



Hanapēpē Art Night, Hanapēpē-'Ele'ele District

SECTOR: VI. ECONOMY

Kaua'i strives to be a place where the economy is resilient, small businesses thrive, and all people have opportunities to access the education and training that lead to gainful employment. We must collaborate and find creative ways to leverage our assets so existing and new industries can grow.

Increasing Economic Opportunity for All

Over the long term, average annual job growth is projected at 1.12 percent, equating to 34,900 civilian wage and salary jobs by 2035. The number of self-employed persons is also projected to increase at a rate higher than the rest of the State. In terms of industrial growth, tourism comprises 30 percent of all employment and will likely remain Kaua'i's leading industry.³⁷ Kaua'i's other anchor industries include healthcare (11 percent), education (8 percent), construction (6 percent), and government (6 percent).

Despite the projected job growth, economic opportunity on Kaua'i is offset by the high cost of living. The average family of four must earn ten percent more than the rest of the State, and more than 160 percent of the State minimum wage to meet their basic needs.³⁸ On top of this, Kaua'i's median household income is typically far less than the State average.³⁹ As a result, many residents work multiple jobs, supplement income with home grown food or cottage businesses, and commute long distances to work from the neighborhoods that have affordable housing.

37 Kaua'i Economic Summary Report, Collaborative Economics 2015

38 Self-Sufficiency Standard: Estimates for Hawai'i 2014, DBEDT 2015

39 State of Hawai'i Databook 2014, DBEDT 2015

Supporting Regional and Community Based Economic Development

Growing economic opportunity requires cooperation and collaboration. The Chamber of Commerce, Kaua'i Economic Development Board (KEDB), and other associations lead initiatives and often partner with the County's Office of Economic Development. Kaua'i Community College plays an essential role in developing education and workforce training opportunities. The County relies on these partnerships in its efforts to attract new industries and stimulate existing businesses. *The Kaua'i Comprehensive Economic Development Strategy*, or CEDS, engages the County and stakeholders to craft strategies for economic growth over the short term. Strategy updates occur every five years and in concert with the development of a regional statewide CEDS.

Cultivating Economic Diversification and Resiliency

Kaua'i's visitor industry provides livelihoods to many, but the heavy reliance on tourism is a major concern. Disruptions in global and national tourism are out of our control, yet they have large repercussions on Kaua'i. For Kaua'i's economy to be more resilient and less dependent on a single industry, there will need to be a diversity of living-wage jobs in different sectors. These jobs must be supported by a skilled and educated workforce. The 2016-2021 CEDS seeks to foster a diversified economy. The six target industry clusters identified as promising areas for growth are:

- Food & Agriculture
- Sustainable Technologies & Practices
- Science & Technology
- Health & Wellness
- Sports & Recreation
- Arts & Culture

In 2014, these sectors comprised approximately 30 percent of Kaua'i's private sector jobs, almost as large a share as tourism. The actions identified in the CEDS are aimed at providing infrastructure, capital, and workforce to support the growth of these sectors. Additionally, to realize the goal of becoming more resilient, businesses must be prepared and protected so they can recover from natural disasters and adapt to impacts from climate change.

O kau aku, o ka ia la mai, pelā ka nohona o ka 'ohana

From you and from him, so lived the family. The farmer gave to the fisherman, the fisherman gave to the farmer.

Providing the Physical Capacity for Economic Growth

For economic growth to occur, an adequate amount of space must be available for Kaua'i's business needs including commercial, industrial, resort, and agricultural uses. Other important strategies include redeveloping our town centers as attractive places to work and promoting mixed use and adaptive reuse to more efficiently use non-residential urban space. Workforce housing must also be provided near major jobs centers, such as resort areas and Līhu'e. These needs and strategies are cross-cutting in nature and are included in the Shared Spaces and Housing Sectors. The following strategies are reflected in the Future Land Use Map and summarized below:

Strengthening Existing Town Centers and Mixed Use Environments

Directing growth and infrastructure investment within or adjacent to town centers will generate economic activity for small businesses. Through a directed growth policy, our town centers can support a mix of housing, commerce, and recreational uses that appeals to our millennial and baby boomer population. Mixed use zoning will better accommodate Kaua'i's self-employed and cottage businesses.

Relevant Land Use Map Changes:

- Application of Neighborhood Center and Neighborhood General around existing town cores (Kekaha, Waimea, Hanapēpē-‘Ele‘ele, Port Allen, Līhu‘e, Kapa‘a, Kapahi, Anahola, Kīlauea, Hanalei)
- Application of Special Planning Areas in Līhu‘e and South Kaua‘i (Kōloa, Kalāheo, Kukui‘ula roundabout area) to encourage infill housing and mixed use within existing town cores

Providing Adequate Space for Industrial Uses and Manufacturing

In order to accommodate industrial and manufacturing needs, the supply of existing industrial zoned land must be carefully considered. There is a deficit of industrial lands outside of the Līhu‘e Planning District, and many small businesses such as welding shops, auto repair, and woodshops are left to operate in residential areas via a use permit or illegally. The potential of former plantation mill sites for redevelopment or adaptive reuse must also be tapped.

Relevant Land Use Map Changes:

- Industrial Designation at Kōloa Mill, Port Allen, Olokele Mill, and Anahola

Revitalizing Existing Visitor Destination Areas

Over the last two decades, a substantial number of jobs have been generated within the visitor industry (arts, entertainment, recreation, accommodations, and food services). However, visitor growth also strains public facilities, infrastructure, and public services. Therefore, new resort growth and infrastructure should be focused in the VDA.

Relevant Land Use Map Changes:

- No resort designation expansion

Protecting Agricultural Lands for Agricultural Production and Food Self-Sufficiency

The County and State can protect the capacity for agricultural production through the designation of Important Agricultural Lands, density controls, and changes to development standards.

Relevant Land Use Map Changes:

- IAL designations
- Urban Edge Boundary in the Līhu‘e Planning District

Fostering a University District

Access to quality education and training is needed to expand Kaua‘i’s workforce and to facilitate growth in the emerging industries. The University Zone designation reflects the community’s desire to recognize Kaua‘i Community College and the surrounding area as an education center with supportive residential and commercial mixed uses.

Relevant Land Use Map Changes:

- University Zone designation in the Līhu‘e Planning Area

The following sections discuss objectives and actions for Tourism, Agriculture, and Small Businesses and Promising Economic Sectors.

Kaua‘i Economic Development Goals 2016-2020 (CEDs 2016)

1. Build, attract, and retain a 21st century workforce.
2. Encourage innovation and the development of small, mid-size, and large businesses and organizations.
3. Increase adaptability and resilience, particularly regarding natural disasters and climate change.
4. Increase collaboration.
5. Ensure sustainable development.
6. Achieve greater food self-sufficiency.
7. Develop plans and continue to build capacity for economic development in each of the six target industry clusters.
8. Enhance the community’s ability to thrive.

1. TOURISM

The visitor industry is the mainstay of Kaua'i's economy. It accounts for a third of the County's total economic output and generates more than a quarter of the jobs. It contributes substantially to County tax revenue. The policy of the General Plan is to uphold Kaua'i as a unique visitor destination by focusing on revitalization and limiting new resort designations. This shifts the focus from expansion of the visitor industry to implementing a model of high value, low impact tourism that puts protection of the qualities and values that visitors come to experience as a high priority.

Objective: To focus new resort development in areas designated for visitor use.



**Table 3-3
2016 Average Daily
Visitor Census by Month**

Month	Average Daily Census
January	27,603
February	24,744
March	24,772
April	22,495
May	22,140
June	29,104
July	29,258
August	24,082
September	20,979
October	22,244
November	22,055
December	28,055
Average	24,797

Source: Hawai'i Tourism Authority, 2017

1.1 Managing Average Daily Visitor Count and Visitor Impacts

Every year, over 1.1 million visitors are drawn to Kaua'i's beautiful environment and rich array of cultural and outdoor activities. Research shows that most visitors are attracted to the island's peaceful and unhurried setting. These preferences align well with residents' desire to preserve Kaua'i's natural beauty and small town character.

In 2016, Kaua'i's Average Daily Visitor Count (ADVC) was 24,797, which is more than one-third of the 2016 resident population. As much as visitors support Kaua'i's economy, they also stress infrastructure and increase the demand for public services. For this reason, recent growth in visitor arrivals has been a concern for many residents. Over the long term, growth in Kaua'i's ADVC has averaged 2.0% per year. However, since 2010, the ADVC has grown at an annual growth rate of 4.0% per year. (2010 ADVC: 19,548 (Figure 3-9); 2016 ADVC: 24,797 (Table 3-3)). If growth were to continue at that rate by 2035, the ADVC would increase by 112% to 52,600. However, that Kaua'i's ADVC is highly variable year-to-year and is sensitive to global economic conditions, political

conflict, and growth in other tourism markets. Recent projections by the State and industry experts estimate that ADVC will be more than 32,700 by 2030. Hawai'i's visitor arrivals growth is also constrained by airport infrastructure and the availability and utilization of gates at Daniel K. Inouye International Airport (HNL) and the Līhu'e Airport (LIH). The Hawai'i Airports Modernization Program shows the creation of the new mauka concourse in Honolulu to accommodate gate demand during peak hours and the new larger capacity planes. However, the concourse would mainly address the future growth expected from the Asia markets such as Japan, which have not been Kaua'i's target markets. The Modernization Program does not include increasing gates at the Līhu'e Airport.

Without these supply constraints the Kaua'i visitor arrivals and daily census forecast would follow the U.S. GDP growth rate since Kaua'i's source has been the United States and the key variables of U.S. visitors arrivals has been personal income and GDP. The Organization for Economic Co-operation and Development (OECD) GDP forecast for U.S. GDP

ranges from +2.8% growth in 2018 to +2.0% growth in 2035. Following along that measure for a high limit boundary the average daily visitor census would reach 39,480 visitors per day in 2035.

As mentioned earlier, the 2010-2016 average daily visitor census growth rate reflects the current strong West Coast economies. Furthermore, recent damage to tourism infrastructure in competitive destinations may spur a short-lived boost in visitors. However, the visitor industry in Hawai'i is historically very cyclical and supply side effects will soon correct the market demands.

Many feel that the current level of tourism growth on Kaua'i is excessive and as a result creates negative social and environmental impacts. For example, the *Kaua'i Tourism Strategic Plan (2015)* explained that when ADVC exceeds 25,000 there is a notable decline in both the visitor experience and residential quality of life. The traffic congestion along the highway in Wailua-Kapa'a is an oft-cited example. Many feel Kaua'i has hit its "carrying capacity" with regard to certain infrastructure systems, particularly the most heavily utilized parks and road networks. Acknowledgement of a tourism carrying capacity is occurring at the State level as well; the State of Hawai'i Climate Adaptation Initiative (Act 183) calls for analysis of a maximum annual visitor carrying capacity for the State and Counties. Popular destinations such as Hā'ena State Park are actively looking for ways to

address overcrowding and other impacts.

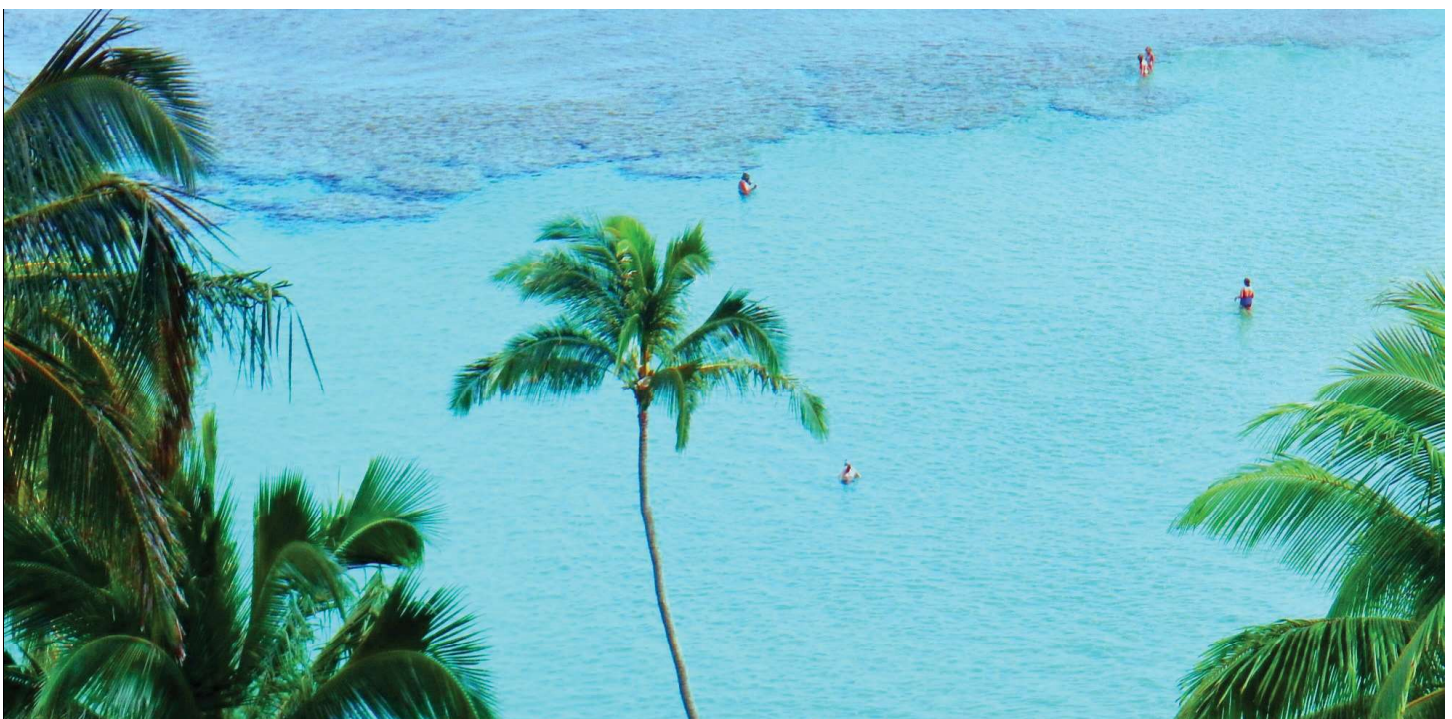
In order to deal with tourism impacts, government and the resort industry will need to collaborate and engage in tourism management. One important step is to actively monitor and assess visitor impacts on infrastructure and facilities. By quantifying impacts, the County and State can better plan to control the impacts of excessive tourism. Tourism management includes a range of methods, from increasing the supply of recreational opportunities and facilities, reducing public use of certain resources, and changing visitor behavior through education and signage.

1.2 Managing Visitor Unit Inventory Expansion

Resort and hotel properties account for 20 percent of the total revenue from Real Property, and vacation rentals account for an additional 21 percent.⁴⁰ Over 40 percent of the County's Real Property tax revenue comes from visitor accommodations.

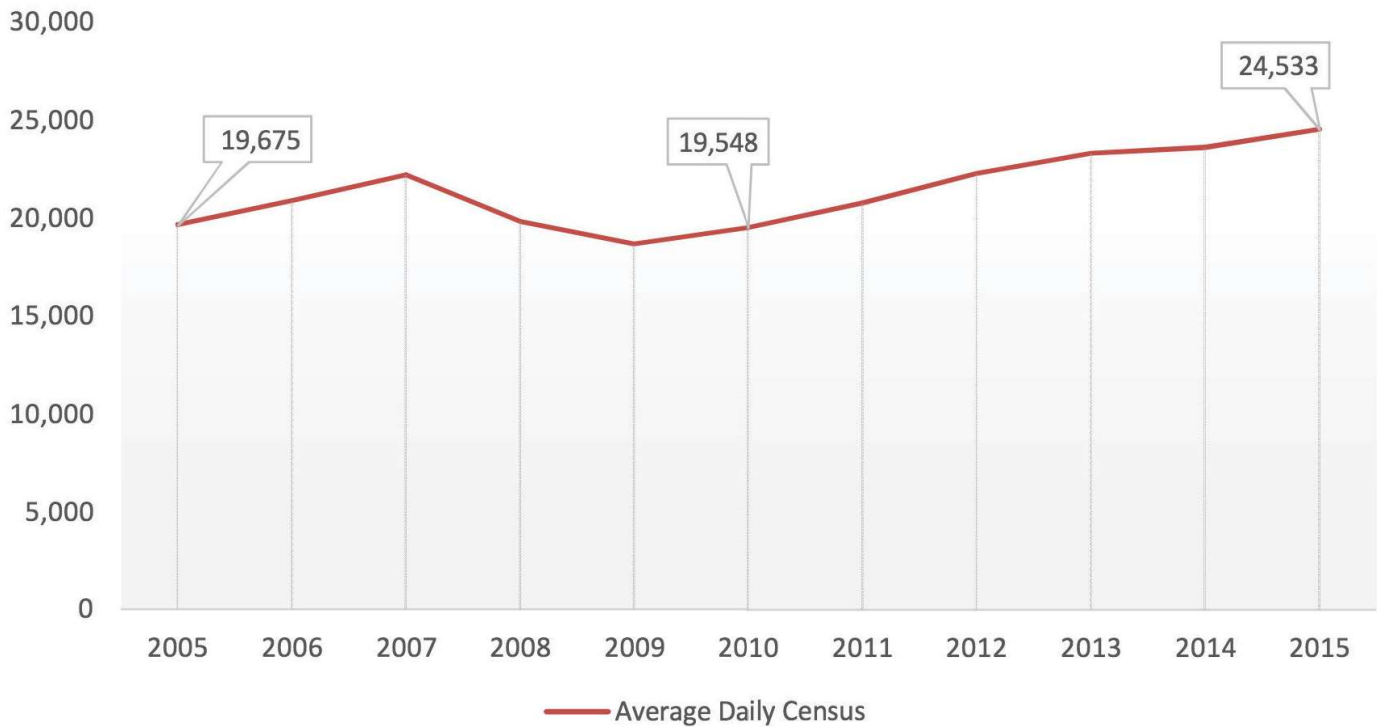
However, dealing with excessive tourism also means managing the supply of visitor units. According to the *2016 Visitor Plant Inventory*, Kaua'i has 8,444 visitor units, which includes hotel units, timeshares, apartment-hotels, and individual vacation units (see Figure 3-10). This is an increase of 1,285 units from

40 County of Kaua'i Real Property Data, 2016



People enjoying the blue waters of Kē'e Beach, North Shore District

Figure 3-9 Average Daily Visitor Census (2005-2015)



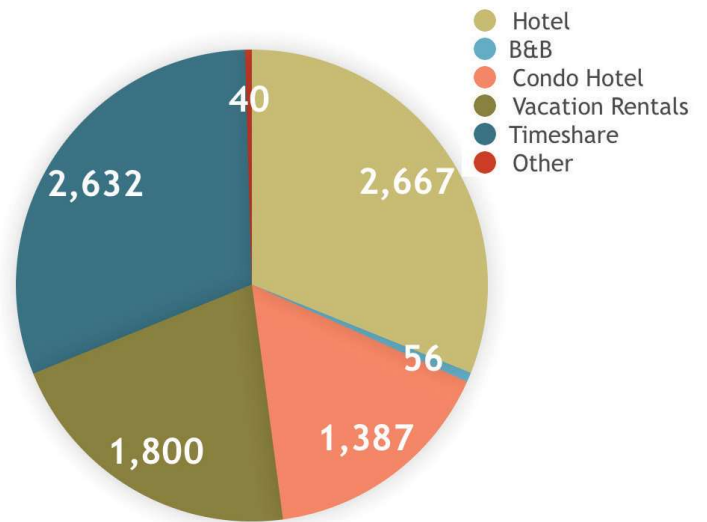
the 2000 Visitor Plant Inventory of 7,159. The majority of Kaua'i's visitor accommodation fall in the deluxe to luxury price range. Less than three percent of Kaua'i's accommodation are considered budget (campsites are not considered to be units).

The number of total visitor units on Kaua'i dipped following the passage of three ordinances (864, 876, and 904) that increased regulation on transient vacation rentals or units (TVRs or TVUs) outside of designated Visitor Destination Areas (VDA). The ordinances established a non-conforming use grandfathering process for the operation of TVRs outside of the VDA. Under the current law, TVRs are not allowed outside of the VDA unless they have an active Non-Conforming Use Certificate.

Kaua'i's visitor inventory could expand by 3,000 units, considering the amount of "pipeline" projects that have received their final discretionary permit. Given that each unit supports an average of two or three visitors, construction of these units would expand ADVC by several thousand. Although the County's projections do not foresee a drastic expansion of the visitor population over the long term, many are concerned about the impact of such an increase on Kaua'i's already burdened infrastructure.

Possibly compounding the potential problem are

Figure 3-10 2015 Visitor Plant Inventory (# of Units)



hundreds of acres of resort-designated land without entitlements, which have the potential to further expand the inventory. There was strong support to eliminate this potential in order to first absorb and manage impact from existing "pipeline" projects.

There is a need to manage tourism growth and the associated impacts through legally available means, including regulating resort uses outside the

VDA and imposing entitlement deadlines on resort designations. The resulting policy is to limit expansion of VDAs beyond what is recognized as Resort in the Future Land Use Map. Figure 3-11 shows existing VDAs on Kaua'i. Resort designations are described in Chapter 2, and Land Use Maps in Chapter 5.

1.3 Improving the Visitor Experience and Impacts on Communities

Improving the visitor experience and reducing impacts will depend on adopting new ways of doing things. Taking shuttles to popular destinations instead of driving private cars is one example. Fortunately, Kaua'i has a high percentage of repeat visitors – as much as 70 percent, according to the KTSP. Learning about and accepting different ways of accessing Kaua'i's attractions should be easier for experienced visitors, who might also appreciate such efforts to preserve the environment and culture. Managing visitor impacts also includes improving visitor facilities and parking at both County and State parks, and ocean safety at beaches. Given that impacts disproportionately affect certain areas of the island, particularly the North Shore and South Kaua'i districts, shuttle efforts, parking improvements, and other solutions should be focused there.

Visitor and resident interaction is another place for improvement, particularly with respect to the awareness and appreciation of Hawaiian culture. The Kaua'i Tourism Strategic Plan seeks to reinforce authentic Native Hawaiian culture and local Kaua'i culture. These are the qualities that make Kaua'i truly unique as a visitor destination, since there are many other tropical and subtropical beach areas in the world.

Merging these common sets of values between visitors and residents can sustain a strong tourism sector that has a light footprint on Kaua'i's environment and meshes well with local culture and lifestyles. Effectively doing this first requires managing future growth in the visitor industry so it does not exceed the recognized carrying capacity of Kaua'i's resources and infrastructure. In addition, it requires improved transit options, better management of parks and beaches, and enhanced interactions with people involved in the visitor industry as well as other Kaua'i residents. The ultimate goal is to balance the visitor industry with natural and cultural preservation, the protection of community fabric, and the overall quality of life for residents.

A. PERMITTING AND CODE CHANGES

1. Revitalize—rather than expand—the existing Visitor Destination Areas in Po'ipū, Līhu'e, Wailua, and Princeville.
2. Focus visitor uses, services, facilities, and accommodations in the Visitor Destination Area.
3. Do not expand existing Visitor Destination Area boundaries beyond resort-designated areas.
4. Allow existing resort entitlements to build out and require any non-entitled resort-designated areas in this General Plan to attain full State and County zoning resort-related approvals by the year 2027, or within ten years of Community Plan approval if an area is conditionally designated.
5. Require short-duration expiration dates should development not be constructed as permitted.
6. Where appropriate, negotiate with entitled resort projects to reduce unit count if discretionary permits are sought again.
7. Create a regulatory system that ensures resort developers pay their own way by paying their fair share of system expansion for all public systems, including but not limited to land transportation improvements, housing, water, sewer, cables, and parks.

B. PLANS AND STUDIES

1. Implement and update the *Kaua'i Tourism Strategic Plan*.
2. Explore the development of the carrying capacity for various sites around the island and a monitoring system that tracks visitor impacts within the context of "limits of acceptable change" or other metric.
3. Create a comprehensive incentive and disincentive plan to address visitor numbers and impacts in specific areas.

C. PROJECTS AND PROGRAMS

1. Improve route and destination signage to alleviate congestion associated with difficulties in finding desired locations.
2. Improve waste disposal, collection, and management at popular destinations and provide more recycling options.

Figure 3-11 Kaua'i Visitor Destination Areas

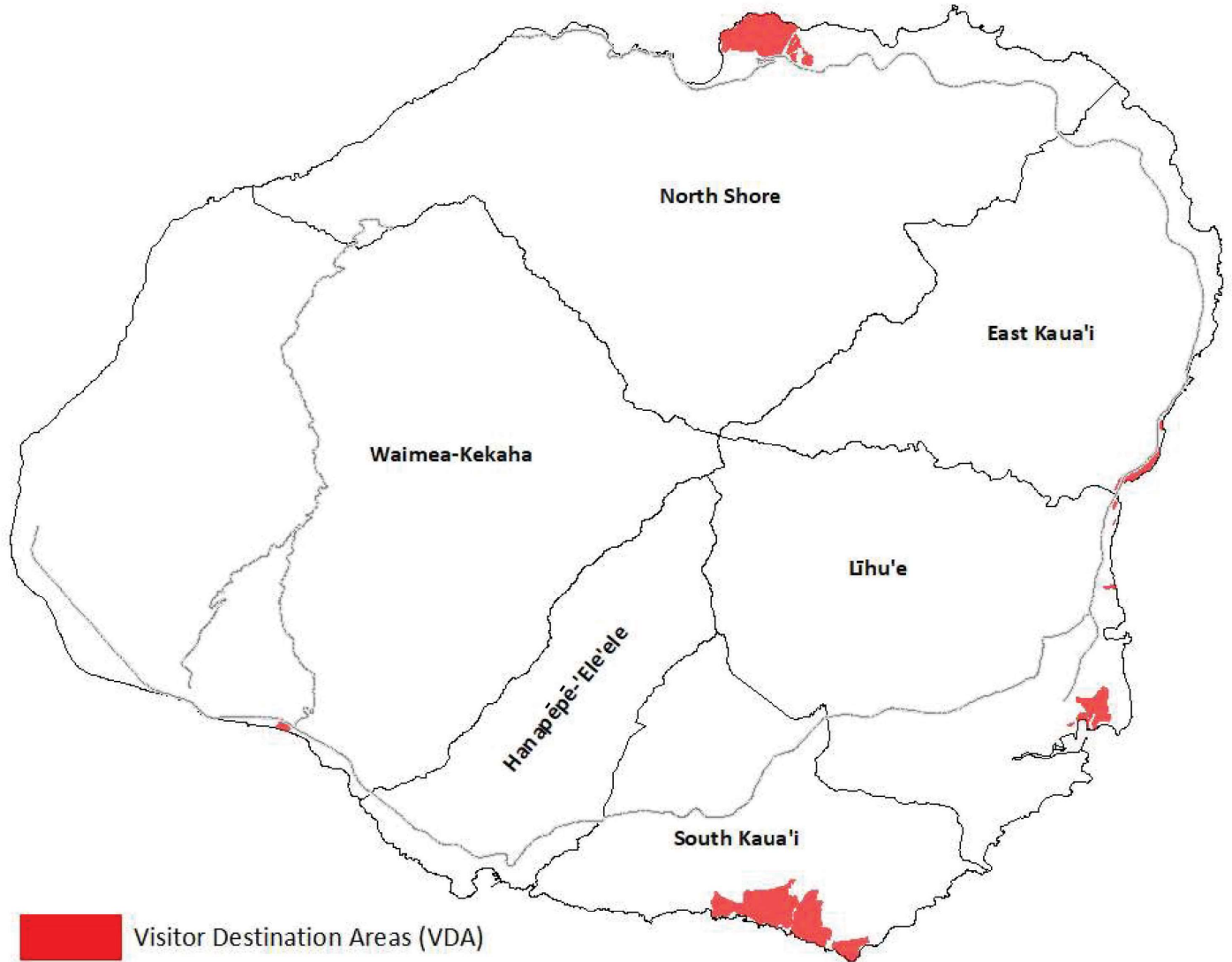


Figure 3-12 Waimea-Kekaha Visitor Destination Areas



Figure 3-13 South Kaua'i Visitor Destination Areas

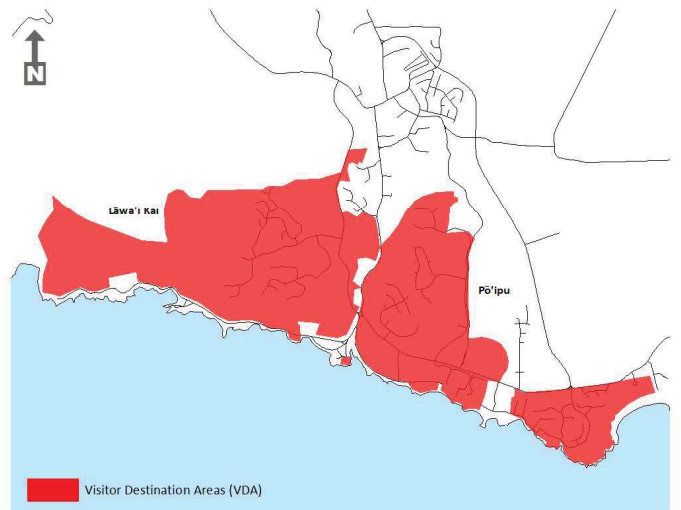


Figure 3-14 Līhu'e Visitor Destination Areas

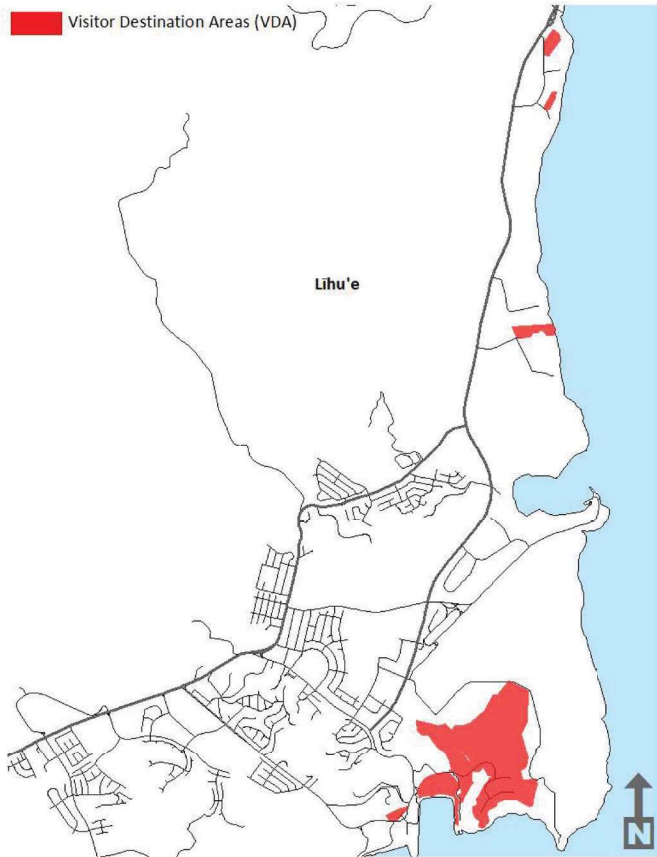
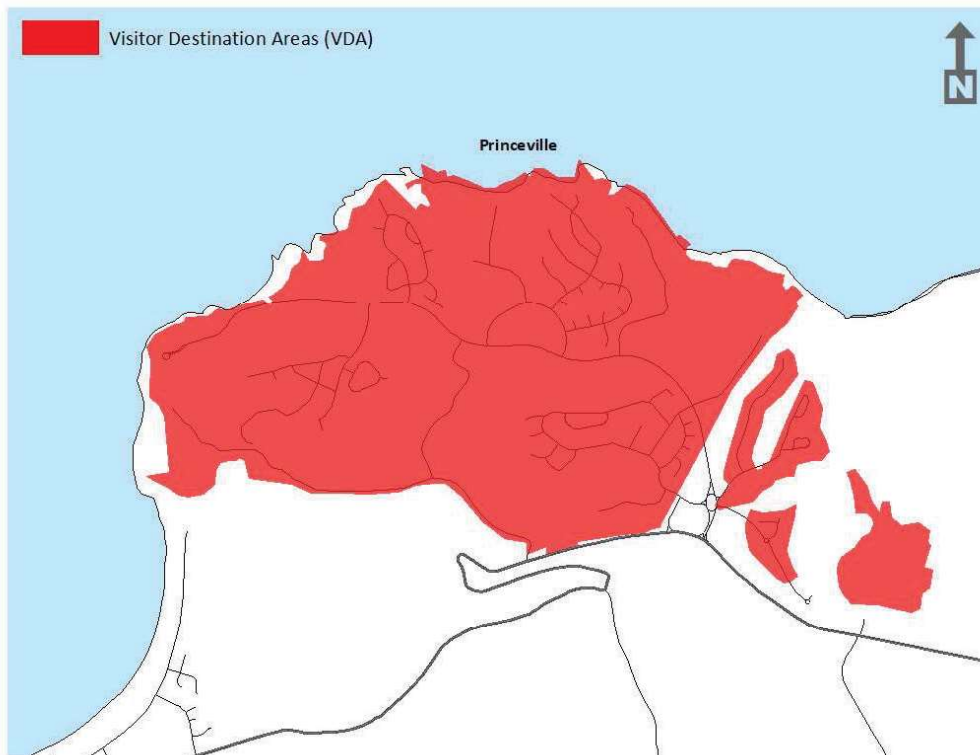


Figure 3-15 East Kaua'i Visitor Destination Areas



Figure 3-16 North Shore Visitor Destination Areas



3. Support projects to encourage visitor transportation mode shift from single occupancy vehicles to other modes.

D. PARTNERSHIP NEEDS

1. Provide visitors with a unique, positive, culturally-rich, and safe experience on Kauaʻi. Encourage cultural sensitivity and cultural exchange.
2. Develop alternative transportation options for visitors, including shuttles and car sharing, to reduce visitor impact on our roads, highways, and scenic places.
3. Establish a County tax on rental cars to fund alternative transportation options for visitors.
4. Lift the cap on existing Transient Accommodation Tax (TAT) funds distributed by the State to Counties, thus increasing the allocation to Kauaʻi for services and infrastructure.
5. Develop and promote community programs that reinforce the unique sense of place of communities, such as those with historical and cultural significance.
6. Encourage more use of Native Hawaiian place names and increase understanding of the meanings.
7. Encourage tourism that provides eco-friendly and educational experiences, products, and services; leverages and supports local business and agriculture; relies less on cars; and embraces the rich historic and cultural foundation upon which Kauaʻi's communities were built.
8. Attract new employees, especially local residents, to the visitor industry to ensure an available, well-qualified workforce.
9. Train the visitor workforce in understanding Kauaʻi's local culture.
10. Encourage the visitor industry, airlines, and the growing cruise line industry, to buy and promote Kauaʻi products and support businesses on Kauaʻi.
11. Increase use of renewable fuel sources and support carbon offset programs and incentives for passengers traveling to and from Kauaʻi.

2. AGRICULTURE

Agriculture is an important element in Kauaʻi's identity as a rural place, and it represents our greatest opportunity for economic diversification and food self-sufficiency. We can increase the productivity and profitability of all forms of agriculture by nurturing small-scale farms, promoting crop diversity, and strengthening partnerships. For this to occur, major challenges will have to be surmounted – from the upkeep of aging agricultural infrastructure to halting the tide of residential sprawl.

Objective: To ensure the long-term viability and productivity of agricultural lands.



2.1 Perpetuating Kauaʻi's Long Tradition of Agriculture

Agriculture is the history and lifeline of the Hawaiian Islands. Mālama ʻāina, caring for the land, is ingrained in the fabric and language of the Native Hawaiian culture. Makaʻainānā means “the common people” and is translated as “those who watch that which feeds” (“that which feeds” being the land). To be occupied with the growing of food and materials for one’s ʻohana is to be occupied with ensuring the health of the land, water, and natural systems. In i ka wā kahiko (meaning “in old times/long ago/in the age of antiquity”), a variety of loʻi terraces, dry-land agriculture, fish ponds, and salt pans supported a large population. Some of Kauaʻi's modern agricultural infrastructure is inherited from the ancient Hawaiians, such as taro fields and ditch systems. Traditional agricultural products such as taro, coconut, and breadfruit are still in demand and are synonymous with both healthy living and regional identity.

In 1835, the Old Kōloa Sugar Mill became Hawaiʻi's first commercially-viable sugar mill. This heralded the era of plantation agriculture where sugar and pineapple cultivation dominated the landscape. Land

was managed and owned by large companies such as the Kōloa Sugar Company, McBryde Sugar Company, and Grove Farm. Supporting the sugar and pineapple industry was an extensive network of ditches, flumes, and reservoirs created and maintained by the landowners. The era of plantation agriculture has come to an end, but the remaining infrastructure and still-undeveloped swaths of agricultural land provide for today's agricultural activity and opportunities for new enterprise to thrive.

Agriculture and food industries remain one of the most promising economic sectors on Kaua'i. It is a substantial source of employment, with about 3,601 jobs on Kaua'i in 2014. It is also a sector that supports Kaua'i's vision of remaining a rural island, preserving open spaces, and producing more food and resources. While the number of jobs in agriculture has not increased substantially since 2001, earnings have increased by 53 percent to \$30,511 average annual earnings per employee.⁴¹ Total earnings in the sector are upwards of \$113 million per year.

Kaua'i's agricultural lands are owned and managed by a small number of large landowners. On the South and West Sides, agricultural land owners include the State, the State Department of Hawaiian Homelands (DHHL), Alexander & Baldwin (A&B), and Grove Farm.⁴² There are pockets of agricultural land in Lihue District, mostly owned by Grove Farm. East Kaua'i's agricultural lands were largely sold off and converted to large lot residential development following the closure of Amfac Hawaii's Lihue Plantation; however, there remain some tracts between Hanama'ulu and Anahola that provide opportunities for cultivation. The North Shore is home to a large portion of Kaua'i's diversified agriculture operations, particularly around Moloa'a and Kilauea. Taro production is concentrated in and around Hanalei. The North Shore's land ownership patterns are more fragmented and among the most desirable areas for high-end housing. This, coupled with regulations that permit agricultural condominiums, exerts development pressure on the North Shore's agricultural lands.

The *Statewide Agricultural Land Use Baseline Study* (2015) provides a snapshot of what is currently grown and raised on Kaua'i (Figure 3-17). Like the rest of the Hawaiian Islands, Kaua'i has shifted out of sugar cultivation within the last few decades, leaving

41 *Draft Kaua'i Comprehensive Economic Development Strategy Update, 2016*

42 *Statewide Agricultural Land Use Baseline Study, 2015*

much of its agricultural lands open to other uses. Over 40,000 acres are currently used as pasture for grazing animals, supported by three privately owned slaughtering facilities. The greatest share of Kaua'i's 21,000 acres of cultivated crop lands are in commercial seed production (13,299 acres), followed by coffee (3,788 acres), and commercial forestry (1,743 acres). The island has more taro cultivation than the rest of the state combined, with 443 acres under cultivation.

The seed production industry has a much larger presence on Kaua'i than on any other island, with nearly twice the amount of acreage as O'ahu. Concerns about pesticide use and the cultivation of genetically modified organisms (GMO) by seed companies and other large agricultural producers have resulted in fact-finding inquiries, lawsuits, and proposed legislation regulating these activities. Nevertheless, these large agricultural operations provide substantial employment opportunities in rural areas of Kaua'i, particularly Waimea and Kekaha.

This concern has carried throughout the community engagement process leading up to the crafting of this plan. The online survey response included a number of written comments seeking a higher degree of regulatory oversight concerning GMO and pesticide activities. However, given the judgment of the Federal Court striking down Bill No. 2491 (Ordinance No. 960), County ordinance on State statutory preemption grounds, no regulatory proposals are included in this plan. Should State laws be enacted to provide larger County authority for potential regulation of such agricultural activities, the General Plan could consider appropriate policies.

2.2 Protecting Important Agricultural Lands (IAL)

The Agricultural District is under both State and County land use authority. The State Constitution sets the policy to "conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency, and assure the availability of agriculturally suitable lands."⁴³ Retaining the integrity of agricultural lands means protection against encroachment and fragmentation.

Pursuant to the constitutional mandate, the State Legislature adopted Important Agricultural Lands (IAL) designation criteria in 2005. Once designated, IAL cannot be reclassified to State Land Use Urban District except under a "super majority" vote of both

43 *Important Agricultural Lands Study, 2015*



Produce at Kōloa Sunshine Market, South Kauaʻi District

houses of the State legislature. Owners of these lands qualify for both State and County incentives, but those incentives have not been determined. The County's IAL Study mapped potential candidate lands and set a goal for the County to lead designation of at least 21,158 acres.⁴⁴ Some major landowners have voluntarily designated their lands, a total of 16,263 acres.⁴⁵

County regulations limit density and subdivision on agriculture lands. Additional controls are needed to discourage development such as "gentlemen estates" – large lot agricultural subdivisions catering to a high-end market. Such development patterns are largely opposed by the community. When this type of development does occur, residences and farm dwellings should be clustered to preserve the agricultural land and open space quality, while reducing costs of infrastructure and service provision.

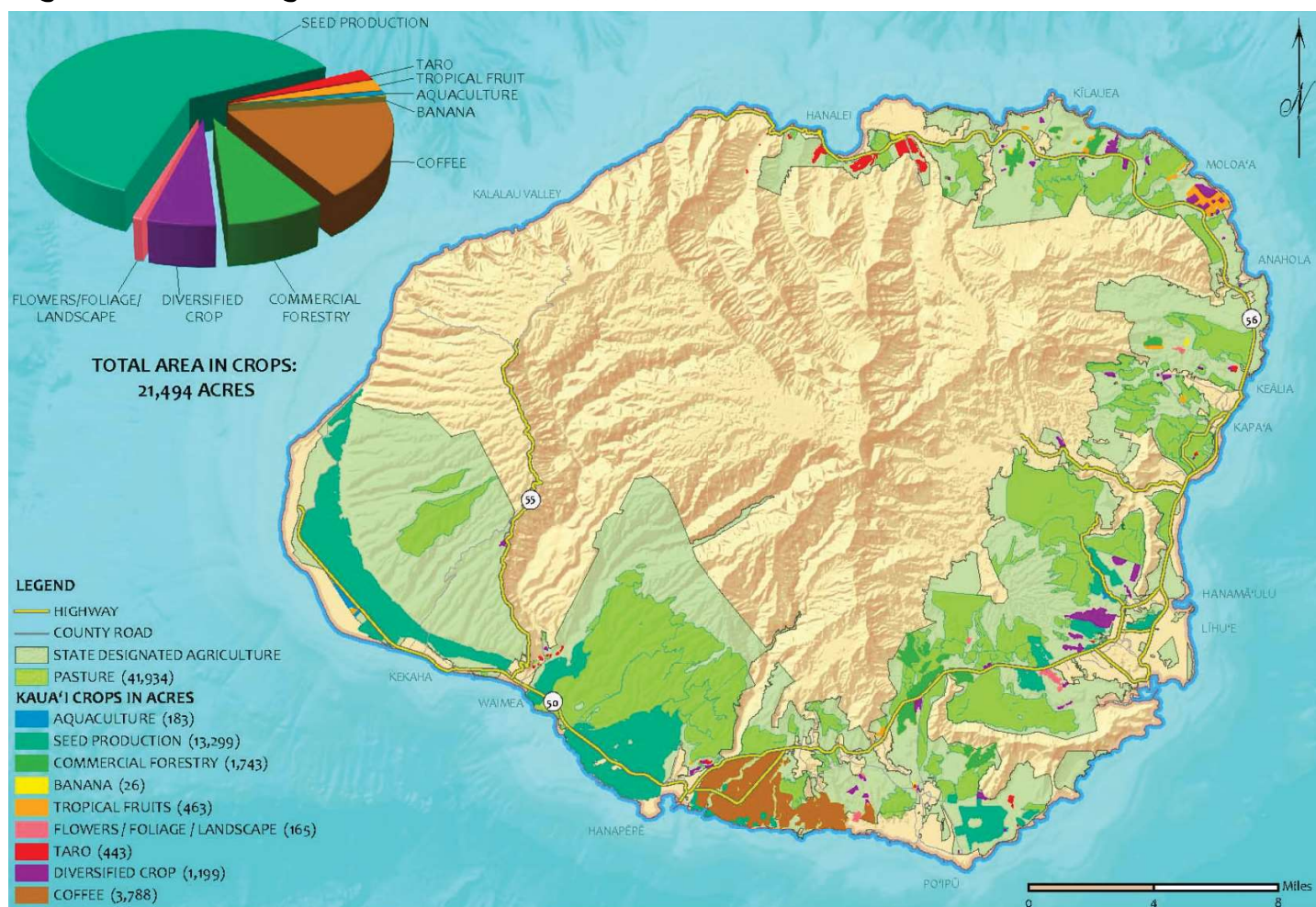
2.3 Improving Agricultural Water Infrastructure

The ditches and irrigation systems – vestiges of the plantation era – must be protected and restored. Without viable irrigation systems, the potential for intensive agriculture is jeopardized or lost. Irrigation reservoirs and ditches also retain and channel storm water away from settled areas. The State plans for and manages water infrastructure on State land through the *State Agricultural Water Use and Development Plan*. Private landowners maintain their own infrastructure, focusing on areas that are intensively farmed. Community partnerships such as the East Kauaʻi Water Users Cooperative can also be instrumental in keeping irrigation systems functioning to serve agricultural operations. The condition of ditches outside those areas is variable and assumed to be deteriorating.

An emerging issue is the permitting of water diversion from streams to feed agricultural ditch systems. Many diversions have operated for a long time under a revocable State permit. However, the State now requires that such diversions obtain a water lease. The water lease application process requires environmental

44 *Important Agricultural Lands Study, 2015*
 45 *Important Agricultural Lands Study, 2015*

Figure 3-17 Kaua'i Agricultural Production (2015)



and cultural studies, including analysis of inflow stream standards. This may result in stricter diversion limits, which will impact agricultural operations if stream flow decreases.

2.4 Supporting Farmers and Access to Healthy Local Food

On Kaua'i, there is an increasing demand for locally-grown, healthy food as evidenced in the rise of farmers markets and community garden initiatives. Throughout the public process, people expressed a desire for Kaua'i to "grow its own food" and decrease its dependence on imported food. Locally-grown food reduces the greenhouse gas emissions associated with "food miles traveled" and encourages resiliency and personal independence by reducing one's reliance on imported products.

A strong agricultural sector will strengthen Kaua'i's self-sufficiency by increasing food and resource production for both local consumption and export. While opinions differ on what type of agriculture is suitable for Kaua'i, many agree that increased

agricultural production will aid food self-sufficiency and economic diversification goals. Additionally, working farms support the cultural heritage and rural identity of Kaua'i. Food hubs are another tool used to support locally grown food. They help aggregate, distribute, and market products from local farmers. The County can support the development of food hubs, such as the Kilauea Community Agricultural Center, or similar projects that connect people to arable land, and then farmers to buyers.

2.5 Expanding Aquaculture

Aquaculture has existed on Kaua'i since the ancient Hawaiians harvested seafood from coastal fish ponds. Today Kaua'i has limited commercial aquaculture activity, including a farm producing over 400 metric tons of shrimp per year. There is opportunity for this industry to expand and capitalize on the increased global demand for seafood and decline in access to ocean stock. Due to its potential to help diversify agriculture and the economy, the *Hawai'i 2050 Sustainability Plan* includes a goal to expand the

development and commercialization of marine aquaculture. The State's Aquaculture and Livestock Support Services Branch provides support for this industry through business planning and development, as well through loans for start-ups.

2.6 Partnering to Support Existing and New Agricultural Enterprise

A productive agricultural system not only involves having lands available for farming, but creating and supporting the mechanisms necessary for growing and processing food and materials. This includes providing agricultural and business education, increasing marketing, understanding transport and export opportunities, and promoting best management practices that mitigate environmental and health impacts.

For the agricultural sector to be productive and profitable, agriculture must be recognized as a collection of both large and small businesses supported by a workforce, strong public-private partnerships, and the community. In addition to providing support to established operations, consideration must be given to the many aspiring farmers on both private and state-leased small-scale farms, especially on the North Shore and East Kua'i, where many smaller agricultural lots are located. New farmers face barriers to entry, such as the high cost of labor and land, government regulations, and stringent thresholds and rules for farm worker housing. Another issue is the lack of tax incentives for active agriculture. If support is not provided, landowners may find it easier to utilize their agricultural lands for passive uses, such as ranching.

Government is involved in the success of agriculture through tax and other incentives, such as water and infrastructure access or improvements, as well as by land use standards to protect agricultural lands and businesses. The community can support agriculture by recognizing its significance in promoting health and wellness and increasing economic independence.

A. PERMITTING AND CODE CHANGES

1. Ensure agriculture-designated lands are used for agriculture and related activities, including aquaculture, commercial forestry, and animal husbandry.
2. Use urban growth boundaries or other land preservation easements to limit conversion of agriculture-designated lands to non-agricultural uses.
3. Control the subdivision and alteration of agriculturally-zoned land to prevent the dissipation of agricultural potential, the loss of rural character, and the conversion of land use to urban land use designations.
4. Provide criteria to allow clustering of allowable density for landowners of Important Agricultural Land (IAL).
5. To the extent that public trust purposes would not be impacted or continue to be impacted, or where serviced agricultural operations constitute a reasonable and beneficial use that furthers the interests of the public, require preservation of viable irrigation systems – both government-owned and privately owned – to support the supply of irrigation water to farms, provided that mitigation measures are taken to minimize any impacts to public trust purposes.
6. Support landowner and farmer-initiated designations of important agricultural lands that at least meet criterion number five of Act 183 (SLH 2005), "land with sufficient quantities of water to support viable agricultural production."
7. Use IAL maps and tools when reviewing landowner/farmer-initiated petitions for the designation of IAL or for evaluating priority lands for IAL designation proposed by the State or County.
8. Revise the agricultural property tax regime, including but not limited to the Agricultural Dedication program, to increase incentives to lease land for productive farms.
9. Clarify rules and authority related to permitting of agricultural structures and uses on IAL.

10. Include community gardens as a permitted use in residential areas.
11. Require that prospective buyers of property adjacent to agricultural land be notified through title report that they could be subject to inconvenience or discomfort resulting from accepted farming activities, pursuant to HRS Chapter 205-4.5.

B. PLANS AND STUDIES

1. Consider the relationship and proximity of other land uses to agricultural land in planning efforts. Define “rural” and include its relationship to agriculture.
2. Update and implement the *Agricultural Water Use and Development Plan*.
3. Improve upon or develop a system for local and export marketing of food and primary resources.
4. Create an agriculture database of key information and indicators that would enable the monitoring of agricultural progress and growth.
5. Increase access to healthy food in underserved neighborhoods and build more equitable food systems, from cultivation to disposal.
6. Update and implement the *Kaua’i Agriculture Strategic Plan*.

C. PROJECTS AND PROGRAMS

1. Provide economic development programs to promote and support agriculture.
2. Reestablish an Agricultural Specialist position with the Office of Economic Development.
3. Support the Sunshine Markets and other means of marketing Kaua’i agricultural and food products to residents, businesses, and visitors.
4. Establish a minimum goal for designation of IAL. Improve the IAL program to effectively preserve high-quality agricultural land. Develop related County-level incentives, specifically to encourage food production to increase self-reliance.
5. Increase incentives to lease land to small farmers through revisions to the agricultural property tax regime.
6. Improve water infrastructure for irrigation in priority areas, such as IAL.
7. Develop community food hubs, commercial kitchens, and other initiatives that provide places for community members to grow and prepare their own food.
8. Allow the use of SNAP benefits at farmers markets.
9. Reduce water rates for landowners of agricultural lands in active production.
10. Establish a County-wide composting program.



Hanalei taro fields, North Shore District

D. PARTNERSHIP NEEDS

1. Expand commercial agriculture, attract new agricultural support and value-added industries, and promote locally-grown commodity sales.
2. Increase small-scale diversified farming, including, but not limited to, fruits and vegetables, building materials, medicinal plants, aquaculture, apiaries, flowers, and livestock.
3. Expand aquaculture and livestock farming.
4. Improve water access and infrastructure for agricultural purposes.
5. Support regional agricultural parks and centers.
6. Support commercial agricultural producers with agricultural cooperative extension services, marketing, and business development. Market agriculture and food products within Kaua'i and to out-of-state markets.
7. Prepare youth for future careers in diversified agriculture and aquaculture, with additional emphasis on business skills.
8. Provide incentives and opportunities for agricultural housing, jobs, training, processing/transport of goods, and other needs. Expand direct financial and tax assistance to agricultural enterprises.
9. Review legislation impacting agriculture on Kaua'i. Coordinate position statements with the Kaua'i Community College, the Farm Bureau, and other agricultural interest groups.
10. Clarify the reclassification incentive provided through designation of Important Agricultural Lands (IAL).⁴⁶
11. Support education and cooperation relating to protection of native birds and protecting the right to farm.

3. SMALL BUSINESSES AND PROMISING ECONOMIC SECTORS

Kaua'i is rich in entrepreneurial talent and skills that should be nurtured, cultivated, and celebrated. We depend on the success of our small businesses, which make up the vast majority of our establishments. The ability to work from home and establish cottage industries is in keeping with our values of preserving our rural communities and lifestyles. With a focus on promising economic sectors, we can encourage economic growth that is in keeping with the General Plan's vision, goals, and policies.

Objective: To promote opportunities for small business and emerging economic sectors to thrive.



3.1 Nurturing Entrepreneurs and Small Business

Kaua'i's entrepreneurial talent can be cultivated through improved access to networking, mentorship, equipment, training, and resources. Incubators and accelerators can serve this function, providing professional development services as well as shared equipment and resources. Co-working spaces create a supportive entrepreneurial community and encourage innovation and collaboration between multiple types of businesses. Access to capital and affordable office and commercial space can help small businesses scale up once they are ready to strike out on their own.

Small businesses are the basis of Kaua'i's economy. Over half of Kaua'i's businesses have four or fewer employees, and 70 percent of people work at businesses with less than 100 employees. Nurturing small businesses, particularly in the target industry clusters identified in the CEDS, will help ensure a robust and resilient economy.

46 HRS 205 Part III Important Agricultural Lands

3.2 Supporting Cottage Industries and Rural Economic Development

Kaua'i has a strong small business base and a growing cottage and home-based industry sector. If nurtured, these assets can help revitalize local communities and enable people to work where they live. Infrastructure, such as broadband internet, co-working spaces, and other supporting means that enable people to work from home or within their communities, can help improve quality of life for all residents on Kaua'i by reducing traffic on the roads and creating more demand for local services and amenities.

From a permitting perspective, the County can examine its development standards to ensure it does not create unreasonable barriers to working from home. "Home Businesses" are permitted in every zoning district, but zoning restrictions may limit certain types of business operations. The CZO is silent on deliveries to residential uses, but prohibits "frequent bulk shipments" from or to a home business. Restrictions on permitted equipment may also limit the growth of cottage industries in residential areas.

In addition to development code changes, more industrial land is needed to accommodate manufacturing and industrial uses outside of residential areas. The deficit of industrial lands outside of Lihu'e causes many small businesses, such as welding shops, auto repair operations, and woodshops, to operate via a special use permit or illegally. One opportunity is to redevelop former plantation mill sites for manufacturing and industrial needs.

3.3 Fostering High Tech and Clean Tech Jobs

The Pacific Missile Range Facility (PMRF), located on the West Side, is one of the foremost aerospace test sites in the United States. PMRF leverages Kaua'i's location in the center of the Pacific Ocean for the benefit of aerospace and space launch testing. The base supports approximately 900 civilian jobs and 75 active duty members. The 900 civilian jobs comprise \$89.72 million and the 75 active duty members comprise approximately \$7.5 million of the facility's \$118 million operating budget in FY 2016.

Historically, PMRF has been the driving force behind the establishment of technology-based business on Kaua'i. PMRF's continued vitality contributes significantly to Kaua'i's high technology industry and provides opportunities for supportive businesses and entrepreneurs.

The momentum of KIUC in pursuing ambitious renewable energy targets, coupled with Kaua'i's goals for emissions reductions in transportation and energy, also provides opportunities for clean technology businesses and green jobs. Clean tech tends to be low- or non-polluting, provide higher wage jobs, and supports sustainability goals.

3.4 Growing the Arts, Culture, and Creative Industry

Kaua'i has served as a premier film, TV, and photo shoot destination for the past 80 years. Film and photo productions for major production companies and media outlets are regularly staged here. A vibrant arts scene has flourished with the development of monthly or weekly "Art Nights" in communities around the island, including Hanapēpē, Kīlauea, and Kapa'a. The *Kaua'i Arts & Culture Feasibility Study Final Report* (September 2015) found robust pockets of arts such as painting, woodworking, jewelry-making, and performing arts. Arts connected to Hawaiian, Japanese, and Filipino culture and traditions were also strong.

E kanu I ka hui 'oi hā'ule ka ua

Plant the taro stalks while there is rain. (Do your work when the opportunity affords.)

A. PERMITTING AND CODE CHANGES

1. Lessen zoning restrictions for home-based businesses.
2. Reduce the costs and regulatory hurdles associated with starting a business.
3. Increase inventory of industrial zoned lands.

B. PLANS AND STUDIES

1. Implement and update the Comprehensive Economic Development Strategy (CEDS).
2. Develop business improvement districts and Main Street programs to fund revitalization efforts.

C. PROJECTS AND PROGRAMS

1. Invest in shared facilities and resources that can be utilized by multiple opportunity clusters, such as creative industries and technical services.
2. Provide infrastructure that increases the competitiveness of businesses on Kaua'i and allows them to thrive in all parts of the island.
3. Utilize County facilities and funds to support shared workspaces, makerspaces, and equipment for small businesses to utilize.
4. Support programs and infrastructure that enables employees to telecommute or work in satellite locations.
5. Attract technology and energy businesses that complement Kaua'i's economic and sustainability goals.
6. Build capacity for economic development in the target industry clusters identified by CEDS.
8. Strengthen market linkages between the tourism industry and Kaua'i made products such as fashion, food, and music.
9. Expand opportunities for innovation and tech-based businesses.
10. Increase access to capital for small businesses and start-ups.
11. Educate businesses on financial planning and funding sources for hazard preparedness and recovery, including insurance options for business interruption, natural disasters, and other unexpected occurrences.

D. PARTNERSHIP NEEDS

1. Build the capacity of all businesses and increase the skills and readiness of Kaua'i's students and workforce.
2. Invest in opportunity industries that can diversify Kaua'i's economy and provide living wages.
3. Promote cross-sector linkages between Kaua'i's anchor and opportunity industries to grow the market for local products and services.
4. Support initiatives and programs to revitalize town centers and increase demand for local-serving businesses.
5. Provide business planning assistance, career planning, entrepreneurial training, incubation, and assistance with permitting, licensing, and regulatory issues.
6. Expand offerings for mentorship, networking, and affordable workspaces.
7. Support programs and initiatives that encourage manufacturing and support Kaua'i's small-scale independent manufacturers.