

BFED Committee

From: Rallisondavis <rallisondavis@aol.com>
Sent: Thursday, September 14, 2023 11:37 AM
To: BFED Committee
Subject: Maui BFED Comm Mrg on 09/12/2023 - Follow Up
Attachments: Lahaina Rebuild Proposal 09 13 2023.pdf

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To whom it may concern:

Please see the attached written testimony following this past Tuesday's meeting on economic revitalization efforts for Maui County generally and the town of Lahaina specficially. This testimony was submitted by Ecomment to the DRIP Committee last night for its meeting this morning. Having attended this morning's DRIP Committee meeting, however, I understand that the DRIP Committee agenda did not cover this topic.

Thank you very much for your attention. I look forward to attending future meetings of the BFED Committee as a concerned member of the public here on Maui.

Best,

Ria A. Davis

Written Testimony for the Maui County Disaster, Resilience, International Affairs, and Planning (DRIP) Committee meeting on Thursday, September 14, 2023 at 9:00 AM

From: Ria Davis. I have been a resident of Maui since 2021 at 320 Kaiolohia Street, Kihei.

The following testimony is based on reading the various reports presented to several Maui County Council Committees and listening to hours of verbal testimony from a wide spectrum of stakeholders since the wildfires of August 8, 2023 destroyed a large part of Lahaina..

NOTE: Any plan to rebuild Lahaina must include measures to reduce the likelihood that Lahaina would be ravaged by wildfires in the future, including moving all power and communication lines underground. Apparently, underground pipeline conduits already exist but are not being used.

PROPOSAL #1: MAUI COUNTY SHOULD USE ARTIFICIAL INTELLIGENCE (AI) RESOURCES TO GENERATE ALTERNATIVE PROPOSALS FOR THE STRATEGY, PLANNING AND EXECUTION OF A PROJECT TO REBUILD THE TOWN OF LAHAINA FOLLOWING THE AUGUST 8, 2023 WILDFIRES THAT DESTROYED DOWNTOWN LAHAINA.

Using AI resources, Maui could avail itself of a wealth of facts, knowledge and history (including prior public testimony at numerous Committee meetings and the results of the survey discussed below) to guide it in the development of a rebuilding project and to help determine the parameters of a final strategic plan and the logistics of an implementation project.¹

- A project plan that includes the use of AI will require creation of a database that in turn will create many man-hours from people trained to identify and upload meaningful inputs (e.g., oral testimony at various Maui Committee meetings and historical materials in the process of being scanned at the Hawaii Mission Houses library). Maui County could also appeal to everyone on the island to make available archival documents, photographs, paintings and other artifacts in their possession to help inform a revitalization database for Lahaina.
- Any strategic plan must include significant input from young people – Lahaina represents their future, as much as it represents the past for others. What do young people need and want to be able to stay in the new Lahaina and raise their families there?
- Maui County could also send a survey, by postal mail and email, to the relevant stakeholders in the process to get their feedback on the revitalization project for Lahaina. Using a survey, the County would receive invaluable written input from stakeholders who may not be able to attend public meetings of the relevant Council Committees. In this way, everyone with a stake in the project would have a voice and be heard. The County could

¹ There is a video on YouTube, entitled “Waterfront Toronto – The Port Lands”, published 7 years ago, that graphically demonstrates the power of AI in urban planning.

follow up with individual survey respondents to the extent those respondents could be resources to the relevant Committee(s) in the development of a rebuilding strategy.

- With an extensive newly unemployed, educated and ambitious workforce, Maui County has the opportunity to train people in the process of creating the AI database, giving them marketable skills and giving them an opportunity to be productive and earn a wage from the Government, rather than relying on government assistance because they can't find a job.
- Hawaiian cultural experts and language experts would participate in creating the database so that these can be included in the final parameters for a new Lahaina.
- With a relatively young and well trained workforce proficient in AI skills, Lahaina could become an "AI center" for non-Hawaiian businesses and projects that want or need to use an American based workforce.

Possible Options (these are not exhaustive):

- Option #1: Lahaina should again be a ***mixed tourist/residential area***, much as it was before the Lahaina wildfire on August 8, 2023. Issues around what kind of tourists Lahaina wants to attract and what kinds of residences are included in Lahaina (and the affordability thereof) would have to be addressed – see below.
- Option #2: Lahaina should be primarily a ***tourist attraction***, with few if any residences in the main tourist area, thus reinforcing Lahaina's position as a major economic driver of the Maui tourism industry.
 - Areas around Lahaina (outside the primary downtown tourist area) that are currently undeveloped or underdeveloped could be developed as affordable housing for people who lived in Lahaina before the wildfire on August 8, 2023 and, if possible, for Hawaiians who are on the OHA list for housing.
 - All housing in and around the rebuilt Lahaina residential area(s) should be pet friendly.
- Option #3: Lahaina should be primarily a ***residential neighborhood*** for the people who were living in Lahaina before the fires and for Hawaiians who are on the OHA list for housing. See "Residential Lahaina" discussion below. This would eliminate Lahaina as a cruise ship stop and as a shopping and dining destination for both tourists and residents. Presumably, other areas of Maui would fill at least some of the void left by not redeveloping Lahaina as a tourist attraction.

- Option #4: Lahaina should be a **memorial to pre-colonial Hawaiian history** and to the many residents who died on the site on August 8, 2023, with the possibility of using some of the land for traditional agriculture and cultural practices (but no tourism).
- Related question: Should Lahaina be a memorial to American and European settlement of Hawaii, Maui and the Lahaina area? *E.g.*, does it make sense to try to recreate sites such as the Baldwin House, which is a vestige of foreign colonialism, rather than focusing on sites that are culturally significant from a Hawaiian pre-colonial perspective? Also, does it make sense to return Lahaina to its image as an “East Coast Whaling Village” (much like the Hamptons), which was done to attract East Coast visitors from the U.S.

Lahaina as a tourist attraction

If Lahaina is going to once again be a major draw for tourists (and therefore a major economic component of Maui’s tourism industry), what kind of tourists do we want to attract and how do we provide a meaningful cultural experience in a few hours?

- For example, would it make sense to continue to cater to American cruise ship passengers? How much of the revenue generated by tourism in Lahaina came from American cruise ship “day trippers” visiting Lahaina? Generally, cruise ship visitors do not eat ashore, as they have already paid for 3 meals, and often wine and alcoholic beverages, on ship. They are not looking to purchase high-end luxury products, such as handbags, perfume or jewelry, because these are not duty-free and they are widely available on the Mainland (as opposed to tourists from other countries, who may be looking to purchase such items which are not widely available in their home countries).
- Consider providing a more in-depth cultural immersion in native and contemporary Hawaiian culture and values, e.g., restaurants that serve only items made with native Hawaiian ingredients using traditional preparation and cooking methods and botanical tours that highlight native and endemic Hawaiian plants – OK, the Banyan Tree can be part of the tour!
- As a tourist attraction, streets (particularly Front Street) should be **for pedestrians only** to encourage visitors to linger for a while and experience life “on Hawaii time”.

Lahaina as a Residential Neighborhood

To the extent the redevelopment of Lahaina includes residential structures, what should these be?

- Most residences in Lahaina were not “affordable” before the wildfire on August 8, 2023. The homes there may have been acquired generations ago for modest outlays of money, but they were no longer affordable when they were destroyed.
- The question then is whether the rebuilding of Lahaina should have as one of its goals the creation of affordable housing.
- Even if buildings are made to look like old buildings, newer construction methods and materials that meet current safety standards would be required.
- Small neighborhood businesses would be included in the plan – e.g., coffee shops, specialty shops, restaurants.

PROPOSAL #2: HAWAII SHOULD CONSIDER ENCOURAGING U.S. AND FOREIGN BANKS TO SET UP EDGE ACT CORPORATIONS OR AGREEMENT CORPORATIONS ON MAUI TO PROMOTE MAUI AS AN INTERNATIONAL BANKING CENTER, PRIMARILY FOCUSED ON THE ASIA/PACIFIC AND JAPANESE MARKETS.

- An Edge Act Corporation is an American bank that is granted federal authority to engage in international banking and financial operations under the 1919 Edge Act, which was introduced to let U.S. banks better compete with foreign financial firms.
- An Agreement Corporation is essentially a state-chartered Edge Act corporation in the U.S.
- This is an “invisible industry” that is lucrative, sustainable and could be an adjunct to Maui’s tourist industry.
- Providing offshore banking and investment advisory services to non-U.S. clients from an Edge Act or Agreement Corporation on Maui would provide high paying jobs and encourage Maui young people to aspire to careers in banking, investments and finance, not just in tourism and hospitality. Furthermore, these skills are transferable and would allow young people to seek opportunities in other financial centers if they choose to leave Maui.²

² When I worked for The Citigroup Private Bank in New York in the early and mid-2000s, Citi had an Edge Act Bank in Miami that served only non-U.S. Private Banking clients, primarily from Latin America. Due to time zone considerations and the fact that many wealthy Latin American clients already spent time in Miami as tourists or had second homes in the Miami area, this was a very lucrative business for Citi. There was no similar legal vehicle for Asia/Pacific clients, however, who didn’t want to travel to Miami. U.S. bankers and investment advisors couldn’t meet with these clients in their home countries, however, due to restrictions in those countries and couldn’t meet with them in Hawaii because the latter is part of the U.S. and subject to U.S. banking and investment regulations.

- Executives and wealthy Asian clients who come to Maui to meet with their Edge Act Corporation bankers and advisors may want to bring their families for a holiday on Maui while they are there.
- Note that Edge Act and Agreement Corporations ***do not engage in any domestic banking business onshore***, so would not compete with existing state-chartered banks in Hawaii.
- This initiative would require coordination by the Hawaii Department of Commerce and Consumer Affairs and the U.S. Federal Reserve Bank in the case of Edge Act Corporations.³
- Ultimately, it could make Maui – and by extension the State of Hawaii – less dependent on tourism, which has proven to be an unstable industry on which to base Maui’s economy following the collapse of tourism due to COVID restrictions in 2020 and again following the wildfires that destroyed downtown Lahaina this past August.

³ The Federal Reserve Board's rules regulating Edge corporations and international banking activities are found at Regulation K (12 C.F.R. pt. 211). An alternative to an Edge Corporation is an Agreement Corporation, which functions under the same rules as Edge Corporations but is chartered by a state.