
Audit of the Hawai'i Tourism Authority

A Report to the Governor
and the Legislature of
the State of Hawai'i

Report No. 25-07
April 2025



OFFICE OF THE AUDITOR
STATE OF HAWAII



OFFICE OF THE AUDITOR STATE OF HAWAII

Constitutional Mandate

Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

Our Mission

To improve government through independent and objective analyses.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management and expenditure of public funds.

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We conduct performance audits (also called management or operations audits), which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the Governor and the Legislature to help them make informed decisions.

For more information on the Office of the Auditor, visit our website:
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Foreword

Our audit of the Hawai‘i Tourism Authority was conducted pursuant to Section 23-13, Hawai‘i Revised Statutes, which requires the Auditor to conduct a management and financial audit of all contracts or agreements in excess of \$15 million awarded by the Authority at least every five years. We express our appreciation to the officials and staff of the Hawai‘i Tourism Authority and other individuals whom we contacted during the course of our audit, for their cooperation and assistance.

Leslie H. Kondo
State Auditor

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Audit of the Hawai‘i Tourism Authority

The Hawai‘i Tourism Authority’s “refocus” on destination management and its new Destination Management Action Plans was supposed to transform Hawai‘i tourism and the agency itself. Instead, the effort, with much of its creation and administration delegated out, demonstrates the Authority’s diminished role in guiding tourism policy.

Introduction

WHEN THE HAWAI‘I TOURISM AUTHORITY (HTA or the Authority) released its current 2020-2025 Strategic Plan, Hawai‘i tourism and the Authority itself were at a crossroads. That year, annual visitor arrivals would hit nearly 10.4 million, about a 5 percent increase over the year before. More visitors meant more spending – \$17.84 billion in 2019, an increase of 1.1 percent over 2018, with all the spending generating \$2.07 billion in state tax revenue, also an increase from the previous year.

Since 2009, Hawai‘i has seen increases in visitor arrivals with corresponding decreases in resident support for tourism.

However, growth is complicated. Since 2009, Hawai'i has seen increases in visitor arrivals with corresponding decreases in resident support for tourism. Hawai'i received 2.8 million more visitors in 2017 than in 1989. But inflation-adjusted revenue from visitors in that time period *declined* by \$1.1 billion. Similarly, from 2009 to 2019, annual visitor arrivals to Hawai'i grew from 6.4 million to the aforementioned 10.4 million. Amid all these increases, resident sentiment regarding the broad statement "Tourism has brought more benefits than problems" fell from 78 percent to 58 percent.

The sentiment appears to have been shared by the residents of the State Capitol. In 2018, Senate Bill No. 2446 (2018 Regular Session) proposed reallocating 15 percent of the Authority's budget to be used to support public infrastructure and natural resources to offset the impact of tourism. The Legislature had found that "although the Hawaii tourism authority advocates for a high quality tourism experience and increased revenue generation by visitors instead of increased numbers of visitors, the number of annual visitors to the State has steadily risen over time." Similarly, resolutions proposed by the Legislature in the 2020 session proposed for HTA to study the impacts of tourism on Hawai'i communities and develop plans to reduce tourism arrivals while increasing per visitor spending.

A year before, the Legislature had proposed repealing HTA's exemption from the State Procurement Code, which it eventually did in 2021. In addition, bills in 2022 and 2023 would call for the replacement of HTA with other entities and transfer of the Authority's responsibilities to the Department of Business, Economic Development and Tourism (DBEDT). **(For a further discussion on HTA's recent evolution, see "Waning Authority" on page 9.)**

It was amid this rising of visitor arrivals and falling of resident sentiment that HTA's current strategic plan observed that "Hawai'i tourism is at a point that requires a re-balancing of priorities. The continuous drive to increase visitor numbers has taken its toll on our natural environment and people, the very reason visitors travel to our islands." According to the plan, the impacts of tourism need to be actively managed, addressed through an emphasis on "destination management," which the plan defined as including: "attracting and educating responsible visitors; advocating for solutions to overcrowded attractions, overtaxed infrastructure, and other tourism-related problems; and working with other responsible agencies to improve natural and cultural assets valued by both Hawai'i residents and visitors."

According to HTA, destination management wasn't a new concept but a refocus on what it had always done. What was new to its tourism strategy was the development of Destination Management Action Plans

(DMAPs), three-year, community-based, and comprehensive strategies for promoting sustainable tourism development across Hawai‘i Island, Kaua‘i, Maui, Moloka‘i, Lāna‘i, and O‘ahu. The plan proclaimed that DMAPs, guided by locally-based steering committees, would focus on creating the “desired visitor industry” on each island by addressing friction at so-called “hotspots,” where visitors and residents collide. HTA proclaimed that DMAPs would “rebuild, redefine, and reset the direction of tourism.”

Five years later, we found that HTA’s new emphasis on destination management is not materially different from its prior efforts. Although not referred to as “destination management,” a large part of HTA’s previous strategic plan had outlined – and highlighted – the same goals as its current strategic plan. We conclude that HTA’s destination management effort is largely a reshuffling of past and continuing programs, done without changes in policies and procedures, or proposed organizational adjustments. In addition, HTA’s self-described refocusing doesn’t seem to have involved any increased financial commitment; overall spending on destination management efforts remained generally level.

What also didn’t change was HTA’s inability or disinterest in reporting on its own performance against its strategic plan goals. HTA’s last three annual reports to the Legislature lacked analysis or reporting of the Authority’s own Key Performance Indicators and its progress toward achieving its destination management goals. In our review, we found that performance against two of these Key Performance Indicators, when adjusted for inflation, has not improved since 2019, calling into question whether the Authority’s destination management efforts were effective.

We also found that HTA’s DMAP effort was rushed and poorly planned and executed, with HTA delegating much of the creation, management, and assessment of the DMAPs to third-party contractors, the community, and the island steering committees. The hotspots (i.e., areas and sites attracting visitors and tourists that are subject to overcrowding and degradation of resources) and DMAP actions were determined by committees and community feedback, but they were ill-defined from the start with minimal guidance, vetting, review, or assessment by the Authority.

As a result of this lack of direction, guidance, and oversight, relatively few DMAP actions and sub-actions come close to addressing visitor-resident hotspot conflicts or a host of other issues.

Reporting by HTA on these actions and their results – if it was done at all – was not meaningful and ended prematurely.

HTA chose to farm out to contractors, sub-contractors, steering committees, and other stakeholders what was supposed to be a transformational, evolutionary effort. Compounding matters, HTA did so with minimal to non-existent guidance and oversight, allowing these delegates to determine actions without much, if any, Authority vetting. Without meaningful HTA participation, we found the DMAPs are little more than elaborate tourism to-do lists and rosters of various, unconnected actions, some which seem to have little relevance to Hawai'i tourism.

Instead of leading, HTA is deferring to others.

Background

Established under Chapter 201B, Hawai'i Revised Statutes (HRS), and beginning its operations in 1999, HTA has been responsible for creating a vision and a long-range strategic plan for tourism in Hawai'i. Funded through the Tourism Special Fund, a special fund which received a percentage of the Transient Accommodation Tax, HTA was created as a semi-autonomous state agency, attached to DBEDT only for administrative purposes, that was intended to operate with minimal legislative oversight and be exempt from the State Procurement Code and administrative supervision required of other boards and commissions. Among other things, HTA is responsible for promoting, marketing, and developing the tourism industry and for administering the contract for the management of the Hawai'i Convention Center (the Convention Center).

Hawai'i's tourism industry has faced challenges since HTA's inception, including the Great Recession and the COVID-19 pandemic, among others.

In its first 20 years, HTA focused on marketing and brand management, with the primary purpose of increasing visitor arrivals. That was, and continues to be, a vital mission, given that tourism is one of the industries most responsible for the State's economic growth and standard of living.

As of July 1, 2021, the Legislature repealed HTA's access to the Transient Accommodation Tax via the Tourism Special Fund, requiring the Authority to annually request funding from the Legislature through the State General Fund, like most other agencies. The Legislature also repealed HTA's exemption from the State Procurement Code and other competitive bidding requirements. That loss of autonomy – most notably its discretion in contracting for goods and services and of access to a permanent funding source – occurred during the period of our audit, which includes calendar years 2021 through 2023.

Mission, Organization, and Programs

HTA is responsible for creating a vision and developing a long-term strategic plan for tourism in Hawai‘i and for promoting, marketing and developing the tourism industry. Before July 1, 2024, HTA was responsible for developing a tourism marketing plan; a single, annually updated, comprehensive document that included, among other information, program performance goals and targets, target markets and the results being sought, and key performance indicators.¹

Before July 1, 2024, HTA was also responsible for perpetuating the uniqueness of the Native Hawaiian culture and community, and their importance to the quality of the visitor experience.²

In 2020, HTA elected to develop the DMAPs as part of its new emphasis on destination management.³

Board of Directors

HTA is headed by a 12-person policy-making board that appoints one person who serves as President and Chief Executive Officer (CEO). At least six board members must have knowledge, experience, and expertise in the area of accommodations, transportation, retail, entertainment, or attractions. At least one member must have knowledge, experience, and expertise in the area of Native Hawaiian cultural practices. Seven members constitute a quorum and a minimum of seven affirmative votes are necessary for all actions.

Organization

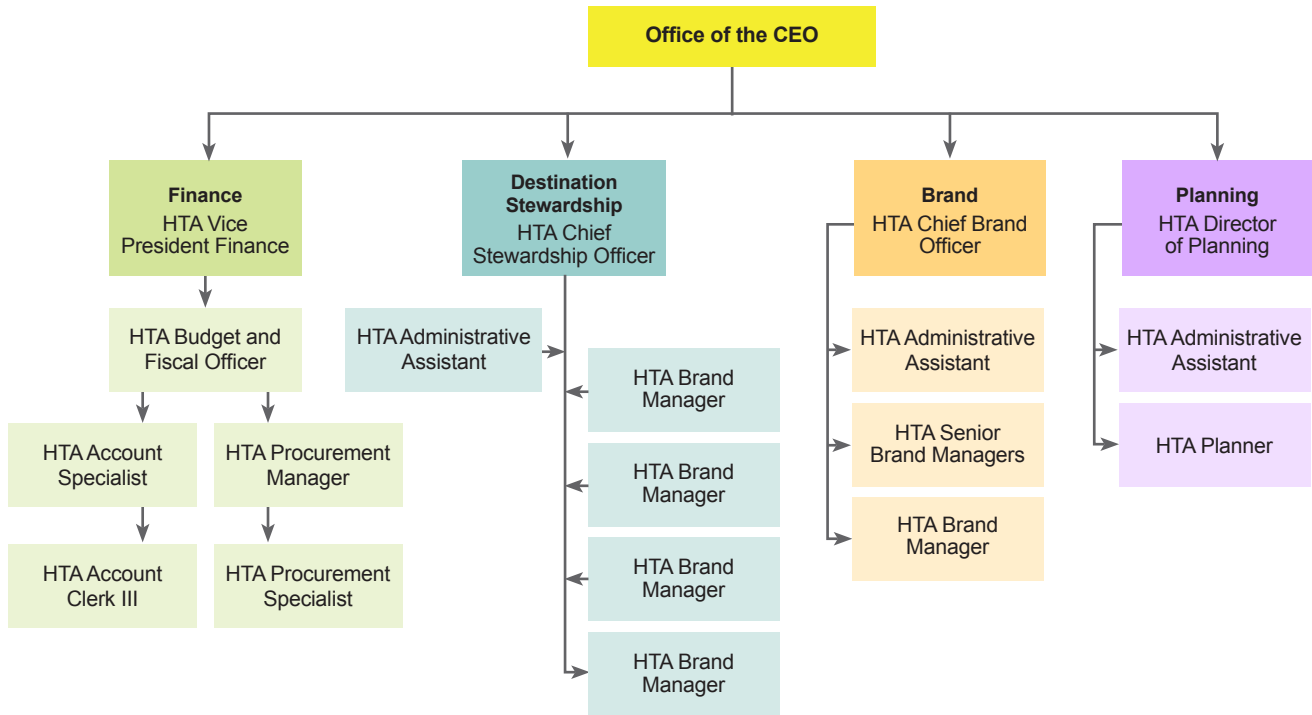
HTA provided us with the following organizational chart. Although it is labeled “Proposed,” according to HTA’s Vice-President of Finance, HTA began operating under this organizational structure in 2023.

¹ In 2024, the Hawai‘i Legislature enacted Act 225, Session Laws of Hawai‘i (SLH) 2024, which amended Chapter 201B, HRS. Language regarding a “tourism marketing plan” was removed and language was added referring to a “strategic tourism management plan.”

² Act 225, SLH 2024, also moved language stating that HTA is responsible for perpetuating the uniqueness of the Native Hawaiian culture and community, and their importance to the quality of the visitor experience, from Section 201B-7, HRS, to 201B-3, HRS. Under the latter provision, HTA “may” focus on perpetuating the uniqueness of the Native Hawaiian culture and community, and their importance to the quality of the visitor experience.

³ Pursuant to Act 225, SLH 2024, effective July 1, 2024, HTA is now statutorily required to design and implement the DMAPs for O‘ahu, Maui Nui (including the islands of Maui, Moloka‘i and Lāna‘i), Hawai‘i Island, and Kaua‘i.

Exhibit 1 HTA Organizational Structure



Source: HTA

The **Office of the President & CEO**⁴ is responsible for implementing HTA's Board of Directors' policies and instructions, and for planning, organizing, directing, coordinating, and reporting HTA's work.

The **Destination Stewardship Branch** is responsible for implementing projects and programs that seek to balance and meet Hawai'i's economic, environmental, and social/cultural needs while working in close partnership with the visitor industry and residents. Functions listed include engaging Native Hawaiian organizations, promoting responsible tourism through post-arrival programs, promotion of regenerative tourism, and communication to advance the goals of the various DMAPs.

On July 27, 2022, HTA's board approved a change management plan under which HTA created the Destination Stewardship Branch and a Chief Stewardship Officer position. According to HTA's 2023 Annual Report, "[t]he adjusted organization will create a higher profile for destination stewardship, addresses the State Auditor's report requiring increased monitoring and evaluation of contracts and contractors, meets the different tourism needs of each island, and sets the foundation to bring back in-house contracted services to better manage outcomes."

HTA's Functional Statement includes a description of the responsibilities of the Destination Stewardship Branch, which, among other things, include promoting Responsible Tourism via post-arrival programs that encourage visitor safety and responsible travel, aligning branding and education programs with the transition of Hawai'i's tourism model to regenerative tourism, facilitating communication to advance the various DMAPs' goals, and improving resident sentiment. As discussed further below, DMAPs are an initiative undertaken by HTA in 2020 to manage Hawai'i tourism in a responsible and regenerative manner through the analysis of destination attributes that are at-risk or threatened, and identification of actions that could be undertaken through "anchor actions" and sub-actions.

The **Brand Branch** leads the Global Marketing Program, develops a strategic marketing plan, manages brand marketing programs to align with HTA's values and objectives, and promotes responsible tourism via pre-arrival programs, and related functions. The Branch's goal is to strengthen tourism's overall contribution to the State by taking the lead in protecting and enhancing Hawai'i's globally competitive brand, with a focus on educating and attracting mindful visitors. As of December 26, 2024, there were two Brand Managers and two Senior Brand Managers.

⁴ At some point before May 30, 2024, HTA began to refer to the Office of the CEO as the Office of the President & CEO.

The **Planning & Evaluation Branch**⁵ aims to strategically plan for the near, mid, and long-term health and vitality of the visitor industry and manage destination issues that affect communities and the visitor experience. This includes the development, monitoring, and oversight of various HTA plans, including the strategic plan, the DMAPs, and the Tourism Management Plan. HTA employs a Director of Planning and an Administrative Assistant who supports the Director of Planning.

The **Fiscal or Finance Branch** is responsible for accounting, procurement, contract management, auditing, and the oversight of the Convention Center. The Branch prepares financial reports for the board, prepares annual budgets, maintains payroll, and prepares the Authority for annual independent financial audits. The Branch is responsible for procurement of all bids, bid evaluation, bid awards, contracting, and completion of all procurement procedures and documentation. The Branch also develops contracts for HTA's procurements and monitors contracts for proper execution and delivery. HTA's Finance Branch includes a Vice-President of Finance, a Budget & Fiscal Officer, a Procurement Manager, and a Procurement Specialist.

Financial Information

HTA's Special Funds

HTA has two special funds: the Convention Center Enterprise Special Fund and the Tourism Emergency Special Fund. The revenue source for both the Convention Center Enterprise Special Fund and the Tourism Emergency Special Fund is the Transient Accommodations Tax, with HTA's portion of the Transient Accommodations Tax revenues allocated, annually, as follows:

- \$11 million to the Convention Center Enterprise Special Fund, established under Section 201B-8, HRS; and
- An allocation into the Tourism Emergency Special Fund, established in Section 201B-10, HRS, sufficient to maintain a fund balance of \$5 million.

The Tourism Emergency Special Fund is used when the Governor declares a tourism emergency and has only been utilized once. In that instance, the fund was used to address needs caused by the August 8, 2023 Maui wildfires.

⁵ At some time prior to May 30, 2024, HTA began referring to the Planning Section as the Planning & Evaluation Branch.

HTA has undergone major changes in funding and funding sources over the last five years. Before July 1, 2021, HTA was funded via a share of Transient Accommodation Tax revenues deposited into the Tourism Special Fund. The Legislature appropriated over \$141 million through the special funds to HTA for fiscal year 2019-2020 and fiscal year 2020-2021. Act 1, Special Session Laws of Hawaii 2021, repealed and abolished the Tourism Special Fund (Section 201B-11, HRS).

In FY2022, HTA's share of Transient Accommodation Tax revenues was capped at \$11 million, which was dedicated to funding the Convention Center. In 2021, the Legislature amended Section 237D-6.5(b), HRS, to eliminate HTA's appropriation of \$79 million from the Transient Accommodation Tax. A total of \$71 million in American Rescue Plan Act⁶ funds were allocated to HTA, including \$60 million for HTA and \$11 million to fund Convention Center operations.

The Legislature did not provide HTA or the Convention Center with an operating budget for FY2023 nor for FY2024. However, in 2022 the Legislature appropriated \$15 million in general obligation bonds for Convention Center roof repairs and in 2024 another \$64 million in general obligation funds for long-term roof repairs for the Convention Center.

HTA was provided \$60.7 million in emergency operating American Rescue Plan Act funds for FY2023. Then, in fiscal year 2025 the Legislature restored funding to HTA by appropriating \$60 million from the General Fund.

⁶ The American Rescue Plan Act was passed by Congress to provide financial help to states and municipalities during the COVID-19 pandemic.

Waning Authority

In a few years, HTA has gone from quasi-governmental entity to government agency to near dissolution.

HTA WAS ORIGINALLY CREATED in 1998 as a quasi-governmental entity, administratively placed within DBEDT, but exempt from certain requirements of administrative supervision. The Authority was the State's lead agency tasked with creating a vision and a long-term plan for Hawai'i tourism as well as promoting, marketing, and developing the industry.

HTA was exempted from the State Procurement Code and was provided with a source of steady revenue through the creation of the Tourism Special Fund, which was funded by the Transient Accommodation Tax.

Over its first couple of decades, HTA operated independently and with relative autonomy; however, in 2021, as the provision exempting HTA from the State Procurement Code was repealed, along with the statute creating the Tourism Special Fund, the Authority began reemphasizing destination management. At the same time, the Legislature amended Section 237D-6.5(b), HRS, to eliminate HTA's appropriation of \$79 million from the Transient Accommodation Tax.

The 2023 Hawai'i legislative session saw introduction of House Bill No. 1376 (HB 1376), which proposed to dissolve HTA and transfer its duties and functions to DBEDT. According to the bill, HTA "has failed to effectively execute its duties and functions [to] manage the tourism marketing plan for the State."

HB 1376 did not pass, but a year later, Act 225, SLH 2024, repealed HTA's exemption from the administrative supervision of DBEDT. In other words, HTA is no longer a quasi-governmental entity; it's now a government agency under DBEDT.

Strategic Plan

HTA operates under long- and short-term plans. The current long-term plan is the HTA 2020-2025 Strategic Plan. The short-range, one-year plan was formerly known as the tourism marketing plan (the marketing plan).⁷ The marketing plan is updated annually. The current strategic plan establishes HTA's overarching vision and strategic direction, while the marketing plan is referred to as the Authority's tactical action plan.

Tourism Marketing Plan

HTA's 2023 marketing plan describes the goals, strategies, actions, and evaluation approach to achieve the objectives of HTA's strategic plan. The marketing plan is meant to conform with Section 201B-6, HRS, which requires HTA to have a single, annually updated marketing plan that includes statewide brand management efforts, among other requirements. HTA is required to develop measures of effectiveness to assess the overall benefits and effectiveness of the marketing plan and include documentation of the progress of the marketing plan towards achieving HTA's strategic plan goals.

The marketing plan includes detailed execution plans for brand marketing, including the individual Brand Management Plans for each of the major market areas as well as HTA's Community Enrichment, Hawaiian culture, natural resources, communications, and planning programs.

Destination Management Action Plans (DMAPs)

As part of its "greater emphasis" on destination management, and with a goal of rebuilding, redefining, and resetting the direction of tourism over a three-year period, HTA developed three-year DMAPs for six islands,⁸ all of which terminated in 2024.

The actions vary in the individual DMAPs, such as protecting and preserving culturally significant places and hotspots; increasing communication, engagement and outreach efforts with the community, visitor industry, and other sectors; increasing enforcement and active management of sites and trails; advocating/creating more funding sources to improve infrastructure; and developing regenerative tourism initiatives.

⁷ Effective July 1, 2024, Act 225, SLH 2024, amends "tourism marketing plan" to "strategic tourism management plan." In this report, we will refer to it by its former name, the tourism marketing plan (the marketing plan).

⁸ The DMAPs encompassed four islands or groups of islands: O'ahu, Hawai'i Island, Kaua'i, and Maui. Maui Nui's plan includes separate island-specific plans for Maui, Moloka'i and Lāna'i.

HTA Major Contractors

SECTION 23-13, HRS, defines “major contractor” as any contractor to whom a contract or agreement has been awarded that is valued in excess of \$15 million. The contractors described below fall into the category of “major contractors” based on their current contracts. All major contractors have entered into contracts or had their contracts extended since January 23, 2023.

The Council for Native Hawaiian Advancement (CNHA) was awarded Contract No. 23008, “Support Services for Destination Management,”⁹ by HTA on August 4, 2023. Under the contract, HTA agreed to pay CNHA an amount not to exceed \$27,141,032 between July 1, 2023 and May 1, 2026. The scope of services of the contract includes responsibility for visitor education and post-arrival marketing and communication, technical assistance and capacity building, a quality assurance program, management and administrative support for six HTA programs: Smart Tourism, Resort Area Hawaiian Culture Initiative, Aloha ‘Āina, Community Enrichment Program, Kūkulu Ola, and Signature Events, and the creation of an online tour guide certification training curriculum.

HTA entered into Contract No. 23004, “Marketing & Management Services for the Japan Major Market Area,” with A.LINK LLC effective January 11, 2023, under which A.LINK LLC agreed to provide a full range of comprehensive brand marketing and management services for Hawai‘i in the Japan market.

HTA and A.LINK LLC entered into Supplemental Contract No. 2 to Contract No. 23004, executed by HTA on Jan. 6, 2024, for an additional \$2,500,000.

The scope of services for that contract includes developing, implementing, and satisfactorily completing an Incremental Japan Market Recovery Plan for calendar year 2024.

The Hawai‘i Visitors and Convention Bureau (HVCB) and HTA entered into Contract No. 23003, “Hawai‘i Tourism Destination Brand Management and Marketing Services for the United States Market,” executed by HTA on June 30, 2023, under which HTA will pay HVCB \$38,350,000 between June 30, 2023 and December 31, 2025. HVCB is responsible for providing a full range of comprehensive brand management and marketing services for Hawai‘i in the United States market.

AEG Management HCC, LCC (AEG) and HTA entered into Contract No. 14002, “Management and Marketing of Hawai‘i Convention Center” with an effective date of January 1, 2014, under which AEG agreed to privately manage the Convention Center. Under Supplemental Contract No. 17 to Contract No. 14002, HTA agreed to pay AEG \$15.4 million over the contract period June 19, 2024 through December 31, 2024 to continue management of the Convention Center.

HTA’s contract with AEG to manage and market the Convention Center was initially effective starting January 1, 2014. Section 201B-3(a)(3), HRS, appears to limit the length of that contract and any extensions to 10 years. However, HTA has executed contract extensions with AEG that extended past December 31, 2023, i.e., exceeding 10 years in duration. As of June 19, 2024, the value of these extensions was \$21.23 million (\$5.83 million plus \$15.4 million).

⁹ Elsewhere, HTA refers to the RFP and contract as calling for support services for destination stewardship.

The DMAPs included island-specific actions – focusing on policies that address overtourism by managing people while on Kaua'i; decreasing the total number of visitors to O'ahu to a manageable level by controlling the number of visitor accommodations and exploring changes to land use, zoning, and airport policies; and promoting agritourism, and partnering with Hawai'i Island's agriculture industry to support local food security.

Each DMAP action includes three, one-year phases and describes agencies or entities that will act as "lead" or "support" in implementing the action. All six DMAPs include the island visitors bureaus, and in some instances, the Hawai'i Visitors and Convention Bureau (HVCB), as "leads" or "supports" to implement actions.

Each DMAP was approved by HTA's board between December 2020 and July 2021.

As part of the development of the DMAPs, HTA funded destination manager positions in each island's visitors bureau to coordinate and implement the DMAPs.

Apart from contracts HTA has procured relating to the DMAPs, destination management goals are included in marketing contracts. For example, HTA's Japan Major Market Contract requires the contractor to support DMAP efforts by promoting Hawai'i-made products, Hawai'i festivals, events, and voluntourism programs.¹⁰

DMAP-Related Contracts

In 2021, HTA contracted with HVCB to implement DMAP actions in conjunction with the islands' DMAP steering committees. HTA agreed to pay \$9,409,112 under this contract. The contract called for HVCB, among other tasks, to assign destination managers to all four counties, with those individuals being responsible for directing, implementing, and supervising the DMAP programs and helping facilitate the Community Enrichment and Signature Events programs. The Community Enrichment program supports community-based tourism projects in areas such as culture, culinary, nature, and agriculture, such as agritourism tours. The Signature Events program supports major events such as the Hawai'i Food and Wine Festival, the Honolulu Festival, and the Honolulu Marathon. These programs seek to promote Hawai'i's image and attract attendees from outside of Hawai'i.

¹⁰ Voluntourism is tourism related to travel to participate in voluntary work in the community where one is vacationing, typically for a charity or cause.

HVCB was also responsible for assisting with the communication and promotion of the DMAPs to the community and visitor industry, developing and implementing media campaigns in each county to communicate DMAP progress and the benefits to residents, conducting Community Enrichment and Signature Events programs for each county, and support for a manager-level position to oversee the market research, procurement, and development of a Universal Reservations System.

Reporting

Annual Report

HTA accounts for activities through its annual report to the Legislature. The annual report reviews HTA expenditures and programs for the calendar year, including evaluations based on success measures in both the HTA strategic plan and the marketing plan.

The 2023 Annual Report contains highlights for each DMAP; short descriptions of completed and ongoing projects on each island, as well as a list of highlights provided by the interim President and CEO. However, these highlights are in the form of individual project outputs, rather than outcomes, i.e., what was done, rather than the effects of what was done. The 2023 Annual Report also includes a section titled “2024 Focus” that lists two items: “Implement the reorganization including the hiring of critical leadership positions” and investigating plans to establish offices on each island to increase island-based tourism management.

HTA also is required by statute to periodically submit a report of its contracts and agreements to the Governor, the Speaker of the House of Representatives, and the President of the Senate in addition to its activities, expenditures, and results.

Impetus

This audit was undertaken pursuant to Section 23-13, HRS, which requires the Auditor to conduct, at least every five years, a management and financial audit of all contracts or agreements awarded by HTA valued in excess of \$15 million. That section also allows the Auditor to include any additional audit issues that the Auditor deems appropriate. This is our fifth audit of HTA; we last audited HTA in 2018.

Hawai'i Convention Center

BUILT BY THE STATE IN 1998 at a cost of \$350 million, the Hawai'i Convention Center encompasses 1.1 million square feet and was designed to accommodate a wide range of meeting facilities, including a 200,000 square-foot exhibit hall that can be partitioned into three halls, a 35,000 square-foot registration lobby, a 35,000 square-foot ballroom, 47 meeting rooms, simultaneous translation rooms, and two presentation theaters with tiered seating. Following the sunset of the Convention Center Authority on June 30, 2000, HTA assumed responsibility for operating, managing, and maintaining the Hawai'i Convention Center.

Objectives of the Audit

1. Assess the Hawai'i Tourism Authority's achievement of its 2016 and 2020-2025 strategic plans' destination management goals.
2. Evaluate the effectiveness of the Hawai'i Tourism Authority's Destination Management Action Plans.
3. Make recommendations, as appropriate.

Scope and Methodology

Our audit period covered late 2019 through the end of 2023 and, where appropriate, included prior years and fiscal year 2024.

Methodology

To gain an understanding of how HTA implemented destination management in major market area contracts via marketing strategies and destination management Key Performance Indicators, community programs, the DMAPs, and other programs between FY2019 and FY2024, we interviewed HTA staff and current and former board members,¹¹ and reviewed documents, including contracts, policies and procedures, organizational charts, position descriptions, and training materials. We also reviewed the DMAPs, DMAP trackers, and other relevant HTA reports to evaluate whether HTA tracks and reports on progress in supporting DMAP actions, and determined how HTA managed and monitored progress in addressing hotspots.

Based on the above-described interviews and review of documents, we identified specific programs, staff, and budgetary costs for programs deemed as supporting destination management beginning in late 2019 through 2024.

We compared whether and how HTA's organization and programs have changed to emphasize destination management, both in terms of money spent and programs created.

Through interviews with HTA staff and board members, and reviews of HTA's strategic plan tracker and legislative reports, we identified HTA's method for tracking progress in achieving destination management goals and objectives, including relevant Key Performance Indicators from 2016 through June 2024. We assessed the extent to which

¹¹ We requested an interview with the then current HTA chairperson to obtain his perspective on the Authority's work, generally, and its destination management efforts. The chairperson, however, declined our request, responding that he had only been chairperson for approximately 11 months and would not have the information to contribute to the audit work that has been undertaken in the past.

HTA demonstrated progress in achieving strategic plan destination management goals and measures since its announced change in strategic priorities in 2020 to focus on destination management. We evaluated how HTA implemented destination management Key Performance Indicators and associated targets, as well as how progress in achieving destination management Key Performance Indicators is monitored. We also evaluated whether HTA can demonstrate progress in mitigating issues relating to hotspots identified in the DMAPs.

To the extent necessary to achieve our audit objectives, we also reviewed information predating 2019, including HTA’s strategic plan for 2005-2015 and the 5-year strategic plan approved on October 29, 2015, legislative measures from 2017 and 2018 concerning HTA, and media stories from 2018 and 2019 regarding tourism in Hawai‘i.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Summary of Findings

1. HTA’s destination management focus is not new – or effective – and the agency remains unable to gauge its own performance.
2. HTA’s expedited DMAP effort was poorly planned and executed with key decisions deferred to third-party contractors and island steering committees. The result: Many of the actions did not address hotspots, were underway or already achieved, or were impractical.

FINDING NO. 1

Hawai'i Tourism Authority's Destination Management Focus Is Not New – Or Effective – and the Agency Remains Unable to Gauge Its Own Performance.

In 2020, as HTA entered its third decade, its 2020 – 2025 Strategic Plan, which is the Authority's current strategic plan, acknowledged that a continuous drive to increase visitor numbers had taken a toll on Hawai'i's natural environment and people. What was needed was a "re-balancing" of priorities, and for that reason, "destination management" would be the Authority's main focus and at the heart of the new strategic plan.

The plan defined destination management as: "attracting and educating responsible visitors; advocating for solutions to overcrowded attractions, overtaxed infrastructure, and other tourism-related problems; and working with other responsible agencies to improve natural and cultural assets valued by both Hawai'i residents and visitors." The plan also explained that destination concerns, such as attention to community benefits, Hawaiian culture, and workforce training, had always been a part of the Authority's strategic plans; however, this time, HTA would be putting a greater emphasis on and devoting additional resources to that effort.

HTA's destination management push occurred in the wake of 2019's record visitor arrivals to Hawai'i, which sparked resident backlash and raised legislative concerns. For example, according to an August 30, 2019 *Honolulu Star Advertiser* article, a resident sentiment survey conducted in 2018 indicated that there was a notable decrease in the percent of residents who viewed the tourism industry favorably and in those who felt that tourism had brought more benefits than problems. The decline followed six straight years of record-setting arrivals that, according to a February 1, 2018 *Honolulu Star Advertiser* article, had residents and lawmakers concerned "that the tourism juggernaut is getting out of hand." Ultimately, visitor arrivals would rise consecutively for nine straight years from 2010 through 2019. In contrast, resident support for the industry would decline during that period.

Something new is something old: HTA's change in emphasis did not translate into substantively more money directed towards destination management over time.

According to the current strategic plan, the Authority's refocusing on destination management would be demonstrated by the rebalancing of budgets to provide additional support for Hawaiian culture, community activities, and visitor safety, and by providing funding for other agencies' efforts to respond to tourism concerns at sites identified by elected officials and supported by the community. Despite this, we found that HTA's change in emphasis did not translate into substantively more money directed towards destination management over time, nor did it result in significant changes in marketing efforts or community programs that have long been the core of the Authority's operations.

In addition, we found HTA's self-described organizational shift toward enhanced destination management efforts remains incomplete. We also found that HTA lacks policies and procedures specific to how it conducts its destination management activities and how it develops, tracks, and evaluates them.

Moreover, HTA lacks meaningful milestones and measures for tracking progress against its strategic initiatives, and therefore, HTA cannot evaluate its progress in achieving the goals and objectives of so-called pillars that guide its destination management efforts. Even by HTA's own, overly broad Key Performance Indicators, the destination management effort, to the extent it is new, failed to demonstrably impact visitor spending or visitor and resident sentiment. This lack of performance against its strategic plans was not communicated in HTA's annual reports to the Legislature, as required by statute. That failure reflects on the HTA board's lack of oversight as such reports are supposed to be reviewed by board members and approved by the board chair.

Is Hawai'i Over Tourism?

During the global COVID-19 pandemic, as visitor arrivals plunged to mid-1970s levels, residents became increasingly dissatisfied with tourism and its effects.

BETWEEN 2010 AND 2019 Hawai'i visitor arrivals rose for nine consecutive years, from 6.92 million to 10.24 million, which was an increase of 48 percent. Yet, as visitor arrivals rose, so did resident dissatisfaction with the industry. Between 2010 and the spring of 2024, the percentage of residents that strongly or somewhat agreed that tourism brought more benefits than problems declined from 80 percent to 56 percent, a decline of 30 percent.

In 2020, amid the global COVID-19 pandemic, visitor arrivals would plunge 74 percent to 2.68 million – a level not experienced statewide since the mid-1970s. However, despite the relative scarcity of tourists, resident satisfaction with tourism fell by another four points from 2019 to 54 percent. In 2021, with arrivals swinging back up to 6.78 million, sentiment dropped again, this time to the lowest level since 2005, 49 percent. Since then, as arrivals continued an upward trend toward 10 million visitors, resident sentiment has fluctuated in the 50s, with 2024's 56 percent, a four-point increase over 2023.

The recent rise was reflected in the Department of Business, Economic Development & Tourism's "Resident Sentiment Survey – Spring 2024" to show that 2024's resident sentiment rate was similar to the level reported in 2022 (57 percent), a regaining of lost ground, according to the report. However, those results did not offset the previous ground lost from an 80 percent high in 2010.

HTA's lack of accountability, lack of measurable results, and lack of tracking of progress have been recurring themes in past audits by the Office of the Auditor.¹² HTA's inability to demonstrate its effectiveness undermines its credibility with the public and policymakers, as well as its ability to effectively make data-driven decisions and allocate resources to achieve destination management strategic objectives.

What was new to HTA was a process of developing community-based Destination Management Action Plans (DMAPs) that were guided by individual island steering committees comprised of industry and other stakeholders and community representatives. These DMAPs promised to rebuild, redefine, and reset the direction of tourism to address friction between visitors and residents at so-called "hotspots" as a means of "enhancing the residents' quality of life and improving the visitor experience across the islands." The island-specific DMAPs defined hotspots as "an area or site that attracts visitors due to its popularity, which may result in overcrowding, congestion, degradation of resources, safety hazards, and a negative experience for both residents and visitors." The Authority would adopt six DMAPs in 2020 and 2021 – for Hawai'i Island, Kaua'i, Lāna'i, Maui, Moloka'i, and O'ahu – to implement its strategic vision and plan to manage Hawai'i tourism in a "responsible and regenerative manner."

For further discussion on the DMAPs, see Finding No. 2, starting on page 30.

HTA's proclaimed new "emphasis" on destination management in its current strategic plan is not materially different from its prior strategic plan.

According to HTA's strategic plan, "the process for developing [the plan] began in June 2019 with stakeholder workshops on every island to discuss our new emphasis on destination management." The six-year strategic plan, 2020-2025, states that HTA has "expanded" its role in destination management and that the plan focuses on reaching out to partner organizations, elected officials, and community groups to see if, when, and how HTA can work together to achieve destination management outcomes.

Notwithstanding the current strategic plan's stated focus on destination management, HTA had previously attempted to address concerns

¹² In Report No. 09-02 (January 2009), we noted that HTA's role is weakened by its inability to provide measurable results for its major marketing contractors, and that reporting did not include any means to measure contractors' performance against set goals. In Report No. 13-09 (December 2013), one of the findings was that HTA's poor reporting on measures of effectiveness impeded transparency. And in Report No. 18-04 (February 2018), we found that HTA's major contracts lacked progress reporting and performance measures, and failed to require contractors to provide information to determine whether project goals and outcomes were actually being achieved.

about the impacts of tourism on Hawai‘i. In fact, HTA’s strategic plan’s destination management components are essentially unchanged from its prior strategic plan adopted in 2016. Although not referred to as “destination management,” a large part of HTA’s 2016 strategic plan related to the same goals as its current strategic plan.

The first goal in HTA’s 2016 strategic plan was to improve the integrity of the destination. This goal was described as “[a] successful tourism economy balances the needs of the community, visitors and the destination ... HTA must increase community support for tourism and be a better steward of the destination.” The 2016 strategic plan described one of HTA’s responsibilities under the section titled “HTA’s Collective Ambition” as: “Practice and promote destination stewardship by reducing waste and environmental impact, increasing energy efficiency and educating visitors on mālama ‘āina (caring for the land).”

In addition to having a goal of improving the integrity of the destination, the second goal in the 2016 strategic plan was: Ensure stable economic benefits, which included increasing visitor expenditures by attracting high-spending visitors. The 2016 plan identified weaknesses including:

- Declining real average daily visitor expenses;
- Economic pressures on residents;
- Population density; and
- Infrastructure overload or maintenance.

This seems to be generally the same as the current strategic plan’s call to attract high-spending visitors and identify weaknesses that included:

- Declining average daily visitor spending;
- An aging visitor infrastructure;
- Overstressed and poorly maintained visitor sites and attractions; traffic congestion;
- Airport inefficiencies; and
- Eroding resident support for tourism.

Goals 1 and 2 of the 2016 strategic plan as well as the objectives associated with these goals are consistent with “destination management,” as described and defined in HTA’s current strategic plan. The current strategic plan states that HTA is emphasizing destination management, which was defined to include “...attracting and educating responsible visitors ... advocating for solutions to overcrowded attractions, overtaxed infrastructure, and other tourism-related problems; ...working with other responsible agencies to improve natural and cultural assets valued by both Hawai‘i residents and visitors.” The current strategic plan includes a strategy to aim marketing efforts at bringing more high-spending, low-impact visitors.

In its 2016 strategic plan, another of HTA's goals was to "Strengthen the HTA's Reputation," the measure of success of which HTA described as the percentage of tourism industry organizations that recognize HTA as a leader. One of the goal's objectives was to "Continually improve the organization's ability to lead the industry," and two of the strategic directives under that objective were to "Elevate the leadership skills of the HTA board and staff through ongoing training and *continuing to seek out the best in destination management* (within five years)" and to "Harness new technology and innovative practices *to enhance destination management and marketing initiatives* (within three years)." (Emphasis added.)

The current strategic plan contains four "pillars": natural resources, Hawaiian culture, community (including the Community Enrichment Program, workforce development, sports, safety and security), and brand management and marketing. However, rather than a new initiative with new programs, the pillars are generally a regrouping of previously existing efforts. HTA's current overarching strategies to attract higher-spending visitors and support natural resource stewardship, cultural and community initiatives, and sporting events were in place well before 2020. HTA staff confirmed that the current strategic plan's destination management components are not original:

"The four pillars are not necessarily new, I would articulate," acknowledged HTA's Chief Stewardship Officer. "If you look back to ... some of the earlier plans, there are these themes that are themes for a reason, and will probably be what we do for a long time if we decide as a community and a state, and the Legislature, that we want to keep doing tourism."

The Authority has been doing what it would eventually define as "destination management" since at least 2005.

Our review of HTA's prior plans showed that, at least as early as 2005, the Authority's strategic planning included goals and objectives that would largely be encompassed within the current plan's definition of destination management. In 2003, HTA began revising its prior 2002 strategic plan in a process that included an update of studies examining Hawai'i's competitive position; a review of a 2004 Sustainable Tourism in Hawai'i Study; and the gathering of comments, suggestions and concerns from the community and industry. The result was the Hawai'i Tourism Strategic Plan: 2005-2015, which was meant to be a "comprehensive and inclusive plan" that addressed the needs, as well as identified the responsibilities, of all visitor industry stakeholders.

Although the 2005 plan did not use the term destination management or destination stewardship, it referred to "sustainable tourism," noting

that “[a] successful, sustainable tourism industry in Hawai‘i honors Hawai‘i’s host culture, its people and their history; protects its unique natural environment; and engages local communities.” Among the 2005 plan’s guiding principles was sustainability, which was defined as: “To maximize social and economic benefits to Hawai‘i’s communities and businesses while respecting, nourishing, preserving and enhancing Hawai‘i’s natural, cultural and human assets.” The 2005 plan was “designed to guide Hawai‘i to achieve its 2015 vision of a successful and sustainable tourism industry that will benefit all stakeholders.” Another overall objective of the 2005 strategic plan was to increase visitor expenditures, in part by attracting higher-spending visitors. To accomplish this, marketing programs would target visitors with high per-day and/or per-trip spending patterns.

In a broad sense, HTA’s current destination management efforts are manifested in marketing messages that target high-spending visitors and instruct them on etiquette, and in non-marketing efforts that directly fund natural resource stewardship, cultural and community initiatives, and sporting events. However, HTA had already relied on these kinds of messages and activities prior to its new emphasis on destination management.

In regard to HTA’s non-marketing efforts, the Authority supported Hawaiian culture, natural resources, community events, and sports programs as early as 2005. These efforts include the following four primary community programs through which HTA awards funding: Kahu ‘Āina, Kūkulu Ola, Community Enrichment Programs, and Signature Events. HTA’s Kahu ‘Āina (formerly known as Aloha ‘Āina) Program is focused on stewardship by providing funding to community-based entities with an emphasis on ‘āina-kānaka (land-human) relationships and knowledge. The Kūkulu Ola Program provides funding support to community-based awardees that “enhance, strengthen, and perpetuate the Hawaiian culture through genuine experiences for residents and visitors alike.” The Community Enrichment Program supports festivals, events, and year-round programs in the tourism niche areas of culture, education, health and wellness, nature, agriculture, sports, technology, and voluntourism. The Signature Events Program supports major events that have broad appeal and align with Hawai‘i’s destination image and brand.

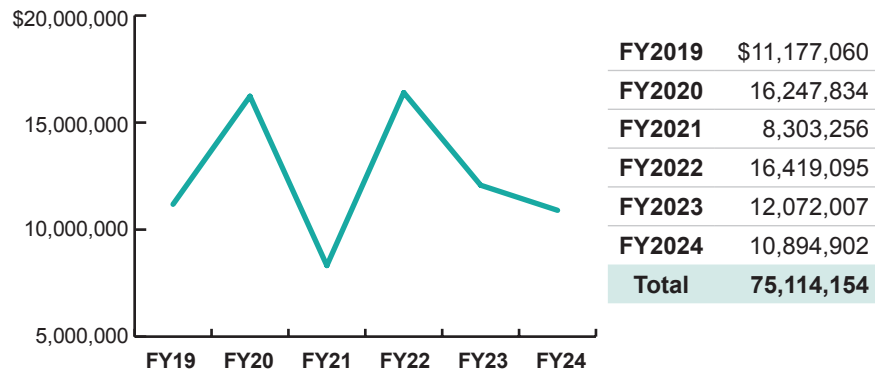
HTA’s overall spending on destination management has remained generally level.

HTA’s mission in the current strategic plan is: “To strategically manage Hawai‘i tourism in a sustainable manner consistent with economic goals, cultural values, preservation of natural resources, community desires, and visitor industry needs.” Although that is the same mission as in the 2016 plan, the current strategic plan is a “recommitment” to

that mission that is supposed to shift more emphasis to address tourism’s impacts by focusing on destination management.

Under the current strategic plan, HTA budgets are to be rebalanced to provide additional support for Hawaiian culture, community activities, and visitor safety. However, since the 2019 fiscal year, HTA’s overall spending on destination management has remained generally consistent. The spending figures below were provided by HTA in response to a request for the total amount spent by the Authority on destination management since 2019. The figures include HTA spending on Hawaiian culture, natural resources, community events, and sports programs.

**Exhibit 2
HTA Destination Management Spending**



Source: HTA
* Amounts rounded to the nearest dollar.

These figures average about \$12.5 million spent annually and exclude HTA’s marketing efforts, even though the Authority’s definition of destination management includes “attracting and educating responsible visitors.”

Although HTA has been practicing destination management for years, it has yet to establish policies and procedures or complete organizational restructuring to support those efforts.

HTA’s current strategic plan states that the Authority would place resident interests and benefits first. “It is our responsibility to listen to tourism-related resident concerns, and to collaborate with industry, community, and government to work toward solutions,” according to the plan.

Despite the Authority’s stated commitment in its strategic plan to prioritize community concerns, HTA did not update its policies and

procedures to account for the new emphasis, or develop a process to track and evaluate progress towards its strategic goals. Therefore, its policies and procedures lack any requirement for community engagement in destination management planning, nor do they require HTA to identify and address over-tourism issues. Accordingly, HTA's destination management-oriented efforts remain incomplete, leaving the Authority without the foundation needed to ensure accountability for the new strategic direction.

Further, key roles meant to align HTA's staffing with destination management efforts have yet to be fully implemented because of an incomplete organizational restructuring, which was approved by the HTA Board of Directors in July 2023, or an elapsed period of about 17 months as of the end of 2024. This reorganization resulted in a Destination Stewardship Branch headed by a Chief Stewardship Officer, responsible for implementing projects and programs that seek to balance and meet Hawai'i's economic, environmental, and social/cultural needs while working in close partnership with the visitor industry and residents. A Brand Division was also created and was to be headed by a redefined Chief Brand Officer position. HTA's former Chief Brand Officer was assigned the role of the newly created Chief Stewardship Officer in October 2023. However, position descriptions for both the newly defined Chief Brand Officer role and newly created Chief Stewardship Officer role were not formally adopted until after June 2024. And, as of January 2024, the newly created Chief Brand Officer position was filled on an interim basis by the Chief Administrative Officer, who has also been serving as HTA's interim President and CEO since September of 2023.¹³

And, as we also found in our 2018 audit, assignment of responsibility for HTA's quality assurance duties remains ambiguous. For instance, according to HTA's quality assurance policy adopted in February 2019, "Quality Control" is the combination of operational techniques, procedures, and objectives that are used to fulfill the requirements of quality. The assurance of quality, according to the policy, is fundamental for all work undertaken by HTA, and to that end, the Authority shall "[r]egularly monitor and measure the quality of its work methods, outputs, and outcomes with a view to ensuring high quality standards and continuous improvement."

The policy further states that the CEO will designate one member of the HTA staff as the quality assurance specialist responsible for reviewing quality standards, recommending and drafting updates to policies and procedures, training HTA staff, and auditing operations for proper quality assurance and statutory compliance. HTA's Chief

¹³ Effective March 20, 2025, the CEO resigned from his position.

Administrative Officer, who during our audit period was also serving as the interim CEO, is responsible for preparing staff procedures, guidelines, and checklists as necessary to implement the policy. According to the Quality Control Program and Procedures, as of May 2023, quality assurance responsibilities fall under the Vice President of Finance and the Chief Administrative Officer, however, the corresponding descriptions for these positions do not reflect those responsibilities.

By omitting meaningful measures of effectiveness, HTA evades accountability for destination management efforts that have failed to achieve goals.

As noted previously, HTA's 2016 strategic plan contained two goals that appear in line with what HTA would call destination management in its current strategic plan:

Goal 1: Improve the integrity of the destination, which includes balancing the needs of the community, visitors, and the destination; and

Goal 2: Ensure stable economic benefits, which includes increasing visitor expenditures by attracting high spending visitors.

HTA's 2016 strategic plan set one, three, and five-year targets for "Measures of Success" for these goals. However, when we reviewed HTA's annual reports to the Legislature for 2016 through 2019, we found that HTA did not report its performance against these measures nor did they provide sufficient information for readers of the reports to make such an assessment themselves. For example, the 2017 and 2018 Annual Reports did not contain *any* comparison of how the Authority performed relative to HTA's Key Performance Indicator one-year and three-year targets identified in the 2016 strategic plan. Then, the 2019 Annual Report stated: "HTA no longer uses its Five-Year Strategic Plan (2016-2020) goals and measures to benchmark its success." Instead, the report stated that, starting in 2019, HTA would measure its performance against the four Key Performance Indicators, which were subsequently adopted in the current strategic plan. However, the 2019 report did not account for HTA's performance against those Key Performance Indicators or even identify targets for these.

To test whether HTA had met its 2016 strategic plan goals for "Improving the Integrity of the Destination," we reviewed HTA's annual reports and resident surveys and compared them against the Authority's 2016 strategic plan targets. We found that in 2016, 2018, and 2020, the Authority fell far short of achieving its targets.

Exhibit 3

How Does HTA’s Performance Compare with 2016 Goals?

2016 Strategic Plan Goals	Measures of Success	Proposed One-year Target (2016)	Actual 2016	Proposed Three-year Target (2018)	Actual 2018	Proposed Five-year Target (2020)	Actual 2020
Improving Integrity of the Destination	Percentage of residents who agree that tourism has brought more benefits than problems	64%	63%*	75%	59%	80%	54%

Note: *Spring 2017

Source: DBEDT/Research & Economic Analysis Division (READ), HTA Resident Sentiment Survey, HTA 2016 Annual Report to the Legislature

HTA’s current strategic plan is organized around four pillars: Natural Resources, Hawaiian Culture, Community, and Brand Marketing. Each pillar includes the following four overall Key Performance Indicators: resident satisfaction, visitor satisfaction, average daily visitor spending, and total visitor spending. The pillars also have goals with objectives and 41 underlying “specific” milestones, or measures for tracking success. However, while these milestones or measures purport to indicate HTA’s performance against strategic plans, they only provide anecdotal data on activities and outputs.

Additionally, we found none of these milestones or measures identified a specific benchmark, or starting point, from which progress was to be measured. Just eight of 41 milestones or measures established a specific target for identifying whether the milestone or measure was achieved. Examples of such milestones or measures that lack specific means to assess achievement include: “[g]rowing reach and engagement on all HTA social media platforms” and “[i]ncreased percentages of the marketing budget devoted to high-spending market segments, along with increased (Meetings, Convention, and Incentives) arrivals.” In both instances, HTA did not establish the starting point and endpoint for the performance measurements, or the timeframe during which change is expected to occur. Without such benchmarks and targets, HTA’s performance cannot be meaningfully assessed – by the board, the Legislature, or us.

In the absence of meaningful milestones or measures, HTA relies on the performance of the following broad, overarching Key Performance Indicators to justify the effectiveness of its destination management efforts:

- Resident Satisfaction (as measured by surveys)
 - Agree tourism brings more benefits than problems; and
 - Agree tourism positively affects you/family.
- Visitor Satisfaction (as measured by surveys)
 - Overall Hawai'i vacation rating;
 - If exceeded expectations;
 - Likely to recommend Hawai'i; and
 - Likely to revisit in next five years.
- Average Daily Visitor Spending: Maintain or increase average per-person-per-day spending; and
- Total Visitor Spending: Maintain or increase total direct spending.

These Key Performance Indicators, which were adopted in the current strategic plan, are not meaningful in measuring the impacts of tourism on infrastructure and natural resources. Generally, these Key Performance Indicators are the same broad metrics that HTA used to measure its success *before* it adopted its current strategic plan and definition for destination management. Of the four measures above, HTA only set targets for Average Daily Visitor Spending and Total Visitor Spending. Those targets are to “maintain or increase,” however, no benchmark starting values were set nor were specific target values set. HTA also does not adjust these metrics for inflation. More importantly, none of the Key Performance Indicators seemed designed to actually gauge progress in addressing resident concerns about visitor impacts, generally, and about hot spots.

In addition, the visitor satisfaction measure does not specify which visitor markets will be tracked and used to measure performance.

HTA did not report its underperformance of its current strategic plan goals, escaping scrutiny and avoiding accountability.

HTA further avoids accountability by not meaningfully reporting on strategic plan progress, as required by law. Because the Authority has not developed meaningful measures of effectiveness for destination management-specific efforts, it cannot demonstrate that this push has advanced overarching goals of maintaining or improving visitor spending, as well as visitor and resident sentiment. Further, our review showed that performance of these Key Performance Indicators did

not improve since 2020, calling into question whether destination management efforts were effective.

The Authority is *required* to annually report on activities, expenditures, and results, including the progress of its marketing plan toward achieving strategic plan goals. The Authority's interim CEO and its Director of Planning confirmed that the HTA annual report to the Legislature is the vehicle for reporting on performance against strategic plans. The HTA President and Chief Executive Officer and board chair¹⁴ review and approve the report, which also is reviewed by the board per HTA policy. However, we found that HTA's reports to the Legislature lacked analysis or reporting of the Key Performance Indicators or progress toward achieving the Authority's destination management goals. We reviewed HTA's annual reports to the Legislature for 2020, 2021, and 2023, which were the most recently available reports,¹⁵ and noted the following:

- Overall, these reports do not analyze HTA's performance relative to Key Performance Indicators;
- Although two of the Key Performance Indicators are monetary metrics, HTA does not adjust them for inflation in its reporting;
- HTA's 2020 Annual Report did not include the targets or benchmarks for the Key Performance Indicators and resident and visitor satisfaction data. It does include projected 2020 visitor spending data.
- HTA's 2021 Annual Report did not include the targets or benchmarks for the current strategic plan; and
- HTA's 2023 Annual Report did not mention that resident satisfaction Key Performance Indicators were generally down from 2019.

Because HTA's annual reports did not evaluate HTA's performance against its four major Key Performance Indicators since 1999, we identified and utilized the following other reports to conduct such an evaluation:

- HTA Key Performance Indicators Dashboard (July 2024);
- DBEDT Resident Sentiment Survey (Spring 2024);
- DBEDT Tourism Price Index (10-2024);
- DBEDT Monthly Visitor Statistics (12-2016);

¹⁴ On March 27, 2025 the chair of HTA's board resigned from his position and a new chair was appointed.

¹⁵ HTA did not issue an annual report for 2022. HTA's Annual Report for 2024 was issued in December 2024, which is outside of our audit period.

- DBEDT 2023 Visitor Annual Report; and
- DBEDT Visitor Satisfaction Study (2nd Qtr. 2024).

Our review of HTA’s performance since 2019 against the four main Key Performance Indicators shows the Authority underperforming against its goals.

- HTA reports that both per-person per-day and overall spending were up in 2023 compared with 2019 results;
- HTA’s two resident satisfaction Key Performance Indicators showed reduced numbers since 2019, despite having recovered from even lower values since 2019; and
- HTA’s visitor satisfaction Key Performance Indicators showed near unanimous declines since 2019 for the U.S. West, U.S. East, Japan, and Canada markets.

The current strategic plan establishes the general target of “maintain or increase” Average Daily Visitor Spending and Total Visitor Spending. However, we found that HTA’s performance on its two economic Key Performance Indicators falls well below the strategic plan targets. The 2023 Visitor Annual Report shows that per-person per-day spending was \$239.90, which is above the \$196.10 spending in 2019. Total direct spending of \$20.73 billion in 2023 also was above 2019’s spending of \$17.72 billion. However, the 2019 data is not adjusted to account for inflation. In the table below, we show the 2019 data, adjusted for inflation, which shows that both per-person per-day spending and overall spending in 2023 *declined* from 2019 by 6 percent and 10 percent, respectively.

Key Performance Measure	2019 Nominal \$	*2019 Real \$ Hawai'i Tourism Price Index (HTPI)	2023 Nominal \$	2019 HTPI vs. 2023 Nominal
Maintain or increase average per-person-per-day spending	196.10	255.10	239.90	6%
Maintain or increase total direct spending	17.72 billion	23.05 billion	20.73 billion	10%

* Adjusted to 2023 dollars using the Hawai'i Tourism Price Index.

Source: HTA, DBEDT

See Appendix B for results of HTA’s resident and visitor sentiment surveys from 2019 through 2024, which generally show that survey results did not improve during that period.

Internal tracking of strategic plan milestones and measures only demonstrate that actions have been taken, not what those actions have achieved.

We found that HTA’s 2023 annual report to the Legislature, which is the means by which the Authority reports on progress against strategic plan goals, lacks meaningful analysis or reporting of HTA’s progress toward achieving strategic plan goals. When asked about this, HTA’s Director of Planning confirmed that specific results of HTA’s progress relating to its destination management efforts were not included in the annual report. Rather, the Director of Planning said that she tracked quantifiable performance measures via an HTA Tracking Sheet. The purpose of the HTA Tracking Sheet is to track whether milestones are reached, which is a subjective determination by HTA staff.

However, our review of the most recent HTA Tracking Sheet showed that HTA’s internal tracking of strategic plan progress only describes activities that occurred for 36 of 41 milestones or measures. Furthermore, 14 of these milestones or measures were tracked with data from 2022 or earlier (39 percent). The tracking sheet is only used internally and, therefore, is unavailable for public review – although, we found that HTA’s tracking and assessment of its activities offer little insight into program performance.

As a result of HTA’s lackluster identification of performance measures and subsequent tracking of progress, we cannot identify – and likely neither can HTA – how, or whether, it is meeting the overarching strategic plan or specific destination management goals. And, as we reported earlier, HTA seems to repeat and recycle these goals in its strategic plans without developing any meaningful means to determine whether and when those goals are achieved.

FINDING NO. 2

HTA's Expedited DMAP Effort Was Poorly Planned and Executed with Key Decisions Deferred to Third-Party Contractors and Island Steering Committees. The Result: Many of the Actions Did Not Address Hotspots, Were Underway or Already Achieved, or Were Impractical.

HTA's current strategic plan identifies a need for the Authority to broaden its focus beyond marketing in response to increased visitor pressure on popular sites and residential areas. According to the plan "[c]learly, Hawai'i has reached a point where the impacts of tourism need to be actively managed." The DMAPs, which were developed after adoption of the strategic plan, appear to be the most tangible initiatives undertaken towards destination management. These three-year plans were meant to be comprehensive strategies for promoting sustainable tourism development across: Hawai'i Island, Kaua'i, Maui, Moloka'i, Lāna'i, and O'ahu. According to HTA, the DMAPs aimed to rebuild, redefine, and reset the direction of tourism. The focus of the plans was stabilization, recovery, and rebuilding of the "desired visitor industry" for each island.

However, we found that HTA expedited this ambitious effort and created the DMAPs without a clear idea of what they were intended to achieve and how their actions would be prioritized. HTA forged ahead anyway, without the conception of and direction for: selecting individuals who served on committees that spearheaded the plans, identifying plan actions, and funding plan activities. While we do not question the importance of community engagement and participation to destination management planning, we found that the Authority deferred to others, including island steering committees, community officials, and contractors, to make the meaningful decisions about what actions would be included in the DMAPs and for identifying projects to advance the DMAP sub-action items.

Without adequate HTA leadership and oversight, the DMAP actions and sub-actions were efforts that were dubious or impractical. For instance, "hotspots," determined by the various island steering committees, are locations where visitors and residents compete for access, and where mitigating congestion and overcrowding could increase resident support for tourism. HTA did not adequately identify or vet hotspots or the community concerns about them. As a result, relatively few of the resultant actions and sub-actions addressed hotspots and their perceived issues.

As we previously reported, HTA does not meaningfully monitor, measure, or report on the impacts of its destination management efforts. Similarly, we found that HTA’s tracking of hotspot-related sub-actions involved little more than filling out a to-do list, a similarly meaningless exercise. According to HTA, relatively few DMAP sub-actions relating to hotspots were completed by the time the three-year plans concluded. And we also found that the Authority stopped tracking DMAP activities altogether.

HTA delegated key DMAP decisions to other entities.

Although HTA’s role was to develop the DMAPs and lead many of the actions identified to advance the plans, each of these plans required collaboration and support of other state and county agencies, the community, the visitor industry, and others. In total, the DMAPs were composed of 52 actions and 200 sub-actions that were meant to, according to these plans, “rebuild, redefine and reset” the direction of tourism on each island over a three-year period. However, in adopting these plans, HTA effectively delegated key decisions about what actions would be taken and how those actions would be prioritized to other entities, including island steering committees.

The steering committees, and in some cases, HTA, developed actions to achieve the objectives of each DMAP. HTA and its contractor held community meetings and conducted online surveys to obtain input and feedback.

For Kaua‘i, the process of developing a DMAP began with HTA, its contractor, the County of Kaua‘i, and the Kaua‘i Visitors Bureau (KVB) developing a list of Kaua‘i residents who they felt represented the visitor industry sectors (hotel, attractions, activities), different business sectors (e.g. agriculture, retail), the community (e.g. Native Hawaiian culture, education), and other nonprofit organizations, to form a steering committee.

A similar process was utilized for O‘ahu and Maui Nui, wherein HTA collaborated with the respective counties and the island visitors bureaus. For Hawai‘i Island, HTA collaborated with the County of Hawai‘i.

A Lesson (Not) Learned

In 2016, HTA admitted that it didn't have the authority to enforce a state plan for tourism. Five years later, it implemented the DMAPs, six island-based tourism plans.

DMAPS are not HTA's first attempt to lead and oversee activities of other organizations in support of its own strategic initiatives. And HTA's difficulty in overseeing the DMAPs is not the first time the Authority has struggled to manage the actions of other industry stakeholder efforts.

The Authority's 2005-2015 strategic plan was a "State Plan" that assigned responsibilities for some strategic initiatives to other government agencies and private-sector organizations. It was meant to provide a roadmap with strategic directions, specific goals, and responsible and supporting partners for achieving that vision. It was also a call to action for government agencies, community organizations, and industry stakeholders to develop their own plans, relative to their respective areas of responsibilities. However, according to HTA's 2016 strategic plan, a lesson learned from the 2005 plan was that HTA does not have sufficient authority to enforce a "State Plan," or to direct, monitor, and oversee the work done by other organizations. In other words, HTA couldn't direct state agencies or private organizations what to do, those stakeholders weren't compelled to inform HTA what they were doing, and HTA didn't have the capacity to track such activities.

Despite this conclusion, the Authority adopted its DMAPs to implement its HTA 2020-2025 Strategic Plan. Similar to its role under the 2005-2015 plan, HTA's role with respect to the DMAPs is to lead many of the efforts; each of the DMAPs required

collaboration and support of other State and County agencies, the community, visitor industry and others in order to move 252 total actions and sub-actions forward.

In its April 5, 2023 white paper, "Dissolving the Hawai'i Tourism Authority," the Economic Research Organization at the University of Hawai'i revisited HTA's inability to implement its previous strategic plan and the fundamental challenges of implementing its current one, writing: "In reality, the HTA did not have sufficient authority or resources to require others to help carry out that plan, or to constantly monitor and oversee what was being done by others. Therefore, the new Hawai'i Tourism Authority Strategic Plan (HTASP) is an 'HTA' plan only, though it recognizes the need to work with partners and stakeholders."

In July 2024, Pacific Research and Evaluation, LLC, a contractor hired by HTA to evaluate the DMAP effort, found that "... challenges persisted in achieving goals that required collaboration with multiple groups. Some groups that were assigned ownership did not ultimately lead the actions, which is likely due to many factors such as lack of involvement in the planning process and/or a lack of capacity or authority to make progress on the action."

In other words, different plan, same lesson. HTA still has no authority to compel stakeholders to take such roles and actions, and many didn't.

HTA expedited the DMAP development and adoption process to be completed in half a normal development timeframe.

HTA’s lack of guidance governing how DMAPs would be developed facilitated an expeditious schedule for their adoption.

Once the process started, development of each island’s actual DMAP, from the first steering committee meeting to publication, took about five months. HTA’s Director of Planning acknowledged that the DMAP process was expedited to be completed in half the normal development timeframe. “Usually, when you’re doing planning, it takes at least a year. We totally condensed it because our Board also said, you know, directed staff, we need these plans now.”

In contrast to HTA’s DMAP development and adoption timetable, a Sustainable Destination Management Plan was developed for Jackson Hole, Wyoming, a destination smaller and arguably less complex than Hawai‘i, in 18 months. However, Hawai‘i’s DMAP development schedule is close to the minimum of four months suggested by the “Principles for Developing Destination Management Plans,” published by Britain’s national tourism agency Visit England. The guide, however, is meant for destination management organizations, which are governing bodies that essentially take a lead role in the management and development of tourism in a destination.

HTA’s expedited DMAP development and adoption process resulted in 52 action and 200 sub-action items: which included 45 sub-actions on O‘ahu; 38 sub-actions on Kaua‘i; 45 sub-actions on Hawai‘i Island; 23 sub-actions on Maui; 23 sub-actions on Moloka‘i; and 26 on Lāna‘i. However, HTA’s Director of Planning implied that the large number of DMAP actions were unrealistic and unmanageable. This conclusion was further supported by Pacific Research and Evaluation, LLC’s (Pacific Research) assessment, which recommended that, in the future, HTA reduce the number of actions and sub-actions in order to focus efforts and resources more effectively.

Even members of the steering committees had issues with the feasibility and efficacy of the numerous actions and sub-actions. Pacific Research’s evaluation found that less than half (44 percent) agreed that the chosen actions could be feasibly completed in the timeframe of the plan. In addition, many did not believe that the actions were at the right level of specificity (50 percent) or complexity (53 percent).

“Usually, when you’re doing planning, it takes at least a year. We totally condensed it because our board also said, you know, directed staff, we need these plans now.”

– HTA’s Director of Planning

HTA's DMAPs were developed, implemented, and monitored in an indiscriminate and non-systematic way.

We found that HTA did not create the DMAPs in a systematic way. Each steering committee consisted of 10 to 23 members, including at least one HTA board member. However, there were no written criteria for choosing who was on each steering committee. According to the Authority's Director of Planning, HTA, the counties, and the Island Chapters¹⁶ decided who to invite as steering committee members through "discussions" and considered the following: ensuring members lived on their respective islands; and members were not only from the visitor industry, but there were also members representing Native Hawaiian culture, natural resources, and areas such as agriculture or the universities. Those responsible for constituting the steering committees also intentionally excluded individuals whose "strong ideas" may have made them less collaborative in the process of creating a DMAP.

Similarly, HTA did not systematically choose how the DMAP actions, or goals, would be implemented. There was no criteria or process for choosing which projects would be funded to advance DMAP sub-action items that were intended to achieve over-arching action items. Rather, projects were selected and added to trackers by any HTA staff, Island Chapter staff, or county employee who had access to the DMAP tracker documents. As a result, according to HTA's Director of Planning, all proposed projects were accepted.

We also found that HTA did not have a defined or systematic way of monitoring DMAP progress or effectiveness. HTA relied on so-called "trackers" that were filled out by its own staff, county officials, and Island Chapter staff to monitor DMAPs. However, there was no written process for how these trackers were filled out or how often they were updated. According to HTA staff, when implementation of the DMAPs began, HTA's Director of Planning verbally briefed those responsible for filling out the trackers, including county officials and Island Chapter staff, on the purpose of the lists and how they should be filled out.

The individual DMAP projects were discussed at monthly meetings at which HTA's Director of Planning would go line-by-line through the trackers. However, while the implementation of the DMAPs started in 2021, it was not until January 2023 that HTA emailed individuals tasked with updating the DMAP trackers with minimal instructions on how to fill them out.

¹⁶ Island Chapters refer to the island visitor bureaus that are trade names of HVCB. Island Chapters are staffed by HVCB employees, who provide on-island support for the island's as well as the State's brand. Their duties include supporting international global marketing teams and hosting international familiarization (FAM) tours. The Island Chapters participated in the development of the DMAPs for Kaua'i, O'ahu and Maui Nui.

Finally, HTA did not measure the impacts of its DMAP activities. However, considering that HTA did not provide criteria or a process for choosing DMAP projects in the first place, as well as neglected to establish a reliable system to track those activities or create guidelines for evaluating the effectiveness of the efforts, we question whether HTA’s DMAP efforts yielded meaningful results to assess, even if HTA could have done or had wanted to do such an assessment.

DMAPs are intended to “rebuild, redefine, and reset” tourism; however, many of the actions had already been achieved, were well underway, or were impracticable.

As we note previously, the goal of the DMAPs was “to rebuild, redefine, and reset the direction of tourism over a three-year period.” However, several actions were impracticable, poorly thought out, or involved work HTA was already doing. For example:

- Action A from O‘ahu’s DMAP stated: “Decrease the total number of visitors to O‘ahu to a manageable level by controlling the number of visitor accommodations and exploring changes to land use, zoning and airport policies.” HTA’s Director of Planning acknowledged that HTA has not established what a “manageable level” was, nor how much visitor arrivals should be decreased in order to reach that level. [HTA did not complete projects under the three sub-actions such as supporting the county to improve illegal short-term vacation rentals, among others].
- Action D.1 from the Kaua‘i DMAP stated: “Assess and set specific site visitor limits, and create site management plans/develop and implement tourism capacity management models at “hotspot” areas. Allot rest days for hotspot areas.” The Kaua‘i DMAP identifies 15 hotspots. The target status stated this was not started and project was on pause. We question whether HTA could accomplish setting limits, creating and implementing management plans, as well as the temporary shutting down of hotspots.

Examples of readily achievable actions and sub-actions included work HTA had been doing prior to the DMAPs:

- Action B from O‘ahu’s DMAP stated: “Implement a pre- and post-arrival tourism communications program to encourage respectful and supportive behavior.” HTA’s Director of Planning acknowledged that HTA had such a communications program in place prior to creation of O‘ahu’s DMAP.
- Action B.2 of O‘ahu’s DMAP stated: “Support Hawaiian cultural educational and training programs – including ‘Ōlelo Hawai‘i (Hawaiian language) for the employees in the visitor industry (e.g. hotels, tour guides).” According to HTA’s Spring 2022 O‘ahu DMAP progress report, progress cited for the above two sub-actions actions included (emphasis added):

There was no criteria or process for choosing which projects would be funded to advance DMAP sub-action items that were intended to achieve over-arching action items. Rather, projects were selected and added to trackers, program “to-do lists,” by any HTA staff, Island Chapters, or county employees who had access to the DMAP tracker documents. As a result, according to HTA’s Director of Planning, who was responsible for approving projects, all proposed projects were accepted.

- HTA's Global Marketing Team *continues* to incorporate Mālama Hawai'i messaging in all consumer, public relations, and travel trade initiatives.
- HTA's Pono Travel Education Program *continued* in May and June at Daniel K. Inouye International Airport and all major airports statewide.
- The Native Hawaiian Hospitality Association *continues* its training webinars.
- O'ahu Action H. Continue to develop and implement "Buy Local" programs to promote purchase of local products and services to keep funds in our communities and minimize carbon footprint.
- Maui Action A. Implement a responsible tourism marketing communications program to educate visitors pre- and post-arrival about safe and respectful travel. HTA's Responsible Tourism Program was described in a July 2018 HTA Marketing Standing Committee meeting as a pre- and post-arrival informational campaign to educate visitors about how to travel throughout the Hawaiian islands in a sensitive manner.

Setting a Cap on the Number of Tourists?

HTA did not address or take responsibility for whether it should reduce its marketing efforts when Hawai'i reaches a certain number of visitors

DURING THE DEVELOPMENT OF THE DMAPS, HTA held community meetings for each island and answered community questions. A concern that was raised in many of the community meetings was: After Hawai'i reached a record of over 10 million visitors, whether HTA had considered Hawai'i's carrying capacity and HTA's responsibility for the number of visitors it brings to Hawai'i through its marketing efforts. Some community members voiced their frustrations by asking HTA to specifically reduce or limit tourism. Examples of additional related questions were:

- "What has HTA done effectively in the past to limit - not grow - the number of tourists?"
- "Is HTA willing to announce – commit to – or set a cap for the number of tourists for O'ahu (e.g. 5 million) and then take adaptive action to reduce tourism once that cap is met?"
- "Is there any recognition that there may be an upper limit to the number of tourists that are sustainable for our Islands?"

HTA's blanket response to these comments or questions in meetings held in May 2021 was that "[S]tates do not have the ability to unfairly restrict or limit interstate travel," and that local ordinances and zoning may help address the issue by cracking down on illegal vacation rentals. HTA answered that it cannot put a cap on the number of people who enter the state but visitors can be limited through the lodging supply. But HTA did not address or take responsibility for whether it should reduce its marketing efforts when Hawai'i reaches a certain number of visitors.

When HTA's interim CEO was asked about whether HTA can try to control the number of visitors to Hawai'i by reducing its marketing efforts, he replied that they can, but it is not something that can be fine-tuned. If HTA stops marketing, it takes time to increase visitation for a particular market.

An HTA contractor hired to facilitate the DMAPs was not required to establish metrics to measure actions, classify the time period for actions, or identify the agency responsible to carry-out those actions.

HTA contracted with consultant The Good Juju Co. (Good Juju) for around \$112,000 to facilitate steering committee meetings with the purpose of formulating action items. These meetings involved a process for onboarding the committee members, brainstorming, and ultimately developing actions and sub-actions using a visual work platform called Mural. According to HTA, it “prioritized actions” by determining which actions were included in the plans (priority) and which were left out (non-priority). These meetings were held virtually and not all steering committee members attended every meeting.

The contract required Good Juju to develop and identify priority action items for Maui, Moloka‘i, Lāna‘i, O‘ahu, and Kaua‘i, among other things. For Maui, Moloka‘i, Lāna‘i, and Kaua‘i, Good Juju was contracted to:

- Classify the action items by time period/urgency (Short-term, Med-Term, Long-term);
- Identify the responsible agency to carry out the action, and
- Provide metrics to measure the action.

According to HTA’s Director of Planning, Good Juju only helped to decide which actions went into the plans, but it did not establish metrics to measure the actions, classify the time period for actions, or identify the agency responsible to carry out the action. HTA worked with the counties and the Island Chapters to determine the time-period or phases of the plan and the agency responsible for the action items. Good Juju was contractually required to determine the DMAP metrics. HTA worked with SMS Consulting/SMS Tourism Intelligence, which HTA contracted to write two of the DMAPs, and determined that individual program metrics would be used (e.g., the number of stewards hired for a stewardship program or the number of people interacting with a program).

The contract price was never reduced to reflect the change in the scope of services. HTA simply chose not to require Good Juju to fulfill the entirety of its contract.

According to Visit England’s “Principles for Developing Destination Management Plans,” plans should identify, for each action:

- The timing for the action;
- The level of importance;
- Indicative cost and resources required (this does not necessarily have to be additional costs);

Destination Management Dollars

HTA's DMAP effort funded, among other things:

\$8,000

to clean up the Malae Heiau on Kaua'i, which is not open to the public;

\$2,500

to fund a coloring-book about deforestation specifically for hotels;

\$44,505

to pay for reusable water bottles to be given to guests at five Maui hotels; and

\$105,000

to install reef safe sunscreen dispensers at 24 high-traffic Maui beaches; and for a mineral only sunscreen awareness campaign.

- Responsible body and others involved; and
- A funding source, if possible.

In contrast to these recommendations, HTA did not identify the following for each DMAP action:

- The level of importance;
- Prioritization of the actions;
- Indicative cost and resources required; and
- Funding source(s).

HTA does not reliably track performance of the DMAPs' progress towards advancement of activities.

An absence of reliable performance tracking undermines HTA's ability to make effective data-driven decisions and allocate resources to achieve destination management objectives. It also results in reduced transparency and public accountability over HTA's performance in relation to its destination management efforts.

When asked how HTA tracked its progress on the DMAPs, HTA's Director of Planning directed us to their DMAP tracking sheets. However, she also stated that the DMAP trackers served as an internal document, not a report, used to keep track of what projects were ongoing; and HTA did not monitor or track the effectiveness of the DMAPs. She stressed that the trackers were not a complete representation of all the work done on the DMAPs because they were not consistently filled out. Responsibility for the DMAPs passed to HTA's Chief Stewardship Officer in October of 2023 (as some of the DMAPs were wrapping up), but he stated he did not fully assume responsibility for them until January 2024.

HTA's internal tracking of DMAP progress was non-systematic and anecdotal. We were told by HTA staff that they stopped filling out the trackers in early 2024, even though certain DMAP implementation efforts were ongoing. HTA Brand Managers stated that they would select a sampling of information to add to the trackers because there was too much information to add. The trackers also did not provide information on the specific community program events or projects (Kahu 'Āina (aka Aloha 'Āina), Kūkulu Ola, and Community Enrichment Programs) that were held, but rather, for a particular sub-action, the tracker might more broadly provide a program such as "Kūkulu Ola" as the project intended to complete that sub-action. HTA did not track how specific projects under these programs contributed to the DMAPs.

HTA’s public accountability for tracking DMAP progress declined over time. Although DMAP progress was regularly discussed in an anecdotal manner at HTA board meetings, HTA stopped publishing the DMAP progress reports in mid-2022, two years before the plans ended in 2024. The first DMAPs (Kaua‘i and Hawai‘i Island) were approved in late 2020 and early 2021, meaning they were to have been completed in early 2024.

Additionally, similar to HTA missing meaningful measurements in its current strategic plan, we found the DMAPs do not set benchmarks and targets to measure their progress in addressing action items. For example, as it relates to strategic plan performance reporting regarding the plan’s Natural Resources pillar, we found all 18 DMAP actions lacked benchmarks and targets.

Exhibit 4
Spending on the DMAP Contracts

According to HTA, the following was spent on the DMAP contracts and included costs, such as contracts for certification workshops, travel education, and the Hawai‘i Green Business Program. Additionally, HTA considered all community program spending (Kahu ‘Āina, Kūkulu Ola, Community Enrichment Programs, and Signature Events) as the DMAP implementation spending (reflected in the table below).

Fiscal Year	Amount Spent on the DMAP Contracts
FY2021	\$545,950
FY2022	\$11,771,316
FY2023	\$7,385,969

Source: HTA

Contractor hired to determine the effectiveness of the DMAPs could not rely on HTA trackers.

THE MOST COMPREHENSIVE REPORT on the DMAP progress was issued in 2024 by HTA's contractor Pacific Research and Evaluation, LLC (Pacific Research). In April 2024, HTA contracted with Pacific Research to evaluate the overall progress of each DMAP and identify opportunities for improvement as HTA begins planning for the next round of DMAPs. When HTA's Director of Planning was asked whether the DMAP actions and sub-actions were evaluated to see if they were achieved, she pointed to this evaluation as showing how far HTA got in completing the actions.

However, in its evaluation of the DMAPs, the Pacific Research report found it could not rely on HTA's tracking of the DMAPs (DMAPs, measures of success trackers, progress reports and annual reports) for more than qualitative data because the available data was "incomplete and missing information relevant to the progress of the DMAP."

Despite the absence of reliable data, in July 2024, Pacific Research reported its evaluation. Included among other recommendations were:

- Implementing a more thorough review process to ensure high-quality plans are developed. Following brainstorming and

initial development by steering committees, refine plans to ensure they are at the proper level of complexity and feasibility. Consider collaborating with universities to gather feedback on the plans' suitability. Align the DMAPs on statewide issues, where relevant.

- Enabling more effective monitoring and evaluation of progress by establishing measurement strategies that include identifying desired outcomes for each objective, action, and sub-action.
- Streamlining and Increasing Tracking Effectiveness: Clearly outline expectations for measurement and reporting to reduce confusion and inefficiency. Streamline these processes to ensure they are straightforward and manageable for all involved. Increase accountability to ensure accurate/complete information is tracked, such as through more regular meetings and public progress dashboards.
- Ensuring Feasibility/Capacity: Ensure implementers have a role in development so they can provide information regarding their capacity or authority to make progress on an action.

Few DMAP actions and sub-actions targeted hotspots where visitors and residents collide.

Among its directives, HTA's current strategic plan calls for: "attracting and educating responsible visitors; advocating for solutions to overcrowded attractions, overtaxed infrastructure, and other tourism-related programs; and working with other responsible agencies to improve natural and cultural assets valued by both Hawai'i residents and visitors." Consistent with the plan's directive, each DMAP defined hotspots as "an area or site that attracts visitors due to its popularity, which may result in overcrowding, congestion, degradation of resources, safety hazards, and a negative experience for both residents and visitors."

However, we found that despite this mandate to manage the impacts of tourism, relatively few DMAP actions would attempt to address visitor hotspots, which are areas where remediation of resident concerns may

more likely increase support for tourism and where tourism impacts could be mitigated. Even then, relatively few of these actions seem to have been completed by the time the three-year plans terminated. HTA’s inability to identify ways to mitigate visitor impacts undermines its ability to manage the cultural and environmental effects of tourism, and to increase resident support of the industry. Thus, the failure of the DMAPs to adequately address hotspots does not reflect an emphasis by HTA and its board on destination management.

The DMAPs identified 52 over-arching action items, or goals, that were broken down into a total of 200 sub-action items. We reviewed each of the DMAP actions and sub-actions to identify those that specifically mentioned hotspots, or mitigated such issues without specifically mentioning or referencing the term hotspot. As shown in Exhibit 5, we found that just 26 sub-actions pertained to hotspots.

**Exhibit 5
DMAP Anchor Actions and Sub-Actions by Island**

Island	Anchor Actions	Sub-Actions	Hotspot Anchor Actions	Hotspot Sub-Actions
O’ahu	10	45	2	10
Maui	8	23	1	2
Moloka’i	6	23	0	0
Lāna’i	9	26	0	0
Kaua’i	9	38	1	3
Hawai’i Island	10	45	2	11
Total	52	200	6	26

Source: HTA/Office of the Auditor

HTA’s DMAP tracker shows few hotspot activities were completed, and results took the form of meetings, rather than mitigation.

HTA worked with each island’s steering committee to develop actions which were grouped, and overarching anchor actions and sub-actions were identified. The DMAP milestones for success were the completion of each sub-action. The dates each DMAP was scheduled to terminate varied based on the date they were adopted. The O’ahu DMAP, which was the last one adopted, terminated in August 2024.

What is a Hotspot?

When HTA solicited communities to develop lists of hotspots for inclusion in its DMAPs, it neglected to ask this initial and basic question.

ACCORDING TO “Charting a New Course for Hawai'i Tourism,” a 2019 white paper by the Economic Research Organization at the University of Hawai'i, residents' concerns about overtourism often stem from specific hotspots of congestion that have not been effectively managed. “The degraded quality of parks, trails, and public amenities similarly affect the experience for visitors and residents alike. While the negative impacts of ‘overtourism’ have become evident, it is important to note that many, if not all, of these impacts affect both visitors and residents and comprehensive solutions are needed to address them for the sake of both sets of stakeholders.”

Not only are hotspots a component to HTA's DMAP effort, they are arguably its focal point. The Authority defines hotspots as areas and sites where residents and visitors compete for access, resulting in overcrowding, congestion, degradation of resources, safety hazards, and a negative experience for both residents and visitors. According to HTA's O'ahu Destination Management Action Plan 2021– 2024, “We must manage the visitor experience with capacity limits at hotspots, promoting or allowing only selected experiences, and offering alternatives to move visitors away from hotspots.”

The DMAPs identified hotspot sites and areas after collecting community input from surveys, meetings, and feedback from each of the counties, island visitor bureaus, and steering committees. From this list, HTA identified “locations of utmost concern,” 97 hotspots on six islands: O'ahu (17), Hawai'i Island (24), Kaua'i (15), Maui (16), Moloka'i (14), and Lāna'i (11).

Hotspots are organized by island and some islands listed issues of concern such as: Access, Capacity, Community Impact, Culturally Sensitive, Environmental Impact, Safety, and Traffic. Hawai'i Island did identify hotspots but did not list the areas of concern. HTA noted that while it lacks enforcement authority with hotspots, it serves as a catalyst to bring together government agencies, the community and the private sector. HTA, with the respective agencies, monitors and helps mitigate

issues, as needed. These mitigations are tracked by HTA as “Activities to Address/What is Being Done or similar description ...”

HTA's reports that track hotspot activities are sparse, simple matrixes that do not meaningfully account for the actions taken to address community concerns, nor do they identify the specific concerns that need mitigation in the first place, calling into question why HTA considers these sites as locations of utmost concern.

For instance, the O'ahu DMAP hotspot report includes an entry for Diamond Head State Monument and identifies “Capacity” as its issue. Under the “Activity to Address/What is Being Done” column, the report notes that the Department of Land and Natural Resources is addressing the issue via a reservation system. It also mentions that the Authority's GMT (Global Marketing Teams)/OVB (O'ahu Visitor's Bureau) are “to message reservation system.” The report doesn't include relevant details, such as identifying the monument's capacity issue, when mitigation efforts started, the results of those efforts, and the role HTA played in those efforts.

Similarly, the Hanauma Bay Nature Preserve was identified as having “Capacity” and “Environmental Impact” issues. The only information provided on the DMAP actions are: “City has reservation system. GMT/OVB message reservation system. City also looking at shuttles.” While the preserve remains an identified hotspot, its congestion is considered to be effectively managed. It is unclear what role – if any – the O'ahu DMAP played in that mitigation effort.

Inclusion of other hotspots appear to be nonsensical or mysterious. Waikiki Beach is listed as having a capacity issue. However, the activities listed to mitigate the unexplained capacity problem are: “GMT/OVB Messaging and OVB beacons to be done here. Waikiki Urban Trail to address. Need to keep updated on ‘Safe & Sound Waikiki’ (County).” There is no explanation of what these activities are and how they alleviate Waikiki Beach's capacity problems.

Area/site	Access	Capacity	Community Impact	Culturally Sensitive	Environmental Impact	Safety	Traffic	Owner	Activity to Address/What is being done
Kaniakapūpū Ruins				X				DLNR	Not promoted to visitors
Kūkaniloko Birthstones State Historical Site				X				OHA	Site is currently closed.
Hale'iwa Ali'i Beach Park			X				X	County	issue – tour buses and drop off areas. City Council/DPR proposing legislation (March 2023)
Lanikai Pillbox Trail	X		X					DLNR – Na Ala Hele	Potential for pilot reservation system (DLNR)
Kailua Town and Beach	X		X					State/County	How we (OVB, HTA) will address – Education; limited promotion; addressing illegal activity; curating new experiences. County's complete street team.
Stairway to Heaven	X		X			X		County	This has been addressed by the City – stairs are being removed. Not promoted to visitors
Hālonā Blowhole						X		County	<ul style="list-style-type: none"> Continued messaging of safety by OVB, HTA, GMT. Lyons Club is putting the red tube.
Hanauma Bay Nature Preserve		X			X			County	City has reservation system. GMT/OVB message reservation system. City also looking at shuttles.
Ka'ena Point State Park					X			DLNR	HTA to follow up with DLNR with regards to any issues.
Koko Head Crater		X	X					County	City opened the gate earlier for those wanting to hike early. HTA/OVB will support City with a timed lock.
Laniākea Beach					X	X		DLNR / DOT	<ul style="list-style-type: none"> DOT is addressing access. Messaging by OVB/GMT – there are other options to see the honu Possibility to work with community groups for solutions to mitigate impact

Source: HTA

For the Makapu'u Point Lighthouse Trail, it isn't clear what, if any, issues the area is experiencing. While the "Access" and "Environmental Impact" categories are checked off in the matrix, under "Activity to Address/What Is Being Done," it simply reads, "HTA to follow up with DLNR with regards to any issues."

On Hawai'i Island, HTA identifies Kailua-Kona's Ali'i Drive as a hotspot with a Traffic issue; however, the matrix only notes that the area had become a haven for the homeless and that there is a "Need to find out what County Dept. of Planning doing – action team?"

The nearby Kailua Pier also made the list, but no issues are noted. But it was also identified as a gathering place for the homeless, which the county was addressing. The pier was also singled out as a good location for a tent for a "greetings program." Finally, the listing also includes Hawai'i Volcanoes National Park. Its issues were Access and Safety. Not enough access? Too much? What specific safety concerns? The DMAP activities to mitigate these issues: "Monitor this site. Providing

communications as needed." Banyan Drive was also on the list of hotspots, the issue that was identified was Community Impact. The activity to address/action was listed as Monitor. HTA stated that the areas of concern is DLNR, the land and what is going to happen to the site, will it be developed or what will happen.

Hotspot sites' lack of relevance and even coherence may be the result of HTA's failure to sufficiently understand why these sites and areas were identified as hotspots in the first place. When HTA solicited communities to develop lists of hotspots for inclusion in the DMAPs, the Authority did not require communities to identify why these sites and areas were locations of utmost concern. While it may have had a definition of what a hotspot is, the Authority didn't apply it.

HTA's Director of Planning acknowledged that the Authority should have asked participants the initial, defining question: Why is it a hotspot? "We didn't ask that," she said. "We should have been asking that."

We reviewed the most recent DMAP trackers to identify whether hotspot-related sub-actions were completed and found that few sub-actions were identified as completed, and even then, progress was primarily limited to identifying and discussing hotspots, rather than mitigating impacts.

Island	Number of Hotspots Identified	Total No. of Sub-actions	Number of sub-actions which pertained to hot spots	Number of Hotspot sub-actions identified as completed
O'ahu	17	45	10	2
Maui	16	23	2	1
Moloka'i	14	23	-	-
Lānai	11	26	-	-
Kaua'i	15	38	3	1
Hawai'i Island	24	45	11	0
Total	97	200	26	4

Source: HTA/Office of the Auditor

The extent to which the DMAP sub-actions attempted to grapple with the 97 hotspots varied with O'ahu and Hawai'i Island being the most hotspot-centric, and Moloka'i and Lāna'i identifying no specific hotspot actions or sub-actions. The DMAPs identified a total of 200 sub-actions but only 26 (13%) pertained to hotspots and only 4 (2%) were identified as completed. According to the O'ahu DMAP, the steering committee that formed the plan felt that approximately 6 million visitors to the island in 2019 was too much for the local infrastructure, natural resources, and residents' quality of life. The group cited intrusion into residential neighborhoods, inadequate maintenance and enforcement, inconsistencies in park policies and reservation systems, and missing, or poor infrastructure in parks, beaches, and bathrooms. Despite such concerns, just two out of ten actions in the O'ahu DMAP dealt with hotspots, with ten of the 45 sub-actions relating to hotspots. The DMAP included Action C, which stated: "Identify sites and implement stewardship plans for key hotspots on O'ahu." This action had seven sub-actions meant to move the main action forward. Of those, just one was completed, two were in progress, and four were not started, according to HTA's August 2024 tracker. The sole completed sub-action only called for working with stakeholders to identify sites associated with public impact on natural and cultural resources. It was classified as completed based on meetings between HTA, county officials, and the O'ahu Visitors Bureau. We are unaware of the sites that the participants identified.

Meanwhile, other seemingly substantive initiatives such as O‘ahu Action C, sub-action No. 2, were not even started, according to the tracker. That sub-action called for HTA to: “Work with communities to determine desired conditions or limits of acceptable change then identify management actions to achieve/sustain those conditions to ensure integrity and avert degradation of hotspots.” **(See Appendix D for a table summarizing the status, according to the HTA DMAP tracker, of all seven sub-actions under O‘ahu Action C, which called for identification of sites and implementation of stewardship plans for key hotspots on O‘ahu.)**

Our review of the O‘ahu DMAP tracker also indicated that one sub-action was classified as in progress based, in part, on the funding of community programs that we determined were not required to directly address hotspots. O‘ahu Action C, sub-action No. 4 called for an increase in opportunities for community-led initiatives that steward and manage their resources, including closure of areas and managing traffic. According to HTA’s O‘ahu tracker, activities that occurred in support of this sub-action included more than \$1 million in Aloha ‘Āina program funds awarded over two fiscal years. However, when we asked HTA to identify the specific hotspot-related projects that were funded, the Authority responded that, although some projects addressed hotspots, these programs were not required to directly address hotspots.

For Kaua‘i we identified one, primarily hotspot-focused anchor action. Action D stated: “Focus policies that address overtourism by managing people while on Kaua‘i.” There were five sub-actions, three of which we identified as hotspot-related. One of the sub-actions was to assess and set specific site visitor limits and create site management plans/develop and implement tourism capacity management models at hotspots. This sub-action was reported on the DMAP tracker as not started, and it stated the project associated with this sub-action was on pause. **(See Appendix D for a table summarizing the status of all three hotspot-related sub-actions under Kaua‘i Action D.)**

For Hawai‘i Island, we identified Action A as primarily hotspot-related. The action stated: “Protect and preserve culturally significant places and hotspots.” There were five sub-actions and all were in progress, according to the most current HTA tracker. **(See Appendix D for a table summarizing the status of all five hotspot-related sub-actions under Hawai‘i Island Action A.)**

As illustrated in the table above, numerous hotspots on all islands were identified, but only a handful of actions addressing hotspots were identified as completed.

Conclusion

As Hawai'i's lead marketer and industry advocate, HTA plays a central, crucial role in an industry comprised of about 10 million annual visitors and \$20 billion in spending. In its current strategic plan, HTA said it expanded this role by focusing on destination management, and, in particular, by addressing the impacts of a visitor industry facing declining resident support. That strategy included focusing on high-spending visitors, and supporting sustainable and responsible tourism, and natural and cultural resource management. However, these strategies were not new, or unique to the current strategic plan. Although it did not officially use the term, HTA has been doing "destination management" since at least 2005. Further, HTA's emphasis on destination management has not resulted in substantive changes in the marketing efforts or community programs that have long been the core of the Authority's operations.

After the current strategic plan was adopted, HTA launched and oversaw a process of developing community-based Destination Management Action Plans (DMAPs) that appears to have been a markedly new, island-based approach based on previous stakeholder-driven efforts aimed at balancing community and visitor interests with cultural and natural assets. HTA launched and oversaw a process of developing the DMAPs, however, in doing so, the Authority deferred to other government and community interests to identify how these impacts would be addressed. HTA expedited this seemingly ambitious effort and created the DMAPs without a framework for selecting individuals that served on committees that spearheaded the plans, identifying plan actions, and funding plan activities. As a result, the DMAPs included actions that had already been completed or included unrealistic expectations. In addition, relatively few of these actions addressed so-called "hotspots," where visitors and residents compete for access, and where mitigating congestion could increase resident support for tourism. HTA then failed to adequately track the activities that were meant to accomplish the DMAP objectives. Without reliable performance tracking, HTA is unable to demonstrate that the DMAP efforts were effective.

We further found HTA lacks meaningful milestones and measures for tracking progress against its strategic initiatives. Even by HTA's own overly broad Key Performance Indicators, the destination management effort, to the extent it was new, failed to demonstrably impact visitor spending, or visitor and resident sentiment. HTA's inability to demonstrate its effectiveness undermines its credibility with the public and policymakers, as well as its ability to effectively make evidence-driven decisions and allocate resources to achieve destination management strategic objectives.

Going forward, HTA should focus on efforts that address hotspots, balance visitor and resident needs, and are more likely to improve resident sentiment towards tourism. HTA also needs to meaningfully hold itself accountable for its performance. This includes identifying goals with benchmarks and targets, and tracking and publicly reporting performance against these goals.

Recommendations

1. In its future strategic plans, HTA should include measurable outcomes to assess achievement of its strategic goals and objectives, meaning the plans should include specific targets that the plans seek to achieve as well as specific starting points against which to measure that achievement.
2. HTA, annually, should assess and report its progress towards achieving the strategic plan's goals and objectives.
3. HTA, annually, should assess and report its progress in implementing its strategic tourism management plan and achieving the plan goals.
4. HTA should develop key performance indicators that specifically measure its marketing and brand management efforts to increase the number of high-spending, low-impact visitors.
5. HTA should develop key performance indicators that specifically measure its efforts regarding visitor-impacts on Hawai'i's infrastructure.
6. HTA should develop key performance indicators that specifically measure its efforts regarding visitor-impacts on Hawai'i's natural resources.
7. HTA should develop key performance indicators that specifically measure its achievement of goals and objectives relating to destination management/destination stewardship.
8. HTA should develop key performance indicators that specifically measure its achievement of goals and objectives relating to resident concerns about "hotspots," i.e., recreational sites, attractions, and communities overtaxed by crowds or inadequate infrastructure where residents and visitors compete for access to the same resources and locations.

9. HTA should develop key performance indicators that specifically measure its achievement of goals and objectives relating to regenerative (or sustainable) tourism.
10. HTA should adjust for inflation spending or other financial data when used to assess key performance indicators that are based on such data.
11. HTA should develop and document policies and procedures relating to its Destination Management Action Plans (DMAPs) which include:
 - a. The selection process for Steering Committee members and criteria to be used in that selection process;
 - b. The process to select actions and sub-actions for inclusion in a DMAP and criteria to be used in the selection process, including the priority of those actions and sub-actions;
 - c. The process to select which of the DMAP actions and sub-actions to fund and the criteria to be used in that process;
 - d. The process to determine the amount of funding for the DMAP actions and sub-actions and criteria to be used in the funding process; and
 - e. The process to identify and select “hotspots” and criteria to be used in the selection process.
12. HTA should formulate actions and sub-actions that have measurable outcomes and established benchmarks against which to determine whether the DMAP actions and sub-actions have been achieved.
13. HTA should develop and document a process to systematically monitor and track implementation status of the DMAP actions and sub-actions.
14. HTA should develop and document a process to assess the effectiveness or impacts of actions and sub-actions that are implemented as part of a DMAP.
15. For each action and sub-action item, HTA, annually, should report its progress towards implementing the action and sub-action item.

Appendix A

Prior Audits

We previously published five management audits of HTA. The first, Report No. 02-04, *Management Audit of the Hawaii Tourism Authority*, was initiated because of legislative concerns about inadequate explanations for HTA's actions, especially the spending of moneys seen as critical to the state's economic well-being. We identified a wide array of deficiencies in HTA's contracting process, including a lack of written policies and procedures, incomplete contract files, and inadequate monitoring of contracts.

- Report No. 03-10, *Management and Financial Audit of the Hawai'i Tourism Authority's Major Contracts*, which utilized a consultant, found HTA's inadequate contract management and internal controls failed to safeguard state funds allocated for marketing Hawai'i as a visitor destination. In addition, poorly written contracts and inadequate controls allowed HVCB to spend \$151.7 million of tax dollars with no identifiable benefit to the State.
- Report No. 09-02, *Management and Financial Audit of the Hawai'i Tourism Authority's Major Contracts*, again used a consultant. The audit found that HTA's year-to-year approach to planning and program implementation hindered its ability to strategically manage the long-term growth of the state's visitor industry, and that HTA lacked a functional strategic plan and performance goals and targets.
- Report No. 13-09, *Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority*, found that HTA's marketing plan, which is supposed to identify marketing efforts and targets, establish measures of effectiveness, and document progress, fell short of statutory requirements. Additionally, HTA's monitoring of contracts lacked formal policies and procedures, leading to inconsistencies throughout their process.

In our 2018 audit, Report No. 18-04, we made a total of 27 recommendations to the HTA Board of Directors and HTA administrators.

The report found that HTA reimbursed millions of dollars to contractors without receipts and other required documentation; reimbursed costs, such as first-class airfare, luxury hotel accommodations, and other extravagant expenses, that were expressly prohibited by contract; and consistently failed to enforce contract terms that are intended to protect the State.

HTA had disregarded its own procurement policies and procedures, awarding sole source contracts based on questionable justifications, paying contractors without existing contracts, and voluntarily waiving ownership of intellectual property that the State paid to develop.

- Report No. 12-06, *Report on the Implementation of State Auditor's 2009 Recommendations*, found that HTA had taken steps to address many of its deficiencies, including developing a new strategic plan and establishing Key Performance Indicators. In addition, HTA had undergone an extensive reorganization designed to increase organizational efficiency and accountability. However, we found that HTA had not established visitor industry targets nor reported on its own performance towards achieving its goals. We also found that the HTA commissions reports and gathers data (i.e., through visitor and resident surveys), but does minimal analysis or reporting of that data.
- Report No. 16-05, *New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority*, found that HTA had closed nine of our recommendations, while five were open, but in progress. And while there was a change in administration since the original report was issued, there had been movement to continue the recommendation implementation process.

Appendix B

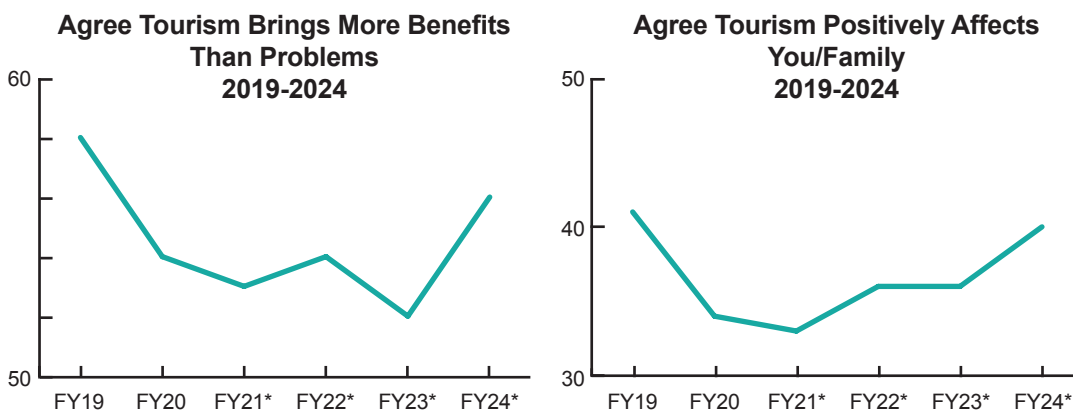
HTA Survey Results

HTA Resident Sentiment Survey (Spring 2024)

The Resident Sentiment Survey has been conducted 22 times since 1999, and the Spring 2024 survey was conducted by Omnitrak Group, Inc. The primary objectives of the survey are:

- To track key resident attitudes toward tourism in Hawai‘i over time.
- To identify perceived positive and negative impacts of the visitor industry on local residents.
- To identify for the visitor industry and HTA, issues or concerns regarding tourism expressed by residents.
- To explore resident perceptions on ideas to “manage” or mitigate the negative impacts associated with tourism.

The following table presents the survey results for HTA’s two Resident Satisfaction Key Performance Indicators since 2019. Both Key Performance Indicators were down from 2019, despite having recovered from even lower values since 2019. HTA’s 2023 Annual Report to the Legislature includes a chart reflecting these results, but does not mention that results were down since 2019. Rather, the report states: “A majority of Hawaii’s residents continue to feel that ‘tourism has brought more benefits than problems to the islands.’”



Note: *Spring
Source: HTA Resident sentiment survey (Spring 2024).

HTA Visitor Satisfaction Study (Second Quarter 2024)

The Visitor Satisfaction and Activity Survey is a survey of visitors from eight visitor markets that recently completed a trip to Hawai‘i. Statistics presented in the second quarter 2024 report include survey results from: U.S. West (Alaska, California, Oregon, Washington, Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming), U.S. East (all other states in the Continental U.S.), Japan, Canada, Oceania, Europe, Korea, and China. Data for prior years reflect final visitor statistics from DBEDT Annual Visitor Research reports.

According to the following table, U.S. West ratings on all four visitor satisfaction Key Performance Indicators were down from 2019.

U.S. West

Key Performance Measure	Q2 2019	Q2 2024 *
*Overall Hawai‘i vacation rating	88.4%	88.3%
If exceeded expectations	46.6%	45.5%
Likely to recommend Hawai‘i	91.6%	89.6%
Likely to revisit in next five years	83.1%	82.1%

* = Preliminary data

Source: HTA Visitor satisfaction survey (Second Quarter 2024).

According to the following table, U.S. East ratings on all four visitor satisfaction Key Performance Indicators also were down from 2019.

U.S. East

Key Performance Measure	Q2 2019	Q2 2024 *
*Overall Hawai‘i vacation rating	91.4%	88.4%
If exceeded expectations	56.7%	54.7%
Likely to recommend Hawai‘i	91.3%	88.2%
Likely to revisit in next five years	61.2%	61.0%

* = Preliminary data

Source: HTA Visitor satisfaction survey (Second Quarter 2024).

According to the following table, Japan’s ratings on two of the four visitor satisfaction Key Performance Indicators were down from 2019.

Japan

Key Performance Measure	Q2 2019	Q2 2024 *
*Overall Hawai'i vacation rating	79.7%	79.3%
If exceeded expectations	43.5%	43.4%
Likely to recommend Hawai'i	77.0%	82.5%
Likely to revisit in next five years	62.9%	65.1%

* = Preliminary data

Source: HTA Visitor satisfaction survey (Second Quarter 2024).

According to the following table, Canada’s ratings on three of the four visitor satisfaction Key Performance Indicators were down from 2019.

Canada

Key Performance Measure	Q2 2019	Q2 2024 *
*Overall Hawai'i vacation rating	90.5%	88.1%
If exceeded expectations	48.1%	48.2%
Likely to recommend Hawai'i	90.4%	88.1%
Likely to revisit in next five years	70.0%	61.9%

* = Preliminary data

Source: HTA Visitor satisfaction survey (Second Quarter 2024).

Appendix C

Community Programs

HTA's focus on destination management includes its "community programs" (Kahu 'Āina, Kūkulu Ola, Community Enrichment Programs, and Signature Events) to address its destination management goals. These longstanding HTA programs provide awards to various groups for specific events, projects, or programs. Administration of these awards have been procured and administered either in-house by HTA, or procurement and administration has been contracted out (depending on the program and year). Awards have not been made every year due to lack of funding and/or COVID.

The Kūkulu Ola Program provides funding support to community-based awardees that "enhance, strengthen, and perpetuate the Native Hawaiian culture through genuine experiences for residents and visitors alike." HTA's Kahu 'Āina Program (formerly known as Aloha 'Āina) focuses on stewardship by providing funding to community-based entities with an emphasis on "āina-kānaka (land-human) relationships and knowledge." The collective objective is to "manage, conserve, and revitalize Hawai'i's natural resources and environment." The Community Enrichment Program supports Hawai'i's community festivals, events, and year-round programs in the tourism niche areas of culture, education, health and wellness, nature, agriculture, sports, technology, and voluntourism.

In 2021, HTA contracted with the Hawai'i Community Foundation to assist in implementing the Kūkulu Ola and Aloha 'Āina programs. That contract ran through June 2024. HVCB was contracted to conduct Community Enrichment Program projects for each county from June 2021 through May 2023. Due to uncertain funding, only a partial year of funding was awarded in 2023 from June 2023 to December 2023, reporting for which carried over into 2024.

HTA's Director of Planning explained that some things that HTA funds in the Kūkulu Ola and Aloha 'Āina programs address some of the DMAP actions, and other things funded outside of the Kūkulu Ola and Aloha 'Āina programs may address the DMAP actions as well. Individual Aloha 'Āina, Kūkulu Ola, and Community Enrichment program projects are not identified in the DMAP Tracking Sheets, rather those programs are broadly listed as projects to move the DMAP actions forward. HTA did not track how specific projects under these programs contributed to the DMAPs.

Appendix D

O'ahu DMAP Tracker Action C Status

This table summarizes the status for all sub-actions under O'ahu Action C.

Sub-Action No.	Action C: Identify sites and implement stewardship plans for key hotspots on O'ahu.	Lead Agency	Complete	Not Started	In Progress
1	Work with stakeholders to identify sites associated with public impact on natural and cultural resources.	HTA	✓		
2	Work with communities to determine desired conditions or limits of acceptable change then identify management actions to achieve/sustain those conditions to ensure integrity and avert degradation of hotspots.	HTA		✓	
3	Develop a process to support government and community collaboration on how to manage and steward sites. Determine if there are similar issues across some of the hotspots, so they can be addressed in a group or pilot program.	HTA		✓	
4	Increase opportunities for community-led initiatives that steward and manage these resources, including closure of areas and managing traffic.	HTA			✓
5	Advocate for increased funding and resources for Department of Land and Natural Resources, City and County Department of Planning and Permitting, and City and County Parks and Recreation, to better manage hotspots.	HTA			✓
6	Investigate site user fees or hiking permits that go directly to support and manage specific hotspots and the affected communities. Review studies to determine whether site fees are warranted and how fees are to be processed and returned to that spot or community for maintenance, management, and enforcement. Evaluate if the fees are working.	DLNR/County		✓	
7	Explore the process of requiring hikers to apply for and acquire a hiking permit. Fees would also go to reimburse search and rescue expenses. The process would include mandatory education on safety and protocol while hiking.	DLNR/County		✓	

Source: Office of the Auditor

Kaua'i DMAP Tracker Action D Status

This table summarizes the status for all sub-actions under Kauai Action D.

Sub-Action No.	Action D: Focus policies that address overtourism by managing people while on Kaua'i.	Lead Agency	Complete	Not Started	In Progress
1	Assess and set specific site visitor limits and create site management plans/develop and implement tourism capacity management models at "hotspot" areas. Allot rest days for hotspot areas.	DLNR		✓	
2	Pilot a reservation system to manage capacity of visitors and explore feasibility of expanding to other hotspot areas.	HTA	✓		
5	Explore ways to count and manage the movement of visitors and residents at identified hotspot areas to present the degradation of natural resources, alleviate congestion and manage the area. Strive for a systematic mechanism to monitor different areas.	None Identified		✓	

Source: Office of the Auditor

Hawai'i Island DMAP Tracker Action A Status

This table summarizes the status for all sub-actions under Hawai'i Island Action A.

Sub-Action No.	Action A: Protect and preserve culturally significant places and hotspots	Lead Agency	Complete	Not Started	In Progress
1	Develop and support opportunities to mālama and steward the places and culture of Hawai'i Island for both residents and visitors, including using Native Hawaiian practices of resource and cultural stewardship.	County, DLNR			✓
2	Emphasize local area cultural history and expertise to further expand Hawaiian cultural values, knowledge, and language with an emphasis on connection to place.	County, DLNR			✓
3	Increase opportunities for community-led initiatives that steward and manage these resources, including closure of areas and managing traffic.	County, DLNR			✓
4	Work with different stakeholders to communicate areas that need to be protected with the visitor industry and visitors.	County, DLNR			✓
5*	Create opportunities for community members to share in an ongoing way about the impact of tourism as well as the wahi pana, historically significant sites, and sacred sites that need to be protected.	County, DLNR			✓

Source: Office of the Auditor

* Sub-action 5 was listed as sub-action 2 under Action C of the Island of Hawai'i DMAP. However, the DMAP tracker accounted for this sub-action under Action A.

Office of the Auditor’s Response on the Hawai Tourism Authority’s Comments to the Audit

WE PROVIDED A DRAFT of the audit report to the Hawai‘i Tourism Authority (HTA) on April 16, 2025 and met with the interim President and Chief Executive Officer, the acting Chief Administrative Officer, the Chief Stewardship Officer, and other HTA staff. HTA subsequently provided written comments to the draft report, which are reproduced as Attachment 1 to this response.

HTA does not express any disagreement with the findings, conclusions, or statements in the audit report. HTA says that the Destination Management Action Plan process was designed to be collaborative and it is committed to ensuring that stakeholder voices are included and reflected in its work. While we do not doubt those statements, we found that HTA’s efforts with respect to the Destination Management Action Plans were rushed, delegated almost entirely to consultants without meaningful HTA oversight, and resulted in only a very few action items that had any correlation to visitor “hot spots” or, more generally, destination management.

While we report on a few of the actual expenditures that HTA funded (**see Destination Management Dollars on page 38**), HTA provided similar financial support for numerous other action and sub-action items that seem unrelated to destination management, as defined by HTA.¹ We also found that HTA did not reliably track progress towards advancement of the actions and, in fact, stopped tracking altogether in early 2024. HTA represents that many of the areas noted in the report “are already being addressed through our organizational restructuring, increased resources in destination management, and enhanced performance tracking.” We look forward to reviewing those and other actions HTA takes to improve its destination management efforts. In two to three years, we will independently assess whether HTA has implemented the recommendations contained in the audit.

¹ Each Destination Management Action Plan includes HTA’s definition of destination management to include:

- Attracting and educating responsible visitors;
- Advocating for solutions to overcrowded attractions, overtaxed infrastructure, and other tourism-related problems; and
- Working with other responsible agencies to improve natural and cultural assets valued by both Hawai‘i residents and visitors.



Ke'ena Kuleana Ho'okipa O Hawai'i
1801 Kalākaua Avenue
Honolulu, HI 96815
kelepona tel (808) 973-2255
kelepa'i fax (808) 973-2253
hawaiitourismauthority.org

April 25, 2025

Mr. Leslie H. Kondo
State of Hawai'i
Office of the Auditor
465 S. King Street, Room 500
Honolulu, Hawai'i 96813

Via Mail and Email (lao.auditors@hawaii.gov)

Re: Draft Audit of the Hawai'i Tourism Authority

Dear Mr. Kondo:

We have received the Draft Audit dated April 16, 2025, and appreciate the opportunity to review the opinions shared. Thank you also for meeting with us on April 23, 2025, to discuss the draft report.

HTA remains focused on continuous improvement, strengthened accountability, and advancing our mission to manage tourism sustainably and responsibly. Many of the areas noted in the draft are already being addressed through our organizational restructuring, increased resources in destination management, and enhanced performance tracking.

The Destination Management Action Plan (DMAP) process was designed to be collaborative, bringing together diverse perspectives from across our communities to shape the future of tourism in each county. As we continue to advance destination management, we remain committed to ensuring that stakeholder voices—including residents, industry partners, and all levels of government—are included and reflected in our work.

HTA is dedicated to supporting our visitor industry and uplifting our residents' quality of life, and improving the visitor experience.

Aloha,

Caroline Anderson
Interim President & CEO