

Written Statement of
ROBBIE MELTON
Executive Director & CEO
High Technology Development Corporation
before the
HOUSE COMMITTEE ON FINANCE

Friday, February 21, 2014
12:00 p.m.
State Capitol, Room 308
In consideration of

HB 1996 HD1 RELATING TO THE MAUI FOOD INNOVATION CENTER.

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee on Finance.

The High Technology Development Corporation (HTDC) offers **strong support** for HB1996 HD1 relating to the Maui Food Innovation Center. HTDC supports the Maui Food Innovation Center's goal of improving the food production industry and growing Hawaii businesses in this arena through training, workforce development, mentorship and resources. The Maui College has a strong team and presents a clear vision of the business opportunities this resource will provide the community, as well as the State. HTDC's INNOVATE Hawaii program, supporting Hawaii manufacturers, has been integrally involved in the planning with University of Hawaii Maui College and is eagerly anticipating the center's completion to serve as a valuable resource for Hawaii. HTDC has committed to serve as a partner in the center. HTDC respectfully requests correcting the defective effective date and include the funding requested.

Thank you for the opportunity to offer these comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
February 21, 2014 at 12:00 p.m.

by
John Morton
Vice President for Community Colleges, University of Hawai'i

HB 1996 HD1 – RELATING TO THE MAUI FOOD INNOVATION CENTER

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

The University of Hawai'i Community Colleges (UHCC) and University of Hawai'i Maui College (UHMC) support House Bill 1996 HD1, to fund up to \$2,700,000 for the construction and equipping of a food innovation center at the Kahului campus of UHMC.

The issues of food security, food safety, and Hawai'i's fragile agricultural community are well known. Hawai'i now imports 85-90% of its food, according to Hawai'i's Office of Planning.

UHMC believes that it is possible to reverse that statistic through a solution that has successfully addressed similar issues in other states: a food innovation center. This facility assists farmers and food entrepreneurs in developing, testing, and manufacturing food products that use culls and seconds that would otherwise go to waste, bolstering profitability for farmers, and meeting the needs of local residents for more local food options.

Food innovation centers also have the potential to connect local agriculture with schools, prisons, hospitals, and senior meal programs—providing the missing “link” of cost efficiency and food safety requirements that are such a barrier today. Local economies will expand with secondary businesses as well, including hospitality and tourism; transportation, shipping, and storage; and waste management/energy production.

To date UHMC has:

- Collaborated with Maui Farm Bureau and other local and regional organizations, state agencies, and national associations with resources and expertise in agriculture and food manufacture
- Engaged national food innovation expert Lou Cooperhouse to develop a USDA-funded feasibility study with community input:

- Cooperhouse, President and CEO of Food Spectrum, is a leading national authority on food-related business and product development. He developed and served as Director of the Rutgers Food Innovation Center, which was awarded “Incubator of the Year” by the National Business Incubation Association (NBIA).
- Engaged architectural firm Design Partners, Inc., of Honolulu, to prepare a conceptual design
- Acquired federal funding (\$800,000 from a US DOL TAACCCT grant and \$50K from USDA Rural Development) to develop associated programs and services
- Currently exploring partnerships and collaborations with High Technology Development Corporation (HTDC), Hawai'i Strategic Development Corporation (HSDC), Pacific Business Center, The Kohala Center, Office of Hawaiian Affairs (OHA) and other public/non-profit organizations and private companies with an interest in food production in Hawai'i

This is not a community kitchen project. The Maui Food Innovation Center will meet the highest level of sanitation and certifications (FDA/USDA and GFSI, Global Food Safety Initiative, including Organic, Kosher, Gluten-free, etc.), allowing high-value and specialty products to be produced and sold to retail establishments, even exported internationally. This level of sanitation requires:

- Special plumbing, drains, and ventilation systems
- Insulated refrigerated rooms
- Waterproof floors, walls, and ceilings
- Special wash-down systems and equipment sanitizers

The food innovation center also includes specialized, high-speed processing equipment that would typically be found only in state-of-the-art food manufacturing plants, and would provide regional clients with the capacity to develop, test, and produce:

- Pasteurized and bottled soups, beverages, jams/jellies, sauces, stews
- Refrigerated/frozen and packaged salad dressings, spreads, salsas, and purees
- Cooked (steamed, fried, roasted grilled and chilled) meats, fruits, vegetables, and nuts
- Raw, chilled, and flash-frozen raw meats, and fresh-cut fruits, and vegetables
- Baked and/dehydrated breads, pastries, fruits and vegetables (including Gluten-free and Organic)
- Brined and fermented fruits and vegetables
- Candies, glazed/coated fruits and vegetables, and other novelty items

This center will serve not only small businesses and start-ups, but also medium and large-sized businesses that wish to experiment with new products or processes and target new markets.

Nothing like this exists on any island in the state of Hawai'i, and it will meet needs that are not currently met by any facility, program, or organization.

The cost of such a facility is high because of the demanding construction specifications and unique equipment. UHMC will work with the architects, vendors, and other organizations to develop this project as cost efficiently as possible, leveraging additional funds where possible.

Operations will be funded through self-generated income, grant funding, and partnerships—imitating successful models developed at campuses in New Jersey, Ohio, and Oregon, and in accordance with recommendations from the National Business Incubation Association. HTDC has already committed to provide business support services to clients of the center through its Innovate Hawai'i program. Additional grants are being sought for further planning and program implementation. UHMC has been conducting client research and outreach for two years; indeed, if the Maui Food Innovation Center opened its doors today, it would have businesses ready to start.

Finally, the Maui Food Innovation Center is not an isolated effort that benefits Maui alone. It will provide the University of Hawai'i system with a working model that can be further adapted to other campuses. Similar planning efforts are underway on Kaua'i and Big Island, and especially on O'ahu. By working together, the UHCC campuses can achieve cost and resource efficiencies that no single island effort—especially the neighbor islands—could support individually. Our long-term vision is to develop a statewide system of innovation centers that respond to Hawai'i's unique geographical challenges and strengths.

The University supports the intent of this bill provided it does not replace or adversely impact priorities as indicated in our Board of Regents Approved Budget.



HAWAII
STRATEGIC
DEVELOPMENT
CORPORATION

Written Statement of

KARL FOOKS
President

Hawaii Strategic Development Corporation

Before the
COMMITTEE ON FINANCE

February 21, 2014
12:00 PM
State Capitol, Conference Room 308

In consideration of
HB 1996 HD 1 RELATING TO THE MAUI FOOD INNOVATION CENTER

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee on Finance:

The Hawaii Strategic Development Corporation (HSDC) respectfully submits testimony in **strong support** of HB 1996 HD 1, legislation appropriating funds for the University of Hawaii Maui College's Maui Food Innovation Center, as it aligns with the HI Growth Initiative.

HSDC strongly supports the Maui Food Innovation Center's mission to provide local farmers and food manufacturers with mentorship and access to shared resources to help them build viable global businesses here in Hawaii. Through the HI Growth Initiative, HSDC is working on creating investment funds that would complement the Maui Food Innovation Center's activities by providing investment capital to help their business clients to scale their operations.

Thank you for the opportunity to provide testimony.

finance8-Danyl

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 20, 2014 11:21 AM
To: FINTestimony
Cc: warrenmcfb@gmail.com
Subject: *Submitted testimony for HB1996 on Feb 21, 2014 12:00PM*

HB1996

Submitted on: 2/20/2014

Testimony for FIN on Feb 21, 2014 12:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Warren Watanabe	Maui County Farm Bureau	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



1768 Kalawi Place
Wailuku (Maui), Hawaii 96793

February 19, 2014

Email Testimony

The Honorable Sylvia Luke
Chairwoman House Finance Committee
repluke@capitol.hawaii.gov
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

House Finance Committee hearing for House Bill 1996

Vincent Mina
President
Maui

Aloha Chair Luke, Vice-Chairs Ling and Johansen, honorable committee members.

HFUU is **in Support of HB 1996**; an appropriation Maui's Food Innovation Center.

Simon Russell
Vice-President
Maui

In order to compete with imports, it is critical Hawaii's farmers and food producers have the resources they need to become competitive and begin to provide the majority of our food here. Innovation will have to be a major factor for our local agricultural economy to grow to the scale where we can hope to compete with imports. This food innovation program can begin to make the required economy of scale a reality, by providing a food safety certified facility to add value, store and process food grown here in the islands.

David Case
Secretary
Kona

We hope that Hawaii will have many of these facilities as our production levels increase, and food producers begin to flourish once more in our state.

Ray Maki
Treasurer
Kauai

Respectfully submitted,

Hawaii Farmers Union United

Pamela Boyar
Member
Oahu

Simon Russell
Simon Russell

Vice-President and Legislative Chair

David Fisher
Member
Maui

Steve Sakala
Member
Kona

The Hawaii Farmers Union and its Chapters is a nonprofit corporation formed under Hawaii law. It advocates for the sovereign right of farmers to create and sustain vibrant and prosperous agricultural communities for the benefit of all Hawaii through cooperation, education and legislation.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 21, 2014

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 1996, HD1
RELATING TO THE MAUI FOOD INNOVATION CENTER

Room 308
12:00 AM

Aloha Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson, and Members of the Committee:

I am Christopher Manfredi, President of the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,832 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

Hawaii Farm Bureau **strongly supports HB 1996, HD1** that authorized the issuance of general obligation bonds for the completion of the Maui Food Innovation Center.

As expenses rise, increases in farm revenues are critical to the continued viability of farms and ranches. One way is to turn waste to value added products. Currently off-grade and excess production due to market conditions is wasted, usually plowed under due to lack of markets. Converting them into value-added products will not only increase farm revenue but also provide new business opportunities, increase employment opportunities and address Hawaii's goals of increased self sufficiency and sustainability.

These facilities can assist in the replacement of imported fresh produce as well as canned and frozen food products. The funding of facilities on Galbraith lands is currently under consideration by the Legislature. Similar facilities are needed on neighbor islands reducing the need for transportation of fresh bulk produce coupled with requisite shipping costs and the burning of fossil fuels. These facilities represent the manifestation of local food security for our island state, and will keep dollars and jobs in our local economy.

Please support HB 1996, HD1



**Written Testimony Presented Before the
House Committee on Finance
February 21, 2014 by
Lou Cooperhouse, President & CEO, Food Spectrum LLC**

Regarding: HB-1996 HD1 RELATING TO THE MAUI FOOD INNOVATION CENTER

Chair Luke, Vice Chair Nishimoto, Vic Chair Johanson and members of the House Committee on Finance:

I am writing this letter of **strong support** for House Bill 1996 HD1, to fund the balance of the capital costs for the construction and equipping of a food innovation center at the Kahului campus of University of Hawai'i Maui College.

I am the author of the feasibility study that describes the critical need for this Maui Food Innovation Center, which is the program that will be developed as a result of this capital appropriation. With the establishment of the Maui Food Innovation Center, local food industry entrepreneurs will now have the ability to develop value-added and differentiated products without the burden of many of the significant expenses that are associated with new business development.

The new Maui Food Innovation Center will minimize or eliminate many of the hurdles that are associated with food industry entrepreneurship, as it will provide both services and space that are critically needed:

- *Services* that consist of assistance by industry professionals with business planning, market research, marketing and sales strategy, capital access, corporate governance, regulatory and permitting requirements, legal matters, product and process development, quality assurance and food safety, ingredient and packaging sourcing, nutrition analysis, analytical testing, assessment of distribution channels, entrepreneurial and workforce training, etc.
- *Space* that consists of a shared-use food processing environment that is fully equipped to meet the many variable needs of clients, while being FDA and USDA inspected and "best in class" in terms of sanitary design, fit and finish, and operating protocol.

Furthermore, food entrepreneurs will now be able to enter the market with far greater expertise, and far greater speed, dramatically enhancing their opportunities for success.

Business incubation is a globally-recognized tool for economic growth, and the National Business Incubation Association (NBIA) estimates that there are over 1,250 business incubators in North America and about 7,000 that exist worldwide. Currently, no comprehensive food business incubation program exists in the entire State of Hawai'i, in which professional services and mentoring, research and development capabilities, and a shared-use food processing facility are provided. Without such facilities, local farmers and food entrepreneurs lack the expertise, equipment, facilities and organizational resources to develop value-added products. With a food business incubation program, industry entrepreneurs can create value by the commercialization of differentiated, niche products that consumers desire. More importantly, they can attain higher profit margins through value-added pricing and longer product shelf life, and may be able to capture value from culls and damaged produce from their commodity-based operations. This ability to create enhanced access to both domestic and international new markets is especially critical on the neighbor islands, where agriculture plays a more significant role in the local economy.

The agricultural community in Hawai'i and in Maui County is threatened by significant import competition, the nation's highest fuel prices, loss of agricultural land, an aging workforce, high inter-island transportation costs, high labor costs, high costs of inputs, high costs and limited availability of water, and urban development pressures. Furthermore, Maui County's farms are smaller in size, and not able to gain the same yields, costs, efficiencies and critical mass as those of larger farms in Oahu, the Big Island, and on the Mainland. In addition, there exists little utilization of second-grade culls and damaged produce at Maui farms, which could be converted to value-added products should a processing facility and a suitable market and product exist.

The Maui Food Innovation Center can become the catalyst and the missing link that will transform local communities, and a model that can be transferred to every island in the State of Hawai'i. The development of the Maui Food Innovation Center is positioned to become the gateway program to a food industry "cluster" in the State of Hawai'i, as it will create concentrations of interconnected companies, suppliers, service providers, and associated institutions. A cluster-based strategy is critical for the State of Hawai'i, as it allows small and medium-sized enterprises (SMEs) to achieve new competitive advantages by providing a group of skilled professionals who can assist multiple businesses with the many resources and linkages that are critical for success, and who can maximize the economic impact to the State. This network of companies and resources will attract attention from more established companies in the State, as well as professionals from the financing, legal and accounting community, and will also result in the attraction of financial resources and other food businesses from the Mainland, Asia and elsewhere to the State of Hawai'i.

I write this letter of support with great conviction, and based upon the unique experiences and expertise that I have in the business incubation and the prepared food industry. I have served on the Executive Committee and Board of Directors of the National Business Incubation Association (NBIA), Executive Committee and Board of Directors of the Refrigerated Foods Association, President of the New Jersey Business Incubation Network, and as Chairman and President of the New Jersey Food Processors Association. I have also provided expert testimony on business incubation to the US Congress, where I testified on global best practices in business incubation, business cluster formation, and job creation to the House Committee on Small Business. Previously, I served as founding Director of the Rutgers Food Innovation Center, which became internationally recognized for its economic development impacts and was awarded the "Incubator of the Year" by the National Business Incubation Association (NBIA), and was also recognized as an "Agricultural Innovation Center Demonstration Program" by the USDA. Earlier in my career, I served as the President & COO of two food businesses, and have also served in leadership positions at multinational companies that include Campbell's Soup, ConAgra, and Nestlé in the areas of business development, product development, quality assurance, and operations. I have spoken at well over 100 industry conferences during my career, including a series of seminars on Food Business Basics that I have given to aspiring food entrepreneurs in Maui, Molokai, Kauai, Big Island and Oahu over the past year.

I would be happy to be contacted for any further information that may be helpful.
Mahalo for your support.

Best regards,



H. Louis Cooperhouse
President & CEO
Food Spectrum, LLC

Contact:
Phone: 732-266-3977
Email: LCooperhouse@FoodSpectrum.com

Food Spectrum, LLC
1 East Shore Drive
Princeton, NJ 08540

lcooperhouse@foodspectrum.com
www.foodspectrum.com
(609)737-0077 office, (732)266-3977 cell