRUCTURE NO. 010501

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PROGRAM TITLE PROGRAM ON ENVIRONMENT & ENERGY DEVELOPM

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD						SUCCEED YEARS		
				COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16		FY 16-17	FY 17-18
SID001			NEW		FUEL INFRASTRUCTURE, OAHU									
			DESIGN		5,000				5,000					
			TOTAL		5,000				5,000					
			G.O. BONDS		5,000				5,000					
PROGRAM TOTALS														
			DESIGN		5,000				5,000					
			TOTAL		5,000				5,000					
			G.O. BONDS		5,000				5,000					

**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
IN THOUSANDS OF DOLLARS**

PROGRAM ID **BED-146**PROGRAM STRUCTURE NO. **010504**PROGRAM TITLE **NATURAL ENERGY LAB OF HAWAII AUTHORITY**

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD						SUCCEED YEARS	
				COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16		FY 16-17
1	1		NEW	NELHA FRONTAGE ROAD AND NEW INTERSECTION CONNECTIONS, HAWAII									
			CONSTRUCTION	9,694					9,694				
			TOTAL	9,694					9,694				
			G.O. BONDS	9,694					9,694				
2	2		NEW	SEAWATER SYSTEM UPGRADES, HAWAII									
			DESIGN	75					75				
			CONSTRUCTION	2,248					2,248				
			TOTAL	2,323					2,323				
			G.O. BONDS	2,323					2,323				
NELH28			REPLACEMENT	NELHA 40" SEAWATER PIPES UPGRADE, HAWAII									
			PLANS	1		1							
			DESIGN	1		1							
			CONSTRUCTION	8,748		3,498			5,250				
			EQUIPMENT	1,750		1,750							
			TOTAL	10,500		5,250			5,250				
			G.O. BONDS	10,500		5,250			5,250				
P12009			NEW	NELHA ALTERNATIVE ENERGY AND BIOTECHNOLOGY INCUBATOR, HAWAII									
			PLANS	1					1				
			DESIGN	1					1				
			CONSTRUCTION	998					998				
			TOTAL	1,000					1,000				
			G.O. BONDS REP	1,000					1,000				

STATE OF HAWAII

**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
IN THOUSANDS OF DOLLARS**

REPORT B78

PROGRAM ID **BED-146**

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PROGRAM STRUCTURE NO. **010504**

PROGRAM TITLE

**NATURAL ENERGY LAB OF HAWAII AUTHORITY**

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD					SUCCEED YEARS		
				COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15		FY 15-16	FY 16-17
PROGRAM TOTALS													
				PLANS	487	486		1					
				DESIGN	2,330	2,254		1	75				
				CONSTRUCTION	38,718	20,528		6,248	11,942				
				EQUIPMENT	10,953	10,953							
				TOTAL	52,488	34,221		6,250	12,017				
				G.O. BONDS	47,488	30,221		5,250	12,017				
				FEDERAL FUNDS	4,000	4,000							
				G.O. BONDS REP	1,000			1,000					

**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
IN THOUSANDS OF DOLLARS**

PROGRAM ID **BED-150**PROGRAM STRUCTURE NO. **010701**PROGRAM TITLE **HAWAII COMMUNITY DEVELOPMENT AUTHORITY**

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE	BUDGET PERIOD								SUCCEED YEARS	
					PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17		FY 17-18
KA008			NEW	POHUKAINA STREET MIXED USE TRANSIT ORIENTED DEVELOPMENT PROJECT, KAKAAKO, OAHU										
			PLANS		1,500		1,500							
			TOTAL		1,500		1,500							
			G.O. BONDS		1,500		1,500							
KA009	1		NEW	COMPLETE STREET, KAKAAKO, OAHU										
			PLANS		150			150						
			DESIGN		450			450						
			CONSTRUCTION		4,400			4,400						
			TOTAL		5,000			5,000						
			G.O. BONDS		5,000			5,000						
KA010	1		NEW	KEHALO BASIN JETTY RIPRAP WALL REPAIR, KAKAAKO, OAHU										
			DESIGN		100			100						
			CONSTRUCTION		900			900						
			TOTAL		1,000			1,000						
			G.O. BONDS		1,000			1,000						
KA012	1		NEW	NEW COMMUNITY AND EDUCATIONAL CENTER AND PERFORMANCE FACILITY, KAKAAKO, OAHU										
			DESIGN		400			400						
			CONSTRUCTION		4,100			1,100	3,000					
			TOTAL		4,500			1,500	3,000					
			G.O. BONDS		4,500			1,500	3,000					

STATE OF HAWAII

PROGRAM ID **BED-150**PROGRAM STRUCTURE NO. **010701**

PROGRAM TITLE

**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
IN THOUSANDS OF DOLLARS**

REPORT B78

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PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD						SUCCEED YEARS	
						PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15		FY 15-16
			COST ELEMENT/MOF										
KL006			NEW	KALAELOA EAST ENERGY CORRIDOR, KALAELOA, OAHU									
			PLANS	1			1						
			DESIGN	599			599						
			CONSTRUCTION	2,900			2,900						
			TOTAL	3,500			3,500						
			G.O. BONDS	3,500			3,500						
HC001	1		OTHER	HAWAII COMMUNITY DEVELOPMENT AUTHORITY'S COMMUNITY DEVELOPMENT DISTRICTS, OAHU									
			PLANS	62,440	43,890	1,855	1,855	1,855	1,855	1,855	1,855	1,855	3,710
			LAND	22,456	22,456								
			DESIGN	12,532	12,532								
			CONSTRUCTION	69,708	69,708								
			TOTAL	167,136	148,586	1,855	1,855	1,855	1,855	1,855	1,855	1,855	3,710
			G.O. BONDS	117,384	98,834	1,855	1,855	1,855	1,855	1,855	1,855	1,855	3,710
			GENERAL FUND	49,752	49,752								
P12010			NEW	CULTURAL PUBLIC MARKET, OAHU									
			PLANS	1			1						
			LAND	1			1						
			DESIGN	299			299						
			CONSTRUCTION	2,000			2,000						
			TOTAL	2,301			2,301						
			G.O. BONDS	2,301			2,301						

STATE OF HAWAII

**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
IN THOUSANDS OF DOLLARS**

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PROGRAM ID **BED-150**

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PROGRAM STRUCTURE NO. **010701**PROGRAM TITLE **HAWAII COMMUNITY DEVELOPMENT AUTHORITY**

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE COST ELEMENT/MOF	PROJECT TITLE		BUDGET PERIOD						SUCCEED YEARS	
				PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17		FY 17-18
<b>PROGRAM TOTALS</b>													
			PLANS	64,142	43,940	1,855	3,357	2,005	1,855	1,855	1,855	1,855	3,710
			LAND	22,457	22,456		1						
			DESIGN	14,430	12,582		898	950					
			CONSTRUCTION	84,508	70,208		4,900	6,400	3,000				
			EQUIPMENT	500	500								
			<b>TOTAL</b>	<b>186,037</b>	<b>149,686</b>	<b>1,855</b>	<b>9,156</b>	<b>9,355</b>	<b>4,855</b>	<b>1,855</b>	<b>1,855</b>	<b>1,855</b>	<b>3,710</b>
			GENERAL FUND	49,752	49,752								
			G.O. BONDS	136,285	99,934	1,855	9,156	9,355	4,855	1,855	1,855	1,855	3,710

STATE OF HAWAII

PROGRAM ID

PROGRAM STRUCTURE NO.

PROGRAM TITLE

BED-160

0108

HAWAII HOUSING FINANCE AND DEVELOPMENT C

**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
IN THOUSANDS OF DOLLARS**

REPORT B78

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PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD						SUCCEED YEARS
						PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	
		COST ELEMENT/MOF										
HFDC05		OTHER	DWELLING UNIT REVOLVING FUND INFUSION,		STATEWIDE							
		CONSTRUCTION	50,000	30,000			10,000	10,000				
		TOTAL	50,000	30,000			10,000	10,000				
		G.O. BONDS	50,000	30,000			10,000	10,000				
HFDC06		NEW	SENIOR RESIDENCE AT IWILEI, OAHU									
		CONSTRUCTION	26,000		26,000							
		TOTAL	26,000		26,000							
		G.O. BONDS	26,000		26,000							
HFDC07		OTHER	WAIAHOLE WATER SYSTEM IMPROVEMENTS, OAHU									
		DESIGN	750					750				
		CONSTRUCTION	7,050					7,050				
		TOTAL	7,800					7,800				
		G.O. BONDS	7,800					7,800				
PROGRAM TOTALS												
		DESIGN	750					750				
		CONSTRUCTION	83,050	30,000	26,000			17,050	10,000			
		TOTAL	83,800	30,000	26,000			17,800	10,000			
		G.O. BONDS	83,800	30,000	26,000			17,800	10,000			

