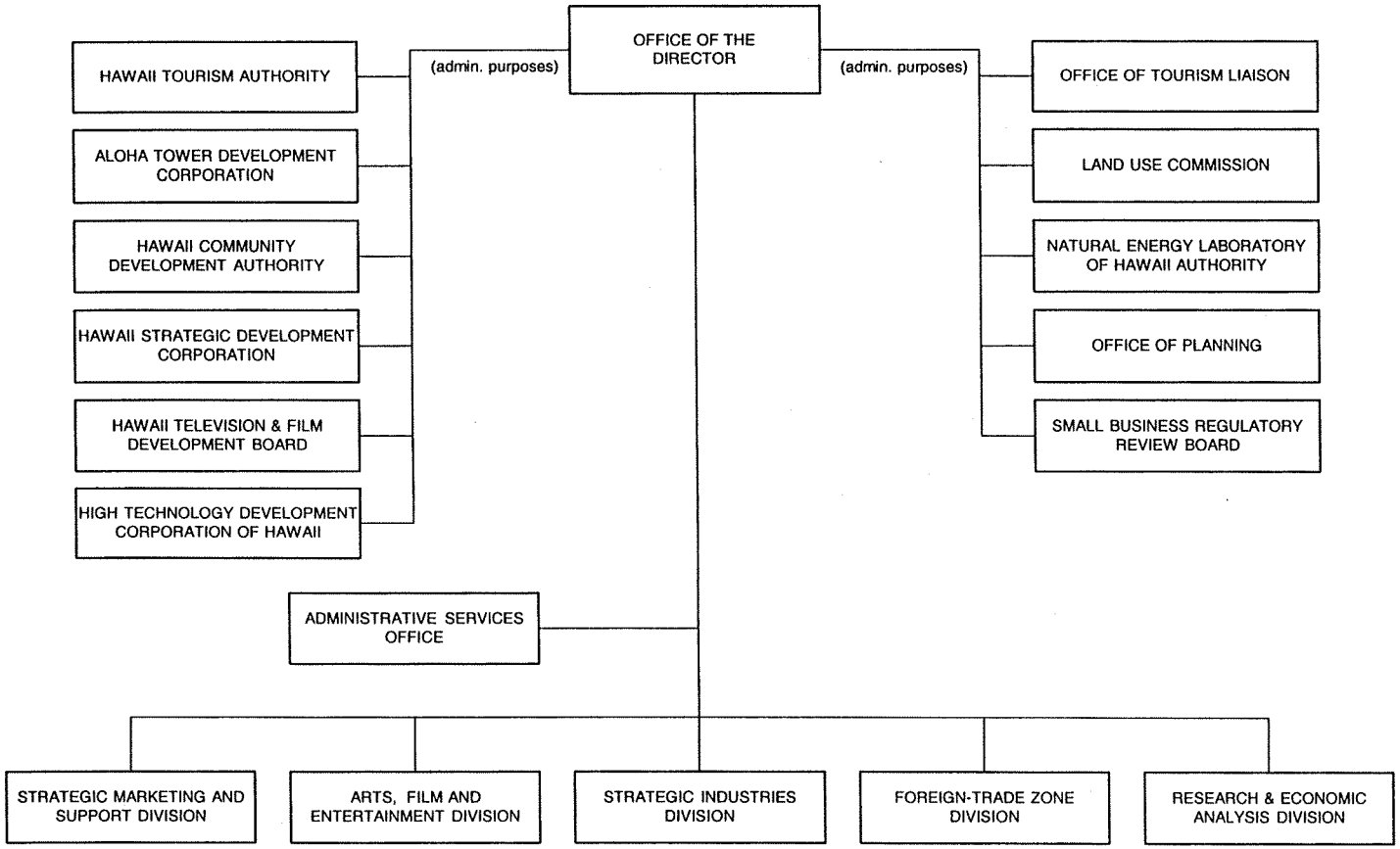
Department of Business, Economic Development and Tourism

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
PLAN OF ORGANIZATION



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
MAJOR FUNCTIONS

- Promotes industry development and economic diversification by supporting existing and emerging industry clusters such as life sciences, dual use, astronomy space, alternative and renewable energy, environmental services, tourism services and telcom and IT, utilizing public-private partnerships under the concept of Team Hawaii.

- Promotes the growth of the film, video and digital media production industry and an industry utilizing Hawaii's diverse artistic and cultural resources.

- Plans and supports the development and promotion of diversified events, attractions, and services for leisure and business travelers.

- Provides data and analyzes economic and demographic issues affecting Hawaii and participates in U.S. Census.

- Preserves, protects and encourages development of lands in the State for uses to benefit the public.

- Revitalizes areas in the State needing redevelopment through the formation of public-private partnerships, implementation of infrastructure improvements, and facilitating mixed-use development.

- Maintains a comprehensive statewide planning process to enhance the efficiency and effectiveness of State programs.

MAJOR PROGRAM AREAS

The Department of Business, Economic Development and Tourism has programs in the following major program areas:

Economic Development

BED 100	Strategic Marketing and Support
BED 105	Arts, Film and Entertainment
BED 107	Foreign Trade Zone
BED 113	Tourism
BED 120	Strategic Industries
BED 142	General Support for Economic Development
BED 143	High Technology Development Corporation
BED 145	Hawaii Strategic Development Corporation
BED 146	Natural Energy Lab of Hawaii Authority
BED 150	Hawaii Community Development Authority
BED 151	Aloha Tower Development Corporation

Government-Wide Support

BED 103	Statewide Land Use Management
BED 130	Economic Planning and Research
BED 144	Statewide Planning and Coordination

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
Department Summary

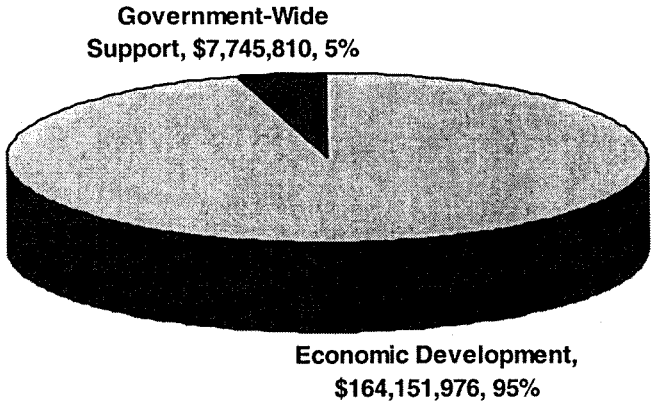
Mission Statement
To strengthen Hawaii's economy, lead business development efforts, attract new investment, and document Hawaii's economy.

Department Goals
Make it easier for small businesses to do business, be profitable, and expand; strengthen the traditional pillars of Hawaii's economy: Tourism, the Military, Construction and Development, Diversified Agriculture, Marine Resources, Arts, Film and Entertainment, and Captive Insurance; and diversify Hawaii's economy by focusing on key clusters where Hawaii offers competitive advantage while developing Hawaii's destiny as a center of knowledge in the Pacific century.

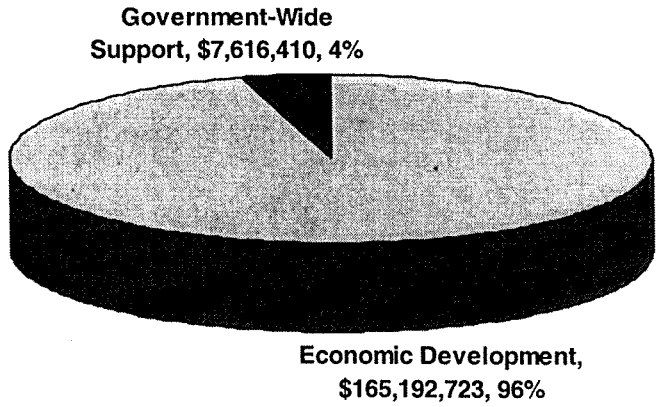
Significant Measures of Effectiveness	FY 2006	FY 2007
1. Annual percentage increase in Gross State Product	5.1	5
2. Number of new jobs created per annum	7,307	7,125
3. Investment generated by business development and promotional activities ($M)	31	9

FB 2005-2007 Budget by Major Program

FY 2006



FY 2007



Department of Business, Economic Development & Tourism
(Operating Budget)

		FY 2005 Allocation	FY 2006	FY 2007
Funding Sources:	Positions	116.50	116.50	115.50
General Fund	$	10,684,771	13,747,799	13,109,643
		28.50	28.50	28.50
Special Funds		122,249,067	130,517,988	132,491,554
		4.00	4.00	4.00
Federal Funds		35,709,783	17,013,138	16,495,873
				1.00
Revolving Funds		4,943,469	10,618,861	10,712,063
		149.00	149.00	149.00
Total Requirements		173,587,090	171,897,786	172,809,133

Highlights of the Executive Biennium Budget Request:

1. Added $500,000 in general funds in each year of FB 05-07 for business marketing.
2. Transfers 4.0 temporary Business Action Center (BAC) positions to Department of Commerce and Consumer Affairs (DCCA), and deletes $193,944 in general funds in each year of FB 05-07. Positions and operating costs for BAC would be special funded in DCCA.
3. Added $8,200,000 and $9,700,000 in tourism special funds in FY 06 and FY 07, respectively, to expand tourism promotion programs.
4. Added $551,769 and $251,769 in general funds in FY 06 and FY 07, respectively, to implement petroleum industry data and information functions.
5. Added 12.00 temporary position counts and $615,456 in general funds for the conversion of Hawaii Community Development Authority administrative support staff from GO Bond funds to the General Fund in FY 06 and 07.

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID:
PROGRAM STRUCTURE NO.
PROGRAM TITLE: **DEPT OF BUSINESS & ECONOMIC DEVELOPMENT**

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	154.00*	149.00*	149.00*	149.00*	149.0*	149.0*	149.0*	149.0*
PERSONAL SERVICES	12,597,348	15,013,933	16,750,029	16,903,396	16,903	16,903	16,903	16,903
OTHER CURRENT EXPENSES	124,425,615	158,615,922	155,000,487	155,830,867	155,834	154,334	154,334	154,334
EQUIPMENT	182,649	90,181	147,270	50,870	51	51	51	51
MOTOR VEHICLE		25,000		24,000	24	24	24	24
TOTAL OPERATING COST	137,205,612	173,745,036	171,897,786	172,809,133	172,812	171,312	171,312	171,312
BY MEANS OF FINANCING								
	118.50*	116.50*	116.50*	115.50*	115.5*	115.5*	115.5*	115.5*
GENERAL FUND	10,366,486	10,859,271	13,747,799	13,109,643	13,112	11,612	11,612	11,612
	29.50*	28.50*	28.50*	28.50*	28.5*	28.5*	28.5*	28.5*
SPECIAL FUND	114,727,450	122,249,067	130,517,988	132,491,554	132,493	132,493	132,493	132,493
	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0*
OTHER FED. FUNDS	11,451,358	35,709,783	17,013,138	16,495,873	16,495	16,495	16,495	16,495
	2.00*	*	*	1.00*	1.0*	1.0*	1.0*	1.0*
REVOLVING FUND	660,318	4,926,915	10,618,861	10,712,063	10,712	10,712	10,712	10,712
CAPITAL IMPROVEMENT COSTS								
PLANS	1,670,000	2,452,000	745,000	938,000				
LAND ACQUISITION	935,000	577,000	798,000	750,000				
DESIGN	2,743,000	2,864,000	4,648,000	2,834,000				
CONSTRUCTION	18,150,000	20,394,000	22,361,000	20,621,000				
EQUIPMENT	386,000	4,268,000	100,000					
TOTAL CAPITAL EXPENDITURES	23,884,000	30,555,000	28,652,000	25,143,000				
BY MEANS OF FINANCING								
G.O. BONDS	19,216,000	22,150,000	26,652,000	7,143,000				
REVENUE BONDS		8,405,000	2,000,000	18,000,000				
OTHER FED. FUNDS	2,668,000							
REVOLVING FUND	2,000,000							
TOTAL POSITIONS	154.00*	149.00*	149.00*	149.00*	149.00*	149.00*	149.00*	149.00*
TOTAL PROGRAM COST	161,089,612	204,300,036	200,549,786	197,952,133	172,812	171,312	171,312	171,312

Department of Business, Economic Development & Tourism
(Capital Improvements Budget)

	FY 2006	FY 2007
Funding Sources:		
General Obligation Bonds	4,479,000	6,693,000
Total Requirements	4,479,000	6,693,000

Highlights of the Executive CIP Budget Request (general obligation bond funds):

1. Provided $440,000 in FY 06 for Hawaii Film Studio Renovations and Improvements.
2. Provided $444,000 in FY 06 and $3,953,000 in FY 07 to the Aloha Tower Development Corporation (ATDC) for Honolulu Harbor Traffic Plan and Streetscape Improvement to increase access to the waterfront area.
3. Provided $854,000 in FY 06 for ATDC for HECO Honolulu Plant Demolition and Environmental Remediation.
4. Provided $1,001,000 in FY 06 for Kakaako Community Development District, Queen Street Improvements.
5. Provided $740,000 in FY 06 and FY 07 to continue seven Hawaii Community Development Authority temporary CIP project staff .
6. Provided $1,000,000 in FY 06 for Kalaeloa Community Development District Improvements.
7. Provided $2,000,000 in FY 07 for Kakaako Makai Improvements.

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
IN THOUSANDS OF DOLLARS

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE				BUDGET PERIOD						
			COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07 08	FY 08-09	FY 09-10	FY 10-11	SUCCEED YEARS
			PLANS	39,895	33,741	1,309	3,163	941	741					
			LAND	37,929	36,377	1	3	1,049	499					
			DESIGN	42,035	32,047	401	4,653	2,102	2,832					
			CONSTRUCTION	599,805	560,102	2,601	34,094	387	2,621					
			EQUIPMENT	23,495	21,344		2,151							
			TOTAL	743,159	683,611	4,312	44,064	4,479	6,693					
			GENERAL FUND	63,560	63,560									
			G.O. BONDS	628,744	599,951	4,312	13,309	4,479	6,693					
			REVENUE BONDS	28,405			28,405							
			REVOLVING FUND	2,000	2,000									
			OTHER FED. FUN	20,450	18,100		2,350							

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Operating Budget Details

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID:
PROGRAM STRUCTURE NO. 01
PROGRAM TITLE: ECONOMIC DEVELOPMENT

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	103.00*	101.00*	101.00*	101.00*	101.0*	101.0*	101.0*	101.0*
PERSONAL SERVICES	9,622,953	11,887,146	13,397,414	13,550,781	13,550	13,550	13,550	13,550
OTHER CURRENT EXPENSES	121,375,072	154,123,719	150,607,292	151,567,072	151,570	151,570	151,570	151,570
EQUIPMENT	166,360	80,181	147,270	50,870	51	51	51	51
MOTOR VEHICLE		25,000		24,000	24	24	24	24
TOTAL OPERATING COST	131,164,385	166,116,046	164,151,976	165,192,723	165,195	165,195	165,195	165,195
BY MEANS OF FINANCING								
	75.50*	76.50*	76.50*	75.50*	75.5*	75.5*	75.5*	75.5*
GENERAL FUND	7,566,754	7,948,882	10,763,558	10,125,402	10,127	10,127	10,127	10,127
	25.50*	24.50*	24.50*	24.50*	24.5*	24.5*	24.5*	24.5*
SPECIAL FUND	113,440,289	120,818,878	129,190,101	131,163,667	131,165	131,165	131,165	131,165
	*	*	*	*	*	*	*	*
OTHER FED. FUNDS	9,497,024	33,421,371	14,579,456	14,191,591	14,191	14,191	14,191	14,191
	2.00*	*	*	1.00*	1.0*	1.0*	1.0*	1.0*
REVOLVING FUND	660,318	3,926,915	9,618,861	9,712,063	9,712	9,712	9,712	9,712
CAPITAL IMPROVEMENT COSTS								
PLANS	1,675,000	2,452,000	745,000	938,000				
LAND ACQUISITION	935,000	577,000	798,000	750,000				
DESIGN	3,443,000	2,864,000	4,648,000	2,834,000				
CONSTRUCTION	18,150,000	27,894,000	22,361,000	20,621,000				
EQUIPMENT	386,000	4,468,000	100,000					
TOTAL CAPITAL EXPENDITURES	24,589,000	38,255,000	28,652,000	25,143,000				
BY MEANS OF FINANCING								
G.O. BONDS	19,216,000	22,150,000	26,652,000	7,143,000				
REVENUE BONDS	705,000	16,105,000	2,000,000	18,000,000				
OTHER FED. FUNDS	2,668,000							
REVOLVING FUND	2,000,000							
TOTAL POSITIONS	103.00*	101.00*	101.00*	101.00*	101.00*	101.00*	101.00*	101.00*
TOTAL PROGRAM COST	155,753,385	204,371,046	192,803,976	190,335,723	165,195	165,195	165,195	165,195

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED100
PROGRAM STRUCTURE NO. 010101
PROGRAM TITLE: STRATEGIC MARKETING & SUPPORT

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	15.00*	19.00*	18.00*	18.00*	18.0*	18.0*	18.0*	18.0*
PERSONAL SERVICES	679,682	1,233,724	1,030,352	1,030,352	1,030	1,030	1,030	1,030
OTHER CURRENT EXPENSES	794,103	1,083,580	3,223,771	3,223,771	3,224	3,224	3,224	3,224
EQUIPMENT	35,791							
TOTAL OPERATING COST	1,509,576	2,317,304	4,254,123	4,254,123	4,254	4,254	4,254	4,254
BY MEANS OF FINANCING								
	15.00*	19.00*	18.00*	18.00*	18.0*	18.0*	18.0*	18.0*
GENERAL FUND	1,509,576	2,067,304	2,182,208	2,182,208	2,182	2,182	2,182	2,182
OTHER FED. FUNDS		250,000	250,000	250,000	250	250	250	250
REVOLVING FUND			1,821,915	1,821,915	1,822	1,822	1,822	1,822
TOTAL POSITIONS	15.00*	19.00*	18.00*	18.00*	18.00*	18.00*	18.00*	18.00*
TOTAL PROGRAM COST	1,509,576	2,317,304	4,254,123	4,254,123	4,254	4,254	4,254	4,254

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-100
PROGRAM STRUCTURE NO: 010101
PROGRAM TITLE: STRATEGIC MARKETING & SUPPORT

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 INVESTMENT GEN BY BUS DEV & PROMO ACT $M	5	15	9	18	31	9	11	13
2 NUMBER OF TRADE & INVESTMENT LEADS GENERATED	500	565	450	545	427	469	492	514
3 CLIENT SATISFACTN BASED ON EVAL SURVEYS			18	19	19	19	19	19
4 # JOBS GENERATED BY COMMUNITY-BASED ORGANIZATIONS	60	225	160	180	100	100	100	100
5 # NEW FIRMS ENROLLED IN ENTERPRISE ZONE PROGRAM	8.2	8.5	73	73	73	73	73	73
6 # JOBS GENERATED BY ENTERPRISE ZONE BUSINESSES			320	320	300	300	300	300
7 # BAC CLIENTS ASSISTED BY PHONE & IN PERSON			19416	19000	17500	17500	16000	16000
8 # BAC LICENSE APPLICATIONS PROCESSED			9080	8500	6500	6500	6000	6000
PROGRAM TARGET GROUPS								
1 # HAWAII FIRMS ENGAGED IN INTERNAT'L BUSINESS	1085	1085	620	630	640	650	675	700
2 # ELIG NON-PROFIT COMM-BASED ORGS & COOPERATIVES			2186	1200	400	400	400	400
3 # SMALL BUS REQUESTING REGULATORY RELIEF/LEGIS	S45	65	10	10	10	10	10	10
4 # ATTENDEES AT BAC OUTREACH ENGAGEMENTS			1,448	1300	1300	1300	1300	1300
PROGRAM ACTIVITIES								
1 # INT'L BUSINESS DEVELOPMENT ACTIVITIES	22	25	12	20	20	21	21	22
2 # NATL BUSINESS DEVELOPMENT ACTIVITIES	2	3	5	6	7	8	9	9
3 #OUT-OF-STATE FIRMS, ORGS ASSTD TO LOCATE/INV HERE			6	10	10	11	12	14
4 # LOCAL FOCUSED EDUC & PROMO, BUS DEV ACTIVS	7	4	11	9	9	10	11	11
5 # PRINT, ELECTRONIC PUBLICATIONS, MKTG COLLATERAL	305	305	5	6	5	5	5	5
6 # INVESTMENT & TRADE CONSULTATIONS	20	25	300	300	322	344	366	389
7 #FIRMS GVN INFO/ASST FOR PARTIC IN ENTERPRSE ZONES			320	320	200	200	200	200
8 NUMBER OF BAC OUTREACH ENGAGEMENTS			76	70	70	70	70	70
9 # CBED APPLICATIONS RECEIVED & REVIEWED			23	40	40	40	40	40
10 # NEW/AMENDED RULES REVIEWD BY BUS ADV & SBRRB			48	55	55	55	55	55
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY								
REVENUE FROM OTHER AGENCIES: FEDERAL								
ALL OTHER								
CHARGES FOR CURRENT SERVICES								
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS								
TOTAL PROGRAM REVENUES								

A. Statement of Program Objectives

To promote industry development and economic diversification by supporting 1) existing and emerging industries through the attraction of new investment; increase in exports of Hawaii products and services; expansion of Hawaii's participation in global trade and commerce and 2) new and existing businesses through licensing and permit information and referral, business advocacy, planning and coordination of programs and projects aimed at specific business sectors or economically-distressed areas, including rural areas and areas affected by natural disaster.

B. Description of Request and Compliance with section 37-68 (1) (A) (B)

The Executive Budget adds $450,000 in general funds for marketing and industry development; transfers out $193,944 in general funds and four temporary positions (Business Action Center) to the Department of Commerce and Consumer Affairs; and transfers out $92,848 in general funds and one permanent position (Hawaii Capital Loan Program) to Hawaii Strategic Development Corporation.

C. Description of Activities Performed

The Strategic Marketing and Support Division (SMSD) plans, organizes, and implements programs to attract new, job-creating businesses and investments, as well as to expand markets for Hawaii's products and professional services by: (a) opening and expanding markets for Hawaii's firms; (b) attracting investment and companies in selected industry clusters; (c) providing assistance and capacity building for industries; (d) improving the business environment; (e) facilitating the State's sister-state relations and international relations. The Division also provides direct support to local small business through (a) regulatory advocacy; (b) disaster loans, (c) enterprise zone tax incentives; (d) rural development stimulation programs; (e) community-based economic development grants and technical assistance.

D. Statement of Key Policies Pursued

SMSD's policies are based on creating new jobs and diversifying Hawaii's economic base. Towards these objectives, export promotion policies and import substitution policies are being pursued together with business and investment attraction measures. Emphasis is placed on the following strategies: (1) opening and expanding markets for Hawaii's firms through overseas and domestic business missions; reverse missions to Hawaii (buyers, media, targeted industries); operating overseas offices in targeted markets such as Beijing and Taipei; conducting conferences and events that provide business matchmaking opportunities; promoting and facilitating short-term training; participating in local, mainland and international trade shows; opening new marketing channels; retail promotions; supporting the Economic Development Boards and supporting industry marketing efforts; (2) attracting investments and companies in selected industry clusters utilizing the Immigrant Investor Program and targeted overseas and domestic business attraction efforts; (3) facilitating communication of opportunities and networking via newsletters, website, and working with industry associations; (4) providing assistance and capacity building to help companies reach the next level through export and enterprise workshops, manufacturing assistance and industry education; and (5) improving the business environment – developing a brand to promote Hawaii as a place for business; and addressing workforce development, visa issues, transportation and distribution issues, and promotion incentives; (6) reducing the regulatory impact on businesses; (7) encouraging new types of businesses and strengthening existing businesses especially in distressed areas and through incentives such as the Enterprise Zone Program and Community Based Economic Development Program; and (8) liaising with local military commands to ensure the viability of quality of life programs and infrastructure support for military personnel, operations, and training.

E. Identification of Important Program Relationships

SMSD partners with the four Economic Development Boards; County Economic Development Offices; the Chamber of Commerce of Hawaii and ethnic chambers; and industry, trade and professional organizations. It also works with the U.S. Department of Commerce; U.S. Customs; foreign consulates; U.S. embassies; sister-state affiliations; and the Citizenship and Immigration Service (CIS); county administrations and councils; with the state Departments of Labor and Industrial Relations, Commerce and Consumer Affairs, Health, Human Services, Transportation, Taxation, Land and Natural Resources; Office of Hawaiian Affairs, and Hawaiian Home Lands; federal agencies such as IRS, SBA, USDA, DOC, DOD,

EDA, and HUD; local financial institutions; and individual entrepreneurs and businesses.

F. Description of Major External Trends Affecting the Program

Hawaii's economy is strongly tied to the growth of Asian and Mainland U.S. economies. China's admittance to the World Trade Organization (WTO) and their hosting the 2008 Olympics in Beijing open opportunities for Hawaii firms to provide assistance, training and partnerships to service their needs. Agreements between the State of Hawaii and Chinese agencies have built relationships to position Hawaii to become the provider of choice for these services. Japan's rebounding economy, strengthening yen and increased travel to Hawaii will positively affect investments and tourism from Japan to Hawaii. The weakening U.S. dollar may adversely affect Hawaii exports to overseas markets.

G. Discussion of Cost, Effectiveness and Program Size Data

External trends have increased the demand for SMSD's programs to assist Hawaii businesses to expand, open new markets and take advantage of investment and business development opportunties. Revitalization of the Immigrant Investor Program is underway following several years of unfavorable treatment by the INS. Increased efforts to expand export opportunities for Hawaii products and services will continue.

Business regulatory reform needs to be accelerated so that compliance costs can be reduced and companies can grow into new markets with increasing employment.

H. Discussion of Program Revenue

Participation fees are collected and applied towards shared expenses incurred for trade show and mission-related costs. The direct revenue generated by these activities accrue to the participating companies through sales, orders, partnerships, contracts and investment capital for these businesses. Investigation into federal, institutional and private grant sources to expand programs or initiate new ones is underway.

Community based economic development grants leverage other funds effectively but eventually deplete the revolving fund. With only small amounts of loan interest coming into the fund, an infusion in FY 06 and FY 07 will be needed to continue that funding strength.

I. Summary of Analysis Performed

The objectives and major strategies previously summarized remain the same with effectiveness measured through: (1) number of jobs generated; (2) revenue generated; (3) investment generated; (4) number of trade and investment leads serviced; and (5) input, output, and limited outcome analysis. SMSD works towards long-term relationship building and working in concert with specific industries towards common goals as evidence of successful programming. External factors interrelate so closely with most program activities that accurate independent analysis is usually not possible. Area strategic studies have produced community-approved goals, objectives and projects but do not normally include effectiveness components

J. Further Considerations

Hawaii is in global competition for outside investment. Without new money flowing into the State, Hawaii's economy will, at best, remain stagnant. Efforts to bring in new businesses and investment and to export Hawaii's products and professional services need to be focused and intensified. Paralleling this effort, Hawaii's business climate needs to be improved, appropriate incentives need to be developed to attract firms that can create quality jobs and further our efforts to diversify our economic base, and we need to raise the awareness of Hawaii as a place for business.

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED105
PROGRAM STRUCTURE NO. 010102
PROGRAM TITLE: ARTS, FILM AND ENTERTAINMENT

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	14.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
PERSONAL SERVICES	804,935	583,212	656,547	656,547	656	656	656	656
OTHER CURRENT EXPENSES	633,741	2,324,494	575,867	575,867	577	577	577	577
EQUIPMENT	13,655							
TOTAL OPERATING COST	1,452,331	2,907,706	1,232,414	1,232,414	1,233	1,233	1,233	1,233
BY MEANS OF FINANCING								
	12.00*	9.00*	9.00*	9.00*	9.0*	9.0*	9.0*	9.0*
GENERAL FUND	1,192,303	1,085,791	1,232,414	1,232,414	1,233	1,233	1,233	1,233
	2.00*	*	*	*	*	*	*	*
REVOLVING FUND	260,028	1,821,915						
CAPITAL IMPROVEMENT COSTS								
DESIGN	283,000	117,000	53,000					
CONSTRUCTION	93,000	2,593,000	4,801,000					
EQUIPMENT			100,000					
TOTAL CAPITAL EXPENDITURES	376,000	2,710,000	4,954,000					
BY MEANS OF FINANCING								
G.O. BONDS	376,000	2,710,000	4,954,000					
TOTAL POSITIONS	14.00*	9.00*	9.00*	9.00*	9.00*	9.00*	9.00*	9.00*
TOTAL PROGRAM COST	1,828,331	5,617,706	6,186,414	1,232,414	1,233	1,233	1,233	1,233

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-105
PROGRAM STRUCTURE NO: 010102
PROGRAM TITLE: ARTS, FILM AND ENTERTAINMENT

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 AMT OF DIRECT EXPENDTURES FROM FILM PROD IN HAWAII	200	150	88.6M	140M	100M	80M	80M	80M
2 IMPACT ON STATE ECON BY FILM PROD DIRECT EXPENDS	12	10	141.6M	223.7M	159.8M	127.8M	127.8M	127.8M
3 TAX REV GEN BY DIRECT EXPEND FRM FILM PROD ($M)	18	20	11.4M	18.1M	12.9M	10.3M	10.3M	10.3M
4 FUNDG STIM IN ADD TO AFED BGT SPPTG ARTS/CULT/FILM	0.4	1		285000	200000	100000	100000	100000
PROGRAM TARGET GROUPS								
1 MAJOR HOLLYWD STUDIOS/US & INTL FILM/TV INDUSTRY	100	105	200	200	200	200	200	200
2 LOCAL PROD COMPANIES/LOCAL PROD PROFESSIONALS	408	400	4000	4000	4000	4000	4000	4000
3 LOCAL FILM FESTIVALS	50	50	20	20	20	20	20	20
4 TOURISTS PROMPTD BY LOCAL CULT/ARTS/EXP TO FILM/TV	17	30			TBD	TBD	TBD	TBD
5 NONPROFIT ARTS/CULT ORGS BENEF OF ECON ACT BY AFED	17	30	150	150	150	150	150	150
6 FOUNDATIONS AND OTHER FUNDING SOURCES	90	120	49	49	49	49	49	49
PROGRAM ACTIVITIES								
1 #FILM/TV/COMMERCIAL PROJS FILMING IN STATE YEARLY	2000	2000	145	140	140	140	140	140
2 # OF FILM PERMITS PROCESSED ANNUALLY	1100	1100	1300	1500	1500	1500	1500	1500
3 # LOCALLY FOCUSED EDUCATIONAL & PROMOTNL EVENTS	16	30	2	2	2	2	2	2
4 #OVERSEAS SALES/MKTG/PROMO ATTND/SPON/SPPT BY AFED	300	350	5	4	3	3	3	3
5 # OF ARTS, CULTURE AND FILM INQUIRIES	68	70	3000	3500	3500	3500	3500	3500
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY	398	446	445	526	586	586	586	586
REVENUE FROM OTHER AGENCIES: FEDERAL								
ALL OTHER								
CHARGES FOR CURRENT SERVICES	22	30						
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS	4,939	665	618	518	518	518	518	518
TOTAL PROGRAM REVENUES	5,359	1,141	1,063	1,044	1,104	1,104	1,104	1,104
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
GENERAL FUND	111	148	220	300	360	360	360	360
ALL OTHER FUNDS	5,246	993	843	744	744	744	744	744
SPECIAL FUNDS	1							
TOTAL PROGRAM REVENUES	5,358	1,141	1,063	1,044	1,104	1,104	1,104	1,104

A. Statement of Program Objectives

To promote the growth of, and to work as a business advocate for the film, video and digital media production industry; the diverse artistic and cultural resources of Hawaii; and Hawaii-made products by supporting and implementing programs, projects, and activities that result in: (1) an internationally recognized and self-sustaining cinema, television and digital arts industry; (2) an arts and culture industry that is a vibrant and sustainable sector of Hawaii's economy; and (3) the development and expansion of domestic and foreign markets for Hawaii's products.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The executive budget adds three temporary positions for the Hawaii Film Office; one temporary positions and $175,431 in general funds for the operations of the Hawaii Film Studio; and $50,000 in general funds for the creation of an "Economic Plan for the Creative Economy"; and $440,000 in general obligation funds for renovations and improvements to the Hawaii Film Studio.

C. Description of Activities Performed

Activities of the Arts, Film & Entertainment Division (AFED) include film/TV production facilitation, Film Studio operation and film/TV industry location marketing and promotion, facilitating activities for export- and visitor-related components of Hawaii's arts and culture industry; identifying and supporting economic development opportunities for Hawaii's creative sectors; attracting national, regional and international arts and culture events with the potential for positive net export and visitor-related benefits; and developing and expanding domestic and foreign markets for Hawaii-made products.

D. Statement of Key Policies Pursued

The policies of AFED are based on promoting the growth and working as a business advocate for the film, video and digital media production industry, the diverse artistic and cultural resources of Hawaii, and companies producing and/or manufacturing Hawaii-made products with the goal of creating new businesses, jobs and the diversification of Hawaii's economic base.

E. Identification of Important Program Relationships

AFED works with the county administrations, councils, film offices, and all county economic development boards; with state Departments of Labor & Industrial Relations, Commerce and Consumer Affairs, Health, Transportation, Taxation, Land and Natural Resources, Agriculture, Accounting and General Services, Hawaiian Home Lands, the University of Hawaii; Office of Hawaiian Affairs; federal agencies such as the Small Business Administration, U.S. Department of Commerce, Department of Defense, Economic Development Administration, National Marine Fisheries Service, National Park System, branches of the Military; unions; local trade and non-profit and for profit art organizations, chambers of commerce; financial institutions; and individual entrepreneurs and businesses.

F. Description of Major External Trends Affecting the Program

Hawaii's economy is strongly tied to the growth or decline of Asian and Mainland U.S. economies. The robust tourism business, the construction boom and prospects for multimillion-dollar federal contracts flowing into Hawaii are creating more discretionary income for Hawaii's people. Prospects for Hawaii's economy will continue to improve. Based on a strong state economy and improving conditions in Hawaii's major overseas markets, Hawaii's Gross State Product is expected to increase in the foreseeable future.

The resulting improvements in Hawaii's economy, as well as improvements in Hawaii's image as a good place to do business will provide new opportunities for all industries in Hawaii's creative economy, including the arts and culture industry, and the film, video and digital media production industry.

G. Discussion of Cost, Effectiveness, and Program Size Data

Resources need to continue to be expended to take advantage of business opportunities that emerge.

H. Discussion of Program Revenues

The Hawaii Film Office generates revenue through the rental of the Hawaii Film Studio.

I. Summary of Analysis Performed

The program uses input, output, and limited outcome analysis to determine program effectiveness. External factors interrelate so closely with most program activities that accurate independent analysis is usually not possible. In the case of Hawaii's film and television industry, annual statewide statistics are obtained through the film permit process and are valuable in showing how the industry has grown in the past decade and are a strong indication of future growth potential.

On the other hand, AFED and the ACDB were only created in 2003 within DBEDT in response to Governor Lingle's interest in seeing Hawaii's arts and culture industry as a vibrant and sustainable sector of Hawaii's economy. Based on our research and interactions in the community, there is an overarching need for economic planning relevant not only to our arts and culture community but to the entire creative economy of Hawaii. There is no comprehensive economic data available and there has been virtually no planning for this economic sector to date. Consequently, AFED is embarking on a planning process for the development of an "Economic Plan for the Creative Economy" that will entail two phases over approximately a 24-month period. Phase I will include an analysis of the scope, characteristics, impact and growth potential of Hawaii's creative sectors, which will provide measurable bench marks for each sector. Phase II will identify the strengths as well as the opportunities and strategies for growth.

Until such time that the plan is completed, we will not be able to summarize the findings of any program analysis performed or to evaluate baseline data on the various industry sectors.

J. Further Considerations

Hawaii's film and television industry has been identified as one of the state's top emerging industries and one that, with the proper levels of government support, could triple in size in the next five to ten years and become a viable player in the diversification of Hawaii's economy. Similarly, with additional government support, Hawaii's arts and culture industry could fulfill its potential as a vibrant and sustainable sector of Hawaii's economy.

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED107
PROGRAM STRUCTURE NO. 010103
PROGRAM TITLE: FOREIGN TRADE ZONE

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	21.00*	19.00*	19.00*	19.00*	19.0*	19.0*	19.0*	19.0*
PERSONAL SERVICES	782,125	900,884	1,053,444	1,053,444	1,054	1,054	1,054	1,054
OTHER CURRENT EXPENSES	649,703	975,080	902,097	902,097	902	902	902	902
EQUIPMENT	21,115							
MOTOR VEHICLE		25,000						
TOTAL OPERATING COST	1,452,943	1,900,964	1,955,541	1,955,541	1,956	1,956	1,956	1,956
BY MEANS OF FINANCING								
GENERAL FUND	1.00*	*	*	*	*	*	*	*
SPECIAL FUND	20.00*	19.00*	19.00*	19.00*	19.0*	19.0*	19.0*	19.0*
	1,452,943	1,900,964	1,955,541	1,955,541	1,956	1,956	1,956	1,956
CAPITAL IMPROVEMENT COSTS								
PLANS	50,000							
DESIGN	44,000	30,000						
CONSTRUCTION	13,000	2,388,000						
EQUIPMENT		850,000						
TOTAL CAPITAL EXPENDITURES	107,000	3,268,000						
BY MEANS OF FINANCING								
G.O. BONDS	107,000	3,268,000						
TOTAL POSITIONS	21.00*	19.00*	19.00*	19.00*	19.00*	19.00*	19.00*	19.00*
TOTAL PROGRAM COST	1,559,943	5,168,964	1,955,541	1,955,541	1,956	1,956	1,956	1,956

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-107
PROGRAM STRUCTURE NO: 010103
PROGRAM TITLE: FOREIGN TRADE ZONE

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 %VALUE INCR OF CARGO IN/OUT OF FTZ (EXCL SUBZONES)	29	4	23	3	3	3	3	3
2 % INCR VALUE CARGO IN/OUT OF ALL SUBZONES	39	-30	26	3	3	3	3	3
3 % INCR IN VALUE OF CARGO IN/OUT OF PIER 2 FACIL	14	8	-2	6	6	6	6	6
4 NEW FIRMS USING FTZ PROGRAM (NO.)	24	30	31	30	30	30	30	30
5 % INCR IN VALUE OF EXPORTS FROM ALL FTZ FACILITIES			27	5	5	5	5	5
6 INCR IN USERS' EMPLMT ATTRIB TO PARTIC IN FTZ PROG				60	60	60	60	60
7 SATIS RATING BY FTZ USERS (1-5 SCALE)		3		4	4	4	4	4
8 YEARLY SPECIAL FUND BAL (TOT REV LESS TOT EXP)	221	0	111	0	0	0	0	0
PROGRAM TARGET GROUPS								
1 FIRMS USING FTZ PROGRAM (NO.)	24	30	301	340	340	340	340	340
2 COMPANIES THAT IMPORT/EXPORT DUTIABLE MERCHANDISE			500	500	500	500	500	500
3 COMPANIES THAT MANUF USING DUTIABLE COMPONENTS	)67	70	70	70	70	70	70	70
PROGRAM ACTIVITIES								
1 VALUE OF CARGO IN/OUT OF FTZ (EXCLUDING SUBZONES)	349	349	934	575	575	575	575	575
2 VALUE OF CARGO IN/OUT OF SUBZONES ($ MILLION)	1312	800	3547	850	850	850	850	850
3 VALUE OF CARGO IN/OUT OF PIER 2 FACILITY	75	76	77	70	70	70	70	70
4 VALUE OF CARGO HANDLD FOR DEPT OF HOMELAND SEC	30	30		0	0	0	0	0
5 ADVERTISING/MARKETING EXPEND ON ZONE PROMOTION			7	50	50	50	50	50
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY	40	39	19	9				
REVENUE FROM OTHER AGENCIES: FEDERAL								
ALL OTHER								
CHARGES FOR CURRENT SERVICES	1,629	1,098	1,170	1,154	1,230	1,282	1,284	1,283
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS	100	500	100	100	100	100	100	100
TOTAL PROGRAM REVENUES	1,769	1,637	1,289	1,263	1,330	1,382	1,384	1,383
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
GENERAL FUND		400						
SPECIAL FUNDS	1,769	1,238	1,289	1,262	1,330	1,382	1,384	1,383
TOTAL PROGRAM REVENUES	1,769	1,638	1,289	1,262	1,330	1,382	1,384	1,383

A. Statement of Program Objective

To encourage value-added and international trading activities that will create new investment and job opportunities in Hawaii by operating a statewide Foreign-Trade Zone program that reduces the barriers and costs associated with international trade.

B. Description of Request and Compliance with Section 37-68(1) (A) (B)

Executive budget reflects two operating request changes (redescription of position and transfer of funds to cover estimated fringe benefits requirements) and the lapsing of $1.9 million in federal funds for a capital improvement project (CIP).

C. Description of Activities Performed

The Foreign-Trade Zone Division of the Department of Business, Economic Development and Tourism administers the federal grant for FTZ #9 which includes three general-purpose and four special-purpose zone sites. FTZ #9 operates as a public utility to make various economic advantages available to importing and exporting firms.

1. Operates the FTZ public warehousing and manufacturing complex as efficiently and effectively as possible.

2. Provides office, exhibit, warehousing and industrial space through leases and revocable permits.

3. Provides information to local, national and international traders and manufacturers concerning the advantages of operating in Hawaii and under the auspices of the Zone program.

4. Supports the private sector in its efforts to take full advantage of the benefits offered by the Foreign-Trade Zone program.

5. Plans for the expansion of services and facilities to meet the needs of firms which qualify for Zone utilization.

D. Statement of Key Policies Pursued

1. Operate the program as a self-sustaining enterprise so that operating expenditures are covered by operating revenues.

2. Provide for the timely expansion of physical plant and facilities support.

3. Operate as a public utility making the advantages of the FTZ program available to firms regardless of size or country of registration.

4. Actively promote Hawaii and its Foreign-Trade Zone program.

5. Promote the creation and expansion of special-purpose manufacturing activities in subzones and general-purpose zones throughout the State of Hawaii.

6. Observe and support FTZ Board guidelines to develop new business, promote the Zone concept, assist the port community in expansion, aid national export expansion, increase employment, and protect the revenue.

E. Identification of Important Relationships

The Foreign-Trade Zones Board in Washington, D.C. has the oversight authority for all foreign-trade zone operations in Hawaii. Additionally, federal oversight comes from the Port Director for the Honolulu Customs District of the Bureau of Customs and Border Protection. Locally, the State Department of Transportation

and the Hawaii Community Development Authority are important partners in the future development of the FTZ program.

F. Description of Major External Trends Affecting the Program

The development and growth of the program are dependent upon the amount of international trade that is moved through Hawaii. Those factors that contribute to increasing the amount of international trade in Hawaii increase the relevancy and importance of the foreign-trade zone program.

G. Discussion of Cost, Effectiveness, and Program Size Data

The operating capital costs for the budget period will slightly increase as the Zone program enhances its marketing efforts and seeks to upgrade certain facilities and equipment.

H. Discussion of Program Revenue

Revenues generated by the program consist of fees and charges for Zone usage by firms and for services provided to the Subzone operators. The program operating costs are covered by these revenues which are held in a special fund.

I. Summary of Analysis Performed

Not applicable.

J. Further Considerations

Increased program activity is anticipated as Hawaii's economy continues to improve. To better serve its customers, the FTZ program needs to obtain long-term control of the property it uses through an Executive Order.

PROGRAM ID: BED113
PROGRAM STRUCTURE NO. 0102
PROGRAM TITLE: TOURISM

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	3.00*	3.00*	3.00*	3.00*	3.0*	3.0*	3.0*	3.0*
PERSONAL SERVICES	1,483,085	1,563,426	2,103,369	2,103,369	2,104	2,104	2,104	2,104
OTHER CURRENT EXPENSES	106,238,238	107,469,183	115,096,631	116,596,631	116,596	116,596	116,596	116,596
EQUIPMENT	3,680							
TOTAL OPERATING COST	107,725,003	109,032,609	117,200,000	118,700,000	118,700	118,700	118,700	118,700
BY MEANS OF FINANCING								
GENERAL FUND	15,000							
	3.00*	3.00*	3.00*	3.00*	3.0*	3.0*	3.0*	3.0*
SPECIAL FUND	107,710,003	109,032,609	117,200,000	118,700,000	118,700	118,700	118,700	118,700
CAPITAL IMPROVEMENT COSTS								
PLANS		112,000						
DESIGN		263,000						
CONSTRUCTION	402,000	1,908,000						
EQUIPMENT		1,716,000						
TOTAL CAPITAL EXPENDITURES	402,000	3,999,000						
BY MEANS OF FINANCING								
G.O. BONDS	402,000	3,999,000						
TOTAL POSITIONS	3.00*	3.00*	3.00*	3.00*	3.00*	3.00*	3.00*	3.00*
TOTAL PROGRAM COST	108,127,003	113,031,609	117,200,000	118,700,000	118,700	118,700	118,700	118,700

PERFORMANCE MEASURES AND PROGRAM REVENUES

REPORT P62

PROGRAM ID: BED-113
PROGRAM STRUCTURE NO: 0102
PROGRAM TITLE: TOURISM

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 TOTAL VISITOR EXPENDITURES ($ BILLIONS)	11.46	12.64	10.6	11.1	11.6	12.1	12.1	12.1
2 TOTAL TRANSIENT ACCOMMODATIONS TAX COLLECTED	61.2	63	181848	198169	211250	223958	237007	250660
3 TOTAL VISITOR DAYS (M)			63.7	65.2	66.6	67.9	67.9	67.9
4 TOTAL VISITOR ARRIVALS (M)	77.5	77.5	6.67	7.1	7.1	7.1	7.1	7.1
5 AIRSEAT (M)	6205594		9.02	9.02				
6 HAWAII CONVENTION CENTER DELEGATE COUNT		90-95	162515	200000	200000	200000	200000	200000
PROGRAM TARGET GROUPS								
1 # ORGANIZATIONS THAT HOLD NATIONAL CONVENTIONS	778	778	1000	1000	1000	1000	1000	1000
2 TOTAL LONG-HAUL TRAVEL VISITS - JAPAN (M)	7	7	16.8	17	18			
3 # LEISURE TRIPS TAKEN BY AIRPLANE (US) (M)	1197.3	1197.3	57.4	49.7	61.9			
PROGRAM ACTIVITIES								
1 # SPORTING EVENTS ACTUALLY FUNDED	227	250	16	15	15	15	15	15
2 # PRODUCT ENRICHMT PROJECTS ACTUALLY FUNDED	18.7	7.9	112	115	115	115	115	115
3 # OF MAJOR FESTIVALS ACTUALLY FUNDED	5829000	5829000	9	12	12	12	12	12
4 # SPEECHES/PRESENTATIONS TO TOURISM STAKEHOLDERS	560	560	49	50	50	50	50	50
5 # OF STAKEHOLDER MEETINGS HELD	18	10.9	75	25	25	25	25	25
6 # OF PUBLICATIONS ISSUED			3	3	3	3	3	3
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES	93,752	93,812	97,304	101,015	104,886	108,892	113,096	113,096
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY	10,405	11,000	11,000	11,000	11,000	11,000	11,000	11,000
REVENUE FROM OTHER AGENCIES: FEDERAL								
ALL OTHER								
CHARGES FOR CURRENT SERVICES	26							
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS	5,600	6,200	6,000	6,000	6,000	6,000	6,000	6,000
TOTAL PROGRAM REVENUES	109,783	111,012	114,304	118,015	121,886	125,892	130,096	130,096
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
GENERAL FUND		200						
SPECIAL FUNDS	109,783	110,812	114,304	118,015	121,886	125,892	130,096	130,096
TOTAL PROGRAM REVENUES	109,783	111,012	114,304	118,015	121,886	125,892	130,096	130,096

A. Statement of Program Objectives
To achieve a strong and sustainable tourism industry that provides benefits to the state of Hawaii and its people.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)
The biennium budget reflects increases to the tourism special fund authorization to cover expenses related to the implementation of various tourism programs, initiatives, and activities pursuant to nine statewide tourism strategic initiatives described in the recently adopted "Hawaii Tourism Strategic Plan: 2005-2015." Funds will also be transferred from other current expenses to cover additional personnel services costs (salaries and fringe benefits) for the Hawaii Tourism Authority staff to implement and manage the numerous strategic initiatives.

C. Description of Activities Performed
The Hawaii Tourism Authority (HTA) recently completed a year long process to develop a tourism strategic plan for the State of Hawaii. The statewide plan is entitled the "Hawaii Tourism Strategic Plan: 2005-2015" (TSP). The TSP is a ten year strategic plan which will provide comprehensive overall strategic direction for Hawaii's visitor industry on a statewide basis. The TSP was developed using research from tourism studies and public input solicited from tourism stakeholders, state and county entities, and any interested organization or individuals from the private and public sectors, including the Hawaiian community. As a result, the TSP is based upon the following nine tourism strategic initiatives: Access; Communications and Outreach; Hawaiian Culture; Marketing; Natural Resources; Research and Planning; Safety and Security; Tourism Product Development; and, Workforce Development.

The implementation of these strategic initiatives will require the HTA to continue its support of the following current activities: airports and harbors greetings; advocacy of airlift capacity issues; communication and education of tourism stakeholders and the public regarding tourism development strategies, goals, objectives and benefits through public presentations, reports, internet, press releases, and community meetings; development of Hawaiian cultural activities and experiences for visitors and residents; development and implementation of various tourism marketing programs to attract the leisure and business visitor, including the management of the five tourism marketing management services contractors; invest in major sporting events; improve and repair high priority natural resource sites and the establishment of education programs to protect our natural resources; collaborate with other research and planning entities to develop programs and plans for the sustainability of the tourism industry; provide education and prevention programs for the safety of visitors; support new or enhance existing projects in agri-tourism, cultural tourism, ecotourism, edu-tourism, health and wellness tourism, techno-tourism; and, support the various tourism industry visitor services and educational programs.

The HTA will continue to implement activities that will increase the effectiveness of the marketing of the Hawaii Convention Center. The HTA's activities are focused on increasing the effectiveness of marketing efforts to maximize meetings, conventions, and visitor counts, quality servicing of the convention center clientele, and providing information to the community regarding its operations.

D. Statement of Key Policies Pursued
The Hawaii Tourism Authority (HTA) will focus on executing the policies and initiatives provided in the Hawaii Tourism Strategic Plan: 2005-2015 (TSP) through specific action plans designed to implement each of the nine tourism strategic initiatives that formed the framework of the TSP. The HTA will continue to emphasize the implementation of accountability programs, which will measure the results of each action plan. Since various statewide tourism strategic initiatives provided in the TSP are similar to the tourism initiatives provided in Ke Kumu, which is the HTA's tourism strategic plan, the HTA will continue to support current initiatives that will implement the tourism initiatives provided in the TSP.

E. Identification of Important Program Relationships

Key to the success of the Hawaii Tourism Strategic Plan: 2005-2015 (TSP) will be the joint efforts of the Governor's Tourism Liaison and the staff of the Hawaii Tourism Authority (HTA). Both parties must work together to ensure the active participation of the various government departments and agencies on the state and county levels that have been identified as either a lead or supporting agency responsible for implementing any one of the nine tourism strategic initiatives provided in the TSP. Pursuant to its additional responsibility to manage the implementation of the TSP, the HTA must also maintain relationships with the various parties in the private and public sector that have been identified in the TSP as being either a lead or supporting party responsible for the development and execution of action plans that will be designed to implement the strategic initiatives described in the TSP.

F. Description of Major External Trends Affecting the Program

Tourism is the number one economic engine for Hawaii. It accounts for 23 percent of the state's total employment and 22 percent of the gross state product. However, several external trends continue to affect tourism. Hawaii continues to compete with other visitor destinations that have consistently expended significant funds to market and promote their respective destination. Moreover, other convention center facilities have recently been built with either attached hotel amenities or other features that competes with the Hawaii Convention Center and Hawaii as a destination.

The current war in Iraq and threats of terrorism continue to instill a fear of traveling away from home. The resulting homeland security measures have further inconvenienced travelers at airports, especially those travelers that must travel long distance from international ports. The numerous restrictions, requirements, and burdensome process to obtain a VISA have resulted in limiting the number of foreign travelers and especially from China.

Although economic conditions have improved in Hawaii's three top visitor source markets (U.S. West, U.S. East and Japan), the future trend must be continually monitored to ensure that Hawaii's marketing efforts will appropriately address changing economic conditions.

G. Discussion of Cost, Effectiveness, and Program Size Data

The effectiveness of HTA's programs is measured against total visitor expenditures, which includes visitor days and visitor arrivals as part of its calculation.

	2002	2003	2004	2005 (projected)
TOTAL EXPENDITURES	$9.5 billion	$9.6 billion	$10.6 billion	$11.1 billion
VISITOR DAYS	60.5 million	60.7 million	63.7 million	65.2 million
VISITOR ARRIVALS	6.5 million	6.4 million	6.9 million	7.1 million

The slow but steady recovery of the U.S. economy and a continued focus on marketing activities in these two source markets are the primary rationale for the increase in visitor expenditures, visitor days and arrivals in 2004 from 2002.

H. Discussion of Program Revenues

Tourism Special Fund (TSF). Act 156, SLH 1998 established the TSF into which portions of the revenues from the Transient Accommodations Tax (TAT) may be deposited. Act 250, SLH 2002 authorizes the following changes with respect to TAT revenues deposited into the TSF:

- The percentage of TAT revenues deposited into the TSF was reduced from 37.9% to 32.6 %; and

- The difference of 5.3% was deposited into a newly established Transient Accommodation Tax Trust Fund to supplement shortfalls in the TSF when the TSF does not receive $63,329,000 in TAT revenues.

Convention Center Enterprise Special Fund (CCESF). Act 253, SLH 2002 established the CCESF and moneys in the fund shall be used to pay all debt service and all operating costs related to the convention center; provided, that beginning January 1, 2002, if the amount of TAT revenues collected for deposit into the CCESF exceeds $31 million in any calendar year, the excess revenues collected shall be deposited into the general fund.

I. Summary of Analysis Performed

For the year 2004, the tourism industry in Hawaii is projected to account for 23% of the total employment in the State; produce 22% of Hawaii's gross State product, and contribute $1.14 billion to the total state and county tax revenues.

J. Further Considerations

None.

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OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED120
PROGRAM STRUCTURE NO. 010501
PROGRAM TITLE: STRATEGIC INDUSTRIES

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	12.00*	11.00*	11.00*	11.00*	11.0*	11.0*	11.0*	11.0*
PERSONAL SERVICES	1,518,250	1,689,062	1,910,929	1,910,929	1,911	1,911	1,911	1,911
OTHER CURRENT EXPENSES	1,145,405	2,799,475	4,630,041	4,386,541	4,387	4,387	4,387	4,387
EQUIPMENT	34,796	500	67,820	11,320	11	11	11	11
TOTAL OPERATING COST	2,698,451	4,489,037	6,608,790	6,308,790	6,309	6,309	6,309	6,309
BY MEANS OF FINANCING								
	12.00*	11.00*	11.00*	11.00*	11.0*	11.0*	11.0*	11.0*
GENERAL FUND	1,022,081	927,599	3,000,116	2,700,116	2,701	2,701	2,701	2,701
	*	*	*	*	*	*	*	*
OTHER FED. FUNDS	1,676,370	3,561,438	3,608,674	3,608,674	3,608	3,608	3,608	3,608
TOTAL POSITIONS	12.00*	11.00*	11.00*	11.00*	11.00*	11.00*	11.00*	11.00*
TOTAL PROGRAM COST	2,698,451	4,489,037	6,608,790	6,308,790	6,309	6,309	6,309	6,309

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-120
PROGRAM STRUCTURE NO: 010501
PROGRAM TITLE: STRATEGIC INDUSTRIES

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 # QUALIFIED TRADE LEADS GENERATED	570	570	615	571	202	202	202	202
2 #BUS/ORGS PARTIC IN OUTRCH, MKT & INDUS DEV ACTIV	767	767	934	935	710	660	610	510
3 DECLINE IN ENERGY USE PER CAP/PER ECON OUTPUT UNIT	117949	117937	7768	7745	7721	7698	7675	7652
4 RATIO OF EXTERNAL:STATE MATCHING SPPT OF COOP ACT	4:03	4:01	3.97:1	6.00:1	3.86:1	3.86:1	3.86:1	3.86:1
PROGRAM TARGET GROUPS								
1 # BUS/ORG INTERSTD IN ENERGY/ENV/OCEAN/RECY PROD	3519	3519	3421	3410	3300	3300	3300	3300
2 ENERGY CONSUMERS, STATEWIDE	1307639	1318100	1389967	1349988	13529.8	112.158	199.503	194.298
3 ENERGY PRODUCERS, STATEWIDE	61	58	58	58	58	58	58	58
PROGRAM ACTIVITIES								
1 # BUSINESS DEV & PROMO ACTIVITIES DEV & SUPPORTED	14	14	16	31	5	5	5	5
2 # IND/MARKET DEV ASSESSMENTS CONDUCTED	9	9	7	7	3	3	3	3
3 # INDUSTRY OUTREACH PROJECTS DEV & IMPLEMENTED	13	13	29	24	8	8	8	8
4 # ENERGY EFFIC & RENWBLE ENRG PROJ DEV & IMPLMTD	30	30	58	66	15	15	15	15
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY	41	40	44	42	43	31	11	11
REVENUE FROM OTHER AGENCIES: FEDERAL	505	571						
ALL OTHER								
CHARGES FOR CURRENT SERVICES								
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS								
TOTAL PROGRAM REVENUES	546	611	44	42	43	31	11	11
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
SPECIAL FUNDS	546	611	44	42	43	31	11	11
TOTAL PROGRAM REVENUES	546	611	44	42	43	31	11	11

A. Statement of Program Objectives

To achieve the growth, diversification, and long-term stability of the State's economy by facilitating the development of Hawaii industries centered on energy, environmental, ocean, and sustainable technology-based products and services.

B. Description of Request and Compliance with Section 37-68(1) (A) (B).

The Fiscal Biennium 2005-07 Budget includes the following requests:

1. Increases of $551,769 and $251,769 in general funds for FY06 and FY07, respectively, to implement petroleum industry data and information functions statutorily assigned by Chapter 486J, HRS. This request also includes funds for staff to fulfill the functions set out in the law.

2. Increases of $1.5 million for each year of the fiscal biennium to provide State matching funds for the Hawaii Experimental Program to Stimulate Competitive Research (EPSCoR) grant provided by the National Science Foundation.

3. Transfer $29,910 in federal funds in each year of the fiscal biennium from "Other Current Expenses" to "Personal Services" to cover estimated personal services requirements.

C. Description of Activities Performed

The Strategic Industries Division (SID) implements the State Energy Resources Coordinator's (ERC) responsibilities as it conducts energy planning and policy development activities in energy efficiency, renewable energy and clean fossil energy resources, maintains and exercises energy emergency preparedness & critical energy infrastructure protection plans and procedures, and participates in relevant legislative and administrative policy proceedings.

SID implements special energy and sustainable projects with grant funds awarded competitively by the U.S. Department of Energy (DOE) and the U.S. Environmental Protection Agency. SID promotes energy efficiency through the Model Energy Code; performance contracting in state facilities, using private partnerships to install cost-effective, energy-efficient equipment; county energy efficiency programs; consumer education; partnerships with professional builders and designers; and recycling and reuse to encourage remanufacturing and recycling businesses.

SID promotes increased exports of products and services from Hawaii's technology-based enterprises and resource-based industries into the Asia/Pacific Region by facilitating entry into new overseas markets through trade missions, personal contacts, and analyses of markets.

SID provides policy analysis and industry development support for ocean industries to position Hawaii as a premier ocean science and technology site and source of related products and services. SID also supports the department's efforts to grow the technology sector in Hawaii, focusing on competitive strengths in dual use, life sciences, and other high growth potential industries.

SID leads the department's efforts to link the University of Hawaii with the Hawaii business community, increase the University's ability to create and grow businesses from the research and innovation coming from the university, and maximize its potential as an economic engine for Hawaii. In addition, SID assists the University and the private sector to obtain major federal funding for programs benefiting Hawaii's economy.

D. Statement of Key Policies Pursued

The legal basis for support of Hawaii's energy program is cited in HRS Chapter 226 (Hawaii State Planning Act), Section 18, which lists the state's energy objectives to reduce dependence on imported petroleum.

Chapter 196, and Chapter 226-18, HRS, require state energy planning and project activities in energy efficiency, renewable energy and clean fossil energy resources directed toward the achievement of these energy policies. SID also supports Chapter 26-18(a), HRS, which provides that the Department of Business, Economic Development & Tourism (DBEDT): [S]hall . . . *encourage the development and promotion of industry and international commerce through programs established by law.*

Chapters 125C and 128, HRS, assign energy emergency and critical energy infrastructure protection planning and response functions to DBEDT, which SID conducts with industry and State Civil Defense. Chapter 486J, HRS, assigns expansive petroleum data functions to SID.

E. Identification of Important Program Relationships

SID relationships include: Departments of Accounting and General Services, Agriculture, Health, Land and Natural Resources, and Transportation, State Civil Defense, Consumer Advocate, Office of Environmental Quality Control, Public Utilities Commission, University of Hawaii, Natural Energy Laboratory of Hawaii Authority, High Technology Development Corporation, Hawaii Strategic Development Corporation, Pacific International Center for High Technology Research, County governments, U.S. Departments of Energy, Interior, and Commerce, National Laboratories, Environmental Protection Agency, private sector energy, building and design, as well as technology and related service companies, and energy consumers; ocean industry groups and companies.

F. Description of Major External Trends Affecting the Program

Energy programs supported by the federal government increasingly rely on state governments to deploy advanced energy technologies. Markets for these technologies continue to grow within Asia-Pacific. Alternative energy is recognized as an important growth sector for Hawaii's economy.

Maturation of the ocean R&D industry, as evidenced by the commercialization of products and services developed with R&D funding, has led to a refocus of program effort to a broader ocean science and technology industry.

G. Discussion of Cost, Effectiveness and Program Size Data

Besides state support, SID pursues federal funds to support the Governor's initiatives. Over the past nine years, SID has developed about $4.6 million of federal funds, an average of over $500,000 per year. These grants are developed through public/private partnerships and contracts are awarded to the private sector, thus helping to grow this sector.

SID tracks several measures of effectiveness to monitor its performance:

Number Of Businesses And Organizations Participating In Outreach, Market And Industry Development Activities: Several hundred companies doing business in Hawaii have participated in SID-supported conferences, workshops, and seminars in Hawaii, some of which have attracted many potential Asian customers.

Energy Use Per Capita/Gross State Product (GSP). Hawaii's energy intensity, the ratio of energy input to GSP output, has continued to decrease over the past 20 years, from approximately 10,733 Btu/$1.00 of *GSP in 1979 to 8,924 Btu/$1.00 of GSP in 1989 to 8,106 Btu/$1.00 of GSP in 1999. As of FY 05, this value has improved to 7,768 Btu/$1.00 of GSP.
(*GSP in constant 1996 dollars, reflecting an update from past use of 1987$.)

Increased Energy Efficiency. Energy efficiency projects from performance contracting in public facilities are estimated to generate about $ 64 million of investment in energy efficiency projects. Together, these efficiency initiatives are estimated to generate $31 million in estimated income to the economy.

SID continues to update the state Model Energy Code (MEC) which will result in cost effective, energy efficient new building construction. Statewide peak demand savings over a 20-year period of implementation will be about 50 megawatts.

Federal-Level Initiative for Hawaii's Energy Diversity. SID recently obtained a major federal grant in partnership with the University of Hawaii and several private companies to develop a hydrogen economy for the State of Hawaii. This grant will position the state to be among the leaders in the nation for research, development and deployment of fuel cells and hydrogen.

Provision of Business Development Information to and Promotion of Hawaii Companies. SID develops market intelligence, develops leads to business opportunities in Asia-Pacific, and facilitates introductions to government and private sector officials to develop overseas markets for Hawaii technology companies.

Record Oil and Gasoline Prices, Expanded Petroleum Industry Data Functions for A State Watchdog Monitoring & Enforcement System. Chapter 486J, HRS, was passed as Act 257, SLH 1997, amended by Act 77, SLH 2002, and again by Act 242, SLH 2004, mandating successively wider expansions of DBEDT's petroleum industry data and information functions for which implementation resources have never been provided. With adequate resources, DBEDT plans to develop and implement a petroleum industry monitoring system to gain market transparency to determine and report industry profitability and reasonableness of gasoline prices to legislators, consumers, and other policymakers, as well as provide enforcement agencies information they need to determine whether legal intervention is warranted.

H. Discussion of Program Revenues

SID actively seeks grants from competitively awarded proposals from federal funds, but state funding must be maintained to provide the cost match normally required by the federal government.

I. Summary of Analysis Performed

SID also conducts an annual survey of ocean science and technology industry revenues and employment to promote this important sector of the economy.

J. Further Considerations

None.

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OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED142
PROGRAM STRUCTURE NO. 010104
PROGRAM TITLE: GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	32.00*	34.00*	34.00*	34.00*	34.0*	34.0*	34.0*	34.0*
PERSONAL SERVICES	1,671,990	1,819,810	1,898,175	1,898,175	1,898	1,898	1,898	1,898
OTHER CURRENT EXPENSES	326,808	382,051	382,051	382,051	382	382	382	382
EQUIPMENT	18,453							
TOTAL OPERATING COST	2,017,251	2,201,861	2,280,226	2,280,226	2,280	2,280	2,280	2,280
BY MEANS OF FINANCING								
	32.00*	34.00*	34.00*	34.00*	34.0*	34.0*	34.0*	34.0*
GENERAL FUND	2,017,251	2,201,861	2,280,226	2,280,226	2,280	2,280	2,280	2,280
TOTAL POSITIONS	32.00*	34.00*	34.00*	34.00*	34.00*	34.00*	34.00*	34.00*
TOTAL PROGRAM COST	2,017,251	2,201,861	2,280,226	2,280,226	2,280	2,280	2,280	2,280

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-142
PROGRAM STRUCTURE NO: 010104
PROGRAM TITLE: GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 % CONTRACTS & LTRS OF AGMT PROC/REVWD W/IN 10 DAYS	1	-13	100	100	100	100	100	100
2 % CHNG IN AMT OF FED & NONSTATE GRANT FUNDS RECD	-41	10	41	0	0	0	0	0
3 % ERROR-FREE SUMMARY WARRANT VOUCHERS PROCESSED	97	95	99	95	95	95	95	95
4 SERVER DOWNTIME AS % TOTAL OPERATIONAL TIME	-29	27		<2.0%	<2.0%	<2.0%	<2.0%	<2.0%
5 % DBEDT EMPLOYEES WORKING W/OUT FORMAL GRIEVANCE	2	10	98	98	98	98	98	98
PROGRAM TARGET GROUPS								
1 STATE RESIDENT POPULATION (1000S)	1185	1206	1257	1271	1285	1298	1312	1326
2 STATE DE FACTO POPULATION (000S)	1307	1315	1376	1395	1414	1431	1447	1464
3 NUMBER OF DBEDT POSNS (PERMANENT & TEMPORARY)	677	692	251	247	258	258	258	258
PROGRAM ACTIVITIES								
1 # OF TESTIMONIES PRESENTED AT LEG HEARINGS	457	457	519	500	500	500	500	500
2 # OF REQUESTS FOR ALLOTMENT (A19) PREPARED	236	170	162	162	162	162	162	162
3 # OF IFBS AND RFPS ADVERTISED	26	25	22	22	22	22	22	22
4 # OF CONTRACTS & LETTERS OF AGMT EXECUTED	347	300	278	278	278	278	278	278
5 # OF SUMMARY WARRANT VOUCHERS PROCESSED	10	11	3085	3000	3000	3000	3000	3000
6 AMT OF FED & NONSTATE GRANT FUNDS RECD ($1000S)	9968	12677	13289	13000	13000	13000	13000	13000
7 # OF FORMAL GRIEVANCES PROCESSED ANNUALLY	122	134	5	5	5	5	5	5
8 # OF HR/PERSONNEL TRANSACTIONS PROCESSED ANNUALLY			1050	1050	1050	1050	1050	1050
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY								
REVENUE FROM OTHER AGENCIES: FEDERAL								
ALL OTHER								
CHARGES FOR CURRENT SERVICES	29							
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS								
TOTAL PROGRAM REVENUES	29							
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
GENERAL FUND	29							
TOTAL PROGRAM REVENUES	29							

A. Statement of Program Objectives

To enhance program effectiveness and efficiency of economic development programs by formulating policies and plans, directing operations, allocating resources, providing staff support and other administrative services, and coordinating with and informing the public about programs, services, projects, and activities.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The biennium budget request includes the deletion of two temporary positions in the Administrative Services Office and the addition of one temporary position for the Office of Tourism Liaison.

C. Description of Activities Performed

The Office of the Director provides for the overall direction and coordination of Statewide economic development, and energy programs. It formulates and executes the economic development policies of the Governor and executive branch and executes economic development initiatives proposed and approved by the Legislature.

The Administrative Services Office (ASO) provides internal management, fiscal, budgetary, contract, personnel, computer and office automation, and other miscellaneous administrative services in support of DBEDT programs and activities.

D. Statement of Key Policies Pursued

The activities of this program focus on facilitating, coordinating, and expediting decision-making in Statewide economic development, and energy use and development.

E. Identification of Important Program Relationships

Relationships are maintained with all major programs and departments of the State; planning, economic development, and energy programs at both Federal and State levels; and with the organizations, institutions, and other segments of commerce and industry.

F. Description of Major External Trends Affecting the Program

There are many externalities that directly and indirectly affect program activities. These include crisis situations such as strikes, natural disasters, or international conflicts which require immediate policy analyses and recommendations for action; national and international fiscal policies and economic conditions; the Federal budget deficit and its attendant effects on the Federal program levels and activities; and the expanding use of local and State fiscal resources in updating and expanding infrastructure systems. Additionally, unemployment, inflation, environmental, and demographic concerns affect planning for economic development and the implementation of priority directions of the Hawaii State Plan.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

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OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED143
PROGRAM STRUCTURE NO. 010502
PROGRAM TITLE: HIGH TECHNOLOGY DEVELOPMENT CORPORATION

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	3.00*	3.00*	3.00*	3.00*	3.0*	3.0*	3.0*	3.0*
PERSONAL SERVICES	1,035,347	1,917,276	1,679,494	1,679,494	1,679	1,679	1,679	1,679
OTHER CURRENT EXPENSES	2,401,759	25,610,666	6,927,858	6,632,858	6,633	6,633	6,633	6,633
EQUIPMENT	21,296	30,000	30,000					
TOTAL OPERATING COST	3,458,402	27,557,942	8,637,352	8,312,352	8,312	8,312	8,312	8,312
BY MEANS OF FINANCING								
	1.50*	1.50*	1.50*	1.50*	1.5*	1.5*	1.5*	1.5*
GENERAL FUND	1,160,518	1,031,795	936,930	843,237	843	843	843	843
	1.50*	1.50*	1.50*	1.50*	1.5*	1.5*	1.5*	1.5*
SPECIAL FUND	870,039	2,227,094	2,411,030	2,479,723	2,480	2,480	2,480	2,480
	*	*	*	*	*	*	*	*
OTHER FED. FUNDS	1,427,845	22,799,053	3,789,392	3,489,392	3,489	3,489	3,489	3,489
REVOLVING FUND		1,500,000	1,500,000	1,500,000	1,500	1,500	1,500	1,500
CAPITAL IMPROVEMENT COSTS								
PLANS	5,000	506,000						
LAND ACQUISITION		1,000						
DESIGN	711,000	702,000						
CONSTRUCTION	89,000	15,054,000						
EQUIPMENT	181,000	1,902,000						
TOTAL CAPITAL EXPENDITURES	986,000	18,165,000						
BY MEANS OF FINANCING								
G.O. BONDS	281,000	2,060,000						
REVENUE BONDS	705,000	16,105,000						
TOTAL POSITIONS	3.00*	3.00*	3.00*	3.00*	3.00*	3.00*	3.00*	3.00*
TOTAL PROGRAM COST	4,444,402	45,722,942	8,637,352	8,312,352	8,312	8,312	8,312	8,312

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-143
PROGRAM STRUCTURE NO: 010502
PROGRAM TITLE: HIGH TECHNOLOGY DEVELOPMENT CORPORATION

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 # OF COMPANIES ASSTD AT HTDC INCUBATION CENTERS	167	170	112	160	170	165	165	170
2 MKTG:# OF INDIVIDUALS OR COMPANIES ASSISTED	530	580	36724	36980	37758	38645	39662	40680
PROGRAM TARGET GROUPS								
1 # OF POTENTIAL TECH-BASED COMPANIES	1024	1025	2150	2550	2635	1698	1764	1839
2 # OF COMPANIES APPLYING FOR INCUBATION SERVICES			19	60	65	70	75	80
PROGRAM ACTIVITIES								
1 # OF CONTACTS AND RESPONSES	1424	1570	148639	150714	155727	160287	165297	170308
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY	360	304	220	238	213	211	208	208
REVENUE FROM OTHER AGENCIES: FEDERAL	3,863	20,437	3,400	3,400				
ALL OTHER								
CHARGES FOR CURRENT SERVICES	842	830	1,143	1,104	1,057	1,008	958	958
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS								
TOTAL PROGRAM REVENUES	5,065	21,571	4,763	4,742	1,270	1,219	1,166	1,166
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
SPECIAL FUNDS	5,065	21,571	4,764	4,742	1,270	1,219	1,166	1,166
TOTAL PROGRAM REVENUES	5,065	21,571	4,764	4,742	1,270	1,219	1,166	1,166

A. Statement of Program Objectives

To develop and promote Hawaii's science and technology assets and resources; implement programs to support the attraction, expansion, and retention of technology companies; support firms engaged in technology research & investment, and projects that support national and State interests; utilize facilities and infrastructure in Hawaii to foster commercial technology development; and promote and provide support for businesses involved in information & telecommunication technology, biotechnology, medical healthcare technology and earth/ocean/space science technologies.

B. Description of Request and Compliance with Section 37-68 (1)(A)(B)

The biennium budget requests includes:

- General Fund: Reduction of $104,103 in FY06 and $197,796 in FY07.
- Special Fund: a) Increase of $104,103 in FY06 and $197,796 in FY07, b) reallocate $23,378 to Personal Services to cover estimated fringe benefit increase, c) and increase in the appropriation of $75,000 in FY06 and $50,000 in FY07 to accommodate small renovations and improvement.
- Federal Fund: a) Eliminate various alternative transportation technology project appropriations totaling $19,006,787 in FY06 and FY07; b) Eliminate $300,000 for the EDA grant in FY07, which is funded only in its startup period; c) Reallocate $146,258 of HCATT funds to Personal Services to cover estimated requirements, and d) Reallocate $18,336 of MEP funds to Personal Services to cover estimated fringe benefits increase.

C. Description of Activities Performed

1) Enhance high tech incubation program
   a) Manoa Innovation Center (MIC) and Maui Research & Technology Center (MRTC): The centers provide networking opportunities, business development services, links emerging commercial high tech ventures to University research & development organizations, high tech communications capabilities (voice, video, data), and other business support amenities and services. A virtual incubation program is also available to companies that do not want to physically reside at the centers.
   b) West Kauai Technology and Visitor Center: HTDC assisted with securing federal financing for construction of phase II, through an agreement with the Kauai Economic Development Board (KEDB). KEDB leases the land on which the building is located from HTDC. HTDC is providing virtual incubation services at the center.
   c) Other Tech Centers throughout the State: HTDC will provide support in the development of small new incubation spaces in rural areas and other projects, if resources are available. The Hawaii Innovation Center at Hilo (HICH) is an example.
2) Facilitate Federal and Dual Use Opportunities
   a) Small Business Innovation Research (SBIR): The purpose of the Hawaii SBIR program is to expand science and technology-based economic development, increase revenues, and provide quality job opportunities in Hawaii. This program also helps to develop Hawaii's scientific and research expertise that is focused on future commercialization opportunities.
   b) Hawaii Center for Alternative Transportation Technologies (HCATT): Funding is currently coming from the U.S. Air Force for projects on Hickam Air Force Base. Additional projects are always being sought.
   c) UH Office of Technology Transfer and Economic Development: OTTED maintains offices within HTDC incubation centers, offering tech tenants interaction with UH research programs. Continue to coordinate closely on research projects with potential commercial opportunities.
   d) Manufacturing Extension Partnership (MEP) program: Funded in July 2003 by the National Institute of Standards and Technology to assist small companies in business management and product develop.
   e) Statewide Virtual Incubation Program: Funded in May 2004 by the Economic Development Administration to assist in starting-up the virtual incubation program for companies that are not physically located at a incubation center.

3) Focus Marketing and Promotion Narrowly.
   a) Conferences and workshops include the Hawaii Small Business Innovation Research Grant Program Workshops, Pacific Telecommunication Council conferences, Hawaii ITEC, Pac Telecom, Wayne Brown Investors Choice International conference, National Business Incubation Association (NBIA), and other conferences in partnerships with public sector organizations.
   b) State Tech Web Site: www.hitechhawaii.com, a one-stop informational web portal for visitors and local companies to assist with marketing of Hawaii's high tech capabilities, information on Act 221 and Act 215 and links to a calendar of tech related events, tech job opportunities (techjobshawaii.com), HTDC Directory of Tech Companies in Hawaii, links to other technology resources statewide, and help sites to establish business in Hawaii.
   c) Public relations, publications, editorials, spots on tech-related television programs, and participation in the trade mission to China.
   d) Conduct marketing campaign targeted at local companies for expansion and retention by promoting available services and programs of HTDC. Highlight local tech companies at conferences and shows. HTDC will leverage resources by entering into partnerships.
   e) Promote programs and seminars offered by HTDC to local companies as part of its awareness campaign.
4). Status of High Tech in Hawaii and support needed by the technology industry.
   a) Continue biennial assessment of the local technology industry to determine industry needs, trends, and policies.
   b) Promote and support initiatives at the legislature that enhance the business climate for the high tech industry. HTDC will also coordinate initiatives led by other organizations that deal with the regulatory environment, improve the general business climate and continue to work with organizations that provide leadership on high tech specific initiatives.
   c) Provide support of other organizations directly involved in building infrastructure for internal and external connectivity.
   d) Continue efforts to provide skilled tech workers by recruiting former Hawaii residents (TechJobsHawaii.com).

D. Statement of Key Policies Pursued

Technology is recognized as a Level II Program, but does not appear in the Hawaii State Plan.

E. Identification of Important Program Relationships

Important program relationships include: Hawaii State Legislature; local Chambers of Commerce; County Economic Development Boards; Federal Agencies; Hawaii Technology Trade Association, Maui High Performance Computing Center, Pacific International Center for High Technology Research, Pacific Missile Range Facility, Hawaiian Electric Company, Small Business Development Center, various technical and professional technology organizations, individuals providing technical advisory services to incubation program companies and other technology companies within the State; University of Hawaii: Office of Technology Transfer & Economic Development (OTTED), Research Corporation of the University of Hawaii (RCUH),University of Hawaii School of Medicine, Community College System, East West Center; State Agencies, Hawaii Strategic Development Corporation, Hawaii Tourism Authority, Natural Energy Laboratory Authority, Hawaii Community Development Authority; DAGS ICSD; DOE; DHRD; and Dept. of Taxation.; and professional technology-based economic development associations and institutes.

F. Description of Major External Trends Affecting the Program

1) Slow turn of Tech Economic nationwide: HTDC needs to continue its programs despite the slowdown in the tech industry and tightening venture capital availability. These factors have affected the growth potential of high tech in Hawaii and will likely continue for a while.
2) Lack of capital financing for tech startups: Hawaii continues to face the challenge of developing a sufficient capital base to finance the early stages of small start-up technology companies. While both the State and private sector continues efforts to provide a network of investment capital to these companies, it remains difficult to compete for the limited dollars available.

G. Discussion of Cost, Effectiveness, and Program Size Data

Costs FY2003-04: (includes general, special, federal and revolving funds)

Budgeted	$6.766 million
Actual	$3.458 million
Variance	$3.308 million

Primary reasons for variances are:

The variance is primarily due to lower than budgeted expenditures in the special and federal funds and no activity in the revolving fund. There were few new projects that generated additional revenues, thus limited the amount of expenditures from the special fund. The electric vehicle program transitioned from one funding agency to another, thus portions from both appropriations went uncommitted.

Effectiveness:	FY04 Target	FY04 Actual	FY05 Proj.
1. Mktg: # of people or co. assisted	905	36724	36980
2. # of companies asst. at incub. ctrs.	45	112	160

Primary reasons for variances are:

1. The Internet has significantly broadened HTDC's ability to reach and assist individuals or companies remotely. Assistance through HTDC's websites raises the statistic well above the budget.

2. The start up of the Virtual Incubation Program contributes to the higher actual statistic. The virtual program provides incubation services to companies that do not physically reside at the centers.

H. Discussion of Program Revenues

Program revenues are primarily generated from rents and user fees charged to occupants at MIC & MRTC. Other revenues include fees collected from conferences, parking, interest, and potential funding for new projects obtained through contracts or private sector grants. The federally funded MEP program generates revenues from services provided by the staff and the funds are expended back into the program. Revenues are used to cover a portion of the program's operating budget and to set aside funds for major building(s) repairs and replacements.

I. Summary of Analysis Performed

Not applicable.

J. Further Considerations

None.

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OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED145
PROGRAM STRUCTURE NO. 010503
PROGRAM TITLE: HAWAII STRATEGIC DEVELOPMENT CORPORATION

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	*	*	1.00*	1.00*	1.0*	1.0*	1.0*	1.0*
PERSONAL SERVICES	111,431	92,560	229,419	254,638	254	254	254	254
OTHER CURRENT EXPENSES	232,032	48,755	5,613,650	5,601,650	5,602	5,602	5,602	5,602
EQUIPMENT	3,181							
TOTAL OPERATING COST	346,644	141,315	5,843,069	5,856,288	5,856	5,856	5,856	5,856
BY MEANS OF FINANCING								
	*	*	1.00*	*	*	*	*	*
GENERAL FUND		141,315	92,848					
	*	*	*	1.00*	1.0*	1.0*	1.0*	1.0*
REVOLVING FUND	346,644		5,750,221	5,856,288	5,856	5,856	5,856	5,856
TOTAL POSITIONS	*	*	1.00*	1.00*	1.00*	1.00*	1.00*	1.00*
TOTAL PROGRAM COST	346,644	141,315	5,843,069	5,856,288	5,856	5,856	5,856	5,856

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-145
PROGRAM STRUCTURE NO: 010503
PROGRAM TITLE: HAWAII STRATEGIC DEVELOPMENT CORPORATION

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 INCR IN LEVERAGING PUBLIC INV W/PRIVATE CAPITAL	2:01	2:01	6000000	4000000	5000000	0000000	5000000	0000000
2 INCR IN NUMBER OF VENTURE CAP PARTNERSHIPS ESTAB	2	1	1	2		1	1	
3 INCREASE IN NUMBER OF COMPANIES FUNDED	3	3	3	3	4	4	4	5
4 AMT NEW INV CAPITAL RAISD THRU STATE PRIV INV FUND			0	0	5000000	0000000	5000000	
PROGRAM TARGET GROUPS								
1 ENTREPRENEURIAL START-UP COMPANIES	3	3	24	27	30	33	37	41
2 POTENTIAL INVEST ORG,INCL HIGH NET WORTH INDIVIDS	2	1	2	3	5	7	12	15
3 SUPPORT ORGS INCLUDING LEGAL & ACCT FIRMS	3	3		1	1	2	1	1
PROGRAM ACTIVITIES								
1 REINVEST INVEST DISTRIB IN NEW VENTURE PARTNERSHIP	1	1			1000000		2000000	3000000
2 ORGANIZE AND SPONSOR VENTURE CAPITAL CONF			2	2	2	3	3	3
3 ENTREPRENEURIAL TRAINING PROGRAMS			3	3	3	3	4	4

PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):

TAXES	
LICENSES, PERMITS AND FEES	
REVENUES FROM THE USE OF MONEY AND PROPERTY	4
REVENUE FROM OTHER AGENCIES: FEDERAL	
ALL OTHER	
CHARGES FOR CURRENT SERVICES	
FINES, FORFEITS AND PENALTIES	
NON-REVENUE RECEIPTS	733
TOTAL PROGRAM REVENUES	737

PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):

ALL OTHER FUNDS	737
TOTAL PROGRAM REVENUES	737

A. Statement of Program Objectives

To create funding mechanisms for investment in emerging technology companies by developing networks to organize public and private sources of capital and grow infrastructure development support for venture capital.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The Executive Budget proposes to: consolidate the HCLP under management of the HSDC board of directors to accomplish cost efficiencies, allow a portfolio approach to the State's major business financing programs, and to optimize utilization of financial resources; change the means of financing from general funds to revolving funds, and adds a temporary clerical position.

This request is in compliance with Section 37-68 (1)(A)(B).

C. Description of Activities Performed

HSDC invests public funds in privately managed venture capital limited partnerships, which in turn invest in emerging Hawaii companies. By so doing HSDC assists in technology development and launching new companies and industries for the state. HSDC sponsors conferences bringing in venture capitalists to meet with entrepreneurs and positioning them for possible investment.

The DBEDT Capital Loan Program provides direct loans to businesses which are turned down for loans by banks. This program has long served as a "lender of last resort" for business borrowers. Program activities include loan assessment and monitoring of loans.

D. Statement of Key Policies Pursued

HSDC has established a policy of "indirect investments," whereby it invests funds in professionally managed venture capital partnerships. In this manner the state gains private sector expertise to identify promising companies, technologies, and markets, and reduces program operating costs.

The Capital Loan Program requires that borrowers receive two bank turndowns and have adequate means or loan repayment.

E. Identification of Important Program Relationships

HSDC has established broad networks with venture capitalists, entrepreneurs, the University of Hawaii, and support firms such as accountants and securities lawyers to bring to commercialization new technologies.

The HCLP to be effective will seek to make loans on a participating basis with financial institutions, so that it lends on a public/private partnership basis.

F. Description of Major External Trends Affecting the Program

State financing programs are impacted by national and international markets. The worldwide technology sector has been adversely impacted since the technology market collapsed in 2000-2001, and is still struggling to recover. This has affected company valuations and the public stock offering market.

With the strong Hawaii economy and relatively low interest rate environment, conditions should be favorable for increased business lending.

G. Discussion of Cost, Effectiveness, and Program Size Data

The state's venture capital and loan programs are very efficiently run with only one professional staff member for each activity. The proposed merger will allow increased efficiencies through the use of a shared clerical assistant.

The state's venture capital investments of $16 million has been leveraged with private capital by over 8 times, over 60 companies have been funded, and HSDC remains the largest investor in Hawaii venture capital.

The HCLP has participated in over $100 million of loans since its inception, doubling its capacity through private financial institution co-lending.

H. Discussion of Program Revenues

Program revenues are generated through investments and loans, and investment returns and loan repayments should be deposited into the program revolving fund so that the programs can maintain self-sufficiency. Venture investments are for a ten-year term, as that is generally how long it may take portfolio companies to mature and provide liquidity to investors. One such investment returned $2.8 million to HSDC. The loan program has regularly recurring debt service payments, and on a combined basis the financing programs can be self-sustaining through their revolving funds, precluding the need for general funds.

I. Summary of Analysis Performed

Based on current revenue projections of $300,000 of revenues per year in conjunction with current revolving fund balances of $.7 million, the combined programs should be able to maintain operations and generate a modest level of new loans and investments.

J. Further Considerations

Given high level objectives of developing high technology industries, commercializing research emanating from the new biomedical research facility, and diversifying Hawaii's economy, the venture capital investment program and Capital Loan Program remain essential to fill in financing gaps where the private sector is not participating. Both programs are catalysts for new business development and should be supported until private sector resources are made available.

Merging the programs will provide integrated management oversight and reduce costs to the taxpayers.

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: **BED146**
PROGRAM STRUCTURE NO. **010504**
PROGRAM TITLE: **NATURAL ENERGY LAB OF HAWAII AUTHORITY**

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	*	*	*	*	*	*	*	*
PERSONAL SERVICES	1,212,886	1,533,563	1,538,825	1,674,325	1,674	1,674	1,674	1,674
OTHER CURRENT EXPENSES	7,095,940	9,224,066	9,105,387	9,110,667	9,111	9,111	9,111	9,111
EQUIPMENT	12,282	31,681	34,450	29,550	30	30	30	30
MOTOR VEHICLE				24,000	24	24	24	24
TOTAL OPERATING COST	8,321,108	10,789,310	10,678,662	10,838,542	10,839	10,839	10,839	10,839
BY MEANS OF FINANCING								
GENERAL FUND	* 560,402	* 351,350	* 169,993	*	*	*	*	*
SPECIAL FUND	* 1,367,897	* 3,627,080	* 3,590,144	* 3,995,017	* 3,995	* 3,995	* 3,995	* 3,995
OTHER FED. FUNDS	* 6,392,809	* 6,810,880	* 6,918,525	* 6,843,525	* 6,844	* 6,844	* 6,844	* 6,844
CAPITAL IMPROVEMENT COSTS								
PLANS	12,000	30,000						
DESIGN	90,000	60,000						
CONSTRUCTION	5,523,000		750,000					
EQUIPMENT	205,000							
TOTAL CAPITAL EXPENDITURES	5,830,000	90,000	750,000					
BY MEANS OF FINANCING								
G.O. BONDS	3,162,000	90,000	750,000					
OTHER FED. FUNDS	2,668,000							
TOTAL POSITIONS	*	*	*	*	*	*	*	*
TOTAL PROGRAM COST	14,151,108	10,879,310	11,428,662	10,838,542	10,839	10,839	10,839	10,839

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-146
PROGRAM STRUCTURE NO: 010504
PROGRAM TITLE: NATURAL ENERGY LAB OF HAWAII AUTHORITY

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 # OF NEW NELHA TENANTS (ACTUAL)	2	5	6	7	5	5	5	3
2 NEW TENANTS (ACRES)(ACTUAL)	1	5	26	14	15	23	20	18
3 AMOUNT OF TENANT SALES ($M)	11.5	19	21.4	36	67.9	117.7	149.4	178.3
4 INCREASE IN REVENUES ($K)	117	710.3	292	619	879	818	691	779
5 AMT OF TENANT CAPITAL INVSTMNT AT NELHA ($M)	2959	7500	7.5	40	11.4	36.5	11.7	4.5
6 # AND VALUE ($M) OF CEROS PROJECTS FUNded	16/6.2	12/5.7	20/5.7	20/6.0	15/5.8	15/5.8	15/5.8	15/5.8
7 # & VALUE ($M) OF CEROS PROJECTS COMPLETED			11/3.4	13/5.0	15/5.0	15/6.0	13/5.0	13/5.0
8 # OF CEROS OUTREACH & INTERFACE ACTIVITIES	17	14	17	15	15	15	15	15
9 #/VAL - NELHA PROJS FED, NON-ST SOURCE FUNDED $M			4-Apr	2-Apr	3/1.5	2-Mar	3-Mar	6-Mar
PROGRAM TARGET GROUPS								
1 # BUSINESS/INT'L ORGS W/OCEAN RES INTERESTS	42	55	60	60	60	60	60	65
2 # BUSINESS/INT'L ORGS W/SUSTAIN ENERGY INTSTS	3	10	15	15	20	22	24	26
3 # TENANTS W/BIOTECHNOLOGY INTERESTS	18	20	23	24	26	28	30	32
4 # COLLABORATIONS W/UNIVERSITIES AND COLLEGES	4	7	10	10	10	10	10	12
5 # COLLABORATIONS W/NATIONAL LABORATORIES	0	1	3	4	4	4	4	5
6 # ORGS COMMERCIALIZING OCEAN TECHNOLOGIES	105	85	82	80	85	85	85	85
7 # ORGS IN OCEAN TECH DEV & DOD COMMANDS	575	575	615	575	600	600	600	600
PROGRAM ACTIVITIES								
1 # OF NELHA TENANTS (ACTUAL)	2	5	37	37	41	41	43	46
2 CURRENT NELHA TENANT EXPANSION (ACRES)	36	115.55	58	111	16	34	20	22
3 % OF LAND USE AT NELHA & HOST PARK	48	61	48	61	62	66	69	71
4 CUM AMOUNT OF STATE, TENANT, & FED CAP IMPV ($M)	119	164.5	134	176	190	229	243	260
5 # OF NELHA OUTREACH ACTIVITY PARTICIPANTS	2959	3000	3098	6308	2539	2792	3072	3379
6 % CEROS BUDGET USED FOR TECHNOLOGY PROJECTS	92.5	92.5	90.7	91	91	91	91	91
7 # OF CEROS OUTREACH & INTERFACE PARTICIPANTS	322	222	472	350	400	400	400	400
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY	807	1,142	1,379	1,534	1,725	2,101	2,101	2,101
REVENUE FROM OTHER AGENCIES: FEDERAL	4,633	6,800	6,800	6,800	6,600	6,600	6,600	6,600
ALL OTHER								
CHARGES FOR CURRENT SERVICES	989	1,275	1,916	2,590	3,097	3,508	3,508	3,508
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS								
TOTAL PROGRAM REVENUES	6,429	9,217	10,095	10,924	11,422	12,209	12,209	12,209
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
SPECIAL FUNDS	6,429	9,217	10,095	10,925	11,422	12,209	12,209	12,209
TOTAL PROGRAM REVENUES	6,429	9,217	10,095	10,925	11,422	12,209	12,209	12,209

A. Statement of Program Objectives

To promote sustainable business development and reasonable utilization of available natural resources such as cold deep seawater, warm surface seawater and high solar insolation.

B. Description of Request and Compliance with Section 37-68(1) (A) (B)

The Fiscal Biennium 2005-2007 Budget includes the following requests:

1) Changing the means of financing for staff who are 50% General Fund (GF) and 50% Special Fund (SF) in FY05 to 25% GF and 75% SF in FY06 and 100% SF in FY07. In addition, three temporary positions are being deleted, as services provided by these positions will be privatized. GF appropriations for "Other Current Expenses" will also be reduced accordingly with such expenses being totally funded by SF in FY07.

2) Increase federal fund ceiling to carry over previously unappropriated funds and adjust allocations between two federal grants – the Hawaii Island Benthic Habitat Mapping and Classification grant under the Department of Commerce, National Oceanographic and Atmospheric Administration's (NOAA) Habitat Conservation program and the Cooperative Agreement with the Defense Advanced Research Projects Agency (DARPA).

C. Description of Activities Performed

1) Market, manage and operate facilities.

2) Operate and maintain unique transmission and distribution systems for large volumes (approximately two tons per second) of deep and surface seawater.

3) Operate a water quality laboratory for an environmental monitoring program that samples groundwater, near shore water and offshore water.

4) Provide informational and educational material and lectures to school classes (K-12 and university level), professional associations, community groups, international visitors, legislators, and the general public.

5) Coordinate administration and budgets with the National Defense Center of Excellence for Research in Ocean Sciences (CEROS).

6) Identify, develop and implement revenue enhancement opportunities, which support NELHA's objectives and efforts to attain self-sufficiency and sustainability.

D. Statement of Key Policies Pursued

1) HRS 226-4(1): "to achieve a strong viable economy, characterized by stability, diversity, and growth" is reflected by marketing the NELHA sites and its unique natural resources to bring in a diversity of research projects and commercial businesses that utilize the facility and create new jobs.

2) HRS 226-13: physical environment-land, air and water quality policy is enforced at NELHA by maintaining class AA offshore waters through a water quality monitoring program and supporting other such programs in the State.

3) HRS 226-18(c)(1): "Support research and development as well as promote the use of renewable energy sources" is implemented by:
   a) Facilitating research and development of renewable energy sources such as OTEC, photovoltaic, wind turbine, geothermal, and other sources.
   b) Using deep seawater (DSW), solar heat, and other alternative energy sources to operate NELHA facilities whenever feasible, including the use of cold deep seawater for air-conditioning and irrigation.
   c) Offering presentations and information about renewable energy to the general public, educational entities, other individuals and businesses.

4) HRS 226-103: State economic priority guidelines are carried out by:
   a) Providing land and support to research and commercial activities, which will strengthen a diversified economy.
   b) Encouraging those businesses, which provide jobs at all levels for the local residents and have minimal impact on Hawaii's environment.

E. Identification of Important Program Relationships

1) The private sector has been responsible for much of the development of alternate and renewable energy sources. NELHA has developed strong relationships with the public and such private sector interests to maximize resources and partner with them to result in higher achievements.

2) NELHA has developed strong ties with the U.S. Department of Energy, national laboratories and the U.S. Department of Interior (USDI).

3) NELHA serves as the home for CEROS.

4) NELHA maintains communications with the U.S. Homeland Security and related agencies to participate in Energy Security efforts.

5) NELHA has developed strong national ties as efforts continue to develop the NELHA Gateway Ocean Resources and Commercial Activities Center.

6) NELHA's ties with research and development based tenants and commercially viable tenants has furthered the commercial development of aquaculture

F. Description of Major External Trends Affecting the Program

The introduction of desalinated drinking water and multiple DSW-derived cosmetic products has led to tremendous worldwide interest focusing on DSW.

NELHA has also developed into a world-class site for the production of algae and other marine aquaculture products and is involved in the international quest for sources of clean, renewable energy.

The Department of Defense, U.S. Department of Energy, U.S. Department of Agriculture (USDA), Rural Development, and private sector interests have supported new projects and construction.

G. Discussion of Cost, Effectiveness, and Program Size Data

The legislative mandate for NELHA to become self-sufficient in FY07 has decreased available special funds for emergencies. However, the new water bottling tenants show promise of increased revenues. If this is achieved, NELHA will be able to reach its mandated self-sufficiency goal. In the interim, as NELHA continues to support tenants and commit to attracting new enterprises, NELHA must control spending.

H. Discussion of Program Revenues

Increased revenues in FY06 and FY07 are expected to result from more tenants locating on NELHA properties and royalties paid by the water bottling companies. Additional sources of revenue are anticipated from partners and new tenants of the NELHA Gateway Distributed Energy Resource (DER) Center and NELHA Gateway Ocean Resources & Commercial Activities Center developments.

$2.3M is projected for FY05 with increases anticipated in FY 06 and FY 07. Most of this revenue is from pass-through reimbursable expenses such as seawater pumping cost, freshwater use and electrical cost incurred by tenants. Other increases are anticipated from royalties, percentage rent and base rent from the newly acquired water bottling companies.

I. Summary of Analysis Performed

NELHA is updating a master plan for the HOST Park area of NELHA to guide the supporting of the desired growth of NELHA and accommodating the request of several major businesses, which have either leased or requested land in this area. Development of NELHA's highway frontage lands is essential to achieving a first-class facility that will continue to diversify and contribute significantly to Hawaii's economy.

J. Further Consideration

NELHA is working with Hawaii's Congressional delegation to secure federal funds through the U.S. Department of Transportation, Highways Division to plan, design and engineer a connector road between NELHA and Kona International Airport. Completion of this roadway will open additional lands and revenue enhancement opportunities for NELHA and the State of Hawaii as well as ease traffic concerns on the Queen Kaahumanu Highway which, in a recent study completed by the County of Hawaii, has been identified as currently being at its maximum carrying capacity with no near-term mitigation planned.

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED150
PROGRAM STRUCTURE NO. 010701
PROGRAM TITLE: HAWAII COMMUNITY DEVELOPMENT AUTHORITY

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
PERSONAL SERVICES	133,364	255,287	888,092	880,740	881	881	881	881
OTHER CURRENT EXPENSES	1,479,698	2,973,580	3,025,321	3,030,321	3,031	3,031	3,031	3,031
EQUIPMENT		18,000	15,000	10,000	10	10	10	10
TOTAL OPERATING COST	1,613,062	3,246,867	3,928,413	3,921,061	3,922	3,922	3,922	3,922
BY MEANS OF FINANCING								
	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
GENERAL FUND	89,623	141,867	868,823	887,201	888	888	888	888
SPECIAL FUND	1,469,793	2,500,000	2,500,000	2,500,000	2,500	2,500	2,500	2,500
	*	*	*	*	*	*	*	*
OTHER FED. FUNDS			12,865					
	*	*	*	*	*	*	*	*
REVOLVING FUND	53,646	605,000	546,725	533,860	534	534	534	534
CAPITAL IMPROVEMENT COSTS								
PLANS	1,608,000	1,804,000	743,000	938,000				
LAND ACQUISITION	935,000	576,000	797,000	750,000				
DESIGN	2,315,000	1,692,000	3,300,000	1,502,000				
CONSTRUCTION	12,030,000	5,951,000	16,810,000	18,000,000				
TOTAL CAPITAL EXPENDITURES	16,888,000	10,023,000	21,650,000	21,190,000				
BY MEANS OF FINANCING								
G.O. BONDS	14,888,000	10,023,000	19,650,000	3,190,000				
REVENUE BONDS			2,000,000	18,000,000				
REVOLVING FUND	2,000,000							
TOTAL POSITIONS	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*
TOTAL PROGRAM COST	18,501,062	13,269,867	25,578,413	25,111,061	3,922	3,922	3,922	3,922

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-150
PROGRAM STRUCTURE NO: 010701
PROGRAM TITLE: HAWAII COMMUNITY DEVELOPMENT AUTHORITY

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 NEW PRIV DEV IN KAKAAKO COM DEV DIST ($M)	10	30.5	67	212.4	360.1	251	80	
2 NEW BLDG FLOORSPACE IN KAKAAKO (1000 SF)	)30	43.7	4.2	345.2	1645.4	1488	701	
3 # OF NEW HOUSING UNITS IN KAKAAKO	0	0	0	0	584	931		
4 # OFNEW PUBLIC FACILITIES IN KAKAAKO	0	0	0	1	3	2	1	
5 # ACTIVELY-USED PARCELS IN KALAELOA CDD			18	20	50	60	65	65
6 NEW PRIVATE DEVELOPMENT WITHIN KALAELOA			7	5	10	15	15	20
PROGRAM TARGET GROUPS								
1 # OF RESIDENTS IN KAKAAKO	8350	8750	8750	8750	8750	10780	11660	11890
2 # OF EMPLOYEES IN KAKAAKO	25350	25484	25489	25489	27216	27497	29017	29017
3 # OF BUSINESS IN KAKAAKO	1619	1630	1631	1631	1682	1699	1735	1735
4 # OF LANDUSERS WITHIN KALAELOA			29	35	50	55	60	65
5 # RESIDENTS WITHIN KALAELOA & SURROUNDING AREAS			400	450	500	550	650	750
PROGRAM ACTIVITIES								
1 DEVELOPMENT PERMITS ISSUED IN KAKAAKO	113	120	140	140	160	160	160	160
2 # INFRASTRUCTURE IMPROV PROJS BEGUN IN KAKAAKO	2	1	2	0	1			
3 NEW PUBLIC IMPROVEMENTS IN KAKAAKO ($M)	12.5	23.9	8.7	43.54	51.2	26.6	36	11.5
4 # PARCELS IN KALAELOA COVERED BY ECON DEV PLAN			77	77	77	77	77	77
5 NEW PLANNING IN KALAELOA ($M)			0	0.9	1	2	2	2
6 # PARCELS, INFRASTRUCTURE SYS CONVEYED IN KALAELOA			22	24	38	63	83	83
7 # PROJS FACILITATED & COMPLETED IN KALAELOA			0	5	10	15	20	25
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY	1,890	1,153	817	648	1,066	1,105	1,115	1,130
REVENUE FROM OTHER AGENCIES: FEDERAL								
ALL OTHER	2	100	100					
CHARGES FOR CURRENT SERVICES	2,454	853	941	796	797	543	543	404
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS		30,142		20,000				
TOTAL PROGRAM REVENUES	4,346	32,248	1,858	21,444	1,863	1,648	1,658	1,534
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
ALL OTHER FUNDS	2,906	31,716	1,325	21,052	1,470	1,509	1,519	1,534
SPECIAL FUNDS	1,440	533	533	393	393	139	139	
TOTAL PROGRAM REVENUES	4,346	32,249	1,858	21,445	1,863	1,648	1,658	1,534

A. Statement of Program Objectives
To provide planning and infrastructure to support private investment and commercial development; plan and implement capital improvement projects to upgrade infrastructure and develop public facilities to meet Hawaii's economic and recreational needs; and implement long term planning initiatives to support residential development in a mixed use community.

B. Description of Request and Compliance with section 37-68 (1) (A) (B)
The Fiscal Biennium 2005-07 operating budget includes the following requests:

1. BED 150KA - Addition of $615,456 yearly in general funds for FY06 and FY07 to convert funding for ten administrative and support staff currently financed by general obligation bonds and create two new temporary positions (one fiscal officer and one asset management specialist) for the Kakaako Community Development District.
2. BED 150KA - Transfer of $1,259 in general funds from "Other Current Expenses to "Personal Services" to cover estimated personal services requirements.
3. BED 150KA - Increase of the expenditure ceiling for the revolving fund used for the payment of costs associated with Kakaako Community Development District by $68,000 annually to a total ceiling of $450,000.
4. BED-150KL – Funding the Kalaeloa Community Development District staff and operations by:
   a) Addition of $108,642 in general funds and 1.75 temporary positions for FY06 for 1.75 project staff (.75 manager and one program specialist).
   b) Addition of $12,865 in federal funds and .125 temporary positions for FY06 for .125 project staff (.125 manager).
   c) Reduction of $136,823 in revolving funds and 1.875 position count for FY06 for 1.875 project staff (.875 manager and one program specialist).
   d) Reduction of $149,688 in revolving funds and two position counts for FY07 for two project staff (one program specialist and one secretary).
   e) Addition of $127,020 in general funds and two temporary position counts for FY07 for two project staff (one manager and one program specialist).

The Fiscal Biennium 2005-2007 CIP budget includes the following requests:

1. BED 150KA – Capital Improvements Program Staff Costs, Oahu - General Obligation (G.O.) bond funds amounting to $740,000 for each of FY06 and FY07 for costs for temporary project funded positions for the implementation of CIP projects for the Hawaii Community Development Authority.
2. BED 150KA – Kakaako Community Development District, Queen Street Improvements – $1,001,000 in G.O. bonds for FY06 for plans, land acquisition, and design for Queen St. between Ward Avenue and Cooke St.
3. BED 150KA – Kakaako Community Development District, Makai Improvements – $2M in G.O. bonds for FY07 for plans, land acquisition, and design, to improve infrastructure and prepare sites for future development in Kakaako Makai.
4. BED 150KL – Kalaeloa Improvements, Oahu –$1M in G.O. bonds for FY06 for planning, development, project costs and infrastructure improvements for the Kalaeloa Community Development District.

C. Description of Activities Performed
For legislatively designated Community Development Districts, the Hawaii Community Development Authority (HCDA) is mandated to develop community development plans which include, but are not limited to, community development guidance policies, district-wide infrastructure improvement programs and community development rules. HCDA must implement a Community Development District Plan after Governor's approves it and funding is provided by the Legislature. Major activities during the plan implementation stage include: (a) planning and regulatory functions in the administration of the plan and rules; (b) infrastructure systems improvements and improvement district assessment activities under the district-wide improvement program; (c) development of public facilities (parks, parking garages, etc.); and (d) development of State lands.

Currently, HCDA is in the plan implementation stage of the 694-acre Kakaako Community Development District, and the planning stage of the 3,698-acre Kalaeloa Community Development District.

D. Summary of Key Policies Pursued

HCDA's objectives and activities are guided by policies stated in (1) Chapter 206E, HRS, which establishes HCDA and provides it with its objectives and mandates and (2) Chapter 206E, HRS which states the objectives, powers, and responsibilities of HCDA, establishes the Kakaako and Kalaeloa Community Development Districts, respectively, and sets specific development guidelines for each District.

Direction for HCDA's activities is also provided by Chapter 226, HRS, particularly Section 226-52(a)(2), which requires that State programs conform to the priority guidelines of the Hawaii State Plan.

E. Identification of Important Program Relationships

HCDA has important program relationships with State and County agencies that are involved in activities relating to infrastructure systems improvements, and redevelopment of the Honolulu waterfront area. In addition, important relationships exist with the U.S. Navy with regard to the redevelopment of Kalaeloa. HCDA coordinates with the appropriate Federal, State or County agency when a program relationship exists.

Because of the comprehensive nature of HCDA's economic and recreational development objectives, its activities support many of the Priority Directions of the Hawaii State Plan.

F. Major External Trends Affecting the Program

The major external trend affecting the program is the condition of the international, national and local economies. An integral part of HCDA's implementation of its development programs is the participation of the private sector, which is greatly influenced by the economy. Another major trend is the market demand for industrial, commercial and residential floor space in Kakaako, and industrial and commercial floor space in Kalaeloa.

G. Discussion of Cost, Effectiveness and Program Size Data

The discrepancy between projected and actual results was due to the reconsideration of plans for a major public facility in Kakaako, which is now being included as part of a Request For Proposals for development of a larger retail/commercial project. In addition, projects have been modified because of the unanticipated development of several major housing projects, a couple of smaller retail projects affecting actual results, current market conditions, and anticipated new project starts.

With new construction volume resulting from infrastructure improvements, public facilities development projects, and anticipated private sector development projects, the related tax revenues to the State of Hawaii, should exceed program costs. The increase in land values due to infrastructure improvements and new developments benefits the City and County of Honolulu through increased property taxes. In terms of State and Functional Plan objectives, the returns are in the functional areas of optimal land use, increased construction and economic activity, new housing units, new public facilities, and improved business and residential community areas.

Previous CIP appropriations and future requests are based on the construction of infrastructure systems improvements in segments, the construction of public facilities and Kakaako Waterfront development-related projects and the development, planning and construction of infrastructure improvements for Kalaeloa. The objective is to continuously maintain construction activity to complete the necessary district-wide improvements in a timely manner.

H. Discussion of Program Revenues

Direct program revenues include: (a) fees in lieu of public facilities dedication fees and reserved housing received from private developers; (b) improvement district property assessments received from property owners who benefit from infrastructure systems improvements made; (c) lease rents collected on public lands; and (d) permit and other fees charged to offset some of the administrative processing costs. Nonreserve receipts include land dedicated by private developers for public facilities. Other potential revenue sources would be County programs, particularly through a tax increment financing program and Federal programs.

I. Summary of Analysis Performed

Not applicable.

J. Further Considerations

None.

A. Statement of Program Objectives

To enhance and strengthen Hawaii's economy by facilitating and providing redevelopment opportunities in the Aloha Tower Complex for private capital investments as well as through the formation of public-private partnerships, and to encourage redevelopment to take place in an orderly and incremental fashion to create a "people place".

B. Description of Request and Compliance with Act 263, SLH 1994.

Two CIP requests have been made to begin the ATDC's major initiatives. $854,000 in General Obligation (G.O.) bonds in FY06 for planning and design costs is being requested for the partial takedown and relocation of the HECO power plant and $444,000 in G.O. bonds in FY 06 and $3,953,000 in G.O. bonds in FY07 are being requested for the reconfiguration of Nimitz Highway and the roadways within the ATDC Project Area.

The operating budget includes a request to transfer funds form "Other Current Expenses" to "Personal Services" to cover increased staffing (one temporary position) and fringe benefit costs.

C. Description of Activities Performed

The Aloha Tower Development Corporation's (ATDC) activities have centered on overseeing the development of the Aloha Tower Complex. One of the six components of the original master plan, the Aloha Tower Marketplace, has been in operation since November 1994. Due to the economic downturn and the financial crisis in Japan, from where much of the financing for the construction came, the Marketplace has been sold to an affiliate of Trinity Investments by the original developer. ATDC is in negotiations with the new owners to resolve various operational issues.

ATDC issued an RFP in August of FY 2003, seeking proposals for the development of Piers 5 and 6. The RFP was issued after ATDC was approached by two different developers proposing mixed-use developments for Piers 5 and 6 with development costs over $200 million. Proposals were received in December 2002 with selection shortly thereafter. The selection of the Developer, UC Urban/Ken Hughes led to a joint effort to plan for the area between Piers 2 and 11. Three fatal flaws were identified that prevented development of the project area. They were defined as the HECO plant, Parking, Circulation/Traffic Patterns and the lack of a link to Downtown Honolulu. A Pre-Development Agreement was then entered into with UC Urban to determine whether or not the problems could be resolved. In February of 2004 the ATDC and UC Urban jointly issued a report suggesting that the issues could be resolved in a reasonable manner and setting forth the conditions under which a development agreement could be entered into.

In July, a Development Agreement with UC Urban was entered into, setting forth a complete project which includes private sector development of condominiums, retail and a ferry terminal on Piers 4 to 6, a parking facility at Pier 2 , removal of the HECO plant and development of the site into a 21 acre park and open space, reconfiguration of Nimitz Highway with the potential addition of a bypass to alleviate traffic congestion, construction of new cruise ship facilities and DOT Harbors offices at Pier 10, parking and passenger handling facilities at Pier 11 and the return of Irwin memorial Park to its natural state.

Currently ATDC is also renegotiating the proposed development of a $50 million dollar world class diving facility at Pier 6.

Negotiations are also underway with the current owners of the Aloha Tower Marketplace to resolve outstanding issues related to the ongoing bankruptcy proceedings.

D. Summary of Key Policies Pursued

Pursuant to Chapter 206J, HRS, ATDC is statutorily mandated to redevelop, renovate and improve the Aloha Tower Complex to (1) strengthen the international base of the community in trade activities; (2) enhance the beautification of the waterfront; (3) in conjunction with the Department of Transportation, better serve modern maritime uses; and (4) provide for public access and the efficient use of waterfront property.

E. Identification of Important Program Relationships

Relationships are maintained with all major State programs and departments State; planning, economic development, and energy programs at both Federal and State Levels; and the organizations, institutions, and other segments of commerce and industry. ATDC is coordinating its efforts with the Department of Transportation, Harbors Division and the Hawaii Community Development Authority regarding the development of Honolulu's waterfront.

F. Major External Trends Affecting the Program

There are many externalities that directly and indirectly affect program activities. Foremost, are national and international fiscal policies and economic conditions; secondarily is Hawaii' s competitiveness in the global economy. State fiscal policies ultimately determine allocation of resources to priority programs.

G. Discussion of Cost, Effectiveness and Program Size Data

None.

H. Discussion of Program Revenues

Revenues generated by this program are fees paid by the developer of the Aloha Tower complex and deposited into the Aloha Tower Special Fund.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED151
PROGRAM STRUCTURE NO. 010702
PROGRAM TITLE: ALOHA TOWER DEVELOPMENT CORPORATION

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	1.00*	1.00*	1.00*	1.00*	1.0*	1.0*	1.0*	1.0*
PERSONAL SERVICES	189,858	298,342	408,768	408,768	409	409	409	409
OTHER CURRENT EXPENSES	377,645	1,232,789	1,124,618	1,124,618	1,125	1,125	1,125	1,125
EQUIPMENT	2,111							
TOTAL OPERATING COST	569,614	1,531,131	1,533,386	1,533,386	1,534	1,534	1,534	1,534
BY MEANS OF FINANCING								
	1.00*	1.00*	1.00*	1.00*	1.0*	1.0*	1.0*	1.0*
SPECIAL FUND	569,614	1,531,131	1,533,386	1,533,386	1,534	1,534	1,534	1,534
CAPITAL IMPROVEMENT COSTS								
PLANS			2,000					
LAND ACQUISITION			1,000					
DESIGN			1,295,000	1,332,000				
CONSTRUCTION				2,621,000				
TOTAL CAPITAL EXPENDITURES			1,298,000	3,953,000				
BY MEANS OF FINANCING								
G.O. BONDS			1,298,000	3,953,000				
TOTAL POSITIONS	1.00*	1.00*	1.00*	1.00*	1.00*	1.00*	1.00*	1.00*
TOTAL PROGRAM COST	569,614	1,531,131	2,831,386	5,486,386	1,534	1,534	1,534	1,534

PERFORMANCE MEASURES AND PROGRAM REVENUES

REPORT P62

PROGRAM ID: BED-151
PROGRAM STRUCTURE NO: 010702
PROGRAM TITLE: ALOHA TOWER DEVELOPMENT CORPORATION

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 DEVELOPMENT PROJECTS GENERATED	500000	250000			3	3	3	
2 NUMBER OF JOBS CREATED		5	5	5	30	2500	2500	2500
3 TOTAL CONSTRUCTN VALUE OF DEV PROJS UNDER NEGOTN	70	72	0	0000000	2000000	2000000	0000000	2000000
4 ESTIMATED TAX REVENUE INCREASE FROM DEVELOPMENT	2560000	2585000	6000000	6000000	0000000	0000000	1000000	0000000
PROGRAM TARGET GROUPS								
1 LOCAL AND INTERNATIONAL REAL ESTATE DEVELOPERS		2		1	1	0	0	1
2 EXISTING AND POTENTIAL TENANTS/USERS/DEVELOPERS		2	74	74	74	80	500	500
PROGRAM ACTIVITIES								
1 # PROJECTS UNDER DEVELOPMENT OR UNDER AGREEMENT		1	1	1	3	3	3	1
2 # DIRECT NEGOTIATIONS ENTERED INTO			1	2	1	1	1	1
3 # OF INITIATIVES GENERATED	1	1	2	3	3	3	3	1
4 # OF PROJECTS UNDER CONSTRUCTION		1	0	1	2	2	4	1
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY	2,401	962	962	1,000	1,000	1,000	1,000	1,000
REVENUE FROM OTHER AGENCIES: FEDERAL								
ALL OTHER								
CHARGES FOR CURRENT SERVICES								
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS		750						
TOTAL PROGRAM REVENUES	2,401	1,712	962	1,000	1,000	1,000	1,000	1,000
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
SPECIAL FUNDS	2,401	962	962	1,000	1,000	1,000	1,000	1,000
GENERAL FUND		750						
TOTAL PROGRAM REVENUES	2,401	1,712	962	1,000	1,000	1,000	1,000	1,000

A. Statement of Program Objectives

To enhance and strengthen Hawaii's economy by facilitating and providing redevelopment opportunities in the Aloha Tower Complex for private capital investments as well as through the formation of public-private partnerships, and to encourage redevelopment to take place in an orderly and incremental fashion to create a "people place".

B. Description of Request and Compliance with Act 263, SLH 1994.

Two CIP requests have been made to begin the ATDC's major initiatives. $850,000 in General Obligation (G.O.) bonds in FY06 for planning and design costs is being requested for the partial takedown and relocation of the HECO power plant and $444,000 in G.O. bonds in FY 06 and $3,953,000 in G.O. bonds in FY07 are being requested for the reconfiguration of Nimitz Highway and the roadways within the ATDC Project Area.

The operating budget includes a request to transfer funds form "Other Current Expenses" to "Personal Services" to cover increased staffing (one temporary position) and fringe benefit costs.

C. Description of Activities Performed

The Aloha Tower Development Corporation's (ATDC) activities have centered on overseeing the development of the Aloha Tower Complex. One of the six components of the original master plan, the Aloha Tower Marketplace, has been in operation since November 1994. Due to the economic downturn and the financial crisis in Japan, from where much of the financing for the construction came, the Marketplace has been sold to an affiliate of Trinity Investments by the original developer. ATDC is in negotiations with the new owners to resolve various operational issues.

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In July, a Development Agreement with UC Urban was entered into, setting forth a complete project which includes private sector development of condominiums, retail and a ferry terminal on Piers 4 to 6, a parking facility at Pier 2 , removal of the HECO plant and development of the site into a 21 acre park and open space, reconfiguration of Nimitz Highway with the potential addition of a bypass to alleviate traffic congestion, construction of new cruise ship facilities and DOT Harbors offices at Pier 10, parking and passenger handling facilities at Pier 11 and the return of Irwin memorial Park to its natural state.

Currently ATDC is also renegotiating the proposed development of a $50 million dollar world class diving facility at Pier 6.

Negotiations are also underway with the current owners of the Aloha Tower Marketplace to resolve outstanding issues related to the ongoing bankruptcy proceedings.

D. Summary of Key Policies Pursued

Pursuant to Chapter 206J, HRS, ATDC is statutorily mandated to redevelop, renovate and improve the Aloha Tower Complex to (1) strengthen the international base of the community in trade activities; (2) enhance the beautification of the waterfront; (3) in conjunction with the Department of Transportation, better serve modern maritime uses; and (4) provide for public access and the efficient use of waterfront property.

E. Identification of Important Program Relationships

Relationships are maintained with all major State programs and departments State; planning, economic development, and energy programs at both Federal and State Levels; and the organizations, institutions, and other segments of commerce and industry. ATDC is coordinating its efforts with the Department of Transportation, Harbors Division and the Hawaii Community Development Authority regarding the development of Honolulu's waterfront.

F. Major External Trends Affecting the Program

There are many externalities that directly and indirectly affect program activities. Foremost, are national and international fiscal policies and economic conditions; secondarily is Hawaii' s competitiveness in the global economy. State fiscal policies ultimately determine allocation of resources to priority programs.

G. Discussion of Cost, Effectiveness and Program Size Data

None.

H. Discussion of Program Revenues

Revenues generated by this program are fees paid by the developer of the Aloha Tower complex and deposited into the Aloha Tower Special Fund.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID:
PROGRAM STRUCTURE NO. 11
PROGRAM TITLE: GOVERNMENT-WIDE SUPPORT

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	51.00*	48.00*	48.00*	48.00*	48.0*	48.0*	48.0*	48.0*
PERSONAL SERVICES	2,974,395	3,126,787	3,352,615	3,352,615	3,353	3,353	3,353	3,353
OTHER CURRENT EXPENSES	3,050,543	4,492,203	4,393,195	4,263,795	4,264	4,264	4,264	4,264
EQUIPMENT	16,289	10,000						
TOTAL OPERATING COST	6,041,227	7,628,990	7,745,810	7,616,410	7,617	7,617	7,617	7,617
BY MEANS OF FINANCING								
	43.00*	40.00*	40.00*	40.00*	40.0*	40.0*	40.0*	40.0*
GENERAL FUND	2,799,732	2,910,389	2,984,241	2,984,241	2,985	2,985	2,985	2,985
	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0*
SPECIAL FUND	1,287,161	1,430,189	1,327,887	1,327,887	1,328	1,328	1,328	1,328
	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0*
OTHER FED. FUNDS	1,954,334	2,288,412	2,433,682	2,304,282	2,304	2,304	2,304	2,304
REVOLVING FUND		1,000,000	1,000,000	1,000,000	1,000	1,000	1,000	1,000
TOTAL POSITIONS	51.00*	48.00*	48.00*	48.00*	48.00*	48.00*	48.00*	48.00*
TOTAL PROGRAM COST	6,041,227	7,628,990	7,745,810	7,616,410	7,617	7,617	7,617	7,617

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED103
PROGRAM STRUCTURE NO. 11010303
PROGRAM TITLE: STATEWIDE LAND USE MANAGEMENT

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	7.00*	6.00*	6.00*	6.00*	6.0*	6.0*	6.0*	6.0*
PERSONAL SERVICES	262,185	294,009	312,449	312,449	313	313	313	313
OTHER CURRENT EXPENSES	123,981	112,882	113,751	113,751	114	114	114	114
EQUIPMENT	2,052							
TOTAL OPERATING COST	388,218	406,891	426,200	426,200	427	427	427	427
BY MEANS OF FINANCING								
	7.00*	6.00*	6.00*	6.00*	6.0*	6.0*	6.0*	6.0*
GENERAL FUND	388,218	406,891	426,200	426,200	427	427	427	427
TOTAL POSITIONS	7.00*	6.00*	6.00*	6.00*	6.00*	6.00*	6.00*	6.00*
TOTAL PROGRAM COST	388,218	406,891	426,200	426,200	427	427	427	427

PERFORMANCE MEASURES AND PROGRAM REVENUES

REPORT P62

PROGRAM ID: BED-103
PROGRAM STRUCTURE NO: 11010303
PROGRAM TITLE: STATEWIDE LAND USE MANAGEMENT

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 NUMBER OF ACRES REVIEWED FOR RECLASSIFICATION	1529	1500	1832.88	1500	1500	1500	1500	1500
2 NUMBER OF ACRES REVIEWED FOR SPECIAL PERMIT	352	300	562.75	400	300	300	300	300
PROGRAM TARGET GROUPS								
1 APPLICANTS FOR LAND USE REVIEW	1174	1040	884	850	850	850	850	850
PROGRAM ACTIVITIES								
1 LAND USE BOUNDARY CHANGE PETITIONS PROCESSED	4	10	5	12	10	10	10	10
2 SPECIAL PERMIT APPLICS PROCESSED	4	5	3	5	3	3	3	3
3 LAND USE BOUNDARY INTERPRET - REQUESTS PROCESSED	1150	1000	866	850	850	850	850	850
4 MOTIONS PROCESSED	16	25	27	25	25	25	25	25
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY								
REVENUE FROM OTHER AGENCIES: FEDERAL								
ALL OTHER								
CHARGES FOR CURRENT SERVICES	5	4	4	4	4	4	4	4
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS								
TOTAL PROGRAM REVENUES	5	4	4	4	4	4	4	4
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
GENERAL FUND	5	4	4	4	4	4	4	4
TOTAL PROGRAM REVENUES	5	4	4	4	4	4	4	4

A. Statement of Program Objectives
To preserve, protect, and encourage the development and preservation of lands in the State for those uses to which they are best suited in the interest of public health and welfare of the people of the State of Hawaii through the implementation of the State Land Use Law, Chapter 205, Hawaii Revised Statutes (HRS), as amended.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)
None.

C. Description of Activities Performed
The major activities of the Land Use Commission (LUC) include: (1) processing and deciding on district boundary amendment petitions which involve lands over 15 acres in the State Agricultural, Rural and Urban Districts, and all district boundary amendment petitions of lands in the Conservation District; (2) processing special permit applications for lands in the Agricultural or Rural Districts which are over 15 acres; (3) processing boundary interpretation requests; (4) monitoring of past LUC approvals; (5) maintaining, updating and disseminating official State land use district boundary maps and land use statistics; and (6) providing public information.

D. Statement of Key Policies Pursued
The State Land Use Law, Chapter 205, HRS, as amended, and Chapter 15-15, Hawaii Administrative Rules (HAR), provide statutory and administrative rules and guidelines for the LUC's consideration and decision on district boundary amendment petitions and special permit applications. Chapter 205, HRS, also requires that any decision by the LUC shall comply with the goals, objectives, policies, and priorities of the Hawaii State Plan, Chapter 226, HRS, as amended. Other policy guidelines are found in Chapter 205A, HRS, Coastal Zone Management.

E. Identification of Important Program Relationships
During its review process for district boundary amendment petitions, the LUC is required to consider the extent to which the proposed reclassification conforms to the applicable goals, objectives, and policies of the Hawaii State Plan and relates to the applicable priority guidelines and adopted functional plans, all of which are presently administered by the Office of Planning. The LUC is also bound by rules to consider, the relevant objectives, policies and guidelines of the Coastal Zone Management Program, and the General Plan of the respective county in which the land is located.

F. Description of Major External Trends Affecting the Program
Major external trends affecting the program include: (1) general economic conditions on a local and national scale; (2) population and tourism growth; (3) commercial and industrial development; and (4) federal programs and policies.

G. Discussion of Cost, Effectiveness, and Program Size Data
The effectiveness of the program is measured by (1) the number of acres reviewed for reclassification; and (2) the number of acres reviewed for special permit. Program effectiveness may also be measured by the timeliness and efficiency in which the LUC processes district boundary amendment petitions and special permit applications according to statutory requirements. As the LUC, while operating on a restricted and declining budget, has consistently approved on a timely basis, a significant amount of acreage statewide for various needed uses while protecting the State's interest in land use, the program can therefore be considered highly cost-effective. The LUC will continue to review its procedures and operations to remain as cost-effective as possible over the upcoming budget period to comply with its statutory mandate.

H. Discussion of Program Revenues
State receipts generated by this program include: (1) $500 filing fee for district boundary amendment petitions; and (2) a $50 filing fee for intervention petitions pursuant to section 205-4.1, HRS, and sections 15-15-49 and 15-15-52, HAR, respectively. All fees collected are deposited to the general fund.

I. Summary of Analysis Performed
None.

J. Further Considerations
None.

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED130
PROGRAM STRUCTURE NO. 11010304
PROGRAM TITLE: ECONOMIC PLANNING & RESEARCH

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	20.00*	20.00*	20.00*	20.00*	20.0*	20.0*	20.0*	20.0*
PERSONAL SERVICES	1,083,182	1,175,016	1,224,812	1,224,812	1,225	1,225	1,225	1,225
OTHER CURRENT EXPENSES	1,080,513	1,080,555	1,080,555	1,080,555	1,080	1,080	1,080	1,080
EQUIPMENT	4,122							
TOTAL OPERATING COST	2,167,817	2,255,571	2,305,367	2,305,367	2,305	2,305	2,305	2,305
BY MEANS OF FINANCING								
	16.00*	16.00*	16.00*	16.00*	16.0*	16.0*	16.0*	16.0*
GENERAL FUND	880,656	945,382	977,480	977,480	977	977	977	977
	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0*
SPECIAL FUND	1,287,161	1,310,189	1,327,887	1,327,887	1,328	1,328	1,328	1,328
TOTAL POSITIONS	20.00*	20.00*	20.00*	20.00*	20.00*	20.00*	20.00*	20.00*
TOTAL PROGRAM COST	2,167,817	2,255,571	2,305,367	2,305,367	2,305	2,305	2,305	2,305

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-130
PROGRAM STRUCTURE NO: 11010304
PROGRAM TITLE: ECONOMIC PLANNING & RESEARCH

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 # REQ FOR ANALYSIS, RESEACH & DATA PROJECTS	34	34	1380	1000	1000	1000	1000	1000
2 # PUB PRODUCED (INC INTERNET & ELEC PROD)	50	47	69	60	60	60	60	60
3 ACCURACY OF ECON & DEMOG FORECASTS (% ERROR)	1	1	1	1	1	1	1	1
4 % TOUR STAT REPT ISSD W/30 DAYS OF DATA MNTH-END	80	90	95	95	95	95	95	95
5 % OF OTHER TIME-SENSITIVE REPT ISSD AS SCHED	100	100	95	95	95	95	95	95
PROGRAM TARGET GROUPS								
1 # USERS OF DBEDT LIB,STATE DATA CTR,&WEBSITE (M)	1362371	1365000	9.3	10	10	10	10	10
PROGRAM ACTIVITIES								
1 # ANLYS OF POLICY & ECON ISSUES CONDUCTED	25	25	67	60	60	60	60	60
2 # RPTS, MEMOS, OR PUB ON ECON ISSUES PRODUCED	20	20	2909	2000	2000	2000	2000	2000
3 #ECON/TOUR DATA TBLE PUB THRU MO&QTR RPTS&DATA BK			2143	1800	1800	1800	1800	1800
4 #NEW ARTICLES PLACED ON DBEDT WEBSITE			279	200	200	200	200	200
5 #QTRLY SHORT-TERM FORECASTS PRODUCED			4	4	4	4	4	4
6 #UPDATES LONG-RUN FORECASTS & INPUT-OUTPUT MODEL			2	1	1	1	1	1
7 #ECONOMIC IMPACT ANALYSES CONDUCTED			8	5	5	5	5	5
8 #DATA GATHER&DISSEM ACT SUPPORT US CENSUS BUREAU			18	6	6	6	6	6
9 #HAWAII GROSS STATE PRODUCT ACCTS UPDATES PUBLISH			6	6	6	6	6	6
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY								
REVENUE FROM OTHER AGENCIES: FEDERAL								
ALL OTHER								
CHARGES FOR CURRENT SERVICES								
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS								
TOTAL PROGRAM REVENUES								
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
GENERAL FUND								
TOTAL PROGRAM REVENUES								

A. Statement of Program Objectives

To enhance and contribute to the economic development of the State by providing plans, analyses and policy recommendations on economic issues; conducting and reporting on basic research into the economy of the state, collecting, compiling, interpreting and publishing data and statistics on all aspects of business activity, the economy and demographic characteristics of the State; and developing and maintaining a statewide statistical reporting system.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

A modest increase in the expenditure ceiling for special funds in the amount of $13,325 is requested to accommodate an increase in fringe benefits for personnel cost supported by special funds.

C. Description of Activities Performed

Compile and Publish the *State of Hawaii Data Book* containing more than 700 tables of key data widely used by government, business and residents.

Develop and Publish long-range, State Population and Economic Projections and the State and county Input-Output models to guide state, county and private-sector planning efforts.

Publish monthly visitor arrival and characteristic reports, expenditure reports and information on cruise ship spending.

Produce the web-based publication, *Quarterly Statistical and Economic Report.*

Conducted Census-related workshops enhance businesses' ability to mine census data for marketing and business development purposes.

Maintain economic information and statistics on the department's web site.

Conduct economic analyses and impact studies.

Partner with agencies such as the Workforce Development Council, University of Hawaii and Enterprise Honolulu to develop an understanding of and options for addressing workforce related economic challenges ranging from measurement of target industries to the emerging labor shortage.

Respond through the DBEDT Library to nearly 4,000 annual requests for information and other inquiries to the department

D. Statement of Key Policies Pursued

Provide policy makers in State government with economic data, plans and alternatives to facilitate decision making for programs in concert with Priority Directions of the Hawaii State Plan as found in Chapter 226: especially 103 (a), (b), (c), (d), (e), (f), (g) and 104 (a) and (b).

Provide ongoing and special analyses of economic and business issues affecting the State.

Perform basic research to establish qualitative relationships between different sectors of the State's economy and to forecast changes in economic and social conditions which will affect the Priority Directions outlined above.

Develop and provide accurate, complete statistics to assist decision making by the Administration, Legislature, and the business community.

Anticipate needs, overcome information deficiencies, and monitor all State statistical programs for accuracy and validity.

E. Identification of Important Program Relationships

The program maintains important relationships with decision makers in the State Administration, Legislature, private industry, and Federal agencies, in order to provide the highest quality information and economic analysis support in meeting the State's economic development goals.

F. Description of Major External Trends Affecting the Program

Over the last several years the program's priorities have centered on assisting in the recovery from the September 11, 2001 tragedy, national recession and other impediments to the travel industry and economic expansion. For example, the program developed daily information on passenger arrivals and unemployment claims shortly after the 9/11 tragedy to permit nearly daily monitoring of the decline and recovery of tourism.

The program also remains poised to respond with economic analyses to unexpected crises situations such as strikes, natural disasters, or international conflicts that require immediate recommendations for action.

As the economy moves into a period of economic growth and investment, the program turns its attention to supporting that growth with its various research partners by helping to address growth related problems of labor shortage, higher inflation and congestion.

G. Discussion of Cost, Effectiveness, and Program Size Data

Reductions in the program's General Fund "other current expenditures" over the last several budget periods have precluded the ability to fund more than necessary operating expenses of General Fund activities. Consequently, most hard copy printing of reports and the engaging of outside, supplemental research services, have been severely limited. The program has sought to address this challenge.

The program has turned to electronic dissemination of information as the only viable conduit for most of the statistical and economic information produced by the program outside of tourism information. Program staff has helped implement the department's content management system (CMS), which permits most staff to post material to the web without specialized skills. The program has initiated a series of online publications including the e-report series, the online and CD ROM versions of the State Data Book and the online Quarterly Statistical and Economic Report. The program continues to seek ways to economize, including careful consideration of research priorities, staff development to permit all research needs to be performed in house, and elimination of numerous subscriptions and publications.

Measures of Effectiveness are considerably higher in FY 04 forward, due in part to electronic publishing, but also because of more complete and comprehensive measurement recently undertaken of the individual measures.

H. Discussion of Program Revenues

Minor revenues of roughly $300 per year are generated through sale of the State Data Book on CD-ROM.

I. Summary of Analysis Performed

No major program changes are planned.

J. Further Considerations

NA

OPERATING AND CAPITAL EXPENDITURES

REPORT P61-A

PROGRAM ID: BED144
PROGRAM STRUCTURE NO. 11010302
PROGRAM TITLE: STATEWIDE PLANNING & COORDINATION

PROGRAM EXPENDITURES	IN DOLLARS FY2003-04	FY2004-05	FY2005-06	FY2006-07	IN THOUSANDS FY2007-08	FY2008-09	FY2009-10	FY2010-11
OPERATING COST	24.00*	22.00*	22.00*	22.00*	22.0*	22.0*	22.0*	22.0*
PERSONAL SERVICES	1,629,028	1,657,762	1,815,354	1,815,354	1,815	1,815	1,815	1,815
OTHER CURRENT EXPENSES	1,846,049	3,298,766	3,198,889	3,069,489	3,070	3,070	3,070	3,070
EQUIPMENT	10,115	10,000						
TOTAL OPERATING COST	3,485,192	4,966,528	5,014,243	4,884,843	4,885	4,885	4,885	4,885
BY MEANS OF FINANCING								
	20.00*	18.00*	18.00*	18.00*	18.0*	18.0*	18.0*	18.0*
GENERAL FUND	1,530,858	1,558,116	1,580,561	1,580,561	1,581	1,581	1,581	1,581
SPECIAL FUND		120,000						
	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0*
OTHER FED. FUNDS	1,954,334	2,288,412	2,433,682	2,304,282	2,304	2,304	2,304	2,304
REVOLVING FUND		1,000,000	1,000,000	1,000,000	1,000	1,000	1,000	1,000
TOTAL POSITIONS	24.00*	22.00*	22.00*	22.00*	22.00*	22.00*	22.00*	22.00*
TOTAL PROGRAM COST	3,485,192	4,966,528	5,014,243	4,884,843	4,885	4,885	4,885	4,885

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: BED-144
PROGRAM STRUCTURE NO: 11010302
PROGRAM TITLE: STATEWIDE PLANNING & COORDINATION

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
MEASURES OF EFFECTIVENESS								
1 # OF PLANS/STUDIES PREPARED IN TIMELY MANNER	2	2	5	4	5	5	5	5
2 #LUC DECISIONS UPHLDG OP POS AS %TOT LUC DECSNS	100	90	100	95	95	95	95	95
3 # ACRES INVOLVED IN LUC DECISIONS SPPRTG OP POSTN	1512	1500	1818	2500	2000	2000	2000	2000
4 # RVIEWS OF FED ACTIV PROPSD/CONDUCTD IN CZM AREA	20	30	38	30	30	30	30	30
5 #STATE/CNTY PROGS AIMG TO ATTN OBJ OF CZM PROG	386	386	386	386	386	386	386	386
PROGRAM TARGET GROUPS								
1 STATE RESIDENT POPULATION (THOUSANDS)	1197	1198	1262	1274	1280	1284	1290	1300
2 NO. OF APPLICANTS FOR FEDERAL PERMITS & LICENSES	73	75	41	50	50	50	55	55
3 NUMBER OF APPLICANTS FOR LAND USE REVIEWS	3	5	8	10	9	9	9	9
PROGRAM ACTIVITIES								
1 # SPECIAL PLANS/PLNNG REPORTS DEVELOPED/REVIEWED	3	3	6	7	6	6	7	7
2 # OF COUNTY GENERAL & DEV PLANS/AMENDMTS REVUED	59	70	30	40	30	30	30	30
3 # LU BOUNDARY AMDT PETITIONS, OTH LUC ITEMS REVW'D	3	5	6	10	10	10	10	10
4 # STATE POSN STATEMTS PREP FOR LU BOUNDRY CHG PETS	S3	5	6	10	9	9	9	9
5 NUMBER OF FEDERAL CONSISTENCY REVIEWS	100	120	79	80	80	80	85	85
6 STATE PERMITS/APPROVALS REVIEWED BY CZM PROGRAM	737	737	640	500	500	500	525	525
PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS):								
TAXES								
LICENSES, PERMITS AND FEES								
REVENUES FROM THE USE OF MONEY AND PROPERTY								
REVENUE FROM OTHER AGENCIES: FEDERAL	1,418	3,425	3,219	2,384	2,570	2,709	2,860	2,929
ALL OTHER								
CHARGES FOR CURRENT SERVICES								
FINES, FORFEITS AND PENALTIES								
NON-REVENUE RECEIPTS	20							
TOTAL PROGRAM REVENUES	1,438	3,425	3,219	2,384	2,570	2,709	2,860	2,929
PROGRAM REVENUES BY FUND TO WHICH DEPOSITED (IN THOUSANDS OF DOLLARS):								
SPECIAL FUNDS	1,438	3,425	3,219	2,384	2,570	2,709	2,860	2,929
TOTAL PROGRAM REVENUES	1,438	3,425	3,219	2,384	2,570	2,709	2,860	2,929

A. Statement of Program Objectives

To enhance the efficiency and effectiveness of State programs by maintaining a comprehensive statewide planning process, through the formulation of a State policy plan and the development of a policy planning and implementation framework; undertaking comprehensive land use and coastal zone planning, management, and implementation; facilitating intergovernmental coordination and cooperation; undertaking strategic and regional planning to address areas of critical State concerns relating to social, economic or physical conditions; and promoting programs and capital improvement projects which further State policies.

B. Description of Request and Compliance with Section 37-68 (1) (A) (B).

The budget request includes the following:

1. An increase of $400,000 in Federal funds for BED 144 PL for the Brownfields Site Assessment grant.
2. Transfer of $23,295 from "Other Current Expenses" to "Personal Services" in BED144PL to cover salary amounts.
3. Transfer of $34,300 from BED144PS to BED144PL to cover payroll costs and elimination of BED144PS because it no longer contains any funding or positions.
4. Transfer of $96,075 in Federal and General funds from "Other Current Expenses" to "Personal Services" in BED144PZ-Coastal Zone Management (CZM) to cover payroll costs.

C. Description of Activities Performed

The Office of Planning (OP), Department of Business, Economic Development and Tourism (DBEDT) administers this program which is designed to assist in the overall analysis and formulation of State policies and strategies. The major activities include:

1. Strategic Planning. Identifying and providing analyses to significant issues, problems and opportunities confronting the State and formulating appropriate strategies and alternative courses of action to be taken. OP promotes growing in ways that ensure a high quality of life and sustainable economic growth.
2. Land Use Planning. Developing and presenting the position of the State and assisting State agencies in all boundary change petitions and proceedings before the Land Use Commission, and conducting a periodic review of State Land Use district boundaries.
3. Coastal and Ocean Policy Management. Carrying out the lead agency responsibilities for the Hawaii Coastal Zone Management Program, and coordinating the implementation and periodic update of the Ocean Resources Management Plan.
4. Planning and Geographic Information System. Planning, developing, implementing and coordinating a statewide planning and geographic information system. Development of planning applications including spatial data and analyses to enhance decision-making.
5. Brownfields Program. Administering $2 million of Federal funds for the Brownfields Cleanup Revolving Loan Fund program and the $400,000 Federal Brownfields Site Assessment grant.
6. Comprehensive Planning and Intergovernmental Coordination. Formulating comprehensive statewide goals, objectives, policies and priorities, coordinating their implementation and facilitating coordinated planning and policy development.
7. Regional Studies. Undertaking periodic study of differing regions of the State for planning and policy assessment relating to population growth and/or change, changing economic and social conditions, physical and infrastructural capability and related planning activities through research, coordination and technical assistance to State and County agencies.

D. Summary of Key Policies Pursued

1. Hawaii State Plan (Chapter 226, HRS). Serves as a long-range development guide for the State by identifying goals, objectives, policies and priorities. In

particular, the program addresses Sec. 226-104, Priority Guidelines for Population Growth and Land Resources.

2. Coastal Zone Management objectives and policies (Section 205A-2, HRS). Sets forth objectives and policies relating to recreational, historic, scenic and open space resources, coastal ecosystems, economic uses, coastal hazards, beach protection and other related areas.
3. State Land Use Law (Chapter 205, HRS) in particular, land use decision-making criteria (Sec. 205-17, HRS).

E. Identification of Important Program Relationships
OP works closely with many Federal, State and County agencies in the development of policies, preparation of plans and studies and in implementation activities. Specific projects which involve coordination with other State and County agencies include implementing the Coastal Zone Management Program and Coastal Nonpoint Pollution Control Plan, preparing the State's position before the Land Use Commission coordinating the Hawaii comprehensive economic development strategy and participating in Brownfields partnerships.

F. Major External Trends Affecting the Program
Among the many externalities that directly and indirectly impinge on program activities are national and international economic conditions and the State's fiscal and economic condition. These conditions affect land demand for resort, commercial, industrial, residential and agricultural uses and coastal and ocean activities which have potential impacts on natural, cultural, historic, recreational and other resources. Federal policies and regulations and court decisions also impact program activities.

G. Discussion of Cost, Effectiveness and Program Size Data
OP has continued to focus on its core statutory functions and Federally-funded programs and priority project areas of the Administration and Legislature. OP's workload has grown because of increases in land use petitions, Special Management Area (SMA) permits, Federal Consistency Reviews and other permits due to the upturn in the economy and the National Oceanic and Atmospheric Administration (NOAA) requirements that the CZM Program do more for the Federal funds that it receives. The program maintained its effectiveness and productivity despite these challenges and has also been successful in obtaining competitive Federal grants in areas which are consistent with its mission and State objectives.

H. Discussion of Program Revenues
The Statewide Planning and Geographic Information System Program (GIS) Special Fund was abolished in 2004, eliminating this as a source of program revenue.

The Hawaii Coastal Zone Management Program (CZM-Hawaii) receives Federal funds. State and County agencies have direct responsibilities in implementing the Hawaii CZM law, Chapter 205A, HRS. Federal fund grants to CZM-Hawaii support projects and activities protecting Hawaii's coastal resources.

Brownfields cleanup and redevelopment is a Federal priority and the program has received Federal funds for loans and site assessment.

I. Summary of Analysis Performed
None.

J. Further Considerations
None.

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Capital Budget Details

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE / COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 03-04	FY 04-05	BUDGET PERIOD FY 05-06	FY 06-07	FY 07 08	FY 08-09	FY 09-10	FY 10-11	SUCCEED YEARS
FI002			ADDITION	RENOVATION AND IMPROVEMENTS AT THE HAWAII FILM STUDIO, OAHU											
				DESIGN	53				53						
				CONSTRUCTION	387				387						
				TOTAL	440				440						
				G.O. BONDS	440				440						
ACE001	0011		NEW	HAWAII THEATRE CENTER, OAHU											
				DESIGN	60			60							
				CONSTRUCTION	240			240							
				TOTAL	300			300							
				G.O. BONDS	300			300							
ACE002	0014		NEW	OAHU ARTS CENTER, OAHU											
				PLANS	199			199							
				DESIGN	1			1							
				TOTAL	200			200							
				G.O. BONDS	200			200							
				PROGRAM TOTALS											
				PLANS	199			199							
				DESIGN	414	300		61	53						
				CONSTRUCTION	7,527	6,900		240	387						
				EQUIPMENT	100	100									
				TOTAL	8,240	7,300		500	440						
				G.O. BONDS	8,240	7,300		500	440						

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
IN THOUSANDS OF DOLLARS

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE / COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 03-04	FY 04-05	BUDGET PERIOD FY 05-06	FY 06-07	FY 07 08	FY 08-09	FY 09-10	FY 10-11	SUCCEED YEARS
KA008	3		NEW	KAKAAKO MAKAI IMPROVEMENTS, OAHU											
				PLANS	4	2		1		1					
				LAND	1,001	501		1		499					
				DESIGN	4,001	2,500		1		1,500					
				CONSTRUCTION	21,194	16,997		4,197							
				TOTAL	26,200	20,000		4,200		2,000					
				G.O. BONDS	26,200	20,000		4,200		2,000					
KA011	3		NEW	HONUAKAHA HOUSING COMPLEX RECONSTRUCTION AND IMPROVEMENTS, OAHU											
				PLANS	1	1									
				DESIGN	401	1	400								
				CONSTRUCTION	3,998	1,398	2,600								
				TOTAL	4,400	1,400	3,000								
				G.O. BONDS	4,400	1,400	3,000								
KA012			NEW	KAKAAKO PARKING STRUCTURE, OAHU											
				PLANS	251	250		1							
				DESIGN	2,149	150		1,999							
				CONSTRUCTION	19,350	1,350		18,000							
				TOTAL	21,750	1,750		20,000							
				G.O. BONDS	1,750	1,750									
				REVENUE BONDS	20,000			20,000							
KA013			NEW	KAKAAKO COMMUNITY DEVELOPMENT DISTRICT, QUEEN STREET IMPROVEMENTS, OAHU											
				PLANS	1				1						
				LAND	250				250						
				DESIGN	750				750						
				TOTAL	1,001				1,001						
				G.O. BONDS	1,001				1,001						

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
IN THOUSANDS OF DOLLARS

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE / COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 03-04	FY 04-05	BUDGET PERIOD FY 05-06	FY 06-07	FY 07 08	FY 08-09	FY 09-10	FY 10-11	SUCCEED YEARS
KL001	10		NEW	KALAELOA ECONOMIC MASTER PLAN, OAHU											
				PLANS	900			900							
				TOTAL	900			900							
				G.O. BONDS	450			450							
				OTHER FED. FUN	450			450							
KL002			NEW	KALAELOA IMPROVEMENTS, OAHU											
				PLANS	198				198						
				LAND	798				798						
				DESIGN	4				4						
				TOTAL	1,000				1,000						
				G.O. BONDS	1,000				1,000						
HCD001	0001		OTHER	KAKA'AKO COMMUNITY DEVELOPMENT DISTRICT, OAHU											
				PLANS	34,815	30,660	1,309	1,366	740	740					
				LAND	22,456	22,454	1	1							
				DESIGN	12,532	12,530	1	1							
				CONSTRUCTION	69,708	69,706	1	1							
				TOTAL	139,511	135,350	1,312	1,369	740	740					
				G.O. BONDS	89,759	85,598	1,312	1,369	740	740					
				GENERAL FUND	49,752	49,752									
				PROGRAM TOTALS											
				PLANS	37,751	32,494	1,309	2,268	939	741					
				LAND	36,927	35,377	1	2	1,048	499					
				DESIGN	34,043	29,387	401	2,001	754	1,500					
				CONSTRUCTION	211,533	186,734	2,601	22,198							
				EQUIPMENT	1	1									
				TOTAL	320,255	283,993	4,312	26,469	2,741	2,740					
				GENERAL FUND	63,560	63,560									
				G.O. BONDS	219,845	204,033	4,312	6,019	2,741	2,740					
				OTHER FED. FUN	14,850	14,400		450							

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
IN THOUSANDS OF DOLLARS

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE				BUDGET PERIOD						
			COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07 08	FY 08-09	FY 09-10	FY 10-11	SUCCEED YEARS
ATDC01			OTHER	HECO HONOLULU PLANT DEMOLITION AND				ENVIRONMENTAL REMEDIATION, OAHU						
			PLANS	1				1						
			LAND	1				1						
			DESIGN	852				852						
			TOTAL	854				854						
			G.O. BONDS	854				854						
ATDC02			OTHER	HONOLULU HARBOR TRAFFIC PLAN AND STREETSCAPE				IMPROVEMENTS, OAHU						
			PLANS	1				1						
			DESIGN	1,775				443	1,332					
			CONSTRUCTION	2,621					2,621					
			TOTAL	4,397				444	3,953					
			G.O. BONDS	4,397				444	3,953					
				PROGRAM TOTALS										
			PLANS	2				2						
			LAND	1				1						
			DESIGN	2,627				1,295	1,332					
			CONSTRUCTION	2,621					2,621					
			TOTAL	5,251				1,298	3,953					
			G.O. BONDS	5,251				1,298	3,953					