



**HĀLĀWAI PAPA ALAKA'I KŪMAU O KE KE'ENA KULEANA HO'OKIPA O HAWAII'
REGULAR BOARD MEETING OF THE HAWAII TOURISM AUTHORITY**

**HĀLĀWAI HŌ'EA KINO A KELEKA'A'IKE
HYBRID IN-PERSON & VIRTUAL MEETING**

**PŌ'AHĀ, 30 NOWEMAPA 2023, 9:30 AM
THURSDAY, NOVEMBER 30, 2023 AT 9:30 AM**

Kapikala Moku'āina o Hawai'i
Lumi Hālāwai 325
415 South Beretania Street
Honolulu, Hawai'i 96813

Hawai'i State Capitol
Conference Room 325
415 South Beretania Street
Honolulu, Hawai'i 96813

**PONO KE KALEKA HŌ'OIA KANAKA E
KOMO I KE KAPIKALA**

Paipai a koi 'ia paha ke komo i ka māpoho ma ke Kapikala. E maka'ala i nā hō'ailona me ka ikepili hou aku.

E ho'olele 'iwa'ia ka hālāwai ma o ka Zoom.

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THE STATE CAPITOL**

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Meeting will be live streaming via Zoom.

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*E noi 'ia 'oe e kainoa me kou inoa. E 'olu'olu, e ho'okomo i kou inoa piha akā hiki nō iā 'oe ke ho'ohana i ka inoa kapakapa e like me kou makemake. E noi 'ia 'oe e hā'awi mai i kāu helu leka uila. Hiki nō ke ho'opihapiha penei, ****@****mail.com*

You may be asked to enter your name. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous. You may also be asked for an email address. You may fill in this field with any entry in an email format, e.g., [**@***mail.com](mailto:****@***mail.com).**

Kelepona / Call In: (669) 444-9171

Helu Hālāwai / Webinar ID: 816 9371 1653

Hiki i ka lehulehu ke hō'ike mana'o ma o ka palapala a i 'ole ma o ka waha. E kau palena 'ia ka hō'ike mana'o waha (ma ke kino a i 'ole ma o ka Zoom) he 'elima minuke ka lō'ihī no kēlā me kēia kumuhana. E kāinoa no ka hō'ike mana'o waha ma ke pākaukau ho'okipa ma ka lumi hālāwai. E kāinoa no ka hō'ike mana'o waha ma o ka Zoom ma o ke pihi "Q&A."

Members of the public may provide written or oral testimony on agenda items. Oral testimony (in-person or via Zoom) will be limited to five minutes for each testifier per agenda item. Signup for oral testimony in-person will be at the registration table in the meeting room. Signup for oral testimony via Zoom will be accepted through the Q&A feature on Zoom.

E ho'ohui 'ia nā palapala hō'ike mana'o i hiki ma ka pū'olo hālāwai. No nā palapala hō'ike mana'o i hō'ea mai ma hope o ka pa'a o ka pū'olo hālāwai (he 48 hola ma mua o ka hālāwai), e kāka'ahi 'ia nā kope i ka papa alaka'i a e mākaukau no ka 'ike 'ia e ke anaina ma ka hālāwai. E leka uila 'ia nā palapala iā Carole Hagihara-Loo ma carole@gohta.net, a i 'ole, e lawe kino 'ia i ke ke'ena.

Written testimony received ahead of the preparation of the board packet will be included in the board packet. Written testimony received after the issuance of the board packet (48 hours ahead of the meeting) will be distributed to the board and available for public inspection at the meeting. Email written testimony to Carole Hagihara-Loo at Carole@gohta.net or hand-deliver or mail to the Hawai'i Tourism Authority office, 1801 Kalākaua Avenue, 1st Floor, Honolulu, HI 96815.

PAPA KUMUMANA'O
AGENDA

1. *Ho'omaka*
Call to Order
2. *Kikolā*
Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic
3. *Wehena*
Opening Protocol
4. *Hō'ike O Nā Hālāwai 'Ae 'Ia*
Report of Permitted Interactions at Informational Meetings or Presentations Not Organized by the Board Under HRS section 92-2.5(e)
5. *'Āpono Mo'olelo Hālāwai*
Approval of Meeting Minutes of the October 26, 2023 Regular Board Meeting
6. *Hō'ike A Ka Luna Ho'okele Ho'okō*
CEO Report
7. *Hō'ike A Ka Luna Ho'omalū Papa Alaka'i HTA*
Board Chair Report
8. *Hō'ike A Ka Hui Noi'i Pane Pōpilikia*
Report of the Disaster Response Permitted Interaction Group
9. *Kūkākūkā A Ho'oholo No Ke Noi I Ke Kia'āina No Ka Ho'opa'a Manawa O Ka Pōulua 'Oihana Ho'okipa*
Discussion and Update on the Request to the Governor to Declare the Tourism Emergency for a Specific Time Period

10. *Hō'ike'ike A Kūkā No Nā 'Ike A Kūlana Mākeke O Kēia Wā I Hawai'i A Me Nā Mākeke Ho'okipa Nui I Hawai'i*
Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and Key Major Hawai'i Tourism Markets
11. *Mo'olelo A Nūhou A Ke Kōmike Mo'ohelu Kālā, 'Oihana Kālā, A Kikowaena Hālāwai*
Report and Update by the BUDGET, FINANCE, AND CONVENTION CENTER STANDING COMMITTEE of their Meeting Held on November 20, 2023
 - a. *Kūkākūkā A Ho'oholo No Ko HTA Mo'olelo Kālā*
Discussion and/or Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on HTA's Financial Report for October 2023
 - b. *Kūkākūkā A Ho'oholo No Ko Ke Kikowaena Hālāwai Mo'olelo Kālā A Papahana Ho'oponopono*
Discussion and/or Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the Hawai'i Convention Center's October Financial Report and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan
 - c. *Hō'ike'ike, Kūkā, a Ho'oholo no nā Palapala A a me B*
Discussion on Form A (FY 25 Supplemental Budget Request to DBEDT) and Form B (B&F and Governor's Budget to Departments)
 - d. *Kūkākūkā A Ho'oholo No Nā Nīnūnē A Mana'o Pili I Ka Mo'ohelu Kālā*
Discussion and/or Action on HTA Budget Issues, Comments, and Suggestions Raised by Legislators, Board Members, Staff, Stakeholders, etc.
12. *Mo'olelo A Nūhou Na Ke Kōmike Alowelo*
Report and Update of the BRANDING STANDING COMMITTEE of their Meeting Held on November 20, 2023
13. *Mo'olelo A Nūhou Na Ke Kōmike Ho'okahua Hawai'i*
Report and Update by the HO'OKAHUA HAWAII STANDING COMMITTEE of their Meeting Held on November 21, 2023
14. *Kūkā a Ho'oholo no ke Kālā Keu no ka Ho'opakele Alowelo a Hokona i 'āpono 'ia e Ka Papa Alaka'i*
Discussion and/or Action on Funding of the Additional Marketing Services Approved by the Board to Address Recovery in FY24

15. *Mo'olelo A Nūhou A Ke Kōmike Ho'okele & Hō'ōia*

Report and Update by the ADMINISTRATIVE & AUDIT STANDING COMMITTEE of their Meeting Held on November 22, 2023

- a. *Ka Pane Mai Ka Luna Hō'ōia no Nā Hō'ōia No Ke Ke'ena Kuleana Ho'okipa o Hawai'i*
Response from the State Auditor on the Status of Implementation of Audit Recommendations (Report No. 18-04 (Follow-up Report No. 22-09))
- b. *Kūkākūkā A Ho'oholo no ke Kuleana a Uku no nā Kūlana Pelekikena a Luna Ho'okō a me ka Luna Alowelo****
Discussion and/or Action on Initiating a Search and Hiring Process and Compensation for the Hawai'i Tourism Authority's President and CEO and Chief Brand Officer Positions***
- c. *Kūkākūkā no Nā Mea Like 'Ole No Nā Limahana****
Discussion of Various Personnel Issues***

16. *Hō'ike'ike, Kūkā, a Ho'oholo no ka Mo'ohelu Kālā Makahiki Kālā24*

Presentation, Discussion and/or Action on the FY25 Supplemental Budget***

17. *Ho'oku'u*

Adjournment

*** *'Aha Ho'okō: Ua hiki i ka Papa Alaka'i ke mālama i kekahi hālāwai kūhelu i kū i ka Hawai'i Revised Statutes (HRS) § 92-4. E mālama 'ia kēia hālāwai kūhelu nei ma lalo o ka § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) no ka pono o ko ka Papa Alaka'i kūkā a ho'oholo 'ana i nā nīnūnē a nīnau i pili i ko ka Papa Alaka'i kuleana me ko ka Papa Alaka'i loio. He hālāwai kūhelu kēia i 'ole paulele 'ia ka 'ikepili a i mea ho'i e mālama kūpono ai i ko Hawai'i 'ano, he wahi i kipa mau 'ia e nā malihini.*

*** Executive Session: The Board may conduct an executive session closed to the public pursuant to Hawai'i Revised Statutes (HRS) § 92-4. The executive session will be conducted pursuant to HRS § 92-5 (a) (2), § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) for the purpose of consulting with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities; to consider hiring and evaluation of officers or employees, where consideration of matters affecting privacy will be involved; and to discuss information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination.

Ma lalo o ka māhele 531.5 o ka Budgetary Control Accounting Manual, Moku'āina 'o Hawai'i, he māhele ka 'aina awakea o ka hālāwai. E mau ana ka hālāwai ma loko nō o ka 'ai 'ana, 'a'ole ho'i ia he wā ho'omalolo.

Pursuant to Section 531.5, of the Budgetary Control Accounting Manual, State of Hawai'i, lunch is served as an integral part of the meeting, while the meeting continues in session, and not during a break.

Inā he lawelawe a mea like paha e pono ai ke kīnānā, e ho'oka'a'ike aku me Carole Hagihara-Loo ma (808)-973-2289 a ma ka leka uila e like me ka wikiwiki i hiki, 'a'ole ho'i a ma 'ō aku o ka 'ekolu lā ma mua o ka hālāwai. Inā 'ike 'ia he noi i ka lā ma mua o ka hālāwai, e ho'ā'o mākou e 'imi i ka lawelawe a mea like paha, 'a'ole na'e ho'i e hiki ke ho'ohiki 'ia ke kō o ua noi lā. Ua noa pū kēia ho'olaha ma nā kino 'oko'a e like me ka mea pono.

If you need an auxiliary aid/service or other accommodation due to a disability, contact Carole Hagihara-Loo at (808) 973-2289 or carole@gohta.net as soon as possible, preferably no later than 3 days prior to the meeting. **Requests made as early as possible have a greater likelihood of being fulfilled.** Upon request, this notice is available in **alternative/accessible** formats.

E like nō me ka 'ōlelo o ke Kānāwai Hawai'i i ho'oholo 'ia māhele 92-32.7, 'a'ole e mālama ana ke Ke'ena Kuleana Ho'okipa o Hawai'i i kekahi wahi ka'awale no ka lehulehu a lālā papa alaka'i e nānā a e komo ai i ka hālāwai ma ka ho'ohana i ka 'enehana komo hālāwai, no ka mea, hiki nō i ka po'e o ka lehulehu a lālā papa alaka'i ke nānā a komo pū ma ka hālāwai hō'ea kino.

In accordance with HRS section 92-3.7, the Hawai'i Tourism Authority will not establish a remote viewing area for members of the public and board members to view and participate in meetings held using interactive conference technology (ICT) because there will be an in-person option for members of the public and board member to view and participate in the meeting.

05
Approval of Minutes
of the
October 26, 2023 Regular Board Meeting



Ke'ena Kuleana Ho'opipa O Hawai'i
1801 Kalākaua Avenue
Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
hawaii tourism authority.org

**REGULAR BOARD MEETING
HAWAII TOURISM AUTHORITY
Thursday, October 26, 2023, 9:30 a.m.**

Hybrid In-Person & Virtual Meeting

Hawai'i Convention Center
Parking Level, Lumi 313A
1801 Kalākaua Avenue
Honolulu, Hawai'i 96815

MINUTES OF THE REGULAR BOARD MEETING

MEMBERS PRESENT:

Blaine Miyasato (Chair), Mahina Paishon Duarte (Vice Chair), David Arakawa, Dylan Ching, Mufi Hannemann, Stephanie Iona (Zoom), James McCully, James Tokioka (Ex Officio, DBEDT Director), Mike White

MEMBERS NOT-PRESENT:

Kimberly Agas, Sherry Menor-McNamara, Sig Zane

HTA STAFF PRESENT:

Daniel Nāho'opi'i, Kalani Ka'anā'anā, Isaac Choy, Caroline Anderson, Ilihia Gionson, Iwalani Kaho'ohanohano, Carole Hagihara-Loo, Maka Casson-Fisher, Talon Kishi

GUESTS:

Jennifer Chun, Jeffrey Eslinger, Erin Khan, Bobbie Okamoto, Guillaume Manan, Kylie Butts, Laci Goshi, Tyler Gomes, Teri Orton, Jessica Lain Rich, John Monahan, John Reyes

LEGAL COUNSEL:

John Cole

1. Call to Order

Chair Miyasato called the meeting to order at 9:35 a.m.

2. Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic

Mr. Gionson did the roll call, and all members were confirmed in attendance. The member who attended via Zoom was by herself.

3. Opening Protocol

Mr. Casson-Fisher did the opening protocol “He Wā Kilo, He Wā Hana,” which translates to A time to observe, a time to produce.

4. Report of Permitted Interactions at Informational Meetings or Presentations Not Organized by the Board Under HRS section 92-2.5(e)

There was no input on Permitted Interaction Groups.

5. Approval of Meeting Minutes

5.a. September 28, 2023 Regular Board Meeting

Approval of minutes. Regular Board Meeting on September 28, 2023, was moved by Mr. Hannemann, seconded by Dir. Tokioka, and it was carried unanimously.

6. CEO Report

Mr. Nāho’opi’i spoke about the CEO report, and addressed the Maui recovery was the main focus in September. The HTA expanded its website with Maui Recovery Resources and worked with GoHawaii.com. The HTA developed new Maui recovery sections on the HTA website and expanded with information and resources geared towards visitors, businesses, employees, and community members. There were separate sections for each, as well as tailored information. They also drafted and uploaded copies and images and updated sections with the latest information.

The HTA and the partners developed the HTA’s Mālama Maui toolkit with official statements, information, assets, and images to rebuild Maui Travel. As they monitored various groups and organizations, they continued participating in Emergency Support Functions (ESF). As information from the Department of Human Services Health is available and related to

businesses, employees, or community members, they post it to the website. As Gov. Green and the mayor of Maui spoke about West Maui opening on October 8, the HTA gave the information to industry partners and the community. The HTA also worked with the marketing partners to restructure the messaging so it is appropriate for visitors and the travel trade.

The GMTs are following up with additional travel agent training information on their websites. At the international level, they captioned all the materials that were coming out. They translated the declarations. The HTA continues the work in the earned media space in all markets. The CEO report lists many media opportunities in Hawai'i and the market. The HTA needs to continue evaluating the messages from the Governor and the mayor and addressing the issues they were hearing in the market about needing more information about whether it is safe to travel to Hawai'i. They worked with the local broadcast news on being more detailed about the reopening announcements to ensure residents and visitors had accurate information. The GMTs worked to gain additional travel and trade media earned spots, working with the broadcast and travel writers to publish up-to-date and accurate information.

In September, the HTA established the PIG to support the Maui disaster recovery and meets weekly. Most important is gathering information and data as it becomes available and interviewing impacted stakeholders and those who may start developing recovery plans. They have hired a consultant to continue aggregating the information to help the disaster recovery PIG develop their mid to long-term Maui strategies.

On the Change Management side, the HTA continues to struggle to process the structural changes approved by the Board. All position descriptions have been submitted in response to the Board's request. They have also redescribed the Executive Assistant position to expand the support of Board activities. The position is now Executive Assistant and Board Liaison. Ms. Hagihara-Loo will continue to support the Board with its needs, providing information and administrative support.

Mr. Nāho'opi'i mentioned the Community Pillar with a list of CEPS in September. The HTA not only supports the events for elevating the activities and experiences they have in Hawai'i but also takes it as an opportunity to educate about tourism in general and foster the interaction between visitors and residents. The HTA will participate in the events so the residents and visitors know what the HTA is doing.

In September, the HTA had a U.S. federal government shutdown scare, so the HTA was proactive in drafting external messaging and alerts on social media. They also contacted island chapters and other stakeholders to identify and contact any potential federal sites. They also contacted Pacific Memorial to work with them to set up a system if they needed support to

fund staff to keep Pearl Harbor open, which is their largest attraction. He asked Ms. Anderson to speak about the Stewardship Programs.

Ms. Anderson updated the two recently awarded Stewardship projects. Rachel Kaiama, Hawai'i Island Destination Manager, prepared and issued the RFP for 'āina-based non-profit organizations to manage Community Stewardship programs. Ka 'Ohana O Honu'apo (KOOH) was selected for its Ka'ū Hoa Pili 'Āina Training program (contract is \$90,000), which will focus on training ten local stewards in Punalu'u on the practices of Mālama 'Āina. Ho'ala Kealakekua Nui, Inc. (HKN) was selected for the project, building 'āina-based stewardship programs for Kealakekua Bay.

Mr. Nāho'opi'i said their strategy through the DMAPs and the Strategic Plan is to empower the communities to be part of the process, which helps maintain long-term stability and develop the visitor experience.

He gave the floor to Mr. Ka'anā'anā to talk about the Internal Partners meeting. Mr. Ka'anā'anā said the purpose is to align its internal team of contractors with the strategic goals of the HTA. They discuss markets, activities, and opportunities. They also develop the next calendar year's activities. It helps the partners understand the HTA's strategic goals, identify opportunities for collaboration and synergy among them, and set the following year's framework. They also executed a supplemental agreement with DOT airports to continue the greetings program at airports across the state. The airport greetings contract has been signed. Ms. Duarte asked how long the renewed MOA is for. Mr. Ka'anā'anā said he would find out. Mr. Arakawa asked about the Internal Partners meeting and if the Board could be invited to sit in or be part of the committee as they had previously done so. He heard that DOT and DLNR were not invited to the meeting and suggested inviting them again as they did in the past. Mr. Ka'anā'anā said he would make the adjustment to include them. Ms. Duarte said she was in support of the recommendations. Mr. Nāho'opi'i said they have the advisory group in the statutes, and Ms. Hagihara-Loo is scheduling the meeting with the department heads from DBEDT, DOT, DLNR, and the State Foundation in Culture and Arts. It is important to have it quarterly from the top level and then agree to distribute it at staff meetings for follow-ups. Hopefully, they will get it scheduled in November. There were no questions.

7. Board Chair Report

Chair Miyasato spoke about the structure and organization of the HTA. He said the HTA:

- Remains an autonomous entity as envisioned and conceived.
- Retains lump sum funding.

- Subject to SOH procurement code.
- Must justify financial existence annually.
- Board Procedures in statute and bylaws.
- Sunshine law is to be embraced.

In terms of this presentation, the center of interest and what he would like the HTA to focus on going forward is:

- Meaningful Data, Reports, Dashboards will help guide the HTA in the right direction.
- Shoring up Organization. The HTA is in a deficit, so this is important to address. Immediate Resources: Chief Executive Officer & Brand Roles
- Building Hui.
- Brand Enhancing Partners with a demonstrated understanding of kākou
- The HTA must have one Voice
- Tell the HTA Story
- Be the Tourism Authority
- Be the Advocate for the People of Hawai'i

He showed the HTA's organizational structure which is based on statute and bylaws. The definition of "authority" means the HTA established by 201B under Hawai'i Revised Statutes. The definition of the "Board" means the policymaking Board of Directors authorized to be the governing body or the head of the Authority under chapter 201B under Hawai'i Revised Statutes.

In terms of the hierarchy, the HTA Chairperson, Vice Chairperson, and the full Board lead and direct the President and CEO. If there is no CEO, that function goes to the CAO, in that order. If there is no CAO, it goes to the Chief Brand Officer (CBO); if there is no CBO, it goes to the VP of Finance.

Autonomous means having the freedom to govern itself or control its affairs independently. He recognized that recent events had taken over and suggested that the HTA return to their routes and design. They need to behave in a way that they are viable.

Dir. Tokioka said the information the HTA needs is readily available. FEMA and Maui County have designed a dashboard to provide the necessary information. Ms. Chun mentioned that the hotel report is an HTA report, and together with the anthology, they distribute it to the media, so they get the reports directly. The reports are put out every month. Dir. Tokioka said if there is specific information they want the team to work on. Ms. Chun could work on that.

Chair Miyasato said they must figure out structurally what reports the HTA needs and then ask for them in a format the Board can digest. Ms. Chun said that since she is not on the agenda, she has not been preparing the PowerPoint. Mr. Nāho'opi'i said they have hired a contractor guided by Ms. Anderson in the Disaster Recover PIG who is responsible for aggregating information and data and providing it in a way the Board can understand it better. He suggested that Ms. Anderson and the contractor work with the Board to create the dashboards and information and put it in a format that addresses the issues the Board is concerned with. Mr. Arakawa said they are paying the consultant for the work that DBEDT could do for free. Mr. Nāho'opi'i said it is through the staff and the consultant giving guidance, so they will not be recreating the information again. The consultant will have to distill the Board's needs, and Ms. Anderson will collaborate. The consultant is just for the Maui disaster. Mr. Arakawa said they must focus on getting the correct data across.

Ms. Duarte suggested that each committee chair can agendaize, lay out, and discuss what kinds of data are needed and then work on it together to reconstruct the data dashboard. Chair Miyasato agreed and said Ms. Chun must be back on the agenda. Mr. Nāho'opi'i said that when they did the restructuring in June, one of the other criteria besides the stewardship section was to allow Ms. Anderson and her planning section to take on more of this work. This includes data reporting to the Board. Now that Ms. Anderson has freed up since Mr. Ka'anā'anā is taking over the Stewardship component, they can focus on meeting the HTA needs. They are still transitioning but will all support this coordination going forward. Mr. Ching said he supports them. Mr. Hannemann said it is important to hear from the chair his vision, objectives, and goals, and they need to see how the members can support him. Ms. Duarte concurred with everyone. She said that the HTA must have honest, data-informed conversations, and relationships are integral. She commended the staff on what they have all been through and achieved. She said everyone must be mindful of the workload and hardworking staff. She said being part of the disaster PIG has allowed her to interact more closely with contractors and industry leaders, and is, therefore, able to have a good sense of what is working or not and the gaps they can fill.

Chair Miyasato agreed and said the HTA is tasked with a structure that will make them successful. He thanked the Board members for doing the work without being paid. Mr. White agreed with everyone's comments. He addressed the deficit side and said they need to work on it, especially the staffing levels. He said they are maintaining an understaffing situation. Dir. Tokioka echoed Mr. White's sentiments. He said it is a trust issue, and they need to reestablish the trust to ensure they are funded. The relationship with the legislature is important as they are essentially the "bank". Mr. Arakawa supported all the comments. Chair Miyasato said he believed that they would be successful as they build action and trust. There were no further comments.

8. Discussion and/or Action on a Request to the Governor to Declare the Tourism Emergency for a Specific Time Period

Mr. Nāho'opi'i requested a motion that the HTA Board of Directors request the Governor to declare the tourism emergency for a specific period. Ms. Duarte seconded. Mr. Nāho'opi'i said the Board took action in August at the Special Board meeting in a written letter requesting the Governor declare a tourism emergency. The response from the Governor was to put the declaration into the emergency proclamations, but the proclamations have a lifespan of only 60 days. They did not get a letter confirming the tourism emergency had been declared. The AG recommended they return to the Governor to ask that the time the HTA specified be written into that declaration. It also allows the HTA to plan out the expenditure of that emergency fund. According to the AG, the HTA can only spend the emergency fund during a tourism emergency. Once that period lapses, they cannot access the funds again.

Chair Miyasato asked when the emergency would end. Mr. Cole said the 60 days ends on November 7. The declaration is separate from the emergency proclamation, so he advised selecting a time for that. He suggested not tying it to the emergency proclamation with an automatic time cutoff.

Mr. Arakawa asked what data they needed. Mr. Cole said they must explain what they are going through and what they are planning with the time. Mr. Nāho'opi'i said recently, DBEDT did the update and status, and they determined the time for the full recovery. Dir. Tokioka said if the dates were too broad, people would criticize them. The best way to approach this is for Mr. Nāho'opi'i to send communication to the Governor for the request as opposed to the whole Board sending it. Mr. Cole suggested writing a separate declaration that the HTA will not be tied to the 60 days. Mr. McCully said if they had a time period, that would be the basis they could work on. He said they need to determine the uses and incorporate that into the request to the Governor. Ms. Duarte asked, in response to Mr. McCully's suggestion, if Mr. Cole could walk through the tentative timeline for which the report will come back with preliminary results. Mr. Cole said it is in the RFP, which is a public document. Ms. Duarte said they have asked the contractor to slightly move up the draft report a few days before the November Board meeting so the committee will have time to review it and make revisions before presenting it to the committee. She was in support of Dir. Tokioka's suggestion. Mr. Cole's understanding is that the proclamation ends on November 7, and if the Governor has not made a separate declaration for the HTA, the tourism emergency would be declared no longer existing by the Governor.

Chair Miyasato asked if there is no response to their communication and the tourism emergency component of the proclamation is gone, the funds, in effect, are gone. Mr. Cole said

the funds would be halted, and they would need to request an extension. Mr. McCully said it is prudent to include the time period the HTA needs when they message the Governor. Ms. Duarte clarified that she is requesting they request an extension so they have access to the monies, but that they figure out the longer timeline past the additional extension based on whatever they find out. Dir. Tokioka said if the time does lapse, the Governor can make another proclamation after the last time, but if they do what Mr. McCully said, he would add asking the Governor if there were any priorities he has with the money he approved, so the Board knows what to put aside for the Governor's request.

Mr. White asked Mr. Choy if the emergency fund had to be encumbered within a certain period. Mr. Choy said if they procure a program under the emergency, they can encumber those funds once it is procured. He said a plan is in place. He noted that the person in charge of paying the bills is Mr. Kishi.

Chair Miyasato said his concern is that November 7 is, and as a Board, if they could extend it, they could encumber the funds. Mr. White said they should make the time for at least 6 months. Mr. Arakawa said they can relay in their letter that the time is based on their plan and the work they have to do, and they can add it to future proclamations. Mr. Hannemann said he is in favor of the 6 months. Dir. After the meeting, Tokioka will connect with the Governor to follow up with them about the proclamation. He did not disagree with the 6 months, but he recalls previous meetings when the legislation was very difficult if there was no plan in place. Mr. Hannemann said they must go to the legislature with sound strategies and programs. Chair Miyasato asked Dir. Tokioka if they could put this on the priority list in terms of review, and Dir. Tokioka said that will be done. Mr. Arakawa asked Ms. Duarte when they could make their plan. Ms. Duarte said it would be by the end of December at the latest. Mr. Arakawa said they should mention this information to the legislature. Ms. Duarte said they have been fast-tracking the process. Mr. Arakawa will amend his motion for the staff to prepare a request on behalf of the acting CEO to the Governor's office to declare a temporary emergency for six months. In that request, they must include reasons for what they have been doing so far and the expected timeline. Dir. Tokioka seconded the motion. Mr. White said it made sense to include Dir. Tokioka recommends asking the Governor if there are certain things he has prioritized that should be spent out of the tourism fund and checking which items he most supports. Mr. McCully said the emergency funds are separately allowed for under statute and asked if that is automatically capped by the legislature when it is expended or if it is a separate resolution where they have to request funding. Mr. Choy was not sure. Dir. Tokioka said he received confirmation that they were working on a proclamation, and when they send the request, it will be included as a consideration. Chair Miyasato said there are two possible outcomes. One is a 60-day extension, and the other is to have the acting CEO's formal request allowing the 6-month extension. Mr. Gionson did the roll call, and the motion passed unanimously.

9. Presentation and Discussion by Kilohana on the Support Services for Destination Stewardship Contract No. 23008

Mr. Ka'anā'anā thanked Ms. Anderson, Michelle, and the evaluation committee, who were instrumental in getting them to this point. Mr. Ka'anā'anā introduced Mr. Gomes, Chief Administrator of Kilohana.

Mr. Gomes spoke about the five programs they are working on under the Destination Stewardship contract:

1. The Visitor Education and Post-Arrival Marketing program. They have active airport advertisements on all islands. The content is island-specific. The four current areas running are 'āina, Pono Travel, Hula, and Shop Local. The press release went out earlier. There are some videos the HTA worked on, one of which is the Mālama Maui video, a long-format video. They will be doing shorter edits with some local voices on Maui for organic growth. There will not be much branding, as the idea was to let the community voices shine in light of the tragedy. They will be working with larger airline and hotel partners who have supported the work to help amplify the message. Mr. Ka'anā'anā said there was a great partnership with Hawaiian Airlines, Alaskan Airlines, and others. He wanted to extend his gratitude to the coalition. It came together organically to help guide the work. Mr. Gomes spoke about the plan for post-arrival - a weeklong production schedule development run in O'ahu. They will start preparing for other islands as well. Mr. Ka'anā'anā mentioned that the line between the GMTs is pre-arrival, which is anything up until the airport. Then Kilohana begins at the airport, so their scope is limited to post-arrival. The three Technical Assistance programs.
 - The first was the Foundational TA program. For the needs assessment, the target sample size is about 9,000 small businesses, non-profits, and community organizations, with an intended respondent rate of about 10%, hoping for 900 respondents. It should launch in November. Mr. Ka'anā'anā mentioned the work's functional layer and the Board's organization. He said that Ms. Anderson, as Director of Planning, oversees and is the staff lead for the needs assessment.
 - The second technical assistance program - the Community Stewardship Program. What is envisioned is a two-module program. The first builds organizational capacity for many community-based workers who may not have insurance, etc. The second module will be about plan development. This will be used to prepare the organizations to develop their own plans. Mr. Ka'anā'anā said what is important about this is that these are community-based organizations that are sometimes split up and brand new for the stewardship work in partnership with the destination managers. The intention is to raise them.

- The third technical assistance program is the collaboration of visitor experiences. The intent is to create new products. The work plan is due at the end of the month. Tentatively, this is the greenest of the three. They are framing it as supporting and enriching agritourism, voluntourism, cultural experiences, and circular economy, e.g., bringing together existing activities and packaging them as one and as a new product. When the work plan is approved, they will have an update. Mr. Ka'anā'anā said that from a strategic standpoint, this is important because, as visitors are looking for things to see and do in Hawai'i, the HTA wants to provide new opportunities.
2. Mr. Gomes spoke about the third program, the Quality Assurance Program. He sent one of their staff to the Power of Partnership Stewardship Summit the previous week, where their team appeared to be the most knowledgeable. He spoke about ideas where they might certify operators' activities, which might be scaled down and more culturally related. In addition to solidifying those areas between Ms. Anderson and John, they are also working on creating the preliminary criteria development committees, approved by the HTA, and deciding who they would like to invite. They will be able to update more on this later. Mr. Ka'anā'anā noted that Ms. Anderson will also be the staff lead for this program. He said this is an important program in response to communities. This program can start to highlight and champion the best practices. Mr. Gomes spoke about incentivizing the program, which the HTA can use.
 3. The fourth program is the Tour Guide Certification program. This is in the early phases, as the report is due in December 2023. They are only developing the curriculum, not implementing the certification. Mr. Ka'anā'anā thanked the Big Island Mayor Mitch Roth, Director Douglass Shipman Adams, and Deputy Director Frecia Cevallos for their support of Kipa.
 4. Mr. Gomes spoke about the last program, 'Umeke Funding. Their partners at Purple Mai'a developed the entire fund and software system in Salesforce in three weeks from the first deliverable to launch to make the grants available in time for 2024. He commended the team for their hard work in this. The portal is open through November 13, 2023, and closes at 11:59 p.m. HST. Information for each of the six funding opportunities is housed at kilohana.com and on the HTA website. The portal is umeke.kilohana.com. They are currently building out a dashboard system as well. They have received earned media with the program.

Mr. Ka'anā'anā added that this is the first time all six funding opportunities are managed in one place. Two advantages are that it is more convenient for community partners to access funding opportunities, and it is a one-stop shop concept. They hope to improve the platform constantly.

They showed the Mālama Maui video. Mr. Arakawa commended Mr. Ka'anā'anā, Ms. Anderson, her staff, HVCB, the HCC, and CNHA. He said that as a result of these programs, the projects that have benefited have been able to support the HTA's pillars and objectives.

Chair Miyasato asked if they have a goal of what successful projects look like. Mr. Ka'anā'anā said that is the baseline. Chair Miyasato thanked Mr. Gomez for the presentation and his good work. Mr. Ching asked how long that plan was to run. He commented that the West side was not mentioned. Mr. Ka'anā'anā said part of the strategy is that they continue to edit the message and put it out as the situation evolves.

Mr. White asked about the full cut and said the HTA and Hawaiian Islands logos are not on the video. Mr. Ka'anā'anā said one of the biggest community concerns they heard was that if the videos were not early and they were all labeled "HTA" it would not have a chance at being a message received by the community. Because it was a coalition of partners, they used sensitivity about how they wanted to voice that as companies and brands. As it gains traction, and by putting paid money behind it on all the company channels, they will start to do a phased approach, a paid rollout, so it will be on the pages and channels.

Ms. Duarte asked which staff or Board members Mr. Gomes interacted with daily or weekly. She also asked what the reporting schedule is like for Kilohana, so she can understand the frequency level at which they will interact. She asked about the activities that pivoted. Mr. Gomes said he interacts with Mr. Ka'anā'anā hourly, seven days a week. He interacts with the entire team regularly. Regarding reporting schedules, they produce deliverables every two weeks across all seven programs. There are two to three items due every two weeks. What has changed since the original is that with the shift in emphasis on funding opportunities, they had to eliminate some proposed positions that the HTA was aware of before the contract was executed. They intend to establish a presence on all neighboring islands. They had to eliminate that based on budget availability. They scaled down the Visitor Education Post-Arrival marketing because the money had to come from somewhere towards funding opportunities. In the Technical Assistance programs, they put the majority of the money that got moved there, and the focus was on additional capacity building and some data gathering. Some data studies were eliminated. The Tour Guide Certification program was scaled back to just the curriculum. The Quality Assurance program is the same. Ms. Duarte needed this information to understand the budget package they are putting together for the next session. She understood that the HVCB also had to eliminate certain programs. Mr. Hannemann said he hears weekly about what the CNHA is doing to help. He asked if Mr. Gomes had enough staff to complete the necessary work. Mr. Gomes said that when they were asked to amend their budget to shift several million into additional grant funding, not only did they have to cut positions, but the contract was not profitable. He said they could use more staff and resources in other areas of the program that

are not necessarily in those grants, allowing them to increase some overhead coverage and help them break even. He said it was a loss for Kilohana. Mr. Hannemann said they must help ensure they are successful.

Chair Miyasato asked what committee they should place Kilohana on. Mr. Ka'anā'anā suggested the Ho'okahua Hawai'i committee. Ms. Duarte accepted that request. Dir. Tokioka asked how the messages were getting to the target people. Mr. Gomes said they are getting support from Dir. Tokioka and the staff.

Regarding the video's messaging, he felt there was a lot of kuleana to answer the community's call for certain messaging and the community's demands for acknowledgment. While the video will be available for visitors on the normal marketing channels, the audience is much larger than the residents. They must ensure that the residents' concerns are heard and addressed. Mr. Ka'anā'anā said fiscal does not include resident messaging. He clarified that the scope is defined, and if the Board wants them to pivot, they have to go through the appropriate process. He is trying to clarify what everyone is doing so they can proceed accordingly.

Dir. Tokioka said the messaging is impressive. Mr. Gomes said the idea was to build organic momentum first, then get corporate partners, then amplify the message, to have the budget for out-of-home, and then they can go through the hotels and offer that as an in-room offering. Mr. Ka'anā'anā said they will continue to provide the partners with the assets. They will have new content coming out on the bureau side as well. All assets belong to the HTA, and they will share them as needed and to whom they need to. The coordination happens at the HTA level, then they push it to the partners. Mr. Nāho'opi'i said they have a press release about the Mālama Hawai'i toolkit. Within the toolkit are all the assets, paid and organically, as they make it available to all the industry partners, hotels, airlines, etc. They also work with the Governor and the DOH, addressing issues for resident and visitor interactions. Chair Miyasato said it is important to understand the audience clearly.

Mr. Ka'anā'anā said the first of five parts is visitor education and post-arrival marketing to the visitor audience. The resident-facing messaging lies with the HTA. They have limited Kilohana's ability to work with residents through the scope as presently constituted. It does not mean they are locked in. Chair Miyasato said they have two distinct audiences, but as the HTA, they have a responsibility to the people of Hawai'i, and they are a very important audience. More importantly, they have taken that responsibility and are delivering results. Mr. Nāho'opi'i added clarity to the existing programs. He said they are constructed for a reason. They not only develop new visitor experiences but are resident-facing as they are talking about community economic development, where they are returning to regenerative tourism, and where the tourism industry is supporting new jobs at the community level. It allows residents and the community to speak and discuss what they want to share with visitors. That empowerment is critical to the overall Strategic Plan they have always had.

Mr. Ka'anā'anā said the HRS tool also allows them to create a resident or informational campaign, an opportunity to encourage the resident BLI that needs attention. They must be mindful of which audience they are speaking to and how they accomplish the mechanics. Dir. Tokioka said they must have a caption if they are targeting tourists, as they are not always aware of what 'āina or mālama means.

10. Report and Update by the Administrative & Audit Standing Committee of their Meeting Held on October 18, 2023

a. Discussion and Action on the Role and Compensation of the Hawai'i Tourism Authority's Interim President and CEO, Chief Brand Officer, and Others

Mr. White said that although it calls for action, they are not ready to take action. There had been important discussions about salaries, hiring a CEO, etc., in the Executive Session. Within the next two weeks, they will have another meeting to present the findings of the staff and the work that a few others are helping put together. He wants to ensure they have paramount details to share with the committee members. They deferred on this item.

b. Discussion and Action on Hawai'i Tourism Authority's Emergency Fund Expenditure Policy & Procedures

Mr. Choy said the HTA Emergency Fund money is with them. Therefore, Mr. Cole had told them to make procedures for it, so as part of the agenda item, the procedures were in the meeting for safeguarding the funds. They made stringent procedures to ensure the money was spent properly. Mr. Choy asked for a motion to adopt the agenda item on the expenditure policy and procedures on the HTA Emergency funds. Mr. White made a motion, and Ms. Duarte seconded. Mr. McCully asked if it included the definitions, management, and policies. Mr. Choy confirmed that was the next agenda item. Dir. Tokioka asked if there was any flexibility they were giving away through the policy that they could enjoy otherwise. Mr. Choy said no, as they wanted to make stringent policies, as it is rare that an agency has control of disbursing the funds, which DAGS usually does. In this case, it is Mr. Kishi. Dir. Tokioka said he fully supports stringent policies in place for the use of the funds. He clarified that there is applied flexibility because Mr. Kishi had control of it.

Ms. Duarte asked about item 2a. She asked if Board members could sit on the contract evaluation review. Mr. Choy confirmed that as correct. Ms. Duarte asked who invites Board members to the contract evaluation review. Mr. Choy said that after the committee determines the program and the Board approves it, they follow the physical policies to cut the cheques.

There were no further questions or comments. Mr. Gionson did the roll call, and the motion passed unanimously.

c. Discussion and Action on the Hawai'i Tourism Authority's Procurement Policy #400-01

Mr. Choy said the HTA follows the State Procurement Code, so for the fire policy, they were not following the State Procurement Code because they had an exemption. They no longer have that exemption, but he changed the policy. He stated the policy: "The purpose of this policy is to comply with the Hawai'i State Procurement Code HRS103D, the administrative rules, policies, procedures, circulars and form." He felt the HRS103D was a godsend. As they went through procedures, they had a protest for the PMCM on the roof. They prevailed on that protest because they followed the rules. He proposed a motion that they adopt the HTA Procurement Policy 400-01. Mr. White made a motion, and Mr. McCully seconded. There was no discussion. Mr. Gionson did the roll call, and the motion passed unanimously.

11. Report and Update by the Budget, Finance, and Convention Center Committee of their Meeting Held on October 25, 2023

a. Discussion and/or Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on HTA's Financial Report for September 2023

Mr. Arakawa said they had a three-hour meeting the previous day. He motioned to approve the HTA's financial report for September 2023. Mr. White seconded. Mr. Arakawa said all their notes were posted online. Mr. Kishi said there was no significant activity in September 2023. Mr. Gionson did the roll call, and the motion passed unanimously.

b. Discussion and/or Action on the Recommendation by the Budget, Finance, and Convention Center Standing Committee on the Hawai'i Convention Center's September Financial Report and Update on the Hawai'i Convention Center's 6-Year Repair and Maintenance Plan

Mr. Arakawa motioned to approve the HCC September financial report and update the HCC and 6-year R&M plan. Ms. Orton had prepared a report. Ms. Orton said that for September, they hosted 20 licensed events at the HCC. One of the largest conferences was the Best Western Corporate event, bringing in a gross revenue of \$1 million for food and beverage. They continue to house the Department of Business and Economic Development and the Federal Emergency Management Association in support of the Maui wildfires at the HCC. Gross revenues for the month ending exceeded \$2.6 million, record-breaking for one month.

The facility posted a net income of over \$500,000 for September. She mentioned that this is the third consecutive month of posting positive bottom-line revenue, primarily due to citywide and corporate business on the books. The economic impact of citywide business does impact the

HCC business model, and she said she is grateful to Mr. Reyes and HVCB for all the business they put in the books for the HCC. She mentioned that in the reforecast was a posting of interest to \$900,000, which they had to remove from the financials. Mr. Choy clarified that they can post interest, but it must be added to another line item. ROI was \$18.62.

Ms. Orton spoke about the Carbon Offset Program and said they have a lot of support there. To date, they have planted just short of 200 trees, with contributions of a little over \$14,000 from the meeting planners and offshore and local organizations. She explained that the carbon offset is calculated on square footage in the building, so any rentable space is estimated at \$1.19 for every square foot, and the funds contributed to the Carbon Offset program go back to reforestation.

For R&M for September, sixteen projects are being executed with a value of about \$11.6 million. The chiller replacement is \$6.9 million on schedule for completion in June 2024. Eight other projects are being procured for approximately \$29.4 million, e.g., the internal and exterior painting project and the external planter repair at \$11 million. Sixteen projects are being planned for procurement, with a value of just short of \$40 million. Mr. Arakawa asked about the attendance for the Okinawan festival. Ms. Orton said it was about 50,000 and is one of the most significant events at the HCC, and they also participated in the Carbon Offset program. Ms. Orton said that of the ASM Global managed centers, which have about 98 facilities, the HCC is the first and leading facility in the Carbon Offset program. Sustainability initiatives are becoming very important to meeting planners. There were no further comments. Mr. Gionson did the roll call, and the motion passed unanimously.

Mr. Reyes gave a summary of the bullet points. They are focused on the Maui recovery. Based on that, they focus on retention keeping meetings in Maui. They were able to work in three groups. The other important part is letting people know there are opportunities to continue to book Maui and the Hawai'i Islands, keeping it mindful and respectful. They are 27% ahead of year-over-year production of definite room nights and 71% ahead of tentative room nights. They are at 59 events and are focused on putting more events on. One of the most important things is to have a joint alliance goal (discussing with Mr. Monahan and Ms. Orton) for not only room nights. Additionally, they are interviewing for a corporate citywide seller. That person will be looking at short-term corporate citywide events. By the end of calendar year 2023, they met with the citywide team, and there are 17 events they hope to close that fall into 2024 to 2028.

c. Discussion and/or Action on the Hawai'i Tourism Authority's and Hawai'i Convention Center's Form A Submittal (FY25 Supplemental Budget – Operating Budget Adjustment Request) Submitted to the Department of Business, Economic Development and Tourism (DBEDT)

Mr. Kishi said the HTA submitted an operating budget request for \$69,915,316. The HCC submitted a request for a \$14,000,000 expenditure ceiling. An expenditure ceiling is the ability to spend funds in the HCCESF, which has about \$34 million.

He gave a brief timeline of what is coming up and what has happened recently:

DBEDT emailed the HTA on September 6 to submit the budget requests on September 18. Chair Arakawa, Mr. Choy, and Mr. Kishi met on the weekend to discuss an overall budget strategy. Two key decisions were made to include an Opportunity Fund and to prepare a line-item budget by contract consistent with what the legislature required for the last two years and what the Governor required to fund the HTA.

They had discussed the budget process. The general timeline of the budget process was in the meeting packet.

The next steps for the HTA Board:

They will form an FY25 BFCC PIG. This will allow them to simultaneously present the budget request to six board members. The budget request will be presented to the six remaining board members in pairs. All presentations will be conducted in November and early December, depending on the Board members' availability.

Mr. Choy understood that Chair Miyasato wanted this process done before submittal. The timeline was important. They would have to start in May to get ahead of the timetable. Chair Miyasato said those responsible for managing the contracts need to be present for the budget line items. Mr. Choy said the Opportunity Fund is the placeholder. Mr. Choy said they can send testimony by December 20 to modify budget requests. Mr. White asked for the size of the Opportunity Fund. Mr. Choy said it is \$10 million.

Mr. White asked if the budget details had been provided to the staff involved in the various budget sections. Mr. Choy said that will be decided in the meetings. The multi-year contracts eat up most of the budget, so the incremental increase will be small. Mr. Nāho'opi'i said the version that came out over the weekend was presented to the staff, so there will be adjustments when they get to the six and two-by-two meetings. There are many issues with timing, payment schedule, and deliverables, so sometimes, they can try to make modifications or improvements, which will be part of the November discussions.

d. Discussion and/or Action on HTA Budget Issues, Comments, and Suggestions Raised by Legislators, Board Members, Staff, Stakeholders, etc.

There were four items discussed. The first item was the cuts and transfers of funds to come up with \$9.4 million. In the past Board meeting, they voted on increasing existing contracts for the Maui disaster, so they needed to find the money. The finance staff and Mr. Nāho'opī'i came up with a list.

He showed the latest Branding Incremental request from the previous meeting. For priority amounts, it came to \$9.45 million in adjustments to FY2024. It does not always mean cuts but could also mean timing. Besides the existing FY2024 money, there were suggestions to use the Tourism Emergency Fund (\$5 million). They could request additional funding from the Governor. They could increase the budget request for FY2025 or continue to seek federal programs. The staff was asked to look at general category areas, programs, and areas where they felt flexibility. It is a matter of discussion with the staff and Board about priorities and the impact of changing the timing or cutting the programs to the overall strategic objectives.

Unspent funds for CEP and Signature Events: they have \$518,000 in encumbered funds over the past year. They would need to go through the process of unencumbering the funds and switching them to the section of the need. They also have unspent funds from the previous island chapter contract period. A major contributor is that they did not have an ED in Hawai'i Island for a few months, so they had additional funding. They had budgeted an air route development consultant for \$250,000 but might push that into FY2025. It is critical in recovering the international markets. 'Ōlelo Hawai'i programs are ongoing and funded through March. Global Support Services has a few large contracts and support, and they spoke about certain components they might not need in the current year. He spoke about Research, Campaign Effectiveness, and Evaluation Contracts. They decided they could stop for a period and then reactivate again. If they wait a year for data collection or do some in-house, they could save up to \$421,000. There are unspent funds in DMAP. The Board has already approved the Europe MMA. They are putting it on the table, and if they decide to cut marketing funds, they must start back from where they first recommended, behind Europe. It could also be partial. There is still EDA funding of \$4 million allocated for marketing-type programs. They have specific requirements, but they can look at going in with a different proposal that is more in line with some of the marketing that the GMTs are requesting and utilizing EDA funding.

There is Community-Industry Outreach and Public Relations Services where they can scale back. For Destination Stewardship, they might have to shift some of the programs to a bit later in the calendar year, which will help them pick up the funding for FY2025. It is just a change of timing, not cutting out the program. Many of their other contracts can be shifted back later in the year to pick up the funding in FY2025. They will come back with a more detailed analysis in the next meeting.

Chair Miyasato said the coalition between this conversation and building the 2025 budget is significant, and the process concerns him. Mr. Arakawa said the budget was turned into DBEDT, not to the legislature, and there are three other opportunities to speak to state administration before it gets to the legislature, so it is not the budget. There is time for this in the two-by-two meetings. He said the Governor has until December 20 to revise it.

Chair Miyasato reiterated that he is trying to understand the rules of engagement and get the rules and framework for them to be successful. Ms. Duarte asked what the strategy to seek federal dollars is and asked if it is legal for the HTA to receive private donations. Mr. Arakawa said they could find out, but their bylaws allow them to do so. Mr. Nāho'opi'i said Ms. Anderson would speak about strategies for seeking federal funds.

Mr. Nāho'opi'i said that for the currently available funds, the HTA does not have access to them because there are specifications about qualifications, etc. However, working at the federal level to identify other areas, some changes could go to DMAP's. Ms. Anderson elaborated. She said the HTA belongs to a database called Federal Funds Information for States, and they receive emails twice weekly about opportunities with the federal government for funding. She goes through that to see what is available. Through DBEDT's recovery pathways webinar, Keoki Noji from EDA mentioned there will be supplemental EDA funds for disaster recovery. She has been in contact with him to see what is available.

Ms. Duarte asked if the HTA has engaged the congressional delegation to ask for specific earmarks. She asked if they reached out to any qualifying vendors to seek a partnership or draw monies from the native act. Mr. Nāho'opi'i said that in both cases, they have not done that but have been discussing with staff, identifying strategies in the future, and have spoken to other Board members as well. Nothing formal has been done yet. He said this would be part of what Ms. Anderson and Mr. Hannemann will do. The Native Hawaiian Organization they have chatted, but nothing has moved forward from that point. They have suggestions for allowing them to supplant some of the work or funding that needs to happen. Ms. Duarte said she would agendaize that in the Ho'okahua Hawai'i committee to have a more robust conversation. Dir. Tokioka said that the special fund was repealed in 2021.

Mr. McCully clarified that the HTA has a budget but has not been legislatively approved. Dir. Tokioka asked about the U.S. MMA for \$2.6 million and \$2.5 million. Mr. Nāho'opi'i said the first \$2.6 million was approved for the market recovery from September to November. The second amount is for continuation throughout the rest of the year. An original \$10 million was initially requested for additional incremental funds. At the last Branding Standing Committee, there was a suggestion to split it between the two fiscal years to be more palatable to the availability of funds.

Dir. Tokioka said they all appreciated signature events and should there be additional money, they should consider how they fund that going forward instead of lapsing the money. He said they could have a consultant from the marketing or finance committee to help with the programs. Mr. Ka'anā'anā said some of the programs were canceled because of the Maui wildfires, some related to the sensitivity to the wildfires, etc., so none of the funds for the next cycle are on the list. The funding buckets are in the Kilohana contract, so he doesn't anticipate any shortage of signature events as they are already encumbered under Kilohana's contracts.

Mr. Nāho'opi'i said the evaluation or review of the sports programs is more research to identify KPIs for media value and find the ROI for those programs. Mr. Ka'anā'anā spoke about third-party verification. The HTA does staff evaluations and sends the staff to contractors to evaluate them. They survey attendees as residents and visitors about the event, pulling in data from everyone for signature events to ensure they have wise investments. They do them frequently enough not to do them every year. Mr. Nāho'opi'i said that when they planned the previous years' programs and contracts, there was a reason for selecting everyone to align with the HTA's Strategic Plan and DMAP. A lot of thought and discussion went into it.

Chair Miyasato supported the plans but said they have to pivot and shift due to the fires. Ms. Duarte asked Mr. Arakawa to outline the steps from now until December 20, so he reiterated what he mentioned previously about the meetings and program cuts. They would all receive mail to arrange meetings.

Mr. Arakawa mentioned the second issue under the agenda item, that Rep. Quinlan had sent an email about the HTA's current budget that was sent to Gov. Green. Mr. Nāho'opi'i distributed it to the BFCC. They will ensure everyone gets a copy. Mr. Nāho'opi'i and Mr. Choy are working on the response.

The third issue is regarding salaries and bonuses, covered by the Administrative Committee. The bonus terms and criteria were not seen or approved by the Board, and he said the last Administrative Committee, there was interest in knowing what the criteria were and how they were going to be implemented, so the Administrative Committee would include that number in the budget.

The fourth issue was outstanding accounts. The HTA had owed \$4 million to past contractors, and that had been paid up. He said Mr. Nāho'opi'i and Mr. Choy had implemented measures to ensure no outstanding accounts.

Another issue was ROI; for the BFCC it is the HCC, but as they look at presenting the budget to the legislature, some are interested in ROI on the contracts. Mr. Arakawa said another critical issue is travel, the costs, and outcomes of travel for the HTA. This will be in the future review.

Mr. Nāhoʻopiʻi said DBEDT has created a tracking and approval system, so all the HTA information is fed and approved into a database that is tracked at DBEDT. Dir. Tokioka said every department goes through that process, and it is not really an approval of the correct forms being submitted, etc.

12. Discussion, Recommendation, and Action on the Assignment of a New Chair for the Branding Standing Committee

Chair Miyasato motioned for Mr. Hannemann to replace himself as Chair of the Branding Standing Committee. Ms. Duarte seconded. There was no discussion. Mr. Gionson did the roll call, and the motion passed unanimously. Dir. Tokioka excused himself for another meeting.

13. Report and Update of the Branding Standing Committee of their Meetings Held on October 12, 2023 and October 23, 2023

a. Discussion and/or Action on the Purpose, Charter, and Description of the Branding Standing Committee

Mr. Hannemann said this item was brought up due to revising the purpose and description of the Branding Committee. Mr. Hannemann read the draft. Branding Committee Description: This standing committee is responsible for the review, evaluation, and recommendation of the Authority's branding, marketing, and messaging initiatives, programs, and/or activities that support the Authority's vision, mission, goals, and objectives, including meetings, conventions, and incentive business.

Roles and Responsibilities:

The HTA Staff, under the direction and oversight of the HTA Board, shall develop through a collaborative process with the community, industry, all levels of government, subject matter experts, and contractors the following:

Hawaiian Islands Brand

Individual Island Brands

Brand Guidelines

Annual Brand Marketing Plan & Budget

Key Performance Indicators & Performance Measures

There was no further discussion.

Mr. Hannemann made a motion, and Chair Miyasato seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

b. Discussion and/or Action on Hawai'i Tourism Japan Activities Under the Brand Management & Marketing Services Contract and HTA's 2024 Brand Marketing Plans for the Japan Market

Chair Miyasato said the motion is to approve the Brand Marketing plans for Japan, including the base and incremental funding amounts subject to funding, and to prioritize the incremental funding for the Japan market, by design, is number one. Mr. Arakawa seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

c. Discussion and/or Action on Hawai'i Tourism Canada Activities Under the Brand Management & Marketing Services Contract and HTA's 2024 Brand Marketing Plans for the Canada Market

Chair Miyasato motioned to approve the Brand Marketing plans for Canada, including the base and incremental funding amounts subject to funding, and to prioritize the incremental funding for the Canadian market, as implied in item number two. Mr. Arakawa seconded. There was no discussion. Mr. Gionson did the roll call, and the motion passed unanimously. Mr. Cole said the last two motions were brought up because at the prior meeting in September, there was a lot of discussion and action by the Board about the Brand Marketing Plans for the various areas, and two were decided to be prioritized, namely Japan and Canada for their incremental funding. The way it was done was not to include the language "subject to funding". To clarify, they are making the technical motions to affirm that they understand that all state expenditures through contracts are subject to the availability of funds.

d. Discussion and/or Action on Funding the Incremental Spend for the US Market, Oceania, and Korea

Mr. Hannemann recommended that they approve up to \$2.5 million incremental spending for the U.S. market and not take any action on Oceania or Korea now. The key to the recovery of Maui is its two largest markets, the U.S. and Canadian markets. He said this is an opportunity to bolster what has been done with the Mālama Maui campaign, and this will be a further opportunity to enhance the efforts, all subject to available funding.

Mr. Ching made a motion, and Chair Miyasato seconded. There was no further discussion. Mr. Gionson did the roll call, and the motion passed unanimously.

Mr. Ka'anā'anā asked about the Board prioritizing b & c and if there is a preference for priority for the additional \$2.5 million they approved. Mr. Hannemann said it is at the same level as Japan and Canada.

e. Discussion and/or Action on the Review of 2024 Marketing Initiatives and Spend, Including Recommendations for Maintaining or Dissolving Programs

f. Discussion and/or Action On The Review Of 2024 Grants Programs, Protocols to Obtain Grants, and 2025 Planning

Mr. Hannemann said these items Chair Miyasato thought were important to view at the Branding Standing committee meeting. As they head into the FY2025 budget, they need to consider what has happened and the challenges they face in the 2025 budget. After emerging from the committee discussions, the feeling was that they did not need action but would defer it as there would be an ongoing series of updates, and they would need clarity to make a good decision.

14. Presentation, Discussion, and Action on Resolution No. 2023-3 Delegation of Authority to Present Policy Positions

Mr. Nāho'opi'i said the staff recommends that the Board adopt resolution number 2023-3, delegating authority to present policy positions. Mr. White made a motion, and Mr. McCully seconded. Mr. Nāho'opi'i said that annually, as part of the process of the legislative PIG, it is to create a policy statement, which is the overall position of the Board for the coming legislative session setting its priorities. This allows the legislative PIG to discuss, present, and craft responses to any legislation that may come about during a session, as long as they are in line with the parts listed in the resolution.

Mr. McCully said they wanted a large umbrella they could shelter under. It helps the CEO and chair's responsibility by allowing them to designate others to represent the policies or positions of the HTA. The information was circulated to the PIG and the staff, and there has been a lot of editing.

- They started with the West Maui fire in the economic recovery. They wanted to message in the statement that the HTA's position and responsibility would be in the most general fashion. They did not want to get into specific positions or elements that they thought were critical and where they best applied their resources. There are subject matter chairs or interaction group members who have much more granular knowledge of how they feel about these issues. He wanted to keep it open so the Board members could give input.

- The HTA will support legislation and take positions to support an annual deposit of the TAT into a special fund administered by the HTA to carry out its stated priorities. This does not include a number.
- The HTA is engaged in a governance study that will provide background, guidance, and actionable recommendations regarding amending HRS §201B to reflect the changes in Hawai'i and the tourism economy since its adoption. This is the crux of the issues between the legislature and the HTA for many years. The earlier presentations from Kilohana represent the changes within the HTA since the statutory language was generated in 1999. Governance needs to be respected and accepted. Mr. Nāho'opī'i said the sentence "In the interim HTA will support legislation that further defines or establishes its responsibility for destination management and stewardship (see HRS201B-7(b)) or that would enhance its effectiveness in implementing HRS201B" is important.
- The HTA will support legislation and take positions to support the reestablishment of an appropriation ceiling and increased funding for the HCCESF to enable the expenditure of funds for the operations, repair, and maintenance of the HCC.
- The HTA will review and comment on all proposed taxes and fees which impact tourism and will study the potential effects of increased taxes and fees on visitor demand and tourism management efforts.
- The HTA is guided by and will support its Strategic Plan 2020-2025 and the principles and values represented under the concept of Mālama Hawai'i.

Mr. Arakawa commented on the fifth bullet point. He said to add "all proposed taxes and fees, mandates and other issues that impact tourism." He also suggested talking about any other legislation affecting and impacting tourism. During the session, Mr. Cole said that the resolution would include evolving or different policy interests or support by the Board in every Board meeting. Mr. Arakawa said the testimony they submitted over the past few years does not fit in, so it would be good to have them all included so they do not have to review it for every meeting. Mr. Hannemann said that sometimes there is legislation at the county level. If the Board is open to amending it as they go along, he supports that, but they have to take the stance of offense and defense.

Mr. McCully said the PIG is necessary, and everything is subject to change so everyone can engage. Ms. Duarte asked if the Board would entertain receiving private dollars or donations and if the HTA would support establishing a special fund. Mr. Cole said the second bullet point covers that point. They could add the words, "or other funding." They all agreed to that. Mr. Nāho'opī'i said one of the suggested legislations they submitted for drafting was regarding once the Tour Guide Certification programs are done, and the qualifications are made; they turn it into licensing or other program that gives the HTA authority to review and put penalties, etc.

They will take it to the PIG next time. Mr. McCully said this is not a report but a staff submission.

Mr. Nāho'opi'i said they need a motion to adopt the resolution as amended. Chair Miyasato made a motion, and Mr. McCully seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

15. Discussion and Action on the Formation of an HTA FY25 Supplemental Budget Permitted Interaction Group (PIG)

16. Discussion and Action on Assignment of Board Members to the HTA FY25 Supplemental Budget Permitted Interaction Group (PIG)

Agenda items 15 and 16 were covered by the previous meeting to create a BFCC PIG, and members were appointed to that.

17. Adjournment

Mr. Nāho'opi'i said the next Board meeting will be the week after Thanksgiving in November. The meeting will be held at the State Capitol and will work on a better configuration that will be more conducive to discussions. They will be inviting the legislators to attend.

Chair Miyasato adjourned the meeting at 2:19 p.m.

Respectfully submitted,



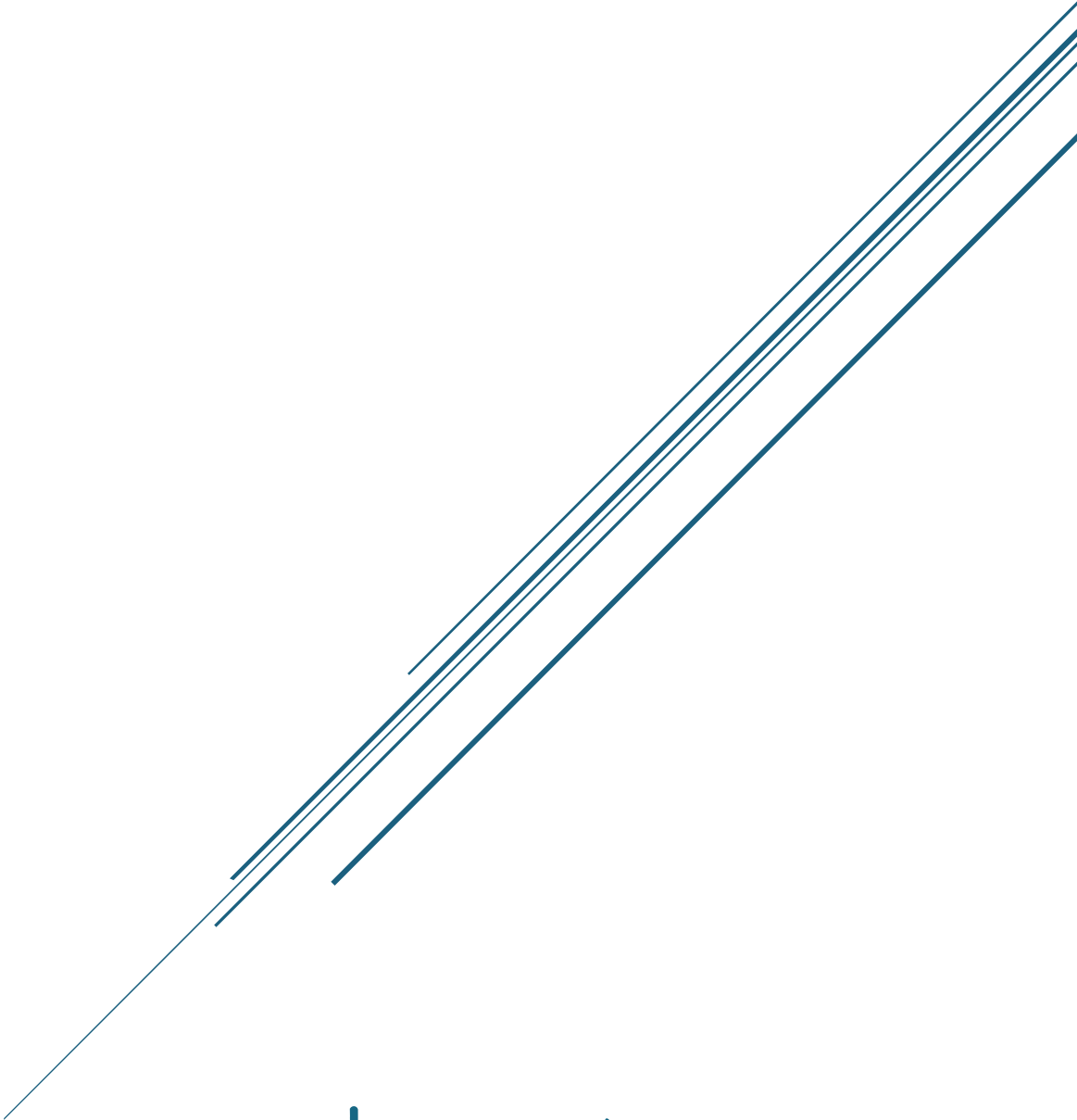
Sheillane Reyes

6

CEO Report

HTA CEO REPORT

NOVEMBER 2023



EXECUTIVE SUMMARY

Each month, the Hawai'i Tourism Authority (HTA) provides this report as a resource to the Board and the public to better understand the activities and actions taken by the team in the month of October in support of the organization's overall mission, its strategic plan, and the community-led Destination Management Action Plans. Overall, this report provides insight into the actions conducted by the staff to implement the HTA budget previously approved by the Board.

This report covers a time period when a significant focus of the HTA staff was the emergency response to and economic recovery from the wildfires that destroyed much of the town of Lahaina, Maui on August 8. That response is detailed in the Maui Fire Response & Recovery section of this report.

Through the continued partnership with the Hawai'i Community Foundation, HTA's Aloha 'Āina and Kūkulu Ola programs help to further our mission of Mālama Hawai'i by giving back to those who care for the land and build community capacity through their work. See below for further information about these two important HTA programs.

In the Community pillar, HTA's work with the Hawai'i Visitors and Convention Bureau (HVCB) continues to foster community-based tourism projects that improve and enrich Hawai'i's product offerings with the Community Enrichment Program (CEP) and Signature Events Program (SEP). On June 14, 2023, HTA announced the awarding of \$3.78 million in funding to support 76 community projects, festivals, and events throughout the state as part of its Signature Events and Community Enrichment programs in 2023. See below for the list of the twenty-seven (27) events that took place in October 2023.

In the Brand pillar, RFP 24-06 Island Destination Brand Management & Marketing Services was released on October 4, 2023. The RFP for Global Support Services will be released soon.

In the Planning Section, staff executed the contract with SMS Research & Marketing Services, Inc. for planning services for a messaging strategy and Tourism Recovery Plan, and has been working with the consultant on outreach and gathering information. RFP 24-07 HTA Governance Study was released on October 17 and is due on November 16. Work has begun with Kilohana by CNHA on a tourism quality assurance program as well as a capacity building needs assessment. On October 16, the transition

of responsibilities between the Director of Planning and the Chief Brand Officer occurred as it relates to the implementation of the destination management action plans (DMAPs). The island chapters' destination managers now report to the Chief Brand Officer.

Pursuant to Act 088, HTA's Tourism Research Division (TRD) was transferred to the Department of Business, Economic Development and Tourism's (DBEDT) Research & Economic Analysis Division (READ) effective July 1, 2021, and was renamed the Tourism Research Branch (TRB). TRB published the September 2023 Visitor Statistics press release and monthly reports, air seat outlook for November 2023 – January 2024, the September 2023 Hawai'i Hotel Report, and September 2023 Vacation Rental Performance Report. In addition, TRB published weekly updates to the air seat outlook, weekly Future Bookings Report, weekly Brand Health Trend Report, and weekly Brand Health Trends – Responsible Travelers Report.

I. MAUI FIRE RESPONSE & RECOVERY

Pursuant to Hawai'i Revised Statutes 201B-3(a)(23), HTA participates in the state's response to emergencies, and develops and implements emergency measures to respond to adverse effects on the tourism industry. In his Sixth Emergency Proclamation on August 19, Governor Josh Green declared a tourism emergency as described in Hawai'i Revised Statutes 201B-9. As of the Eighth Emergency Proclamation signed on November 6, that tourism emergency declaration is in effect until January 5, 2024.

The below report covers HTA's actions in the emergency response as well as the beginning of the economic recovery process. HTA is also part of the ongoing recovery phase of the disaster, working with state and federal emergency management officials to coordinate tourist activity and economic redevelopment in the region, and enhance messaging on appropriateness of traveling to non-impacted areas in Maui. (*Objective 21b, Joint Incident Action Plan, FEMA-DR-4724-HI*)

HTA, after listening to the Maui community and visitor industry, is supporting residents who work in the hospitality industry and business owners who count on visitor spending by ensuring that visitors return to Maui.

We are doing so by making the invitation clear: **respectful, compassionate, responsible travel to the island of Maui is welcome and encouraged – more now than ever.**

- Drafted and distributed the following email announcements and news releases to over 20,000 recipients including industry partners, local, national, and international media, community organizations, government officials, and the general public:
 - Announcement: County of Maui Announces Reopening of West Maui November 1 (October 23)
 - News Release: Hawai'i Tourism Authority Educates Travelers on How to Visit Maui with Respect and Compassion (October 26)
- Shared the following information across HTA's social media pages:
 - Posted information about HTA community funding opportunities and 'Umeke portal, which includes funding support for musicians and cultural practitioners affected by the Lahaina wildfires. (October 3)
 - Posted County of Maui's message to visitors from local community leaders. (October 7)
 - Posted about HTA's series of messages from the people of Maui on how visitors can mālama Maui. (October 13)
 - Posted information about the OUTRIGGER Charity Invitational benefiting Maui recovery. (October 20)
 - Posted about HTA's participation in a Korea Travel Mission, informing partners about the Maui recovery initiatives underway. (October 23)
 - Posted Mayor Richard Bissen's announcement that the rest of West Maui, from Kahana to Kā'anapali, will reopen on November 1. (October 24)
 - Posted HTA Mālama Maui video produced in partnership with Kilohana being shared with visitors, featuring several prominent voices from across

Maui on how they can respectfully and compassionately visit. (October 24)

- Responded to questions and media inquiries related to the situation.
- Ilihia Gionson (IG) met with Sandy Olsen, Vice President, Corporate Affairs for Carnival Corporation regarding upcoming community-based activity on Maui. (October 10)
- Updated Maui Recovery talking points for Daniel Nāho‘opi‘i (DN) who spoke on the Tourism Panel at the Las Vegas and Hawai‘i Business Exchange Summit. (October 23)
- Updated Maui Recovery section on HTA website with resources and information geared toward visitors, businesses, employees, and community members throughout the month.
- Drafted and updated talking points throughout the month.

News Bureau

- Coordinated and assisted with the following interviews and statements, including:
 - RANGE Magazine, Sydney Loney (Canada): IG responses on West Maui reopening and what visitors need to know (October 3)
 - Hawai‘i News Now, Jessie Purpura: IG response on messaging for visitors to be respectful and mindful when interacting with displaced Lahaina residents (October 4)
 - Hawai‘i News Now, Chelsea Davis: Leanne Pletcher (MVCB) interview on October 8 reopening and drafted talking points (October 5)
 - Washington Post, Andrea Sachs: IG interview on October 8 reopening and what visitors need to know (October 5)
 - FOX Weather, Valerie Theofanis: IG interview on reopening of tourism (October 6)

- Fast Company, Sean Cudahy: IG interview on West Maui reopening and how visitors can be respectful and supportive through travel (October 6)
- AARP, Dana Rebmann: IG quote on West Maui reopening and how visitors can travel with respect and compassion (October 7)
- KCBS Radio, Katie O'Donnell: IG interview on West Maui phased reopening (October 8)
- Forbes, Debbie Kickham: IG quote on West Maui reopening and how visitors can travel with respect and compassion (October 11)
- Hawai'i Public Radio, Ku'uwehi Hiraishi: Kalani Ka'anā'anā interview on the potential role for voluntourism as part of Maui's recovery (October 11)
- Travel Weekly, Rebecca Tobin: IG podcast interview on West Maui reopening (October 13)
- NBC News, Kimmy Yam: IG interview on HTA vision for tourism's return to Lahaina (October 13)
- Reader's Digest, Lisa Kadane: IG quote on Maui being included in publication's list of "Best Winter Vacations in the U.S." and how to travel with respect and compassion (October 16)
- KRON4, Rob Nesbitt: IG interview on West Maui reopening (October 17)
- TravelAge West, Chelsea Lowe: IG interview on West Maui reopening and how visitors can assist with recovery efforts (October 23)
- Assisted with the following media relations, including:
 - Matador Network, Laurie Jo Miller Farr: Provided update on October 8 phased reopening and HTA websites. (October 3)
 - CBS News, Christian: Reached out to reporter on interview request regarding the importance of tourism to Maui. (October 8)

- Le Figaro, Julie Malo (France): Provided HTA's Mālama Maui website with the latest information on the October 8 phased reopening. (October 11)
- The Points Guy, Becky Blaine: Assisted with media follow-up on prior story and advised visitors to check with West Maui accommodations and businesses on availability. (October 16)
- 60 Minutes, Erin DuCharme: Assisted with media inquiry on the number of people who visit Lahaina annually and advised that the state does not track specific visitation to Lahaina. (October 18)
- HAWAII Magazine, Catherine Toth: Provided the County's MauiNuiStrong.info website and GoHawaii.com Mālama Hawai'i page for volunteer opportunities on Maui that are available for visitors. (October 25)
- Travel Market Report, Briana Bonfiglio: Assisted with media inquiry on list of accommodations and experiences reopening on November 1 and advised visitors to check with businesses directly. (October 25)
- KITV, Cherry Pascual: Provided Mālama Maui videos for story on HTA educating travelers on how to visit with respect and compassion. (October 27)

HTA continues to work with HIEMA's Community Outreach Lead to establish a volunteer process to meet the needs of conference/meeting planners and others in the visitor industry who are searching for opportunities to volunteer.

SMS Research & Marketing Services, Inc., is contracted to work with staff and the Disaster Response Permitted Interaction Group in formulating the Tourism Recovery Plan. SMS has been interviewing government officials, visitor industry and business leaders, and community members. In addition, literature on disaster recovery from other destinations and economic data have been reviewed and analyzed.

II. CHANGE MANAGEMENT PLAN

The HTA organization continued to transition into the structure presented and approved by the HTA Board. The objectives of this structure were to strengthen island-based management, increased resources for destination stewardship, and dedicated

management for brand and marketing. On October 16, management of the Island Destination Managers, implementation of DMAP activities, and the Services for Destination Stewardship contract transitioned to Kalani. Kalani will continue to administratively oversee the Brand section until a new Chief Brand Officer is hired, but as noted in reorganization plan, the two Senior Brand Managers will manage the daily marketing services contracts and programs. As of October, HTA still had vacancies for a Chief Brand Officer, Planner, two Brand Managers, and an Accounting Assistant. Approval for redescribing the positions for Chief Brand Officer, Planner, and approval to fill the Brand Manager were still at the DBEDT director's office for endorsement.

III. NATURAL RESOURCES PILLAR

Aloha 'Āina (Natural Resources) Program (DMAP Action Item)

For the remainder of 2023 through June 2024, Hawai'i Community Foundation (HCF) will continue to administer the Aloha 'Āina program through CON 21033 S1: HTAxHCF – Implementation of Kūkulu Ola & Aloha 'Āina Programs. Through this supplemental agreement, HTA is providing \$1,350,000 in financial support to 25 community-based natural resource programs and community entities with an emphasis on 'āina-kānaka (land-human) relationships and knowledge that manage, preserve, and regenerate Hawai'i's natural resources and environment.

One of the projects being supported by the Aloha 'Āina Program is the Anapuka Dune Restoration Project by Moloka'i Land Trust (MLT). Initiated back in 2009 with the goal of converting an arid invasive species covered landscape along the NW coast of Moloka'i back into a thriving native ecosystem. MLT has developed numerous partners to assist in facilitating the conversion of this former kiawe forest into its current 60-acre coastal dune and strand ecosystem replete with naturally recovering rare plants and pollinators, and ground nesting seabird colonies.

The mission of the Moloka'i Land Trust is to protect and restore the land, natural, and cultural resources of Moloka'i, and to promote, educate, and perpetuate the unique Native Hawaiian traditions and character of the island for the benefit of the future generations of all Moloka'i, particularly Native Hawaiians.

MLT is utilizing the 2023 HTA Aloha 'Āina program to expand the Anapuka Dune Restoration Project and enhance the visitor volunteer opportunity for Moloka'i through direct participation in critical habitat restoration. Volunteer activities happen Monday

through Friday between 7:00 AM and 3:30 PM on the MLT Mokia Preserve located on the NW coast of Moloka'i.

Read more about how destination management and stewardship is advancing in our islands on HTA's Holomua Site: <https://holomua.hawaiiauthority.org/>

Hawai'i Green Business Program

HTA has contracted with the Hawai'i Green Business Program (HGBP) of the Hawai'i State Energy Office to support efforts that will help to encourage energy and resource efficiency in addition to sustainable and regenerative practices in hotels, businesses, and events. Businesses will be evaluated on whether they fit the criteria that would make them a sustainable company. Hawai'i Green Business Program's focus in 2023 is expanding recruiting efforts to smaller businesses and making the program more accessible to smaller entities.

On June 29, 2023, HGBP held its Annual Hawai'i Green Business Awards Ceremony at the Governor's Ceremonial Chamber. HTA is honored to be recognized by Hawai'i Green Business Program for our sustainable business and event practices at the 2022 Hawai'i Tourism Conference and the Hawai'i Convention Center. These awards highlight our commitment to protecting Hawai'i's environment as guided by our natural resource goals outlined in our 2020-2025 Strategic Plan and Destination Management Action Plans. Two other HTA-supported events were also recognized this year, the 2022 Sony Open and the Sentry Tournament of Championships. The HGBP had to postpone the Green Business Forums statewide that were supposed to take place in August. The new dates and locations were as follows:

- October 26 - [Westin Hapuna Beach Resort \(Hawai'i Island\)](#)
- October 27 - [Kaua'i Island Utility Cooperative \(Kaua'i\)](#)
- November 1 - [Prince Waikiki \(O'ahu\)](#)

IV. HAWAIIAN CULTURE PILLAR

Kūkulu Ola Program (DMAP Action Item)

For the remainder of 2023 through June 2024, Hawai'i Community Foundation (HCF) will continue to administer the Kūkulu Ola program through CON 21033 S1: HTAxHCF – Implementation of Kūkulu Ola & Aloha 'Āina Programs. Through this supplemental agreement, HTA is providing \$1,350,000 in financial support to 28 community-based

programs that enhance, strengthen, and perpetuate the Hawaiian culture through genuine experiences for residents and visitors alike.

One of the projects being supported by the Kūkulu Ola Program is Pili Mai (to come together) by O‘ahu based organization Kauluakalana. This funded activity brings together families and educators to facilitate their reconnection to Hāloa (the first kalo plant and elder sibling of the Hawaiian people), each other, and our homeland in order to celebrate, inspire, and organize the regeneration of our community around the cultural practices of poi making.

Pili Mai was first piloted in 2018; several iterations since have been supported by HTA, and Kauluakalana is now hosting its fifth iteration in 2023. The primary component of Pili Mai 2023 was a 6-month program for 12 Kailua-connected families and educators, centered around learning and perpetuating the process of growing, harvesting, preparing, and pounding kalo into poi. Participants carved their own (papa ku‘i ‘ai) pounding boards and stones and engaged in workshops led by cultural experts, learning to take Hāloa (kalo) from mud to mouth. The project culminates on November 25 in a large community event at the base of Ulupō heiau called Kū‘oko‘a Kūkanono, where participants honor their teachers by passing on the knowledge and skills they learned throughout the program to the larger Kailua community.

Read more about how destination management and stewardship is advancing in our islands on HTA’s Holomua Site: <https://holomua.hawaiitourismauthority.org/>

‘Ōlelo Hawai‘i – He Aupuni Palapala: Preserving and Digitizing the Hawaiian Language Newspapers

Over the past several months Bishop Museum has been arranging campus tours for state legislators. These tours highlight the work being done at Bishop Museum. Each tour includes a visit to the Digitization Lab where *He Aupuni Palapala* project staff share their collections knowledge and processes. Staff are also able to comment on the ways in which the work of *He Aupuni Palapala* helps to fulfill both Hawai‘i Tourism Authority’s and Bishop Museum’s strategic objectives. The legislator visits continued through October and will culminate in a legislator day at Bishop Museum in November.

On October 9, a group from Tremelo, Belgium visited the Library & Archives to see what there is related to Saint Damien. Project team took out a number of Hawaiian language Catholic newspapers to showcase the interesting collection. The Protestant Ka Nupepa

Kuokoa, for the year 1864 was opened to March 26, showing the announcement of the arrival of Damien “Devenster” aboard the ship R. W. Wood.

During the period of September 26 to October 10, 2023, He Aupuni Palapala project staff digitized 1,234 pages of nūpepa ‘ōlelo Hawai‘i at Bishop Museum. With two extra days added to the Hawaiian Historical Society (HHS) schedule this period, 14 volumes of nūpepa ‘ōlelo Hawai‘i were inventoried and evaluated, amounting to 3,780 pages. This brings the total of pages inventoried and condition reported during Phase III of the project to 15,218.

V. COMMUNITY PILLAR

Community Enrichment Program (CEP) & Signature Events Program (SEP) (DMAP Action Item)

HTA has contracted with the Hawai‘i Visitors and Convention Bureau (HVCB) to administer the Community Enrichment Program (CEP) & Signature Events Program (SEP) for 2023. Supplemental 2 for HTA Contract 21038 was executed on March 28, 2023. On June 14, 2023, HTA announced it awarded \$3.78 million in funding to support 76 community projects, festivals, and events throughout the state.

The following events took place in October 2023:

SIGNATURE EVENTS PROGRAM:

- **10/12-11/12:** 43rd Annual Hawai‘i International Film Festival - O‘ahu, Hawai‘i Island, Maui, Kaua‘i
- **10/14:** 2023 VinFast IRONMAN World Championship, Hawai‘i Island
- **10/19:** Virtual 46th Annual Prince Lot Hula Festival premiere on KHON2 7-9pm
- **10/20-21:** Hawai‘i Food & Wine Festival on Hawai‘i Island. Ilihia addressed the audience.
- **10/29; 11/2-5:** Hawai‘i Food & Wine Festival on O‘ahu. Daniel and Ilihia addressed the audiences at multiple events.

COMMUNITY ENRICHMENT PROGRAM:

Statewide

- **10/8:** 31st Annual Hawaiian Slack Key Guitar Festival – Kaua‘i Style at the Kaua‘i War Memorial Convention Hall, Līhu‘e
- **10/29:** 26th Annual Hawaiian Slack Key Guitar Festival - Kona Style at Outrigger Kona Resort & Spa

Kaua‘i

- **10/7:** Aloha Kaua‘i Yoga Festival & Worldwide Peace Meditation Summit at the Kaua‘i Shores Hotel, Kapa‘a
- **10/14:** 2nd Saturday Downtown Līhu‘e Night Market, Līhu‘e
- **10/14:** Kaua‘i Matsuri Festival 2023 at the Kaua‘i War Memorial Convention Hall, Līhu‘e
- **10/14:** Kaua‘i Songwriters Music Festival at the Hilton Garden Inn at Wailua Bay, Kapa‘a
- **10/15 & 10/28:** 2023 Kaua‘i Chocolate & Coffee Festival at the Kilohana Plantation House, Līhu‘e
- **10/25-27:** Poipu Food & Wine Festival at Kaua‘i Community College, The Shops at Kukui‘ula, and various south shore restaurants
- **10/28:** Rice Street Block Party on Kress Street, Downtown Līhu‘e

O‘ahu

- **10/21:** Honolulu Pride in Waikīkī
- **10/27:** Ka Huina 2023 at the Hawai‘i Convention Center. Ilihia served as one of the moderators.

- **10/28-11/8:** 2023 Hawai'i's Woodshow, Na Lā'au o Hawai'i at the Hawai'i Opera Plaza, O'ahu

Maui

- **10/6:** Hāna Arts Presents! - An Events and Workshops Program for East Maui in Hāna- Artist Market & Concert
- **10/7-8:** Maui 'Ukulele Festival at the Maui Arts & Cultural Center
- **10/13:** Festivals of Aloha at Queen Ka'ahumanu Shopping Center (CEP)
- **10/13-15:** Gathering Of The Voyagers at Fairmont Kea Lani Resort Wailea
- **10/21-28:** Festivals of Aloha in Hāna (CEP)
- **10/26:** Hāna Arts Presents! - An Events and Workshops Program for East Maui in Hāna- Annual Festivals of Aloha Talent Show
- **10/27-29:** Festivals of Aloha in Wailea

Moloka'i & Lāna'i

- No events took place in October

Hawai'i Island

- **10/7:** Street Eats, A Kailua Village Food Truck Festival
- **10/14:** Volcano Arts Center Forest Fair
- **10/26:** Island Science Lecture Series at Hawai'i Keiki Museum

Communications and Outreach

This section covers communications and outreach not related to the Maui wildfires. Communications and outreach on that topic can be found in the "Maui Fire Response & Recovery" section toward the beginning of this report.

News Releases/Reports/Announcements

- News Release: Hawai'i Tourism Authority Announces Funding Opportunities to Support Natural Resources, Culture, Community Festivals, and Signature Events (October 3)
- News Release: Hawai'i Tourism Authority Honors Aunty Tammy and Uncle Danny Smith, Go Farm Hawai'i and the Hawai'i Farm Bureau with 2023 Tourism Legacy Awards (October 3)
- News Release: Hawai'i Tourism Authority Seeking Proposals for Island Visitor Education and Brand Management Support Services (October 4)
- News Release: Hawai'i Tourism Authority Expands Destination Management Work on Hawai'i Island (October 17)
- Report: Hawai'i Hotel Performance Report for September 2023 (October 19)
- News Release: Hawai'i Tourism Authority and the Big West Bring Collegiate Volleyball to Honolulu (October 20)
- News Release: Regional Qualifying Series Season Resumes on the North Shore as The Hawaiian Islands Present The Sunset Pro (October 23)
- Report: Hawai'i Vacation Rental Performance Report for September 2023 (October 24)
- News Release: The Sentry Unveils New Ticket Options for 2024 Event (October 30)

News Bureau

- Coordinated and assisted with the following interviews and statements:
 - Travel+Leisure, Christine Burroni: IG quote on island of Hawai'i being listed in the publication's 2024 "Where to Go" feature. (October 26)

- Assisted with the following media relations:
 - HONOLULU Magazine, Don Wallace: Liaised on upcoming story about preserving Hawai'i's soul. (October 11)
 - Groove Travel, Pauline (Italy): Provided HTA Knowledge Bank to access images of the Hawaiian Islands. (October 16)
 - Hawai'i News Now, Kyle Chinen: Drafted and provided follow-up information on the economic and community benefit of HTA's Big West partnership. (October 20)
 - Trade Media Hui, Jason Genegabus: Provided images from the 2023 Hawai'i Tourism Conference and names of individuals photographed for Hawai'i Hospitality issue. (October 24)
 - Honolulu Civil Beat, Chad Blair: IG provided correction request regarding ethics article, advising the reporter that the Ethics Commission confirmed that HTA staff and board members are in compliance. (October 30)

Community Initiatives and Public Outreach

- HTA E-Bulletin
 - Drafted copy, edited, compiled images, created layout and distributed October 2023 HTA e-Bulletin in English.
- 2023 Hawai'i Tourism Conference (October 2-3)
 - Managed videographer and photographer on-site.
 - Drafted and distributed post conference e-blast including links to the Global Marketing Team slides. (October 24)
- LA Clippers Partnership
 - Drafted talking points for Kalani Ka'anā'anā for the Washington Middle School donation and visit. (October 4)

- O'ahu Good Food Show
 - Drafted and distributed e-blast encouraging the public to attend. (October 6)
- Korea Travel Mission (October 11-12)
 - Drafted talking points for Daniel Nāho'opi'i for the MCI Travel Mart, Aloha VIP Reception and Hawai'i Destination Seminar. (October 6-8)
- Hawai'i Green Business Program Forums
 - Drafted and distributed e-blast encouraging the public to attend. (October 16)
- Big West Partnership
 - Participated in planning meeting with Big West and University of Hawai'i representatives. (October 2)
 - Invited tourism and business-focused media to the October 20 press conference announcing HTA's partnership with the Big West at the SimpliFI Stan Sheriff Center at the University of Hawai'i at Mānoa. (October 17)
 - Provided HTA quote and edits to news release. (October 18)
 - IG provided HTA remarks and liaised with media at the press conference. (October 20)
- Ka Huina (Community Enrichment Program)
 - Drafted and distributed e-blast encouraging the public to attend. (October 23)
- WSL / Sunset Pro Partnership

- Provided HTA quote and edits to WSL release, “Regional Qualifying Series Season Resumes on the North Shore as The Hawaiian Islands Present the Sunset Pro”. (October 23)
- Maui Invitational Partnership (November 20-22)
 - Drafted copy for HTA amenity card. (October 26)
- PGA TOUR / The Sentry Partnership (January 4-7, 2024)
 - Participated in bi-weekly marketing and communications calls. (Ongoing)
 - Provided HTA’s Mālama Maui and Ma’ema’e toolkits for assistance with messaging. (October 17)
 - Reviewed and provided edits to The Sentry news release, “The Sentry unveils new ticket options for 2024 event” featuring kama’āina pricing. (October 26)
- HTA Holomua Website
 - Added article about HTA-funded educational signage installed at Waipi’o Valley lookout.

HTA’s Social Media

- Managed social media calendar, drafted copy, sourced images, and scheduled posts on HTA’s Facebook, Instagram and Twitter accounts. Also monitored and responded to direct messages and post comments.

Facebook

- Number of followers: 28,340 (+16.6%)
- Engagement rate: 3.2%
- Number of engagements: 1,296 (+38.2%)
- Posts: 26

Instagram

- Number of followers: 10,296 (+34.5%)

- Engagement rate: 4.1%
- Number of engagements: 1,137 (+31.9%)
- Posts: 54

Twitter

- Number of followers: 43,457 (+5.7%)
- Engagement rate: 1.4%
- Number of engagements: 203 (-57.2%)
- Posts: 21

Linktree

- Views: 33
- Clicks: 15
- Clickthrough rate (CTR): 45.45%

Safety and Security

Visitor Assistance Program (VAP)

- Maui County's program handled 5 cases and helped 85 visitors in October. This included visitors primarily from the U.S. West market and Canada. The industry assisted with \$1,365 of in-kind contributions.
- Hawai'i County's program handled 24 cases in October and provided assistance to 53 visitors. This included visitors primarily from the U.S. West, Cruise and Europe markets. The industry assisted with \$5,445 of in-kind contributions.
- Kaua'i County's program handled 10 cases and provided assistance to 34 visitors in October. This included visitors from U.S. West/East market. The industry assisted with \$1,500 of in-kind contributions.
- City and County of Honolulu's program handled 42 cases and helped 87 visitors in October. This included visitors primarily from the U.S. West market. The industry assisted with \$10,280 of in-kind contributions.

VI. BRAND MARKETING PILLAR

Major Market Area (MMA)

MMA RFP / Contract Status

- **Oceania MMA:** The supplemental contract for CON 21019 to cover services for calendar year 2023, has been fully executed. Amendments made to the contract via Supplemental 5 incorporate the Compensation and Payment Schedule from Supplemental 4. The Scope of Service and Time of Performance remain unchanged. Contractor submitted 2024 BMP, Board & HTA Leadership approved proposed work for CY2024. At the request of HTA Staff, Contractor also submitted a Request for Incremental Funding for Maui Recovery. HTA Board & Leadership originally approved request subject to availability of funds.
- **US MMA:** HTUSA has been working on implementation and execution of its U.S. Marketing Maui Recovery Plan toward recovery efforts following the fires, as detailed above, and will begin its Co-op Marketing Program under the EDA grant in November, pending supplemental contract execution.
- **Global Support Services:** HTA staff is working on posting the RFP for Hawai'i Tourism Global Support Services for Brand Management & Marketing as the current contract ends in December. Currently, with the help of HTUSA, this contract has responded to the Maui fires by updating information on gohawaii.com and the app. Updates have included directing visitors to the HTA's alert page on hawaiiitourismauthority.org, volunteer and give back opportunities, more recently – a Maui Toolkit that provides resources to those in the industry and adding new photo and video assets to the Knowledge Bank, the HTA's digital assets library, as it relates to Maui, as well as consolidating the gohawaii website and app to include updates for Maui on the Maui landing page. The Contractor is currently working with Kanu Hawai'i to incorporate its dashboard into the Mālama activities available to visitors statewide, which will allow a user-friendly experience for accessing these activities.
- **Island Destination Brand Management & Marketing Services:** RFP 24-06 was issued on October 4, 2023. The pre-proposal conference was held via Zoom on October 9, 2023 at 9am. Proposals were due by 2:00pm on November 6,

2023. The RFP timeline intends for the award of this contract to begin work January 1, 2024.

- **Europe MMA:** HTA staff is in the process of executing the contract to start services on January 1, 2024.
- **Canada Incremental Funding for Maui Recovery:** HTA staff has prepared procurement paperwork for the contract execution pending final approval of funding source and amount.
- **Japan Incremental Funding for Japan Market Recovery:** HTA staff has prepared procurement paperwork for the contract execution pending final approval of funding source and amount.

More details for each market are available in the appendices of this report.

Hawai'i Tourism Conference 2023

HTA held its annual Hawai'i Tourism Conference, presented by Hawaiian Airlines, on October 2 and 3, with insightful discussions at the Hawai'i Convention Center focusing on the ongoing efforts to shape Hawai'i's regenerative tourism future while prioritizing the well-being of our people, places, and culture. The conference welcomed more than 500 participants and included topics such as: HTA's response to the Maui wildfires and rebuilding travel demand to the island as a means to support the island's recovery, progress made in implementing our community-based Destination Management Action Plans, updates from our Global Marketing Team, and perspectives from industry and community leaders who are actively driving positive change in Hawai'i. The conference included with the annual Tourism Legacy Award with a theme of "culinary and agriculture" acknowledging the following individuals and organizations: Tammy and Danny Smith, Go Farm Hawai'i, and Hawai'i Farm Bureau.

Sports Programs

LA Clippers Partnership Highlights:

- On October 5, Clippers alumni Craig Smith and local youth basketball coaches led all 600 Washington Middle School students in basketball clinics on site. The

clinics and school visit were just some of the ways the Clippers gave back to the local community.

- Following the clinics, Clippers players Kobe Brown, Robert Covington, Moussa Diabate, and Jordan Miller and the Hawai'i Tourism Authority visited Washington Middle School to open its technology lab, newly refurbished by the LA Clippers Foundation. The updated tech lab included everything from new furniture and paint to new laptops and robotics and virtual reality kits.
- On October 6, the LA Clippers and Hawai'i Tourism Authority visited Wilcox Elementary for a fun-filled day! While at the school, Clippers Alumni Craig Smith participated in a reading timeout with 50 students selected from the school's "Caught Being Good" program. Students received shirts and goody bags at the event with HTA branding. Other Clippers giveaways were brought for the school to use as incentives and prizes throughout the year.
- To kick off the 23-24 season, Hawai'i Tourism Authority was featured as the presenting partner of the Clippers vs. Jazz preseason game at Stan Sheriff Center on October 8, 2023. Hawai'i Tourism Authority was included in all promotional support in advance of the game as well as email inclusions, paid social campaigns, and tv and radio drop-ins.

Brand Team Events/Meetings - (October)

Event Date	Event	HTA Attendee(s)	Non-HTA Attendee(s)
10/5	Central Pacific Bank Meeting RE: Maui Recovery Efforts	CBO	CPB Representatives
10/5	FestPAC Organizing Committee & First Lady Green	CBO	FestPAC Organizing Committee Members, Various State Department heads
10/9	United Airlines Marketing Meeting	CBO, SBM	UAL, HTUSA
10/9	FestPAC Planning Meeting	CBO	HCNR, FestPAC Representatives
10/10	'Umeke Program (Kilohana) Meeting	CBO	CNHA
10/12	Senator McKelvey Meeting	CEO, CBO	N/A
10/12	Mana Up Hawai'i (Mālama Maui)	CBO	Mana Up Hawai'i

10/24	North Shore Neighborhood Board Presentation	CEO, CBO, BM	NSNB, C&C HNL, OVB, Community Members
10/25	Expedia Travel Hawai'i Marketing Meeting	CBO, SBM	Jessica Johns
10/27	Colette Tours	CBO, SBM	CT Representative

VII. PLANNING DIVISION

Planning

- Director of Planning along with the Maui Destination Manager conducted site visits and met with the community organizations who will be implementing the East Maui Tourism Management Pilot Program on October 11 and 12. The purpose of the trip was to see first-hand where the stewards would be situated to manage the sites and discuss the overall pilot program. The pilot program with the stewards is set to launch in December.
- Staff executed the contract with SMS Research & Marketing Services, Inc. for planning services for a messaging strategy and Tourism Recovery Plan, and has been working with the consultant on outreach and gathering information.
- RFP 24-07 HTA Governance Study was released on October 17 and is due on November 16.
- Work has begun with Kilohana by CNHA on a capacity building needs assessment. The needs assessment will be used to design the technical assistance and tourism collaboratives programs as set for in the Support Services for Destination Stewardship contract.
- On October 16, the transition of responsibilities between the Director of Planning and the Chief Brand Officer occurred as it relates to the implementation of the destination management action plans (DMAPs). The island chapters' destination managers now report to the Chief Brand Officer.

Program Evaluation

- HTA Program Evaluation – Director of Planning worked with the brand team to build out the program measurement database. Information will be used in the annual report and periodic reports to the board.
- Festivals & Events Evaluation Study – Preliminary report submitted by the contractor for Aloha Festivals. The contractor also fielded surveys for the L.A. Clippers game in Honolulu, the Hawai'i International Film Festival, and the Ironman World Championship on Hawai'i Island.

Access & Product Development

Tourism Quality Assurance Program – Work has begun with Kilohana by CNHA on a tourism quality assurance program, which included development of a list of advisory committee invitees and general components of the program.

VIII. TOURISM RESEARCH

Pursuant to Act 88, the Tourism Research Division (TRD) was transferred to DBEDT's Research & Economic Analysis Division (READ) effective July 1, 2021 and was renamed the Tourism Research Branch (TRB).

TRB issued the September 2023 monthly visitor statistics on October 30, 2023, including monthly arrivals by country, category expenditures for major markets, and monthly visitor characteristics for each major market area. The press release was issued by DBEDT, distributed by HTA, and the files were posted on the Monthly Visitor Statistics page on HTA's and DBEDT's websites.

TRB posted updates to Seat Outlook data tables for November 2023 through January 2024 to the Infrastructure Research Section of the HTA website and the Air Seats Capacity Outlook page of the DBEDT website. This report also includes flight information and comparisons to 2019.

State, market, and island fact sheets were updated with the September 2023 data and were published on the Monthly Visitor Statistics page of the HTA website and the Island Highlights and Market Highlights pages on the DBEDT website.

TRB issued the September 2023 Hawai'i Hotel Performance Report on October 19, 2023. The report and related September 2023 data tables were posted to the Infrastructure Research page of the HTA website. The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i.

TRB issued the September 2023 Hawai'i Vacation Rental Performance Report on October 24, 2023. The report and related September 2023 data tables were posted to the Infrastructure Research page of the HTA website and the Vacation Rental Performance page of the DBEDT website. This report utilizes data compiled by Transparent Intelligence, Inc. for DBEDT.

TRB published the Quarter 2 2023 Timeshare report on October 4, 2023. The report was posted on the Infrastructure Research page of the HTA website. The report conducts a recurring quarterly market performance survey of Hawai'i's timeshare industry utilizing data compiled by Kloninger & Sims Consulting LLC.

TRB published the U.S. Traveler Profiles for September 2023 report on October 20, 2023. TRB also published the Canada Traveler Profiles for Q3 2023 report on October 12, 2023. These reports are based on data for selected traveler profile segments for each market compiled by Vision Insights. The reports are posted on the Other Research page of the HTA website.

TRB continued publishing the weekly Future Bookings Report, which is an evolution of the Weekly Travel Agency Bookings reports. These reports include both travel agency and direct air bookings data from ForwardKeys for U.S., Japan, Canada, Korea, and Australia. These reports are posted on the Other Research page of the HTA website.

TRB continued publishing the weekly Brand Health Trend report, which is an evolution of the Weekly Destination Brand Index Trends reports. These reports include consumer sentiment data from Vision Insights for U.S., Japan, Canada, Australia, and Korea. Trends are tracked for the State and each major island. These reports are posted on the Other Research page of the HTA website.

TRB continued publishing the weekly Brand Health Trends for Responsible Travelers report, which is an evolution of the Weekly Destination Brand Index – Responsible Travelers reports. These reports include consumer sentiment data for people who identify themselves as responsible travelers from Vision Insights for U.S., Canada, Australia, and Korea. Trends are tracked for O'ahu, Maui, Kaua'i, and Hawai'i Island. These reports are posted on the Other Research page of the HTA website.

Jennifer Chun presented at the 2023 Hawai'i Tourism Conference on October 2-3, 2023. On October 2, she presented a general session Global Tourism Update, and on October 3, was on a Tourism Research panel with Jeffrey Eslinger of HVCB entitled "Tourism Research Data and You: Navigating the Sea of Tourism Data to Help You Make Great Business Decisions."

Jennifer Chun was on the organizing committee for the Hawai'i Economic Association 2023 Annual Conference, which was held on October 13, 2013.

Jennifer Chun presented with Dr. Eugene Tian and Jeri Sato of READ for DBEDT's Pathways to Recovery webinar series on October 19, 2023.

Starting August 9, 2023, TRB supported DBEDT and HTA emergency operations related to the Maui Wildfires, including staffing the Department Operations Center (DOC) at the Hawai'i Convention Center, providing information to evacuating visitors at the Assistance Center at Hawai'i Convention Center, monitoring flight activity, attending HI-EMA and ESF 6 meetings, and other research tasks.

TRB continues to reply to requests for information from HTA's Global Marketing Team, industry, media, and the general public. Data requests completed include:

- Additional detailed visitor statistic data for UHERO and DBEDT/READ for their databases, and the monthly data requests.
- Research inquiries routed through DBEDT.

IX. ADMINISTRATIVE

Contracts List: Pursuant to Hawai'i Revised Statutes §201B-7 (9), please note the below contracts executed during the month of October 2023.

Contract No.	Contractor	Description	Contract Amount	Total Contract Value	Start Date	End Date
14002 S15	AEG Management HCC, LLC dba Hawai'i Convention Center	Hawai'i Convention Center	\$14,001,100.00	\$228,893,369.07	11/08/2023	12/31/2023
⊖24006	Hawai'i Visitors and Convention Bureau	U.S. Marketing Maui Recovery Plan	\$2,600,000.00	\$2,600,000.00	11/15/2023	12/31/2024
Contract Type: • Sole Source † Procurement Exemption ⊖ Emergency			\$16,601,100.00			

X. APPENDICES

11

**Discussion and/or Action on the
Recommendation by the
Budget, Finance, and Convention Center
Standing Committee on
HTA's Financial Report for October 2023**

11a

**Discussion and/or Action on the
Recommendation by the Budget, Finance,
and Convention Center Standing Committee
on HTA's Financial Report for
October 2023**

11a.1

Finance Report Bullet Points

**Report and Update by the Budget, Finance, and Convention Center Committee (BFCC) of their Meeting
Held on November 20, 2023**

and

For the Regular Board Meeting of the Hawai'i Tourism Authority

Held on November 30, 2023

4. Presentation, Discussion and Action on the Hawai'i Tourism Authority October 2023 Financial Report; Recommend Approval:

- YTD expenditures for FY 2024:
 - \$11,980,982 for Tourism
 - \$2,728,980 for Convention Center
 - \$449,655K for EDA Grant (DLNR contract)
- B&F transferred the \$64,000,000 HCC roof repair appropriation to Maui wildfire recovery efforts.
- PM/CM contract for HCC roof repair project has been executed. Will use \$15M GOB appropriation to fund the contract through December 2024.

7. Discussion and/or Action on Funding of the Additional Marketing Services Approved by the Board to Address Recovery in FY24:

- Total branding incremental request of \$13,450,000
- \$1,096,000 of program savings
- \$3,754,000 of program cuts
- \$8,600,000 from other funding sources

8. Presentation, Discussion and Action on Form A Submittal (FY 25 Supplemental Budget Request to DBEDT) and Form B (B&F and Governor's Budget to Departments)

- Form A was submitted:
 - \$69.9M operating budget for HTA:
 - \$66.6M for contracts and other costs
 - \$3.3M for personnel; 38 positions – 25 existing (including vacancies) and 13 new positions
 - \$14M expenditure ceiling for the Convention Center Enterprise Special Fund (CCESF)
- Form B:
 - \$60M operating budget and 25 positions have been recommended for HTA
 - \$25M expenditure ceiling for the CCESF
 - \$64M of general obligation bonds for HCC roof repair project

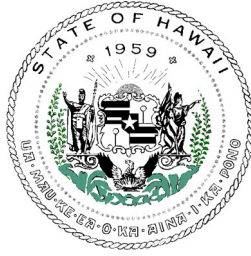
Prepared by:

Talon Kishi, HTA Budget Fiscal Officer

11/17/2023

11a.2

Financials for October 2023



The State of Hawai`i
Department of Business, Economic Development, and Tourism
Hawai`i Tourism Authority
Financial Statements
October 31, 2023

These financial statements have been prepared by HTA management (unless otherwise noted) for information purposes only. See notes to the financial statements.

Prepared by: Talon Kishi

Budget and Fiscal Officer

HAWAII TOURISM AUTHORITY

Hawaii Tourism Authority
Selected Management Disclosures
October 31, 2023

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Hawaii Convention Center Income Statement (prepared by AEG Management HCC)11

**Hawaii Tourism Authority
Balance Sheet
As of October 31, 2023**

	Tourism Funds	Convention Center Funds	Convention Center Roof Repairs	Tourism Emergency Special Fund	Federal Funds	Total Funds
Assets						
General funds	48,716,283	8,499,420	-	-	-	57,215,703
Special funds (restricted)	15,051,751	36,321,473	-	-	-	51,373,224
Federal grants	-	-	-	-	13,574,717	13,574,717
Generabl obligation bonds	-	-	14,871,000	-	-	14,871,000
Cash and cash equivalents	-	-	-	1,606,236	-	1,606,236
Investments	-	-	-	3,580,868	-	3,580,868
Total assets	<u>63,768,034</u>	<u>44,820,893</u>	<u>14,871,000</u>	<u>5,187,104</u>	<u>13,574,717</u>	<u>142,221,748</u>
Liabilities and Fund Balances						
Fund balances						
Encumbered - General funds	34,489,498	2,095,063	-	-	-	36,584,561
Encumbered - Special funds	8,599,723	3,540,999	-	-	6,000,345	18,141,067
Unencumbered	20,678,813	39,184,831	14,871,000	5,187,104	7,574,372	87,496,120
Total fund balances	<u>63,768,034</u>	<u>44,820,893</u>	<u>14,871,000</u>	<u>5,187,104</u>	<u>13,574,717</u>	<u>142,221,748</u>
Total liabilities and fund balances	<u>63,768,034</u>	<u>44,820,893</u>	<u>14,871,000</u>	<u>5,187,104</u>	<u>13,574,717</u>	<u>142,221,748</u>

Hawaii Tourism Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Month Ended October 31, 2023
Ending Fund Balance as of October 31, 2023

	Tourism Funds	Convention Center Funds	Convention Center Roof Repairs	Tourism Emergency Special Fund	Federal Funds	Total Funds
Revenues						
Change in fair value	-	-	-	7,998	-	7,998
Interest and dividends, net	-	-	-	11,488	-	11,488
HCC operations	-	-	-	-	-	-
Other income	6,115	-	-	-	-	6,115
Total revenues	6,115	-	-	19,486	-	25,601
Expenditures						
Administrative	22,840	-	-	1,058	-	23,898
Branding	5,239,470	-	-	-	-	5,239,470
Destination management	834,948	-	-	-	-	834,948
Governance and org-wide*	24,159	-	-	-	-	24,159
HCC marketing	-	567,229	-	-	-	567,229
HCC operations	-	228,400	-	-	-	228,400
HCC repairs and maintenance	-	1,933,350	-	-	-	1,933,350
Natural resources	175,000	-	-	-	449,655	624,655
Perpetuating Hawaiian culture	402,400	-	-	-	-	402,400
Planning & evaluation	12,380	-	-	-	-	12,380
Resident and Industry Communications	284	-	-	-	-	284
Safety & Security	-	-	-	-	-	-
Salaries and fringe	214,847	-	-	-	-	214,847
Sports	400,000	-	-	-	-	400,000
Workforce	-	-	-	-	-	-
Total expenditures	7,326,328	2,728,979	-	1,058	449,655	10,506,020
Change in fund balances	(7,320,213)	(2,728,979)	-	18,428	(449,655)	(10,480,419)
Fund balances						
Beginning of month	71,088,247	47,549,872	14,871,000	5,168,676	14,024,372	152,702,167
Ending fund balance	63,768,034	44,820,893	14,871,000	5,187,104	13,574,717	142,221,748

* Refer to notes of the financial statements for more information.

Hawaii Tourism Authority
Selected Management Disclosures
October 31, 2023

Summary of Significant Accounting Policies

The Financial Reporting Entity

The Hawaii Tourism Authority (HTA or Authority) was established on January 1, 1999, by Act 156, Session Laws of Hawaii 1998. It was placed within the State of Hawaii, Department of Business, Economic Development, and Tourism, for administrative purposes only. The Authority is responsible for developing a strategic tourism marketing plan and developing measures of effectiveness to assess the overall benefits and effectiveness of the marketing plan and progress toward achieving the Authority's strategic plan goals. In addition, effective July 1, 2000, control and management of the Hawaii Convention Center (HCC) were transferred to the Authority from the Convention Center Authority (CCA) by Executive Order No. 3817. Effective July 1, 2002, the Center, by statute, became the responsibility of the Authority. The Center opened to the public in June 1998 and is used for various events, including conventions and trade shows, public shows, and spectator events. The Center offers approximately 350,000 square feet of rentable space, including 51 meeting rooms.

The Authority is governed by a board of directors comprising 12 voting members, including those recommended by the State Legislature. The Governor of the State appoints the 12 voting members.

Funds

The Authority's major funds are as follows:

Tourism Funds:

- **Tourism Special Fund (TSF)** –The Tourism Special Fund accounts for functions related to developing and promoting the tourism industry. Effective January 1, 2022, pursuant to Act 1 Special Legislative Session 2021, the TSF was sunset and discontinued the ability to expend any new funds. Funds encumbered as of June 30, 2021, can be spent.
- **General Funds** – The 2023 State legislature did not provide HTA an operating budget for fiscal year 2024. As such, the Governor approved the transfer of \$60,000,000 in general funds from Section 5 of Act 164, SLH 2023, to HTA on July 1, 2023. Funds will lapse on June 30, 2024.

Convention Center Funds:

- **Convention Center Enterprise Special Fund (CCESF)** – Under Section 201B-8, the Convention Center Enterprise Special Fund accounts for functions related to the operation and management of the Hawaii Convention Center (HCC). Unencumbered funds are unavailable to spend because the 2023 Hawaii State Legislature did not provide the CCESF an expenditure ceiling to fund the operations of the HCC.
- **General Funds (operations)** – The 2023 State legislature did not provide the HCC an operating budget for fiscal year 2024. As such, the Governor approved the transfer of \$11,000,000 in general funds from Section 5 of Act 164, SLH 2023, for the HCC on July 1, 2023. Funds will lapse on June 30, 2024.
- **General Funds (CIP)** - Pursuant to Act 164, SLH 2023, \$64,000,000 of general funds were provided for long-term repairs of the HCC rooftop terrace deck. Per Executive Memorandum 23-08, dated October 30, 2023, the Department of Budget and Finance (B&F) transferred HTA's

Hawaii Tourism Authority
Selected Management Disclosures
October 31, 2023

\$64,000,000 CIP appropriation to aid in the Maui Wildfire Recovery efforts. The Legislature should reappropriate the funds as general obligation bonds for fiscal year 2025.

- **General Obligation Bonds** – Pursuant to Act 248, SLH 2022, \$15,000,000 of general obligation bond funds were provided for the temporary repairs of the HCC roof repair and other items. The Governor authorized the release of funds on February 22, 2023. The funds will lapse on June 30, 2024.

Tourism Emergency Special Fund:

- **Tourism Emergency Special Fund** – The Tourism Emergency Special Fund accounts for functions related to maintaining a tourism emergency fund. Per Section 201B-10, revenues prescribed by Section 237D-6.5(b) and all investment earnings are credited to the fund's assets. Funds are currently held at the Bank of Hawaii. Funds must be exclusively used to respond to a tourism emergency under Section 201B-9. On August 19, 2023, the governor declared a tourism emergency in the sixth emergency proclamation relating to the Maui wildfires. The Governor extended the tourism emergency in the eighth emergency proclamation dated November 6, 2023. The Authority has spent approximately \$251,000 on Maui wildfire response efforts. The Authority plans on spending approximately \$2.6M on an emergency marketing campaign for Maui.

Federal Funds:

- **Economic Development Administration (EDA) Tourism Grant** – Official Name: ARPA-EDA Tourism Grant (Non-Competitive ARPA State Tourism Grant for the State of Hawaii) – The Authority was awarded \$14,024,372 on December 8, 2021. Grant rules required the approval of the Grant Administration Plan (GAP) before the commencement of work. EDA approved the Authority's GAP on March 21, 2023. The Authority will share approximately \$7,200,000 of the grant with the Department of Land and Natural Resources (DLNR) to enhance and develop Hawaii's outdoor recreational assets. All work must be completed by May 31, 2027, and money spent by September 30, 2027.

Basis of Accounting

The Governmental Funds' financial statements are reported using the modified-cash basis of accounting.

Governance & Org-Wide Expenditures

Governance and organization-wide expenditures primarily consist of board meeting costs - including board member inter-island travel, audit expenses for the Authority and the HCC, and HCC facility insurance.

Encumbrances

Generally, encumbrances are obligations in the form of purchase orders, contracts, or other commitments that only become liabilities once the performance of the conditions stated in the commitment.

Transient Accommodations Tax (TAT)

Under Section 237D-6.5, \$11,000,000 shall be allocated to the Convention Center Enterprise Special Fund annually. The annual TAT distribution has not been made to HTA as of November 14, 2023.

Hawaii Tourism Authority
Selected Management Disclosures
October 31, 2023

Investments

The Authority's investments are reported at fair value.

The TSF and CCESF participate in the State's investment pool program directed by B&F.

Employees' Retirement System of the State of Hawaii (ERS)

On June 30, 2022, management estimated the net pension liability of approximately \$5,733,000 for its proportionate share of the State's net pension liability. An actuarial valuation determined the net pension liability as of June 30, 2021.

For the year ended June 30, 2022, the Authority recognized pension expenses of approximately \$488,000. On June 30, 2022, management estimated the deferred outflows and deferred inflows of resources related to pensions of approximately \$590,000 and \$972,000, respectively. Based on last year's pension expense, management estimates the June 30, 2023, pension expense to be approximately \$500,000.

Hawaii Employer-Union Health Benefits Trust Fund (EUTF)

On June 30, 2022, management estimated the net other post-employment benefits (OPEB) liability of approximately \$4,989,000. An actuarial valuation measured the net OPEB liability as of June 30, 2021.

For the year ended June 30, 2022, the Authority recognized OPEB expenses of approximately \$115,000. On June 30, 2022, management estimated the deferred outflows and deferred inflows or resources related to OPEB of approximately \$212,000 and \$503,000, respectively. Based on last year's OPEB expense, management estimates the OPEB expense for June 30, 2023, to be approximately \$120,000.

Accrued Vacation

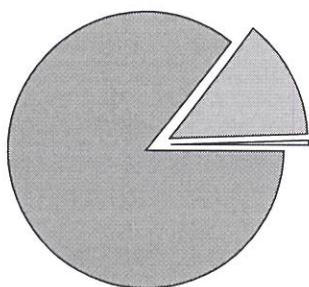
On June 30, 2022, management estimated the accrued vacation liability was approximately \$413,000, with a current liability of approximately \$129,000. Based on last year's accrued vacation liability, management estimates accrued vacation as of June 30, 2023, to be approximately \$420,000, with a current liability of approximately \$130,000.

Use of Estimates

Preparing these financial statements required management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Summary Of Investments

Investment Allocation



0.4%	CASH	17,769.07
14.1%	CASH EQUIVALENTS	588,466.61
85.5%	FIXED INCOME	3,580,868.45
100.0%	TOTAL	4,187,104.13

Investment Summary

	Market Value	%	Estimated Income	Current Yield
CASH	17,769.07	0.42	0	0.00
CASH EQUIVALENTS	588,466.61	14.05	30,718	5.22
FIXED INCOME	3,580,868.45	85.52	100,813	2.82
Total Fund	4,187,104.13	100.00	131,530	3.14

Schedule Of Investments

UNITS	DESCRIPTION	BOOK VALUE	MARKET VALUE	% OF CATEGORY
	CASH	1,784.69	1,784.69	10.04
	ACCRUED INCOME	15,984.38	15,984.38	89.96
	TOTAL CASH	17,769.07*	17,769.07*	100.00*
	CASH EQUIVALENTS			
	CASH MANAGEMENT			
588,466.61	DREYFUS TREASURY OBLIGATIONS CASH MANAGEMENT FUND	588,466.61	588,466.61	100.00
	FIXED INCOME			
	U S TREASURY OBLIGATIONS			
585,000	US TREASURY NOTES 2.5% 01/31/2024	582,517.13	580,770.45	16.22



Statement Period
Account Number

10/01/2023 through 10/31/2023
BANK OF HAWAII
AGENT U/A DATED 10/31/2018 FOR
HAWAII TOURISM AUTHORITY -
TOURISM EMERGENCY TRUST
FUND

Schedule Of Investments

UNITS	DESCRIPTION	BOOK VALUE	MARKET VALUE	% OF CATEGORY
500,000	US TREASURY NOTES 2.25% 04/30/2024	497,754.55	491,990.00	13.74
500,000	US TREASURY NOTES NOTE 2.125% 07/31/2024	496,264.78	487,775.00	13.62
500,000	US TREASURY NOTES 2.25% 10/31/2024	489,196.94	484,530.00	13.53
550,000	US TREASURY NOTES 2.5% 01/31/2025	537,296.38	531,245.00	14.84
500,000	US TREASURY NOTES 2.875% 04/30/2025	491,662.32	483,065.00	13.49
525,000	US TREASURY NOTES 4.75% 07/31/2025	523,708.01	521,493.00	14.56
	TOTAL U S TREASURY OBLIGATIONS	3,618,400.11*	3,580,868.45*	100.00*
	Total Fund	4,224,635.79*	4,187,104.13*	100.00*



Statement of Account

Last statement: October 03, 2023
This statement: October 31, 2023
Total days in statement period: 29

Page 1 of 1
Number of Enclosures: (0)

Direct inquiries to:
888 643-3888



HAWAII TOURISM AUTHORITY
TOURISM EMERGENCY SPECIAL FUND
1801 KALAKAUA AVE 1ST FL
HONOLULU HI 96815

BANK OF HAWAII
111 S KING ST
HONOLULU HI 96813

Bank of Hawaii

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Analyzed Business Checking

Account number	0091-585227	Beginning balance	\$0.00
Low balance	\$0.00	Total additions	1,000,000.00
Average balance	\$724,137.93	Total subtractions	.00
		Ending balance	<u>\$1,000,000.00</u>

CREDITS

<u>Date</u>	<u>Description</u>	<u>Additions</u>
10-11	ACH Credit BANK OF HAWAII PAYMENT 231011 XXXXX8102	1,000,000.00

DAILY BALANCES

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
10-11	1,000,000.00				

MEMBER FDIC

EQUAL HOUSING LENDER

Hawaii Convention Center
Facility
Income Statement
From 10/01/2023 Through 10/31/2023
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Direct Event Income								
Rental Income (Net)	348,939	229,262	119,677	181,464	1,282,035	942,502	339,533	863,975
Service Revenue	246,399	104,835	141,564	103,095	892,784	380,575	512,209	341,939
Total Direct Event Income	595,338	334,097	261,241	284,558	2,174,819	1,323,077	851,743	1,205,914
Direct Service Expenses	426,405	228,871	(197,534)	174,406	1,336,622	850,526	(486,096)	614,837
Net Direct Event Income	168,933	105,226	63,707	110,152	838,197	472,551	365,646	591,077
Ancillary Income								
Food and Beverage (Net)	881,389	492,244	389,145	889,429	4,377,974	2,538,902	1,839,072	1,728,248
Event Parking (Net)	83,757	102,106	(18,349)	60,791	385,220	393,843	(8,623)	288,146
Electrical Services	96,735	42,800	53,935	1,800	147,018	80,200	66,818	7,630
Audio Visual	93,634	30,158	63,476	64,430	267,022	121,695	145,328	140,927
Internet Services	27,108	0	27,108	0	55,354	0	55,354	0
Rigging Services	29,234	4,000	25,234	(2,286)	43,722	13,000	30,722	47,437
Business Center	0	0	0	0	0	0	0	0
Security Commissions	0	0	0	0	0	0	0	0
First Aid Commissions	0	0	0	0	0	0	0	0
Total Ancillary Income	1,211,857	671,308	540,549	1,014,164	5,276,310	3,147,640	2,128,670	2,212,388
Total Event Income	1,380,790	776,534	604,256	1,124,317	6,114,507	3,620,190	2,494,316	2,803,465
Other Operating Income								
Non-Event Parking	70	433	(363)	1,196	940	1,732	(792)	1,844
Other Income	176,079	10,042	166,037	9,651	315,468	40,168	275,300	44,588
Total Other Operating Income	176,149	10,475	165,674	10,848	316,408	41,900	274,508	46,432
Total Gross Income	1,556,939	787,009	769,930	1,135,164	6,430,915	3,662,090	2,768,825	2,849,897
Net Salaries & Benefits								
Salaries & Wages	522,188	548,093	25,905	355,635	2,042,235	2,167,756	125,521	1,406,963
Payroll Taxes & Benefits	141,867	155,482	13,615	102,291	551,278	621,928	70,650	390,805
Labor Allocations to Events	(128,079)	(75,794)	52,285	(50,263)	(408,325)	(269,916)	138,409	(169,821)
Total Net Salaries & Benefits	535,977	627,781	91,805	407,663	2,185,188	2,519,768	334,580	1,627,947
Other Indirect Expenses								
Net Contracted Services	26,235	36,390	10,155	61,085	184,302	156,066	(28,236)	244,793
Operations	18,348	13,099	(5,249)	9,622	107,220	52,396	(54,824)	36,203
Repair & Maintenance	103,905	110,021	6,116	75,748	349,318	440,084	90,766	282,688
Operational Supplies	88,043	69,650	(18,393)	56,451	331,691	305,984	(25,707)	188,873
Insurance	26,553	27,730	1,177	25,109	118,658	120,521	1,863	85,020
Utilities	345,158	269,173	(75,985)	206,709	1,073,802	1,018,440	(55,362)	993,019
Meetings & Conventions	1,509	804	(705)	552	12,513	11,216	(1,297)	3,793
Promotions & Communications	0	6,266	6,266	1,382	0	25,064	25,064	11,627
General & Administrative	29,009	37,011	8,002	31,176	132,240	152,222	19,982	105,934
Management Fees	19,433	19,433	(0)	19,033	77,733	77,732	(1)	76,133
Other	3,988	4,733	745	8,824	19,959	18,932	(1,027)	14,261
Total Other Indirect	662,182	594,310	(67,872)	495,690	2,407,436	2,378,657	(28,779)	2,042,344
Net Income (Loss) before CIP Funded Expenses	358,780	(435,082)	793,863	231,811	1,838,291	(1,236,335)	3,074,626	(820,394)
CIP Funded Expenses	0	0	0	151	601	0	601	151
Net Income (Loss) from Operations	358,780	(435,082)	793,863	231,962	1,838,892	(1,236,335)	3,075,227	(820,243)
Fixed Asset Purchases	5,280	25,000	19,720	1,989	35,354	100,000	64,646	92,704
Net Income (Loss) After Fixed Asset Purchases	353,500	(460,082)	813,582	229,973	1,803,538	(1,336,335)	3,139,873	(912,947)

Hawaii Convention Center
Facility
Income Statement
From 10/01/2023 Through 10/31/2023
(In Whole Numbers)

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	YTD Actual	YTD Budget	Variance	YTD Prior Year
Revenues								
Food & Beverage	1,530,325	930,116	600,209	1,227,315	6,847,780	4,861,486	1,986,294	2,741,688
Facility	1,112,950	540,558	572,392	432,530	3,439,265	2,042,827	1,396,438	1,788,093
Total Revenues	2,643,275	1,470,674	1,172,601	1,659,845	10,287,045	6,904,313	3,382,732	4,529,781
Expenses								
Food & Beverage	884,351	648,412	(235,939)	478,197	3,456,872	3,207,282	(249,590)	1,509,281
Facility	1,400,143	1,257,344	(142,799)	949,837	4,991,881	4,933,366	(58,515)	3,840,895
Total Expenses	2,284,495	1,905,756	(378,738)	1,428,034	8,448,754	8,140,648	(308,106)	5,350,175
Net Income (Loss) before CIP Funded Expenses	358,780	(435,082)	793,863	231,811	1,838,291	(1,236,335)	3,074,626	(820,394)
CIP Funded Expenses	0	0	0	151	601	0	601	151
Net Income (Loss) from Operations	358,780	(435,082)	793,863	231,962	1,838,892	(1,236,335)	3,075,227	(820,243)
Fixed Asset Purchases	5,280	25,000	19,720	1,989	35,354	100,000	64,646	92,704
Net Income (Loss) after Fixed Asset Purchases	<u>353,500</u>	<u>(460,082)</u>	<u>813,583</u>	<u>229,973</u>	<u>1,803,538</u>	<u>(1,336,335)</u>	<u>3,139,873</u>	<u>(912,947)</u>

11b

**Discussion and/or Action on the
Recommendation by the
Budget, Finance, and Convention Center
Standing Committee on the
Hawai'i Convention Center's
October Financial Report and
Update on the Hawai'i Convention Center's 6-Year
Repair and Maintenance Plan**

11b.1
HCC Highlights
October 2023

Hawai'i Convention Center Financial and R&M Updates **for October 2023**

Financial Highlights:

- October 2023 saw a great mix of city-wide conventions and local bookings come through the Hawaii Convention Center (HCC).
- HCC welcome back two of our repeat city-wide clients, the American College of Chest Physicians (ACCP) and the National Pest Management Association (NPMA).
- HCC hosted 35 licensed events during the month which was 10 more than budgeted.
- continued to house the Department of Business and Economic Development and Federal Emergency Management Association in support of the Maui wildfires.
- total facility revenue for the month exceeded \$2.6 million, this includes \$176k of other income (primarily interest income) and net income of \$353,500.
- This is our fourth consecutive month of posting a positive bottom line.

Note:

As mentioned last month, we transferred our Repairs and Maintenance and advance deposit funds from a savings account into a government treasury obligation that will yield significantly higher returns on interest. The current return is 4.98%. We are forecasting nearly a \$1M improvement from interest income.

- HCC's FY24 reforecast vs budget. For FY24, we are reforecasting gross revenues of \$22.7M, which includes \$1.1M of interest income, and a facility net loss of \$2.4 million which is \$3M under budget.
- Even adjusting for the removal of \$1.1M of interest income, we are forecasting a strong year financially that is favorable to budget.

Repair and Maintenance Update:

1. Exterior Building Painting
 - a. 2 proposals received
 - b. Wide range of cost proposals
 - c. Cumming clarifying installation and logistic plans for both proposers
 - d. Target to complete evaluations by end November 2023

2. Chiller Replacement
 - a. Chillers have arrived and are on island
 - b. Permit application submitted
 - c. Target installation Q2 2024

3. 3rd fl and Exterior Planters Repair
 - a. RFP awarded to Diede Construction
 - b. Finalizing contract
 - c. Investigation to start as soon as contract is executed, target December 2023. Will involve some invasive work to determine true condition of planters to confirm repair specifications.
 - d. Planters included in this project; 3rd floor (Kalākaua Ave and Ala Wai Canal), Parking level, I-level and Grand Staircase

4. Escalator Replacement
 - a. RFP in final stages of review
 - b. Target issue RFP – December 2023

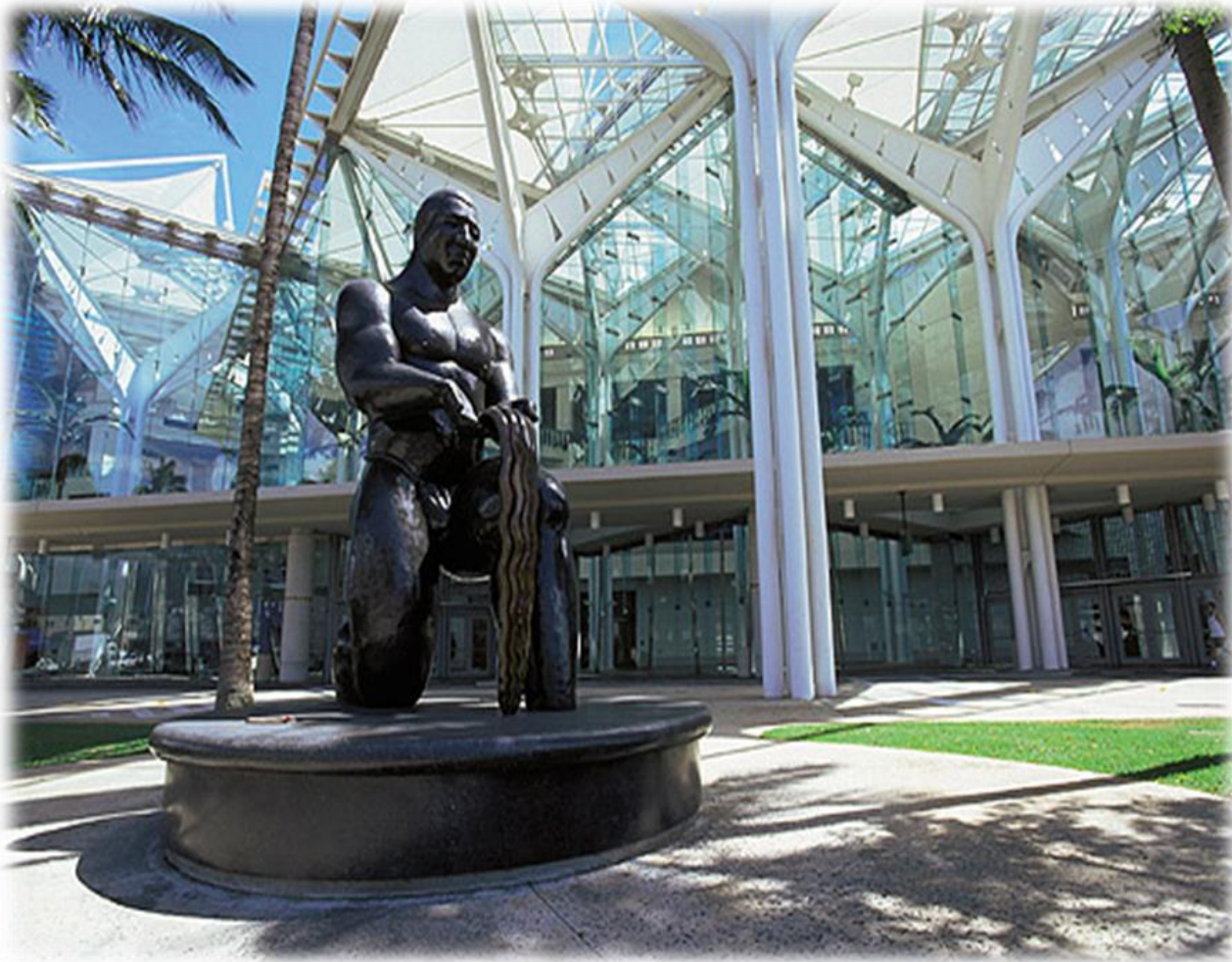
5. House Sound System Upgrade
LED Lighting Upgrade
 - a. Good response to RFP, multiple companies attended site visit and continue to engage regarding proposal submittals.
 - b. Due to detailed scope of project and necessary modifications, have allowed contractors additional site visits to inspect current systems and infrastructure.
 - c. Extended proposal due dates to mid-December 2023.

6. Ballroom and Lobby Transom Glass Replacement
Kalākaua Exterior Wall Repair and Drywell Rehabilitation
 - a. Will issue as Design, Bid, Build projects
 - b. HCC issuing Request for Qualifications (RFQ) for Architectural Services

11b.2

HCC Presentation for October 2023

Hawai'i Convention Center



Update for
October 2023
For
(November 2023 meeting)

Financial Update

	Oct-23 Actual	FY 2024 Rereforecast	FY 2024 Budget	Variance	FY 2023 Actual	FY 2022 Actual
Facility Number of Events	35	245	225	20	273	213
Facility Operating Revenue	\$2,467,200	\$21,575,800	\$18,354,500	\$3,221,300	\$14,310,800	\$7,178,200
Facility Other Income	\$176,100	\$1,118,500	\$125,700	\$992,800	\$135,700	\$78,500
Facility Total Revenue	\$2,643,300	\$22,694,300	\$18,480,200	\$4,214,100	\$14,446,500	\$7,256,700
Facility Operating Expenses	-\$2,289,800	-\$25,042,700	-\$23,812,600	-\$1,230,100	-\$18,412,200	-\$11,842,500
Facility Net Income/(Subsidy)	\$353,500	-\$2,348,400	-\$5,332,400	\$2,984,000	-\$3,965,700	-\$4,585,800
Local S&M Operating Expenses	-\$92,100	-\$1,223,700	-\$1,223,700	\$0	-\$959,400	-\$522,600
HCC Net Income/(Subsidy)	\$261,400	-\$3,572,100	-\$6,556,100	\$2,984,000	-\$4,925,100	-\$5,108,400

ROI October 2023 FYTD

HCC Revenue + State Revenue
+ Tax Revenue
= \$230.5 M

HCC Expense + HVCB MCI
Expense = \$9.9 M

***ROI = For every dollar spent,
\$23.16 returned to the State***

Historical ROI:

10.23 - \$23.16 (2 CW's)

09.23 - \$18.62 (1 CW)

08.23 - \$25.91 (1 CW)

07.23 - \$30.74 (4 CW's)

06.23 - \$4.19

05.23 - \$4.61

04.23 - \$4.58

03.23 - \$3.79

02.23 - \$4.24

01.23 - \$4.75

12.22 - \$5.40

11.22 - \$6.88

Recent Events @ Hawai'i Convention Center

- 2023 Fall Honolulu National College Fair – NACAC, Oct 24, 5,000 attendees
- Hawaii Food & Wine Festival, Nov 5, 700 attendees
- 2023 Society for Social Studies of Science Annual Meeting, Nov 8-11, 1,000 attendees (CW)



4S 2023 HONOLULU

Sea • Sky • Land • Endangered Ecologies • Solidarities

NOVEMBER 8-11



Upcoming Local/Citywide Events

- Honolulu Mineral, Fossil, Gem & Jewelry Show, Nov 8-12, 10,000 attendees
- Applied Materials FTC 2023, Nov 24-Dec 2, 1,300 attendees (CW)
- 2023 Honolulu Marathon Expo, Dec 7 -13, 60,000 attendees



Will play new Food & Beverage Sizzle Video

Carbon Offset Program

- This is a first-of-its-kind Carbon Offset Program that provides meeting organizers with the opportunity to offset the carbon footprint of their meeting.
- Participating events include:
 - CHEST 2023 (42 trees)
 - 2023 International Conference on Machine Learning (36 trees)
 - 2023 Made in Hawaii Festival (12 trees)
 - 2023 Okinawan Festival (11 trees)

Total Contributions	Partner Trees Planted
\$15,952.77	8,521
<u>HCC Carbon Offset Trees Planted</u>	
199	

8,720

Total Legacy Trees Planted



195.82
MTCO₂e

Carbon Offset

As of September 2023
(total carbon offset costs)



ICML
International Conference
On Machine Learning



Repair, Maintenance and Replacement Projects Update

Repair, Maintenance and Replacement Projects

6-Year Plan (page 1)

Project Number	Project Title	Estimated Project Cost	Priority	Prior Expenses to Sept 23	FY24	FY25	FY26	FY27	FY28	FY29	Total
001	Rooftop Terrace Deck Full Repair	\$ 64,000,000	1	\$ 119,663	\$ 1,880,337	\$ 30,000,000	\$ 32,000,000				\$ 64,000,000
011	Ballroom Gutter, Foyer Transom Glass Roof Repair and Soffit Repair	\$ 7,706,791	1	\$ 65,705	\$ 7,641,086						\$ 7,706,791
013	Ballroom Roof Repairs	\$ 2,271,093	1	\$ 25,090	\$ 2,246,003						\$ 2,271,093
012	Parapet Roof Repairs	\$ 3,066,470	1	\$ 22,591	\$ 3,043,879						\$ 3,066,470
003	Kalākaua Kitchen and Atkinson Drywell Renovation	\$ 2,440,752	2	\$ 311,842		\$ 2,128,910					\$ 2,440,752
007	Kitchen Hood Control Panel Replacement	\$ 188,872	1	\$ 117,666	\$ 71,206						\$ 188,872
008	Pantry 348 Walk-in Refrigerator Replacement	\$ 135,443	1	\$ 46,597	\$ 47,166	\$ 41,681					\$ 135,444
009	Slate Tile Repair	\$ 2,142,108	1	\$ 159,818	\$ 1,982,290						\$ 2,142,108
010	Chiller Replacement	\$ 6,884,147	1	\$ 166,562	\$ 6,717,585						\$ 6,884,147
014	Lobby Water Feature	\$ 1,086,810	3	\$ 3,932			\$ 1,082,878				\$ 1,086,810
015	House Sound Audio System Upgrade	\$ 2,973,864	1	\$ 31,164	\$ 2,942,700						\$ 2,973,864
022	Chill Water Pipe Reinsulation	\$ 677,894	1	\$ 197	\$ 667,697						\$ 677,894
023	Air Wall Repairs	\$ 400,000	1	\$ 16,155	\$ 383,845						\$ 400,000
024	Roll-up Door Replacement	\$ 225,000	2	\$ 23,656		\$ 201,344					\$ 225,000
025	Ballroom and Meeting Room Wallpaper Replacement	\$ 203,531	1	\$ 126,771	\$ 76,760						\$ 203,531
026	IT Network Upgrades	\$ 125,000	3	\$ -			\$ 55,000	\$ 70,000			\$ 125,000
027	Ice Machines Replacement	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
028	Theatre 310 and 320 Furnishings Upgrade	\$ 750,000	3	\$ -			\$ 375,000	\$ 375,000			\$ 750,000
029	Theatre 310 and 320 Seating Upgrade	\$ 500,000	3	\$ 155			\$ 249,845	\$ 250,000			\$ 500,000
030	FB China and Equipment Upgrade	\$ 3,500,000	1	\$ -	\$ 3,500,000						\$ 3,500,000
031	Ala Wai Waterfall Repair	\$ 1,071,501	3	\$ 2,362			\$ 1,069,516				\$ 1,071,878
036	Water Intrusion Remediation	\$ 400,000	1	\$ 166,165	\$ 233,835						\$ 400,000
037	Exterior Security Camera Upgrade	\$ 231,348	1	\$ 155,504	\$ 75,844						\$ 231,348
041	Children's Courtyard Repair	\$ 329,162	1	\$ -		\$ 329,162					\$ 329,162
042	Kahakai/Atkinson Drywell Rehabilitation	\$ 351,113	3	\$ 775	\$ 350,338						\$ 351,113
043	Air Handler Unit 9 and 10 Replacement	\$ 401,382	3	\$ -		\$ 401,382					\$ 401,382
044	Fire Sprinkler Line Refurbishment	\$ 343,394	2	\$ -	\$ 100,000	\$ 125,000	\$ 118,394				\$ 343,394
045	Escalator and Elevator Refurbishment	\$ 15,865,737	1	\$ 5,028	\$ 6,900,000	\$ 2,640,000	\$ 6,320,709				\$ 15,865,737
046	LED Light Upgrade	\$ 4,781,506	1	\$ 58,765	\$ 4,722,741						\$ 4,781,506

- Current project
- Cumming-managed project
- HCC-managed project
- CM/PM - to be assigned



Repair, Maintenance and Replacement Projects

6-Year Plan (page 2)

Project Number	Project Title	Estimated Project Cost	Priority	Prior Expenses to Sept 23	FY24	FY25	FY26	FY27	FY28	FY29	Total
048	Electrical Harmonics Testing	\$ 100,000	3	\$ -			\$ 100,000				\$ 100,000
049	Main Kitchen Dishwasher Replacement	\$ 421,315	1	\$ 217,818	\$ 203,497						\$ 421,315
050	Main Kitchen Flooring Replacement	\$ 2,046,380	1/3	\$ -	\$ 50,000		\$ 1,996,380				\$ 2,046,380
051	PBX System Replacement	\$ 90,505	1	\$ -	\$ 90,505						\$ 90,505
052	Ride-on Sweeper Replacement	\$ 55,000	1	\$ 100	\$ 54,900						\$ 55,000
053	Forklift Replacement	\$ 175,000	1	\$ 86,702	\$ 88,298						\$ 175,000
054	Boardroom Upgrade	\$ 1,099,549	2	\$ 48,585			\$ 1,050,963				\$ 1,099,548
055	Elevator #2 Upgrade	\$ 250,000	3	\$ -			\$ 250,000				\$ 250,000
058	Kitchen Hood Fire Suppression System Replacement	\$ 341,407	1	\$ 18,770	\$ 322,636						\$ 341,406
060	Lobby Sail Repair and Maintenance	\$ 179,000	1	\$ 41,196	\$ 61,021	\$ 76,783					\$ 179,000
061	ADA Lift (#320) Replacement	\$ 165,000	1	\$ 387	\$ 164,613						\$ 165,000
064	F&B Equipment	\$ 1,266,870	1	\$ 12,640	\$ 1,254,230						\$ 1,266,870
065	Transformer Replacement	\$ 140,297	1	\$ 294	\$ 140,002						\$ 140,296
066	Kitchen Boiler Replacement	\$ 130,000	1	\$ -	\$ 130,000						\$ 130,000
068	3rd Floor Planter Repair and Exterior Planter Repair	\$ 11,048,647	1	\$ 15,441	\$ 4,415,590	\$ 6,617,616					\$ 11,048,647
069	Parking System Upgrade	\$ 528,382	1	\$ 28,382	\$ 500,000						\$ 528,382
070	Parking Garage Floor Sealing	\$ 250,000	1	\$ -	\$ 250,000						\$ 250,000
071	Access Control Upgrade	\$ 2,000,000	1	\$ -	\$ 1,000,000	\$ 1,000,000					\$ 2,000,000
072	Ride-on Scrubber Replacement	\$ 80,000	1	\$ -	\$ 80,000						\$ 80,000
073	Common Area Furniture Upgrade	\$ 200,000	1	\$ -	\$ 200,000						\$ 200,000
074	Ice Rink and Equipment	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
075	Exterior Building Painting	\$ 5,876,960	1	\$ -	\$ 5,876,960						\$ 5,876,960
076	Main Kitchen Freezer Repair	\$ 500,000	1	\$ -	\$ 500,000						\$ 500,000
077	Interior Building Painting	\$ 7,000,000	2	\$ -	\$ 7,000,000						\$ 7,000,000
078	Pot Wash Machine Replacement	\$ 35,000	1	\$ -	\$ 35,000						\$ 35,000
079	Digital Signage Upgrade	\$ 6,150,000	1	\$ 20,390	\$ 3,129,610	\$ 3,000,000					\$ 6,150,000
080	Water Remediation	\$ 167,851	1	\$ -	\$ 167,851						\$ 167,851
081	Facility Equipment Replacement	\$ 1,000,000	1	\$ -	\$ 500,000	\$ 500,000					\$ 1,000,000
082	Escalator and Elevator Repairs	\$ 1,000,000	1	\$ 43,956	\$ 300,000	\$ 656,044					\$ 1,000,000
083	FB Room Service Carts	\$ 100,000	1	\$ -	\$ 100,000						\$ 100,000
084	1901 Renovation	\$ 1,500,000	1	\$ -	\$ 1,500,000						\$ 1,500,000
	Legal Retainer	\$ 151,094		\$ 108,213	\$ 42,881						\$ 151,094
	GRAND TOTAL	\$ 168,101,175		\$ 2,269,037	\$ 72,740,906	\$ 47,717,922	\$ 44,668,685	\$ 695,000	\$ -	\$ -	

Repair, Maintenance and Replacement Projects

CUMMING GROUP Priority Projects

- *Kitchen Hood Control Panel and Fire Suppression Upgrade*
- *Slate Tile Repair*
- *Chiller Replacement*
- *Main Kitchen Dishwasher Replacement*
- *Ballroom Roof Repairs*
- *House Sound Audio Upgrade*
- *Ballroom Gutter, Foyer Transom Glass and Soffit Repair*
- *3rd floor and Exterior Planters Repair*
- *LED Lighting Upgrade*
- *Walk-in Refrigerator Replacement*
- *Main Kitchen Flooring Replacement*
- *Exterior Building Painting*
- *Main Kitchen Freezer Repair*
- *Interior Building Painting*
- *Pot Wash Machine Replacement*
- *Digital Signage Upgrade*

Repair, Maintenance and Replacement Projects Completed (since 2019)

- *Gutter Trough, Roof Membrane and Other Roof Repairs; \$8.3M, completed 2020*
- *Boiler Replacement; \$585k, completed 2020*
- *Ala Wai Waterfall Repairs; \$185k, completed 2020*
- *Chiller 4 Repairs; \$55k, completed 2020*
- *#320 Roof Repairs; \$1.4M, completed 2020*
- *Banquet Chairs and Facility Equipment Upgrade; \$2.25M, completed 2020*
- *Cooling Tower Replacement; \$3.2M, completed 2021*
- *Theatre LED Lighting Upgrade; \$77k, completed 2021*
- *Roof Overflow Drain Repairs; \$16k, completed 2021*
- *Jockey Chiller Repairs; \$28k, completed 2021*
- *ADA Lift Replacement, \$71.5k, completed 2021*
- *Emergency Generator Repairs, \$32k, completed 2021*
- *Window Repairs – Vandalism, \$177k, completed 2021*
- *Leak Repairs – December 2021 / January 2022, \$396k, completed 2022*
- *Chiller Repairs – \$69.3k, completed 2022*
- *Trellis Renovation - \$4.7M, completed 2022*
- *Lobby Glass Replacement - \$25k, completed 2022*
- *Security Camera, NVR, Access Control System - \$1.56M, completed 2022*
- *Kitchen AC Compressor Replacement - \$16.5k, completed 2022*
- *Event Stage ADA Ramp - \$41k, completed 2023*
- *Escalator #1 Handrail Replacement - \$64k, completed 2023*
- *Exterior Sign Refurbishment - \$50k, completed 2023*
- *Leak Repair Remediation - \$168k, completed 2023*

A close-up photograph of a sailboat's rigging. The image shows a complex network of white ropes and pulleys. A wooden mast is visible in the center, and a wooden boom extends horizontally across the lower half of the frame. A sail is partially visible, showing a wooden patch and a metal fitting. The background is slightly blurred, showing other boats and green foliage. The text "Mahalo Nui Loa" is overlaid in white, centered in the upper half of the image.

Mahalo Nui Loa

11c

**Discussion and/or Action on the
Hawai'i Tourism Authority's and
Hawai'i Convention Center's
Form A Submittal (FY25 Supplemental Budget
– Operating Budget Adjustment Request)
Submitted to the Department of Business,
Economic Development and Tourism
(DBEDT)**

11c.1
Discussion on Form A
(FY 25 Supplemental
Budget Request to DBEDT)

PRINTED AS A SEPARATE HANDOUT

**FY 25 SUPPLEMENTAL BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM**

Department Priority: 1

Program ID/Org. Code: BED113-TO
Program Title: Hawai'i Tourism Authority

Department Contact: Talon Kishi

Phone: 808-973-2275

Request Category:

- Trade-Off/Transfer (+)___ (-) ___
- Conversion of Unbudgeted Positions X
- Fixed Cost/Entitlement _____
- Federal Fund Adjustment _____
- 2023 Wildfires Recovery _____
- Health and Safety, Court Orders,
Consent Decrees, Fed Mandates _____
- Full Year Funding for Eligible Positions X
- Second Year Funding X
- Other _____

I. TITLE OF REQUEST:

Description of Request:

The 2023 Legislature did not fund HTA for fiscal years 2024 and 2025. As such, HTA is seeking \$70,000,000 of second year cash flow for HTA. We also request the extension of 25.00 unauthorized positions for FY 25 as indicated in attachment A to this worksheet, of which 24.00 positions are exempt and 1.00 civil service, 20.00.00 positions filled and 5.00 vacant. Lastly, we request approval for 13.00 additional exempt positions for fiscal year 2025, making 38.00 total employees for HTA.

II. OPERATING COST SUMMARY

	FY 24 Request			FY 25 Request			FY 26	FY 27	FY 28	FY 29
	FTE (P)	FTE (T)	(\$)	FTE (P)	FTE (T)	(\$)	(\$ thous)	(\$ thous)	(\$ thous)	(\$ thous)
A. Personal Services	-	-	-	38.00	-	3,296,904.38	3,412,296.04	3,531,726.40	3,655,336.82	3,783,273.61
B. Other Current Expenses	-	-	-	-	-	66,618,412.00	68,950,056.42	71,363,308.39	73,861,024.19	76,446,160.04
C. Equipment	-	-	-	-	-	-	-	-	-	-
L. Current Lease Payments	-	-	-	-	-	-	-	-	-	-
M. Motor Vehicles	-	-	-	-	-	-	-	-	-	-
TOTAL REQUEST	-	-	-	38.00	-	69,915,316.38	72,362,352.46	74,895,034.79	77,516,361.01	80,229,433.64

By MOF:

A	-	38.00	-	69,915,316.38	72,362,352.46	74,895,034.79	77,516,361.01	80,229,433.64
B								
N								
P								
R								
S								
T								
U								
W								
X								

**FY 25 SUPPLEMENTAL BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM**

III. OPERATING COST DETAILS

A. Personal Services (List all positions)

	MOF	FY 24 Request			FY 25 Request			FY 26	FY 27	FY 28	FY 29
		FTE (P)	FTE (T)	(\$)	FTE (P)	FTE (T)	(\$)	(\$ thous)	(\$ thous)	(\$ thous)	(\$ thous)
HTA Brand Manager, SRNA	A	-	-	-	1.00	-	75,417.66	78,057.28	80,789.29	83,616.91	86,543.50
HTA Director of Planning, SRNA	A	-	-	-	1.00	-	131,865.93	136,481.23	141,258.08	146,202.11	151,319.18
HTA Account Specialist, SRNA	A	-	-	-	1.00	-	65,783.79	68,086.23	70,469.24	72,935.67	75,488.42
HTA Brand Manager, SRNA	A	-	-	-	1.00	-	76,934.22	79,626.92	82,413.86	85,298.35	88,283.79
HTA VP of Finance, SRNA	A	-	-	-	1.00	-	150,835.33	156,114.56	161,578.57	167,233.82	173,087.01
HTA Procurement Specialist, SRNA	A	-	-	-	1.00	-	59,046.30	61,112.92	63,251.87	65,465.69	67,756.99
HTA Brand Manager, SRNA	A	-	-	-	1.00	-	76,934.22	79,626.92	82,413.86	85,298.35	88,283.79
HTA Procurement Manager, SRNA	A	-	-	-	1.00	-	86,195.17	89,212.00	92,334.42	95,566.12	98,910.94
HTA Public Affairs Officer, SRNA	A	-	-	-	1.00	-	153,843.58	159,228.11	164,801.09	170,569.13	176,539.05
HTA Senior Brand Manager, SRNA	A	-	-	-	1.00	-	117,446.20	121,556.82	125,811.30	130,214.70	134,772.21
HTA Executive Assistant, SRNA	A	-	-	-	1.00	-	88,992.10	92,106.82	95,330.56	98,667.13	102,120.48
HTA Brand Manager, SRNA	A	-	-	-	1.00	-	76,934.22	79,626.92	82,413.86	85,298.35	88,283.79
HTA Chief Brand Officer, SRNA	A	-	-	-	1.00	-	175,821.24	181,974.98	188,344.10	194,936.15	201,758.91
HTA Senior Brand Manager, SRNA	A	-	-	-	1.00	-	109,900.70	113,747.23	117,728.38	121,848.87	126,113.58
HTA Budget & Fiscal Officer, SRNA	A	-	-	-	1.00	-	107,737.74	111,508.56	115,411.36	119,450.76	123,631.54
HTA Contracts & Administrative Manager, SRNA	A	-	-	-	1.00	-	64,640.16	66,902.57	69,244.16	71,667.70	74,176.07
HTA Administrative Assistant, SRNA	A	-	-	-	1.00	-	52,209.36	54,036.69	55,927.97	57,885.45	59,911.44
HTA Chief Administrative Officer, SRNA	A	-	-	-	1.00	-	172,382.05	178,415.42	184,659.96	191,123.06	197,812.36
HTA Administrative Assistant, SRNA	A	-	-	-	1.00	-	62,004.83	64,175.00	66,421.12	68,745.86	71,151.97
HTA Brand Manager, SRNA	A	-	-	-	1.00	-	76,934.22	79,626.92	82,413.86	85,298.35	88,283.79
HTA President and CEO - vacant, SRNA	A	-	-	-	1.00	-	271,923.75	281,441.08	291,291.52	301,486.72	312,038.76
HTA Accounting Assistant (formerly Secretary II) - vacant and in process of filling, SRNA	A	-	-	-	1.00	-	66,297.60	68,618.02	71,019.65	73,505.33	76,078.02
HTA Administrative Assistant (Branding) - vacant and in the process of filling, SRNA	A	-	-	-	1.00	-	59,046.30	61,112.92	63,251.87	65,465.69	67,756.99
HTA Planner (Planning) - vacant and in the process of filling, SRNA	A	-	-	-	1.00	-	75,417.66	78,057.28	80,789.29	83,616.91	86,543.50
Chief Stewardship Officer (Destination Stewardship) - vacant and in the process of filling, SRNA	A	-	-	-	1.00	-	175,821.24	181,974.98	188,344.11	194,936.15	201,758.92
HTA Contracts Managers (Accounting) - vacant and need to create position, SRNA	A	-	-	-	1.00	-	41,436.00	42,886.26	44,387.28	45,940.83	47,548.76
HTA Compliance Officer (Accounting) - vacant and need to create position, SRNA	A	-	-	-	1.00	-	62,154.00	64,329.39	66,580.92	68,911.25	71,323.14
HTA Administrative Assistant (Compliance) - vacant and need to create position, SRNA	A	-	-	-	1.00	-	29,523.15	30,556.46	31,625.94	32,732.84	33,878.49
HTA Administrative Assistant (Accounting) - vacant and need to create position, SRNA	A	-	-	-	1.00	-	29,523.15	30,556.46	31,625.94	32,732.84	33,878.49
HTA Administrative Assistant (Accounting) - vacant and need to create position, SRNA	A	-	-	-	1.00	-	29,523.15	30,556.46	31,625.94	32,732.84	33,878.49
HTA Public Information Specialist (Communications) - vacant and need to create position, SRNA	A	-	-	-	1.00	-	37,500.00	38,812.50	40,170.94	41,576.92	43,032.11
HTA Administrative Assistant (Destination Stewardship) - vacant and need to create position, SRNA	A	-	-	-	1.00	-	26,104.68	27,018.34	27,963.99	28,942.73	29,955.72

**FY 25 SUPPLEMENTAL BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM**

HTA Administrative Assistant (Destination Stewardship) - vacant and need to create position, SRNA	A	-	-	-	1.00	-	26,104.68	27,018.34	27,963.99	28,942.73	29,955.72
HTA Destination Manager Maui County - vacant and need to create position, SRNA	A				1.00		76,934.00	79,626.69	82,413.62	85,298.10	88,283.53
HTA Destination Manager City & County Honolulu - vacant and need to create position, SRNA	A				1.00		76,934.00	79,626.69	82,413.62	85,298.10	88,283.53
HTA Destination Manager Kaua'i County - vacant and need to create position, SRNA	A				1.00		76,934.00	79,626.69	82,413.62	85,298.10	88,283.53
HTA Destination Manager Hawai'i County - vacant and need to create position, SRNA	A				1.00		76,934.00	79,626.69	82,413.62	85,298.10	88,283.53
HTA Destination Manager Molokai - vacant and need to create position, SRNA	A				1.00		76,934.00	79,626.69	82,413.62	85,298.10	88,283.53
Fringe Benefits											
Subtotal Personal Service Costs		-	-	-	38.00	-	3,296,904.38	3,412,296.04	3,531,726.40	3,655,336.82	3,783,273.61
By MOF											
A		-	-	-	38.00	-	3,296,904.38	3,412,296.04	3,531,726.40	3,655,336.82	3,783,273.61
B		-	-	-	-	-	-	-	-	-	-
N		-	-	-	-	-	-	-	-	-	-
B. Other Current Expenses (List by line item)											
Admin - includes overhead costs such as office supplies, and membership dues for industry associations and databases.	A	-	-	-	-	-	850,000.00	879,750.00	910,541.25	942,410.19	975,394.55
Branding - CON 23003 - USA MMA	A	-	-	-	-	-	15,204,991.00	15,737,165.69	16,287,966.48	16,858,045.31	17,448,076.90
Branding - CON 23004 - Japan MMA	A	-	-	-	-	-	6,500,000.00	6,727,500.00	6,962,962.50	7,206,666.19	7,458,899.50
Branding - New Contract # TBD - Island Chapters	A	-	-	-	-	-	3,200,000.00	3,312,000.00	3,427,920.00	3,547,897.20	3,672,073.60
Branding - New Contract # TBD - Island Support Services	A	-	-	-	-	-	1,375,000.00	1,423,125.00	1,472,934.38	1,524,487.08	1,577,844.13
Branding - CON 21019 - Oceania MMA	A	-	-	-	-	-	1,290,905.00	1,336,086.68	1,382,849.71	1,431,249.45	1,481,343.18
Branding - CON 24004 - Europe MMA	A	-	-	-	-	-	1,000,000.00	1,035,000.00	1,071,225.00	1,108,717.88	1,147,523.00
Branding - CON 23016 - Canada MMA	A	-	-	-	-	-	1,000,000.00	1,035,000.00	1,071,225.00	1,108,717.88	1,147,523.00
Branding - CON 20007 - Korea MMA	A	-	-	-	-	-	433,640.00	448,817.40	464,526.01	480,784.42	497,611.87
Branding - New Contract # TBD - Korea MMA	A	-	-	-	-	-	466,360.00	482,682.60	499,576.49	517,061.67	535,158.83
Branding - CON 24002 - Tourism Conference	A	-	-	-	-	-	300,000.00	310,500.00	321,367.50	332,615.36	344,256.90
Communication & Outreach - CON 20010 - Website Support Services	A	-	-	-	-	-	250,000.00	258,750.00	267,806.25	277,179.47	286,880.75
Communication & Outreach - CON 22001 - HTA Web Support	A	-	-	-	-	-	25,000.00	25,875.00	26,780.63	27,717.95	28,688.08
Destination Management - CON 23008 - Support Services for Destination Stewardship	A	-	-	-	-	-	9,245,852.00	9,569,456.82	9,904,387.81	10,251,041.38	10,609,827.83
Destination Management - New Contract # TBD - DMAP Implementation	A	-	-	-	-	-	1,000,000.00	1,035,000.00	1,071,225.00	1,108,717.88	1,147,523.00
Governance - includes board travel expenses, board meeting costs, and financial audit services	A	-	-	-	-	-	125,000.00	129,375.00	133,903.13	138,589.73	143,440.38
HCC Marketing - CON 22003 - Global MCI	A	-	-	-	-	-	5,500,000.00	5,692,500.00	5,891,737.50	6,097,948.31	6,311,376.50
Natural Resources - MOA 22012 - Hawaii Green Business Program	A	-	-	-	-	-	50,000.00	51,750.00	53,561.25	55,435.89	57,376.15

**FY 25 SUPPLEMENTAL BUDGET
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DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM**

Natural Resources - New Contract # TBD - STAH	A	-	-	-	-	-	50,000.00	51,750.00	53,561.25	55,435.89	57,376.15
Perpetuating Hawaiian Culture - MOA 21039 - Kahea Airport Greetings	A	-	-	-	-	-	700,000.00	724,500.00	749,857.50	776,102.51	803,266.10
Perpetuating Hawaiian Culture - CON 20195 - Newspaper Translation	A	-	-	-	-	-	500,000.00	517,500.00	535,612.50	554,358.94	573,761.50
Perpetuating Hawaiian Culture - Kona Harbor Greetings	A	-	-	-	-	-	61,000.00	63,135.00	65,344.73	67,631.79	69,998.90
Perpetuating Hawaiian Culture - Kahea Greeting - Kauai Harbor	A	-	-	-	-	-	54,000.00	55,890.00	57,846.15	59,870.77	61,966.24
Perpetuating Hawaiian Culture - Hilo Kahea Greetings	A	-	-	-	-	-	35,000.00	36,225.00	37,492.88	38,805.13	40,163.31
Planning - New Contract # TBD- Product Development Plan	A	-	-	-	-	-	350,000.00	362,250.00	374,928.75	388,051.26	401,633.05
Planning - New Contract TBD - Tourism Strategic Plan Update	A	-	-	-	-	-	300,000.00	310,500.00	321,367.50	332,615.36	344,256.90
Planning - New Contract TBD - Airline Route Development Program	A	-	-	-	-	-	250,000.00	258,750.00	267,806.25	277,179.47	286,880.75
Planning - CON 22004 - Festival and Event Valuations	A	-	-	-	-	-	180,000.00	186,300.00	192,820.50	199,569.22	206,554.14
Planning - New Contract # TBD - Program Evaluation	A	-	-	-	-	-	90,000.00	93,150.00	96,410.25	99,784.61	103,277.07
Planning - CON 21013 - Hawai'i Cruise Industry Consultant Services	A	-	-	-	-	-	89,000.00	92,115.00	95,339.03	98,675.89	102,129.55
Safety & Security - CON 21040 - Visitor Assistance Program O'ahu	A	-	-	-	-	-	370,000.00	382,950.00	396,353.25	410,225.61	424,583.51
Safety & Security - CON 21041 - Visitor Assistance Program Maui	A	-	-	-	-	-	55,000.00	56,925.00	58,917.38	60,979.48	63,113.77
Safety & Security - CON 21042 - Visitor Assistance Program Kaua'i	A	-	-	-	-	-	55,000.00	56,925.00	58,917.38	60,979.48	63,113.77
Safety & Security - CON 21043 - Visitor Assistance Program Hawai'i Island	A	-	-	-	-	-	170,000.00	175,950.00	182,108.25	188,482.04	195,078.91
Sports - New Contract # TBD - PGA	A	-	-	-	-	-	2,038,850.00	2,110,209.75	2,184,067.09	2,260,509.44	2,339,627.27
Sports - New Contract # TBD - LPGA	A	-	-	-	-	-	250,000.00	258,750.00	267,806.25	277,179.47	286,880.75
Sports - CON 24003 - Big West Conference	A	-	-	-	-	-	167,000.00	172,845.00	178,894.58	185,155.89	191,636.34
Travel - Board Meetings and Programs	A	-	-	-	-	-	190,000.00	196,650.00	203,532.75	210,656.40	218,029.37
Other - Opportunity Fund	A	-	-	-	-	-	10,000,000.00	10,350,000.00	10,712,250.00	11,087,178.75	11,475,230.01
Other - FY 2024 Carryover	A	-	-	-	-	-	2,696,814.00	2,791,202.49	2,888,894.58	2,990,005.89	3,094,656.09
Workforce - New Contract # TBD - Workforce Development	A	-	-	-	-	-	150,000.00	155,250.00	160,683.75	166,307.68	172,128.45
Subtotal Other Current Expenses							66,618,412	68,950,056	71,363,308	73,861,024	76,446,160
By MOF	A			0			66,618,412	68,950,056	71,363,308	73,861,024	76,446,160
	B			0			0	0	0	0	0
	N			0			0	0	0	0	0
C. Equipment (List by line item)											
Subtotal Equipment							-	-	-	-	-
By MOF	A			-			-	-	-	-	-
	B			-			-	-	-	-	-
	N			-			-	-	-	-	-

**FY 25 SUPPLEMENTAL BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM**

L. Current Lease Payments (Note each lease)											
Subtotal Current Lease Payments			-			-	-	-	-	-	
By MOF	A		-			-	-	-	-	-	
	B		-			-	-	-	-	-	
	N		-			-	-	-	-	-	
M. Motor Vehicles (List Vehicles)											
Subtotal Motor Vehicles			-			-	-	-	-	-	
By MOF	A		-			-	-	-	-	-	
	B		-			-	-	-	-	-	
	N		-			-	-	-	-	-	
TOTAL REQUEST		0.00	0.00	0	38.00	0.00	69,915,316	72,362,352	74,895,035	77,516,361	80,229,434

**FY 25 SUPPLEMENTAL BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM**

IV. JUSTIFICATION OF REQUEST

The legislature did not provide funding to HTA for fiscal years 2024 or 2025 in Act 164 SLH 2023. HTA should receive funding for the agency's mission to develop, coordinate, and implement state policies and directions for tourism and related activities. HTA is requesting \$69,812,515 for FY 2025. Branding contracts will cost approximately \$30.7M, which includes \$15.2M for USA marketing and \$10.7M for international markets. Marketing the Hawai'i Convention Center will cost approximately \$5.5M. HTA also plans to spend \$10.2M on destination management and destination stewardship contracts. The State must remain vigilant and proactive to keep Hawai'i a competitive tourism destination. Each potential visitor to the State must always examine the opportunity cost to visit Hawai'i instead of another destination. With systemic problems such as high cost of living, homelessness, and the degradation of public infrastructure and natural resources, Hawai'i's main economic driver continues to face many headwinds.

The Office of the Auditor's 2018 audit included vital recommendations for HTA's procurement and contract management processes. Five new positions will be assigned to the accounting department. These five new positions will provide HTA's accounting department with the additional human resources required to address the auditor's remarks and to help HTA comply with all applicable laws, rules, and regulations. Two new positions will be required to assist with HTA's destination management and stewardship programs, and one new position for additional support in public affairs.

V. RELATIONSHIP OF THE REQUEST TO STATE PLAN OR FUNCTIONAL PLAN

Refer to the response to IV- Justification above.

VI. INFORMATION SYSTEMS AND TECHNOLOGY

N/A

VII. IMPACT ON OTHER STATE PROGRAMS/AGENCIES

None at this time.

VIII. IMPACT ON FACILITY REQUIREMENTS (R&M, CIP)

N/A

IX. EXTERNAL CONFORMANCE REQUIREMENTS

Following HRS 103D and related HAR requirements.

X. REQUIRED LEGISLATION (Please specify appropriate statutes; i.e., HRS)

None at this time.

XI. OTHER COMMENTS

None at this time.

FY 25 SUPPLEMENTAL BUDGET
 OPERATING BUDGET TRADE-OFF/TRANSFERS AND CONVERSION OF UNBUDGETED POSITIONS
 DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM - Hawai'i Tourism Authority

Note 1

Prog ID	Org Code	Cost Element	Program Category - Contract Number - Contract Title	MOF	Psn No.	FTE (P)	FTE (T)	FY 24 \$	FY 25 \$
BED113	TO	B	Admin - includes overhead costs such as office supplies, and membership dues for industry associations and databases.	A	N/A	N/A	N/A	-	850,000
BED113	TO	B	Branding - CON 23003 - USA MMA	A	N/A	N/A	N/A	-	15,204,991
BED113	TO	B	Branding - CON 23004 - Japan MMA	A	N/A	N/A	N/A	-	6,500,000
BED113	TO	B	Branding - New Contract # TBD - Island Chapters	A	N/A	N/A	N/A	-	3,200,000
BED113	TO	B	Branding - New Contract # TBD - Island Support Services	A	N/A	N/A	N/A	-	1,375,000
BED113	TO	B	Branding - CON 21019 - Oceania MMA	A	N/A	N/A	N/A	-	1,290,905
BED113	TO	B	Branding - CON 24004 - Europe MMA	A	N/A	N/A	N/A	-	1,000,000
BED113	TO	B	Branding - CON 23016 - Canada MMA	A	N/A	N/A	N/A	-	1,000,000
BED113	TO	B	Branding - CON 20007 - Korea MMA	A	N/A	N/A	N/A	-	433,640
BED113	TO	B	Branding - New Contract # TBD - Korea MMA	A	N/A	N/A	N/A	-	466,360
BED113	TO	B	Branding - CON 24002 - Tourism Conference	A	N/A	N/A	N/A	-	300,000
BED113	TO	B	Communication & Outreach - CON 20010 - Website Support Services	A	N/A	N/A	N/A	-	250,000
BED113	TO	B	Communication & Outreach - CON 22001 - HTA Web Support	A	N/A	N/A	N/A	-	25,000
BED113	TO	B	Destination Management - CON 23008 - Support Services for Destination Stewardship	A	N/A	N/A	N/A	-	9,245,852
BED113	TO	B	Destination Management - New Contract # TBD - DMAP Implementation	A	N/A	N/A	N/A	-	1,000,000
BED113	TO	B	Governance - includes board travel expenses, board meeting costs, and financial audit services	A	N/A	N/A	N/A	-	125,000
BED113	TO	B	HCC Marketing - CON 22003 - Global MCI	A	N/A	N/A	N/A	-	5,500,000
BED113	TO	B	Natural Resources - MOA 22012 - Hawaii Green Business Program	A	N/A	N/A	N/A	-	50,000
BED113	TO	B	Natural Resources - New Contract # TBD - STAH	A	N/A	N/A	N/A	-	50,000
BED113	TO	B	Perpetuating Hawaiian Culture - MOA 21039 - Kahea Airport Greetings	A	N/A	N/A	N/A	-	700,000
BED113	TO	B	Perpetuating Hawaiian Culture - CON 20195 - Newspaper Translation	A	N/A	N/A	N/A	-	500,000
BED113	TO	B	Perpetuating Hawaiian Culture - Kona Harbor Greetings	A	N/A	N/A	N/A	-	61,000
BED113	TO	B	Perpetuating Hawaiian Culture - Kahea Greeting - Kauai Harbor	A	N/A	N/A	N/A	-	54,000
BED113	TO	B	Perpetuating Hawaiian Culture - Hilo Kahea Greetings	A	N/A	N/A	N/A	-	35,000
BED113	TO	B	Planning - New Contract # TBD- Product Development Plan	A	N/A	N/A	N/A	-	350,000
BED113	TO	B	Planning - New Contract TBD - Tourism Strategic Plan Update	A	N/A	N/A	N/A	-	300,000
BED113	TO	B	Planning - New Contract TBD - Airline Route Development Program	A	N/A	N/A	N/A	-	250,000
BED113	TO	B	Planning - CON 22004 - Festival and Event Valuations	A	N/A	N/A	N/A	-	180,000
BED113	TO	B	Planning - New Contract # TBD - Program Evaluation	A	N/A	N/A	N/A	-	90,000
BED113	TO	B	Planning - CON 21013 - Hawai'i Cruise Industry Consultant Services	A	N/A	N/A	N/A	-	89,000
BED113	TO	B	Safety & Security - CON 21040 - Visitor Assistance Program O'ahu	A	N/A	N/A	N/A	-	370,000
BED113	TO	B	Safety & Security - CON 21041 - Visitor Assistance Program Maui	A	N/A	N/A	N/A	-	55,000
BED113	TO	B	Safety & Security - CON 21042 - Visitor Assistance Program Kaua'i	A	N/A	N/A	N/A	-	55,000
BED113	TO	B	Safety & Security - CON 21043 - Visitor Assistance Program Hawai'i Island	A	N/A	N/A	N/A	-	170,000
BED113	TO	B	Sports - New Contract # TBD - PGA	A	N/A	N/A	N/A	-	2,038,850
BED113	TO	B	Sports - New Contract # TBD - LPGA	A	N/A	N/A	N/A	-	250,000
BED113	TO	B	Sports - CON 24003 - Big West Conference	A	N/A	N/A	N/A	-	167,000
BED113	TO	B	Travel - Programs	A	N/A	N/A	N/A	-	190,000
BED113	TO	B	Workforce - New Contract # TBD - Workforce Development	A	N/A	N/A	N/A	-	150,000

BED113	TO	B	Other - Opportunity Fund	A	N/A	N/A	N/A	-	10,000,000
BED113	TO	B	Other - FY 2024 Carryover	A	N/A	N/A	N/A	-	2,696,814
Total								-	66,618,412

Note 2

Note 3

Note 1 HTA was not funded by the legislature for FY 2024 in Act 164 SLH 2023. Instead, HTA received a \$60,000,000 appropriation from budget proviso Act 164 SLH 2023 Part III Section 5.

Note 2 The opportunity fund will be utilized in markets with market share impact and retention opportunities. HTA will seek out conditions where these funds will have the greatest return on investment. Per HTA policies and procedures, any expenditure greater than \$250,000 will require Board approval. Setting aside approximately 15% of HTA funds for marketing opportunities and emergencies in the wake of the Maui wildfires will be prudent and serve the best interest of the State.

Note 3 To pay for services rendered at the end of fiscal year 2024.

Cost Element:

- A. Personal Services
- B. Other Current Expenses
- C. Equipment
- L. Current Lease Payments
- M. Motor Vehicles

FY 25 SUPPLEMENTAL BUDGET
 OPERATING BUDGET TRADE-OFF/TRANSFERS AND CONVERSION OF UNBUDGETED POSITIONS
 DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM - Hawai'i Tourism Authority

Note

Prog ID	Org Code	Cost Element	Item Description / Position Title	MOF	Psn No.	FTE (P)	FTE (T)	FY 24 \$	FY 25 \$
BED113	TO	A	HTA Brand Manager	A	00124319	1.00	-	-	75,417.66
BED113	TO	A	HTA Director of Planning	A	00124312	1.00	-	-	131,865.93
BED113	TO	A	HTA Account Specialist	A	00124329	1.00	-	-	65,783.79
BED113	TO	A	HTA Brand Manager	A	00124324	1.00	-	-	76,934.22
BED113	TO	A	HTA VP of Finance	A	00124313	1.00	-	-	150,835.33
BED113	TO	A	HTA Procurement Specialist	A	00124328	1.00	-	-	59,046.30
BED113	TO	A	HTA Brand Manager	A	00124321	1.00	-	-	76,934.22
BED113	TO	A	HTA Procurement Manager	A	00124326	1.00	-	-	86,195.17
BED113	TO	A	HTA Public Affairs Officer	A	00124311	1.00	-	-	153,843.58
BED113	TO	A	HTA Senior Brand Manager	A	00124316	1.00	-	-	117,446.20
BED113	TO	A	HTA Executive Assistant	A	00124310	1.00	-	-	88,992.10
BED113	TO	A	HTA Brand Manager	A	00124322	1.00	-	-	76,934.22
BED113	TO	A	HTA Chief Brand Officer	A	00124308	1.00	-	-	175,821.24
BED113	TO	A	HTA Senior Brand Manager	A	00124318	1.00	-	-	109,900.70
BED113	TO	A	HTA Budget & Fiscal Officer	A	00124327	1.00	-	-	107,737.74
BED113	TO	A	HTA Contracts & Administrative Manager	A	00124325	1.00	-	-	64,640.16
BED113	TO	A	HTA Administrative Assistant	A	00124314	1.00	-	-	52,209.36
BED113	TO	A	HTA Chief Administrative Officer	A	00124309	1.00	-	-	172,382.05
BED113	TO	A	HTA Administrative Assistant	A	00124330	1.00	-	-	62,004.83
BED113	TO	A	HTA Brand Manager	A	00124320	1.00	-	-	76,934.22
BED113	TO	A	HTA President and CEO - vacant	A	00124306	1.00	-	-	271,923.75
BED113	TO	A	HTA Accounting Assistant (formerly Secretary II) - vacant and in process of filling	A	00125064	1.00	-	-	66,297.60
BED113	TO	A	HTA Administrative Assistant (Branding) - vacant and in the process of filling	A	00124315	1.00	-	-	59,046.30
BED113	TO	A	HTA Planner	A	00124323	1.00	-	-	75,417.66
BED113	TO	A	Chief Stewardship Officer	A	00124317	1.00	-	-	175,821.24
BED113	TO	A	HTA Contracts Managers - vacant and need to create position	A	TBD	1.00	-	-	41,436.00
BED113	TO	A	HTA Compliance Officer - vacant and need to create position	A	TBD	1.00	-	-	62,154.00
BED113	TO	A	HTA Administrative Assistant (Compliance) - vacant and need to create position	A	TBD	1.00	-	-	29,523.15
BED113	TO	A	HTA Administrative Assistant (Accounting) - vacant and need to create position	A	TBD	1.00	-	-	29,523.15
BED113	TO	A	HTA Administrative Assistant (Accounting) - vacant and need to create position	A	TBD	1.00	-	-	29,523.15
BED113	TO	A	HTA Public Information Specialist - vacant and need to create position	A	TBD	1.00	-	-	37,500.00
BED113	TO	A	HTA Administrative Assistant (Destination Stewardship) - vacant and need to	A	TBD	1.00	-	-	26,104.68
BED113	TO	A	HTA Administrative Assistant (Destination Stewardship) - vacant and need to	A	TBD	1.00	-	-	26,104.68
BED113	TO	A	HTA Destination Manager Maui County - vacant and need to create position	A	TBD	1.00	-	-	76,934.00
BED113	TO	A	HTA Destination Manager City & County Honolulu - vacant and need to create position	A	TBD	1.00	-	-	76,934.00

Note 3
Note 3
Note 2 50% of full-year salary
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Note 4 50% of full-year salary
Note 4 50% of full-year salary
Note 5
Note 5

BED113	TO	A	HTA Destination Manager Kaua'i County - vacant and need to create position	A	TBD	1.00	-	-	76,934.00	Note 5
BED114	TO	A	HTA Destination Manager Hawai'i County - vacant and need to create position	A	TBD	1.00	-	-	76,934.00	Note 5
BED114	TO	A	HTA Destination Manager Molokai - vacant and need to create position	A	TBD	1.00	-	-	76,934.00	Note 5
Total						38	-	-	3,296,904	

Note HTA was not funded by the legislature for FY 2024 in Act 164 SLH 2023. Instead, HTA received a \$60,000,000 appropriation from budget proviso Act 164 SLH 2023 Part III Section 5. Personnel expenditures for FY 2024 will be approximately \$2,526,480.

Note 2 HTA Contracts Manager (vacant/new position) - To implement the recommendations per the Office of the Auditor's report 18-04, the HTA contracts manager will be responsible for enforcing policies and procedures that ensures HTA's contracting practices align with the best interest of the State and foster appropriate use of public funds.

Note 2 HTA Compliance Officer (vacant/new position) - To implement the recommendations per the Office of the Auditor's report 18-04, the HTA compliance officer will be responsible for ensuring that HTA's procurement and contracting policies, procedures, and practices comply with all applicable laws, rules, and regulations, which include but are not limited to Hawaii Revised Statute (HRS), Hawaii Administrative Rules (HAR), and federal funding guidance 2 CFR Part 200.

Note 2 HTA Administrative Assistant (compliance; vacant/new position) - To implement the recommendations per the Office of the Auditor's report 18-04, the HTA administrative assistant will be responsible for assisting the compliance officer to ensure HTA's policies, procedures, and practices comply with all applicable laws, rules, and regulations.

Note 2 HTA Administrative Assistant x2 (accounting; vacant/new position) - To implement the recommendations per the Office of the Auditor's report 18-04, the HTA administrative assistant will be responsible for assisting the accounting department to process accounting documents and ensuring accounting records are complete, accurate, and properly filed.

Note 3 HTA Planner (redescribed position) - To support the Director of Planning. The HTA Planner has the responsibility of leading planning and coordinating initiatives and programs related to tourism destination stewardship and regenerative tourism for assigned areas; overseeing the planning and organizing of tourism-related market research; and preparation of current and long-range plans on matters concerning the development of a regenerative tourism model for the State of Hawai'i.

Note 3 HTA Chief Stewardship Officer (redescribed position) - To implement the formation of the Destination Stewardship Branch as approved by the HTA Board of Directors. The HTA chief stewardship officer has the primary responsibility of developing and executing HTA's destination stewardship strategy. They will manage branch and organizational operations and deliver regionally-based destination, product and community development outcomes to support HTA's mission.

Note 4 HTA Public Information Specialist - To implement an increased level of public communication and legislative updates due to the formation of the Destination Stewardship Branch. The HTA public information specialist develops, organizes, directs and coordinates a comprehensive statewide program to inform the public of HTA's plans, activities and accomplishments and other matters related to public relations, and maintains an effective channel of communication with other government, legislative and community agencies; and develops and implements a program of internal information flow to all staff; and performs other duties as required.

Note 4 HTA Administrative Assistant (Destination Stewardship, vacant/new position) - To support the Destination Stewardship Branch. The HTA administrative assistant has the responsibility of providing general administrative services in support of the Destination Stewardship Branch assisting in carrying out various fiscal/accounting duties; and the implementation of office operations and procedures in order to ensure organizational effectiveness and efficiency.

Note 4 HTA Administrative Assistant (Destination Stewardship, vacant/new position) - To support the Destination Stewardship Branch. The HTA administrative assistant has the responsibility of providing general administrative services in support of the Destination Stewardship Branch assisting in carrying out various fiscal/accounting duties; and the implementation of office operations and procedures in order to ensure organizational effectiveness and efficiency.

Note 5 HTA Destination Manager (DM) (Destination Stewardship) - To manage the day-to-day operations of the destination stewardship strategy. The DMs will manage branch and organizational operations and deliver regionally-based destination, product, and community development outcomes to support HTA's mission. The five regions will include the counties of Maui, Kauai, Hawaii, Molokai, and Honolulu. HTA is currently contracting four of the five DMs through the HVCB Community Enrichment Program/Destination Management Action Plan (CEP/DMAP) contract. HTA is in the process of hiring the fifth destination manager for Molokai County. HTA is requesting 100% of the DMs' salaries for fiscal year 2025. HTA will end the employment contracts and transition the DMs into their new HTA positions at the start of the fiscal year.

Cost Element:

- A. Personal Services
- B. Other Current Expenses
- C. Equipment
- L. Current Lease Payments
- M. Motor Vehicles

FY 25 SUPPLEMENTAL BUDGET
 OPERATING BUDGET TRADE-OFF/TRANSFERS AND CONVERSION OF UNBUDGETED POSITIONS
 DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM - Hawai'i Tourism Authority

Note 1

Prog ID	Org Code	Cost Element	Program Category - Contract Number - Contract Title	MOF	Psn No.	FTE (P)	FTE (T)	FY 24 \$	FY 25 \$
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BED113	TO	B	Branding - CON 23003 - USA MMA	A	N/A	N/A	N/A	-	15,204,991
BED113	TO	B	Branding - CON 23004 - Japan MMA	A	N/A	N/A	N/A	-	6,500,000
BED113	TO	B	Branding - New Contract # TBD - Island Chapters	A	N/A	N/A	N/A	-	3,200,000
BED113	TO	B	Branding - New Contract # TBD - Island Support Services	A	N/A	N/A	N/A	-	1,375,000
BED113	TO	B	Branding - CON 21019 - Oceania MMA	A	N/A	N/A	N/A	-	1,290,905
BED113	TO	B	Branding - CON 24004 - Europe MMA	A	N/A	N/A	N/A	-	1,000,000
BED113	TO	B	Branding - CON 23016 - Canada MMA	A	N/A	N/A	N/A	-	1,000,000
BED113	TO	B	Branding - CON 20007 - Korea MMA	A	N/A	N/A	N/A	-	433,640
BED113	TO	B	Branding - New Contract # TBD - Korea MMA	A	N/A	N/A	N/A	-	466,360
BED113	TO	B	Branding - CON 24002 - Tourism Conference	A	N/A	N/A	N/A	-	300,000
BED113	TO	B	Communication & Outreach - CON 20010 - Website Support Services	A	N/A	N/A	N/A	-	250,000
BED113	TO	B	Communication & Outreach - CON 22001 - HTA Web Support	A	N/A	N/A	N/A	-	25,000
BED113	TO	B	Destination Management - CON 23008 - Support Services for Destination Stewardship	A	N/A	N/A	N/A	-	9,245,852
BED113	TO	B	Destination Management - New Contract # TBD - DMAP Implementation	A	N/A	N/A	N/A	-	1,000,000
BED113	TO	B	Governance - includes board travel expenses, board meeting costs, and financial audit services	A	N/A	N/A	N/A	-	125,000
BED113	TO	B	HCC Marketing - CON 22003 - Global MCI	A	N/A	N/A	N/A	-	5,500,000
BED113	TO	B	Natural Resources - MOA 22012 - Hawaii Green Business Program	A	N/A	N/A	N/A	-	50,000
BED113	TO	B	Natural Resources - New Contract # TBD - STAH	A	N/A	N/A	N/A	-	50,000
BED113	TO	B	Perpetuating Hawaiian Culture - MOA 21039 - Kahea Airport Greetings	A	N/A	N/A	N/A	-	700,000
BED113	TO	B	Perpetuating Hawaiian Culture - CON 20195 - Newspaper Translation	A	N/A	N/A	N/A	-	500,000
BED113	TO	B	Perpetuating Hawaiian Culture - Kona Harbor Greetings	A	N/A	N/A	N/A	-	61,000
BED113	TO	B	Perpetuating Hawaiian Culture - Kahea Greeting - Kauai Harbor	A	N/A	N/A	N/A	-	54,000
BED113	TO	B	Perpetuating Hawaiian Culture - Hilo Kahea Greetings	A	N/A	N/A	N/A	-	35,000
BED113	TO	B	Planning - New Contract # TBD- Product Development Plan	A	N/A	N/A	N/A	-	350,000
BED113	TO	B	Planning - New Contract TBD - Tourism Strategic Plan Update	A	N/A	N/A	N/A	-	300,000
BED113	TO	B	Planning - New Contract TBD - Airline Route Development Program	A	N/A	N/A	N/A	-	250,000
BED113	TO	B	Planning - CON 22004 - Festival and Event Valuations	A	N/A	N/A	N/A	-	180,000
BED113	TO	B	Planning - New Contract # TBD - Program Evaluation	A	N/A	N/A	N/A	-	90,000
BED113	TO	B	Planning - CON 21013 - Hawai'i Cruise Industry Consultant Services	A	N/A	N/A	N/A	-	89,000
BED113	TO	B	Safety & Security - CON 21040 - Visitor Assistance Program O'ahu	A	N/A	N/A	N/A	-	370,000
BED113	TO	B	Safety & Security - CON 21041 - Visitor Assistance Program Maui	A	N/A	N/A	N/A	-	55,000
BED113	TO	B	Safety & Security - CON 21042 - Visitor Assistance Program Kaua'i	A	N/A	N/A	N/A	-	55,000
BED113	TO	B	Safety & Security - CON 21043 - Visitor Assistance Program Hawai'i Island	A	N/A	N/A	N/A	-	170,000
BED113	TO	B	Sports - New Contract # TBD - PGA	A	N/A	N/A	N/A	-	2,038,850
BED113	TO	B	Sports - New Contract # TBD - LPGA	A	N/A	N/A	N/A	-	250,000
BED113	TO	B	Sports - CON 24003 - Big West Conference	A	N/A	N/A	N/A	-	167,000
BED113	TO	B	Travel - Programs	A	N/A	N/A	N/A	-	190,000
BED113	TO	B	Workforce - New Contract # TBD - Workforce Development	A	N/A	N/A	N/A	-	150,000

BED113	TO	B	Other - Opportunity Fund	A	N/A	N/A	N/A	-	10,000,000
BED113	TO	B	Other - FY 2024 Carryover	A	N/A	N/A	N/A	-	2,696,814
Total								-	66,618,412

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BED113	TO	A	HTA Senior Brand Manager	A	00124318	1.00	-	-	109,900.70
BED113	TO	A	HTA Budget & Fiscal Officer	A	00124327	1.00	-	-	107,737.74
BED113	TO	A	HTA Contracts & Administrative Manager	A	00124325	1.00	-	-	64,640.16
BED113	TO	A	HTA Administrative Assistant	A	00124314	1.00	-	-	52,209.36
BED113	TO	A	HTA Chief Administrative Officer	A	00124309	1.00	-	-	172,382.05
BED113	TO	A	HTA Administrative Assistant	A	00124330	1.00	-	-	62,004.83
BED113	TO	A	HTA Brand Manager	A	00124320	1.00	-	-	76,934.22
BED113	TO	A	HTA President and CEO - vacant	A	00124306	1.00	-	-	271,923.75
BED113	TO	A	HTA Accounting Assistant (formerly Secretary II) - vacant and in process of filling	A	00125064	1.00	-	-	66,297.60
BED113	TO	A	HTA Administrative Assistant (Branding) - vacant and in the process of filling	A	00124315	1.00	-	-	59,046.30
BED113	TO	A	HTA Planner	A	00124323	1.00	-	-	75,417.66
BED113	TO	A	Chief Stewardship Officer	A	00124317	1.00	-	-	175,821.24
BED113	TO	A	HTA Contracts Managers - vacant and need to create position	A	TBD	1.00	-	-	41,436.00
BED113	TO	A	HTA Compliance Officer - vacant and need to create position	A	TBD	1.00	-	-	62,154.00
BED113	TO	A	HTA Administrative Assistant (Compliance) - vacant and need to create position	A	TBD	1.00	-	-	29,523.15
BED113	TO	A	HTA Administrative Assistant (Accounting) - vacant and need to create position	A	TBD	1.00	-	-	29,523.15
BED113	TO	A	HTA Administrative Assistant (Accounting) - vacant and need to create position	A	TBD	1.00	-	-	29,523.15
BED113	TO	A	HTA Public Information Specialist - vacant and need to create position	A	TBD	1.00	-	-	37,500.00
BED113	TO	A	HTA Administrative Assistant (Destination Stewardship) - vacant and need to	A	TBD	1.00	-	-	26,104.68
BED113	TO	A	HTA Administrative Assistant (Destination Stewardship) - vacant and need to	A	TBD	1.00	-	-	26,104.68
BED113	TO	A	HTA Destination Manager Maui County - vacant and need to create position	A	TBD	1.00	-	-	76,934.00
BED113	TO	A	HTA Destination Manager City & County Honolulu - vacant and need to create position	A	TBD	1.00	-	-	76,934.00

Note 3

Note 3

Note 2 50% of full-year salary

Note 2 50% of full-year salary

Note 2 50% of full-year salary

Note 2 50% of full-year salary

Note 2 50% of full-year salary

Note 4 50% of full-year salary

Note 4 50% of full-year salary

Note 4 50% of full-year salary

Note 5

Note 5

BED113	TO	A	HTA Destination Manager Kaua'i County - vacant and need to create position	A	TBD	1.00	-	-	76,934.00	Note 5
BED114	TO	A	HTA Destination Manager Hawai'i County - vacant and need to create position	A	TBD	1.00	-	-	76,934.00	Note 5
BED114	TO	A	HTA Destination Manager Molokai - vacant and need to create position	A	TBD	1.00	-	-	76,934.00	Note 5
Total						38	-	-	3,296,904	

Note HTA was not funded by the legislature for FY 2024 in Act 164 SLH 2023. Instead, HTA received a \$60,000,000 appropriation from budget proviso Act 164 SLH 2023 Part III Section 5. Personnel expenditures for FY 2024 will be approximately \$2,526,480.

Note 2 HTA Contracts Manager (vacant/new position) - To implement the recommendations per the Office of the Auditor's report 18-04, the HTA contracts manager will be responsible for enforcing policies and procedures that ensures HTA's contracting practices align with the best interest of the State and foster appropriate use of public funds.

Note 2 HTA Compliance Officer (vacant/new position) - To implement the recommendations per the Office of the Auditor's report 18-04, the HTA compliance officer will be responsible for ensuring that HTA's procurement and contracting policies, procedures, and practices comply with all applicable laws, rules, and regulations, which include but are not limited to Hawaii Revised Statute (HRS), Hawaii Administrative Rules (HAR), and federal funding guidance 2 CFR Part 200.

Note 2 HTA Administrative Assistant (compliance; vacant/new position) - To implement the recommendations per the Office of the Auditor's report 18-04, the HTA administrative assistant will be responsible for assisting the compliance officer to ensure HTA's policies, procedures, and practices comply with all applicable laws, rules, and regulations.

Note 2 HTA Administrative Assistant x2 (accounting; vacant/new position) - To implement the recommendations per the Office of the Auditor's report 18-04, the HTA administrative assistant will be responsible for assisting the accounting department to process accounting documents and ensuring accounting records are complete, accurate, and properly filed.

Note 3 HTA Planner (redescribed position) - To support the Director of Planning. The HTA Planner has the responsibility of leading planning and coordinating initiatives and programs related to tourism destination stewardship and regenerative tourism for assigned areas; overseeing the planning and organizing of tourism-related market research; and preparation of current and long-range plans on matters concerning the development of a regenerative tourism model for the State of Hawai'i.

Note 3 HTA Chief Stewardship Officer (redescribed position) - To implement the formation of the Destination Stewardship Branch as approved by the HTA Board of Directors. The HTA chief stewardship officer has the primary responsibility of developing and executing HTA's destination stewardship strategy. They will manage branch and organizational operations and deliver regionally-based destination, product and community development outcomes to support HTA's mission.

Note 4 HTA Public Information Specialist - To implement an increased level of public communication and legislative updates due to the formation of the Destination Stewardship Branch. The HTA public information specialist develops, organizes, directs and coordinates a comprehensive statewide program to inform the public of HTA's plans, activities and accomplishments and other matters related to public relations, and maintains an effective channel of communication with other government, legislative and community agencies; and develops and implements a program of internal information flow to all staff; and performs other duties as required.

Note 4 HTA Administrative Assistant (Destination Stewardship, vacant/new position) - To support the Destination Stewardship Branch. The HTA administrative assistant has the responsibility of providing general administrative services in support of the Destination Stewardship Branch assisting in carrying out various fiscal/accounting duties; and the implementation of office operations and procedures in order to ensure organizational effectiveness and efficiency.

Note 4 HTA Administrative Assistant (Destination Stewardship, vacant/new position) - To support the Destination Stewardship Branch. The HTA administrative assistant has the responsibility of providing general administrative services in support of the Destination Stewardship Branch assisting in carrying out various fiscal/accounting duties; and the implementation of office operations and procedures in order to ensure organizational effectiveness and efficiency.

Note 5 HTA Destination Manager (DM) (Destination Stewardship) - To manage the day-to-day operations of the destination stewardship strategy. The DMs will manage branch and organizational operations and deliver regionally-based destination, product, and community development outcomes to support HTA's mission. The five regions will include the counties of Maui, Kauai, Hawaii, Molokai, and Honolulu. HTA is currently contracting four of the five DMs through the HVCB Community Enrichment Program/Destination Management Action Plan (CEP/DMAP) contract. HTA is in the process of hiring the fifth destination manager for Molokai County. HTA is requesting 100% of the DMs' salaries for fiscal year 2025. HTA will end the employment contracts and transition the DMs into their new HTA positions at the start of the fiscal year.

Cost Element:

- A. Personal Services
- B. Other Current Expenses
- C. Equipment
- L. Current Lease Payments
- M. Motor Vehicles

**FY 25 SUPPLEMENTAL BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM**

Department Priority: 1

Program ID/Org. Code: BED113-XC
Program Title: Hawai'i Convention Center

Department Contact: Talon Kishi

Phone: 808-973-2275

Request Category:

- Trade-Off/Transfer (+)___ (-) ___
- Conversion of Unbudgeted Positions
- Fixed Cost/Entitlement _____
- Federal Fund Adjustment _____
- 2023 Wildfires Recovery _____
- Health and Safety, Court Orders,
Consent Decrees, Fed Mandates _____
- Full Year Funding for Eligible Positions
- Second Year Funding X
- Other X

I. TITLE OF REQUEST:

Description of Request:

The 2023 Legislature did not provide HTA with an appropriation ceiling for the Convention Center Enterprise Special Fund (CCESF) for fiscal years 2024 and 2025. As such, we are seeking a \$14,000,000 expenditure ceiling for fiscal year 2025 for the CCESF.

II. OPERATING COST SUMMARY

	FY 24 Request			FY 25 Request			FY 26	FY 27	FY 28	FY 29
	FTE (P)	FTE (T)	(\$)	FTE (P)	FTE (T)	(\$)	(\$ thous)	(\$ thous)	(\$ thous)	(\$ thous)
A. Personal Services	-	-	-	-	-	-	-	-	-	-
B. Other Current Expenses	-	-	-	-	-	14,000,000.00	14,490,000.00	14,997,150.00	15,522,050.25	16,065,322.01
C. Equipment	-	-	-	-	-	-	-	-	-	-
L. Current Lease Payments	-	-	-	-	-	-	-	-	-	-
M. Motor Vehicles	-	-	-	-	-	-	-	-	-	-
TOTAL REQUEST	-	-	-	-	-	14,000,000.00	14,490,000.00	14,997,150.00	15,522,050.25	16,065,322.01

By MOF:

A	-	-	-	-	-	14,000,000.00	14,490,000.00	14,997,150.00	15,522,050.25	16,065,322.01
B										
N										
P										
R										
S										
T										
U										
W										
X										

**FY 25 SUPPLEMENTAL BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM**

III. OPERATING COST DETAILS

	MOF	FY 24 Request			FY 25 Request			FY 26	FY 27	FY 28	FY 29
		FTE (P)	FTE (T)	(\$)	FTE (P)	FTE (T)	(\$)	(\$ thous)	(\$ thous)	(\$ thous)	(\$ thous)
A. Personal Services (List all positions)											
Subtotal Personal Service Costs		-	-	-	-	-	-	-	-	-	-
By MOF	A	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-
	N	-	-	-	-	-	-	-	-	-	-
B. Other Current Expenses (List by line item)											
Convention Center Operations	B	-	-	-	-	-	5,545,696.00	5,739,795.36	5,940,688.20	6,148,612.28	6,363,813.71
Sales and Marketing	B	-	-	-	-	-	1,272,648.00	1,317,190.68	1,363,292.35	1,411,007.59	1,460,392.85
Repairs and Maintenance	B	-	-	-	-	-	7,181,656.00	7,433,013.96	7,693,169.45	7,962,430.38	8,241,115.44
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Subtotal Other Current Expenses				0			14,000,000	14,490,000	14,997,150	15,522,050	16,065,322
By MOF	A			0			0	0	0	0	0
	B			0			14,000,000	14,490,000	14,997,150	15,522,050	16,065,322
	N			0			0	0	0	0	0
C. Equipment (List by line item)											
Subtotal Equipment				-			-	-	-	-	-
By MOF	A			-			-	-	-	-	-
	B			-			-	-	-	-	-
	N			-			-	-	-	-	-
L. Current Lease Payments (Note each lease)											
Subtotal Current Lease Payments				-			-	-	-	-	-
By MOF	A			-			-	-	-	-	-
	B			-			-	-	-	-	-
	N			-			-	-	-	-	-
M. Motor Vehicles (List Vehicles)											
Subtotal Motor Vehicles				-			-	-	-	-	-
By MOF	A			-			-	-	-	-	-
	B			-			-	-	-	-	-
	N			-			-	-	-	-	-
TOTAL REQUEST		0.00	0.00	0	0.00	0.00	14,000,000	14,490,000	14,997,150	15,522,050	16,065,322

**FY 25 SUPPLEMENTAL BUDGET
OPERATING BUDGET ADJUSTMENT REQUEST
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM**

IV. JUSTIFICATION OF REQUEST

The Hawai'i Convention Center is an amazing public asset that will require further investment to revive the HCC into a world-class convention center. Thus far, the legislature has invested \$79M towards the rooftop terrace deck and surrounding areas. Besides the rooftop project, the HCC has a deferred maintenance cost list totaling approximately \$69,000,000. The CCESF has approximately \$34.5M and should increase to \$46.5M by the end of the fiscal year. Increasing the appropriation ceiling from \$11M to \$14M will allow HTA to address the growing list of deferred maintenance projects that have been dismissed due to the lack of an appropriation ceiling. The HCC is both an important economic asset and a public facility for the state. This duality of utility was highlighted during the initial response efforts to the Maui wildfires. The HCC hosted a city-wide event while being prepared to assist and shelter up to 2,000 Maui evacuees. The legislature should prioritize investing in the HCC so that it can continue serving the state.

V. RELATIONSHIP OF THE REQUEST TO STATE PLAN OR FUNCTIONAL PLAN

Refer to the response to IV- Justification above.

VI. INFORMATION SYSTEMS AND TECHNOLOGY

N/A

VII. IMPACT ON OTHER STATE PROGRAMS/AGENCIES

None at this time.

VIII. IMPACT ON FACILITY REQUIREMENTS (R&M, CIP)

Refer to the response to IV- Justification above.

IX. EXTERNAL CONFORMANCE REQUIREMENTS

Following HRS 103D and related HAR requirements.

X. REQUIRED LEGISLATION (Please specify appropriate statutes; i.e., HRS)

None at this time.

XI. OTHER COMMENTS

None at this time.

11c.2
Discussion on Form B
(B&F and Governor's Budget to Departments)

**FY 25 SUPPLEMENTAL BUDGET
DEPARTMENT SUMMARY OF OPERATING BUDGET ADJUSTMENT REQUESTS
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM**

MOF	FY 24			FY 25		
	FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
Current Services Operating Budget Ceilings by MOF						
A	120.46	46.00	395,480,200	120.46	46.00	254,542,344
B	45.50	24.00	110,130,603	45.50	24.00	110,471,753
N	6.00	7.00	6,216,660	6.00	7.00	7,049,536
P	8.04	10.00	5,558,565	8.04	10.00	5,558,565
R	-	-	-	-	-	-
S	-	-	-	-	-	-
T	-	-	7,146,250	-	-	7,146,250
U	-	-	-	-	-	-
V	-	-	-	-	-	-
W	23.00	51.00	28,167,344	23.00	51.00	23,703,052
X	-	-	-	-	-	-
TOTAL	203.00	138.00	552,699,622	203.00	138.00	408,471,500

Req Cat	B&F Code	Prog ID/Org	Dept Pri	Description	MOF	FY 24			FY 25			B&F Recommendation			
						FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FTE (P)
TRADE-OFF/TRANSFER & CONVERSION OF UNBUDGETED POSITIONS REQUESTS:															
TO		BED160/HF	30	Housing Finance (HF) Increase for Other Current Expenses	W				-	-	34,980				34,980
TO		BED160/HD	30	Housing Development decrease for OCE	W						(34,980)				(34,980)
OR		BED170/KB	31	Add 6.00 Security Guards for Oahu and Kauai using existing OCE funds (Reduce OCE)	A						(155,000)				
OR		BED170/KB	31	Add 6.00 Security Guards for Oahu and Kauai using existing OCE funds(Increase Personnel)	A				-	6.00	155,000				
TO		BED100/SM	32	Convert position from temporary to permanent	A				1.00	(1.00)	-				

SUBTLTRADE-OFF/TRNSFRS & CONV. OF UNBGT'D PSNS:

-	-	-	1.00	5.00	-	-	-	-	-	-
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By MOF

Request Category Legend:	
TO	Trade-Off/Transfer
UP	Conversion of Unbudgeted Positions

General	A	-	-	-	1.00	5.00	-	-	-	-	-	-	-	-
Special	B	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Funds	N	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Federal Funds	P	-	-	-	-	-	-	-	-	-	-	-	-	-
Private	R	-	-	-	-	-	-	-	-	-	-	-	-	-
County	S	-	-	-	-	-	-	-	-	-	-	-	-	-
Trust	T	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-departmental Transfer	U	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Stimulus Funds	V	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving	W	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	X	-	-	-	-	-	-	-	-	-	-	-	-	-

Req Cat	B&F Code	Prog ID/Org	Dept Pri	Description	MOF	FY 24			FY 25			B&F Recommendation					
						FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FY 24			FY 25		
												FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
ALLOWABLE NON-DISCRETIONARY EXPENSE REQUESTS:																	

SUBTOTAL ALLOWABLE NON-DISCRETIONARY EXPENSE REQUESTS:

-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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By MOF

<u>Request Category Legend:</u>	
FE	Fixed Cost/Entitlement

General	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Funds	N	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Federal Funds	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private	R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County	S	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trust	T	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-departmental Transfer	U	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Stimulus Funds	V	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving	W	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

FEDERAL FUND ADJUSTMENT REQUESTS:

SUBTOTAL FEDERAL FUND ADJ REQUESTS:

-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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By MOF

<u>Request Category Legend:</u>	
FA	Federal Fund Adjustments

General	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Funds	N	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Federal Funds	P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private	R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County	S	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trust	T	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-departmental Transfer	U	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Stimulus Funds	V	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving	W	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Req Cat	B&F Code	Prog ID/Org	Dept Pri	Description	MOF	FY 24			FY 25			B&F Recommendation					
						FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FY 24			FY 25		
												FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
OTHER REQUESTS:																	
OR		BED143/TE	1	HSBIR Program	A						2,000,000						
OR		BED143/TE	2	Manufacturing Assistance Program	A						1,500,000						
OR		BED143/TE	3	Accelerator Program	A						1,500,000						
OR		BED170/KB	4	Establishment of Food and Product Innovation Network Director position	A				1.00		50,000						
OR		BED142/AA	5	Establishment of three SR-22 positions	A				3.00		97,644						
OR		BED142/AA	6	Public Relations, Communications, and Outreach Services	A						144,000						
OR		BED142/AA	7	5th Floor Renovation - Hemmeter Building	A						472,861						
OR		BED180/SA	8	SDSF increase, two exempt positions, one redescription for NASED project	B				(1.00)	3.00	10,000,000						49,500,000
OR		BED170/KB	9	Establish a Kauai Property Manager	A				1.00		35,000						
		BED170/KB		Establish a Kauai Property Manager	W										1.00		57,558
OR		BED170/KB	10	Establish an ADC Oahu Groundskeeper to be funded by existing OCE funds	A					1.00	-						
OR		BED170/KB	11	Establish a Kauai Water System Manager	A				1.00		35,000						
		BED170/KB	11	Establish a Kauai Water System Manager	W										1.00		57,558
OR		BED113/XC	12	Convention Center Enterprise Special Fund Ceiling	B						14,000,000						25,000,000
OR		BED138/GI	13	New positions for existing program and new federally funded program	B				-	1.25	388,065					1.25	388,065
OR		BED138/GI	13	New positions for existing program and new federally funded program	P				-	1.75	430,565					1.75	430,565
OR		BED130/GA	14	State Funding for a Position (Reduce federal fund portion)	P				(0.50)		(13,608)						
OR		BED130/GA	14	State Funding for a Position (Increase state fund portion)	A				0.50		29,148						
OR		BED138/GI	15	Correction to FY24 CIP	A						50,000,000						
OR		BED138/GI	15	Correction to FY24 CIP	B						50,000,000						
OR		BED120/SI	16	Cost Match and Working Capital	B						700,000						700,000
OR		BED113/TO	17	HTA Operations	A				38.00		69,915,316				25.00		60,000,000
OR		BED144/PL	18	GIS Program Enhancement	A						82,500						
OR		BED144/PI	19	GIS Software	A						27,500						
OR		BED144/PL	20	GIS Esri Advantage Program	A						129,784						
OR		BED107/BA	21	Special Fund Ceiling Increase for Non-Personnel Budget	B						120,000						120,000
OR		BED170/KB	21	ADC Vehicle Purchase	W						165,000						110,000
OR		BED105/CI	22	Full Year Funding Restoration FIDSV POS. 44000	A				-	-	71,016						-

Req Cat	B&F Code	Prog ID/Org	Dept Pri	Description	MOF	FY 24			FY 25			B&F Recommendation					
						FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FY 24			FY 25		
												FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
OR		BED105/CI	23	Creative Indsutries Statewide County / State Collaboration MOA	A				-	-	475,000						-
		BED105/CI	23	Creative Indsutries Statewide County / State Collaboration MOA	B												475,000
OR		BED120/SI	24	Funds for payroll shortage	A						97,098						-
OR		BED144/PZ	25	Change MOF for personnel salary from N to A	N				(5.00)		(395,796)						
OR		BED144/PZ	25	Change MOF for personnel salary from N to A	A				5.00		395,796						
OR		BED144/PL	26	Add three positions and funding for Special Plans Branch	A				3.00		182,238						
OR		BED144/PL	27	Add three positions and funding for Statewide Sustainability Program	A				3.00		202,592						
OR		BED144/PL	28	Add position and funding for Transit-Oriented Development	A				1.00		73,057						
OR		BED142/DE	29	Convert unbudgeted position and add funds for full capacity of HBDEO	A				1.00		337,156						-
		BED160		Convert Rental Housing Revolving Fund Infusion from general funds to general obligation bond funds	A												(180,000,000)
		BED160		Convert Dwelling Unit Revolving Fund Infusion from general funds to general obligation bond funds	A												(50,000,000)

SUBTOTAL OTHER REQUESTS:

-	-	-	51.00	7.00	203,246,932	-	-	-	27.00	3.00	(93,161,254)
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By MOF

Request Category Legend:	
WR	2023 Wildfires Recovery
HS	Health and Safety, Court Orders, Consent Decrees or Federal Mandates
FY	Full Year Funding for Eligible Positions
SY	Second Year Funding

Request Category	MOF	FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
General	A	-	-	-	57.50	1.00	127,852,706	-	-	-
Special	B	-	-	-	(1.00)	4.25	75,208,065	-	-	-
Federal Funds	N	-	-	-	(5.00)	-	(395,796)	-	-	-
Other Federal Funds	P	-	-	-	(0.50)	1.75	416,957	-	-	-
Private	R	-	-	-	-	-	-	-	-	-
County	S	-	-	-	-	-	-	-	-	-
Trust	T	-	-	-	-	-	-	-	-	-
Inter-departmental Transfer	U	-	-	-	-	-	-	-	-	-
Federal Stimulus Funds	V	-	-	-	-	-	-	-	-	-
Revolving	W	-	-	-	-	-	165,000	-	-	-
Other	X	-	-	-	-	-	-	-	-	-

TOTAL ADJUSTMENTS:

-	-	-	52.00	12.00	203,246,932	-	-	-	27.00	3.00	(93,161,254)
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By MOF

Request Category	MOF	FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
General	A	-	-	-	58.50	6.00	127,852,706	-	-	-
Special	B	-	-	-	(1.00)	4.25	75,208,065	-	-	-
Federal Funds	N	-	-	-	(5.00)	-	(395,796)	-	-	-
Other Federal Funds	P	-	-	-	(0.50)	1.75	416,957	-	-	-
Private	R	-	-	-	-	-	-	-	-	-
County	S	-	-	-	-	-	-	-	-	-
Trust	T	-	-	-	-	-	-	-	-	-
Inter-departmental Transfer	U	-	-	-	-	-	-	-	-	-
Federal Stimulus Funds	V	-	-	-	-	-	-	-	-	-
Revolving	W	-	-	-	-	-	165,000	-	-	-
Other	X	-	-	-	-	-	-	-	-	-

Req Cat	B&F Code	Prog ID/Org	Dept Pri	Description	MOF	FY 24		FY 25			B&F Recommendation						
						FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FY 24			FY 25		
												FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
GRAND TOTAL = BASE + TRO/TRNF & CONV UNBGT PSN + ALLOW NON-DISCR + FED ADJ + OTHER REQ						203.00	138.00	552,699,622	255.00	150.00	611,718,432	203.00	138.00	552,699,622	230.00	141.00	315,310,246
By MOF																	
				General	A	120.46	46.00	395,480,200	178.96	52.00	382,395,050	120.46	46.00	395,480,200	145.46	46.00	84,542,344
				Special	B	45.50	24.00	110,130,603	44.50	28.25	185,679,818	45.50	24.00	110,130,603	45.50	25.25	186,654,818
				Federal Funds	N	6.00	7.00	6,216,660	1.00	7.00	6,653,740	6.00	7.00	6,216,660	6.00	7.00	7,049,536
				Other Federal Funds	P	8.04	10.00	5,558,565	7.54	11.75	5,975,522	8.04	10.00	5,558,565	8.04	11.75	5,989,130
				Private	R	-	-	-	-	-	-	-	-	-	-	-	-
				County	S	-	-	-	-	-	-	-	-	-	-	-	-
				Trust	T	-	-	7,146,250	-	-	7,146,250	-	-	7,146,250	-	-	7,146,250
				Inter-departmental Transfer	U	-	-	-	-	-	-	-	-	-	-	-	-
				Federal Stimulus Funds	V	-	-	-	-	-	-	-	-	-	-	-	-
				Revolving	W	23.00	51.00	28,167,344	23.00	51.00	23,868,052	23.00	51.00	28,167,344	25.00	51.00	23,928,168
				Other	X	-	-	-	-	-	-	-	-	-	-	-	-

PART B:						ACT 164, SLH 2023		DEPARTMENT REQUESTS				B&F RECOMMENDATION			
Req Cat	Dept Pri	Prog ID	Proj No.	Project Title	MOF	FY 24	FY 25	NEW REQUESTS		SUPPLEMENTAL TOTALS		NEW REQUESTS		SUPPLEMENTAL TOTALS	
								FY 24	FY 25	FY 24	FY 25	FY 24	FY 25	FY 24	FY 25
		BED150	P23010	CENTRAL KAKAAKO STREET IMPROVEMENTS, OAHU	S	4,500,000	-			4,500,000	-			4,500,000	-
		BED146	703	IMPRVMNTS & UPGRDS TO SEAWATER SYSTM AT HI OCEAN SCIENCE & TECHNOLOGY PARK, HAWAII	D	1,900,000	-			1,900,000	-			1,900,000	-
		BED144	OPTOD5	STATE TRANSIT-ORIENTED DEVELOPMENT (TOD) PLANNING, STATEWIDE	C	2,000,000	2,000,000			2,000,000	2,000,000			2,000,000	2,000,000
		BED146	603	COMPREHENSIVE EIS FOR OFFSHORE OCEAN ECONOMY TEST BED DEMONSTRATION PROJECTS, HAWAII	C	1,500,000	-			1,500,000	-			1,500,000	-
		BED170	201401	AAHOAKA RESERVOIR IMPROVEMENTS, KAUAI	C	410,000	-			410,000	-			410,000	-
		BED170	201401	AAHOAKA RESERVOIR IMPROVEMENTS, KAUAI	C	690,000	-			690,000	-			690,000	-
		BED150		SARATOGA AVENUE ELECTRICAL UPGRADES, OAHU	C								12,125,000		12,125,000
		BED150		KALAELOA ELECTRICAL UPGRADES, OAHU	C								4,500,000		4,500,000
		BED113		CONVENTION CENTER ROOF REPAIRS, OAHU	C								64,000,000		64,000,000
		BED170		WATER AND IRRIGATION INFRASTRUCTURE, OAHU	C								4,500,000		4,500,000
		BED170		FOOD AND PRODUCT INNOVATION NETWORK, STATEWIDE	C								9,500,000		9,500,000
		BED144		WAIKIKI ADAPTATION AND RESILIENCE PHASE II, OAHU	C								80,000		80,000
		BED160		CASH INFUSION FOR RENTAL HOUSING REVOLVING FUND, STATEWIDE	C								180,000,000		180,000,000
		BED160		CASH INFUSION FOR DWELLING UNIT REVOLVING FUND, STATEWIDE	C								50,000,000		50,000,000
TOTAL - NEW REQUESTS BY MOF						63,000,000	7,000,000	-	298,192,000	63,000,000	305,192,000	-	353,107,000	63,000,000	360,107,000

Request Category:	
W	Wildfires Recovery
M	Major R&M for public or educ. facility
C	Completion of Ongoing CIP Project
H	Health & Safety, Court Orders, Consent Decrees, Federal Mandates
E	Energy Efficiency or Conservation Imprv.
P	Public Infrastructure Imprv.

General Fund	A	-	5,000,000	-	-	-	5,000,000	-	(5,000,000)	-	-
Special Funds	B	-	-	-	-	-	-	-	-	-	-
General Obligation Bonds	C	56,600,000	2,000,000	-	298,192,000	56,600,000	300,192,000	-	358,107,000	56,600,000	360,107,000
GO Bonds Reimbursable	D	1,900,000	-	-	-	1,900,000	-	-	-	1,900,000	-
Revenue Bonds	E	-	-	-	-	-	-	-	-	-	-
Federal Funds	N	-	-	-	-	-	-	-	-	-	-
Other Federal Funds	P	-	-	-	-	-	-	-	-	-	-
Private Contributions	R	-	-	-	-	-	-	-	-	-	-
County Funds	S	4,500,000	-	-	-	4,500,000	-	-	-	4,500,000	-
Trust Funds	T	-	-	-	-	-	-	-	-	-	-
Interdepartmental Transfers	U	-	-	-	-	-	-	-	-	-	-
Federal Stimulus Funds	V	-	-	-	-	-	-	-	-	-	-
Revolving Funds	W	-	-	-	-	-	-	-	-	-	-
Other Funds	X	-	-	-	-	-	-	-	-	-	-
TOTAL		63,000,000	7,000,000	-	298,192,000	63,000,000	305,192,000	-	353,107,000	63,000,000	360,107,000

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**Report and Update by the
Administrative & Audit Standing Committee of
their Meeting Held on November 22, 2023**



November 16, 2023

VIA EMAIL (Daniel@gohta.net)

The Honorable Daniel Nahoopii
Interim President
Hawaii Tourism Authority
1801 Kalākaua Avenue, 1st Floor
Honolulu, Hawaii 96815

Re: Report on the Implementation of State Auditor's Recommendations 2018 - 2021,
Report No. 23-09

Dear Interim President Nahoopii:

Please find attached Report No. 23-09, *Report on the Implementation of State Auditor's Recommendations 2018 - 2021*. This report is being issued pursuant to Section 23-7.5, Hawaii Revised Statutes, and is a report on the follow-up reviews of State departments and agencies' implementation of audit recommendations contained in audits issued in calendar years 2018-2021.

The report is accessible through our website at:
<https://files.hawaii.gov/auditor/Reports/2023/23-09.pdf>.

If you have questions about the report, please feel free to contact me.

Very truly yours,

Leslie H. Kondo
State Auditor

LHK:emo

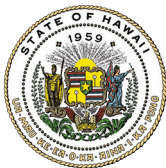
Attachment

cc/attach: Mr. Blaine Miyasato, Chair, Hawaii Tourism Authority Board of Directors
(bmiyasato@gohta.net)
Isaac W. Choy, Vice President, Finance (isaac@gohta.net)

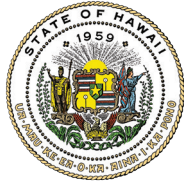
Report on the Implementation of State Auditor's Recommendations 2018 – 2021

A Report to the Governor
and the Legislature of
the State of Hawai'i

Report No. 23-09
November 2023



OFFICE OF THE AUDITOR
STATE OF HAWAII



OFFICE OF THE AUDITOR STATE OF HAWAII

Constitutional Mandate

Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

Our Mission

To improve government through independent and objective analyses.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management, and expenditure of public funds.

Our Work

We conduct performance audits (also called management or operations audits), which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the governor and the Legislature to help them make informed decisions.

For more information on the Office of the Auditor, visit our website:
<https://auditor.hawaii.gov>

Foreword

This is a report on the follow-up reviews of implementation by state departments and agencies of audit recommendations contained in audits issued in calendar years 2018–2021. We conducted the follow-ups pursuant to Section 23-7.5, Hawai‘i Revised Statutes, which requires the Auditor to report to the Legislature on each recommendation that the Auditor has made that is more than one year old and that has not been implemented by the audited agency.

We wish to express our appreciation for the cooperation and assistance extended to us by the various audited agencies and others whom we contacted during the course of the follow-up reviews.

Leslie H. Kondo
State Auditor

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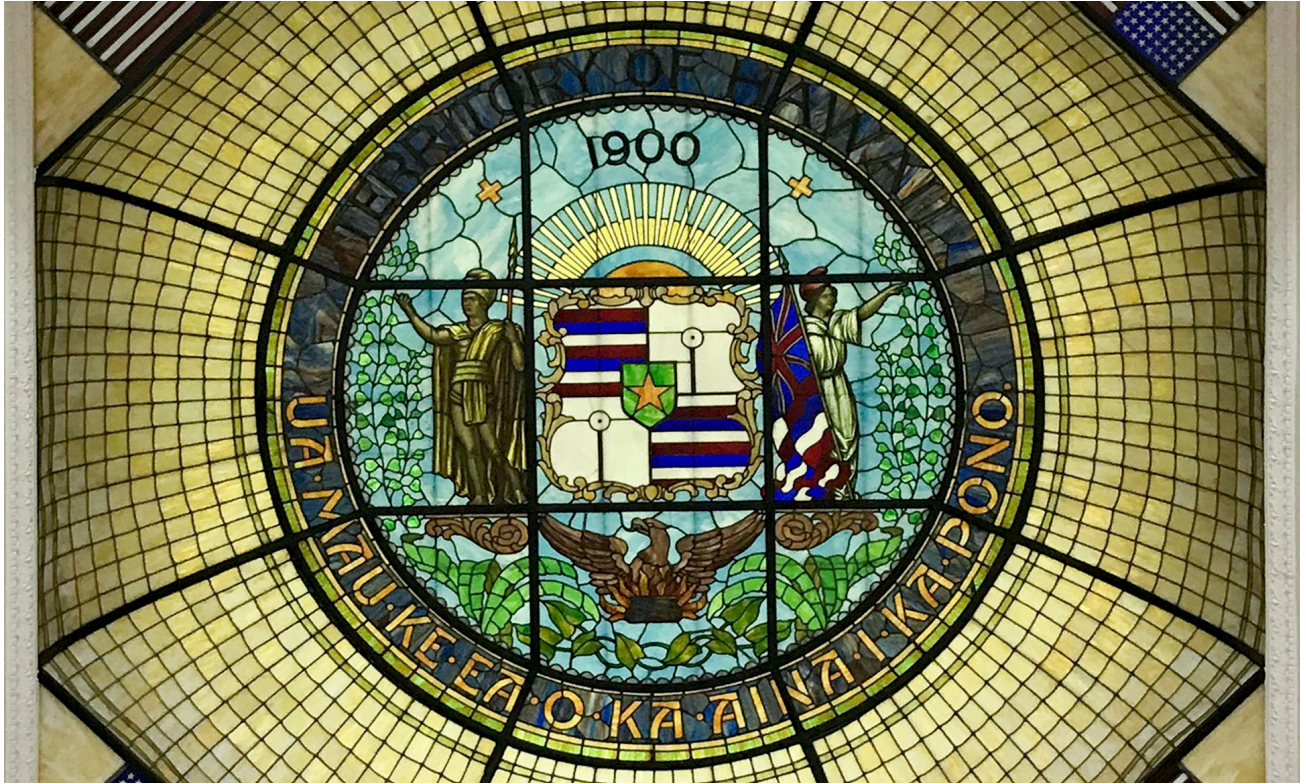


PHOTO: OFFICE OF THE AUDITOR

Status of Implementation of Audit Recommendations from Reports Issued 2018 – 2021

Section 23-7.5, Hawai‘i Revised Statutes, requires the Auditor to report to the Legislature annually on each audit recommendation more than one year old that has not been implemented by the audited agency. Our office follows up on recommendations in two ways. First, on an annual basis, we send requests to the agencies for status of implementation of our recommendations and details on steps taken toward implementation. Second, we conduct an active follow-up two to three years after issuance of the audit report containing recommendations and issue a separate follow-up report. Here, we report the latest status on the implementation of recommendations made in our reports issued from 2018 to 2021.

Introduction

EVERY YEAR, we follow up on recommendations made in our audit reports. We ask agencies to provide us with the status of their implementation of the recommendations made as part of our audit starting a year after the report was issued. After two or three years, we conduct a more rigorous follow-up review. Those reviews, which we refer to as “active reviews,” include interviewing

Definition of Terms

WE DEEM recommendations:

Implemented

where the department or agency provided sufficient and appropriate evidence to support all elements of the recommendation;

Partially Implemented

where some evidence was provided but not all elements of the recommendation were addressed;

Not Implemented

where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided;

Not Implemented - N/A

where circumstances changed to make a recommendation not applicable; and

Not Implemented - Disagree

where the department or agency disagreed with the recommendation, did not intend to implement, and no further action will be reported.

selected personnel from the agency and examining the agency's relevant policies, procedures, records, and documents to assess whether action on recommendations has been taken. Our efforts are limited to reviewing and reporting on an agency's implementation of recommendations made in the original audit report. We do not explore new issues or revisit issues from the report unrelated to our original recommendations.

From 2018 to 2021, we made 202 audit recommendations. Based on information self-reported by the agencies and information from active reviews, 148 of those recommendations have been partially or fully implemented.

In 2020, we suspended work on ongoing audits so those auditees could adjust to performing their work remotely and address COVID-19-related issues. During that time, we performed a series of limited scope reviews and financial reporting on pandemic-related issues such as contact tracing, reporting of cases, suspension of tax breaks during difficult fiscal times, and amounts in special and revolving funds. These reports were specifically applicable to the challenges facing our state in 2020, so any recommendations in those reports are not included in our count, and no follow-up on the implementation status of recommendations contained in those reports was warranted.

We based our scope and methodology on guidelines published by the United States Government Accountability Office (GAO) – formerly the General Accounting Office – including *How to Get Action on Audit Recommendations* and *Government Auditing Standards*, as well as on Hawai'i Revised Statutes (HRS), Section 23-7.5.

According to the GAO, saving tax dollars, improving programs and operations, and providing better service to the public represent audit work's "bottom line." Recommendations are the vehicles by which these objectives are sought. However, it is action on recommendations – not the recommendations themselves – that helps government work better. Effective follow-up is essential to realizing the full benefits of audit work.

Audit Recommendations Implementation Reports Issued 2018 – 2021

Determining progress

The time it takes an agency to implement a recommendation depends on the type of recommendation. While some fall fully within the purview of an audited agency and can be addressed relatively quickly, others may deal with complex problems, involve multiple agencies, or require legislative action, resulting in a longer implementation period. We recognize ample time should be afforded to agencies implementing recommendations for a follow-up system to be useful and relevant.

With those observations in mind, we have determined an “active” follow-up effort, where we review and assess an agency’s efforts to implement our recommendations, is most effective and relevant if conducted two to three years after publication of an audit report. Too short an interval between audit report and follow-up might not give agencies enough time to implement; too long might allow agencies to lose valuable personnel and institutional knowledge needed to implement change. This is consistent with the GAO’s experience that action on recommendations usually occurs in the first three years after the recommendation is made.












Our current policy is to conduct follow-ups on recommendations for a five-year period after issuance of the report. After this time, further action on recommendations is unlikely. At that point, a new audit may be more appropriate.

The following pages present our summaries of the most recent status for recommendations from reports issued in the last five years. In many cases, the latest status is based on the agencies’ responses to our formal requests for an updated status of implementation of our recommendations.

It is important to stress that, unlike our “active” follow-up reports, the agencies’ responses to our requests for updates are just that – status as reported by the agencies themselves. Reporting of these responses is not based on an independent assessment by our office. However, the responses do represent the most recent status available to us.

Copies of our reports, including active follow-up reports, are available on our website at <https://www.auditor.hawaii.gov/>.

Audit Recommendations Implementation Dashboard

No. 18-01	Department of Business, Economic Development and Tourism Audit of the Hawai'i State Energy Office		9 recommendations
No. 18-03	Office of Hawaiian Affairs Audit of the Office of Hawaiian Affairs		39 recommendations
No. 18-04	Hawai'i Tourism Authority Audit of the Hawai'i Tourism Authority		27 recommendations
No. 18-05	Public Utilities Commission Audit of the Public Utilities Commission		12 recommendations
No. 18-08	Office of Hawaiian Affairs Audit of the Office of Hawaiian Affairs' Competitive Grants		11 recommendations
No. 18-09	Department of the Attorney General Audit of the Department of the Attorney General's Asset Forfeiture Program		7 recommendations
No. 18-18	Department of Health Audit of the Office of Health Care Assurance's Adult Residential Care Homes Program		9 recommendations
No. 19-01	Department of Land and Natural Resources Audit of the Department of Land and Natural Resources' Land Conservation Fund		13 recommendations
No. 19-12	Department of Land and Natural Resources Audit of the Department of Land and Natural Resources' Special Land and Development Fund		17 recommendations
No. 19-13	Department of Education Audit of the Department of Education's Administration of School Impact Fees		22 recommendations
No. 21-01	Agribusiness Development Corporation Audit of the Agribusiness Development Corporation		36 recommendations

■ Implemented
 ■ Partially Implemented
 ■ Not Implemented
 ■ Not Implemented - N/A
 ■ Not Implemented - Disagree

Source: Office of the Auditor

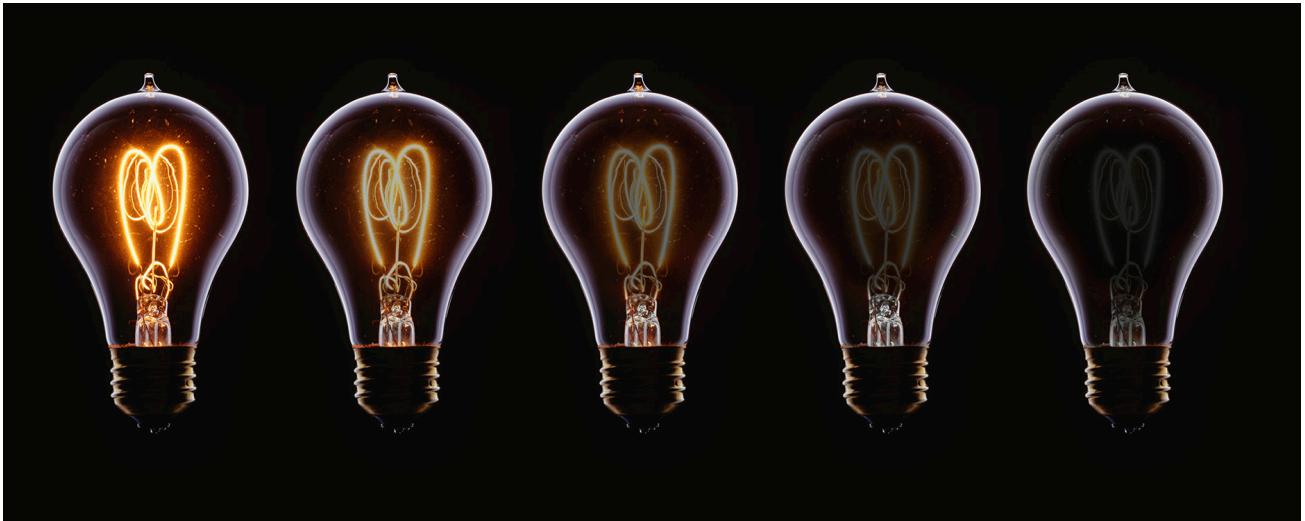


PHOTO: ISTOCK.COM

REPORT NO. 18-01
Audit of the Hawai‘i State Energy Office

Number of Recommendations:	9
Number of Recommendations Partially or Fully Implemented:	7
Percent Partially or Fully Implemented:	78%

Audit Recommendations by Status

In Report No. 18-01, we made a total of 9 recommendations to the agency.

- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 18-01, *Audit of the Hawai‘i State Energy Office*, we reported specific contributions to advancing the State’s clean energy initiatives were unclear, and the agency’s strategic plan and updates included goals and targets that were unrealistic and may be impossible to achieve. We also noted an imminent financial shortfall would significantly impact Energy Office operations.

In 2019, we issued a formal request for information to the Department of Business, Economic Development and Tourism (DBEDT) on the status of audit recommendations from Report No. 18-01. The agency reported that all of our recommendations had been fully implemented.

In 2020, we conducted an active follow-up into the implementation of our recommendations, and in

2021 we issued Report No. 21-05 entitled, *Follow-Up on Recommendations from Report No. 18-01, Audit of the Hawai‘i State Energy Office*. In that report, we found that seven out of nine (78%) of our recommendations had been at least partially implemented.

In 2022, we issued a formal request for information on the status of audit recommendations that had not been fully implemented in Report No. 21-05. The agency reported that of the applicable recommendations, all had been fully implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation	Status of Recommendation
<p>(1.a.) The Energy Office should establish short-term and long-term financial plans to ensure sustainability.</p>	<ul style="list-style-type: none"> <li data-bbox="786 365 1360 394"> 2021: Auditor reports Not Implemented - N/A <li data-bbox="786 411 1105 436"> Follow-Up, Report No. 21-05. <li data-bbox="786 464 1390 611"> Our follow-up report noted: “[T]he Energy Office’s financial plans as of February 2019 were obviated less than six months later when Act 122 transitioned the funding for the Energy Office’s personnel and operations to the State’s general fund in fiscal year 2020.” <li data-bbox="786 653 1219 678"> 2019: DBEDT reports Implemented <li data-bbox="786 684 1133 709"> Self-reported February 28, 2019.
<p>(1.b.) The Energy Office should reduce operating expenses to a sustainable level.</p>	<ul style="list-style-type: none"> <li data-bbox="786 768 1360 798"> 2021: Auditor reports Not Implemented - N/A <li data-bbox="786 814 1105 840"> Follow-Up, Report No. 21-05. <li data-bbox="786 867 1390 1115"> Our follow-up report noted: “[W]e need not determine whether those reductions amounted to ‘a sustainable level’ of operating expenses, as we recommended. Nor need we decide whether what the Energy Office characterized as its achievement of ‘a more sustainable’ level of expenses partially implements the ‘sustainable level’ we recommended. Those determinations have been obviated by the intervening enactment of Act 122.” <li data-bbox="786 1157 1219 1182"> 2019: DBEDT reports Implemented <li data-bbox="786 1188 1133 1213"> Self-reported February 28, 2019.
<p>(1.c.) The Energy Office should immediately update its strategic plan.</p>	<ul style="list-style-type: none"> <li data-bbox="786 1262 1235 1291"> 2021: Auditor reports Implemented <li data-bbox="786 1308 1105 1333"> Follow-Up, Report No. 21-05. <li data-bbox="786 1367 1219 1392"> 2019: DBEDT reports Implemented <li data-bbox="786 1398 1133 1423"> Self-reported February 28, 2019.
<p>(2.a.) The Energy Office should also develop and implement robust project management and reporting processes by documenting the justification for initiation of each project, measurable goals, budget and staffing requirements, implementation and execution strategies, and project schedule.</p>	<ul style="list-style-type: none"> <li data-bbox="786 1472 1235 1501"> 2022: DBEDT reports Implemented <li data-bbox="786 1518 1089 1543"> Self-reported April 29, 2022. <li data-bbox="786 1577 1333 1606"> 2021: Auditor reports Partially Implemented <li data-bbox="786 1612 1105 1638"> Follow-Up, Report No. 21-05. <li data-bbox="786 1671 1219 1696"> 2019: DBEDT reports Implemented <li data-bbox="786 1703 1133 1728"> Self-reported February 28, 2019.

Recommendation

Status of Recommendation

(2.b.) The Energy Office should also develop and implement robust project management and reporting processes by establishing performance measures for all programs and activities.

2022: DBEDT reports **Implemented**

Self-reported April 29, 2022.

2021: Auditor reports **Partially Implemented**

Follow-Up, Report No. 21-05.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

(2.c.) The Energy Office should also develop and implement robust project management and reporting processes by monitoring the progress and status of programs and activities.

2022: DBEDT reports **Implemented**

Self-reported April 29, 2022.

2021: Auditor reports **Partially Implemented**

Follow-Up, Report No. 21-05.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

(2.d.) The Energy Office should also develop and implement robust project management and reporting processes by ensuring an analysis of achievements and impacts on the State's clean energy goals upon project completion.

2022: DBEDT reports **Implemented**

Self-reported April 29, 2022.

2021: Auditor reports **Partially Implemented**

Follow-Up, Report No. 21-05.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

(2.e.) The Energy Office should also develop and implement robust project management and reporting processes by reporting the resultant achievements and impacts in its annual and Act 73 reports clearly and concisely, so that the Legislature and public can evaluate the office's progress toward its goals.

2022: DBEDT reports **Implemented**

Self-reported April 29, 2022.

2021: Auditor reports **Partially Implemented**

Follow-Up, Report No. 21-05.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.

(2.f.) The Energy Office should also develop and implement robust project management and reporting processes by establishing written policies and procedures that all program staff are required to follow.

2022: DBEDT reports **Implemented**

Self-reported April 29, 2022.

2021: Auditor reports **Partially Implemented**

Follow-Up, Report No. 21-05.

2019: DBEDT reports **Implemented**

Self-reported February 28, 2019.



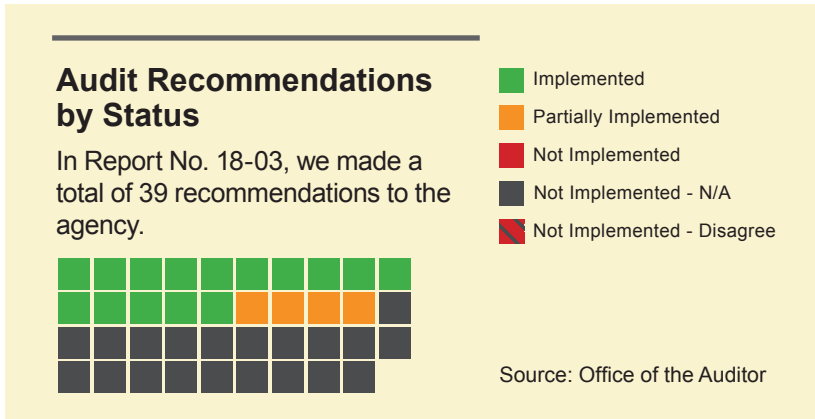
PHOTO: OFFICE OF HAWAIIAN AFFAIRS

REPORT NO. 18-03
Audit of the Office of Hawaiian Affairs

Number of Recommendations: **39**

Number of Recommendations Partially or Fully Implemented: **19**

Percent Partially or Fully Implemented: **49%**



IN REPORT NO. 18-03, *Audit of the Office of Hawaiian Affairs*, we found spending on non-competitive Kūlia Initiatives was nearly double what the Office of Hawaiian Affairs (OHA) spent on closely vetted, competitive grants and the Fiscal Reserve lacked a clear policy guiding its use and had been spent down rapidly. We reported CEO Sponsorships were subject to minimal oversight and were often, despite written guidelines, approved based on personal discretion. We also reported rules governing Trustee Allowances were broad and arbitrarily enforced, leading to many instances of questionable spending.

In 2019, we issued a formal request for information to OHA on the status of audit recommendations from Report No. 18-03. The agency reported that all of our recommendations had been at least partially implemented.

In 2021, we conducted an active follow-up into the implementation of our recommendations, and in 2022 we issued Report No. 22-04 entitled, *Follow-Up on Recommendations from Report No. 18-03, Audit of the Office of Hawaiian Affairs*. As a result of that report, we found that 24 out of 39 (62%) of our recommendations had been at least partially implemented.

In 2023, we issued a formal request for information on the status of audit recommendations that had not been fully implemented in Report No. 22-04. The agency reported that of the applicable recommendations, 14 are no longer applicable, and the other eight are at least partially implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation

Status of Recommendation

(OHA Board of Trustees, 1.a.) OHA Board of Trustees should, in general, require trustees and trustee staff to attend regular training that includes, but is not limited to:

- i. Fiduciary duties and other responsibilities of trustees;
- ii. State Ethics Code, Chapter 84, HRS;
- iii. Sunshine Law, part I of Chapter 92, HRS: and
- iv. Uniform Information Practices Act (Modified), Chapter 92F, HRS.

2023: OHA reports **Partially Implemented**

Self-reported May 1, 2023.

2022: Auditor reports **Partially Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 1.b.) OHA Board of Trustees should, in general, ensure that OHA policies and procedures, applicable to trustees and the Administration, align and are consistent with OHA's mission, trustees' fiduciary duties, and State laws.

2023: OHA reports **Implemented**

Self-reported May 1, 2023.

2022: Auditor reports **Partially Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 1.c.) OHA Board of Trustees should, in general, develop a clearly defined process by which trustees must hold each other individually accountable for actions that are inconsistent with their collective fiduciary duties and responsibilities to trust beneficiaries and for violations of State laws.

2023: OHA reports **Implemented**

Self-reported May 1, 2023.

2022: Auditor reports **Partially Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 1.d.) OHA Board of Trustees should, in general, provide greater transparency into OHA's administration of trust assets, including OHA's fiscal year budgets and actual expenditures, specific information regarding the Grants, Sponsorships, and other funding awarded by OHA, OHA's investment portfolio holdings and returns, and expenditures by trustees using Trustee Allowances. Consider posting such information on OHA's website or some other similarly accessible public portal.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

Recommendation	Status of Recommendation
<p>(OHA Board of Trustees, 1.e.) OHA Board of Trustees should, in general, consider requiring board approval of all Grants, Sponsorships, and other funding awarded by OHA and/or that use Native Hawaiian Trust Fund assets.</p>	<p>2023: OHA reports Implemented Self-reported May 1, 2023.</p> <p>2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-04.</p> <p>2019: OHA reports Implemented Self-reported March 28, 2019.</p>
<p>(OHA Board of Trustees, 1.f.) OHA Board of Trustees should, in general, require the Administration to develop a master list of all OHA Grants, Sponsorships, and other funding awarded, including the name of the individual, group, or organization receiving the funds, the amount of the award, and the approving or granting entity within OHA (such as the board, CEO, or line of business).</p>	<p>2023: OHA reports Partially Implemented Self-reported May 1, 2023.</p> <p>2022: Auditor reports Not Implemented Follow-Up, Report No. 22-04.</p> <p>Our follow-up report noted: “While the Board of Trustees has not required the Administration to develop a master list of all OHA grants, sponsorships and other funding awarded, according to OHA, it has developed an information database system that ensures grants are monitored and evaluated consistently... OHA represents its practice is to run a quarterly report for all grants and contracts, which is documented in OHA’s financial reporting, including variances and budget adjustment parameters for each quarter. The master list provided by OHA in March 2021 included 36 active grants, 26 closed grants, and 11 pending grants and is updated on a weekly and quarterly basis.</p> <p>The master list does not include sponsorships and other funding awarded by OHA, and no information about the approving or granting entity within OHA (such as the Board, CEO, or line of business) is included. In its policies and procedures, the Board should document the requirement that the Administration develop a master list of <i>all</i> OHA grants, sponsorships, and other funding awarded, including the name of the individual, group, or organization receiving the funds, the amount of the award, and the approving or granting entity within OHA (such as the Board, CEO, or line of business). A documented policy would clarify the process and allow the Board and the Administration to hold staff accountable for performing the required procedure.”</p> <p>2019: OHA reports Partially Implemented Self-reported March 28, 2019.</p>

Recommendation

Status of Recommendation

(OHA Board of Trustees, 1.g.) OHA Board of Trustees should, in general, consider developing policies regarding the maximum number and maximum total dollar amount of Grants, Sponsorships, and other funding awarded to the same individual, group, or organization during a fiscal year or other determined period.

2023: OHA reports **Partially Implemented**

Self-reported May 1, 2023.

2022: Auditor reports **Partially Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 2.a.) OHA Board of Trustees should, with respect to Kūlia Initiatives, determine and clearly define the purpose of Kūlia Initiatives.

2022: Auditor reports **Not Implemented - N/A**

Follow-Up, Report No. 22-04.

Our follow-up report noted: “In response to Report No. 18-03, *Audit of the Office of Hawaiian Affairs*, OHA discontinued the use of Kūlia Initiatives.”

2019: OHA reports **Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 2.b.) OHA Board of Trustees should, with respect to Kūlia Initiatives, review, update, and amend policies related to Kūlia Initiatives, as needed, to align with the defined purposes of Kūlia Initiatives. Such policies and procedures should clearly describe the types of spending for which Kūlia Initiatives are appropriate (as opposed to the purposes of other OHA funding support mechanisms, such as Community and ‘Ahahui Grants).

2022: Auditor reports **Not Implemented - N/A**

Follow-Up, Report No. 22-04.

Our follow-up report noted: “In response to Report No. 18-03, *Audit of the Office of Hawaiian Affairs*, OHA discontinued the use of Kūlia Initiatives.”

2019: OHA reports **Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 2.c.) OHA Board of Trustees should, with respect to Kūlia Initiatives, consider including in OHA’s annual budget a board-determined amount to fund Kūlia Initiatives.

2022: Auditor reports **Not Implemented - N/A**

Follow-Up, Report No. 22-04.

Our follow-up report noted: “In response to Report No. 18-03, *Audit of the Office of Hawaiian Affairs*, OHA discontinued the use of Kūlia Initiatives.”

2019: OHA reports **Implemented**

Self-reported March 28, 2019.

Recommendation	Status of Recommendation
<p>(OHA Board of Trustees, 2.d.) OHA Board of Trustees should, with respect to Kūlia Initiatives, ensure that the purpose and use of Kūlia Initiatives aligns and is consistent with: (a) OHA’s mission; (b) OHA’s policies and procedures; (c) trustee’s fiduciary duties; and (d) State laws.</p>	<p>2022: Auditor reports Not Implemented - N/A Follow-Up, Report No. 22-04. Our follow-up report noted: “In response to Report No. 18-03, <i>Audit of the Office of Hawaiian Affairs</i>, OHA discontinued the use of Kūlia Initiatives.”</p> <p>2019: OHA reports Implemented Self-reported March 28, 2019.</p>
<p>(OHA Board of Trustees, 3.a.) OHA Board of Trustees should, with respect to the Fiscal Reserve, determine and clearly define the purpose of the Fiscal Reserve, considering the original intent of the reserve, as well as the board’s current intent for maintaining a reserve.</p>	<p>2023: OHA reports Not Implemented - N/A Self-reported May 1, 2023, stating: “There is no longer a Fiscal Reserve, or related withdrawal guidelines in the Native Hawaiian Trust Fund (NHTF). The new Fiscal Stabilization Policy replaces any previously described Fiscal Reserve provisions in the NHTF Spending Policy.”</p> <p>2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-04.</p> <p>2019: OHA reports Partially Implemented Self-reported March 28, 2019.</p>
<p>(OHA Board of Trustees, 3.b.) OHA Board of Trustees should, with respect to the Fiscal Reserve, review, update, and amend policies and procedures related to the Fiscal Reserve, including OHA’s Spending Policy and Fiscal Reserve Guidelines, as needed, to align with the defined purpose of the Fiscal Reserve. Such policies and procedures should clearly describe the circumstances in and purposes for which the Fiscal Reserve can be used.</p>	<p>2023: OHA reports Not Implemented - N/A Self-reported May 1, 2023, stating: “There is no longer a Fiscal Reserve, or related withdrawal guidelines in the Native Hawaiian Trust Fund (NHTF). The new Fiscal Stabilization Policy replaces any previously described Fiscal Reserve provisions in the NHTF Spending Policy.”</p> <p>2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-04.</p> <p>2019: OHA reports Partially Implemented Self-reported March 28, 2019.</p>

Recommendation

(OHA Board of Trustees, 3.c.) OHA Board of Trustees should, with respect to the Fiscal Reserve, clarify and clearly define the purpose of the 5 percent spending limit, and determine whether it is necessary to establish a withdrawal rate limit to ensure the health and sustainability of the Native Hawaiian Trust Fund.

Status of Recommendation

2023: OHA reports **Not Implemented - N/A**

Self-reported May 1, 2023, stating:

“There is no longer a Fiscal Reserve, or related withdrawal guidelines in the Native Hawaiian Trust Fund (NHTF). The new Fiscal Stabilization Policy replaces any previously described Fiscal Reserve provisions in the NHTF Spending Policy.”

2022: Auditor reports **Not Implemented**

Follow-Up, Report No. 22-04.

Our follow-up report noted: “While we acknowledge OHA has made progress in this area, the Fiscal Stabilization Policy ... is still a temporary policy and will be revisited once Board policies are completed. According to OHA, the policies being developed will include identifying whether the agency needs a reserve (rainy day) fund and, if so, the type of reserve fund needed.

We note while the interim policy restricts how the Fiscal Stabilization Fund may be used, expenditures from that fund are not included when calculating the annual spending withdrawal amount in the fiscal year in which moneys are expended. That potentially allows OHA to exceed the 5 percent spending limit established in OHA’s Native Hawaiian Trust Fund Spending Policy.”

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

Recommendation

(OHA Board of Trustees, 3.d.) OHA Board of Trustees should, with respect to the Fiscal Reserve, work with the Administration, including OHA's Investment Management staff, to determine and obtain the financial information necessary for the board to assess the short- and long-term impacts to the Native Hawaiian Trust Fund when considering use of the Fiscal Reserve.

Status of Recommendation

2023: OHA reports Not Implemented - N/A

Self-reported May 1, 2023, stating:

“There is no longer a Fiscal Reserve, or related withdrawal guidelines in the Native Hawaiian Trust Fund (NHTF). The new Fiscal Stabilization Policy replaces any previously described Fiscal Reserve provisions in the NHTF Spending Policy.”

2022: Auditor reports Not Implemented

Follow-Up, Report No. 22-04.

Our follow-up report noted: “The intent of this recommendation was that the Board assess impacts to the Native Hawaiian Trust Fund and OHA’s ability to serve its beneficiaries, current and future, when considering use of the Fiscal Reserve. While the Fiscal Stabilization Fund was created purportedly in response to Report No. 18-03 (and therefore did not exist at the time of the audit), the recommendation is applicable to the Board’s use of the Fiscal Stabilization Fund. Trustees very likely have the same fiduciary duties to OHA’s beneficiaries in their use of the Native Hawaiian Trust Fund and the Fiscal Stabilization Fund. Under the new Fiscal Stabilization Policy, it is our understanding that the Board can transfer up to \$3 million annually from the Native Hawaiian Trust Fund to the Fiscal Stabilization Fund. Any withdrawal from the Native Hawaiian Trust Fund can have short- and long-term impacts to the Native Hawaiian Trust Fund, and Trustees should determine and require the Administration to provide them with the financial information necessary for them to make informed decisions about those impacts to the fund.”

2019: OHA reports Partially Implemented

Self-reported March 28, 2019.

Recommendation

Status of Recommendation

(OHA Board of Trustees, 3.e.) OHA Board of Trustees should, with respect to the Fiscal Reserve, for each action item considering use of the Fiscal Reserve, ensure the Administration clearly includes the specific information as required by the Fiscal Reserve Guidelines and necessary for the board’s decision-making.

2023: OHA reports **Not Implemented - N/A**

Self-reported May 1, 2023, stating:

“There is no longer a Fiscal Reserve, or related withdrawal guidelines in the Native Hawaiian Trust Fund (NHTF). The new Fiscal Stabilization Policy replaces any previously described Fiscal Reserve provisions in the NHTF Spending Policy.”

2022: Auditor reports Partially Implemented
Follow-Up, Report No. 22-04.

2019: OHA reports Partially Implemented
Self-reported March 28, 2019.

(OHA Board of Trustees, 3.f.) OHA Board of Trustees should, with respect to the Fiscal Reserve, ensure that the purpose and use of the Fiscal Reserve aligns and is consistent with: (a) OHA’s mission; (b) OHA’s policies and procedures; (c) trustees’ fiduciary duties; and (d) State laws.

2023: OHA reports **Not Implemented - N/A**

Self-reported May 1, 2023, stating:

“There is no longer a Fiscal Reserve, or related withdrawal guidelines in the Native Hawaiian Trust Fund (NHTF). The new Fiscal Stabilization Policy replaces any previously described Fiscal Reserve provisions in the NHTF Spending Policy.”

2022: Auditor reports Partially Implemented
Follow-Up, Report No. 22-04.

2019: OHA reports Partially Implemented
Self-reported March 28, 2019.

(OHA Board of Trustees, 4.a.) OHA Board of Trustees should, with respect to CEO Sponsorships, determine and clearly define the purpose of CEO Sponsorships.

2023: OHA reports **Not Implemented - N/A**

Self-reported May 1, 2023, stating:

“The CEO no longer has the authority to award sponsorship(s), ergo, there are no CEO Sponsorships.”

2022: Auditor reports Not Implemented
Follow-Up, Report No. 22-04.

Our follow-up report noted: “[W]hile there continues to be a moratorium on the CEO Sponsorships, OHA has not taken any other action to address the recommendation and, given that the program has not been discontinued, we consider this recommendation to be not implemented.”

2019: OHA reports Partially Implemented
Self-reported March 28, 2019.

Recommendation

(OHA Board of Trustees, 4.b.) OHA Board of Trustees should, with respect to CEO Sponsorships, review, update, and amend policies and procedures related to CEO Sponsorships, as needed, to align with the defined purpose of CEO Sponsorships. Such policies and procedures should clearly describe the circumstances in and purposes for which CEO Sponsorships can be used.

Status of Recommendation

2023: OHA reports Not Implemented - N/A

Self-reported May 1, 2023, stating:

“The CEO no longer has the authority to award sponsorship(s), ergo, there are no CEO Sponsorships.”

2022: Auditor reports Not Implemented

Follow-Up, Report No. 22-04.

Our follow-up report noted: “[W]hile there continues to be a moratorium on the CEO Sponsorships, OHA has not taken any other action to address the recommendation and, given that the program has not been discontinued, we consider this recommendation to be not implemented.”

2019: OHA reports Partially Implemented

Self-reported March 28, 2019.

(OHA Board of Trustees, 4.c.) OHA Board of Trustees should, with respect to CEO Sponsorships, consider restricting the Administration's ability to independently adjust the fiscal year budget, once approved by the board, to fund or otherwise support CEO Sponsorships.

2023: OHA reports Not Implemented - N/A

Self-reported May 1, 2023, stating:

“The CEO no longer has the authority to award sponsorship(s), ergo, there are no CEO Sponsorships.”

2022: Auditor reports Not Implemented

Follow-Up, Report No. 22-04.

Our follow-up report noted: “[W]hile there continues to be a moratorium on the CEO Sponsorships, OHA has not taken any other action to address the recommendation and, given that the program has not been discontinued, we consider this recommendation to be not implemented.”

2019: OHA reports Partially Implemented

Self-reported March 28, 2019.

Recommendation

Status of Recommendation

(OHA Board of Trustees, 4.d.) OHA Board of Trustees should, with respect to CEO Sponsorships, ensure that the purpose and use of CEO Sponsorships aligns and is consistent with: (a) OHA’s mission; (b) OHA’s policies and procedures; (c) trustees’ fiduciary duties; and (d) State laws.

2023: OHA reports **Not Implemented - N/A**

Self-reported May 1, 2023, stating:

“The CEO no longer has the authority to award sponsorship(s), ergo, there are no CEO Sponsorships.”

2022: Auditor reports **Not Implemented**

Follow-Up, Report No. 22-04.

Our follow-up report noted: “[W]hile there continues to be a moratorium on the CEO Sponsorships, OHA has not taken any other action to address the recommendation and, given that the program has not been discontinued, we consider this recommendation to be not implemented.”

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 5.a.) OHA Board of Trustees should, with respect to Trustee Allowances, amend the Trustee Allowances policy to restrict the use of Trustee Allowances to expenses incurred by trustees relating to their communication with beneficiaries and the public, as was the original purpose of the Trustee Allowances, and reduce the Trustee Allowances to an amount determined by the board to be reasonably necessary for that purpose.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 5.b.) OHA Board of Trustees should, with respect to Trustee Allowances, prohibit the use of Trustee Allowances to provide financial support, direct or otherwise, to individuals, groups, or organizations. Require requests for financial support by individuals, groups, or organizations to be approved by the board and funded through a program other than Trustee Allowances.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Board of Trustees, 5.c.) OHA Board of Trustees should, with respect to Trustee Allowances, work with the Administration to more clearly define procedures related to the use and administration of Trustee Allowances.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

Recommendation	Status of Recommendation
<p>(OHA Board of Trustees, 5.d.) OHA Board of Trustees should, with respect to Trustee Allowances, require trustees to seek reimbursement of expenses; do not disburse the total amount of Trustee Allowances to trustees at the beginning of the fiscal year or otherwise advance any funds to trustees.</p>	<p>2022: Auditor reports Implemented Follow-Up, Report No. 22-04.</p>
<p>(OHA Board of Trustees, 5.e.) OHA Board of Trustees should, with respect to Trustee Allowances, review and amend, as needed, the sanctions established in the Code of Conduct for violations of Trustee Allowance policies and procedures and establish a process to ensure enforcement of sanctions to appropriately address such violations.</p>	<p>2023: OHA reports Implemented Self-reported May 1, 2023.</p> <p>2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-04.</p> <p>2019: OHA reports Partially Implemented Self-reported March 28, 2019.</p>
<p>(OHA Board of Trustees, 5.f.) OHA Board of Trustees should, with respect to Trustee Allowances, ensure that the purpose and use of Trustee Allowances aligns and is consistent with: (a) OHA’s mission; (b) OHA’s policies and procedures; (c) trustees’ fiduciary duties; and (d) State laws.</p>	<p>2022: Auditor reports Implemented Follow-Up, Report No. 22-04.</p> <p>2019: OHA reports Partially Implemented Self-reported March 28, 2019.</p>
<p>(OHA Administration, 1.a.) OHA Administration should, in general, require the Administration to attend regular training that includes, but is not limited to:</p> <ul style="list-style-type: none"> i. Fiduciary duties and other responsibilities of trustees; ii. State Ethics Code, Chapter 84, HRS; iii. Sunshine Law, part I of Chapter 92, HRS; and iv. Uniform Information Practices Act (Modified), Chapter 92F, HRS. 	<p>2023: OHA reports Partially Implemented Self-reported May 1, 2023.</p> <p>2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-04.</p> <p>2019: OHA reports Partially Implemented Self-reported March 28, 2019.</p>

Recommendation

Status of Recommendation

(OHA Administration, 1.b.) OHA Administration should, in general, support trustees in performing their fiduciary duties and other responsibilities by, among other things, providing financial documents and other information in a timely manner as requested by individual trustees.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Administration, 2.a.) OHA Administration should, with respect to Kūlia Initiatives, ensure that the board and the Administration adhere to and comply with the board-adopted policies and procedures for Kūlia Initiatives.

2022: Auditor reports **Not Implemented - N/A**

Follow-Up, Report No. 22-04.

Our follow-up report noted: “In response to Report No. 18-03, *Audit of the Office of Hawaiian Affairs*, OHA discontinued the use of Kūlia Initiatives.”

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Administration, 2.b.) OHA Administration should, with respect to Kūlia Initiatives, ensure that OHA’s use of Kūlia Initiatives aligns and is consistent with: (a) OHA’s mission; (b) OHA’s policies and procedures; (c) trustees’ fiduciary duties; and (d) State laws.

2022: Auditor reports **Not Implemented - N/A**

Follow-Up, Report No. 22-04.

Our follow-up report noted: “In response to Report No. 18-03, *Audit of the Office of Hawaiian Affairs*, OHA discontinued the use of Kūlia Initiatives.”

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Administration, 3.a.) OHA Administration should, with respect to the Fiscal Reserve, ensure each proposed use of the Fiscal Reserve is consistent with the Fiscal Reserve Guidelines and the board-stated purpose of the Fiscal Reserve.

2023: OHA reports **Not Implemented - N/A**

Self-reported May 1, 2023, stating:

“There is no longer a Fiscal Reserve, or related withdrawal guidelines in the Native Hawaiian Trust Fund (NHTF). The new Fiscal Stabilization Policy replaces any previously described Fiscal Reserve provisions in the NHTF Spending Policy.”

2022: Auditor reports **Partially Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

Recommendation

Status of Recommendation

(OHA Administration, 3.b.) OHA Administration should, with respect to the Fiscal Reserve, for each requested use of the Fiscal Reserve, provide the board with specific information and recommendations as to whether the board’s or the Administration’s proposed use of the Fiscal Reserve is consistent with the Fiscal Reserve Guidelines and the purpose of the Fiscal Reserve. Such information may include, but is not limited to, specific financial information regarding the Native Hawaiian Trust Fund balance, projected revenue for the fiscal year, and impact to the Native Hawaiian Trust Fund resulting from the requested use of the Fiscal Reserve.

2023: OHA reports Not Implemented - N/A

Self-reported May 1, 2023, stating:

“There is no longer a Fiscal Reserve, or related withdrawal guidelines in the Native Hawaiian Trust Fund (NHTF). The new Fiscal Stabilization Policy replaces any previously described Fiscal Reserve provisions in the NHTF Spending Policy.”

2022: Auditor reports Partially Implemented
Follow-Up, Report No. 22-04.

2019: OHA reports Partially Implemented
Self-reported March 28, 2019.

(OHA Administration, 4.a.) OHA Administration should, with respect to CEO Sponsorships, adhere to Grants Staff recommendations regarding the Administration’s requests to fund CEO Sponsorships.

2023: OHA reports Not Implemented - N/A

Self-reported May 1, 2023, stating:

“The CEO no longer has the authority to award sponsorship(s), ergo, there are no CEO Sponsorships.”

2022: Auditor reports Not Implemented
Follow-Up, Report No. 22-04.

Our follow-up report noted: “[W]hile there continues to be a moratorium on the CEO Sponsorships, OHA has not taken any other action to address the recommendation and, given that the program has not been discontinued, we consider this recommendation to be not implemented.”

2019: OHA reports Partially Implemented
Self-reported March 28, 2019.

Recommendation

Status of Recommendation

(OHA Administration, 4.b.) OHA Administration should, with respect to CEO Sponsorships, if the Administration is allowed to adjust the budget to fund Sponsorships, obtain board approval before doing so, and provide the board with specific information about the proposed funding request to inform trustees' decision-making.

2023: OHA reports **Not Implemented - N/A**

Self-reported May 1, 2023, stating:

“The CEO no longer has the authority to award sponsorship(s), ergo, there are no CEO Sponsorships.”

2022: Auditor reports **Not Implemented**

Follow-Up, Report No. 22-04.

Our follow-up report noted: “[W]hile there continues to be a moratorium on the CEO Sponsorships, OHA has not taken any other action to address the recommendation and, given that the program has not been discontinued, we consider this recommendation to be not implemented.”

2019: OHA reports **Implemented**

Self-reported March 28, 2019.

(OHA Administration, 5.a.) OHA Administration should, with respect to Trustee Allowances, monitor and review trustees' use of Trustee Allowances and ensure expenditures using Trustee Allowances comply with the Trustee Allowances policy.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Administration, 5.b.) OHA Administration should, with respect to Trustee Allowances, establish procedures to more clearly define the Administration's role and procedures for administering and monitoring the use of Trustee Allowances.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

(OHA Administration, 5.c.) OHA Administration should, with respect to Trustee Allowances, report to the board the specific expenditures approved and reimbursed to each trustee using Trustee Allowances.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports **Partially Implemented**

Self-reported March 28, 2019.

Recommendation

Status of Recommendation

(OHA Administration, 5.d.) OHA Administration should, with respect to **Trustee Allowances**, create a formal appeal process for trustees to request a second determination of whether they are entitled to reimbursement of expenses using **Trustee Allowances**, for instance, through staff whose regular duties do not involve review and approval of **Trustee Allowances**.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-04.

2019: OHA reports Partially Implemented

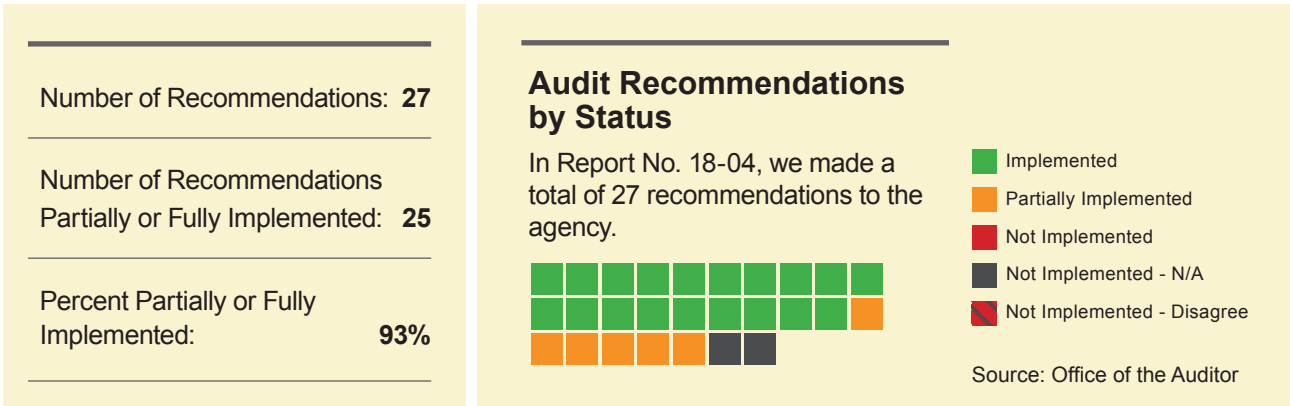
Self-reported March 28, 2019.



PHOTO: HAWAII TOURISM AUTHORITY (HTA) / TOR JOHNSON

REPORT NO. 18-04

Audit of the Hawai‘i Tourism Authority



IN REPORT NO. 18-04, *Audit of the Hawai‘i Tourism Authority*, we found that the Hawai‘i Tourism Authority’s (HTA) lax oversight of its major contractors did not ensure that public funds were being used effectively and efficiently; deficient procurement and contracting practices undermined accountability and did not ensure best value; and expenses previously classified as “administrative” were shifted to other budget lines to comply with a reduced statutory limit for such expenses.

In 2019 and 2020, we issued formal requests for information to HTA on the status of audit recommendations from Report No. 18-04. In 2020, the agency reported that all our recommendations had been fully implemented.

In 2021, we conducted an active follow-up into the implementation of our recommendations, and

in 2022 we issued Report No. 22-09 entitled, *Follow-Up on Recommendations from Report No. 18-04, Audit of the Hawai‘i Tourism Authority*. As a result of that report, we found that 21 out of 27 (78%) of our recommendations had been at least partially implemented.

In 2023, we issued a formal request for information on the status of audit recommendations that had not been fully implemented in Report No. 22-09. The agency reported that of the applicable recommendations, all have now been at least partially implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation	Status of Recommendation
<p>(1.) HTA should, in general, update internal policies and procedures related to training, compliance reviews, and other quality assurance functions, to ensure they align with HTA’s current organizational structure and personnel.</p>	<ul style="list-style-type: none"> <li data-bbox="799 365 1321 436"> 2023: HTA reports Partially Implemented Self-reported September 25, 2023. <li data-bbox="799 470 1349 541" style="background-color: #fff9c4; padding: 5px;"> 2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-09. <li data-bbox="799 569 1195 640"> 2020: HTA reports Implemented Self-reported June 18, 2020. <li data-bbox="799 663 1305 722"> 2019: HTA reports Partially Implemented Self-reported March 29, 2019.
<p>(2.) HTA should, in general, assign a senior manager to oversee HTA’s quality assurance function and ensure it is a priority for the Authority. Such oversight should include ensuring HTA’s quality assurance plan is updated and properly implemented.</p>	<ul style="list-style-type: none"> <li data-bbox="799 781 1321 852"> 2023: HTA reports Partially Implemented Self-reported September 25, 2023. <li data-bbox="799 886 1349 957" style="background-color: #fff9c4; padding: 5px;"> 2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-09. <li data-bbox="799 984 1195 1056"> 2020: HTA reports Implemented Self-reported June 18, 2020. <li data-bbox="799 1079 1305 1138"> 2019: HTA reports Partially Implemented Self-reported March 29, 2019.
<p>(3.) HTA should, with respect to overall procurement, update internal policies and procedures to clearly identify the HTA management and staff who are responsible for procurement, administration, and oversight of all contracts, and clearly delineate the responsibilities assigned to each.</p>	<ul style="list-style-type: none"> <li data-bbox="799 1197 1211 1268"> 2023: HTA reports Implemented Self-reported September 25, 2023. <li data-bbox="799 1302 1349 1373" style="background-color: #fff9c4; padding: 5px;"> 2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-09. <li data-bbox="799 1400 1195 1472"> 2020: HTA reports Implemented Self-reported June 18, 2020. <li data-bbox="799 1495 1305 1554"> 2019: HTA reports Partially Implemented Self-reported March 29, 2019.

Recommendation

Status of Recommendation

(4.a.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including requiring pre-solicitation market research to assess, among other things, market competition and estimated cost.

2023: HTA reports **Implemented**

Self-reported September 25, 2023.

2022: Auditor reports Partially Implemented

Follow-Up, Report No. 22-09.

2020: HTA reports Implemented

Self-reported June 18, 2020.

2019: HTA reports Partially Implemented

Self-reported March 29, 2019.

(4.b.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including requiring proposals for each contract, contract amendment, and extension.

2023: HTA reports **Implemented**

Self-reported September 25, 2023.

2022: Auditor reports Partially Implemented

Follow-Up, Report No. 22-09.

2019: HTA reports Implemented

Self-reported March 29, 2019.

(4.c.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including enforcing requirement that contractors provide evidence of a valid Certificate of Vendor Compliance (CVC) prior to contract execution.

2023: HTA reports **Implemented**

Self-reported September 25, 2023.

2022: Auditor reports Partially Implemented

Follow-Up, Report No. 22-09.

2019: HTA reports Implemented

Self-reported March 29, 2019.

(4.d.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA's actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including requiring contracts to include specific performance criteria, performance benchmarks, and deliverables that are aligned with the contract objectives.

2023: HTA reports **Implemented**

Self-reported September 25, 2023.

2022: Auditor reports Partially Implemented

Follow-Up, Report No. 22-09.

2019: HTA reports Implemented

Self-reported March 29, 2019.

Recommendation	Status of Recommendation
<p>(4.e.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA’s actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including requiring contractors to provide regular progress reports.</p>	<ul style="list-style-type: none"> <li data-bbox="799 361 1252 436"> 2022: Auditor reports Implemented Follow-Up, Report No. 22-09. <li data-bbox="799 470 1195 533"> 2019: HTA reports Implemented Self-reported March 29, 2019.
<p>(4.f.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA’s actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including evaluating contractor performance against performance criteria.</p>	<ul style="list-style-type: none"> <li data-bbox="799 661 1211 737"> 2023: HTA reports Implemented Self-reported September 25, 2023. <li data-bbox="799 770 1349 833"> 2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-09. <li data-bbox="799 867 1195 930"> 2019: HTA reports Implemented Self-reported March 29, 2019.
<p>(4.g.) HTA should, with respect to overall procurement, enforce policies and procedures that ensure HTA’s actual procurement and contracting practices align with the best interests of the State and foster appropriate use of public funds, including requiring written evaluation of contractor performance before amending, modifying, or extending any contract.</p>	<ul style="list-style-type: none"> <li data-bbox="799 982 1211 1058"> 2023: HTA reports Implemented Self-reported September 25, 2023. <li data-bbox="799 1092 1349 1155"> 2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-09. <li data-bbox="799 1188 1195 1251"> 2019: HTA reports Implemented Self-reported March 29, 2019.
<p>(5.) HTA should, with respect to overall procurement, retain exclusive ownership of intellectual property created, developed, prepared, or assembled using State funds, absent extraordinary and unique circumstances. Require requests for waiver of the State’s ownership of intellectual property to be thoroughly documented and approved by the Department of the Attorney General.</p>	<ul style="list-style-type: none"> <li data-bbox="799 1312 1211 1388"> 2023: HTA reports Implemented Self-reported September 25, 2023. <li data-bbox="799 1421 1349 1484"> 2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-09. <li data-bbox="799 1518 1195 1581"> 2019: HTA reports Implemented Self-reported March 29, 2019.

Recommendation

Status of Recommendation

(6.) HTA should, with respect to overall procurement, regularly review and evaluate HTA management and staff performance of their respective procurement and contract-related duties and responsibilities.

2023: HTA reports **Partially Implemented**

Self-reported September 25, 2023.

2022: Auditor reports **Partially Implemented**

Follow-Up, Report No. 22-09.

2020: HTA reports **Implemented**

Self-reported June 18, 2020.

2019: HTA reports **Partially Implemented**

Self-reported March 29, 2019.

(7.) HTA should, with respect to overall procurement, require HTA management and staff who have procurement and contract-related responsibilities to receive regular training on the State Procurement Code, Chapter 103D, HRS, and the State Ethics Code, specifically, Section 84-15, HRS.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-09.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

(8.) HTA should, with respect to sole source procurements, limit sole source procurement to where a good or service is deemed available from only one source.

2023: HTA reports **Implemented**

Self-reported September 25, 2023.

2022: Auditor reports **Partially Implemented**

Follow-Up, Report No. 22-09.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

(9.) HTA should, with respect to sole source procurements, require completed documentation to support use of sole source procurement.

2023: HTA reports **Implemented**

Self-reported September 25, 2023.

2022: Auditor reports **Partially Implemented**

Follow-Up, Report No. 22-09.

2019: HTA reports **Implemented**

Self-reported March 29, 2019.

Recommendation	Status of Recommendation
<p>(10.) HTA should, with respect to sole source procurements, require written confirmation and justification of sole source contract pricing.</p>	<ul style="list-style-type: none"> <li data-bbox="797 369 1321 436"> 2023: HTA reports Partially Implemented Self-reported September 25, 2023. <li data-bbox="797 474 1349 541" style="background-color: #fff9c4; padding: 5px;"> 2022: Auditor reports Partially Implemented Follow-Up, Report No. 22-09. <li data-bbox="797 569 1195 632"> 2019: HTA reports Implemented Self-reported March 29, 2019.
<p>(11.) HTA should, with respect to sole source procurements, develop a publicly accessible list of sole source procurement contracts.</p>	<ul style="list-style-type: none"> <li data-bbox="797 684 1252 751" style="background-color: #fff9c4; padding: 5px;"> 2022: Auditor reports Implemented Follow-Up, Report No. 22-09. <li data-bbox="797 789 1195 852"> 2020: HTA reports Implemented Self-reported June 18, 2020. <li data-bbox="797 884 1195 947"> 2019: HTA reports Implemented Self-reported March 29, 2019.
<p>(12.) HTA should, with respect to cost reimbursement contracts, enforce existing contract provisions requiring AEG, and any other contractors who are reimbursed by HTA for costs they incur, to submit receipts and other supporting documentation for each cost invoiced to HTA for reimbursement or other payment.</p>	<ul style="list-style-type: none"> <li data-bbox="797 1041 1321 1108"> 2023: HTA reports Partially Implemented Self-reported September 25, 2023. <li data-bbox="797 1136 1404 1608" style="background-color: #fff9c4; padding: 5px;"> 2022: Auditor reports Not Implemented - Disagree Follow-Up, Report No. 22-09. Our follow-up report noted: “HTA believes the procedures put into place, which require review of receipts for a sampling of costs, is sufficient. HTA maintains that several layers of controls are in place, including approval and monitoring of the contractor’s budget, the contractor’s presentation of monthly financial statements to the HTA Board, reconciliation of AEG invoices to their monthly financial statement prior to reimbursement, and the financial statement audit required of the contractor. HTA asserts that, given these procedures, inspecting receipts of every cost incurred is not reasonable.” <li data-bbox="797 1640 1195 1703"> 2019: HTA reports Implemented Self-reported March 29, 2019.

Recommendation

Status of Recommendation

(13.) HTA should, with respect to cost reimbursement contracts, develop and implement procedures to review and evaluate receipts and supporting documentation submitted for each cost that AEG, and any other contractors who are reimbursed by HTA for costs they incur, invoices HTA for reimbursement or other payment.

2023: HTA reports **Partially Implemented**

Self-reported September 25, 2023.

2022: Auditor reports Not Implemented - Disagree

Follow-Up, Report No. 22-09.

Our follow-up report noted: “HTA believes the procedures put into place, which require review of receipts for a sampling of costs, is sufficient. HTA added that it is not reasonable to inspect all receipts for every cost incurred, and maintains that several layers of controls are in place, including approval and monitoring of the contractor’s budget, the contractor’s presentation of monthly financial statements to the HTA Board, reconciliation of AEG invoices to their monthly financial statement prior to reimbursement, and the financial statement audit required of the contractor.”

2019: HTA reports Implemented

Self-reported March 29, 2019.

(14.) HTA should, with respect to major contractors (AEG and HVCB), develop and implement procedures to include additional monitoring and more frequent evaluation of contractors’ performance.

2023: HTA reports **Implemented**

Self-reported September 25, 2023.

2022: Auditor reports Partially Implemented

Follow-Up, Report No. 22-09.

2020: HTA reports Implemented

Self-reported June 18, 2020.

2019: HTA reports Partially Implemented

Self-reported March 29, 2019.

Recommendation

Status of Recommendation

(15.) HTA should, with respect to major contractors (AEG and HVCB), require compliance with all material contract terms, including but not limited to HTA's prior written approval of all subcontracts.

2023: HTA reports Implemented

Self-reported September 25, 2023.

2022: Auditor reports Not Implemented

Follow-Up, Report No. 22-09.

Our follow-up report noted: "Although HTA has adopted policies and procedures to strengthen contract administration, it appears the Authority has yet to develop a system to actively manage contracts to ensure contractors comply with contract terms. However, HTA does include this requirement as part of the State's General Conditions attached to and made part of HTA contracts. Although HTA also said it plans to add the requirement for subcontractors to be approved by HTA to its procedures, the Authority cannot assure compliance with this recommendation."

2019: HTA reports Implemented

Self-reported March 29, 2019.

(16.) HTA should, with respect to major contractors (AEG and HVCB), require requests for written approval to subcontract to include, at a minimum: (1) an explanation of the need for the goods or services to be subcontracted; (2) a statement regarding subcontractor's qualifications to provide the goods or services; (3) a summary of process used to procure the goods or services, including the material terms of bids or other responses to provide the goods or services; and (4) the reason(s) for the selection of the subcontractor, including information used to determine the reasonableness of the subcontract amount.

2023: HTA reports Implemented

Self-reported September 25, 2023.

2022: Auditor reports Partially Implemented

Follow-Up, Report No. 22-09.

2019: HTA reports Implemented

Self-reported March 29, 2019.

Recommendation

Status of Recommendation

(17.) HTA should, with respect to major contractors (AEG and HVCB), for current subcontracts without HTA's prior written approval, require justification for the subcontracts, including but not limited to the information required for approval to subcontract. For current subcontracts deemed unnecessary, unreasonable, or otherwise contrary to the State's best interest, consider requiring the goods or services to be re-procured.

2023: HTA reports **Implemented**

Self-reported September 25, 2023.

2022: Auditor reports Not Implemented

Follow-Up, Report No. 22-09.

Our follow-up report noted: "In responding to the recommendation, HTA cited the adoption of the previously-mentioned subcontractor approval form as a requirement for existing subcontracts related to the AEG and major marketing area contracts. HTA further stated that the President and CEO determined that it was not in the best interest of the State to re-bid/re-procure the goods/services provided by the subcontractors identified in the audit.

As HTA did not provide any other justification of the continued use of these subcontractors, we deem this recommendation to be not implemented."

2019: HTA reports Implemented

Self-reported March 29, 2019.

(18.) HTA should, with respect to major contractors (AEG and HVCB), determine whether "agreements" and "arrangements" for goods or services relating to AEG's performance of the contract, including with AEG affiliates or related organizations, are subcontracts, requiring prior written consent.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-09.

2019: HTA reports Implemented

Self-reported March 29, 2019.

(19.) HTA should, with respect to major contractors (AEG and HVCB), consult with the Department of the Attorney General regarding the concession services agreement between AEG and Levy, specifically about action required to remedy AEG's failure to competitively procure the concession services as required by law.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-09.

2019: HTA reports Implemented

Self-reported March 29, 2019.

Recommendation	Status of Recommendation
<p>(20.) HTA should, with respect to the limit on administrative expenses, seek clarification from the Legislature regarding the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, through legislation to define the term, including the specific types of expenses that are included within that term.</p>	<p>2022: Auditor reports Not Implemented - N/A Follow-Up, Report No. 22-09. Our follow-up report noted: “HTA said the Tourism Special Fund was repealed by the Legislature in 2021, and therefore this recommendation is no longer relevant.”</p> <p>2020: HTA reports Implemented Self-reported June 18, 2020.</p> <p>2019: HTA reports Partially Implemented Self-reported March 29, 2019.</p>
<p>(21.) HTA should, with respect to the limit on administrative expenses, until the Legislature provides clarification of the term, request a formal legal opinion from the Attorney General as to the meaning of the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, that HTA can apply in developing its budget and to monitor its use of the Tourism Special Fund.</p>	<p>2022: Auditor reports Not Implemented - N/A Follow-Up, Report No. 22-09. Our follow-up report noted: “HTA said that this recommendation was no longer relevant as the Tourism Special Fund was no longer in existence, repealed pursuant to Act 1, 2021 Legislative Special Session.”</p> <p>2020: HTA reports Implemented Self-reported June 18, 2020.</p> <p>2019: HTA reports Partially Implemented Self-reported March 29, 2019.</p>



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REPORT NO. 18-05
Audit of the Public Utilities Commission

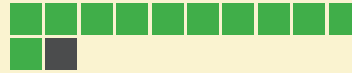
Number of Recommendations: **12**

Number of Recommendations Partially or Fully Implemented: **11**

Percent Partially or Fully Implemented: **92%**

Audit Recommendations by Status

In Report No. 18-05, we made a total of 12 recommendations to the agency.



- Implemented
- Partially Implemented
- Not Implemented
- Not Implemented - N/A
- Not Implemented - Disagree

Source: Office of the Auditor

IN REPORT NO. 18-05, *Audit of the Public Utilities Commission*, we found that the Public Utilities Commission (PUC) document, “Goals and Objectives of the Commission,” was missing action plans and performance measures to link goals and objectives to the commission’s actual work and activities; that PUC did not address critical issues facing the commission such as staff retention, an archaic document management system, and inconsistent docket processing; and that despite spending \$2.8 million on a computerized document management system, PUC’s docket efficiency needs remained unmet.

In 2019 and 2020, we issued formal requests for information to PUC on the status of audit recommendations from Report No. 18-05. The agency reported that all of our recommendations had been at least partially implemented.

In 2021, we conducted an active follow-up into the implementation of our recommendations and issued Report No. 21-08 entitled, *Follow-Up on Recommendations from Report No. 18-05, Audit of the Public Utilities Commission*. As a result of that report, we found that 10 out of 12 (83%) of our recommendations had been at least partially implemented.

In 2022 and 2023, we issued formal requests for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 21-08. The agency reported that of the applicable recommendations, all are now fully implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation	Status of Recommendation
<p>(1.a.) The Public Utilities Commission should, with respect to strategic planning, develop and implement a formal written strategic planning process that includes involving internal and external stakeholders.</p>	<ul style="list-style-type: none"> <li data-bbox="760 363 1252 436"> 2021: Auditor reports Implemented Follow-Up, Report No. 21-08. <li data-bbox="760 468 1198 531"> 2020: PUC reports Implemented Self-reported July 16, 2020. <li data-bbox="760 562 1312 625"> 2019: PUC reports Partially Implemented Self-reported March 29, 2019.
<p>(1.b.) The Public Utilities Commission should, with respect to strategic planning, develop and implement a multi-year strategic plan, separate from the annual report, and ensure the PUC’s routine self-evaluation of the plan including the assessment of achieved objectives and goals.</p>	<ul style="list-style-type: none"> <li data-bbox="760 684 1252 758"> 2021: Auditor reports Implemented Follow-Up, Report No. 21-08. <li data-bbox="760 789 1198 852"> 2020: PUC reports Implemented Self-reported July 16, 2020. <li data-bbox="760 884 1312 947"> 2019: PUC reports Partially Implemented Self-reported March 29, 2019.
<p>(1.c.) The Public Utilities Commission should, with respect to strategic planning, ensure that the strategic plan specifically includes a well-defined mission statement and vision statement which clearly articulates short- and long-term objectives, detailed action plans to achieve specific objectives, prioritized goals, performance measurements identifying target milestones, and the ability to monitor and track progress towards achieving the strategic plan.</p>	<ul style="list-style-type: none"> <li data-bbox="760 1003 1252 1077"> 2021: Auditor reports Implemented Follow-Up, Report No. 21-08. <li data-bbox="760 1108 1312 1171"> 2020: PUC reports Partially Implemented Self-reported July 16, 2020. <li data-bbox="760 1203 1312 1266"> 2019: PUC reports Partially Implemented Self-reported March 29, 2019.
<p>(1.d.) The Public Utilities Commission should, with respect to strategic planning, ensure that the strategic plan is communicated to internal and external stakeholders.</p>	<ul style="list-style-type: none"> <li data-bbox="760 1430 1252 1503"> 2021: Auditor reports Implemented Follow-Up, Report No. 21-08. <li data-bbox="760 1535 1312 1598"> 2020: PUC reports Partially Implemented Self-reported July 16, 2020. <li data-bbox="760 1629 1312 1692"> 2019: PUC reports Partially Implemented Self-reported March 29, 2019.

Recommendation

Status of Recommendation

(1.e.) The Public Utilities Commission should, with respect to strategic planning, ensure that the strategic plan specifically addresses PUC’s role in facilitating larger State goals, including the State’s goal of 100 percent renewable energy by 2045.

2021: Auditor reports Implemented

Follow-Up, Report No. 21-08.

2020: PUC reports Implemented

Self-reported July 16, 2020.

2019: PUC reports Partially Implemented

Self-reported March 29, 2019.

(1.f.) The Public Utilities Commission should, with respect to strategic planning, develop and implement multi-year strategic workforce, retention, and succession plans that align with the PUC’s strategic plan.

2022: PUC reports Implemented

Self-reported June 27, 2022.

2021: Auditor reports Partially Implemented

Follow-Up, Report No. 21-08.

2020: PUC reports Implemented

Self-reported July 16, 2020.

2019: PUC reports Partially Implemented

Self-reported March 29, 2019.

(1.g.) The Public Utilities Commission should, with respect to strategic planning, perform annual formal performance evaluations of all employees.

2023: PUC reports Implemented

Self-reported June 30, 2023.

2022: PUC reports Partially Implemented

Self-reported June 27, 2022.

2021: Auditor reports Not Implemented

Follow-Up, Report No. 21-08.

Our follow-up report noted: “[N]otwithstanding the inclusion of the PUC’s updated employee performance review process in the 2020-2022 PUC Strategic Plan, data provided by the PUC does not support that annual formal performance evaluations of all employees were performed in 2019 or in 2020.”

2019: PUC reports Implemented

Self-reported March 29, 2019.

Recommendation	Status of Recommendation
<p>(1.h.) The Public Utilities Commission should, with respect to strategic planning, conduct and document exit interviews.</p>	<ul style="list-style-type: none"> <li data-bbox="761 390 1252 464"> <p>2021: Auditor reports Implemented Follow-Up, Report No. 21-08.</p> <li data-bbox="761 495 1198 558"> <p>2019: PUC reports Implemented Self-reported March 29, 2019.</p>
<p>(2.a.) The Public Utilities Commission should, with respect to docket processing, develop, establish, and implement official policies and procedures over the docket process.</p>	<ul style="list-style-type: none"> <li data-bbox="761 615 1252 688"> <p>2021: Auditor reports Implemented Follow-Up, Report No. 21-08.</p> <li data-bbox="761 720 1198 783"> <p>2019: PUC reports Implemented Self-reported March 29, 2019.</p>
<p>(2.b.) The Public Utilities Commission should, with respect to docket processing, document, clarify, and communicate the roles and responsibilities of docket team members.</p>	<ul style="list-style-type: none"> <li data-bbox="761 840 1252 913"> <p>2021: Auditor reports Implemented Follow-Up, Report No. 21-08.</p> <li data-bbox="761 945 1198 1008"> <p>2019: PUC reports Implemented Self-reported March 29, 2019.</p>
<p>(3.a.) The Public Utilities Commission should, with respect to information technology (IT), develop and implement an IT strategy that aligns with the PUC’s strategic plan and current needs, and which involves internal and external stakeholders, including the consumer advocate.</p>	<ul style="list-style-type: none"> <li data-bbox="761 1064 1252 1138"> <p>2021: Auditor reports Implemented Follow-Up, Report No. 21-08.</p> <li data-bbox="761 1169 1198 1232"> <p>2020: PUC reports Implemented Self-reported July 16, 2020.</p> <li data-bbox="761 1264 1308 1325"> <p>2019: PUC reports Partially Implemented Self-reported March 29, 2019.</p>

Recommendation

(3.b.) The Public Utilities Commission should, with respect to information technology (IT), complete the Request for Information as soon as possible to avoid additional maintenance costs for the current system.

Status of Recommendation

2021: Auditor reports **Not Implemented - N/A**

Follow-Up, Report No. 21-08.

Our follow-up report noted: “Although the PUC did not issue a [Request for Information] as initially intended and as recommended in Report No. 18-05, the [Request for Proposal] and contract for a feasibility study as well as the PUC’s strategic plans to replace [Document Management System] appear to meet the original intent of the recommended [Request for Information]. Accordingly, we concluded circumstances have changed such that this recommendation is no longer applicable.”

2020: PUC reports Implemented

Self-reported July 16, 2020.

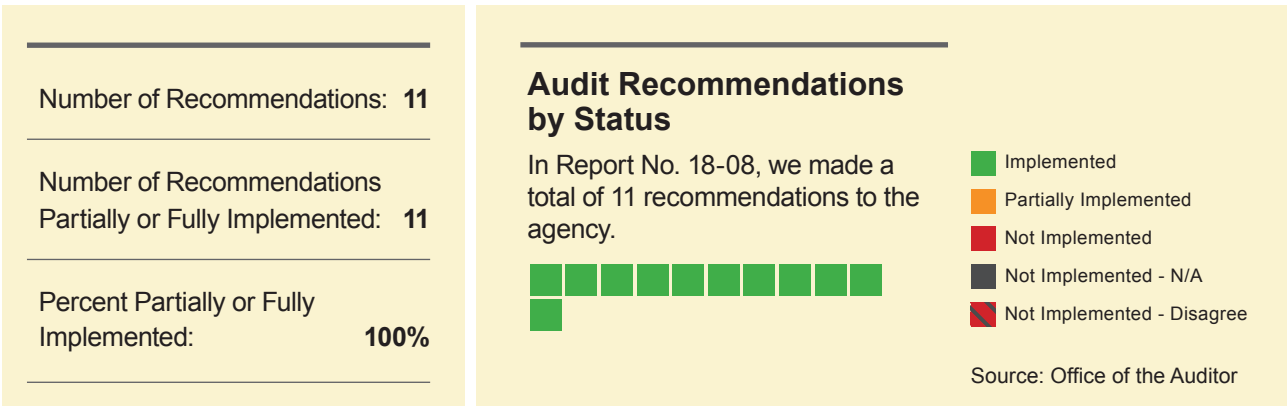
2019: PUC reports Partially Implemented

Self-reported March 29, 2019.



PHOTO: ISTOCK.COM

REPORT NO. 18-08
***Audit of the Office of Hawaiian Affairs’ Competitive Grants
 and Report on the Implementation of
 2013 Audit Recommendations***



IN REPORT NO. 18-08, *Audit of the Office of Hawaiian Affairs’ Competitive Grants and Report on the Implementation of 2013 Audit Recommendations,* we found that the Office of Hawaiian Affairs (OHA) did not consistently meet the statutory requirements to monitor and evaluate ‘Ahahui Grants, but predominantly met monitoring and evaluation requirements for Community Grants.

In 2019, we issued a formal request for information to OHA on the status of audit recommendations from Report No. 18-08. The agency reported that all of our recommendations had been fully implemented.

In 2021, we conducted an active follow-up into the implementation of our recommendations and issued Report No. 21-10 entitled, *Follow-Up on*

Recommendations from Report No. 18-08, Audit of the Office of Hawaiian Affairs’ Competitive Grants and Report on the Implementation of 2013 Audit Recommendations. As a result of that report, we found that 11 out of 11 (100%) of our recommendations had been at least partially implemented.

In 2022, we issued a formal request for information on the status of the audit recommendation that had not been fully implemented in Report No. 21-10. The agency reported that the applicable recommendation had been fully implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation

Status of Recommendation

(1.a.) OHA should improve its overall administration and reporting of grants by ensuring that all grants are awarded and administered consistent with the requirements set forth in Section 10-17, HRS.

2021: Auditor reports **Implemented**

Follow-Up, Report No. 21-10.

2019: OHA reports **Implemented**

Self-reported August 20, 2019.

(1.b.) OHA should improve its overall administration and reporting of grants by developing and documenting a process to ensure a complete list of grants is properly maintained and reported. As part of this process, OHA should consider establishing a master list of all grants, and reconciling TAP's grant records against the grant records of fiscal and other OHA divisions.

2021: Auditor reports **Implemented**

Follow-Up, Report No. 21-10.

2019: OHA reports **Implemented**

Self-reported August 20, 2019.

(2.a.) OHA should improve its administration of 'Ahahui Grants by monitoring, tracking, and documenting grantees' compliance with grant agreement terms and conditions, submission of required grant documents, and achievement of applicable performance measures for use in future grant application reviews and award decisions.

2021: Auditor reports **Implemented**

Follow-Up, Report No. 21-10.

2019: OHA reports **Implemented**

Self-reported August 20, 2019.

(2.b.) OHA should improve its administration of 'Ahahui Grants by formally evaluating the information gathered from grantee final reports and OHA staff attendance reports to determine whether events met criteria and should be funded in the future.

2021: Auditor reports **Implemented**

Follow-Up, Report No. 21-10.

2019: OHA reports **Implemented**

Self-reported August 20, 2019.

(2.c.) OHA should improve its administration of 'Ahahui Grants by requiring OHA personnel to attend 'Ahahui Grant-funded events to monitor and evaluate the events to ensure grants are used consistent with the purpose and intent of the grant, and achieved the expected results; and ensuring that staff reports are submitted by the established deadline.

2021: Auditor reports **Implemented**

Follow-Up, Report No. 21-10.

2019: OHA reports **Implemented**

Self-reported August 20, 2019.

Recommendation	Status of Recommendation
<p>(2.d.) OHA should improve its administration of ‘Ahahui Grants by clarifying and documenting the responsibilities and processes for monitoring and evaluating all ‘Ahahui Grants, and updating existing policies and procedures as necessary.</p>	<ul style="list-style-type: none"> <li data-bbox="760 365 1256 436"> 2021: Auditor reports Implemented Follow-Up, Report No. 21-10. <li data-bbox="760 470 1203 541"> 2019: OHA reports Implemented Self-reported August 20, 2019.
<p>(2.e.) OHA should improve its administration of ‘Ahahui Grants by implementing a formal, documented system to ensure that grant files are complete and contain all necessary documents, including grantee final reports and OHA staff attendance reports, such as a checklist for each grant.</p>	<ul style="list-style-type: none"> <li data-bbox="760 634 1256 705"> 2021: Auditor reports Implemented Follow-Up, Report No. 21-10. <li data-bbox="760 739 1203 810"> 2019: OHA reports Implemented Self-reported August 20, 2019.
<p>(3.a.) OHA should improve its administration of Community Grants by monitoring, tracking, and documenting grantees’ compliance with grant agreement terms and conditions, submission of required grant documents, and achievement of applicable performance measures for use in future grant application reviews and award discussions.</p>	<ul style="list-style-type: none"> <li data-bbox="760 932 1219 1003"> 2022: OHA reports Implemented Self-Reported September 30, 2022. <li data-bbox="760 1037 1349 1108"> 2021: Auditor reports Partially Implemented Follow-Up, Report No. 21-10. <li data-bbox="760 1142 1198 1213"> 2019: OHA reports Implemented Self-reported August 20, 2019.
<p>(3.b.) OHA should improve its administration of Community Grants by monitoring the scheduling and performance of on-site visits to ensure that visits are conducted annually and results are communicated to grantees in a timely manner.</p>	<ul style="list-style-type: none"> <li data-bbox="760 1293 1256 1365"> 2021: Auditor reports Implemented Follow-Up, Report No. 21-10. <li data-bbox="760 1398 1203 1470"> 2019: OHA reports Implemented Self-reported August 20, 2019.
<p>(3.c.) OHA should improve its administration of Community Grants by clarifying and documenting the responsibilities and processes for monitoring and evaluating all Community Grants, and updating existing policies and procedures as necessary.</p>	<ul style="list-style-type: none"> <li data-bbox="760 1562 1256 1633"> 2021: Auditor reports Implemented Follow-Up, Report No. 21-10. <li data-bbox="760 1667 1203 1738"> 2019: OHA reports Implemented Self-reported August 20, 2019.

Recommendation

Status of Recommendation

(3.d.) OHA should improve its administration of Community Grants by implementing a formal, documented system to ensure that grant files are complete and contain all necessary documents, including on-site monitoring reports, such as a checklist for each grant.

2021: Auditor reports **Implemented**
Follow-Up, Report No. 21-10.

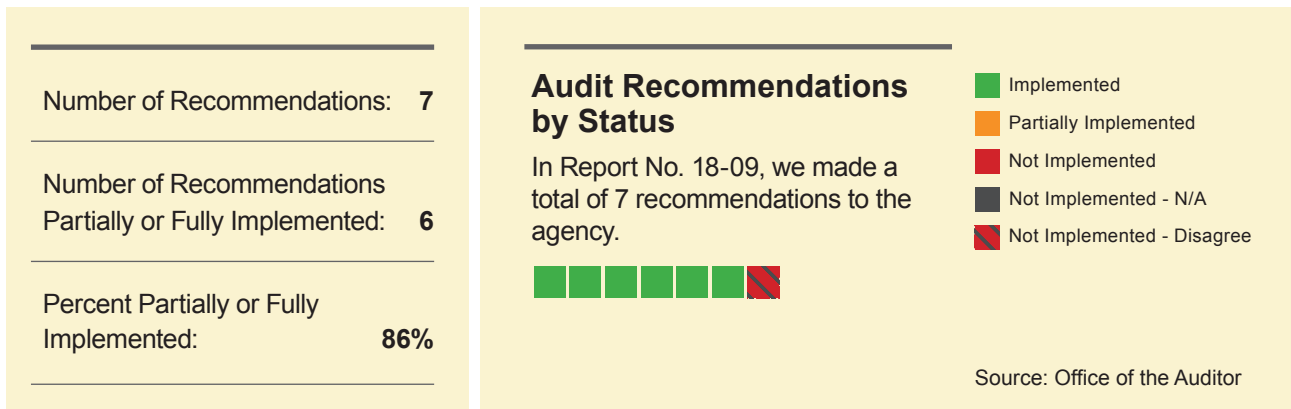
2019: OHA reports Implemented
Self-reported August 20, 2019.



PHOTO: OFFICE OF THE AUDITOR

REPORT NO. 18-09

Audit of the Department of the Attorney General's Asset Forfeiture Program



IN REPORT NO. 18-09, *Audit of the Department of the Attorney General's Asset Forfeiture Program*, we found that administrative rules describing the procedures and practice requirements for asset forfeiture had not been adopted, and consequently, the Department of the Attorney General (ATG) was providing informal, piecemeal guidance to law enforcement agencies and the public. We also found a lack of internal policies and procedures and that the program manager did not guide and oversee day-to-day activities and financial management.

In 2019 and 2020, we issued formal requests for information to the ATG on the status of audit recommendations from Report No. 18-09. The agency reported that all of our recommendations had been at least partially implemented.

In 2021, we conducted an active follow-up into the implementation of our recommendations,

and issued Report No. 21-09 entitled, *Follow-Up on Recommendations from Report No. 18-09, Audit of the Department of the Attorney General's Asset Forfeiture Program*. As a result of that report, we found that four out of seven (57%) of our recommendations had been at least partially implemented.

In 2022, we issued a formal request for information on the status of audit recommendations that had not been fully implemented in Report No. 21-09. The agency reported that of the applicable recommendations, four had been fully implemented, and one was not implemented because they disagreed with it.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation

Status of Recommendation

(1.) The Department of the Attorney General should promulgate administrative rules necessary to provide direction to county prosecutors, police departments, and those seeking remission or mitigation.

2021: Auditor reports **Implemented**

Follow-Up, Report No. 21-09.

2020: ATG reports **Implemented**

Self-reported July 13, 2020.

2019: ATG reports **Partially Implemented**

Self-reported September 4, 2019.

(2.) The Department of the Attorney General should develop clear internal policies and procedures to ensure that petitions for administrative forfeiture are processed timely and consistently, that forfeited property and program funds are appropriately managed, and that proceeds from the sale of forfeited property are used for purposes intended by the Legislature.

2022: ATG reports **Implemented**

Self-reported August 31, 2022.

2021: Auditor reports **Not Implemented**

Follow-Up, Report No. 21-09.

Our follow-up report noted the department referred us to various statutes and documents that it considered to be written policies and procedures addressing this recommendation. However, our analysis concluded that these documents did not include written guidance for department staff and did not address the specific areas covered by this recommendation.

2020: ATG reports **Implemented**

Self-reported September 4, 2019.

(3.a.) The Department of the Attorney General should strengthen internal controls to provide transparency and accountability for forfeited property and program funds by establishing basic accounting policies and procedures to properly account for program revenues and expenditures.

2022: ATG reports **Implemented**

Self-reported August 31, 2022.

2021: Auditor reports **Partially Implemented**

Follow-Up, Report No. 21-09.

2020: ATG reports **Implemented**

Self-reported September 4, 2019.

Recommendation

Status of Recommendation

(3.b.) The Department of the Attorney General should strengthen internal controls to provide transparency and accountability for forfeited property and program funds by maintaining a complete listing of forfeited property with estimated values for each property; and properly accounting for transactions for each property auctioned, destroyed, or kept for use by law enforcement.

2022: ATG reports Implemented

Self-reported August 31, 2022.

2021: Auditor reports Not Implemented

Follow-Up, Report No. 21-09.

Our follow-up report noted: “Although estimated values of property seized and estimated values of property forfeited are included in the program’s most recent annual report, a ready inventory of property pending forfeiture is still not maintained. The department also does not keep complete lists of items that have been destroyed or otherwise disposed of. Without a process to ensure that the department maintains a complete and up-to-date inventory of forfeited property, including property held by the county police departments, the department likely continues to be unable to accurately account for the property that has been forfeited to the State.”

2019: ATG reports Implemented

Self-reported September 4, 2019.

(3.c.) The Department of the Attorney General should strengthen internal controls to provide transparency and accountability for forfeited property and program funds by assigning the periodic and annual reconciliation of and reporting on the Criminal Forfeiture Fund to the department’s fiscal section.

2022: ATG reports Implemented

Self-reported August 31, 2022.

2021: Auditor reports Partially Implemented

Follow-Up, Report No. 21-09.

2020: ATG reports Implemented

Self-reported July 13, 2020.

2019: ATG reports Partially Implemented

Self-reported September 4, 2019.

(3.d.) The Department of the Attorney General should strengthen internal controls to provide transparency and accountability for forfeited property and program funds by preparing a short- and long-term forecast of revenues and expenditures of the Criminal Forfeiture Fund to ensure self-sustainability.

2021: Auditor reports Implemented

Follow-Up, Report No. 21-09.

2019: ATG reports Implemented

Self-reported September 4, 2019.

Recommendation

(3.e.) The Department of the Attorney General should strengthen internal controls to provide transparency and accountability for forfeited property and program funds by ensuring the department complies with Act 104, Session Laws of Hawai'i 1996, which requires the allocation of 20 percent of moneys deposited into the Criminal Forfeiture Fund be used to support drug abuse education, prevention, and rehabilitation programs.

Status of Recommendation

2022: ATG reports Not Implemented - Disagree

Self-reported August 31, 2022, stating:

“This recommendation is not required under the law and we therefore, have not implemented it. Although one of the original purposes of H.B. 2729, 18th Leg., Reg. Sess. (Haw. 1996) was to require that 20 percent of moneys deposited into Criminal Forfeiture Fund be allocated for drug abuse education, prevention and rehabilitation programs, that requirement was specifically deleted by the legislature.”

2021: Auditor reports Not Implemented

Follow-Up, Report No. 21-09.

Our follow-up report noted: “The department said it has not addressed this recommendation and is still exploring options to address the finding. Meanwhile, no disbursements pursuant to Act 104 have occurred.”

2020: ATG reports Partially Implemented

Self-reported July 13, 2020.

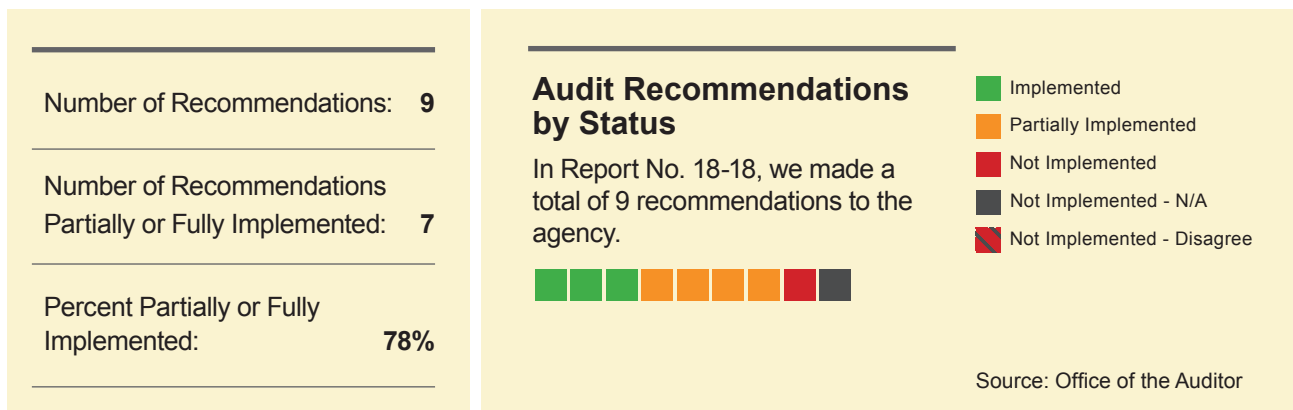
2019: ATG reports Partially Implemented

Self-reported September 4, 2019.



PHOTO: ISTOCK.COM

REPORT NO. 18-18
Audit of the Office of Health Care Assurance’s Adult Residential Care Homes Program



IN REPORT NO. 18-18, *Audit of the Office of Health Care Assurance’s Adult Residential Care Homes Program*, we found that the Office of Health Care Assurance’s (OHCA) license renewal process for adult residential care homes was unorganized and undisciplined, and that OHCA did not consistently enforce care homes’ compliance with quality of care standards and plans to correct noted deficiencies.

In 2019, 2020, and 2022, we issued formal requests for information to the Department of Health (DOH) on the status of audit recommendations from Report No. 18-18. By 2022, the agency reported that eight of our recommendations had been at least partially implemented; and one recommendation which the agency disagreed with was not implemented.

In 2023, we conducted an active follow-up into the implementation of our recommendations, and issued Report No. 23-08 entitled, *Follow-Up on Recommendations from Report No. 18-18, Audit of the Office of Health Care Assurance’s Adult Residential Care Homes Program*. As a result of that report, we found that seven of the nine recommendations (78%) had been at least partially implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation

Status of Recommendation

(1.) OHCA should complete its annual inspection process, including OHCA's acceptance of a care home's Plan of Correction and confirmation that deficiencies have been corrected, before renewing a care home's license.

2023: Auditor reports **Partially Implemented**

Follow-Up, Report No. 23-08.

2019: DOH reports **Implemented**

Self-reported December 3, 2019.

(2.) OHCA should use provisional licenses only as stipulated in Chapter 11-100.1, Hawai'i Administrative Rules, including to allow a care home to operate while it addresses and corrects deficiencies identified during a relicensing inspection.

2023: Auditor reports **Implemented**

Follow-Up, Report No. 23-08.

2019: DOH reports **Implemented**

Self-reported December 3, 2019.

(3.) OHCA should discontinue the use of short-term licenses, which are not defined by statute or administrative rules.

2023: Auditor reports **Not Implemented - N/A**

Follow-Up, Report No. 23-08.

Our follow-up report noted: "We determined that our recommendation was flawed, and for that reason, we deem the implementation status to be 'Not Applicable.'"

2019: DOH reports **Not Implemented - Disagree**

Self-reported December 3, 2019, stating:

"Use of short-term licenses, including their purpose, is described in the policy and procedure (P&P) titled 'State Licensing and Renewal Inspection Process and Timelines.' Staff were trained on the policy in December 2018. Use of short-term licenses may be used for non-enforcement reasons to bridge the license to their original license renewal date. Examples of non-enforcement reasons for short-term licenses are described in the policy and procedure. A short term license is not a provisional license."

(4.) OHCA should establish policies and procedures to verify or otherwise confirm that care homes have implemented approved Plans of Correction to correct deficiencies identified during inspections or unannounced visits, including policies and procedures to conduct follow-up visits for certain types of deficiencies.

2023: Auditor reports **Partially Implemented**

Follow-Up, Report No. 23-08.

2019: DOH reports **Implemented**

Self-reported December 3, 2019.

Recommendation	Status of Recommendation
<p>(5.) OHCA should conduct at least one unannounced visit for each care home as required by Section 321-15.6, HRS, not as a substitute for an annual inspection, and should consider conducting more unannounced visits for each care home per year to verify that the care home is implementing its Plan of Correction and/or the care home is adequately providing care for its residents.</p>	<ul style="list-style-type: none"> <li data-bbox="760 365 1404 449"> • 2023: Auditor reports Implemented Follow-Up, Report No. 23-08. <li data-bbox="760 470 1404 533"> • 2019: DOH reports Implemented Self-reported December 3, 2019.
<p>(6.) OHCA should develop a centralized data management system for management and staff to review and update information as well as monitor inspections and licenses.</p>	<ul style="list-style-type: none"> <li data-bbox="760 726 1404 810"> • 2023: Auditor reports Partially Implemented Follow-Up, Report No. 23-08. <li data-bbox="760 831 1404 894"> • 2022: DOH reports Partially Implemented Self-reported February 11, 2022. <li data-bbox="760 915 1404 978"> • 2020: DOH reports Partially Implemented Self-reported December 14, 2020. <li data-bbox="760 999 1404 1083"> • 2019: DOH reports Partially Implemented Self-reported December 3, 2019.
<p>(7.) OHCA should develop policies and procedures to guide the relicensing process, including clear deadlines by which staff must, for example, issue Statements of Deficiencies to the licensee, review Plans of Correction, and complete inspections, to ensure timely license renewal.</p>	<ul style="list-style-type: none"> <li data-bbox="760 1140 1404 1224"> • 2023: Auditor reports Implemented Follow-Up, Report No. 23-08. <li data-bbox="760 1245 1404 1308"> • 2019: DOH reports Implemented Self-reported December 3, 2019.
<p>(8.) OHCA should promulgate administrative rules that describe the types of violations for which it may consider assessing a monetary fine or other action, including suspending or revoking a care home’s license.</p>	<ul style="list-style-type: none"> <li data-bbox="760 1440 1404 1524"> • 2023: Auditor reports Not Implemented Follow-Up, Report No. 23-08. Our follow-up report noted: “While OHCA has drafted administrative rules related to enforcement, the draft rules have not been promulgated.” <li data-bbox="760 1545 1404 1724"> • 2019: DOH reports Implemented Self-reported December 3, 2019.

Recommendation

(9.) OHCA should implement policies and take all measures necessary to comply with the posting requirements of Section 321-1.8, HRS, including posting all approved Plans of Correction for relicensing inspections. OHCA should also consider posting unanswered Statements of Deficiencies for care homes that do not submit a Plan of Correction within the ten-day deadline and Plans of Correction resulting from unannounced visits that identified deficiencies.

Status of Recommendation

2023: Auditor reports **Partially Implemented**

Follow-Up, Report No. 23-08.

2019: DOH reports Implemented

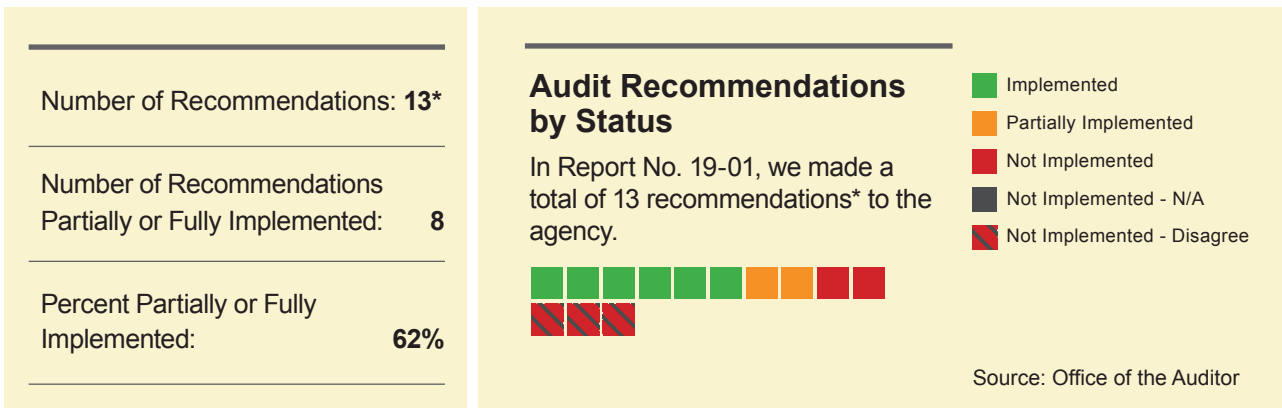
Self-reported December 3, 2019.



COVER PHOTO: DEPARTMENT OF LAND AND NATURAL RESOURCES

REPORT NO. 19-01

Audit of the Department of Land and Natural Resources' Land Conservation Fund



*In Report No. 19-01, we offered 12 recommendations to the Department of Land and Natural Resources' Legacy Land Conservation Program and Commission, including two separate recommendations that were part of Recommendation No. 3. In the follow-up Report No. 22-11, we assessed the program's implementation of each part of Recommendation No. 3 separately. For that reason, we are now reporting on 13 recommendations (previously 12).

IN REPORT NO. 19-01, *Audit of the Department of Land and Natural Resources' Land Conservation Fund*, we found that the Department of Land and Natural Resources (DLNR) and its Division of Forestry and Wildlife (DOFAW) have struggled to properly manage the Legacy Land Conservation Program, hampering its effectiveness. We also found that DOFAW sought and/or obtained funding from the Land Conservation Fund for its own projects outside of the Legacy Land Conservation Program's grant award process.

In 2020, we issued a formal request for information to DLNR on the status of audit recommendations from Report No. 19-01. The agency reported that 11 of our recommendations had been at least partially implemented.

In 2021, we issued another formal request for information on the status of audit recommendations that

had been noted as Partially Implemented or Not Implemented in DLNR's 2020 written responses. The agency reported that of the applicable recommendations, one had been fully implemented, two were still partially implemented, and one was still not implemented.

In 2022, we conducted an active follow-up into the implementation of our recommendations and issued Report No. 22-11 entitled, *Follow-Up on Recommendations from Report No. 19-01, Audit of the Department of Land and Natural Resources' Land Conservation Fund*. As a result of that report, we found that eight out of 13 (62%) of our recommendations had been at least partially implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation

Status of Recommendation

(Program, 1.) The Legacy Land Conservation Program should prepare and implement a Resource Land Acquisition Plan to comply with Section 173A-3, HRS.

2022: Auditor reports **Partially Implemented**

Follow-Up, Report No. 22-11.

2021: DLNR reports **Partially Implemented**
Self-reported March 1, 2021.

2020: DLNR reports **Partially Implemented**
Self-reported February 28, 2020.

(Program, 2.) The Legacy Land Conservation Program should develop and implement written policies and procedures – including internal controls – governing the grant award and blanket encumbrance processes to ensure that project contracts are executed on time and blanket encumbered funds do not lapse.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-11.

2020: DLNR reports **Implemented**
Self-reported February 28, 2020.

(Program, 3, Part 1.) The Legacy Land Conservation Program should develop clear and well-defined policies and procedures between the Legacy Land Conservation Program and DOFAW regarding distribution of Land Conservation Fund moneys.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-11.

2020: DLNR reports **Implemented**
Self-reported February 28, 2020.

Recommendation	Status of Recommendation
<p>(Program, 3, Part 2.) DOFAW should follow Section 173A-5, HRS, and submit a grant application to receive funding rather than submit a budgetary request.</p>	<p>2022: Auditor reports Not Implemented - Disagree Follow-Up, Report No. 22-11.</p> <p>Our follow-up report noted: “The Legacy Land Conservation Program stated its belief that the department, on behalf of DOFAW, is allowed to submit budgetary requests for the acquisition of land and that it therefore disagrees with this part of Recommendation 3. The program further argues that the Legislature has shown support for the department by appropriating moneys through budgetary requests from the Land Conservation Fund for acquisitions.”</p> <p>2020: DLNR reports Not Implemented - Disagree Self-reported February 28, 2020, stating:</p> <p>“...the Department—like many other State agencies—is authorized to submit a budgetary request for the acquisition of interests in land. As further evidence of legislative support for a State agency to submit a budgetary request for an appropriation from the Land Conservation Fund for resource land acquisition, the 2019 Legislature appropriated a total of \$1,100,000 from the Land Conservation Fund for two Department land acquisitions, as requested by the Department through the Executive Budget Request Process.”</p>
<p>(Program, 4.) The Legacy Land Conservation Program should work with the DLNR fiscal office to request the Department of Accounting and General Services to return the \$684,526 in administrative fees erroneously paid to it in FY2016 and FY2017.</p>	<p>2022: Auditor reports Implemented Follow-Up, Report No. 22-11.</p> <p>2020: DLNR reports Implemented Self-reported February 28, 2020.</p>
<p>(Program, 5.) The Legacy Land Conservation Program should maintain a record of the transfer of funds to and from the DLNR trust account and report these transactions to the Governor and the Legislature in the program’s annual report as required by Section 173A-5(1)(2), HRS.</p>	<p>2022: Auditor reports Implemented Follow-Up, Report No. 22-11.</p> <p>2020: DLNR reports Implemented Self-reported February 28, 2020.</p>

Recommendation

Status of Recommendation

(Program, 6.) The Legacy Land Conservation Program should review personnel spending and position assignments and implement changes as needed to ensure that Land Conservation Fund moneys are used only for administrative and other costs directly related to the Legacy Land Conservation Program.

2022: Auditor reports **Not Implemented - Disagree**

Follow-Up, Report No. 22-11.

Our follow-up report noted: “The program entertained three different alternatives to address Recommendation 6...

...

The program justified rejecting these scenarios in favor of the status quo in which the Land Conservation Fund Program Development Specialist is 100% funded from the Land Conservation Fund. The program based its determination on the fact that several individuals within the Land Division whose positions are funded through sources other than the Land Conservation Fund work on Legacy Land Conservation Program activities, resulting in ‘well over 1.0 FTE of staff services that directly benefit the Legacy Land Conservation Program.’”

2021: DLNR reports Implemented

Self-reported March 1, 2021.

2020: DLNR reports Partially Implemented

Self-reported February 28, 2020.

(Program, 7.) The Legacy Land Conservation Program should maintain a centralized file system and establish a records retention policy for all awarded projects, including pending, completed, and discontinued projects.

2022: Auditor reports **Partially Implemented**

Follow-Up, Report No. 22-11.

2021: DLNR reports Partially Implemented

Self-reported March 1, 2021.

2020: DLNR reports Partially Implemented

Self-reported February 28, 2020.

(Program, 8.) The Legacy Land Conservation Program should implement a policy that places a reasonable limit on the time a project, whether proposed by State, county, or nonprofit organization, can remain pending.

2022: Auditor reports **Not Implemented - Disagree**

Follow-Up, Report No. 22-11.

Our follow-up report noted: “Although the program requires board approval for projects that have not been completed after five years and requires appropriate justification for delays, projects can remain active indefinitely.”

2020: DLNR reports Implemented

Self-reported February 28, 2020.

Recommendation

Status of Recommendation

(Program, 9.) The Legacy Land Conservation Program should provide commissioners with background information and history on each applicant, including how many grants they have received from the Legacy Land Conservation Program, how long it has taken them to complete projects, and any outstanding or discontinued projects – a practice employed by the Federal Forest Legacy Program to help its panelists make final decisions on project recommendations.

2022: Auditor reports **Implemented**

Follow-Up, Report No. 22-11.

2020: DLNR reports **Implemented**

Self-reported February 28, 2020.

(Program, 10.) The Legacy Land Conservation Program should post Commission meeting minutes in compliance with the Sunshine Law.

2022: Auditor reports **Not Implemented**

Follow-Up, Report No. 22-11.

Our follow-up report noted: “Because the Commission is continuing to struggle with posting meeting minutes within 40 days after the meeting as required by the Sunshine Law, we deem this recommendation to be not implemented.”

2020: DLNR reports **Implemented**

Self-reported February 28, 2020.

Recommendation

Status of Recommendation

(Program, 11.) The Legacy Land Conservation Program should promulgate administrative rules to implement the above recommendations.

2022: Auditor reports Not Implemented

Follow-Up, Report No. 22-11.

Our follow-up report noted: “As the program has not yet implemented administrative rules, we deem this recommendation to be not implemented.”

2021: DLNR reports Not Implemented

Self-reported March 1, 2021, stating:

“If certain legislative measures introduced during the 2021 session are enacted, then it may be necessary to initiate rulemaking soon thereafter to conform with new statutory requirements.”

2020: DLNR reports Not Implemented

Self-reported February 28, 2020, stating:

“We anticipate that after completing our implementation of other audit recommendations, the Program will vet a conceptual rulemaking proposal with Division administrators, the Department Chairperson, the Department of the Attorney General, and the Legacy Land Conservation Commission to help decide a future course of action.”

(Commission, 1.) The Legacy Land Conservation Commission should limit the amount of the grants that it recommends be funded from the Land Conservation Fund to the anticipated balance of the amount appropriated by the Legislature for the fiscal year. The Commission should not recommend awards that exceed the anticipated balance of the current fiscal year appropriation.

2022: Auditor reports Implemented

Follow-Up, Report No. 22-11.

2020: DLNR reports Implemented

Self-reported February 28, 2020.



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REPORT NO. 19-12

Audit of the Department of Land and Natural Resources’ Special Land and Development Fund

<hr/> <p>Number of Recommendations: 17</p> <hr/> <p>Number of Recommendations Partially or Fully Implemented: 16</p> <hr/> <p>Percent Partially or Fully Implemented: 94%</p> <hr/>	<h3 style="margin-top: 0;">Audit Recommendations by Status</h3> <p>In Report No. 19-12, we made a total of 17 recommendations to the agency.</p> <div style="display: flex; align-items: center; margin-top: 10px;"> <div style="flex: 1;"> </div> <div style="flex: 1; margin-left: 20px;"> <ul style="list-style-type: none"> Implemented Partially Implemented Not Implemented Not Implemented - N/A Not Implemented - Disagree </div> </div> <p style="text-align: right; margin-top: 10px;">Source: Office of the Auditor</p>
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IN REPORT NO. 19-12, *Audit of the Department of Land and Natural Resources’ Special Land and Development Fund*, we found that the Department of Land and Natural Resources’ (DLNR) Land Division is lacking in both its management of public lands and its administration of the Special Land and Development Fund (SLDF). We found the Land Division does not have a strategic plan for the long-term management of its public lands, an asset management plan, nor clear and coherent policies or procedures to guide day-to-day operations and that the absence of long-range planning left staff without expertise, resources, or options to actively and effectively manage its land portfolio. We noted DLNR does not accurately account for moneys in the SLDF and underreported cash balances to the 2018 Legislature by more than \$1.5 million. We also reported it has allowed more than \$1.5 million to sit idle in the SLDF for more than five years.

In 2020, we issued a formal request for information to DLNR on the status of audit recommendations from

Report No. 19-12. The agency reported that 16 of our recommendations had been at least partially implemented, and the one recommendation not implemented they disagreed with.

In 2021, we issued another formal request for information on the status of audit recommendations that had been noted as Partially Implemented in DLNR’s 2020 written responses. The agency reported that of the applicable recommendations, seven were still partially implemented.

In 2022, we issued another formal request for information on the status of audit recommendations that had been noted as Partially Implemented in DLNR’s 2021 written responses. The agency reported that of the applicable recommendations, five had been fully implemented, and two were still partially implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation

Status of Recommendation

(Land Board, 1.) The Land Board should provide training for Land Board members about fiduciary responsibilities and obligations as trustees, including responsibilities related to the management and holding of state lands for the benefit of the State and promoting the development and utilization of public trust lands to their highest economic and social benefits. See In Re Water Use Permit Applications, 94 Haw. 97 (2000).

2022: DLNR reports **Implemented**

Self-reported July 27, 2022.

2021: DLNR reports **Partially Implemented**

Self-reported July 27, 2021.

2020: DLNR reports **Partially Implemented**

Self-reported July 30, 2020.

(Land Board, 2.) The Land Board should require DLNR and the Land Division to develop a long-range asset management/strategic plan that provides direction to the department and the Land Division as to the management of all leases, RPs, and public lands managed by the division.

2022: DLNR reports **Partially Implemented**

Self-reported July 27, 2022.

2021: DLNR reports **Partially Implemented**

Self-reported July 27, 2021.

2020: DLNR reports **Partially Implemented**

Self-reported July 30, 2020.

(Land Board, 3.) The Land Board should reconsider caps on annual rent adjustments for all rents below fair-market rates. Instead, the Land Board should review rent readjustments on a case-by-case basis.

2021: DLNR reports **Implemented**

Self-reported July 27, 2021.

2020: DLNR reports **Implemented**

Self-reported July 30, 2020.

(Land Division, 1.) The Land Division should prepare a long-range asset management/strategic plan that includes criteria for assessment based on benchmarks and other measurable objectives. The plan should address all leases, RPs, and public lands managed by the Land Division.

2022: DLNR reports **Partially Implemented**

Self-reported July 27, 2022.

2021: DLNR reports **Partially Implemented**

Self-reported July 27, 2021.

2020: DLNR reports **Partially Implemented**

Self-reported July 30, 2020.

(Land Division, 2.a.) The Land Division should develop and document policies and procedures for monitoring of leases and RPs.

2022: DLNR reports **Implemented**

Self-reported July 27, 2022.

2021: DLNR reports **Partially Implemented**

Self-reported July 27, 2021.

2020: DLNR reports **Partially Implemented**

Self-reported July 30, 2020.

Recommendation	Status of Recommendation
<p>(Land Division, 2.b.) The Land Division should develop and document policies and procedures for periodic and regular reviews of RP rents.</p>	<ul style="list-style-type: none"> <li data-bbox="764 369 1232 443">● 2021: DLNR reports Implemented Self-reported July 27, 2021. <li data-bbox="764 474 1232 533">● 2020: DLNR reports Implemented Self-reported July 30, 2020.
<p>(Land Division, 2.c.) The Land Division should develop and document policies and procedures for verification of required receipts to validate substantial property improvements required for 10-year lease extensions.</p>	<ul style="list-style-type: none"> <li data-bbox="764 594 1232 667">● 2022: DLNR reports Implemented Self-reported July 27, 2022. <li data-bbox="764 699 1328 766">● 2021: DLNR reports Partially Implemented Self-reported July 27, 2021. <li data-bbox="764 798 1328 856">● 2020: DLNR reports Partially Implemented Self-reported July 30, 2020.
<p>(Land Division, 2.d.) The Land Division should develop and document policies and procedures for timely and effective collection of lease and RP rents.</p>	<ul style="list-style-type: none"> <li data-bbox="764 915 1232 989">● 2021: DLNR reports Implemented Self-reported July 27, 2021. <li data-bbox="764 1020 1232 1094">● 2020: DLNR reports Implemented Self-reported July 30, 2020.
<p>(Land Division, 3.) The Land Division should establish guidelines and requirements for periodic and regular inspections of leases and RPs to ensure that lessees are adequately maintaining improvements on the properties. If additional staff is needed to reasonably carry out these duties, a workload analysis should be performed to justify more positions.</p>	<ul style="list-style-type: none"> <li data-bbox="764 1152 1232 1226">● 2022: DLNR reports Implemented Self-reported July 27, 2022. <li data-bbox="764 1257 1328 1325">● 2021: DLNR reports Partially Implemented Self-reported July 27, 2021. <li data-bbox="764 1356 1328 1415">● 2020: DLNR reports Partially Implemented Self-reported July 30, 2020.
<p>(Land Division, 4.) The Land Division should perform close-out inspections for leases and RPs upon termination of leases or RPs based on updates to the Land Division guidelines. Inspections should include looking for specific issues such as the presence of hazardous materials, as well as documenting any unauthorized dismantling or removal of property that should revert to the State.</p>	<ul style="list-style-type: none"> <li data-bbox="764 1514 1232 1587">● 2021: DLNR reports Implemented Self-reported July 27, 2021. <li data-bbox="764 1619 1232 1692">● 2020: DLNR reports Implemented Self-reported July 30, 2020.

Recommendation

(Land Division, 5.) The Land Division should explore strategies to better market and manage its properties, which may include contracting private-sector brokers and property managers. We suggest the division consult with the State Procurement Office and other state agencies, such as the Hawai'i Public Housing Authority, which contract for similar services. The division should also seek legislative assistance through statutory amendments if necessary, for example, to assess rent premiums when the Land Board decides to extend leases.

(Land Division, 6.) The Land Division should seek to hire people with professional expertise or develop and implement a training program to prepare land agents for the transition from ground leases to space leases, perform property management functions, and conduct in-house evaluations whenever external appraisals are not cost-effective.

Status of Recommendation

• **2021: DLNR reports Implemented**

Self-reported July 27, 2021.

• **2020: DLNR reports Implemented**

Self-reported July 30, 2020.

• **2021: DLNR reports Not Implemented - Disagree**

Self-reported July 27, 2021, stating:

“Land Division presently manages only one multi-tenanted building under space leases (revocable permits), and the Land Board has approved the public auction of that property to a master lessee who will then manage the spaces. Land Division would need a much larger budget and ceiling to assume the cost of maintaining and directly managing improved properties in its portfolio, many of which are more than 50 years old. Directly managing such buildings increases the State’s exposure to liability for tort claims commonly associated with property management (e.g., slip-and-fall claims). In recent years, Land Division has been unsuccessful in its requests to the Legislature for capital improvement funds and even for ceiling increases in the expenditure of SLDF monies to invest in State properties. Prospects for obtaining such funds in the future are not good. In addition, the State accounting system does not easily accommodate holding accounts required for deposit of common area charges from tenants to be paid to public utility companies such as for water, sewer, electrical and telecommunications. For these reasons, DLNR disagrees that transforming Land Division into a space leasing agency is desirable or economically feasible.”

• **2020: DLNR reports Not Implemented - Disagree**

Self-reported July 30, 2020, stating: See above.

Recommendation	Status of Recommendation
<p>(DLNR, 1.) The Department of Land and Natural Resources should establish policies and procedures to accurately account for and report the activities of the SLDF to the Legislature.</p>	<ul style="list-style-type: none"> <li data-bbox="761 369 1232 436"> ⋮ 2021: DLNR reports Implemented Self-reported July 27, 2021. <li data-bbox="761 474 1232 533"> ⋮ 2020: DLNR reports Implemented Self-reported July 30, 2020.
<p>(DLNR, 2.) The Department of Land and Natural Resources should review the 400-series special fund accounts to determine whether the unexpended and unencumbered balances remaining in these accounts should be transferred to other SLDF accounts or transferred back to the origination fund. Considering the amount of SLDF cash disbursements and transfers to other DLNR special fund accounts, we further recommend that DLNR review each of the SLDF accounts to ascertain whether these accounts continue to meet the criteria of a special fund. Specifically, there should be a clear link between the programs and the sources of revenue. If not, these accounts should be subject to the State’s general fund budget and appropriation process.</p>	<ul style="list-style-type: none"> <li data-bbox="761 592 1232 659"> ⋮ 2021: DLNR reports Implemented Self-reported July 27, 2021. <li data-bbox="761 697 1232 756"> ⋮ 2020: DLNR reports Implemented Self-reported July 30, 2020.
<p>(DLNR, 3.) The Department of Land and Natural Resources should reconcile cash receipts recorded in SLIMS to FAMIS on a monthly basis.</p>	<ul style="list-style-type: none"> <li data-bbox="761 1241 1232 1308"> ⋮ 2021: DLNR reports Implemented Self-reported July 27, 2021. <li data-bbox="761 1346 1232 1404"> ⋮ 2020: DLNR reports Implemented Self-reported July 30, 2020.
<p>(DLNR, 4.) The Department of Land and Natural Resources should determine with the Department of Budget and Finance whether revenues from ceded lands, net of amounts remitted to OHA, should be transferred to the State’s general fund on a regular basis.</p>	<ul style="list-style-type: none"> <li data-bbox="761 1465 1232 1533"> ⋮ 2021: DLNR reports Implemented Self-reported July 27, 2021. <li data-bbox="761 1570 1232 1629"> ⋮ 2020: DLNR reports Implemented Self-reported July 30, 2020.

Recommendation

(DLNR, 5.) The Department of Land and Natural Resources should establish and adhere to formal written procedures for the collection of all percentage rent due from lessees. These procedures should address the timely receipt of sales audit reports or certified statements of gross receipts and percentage rent payments for all leases with percentage rent clauses, as well as appropriate actions to be taken for lessees failing to submit required sales audit reports or certified statement of gross receipts, and if applicable, percentage rent payments. In addition, these procedures should include documentation requirements for DLNR's review and approval of certified statement of gross receipts provided by lessees.

Status of Recommendation

• **2022: DLNR reports** **Implemented**

Self-reported July 27, 2022.

• **2021: DLNR reports Partially Implemented**

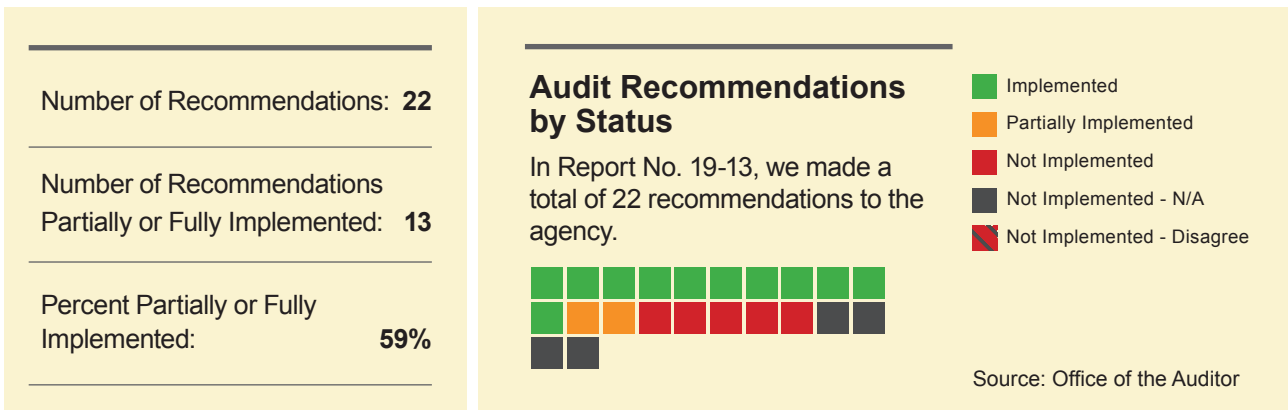
Self-reported July 27, 2021.

• **2020: DLNR reports Partially Implemented**

Self-reported July 30, 2020.



REPORT NO. 19-13
Audit of the Department of Education’s Administration of School Impact Fees



IN REPORT NO. 19-13, *Audit of the Department of Education’s Administration of School Impact Fees*, we examined the administration of the school impact fee law, which applies to all builders of new residential units in designated school impact districts. The report found that the Department of Education (DOE) has no written policies and procedures for the selection of potential school impact districts, the factors that should be considered in determining the size of potential districts, or oversight and review of the process. We reported DOE does not begin assessing school impact fees immediately upon the Board of Education’s designation of a school impact district, sometimes waiting months before beginning collection. We noted DOE has not promulgated administrative rules to prescribe the process it intends the counties to

follow before issuing building permits for new residential construction in an impact fee district.

In 2020, 2021, 2022, and 2023, we issued formal requests for information to DOE on the status of audit recommendations from Report No. 19-13. The agency initially reported that five recommendations had been at least partially implemented, 13 recommendations had not been implemented, and four recommendations were considered moot by the Board of Education and would not be implemented. By their 2023 response, DOE had at least partially implemented 13 recommendations, with five still not implemented.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation

(DOE, 1.) The Department of Education should undertake a comprehensive evaluation of its implementation and administration of the school impact fee law, including an assessment of the appropriate staffing and other resources necessary to implement and administer the law.

Status of Recommendation

2021: DOE reports Implemented

Self-reported October 28, 2021.

2020: DOE reports Not Implemented

Self-reported October 30, 2020, stating:

“A comprehensive evaluation of the school impact fee program commenced in February 2020, with the hiring of a new Assistant Superintendent for the Office of Facilities and Operations. A preliminary evaluation and situation analysis by the planning department of the Office of Facilities and Operations (OFO) were made available to the Assistant Superintendent in October 2020.

Effective November 30, 2020, the OFO will initiate the development of a comprehensive plan for the school impact fee program.”

(DOE, 2.a.) The Department of Education should create written policies and procedures to guide and direct staff’s and management’s implementation and administration of the school impact fee law. Documented policies and procedures are some of the controls necessary for the DOE to ensure effective and efficient implementation and administration of the law in accordance with the statute, legislative intent, and constitutional requirements. At minimum, policies and procedures should address the stage in the development process at which a proposed new residential project should be included in the DOE’s consideration of classroom capacity requirements. We found the decision to recommend designation of a school impact district (and its boundaries) was left to the discretion of a land use planner who relied heavily on the City and County of Honolulu’s vision of transit-oriented residential development projects that were purely conceptual, without specific developers, development plans, or even land commitments for those projects. The policies and procedures should include criteria and other objective factors to be considered in evaluating when designation of a school impact district is appropriate.

2021: DOE reports Implemented

Self-reported October 28, 2021.

2020: DOE reports Not Implemented

Self-reported October 30, 2020, stating:

“As of October 2020, written policies and procedures have not been drafted. Based on the evaluation noted in Recommendation No. 1, the Department will draft written policies and procedures to guide and direct Department personnel in the implementation and administration of the school impact fee law.

Subject to concurrence by the appropriate offices and agencies and approval of the Superintendent, OFO intended to implement said policies and procedures by March 1, 2021.”

Recommendation

Status of Recommendation

(DOE, 2.b.) The Department of Education should create written policies and procedures to guide and direct staff’s and management’s implementation and administration of the school impact fee law. Documented policies and procedures are some of the controls necessary for the DOE to ensure effective and efficient implementation and administration of the law in accordance with the statute, legislative intent, and constitutional requirements. At minimum, policies and procedures should address the factors that determine the size and composition of a proposed impact fee district. Without a consistent process or documented framework, some of the department’s district designations appear questionable or even arbitrary: For instance, the expansive and diverse Leeward O’ahu district encompasses five school complexes (41 schools) with varying rates of past and projected student enrollment growth. Meanwhile, the KAM district boundaries are based on smaller elementary school service areas; as a result, the impact fee district includes only 10 of the 15 elementary schools in the Farrington and McKinley complexes.

- **2021: DOE reports Implemented**
Self-reported October 28, 2021.
- **2020: DOE reports **Not Implemented****
Self-reported October 30, 2020, stating:
“As of October 2020, written policies and procedures have not yet been created.

Based on the evaluation noted in Recommendation No. 1, the OFO will draft written policies and procedures to guide Department personnel in the implementation and administration of the school impact fee law. These policies and procedures will be measured against the findings and recommendations in existing school impact fee districts (Central and West Maui, Leeward O’ahu, and Kalihi to Ala Moana) to maintain consistency in the implementation and management of the program.

Subject to concurrence of the appropriate offices and agencies and approval of the Superintendent, the Department intends to implement said policies and procedures by May 3, 2021.”

(DOE, 2.c.) The Department of Education should create written policies and procedures to guide and direct staff’s and management’s implementation and administration of the school impact fee law. Documented policies and procedures are some of the controls necessary for the DOE to ensure effective and efficient implementation and administration of the law in accordance with the statute, legislative intent, and constitutional requirements. At minimum, policies and procedures should address the collection, tracking, and accounting of lands dedicated to or that will be dedicated to the DOE under the school impact fee law, fees in lieu of land dedication, and construction component fees.

- **2021: DOE reports Implemented**
Self-reported October 28, 2021.
- **2020: DOE reports **Partially Implemented****
Self-reported October 30, 2020.

Recommendation

(DOE, 2.d.) The Department of Education should create written policies and procedures to guide and direct staff's and management's implementation and administration of the school impact fee law. Documented policies and procedures are some of the controls necessary for the DOE to ensure effective and efficient implementation and administration of the law in accordance with the statute, legislative intent, and constitutional requirements. At minimum, policies and procedures should address the tracking and accounting of transfers and expenditures of lands and moneys paid under Fair Share agreements and the school impact fee law.

(DOE, 2.e.) The Department of Education should create written policies and procedures to guide and direct staff's and management's implementation and administration of the school impact fee law. Documented policies and procedures are some of the controls necessary for the DOE to ensure effective and efficient implementation and administration of the law in accordance with the statute, legislative intent, and constitutional requirements. At minimum, policies and procedures should address the use of moneys received by the DOE under Fair Share agreements and the school impact fee law. Under the school impact fee law, fees collected within an impact fee district can be spent only within the same district. We found that, with only one exception, the impact fee districts designated by the Board of Education encompass multiple school complexes. We raised concerns about whether the DOE can use school impact fees from a specific development in a school complex within the same impact fee district that is unaffected by the additional public school students created by the development.

Status of Recommendation

2021: DOE reports **Implemented**

Self-reported October 28, 2021.

2020: DOE reports **Partially Implemented**

Self-reported October 30, 2020.

2021: DOE reports **Implemented**

Self-reported October 28, 2021.

2020: DOE reports **Not Implemented**

Self-reported October 30, 2020, stating:

“As of October 2020, written policies and procedures have not been created. Based on the evaluation noted in Recommendation No. 1, the OFO will draft written policies and procedures to guide and direct the Department on the use of money received under the fair share agreements and the school impact fee program. The Department agrees that the current policy regarding the use of school impact fees may not serve its intended purpose as currently structured and needs to be adjusted.

Subject to concurrence by the appropriate offices and agencies and with Superintendent's approval, the Department intends to implement said policies and procedures by May 3, 2021.”

Recommendation

Status of Recommendation

(DOE, 2.f.) The Department of Education should create written policies and procedures to guide and direct staff’s and management’s implementation and administration of the school impact fee law. Documented policies and procedures are some of the controls necessary for the DOE to ensure effective and efficient implementation and administration of the law in accordance with the statute, legislative intent, and constitutional requirements. At minimum, policies and procedures should address the use and updating of cost factors (including “recent conditions”) in school impact fee calculations.

2021: DOE reports Implemented

Self-reported October 28, 2021.

2020: DOE reports Not Implemented

Self-reported October 30, 2020, stating:

“As of October 2020, written policies and procedures have not yet been created. Based on the evaluation noted in Recommendation No. 1, the OFO will draft written policies and procedures on the use and updating of cost factors (including recent conditions and land appraisals) in school impact fee calculations. The OFO is currently undergoing a transition in leadership for this work in progress.

Subject to concurrence by the appropriate offices and agencies and with Superintendent’s approval, the Department intends to implement said policies and procedures by May 3, 2021.”

(DOE, 2.g.) The Department of Education should create written policies and procedures to guide and direct staff’s and management’s implementation and administration of the school impact fee law. Documented policies and procedures are some of the controls necessary for the DOE to ensure effective and efficient implementation and administration of the law in accordance with the statute, legislative intent, and constitutional requirements. At minimum, policies and procedures should address management’s responsibilities in overseeing and approving staff’s implementation and administration of the school impact fee law.

2021: DOE reports Implemented

Self-reported October 28, 2021.

2020: DOE reports Not Implemented

Self-reported October 30, 2020, stating:

“As of October 2020, written policies and procedures have not been created. Based on the evaluation noted in Recommendation No. 1, the OFO will draft written policies and procedures detailing the Department’s responsibilities in overseeing and approving staff recommendations and the effective implementation and administration of the school impact fee law.

Subject to concurrence by the appropriate offices and agencies and with Superintendent’s approval, the Department intends to implement said policies and procedures by May 3, 2021.”

Recommendation

(DOE, 3.) The Department of Education should obtain written legal guidance from the Department of the Attorney General as to the constitutional restrictions associated with impact fees, including nexus and rough proportionality requirements. The legal guidance should specifically consider whether impact fee districts encompassing multiple school complexes satisfy constitutional requirements, considering Section 302A-1608(a), HRS, allows the department to use school impact fees anywhere within the impact fee district and does not restrict the department's use of school impact fees collected from a residential developer to the school complex in which the development is situated.

Status of Recommendation

- 2022: DOE reports **Implemented**
Self-reported October 27, 2022.
- 2021: DOE reports **Partially Implemented**
Self-reported October 28, 2021.
- 2020: DOE reports **Partially Implemented**
Self-reported October 30, 2020.

(DOE, 4.) The Department of Education should work with the Department of the Attorney General to establish the legal basis and the resultant policies for the collection of school impact fees from builders of new residential construction effective upon designation of the impact fee district.

- 2022: DOE reports **Implemented**
Self-reported October 27, 2022.
 - 2021: DOE reports **Partially Implemented**
Self-reported October 28, 2021.
 - 2020: DOE reports **Partially Implemented**
Self-reported October 30, 2020.
-

Recommendation

(DOE, 5.) The Department of Education should assess whether certain provisions in the school impact fee law, for example the land valuation procedures, are applicable to the constraints and requirements of district designation and district-wide fee setting, particularly in the urban setting. If needed, pursue amendment of the statute.

Status of Recommendation

• **2023: DOE reports Partially Implemented**

Self-reported October 25, 2023.

• **2022: DOE reports Partially Implemented**

Self-reported October 27, 2022.

• **2021: DOE reports Not Implemented**

Self-reported October 28, 2021, stating:

“To date, an assessment on land valuation procedures has not been initiated. As part of the Department’s ongoing assessment of the Program, an analysis will be done to identify whether the land valuation procedures are applicable to the constraints and requirements of district designation and district wide fee setting, particularly in the urban setting.

The Department intends to complete this analysis and make a determination whether an amendment to the statutes is required by January 15, 2022.”

• **2020: DOE reports Not Implemented**

Self-reported October 30, 2020, stating:

“As of October 2020, a comprehensive assessment on land valuation procedures and other methodologies to determine applicable fees across existing districts has not been initiated. This specific review will be addressed as part of the OFO’s comprehensive review of the program.

Subject to concurrence by the appropriate offices and agencies and with Superintendent’s approval, the Department intends to implement said policies and procedures by May 3, 2021.”

Recommendation

(DOE, 6.) The Department of Education should assess whether the “urban exceptions” made for the KAM district ensure fees collected for urban schools are relevant to that district and equitable to those collected for suburban schools. If needed, pursue amendment of the statute.

Status of Recommendation

2023: DOE reports Partially Implemented

Self-reported October 25, 2023.

2022: DOE reports Partially Implemented

Self-reported October 27, 2022.

2021: DOE reports Not Implemented

Self-reported October 28, 2021, stating:

“To date, an assessment of the ‘urban exception’ has not been initiated. As part of the Department’s ongoing assessment of the Program, an analysis will be done to ensure whether fees collected for urban schools are equitable to fees collected for suburban schools.

The Department intends to complete this analysis and make a determination whether an amendment to the statutes is required by July 1, 2022.”

2020: DOE reports Not Implemented

Self-reported October 30, 2020, stating:

“As of October 2020, an assessment of the ‘urban exceptions’ has not been initiated. As part of its comprehensive assessment of the school impact fee program, the Department will include an analysis of the differences, if any, between urban and suburban districts.

Subject to concurrence by the appropriate offices and agencies and with Superintendent’s approval, the Department intends to determine whether an amendment to the law is necessary.”

(DOE, 7.) The Department of Education should develop an expenditure plan for existing funds, including documented policies and procedures for ensuring that expenditures are made in accordance with existing Fair Share Agreements and the school impact fee law.

2021: DOE reports Implemented

Self-reported October 28, 2021.

2020: DOE reports Partially Implemented

Self-reported October 30, 2020.

Recommendation

(DOE, 8.a.) The Department of Education should ensure proper maintenance of records of land contributions for Fair Share and the school impact fee program. Records should be regularly updated and accessible to both management and the public. Promulgate administrative rules necessary to provide direction to developers, county permitting agencies, and the public as to how the DOE interprets and intends to implement the school impact fee law. At minimum, the administrative rules should address the specific information the DOE expects the county permitting offices to provide to the department regarding the applicants for county subdivision approvals and county building permits, including the form of the information, the timing of delivery of the information, and the method by which the counties should transmit the information.

Status of Recommendation

2023: DOE reports Not Implemented

Self-reported October 25, 2023, stating:

“Pursuant to Act 72, Session Laws of Hawaii (SLH) 2020, and as of October 17, 2023, the Department is in consultation and coordination with the School Facilities Authority to establish administrative rules.”

2022: DOE reports Not Implemented

Self-reported October 27, 2022, stating:

“Pursuant to Act 72 (2020), the Department is in consultation and coordination with the School Facilities Authority to establish administrative rules.”

2021: DOE reports Not Implemented

Self-reported October 28, 2021, stating:

“The Department will begin to draft administrative rules by the end of this year, with anticipated adoption by December 31, 2022.

The approved policies and procedures to implement and administer the Program and fair share contributions will provide the basis in the drafting of administrative rules.

The approved policies and procedures includes the process established between the counties, with school impact districts, and the Department regarding the form of information, the timing of delivery of the information, and the method by which the counties should transmit the information.”

2020: DOE reports Not Implemented

Self-reported October 30, 2020, stating:

“The OFO has begun drafting written policies and procedures to guide and direct staff and management’s collection, tracking, and accounting of lands dedicated to the Department under the school impact fee law, fees in lieu of land dedication and construction component fees.

The OFO has drafted basic procedures for processing of building permits and collection of school impact fees for internal use.

However, the Department has not yet promulgated the recommended administrative rules.

Subject to concurrence by the appropriate offices and agencies and with Superintendent’s approval, the Department intends to draft and initiate rule-making by the latter half of 2021.”

Recommendation

(DOE, 8.b.) The Department of Education should ensure proper maintenance of records of land contributions for Fair Share and the school impact fee program. Records should be regularly updated and accessible to both management and the public. Promulgate administrative rules necessary to provide direction to developers, county permitting agencies, and the public as to how the DOE interprets and intends to implement the school impact fee law. At minimum, the administrative rules should address when and how applicants must pay the school impact fees, including the process and procedure by which the department or the county building departments intend to collect the fees.

Status of Recommendation

2023: DOE reports **Not Implemented**

Self-reported October 25, 2023, stating:

“Pursuant to Act 72, Session Laws of Hawaii (SLH) 2020, and as of October 17, 2023, the Department is in consultation and coordination with the School Facilities Authority to establish administrative rules.”

2022: DOE reports **Not Implemented**

Self-reported October 27, 2022, stating:

“Pursuant to Act 72 (2020), the Department is in consultation and coordination with the School Facilities Authority to establish administrative rules.”

2021: DOE reports **Not Implemented**

Self-reported October 28, 2021, stating:

“The Department will begin to draft administrative rules by the end of this year, with anticipated adoption by December 31, 2022.

The approved policies and procedures to implement and administer the Program and fair share contributions will provide the basis in the drafting of administrative rules.

The approved policies and procedures includes when and how the Department or county building department intends to collect school impact fees.”

2020: DOE reports **Not Implemented**

Self-reported October 30, 2020, stating:

“The OFO has drafted basic procedures for processing of building permits and collection of school impact fees for internal use.

However, the Department has not promulgated administrative rules for external entities to track Department involvement in the building permit process, imposition and collection of school impact fees, coordination with respective county building and permitting departments, and appeals.

Subject to concurrence by the appropriate offices and agencies and with Superintendent’s approval, the Department intends to draft and initiate rule-making by the latter half of 2021.”

Recommendation

(DOE, 8.c.) The Department of Education should ensure proper maintenance of records of land contributions for Fair Share and the school impact fee program. Records should be regularly updated and accessible to both management and the public. Promulgate administrative rules necessary to provide direction to developers, county permitting agencies, and the public as to how the DOE interprets and intends to implement the school impact fee law. At minimum, the administrative rules should address if the department intends to allow developers to pay all or portions of the school impact fee subsequent to the issuance of county subdivision approval or county building permits, and the process by which payment shall be made, including the timing of the payment.

Status of Recommendation

2023: DOE reports Not Implemented

Self-reported October 25, 2023, stating:

“Pursuant to Act 72, Session Laws of Hawaii (SLH) 2020, and as of October 17, 2023, the Department is in consultation and coordination with the School Facilities Authority to establish administrative rules.”

2022: DOE reports Not Implemented

Self-reported October 27, 2022, stating:

“Pursuant to Act 72 (2020), the Department is in consultation and coordination with the School Facilities Authority to establish administrative rules.”

2021: DOE reports Not Implemented

Self-reported October 28, 2021, stating:

“The Department will begin to draft administrative rules by the end of this year, with anticipated adoption by December 31, 2022.

The approved policies and procedures to implement and administer the Program and fair share contributions will provide the basis in the drafting of administrative rules.

The approved policies and procedures includes whether the Department intends to allow developers to pay all or portions of the school impact fees subsequent to the issuance of a county building permit, and the process by which payments shall be made, including the timing of payments.”

2020: DOE reports Not Implemented

Self-reported October 30, 2020, stating:

“The OFO has drafted basic procedures for processing of building permits and collection of school impact fees for internal use.

However, the Department has not promulgated administrative rules for external entities to track Department involvement in the building permit process, imposition and collection of school impact fees, coordination between the Department and respective county building and permitting departments, and appeals.

Subject to concurrence by the appropriate offices and agencies and with Superintendent’s approval, the Department intends to draft and initiate rule-making by the latter half of 2021.”

Recommendation

(DOE, 8.d.) The Department of Education should ensure proper maintenance of records of land contributions for Fair Share and the school impact fee program. Records should be regularly updated and accessible to both management and the public. Promulgate administrative rules necessary to provide direction to developers, county permitting agencies, and the public as to how the DOE interprets and intends to implement the school impact fee law. At minimum, the administrative rules should address the process and procedures by which a developer can contest or appeal the imposition of school impact fees on the developer’s project.

Status of Recommendation

2023: DOE reports Not Implemented

Self-reported October 25, 2023, stating:

“Pursuant to Act 72, Session Laws of Hawaii (SLH) 2020, and as of October 17, 2023, the Department is in consultation and coordination with the School Facilities Authority to establish administrative rules.”

2022: DOE reports Not Implemented

Self-reported October 27, 2022, stating:

“Pursuant to Act 72 (2020), the Department is in consultation and coordination with the School Facilities Authority to establish administrative rules.”

2021: DOE reports Not Implemented

Self-reported October 28, 2021, stating:

“The Department will begin to draft administrative rules by the end of this year, with anticipated adoption by December 31, 2022.

The approved policies and procedures to implement and administer the Program and fair share contributions will provide the basis in the drafting of administrative rules.

The approved policies and procedures includes how a developer can contest or appeal the imposition of school impact fees on a developer’s project.”

2020: DOE reports Not Implemented

Self-reported October 30, 2020, stating:

“The OFO has drafted basic procedures for processing of building permits and collection of school impact fees for internal use. The process to establish administrative rules has not been initiated.

Subject to concurrence by the appropriate offices and agencies and with Superintendent’s approval, the Department intends to draft and initiate rule-making for the benefit of outside parties by the latter half of 2021.”

Recommendation

(DOE, 8.e.) The Department of Education should ensure proper maintenance of records of land contributions for Fair Share and the school impact fee program. Records should be regularly updated and accessible to both management and the public. Promulgate administrative rules necessary to provide direction to developers, county permitting agencies, and the public as to how the DOE interprets and intends to implement the school impact fee law. At minimum, the administrative rules should address the process and procedures by which the DOE will inform the county building departments that a developer has satisfied the school impact fee requirement.

Status of Recommendation

2023: DOE reports Not Implemented

Self-reported October 25, 2023, stating:

“Pursuant to Act 72, Session Laws of Hawaii (SLH) 2020, and as of October 17, 2023, the Department is in consultation and coordination with the School Facilities Authority to establish administrative rules.”

2022: DOE reports Not Implemented

Self-reported October 27, 2022, stating:

“Pursuant to Act 72 (2020), the Department is in consultation and coordination with the School Facilities Authority to establish administrative rules.”

2021: DOE reports Not Implemented

Self-reported October 28, 2021, stating:

“The Department will begin to draft administrative rules by the end of this year, with anticipated adoption by December 31, 2022.

The approved policies and procedures to implement and administer the Program and fair share contributions will provide the basis in the drafting of administrative rules.

The approved policies and procedures includes how the Department will inform the county building departments that a developer has satisfied the school impact fee requirement.”

2020: DOE reports Not Implemented

Self-reported October 30, 2020, stating:

“Although the OFO has drafted basic procedures for processing of building permits and collection of school impact fees for internal use, the process to establish administrative rules has not been initiated or drafted to provide direction to developers, county permitting agencies, and the public as to how the Department interprets and intends to implement the school impact fee law.

Subject to concurrence by the appropriate offices and agencies and with Superintendent’s approval, the Department intends to draft and initiate rule-making on the process and procedures by which the Department will inform the county building departments that a developer has satisfied the school impact fee requirement by the latter half of 2021.”

Recommendation

Status of Recommendation

(Board, 1.) The Board of Education should require the department to submit a written report that provides a comprehensive evaluation of its implementation and administration of the school impact fee law. This report should include the department's findings and conclusions, specific actions that the department intends to implement to address our recommendations, other changes the department intends to make, and copies of policies and procedures. The report should also include a timeframe for implementation and note any additional resources the department feels may be necessary for successful implementation.

2020: BOE reports **Not Implemented - N/A**

Self-reported December 9, 2020, stating:

“[I]t is unlikely that the Board will implement any of the report’s recommendations as the governance structure and legal context surrounding school impact fees have changed.”

(Board, 2.) The Board of Education should direct the DOE to implement the recommendations necessary to address and correct the audit findings.

2020: BOE reports **Not Implemented - N/A**

Self-reported December 9, 2020, stating:

“[I]t is unlikely that the Board will implement any of the report’s recommendations as the governance structure and legal context surrounding school impact fees have changed.”

(Board, 3.) The Board of Education should direct the DOE to report at least quarterly on the status of its implementation of the recommendations necessary to address and correct the audit findings.

2020: BOE reports **Not Implemented - N/A**

Self-reported December 9, 2020, stating:

“[I]t is unlikely that the Board will implement any of the report’s recommendations as the governance structure and legal context surrounding school impact fees have changed.”

(Board, 4.) The Board of Education should for each school impact district considered by the board, obtain the Department of the Attorney General’s opinion, in writing, that the school impact district satisfies constitutional requirements, including nexus and proportionality requirements, prior to designation of the district.

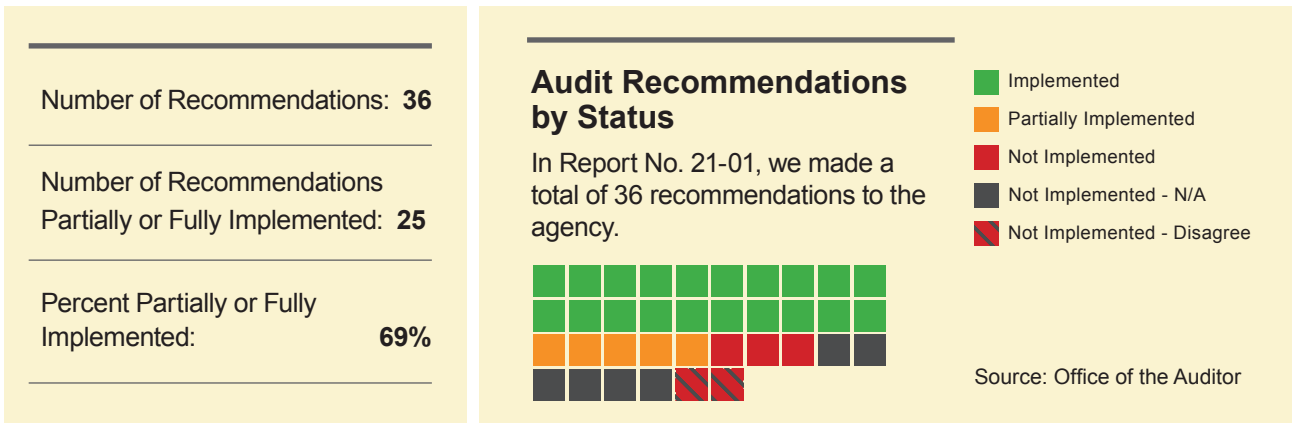
2020: BOE reports **Not Implemented - N/A**

Self-reported December 9, 2020, stating:

“[I]t is unlikely that the Board will implement any of the report’s recommendations as the governance structure and legal context surrounding school impact fees have changed.”



REPORT NO. 21-01 *Audit of the Agribusiness Development Corporation*



IN REPORT NO. 21-01, *Audit of the Agribusiness Development Corporation*, we found that the Agribusiness Development Corporation (ADC) has done little – if anything – to facilitate the development of agricultural enterprises to replace the economic loss created by the demise of the sugar and pineapple industries. Instead of leading the State’s agricultural transformation, ADC primarily manages 4,257 acres of land it started acquiring in 2012 as well as the Waiāhole Water System on O’ahu. Yet, we found that the corporation struggles to manage its lands, challenged by the myriad duties required for effective land management. We also found that ADC’s Board of Directors, as the head of the corporation, has provided minimal guidance and oversight of ADC’s operations.

In 2022, we issued a formal request for information to ADC on the status of audit

recommendations from Report No. 21-01. The agency reported that 26 of our recommendations had been at least partially implemented, and the 10 recommendations not implemented they either disagreed with or felt were no longer applicable.

In 2023, we issued another formal request for information on the status of audit recommendations. The agency reported that 25 of our recommendations had been at least partially implemented and 11 had not been implemented. Of the 11 recommendations not implemented, the agency disagreed with two, and noted that six were no longer applicable.

The following is a list of recommendations made and a chronological summary of our follow-up efforts. Any findings by the Office of the Auditor are highlighted in yellow.

Recommendation

Status of Recommendation

(1.) ADC should update and revise its mission statement to reflect the corporation's purpose more completely as intended by the Legislature to address, among other things, facilitating the development of Hawai'i-based agricultural enterprises and strategies to promote, market, and distribute Hawai'i-grown agricultural crops and value-added products in local, national, and international markets.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

(2.) ADC should develop goals, objectives, policies, and priority guidelines that articulate and outline an agribusiness development strategy.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

(3.) ADC should develop an inventory of agricultural lands with adequate water resources that are or will become available due to the downsizing of the sugar and pineapple industries or for any other reason that can be used to meet present and future agricultural production needs.

2023: ADC reports **Partially Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Partially Implemented**

Self-reported March 4, 2022.

(4.) ADC should develop an inventory of agricultural infrastructure that was or will be abandoned by the sugar and pineapple industries or by any other organization involved in the production of agricultural products such as irrigation systems, drainage systems, processing facilities, and other accessory facilities.

2023: ADC reports **Partially Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Partially Implemented**

Self-reported March 4, 2022.

Recommendation

(5.) ADC should prepare an analysis of imported agricultural products and the potential for increasing local production to replace imported products in a manner that complements existing local producers and increases Hawai'i's agricultural self-sufficiency.

Status of Recommendation

2023: ADC reports Not Implemented - N/A

Self-reported March 16, 2023*, stating:

“163D-5(a)(3) was amended and the language was removed.

The task of analyzing the replacement of imported foods with local foods was removed from the Hawaii Agribusiness Plan. However, incentivizing farmers to attain USDA Good Agricultural Practices certification and to grow products that consumers want in affordable and sustainable ways, and which retailers will then sell, is a prerequisite to large scale local production. (Local farmers' markets and Community Supported Agriculture have been available for a while, but have been unable to replace the large retail stores that import produce.)”

*Original response was dated February 14, 2023, but an amended response was sent via email on March 16, 2023.

2022: ADC reports Not Implemented

Self-reported March 4, 2022, stating:

“There is currently legislation that proposes to substantially change ADC's focus, including whether ADC should be tasked with analyzing imports or exports or both.”

Recommendation

(6.) ADC should develop financial and other programs (such as advisory, consultative, training, and educational) to promote and facilitate the development of diversified agriculture and agricultural enterprises.

Status of Recommendation

2023: ADC reports Not Implemented

Self-reported February 14, 2023, stating:

“Some of this task is duplicative of the Agricultural Loan program within the Department of Agriculture. The University of Hawaii extension service has staff and crop specialist on all the counties who visit farmers including the farmers on ADC property. The ADC works with the Natural Resources Conservation service as part of our leasing process and they provide expertise in soil management and may provide funding for some of their practices.

Because farming is a business, permitting and licensing functions and related training are already managed by various county, state, and federal offices.

The ADC is working to add staff to provide financial expertise, Accountant IV and V. We will work to add education training programs for farmer use by using and adapting existing materials from other departments or exterior sources. The tasks are ongoing and although filling the vacant positions will help to assemble these resources, we plan to use existing staff until the positions are filled.”

2022: ADC reports Not Implemented

Self-reported March 4, 2022, stating:

“With respect to financial programs, see Detailed Response to Recommendation No. 5. Additionally, this task is duplicative of the Agricultural Loan program within the Department of Agriculture.

With respect to ‘other program (such as advisory, consultative, training, and educational)’, these types of activities benefit, and likely would be used, if at all, by small farmers. With respect to small farmers, see Detailed Response to Recommendation No. 5. With respect to large farmers, ADC’s large farmers are typically owned or controlled by national or international corporate entities who likely have their own programs.”

Recommendation

Status of Recommendation

(7.) ADC should develop feasible strategies for the promotion, marketing, and distribution of Hawai'i agricultural crops and value-added products in local, national, and international markets.

2023: ADC reports Not Implemented - N/A

Self-reported March 16, 2023*, stating:

“163D-5(a)(5) was amended and the language was removed.

This work is produced by other departments and divisions and ADC plans to make use of existing studies to support the industry. DBEDT has resources to support ADC if there is a need to update studies.”

*Original response was dated February 14, 2023, but an amended response was sent via email on March 16, 2023.

2022: ADC reports Not Implemented

Self-reported March 4, 2022, stating:

“See Detailed Response to Recommendation No. 5.”

(8.) ADC should develop strategies to ensure the provision of adequate air and surface transportation services and associated facilities to support the agricultural industry in meeting local, national, and international market needs.

2023: ADC reports Not Implemented - N/A

Self-reported March 16, 2023*, stating:

“163D-5(a)(5) was amended and the language was removed.

ADC has reached out to work with the foreign trade zone to support agricultural product aggregation and storage sites near transportation hubs and will continue to work with them.”

*Original response was dated February 14, 2023, but an amended response was sent via email on March 16, 2023.

2022: ADC reports Not Implemented

Self-reported March 4, 2022, stating:

“See Detailed Response to Recommendation No. 5. Additionally, ADC has previously commissioned a transportation study whose findings remain applicable today.”

Recommendation

Status of Recommendation

(9.) ADC should develop proposals to improve data collection and the timely presentation of information on market demands and trends that can be used to plan future harvests and production.

2023: ADC reports **Not Implemented - N/A** *

Self-reported March 16, 2023**, stating:

“163D-5(a)(8) was amended and the language was removed.

This task is duplicative of work that is, or should be, conducted by USDA, CTAHR and HDOA.”

*Response indicated status as both “Not Implemented – N/A” and “Not Implemented – Disagree”. Based on our review of the Detailed Response, we believe “Not Implemented – N/A” is the intended response.

**Original response was dated February 14, 2023, but an amended response was sent via email on March 16, 2023.

2022: ADC reports **Not Implemented - Disagree**

Self-reported March 4, 2022, stating:

“See Detailed Responses to Recommendation Nos. 5 and 6. Additionally, this task is duplicative of work that is, or should be, conducted by CTAHR and HDOA.”

(10.) ADC should develop strategies for federal and state legislative actions that will promote the development and enhancement of Hawai‘i’s agricultural industries.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

(11.) ADC should prepare, and revise as required, the Hawai‘i Agribusiness Plan.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

Recommendation

Status of Recommendation

(12.) ADC should prepare short- and long-range strategic plans to facilitate development of Hawai'i-based agricultural enterprises to grow and export agricultural crops and value-added products.

2023: ADC reports **Not Implemented**

Self-reported February 14, 2023, stating:

“ADC has been in discussion with Office of Planning within DBEDT to contract the strategic planning process with ADC.

ADC was approved \$90K to contract a planner. After talking with planning companies it was determined that working with DBEDT office of special planning is best suited for this type of work. ADC is developing a scope of work and OP will be working with ADC on this planning process for ADC managed property.”

2022: ADC reports **Not Implemented**

Self-reported March 4, 2022, stating:

“See Detailed Response to Recommendation No. 5.”

(13.) ADC should, for each project, prepare or coordinate the preparation of business and agricultural development plans, as required by Section 163D-7, HRS.

2023: ADC reports **Not Implemented**

Self-reported February 14, 2023, stating:

“With the approval of the ADC board, the ADC has leased agriculture lands to farmers who present their farming plan to the board for review. The ADC does not provide a plan for farmers to follow. ADC works with a farmer to understand the needs and if possible support the farmer with the infrastructure to successfully prep, plant, harvest and market a crop.

The ADC has worked to add infrastructure to vacant land and with the support of consultants and contractors installed a network of reservoirs and main waterlines and this work continues.”

2022: ADC reports **Not Implemented**

Self-reported March 4, 2022, stating:

“ADC is currently developing the infrastructure, similar to being in the midst of construction of building. Development plans for the use of the infrastructure should be developed. Out-sourcing assistance for this task will be required in the near future.”

Recommendation

Status of Recommendation

(14.) ADC should evaluate retaining consultants and other outside technical assistance to develop a current Hawai'i Agribusiness Plan, short- and long-term strategic plans, business and agricultural development plans, and other tasks necessary to carry out the purposes of Chapter 163D, HRS.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

(15.) ADC should obtain and document approval by the Board of Agriculture for agricultural projects, agricultural development plans, and project facility programs, before implementation, as required by Section 163D-8.5, HRS.

2023: ADC reports **Not Implemented - N/A**

Self-reported March 16, 2023*, stating:

“163D-8.5 was repealed.

The ADC board reviews and determines if a project is approved or not.”

*Original response was dated February 14, 2023, but an amended response was sent via email on March 16, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

(16.) ADC should obtain from the Board of Agriculture its policies and procedures for approval of ADC's projects under Section 163D-8.5, HRS, including any delegations of authority.

2023: ADC reports **Not Implemented - N/A**

Self-reported March 16, 2023*, stating:

“163D-8.5 was repealed.

The Department of Agriculture Chair, along with the Department of Land and Natural Resources and Department of Business, Economic Development and Tourism designees all sit on both the ADC board and the Department board. Additionally, the Department of the Attorney General has assured us that our current practice complies with Chapter 163D.”

*Original response was dated February 14, 2023, but an amended response was sent via email on March 16, 2023.

2022: ADC reports **Implemented & Not Implemented**

Self-reported March 4, 2022, stating:

“See Detailed Response to Recommendation No. 5. Additionally, the Department of Agriculture Chair, and the Department of Land and Natural Resources and Department of Business, Economic Development and Tourism designees sit on both the ADC board and the Department board. Finally, the Department of the Attorney General is in accord with ADC's method of compliance.”

Recommendation	Status of Recommendation
<p>(17.) ADC should, twenty days before each legislative session, submit a report of the corporation’s plans and activities to the Legislature and Governor, as required by Section 163D-19, HRS.</p>	<ul style="list-style-type: none"> <li data-bbox="797 363 1214 436"> 2023: ADC reports Implemented Self-reported February 14, 2023. <li data-bbox="797 468 1214 531"> 2022: ADC reports Implemented Self-reported March 4, 2022.
<p>(18.a.) ADC should develop written policies and procedures relating but not limited to ADC Board oversight. The policies and procedures should address, among other things, the matters or types of matters that must be presented to the Board for information, consideration, and/or action; criteria establishing the actions which the Executive Director may authorize without the Board’s approval, including powers delegated by the Board to the Executive Director, if any, as well as the process to periodically review the delegated authority; and the recordation of actions taken by the Board, which may include, among other things, confirmation of the Board’s approvals, approvals with amendments, rejections, and/or deferrals.</p>	<ul style="list-style-type: none"> <li data-bbox="797 590 1214 663"> 2023: ADC reports Implemented Self-reported February 14, 2023. <li data-bbox="797 695 1308 758"> 2022: ADC reports Partially Implemented Self-reported March 4, 2022.
<p>(18.b.) ADC should develop written policies and procedures relating but not limited to land and other ADC-owned property disposition application processes. The policies and procedures should address, among other things, the internal processes for evaluating applications for use of ADC-owned property (license, permit, right of entry, etc.), including criteria upon which applications are evaluated; and checklists to document completion of each step of the process, receipt of required information, and timely communication with the applicant.</p>	<ul style="list-style-type: none"> <li data-bbox="797 1203 1214 1276"> 2023: ADC reports Implemented Self-reported February 14, 2023. <li data-bbox="797 1308 1308 1371"> 2022: ADC reports Partially Implemented Self-reported March 4, 2022.

Recommendation

Status of Recommendation

(18.c.) ADC should develop written policies and procedures relating but not limited to property management. The policies and procedures should address, among other things, the process to confirm the receipt of all required documentation and other information, such as certificates or other evidence of compliance with federal and state requirements, performance bonds or other security, certificates or other evidence of insurance; for inspection of ADC properties, including the information or types of information that should be documented and the frequency of inspections; for enforcement of license/permit/right-of-entry terms and conditions, including, issuance of notices of default; to evaluate the need for and type of security measures for a specific parcel; and to document completion of required processes or activities.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Partially Implemented**

Self-reported March 4, 2022.

(18.d.) ADC should develop written policies and procedures relating but not limited to file and document management. The policies and procedures should address, among other things, the types of documents retained by ADC and organization of those documents; staff responsibility for performing each file and document management task; document retention; and reporting of any release of personal information.

2023: ADC reports **Partially Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Partially Implemented**

Self-reported March 4, 2022.

(19.) ADC should create an electronic database that includes, among other things, an inventory of the corporation's lands, improvements, and other assets. The database should include all information reasonably necessary to manage those assets, such as the material terms of licenses, permits, rights of entry, and other agreements to use or occupy ADC assets; and should allow ADC to generate reports necessary for management of its assets, such as current tenant lists, vacancy rates, rent rolls, rent reopening dates, and license, permit, or right of entry termination dates.

2023: ADC reports **Partially Implemented**

Self-reported March 16, 2023*.

*Status submitted March 16, 2023, but response dated March 4, 2022.

2022: ADC reports **Partially Implemented**

Self-reported March 4, 2022.

Recommendation

Status of Recommendation

(20.) ADC should create a filing system (or electronic document management system) that maintains documents in an organized manner and allows for the efficient retrieval of documents and/or files.

2023: ADC reports **Partially Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Partially Implemented**

Self-reported March 4, 2022.

(21.) ADC should evaluate the retention of a private property management company to manage some or all of ADC's properties.

2023: ADC reports **Not Implemented - Disagree**

Self-reported February 14, 2023, stating:

“Hiring a consultant whose job can be performed by a union position requires exemption approvals. Prior property managers out-sourced by ADC via contract were not able to do all things that a property manager typically does because the scope of work of the property manager had to accommodate the fact that the vendor would not be doing union-type of work. ADC questions how other departments are able to outsource property management work without exemptions.

The better solution is to create a property manager position within ADC. This would help ADC with its property management responsibilities while not violating collective bargaining agreements with the State.”

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

Recommendation

(22.) ADC should promulgate administrative rules to address, among other things, the application process for the use of ADC lands and other assets, including ADC’s process for evaluating applications; ADC’s administration and enforcement of the terms and conditions of licenses, permits, rights of entry, and other conveyance instruments, including those relating to inspections, notices of default, termination, eviction, and appeal rights; criteria and other procedures to create subsidiaries; criteria and other procedures to coventure, i.e., to invest in qualified securities of an agricultural enterprise, and to make direct investment in an agricultural enterprise; criteria and other procedures to apply and qualify for allowances and grants; criteria and other procedures to exercise ADC’s right of withdrawal from licenses, permits, and rights of entry; and criteria and other procedures to apply and qualify for rent credits.

(23.) ADC should evaluate the need to procure insurance against loss in connection with ADC-owned properties.

Status of Recommendation

2023: ADC reports Implemented *

Self-reported February 14, 2023.

*Response indicated status as both “Implemented” and “Not Implemented – Disagree”. Based on our review of the Detailed Response, we believe “Implemented” is the intended response.

2022: ADC reports Not Implemented & Not Implemented - Disagree

Self-reported March 4, 2022.

“Detailed Response” section of self-reporting form was left blank.

2023: ADC reports Not Implemented - Disagree

Self-reported February 14, 2023, stating:

“The State of Hawaii is self-insured. All property owned by ADC is included in its inventory, and is afforded coverage. Additionally, all ADC tenants are required to carry liability, and if applicable, property insurance, to name ADC as an additional insured under their policies, and to provide proof of insurance on an annual basis. To the extent that a tenant has an extraordinary activity being conducted on ADC property, ADC can require additional riders as conditions of a tenant’s tenure.”

2022: ADC reports Not Implemented - Disagree

Self-reported March 4, 2022, stating: See above.

Recommendation	Status of Recommendation
<p>(24.) ADC should obtain an opinion from the State Procurement Office as to whether the corporation’s practice of offering negotiated rent credits to tenants and prospective tenants in exchange for services in common areas, unoccupied properties, or properties occupied by other tenants, such as road and reservoir construction, and/or materials is permitted under the Hawai’i Procurement Code.</p>	<ul style="list-style-type: none"> <li data-bbox="799 363 1214 432"> 2023: ADC reports Implemented Self-reported February 14, 2023. <li data-bbox="799 470 1390 611"> 2022: ADC reports Not Implemented - Disagree Self-reported March 4, 2022, stating: “ADC has requested advice from the Department of the Attorney General on this recommendation.”
<p>(25.) ADC should attend training on the Hawai’i Procurement Code, Chapter 103D, HRS.</p>	<ul style="list-style-type: none"> <li data-bbox="799 726 1214 795"> 2023: ADC reports Implemented Self-reported March 16, 2023*. <li data-bbox="799 833 1317 888"> *Status submitted March 16, 2023, but response dated March 4, 2022. <li data-bbox="799 926 1198 982"> 2022: ADC reports Implemented Self-reported March 4, 2022.
<p>(26.) ADC should fill vacant staff positions with qualified persons in a timely manner.</p>	<ul style="list-style-type: none"> <li data-bbox="799 1045 1214 1115"> 2023: ADC reports Implemented Self-reported February 14, 2023. <li data-bbox="799 1152 1198 1213"> 2022: ADC reports Implemented Self-reported March 4, 2022.
<p>(27.) ADC should develop and document annual performance goals and measures for each staff.</p>	<ul style="list-style-type: none"> <li data-bbox="799 1276 1214 1346"> 2023: ADC reports Implemented Self-reported February 14, 2023. <li data-bbox="799 1383 1198 1444"> 2022: ADC reports Implemented Self-reported March 4, 2022.
<p>(28.) ADC should evaluate each staff’s performance annually and document that evaluation.</p>	<ul style="list-style-type: none"> <li data-bbox="799 1507 1214 1577"> 2023: ADC reports Implemented Self-reported February 14, 2023. <li data-bbox="799 1614 1198 1675"> 2022: ADC reports Implemented Self-reported March 4, 2022.

Recommendation

Status of Recommendation

(29.) The Board of Directors should develop and document annual goals and performance measures for the Executive Director that allow the Board to evaluate the Executive Director's work, annually, to ensure compliance by the corporation with statutory requirements and achievement of its statutory purposes, among other things.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

(30.) The Board of Directors should evaluate the Executive Director's performance annually based on the annual goals, performance measures, and other relevant criteria; document that evaluation.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

(31.) The Board of Directors should document the specific authority delegated to the Executive Director, including, but not limited to, the types of access and use of ADC property for which the Executive Director can approve without notice to or approval by the Board; and the rent credits and other amendments to Board-approved contract terms for which the Executive Director can approve without notice to or approval by the Board.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

(32.) The Board of Directors should attend training on the State's open meetings law (the Sunshine Law), Part I of Chapter 92, HRS.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.

(33.) The Board of Directors should ensure that the Board's minutes sufficiently document "[t]he substance of all matters proposed, discussed, or decided," among other things, as required by Section 92-9(a) (3), HRS.

2023: ADC reports **Implemented**

Self-reported February 14, 2023.

2022: ADC reports **Implemented**

Self-reported March 4, 2022.