

# **OFFICE OF ECONOMIC DEVELOPMENT**

## **ANNUAL REPORT FOR FISCAL YEAR 2011-2012**

### **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, referrals to informational websites 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, six sections are managed by staff specialists, under the direction of a department head, in the areas of sustainability, 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, and one accountant that provides support to the director and the six 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 nine staff members. In addition to supporting the Director, the OED Secretary supports the six Specialists in varying degrees.

### **B. Highlights**

The Office of Economic Development consists of six Specialists that focus on various projects within their sector. Although having a limited staff, the Mayor, County Administration and County Council look to the Office of Economic Development to address and consider programs and initiatives that may not fit in the scope of other departments. Many of these projects are important and in most instances, somehow relate to economic development for the island of Kaua'i. These projects include, but are not limited to:

- The Arts and Culture and Sports clusters continue to be supported by strategic grant monies received from the Hawai'i Tourism Authority for the County Product Enrichment Program, Other Product Development Program and from the Greetings Program. This funding is supplemented by County matching funds as well as detailed in the Tourism section of this Annual Report many of our island residents benefit culturally and financially from the State and County support of their festivals and events. Kaua'i's visitors also benefit because they experience various cultures being practiced and get to meet the people of Kaua'i.
- Additional projects supporting the growth of the Renewable Energy and Food & Agriculture programs can be found within this report.
- The Kaua'i Made program continues to grow and attract more Kaua'i artisans and entrepreneurs to take advantage of the marketing and networking opportunities provided. There are well over 130 members with varying degrees of experience and wide array of products for consumers to choose from. As the Kaua'i Made logo continues to provide brand-recognition throughout Kaua'i and the State of Hawai'i, continued coordination is needed to support 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 Trade Show was held, with 22 vendors participating and more than 80 wholesale buyers from Kaua'i and throughout the state attending. This event continues to be a success with the 5<sup>th</sup> Annual Kaua'i Made Trade Show being held at the end of October.
- OED provides annual support to the Aloha Ike program – managed by the Kaua'i Economic Development Board (KEDB). This program was initiated by Senator Daniel K. Inouye who continues to ensuring consistent funding of this project-based learning in all schools on Kaua'i is provided with grants to teachers. Teachers find a community partner and tailor their project to support learning in one of the six industry clusters identified in the Comprehensive Economic Development Strategies

(CEDS). CEDS is an economic development plan for the next 10 years which is required by the Economic Development Administration, in order for a community to access grant funding for eligible projects. With dozens of projects ongoing at public and private schools across Kaua`i, parents and program organizers have raised more than \$700,000 in support.

### 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 Plan*. 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 when unemployment reached an all-time high of 10%, visitor arrivals fell by as much as 30% from the previous year, and 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 addressed these concerns that weren't prevalent the first time around and emphasized the diversification of Kaua'i's economy.

The KEDP *CEDS 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 its efforts on diversification and implementing portions of the *CEDS Plan*. Towards this end, in Fiscal Year 2011-12, OED budgeted over \$1.3 million in grant funds for the Agriculture, Tourism, Energy, Film, and for other emerging industry support projects. That funding was utilized to support some of the following projects:

#### Office of Economic Development (OED) – CEDS Economic Plan Implementation

- Kaua'i Tropical Flower Industry
- Kaua'i Cattlemen's Association
- East Kaua'i Water Users Coop
- Sunshine Markets
- Garden Isle RC&D – Kaua'i Beekeepers Association – Varroa Mite Prevention
- Kaua'i Visitors Bureau Consumer Promotion

- Tourism Special Festivals & Events
- Līhu'e Airport Greeting Program
- Kaua'i Marathon
- Kaua'i Made and Kaua'i Grown Programs
- Kaua'i Independent Food Bank – EBT and SNAP Programs
- YWCA Family Violence Shelter
- YWCA Sexual Assault Treatment Program
- APEC – Asia Pacific Economic Cooperation Conference

Kaua'i Economic Development Board (KEDB) – CEDS Economic Plan Implementation

- CEDS – KCFB Capacity Building
- CEDS – Tropical Fruit De-infestation Facility Feasibility Study
- CEDS – Multi-Species Slaughter/Chill/Processing Facility Feasibility Study
- CEDS – Commercial Kitchen/Business Incubator Feasibility Study
- CEDS – Digital Media Center Feasibility Study

Kaua'i Planning and Action Alliance (KPAA) – CEDS Economic Plan Implementation

- CEDS – Sustainable Practices – Media Campaign
- CEDS – Arts & Culture – Multi-Purpose Arena Feasibility Study
- CEDS – Health & Wellness Center Feasibility Study
- CEDS – Waimea Sports Complex Feasibility Study

**D. Program Measures – Accomplishments/Evaluation**

Besides the individual specialist's accomplishments listed herein, below are some of the notable accomplishments from the programs listed above.

Multi-Species Slaughter/Chill/Processing Feasibility Study

Two governing disciplines throughout the study are feasibility and practicality. Local market demand for locally grown, grass-fed beef and other meats is significant. Extensive surveys were sent to nearly all livestock producers and one-on-one interviews were conducted with these stakeholders. An initial goal of 25% (approx. 500 head) of cattle currently shipped would be retained on Kaua'i.

The two current USDA slaughterhouses on Kaua'i were factored into the feasibility assessment and are regarded as providing vital services now and into the future. A new modular establishment will bring many benefits, especially economic, to Kaua'i producers and receptive markets for local meats. Slaughter capacity is adequate, but cooling capacity and processing room availability are currently the weakest links.

The recommended next steps are to install a refrigerated modular carcass cooler storage and processing room capabilities and to age only the "middle meats" rather than whole carcasses. The economic analysis confirms that a new, fully integrated modular establishment is financially viable provided that good business practices are adhered to.

### Kaua'i Commercial Kitchen/Business Incubator

In recent years, Kauai's economic development community received feedback indicating a need for a commercial kitchen facility to support startup of new business ventures and expansion of its existing base of value-added food businesses. An Ad Hoc group conducted research on commercial kitchen operations on Hawai'i, Maui, Moloka'i and O'ahu, as well as the broader concept of commercial kitchen incubation programs.

Kaua'i County has a unique opportunity to use a business incubation program to foster the formation and growth of businesses in the Food Manufacturing and Agri-business sectors.

There is a clear need and demand for incubation services (coaching, market development, etc.), but a limited need for a new commercial kitchen incubation facility due to the availability of existing and proposed commercial kitchen space on the island.

Most of the program accomplishments and evaluation takes place in each of the five sectors overseen by the OED specialists and are noted in each of their sections.

### Kaua'i Digital Media Center Feasibility Study

A feasibility study investigated and tested the community's viability, readiness and support for a digital media center. The study involved interviews with 20 diverse stakeholders, visits to potential sites and an analysis of economic, financial, legal, geographic, real estate data and other reports and documents.

Interest in this project is widespread and spans industries. Academic, cultural and performing arts, and creative arts leaders and community members all voiced support for such a project. The center can be a place where students, professionals and entrepreneurs convene in an exchange of skill, knowledge and ideas.

A digital media center will elevate Kauai's economic development, not only by expanding the creative industries, but also by accentuating economic drivers such as tourism. Upward trends in tourism, creative industries and digital media use indicate that the time is right to capitalize on positive momentum in the economy and further accelerated growth.

#### **E. Budget (General Fund)**

Expense Type	FY 2011 Appropriation	FY 2012 Appropriation
Equivalent Personnel (E/P)	2	2
Salaries and Wages	\$151,089	\$151,089
Operations	\$1,011,150	\$2,209,953
Equipment	\$0	\$0
Program Total	\$1,162,239	\$2,361,042

## **TOURISM**

### **A. Objectives**

The County of Kaua`i - Office of Economic Development (OED) -Tourism support is secure in it's role as a support entity whose many partnerships work to enhance Kaua`i, the product. This office holds a key position in supporting the sales effort and marketing opportunities of Kaua`i as a visitor destination. OED-Tourism, supports the effort of the Kaua`i 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 Trade Show Meetings, Incentives, Conventions and Events (MICE), promotions, marketing plan and budget. The County Council approved \$75,000 for KVB in Fiscal Year. The budget and Final Report from KVB is on file in OED.

In addition this office is constantly looking for and applying for other grants for improvement projects in the natural resources and cultural resources area.

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 Hawai`i Tourism Authority's (HTA) County Product Enrichment Program (CPEP) and The County of Kaua`i, Special Events and Grants Program. All HTA programs, except the Special Events and Grants Program operate on a calendar year (CY), versus a fiscal year (FY) basis which presents its own challenges.

### **B. Highlights**

The recovery of Kaua`i's economy continues to be fueled by the visitor industry. The upturn in 2012 of US arrivals continued to strengthen. The visitor industry has come a long way since the depths of recession. Last year, Kaua`i saw the biggest percentage gains, lifted by airline capacity from our partnerships with Alaska Air, United Air, American Air, Hawaiian Air and Delta Air. We also have our partnership with Westjet who continues to help with our Canadian numbers. Hotel occupancy rates rose by approximately 4% over the previous year. By 2013, Kaua`i is projected to break above the pre-recession levels. Total visitor arrivals are expected to rise this year. Kaua`i saw increases in all market shares in visitor days for a total of 11.2% increase.

Kaua`i's top five US cities for visitors were San Francisco, Los Angeles-Orange County, Seattle, Washington, New York Metro Area and San Diego. Though all the Hawaiian Islands showed growth, Kaua`i showed the strongest gain in occupancy on a percentage basis for the first half of 2012.

Through 2011, Bed & Breakfast operations saw a 7% increase in accommodation trends, Vacation Rental Homes saw a 16% increase; Timeshare realized a 7% increase, Condominiums experienced a 6% increase and hotel growth was very strong at 12%.

As we look to 2012-2013, we forecast continued but slower growth for tourism.

### C. Activities

OED Tourism staff sits on the Kaua'i Visitor's Bureau Marketing Committee, Kaua'i Visitor's Bureau Board, Visitor Aloha Society of Kaua'i, 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 the HTA, OED was advised that funding would be lower in 2012 from the original \$425,000 amount. For CY 2012, the CPEP funds were \$400,000.

In 2011–2012 the HTA eliminated funding support for the Airport Greeting Program. Since then, the County has funded this program which the County of Kaua'i and OED has provided a scaled-down version of the Līhu'e Airport Greeting Program. This program continued to provide entertainment once per day, 4 days a week in the airport lobby from 6:30 p.m. to 9:00 p.m. or from 9:00 a.m. to 11:30 a.m. through June of 2012. With heightened security measures, processing entertainers for security clearance is a constant challenge. The State of Hawai'i Līhu'e Airport Security Personnel has been an invaluable source of support through this process in order to comply with TSA's requirements which include an annual audit of all badges and an annual renewal.

OED continues to work to complete requirements for the \$75,000 awarded from the Hawai'i Tourism Authority's Natural Resources program for the Po'ipū Beach Sand Restoration Study which is expected to be complete by December 2012. The County of Kaua'i and private entities have added to this amount to conduct a full-fledged study.

OED Tourism has taken the lead in distribution and management of the Kekaha Host Community Benefits Advisory Committee grant funds utilized to help with community projects for Kekaha. This includes approximately eight grants for a total of \$800,000.

OED Tourism also administers the Kaua'i Festivals website ([www.kauaifestivals.com](http://www.kauaifestivals.com)) and marketing program. Programs and events that will occur on Kaua'i that align with County OED guidelines are entitled to a webpage that highlights their event or program. The site is supported by Tsunami Marketing through the Kaua'i Visitors Bureau but the OED maintains the text of the website as part of the marketing effort. With 2012 CPEP funds continual updates and upgrades of this site for Festivals and Events will include a marketing package of confirmed lower rates as well as a mobile app for the website.

### D. Program Measures – Accomplishments/Evaluation

	CY 2010 Actual	CY 2011 Actual	2012 through May/June/July Estimate
Visitor Arrivals (Air)	963,523	1,015,264	535,897 (thru June)
Visitors Arrivals (Cruise)	196,503	223,504	140,760 (thru June)
Hotel Occupancy	59.9%	63.5	68.6% (thru May)
Average Daily Room Rate	184.40	203.71	198.46 (thru May)
Average Length of Stay (days)	7.46	7.53	7.67 (thru June)
Unemployment	8.7%	8.775%	8.08% (thru July)

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

As mentioned previously, Kaua'i continues to realize economic recovery largely in part to the growth of its main economic engine--Tourism. Visitor arrivals by air continue on a steady increase. Hotel occupancy is also on a steady rise, but only accounts for approximately 25% of the overall Visitor Plant Inventory (VPI). Kaua'i is unique in that the Timeshare Industry comprises 25% of the inventory, the Condominium segment is 25% and the Vacation Rental Units have also increased to represent 25%--to round out the total VPI.

Many hotels and condominiums that have rental programs continued reducing their rates in 2011 to regain market share as the increase in the visitor industry continued to improve. The steady increase in "Length of Stay" also indicated Kaua'i 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 3 years we have seen a modest reduction in unemployment as a result of the Visitor Industry rebound.

### C. Budget (General Fund)

Expense Type	FY 2011 Appropriation	FY 2012 Appropriation
Equivalent Personnel (E/P)	1	1
Salaries and Wages	\$60,024	\$60,024
Operations	\$246,825	\$465,000
Equipment	\$0	\$0
Program Total	\$306,849	\$525,024

### ***HTA Funds/County Matching Funds***

In CY 2012, the Tourism program received \$400,000.00 from the HTA for CPEP. The County provided matching funds in the amount of \$275,000.00 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.

### ***Programs Awarded Funds***

Thirty-eight programs that include the island's best known festivals were awarded funding from the CPEP/County program in 2012. Some programs that received County funding for this period include: Imagine Wellness, Kaua'i Veterans Day Parade, E Kanikapila Kakou, Kaua'i Mokihana Festivals, Red Clay Jazz Festival and Waimea Town Celebration. A full list of programs by the CY is on file at OED. In addition, the Tourism Specialist managed the Kaua'i Marathon contract of \$100,000.

Almost 68,000 people attended HTA-supported events on Kaua'i in 2011, with another 18,725 attending those events supported specifically by Kaua'i County. Among the HTA-supported event attendees, half were visitors (35% from the mainland, 5% from a foreign country and 10% from another island). Among the specific Kaua'i County supported events, 34% of the attendees were visitors (8% from another island, 22% from the mainland and 3% from a foreign country).

As part of a CPEP marketing program, OED has updated and upgraded the kuaifestivals.com website and continues to populate it to include more festivals and events including sports so that the site can become a one stop shop for information on what is happening on Kaua'i. In addition, there is a small marketing program promoting the site in conjunction with the Kaua'i Visitors Bureau.

## **AGRICULTURE**

### **A. Objectives**

The program consists of a County of Kaua'i–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 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 a 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, a 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, 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 Farmer's Market in Kīlauea, examination of leasing State-owned lands to farmers, as well as repairing and improving irrigation systems, especially those in the Kalepa area. Other projects include the feasibility of developing the Kilauea Ag Park and the possibility of a 7-day Farmer's Market in Kilauea. The feasibility study of the Kaua'i Tropical Fruit De-infestation Facility and a decision to move forward or look at another alternative for the facility should be completed.

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 and managed by the Kaua'i County Farm Bureau.

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.

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. It will examine other alternatives for placing publicly owned land available with long term leases to farmers.

The Kaua'i County Council funded the program to control, eradicate and monitor operations of the Kaua'i Invasive Species Council and 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 eradicated. However, both the Small Hive Beetle and the Mongoose have been found on Kauai placing additional strain on KISC employees and resources. The Council has provided \$75,000 for funding efforts to control these two pests in addition to monitoring Coqui introductions and Miconia spread.

With county assistance, the Kauaʻi County Farm Bureau and the College of Tropical Agriculture & Human Resources (CTAHR) Cooperative 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 underway in the county’s agricultural support program. A report from a consultant to evaluate Sunshine Markets and the feasibility of introducing processed products for sale and the County’s ability to monitor and regulate such activity has resulted in the execution of a grant contracted 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 noticed improvement in the 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 provided \$28,000 to the Kauaʻi Independent Food Bank for another year of Supplemental Nutrition Assistance Program (SNAP) sign up work and \$40,000 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 Kauaʻi 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 Kauaʻi.

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 Hawaiʻi at Mānoa’s microbiology laboratory for the effort which will parallel a State of Hawaiʻi 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 Hawaiʻi 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 September 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 Hawaiʻi accounting for some \$246,000 million in sales in 2009. Kauaʻi operations account for a large share of this figure.

### **C. Activities**

OED provides staff support to the Kauaʻi 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 2009	FY 2010	FY2011
Farm Group Meetings	24	18	18
Agency Coordination	10	10	10
Selected Statistics CY	CYR 2010	CYR 2011	CY 2012
Papaya Production	NA	NA	NA
Sunshine Market	625,000	663,000	726,000
Sunshine Market Vendor Day	11,000	9,000	8,300

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 Kaua'i. 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 Kaua'i and in Hawai'i. Taro and parent seed are prime examples in which Kaua'i 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 2011 Appropriation	FY 2012 Appropriation
Equivalent Personnel (E/P)	1	1
Salaries and Wages	\$67,488	\$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 herein.

## **ENERGY**

### **A. Objectives**

The Objectives of the Energy Coordinator working through the Office of Economic Development are to assist the County of Kaua'i in managing energy use including reducing energy consumption, increasing efficiency, self-generation of clean renewable energy, and various energy planning efforts. The Energy Coordinator works on both internal County operations and in collaboration with other entities to develop and implement broader islandwide and statewide energy goals.

The Energy Coordinator is funded fully through County general funds as of FY12. The role of Energy Coordinator for the first half of Fiscal Year 2011-12 was managed by the current Sustainability Manager. The fulltime Sustainability Manager position was filled permanently in December 2011.

Energy Coordinator projects frequently include other County agencies such as the Department of Public Works-Building Division, Solid Waste Division and Wastewater Division and the Department of Parks and Recreation. The Energy Coordinator also tracks and participates in energy initiatives on the federal, state, and local (utility) levels to determine its impacts on the County and its programs. This includes participation in state legislative efforts, Hawai'i Public Utilities Commission dockets, State level energy planning through DBEDT, engagement with Kauai Island Utility Cooperative and other initiatives relating to energy. Energy Coordinator is also very active on the County's Staff Level Green Team.

### **B. Highlights**

FY12 is the first year of operation for the Mayor's Sustainable Energy Team including the Energy Coordinator, the Sustainability Manager, and the Facilities Energy Manager. This collaboration and increased focus has allowed the County to begin developing a targeted, internal energy strategy for efficiency and renewable energy within County Operations. The team has built on recent successes and is developing the next round of projects targeted at efficiency and clean energy. Concurrently, the Energy Coordinator is working closely with the Sustainability Manager and Staff Level Green Team to change the culture within the County to one that is more energy aware.

One highlight for the year was substantial progress towards execution of the Performance Contract for County Wastewater Facilities. Savings from the project, once complete, will approach 25% of energy used for County Wastewater. Additional benefit may be possible through a large PV & battery system being considered for the project.

Additional highlights include assistance to the Sustainability Manager in deploying the new County Electric Vehicle (EV) chargers, participation in the Public Utility Commission's Energy Efficiency Portfolio Standard Technical Advisory Committee, development of a comprehensive energy management platform for County energy use, preparation of the IFP for a second Energy Savings Performance Contract, and facilitation on the continued development of the Kauai Energy Sustainability Plan.

### **C. Activities**

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

Kauai County Energy Coordinator continues to be closely involved with the Statewide effort to implement an Energy Efficiency Portfolio Standard through the State Public Utilities Commission. Energy Coordinator participated in the 2012 Energy Efficiency Showcase and Training hosted by the Hawaii PUC on January 9th & 10th of 2012. Following that Energy Coordinator continues to participate in the PUC's EEPS effort as a member of the EEPS Technical Working Group which commenced in March of 2012. The group is tasked with making recommendations to the PUC on the Statewide EEPS goals in order to achieve the 30% efficiency target for 2030 (4300 GWh Statewide). A major issue for managing the EE Portfolio is in the development of tools for setting and tracking organizational targets for efficiency. Energy Coordinator has been working with the PUC's EEPS Facilitator to identify possible solutions to this challenge. Some overlap exists between this effort and the development of a County-wide Energy Management System (EMS) referenced below.

#### ***County Energy Savings Performance Contracts (ESPC)***

Kauai County began developing a performance contracting program following the model developed by the State Department of Accounting and General Services in 2008. Performance contracting is an increasingly popular procurement tool that can be highly effective for driving energy efficiency savings within an organization's facilities. In 2011, the first IFP was released to a prequalified list of ESCO companies and Chevron Energy Solutions (CES) was selected to perform the Investment Grade Audit (IGA) for County Wastewater Facilities. Work began in FY12 and CES submitted their first draft of the IGA in February of 2012. Extensive project development and coordination has occurred leading up to and since then between the Energy Coordinator, County Wastewater Division, and CES. A major project update was provided to the Administration's leadership team on June 7<sup>th</sup> of 2012 and final negotiations of contract terms will carry the project into FY13. Energy savings from the project is expected to be roughly 25% of energy consumed at County Wastewater facilities, and will provide much needed capital improvements to the three wastewater plants considered under the project. Additionally, a large photovoltaic array and battery is under consideration for the Lihu'e Wastewater Plant as part of the ESPC.

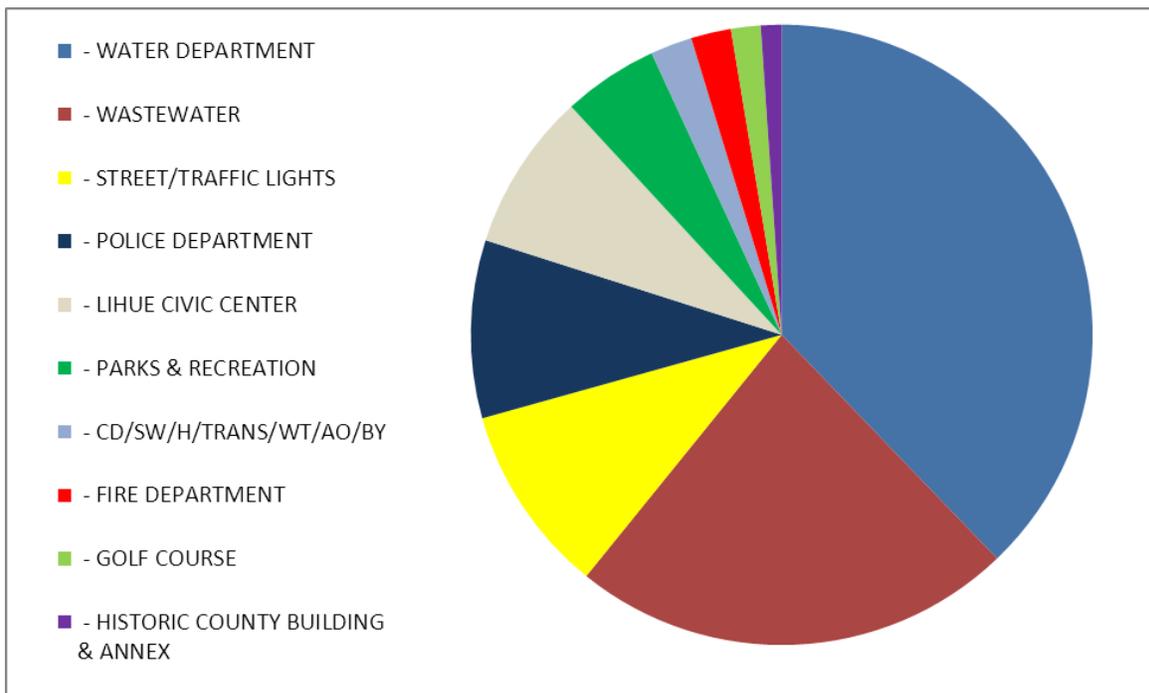
Energy Coordinator worked on development of a subsequent Performance Contract focused on Public Works and Parks facilities beginning in January 2012. Energy Coordinator developed and reviewed a draft IFP, and developed a plan for technical assistance to be received from the Hawaii Natural Energy Institute as the contract develops going into FY13. Key aspects of this project will be potential retrofits to Civic Center and Police Facilities, as well as streamlined assessment of the many smaller facilities across the County's portfolio of buildings.

***Kauai Energy Sustainability Plan (KESP)***

The Kauai Energy Sustainability Plan was initiated in 2009 by the Kauai County Council and published in 2010. The KESP sets a goal of 100% local sustainable energy for Kauai by the year 2030. Since then, several key measures of the plan have been implemented or are in progress. The Mayor and County Council have worked together to improve service for the Kauai Bus, extending service hours into evening and weekends, increasing frequency of service during The County administration has initiated a review of the implementation measures in proposed for the Electricity and Transportation sectors identified in the plan. The Energy Coordinator is working with the original Energy Plan Advisory Committee (EPAC) to document successes, address weakness, and consider any necessary amendments to the KESP. A key aspect of this update will be to continue to strengthen collaboration and integration with other planning efforts, and to adjust for significant shifts in each sector. Chapter 4 of the KESP will be updated to reflect decisions made in the Multimodal Land Transportation Plan, which is expected to be released in August of '12, Plan recommendations for the Electricity Sector are being studied to provide better synergy with KIUC goals and to create achievable incremental targets on the road to 100% local sustainable energy by 2030.

***Annual Review of County Electrical Accounts***

<b>Fiscal year</b>	<b>Total Energy Use</b>	<b>Total Energy Cost</b>
FY 2010	19,972,688	\$7,186,732
FY 2011	19,362,523	\$7,506,952
FY 2012	19,736,657	\$8,575,235



***Development of a County-wide Energy Management System***

Research into developing a County-wide Energy Management System (EMS) commenced in January of '12. In past years, County has relied on energy data presented in monthly increments through traditional utility formats for the tracking of energy use and consumption. Currently, there is a rapid evolution occurring in the energy sector with a diverse array of software and hardware tools being developed for energy management. Energy Coordinator has conducted numerous interviews with product vendors, industry experts, and reviewed reference literature for this important initiative. Preliminary identifications have been made and it is expected that a pilot will be initiated in FY '13 to help develop the appropriate comprehensive solution for a Countywide energy management system.

**D. Program Measures – Accomplishments / Evaluation**

	FY 2010 Actual	FY 2011 Actual	FY 2012 actual	FY 2013 projected
Grants and Program Funding	\$340,169*	\$348,269* *	\$177,769	\$220,676
Major Projects Managed or Coordinated, including PUC Dockets	6	6	4	5
Public Contacts on Energy	850	875	750	750

Energy Coordinator is currently developing energy usage reduction targets for County facilities. We are developing appropriate baselines as well as determining annual reduction targets which we anticipate will be established by year end and available in the next annual report.

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

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. At the date of this report, Office of Economic Development does not anticipate receiving any additional grant funding from DBEDT for Fiscal Year 2012-13.

## E. Budget (General Fund)

Expense Type	FY 2010 Appropriation	FY 2011 Appropriation	FY 2012 Appropriation	FY 2013 Appropriation
Equivalent Personnel	1	1	1	1
Salaries and Wages	\$18,990	\$75,000	\$75,000	\$64,920
Operations	\$0	\$4,000	\$30,500	\$55,756
Equipment	\$0	\$0	\$0	\$0
Program Total	\$18,990	\$79,000	\$105,500	\$120,676

### *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 provided 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 production 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 its 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**

There were 29 film productions on Kaua'i in 2011 which generated \$1.2 million in local expenditures. It also created jobs for 110 local hires.

2010 was a banner year for Hawai'i's film industry with more than \$410 million in total film expenditure. Kaua'i had four feature films which generated \$41 million in expenditure with a total of 31 productions and 400 plus local hires.

If 2010 was a banner year in filming, 2011 was a year of major movie premieres on Kaua'i for four Hollywood movies including Sony Pictures' "Soul Surfer"; Fox Searchlights' "The Descendants" starring George Clooney; Sony Pictures' "Just Go With It" starring Jennifer Aniston and Adam Sandler; and Disney's "Pirates Of The Caribbean: On Stranger Tides" with Johnny Depp and Penelope Cruz. Special premieres for each of the movies were held and screened at Kukui Grove Cinemas in Līhu'e for local crew, cast and dignitaries.

Although there were no major movies filmed on Kaua'i in 2011, there was a SyFy TV movie, "Piranhaconda" produced by Hollywood's iconic filmmaker, Roger Corman who has filmed three other TV movies on Kaua'i since 2004. The movie was filmed during the time of Japan's earthquake and tsunami disaster in March which impacted their filming schedule on Kaua'i for few days. The movie was shot entirely on Kaua'i in 3 weeks and was broadcast several times on SyFy channel in June and July 2012.

Also in 2011, extensive aerial footage of Kaua'i was filmed and featured in New Line Cinema's "The Journey 2: Mysterious Island" starring Dwayne "The Rock" Johnson.

## **C. Activities**

Kaua'i Film Commission is a member of Association of Film Commissioners International (AFCI) which is a global organization of certified commissioners with more than 300 film commissions in six continents. KFC attends and participates in AFCI sponsored and AFCI-related events which holds workshops, seminars and panel discussions to assist film commissioners become more successful in marketing their film locations and to help increase film activities in their respective jurisdiction. One of AFCI's signature events is the annual Location Expo Tradeshow in Los Angeles which features hundreds of film commissions and film-related businesses to showcase and pitch their locations and film products to thousands of film producers from around the world.

In 2012, KVB will celebrate the 50<sup>th</sup> anniversary of Elvis Presley movie, “Blue Hawai‘i” which was filmed in 1961 and premiered on Kaua‘i in 1962. KVB has invited national media teams to cover the event which will take place partly at its original location, historic Coco Palms Hotel in Wailua and at Kaua‘i Marriott Resort in Kalapakī. Special guests include Honolulu promoter, Tom Moffatt who help produce “Aloha From Hawai‘i”, a music concert from Honolulu in 1973 featuring Elvis Presley which was broadcast live via satellite and aired in 40 countries in Asia and Europe. The event will also feature a performance of songs from the movie soundtrack by an Elvis impersonator. Coverage by media for these film-related events will further increase the marketability of Kaua‘i as a major movie location destination.

In early 2012, “The Descendants” starring George Clooney and directed by Alex Payne which was filmed on O‘ahu and Kaua‘i in 2010 won two 2012 Golden Globe Awards and one Oscar. Written by Hawai‘i born, Kauai Hart-Hemmings, the movie created a boon for visitors who came to Kaua‘i searching for movie’s film locations including Hanalei beach; Tahiti Nui Bar and Restaurant in Hanalei; St. Regis Resort at Princeville and the ‘last piece of paradise’ location as mentioned by Clooney in the movie which is a secluded not-accessible-to-the-public beach at Kīpū Kai near Puhī. Same location was used in the movie, Jurassic Park 2.

## **Marketing**

### **Sales Calls**

The Kaua‘i Film Commission, housed in the County of Kaua‘i Office of Economic Development, has focused its efforts on attracting a larger number of smaller commercial productions and independent films. From infomercials and music videos, to reality television shows and commercial advertising film and still photo shoots, the industry continues to infuse millions of dollars into Kaua‘i’s economy each year.

With increased competition from film location destinations around the world, Kaua‘i will step up efforts to increase Kaua‘i’s visibility and pitch Kaua‘i’s as world’s premier film location. To obtain global status however, KFC will need to travel to Hollywood and aggressively market and promote Kaua‘i to top filmmakers and studio executives in person. KFC will have support from Hawai‘i Film Office and Hollywood filmmakers who have worked on Kaua‘i in the past to help coordinate the ‘sales & marketing’ call.

### **Media**

Kaua‘i Film Commission provides film-related news and information to the media via press releases through County’s Public Information Office. KFC maintains a good working relationship with local media including KONG, FM 97, KKCR , The Garden Island Newspaper, MidWeek Publication and For Kaua‘i Newsletter.

KFC also collaborates with Kaua‘i Visitors Bureau (KVB) who incorporates film-related news and events to help market Kaua‘i’s tourism. In 2008, Kaua‘i Visitors Bureau celebrated the 50<sup>th</sup> anniversary of Broadway musical and movie, “South Pacific” filmed on Kaua‘i in 1958. The special anniversary event featured a screening of the movie with special guest, actress Mitzi Gaynor who returned to Kaua‘i for first time since filming the movie. Gaynor was the leading actress in the movie. The event attracted throngs of media to cover the historic event.

In 2011, KVB created a marketing campaign with Mattel's new Hawaiian doll, "Kanani" from Kaua'i which filmed a national TV commercial on Kaua'i in 2010. It has even spurred a "Kanani" media blitz tour in many cities on the mainland.

### **Printed Materials**

The Film Office utilized and distributed existing marketing materials including a "Movies Made-on-Kaua'i" information piece, a location photo brochure and Hawai'i Production Index in print format and now on CD, while attending various film industry trade shows and film-related events that offered direct contacts with industry professionals and decision-makers.

The current four-color print advertising is a spectacular sandy beach photo of Hā'ena shot by Kaua'i photographer, Kicka Witte who shoots for national teen magazine, Girls Life, Cosmopolitan, Vogue and other high profile fashion and lifestyle magazine. The sandy beach photograph is near the wet cave of Waikanalae where Pirates of the Caribbean filmed its 'fountain of youth' scene.

Other ad slogans and photos are still incorporated in different ad campaigns and publications including "Welcome To Paradise" featuring an overview photo of Hanalei Bay shot from the executive suite where The Descendants filmed its interior shots at St. Regis Hotel in Princeville.

Other existing four-color print advertising includes "Island Beauty: Locations & Incentives" and "Location Paradise..For 20% Off" which promotes Hawaii's film tax incentive which passed legislation in May 2006 and activated in July 2006. Ads are placed in various key film trade publications including Hollywood Reporter, Variety, P3 Update Magazine, Hawaii Film & Video Magazine, Marquee and others as well as in the annual Hawaii Production Index which provides a resource listing of film-related businesses and services on Kaua'i and Hawai'i.

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
- Hawaii Production Index by Media Inc. Publishing
- P3 Production Update Magazine
- Variety Publication
- Marquee Magazine

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.

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 film industry. When there are inquiries from potential filmmakers and production companies, KFC has supplies of information literatures, brochures and media packets including filming guidelines and film permit process which are mailed out immediately. KFC also has supplies of film-related gift items for potential filmmakers or for film crew that is filming or have filmed on Kaua'i

## **Website**

The Kaua'i Film Commission website [www.filmkauai.com](http://www.filmkauai.com) serves as a key resource and contact point for filmmakers seeking information about film locations on Kaua'i. 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 was activated by October 2010.

In late 2010, Kaua'i Film Commission website: [www.filmkauai.com](http://www.filmkauai.com) was updated for better accessibility. The website will be further updated with new location photos and new information.

## **Social Media**

Kaua'i Film Commission provides support for film industry specialists on Kaua'i with information and updates on upcoming productions on Kaua'i. In 2012, Kaua'i Film Commission Facebook was created to inform film industry specialists and general public of ongoing and past film-related news and information. KFC Facebook is managed and monitored by County's Public Information Office which oversees what information and photos will be posted for accountability purpose. At least twice a year, KFC is featured on Mayor Carvalho's "Together We Can" TV program on Hoike to update the public with news about Kaua'i's film industry.

## **Film Offices of the Hawaiian Islands**

Kaua'i Film Commission which operates out of the Kaua'i Film Office, in conjunction with city and county film offices on Oahu, Maui and Big Island, as well as Hawai'i State Film Office (DBED&T), operate as a consortium under the name of 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, national and international film issues and trends, etc. FOHI meets every two months on O'ahu at HFEB (Hawai'i Film & Entertainment Board) meeting which is comprised of members from Hawai'i's film-related unions and organizations including SAG/AFTRA (Screen Actors Guild); Hawai'i Teamsters; IATSE (International Alliance of Theatrical & Stage Employees); HIFA (Hawai'i International Film Association) comprised of 30+ Japanese and Korean film production companies; FAVAH (Film and Video Association of Hawai'i), a not for profit professional organization dedicated to the advancement of the motion picture, video and allied production industries; Hawai'i Musicians Union; IBEW (International Brotherhood of Electrical Workers) and a local entertainment attorney.

To remain updated on local, national and global film issues and news, FOHI participates in monthly telephone conference calls and meet-in-person every two month on Oahu.

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

- Annual AFCI Locations Trade Show, Santa Monica, CA
- Movie premieres (The Descendants; Just Go With It; Soul Surfer and Pirates of the Caribbean: On Stranger Tides) at Dole Theater in Honolulu
- Film Commissioners International Forum, Santa Monica, CA
- Hawai'i International Film Festival in Honolulu
- Film studios in Los Angeles including Sony Studios; Disney Television; Lionsgate;

ABC Television; Universal/NBC TV and CBS Television (Hawai‘i 5-0) and Dreamworks Studio.

### **Legislative Activity**

The Film Offices of the Hawaiian Islands with support from Hawaii’s 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 and continues to bring positive results to Hawai‘i’s film industry.

Since its inception in 2006, ACT 88 helped to generate more than a billion dollars in direct expenditures. In 2010 alone, Hawai‘i’s film industry generated more than \$400 million with Kaua‘i generating \$41 million.

In 2011, influential Hollywood film executives proposed a bill to increase Hawai‘i’s tax credit from its current 15% for O‘ahu and 20% for neighbor islands up to 35-40%, respectively for O‘ahu and neighbor islands. Although the bill didn’t pass in 2012, a new proposal to increase tax credits is expected to be introduced in 2013 legislative session.

### **Hawaii International Film Festival (HIFF)**

Although Kaua‘i has not been part of Hawai‘i International Film Festival since 2006, KFC is in contact with HIFF’s new marketing director to consider having Kaua‘i host HIFF in the near future as early as 2013 or 2014. With renewed interest and request from the public and recent successes of HIFF, KFC will support HIFF on Kaua‘i and assist in finding a non-profit entity and coordinator to organize and host HIFF. KFC will also request funds for HIFF Kauai in next year’s film budget.

### **Future Filmmakers of Kauai**

Future filmmakers on Kaua‘i, namely middle school, high school and college students, and local businesses may have an opportunity to increase knowledge about filmmaking and digital media with a digital media center being proposed on Kaua‘i. A feasibility study was conducted in early 2011 by Alan Tang of Olomana Loomis ISC of Honolulu. Thirty specialists in the field of fine arts, performing arts, culture and education were interviewed for the study and the result showed that Kaua‘i is ready for a digital media center which will not replace any existing facility but will enhance any existing digital media facility on Kaua‘i.

Kaua‘i Community College has expressed interest in developing an expanded film and digital media curriculum based on the success of Academy of Creative Media at University of Hawai‘i at Mānoa which is an academic program for students who wants to study advanced cinema and digital media technology. KCC is also looking into building a film-related facility including a soundstage for film, TV and theatrical productions.

#### 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 2009 <u>Actual</u>	CY 2010 <u>Actual</u>	CY 2011 <u>Actual</u>
Economic Impact	\$1.7 M	\$41 M	\$1.2 M
# of Film/TV projects	26	31	29
# Shoot Days	220	360+	165
# Jobs (hired locally)	120	420+	110

#### E. Budget (General Fund)

Expense Type	FY 2010 Appropriation	FY 2011 Appropriation
Equivalent Personnel (E/P)	1	1
Salaries and Wages	\$55,500	\$55,500
Operations	\$144,917	\$266,656
Equipment	\$0	\$0
Program Total	\$200,417	\$322,156

#### 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	2	0	0	0	2
Television/show/series	1	0	1	0	2
Commercials/print ads	7	2	1	0	10
Music Videos	0	0	0	0	0
Documentaries	3	1	1	1	6
Travel	4	2	1	0	7
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	19	5	4	1	29

## **WORKFORCE INVESTMENT ACT (WIA)**

### **A. Objectives**

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, while also amending the Wagner-Peyser Act of 1933 (WP) by integrating its Employment Service labor exchange activities into the One-Stop Career Center delivery system of WIA. Reauthorization of the Workforce Investment Act has been pending since 2003.

In February 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA) under which some State of Hawaii ARRA competitive grant awards are still active. The SESP grant award to the County of Kaua'i ends on December 31, 2012.

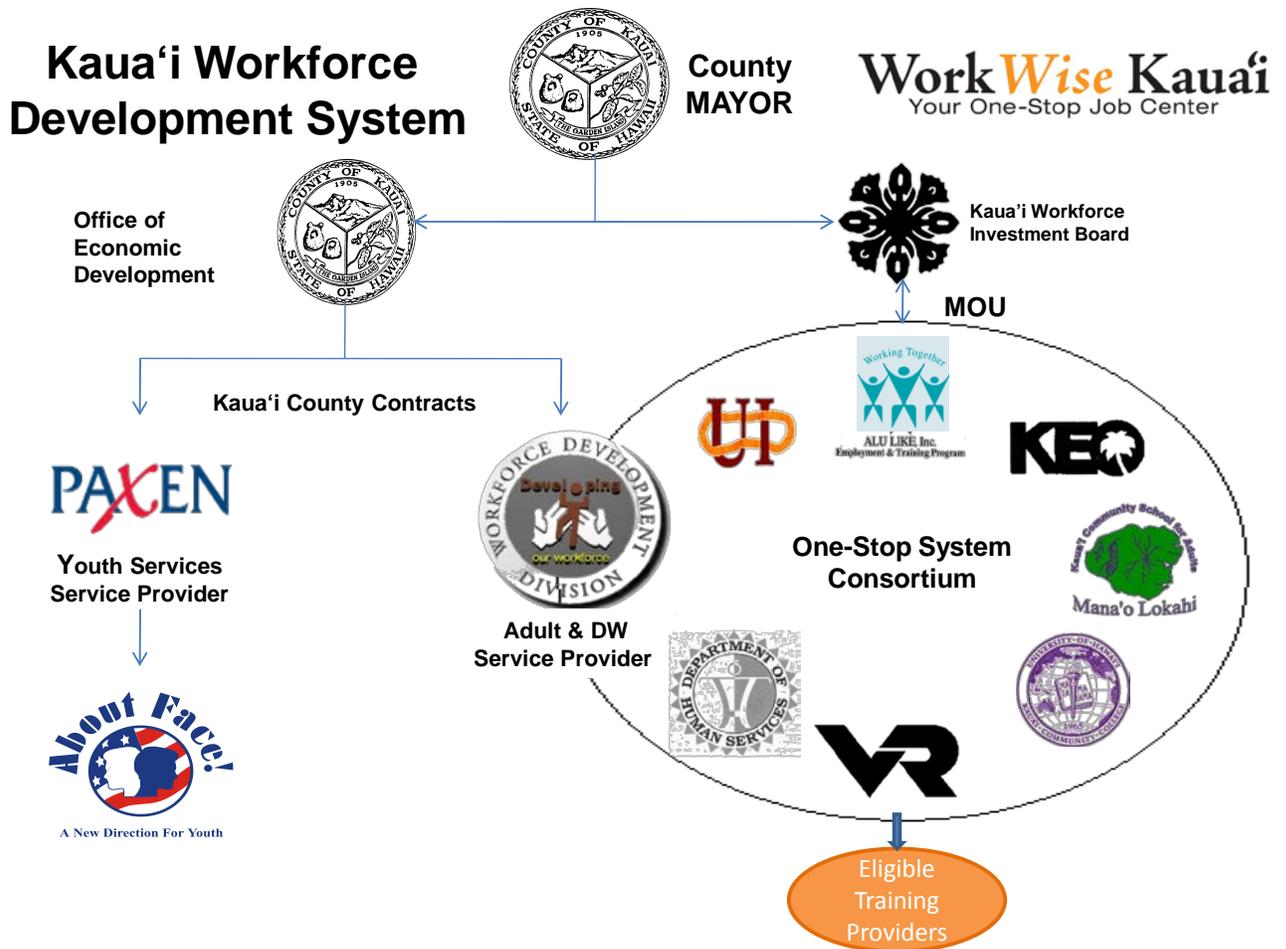
Since the Act's inception, the four counties in the State of Hawai'i have been designated as the local area One Stop Operators by the Governor, and as a result, receive Federal Workforce Investment Act (WIA) funds from the U.S. Department of Labor (USDOL) through the State of Hawai'i's Department of Labor & Industrial Relations (DLIR) Workforce Development Division (WDD) which administers the program.

### **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 a 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) housed in the *WorkWise* - Kaua'i One-Stop Job Center.
  - Youth served by Paxen Huli Ke Alo, LLC.
- Oversight of "*WorkWise* – Kaua'i One-Stop Job Center," a consortium of eight mandated community partners receiving Federal WIA or related employment and training funds as shown in the diagram on the following page.
- Oversight of the mandated Kaua'i Workforce Investment Board (KWIB).



## WORKFORCE INVESTMENT BOARD

The 30-member volunteer Kaua'i Workforce Investment Board (KWIB) is charged with 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 the needs of employers seeking qualified workers, as well as the needs of eligible island residents for training to develop in-demand skills for current and future employment opportunities.

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 EDA-eligible projects that reflect the needs expressed by stakeholders in the community.

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.”*

## **YOUTH COUNCIL**

Due to the unique needs of young people, the Youth Council is a mandated entity and is a committee of the Board. It is comprised of 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 for WIA Program Year 2011 (July 2011 – June 2012)**

The Unemployment Rate at the end of the fiscal year was 8.7%, down from 9.2% a year ago with the "unemployed" count dropping from 3,000 to 2,600. Like last year, the unemployment rate fell in April to a low of 7.7%, while most months were lower hovering in the mid to low 8% range.

## **PROGRAM INFRASTRUCTURE**

In 2011, Congress significantly reduced the amount of funds that States can withhold for administrative use which is now beginning to have a significant impact on the State of Hawai'i Department of Labor and Industrial Relations since all of its administrative staff associated with WIA have been paid directly with WIA funds. The DLIR attempted to secure temporary funding from the 2012 State Legislature, as well as sought a correction to the interpretation of the Congressional action but both efforts were not successful.

So at the recommendation of the WDC Executive Director, his position is being eliminated as of September 30, 2012 and the oversight of the State WDC will be absorbed by another DLIR division, most likely Workforce Development Division (WDD).

So it is anticipated the DLIR will continue to propose consolidating all delivery of WIA programs under a single State Board which will mean eliminating the Counties as the one stop operators on the neighbor islands.

Also due to significant State budget cuts to the Department of Education, effective July 1, 2012 all statewide administrative functions of Community School for Adults programs have been consolidated under the two largest programs on O'ahu. So Kaua'i's program now falls under the McKinley CSA, which handles registration for classes and the award of diplomas.

For now, the GED, C-based Mastery program, ABE, and ESL programs will continue to be offered as in the past using the existing Kaua'i CSA instructors. The availability of courses will be subject to change in the future based on enrollment data.

## **KWIB**

Steve Lupkes, BASF Plant Science Research Station Manager, continues to lead the Board, serving as Chair since January 2010. And the Board continues to partner with other organizations and agencies whenever possible in planning programs and events to maximize use of all of our resources to benefit the Kaua'i community and to minimize duplication of effort. Collaboration is our strength.

### **C. Activities**

#### **JOB FAIR**

WorkWise Kauai, the County of Kaua'i and KWIB collaborated to host Kaua'i's 10th island-wide job fair on Thursday, October 13 that was held for the first time at the County's Civic Center. Thirty-six (36) businesses represented a cross section of industries including government, healthcare, the major resorts, rental car agencies, financial services, retail (soft goods, hard goods, and grocery), food service and agriculture. Five companies sent representatives from O'ahu who all were very pleased with the caliber of job seekers and said they will participate in future on-island events.

A free shuttle service from the County's Convention Hall to the Civic Center and back was provided during the event due to the limited parking available. Many of the 500 plus job seekers came well-prepared in suitable work attire and with a supply of resumes. Workshops on Dressing for Success, Interviewing Tips, and Resume Writing were available as well.

#### **SESP - STATE ENERGY SECTOR PARTNERSHIP GRANT**

The County of Kaua'i's \$273,278.00 share of the State's \$6 million grant was awarded in late January 2010 and will expire on December 31, 2012. Focus has been on addressing industry needs and equipping our workforce to support the goals of the Hawai'i Clean Energy Initiative and the Kaua'i Energy Sustainability Plan. The WIA Administrator oversaw planning for the following:

- **Certified Energy Manager (CEM) Training**

The County of Kaua'i and Kaua'i Island Utility Cooperative (KIUC) collaborated in cooperation with Kaua'i Community College to bring the American Energy Engineers (AEE) Certified Energy Manager (CEM) weeklong training and certification exam to the campus in November. The objective was to equip local energy managers with critical skills needed to effectively support the goals of the Kaua'i Energy Sustainability Plan (KESP) and the State Clean Energy Initiative (HCEI).

Seven of the eleven Kaua'i participants successfully passed the certification exam: 5 as CEM and 2 as EMIT (Energy Manager in Training). One of these was a dislocated engineer.

- **Kauai Green Workforce Development Summit**

The workforce development summit, a collaborative event of the State DLIR and County of Kaua'i, was held on January 25, 2012 on the Kauai Community College campus and featured 20 presenters, as well as a lunch tour of the aquaponics, community garden, and photovoltaic facilities. Food catered for the event included locally sourced products such as warabi salad.

The event drew 42 registered participants. The excellent and relevant presentations were followed by meaningful discussion and Q & A facilitated by DLIR Director Takamine.

- **LEED Green Associate (GA) Training**

Two 2-day courses were held in April and June with 28 students including ones from the County. Participants are still being scheduled for the Certification exam that is only administered in Honolulu.

- **Agriculture Skills Panel**

This collaborative event of the State Workforce Development Council and the Kaua'i Workforce Investment Board, was held on May 11 at the Kaua'i Beach Resort. The Kaua'i Planning Committee included KWIB Chair Steve Lupkes, representatives from the Kaua'i County Farm Bureau, Kaua'i Cattlemen Association, Kaua'i Coffee, DOW Agrosience, CTAHR, WDD Branch Manager and County WIA Administrator and other industry resources. The break out discussion groups focused on: Business Development, Application of Automation & Technology, Increasing Productivity, and Food Safety. Over 120 participated in this event. Notes from the event were compiled and posted on [www.sesphawaii.com](http://www.sesphawaii.com) by the WDC staff in July.

- **LEED OM and BD + C Courses Planned**

Based on recommendation from Energy Coordinator Ben Sullivan, advanced LEED programs are being planned for Kaua'i including: **OM** – operations and maintenance of existing buildings including retrofits. This class will include a project component that is required to sit for any specialty exam; and **BD + C** – building design and construction for new buildings. Additional on-line sessions are being planned.

- **Energizing Efficiency Coursest** - eefg, inc. out of San Francisco

*eefg* is doing a series of efficiency course for the other counties under Hawai'i Energy using rate tariff funds for training. These classes are being scheduled Oct/Nov to coincide with next trip.

- Sustainability Agenda
- Benchmarking
- Financial Analysis

## **HEALTHCARE SKILLS PANEL WORK CONTINUING**

Charlene Ono, Kaua'i Community College Nursing Program Director, and Catherine Adams, Wilcox Health System quality management, are continuing to co-chair the Nursing skills panel, the most active of the 5 panels that evolved from the original State-wide sessions held in Fall 2010. They are developing standardized curriculum in collaboration with Hawai'i's major health care institutions that will be used by the community colleges to train incumbent med-surg nurses for specialty areas such as: ICU, ER, OR, and L & D, which will then make their med-surg positions available for recent RN graduates.

## **CAREER EDUCATION**

Staff of WIA and WorkWise Kaua‘i, along with numerous KWIB members continue to volunteer many hours during the year to **support career education programs at our 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.”

## **YOUTH COUNCIL REORGANIZED**

After being inactive for three years, the Youth Council began meeting again in December. Key youth service provider representatives were invited to become members and those responding to the challenge are highly motivated and excited about the opportunity to collaborate to benefit our Kaua‘i youth. Re-establishing the Kaua‘i Youth Council fulfilled one of the key recommendations made in a WDC staff report in February 2011 assessing the condition of the youth programs in Hawai‘i.

### **D. Program Measures – Accomplishments / Evaluation**

#### **WIA PROGRAM MEASURES**

The three WIA programs must 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 and skill attainment, diploma rate, and retention for Younger Youth. The State negotiates the desired performance levels for these core indicators with the U.S. Department of Labor for the State which has been applied to each County as well; but these will be negotiated separately for the County level for subsequent program years.

The following table compares Kaua‘i’s PY 11 performance to the State, and to the prior year.

Kaua‘i now exceeds all Adult performance measures, improving on Retention over PY 10. The Dislocated Worker program Average Earnings change continues to exceed the goal, while both Entered Employment and Retention declined. Credential rate improved but still to less than ¼ of the target.

For the Older Youth which historically has been a small population, there were no exiters during the applicable periods measured; therefore all measures were “not applicable.” For Younger Youth, Retention declined but is still well above the target, Skill Attainment improved almost to the goal, and Diploma Attainment improved but is still less than 80% of the goal.

Adult Program	PY 11 Performance Targets	PY 11 KAUAI 4 qtrs to 6/30/12	PY 11 STATE 4 qtrs to 6/30/12	PY 10 Performance Targets	Py 10 Q4 KAUAI 4 qtrs to 6/30/11
Current Number Served		47 7.8% of State	593		
Entered Employment Rate	50 %	<b>66.7</b>	<b>64.9</b>	50 %	<b>100.00</b>
Employment Retention Rate	82.1%	<b>83.3</b>	<b>82.2</b>	82.1%	<b>71.4</b>
Employment and Credential Rate	55%	<b>57.1</b>	<b>60.0</b>	55%	<b>100.00</b>
<b>Dislocated Worker Program</b>					
Current Number Served		79 11.4% of State	688		
Entered Employment Rate	65%	<b>57.1</b>	<b>75.5</b>	65%	<b>58.3</b>
Employment Retention Rate	86%	<b>45.5</b>	<b>88.0</b>	86%	<b>75.0</b>
Average Earnings	\$14,750	<b>\$18,538</b>	<b>\$14,970</b>	\$14,750	<b>\$19,649</b>
Employment and Credential Rate	60%	<b>14.3</b>	<b>62.0</b>	60%	<b>0.0</b>
<b>Older Youth (19-21)</b>		No exiters during period			
Current Number Served		4 4% of State	100		
Entered Employment Rate	40%	N A	<b>75.0</b>	40%	<b>0.0</b>
Employment Retention Rate	60%	NA	<b>83.3</b>	60%	NA
Average Earnings Change	\$1,750	NA	<b>\$3,338</b>	\$1,750	NA
Credential Rate	38%	NA	<b>45.5</b>	38%	<b>0.0</b>
<b>Younger Youth (14-18)</b>					
Current Number Served		59 14.2% of State	415		
Skill Attainment Rate	71%	<b>70.6</b>	<b>86.5</b>	71%	<b>62.5</b>
Diploma Attainment Rate	46%	<b>35.0</b>	<b>64.2</b>	46%	<b>33.3</b>
Retention Rate	44%	<b>50.0</b>	40.8	44%	<b>65.4</b>

**Bold – met or exceeded goal**

**Green highlight –90% or more of goal**

**Yellow highlight – 80% or more of goal**

**Red – under 80%; needing to be approved**

**Note: Kaua‘i serves a greater % of participants in comparison to the State’s totals, than the % of funds received.**

## WIA (WORKFORCE INVESTMENT ACT)

### 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. **Adult Participants** as of July 31, 2012:

▪	Active	22
▪	Exited	0
▪	Employed	0

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. **Dislocated Worker Program Participants** as of July 31, 2012:

▪	Active	66
▪	Exited	0
▪	Employed	0

### • STATE ENERGY SECTOR PARTNERSHIP (SESP) GRANT

This three year \$6 million ARRA competitive grant awarded to the State of Hawai‘i in 2009 was primarily for training Dislocated Workers in green and energy efficiency and renewable skills sets to equip them to enter the emerging green industry. The County received \$273,278.00 funds of which \$150,00 was contracted to the State DLIR to administer Kaua‘i’s program through the WorkWise Kaua‘i One Stop Career Center. In late Fall 2011 when it became apparent that green jobs were not as available in the U.S. as had been anticipated, the USDOL broadened the target population to include incumbent workers. **SESP Participants**, as of July 31, 2012:

<u>Participants</u>	<u>70</u>
▪ Unemployed	38
▪ Employed	32
▪ Active	31
▪ Exited	0
▪ Employed	14
▪ Not Employed	17

## **WIA YOUTH PROGRAM**

The *WIA Youth Program* services were provided through a contract with Paxen Huli Ke Alo LLC. From December 2011 through June 30, 2012 funds from both PY 10 and PY 11 overlapped due to the contracting delays in implementing 2010's contract. Even with overlapping funds, it was extremely challenging for the Paxen to budget sufficient funds to cover overhead and program costs. So Paxen decided to operate without an office location and instead meet with participants for classes in the 3 high schools and numerous neighborhood centers, and one-on-one at various libraries around the island.

### **PARTICIPANTS**

- Out-of-School 40
- In-School 11 Kapaa In-School program  
Waimea to resume classes in the fall.
- ISY in follow up 2
- 
- In-School Summer Session 20
- Summer Work Experience 9 completed
- Summer Work Experience 2 in progress (KAYI Internship Program  
at National Tropical  
Botanical Gardens)
  
- Active case management 43
- One year follow-up 19

### **EDUCATION**

About Face has seen a remarkable increase in participant enrollment in college, mostly due to the Waialeale Project at Kaua'i Community College [focuses on first-in-family to attend college, single mothers, others with barriers to education].

- OSY graduates (GED, CB) 15  
Enrolled in college 8
- ISY High School graduates 7  
Enrolled in college 5

### **EMPLOYMENT**

- Gainfully employed 23

### **PARENTING TEENS**

\* Please note that more than one criteria may apply to a person

- Total Parents 14
- Studying for GED 2
- Graduated 6
- Working 9
- Enrolled in College 5

**E. Budget (General Fund)**

**WIA Program Resources (Federal Allocation)**

<b>Program Year 2011</b>		<b>Additional Funding</b>	<b>Total Allocations</b>	<b>FY12 Expenditures</b>
Equivalent Personnel				
Salaries & Fringe	69,712	30,000	99,712	62,877
Administration	44,638		44,638	5,147
Adult Program	118,223		118,223	0
Dislocated Worker	115,909		115,909	0
Youth Program	114,146		114,146	74,665
<b>Total</b>	<b>462,628</b>	<b>30,000</b>	<b>492,628</b>	<b>142,689</b>

**SESP**

<b>Program Year 2011</b>		<b>Additional Funding</b>	<b>Total Allocations</b>	<b>FY12 Expenditures</b>
Equivalent Personnel				
Salaries & Fringe	88,161		88,161	31,222
Administration	35,117		35,117	7,525
Program	150,000		150,000	83,781
<b>Total</b>	<b>273,278</b>		<b>273,278</b>	<b>122,528</b>

**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)**

*Will meet with Helen Cox, Chancellor of the Kaua'i Community College and her staff 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 promote the culture of each unique community.*

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

*Nalani Brun, OED Tourism Specialist working with the Parks & Recreation Department and Hui O Malama Kaneioulouma 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)**

*With the Environmental Assessment by Consultant, R.M. Towill completed, results indicate that the cost for developing the Ag Park have significantly increased. The major increase comes in the form of having to drill three 400 ft. wells and construct a 300,000 gallon water storage tank which adds almost \$2 million to the project cost. This coupled with addressing endangered bird species that make this location part of their habitat only makes it very difficult to develop an Ag Park that is cost-effective to farmers and taxpayers. Further ideas to develop this Ag Park will be explored during the coming year.*

### **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)**

*Thanks to the efforts of former Energy Coordinator, Glenn Sato, now Sustainability-Green Manager, 5 electric vehicles and 10 electric charging stations (Nissan Leafs) are currently being used by County departments and 5 charging stations.*

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

*Ben Sullivan, new OED Energy Coordinator worked with Glenn Sato, County Sustainability-Green Manager to procure an Energy Savings Company (ESCO) to perform an Energy Performance Contract that covers all County facilities.*

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

*Glenn Sato, Sustainability-Green Manager is currently crafting a Sustainability Plan for the County and Kauai, and look towards increasing the number of LEED-certified buildings on the island.*