

OFFICE OF ECONOMIC DEVELOPMENT

ANNUAL REPORT FOR FISCAL YEAR 2010-2011

I. MISSION STATEMENT

The Office of Economic Development (OED) works in partnership with the community to create economic opportunities towards the development of a healthy, stable and balanced economy of the County of Kaua`i.

II. DEPARTMENT GOALS

The Office of Economic Development strives to support current businesses and diversify Kaua'i's economy by providing opportunities for development of new businesses.

OED's goals will be achieved with collaboration of business, government and community sectors.

III. PROGRAM DESCRIPTION

OED, as a government entity, interfaces with business and community leaders, as well as other government agencies and programs, to enhance Kaua`i's economic development opportunities. OED is responsible for providing technical and financial support, as feasible, to businesses of all sizes and emerging industries, in an effort to provide full employment for all of Kaua`i's residents.

OED is also responsible for collecting data and maintaining statistical information and reports, to be used as a library resource for individuals, businesses and organizations. The general public is provided access to materials documents and publications in the OED library, and to some extent on the County's website. In addition, publications on Federal and State grants, loans or tax incentives are also available.

To carry out the functions of OED, five sections are managed by staff specialists, under the direction of a department head, in the areas of tourism, film, agriculture, energy, workforce development, and through special grants to specific economic development projects. Each section's duties and responsibilities are directed toward accomplishment of the agency's overall mission.

One secretary, accountant and part-time clerk provides support to the director and the five specialists.

ADMINISTRATION

A. Objectives

The Administrative function of OED is carried out primarily by the Director, supported by the Secretary. The Director oversees the department and directly supervises eight staff members. In addition to supporting the Director, the OED Secretary supports the five staff specialists to varying degrees.

B. Highlights

- With the approval of the County Council, OED provided a grant to the Kaua`i Economic Development Board (KEDB) to hire one FTE staff member to oversee implementation efforts for the KEDP. KEDB's strategic plan calls for that organization to focus on the High Tech, Food & Agriculture and Renewable Energy industry clusters. OED worked closely with KEDB staff to coordinate efforts and maximize implementation efforts between the two agencies. The KEDB staff member has been actively coordinating activities of the committees assigned to these industry clusters.
- OED continues to support the Aloha Ike program – managed by the Kaua`i Economic Development Board. This program, a spin-off from Team Tech, supports project based learning in all schools on Kaua`i by providing grants to teachers. Teachers must find a community partner and tailor their project to support learning in one of the six industry clusters identified in the CEDS. More than \$700,000 has been raised in the first three years of the program, with dozens of projects ongoing at public and private schools across Kaua`i.
- Continued coordination of the Kaua`i Made program, which supports local product makers and the retailers who sell the products. After 4 years in existence, the program boasts more than 130+ member companies and has documented more than 100 new connections between the product makers in the program and the retailers who are now carrying more of their products. In September 2008, the first Kaua`i Made Wholesale Tradeshaw was held, with twenty two vendors participating and more than 80 wholesale buyers from Kaua`i and throughout the state attending. The event was such a success that another took place on October 2010 and the third is scheduled for October 2011.
- The Arts and Culture and Sports and Recreation clusters continue to be supported by strategic granting of monies received from the Hawai`i Tourism Authority for the County Product Enrichment Program, Other Product Development Program and Greetings Program. This funding is supplemented by County matching funds as well.

Additional projects supporting the growth of the Renewable Energy and Food & Agriculture programs can be found under those program areas within this OED section of the Annual Report.

- *CEDS is a document required by the Economic Development Administration for a community to access grant funding for eligible projects.*

C. Activities

EMERGING INDUSTRY SUPPORT

In October of 2004, OED and the Kaua`i Economic Development Board unveiled the *Kaua`i Economic Development Plan 2005-2015 (KEDP)*, which serves as the County's CEDS*. With the downturn of the Kaua`i, Hawai`i, U.S. and Global economies in 2008-2009, it was critical that the Kaua`i Economic Development Plan be updated to address the challenges that had taken place.

When the first KEDP was implemented, the Visitor Industry was not included as it was thriving and the goal was to diversify the economy by looking at other segments. Unemployment was at an all-time low of 2.4%, besides the visitor industry, real estate and the housing market was booming where the median prices for homes and condominiums were increasing each month.

That all changed in 2009 where unemployment reached an all-time high of 10.0%, visitor arrivals fell by as much as 30% from the previous year, construction projects that were either slated to break ground or were underway, came to a standstill. As Kaua'i's residents were losing their jobs, consumer confidence and discretionary spending was almost non-existent. The updated KEDP would have to address these concerns that weren't prevalent the first time around and emphasize the diversification of Kaua'i's economy so we don't continue to rely heavily on the visitor industry.

The *Plan* identifies six emerging clusters on Kaua'i. These clusters include:

- Agriculture & Food
- Healthcare & Wellness
- Recreation
- Arts & Culture
- High Technology
- Renewable Energy

OED continues to focus efforts on diversification and implementing portions of the *Plan*. Toward this end, in FY 10, OED budgeted \$17,000 in a line item titled "Emerging Industry Support." That funding was utilized to support the following projects:

- Malama Kauai – Kilauea Community Garden
- Garden Isle RC&D – Kauai Beekeepers Association – Varroa Mite Prevention
- Kauai Economic Development Board (KEDB) - Kaua'i Agriculture Forum
- Hui Malama O Kaneioulouma – Kaneioulouma Heiau Restoration
- Hawaii Tropical Fruit Growers – 20th Annual Conference

D. Program Measures – Accomplishments / Evaluation

Most of the program accomplishments and evaluation takes place in each of the five sectors overseen by the OED specialists. These accomplishments are noted in each section below:

E. Budget (General Fund)

Expense Type	FY 2010 Appropriation	FY 2011 Appropriation
Equivalent Personnel (E/P)	2	2
Salaries and Wages	\$151,089	\$151,089
Operations	\$33,418	\$1,011,150
Equipment	\$7,000	\$0
Program Total	\$188,699	\$1,162,239

TOURISM

A. Objectives

The County of Kauaʻi - Office of Economic Development (OED) -Tourism support is secure in its role as a support entity whose many partnerships work to enhance Kauaʻi, the product. This office holds a key position in supporting the sales effort and marketing opportunities of Kauaʻi as a visitor destination. OED-Tourism, supports the effort of the Kauaʻi Visitors Bureau (KVB) as the Marketing/Advertising arm of the island. The OED Tourism Specialist is a member of the KVB Marketing committee and reviews the KVB Consumer Tradeshow Meetings, Incentives, Conventions and Events (MICE) promotions marketing plan and budget. The County Council approved the budget for KVB in 10-11 was \$275,000.00 plus an additional \$200,000 to continue programs started by the economic stimulus program. The budget and final report from KVB is on file in OED.

The OED-Tourism office may provide visitor information and statistical data as needed, and provide assistance in locating information sources.

Another focus area of this office is the management of the Hawaiʻi Tourism Authority's County Product Enrichment Program (CPEP) and The County of Kauaʻi, Special Events and Grants Program. All HTA programs, except the Special Events and Grants Program run on a calendar year (CY), versus a fiscal year (FY) basis which presents its own challenges.

B. Highlights

We have started to see signs of economic recovery during Fiscal Year 2010-11. In 2010 statewide visitor arrivals and spending have both shown encouraging monthly gains when compared to the previous year. After a disastrous performance in 2009, Kauai's gains have been modest, and very much appreciated.

Kauaʻi's tourism recovery in 2010 definitely began showing signs of life. March was a particularly good month for arrivals, and visitor spending has continued to increase, even when arrivals haven't gained as much. The \$1 million Visitor Stimulus contributed by Kauaʻi County to tourism promotion has assisted with the Visitor Industry rebound over the past year and will continue to assist, with the majority spent in partnership with tour wholesalers and a kamaʻaina campaign.

Kauai's resurgence has been due to continued support by our airline partners providing much-needed airlift. Alaska Airlines has become a major player since coming online in 2009 with its direct flights from Seattle and has recently added direct flights from Oakland and San Jose. Increase in visitor arrivals from Canada are largely due in part to WestJet's seasonal service and direct flights from Vancouver, British Columbia in December 2010.

Līhuʻe Airport is now served by more nonstop flights than ever. This includes United from San Francisco and Los Angeles, American and Delta from Los Angeles, Alaska Airlines from Seattle, U.S. Airways from Phoenix and WestJet from Vancouver.

Travel and Leisure magazine ranked Kauaʻi the second best island in the world. Kauaʻi lost out to the Galapagos Islands which probably means visitors are more interested in nature travel which is positive all the way around for Kauaʻi.

C. Activities

OED-Tourism staff sit on the Kauaʻi Visitor's Bureau marketing committee, Kauaʻi Visitor's Bureau Board, Visitor Aloha Society of Kauaʻi, Kauai High School – Academy of Hospitality & Tourism (AOHT) board, and oversees countless events by providing guidance and recommendations.

Due to the downturn in the economy and subsequent reduction in Transient Accommodation Tax (TAT) collection amounts that would flow to HTA, OED was advised that funding would remain at 2010 levels for 2011. For CY 2011, the CPEP funds were maintained at \$425,000.

The 2010 – 2011 Greetings Program that was previously funded by HTA funds was paid for out of County funds only. OED was advised that there would continue to be no funding for 2011 for the OPD program. The County of Kauai and OED has funded a scaled-down version of the Lihue Airport Greetings Program. This program continued to provide entertainment once per day, 5 days a week in the airport lobby from 6:30 p.m. to 9:00 pm through February of 2011. Then the Greetings Program went on a hiatus until new funding could be secured for 2011-2012. With heightened security measures, processing entertainers for security clearance is a constant challenge. The State of Hawaiʻi's Lihue Airport Security Personnel have been invaluable as a source of support through this process to comply with TSA's requirements.

OED continues to work to complete requirements for the \$75,000 award from the Hawaii Tourism Authority's Natural Resources program toward the Poipu Beach Sand Restoration Study. This should be complete by May of 2012. The County of Kauai and private entities have added to this amount to conduct a full fledged study.

OED was also able to get a \$37,500 grant from the Community Development Block Grant program to purchase Mobi Mats for use at Festivals and Events around the island. Additional matching funds of \$10,000 came from the OED and Parks and Recreation offices. These mats would allow wheelchairs to smoothly traverse on grass and sandy areas during festivals and events in parks as well as helping the County of Kauai to comply with ADA requirements. OED finally was able to receive the mats in June of 2011 and began installing them at several events.

OED, with support from the County Administration and County Council was also able to provide an additional \$200,000 for continued support of programs that are a part of the Visitor Stimulus program. Final reports for these funds are located in the OED.

OED-Tourism also administers the Kauaʻi Festivals website (www.kauaifestivals.com) and marketing program. Programs and events that will occur on Kauaʻi that fit County OED guidelines are entitled to have a webpage that highlights their event or program. The site is supported by Tsunami Marketing via the Kauai Visitors Bureau, but OED maintains the text of the website as part of our marketing efforts. With 2011 CPEP funds we are continuing to update and upgrade this site and proceed with a marketing program for Festivals and Events.

D. Program Measures – Accomplishments / Evaluation

	CY 2009 Actual	CY 2010 Actual	2011 through June Estimate
Visitor Arrivals (Air)	931,425	963,523	492,964
Visitors Arrivals (Cruise)	186,336	196,503	62,008
Hotel Occupancy	57%	59.9%	61%
Average Daily Room Rate	188.78	184.40	200.71
Average Length of Stay (days)	7.35	7.46	7.62
Unemployment	9.3%	8.7%	8.4%

**Information obtained from DBED&T, HTA, DLIR and UHERO Kaua'i County Forecast.*

As mentioned previously, Kauai continues to realize economic recovery largely in part to the “maintenance” of its main economic engine, Tourism. Visitor Arrivals by Air continue on a steady increase. Hotel occupancy is also on a modest, but steady rise. When comparing hotel occupancy to visitor arrivals, it becomes very apparent that many visitors to Kauai take advantage of the 25% inventory of timeshare and 25% inventory of vacation rentals that do not provide occupancy statistics on a consistent basis and aren't reflected in “Hotel Occupancy” numbers.

Many hotels and condominiums that have rental programs reduced their rates in 2010 to regain market share and now being shown as an increase as the Visitor Industry continues to improve. The steady increase in “Length of Stay” also indicate Kauai being a place of relaxation and discovery of its natural resources.

The Visitor Industry is Kauai's main economic engine and provides a majority of jobs that rely on its success. Over the last 2 years we have seen a modest reduction in unemployment as a result of the Visitor Industry rebound.

E. Budget (General Fund)

Expense Type	FY 2010 Appropriation	FY 2011 Appropriation
Equivalent Personnel (E/P)	1	1
Salaries and Wages	\$54,022	\$60,024
Operations	\$246,825	\$246,825
Equipment	\$0	\$0
Program Total	\$300,847	\$306,849

HTA Funds / County Matching Funds

In CY 2011, Tourism received \$425,000.00 from the Hawai`i Tourism Authority (HTA) for CPEP. The County provides matching funds in the amount of \$121,000.00 for different programs in FY 11 such as greetings, product enhancement and an ambassadors of aloha program.

The CPEP Program program allows for an administration fee of up to 75,000. This fee supports two part time positions at OED.

Awards Distributed

Thirty-one programs that include the island's best known festivals were awarded funding from the CPEP/County program in 2011. Some programs that received County funding for this period include: Imagine Wellness, Kaua`i Veterans Day Parade, E Kanikapila Kakou, Kauai Mokihana Festivals, Red Clay Jazz Festival and Waimea Town Celebration. A full list of programs by the Calendar Year is on file at OED.

As part of a CPEP marketing program funded by the CPEP Program to market special events and festivals OED has updated and upgraded the kauaifestivals.com website and continues to populate it to include more types of festivals and events including sports so that the site can become a one stop shop for information on what is going on Kaua`i. In addition we are running a small marketing program to promote the site in conjunction with the Kaua`i Visitors Bureau. We also paid to have an outside group do surveys at many of the HTA events so that we could make sure we were getting accurate information.

AGRICULTURE

A. Objectives

The program consists of a County of Kauai – Office of Economic Development (OED) Agricultural Specialist and a \$121,650 budget for support of diversified agriculture efforts augmented in 2012 by a appropriations of \$158,000 for the for projects associated with local beef production, Kaua`i Independent Food Bank assistance, the Farm Bureau's Kaua`i Grown program and Kaua`i Invasive Species Committee's Coqui Frog and Miconia control efforts. The OED-Agricultural Specialist also has non-agriculture responsibilities.

OED maintains and schedule of meetings with the county's various agriculture groups such as the Kaua`i County Farm Bureau, East Kaua`i Water User's Cooperative, Hawai`i Tropical Flower & Foliage Association, Kaua`i Chapter, Kaua`i Taro Growers' Association and Kaua`i Cattlemen's association and others as needed. From time to time other project-related meetings are added such as irrigation and KISC meetings. The specialist represents the county on the board of the Garden Island Resource Conservation and Development Council non-profit corporation involved in agriculture and soil and water conservation. When delegated, the specialist serves on other state bodies such as the Hawai`i Invasive Species Committee and East & West Kaua`i Soil and Water Conservation District Working Committee.

B. Highlights

The recent focus of the program has been to work with farm groups moving on to the lands vacated by the sugar industry to provide export opportunities by re-opening the Kaua`i Tropical Fruit De-infestation Facility, to stabilize the decline of plantation irrigation infrastructure and promote expansion of the cattle industry which has taken up a good deal of vacant land. The specialist frequently becomes involved in planning and implementation of events such as the Kaua`i County Farm Bureau Fair, various University events, and sits as an ex-officio advisory member of several boards. Projects to be initiated in 2012 include a 7 day Farmers' Market in Kilauea, examination of irrigations system improvement on state owned lands at Kalepa, further work on the Kaua`i Tropical Fruit De-infestation Facility, and leasing of state land to farmers.

The county was active in the formation, with the Farm Bureau, of the East Kaua`i Water Users' Cooperative (EKWUC) and assisted them with organizational funding and targeted funding to obtain licenses to operate the East Kaua`i systems. This effort has been continued and the EKWUC has been successful in obtaining state funding for much needed repairs to the system feeding publicly owned Kalepa and Wailua agricultural lands. Agriculture has been expanding in the service area. It is currently working with the Kaua`i County Farm Bureau on the formation of several corporations to undertake revival of the Tropical Fruit (Papaya) De-infestation Facility and the obtaining 68 acres of land in the Kalepa region to be made available for small farm lots and farmers.

The current economic environment has placed great cost pressures on farming activities and has raised a general public concern for food security and a great deal of discussion about where Hawai`i's food comes from. Sales in the county's Sunshine Markets are brisker than in past years and are approaching inflation adjusted sales of post-Iniki years. The County provides grant funding for a market monitor to provide better control in preparation for adding value-added products to these markets. The Kaua`i County council has tasked OED to add value-added products in the Sunshine Markets by January of 2012.

OED has recently completed an Environmental Assessment as required for construction of the 75-acre Kilauea Agriculture Park on Kilauea Lighthouse Road. Because irrigation water costs and requirements in addressing endangered bird species, the County is reevaluating the feasibility of spending a large amount of capital for a net 50 acres of farm lots.

The Kaua`i County Council funded the program to control, eradicate and monitor operations of the Kaua`i Invasive Species Council has continued by stretching funding to cover a longer period of time by employing different tactics and saving money on material purchases. The Coqui frog population on the 15-acre site has been significantly reduced and a report monitoring operations was commissioned and furnished to the Council. Work continues with the various partners but funding will be fully exhausted in the current fiscal year. At this time, fresh introductions of the frog are being intercepted from imported plants by KISC creating new potential reservoirs of Coqui spread. The Council has provided \$50,000 for funding this effort in 2012.

With county assistance, the Kaua`i County Farm Bureau and CTAHR Kaua`i Extension Service held Agricultural/Environmental Awareness Day during which 900 fifth graders participated in a well-structured exposition at the Wailua Research Station.

The Mayor has initiatives currently under way in the county's agricultural support program: A report from the consultant to evaluate Sunshine Markets and report on the feasibility of introducing processed products for sale in light of the County's ability to monitor and regulate such activity has resulted in the execution of a grant to the Garden Island Research, Conservation and Development, Inc. to monitor the markets for rules compliance, customer and vendor satisfaction and to make recommendations on the feasibility of adding processed products as suggested by the County Council . The contractor has been visiting the markets regularly to monitor operations and has greatly improved reporting of sales. OED worked with the County Council staff on an ordinance to expand the Sunshine Market offerings to a limited number of farmers-vendors to sell value-added products. The Council has provided \$38,000 to the Kaua'i Independent Food Bank for another year of Supplemental Nutrition Assistance Program (SNAP) sign up work and \$10,000 to match federal SNAP (formerly Food Stamps) as a bonus for a pilot program in the County's Sunshine Farmers Markets and the private KCC Community Market operated by the Kaua'i Farm Bureau.

An initiative to address processing problems for island raised beef resulted in cooperation with the County Council to fund repairs in two slaughterhouses that process beef for county cattlemen. OED is currently working with CTAHR on baseline quality analysis of local beef retailed at several stores on Kaua'i.

The County Council also appropriated money for the study of the possible relationship between "Stinkweed", *cleome gynandra*, and the incidents of respiratory irritation in four incidents at the Waimea Canyon Middle School in late 2006 and early 2007. The county obtained the Services of the University of Hawai'i at Mānoa's microbiology laboratory for the effort which will parallel a State of Hawai'i Department of Agriculture study of pesticide residues in the area. The University has prepared baseline analysis of the Volatile Organic Compounds found in *cleome gynandra* by work done on Maui. The University of Hawai'i is preparing to release initial results from the analysis of passive air samplers at the site of the incidents and will undertake more passive sampling before installing active air samplers. The final report is expected in March of 2012.

During the reporting period, seed company operations continued expanding in the county, and these important operations are expected to expand. They have become collectively the largest agricultural sector in Hawai'i accounting for some \$175 million in sales in 2009. Kaua'i operations account for a large share of this figure.

C. Activities

OED provides staff support to the Kaua'i Agriculture Advisory Committee, a body providing advice to the administration on broad agricultural matters in the County and state. The work entails a major component of networking to match agricultural needs in the county with opportunities represented by state, federal and educational agencies. The office also assists the groups on legislative matters of mutual interest with the County and provides input for matters of County legislative interest.

D. Program Measures – Accomplishments / Evaluation

	FY 2008	FY 2009	FY2010
Farm Group Meetings	30	24	18
Agency Coordination	10	10	10
Selected Statistics CY	CYR 2009	CYR 2010	CY 2011
Papaya Production (000#)	600,000	NA	NA
Sunshine Market (\$000)	394,000	625,000	663,000
Sunshine Market Vendor Day	11,000	11,000	10,000

The future of diversified agriculture on a large scale is contingent of several factors: decisions made by large landowners, including the State of Hawaii, on lease costs and terms for use of their lands and the preservation of existing, but rapidly deteriorating irrigation systems that are a legacy of the sugar industry now defunct on Kauai. The large corporate seed companies have been rapidly expanding onto grazing lands as they reach terms with the owners. This will probably continue as they can tap both the land and reservoir of trained agricultural labor.

Opportunities exist for grass-fed beef and orchard crops for export, but the entry costs in terms of processing facilities are quite high. They are less high for export substitution, but present a barrier to commercial expansion nevertheless.

The growing sentiment for “sustainability” and for organic products has not resulted in prices and demand strong enough to create a “bow wave” for farmers to make investments in increased production. This is most likely a reflection of Kauai’s home market of 68,000 people with an additional 20,000 visitors on average. It is a pocket market, and even intra-state exports run up against stiff competition in the relatively large Oahu market of 1.2 million. As a result, quality, novel and unique products do best on Kauai and in Hawaii. Taro and parent seed are prime examples in which Kauai has a competitive advantage, the former by virtue of unique growing environment and the latter for available land and relative isolation from commercial corn production and related pests. Some small diversified farmers carve out niches for themselves and can do well by becoming expert at what they do and offering high quality products and service.

E. Budget (General Fund)

Expense Type	FY 2010 Appropriation	FY 2012 Appropriation
Equivalent Personnel (E/P)	1	1
Salaries and Wages FY10 reflects furlough reduced salary	\$60,739	\$67,488
Operations	\$116,700	\$121,700
Equipment	\$0	\$0
Program Total	\$177,439	\$189,188

F. Statistics

The Hawai'i Department of Agriculture, as a result of budget reduction does not produce the annual statistics series used in former reports. The only statistics the County of Kaua'i produces are the Sunshine Market Statistics provided above.

ENERGY

A. Objectives

The Energy Extension Service (EES) strives to promote and support economic development through energy conservation, energy efficiency, use of renewable energy resources and energy emergency preparedness programs. EES actively promotes energy-related programs such as equipment and fixture retrofits, recycling and renewable energy projects/education. Many projects include County agencies such as the Department of Public Works' Building Division, Solid Waste Division and Sewer Division and the Department of Parks and Recreation. EES also tracks and participates in energy initiatives on the Federal and State levels to determine its impacts on the County and its programs. These efforts include participation in state legislative efforts, utility sector energy planning programs and Hawai'i Public Utilities Commission dockets and initiatives relating to energy.

EES is funded in part by the State Department of Business, Economic Development and Tourism's Energy, Resources and Technology Division through state funds. The County of Kaua'i provides matching funds for personnel costs, fringe benefits, office support and administrative overhead costs. Additional project funds are obtained by applying for and securing competitive grants from various sources.

B. Highlights

Project highlights included participation in PUC dockets related to energy efficiency and renewable energy, as well as issuance of an Energy Savings Performance Contract Request for Proposals for the Dept. of Public Works, Wastewater Division. The Energy Extension Service also was a partner with the Dept. of Public Works, Building Division, in installing the County's first photovoltaic energy system on the Piikoi Building of the Lihu'e Civic Center. The 85 kW DC system is expected to produce 114,135 kWh annual for facility use. The County's second PV system, funded by a stimulus grant, is under construction at the Kaiākea Fire Station and is expected to produce 40,740 kWh annually.

The County also received a \$279,000 grant from State DBEDT to install 5 public electric car charger; 5 county electric car chargers; and to purchase 5 electric cars for county use. As of the preparation of this annual report, the County has a bid out to purchase 5 electric vehicles. The bid closes in early July and with delivery expected by the end of the year. A Request for Proposals to secure the services of an electric vehicle charger contractor will also be issued next fiscal with all chargers to be installed by February 2012.

C. Activities

PUC Docket 2010-0037 Energy Efficiency Portfolio Standards (EEPS)

The Parties to the docket filed responses to Information Requests (IR) by the March 31, 2011 deadline. However, the Consumer Advocate (CA) inadvertently left out replies to the County of Maui and the County of Kaua'i. The CA filed their IRs to the counties on April 1, 2011. The Public Benefits Fee Administrator (PBFA) also neglected to respond to the County of Kaua'i's IRs and an e-mail reminder to Ray Startling resulted in a response filed on April 7, 2011.

On April 15, 2011, the PBFA coordinated a Technical Session. The session started with a brief overview of IRP plans from the utilities. KIUC reported that they are developing a work plan as it applies to the IRP/CESP framework issued by the Commission. They are also requesting cost information from the consultant that produced their 2005 achievable potential report. Hawaiian Electric Company (HECO) reported that they are also reviewing the framework and determining what needs updating. They anticipate the Commission opening the IRP/CESP docket soon.

A discussion on key issues and an attempt to conduct a straw poll did not materialize. HECO suggested that the group produce a matrix of positions by all parties and they agreed to share their draft matrix with the group. A follow up Technical Session was scheduled for April 27, 2011 and the discussions continued on trying to get consensus on the various issues. After 3 hours of discussion, the group decided that the PBFA and HECO would work on creating bullet points on the role of an entity to track, monitor and collect data and how the evaluation process/timeline would work. The group set aside May 13 as a meeting date and also a date to determine if the group should request an extension to the procedural schedule.

On May 10, 2011, the Commission informed the parties that the Commission would sponsor the next Technical Workshop on May 24, 2011. The meeting was held at the PUC Hearing Room and was also available via conference call and webinar. The agenda included EEPS examples from across the nation; a discussion on what counts towards EEPS; how savings are measured and verified (M&V); and who will count the savings. The Technical Workshop concluded with a discussion on setting up target goals, building a forecast, determining if the EEPS goal can be reached, and setting up multi-stakeholder groups and processes. The last topic was next steps with the Commission to issue a proposed straw framework before the parties' final statements of position.

On May 19, 2011, the PUC issued an Order, basically taking over the process from the PBFA and amended the procedural schedule. The revised procedural schedule included:

- Draft Report and proposed strawman framework of the Commission's consultant on August 5, 2011.
- Follow up technical session on August 12, 2011
- Parties' final statements of position by August 29, 2011
- Final report and proposed straw framework of Commission's consultant transmitted to parties by September 12, 2011.
- Pre-hearing conference on October 3, 2011.
- Panel hearing (if necessary), week of October 10, 2011
- Opening Briefs, 3 weeks after transcripts are filed.

- Reply Briefs, 2 weeks after opening briefs are filed.

PUC Docket 2008-0273's Reliability Standards Working Group (RSWG)

Via this docket, the PUC issued an order regarding Reliability Standards Working Group Process which established this working group and invited parties from the Feed-in Tariff docket (2008-0273); Net Energy Metering docket (2006-0084); PV Host docket (2009-0098) and the Intra-governmental Wheeling docket (2007-0176). The County of Kaua'i was invited to participate due to its involvement as a party to the Intra-governmental Wheeling docket. The RSWG process is being led by Independent Facilitator Alison Silverstein, under contract to the PUC. In the PUC's view, the RSWG will be performing a crucial role in Hawai'i's energy future by helping to determine how we can interconnect the maximum amount of renewable generation to the grid while preserving grid reliability.

On June 24, 2011, Ms. Silverstein filed proposals for the Scope and Purpose of the RSWG and a proposal on how the Technical Review Committee for the RSWG should be structured. As of the preparation of this annual report, the parties on the RSWG are waiting to review the procedural schedule.

Civic Center Photovoltaic System

The PV system installation was completed on April 25, 2011 with interconnection completed on May 4, 2011. An orientation meeting with the contractor was held on June 2, 2011. A few follow up tasks were discussed, including addition of a load monitoring meter to connect to the Deck Monitoring System and contractor modifications to the grounding system so copper wires did not come in contact with the aluminum ballast pans. Follow up tasks must be completed before final payment. The deck monitoring system can be viewed at http://live.deckmonitoring.com/?id=lihue_civic_center. Additional adjustments to the monitoring system are needed before final acceptance.

ARRA Funds for Kaiakea Fire Station PV System

The County received American Recovery and Reinvestment Act grant funds of \$267,900 from the U.S. Department of Energy. The ARRA grant was based on population. An administrative decision was made to apply the funds for a PV system for the recently built Kaiākea Fire Station in Kapa'a. PV system planning, design and specifications were completed by IDS Popov, Inc. which were then used for a bid issued in in late 2010. Solar Engineering and Contracting won the low bid and contract documents were prepared and mailed out for execution on March 31, 2011. Contract documents were returned to the Purchasing Division on April 20, 2011 and circulated for county signatures on April 26, 2011. A Notice to Proceed was issued on May 19, 2011. The Contractor was provided 120 days to complete the work and is currently awaiting delivery of the PV system for installation.

County Energy Performance Contract

EES-Kaua'i issued a Request for Proposals for issuance to the Energy Service Companies (ESCOs) that were pre-qualified via the State Department of Accounting and General Services-State Procurement Office (SPO) vendor list (RFP No. RFP-08-022-SW, Energy Savings Performance Contracting Services). The seven pre-qualified ESCOs were invited to prepare and submit to the County of Kaua'i, a Preliminary Technical Proposal for an energy

savings performance contract (ESPC) project for various county facilities under the Department of Public Works Wastewater Division. Originally, the County planned to bundle all Wastewater Division facilities, Building Division facilities and those under the Dept. of Water and the Dept. of Parks and Recreation. In consultation with Purchasing, it was recommended that the solicitation be divided into two issuances...one for Wastewater and Water (major equipment covering pumps and motors) and the second covering Building Division and the Dept. of Parks and Recreation (major equipment covering primarily lighting and air conditioning). Four proposals were received by the May 5, 2011 deadline. The proposal evaluation committee reviewed the proposals submitted and Chevron Energy Solution's proposal was the highest ranked and recommended for award. Purchasing issued the award letter on June 21, 2011. The County is now in the process of developing a contract for the Investment Grade Audit work.

EV-Ready Grant

The County OED submitted a grant request for the EV-Ready Grant program issued by the State Dept. of Business, Economic Development and Tourism. The grant request was for \$276,259 for 11 EV battery chargers and 5 electric vehicles. Six of the chargers were requested to satisfy the requirements of Act 156 of 2009 which required one dedicated EV parking stall per 100 public parking stalls at public facilities and the requirement to have one charger at each facility. On October 18, 2010, the County received a Notice of Intent to Award from the State DBEDT. Contract documents were received in late December 2011.

The contract for the EV-Ready grant from DBEDT was signed on January 10, 2011 and returned to DBEDT for fund encumbrance and final execution. A Notice to Proceed was issued on March 8, 2011. On March 17, 2011, a meeting of all grant awardees was held in Honolulu at the State Office Tower, Room 501. Better Place, County of Kaua'i, City and County of Honolulu, Aerovironment, Green Cars Hawai'i and Plug-In America attended. The grant recipients provided an overview of their awards and DBEDT discussed coordination and outreach; project management; reporting requirements; ARRA flow down requirement and invoicing.

The EV bid was issued on June 1, 2011 with a closing date of June 21, 2011. Only 1 bid was received but unfortunately, that bid was rejected because the person signing the bid and the authorization to sign documentation did not match. Due to time constraints, the Energy Coordinator requested an alternate procurement method of direct negotiations with the sole bidder, which was approved by the Director of Finance. A negotiated contract was agreed to and is being processed at the time of this report preparation. The orders for the EVs are expected to be place in early July with delivery expected in late September or early October.

Annual Review of County Electrical Accounts

In fiscal year 2009-2010, electrical accounts tabulation for County facilities totaled \$7,186,732 accounting for 19,972,688 kWh used. In fiscal year 2010-2011, the billings totaled \$7,506,952 with a corresponding kWh usage totaling 19,362,523. The higher dollar amount with a lower kWh usage can be attributed to the higher price of oil during this past fiscal year. The lower kWh usage in 2010-2011 is probably due to the Līhu'e Civic Center PV system coming on line in May 2011 and the Historic County building renovation project.

D. Program Measures – Accomplishments / Evaluation

	FY '09-10 Actual	FY '10-11 Actual	FY 2011-2012 Estimated
Grants and Program Funding	\$340,169*	\$348,269**	\$72,269
Major Projects Managed or Coordinated, including PUC Dockets	6	6	4
Public Contacts on Energy	850	875	700

* Includes Stimulus Energy Efficiency and Conservation Block Grant of \$267,900.

** Includes EV-Ready Grant of \$276,000.

Funding for the core EES program continues to be approved at a consistent level of about \$72,269.00. However, the State Department of Business Economic Development and Tourism (DBEDT) has indicated that the County should provide more support funding over and beyond their current support levels, as their source of funds (Petroleum Violation funds) has been depleted and their barrel tax allotment is only 15 cents of the \$1.05 total collected. The Legislature has been using most of the barrel tax funding to supplement the State General Fund rather than allocating it to the State Energy Office for its intended purpose. If this trend continues and the State DBEDT barrel tax allocation does not increase, there is the possibility that the State will cut off Kaua'i (and other neighbor island support) funds completely to fund their own personnel who are currently funded via Stimulus funds.

The County has approved personnel funding of \$75,000 for the next fiscal year and this commitment is huge in terms of program support and validity of the value of the Energy Coordinator position. This is the first time in over 25 years that the Energy program will receive County general funds. This will allow project planning to go beyond the fiscal year period. The amount of supplemental grant funds from Federal sources remains extremely variable and unpredictable. Stimulus-related funds are also expected to stop. Energy covers such a broad spectrum of topics including but not limited to regulatory issues, utility planning, facility energy efficiency, renewable energy, energy emergency preparedness, energy business development, procurement of energy-related goods, energy-related building codes and energy education.

E. Budget (General Fund)

Expense Type	FY 2010 Appropriation	FY 2011 Appropriation
Equivalent Personnel (E/P)	1	1
Salaries and Wages	\$18,990	\$75,000
Operations	\$0	\$4,000
Equipment	\$0	\$0
Program Total	\$18,990	\$79,000

Grant Funds

In FY 2010-2011, EES received and administered grant and general funds from County, State and Federal sources totaling \$541,169.00, which included \$72,269 from the State DBEDT for the Neighbor Island Energy Assistance Program (NIEAP); \$276,000 via the EV-Ready grant and \$267,900 in stimulus funds from the U.S. Department of Energy. These funds straddle several fiscal years due to the grant approval date and the time of performance. The majority of Federal and State grants are reimbursable grants in which the County advances the funds and is paid back every quarter upon completion of deliverables and submission of invoices. DBEDT NIEAP grant funds are used to cover personnel, operational and program expenses for EES energy programs, including energy emergency preparedness, Rebuild Hawai'i Consortium program support and EES program travel. The grant funds also covered unanticipated expenses associated with participation in unbudgeted projects such as Public Utilities Commission dockets, Federal Energy Regulatory Commission filings and legislative proceedings. The \$276,000 EV-Ready Grant will provide 5 electric cars and chargers for County use and an additional 5 public chargers to be located at the Līhu'e Civic Center, Historic County Building, War Memorial Convention Hall and the Police facility.

FILM COMMISSION

A. Objectives

The Film Commission works with film, TV and other entertainment companies, producers, writers and directors worldwide to encourage them to bring projects to Kaua'i, by resourcefully explaining the benefits and positive experiences they will receive, and then helps to assure their success. Concurrently, the Film Office works to support the diversity of resources that make Kaua'i an attractive filming location including the scenic environment, visitor industry, cultural heritage, and aloha spirit.

1. Utilizing existing marketing campaigns and collateral, the Film Office continues it's ongoing marketing efforts. The office has simultaneously reviewed and developed a potential updated plan.
2. The Film Office works directly with location managers, producers, directors and industry decision-makers to consider and develop new locations and incentives for filming on Kaua'i.
3. Works directly with producers filming on Kaua'i to assure that their needs are met and that the community and environment are treated with respect and are protected.
4. Works with the community to assure both the economic well being of local film industry resources and production success.
5. Monitors the technology trends in production and film to help further establish Kaua'i as a technological asset to filmmakers, as well as help to assist the island's infrastructure to better support production.

B. Highlights

The film and television industry has a long and rich history on Kauai. From Kauai's first Hollywood movie *Cane Fire* in 1933 to Disney's *Pirates of the Caribbean – On Stranger Tides* in 2010, more than 74 films have been produced on Kauai. Major film activity was at its peak from 2007-2010 on Kauai. In more recent years, with the success of tourism industry and the scarcity of affordable hotel accommodations for large film crews, the business has evolved. The Kauai Film Commission, housed in the County of Kauai Office of Economic Development, has focused its efforts on attracting a larger number of smaller commercial productions. From infomercials and music videos, to reality television shows and photo shoots, the industry continues to infuse millions of dollars into Kauai's economy each year.

The recent upswing in filming started in early 2007, when Dreamworks Studio's "Tropic Thunder" starring and directed by Ben Stiller set up base camp and production office bringing unprecedented amount of film equipment, trailers, cast and crew to Kauai. The pre-production started in February and production ending in early November for a 10 month Kauai stay. The Kauai expenditure for Tropic Thunder was nearly \$63 million which is the largest budgeted movie ever to be filmed on the Garden Island.

In 2010, 4 major Hollywood feature movies were filmed on Kauai starting with Sony Pictures' "Soul Surfer" in Feb; followed by Fox Searchlights' "The Descendants" starring George Clooney in April-May; followed by Sony Pictures' "Just Go With It" with Jennifer Aniston and Adam Sandler in June; and finally, blockbuster sequel, Disney's "Pirates of the Caribbean: On Stranger Tide" with Johnny Depp and Penelope Cruz in June and July. Also, there were 3 television shows during the first 6 months of 2010.

"Just Go With It", "Soul Surfer" and "Pirates of the Caribbena" all premiered in March, April and May 2011 respectively on Kauai and now awaiting the premier of "The Descendants" which is slated for a November 2001 release in the theaters.

Although the 2010 film expenditure didn't exceed the 2007 figure, there were more film productions by major film studios in 2010.

Film expenditures on Kauai in 2010 was nearly \$40 million which included hiring of more 250 local people as film crew, cast, security and office staff, caterers and others. The expenditures include car and equipment rentals; hotel and vacation rental accommodations for cast and crew; food consumption at restaurants and supermarkets; location fees for private properties, and others.

- Just Go With It - \$11M spent on Kauai, and 87 jobs were created.
- Soul Surfer - \$60,000 spent on Kauai and 12 jobs created.
- Pirates of the Caribbean - \$21M spent on Kaua'i, with 300+ jobs created.
- Descendants - \$6M spent on Kauai and 34 jobs created.

C. Activities

Marketing

The Film Office utilized and distributed existing marketing materials including a “Movies Made-on-Kaua’i” information piece, a Location brochure and Production Resource Directory, while attending various film industry trade shows and film-related events that offered direct contact with industry professionals and decision-makers.

The current four-color print advertising, “No Place Else Like Here” was shot on location at the historic Coco Palms Hotel by Kauai photographer, Mario Perez who was the set photographer for ABC TV series, “Lost”. Since 2009, two movies, SyFy Channel’s “Dinocroc Vs. Supergator” and Disney’s “Pirates Of the Caribbean: On Stranger Tides” were filmed at Coco Palms.

A new ad slogan, “Welcome To Paradise” featuring a spectacular photo of Hanalei Bay was introduced in 2009. Other existing four-color print advertising slogans, “Island Beauty..Locations & Incentives” and “Location Paradise..For 20% Off”, is used to promote Hawaii’s film tax incentive which passed legislation in May 2006 and activated in July 2006, are placed in numerous local and mainland trade publications including Hollywood Reporter, Variety, P3 Update Magazine, Hawaii Film & Video Magazine, Markee and others as well as in the annual Hawaii Production Index which provides a resource listing of film-related businesses and services on Kauai.

These marketing and advertising campaigns are done to secure a high level of continuous production projects, which in turn, provides economic benefits to the community, as well as a high level of visibility and promotion for Kaua’i’s tourism industry. All production inquiries and potential projects are immediately mailed or sent, via standard mail or FedEx, a media packet that includes described materials, as well as a letter of introduction and filming guidelines which includes County of Kauai film permit and procedures.

The Film Office has an inventory of “The Kauai Movie Book”, a colorful pictorial of Kauai’s history of movies made-on-Kauai, for filmmakers as well as customized “Film Kauai” caps and t-shirts and the new “Kauai Film Commission” luggage tags which are presented as gifts at film events, tradeshow, conventions and to film crews.

The Kauai Film Commission web site www.filmkauai.com serves as a key resource and contact point for filmmakers seeking information about film locations on Kauai. The website which was originally designed and set up in 1996 has been redesigned and updated with new information and photos for the first time and will be activated by October 2010.

Placed advertising and listings in selected trade journals – focusing on Kaua’i as a location destination:

- Hollywood Creative Handbook
- Hollywood Reporter
- Hawaii Film & Video Magazine
- AFCI Location Magazine
- Media Index Publishing Hawaii Production Index
- P3 Production Update Magazine
- Motion Picture TV & Theater Director

The Film Office established connections with local industry professionals and explored innovative marketing possibilities, while working to create a larger network of qualified local crew resources.

Film Offices of the Hawaiian Islands

The Kaua'i Film Office, in conjunction with the Hawai'i film offices on Oahu, Maui and Big Island, as well as the State Film Office (DBED&T), operate as a consortium under the name of the Film Offices of Hawaiian Islands (FOHI). FOHI attended tradeshows, film festivals and conferences and met with and marketed to industry leaders and decision makers about the benefits of filming in Hawai'i.

To remain updated on island and national film issues and news, FOHI participates in monthly telephone conference calls and meet-in-person on a monthly basis on Oahu.

Tradeshows, festivals and film-related events participated and attended were:

- AFCI Locations Trade Show, Santa Monica, CA
- P3 Production Update Appreciation Event, Santa Monica, CA
- Film Commissioners International Forum, Santa Monica, CA

The Film Offices of the Hawaiian Islands with support from Hawaii's film industry and film-related unions and companies rallied in 2006 to woe State legislators to pass ACT 88, a film tax incentive which was signed by Governor Linda Lingle in May 2006. It was officially activated on July 1, 2006.

Legislative Activity

The Film Offices of the Hawaiian Islands' continued efforts of the past five years to increase promotion and equipment tax incentives (SB 359) via the Hawai'i State Legislature, and continued to revisit Act 221 (High Tech Tax Credit) came to fruition in May 2006 when Governor Lingle signed into law, ACT 88 which provides 15% and 20% tax rebate (15% on Oahu and 20% on neighbor islands), on qualified expenditures for productions filming in Hawaii. Unlike previous incentives which only entitled feature films and TV productions, the new law entitles commercials and music video production to qualify for incentives as well.

Hawaii International Film Festival (HIFF)

Since 2007, due to HIFF's staff shortage on Kauai and budget shortfalls combined with low attendance at screenings on Kauai, Kauai Film Commission hasn't provided funding and hasn't been involved in hosting the annual film festival.

Future Filmmakers of Kauai

The Kauai Film Commission recognized an increase in Kauai's schools providing classes in film, video and media for students in elementary, middle and high school levels. Kauai Community College has a class for film-making and digital media since 2008. In the last three years, Kauai Film Commission has provided opportunities for those students to film and document community and cultural events including Matsuri Kauai Festival about Japanese culture; Coconut Festival; Hawaiian salt-making at Hanapepe Salt Pond Park; welcome-home

celebration for returning Kauai soldiers serving in the Middle East; “Pu’uwai Aloha..A Giving Heart” concert for Kauai volunteers and Japan Boy Scouts excursion with Kauai’s Boy Scouts on Kauai. Chiefess Kamakahelei Middle School is in its 8th year to provide film, video and media class for select students aspiring to be film makers and producers. Film students from Chiefess Kamakahelei School were invited to film the opening ceremony of “Tropic Thunder” premier at Kukui Grove Cinemas. Other schools participating in film-related class and activities include Kapaa High School; Kauai High School; Hanalei Elementary School and Ke Kula Niihau O Kekaha, a Hawaiian Immersion School for students from Niihau Island. Waimea Middle School applied for grants and funds to start a film and media class as well. During the filming of Disney’s “Pirates Of the Caribbean: On Stranger Tides”, 8 film students representing elementary, middle and high schools and colleges visited its production office at Kauai Marriott Resort to meet with producers and staff during work hours.

Also, a number of new student film competitions and film-related-events in Hawaii are an indication of how filmmaking and media production are gaining interest and momentum in schools and community for students. Kauai Film Commission continues to support future film makers through education and hands-on experience and opportunities.

D. Program Measures – Accomplishments / Evaluation

Film Commission program measures are based on economic impact and jobs creations which are tracked on a calendar year (CY) basis. The statistics were accumulated from film permits issued by State and County of Kauai.

<u>Program Measures</u>	CY 2008 <u>Actual</u>	CY 2009 <u>Actual</u>	CY 2010 <u>Actual</u>
Economic Impact	\$1.7 M	\$2.9 M	\$39.3 M
# of Film/TV projects	39	31	30
# Shoot Days	220	180	367
# Jobs (hired locally)	120	85	423

E. Budget (General Fund)

Expense Type	FY 2010 Appropriation	FY 2011 Appropriation
Equivalent Personnel (E/P)	1	1
Salaries and Wages	\$55,000	\$55,000
Operations	\$42,534	\$103,150
Equipment	\$0	\$0
Program Total	\$97,534	\$158,150

F. Statistics

The breakdown for all film, video and still photo shoots during the course of the year as follows:

<u>Type of Production</u>	<u>US</u>	<u>Japan</u>	<u>Europe</u>	<u>Australia/Canada</u>	<u>Total</u>
Feature Films	5	0	0	0	5
Television/show/series	4	0	1	0	5
Commercials/print ads	7	1	0	0	8
Music Videos	0	0	0	0	0
Documentaries	4	0	0	1	5
Travel	4	0	1	0	5
Sports	2	0	0	0	2
Digital/Internet/Etc	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	26	1	2	1	30

WORKFORCE INVESTMENT ACT (WIA)

A. Objectives

The Wagner-Peyser Act of 1933 (WP) established a nationwide system of public employment offices known as the “Employment Service.”

In 1998, President Clinton signed into law (PL 105-220) the Workforce Investment Act of 1998 (WIA) to stimulate local areas’ strategic redevelopment and improvement of local workforce systems. It also amended the Wagner-Peyser Act, integrating its Employment Service labor exchange activities into the One-Stop Career Center delivery system. The Act has been pending reauthorization since 2003.

In February 2009, President Obama signed into law American Recovery and Reinvestment Act of 2009 (ARRA) which included “Training and Employment Services” under the Workforce Investment Act (WIA) and the Wagner-Peyser Act. The formula-funded allocation to the County expired on May 31, 2011, while other ARRA competitive grant awards are still active.

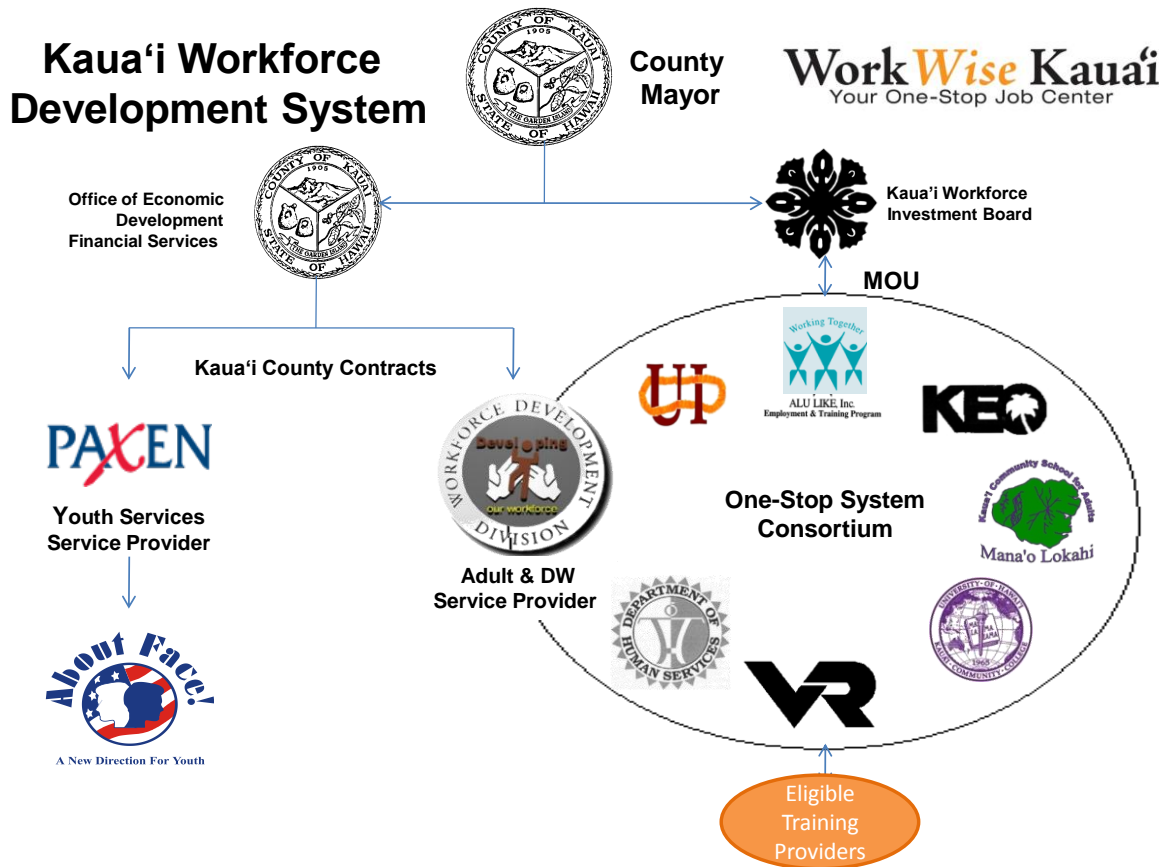
ONE-STOP OPERATOR

The County of Kaua`i is designated as the local area One Stop Operator by the Governor, and as a result receives Federal Workforce Investment Act (WIA) funds from the U.S. Department of Labor (USDOL) through the State of Hawai`i’s Department of Labor & Industrial Relations (DLIR) Workforce Development Division (WDD) which administers the program.

As the One Stop Operator, the County of Kaua`i Office of Economic Development (OED) is responsible for:

- local administration of the three WIA programs that focus on employment and training, through two service provider contracts:
 - Adult and Dislocated Workers served by the State DLIR Workforce Development Division (WDD) at the WorkWise - Kaua`i One-Stop Job Center.

- Youth primarily served at the Kapa`a and Hanapepe armories by Paxen Huli Ke Alo.
- oversight of “WorkWise – Kaua`i One-Stop Job Center,” a consortium of eight mandated community partners receiving Federal WIA or related funds including:
 - Alu Like Inc.
 - Kaua`i Community School for Adults
 - Kaua`i Community College
 - Kaua`i Economic Opportunity Inc.
 - State Department of Human Services’ Kaua`i Branch offices
 - Vocational Rehabilitation Division (DVR)
 - Benefit Employment and Support Services Division (BESSD)
 - State Department of Labor’s Kaua`i Branch offices
 - Workforce Development Division (WDD)
 - Unemployment Insurance Division (UI)
- oversight of the mandated Kaua`i Workforce Investment Board (KWIB),



ONE-STOP OPERATION

The “One-Stop” operation is a system under which entities responsible for administering separate workforce investment, educational, and other human service programs and funding streams (consortium of partners) collaborate to create a “seamless” service delivery system that enhances access to program services and improves long-term employment outcomes for individuals receiving assistance.

The WorkWise – Kaua`i One-Stop Job Center assists job seekers with core services such as skills assessment and work readiness activities, as well as intensive services such as resume writing and job search skills. When applicable, tuition assistance for specific courses leading to certification may be provided.

The WorkWise – Kaua`i One-Stop Job Center assists employers with free online job postings on the State HireNet Hawai`i system and with recruitment, screening, teleconferencing services, training opportunities, labor law information, processing of work opportunity training credit (WOTC) and foreign labor certification applications, and subject to funding availability – coordinates on-the-job training and apprenticeship placements. Many of the Center’s services are accessible via the web at www.workwiseKaua`i.com/.

WORKFORCE INVESTMENT BOARD

The Kaua`i Workforce Investment Board (KWIB) is charged with wide-ranging policy and planning responsibilities and operates as a forum where business, government, labor, education, community-based organizations and the public work together to create an integrated market driven workforce system which sustains Kaua`i’s economic growth and competitiveness by addressing employers’ needs for qualified workers and island residents’ needs for expanding employment opportunities.

, The majority of the 30-member Kaua`i Workforce Investment Board (KWIB) appointed by the Mayor is comprised of business representatives from diverse industries, especially those identified as high growth in the CEDS. Through collaboration, these volunteers provide leadership and help carry out the Board’s mission to *ensure Kauai’s workforce is prepared with needed skills and talents to develop a flourishing business community.*

In cooperation with the Mayor, KWIB sets direction for workforce development utilizing as its foundation, the KWIB Strategic Plan, as well as the Kaua`i’s CEDS Report, a prioritized set of values that reflect the needs expressed by workforce stakeholders in the community.

Given the multiple organizations that cooperate to produce the results overseen by KWIB, leadership is a particularly critical role. KWIB strives to provide informed governance over a process that encourages high performance and measurable results by placing special emphasis on communication, performance reviews and the creation of an environment that encourages high performance.

The Board ensures that our contracted WIA service providers deliver the required services to the applicable eligible populations and that the providers actively strive to achieve performance goals negotiated between the State and USDOL.

Because of the unique needs of young people, the Youth Council is a mandated entity and is a committee of the Board. It includes community members with diverse expertise and resources relating to youth and is tasked with building a comprehensive infrastructure and program designed to provide quality services for Kaua`i’s youth.

KWIB, the Youth Council, the program service providers, the WorkWise - Kaua`i Consortium Partners and the County’s WIA Administrator work together to achieve the program objectives that support the economic development of Kaua`i through the workforce development system.

B. Highlights

The Unemployment Rate at the end of Fiscal Year 2010-11 was 9.2%, the same as June 2010, with a low of 7.7% in April, and five months being at 8.5%. Job seeker average daily walk-ins by month at WorkWise-Kaua`i One-Stop Job Center ranged from 32 - 40, the average being 38.

ONE-STOP OPERATOR

ALERT: This designation is in jeopardy since Congress has significantly reduced the amount of funds that the State can withhold for their use. So the DLIR is proposing consolidating all delivery of services under a single State Board, WDC as of July 2012.

ALERT: Future Uncertain for WorkWise Partner Kaua`i Community School for Adults Although the C-based Mastery program will continue to be offered at 3 high school locations for now, due to DOE funding cuts and change of policy regarding distribution of funds, as of July 1, 2011 the GED, ABE, and ESL programs will only be offered at the Kauai High School campus.

This is a serious concern since KCSA enrollment had increased significantly during PY 2008 and 2009 because of the continuing depressed economic conditions, and because these program services are vital particularly to our Youth Programs. Transportation issues may now hinder access to these programs offered at only one location.

- There is uncertainty whether the DOE will continue to offer the GED through CSA in the future. If the program is discontinued, our KCC OCET Director has indicated his interest in providing these services at the community college. However, this will likely result in an increase in cost for the program.
- DOE is also considering merging the 11 existing CSA schools into 4; if this occurs, Kaua`i may be merged with Moanalua and Wahiawa campuses with Kaua`i's remaining Registrar and Secretary positions then eliminated. Since there would be no local office, all registration will then be handled on-line or by mail with one of the Oahu locations. This arrangement will be very problematic since the clientele that are served through the school may not have access to a computer and may not have the skills to register on line without assistance.

KWIB

- We continue to partner with other organizations and agencies whenever possible in planning programs and events to avoid duplication of effort and maximize use of all of our resources to benefit the Kaua`i community. Collaboration is our strength.
- Steve Lupkes, BASF Plant Science Research Station Manager, continues to lead the Board, serving as Chair since January 2010. The focus of PY 10 was to educate board members about Kaua`i's key industry sectors, since the Board's recent on-going work has been to identify skill sets that are needed by workers to be able to effectively secure and retain employment in these fields. Guest speakers included:

- Kamika Smith, General Manager Smith’s Motor Boat Service, Inc. covered the Sports & Recreation and Culture and the Arts sectors by providing an informative overview of the leisure and hospitality industry.
- Kurt Akamine, Director of Operation ‘Ohana Pacific Management Company addressed the Health and Wellness sector. He provided Hawai‘i-specific real-time data focusing on the nursing career ladder continuum, electronic medical records, and sweeping health care reform that will affect health careers and will likely have unintended social impacts.
- Tom Clements, Public Affairs Officer Pacific Missile Range Facility, covered the science and technology sector by sharing information about PMRF’s ongoing vital role in national defense, as well as its role as a significant economic driver for Kaua‘i. Government contractors, and the Navy, continue to seek out local talent to fill their needs for skilled electrical engineers, computer scientists, technicians, etc. This reinforces the board’s strategy to Grow Our Own Talent to meet current and future workforce needs.
- Jeff Matsu, Lead Researcher for DLIR’s Green Workforce Report presented the findings of the recent green jobs survey. Data from Hawai‘i’s Green Workforce: A Baseline Assessment and the related skills gap analysis, as well as an assessment of his two-day visit will be used by the Kaua‘i Workforce Investment Board to facilitate necessary changes within our community to ensure we are able to GROW OUR OWN talent for this Sustainable Practices and Technologies sector.

While on Kaua‘i, Jeff met with key energy leaders and toured some sites to gather input for the skills gap analysis that included: Pacific Light and Power (and their Westside site), Kaua‘i Community College, Kaua‘i Economic Development Board, Kaua‘i Island Utility Cooperative (and South shore AES site), County Office of Economic Development, and Grove Farm.

- Staff of WIA and WorkWise, along with numerous KWIB members volunteered many hours during the year to **support career education programs at our high schools** including: speaking at career awareness events, as well as conducting resume writing and interview preparation workshops, conducting mock interviews, and judging senior projects. These activities are vital to help bring the real world of work to our students, as part of the Board’s effort to “Grow Our Own Talent.”
- In Fall 2010, KWIB members, WIA staff, and other key community leaders enthusiastically participated in the WDC’s Strategic Doing and **Health Care Skills Panel** events at which Kaua‘i was the best represented neighbor island, having 8 and 9 participants respectively. These were opportunities for our leaders in health care and education to network with others from around the State.

Charlene Ono, Kaua‘i Community College Nursing Program Director, and Catherine Adams, Wilcox Health System quality management, are co-chairing the Nursing skills panel, the most active of the 5 panels that evolved. They recently presented a report of the work being done to develop standardized curriculum to be used by the community colleges in conjunction with Hawai‘i’s major health care institutions to train incumbent med-surg nurses for specialty areas such as: ICU, ER, OR, and L & D.

Other collaborative efforts being addressed through healthcare skills panels include: long term care (post acute care), primary care, allied health disciplines, and work readiness.

- In March 2011, another WDC Skills Panel was convened focusing on **Software Development** and five participants were sent from Kaua'i. One of them, a 27 year old entrepreneur who has developed several successful internet businesses including Ukulele Underground which offers on-line ukulele instruction and other services, was inspired by the event. He is organizing others on Kauai to continue discussions about the challenges and opportunities of this evolving business delivery system. He currently has one employee but envisions aggressively expanding his workforce over the next year.
- Board members continue their own "skills panel" work with high growth industry leaders to identify key skill sets that are needed by workers to effectively secure and retain employment in these evolving fields, and their representative organizations continue to provide opportunities for community dialogue on economic and workforce issues.
- KWIB welcomed James Dire, KCC Vice Chancellor of Academic Affairs at its August meeting and then Bruce Getzan, Director of OCET, who was also appointed as the Chancellor's representative to the board, at its October meeting. Both bring valuable expertise to Kaua'i which should benefit our community.

And with the dedication at the end of October of KCC's new Bookstore and OCET facility which contains spacious state-of-the-art classrooms, the Board is excited about our further collaboration that will help to fulfill KWIB's mission to *ensure Kauai's workforce is prepared with needed skills and talents to develop a flourishing business community.*

- KWIB, WorkWise-Kaua'i One-Stop Job Center and Kaua'i Community College's Office of Continuing Education and Training (OCET), and Kaua'i Rural Development Project (KRDP) continue to collaborate to ensure activities and services are aligned to maximize use of our limited training funds to benefit our island community. Recent training opportunities funded by KRDP included:
 - **Development of on-line CNA training for lecture portion of curriculum**
 - Only way to take lecture portion at KCC
 - To date, 40 have taken the class with 38 actually completing it.
 - Fall semester has 16 enrolled
 - **Police Prep class offered every quarter**
 - 40 have taken the course of which 20 have taken the police exam
 - 80% pass rate for those who took the class vs. 40% average passing rate
 - Next class scheduled for October-November
 - **Biological/Chemical Technician**
 - KRDP Funding curriculum development
 - Course to be offered Spring 2012
 - Requested by Pioneer Hi-Bred, Aqua Engineers, others
 - **Automotive**
 - RDP purchased high tech welding system now being used by 18 students
 - **Bee rearing, honey production** –curriculum development stage

Through a Federal grant secured by the UH Community College System, KCC offered in the Spring:

- **Health Information Technology (HIT)**
 - an intensive on-line coursework (developed at Johns Hopkins and MIT) for 5 related occupations for a \$25 application fee
 - WorkWise aggressively promoted this opportunity and generated a record number of attendees at the informational sessions

C. Activities

WORKFORCE INVESTMENT ACT (WIA)

ADULT & DISLOCATED PROGRAM

The ***WIA Adult Program*** assists adults in obtaining the skills necessary to secure and retain employment and move toward self-sufficiency. Three levels of service are provided under the “One-Stop” system framework: core services, intensive services and training. The type and duration of service is determined based upon the individual job seeker’s specific needs and is then defined in the individual employment plan (IEP) developed by the case manager.

The service population priorities are aligned with the overall State WIA plan with focus on low-income individuals, including migrant and seasonal farm workers, public assistance recipients, minorities, women, veterans, older workers (retirees), ex-offenders, and individuals with multiple barriers to employment.

At the end of program year 2010, **22 adults** were receiving services under formula WIA and **3** adults had received services under ARRA.

The ***WIA Dislocated Worker Program*** provides job search, training and placement assistance to individuals who have been terminated or laid off from employment, are collecting unemployment insurance, or are displaced homemakers. As with the Adult Program, dislocated workers may access a range of services depending upon the individual’s needs and employment objectives.

At the end of program year 2010, **43 dislocated workers** receiving services under formula WIA and **7** dislocated workers had received services under ARRA.

Training

- ***CNA training*** – Three WIA-formula funded participants received CNA training (2 Adult and 1 DW program).
- ***Computer Courses*** – Ten WIA-formula funded and four WIA –ARRA funded participants benefited from a variety of computer-related training.
- ***Photovoltaics Introduction*** – Five WIA-DW funded and fourteen SESP funded participants received the Photovoltaics I training.

Work Experience – Two WIA DW- formula funded participants were placed in work experience.

YOUTH PROGRAM

The *WIA Youth Program*, “About Face,” was provided through a contract with the State Department of Defense Hawai‘i National Guard with services delivered by Paxen Group, Inc. The contract was extended for 3 program years through June 30, 2010.

Numerous unanticipated problems and delays plagued the RFP process for the PY 10 Youth Program contract solicitation and award, requiring that much staff time be invested in this contract process. Most unexpected was that the DOD did not submit a proposal. So the County of Kaua‘i’s did not award its PY 10 Youth Program service provider contract until August 2011, after extensive direct negotiation with Paxen Huli Ke Alo LLC. As a result, no new youth were served nor new services provided during July 2010 through July 2011; the contract is also for only 11 months for the provider to deliver PY 10 services using these funds.

The new Youth contract includes a greater focus on keeping our youth in school, as well as an environmental awareness component [respect for the `aina encourages respect for self and others]. A contract extension based on PY 11 funds will be developed to run concurrently once Paxen Huli Ke Alo submits an acceptable budget.

Paxen Huli Ke Alo just concluded a very successful STEM 2011 summer program that served 30 younger youth through a State grant. Some of their STEM participants are excited about enrolling in the WIA program. Paxen posted a new Site Manager position in August due to the layoff of almost all their staff after the State’s DHS funding cuts in April. Peggy Granda, former Site Manager was rehired to head the WIA program.

In February, WDC staff visited each County and met with County WIA staff, as well as Youth Council leaders and service provider staff to discuss programming and challenges faced in trying to meet the youth performance measures. WIA Administrator coordinated the meetings and reviewed and submitted extensive comments of the resulting March, April and May drafts of the WDC’s Older Youth Program Report.

WIA Program Resources (Federal Allocation)

Program Year 2010		Additional Funding	Total Allocations	FY11 Expenditures
Equivalent Personnel				
Salaries & Fringe	74,026	30,000	104,026	32,520
Administration	53,638		53,638	7,937
Adult Program	125,933		125,933	8,000
Dislocated Worker	159,784		159,784	34,000
Youth Program	118,209		118,209	0
Total	531,590	30,000	561,590	82,457

AMERICAN RECOVERY AND REEMPLOYMENT ACT (ARRA)

ADULT & DISLOCATED PROGRAM

During the life of the program (July 2009 through May 2011), **9** Adults and **21** Dislocated Workers were served. Three Adults and two Dislocated Workers participated in CNA training while three Adults and eight Dislocated Workers were placed in employment.

YOUTH PROGRAM (for SUMMER EMPLOYMENT)

A second ARRA summer work experience cycle was run during the 2010 summer by contracted service provider Paxen Huli Ke Alo and served 5 youth. Classroom time was increased to two weeks prior to the participant's placement at work sites based on feedback from the first summer program. This better equipped the youth with work readiness skills in contrast to the results of the one week program in 2009.

Of the 4 that participated in work experience, 3 were hired by their work site employers after completing the work experience. One is full-time and 2 are part-time, with increased hours and substantial wage increases, which are all desirable outcomes for the WIA program. The fifth participant unexpectedly left the island so did not complete the program.

A total of 26 youth were served through the ARRA program during the two summer programs in 2009 and 2010.

WIA Recovery Act (ARRA) - Program Year 2008 through June 30, 2011

Salaries & Fringe (FTE)	127,671
Administration	49,519
Energy Sector Partnership	162,591
Adult Program	72,422
Dislocated Worker	82,752
Youth Program	97,990
Total	592,945

STATE ENERGY SECTOR PARTNERSHIP ACT GRANT (SESP)

The State through the Workforce Development Council applied for, and received in January 2010 a \$6 million grant to equip Hawai'i's workforce with skills needed for emerging Green jobs. The four counties, the University of Hawai'i Community Colleges System, various trades organizations, HECO, KIUC, Goodwill and Catholic Charities were allocated funds to implement the grant. The first year of the grant was spent in developing infrastructure. The County WIA Administrator coordinated a conference call in November with WorkWise-Kaua'i, Kaua'i Community College and the Administrator meeting at KCC's OCET and teleconferencing with UHCC Associate VP Peter Quigley and WDC Executive Director James Hardway to ensure all were in sync and implementation of the **State Energy Sector Partnership Grant (SESP)** would go smoothly.

SESP training for key staff from all Kaua‘i agencies (except Catholic Charities) was held on January 21. It was particularly beneficial for all the involved individuals to meet one another and begin discussion on how to approach recruitment and referral of individuals to maximize benefits to the community.

WDC’s contract with the County of Kaua‘i was executed in late January 2011 and the County’s contract with the DLIR to provide services through WorkWise staff was executed in March. KWIB’s goal is to have all of our training completed by June 2012 to enable placement into employment AND 6 months retention on the job for at least 39 participants.

PV Classes and NABCEP Certification Exam

Kaua‘i Community College ran their Photovoltaic Basics course twice in the Spring. Five (5) WIA formula-funded dislocated workers were placed in the January 15 class geared towards individuals in the trades that ran for 8 Saturdays. Fourteen (14) SESP-funded dislocated workers were later placed in the April 25 class that ran M W F for three weeks. All participants met the prerequisites identified by Kaua‘i Community College for this non-entry level course.

The initial certification exam was administered by Kaua‘i Community College on June 2, ten weeks after the first class ended and then the exam was repeated on June 23, prior to the first group receiving their results which did not provide those who failed an opportunity to retest.

June 2 NABCEP Exam Results

Funding	Class End	Total Tested	Total Passed	Passing Rate
SESP	5/13	8	4	50%
WIA/DW	3/19	1	0	0%
TOTAL		9	4	44%

June 23 NABCEP Exam Results

Funding	Class End	Total Tested	Total Passed	Passing Rate
SESP	5/13	6	1	17%
WIA/DW	3/19	3	1	33%
TOTAL		9	2	22%

SUMMARY

Funding	Class End	Total Tested	Total Passed	Passing Rate
SESP	5/13	14	5	36%
WIA/DW	3/19	4	1	25%
TOTAL		18	6	33%

WorkWise WIA staff surveyed all the participants to gather information about each one’s experience in the classroom and an assessment of the examination process. The WorkWise Branch Manager met with KCC’s OCET Director to discuss the disappointing exam results, the feedback from participants, and to address the possible reasons for the poor outcome.

Additional KCC non-credit courses, some of which focus on sustainable agriculture, as well as ones with a green focus offered through their ED2GO on-line program, were added to Kaua'i's WDC approved SESP training matrix in May and August. This enables us to offer a wider array of training to eligible dislocated workers since the number of jobs per job type is limited on Kauai.

Certified Energy Manager (CEM) Training and Certification Program

The Kaua'i WIA Administrator and Kaua'i Island Utility Cooperative (KIUC) are collaborating and pooling SESP resources, together with other County Energy Grant funds, to bring Association of Energy Engineers (AEE) training to Kaua'i November 14 – 18. The County is facilitating the application process that includes extensive prerequisites, KIUC is handling the instructor's travel arrangements and other course details, and Kauai Community College is providing the training facility and logistics support.

Energy professionals as well as large energy consumers on Kaua'i and around the State that can benefit from this training, include: government, hotels, hospitals, utilities, advanced manufacturing, large commercial facilities, etc. Their ability to significantly reduce their power consumption will reduce their operating costs, as well as delay or reduce utility companies' need to expand their energy production.

This week long training will culminate with the CEM certification exam and will equip local energy managers with critical skills that support the goals of the Kaua'i Energy Sustainability Plan (KESP) and the Hawaii Clean Energy Initiative (HCEI).

GREEN JOBS LMI SURVEY REPORT

The first volume of the Green Jobs LMI Survey Report was issued to KWIB members in January and the subsequent companion Volumes 2 – 5 in August. The data is critical to the Board being able to facilitate necessary changes within our community to ensure we are able to GROW OUR OWN talent for this sector.

SMALLER LEARNING COMMUNITIES (SLC) GRANT

In January, the County WIA Administer was invited by Kapa'a High School educators to participate in their Smaller Learning Communities (SLC) grant project that is a consortium of 5 high schools on 3 islands. Daniel Hamada now Principal at Kapa'a High School, previously served as the DOE Superintendent's representative on the WDC for several years and made the recommendation.

The goal of the grant is to develop a blueprint for other DOE high schools to implement at their campuses that will:

- 1) better transition incoming freshmen into high school so they will be successful and complete their education and
- 2) integrate core courses curriculum to better ensure that the focus is relevant to real world application. This provides an opportunity to include in the project design the skill sets needed by high school graduates to successfully enter the workforce.

D. Program Measures – Accomplishments / Evaluation

WIA PROGRAM

The three WIA programs are required to meet federally mandated performance Measures including: entered employment, employment and credentials, six-month retention rate and six-month earnings change for Adult, Dislocated Worker, and Older Youth; skill attainment, diploma rate, and retention for Younger Youth; and employer and participant satisfaction for all four target groups. The State negotiates the desired performance levels for each of these core indicators with the U.S. Department of Labor and these goals become the County's goals, unless the County objects and offers alternative rates to which the State agrees.

MONITORING

Annually, The County conducts a procedures review and monitors the service providers to determine compliance with the terms of their written agreement with the County to provide services under WIA. The completed monitoring report identifies opportunities for improvement and the service provider, together with the County and the board works to address the deficiencies by developing policies or guidelines that outline the required procedures.

The 2010 program year reviews were conducted in March and focused on utilizing our significantly revised Monitoring sheets to validate participant eligibility. Opportunities to improve the adult and dislocated worker programs performance outcomes are still two of three cited in previous years:

- Writing more complete Individual Employment Plans (IEP) with goals reflecting desired employment end-result rather than the credential itself; and
- Facilitating more timely client placement.

New concerns include:

- Need to update One Stop's internal documents and checklists used for processing program candidates, as well as procedures;
- Excessive use of Self-attestation rather than source documents to verify criteria.

The youth program review revealed:

- Low completion of post-testing which is a key measure of literacy and numeracy gains.
- Need for more scrutiny when enrolling perspective participants to improve performance outcomes.

Effort will be made to schedule future program monitoring earlier in the program year, to minimize conflict with other unanticipated time-sensitive program deadlines.

PROGRAM PERFORMANCE

THE WIA SEVEN CORE INDICATORS

The chart below shows the State negotiated WIA Federal Performance Measures and Kaua'i's Program results for program year 2010 by quarter.

Adult Program	PY 10 Performance Targets	Q1 4 qtrs to 9/30/10	Q2 4 qtrs to 12/31/10	Q3 4 qtrs to 3/31/11	Q4 4 qtrs to 6/30/11
Entered Employment Rate	50 %	50.0	80.0	100.0	100.00
Employment Retention Rate	82.1%	87.5	88.9	75.0	71.4
Average Earnings	\$10,800	\$10,815	\$11,479	\$12,596	\$13,173
Employment and Credential Rate	55%	0.0	0.0	0.0	100.00
Dislocated Worker Program					
Entered Employment Rate	65%	40.0	50.0	60.0	58.3
Employment Retention Rate	86%	100.0	100.0	100.0	75.0
Average Earnings	\$14,750	\$19,267	\$22,727	\$16,735	\$19,649
Employment and Credential Rate	60%	0.0	0.0	0.0	0.0
Older Youth (19-21)					
Entered Employment Rate	40%	NA	NA	0.0	0.0
Employment Retention Rate	60%	100.0	100.0	NA	NA
Average Earnings Change	\$1,750	NA	NA	NA	NA
Credential Rate	38%	NA	NA	0.0	0.0
Younger Youth (14-18)					
Skill Attainment Rate	71%	92.2	96.2	84.4	62.5
Diploma Attainment Rate	46%	42.1	42.9	31.6	33.3
Retention Rate	44%	65.0	72.2	66.7	65.4

KAUA'I COUNTY ACTUAL VS. GOALS FOR PY 10

Credential Attainment

Overall, credential attainment continues to be a challenge for all three programs, attributable to multiple reasons including limited Kaua'i Community College credential options due to class cancellation when enrollment is low or classes not being scheduled until a sufficient number of interested students are wait-listed. Since the minimum student threshold to run a class has increased, this has become an even greater challenge. In addition, classes are usually offered only with a single schedule, so a participant may accept this "take what you

can get” scheduling but later find it difficult to complete the class due to conflict with other pre-existing commitments.

For PY 11, KWIB approved fourteen 24-week on-line training courses by ED2GO being offered through KCC. Of these, eleven courses have a related certification exam. While costly, these new courses offer a viable option since they will run regardless of our local enrollment count and participants can work on their program 24/7 so work schedules are not a limiting factor to participation. Hopefully these new offerings will help us address diverse needs of participants and improve our credential measures over time.

Employment Retention

Due to the still volatile nature of the present workforce, there still is a pool of highly skilled individuals who are not working. So it continues to be challenging for Adult Program participants to secure and then retain employment. Since they are the last to be hired and are likely to be less skilled than other workers, they have a greater chance of lay off if business declines or does not improve.

Older Youth Performance Measures

Paxen has often placed Older Youth in their alternate Adult work readiness program “Forward March” to more effectively address the youth’s most immediate need for employment and also because of limited WIA program funding. However as a result, we frequently had no OY exiters. And despite the fact that measures should reflect “Not Applicable” in this situation since there is no mathematical value when a denominators is 0, they continue to be incorrectly reported as 0%. Or when the population is very small, just one participant not achieving the measure can result in an overall failure of the program to meet the requirement.

Moving forward, to ensure our Youth Program has more Older Youth as required by the USDOL, the contract recently negotiated with Paxen Huli Ke Alo requires that at least 15% of those served must be older youth, which for the PY 10 year equates to 4. In addition, since Paxen’s funding for their Forward March program was significantly reduced, it is no longer a “competing” program for older youth participants.

STAFFING

- Staff hired at WorkWise in June 2009 as a temporary to assist with the delivery of services under ARRA (which was extended to 5/31/2011) left on April 1 for a regular position with KCC OCET.
- In March 2011, the temporary staff member who administered the TANF Summer Youth Employment Program from May to September 30, 2010 for Kaua‘i WDD, was re-hired as a temporary to implement the SESP grant for WorkWise.
- The Kaua‘i Branch Manager for WorkWise retired as of August 31, 2011 and his replacement will likely not be in place until November.

Other Programs Administered by the WDD staff with Other Funding Sources.

(WIA Administrator is actively involved in providing resources and leads for these).

JOB FAIR

- The Sept. 29 & 30 TSA Job Fair hosted by WorkWise- Kaua‘i and the County drew about 400 applicants.
- October Blue Hawai‘i Job Fair had about 60 complete applications.
- In November WorkWise-Kaua‘i staff provided resume writing and interviewing workshops at the request of Catholic Charities for their homeless clientele, and coordinated a job fair that was attended by WorkWise-Kaua‘i clientele as well.
- Social service agencies were also present to explain their services, particularly to the homeless. The 10 participating employers included: County of Kaua‘i, Kaua‘i Police Department, The Kaua‘i Grand Hyatt, Marriott Hotels & Resorts, Macy’s, McDonald’s, Avis/Budget, Host HMS, Global Ag, and Salvation Army. Many of the businesses were able to identify viable candidates with whom they conducted follow-up; agencies indicated the event benefitted the targeted clientele and they were pleased with the collaboration.
- In March, another successful two-day TSA job fair was held at the County’s Civic Center in anticipation of their extensive hiring in the spring.
- An April Job Fair on the Community College campus was coordinated and hosted by WorkWise Kaua‘i One Stop Job Center and Kaua‘i Community College Cooperative Education. The strong business presence of 41 key employers with a wide array of job opportunities was of great encouragement to eager job seekers, especially since no island-wide job fair had been held since 2009 because of low hiring activity by businesses.
- On Thursday, October 13, 2011 an island-wide job fair will be held at the County’s Civic Center at the request of employers who anticipate increased hiring during this time period, particularly for the holidays. WorkWise and the County are sponsoring the event.

REEMPLOYMENT AND ELIGIBILITY ASSESSMENT (REA)

This program is designed to reduce the number of weeks that UI claimants collect benefits by effectively equipping the job seeker with additional skills that enable him/her to secure job placement sooner. As of July 30, 370 were assisted through Kaua‘i’s REA program with 83% having completed all 4 components of the program. WDD receives about 12 **REA/WP** referrals a week, and about 80% of those who are referred complete the required process

VOLUNTEER INTERNSHIP PROGRAM (VIP)

The VIP program matches job seekers to volunteer training opportunities on Kaua‘i. Unpaid internships include 4 - 8 weeks of 16- 32 volunteer training hours per week, exempting UI recipients from job search responsibilities for the duration of the training activity. Since the program’s inception, 90+ interns and over 20+ businesses have registered to participate. There have been **65** successful intern/business matches, of whom 7 interns were subsequently hired by the sponsor.

Of the 23 volunteer interns that have been successfully matched with sites, 4 secured employment - 2 of which were with the employer where they were placed. Hawai'i's first VIP site and Kaua'i's Branch Manager were featured in the July 2010 issue of Hawai'i Business. The article can be viewed at: <http://www.hawaiibusiness.com/Hawai-Business/July-2010/Amping-Up-Job-Training/index.php?cparticle=1&siarticle=0#artanc>

VIP – Three WIA DW-formula funded participants were placed as volunteers to gain skills in a new work environment.

SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM (SCSEP)

The **SCSEP** program has **14** active Special/Formula participants.

Challenges Ahead

Kaua'i's job outlook began to stabilize in Program Year 2010 with the unemployment rate hovering in the mid 8% range except for a jump to 9.2% in June. Between our May 2008 high of 30,950 jobs and January 2010 low of 26,650, Kaua'i lost almost 14 percent of its jobs. And since that low 18 months ago, almost 1,200 of these jobs have since been restored.

KWIB's goal continues to be to deliver quality services to as close to the number of participants served in the prior years. Fortunately, ARRA funds supplemented our formula funds in PY 09 and PY 10 to enable more individuals to be served.

The Kaua'i Workforce Investment Board will continue to address our dramatically changing workforce climate through ongoing implementation of its updated strategic plan. Focusing on the overall strategy to "GROW OUR OWN," in PY 11 we will use our WIA funds in conjunction with SESP targeted funds to strategically equip our workforce for healthcare, energy efficiency, green and other select occupations anticipating that these will provide Kaua'i's near term job growth.

Our youth program will have a greater focus on keeping youth in-school, in order to provide them with a stronger foundation upon which to build their futures.

Outcomes to Achieve

Revitalizing the WorkWise Consortium and the Youth Council in PY 11 will be critical towards providing more effective oversight of the service providers and their efforts to exceed the performance measures, and ultimately the fulfillment of the mission and vision of the Kaua'i Workforce Investment Board (KWIB).

The mission of the Kaua'i Workforce Investment Board is to ensure Kaua'i's workforce is prepared with needed skills and talents to develop a flourishing business community.

Vision: The skills and talents of Kaua'i's workforce power a vigorous economic environment where business and workers are equipped to maintain a thriving economy for residents, and our future generations.

The Board extended for another year through June 30, 2011 the Kaua'i One-Year WIA Plan that was written for PY 09 and also extended for PY 10 in conjunction with the State's extension of its One-Year plan. Desiring to be more proactive in defining the plan, the Board

will soon begin a review and update of the plan in preparation for the next program year commencing July 2012.

Momentum will continue in PY 11 as we enter the final 18 months of the State Energy Sector Partnership grant (SESP). The County of Kaua‘i’s \$278,000 allocation of the \$6 million grant is intended to serve at least 39 individuals, primarily displaced workers and resulting in positive outcomes. Although the USDOL is now allowing us to include incumbent worker training in our performance counts, we still have only trained 14 individuals of whom only 5 (36%) passed the NABCEP exam.

The Board continues to be sensitive to the workforce needs of employers, so an island-wide job fair will be held in October based on employers’ preference. Having it at the Līhu‘e Civic Center will provide more visibility to the WorkWise Kaua‘i office as well as promote the collaboration of government and businesses in moving the island’s economy forward.

Conclusion

The WIA programs provide additional value that is not captured by the federal performance measures. In many cases, the services not only help job seekers increase their earnings, but prepare them for an occupation which offers more and better working hours, fringe benefits, opportunities for advancement and job security.

WIA employer services provide businesses with qualified applicants that expedites their hiring process and reduces cost. WorkWise-Kaua`i continues to have requests from employers for use of its conference room, as well as video conferencing services to conduct job interviews for state or nationwide searches, thereby helping the employer lower their hiring costs and broaden their applicant pool.

The programs provide enormous benefit to the local area not only by serving individuals in the Adult, Dislocated Worker and Youth programs, but also through fostering strong public-private partnerships. WIA is designed to give business and labor a means to immediately and directly affect the development of the local workforce.

Private sector involvement is critical to providing real-time information on what skills are in demand, what jobs are available, what career fields are expanding, and the development of programs that best meet employer needs.

E. Budget (General Fund)

Expense Type	FY 2010 Appropriation	FY 2011 Appropriation
Equivalent Personnel (E/P)	1	1
Salaries & Wages	\$30,000	\$30,000
Operations	\$0	\$0
Equipment	\$0	\$0
Program Total	\$30,000	\$30,000

IV. HOLO HOLO 2020 PROJECTS & STATUS

ADMINISTRATION

1. Maintain educational activities/programs - Kauai In-Step Science Show & Robotics Program (Budget \$0.00)

Working with Mattie Yoshioka and the Kaua'i Economic Development Board staff in support of the program. Assist with promoting the Science Show and encouraging local businesses and residents to show their support by attending.

2. Kauai Community College extension of satellite campuses and degree offerings (Budget \$ 0.00)

Have not met with Helen Cox, Chancellor of the Kaua'i Community College to see what the timeframe of this project will be and how OED can assist.

TOURISM

3. Ke'e Beach Shuttle Service (Budget \$ 0.00)

Nalani Brun, OED Tourism Specialist and Celia Mahikoa, Director for the Transportation Department is working with the Department of Land & Natural Resources and the Hanalei / Hā'ena community in creating a plan that will provide a shuttle service from the Princeville area to Hā'ena to reduce the traffic and parking problems that currently exist.

4. Increase commerce in towns across the island by maintaining unique character – HTA / County Special Events Grants (Budget \$490,000)

Nalani Brun, OED Tourism Specialist works with various community organizations to provide financial assistance through HTA and County grants for festivals and events that promotes the culture of each unique community.

5. Restore / Preserve Cultural Sites – Kaneiolouma (Budget \$100,000)

Nalani Brun, OED Tourism Specialist working with the Parks & Recreation Department and Hui O Malama Kaneiolouma in providing matching grant funds that will assist in the restoration of this culturally significant ancient heiau.

AGRICULTURE

6. Kilauea Ag Park - 7-day Farmer's Market (Budget \$419,407)

Bill Spitz, OED Agricultural Specialist and OED Director, George Costa have worked with consultant R.M. Towill in completing the required Environmental Assessment (EA) as part of the EDA Grant application process. Findings of the EA have produced a finding that native endangered bird species frequent the proposed Ag Park and a Habitat Conservation Plan will need to be completed to comply with U.S. Department of Fish & Wildlife and the Economic Development Administration (EDA) requirements before proceeding.

7. Restore Storm Irrigation System at Kalepa (Budget \$4,234,677)

Bill Spitz, OED Agricultural Specialist will work with the Department of Public Works and the East Kaua'i Water Users Cooperative in formulating plans to restore former sugar plantation irrigation systems in the Kalepa region as part of the development of the new Landfill and Materials Resource Recovery Facility (MRRF).

8. Papaya Disinfestation Facility (Budget \$10,000)

Bill Spitz, OED Agricultural Specialist and George Costa, OED Director working with the Kaua'i County Farm Bureau, Kaua'i Farmers Association and the Kaua'i Economic Development board on the continued maintenance of the Tropical Fruit Disinfestation Facility, as well as working with a consultant to complete a feasibility study and business plan.

9. Leasing of 1,000 (68) acres of land to farmers (Budget \$ 0.00)

Bill Spitz, OED Agricultural Specialist and George Costa, OED Director working with Agriculture Development Corporation (ADC), the Kaua'i County Farm Bureau (KCFB) and the Kaua'i Cattleman's Association(KCA) in providing long-term leases to farmers and ranchers in an effort to provide affordable land to help promote the agricultural industry on Kaua'i and reduce our dependence on importing at least 85% of our food.

ENERGY

10. Electric Vehicle Charging Stations (Budget \$276,000)

Glenn Sato, former OED Energy Coordinator, now Sustainability-Green Manager successfully applied for and received State DBEDT Grant to purchase 5 electric vehicles (Nissan Leafs) and 5 charging stations. The grant also provides for 6 additional charging stations to be installed at the Civic Center, Historic County Building and War Memorial Convention Hall. The Nissan Leafs are scheduled for delivery in November. Glenn is still working with the Purchasing Department to secure funding and purchase the charging stations.

11. Increase Use of Alternative Energy Sources via implementation of Kauai Energy Sustainability Plan – Energy Performance Contract (Budget \$ 0.00)

Glenn Sato, former OED Energy Coordinator, now Sustainability-Green Manager currently putting together RFP in order to hire an Energy Savings Company to perform an Energy Performance Contract that covers all County facilities.

12. Increase LEED-certified buildings (Budget \$0.00)

Glenn Sato, former OED Energy Coordinator, now Sustainability-Green Manager will be responsible for crafting a Sustainability Plan for the County and Kauai, and look towards increasing the number of LEED-certified buildings on the island.