

LINDA LINGLE
GOVERNOR



ROBERT G. F. LEE
MAJOR GENERAL
ADJUTANT GENERAL

2008 MAR 15 2:11
GARY M. ISHIKAWA
BRIGADIER GENERAL
DEPUTY ADJUTANT GENERAL

STATE OF HAWAII
DEPARTMENT OF DEFENSE
OFFICE OF THE ADJUTANT GENERAL
3949 DIAMOND HEAD ROAD
HONOLULU, HAWAII 96816-4495

March 5, 2008

Honorable Marcus R. Oshiro
Chairman, House Committee on Finance
Room 306, State Capitol Building
State Capitol
Honolulu, Hawaii 96813

Dear Representative Oshiro:


In response to your memorandum dated February 14, 2008, we have reviewed the Grant and Subsidy Applications for 2008-2009 that were forwarded to our department. Enclosed are the Finding and Recommendations for the nine applications that were forwarded.

Although all of the applications qualify as a legitimate grant, the Department recommends that the Christian Works Hawaii not be approved for funding due to the poor presentation. The Department also recommends that the funding for the USS Missouri Memorial Association, Inc. for Operating funds (DEF 228-0) upon approval be assigned to the Department of Education as the content of the application is more education related. The American Red Cross (ARC) applications ranks top in all of the applications because its new headquarters building on Diamond Head Road needs to be retrofitted and equipped for a severe storm. The State will heavily depend on the ARC and its resources to provide disaster relief.

If you have any questions or other concerns, please have your staff call Mr. Thomas T. Moriyasu, our Departmental Fiscal Officer, at 733-4259.

Encs.

Sincerely,


Robert G. F. Lee
Major General
Hawaii National Guard
Adjutant General

| Q. FY 09 | | | MOF | | |
|----------|--|-------|-----------|-----------|-------------|
| Prog ID | Organization | Log | A | C | Grand Total |
| DEF110 | American Red Cross, Hawaii State Chapter | 11-C | | 450,000 | 450,000 |
| | Haleiwa Main Street | 60-O | 156,100 | | 156,100 |
| | Waikoloa Community Development Corporation | 242-O | 19,914 | | 19,914 |
| DEF112 | Christian Works Hawaii | 34-C | | 150,000 | 150,000 |
| | Hawaii Museum of Flying, The | 87-C | | 551,000 | 551,000 |
| | Kauai Veterans Council | 145-C | | 72,670 | 72,670 |
| | Pacific Aviation Museum - Pearl Harbor | 199-C | | 1,000,000 | 1,000,000 |
| | USS Missouri Memorial Association, Inc. | 228-O | 1,127,900 | | |
| 229-C | | | | 4,000,000 | 4,000,000 |

STATEMENT OF FINDINGS AND RECOMMENDATIONS

CAPITAL IMPROVEMENT PROJECT

FY 2008-2009

Log No: 11-C

Department: Defense

Does request comply with

Program ID: _____

qualifying standards and conditions?

Yes No

Organization: ARC

Does request serve a public purpose?

Yes No

Service Activity: _____

| | Original Request FY 2009 | Dept. Adjustment FY 2009 | Dept. Recommendations FY 2009 |
|----------------------------|-----------------------------|-----------------------------|----------------------------------|
| <u>Operating Expenses:</u> | | | |
| Plans: | | | |
| Land Acquisition: | | | |
| Design: | | | |
| Construction: | 370,000 | | 370,000 |
| Equipment: | 80,000 | | 80,000 |
| Total Requirements: | 450,000 | - | 450,000 |
| Less: | | | |
| Net General Funds: | 450,000 | - | 450,000 |

STATEMENT OF FINDINGS AND RECOMMENDATIONS
CAPITAL IMPROVEMENT PROJECT

FY 2008-2009

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STATEMENT OF FINDINGS AND RECOMMENDATIONS

OPERATING

FY 2008-2009

Log No: 60-O

Department: Defense Does request qualify as a POS? Yes No

Program ID: _____

Organization: Haleiwa Main Street If yes, what POS service activity? _____

Service Activity: _____ Does request comply with qualifying standards and conditions? Yes X No

Does request serve a public purpose? Yes X No

| | <u>Original Request</u> | <u>Dept. Adjustment</u> | <u>Dept. Recommendations</u> |
|----------------------------|-------------------------|-------------------------|------------------------------|
| <u>Operating Expenses:</u> | <u>FY 2009</u> | | <u>FY 2009</u> |
| Personal Services: | 115,850 | | - |
| Current Expenses: | 40,250 | | 115,850 |
| Equipment: | | | 40,250 |
| Motor Vehicles: | | | - |
| Total Requirements: | 156,100 | - | 156,100 |
| Less: | | | |
| Net General Funds: | - | - | 156,100 |

STATEMENT OF FINDINGS AND RECOMMENDATIONS
OPERATING

FY 2008-2009

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STATEMENT OF FINDINGS AND RECOMMENDATIONS

OPERATING

FY 2008-2009

Log No: 242-O

Department: Defense Does request qualify as a POS? Yes No

Program ID: _____ If yes, what POS service activity? _____

Organization: WCDC Does request comply with Yes No
 qualifying standards and conditions?

Service Activity: _____ Does request serve a public purpose? Yes No

| | Original Request FY 2009 | Dept. Adjustment FY 2009 | Dept. Recommendations FY 2009 |
|----------------------------|-----------------------------|-----------------------------|----------------------------------|
| <u>Operating Expenses:</u> | | | |
| Personal Services: | 17,264 | | 17,264 |
| Current Expenses: | 2,650 | | 2,650 |
| Equipment: | | | |
| Motor Vehicles: | | | |
| Total Requirements: | 19,914 | - | 19,914 |
| Less: | | | |
| Net General Funds: | 19,914 | - | 19,914 |

STATEMENT OF FINDINGS AND RECOMMENDATIONS
OPERATING

FY 2008-2009

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STATEMENT OF FINDINGS AND RECOMMENDATIONS (CIP)

FY2009-2010

Log No: DEF- 34-C
 Department: Defense
 Program ID: DEF 112
 Organization: Christian Works Hawaii
 Service Activity:

FY 2009-2010

Does request comply with
 qualifying standards and conditions?
 Yes No ?

Does request serve a public purpose?
 Yes No

| | FY 2009 | Original Request FY 2010 | Dept. Adjustment | | Dept. Recommendations | |
|----------------------------|----------------|-----------------------------|------------------|---------|-----------------------|---------|
| | | | FY 2009 | FY 2010 | FY 2009 | FY 2010 |
| Operating Expenses: | | | | | | |
| Plans: | | | | | | |
| Land Acquisition: | | | | | | |
| Design: | | | | | | |
| Construction: | 200,000 | 100,000 | | | | |
| Equipment: | 10,000 | 10,000 | | | | |
| Total Requirements: | 210,000 | 110,000 | | | | |
| Less: | | | | | | |
| Net General Funds: | 210,000 | 110,000 | | | | |

COMMENTS:

Nicole's INPUT:

Recommend DENIAL OF REQUEST as submitted

cover page of application is marked as GRANT REQUEST - CAPITAL
cover page date not signed

Budget Request by Source of Funds WORKSHEET- pg5 not signed; column (a) figures don't add up correctly (should equal \$87,705) to coincide with requested amount on cover page of \$300k

Budget Justification Capital Project Details - pg8 figures for FY09 \$210k + FY10 \$110k don't correspond with pg5 either [total \$320k]; I used \$320k figure on statement of findings excel spreadsheet

unsure exactly how much organization is requesting; narrative requests \$350k

Declaration Statement date unsigned

GIA appears to fulfill a public purpose

Packet is poorly assembled; several documents are not date signed and budget worksheets are confusing with figures that vary from page to page, many questions are not thoroughly answered and contain anecdotal info only, questionable management skill

Budget Request by Source of Funds WORKSHEET-organization appears to be relying on the state for the majority of funding and believes it will become self-sustaining after structure is erected

the composition of the Board of Directors is uncertain as specifics are not mentioned in the bylaws so I'm unable to determine if any are being compensated

narrative material (proposal) appears to be more of a personal statement of faith rather than a factual response to information requested

I have serious reservations about the fiscal expertise of the Finance Director given the sloppy accounting within the application itself. Individual may not be able to manage a large grant. Article 2.1.4 of the bylaws states that the "Finance Director shall have custody of all monies and securities of the corporation...." Based on the information submitted, I'd be concerned and believe funding this organization is not fiscally responsible at this time.

while I agree that "short term counseling and assistance helping veterans file claims with the Veterans Administration and ..." is a "worthy cause" the admission of the Director as being "unorthodox" is one of many reasons for my hesitation to provide more positive feedback regarding the request. A grant to help "better serve the sick and suffering people

in the upper Puna District on the east side of the big island of Hawaii" is a great idea. Perhaps this is why organizations like the DAV & VFW offer assistance to veterans in Puna, as does HOVS. Another concern is that "counselors will have a minimum of a masters degree or equivalent life experience working in a field of dysfunctional or psychologically challenged individuals." The OR is alarming.

application states that "our goal is to move the counseling center out of our house, which would be totally separated from our living quarters." Then a few statements later states "we are seeking funding to finish the building downstairs, build a weight training room, a garage equipped to train those without trade in motorcycle mechanics and automobile mechanics." Huh??

Christian Works Hawaii is registered in the State of Hawaii as a foreign non-profit (FNP) corporation. Although Chapter 42F does not specifically exclude FNP's from grant eligibility it does indicate in 42F-103(b)(1) that the organization must be.....incorporated under the laws of the State. Hawaii's definition of a foreign non-profit corporation = a nonprofit corporation registered to do business in Hawaii but organized under laws other than the laws of Hawaii.

I think Christian Works Hawaii does not meet criteria as prescribed by HRS

HAWAII MUSEUM OF FLYING

FY 2008-2009

STATEMENT OF FINDINGS AND RECOMMENDATIONS
CAPITAL IMPROVEMENT PROJECT

Log No:

Department:

DOD/OVS

Program ID:

DEF12

Organization:

Office of Veterans' Services

Service Activity:

Does request comply with

qualifying standards and conditions?

See COMMENTS

Yes No

Does request serve a public purpose?

Yes No

| | Original Request FY 2009 | Dept. Adjustment FY 2009 | Dept. Recommendations FY 2009 |
|----------------------------|-----------------------------|-----------------------------|----------------------------------|
| <u>Operating Expenses:</u> | | | |
| Plans: | | | |
| Land Acquisition: | | | |
| Design: | | | |
| Construction: | | | |
| Equipment: | | | |
| <u>Total Requirements:</u> | | | |
| Less: | | | |
| <u>Net General Funds:</u> | | | |

Standards for Award of Grants and Subsidies

Name of organization: The Haakii Museum of Flying

Date: Feb 28, 2008

| | Yes | NO |
|--|-------|----|
| 1. Are Licensed or accredited in accordance with feds or <u>State</u> ? | ✓ | |
| 2. Comply with applicable fed and State laws – no discrimination based upon race, color, national origin, religion, creed, sex age, sexual orientation, or disability. | | |
| 3. No entertainment or lobbying with funds | ✓ | |
| 4. allow State full access to all records and files | | |
| 5. Incorporated under laws of the State | ? | |
| 6. Has bylaws or policies that describe activities and services that grant funds used to provide. | | |
| 7. Non-Profit organization | ✓ | |
| 8. IRS Non-profit number | ✓ | |
| 9. Governing board members have no material conflict | | |
| 10. Board members serve without compensation | ✓ | |
| 11. If purchase land, method to repay State | (N/A) | |

Comments:

Applicant provides declaration statement, however items 2, 3, 4, 5, 6, 9 were not addressed in write-up.

Funding? Purchase of Aircraft and rental/Construction of Hangar w/ state funds. As noted: no mention of how organization would reimburse state for property if project unable to maintain purchases.

Per Budget org. wants to spend \$200,000 on Hangar construction/renovation and \$360,000 to purchase TMB Aircraft and \$190,000 on restoration/maint of A/c.

STATEMENT OF FINDINGS AND RECOMMENDATIONS
CAPITAL IMPROVEMENT PROJECT

Log No: _____

Department: DVA/OVS

Program ID: DEFAR

Organization: Office of Veterans Service

Service Activity: _____

Does request comply with
qualifying standards and conditions?
See Comments - only \$14,500 is CIP.

Does request serve a public purpose?

Yes No

Yes No

| | Original Request FY 2009 | Dept. Adjustment FY 2009 | Dept. Recommendations FY 2009 |
|----------------------------|-----------------------------|-----------------------------|----------------------------------|
| <u>Operating Expenses:</u> | | | |
| Plans: | | | |
| Land Acquisition: | | | |
| Design: | | | |
| Construction: | | | |
| Equipment: | | | |
| Total Requirements: | | | |
| Less: | | | |
| Net General Funds: | | | |

Standards for Award of Grants and Subsidies

Name of organization: KAUAI Veterans Council DBA KAUAI Veterans Museum.

Date: Feb 28, 2008

| | Yes | NO |
|--|-------|----|
| 1. Are Licensed or accredited in accordance with feds or State | ✓ | |
| 2. Comply with applicable fed and State laws – no discrimination based upon race, color, national origin, religion, creed, sex age, sexual orientation, or disability. | | |
| 3. No entertainment or lobbying with funds | | |
| 4. allow State full access to all records and files | | |
| 5. Incorporated under laws of the State | ✓ | |
| 6. Has bylaws or policies that describe activities and services that grant funds used to provide. | | |
| 7. Non-Profit organization | ✓ | |
| 8. IRS Non-profit number | ✓ | |
| 9. Governing board members have no material conflict | | |
| 10. Board members serve without compensation | | |
| 11. If purchase land, method to repay State | (N/A) | |

Comments:

Applicant provides declaration statement, however, items 2, 3, 4, 6, 9, 10, not addressed in grant write-up.

This is a grant for operating funds - not Capital.

Goal is to collect oral histories of WWII Vets from Kauai

\$16,000 of funds will be used to purchase 2 Electronic Kiosk (designated as Capital) and \$5,300 used to purchase equipment.

Construction of wall of Honor is \$14,500 (Rue CEP project).

PACIFIC AVIATION MUSEUM

STATEMENT OF FINDINGS AND RECOMMENDATIONS
CAPITAL IMPROVEMENT PROJECT

FY 2008-2009

Log No:

Department:

DD/OVS

Program ID:

DEF 112

Organization:

Office of Veterans' Services

Service Activity:

Does request comply with

qualifying standards and conditions?
See Comments

Yes No

Does request serve a public purpose?

Yes No

Original Request

FY 2009

Dept. Adjustment

FY 2009

Dept. Recommendations

FY 2009

Operating Expenses:

Plans:

Land Acquisition:

Design:

Construction:

Equipment:

Total Requirements:

Less:

Net General Funds:

| | Original Request <u>FY 2009</u> | Dept. Adjustment <u>FY 2009</u> | Dept. Recommendations <u>FY 2009</u> |
|---------------------|------------------------------------|------------------------------------|---|
| Operating Expenses: | | | |
| Plans: | | | |
| Land Acquisition: | | | |
| Design: | | | |
| Construction: | | | |
| Equipment: | | | |
| Total Requirements: | | | |
| Less: | | | |
| Net General Funds: | | | |

Standards for Award of Grants and Subsidies

Name of organization: Pacific Aviation Museum -
Pearl Harbor

Date: Feb 28, 2008

| | Yes | NO |
|--|-------|----|
| 1. Are Licensed or accredited in accordance with feds or State | ✓ | |
| 2. Comply with applicable fed and State laws – no discrimination based upon race, color, national origin, religion, creed, sex age, sexual orientation, or disability. | | |
| 3. No entertainment or lobbying with funds | | |
| 4. allow State full access to all records and files | | |
| 5. Incorporated under laws of the State | ✓ | |
| 6. Has bylaws or policies that describe activities and services that grant funds used to provide. | | |
| 7. Non-Profit organization | ✓ | |
| 8. IRS Non-profit number | ✓ | |
| 9. Governing board members have no material conflict | | |
| 10. Board members serve without compensation | | |
| 11. If purchase land, method to repay State | (N/A) | |

Comments:

Applicant provides declaration statement, however, items 2, 3, 4, 6, 9, 10 were not addressed in write-up.
 Applicant seeks to restore hangar 79 on Ford Island and to construct museum exhibits inside of hangar 79.
 The requested \$1,000,000 will be used to renovate/construct hangar 79.
 No mention is made of how to pay, state should agree be unable to function. No of who owns property.

STATEMENT OF FINDINGS AND RECOMMENDATIONS

OPERATING

FY 2009

Log No: DEF- 228-O

Department: Defense Does request qualify as a POS? Yes No

Program ID: DEF 112 If yes, what POS service activity? (not applicable)

Organization: USS Missouri Memorial Association, Inc. Does request comply with Yes No
(not applicable) qualifying standards and conditions?

Service Activity: Does request serve a public purpose? Yes No

| | Original Request | Dept. Adjustment | Dept. Recommendations |
|----------------------------|------------------|------------------|-----------------------|
| | <u>FY 2009</u> | <u>FY 2009</u> | <u>FY 2009</u> |
| <u>Operating Expenses:</u> | | | |
| Personal Services: | 261,000 | | 261,000 |
| Current Expenses: | 866,900 | | 866,900 |
| Equipment: | - | | - |
| Motor Vehicles: | - | | - |
| Total Requirements: | 1,127,900 | - | 1,127,900 |
| Less: | | | |
| Net General Funds: | - | - | 1,127,900 |

COMMENTS: Educators in Hawaii seize memorable venues to share learning objectives, involve community perspectives, and provide age related exposure to foundational concepts that meet federal and state requirements.

USSMissouriOP.pdf

Nicole's INPUT:

Recommend forwarding and review by Department of Education (EDN)

goals and objectives related to request:

"Educators in Hawaii desire memorable venues to share learning objectives, involve community perspectives, and provide age related exposure to foundational concepts that meet federal and state requirements."

public purpose and need to be served:

".....efforts aim to bring representative students, veterans, and educators from each Title 1 public school community (200) in Hawaii to participate in a field trip or overnight encampment educational experience that leaves a lasting inter-generational impact."

"This funding allows the Battleship Missouri to provide resources in line with the DOE."

target population to be served and the geographic coverage:

200 veterans (educators select appropriate veterans to participate). Veteran organizations have committed to help find qualified veterans if needed. **...numbers are conservative minimums. Previous efforts prove community donors and schools will dedicate additional funds to match seed funds to increase the number of students/educators/veteran participants....**

"This grant in aid funding is critical in getting logistical and financial support for schools to attend."

GIA fulfills a public purpose

Packet complete: all documents are signed and budget worksheets included, thorough, solid management expertise

Budget Request by Source of Funds WORKSHEET-#9 \$33k; Will the State pay for participant food?

STATEMENT OF FINDINGS AND RECOMMENDATIONS (CIP)

FY2009-2010

Log No: DEF- 229-C
 Department: Defense
 Program ID: DEF 112
 Organization: USS Missouri Memorial Association, Inc.
 Service Activity: (not applicable)

FY 2009-2010
 Yes No
 Yes No

Does request comply with
 qualifying standards and conditions?
 Does request serve a public purpose?

| | Original Request FY 2009 | Dept. Adjustment FY 2009 | Dept. Recommendations FY 2009 |
|---------------------|-----------------------------|-----------------------------|----------------------------------|
| Operating Expenses: | | | |
| Plans: | | | |
| Land Acquisition: | | | |
| Design: | | | |
| Construction: | | | |
| Equipment: | | | |
| Total Requirements: | | | |
| Less: | | | |
| Net General Funds: | 4,000,000 | | |

COMMENTS: This request aims to secure funding for industrial renovation and maintenance that cannot be completed

Nicole's INPUT:

Recommend APPROVAL OF REQUEST with adjustment to amount (reduction)

cover page of application is marked as GRANT REQUEST - CAPITAL

goals and objectives related to the request:

"This request aims to secure funding for industrial renovation and maintenance that cannot be completed by the current employees or volunteers or the pier location. Our objective is the secure underwater surfaces such as the hull and rivet seams as well as high risk maintenance areas that are impossible to reach for preventative corrosion maintenance without commercial crane access. The Battleship Missouri has not had industrial renovation or maintenance since the late 1980s/early 1990s. "

state the public purpose and need to be served:

"This funding request will provide the necessary industrial maintenance to insure the integrity of the underwater battleship structure, preventative system design, staff training, and maintenance document archiving."

describe the target population to be served and the geographic coverage:

"Preservation of the ship is critical to serve current and future global target populations....By providing industrial funding, the integrity of the ship will be saved as well as the previous local investment of volunteer time and donation effort. Target segments include.....thousands of local, national, and international veterans."

describe the scope of work:

"The detailed scope of work is still in development."

GIA fulfills a public purpose

Packet complete: all documents are signed and budget worksheets included, thorough, solid management expertise

Budget Request by Source of Funds WORKSHEET-organization is asking state for \$4M; it anticipates \$6,403,000 in other sources of funding; perhaps consider funding a portion of the \$3,693,500 in other current expense categories that directly addresses renovation and maintenance [item B9 thru B15]

Note that two bills for the same purpose are moving through the Legislature (SB2807 & HB3381). If approved, organization may receive a generous grant for renovation and maintenance next FY

*HB3381:OVS provided TAC testimony in support on 2/4/08