



STATE OF HAWAII • DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM



2023 ANNUAL REPORT



**This report fulfills the reporting requirement in Hawai'i Revised Statutes §201-10 and Act 100,
Session Laws of Hawai'i 1999.**

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DBEDT Divisions

**Business Development & Support Division
(BDSD)**

808-587-2750

Creative Industries Division (CID)

808-586-2590

Foreign-Trade Zone Division (FTZ)

808-586-2507

**Hawai'i Broadband & Digital Equity Office
(HBDEO)**

808-587-9001

Research & Economic Analysis Division (READ)

808-586-2466

**Small Business Regulatory Review Board
(SBRRB)**

808-798-0737

DBEDT Attached Agencies

Agribusiness Development Corporation (ADC)

808-586-0186

**Hawai'i Community Development Authority
(HCDA)**

808-594-0300

Hawai'i Green Infrastructure Authority (HGIA)

808-587-3868

**Hawai'i Housing Finance & Development
Corporation (HHFDC)**

808-587-0641

Hawai'i State Energy Office (HSEO)

808-587-3807

**Hawai'i Technology Development Corporation
(HTDC)**

808-539-3806

Hawai'i Tourism Authority (HTA)

808-973-2255

**Natural Energy Laboratory of Hawai'i Authority
(NELHA)**

808-329-7341

**Office of Planning & Sustainable Development
(OPSD)**

808-587-2846

Stadium Authority (SA)

808-483-2500

A Message from the Director

Aloha kākou,

2023 was a testament to our resilience and commitment. We faced unprecedented challenges, particularly the devastating Maui wildfires that impacted so many lives and businesses, but our community's response was nothing short of inspiring.

The Maui wildfires significantly impacted the state's economy, with impacts most pronounced for Maui County. Between August and December 2023, visitor arrivals by air to Maui County decreased by 41.4 percent compared to the same period in 2022. During the August-to-October period, visitor arrivals on O'ahu increased by 11.0 percent, on Kaua'i increased by 4.5 percent, and on Hawai'i Island increased by 2.9 percent. These increases offset most of the decrease in Maui County, translating to a 4.0 percent decline in statewide total visitor arrivals during the five-month period. The recovery of international markets in 2023 was at 61.2 percent and Japanese arrivals were at 36.4 percent of the 2019 levels. Based on the current airline schedules, we will continue to see the U.S. market weaken and international markets increase in 2024. The current economic forecast indicates that Hawai'i's economy will fully recover to the 2019 level in 2025.

Several of DBEDT's core divisions and attached agencies were and continue to be deeply involved in the Maui wildfire response and recovery efforts. We know the road forward will be long and challenging, and we are committed to supporting and assisting Maui residents, businesses, and nonprofit organizations through the recovery.

DBEDT has developed a comprehensive strategic framework aimed at facilitating a seamless transition from curriculum to career while addressing infrastructure needs. Central to this approach is the identification of key sectors for development – Tech & Innovation (advanced manufacturing, aerospace and artificial intelligence), Creative Media & Film (film production and postproduction, along with content creation), and Value Add & Product Manufacturing (including apparel and intellectual property). The department is also identifying necessary infrastructure and facilities to support the growth and sustainability of these industries, ensuring a holistic approach to economic development in Hawai'i.

We look forward to continuing to work with you as we drive Hawai'i's economic progress and create opportunities for businesses, individuals, and communities to thrive.

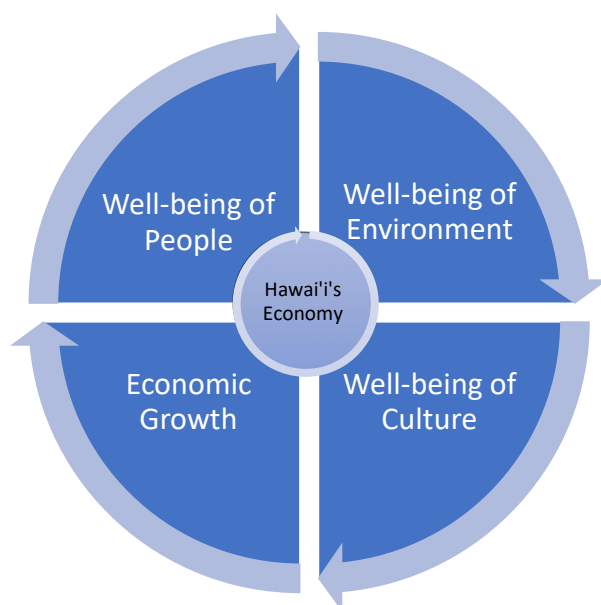
Mahalo nui loa,



James Kunane Tokioka
Director
Department of Business, Economic Development and Tourism

Economic Framework & Strategic Vision

DBEDT's economic development approach consists of balancing economic growth and the well-being of Hawai'i's people, culture, and environment. By focusing on each of these segments, we will achieve a sustainable economic system that better serves Hawai'i's people. In recent years, the department's activities have been guided by the values, strategies, and tactics of these elements.



| Values | Strategies | Tactics |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Always be considerate of Hawai'i's people, place, and culture • Work together to prioritize balanced long-term growth and sustainable economic development • Integrate all sectors and stakeholders to work for the common good and collective existence | <ul style="list-style-type: none"> • Capitalize on Hawai'i's strengths and assets • Strengthen and leverage collaboration between public and private organizations and Hawai'i citizens • Empower the internal capacity of the department by giving programs and staff the tools they need to succeed • Redesign the department to support flexibility and agility to better serve a dynamic economy • Use continuous improvement processes for long-term growth | <ul style="list-style-type: none"> • Leverage internal expertise to sift through large volumes of information to make data-driven decisions • Empower DBEDT's economic development experts with data to facilitate deep evaluation and analysis that can generate compelling and innovative ideas for a sustainable economic future • Foster connections and collaboration amongst all stakeholders in order to build trust, consensus, and buy-in |

Hawai'i's Economy

Hawai'i's economy continued to recover in 2023. According to estimates by the U.S. Bureau of Economic Analysis, Hawai'i's real gross domestic product (GDP) during the first nine months of 2023 was at \$86.7 billion as measured in 2017 dollars, representing a 97.7 percent recovery from the same period in 2019 of \$88.7 billion. Hawai'i's economic growth rate was 2.3 percent during the first nine months of 2023, same as the U.S. economic growth rate during the same period. The U.S. economy fully recovered to pre-pandemic levels in the first quarter of 2021.

According to the most recent data available as of the date of this writing, the Hawai'i retail tax base was at \$40.2 billion year-to-date through October 2023. This was a historical record level for the ten-month period, representing a 4.4 percent increase from the same period in 2022. Part of the increase was due to inflation and part was due to economic growth. The inflation rate for commodities during the first ten months of 2023 was 3.9 percent. The tax base for services reached \$17.3 billion during the first ten months of 2023, representing an increase of 6.8 percent, and this was also the highest on record for the ten-month period. With inflation for services during the first ten months at 2.4 percent, the services tax base increased mainly due to the increase in economic activities in the services sectors.

As a comprehensive indicator of Hawai'i economic activities, the state general excise tax (GET) collections were at a record high of \$4.5 billion in calendar year 2023, representing a 4.9 percent increase from calendar year 2022.

In terms of total payroll jobs, the state had a net gain in jobs every month in 2023, though Maui County has lost jobs since August. Other counties have been adding jobs, and the increases offset the decrease in Maui. The net job gain between August and December 2023 was 6,600 per month compared to the same period in 2022. In December 2023, the unemployment rate in the state was at 2.9 percent (seasonally adjusted), lower than the national average of 3.7 percent. In December 2023, the total number of people employed as payroll employees or self-employed was 655,000 (seasonally adjusted), representing a 97.1 percent recovery compared to the same month in 2019. The number of people who were unemployed and still looking for jobs dropped to 19,900 in December 2023, a 21.0 percent drop from the same month a year ago.

Total visitor arrivals reached 9.6 million in 2023, representing a recovery rate of 92.9 percent from 2019. These visitors spent \$20.8 billion, about 17.3 percent higher than 2019. The increase in visitor spending was mainly caused by inflation, especially the hotel room rates and transportation.

In 2023, U.S. mainland visitors accounted for 78.3 percent of total air visitors. U.S. visitor arrivals were 8.1 percent higher than the same period in 2019. International visitor recovery was 61.2 percent, with the Canadian market recovering 84.1 percent and the Japanese market recovering 36.4 percent.

As measured by the state contracting tax base, construction completed reached \$9.8 billion during the first ten months of 2023, representing a 9.2 percent increase. The total value of private building permits issued during 2023 increased by 2.5 percent from the 2022. The value of residential permits decreased by 13.8 percent, while the value of commercial and industrial permits increased by 36.6 percent, and the value of additions and alterations permits increased by 12.9 percent.

The number of residential home units authorized by the county building departments decreased to 3,020 in 2023, compared to 3,936 a year ago—a 30.3 percent decrease.

During the first three quarters of 2023, there were 11,703 homes sold statewide, a 32.1 percent decrease from the same period in 2022. The average sale price for single-family homes during the first nine months of 2023 was \$1.1 million, representing a 6.7 percent decrease from the same period in 2022. During the same period, the average sale price for condo homes was \$733,100, an increase of 2.4 percent from the same period in 2022.

With the Federal Reserve Bank aggressively increasing the Federal Funds Rate to control inflation, the U.S. inflation rate has been trending down since June 2022. In 2023, U.S. consumer inflation was 4.1 percent, while in 2022, it was 8.0 percent. Hawai'i consumer inflation followed the U.S. trend and fell to 3.1 percent in 2023 from 6.5 percent in 2022.

DBEDT's fourth quarter forecast, released on December 11, 2023, reflected the economic recovery and growth trend. The forecast predicts Hawai'i's real GDP growth will be 1.9 percent in 2023 and 1.3 percent in 2024. Visitor arrivals are predicted to recover to 92.5 percent and 94.4 percent of the 2019 level in 2023 and 2024, respectively.

Wildfire Response & Recovery Efforts

DBEDT, its core divisions, and attached agencies have been working with federal, state, county, and community partners to support wildfire relief efforts on Maui.

Economic Recovery

- DBEDT launched the “Pathways to Recovery” webinar series to provide updates about Maui relief and recovery efforts, including housing, consumer protection, small business recovery, economic recovery, and tourism.
- READ created a Maui Wildfires Economic Update webpage to provide weekly updates on domestic passenger counts, flight and air seat capacity, air booking trends, unemployment data, and more.
- DBEDT Director’s Office initiated a Maui Economic Recovery Commission, which will provide guidance and feedback to support local recovery priorities in sustaining and rebuilding businesses and employment and develop economic opportunities that align with the community’s vision.

Housing

- DBEDT assisted with leading the Joint Housing Task Force to relocate more than 5,000 survivors of the Lahaina wildfire from evacuation shelters into West Maui hotels and timeshare units in partnership with the hospitality industry, the American Red Cross, the Hawai’i Emergency Management Agency (HI-EMA), and the Federal Emergency Management Agency (FEMA).
- The Hawai’i Housing Finance and Development Corporation (HHFDC) launched the Hawai’i Fire Relief Housing Program to connect those in urgent need of housing with homeowners willing to assist by offering unoccupied houses, units, or rooms on a short-term basis. As of December 27, 2023, over 600 families were placed into housing through this program.
- DBEDT worked with federal and state partners to transition the housing task force to Maui County.

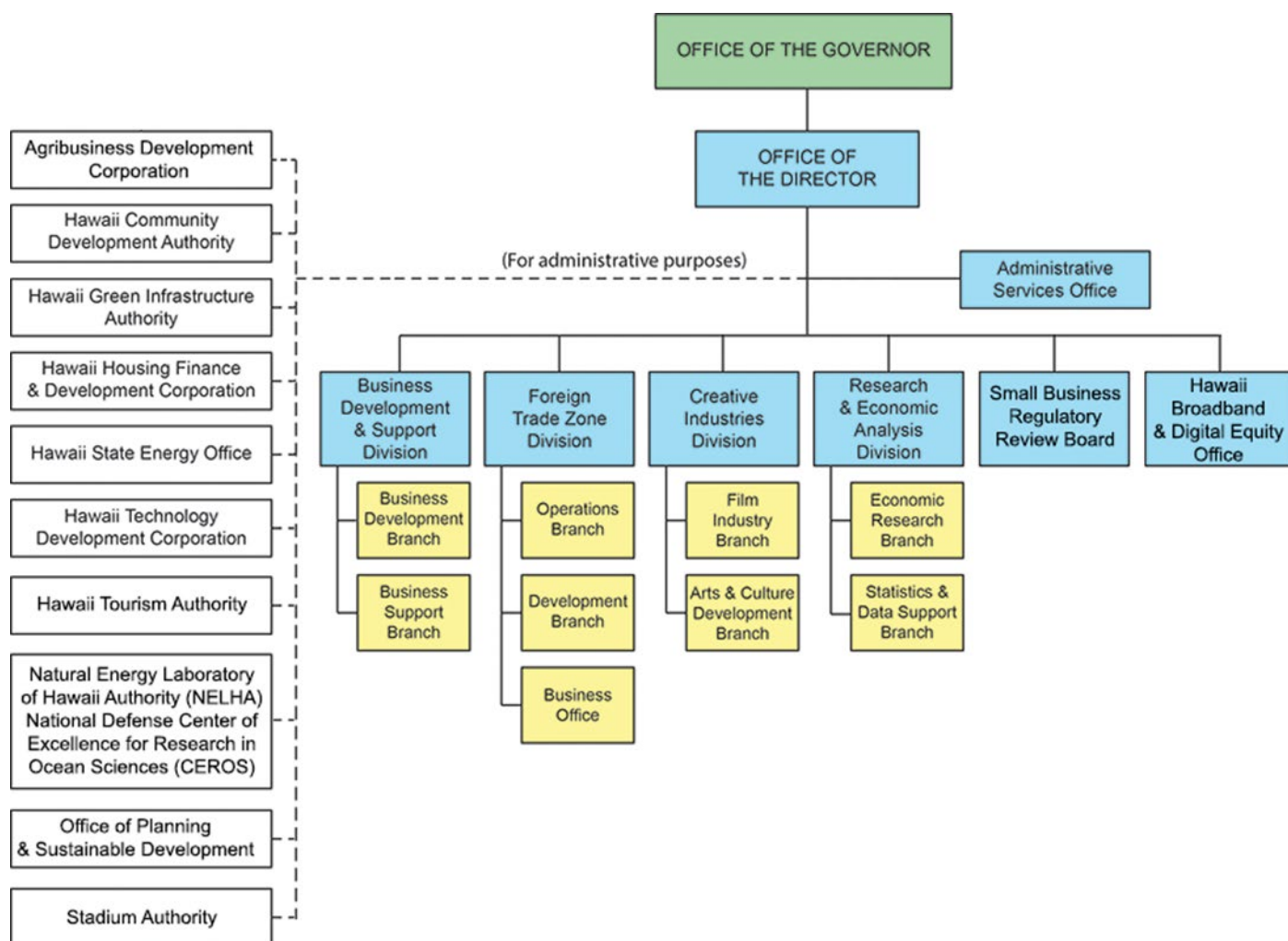
Tourism

- The Hawai’i Tourism Authority (HTA) activated the Department Operations Center at the Hawai’i Convention Center on August 8, 2023. Airlines and ground transportation companies were coordinated to help get visitors out of West Maui.
- An Assistance Center at the Hawai’i Convention Center was opened in partnership with the American Red Cross to provide housing and aid to displaced Maui residents and visitors.
- The HTA Board approved additional visitor education and marketing resources to recover travel demand to Maui, centered around a new Mālama Maui campaign.

Rebuilding Lahaina is a long-term process. DBEDT will continue working with the people of Lahaina and other government agencies at the county, state, and federal levels, as well as with private and nonprofit organizations, to provide assistance to Maui residents and businesses.

Department Overview

DBEDT's mission continues to be achieving a Hawai'i economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all of Hawai'i's citizens. Through our attached agencies, we also foster planned community development, create affordable workforce housing units in high-quality living environments, and promote innovation sector job growth.



Business Development & Support Division (BDSD)



2023 Natural Products West Expo Vendors

Program Overview

The Business Development and Support Division's (BDSD) mission is to strengthen the local economy by providing comprehensive support to businesses and attracting new investments. Through BDSD's initiatives, Hawai'i enhances its position in the global market by increasing the export of local products and services.

Recognizing the critical role of small businesses and community-based organizations in the economy, BDSD offers targeted support to foster growth and sustainability. The Enterprise Zones Partnership Program is designed to stimulate economic activity and job creation in economically challenged areas by offering incentives for business growth. In partnership with resource partners, BDSD provides services to assist businesses in various stages of growth, including financing and small business loans, scaling up operations and manufacturing assistance, export development, and tax savings programs to incentivize business expansion and investment.

2023 Highlights

Community Based Economic Development (CBED)

- Offered loans, grants, and technical assistance to help businesses develop viable, sustainable ventures that serve local needs and are compatible with the cultural values of their communities.
- Focused on manufacturing, wholesaling, and value-added agricultural products.
- Loans and grants ranged from \$50,00-\$125,000, with interest rates of 3-6% for ten years.

Made in Hawai'i Branding Workshop (March 29, 2023)

- Hosted the first-ever Made in Hawai'i Branding Workshop.
- 200+ attendees.
- Topics: Repositioning the Hawai'i Fashion Brand, Taking Products to Market Successfully, Growing and Managing a Global Brand, Best Practices from Place Branding, Implementing Made in Hawai'i.

Japan-Hawai'i Sister Summit (July 27-28, 2023)

- Purpose: Strengthen ties, explore current issues, create solutions and coordinate future exchanges.
- Included 16 cities and towns in Japan, equating to over a century and a half of sister relationships.
- Areas of Focus: business, sustainable energy, sustainable tourism, and education.

Hawai'i Small Business Fair (September 16, 2023)

- 12th annual event at Leeward Community College.
- Offered over 24 classes led by professional experts on starting a business, organizing and strengthening finances, and global market expansion.
- 35+ exhibitors from various nonprofit support agencies and banks offering SBA-guaranteed loans and hands-on advice.

Made in Maui County Festival (November 3-4, 2023)

- 131 vendors and 12 food trucks.
- DBEDT provided \$450 to each vendor to cover booth fees.
- Opportunity for the local community and visitors to support Maui businesses and for companies to secure wholesale contracts.

Aloha Market at Haneda Airport (November 15-30, 2023)

- 40+ Hawai'i-based companies curated by Mana Up and DBEDT.
- Collaboration between the Japan Airport Terminal Co., Ltd. (JATCO), State of Hawai'i, CPB Foundation, Ulupono Initiative, Mana Up, and the Hawai'i Tourism Authority (HTA).
- As part of JATCO's 'Kōkua for Maui – Shop & Show Aloha' efforts, 10% of sales went to the Maui Strong Fund and donation boxes were set up at the Aloha Market storefront.

Goals, Plans and Measurements

1. Increase dollar value of exports, increase number of exporters, and expand into new export markets.
One-Year Goal: Secure \$800,000 SBA award (annual competitive grant); assist 225 companies; and achieve \$5.5 million in export sales.
Two-Year Goal: Secure \$1.6 million SBA award (annual competitive grant); assist 400 companies; and achieve \$10 million in export sales.
Five-Year Goal: Secure \$4 million SBA award (annual competitive grant); assist 1,000 companies; and achieve \$30 million in export sales.
Action Plan: Participate in trade shows, trade missions, consumer shows, pop-up shops, e-commerce platforms, and other means to increase exports and grow the exporting business community in Hawai'i.
Measures of Success: Dollar value of exports, increase in number of exporters, new markets expansion.
2. Increase small business participation and local employment in the defense sector of Hawai'i's economy.
One-Year Goal: Continue to sponsor events focused on business development that bring together various defense sector partners and develop internship programs to promote careers in in-demand fields.
Two-Year Goal: Continue to sponsor events focused on business development that bring together various defense sector partners and continue to develop internship programs to promote careers in in-demand fields.
Five-Year Goal: Create a robust environment of partnership focused on business and workforce development for local small businesses and residents to increase participation in the defense sector. Increase the total dollar amount of defense-related procurement to local businesses by \$100 million.
Action Plan: Continued engagement with the local defense industrial base, multiple events per year, and more local students participating in the internship programs
Measure of Success: Steady increase in DoD procurement funding awarded to local businesses supporting more local jobs.
3. Through loans, grants, and technical assistance, the Community-Based Economic Development (CBED) program provides training and capacity-building opportunities to promote, support, and invest in community-based development projects that result in measurable economic impact. Assist 25 companies/organizations per year.
One-Year Goal: Eight (8) CBED Loans to Small Businesses.; obtain additional federal funds of \$1 million to increase the amount available to lend.
Two-Year Goal: Sixteen (16) CBED Loans to Small Businesses; obtain additional federal funds of \$1 million to increase the amount available to lend.
Five-Year Goal: Fifty (50) CBED Loans to Small Businesses; obtain additional federal funds of \$5 million to increase the amount available to lend.
Action Plan: Use Federal Funds to increase the number of loans to Hawai'i businesses.
Measure of Success: 50 loans to fund businesses within five years.

Creative Industries Division (CID)



Opening Day at the 2023 Creative Lab Music Immersive
Photo Credit: Sarah Anderson

Program Overview

The Creative Industries Division (CID) is the lead agency responsible for defining a strategic framework to build a thriving creative economy while managing a multi-million-dollar film production industry, an anchor of the Hawai'i creative economy. Comprised of the Hawai'i Film Office (HFO) and the Arts and Culture Development Branch (ACDB), the division is key to maintaining support for location-based film production by HFO while establishing initiatives that build workforce skills and business capacity of the State's film, creative media, visual and performing arts, culture, music, and design and fashion clusters. Statutory responsibilities include statewide film permitting management; HRS 235-17 Hawai'i Motion Picture, Digital Media, and Film Production Tax Credit Program; and HRS 201-113 Hawai'i Film and Creative Industries Development Special Fund. Business, entrepreneurial capacity, and growth of the state's creative clusters while maintaining Hawai'i as a hub for creative, cultural, and media development.

2023 Highlights

Economic Impact/Statistics

According to the [2023 Creative Industries Report by the Research & Economic Analysis Division \(READ\)](#), there were more than 50,000 jobs, equating to 6.2% of total civilian jobs in the State of Hawai'i. These industries generated \$4.5 billion gross domestic product (GDP), equivalent to 5.3% of the total state GDP. Hawai'i saw a 7.1% increase in creative industry jobs from 2012 to 2022. Based on the North American Industrial Classification System (NAICS) codes, the reporting shows the highest performing areas are in the film, TV, video production/distribution, and creative sectors, indicating job growth with average wages at \$83,438/year.

Hawai'i Film Industry

In the 2023 calendar year, the Hawai'i film industry was impacted due to the Writers Guild of America (WGA) and Screen Actors Guild AFTRA (SAGAFTRA) strikes during extended negotiations with the Association of Motion Picture, Television Producers (AMPTP). In addition to impacting local residents laid off during the May through November strike timeframe, production spending was diminished from the \$400 million level to an estimated \$200 million in production expenditures.

Workforce Development: Hawai'i Good Jobs Challenge - Federal Grant EDA/UH

In partnership with the UH Office of Innovation and the community college system, CID is PI for the 3-year program development of training, certification programs (with UH and the industry), and job placement in key creative sector jobs in media, entertainment, design, and arts. Planning sessions with UH and wrap-around services partners Chamber of Commerce Hawai'i, SMS Research, and EDAH. The creative sector steering committee is comprised of 25 creative industry employers and stakeholders, and a 117-member creative sector partnership has been launched, is active, and is growing. DBEDT/CID is the sub-awardee and PI for the \$250,000 Creative Sector Jobs grant as part of the Good Jobs Challenge with the University of Hawai'i. Federal Award Title: ARPA - Economic Development Administration (EDA): Hawai'i Good Jobs Challenge Grant; University of Hawai'i awardee; CID/DBEDT sub-awardee. CFDA Number: 11.307.

Creative Space/Creative Hub Initiative

In partnership with the Foreign Trade Zone (FTZ) division and the Hawai'i Technology Development Corporation (HTDC), CID launched two creative co-working spaces to support local startups in several creative sectors in the emerging categories: the Homer Maxey Center second floor and Entrepreneurs Sandbox CreativeSpace. These spaces are equipped with the tools to support content creation for media, music, and design.

Kalaeloa Stages

In addition to the Hawai'i Film Studio facility at Diamond Head, DBEDT has a license agreement with the U.S. Navy to manage Kalaeloa Stages, a 13-acre property at Midway and Enterprise Avenue. Since 2017, 90,000 square feet of stage space, 30,000 square feet of prop, wardrobe, and related storage for

productions, and an on-site mill have allowed the state to host multiple streaming, television, and feature productions.

The Creative Lab Hawai'i Music Immersive (CLMI)

In 2023, the CLMI launched its 5th intensive program. Since the program's inception in 2016, the CLMI has created a library of over 80 original songs and generated over 75 music placements in major Film, Television, Streaming and Advertising. Note: The CLMI was on a hiatus from 2020 – 2022 due to the COVID pandemic, and placements were also affected by the actors' and writers' strikes in 2023. Sync licensing placements include ABC's Grey's Anatomy and The Rookie, NFL on Fox, Samsung, Netflix's Selling Sunset and The Last Summer, Freeform Network, NHL Network, and more.

State and County Collaboration Framework MOA

CID and all County Offices of Economic Development have forged an alliance under a Memoranda of Agreement (MOA) to collaborate on creative, workforce and film industry permitting systems and initiatives. In the fall of 2023, all county and state film offices will join together on a trade mission to the American Film Market and Conference – the largest global independent film market and conference. The purpose is to show a united coalition to support business attraction to the state, elevate awareness of locally developed content for licensing and distribution, orchestrate B2B meetings for Hawai'i projects, and market the islands as a prime location for film, media, and post-production infrastructure development. In 2024, the State and County economic development collaborative will pursue a comprehensive roadmap strategy for the near and long term.

Goals, Plans and Measurements

- 1. Hawai'i Film Industry:** Comprised of location-based productions such as NCIS-Hawai'i and Magnum P.I. coupled with a rise in locally generated film and creative content productions, 2024 is forecast to reach the \$400 million metric. To move beyond this level, the government and private sector must develop purpose-built soundstages, retrofit available spaces, and formalize a framework for curriculum-to-career job placement.

One-Year Goal: Amend HRS 235-17 to increase cap by \$10 million, add in CPA review for over \$1M filers, add language to clarify streaming content series, establish a film industry advisory council appointed by Governor/Director, add infrastructure credit component to generate private sector interest in developing purpose-built facilities, and extend sunset date of tax credit to 2038 to accelerate studio facilities investment.

Two-Year Goal: Below-the-line training programs, including pathways to keys net increased workforce in union and non-union positions, expanding the base of Hawai'i crew, particularly in key positions. Internships in Producing and Writing net placement of local residents with the skills necessary to work on entry-level positions with major productions. This pathway to associate producer level or writer's assistant is key to growing above-the-line jobs.

Five-Year Goal: Hawai'i Producers Guild Chapter acknowledged and approved by the Producers Guild of America (PGA). Groundbreaking for studio facilities on O'ahu and Neighbor Island(s). Completion of retrofit of existing facilities converted to stage(s), increased union workforce for film by 1,000. Increase export of films locally produced for global distribution.

Action Plan: Strategic plan for advancing Hawai'i's film industry, elevate opportunities and career placement for above-the-line directors, writers, producers, and actors in film productions that are location-based in Hawai'i.

Measures of Success: Steady increase of offshore production = increase in new job opportunities generated. Increased support services specific to the film industry due to increased production needs. Entrepreneurial sector of local production growth and two new studio facilities in progress or completed.

2. **Leeward Coast Creative Cluster Development:** Development of a curriculum-to-career creative cluster framework and execution plan to train/upskill residents in the region for jobs and careers in the creative media and film industries. Pipeline from DOE/CTE to higher education Good Jobs Hawai'i (GJH) creative sector job creation led by CID. Execute a sustainable plan post-GJH for this pilot program to be replicated in other regions of the state. Develop regional infrastructure and facilities to house the training program and adjacent studio/collaboration space. DBEDT/CID managed an 11-acre facility comprised of 80,000 sf of stages, 30,000 sf of mill, props, and wardrobe.
One-Year Goal: CTE/DOE - Launch curriculum integration plan for implementation in later years while initiating after-school programs in creative media and film-related career pathways. Maintain paying tenant, which provides funding for film and creative industries' special fund. Through Creative Lab Hawai'i supported programs, train and certify above-the-line directors, writers, producers, and actors to gain employment on television, streaming and film productions, which are location-based in Hawai'i. Define DEI inclusion language in tax credit application and policies included in reporting.
Two-Year Goal: Identify site(s) owned by the state or for acquisition for the Innovation Development Center in the Leeward Region in partnership with HCDA.
Five-Year Goal: Thriving talent pipeline gaining experience, mentorship and jobs on the Leeward coast in production and related support services. U.S. Navy transfer to DBEDT, completing land acquisition and improvements on site.
Action Plan: Complete 5-year license agreement between DBEDT and Navy by March 2024. HCDA assessment of electrical upgrades throughout the property determined and funded SLH2024. Complete plans, retrofit of existing facility for skills training, talent development by FY25 Q3.
Measures of Success: Increased deal flow for locally based creative entrepreneurs, double current internships on major productions, leading to job placement on shows using current studio facilities managed by DBEDT/CID. Pipeline of DOE/CTE and non-education community-based programs generating skilled workers through Good Jobs Hawai'i business partnership pledge commitment to hire.

3. **Hawai'i Good Jobs Challenge - Federal Grant EDA.** In partnership with the University of Hawai'i (UH) Office of Innovation and Community College system, CID is PI for the 3-year program development of training, certification programs (with UH and Industry), and job placement in key creative sector jobs in media, entertainment, design, and arts. Planning sessions with UH and wrap-around services partners Chamber of Commerce Hawai'i, SMS Research, and EDAH. The creative sector steering committee is comprised of 25 creative industry employers and stakeholders, and a 117-member

creative sector partnership is launched, active, and growing. DBEDT/CID is the sub-awardee & PI for the \$250,000 Creative Sector Jobs grant of the Good Jobs Challenge with the University of Hawai'i.

One-Year Goals: Establish Good Jobs Hawai'i Creative Industries Sector Partnership, beginning with convening a steering committee of select industry partners and stakeholders. System development: convene key stakeholders and employers in creative industries, launch Creative Industries Sector Partnerships, and formalize roles and responsibilities within the sector partnership. Design: complete employers' skills need analyses, develop training and internship models, and develop outreach and recruitment plans (for employers, students and interns). Increase the number of residents in on-the-job paid internships, leading to job placement for trained/skilled workers in location-based film and TV productions. Fully integrated education-to-career pipeline of courses within DOE structure, including CTE in DBEDT priority emerging sector of Creative Industries.

Two-Year Goal: 30 residents certified across multiple sectors of creative economy.

Five-Year Goal: Thriving film and creative workforce contributing to Hawai'i's diversified economic portfolio; FTEs and gig workers - reach 58,000; Shift paradigm of recognition of the value and importance of a thriving creative economy for all Hawai'i citizens; Increase funding for the ongoing WFD needs; Solidify an integrated pipeline of technical and business skills development from MS thru job placement.

Action Plan: Implement the GJH statewide training modules on all islands by Q2 FY25; statewide multi-year strategic plan completion; identify opportunities and challenges to remedy through creative economy road map; Fund and develop online Creative Hub project.

Measures of Success: Meet and exceed target goals of the grant for creative jobs to 300; Curriculum development for certification programs completed by Year 3 (2025); Implementation of curriculum expands workforce to be hired by partner organizations, entertainment labor unions increase roster; Strengthened creative ecosystem realized - talent/WFD, infrastructure to support production of digital export of IP.

4. **Creative Lab Hawai'i (CLH) Elevate Initiatives.** Expand business and talent skills development through Creative Lab Hawai'i Accelerator and partner programs to increase jobs and business growth in Hawai'i's creative economy. Focus areas on high-paying jobs and those sectors adversely impacted by the pandemic/downturn in tourism, music, arts, and culture.

One-Year Goal: Writers Guilds of America west (WGAW) partnership for screenwriting and television writing programs. Producers Guild of America (PGA) partnership for producing pathways training in film, television and streaming. DOE, UHCCs via Good Jobs and DBEDT MOAs to integrate current course study with job market needs. DOE/CTE wide adoption of X in a Box, Story Xperiential program results in internship opportunities at animation companies; in person or remote.

Two-Year Goal: Animation and Writers room interns secured for Hawai'i participants in CID/DBEDT programs. Jobs secured as a result of internship performance.

Five-Year Goal: The business of music, jobs, and revenue opportunities licensing is fully integrated into the ELO embedded in the CTE curriculum for Arts, Culture, and Entertainment Industries Pathway. CTE/DOE graduates are interns for production, recording studios, and remote work opportunities. Placement of certified above-the-line talent is actively engaged in local and offshore productions.

Action Plan: MOAs developed to accelerate job placement and entrepreneurial creative economy.

Measures of Success: Full-time employment, increase in gig jobs in creative and emerging sectors.

5. Hawai'i Film and Creative Industries Development Fund, HRS 201-113.

One-Year Goal: Calendar 2024: Issue call for submissions. Year 1, provide \$300,000 in multiple awards for various levels of production, creative IP development, and post-production/finishing funds via RFP process. CID to contract with fund manager/organization.

Two-Year Goal: 10 projects funded (5 per year): short films, scripts for series, indie features, and animation projects. Support for 5 films in global competition, support projects for pitch fests in L.A. markets, agency pitches for representation, and Asia-Pacific film markets.

Five-Year Goal: Fund increased, projecting annual revenues from DBEDT facilities rentals and grants \$100,000-300,000. Increase funding for project awards to \$450,000 annually; Up to ten projects successfully funded, pitched, distributed, and licensed.

Action Plan: Outreach and talk story sessions virtual and in-person Q3 FY24 to drive interest and respond to RFP; Secure industry grants and set up pitch meetings with foundations and private sources to increase funds; Annual report to the legislature on fund launch, development, projections, and results.

Measures of Success: Increase market exposure for locally creative media, film, and content creator clusters in key U.S. and Asia Pacific regions to drive awareness, B2B business opportunities, acquisition, investment, or distribution. Increase the number of projects invested in, ranging from game design development to related media IP, features, shorts, and television series. Increase the number of projects distributed via streaming, broadcast on online platforms, licensing fees, and IP export agreements in place.

6. The Creative Lab Hawai'i Music Immersive (CLMI): The CLMI is designed to engage Hawai'i's singer/songwriters in opportunities to generate new and lucrative revenue streams for their music, export their creative IP, learn the various facets of the business of music licensing, collaborate with leading music industry professionals, and advance opportunities for sync licensing for Film, Streaming, Television, and Advertising.

One-Year Goal: Continued execution of the Creative Lab Music Immersive after a brief hiatus during the pandemic and support the ongoing placement of songs after the impact of the actors and writers strikes, which halted film and television production in 2023. Ancillary Ideation Program development and planning to meet the demand for and CID's objective to develop workforce development programs on the neighbor islands.

Two-Year Goal: Creative Lab Music Ideation Program development/execution that would expand programming to all 4 Counties.

Five-Year Goal: Creative Lab Music Immersive, Ideation and Program development/execution that would expand programming in all 4 Counties.

Action Plan: Ancillary Ideation Program development and execution

Measures of Success: Build a library of songs produced, number of music placements in major film, TV, streaming, and advertising, program attendance, and outreach reach to outer island communities and artists.

- 7. Neighbor Island Workforce Development Programming and Infrastructure Development:** Ongoing work with the Kaua'i Economic Development Board on the Kaua'i Creative Technology Center (KCTC) project. The KCTC is a key component under two of CID's Pillars: Workforce and Infrastructure Development. The facility aims to diversify Kaua'i's economy and advance creative workforce opportunities at the intersection of arts and technology. By providing a comprehensive platform that combines educational goals, professional development, and workforce development, the facility will serve as an important component to support the needs of the growing community of creative entrepreneurs.

One-Year Goal: Infrastructure build-out and completion of the KCTC Facility.

Two-Year Goal: Facilitate opportunities and connections for the inaugural workforce development programming at the KCTC in the areas of e-gaming and animation.

Five-Year Goal: Expansion of opportunities and connections for workforce development encompassing the various sectors of the creative industries in support of high growth clusters for the County of Kaua'i beyond tourism, providing a model for other communities throughout the State to follow.

Action Plan: Ongoing facilitation of opportunities and connections for workforce development programming at the KCTC, support KEDB and the KCTC's grant-in-aid application for program development, ongoing monthly meetings, and collaboration on program development opportunities in the creative industries sectors.

Measures of Success: Program development, program attendance and outreach to Kaua'i County communities and artists.

- 8. Neighbor Island Program Development and Outreach:** Creative Mornings Hawai'i is the monthly lecture series in 235 cities across 68 countries and is currently based on the island of O'ahu. CID is planning a pilot program built upon Creative Mornings to bring together art, music, educational workshops, and an urban market to the neighboring islands.

One-Year Goal: Planning for an inaugural Creative Mornings arts festival and workshop.

Two-Year Goal: Expansion of the inaugural Creative Mornings arts festival to second neighbor island.

Five-Year Goal: Expansion of the inaugural Creative Mornings arts festival to include all four counties.

Action Plan: Initiate the development of a pilot program on the island of Kaua'i in coordination with the Kaua'i Economic Development Board, Kaua'i Film Office, and the Kaua'i Office of Economic Development. Assess attendance, feedback, and expansion to additional Counties.

Measures of Success: Program attendance, feedback, and outreach reach to outer island communities and artists.

- 9. Creative Entrepreneurial Ecosystem Development (CEED):** CID's Arts and Culture Development Branch (ACDB) handles business, infrastructure, and access to capital (Hawai'i Film and Creative Industries Development Special Fund) to build a thriving creative ecosystem.

One-Year Goal: Identify state-owned lands and work with the State's Office of Planning and Strategic Development (OPSD) and our sister agency, the High Technology Development Corporation (HTDC), to seek State and City partners in developing new infrastructure for the

creative industries. Research, data gathering and planning on existing state or county buildings/facilities on O‘ahu or Neighbor Islands; Public/Private Partnership to launch design/innovation/music CreativeSpace space in Honolulu; Seek CIP funds from Federal and State for design, construction and equipment, management.

Two-Year Goal: Starting with Leeward coast O‘ahu and one neighbor island by FY25-26. Legislative appropriation in the next biennium to expand existing facilities and purpose-build on state or county lands.

Five-Year Goal: Hawai‘i recognized as a hub of creative-tech-innovation development. Supports a self-sustaining ecosystem with vibrant economic impact, mainstream series television and streaming series based on ‘Ōlelo Hawai‘i.

Action Plan: Open two new CreativeSpace facilities; retrofit existing spaces on O‘ahu and a neighbor island in 2024-25, purpose-built infrastructure on Leeward coast planning process started in 2024 for 2025 implementation; Japan and Korea for business-to-business remote work opportunities for Hawai‘i residents in media, VR/AR, content creation.

Measures of Success: Pipeline of business opportunities generated from industry relationships, private grants, and foundation sector capital raised for HRS 201-113, Hawai‘i Film and Creative Industries Development Special Fund. Metrics of export of IP include licensing and distribution of films, online series, and music licenses, and pipeline of jobs filled by residents in emerging industries.

10. CreativeSpace Collaboration & Studio (CS) Expansion: Provide co-working and studio space for creative artists to execute their projects, collaborate with tech and creative community to advance the export of IP, and create a creative entrepreneurial hub to meet creative economy objectives. Key partnerships throughout the community include commercial partners as well as non-profits. Concept by CID, developed in partnership with Hawai‘i Technology Development Corporation (HTDC), U.S. EDA.

One-Year Goal: Increase local creatives' usage by 30% at CreativeSpace within Entrepreneurs Sandbox media space to build capacity and increase the locally created IP digital export industry. Provide state-of-the-art technology and improved infrastructure broadband capacity for training, skills development, and local productions. Hire a qualified contractor to operate and manage the space effectively through increased technology and hands-on studio production knowledge.

Two-Year Goal: Open facilities on neighbor islands and one on O‘ahu.

Five-Year Goal: Develop regional facilities in communities where creatives cluster, particularly rural areas on Neighbor Islands and Leeward O‘ahu; Conduct WFD training, workshops, and certification programs at all locations statewide; Robust online portal provides connectivity and outreach to link local creative workforce with global business development and job opportunities.

Action Plan: Establish a second CreativeSpace & Studio facility on O‘ahu and a neighbor island in Years 1 & 2 (FY25-26). Hire a contractor to manage all regional facilities, marketing and community outreach services. Creative Lab Hawai‘i programs and wrap-around business, marketing, and related services support are housed in the locations. Facilities act as a hub for the region to support pipeline of talent, skills, certifications and production space for media and music/arts.

Measures of Success: Increases revenues to HRS 201-113, providing access to capital for local creative projects in film, media, music, and marketing. Visibility created by an online web portal for creative communities to gather remote work opportunities for local creatives.

11. Digital Transformation – Creation of Tax Credit online hub and application: Launch online film tax credit portal for HRD 235-17 filers.

One-Year Goal: Launch online film tax credit portal in FY24 (3rd Q). Make minor system updates/changes/improvements.

Two-Year Goal: Work so that the online tax credit portal runs smoothly.

Five-Year Goal: Online systems increase staff efficiency and improve capacity to work on new projects supporting digital transformation of state government services. Funds collected from fees are deposited into HRS 201-113. Provide moment-in-time reporting abilities for faster decision-making related to permits or tax credits.

Action Plan: NIC/Tyler Communications to create and maintain online portal for DBEDT tax incentive management.

Measure of Success: Have applicants for HRS 235-17 fully using the online film tax credit portal by FY24 (3rd Qtr.).

12. Digital Transformation of Standard Film Permit application: Create an online Film permitting and creative hub for news, postings, permits, tax credits, locations, crew and industry-specific information.

One-Year Goal: Launch standard film permitting system by 12/31/24. Begin working with contractor for statewide county and state integrated film permitting system.

Two-Year Goal: Improved sister agency efficiencies, compressed approval times due to new systems, and mobile app deployed.

Five-Year Goal: Online systems increase staff efficiency and improve capacity to work on new projects that support the digital transformation of state government services. Funds collected from fees are deposited into HRS 201-113.

Action Plan: NIC/Tyler Communications to create an online permitting system or procure and engage film industry-specific contractor to build an online portal for all county and state film offices to launch an online hub for the Hawai'i Film Industry to include standard and open and accessible film permitting systems.

Measures of Success: Having film permit applicants successfully transition from emailing application to using the online system in Jan 2025. Film Office and State agencies can receive and respond to applications in a timely manner.

Foreign Trade Zone (FTZ)



Program Overview

Foreign Trade Zone No. 9 (FTZ9) is a noted national innovator, leveraging Foreign Trade Zones to expand Hawai'i's economy:

- The division is a federal program administered by the state whereby the state has been given the authority to establish, maintain, and administer general-purpose Foreign-Trade Zones and special-purpose Subzones throughout the state. As Grantee, FTZ9 oversees this program as the local liaison for the U.S. Department of Commerce as an initiative to foster the growth of international trade and exports.
- The program works to reduce, defer, or eliminate Customs duties on items brought into these federally authorized Zones. This saves business-critical capital, encouraging value-added activities, capital investment, and job creation.
- FTZ9 also operates a Foreign-Trade Zone at its Pier 2 location, which services the general public. This zone allows smaller importers to participate in the international trade economy, broadening the number and types of products available in Hawai'i.
- FTZ9 is a 100% self-funded State of Hawai'i division and does not require the state's tax base to underwrite the program's operations.

2023 Highlights

FTZ9 Statewide Operations

- FTZ9 saw its second most successful year in its 57-year history. The Hawai'i Foreign-Trade Zone program had over \$11.9 billion in cargo and merchandise transit through the state's FTZs.
- The program was again listed among the top 25 Foreign-Trade Zones in the nation. It ranked 16th for warehouse/distribution export activity, equating to \$16 billion in cargo/merchandise. The program also ranked 23rd in the country for merchandise received and 25th for exports from an FTZ.
- The value-added from Hawai'i's FTZs was \$6.6 billion, of which \$5.6 billion entered the U.S. market and \$986 million was exported to foreign markets.
- FTZ9 handled forty-nine (49) different types of foreign merchandise received from twenty (20) foreign countries.

Par Hawai'i

- The first refinery in the nation ever to receive Foreign-Trade Zone status was again awarded another first by the Department of Commerce- Foreign-Trade Zones Board to use feedstock to generate renewable fuels under FTZ procedures. No other FTZ refinery in the nation has the authority to generate these renewable fuels in its operations.
- Because of this authorization, Hawai'i has moved closer to its renewable energy goals.
- Expands capacity to manufacture renewable diesel, aviation fuel, crude oil/refined petroleum/flammable liquid hydrocarbon mixture (naphtha).

Small Business Administration (SBA)

- FTZ executed an agreement to allow SBA to use a conference room as the Business Recovery Center for O'ahu in support of businesses affected by the Maui wildfires.
- This center operates out of the FTZ Pier 2 facility, helping distressed businesses with financial resources.

FTZ Tenant Spotlight - Coradorables

- FTZ tenant is the first Hawai'i-based manufacturer to be featured in the national "Carousel @ Bloomingdale's" pop-up, tied to the release of the highly anticipated Barbie movie.



International media toured the Foreign-Trade Zone office and facilities at Honolulu Harbor

Goals, Plans and Measurements

1. The Foreign-Trade Zone No. 9 Division's (FTZ9) objective is to establish, maintain, and administer general-purpose Foreign-Trade Zones and special-purpose Foreign-Trade Subzones throughout the State; provide storage and distribution services to firms engaged in the import/export of merchandise and to lease office, warehouse, and manufacturing space to firms engaged in international trade. Continue to operate the FTZ9 program relying only on the FTZ Special Fund and none of the state's general funds.

One-Year Goal: To continue leveraging the program to benefit FTZ customers and attract new companies to use the Zone's services. Optimize services by upgrading the facility's infrastructure and modifying internal processes to increase program efficiencies.

Two-Year Goal: Continue FTZ's excellent service and support its clients engaged in international trade, increasing the number of companies participating in the FTZ program by 30 each year and the employment of companies utilizing the program by 60 annually. Enhance existing security systems and measures to harden port security as directed by the Department of Homeland Security.

Five-Year Goal: Upgrade or replace the existing inventory management system to incorporate new technologies that will speed up the intake, storage, billing, and release of cargo in the warehouse. Incorporate digital methods to mark and track cargo intake and release, optimizing staff time and efficiency.

Action Plan: FTZ9 will expand partnerships with the U.S. Commercial Services, U.S. Customs and Border Protection, Small Business Administration, Chambers of Commerce, and DBEDT sister agencies to develop and present information and seminars on FTZs and how to use them for public benefit. The program will also work with service providers to discuss the best ways to modernize the facilities and internal processes.

Measures of Success: Expansion in the number of clients to FTZ and the number of jobs the program supports in the state. Streamlining internal processes to benefit clients and growing the program's Special Fund, securing its financial position.

2. To aggressively market the benefits of an FTZ and the ability to activate new sites as an Alternative Site Framework Foreign-Trade Zone. The program is working with partner agencies and businesses, such as HTDC – Innovate Hawai'i, BDSO, Hawai'i District Export Council, the Small Business Development Center, Local and Ethnic Chambers of Commerce, Small Business Administration, and Mana Up, to reach out to companies most applicable to becoming an active Foreign-Trade Zone site.

One-Year Goal: 3 approved ASF Zone site locations.

Two-Year Goal: Work with a local trucking and logistics company to draft and submit an application for Zone status. One identified company already stores imported goods and could benefit from allowing them to stay in bond while stored in their location. This will also expand the availability of FTZ General-Purpose warehouse space. This company could also benefit from attaining Production Authority from the Foreign-Trade Zones Board as they are already involved with packaging goods on-site and product fulfillment.

Five-Year Goal: 6 companies approved as ASF Zone locations.

Action Plan: Work with partner agencies such as HTDC – Innovate Hawai'i, SBDC, SBA, U.S. Customs, Hawai'i District Export Council, and BDSO to identify companies who qualify and can manage an FTZ designation. Work with appropriate identified companies to complete the Zone application for

submission to the FTZ Board, ensure the site meets Customs and Border Protection security and operations guidelines, and complete a Zone User Agreement.

Measures of Success: Success for this initiative will be measured in the number of potential clients engaged and how many have begun the FTZ application process.

3. To leverage the FTZ property in Hilo to develop a Tropical AgTech Hub and Demonstration Center. This place on Hawai'i Island will be designated to help farmers modernize through transformative technologies that will enable higher profitability and food security. The project aims to develop and demonstrate tropical agriculture and food technologies that can improve small farms' profitability in Hawai'i and export goods and intellectual property from the state. The project allows for the sharing of equipment and resources, creates a place for agriculture, food, and other technology research, development, and demonstrations, and serves as a catalyst for innovative workforce training, entrepreneurship, and higher wages. The FTZ has the Executive Order for the property and has a completed EA for the land.

One-Year Goal: Secure funding for the facility and operational components to begin construction with the goal of a fully functional site within two years.

Two-Year Goal: Begin construction on the facility, with completion within the year. Also, begin planning the types of products and resources needed at the facility.

Five-Year Goal: A fully operational facility with technology demonstrations and innovation development through engagement with local farmers, international contributors, and the development of exportable intellectual property and innovation to support tropical farming worldwide.

Action Plan: Work with community members, educational facilities, and agriculture groups to continue the consortium of interested parties to help develop the project from a local base. FTZ will leverage its property on Hawai'i Island to allow for the development of this project. It will be managed and operated by a non-profit organization that will run the day-to-day operations and use FTZ processes and benefits to review and test potential products sourced internationally.

Measures of Success: This initiative will show an improvement for small farms, optimizing their efficiency, quality, and quantity of agricultural products. Success will be shown through sharing innovations to increase food security and resiliency, diversification of Hawai'i's economy across multiple industries focused on the food system, creation of scalable and investable ventures, the export of solutions to tropical regions around the world, the development of high paying STEM jobs in rural Hawai'i, and the initiative's incentive to keep local talent in Hawai'i.

Hawai'i Broadband & Digital Equity Office (HBDEO)



Program Overview

The Hawai'i Broadband & Digital Equity Office (HBDEO) was established within the State of Hawai'i Department of Business, Economic Development and Tourism with a mission to support and coordinate the statewide deployment of high-speed internet access (broadband) and to achieve the goals of digital equity and adoption for all residents of Hawai'i. HBDEO's functions include coordinating, implementing, promoting, funding, and managing programs that ensure the equitable distribution of digital technologies and provide pathways to maximize Hawai'i's competitiveness in the digital economy.

2023 Highlights

Online For All

- HBDEO was awarded \$740,000 in federal funding to conduct outreach for the Affordability Connectivity Plan (ACP).
- The Biden-Harris Administration program, Online for All, works to close the digital divide.
- Ensures that everyone, regardless of income, status, age, race, etc., has access to a high-quality internet connection.
- Equipped the island of Lānaʻi with 100% fiber internet connection.

Digital Economy Study

On June 21, 2023, HBDEO commissioned a study and a report based on the survey results regarding the State of Hawaiʻi's digital economy. As broadband access and speeds have increased, new opportunities have arisen for consumers and businesses. The purpose of this study was to build on federal research and analyze the digital economy's role for businesses in the State of Hawaiʻi. The analysis will focus on three dimensions: business-to-consumer markets, business-to-business markets, and operations. This study establishes a baseline for Hawaiʻi's digital economy and provides a means to identify pathways from digital equity into the digital economy. HBDEO continues to activate resources and facilitate an ongoing, interactive dialogue among key stakeholders regarding the planning and delivery of the State of Hawaiʻi's Digital Equity Plan. Key stakeholders may include but are not limited to, State of Hawaiʻi Executive Leadership, Legislators, Community-Based Organizations, and individual constituents.

HBDEO 2023/24 Federal Funding Timeline

| | |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2/10/23 – 06/20/23 | Summary chapter of DE Plan submitted for inclusion in BEAD plan per NTIA guidelines. |
| 11/30/23 | Hawaiʻi Digital Equity Plan submitted to NTIA for approval. |
| 6/7/23 – 6/6/25 | FCC Affordable Connectivity Outreach Program. Outreach grants available and the State awarded \$740,000 on 6/7/23. |
| TBD/Spring 24 | State Digital Equity Capacity Grants Program NOFO's release, with funds available to implement State Digital Equity Plans (1.44B Federal Fund). |
| TBD/2024 | Digital Equity Competitive Grant Program NOFO's released, with funds available to broader community institutions to develop and implement digital inclusion activities (1.25B Federal Fund). |

HBDEO Programs

| | |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Affordable Connectivity Program | Eligible households can receive up to \$30 a month towards broadband service, \$75 a month for HHL beneficiaries. |
| Data Analysis and Mapping | Mapping a variety of data metrics to evaluate program adoption to inform the best areas to apply digital equity programs. |
| Digital Economy Study | Digital Economy survey and report to establish and quantify a baseline for Hawaiʻi's digital economy. |
| Digital Works Skills Grant | Digital Literacy classes in the libraries administered by Dept. of Labor and Industrial Relations, funded through Congressman Ed Case. |

Digital Equity Plan

- The Hawai'i Digital Equity Plan draft was available for public comment through October 31, 2023.
- HBDEO presented the draft at the state's first digital equity gathering, an in-person Digital Equity Hō'ike, at the Sheraton Kaua'i in Kapa'a and conducted in conjunction with Digital Inclusion Week.

Connect Kākou Program

- State initiative led by Lt. Gov. Sylvia Luke to improve broadband infrastructure to ensure that communities across Hawai'i have access to reliable and affordable high-speed internet (broadband).
- \$320 million in federal funding over five years to build critical infrastructure and increase digital equity.
- Awarded \$149 million under an initiative by the Infrastructure Investment and Jobs Act.
 - Grants include training people on using devices and online services and developing interisland cable to add data capacity statewide.
- Public comments for the initial proposal were accepted until December 10.
 - The public is also encouraged to test the Internet and report issues to help broadband initiative experts identify the area with the greatest need.
 - The proposal will then be sent to the National Telecommunications and Information Administration.

Goals, Plans and Measurements

1. **Establish the Hawai'i Broadband and Digital Equity Office.** HBDEO is an office in the Department of Business, Economic Development and Tourism (DBEDT) established by Act 225, Sessions Laws of Hawai'i, 2021, and funded in 2022 by Act 231. HBDEO facilitates coordination among Hawai'i's community stakeholders, including government, private, commercial, non-profit, and academic sectors, to promote broadband and digital equity and to grow the digital economy.

One-Year Goal: Meet all federal project deadlines and receive necessary approvals to receive federal funding in 2024.

Two-Year Goal: Continue to meet all federal project deadlines and receive necessary approvals to enable the receipt of available federal funding in 2025.

Five-Year Goal: Establish a federally aligned grant distribution program, based on the recommendations of the Hawai'i Digital Equity Plan, to distribute federally allocated funds. Establish a state-funded digital equity grant program focused on access, literacy, and livelihood, emphasizing rural and underserved.

Action Plan: Develop a framework for funds distribution and, based on the Notice of Funding Opportunity (NOFO pending release mid-2024), align and promote the digital equity grant program to meet the state digital equity plan recommendations, broadband strategic plan, and federal requirements. Successful coordination of a federally approved grant distribution program to be delivered over 2024, 2025, and 2026.

Measures of Success: Office is fully staffed with adequate recurring personnel and operating funding. Distribution of broadband and digital equity funds to the community.

2. **Statewide Digital Equity Plan.** As part of the IJA funding initiatives, the National Telecommunications and Information Administration (NTIA) awarded the Digital Equity Planning

Grant of \$571,000 to the State to develop a state digital equity plan. HBDEO, through its contracted consultant, researched plans from other states, conducted focus groups and interviews throughout the State, and drafted the Hawai'i Digital Equity Plan. The Plan will be submitted to the NTIA by February 13, 2024, for its approval, which is necessary to receive future federal funding for digital equity programs. The NOFO for the Digital Equity Capacity Grant program is expected in mid-2024, and HBDEO is on schedule to apply for the grant. In anticipation of the grant, HBDEO is developing a digital equity grant distribution process that aligns with the federal requirements.

One-Year Goal: To receive approval from the NTIA for the Hawai'i Digital Equity Plan, expected in early 2024.

Two-Year Goal: Leverage the Digital Equity Plan to seek public and private funds to support the digital equity plan.

Five-Year Goal: Use the Digital Equity Plan as the foundational document for applying for, receiving, and administering the NTIA Digital Equity Capacity Grant and other available funds.

Action Plan: Complete any required modifications to the digital equity plan requested by the NTIA and meet all requirements for federal plan approval in 2024.

Measures of Success:

- Approval of the Hawai'i State Digital Equity Plan.
- Creation of grant program guidelines.
- Creation of a technical assistance program to support community partners to align with the Digital Equity Plan.
- Development of a tracking system to measure and report on key performance indicators identified in the Digital Equity Plan.

3. **Affordable Connectivity Program.** In the spring of 2023, HBDEO received \$740,000 for the FCC Affordable Connectivity Program (ACP) outreach grant. This two-year grant will be distributed to sub-recipients to provide outreach and sign-up support to eligible households across the state. Under the ACP, eligible households can receive up to \$30 a month towards broadband service; Hawaiian Home Land residents can receive up to \$75 a month.

One-Year Goal: Support the active rollout and outreach for the ACP to help sign up eligible households. Support the Congressional effort to continue funding the ACP program.

Two-Year Goal: Continue to support the active rollout and outreach for the ACP to help sign up eligible households.

Five-Year Goal: It is estimated that there are 150,000 eligible households in Hawai'i. Our goal is to sign up as many of those households as possible.

Action Plan: Participate in the FCC ACP Outreach Grant Program. Coordinate, train, and support ACP sub-recipients with technical assistance and regular sub-recipient monitoring meetings. Monitor and track the progress of ACP grant program deliverables.

Measure of Success: Meet all FCC grant reporting and activity requirements.

4. **Broadband Hui.** What began as an informal gathering with an initial focus on broadband-related initiatives that would enable Hawai'i to weather the impacts of the COVID pandemic is now a weekly convening of leaders from businesses, federal, state, and county levels of government; public and private education; and non-profits with grassroots community initiatives. This collective forum meets weekly and is a community engagement vehicle to address Hawai'i's broadband and digital equity needs.

One-Year Goal: Continue the weekly convening of the Broadband Hui.

Two-Year Goal: As we move from a planning to an implementation phase, provide a regular forum for sharing updates on the projects underway.

Five-Year Goal: As the community enters the latter phase of the federal NTIA grant money, ensure there are pathways for sustainability into the future.

Action Plan: See Digital Equity Declaration. Provide a clearinghouse of information for the community. Leverage the network of networks among Broadband Hui members to create and support hyper-local digital equity projects. Provide support in facilitating, moderating, and coordination.

Measures of Success: Create systemic and sustainable programs that eliminate the digital divide and create pathways into the digital economy. Track digital equity initiatives across the state and by subject area.

5. **Digital Equity and the Digital Economy.** With the unprecedented federal investment in digital equity, this project determines key metrics to measure digital equity and how it contributes to the digital economy. This will require the establishment of a baseline for digital equity and Hawai'i's digital economy. This project is a collaboration between HBDEO and READ. This past year, HBDEO determined which NAICS codes contribute to the digital economy. In the spring of 2023, HBDEO partnered with READ and funded a Digital Economy Study.

One-Year Goal: Complete the Digital Economy Study and generate a report with results. Develop a methodology for measuring digital equity and the digital economy.

Two-Year Goal: Develop a methodology for measuring digital equity and the digital economy based on the Study.

Five-Year Goal: Increase Hawai'i's digital literacy, adoption, and contribution to the digital economy.

Action Plan: Develop questions to be shared during the data collection process. Draft and share the research results with the public.

Measure of Success: Use the completed digital economy study to identify a digital economy baseline and develop a strategy to measure and promote the growth of the digital economy for five years.

6. **Digital Equity Project Tracker.** To measure project and program outcomes, HBDEO has created a GIS-based digital equity project tracker to centralize the documentation of activities across the state, such as information on event location, number of attendees, demographics, and type of activity. The survey information populates a dashboard that highlights the geographically based information. As of December 2023, over 700 events over three years have been documented. This data will be used to determine future activities in the State.

One-Year Goal: Develop the tracking tool, particularly with grant subrecipients and other state partners.

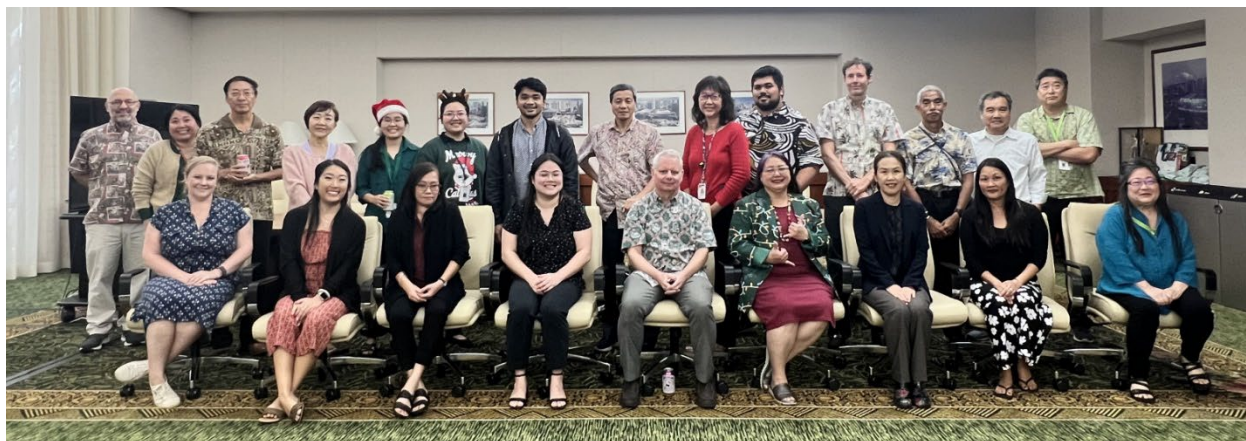
Two-Year Goal: Use the tracking tool to produce maps of activities in the State.

Five-Year Goal: Include active tracking of telehealth digital equity activities, expanded adoption of the tracker tool by other state partners and longer-term data collection.

Action Plan: Create a StoryMap using the data from the tracker and the digital equity plan. Create an instructional video outlining how to use the tracking tool and access information for partner reporting. Build new partnerships with digital equity practitioners to continue to track statewide digital equity activities.

Measures of Success: Increase the use of the tracker among digital equity partners (number of new organizations with events, locations, and tracker usage). Share the results of the tracker with visual assets, such as printed maps, to demonstrate the geographic scope of activities.

Research & Economic Analysis Division (READ)



Research & Economic Analysis Division Staff

Program Overview

The Research & Economic Analysis Division (READ) works to interpret, support, and enhance Hawai'i's economic development. Its contributions include providing analyses and policy recommendations on economic issues; developing short- and long-range forecasts for Hawai'i's economy; conducting research into various elements of the economy, including collecting, compiling, and publishing data and statistics on all aspects of business activity, the economy, and demographic characteristics of the State; and maintaining a statewide statistical reporting program through the State of Hawai'i Data Book, Economic Dashboards, and online Data Warehouses.

2023 Highlights

READ produced about 50 statistical and economic reports in 2023; some are highlighted below:

The Health Care Industry in Hawai'i – April 2023

This report examines factors affecting the demand for health care services in the state, identifies a large share of providers who are licensed in Hawai'i but reside on the continental U.S. and compares the characteristics of Hawai'i health care workers to those born in Hawai'i and living on the continental U.S.

Cost-Benefit and Fiscal Impact Analysis of Hawai'i's Film Tax Credit in 2021 – May 2023

The \$305.0 million in qualified film production expenditures spent in 2021 are estimated to have increased Hawai'i's GDP by \$161.1 to \$261.3 million, increased earnings by \$100.0 to \$160.6 million, and resulted in State tax revenues of \$23.4 to \$33.5 million.

Hawai'i's Creative Industries – May 2023

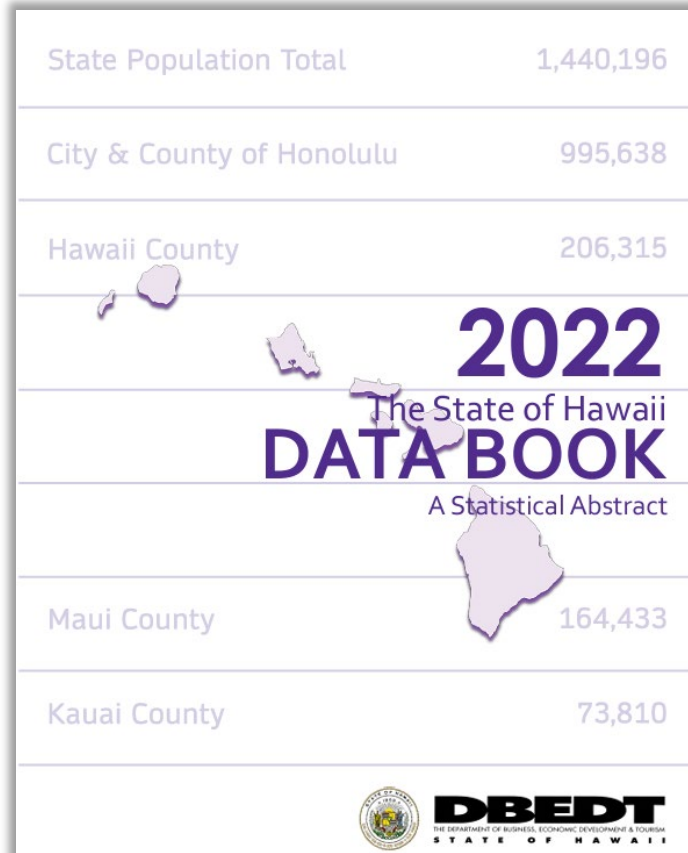
This is an overview of the thirteen industry groups, which employ over 51,000 people, includes over 4,700 businesses, and account for \$4.5 billion of GDP (5.3% of the state total).

Native Hawaiians in Hawai'i's Tourism Sector: 2023 Update – July 2023

This update describes the demographic characteristics of Native Hawaiians in Hawai'i's tourism sector between 2017 and 2021, with comparisons to all employees in the sector.

2022 State of Hawai'i Databook - August 2023

The Data Book is the most comprehensive statistical compilation of data about Hawai'i (55th Edition in series). It has 24 sections and 844 data tables available for download on the DBEDT website.



The Economic Impacts of Federal Government Contracts Awarded in Hawai'i FY 2018–2022 – Aug. 2023

Fourteen billion (nominal) dollars of federal prime contract spending awarded to Hawai'i over five years is estimated to have generated \$26.2 billion of output, \$10.3 billion in earnings, and \$1.6 billion in state taxes.

Report on Hawai'i Tax Credit for Research Activities for Tax Year 2022 – August 2023

A total of 26 Qualified High Technology Businesses (QHTBs) applied for tax credits for research activities, spent \$59.4 million on research activities, and employed over 1,000 people.

2022 Annual Visitor Research Report– August 2023

Final visitor statistics and characteristics data for visitors to the State of Hawai'i. Data are presented by Hawai'i's Major Market Areas (MMA), by select countries, by purpose of trip, accommodation type, and by island.

Occupational Employment and Wages - September 2023

The annual publication of employment and wages by occupation for the state and counties of Hawai'i is published each September for the preceding year.

2022 Visitor Satisfaction and Activity Survey Annual Report – September 2023

This report provides insights into visitor satisfaction and activity participation, information on trip planning across eight key markets (U.S. West, U.S. East, Japan, Canada, Oceania, Europe, South Korea, China).

Tourism and Hawai'i Economy – a statistical brief to be updated annually – October 2023

An annual report measuring tourism's economic impact using the 2017 State of Hawai'i Input-Output (IO) model.

2022 Employment and Payrolls in Hawai'i – October 2023

The annual publication of employment and wages by industry for the state and counties of Hawai'i is published each October for the preceding year.

The Economic Impact of International Students in Hawai'i for Calendar Year 2022 – December 2023

An annual analysis of International Education Survey data examining international students, programs, spending, and their contribution to Hawai'i's economy.

Hawai'i's Targeted & Emerging Industries, 2023 Update Report – December 2023

A performance review of Hawai'i's targeted & emerging industry portfolio.

Self-Sufficiency Income Standard – December 2023

Examines Hawai'i's self-sufficient family income standards and compares annual self-sufficient family budgets with annual poverty thresholds, minimum wage levels, and annual median family incomes for five family types.

2023 Visitor Plant Inventory – December 2023

This report presents a comprehensive count of lodging properties and total visitor units in Hawai'i. Data are collected from hotels, condo hotels, timeshares, vacation rentals, and other lodging types, with results reported by island and region.

Dashboards

READ created and maintained 15 dashboards. Topics include: Economic overview, population, tourism market, daily passenger counts, labor market, housing market, migration, language use, energy sector, agriculture sector, Hawai'i ranking, area profiles, Hawai'i's generational economy, and genuine progress indicators.

Maui Wildfires Economic Update Dashboards

Initiated in September 2023 and updated weekly. Topics include Domestic Daily Passenger Counts, Flights and Air Seat Capacity, Unemployment Claims, Building Permits, Lost Structures, and Property Damage.

Goals, Plans and Measurements

- 1. Economic Analysis Branch (EAB):** ERB conducts studies on multiple aspects of Hawai'i's economy, including energy, industry structure, workforce, household consumption, population, taxation, education, and businesses. Economic forecasts addressing both national and Hawai'i trends are updated quarterly. In accordance with legislative mandates, the branch prepares annual reports on Emerging Industries and a biennial report on the Self-sufficient Income Standards. ERB assesses economic conditions, identifies areas of potential growth, and projects future trends. It prepares economic documents for the Department of Accounting and General Services, Department of Transportation, and Department of Budget and Finance for the State's revenue bond and general obligation bond credit rating and sales. It also updates the Hawai'i Input-Output Model, which is widely used in estimating economic impacts. Efforts to understand and predict the economic impacts of the Maui wildfires became a primary focus in 2023.

One-Year Goals: To cooperate and support the State's efforts to integrate a comprehensive data strategy. To complete Legislature-mandated reports with a focus on timeliness and quality. To produce a quarterly newsletter to better inform both legislators and the public of the work DBEDT is doing. To fill two vacant economist positions.

Two-Year Goals: To prepare 2-3 more analytic reports addressing current economic issues, including economic diversification, income distribution, minimum wage, consumer spending, and housing.

Five-Year Goals: Plans to complete 10-15 comprehensive economic studies and update the State and County Input-Output Models from 2017 to 2022.

Action Plan: Assignments are given to specific staff members who are provided with targets and goals. Weekly meetings are held with the team to discuss work in progress. All projects are cooperative and based on teamwork, which maximizes the backgrounds and skills of all collaborators; the approach is designed to allow team members to substitute for each other if one is on leave. Periodic training is held in-house or with invited experts.

Measures of Success: Number of studies and reports produced annually, media coverage, citations, comments from the Legislature, Administration and the public, and page views of the specific dashboards and the research website.

- 2. Labor Research Branch (LRB):** LRB was transferred from DLIR effective July 1, 2021. Partnering with the U.S. Bureau of Labor Statistics (BLS), the branch conducts surveys to collect data and publish reports on Hawai'i labor market conditions that are available to the public. The focus areas include the labor force, employment, unemployment rate, job count by industry, employment, wages by occupation, employment and wages by industry, business size by industry, occupational injuries and illnesses, and fatal occupational injuries.

One-Year Goals: To report monthly statistics and issue annual reports in line with the schedule mandated by the BLS.

Two-Year Goals: To fill all vacant positions, complete training, and eliminate overtime work.

Five-Year Goals: To prepare research reports on the development of the labor market. To conduct training for Hawai'i data users on the use of labor statistics.

Action Plan: Periodic meetings with the BLS. Monthly, quarterly, and annual reports to the BLS. To form a working group to develop dashboards and a data warehouse to provide broader access to labor statistics.

Measures of Success: Number of reports released, data series in the dashboard and data warehouse, number of attendees for labor statistics training classes, website visits, and media coverage of labor statistics issued.

- 3. Statistics and Data Support Branch (SDSB):** SDSB 1) releases regular data products, 2) maintains publicly accessible databases and dashboards, and 3) writes analytical data reports. The branch is responsible for the *Data Book*, QSER, MEI, Daily Passenger Counts, and other high-frequency products. It maintains twelve interactive dashboards and two data warehouses. The branch hosts the State Data Center (SDC) and the Federal State Cooperative for Population Estimates (FSCPE), which are partnerships with the U.S. Census Bureau. Hawai'i's SDC makes Census data available locally online and through a network of 25 affiliate agencies across the state and counties. The SDC plays a key role in disseminating Census data by writing reports and data highlights, posting Hawai'i-specific data, writing data guides, hosting public training, and providing advice to data users.
- One-Year Goals:** To update existing data products promptly and accurately. To complete the long-range population and economic projections for the State and the Counties up to 2050. To release analytical reports and comprehensive data tables using 2020 decennial data.
- Two-Year Goals:** To maintain a high standard of accuracy and efficiency in data reporting via our data warehouses and dashboards. To release 2-3 analytical reports relating to Hawai'i's demographics and economy.
- Five-Year Goals:** As new data are available, incorporate additional data into the data warehouses and create additional dashboards of substantial public interest. To be responsive to economic events with timely and accurate data in the form of limited-release dashboards or reports, like the now-retired COVID economic dashboard and the ongoing Maui data update.
- Action Plan:** The branch works with the entire READ team to provide comprehensive data access and to assess trends using demographic and economic data. The FSCPE and SDC meet quarterly with the Census Bureau for training and to provide feedback on Census Bureau operations. Frequent meetings are held within the team to discuss current and future projects. Teamwork and technical skill sharing are emphasized.
- Measures of Success:** Media attention, citations, website visits, number of attendees at Census data training, and product use in policy consideration by the legislature, administration, and the public.
- 4. Tourism Research Branch (TRB):** TRB monitors the many aspects of the industry that is the biggest driver of the state's economy. It conducts surveys to collect data and prepare studies and analyses to measure and assess the industry's impact. The studies include the industry's capacity and supply sides, including tracking visitor room inventory, flight and air seat data, and cruise arrivals. They also cover the demand side of the industry, including visitor arrivals, expenditures, accommodations used, and purpose of trips. Additionally, the studies examine the satisfaction level of visitors, visitor activity patterns, and the attitude of residents toward tourism in Hawai'i.
- One-Year Goals:** To report visitor statistics as promptly and accurately as possible.
- Two-Year Goals:** Digitize the in-flight visitor survey form to improve efficiency and reduce the cost of data collection.
- Five-Year Goals:** To conduct more area-focused studies on the economic impact of tourism, such as the North Shore, Windward O'ahu, Waikiki, and Leeward areas.
- Action Plan:** Frequent contact with contractors, data providers, and industry leaders, weekly meetings with the DBEDT research team, and monthly meetings with the Hawai'i Tourism Authority (HTA) Board to track and understand new developments in the tourism area and refine how to track demand for tourism data and cater research most effectively.
- Measures of Success:** Number, visibility, and impact of reports released, data series provided in dashboards and data warehouse, website visits, and media coverage of tourism statistics and studies.

Small Business Regulatory Review Board (SBRRB)



Program Overview

The Small Business Regulatory Review Board supports the interests of Hawai'i's small business owners by ensuring that new and existing regulations are fair and do not unduly burden these vital contributors to the local economy. This board reviews laws enacted and implemented by various state and county departments, assessing their potential impact on small businesses across the islands.

Understanding small businesses' challenges, the board also receives and monitors "Regulatory Reviews" submitted by owners burdened by administrative rules.

To maintain transparency and encourage public participation, the board conducts monthly open meetings, which are accessible virtually and in person. These meetings offer a platform for business owners, stakeholders, and the general public to engage with the board, share their insights, and contribute to the regulatory review process.

Reflecting on its achievements, in the calendar year 2023 alone, the board reviewed and supported 45 rules, bringing the total to 1,053 rules reviewed since the board's inception. This track record underscores the board's ongoing commitment to creating a regulatory environment that nurtures the growth and success of Hawai'i's small businesses.

2023 Highlights

New Board Members Elected (2023-2024)

- Mary Albitz (Chair - Maui), Owner of Island Art Party
- Robert Cundiff (Vice Chair – O‘ahu), Principal of Lokama Group
- Jonathan Shick (Vice Chair – O‘ahu), Pono Consulting Group LLC

Elected board members represent a variety of businesses in the state, with up to two members from the same type of business and at least one representative from each county.

Outreach/Engagement

- Participated in the Annual Hawai‘i Small Business Fair at Leeward Community College
- Delivered monthly newsletters, ongoing social media efforts, and press releases
- Carried out one-on-one outreach efforts by DBEDT staff
- Mailed dozens of letters to trade organizations and chambers of commerce to re-introduce the SBRRB – subsequently, performing presentations to those entities that reached out to the SBRRB for follow-up

Goals, Plans and Measurements

1. Improve and Expand Media Awareness

One-Year Goal: Submit articles, op-eds, etc., for local publications; Schedule interviews with entities such as ThinkTech Hawai‘i & Akaku-Maui Community for Interviews, etc.; Attend Small Business Events & Perform Interviews – 3 per year

Two-Year Goal: Continue to submit articles & op-eds for local publications; Continue to schedule interviews with various entities for interviews, etc.; Attend Small Business Events & Perform Interviews – 3 per year

Five-Year Goal: Continue to submit articles & op-eds for local publications; Continue to schedule interviews with various entities for interviews, etc.; Attend Small Business Events & Perform Interviews – 3 per year

Action Plan: Utilize Becker Communications for Guidance and Direction; Distribute newly updated SBRRB & Small Business Brochures; Utilize DBEDT’s newly promoted Program Specialist to expand media awareness and outreach efforts

Measures of Success: Increased percentage of hits on newly improved website; Increased number of small business owners approaching the SBRRB for “Regulatory Reviews” and general regulatory concerns; Review of DBEDT’s tracking system

2. Improve and Expand “Social” Media Coverage and Utilization

One-Year Goal: Minimum of 1 posting per week

Two-Year Goal: Minimum of 1 posting per week

Five-Year Goal: Minimum of 1 posting per week

Action Plan: Utilize DBEDT’s internal and/or external public relations team for guidance and direction; Utilize DBEDT’s newly promoted Program Specialist III for social media/outreach efforts

Measures of Success: Determined by tracking the number of Facebook friends, Instagram posts, and Twitter followers; 10% increase in subscriptions annually; Review of DBEDT’s tracking system

3. Educate, Promote, and Improve the SBRRB's Effectiveness

One-Year Goal: Schedule presentations and one-on-one appointments and meetings for outreach purposes; Schedule interviews with entities such as ThinkTech Hawai'i & Akaku-Maui Community for Interviews, etc. – 6 per year; Schedule one board meeting per year on a neighbor island

Two-Year Goal: Continue to schedule presentations and one-on-one appointments and meetings for outreach purposes; Continue to schedule interviews, etc. – 6 per year; Schedule 1 neighbor island board meeting

Five-Year Goal: Continue to schedule presentations and one-on-one appointments and meetings for outreach purposes; Continue to schedule interviews, etc. – 6 per year; Schedule 1 neighbor island board meeting

Action Plan: Utilize Becker Communications for Guidance and Direction; Utilize newly promoted SBRRB Program Specialist III

Measures of Success: Determined by number of meetings with industry associations and attendance at trade shows, business fairs, etc.; Review of DBEDT's tracking system; Improved awareness determined by achievement of full Board capacity (11 members); Efforts to maintain quorum at each board meeting, to conduct board business, is to achieve all board members in attendance which will add tremendous insight and value to the monthly discussions.

Agribusiness Development Corporation (ADC)



Gady visited ADC tenants on Kaua'i

Program Overview

The Agribusiness Development Corporation's (ADC) mission is to conserve and repurpose arable lands and their associated infrastructure, previously dominated by large mono-crop plantations. This strategic redirection diversifies the agricultural base and enhances the state's economic development through agriculture.

ADC oversees the utilization of agricultural land and infrastructure, ensuring these resources are leveraged to spur economic growth. By developing, financing, and nurturing the agricultural industry, ADC aims to increase exports and produce sufficient crops for local consumption, thereby contributing to sustainability and food security within the state.

Additionally, ADC is committed to proposing and implementing initiatives that support the livelihoods of tenants and other farming operations across Hawai'i. Recognizing the challenges faced by the agricultural sector, from production to distribution, ADC works to streamline processes such as storage, packaging, and marketing. These efforts are designed to enhance the efficiency of getting products to market, thereby benefiting producers and consumers alike.

Through its comprehensive approach, the Agribusiness Development Corporation is making significant strides in transforming Hawai'i's agricultural sector into a more diverse, sustainable, and economically viable component of its economy.



Heleman Farms owner Aaron O'Brien shows off a 13-foot-tall Cypress Christmas tree

2023 Highlights

Wahiawā Value-Added Facility Opens

- Part of the Food and Product Innovation Network Project.
- 1.6 acres turned into a centralized value-added facility for product storage, processing, and distribution.
- Serves as a “proof of concept” with four commercial workspaces, one specifically for people with allergies and will not process any nuts.
- Differs from commercial kitchens because products like cosmetics, skincare or other non-consumable products can also be produced.
- Depending on the stage of production, this facility could host up to four different companies simultaneously.
- Open area to host events with live audiences or generate content to post on social media.



Mangoes and other crops could be brought to the Wahiawā value-added facility

Tenant Updates

- Three new tenants – ‘Ohana Hui Ventures Inc. (397 acres), Law Tieng’s Farm LLC (87 acres), and TM Farm LLC (133 acres) and two other tenants are pending approval to begin operations.
- Meeting individually with tenants to review their business plans and progress, emphasize the state’s goal of doubling food production, request annual reports moving forward (CIP, number of foods produced, types of crops, jobs associated, etc.), and reiterate ADC’s mission.

Goals, Plans and Measurements

1. Galbraith Area, O’ahu: Develop Galbraith agricultural lands for diversified agricultural use.

One-Year Goal:

- License vacant land to qualified applicants.
- Provide resources for all tenants to support Good Agricultural Practices (GAP) and the Food Safety Modernization Act (FSMA).
- Expand the infrastructure delivering irrigation water to the Galbraith farmlands.
- Continued work to reclaim treated wastewater.

Five-Year Goal:

- Provide irrigation water to all the Galbraith area farmlands.
- License all vacant farmland to qualified applicants.
- Develop a methodology to evaluate and improve farmland and farm infrastructure.

Action Plan: Educate small farmers in GAP and EPA requirements for pesticide and other chemical applications and compliance with the FSMA; Issue long-term land licenses to qualified applicants for farms ranging in size from 5 to 80 ac; Continue to work with design professionals, contractors, and the City and County of Honolulu on groundwater, Lake Wilson water, and recycled irrigation water systems and maintain fallow agricultural lands; Continued work to reclaim treated water from the Wahiawā Wastewater Treatment Facility for use as irrigation water for the area farmers; Maintain and evaluate the irrigation system to have secured a backup pump for the restored Bott well pump and develop and construct storage for irrigation water for the Galbraith small farm lots.

Measure of Success: Number of farmable acres of the Galbraith area farmland that are provided irrigation water, actively licensed, and operated by tenants informed of GAP and FSMA practices. Measured and reported by progress of completion.

- 2. Transition of former plantation land and water systems for diversified agriculture:** Increase the State's inventory of agricultural land and irrigation systems by purchasing former agricultural lands from private agricultural landowners. Adapt or install the infrastructure needed to put the land into active farming. Preserving the land in agriculture use to support the state's food sustainability goals. ADC has worked with area farmers and contractors to improve the irrigation systems on Kaua'i (Kekaha) and O'ahu (Kunia, Mililani, Wahiawā).

One-Year Goal:

- Identify agricultural property and irrigation systems important for agricultural production on O'ahu.
- Solicit experienced farmers for tenancy dispositions, issue RPs, licenses, or leases to begin active farming and income generation, and work with these new tenants to condition and prepare the soil for cultivation.
- Complete due diligence and purchase of three Dole wells.
- Begin the process of bringing the purchased wells and pumps online.
- Study the benefits of using shade houses for agricultural production on ADC property.

Five-Year Goal:

- Identify agricultural property and irrigation systems important for agricultural production statewide.
- Evaluate identified agricultural properties statewide as possible ag-production sustainability lands.

Action Plan: ADC will use available database sources to identify agricultural property statewide and evaluate the lands based on established criteria for important agricultural lands; Cooperate with interagency resources to explore alternate revenue streams to support the operations on the property; Perform due diligence on available lands; Negotiate terms of purchase, including ensuring clear title, fair price, availability of irrigation water, legal accessibility, etc.; Clear hazardous trees and invasive vegetation from the acquired lands; Acquire and connect three deep wells to increase water security for agriculture producers in the region; Develop plans and designs for irrigation systems where needed; Perform due diligence and evaluate the feasibility of transfer of Wahiawā Irrigation System to ADC.

Measure of Success: Measured and reported by progress of funded tasks.

- 3. Expansion of State involvement in the aquaculture industry.** Two projects were being pursued to develop aquaculture in Hawai'i. 1) Develop aquaculture activity on the North Shore. Due to community concerns and objections about using the property for commercial purposes, ADC ceased negotiations, and the subject property was returned to the Department of Agriculture for further development. 2) Develop an aquaculture livestock feed mill to convert fish waste into fish food.

One-Year Goal: Continue development of aquaculture feed mill. Understand aquaculture opportunities on ADC property and across the state. Create an MOU with NELHA and HTDC for development of the aquaculture industry.

Five-Year Goal: Continue development of aquaculture feed mill. Increase aquaculture footprint statewide.

Action Plan: Negotiate with HDOA to receive a portion of existing improvements in Kalaeloa, O'ahu, and continue research and investigation into processes and equipment that can convert fish waste into fish food; Issue contract to develop an aquaculture feed pilot project in Kalaeloa, O'ahu using locally sourced fish waste and products; Study aquaculture opportunities on ADC property.

Measure of Success: Measured and reported by progress of funded tasks.

4. **Waiāhole Water System.** Operate and maintain the Waiāhole Water System and improve its operational efficiency.

One-Year Goal:

- Improve and protect the SCADA system.
- Install security fencing and protection to portions of the water delivery system.
- Develop a plan for additional reservoirs to increase the system's holding capacity.
- Develop a plan to implement remote monitoring and control of the water delivery system.
- Develop a plan to enclose a system to improve water quality, safety, and security of the water delivery system.
- Develop staff training to create a quality and safety culture for system maintenance.

Five-Year Goal:

- Implement phases of the plan to monitor and control the water delivery system remotely.
- Implement phases of the plan to enclose the system to improve water quality, safety, and security of the water delivery system.

Action Plan: Work with CWRM by continuing to monitor ditch flow and pinpoint potential areas of excessive system loss; perform necessary repairs or implement corrective actions; Repair and rehabilitate broken ditch lining in selected sections of the water system; Operate, maintain, or perform minor repairs on Reservoir 155 and Reservoir 225 in accordance with dam safety standards; Continue to work with the Agricultural Resource Management Division of DoAg and the U.S. Army Corp. of Engineers on a project to line reservoir 155 and correct related dam safety issues. Funding was available for Reservoir 155; Manage aquatic weed growth in the open ditches, expanding the use of non-chemical methods by blocking complete sunlight from shining into the ditches; Utilize the real-time data collected from the installed Supervisory Control and Data Acquisition (SCADA) system at various points along the ditch system to improve operation efficiency; Plan, design, and construct a back-up well to ensure the system can continue delivering water in the event the ditch system is inoperable; Continue to work with the Kunia Water Cooperative to foster responsible use of the WWS infrastructure and water; Maintain the transmission tunnel, intakes, and access to the system on the windward side; Remove hazardous fallen trees to improve access.

Measure of Success: Measured and reported by progress of funded tasks.

5. **Kekaha and Kalepa, Kaua'i:** Manage, operate, and maintain agricultural lands and infrastructure set aside for ADC for diversified agricultural activities on Kaua'i. Manage current permits, licenses, leases, land, and infrastructure (irrigation ditches, hydroelectric power plants, power lines, transmission poles, drainage ditches and ravines, and roads), and allow additional lands to be used for food crops and livestock, processing, and renewable energy generation.

One-Year Goal:

- License vacant land to qualified applicants.
- Provide resources for all tenants to support Good Agricultural Practices (GAP) and the Food Safety Modernization Act (FSMA).
- Expand the infrastructure delivering irrigation water to area farmlands.

Five-Year Goal:

- Develop a plan to provide irrigation water to all the area farmlands.
- License all vacant farmland to qualified applicants.
- Develop a methodology to evaluate and improve farmland and farm infrastructure.

Action Plan: Work cooperatively with contractors to secure a power purchase agreement from the Kaua'i Island Utilities Coop, and approval from the PUC, to buy and sell energy at rates that will assist agricultural activities on ADC's Kekaha lands; Identify and implement best management

practices, water quality monitoring, and drainage systems developed in agreement with the DOH; Defend legal proceedings instituted before the USDA, Secretary of Agriculture, against the ADC by EarthJustice under Title VI of the Civil Rights Act of 1964 for alleged discrimination against Hawaiians based upon pesticide use in the Kekaha community; Manage services for and oversee the drainage of water from Mana plain through the pump stations and drainage canals in conjunction with the Pacific Missile Range Facility (PMRF); Continue to work with Dam Safety and CWRM in turning over rehabilitation and management of the Mana Reservoir to the Kaua'i Island Utility Cooperative for its pumped storage/store and release energy project, and the restructuring of the Upper 'A'ahoaka reservoir in Kalepa; Coordinate with the KAA, the Navy, and the Kaua'i County civil defense office on flood mitigation efforts during severe weather conditions in Kekaha; Plan, design, and construct improvements for the Kekaha Bridges and interior farm road; Plan, design, and construct improvements to the Menehune Ditch to increase efficiency and reduce water loss.

Measure of Success: Measured and reported by progress of funded tasks.

6. **Wahiawā Value-Added Product Development Center.** Restore abandoned processing or warehouse facilities for use by diversified agriculture.
One-Year Goal: Work with UH to support the Wahiawā Value-Added Product Development Center. Cooperate to understand the operations to translate learnings to the ADC Whitmore project area.
Five-Year Goal: Work with UH to support the Wahiawā Value-Added Product Development Center. Cooperate to understand the operations to translate learnings to the ADC Whitmore project area.
Action Plan: Cooperate with UH regarding updates and the progress of construction.
Measure of Success: Measured and reported by progress of funded tasks.

7. **Provide Solutions to Issues Facing the Agriculture Industry.** Develop and implement cost-effective solutions to support Hawai'i's livestock and other small family farm operations. Assist with cost-sharing to implement a recent USDA-approved inoculated Dry Litter System for managing waste and eliminating the slurry, pests, and odor traditionally resulting from hog farming operations.
One-Year Goal: Identify agriculture challenges and prioritize matters impacting ADC properties and project areas. Draft a plan of potential solutions.
Five-Year Objective: Evaluate challenges and seek partners to implement solutions.
Action Plan: Acquire workforce housing to support agriculture operations.
Measure of Success: Measured and reported by progress of funded tasks.

8. **Support the Preservation of Agricultural Land through Participation in County, State, and Federal Funding Programs.** Support the Preservation of Agricultural Land through Participation in County, State, and Federal Funding Programs. USDA – NRCS Farm and Ranchland Protection Program.
One-Year Goal: Continue to administer conservation easements. Work with DoD to investigate additional funding opportunities.
Five-Year Goal: Continue to administer conservation easements.
Action Plan: Administer conservation easements placed upon newly acquired ADC lands (in exchange for contribution to, and therefore reduction in, the State's purchase monies) to ensure that the use of the ADC lands is limited to agricultural uses, in perpetuity; Work with organizations cooperating with the various DoD Readiness and Environmental Integration Program (REPI) to support agricultural practices on property near military installations.
Measure of Success: Measured and reported by progress of funded tasks.

Hawai'i Community Development (HCDA)



View of Kaka'ako from Kewalo Basin, early 2023

Program Overview

The Hawai'i Community Development Authority (HCDA) was established in 1976 as the State's redevelopment agency to plan and implement initiatives that increase economic, social, cultural, and environmental value in community development districts as assigned by the Legislature. HCDA plans and implements capital improvement projects to upgrade infrastructure and develop public facilities within and outside its established community development districts.

Mission: For each community development district and transit-oriented development infrastructure improvement district, HCDA will collaborate with private enterprises, public agencies, and community stakeholders to build better communities through planning, collaboration, regulation, and infrastructure development.

2023 Highlights

Robust Development and Improvements

2023 was very exciting at HCDA, with five new residential mixed-use projects permitted in Kaka'ako and five major developments under construction. Combined, these ten projects are expected to provide another 3,916 new residential units, helping to address the state's housing shortage and providing jobs in construction and non-construction-related fields.

Infusing the economy, new developments, improvements, and renovations were robust in 2023. In total, HCDA issued 115 permits in Kaka'ako and Kalaeloa.

In Kalaeloa, Gentry Homes' Ka'ulu 390-home residential project is under construction, the first new residential project to be built in Kalaeloa since the establishment of the Kalaeloa Community Development District (KCDD) in 2006. It is located next to the new Daniel Kahikina Akaka Veteran Affairs Clinic, which is nearly complete. It will provide specialized health care for 87,000 Hawai'i veterans and their families and create jobs. The \$120 million VA Clinic is on schedule and expected to open in 2024.

In September 2023, the authority updated the HCDA Strategic Plan, establishing its strategic direction for the next five years.

Investment in infrastructure and public facilities is necessary to spur economic growth and provide incentives for further redevelopment in community development districts. The lack of sufficient infrastructure is a great challenge in developing affordable housing in Hawai'i.

Proposed Residential Community in Kaka'ako (Launiu)

- Location: 928 Ala Moana Boulevard
- The project will produce approximately \$690 million in output and \$233 million in workers' earnings, creating 780 jobs in the first year and 900 jobs each year for the next two years.
- The operations and maintenance over 30 years are anticipated to generate, in the present value of constant 2022 dollars, approximately \$189.2 million in output, \$62.7 million in workers' earnings, \$11.4 million in state tax revenue, 22 permanent jobs, and \$123.4 million in real property tax.

Kalaeloa Power Outages

- Unreliable source of electricity/reliance on archaic electrical grid and substations due to unusually high winds that brought down trees and utility poles.
- Overhead power lines are more exposed to wildfires and vegetation-related outages, vehicle impacts, and vandalism (also nearing the end of their useful life and may limit growth/redevelopment in certain areas)
- HCDA requested \$12.125 million in capital improvement funds to upgrade the Saratoga Avenue electrical and communications infrastructure in Kalaeloa.
- Relate back to the wildfires on Maui.

He'eia

- Cleared Mangrove (protective feature in other parts of the world but invasive to Hawai'i)
- As the mangrove was cleared in the He'eia Community Development District, mauka of Kamehameha Highway, conditions on the makai side improved. The sand returned to the fishpond and in front of the Bay. The native species on the species list in He'eia went up to about 37 from the initial 7.

Community Meeting to Revitalize Wai'alea Peninsula

- Takes place on Monday, December 4, at Hilo Hawaiian Hotel
- HCDA and DLNR will report preliminary findings from the study to revitalize the Wai'alea area.
- Garner community input on the waterfront and other redevelopment projects, potential future land use, governance, and land stewardship.

Goals, Plans and Measurements

- 1. Create Economic Development Through Revitalization:** In 2023, HCDA staff continued to review and approve development and renovation permits throughout the districts and manage its revenue-earning assets and lands in the districts.

One-Year Goal: HCDA staff will continue to review and approve development and renovation permits throughout the districts and manage its revenue-earning assets and lands.

Five-Year Goal: Encourage more development in the Kaka’ako and Kalaeloa districts, including affordable housing development. Working with stakeholders, develop infrastructure in the Pulehunui community development district on the Island of Maui.

Action Plan: Work closely with the landowners and developers, development permit applicants, and HCDA lessees in each community development district. Work with the community and HCDA consultants in amending community development district plans and rules as necessary to facilitate development in each district, especially in Kaka’ako, where HCDA will amend the Mauka Area rules.

Measures of Success: The measurement for achieving these goals is the number of development permits processed by the HCDA, the number of housing and mixed-use developments in each community development district, the number of affordable housing units developed, an increase in HCDA revenue from its leases, and an increase in GET and property tax revenue generated in the community development districts. In 2023, HCDA began the Kaka’ako Makai Area Plan and Rules updates with community and stakeholder meetings. In December 2023, the amended Makai Area Plan and Rules were sent to the Governor for approval.
- 2. Kaka’ako Mauka Area Rule Amendment:** Modernize the Kaka’ako Mauka Area Rules to incorporate current and future needs to continue to improve the development of our vibrant and resilient Kaka’ako Community Development District. In 2022 and 2023, HCDA gathered community input at virtual and in-person events via an online survey. HCDA has been listening to the community and is looking at ways to prioritize potential developer incentives and possible rule amendments to focus on the community’s priorities and desires for the district.

One-Year Goal: Complete and adopt the Mauka Area Rule amendments, including a TOD rule overlay with zoning incentives.

Five-Year Goal: Implement the amended rules and TOD zoning incentives to encourage development in Kaka’ako.

Action Plan: Work with Kaka’ako landowners, developers, and stakeholders to plan and implement development projects utilizing zoning incentives.

Measure of Success: Success will be measured by the number of development projects and housing units (especially reserved housing units) in Kaka’ako.
- 3. Kalaeloa Community Development District Plan:** HCDA commenced the update of the Kalaeloa Community Development District (KCDD) Plan and Administrative Rules. The Kalaeloa Master Plan was adopted in 2006, and the Hawai’i Administrative Rules Title 15 Chapters 215 and 216 were adopted in 2012. The Plan and Rules govern all development activities within the estimated 3,700 acres in the KCDD, except for federally controlled parcels. Since the Kalaeloa Plan and Rules were adopted, major developments have occurred within and adjacent to the KCDD. An assessment of the current state of the KCDD and surrounding area is needed. In 2023, HCDA drafted proposed updates to the rules, which are online for comment.

One-Year Goal: Complete the update to the Kalaeloa Administrative Rules.

Five-Year Goal: Complete the update of the Plan and Administrative Rules. Implement the amended Plan and Rules.

Action Plan: Identify favorable and detrimental conditions to redevelopment in the district and develop strategies for affordable housing development. Collaborate with community groups and stakeholders to obtain district development feedback.

Measure of Success: The updated Plan and Rules are adopted. Success will be measured by the number of development projects and affordable housing units in the district.

4. **Kalaeloa Infrastructure Improvements:** The Kalaeloa Community Development District (KCDD) was established by the Hawai'i Community Development Authority (HCDA) to enable the redevelopment of the former Naval Air Station Barbers Point (Barbers Point). The KCDD requires energy reliability, security, and resilience to allow this redevelopment. Since Barbers Point was closed, the utilities have not received any systematic upgrades or continued renewal and replacement. In 2021, HCDA completed the Kalaeloa Enterprise Energy Corridor project.

One-Year Goal: Continue to improve infrastructure in Kalaeloa to support development. Work with landowners and stakeholders to identify critical infrastructure deficiencies and prepare a plan to address them.

Five-Year Goal: Seek CIP and other funding for infrastructure improvements.

Action Plan: Plan, design, and construct infrastructure improvements.

Measure of Success: Improved infrastructure leading to additional housing and mixed-use development.

5. **Pulehunui Community Development District:** Coordinate regional infrastructure improvements serving several large parcels of undeveloped state lands in Pulehunui, Maui. Planned land uses include a new public safety complex operated by the Department of Public Safety and light industrial and residential use on adjacent Hawaiian homelands. HCDA staff has worked closely with the Department of Land and Natural Resources and other State agencies to understand the infrastructure needs within and around the Pulehunui Community Development District. In 2023, an RFP was issued for contractors to manage and administer the various efforts necessary to plan, study, assess, design, permit, and construct infrastructure in Pulehunui.

One-Year Goal: Select a vendor, finalize the contract, and initiate infrastructure planning, design, and construction.

Five-Year Goal: Coordinate regional infrastructure improvements serving several large parcels of undeveloped state lands in the Pulehunui Community Development District.

Action Plan: Plan, design, and construct infrastructure improvements. Measure of Success:

Improved infrastructure, allowing the development of a new public safety complex in the district.

6. **Transit-Oriented Development Infrastructure Improvement District:** Construct infrastructure improvements necessary and desirable to facilitate renewal and redevelopment of areas designated by the State and the counties for transit-oriented development. In 2023, significant funding was appropriated to HCDA by the Hawai'i State Legislature for transit-oriented related development (TOD Projects).

One-Year Goals: The method of financing for the TOD Projects obligates HCDA to encumber these funds by June 30, 2024.

- University of Hawai'i West O'ahu (UH) On-site Road and other improvements (East Kapolei) - High Priority – Enter an MOA with HCDA, UH, and the Hawai'i Housing Finance & Development Corporation (HHFDC) to develop the road and infrastructure collaboratively. Issue the RFP and encumber \$35 million by June 30, 2024.
- Iwilei-Kapālama Infrastructure work - High Priority – Enter an MOA with HCDA, HHFDC, the City and County of Honolulu (City), Hawaiian Electric (HECO), and other private entities to develop

electrical infrastructure support transit-oriented development and residential mixed-use projects such as Mayor Wright Homes, Liliha Civic Center, and other potential housing development. Issue the RFP and encumber \$25 million by June 30, 2024.

- **East Kapolei Infrastructure Implementation Master Plan - High Priority** – Enter an MOA with HCDA and the State of Hawai‘i, Office of Planning and Sustainable Development (OPSD) for OPSD to procure professional services to develop an infrastructure implementation master plan for the East Kapolei area (located near the Kualaka‘i, Keone‘ae, and Honouliuli Skyline Rail Stations on the Island of O‘ahu) that will identify and determine the infrastructure needed to be built to support TOD in that East Kapolei Area. Encumber \$500,000 by June 30, 2024.

Five-Year Goal: Coordinate infrastructure improvements necessary and desirable to facilitate renewal and redevelopment of areas designated by the State and the counties for transit-oriented development.

Action Plan: Request additional funds to complete additional roads and infrastructure at University of Hawai‘i West O‘ahu (UH) in Kapolei, that will be used to develop two housing projects by UH and HHFDC, also connecting the parcels to the nearby Honouliuli Skyline Rail Station; Request funds to develop the other infrastructure needed in the Iwilei-Kapālama area, including but not limited to sewer, water, drainage, and transportation. This critical investment by the state will support the development of approximately 6,200 housing units in the area. The City has encumbered or appropriated in the six-year CIP budget over \$700 million.

Measure of Success: Construction, installation, and improvement of certain infrastructure are completed to facilitate renewal and redevelopment of areas designated by the State and the counties for transit-oriented development.

7. **HCDA Affordable Housing:** Under its Reserved Housing Program, HCDA requires at least 20 percent of the residential units in new developments to be made available at an affordable price to qualifying households. Within the Kaka‘ako Community Development District (KCDD), 39 residential projects have been completed, two are under construction, and one has been permitted but has not started construction. Between these projects, 12,589 residential units are completed, under construction, or going into construction, out of which more than 1 in 3 units are designated as affordable housing units. In 2023, Act 97, Relating to Housing became law. It establishes a 99-year leasehold pilot program within the HCDA to determine the feasibility of developing one low-cost leasehold residential condominium project on non-ceded state-owned and county-owned land in urban redevelopment sites near a public transit station. The residential units will be sold to qualified Hawai‘i residents, and the units will be owner-occupied and shall not be rented.

One-Year Goal: Encourage development and review Kaka‘ako and Kalaeloa Development Permits; Act 97, Pre-development feasibility and planning studies for the development of one leasehold residential condominium project is necessary, including focus sessions with developers, economists, lenders, and brokers.

Five-Year Goal: Utilize shared equity payments to leverage affordable housing development, preferably affordable rental housing development in Kaka‘ako.










Action Plan: Continue to work with the Kaka‘ako community, private developers, and Hawai‘i Housing Finance & Development Corporation to develop affordable housing in Kaka‘ako; create rules to guide and implement Act 97; develop the project.

Measure of Success: Success will be measured by the number of new development projects and an increase in affordable housing units.

Hawai'i Green Infrastructure Authority (HGIA)



Hawaii Green Infrastructure Authority

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>\$5.7 Million Cumulative Excess Revenue over Expenses prior to \$12.1 million transferred to PUC</p> | <p>\$278.5 Million Economic Multiplier Impact</p>  | <p>943,775,495 kWh</p>  <p>Estimated kWh Produced/Reduced over Lifetime</p> |
| <p>\$16.5 Million</p>  <p>Hawaii State Tax Revenue Generated</p> | | |
|  | <p>283,877 Estimated Metric Tons of CO2 Total Greenhouse Gas Avoided over Lifetime</p> | <p>579,489 Barrels</p>  <p>Estimated Total Petroleum Displaced Over Lifetime</p> |
|  | <p>1,361 Jobs Created or Retained</p> |  <p>84% Underserved Residential Households Served</p> |
|  | <p>SSBCI HI-CAP Collateral Support & Loans Programs</p> <p>\$1.4 million in Federal SSBCI Funds have caused \$8.3 million in loans and credit facilities for eligible small businesses and nonprofits.</p> | |

Program Overview

Pursuant to Act 211, SLH 2023, the Hawai'i Green Infrastructure Authority (HGIA) was constituted to make clean energy investments accessible and affordable to Hawai'i's underserved ratepayers. In addition to providing financing to ratepayers unable to obtain loans at reasonable rates and terms, the Authority's objectives included stimulating and attracting private investments while leveraging innovative financing tools to mitigate risks and reach new markets. HGIA's goals align with the State's 100% renewable energy generation portfolio standard by 2045.

Pursuant to Act 107, SLH 2021, the HGIA expanded its scope from a singular focus on financing clean energy installations to also increasing access to capital for small businesses and nonprofits statewide through credit enhancements and co-lending to leverage private capital from Participating Lenders. In addition to contributing to the State's clean energy impacts, facilitating private capital to support small businesses also creates jobs, generates state tax revenue, and provides other economic development benefits.

Under Act 183, SLH 2022, HGIA was authorized to design, implement, and administer a Commercial property assessed financing (C-PACER) program for commercial property owners to finance the installation of clean energy, energy efficiency, cesspool remediation, water conservation, and resiliency measures via an innovative and risk mitigating financing mechanism *pari passu* to real property taxes.

2023 Highlights

While the 32nd Legislature opened on January 18, 2023, with optimism and a projected budget surplus of over \$3.9 billion for the fiscal year ending June 30, 2024, asset-limited, income-constrained, employed (ALICE) households were still struggling to catch up on past due utility and other bills. Further, continued inflation, rising interest rates, bank failures, wildfires, and supply-chain issues further exacerbated the budgets of underserved ratepayers as the year progressed.

In addition to administering its existing programs, HGIA's focus during 2023 was on expanding access to capital, sourcing additional loan capital, and working with the Counties to make a new financing mechanism available to commercial property owners.

Facilitating Inclusivity and Accessibility:

Enhancements to the Green Energy Money Saver (GEM\$) On-Bill Financing Program

In anticipation of the Solar for All grant opportunity and to provide long-term relief to lower the energy burden of Hawai'i's low and moderate-income households and other underserved ratepayers, in August 2022, the Authority submitted a request to the PUC for strategic enhancements to the GEM\$ On-Bill Financing Program.

On June 15, 2023, the PUC issued Order 39377, approving HGIA's requested enhancements, potentially creating the nation's most inclusive rooftop solar financing program.

1. Expanded Applicant Eligibility. Effective July 1, 2023, HGIA eliminated all “credit” barriers to its GEM\$ Program. Disconnection notices, previously used as an eligibility screen (e.g., ratepayers with disconnection notices over the past 12-month period were not eligible for financing), are now used to determine the minimum estimated utility bill savings required, as follows:

| # Disconnection Notices | Tiered Estimated Bill Savings Requirement |
|-------------------------|-------------------------------------------|
| 0 | Minimum 5% Savings |
| 1 – 4 | Minimum 10% Savings |
| 5+ | Minimum 15% Savings |

The minimum estimated savings required for investor-owned systems remains unchanged at 20%.

2. Sizing PV Systems to accommodate new Electric Vehicle Load. To right-size solar systems for customers planning to purchase or lease an electric vehicle within an upcoming 12-month period, the PUC approved HGIA’s request to include the anticipated additional load expected from said electric vehicle. This change will enable underserved ratepayers to utilize the energy generated by the solar system to fuel their electric vehicles.
3. Bundling Eligible Improvements. To meet the minimum bill savings requirement of specific energy efficiency measures (e.g., solar water heaters, HVAC, etc.), the PUC approved the Authority’s request to bundle Eligible Improvements. For example, heat pumps or solar water heaters can be bundled with solar PV + Storage to qualify for GEM\$ financing.
4. Access to HGIA’s on-bill repayment mechanism. The PUC approved the Authority’s request to allow outside capital sources access to HGIA’s GEM\$ on-bill repayment mechanism for CBRE and other projects not financed with GEMS funds. In these cases, HGIA’s role shall be that of a payment servicer, not a lender. This pilot will run from July 1, 2023, to June 30, 2024. CBRE and other projects utilizing the on-bill repayment (OBR) mechanism will still need to meet the minimum Tiered Estimated Bill Savings Requirements.

The Authority continued its residential and commercial clean energy financing for underserved ratepayers during the year. For the calendar year 2023, HGIA received 628 residential applications to install solar hot water or solar PV systems for low and moderate-income homeowners and renters, a 128% increase over the previous year.

Sourcing Additional Loan Capital:

\$50,000,000 Solar + Storage Loan Program for ALICE Households

With 44% of Hawai’i’s families classified as asset-limited, income-constrained, or employed (“ALICE”), the Legislature recognized that our underserved ratepayers face disproportionate financial burdens with rising inflation and unprecedented spikes in electricity costs. Straining their already tight household budgets, with an estimated 15% of their income being used to pay for electricity (compared to an average of 2.15% across the United States), ensuring a just and equitable transition to clean energy for almost half of our population is a priority. Additionally, based on the Federal Reserve Bank’s unbanked/underbanked metric, an estimated 75,000 rooftops may not qualify for traditional financing, representing a \$3.75 billion financing gap.

Thanks to the leadership of Speaker Saiki and forty-nine other Representatives, a bill to establish a loan fund for ALICE households garnered tremendous support during this past Legislative Session, including the Hawai'i State Energy Office, Consumer Advocate, Hawai'i Executive Collaborative's Climate Coalition, Ulupono Initiative, Hawaiian Electric, Elemental Excelsior, Blue Planet Foundation, Hawai'i Solar Energy Association, and other Stakeholders.

This additional loan capital, which will allow HGIA also to finance energy storage systems, will be a game-changer in helping underserved ratepayers reduce their energy burden while enhancing resiliency and grid stability.

While the Legislature approved \$100 million to be appropriated out of the general fund to capitalize this solar and storage loan fund due to an anticipated budget shortfall, Act 164, SLH 2023, signed into law by Governor Green on June 30, 2023, included a \$50 million ¹ appropriation for this purpose.

The Authority began accepting applications for energy storage systems paired with solar PV on July 1, 2023; on December 1, 2023, Governor Green approved releasing these funds for deployment.

The Authority will request an amendment to Act 164 (SLH 2023) to deposit the funds appropriated above into the clean energy and energy efficiency revolving loan fund pursuant to Section 196-65.5. This amendment is necessary to implement these funds as the legislature intended as a revolving loan fund where the repaid principal can be re-deployed and re-invested into solar plus storage systems to assist more ALICE households over the next two decades, aligning with the State's clean energy goals.

\$100 Million Solar For All Grant Application

On October 10, 2023, the Authority submitted an application requesting \$100 million from the Environmental Protection Agency's (EPA) Greenhouse Gas Reduction Fund, Solar for All Funding Opportunity (NOFO).

Solar For All is a comprehensive, sustainable financing program to facilitate rooftop solar and battery and community solar for low-income households. In addition to loan capital, a portion of the funding will be available for technical assistance, capacity building, workforce development, and community outreach.

The top three objectives of this fund are to (1) reduce greenhouse gas emissions, (2) deliver benefits to low-income households and disadvantaged communities, and (3) stimulate additional solar deployment through leverage. As such, in addition to an anticipated \$80 million in private capital leverage, HGIA's application also included \$38 million in state leverage from the funding approved by the Legislature earlier this year. EPA expects to announce awards in March 2024 and make the funds available in July 2024.

Bridging Access to Capital Challenges for Businesses:

State Small Business Credit Initiative (SSBCI) – HI-CAP Programs

HGIA launched the SSBCI HI-CAP Collateral Support, CDFI Loan Pool and Loans Programs in 2022 with \$9.0 million in Federal funds to expand access to capital for small businesses and nonprofits statewide. As of September 30, 2023, \$2.6 million in SSBCI funds have caused \$18.8 million in loans and credit facilities for eligible small businesses and nonprofits.

Following the Maui Wildfires, the Authority requested approval from the U.S. Treasury for exceptions to the Collateral Support Program to assist with the recovery efforts. To stimulate lending in Maui County's weakened economy during the rebuilding phase over the next five years, the Treasury approved an increase in the maximum cash collateral available for eligible loans from the lesser of 20% of the total loan amount or \$1.0 million to the lesser of 50% of the loan amount or \$5.0 million per loan. This exception will remain in place until September 30, 2028.

The Hawai'i Technology Development Corporation (HTDC) and HGIA expect to apply for the second tranche of funds from the Treasury during the next quarter. HTDC will receive \$5.0 million and HGIA \$15.0 million to deploy.

C-PACER Financing Program

While Act 183 (SLH 2022) authorized Commercial Property Assessed Financing (C-PACER) in Hawai'i, each County must pass an Ordinance to implement this innovative financing mechanism for their respective commercial property owners.

With the tightening of credit due to bank failures during the year and the rising interest rate environment, several commercial developments will need to rely on C-PACER financing for the projects to cash flow.

Bill 56 passed the Honolulu City Council on December 6, 2023. HGIA and the City Administration are working on a Memorandum of Agreement to govern Honolulu's C-PACER program. Honolulu commercial properties can access this financing option upon approval through a Resolution. Over the last few months, as Bill 56 was going through the City Council, it became apparent that its ability to stretch the term of the financing over the life of the equipment may make C-PACER an affordable option for older condos built before 1975 that failed the fire safety test. Section 514-B, HRS, will need to be revised to do so. The Authority anticipates condominium associations and the insurance industry would support such a bill.

Goals, Plans and Measurements

Over the past few years, HGIA has been setting the stage and laying the groundwork towards achieving the following strategic goals by November 2024 (FY2025), its 10-year milestone. In addition to administering its existing financing programs, future goals include the following:

1. Transition HGIA to a sustainable business model with sufficient earned revenue to support its operations.

One-Year Goal: Obtain an Environmental Protection Agency Solar for All Program award and work with the Legislature to pass HB2372 or SB3061.

Two- and Five-Year Goal: Deploy loans under the Solar For All Program and Solar PV + Storage Fund for ALICE Families.

Action Plan: Having the Legislature approve HB2372 or SB3061 will allow HGIA to retain interest earned on loans funded to cover the Authority's overhead. Similarly, one of the objectives of grant funds under the Solar for All program is for Green Banks to become self-sustaining.

Measure of Success: Earned revenue to exceed administrative and program expenses.

2. Expand financing programs to meet market gaps.

One-Year Goal: Based on bills introduced and recent discussions with policymakers, the Authority may be tasked to assist with financing cesspool conversions, fire safety measures in Condominiums, establishing a Solar Hui fund, and facilitating access to capital for Lahaina recovery. Build internal capacity to create, design, and implement new financing programs.

Two-Year Goal: Launch the following programs (subject to Federal awards and 2024 bills approved by the Legislature and signed into law by the Governor:

- Expand the C-PACER Financing Program to Condominiums;
- Cesspool conversion financing Program;
- Solar Hui Investment Fund

Five-Year Goal: Increase the number of applications received and loans funded annually.

Action Plan: For each new program:

- Recruit and hire Program Manager;
- Procure Contractors as may be required;
- Conduct community outreach to identify financing gaps;
- Design financing or solar investment program;
- Launch Program(s);
- Conduct Contractor Training and Participating Lender Training, as may be required; and
- Begin accepting applications and deploying funds.

Measure of Success: Based on the impacts over the past five years, increasing awareness and visibility of HGIA's financing programs, accelerate adoption of clean energy, and cesspool conversions amongst ALICE households.

As a public financing agency, HGIA has expanded its role from focusing on clean energy financing to meeting financing gaps for small businesses, nonprofits, and commercial property owners. Leveraging scarce public funds with private capital provides exponentially greater economic development and environmental impacts, and re-investing that same public dollar demonstrates sound fiscal stewardship.

Hawai'i Housing Finance & Development Corporation (HHFDC)



Blessing for Hale O Pi'ikea (Kihei, Maui)

Program Overview

The Hawai'i Housing Finance & Development Corporation (HHFDC) provides financing and development resources to increase and preserve the supply of affordable housing statewide.

Fiscal 2023 Highlights

- Assisted in delivering 527 units while managing assets totaling approximately \$1.7 billion.
- Awarded 15 individual projects totaling 2,156 housing units after receiving a record 39 applications for the annual funding round. This included four projects totaling 759 housing units that received Tier 2 Rental Housing Revolving Fund (RHRF) awards.
- Made significant progress toward reaching rent agreements with agricultural, residential and commercial lot lessees in Waiāhole Valley, ultimately reaching agreement with 78 of 91 lessees.
- Closed on the leasehold sale of the 74-unit Kūlia I Ka Nu'u Affordable Rental Housing Project in Wai'anae to Solar Farm View Estates.
- Assisted three housing projects in processing their 201H applications, which the Honolulu City Council approved.

2024 Housing Planning Field Work

- By May 2023, surveys were collected from more than 5,400 households and are being analyzed by SMS Research and Marketing Inc.
- The survey results will help HHFDC and other interested parties identify the areas around the state where affordable housing demand is highest and determine how best to optimize a finite amount of resources.

Tangible results – Hale Makana O Mo‘ili‘ili

- The 105-unit, all-affordable mid-rise project for seniors held its blessing in June 2023.
- HHFDC awarded the \$39.7 million project a \$13.6 million loan through the Rental Housing Revolving Fund (RHRF), \$999,234 in federal Low-Income Housing Tax Credits (federal LIHTC) for ten years and another \$999,234 in state LIHTC for five years; and \$22 million in tax-exempt revenue bonds through the state Hula Mae Multi-Family (HMMF) Fund.
- Units are priced for households making no more than 30%, 50% and 60% of area median income (AMI).

Tangible results – Kaulana Mahina Workforce Housing

- Located in Wailuku, Maui, Phase 1 is set to be completed by the end of the year.
- Nearly two-thirds of the 324-unit, multi-family rental project – 195 units – will be designated as affordable for low-income and moderate households, those earning 50% AMI or less, 80% AMI or less, or no more than 140% AMI.
- Move-ins are scheduled for the first quarter of 2024.
- Applications are being accepted through a lottery process.

In the Pipeline

- Parkway Village at Kapolei: A 405-unit family rental project for those earning 30% to 60% AMI. Located across Kapolei Parkway from downtown Kapolei, O‘ahu, the project is expected to be completed in 2025. The community will include six classrooms, allowing preschools to be operated in partnership with Kamehameha Schools and the Partners in Development Foundation.
- Hale O Pi‘ikea: A 223-unit affordable housing development in Kihei, Maui, aimed at those households earning 30% to 60% AMI. Plans call for the development in three phases, with Phase 1 consisting of 90 units (including five for mobility impaired and two for hearing and vision impaired); Phase 2 consisting of 97 residential units and a commercial component; and Phase 3 consisting of 36 residential units. Phase 1 is expected to be completed in 2025. The County of Maui’s Affordable Housing Program contributed to the financing.
- Hale Nā Koa O Hanakahi: A 92-unit senior rental housing project just outside of downtown Hilo, Hawai‘i, it is aimed at those earning 30% to 80% AMI. Preference will be given to veterans and the spouses of veterans. Completion is scheduled for 2025.
- Aloha Iā Halewilikō: A 140-unit senior rental project for households earning between 30% to 60% AMI. The project is at the former ‘Aiea Sugar Mill, a city-owned property. Completion is scheduled for 2025.

Goals, Plans and Measurements

1. Housing Financing Program

One-Year Goal: Through its existing housing finance programs and tools, continue to facilitate the development, construction, and rehabilitation of affordable housing units in the State of Hawai'i by collaborating with the private sector.

Five-Year Projection: HHFDC will assist in financing and developing more than 9,500 affordable housing units over the next five years.

Action Plan: HHFDC will continue to facilitate housing statewide by working with the counties, community, and private developers, as well as sister state agencies, including the Hawai'i Community Development Authority (HCDA) and the Hawai'i Public Housing Authority (HPHA). The focus will be on expanding housing options for those individuals and families earning 30% to 140% of area median income (AMI) through our financing programs, including the Low-Income Housing Tax Credit (LIHTC), the Rental Housing Revolving Fund (RHRF), the Hula Mae Multi-Family Bond (HMMF), and Dwelling Unit Revolving Fund (DURF).

Measure of Success: The number of new development projects and affordable and workforce housing units produced or rehabilitated statewide.

2. Down Payment Assistance Program for Homeownership

One-Year Goal: Provide State grants to qualifying first-time homebuyers to assist with closing costs, making homeownership affordable to those who need it.

Action Plan: Establish a program using State mortgage revenue bonds through the State's existing bond managers. Target 600 households at \$15,000.

Measure of Success: Disbursement of all funds.

3. Income Averaging for LIHTC: Implement Income Averaging criteria for LIHTC by establishing criteria in the State Qualified Allocation Plan (QAP). This will allow LIHTC projects to rent to residents at 80% AMI and below, targeting an underserved group of residents.

One-Year Goal: Working group discussions and program structure.

Two-Year Goal: Incorporate into the QAP.

Action Plan: Establish a QAP working group committee to formulate the program structure per U.S. Treasury guidance. Draft a QAP, hold public hearings as needed, and obtain approval from the HHFDC Board of Directors.

Measure of Success: Units awarded utilizing 80% AMI units and a greater allocation of 30% AMI units per project.

4. Bond Recycling Program: Establish a program State account to utilize "recycled" private activity bonds to fund affordable housing projects. This will provide an additional stream of lower-cost financing for affordable rentals.

One-Year Goal: Legislation to allow recycled bonds and create a state fund.

Two-Year Goal: Hire staff and establish program structure and guidelines.

Five-Year Goal: Projects placed in service utilizing recycled bond funds.

Action Plan: Identify projects that are candidates for recycled bonds. Procure third-party Line of Credit servicer. Establish administrative rules.

Measures of Success: The amount of bond cap re-issued into new affordable housing projects. Calculation of the percentage of funds eligible for recycling that is utilized.

Hawai'i State Energy Office (HSEO)



HSEO is Hawai'i's primary government entity for supporting the clean energy initiative

Program Overview

The Hawai'i State Energy Office (HSEO) leads the charge to enhance energy security and resilience and advance toward energy independence and decarbonization across the state. It plays a crucial role in ensuring clean energy projects contribute to a resilient and sustainable Hawai'i economy. HSEO's approach includes strategic leadership, program design and execution, thorough analysis and data sharing, regulatory support, and active education and community engagement. Through these efforts, HSEO addresses current energy challenges and paves the way for a sustainable, decarbonized future for Hawai'i, fostering an informed and engaged community.

2023 Highlights

Decarbonization Report, "Hawai'i's Pathways to Decarbonization"

- Under Act 238, Session Laws of Hawai'i 2022, the Hawai'i State Energy Office analyzes pathways and thirty (30) recommendations for achieving the State's economy-wide decarbonization goals, with an evaluation of emission reduction pathways from all emitting sectors economy-wide.

HSEO Chief Energy Officer Congressional Testimony on Catastrophic Maui Fire

- The HSEO Chief Energy Officer testified before the House Committee on Energy and Commerce, Subcommittee on Oversight and Investigations on "Investigating the Role of Electric Infrastructure in the Catastrophic Maui Fire" on September 28, 2023.

Completion of Advance Assistance Hazard Mitigation Assessment for O'ahu's Energy System

- HSEO prepared and completed an Advance Assistance assessment entitled "Advance Assistance, Energy and Critical Infrastructure Vulnerability and Resiliency Assessment" with support from the Federal Energy Management Agency's Hazard Mitigation Grant Program.
- The assessment consists of a comprehensive inventory and baseline assessment of O'ahu's major energy supply, distribution, and demand networks and the State's critical infrastructures, to be followed up with similar assessments for Maui, Kaua'i, and Hawai'i.

Power Generation Fuels Analysis & Firm Energy Research

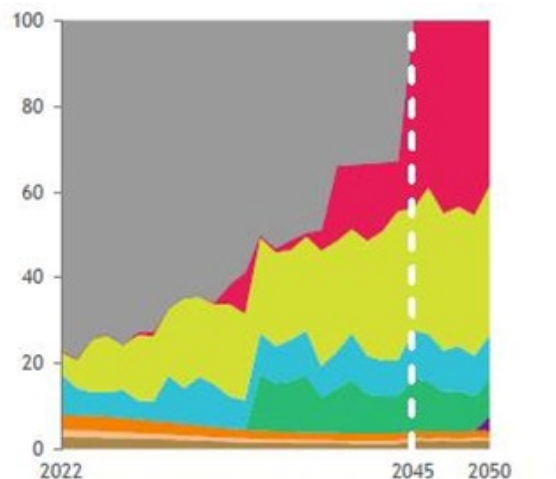
- Analyzing a power generation fuel switching plan from low-sulfur fuel oil and diesel to lower-carbon intensity fuels and ultimately hydrogen to reduce electricity prices in Hawaiian Electric's service territory, to be completed by April 2024.
- Secured \$5 million in Coronavirus State Fiscal Recovery Relief Funds (CSFRF) to pursue a slim-hole drilling effort to prove geothermal resources.

Hawai'i Pacific Hydrogen Hub (H2Hub) Full Application Submitted

- The Hawai'i State Energy Office and its partners have submitted a complete application to the U.S. Department of Energy's Clean Hydrogen Hub programs. The Hawai'i Pacific Hydrogen Hub (H2Hub) was one of 33 concept papers nationwide encouraged by the U.S. Department of Energy to apply for funding through the program.
- While unsuccessful, the H2Hub proposal contributed to developing two hydrogen development projects, Aloha Carbon and Yummet, which are still moving forward.

Hawai'i Energy Policy Forum

- HSEO's incoming Chief Energy Officer organized and convened the Hawai'i Natural Energy Institute's 20th Anniversary of Hawai'i Energy Policy Forum during 2023 Hawai'i Climate Week, which featured keynotes from Governor Josh Green, M.D., and U.S. Deputy of Secretary David Turk. The Legislative briefing provided a comprehensive look at Hawai'i's progress and future challenges in achieving a resilient and affordable 100% renewable energy future and net-negative carbon emissions by 2045.



Goals, Plans and Measurements

HSEO STATEWIDE ENERGY & DECARBONIZATION STRATEGY

1. Alternative Fuels Analysis & Action Plan

One-Year Goal: Complete alternative fuels analysis, with a focus on lifecycle greenhouse gas emissions analysis to determine the potential greenhouse gas emissions benefit for bridge fuel.

Two-Year Goal: Action plan developed – Technical assistance provided regarding permitting requirements and project development if the project is determined to be appropriate.

Five-Year Goal: Project coordination and development. Technical assistance in transition to applicable alternative fuel studies.

Action Plan: Under development. 1) Feasibility analysis – including GHG analysis, Cost analysis, permit planning, and requirements. 2) Project planning 3) Full engineering and design. 4) PPA approval and project development. 5) Operations.

Measures of Success: Reduced energy costs in the integrated electricity and transportation sectors, increased system reliability, and lower GHG emissions.

2. Federal funding, Climate Pollution Reduction Grants

One-Year Goal: Assist the Climate Commission with the Completion of the Priority Climate Action Plan due to the EPA on March 1, 2024, including the projects in the EPA Implementation Grant, due April 1, 2024. HSEO will lead a coalition application for the grant, with a budget estimated between \$50-80 million.

Two-Year Goal: Receive and distribute funding, fulfill reporting requirements

Five-Year Goal: Successfully wrap-up program; complete reporting requirements

Action Plan: Outlined in the grant application.

Measures of Success:

- Stimulates transformation toward a decarbonized economy and demonstrate approaches that are replicable to unlock opportunities for even greater emissions reductions;
- Result in benefits (and does not result in negative impacts) to low-income and disadvantaged communities, such as CAP and HAP reductions, equitable economic growth, and improved quality of life outcomes, where applicable;
- Supports measures for which dedicated funding or financing from other sources)) is unavailable or that leverage other sources of public and private funding to the fullest extent possible before seeking CPRG funding;
- Achieve GHG emission reductions that are long-lasting and certain;
- Incorporates high labor standards, emphasizes job quality, and supports equitable workforce development; and,
- Ensures accountability by providing clear assumptions, metrics, timelines, authorities, and budget details.

3. Decarbonization, Act 238 Follow-Up

One-Year Goal: Conduct stakeholder and community outreach engagement on completed report results and recommendations. Work with stakeholders to finalize the study and develop recommendations for policy actions and mechanisms to achieve decarbonization. Develop and recommend policy actions to achieve short-term and long-term goals. Normalize the findings of the study.

Two-Year Goal: Update data as appropriate.

Five-Year Goal: Complete a five-year follow-up report to check on progress for all sectors economy-wide.

Measures of Success: Implementation of the policies and mechanisms as recommended in the Decarbonization study completed in year Measured reduction in greenhouse gas emissions as measured in the State greenhouse gas inventory completed by DOH, particularly in the Energy Sector. Continued progress toward renewable energy and clean transportation goals.

JOBS & OUTREACH BRANCH (Workforce Development Focus Area)

1. Good Jobs Hawai'i – Clean Energy and Skilled Trades Sectors

One-Year Goal: Establish a new Hawai'i Clean Energy Sector Partnership, provide training, and develop new training.

Two-Year Goal: Continue providing training and developing new training. Training under development: IBEW 1186 – apprenticeship exam prep, EVITP / energy storage, EVs; AEE – Certified Energy Manager, Energy Efficiency Practitioner, Certified Energy Auditor; IBEW 1260 – lineman pre-apprenticeship, safety upskilling; Moloka'i Affordable Housing Alliance Training (Mākaha Learning Center); GED/equivalency (Windward Community College)

Five-Year Goal: Seek resources to continue clean energy workforce development programs beyond GJHI's lifetime, which ends in September 2025.

Action Plan: Establish a new Hawai'i Clean Energy Sector Partnership and work with partners (University of Hawai'i Community Colleges, etc.) to develop and provide priority training in Hawai'i's clean energy and skilled trades sectors.

Measures of Success: Enroll 400; train and place or upskill 255 workers by September 2025. Data collection period for Clean Energy / Skilled Trades (April 1, 2023 to Sept. 30, 2023): Enrollees: 272 (Y2 Goal Met); Completers: 152 (Y2 Goal Met); Full Time Employment: 100 (Y2 Goal Met)

2. Training for Residential Energy Contractors (TREC)

One-Year Goal: Submit an application to the US Department of Energy (USDOE) by January 31, 2024, for Hawai'i's \$1,194,820 allocation, procure project partners, and start developing training.

Two-Year Goal: Continue to provide and develop training, certify trainees, and support job placement or upskilling.

Five-Year Goal: Complete the TREC training program, support the workforce as needed, maintain trainee records, and roll out Hawai'i's Home Energy Rebates Program.

Action Plan: Contract local community-based and national workforce partners to train the workforce needed to successfully install the home efficiency and retrofit technologies eligible for rebates under USDOE's Home Energy Rebates Program (Hawai'i has a \$68M allocation).

Measures of Success: Enroll 500; train and place or upskill 375 workers by 2028.

3. Keiki-to-Career Pathways in Hawai'i's Energy Sector

One-Year Goal: Build upon HSEO's Clean Energy Curricula published in 2022 and support developing and rolling out the Hawai'i Department of Education's (HIDOE) Career and Technical Education (CTE) Energy Pathway.

Two-Year Goal: Expand the CTE Energy Pathway beyond the three pilot high schools (Campbell, Kapolei, Kealakehe) and three programs of study (Renewable Energy Technologies, Alternative Fuels Technologies, and Power Grid Technologies).

Five-Year Goal: Continue to expand and build the CTE Energy Pathway.

Action Plan: Partner with HIDOE to establish and develop a new CTE Energy Pathway to educate K-12 students about Hawai'i's energy sector and its available careers.

Measure of Success: Provide CTE Energy Pathway curricula to teachers and students in all Hawai'i K-12 schools (Title I, charter, private). As of July 2022, 150+ teachers and eight trainers at 80 Title 1 schools were trained, and 9,500 students statewide were reached through HSEO's Clean Energy Curricula.

JOB & OUTREACH BRANCH (Community Engagement Focus Area)

1. Clean Energy Wayfinders Technical Assistance

One-Year Goal: Secure \$1,000,000 in Congressionally delegated funding and procure local partners.

Two-Year Goal: Develop and implement community work plans and engage communities on priority energy projects and topics.

Five-Year Goal: Complete community engagement, develop a plan of continuity to build community capacity, and identify lessons learned.

Action Plan: Contract community-based grassroots organizations to build local capacity and engage communities throughout Hawai'i on priority energy issues.

Measures of Success: Community work plans developed, communities and individuals engaged, lessons learned, and priority energy policies, programs, and projects addressed.

2. Clean Energy Wayfinders 'Āina Corps

One-Year Goal: Conduct community outreach through Wayfinders 'Āina Corps Cohort 2 (October 2023 – October 2024), continue Wayfinders training in partnership with the University of Hawai'i Sea Grant Program, and seek funding for Cohort 3.

Two-Year Goal: Launch Cohort 3, conduct community outreach, continue Wayfinders training in partnership with the University of Hawai'i Sea Grant Program, and seek funding for Cohort 3.

Five-Year Goal: Secure long-term funding to continue the Wayfinders 'Āina Corps program.

Action Plan: Place Wayfinders in select communities throughout Hawai'i to provide an accessible, consistent HSEO presence while disseminating information and education on priority energy topics, including HSEO grant projects.

Measures of Success: Number of community members engaged, number of events attended or hosted, number of policies, programs, and projects facilitated. To date, the Wayfinders have attended and hosted 80+ community events, including neighborhood board meetings, farmers' markets, community fairs, school classes, and town hall meetings, engaging 1,500+ individuals.

3. Energize Kākou (Energy Equity Hui, Energy Equity and Justice Docket, HSEO Sponsorships, Pacific Partnerships)

One-Year Goal: Issue HSEO sponsorships for events/programs that promote HSEO priorities, support the Energy Equity Hui (EEH), participate in the Hawai'i Public Utilities Commission Energy and Equity Justice Docket (EEJD), apply for technical support through the Energy Transitions Initiative Partnership Project (ETIPP), and expand HSEO's Pacific nation partnerships.

Two-Year Goal: Address priority community topics through the EEH, EEJD, ETIPP, and growing partnerships with Pacific nations, develop community considerations to guide priority energy policies, programs, and projects, and continue HSEO sponsorships.

Five-Year Goal: Continue to build community capacity to engage on priority energy policies, programs, and projects.

Action Plan: Through multiple venues, HSEO and its partners will engage Hawai'i communities on priority energy policies, programs, and projects with the objectives of increasing transparency, empowering communities and residents, and supporting overall state and local energy goals.

Measures of Success: Energy policies, programs, and projects facilitated, and individuals and communities engaged.

ENERGY EFFICIENCY & RENEWABLE ENERGY BRANCH (Renewable Energy Focus Area)

1. EERE 01, Renewable Energy – Project Deployment (RE-PD) - Work for successful outcomes for utility-scale projects already under development

One-Year Goal: Establish good working relationships with public, private, community, and other organizations involved in renewable energy projects, siting, and approvals by identifying best practices, examples of success, and areas for improvement. Listen, understand, explain, and advocate (for the community and the project, where appropriate).

Two-Year Goal: Communicate with agencies, developers, and others to maintain awareness of issues, concerns, and processing timelines. Monitor the progress of projects toward commercial operations and critical paths. Proactively address issues that arise. Identify dedicated funding to continue staff and government agency (including county) support. Update existing resources as needed (including sourcing funds and procurement).

Five-Year Goal: Target: Reduce project permitting from 5 years to 3. Continuously improve processes associated with approvals, siting, construction, and financing cost-effective renewable energy projects. Leverage state funds to obtain federal funds. Evaluate success for potential modification or replication.

Action Plan: Increase capacity (hire subject matter expert). Communicate with renewable energy project developers, utilities, and permitting agencies regarding project timelines and barriers as they arise; understand issues; identify solutions; and improve renewable energy project deployment. Maintain and update HSEO resources (Permit Wizard, EnerGIS, Energy Project Directory).

Measures of Success: Support given to permitting, construction, and operation of renewable energy projects; improvements to planning and siting processes. Number of projects supported or facilitated. Number of concerns addressed. Successful retirement of fossil fuel plants across the state. Timely development of replacement renewable energy.

2. EERE-02, Renewable Energy – Resource Development - Inform and advance resource assessment, siting, and permitting renewable energy projects with longer lead times (e.g., geothermal, offshore wind, pumped hydropower, hydrogen, advanced fuels) and later procurement cycles.

One-Year Goal: Complete increment of geothermal resource assessment. Provide input on key county and state policies. Support resource assessments, analyses, research, studies, demonstrations, and technical programs (e.g., by NREL/LBL/ANL/HNEL/UH/etc. on energy storage, recycling of energy products, bioenergy, geothermal, hydrogen, ocean, grid, etc.). Seek Federal and National Laboratory support. Apply for grants. Contract for services.

Two-Year Goal: Continue work begun in Year 1. Provide input on key policies. Manage and provide support to grants and contracts, as appropriate.

Five-Year Goal: Target: Continual year-over-year reduction in exposure to oil price volatility. Continue to obtain funding and policy support for longer-term projects; provide input on key policies. Sustain long-term renewable energy progress. Perform or support studies as needed (e.g., resource, technology, regulatory, c, and financing assessments; hydrogen and energy storage; pumped hydro evaluation; co-product analyses, etc.); explain policies, etc., as needed to decision-makers, communities, technical, and other audiences.

Action Plan: Increase capacity (hire subject matter experts). Obtain funding and contract for resource assessments.

Measures of Success: Number of resource assessments conducted. Leverage of state and private funds to obtain federal funds. Number of projects supported or facilitated. Number of policies reviewed. Number and quality of solutions identified.

3. EERE-03, Customer-Sited Distributed Energy Resources (DER) - Identify potential solutions to evolving barriers as rooftop solar, customer-sited storage, and demand response markets (and grid saturation) occur; identify opportunities to increase uptake, including financing programs, rebate and tax credit programs, and the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA). Act as a resource for Hawai'i taxpayers on federal and state residential solar tax credit inquiries.

One-Year Goal: Support continued successful installations of rooftop solar systems, customer-sited energy storage, and demand response participation (especially on O'ahu, due to high energy demand and limited opportunity for utility-scale renewable energy projects).

Two-Year Goal: Ongoing assessment, evaluation, and partnership deployment of program opportunities and incentives through county, state, and federal rooftop solar initiatives.

Five-Year Goal: Maximize rooftop solar installations, especially on O'ahu; maximize cost-effectiveness for customers and the electrical grid; reduce overall energy burden; and improve energy equity.

Action Plan: Evaluate, apply for, and provide information to Hawai'i entities on federal funding through the IIJA and IRA. Identify barriers to Hawai'i's rooftop solar penetration and customer-sited energy storage. Work with the Hawai'i Green Infrastructure Authority, Hawai'i Solar Association Hawai'i Energy, County programs, low- and moderate-income housing providers, and others to leverage programs and partnerships for rooftop solar deployment and smart export. Provide information to Hawai'i taxpayers on federal and state energy tax credits.

Measure of Success: Continued deployment of rooftop solar, customer-sited batteries, and other distributed energy resources through new programs that address cost and technical constraints, manage circuit and grid saturation, and put into place cost-effective means of collecting energy when and where it's available and delivering it when needed to meet increasing demands for electrical service.

ENERGY EFFICIENCY & RENEWABLE ENERGY BRANCH (Energy Efficiency Focus Area)

1. EERE-06, Statewide Energy Efficiency (HOMES, HER, and EEPS) - Improve the efficiency and cost-effectiveness of Hawai'i's energy systems to reduce the total cost to residents, reduce energy losses, and achieve energy balance sooner; deploy funds from Federal energy efficiency rebate programs quickly and effectively.

One-Year Goal: Prepare to launch a Hawai'i (federally-funded) energy efficiency rebates program in the second half of 2024, a possible Revolving Loan Fund program (with HGIA), and an extended Energy Efficiency Portfolio Standard.

Two-Year Goal: Continue to administer and report on Federally-funded energy programs. Evaluate, implement, and support cost-effective energy efficiency and demand response policies, projects, and initiatives statewide, including activities of the Energy Efficiency Portfolio Standard advisory and working groups.

Five-Year Goal: Continue administering and reporting on the Federal energy efficiency rebate programs. Continue evaluating, implementing, and supporting statewide cost-effective energy efficiency and demand response policies and initiatives. Where appropriate, coordinate and apply for funding to support energy efficiency and energy demand management projects and initiatives.

Action Plan: Increase capacity (hire subject matter experts). Apply for and coordinate state activities under federal energy programs (including the 2022 Inflation Reduction Act, Section 50121 Home Efficiency Rebates, and Section 50122, Home Electrification & Appliance Rebates, and Energy Efficiency Revolving Loan Fund). Participate in the Energy Efficiency Portfolio Standard Technical Advisory Group and Technical Working Group, providing review, assessment, and recommendations

for the Public Benefit Fee Administrator, Triennial Plan, and Enhancement. Plan for implementation of Appliance Efficiency Standards.

Measures of Success: Effective launch and eventual completion of rebate program; continued progress towards statewide energy efficiency objectives (4300 gigawatt-hours by 2030).

2. EERE-07, Energy Efficiency for State Buildings (EESB): Provide leadership and support for improving the energy profiles of state facilities.

One-Year Goal: Obtain federal approval and contract for two new projects: State Facilities Benchmarking and State Facilities Energy Strategy; coordinate with other state agencies and over 1,300 facilities; target project completion date: mid-2025.

Two-Year Goal: Identify "Tier 2" State facilities with energy efficiency retrofit potential and likely candidates for ESPC or other financing options. For Tier 1 and Tier 2 facilities, identify demand response or other potential tariff /aggregator participation options to reduce State agency energy (electricity and fuel) costs. Seek federal funding and other support for maximizing energy and water efficiency and energy generation potential and using building materials that reduce the project's carbon footprint.

Five-Year Goal: Provide assistance to support government agencies in financing energy efficiency and cost reductions via operational changes, energy savings performance contracts, or other financing mechanisms. Hawai'i Revised Statutes, Section 196-30, also requires that major facilities be "retro-commissioned" every five years.

Action Plan: Increase capacity (hire subject matter expert). Assist state agencies and state facility managers in completing energy audits of their facilities and implementing cost-effective energy efficiency measures. Collect all state-owned facilities' utility bills and energy usage data and make this data publicly available. Assist state agencies and state facility managers in evaluating how, where feasible and cost-effective, to design new state building construction to maximize energy and water efficiency and energy generation potential and to use building materials that reduce the project's carbon footprint.

Measures of Success: Meet HSEO obligations as outlined in HRS (including HRS §196-31); collect and post data on the energy use of state facilities; measure, report, and achieve improved energy profiles of state facilities, including vehicular fuel diversification and daytime charging.

3. EERE-08, Energy Codes - Energy code updates, grant management, working group, and training: pursuant to HRS Section 107-22(4), HSEO is a State Building Code Council voting member. HSEO is also on the Council's Investigative Committee for the International Energy Conservation Code (IECC). Under the Governor's approval, HSEO is delegated coordination authority for energy code funding available under the Inflation Reduction Act. HSEO also provides leadership in energy code training events and toolkits.

One-Year Goal: Prepare to apply for Federal funding for building codes (IRA §50131); draft application(s) and plan (s) with other partners as appropriate.

Two-Year Goal: Submit funding applications. Provide training on current energy codes, International Energy Conservation Code (IECC), and amendments. Assist with contracts, demonstrations, training, and applications of energy auditing, efficiency, standards, cool roofs / cool walls, water heating, ventilation, and cost management for low- and moderate-income residences.

Five-Year Goal: Adopt the amended 2024 IECC as a state code. Assist counties with adopting the amended 2024 IECC at the county level. Provide training on the 2024 IECC. Continue assistance to community groups working in low-income areas regarding energy audits, installation of high-efficiency lights and water fixtures, high-efficiency water heaters, cool roofs and walls, ceiling fans, and efficient appliances. Increase the knowledge of advanced design and construction practices in

community college and continuing education programs; improve the awareness of and interest in employment opportunities in code official and code verification professions.

Action Plan: Increase capacity (hire subject matter expert).

Measures of Success: Timely updates (Hawai'i amendments) to the International Energy Conservation Code, which is amended every three years. Adoption at the State level. Adoption at the County level. Meetings of the SBCC. Training and the number of trainees that attend informational events on the updated versions of the IECC.

4. EERE-09, Hawai'i Green Business Program (HGBP) - Pursuant to HRS 196-71(b)4, HSEO is directed to engage the private sector to lead clean energy efforts.

One-Year Goal: Expand outreach and participation in the Hawai'i Green Business Program to small and rural businesses in the state.

Two-Year Goal: Continue collaborating with other organizations, the Clean Energy Wayfinders and VISTAs, to reach more small and rural businesses and organizations on O'ahu and the Neighbor Islands to increase participation in the Hawai'i Green Business Program.

Five-Year Goal: Pursue federal and other funds to support the expansion and growth of the Hawai'i Green Business Program.

Action Plan: Recruit participant organizations and provide technical assistance and training. Conduct forums and recognition ceremonies to promote businesses and organizations that are leaders in energy efficiency, renewable energy, and clean transportation.

Measure of Success: Number of businesses recruited, participating in, and recognized in the Hawai'i Green Business Program (HGBP). Energy, water, and waste reduction metrics from each year's awardees.

RESILIENCE, CLEAN TRANSPORTATION, AND ANALYTICS BRANCH (Resiliency Focus Area)

1. Resiliency – ESF-12 Response - Continue to build out HSEO's SERT and expand the office-wide capability to support SESF-12 activities. Engage in effective discussion-based exercises and develop and implement the exercises that provide needed feedback and input for updating state-level plans and developing institutionalized capacity within the HSEO and State.

One-Year Goal: Maintain a trained core team of ESF-12 responders to staff activations.

Two-Year Goal: Implement multi-year training exercise workshops for SESF 12/SERT; recruit and train a second position to support energy assurance operations and training.

Five-Year Goal: All HSEO staff cross-trained in SERT responsibilities and business continuity of operations to ensure SERT capacity and effectiveness.

Action Plan: Develop and implement a Multi-Year Training and Exercise Plan to ensure all staff are trained for SERT/SMC.

Measures of Success: Number of staff and stakeholders trained in the roles and responsibilities related to SESF 12: Energy. Percentage of ESF-12 activations fully staffed by trained SERT/SMC team members.

2. Resiliency – Energy Security Planning and Common Operating Picture - Update and maintain State Energy Security Plan and develop an Energy Common Operating Picture (COP) for energy assurance, resiliency planning, and emergency response.

One-Year Goal: Submit updated SESP for approval of six required elements.

Two-Year Goal: Implement Advance Assistance 2.0 grant to complete statewide energy COP and identify projects and strategies for integration into State and County Hazard Mitigation Plans;

update energy assurance operations and training; develop and implement data management protocols; refresh EIIRP program and integrate data into COP.

Five-Year Goal: Regular updates of COP and statewide energy system risk assessment and SESP.

Action Plan: Begin Advance Assistance 2.0, update SESP and Hazard Mitigation Plans, and refresh the EIIRP program.

Measure of Success: Number of updated and maintained SESP and COP.

3. Resiliency – Resiliency Projects and Investments - Advance resiliency and investment in resilient energy supply infrastructure throughout Hawai'i via federal grant funding through programs such as Building Resilient Infrastructure and Communities (BRIC), Grid Resiliency Innovation Partnerships (GRIP), 40101(d), and other energy resiliency grant opportunities coordinated as relevant with sister agencies at the State and county level and private sector partners.

One-Year Goal: Implement BRIC award and two GRIP awards; design and implement 40101(d) grid resilience program; submit applications for the next BRIC, GRIP, HMGP, and 40101(d) funding cycles.

Two-Year Goal: Develop applications for projects identified in the O'ahu Advance Assistance project for future funding applications. Continue implementing existing BRIC, GRIP, and 40101(d) funded projects.

Five-Year Goal: Develop a self-sustaining pipeline for energy resiliency investments in Hawai'i supported by Advance Assistance grants, State and County Hazard Mitigation Plans, and utility planning documents.

Action Plan: Identify potential funding sources to pursue and match with appropriate resilience projects, develop applications, and execute projects.

Measures of Success: Number of community lifeline infrastructure investments and strategies identified. Energy projects integrated into state and county hazard mitigation plans. Federal and private dollars leveraged.

RESILIENCE, CLEAN TRANSPORTATION, AND ANALYTICS BRANCH (Clean Transportation Focus Area)

1. Clean Transportation – Medium and Heavy-Duty Vehicle and EV charging Deployment through Volkswagen Settlement Funds - Advance investment in clean transportation infrastructure and vehicle adoption throughout Hawai'i through the Volkswagen Settlement, Diesel Emission Reduction Act (DERA) and other federal grants, and development of programs supported through the funding.

One-Year Goal: Successfully deploy the next round of Diesel Replacement Rebate (DRR) through EPA DERA and Volkswagen Settlement funds. Apply for a Charging and Fueling Infrastructure (CFI) grant for electric vehicle charging, utilizing VW funds as a cost match.

Two-Year Goal: Continue deploying the Volkswagen Settlement fund consistent with the deployment plan. Work with state and county agencies, local stakeholders, and market participants to leverage Volkswagen Settlement funds as appropriate and federal programs as possible to implement strategies under the multi-state MDHD MOU and disperse EV funds.

Five-Year Goal: Deploy all Volkswagen Settlement funds except for the final year of DRR rebates. In collaboration with HDOT, counties, and relevant state agencies and stakeholders, develop a plan to systematically access and deploy federal funds through a variety of programs strategically filling market gaps.

Action Plan: Continue administration of the Diesel Replacement Rebate (DRR) in collaboration with DOH-CAB. Program is currently fully subscribed and awaiting the next round of funding through the EPA DERA program. HSEO submitted a \$4.5M application under the EPA's DERA program to expand the DRR program. If awarded, complete negotiation with the EPA and deploy funds. Collaborate with HDOT and utilities on a CFI charging application focused on resiliency.

Measures of Success: Percentage of Volkswagen Settlement Funds deployed. The percentage by which Volkswagen funding is leveraged with federal and private sector dollars.

2. Clean Transportation - Public Fleet Conversion - Explore and participate in innovative ways to adopt alternative fuel vehicles. Support other State and county agencies as they transition to a decarbonized fleet.

One-Year Goal: Streamlined processing of exemption requests for fleet vehicles. Establish the HSEO portal as a resource for state agencies transitioning their light-duty fleet. Complete contracting and launch fleet resiliency project funded through the Joint Office of Energy and Transportation \$1M Ride and Drive Electric award.

Two-Year Goal: Continue processing exemption requests for DAGS/Comptroller. Continue executing the Ride and Drive Electric grant for resilient charging with partner agencies, including DAGS, DOT, HI-EMA, and OHS. Develop a state light-duty fleet transition roadmap.

Five-Year Goal: Complete the Ride and Drive Electric grant in year 3. Use the results to apply for federal funding and support state agencies' transition of their light-duty fleets to 100% ZEV.

Action Plan: Launch the HSEO web page for fleet transition resources and exemption requests in coordination with DAGS and DOT. Process exemption requests and provide recommendations to the Comptroller. Develop RFP, complete procurement, and launch recently awarded \$1M Ride and Drive Electric grant by the Joint Office of Energy and Transportation. Project identifies strategies and projects to provide resilient charging solutions for state and county vehicles for emergency response and addresses issues noted in exemption requests.

Measures of Success: Number of State agencies supported; percentage of State fleet converted.

RESILIENCE, CLEAN TRANSPORTATION, AND ANALYTICS BRANCH (Data and Analytics Focus Area)

1. Data Analytics – Energy System Data - Develop a data governance framework for energy data to support measuring and evaluating progress towards state energy goals, identify opportunities, and promote outreach and education. Design the framework to disseminate data to the public better and create workforce development opportunities through a data fellows program. Develop the energy data governance framework for Hawai'i through a federally funded Data Scientist and Fellows in partnership with UH Data Science Institute.

One-Year Goal: Identify additional data sets to add to the data portal. Incorporate data sets used in HSEO's Decarbonization Study into the data portal. Build out data visualizations that illustrate and explain the outcomes of HSEO's Decarbonization study.

Two-Year Goal: Implement identified data governance priority activities. Expand data sharing and portability. Make improvements to the Data Portal. Identify and pursue potential long-term funding for the position and activities.

Five-Year Goal: With a data governance framework largely in place, advanced data analytics are underway and available to the public. Explore monetization of data analytics per HRS §196-72(c)12. Dedicated funding source supports ongoing data governance and data science activities.

Action Plan: Identify priority data governance and data science activities, including the continued build-out of HSEO's Data Portal. Complete current data analysis projects conducted by the data science fellows from the University of Hawai'i and identify the next round of projects that build off the analysis done for the HSEO's Decarbonization Study.

Measures of Success: Number of data sets available in the Data Portal. Number of curated data sets developed by HSEO, Accessibility of data sets. Number of downloads of shared data sets. Number of users accessing data sharing platform. Common data standards and practices across Hawai'i's energy ecosystem.

2. Data Analytics – Energy System Modeling and Visualization

Develop energy system models for each of Hawai'i's islands and train a local user group within state agencies to support the continuity of capacity for energy system modeling and policy analysis. Integrate a data visualization program to allow detailed energy system analysis to be approachable and actionable to non-energy sector stakeholders impacted by the transition of Hawai'i's energy system to 100% renewable energy.

One-Year Goal: Train a user group on Engage, the energy system model developed by a collaboration between NREL and HSEO that was utilized for HSEO's Decarbonization Study. Collaborate with transportation agencies, including OMPO, to model the energy system impacts of alternative transportation scenarios.

Two-Year Goal: Select and complete policy analysis of actions identified or supported by HSEO's Decarbonization Study. Identify visualizations that explain the policy tradeoffs.

Five-Year Goal: Solidify a user group within Hawai'i capable of running the engage model. Establish the capabilities within HSEO to update and build new base case energy system models independently for use by stakeholders in their analysis. Develop a suite of visualization tools that help policymakers better assess the tradeoffs of energy system decisions.

Action Plan: Identify individuals within state agencies and stakeholder groups for engagement training. Continue partnership with the University of Hawai'i's Laboratory for Advanced Visualization and Applications to develop a suite of visualization tools that complement each other and provide engagement across the energy literacy spectrum.

Measures of Success: Number of policy analyses performed; Number of visualizations developed.

OPERATIONS BRANCH

1. Manage timely submissions of Grant applications and quarterly reports.

One-Year Goal: HSEO's funding for various projects and initiatives greatly depends on Federal Grants and awards. The program reports on eight grants totaling approximately \$15 million, with nine pending applications totaling approximately \$64.7 million. These applications require various justification documents, ranging from problem statements to objectives, outcomes, and budgets. Operations function is to assist programs with the requirements and deadlines for these awards and submission. After receiving the award, OPS will assist programs with preparing and filing required reports. These reports include project activities and achievements, schedule and budget status, and identifying problems.

Action Plan: Maintain and manage a list of upcoming funding opportunities and advise and guide programs through the application process and submission. Maintain and manage a list of awards and prepare timely quarterly reports.

Measure of Success: Review and submit all applications and quarterly reports on time.

2. Manage and maintain staffing levels.

One-Year Goal: To meet HSEO's strategic goals, positions must be filled on time. In addition, new positions are being established using federal funding. Operations is responsible for initiating and managing the recruitment of vacant positions. HSEO has grown in the last several months, adding approximately eight new positions. Keeping positions filled is of high importance.

Action Plan: Submit a request to fill documents and post vacancies for recruitment within the first week of the vacancy.

Measure of Success: Fill vacancies within three to four months.

Hawai'i Technology Development Corporation (HTDC)



Blue Startups, Cohort 12 with SBA Administrator Isabella Guzman & Senator Mazie Hirono

Program Overview

In 2023, the Hawai'i Technology Development Corporation (HTDC) navigated some dynamic times as the state recovered from the pandemic but was surprised by one of the worst natural disasters in the state's history. Through all this, HTDC made notable progress in building strategic partnerships, technological advancements, and community engagement. HTDC continues to provide the resources and programs that focus on fostering the next generation of leaders in technology, manufacturing, and innovation.

2023 Highlights

2023 Manufacturing Day/Tour

To celebrate National Manufacturing Day, a group of state lawmakers and business leaders visited various local manufacturing businesses across the island of O'ahu. The Chamber of Commerce Hawai'i and HTDC organized the manufacturing tour to showcase how Hawai'i manufacturers operate and to emphasize the significance of manufacturing for the local community and economy.



The local businesses that welcomed the visitors during the manufacturing tour were:

- TruTag Technologies in Kapolei
- The Patisserie in Pearl City
- Pacific Shipyards International at Honolulu Harbor
- Aloha Beer Company in Kaka'ako

National Manufacturing Day honors the country's manufacturing industry and aims to inspire the next generation of manufacturers.

Innovate Hawai'i Supply Chain Training Video Series

HTDC collaborated with experts in supply chain management to design and deliver a series of training modules tailored to the specific needs of Hawai'i's food manufacturing industry. The series aimed to enhance the resilience of local manufacturers by providing them with practical and relevant information that could help them overcome various challenges in the supply chain. To ensure the quality and effectiveness of the training content, HTDC conducted research and interviews to understand the needs and preferences of the target audience.



The series covered inventory processes and technology, inventory planning, and materials management and provided tools and strategies for Hawai'i's food manufacturers to deal with current and future supply chain issues.

Made in Hawai'i Festival 2023

The Made in Hawai'i Festival is an annual event showcasing the state's products, including food, crafts, art, clothing, and more. It provides a platform for local businesses and artisans to showcase their products to residents and visitors from all over the world. This year, the Made in Hawai'i Festival featured over 400+ local vendors to more than 50,000 attendees at the three-day festival held at the Hawai'i Convention Center.

HTDC Holiday Tech Fair

The 22nd Annual HTDC Holiday Tech Job Fair was held on December 21, 2023, at the Hawai'i Convention Center. The event was presented in collaboration with the Chamber of Commerce Hawai'i and the Department of Business, Economic Development and Tourism (DBEDT). The job fair was strategically timed to attract Hawai'i's finest minds returning home for the festive season, specifically focusing on technology, engineering, and defense sectors. Job seekers, both returning residents and those currently residing in Hawai'i, had the unique opportunity to connect face-to-face with industry leaders in Hawai'i. The event attracted 310 attendees, and 35 employers exhibited at the fair. Additionally, 85 general resumes were uploaded on the site. Participants took advantage of free resume reviews, headshot services, and a networking event, Kama'āina Career Connect Holiday Corner, hosted by the Chamber of Commerce Hawai'i.

Entrepreneurs Sandbox

In May 2023, the Sandbox welcomed a new private sector partner, Hub Coworking, to help manage the Sandbox community and logistics for events and meetings. Although coworking remains a critical component service offering, the Sandbox repositioned itself to better service the high demand and quick flexibility needed for various industry-related partner events and collaboration needs.



Event highlights: Hackathons, HVCA Panel discussions, IEEE workshops, Blue Startups Cohort & Product Demo Night, Civil Beat townhall meetings, Chamber of Commerce strategic industry group gatherings, and tech events that included the Ed Case App Challenge, Google Cloud Solution Services, Cisco Channel Partners gathering, AWS workshops, Tableau and Salesforce Day. Creative events included hosting Creative Mornings with various local artists and the HIFF AR/VR exhibition.

216+ events | 6,900 attendees | 8 tenants | 40 coworkers (average)

Maui Research and Technology Center (MRTC)

MRTC continued to have an average occupancy rate of 75% for 2023. The facility started seeing a recovery of events and workshops such as Maui Tech Ohana and general networking events to bring the community together.



In the fall of 2023, MRTC became home to the SBA Disaster Recovery Center, and plans were initiated to become FEMA's central location for all recovery operations on Maui starting January 2024.

18 tenants | 75% occupancy | 20 coworkers (average)

Goals, Plans and Measurements

1. Entrepreneurs Sandbox

One-Year Goal: Maintain the 2023 level of activity

Five-Year Goal: Begin the planning of an adjacent facility.

Action Plan: Building demand with Sandbox reaching full capacity and fully developed and engaged with the community.

Measure of Success: Full capacity and positive cash flow.

2. Maui Research and Technology Center

One-Year Goal: Maintain positive cash flow, increase tenant churn, re-organize the co-work program, and partner with organizations to offer basic business workshops and community events.

Five-Year Goal: Facility at 95% capacity.

Action Plan: Revamp the facility to cater to remote workers.

Measure of Success: Number of new tenants and supporting workshop attendance.

3. Accelerator Fund: \$1.5 million was made available in FY23 to assist and grow Hawai'i's Accelerator and small business training programs. The goal is to help local entrepreneurs have the best opportunity for success and to create jobs.

One-Year Goal: Develop the next generation of accelerator programs and continue to provide financial support and mentorship to help produce new companies, scale up existing businesses, and create more job opportunities.

Five-Year Goal: Programs continue successfully.

Action Plan: Evaluate the existing system for better indicators to measure program performance. Additional measurables to consider include the total number of activities, total attendance, number of companies through the accelerator programs, and private sector engagement.

Measure of Success: Number of companies in the program and still in operation.

4. **Hawai'i Small Business Capital Program (HI-CAP).** In fiscal 2023, HTDC launched the HI-CAP program to receive up to \$60 million of State Small Business Credit Initiative (SSBCI) federal funds to (1) make small business loans and provide collateral support and (2) make capital commitments to venture capital funds focused on Hawai'i-based technology startups.

One-Year Goal: HTDC expects to apply for and receive the second tranche of federal funds of \$20 million (allocated \$15 million to lending and \$5 million to venture fund investments) by the end of fiscal year 2024.

Five-Year Goal: At least two-thirds of the total funds available should be deployed to eligible businesses and organizations for Hawai'i to maximize the funds received from the Federal government. SSBCI funds need not be returned to the federal government, and repayment will establish revolving facilities available to assist more small businesses even after the SSBCI program ends in seven years.

Measures of Success: One measure of success will be bringing all \$60 million of SSBCI funds to Hawai'i through three tranches of US Treasury allocations. The other measurements are providing small businesses and startups with venture funding, access to credit, revenue growth, jobs created/retained, etc.

5. **The Hawai'i Small Business Innovation Research (SBIR) Program:** In 2023, HTDC awarded \$2 million in state-matching funds to 14 companies with 19 projects to develop technologies that solve national challenges. HTDC also partnered with two defense-related accelerators, resulting in over ten companies being awarded funds and at least seven federal SBIR awards.

One-Year Goal: Funding is provided for FY24. Continue funding and grant support for Hawai'i SBIR and Manufacturing small businesses and increase wrap-around support services with coordinated workshop series.

Five-Year Goal: Expand efforts with the University of Hawai'i to increase pipeline and grow efforts to support Phase II and III companies with DOD through strategic partnerships, including Hawai'i Tech Bridge, Hawai'i Defense Alliance, Mission Acceleration Center INDO Pacific, NAVFAC EXWC, etc.

Action Plan: Seek capital to continue the growth of the program. The Hawai'i Tech Bridge HUI and other DOD-focused partners are envisioned to provide a competitive advantage for Hawai'i in commercializing technologies for DOD priorities.

Measure of Success: Number of jobs companies provide in the program and progress towards commercialization.

6. **Innovate Hawai'i's Manufacturing Assistance Program:** Supports local manufacturers in enhancing their operations. Awarded \$1 million to 26 Hawai'i companies for Fiscal Year 2023.

One-Year Goal: Seek continued funding and grant support for manufacturing small businesses and wrap-around support services.

Five-Year Goal: Double the company investment and total match requested by the companies. Use this program to justify an increase in annual federal funds received from the National Institute of Science and Technology.

Action Plan: Revamp the MAP grant to include support for workforce development for manufacturers to address skills gap and employee retention challenges.

Measure of Success: Number of jobs provided by companies in the program.

Hawai'i Tourism Authority (HTA)



An example of voluntourism – Kipuka Olowalu guides speak to volunteers

Photo Credit: Hawai'i Tourism Authority (HTA) / Mathieu Duchier

Program Overview

The Hawai'i Tourism Authority (HTA) is the official tourism agency for the State of Hawai'i and is responsible for protecting the iconic brand of the Hawaiian Islands. This includes responsibly marketing the Hawaiian Islands, perpetuating the Hawaiian culture, preserving Hawai'i's natural environment, and strengthening communities by managing tourism in a way that helps improve the quality of life for Hawai'i's communities and the visitor experience. HTA oversees the development of sustainable and regenerative tourism practices that align with the four pillars of HTA's strategic plan for 2020-2025.

As Hawai'i has a growing need to balance and meet the needs of the destination and its communities, particularly between public and private sectors, HTA has intentionally advanced to operate as a destination management organization. HTA's board voted on July 27, 2023, to reorganize the HTA. The adjusted organization will create a higher profile for destination stewardship, address the State Auditor's report requiring increased monitoring and evaluation of contracts and contractors, meet the different tourism needs of each island, and set the foundation to bring back in-house contracted services to manage outcomes better.

2023 Highlights

Destination Stewardship

As part of HTA's 2020-2025 Strategic Plan, the community-driven Destination Management Action Plans (DMAPs) were created for each island to address tourism's impacts and serve as a starting point to rebuild, redefine, and reset its direction over a three-year period. HTA continued guiding and funding Destination Manager positions in each island's visitors' bureaus to coordinate and implement the DMAPs with HTA, community, and industry partners. The majority of efforts supported community-based stewardship of sites, local businesses, and resident and visitor awareness of destination management issues. "Holomua," an online platform for sharing collective updates and progress on each of its community-based DMAPs, was launched in early 2023 and is continuously updated.

With a focus on destination management and stewardship, HTA awarded the contract for support services for destination stewardship to the Council for Native Hawaiian Advancement/Kilohana Collective in August. This contract is comprised of 5 areas: 1) development of curriculum for an online tour guide certification program; 2) creation of a tourism quality assurance program; 3) technical assistance and capacity building in the areas of stewardship and tourism product development; 4) post-arrival messaging to visitors; and 5) administrative support services for HTA's five programs – Kahu 'Āina (formerly known as Aloha 'Āina), Kūkulu Ola, Community Enrichment Program, Signature Events, Resort Area for Hawaiian Culture and Smart Tourism. A new online portal ('Umeke) was launched in October 2023 for applicants to submit proposals for 2024 programs.

HTA funded \$6.4 million in community projects as follows:

- Aloha 'Āina Program aims to manage, conserve, and revitalize Hawai'i's natural resources and environment and is administered by the Hawai'i Community Foundation (HCF).
 - \$1,350,000 was awarded to 25 community-based natural resource programs.
- Kūkulu Ola Program, administered by HCF, seeks to enhance, strengthen, and perpetuate Hawaiian culture through genuine experiences.
 - \$1,350,000 was awarded to 28 community groups and cultural practitioners in financial support.
- The Community Enrichment Program supports community-based projects and experiences that encourage tourism diversification in agriculture, culture, culinary, education, health and wellness, nature, sports, and voluntourism and is administered by HVCB.
 - \$1.7 million was awarded to 63 projects across the state for projects.
- The Signature Events Program supports major festivals and events that provide a unique and enriching experience, perpetuate Hawaiian culture, and celebrate the islands' multicultural diversity and community. It is also administered by HVCB.
 - \$2 million supported 13 major festivals and events.
- The 2023 Spring Festival and Events program is administered by the Island of Hawai'i Visitors Bureau and Kaua'i Visitors Bureau.
 - \$125,600 was awarded to 3 festivals and events.
 - \$99,500 was awarded to 4 festivals and events.

For workforce development, the first cohort of the Hawai'i Tourism Ho'oilina Scholarship Program graduated in Spring 2023 from the UH Mānoa School of Travel Industry Management. This program targets college-bound Hawai'i public high school seniors based on academic achievement, leadership skills, and an interest in pursuing a hospitality, tourism, or culinary education and career.

Brand Marketing

HTA contracts marketing organizations – collectively known as its Global Marketing Team (GMT) – to promote the Hawaiian Islands worldwide. The GMT’s coverage for leisure marketing in 2023 includes the U.S., Canada, Japan, Oceania, Korea, and China. For business marketing, the Meet Hawai‘i team targets the same geographic regions for the meetings, conventions, and incentive groups. Under HTA’s direction, communication and education by the GMT and Meet Hawai‘i focus on welcoming high-value mindful travelers and groups in a safe, sustainable, and regenerative manner. Mālama Hawai‘i is the core brand message delivered across the markets with support of and partnership with media, travel trade, and other industry partners both in the market and in Hawai‘i. In August, in the wake of the devastating Maui wildfires, marketing contractors pivoted their messaging and efforts to Mālama Maui.

Three contracts for Hawai‘i tourism destination brand marketing and management services were awarded for the following Major Market Areas: U.S. (Hawai‘i Visitors & Convention Bureau), Canada (VoX International), and Europe (Emotive Travel Marketing Ltd.). These contractors will target the avid, mindful traveler and conduct pre-arrival marketing and education to visitors about mindful and respectful travel throughout the Hawaiian islands.

HTA awarded the 2024 Island Destination Brand Management & Marketing Services contract to HVCB. This includes serving as on-island representatives on behalf of HTA for visitor education, visitor industry engagement, and public relations activities; serving as advisors to HTA on the respective islands and statewide brand; collaborating with HTA’s Global Marketing Team to develop and implement familiarization trips and press trips amongst other destination management organization activities.

Sports are an important component of HTA’s community and branding strategy. Sports events attract fans and foster the desire to visit Hawai‘i through media exposure while giving residents opportunities to see world-class athletes compete in Hawai‘i. All agreements with our sports events require community support, whether clinics offered to Hawai‘i’s youth, volunteer efforts, or donations to Hawai‘i schools or charities. In 2023, HTA re-established its partnership with the LA Clipper, which included marketing opportunities, donation of a state-of-the-art technology lab at Washington Middle School, and their October preseason game being played at the Stan Sheriff Center with more than 9,000 in attendance. HTA also partnered with the World Surf League to allow local surfers the opportunity to qualify for larger events by hosting Challenger Series events in the state. Efforts were also led to secure the Maui Invitational collegiate basketball tournament in the aftermath of the Maui wildfires, working collaboratively with event organizers and UH Athletics to host the event on O‘ahu.

Maui Wildfire Response and Recovery Efforts

HTA provided immediate emergency response, working with fellow state, county, and federal government agencies and visitor industry partners to address the needs of visitors, businesses, and the community. Within the first 72 hours of the crisis, HTA facilitated coordination with local and state government agencies and the visitor industry to relocate more than 40,000 people, many of them visitors, off Maui to focus resources on surviving residents, family members, and first responders.

Continuous updates were provided to travel partners and local, national, and international media to ensure the public was informed of travel-related information. HTA coordinated efforts in key source markets to inform visitors how they can mālama Maui, such as visiting and helping small businesses across the island and traveling to the other islands to support recovery.

Governor Green declared a state of tourism emergency through his sixth emergency proclamation and authorized HTA to utilize the \$5 million Tourism Emergency Special Fund to respond to the emergency and provide relief under Hawai'i Revised Statutes 201B-10.

Tourism Recovery Efforts included:

- Creation of the Mālama Maui Tool Kit and Recovery Resources to assist businesses, residents, and the travel industry (www.hawaii tourism authority.org/maui-recovery)
- A \$2.6 million U.S. Maui Marketing Recovery Program centered around a new Mālama Maui campaign and rebuilding travel demand from the United States, Maui's largest visitor source market. The campaign continued through mid-November with heartfelt messages shared by kama'āina (residents) of Maui, in addition to training travel agents and meeting planners who are critical in informing their clients on mindful and responsible travel. An additional \$2.5 million was later approved for a second U.S. Maui Marketing Recovery Program to be implemented in the first half of 2024.
- \$900,000 was allocated to support Maui marketing recovery efforts in the Canadian market for the first five months of 2024, comprised of consumer, travel trade, and PR initiatives.
- A plan to revitalize tourism and responsibly support Maui's recovery was developed. Strategies and actions were identified, and a budget was set to carry out immediate, short-term actions.
- Coordination with HIEMA's Community Outreach led to establishing a volunteer process to meet the needs of conference/meeting planners and others in the visitor industry searching for volunteer opportunities.

Goals, Plans and Measurements

1. The Hawai'i Tourism Authority (HTA) is the lead tourism agency. Its mission 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."

One-Year Goal: Use marketing to recover demand for Maui, particularly from the U.S. and Canada, and target high-spending visitors who can afford to travel despite some economic conditions.

Two-Year Goal: Manage the destination through island Destination Management Action Plans and Destination Managers housed within HTA.

Five-Year Goal: Hawai'i has shifted to a successful Regenerative Tourism model.

Action Plan: Codify Destination Stewardship into Statutory Mission. Coordinate and collaborate with the visitor industry, community, and state, county, and federal agencies. Implementation of HTA's Strategic Plan, annual Management and Marketing Plan, Destination Management Action Plans, and Tourism Workforce Development Plan. Tracking of programs' outputs and outcomes to evaluate programs' activities.

Measures of Success: As stated in HTA's strategic plan, the measures of success are to maintain or increase resident sentiment, visitor satisfaction, per-person-per-day spending, and total visitor spending. In addition, identified program outcome measures are set forth in HTA's annual management and marketing plan. HTA also monitors output measures towards successfully implementing its programs, such as HTA's Global Marketing Team's execution of its branding, travel trade training, and visitor education activities.

Natural Energy Laboratory of Hawai'i Authority (NELHA)



The Natural Energy Laboratory of Hawai'i Authority (NELHA) is a self-sufficient State of Hawai'i agency that oversees the Hawai'i Ocean Science and Technology Park (HOST Park), an 870-acre economic development site in Kailua-Kona on the island of Hawai'i

Program Overview

The purpose of the NELHA is to participate in the development and diversification of the Hawai'i economy by providing resources and facilities that will facilitate research, development, and commercialization of natural energy resources and ocean-related research, technology, and industry in Hawai'i and to engage in retail, commercial, or tourism activities that will financially support that research, development, and commercialization at a research and technology park in Hawai'i in an environmentally sound and culturally sensitive manner. This is achieved through marketing, managing, and operating facilities that provide sites and resources to support the research, development, and commercialization of innovative technologies utilizing the natural resources available at Keāhole Point, such as cold deep seawater, warm surface seawater, and high solar energy. These technological advances have the potential to spin off new industry development, providing both local economic development and worldwide export potential.

The overall goal of NELHA's efforts is to continue developing the Hawai'i Ocean Science and Technology Park (HOST Park) in alignment with community needs as the premier ocean science technology park in the world, which will grow the economic impact and jobs by expanding and enhancing the physical environment and entrepreneurial ecosystem for new and existing ocean economy related businesses, especially in the food security, energy security, ocean technology, and ocean conservation sectors.

HOST Park

A unique outdoor demonstration site for emerging renewable energy, aquaculture, and other ocean-based sustainable technologies, HOST Park provides access to various natural resources, including deep sea water, pristine surface seawater, and solar insolation. The tech park is a globally recognized leader in ocean technology, innovation, and sustainable development, with 55 green and blue businesses and organizations on-site. It is a vibrant hub for cutting-edge research, education, and commercialization. With unparalleled resources that can't be found elsewhere, including an impressive 3-pipeline system that delivers surface and deep seawater on demand, HOST Park generates over \$145 million annually and creates over 700 jobs statewide.



Goals, Plans and Measurements

PHYSICAL ENVIRONMENT – Build new infrastructure with revenue enhancements to accommodate new businesses

1. Grow revenue by increasing the land lease and sale of seawater to maintain operating self-sufficiency.

One-Year Goal: Increase revenue by 10%.

Five-Year Goal: Increase revenue by 25% with completion of expansion of research campus and increase operation of underutilized assets.

Action Plan: Continue to increase revenue streams within the NELHA Board-approved business plan through continued efforts to maintain occupancy in Makai Research Campus, vacant lands in HOST Park, and additional customers for Water Quality Laboratory (WQL) work. Increase utilization of under-utilized assets.

Measure of Success: NELHA's continued self-sufficiency in maintaining operations from Special Fund sources, with no need to request General Funds to subsidize operations. Maintain NELHA's Special Fund balance at \$1M or above.

2. Maintain Reliability and Safety and Increase Energy Efficiency of the NELHA Seawater System.
One-Year Goal: Maintain uptime of 99.9% and increase efficiency by 1% in terms of power consumption per gallon pumped. Complete the design for removing abandoned pipelines.
Five-Year Goal: Maintain uptime of 99.9% and maintain current efficiency. Remove abandoned pipelines or anchor in place.
Action Plan: Continue improving efficiency, stabilizing energy costs, maintaining adequate reserve funds, and achieving 99.9% uptime.
Measure of Success: Continued stability of seawater system without disruption to HOST Park.

3. Increase accessibility to remaining undeveloped lands.
One-Year Goal: Secure CIP funds for two new roads.
Five-Year Goal: Complete construction of the two new roads and secure CIP funds for three additional new roads.
Action Plan: Complete the update of onshore/offshore EISs; apply to the County of Hawai'i for revised sub-division approval; and seek funds to complete the construction of the Makai Research Campus expansion.
Measure of Success: Completion of project on time and on budget.

4. Increase potable water availability to allow for increased growth.
One-Year Goal: Secure new funding and procure a new well drilling company for the onshore well; complete offshore survey, continue fundraising for the DOE desalination project and complete the environmental assessment for the deep-water desalination demonstration project.
Five-Year Goal: Complete exploratory well, secure funding for production, and drill production well. Identify deep-water offshore freshwater vents. Successfully demonstrate new technology using hyperbaric pressure to reduce the costs of desalinating seawater.
Action Plan: Continue to work closely with HHFDC in partnership in drilling well and testing freshwater quality. Complete offshore survey project for development to access deep-layer aquifers to supply freshwater on the western side of the Island of Hawai'i. Continue to work closely with the contractor, USDOE, and start-up company for offshore deep-sea demonstration project. Complete Environmental Assessment for deep-sea desalination demonstration project and issue lease if warranted, as well as explore options to obtain a grant to "ramp up" desalination efforts and run this project continuously for two years.
Measures of Success: New high-quality source of freshwater verified. Identification of deep-water offshore freshwater seep. Proof of concept of new onshore technology to desalinate 133,000 gallons per day and up to 80,000 gallons per day for the offshore deep-sea demonstration project.

COMMUNITY ALIGNMENT

1. Continue to align NELHA goals to the community's changing needs, which ultimately fosters comprehensive growth that supports the community.
One-Year Goal: Adjust strategic alignment to ensure the daily activities, projects, and objectives are properly oriented with NELHA's mission and vision.
Five-Year Goal: Update master plan and environmental impact statements.
Action Plan: Monthly meetings with cultural hui. Complete procurement for consultants to undertake onshore/offshore EISs. Continue to refine workforce development pathways. Review community-based models for beach park administration. Complete economic impact analysis.
Measure of Success: Enhanced resources for community and economic growth.

ENTREPRENEURIAL ECOSYSTEM - Continue to expand HOST Park as an Outdoor Demonstration Site

1. Facilitate Research, Development, and Commercialization of Advanced Energy Technologies.
One-Year Goal: Continue discussions with national labs, HSEO, the University of Hawai'i, local utilities, and the private sector to formulate partnerships for new joint projects in additional PV, grid-scale energy storage demonstrations, and microgrid development.
Five-Year Goal: Attract five new renewable energy demonstration projects.
Action Plan: Initiate funding solicitations and determine procurement strategy for microgrid projects, which include 1) adjusting the HELCO/NELHA electrical circuit switchgear to allow for microgrid configuration with increased reliability and resilience for loads within the HOST Park and 2) adding additional solar photovoltaic generation and battery energy storage system (BESS) equipment as prioritized in the recent HNEI roadmap.
Measure of Success: Reduce fossil fuel-generated energy consumption by 65 percent and PUC tariff designation for a demonstration microgrid.
2. Grow Aquaculture Accelerator.
One-Year Goal: Begin 5th year of accelerator operations and complete the sixth cohort.
Five-Year Goal: Continue accelerator operations and complete annual cohorts during the 4-year EDA grant period.
Action Plan: NELHA will continue to develop the strategy to establish an aquaculture proof of concept center and be identified as a place for innovation of global aquaculture technologies. Offer additional services and facilities to support “incubation – accelerator – proof of concept” type facilities, programs, and other laboratory services, especially in global aquaculture innovation. Implement grant in conjunction with HATCH.
Measures of Success: Increase in number of companies involved in growth global aquaculture; increase Hawai'i's image as an aquaculture leader; and increase revenue to NELHA. Aquaculture accelerator will become self-sustaining at the end of the new 4-year EDA grant period.
3. Seek funds to establish a new accelerator and follow-up venture fund for ocean technology and conservation.
One-Year Goal: Complete application for NOAA grant Phase I – Climate Resilience Accelerator Program Design.
Five-Year Goal: Continue to seek avenues for funding.
Action Plan: Review the ocean conservation and technology landscape to identify areas where the accelerator can have an impact and competitive advantage. Convene a Statewide Ocean-Based Climate Resilience Summit to bring together stakeholders: ocean technology developers and users, investors focused on BlueTech, and thought leaders from the broader community.
Measure of Success: Secure funding for accelerator.
4. Continue efforts to plan and complete additional facilities to “tee up” and provide new office, warehouse, and incubator space for start-up businesses.
One-Year Goal: Complete 90% of the design for the Makai Research Campus expansion and begin improvements for the Mauka Research Campus.
Five-Year Goal: Complete Makai Research Campus Expansion.
Action Plan: Secure contractor to design improvements to Mauka Research Campus. Offer additional services and facilities to support “incubation – accelerator – proof of concept” type facilities, programs, and other laboratory services.
Measure of Success: Full occupancy of both new campuses.

Office of Planning & Sustainable Development (OPSD)



Program Overview

The State of Hawai'i Office of Planning and Sustainable Development gathers, analyzes, and provides information to the Governor to assist in the overall analysis and formulation of state policies and strategies.

The purpose of the Office is to (1) provide central direction and cohesion in the allocation of resources and effectuation of state activities and programs and (2) effectively address current or emerging issues and opportunities.

2023 Highlights

Projects and initiatives were focused on implementing the Office's mandates concerning priorities that are laid out in Engineering Hawai'i's Future, including planning for the impacts of climate change, ensuring the sustainable and economic use of our ocean and coastal resources through partnership development with all sectors, including the community and leadership roles in the Pacific; supporting better scientific and cultural knowledge to manage our natural resources for current and future generations better; decreasing Hawai'i's dependence on imported food; and coordinating the State's participation in Transit-Oriented Development for uses such as affordable housing, educational facilities, and state services.

In response to the Maui wildfires, Special Plans staff supported Luke Meyers with planning for the State recovery support functions and the DBEDT Director's Office with planning for the Economic Recovery support function. GIS Program updated the Maui Fire Relief Housing online application on an ongoing basis.

Goals, Plans and Measurements

1. **The Comprehensive Economic Development Strategy (CEDS):** The CEDS is a federally funded strategy-driven plan for regional economic development. The CEDS provides a blueprint for economic development throughout the State. OPSD has been the Hawai'i state planning lead for the CEDS since 2002. The CEDS is updated every five years and mandated by Congress and the EDA.

Between updates, OPSD reviews applications for EDA grants submitted by Hawai'i government agencies and nonprofits and provides letters confirming consistency with the current CEDS.

One-Year Goal: Complete the CEDS Update and start the Hawai'i Economic Recovery & Resilience (HIERR) Plan.

Two-Year Goal: Upon EDA approval, the Hawai'i Economic Development District (EDD) will start implementing the CEDS by supporting grants for EDA-funded projects.

Five-Year Goal: Apply for an EDA grant to support the next five-year CEDS Update, complete the HIERR Plan, and implement the focus-area actions.

Measure of Success: Enable Hawai'i's government and non-profit agencies to be eligible to apply for federal funds to support sustainable and resilient economic development programs and facilities.

2. **Environmental Review Program (ERP):** The ERP staff facilitates Hawai'i's environmental review system (commonly known as HEPA); produces and publishes the bi-monthly bulletin of environmental assessments (EA) and environmental impact statements (EIS); advises and assists in the environmental review process to applicants, State and county agencies, other various stakeholders, and the public; and reviews and comments on EAs and EISs. Staff also provides technical and administrative support in all matters for the Environmental Advisory Council, including research and interpretation of environmental practices in support of the Council.

One-Year Goal: Continue to publish the Environmental Notice two times a month to provide the public with environmental impact information on proposed state and county projects. Continue to train state and county agencies and the public on Environmental Impact Statement Rules and provide comments on the draft EA/EIS.

Two-Year Goal: Continue to build the e-mailing list for the Environmental Notice and add categories of environmental notifications to better inform citizens with an interest in environmental protection.

Five-Year Goal: Assist various stakeholders (agencies, accepting authorities, applicants, consultants, legislators, and members of the public) with the environmental review process.

Action Plan: Complete the transfer of over 7,000 Environmental Assessments and Impact Statements from the Department of Health to the Office of Planning and Sustainable Development. Restore the Planner V position to implement Chapters 341 and 343.

Measure of Success:

- EA/EIS Published for public notification on time/as scheduled;
- Consult on environmental issues in response to the Governor/Legislature;
- Increase in readership/circulation of The Environmental Notice;
- Provide consultations on environmental issues requested by the Governor/Legislature;
- Environmental education projects and workshops conducted; and
- Exemption lists reviewed/concurred by the Environmental Advisory Council.

3. **Ocean Resources Management Plan (ORMP):** The ORMP is an integrated, place-based approach to the management of ocean resources in the islands, based on recognition of the ecological connection between the land and sea, the link between human activities and their impact on the environment, and the need for improved collaboration and stewardship in natural resources governance.

One-Year Goal: The CZM Program seeks to establish multi-agency action teams to implement ORMP focus area projects to inform decisions about identified management gaps.

Two-Year Goal: The CZM Program will apply for NOAA grants to assist the action teams with data on the focus area projects.

Five-Year Goal: The CZM Program will continue to collaborate with state, county, and federal partners to implement projects that address management gaps, develop guidance for existing policies, and inform potential policy enhancements.

Action Plan: Collaborate with the ORMP Working Group and Council on Ocean Resources to develop action teams. The ORMP identifies specific projects and desired outcomes.

Measure of Success: The success of the various metrics will be measured and reported on the ORMP dashboard and webpage.

4. **Probabilistic Tsunami Design Zone Maps:** The CZM Program developed a strategy to advance the implementation of a priority of the 2013 State of Hawai'i Multi-Hazard Mitigation Plan in collaboration with the Hawai'i Emergency Management Agency. The strategy addresses Hawai'i's high exposure to tsunami risk by modeling and mapping comprehensive high-resolution probabilistic tsunami design zone maps for the State of Hawai'i. OPSD partially accomplished the 2021 goal to complete the integration of tsunami design zone maps for a portion of Maui into the ASCE Tsunami Hazard Tool, facilitated application into Maui's building codes to strengthen the resilience of critical infrastructure for the island of Maui, and obtained additional competitive grant funding to complete Maui's mapping and initiate mapping for Kaua'i.

One-Year Goal: The CZM Program plans to complete the mapping and modeling of Maui's tsunami design zone maps for integration into the ASCE Tsunami Hazard Tool, which will strengthen the resilience of critical infrastructure.

Two-Year Goal: The CZM Program will apply to NOAA for a grant to start completing the mapping and modeling of Kaua'i's tsunami design zone maps.

Five-Year Goal: The CZM Program plans to complete the integration of tsunami design zone mapping and modeling for the counties of Maui and Kaua'i.

Action Plan: Utilizing the CZM Program federal funding and additional funding through the NOAA Project of Special Merit competition, the CZM Program will coordinate with counties to contract the modeling and mapping of probabilistic tsunami design zone maps.

Measure of Success: The adoption and use of the high-resolution maps in the International Building Code 2018/American Society of Civil Engineers (ASCE) 7-2016 Standard, which includes load and effects.

5. **Greenhouse Gas Sequestration Task Force:** Includes State agencies, academia, county representatives, and members appointed by the President of the Senate and Speaker of the House of Representatives. OPSD hoped to fulfill the requirements set forth by HRS §225P-4 to submit a report of the Greenhouse Gas Sequestration Task Force's findings and recommendations, including any proposed legislation, to the Legislature and the climate change mitigation and adaptation commission. In December 2020, the OPSD joined three other state agencies to participate in the "Climate Ready Hawai'i" AmeriCorps VISTA Cohort. As a part of this cohort, the OPSD secured one

AmeriCorps VISTA Member, who served as a Climate Adaptation Research Analyst under the supervision of the State Sustainability Coordinator. The AmeriCorps VISTA Member supported the Statewide Sustainability Branch and OPSD to host three Greenhouse Gas Sequestration Task Force (GHGSTF) meetings in 2021.

One-Year Goal: If staffing and funding were available, OPSD planned to continue to host six GHGSTF meetings in 2024 and develop recommendations to align the state's greenhouse gas emission reduction and carbon sequestration efforts. Without staffing, OPSD could not publish the GHGSTF's major preliminary report to meet the requirements set forth by HRS §225P-4.

Two-Year Goal: Since staffing and funding have not been available for the past five years, OPSD has reluctantly requested that Ch. 225P-4 be repealed.

Five-Year Goal: If staffing had been authorized and funded in the FY 23-24 Budget for 1 FTE Greenhouse Gas Sequestration Specialist, OPSD would have continued to host GHGSTF meetings, coordinate statewide greenhouse gas sequestration in alignment with statewide greenhouse gas emission reduction goals, support "carbon positive incentivization" financial subsidies for sustainable land management and regenerative farming and ranching practices, and publish annual reports on the progress of the GHGSTF beginning in 2024.

Action Plan: Support the transfer of GHGSTF projects to the State Climate Change Mitigation and Adaptation Commission (CCMAC) and Hawai'i State Energy Office (HSEO).

Measure of Success: Increase in the sequestration of greenhouse gases through improved soil health and regenerative land management practices through carbon sink reporting via the DOH's Greenhouse Gas Emission Inventory Annual Reports.

6. **Hawai'i Brownfields Cleanup Revolving Loan Fund Program (HBCRLF):** The HBCRLF program provides low- and no-interest loans to eligible public and private entities to clean up brownfield sites where economic or community development projects show the greatest need, exhibit long-term project viability, and demonstrate repayment capacity. The program operates under a closeout agreement with the U.S. EPA, which governs the type of brownfield activities eligible for HBCRLF funding and eligibility requirements for borrowers. In the 2021 Legislative Session, the Legislature passed Administration bill SB 1054, SD 2 (Act 234, SLH 2021), to allow HBCRLF funds to be used for grants as well as loans for cleanups and grants for brownfields site assessment activities in alignment with the EPA Closeout Agreement. Act 234 will enable greater flexibility and meet the demand for HBCRLF funds for grants to eligible parties and sites.

One-Year Goal/Actions: OPSD will prepare amendments to the HBCRLF rules to allow for grants for cleanup and brownfield site assessment activities. Once the Governor approves the rule amendments, OPSD will issue an HBCRLF grant funding opportunity notice inviting grant applications. Grant funding will be disbursed in FY 2024 to eligible projects and recipients selected for funding based on fund availability. OPSD anticipates awarding grants to at least two projects in the first year of the grant program.

Two-Year Goal/Action: Complete preparing rule amendments and request SBRRB and the Governor's approval to hold public hearings on the amended rules.

Five-Year Goal/Actions: OPSD will work with DOH to oversee the conduct and completion of brownfield cleanup activities at recipient sites until all funded activities are completed in compliance with U.S. EPA brownfields funding requirements. OP will operate the loan and grant program in collaboration with the DOH HEER Office and U.S. EPA to expend the balance of HBCRLF. Once all HBCRLF-funded cleanup activities have been completed and DOH has issued no further action

letters, OPSD will seek legislation to repeal HRS § 201-18(e), close the special fund, and end the HBCRLF program.

Measure of Success: Cleanups and completion of brownfield site assessment activities at recipient sites that enable reuse of the sites that protect public health and safety. Closure of the HBCRLF program.

7. **Implement Governance Framework for ArcGIS Online (AGOL) Platform:** OPSD plans to work with other state agencies to implement a governance framework around the AGOL platform. This will include coordinating with ETS and agency leadership to establish AGOL liaisons in state agencies responsible for facilitating and managing agency GIS users, and geospatial content and applications.
One-Year Goal: Obtain buy-in from agency directors and managers to recruit AGOL Liaisons within their agencies to implement governance changes in the AGOL platform. Work with agencies to identify AGOL liaisons and establish roles, responsibilities, and a communication plan.
Five-Year Goal: Establish a regular meeting schedule with AGOL Liaisons and work with them to implement changes in publishing and managing users and content. In collaboration with AGOL Liaisons, develop additional guidance to address future changes in the platform as they arise.
Action Plan: Work with AGOL Liaisons to implement elements of consultant recommendations: revise user roles; revise publishing protocols; empower and train AGOL Liaisons. Regularly solicit feedback from the GIS community regarding issues or concerns with changes in the platform.
Measures of Success: Vetted data and applications from agencies (for content, context, and accuracy); reduced storage required for user content; and fewer inactive users.

8. **GIS Geoplatform Management:** During FY 2023, OPSD will work with agencies to expand governance guidance and operational standards from the AGOL online platform, including desktop and server GIS platforms.
One-Year Goal: Communicate GIS licensing and platform changes to the GIS user community and work collaboratively with agencies to develop governance standards across the full geoplatform, extending beyond the online platform to the on-premise server and desktop environments.
Two-Year Goal: Continue communicating GIS licensing and platform changes to the GIS user community and working collaboratively with agencies.
Five-Year Goal: Establish a representative GIS key stakeholder Advisory Hui to provide two-way communication channels among agency users. Develop State geoplatform governance standards.
Action Plan: Work with ETS to standardize and conduct the annual GIS software inventory and negotiate GIS licensing and data hosting agreements. Work with agencies to manage and maintain server and desktop licensing and their use of the online AGOL platform. Establish a regular meeting schedule with the Advisory Hui; develop plans to address licensing and hosting requirements in advance of need.
Measures of Success: Year-to-year increase in the ArcMap and ArcGIS Pro installed user base. Smoother EA renewal process secured earlier in the year. Earlier awareness of agency licensing plans and needs by the Statewide GIS Program.

9. **Develop Memoranda of Understanding/Agreement with Agencies Around Data Sharing and Governance:** OPSD plans to develop memoranda of understanding/ memoranda of agreement (MOUs/MOAs) with State and county agencies to provide a framework for consistent and reliable data sharing and data security, as well as MOUs/MOAs with state agencies to memorialize a comprehensive governance framework around the geospatial platform.
- One-year goal:** Execute an MOA with the Office of Enterprise Technology Services (ETS) to establish roles and responsibilities – ETS for funding the enterprise licensing agreement and cloud hosting environment and OPSD for administering and managing the enterprise GIS platform.
- Two-Year Goal:** Upon execution of an MOA with ETS, administer and manage the enterprise GIS platform.
- Five-year goal:** Execute MOUs with state and county agencies to establish regular updates of key data sets and document access and use constraints. Schedule periodic calls/meetings with ETS to discuss geoplatform concerns and issues.
- Action Plan:** Work with ETS' IT Governance office to develop an MOA; work with stakeholder agencies to identify data sets that can be shared in the state's geodatabase; and develop MOUs to formalize data-sharing agreements.
- Measures of success:** An executed MOA with ETS and an increasing number of MOUs with agencies (and a corresponding increase in shared data sets).
10. **Establish a Distributed/Federated System of GIS Servers and Data:** OPSD plans to develop a distributed/ federated geoplatform architecture (geodatabases and hubs/portals) and develop a governance plan to manage the proliferation of geospatial data and applications in a distributed fashion. The federated architecture is expected to be in the Statewide GIS Strategic Plan.
- One-year goal:** Develop a comprehensive plan to learn more about the requirements (hardware, software, skill sets) for establishing and maintaining a federated GIS server environment.
- Two-Year Goal:** Complete a comprehensive plan to learn more about the requirements (hardware, software, skill sets) for establishing and maintaining a federated GIS server environment.
- Five-year goal:** Establish an architecture supporting multiple agencies' GIS servers federating their geodatabases in ETS' Government Private Cloud (GPC).
- Action Plan:** Work with Esri and ETS to design a sustainable, distributed GIS server architecture to accommodate agency on-premise server needs and establish a best practice governance framework for managing this environment.
- Measure of Success:** Proliferation of federated agency-level GIS geodatabase servers and reduction in standalone, unfederated servers and standalone file geodatabases.
11. **Develop a Quantitative Calculation of Return on Investment (ROI) for GIS:** During FY 2022, OPSD will work with state agencies to identify activities and measurable outcomes utilizing GIS resources to develop a quantifiable ROI for the state's investment in GIS tools and resources.
- One-Year Goal:** Gather information from agencies about regular workflows incorporating GIS and noteworthy cases that have had a measurable impact on operations. Identify outcomes and outputs of those efforts that can be highlighted as part of the communication and outreach strategy above. Work with agencies to quantify the short- and long-term impacts of those efforts.

Two-Year Goal: Implement the communication and outreach strategy to share the GIS best practices that improve operations.

Five-Year Goal: Develop communication channels by which the GIS staff can continue to collect information from agencies about their use of GIS with quantifiable results. Action Plan: Survey the GIS user community and work with established GIS agency contacts to identify suitable projects and regular workflows.

Measure of Success: Development of an annually repeatable ROI calculation to support continued investment in and further development of geospatial tools, resources, and analysis.

12. **State Land Use Review of Districts:** The OPSD completed a draft report of the boundary review required by HRS § 205-18, which calls for the “review of the classification and districting of all lands in the state.” The draft report was distributed to state and county agencies and made available to the public on the OPSD website. The review findings were presented to the State Land Use Commission in November 2021. The review focuses on the consistency of the district boundaries with county plans for urban growth and on the Agricultural District, which has experienced the most land-use changes over the past few decades.

One-Year Goal: Communicate the findings and options for resolving Hawai‘i’s land use issues included in the final Boundary Review report to the Governor, Legislature, State Land Use Commission, counties, and the general public.

Two-Year Goal: Proceed with further discussion of approaches to resolving land use issues identified to the extent possible given the limitation of staff and funding.

Five-Year Goal: Collaborate with state, county, and landowners to implement actions, including legislation as deemed necessary. Initiate the boundary review in keeping with the original intent to review the land use districts every five years, subject to staff capacity or funding to undertake the review.

Action Plan: Employ GIS overlays and analyses to compare the current status of the district boundaries relative to county land use plans, resources, and developments. Consult with counties, the Land Use Commission and stakeholders in the State Land Use process to implement the report findings. If funding becomes available, recommendations for district boundary amendments may be pursued.

Measure of Success: Adoption of recommendations by state and county.

13. **State Transit-Oriented Development (TOD):** The OPSD prepared the State of Hawai‘i Strategic Plan for TOD (Aug 2018), including over 65 proposed TOD projects on State and county lands Statewide. The Plan has continued to evolve with the undertaking of master plans and the addition of new projects endorsed by the TOD Council. In 2020, OPSD completed the State TOD Planning and Implementation Project for the island of O‘ahu, which sets forth the infrastructure and investment needs and financing strategy to enable the development of planned State TOD projects in three priority regions along the rail line on O‘ahu – East Kapolei, Hālawā-Stadium, and Iwilei-Kapālama. TOD Council affordable housing and infrastructure work groups were formed to assess priorities. The OPSD issued a request for proposals in August 2021 for an Infrastructure Finance Study, including a finance consultant to explore infrastructure financing and value capture options for a

TOD Pilot Area in each county (\$500,000). The selection of a finance consultant, HR&A, was completed in 2022.

One-Year Goal: Manage the HR&A contract for the Infrastructure Finance Study, initiate project work for the TOD Pilot Areas, and educate on value capture options, which could include future legislative recommendations. Use the 2020 TOD Implementation Plan report to help prioritize funding of the TOD project and regional infrastructure capital improvement project needs.

Two-Year Goal: Share the findings and recommendations of the Infrastructure Finance Study with Legislators, Councilmembers, state and county infrastructure agencies and finance agencies.

Five-Year Goal: Undertake a comprehensive review of the State TOD Strategic Plan to assess progress and objectives and revise strategies as needed for improved implementation, including reviewing the role and responsibilities of the TOD Council. **Action Plan:** Use the Implementation Project findings to assist and track actions needed to facilitate shared infrastructure investments and individual State agency project development.

Measure of Success: Use the study cost information and financing strategies to guide development and infrastructure decisions.

14. **OPSD TOD CIP-funded Projects:** OPSD has worked on awarding a total of \$3 million in TOD CIP Planning Funds appropriated by the Legislature in 2020, 2021, and 2023 to implement TOD projects in the State Strategic Plan for Transit-Oriented Development. The primary purpose of the funds is to jumpstart master planning or infrastructure assessment work that is critical to advancing State and county TOD projects in proximity to transit nodes—with particular emphasis on projects that require multi-agency cooperation and collaboration and meet State TOD objectives and principles in the State TOD Strategic Plan. Contract execution is completed each fiscal year following approval to release, allot, expend, and contract, with the project commencing after that.

One-Year Goal: Participate in all projects awarded OPSD TOD CIP fund to ensure that state and county collaboration around State TOD objectives and principles are advanced in each project and that projects stay on schedule and result in impactful deliverables. Seek continued appropriations for TOD CIP funds to seed TOD projects that can help with economic revitalization and affordable housing development within mixed-use communities.

Two-Year Goal: Issue Requests for Proposals for TOD planning projects adopted in the TOD Strategic plan and continue to manage open contracts through completion.

Five-Year Goal: Complete all planning work (within two years of project initiation).

Action Plan: Finalize Memoranda of Agreement and contractual and funding disbursement arrangements with lead project agencies; participate in project planning and monitor project progress and deliverables for timely completion. Share best practices among projects to expand implementation of TOD principles and to deepen collaborative relationships among state and county agencies.

Measure of Success: Completion of funded projects and initiation of development.

OPSD - Land Use Commission (LUC)



Program Overview

The State Land Use Law (Chapter 205, Hawai'i Revised Statutes) was adopted in 1961, establishing a framework of land use management and regulation in which all lands in the State of Hawai'i are classified into one of four land use districts. To administer the Land Use Law, the State Legislature established the Land Use Commission (Komikina Ho'ohana 'Āina).

The Commission is composed of nine members who are appointed by the Governor and confirmed by the State Senate. One member is appointed from each of the four counties, and five members are appointed at-large. The Commissioners are non-paid volunteers who represent a cross-section of the community.

2023 Highlights

In the current fiscal year, the LUC has sought to positively impact the housing shortage and stimulate economic activity by promptly meeting its projected goals and processing all petitions for district boundary amendments, special permits, Important Agricultural Land designations, and Motions to Amend. Most Petitions and Motions were decided on and concluded within four (4) months of being deemed complete for hearing.

Petition Processing

The LUC will be able to continue to meet all long- and short-term goals in approving these matters. The LUC has also been able to meet all of its projected goals with regard to Boundary Interpretations, Special permits, and Important Agricultural Lands petitions, allowing the Counties to process and issue

construction permits for over 1,200 small projects. The estimated economic impact of the LUC this fiscal year was:

- Minimum Direct Development Investment of over .75 billion dollars
- Post Development Economic Activity exceeding \$200 million;
- 1,570 direct construction jobs exceeding \$600 million in wages;
- Offsite and Post development economic activity exceeding \$350 million;
- 400 acres of Industrial lands approved for construction; and
- 200 hotel rooms approved.

Strategic Program Improvement

The LUC is engaged in an ongoing improvement strategy to impact the affordable housing crisis and improve its public outreach by:

- Reducing the time for response to boundary determinations.
- Continuing to streamline the process by regular rule amendments and updates.
- Digitizing archive materials and updating and modifying the LUC website.

Important Agricultural Land Designation

Pursuant to recently enacted legislation, private parties and the counties may submit petitions for various lands to be designated as “Important Agricultural Lands.” Counties may submit large-scale proposals for designation. *This activity is currently on hold pending the resolution of a challenge to the Supreme Court with regard to the process.*

Special Permit Applications

Various infrastructure projects, such as expanding the Honouliuli wastewater treatment plant, relocation of the Waimanalo Gulch Land Fill, continued operation of various public and private landfills, and quarrying operations to supply materials for road building and construction. Over 484 new acres of commercial and industrial lands were approved.

Affordable Housing

LUC activities are focused on the approval and enabling of large and medium-scale construction and housing projects to stimulate the construction industry and further the state inventory of affordable and market-rate housing. Over 1,150 affordable homes and 4,800 market-rate homes were approved this past fiscal year. Regardless, the LUC has approved an estimated 45,000 to 65,000 units that have not been built. Efforts are underway to move those projects forward through status reviews and amendment of project requirements.

Energy Projects

The LUC is also responsible for approving Solar Projects on class A, B&C-rated lands. Over 65 Megawatts of power were approved this year.

Enforcement of District Boundary Amendment Compliance

The LUC has embarked on a campaign to discourage speculation and encourage actual development to further stimulate housing development. The Order to Show Cause process requires developers to show that stagnant projects are in development. If development is not contemplated, the LUC has the option of reverting the property to its agricultural designation. The LUC has scheduled four hearings this year under this process. Three have resulted in the re-animation of project development, and the other is still pending.

Goals, Plans and Measurements

1. **LUC Affordable Housing:** LUC activities focus on approving and enabling large and medium-scale construction and housing projects to stimulate the construction industry and further the state inventory of affordable and market-rate housing. Over 2,100 to 5,000 affordable and market-rate homes were approved this past fiscal year.
One-Year Goal: Complete filed petitions within the required time frames.
Two-Year Goal: Complete filed petitions within the required time frames.
Five-Year Goal: Complete filed petitions within the required time frames.
Action Plan: Work directly with petitioners to ensure a fair but expedited process.
Measure of Success: Decrease in affordable housing shortage.
2. **Stimulation of Development of Approved but Unbuilt Housing:** The LUC has identified between 45,000 and 65,000 units of housing that have been approved but remain undeveloped. The LUC obtained a position from the Legislature to determine the delay in those units' development and to negotiate, if possible, a resolution of those problems to get the housing underway. The position began in December 2023 and has already seen significant progress.
One-Year Goal/Action: Bring 3,000 units to development and identify other projects for assistance.
Two-Year Goal/Action: Bring another 4,000 units to development.
Three-Year Goal/Action: Continued development of 2,500 units.
Four-Year Goal/Action: Continued development of remaining unbuilt units.
Five-Year Goal/Action: To facilitate and cause the development of remaining units
Measure of Success: Number of units brought to development.
3. **LUC Petition Processing:** In the current fiscal year, the LUC has stimulated economic activity by meeting its projected goals and processing all petitions for district boundary amendments, special permits, Important Agricultural Land designations, and Motions to Amend promptly. Most Petitions and Motions were decided on and concluded within four (4) months of being deemed complete for hearing. Using virtual platforms, the LUC will be able to meet all long- and short-term goals in approving these matters. The LUC has also been able to meet all of its projected goals regarding Boundary Interpretations, stimulating and allowing the Counties to process and issue construction permits for over 1,200 small projects.
One-Year Goal: Reduce the time for response to boundary determinations.
Two-Year Goal: Reduce overall petition timeframe.
Five-Year Goal: Continue to streamline the process.
Action Plan: Digitize archive materials. Update and modify the LUC website.
Measure of Success: Increase in the number of Petitions handled annually.

Stadium Authority (SA)



Rendering of the New Aloha Stadium Entertainment District (NASED)

Program Overview

The Stadium Authority board consists of eight members appointed by the Governor with the advice and consent of the Senate. The director of the Department of Business, Economic Development, and Tourism serves as an ex-officio voting member. The President of the University of Hawai'i and the Superintendent of Education serve as ex-officio non-voting members.

2023 Highlights

Aloha Stadium Closing Event/Activities Tribute

- The stadium bowl is now closed as we prepare for the New Aloha Stadium Entertainment District (NASED)
- The last tour of the Stadium facility was conducted on Saturday, February 25, 2023
- Online auction and retail memorabilia sales conducted by O'ahu Auctions and Liquidations, as well as an e-commerce site

New Stadium Development

- NASED will be a vibrant, community-centric, mixed-use district anchored by a new sports and entertainment venue. It will celebrate Hawai'i's culture and embody the aloha spirit for the community and visitors.
- The plan calls for a single developer to construct the stadium to have it ready by the 2028 UH Football Season, develop the surrounding mixed-use district, and use revenue from the development to supplement State funds for the stadium construction and ongoing operations and maintenance.
- The total State contribution is \$400 million, with the rest of the funding provided by private partners. The winning bidder receives exclusive development rights of the surrounding ~75 acres for up to 99 years.

Market Sounding

Governor Green announced a “new direction” for NASED in May this year. This new approach is relatively unique, so the State conducted a Market-Sounding exercise to test it with interested parties and prospective offerors. The intent was to get key feedback to refine and confirm the new approach. Not only did this give the state and the market confidence to move forward in the procurement process, but it should also allow for a more efficient process.

Market Sounding was a critical step for the NASED Project. Initial findings highlighted in the Market Sounding Report, published in September 2023, provided valuable insight that will aid in the overall success of the new procurement. The report found market interest in the project; however, there are concerns regarding NASED’s financial feasibility. Other issues and areas of focus or concern were identified, covering matters such as default and termination, operator teaming, site diligence, contractual structure, subsidies, city and legislative risk, State roles, and stadium siting.

A second phase of Market Sounding took place after the publication of the Market Sounding Report, where the NASED team sought to resolve the issues highlighted in the report. This second phase of Market Sounding included the State publishing and inviting feedback on a “conceptual” RFP. It highlighted key elements of the proposed procurement process and was intended to spark discussion and feedback.

Ultimately, the issues highlighted in the Market Sounding Report have mostly been resolved, and the limited number that remain outstanding have been mitigated to the point where they can be readily resolved through the RFP process with Offerors.

Project Timeline

The Request for Proposals was issued on December 14, 2023. This will kickstart a rigorous process to evaluate and shortlist bidders (Priority-Listed Offerors) to progress into the Proposals Phase of the procurement process.

We expect to commence the Proposals Phase in April 2024 with the Priority-Listed Offerors working on their proposals. This process and the State’s review of the proposals will result in a Preferred Offeror being selected by fall 2024. The State will then enter into a diligence and discussion phase with the Preferred Offeror with an expected contract with the Preferred Offeror by summer 2025.

Following the contract and financial close, demolition of the existing stadium and the construction of a new Aloha Stadium and district will commence. Based on the above, the best estimate for completion of the new stadium is 2028, aligning with the 2028 University of Hawai’i Football season.

Swap Meet & Marketplace

- The Swap Meet & Marketplace will operate while the new Aloha Stadium is constructed.
- The Swap Meet & Marketplace will relocate to the upper Hālawa lot during the first phase of development. Work is underway to establish a new layout and infrastructure.
- Since 1979, the Aloha Stadium Swap Meet has become Hawai’i’s premier outdoor market, featuring over 400 vendors, crafters, and artists from all over the world.
- During the RFP, offerors will envision how to incorporate the Swap Meet into their designs, as it will remain a key piece of a vibrant entertainment district.

Goals, Plans and Measurements

1. Deliver the New Aloha Stadium Entertainment District Project

One-Year Goal: Continue with our Developer Selection process. This process commenced on December 14, 2023, with the Qualifications phase. The goal is to select up to three (3) Priority Listed Offerors by the end of April 2024, and select a Preferred Offeror by Fall 2024.

Two-Year Goal: Contract execution with the Preferred Offeror completed by June 30, 2025. Stadium demolition has begun, and construction of a new stadium and the first phase of the mixed-use district is ready to commence.

Five-Year Goal: New Stadium is operational by August 2028 and the first phase of the mixed-use district is near completion.

Action Plan: (1) Evaluate part 1 of the request for proposals (qualifications phase) and establish a shortlist of Priority Listed Offerors by the end of April 2024. (2) Begin the Developer Selection Process proposals phase no later than June 2024 with the Priority Listed Offerors using a progressive procurement process. (3) Evaluate and select one Preferred Offeror and initiate a discussion phase by Fall 2024 to reach contract execution by June 2025, and (4) Establish a project team by Fall 2024 that will prepare to take over the daily management of the project from the Department of Accounting and General Services once the contract is executed (June 2025).

Measures of Success:

- The following schedule must be kept to ensure a fall 2028 stadium opening:
 - Proposals phase of the Developer Section Process must begin no later than June 2024.
 - Selection of a Preferred Offeror by late Fall 2024.
 - Contract close with the Preferred Offeror no later than June 30, 2025.
- Getting approval to hire a Special Project team by April 2024 is necessary to complete the recruitment and selection process by Fall 2024.

2. Stadium Authority Transition Work 2024-2026

One-Year Goal: (1) Continue to implement our transitional operations strategy with our (post-RIF) team to manage and operate the parking lot assets with the goal of revenue generation. This includes continuing existing events and activities, such as the Swap Meet, the 50th State Fair, the Great Aloha Run, and the Holiday Lights Show. It also includes the continued leasing of available spaces on the property conducive for storage and parking; (2) Continue the decommissioning process for the stadium facility in preparation for demolition (likely to occur in late 2025/early 2026). This includes closing out service contracts no longer required and utility shutdowns to specific areas of the site that are not required for the transitional operations; (3) Continue with online auctions for all remaining inventory through calendar year 2024 (Note that an exception to Hawai'i Administrative Rules §3-130-12, regarding Excess State Property, and §3-130-10, regarding Disposal and Restrictions Relating to State Property were received from the State Procurement Office). The exception allowed us to successfully procure O'ahu Auctions to liquidate stadium inventory via public auctions and retain a portion of the proceeds; (4) Establish a new organizational structure for the Stadium Authority for the period after a developer team has been contracted. The functional requirements the Authority will retain and those transferred to the developer team must be determined. (5) Work with DHRD, DBEDT Personnel, and the labor unions on the transition plans for employees whose positions will not be required once a developer team has been contracted; and (6) Establish a temporary office plan for the Stadium Authority staff in preparation for the stadium demolition (Late 2025/early 2026).

Two-Year Goal: (1) Temporary office plan will be implemented, and (2) All stadium inventory not required for interim operations will have been disposed of.

Action Plan: (1) Establish a working group to determine Stadium Authority functions and needs once a developer team has been contracted and to investigate options for temporary office spaces; and (2) Hold two to three auction periods throughout 2024 to dispose of inventory. Work with the auction contractor to align the auction schedule with positive announcements related to the NASED project and the developer selection.

Measures of Success:

- Annual gross revenue exceeding \$1.5M in parking lot events and rentals (not including Swap Meet).
- Annual net revenues of \$4.5M from the Aloha Stadium Swap Meet & Marketplace.
 - Establishing a new organizational structure for the Authority by December 2024.
 - Establishing a plan for temporary offices for the post-demolition period by December 2024.

3. Swap Meet Relocation to Upper Halawa Parking Lot (2024-2025)

One-Year Goal(s): (1) Solicit a contractor to complete the necessary site work to allow the Swap Meet to be relocated on the stadium property (the solicitation for this work is being managed by DAGS Public Works). The project includes safety preparations, such as asphalt repairs, re-sealing/stripping the parking lot, establishing portable trailers for offices and restrooms, and utility connections to connect electricity, water, and sewer to the site. (2) Develop a business plan to include a new vendor layout, updated pricing, revised load-in/out plans, updated communication and marketing plans, emergency action plans, and possibilities to implement permanent vendor stalls using converted shipping containers.

Two-Year Goal: The “new” Swap Meet will be in operation, and the goal is to average:

- 5,000 shoppers each Wednesday, 7,000 shoppers each Saturday, 8,500 shoppers each Sunday.
- 300 vendors for Wednesdays, 500 for Saturdays, and 600 for Sundays.
- \$4.5M in net revenue per year to the Stadium Authority.

Action Plan: (1) Continue to meet with vendor groups to solicit feedback and input regarding the new Swap Meet business plan, and (2) Finalize research on the usage of converted shipping containers for “permanent” vendor stalls by June 2024.

Measures of Success:

- Completion of the site work by December 2024.
- New Swap Meet location in use by March 2025.
- Average daily attendance for shoppers and vendors being met.
- Average revenue goal being met.



Department of Business, Economic Development & Tourism
P.O. Box 2359 • Honolulu, Hawai'i 96804 • 808-586-2355
dbedt.hawaii.gov