



Office of Economic Development

Fiscal Year 2020 Annual Report

July 1, 2019 – June 30, 2020

Nalani Brun
Director

OFFICE OF ECONOMIC DEVELOPMENT

I. MISSION STATEMENT

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

II. DEPARTMENT GOALS

The goals of this office are:

- A. Assist businesses of all sizes, emerging industries and organizations in providing technical and financial support, as feasible, in an effort to provide full employment for all of Kaua'i's residents.
- B. Utilize the Guiding Principles of the Kaua'i Economic Development Plan – Comprehensive Economic Development Strategy (CEDS) to help improve Kaua'i's economy over the next 10 years:
 - Economic Diversification: To strengthen selected industry clusters to minimize dependence on a single industry
 - Economic Self-Sufficiency: To minimize imports and promote import substitution
 - Economic Opportunity for all: To offer an appropriate K-20 education and adequate training opportunities to give workers choices and to promote living wages
- C. To work with the business community to ensure Kaua'i's workforce meets their needs today, as well as in the future.
- D. Assist the business industries in growing their businesses to meet the needs of the island and beyond, through technical assistance, education and accessing the right resources.

Duties, and Functions

1. *TOURISM*: Oversee tourism strategic plan and cooperate/support visitor industry partners.
2. *FILM*: Increase film opportunities on Kaua'i and support film partners.
3. *AGRICULTURE*: Increase agricultural products on Kaua'i, support agriculture partners, and maintain viability of the Sunshine markets.
4. *SUSTAINABILITY & ENERGY*: Developing, adopting, and implementing sustainable practices for county operations and the

island community. Also, manage and reduce the County's fossil energy use through increased efficiency, conservation, and use of renewable energy.

5. *WIOA (Work Force Investment Opportunity Act)*: Oversee the implementation of the WIOA funds for adult, dislocated workers and youth.

III. PROGRAMS
GRANT PROGRAM (All sectors)

The OED grant program is a competitive awards program that supports sustainable economic development in agriculture, tourism, film & creative industries, sustainability, business and workforce capacity building. Proposals must address and support the program goals and objectives for the chosen sector area an organization applies to.

A. Objective

- The objective of the grant program is to create funding opportunity that supports partners in creating opportunities in the sectors of agriculture, sustainability, tourism, product enhancement, creative industries, and special events.

B. Highlights

- Highlights of the grant program include funding for the Home Energy Efficiency Program, Localicious Support, Students Sharing Science, Symphony of Hawaiian Birds, Rice Street Business Development events, and Social Awareness Film Festival.

SECTOR	Grants issued	Amount funded
AGRICULTURE	12	159,500.00
TOURISM/CULTURE/NATURAL RESOURCES/STEWARDSHIPS	13	368,330.65
OFF DUTY POLICE GRANTS	7	16,281.56
KTSP VISITORS BUREAU SUPPORT	1	20,000.00
ENERGY & SUSTAINABILITY	7	111,758.00
FILM	1	10,000.00
EMERGING INDUSTRY/COMMERCIAL	14	379,934.00
KEKEHA HCB	14	247,118.50
STATE PASS THROUGH GRANTS	4	241,820.00
ACT 12 FLOOD GRANTS	1	20,000.00
Total	74	1,574,742

Figure 1: OED Grant Program Data

TOURISM STRATEGIC PLAN/CULTURAL PROGRAMS (Tourism)

The Tourism Strategic Plan is a public-private document created to guide the visitor industry and is updated every three years.

A. Objectives

- The objective of the tourism strategic plan is to refocus tourism to responsibly manage the economic activity of Kaua'i tourism in a sustainable manner while creating memorable experiences for visitors, improving quality of life for residents, and ensuring the stewardship of our natural and cultural resources.

B. Highlights

- Highlights include priority strategies such as support of a comprehensive, multi-modal land transportations system for residents and visitors as well as sustainable management of parks and trails. Piloting of data collection systems for visitor hotspots as well as progression and development of the Tourism Strategic Plan objectives.

FILM PROGRAM (Film)

A. Objective

- The Film Commission program's objective is to increase film production and creative industry activities on Kaua'i.

B. Highlights

- Film Commission program measures are based on economic impact through film production company expenditures and jobs created which are tracked on a Fiscal Year basis. The below figure represents the film production data for FY '19-'20.

FY2020	# of Prod	Filming Days	Spend	Kauai Crew
Advertising/Print/Digital	4	10	102,000	19
Commercial	1	4	80,000	8
Documentary	1	1	1,500,000	12
Feature Film	0	0	0	0
Music Video	1	2	120,000	16
Travel	2	6	122,000	6
TV Show/Series	7	35	418,000	28
Total	16	58	2,342,000	89

Figure 2: Film Production data.

SUNSHINE MARKETS (Agriculture)

The Sunshine Market Program provides access for farmers to the public via produce sales events.

A. Objectives

- The objectives of the Sunshine Market Program include helping to promote and provide a venue for selling local farmers’ produce from Kilauea to Kekaha.

B. Highlights

- During the start of the Covid-19 pandemic, all sunshine markets were closed due to CDC restrictions. Farmers were then serviced using other programming. Eventually, two markets were opened in areas that needed support. The Ag team managed to create a Kupuna Kare with Farmer Fare program during the closure to continue support of Farmers who had lost market areas for sales.

Selected Statistics	CY 2017	CY2018	CY 2019
Sunshine Markets	8	8	8
Sunshine Market Farmers/Vendors	76	110	106
Sunshine Market Annual Revenue	\$533,451	\$530,247	\$152,041

Figure 3: Sunshine market data. Due to the change of Department Head and Farmers Market Monitor, most of the receipts for 2019 were never found.

SUSTAINABILITY AND ENERGY PROGRAM

A. Objectives

- The objective of the County’s Sustainability & Energy Program has historically been twofold: (1) to help the County lead by example by developing, adopting, and implementing sustainable practices and policies for county operations and the island community, and (2) manage and reduce the County’s fossil energy use through increased efficiency, conservation, and use of renewable energy.
- Goals for energy use reductions within County operations:
 - Electricity: Reduce County use by 30% by 2023 vs FY 2012 baseline (set 2013)
 - Fuel Use: 100% renewable fuel use by 2035 (set 2017)

B. Highlights

- Over the course of the year, a County resilience team has been established and the team has been working to prepare for developing a County Resilience & Adaptation Plan which will begin in 'FY 21.
- We are off-track for meeting our 2023 efficiency goals: After five consecutive years of lower electricity use year over year, FY '20 was the first year where electricity use was slightly higher than prior year. This is due to multiple factors including weather, but will likely not be reversed until there are additional efficiency projects funded and implemented by the County. The Police Complex (3990 Kaana) and at Līhu'e Wastewater Plant are two of the best candidates to deliver larger savings.
- County electricity expense has dropped by roughly \$300,000 year over year as a result of lower electricity rates from KIUC. Figure three demonstrates the drop in cost of electricity and figure four demonstrates the annual electricity use of the County of Kaua'i.



Figure 3: County of Kaua'i electricity cost graph

Fiscal year	Usage (MWh)	Change in use v FY '12	Change in \$ v FY '12	Total Cost (millions)	savings vs. FY 12
FY 2020	10,390	-15.6%	-26.8%	\$3.87	\$1.42m
FY 2019	10,352	-15.9%	-23.4%	\$4.05	\$1.24m
FY 2018	10,392	-15.6%	-26.5%	\$3.89	\$1.4m
FY 2017	11,165	-9.3%	-21.9%	\$4.13	\$1.16m
FY 2016	12,223	-.7%	-18.0%	\$4.34	\$0.95m
FY 2015	12,381	+.6%	-6.6%	\$4.94	\$0.35m
FY 2014	12,612	+2.4%	+7.2%	\$5.67	(\$0.38m)
FY 2013	12,419	+.9%	+7.2%	\$5.67	(\$0.38m)
FY 2012	12,312	n/a	n/a	\$5.29	n/a

Figure 4: Annual county electricity use.

ADULT, DISLOCATED WORKER and YOUTH PROGRAM (WIOA)

WIOA provides services to the workforce via the American Job Center.

A. Objectives

- The objective of the WIOA program is to support reemployment and retraining.
- The objective of the One-stop operator/job center is Local administration of the three WIOA programs, that focuses on employment and training, through two service provider contracts:
 - Adult Program – State DLIR Workforce Development Division (WDD)
 - Dislocated Worker Program – State DLIR-WDD
 - Youth Program – As of March 2020, Hale 'Ōpio Kaua'i Inc has signed on as our Youth Provider through June 30, 2021.
- The new streamlined 19-member volunteer Kaua'i Workforce Development Board (KWDB) under the new WIOA Mandated Act of 2014 was charged with policy and planning responsibilities. In cooperation with the Mayor, KWDB sets direction for workforce development utilizing as its foundation, the KWDB Strategic Local Plan, as well as the Kaua'i's CEDS Report, a prioritized set of EDA-eligible projects that reflect the needs expressed by stakeholders in the community.

B. Highlights

- Program highlights include the recruitment and onboarding of new board members and officers; continuation of Adult and Dislocated Worker Services with the Workforce Development Division; onboarding a new Youth Provider and receipt of funding for Rapid Response activities for Kaua'i County through June 30, 2021 in the amount of \$128,978; hosting of the annual Job Fair at the Kaua'i War Memorial Convention Hall on Oct 9, 2019 with over 30 local businesses and 100 job seekers.

KAUA'I MADE (Business)

The Kaua'i Made is a program created by the County of Kaua'i to officially represent products made on Kaua'i, by Kaua'i people, using Kaua'i materials.

A. Objectives

- The goal of the Kaua'i Made Products sustainability plan is to build upon the foundation of the program launch and establish priorities for the lasting success of this important program.
- Increase the sale of products grown, created or manufactures in and by the people of Kaua'i, to increase the number and variety of products available on Kaua'i and elsewhere, to increase the visibility to Kaua'i product in retail establishments and on the worldwide web, and to deliver information on how to purchase Kaua'i Products to visitors, residents and others through a variety of marketing vehicles.

B. Highlights

- 2019 Holly Jolly Holiday Fair was a success. 50+ Kaua'i Made Vendors, also invited Kaua'i Grown, KCC Market members to participate. Over 500 attended.
- Website Upgrade – adding more features to allow members to update their business information

ENTERPRISE ZONE PROGRAM (Business Innovation)

The Enterprise Zone program is a State-County partnership lead by DBEDT. OED serves as the EZ Coordinator from Kaua'i and works with DBEDT on recruiting businesses for the program and educating them on the benefits.

A. Objectives

- To recruit and educate local businesses on the benefits of joining the Enterprise Zone program.

B. Highlights

- All of the Enterprise Zones remain active on Kaua'i
- Additional local businesses have signed up for the program
- The Business Innovation Coordinator position was created in Nov 2019 to work with current and emerging businesses on Kaua'i. Due to the COVID-19 pandemic, which emerged as a disruption to the economic activity of the island beginning in March 2019, many of the business innovation programs and activities shifted to COVID response and mitigation.

FUNDING PURSUIT PROGRAM (Business Innovation)

National Endowment for the Arts Our Town Grant

The Office of Economic Development, in partnership with the Hawaii Alliance for Arts Education and the Rice Street Business Association applied for and received an "Our Town" grant from the National Endowment of the Arts.

A. Objectives

- To support Līhu'e Rice and Kress Street Creative Community Project. County government, business associations, community organizations, and artists will deliver plans for the role of creativity and arts in the reinvigoration of Rice Street and Kress Street in Līhu'e. The Our Town grant would support networks within and between the partners, establish communication, and collaboration around shared goals. The project is in coordination with the US DOT Transportation Investment Generating Economic Recovery (TIGER) grant project to develop Rice Street in Līhu'e Town Center and plans to transform an historic SH Kress Building into an arts center. The Our Town grant will also support Rice Street Association to establish staff positions to coordinate and hire excellent artists for existing public events including block parties, parades, and new arts events at street fairs, and farmers markets in and around the arts center.

B. Highlights

- Applied for and received the Our Town Grant
- Projects will happen during the award period between July 1, 2020 and June 30, 2021.

MAKERQUEST PROGRAM (Business Innovation)

The Youth Makerquest event is a collaborative effort between OED, Kaua'i Planning and Action Alliance, Kamehameha School, Gather FCU.

A. Objectives

- The event encourages entrepreneurship among youth on Kaua'i

B. Highlights

- The first Youth Makerquest event was held in Nov 2019 at Warehouse3540.
- Due to the COVID-19 pandemic, the second planned Makerquest event was postponed.

KAUA'I RISE INITIATIVE (Business Innovation)

The County of Kaua'i Office of Economic Development launched the Kaua'i Rise Initiative. This program will provide training and technical assistance, such as project planning, business counseling and training, market research, and feasibility studies, to support small and emerging businesses on Kaua'i. The purpose of the Kaua'i Rise Initiative is to support innovation and job creation on the island.

A. Objectives

- Through individual mentoring and support, we will help cultivate entrepreneurs exploring opportunities in new industries, enable job creation by expanding current small businesses, and contribute to overall economic growth on the island.

B. Highlights

- OED applied for and received a grant of \$55,000 from the USDA Rural Business Development Grant to provide business mentoring to local businesses on Kaua'i.
- OED contracted a part-time business mentor to join the initiative
- The business mentor has started mentoring a few local businesses.

COVID-RELATED PROJECTS

KAUA'I ECONOMIC RECOVERY STRATEGY TEAM (KERST)

In March 2019, the Office of Economic Development was charged with creating the Kaua'i Economic Recovery Strategy Team (KERST), including an Executive Team lead by OED and eight industry sector teams. These teams provided insight into the needs of each of our main industry sector on Kaua'i and guidance on how to assist those industries during the COVID-19 pandemic response.

A. Objectives

- The teams were tasked with creating short-term and long-term economic recovery recommendations in response to the COVID-19 pandemic and working collaboratively to implement those recommendations.

B. Highlights

- A total of 45 recommendations were created by the KERST teams. The full report and list of recommendations can be found [here](#).
- Many of the recommendations were implemented within the year including:
 - Financial Assistance Programs such as the Small Business Boost Grant and a Zero-interest loan program
 - Small Business support, including the Aloha for Kaua'i campaign
 - Studies on Broadband Infrastructure and Data Center feasibility

KAUA‘I FORWARD WEBSITE

The Kaua‘i Forward Website was created by the Office of Economic Development to be a resource to the community during the COVID-19 pandemic. The website is meant to be a one-stop-shop for news, information and resources. It contains a comprehensive list of financial, food, health and other resources for residents and businesses.

A. Objectives

- The objectives are to provide timely and accurate information for Kaua‘i residents regarding COVID-19 related news and resources.

B. Highlights

- The website is the primary source of information for several programs such as the Rise to Work program, the CARES RFP, and the Small Business Boost Grant.
- We created an email newsletter to keep residents informed of news and updates shared on the website.
- Since its initial launch, we expanded the contents of the website to include information for travelers and additional content for residents.

KUPA‘A KAUA‘I CAMPAIGN

Kūpa‘a means being steadfast and committed. The Kūpa‘a Kaua‘i logo reflects the people of Kaua‘i pulling together, committed to a common goal. It represents our resilience, strength and aloha spirit. Throughout this unprecedented time, our Kaua‘i community has continued to rise above and support each other in so many inspiring ways.

A. Objectives

- To share resources, tell inspirational stories and highlight the ways that our island has pulled together in our recovery.

B. Highlights

- Launch of Kūpa‘a Kaua‘i social media accounts
- Kūpa‘a Kaua‘i stories shared on Kaua‘i Forward

IV. BUDGET

Expense Type	FY 2020 (Budget)	FY 2020 (Actual)
Equivalent Personnel	9	9
Salaries & Wages	1,088,304	958,079
Operations	1,594,923	1,532,770
Equipment	0	0
Total	2,683,227	2,490,848
Other OED Funds	FY 2020 (Budget)	FY 2020 (Actual)
Kaua'i Made	157,766	92,050
Kekaha Host Community Benefit	2,669,223	2,237,048
2020 CPEP	70,000	40,964
2020 Harbor Greetings	46,754	1,316
2020 Summer Ag. Internship	25,000	25,000
2020 Census	11,000	5,914
2020 Rapid Response	128,978	0
2020 CARE Small Business	5,000,000	5,000,000

V. ACCOMPLISHMENTS/EVALUATION

OED spent most of the year building our team and adjusting workload to focus our efforts on supporting business. When the pandemic hit, OED quickly pivoted to create the Kaua'i Economic Recovery Strategy Teams who met virtually to come up with plans for recovery. As time moved on, OED also moved to support County efforts in management of CARES projects. We expect to continue building our team and the capacity of our team to help our community rebuild an economy of balance. We are grateful to the administration for the room to explore and test new waters.