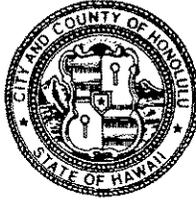


DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 527-5311 • FAX: 527-5498

MUFI HANNEMANN
MAYOR



DEBORAH KIM MORIKAWA
DIRECTOR

DANILO "DANNY" AGSALOG
SENIOR ADVISOR

March 10, 2006

The Honorable Donovan M. Dela Cruz, Chair
and Members of the City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

RECEIVED

MAR 21 10 40 AM '06

CITY CLERK
HONOLULU, HAWAII

Dear Chair Dela Cruz and Council Members:

Subject: Resolution Authorizing the Department of Community Services to Apply for Grant Funds from the U.S. Economic Development Administration for Oahu Comprehensive Economic Development Strategy Implementation and to Enter Intergovernmental Agreements Related Thereto

The Department of Community Services (DCS) would like to request the introduction and adoption of the attached resolution to apply for grant funds from the U.S. Economic Development Administration (EDA) of the Department of Commerce and to enter intergovernmental agreements related thereto.

DCS, in cooperation with the Mayor's Office of Economic Development, has been invited to apply for a \$75,000 planning assistance grant for Oahu Comprehensive Economic Development Strategy (CEDS) implementation. This grant application also includes \$75,000 in matching funds which was appropriated to DCS through Ordinance 05-23 for the Community Based Economic Development activity.

The Community Based Economic Development Section of the DCS Office of Special Projects manages community development block grant (CDBG) community revitalization projects that target low-and moderate-income individuals and communities. Accordingly, the EDA grant will complement the development and implementation of additional community-based economic development projects.

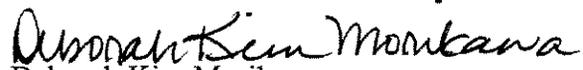
The deadline for submission of this application is March 20, 2006. Since the Council's review would most likely occur after the submission deadline, we will withdraw the application should the Council decide not to adopt this resolution.

Dept. Com. No. 0309

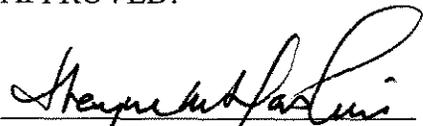
The Honorable Donovan M. Dela Cruz
and Members of the City Council
Page Two
March 10, 2006

Should you have any questions, please feel free to contact me at 527-6269.

Sincerely,


Deborah Kim Morikawa
Director

APPROVED:


Wayne M. Hashiro, P.E.
Acting Managing Director
Office of the Mayor



RESOLUTION

AUTHORIZING THE DIRECTOR OF THE DEPARTMENT OF COMMUNITY SERVICES OF THE CITY AND COUNTY OF HONOLULU TO APPLY TO THE ECONOMIC DEVELOPMENT ADMINISTRATION OF THE U.S. DEPARTMENT OF COMMERCE FOR A PLANNING ASSISTANCE GRANT, TO ACCEPT AND EXPEND FUNDS PURSUANT THERETO, AND TO EXECUTE INTERGOVERNMENTAL AGREEMENTS RELATED THERETO.

WHEREAS, Chapter 1, Article 8, Revised Ordinances of Honolulu 1990, requires that when carrying out the provisions of any intergovernmental agreement, all applications and/or amendments thereof, statistical data programs, reports or other official communications which support the application and which are required to be provided by the City and County of Honolulu or its component departments to any other governmental or quasi-governmental agency shall first be presented to the City Council for its review and approval prior to its transmittal; and

WHEREAS, the Department of Community Services (DCS) with the Mayor's Office of Economic Development and the cooperation of the State of Hawaii Department of Business, Economic Development and Tourism (DBEDT), Office of Planning, have participated in past economic development programs of the Economic Development Administration (EDA) of the U.S. Department of Commerce; and

WHEREAS, the EDA has invited DCS to apply for \$75,000 in grant funds to support project studies and plans for the Implementation of the Oahu Comprehensive Economic Development Strategy (CEDS); and

WHEREAS, the grant funds would be used in conjunction with \$75,000 in matching funds available to DCS as appropriated through Ordinance 05-023; and

WHEREAS, the Department of Community Services now wishes to apply for the above-mentioned funds from EDA; and

WHEREAS, a copy of the draft application is hereto attached as Exhibit A and by reference made part of this resolution; now therefore,

DCSOSPEDA.R06



RESOLUTION

BE IT RESOLVED by the Council of the City and County of Honolulu, State of Hawaii, that the Director of the Department of Community Services or duly authorized representative (the "Director") is hereby authorized to apply for funds for this program; and

BE IT FURTHER RESOLVED that the Director is authorized to accept and expend funds awarded pursuant thereto, and to enter into intergovernmental agreements related to said funds; and

BE IT FINALLY RESOLVED that the Clerk be, and is hereby directed to, forward copies of the resolution to the Director of the Department of Community Services, Director of the Mayor's Office of Economic Development, and the Economic Development Administration.

INTRODUCED BY:

DATE OF INTRODUCTION:

Honolulu, Hawaii

Councilmembers

PROGRAM NARRATIVE STATEMENT

Investment (Project) Area

The Oahu Comprehensive Economic Development Implementation Project will cover the jurisdiction of the City and County of Honolulu which encompasses the Island of Oahu. Also known as the “gathering place” of the State of Hawaii, Oahu has a land area of 597.6 square miles and a resident population of 902,704. These residents will receive the benefits of the EDA investment. Although geographically the smallest of the state’s four counties, the City and County of Honolulu has three-fourths of Hawaii’s population and serves as its business and government center. Despite recent economic gains spurred by vibrant tourism economy and federal defense spending, a percentage of Oahu’s resident population continues to experience substantial economic distress from underemployment, high costs of living, and low wages. The target of this proposal for federal assistance is economically distressed communities of Oahu.

Investment (Project) Description

Oahu Comprehensive Economic Development Implementation

The City and County of Honolulu, through its Office of Special Projects, Community-Based Economic Development Section in the Department of Community Services (DCS) requests funds to develop studies and plans for specific economic development projects to strengthen communities on Oahu that are experiencing economic distress from underemployment and low wages. This proposal seeks assistance to implement projects identified in the comprehensive economic development strategy planning work recently completed by the statewide CEDS accepted by EDA in September 2005 and the initial Oahu CEDS submitted in 2000 with its subsequent revisions and updates.

DCS staff collaborated in the preparation of the Hawaii Statewide CEDS by the State of Hawaii Office of Planning in the Department of Economic Development & Tourism (DBEDT) which was accepted by EDA in February 2005. Based on the findings of the statewide CEDS, EDA has funded DBEDT with another planning effort in 2005 to continue more detailed planning to move projects in identified industry clusters from concepts to implementation.

This request for federal assistance proposes to expand this planning effort to other Oahu-based projects and develop potential funding partnerships with funds and resources available to the City. The City and County of Honolulu will provide a sixty-six percent (66%) match of this proposed planning grant with \$100,000 in cash appropriations of

Community Development Block Grant ("CDBG") Program funds made available to the City and County of Honolulu by the U.S. Department of Housing and Urban Development ("HUD") and awarded to the Office of Special Projects ("OSP"), DCS in the Fiscal Year 2005-2006 Budget and \$45,273 in-kind salary contribution from City staff from the Office of Special Projects.

The Office of Special Projects administers economic development programs and projects funded by CDBG funds, including business incubators, micro-enterprise training programs, and planning efforts by community-based economic development organizations. A COMPANION PROJECT of OSP is the establishment of an U.S. Department of Housing and Urban Development ("HUD") Section 108 Loan Program for the City and County for Honolulu as an economic development tool. Section 108 is a loan program which uses the City Entitlement CDBG funds as collateral. OSP anticipates that any project feasibilities and master plans developed under the CEDS would possibly be funded by the Section 108 program.

Another COMPANION PROJECT involves Honolulu Mayor Mufi Hannemann's appointment of an Economic Development Task Force to conduct a short-term (2.5 year) economic development plan for Chinatown, Kalihi, Kaimuki, Kapolei and the North Shore for \$100,000. The Mayor's Office of Economic Development will oversee this project and will be involved in this EDA Planning Support effort.

Implementation of the Oahu CEDS

The federal assistance requested will be used to fund specific studies such as feasibility/sustainability studies, business plans and/or master plans to move projects from concept to implementation.

A number of Honolulu economic development projects identified in the Oahu Initial CEDS, the Oahu portion of the statewide CEDS and other planning efforts have faced difficulties in implementation and funding because of a lack of technical assistance to conduct the necessary planning. Many of the nonprofit organization require additional capacities to develop economic development projects. The Department of Community Services, Office of Special Projects and the Mayor's Office of Economic Development manages City resources in implementing economic development projects recognizes the need to provide professional resources to project implementers, especially in the areas of project financing and cash flow analysis.

Project Components:

1. The Department of Community Services Office of Special Projects, the Mayor's Office of Economic Development with assistance from the Mayor's Economic Development Committee will select 2-4 economic development projects identified in the statewide CEDS, Oahu CEDS, Empower Oahu's Community Strengthening Communities Program, and Final Consolidated Plan for Fiscal Years 2006 - 2010.
2. Project planning teams will be convened by OSP for the projects using volunteer advocates with project or economic development backgrounds. The teams will identify the technical assistance needs for the selected project. Technical assistance would include but not be limited to business plans, feasibility studies, marketing plans, and operational plans.
3. OSP will arrange, through competitive procurement, qualified professionals to provide technical assistance for project implementation.
4. Project plans, to be completed by the project teams and assigned professionals, will provide strong basis for securing financing and being implemented.

Economic Development Need

Address the Goals and Objectives of the CEDS – The Project proposes to implement projects identified in the Initial Oahu CEDS, Oahu portions of the Hawaii Statewide CEDS and community and neighborhood revitalization efforts undertaken by the City. The cluster analysis identified industry clusters that will diversify Oahu's economic base and offer the best opportunities for economic growth. Community revitalization efforts will assist in identifying potential locations of these growth clusters that would create opportunities for the economically distressed communities. For example, there may be an opportunity to expand the health and wellness cluster by providing the mechanism for a medical services business incubator in conjunction with a program with the Waianae Coast Comprehensive Health Center. Empower Oahu is already funding a project in Waimanalo to provide business and technology training to potential entrepreneurs in the area for potential military contracts.

Oahu Comprehensive Economic Development Strategy Implementation
City and County of Honolulu
March 3, 2006

Description of Economic Conditions of the Area – Historically the economy of Hawaii has been driven by plantation agriculture and tourism. Large scale agriculture, primarily sugar and pineapple, however has declined because of foreign competition. Tourism, on the other hand, has experienced substantial growth and is still essential component in the economy. These industries, however, do not offer employment that fully utilize the educational levels and skills of Hawaii's labor force. The existence of low-wage, part-time and seasonal jobs has, in part, caused an exodus of college graduates from Hawaii to better utilize their skills and increase incomes. Hawaii's high cost of living also is a factor in this "brain drain" of residents. The decline of plantation agriculture has contributed to the creation of pockets of poverty where former plantation once thrived.

Investment (Project) Impact

1. Project is market-based and results-driven. The proposed Project seeks to revitalize Oahu's economy by focusing on the implementation of projects from prioritized clusters identified in the Oahu CEDS to benefit the island's low-income population, neighborhoods and communities. The project focuses on providing technical assistance to nonprofit organizations to improve their ability to implement projects that are market-based and will provide desired results.
2. Project has strong organizational leadership. An existing committee concerned with City economic development selected by Mayor Mufi Hannemann will be utilized as a CEDS Strategy Committee. The project will be coordinated with the Mayor's Office of Economic Development. Empower Oahu, a community-based organization, will provide input from distressed communities.
3. Project advances productivity, innovation, and entrepreneurship. The City already funds micro-enterprise assistance, innovative economic development projects, and business incubators with CDBG funds. The proposed Project will enhance and compliment these efforts by providing additional planning funds.
4. Project looks beyond the immediate economic horizon, anticipates economic changes and diversifies the local and regional economy. Funding related planning Projects to implement the emerging clusters identified in statewide CEDS will diversify the economy and create new markets for Hawaii with Asia and the mainland USA.

General Policies and Funding Priorities

The proposed development satisfies EDA's General Policies and Funding Priorities. The proposed development compliments the Hawaii Statewide CEDS work in cluster development and adds an element of "Strengthening Communities" with its efforts in community and neighborhood revitalization in updating the CEDS and the development of community revitalization master plans. The City will involve community-based organizations, private sector and other government entities. The City manages a \$12 million CDBG entitlement fund whose principal objective is to develop programs and projects that benefit low- and moderate-income individuals and communities on Oahu.

Proponent's Capability

The applicant has the capability to administer, implement and market the Project. Staff in the CBED Section of the Office of Special Projects, Department of Community Services have been administering, implementing and monitoring CDBG-funded economic and community development projects since 1997. Staff initiated the City and County of Honolulu's application for HUD's Empowerment Zone designation in 1998 and again in 2001. In 1998, EDA provided a \$50,000 planning grant to DCS to prepare the Initial Oahu CEDS. During that year, CBED staff was also awarded a \$250,000 Sustainable Development Grant from the Environmental Protection Agency. Staff has been participating in the Hawaii Statewide CEDS, particularly the Oahu portions.

Proposed Time Schedule

October 2006 to October 2007

<u>Task</u>	<u>When</u>	<u>Results</u>
1. Select top-ranked CEDS projects	Oct-Nov 2006	4-7 projects
2. Convene Planning teams	Dec-Feb 2007	Project needs
3. Procure professional assistance	Mar-Jun 2007	Work sessions
4. Complete project plans	Jul-Oct 2007	Project Plans

Project Beneficiaries

The Project will focus on implementation of projects from prioritized industry clusters that will provide opportunities to for economically distressed communities and/or opportunities to low- and moderate income individuals. Project beneficiaries are not specifically identified at this time.

Civil Rights

- o *Does the proponent understand and agree to comply with all applicable civil rights requirements to provide signed assurances and other information that may be needed to determine compliance?*

YES

- o *Do identified "other parties" as defined in 13 CFR §317.1(c) understand and agree to comply with all other information that may be needed to determine compliance?*

YES

Proposed Project Budget

Budget Summary					
Grant Program	CFDA #		Budget		
Support for Planning	11-302		Federal	Non-Federal	Total
			\$ 75,000	\$ 75,000	\$ 150,000
Budget Categories					
	Estimated Un-obligated Funds		Budget		
	Federal	Non-Federal	Federal	Non-Federal	Total
Personnel	\$ 10,000				\$ 10,000
Fringe Benefits (52.11%)					
Travel	6,000				6,000
Contractual	59,000	75,000			134,000
Total Direct Charges	75,000	75,000	0	0	150,000
Total Project Cost	\$ 75,000	\$ 150,000			\$ 150,000

Proposed Funding Sources

- *Identify the source, nature and amount of all non-EDA funds, including in-kind contributions. Explain the status of all funding commitments, included the date the funds will be available from each source, and describe any conditions or restrictions on the use of such funds.*

The match in part will be provided by \$75,000 of City CDBG Entitlement Funds allocated to the Office of Special Projects, Department of Community Services. Cash funds are currently are in the FY 2005 – 2006 budget and will be available to December 31, 2006. Additional match will be provided by in-kind salary costs of OSP staff.

- *Are all non-EDA Funds committed and readily available?*

Matching funds of \$75,000 from an allocation of a \$100,000 grant are available from July 1, 2005 to June 31, 2006 were appropriated in Ordinance 05-23, City and County of Honolulu. The funds are allocated to the DCS-Office of Special Projects.

- *Discuss the actions that need to be taken and the timing required to secure the non-EDA funds.*

Funds from the CDBG grant (\$100,000) has already been appropriated and available for use until December 31, 2006. Budget requests for FY 2006-2007 which will provide in-kind salary costs have already been submitted to the Mayor. No changes in OSP staffing is contemplated for the next two years.

- *Except as noted, does the proponent plan to seek other federal assistance to assist in funding this investment?*

No.

- *Is the proposed EDA assistance available from any federal economic development program?*

No.

Non-Federal Share

Source of Non-Federal Share

The matching funds will be provided by a cash match of \$75,000 from a \$100,000 CDBG grant.

Project Budget Summary

City & County of Honolulu

Cash \$ 75,000

Economic Development Administration

Grant \$ 75,000