

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET · HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-4275 · FAX: (808) 768-4242 · INTERNET: www.honolulu.gov



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CITY COUNCIL
HONOLULU, HAWAII

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CITY CLERK
HONOLULU, HAWAII

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April 21, 2009

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Bancroft*

The Honorable Nestor Garcia, Chair
and Members of the Budget Committee
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Garcia and Councilmembers:

Subject: Budget Communication No. 8 – Questions 1b,
1c, where it relates to OED, and 1d

Our responses to questions and issues, 1b and 1d, and 1c where it relates to OED, raised for the Offices of the Mayor and Managing Director at the Departmental Budget Hearing on March 23, 2009, are provided below.

1b. Please provide a more detailed explanation on how moneys budgeted under the category "Other professional services — community programs" will be used for stimulus related purposes, more specifically, how priorities will be established and what benchmarks will be used to evaluate the success of those programs.

\$125,000 for New Economic Stimulus Projects

As noted in the recent special report, "Economic Forecast: Assessing Tourism's Contribution to the Hawaii Economy," by Leroy O. Laney for First Hawaiian Bank, "until tourism gets well, the rest of the economy can not."

Our economy is in a serious recession. In 2007, tourism accounted for \$1.2 billion or over 25% of tax revenues, 187,600 jobs, and 21% of state Gross Domestic Product. In 2008, that share declined to 17.9%. "Tourism, our number one industry, is in a crisis mode and it is imperative that leadership efforts be made now to revive and maintain the industry as much and as quickly as possible."

"Reducing public funding for tourism marketing will be unthinkable for the next several years, regardless of the search for ways to find money during these hard times. That is because tourism marketing is an investment in jobs, future tax revenues, and economic well being for everyone in the state."

The report also stated, "It would help if there were more of a shared vision and coordination among state, county, and individual agencies with regard to tourism policy and planning."

In contrast to Oahu, the neighbor island counties are committing unprecedented amounts of funding for tourism support, such as Kauai's allocation of \$1 million, Maui's commitment of \$3.5 million and the Big Island's funding of \$500,000.

The four county mayors understand that the Counties play a vital role in supporting tourism and accelerating Hawaii's economic recovery. Through the Council of Mayors, they are coming together and joining with the private sector to establish a statewide special tourism marketing fund. Mayor Hannemann is proposing a nominal amount for Honolulu of only \$100,000. He has already secured \$100,000 from a local bank to increase Honolulu's contribution to the effort and will work to raise additional funds.

Timing is ideal given the Mayor's current leadership positions with the U.S. Conference of Mayors: Chairman of Tourism, Arts, Parks, Entertainment and Sports Committee; Advisory Board member; Co-chairman with Chicago Mayor Daley of the Task Force for Chicago's 2016 Olympic Bid and Co-chairman with Transportation Chair Mayor Hickenlooper on the Task Force for the Airline Industry.

One of the programs to be executed with this special tourism marketing fund is a 4-County Mayors West Coast campaign in conjunction with HVCB and all county visitors bureaus to boost visitor arrivals to benefit our counties from our largest source markets on the West Coast such as Los Angeles, San Francisco, and San Diego. This type of promotional campaign has historically proven to be successful in generating a surge of bookings.

Again, to boost visitor arrivals from our strongest source market, the U.S. mainland, an additional \$25,000 is being requested to launch an "Aloha Sister-Cities" program targeted towards strengthening economic relationships with domestic U.S. cities. The first Aloha Sister-City relationship proposed is with Hawaii's 9th island, Las Vegas. With tens of thousands of people living in Las Vegas today with Hawaii ties, establishing a formal program will provide countless opportunities to bring both ex-pats and visitors from Las Vegas to Honolulu. A number of other mainland cities are also being investigated such as Chicago and San Francisco.

1c. Under the category Other Professional Services, object code 3004 [sic], please provide a more detailed listing for FY 2009.

City Management

3006	Other Professional Services		\$ 459,000
	FILM OFFICE		\$ 60,000
	Hawaii International Film Festival		\$ 20,000
	SMALL BUSINESS DEVELOPMENT		\$ 52,000
	COMMUNITY REVITALIZATION		\$ 120,000
	Rediscover Events	\$ 70,000	
	Community Programs	\$ 50,000	
	INTERNATIONAL RELATIONS/SISTER CITIES		\$ 125,000
	AGRICULTURE		\$ 57,000
	SPORTS		\$ 25,000

The Mayor's Office of Economic Development (OED) works in partnership with Oahu's businesses, non-profit groups and communities to support economic growth and enhance the quality of life in the City and County of Honolulu.

As the level of government closest to the people, the City's role in economic development is at the community level and OED's programs are driven by the needs expressed by Oahu's communities. The office works to provide a more nurturing, business-friendly environment for businesses and community organizations. The office also coordinates with City agencies and programs on the economic development implications of their activities and works with City organizations, community groups, and other government entities to stimulate economic development opportunities. OED focuses in areas where the City can build effective public-private partnerships to address needs and make a positive difference for Oahu's communities and businesses.

OED's activities include the Honolulu Film Office, Honolulu's Sister-Cities Program, the annual Hawaii Tourism Authority's County Product Enrichment Program, Rediscover Oahu events, Targeted Community Economic Revitalization, U.S. Conference of Mayors, small business, tourism, diversified agriculture, entertainment, sports, technology and international relations.

Honolulu Film Office

The Honolulu Film Office provides leadership in the planning and development of the film industry in the county; develops and implements marketing and promotional plans that promote Oahu as a premier on-location filming destination and create a vibrant economic element in the new economy; and provides guidance, facilitation, and processing of permits and filming permissions for all levels of local, national, and international production, including feature films, television series and special episodes, national commercial spot production, print media and campaigns, cable access production, and student/amateur photography (film, video, stills, new media).

The HFO works with federal, state, and county agencies and boards, film unions and associations, community groups, and strategic partners in the private sector to develop the television-film industry in Honolulu, build local film industry infrastructure, and market, attract, and facilitate all levels of productions.

As part of its strategic partnerships with the visitor industry, the HFO played a key role in promoting tourism with worldwide exposure as seen in movies, print advertising, and television shows and commercials that are produced on the island. The office works closely with the Oahu Visitors Bureau and other to maximize Oahu's exposure and branding through film.

Small Business Development

Small business is the backbone of our economy and OED supports economic growth for businesses, non-profits and communities throughout Oahu providing grants to business support organizations such as the West Oahu Economic Development Association, Waikiki Improvement Association, and SCORE. By partnering with these organizations, we are able to help thousands of Oahu's entrepreneurs and small businesses get the business support and access to resources they need to grow their businesses, especially during these economically challenging times.

Community Revitalization

Community Revitalization is about City-community partnerships and turning community ideas into practical and achievable actions. The goal is to stimulate economic opportunities, strengthen the unique character of Oahu's diverse communities, and improve quality of life. OED works directly with businesses and communities to focus efforts on concrete actions and foster the partnerships that will implement these actions. OED provides the essential coordination and support

needed to bring the community together, convening economic summits, sharing progress, and spurring more to get involved.

OED continued to support and strengthen partnerships and economic revitalization activities in Chinatown, Kalihi, and Rediscover Oahu Community events including grants to community groups for events such as Dragon Boat, Taste of Kalihi, Chinatown Taste & Tour Excursion, First Friday events, and Rediscover Oahu events in communities throughout Oahu including Ewa Beach, Laie, Makiki, Waimanalo, and Waianae.

International Relations

International relations play a vital role for the City and County of Honolulu. In addition to copious communications, correspondence, and courtesy calls, Honolulu's Sister-Cities Program continues to promote beneficial exchanges in various fields including commerce, education, and culture and the arts. Strengthening cultural and historical ties to local community groups and promoting economic opportunities remain the guiding principles for the establishment of Honolulu's sister-city relationships.

Agriculture

The agriculture industry in the City and County of Honolulu continues to evolve – transitioning from large-scale corporate farms to a mixture of corporate farms and small specialty crop farming. Diversified agriculture continues to be an important industry for Honolulu, accounting for 70 percent of Hawaii's agricultural farm revenues and playing a major role in preserving Honolulu's precious green space.

OED provides an annual soil conservation grant to the Oahu Resource Conservation & Development Council which helps our farmers and ranchers to protect natural resources such as soil, water, and air quality and protects the City from environmental erosion and flooding and minimizes the adverse economic impacts resulting from water and soil problems. The City's grant of \$50,000 was leveraged by the ORC&D into \$371,000 last year and more than \$1.1 million the three prior years. That additional money came from the federal government.

OED also supports farmers throughout Oahu by hosting an annual event in partnership with the Hawaii Farm Bureau and the Oahu Resource Conservation and Development Council, "Ag in the City: Grown on Oahu" to raise awareness and understanding of Oahu's agriculture industry showcasing products from virtually every sector of agriculture on Oahu.

Sports

Under the Mayor's leadership, the City established the first "Honolulu County Sports Commission" to attract more sporting events here, to maximize our world-class sports facilities and take better advantage of these missed economic opportunities.

1d. Please provide a status and estimated timeline for meeting the proviso requirements set on the Sister Cities appropriation for FY 2009.

The Office of Economic Development has already met the proviso requirements as requested and provides a report on Sister-City activities each year as part of the annual Departmental and Agency Reports of the City and County of Honolulu. OED has been following the guidelines and policy based on existing resolutions, with the additional criterion of the existence of support from a local community group or entity in Honolulu who will serve as the liaison between the two cities and actively foster the relationship. The Office of Economic Development will continue to:

- Review and update all information on existing relationships to ensure that the relationship still meets criteria established by resolution
- Re-establish and update all information and communications between governments
- Ensure existence of support of local community entity in Honolulu
- Reinforce social and cultural benefits to be gained from the relationship
- Develop mechanisms for greater business exchanges based on best practices

International relations play a vital role for the City and County of Honolulu. In addition to numerous communications, correspondence, and courtesy calls, Honolulu's Sister-Cities Program continues to promote beneficial exchanges in various fields including commerce, education, and culture and the arts. Strengthening cultural and historical ties to local community groups and promoting economic opportunities remain the guiding principles for the establishment of Honolulu's sister-city relationships.

To date, Honolulu has twenty-four Sister-City relationships.

No.	Sister-City	Date of Council Resolution
1	Baguio, Philippines	November 3, 1995
2	Baku, Ajerbaijan	August 5, 1998
3	Bombay, India	January 20, 1970
4	Bruyeres, France	November 1, 1960
5	Caracas, Venezuela	January 27, 1999
6	Cebu, Philippines	December 6, 1990
7	Funchal, Madeira, Portugal	September 19, 1979
8	Hainan Island, China	February 27, 1985
9	Hiroshima, Japan	May 19, 1959
10	Hue, Vietnam	November 3, 1995
11	Incheon, Republic of Korea	October 15, 2003
12	Kaoshiung, Taiwan	September 4, 1962
13	Laoag City, Philippines	July 15, 1969
14	Manila, Philippines	March 19, 1980
15	Mombasa, Kenya	August 9, 2000
16	Naha, Okinawa	March 18, 1960
17	Rabat, Morocco	March 9, 2007
18	San Juan, Puerto Rico	November 20, 1985
19	Seoul, Korea	May 20, 1973
20	Sintra, Portugal	August 5, 1998
21	Tokyo, Japan	December 8, 1960
22	Uwajima, Japan	February 18, 2004
23	Vigan, Philippines	March 19, 2003
24	Zhongshan, China	June 18, 1997

These Sister-City relationships follow the guidelines set forth in Resolution 91-240 which establishes guidelines and criteria for the establishment of these relationships, such as:

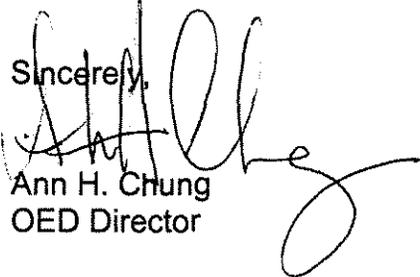
- Shares direct historical, cultural, or ethnic relationship
- Offers educational and technological assistance beneficial to Honolulu
- Similar in population size or character
- Other bonds that are mutually beneficial

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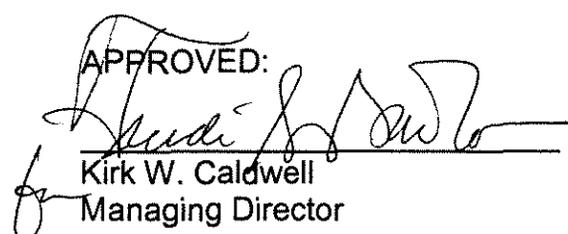
Subsequently, Resolution 03-52 was passed increasing the maximum number of cities per country from four to eight.

Should you have any questions, please feel free to call me at 768-5761.

Sincerely,


Ann H. Chung
OED Director

APPROVED:


Kirk W. Caldwell
Managing Director