

House District \_\_\_\_\_

Senate District \_\_\_\_\_

THE TWENTY-SIXTH LEGISLATURE  
HAWAII STATE LEGISLATURE  
APPLICATION FOR GRANTS & SUBSIDIES  
CHAPTER 42F, HAWAII REVISED STATUTES

Log No: 90-0

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST - OPERATING

GRANT REQUEST - CAPITAL

SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN):

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:  
The Chamber of Commerce of Hawaii

Dbas:

Street Address: 1132 Bishop Street, Suite 402  
Honolulu, HI 96813

Mailing Address: Same as above

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name CHARLES M. OTA

Title Vice President, Military Affairs

Phone # 808-545-4300

Fax # 808-545-4369

e-mail charles@cochawaii.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
- FOR PROFIT CORPORATION
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

STATE GRANT TO SHARE COSTS INCURRED BY THE CHAMBER OF COMMERCE OF HAWAII IN SERVING AS THE LIAISON FOR THE STATE IN MATTERS RELATING TO THE MILITARY AND PROVIDING OVERSIGHT FOR THE STATE'S \$12.2 BILLION DEFENSE INDUSTRY.

4. FEDERAL TAX ID #: [REDACTED]

5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FY 2012-2013: \$ 166,175

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ \_\_\_\_\_

FEDERAL \$ \_\_\_\_\_

COUNTY \$ \_\_\_\_\_

PRIVATE/OTHER \$429,600

EO

1/30/12

DATE SIGNED

## Application for Grants and Subsidies

*If any item is not applicable to the request, the applicant should enter "not applicable".*

### I. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Include the following:

1. A brief description of the applicant's background;

**The Chamber of Commerce of Hawaii (The Chamber) was established in 1850. During its formative years, The Chamber was instrumental in shaping the Kingdom of Hawaii's commerce and trade program. Since then, it has served as Hawaii's leading "Voice of Business" and advocate for establishing and growing Hawaii's business sector and creating jobs for the workforce.**

**In 1985, at the request of the Governor of Hawaii, The Chamber established its Military Affairs Council (MAC) to serve as the liaison for the state in matters relating to the military and act as an advocate for the military.**

**The MAC has succeeded in establishing an enduring and viable partnership with US military commanders and defense officials in Hawaii and Washington, DC, and has garnered the full support from the private sector to successfully accomplish its work over the past 26 years.**

**The defense industry didn't suffer any cutbacks from the congressionally mandated Base Realignment and Closure (BRAC) proceedings in 2005 due in large part to the MAC. The BRAC Commission proposed to close the Pearl Harbor Naval Shipyard, but the MAC financed and coordinated a local effort that resulted in a one-vote margin that saved the shipyard from closure. The shipyard is a \$1.0 billion business and Hawaii's largest industrial center employing 4,300 local civilians in highly paid positions as engineers and skilled technicians. It remains under watchful oversight of the MAC as the US House Armed Services has launched a congressional review of the Navy's four remaining shipyards.**

**The MAC provides oversight for the \$12.2 billion defense industry, which is the second major source of revenues and jobs for the state.**

2. The goals and objectives related to the request;

**This request is submitted to protect Hawaii from cutbacks to the \$12.2 billion defense industry, which accounts for more than 100,500 meaningful jobs for our workforce.**

**A GIA will provide supplemental funding needed to step up MAC capability in protecting against any decreases in military presence. This is especially critical today as the Nation seeks to cut the defense budget by \$500 billion to possibly a trillion dollars over the next decade.**

**The Department of Defense (DOD) is currently considering actions to reduce ground, air, and maritime forces of the Army, Navy, Air Force, and Marine Corps; mothball US Navy ships, reduce the DOD civilian workforce, and reposition our forces overseas. Action has been proposed to seek Congressional approval to conduct base realignment and closure proceedings in 2013 and 2015.**

**The MAC meets regularly with the senior military commanders in Hawaii and has sent a delegation to Washington, DC annually for the past 26 consecutive years to meet with key defense officials and military chiefs in the Pentagon and congressional members and staffers on Capitol Hill. This effort has resulted in establishing strong ties with key officials, and maintaining high visibility for Hawaii as a premier defense community in the Pacific.**

**The Nation's budget crisis has forced states with significant military presence to step up efforts to protect against any base closures or cutbacks in defense programs. This is a high stakes inter-state competition, and Hawaii's defense industry is faced with critical survival challenges.**

**State funding is critical to enabling the MAC to better confront these challenges and protect against any significant cutbacks in defense programs.**

3. State the public purpose and need to be served;

**The bottom-line is to protect and grow Hawaii's second major source of state revenues, the defense industry.**

**On a macro scale, the military's presence in Hawaii and other strategic locations in the Pacific is the key to maintaining regional security and keeping the international waters of the South China Sea free and open for global commerce and trade. Any disruptions in security that prevail over the**

**shipment of goods through the South China Sea would have devastating impacts on the economies of Hawaii, the US, and the Asia Pacific.**

**Locally, a reduction in defense spending would have severe impacts on our economy. A large number of small businesses would face irrecoverable losses and closure. Thousands of jobs would be eliminated and unemployment would likely reach unprecedented levels.**

**An often overlooked benefit to Hawaii is the military's significant contribution to disaster relief, humanitarian assistance, and community service. Military units, organizations, and members provide valuable assistance during emergencies and natural disasters, are leaders in supporting Hawaii's charitable causes, and volunteer thousands of hours to improve Hawaii's public schools.**

**Another prominent contribution is the military's dedication in protecting Hawaii fragile environment and Native Hawaiian cultural sites and artifacts. No other agency in Hawaii spends as much funds and resources as does the military in this regard.**

**The state cannot afford to take a "wait and see" attitude with billions of dollars and thousands of jobs at stake.**

4. Describe the target population to be served; and

**A broad segment of the business sector and workforce, primarily on O`ahu and Kauai, is served by the military's presence in Hawaii. While this includes the large prime defense contractors such as Northrop Grumman, BAE Systems, Lockheed Martin, Raytheon, General Dynamics, etc, there would be hundreds of local general contractors, suppliers, and other small businesses impacted by decreases in defense spending. The closure of the Pearl Harbor Naval Shipyard, currently under the watchful eye of Congress, would result in the loss of jobs for 4,300 engineers and skilled technicians, and millions of dollars in small business contracts.**

5. Describe the geographic coverage.

**Defense spending is primarily centered on O`ahu and Kauai.**

## **II. Service Summary and Outcomes**

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request.

1. Describe the scope of work, tasks and responsibilities;

**The MAC is comprised of Hawaii's business leaders, retired flag and general officers who chose to retire in Hawaii, and senior officials with the state and The City and County of Honolulu, and offices of Hawaii's congressional delegation serving on the US House and Senate Armed Services Committees.**

**The MAC is responsible for serving as the liaison for the state in matters relating to the military and providing oversight for the defense industry. In doing so, the MAC accomplishes the following work:**

- **Strives to protect and enhance military presence in Hawaii.**
- **Meets regularly with the senior commanders for the US Pacific Command, US Pacific Fleet, Pacific Air force, US Army Pacific, Marine Forces Pacific, 14<sup>TH</sup> Coast Guard District, and Hawaii's National Guard, and their subordinate commands**
- **Administers the affairs of the Armed Services Committee to ensure positive base-community relations in communities surrounding military bases, and promote federal contracting opportunities for small businesses.**
- **Conducts an annual conference to update Hawaii's government and business leaders on security issues in the Asia Pacific and status of military presence in Hawaii.**
- **Administers the affairs of the O'ahu Council that meets to ensure that the military commands are provided with the resources necessary to operate from Hawaii. The Council is co-chaired by the Governor of Hawaii and the Commander of the US Pacific Command, Membership includes the State Senate President; State House Speaker; Mayor of Honolulu; Commanders of the US Pacific Fleet, Pacific Air Forces, US Army Pacific, Marine Forces Pacific, 14<sup>th</sup> Coast Guard District, and Hawaii National Guard; Chair of the Hawaii Business Roundtable; Chair of the Board of Directors and President/CEO of The Chamber of Commerce of Hawaii; Chair of the Hawaii Business Roundtable; Chair of the Armed Services Committee; and Vice President of Military Affairs for The Chamber of Commerce of Hawaii.**
- **Conducts the annual Hawaii Military Appreciation Month to demonstrate Hawaii's appreciation for all that the military does to make Hawaii a safer and better place.**
- **Sends a delegation of members to Washington, DC annually to meet with senior defense officials, service secretaries, and military chiefs in the Pentagon; Hawaii's Congressional delegation; professional staffers on the US Senate and House Armed Services Committees; and other defense and security officials.**

2. The applicant shall provide a projected annual timeline for accomplishing the results or outcomes of the service;

**The following is the timeline for accomplishing the MAC program:**

- **The Military Affairs Council and Armed Services Committee meet bi-monthly on a regular basis, and at other times as required, in January, March, May, July, September, and November..**
- **January: Annual Hawaii Military Partnership Conference to update Hawaii's government and business leaders on security concerns in the Asia Pacific and status of military forces in Hawaii.**
- **April/May: Annual visits with senior commanders in Hawaii to prepare for the annual MAC delegation visit to Washington, DC in June.**
- **May: Annual Hawaii Military Appreciation Month**
- **June: Annual MAC delegation visit to Washington, DC**
- **October and March: Semi-annual meetings of the O'ahu Council, as required.**

3. The applicant shall describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

**The work of the MAC is monitored and evaluated by its members that include the Lt Governor of Hawaii, City Managing Director of the City and County of Honolulu, President/CEO of The Chamber of Commerce of Hawaii, Chair of The Chamber's Board, retired military generals/admirals, staff members of Hawaii's congressional delegation, and Hawaii's business leaders. Moreover, the MAC discusses concerns and issues with senior military commanders and defense officials in Hawaii and Washington, DC and Hawaii's congressional delegation.**

4. The applicant shall list the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

**The Chamber will prepare a summary report on the events and programs specified in Section II above, and submit a copy of the report as required by the expending state agency. The Chamber will evaluate the effectiveness of the events and programs based on the level of participation by military commanders and state/county government and business leaders.**

**The Chamber will strive to complete all of the events and programs specified in Section II regardless of the level of appropriation granted by the state. Hawaii's business sector and the workforce can ill afford to suffer the impacts of significant decreases in defense spending. These defense cutbacks would be permanent and impart serious consequences to Hawaii's economy and workforce.**

### III. Financial

#### Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.

**See attached.**

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2012-2013.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$20,000	\$30,000	\$30,000	\$86,175	\$166,175

3. The applicant shall provide a listing of all other sources of funding that they are trying to obtain for fiscal year 2012-2013.

**We have no other government funding source. The Chamber will continue to solicit donations from its members to help finance to the cost of its military affairs program.**

4. The applicant shall provide a listing of all state and federal tax credits that have been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

**Not Applicable.**

### IV. Experience and Capability

**A. Necessary Skills and Experience**

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

**The Chamber has successfully accomplished its work serving as the state liaison for matters relating to the military since 1985. It began by successfully competing against other US ports to have the decommissioned battleship USS Missouri home-ported at Pearl Harbor to complement the USS Arizona Memorial as fitting historic tributes that mark the beginning and ending of World War II.**

**More recently, the MAC successfully spearheaded a Hawaii delegation to save the Pearl Harbor Naval Shipyard from closure during the 2005 BRAC proceedings. This action resulted in keeping Hawaii's largest industrial center open, and saving 4,300 civilian engineering and skilled technical jobs.**

**The MAC remains the state's only liaison in helping the military secure the resources needed to maintain combat ready forces in Hawaii and protect against the loss of any military commands or programs to bases outside of Hawaii.**

**The work of the Chamber is monitored by key members of the MAC having exceptional background and experience in military affairs. They include retired US admirals and generals, senior business leaders, and key officials in state and county governments.**

**B. Facilities**

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities. Also describe how the facilities meet ADA requirements, as applicable.

**The military affairs program is adequately managed through leased facilities available at the offices of The Chamber of Commerce of Hawaii. No additional facilities are required. The facilities meet ADA requirements.**



**V. Personnel: Project Organization and Staffing**

**A. Proposed Staffing, Staff Qualifications, Supervision and Training**

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

**The Chamber's military affairs function is directed by the Chamber's Vice President for Military Affairs, and receives support from the Chamber staff and volunteers. The incumbent restarted the military affairs program in 1999 after the Chamber was forced to cancel it due to a lack of operating funds in 1997. The incumbent is also a retired military officer and is currently the Chamber's Vice President for Military Affairs.**

**The military affairs function is a one person office due to limited funding, requiring the incumbent to work overtime on a regular basis. State funding in the form of a GIA would enable the hiring of an assistant to reduce the workload to a manageable level and provide for continuity.**

**B. Organization Chart**

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organizational chart that illustrates the placement of this request.

**The Vice President for Military Affairs works directly for the President/CEO of The Chamber.**

**VI. Other**

**A. Litigation**

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

**Not Applicable.**

**B. Licensure or Accreditation**

Specify any special qualifications, including but not limited to licensure or accreditation that applicant possesses relevant to this request.

**Not Applicable.**

**BUDGET REQUEST BY SOURCE OF FUNDS**  
(Period: July 1, 2012 to June 30, 2013)

Applicant: \_\_\_\_\_ The Chamber of Commerce of Hawaii

<b>BUDGET CATEGORIES</b>	<b>Total State Funds Requested (a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>A. PERSONNEL COST</b>				
1. Salaries	112,500	135,000		
2. Payroll Taxes & Assessments	14,625	17,550		
3. Fringe Benefits	33,750	33,750		
<b>TOTAL PERSONNEL COST</b>	<b>160,875</b>	<b>186,300</b>		
<b>B. OTHER CURRENT EXPENSES</b>				
1. Airfare, Inter-Island	300	600	1,000	
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space		10,000		
5. Staff Training				
6. Supplies		6,000		
7. Telecommunication				
8. Utilities				
9. Programs and Projects	5,000	7,500	161,200	
10. MAC Washington DC Trip		15,000	42,000	
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
<b>TOTAL OTHER CURRENT EXPENSES</b>	<b>5,300</b>	<b>39,100</b>	<b>204,200</b>	
<b>C. EQUIPMENT PURCHASES</b>				
<b>D. MOTOR VEHICLE PURCHASES</b>				
<b>E. CAPITAL</b>				
<b>TOTAL (A+B+C+D+E)</b>	<b>166,175</b>	<b>225,400</b>	<b>204,200</b>	
<b>SOURCES OF FUNDING</b>		Budget Prepared By:		
(a) Total State Funds Requested	166,175	Charles M. Ota		
(b) Chamber Funds	225,400	545-4280 x320		
(c) Private Funds	204,200	phone		
(d)		1/30/12		
		Date		
<b>TOTAL BUDGET</b>	<b>595,775</b>	Name and Title (Please type or print)		

## BUDGET JUSTIFICATION PERSONNEL - SALARIES AND WAGES

Applicant: The Chamber of Commerce of Hawaii

Period: July 1, 2012 to June 30, 2013

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Director, Military Affairs	1	\$75,000.00	90.00%	\$ 67,500.00
Military Affairs - Support Staff	1	\$45,000.00	100.00%	\$ 45,000.00
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
<b>TOTAL:</b>				112,500.00
<b>JUSTIFICATION/COMMENTS:</b>				

## BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: The Chamber of Commerce of Hawaii      Period: July 1, 2012 to June 30, 2013

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Not Applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
<b>TOTAL:</b>			\$ -	
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
Not Applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
<b>TOTAL:</b>			\$ -	
JUSTIFICATION/COMMENTS:				

## BUDGET JUSTIFICATION CAPITAL PROJECT DETAILS

Applicant: The Chamber of Commerce of Hawa

Period: July 1, 2012 to June 30, 2013

<b>Not Applicable</b>							<b>FUNDING AMOUNT REQUESTED</b>				
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS						
	FY: 2010-2011	FY: 2011-2012	FY:2012-2013	FY:2012-2013	FY:2013-2014	FY:2014-2015					
PLANS											
LAND ACQUISITION											
DESIGN											
CONSTRUCTION											
EQUIPMENT											
<b>TOTAL:</b>											
<b>JUSTIFICATION/COMMENTS:</b>											

**DECLARATION STATEMENT  
APPLICANTS FOR GRANTS AND SUBSIDIES  
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant acknowledges that said applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to section 42F-103, Hawaii Revised Statutes:

- (1) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
- (2) Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
- (3) Agree not to use state funds for entertainment or lobbying activities; and
- (4) Allow the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.

In addition, a grant or subsidy may be made to an organization only if the organization:

- (1) Is incorporated under the laws of the State; and
- (2) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.

Further, a grant or subsidy may be awarded to a non-profit organization only if the organization:

- (1) Has been determined and designated to be a non-profit organization by the Internal Revenue Service; and
- (2) Has a governing board whose members have no material conflict of interest and serve without compensation.

For a grant or subsidy used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

The Chamber of Commerce of Hawaii



James C. Tonelson  
(Typed Name)

1/30/12  
(Date)

President & CEO  
(Title)