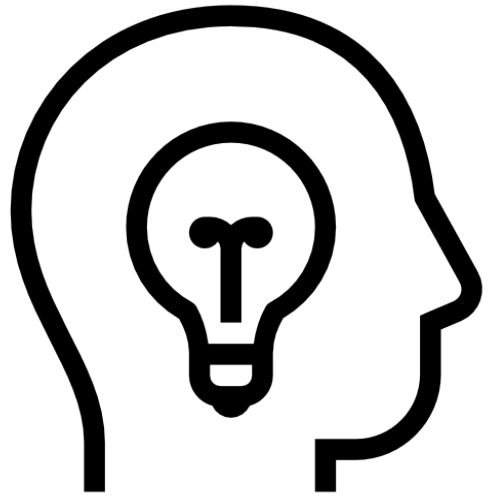




STATE ECONOMIC RECOVERY DRAFT STRATEGY PLAN

**Presentation to Senate COVID-19 Special Committee
June 4, 2020**

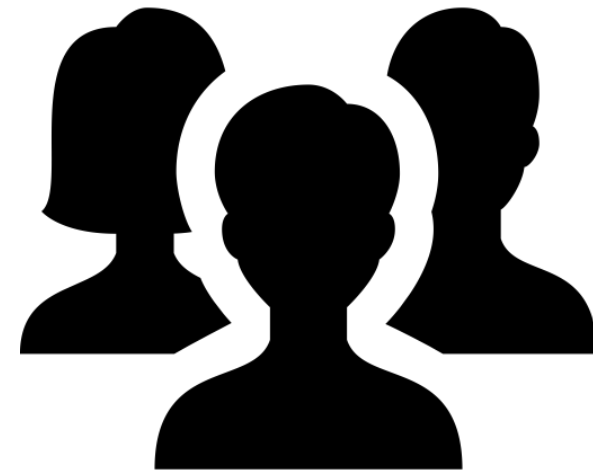
DBEDT: A Facilitative Catalyst for the Future of Hawaii



**Embraces
innovation**



**Globally
relevant,
dynamic, and
productive**



**Provides
opportunities
for all of
Hawaii's
citizens**

A New Model for Economic Development



Source: DBEDT Strategic Plan (May 15, 2020)

DBEDT's approach to economic development consists of a balance between economic growth and the well-being of Hawaii's people, culture, and environment.

In honoring each of these segments, we will be able to achieve a sustainable economic system that better serves Hawaii's people.

Values, Strategies, and Tactics

VALUES

- ▶ Always be considerate and respectful of Hawaii'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

STRATEGIES

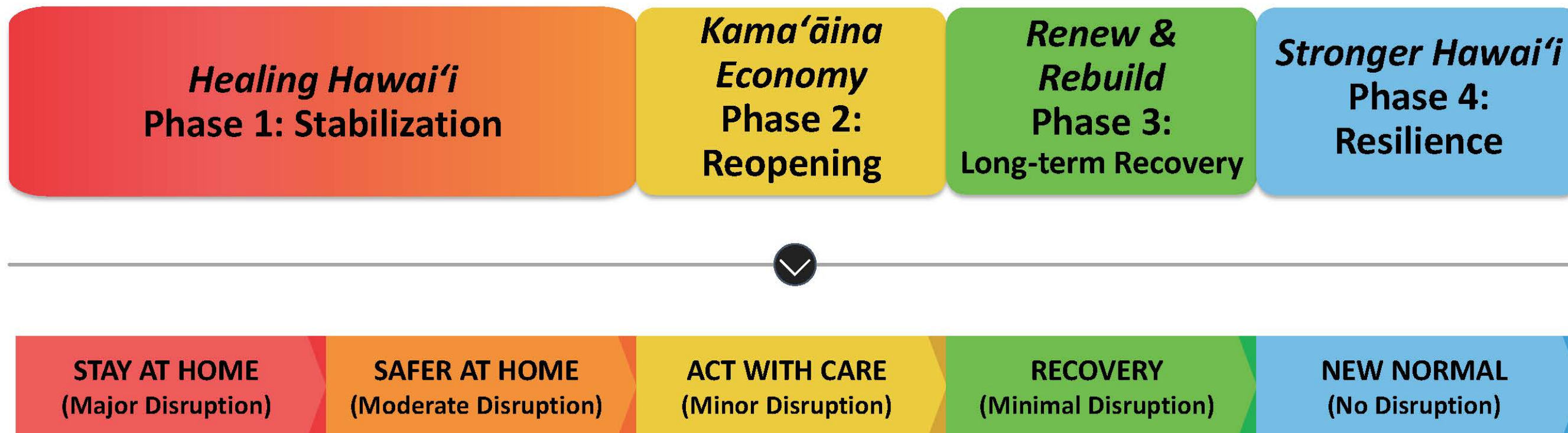
- ▶ Capitalize on Hawaii's strengths and assets
- ▶ Strengthen and leverage collaboration between public and private organizations and Hawai'i citizens
- ▶ Empower the internal capacity of the department by giving programs and staff the tools they need to succeed
- ▶ Redesign the department to support flexibility and agility to better serve a dynamic economy
- ▶ Use continuous improvement processes for long-term growth

TACTICS

- ▶ 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

We Continue to Align with the State's Reopening Strategy

State Roadmap to Recovery and Resilience



Impact Levels informed by
health, economic, and community-based indicators


(Impact level may vary by County. Phase durations not to scale.)

Reopening Our Economy Depends on Key Health Determinants


How We Move to the Next Impact Level



Moving forward

- 
- **Minimum of 14 days** of observation between decision points before moving to the next impact level
 - Decisions to be made by Governor and Mayors, informed by subject matter experts
 - **Proactive prevention practices** such as hand-washing, face coverings, and physical distancing **greatly reduce the spread of COVID-19** and other diseases

Option to move back

- 
- Depending on **health, economic, and community-based indicators**, the Governor and Mayors may consider stricter response measures

Reopening Our Economy Depends on Key Health Determinants

COVID-19 Health-based Community Response

| IMPACT | HEALTH DETERMINANTS | | | | | RESPONSE |
|--|---|--|--|--|--|---|
| | DISEASE ACTIVITY | | CAPACITY | | | |
| | Severity | Prevalence | Healthcare Supply | Contact Tracing | Diagnostic Testing | |
| STAY AT HOME (MAJOR DISRUPTION) | Number of new hospital cases <u>threatens</u> hospital capacity | Median number of new cases per day per week indicates <u>uncontrolled community spread</u> | Surge/crisis plans deployed <u>and</u> hospital capacity maxed out | Max capacity of contact tracing is <u>below</u> the number of new cases/close contacts per day | Max capacity of testing is <u>below</u> the number of new cases/close contacts per day | <ul style="list-style-type: none">Safe Practices<u>Essential activities</u> and their support servicesPrepare to resume low-risk activities |
| SAFER AT HOME (MODERATE DISRUPTION) | Number of new hospital cases <u>requires consideration of</u> hospital surge/crisis plans | Median number of new cases per day per week indicates <u>controlled community spread</u> | Surge/crisis plans considered <u>and</u> hospitals can increase capacity by at least 10% within 5 days | <u>80-100% of max capacity</u> of contact tracing would be reached at current rate of new cases/close contacts per day | <u>80-100% of max capacity</u> of testing would be reached at current rate of new cases/close contacts per day | <ul style="list-style-type: none">Continue aboveResume <u>low-risk activities</u>Prepare to resume medium to high-risk activities |
| ACT WITH CARE (MINOR DISRUPTION) | Number of new hospital cases <u>requires preparation of</u> hospital surge/crisis plans | Median number of new cases per day per week indicates <u>local, controlled clusters</u> | Surge/crisis plans in preparation <u>and</u> hospitals can increase capacity by at least 25% within 5 days | <u>50-80% of max capacity</u> of contact tracing would be reached at current rate of new cases/close contacts per day | <u>50-80% of max capacity</u> of testing would be reached at current rate of new cases/close contacts per day | <ul style="list-style-type: none">Continue aboveStart with <u>medium-risk activities</u>; then move to <u>high-risk activities</u>Prepare to resume highest risk activities |
| RECOVERY (MINIMAL DISRUPTION) | Number of new hospital cases is <u>managed</u> within normal hospital capacity | Median number of new cases per day per week indicates <u>sporadic activity</u> | Surge/crisis plans in place <u>and</u> hospitals can increase capacity by at least 50% within 5 days | <u><50% of max capacity</u> of contact tracing would be reached at current rate of new cases/close contacts per day | <u><50% of max capacity</u> of testing would be reached at current rate of new cases/close contacts per day | <ul style="list-style-type: none">Continue aboveResume <u>highest-risk activities</u> |
| NEW NORMAL (NO DISRUPTION) | | | | | | <ul style="list-style-type: none">Continue aboveAdjust Safe Practices to new normal |

21

DBEDT's Key Performance Indicators & Economic Recovery Gaps

- ▶ Business / Job Retention and Creation
 - ▶ *149k unemployed, 21k job openings* (DLIR, Research & Statistics Office, April 2020)
- ▶ Tax Revenue
 - ▶ *Forecasted reduction of 7% for FY 20 and 12% for FY 21* (Council on Revenues, May 2020)
- ▶ GDP Growth and Diversification
 - ▶ *Projected GDP reduction of 12.4% 2020 vs. 2019* (DBEDT, Research & Economic Analysis Division, May 2020)

Impact Level: Stay at Home

(May vary by County)

| | | | | |
|--|--|-------------------------------------|----------------------------------|-------------------------------|
| STAY AT HOME (Major Disruption) | SAFER AT HOME (Moderate Disruption) | ACT WITH CARE (Minor Disruption) | RECOVERY (Minimal Disruption) | NEW NORMAL (No Disruption) |
|--|--|-------------------------------------|----------------------------------|-------------------------------|

- ▶ Focused exclusively on Business / Job Retention and Operational Continuity
 - ▶ Surveyed over 4,000 businesses to qualify Hawaii for SBA's PPP certification eligibility
 - ▶ Facilitated access to PPP capital and provided technical assistance for disadvantaged businesses (e.g., non-English speaking small business owners)
 - ▶ Provided technical assistance to manufacturing businesses to resolve supply-chain challenges
 - ▶ Extended rent deferment for commercial tenants of state-owned facilities under DBEDT purview
 - ▶ Launched COVID-19 Business Resource Page
 - ▶ Provided up to six-month loan deferment for GEMS borrowers
 - ▶ Executed energy shortage and supply disruption responsibilities to support energy companies in reducing risk to COVID-19 for statewide energy supplies

Impact Level: Safer at Home

(May vary by County)

| | | | | |
|------------------------------------|--|-------------------------------------|----------------------------------|-------------------------------|
| STAY AT HOME (Major Disruption) | SAFER AT HOME (Moderate Disruption) | ACT WITH CARE (Minor Disruption) | RECOVERY (Minimal Disruption) | NEW NORMAL (No Disruption) |
|------------------------------------|--|-------------------------------------|----------------------------------|-------------------------------|

- ▶ Continued focus on Business / Job Retention and Operational Continuity
- ▶ Sector Support & Engagement
 - ▶ Facilitated dialogue between industry and recovery leaders to inform reopening plans
 - ▶ Proactively engaged private sector to collaboratively develop short and long-term recovery initiatives



Impact Level: Act with Care

(May vary by County)



► Business / Job Retention, Operational Continuity

- Small Business Loan Program with Technical Assistance & Real Property Tax Grants for Commercial Property Owners
- Manufacturing Grant program
- Performing arts drive-in experience
- Buy Hawaii, Give Aloha Online Marketplace and Promotion
- E-Commerce Training
- Technical assistance to develop E-Commerce Platforms
- Working with key private sector organizations to develop a program to temporarily employ displaced workers
- Working in concert with industry and DLIR (WDC) to develop immediate workforce training programs (including re-skilling and up-skilling) especially for our most vulnerable populations (e.g., the ALICE population) who have been disproportionately affected by COVID-19 related layoffs
- Working with Harold K. Castle Foundation, Hawaii Community Foundation, business, education, and nonprofit leaders to develop a roadmap to align and connect today's students to tomorrow's job opportunities



Impact Level: Act with Care

(May vary by County)

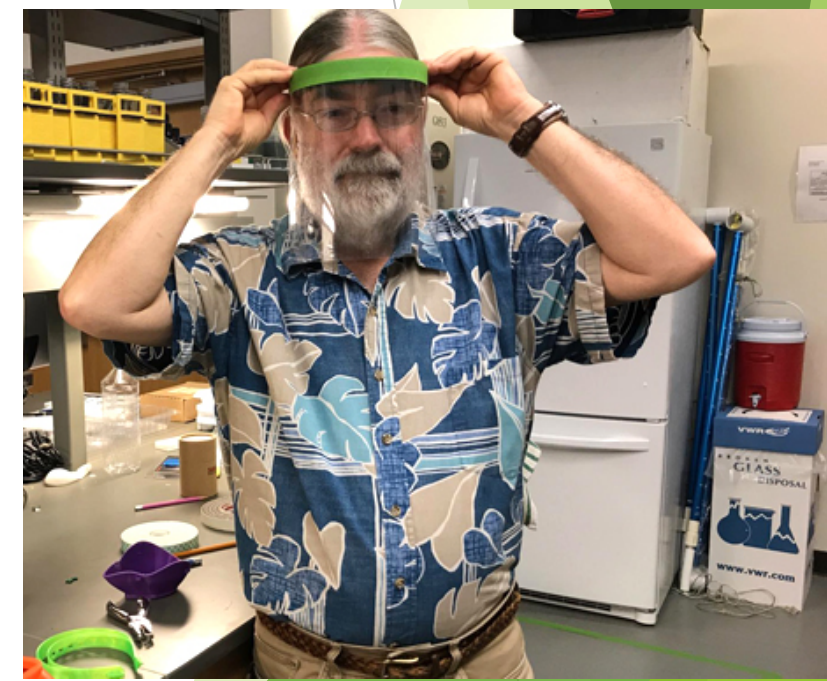
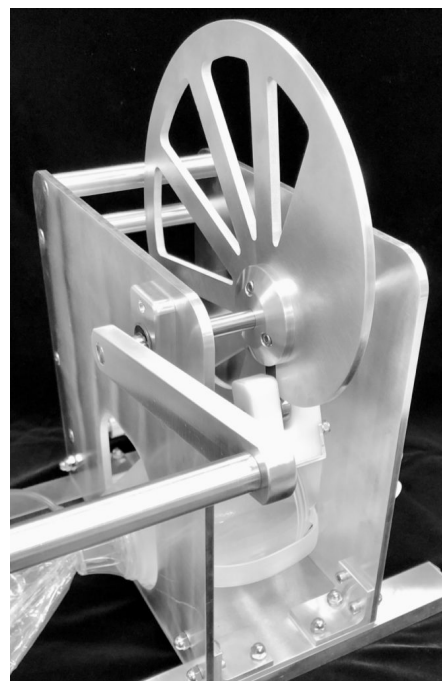
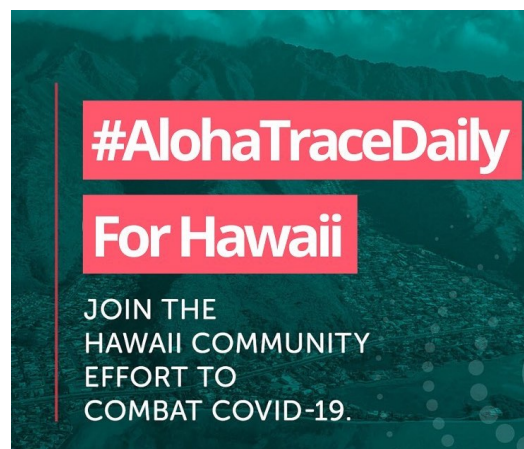


- ▶ GDP Growth and Diversification (Investment in Future / Planting the Seed)
 - ▶ Broadband - Cable landing infrastructure, federal grants, wifi on wheels, rural deployment
 - ▶ Ag-Tech - Controlled ag environments, vertical farming, etc.
 - ▶ SBIR and other grants to kickstart innovation economy
 - ▶ Facilitating industry discussions about visions for “new economy”
- ▶ Sector Support
 - ▶ Technical assistance for supply-chain issues
 - ▶ Identify and establish new FTZ sites
 - ▶ Shipping cost reduction pilot program for exported products
 - ▶ Regulatory reform
 - ▶ US Digital Response interactive wizard for businesses to navigate available support programs for which they qualify
 - ▶ Continuing to facilitate dialogue between industry and recovery leaders to inform recovery plans



Len Higashi
Acting Executive Director





Hawaii COVID-19 Technology, Manufacturing, Entrepreneurs



Recover with Tech-enabled Jobs

- ▶ Local Businesses Need Sales Now
 - ▶ E-commerce, Promotion, new sales offering, tech infrastructure, data
 - ▶ COVID-19 safety - masks, protocol
 - ▶ Webinars - insights from Japan
- ▶ Workforce Needs Support
 - ▶ Webinars - job hunting strategies, transitioning into tech careers
 - ▶ Online training
 - ▶ HireNet
- ▶ Federal Funds
 - ▶ Grants for business, SBIR
 - ▶ Grants for HTDC to help businesses

HTDC Programs

- ▶ INNOVATE Hawaii
 - ▶ Hawaii SBIR Program - priority for interns
 - ▶ Manufacturing Grant Programs - priority for COVID-19 reconfiguring
 - ▶ Workforce Development - federally funded
- ▶ Entrepreneurs Sandbox
 - ▶ TRUE Initiative - tech enable companies
 - ▶ Digital Currency Innovation Lab
 - ▶ Training Webinars
- ▶ HCATT - PEARL Microgrid
- ▶ Accelerator Programs - priority for COVID-19 solutions
- ▶ MRTC / Neighbor Island Innovation Initiative
- ▶ 2 New Tech Parks - FRTC and IMC

GDP Recovery

- ▶ Consumer Spending
 - ▶ E-commerce, Hawaii made, promotion
- ▶ Government
 - ▶ Pearl, FRTC and IMC tech park projects
- ▶ Investment
 - ▶ SBIR, MAP grant, Accelerator programs
- ▶ Export - Import
 - ▶ Manufacturing, IT, Professional Services

HAWAII STATE ENERGY OFFICE

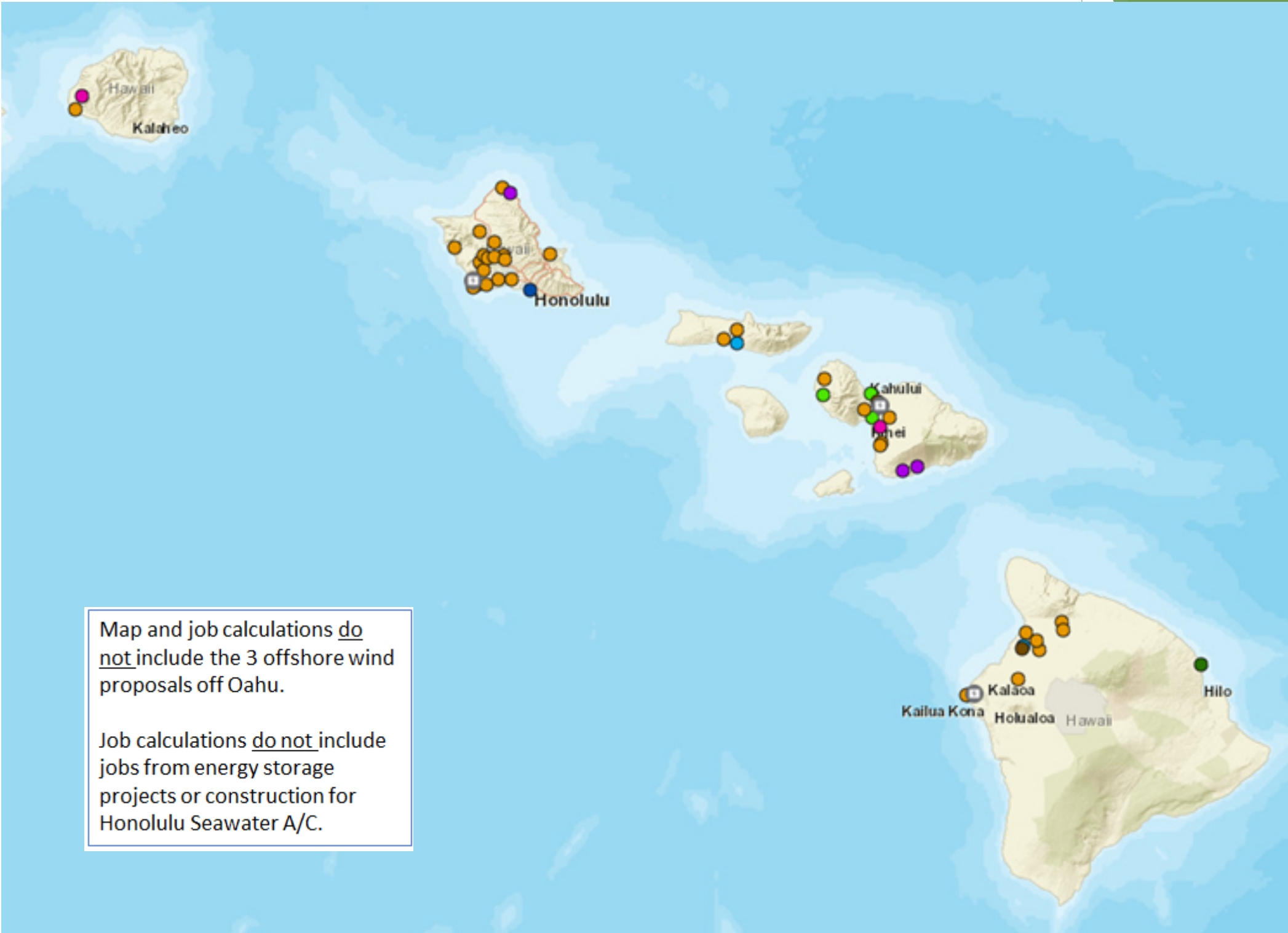
**Scott Glenn
Chief Energy Officer**

Jobs Potential from Proposed RE Projects

50 Proposed or Under Development Projects, Statewide*

| Island | # of Projects |
|---------|---------------|
| Kauai | 2 |
| Oahu | 20 |
| Molokai | 3 |
| Maui | 13 |
| Hawaii | 12 |
| TOTAL | 50 |

| Island | Part-Time Jobs | Full-Time Jobs | Total Jobs |
|----------|----------------|----------------|------------|
| Kauai | 426 | 11 | 437 |
| Oahu | 1,812 | 141 | 1,953 |
| Maui Nui | 1,772 | 152 | 1,924 |
| Hawaii | 1,234 | 126 | 1,360 |
| TOTAL | 5,244 | 430 | 5,674 |



* Hawaii State Energy Office, Hawaii Renewable Energy Projects Directory

Solar + Storage, Energy Efficiency, Resiliency

The 100% RPS goal plans for 100% of Oahu residential roofs to be covered. HECO's 2016 PSIP estimates more than 2.1 GW of rooftop solar needed for all single-family homes to be net-zero and to offset about 15% of commercial and industrial electricity demand on Oahu.

In 2019, **81,783** total rooftop PV installs on Oahu, Maui Nui, and Hawaii (up 4.65% from 2018). But, Oahu is only 25% toward achieving the 2045 PSIP forecast.

As of May 2020, 531.91 MW of rooftop solar applications have been executed (33% of residential rooftops).

The 2016 plan was to have 628.7 MW by 2020 so current installed is about 15% off 2020 target.



The blue on the map below represents all rooftops on Oahu.



BUSINESS AND SUPPORT DIVISION

**Dennis Ling
Administrator**

Small Business Recovery

- ▶ Federal Funds
 - ▶ EDA grant for micro loans to small businesses (mom and pop)
 - ▶ SBA grant to provide grants to companies to increase exports
- ▶ Workforce Needs Support
 - ▶ DoD contract to identify sub-contracting opportunities with major contracts and needs for local talent
- ▶ Local Businesses Need Help
 - ▶ PPP loan workshops, apps in different languages
 - ▶ Advocate for income tax exemption for forgivable portion of PPP loans
 - ▶ Webinars
 - ▶ E-Commerce

VIRTUAL EXPORT “BUY HAWAII, GIVE ALOHA” WEBSITE



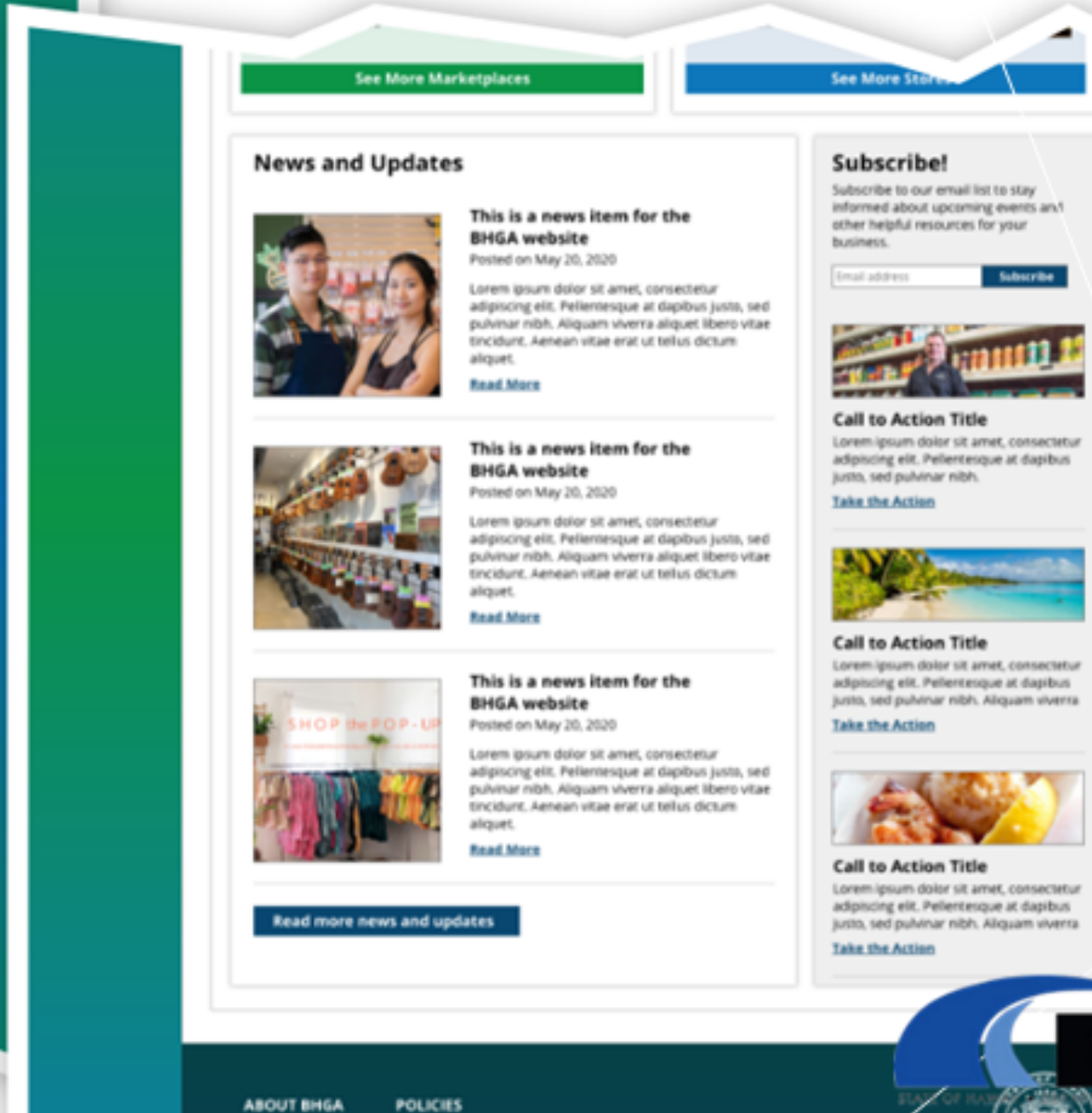
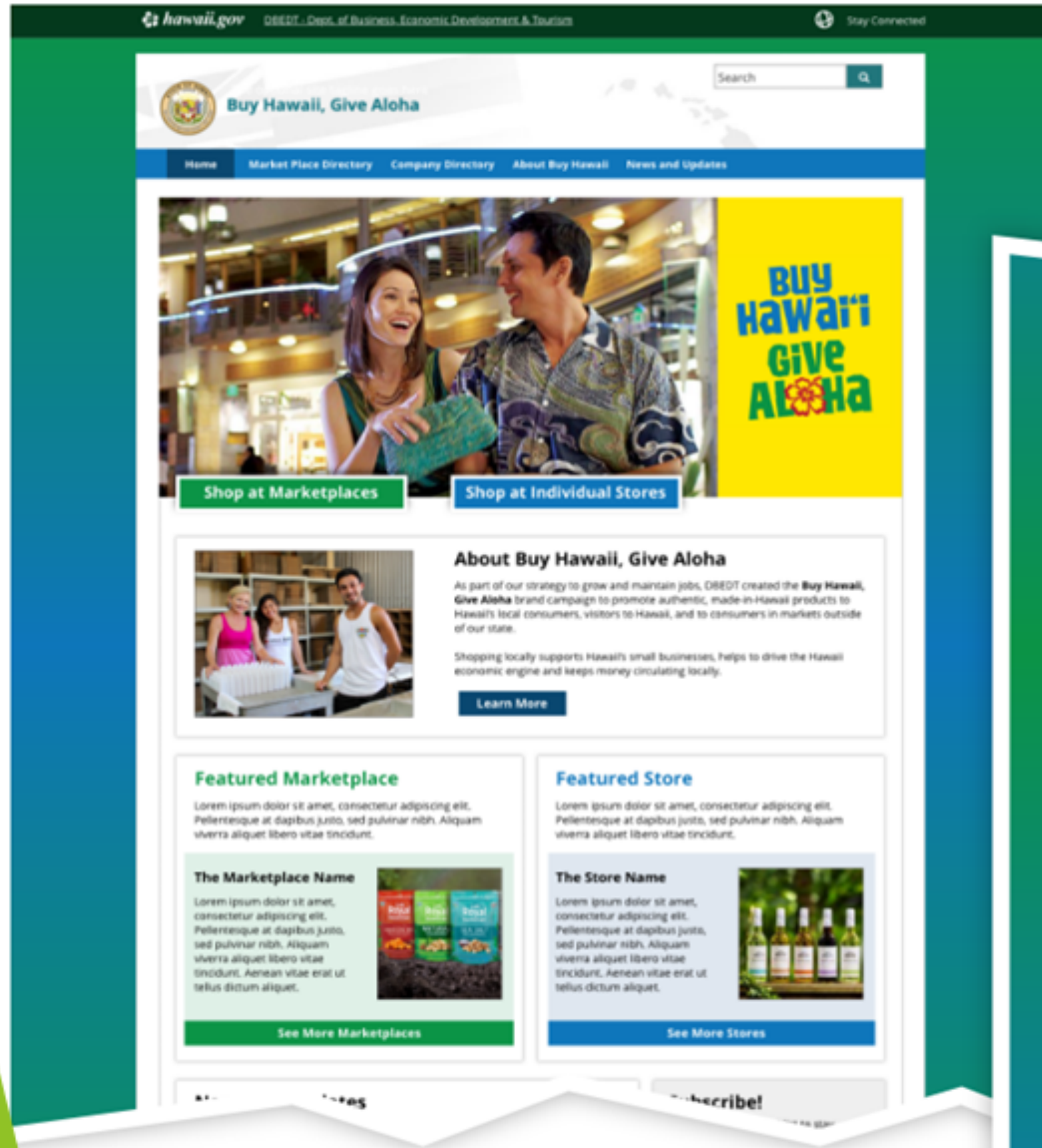
- **Develop a State produced and managed marketplace of Hawaii made products**
- **Drive kamaaina, U.S. domestic and international customers to Hawaii firms' e-commerce website**
- **Campaign to advertise and increase awareness of site through PSAs, press releases, social media platforms**
- **Keep the site fresh and customers returning through ongoing campaigns of special discounts, holidays and celebrations, etc.**

GROW JOBS AND THE GDP

- Increase local sales (Phase I - Target date July 4th weekend)
 - Increase revenue flow from local and military consumer audience
- Increase domestic out-of-state sales (Phase II)
 - Assist companies to fulfill orders through Amazon
 - Pilot program to reduce cost of shipping products (fresh and processed foods, fruits, floral, seafood) to major mainland West Coast markets (LAX, SFO, SEA) through consolidation
- Increase international sales (Phase III)
 - On-line campaign with Hankyu Department Store - major department store in Japan
 - Hawaii Marketplaces with Rakuten, Alibaba
 - HTA/HTJ - Keeping Hawaii in the minds of Japanese travelers/consumers

PARTNERS:

- *HDOA
- *INNOVATE Hawaii/HTDC
- *Hawaii Food Manufacturers Association
- *Chamber of Commerce of Hawaii
- *Ethnic Chambers of Commerce
- *SBA
- *U.S. Commercial Service





NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

Greg Barbour
Executive Director

Aquaculture as a Means of Job Creation and Economic Growth

Global aquaculture industry is poised for a sustained period of growth and expansion.

- United Nations, OECD and the World Bank see substantial upside and projections show increases of up to 50 percent by 2050.
- Generally considered as a best solution to provide to nutrition especially considering its sustainability aspects.

Likewise, the US Federal Government has recognized this potential as a new growth sector for the nation.

- President Trump signed an Executive Order just several weeks ago to “Promoting American Seafood Competitiveness and Economic Growth”.
- 180 days to assess whether to revise the National Aquaculture Development Plan.
- The US Department of Commerce is completing a programmatic EIS for the Pacific Ocean.

Hawaii has A Significant Comparative Advantage

Several years ago we began efforts to raise Hawaii's global visibility in marine aquaculture to capitalize on this opportunity.

- Natural Resources:
 - We are a large ocean State with significant resources to grow the ocean economy.
 - We have the premier “master-permitted” facility in the world in Kona.
- Labor: World-class reputation, strong well-qualified mentors and initial workforce and training programs.
- Capital: Venture fund approaching \$10 million.
- Entrepreneurship: Worlds only aquaculture accelerator.

Post Covid19 World – Going Forward

Many current small businesses may have disappeared. New entrepreneurs will need resources and we can be perfectly positioned to offer assistance.

Working closely with our strategic partners: NOAA, Department of Agriculture, HTDC and UH.

- DOA Plan:

- We worked with DOA over the past several weeks in creating a proposal to grow this sector.
- We strongly support their plan - very well written.
- Includes several initiatives to take our facility to the next level and be at the forefront of growing global marine aquaculture.

- Metrics:

- 2X number of jobs in 5 yrs. - stretch goal to grow by 1,000.
- Increase economic impact by 50% or \$50 million annually.
- Grow tax revenue by 50% to almost \$8M annually.

ECONOMIC DEVELOPMENT OPPORTUNITIES IN THE AEROSPACE INDUSTRY FOR HAWAII'S ECONOMIC RECOVERY PLANS

Briefing to:
Senate COVID-19 Special Committee
June 4, 2020

Romo, R., Program Director
Pacific International Space Center for Exploration Systems



PACIFIC INTERNATIONAL SPACE CENTER FOR
EXPLORATION SYSTEMS | [PISCES.HAWAII.GOV](https://pisces.hawaii.gov)

PISCES Actions

ECONOMIC DEVELOPMENT

- ▶ Work on Plan for Aerospace Program in Hawai'i
- ▶ Sintered Basalt Tile Manufacturing
- ▶ Basalt Fiber Manufacturing Plant
- ▶ Laser Communications Ground Station
- ▶ Space Balloon Launch Flight Operations

PLANETARY SURFACE RESEARCH GRANTS PENDING

- ▶ 3D Printing with Basalt/Binder in Lunar Conditions (NASA) \$650k
- ▶ Basalt/Binder Launch Pad Material Testing (NASA - MSFC) \$100k
- ▶ Surface Mobility Testing (Motiv Space Systems, NASA REDDI) \$32.5k
- ▶ Robotic Learning for Exploration on Extreme Environments (HSFL, NASA EPSCoR) \$20k

WORKFORCE DEVELOPMENT

- ▶ Credit Based Internships (UH/HCC)
- ▶ Outreach Programs (STARS)
- ▶ International Robotics Competition (Caterpillar)



PACIFIC INTERNATIONAL SPACE CENTER FOR
EXPLORATION SYSTEMS | PISCES.HAWAII.GOV

Hawaii Aerospace Development (HAD) Areas of Opportunity*

AEROSPACE INDUSTRY CLUSTER HILO, HI

LAUNCH SERVICES

- East Hawaii Launch Facility
- Glider Launch Operations
- Space Balloon Flight Operations

UNMANNED AERIAL SYSTEMS

- HAPSMobile UAS Operations in Lanai
- Maintenance Facility in Hilo
- UH/OSU Collaboration for UAS training program

PLANETARY SURFACE OPERATIONS R&D (Currently PISCES)

- Dual Use Technology Applied Research Grants
- Spin Off Technologies
- Workforce Development

* Refer to white paper: "Hawai'i Post COVID-19 Economic Development Opportunities, Aerospace Industry" for more detail.



PACIFIC INTERNATIONAL SPACE CENTER FOR
EXPLORATION SYSTEMS | PISCES.HAWAII.GOV



Foreign-Trade Zone No. 9

David Sikkink
Administrator



FTZ9 Initiatives During The Pandemic

- **Committed to Staying Open**
- **Supported Critical Businesses**
 - **Food Distribution, Medical Supplies, Transportation, Construction.**
- **Accommodated All Storage Requests**
- **Supported 75 Offices**
 - **Import/Export, Shipping, Logistics, Stevedores, Customs Brokers.**
- **Assisted in Import of PPE**



Pivot To Rebuild The Economy

- **Continue To Service Industry**
- **Work With Clients To Reduce Costs**
 - **Removal of Some Fees**
 - **Alter Office Lease Structure to Reduce Burden**
- **Aggressively Seek Out ASF Candidates**
 - **Identify and Establish New Zone Sites**
 - **Faster Approval Process**
 - **Duty Deferral/Reduction Benefits to Manufacturers on Imported Component Parts**

CREATIVE INDUSTRIES DIVISION

Georja Skinner
Division Chief

Creative Economy Metrics

▶ TOTAL CREATIVE SECTOR SNAPSHOT 2018-19

- ▶ **53,464** Creative Sector jobs
- ▶ **\$55,868** Average Creative Sector job earnings annually
- ▶ **6.1%** of jobs are Creative Sector specific, compared with other industries
- ▶ **\$4.2B GDP** = 4.5% of total state GDP
- ▶ **10% growth** (2008-2018) over 10 years (+4,861 jobs)

▶ CURRENT IMPACTS 2020

- ▶ 65% reduction of creative jobs due to COVID19
- ▶ Creatives pivoting to new business models in design, music, media, performing arts

Creative Economy Metrics

▶ **FILM AND TELEVISION PRODUCTION - 2017-19**

- ▶ **\$400M+** Average 3-year Film Production expenditures per year (2017-19)
- ▶ **\$700M+** Average per year Economic Impact
- ▶ **4,000** jobs created per year

▶ **CURRENT FORECAST FOR 2020**

- ▶ **\$80M** film production to date
- ▶ Restart of industry in phases June 2020
- ▶ Projecting 80% impact by end of CY

Immediate Stabilization Strategy: Short-Term

1. FILM & TELEVISION PRODUCTION REBOOT

IMMEDIATE -- LATE JUNE / JULY 2020 – ONGOING

- a. Currently 95-100% of labor union jobs impacted
- b. Production down 100%
- c. New class of jobs/businesses needed in on set Safety, CDC protocols
 - i. Partnership with nursing programs, medical school

2. HAWAII CREATIVE CONTENT EXPORT

IMMEDIATE – JUNE START

- a. Drives new revenue to the 65% of arts, media, music sectors currently jobless
- b. Increases revenue streams for local content industries, new markets for arts
- c. Potential for ALICE population training/job shadowing

Immediate Stabilization Strategy: Short to Mid-Term

1. INFRASTRUCTURE DEVELOPMENT

FALL 2020 - 2025

- a. P3 Creative Media & Film Studio Complex UHWO (2022-2025)
 - i. Provides jobs in creative, construction, technology, broadband
 - ii. All planning with DAGS and consultant G70 completed
- b. CreativeSpace 808 HTDC/CID – Sandbox Fall 2020 (EDA Grant)
- c. CreativeSpace 808 Neighbor Islands – June 2021 (EDA Grant)

2. WORKFORCE DEVELOPMENT

PIPELINE FROM EDUCATION TO INDUSTRY JOBS

- a. Strategic development of industry specific jobs; high paying.
- b. Integration w/CTE/DOE and University System
- c. FTZ Creative Suites – Post Production Training local/offshore

COVID-19 RESPONSE

Hawai'i Tourism Recovery

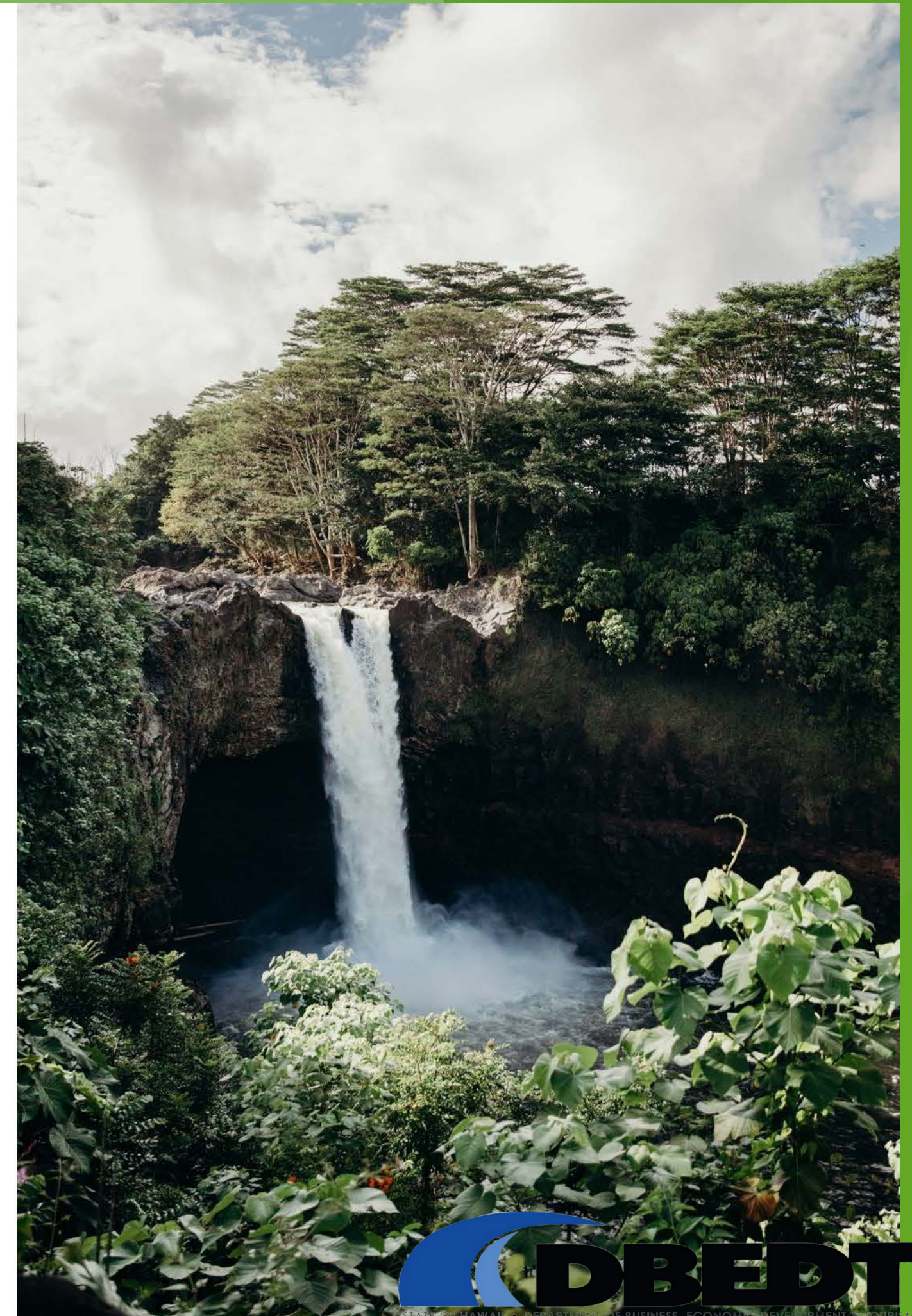
May 2020

Chris Tatum
President and Chief Executive
Officer

HAWAIIAN
ISLANDS

Overview

- 01 Economic Impact
- 02 Rebuilding Tourism Responsibly
- 03 Health & Safety Is Our Kuleana
- 04 Kama'āina First
- 05 Appendix
Industry Guidelines/Protocols



Economic Impact

Current State of Tourism Devastated by 14-Day Quarantine



April Visitor Arrivals

↓ -99.6%

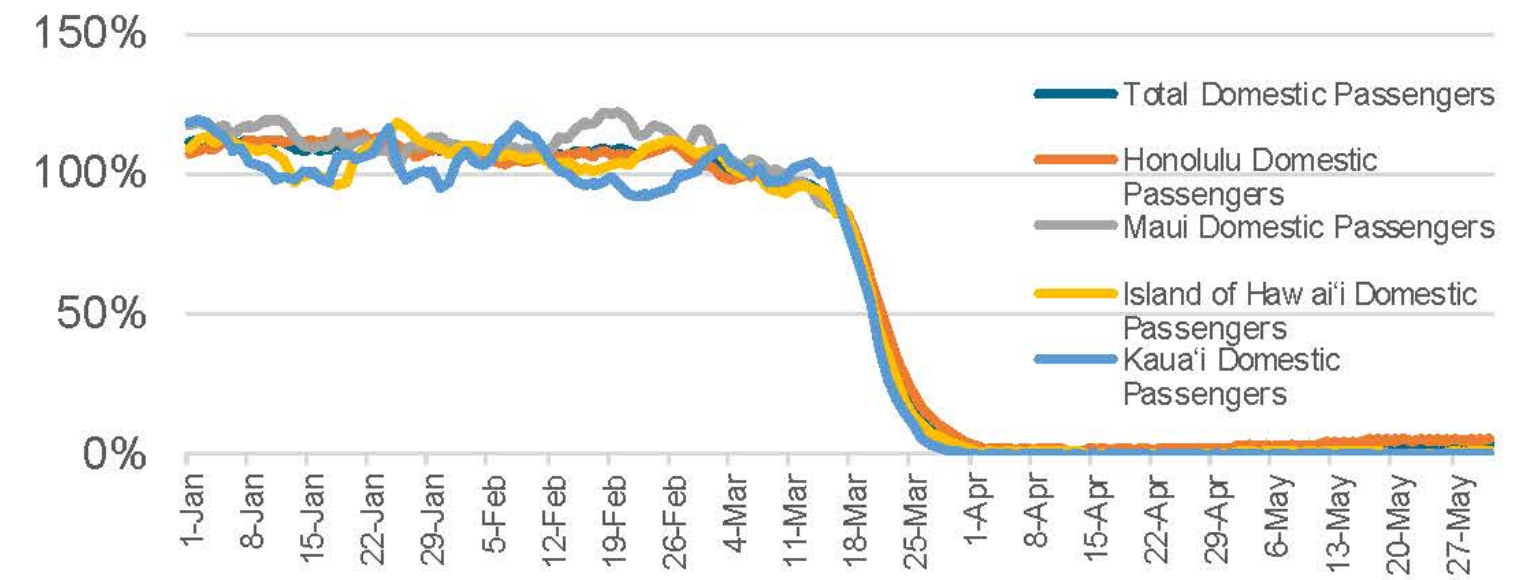
- Domestic flights reduced from 150 daily flights to less than 15
- Only 1 scheduled international flight
- No cruises



April Hotel RevPAR

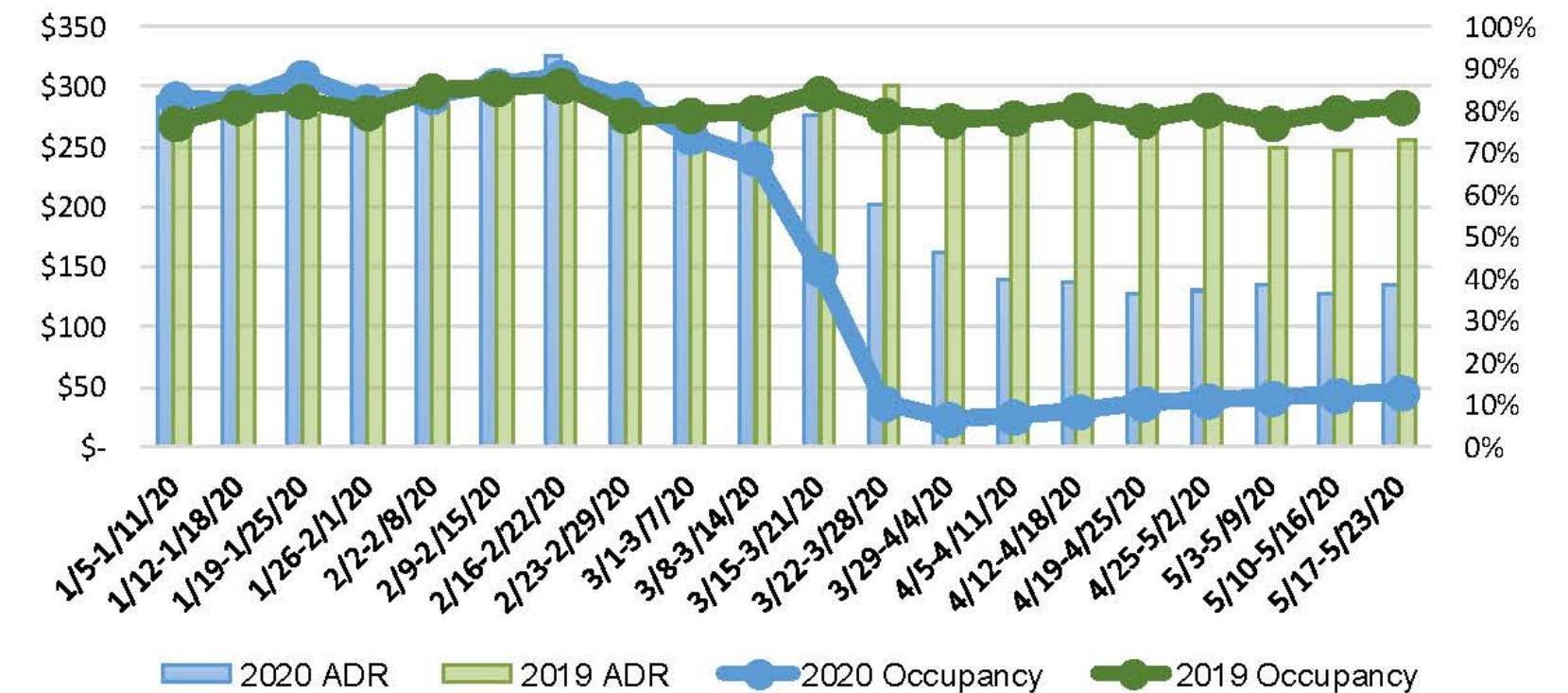
↓ -93%

7-Day Moving Average for Domestic Air Passenger Arrivals



Source: HVCB analysis based on data from DBEDT

State of Hawai'i Hotel Performance by Week - 2020 vs 2019



Source: STR, Inc. © Copyright 2020 Hawai'i Tourism Authority

Current State of Tourism Devastated by 14-Day Quarantine



April Estimated State Tax Revenues

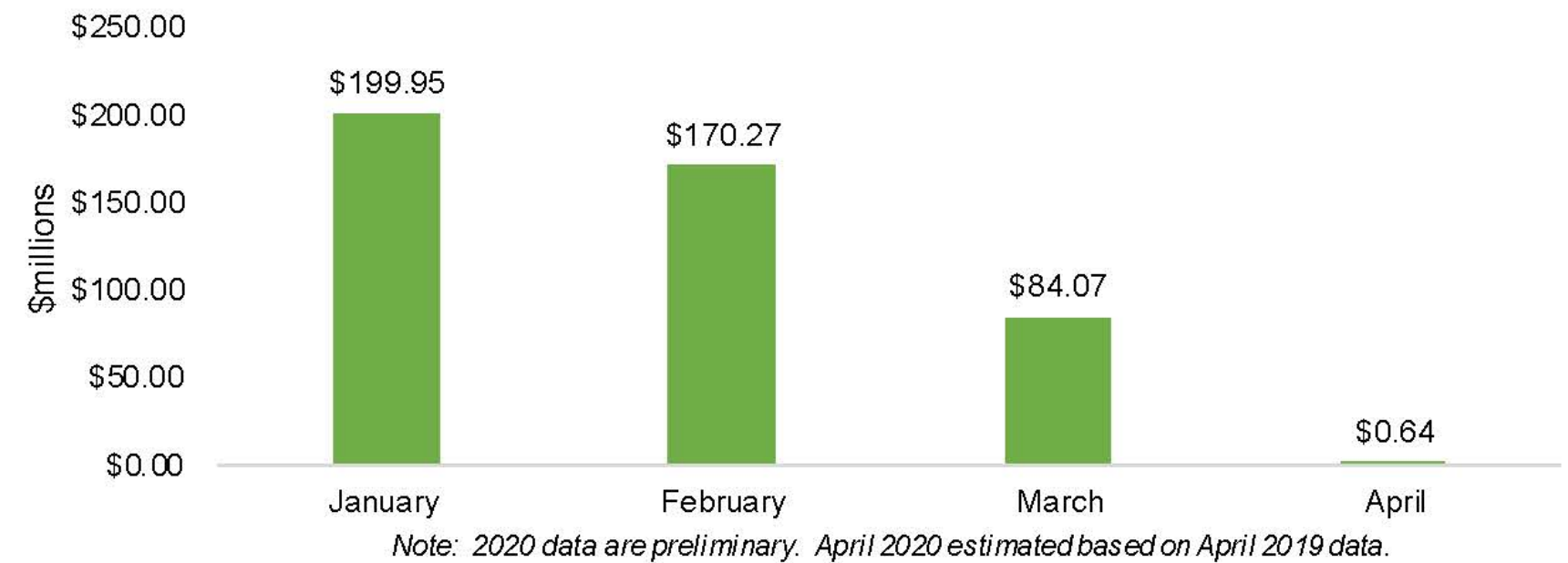
↓ -\$155 million



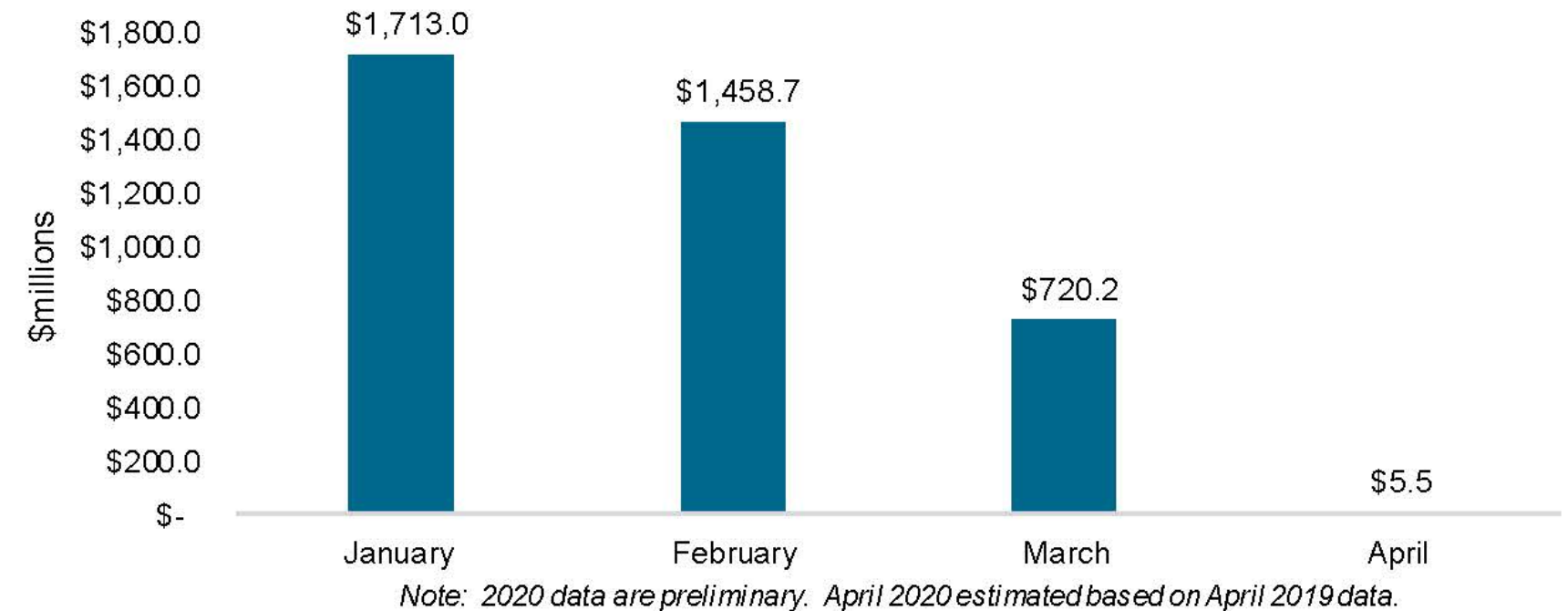
Estimated Direct Visitor Spending

↓ -\$1.3 billion

2020P State Tax Revenues Generated
(direct, indirect, and induced)



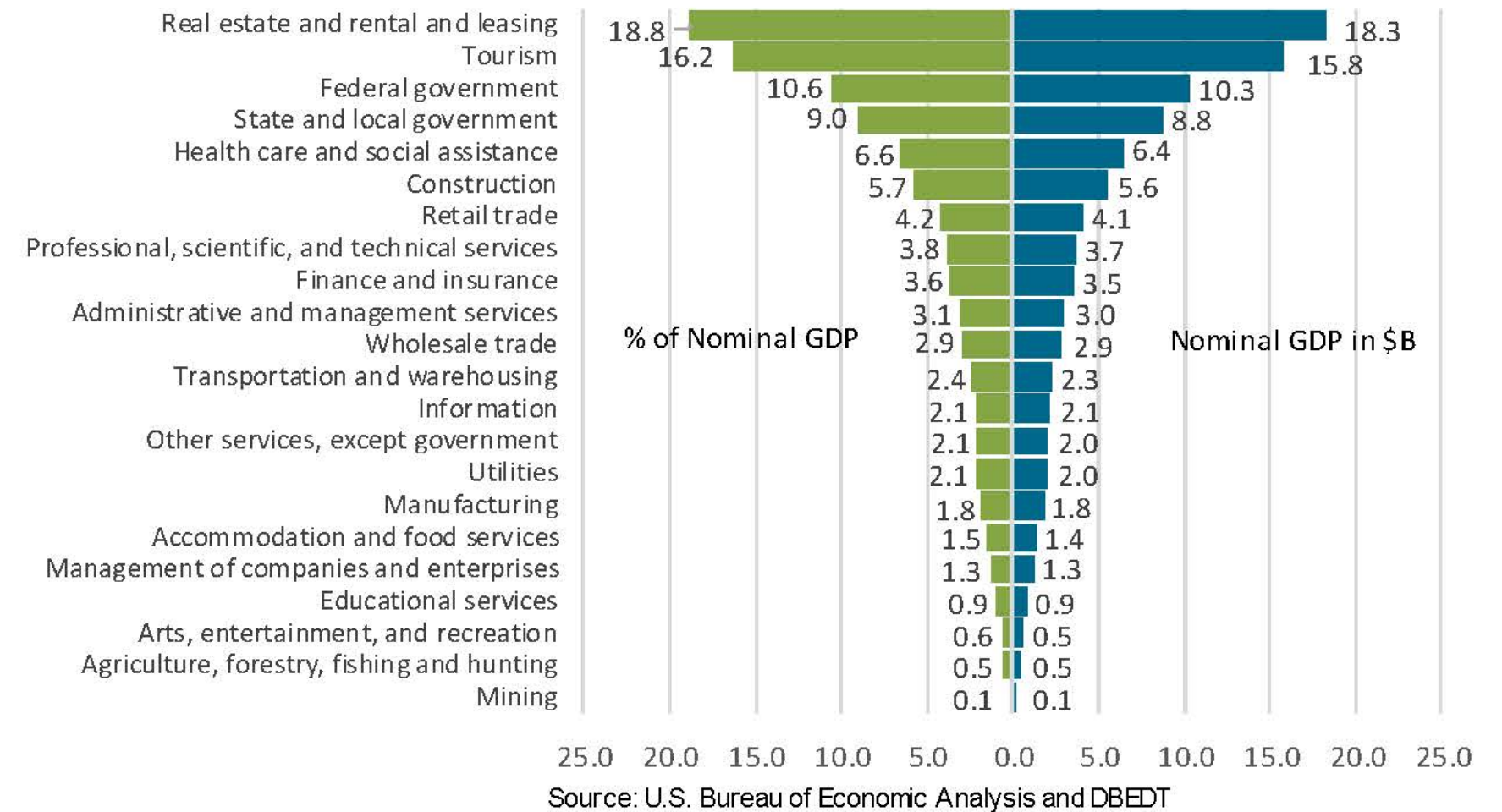
2020P Direct Visitor Spending



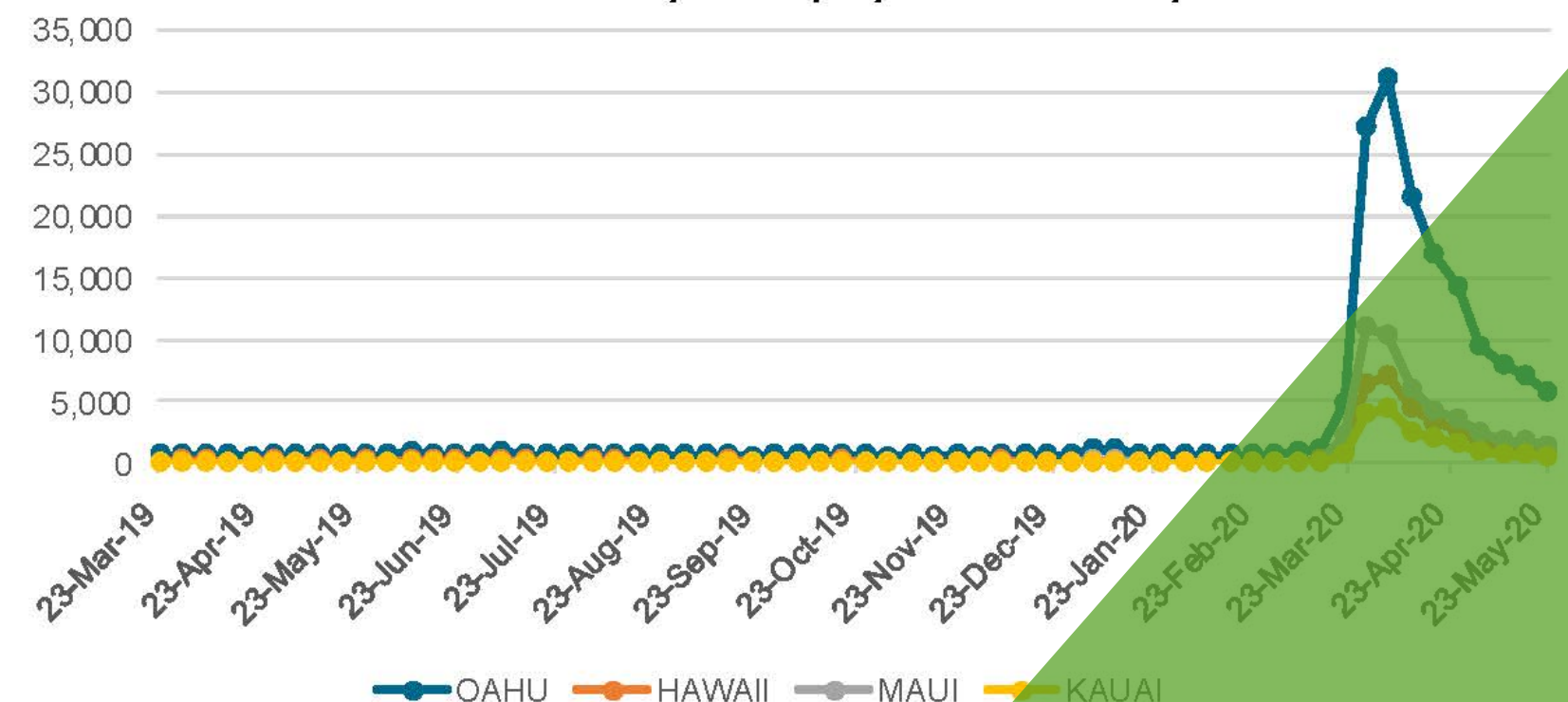
Economy Devastated by Tourism Losses

- Tourism represents 16.2% of the state's GDP and impacts all other sectors of the economy.
- 22.3% unemployment
- 139,900 people out of work, 70,000 directly attributed to tourism
- Health benefits are at risk with many employers.
- Once these benefits expire, additional strain will be put on state infrastructure.

Hawaii GDP by Industry: 2019 (in current dollars)



2020 Initial Weekly Unemployment Claims by Island

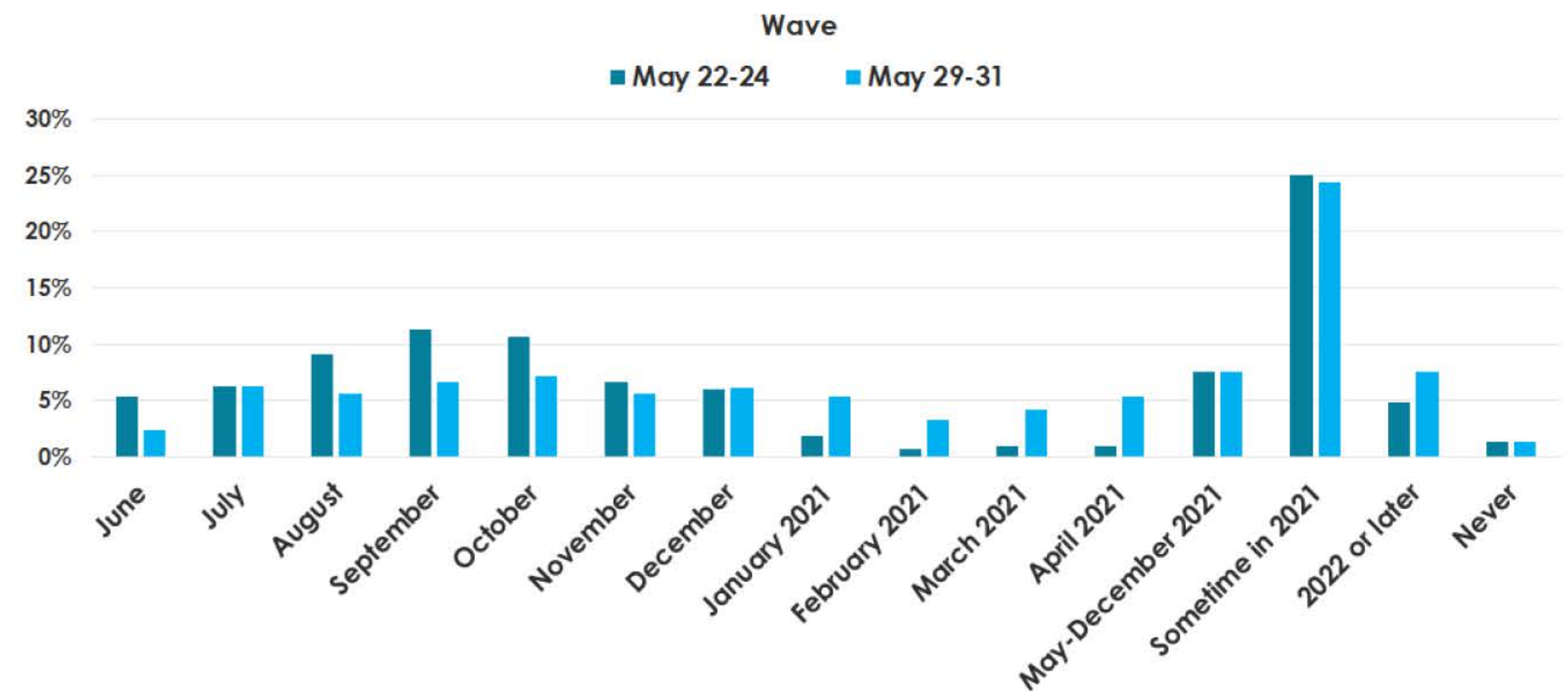


U.S Resident Travel Sentiment Remains Low, Tourism Recovery Will Start Slowly

- Nearly a quarter (24%) of American travelers said they don't expect to take their next commercial airline trip until sometime in 2021 at the earliest.
- 50.8 percent now say they'll probably take more regional trips while avoiding long-haul trips due to the coronavirus.
- The average distance away from home for American travelers' commercial airline trip is reported to be 1,127 miles.
- Nearly 80 percent of travelers expressed some level of concern for the national economy.
- 69.7 percent of Americans say they have some level of concern about contracting the virus.

Many American travelers are pushing their air trips to 2021.

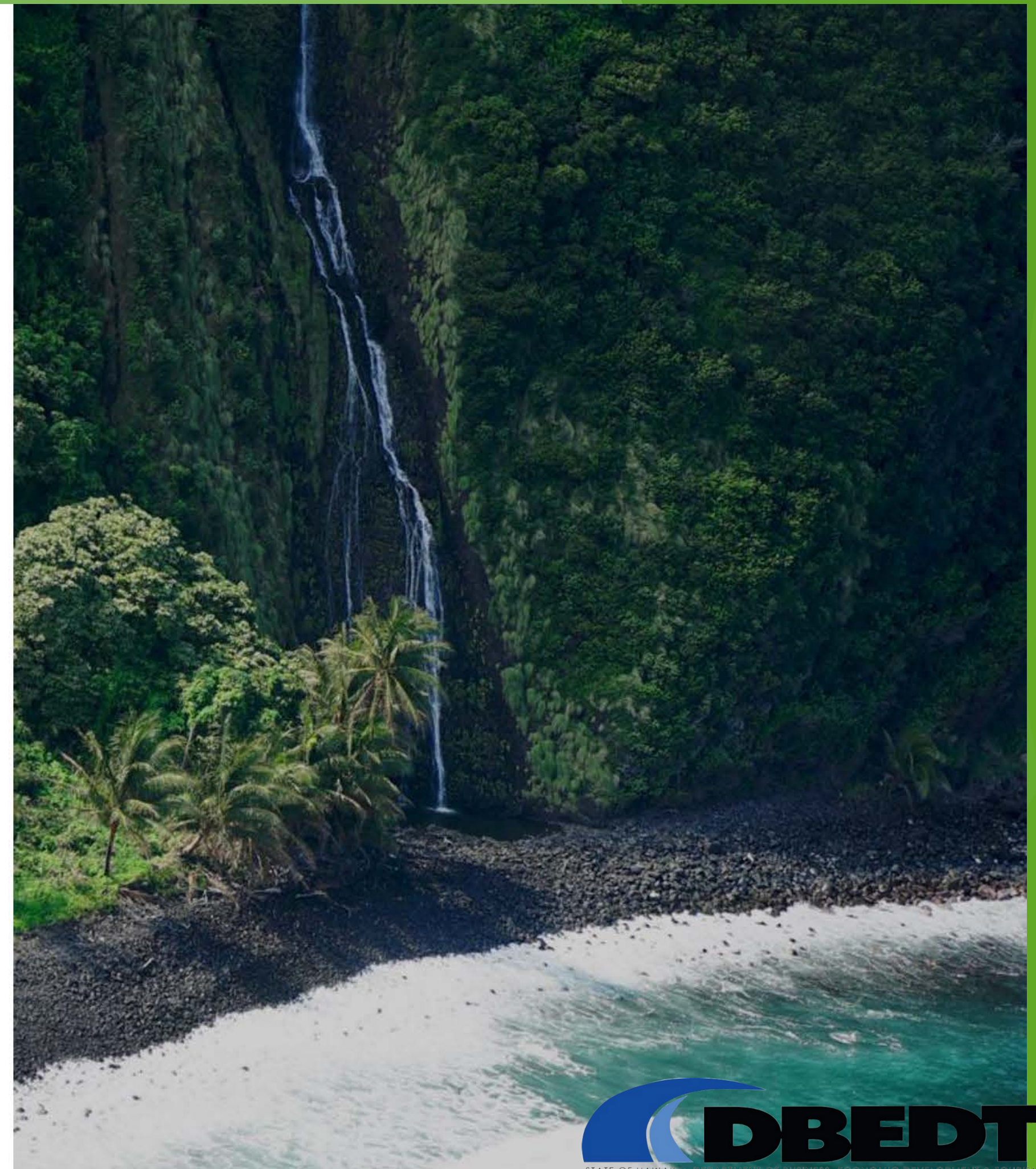
Nearly a quarter (24%) said they expect to take their commercial airline trip sometime next year and have not decided on a date.



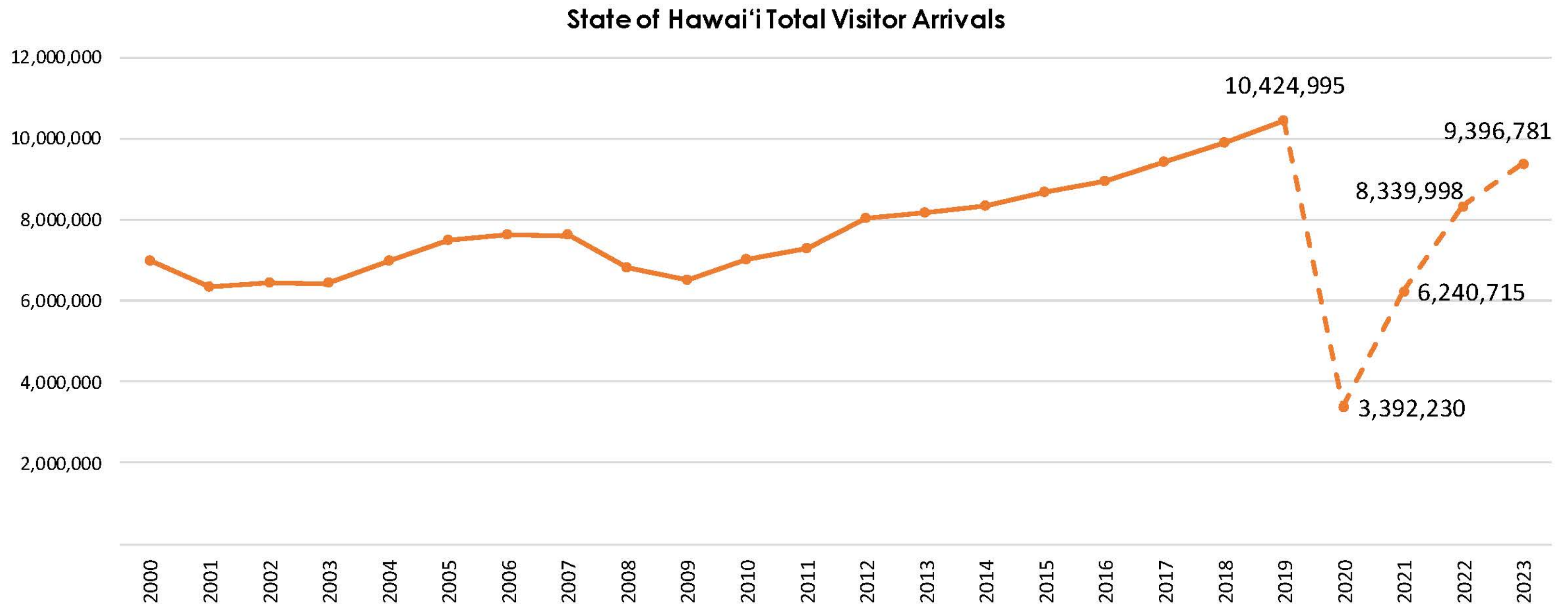
Source: Destination Analysts Coronavirus Travel Sentiment Index Report Wave 12

Tourism Recovery Slow To Start, Airlines Will Be Key

- North America seats to Hawaii expected to be 40-60% down vs. September 2019
- International seats expected to be down 50-70% vs. September 2019
- This reduction is driven by a combination of factors:
 - Consumer concerns about flying and a potential second wave of coronavirus
 - Economic weakness and unemployment
 - Ongoing international restrictions on outbound travel
 - Physical distancing protocols could significantly limit capacity
 - 3-6 month booking curve to build up demand once the quarantine is lifted

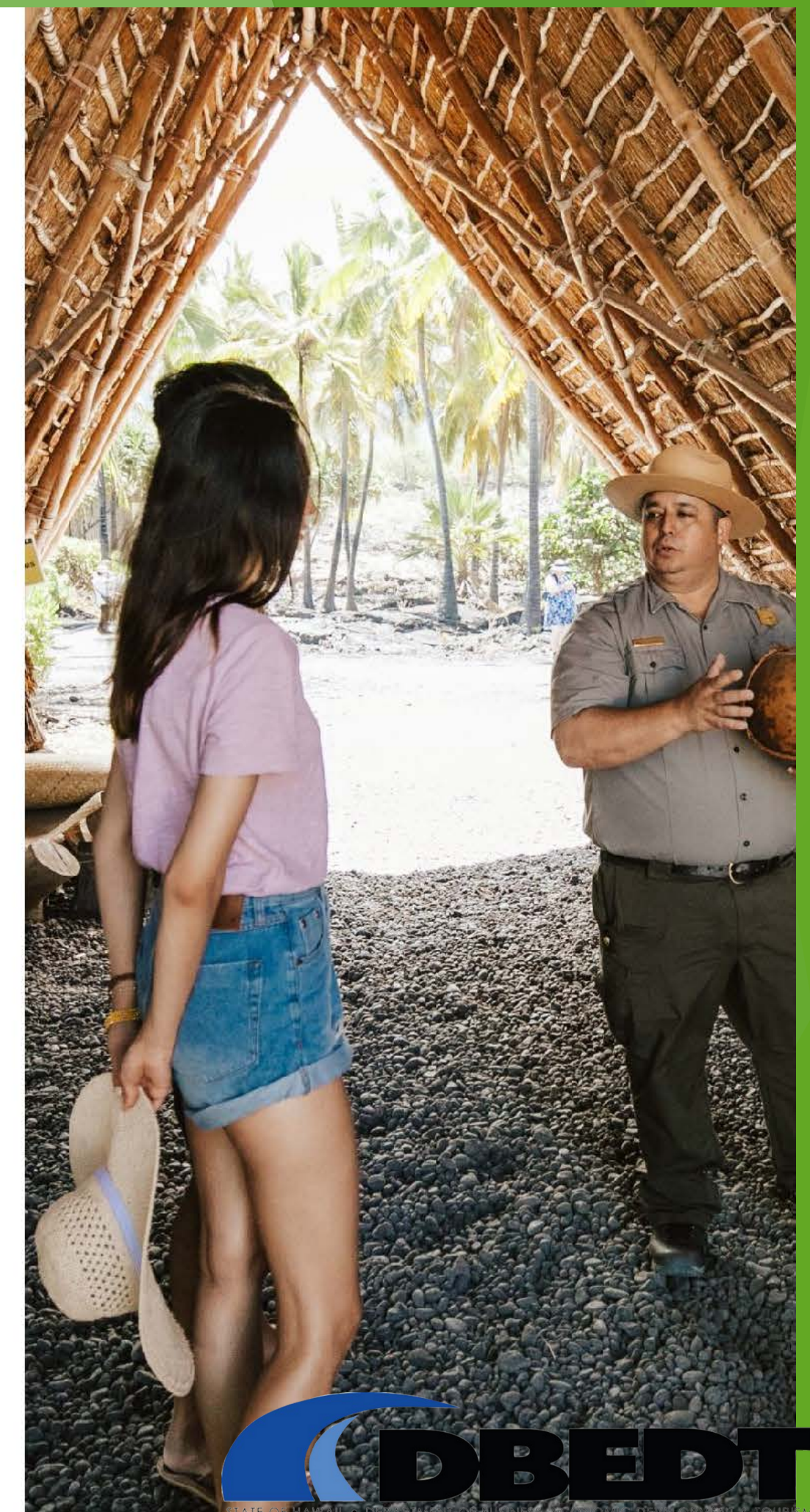
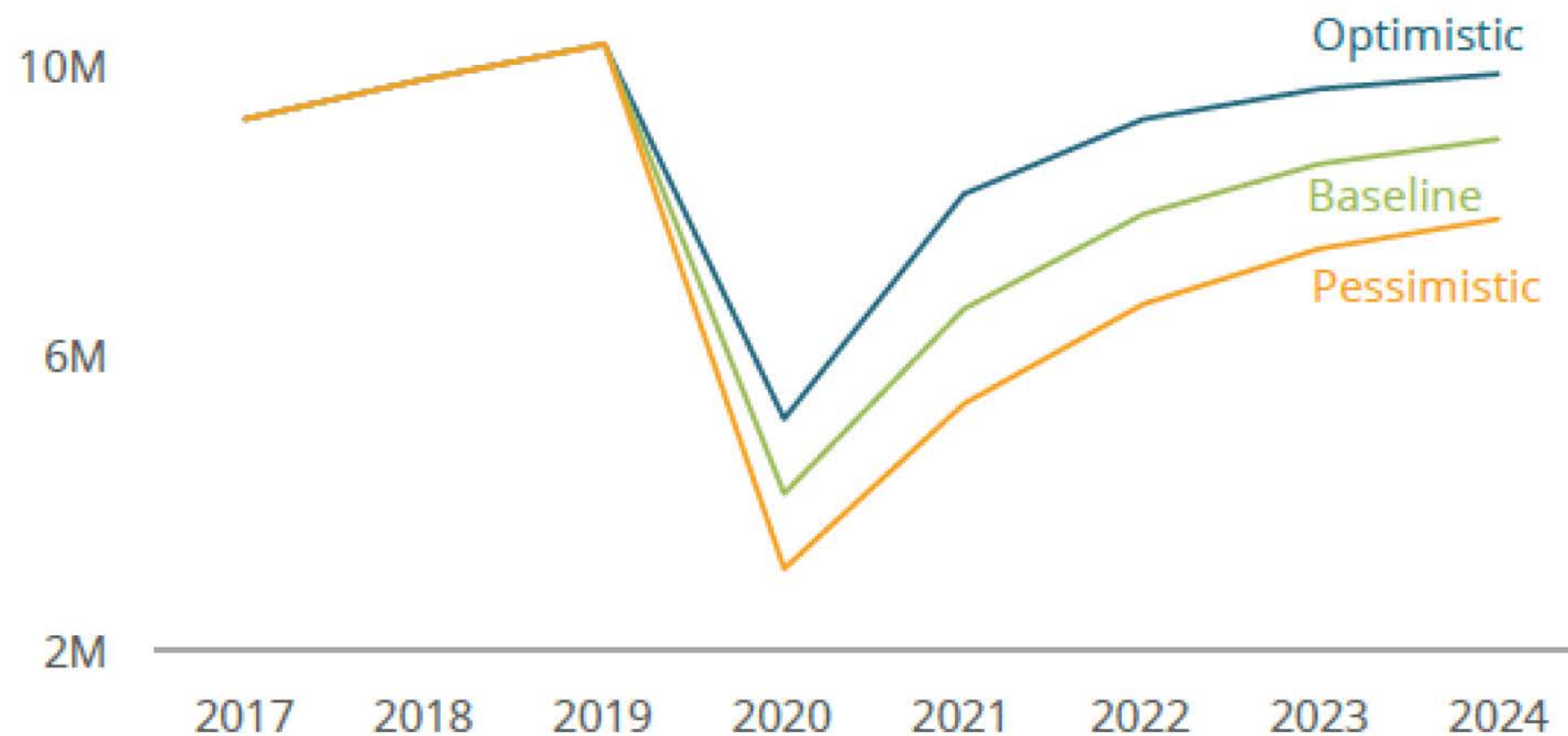


Visitor Arrivals Forecast- DBEDT



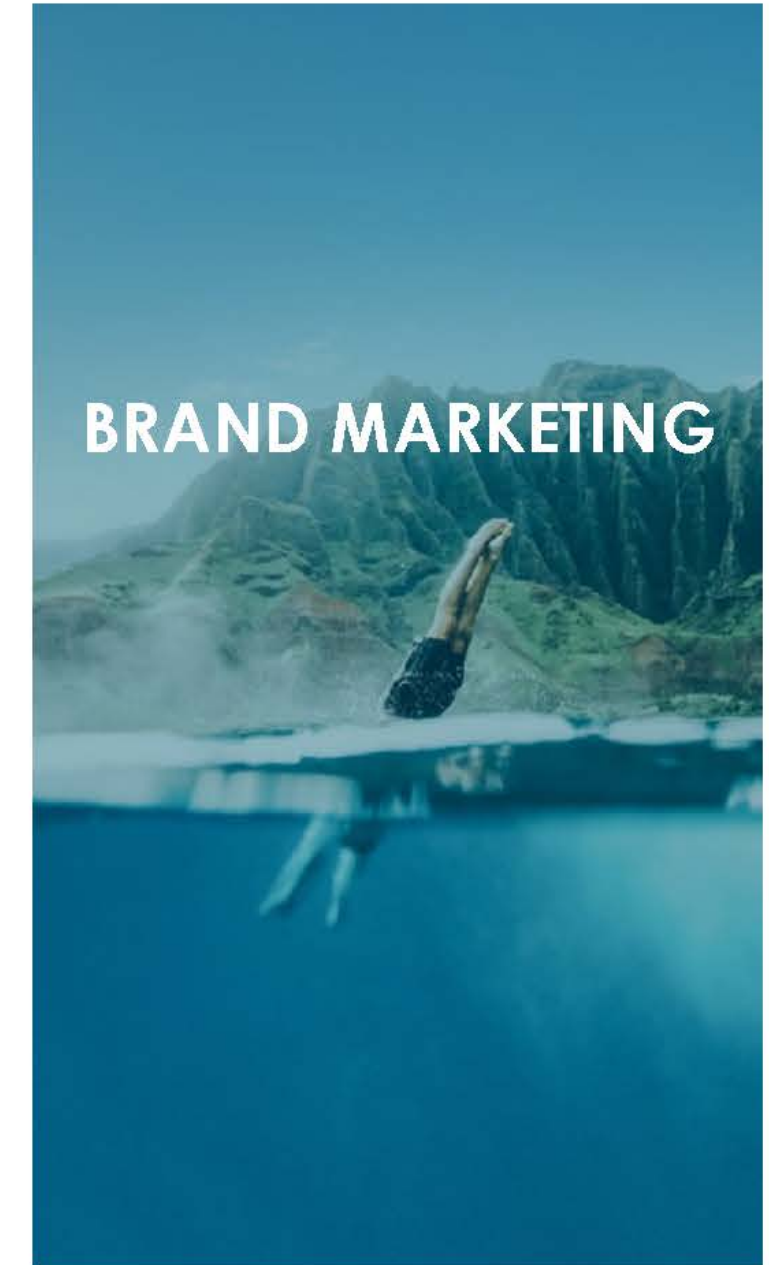
Visitor Arrivals Forecast- UHERO

Visitor numbers will lag for years even in the optimistic scenario



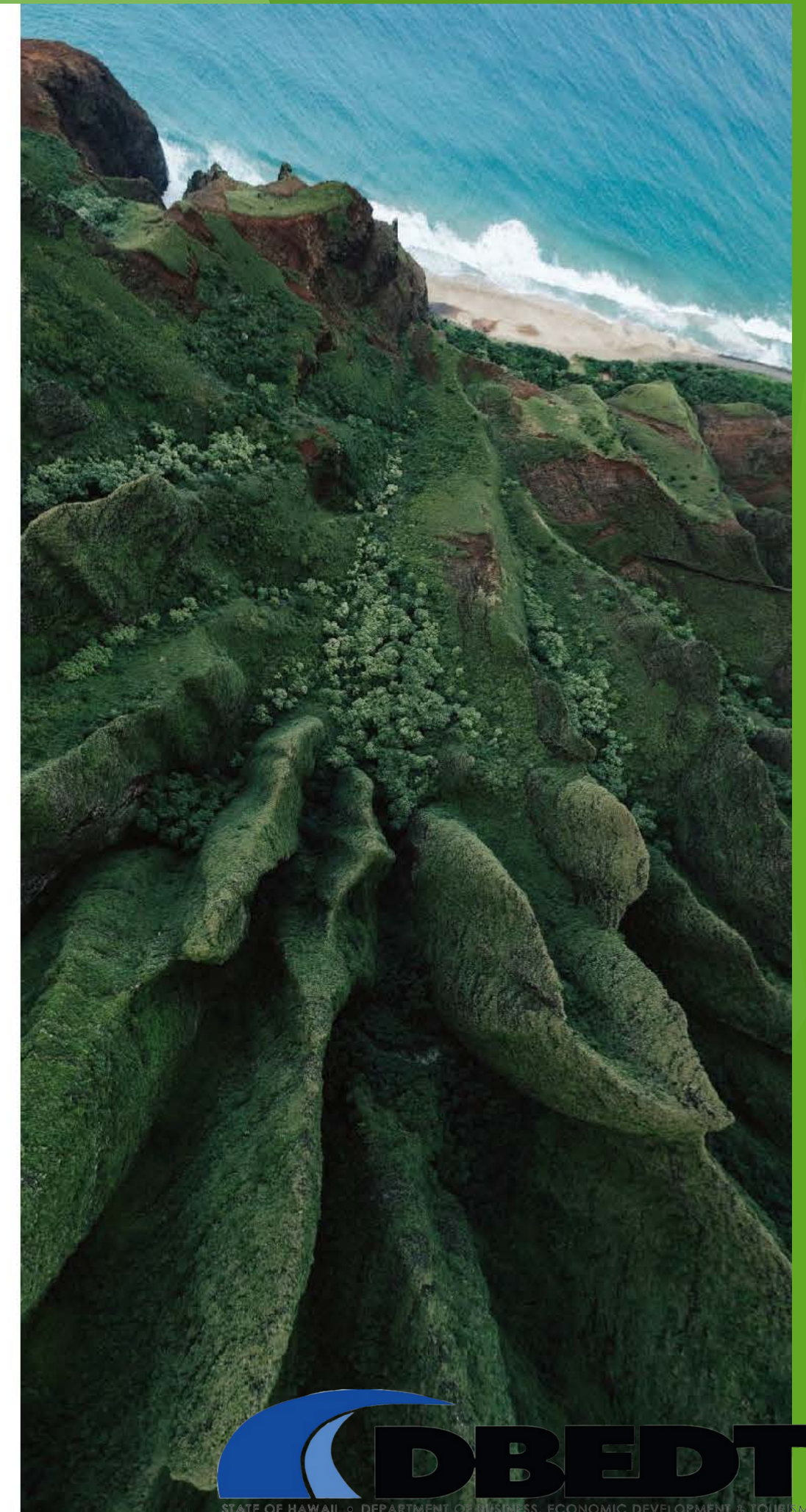
Rebuilding Tourism Responsibly

Hawai'i Tourism Authority Strategic Pillars



Rebuilding Tourism Collaboratively

- Funding from HTA for each county to facilitate destination management plans:
 - Collaboration between community, visitor industry, and state and county entities.
 - Create opportunities for resident engagement in tourism development
 - Establish better systems for destination management
 - Improve current and develop new tourism products and offerings
- Identify the appropriate balance between the economic benefits of tourism and impact on local services, natural and cultural resources, and residents' quality of life.
- It's important that we reopen parts of tourism to get people working again, while we rebuild a resilient tourism industry.



Health & Safety Is Our Kuleana

Airlines

[Air Canada](#)
[Air New Zealand](#)
[Alaska Airlines](#)
[American Airlines](#)
[ANA](#)
[Asiana Airlines](#)
[China Airlines](#)
[Delta Airlines](#)
[Hawaiian Airlines](#)
[Japan Airlines](#)
[Jetstar](#)
[Korean Airlines](#)
[Philippine Airlines](#)
[Qantas](#)
[Southwest Airlines](#)
[United Airlines](#)
[WestJet](#)

Airports

[Hawai'i Department of Transportation](#)

Transportation

[UBER](#)
[Lyft](#)
[Roberts Hawai'i](#)
[Alamo/Enterprise/National](#)
[Avis](#)
[Budget](#)
[Hertz](#)
[Dollar](#)
[Thrifty](#)

Meetings & Conventions

[Hawai'i Convention Center](#)

Lodging

[Hawai'i Lodging & Tourism Association](#)

Restaurants

[Hawai'i Restaurant Association](#)

Retail

[Retail Merchants of Hawai'i](#)

Activities & Attractions

[A3H](#)

Hawai'i Tourism Recovery Timeline

June 16th

Implement airport arrival health & safety protocols for neighbor island travel

Suspend neighbor island 14 day quarantine

TBD

Implement all industry health & safety protocols

Industry kama'aina campaigns across all sectors begin for island residents.

TBD

Implement airport arrival health & safety protocols for out of state arrivals

Suspend out of state arrivals 14 day quarantine

Next Steps

Impact Level: Recovery

(May vary by County)

| | | | | |
|------------------------------------|--|-------------------------------------|--|-------------------------------|
| STAY AT HOME (Major Disruption) | SAFER AT HOME (Moderate Disruption) | ACT WITH CARE (Minor Disruption) | RECOVERY (Minimal Disruption) | NEW NORMAL (No Disruption) |
|------------------------------------|--|-------------------------------------|--|-------------------------------|

- ▶ Job Retention and Creation
 - ▶ Continue to work in concert with industry, DLIR (WDC), and other stakeholders to develop workforce training programs in line with economic diversification initiatives
 - ▶ Convention Center retrofit for media production
 - ▶ Renewable energy projects
 - ▶ County destination management plans
 - ▶ Launch Conservation Corp Jobs Program
 - ▶ Launch Workforce Development Programs
- ▶ Develop concrete plans in partnership with industry and government leaders for long-term sustainable economic growth via a New Economy

Impact Level: New Normal

(May vary by County)



- ▶ Execute on plans to develop and promote diversified industries in line with economic diversification initiatives

Summary of Current Initiatives for Economic Recovery

- ▶ Small Businesses
 - ▶ Small business loan program
 - ▶ Commercial real estate owner real property tax grants for small business tenant rent relief
 - ▶ E-commerce training
 - ▶ Technical assistance for technology infrastructure
 - ▶ Shipping cost reduction pilot program for exported products
 - ▶ Promotion of Hawaii products to out-of-state audiences
 - ▶ Regulatory reform
- ▶ Workforce
 - ▶ Displaced worker job placement and training programs (in partnership with DLIR / WDC)
 - ▶ WPA jobs program
- ▶ Sector-specific
 - ▶ Reopening plans based on state's reopening strategy
 - ▶ Other (see next slide)

Summary of Current Initiatives for Economic Recovery: Small Businesses

Economic recovery initiatives must focus on business and job retention. Tax revenue is a byproduct of this focus.

| Initiatives | Potential Impact | | | |
|---|-------------------------------|--------------------------|-------------|------------------------------|
| | Business Retention / Creation | Job Retention / Creation | Tax Revenue | GDP Growth / Diversification |
| Small business loan program | Retention | Retention | X | |
| Commercial real estate owner RPT grant | Retention | Retention | X | |
| E-commerce training | Retention | Retention | X | |
| Technical assistance for technology infrastructure | Retention | Retention | X | |
| Shipping cost reduction pilot program for exported products | Retention | Retention | X | |
| Promotion of Hawaii products to out-of-state audiences | Retention | Retention | X | |
| Regulatory reform | Retention & Creation | Retention & Creation | X | X |



Summary of Current Initiatives for Economic Recovery: Workforce

Economic recovery initiatives must focus on business and job retention. Tax revenue is a byproduct of this focus.

| Initiatives | Potential Impact | | | GDP Growth / Diversification |
|---|-------------------------------------|-----------------------------|-------------|---------------------------------|
| | Business Retention / Creation | Job Retention / Creation | Tax Revenue | |
| Displaced worker job placement and training programs (in partnership with DLIR / WDC) | | Retention | X | |
| WPA jobs program | | Retention | X | |

Summary of Current Initiatives for Economic Recovery: Sector-specific

| Sector | Initiatives |
|---------------|---|
| Innovation | <ul style="list-style-type: none">• Grants for business (e.g., SBIR) |
| Manufacturing | <ul style="list-style-type: none">• Technical assistance for supply-chain issues• Manufacturing grant programs |
| Trade | <ul style="list-style-type: none">• FTZ cost reduction measures• Identify and establish new FTZ sites (cost reduction to manufacturers on imported component parts) |
| Creative | <ul style="list-style-type: none">• Convention Center retrofit for media production• Creative content export (via Creative Labs)• Performing arts drive-in experience |
| Energy | <ul style="list-style-type: none">• Renewable energy projects |
| Tourism | <ul style="list-style-type: none">• County destination management plans• Strategy for attracting quality (over quantity) visitors |

- ▶ Sector leads are also in communication with industry and government leaders to coordinate reopening plans

Potential Near-Term Legislative Proposals for Economic Recovery

- ▶ Small business loan program & real property tax grants for commercial property owners
- ▶ Waiver of state income taxes on forgivable portion of the SBA PPP loan
- ▶ Regulatory reform to remove unnecessary obstacles that may inhibit economic recovery, consistent with applicable law and with protection of the public health and safety
- ▶ Change in statute via HB1844, HD1, to enable the Hawaii Green Infrastructure Authority to borrow up to \$25.0 million, interest free, from the USDA
 - ▶ These additional federal funds, leveraged with private capital could create some 400 higher paying green jobs and generate an additional \$4.75 million in state tax revenue

Summary of Current Initiatives for a New Economy: Infrastructure

- ▶ Broadband
 - ▶ EDA grant underway for cable landing stations (Hilo, Kakaako)
- ▶ Entrepreneurship
 - ▶ Accelerator programs
- ▶ Workforce
 - ▶ SMART Talent
- ▶ Business Technology Proficiency
 - ▶ TRUE Initiative

Summary of Current Initiatives for a New Economy: Resilience through Diversification

- ▶ Aquaculture
 - ▶ Draft aquaculture industry growth plan (developed in partnership with DOA)
- ▶ Aerospace
 - ▶ Aerospace industry plan underway
 - ▶ Credit-based internships (UH / HCC)
- ▶ Creative
 - ▶ New creative media film studio and performance space complex (construction ready by 2021)
 - ▶ CreativeSpace 808 studio and production facilities

A wide-angle photograph of a beach at sunset. The sky is filled with large, white and orange-tinted clouds. The sun is low on the horizon, casting a warm glow over the scene. In the background, a city skyline with several tall buildings is visible. The beach is sandy and has many footprints. Waves are breaking on the shore. On the right side, there are palm trees and a paved walkway. People are visible on the beach and walking along the path.

Mahalo