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**Audit of Contract Administration  
and the Office of Space Industry  
in the Department of Business,  
Economic Development and  
Tourism**

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A Report to the  
Governor  
and the  
Legislature of  
the State of  
Hawaii

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Submitted by

**THE AUDITOR**  
STATE OF HAWAII

Report No. 95-3  
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## Foreword

The Department of Business, Economic Development and Tourism undertakes a variety of programs, mostly through contracts, to stimulate economic growth and support business in Hawaii. Between 1990 and 1993 the department spent over \$152 million on contracts. The Auditor initiated the audit of contract management due to concerns over the number, size, and administration of the contracts. After the audit was underway, the 1994 Legislature requested the Auditor to give priority to the Office of Space Industry in the then-ongoing contract audit. This report is the result of the two audits conducted at the department.

We wish to express our appreciation for the cooperation and assistance extended to us by personnel at the Department of Business, Economic Development and Tourism and others whom we contacted during the course of our audits.

Marion M. Higa  
State Auditor

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# Table of Contents

## Chapter 1 Introduction

Background on DBEDT .....	1
Objectives of the Audit .....	5
Scope and Methodology .....	5

## Chapter 2 Contracting at the Department of Business, Economic Development and Tourism

Summary of Findings .....	7
DBEDT Does Not Clearly Justify Its Reliance on Contracting .....	7
DBEDT Contract Administration Does Not Protect the State .....	13
Conclusion .....	17
Recommendations .....	18

## Chapter 3 The Office of Space Industry

Summary of Findings .....	21
Development of Space Industry for Hawaii Was Poorly Managed .....	21
OSI Had Questionable Contracting Procedures .....	26
Most OSI Functions Can Be Transferred .....	29
Recommendations .....	30

Notes .....	31
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Response of the Affected Agency .....	33
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## List of Exhibits

Exhibit 1.1 Contract Expenditures by DBEDT Divisions, FY1989-90 to FY1992-93 .....	4
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Appendix .....	47
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# Chapter 1

## Introduction

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This audit was performed pursuant to Section 23-4, Hawaii Revised Statutes, which requires the Auditor to conduct post audits of the transactions, accounts, programs, and performance of all state agencies.

The Auditor initiated this audit of contract management by the Department of Business, Economic Development and Tourism (DBEDT) because of concerns over the number and size of the department's contracts and its administration of these contracts. Between 1990 and 1993, the department spent over \$152 million on contracts with consultants. The contracts are listed in the Appendix.

Despite the department's extensive use of contracts in carrying out its programs, its contract administration practices do not ensure wise and prudent use of public moneys. In our previous 1993 *Management and Financial Audit of the Hawaii Visitors Bureau*, Report No. 93-25 and 1992 *Financial Audit of the Department of Business, Economic Development, and Tourism*, Report No. 92-12, we found that the department lacked written policies on contract monitoring, lacked sufficient documentation on the contracts, had poor monitoring practices, delayed in signing contracts, and executed inadequate contract documents.

After the audit was initiated, House Concurrent Resolution 293, House Draft 1, Senate Draft 1, of the 1994 legislative session asked the Auditor to give priority to the Office of Space Industry (OSI) in the ongoing audit of contract management at DBEDT. The audit of OSI was to ensure that taxpayer dollars were accounted for and expended efficiently for purposes of economic diversification, development, and growth.

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### Background on DBEDT

The Department of Planning and Economic Development, now called the Department of Business, Economic Development and Tourism, was established by the Legislature in 1963. The department's responsibilities, enumerated in Section 26-18, HRS, are as follows:

The department shall undertake statewide business and economic development activities, undertake energy development and management, provide economic research and analysis, plan for the use of Hawaii's ocean resources, and encourage the development and promotion of industry and international commerce through programs established by law.

The department is headed by the director of business, economic development and tourism who has overall responsibility for planning, directing, and coordinating the department's various programs. DBEDT is organized into staff offices and operating divisions. Several other agencies are attached to the department for administrative purposes. They include the Hawaii Community Development Authority, the Aloha Tower Development Authority, the High Technology Development Corporation, the Waikiki Convention Center Authority, the Natural Energy Laboratory of Hawaii Authority, and the Land Use Commission.

### **Organization of the department**

Several operating divisions rely extensively on contracts in carrying out their programs. They are as follows:

- The *Office of Space Industry (OSI)* directs the planning, evaluation, and coordination of space-related activities in the State.
- The *Research and Economic Analysis Division (READ)* provides information, analyses, and policy recommendations on economic and business issues; conducts and reports on basic research on the economy and business of the State; compiles, interprets, and disseminates information on business activity, the economy, and demographic trends; and maintains a statewide statistical reporting system.
- The *Energy Division* plans, organizes, reports on, and administers programs dealing with energy resource development and energy management and conservation.
- The *Business Services Division (BSD)* supports new and existing businesses through loans, licensing and permit information and referral, and business advocacy. It also plans and coordinates activities aimed at specific business sectors or economically distressed areas, including rural areas and areas affected by natural disasters.
- The *Industry Promotion Division (IPD)* ensures the stability and growth of major industries in Hawaii through planning, development, and promotion of products and services. Industries promoted include the film industry, ocean-related industries, garment industry, and other industries not being promoted by other state departments.

- The *Business Development and Marketing Division (BDM)* seeks to attract industries to Hawaii and retain existing businesses by planning, organizing, and implementing activities to encourage investment in Hawaii and to promote Hawaii as a place to do business.
- The *Foreign Trade Zone (FTZ)* encourages the expansion of international trade and the concomitant expansion of the commercial and economic base of Hawaii by providing a range of services to assist businesses and government agencies involved in international trade.

Exhibit 1.1 shows the amounts each of the above divisions spent on contracts from FY1989-90 through FY1992-93. Reflecting the State's tightening finances, the total amounts have declined substantially over the past three years—from \$43 million to \$31 million. Significant drops in contracting have occurred in all the divisions except for the Research and Economic Analysis Division, the Foreign Trade Zone, and the Office of Tourism. Despite the decline, the amounts remain sufficiently large to warrant concern that these moneys be used in the best interest of taxpayers.

### **The Office of Space Industry**

In 1987, the State engaged a consulting firm, Arthur D. Little, to evaluate the potential for space-related activities in Hawaii. The ensuing report recommended seven market segments that Hawaii should pursue. One was to establish a small to mid-size launch facility serving commercial and scientific payloads. The six other recommended segments were: earth-based communications systems; earth and planetary remote sensing research; earth-based navigational support and control systems; astronomical, astrophysics, and other space science research; defense and other federal agency space activities; and visitor industry developments related to space.

The Arthur D. Little study reported that a narrow window of opportunity existed and there was an acute need to move ahead as quickly as possible. In Act 355, 1988 Session Laws of Hawaii, the Legislature established OSI to develop, coordinate, and monitor the progress of a strategic plan for Hawaii's space industry. The main responsibility of the office was to plan, evaluate, and coordinate space-related activities in the State.

Since its establishment, OSI has focused primarily on developing a commercial launch facility on the Big Island. This has entailed planning and preparation of environmental impact statements for such a facility and engaging a consultant to promote Hawaii as a locality for space-related activities.

**Exhibit 1.1**  
**Contract Expenditures by DBEDT Divisions**  
**FY1989-90 to FY1992-93**

Division	FY90	FY91	FY92	FY93
Office of Space Industry Research and Economic Analysis Division	\$ 1,129,126	\$ 1,445,290	\$ 999,550	\$ 328,676
Energy Division	195,775	196,000	188,000	182,000
Business Services Division	4,304,750	5,752,004	5,766,709	1,198,311
Industry Promotion Division	552,352	1,092,300	247,000	0
Business Development and Marketing Division	7,758,879	1,215,674	956,044	1,438,830
Foreign Trade Zone	5,311,946	6,107,913	4,901,825	2,826,904
Other	72,463	74,856	77,149	94,911
	3,416,750	5,195,935	3,771,849	4,460,387
<b>Total</b>	<b>\$ 22,742,041</b>	<b>\$ 21,079,972</b>	<b>\$ 16,908,126</b>	<b>\$ 10,530,019</b>
Tourism Office	20,283,040	19,015,561	20,983,884	20,536,593
<b>Department Total</b>	<b>\$ 43,025,081</b>	<b>\$ 40,095,533</b>	<b>\$ 37,892,010</b>	<b>\$ 31,066,612</b>

Source: DBEDT Fiscal Office.

***Contracting  
procedures***

Contract administration at the department generally follows the procedures below:

1. The Legislature appropriates funds for various activities and programs.
2. A DBEDT division or office prepares a proposal for contracting for the director's approval to expend funds.
3. The director's office requests approval from the governor to enter into a contract. The director also requests approval of any sole source selection.
4. The department requests bids and makes a selection from among the bidders.
5. The division or office prepares the contract. The department's Administrative Services Office reviews the contract and the director's office approves the contract.
6. The attorney general's office reviews non-routine contracts.

7. The Department of Accounting and General Services encumbers funds for contract work.
8. The division or office implements and monitors the contract through completion. This also includes extensions or amendments as needed.

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## Objectives of the Audit

Separate objectives were developed for the audit of contract administration and for the audit of OSI. The objectives of the audit on contract administration were to:

1. Assess the department's rationale for contracting in general and for specific contracts.
2. Determine the adequacy of DBEDT's contract administration process.
3. Assess the outcomes of contracting.

The objectives of the audit of the OSI were to:

1. Assess whether the activities by the Office of Space Industry are meeting the mission of the office.
2. Assess the future of the Office of Space Industry and its programs.
3. Make recommendations as appropriate.

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## Scope and Methodology

We reviewed the mission, authority, and organization of the department for the administration of contracts. Our work focused on contracts from FY1989-90 to the present.

We sampled and reviewed 72 contracts and their respective contract files from six of the seven operating divisions of DBEDT. We did not review contracts by the Foreign Trade Zone because the office had only a few. Neither did we review the contracts of the Office of Tourism since we had just audited the office in 1993. (See the *Management and Financial Audit of the Hawaii Visitors Bureau*, Report No. 93-25.) In addition, we did not review contracts administered by agencies administratively attached to DBEDT.

We selected the 72 contracts by a judgmental sampling method. Factors in selecting the sample included the dollar value of the contract, the

contract execution date, and an assessment of their risk. We also considered representation of every division. We reviewed the contracts to assess compliance with applicable laws and rules, to evaluate the contracts' rationale and final outcome, and to determine the adequacy of the department's contract administration process.

We interviewed DBEDT division heads as well as other individuals responsible for contract administration. We examined the department's contracts policy and procedures manual, memoranda of agreement, relevant laws and rules, previous audits and studies, correspondence, and annual reports.

During the OSI audit, we reviewed its overall mission, authority, and plans for space-related activities in Hawaii. We interviewed OSI staff and other individuals associated with the office. We also reviewed the office's policies, correspondence files, relevant laws and rules, previous audits and studies, and annual reports. We examined the management, coordination, and timing of space-related contracts to assess whether funds were prudently and efficiently expended. We focused on the office's activities from its inception in 1988 to the present.

Our work was performed from January to November 1994 in accordance with generally accepted government auditing standards.

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# Chapter 2

## Contracting at the Department of Business, Economic Development and Tourism

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The public has a right to expect government agencies to spend taxpayer moneys with prudence and care. Public confidence in government depends on this. In this chapter, we assess the effectiveness of contracting by the Department of Business, Economic Development and Tourism (DBEDT). The department has reduced its expenditures on contracts from \$43 million in FY1989-90 to \$31 million in FY1992-93. The bulk of this reduction occurred in non-tourism contracts. Even though expenditures have declined, the department can improve by making sure that each contract is fully justified and that work is performed for the least cost.

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### Summary of Findings

Overall, we found that DBEDT has not used contracts effectively to accomplish its mission of economic development. We found the following specific weaknesses in DBEDT's contracting practices:

1. DBEDT entered into contracts without any rigorous analysis of the need for contracting or identification of the intended benefits to the State. Consequently, some contracts resulted in negligible or questionable benefits.
2. DBEDT did not protect the interests of the State in administering contracts. It paid contractors up front before any work was performed, allowed work to be done before the contract was executed, and allowed informal changes to be made to the contract.
3. DBEDT did not adequately monitor contracts. Contractors were reimbursed for questionable costs or paid for work that was not performed.

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### DBEDT Does Not Clearly Justify Its Reliance on Contracting

DBEDT often lacked a clear rationale and basis for entering into contracts. There was little evidence that DBEDT divisions planned for contracts in conjunction with their programs, identified the purpose of each contract, or established the need for contracting.

To be fiscally responsible, agencies must have a firm and defensible basis for making expenditures. They need to plan expenditures to

support their priorities and program goals. They should make sure that the public receives the greatest benefit for the lowest cost. Also, they must be willing to be held accountable for expenditures and their outcomes.

DBEDT divisions do not appear to give priority to fiscal responsibility. Contracts are frequently not justified and expected benefits or outcomes are not identified. Consequently, the value of a contract or its benefit to the State and the public are not always apparent. Lack of formal pre-contract analysis, vague provisions on the scope of services, and questionable award procedures result from and are key contributors to poor contracting practices at DBEDT.

***Formal analysis to justify contracting is the exception***

We found little documentation that divisions performed any pre-contract analysis before entering into contracts. This type of analysis should precede any contract so that the department can be assured that the contract is fully justified that the work to be done fits into the department's program and cannot be done by existing staff. Such analysis is a basis for determining if the contractor delivered the expected product, and the division received the anticipated benefits.

In our review of 72 contracts, we found that 66, or over 90 percent, had no documentation that the division had analyzed the need for contracting, the purpose of the contract, or how the expected outcome would help the division achieve its objectives.

For example, we found no evidence that the Research and Economic Analysis Division (READ) had analyzed the need for or the benefits of six contracts for services that it had executed with the Research Corporation of the University of Hawaii (RCUH). These contracts totaled \$527,500 between FY1989-90 and FY1992-93. READ has regularly contracted with RCUH since the 1960s.

READ said these contracts were for updating its economic data, models, and statistics. It justified them on the basis of limited DBEDT resources and available RCUH expertise. However, what purposes these contracts serve or how the public would benefit is not clear. It is also not clear how these contracts fit into the division's existing activities or assist it to meet its priorities. In addition, no evidence exists that the division considered such alternative uses of the moneys as training its own personnel to do the recurring work.

Staff of the division were unable to explain clearly the purpose of these contracts. When asked about the value of the services provided by RCUH, READ personnel responded that the benefit is not direct, but the results are used by other state agencies in making policy. Moreover, because the product is scientific and mathematical research, benefits may be indirect.

The average cost of each of the six contracts is almost \$88,000. Perhaps a more productive use of this money over the past several decades would have been to train and upgrade READ staff to perform these functions. In fact, the governor raised this very point in a memo to the DBEDT director:

The recurrent nature of the funding requests indicates a need for in-house integration of these services. As a means of insuring cost-effectiveness, it is suggested that future consideration be given to seeking alternative methods of meeting program needs while maintaining research objectives.<sup>1</sup>

Despite the governor's memorandum, the division has continued to contract with RCUH for the services.

### **Some divisions justify contracting**

In contrast, some DBEDT divisions do analyze and justify the need for contracting. For example, two of seven contracts we reviewed at DBEDT's Energy Division contained such an analysis.

The analysis delineated clearly and specifically the objectives of the contract, the relationship of the contracted services to the Energy Division's ongoing responsibilities for integrated resource planning, the contractor's qualifications and basis for selection, measures of effectiveness, and measures to monitor the contract. DBEDT should require all its divisions to conduct this type of pre-contract analysis.

### ***Scope of services is poorly defined***

One result of inadequate analysis is poorly defined and generalized provisions on the scope of services. To properly serve as a binding agreement between the State and another party, a contract must provide for certainty of terms. It must be sufficiently clear, specific, and complete to be enforceable by a court of law and to avoid any misunderstanding. Vague or indefinite language allows participants a great deal of latitude that can cause misunderstanding and contract disputes.

### **Examples of great latitude**

Several contracts in our sample contained only general provisions on the scope of services that allowed the contractor a great deal of latitude. For example, the Industry Promotion Division (IPD) contracted with the Hawaii Fashion Industry Association to administer promotional programs that would stimulate sales of Hawaiian fashion and related products. In two separate contracts with very similar scopes of services, the State paid the consultant a total of \$127,700 to provide "adequately

staffed office space,” technical expertise through attendance at all industry-related meetings, employment of a full or part-time executive director, and “other operational duties and functions.”

The consultant was given great latitude in determining what constituted “adequately staffed” office space and “other operational duties and functions.” The broad scope of services made it virtually impossible for IPD to determine if the contracts resulted in any measurable benefits to the public. IPD required no quantitative data from the contractor, such as increased sales figures, to assess the effectiveness of the contracts.

Another example was an \$8,000 contract for services to expand and enhance the Hawaii Film Office Library database. The contract required the contractor to:

- a. Coordinate and oversee photography and data collection for new locations to be added to the State’s location library database;
- b. Update photographs and data in current database;
- c. Coordinate work with the computer programmer who is under a separate contract, to refine the database, reports and information access process.<sup>2</sup>

The contract does not specify what was to be coordinated, what was to be added, the number of new photographs to be added to the database, or the photographs that had to be updated. As a result, it is difficult to determine what the contractor was supposed to do and whether the contractor had fulfilled the required scope of services.

### **Potential contract disputes**

Contracts with vague scopes of services have led to contract disputes. These time-consuming disputes could easily have been avoided had DBEDT divisions defined more carefully the contract objectives, the scope of services, and the expected outcomes. For example, one industry promotion consultant was supposed to:

- a. Develop and implement a comprehensive strategic marketing plan that will address industries’ needs in marketing.
- b. Prepare a guideline advisory report on design of promotional material pertaining to the Food Processing and Garment Industries. The report will address effectiveness with respect of Marketing Benefits Principle, target market, and consumer preferences.<sup>3</sup>

This broad scope of services sets few boundaries for the consultant. IPD realized the inadequacy of these contract terms almost immediately. Three weeks after the contract's effective date, IPD sent the consultant a memo stating that, "In addition to your contract, letters of understanding will be developed to further define your services due to the *broadness of the contract*."<sup>4</sup>

Three months later, an IPD memo noted that numerous attempts had been made to meet with the consultant "for the purpose of discussing the 'product' that is expected...since there seems to be some misunderstanding as to what is required."<sup>5</sup>

In a subsequent memo to a DBEDT deputy director, IPD stated that, "This matter has taken up too much valuable time by many people. We hope for a positive working relationship which requires a common goal..."<sup>6</sup>

These problems resulted in mutual dissatisfaction between DBEDT and the consultant. DBEDT decided to terminate the contract prior to the contracted term. It made a final payment of over \$7,900 to the contractor to avoid possible litigation even though the contractor had not provided any services. Proper and prudent planning and contract drafting could have prevented this waste of public funds.

### ***Award procedures are questionable***

DBEDT practices offer no assurance that contracts are awarded fairly and equitably for reasonable cost on the basis of open competition. It routinely awards sole source contracts. The lack of open, competitive bidding results in contract amounts that appear arbitrary and without the benefit of any cost analysis.

In our sample of 72 contracts, 34 or 47 percent, showed no evidence of having undergone a bidding process. Also, these contracts contained no documentation showing how the consultant was selected. Consequently, there is no assurance that the State obtained the best service or the best price. Many of the contracts could have been awarded on the basis of open and fair competition. The qualifications of some contractors were not so unique that others would not have qualified.

For example, READ routinely contracts with RCUH without open competition. That RCUH is the sole source of the recurring economic data desired by READ is arguable. In another example, the Business Development and Marketing Division selected a contractor who simply "emerged as the best candidate," in the opinion of division personnel. Without competitive bidding or written documentation explaining the selection of the consultant, the determination of the "best candidate" is arbitrary and unsubstantiated by defensible criteria.

To comply with the new procurement law, DBEDT should issue letters of invitation soliciting interest and requests for proposals. Whenever possible, consultants should be chosen on the basis of competitive bidding. This would offer public assurance that the State is receiving the lowest price or best qualified candidate for the contracted service or product.

Advantages from competitive bidding include: (1) the possibility of lower cost, (2) information on the value and true cost of the contract, and (3) information on the breakdown of costs. Without these advantages, the State has no basis for ensuring that the taxpayers' money is being used prudently.

### **Awards not in compliance with policy**

DBEDT divisions are not complying with the department's own policy on competition. Its manual states:

DBEDT shall advocate a policy of open and fair competition during the contractor selection process. Contracts shall be managed in such a manner as to insure that the taxpayers' money is being used effectively.<sup>7</sup>

Moreover, departmental policy specifies that a request for proposal (RFP) is to be prepared for contracts of \$15,000 or more. The RFP should describe the scope of work, period of performance, and criteria for selection. Copies should be sent to three or more consultants. The 34 contracts in our sample that did not appear to have undergone a bidding process ranged in priced from \$5,000 to \$681,000. DBEDT should require all its units to comply with its policies on open competition.

### ***Contracts result in questionable benefits***

Several contracts in our sample appear to have resulted in little or no benefit to the State or its taxpayers. Many were questionable because the divisions had not identified the expected outcomes or benefits. Consequently, it was not possible to compare the end result with any expected outcome.

For example, DBEDT's Business Development and Marketing Division contracted for two years to help sponsor an international cricket competition in Hawaii. The total cost of sponsorship for two tournaments was \$17,000. DBEDT has stated that this event will have a significant economic impact on Hawaii. However, a DBEDT staff member stated in a memorandum that the potential economic impact from the event is low. Because no final report was available, what significant economic impact resulted from the two contracts is unknown.

Another example was a \$100,000 contract for a marketing program to promote Hawaii as a place to do business. Presumably this would be something different from what DBEDT staff are currently supposed to be doing; however, exactly what is not clear. The contract did not specify what this marketing program would accomplish, such as attracting specifically targeted business to Hawaii. As a result, the department cannot demonstrate that the contract resulted in any benefits to the State or taxpayers.

In another example, the Business Development and Marketing Division engaged a contractor to oversee the production and distribution of a mail order catalog of Hawaiian products. Although the contractor failed to meet all scheduled deadlines for the production and distribution of the catalog, the division paid the contractor anyway. Total sales resulting from the production and distribution of the catalog was \$129,983. The cost of producing and distributing the catalog was at least \$425,000 with \$140,000 coming from the general fund. The department's failure to do any cost-benefit analysis resulted in a contract where the cost to the State exceeded any potential benefit.

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## **DBEDT Contract Administration Does Not Protect the State**

DBEDT often administers contracts in a manner that does not safeguard the interests of the State. Of particular concern are DBEDT's practices of allowing contractors to begin work before contracts are executed, making up front and automatic payments to contractors, allowing informal changes to contracts, failing to maintain adequate documentation, and failing to properly monitor contracts.

### ***Contractors are allowed to work before contract execution***

In 17 out of 72 contracts sampled, DBEDT allowed contractors to begin work prior to the execution of contracts. This is not in the best interests of the State, the contractor, or the public. Properly executed contracts are essential to ensure that: (1) there is agreement as to the type and scope of services to be provided, (2) the services are those for which the Legislature has appropriated moneys, and (3) the roles and responsibilities of the department and contractors are clearly delineated to avoid confusion or misunderstandings. Allowing contractors to begin work before the contract is properly executed puts both the State and the contractor in jeopardy should any legal problems arise.

### ***DBEDT allows up-front and automatic payments***

In 24 of the 72 contracts in our sample, DBEDT made up front payments to contractors of 10 percent to 95 percent of the total contract amount. Additionally, the contracts often called for payments to be made at specific dates without regard to the progress of the contractor. These practices reduce DBEDT's control and authority over the terms of the contract.

An example is a \$250,000 contract in FY1992 to coordinate and implement an investment and business attraction program. The contract called for DBEDT to pay the contractor \$100,000 at the time the contract was executed, \$75,000 six months later, and \$75,000 four months after that. The payments were indeed made according to the schedule, but without regard to the contractor's progress in fulfilling the contract. At the end of the contract in 1992, the contractor held \$180,000 that it had not been able to use—72 percent of the contract. DBEDT then simply rolled over these unused funds for a new contract with the same contractor for the following year. If DBEDT had planned its program and expenditures more carefully, it could have executed a contract for \$70,000 and saved the extra \$180,000 or taken advantage of other vendors and ideas.

In another example, DBEDT contracted with a consultant to plan for the establishment of a securities and/or commodities trading facility in Honolulu. The contract provided for the consultant to be paid \$200,000, or 40 percent of the total contract amount, upon the signing of the contract and before any work was done. This is clearly contrary to the best interests of the State.

***Contract changes are not formalized***

DBEDT allows changes to be made to contract scope, terms, and compensation without any supplemental contract agreements. For example, a 1990 contract was extended for two months and the contract amount was increased by \$2,000 based solely on a telephone conversation. Such informal changes violated the terms of the original contract, which stated that “any modification, alteration, or change to this agreement...shall be made only by written supplemental agreements executed by the parties.”

***Documentation is insufficient for personal services contracts***

A personal services contract usually refers to a contract for services to be performed by an individual. The individual generally provides services that could be provided by a civil service employee if one were available or if a position existed. The most common kinds of personal service agreements are for:

- (1) service that is special, unique, or essential to the public interest and that, because of circumstances an individual to perform the service cannot be obtained through normal civil service recruitment, or
- (2) the position is of a temporary nature and because of circumstances, an individual cannot be obtained through civil service recruitment, or

- (3) the position is to be filled by a person employed on a fee, contract, or piecework basis who may lawfully perform the duties concurrently with the person's other private employment and whose duties require only a portion of the person's time, if it is otherwise impracticable to ascertain or anticipate the portion of time to be devoted to the State.

DBEDT treats individuals on these contracts as employees by placing them on the state payroll. As a result, DBEDT does not maintain adequate documentation for personal services contracts. Of the 15 personal services contracts we reviewed, 10 lacked complete files. Most files contained only a copy of the contract. They did not have such documents as invoices, correspondence, and other relevant monitoring documents. Although these individuals are treated as employees, they are still contractors under the terms of the contract and should be treated like all other contractors. DBEDT should keep proper contract administration files to ensure fulfillment of the required scope of services and a proper audit trail.

***Contract monitoring is inadequate***

DBEDT does not have an adequate system to ensure that its divisions monitor contracts uniformly and effectively. Inadequate monitoring has allowed payment for work not performed and payment for questionable costs.

Monitoring is the routine, ongoing review of the contractor's operations and performance. It should compare performance against the scope of services specified in the contract, review expenditures, and ensure compliance with contract requirements. The monitoring should document which employee is conducting the ongoing review. Effective contract monitoring includes at least two functions. The first—fiscal monitoring—assures adherence to laws, ordinances, regulations, codes, and other requirements regarding the expenditure of funds. The second—program monitoring—reviews whether services achieve the desired outcomes. For instance, activities should be analyzed to determine if they accomplish contract goals. In addition, time frames should be analyzed to determine if deadlines will be met.

DBEDT's manual on contracts policy states that "it is the responsibility of each program to monitor each contract including percentage of work completed, problems affecting the performance and quality of work. In the event the program determines that work is not satisfactory, the program should work with the consultant to correct the deficiency."<sup>8</sup>

In practice, however, DBEDT's monitoring is usually limited to receiving progress reports from contractors and holding periodic meetings or telephone interviews with them. Monitoring is especially poor because these exchanges are not well documented in the contract files.

### **Payments not matched to performance**

We had noted earlier DBEDT's practice of making up front and automatic payments. DBEDT often does not use monitoring to match payment to performance. As a result, it pays for services that are not performed. At a minimum, monitoring should link compensation to progress in reaching the contract's objective. In 30 percent, or 22 of the 72 contracts reviewed, DBEDT's monitoring process failed to establish a link between payment and performance.

For example, on January 23, 1989, the Business Development and Marketing Division entered into a contract with an individual for the development, production, and distribution of a consumer catalog of Hawaiian products and services. The catalog was to be completed and mailed by December 25, 1989. The success of the catalog hinged on its timeliness.

No catalog was completed in 1989, but DBEDT paid the contractor the full contract amount anyway in January 1990. DBEDT's response to this contractor's nonperformance was to enter into a supplemental agreement on January 22, 1990, that not only extended the contract for another year but also granted additional compensation. The catalog was finally issued in September 1990, nine months late. The State's cost went from \$26,000 to \$55,495.

We found other examples of nonperformance. Two other contracts called for payments to be made upon receipt of invoices and monthly progress reports. In both cases, DBEDT paid upon receipt of invoices only. Moreover, these invoices were for 95 percent of the total contract amount at the onset of the contract period. DBEDT paid for services not yet performed.

### ***Payments made for questionable costs***

To be effective, monitoring also ensures that invoices for payment are accurate, relevant to the contract, and represent proper use of public funds. We found little evidence of this type of review. DBEDT's review of invoices was usually limited to stamping documents "Approved for Payment. Services were satisfactorily rendered/goods were satisfactorily received on...." A signature and date would then follow.

Seventeen of the 72 contracts we reviewed provided for either expense accounts for the contractors or reimbursement of expenses. Such contractual provisions offer no incentive for contractors to control their costs. In 4 of the 17, we found payments of invoices that are questionable uses of public funds or are charged to an unrelated contract. The following are some examples:

- DBEDT charged \$1,028 in hotel costs for an individual invited to inspect facilities for Hawaii's bid for the World Cup sporting event to a contractor who was asked to "produce business-oriented collateral material" to promote Hawaii.
- DBEDT approved altered charge receipts—"cocktails" became "dinner."
- A contractor was reimbursed for charges made by a DBEDT official.

In order to avoid paying these questionable costs, DBEDT needs to monitor more closely the contractors' invoices for reimbursed costs.

### **Possible gifts to DBEDT officials**

We note in this regard that one contractor submitted requests for reimbursement of expenses for numerous breakfasts, lunches, and drinks with DBEDT officials. These expenses were reportedly for meetings with DBEDT officials. Although DBEDT did not reimburse these expenses, the frequency of these gifts should serve as a red flag to the department to review what it should or should not accept from the contractors.

DBEDT has a fiduciary responsibility to the taxpayer that can best be met by maintaining an arm's length relationship with contractors. This should be done to avoid any perception of unethical behavior, particularly favored treatment. In addition, DBEDT should request an opinion from the State Ethics Commission on the propriety of allowing senior department officials to accept these types of gifts.

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## **Conclusion**

DBEDT relies extensively on contractual services. It routinely enters into these contracts without any formal analysis of the need for contracting or consideration of how the contract would help the department to meet its program objectives. Often, the department does not clearly identify the benefits to be derived from the contracts or define the scope of services. As a result, there is no assurance that the department uses public funds effectively, prudently, or responsibly. This issue is particularly important at a time of limited resources.

As the chief executive of the department, the director of business, economic development and tourism is responsible and answerable for a proper system of contract administration. The director should seek the assistance of the chief procurement officer of the executive branch in developing policies and procedures for such a system.

The director should be able to ensure that each contract is justified and amounts to an effective and efficient use of state funds in accomplishing the department's mission. The director should require DBEDT officials to identify the benefits and outcomes of all proposed contracts and establish priorities among them. Even for contracts based on legislative directives, DBEDT, as the expending agency, is still responsible for ensuring that the scopes of services and anticipated outcomes are clearly specified. Contracts should be awarded only after open and fair competition.

In addition, the director should require DBEDT officials to administer contracts so that they safeguard the interests of the State. To the extent possible, expense accounts and reimbursable expenses should not be allowed. Contracts should be timely, work should not begin before contracts are executed, and payments should be geared to progress made. Finally, the director should ensure that contracts are properly monitored—evaluated to determine whether the contractor has delivered the agreed-upon service or product, and whether the State has received what it is due.

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## Recommendations

To improve contract administration we recommend that:

1. The director of the Department of Business, Economic Development and Tourism seek the assistance of the chief procurement officer of the executive branch in developing policies and procedures to ensure proper contract administration in compliance with the new procurement law. In developing policies and procedures, attention should be paid to:
  - a. requiring a formal analysis of the need for contracting, including the expected benefit and outcome of any proposed contract. In addition, the analysis should document and present evidence that contracting for services would be the most effective and economical way to accomplish the activity;
  - b. ensuring that the scope of services in each contract is sufficiently specific to ensure that the expected outcome and benefits of the contract are achieved;
  - c. awarding contracts on an open and competitive basis to the extent feasible;
  - d. containing costs, particularly for reimbursable expenses;

- e. developing a clearly defined monitoring procedure that makes payments based on percentage of work completed and insures adherence to contract terms; and
  - f. evaluating each contract upon its completion to determine if the intended outcomes were achieved.
2. DBEDT should correct weaknesses in administering contracts by doing the following:
- a. require any changes to the scope, term, and/or compensation of the contract to be in the form of a formal contract amendment;
  - b. allow no work to begin before a formal contract is executed; and
  - c. require complete contract documentation for personal services contracts.
3. DBEDT should request an opinion from the State Ethics Commission on the propriety of allowing department personnel to accept frequent gifts from contractors.

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# Chapter 3

## The Office of Space Industry

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The Office of Space Industry (OSI) was established in 1988. In its six years of existence, it has expended \$8.7 million, mostly for a proposed space launch facility on the Big Island of Hawaii. Because of concern that the State had not received a sufficient return for the amounts expended, in 1994, the Legislature transferred appropriations and positions for OSI to the Business Development and Marketing Division of the Department of Business, Economic Development and Tourism (DBEDT). We believe that further transfers of functions would be warranted.

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### Summary of Findings

1. The Office of Space Industry's pursuit of a space launch facility was slapdash, resulting in costly missteps.
2. Like other DBEDT offices, OSI did not clearly justify its contracts or specify the scope of services. These weaknesses added to the cost of contracting. In addition, contracts were awarded in a questionable manner and have achieved few demonstrable benefits.

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### Development of Space Industry for Hawaii Was Poorly Managed

The State sought to be opportunistic in developing a space industry for Hawaii. DBEDT and OSI pushed ahead without a strategic plan that would ensure systematic and orderly progress in space activities. This resulted in a series of missteps that increased the cost of contracts without any significant economic growth in a space industry.

#### *A narrow window of opportunity was said to be available*

In a State of the State address in January 1987, Governor Waihee called for ground breaking for a space launch facility on the Big Island in five years. DBEDT immediately hired a consultant, Arthur D. Little, to conduct a feasibility study of the potential for space industry in Hawaii. The consultant identified several niche areas that would be appropriate for Hawaii—a launching facility was one of the areas that would warrant further study. The consultant reported that Hawaii had a “narrow window of opportunity.”

Based on the study, in 1988 the Legislature established OSI. The Legislature asked OSI to develop a strategic plan for Hawaii's space industry. It also assigned numerous other responsibilities to OSI, including reviewing the effectiveness of publications about Hawaii's

space-related activities, serving as a clearinghouse, targeting businesses that could support a space industry, and developing a business plan for a commercial space facility and for pursuing appropriate business partners.

Instead of developing a strategic plan, OSI immediately began implementation steps for establishing a commercial launch facility. In fact, even before OSI was established, it had been decided that either Kahilipali Point or Palima Point on the Big Island would be suitable sites for a launch facility with Palima Point the preferred site. By December 1988, OSI had contracted with a mainland consultant, CH2M Hill, for a master plan and environmental impact statements (EIS) for a launch facility at either Kahilipali or Palima Points. Today, more than six years later, neither a master plan nor an adequate EIS have been completed.

### **No master plan**

OSI terminated the contract before CH2M Hill could complete a master plan. OSI changed its concepts about the launch facility and also found out that a master plan was premature. The purpose of the master plan was to examine the technical feasibility of two locations on the Big Island as launch sites, assess the financial feasibility of the project from an operator's point of view, serve as the basis for the State's EIS, and serve as a marketing tool to attract investors and/or operators.

Early in 1990, CH2M Hill had produced a financial feasibility model and conceptual plan. The financial feasibility model was based upon various assumptions about the launch facility. However, by this time, OSI had changed its concepts about the facility. It said that after studying different development and management strategies, it had refined its understanding of what the eventual consortium/financial structure might look like. It decided to focus on a scenario where a private consortium would be responsible for on-site spaceport facilities and launch companies would build their own launch pads.

OSI did not agree with the CH2M Hill feasibility model. OSI's new assumptions resulted in costs that were significantly lower and more competitive than those in the CH2M Hill model. OSI revised the CH2M Hill financial feasibility model using its new assumptions. OSI's analysis showed that it would be possible, but difficult, for a consortium to operate the spaceport at a profit with fewer than 15 orbital launches per year. But as launch rates increased, profits would increase.

In addition to problems with the financial feasibility model, OSI began to realize that a master plan could not be completed without an EIS. OSI decided to use information from CH2M Hill's conceptual master plan to produce a conceptual plan of its own. In November 1990, OSI assigned

the EIS portion of the contract to another contractor, MCM Planning (MCM). CH2M Hill was paid a total of \$972,000 for its work. The master plan that had originally been scheduled to have been completed in 500 days, or sometime in 1990, was finally issued in February 1993 as OSI's "Conceptual Plan and Project Description." OSI said that financial information in the conceptual plan could be used in the financial analysis section of the EIS that was being prepared.

OSI later acknowledged that an EIS would have to be completed before a master plan could be prepared. Currently, the state still has no master plan, and OSI has paid \$972,000 for a financial feasibility model that it later found to be unacceptable.

### **Muddled EIS administration**

In preparing an EIS, OSI demonstrated all the poor contract administration practices prevalent at DBEDT and paid the price in cost increases and delays. Instead of properly awarding a new contract, it "assigned" the EIS portion of the CH2M Hill contract to a subcontractor. The way the contract was awarded left OSI open to demands from the new contractor for additional costs. The vague scope of services led to dissension about the end product and delays.

In November 1990, DBEDT assigned the EIS portion of the CH2M Hill contract to MCM Planning, a local subcontractor who had been working with CH2M Hill. The Department of Accounting and General Services, however, found the assignment to be unacceptable. It said that the assignment effectively terminated the CH2M Hill contract and lapsed the remaining funds. DBEDT then awarded a new contract for \$1,100,000 to MCM Planning. The contract was awarded in April 1991 and backdated to be effective November 1990. MCM agreed to complete a draft EIS by March 1992 and a final EIS by August 1992.

Instead of submitting a draft EIS, in March 1992, MCM requested an additional \$287,000. MCM complained that it had "inherited" the project without a chance to price the anticipated subconsultant work or to solicit bids to determine whether the EIS could be completed within the contract amount of \$1.1 million. MCM said that it had agreed to accept the project based on the understanding that OSI would be flexible and would readily consider MCM's requests for additional funds.

MCM also started a work slow down and refused to provide OSI with any reports generated by its subcontractors. OSI expected to receive the draft EIS in June 1992 and had planned to submit the draft to a federal agency for comments. Concerned about the delay in completing a draft EIS, OSI agreed to a supplemental contract giving MCM an additional \$300,000. In a December meeting, OSI reached agreement with MCM

that the draft EIS would be provided no later than May 1, 1993, more than a year later than the original contract deadlines. MCM finally submitted a draft in August 1993.

### **No state/federal EIS**

Due to conflicting evidence, it is unclear whether OSI had originally intended to prepare a state EIS or a joint state/federal EIS. However, OSI decided to prepare a joint state and federal EIS because commercial launch facilities must be licensed by the federal government and require a federal EIS. Today, after expending \$1.5 million, the State has a draft state-only EIS that is of limited value. When and if an actual project is imminent, a state/federal EIS will still have to be prepared. The lack of specificity in the contract about the type of EIS to be produced caused OSI to have continuing problems with MCM.

The original contract with CH2M Hill called for an EIS. OSI subsequently entered into an agreement with the Office of Commercial Space Transportation (OCST) within the U.S. Department of Transportation to be joint lead agencies in preparing draft and final EISs for a proposed launch facility in the Ka'u district of Hawaii. OCST licenses launch facilities to ensure that operations do not put the public at risk. These licensing procedures require a federal EIS. In September 1989, DBEDT announced that it, along with OCST, would prepare a joint state and federal EIS that would comply with both state and federal environmental policy requirements.

Before the contract was signed in April 1991, OSI knew that preparing a joint state and federal EIS was a major departure from the original language in the CH2M Hill contract. In its contract with MCM, OSI modified the language from the earlier assignment to reflect this change. The new contract stated that preparation of the EIS should be closely coordinated with OCST to ensure that National Environmental Policy Act guidelines are followed. But, the contract did not specifically require MCM to prepare both a state and federal EIS.

Just prior to May 1993, MCM told OSI that it would not be preparing a federal EIS since there was no "trigger" for a federal EIS. This aroused considerable concern at DBEDT. In response to a query from OSI, OCST replied that the trigger was DBEDT's request in June 1989 for OCST to make a determination of whether Kahilipali Point and Palima Point were appropriate sites from a safety perspective.

OCST also warned OSI strongly against filing a draft state EIS rather than a joint EIS, stating that it would be more harmful than beneficial. OCST said that this would be contrary to federal policy and would result in two public comment periods that could generate public antagonism. OCST also said the state action would result in a high probability of a

lawsuit by the U.S. Department of the Interior because, without considering alternatives in detail, the state EIS focused on Palima Point which was adjacent to a federal park.

The executive director of OSI and the attorney general's office both recommended to the director of DBEDT that OSI continue with the joint EIS. The OSI director cited numerous advantages in a joint state/federal EIS including its agreement with OCST, less cost, and federal assistance with forthcoming litigation. The only disadvantages were threats and possible media coverage of statements from MCM and a more quickly produced state EIS.

Nevertheless, DBEDT decided on the state-only EIS. In July 1993, the DBEDT deputy director informed OCST that a state EIS would be filed because of local considerations and issues that required a timely release of the EIS.

In turn, OCST restated its position that filing a state EIS would be more harmful than beneficial to the EIS process. A state-only EIS was not contemplated in the Joint Lead Agency Agreement OCST had entered into with DBEDT. In addition, OCST cautioned the State that it should take no action that would have an adverse environmental impact or limit the choice of reasonable alternatives. Furthermore, OCST said the State should not enter into a contract for the preparation of a joint federal/state EIS without consultation and written approval from OCST.

Despite the warning from OCST, OSI not only continued with the state only EIS, it also entered into a contract, effective May 1, 1994, with MCM Planning for completion of a final state EIS.

OSI now says that the draft state EIS is a conceptual document to be used as a guide to decision-making in determining whether or not resources should be allocated to the launch facility. When an actual project is imminent, a supplemental EIS (possibly a joint state/federal document) will still have to be prepared to meet state regulatory and federal licensing requirements.

DBEDT's poor planning and contracting practices resulted in few benefits from the \$2.5 million that was spent for the master plan and EIS. A contract for a master plan had to be redone into a conceptual plan and project description. A contract for a state/federal EIS became a state-only EIS. And should an actual project eventually come under consideration, a project specific state/federal EIS will still have to be done along with a new master plan.

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## **OSI Had Questionable Contracting Procedures**

We further illustrate OSI's questionable contracting procedures with two contracts: (1) for the position of the Special Advisor to the Governor for Space and (2) for an East Coast consultant for space-related activities. The selection process in one contract appeared unfair, scopes of services in both contracts were vague, and both contracts had questionable expenses.

### ***Selection process for space czar was questionable***

The selection of the Special Advisor to the Governor for Space was questionable because he had an unfair advantage over the other candidates.

Shortly after OSI was established in 1988, it hired Korn/Ferry International, an executive search firm, to assist in selecting someone to lead the State's efforts to bring space-related activities to Hawaii. Korn/Ferry contacted a number of qualified candidates. The governor appointed a Blue Ribbon Selection Committee to interview and select a "space czar." The committee consisted of representatives of the business community, labor, the Legislature, Hawaii County, University of Hawaii faculty and the executive branch. Among its members was Admiral Thomas Hayward (Hayward).

The space czar was to have a strong national and international reputation and broad experience in the field of space activities. Criteria for evaluating the finalists were knowledge of and contacts in both the U.S. and Pacific Rim aerospace industries, communication skills, and the ability to work effectively in Hawaii and the Far East.

In October 1988, Hayward reviewed the resumes of potential candidates. He briefly summarized his assessment of the five candidates and possible factors relating to each candidate's willingness to move to Hawaii for the time necessary to bring a commercial launch site into reality. Also, in January 1989, the committee met and evaluated three of the five candidates who had backgrounds in the aerospace industry as well as contacts with various government agencies. Hayward participated in the evaluation and scoring of the three candidates.

A day later, committee members were informed by Korn/Ferry that Hayward was interested in the position. On the one hand, according to Korn/Ferry, Hayward lacked experience in the U.S. or Japan aerospace industry and substantial contacts in NASA. Outside consultants would be needed to overcome these shortcomings. On the other hand, Korn/Ferry was impressed with Hayward's credentials. He was a Hawaii resident familiar with local politics, knew important participants in the space industry, had access to people in Washington D.C., was one of the original 13 persons considered for the U.S. astronaut program, and was convinced that Japan could become involved.

Although Hayward had made known his interest in the position of Special Advisor to the Governor for Space, he continued his membership on the selection committee. In February 1989, he interviewed and evaluated the last candidate. Hayward's assessment was that it had not been productive for the candidate to come to Hawaii for the interview—the candidate was not well-briefed on the objectives, could not give more than 50 percent of his time due to other commitments, and was not prepared to take on the job required.

In April 1989, the committee selected Hayward for the position of Special Advisor to the Governor for Space. According to the committee, Hayward would bring first-hand knowledge of the U.S. and Japanese aerospace industries as well as a special sensitivity to the Hawaii scene.

We believe that the selection process was suspect because Hayward had an unfair advantage over the other candidates. He was familiar with the criteria for selection and privy to the thinking of the selection committee. In addition, he continued to evaluate candidates after he himself became a candidate. Once Hayward expressed interest in the position, he should have been removed from the selection committee.

### ***Vague scope of services***

The scope of services for both contracts were unclear. The scope of services for Hayward's contract merely listed some general functions. They were:

- Formulate policy recommendations and implementation procedures relating to Hawaii space activities.
- Conduct frequent liaison with the governor, providing advisory information and conferring on major space policy issues.
- Coordinate with the DBED director on space operational issues.
- Work closely with the OSI by exercising control and guidance over its activities.
- Act for and in behalf of the governor on space policy matters in business dealings with national and international space interests.
- Render necessary and proper advisory services to assist in space-related development efforts as directed by the governor.<sup>1</sup>

Such vague services as “provide advisory information” and “formulate policy recommendations and procedures” made it impossible to monitor the contract or determine whether Hayward had been effective.

Similarly, the scope of services for the East Coast consultant, Ruder/Finn, allowed considerable latitude. The contract called for the consultant to provide press and media relations on space-related activities, maintain key contacts, provide briefings to congressional members and staff, and keep OSI apprised of current events in space-related activities. The scope of services allowed the consultant to “devote not less than 25% of his time over the course of this contract to performing the services required herein.” Based on scope of services, it was difficult to determine what the consultant was required to do and whether consultant had fulfilled the contract.

***Contracts allowed questionable expenses***

OSI made little effort to contain costs. Both contracts allowed reimbursable expenses. Some of these expenses were questionable. For example, Hayward’s contract paid an annual base fee of \$125,000 a year. To that was added a yearly expense account not to exceed \$36,000 a year for promotions, missions, and the servicing of business clients and potential clients, including meals and refreshments. We believe that entertainment expenses are a questionable use of tax dollars. The State reimbursed Hayward for such questionable entertainment expenses as \$704 for food, wine, liquor, three parking valets, two waitresses, and a caterer at a reception at his residence.

One reason that the State contracted with Ruder/Finn was to maintain a presence in Washington D.C. Ruder/Finn had offices in both New York City and Washington, D.C. Despite this, the State reimbursed Ruder/Finn \$2373 for travel expenses between New York and Washington D.C., including cabfares. The travel expenses could have been avoided by hiring a consultant from the D.C. area. The consultant also charged expenses such as telephone calls between New York and Washington D.C. and dinners with staff from Hawaii’s congressional delegation.

***Taxpayers received no evident benefit***

The two contracts resulted in little or no benefit to state taxpayers. A Special Advisor to the Governor for Space was supposed to lead efforts to introduce space-related activities into Hawaii. Over a four-year period, the State paid Hayward approximately \$600,000. Today, five years later, no foundation for a spaceport or space-related activities is evident and public sentiment for such activity appears unfavorable.

Despite this, OSI feels that Hayward was well worth the money. The former OSI director has stated Hayward’s fee was a bargain for the State.

The benefit to the public from Ruder/Finn’s East Coast public relations contract is also questionable. This contract did not identify any expected outcome or benefits. Consequently, it was not possible to compare the end result with any expected outcome.

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## Most OSI Functions Can Be Transferred

Most of OSI's current programs are similar to those of the High Technology Development Corporation (HTDC). HTDC was established in 1983 to facilitate the growth and development of the commercial high-tech industry in Hawaii. High-tech is defined as emerging industries that are technology intensive, including but not limited to electronics and biotechnology.

In more recent years, OSI has moved from the space launch facility to initiating a broad range of programs with public and private firms. Most of these programs involve the Maui High Performance Computing Center (MHPCC). Both OSI and HTDC are using MHPCC for similar high-tech applications, but only HTDC has a memorandum of understanding with MHPCC.

Under the memorandum of understanding, HTDC and MHPCC agree to work together and collaborate in fostering high technology and economic development in Hawaii. MHPCC and HTDC will cooperate to provide computing and communication services to Hawaii research and development, educational, government, non-profits, business, and commercial groups and to conduct training, conferences, and distant learning programs. HTDC will allow MHPCC to use its facilities and facilitate access to MHPCC. MHPCC will facilitate Internet access to all HTDC centers, major Hawaii projects, and others as appropriate.

OSI's current programs are the Advanced Communications Technology Satellites (ACTS), the supercomputing industry, Future Flight Hawaii (FFH), and Industry Networking. Two of them will rely on MHPCC:

1. **ACTS.** ACTS is a satellite communication system that uses the latest radio wave technology. The radio wave, Ka-Band, is a very high speed point to multi-point data transmission. Using MHPCC, ACTS enables Hawaii to explore innovative applications in telemedicine, global climate modeling, teleoperation, distance learning, and high definition television. ACTS generated more than \$4 million in overseas revenues to the state.
2. **Supercomputing Industry.** The International Center for Imaging and Information Management (ICIIM) is a collection of resources to be co-located with the Maui High Performance Computing Center (MHPCC). For example, the ICIIM can use readings of ocean temperature and sea color to help the fishing industry locate fish.

Another program utilizing the MHPCC is the Pacific Disaster Center. The Disaster Center is a joint State/Federal partnership linking and fusing intelligence, defense, and civilian remote sensing

assets to aid regional disaster management by making critical data, data products, and information available quickly to responsible agencies.

3. **Future Flight Hawaii (FFH).** FFH is a series of aerospace education-related programs that uses space science and exploration to interest students to pursue studies in science, math, and technology. FFH has reached more than 200,000 students in over 300 schools statewide, and is looking to establish permanent and innovative opportunities to support Hawaii's tourist industry. FFH seeks to establish a year-round space theme education and economic development program and facility in Hilo will be self-sufficient.
4. **Industry Networking.** Industry Networking consists of national and international space conferences. In Hawaii, these conferences consist of the AIAA Symposia and workshops, Asia-Pacific International Space Year Cooperation in Space, USSF and the Aerospace States Association conferences.

Currently, both OSI and HTDC are engaged in high-tech activities that involve the use of the Maui supercomputer. To prevent any duplication of effort, it may be more efficient to transfer OSI ACTS and supercomputing programs to HTDC. In fact, the 1987 Arthur D. Little study recommended HTDC to be the agency to take the lead in implementing a broad strategy for space developments in Hawaii. Future flight and conference activities can remain in the Business Development and Marketing Division of DBEDT.

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## Recommendations

We recommend that:

1. The Legislature should amend Chapter 201, Part V to transfer OSI programs involving the Maui High Performance Computing Center to the High Technology Development Corporation.
2. The Department of Business, Economic Development and Tourism should cease expending funds on a space launch facility unless clear evidence of private investment interest in such a facility can be demonstrated.
3. The department should correct inadequacies in contract administration. It should have clearer definitions of the scope of services to be rendered, competitive and fair awarding of contracts, and limits on expenses that are reimbursable.

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## Notes

### Chapter 1

1. Memorandum to the Honorable Roger A. Ulveling from Governor John Waihee, Subject: Request for the Approval to Enter into a Contract With the Research Corporation of the University of Hawaii, April 19, 1989.
2. Hawaii, Department of Business, Economic Development and Tourism, Industry Promotion Division, Contract #32938, attachment 3, July 15, 1992.
3. Hawaii, Department of Business, Economic Development and Tourism, Industry Promotion Division, Contract #33755, attachment 1, July 1, 1992.
4. Letter to Gloria Wong from David Nada, Acting Branch Chief, Products and Services Branch, July 20, 1992.
5. Memorandum to MaryLou Hata-Foley from David Nada, Subject: Gloria Wong dba The Hawaii Network, September 14, 1992.
6. Memorandum to Rick Egged from MaryLou Hata-Foley, Subject: Gloria Wong, September 16, 1992.
7. Hawaii, Department of Business, Economic Development and Tourism, *DPED Manual - Contract Policy*, September 9, 1985, p. 1.
8. *Ibid.*, p. 7.

### Chapter 2

1. Hawaii, Department of Business, Economic Development and Tourism, Office of Space Industry, Contract #26220, pp. 3, 4, April 1, 1989.

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## Response of the Affected Agency

### Comments on Agency Response

We transmitted a draft of this report to the Department of Business, Economic Development, and Tourism on December 20, 1994. A copy of the transmittal letter to DBEDT is included as Attachment 1. The response from the department is included as Attachment 2.

The Department of Business, Economic Development and Tourism generally concurs with the recommendations in the contract management audit report but does not agree with the findings. The department states that the examples cited to justify the audit's conclusions were from dated contracts that contained deficiencies which have since been corrected. In addition the department states that the audit failed to acknowledge the steps DBEDT has taken to address the shortcomings in its contracting practices. The department included a list of steps that it has undertaken to improve its contracting practices. We reviewed a sample of contracts from six of the seven operating divisions from FY1989-90 to the present. We believe that the sample and the examples cited in the report are an indication that improvements could be made in the department's contracting practices.

In response to the audit of the Office of Space Industry, DBEDT agrees with the recommendations but disagrees with some of the findings. The department also provided additional information. However, we believe that had OSI initially made a strategic plan, more systematic and orderly progress would have been made in space activities. We stand on our findings regarding questionable procedures in the two OSI contracts we reviewed.

ATTACHMENT 1

STATE OF HAWAII  
OFFICE OF THE AUDITOR  
465 S. King Street, Room 500  
Honolulu, Hawaii 96813-2917



MARION M. HIGA  
State Auditor

(808) 587-0800  
FAX: (808) 587-0830

December 20, 1994

**COPY**

The Honorable Jeanne K. Schultz, Director  
Department of Business, Economic Development  
and Tourism  
Central Pacific Plaza  
220 South King Street  
Honolulu, Hawaii 96813

Dear Ms. Schultz:

Enclosed for your information are three copies, numbered 6 to 8 of our draft report, *Audit of Contract Administration and the Office of Space Industry in the Department of Business, Economic Development and Tourism*. We ask that you telephone us by Thursday, December 22, 1994, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Friday, December 30, 1994.

The Governor and presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

A handwritten signature in cursive script, reading "Marion M. Higa".

Marion M. Higa  
State Auditor

Enclosures



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

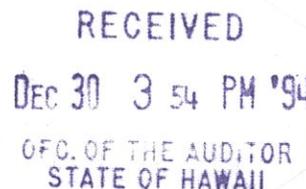
Central Pacific Plaza, 220 South King Street, 11th Floor, Honolulu, Hawaii 96813  
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BENJAMIN J. CAYETANO  
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DEPUTY DIRECTOR

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December 30, 1994

Ms. Marion M. Higa  
State Auditor  
Office of the Auditor  
465 South King Street, Room 500  
Honolulu, Hawaii 96813-2917



Dear Ms. Higa:

Thank you for the opportunity to respond to the draft **Audit of Contract Administration and the Office of Space Industry in the Department of Business, Economic Development & Tourism.**

The audit is critical of the department's contracting practices. We would have been the first to agree with many of the findings and recommendations of the Legislative Auditor - had this audit been released several years ago.

The Legislative Auditor chose to draw broad conclusions from dated information based on a judgmental sampling method. Specifically, the examples cited to justify the audit's conclusions were primarily contracts four to six years old that contained deficiencies which have since been corrected.

DBEDT's contract with RCUH provides a case in point. The auditor faults the department for failing to adequately justify its contracts with RCUH and suggests that a more prudent use of the funds would be to train its employees to perform the contracted services. In fact, DBEDT began taking steps in 1992 to correct the situation and as a result is now performing, in-house, services formerly contracted to RCUH.

In addition, the findings and recommendations of the draft audit failed to acknowledge the steps DBEDT has already taken, during the past two and a half year period, to address shortcomings in its contracting practices:

- \* A formal request and justification for contracted services must be submitted to and approved by the director before any contract is even drafted.
- \* All contracts now contain a detailed scope of services, with payments tied to specific deliverables that meet clearly defined goals and objectives. No up-front or automatic payments are permitted.

Ms. Marion Higa  
December 30, 1994  
Page Two

- \* To ensure that payments are made in accordance with the contract provisions, beginning in early 1994, a contract administration verification system was instituted. This system certifies that deliverables have been received and payment can be made.
- \* Changes to the terms of the contract are only made by written supplemental agreements.
- \* With regard to personal services contracts, DBEDT has surpassed the auditor's findings by eliminating all such agreements, with the exception of those required to meet staffing requirements for Hawaii's out-of-state offices.
- \* A series of on-going training sessions, dealing with drafting and managing contracts, began in July 1993 for department personnel.
- \* Invitation for Bid and Request for Proposal procedures have been instituted to comply with Sec. 103D, HRS.
- \* Policies regarding the use of reimbursable items in contracts have been established.
- \* In May 1994, the department requested and was granted a temporary contracts specialist position to assist the sole DBEDT contracts specialist in administering the 300 formal contracts and 250 letter of agreement executed annually. The additional manpower will facilitate establishing policies and procedures, conducting effective contract audits, and training of managers and project coordinators. The department will seek to secure this position on a permanent basis so that adequate trained resources are available to ensure that public funds are spent with prudence and care.

While DBEDT's contract management is not perfect, we believe we have made tremendous strides in establishing a system that effectively meets the goals and needs of the department and the public it serves. We will give the auditor's recommendations every consideration as we seek to make further improvements that address concerns expressed in the report.

With respect to the audit of the Office of Space Industry, the department agrees with the recommendations, but disagrees with some of the findings. These concerns, together with a detailed response to the contract management audit, are provided in the enclosed material.

Sincerely,



Jeanne K. Schultz

Enclosure

## APPENDIX

Following is a detailed response to the audit in the order in which the findings and recommendations are presented:

### **DBEDT Does Not Clearly Justify Its Reliance on Contracting**

#### **Formal analysis to justify contacting is the exception.**

Since 1992, DBEDT contracts have been executed following an extensive internal review process in cooperation with the Director's Office. Scarce resources dictate that only the most meritorious projects are forwarded by the divisions for consideration by the Director's Office. A formal request and justification for contracted services must be submitted to and approved by the Director. We concur that this process is not always documented in the contract files. The fact that a sole source exemption request may appear as the only approval necessary in initiating a contract, suggests less rigor than truly is involved in the contracting process.

Specifically, the Auditor's assertion that the Research and Economic Analysis Division did not adequately analyze the need or the benefits of services contracted with the Research Corporation of the University of Hawaii is not factual.

The services contracted with RCUH are critical and focus on three areas: the annual update of Hawaii's Income-Expenditure Accounts, Econometric Models, and Hawaii Interindustry Model. The annual update of Hawaii's income and expenditures is needed to update the gross state product (GSP) and its components in Hawaii. As a counterpart of the gross national product of the national economy, GSP and its components are the basic economic statistics which show the changes and health of Hawaii's economy. They are essential, basic statistics needed by all agencies, both public and private, in Hawaii. The Department of Budget and Finance, for example, annually requests an updated GSP and its forecasts for use in measuring the effectiveness of various economic development programs.

Update of the Econometric Models are required to provide current short- and long-term forecasts of Hawaii's economy which are the basis for preparing the State economic development and financial plans. The basic program objective of READ is to provide requested information for economic development through economic planning and research. The Department of Budget and Finance, Department of Accounting and General Services, and Office of Collective Bargaining annually requests DBEDT to provide updated economic forecasts which are included in their financial and operational plans, in addition to other DBEDT offices and various public and private agencies.

The Hawaii Interindustry Model (also known as Hawaii's Input-Output Model) shows the interrelationship among various industries in Hawaii and is therefore one of the basic tools which economists require in assessing economic impacts of various events. For example, the economic impacts of the Pro Bowl, film studio construction, tourism promotion, airline and shipping strikes, Hurricane Iniki, and many other events were analyzed using the Hawaii Input-Output Model. Currently, DBEDT has been requested by HVB to analyze the economic impacts of tourism promotion on Hawaii's economy using Hawaii's Input-Output Model.

DBEDT is in agreement with the Auditor's recommendation that READ staff could be trained to do recurring work. As early as 1992, the department took steps for the in-house integration of the contracted services. The READ and Information Resources Management Division staff now perform functions formerly contracted with RCUH.

**Scope of services is poorly defined.**

The scope of services should be centered around clear goals and objectives with deliverables to meet these goals together with measurements of effectiveness.

In the example cited in this section, the objective of the Hawaii Fashion Industry Association contract is clearly stated: to increase visibility and sales of garment and fashion products, both within Hawaii and overseas, through the implementation of coordinated efforts, technical expertise, and administrative support provided by the contractor. The method for implementation is defined as providing an adequately staffed office to serve the Hawaii garment and fashion industry members at large and specific technical expertise and administrative support services to all members of the industry. These support services are further defined as maintaining statewide mailing lists and files, publishing and distributing industry newsletters, conducting conferences, workshops, tradeshows, training sessions, etc. Measures of effectiveness included quarterly assessments of the costs and results of all projects, to include sales statistics.

We concur with the comments made regarding the contract executed in July, 1992 to expand and enhance the Hawaii Film Office Library database (No. 32938). The scope of services are broad and does not provide adequate tracking of progress, except for required monthly progress reports. The artistic and subjective nature of the services (photography and site selection) may have been factors in defining the scope. The measurement of effectiveness rests in the State approval or disapproval of progress reports. We concur that such contracts lend themselves to potential contract dispute.

DBEDT has long since recognized the inefficiencies of "open-ended" contracts such as the one cited above. The department has improved providing detailed scope of services for its contracts, demanding deliverables, measurements for return on investment and progress payments.

The department requires the Attorney General's office to review all contracts. This review has been helpful in enhancing the overall quality of our contracts.

**Award procedures are questionable.**

While it is true that many past contracts were awarded through an exemption from bidding approval process allowed by law, services procured under Section 103, HRS did not admit of competition for several reasons.

The method of competition allowable by that statute was a sealed invitation for bid process where price alone was the determining factor for award. Under such conditions, awards proved to be very difficult because the scope and extent of services could not reasonably be stipulated in advance and required negotiations.

By contrast, Section 103D, HRS provides for an RFP process which allows for negotiations. The department has taken steps to require this process for all procurement and has issued formal procedures for its conduct.

Requests for sole source procurement or procurement through a professionals list are screened by the Administrative Services Office and must be justified prior to submission to the Chief Procurement Officer.

Contracts awarded to sole sources are another example of award through exemption from bidding. DBEDT's sports promotion contracts are a typical example. Contractors are the sole sponsors of these events. State participation requires contracting with these sponsors.

In the example cited in this section, the department agrees with the auditor's comments that the procedures used in contract 23711 to select the contractor appear to have been arbitrary and indefensible. However, such selections since 1992 have involved open competition, selection panels, and personal interviews of the top finalists.

#### **Contracts result in questionable benefits.**

The department does not agree that contracts resulted in negligible or questionable benefits to the State. It is the department's opinion that adequate value to the State resulted from its contracts.

In the case of DBEDT's support for two international cricket events, the memo mentioned by the auditor in fact, said the cricket championship would bring 150 participants and staff to Hawaii. Based on other economic impact studies done for DBEDT, the economic return from 300 participants (150 in each year) and their families staying in Hawaii for the tournament would be about \$325,000 -- an adequate return on \$17,000 for event promotion.

To ensure that benefits accrue from contracted services, recent contracts require deliverables which must demonstrate or measure a return on investment. Programs are instructed to provide feedback to measure effectiveness. Attendance records for sporting or special events, surveys and responses, evaluations, recommendations, etc. are examples of common measurements.

The contracts to local economic development boards (1991 contract no. 31661 to the Economic Development Corporations of Honolulu mentioned on page 13) and the mail order catalog of Hawaii products (page 13), carried out in 1989-1990 under a \$140,000 contract, are examples of contracts which were executed a number of years ago, prior to the above requirement being implemented.

### **DBEDT Contract Administration Does Not Protect the State**

#### **Contractors are allowed to work before contract execution.**

Poor planning, slow approval process by outside agencies, slow review process by ASO due to limited resources, and disregard for policies and procedures have, in the past, contributed to this problem. The department has taken steps to improve those areas under its control, including requiring programs to plan ahead, increasing ASO contract personnel, and monitoring adherence to policies and procedures.

#### **Contract changes are not formalized.**

This practice is being eliminated. All changes must be made via supplemental agreements.

**Documentation is insufficient for personal services contracts.**

The use of personal services contracts have ceased, except for meeting the staffing requirements of Hawaii's out-of-state offices.

**Contract monitoring is inadequate.**

The department implemented a Contract Administration and Verification Report system which enables the program to properly administer their contracts. This report lists all deliverables and requirements of the contract together with the due dates and payments schedules. The division head is responsible to certify the proper receipt of all deliverable and payments made in accordance with the contract. This report must be completed and certified at the time the final payment is made and is forwarded to ASO to be retained in the contract file.

We are also examining a recommendation that a formal evaluation of the contracted services be submitted by the program and attached to the report. This will ensure that programs are indeed evaluating the services and return on investment.

Again, the example cited (1989 mail order catalog contract), does not take into account the new verification system which would preclude such an incident from occurring..

**Payments made for questionable costs.**

The department has examined the use of reimbursable items in its contracts and has issued procedures concerning the approval and use of reimbursements.

Under Section 103D-309, HRS, contracts procured through competitive bid, sealed proposal or sole source must be certified as having funds available. Certification can be obtained only if all costs are known.

The department requires reimbursable items to be budgeted into the fixed contract cost. This will restrict the programs from arbitrarily reimbursing expenses. The programs are also required to identify in the terms and conditions of the contract, what items are subject to reimbursement. This will assist the program in identifying prudent reimbursable items.

The Business Development and Marketing Division is responsible for the contract covering all of the examples given at the top of page 17. The division concluded earlier this year that the \$1,028 in hotel costs for a World Cup-related individual should have been charged to another account which covered event expenses. It is explained to the auditor that a clerical error had occurred.

BDM honored the receipt for "cocktails," later re-identified as "dinner buffet and one drink." The establishment in question did offer a buffet along with drinks, and the contractor consumed a meal (total cost: \$11.25).

A contractor was reimbursed for hosting a function which the contractor felt the State should be perceived as hosting. The department employee paid the bill for lunch involving the principals of a firm DBEDT and the contractor were seeking to attract to Hawaii, and was subsequently repaid by the contractor, who then filed

for reimbursement (total cost: \$63.53 for four people). The reimbursement to the contractor was allowed under the terms of his Agreement. The practice of having a State representative reimbursed by a contractor has been eliminated.

## THE OFFICE OF SPACE INDUSTRY

### 1. Funds expended by OSI (page 21).

The initial expenditure figure quoted in paragraph 1 (\$8.7 million) is incorrect. Since its inception (7/88), OSI has expended \$6.9 million on space-related projects (projected through 12/30/94).

### 2. Neither a master plan nor an adequate EIS have been completed (pages 22-23).

A final conceptual master plan for the proposed launch facility was completed by OSI (initially as an interim report in June, 1991, and later as a final public document in February, 1993) that incorporated portions of the CH2M Hill master plan study submitted to OSI in February, 1990. Following a recommendation by the Office of Environmental Quality Control (OEQC), this document was accepted by Governor Waihee in December, 1994. The environmental studies undertaken in these reports were based on a "conceptual" spaceport - structured to ensure that environmental issues likely to arise when an actual spaceport would be tested and evaluated. It was recognized that supplemental environmental studies would be required when an actual spaceport project plan was developed by private industry. Although not able to completely address all issues, the State's Conceptual Plan and EIS provide useful information to a potential developer, and give policy makers guidance as to the feasibility of moving forward with the proposed spaceport.

### 3. OSI terminated the contract before CH2M Hill could complete a master plan (page 22).

OSI hired CH2M Hill to develop a "conceptual master plan" and prepare an environmental impact statement (EIS). The conceptual master plan was to assume the maximum buildout possible for either Palima Point or Kahilipali Point (the two prime locations identified by the 1988 ADL Site Selection Study), developing baseline information on launch rates, propellants, utilities requirements, facilities, types and numbers of jobs, salaries, noise levels, radio frequency emissions, and other specifics. The draft conceptual master plan, delivered to DBEDT in February of 1990, could not accurately serve as the basis for the EIS; yet CH2M Hill's aerospace subcontractor had gone out of business and was no longer available to them. So OSI, working with aerospace experts, used portions of CH2M Hill's document to develop the Conceptual Plan, which served as the basis for the EIS.

### 4. OSI did not agree with the CH2M Hill feasibility model ...OSI has paid [CH2M Hill] \$972,000 for a financial feasibility model that it later found to be unacceptable (pages 22-23).

The financial feasibility of a commercial spaceport - the first such facility in the United States - was a topic of much discussion within OSI. Since the State would not develop or operate the spaceport, OSI could only theorize as to what the eventual management and financial structure of the spaceport might be like.

Changes in the scope of the envisioned project did raise costs. For the record, the \$972,000 expended on CH2M Hill was used to fund their preliminary draft of a master plan, five environmental studies, development of a financial feasibility model, and several meteorological studies.

5. **Muddled EIS administration ...no state/federal EIS (pages 23-25).**

The Hawaii State EIS is the first such document to be completed for a commercial spaceport in the United States. Preparation of the EIS has been a long and difficult undertaking, due to the technical complexity of the task, along with the unanticipated contractor changes. Growing public animosity toward the project also made completion more difficult.

In the fall of 1990, after CH2M Hill (with DBEDT concurrence) decided to assign the remainder of the EIS studies to MCM planning - a local Hawaii firm - legal complications within the State system made such an assignment impossible. It was not until April, 1991, that a contract for an EIS was finally negotiated with MCM Planning. Later, MCM requested more money (\$300K) than originally negotiated in order to cover several technical issues. This financial shortfall caused additional delays until it was resolved. This request for additional funds by MCM was necessary in order to gain an adequate understanding of the total environmental impact. In the end, however, MCM delivered a quality product to DBEDT - a thorough and straightforward EIS which discloses the environmental impacts of the proposed spaceport. The State Department of Health, after reviewing portions of this document pertaining to their area of expertise, commented that "this is the finest health risk assessment to ever be received by the Department of Health's Hazard Evaluation Office."

6. **The selection of the Special Advisor to the Governor for Space was questionable because he had an unfair advantage over the other candidates (page 26).**

As explained to the auditor by the Chairman of the Governor's Blue Ribbon Commission for Space, although Adm. Hayward was a member of this group, he never served on the Commission's Special Advisor Selection Committee. He was not among the initial candidates interviewed by the Committee, and only agreed to be considered for the Special Advisor position when it became apparent that (1) there were specific shortcomings related to the availability, fee, and qualifications in all of the candidates initially selected for interview, and (2) that the most desirable candidate would have to be someone who (a) was a resident of Hawaii (knowledgeable of the local community) and (b) had substantial qualifications for business development in Asia. Korn/Ferry was asked by the Chairman to undertake an analysis of Admiral Hayward and to submit a recommendation as to his qualifications and suitability. The results of this effort finally led to Adm. Hayward's selection as Special Advisor to the Governor.

7. **Contracts allowed questionable expenses (page 28).**

Concerning the reception held at Adm. Hayward's home:

. The event was held in honor of the Governor's Space Advisory Committee, whose members were in Hawaii for their initial meeting with the Governor and other key government and business leaders.

. The reception was approved in advance by the State.

- . It was intentionally held at Adm. Hayward's home to help minimize the expense of this function (e.g., avoid banquet room rentals and other charges at a commercial establishment).
- . The majority of the food was personally prepared by Mrs. Hayward, again to help contain costs. Outside help (parking valets, waitresses and a caterer) were needed to support this function (the Hayward residence is located on a steep hillside, and valets were recommended to facilitate access to the Admiral's home).
- . All expenses related to this event were submitted to and approved by the State for reimbursement. Concerning the contract with Mr. Richard Spreyer:
  - . At the time of his hiring, Mr. Spreyer was residing in Washington, D.C. He had previously worked for DBEDT's Washington Office, and was intimately familiar with the history and workings of both the Department and the State. As such, he was a logical choice to serve as an advocate for Hawaii's space efforts.
  - . Mr. Spreyer was hired as an independent contractor. At no time was he employed as a representative of Ruder/Finn.
  - . When Mr. Spreyer relocated to New York, there was no individual in Washington, D.C., with a comparable working knowledge of the State of Hawaii or DBEDT, or the State's space-related efforts. As such, it was deemed appropriate to keep Mr. Spreyer on contract, and to underwrite his expenses to Washington whenever a representative was required to support our efforts there vis a vis key government agencies and corporations.

**8. Taxpayers received no evident benefit ...no foundation for a space-related activities is evident (page 28).**

Concerning benefits received from the \$600,000 paid to Admiral Hayward:

- . Adm. Hayward has been responsible for establishing a space network for Hawaii linking the state with representatives from the U.S. government agencies and departments, the aerospace industry, and multiple organizations throughout Asia, specifically in Japan, Korea, and Japan.
- . The ACTS program was specifically introduced to Hawaii by Adm. Hayward through his efforts in working with NASA and a member of the Space Advisory Committee, which, as the auditor has noted, has brought more than \$4 million in overseas revenues to the state.
- . Adm. Hayward has also been directly and intimately involved with the initiative to establish a Pacific Disaster Center in Hawaii, working with the U.S. government, private enterprise, and the Maui Research and Technology Center.
- . Adm. Hayward initiated and promoted the Japan-U.S. Cooperation in Space Project in conjunction with U.S. government and Japanese officials, which has led to the creation of four specific working groups in advanced space-based communications, disaster observation, space science applications, and small satellites - all of which hold promise for expanding and diversifying Hawaii's space

industry, with support from the U.S.-Japan Leadership Council led by former President Jimmy Carter and President Gerald Ford.

Adm. Hayward took the initiative to work closely with the command at Barking Sands, the Department of the Navy, and the DOD Ballistic Missile Defense Office to gain support for additional space-related activities at the Pacific Missile Range Facility (PMRF), which has led to a firm U.S. Navy commitment to support further tests and development work at this establishment.

Adm. Hayward has been meticulous in scheduling his Hawaii space-related travel to coincide as much as possible with other business travel, thereby saving the State tens of thousands of dollars over the life of his contract with OSI.

While he was permitted under contract to utilize per diem rates allowed State employees, Adm. Hayward elected to charge his expenses individually, knowing that they would routinely be less than the per diem allowance, thereby saving the taxpayers additional thousands of dollars.

In 1993, the department reduced his contract by 50% and in 1994 his contract was terminated. Admiral Hayward has continued to commit hundreds of man-days to the State without compensation, pursuing those space-related matters discussed above, as well as several other new initiatives. Concerning foundation for a spaceport and space-related activities:

Hawaii remains the only state in the nation from which payloads can be launched into both equatorial and polar orbit. This remains a strategic economic advantage for commercial companies who wish to launch both communications and remote sensing satellites into any orbit from one facility.

California, Florida, and Alaska are aggressively investing state and private funds to promote commercial launch facilities in their states. For example, ITT recently announced that it will be supporting the California Commercial Spaceport with an initial commitment of \$33 million.

Teledesic, Iridium, and Odyssey are examples of space-based communications initiatives being supported by private industry that will require the launch and eventual replacement of thousands of satellites in both equatorial and polar orbit. A Hawaii-based commercial spaceport might capture a percentage of this launch market, bringing jobs and money into the state economy.

Hawaii's location makes it a natural hub for supporting trans-Pacific telecommunications. OSI's pursuit of advances communications technologies has made Hawaii a player in the NASA ACTS Experiments Program, which includes telemedicine, distance learning, supercomputer networking, and a variety of other high data rate applications that help diversify the local economy.

Hawaii has consistently pioneered advances in aerospace education for the state, and is considered both a national and regional leader in this area. OSI supports a broad range of aerospace education activities, some of which have received state and national awards for their excellence and diversity.

Combining space-based technologies with high performance computing, OSI is helping pioneer the establishment of an International Center for Imaging and Information Management on Maui, part of

which would address the opportunity to provide disaster warning and mitigation assistance through a Pacific Disaster Center jointly supported by the DOD.

9. **Most OSI functions can be transferred [to HTDC] (page 29).**

Most of OSI's current programs are thematically complimentary to high tech initiatives and would generally fit within the HTDC environment. There are other initiatives which OSI supports that were not included in the auditors report (e.g., the Japan-U.S. Cooperation in Space Program, NASA school tours, promotion of distance learning programs, periodic public exhibitions and community speaking engagements) that should also be considered in evaluating the future disposition of OSI.

Appendix

Contract Listing  
For the Period July 1, 1989 to Present

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BDM	23711	Head/Hong Kong	\$681,851	7/8/92	6/30/94	Henry T.K. Au	
BDM	23760	Tokyo Office Representative	\$27,188	6/30/92	2/8/93	Yasuo Takashima	
BDM	25605		\$55,495	1/23/89	1/23/90	Susan Kaye	
BDM	26113	Washington D.C. Office Head	\$90,920	6/1/89		Frederick C. Spreyer	
BDM	27024	Business promotion and marketing development	\$70,000	8/1/89		Kauai EDC	
BDM	27030	Business promotion and marketing development	\$70,000	8/1/89		Maui EDC	
BDM	27031	Conduct military affairs program	\$90,000	9/18/89		Chamber of Commerce	
BDM	27120	Business promotion and marketing development	\$60,000	10/4/89	8/31/90	EDCH	
BDM	27121	Business promotion and marketing development	\$70,000	10/1/89		HI EDB	
BDM	27294	Establishment of a securities exchange in Honolulu	\$45,000	9/1/89		EDCH	
BDM	27349	Grant to promote canoe/kayak sports in Hawaii	\$50,000	12/1/89		Hawaii Canoe/Kayak Team	
BDM	27363	Promote Hawaii in 1990 Travel & Sports Guide Magazine	\$32,000	11/30/89		Travel & Sports Guide	

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BDM	27364	1990 Triple Crown Softball Tournament	\$12,500	12/9/89		Triple Crown Sports	
BDM	27459	Promote 1989 Great Aloha Run/Walk	\$45,000	12/1/89		Carole Kai Bed Race	
BDM	27483	Grant-Aloha State Games	\$200,000	12/15/89		HI Pacific Sports	
BDM	27580	Grant, Promote Hula Bowl	\$70,000	12/29/89		UH Foundation	
BDM	27632	Conduct study on feasibility of establishing an export trading company	\$8,320	12/16/89		Ernst & Young	
BDM	27639	Pub. Hi. Supplement	\$9,920	1/17/90	6/30/90	The Seattle Time, Inc.	
BDM	27640	Produce "HI Comes to Seattle" Video	\$9,000	1/9/90		White Noise Production	
BDM	27668	Grant, Hawaii International Baseball Championship	\$75,000	12/29/89		Pacific Region Baseball	
BDM	27669	Grant, promote Honolulu Marathon	\$56,000	12/26/89		Honolulu Marathon Association	
BDM	27670	Grant, Aloha Bowl Football Game	\$50,000	12/29/89		Aloha Bowl Charities	
BDM	27681	Grant, XCEL Northshore Triathlon Challenge	\$2,500	3/22/90		XCEL Hawaii, Inc.	
BDM	27895	Conduct business development and marketing program	\$600,000	3/7/90		Chamber of Commerce of Hawaii	
BDM	27995	Grant, Ziploc Ultimate Yacht Race	\$11,000	3/14/90		North Shore Marketing	

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BDM	27996	Grant to promote 1990 Triple Crown of Surfing	\$12,000	6/5/90		Triple Crown, Inc.	
BDM	28483	Bankoh Kayak Challenge	\$7,000	4/10/90		Gentry-Pacific dba Gentry Sports	
BDM	28513	Implement a test for a consumer direct mail order catalog	\$140,000	6/6/90		Allied Graphic Arts	
BDM	28682	Produce business oriented collateral material	\$150,000	6/29/90		Economic Dev. Corporation of Honolulu	
BDM	28810	Promote the 1990 NAIA National Women's Volleyball Championship Tournament	\$50,000	10/8/90		BYU-Hawaii Campus	
BDM	28838	Promote Hawaii-made garment & fashion products	\$60,000	6/30/90		Hawaii Fashion Industry	
BDM	28954	Promote Top Gun Hydrofest	\$25,000	6/28/90		MWR Dept, NAFI, U.S.	
BDM	28955	Promote the Great Hawaiian International Lifeguard Challenge	\$5,000	6/29/90		The Kiely Co., Inc.	
BDM	29733	Grant, 1991 Great Aloha Run/Walk	\$45,000	7/1/90		Carole Kai Bed Race	
BDM	29734	Grant, 1990 HI International Baseball Championship	\$75,000	7/1/90		Pacific Region Baseball	
BDM	29735	Promo Canoe/Kayak	\$50,000	7/1/90		Hawaii Canoe/Kayak Team	Consultant Services
BDM	29736	Grant, 1991 Aloha Bowl	\$70,000	7/1/90		UH Foundation	
BDM	29737	Grant, 1991 Aloha Bowl	\$70,000	7/1/90		Aloha Bowl Charities	

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BDM	29914	Develop a financial center in Hawaii	\$500,000	8/31/90		Economic Dev. Corporation of Honolulu	
BDM	30022	Promote Triple Crown Slowpitch Softball Tournament	\$17,000	1/31/91		Triple Crown Sports	
BDM	30122	Business promotion and marketing development	\$120,000	12/1/90		Economic Dev. Corporation of Honolulu	
BDM	30153	Business promotion and marketing development	\$80,000	12/4/90		HI EDB	
BDM	30154	Business promotion and marketing development	\$80,000	12/5/90		Kauai EDB	
BDM	30155	Business promotion and marketing development	\$100,000	12/5/90		Maui EDB	
BDM	30184	Military affairs program	\$100,000	7/1/90		Chamber of Commerce	
BDM	30237	Support effort to bring to the World Cup Qualifying Draw to Hawaii	\$17,500	3/25/91		Hawaii International Soccer	
BDM	30296	A Hawaii Marketing Program	\$275,000	4/3/91		The Chamber of Commerce of Hawaii	
BDM	30537	Support 1991 Fraom A Hawaii Wavesailing Championships & 1991 Bankoh Kayak Challenge	\$12,500	4/8/91		SPORTSPAC	
BDM	30640	Fish Hatchery Study-Molokai	\$23,000	6/28/91		Hui O Kuapa	
BDM	30810	Eval business development and marketing	\$140,000	7/1/91	6/30/94	Metro Global, Inc	Consultant Services
BDM	30932	City-wide promotion in Portland Oregon	\$108,500	5/1/91		Travel Sales, Ltd.	

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BDM	31003	Provide technical and managerial services to implement technical assistance projects	\$225,000	6/28/91		UH, Office of Tech Transfer and Econ. Dev. (OTTED)	
BDM	31443	Develop a sports marketing plan	\$97,500	10/1/91		Hill and Knowlton/Communications-Pacific	
BDM	31478	Promote the 1992 Outrigger Hotels "Top Gun" Hydrofest	\$25,000	10/23/91	12/31/91	Morale Welfare & Recreation Dept, NAF, US Govt	
BDM	31526	Support Maui Invitational Basketball Tournament, Maui	\$10,000	11/12/91	12/31/91	Kemper Lesnik Hawaii	
BDM	31559	Grant '92-93 Hula Bowl	\$145,687	7/1/91	6/30/93	UH Foundation	Grant
BDM	31570	Grant '92-93 Great Aloha Run	\$93,656	7/1/91	6/30/93	Carole Kai Bed Race	Grant
BDM	31571	Grant-Canoeing/Kayaking	\$52,650	7/1/91	6/30/93	Hawaii Canoe/Kayak Team	Grant
BDM	31588	Grant '91-Aloha State Games	\$328,000	7/1/91	6/30/93	Hawaii Pacific Sports, Inc	Grant
BDM	31659	Business promotion and marketing development	\$70,000	10/7/91	8/31/92	Kauai EDB	
BDM	31660	Business promotion and marketing development	\$70,000	10/7/91	8/31/92	Maui EDB	
BDM	31661	Business promotion and marketing development	\$100,000	10/7/91	4/30/92	Economic Dev. Corporation of Honolulu	
BDM	31691	Grant '92-93 Honolulu Marathon	\$155,954	7/1/91	6/30/93	Honolulu Marathon Association	Grant
BDM	31709	Grant '92-93 Aloha Bowl	\$145,687	7/1/91	6/30/93	Aloha Bowl Charities	Grant

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BDM	31710	Promote goodwill matches between U.S. & Japanese National Men's Volleyball Teams	\$7,500	9/22/91	12/31/91	U.S. Olympic Committee, Hawaii Chapter	
BDM	31730	Grant-HI International Baseball Championship	\$128,975	7/1/91	6/30/93	Pacific Regional Baseball, Inc.	Grant
BDM	31731	Implement military affairs program	\$100,000	7/1/91	11/19/92	Chamber of Commerce	
BDM	31820	Business promotion and marketing development	\$85,000	10/7/91		Hawaii Island EDB	
BDM	31834	Promote the 1991 Triple Crown of Surfing	\$15,000	10/15/91		Triple Crown, Inc.	
BDM	31867	Promote the 1991 Aloha Classic World Wavesailing Championship	\$10,000	10/23/91		Ehman Productions, Inc.	
BDM	31947	HI tech research/development	\$3,330,000	7/1/91	6/30/93	PICHTR	Consultant Services
BDM	31971	Promote Triple Crown Slowpitch Softball	\$7,500	2/6/92		Triple Crown Sports	
BDM	32114	Invest Bus Prog	\$300,000	1/1/92		Chamber of Commerce	Consultant Services
BDM	32115	Implement investment and business program	\$300,000	1/1/92	12/31/92	Chamber of Commerce of Hawaii	
BDM	32425	Promo HI '93 Assn Tennis Pros	\$5,000	6/26/92	6/30/93	Reed Witt Enterprises	Contractor
BDM	32470	Promote '92 Duke Kahanamoku World Championship Paddleboard Race	\$5,000	6/19/92	12/31/92	Seahorse Ocean Sports Association	
BDM	32471	Promote '92 Hawaiian Oceanfest	\$5,000	6/26/92		Event Marketing, Inc.	

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BDM	32742	Const fruit disinfection fac	\$500,000	6/26/92	12/31/93	UH/Office of Tech	Consultant Services
BDM	32820	Conduct study, direct flights between Hong Kong and Honolulu	\$15,000	6/1/92		UH School of Travel Industry Management	
BDM	32933	Promote '92 National Congress of State Games	\$5,000	6/30/92	12/31/92	Hawaii Pacific Sports Inc.	
BDM	32934	Support '92 Outrigger Hotels "Top Gun Hydrofest"	\$15,000	6/30/92		Morale Welfare & Recreation Dept, NAFI, US Govt	
BDM	32936	Attract Chinese invest	\$25,000	6/30/92	6/30/93	Chinese Chamber of Commerce	Consultant Services
BDM	33137	Dev mkt recyclable mtls	\$40,000	6/30/92	6/30/93	Recycling Association of Hawaii	Consultant Services
BDM	33271	Grow w/HI Newsletter	\$30,000	9/1/92	11/30/93	Chamber of Commerce of Hawaii	Consultant Services
BDM	33292	Asian invest/bus attract.	\$50,000	6/30/92		Omnitract	Consultant Services
BDM	33340	Conduct Chinese Martial Arts Tournament	\$8,000	6/30/92	12/31/92	Hawaiian Association of Amateur Athletic Union USA	
BDM	33363	Develop interactive multimedia application	\$120,000	6/30/92	10/31/92	Tom Coffman Multimedia	
BDM	33387	Conduct Goodwill Matches, US and Japan Women's Volleyball Matches	\$7,500	6/30/92		US Olympic Committee, Hawaii Chapter	
BDM	33389	Bus & mktg planning assist	\$55,000	6/30/92	6/29/94	Grant Thornton	Consultant Services
BDM	33458	Co-produce pacific reports	\$50,000	6/30/92	5/31/93	Hawaii Public Broadcasting	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BDM	33485	Produce advertising insert in Hawaiian Airlines in-flight magazine	\$14,000	6/30/92		Becker Communications	
BDM	33563	Promote '92 Hawaii Invitational Cricket Championship	\$12,000	1/1/92	12/31/93	Coun of Samoan Chiefs & Orators of HI, Atoa-O-Alii	
BDM	33883	Exec. Dir. Japan	\$100,000	8/1/92	6/30/93	Atsuko Totsuka	Contractor
BDM	34077	Promo invitational rugby	\$20,000	7/1/92	6/30/93	HI Harlequins Rugby Football	Contractor
BDM	34089	Promote '92 Aloha Classic Wavesailing Championship on Maui	\$8,000	1/1/92	3/5/93	Ehman Productions, Inc.	
BDM	34091	Royal Hawaiian Master Rugby Fest.	\$20,000	12/3/92	6/30/93	Royal Hawaiian Masters Rugby	Grant
BDM	34707	93 World Cup Triathlon	\$15,000	4/30/93	12/31/93	Cat Sports, Inc.	Contractor
BDM	34724	Alien Entrepreneur Research	\$10,500	4/22/93	5/31/93	John W. Goemans	Consultant Services
BDM	34816	Maui promo/mktg	\$50,000	10/7/92	8/31/93	Maui EDB, Inc.	Consultant Services
BDM	34817	Kauai promo/mktg	\$50,000	10/7/92	8/31/93	Kauai EDB, Inc.	Consultant Services
BDM	34818	Big Island promo/mktg	\$50,000	10/7/92	8/31/93	Hawaii Island EDB, Inc.	Consultant Services
BDM	34915	Promo Aloha State Games	\$13,200	6/10/93	12/31/93	Aloha Bowl Charities	Contractor
BDM	34958	Promote Cricket Championship	\$5,000	6/30/93	12/31/93	Atoa O Alii	Contractor

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BDM	35011	Military Affairs Program	\$46,000	5/1/93	6/30/93	Chamber of Commerce of Hawaii	Consultant Services
BDM	35154	Update Grow HI Multimedia	\$30,000	6/30/93	8/30/93	Tom Coffman Multimedia	Consultant Services
BDM	35165	Promo Japanese invest	\$25,000	6/30/93	6/30/94	Honolulu Japanese Chamber of Commerce	Contractor
BDM	35254	Recycling Analysis	\$20,000	6/30/93	4/15/94	Recycling Association of Hawaii	Consultant Services
BDM	35266	Recycling Loan Program	\$10,000	6/30/93	12/31/93	National Development Council	Consultant Services
BDM	35284	Sponsor Cycle to Sun '93	\$5,000	6/30/93	12/31/93	Kapahulehua Productions	Contractor
BDM	35286	Bid proposal for '97 games	\$15,000	6/30/93	7/30/93	World Police and Fire Games Committee	Contractor
BDM	35363	Admin HI Canoe/Kayak Team	\$10,000	6/30/93	9/1/93	Hawaii Canoe/Kayak Team	Contractor
BDM	35374	Promote Phillipine invest	\$20,000	6/30/93	6/30/94	Filipino Chamber of Commerce	Consultant Services
BDM	35400	Bus. Attraction/Mkt	\$40,000	6/30/93	12/31/94	Chamber of Commerce of Hawaii	Contractor
BDM	36092	Asia NOW News segments	\$10,000	1/20/94	6/30/94	Hawaii Public Broadcasting Authority	Contractor
BDM	36093	Disaster Preparedness	\$50,000	1/20/94	8/20/94	Kauai Economic Program Development Board	Consultant Services
BDM	36348	High Tech Project	\$250,000	9/10/93	10/31/95	Kauai Econ. Dev. Board	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BDM	B-91-02	List broker services for consumer catalog	\$50,000	7/18/90		Mokrynski & Associates, Inc.	
BDM	B-91-03	Computer services - list maintenance for consumer catalog	\$8,000	8/13/90		MBS/Multimode, Inc	
BDM	B-91-04	Fulfillment services for consumer direct mail order catalog	\$25,000	8/30/90		Gerald L. Lewis	
BDM	B-91-09	Assist in developing & implementing a statewide sports plan	\$55,000	4/1/91		Sheldon E. Robbs	
BDM	B-92-04	Assist with industry promotion	\$29,400	12/10/91		Gloria K. Wong	
BDM	B-92-07	Personal services, Jr. Secretary State of Hawaii (SOH) Trade Office in Hong Kong (6 mos)	\$5,845	3/1/92		Cindy Wong Hing Chan	
BDM	B-92-08	Personal services, Executive Secretary SOH Hong Kong Office (6 mos)	\$9,959	3/1/92		Ivy Yin Kuen Tsoi Wong	
BDM	B-92-09	Personal services, Executive Assistant SOH Hong Kong Office (6 mos)	\$13,361	3/1/92		Lrinda Yuk Ping Wong	
BDM	B-92-10	Dev/implement sports program	\$117,000	4/1/92	3/31/94	Jack Wiers	Personal Services
BDM	B-92-12	Sec/Japan Office	\$45,538	1/1/92	6/30/93	Naomi Kono	Personal Services
BDM	B-93-01	Bus attraction/invest	\$25,000	7/1/92	6/30/93	Dieu Q. Ly	Personal Services
BDM	B-93-02	Recycling Program	\$75,000	8/15/92	8/14/94	Celia Hildebrand	Personal Services
BDM	B-93-04	Sec/Hong Kong Office	\$41,650	9/1/92	6/30/94	Yin Kuen Tsoi	Personal Services

**Contract Listing  
For the Period July 1, 1989 to Present**

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BSD	25319	Personal services to assist economically distressed areas (term. for conv. 5-8-92)	\$178,440	9/30/89	5/8/92	Janet Cole Leister	
BSD	27067	Dev. Employee Ownership and Participating Ownership Marketing Plan	\$25,000	9/15/89		SMS Research & Marketing Services	
BSD	27322	Personal svcs. to dev. and implement projects to improve the economic condition of distressed rural areas	\$38,400	9/1/89		Charles T. Ushihima	
BSD	27726	Business counseling and consulting service	\$40,000	7/1/89		Chamber of Commerce of Hawaii	
BSD	27851	Grant - Main Street Partner Towns Program	\$240,000	1/4/90		Historic Hawai'i Foundation	
BSD	28105	Cultural shpg ctr feas.	\$80,000	6/1/90	12/31/92	Neighborhood Investment Corp.	Consultant Services
BSD	29768	Grant - Community-based enterprise program, Backyard Fish Farming Project	\$470,000	7/16/90		Wai'anae Coast Comm. Alternative Dev. Corp.	
BSD	30066	Grant - Test new porcessed Hawaii seafood products	\$25,000	12/10/90		Tanioka's Fish Market, Inc. dba TFM Hawaii	
BSD	30590	Conduct Hanapepe Economic Feasibility study	\$38,800	4/1/91		James S. Roberts dba Pryde, Roberts Dev. Svc.	
BSD	30987	Assist small towns, County of Maui, Main Street Hawaii program	\$35,000	6/28/91		Wailuku Main Street Association	

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BSD	31807	Grant - promote community-based development project	\$7,000	8/1/91		Hawaii Community Foundation	
BSD	32064	Develop a program for the 2nd Annual Conference on Business and the Environment	\$25,000	12/1/91		Business & Environment Group	
BSD	33476	Complete an area plan for the County of Kauai	\$10,000	6/30/92	6/29/93	Graden Island Resource Conserv. & Dev., Inc.	
BSD	33478	R/D high value crops	\$15,000	6/30/92	6/29/94	Hoopulapula Haragushi Rice Mill	Grant
BSD	33479	Develop a marine shirmp farm using round pond technology with advanced design features and commercial capabilities	\$15,000	6/30/92	6/29/94	Sunkiss Shrimp Company, Ltd.	
BSD	34017	CBED grant	\$15,000	9/1/92	12/31/92	Kalihi-Palama Immigrant Service Center	Grant
BSD	34018	CBED grant	\$36,000	9/1/92	2/28/95	Hui Ulu Mea Ai	Grant
BSD	34019	CBED grant	\$36,000	9/1/92	6/30/93	Ke Kuaaina Hana Una Hou	Grant
BSD	34020	CBED grant	\$40,000	11/7/92	6/30/93	Kaliula Ohana Corp.	Grant
BSD	34021	CBED grant	\$50,000	9/1/92	1/31/93	Hina-Malailena	Grant
BSD	34143	CBED grant	\$23,000	11/1/92	10/31/93	Molokai Sea Farms	Grant

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BSD	34514	CBED	\$50,000	3/19/93	9/18/93	Parents & Children Together	Grant
BSD	34574	CBED grant	\$50,000	4/14/93	1/13/94	Waianae Coast Comm Alt Dev	Grant
BSD	34620	CBED grant	\$10,000	1/1/93	12/31/93	Maui Malama Pono	Grant
BSD	34839	CBED grant	\$15,000	6/30/93	10/31/93	Lanai Community Dev. Corp.	Grant
BSD	35058	Analyze Hawaiian Air closure	\$19,000	4/26/93	4/30/93	PRC Aviation	Consultant Services
BSD	35353	CBED grant	\$10,000	6/30/93	12/31/93	Honolulu Community Action Program	Grant
BSD	35828	CBED grant	\$15,000	11/18/93	5/17/94	Kau Learning Center	Grant
BSD	35840	CBED grant	\$15,000	11/23/93	5/23/94	Molokai Community Development Corp.	Grant
BSD	36112	Hurricane Iniki impact analysis	\$25,000	2/23/93	12/31/93	Arthur Anderson & Co.	Consultant Services
BSD	B-91-14	Personal services, develop and implement Community-based Development Program	\$88,764	3/16/91	3/15/93	Robert Agres, Jr.	

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
BSD	B-92-11	Economically stressed areas	\$92,160	7/1/92	6/30/94	Janel L. Sena	Personal Services
BSD	B-92-16	Rural area development program	\$135,444	6/1/91	5/31/94	Lynn Maunakea	Personal Services
BSD	B-94-03	Sugarmill washwater treatment	\$645,000	1/1/93	6/30/94	Hilo Coast Processing Co., Hamakua Sugar Co.	Contractor
BSD	B-94-04	Sugarmill washwater treatment	\$645,000	10/28/93	6/30/94	Hamakua Sugar Co.	Grant
BSD	B-94-07	HI small business loan program	\$25,000	1/5/94	12/31/94	HEDCO Local Dev. Corp.	Contractor

**Contract Listing  
For the Period July 1, 1989 to Present**

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
ENG	26152	Reblast/Relamp Public Buildings	\$43,238	7/18/89	12/29/89	Belson Assoc. Ltd.	
ENG	26846	Field outreach assist. in energy	\$78,500	7/1/89	6/30/90	County of Kauai	Consultant Services
ENG	26850	Car insp. diag. clinics	\$8,000	7/1/89	6/30/90	UH Kauai Comm. Coll	Consultant Services
ENG	26851	Hawaii agri-energy program	\$25,000	7/1/89	6/30/90	UH College of Ag	Consultant Services
ENG	26852	A-2 energy audit	\$16,000	7/1/89	6/30/90	County of Hawaii	Consultant Services
ENG	26856	Prov. for tech. spt. HEES	\$14,000	7/1/89	6/30/90	UH College of Ed.	Consultant Services
ENG	26857	Field outreach assist. in energy	\$57,000	7/1/89	6/30/90	County of Maui	Consultant Services
ENG	26858	Car insp. diag. clinics	\$8,000	7/1/89	6/30/90	UH Hilo	Consultant Services
ENG	26859	Car insp. diag. clinics	\$8,000	7/1/89	6/30/90	UH Maui Comm Coll	Consultant Services
ENG	27118	Ridesharing promotional prog	\$16,600	11/1/89	12/31/90	County of Kauai	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
ENG	27272	Advisory svcs for geothermal proj.	\$100,000	12/1/89	6/30/91	Ente Naionale Per L' Energia Electrica	Consultant Services
ENG	27373	Conduct energy audit state facilities	\$13,468	12/7/89	12/29/89	Hawaii Energy Consultants	Consultant Services
ENG	27461	Energy Coord, Hawaii County	\$25,000	1/1/90	8/30/91	County of Hawaii	Consultant Services
ENG	27623	Biomass to energy facilities O&M support	\$68,000	6/1/90	5/31/91	Hawaiian Sugar Planters' Assn.	Consultant Services
ENG	28108	Dev videotape prog. on energy projects on Maui	\$9,000	3/7/90	8/15/90	County of Maui	Consultant Services
ENG	28468	Enger Conserv/Renewable	\$1,700,000	5/3/90	5/2/94	RCUH	Consultant Services
ENG	28571	Dev & implement Pacific Area Cooperative Renewable Energy Dev. (PACRED) project	\$258,000	1/1/90	6/30/92	UH, HINEI	Consultant Services
ENG	28688	Applied energy research proj. The HI Integrated Energy Policy Dev. Prog.	\$300,000	7/1/90	6/30/92	RCUH-HEP	Consultant Services
ENG	28957	OTEC-Hydrogen project	\$87,000	6/29/90	2/28/91	PICHTR	Consultant Services
ENG	28958	Mgt. Svc Research	\$197,000	6/29/90	6/30/94	RCUH	Consultant Services
ENG	29015	Feasibility study of organic waste conversion facilities	\$75,000	6/6/90	12/5/90	Universal Synergetics	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
ENG	29272	AGR.Energy Prog.	\$25,000	7/1/91	6/30/93	UH-College of Ag.	Consultant Services
ENG	29273	Field outreach assistance in energy	\$57,000	7/1/90	6/30/91	County of Maui	Consultant Services
ENG	29274	Technical support to HEES	\$14,000	7/1/90	6/30/91	UH, College of Ed.	Consultant Services
ENG	29275	Field outreach assistance in energy	\$72,280	7/1/90	6/30/91	County of Kauai	Consultant Services
ENG	29276	Car inspection diagnostic clinics	\$10,000	7/1/90	6/30/91	UH Kauai Comm. Coll.	Consultant Services
ENG	29277	Car insp. diagnostic clinic	\$10,000	7/1/90	6/30/91	UH Hilo	Consultant Services
ENG	29495	Solar electric generating sys (SEGS) assess (terminated and paid \$30,000)	\$100,000	9/1/90	9/1/91	Luz Dev & Finance Corp.	Consultant Services
ENG	29695	A bicycle safety & ed prog. for students	\$22,500	5/1/90	10/31/90	Hawaii Bicycle League	Consultant Services
ENG	29810	Wind/Diesel Sys Molokai	\$242,000	12/22/90	6/30/93	Zond Pacific, Inc.	Consultant Services
ENG	30388	Public Info/Education Svcs	\$460,000	1/1/91	6/30/93	Bruce Benson Marketing	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
ENG	30838	Geothermal Tech Svcs	\$340,000	6/28/91	12/31/94	Geothermex, Inc.	Consultant Services
ENG	30955	Comprehensive rev. and eval. of HI's renewable energy resource assessments	\$50,000	6/1/91	2/27/92	R. Lynette & Assoc.	Consultant Services
ENG	31002	Study aviation fuels industry	\$50,000	6/28/91	8/1/92	Edward K. Noda	Consultant Services
ENG	31206	Energy Coordinator within the County of Hawaii	\$48,924	7/1/91	6/30/92	County of Hawaii	Consultant Services
ENG	31279	Field outreach assistance for energy	\$57,500	7/1/91	6/30/92	County of Maui	Consultant Services
ENG	31280	Agri-Energy Project	\$10,300	7/1/91	6/30/93	UH-Agri & Human Resources	Consultant Services
ENG	31281	Field outreach assistance for energy	\$75,501	7/1/91	6/30/92	County of Kauai	Consultant Services
ENG	31421		\$0		6/30/93	County of Hawaii	
ENG	31442	Biomass Gasifier Scale-Up Facility	\$2,000,000	10/7/91	10/6/94	PICHTR	Consultant Services
ENG	31454	Bicycle safety & ed prog for students	\$22,500	9/26/91	10/31/91	Hawaii Bicycling League	Consultant Services
ENG	31695	Geothermal Compl Coord.	\$193,768	11/27/91	6/30/94	County of Hawaii	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
ENG	31729	Biomass Research	\$333,220	10/1/91	3/31/93	Bioenergy Dev. Corp.	Consultant Services
ENG	31732	Retrofit Kekaha/Kapaa Ctr.	\$10,725	11/1/91	12/30/94	County of Kauai	Consultant Services
ENG	31733	Repair War Mem. Conv. Ctr.	\$2,000	11/1/91	12/30/93	County of Kauai	Consultant Services
ENG	32116	Op/Maint Biomass Energy Fac	\$84,600	4/1/92	6/30/93	Hawaii Sugar Planters' Assn.	Consultant Services
ENG	32312	HI Energy Strategy Prog.	\$1,843,495	3/3/92	6/30/95	RCUH	Consultant Services
ENG	32396	HI Zuteck Rotor Proj.	\$200,000	4/1/92	1/31/95	Haw'n Elec. Renewable Sys.	Consultant Services
ENG	32639	Solar Elec Sys Assess.	\$80,000	3/15/92	1/7/93	Kearney & Assoc.	Consultant Services
ENG	32697	Feas Study/Ice Storage	\$100,000	6/15/92	1/1/96	Hawaiian Elec. Co.	Consultant Services
ENG	32819	HI Reg. Petro Reserve Policy	\$50,000	7/1/92	6/30/94	Duncan, Weinberg, Miller, Etal	Consultant Services
ENG	32857	Integrated Res. Planning	\$108,000	6/15/92	4/14/94	RCUH	Consultant Services
ENG	33272	Geothermal Research	\$1,500,000	6/30/92	6/30/94	UH/Contracts & Grants Mgt.	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
ENG	33388	Methanol Fuel Veh Study	\$20,000	6/30/92	12/31/93	UH/HNEI	Consultant Services
ENG	33857	Field Outrch Asst in Energy	\$73,879	7/1/92	6/30/93	County of Maui	Consultant Services
ENG	33858	Oil Recycling Program	\$4,950	8/1/92	6/30/93	County of Hawaii	Consultant Services
ENG	33859	Hawaii Agri-Energy Program	\$5,000	7/1/92	6/30/93	UH-Agri & Human Resources	Consultant Services
ENG	33860	Energy Conservation & Projects	\$45,852	7/1/92	6/30/93	County of Hawaii	Consultant Services
ENG	33861	Field Outrch Asst in Energy	\$74,990	7/1/92	6/30/93	County of Kauai	Consultant Services
ENG	34033	Solar-Car Sunrayce 1993	\$25,000	1/28/93	12/30/93	UH-Kauai Comm. Coll.	Consultant Services
ENG	34142	Solar-Car Sunrayce 1993	\$13,800	1/28/93	3/27/94	UH-Kauai Comm. Coll.	Grant
ENG	35040	Topographic Services	\$10,000	6/30/93	6/30/94	Resource Management	Consultant Services
ENG	35394	Assess Seawater A/C	\$24,983	6/30/93	3/29/94	Makai Ocean Engineering, Inc.	Consultant Services
ENG	35444	Field Outrch Asst in Energy	\$69,633	7/1/93	6/30/94	County of Maui	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
ENG	35445	Field Outrch Asst in Energy	\$74,699	7/1/93	6/30/94	County of Kauai	Consultant Services
ENG	35446	Field Outrch Asst in Energy	\$48,968	7/1/93	6/30/94	County of Hawaii	Consultant Services
ENG	35827	Education Program	\$66,000	8/30/93	8/31/94	Dept. of Education	Consultant Services
ENG	36168	Integrated Resource Planning	\$490,000	10/1/93	12/31/95	Barakat & Chamberlin, Inc.	Consultant Services
ENG	36315	Energy Emergency Planning	\$20,000	12/14/93	6/30/94	Al Harris	Consultant Services
ENG	B-90-05	Evaluate steam explosion technologies for the HI sugar ind.	\$110,100	7/1/89		Hawaiian Sugar Planter's Assn.	
ENG	B-90-08	Eucalyptus plantations for energy production	\$140,000	10/1/89		DBED/GACC & Bioenergy Dev. Corp.	
ENG	B-93-05	Retrofit Lihue Center Air Cond.	\$125,000	6/30/93	9/30/93	County of Kauai	Consultant Services
ENG	D27710	1989 ERC Report (Short Version)	\$15,949	1/10/90	2/16/90	SB Printers, Inc.	Purchase of Services
ENG	D27974	1989 ERC Report (Long Version)	\$9,695	2/21/90	3/1/90	Edward Enterprises	Purchase of Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
ENG	D28445	Fantastic Haw'n Adventure Book	\$10,000	5/9/90	6/15/90	Tongg Publishing	Purchase of Services
ENG	D29104	1991 Tide Calendar	\$28,600	6/14/90	11/2/90	Heritage Graphics	Purchase of Services
ENG	D30133	Commercial Vehicle Decals	\$31,525	1/18/91	1/31/91	Dana Labels	Purchase of Services
ENG	D30194	Office Lease	\$3,163	4/1/91	7/31/91	Inoue-Hawaii Realty	Purchase of Services
ENG	D30798	1992 Tide Calendar	\$26,936	6/5/91	9/27/91	Heritage Graphics	Purchase of Services
ENG	D33930	1993 Tide Calendar	\$22,840	9/24/92	11/27/92	Heritage Graphics	Purchase of Services
ENG	D36235	1994 Tide Calendar	\$21,000	12/16/93	2/10/94	Obun Hawaii, Inc.	Purchase of Services

**Contract Listing  
For the Period July 1, 1989 to Present**

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
FTZ	D29145	Security officer services	\$67,230	7/1/90	6/30/92	Freeman Guards, Inc.	Bid
FTZ	D32521	Repave marshalling yard	\$26,950	5/6/92	6/23/92	Road Builders Corp.	Bid
FTZ	D33536	Security officer services	\$66,690	7/1/92	6/30/95	Freeman Guards, Inc.	Bid
FTZ	D34162	Forklift purchase	\$19,078	12/2/92	4/20/93	Pacific Machinery	Bid
FTZ	D34209	Security alarm services	\$9,582	12/1/92	11/30/97	Alert Alarm, Inc.	Bid
FTZ	D35788	Repaint building--Pier 2	\$42,288	9/13/93	6/16/94	Oahu Painting & Decorating, Inc.	Bid

**Contract Listing  
For the Period July 1, 1989 to Present**

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
IPD	27010	Promote HI Int'l Film Festival	\$250,000	8/1/89		East-West Center	
IPD	27347	Operate hyperbaric treat. fac.	\$285,000	7/1/89	6/30/90	UH-Hyperbaric Treatment Fac.	
IPD	27624	Marine Min. Plog/Review	\$243,454	10/11/89	5/31/94	RCUH-Marine Minerals	Consultant Services
IPD	27941	Promotional program for the film industry	\$7,000	6/29/90		County of Kauai, Office of Econ. Dev.	
IPD	28126	Produce educational & informational TV series promoting Hawaii's int'l role	\$125,000	1/31/90	12/31/90	New Generation Production	
IPD	28297	Support of Sea Grant College Program Projects	\$122,662	1/1/90	12/31/92	University of Hawaii	Consultant Services
IPD	28763	Augment staff efforts in the dev of the Hawaii Ocean & Marine Resources Council	\$170,000	4/1/90	6/30/91	UH, School of Medicine	
IPD	29077	Prep Bid Film Fac	\$6,460,000	4/27/90		DAGS	Contractor
IPD	29353	Operate Recompression (hyperbaric) Treatment Facility	\$285,000	10/10/90	6/30/91	UH, School of Medicine	
IPD	29492	Promotional program for the film industry	\$250,000	10/2/90		Hawaii Int'l Film Festival	

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
IPD	29849	Produce videotape to promote the Hawaii film industry	\$56,206	11/29/90		Quenzer Driscoll Dawson	
IPD	30066		\$25,000	12/10/90	9/30/91	Tanioka Fish Market, Inc.	
IPD	30450	Produce videotape to document portrayal of Hawaii through film and videotape	\$112,000	6/28/91	12/15/92	Northwest Mobile TV	Contractor
IPD	30856	OC Research Mdtg Study	\$17,250	6/28/91	6/30/93	UH Pacific Business Center	Consultant Services
IPD	31263	Survey OC Recreation	\$57,000	6/21/91	3/31/93	Aquavid Hawaii	Consultant Services
IPD	31313	Promo Film Industry	\$350,000	7/1/91	6/1/93	Hawaii Int'l Film Festival	Consultant Services
IPD	31624	Sea Grant College Prog.	\$60,799	10/1/91	9/30/93	UH	Consultant Services
IPD	32938	Data for Film Locations	\$8,000	7/15/92	12/31/93	Hunter Productions	Consultant Services
IPD	32939	Expand and enhance Hawaii Film Office Location Library database-revise program module	\$8,000	6/24/92	12/31/93	The Software Source	Consultant Services
IPD	33052	Survey Hawaii Maritime Industry	\$25,000	6/30/92	10/31/93	UH, Sea Grant	
IPD	33053	Promo Garment Indus	\$64,267	6/30/92	12/31/93	Hawaii Fashion Industry Assn.	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
IPD	33136	Eval Marine Mining	\$27,585	1/1/92	6/30/93	UH/HI Undersea Research Lab	Consultant Services
IPD	33291	Survey HI Seafood Mktg Ind	\$25,000	6/30/92	6/30/94	RCUH	Consultant Services
IPD	33755	Mdtg Plan for Local Ind	\$54,327	7/1/92	6/30/93	Gloria K. Wong, DBA HI Network	Consultant Services
IPD	34510	Promo Film Ind	\$50,000	3/1/93	2/28/94	County of Kauai	Consultant Services
IPD	34511	Film Promo	\$50,000	3/1/93	2/28/94	County of Maui	Consultant Services
IPD	34512	Film Promo	\$50,000	3/1/93	2/28/94	County of Hawaii	Consultant Services
IPD	35364	Update HI Marine Directory	\$20,000	6/30/93	1/31/94	UH Pacific Business Center	Consultant Services
IPD	35402	Seafood Cuisine Tel. Prog.	\$12,500	6/30/93	12/31/93	HI Public Broadcasting	Contractor
IPD	35899	Sponsor International Film Festival	\$221,625	10/7/93	6/30/94	Hawaii International Film Festival, Inc.	Contractor
IPD	35993	Promote HI Island Film Ind.	\$50,000	11/16/93	12/31/94	County of Hawaii	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
IPD	35998	Promote Film Ind.	\$47,392	11/9/93	11/8/94	City & County of Honolulu	Consultant Services
IPD	36255	Promote Fashion Industry	\$62,500	11/1/93	6/30/94	HI Fashion Industry Assoc.	Consultant Services
IPD	B-91-10	Personal svcs to assist with film promo and mktg	\$150,650	4/1/91	3/31/93	Robert Enrietto	Personal Services
IPD	D-34728	Seafood Poster	\$10,050			Edward Enterprises, Inc.	Contractor
IPD	D-35009	Print HI Seafood Kit	\$22,000	6/4/93	6/30/93	Jolene Brown & Assoc. Inc.	Contractor
IPD	D-35032	Print HI Seafood Packet	\$12,000	6/8/93	6/30/93	Harbor Graphics & Fine Printing	Contractor
IPD	D-35310	Print HI Seafood Buyers Guide	\$28,500	6/16/93	7/15/93	Harbor Graphics & Fine Printing Inc.	Contractor

**Contract Listing**  
**For the Period November 1, 1987 to Present**

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
OSI	23356	Launch site selection	\$68,000	11/1/87	6/30/91		
OSI	23809	Space Program	\$135,000	5/2/88	12/31/91	Marilyn C. Metz	
OSI	25172	Space related matters	\$80,500	9/17/88	12/31/90	James Crisafulli	
OSI	25398	Planning of space launch facility	\$1,425,626	12/1/88	11/30/91	CH2M Hill Northwest, Inc.	
OSI	25808	Master plan/EIS	\$55,000	12/1/88	6/30/90	Richard S. Flagg	
OSI	25809	PS Pahala, Ka'u	\$38,000	1/1/89	6/30/91	Clyde Silva	Personal Services
OSI	25810	PR Naalehu	\$28,000	1/1/89	6/30/93	William Keanu	Personal Services
OSI	26220	Space Consultant	\$626,042	4/1/89	3/31/93	Thomas B. Hayward	Consultant Services
OSI	27273	Conduct feasibility study for a Space Camp type facility	\$38,000	10/10/89	4/10/90	Economic Consultants Services	Consultant Services
OSI	28010	Assess housing needs/impacts resulting from development of launch facility	\$100,000	4/4/90	12/31/93	Decision Analysts Hawaii	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
OSI	28202	Grant-in-aid to provide space and earth science education program	\$60,000	5/24/90	12/31/90	Bishop Museum	Grant
OSI	28421	Services relating to land use, ownership, and land use permits for proposed launch facility	\$150,000	6/29/90	12/31/93	MCM Planning	Consultant Services
OSI	28842	Marketing development and assistance	\$20,000	7/24/90	6/30/91	Bruce Benson Marketing, Inc.	Consultant Services
OSI	28843	Provide technical support on range safety and other operations	\$25,000	7/23/90	6/30/91	Donald M. Benn	Personal Services
OSI	29978	Grant-in-aid to provide space and earth science education program	\$85,000	12/12/90	6/30/91	Bishop Museum	Grant
OSI	30070	Grant to foster research and development in space related technologies for commercial and scientific application	\$131,500	7/1/90	6/30/91	The Pacific Space Center	Grant
OSI	30403	Developing an EIS for a proposed launching facility	\$1,400,000	11/22/90	8/31/93	MCM Planning	Consultant Services
OSI	30451	Feasibility study for a floating space launch platform off the Big Island	\$25,000	3/1/91	3/1/92	UH, Department of Ocean Engineering	Consultant Services
OSI	30704	Organize second International Space Year Conference	\$103,000	12/1/90	12/31/91	Harvey Meyerson	Contractor
OSI	30944	Develop and produce education video highlighting Hawaii's Space and Astro. Sciences	\$53,450	6/28/91	12/31/91	Louisiana Educational Resource Network	Contractor
OSI	31293	East Coast public affairs assistance	\$75,000	5/1/91	4/30/92	Ruder-Finn	Consultant Services

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
OSI	32476	Facilities evaluation study of the proposed launch facility at Palima Point	\$37,800	3/16/92	7/16/92	Parsons Hawaii	Consultant Services
OSI	32668	Organize/coordinate Challenger Center National Faculty Development Conference, 1992	\$80,000	5/15/92	12/31/92	Challenger Center for Space Science Education	Contractor
OSI	32741	International Space Year Pav. Exhibit	\$125,000	5/1/92	3/31/93	Bishop Museum	Contractor
OSI	32864	Grant-in-aid to the Pacific Space Center	\$120,000	7/30/92	6/30/93	Pacific Space Center	Contractor
OSI	32980	Provide public relations support services on the East Coast	\$55,000	5/1/92	4/30/93	Federick Spreyer	Consultant Services
OSI	33042	Services to assist with aerospace educational programs of the Office of Space Industry	\$45,000	5/1/92	8/31/93	Jack Hitchcock	Personal Services
OSI	34060	Public relatins for space activities	\$20,000	9/1/92	2/28/93	Walt Southward Public Relations	Consultant Services
OSI	34996	Provide space-related advisory services to the Governor, State of Hawaii	\$62,500	4/1/93	12/31/93	Thomas B. Hayward Associates	Consultant Services
OSI	36098	Organizing second International "Towards Other Planetary Systems" Conference	\$50,000	9/1/93	6/30/94	UH, Institute for Astronomy	Contractor
OSI	D 35433	Print/Deliver Draft EIS	\$37,290	7/15/93	8/9/93	Honblue, Inc.	Contractor

**Contract Listing  
For the Period July 1, 1989 to Present**

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
READ	26029	Study Econometric Models	\$74,000	5/1/89	12/11/92	RCUH	
READ	26030	Update Income Exp.-Accts.	\$74,000	6/1/89	7/6/92	RCUH	
READ	27070	Implement EPIS	\$29,000	9/1/90		RCUH	
READ	27579	Census Awareness Project	\$35,775	12/1/89	7/1/91	Pacific Business Center Program, UH	Research Services
READ	28058	1990 Census Preparation Project, Phase II	\$55,000	3/31/90	7/6/92	RCUH	Research Services
READ	29581	Implement EPIS	\$46,000	9/1/90		RCUH	
READ	30313	Updating of the Hawaii Income-Expenditure Accounts and Econometric Models	\$80,000	4/23/91	6/28/93	RCUH	Research Services
READ	30423	Operation of the State Data Center	\$70,000	4/30/91	6/30/93	RCUH	Research Services
READ	31662	Implement EPIS	\$48,000	11/1/91	11/30/92	RCUH	
READ	32239	Update Input-Out Model (Hawaii Interindustry Model)	\$130,000	3/1/92	2/28/94	RCUH	

Division	Contract No.	Description	Dollar Amount	Effective Date	Completion Date	Contractor	Type of Contract
READ	32574	Updating the Hawaii gross state products accounts and econometric models	\$85,000	5/15/92	2/28/94	RCUH	Research Services
READ	34987	Hawaii gross state product accounts and econometric models update	\$80,000	6/15/93	6/30/94	RCUH	Research Services
READ	35017	Demographic economic indicators update	\$27,000	6/30/93	4/30/94	RCUH	Research Services