

**Hawai`i 2050 Sustainability Task Force
Hawai`i State Capitol, Room 211
December 5, 2005
Minutes**

Members Present: Russell Kokubun, Suzanne Chun Oakland, Ian Costa, Donald Fujimoto, David Goode, Fred Hemmings, Marion Higa, Karl Kim, Keith Kurahashi, Kem Lowry, Keith Rollman, Jane Testa, Stacie Thorlakson, Beth Tokioka, Pamela Tumpap, Ryan Yamane, Mary Lou Kobayashi (for Laura Thielen)

- I. **Call to Order.** The task force meeting was called to order at 9:25 a.m. by Chair Russell Kokubun on Monday, December 5, 2005, in Room 211 at the Hawai`i State Capitol. Introduction of task force members present.
- II. **Review and Approve Minutes.** Chair Kokubun noted that all meeting notices and minutes posted electronically on the Auditor's website, www.state.hi.us/auditor. It was moved by Ian Costa and seconded by Donald Fujimoto that the task force approve the minutes of the task force meeting held on November 18, 2005. The task force unanimously approved the minutes.
- III. **Revise Rules of Order for Task Force Meetings.** Chair Kokubun explained that concerns had been raised about the rule adopted at the November 18 meeting to allow proxy voting. The proposed revised rules of order were distributed to the task force members. On a motion by Pamela Tumpap and second by Suzanne Chun Oakland, the members of the Task Force voted unanimously to amend the rules to allow members of the task force to be represented at meetings by a designee and that the Chair shall be notified if a designee will be participating, that the designee may fully participate in the meetings, provided that only duly appointed task force members shall be allowed to vote on official task force actions.
- IV. **Present Perspectives on Economic Development and Sustainability.** Paul Brewbaker, Senior Vice President & Chief Economist at Bank of Hawaii and Mike Fitzgerald, President & CEO of Enterprise Honolulu, presented their thoughts and perspectives on economic development and sustainability.

Mr. Brewbaker approached his presentation from an economist's view of "What is sustainability?" In his view, economists assume that people try to maximize present value, discounting future value for present value. The best way to increase future value is by increasing present investment in resources that will increase future value. Thus the best future plan is the same as the best current equilibrium. Economists assume an open and free market and no externalities

(these assumptions may not reflect reality where markets are not entirely free and externalities serious, but they are nonetheless the basic assumptions economists make).

So how can we build a futures market that helps us think about market and externalities appropriately?" Consumption patterns today are suboptimal – they do not fulfill future market assumptions perfectly, but they do approximate them. It is possible to synthesize markets in order to mitigate externalities, for example, regarding traffic congestion or water scarcity. In the case of water, we could charge for the scarcity value of water. Now we only pay for the cost of the pumps, electricity, etc., but not for the water itself. "If I owned it, you would pay me for the water." But since water is not "owned," we don't charge for it.

In trying to figure out what sustainability is in economic terms, Mr. Brewbaker stated that one definition could be that the change in maximum social welfare is unchanged – remains positive or at least never negative – over time. In other words, don't do anything to make the future welfare of inhabitants worse off than it is now. One problem may be that this kind of a sustainable equilibrium may not exist if exhaustible resources are essential now. We can't maximize future social welfare if we use up exhaustible resources now.

To many, "sustainable" means "no growth." No new hotels. No new developments. Investments must be made for future generations. In addition, uncertainties such as the avian flu, Y2K, 9/11 must be factored in. Current prices for natural capital almost certainly are too low. We are using too much and not investing enough.

There are five areas that need to be considered when thinking about sustainability:

1. Intertemporal decision-making and optimization. We don't think about costs and benefits over time correctly.
2. Need to reckon intergenerational costs and benefits. (eg., social security)
3. New market economies need to be synthesized. In the example of water, that should be done not by a "water commission". Rather, a market mechanism that correctly charges people for water needs to be created, something not currently available.
4. The geographic discontinuity of the islands allows for relatively independent approaches to "sustainability" for each. One size fits all is not suitable. Even water is different on each island. The aquifers and lens are too old on Kauai, and too young on the Big Island, compared to Oahu.
5. Finally, we need to think outside the conventional box, including conventional notions of "sustainability." We should avoid being politically correct and get to a deeper meaning of the concept.

Michael Fitzgerald, President & CEO, Enterprise distributed material including a list of websites for more information. His themes were, "What are the dynamics

of change in the new economy and what are the sustainability strategies within it?" He referred to the points in his handouts that discuss how to position Hawaii for success in the new economy – the new rules of the road.

In the old world, local resources were important. But in the global economy, local resources are not as important as an educated workforce, a free market, and an attractive environment. Many American businesses don't understand this. Following the 1974 oil crisis, the Japanese made cars of higher quality and energy efficient. U.S. manufacturers just put on more chrome. That was easy for the U.S. to do because we won WWII. We were the ONLY global economy, but not the best. By the 1980s, the Japanese were taking over. Consumers no longer cared WHERE things were made, but how.

It is the difference between resources and good ideas.

Low wages, low taxes, and no rules were all the old economy wanted. There was no concern about the environment. Now, there is no concern with borders – we need to move fast across borders. Good ideas are capital, not physical resources.

Businesses are networked rather than hierarchal. Old boys are no longer enough. You must get the best. Asians have ambitions we all used to have two generations ago.

So whatever we do, we need to do it well. Included in the handouts are the essential skills of a workforce in Hawaii. Presently, there are 175,000 people not in the workforce because they don't have needed skills. Our education system is not doing what needs to be done, not just here but everywhere. Students are taught to regurgitate and not think creatively.

Half of the people in the Hawaii workforce don't make a living wage. A good business climate must have innovative people in a high quality environment instead of just resources. The old Fortune 500 people are out of business because they focused on the old principles

Fitzgerald then turned to the topic of sustainable development. The Brundtland Commission gave one of the first and best definitions of sustainable development. NOT "no growth," but being careful of the environment and local culture. Here in Hawaii we often start well, but seldom follow up. The old "Hawaii 2000" activities of the 1970s were a great start, but there was no follow through. It wasn't called "sustainability" then, but that is what it was.

The *ahupua'a* concept is the epitome of "sustainability" for Hawaii. That metaphor is in the gene pool here and we should use it. We need the values of *ahupua'a* with modern technology.

We also need something more complex than a "free market". We do NOT have a free market economy now, and never have. And we shouldn't. A viable free market doesn't mean "anything goes." If we allowed everyone to do everything they want that would ruin this place. Preserving forests and oceans and NOT building hotels and golf courses is also very important. The U.S. military is also very important for our economy but entirely dependent on Sen. Inouye always showing up for work. When he doesn't, the military may not be as prominent as it is now. Other senators are waiting to take over Sen Inouye's role for their state.

Tourism is vulnerable. It is the middle class who come to Oahu. The high end spenders go to the other islands. Fuel costs are rising. The airlines must pass the cost through and airfares will rise. We WILL see a drop in tourism on Oahu but maybe not everywhere.

We must build aggressive diversification into our economy. We must improve the education quality AND the environment AND the infrastructure AND provide innovative jobs.

Donald G. Horner, President & CEO, First Hawaiian Bank and Chair, Economic Momentum Commission, and Rex D. Johnson, President & CEO, Hawaii Tourism Authority, were scheduled to talk today but could not make it. Chair Kokubun stated that if possible, they will be rescheduled for a later meeting.

V. **Developing the Components of the Planning Process for the Hawai'i 2050 Sustainability Plan.** The Task Force built on the components of the planning process discussed at the November 18 meeting and developed the following criteria:

A) **QUALITIES OF THE IDEAL / OPTIMUM PLANNING PROCESS**

- 1) Transparent and open
- 2) Accessible information – interactive website
- 3) Youth involvement
- 4) Multi-generational
- 5) Dynamic, ongoing – need to sustain the process (sustainability with evolvability)
- 6) Quality data and information
- 7) Visible, highly publicized – BIG DEAL!
- 8) Inspires people to be proactive, to take action, and builds motivation
- 9) Continually educational
- 10) Use common language – definition of key words
- 11) “Locals” – all cultures included and engaged
- 12) Open, welcoming – different methods to engage people
- 13) Strengths-based – identify weaknesses but plan should be positive; think about the negatives and be proactive early on
- 14) Provide fact-based information relevant to each subject area to frame public input and ground the discussion

- 15) Information presented in culturally relevant context (related to gathering public input)
- 16) Geographically cognizant – recognize the uniqueness of each island; be fair and complete
- 17) Deep probe for input
- 18) Efficient data review and presentation management
- 19) Use technology to optimize the process, crunch data, visually show impact of recommendations, e.g., Hawai`i County GIS computer model
- 20) Use/create “best” practices
- 21) Involve implementers; develop a cadre of facilitators
- 22) Develop quality feedback mechanisms and process
- 23) Make it fun/up/hopeful/tasty (food!)
- 24) Need to be flexible, evolutionary
- 25) Be authentic – this is who we are
- 26) Be accountable
- 27) Concept of ahu`pua`a as an overarching value and context for planning
- 28) Economic basis or model to show viability and justification for any recommendation
- 29) Document Task Force activities and keep record for future review
- 30) Include perspective of past as well as the present and future of Hawai`i and its culture(s)
- 31) Sustainability principles should benefit everyone (rather than pitting one group’s interest against another)
- 32) Plan should acknowledge Hawaii’s unique island-based economy
- 33) Plan should examine timeframes – long-term, short-term, emergency actions
- 34) Plan should identify a few major guiding principles/benchmarks/indicators (rather than hundreds)

B) MAJOR SUBSTANTIVE AREAS OF PLANNING PROCESS

- 1) Sustainable Communities covering the following:
 - a) Island-based community
 - b) Host culture
 - c) Governance
 - d) Population/Carrying capacity
 - e) Justice and equity
 - f) Infrastructure
- 2) Sustainable Environment covering the following:
 - a) Water (including drinking/wastewater/ocean)
 - b) Energy
 - c) Food production
 - d) Land use
 - e) Waste
 - f) Air
 - g) Pollution
- 3) Sustainable Economy

- a) What is a “living wage?” (how many are overemployed – working multiple jobs – separate issue)
 - b) Resources?
 - c) Workforce?
 - d) Globally connected
 - e) Diversification
 - f) Globally connects but independent (e.g., energy)
 - g) Back-up plan (e.g., 9/11 or other tragedy) – affects all areas
 - h) Small business development/sustainability
 - i) Military
 - j) Diversity and strength of island economy, resources
 - k) Technology
- 4) Sustainable Quality of Individual and Family Life covering the following:
 - a) Health and human services
 - b) Housing
 - c) Freedom of movement
 - d) Arts and culture
 - 5) Education for a Sustainable Hawai`i
 - a) K-12
 - b) Higher education
 - c) Lifelong learning
 - d) Media
 - e) Career paths
- C) INTERESTS TO BE REPRESENTED IN THE PLANNING PROCESS
- 1) Involvement of the county mayors and county councils is critical.
 - 2) Everyone – all residents, including youth, elderly, disabled, future generations, homeless, non-English speaking, illiterate, over-employed, etc.
 - 3) Resource persons re: substantive areas of the plan, e.g., health, disaster management, national security
 - 4) Business
 - 5) Labor
 - 6) Government (Federal, state, and agencies and lawmakers), include employees (implementers)
 - 7) Education
 - 8) Military
 - 9) Host culture representatives
 - 10) Community Groups, including religious, non-profit agencies, etc.
 - 11) International/global perspectives
 - 12) Visitors, consumers, customers
 - 13) Hawaii expatriates
 - 14) Media
 - 15) Agriculture
- D) SUSTAINABLE PROCESS FOR THE 2050 PLAN (substitute for “Planning Methods & Techniques”)

- 1) Refer to the Planning Process Flow Chart (developed by the Hawai`i Research Center for Futures Studies)
 - a) What happens when the lens is passed around to different people/constituencies?
 - b) How to evaluate what comes back (criteria) – Policy Board (repealed from Chapter 226 in 1991)?
 - c) Will criteria reject some ideas that should be looked at? Need to be flexible enough to allow for and encourage innovation and creativity.
 - d) Above or within first box – need to include common definition/vision – “what is sustainability?” that is broadly accepted. Rename box: “Overarching Vision of Sustainability and a Sustainable Hawaii in 2050.”
 - e) Include various stages of the process in first box – information sharing, issue framing/naming (Kettering), alternatives, deliberations (shared vision)
- 2) Process should consider the following components:
 - a) Visioning/shared aspirations
 - b) Research and data, including ongoing environmental scan
 - c) Process of inclusive citizen input, e.g., Open space methodology
 - (i) Focus groups, coffee hours, fairs in the parks, student essay contests, 4th grade curriculum (e.g., Chicago) which impacted the public’s voting pattern re: bond financing issues
 - d) Futures workshops
 - (i) How to engage younger people who will not attend workshops, e.g., MySpace
 - (ii) Workshops need to be family friendly, e.g., Speakout, FACE listening sessions)
 - e) Accountability through benchmarks, monitoring, updating
- 3) Annual report card to public re: progress toward sustainability goals
- 4) Is growth still “the way?” – goes back to definition of sustainability
- 5) Views of the future:
 - a) Growth
 - b) Collapse
 - c) Disciplined – steady state
 - d) Transformation (breakthrough the wall)
- 6) Process design issue: framework for discussing trade-offs and resolving disagreements
- 7) Is it possible to have well planned growth to avoid conflicts – haves vs. have nots
- 8) Training of helpful facilitators
- 9) As the question: “What kind of Hawai`i do I want for my children and grandchildren?”
- 10)

E) INFORMATION & DATA/RESEARCH NEEDS

- 1) Review and understand the legal and constitutional framework of any plan, e.g., the legal and constitutional balance between the host culture and the western paradigm.
 - 2) Evaluate the last plan in order to make progress on future plan.
 - 3) Projections on water, energy, population, air, food (locally produced)
 - 4) Technology forecasting
 - 5) Economic forecasting and assets; financial forecasting
 - 6) Act 8 requirements
 - 7) Demographics
 - 8) Quality of life metrics (e.g., education level, drug use, eating together as a family, etc.)
 - 9) Carrying capacity index
 - 10) Environmental footprint for island community
 - 11) Land use
 - 12) Research/technical reports for the major substantive areas (i.e., sustainable community, environment, quality of life, etc.)
 - 13) Evaluation of past plans/studies
 - 14) Computer simulations? GIS modeling is available but data costs money.
 - 15) Best practices in different areas, e.g., water conservation
 - 16) Internet resources – catalog information, create web index
 - 17) Information to establish baseline (#1-12 above)
 - 18) Need to priority order for collecting/disseminating data
 - 19) Commission surveys to get data from those who may not participate, missing constituencies
 - 20) Baseline and going forward
 - 21) Health forecasting, including medical, social, family, mental health
 - 22) Disaster forecasting
 - 23) National/international forecasting
 - 24) Quality of life indicators – UH Center on the Family research/data
 - 25) Education
 - 26) Lists of Internet sites to get data
 - 27) Sets of critical indicators with accompanying data sets (what are the “tipping point” indicators?)
 - 28) New geo-coded data (UH/DBEDT project on sustainable tourism – Karl Kim)
 - 29) Housing information, land ownership, offshore ownership
- F) COMMUNITY PARTICIPATION AND INVOLVEMENT
- 1) Legislative involvement is important – should be linked with community outreach through a major public kick-off event to launch the planning process and announce the effort to the community.
 - 2) Communication and marketing component will play a key role in the success of the effort in engaging all stakeholders.
 - 3) Design understandable materials that can serve as tools for facilitators at community meetings; training of facilitators is also important.

- 4) Need to address cultural and ethnic concerns, geographic sensitivities – the manner in which different cultures communicate, participate, and engage needs to be considered, and different approaches and styles need to be balanced.
- 5) Find unifying themes, find common ground to help move the process forward.
- 6) Should be extensive and statewide by geographic and substantive interests
 - a) Networks: aging network, Hawaii State Student Conference, neighborhood boards (Oahu and Kauai), Kanu Hawaii, Main Street Associations, community associations, business organizations – Rotary, Lions, Kiwanies, Economic Development Boards, Hawaiian civic clubs, trade associations, professional organizations, OEOs, community health centers, senior centers, faith-based groups, Salvation Army, neighborhood watches, labor unions (especially public employee unions), schools, homeowner associations, nonprofits, county councils, prisoners, public housing associations, halau, youth service organizations, Farm Bureau, environmental groups, city planning lists, military, refugee & immigrant groups, workplace organizations, recreational clubs, ethnic and cultural organizations, PTA, etc.
- 7) Web-based/electronic dialogues
- 8) Schools (public and private) participation
- 9) Higher education institutions (public and private) participation
- 10) Business and private foundations participation
- 11) Labor participation
- 12) Media – engage media representatives
- 13) Give participants reasons and incentives to participate, i.e., think about future of their own organizations)

G) INTEGRATION OF PLANNING AT ALL LEVELS

- 1) State government (Executive, including UH & DOE; Legislative, and Judicial branches)
- 2) Counties (Executive and Councils)
- 3) Physical plan
- 4) Budgeting and resource allocation
- 5) Private sector planning
- 6) Military plans
- 7) Outside/off island owners and investors
- 8) National and global influences
- 9) Information on private sector business activity – much is proprietary, but maybe regulated companies: transportation, energy, etc.
- 10) Hawaii Tourism Authority strategic plan – statewide and county levels
- 11) DOT statewide transportation plans
- 12) County general plans and functional plans, water plans
- 13) Comprehensive Economic Development Strategies (CEDs)
- 14) Major landowners, foundations
- 15) DHHL
- 16) OHA
- 17) Sovereignty movement plans

- 18) Important to know about, communicate, identify areas of agreement and disagreement, getting buy-in from the parties
- 19) Provide support for the counties to implement plan – should not be state-imposed mandates/requirements. Counties must be involved early on in the process.

H) ACCOUNTABILITY PROCESS – EVALUATION OF IMPLEMENTING ACTIONS / LINKING POLICY AND ACTION TO THE PLAN

- 1) Benchmarks
- 2) Independent oversight agency/board to monitor and evaluate, scan, and provide feedback re: vision/goals
- 3) Composition of the oversight agency/board
- 4) Incentives and penalties for performance
- 5) Resources to sustain planning and plan
- 6) Regular sustainability renewal of plan process (e.g., every 10 years)
- 7) Same old / same old – thanks but no action – specific
- 8) Creating financial mechanisms, market incentives – monitor how well they are working
- 9) Annual report to the public – keep it simple so the public can understand; hold policymakers accountable
- 10) Need an implementation framework/roles and responsibilities to operationalize accountability and timeframe
- 11) Need report measuring performance against specific benchmarks submitted at a specific time of year, tied to budget submittals to Legislature/Councils. Need to put report requirement into Constitution for continuity through changes in legislative and executive branches. (Note: Performance measurements are currently required by state agencies when submitting budgets, but done only pro forma.)
- 12) Give counties the authority to enact ordinances relating to meeting goals of plan
- 13) No ongoing training for staff/policymakers on performance measures and the budget
- 14) Benchmarks tied to natural valued (need better metrics) – which way is the positive (planned for) direction
- 15) Prioritize accountabilities

I) DELIVERABLES / PRODUCTS / TIMELINE & BUDGET

- 1) Include documentation of process as a deliverable
- 2) Interim report will include proposed amendments to Act 8 to extend timeline and include a budget for proposed activities
- 3) Publication and broad-based dissemination of plan
- 4) Submit state and county legislative proposals to authorize plan
- 5) Explore private funding sources – cost share planning; however, need to consider possible motivation/self-interest and public perception of “sponsors”
- 6) Private sector progress should also be reported in report card

- 7) Currently, there is no representation by the county councils on the task force – recommendation to add one from each county
- 8) Several other stakeholders are currently not included on task force – labor, business, etc. – create resource groups
- 9) For consideration and to be further developed:

Deliverables	Timeline	Budget
Kick off conference	2006	
Research & Data, including: -- environmental scan -- forecasting -- expert technical reports on major substantive areas	2006	\$500,000
Community meetings (all islands and by substantive areas)	2006-07	\$250,000
Develop / post website	2006	
Develop communications / outreach plan, including media & PR	2006	
Draft plan recommendations & obtain public input, review by State and counties	2007	
Finalize 2050 plan	2007-08	
Submit legislative proposals to authorize plan & establish process & governance to ensure sustainable plan and process, including implementation and regular renewal	2008	

VI. **Plan for Future Meetings.** Chair Kokubun presented a proposed schedule of upcoming meetings: Thursday, December 15, 2005 at 9:00 am – 3:30 pm in State Capitol conference room 211 and the final meeting of the year on Wednesday, December 21, 2005 from 9:00 am – 3:30 pm in conference room 211. He also recommended and the Task Force concurred, that the following individuals/ organizations be invited to make presentations at the next meeting on December 15, 2005: Ramsay Taum, Sustain Hawai`i; David Cole, Maui Land & Pineapple Company, Inc.; and a representative from Kanu Hawai`i.

VII. **Adjournment.** Chair Kokubun adjourned the meeting at 3: 25 pm.