

House District _____

Senate District _____

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

Log No: _____

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

Dba:

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 14.4 BILLION DEFENSE INDUSTRY.

4. FEDERAL TAX ID #: _____

5. STATE TAX ID #: _____

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2014: \$ 204,350.00

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 \$ 166,175.00 (2012 GIA)

FEDERAL \$ _____

COUNTY \$ _____

PRIVATE/OTHER \$ _____

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

JAMES C. TOLLEFSON, PRESIDENT/CEO

NAME & TITLE

1/31/13

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 and aided in enabling the US military to protect the Kingdom from being colonized by other foreign nations. Since then, it has served as Hawaii's leading "Voice of Business" and was instrumental in shaping Hawaii's economy from agriculture with sugar and pineapple to today's robust tourism industry featuring world-class hotels and visitor attractions.

In 1985, at the request of the then-Governor of Hawaii, The Chamber agreed to assume the responsibility for serving as the liaison for the state in matters relating to the military. This includes protecting and preserving the attractiveness of Hawaii being the strategic forward base of military operations in the Pacific; acting as an advocate for the military; and providing statewide oversight for Hawaii's growing defense industry.

The Chamber established the Military Affairs Council (MAC) to assemble key business and government leaders and retired military flag and general officers to direct the military affairs program. Funding for the program was provided by the state with supplemental funds from the private sector.

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 support of leaders in the private sector to successfully accomplish its work.

Over the past 27 years, the MAC was instrumental in coordinating with military commanders and defense officials, and Hawaii's congressional delegation, to protect and preserve Hawaii's critical role as the strategic forward base of military operations in the Asia Pacific. This included

initiating plans to survive base realignment and closure (BRAC) proceedings mandated by Congress. The state experienced the directed closure of Naval Station Barber's Point in 1995, but successfully saved the state's largest industrial complex at the Pearl Harbor Naval Shipyard from BRAC closure in 2005.

The MAC spearheaded the state's effort to gain the approval of the Secretary of the US Department of Defense to transfer the decommissioned battleship USS Missouri to Hawaii and establish the Battleship Memorial at Pearl Harbor. The Battleship Missouri Memorial now stands with the Battleship Arizona Memorial in Pearl Harbor as the "bookends" marking the beginning and the end of World War II. Both Pearl Harbor memorials are now Hawaii's leading visitor attractions.

The MAC played a key role in gaining the approval of the US Navy to use the national historic aviation landmarks on Ford Island and supported the establishment the Pacific Aviation Museum (PAM) at Pearl Harbor to commemorate the history of aviation in the Pacific. The PAM has now entered phase two of its four phase plan to restore Pearl Harbor's aviation landmarks and chart the history of military and commercial aviation in the Pacific.

The MAC also led lobbying efforts to end Hawaii's antiquated animal quarantine law that required military personnel to place their pet dogs and cats entering Hawaii to endure an extremely difficult 6-month quarantine process. The legislature finally passed legislation in 2004 that prescribed new procedures that allowed for the timely release of arriving pets that met pre-arrival vaccination requirements. The benefits of the new quarantine procedures are now enjoyed by residents and other non-military personnel as well, including visitors.

Hawaii's defense industry has grown to become the second major source of state revenues next to tourism, and a leading producer of good paying jobs for the workforce.

Combined annual defense expenditures now total about \$8.8 billion, which account for direct and indirect impacts totaling more than \$14.4 billion into Hawaii's economy. This accounts for creating more than 102,000 good paying jobs that report annual household incomes totaling more than \$8.7 billion.

2. The goals and objectives related to the request;

This request is submitted to protect Hawaii from cutbacks to the \$14.4 billion defense industry, and protect more than 102,000 well-paying jobs for our residential workforce.

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

The MAC meets regularly with the senior military commanders in Hawaii and has sent a delegation to Washington, DC annually for the past 27 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 significant cutbacks in defense programs.

3. 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. The industry remains the most stable source of state revenues and has shown steady growth over the past 10 years.

On a macro scale, the military's presence in Hawaii 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 and the US.

Locally, a reduction in defense spending would have severe impacts on our economy and workforce. 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's 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 tens of thousands of jobs at stake.

4. Describe the target population to be served; and

A broad segment of the business sector and residential 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, retailers, 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 4,500 engineers and skilled technicians, and tens of 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. The applicant shall:

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

The MAC is comprised of Hawaii's business leaders; retired flag and general officers; and senior officials with the state and City and County of Honolulu and Hawaii's congressional delegation serving on the US House and Senate Armed Services Committees.

The MAC is responsible for serving as the designated liaison for the state in matters relating to the military, with a focus in protecting and preserving the

military's strategic forward presence in Hawaii. The MAC also provides oversight for the defense industry. In doing so, the MAC:

- **Meets regularly with the senior commanders for the US Pacific Command, US Pacific Fleet, Pacific Air Forces, US Army Pacific, Marine Forces Pacific, 14th Coast Guard District, and Hawaii's National Guard, and their subordinate commands.**
- **Ensures positive base-community relations in communities surrounding military bases and helps to 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, 14th Coast Guard District, and Hawaii National Guard; Chair of the Hawaii Business Roundtable; Chair of the Chambers Board of Directors; President/CEO of The Chamber of Commerce of Hawaii; 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. 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 meets bi-monthly on a regular basis in January, March, May, July, September, and November. The MAC and its ad hoc committees meet in special sessions as required during the year.**
- **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.**

- **January-May: Review proposed legislation being considered by the Legislature and provide appropriate testimony on bills and resolutions that impact or could potentially impact the military.**
- **April/May: Annual visits with senior commanders in Hawaii to determine the priority topics to be discussed during 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.**
- **June-December: Support military community events and activities to strengthen relations with military members and their families.**

3. 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, 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 regularly discusses ideas and concerns with senior military commanders and defense officials in Hawaii and Washington, DC and Hawaii’s congressional delegation.

4. 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.

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2014.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$51,087.50	\$51,087.50	\$51,087.50	\$51,087.50	\$204,350.00

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2014.

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, as necessary.

4. The applicant shall provide a listing of all state and federal tax credits it has 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 the 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 secured funding to spearhead a Hawaii delegation that successfully lobbied to keep the Pearl Harbor Naval Shipyard in full operation as the vital forward operating shipyard for the Pacific. This action has kept Hawaii's largest industrial center open, with 4,500 civilian engineering and skilled technical jobs for residents.

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. The applicant shall 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 only receives administrative 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.

State funding as provided by this 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 judgment. If applicable, please explain.

Not Applicable.

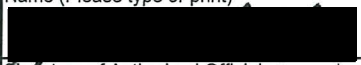
B. Licensure or Accreditation

The applicant shall 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, 2013 to June 30, 2014)

Applicant: amber of Commerce of Hawaii (Military Affairs Council)

BUDGET CATEGORIES	Total State Funds Requested	Chamber Funds	Private Sector Funds	
	(a)	(b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries	\$115,000	\$135,000		
2. Payroll Taxes & Assessments	\$14,950	\$17,550		
3. Fringe Benefits	\$34,500	\$33,750		
TOTAL PERSONNEL COST	\$164,450	\$186,300		
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island	\$500	\$500		
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space		\$15,000		
5. Staff Training				
6. Supplies		\$10,000		
7. Telecommunication				
8. Utilities				
9. Programs and Projects	\$14,800	\$13,000	\$211,500	
10. MAC Washington D.C. Trip	\$24,600	\$4,100	\$37,200	
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	\$39,900	\$42,600	\$248,700	
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	\$204,350	\$228,900	\$248,700	
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	\$204,350	Charles M. Ota	(808) 545-4300	
(b) Chamber Funds	\$228,900	Name (Please type or print)	Phone	
(c) Private Sector Funds	\$248,700		1/31/13	
(d)		Signature of Authorized Official	Date	
TOTAL BUDGET	\$681,950	James C. Tollefson, President/CEO		
		Name and Title (Please type or print)		

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: The Chamber of Commerce of Hawaii Period: July 1, 2013 to June 30, 2014

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

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

**BUDGET JUSTIFICATION
CAPITAL PROJECT DETAILS**

Applicant: The Chamber of Hawaii (Military Aff.

Period: July 1, 2013 to June 30, 2014

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2011-2012	FY: 2012-2013	FY:2013-2014	FY:2013-2014	FY:2014-2015	FY:2015-2016
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION						
EQUIPMENT						
TOTAL:						
JUSTIFICATION/COMMENTS:						

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

The undersigned authorized representative of the applicant certifies the following:

- 1) The 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:
 - a) 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;
 - b) Complies 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;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows 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.

- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) 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.

- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants or subsidies 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

(Typed Name of Individual or Organization)



1/31/13

(Date)

James C. Tollefson, President/CEO

(Typed Name)

(Title)