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APPROVED FOR TRANSMITTAL

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, HI 96793

Michael P. Victorino
Mayor
3/8/19
Date

For Transmittal to:

Honorable Keani N. W. Rawlins-Fernandez
Chair, Economic Development and Budget Committee
200 South High Street
Wailuku, HI 96793

**RE: PRE-BUDGET SESSION PRESENTATION
(OFFICE OF ECONOMIC DEVELOPMENT) (EDB-24(4))**

Dear Chair Rawlins-Fernandez:

This letter is in response to the Economic Development and Budget Committee letter dated February 21, 2019. As requested, we are providing the following responses to your questions:

1. The Department's top three to five strategic goals for FY 2020;

As we continue to look for other avenues to diversify Maui County's economy, we will:

- a. Meet with all councilmembers on a quarterly basis to share grant funding plans for each respective district.
- b. Review the grant application process to make it more user friendly to grantees and efficient for processing within the department.

- c. Align the County's volunteer force (resident and visitors) with an integrated program matching volunteers with grantees needing volunteers.
- d. Seek funding outside of the County to assist in economic development goals.
- e. Work with the Managing Tourism Group to develop strategies to ensure a positive experience for both visitors and residents.

2. The objectives that will be implemented to meet these strategic goals and the intended results;

- a. Continue to have open lines of communication with councilmembers regarding their district's grant funding with the focus on district-specific needs for economic opportunity and cultural contributions.
- b. Continue to meet with industry leaders to determine opportunities to support areas of economic development. Look at industry trends to predict vulnerability in the existing economy and further strengthen the County's economy in upward trending industries such as healthcare, technology, and agriculture.
- c. Improve the grant funding process by changing current grant submission guidelines and policies, improving communication of grant availability with the public using all forms of press (radio, newspaper, social media), and holding more workshops in the community to inform the public of grants and submission information.
- d. Develop a system of matching volunteers (resident and visitors) to grantees to maximize the potential in-kind services provided to economic and cultural projects. Ideas would be creating a "Volunteer Maui" calendar within the County website, or elsewhere, that organizations can post their activities to and allow residents and visitors to connect to those volunteer activities of interest.
- e. Seek opportunities to attract funding to Maui County by having ongoing dialog and outreach regarding Opportunity Zones, Enterprise Zones, and investigate funding avenues based on economic opportunities outlined in section b above.
- f. The Managing Tourism Group has been meeting every two weeks on key topic areas affecting visitors and residents. Areas of focus have been the environment, traffic, transportation, culture, etc. Representatives of each area of focus have been called to present and share their work with the goal of developing solutions to mitigate the impacts on our communities. Ongoing communication amongst all stakeholders and

communities throughout the process will ensure that mitigation efforts represent all parties.

3. Funds anticipated to remain unencumbered from the FY 2020 Budget and the reasons why the funds were not encumbered;

Departments funds for administration, the Maui County Business Resource Center and the Kuha’o Business Center will be expended for the FY 2019 budget.

Grant funding balances are noted below, and although not fully earmarked, are still being considered as final grants are submitted. Earmarks could change when organizations cannot meet tax compliance and insurance requirements, etc.

District Grant Funding for those with balances (rounded):

East Maui	\$20,100
Lanai	\$1,000
Molokai	\$1,000
Pukalani	\$27,000
South Maui	\$38,600
West Maui	\$1,900
Wailuku – Three proviso grants totally \$55,000 were cancelled by past administration	
Environmental	\$13,800
Renewable Energy	\$28,000
Small Business	\$2,000

Queen Keopuolani Celebration \$75,000 cancelled by past administration

4. The Office’s estimated fixed costs and discretionary costs for FY2020;

The cost centers within the Office of Economic Development are in three areas (rounded):

- 1) Maui County Business Resource Center/American Job Center (\$76,000)
- 2) Molokai Kuhao Business Center (\$68,000)
- 3) Administrative budget (\$199,000)

These costs do not include salary and personnel benefit costs.

The budgets for the first two cost centers are fixed as it relates to the basic delivery of services (rent, electricity, cleaning, maintenance, etc). The discretionary costs are those

related to the business workshops held and travel. Molokai travel relates to two staff members traveling to Maui twice a year to be involved in the grant review process and for the annual business brainstorming/goal setting sessions with Maui OED staff.

The \$199,000 administrative budget of OED is further broken down into two cost centers: \$116,000 designated for the film office and \$83,000 for the remaining operations.

The \$116,000 is a fixed cost to deliver the film office performance measure of over \$8,000,000 in film based revenue to the county and helping to employ over 250 film industry contractors.

The \$83,000 consists of office costs to support 4 specialists in agriculture, environmental, energy and small business, 1.5 personnel delivering program specific services under the Workforce Innovation and Opportunities Act, 1.0 personnel delivering Hawaii Tourism Authority specific services, 1.5 personnel processing over 100 grants, 1 support staff and 1 Director.

The travel budget of \$11,000 is a discretionary expense however our staff does service Lanai and Molokai. Also having the flexibility to travel to seek out funding opportunities and to learn of new ways to assist identified economic driver industries is key in developing solutions to areas of diversification. The answers do not normally lie within the County, they need to be harnessed via relationship building and seeking new knowledge to advance a given initiative. All travel can be tied to a measurable outcome in building any new initiative.

5. Cost-saving measures the Department has implemented or will be implementing, and the amount saved or that will be saved by these measures.

A \$9,000 annual website renewal cost for the Film Office will be discontinued and the website will be curated within the Office of Economic Development website starting January 1, 2020.

Reducing copier costs by setting machines to black versus document driven will save approximately \$2,000 per year.

In 2020, we will be searching for grant processing software to increase efficiency, reduce office supply costs by attempting to transition from paper grant applications to scanned versions with the eventual reduction in storage costs. The research will lead to a 2021 request to fund the software selected.

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Thank you for this opportunity to submit information related to our Office of Economic Development. Please feel free to contact me at 270-7224 with any further questions.

Sincerely,

A handwritten signature in cursive script that reads "Kay S. Fukumoto".

KAY S. FUKUMOTO
Economic Development Director