

Meeting of the
HAWAII ECONOMIC DEVELOPMENT TASK FORCE

No.1 Capitol District (Hemmeter) Building
4th Floor Ewa Library
250 S. Hotel Street

Tuesday, November 23, 2010
2:00 - 5:00 p.m.

Members Present: Garen Deweese, Brian Miyamoto for Luella Costales, Mark Duda, Earl Yamamoto for Sandra Kunimoto, Mary Alice Evans for Abbey Mayer, Jeff Mikulina, Pono Shim, Theodore Peck (Chair), Jeanne Skog, Mattie Yoshioka, Sylvia Yuen

Members Not In Attendance: Robin Campaniano, Jacqui Hoover, Jeffrey Kissel, Laura Thielen

Other Attendees: Mark McGuffie, Enterprise Honolulu, Gregg Kinkley (DBEDT Deputy Attorney General); Casey Ching & Melissa Pavlicek, Hawaii Public Policy Advocates, LLC; State Energy Office: James Bac, Mark Glick

Welcome and Motion to Approve Meeting Summary: Chair Theodore Peck opened the meeting at 2:15 p.m. by asking the Task Force members to review the meeting summary for 11-09-10.

[Skog] Requested a comment be stricken that was not understandable.

[Miyamoto] Indicated, that a comment in the summary was not attributable to Ms. Costales. [Evans] Indicated, that the comment cited was hers.

[Chair] Stated that the above corrections to be reflected in the minutes. The Task Force there upon approved the meeting summary.

Energy Security Fund Expenditure Plan:

[Chair] Referred to the handout developed for the American Recovery and Reinvestment Act (ARRA) Oversight Commission on the State Energy Office spend plan. Indicated that the ARRA spend plan comprised of two grants: the ARRA State Energy Program (SEP) grant for \$25 million and an ARRA Energy Efficiency Conservation Block Grant (EECBG) grant for \$9.5 million. Further, he indicated that the intent of the spend plan was to conduct projects that would be transformative. **Handout #1** can be found at the following website address: <http://hawaii.gov/dbedt/info/energy/HEDTF/index.html>

[Chair] Next reviewed a handout (long sheet), which laid out the full energy program spend plan for SEP for the current year. In this spend plan he indicated that there are no state funds available. Also, that the energy security funds based on the petroleum barrel tax is building up slowly within the fund. At the time of development of this spend plan he indicated that the Department of Business, Economic Development and Tourism (DBEDT) was unaware that the Agriculture Development Funds going to the Department of Agriculture (DoA) were earmarked. **Handout #2** can be found at the following website address: <http://hawaii.gov/dbedt/info/energy/HEDTF/index.html>

[Chair] A third handout reviewed was a proposed spend plan for the current \$0.40 deposited into funds directed by DBEDT, the DoA, and the Hawaii Natural Energy Institute (HNEI) of the University of Hawaii. This spend plan laid out priority projects numbered: 1 (highest), 2, 3, 4 (lower). **Handout #3** can be found at the following website address: <http://hawaii.gov/dbedt/info/energy/HEDTF/index.html>

[Chair] A fourth handout reviewed reflected DBEDT's formal budget breakdown, which was proposed to the Administration. Specifically, Section III-B was pointed out, as detailing proposed initiatives for the

\$0.60 in barrel tax funds, which are being re-routed to the State General Fund. **Handout #4** can be found at the following website address: <http://hawaii.gov/dbedt/info/energy/HEDTF/index.html>

[Yuen] Commented that the spend plans discussed focuses on energy, but wondered where was agriculture reflected.

[Chair] Acknowledged the point made by Ms. Yuen that the spend plans did focus primarily on energy and that agriculture should be considered.

[Yuen] Wanted further discussion of the spend plans.

[Shim] Indicated that strengthening agriculture is important. That Act 73(10), that he helped to author was passed as a compromise reflecting the need for both food and energy.

[Yuen] Questioned how the legislative report and spend budget will reflect the intent of the bill?

[Chair] Requested Task Force members to take lead and draft a section on food for inclusion in the legislative report, which reflects the concerns for legislative review and discussion.

[Evans] Commented that the Task Force did not know what the DoA is budgeting and that collaborative budgets from other agencies are possible.

[Chair] Mentioned that grant-in-aids have not been discussed, but that funds can go to the Economic Development Boards.

[Chair] Commented that there is a need to redirect the \$0.60 going to the State General Fund back to the Energy Security Fund.

[Shim] Remarked that current funding is central to the discussion of food and energy security.

[Chair] Pointed out that the budgets developed by DBEDT were needed to provide an anticipated budget of proposed initiatives.

[Skog] Acknowledged that DBEDT's spend plan was a statement of facts and data of what was done from the DBEDT perspective, but that there was no commitment by the Task Force.

[Chair] Indicated, that it was uncomfortable to have an Administration budget reviewed by the Task Force. That \$3.3 million going to the Energy Security Fund would not cover operating the State Energy Program and keeping personnel.

[Skog] Viewed the Task Force as providing recommendations to the spend budget based on facts, data, and Act 73(10)'s intent.

Definitions – Independence, Self-sufficiency, Security and Sustainability:

The Task Force reviewed the handout on definitions for 'independence, self-sufficiency, security, and sustainability.' The handout can be found at the following website address: <http://hawaii.gov/dbedt/info/energy/HEDTF/index.html>

[Chair] Advised the Task Force to think about what really is the objective; and then to have the Task Force address the issues.

[Mikulina] Viewed the objective as really about 'self-sufficiency' in food and energy.

[Glick] Commented that 'sustainability' was the focus of a task force in 200.

[Chair] Indicated that 'independence' is not sustainable from a 21st century perspective.

[Evans] Commented that Act 73(10) did not set as a goal 100% self-sufficiency.

[McGuffie] Stated, that there was more emphasis on energy due to more definition through the Hawaii Clean Energy Initiative (HCEI). That agriculture needs a process and benchmarking like energy to develop appropriate numbers.

[Chair] Was not sure that 100% self-sufficient for agriculture was a preferable state.

[Skog] Wondered what is the Task Force consensus? [Chair] Advised that consensus will depend on where the priorities lie, and that the Task Force will need to agree upon goals.

[Shim] Viewed energy and food self-sufficiency as synonymous.

[Evans] Recommended that the legislative report use the language within the bill as the Task Force goals.

[Chair] Questioned whether the Task Force wanted to define numbers for food?

[Evans] Cautioned, that numbers may drive initiatives, and wondered if the interim legislative report would be better if it identified gaps, barriers, issues, etc.

[Glick] Suggested that policy objectives could be used due to not necessarily being in numerical terms.

[Skog] Felt that quantifiable numbers helped to make points compelling and meaningful.

[Evans] Noted, that benchmarks could be interpreted in ways that are contrary to the intent of Act 73. For example, bigger warehouses for imported foods could meet the goal of Hawaii being more foodsecure, but not food self-sufficient. .

[Chair] Described Hawaii's base for economic development being: tourism, the Military, agriculture, and energy.

[Skog] Stated she did not personally interpret 'security' as relating to growing the economy, although a result that could occur as a natural outgrowth.

[Chair] Viewed 'economic development' as a parallel and complementary objective in the bill for food and energy security.

[Mikulina] Pointed out that Act 73(10) citations for agriculture seemed to contemplate numbers.

[Chair] Commented if Phycal could grow feed, as part of its business strategy, it could solve a bottleneck in agriculture.

[Evans] Commented that the private sector should not be expected to shoulder the effort of achieving public sector goals.

[Shim] Wondered what are the thresholds for agriculture, and that maybe it could follow a process like HCEI to develop numbers.

Update of Draft Legislative Report:

[Glick] Updated the Task Force on the status of re-drafting the legislative report: Indicated that he is distilling data, assimilating rewrite guidance, and citing analysis that indicates it is better to be less dependent. However, he indicated that it was not the intent to benchmark, but move to a point where the Task Force recommends a path to food and energy security.

Energy Security Fund Expenditure Plan - Followup:

[Evans] In Handout #3, asked how many of the projects were agriculture, and which ones were coming out of the \$0.60?

[Chair] Stated that priorities #1 and #2 are budgeted based on the current \$0.40 fund allocation. While priorities #3 and #4 are follow-on year projects, which possibly could use the \$0.60 currently being re-directed to the General Fund. He indicated, that these projects are a wish-list of projects under ARRA which may not be completed.

[McGuffie] Cited Act 209(08), relating to sustainable agricultural loans as having an outreach problem if only one company has taken advantage of the program's loans.

[Yamamoto] Commented that soil doesn't change over time, but that it is the land use which does change.

[Yuen] Added that data on elevation, rainfall, etc. are as important. That there is a dearth of agricultural information, which has led to assumptions being made. A major loss is the record keeping, which plantations used to do.

[Chair] Cautioned the Task Force that the funds for food and energy security needed to be treated as a 'one time' allocation, which needs to show high investment evidence to the Legislature.

[Yuen] Emphasized that there is a need to build an agricultural database even at \$500,000 as a start.

[Chair] Commented that \$500,000 is probably not enough to develop a sustainable 'geographic information system' (GIS).

[Chair] Asked that funding to develop an agricultural database be quantified and presented to the Task Force. Suggested collaboration on this initiative with the State Office of Planning, DoA, UH – College of Tropical Agriculture and Human Resources, Farm Bureau, and Counties.

[Yamamoto] Indicated the need to update current agricultural uses.

Calendar for Plan Development: [Chair] requested that the Task Force brainstorm items for plan development that could be noted in a planning calendar for Task Force purposes and drive data collection.

[Evans] Thought it might be helpful to drill down on DoA strategy.

[Yamamoto] Pointed out that due to the impending change in Administration that direction could change based on the incoming Director.

[Skog] Wanted to hear from the Farm Bureau Association on issues.

[Chair] Mentioned he was aware of agriculture having supply chain challenges, which would be of interest.

[Skog] Thought a Farm bureau overview may help the Task Force determine priorities.

[Chair] Inquired about farm sector briefings?

[Miyamoto] Indicated that the Farm Bureau is an umbrella organization for the various farm sectors.

[Evans] Commented that food and energy security is so broad that there is a need for the Task Force to identify specific security goals.

[Chair] Acknowledged that the Task Force members are busy, and that it is not his inclination to revert to subcommittees of Task Force members to tackle legislatively mandated tasks.

[Skog] Suggested that due to a new incoming Administration maybe they could be invited to identify their direction for the Task Force.

[Chair] Advised that the HCEI Roadmap, which is being prepared may be a methodology which agriculture could possibly apply.

[Evans] Thought that an Administration briefing would assist the Task Force for Tasks #1, #2, and #3.

[Chair] Is seeking an outcome driven focus of top priorities.

[Shim] Commented that it would help to examine the best use of water and land.

[Chair] Indicated that Task #5 is about structural change and how to make more efficient. Thought an 'inventory of problems' would be helpful.

[Skog] Suggested that presenters be posed the following question to answer in their presentation: "If you had 'x' money what are the top three (3) areas where you would put it?"

[Chair] Thought it would be useful to know the 'best practices' employed by others.

[Skog] Inquired whether 'institutional' is both public and private.

[Chair] Responded that 'institutional;' included non-governmental organizations (NGOs).

[Skog] Inquired whether the HEDTF was considered the ‘forum?’

[Shim] Cited Act 73(10), as seeking the creation of a forum as a task.

[Mikulina] Thought that if the information were identified for Tasks #1, #2, #3, and #4; that recommendations could be developed for Tasks #5, #6, #7, #8, #9, and #10.

[Shim] Liked Ms. Skog’s idea of presenters identifying the best three (3) areas they would seek to expend funds.

Next Meeting: December __, 2010, __ a.m./ p.m., Ewa 4th Floor Library, No.1 Capitol District (Hemmeter) Building, 250 S. Hotel Street.

See attached Meeting Agenda.

HEDTF Future Meeting Date:

A ‘scheduling doodle’ has been issued to determine when a quorum of members are able to meet in December.

Suggestions For Future Agenda:

Adjournment: The meeting was adjourned at 4:45 p.m.