

Application Submittal Checklist

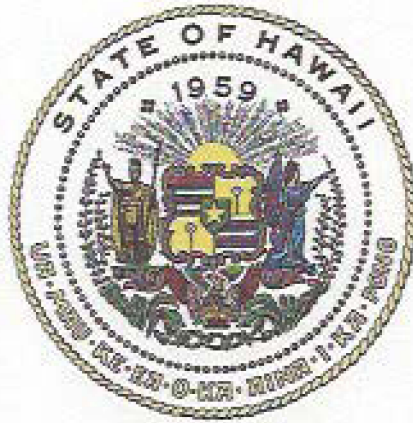
The following items are required for submittal of the grant application. Please verify and check off that the items have been included in the application packet.

- 1) Certificate of Good Standing (If the Applicant is an Organization)
- 2) Declaration Statement
- 3) Verify that grant shall be used for a public purpose
- 4) Background and Summary
- 5) Service Summary and Outcomes
- 6) Budget
 - a) Budget request by source of funds ([Link](#))
 - b) Personnel salaries and wages ([Link](#))
 - c) Equipment and motor vehicles ([Link](#))
 - d) Capital project details ([Link](#))
 - e) Government contracts, grants, and grants in aid ([Link](#))
- 7) Experience and Capability
- 8) Personnel: Project Organization and Staffing


AUTHORIZED SIGNATURE

PHILLIPS PAYSON EXECUTIVE DIRECTOR
PRINT NAME AND TITLE

01/16/23
DATE



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

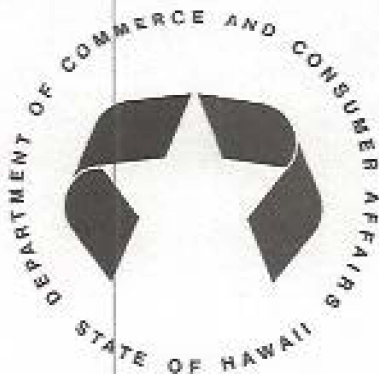
THE FRIENDS OF THE PALACE THEATER

was incorporated under the laws of Hawaii on 08/29/2000 ; that it is an existing nonprofit corporation; and that, as far as the records of this Department reveal, has complied with all of the provisions of the Hawaii Nonprofit Corporations Act, regulating domestic nonprofit corporations.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: January 12, 2023

Director of Commerce and Consumer Affairs



**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII REVISED STATUTES**

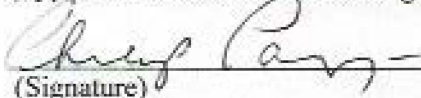
The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants 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 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 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.
- 2) If the applicant is an organization, 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 is awarded shall be conducted or provided; and
- 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.
- 4) The use of grant-in-aid funding complies with all provisions of the Constitution of the State of Hawaii (for example, pursuant to Article X, section 1, of the Constitution, the State cannot provide "... public funds ... for the support or benefit of any sectarian or nonsectarian private educational institution...").

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant 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 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.

(Typed Name of Individual or Organization)


(Signature)

January 13, 2023
(Date)

Phillips Payson
(Typed Name)

Executive Director
(Title)

Application for Grants

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

I. Certification – Please attach immediately after cover page

1. Certificate of Good Standing (If the Applicant is an Organization)

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2022.

See attached certificate

2. Declaration Statement

The applicant shall submit a declaration statement affirming its compliance with [Section 42F-103, Hawaii Revised Statutes](#).

See attached declaration

3. Public Purpose

The applicant shall specify whether the grant will be used for a public purpose pursuant to [Section 42F-102, Hawaii Revised Statutes](#).

The grant will be used for a public purpose pursuant to Section 42F-102, Hawaii Revised statutes.

II. 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. Please include the following:

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

The Friends of the Palace Theater is a community -based non-profit organization established in 2002. Its mission is to "revitalize, restore, and sustain Hilo's historic theater as a venue that will educate, entertain and inspire our diverse community".

The Palace Theater is the largest downtown venue in Hilo, and contributes significantly to the vitality of Hilo's business district. It has served many generations as a cultural gathering place, and as a popular fund-raising

space for other community non-profits. It is a showcase for Hawaii's performing artists, local and international filmmakers, and for community-based, multi-cultural events. In 1992, the building was placed on both the State and National Historic Registers.

2. The goals and objectives related to the request;

The overall goal of this project is to maintain the increased comfort in the theater realized as a result of the 2021 installation of an air conditioning system, while at the same time defraying the escalating costs of electricity required for normal operations, and particularly that necessary to run the air conditioning.

Objective: The proposal for which funds are being sought is the best design for the theater, balancing cost with the unique load profile that a theater running air conditioning at night with power stored in batteries during the day creates.

In FY15/16, a photovoltaic system consisting of 81 panels was installed at the Palace Theater. Prior to this installation, bills from HELCO averaged \$1500 per month. Once the 81 PV panels were installed, electric bills were reduced by 50% (an average of \$750 per month.)

Operating from a robust 'Long-Range Plan' to strategically restore and preserve the theater for future generations, the long-term goal of upgrading the theater and increasing patron comfort through air conditioning was realized in 2021. However, this increased electric bills by over 4 times the monthly cost (up to \$3000 per month).

With the installation of the proposed 59.250 KW Solar system, it is anticipated that electric costs will be reduced by 75%, back to approximately \$750 per month.

3. The Public Purpose and need to be served;

Today, the public is looking for places to meet and gather that are as welcoming and comfortable as possible. The audience expects to watch a film, musical, or concert in optimal conditions, to fully enjoy the emotion of this collective ritual, and to want to return to it. This goal has been met through the installation of air conditioning at the Palace Theater in 2021, by far the most requested upgrade by patrons and performers alike.

The public purpose and need of this current request for an electrical 'energy' upgrade is to ensure that the Palace Theater and its programs can continue to be enjoyed into the future.

The theater lost a great deal of its normal box office income during the mandatory shuttering of performance venues during the Covid-19 pandemic. It became a leader in innovation by pivoting to a virtual platform, and many of the recorded performances ("Live from the Empty Palace") have been picked up by PBS Hawaii. Now, as the pandemic restrictions are lifted, there is a significantly increasing demand for in-person performances. The staff have successfully put together a full roster of performances based on community feedback, but the escalating cost of electricity as a result is threatening to make this unsustainable.

The proposed project will reduce electric costs sufficiently to allow for the in-person programs to continue at the level demanded by the public.

4. Describe the target population to be served; and

Palace Theater programs are developed to engage a diverse audience of 25,000-30,000 annually from local community members to visitors from other locales.

In addition to patrons that come to enjoy performances at the Palace Theater, another key target population is the group of long-time performers who support the Palace as well as newer performers who find the Palace a welcoming venue to showcase their talents when they are starting out. Since many of the productions at the theater are presented in collaboration with other local groups, there is a high degree of community integration in each season's programs.

The Board of Directors wishes to continue year -round programming, with the theater being active nearly every night, and people of all ages, cultures, and walks of life coming to events. The long-term goal of Air Conditioning has now been met and audience numbers have increased; the goal now is to defray some of the escalating energy costs for the Palace Theater operations.

- Describe the geographic coverage.

The Palace Theater is the largest venue of such historic significance and of its type on the east side of Hawaii Island. In addition, due to its attention to the emerging needs of visitors to the island, its geographic service area now extends to the mainland, as well as parts of Asia and Europe, as visitors come to experience the authentic Hawaiian performances for which the Palace Theater is renowned

III. 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:

Provision Solar Inc. will install a complete, turn-key solar electric (PV) system at the Palace Theater. All engineering, materials, and installation labor are included in the Provision proposal, as well as the coordination and procurement of all necessary building permits and interconnection to the utility grid. The system comes with monitoring and a 5- year warranty on workmanship.

Primary system components to be installed by Provision include:

- 150 Tesla T395H PV Module***
- 5 SolarEdge Technologies SE11400H Inverter***
- 150 SolarEdge technologies P400 DC Optimizer***

These primary system components come with both material and performance guarantees. Provision is an expert in the field of solar solutions to individuals, businesses and commercial applications.

The work is projected to be completed in 9-10 months. Monthly Progress reports to the Board of Directors will ensure additional oversight during the installation.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

Project Schedule:

Months 1 and 2: site evaluation, preliminary engineering and system schematic preparation, and document preparation

Month 3: finalization of engineering, preparation of permits packages – electrical, building and grading, and submission of permit packages to County of Hawaii.

Month 4: ordering of major components, site preparation

Month 5: start -up of array construction, electrical rough-in inspection

Months 6 and 7: Completion of array construction, installation of converters and hook-up to AC electrical distribution system

Month 8 and 9: complete electrical, final electrical and building inspections, HELCO inspection and approval to interconnect, execution of NEM Plus contract

2. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

Quality Assurance: The completion of the solar electric system will be overseen by Provision Solar Inc., a longstanding integral part of the Hilo/Big Island community. Incorporated in 1998, Provision has designed and installed solar electric systems for residential, commercial and government applications.

The company has deep roots in the solar industry. The co-owners have each been engaged in the solar industry since the 1970's, and are considered experts in their field.

Monthly progress reports to the Board of Directors will ensure that the work is proceeding as agreed, in a timely manner and that funds are being used for the purpose for which they were allocated. The Board of Directors will also monitor the equipment being used, to ensure that it is new and not refurbished.

Evaluation: The success of the project will be evaluated by the reduction in electricity costs both initially, and over time. In addition, the Board will evaluate the overall quality of materials and workmanship.

3. 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 primary measure of effectiveness is the reduction in electric energy costs, both monthly and over time.**
 - **Effectiveness will also be measured by the increase in number of air-conditioned performances that can be offered to patrons without increasing energy costs. This is a key element of this request.**

IV. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
 - a. Budget request by source of funds (Link)
 - b. Personnel salaries and wages (Link)
 - c. Equipment and motor vehicles (Link)
 - d. Capital project details (Link)
 - e. Government contracts, grants, and grants in aid (Link)

All Budget forms attached

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2024.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$30,000	150,000	25,000	25,000	230,000

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2024.

Non-government grants: \$30,000
Palace Reserves: \$50,000
Capital Campaign \$20,000

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

5. The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2024 for program funding.

Not Applicable

6. The applicant shall provide the balance of its unrestricted assets as of December 31, 2022.

\$206,864 (unadjusted). The fiscal year of the Palace Theater runs from January 1 to December 31; therefor, not all adjustments have been made as of this date.

V. Experience and Capability

1. 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 Friends of the Palace Theater Board of Directors has demonstrated a decade of successful fundraising for the 98-year old building, raising and investing over \$1M on various physical upgrades to meet ADA requirements, retrofit the building to withstand seismic threats, add a new metal roof, rebuild the performance stage, convert stage lighting to LED for energy conservation, completely upgrade the sprinkler system to achieve maximum fire safety, and restore the damaged, façade, among other upgrades. The theater projection system is also fully digital to meet the latest requirements in movie screening. These Board-led efforts have improved the theater both internally and externally, while at the same time creating employment within the community and enhancing audience safety and enjoyment.

Recent projects have included the restoration of the building's façade and marquee (funded by Historic Hilo Preservation Grant), the installation of gates to protect the building's entryways, and the repaving of the lane and parking lot to improve safety. The installation of Phase 1 of the air conditioning system and the upgrading of the sprinkler system were supported by Atherton Family Foundation and GN Wilcox Trust. These projects all occurred in FYs 2020/2021 and 2021/2022.

2. 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 Palace Theater is a 98-year- old building in downtown Hilo. Although it was left empty for many years, the stewardship of the Board of Directors over the last 20 years has ensured its structural soundness, and renewed its vibrancy as a viable and sustainable venue for performing arts.

VI. Personnel: Project Organization and Staffing

VI. Personnel: Project Organization and Staffing

1. 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.

Following a decade of stewardship of the Palace Theater, The Board of Directors is very familiar with the quality of work of local vendors. Provision Solar Inc. is considered an expert in the solar industry, and their workmanship is already proven, because they installed the first set of 81 solar panels in 2016/17. Oversight of the work will be managed on a monthly basis by the Board of Directors.

2. 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 organization chart that illustrates the placement of this request.

Currently staff consists of one full-time Executive Director, one full-time Communications Director, one full-time Office Manager, and two half-time administrative assistants. Front house operations are executed by 12 part-time hourly employees. Approximately 60 volunteers work year-round to assist with theater operations., and include ushers, box office workers, and café staff.

3. Compensation

The applicant shall provide an annual salary range paid by the applicant to the three highest paid officers, directors, or employees of the organization by position title, not employee name.

***Executive Director: \$44,968
Director of Communications: \$34,187
Office Manager: \$34,500***

VII. Other

1. 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.

The Friends of the Palace Theater Organization is not party to any litigation

2. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

The Palace Theater is a registered non-profit in the State of Hawaii. 501 (c) (3) with a 100% volunteer Board of Directors.

3. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see [Article X, Section 1. of the State Constitution](#) for the relevance of this question.

Not Applicable

4. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2023-24 the activity funded by the grant if the grant of this application is:

- (a) Received by the applicant for fiscal year 2023-24, but
- (b) Not received by the applicant thereafter.

The installation of this complete state- of -the- art solar electric system is a one-time only project. Once the system is fully installed, the savings on electric bills plus continued increases in box office income as a result of the ability to add more performances, will make the new solar system self- sustaining.

Should only partial funding be received, the Board will determine, in conjunction with the vendors, what capacity a smaller system would provide. In all likelihood, a major community campaign would be launched to ensure funding for the complete system.

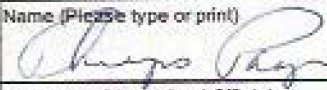
No further funds will be requested from the State of Hawaii.

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2023 to June 30, 2024

App

Friends of the Palace Theater

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES	226,078			
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	3,922			100,000
TOTAL (A+B+C+D+E)	230,000			100,000
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	230,000	Phillips Payson	808-934-7120	
(b) Total Federal Funds Requested		Name (Please type or print)	Phone	
(c) Total County Funds Requested			01/18/2023	
(d) Total Private/Other Funds Requested	100,000	Signature of Authorized Official	Date	
TOTAL BUDGET	330,000	Phillips Payson, Executive Director Name and Title (Please type or print)		

BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2023 to June 30, 2024

Applicant: FRIENDS OF THE PALACE THEATER

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				
JUSTIFICATION/COMMENTS:				

NOT APPLICABLE

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2023 to June 30, 2024

Friends of the Palace Theater

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Tesla 395 Watt Modules and equipment	150.00	n/a	\$ 54,437.50	54438
11.4 KW Solar Edge Inverters (150) Optimizers, Hardware & equipment	5	\$6,640.00	\$ 33,200.00	33200
Tesla Powerwall's, Tesla Gateway	9	n/a	\$ 101,705.00	101705
Balance of system (adjunct parts, etc.)		n/a	\$ 36,735.00	36735
TOTAL:	164		\$ 226,077.50	226,078

JUSTIFICATION/COMMENTS:

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				

JUSTIFICATION/COMMENTS:

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2023 to June 30, 2024

Friends of the Palace Theater

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2021-2022	FY: 2022-2023	FY: 2023-2024	FY: 2023-2024	FY: 2024-2025	FY: 2025-2026
PLANS						
LAND ACQUISITION						
DESIGN			3922	26935		
CONSTRUCTION				73065		
EQUIPMENT			226078			
TOTAL:			230,000	100,000		
JUSTIFICATION/COMMENTS: Design includes engineering and permitting; construction includes admin and transportation						

GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID

Applicant: FRIENDS OF THE PALACE THEATER

Contracts Total: -

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S./State/Hawaii/ Honolulu/ Kauai/ Maul County)	CONTRACT VALUE
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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26					
27					

NOT APPLICABLE