

CITY AND COUNTY OF HONOLULU

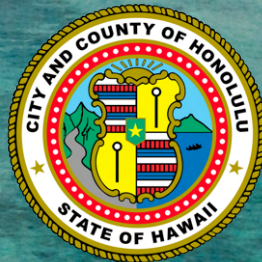


**ECONOMIC REVITALIZATION
COMMISSION**

KOMIKINA HO'OMOHALA WAIWAI

2023 REPORT

Community. Equity. Good Jobs.



DECEMBER 2023



Introduction and Background

This document is the first annual report to the Honolulu City Council from the City and County of Honolulu's Economic Revitalization Commission. The Commission works side-by-side with the Office of Economic Revitalization (OER) to create an economy for O'ahu that is more diverse, more equitable, and provides good jobs for O'ahu residents.

In July of 2020, OER was organized to provide leadership, information, and resources for O'ahu's economic revitalization during and beyond the COVID-19 pandemic. The Honolulu City Council formally established the Office of Economic Revitalization in the City Charter shortly thereafter on October 7, 2020. The City administration convened a working group of individuals and Councilmembers to create an Economic Recovery Plan to support the distribution of \$386 million in federal funding from the Coronavirus Relief Fund (CARES Act). The new office led many CARES Act funded pandemic related programs and outreach.

As the pandemic wound down and OER's work evolved, the City created an Economic Revitalization Commission with nine members, charged with advising OER through a strategic economic development plan and meeting at least quarterly.

In September 2022, OER posted a solicitation for nine registered voters on O’ahu with expertise in small business, finance, sustainable economics, and community development. More than 74 applications for the Commission were received and vetted for appointment.

In November 2022, the City Council confirmed the Mayor’s appointments to the Economic Revitalization Commission for staggered terms up to five years. The nine current Commissioners are:

REPRESENTING SUSTAINABLE ECONOMICS:



Reid Chung
3 YEAR TERM



Gregory Kim
4 YEAR TERM



Eliza Talbot
2 YEAR TERM

REPRESENTING SMALL BUSINESS:



Melialani James
5 YEAR TERM



Deborah Lui-Anderson
3 YEAR TERM

REPRESENTING FINANCE:



Keoni Lee
4 YEAR TERM



Anthony Mizuno
1 YEAR TERM

REPRESENTING COMMUNITY DEVELOPMENT:



Bobby John ('Olu) Campbell
2 YEAR TERM



Olin Lagon
5 YEAR TERM

The Economic Revitalization Commission's Initial Work for Year One

In 2023, the Commission met six times including an introductory meeting in January and regular meetings in February, April, July, October and November.

The Commission Members agreed that the focus of the economic recovery effort should be on creating a just and equitable economy that provides good jobs for O'ahu residents. This a challenging task given the wide-ranging inequities in our community. The first year's work highlighted hard economic realities that thousands of families struggle with every day – in one example, nearly 75% of Native Hawaiian and Pacific Islander keiki live below the Aloha United Way's ALICE threshold for poverty.

The Commission Members committed themselves to OER's vision of community, equity, and creating good jobs for our neighbors. Their consensus for the first year was to craft actionable strategic priorities based on established strategic plans instead of duplicating efforts to create a separate strategic plan for the City and County of Honolulu.

The goal is not to create more plans but to fill gaps in the economic recovery system, especially for our neighbors affected the most by deep-rooted inequalities.



The Commission held six meetings in 2023:

January 26

- This inaugural meeting set up proper Commission operations, including a review of all legal and public engagement requirements.
- This meeting started developing a working relationship between the Commission members and OER staff.

February 21

- At the February meeting, Commissioners selected Olin Lagon as Chair and Eliza Talbot as Vice Chair.
- The Commission continued with briefings on how OER is pursuing its work through three values: community, equity, and good jobs.
- This briefing included information about the Commission's formation and OER's scope of work from July of 2020 through February 2023 and beyond.
- Commissioners were introduced to the foundational data, research, partnerships, and strategies that influenced the Office's direction. Each Commission Member was tasked to review the reports and plans for discussion in the April meeting.

April 25

- The April meeting reviewed seven existing strategic plans and research papers that had been foundational to OER's work.
- Each Commissioner provided takeaways and feedback on parts of the research and plans that were relevant and strategic to OER's kuleana
 - a. O'ahu Comprehensive Economic Development Strategy (CEDS) 2022
 - b. Hawai'i Statewide CEDS 2022
 - c. Aspen Institute's Good Jobs Initiative
 - d. 'Āina Aloha Economic Futures
 - e. Aloha United Way Asset Limited, Income Constrained, Employed (ALICE) Report 2022
 - f. Hawai'i Tourism Authority's O'ahu Destination Management Action Plan (DMAP) 2021-2024
 - g. University of Hawai'i Economic Research Organization Studies: Local Food - COVID Business Impacts 2021 - Housing
- The Commission recognized that the O'ahu CEDS is the locally created, State and federally approved 5-year strategy delineating the economic development strategy for the City and County of Honolulu.
 - The Commission identified the O'ahu CEDS as the strategic plan with which it will align its work, noting that two Commission Members and five OER staff participated in its creation.



July 25

- The July meeting focused on moving from understanding the current economic situation on O’ahu, and other strategic plans and research, to putting forward specific ideas submitted from each of the Commission Members.
- These ideas were put forward to help OER with short to medium term strategic planning.

Topics At The July 25 Meeting

At the July 25 meeting, the Commissioners built consensus around four themes based on the values of community, equity, and creating good jobs:

- 1) Innovative Incubator
- 2) Small Business Support
- 3) WiFi or Broadband
- 4) Good Jobs or Workforce Development

The full July 25, 2023, Commission Ideas Document is available in Appendix E. The following is a synopsis of ideas presented by individual Commission Members relating to the four main themes. Additional suggestions and proposals within Appendix E are outside the scope of the City and/or the Office of Economic Revitalization but are presented for full context.

1. Innovative Incubator:

- a. Commission a study on the viability of creating jobs and industries via strategic import substitution and a strategic import substitution accelerator.
- b. The City would design, create, own, fund, and manage incubators that will support new businesses in the County of Honolulu, leveraging Hawai'i strategic advantages.
- c. Establish a specialized “Innovation District” within the City. Create incentives to establish a designated area that fosters collaboration, creativity, and entrepreneurship by bringing together stakeholders such as startups, established businesses, culture and arts, universities, research institutions, and government organizations.
- d. The City can repurpose or acquire a property in the urban core that can be a shared facility for food aggregation and distribution
- e. The City could create micro-manufacturing zones by partnering with a nonprofit real estate organization, focused on promoting industrial and commercial uses in the city and working to change zoning laws in order to allow for mixed-use development that accommodates housing and light/micro-manufacturing.

2. Small Business Support:

- a. OER could commission a study to identify innovative, bold, and concrete steps the City can take to better support small businesses. Are there ways to tune the City-portion of General Excise Taxes to better support the growth of a small business such as credits for start-up businesses or other credits that prevent layoffs or retard growth?
- b. The City would create a business advocacy program with a corps of employees whose job and focus is to work with small businesses and startups to facilitate required City permits, licenses, and processes. The goal is to accelerate, streamline, and improve the process of starting and growing a business.
- c. OER could serve as an advocate with the City to remove unnecessary red tape, freeing up capacity for both businesses and city workers to do more productive things and grow business.
- d. Fund a full-time grant administrator for the Office of Economic Revitalization who would be responsible for identifying funding opportunities, applying for them, and administering the grants.

3. WiFi or Broadband:

- a. Create free public WiFi systems through a public/private partnership, install kiosks throughout the urban core that allow people to access the web through their connected devices and find information about city services, current events, transportation, local business information, local history, and entertainment.
- b. Coding will be a necessary skill for the next generation, and it is anticipated that the ability to code will be similar to the need for the other skills that are taught in schools, such as English and math.

4. Good Jobs or Workforce Development:

- a. With OER's understanding of "good jobs," conduct a policy analysis of state and county laws to create a policy agenda to improve on the ability for "good jobs" to thrive on O'ahu and across the state.
- b. Work in partnership with the State and County to make it simple and easy for out-of-state companies to have their workforce live here. The goal would be to bring former residents that work on the continent back home, without having to leave their current employer. Simply having the talent live on O'ahu would bring certain side benefits.
- c. Concentrate job training dollars for programs that can achieve wages above the ALICE threshold with performance-based metrics that only pay out completely if targets are demonstrated by vendors.





October 24

- A draft report was crafted with the input of the Commission Members and the OER leadership.
- Three ideas that seemed to generate the most consensus among Commission Members at the July 25 meeting were debated and refined for the report and direction of OER.

Idea 1: Grant Administrator

A grant administrator role dedicated to the principles of O'ahu's economic development and resiliency will increase the City and County of Honolulu's competitive edge. It will also place the City in a better position for future state and federal grant funding. This funding will make it possible for OER to sustain and expand its operations and programming.


Before the end of 2023, OER expects to issue an RFP for a grants contractor to support more effective competitive grant proposals at OER, the Office of Climate Change, Sustainability and Resiliency, the Office of Housing, and the Mayor's Office on Culture and the Arts.

Idea 2: Connect Local Businesses to Opportunity

O'ahu can build a stronger, more sustainable, and more equitable economy if local companies can be better connected to local business opportunities and government contracts. With the Commission's help, OER can study, build capacity, and create opportunities for greater usage of local businesses by local government and businesses.

OER should place particular focus on a policy to preference local small and disadvantaged businesses within the City's procurement process. This policy can build further capacity for growth, as businesses gain expertise to compete for business on the continent and internationally, which can grow O'ahu's economic base.

The focus and mission of the O'ahu Business Connector is to build local capabilities and access to capital for local businesses; that starts with the City making its own improvements and taking a proactive approach. This approach builds belief and investment in O'ahu businesses to create the opportunity for others to do the same.



The initial emphasis of the Program will be to understand today's baseline for local City procurement opportunities and gather information from City Departments on the steps to expand the use of local contractors by the City. Barriers to entry should be eliminated, opportunities should be communicated to the O'ahu business community, and preferences should be granted to local businesses that are capable to performing the required services at competitive prices.

This means the RFP process may need to be amended to allow for such preferences. This will reverse the trend of tax dollars leaving O'ahu to engage contractors from the continental United States. Using tax dollars to help O'ahu businesses grow to obtain services required by the City is a double bottom-line outcome.

The launch of the O'ahu Business Connector program in 2024 includes developing an online Business Connector platform to facilitate the training and certification of small businesses to participate as government vendors. This web-based platform will also create in-person sector-specific cohorts to build the capacity of more businesses to compete for lucrative municipal, state and federal solicitations, among other capabilities.

Idea 3: Business Incubators and Accelerators Where They Are Needed Most

More business incubators and accelerators are being established on O'ahu, but many small businesses most in need of them do not have access. Through OER's outreach and data team, they can identify the types of businesses, organizations, and communities most in need of business incubation and accelerator programs. OER can support the funding for incubator programming and facilities to boost economic development in underserved communities and among minority and disadvantaged business owners.

This idea aligns with OER's planned small business start-up program which will fund and expand existing accelerator and incubator programs to focus on entrepreneurs from disadvantaged backgrounds or in underserved communities.

These ideas and OER activities match the specific strategies and overall direction of the 2022 O'ahu CEDS. The CEDS prioritizes a post-COVID economic recovery that focuses on long-term economic sustainability and resilience based on indigenous knowledge, inclusive communities, and shared values.

November 28

- Final review and approval for the Commission Year One report was concluded.
- Year Two Commission agenda planning began and guidance for OER was refined.





Commission Guidance

The following paragraphs summarize the Commission's current guidance to OER staff based on the ideas above.

The idea of connecting businesses – especially small, local businesses – to opportunity is at the core of OER's work to build a more diverse and equitable economy on O'ahu. For example, the Resource Connector team is reaching out to support small business owners all across the island and has helped more than 3,000 small businesses in the last three years. Given the success of this program and many others that OER is responsible for – including the City's \$300 million rent and utility relief program – the Commission believes strongly that OER is an effective vehicle for assisting businesses in connecting to opportunities, especially government contracts.

In addition, the Commission recommends pursuing the two other ideas listed above: a grants administrator and incubator/accelerator programs in underserved areas.

The City and County of Honolulu does not currently have an employee or contractor dedicated to applying for and administering grants. OER can fulfill the need for this role through the planned grants contractor and increase funding potential for economic development goals.

Additionally, OER can help promote awareness and advocate for the establishment of an Economic Development District to benefit O’ahu. Being designated as an Economic Development District by the U.S. Economic Development Administration (EDA) – a designation that could apply to the entire state – offers opportunities to obtain additional federal funding from the EDA for related workforce, infrastructure, clean energy, agriculture, and housing projects. The EDA only funds projects aligned with the CEDS and traditionally provides 80% of its funding to regions with established Economic Development Districts

The Commission also recommends creating incubator and accelerator programs in areas that are traditionally underserved or geographically isolated from business support services. Access to capital and grants can be limited due to geographic, socio-economic or language barriers. These areas may include densely populated urban Honolulu, and the more remote West O’ahu, and Ko’olau regions. These communities have burgeoning niche industries such as culinary, craftsmanship, agriculture, digital media and more but often they need capital and technical assistance to grow.

By funding or supporting incubator hubs and accelerators in these communities, OER will lift the overall economic development outcomes for the entire City and County of Honolulu.



The Office of Economic Revitalization's Work This Year

The Economic Revitalization Commission works in close alignment with the City and County of Honolulu's Office of Economic Revitalization, which operates many programs and can ensure that the Commission's and the City's priorities are acted upon. In addition, the Commissioners serve as ambassadors and advocates for OER's work in the community.

Since its creation during the pandemic, the Office of Economic Revitalization's work has evolved significantly. OER continues to distribute pandemic-related funds to households, businesses, and people to assist them in making it through the lingering effects of the crisis. Today, OER's work encompasses a more forward-thinking range of activities designed to help O'ahu businesses thrive and to connect O'ahu residents to opportunities that will provide them with a living wage and improved quality of life.

OER's work is inspired by three values: [Community](#), [Equity](#), and [Good Jobs](#). As the description above indicates, these values have also informed the Commission's work.





Community

OER's community focus means talking with and listening to the people OER serves. The OER team has conducted community surveys and developed a robust social media and online presence. The team has also partnered with many community organizations already connected to their neighbors and constituents to hear feedback in person and inform them about government and nonprofit programs. Through all of its work, OER has gained great insight into the needs of O'ahu's businesses and residents, which has helped inform not only OER's work but the Commission's discussions as well.

Equity

OER is equally committed to equity and supporting underserved communities in all of its work. In one example, the application forms for the agriculture grant program were available in nine languages, including Hawaiian, and the OER team held nine application events to help farmers with their applications. Similarly, OER has hired a Pacific Islander Community Liaison and established a strong program of providing resources especially for the Pacific Islander community, which was the hardest hit by the health and economic impacts of the pandemic.

Good Jobs

OER is focused on creating and sustaining good jobs in economically diverse sectors as well as training people for a good job. Good Jobs O'ahu is a partnership with the University of Hawai'i, employers, and organizations that want to help people on O'ahu to attain a quality job now and for generations to come.

OER in 2024

Resource Connectors

The Resource Connector team – formerly known as the Business and Constituent Educators – is the City’s central point of contact for O’ahu’s small businesses. For the last three years, the Connector team has introduced more than 3,000 small businesses to services from OER and its partners. The team has gained insight into the challenges and needs of the small business community and works with nonprofit partners and City departments to find and facilitate solutions.

Many of O’ahu’s small businesses are home-based or do not have a physical storefront. The Resource Connectors developed the Small Business Connection program to give these businesses access to services. The program brings technical assistance resources into the communities rather than requiring the small businesses to come to a central location. Starting in Kapolei, the program expanded to Kaka’ako and soon to the North Shore. This pilot program with the U.S. Small Business Administration (SBA) has been so successful that a Memorandum of Agreement has been signed with the SBA formalizing this work.

The team regularly also conducts webinars designed as “talk story” sessions with technical assistance experts to provide valuable information in quick, easy-to-understand bites. The Resource Connectors continue to build the library of resources via multiple webinar series set for release in 2024.





O'ahu Business Connector

The information gathered by the BCE team has illuminated the need for an easily accessible network of resources. With this goal in mind, OER is working with SourceLink to develop an online platform to help business owners navigate the myriad of no- to low-cost resources available. With the click of a button, this platform can be translated into a number of languages. This tool will save business owners time in trying to understand what resources are best for their specific need and provide a referral service to O'ahu's technical assistance providers.

Data

OER has established a data team to analyze large public data sets to better understand the realities of our workforce, diversified agriculture, innovation and technology, regenerative tourism, and small business sustainability. The tools and analysis under development build the foundation for data-driven decision-making from current to future OER strategies and programs.

Innovation & Technology

Hawai'i is undertaking a \$400 million investment in digital infrastructure, including a major investment from the federal government. To help facilitate this investment, OER created the O'ahu Digital Equity Coalition to validate the accuracy of the FCC's broadband service maps on the island. As more broadband funding becomes available, digital equity plans and programs will be an increasing focus of OER's work, so that O'ahu residents and businesses can easily access online services, including education and health care.

Sustainable Agriculture and Food Systems

OER is focused on increasing agricultural production to provide O'ahu residents with more locally grown products, to better care for our place, and to increase access to value-added Hawai'i products for residents and visitors. OER wrapped up \$3 million in grants for small farmers in 2023. In 2024, the Food and Ag team will continue to work closely with all stakeholders in local agriculture to maximize another \$1 million investment in O'ahu's food access programs for the distribution of locally grown, fresh and healthy produce. The Food and Ag team will also leverage an \$8 million OER investment in food systems with private funders to build out the island infrastructure necessary to support small, sustainable farming operations.

Regenerative Tourism

OER will continue to work with the Hawai'i Tourism Authority and the O'ahu Visitors Bureau on O'ahu's Destination Management Action plan to determine where the City can support more opportunities to "Buy Local," better manage City hotspots, encourage visitor's use of public transit, and eliminate temporary vacation rentals in local neighborhoods.





Rental and Utility Relief

The City's Rental and Utility Relief program will continue to work closely with Catholic Charities Hawai'i and the Council for Native Hawaiian Advancement to make sure households struggling with basic living expenses can get the support they need to stay safely housed.

\$10 million in Housing Stabilization Services will support the wind down in relief payments to families who have already received rental relief, with case management, housing navigation, financial literacy, mediation assistance, and referral services to connect O'ahu's families with affordable and permanent housing solutions. Through one-on-one interactions created through in-person application events, OER has gained valuable insight into the daily challenges and resilience of O'ahu's working families.

Honolulu Film Office

OER also houses the Honolulu Film Office. The Film Offices in each county are focused on three critical and foundational strategies to reach the goal of becoming a billion-dollar industry: (1) Aggressive marketing to the screen industry sectors, positioning O'ahu and Hawai'i as premiere on-location filming destinations; (2) educational outreach to legislators to ensure the Hawai'i Production Tax Credit is 'right-sized' to support the development of production infrastructure; and (3) modernizing the permitting process to facilitate the production of multiple simultaneous projects.

An Overview of Year Two for the Economic Revitalization Commission

Understanding the O’ahu Comprehensive Economic Development Strategy (CEDS) will guide the work that Commission Members will create a work plan for Year Two. The Commission Members will return to the question of rules and bylaws to refine the Commission’s operations. Potential components of the Year Two agenda include:

- Follow-on research to OER’s Small Business Survey is being undertaken by the University of Hawai’i Economic Research Organization. Researchers are examining in depth the economic value of connections that entrepreneurs have with each other and with business services that they need.
- A study to identify potential “import substitutes,” or ways for business, government, and organizational buyers on O’ahu to purchase goods and services from on-island businesses rather than from the mainland.
- An analysis of City procurement procedures to improve opportunities for local businesses.

The Commission Chair and Vice Chair will be responsible for proposing a 2024 work plan at the first Commission meeting of 2024.



Appendix A: Office of Economic Recovery and Economic Recovery Commission Establishment Documents

1. [Resolution establishing OER](#)
2. [City Charter](#)
3. [Charter Section on Boards & Commissions](#)

Appendix B: January 2023 Meeting

Summary

At the first meeting of the Commission in January, Mayor Rick Blangiardi recognized the Commissioners; the Commissioners were then briefed on the basics of serving on a City commission, including a review of ethics, financial disclosures, and Hawai'i's Sunshine Law. The Commission went over the proposed schedule of meetings for the year and engaged in a discussion about the proposed commission rules. The Commissioners decided to postpone the adoption of rules for a year or two in order to better define the Commission's work and role.

[Meeting Agenda](#)

Meeting Materials

- [Ethics guidance](#)
- [Ethics training](#)
- [Hawai'i Sunshine Law](#)

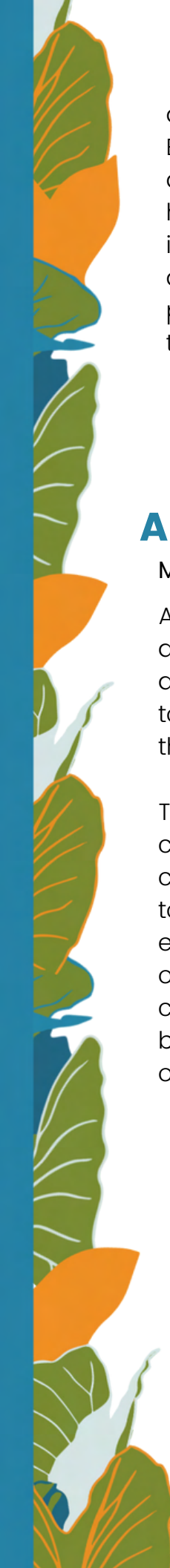
[Link to Minutes](#)

Appendix C: February 2023 meeting

At the February meeting, Commissioners selected Olin Lagon as Chair and Eliza Talbot as Vice Chair. The Commission was briefed on why the Office of Economic Revitalization was created and how OER is pursuing its work through three themes: community, equity, and good jobs. The Commissioners discussed the definition of what a good job is.

They were introduced to studies and strategies fundamental to the strategy





and work of OER to date, including the state and county Comprehensive Economic Development Strategies, the ‘Āina Aloha Economic Futures document, reports from the University of Hawai‘i on local foods, business, and housing, and the United Way ALICE report, dealing with ALICE (asset-limited, income-constrained, employed) households. Individual commissioners were assigned one of the documents as “homework” and asked to return in April prepared to provide takeaways on the document they were assigned relevant to OER and the future work of the Commission.

[Meeting Agenda](#)

[Meeting Materials](#)

[Meeting Minutes](#)

Appendix D: April 2023 Meeting

Meeting Summary

At the April meeting, Commissioners reported back with their “homework assignments” – each one summarizing a different document. They were then asked to complete a new “homework assignment” by providing their ideas for topics and focus areas the Commission might concentrate on in advance of the July meeting.

The Commission discussion focused on several key takeaways, including the cost of living (especially housing) on the island, the fact that half of all children on O‘ahu live in so-called ALICE households, the debate over the role tourism should play on the island and whether tourism should continue to expand or not, and the difficult path private businesses sometime face obtaining permits. The Commissioners agreed that the Commission’s work is closely aligned with the CEDS and the Commission could maximize its impact by focusing on only a few goals aligned with the CEDS or perhaps even only one goal.

Documents reviewed and discussed included:

1. The [State of Hawai‘i and O‘ahu Comprehensive Economic Development Strategy \(CEDS\) documents](#)
2. [Aspen Institute material on good jobs](#)
3. [‘Āina Aloha economic Futures](#)
4. [Aloha United Way ALICE report](#)
5. Hawai‘i Tourism Authority’s [O‘ahu Destination Management Action Plan](#)
6. [University of Hawai‘i studies in local food, COVID business impacts in 2021, and housing](#)

[Meeting Agenda](#)

[Meeting Minutes](#)

Appendix E: July 2023 Meeting

Meeting Summary

At the July meeting, Commissioners reviewed the approximately 20 ideas for initiatives they had provided in advance of the meeting and discussed those ideas in detail. For each initiative, the Commission members provided a title; a description of what OER might do; an explanation of how the initiative aligns with current needs, trends, threats, or opportunities for O'ahu; how the initiative builds on OER strengths, and a succinct statement on the goal of how OER might measure success.

Ideas fell into four general categories: (1) Innovative Incubator, (2) Small Business Support, (3) Wi-Fi or Broadband, and (4) Good Jobs or Workforce Development. In the course of the discussion, all of these categories converged around the idea of the circular economy as discussed in the Introduction to this report.

[Meeting Agenda](#)

[Meeting Materials](#)

Appendix F: October 2023 Meeting

[Summary of Meeting](#)

[Meeting Agenda](#)

[Meeting Materials](#)

[Meeting Minutes](#)

