

PLAN(NING) IS NOT A FOUR-LETTER WORD: A FORMATIVE EVALUATION OF THE AGRIBUSINESS DEVELOPMENT CORPORATION

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FOREWORD

This report has been prepared in response to House Resolution No. 193, H.D. 1 (1997), which requests the Legislative Reference Bureau to study the operations of the Agribusiness Development Corporation. The stated purpose of this study is to increase (*i.e.*, improve) the effectiveness of the corporation in carrying out the intent of Act 264, not to prove its effectiveness to the Legislature, the Governor, or the Department of Agriculture--to whom the corporation is presently attached for administrative purposes.

Among other things, this study:

- (1) Reviews what was initially planned for, what was subsequently authorized, and what eventually materialized in the way of staffing for the Agribusiness Development Corporation; and what was initially envisioned by state planners in the way of functions for the corporation's staff;
- (2) Reviews the status of the Hawaii agribusiness plan and discuss its relevance to the goals, objectives, policies, and priorities, and projects and programs of the corporation;
- (3) Describes the purpose and status of projects and programs undertaken by the corporation, discusses the measures of program effectiveness for AGR-161: Agribusiness Development and Research, and discusses the corporation's progress in eventually becoming a revenue-generating, self-supporting state agency;
- (4) Reviews the results of a survey to consistently and fairly evaluate the perceptions and attitudes of the corporation's board members and former staff with respect to the mission, objectives, projects, and programs of the corporation; and toward one another and the Department of Agriculture; and
- (5) Reviews the results of the abovementioned survey with respect to the administrative placement of the corporation, and discusses the transfer of the corporation from the Department of Agriculture to another state agency.

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Chapter 1

INTRODUCTION

House Resolution No. 193, H.D. 1

Scope. House Resolution No. 193, H.D. 1, which is included in this report as **Appendix A**, requests the Legislative Reference Bureau to study the operations of the Agribusiness Development Corporation (hereafter referred to as the “ADC” or the “corporation”) as contained in Act 264, Session Laws of Hawaii 1994,¹ including the staffing and effectiveness of the ADC in carrying out the intent of Act 264. The resolution also requests the Bureau to recommend the most appropriate agency to which the ADC should be administratively attached. The Bureau is also asked to describe the projects and programs undertaken by the ADC and to report on their status. The stated purpose of this study is to increase (*i.e.*, improve) the effectiveness of the ADC in carrying out the intent of Act 264, not to prove its effectiveness to the Legislature, the Governor, or the Department of Agriculture--to whom the ADC is presently attached for administrative purposes.

To be clear, this is a formative evaluation--not a summative evaluation--of the ADC. A formative evaluation is an evaluation study that provides regular feedback to staff while a program is in progress, so that the program can be modified in order to increase positive outcomes. A summative evaluation, on the other hand, is an evaluation study that attempts to provide a conclusive, definitive statement about program effectiveness at the end of the study. Three years may be too soon to conduct a meaningful summative evaluation of the ADC and to expect meaningful program results. A more appropriate time for conducting a summative evaluation would be five to seven years. Premature summative evaluations lack the utility of periodic formative evaluations and may do little, if anything, to inform managerial and policy-level decision making.

Goal, Principal Activities, and Resources of the ADC

Goal. The stated goal or mission of the ADC is to make optimal use of the State’s agricultural assets for the economic, environmental, and social benefit of the people of Hawaii by, among other things, facilitating the transition of agricultural infrastructure from plantation operations into other agricultural enterprises; by carrying on marketing analyses to direct agricultural industry evolution; and by providing leadership for the development, financing, improvement, and enhancement of agricultural enterprises. The development of specific, quantifiable, time-bound objectives, which would be used by the Legislature, the Governor, the Department of Agriculture, and the ADC Board of Directors to assess whether or not the mission of the ADC had been fulfilled, was left to the ADC and is one of its principal activities.

Principal activities. The principal activities of the ADC, as set forth in chapter 163D, *Hawaii Revised Statutes*, are as follows:

- Prepare the Hawaii agribusiness plan to define and establish goals, objectives, policies, and priority guidelines for the corporation's agribusiness development strategy.

Inventory agricultural lands with suitable adequate water resources that are or will become available due to the downsizing of the sugar and pineapple industries that can be used to meet present and future agricultural production needs.

Inventory agricultural infrastructure that will be abandoned by sugar and pineapple industries such as irrigation systems, drainage systems, processing facilities, and other accessory facilities.

Analyze imported agricultural products and the potential for increasing local production to replace imported products in a manner that complements existing local producers and increases Hawaii's agricultural self-sufficiency.

Develop alternatives for the establishment of sound financial programs to promote the development of diversified agriculture.

Develop feasible strategies for the promotion, marketing, and distribution of Hawaii agricultural products in local, national, and international markets.

Develop programs to promote and facilitate the absorbing of displaced agricultural workers into alternative agricultural enterprises.

Develop strategies to ensure the provision of adequate air and surface transportation services and supporting facilities to support the agricultural industry in meeting local, national, and international market needs.

Develop proposals to improve the gathering of data and the timely presentation of information on market demands and trends that can be used to plan future harvests and production.

Develop strategies for federal and state legislative actions that will promote the development and enhancement of Hawaii's agricultural industries.

- Develop and implement agricultural projects where large tracts of agricultural land have been or will be taken out of productive agriculture or where, through detailed analysis, opportunities exist to exploit potential local, national, and international markets.
- Prepare business and agricultural development plans for the corporation's agricultural projects.

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Develop a proposal for the organization of the enterprise.

Gather marketing information and develop a marketing strategy.

Assess the impact of the project on existing agricultural operations throughout the State.

Make recommendations for the construction, reconstruction, rehabilitation, improvement, alteration, or repair of any infrastructure or accessory facilities in connection with the project.

- Develop projects to identify necessary project facilities within a project area.
- Issue revenue bonds to provide funds to finance project facilities within a project area, including the cost of construction, site acquisition, remodeling, furnishing, and equipment.
- Acquire state lands by executive order or lease.
- Purchase securities, including qualified securities issued by enterprises to raise seed capital.
- Make grants, loans, and provide other forms of monetary assistance.

General types of activities discussed in chapter 163D, *Hawaii Revised Statutes*, include: conserving and converting arable lands and their associated production infrastructure in a timely manner for new productive uses that are based upon strategies developed from detailed marketing analysis and monitoring of local, national, and international opportunities; and coordinating industry development, providing industry-wide services, providing marketing assistance, and facilitating investments and coventures in viable enterprises.

Resources. The ADC is authorized to hire an executive director and other staff, develop and implement projects, issue revenue bonds, acquire state lands, purchase securities, and provide monetary assistance in order to fulfill its mission. The ADC is exempt from the civil service and compensation laws (chapters 76 and 77, *Hawaii Revised Statutes*, respectively), the Hawaii Public Procurement Code (chapter 103D, *Hawaii Revised Statutes*), and the grants, subsidies, and purchases of service law (chapter 42D, *Hawaii Revised Statutes*).²

Legislative Intent

Statements of Intent. A careful reading of chapter 163D, *Hawaii Revised Statutes*, to determine the intent of the Legislature with respect to the ADC, indicates the Legislature's belief that:

- (1) The State's agricultural assets should be used for the economic, environmental, and social benefit of the people of Hawaii;³
- (2) Detailed marketing analysis and strategies should be developed before enterprises engage in the production of agricultural materials or value-added products;⁴
- (3) The majority of whatever the corporation produces in the way of crops, value-added products, or agricultural commodities must be produced for export;⁵
- (4) Crops not developed, promoted, assisted, or marketed for the export market, *i.e.*, for the local market, must be approved by the Board of Agriculture;⁶
- (5) Increased local production to replace imported products should complement existing local producers and increase Hawaii's agricultural self-sufficiency;⁷
- (6) The planning activities of the corporation must be coordinated with the county planning departments and the county land use plans, policies, and ordinances;⁸ and
- (7) The corporation may purchase qualified securities only after:
 - (A) It receives a business plan, which is consistent with its own business and agricultural development plan, including a description of the enterprise and its management, product, and market;⁹
 - (B) It receives a statement of the potential economic impact of the enterprise, including the number, location, and types of jobs expected to be created;¹⁰ and
 - (C) It determines that the enterprise has the reasonable potential to create employment within the State and offers employment opportunities to residents.¹¹

Major Themes. Three major themes appear to emerge from the foregoing points:

- (1) The activities of the ADC should be driven by careful, detailed planning and analysis, and by public input;
- (2) The activities of the ADC should be geared toward the export market and agricultural self-sufficiency, and should not hurt existing local producers; and

- (3) The activities of the ADC should create jobs within the State and employment opportunities for residents.

Legislative Intent. These three major themes appear to suggest that the legislative intent of Act 264, Session Laws of Hawaii 1994, is to increase the contribution of diversified agriculture to the State's economy in a responsible manner, without forcing existing local producers out of business, without exposing the State's agricultural assets to unnecessary risks, and without polluting the environment.

Organization of this Report

Chapter 2 of this report reviews what was initially planned for, what was subsequently authorized, and what eventually materialized in the way of staffing for the ADC; and what was initially envisioned by state planners in the way of functions for ADC staff. This chapter also reviews the budget of the ADC, including program reductions made by the Legislature at the request of the Governor and spending restrictions imposed by the Governor in consultation with the Director of Finance.

Chapter 3 reviews the status of the Hawaii agribusiness plan and discusses its relevance to the goals, objectives, policies, and priorities, and projects and programs of the ADC. Section 163D-5, *Hawaii Revised Statutes*, requires the ADC to "prepare the Hawaii agribusiness plan which shall define and establish goals, objectives, policies, and priority guidelines for its agribusiness development strategy".

Chapter 4 describes the purpose and status of projects and programs undertaken by the ADC, discusses the measures of program effectiveness for AGR-161: Agribusiness Development and Research, reported in The Multi-Year Program and Financial Plan and Executive Budget For the Period 1998-2003 (Budget Period: 1998-99), and discusses the corporation's progress in eventually becoming a revenue-generating, self-supporting state agency. Section 163D-17, *Hawaii Revised Statutes*, established the "Hawaii agricultural development revolving fund", which is used to pay for the proper general expenses and to carry out the purposes of the ADC.

Chapter 5 reviews the results of a survey to consistently and fairly evaluate the perceptions and attitudes of ADC board members and former staff with respect to the mission, objectives, projects, and programs of the corporation; and toward one another and the Department of Agriculture.

Chapter 6 reviews the results of the abovementioned survey with respect to the administrative placement of the ADC, and discusses the transfer of the corporation from the Department of Agriculture to another state agency.

Chapter 7 makes recommendations for increasing (*i.e.*, improving) the effectiveness of the ADC in carrying out the intent of Act 264, Session Laws of Hawaii 1994.

Endnotes

1. Act 264, Session Laws of Hawaii 1994, which established the ADC, has been partially codified as Chapter 163D, *Hawaii Revised Statutes*.
2. The existing grants, subsidies, and purchases of service law (chapter 42D, *Hawaii Revised Statutes*) will be repealed on June 30, 1998 by Act 190, Session Laws of Hawaii 1997. A new law entitled “grants and subsidies” and designated as “chapter 42F” will take the place of chapter 42D, *Hawaii Revised Statutes*, on that date. Purchases of service involving health or human services will be governed by a new law entitled “purchases of health and human services” and designated as “chapter 103F”. All other purchases of service will be governed by chapter 103D, *Hawaii Revised Statutes*.
3. Section 163D-1, *Hawaii Revised Statutes*, see second paragraph.
4. Section 163D-2, *Hawaii Revised Statutes*, see definition of “agriculture”.
5. Section 163D-2, *Hawaii Revised Statutes*, see definition of “enterprise”.
6. Section 163D-4(b), *Hawaii Revised Statutes*.
7. Section 163D-5(a)(3), *Hawaii Revised Statutes*.
8. Section 163D-7(d), *Hawaii Revised Statutes*.
9. Section 163D-17(c)(1)(A), *Hawaii Revised Statutes*.
10. Section 163D-17(c)(1)(C), *Hawaii Revised Statutes*.
11. Section 163D-17(c)(2)(C), *Hawaii Revised Statutes*.

Chapter 2

STAFFING AND THE BUDGET

Introduction

House Resolution No. 193, H.D. 1, requests the Bureau to study the staffing of the ADC. This chapter reviews what was initially planned for, what was subsequently authorized, and what eventually materialized in the way of staffing for the ADC. In addition, this chapter reviews what was initially envisioned by state planners in the way of functions for ADC staff. Because personnel costs often comprise a substantial portion of a program's operating budget, this chapter also reviews the budget of the ADC, and examines program reductions made by the Legislature at the request of the Governor and spending restrictions imposed by the Governor in consultation with the Director of Finance.

Due to time constraints, this chapter does not review the effects of restrictions on travel, contracting, reorganization, and hiring, which were imposed on the ADC and other state agencies by Governor's Executive Memorandum Nos. 94-12 and 94-12A.

Staffing for the ADC--What was Initially Planned for

Establishment plans for the ADC dating back to May 24, 1994, envisioned five full-time equivalent positions initially in fiscal year 1994-1995, and then three additional full-time equivalent positions in fiscal year 1995-1996 for a total of eight positions.⁰¹ The five initial positions were chief executive officer (president), administrative officer, marketing officer, land/water and facilities officer, and clerk-stenographer. The three additional positions were chief operating officer (executive vice-president), agribusiness factors officer, and another clerk-stenographer. Personnel costs for the five positions, including fringe benefits, were estimated to be \$227,000 for eight months (or \$340,000 per fiscal year).² Personnel costs for the eight positions, including fringe benefits, were estimated to be \$532,000 per fiscal year. Based on two thousand person-hours per fiscal year (eight hours per day for two hundred fifty working days), the five positions would have given the ADC a potential staffing level of 10,000 person-hours (8,000 person-hours of professional support and 2,000 person-hours of secretarial support) in fiscal year 1994-1995. The eight positions would have given the ADC a potential staffing level of 16,000 person-hours (12,000 person-hours of professional support and 4,000 person-hours of secretarial support) in fiscal year 1995-1996.

The establishment plans were consistent with a proposed functional chart for the ADC dating back to December 20, 1993, which envisioned creating an organization capable of addressing several different program areas and undertaking more than one agribusiness project at the same time. The proposed functional chart organized the ADC along the following program lines and activities:³

- Technical support
 - Research and development
 - Technology transfer
- Finance
 - Operating and capital loans
 - Business plans
- Market support
 - Market development and analysis
 - Value-added products
- Water and land availability
 - Identification of lands
 - Coordination of agriculture redevelopment
 - Compliance with county rules
 - Designation of necessary water sources and lands
 - Stakeholder investment
- Infrastructure - Agricultural water (irrigation) systems
- Additional facilities
 - Processing
 - Warehouses
 - Distribution

Staffing for the ADC--What was Subsequently Authorized and What Eventually Materialized

As previously mentioned, establishment plans for the ADC, which were drawn up after the appropriation of \$250,000 in state funds for fiscal year 1994-1995 but before the appropriation of \$5,400,000 in federal funds for fiscal years 1994-1995 to 1998-1999,⁴ envisioned five full-time equivalent positions initially in fiscal year 1994-1995, and then three additional full-time equivalent positions in fiscal year 1995-1996 for a total of eight positions. Instead of eight full-time equivalent positions, however, the ADC was authorized to establish only three full-time equivalent positions -- an executive director, an administrative services officer, and a secretary almost one year after the approval of the law establishing the ADC.⁵ The ADC was authorized to temporarily fill the position of executive director for four months during fiscal year 1994-1995 (*i.e.*, from November 1, 1994 to March 31, 1995) through a personal services contract.⁶ The ADC was authorized to temporarily fill the positions of administrative services officer and secretary on November 8, 1995⁷, more than sixteen months after the approval of the law establishing the ADC.

STAFFING AND THE BUDGET

Because of the need to comply with annual administrative directives concerning the allotment of funds to executive branch agencies, funds for new programs are sometimes not available for the first two or three months of the fiscal year. In addition, because of initial hiring delays, new programs are sometimes without staff for the first three or four months of the fiscal year. Consequently, the three authorized, full-time equivalent positions would have given the ADC a realistic staffing level of about 3,000 to 4,000 person-hours in fiscal year 1994-1995 (based on administrative and hiring delays of four to six months) instead of 6,000 person-hours. Based on 166.7 person-hours per month (2,000 person-hours per fiscal year divided over twelve months), approximate staffing levels for each fiscal year are indicated below.⁸ These figures do not include professional support provided by the Office of State Planning and the United States Department of Agriculture and secretarial support provided by the state Department of Agriculture.

- **Fiscal year 1994-1995**

Executive director (O'Connell)	November 1, 1994 to March 31, 1995 (resigned)
Administrative services officer	Vacant
<u>Secretary</u>	<u>Vacant</u>
	833 person-hours

- **Fiscal year 1995-1996**

Executive director (Lee)	July 3, 1995 to June 28, 1996 (resigned)
Administrative services officer (Yabusaki)	January 2, 1996 to June 30, 1996
<u>Secretary</u>	<u>Vacant</u>
	3,000 person-hours

- **Fiscal year 1996-1997**

Executive director <i>Pro bono services</i> (Helfrich)	Vacant July 1996 to January 1997 (7 months)
Administrative services officer (Yabusaki)	July 1, 1996 to February 2, 1997 (resigned)

<u>Secretary (Doi)</u>	<u>July 1, 1996 to June 30, 1997</u> 4,333 person-hours (includes 1,167 person-hours of <i>pro bono</i> professional support) (2,333 person-hours of professional support; 2,000 person-hours of secretarial support)
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- Fiscal Year 1997-1998**

Executive director (Hatton)	September 2, 1997 to present
Administrative services officer (Lo-Shimazu)	October 13, 1997 to present
Secretary (Doi)	<u>July 1, 1997 to present</u> 5,084 person-hours (theoretical maximum if all positions remain filled until June 30, 1998) (3,084 person-hours of professional support; 2,000 person-hours of secretarial support)

Summary of Staffing Levels

Total (person-hours) (% of planned)	Fiscal Year			
	1994-1995	1995-1996	1996-1997	1997-1998
Planned	6,667*	16,000	16,000	16,000
Authorized	833 (12%)	6,000 (38%)	6,000 (38%)	6,000 (38%)
Materialized	833 (12%)	3,000 (19%)	4,333 (27%)	5,084 (32%)**

Professional
(person-hours)
(% of planned)

Planned	5,333*	12,000	12,000	12,000
Authorized	833 (16%)	4,000 (33%)	4,000 (33%)	4,000 (33%)
Materialized	833 (16%)	3,000 (25%)	2,333 (19%)	3,084 (26%)**

*Based on 8 months of work and 4 months of administrative and hiring delays

**Theoretical maximum if all positions remain filled until June 30, 1998

Findings and Observations with Respect to Staffing for the ADC

In comparison to what was initially planned for, what was subsequently authorized, and what eventually materialized in the way of staffing for the corporation, the ADC received only about 1/6 to 1/3 of the professional staff support that state planners deemed necessary to carry out its functions in a timely and effective manner. In addition, the ADC received only one of the four different kinds of specialized, professional personnel (*i.e.*, administrative services officer, marketing officer, land/water and facilities officer, and agribusiness factors officer) deemed necessary to carry out its functions. To make up for the lack of additional specialized, professional personnel, the administrative services officer who was hired at that time performed duties that were supposed to be performed by a marketing officer, a land/water and facilities officer, and an agribusiness factors officer, or by an unspecified number of program analysts.⁹

There are two different ways of looking at the lack of full and proper staffing for the ADC and the perceived failure of the corporation to live up to people’s expectations.¹⁰ The first is, “given the lack of full and proper staffing to carry out its functions in a timely and effective manner, the ADC cannot be blamed for failing to live up to people’s expectations in just three years. The Legislature may want to consider either lowering its expectations of the ADC or giving the corporation more time to live up to these expectations unless full and proper staffing is made available”. The second is, “the ADC would not have been able to carry out its functions in a timely and effective manner even if it had been fully and properly staffed because there was no written agribusiness plan and organizational procedures for ensuring that ADC board members and staff explored and pursued projects and programs that supported the goals, objectives, policies, and priorities of the corporation” (refer to Chapter 3 for a discussion about the Hawaii agribusiness plan).

While it could be argued that full and proper staffing could not be justified based on the accomplishments of the ADC, or that a written agribusiness plan and organizational procedures could not be developed without some professional staff support, discussions about whether the “chicken” or the “egg” came first do not address the fundamental issue raised by this evaluation--the perceived failure of the corporation to live up to people’s expectations. Regardless of which view a person adopts, the facts are that the ADC received only about 1/6 to 1/3 of the professional

staff support that was originally planned, and only one of the four different kinds of specialized, professional personnel that was deemed necessary for the corporation to carry out its functions in an adequate manner.

The Budget

The budget for the ADC from fiscal year 1994-1995 to fiscal year 1998-1999, which is displayed below, is the result of what was requested by the ADC, what was reduced by the Legislature at the request of the Governor, what was appropriated by the Legislature, what was restricted by the Governor in consultation with the Director of Finance, and what was carried over by the Hawaii agricultural development revolving fund.

Fiscal Year	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999
Requested (by ADC unless otherwise noted)	\$250,000 ¹¹	\$500,000	\$ 0	\$300,000	\$330,000
Reduced (at the Governor's request)	\$ 0	\$250,000 ¹²	\$ 0	\$ 0	\$ 13
Appropriated	\$250,000	\$250,000	\$ 0	\$ 60,000 ¹⁴	\$199,016 ¹⁵

Restricted	\$ 5,000	\$ 42,250	\$ 0	\$ 3,000	\$ 16
Allotted	\$245,000	\$207,750	\$ 0	\$ 57,000	\$199,016
Beginning of year balance (including reimbursements but excluding accrued vacation leave)	\$245,000	\$412,290	\$278,635	\$230,778	\$ 17
End of year balance ¹⁸	\$203,200	\$278,635	\$173,778	\$ 19	\$ 20

Fringe benefit rate (%) ²¹	29.50	33.63	35.47	36.97	22

STAFFING AND THE BUDGET

Annual personnel costs (including fringe benefits):²³

Assuming no delays or vacancies		\$191,091	\$197,786 ²⁴	\$203,629 ²⁵	26
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Assuming a four-month delay	\$123,457				
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Annual personnel costs as percentage of beginning of year balance (%):

Assuming no delays or vacancies		46	71	88	27
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Assuming a four-month delay	50				
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Amount remaining for board business, consultants, and projects (*i.e.*, beginning of year balance less annual personnel costs):

Assuming no delays or vacancies		\$221,199	\$ 80,849	\$ 27,149	28
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Assuming a four-month delay	\$121,543				
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Findings and Observations with Respect to the Budget

Personnel costs would have comprised approximately 3/4 to 4/5 of the operating budget for the ADC if it had not been for administrative and hiring delays, unfilled positions, and the carry over of funds by the Hawaii agricultural development revolving fund. If the ADC had managed to fill all three of its authorized positions during fiscal years 1995-1996, 1996-1997, and 1997-1998, the corporation would have had approximately \$221,199, \$80,849, and \$27,149, respectively, to conduct board business (including airfare, *per diem*, ground transportation, utilities, and office equipment and supplies), hire consultants (including the services of a deputy attorney general), and fund agribusiness projects. If the ADC had managed to fill all three of its authorized positions

during fiscal year 1994-1995 by November 1, 1994 (assuming a four-month delay), the corporation would have had approximately \$121,543 to conduct board business, hire consultants, and fund agribusiness projects.

Based on operating costs of about \$20,000 per fiscal year (\$13,333 for eight months), excluding the one-time purchase of machinery and equipment, the ADC would have had approximately \$108,000, \$201,000, \$61,000, and \$7,000 to fund agribusiness projects during fiscal years 1994-1995, 1995-1996, 1996-1997, and 1997-1998, respectively. At \$2,500 per acre for agriculture-related infrastructure costs, these amounts would have paid for the improvement of about 43, 80, 24, and 3 acres of land, respectively. While these infrastructure costs are site-specific, planning figures typically range from \$2,000 to \$3,000 per acre.²⁹

Assuming that new and sustainable job creation in agriculture requires an average of \$30,000 of capital investment per job created, these amounts would have paid for the creation of about 4, 7, 2, and 0 jobs, respectively.³⁰

Endnotes

1. Memorandum from John Keppler, Deputy Director, Department of Land and Natural Resources and Dennis Teranishi, Planner, Office of State Planning to Keith Ahue, Chairperson, Board of Land and Natural Resources, Yukio Kitagawa, Chairperson, Board of Agriculture, and Harold Masumoto, Director, Office of State Planning, regarding establishment plans for the ADC, May 24, 1994, 6 pp.

In contrast, the ADC Board of Directors was inclined initially to have a “very small” staff and do the rest of the work with consultants. ADC, Minutes of the October 21, 1994, Board of Director’s meeting, p. 14.

2. Administrative and hiring delays were assumed to consume about four months of the first fiscal year of a new program, resulting in only eight months of program work.
3. Facsimile transmittal from Allen Tom, Planner, Office of State Planning to John Okudara, private consultant, regarding proposed functional charts for the ADC, December 20, 1993, 3 pp.
4. 1994 Haw. Sess. Laws, Act 264, section 6 (June 30, 1994). Senate Bill No. 3045, S.D. 2, H.D. 2, C.D. 1, which became Act 264, was received by the Governor on May 6, 1994.

Senate Standing Committee Report 103-321 on H.R. 4650, 103rd Cong., 2nd Sess., item 254 (July 29, 1994); and Pub L. No. 103-335, 103rd Cong., 2nd Sess. (September 30, 1994).

The federal funds, which amounted to \$5,000,000 after the withholding of \$400,000 for federal agency administrative expenses, were not incorporated into the proposed 1995-1997 fiscal biennium budget for the ADC until October 31, 1994. ADC, Minutes of the October 31, 1994, Board of Director’s meeting, p. 5.

The timing of the establishment plans suggest that state planners always planned for the creation of a much larger program than what was subsequently authorized and what eventually materialized.

The federal funds were eventually shifted from the ADC to the Rural Economic Transition Assistance-Hawaii (RETA-H) Program. It was believed that the funds were shifted because the ADC was not ready to properly administer them. ADC, Minutes of the June 9, 1995, Board of Director’s meeting, p. 4.

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5. Hawaii, Department of Personnel Services, "Position Review for Civil Service Exemption, Position number 28002E (executive director)", June 23, 1995, 1 p.

Hawaii, Department of Personnel Services, "Position Review for Civil Service Exemption, Position number 28003E (administrative services officer)", June 27, 1995, 1 p.

Hawaii, Department of Personnel Services, "Position Review for Civil Service Exemption, Position number 28004E (secretary III)", June 26, 1995, 1 p.

6. Memorandum from David Wong, Chairperson, ADC to Benjamin Cayetano, Governor, State of Hawaii, regarding approval to extend the personal services contract of Paul O'Connell, February 27, 1995, 2 pp.

7. Memorandum from Chin Nyeen Lee, Executive Director, ADC to Benjamin Cayetano, Governor, State of Hawaii, regarding the hiring of an executive secretary, August 29, 1995, 2 pp.

Memorandum from Chin Nyeen Lee, Executive Director, ADC to Benjamin Cayetano, Governor, State of Hawaii, regarding the hiring of an administrative services officer, August 29, 1995, 2 pp.

8. Memorandum from David Wong, Chairperson, ADC to Benjamin Cayetano, Governor, State of Hawaii, regarding approval to extend the personal services contract of Paul O'Connell, February 27, 1995, 2 pp.

Telephone interview with Cindy Doi, Secretary, ADC, August 8, 1997.

Telephone interview with Paula Helfrich, former acting Executive Director (*pro bono* services), ADC, August 4, 1997.

Paula Helfrich was asked to serve as a *pro bono* consultant to the ADC in an effort to get the corporation's purpose and mission up and running on a "practice" basis to get projects going which the ADC could demonstrate to the Legislature. ADC, Minutes of the July 25, 1996, Board of Director's meeting, p. 7.

9. The ADC Board of Directors was informed by then chairperson of the board David Wong that legislators were concerned that the ADC was moving at a much slower pace than they had envisioned. ADC, Minutes of the February 2, 1995, Board of Director's meeting, p. 5.

10. The ADC Board of Directors was informed by Chairperson of the Board of Agriculture James Nakatani that he had a problem with asking the Legislature for more funding for the ADC when it still had \$276,000 and nothing to show for the money it had already spent. ADC, Minutes of the August 29, 1996, Board of Director's meeting, p. 15.

A meeting with Board of Agriculture Chairperson James Nakatani and his staff, Jack Keppeler, and ADC staff reinforced the difficulty of justifying the corporation's 1997-1999 fiscal biennium budget request without a "concrete", long-term strategic plan. ADC, Staff Report (September 19, 1996), p. 1.

During a November 25, 1996, meeting between ADC Chairperson Lindy Sutherland and Board of Agriculture Chairperson James Nakatani to address the direction of the ADC, "a lot of frustration was expressed concerning the ADC lack of action". ADC, Staff Report (November 29, 1996), p. 1.

The ADC Board of Directors was informed by board member Jack Keppeler that at the Legislature the comment is made of what has ADC done? ADC, Minutes of the February 13, 1997, Board of Director's meeting, p. 2.

PLAN(NING) IS NOT A FOUR-LETTER WORD

11. Requested by the Governor through AGR-6(94), introduced as Senate Bill No. 3045, Seventeenth Legislature, 1994, State of Hawaii.
12. Requested by the Governor through message dated February 6, 1995. "According to the Department [of Agriculture], a reduction in funds will not seriously impact the ADC." The reduction originally requested by the Governor was \$190,000 not \$250,000. Hawaii State Legislature, Senate Committee on Ways and Means and House Committee on Finance, "Executive Biennium Operating Budget Worksheets: H.B. No. 1220 H.D. 1, S.D. 1, C.D. 1, Fiscal Year 1995-1997", May 1995, p. 33.
13. Not yet applicable to fiscal year 1998-1999.
14. To be expended for personnel services only. Section 13, Act 328, Session Laws of Hawaii 1997.
15. To be expended for personnel services only. Section 13, Act 328, Session Laws of Hawaii 1997. The \$199,016 appropriation for fiscal year 1998-1999 is still subject to amendment by the 1998 Legislature.
16. Not yet applicable to fiscal year 1998-1999.
17. Cannot be computed without the end of year balance for fiscal year 1997-1998.
18. Hawaii, Department of Agriculture, "Handwritten ledger sheet for the ADC, fiscal year 1994-1995 to fiscal year 1996-1997, summarizing program-related appropriations, expenditures, encumbrances, reimbursements, and transfers of money", 1 pp.
19. Not yet applicable to fiscal year 1997-1998.
20. Not yet applicable to fiscal year 1998-1999.
21. Non-general funded programs, such as the ADC, are assessed for their share of employees' fringe benefit costs.
"Fringe benefits" include pension accumulation, pension administration, retiree health insurance, employees' health fund, workers' compensation, unemployment compensation, and social security. Memorandum from Earl Anzai, Director, Department of Budget and Finance to all department heads, regarding the fringe benefit rate for fiscal year 1997-1998, July 1, 1997, 1 p.

Telephone interview with Janet Wong, Accountant Supervisor, Administrative Services Office, Department of Agriculture, September 10, 1997.
22. Not yet applicable to fiscal year 1998-1999.
23. Based on total annual personnel costs of \$143,000 for Executive Director (\$78,000), Administrative Services Officer (\$40,000), and Secretary III (\$25,000), which are assumed to be constant for the purposes of this study only, unless otherwise noted. Hawaii, Department of Agriculture, Table BT-1: Personal Services Budget Projection Worksheet for the Period 07/01/95 to 06/30/97; Operating Costs, Temporary Positions Salary Cost; July 1, 1996, 2 pp.
24. Based on total annual personnel costs of \$146,000 for Executive Director (\$78,000), Administrative Services Officer (\$40,000), and Secretary III (\$28,000). Interview with Cindy Doi, Secretary, ADC, September 23, 1997.

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25. Based on total annual personnel costs of \$148,667 for Executive Director (\$78,000 per year for two months or \$13,000, and \$80,000 per year for ten months or \$66,667), Administrative Services Officer (\$40,000), and Secretary III (\$29,000). Interview with Bert Hatton, Executive Director and Cindy Doi, Secretary, ADC, September 23, 1997.

Bert Hatton assumed the job of executive director two months into fiscal year 1997-1998 at \$80,000 per year rather than \$78,000 per year. Total annual personnel costs for Executive Director, Administrative Services Officer, and Secretary III would otherwise be \$149,000 instead of \$148,667. With fringe benefits, total annual personnel costs for fiscal year 1997-1998 would be \$204,085 instead of \$203,629.
26. Cannot be computed without the fringe benefit rate for fiscal year 1998-1999.
27. Not yet applicable to fiscal year 1998-1999.
28. Refer to note 27.
29. Hawaii, Department of Agriculture, "State of Hawaii Financial Accounting & Management Information System expenditure report for the Hawaii agricultural development revolving fund as of 6/30/97, by object", July 26, 1997, 2 pp.
ADC, "RETA-H Concept Proposal for obtaining matching funds for the infrastructural improvement of West Loch and Waipio Peninsula (United States Navy) lands" (undated), 27 pp.
30. ADC, "Proposed draft letter to Governor Cayetano from Chairman Robert Sutherland, Board of Directors, Agribusiness Development Corporation", February 10, 1997, pp. 2-3.

Chapter 3

PLANNING AND THE PLANS

Introduction

Section 163D-5, *Hawaii Revised Statutes*, requires the ADC to “prepare the Hawaii agribusiness plan which shall define and establish goals, objectives, policies, and priority guidelines for its agribusiness development strategy”. No deadline is specified in either chapter 163D, *Hawaii Revised Statutes*, or Act 264, Session Laws of Hawaii 1994. The law requires the ADC to revise the plan from time to time and to incorporate it in the corporation’s annual report to the Governor and the Legislature. In addition, the ADC is authorized, but not required, to initiate and coordinate the preparation of plans for business and agricultural development projects where large tracts of agricultural land have been or will be taken out of productive agriculture or where opportunities exist to exploit potential local, national, and international markets. Section 7 of Act 264 requires the Board of Agriculture to approve all agricultural projects, agricultural development plans, and project facility plans developed by the ADC before their implementation; and section 163D-4(b), *Hawaii Revised Statutes*, requires the Board of Agriculture to approve the development, promotion, assistance, and marketing of crops by the corporation for local markets.⁰¹

The purpose of this chapter is to review the status of the Hawaii agribusiness plan and to discuss its relevance to the goals, objectives, policies, and priorities, and projects and programs of the ADC.

Status

Although the ADC has been operational for three years and has expended approximately \$263,000 for operating costs, it has yet to prepare and adopt a written Hawaii agribusiness plan. A review of internal and external ADC correspondence dating back to 1994 indicates that the ADC Board of Directors was informed on several different occasions by several different people, both inside and outside the corporation, that the plan was required by law.² For reasons that were not noted in the minutes of its meetings, the ADC Board of Directors did not prepare and adopt even a rudimentary written agribusiness plan. Instead, it immediately involved itself and staff in numerous projects and programs. Although ADC board members participated in a two-day strategic planning retreat; received three unsolicited private proposals and one solicited private proposal to expedite the preparation of the plan or its components; and frequently discussed the mission, objectives, and projects and programs of the ADC, these activities were not adopted by the ADC Board of Directors as the Hawaii agribusiness plan.³

Similarly, ADC staff did not appear to consistently prepare--and the ADC Board of Directors did not appear to consistently request--the kinds of written plans that would have enabled the ADC Board of Directors to monitor the status and evaluate the progress of any project or program, to approve or disapprove any project or program activity, to replicate any project or

program at another place or time, or to advance any ongoing project or program to the next step. To be clear, the ADC did develop and occasionally utilize a short form that described, among other things, the project objectives, resources needed, project duration, methodology/approach to achieve objectives, and expected results/impact on state economy.⁴ The lack of the Hawaii agribusiness plan and these other written plans is an important management issue because it all but ensured that there would be little or no project and program continuity when key professional staff left the ADC and severed all professional ties with the corporation, and because it hinders the evaluation of specific projects and programs.

Discussion

The lack of a duly adopted Hawaii agribusiness plan and written project and program plans appears to have hampered the operations of the ADC in several ways:

1. The agribusiness plan could have been used by the ADC Board of Directors to ensure that board members and staff explored and pursued projects and programs that supported the goals, objectives, policies, and priorities of the corporation. Activities that did not support these goals, objectives, policies, and priorities would not have been a highly productive use of the corporation's limited resources, especially staff time. With eleven board members and two staff members actively exploring and pursuing different projects and programs at the same time, having a written agribusiness plan, and organizational procedures for implementing the same, could have made it easier for the ADC Board of Directors to stay focused and on course; to make difficult decisions concerning the necessity, relative importance, and success of various projects and programs; and to abide by those decisions.

Written project and program plans could have made it easier for both the ADC Board of Directors and staff to determine whether or not a project or program activity was consistent with the goals, objectives, policies, and priorities for the project or program.

For example, there were discussions and questions about whether or not the ADC Board of Directors:

- (A) Had adopted corn ethanol as a project being that the executive director was spending time and effort on ethanol;
- (B) Had adopted a biomass/ethanol project since biomass may be a "long shot" for success and its relevance to agriculture was unclear;
- (C) Should take a position on the City and County of Honolulu's Ewa Development Plan when there was no "viable" agricultural enterprise on the Ewa plains;

- (D) Should lobby on behalf of the Hilo-Hamakua Agricultural Cooperative to obtain land for diversified agriculture when the ADC was not going to be involved in developing the land; and
- (E) Should hire a project manager instead of an executive director to run a project to get a commodity going.⁵

There were also questions and discussions about:

- (A) What the project and program priorities of the ADC should be and how they are/should be established;
 - (B) What the ADC hoped to accomplish by holding another Agriculture 2000 conference in 1996;
 - (C) What an individual ADC board member had hoped to accomplish by directing staff to come up with an inventory of what had happened with former plantation workers;
 - (D) What ADC staff had hoped to accomplish by asking a local consulting engineering company to submit a proposal for a regional water study for the West Loch and Waipio Peninsula projects; and
 - (E) What the ADC Board of Directors wanted its new executive director to do.⁶
2. A written agribusiness plan, and organizational procedures for implementing the same; and written project and program plans, could have been used by the ADC Board of Directors, the Department of Agriculture, and ADC staff to resolve differences of opinion and lend clarity to situations that may have been perceived, correctly or incorrectly, as second-guessing board and staff decisions or micro-managing specific projects and programs. For example, there was:
- (A) An instance where the Department of Agriculture instructed ADC staff to get a specific project “under ADC’s belt”;
 - (B) An instance where the ADC Board of Directors informed the Chairperson of the Board of Agriculture that “correct ADC Board procedures were not followed” when the Chairperson of the Board of Agriculture instructed ADC staff to utilize a specific two-step method for staggering ADC board member terms;
 - (C) An instance where the Department of Agriculture informed an ADC board member that the only acceptable letter to the Governor concerning the staggering of board member terms would be one that already predetermined who had the short and long terms; and

- (D) An instance where the Department of Agriculture notified ADC staff that it did not want the corporation to draft a letter to the Governor via the department, making a \$120,000 budget request approved by the ADC Board of Directors.⁷

Arguably, the Department of Agriculture would have been justified in second-guessing board and staff decisions and micro-managing specific projects and programs if they did not clearly support the goals, objectives, policies, and priorities of the ADC, whatever they were (refer to Chapter 5 for a discussion about staff perceptions of second-guessing and micro-management).

3. Preparing even a rudimentary agribusiness plan could have enabled other state, county, and federal agencies to identify issues of mutual interest, and to determine if and how they could assist the ADC in the preparation of a more detailed, complete plan and the implementation of ADC programs and projects. Given the complexity and potentially controversial nature of the agribusiness plan, the specialized knowledge and information required to address its components, and the shortage of professional staff support, it would have been impractical and inefficient for the ADC to attempt on its own to develop a masterful knowledge of the different county, state, and federal programs and projects affecting diversified agriculture in Hawaii. For example, some of the information that is required to go into the agribusiness plan has already been collected or generated by other agencies for identical or closely related purposes.⁸ In some instances the problem will be finding the data; in other instances the problem will be finding the right people to update the data. Regardless, the biggest challenge for the ADC Board of Directors should be how to reconcile the conflicting agendas promoted by special interest groups and create a comprehensive, cohesive agribusiness development strategy for the State of Hawaii--not how to find, collect, or generate information.
4. As discussed earlier, the Chairperson of the Board of Agriculture considered a concrete, long-term strategic plan--arguably the agribusiness plan--to be necessary justification for the corporation's 1997-1999 biennium budget request. According to the Chairperson of the Board of Agriculture, however, the ADC also needs to initiate some projects in order to justify its continued existence. (In fact, the Chairperson of the Board of Agriculture has even committed the Department of Agriculture and other departments to come up with a preliminary write up on any project that the ADC Board of Directors chooses to investigate.⁹) The problem now, as pointed out in Chapter 2, is that there will be very little money left over in the Hawaii agricultural development revolving fund to initiate projects once the ADC comes up to its authorized program strength of 3.00 full-time equivalents.

Findings and Observations with Respect to Planning and the Plans

The ADC lacks a written Hawaii agribusiness plan, and organizational procedures for

implementing the same; and lacks detailed written plans describing the goals, objectives, policies, and priorities, and activities of its projects and programs. The lack of these written plans and organizational procedures has made it difficult for the ADC Board of Directors to stay focused and on course; to make difficult decisions concerning the necessity, relative importance, and success of various projects and programs; and to abide by those decisions. It has also made it difficult for staff to accurately and reliably predict what the ADC Board of Directors expects in the way of general project and program development and specific implementing activities, which in turn has led to breaches of board etiquette and placed staff in the awkward position of being “sandwiched” between differing board members. The lack of these written plans also made the evaluation of specific projects and programs problematic since the ADC had absolutely no professional staff support from February 2, 1997 to September 2, 1997.

There are two different ways of looking at claims that the Department of Agriculture is second-guessing board and staff decisions and micro-managing specific projects and programs. The first is, “given the inability of the ADC Board of Directors to stay focused and on course; to make difficult decisions concerning the necessity, relative importance, and success of various projects and programs; and to abide by those decisions, the Department of Agriculture cannot be blamed for steering the ADC in the ‘right’ direction, given the department's general mission and responsibilities. The second is, “the ADC would not be in this difficult situation if the Department of Agriculture had allowed the ADC Board of Directors to make certain important decisions for itself--allowing it to experience both failure and success--instead of manipulating policy and project and program decisions through the budget and administrative procedures. The ADC Board of Directors could have made the right decisions and things could have turned out very differently if it were only given the chance to succeed”.

While it could be argued that the ADC Board of Directors did nothing egregious to earn the distrust of the Department of Agriculture, or that there are some decisions too important to be left to chance, discussions about whether the “chicken” or the “egg” came first do not address the fundamental issue raised by the Legislature--the perceived failure of the corporation to live up to people’s expectations. Regardless of which view a person adopts, the facts are the ADC lacks a written Hawaii agribusiness plan, and organizational procedures for implementing the same; and lacks detailed written plans describing the goals, objectives, policies, and priorities, and activities of its projects and programs.

Endnotes

1. According to the minutes of the October 21, 1994, Board of Director’s meeting, when ADC board member Yoshito Takamine inquired as to whether Board of Agriculture approval would be required on all projects, budgets, etc. recommended by the ADC, the feeling of the ADC Board of Directors was that this was not necessary. ADC, Minutes of the October 21, 1994, Board of Director’s meeting, p. 4.

There was a discussion concerning a section of a proposed memorandum of agreement whereby the ADC would submit to the Department of Agriculture, for approval by the Board of Agriculture, all agricultural projects, agricultural development plans, and project facility programs, as well as an agricultural marketing strategy for both local and export crops. ADC board members were informed that this approval was required

by the legislation (presumably section 7 of Act 264, Session Laws of Hawaii 1994); no objection to the language was voiced by anyone. ADC, Minutes of the November 16, 1994, Board of Director's meeting, p. 13.

2. ADC, Minutes of the October 21, 1994, Board of Director's meeting, p. 5.
ADC, Minutes of the October 31, 1994, Board of Director's meeting, p. 9.
ADC, Minutes of the February 2, 1995, Board of Director's meeting, p. 7.
ADC, Minutes of the April 10, 1995, Board of Director's meeting, p. 4.
ADC, Minutes of the October 12, 1995, Board of Director's meeting, p. 6.
ADC, Minutes of the August 29, 1996, Board of Director's meeting, pp. 4-5.

The ADC board of directors was informed by a member of the House Finance Committee that it was not complying with chapter 163D, *Hawaii Revised Statutes*, which states that the Hawaii agribusiness plan is a requirement. ADC, Minutes of the February 13, 1997, Board of Director's meeting, p. 3.

3. ADC, Minutes of the October 21, 1994, Board of Director's meeting, pp. 2-3.

The strategic planning session was held from January 7-8, 1995, with facilitator Donna Ching and recorder Lynn Lebeck. The planning session produced a new mission statement for the ADC; identified strategic issues; described goals in relation to these strategic issues; prioritized these goals; described objectives for achieving these priority goals; and described the strategies and activities for achieving these objectives. ADC, Strategic Planning Session Report (January 7-8, 1995), 22 pp.

ADC, Status Report (January 12, 1995), p. 2.

Proposal (draft) from Laura Matsuda Colbert, Gail Atwater, and Karen Bain to accelerate the start-up of the ADC (June 8, 1994), 11 pp. **In fairness to the corporation, it should be mentioned that this proposal was submitted prior to the appointment and first meeting of the ADC Board of Directors.**

Proposal from Paul Schwind regarding the preparation of the Hawaii agribusiness plan. ADC, Minutes of the August 29, 1996, Board of Director's meeting, p. 4.

Proposal from Paula Helfrich regarding the development of a strategic plan for the ADC (September 4, 1996), 6 pp.

Proposal from Jon Okudara regarding the preparation of an action plan for the ADC. ADC, Minutes of the October 24, 1996, Board of Director's meeting, p. 3.

4. ADC, "Briefing Summary for Kauai Agricultural Park" (undated), 1 p.
5. According to the minutes of the June 9, 1995, Board of Director's meeting:

Discussion followed on whether the [ADC] Board had adopted corn ethanol as a project of ADC; whether it should be pursued. Also, how involved was ADC going to get with the papaya industry. It was suggested that a plan be developed, depending on what kind of funding the ADC would be getting. Then the board would have to prioritize the projects so that the executive director can focus his attention on what the board wants.

* * *

Question was raised by [Chairperson of the Board of Agriculture] Nakatani on whether the board had adopted corn ethanol as a project being that [the executive director] Dr. Lee is

spending time and effort on ethanol. Discussion followed.

ADC, Minutes of the June 9, 1995, Board of Director's meeting, pp. 1-2.

According to the minutes of the May 29, 1996, Board of Director's meeting:

. . . [Chairperson of the Board of Agriculture] Nakatani asked what component of Coxwell's [biomass/ethanol] plan has a significance to agriculture. . . . CN [Lee] explained that the long term plan Coxwell had was to include ethanol production. Nakatani felt that biomass may be a long shot for success. CN reiterated that Coxwell's long term plan is one which is integrated as mentioned in previous board meetings. [Allan] Smith felt that it would be a tough call to raise biomass for energy. Nakatani felt the project does not make sense. Smith is of the opinion that a quick first look at biomass project to be successful is tough. . . . [Jack] Keppeler felt that ADC should just point Coxwell in the direction and that's it. [Chairperson of the ADC Board of Directors] Wong asked if he wanted to make a motion on this position. Keppeler said that ADC should not get involved since there is DBEDT and UH which has divisions to deal with such activities. It is not ADC's role or priority. Keppeler made the motion that ADC should no longer be involved with Coxwell. Nakatani asked if the project was approved it not [sic] to consider the project was moot. Wong said it want [sic] not formerly approved since its introduction to the group and there is a motion on the floor now. . . .

ADC, Minutes of the May 29, 1996, Board of Director's meeting, pp. 2-3.

The disposition of the Ewa Development Plan was discussed over a period of three board meetings. ADC, Minutes of the May 29, 1996, Board of Director's meeting, pp. 2-3; Minutes of the June 21, 1996, Board of Director's meeting, pp. 3-4; and Minutes of the July 25, 1996, Board of Director's meeting, pp. 2-4.

According to the minutes of the May 29, 1996, Board of Director's meeting:

. . . [Chairperson of the Board of Agriculture] Nakatani wanted to know how this [Ewa Development] plan was related to the state functional plan. He also felt that staff did not give enough information for him to make any judgement call. CN [Lee] pointed out that everything on the Ewa Development Plan pertaining to agriculture was copied for the board. Careful examination and review of the plans intent if one had care to read. Nakatani felt that this was an attempt of staff to blind sided [sic] him. CN said that such was not true. The plan was a revised plan. All agencies involved should have copies and it would help if people take time to read and review the plans. It was also the first time ADC staff saw this. . . . Nakatani said that there was no viable enterprise on Ewa plains. CN then said that after what we saw this morning, may be it [sic] should define what a viable enterprise should look like. . . .

ADC, Minutes of the May 29, 1996, Board of Director's meeting, p. 3.

According to the minutes of the June 21, 1996, Board of Director's meeting:

[Chairperson of the Board of Agriculture Nakatani] . . . If you want agriculture lands, you need to know what to do with it. You need viable enterprises on the land. What's happening in the Ewa area is a glimpse of what will be happening on the outer islands. The past position to stick to is to keep Kunia in agriculture but give up the Ewa plains to urbanization. . . .

* * *

[Chairperson of the Board of Agriculture Nakatani] . . . I don't see this as a policy

making body. Maybe give input, but I don't think that we should be wasting our time on something of this [the Ewa Development Plan] nature. Concentrate on Alec [Sou] and other farmers in making them productive instead of waiting like [Jack Keppeler] said. Our chance to show if it is viable or not viable. Make a defensible argument. But if it is not viable, there is nothing to show and argue. People need housing and a place to live. My thing is to make sure that agriculture is viable and give it our best shot. It's just a plan. Massaged it enough. ADC is not a policy making body.

* * *

[Chairperson of the Board of Agriculture Nakatani] . . . Alec is on the land, and the situation is that it was slated and everyone is agreeing to urbanization. How are you going to turn things around and it maybe will be nothing for 25 years again. But you haven't proven on the long term this is viable. That's what we are struggling with. Alec knew what he was doing, there is land up mauka. We need to help the farmers on the economic side of it and make it viable. I don't think we should worry about policy. . . .

ADC, Minutes of the June 21, 1996, Board of Director's meeting, pp. 3-4.

According to the minutes of the July 25, 1996, Board of Director's meeting:

. . . [Chairperson of the Board of Agriculture] Nakatani cleared the record to say at the last meeting, the biggest thing that this committee can do is to implement agriculture and to show its worth. But you can talk about it from here to the year 2006 but if you do not have a planting on that land, there is no justification to keep it in agriculture. So that is the primary function of this [ADC] board is to see that we have some kind of productive agriculture activity on that land and whether its an interim or forever any thing [sic] can happen from now to the year 2006 and he feels we should move on and if its a priority to set up an agriculture entity then lets just do it.

* * *

Mr. Nakatani stated this board needs to decide whether we will deal with policy versus getting farms into the ground. That has been the most frustrating part. We should decide at the end of this meeting whether its policy versus action. The DOA [Department of Agriculture] has an internal plan for goals and states specific targets for \$100 million by the year 2000. . . . Its a matter of implementation and its just working through it.

* * *

Mr. Nakatani asked whether ADC will be project and action oriented versus policy making board. Chairperson [of the ADC Board of Directors] Sutherland replied he could not say that. Land and water is still very valid and our problem is that we do not have any lands so lets go out and find who has land and get some projects going on that land which will take us back to water. Mr. Nakatani feels this is not a policy making board. .

. .

ADC, Minutes of the July 25, 1996, Board of Director's meeting, pp. 3-4, 9, and 11.

According to the minutes of the September 26, 1996, Board of Director's meeting:

[Chairperson of the Board of Agriculture] Nakatani had a concern that if ADC will be involved in the development of this [Hamakua] parcel, then he will endorse it, but if it will not be involved, then he will not endorse it. The important thing is if we put ADC's name on it, then the question would be where is the connection. If we are not going to have any connection on this besides lobbying for the land, then he does not feel it is appropriate. Mr. Takamine stated from the very beginning of ADC, it has been facilitating development of diversified agriculture and here is an opportunity. Mr. Nakatani stressed if you get the land, you should have a strategic plan to develop the land. Mr. Takamine felt it is important to help with the strategic plan.

ADC, Minutes of the September 26, 1996, Board of Director's meeting, p. 2.

According to the minutes of the October 24, 1996, Board of Director's meeting:

Executive Director Search - [Chairperson of the Board of Agriculture] Nakatani would like to defer on this. He worked out a proposal from Bishop Estate to acquire 2,145 acres in Puna and of that 600 acres shall be in papaya. Bishop Estate said they could take over the master lease but he does not feel the DOA should do that and feels this is a good project for the ADC. We need a third party or private sector to be involved and running this quarantine zone. This is for picking up the master lease, giving out lots, collecting the money and doing all of these things to manage a project. This project has a direct bearing on the Executive Director because if we spend any money it should be for a project instead of an Executive Director. If we talk of an Executive Director as discussed, projects are more important. He would rather hire a project manager to run a specific project to get a commodity going. He would like to discuss not hiring an Executive Director but a project manager who knows how to manager [sic] a farm on a large scale.

Chairperson [of the ADC Board of Directors] Sutherland stated the purpose is to advertise to hire an Executive Director to have him on board by January [1997] at which time our agreement with Paula [Helfrich] would end. Now what Mr. Nakatani is saying is we do not need it. Mr. Nakatani replied looking at the priorities of ADC and its whole purpose is to stimulate the economy. Its [sic] between choosing an Executive Director or a project manager because you do not have very much funds. He is not willing to have both.

ADC, Minutes of the October 24, 1996, Board of Director's meeting, p. 3.5.

6. According to the minutes of the August 29, 1996, Board of Director's meeting:

Mr. Keppeler asked Mr. Smith if his committee would be the committee who would handle Waialua, A&B/McBryde/Kukuiula. He asked how do we review the program for those projects. Mr. Smith replied it would be the [ADC] Chairperson's call. . . . [Chairperson of the Board of Agriculture] Nakatani stated that is why we need to go back and talk about the committee on how we implement and what kind of planning we have. This is the whole part of it and this is why we see something come out. We have to set some priorities. Chairperson [of the ADC Board of Directors] Sutherland stated right now if a proposal comes before him, he refers it to committee. The priorities are then set by committee [sic] back to the board.

ADC, Minutes of the August 29, 1996, Board of Director's meeting, p. 10.

According to the minutes of the August 29, 1996, Board of Director's meeting:

[Chairperson of the Board of Agriculture] Nakatani asked on the [Agriculture] 2000 conference. He wants to know what is the purpose and what do we intend to accomplish. . . .

* * *

Mr. Nakatani stated if you had the [Agriculture] 2000 conference and made some vision to what we are going to do then may be we should take a look at that and how is that coming along. . . . Mr. Nakatani stated the committee should have a clear understanding of what exactly we want to do and what are our purposes. Ms. Williams agrees that we should have a committee meeting because it is not clear in her mind. . . .

ADC, Minutes of the August 29, 1996, Board of Director's meeting, p. 12.

According to the minutes of the August 29, 1996, Board of Director's meeting:

Ms. Williams asked Mr. Keppeler what the purpose of trying to come up with an inventory of what has happened with former plantation workers. . . . Ms. Williams asked regarding procedure-should individual board members be asking Keith [Yabusaki] to do jobs that they think has a purpose that will serve ADC or should Keith's instructions for activities to pursue come from the board as a whole. . . .

ADC, Minutes of the August 29, 1996, Board of Director's meeting, p. 14.

According to the minutes of the October 24, 1996, Board of Director's meeting:

Mr. Egged asked on the West Loch - Waipio RETA-H [Rural Economic Transition-Hawaii] grant proposal. Is there a need for an environmental base statement that will cost \$112,000? Mr. Keppeler replied he did not know where it came from, but with discussions from the City they have been maintaining crop to crop and there is no need to trigger a SMA [Special Management Area] review. Someone raised a whole specter of an environmental impact statement for a change of crop. What was the intent of asking Mink & Yuen's submission of a proposal? There proposal is broad and in terms of a regional water study. We need a simple design criteria to put in the plumbing in order to get it into farming.

[Chairperson of the Board of Agriculture] Nakatani asked what it would take to make the Waipio project go? It was not real clear with him and there is also talk of an environmental assessment. Does the West Loch need this too? Mr. Keppeler said it was not required in the RFP and Keith [Yabusaki] raised the issue. The questions was asked whether the RETA-H funds could be used to do a design and construction project so that the plumbing could be put in so the area could be converted. What would be the cost of that? You do not need Mink & Yuen to do a water study. . . .

Mr. Nakatani stated we need to outline this whole process for the Navy project of what we are doing in terms of if we are going to take over the lands, why we need the study, and at what point the study comes in, how we progress on this. Chairperson [of the ADC Board of Directors] Sutherland replied he thought we did this and does not understand this requirement. Mr. Nakatani stated we did discuss it, but not on paper.

ADC, Minutes of the October 24, 1996, Board of Director's meeting, pp. 1-2.

ADC staff responded to the ADC Board of Director's comments regarding the request to Mink & Yuen Inc. with the following explanation:

It appears that several ADC members are not happy with the request to Mink and Yuen. To be fair, the ADC staff was not given a clear specific request that it could convey to Mink and Yuen. If the ADC is in addition interested in land preparation costs for agriculture, Mink and Yuen definitely possess the staff and/or associates to do this work. The ADC Board needs to just clarify what it wants. If other engineering consulting companies want to be considered, please, just let the ADC staff know.

ADC, Staff Report (November 8, 1996), p. 3.

According to the minutes of the February 13, 1997, Board of Director's meeting:

Mr. Keppeler stated this board needs to have a clear understanding of what it wants the executive director to do and what kind of projects we should do and what kind of priorities

should it have. The lack of clear direction makes it difficult for any one who wants to be appointed. At the legislature the comment is made of what has ADC done? . . .

ADC, Minutes of the February 13, 1997, Board of Director's meeting, p. 2.

7. According to the November 8, 1996, staff report:

. . . In a meeting with DOA Chair Nakatani on 10/28/96, the DOA made it clear to ADC staff to get the Kau Water Project under ADC's belt. . . .

ADC, Staff Report (November 8, 1996), p. 3.

According to a October 29, 1996, letter from the Administrative Services Officer of the ADC to the Chairperson of the Board of Agriculture:

In a meeting on 10/28/96 at the [Department of Agriculture], you requested that I phone all ADC Board members asking for any volunteers to step down from the ADC Board. If not enough members volunteered, then ADC Chairperson Sutherland and myself are to pick "long straw" "short straw". All Board members have been notified, and I am awaiting their response. It has been requested that the ADC Staff notify and point out to you that correct ADC Board procedures were not followed by requesting this action without ADC Board approval based upon the events listed above. . . .

Letter from Keith Yabusaki, Administrative Services Officer, ADC to James Nakatani, Chairperson of the Board of Agriculture, regarding ADC board member terms, October 29, 1996, 1 pp.

According to the minutes of the October 24, 1996, Board of Director's meeting:

. . . Mr. Young stated he thought the committee as a whole did take a vote at the last meeting in correcting the draft letter to the Governor suggesting that the board rotation be issued [sic] deferred until the next appointing round. Mr. Keppeler replied that is correct, but in consultation with the department for which we must send this commendation through, the only acceptable letter would be a letter already predetermines who has the short and long terms. . . . Mr. Nakatani commented that the draft letter sent to him did not say to wait until the next term. It stated you needed to make an appointment or stagger the terms. He said to Keith, rather than have the Governor say that and send it back, we should make the recommendations of who should be two and four years. But it was not to the next term of appointments. . . .

ADC, Minutes of the October 24, 1996, Board of Director's meeting, pp. 2-3.

According to the January 3, 1996, staff report:

The DOA notified the ADC Staff that it does not want the ADC to draft a letter to the Governor via the DOA, requesting the \$120,000 budget request approved at the last 12/10/96 meeting. The ADC Staff is aware that State Revenues are down, but at the same time the ADC needs to request additional funds soon before it is too late. The DOA did not offer any alternative solutions at this time. . . .

ADC, Staff Report (January 3, 1996), 1 pp.

PLANNING AND THE PLANS

8. Hawaii, Department of Agriculture, “The Hawaii State Plan: Agriculture” (functional plan technical reference document)(1991), 110 pp.

University of Hawaii, College of Tropical Agriculture and Human Resources Advisory Group, “Toward an Expanded, Fully-Diversified, Environment-Enhancing Agriculture for Hawaii” (October 21, 1992), 7 pp.

Hawaii, Department of Business, Economic Development and Tourism, Office of State Planning, “Transformation of Hawaii’s Agriculture: Action plan for the implementation of a transition from sugar and pineapple dominance to expanded, fully-diversified, market-driven, environment-enhancing agriculture for Hawaii” (draft mock-up)(no date: circa late-1993), 21 pp.

Hawaii, Department of Agriculture, “New Opportunities for Agriculture in Hawaii: A Blueprint for Change” (November 30, 1994), 30 pp.

The inventory of infrastructure resources (*e.g.*, agricultural lands and irrigation facilities) is already being done; and recently, the Department of Agriculture and the University of Hawaii College of Tropical Agriculture and Human Resources completed an analysis of import substitution possibilities. ADC, Minutes of the October 31, 1994, Board of Director’s meeting, p. 9.

9. ADC, Minutes of the March 14, 1997, Board of Director’s meeting, p. 3.

According to the minutes of this meeting, the Department of Agriculture “would coordinate the various departments to do the preliminary write ups and move with those projects”.

Chapter 4

PROJECTS AND PROGRAMS

Introduction

House Resolution No. 193, H.D. 1, requests the Bureau to describe the purpose and status of projects and programs undertaken by the ADC. For the purposes of this chapter, “projects and programs” do not include providing speakers at such events as the Hawaii Tropical Flower Council meeting, Hawaii Farm Bureau Federation Convention, and Hawaii AGDAY 1996; testifying before the Legislature and other government agencies (*e.g.*, the City and County of Honolulu Planning Commission); hosting “one-time” events for visiting business people and government officials; addressing administrative matters such as the staggering of ADC board members’ terms, the development of job descriptions and budgets, the hiring of staff, the drafting of bylaws and administrative rules, and the acquisition of office space and equipment; and work on projects and programs not deemed substantive enough to be reported to the ADC Board of Directors through either a periodic staff report or the minutes of the Board of Director’s meetings (*e.g.*, helping a farmer write a RETA-H or Department of Agriculture grant request).

It should be noted that the ADC has been without professional staff to monitor and update the status of these projects and programs since February 2, 1997, when Keith Yabusaki resigned as administrative services officer. The description and status of these projects and programs were therefore derived from the minutes of the ADC Board of Directors’ meetings and staff reports; corroborated against the corporation’s official annual reports; and supplemented through conversations with Dr. Yabusaki.

In addition to describing the purpose and status of projects and programs undertaken by the ADC, this chapter discusses the measures of program effectiveness for AGR-161: Agribusiness Development and Research, reported in The Multi-Year Program and Financial Plan and Executive Budget For the Period 1998-2003 (Budget Period: 1998-99), and the corporation’s progress in eventually becoming a revenue-generating, self-supporting state agency.

Projects and Programs

Alexander & Baldwin Inc. plan for dislocated sugar workers (Kauai)

Description: Outline the things that need to be done to help prepare former plantation employees who want to participate in farming activities, including setting up a survey to obtain a database of potential participants and planning appropriate training and assistance programs

Status: *No additional data*

Agricultural park for McBryde sugar workers (Kauai)

Description: Assist McBryde Sugar Company in setting up a farmers’

cooperative and developing plans for dislocated sugar workers who will be leasing land to farm, and in pulling together available resources for the cooperative to utilize
Status: No additional data

Air cargo (Oahu)

Description: Facilitate discussions between the Department of Agriculture and the Department of Transportation concerning the need for a staging place at Honolulu International Airport to reduce the spoilage of products being transported out of the State

Status: Feasibility study waived; project proceeding directly to Request for Proposals; no additional data

Beef export to foreign markets

Description: Assess the feasibility of shipping Hawaii-raised beef steers to the Philippines

Status: No additional data

Coxwell Energy Inc. (Kauai)

Description: Assist in the identification of a site and the acquisition of land to construct an incinerator to burn municipal solid waste to generate electricity; and assist in the identification of lands to grow corn or soybeans for ethanol to generate electricity

Status: Involvement in this project was terminated by the ADC Board of Directors in May 1996 after questions concerning its relevance to agriculture were raised; in September 1996 the Honolulu Advertiser reported that Kauai Electric hoped to sign an energy-only contract with Coxwell Energy, Inc., which could eventually result in an investment of \$55,000,000 in the State; no additional data

Former plantation worker survey (statewide)

Description: Determine what has happened or what is happening to former plantation workers upon the closure of plantation operations (report was requested by an ADC board member without approval from the Board of Directors)

Status: Report completed August 1996

Guam/Saipan market opportunity (statewide)

Description: Investigate the feasibility of expanding Hawaii exports of fresh produce to Guam and Saipan

Status: No additional data

Hamakua land transfer (Hawaii)

Description: Advocate the transfer of 423 acres of public lands, which is presently slated for forestry, to the Hamakua/North Hilo Agricultural Cooperative for diversified agriculture; and review and assist the cooperative with the revision of its business plans

Status: No additional data

Hazaka Inc./Total Organic Recycling Systems (TORS)(Hawaii and Oahu)

Description: Mediate negotiations between Hazaka Inc. and the University of Hawaii College of Tropical Agriculture and Human Resources concerning the construction of an integrated green waste to humus production/organic vegetable growing system; and facilitate the drafting of a memorandum of agreement between Hazaka Inc. and the University of Hawaii College of Tropical Agricultural and Human Resources

Status: *This project was reported to be in the hands of the University of Hawaii College of Tropical Agriculture and Human Resources as of December 1995; potential investment in the State is reported to be in excess of \$1,500,000; no additional data*

Industrial hemp study (statewide)

Description: Determine the economic potential, problems, barriers, and other related matters concerning the potential production of nonpsychoactive industrial hemp (*Cannabis sativa L.*) in Hawaii (unfunded report requested by the House of Representatives and the Senate)

Status: *Report completed January 1997 and submitted to the Governor and the Legislature*

Irradiation (Hawaii)

Description: Approve the awarding of a \$30,000 grant to the Department of Agriculture for “fine tuning” the shipping, handling, and marketing aspects of the department’s tropical fruit and vegetable irradiation project; and work with the Department of Agriculture on increasing the production of papayas in the State

Status: *The Department of Agriculture did not apply to the ADC for the grant moneys; a proposal to construct a privately-owned and operated, commercial fruit and vegetable irradiator on the island of Hawaii was approved by the Hawaii county council; no additional data*

“Island Fresh” farmers markets (Oahu)

Description: Identify possible sites on Oahu for farmers markets; determine applicable county ordinances and rules for these activities; and locate farmers interested in participating in these markets

Status: *No additional data*

Kau water project (Hawaii)

Description: Assess the feasibility of directly overseeing the planning, design, construction, equipping, and management of two reservoirs and pipelines to provide irrigation water to agricultural lands being made available to the community and former employees of Kau Sugar (a subsidiary of C. Brewer) for farming

Status: *Moneys for this capital improvement project were appropriated to the County of Hawaii rather than the ADC, so the ADC had no direct, financial role in the planning, design, construction, and equipping of this water project; no additional data*

Marketing seminar (statewide)

Description: Demonstrate how Hawaii growers can better compete in local and export markets

Status: *Conducted in Kona from March 24-25, 1995; approximately 160 attendees*

Moloaa (Kauai)

Description: Assess the feasibility of taking over the leasing of 700 acres of Moloaa Agricultural Park lands, which were owned and operated by Amfac-JMB, to Kauai papaya farmers

Status: *The Moloaa Agricultural Park lands were eventually purchased by a group ("hui") composed of three Kauai farmers (Moloaa Farming Ventures); no further involvement by the ADC at this time*

PruTimber

Description: Assist in exploring the possibility of having the community or the Hamakua/North Hilo Agricultural Cooperative, or both, participate in the "grow out process" for eucalyptus seedlings planted for timber/wood chip production

Status: *No additional data*

Waialua Farmers Cooperative (Oahu)

Description: Assist in organizing dislocated sugar workers interested in farming, establishing a farmers cooperative, devising a business plan, setting up business and farm training programs and obtaining a \$10,000 grant to pay for these programs, acquiring liability insurance, addressing weed and insect problems, developing "house rules", by-laws, and articles of association, writing Rural Economic Transition Assistance-Hawaii (RETA-H) and Community-based Economic Development (CBED) grants to purchase equipment and supplies, developing marketing strategies, and conducting strategic planning

Status: *Cooperative organized and established; crops being grown and marketed; \$15,000 CBED and \$200,000 RETA-H grants awarded; cooperative reportedly consisted of approximately 63 members and 105 acres in December 1995*

Waialua forage project

Description: Provide technical assistance and advice on quality issues relating to the production of haylage for the local dairy industry in order to keep the project competitive with other sources of feed; and encourage local dairy farmers to purchase feed from this project

Status: *Still producing haylage for the dairy industry as of December 1995; no additional data*

Waipio Peninsula (Oahu)

Description: Assist the United States Navy with the development and revision of its Request for Proposals to convert former sugarcane (blast zone) lands to

diversified agriculture use; and submit an ADC proposal for constructing and improving agricultural infrastructure on these lands to facilitate their conversion to diversified agriculture use to the Navy

Status: Request for Proposals issued by the Navy; the ADC proposal for constructing and improving agricultural infrastructure on these lands to facilitate their conversion to diversified agriculture use was submitted to the Navy; a draft Request for Proposal was prepared by the ADC for the design, engineering, and construction-related management of these agricultural infrastructure; the draft Request for Proposal prepared by the ADC must be approved by the Board of Agriculture

West Loch (Oahu)

Description: Assist the United States Navy with the development and revision of its Request for Proposals to convert former sugarcane (blast zone) lands to diversified agriculture use; work with a mainland agriculturist, his local financial partner, and the Navy to finalize a proposal to grow corn silage for dairy feed in West Loch; and submit an ADC proposal for constructing and improving agricultural infrastructure on these lands to facilitate their conversion to diversified agriculture use to the Navy

Status: The project to grow corn silage for dairy feed is proceeding as a RETA-H project because RETA-H moneys were not transferred to the ADC as originally planned; the ADC proposal for constructing and improving agricultural infrastructure on these lands was not funded by RETA-H due to the lack of ADC staff to oversee the work

Other

Description: Explore the feasibility of using the University of Hawaii College of Tropical Agriculture and Human Resources' input/output model to conduct agribusiness reviews of additional agricultural crops

Status: No additional data

Description: Develop and disseminate 20+ crop fact sheets to assist new farmers in the Waialua Farmers Cooperative; facilitate the production of University of Hawaii Cooperative Extension Service tapes for educating farmers in the Waialua Farmers Cooperative on planting management, plant diseases, financial planning, etc.

Status: Crop fact sheets and tapes completed; ADC involvement in project completed

Description: Initiate the use of dairy manure by pineapple growers to alleviate potential fire hazards

Status: ADC involvement in project completed

Description: Facilitate the marketing of carambola fruit

Status: ADC involvement in project completed

Description: Assist with the development of plans for the production of hasu on Kauai

Status: ADC involvement in project completed

Description: Encourage the development of a marketing plan for taro and the

diversification of its uses

Status: ADC involvement in project completed

Description: Locate lands for seed growers or potential high value agriculture operations such as Cascadian Farms (organic produce supplier to Japanese market), Hawaii Research Ltd. (seed corn research company), and S.W. Lupin Inc. (seed grain produced from sweet lupin seeds); and locate lands for small farmers losing their leases due to land use changes

Status: Cascadian Farms pursuing another option so no direct investment in Hawaii is contemplated at this time; no additional data

Findings and Observations with Respect to Projects and Programs

Table 1 broadly categorizes these projects and programs according to the principal activities of the ADC: “technical support”, “finance”, “market support”, “water/land development”, “irrigation infrastructure”, and “additional facilities”. (The definitions of these terms are included in the endnote accompanying Table 1.) A special category for displaced agricultural workers (*i.e.*, “displaced workers”) was included because of ongoing interest in programs to promote and facilitate the absorbing of these workers into alternative agricultural enterprises. As Table 1 indicates, the principal activities of the ADC in these projects and programs have been that of helping to make water and land available for farming and of providing technical support to agribusinesses and community groups. To be clear, the ADC has not yet granted, loaned, or received any moneys; nor obtained title to or leased any lands, including any improvements thereon, on behalf of an agribusiness project.

Table 2 broadly categorizes these projects and programs according to the principal roles of the ADC: “advisor”, “facilitator”, “investigator”, “advocate”, “sponsor”, and “master lessee (possible)”. A special category for unexecuted and unexecutable projects and programs (*i.e.*, “none”) was included in recognition of the fact that some projects and programs could not be acted upon because of factors that lay outside the control of the ADC. As Table 2 indicates, the principal role of the ADC in these projects and programs has been that of providing advice to agribusinesses and community groups. To be clear, the ADC has not yet received any compensation for its services as an advisor.

The categories for these principal activities and roles are consistent with section 163D-1, *Hawaii Revised Statutes*, which requires the ADC to facilitate the transition of agricultural infrastructure from plantation operations into other agricultural enterprises, to carry on the marketing analysis to direct agricultural industry evolution, and to provide the leadership for the development, financing, improvement, and enhancement of agricultural enterprises; and with a proposed functional chart for the ADC dating back to December 20, 1993, which envisioned creating an organization capable of addressing several different program areas and undertaking more than one agribusiness project at the same time (see Chapter 2).

Table 1: Categorization of Projects and Programs by Principal Activity of the ADC⁰¹

	Technical support	Finance	Market support	Water/land availability	Irrigation infrastructure	Additional facilities	* *	Displaced workers
Alexander & Baldwin Inc. Plan for dislocated sugar workers (Kauai)	x			x				x
Agricultural park for McBryde sugar workers (Kauai)	x			x				x
Air cargo (Oahu)						x		
Beef export to foreign markets			x					
Coxwell Energy Inc. (Kauai)				x				
Former plantation worker survey	x			x				x
Guam/Saipan market opportunity			x					
Hamakua land transfer (Hawaii)		x		x				x
Hazaka Inc./Total Organic Recycling Systems (TORS) (Hawaii and Oahu)				x				
Industrial hemp study			x					
Irradiation (Hawaii)		x						
“Island Fresh” farmers markets (Oahu)			x	x				
Kau water project (Hawaii)					x			x
Marketing seminar			x					
Moloaa (Kauai)				x				
PruTimber	x			x				
Waialua Farmers Cooperative (Oahu)	x	x	x	x				x
Waialua forage project	x		x	x				
Waipio Peninsula (Oahu)	x			x	x	x		
West Loch (Oahu)	x	x		x	x	x		
Other								
Input/output crop modeling	x							
Crop fact sheets and educational tapes	x							x
Use of dairy manure	x							
Marketing of carambola			x					
Production of hasu (Kauai)	?	?						
Marketing and use of taro			x					
Locate lands for farming				x				
TOTAL	12	5	9	14	3	3		7

PROJECTS AND PROGRAMS

Table 2: Categorization of Projects and Programs by Principal Role of the ADC

	Advisor	Facilitator	Investigator	None	Other (specific)
Alexander & Baldwin Inc. Plan for dislocated sugar workers (Kauai)	x				
Agricultural park for McBryde sugar workers (Kauai)	x				
Air cargo (Oahu)		x			
Beef export to foreign markets			x		
Coxwell Energy Inc. (Kauai)	x				
Former plantation worker survey			x		
Guam/Saipan market opportunity			x		
Hamakua land transfer (Hawaii)	x				Advocate
Hazaka Inc./Total Organic Recycling Systems (TORS) (Hawaii and Oahu)		x			
Industrial hemp study			x		
Irradiation (Hawaii)				x	
“Island Fresh” farmers markets (Oahu)	x				
Kau water project (Hawaii)				x	
Marketing seminar					Sponsor
Moloaa (Kauai)				x	
PruTimber	x				
Waialua Farmers Cooperative (Oahu)	x				
Waialua forage project	x				
Waipio Peninsula (Oahu)	x				Master lessee (possible)
West Loch (Oahu)	x				
Other					
Input/output crop modeling			x		
Crop fact sheets and educational tapes		x	x		
Use of dairy manure	x				
Marketing of carambola	x				
Production of hasu (Kauai)	x				
Marketing and use of taro	x				
Locate lands for farming	x				
TOTAL	15	3	6	3	3

Measures of Program Effectiveness

The measures of program effectiveness for AGR-161: Agribusiness Development and Research, reported in The Multi-Year Program and Financial Plan and Executive Budget For the Period 1998-2003 (Budget Period: 1998-99), are the number of agribusinesses initiated/expanded via ADC participation, the number of direct and indirect jobs created via ADC participation, and the number of acres of former plantation lands converted to diversified agricultural production. For the purposes of this study, the Bureau did not consider information reported after June 30, 1997, to be reliable since the ADC was without professional staff to monitor and update these measures of effectiveness after February 2, 1997. Measures of effectiveness were not available for fiscal year 1994-1995. Consequently, these measures of effectiveness cover only fiscal years 1995-1996 and 1996-1997.

1996-1997	<u>Total</u>	Fiscal Year 1995-1996	
<ul style="list-style-type: none"> The number of agribusinesses initiated/expanded via ADC participation 	7	10	17
<ul style="list-style-type: none"> The number of direct and indirect jobs created via ADC participation 	98	220	318
<ul style="list-style-type: none"> The number of acres of former plantation lands converted to diversified agricultural production 	1,265	6,504	7,769

Other Measures of Program Effectiveness

As previously mentioned, the ADC is supposed to eventually become a revenue-generating, self-supporting corporation. According to the Department of Agriculture’s ledger sheet for the ADC, which summarizes program-related appropriations, expenditures, encumbrances, reimbursements, and transfers of money from fiscal year 1994-1995 to fiscal year 1996-1997, the corporation has not received any income from its projects and programs. While it is definitely too soon to expect the ADC to become a self-supporting corporation, it is not totally unreasonable to expect some form of monetary return (*e.g.*, shares of stock in a corporation; donations of fresh produce to a public school, state hospital, or correctional facility; and participating in school-to-work internship programs) on the investment of staff time in these projects and programs.

Endnotes

1. “Technical support” refers to research and development and technology transfer.
“Finance” refers to operational and capital loans and business plans.
“Market support” refers to market development and analysis and value-added products.
“Water/land availability” refers to identifying lands, agriculture redevelopment coordination, compliance with government rules, designation of water sources and lands, and stakeholder investment.
“Irrigation infrastructure” refers to agricultural water systems.
“Additional facilities” refers to processing, warehouses, and distribution.
“*Displaced workers*” refers to *displaced agricultural workers*.
“?” means insufficient or incomplete data.

Chapter 5

SURVEY RESULTS

Introduction

The purpose of this chapter and Chapter 6 is to review the results of a survey, which is included in this report as **Appendix B**, to consistently and fairly evaluate the perceptions and attitudes of ADC board members and former staff toward the mission, objectives, projects and programs, and administrative placement of the corporation (see Chapter 6); and toward one another and the Department of Agriculture. To avoid unintentionally leading participants in the direction of certain responses, the Bureau utilized open-ended questions whenever feasible and kept the wording of the questionnaire as general and neutral as possible without being vague or ambiguous. To ensure consistency in the polling process and to give ADC board members and former staff time to reflect on their responses, the Bureau chose to administer a written questionnaire instead of personal interviews. When deemed necessary, follow-up interviews were conducted with individual ADC board members and former staff to clarify specific points mentioned in the questionnaire. All questionnaires received by the Bureau were included in this study.

Anonymity and Confidentiality

Because the populations being surveyed were so small (*i.e.*, ten board members and four former staff members), anonymity could not be guaranteed. Consequently, all ADC board members and former staff were informed beforehand, in writing that their individual responses would not be considered confidential information.

Scoring Responses

Multiple explanations obtained from open-ended questions were handled in the following manner. If a respondent's explanation could be broken into smaller increments and still make sense to a reader, it was broken up accordingly. If a respondent's explanation "ran-on" and stopped addressing the subject of the question, the part of the explanation that "ran-on" was suppressed. If a respondent's explanation did not address the subject of the request, the explanation was suppressed. Even though some open-ended questions asked a respondent to limit their response to a single explanation, the Bureau did not suppress additional (*i.e.*, multiple) responses offered by the respondent.

The categorization of the explanations to the open-ended questions was handled in the following manner. For the eight ADC board members who responded to these questions, the explanations were separated into as few categories as possible, but not so few that the categories became overly broad. Each category consisted of not less than one explanation, except for the category entitled "others". Similar categories were used for all related open-ended questions

whenever possible. An existing category consisting of only one explanation was combined with a new category or another existing category consisting of only one explanation to create an “others” category. For the two former staff members who responded to these questions, the explanations were not categorized because of the small number of responses and the extreme differences between them.

Because of the way that data obtained from open-ended questions were handled, the Bureau used quotation marks, ellipses, and brackets to indicate where material was added or deleted. Abbreviations were spelled out, obvious misspellings were corrected, and explanatory material were added to make the report more readable, and are indicated with brackets. Any errors or omissions are solely the responsibility of the researcher.

Summary of mean arithmetic differences between how far along the ADC is/was and how far along it should be/should have been

		Most frequently mentioned reason(s) for the difference between “what is” and “what should be”, or “what was” and “what should have been”
<i>Mission</i>		
Mean arithmetic difference between how far along ADC board members think the ADC <u>is</u> in terms of fulfilling its mission and how far along it <u>should be</u> (range -6 to +6):	-1.9	Insufficient/inadequate staffing
Mean arithmetic difference between how far along former staff members thought the ADC <u>was</u> in terms of fulfilling its mission and how far along it <u>should have been</u> (range -6 to +6):	-3.5	Lack of a strategic plan Lack of political will Lack of trust between the Department of Agriculture and the ADC Board of Directors
<i>Objectives</i>		
Mean arithmetic difference between how far along ADC board members think the ADC <u>is</u> in terms of achieving each of its objectives and how far along it <u>should be</u> (range -6 to +6):	-1.9	Insufficient/inadequate staffing

Mean arithmetic difference between how far along former staff members thought the ADC was in terms of achieving each of its objectives and how far along it should have been (range -6 to +6):

-3.8

**Lack of board consensus
Resistance to change**

Discussion of Mean Arithmetic Differences

The results of the survey indicate that the corporation is not living up to the expectations of ADC board members, and that it also was not living up to the expectations of former staff members. It is interesting to note that former staff members felt that the corporation was performing substantially below their expectations (*i.e.*, -3.5 for mission and -3.8 for objectives on a scale of +6 to -6). This differs noticeably from the perceptions of ADC board members, who feel that the corporation is performing only slightly below their expectations (*e.g.*, -1.9 for mission and -1.9 for objectives on a scale of +6 to -6). The substantial differences between board members' and staff's perceptions is an important management issue since it could be an indication of poor communication between the ADC Board of Directors and the staff. Whether these differences are due to actual differences in board members' and staff's perceptions or to differences in how ADC board members and staff understand the mission and objectives of the ADC is irrelevant for the purposes of this study. The point is that these substantial differences exist.

If these substantial differences are due to differences in how ADC board members and staff understand the mission and objectives of the ADC and not to actual differences in board members' and staff's perceptions, then the ADC Board of Directors may have a more serious communication problem than previously discussed. While the substantial difference between board members' and staff's perceptions could be the result of having multiple objectives and inconsistent reporting, the same explanation cannot be applied to the singular mission of the ADC. It is interesting that ADC board members are not in total agreement with one another as to their understanding of the corporation's mission, which includes increasing diversified agriculture (4 responses), utilizing plantation infrastructure (2 responses), assisting rural development (1 response), and being an advocate for agriculture (1 response). Because of time constraints, this study did not attempt to resolve this issue.

Furthermore, ADC board members are not in total agreement with one another as to their understanding of the corporation's objectives, which include marketing locally-grown produce (10 responses), conducting planning and research (7 responses), making land and water available (7 responses), preserving existing agriculture infrastructure and lands (5 responses), increasing diversified agriculture (5 responses), promoting rural development (2 responses), training future farmers (2 responses), and "others" (2 responses). If ADC board members were in total agreement with one another and consistent in their reporting, the expected distribution of these forty responses among the eight categories should have been five responses per category, which was not the case. If the differences between the actual and expected frequencies of responses are

the result of inconsistent reporting and not the lack of agreement, this may be an indication of board members' inability to communicate their expectations to one another and to staff in a consistent manner.

Findings and Observations with Respect to the Survey Results

The results of the survey indicate that the corporation is not living up to the expectations of ADC board members, and that it also was not living up to the expectations of former staff members. Former staff members felt that the corporation was performing substantially below their expectations, whereas ADC board members feel that the corporation is performing only slightly below their expectations. The substantial differences between board members' and staff's perceptions is an important management issue since it could be an indication of poor communication between the ADC Board of Directors and the staff. Although Chin Nyeen Lee, the executive director of the ADC from July 3, 1995 to June 28, 1996, and Keith Yabusaki, the administrative services officer of the ADC from January 2, 1996 to February 2, 1997, declined to respond to the survey (refer to **Appendix B**), there was evidence of communication problems between the ADC Board of Directors and the staff in the minutes of the Board of Directors' meetings and staff's periodic reports (refer to Chapter 3).

ADC board members are not in total agreement with one another as to their understanding of the corporation's mission, which includes increasing diversified agriculture, utilizing plantation infrastructure, assisting rural development, and being an advocate for agriculture. In addition, they are not in total agreement with one another as to their understanding of the corporation's objectives, which include marketing locally-grown produce, conducting planning and research, making land and water available, preserving existing agriculture infrastructure and lands, increasing diversified agriculture, promoting rural development, and training future farmers. The latter finding is consistent with a former staff member's observation that the single, most important reason for the difference between how far along the ADC was in terms of achieving each of its objectives and how far along it should have been, was the lack of board consensus.⁰¹

Endnotes

1. Paula Helfrich, written responses to Legislative Reference Bureau staff questionnaire regarding the Agribusiness Development Corporation, September 10, 1997, p. 4.

Chapter 6

ADMINISTRATIVE PLACEMENT OF THE ADC

Introduction

House Resolution No. 193, H.D. 1, requests the Bureau to determine the most appropriate agency to which the ADC should be administratively attached. In partial fulfillment of this request, the Bureau surveyed ADC board members and former staff as to where they thought the corporation should be administratively attached (see **Appendix B**). Both groups were advised that Attorney General Opinion No. 96-1 effectively prevented the ADC from being attached to the Office of the Governor. To be more specific, the Attorney General stated that Article V, section 6 of the State Constitution requires state executive branch agencies to be placed within the principal departments of the executive branch of state government unless they are commissions or agencies that are both temporary and for special purposes. The Attorney General has also stated that the Office of the Governor is not a principal department of the executive branch of state government. Therefore, any agency that is not temporary and for special purposes cannot be validly placed within the Office of the Governor. The results of the survey on this issue were as follows:

Department of Accounting and General Services (1)	Department of Health
Department of Agriculture (7)	Department of Human Resources Development
Department of the Attorney General	Department of Human Services
Department of Budget and Finance	Department of Labor and Industrial Relations
Department of Business, Economic Development and Tourism (2)	Department of Land and Natural Resources
Department of Commerce and Consumer Affairs	Department of Public Safety
Department of Defense	Department of Taxation
Department of Education	Department of Transportation
Department of Hawaiian Home Lands	University of Hawaii

In addition to reviewing the results of the survey, the purpose of this chapter is to discuss the transfer of the ADC from the Department of Agriculture to another state agency.

Discussion Relating to the Administrative Placement of the ADC

ADC board members overwhelmingly favored keeping the ADC administratively attached to the Department of Agriculture by a margin of seven to one. One ADC board member suggested that the ADC be administratively attached to the Department of Business, Economic Development, and Tourism. Former ADC staff, however, chose either the Department of Accounting and General Services or the Department of Business, Economic Development, and Tourism.

Paul O'Connell, the interim executive director of the ADC from November 1, 1994 to March 31, 1995, stated that there was a "[l]ack of trust between State [Department] of Agriculture--which insisted on controlling ADC budget--and the ADC Board of Directors".⁰¹ In addition, O'Connell advised the former Chairperson of the ADC Board of Directors, that:²

. . . [L]ocating ADC at the Department of Agriculture, under their administrative control, defeats the very purpose for it's existence — being a separate voice for agriculture. . . .

* * *

Every time I make a move I'm being told by administrative people at [the Department of Agriculture] that approval is required. This situation has gone as far as requiring justification for sending an overnight mail package. From their viewpoint, these cautions may be necessary, but if all we do is worry about process very little will be accomplished.

Paula Helfrich, the (*pro bono*) acting executive director of the ADC from July 1996 to January 1997, stated that “[administrative] attachment to [the Department of Agriculture] was interpreted as total oversight and all attempts to move projects were blocked”.³ In addition, it was suggested by Helfrich that the structure of the ADC Board of Directors be changed to five, voting, private-sector members and three, nonvoting, public-sector members, who would serve as resources.⁴

Transferring the ADC from the Department of Agriculture to another principal department of the executive branch of state government to free it from the oversight and control of the Department of Agriculture may not solve the problem stemming from the corporation's failure to prepare a written Hawaii agribusiness plan and written project and program plans--a lack of clear and unanimous direction. On the other hand, transferring the ADC to another principal department of the executive branch to consolidate all agriculture-related marketing and promotional activities, including the management of state irrigation systems and agricultural parks; and to clearly separate the nonregulatory programs from the regulatory programs of the Department of Agriculture in order to improve their effectiveness and efficiency, suggests the comprehensive reorganization of all agriculture-related marketing and promotional activities and not just the singular transfer of the ADC.

For example, the current functional statement for the Market Development Branch of the Department of Agriculture states that this program:

- (1) Engages in market research and the promotion of Hawaiian agricultural food products. Contracts with agricultural commodities groups, advertising agencies, consultants, and other government agencies for services relating to market research and product promotion. Conducts informational seminars and workshops;
- (2) Compiles a listing of producers and processors of agricultural products and disseminates this information to the United States Embassies and Agricultural Trade Offices throughout the world, the United States Department of Agriculture, state Departments of Agriculture, buyers, brokers, distributors, and transportation carriers of agricultural commodities;
- (3) Produces agricultural commodity posters, brochures, information sheets, videos, and other collateral materials used in the Branch's promotional activities;
- (4) Plans and implements agricultural commodities promotional projects. Participates in local, national, and international agricultural food products trade shows and leads

agricultural trade missions to out-of-state markets; and

- (5) Participates in joint promotions with the United States Department of Agriculture's Foreign Agricultural Service, the Hawaii Visitors and Convention Bureau, the Department of Business, Economic Development, and Tourism, and various counties in the State.

Additional agriculture-related marketing and promotional activities are also performed by the Hawaii Agricultural Statistical Service Branch and the Market Analysis and News Branch, and are among these branches' principal activities.⁵

The analysis of a reorganization plan to consolidate all agriculture-related marketing and promotional activities, including the management of state irrigation systems and agricultural parks, under another principal department of the executive branch is beyond the scope of this study and should be approached in a more systematic and comprehensive manner, consistent with the structure and function of government in Hawaii and local priorities.

Findings and Observations with Respect to the Administrative Placement of the ADC

ADC board members overwhelmingly favored keeping the ADC administratively attached to the Department of Agriculture by a margin of seven to one. One ADC board member suggested that the ADC be administratively attached to the Department of Business, Economic Development, and Tourism. Former ADC staff, however, chose either the Department of Accounting and General Services or the Department of Business, Economic Development, and Tourism. Both Paul O'Connell, the interim executive director of the ADC from November 1, 1994 to March 31, 1995, and Paula Helfrich, the (*pro bono*) acting executive director of the ADC from July 1996 to January 1997, complained about the degree of administrative oversight exercised by the Department of Agriculture and recommended that the corporation not be attached to that department for administrative purposes.

To be clear, regardless of which department the ADC is attached to, section 26-35, *Hawaii Revised Statutes*, provides that whenever a board or commission (and the ADC is headed by a board) is placed within a principal department for administrative purposes, then the following apply:

- (1) The head of the department shall represent the board or commission in communications with the Governor and with the Legislature;
- (2) The financial requirements from state funds of the board or commission shall be submitted through the head of the department and included in the budget for the department;
- (3) All rules adopted by the board or commission shall be subject to the approval of the Governor;

- (4) The employment, appointment, promotion, transfer, demotion, discharge, and job descriptions of all officers and employees of or under the jurisdiction of the board or commission shall be determined by the board or commission subject to the approval of the head of the department and to applicable personnel laws;
- (5) All purchases of supplies, equipment, or furniture by the board or commission shall be subject to the approval of the head of the department; and
- (6) The head of the department shall have the power to allocate the space or spaces available to the department and which are to be occupied by the board or commission.

Consequently, it would appear that unless the Legislature either amends section 26-35, *Hawaii Revised Statutes*, or limits its applicability to the ADC, then concerns about oversight on a variety of issues will exist wherever the ADC is placed.

Endnotes

1. Paul O'Connell, written responses to Legislative Reference Bureau staff questionnaire regarding the Agribusiness Development Corporation, September 23, 1997, p. 1.
2. Letter from Paul O'Connell, Interim Executive Director, Agribusiness Development Corporation to David Wong, Jr., Chairperson of the Board of Directors, Agribusiness Development Corporation, January 25, 1995, p. 1.
3. Paula Helfrich, written responses to Legislative Reference Bureau staff questionnaire regarding the Agribusiness Development Corporation, September 10, 1997, p. 4.
4. Helfrich, p. 5.
5. **HAWAII AGRICULTURAL STATISTICAL SERVICE BRANCH**

Collects, analyzes and publishes agricultural statistical data relating to Hawaii's agricultural industry so as to make for a more efficient production and marketing of the agricultural products produced.

Statistical Research

Analyzes data collected by field personnel and sets official estimates for publication.

Oahu, Maui and Hawaii Districts

Field personnel collect agricultural data, *i.e.*, estimated as well as actual acres planted, acres for harvest, production and value of crops, movement, stocks, marketing, processing and other utilization of crops, livestock and other agricultural products.

MARKET ANALYSIS AND NEWS BRANCH

Collects and disseminates information on prices, supply, and market conditions in a particular market place, including adequate outlook information on a market area basis, for the purpose of anticipating and meeting

PLAN(NING) IS NOT A FOUR-LETTER WORD

consumer requirements, aiding in the maintenance of farm income, and bringing about a balance between production and utilization of agricultural products.

Conducts economic evaluations of agricultural production and marketing activities; reviews and recommends appropriate measures to maintain and improve agricultural production and distribution operations; plans and implements market research projects and conducts economic feasibility analyses.

Hawaii, Department of Agriculture, "Functional Statement for the Agricultural Development Division" (November 13, 1997), 2 pp.

Chapter 7

RECOMMENDATIONS

The presentation of the seven recommendations and discussions contained in this chapter follows the general organization and outline of this report (see Chapter 1) and is not a statement of their relative or absolute importance. For example, the Bureau was specifically asked to recommend the most appropriate agency to which the ADC should be administratively attached (see **Recommendation No. 6**). The Bureau believes, however, that the Legislature should give the utmost consideration to Recommendation No. 2: setting a specific deadline for the submission of the Hawaii agribusiness plan to the Governor and the Legislature; **Recommendation No. 3**: requiring the preparation of written plans for all projects and program activities; and **Recommendation No. 4**: determining if the principal activities and roles of the ADC may be creating potential financial liabilities for the State.

Recommendation No. 1: The Bureau recommends that the Legislature consider lowering its expectations of the ADC or giving the corporation more time to live up to these expectations unless full and proper staffing is made available.

Discussion: As discussed in Chapter 2, in comparison to what was initially planned for, what was subsequently authorized, and what eventually materialized in the way of staffing for the corporation, the ADC received only about 1/6 to 1/3 of the professional staff support that state planners deemed necessary to carry out its functions in a timely and effective manner. In addition, the ADC received only one of the four different kinds of specialized, professional personnel (*i.e.*, administrative services officer, marketing officer, land/water and facilities officer, and agribusiness factors officer) deemed necessary to carry out its functions. To make up for the lack of additional specialized, professional personnel, the administrative services officer who was hired at that time performed duties that were supposed to be performed by a marketing officer, a land/water and facilities officer, and an agribusiness factors officer, or by an unspecified number of program analysts.

Personnel costs would have comprised approximately 3/4 to 4/5 of the operating budget for the ADC if it had not been for administrative and hiring delays, unfilled positions, and the carry over of funds by the Hawaii agricultural development revolving fund. If the ADC had managed to fill all three of its authorized positions during fiscal years 1995-1996, 1996-1997, and 1997-1998, the corporation would have had approximately \$221,199, \$80,849, and \$27,149, respectively, to conduct board business (including airfare, *per diem*, ground transportation, utilities, and office equipment and supplies), hire consultants (including the services of a deputy attorney general), and fund agribusiness projects. If the ADC had managed to fill all three of its authorized positions during fiscal year 1994-1995 by November 1, 1994 (assuming a four-month delay), the corporation would have had approximately \$121,543 to conduct board business, hire consultants, and fund agribusiness projects.

Based on operating costs of about \$20,000 per fiscal year (\$13,333 for eight months), excluding the one-time purchase of machinery and equipment, the ADC would have had approximately \$108,000, \$201,000, \$61,000, and \$7,000 to fund agribusiness projects during fiscal years 1994-1995, 1995-1996, 1996-1997, and 1997-1998, respectively. At \$2,500 per acre for agriculture-related infrastructure costs, these amounts would have paid for the improvement of about 43, 80, 24, and 3 acres of land, respectively. Assuming that new and sustainable job creation in agriculture requires an average of \$30,000 of capital investment per job created, these amounts would have paid for the creation of about 4, 7, 2, and 0 jobs, respectively.

Recommendation No. 2: The Bureau recommends that the Legislature consider amending section 163D-5, *Hawaii Revised Statutes*, to:

- (1) Set a specific deadline for the submission of the Hawaii agribusiness plan to the Governor and the Legislature; and
- (2) Require that all ADC projects or programs conform to the agribusiness plan.

Recommendation No. 3: The Bureau recommends that the Legislature consider amending section 163D-7, *Hawaii Revised Statutes*, to require the ADC to prepare the kinds of written plans that will enable the ADC Board of Directors to monitor the status and evaluate the progress of any project or program, to approve or disapprove any project or program activity, to replicate any project or program at another place or time, and to advance any ongoing project or program to the next step, in the event that key professional staff leave the corporation.

Discussion: As discussed in Chapter 3, the ADC has not adopted, and the Legislature has not set a specific deadline for the submission of, the Hawaii agribusiness plan required under section 163D-5, *Hawaii Revised Statutes*. The ADC also lacks organizational procedures for implementing the agribusiness plan; and lacks detailed written plans describing the goals, objectives, policies, and priorities, and activities of its projects and programs. Furthermore, section 163D-7, *Hawaii Revised Statutes*, does not require the ADC to initiate and coordinate the preparation of plans for business and agricultural development projects where large tracts of agricultural land have been or will be taken out of productive agriculture or where opportunities exist to exploit potential local, national, and international markets.

The lack of these written plans and organizational procedures has made it difficult for the ADC Board of Directors to stay focused and on course; to make difficult decisions concerning the necessity, relative importance, and success of various projects and programs; and to abide by those decisions. It has also made it difficult for staff to accurately and reliably predict what the ADC Board of Directors expects in the way of general project and program development and specific implementing activities, which in turn has led to breaches of board etiquette and placed staff in the awkward position of being “sandwiched” between differing board members.

RECOMMENDATIONS

For example, there were discussions and questions about whether or not the ADC Board of Directors:

- (1) Had adopted corn ethanol as a project being that the executive director was spending time and effort on ethanol;
- (2) Had adopted a biomass/ethanol project since biomass may be a “long shot” for success and its relevance to agriculture was unclear;
- (3) Should take a position on the City and County of Honolulu’s Ewa Development Plan when there was no “viable” agricultural enterprise on the Ewa plains;
- (4) Should lobby on behalf of the Hilo-Hamakua Agricultural Cooperative to obtain land for diversified agriculture when the ADC was not going to be involved in developing the land; and
- (5) Should hire a project manager instead of an executive director to run a project to get a commodity going.

There were also questions and discussions about:

- (1) What the project and program priorities of the ADC should be and how they are/should be established;
- (2) What the ADC hoped to accomplish by holding another Agriculture 2000 conference in 1996;
- (3) What an individual ADC board member had hoped to accomplish by directing staff to come up with an inventory of what had happened with former plantation workers;
- (4) What ADC staff had hoped to accomplish by asking a local consulting engineering company to submit a proposal for a regional water study for the West Loch and Waipio Peninsula projects; and
- (5) What the ADC Board of Directors wanted its new executive director to do.

A written agribusiness plan, and organizational procedures for implementing the same; and written project and program plans, could have been used by the ADC Board of Directors, the Department of Agriculture, and ADC staff to resolve differences of opinion and lend clarity to situations that may have been perceived, correctly or incorrectly, as second-guessing board and staff decisions or micro-managing specific projects and programs. For example, there was:

- (1) An instance where the Department of Agriculture instructed ADC staff to get a specific project “under ADC’s belt”;

- (2) An instance where the ADC Board of Directors informed the Chairperson of the Board of Agriculture that “correct ADC Board procedures were not followed” when the Chairperson of the Board of Agriculture instructed ADC staff to utilize a specific two-step method for staggering ADC board member terms;
- (3) An instance where the Department of Agriculture informed an ADC board member that the only acceptable letter to the Governor concerning the staggering of board member terms would be one that already predetermined who had the short and long terms; and
- (4) An instance where the Department of Agriculture notified ADC staff that it did not want the corporation to draft a letter to the Governor via the department, making a \$120,000 budget request approved by the ADC Board of Directors.

The lack of these written plans also made the evaluation of specific projects and programs problematic for the Bureau since the ADC had no professional staff support and, consequently, little or no project and program continuity between February 2, 1997 and September 2, 1997.

Recommendation No. 4: The Bureau recommends that the Legislature consider directing the Attorney General and the Chairperson of the Board of Agriculture to:

- (1) Determine whether or not the principal activities and roles of the ADC, with respect to its projects and programs, may be creating potential financial liabilities for the State; and
- (2) Determine whether or not it is advisable to amend section 7 of Act 264, Session Laws of Hawaii 1994, which will be codified in the 1997 Supplement as section 163D-8.5, *Hawaii Revised Statutes*, to:
 - (A) Require the Board of Agriculture or the Department of the Attorney General to review each project and program prior to involvement by ADC board members and staff; or
 - (B) Require the corporation to document all of its actions with respect to these projects and programs in writing.

Discussion: Table 1 broadly categorizes the projects and programs of the ADC according to the corporation’s principal activities: “technical support”, “finance”, “market support”, “water/land development”, “irrigation infrastructure”, and “additional facilities”. As Table 1 indicates, the principal activities of the ADC in these projects and programs have been that of helping to make water and land available for farming and of providing technical support to agribusinesses and community groups. To be clear, the ADC has not yet granted, loaned, or received any moneys; nor obtained title to or leased any lands, including any improvements thereon, on behalf of an agribusiness project.

Table 2 broadly categorizes the projects and programs of the ADC according to the corporation's principal roles: "advisor", "facilitator", "investigator", "advocate", "sponsor", and "master lessee (possible)". As Table 2 indicates, the principal role of the ADC in these projects and programs has been that of providing advice to agribusinesses and community groups. To be clear, the ADC has not yet received any compensation for its services as an advisor.

As discussed in Chapter 3, ADC staff did not appear to consistently prepare--and the ADC Board of Directors did not appear to consistently request--the kinds of written plans that would have enabled the ADC Board of Directors to monitor the status and evaluate the progress of any project or program, to approve or disapprove any project or program activity, to replicate any project or program at another place or time, and to advance any ongoing project or program to the next step, in the event that key professional staff leave the corporation. To be clear, the ADC did develop and occasionally utilize a short form that described, among other things, the project objectives, resources needed, project duration, methodology/approach to achieve objectives, and expected results/impact on state economy.

The lack of written plans could be problematic if the ADC is ever named in a lawsuit involving one of its former projects or programs, or former board members or employees, even though the Legislature in 1994 abolished joint and several liability for government entities, including vicarious liability for the acts or omissions of their officers and employees (see section 663-10.5, *Hawaii Revised Statutes*). As documented in Chapter 4, the financial stakes in some ADC projects and programs are high and may involve the up-front commitment of millions of dollars in capital costs and the long-term commitment of hundreds of acres of productive land.

A deputy attorney general has attended almost every meeting of the ADC Board of Directors, including executive sessions and subcommittee meetings. On October 23, 1997, the ADC received permission from the Board of Agriculture to apply for RETA-H funds for the Waipio Peninsula project.

Recommendation No. 5: The Bureau recommends that the Legislature consider clarifying the mission of the ADC; the means--both discretionary and mandatory--by which the ADC will fulfill its mission; the time in which the ADC will fulfill its mission or specific objectives, or both; and the individuals or entities who will exercise control over the mission of the ADC through every link in the chain of command.

Discussion: As discussed in Chapter 5, ADC board members are not in total agreement with one another as to their understanding of the corporation's mission, which includes increasing diversified agriculture, utilizing plantation infrastructure, assisting rural development, and being an advocate for agriculture. In addition, they are not in total agreement with one another as to their understanding of the corporation's objectives, which include marketing locally-grown produce, conducting planning and research, making land and water available, preserving existing agriculture infrastructure and lands, increasing diversified agriculture, promoting rural development, and training future farmers. The latter finding is consistent with a former staff member's observation that the single, most important reason for the difference between how far along the ADC was in terms of achieving each of its objectives and how far along it should have been, was the lack of

board consensus.

As discussed in Chapter 1, the Bureau's reading of chapter 163D, *Hawaii Revised Statutes*, to determine the intent of the Legislature with respect to the ADC, indicates the Legislature's belief that:

- (1) The State's agricultural assets should be used for the economic, environmental, and social benefit of the people of Hawaii;
- (2) Detailed marketing analysis and strategies should be developed before enterprises engage in the production of agricultural materials or value-added products;
- (3) The majority of whatever the corporation produces in the way of crops, value-added products, or agricultural commodities must be produced for export;
- (4) Crops not developed, promoted, assisted, or marketed for the export market, *i.e.*, for the local market, must be approved by the Board of Agriculture;
- (5) Increased local production to replace imported products should complement existing local producers and increase Hawaii's agricultural self-sufficiency;
- (6) The planning activities of the corporation must be coordinated with the county planning departments and the county land use plans, policies, and ordinances; and
- (7) The corporation may purchase qualified securities only after:
 - (A) It receives a business plan, which is consistent with its own business and agricultural development plan, including a description of the enterprise and its management, product, and market;
 - (B) It receives a statement of the potential economic impact of the enterprise, including the number, location, and types of jobs expected to be created; and
 - (C) It determines that the enterprise has the reasonable potential to create employment within the State and offers employment opportunities to residents.

Three major themes appear to emerge from the foregoing points:

- (1) The activities of the ADC should be driven by careful, detailed planning and analysis, and by public input;
- (2) The activities of the ADC should be geared toward the export market and agricultural self-sufficiency, and should not hurt existing local producers; and

RECOMMENDATIONS

- (3) The activities of the ADC should create jobs within the State and employment opportunities for residents.

These three major themes appear to suggest that the legislative intent of Act 264, Session Laws of Hawaii 1994, is to increase the contribution of diversified agriculture to the State's economy in a responsible manner, without forcing existing local producers out of business, without exposing the State's agricultural assets to unnecessary risks, and without polluting the environment.

The results of the survey administered by the Bureau also indicate that the corporation is not living up to the expectations of ADC board members, and that it also was not living up to the expectations of former staff members. Former staff members felt that the corporation was performing substantially below their expectations, whereas ADC board members feel that the corporation is performing only slightly below their expectations. The substantial differences between board members' and staff's perceptions is an important management issue since it could be an indication of poor communication between the ADC Board of Directors and the staff. Although Chin Nyeen Lee, the executive director of the ADC from July 3, 1995 to June 28, 1996 and Keith Yabusaki, the administrative services officer of the ADC from January 2, 1996 to February 2, 1997, declined to respond to the survey, there was evidence of communication problems between the ADC Board of Directors and the staff in the minutes of the Board of Directors' meetings and staff's periodic reports.

As discussed in Chapter 6, Paul O'Connell, the interim executive director of the ADC from November 1, 1994 to March 31, 1995, stated that there was a "[l]ack of trust between State [Department] of Agriculture--which insisted on controlling ADC budget--and the ADC Board of Directors". Paula Helfrich, the (*pro bono*) acting executive director of the ADC from July 1996 to January 1997, stated that "[administrative] attachment to [the Department of Agriculture] was interpreted as total oversight and all attempts to move projects were blocked". In addition, Chapter 3 documented an unresolved disagreement between the ADC Board of Directors and the Chairperson of the Board of Agriculture over the fundamental role of the ADC: "[dealing] with policy versus getting farms into the ground".

Recommendation No. 6: The Bureau recommends that the Legislature consider studying the comprehensive reorganization of all agriculture-related marketing and promotional activities, including the management of state irrigation systems and agricultural parks, rather than just the singular transfer of the ADC from the Department of Agriculture to another principal department of the executive branch of state government.

Discussion: As discussed in Chapter 6, transferring the ADC from the Department of Agriculture to another principal department of the executive branch of state government to free it from the oversight and control of the Department of Agriculture may not solve the problem stemming from the corporation's failure to prepare a written Hawaii agribusiness plan and written project and program plans--a lack of clear and unanimous direction. On the other hand, transferring the ADC to another principal department of the executive branch to consolidate all agriculture-related marketing and promotional activities, including the management of state irrigation systems and agricultural parks; and to clearly separate the nonregulatory programs from

the regulatory programs of the Department of Agriculture in order to improve their effectiveness and efficiency, suggests the comprehensive reorganization of all agriculture-related marketing and promotional activities and not just the singular transfer of the ADC.

Agriculture-related marketing and promotional activities are presently performed by the Market Development Branch, the Hawaii Agricultural Statistical Service Branch, and the Market Analysis and News Branch of the Department of Agriculture, and are among these branches' principal activities. The analysis of a reorganization plan to consolidate all agriculture-related marketing and promotional activities, including the management of state irrigation systems and agricultural parks, under another principal department of the executive branch is beyond the scope of this study and should be approached in a more systematic and comprehensive manner, consistent with the structure and function of government in Hawaii and local priorities.

ADC board members overwhelmingly favored keeping the ADC administratively attached to the Department of Agriculture by a margin of seven to one. One ADC board member suggested that the ADC be administratively attached to the Department of Business, Economic Development and Tourism. Former ADC staff, however, chose either the Department of Accounting and General Services or the Department of Business, Economic Development and Tourism. Both Paul O'Connell, the interim executive director of the ADC from November 1, 1994 to March 31, 1995 and Paula Helfrich, the (*pro bono*) acting executive director of the ADC from July 1996 to January 1997, complained about the degree of administrative oversight exercised by the Department of Agriculture and recommended that the corporation not be attached to that department for administrative purposes.

Recommendation No. 7: The Bureau recommends that the Legislature consider commissioning an "independent" (*i.e.*, private-sector) summative evaluation of the ADC and deciding, in two years time, whether or not to continue funding the corporation. During the interim, the Bureau recommends that the Legislature consider requesting the Department of Agriculture or the Department of Budget and Finance, or both, to conduct a formative evaluation to monitor the progress of the ADC in carrying out the recommendations contained in this report; in carrying out the changes made by the Legislature to chapter 163D, *Hawaii Revised Statutes*, or Act 264, Session Laws of Hawaii 1994, or both; and in carrying out the evaluation plan developed by the independent evaluation team and the corporation. The Bureau recommends that both the summative and formative evaluations be conducted by persons knowledgeable about agriculture and other related fields, including, but not limited to, marketing, finance, water and land development, processing, and distribution.

Discussion: A formative evaluation is an evaluation study that provides regular feedback to staff while a program is in progress, so that the program can be modified in order to increase positive outcomes. A summative evaluation, on the other hand, is an evaluation study that attempts to provide a conclusive, definitive statement about program effectiveness at the end of the study.

RECOMMENDATIONS

In all fairness to the ADC, it should be noted that the new Executive Director of the corporation, who was hired on September 2, 1997, has already begun to implement some of the recommendations contained in this report. For example, the ADC has developed a policy book to record, organize, and review all decisions made by the ADC Board of Directors with respect to specific projects and programs; has developed systematic, written descriptions for all its ongoing projects and programs; has completed an outline of the Hawaii agribusiness plan; and has developed organizational procedures to systematically and clearly present specific matters and issues to, and obtain specific decisions and input from, the ADC Board of Directors. (Sources: ADC, "Draft annual report and progress report", November 7, 1997, 25 pp. and ADC, "Agenda for the Board of Directors meeting of November 19, 1997", 1 p.)

Notwithstanding the lack of full and proper staffing, three years may be too soon to conduct a meaningful summative evaluation of the ADC and to expect meaningful program results. A more appropriate time for conducting a summative evaluation would be five to seven years, with formative evaluations conducted not less than once every two years. Premature summative evaluations lack the utility of periodic formative evaluations and may do little, if anything, to inform managerial and policy-level decision making. The persons commissioned to conduct the formative and summative evaluations of the ADC should be retained at the earliest possible date in order to ensure that each evaluation plan is developed and carried out with the cooperation and approval of the corporation. For example, there should be agreement as to the milestones and measures of program effectiveness to be employed in the evaluations, including, but not limited to, how the data for these milestones and measures of effectiveness will be collected, analyzed, and presented.

HOUSE RESOLUTION

REQUESTING A STUDY OF THE OPERATIONS OF THE AGRIBUSINESS
DEVELOPMENT CORPORATION.

1 WHEREAS, in 1994, the Legislature found that the downsizing
2 of plantation industries such as sugar and pineapple gives the
3 State unprecedented opportunity to plan and coordinate the
4 transition of vast acreages of prime agricultural lands into
5 diversified agricultural ventures; and
6

7 WHEREAS, the downsizing of the sugar and pineapple
8 industries left idle large tracts of agricultural lands and a
9 valuable inventory of supporting infrastructure, including
10 irrigation systems, roads, drainage systems, processing
11 facilities, packing facilities, workshops, and warehouses; and
12

13 WHEREAS, to put these valuable resources to productive use,
14 dynamic and sound leadership is necessary to aggressively
15 promote and develop agricultural enterprises; and
16

17 WHEREAS, furthermore, innovative leadership is also
18 necessary to strengthen agriculture statewide by coordinating
19 development of the industry, providing industrywide services,
20 providing marketing assistance, and facilitating investments
21 and coventures in viable enterprises; and
22

23 WHEREAS, to achieve optimum development and diversification
24 of agriculture in Hawaii, strong leadership and coordination
25 among all segments of the agricultural industry is required;
26 and
27

28 WHEREAS, this endeavor also necessitates constant re-
29 examination of agricultural objectives and policies, and
30 adjustments to refine the industry's ability to adapt to
31 changing markets and demands; and
32

33 WHEREAS, in 1994, the Legislature passed S.B. No. 3045,
34 which was enacted as Act 264, Session Laws of Hawaii (SLH)
35 1994, which established the Agribusiness Development
36 Corporation (ADC) to coordinate and administer programs to
37 assist agricultural enterprises to:

I do hereby certify that the within document
is a full, true and correct copy of the original
on file in this office.


Chief Clerk
House of Representatives
State of Hawaii

- 1 (1) Facilitate the transition of agricultural
2 infrastructure from plantation operations into other
3 agricultural enterprises;
4
- 5 (2) Carry on the marketing analysis to direct agricultural
6 industry evolution; and
7
- 8 (3) Provide the leadership for the development, financing,
9 improvement, or enhancement of agricultural
10 enterprises;
11

12 and
13

14 WHEREAS, Act **264**, SLH 1994, also developed a process to
15 make optimal use of agricultural assets for the economic,
16 environmental, and social benefit of the people of Hawaii; now,
17 therefore,
18

19 BE IT RESOLVED by the House of Representatives of the
20 Nineteenth Legislature of the State of Hawaii, Regular Session
21 of 1997, that the Legislative Reference Bureau (LRB) is
22 requested to study the operations of ADC as contained in Act
23 264, SLH 1994, including the staffing and effectiveness of ADC
24 in carrying out the intent of the Act and the most appropriate
25 agency to which ADC should be administratively attached; and
26

27 BE IT FURTHER RESOLVED that the study consist of projects
28 and programs undertaken by ADC and the status of those projects
29 and programs; and
30

31 BE IT FURTHER RESOLVED that LRB is requested to submit a
32 report of its findings and recommendations, including any
33 improvements for ADC to increase its effectiveness in carrying
34 out the intent of Act 264, SLH 1994, to the Legislature no
35 later than December 1, 1997; and
36

37 BE IT FURTHER RESOLVED that certified copies of this
38 Resolution be transmitted to the Director of LRB and the
39 Executive Director of ADC.

Appendix B

Wendell K. Kimura
Acting Director

Research (808) 5874888
Revisor (808) 587-0670
Fax (808) 587-0681



LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol
Honolulu, Hawaii 96813

August 13, 1997

6535-A

Ms. Paula Helfrich
Hawaii Island Economic Development Board
200 Kanoiehua Avenue, #103-281
Hilo, Hawaii 96720

Dear Ms. Helfrich:

House Resolution No. 193, H.D. 1, which is enclosed for your information, request the Legislative Reference Bureau to study the operations of the Agribusiness Development Corporation, including its staffing, projects and programs, and effectiveness in carrying out the intent of Act 264, Session Laws of Hawaii 1994; and to recommend the most appropriate agency to which the corporation should be administratively attached.

The purpose of this study is to improve--not prove--the effectiveness of the Agribusiness Development Corporation. Consequently, we are asking for former staff members' opinions concerning the mission, objectives, and projects and programs of the corporation, and the most appropriate agency to which the corporation should be attached. To ensure consistency in the polling process and to give former staff members time to reflect on their responses, we have chosen to administer a written questionnaire in lieu of a personal interview. If necessary, personal interviews will be scheduled with individual staff members to clarify specific points mentioned in the **questionnaire**. Please return the questionnaire to the Bureau in the enclosed, self-addressed, stamped envelope by **Friday August 29, 1997**.

In the interest of fairness to all persons concerned, individual responses will not be considered confidential in formation.

Please take the time to review the entire **questionnaire** before responding to the eleven multiple-choice and short-answer items. If you have any questions or concerns regarding the questionnaire, please feel free to contact Keith Fukumoto at (808) 587-0666 or 587-0661, (808) **587-0681** (FAX), or "**fukumoto@Capitol.Hawaii.gov**". For out-of-state and neighbor island staff members, we will initiate a call-back procedure so the cost of telephone calls are billed mostly to the Bureau and not your personal or business telephone account.

Sincerely,

A handwritten signature in black ink that reads 'Wendell K. Kimura'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Wendell K. Kimura
Acting Director

Enclosures

**BOARD MEMBERS AND STAFF:
DISPOSITION OF QUESTIONNAIRE**

Current board members

Mr. David Y. Wong, Jr Honolulu, Hawaii (former Chairperson of the ADC Board of Directors)	Did not respond
Mr. Paul T. Otani Pukalani, Hawaii	Response received
Mr. Allan A. Smith Lihue, Hawaii	Response received
Mr. Robert S. Sutherland Kula, Hawaii (current Chairperson of the ADC Board of Directors)	Response received
Mr. Yoshito Takamine Honokaa, Hawaii	Response received
Ms. Judith A. Williams Honolulu, Hawaii	Response received
Mr. John P. Keppeler II Honolulu, Hawaii	Response received
Mr. James Nakatani, Chairperson Board of Agriculture	Declined to respond
Mr. Michael Wilson, Chairperson Board of Land & Natural Resources	Response received
Dr. Seiji Naya, Director Department of Business, Economic Development and Tourism	Response received
Former board member	
Malcom Saxby Hilo, Hawaii	Resigned November 12, 1996 Not surveyed

Former staff members

Mr. Paul O’Connell
Rockville, Maryland
(former Executive Director)

Response received

Mr. Chin Nyeon Lee
Honolulu, Hawaii
(former Executive Director)

Declined to respond

Mr. Keith Yabusaki
Honolulu, Hawaii
(former Administrative Services Officer)

Declined to respond

Ms. Paula Helfrich
Hilo, Hawaii
(former *pro bono* Executive Director)

Response received

ADC QUESTIONNAIRE--BOARD MEMBERS (8 of 10 responding)

- I. In as few words as possible, describe the mission of the ADC as you understand it. (Describe the mission rather than the means for fulfilling it.)

Increase diversified agriculture (4)

"...[T]o facilitate the transition from the mono crop culture of sugar to a diversified mix of agricultural business"

"Optimize the development and diversification of agriculture in Hawaii"

"Develop strategy & viability of Hawaii agricultural future despite sugar demise"

"To promote the development of expanded or new agricultural businesses in rural Hawaii through increased cropping of local produce and flowers to displace brought-in products and the new production of food, fiber and flower products for interstate and international markets"

Utilize plantation infrastructure (2)

"To promote agricultural activities that can utilize resources made available by the downsizing or closure of plantations for the benefit of the people of State of [Hawaii]"

"To facilitate the fullest possible utilization of agricultural resources, particularly those which have become available as a result of the closing of sugar and pineapple operations"

Other (2)

"To assist the private agricultural sector in the rural development transition as [Hawaii] enters the post-plantation agricultural era"

"[T]o be advocate for agriculture"

- II. On a scale of "0" to "6"--"0" being "no movement", "3" being "about half-way there", and "6" being "mission fulfilled", rate how far along you think the ADC is in terms of fulfilling its mission. (Circle one number only.)

{3, 0, 1, 1, 1, 2, 1, 1} **Arithmetic mean = 1.3**

- III. On a scale of "0" to "6"--"0" being "no movement", "3" being "about half-way there", and "6" being "mission fulfilled", rate how far along you think the ADC should be in terms of fulfilling its mission. (Circle one number only.)

{5, 4, 3, 1, 3, 3, 2, 4} **Arithmetic mean = 3.1**

{Differences: 2, 4, 2, 0, 2, 1, 1, 3} **Arithmetic mean = 1.9** (difference due to rounding)

- IV. What do you think is the single, most important reason for the difference, if any, between how far along the ADC is in terms of fulfilling its mission and how far along it should be? (Identify the cause of the problem, if any, rather than its symptoms.)

Insufficient/inadequate staffing (4)

"Lack of effective staffing - Executive Director"

"Appointment of an executive director . . ."

"Lack of professional staff"

"Currently, lack of staff"

Insufficient/inadequate cooperation (3)

"Understanding of ADC's role by state administration"

"Duplication of effort within [government]"

"No action that substantively assists in making land available for agricultural use. [The Department of Agriculture] and ADC Board has not been able to agree on direction"

Insufficient/inadequate planning (2)

". . . [C]ompletion of the agribusiness development plan"

"Also, a clear sense of purpose has not been achieved by the Board"

Insufficient time (2)

"The difference between [what] 'is' and [what] 'should be' is that we want to do more, quicker than may be

allowable in rural redevelopment of an entire State (the cause of the problem is unrealistic anticipation of attainable results in a very short period of time)”

“New Venture”

Other (1)

“State’s financial situation”

- V. In as few words as possible, describe the objectives of the ADC as **you** understand them. (Describe the objective rather than the means for achieving it.)

Market locally-grown produce (10)

“Establish new markets - National and International”

“Enhance or [capitalize] on Hawaii’s unique competitive advantages (ability to produce quality products)”

“Identify and expand market and distribution of locally-grown products . . . ”

“Assess marketing strategy for commodities identified for startup and expansion”

“Assist in the identification and development of new markets for [agricultural] products”

“Identify expanding and new markets for local produce and products for interstate and international markets”

“Facilitate the formation of marketing [cooperatives]”

“Provide a clearinghouse for market information and training”

“Marketing - exports, domestic, standards, quarantine, etc.”

“Facilitate joint marketing of agricultural products”

Conduct planning and research (7)

“Determine priorities - develop plan”

“Develop agricultural plan with timetable to implement”

“Action plans for each project”

“Completion of the agribusiness development plan”

“Organize set goals hire staff”

“In encouraging new farm formation or the expansion of existing farm businesses, determine the effectiveness of the agricultural sector services provided by the federal and state agencies, research and extension institutions, trade associations and, if, not found fully responsive then purpose [sic] corrective action”

“In encouraging new farm formation or the expansion of existing farm businesses, determine the impediments to farm business development (viz., education and training, farm financing, availability of land and water, access to post-harvest treatment facilities, transportation to market barriers, the lack of marketing arrangements, etc.) and propose corrective action”

Make land/water available (7)

“Water - availability, rates, etc.”

“Assist farmers who wish to utilize land, but are hampered in their efforts by structural impediments, e.g., lease arrangements, zoning/parceling restrictions, etc.”

“Assist in assuring that water delivery systems . . . serve the appropriate users”

“Assess availability of implementation (Land, water, entrepreneurs)

“Implement plan and fit into state organizations who control water, land, labor, marketing etc.”

“Land - location, size, etc. - (Inventorying, Identifying)”

“Facilitate the availability of land and water for agriculture”

Preserve existing agriculture infrastructure/lands (5)

“Assist in assuring that water delivery systems are preserved . . . ”

“Re-use and new employment of already-improved land and natural resources (irrigation water collection, distribution system, and sugar)”

“Preserve and transform the needed and existing farm production infrastructure given up by the plantations (viz., irrigation systems, field road systems, drainage systems, post-harvest treatment and packing facilities, etc.) for use by new agriculture”

“Preserve and utilize the agricultural resources of Hawaii”

“Design and implement programs and projects to preserve and re-use valuable land and natural resources, and production infrastructure”

Increase diversified agriculture (5)

“Identify expanding and new markets for local produce and products to displace brought-in produce and products (i.e., import substitution or greater self-sufficiency)”

“Replace the revenues lost by sugar’s demise”

“Create an environment where diversified agriculture can grow to replace sugar”
 “Expedite the implementation of new agriculture”
 “Expand diversified agriculture as major industry”

Promote rural development (2)

“In encouraging new farm formation or the expansion of existing farm businesses, the attitude of the community and its political leadership may have to be determined regarding the agricultural transition and, if, not favorable to new agriculture then amended it [sic] to provide the needed economic opportunity for rural citizens of Hawaii”
 “Reemployment of sugar workers, retraining, startup enterprises”

Train future farmers (2)

“Provide training to potential farmers. Needs to facilitate [the University of Hawaii and the Department of Labor and Industrial Relations] principle sources of training”
 “. . . [D]evelop entrepreneurial and technical personnel interested in farm enterprises employment in [Hawaii]”

Others (2)

“Financing”
 “Consult legislators and farming community”

- VI. On a scale of “0” to “6”--“0” being “no movement”, “3” being “about half-way there”, and “6” being “objective achieved”, rate how far along you think the ADC **is** in terms of achieving each of its objectives. (Circle one number only.)

{1, 2, 1, 2, 3, 0, 2, 0, 1, 2, 1, 1, 0, 1, 1, 1, 1, 1, 2, 1, 0, 0, 1, 2, 2, 2, 2, 2, 1, 1, 1, 1, 1, 0, 1, 0, 0, 0}

Arithmetic mean = 1.1

- VII. On a scale of “0” to “6”--“0” being “no movement”, “3” being “about half-way there”, and “6” being “objective achieved”, rate how far along you think the ADC **should be** in terms of achieving each of its objectives. (Circle one number only.)

{4, 4, 5, 5, 5, 3, 3, 3, 3, 3, 3, 1, 1, 1, 1, 1, 1, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 2, 2, 2, 3, ?, 4, 3, 4, 5}

Arithmetic mean = 3.0

{Differences: 3, 2, 4, 3, 2, 3, 1, 3, 2, 1, 4, 2, 1, 0, 0, 0, 0, 0, 1, 2, 3, 3, 2, 1, 1, 1, 1, 1, 2, 1, 1, 1, 2, ?, 3, 3, 4, 5}

Arithmetic mean = 1.9

- VIII. What do you think is the single, most important reason for the difference, if any, between how far along the ADC **is** in terms of achieving each of its objectives and how far along it **should be**? (Identify the cause of the problem, if any, rather than its symptoms.)

Insufficient/inadequate staffing (29)

“Due to lack of staff, ADC has not been able to work on the objective [i.e., training farmers] to any great degree”
 “No staff” (2)
 “Lack of personnel staff” (5)
 “Appoint executive director and administrative assistant” (5)
 “Hiring [professional] staff” (5)
 “Lack of staff is the primary impediment to progress in all cases” (5)
 “Delays in staff selection . . . ”
 “Staffing leadership” (5)

Insufficient/inadequate planning (18)

“ADC Board has not determined how it wants to achieve objective [i.e., increasing diversified agriculture]. Must coordinate with [the Department of Agriculture]”
 “Complete agribusiness development plan” (5)
 “The lack of a focused program guided by an Executive Director, full-time on staff, is the major contributing factor in not having significant progress in the program objectives . . . ”
 “Lack of mission statement for agriculture in State of Hawaii” (5)
 “Lack of business plan” (5)
 “Delays in . . . plan determination”

Other (7)

“ADC needs the tools to operate. Recommend irrigation, [Agriculture] parks and access to state land be delegated to ADC”

“ADC has not attempted any action in this area [i.e., marketing]. [The Department of Agriculture] has taken the lead”

“Administration and legislative support and funding” (5)

IX. To what principal department of the executive branch of state government should the ADC be administratively attached? (Circle one response only.)

Department of Accounting and General Services

Department of Agriculture (7)

Department of the Attorney General

Department of Budget and Finance

Department of Business, Economic Development and Tourism (1)

Department of Commerce and Consumer Affairs

Department of Defense

Department of Education

Department of Hawaiian Home Lands

Department of Health

Department of Human Resources Development

Department of Human Services

Department of Labor and Industrial Relations

Department of Land and Natural Resources

Department of Public Safety

Department of Taxation

Department of Transportation

University of Hawaii

Note: According to the Attorney General, section 6, Article V of the State Constitution requires state executive branch agencies to be placed within the principal departments of the executive branch of state government unless they are commissions or agencies that are both temporary and for special purposes. The Attorney General has stated that the Office of the Governor is not a principal department of the executive branch of state government. Therefore, any agency that is not temporary and for special purposes cannot be validly placed within the Office of the Governor (Opinion 96-1; February 16, 1996).

X. Describe the types of projects and programs that the ADC **should be** undertaking in order to achieve the objectives you identified in item V.

Marketing (7)

“Identify and expand market and distribution of locally-grown products . . . ”

“Assess marketing strategy for commodities identified for startup and expansion”

“Organize informational meetings & assist as requested with formation of marketing/processing [cooperatives]”

“Markets Identification and quantification”

“Work with farmers to exploit Guam market”

“Assist farmers in understanding how to achieve competitive advantage with specific crops and value adding”

“The marketing division...should move to ADC. Facilitate the creation of an agricultural equivalent of [the Hawaii Visitors and Convention Bureau]”

Planning/research (6)

“Action plans for each project”

“Develop agricultural plan with timetable to implement”

“Determine Impediments to Expanded or New Farm Business Formation”

“Articulate an Agribusiness Development Plan for Rural Hawaii”

“Determine the Effectiveness of the Agricultural Sector Services”

“Determine Community Attitudes Regarding New Agriculture”

Land/water (6)

“Work on water delivery system ownership and maintenance issues - particularly Hamakua Ditch and other on Big Island”

“Waiahole Ditch administration/operation”

“[West Loch]/Waipio [Peninsula] development”

“Proceed with planning for Waipio peninsula utilization”

“Assess availability of implementation (Land, water, entrepreneurs)”

“ADC should have administrative responsibility for the tools to achieve making land and water available. The staff supporting irrigation and [agriculture] parks should be part of ADC”

Infrastructure (3)

“Design and implement programs and projects to preserve and re-use valuable land and natural resources, and

production infrastructure”

“Re-use and new employment of already-improved land and natural resources (irrigation water collection, distribution system, and sugar)”

“Preserve and Transform Agribusiness Infrastructure”

Training (2)

“ . . . [D]evelop entrepreneurial and technical personnel interested in farm enterprises employment in [Hawaii]”

“Help to organize and coordinate the efforts of [the University of Hawaii and the Department of Labor and Industrial Relations] to deliver support to potential farmers”

Other (5)

“ADC needs to take a leadership role in supporting the growth of diversified agriculture”

“Selection of proper staffing and funding” (3)

“Expand diversified agriculture as major industry”

“Consult legislators and farming community”

“RETA-H program administration”

XI. What are the three most important types of projects or programs for the ADC to undertake first?

Land/water (7)

“Utilization of Waipio peninsula”

“Delivery/utilization of irrigation water on Big Island”

“Conversion of Waipio Peninsula . . . ”

“ . . . [P]ublic management of Waihole Irrigation and Hawaiian Irrigation . . . ”

“Facilitate papaya relocation”

“Follow up in Waipio land and federal funding”

“Follow up on Kau irrigaiton”

Planning/research (5)

“Work with [the Department of Agriculture] on reorganization”

“Develop action plan”

“An audit of the farm services and their effectiveness under the current situation . . . ”

“The determination of community attitudes regarding the new agriculture’s future . . . ”

“[The Department of Agriculture] and ADC must agree on direction and allocation of resources”

Marketing (3)

“ . . . [M]arket studies . . . to point the new or expanded farm businesses at products that can sell at a profit”

“Assist in identification and exploitation of export markets - [including] irradiation facility development”

“Identify and expand market and distribution of locally-grown products . . . ”

Infrastructure (2)

“Re-use and new employment of already-improved land and natural resources (irrigation water collection, distribution system, and sugar)”

“Design and implement programs and projects to preserve and re-use valuable land and natural resources, and production infrastructure”

Other (5)

“Difficult to answer without knowing how ADC fits into state objectives for agriculture”

“Hire good staff”

“ . . . [D]evelop entrepreneurial and technical personnel interested in farm enterprises employment in [Hawaii]”

“Expand diversified agriculture as major industry”

“Communication with the agricultural community, legislature, state and county administrators”

ADC QUESTIONNAIRE--STAFF MEMBERS (2 of 4 responding)

- I. In as few words as possible, describe the mission of the ADC as you understood it. (Describe the mission rather than the means for fulfilling it.)

“Advocate all aspects of diversified agriculture as a dynamic economic contributor in Hawaii’s post-plantation economy”

“1. Identify best [market] opportunities for Hawaii [agriculture]. 2. Help restructure lease arrangements, irrigation systems & [government] rules so Hawaii [agriculture] can diversify and expand. 3. Facilitate availability of financing for production, processing & marketing. 4. Facilitate [information] exchange & training”

- II. On a scale of “0” to “6”--“0” being “no movement”, “3” being “about half-way there”, and “6” being “mission fulfilled”, rate how far along you think the ADC was in terms of fulfilling its mission. (Circle one number only.)

{1, 0} **Arithmetic mean = 0.5**

- III. On a scale of “0” to “6”--“0” being “no movement”, “3” being “about half-way there”, and “6” being “mission fulfilled”, rate how far along you think the ADC should have been in terms of fulfilling its mission. (Circle one number only.)

{5, 3} **Arithmetic mean = 4.0**
{Differences: 4, 3} **Arithmetic mean = 3.5**

- IV. What do you think is the single, most important reason for the difference, if any, between how far along the ADC was in terms of fulfilling its mission and how far along it should have been? (Identify the cause of the problem, if any, rather than its symptoms.)

“Lack of a strategic plan . . . ”
“Lack of . . . political will to implement change”

“Lack of trust between State [Department] of Agriculture--which insisted on controlling ADC budget--and the ADC Board of Directors”

- V. In as few words as possible, describe the objectives of the ADC as you understood them. (Describe the objective rather than the means for achieving it.)

“Develop a strategic plan for diversified [agriculture]”
“Inventory of resources & infrastructure”
“Identify key start-up projects”
“Develop Board consensus and staff organization”
“Identify long term funding sources”

“Look for [market] opportunities where Hawaii [agriculture] had a comparative advantage e.g. fruits & [vegetables], corn ethanol plant, kenaf”

“Assist in restructuring lease arrangements between land owners & potential users; be [agriculture] friend in use of irrigation water; help change [government] rules that restrain expansion of [agriculture] industry”

“Working with both mainland and Hawaii financial institutions--show that Hawaii [agriculture] business is a good investment”

“Sponsor regular meetings and conferences that bring together farmers, processors and potential customers. Train farmers, processors, and marketers on new technologies and markets”

- VI. On a scale of “0” to “6”--“0” being “no movement”, “3” being “about half-way there”, and “6” being “objective achieved”, rate how far along you think the ADC was in terms of achieving each of its objectives. (Circle one number only.)

{1, 1, 2, 2, 1, 0, 0, 0, 0} **Arithmetic mean = 0.8**

VII. On a scale of “0” to “6”--“0” being “no movement”, “3” being “about half-way there”, and “6” being “objective achieved”, rate how far along you think the ADC **should have been** in terms of achieving each of its objectives. (Circle one number only.)

{6, 5, 5, 6, 6, 4, 2, 3, 4} **Arithmetic mean = 4.6**
{Differences: 5, 4, 3, 4, 5, 4, 2, 3, 4} **Arithmetic mean = 3.8**

VIII. What do you think is the single, most important reason for the difference, if any, between how far along the ADC **was** in terms of achieving each of its objectives and how far along it **should have been**? (Identify the cause of the problem, if any, rather than its symptoms.)

Lack of board consensus (5)

“Blocked at Board level due to lack of consensus” (5)

Resistance to change (4)

“Difficulty to shift from a plantation [agriculture] to [market] determined individual entrepreneur [agriculture]--also unwillingness to explore new market arrangements”

“Unbelievable bureaucratic resistance among land owners, [government] agencies, and other vested interests to change”

“Lack of faith in the tremendous opportunities for Hawaii [agriculture]--e.g. like the ornamental plant industry on the Big Island that has developed new [markets] in Japan”

“Refusal to invest in mainland & other specialists and doers who could provide ideas for new [agriculture] businesses”

IX. To what principal department of the executive branch of state government should the ADC have been administratively attached? (Circle one response only.)

Department of Accounting and General Services (1)

Department of Agriculture

Department of the Attorney General

Department of Budget and Finance

Department of Business, Economic Development and Tourism (1)

Resources

Department of Commerce and Consumer Affairs

Department of Defense

Department of Education

Department of Hawaiian Home Lands

Department of Health

Department of Human Resources Development

Department of Human Services

Department of Labor and Industrial Relations

Department of Land and Natural Resources

Department of Public Safety

Department of Taxation

Department of Transportation

University of Hawaii

Other: “[Administrative] attachment to [the Department of Agriculture] was interpreted as total oversight and all attempts to move projects were blocked. Unable to suggest alternative due to level of control, although [the Department of Accounting and General Services] would be more direct”

Note: According to the Attorney General, section 6, Article V of the State Constitution requires state executive branch agencies to be placed within the principal departments of the executive branch of state government unless they are commissions or agencies that are both temporary and for special purposes. The Attorney General has stated that the Office of the Governor is not a principal department of the executive branch of state government. Therefore, any agency that is not temporary and for special purposes cannot be validly placed within the Office of the Governor (Opinion 96-1; February 16, 1996).

X. Describe the types of projects and programs that the ADC **should have been** undertaking in order to achieve the objectives you identified in item V.

“Complete and promulgate strategic plan with emphasis on action elements”

“Identify stakeholders statewide and prioritize infrastructure needs (land, water, access, transportation, processing) & resources”

“Develop revenue bonds or alternative funding sources for key projects”

“Implement board rotation & policy book, developing staff resources to implement key projects”

“Develop long term relationship with federal resources, landowners, private financial resources & collaborate with other state agencies for optimum benefit”

“Prepare business plans - in cooperation with producer, processors, & marketers on most promising opportunities-- widely publicize results”
“Be a honest broker between producers, land & water owners, and [government] agencies”
“In cooperation with potential investors bring together with risk taking entrepreneurs”
“Sponsor continual series of workshops and meetings. Publish a monthly newsletter.

XI. What were the three most important types of projects or programs for the ADC to undertake first?

“Strategic plan & prioritization”
“Inventory of resources & market opportunities”
“Identify key partnerships, public/private”

“Identify most promising [market] opportunities”
“Education programs for all of Hawaii on the potential for Hawaii [agriculture] business”
“Restructure lease arrangements, irrigation systems, and [government] rules so Hawaii [agriculture] business can compete”

Unsolicited comments: “Recommend changing board structure--5 private-sector members and 3 public-sector as resources without vote”