STATE OF HAWAII

HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM

FY 2013
ANNUAL & FINANCIAL REPORTS TO THE LEGISLATURE
The Hawai`i CBED Program and Revolving Fund

The Hawai`i Alliance for Community-Based Economic Development (HACBED) was established in 1989 by a group of community development practitioners. HACBED formulated strategies for the State government to support community-based organizations (CBOs) that wanted to create economic development initiatives. These efforts resulted in program legislation to provide financial and technical assistance to local groups. The Legislature created a CBED Program in the Department of Business, Economic Development & Tourism with Act 111, SLH 1991, codified as Chapter 210D, Hawaii Revised Statutes. The legislation created the CBED Advisory Council and the CBED Revolving Fund with an appropriation of $900,000 in 1991.

Today, more than ever, Hawaii must move towards a new economy. The forces of globalization and economic transition have created great challenges in the world economy. Hawai`i’s isolation and dependence on tourism and fossil fuel energy has made the islands more susceptible to these effects. CBED strategies and practices can play a valuable part in the building of a new infrastructure for a more sustainable economy. The new economy is based on decentralization, networking, human resource development, innovation, soft relationships and new opportunities.

The foundation created by community-based economic development leads to long-term capacity-building for local communities and residents, and provides backward linkages to ancillary firms to sustain and expand the main sectors of the economy. Hawaii’s economy is in need of true diversification. CBED is a practical way to achieve a true restructuring of Hawaii’s economy. As the old economic engines
become obsolete, the state must look for new alternatives. CBED is a key strategy for not leaving behind the lower income urban and rural communities in the State of Hawaii.

**CBED: A Continuing Strategy**

Community Based Economic Development (CBED) is a strategy for addressing the needs of low-income communities. CBED has been implemented in the United States for more than 40 years and 20 years in Hawaii. As the dialogue about incorporating community vision and values into present day Hawaiian culture continues, CBED stands out as a necessary strategy to achieve those goals by bringing community empowerment, increased capacity, and conservation of local resources. CBED is a proven strategy that is different than traditional economic development because it emphasizes community reinvestment and opportunities. CBED is a complete process that not only addresses a community’s economic needs, but its social needs as well. CBED strategies help maintain Hawaii’s cherished *quality of life* for its residents for the long term while community-based organizations (CBOs) provide social services and ecosystem services that make a locality attractive to new and appropriate investment and economic development. Due to the budgeting shortfalls of the State, the CBED Program has focused on partnering with other State, Federal and private agencies to help build the capacity of community-based organizations through training workshops and other events.

![Shrimp farming in Waialua, Oahu](image)

**The CBED Revolving Fund**

The CBED Revolving Fund allows for the CBED Program to assist eligible CBOs with financial and technical assistance. Despite limited funding, the CBED Program continues to support community efforts statewide. In 2012 – 2013 one Community-Based Economic Development Revolving Fund loan in the amount of $25,000.00 was made to Mr. Ken Hirata for equipment for his diversified agricultural business in Haleiwa, Oahu. The CBED Program’s Revolving Fund partnered with the Department of Agriculture’s Micro Loan Fund to provide a $50,000 loan --- $25,000 each --- to Mr. Ken Hirata to start-up a business producing a high quality Japanese liquor, “Shochu,” from Hawaii-grown sweet potatoes.
CBED’s Activities

In October 2012, the Business Development and Support Division’s Community-Based Economic Development (CBED) Program partnered with the U.S. Small Business Administration, the Internal Revenue Service, Kapiolani Community College, the Hawaii Small Business Development Center, State DCCA – Business Action Center, Bank of Hawaii, Foreign Trade Zone, and Ewa Beach Community-Based Development Organization, to conduct the 2012 Small Business Fair at Kapiolani Community College. Thirty-two (32) exhibitors, including partners and others, including AARP, SCORE, Hawaii Health Connector, BIA-Hawaii, the U.S. Postal Service, HI-PTAC, Central Pacific Bank, First Hawaiian Bank, Hawaii USA FCU, Pacific Business News and others, provided business information, conducted twenty-four (24) technical assistance workshops.
Not including “walk-ins,” one hundred ninety-seven (197) business owners and entrepreneurs registered to attend the event and workshops. Workshops included topics such as “Forming and Registering Your Business, State and Federal Tax Basics, Financing Options for Small Businesses, Specialty Loans and Tax Breaks, State Enterprise Zone Program, How To Start A Food Business, Social Media For Entrepreneurs, Web Design-How To’s, Business Plans for Beginners and more.”

In February 2013, the CBED Program again partnered with the U.S. Small Business Administration, the Internal Revenue Service, Leeward Community College, the Hawaii Small Business Development Center, State DCCA – Business Action Center, Bank of Hawaii, Foreign Trade Zone, and Ewa Beach Community-Based Development Organization, to conduct the 2013 Small Business Fair at Leeward Community College. Twenty-six (26) exhibitors, including partners and others, including AARP, SCORE, Hawaii Health Connector, BIA-Hawaii, the U.S. Postal Service, HI-PTAC, Central Pacific Bank, First Hawaiian Bank, Hawaii USA FCU, Pacific Business News and others, provided business information, conducted twenty-four (24) technical assistance business workshops, and sponsored a plenary session featuring Howard Dicus and Hawaii Entrepreneur, Eddie Flores, the L & L Drive-In guru. Not including “walk-ins,” two hundred and one (201) business owners and entrepreneurs registered to attend the events and workshops. Workshops included topics such as “Forming and Registering Your Business, State and Federal Tax Basics, Financing Options for Small Businesses, Specialty Loans and Tax Breaks, State Enterprise Zone Program, How To Start A Food Business, Social Media For Entrepreneurs, Web Design-How To’s, Business Plans for Beginners and more.”
Breaks, Starting a Culinary/Food Truck Business, Off the Wall Marketing, Stepping Into the Global Marketplace, Fine Tuning Your Business Plan and more.”

**October 2012,** CBED’s Micro-Loan Program and the Hawaii State Enterprise Zone (EZ) Program conducted two (2) “Small Business Forums” on Kauai and Maui. In partnership with the Federal Reserve Bank of San Francisco, the CBED Program brought together more than 60 business executives and small business owners to discuss the barriers and opportunities confronting small businesses on their respective islands.

The Community-Based Economic Development (CBED) Program completed the administration of $600,000 to eleven (11) community-based, non-profit organizations to support Supplemental Environmental Projects (SEP) for the Leeward Coast of Oahu. Remaining unspent funds have been returned to the Department of Health in the first quarter of 2013.

The funding for this program, while not part of the CBED Revolving Fund, was administered by DBEDT/CBED, and were part of a settlement agreement between the State of Hawaii, Department of Health, and Waste Management of Hawaii, Inc. and the City & County of Honolulu over issues concerning the Waimanalo Gulch Sanitary Landfill.

**Leeward Coast Supplemental Environmental Project (SEP) Fund Awardees**

“A Leeward Coast Cool White Roof Paint Project (CSRP)” - Nanakuli Elementary Schools (NES) Parent Teachers Association (PTA)  
**Award:** $90,000  
**Final Status:** Terminated  
**Partners:** Suzuki Industries  
**Funds Distributed:** $0  
**Project Description:** Nanakuli Elementary PTA, is painting 5 portable classrooms and cafeteria roofs white to reduce heat in the buildings. Project to involve educating teachers and students through active participation in measurement of inside building temperatures and recording.  
**Contact:** Sandy Barrozo- President of NES PTA.  
Ph: (808) 668-5813  
Sandybarrozo@yahoo.com

The Nanakuli Valley Cultural & Botanical Preserve Fencing Project - Kaala Farm, Inc.  
**Award:** $23,000  
**Funds Distributed:** $17,000  
**Final Status:** Did Not Complete Due To Wildfire Destruction of Property  
**Partners:** N/A  
**Project Description:** Kaala Farm, Inc., is erecting a hog-wire fence around the Nanakuli Valley Cultural & Botanical Preserve. This fencing project will help mitigate damage to archeological sites and the killing of new native plantings by feral pigs.
“Environmental Education Experiences for Leeward, Oahu Children” - The Hawaii Nature Center, Inc.

Award: $40,000 Funds Distributed: $40,000 Final Status: Project Completed


Project Description: The Hawaii Nature Center, Inc. is a 501c3 non-profit organization that is dedicated to teaching the children of Hawaii about the unique island environment, while fostering an appreciation and understanding of the environment through an experiential learning model. The Hawaii Nature Center, Inc has provided outdoor education curriculum to Hawaii students for 30 years; these outdoor science lessons greatly enhance indoor classroom experiences. However public school teachers are oftentimes unable to secure funding from the DOE to participate in HNC’s programs. Therefore funds are needed to subsidize the transportation and overhead costs of field trips for Title 1 school children, specifically on the Leeward Coast of Oahu. Funds are estimated to benefit 100 groups of 60 students each (6000 students total), from the Kindergarten to the 6th grade.

Contact: Gregory Dunn-Executive Director
2131 Makiki Heights Drive, Honolulu, HI 96813
Ph: 955-0100 x 29
hnced@hawaii.rr.com

“Nani o Waianae Environmental Justice Project” - Nani o Waianae

Award: $73,000 Funds Distributed: $73,054.36 Final Status: Project Completed


Project Description: Illegal dumping is a problem that plagues Waianae, as rural communities are a convenient place for dumping waste. This project will organize neighborhood community watch groups to regularly patrol “hot spot” areas and to act as a deterrent for this behavior, and to report any illegal dumping to the proper authorities.

Contact: Lucy Gay President
84-370 Makaha Valley Road, Waianae, HI 96792
Ph: 696-6378
Lucy@hawaii.edu

“Hawaii Youth Conservation Corps” - KUPU

Award: $77,000
Funds Distributed: $77,000  Final Status: Project Completed
Project Description: Projects include selection and training of Leeward Coast individuals to AmeriCorps internship positions, and work by interns on the Waianae Mountain Watershed Partnership. The project will also create up to 12 positions for youth of Leeward, Oahu in the HYCC Summer Program.
Contact: Matthew Bauer- Director of Operations
3569 Harding Ave. Unit A, Honolulu, HI 96816
Ph: 735-1221 x 1007
Matthew.bauer@kupuhawaii.org

“Leeward Coast Carbon Reduction-CFL Exchange”- Blue Planet Foundation
Award:  $42,000
Funds Distributed: $42,000   Final Status: Project Completed
Partners: Ma’o Farms, CNHA, Ka’ala Farms, Boys & Girls Club, Nanakuli High School, Wai’anae High School, Hawaii Chapter of the Sierra Club.
Project Description: Residential lighting accounts for 8% of a home’s electricity consumption, therefore, the Blue Planet Foundation seeks to reduce the amount of electricity used for residential lighting, which will reduce greenhouse gases, while also providing economic benefit to residents on the Leeward Coast. The Blue Planet Foundation will distribute 50,000 CFL light bulbs to schools and community organizations; organizations will be given 25 cents for each bulb that is exchanged, which will provide approximately $12,500 in funds to various schools and community organizations. Blue Planet Foundation’s objectives are aligned with Hawaii’s Clean Energy Initiative, which seeks to decrease Hawaii’s energy dependency and increase the use of renewable indigenous energy resources.
Contact: Becky Dunning- Director of Operations and Advancement
55 Merchant Street #1700, Honolulu, HI 96813
Ph: 954-6143
becky@blueplanetfoundation.org

“Kahumana Pollution Reduction”- Alternative Structures International
Award:  $60,000
Funds Distributed: $60,000   Final Status: Project Completed
Project Description: Alternative Structures International is a 501c3 non-profit organization that is comprised of two transitional homeless shelters that service families on the Wai’anae Coast: Ohana Ola O’ Kahumana, which provides 42 family units and Ulu Ke Kukui, which provides 78 family units. In addition, Alternative Structures International has an organic & biodynamic farm & café, which provides job training for individuals. As a response to the increased degradation of the environment, as well as increased operational costs, Alternative Structures International is seeking to improve their operational infrastructure by installing ‘green’ technologies, such as a state of the art solar voltaic panel system. This will allow Alternative Structures International to reduce utility costs and therefore allocate funds to better serve their clientele.
Contact: Joseph Lapilio- Chief Administrative Officer
86-660 Lualualei Homestead Rd, Waianae, HI 96792
Ph: 696-2655
Jwl3@hawaii.rr.com

“Ka Lei Makamae O Waianae”- Papahana Kuaola
Award: $37,000
Funds Distributed: $37,000 Final Status: Project Completed
Project Description: Papahana Kuaola is a 501c3 non-profit organization that has provided cultural and environmental community education programs since 2008. Papahana Kuaola’s objective is to increase the appreciation and stewardship of the water resources from Nanakuli to Ka’ena Point. The goal is to create a watershed management and sustainable ecosystem plan from a Hawaiian perspective, while providing field trip instruction and restoration projects with the involvement of 19 teachers, 400 students (in the 4th & 5th grade) and 100 community members, by May 2011. The Papahana Kuaola project aligns its goals with Hawaii 2050 Sustainability Plan, which highlights public/private, cultural, historic, conservation education as one of the priorities.
Contact: Mahealani Merryman- Administrator
P.O. Box 6484, Kaneohe, HI 96744-9176
Merryman-hawaii@hotmail.com

“The Oahu SPCA Environmental Protection of all Species Project”- Oahu Society for the Prevention of Cruelty to Animals (SPCA)
Award: $20,000
Funds Distributed: $20,000 Final Status: Project Completed
Project Description: Construct the organization’s spayed and neuter clinic for residents of the Leeward Coast.
Contact: Stephanie Ryan- President, CO-founder
91-1839 Roosevelt Ave. # 1142, Kapolei, HI 96707
Ph: 349-3475
stephanie@oahuspca.org

“Launching the Hawaii Green Collar Institute (HGCI)”- Malama Learning Center
Award: $69,000
Funds Distributed: $66,994.55 Final Status: Project Completed
Project Description: Malama Learning Center plans to launch the Hawaii Green Collar Institute in the fall of 2010, which will provide Leeward Oahu’s high school and college students with new career opportunities. Funds will be used to refine two pilot programs which will mentor approximately 30 students, provide volunteer opportunities and create partnerships with local landowners and managers. In addition students will be introduced to more than 10 “green” career paths, and approximately 15 students will benefit from a college credit course, which will be implemented and evaluated based on lessons learned during those initial pilot programs.

Contact: Alvin Nagasako- President
P.O. Box 75467, Kapolei, HI 96707
Ph: 479-0233
Alvin_nagasako@yahoo.com

Recording the Attributes, Activities, Goals, and Success of Leeward Coast Supplemental Environmental Projects - SeaHawaii Foundation

Award: $69,000
Funds Distributed: $60,000 Final Status: Project Completed
Partners: Waianae High School Searider Productions
Project Description: SeaHawaii Foundation video-taping up to ten (10) funded environmental projects under the Leeward Coast Supplemental Environmental Projects Grant (LCSEPG). SeaHawaii, in coordination with Waianae High School’s Searider Productions will produce 3-4 minute video segments to document and report the goals and attributes of each project funded by the LCSEPG. Video to be distributed via DVD/CD and online to project managers and concerned government agencies. The Contractor will also produce a 12-page website to document and report the goals and attributes of each project funded by the LCSEPG. All projects videotaped will receive a DVD/CD along with a DVD/CD to concerned government agencies.

Contact: Ms. Paula Kelly, President
1100 Alakea Street
Honolulu, HI 96813
Cell: (808) 478-8960
Fax: (808) 441-1918
www.seahawaiifoundation.org
CBED assists community-based organizations at many stages of development whether they are just starting with a feasibility analysis for a project or ready to implement a business plan.

The CBED Program provides the financial and technical assistance to help CBOs grow by developing feasibility analyses, business plans and marketing plans.

As shown in figures 3 – 5 well over half of the community-based organizations surveyed were able to implement a feasibility analysis, business plan and/or marketing plan.

**Figure 3: Developed a Feasibility Analysis**

- Total that did not respond, 7%
- Yes, 59%
- No, 25%
- In progress, 9%

**Figure 4: Implemented Business Plan**

- Total that did not respond, 3%
- Yes, 69%
- No, 25%
- In progress, 3%

**Figure 5: Implemented a Marketing Plan**

- Total that did not respond, 10%
- Yes, 59%
- No, 25%
- In progress, 6%
CBED Revolving Fund:

In FY 2013, the CBED Revolving Fund started the year with a beginning balance of $182,207. Unencumbered cash available as of June 30, 2013 totaled $203,519.00.

Revenues and expenditures for the CBED Revolving Fund in FY 2013:
- Investment Pool Earnings: $1,687.00
- Transfers: 20,000.00
- Expenditures: (375.00)

Kau Incubator Kitchen

In FY 2013, CBED Program staff continued to work with Mr. Ken Hirata to develop his diversified agricultural business in Haleiwa, Oahu. The CBED Revolving Fund loan of $25,000 was matched by the Department of Agriculture’s Loan Fund for a total loan of $50,000.00.

As the Department of Business, Economic Development and Tourism is without the services of a loan officer, DBEDT has entered into a formal agreement with the Department of Agriculture’s Loan Division for the servicing of loans made through the CBED Revolving Fund. This agreement, however, temporarily limits the types of loans made through the CBED Revolving Fund to agricultural, diversified agricultural and agricultural related initiatives as identified through the statutory and administrative rules governing the Department of Agriculture’s Loan Fund.

CBED’s Strengths

The CBED Program creates results at the community level in the localities where they are most needed. The CBOs supported by CBED create jobs and other socio-economic benefits within their communities.

Community-Based organizations (CBOs) funded by the CBED Program support thousands of people across Hawaii with a wide range of services including training, shelter, food, micro-loans, education and health services. According a 2007 survey, the conservative total (the sum of the low ranges reported) of people assisted by the CBED Program totaled more than 111,000 Hawaii resident

CBED’s Opportunities

In FY 2013, the CBED Program, with the support of the newly elected Governor, Neil
Abercrombie, and newly appointed Department of Business, Economic Development and Tourism’s Director, Richard C. Lim, the CBED program will continue working to revitalize the long dormant CBED Loan Program. The entrepreneurial small businesses and community-based organizations to be funded by the CBED Loan Program is anticipated to support a broad range of agricultural-related projects such as small business enterprises, food security, and agricultural enterprises, including value-added business development. The CBED micro-loan fund, technical assistance, and capacity-building initiatives will be a crucial resource for Hawaii’s entrepreneurs and community-based organizations to implement or expand their businesses.

**CBED ADVISORY COUNCIL**

The Hawaii Community-Based Economic Development (CBED) Advisory Council consists of 12 members. The Director of DBEDT, the Chairperson of the Board of Agriculture, and the Chairperson of the Office of Hawaiian Affairs, or their respective designees, are ex-officio members. The Governor appoints the remaining nine members, representing each major island plus one member who has specific commercial finance experience.

The Council reviews CBED financing requests and makes its recommendations on the awarding of loans and grants, subject to the final approval of the DBEDT Director. The Council also advises the Director on program implementation and members represent their island in liaison with community-based organizations.

**Conclusion**

Traditional economic development is focused on business and profit; but too many of Hawaii’s rural communities and residents do not reap the benefits or resist economic development so that Hawaii must look at alternatives for economic development. CBED is a positive program that empowers the community, strengthens the knowledge base and provides access to the resources to expand economic and social development. CBED supplies the infrastructure for long-term self-sufficiency, entrepreneurial opportunities, jobs, and revenue for Hawaii’s local communities. In the end, an expanded fund commitment to the Statewide CBED Program will serve to make Hawaii stronger by building the capacity and empowering community members, increasing self-reliance, improving stability and creating increased self-sufficiency.
### 2012 CBED Advisory Council Members:

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<tr>
<th>Name</th>
<th>Title/Position</th>
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<tr>
<td>Dean M. Matsukawa</td>
<td>Representative for Chair Russell S. Kokubun</td>
<td>6-30-2013</td>
<td>Department of Agriculture</td>
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<td>Carol M. Jung</td>
<td>CBED Advisory Council Member</td>
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<td>West Hawaii - Kona</td>
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<td>Sharon Y. Sakamoto</td>
<td>CBED Advisory Council Member</td>
<td>6-30-2015</td>
<td>Oahu</td>
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<td>Mary Ann Manahan</td>
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<td>Kauai</td>
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<td>JoAnn T. Inamasu</td>
<td>CBED Advisory Council Member</td>
<td>6-30-2015</td>
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<td>Jennifer L. Zelko</td>
<td>CBED Advisory Council Member</td>
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<td>Dennis T. Ling</td>
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<td>Colette Y. Machado</td>
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<td>Represented by Joda P. Derrickson</td>
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