

SB 2077

Testimony

Measure Title:	RELATING TO THE MAUI FOOD INNOVATION CENTER.
Report Title:	Maui Food Innovation Center; University of Hawaii Maui College; Capital Improvement Project; Appropriation (\$)
Description:	Appropriates funds for the completion of the Maui food innovation center capital improvement project, for renovation and equipment for a value-added food production and business incubation facility located in the former campus cafeteria kitchen of the University of Hawaii Maui college.
Companion:	HB1996
Package:	None
Current Referral:	HRE, WAM
Introducer(s):	BAKER, ENGLISH, IGE, KEITH-AGARAN, NISHIHARA, Galuteria, Kidani, Tokuda



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented Before the
Senate Committee on Higher Education
February 6, 2014 at 2:45 p.m.

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

SB 2077 – RELATING TO THE MAUI FOOD INNOVATION CENTER

Chair Taniguchi, Vice Chair Kahele, and Members of the Committee:

The University of Hawai'i Community Colleges (UHCC) and University of Hawai'i Maui College (UHMC) support Senate Bill 2077 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 HIGHER EDUCATION

February 6, 2014
2:45 PM

State Capitol, Conference Room 414

In consideration of
SB 2077 RELATING TO THE MAUI FOOD INNOVATION CENTER

Chair Taniguchi, Vice Chair Kahele and Members of the Committee on Higher Education:

The Hawaii Strategic Development Corporation (HSDC) respectfully submits testimony in **strong support** of SB 2077, legislation appropriating \$2.7 million 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.



February 4, 2014

TESTIMONY IN SUPPORT OF SENATE BILL 2077

The Hawaii Food Manufacturers Association and our over 120 members **STRONGLY SUPPORTS** the proposed Maui Food Innovation Center at University of Hawaii Maui College.

Food manufacturing is a significant industry in Hawaii and funding to complete construction and equipping of the Center is an important step to the further growth of this important industry.

The Center will serve local farmers and food entrepreneurs in developing, testing, and producing value-added foods, and is a "missing link" in our effort to improve food security, food safety, and access to locally grown and manufactured foods.

Respectfully submitted,

A handwritten signature in black ink that reads 'Holly Kessler'. The signature is written in a cursive, flowing style.

Holly Kessler, Operations Manager
Hawaii Food Manufacturers Association

Written Statement of
ROBBIE MELTON
Executive Director & CEO
High Technology Development Corporation
before the
SENATE COMMITTEE ON
HIGH EDUCATION

Thursday, February 6, 2014
2:45 p.m.
State Capitol, Conference Room 414
In consideration of

SB 2077 RELATING TO THE MAUI FOOD INNOVATION CENTER.

Chair Taniguchi, Vice Chair Kahele, and Members of the Committee on Higher Education.

The High Technology Development Corporation (HTDC) offers **strong support** for SB2077 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. Maui College has a strong team and presents a clear vision of the business opportunities this resource will provide the community and the State. HTDC's Innovate Hawaii program, supporting Hawaii manufacturers, has been integrally involved in the planning with 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.

Thank you for the opportunity to offer these comments.



**Written Testimony Presented Before the
Senate Committees on Higher Education
February 6, 2014 by
Lou Cooperhouse, President & CEO, Food Spectrum LLC**

Regarding: SB-2077 RELATING TO THE MAUI FOOD INNOVATION CENTER

Chair Taniguchi, Vice Chair Kahele and members of the Senate Committee on Higher Education:

I am writing this letter of **strong support** for Senate Bill 2077, to fund up to \$2,700,000 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

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Regarding: SB-2077 RELATING TO THE MAUI FOOD INNOVATION CENTER

Chair Taniguchi, Vice Chair Kahele and members of the Senate Committee on Higher Education:

I write you this letter in strong support for Senate Bill 2077, to fund the construction and equipping of a food innovation center at the Kahului campus of the University of Hawai'i Maui College.

The Maui Food Innovation Center will support Maui food producers by providing much needed services, including business planning, market research, navigation of regulatory and permitting requirements, developing quality assurance and food safety systems, sourcing of ingredient and packaging, shelf life and nutritional analysis, etc. The center will also provide a quality space with a wide range of equipment to facilitate entrepreneurs' development of new products.

Whole Foods Market is committed to selling the highest quality natural products and to providing our customers with a wide variety of locally grown and produced food. We are joined by other retailers in this commitment to sourcing Hawai'i grown and products, for which there is very strong customer demand from both local residents and tourists. We currently purchase local products from more than 300 Hawai'i businesses and we actively seek out additional suppliers. Many local entrepreneurs interested in creating local products will benefit tremendously from the support and expertise provided by the Maui Food Innovation Center. This assistance will prepare them to become successful suppliers to Whole Foods Market and other retailers, thereby contributing to their growth and further diversified economic activity.

Thank you for your consideration of this statement of strong support for Senate Bill 2077. I am happy to provide further information regarding Whole Foods Market's partnerships with Hawai'i producers and our support for the Maui Food Innovation Center.

Regards,

A handwritten signature in cursive script, appearing to read "Claire Sullivan".

Claire Sullivan
Hawai'i Coordinator, Purchasing & Public Affairs
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(808) 218.0077
claire.sullivan@wholefoods.com

From: mailinglist@capitol.hawaii.gov
To: [HRETestimony](#)
Cc: ken@mycoffee.net
Subject: Submitted testimony for SB2077 on Feb 6, 2014 14:45PM
Date: Tuesday, February 04, 2014 2:20:32 AM

SB2077

Submitted on: 2/4/2014

Testimony for HRE on Feb 6, 2014 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Ken Love	Individual	Support	No

Comments: This will lbe good for the whole state and help with small farm and business sustainability.

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.

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From: mailinglist@capitol.hawaii.gov
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Cc: icole@ntbg.org
Subject: Submitted testimony for SB2077 on Feb 6, 2014 14:45PM
Date: Tuesday, February 04, 2014 10:24:04 AM

SB2077

Submitted on: 2/4/2014

Testimony for HRE on Feb 6, 2014 14:45PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
ian cole	Individual	Support	No

Comments: Aloha, As a farmer, educator and producer I fully support the Maui Food Innovation Center. The potential of farmers and growers on Maui is not being fully realized and this center would greatly improve the capacity to develop products, markets and income for farmers. I also believe that this center has the potential to impact the success of Hawaii Food Sovereignty and Food Security, issues that are currently very important throughout our state. Many farmers I work with do not know how to utilize all of their produce, and many producers do not know how to get the needed locally produced raw materials for their products. The success of centers such as this one has been proven through the mainland U.S. and in Europe, and Hawaii is in a unique and exciting position to be a major domestic contributor of food and food products. Residents of Hawaii also are in need of alternative sources of income to alleviate the financial pressures of the cost of living in Hawaii. Please help farmers and producers on Maui (and throughout the state) learn the skills we need to help ourselves and create new, successful, responsible businesses. Mahalo, IC

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