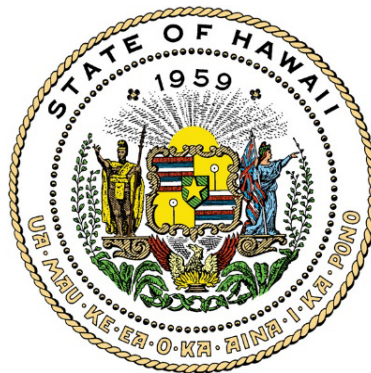

KAHO‘OLAWE ISLAND RESERVE COMMISSION FINANCIAL SELF-SUFFICIENCY AND SUSTAINABILITY PLAN

December 2016

A Report to the Governor And the Legislature of the State of Hawai‘i



KŪKULU KE EA A KANALOA
The life and spirit of Kanaloa

Prepared and submitted by:

KAHO‘OLAWE ISLAND RESERVE COMMISSION

811 Kolu Street, Suite 201, Wailuku, HI 96793
Telephone (808) 243-5020 Fax (808) 243-5885

This Page Intentionally
Left Blank

SUMMARY

This plan was written to help the public to better understand the difficulty and necessity of continuing the long-term restoration and active management of the Island of Kaho‘olawe as an important natural and cultural asset for the people of Hawai‘i and especially Native Hawaiians. This plan is submitted in response to Act 72, State of Hawaii Legislature 2016, House Bill 2034 CD1, “to submit a financial self-sufficiency and sustainability plan to the Legislature no later than twenty days prior to the 2017 Regular Session.”

Kaho‘olawe represents both the end result of human influenced environmental degradation and the beginning of collaborative healing as a force to mend our planet’s damaged environments while restoring its people. This is an undertaking that the Kaho‘olawe Island Reserve Commission (KIRC) has spearheaded and undertaken since the departure of the federal government from Kaho‘olawe. New ground breaking and innovative solutions have been developed to overcome physical and logistical challenges that few other state agencies in Hawai‘i have faced in an endeavor for the future of Hawai‘i and its people.

The KIRC represents an extremely efficient and effective means of actively managing the land and waters of the Kaho‘olawe Island Reserve (Reserve). If funding is not secured for the KIRC, the responsibilities and requirements consolidated under the KIRC would have to be redistributed across the various divisions of the Department of Land and Natural Resources (DLNR). Discontinuing the restoration and active management of the Kaho‘olawe Island Reserve would be a detriment to the collective struggle that the people of Hawai‘i made for the island’s return and a lost opportunity to create a contemporary land management regime that integrates modern scientific principles with traditional knowledge and the spiritual connection of Hawai‘i’s indigenous people.

The KIRC must secure a baseline level of resources to meet its operational and personnel needs to achieve financial self-sufficiency. Although simple in concept, accomplishing this objective will be difficult as the KIRC competes against other organizations for the same sources of funding as well as surviving the fluctuations in the economy. The KIRC will need significant support and investment in the near-term to develop the necessary infrastructure, management system and partnerships necessary to generate these future resources that can sustain the KIRC for the long-term. The KIRC will also have to seek a variety of sources, traditional and non-traditional, to create sufficient diversification within its fundraising portfolio to weather future economic cycles.

The key elements to the KIRC’s financial self-sufficiency and sustainability plan are:

- **Develop earned income opportunities** that will allow the KIRC to diversify and expand its base of support to meet the growing need to sustain operations over the long term. Developing earned income possibilities provides a stepping stone to financial self-sufficiency, but at the same time it takes resources away from the KIRC’s primary mission and requires a significant investment for the

CRITICAL FACTORS FOR KIRC’S FINANCIAL SUCCESS

- Build the KIRC’s Kaho‘olawe Education & Operations Center at Kihei, Maui as the key infrastructure/facility to generate sustaining funding for the Island’s long-term restoration and establishing a permanent, public gateway to Kaho‘olawe.
- Establish a dedicated State funding requirement to secure a permanent workforce to restore and actively manage the Kaho‘olawe Island Reserve.
- Create a diversified income generating portfolio to achieve financial sustainability and to weather future fiscal changes.

long-term. The goal for the KIRC is to balance the resources used to create earned income revenues with the KIRC’s continuing commitment to manage and restore of the Reserve.

- **Expand contributed income** that is based upon individual, corporate and foundational charitable giving and grants. Most of KIRC’s charitable support are from individuals who have volunteered to help with the restoration effort on Kaho‘olawe. As volunteer opportunities are expanded to include the KIRC’s future Kaho‘olawe Education & Operations Center at Kīhei, the pool of potential contributors will expand.
- **Establish dedicated State support** to convert KIRC staff from authorized temporary positions to be to authorized permanent positions. Establish a permanent state funding requirement.
- **Create sustainability by creating funding diversification** to weather any variations in economic markets, public sentiment, and political changes. By balancing the various funding sources with the State’s contribution in general funds, the KIRC will be able to achieve the maximum leverage of the state funds to become an efficient state agency.

Figure 1: Targeted balanced, diversified financial portfolio goals to achieve financial sustainability

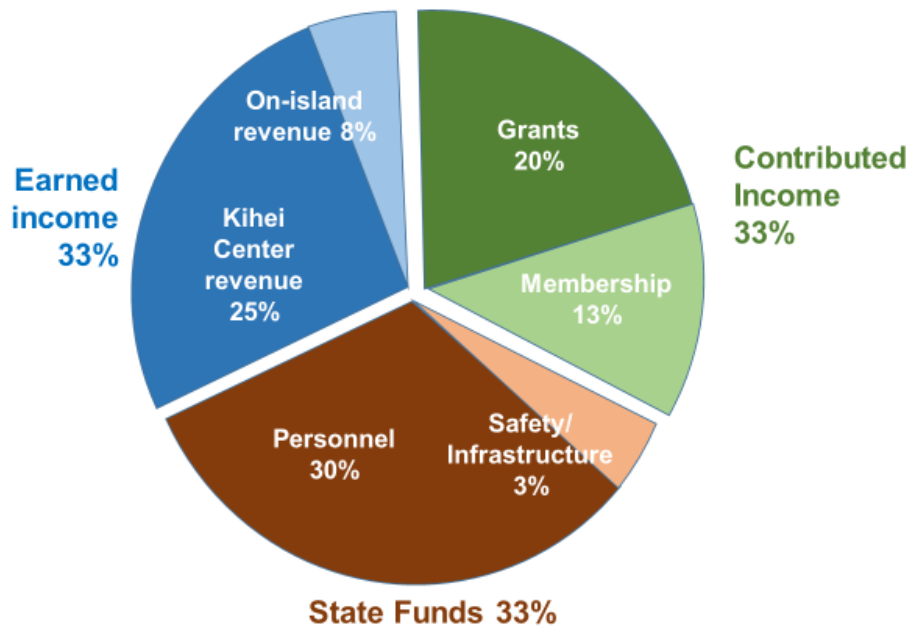


TABLE OF CONTENT

SUMMARY	3
KŪKULU KA EA A KANALOA.....	6
Historical Importance of Kaho‘olawe.....	6
Kaho‘olawe Today.....	6
Financial Self-Sufficiency and Sustainability.....	6
About this Plan	7
OUR MISSION	8
The Kaho‘olawe Island Reserve (Reserve)	8
The Kaho‘olawe Island Reserve Commission (KIRC)	8
Core Programs	9
OUR RESOURCES	11
KIRC’s Funding History	11
Current Resources (Fiscal Years 2016 to 2017)	12
OUR NEEDS.....	14
Workforce Needs.....	14
Logistics and Infrastructure Needs.....	16
Organizational Needs.....	17
OUR PLAN.....	18
Elements of KIRC Financial Self Sufficiency and Sustainability	18
Develop Earned Income Opportunities	18
Expand Contributed Income.....	22
Establish Dedicated Annual State Funding.....	26
Create Sustainability Through Diversification and Balance	27
Summary of Actions	29
FINANACIAL PROJECTIONS AND WORKSHEETS.....	30

TABLE OF FIGURES

Figure 1: Targeted balanced, diversified financial portfolio goals to achieve financial sustainability	4
Figure 2: Kaho‘olawe Island Reserve	8
Figure 3: Operating Cost and Revenue History FY04 to FY17.....	12
Figure 4: Current and future personnel requirements.....	14
Figure 5: Projected workforce requirements	15
Figure 6: Impact of declining operating budget on logistics and infrastructure from FY2004 to FY2017 ...	16
Figure 7: Proposed Kaho‘olawe Education & Operations Center at Kīhei Site Plans	19
Figure 8: Earned income target projections	21
Figure 9: National distribution of individual giving verses other sources	22
Figure 10: Direct Targeting of KIRC Projects by Funding Opportunities	24
Figure 11: Charitable income target projections	26
Figure 12: General fund appropriation target projections	27
Figure 13: Targeted balance diversification of KIRC financial support.....	28
Figure 14: Ten-year projection in KIRC financial support to achieve a balance diversification.....	28
Figure 15: Summary of short and long term actions.....	29
Figure 16: Ten-year operating cost estimates	30
Figure 17: Ten-year funding and revenue estimates	30

KŪKULU KA EA A KANALOA

The life and spirit of Kanaloa builds and takes form

Decimated of its natural environment through years of over foraging and military bombing, an estimated 1.9 million tons of soil is lost annually on Kaho‘olawe to erosion. Severely eroded landscapes cover one-third of the island, with runoff choking the Reserve’s pristine reefs and significantly impacting the ocean ecosystem. The Reserve’s inventory of 3,000 historic sites and features — all part of the National Register of Historic Places — are in constant need of protection from these damaging conditions. Despite an extensive, 10-year cleanup by the Navy, unexploded ordnance litters a quarter of the island and its surrounding waters, leaving areas life-threatening and off-limits.

ACT 340 STATE OF HAWAII LEGISLATURE, 1993

“The legislature finds that the island of Kaho‘olawe is of significant cultural and historical importance to the native people of Hawaii. The island has been used as a military target range since 1941, In 1990, the bombing and shelling of the island was halted by Congress and the President of the United States...

The purpose of this ACT is to establish the Kaho‘olawe Island Reserve Commission which shall have policy and management oversight of the Kaho‘olawe Island Reserve. The establishment of the commission will provide a system that recognizes the island’s unique challenges and preserves in perpetuity the island’s cultural and historic resources for the people of Hawaii.”

Historical Importance of Kaho‘olawe

The struggle to stop the bombing and to return Kaho‘olawe to the State is a key point in the history of not only the Native Hawaiian community but the State of Hawaii. The Kaho‘olawe Island Reserve Commission (KIRC) was created in 1994 to manage and restore these lands on behalf of the people of Hawaii and to eventually transfer the management of Kaho‘olawe and its surrounding waters to a recognized Sovereign Native Hawaiian Entity. Until such time, the KIRC works tirelessly towards preserving the Island’s pristine marine ecosystems, unique and rich archaeological history, restore the ecologically damaged landscape and to engage our community through education and outreach.

Kaho‘olawe Today

A treasured resource for all Hawai‘i’s people, Kaho‘olawe is of tremendous significance to Native Hawaiians. In recognition of the special cultural and historic status of Kaho‘olawe, the island and the waters within two nautical miles of its shores were designated by the State of Hawai‘i as the Kaho‘olawe Island Reserve (Reserve).

The Reserve, composed of undeveloped rugged shoreline, arid landscape and expansive cliffs, was established for the preservation of traditional Native Hawaiian cultural, spiritual and subsistence purposes, rights and practices, including: preservation of Kaho‘olawe’s archaeological, historical, and environmental resources; rehabilitation, revegetation, habitat restoration; fishing; and education.

Financial Self-Sufficiency and Sustainability

Financial self-sufficiency is a state where an organization can bring in enough financial resources to meet the needs of their organization while accomplishing its stated mission. This plan is the roadmap to achieve financial self-sufficiency and sustainability.

This plan provides an outline of activities to achieve financial self-sufficiency and new processes in order sustain operation over the long term.

About this Plan

This plan is written to assist decision makers and the public to understand the difficulty and necessity of continuing the long-term restoration and active management of the Island of Kaho‘olawe as an important natural and cultural asset for the people of Hawai‘i, especially Native Hawaiians.

The plan is also in response to Act 72, State of Hawai‘i Legislature 2016, House Bill 2034 CD1, “to submit a financial self-sufficiency and sustainability plan to the Legislature no later than twenty days prior to the 2017 Regular Session.”

There are four sections in this plan:

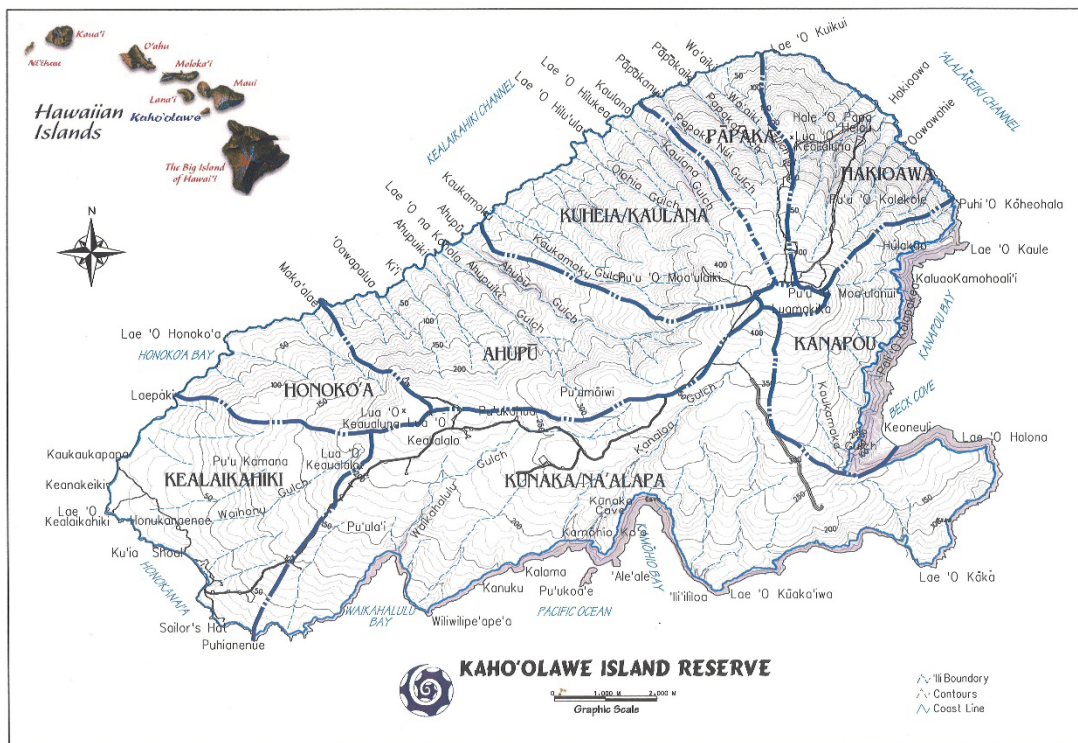
- A. **OUR MISSION** – The first section introduces the purpose of the KIRC and establishes the foundation upon which the work of the KIRC is based. This section also introduces the methodology used by the KIRC to subdivide and manage the challenges of Kaho‘olawe.
- B. **OUR RESOURCES** – The second section outlines the source or supply from which benefits are produced. Typically, resources are materials, energy, services, staff, knowledge or other assets that are transformed to produce benefit and, in the process, may be consumed or depleted. This section describes the past and current resources available to the KIRC and describes some of the potential resources that the KIRC controls that could become future resources for the KIRC.
- C. **OUR NEEDS** – The third section defines the necessities for the KIRC to achieve its mission. These needs can be physical, organizational, or financial. This section focuses on the physical and organizational needs that will allow the KIRC to achieve success in its mission.
- D. **OUR PLAN** – The fourth section is the main text of the plan and describes the methods and actions the KIRC will implement to achieve financial self-sufficiency and sustainability.

OUR MISSION

The Kaho‘olawe Island Reserve (Reserve)

In 1993 the Hawai‘i State Legislature established the Reserve consisting of Kaho‘olawe and the ocean waters extending two miles from the island. The law provides that the Reserve shall be used solely and exclusively and reserved in perpetuity for the preservation and practice of all rights customarily and traditionally exercised by native Hawaiians for cultural, spiritual, and subsistence purposes; for the preservation and protection of the Reserve’s archaeological, historical, and environmental resources; for rehabilitation, revegetation, habitat restoration, and preservation; and for education. Commercial uses are strictly prohibited within the Reserve.

Figure 2: Kaho‘olawe Island Reserve



The Kaho‘olawe Island Reserve Commission (KIRC)

The KIRC was established, under the Hawai‘i Revised Statutes – Chapter 6K, to manage Kaho‘olawe, its surrounding waters, and its resources, in trust for the general public and for a future Native Hawaiian sovereign entity.

By statute, the Commission consists of seven members appointed by the Governor provided that one is a member of the Protect Kaho‘olawe ‘Ohana (PKO); two are appointed from a list provided by the PKO; one is a trustee or representative of the Office of Hawaiian Affairs; one is a county official appointed from a list provided by the Mayor of the County of Maui; one is the Chairperson of the Board of Land and Natural Resources; and one is appointed from a list provided by Native Hawaiian Organizations.

Following a decade of ordnance removal, control of access to Kaho'olawe was transferred to the State of Hawai'i in 2003. Today, the KIRC is solely responsible for the restoration and sustainable management of the island until it can be transferred to a federally and state recognized sovereign Native Hawaiian entity.

The KIRC staff provides the daily managerial, operational, and administrative functions necessary to protect and maintain the Reserve. Additionally, staff supports the KIRC Commissioners by undertaking detailed research, documentation, and planning essential to inform the Commissioners, allowing them to focus on the strategic direction of the Reserve.

As a state agency placed administratively under the State Department of Land and Natural Resources (DLNR), the KIRC is dependent upon the DLNR for its fiscal, and personnel support functions. All other functions required to operate the Reserve, are conducted from the KIRC's Wailuku, Maui office.

Core Programs

The KIRC manages the Reserve through five core programs:

RESTORATION PROGRAM

Severely eroded landscape covers one-third of the island, with runoff choking the Reserve's pristine reefs and significantly impacting the ocean ecosystem. Despite an extensive, 10-year cleanup by the Navy, unexploded ordnance litters one-third of the island plus all surrounding waters, leaving areas off-limits and life-threatening. These challenges provide the background for the long-term, consistent effort for all environmental restoration activities. The Restoration Program restores native, land-based habitats and watersheds through innovative strategies addressing erosion control, botanical and faunal restoration and enhancements of the island's natural water systems.

OCEAN PROGRAM

All marine resource management within the Reserve which extends two nautical miles from the shoreline of Kaho'olawe comprising an area of approximately 90 square miles of ocean, is the responsibility of the Ocean Program. Staff, field professionals and community members learn and share ideas, strategies and critical resource management techniques that are employed within the Reserve which fosters ancestral knowledge while integrating modern approaches.

CULTURAL PROGRAM

The KIRC's Cultural Program provides for the care and protection of Kaho'olawe's cultural resources and the expansion of their meaningful, cultural use. All components are tailored to support the overall mission, which is focused on managing the Reserve in trust for a future Native Hawaiian entity to preserve and practice all rights traditionally exercised for cultural, spiritual, and subsistence purposes.

VISION OF THE KIRC

The *kino* (physical manifestation) of Kanaloa is restored. Forests and shrublands of native plants and other biota clothe its slopes and valleys. Pristine ocean waters and healthy reef ecosystems are the foundation that supports and surrounds the island.

Nā po'e Hawai'i (the people of Hawai'i) care for the land in a manner which recognizes the island and ocean of Kanaloa as a living spiritual entity. Kanaloa is a *pu'uhonua* and *wahi pana* (a place of refuge, a sacred place) where Native Hawaiian cultural practices flourish.

The *piko* of Kanaloa (the navel, center) is the crossroads of past and future generations from which the Native Hawaiian lifestyle spreads throughout the islands.

MISSION OF THE KIRC

The mission is to implement the vision for Kaho'olawe, in which the *kino* of Kanaloa is restored, and *nā po'e Hawai'i* care for the land.

We pledge to provide for the meaningful, safe use of Kaho'olawe for the purposes of the traditional and cultural practices of the Native Hawaiian people, and to undertake the restoration of the island and its waters.

OPERATIONS PROGRAM

A highly-specialized team, the KIRC's operations staff acts as the local board of water supply, electric company, public works department, telephone and radio communications provider, and department of transportation — while simultaneously engaging community groups in the cultural, scientific, and educational offerings of this special place. The long-term restoration of Kaho'olawe's natural and cultural resources is supported through environmentally sustainable and culturally appropriate infrastructure and logistics.

ADMINISTRATION PROGRAM

The KIRC's administrative staff supports the field programs by providing necessary administrative, fiscal, personnel, fund development and volunteer coordination support necessary to ensure all field programs are able to execute their work efficiently and effectively. Additionally, the program oversees public outreach, collections management, digital resources, legislative liaison and geographic information system (GIS) management. The KIRC's administrative program lastly provides the necessary management oversight to coordinate the efforts of the field programs along the strategic pathways established by the KIRC.

OUR RESOURCES

Resources are defined as the source or supply from which benefits are produced. Typically, resources are materials, energy, services, staff, knowledge, or other assets that are transformed to produce benefit and in the process, may be consumed or depleted.

The KIRC will need access to a ready supply of resources for it to pursue its mission. The bulk of our needs are in the form of financial resources. This section describes the past and current resources available to the KIRC and describes some of the potential resources that KIRC controls that could be future resources for the KIRC.

KIRC's Funding History

Until Fiscal Year 2016, most KIRC funding came from a limited trust fund established in 1994 during the federal cleanup of Kaho'olawe. This federal appropriation, totaling \$44 million over a period of several years, even though considerable, was not substantial enough to establish an endowment for the long-term restoration of Kaho'olawe.

This has resulted in the KIRC seeking the support of many outside sources to help keep the mission alive. In addition to dependence on the Trust Fund, we apply for federal, state, and county grants, charitable contributions and, as of FY 2009, we have developed a fee-based permit system that allows us to recover some of the costs of protecting and restoring Kaho'olawe. By law, no commercial use of the Reserve is allowed, thereby restricting the ability of the KIRC to generate its own operating funds for the long-term management of the Reserve.

For 20 years, the initial funding from the federal government has allowed the KIRC to establish many of its innovative programs that emphasize ancestral and traditional knowledge, provide a cultural approach of respect and connectivity to the environment, and integrate ancient and modern resource management techniques.

The last federal appropriation from the United States Navy was in fiscal year 2004. Since then, the KIRC has utilized the Kaho'olawe Rehabilitation Trust Fund (Trust Fund) and a combination of competitive grant awards and interest on the Trust Fund to continue the restoration of Kaho'olawe.

In fiscal years 2009 and 2010, the KIRC saw a significant reduction in the interest earned on the Trust Fund as the federal rate on marketable interest bearing debt dropped from a high in January 2007 of 4.93% to 2.59% in January 2010. Additionally, the Federal Budget Control Act of 2011 cut \$1.2 trillion from the federal budget that triggered across the board spending restrictions as the Federal Sequestration Transparency Act of 2012. This significantly reduced the pool of federal funds available for local government and non-profit grants and the KIRC's ability to secure grant funding during this period. Federal grant funding became more available as the economic downturn of 2009 rebounded and federal appropriations increased in 2014.

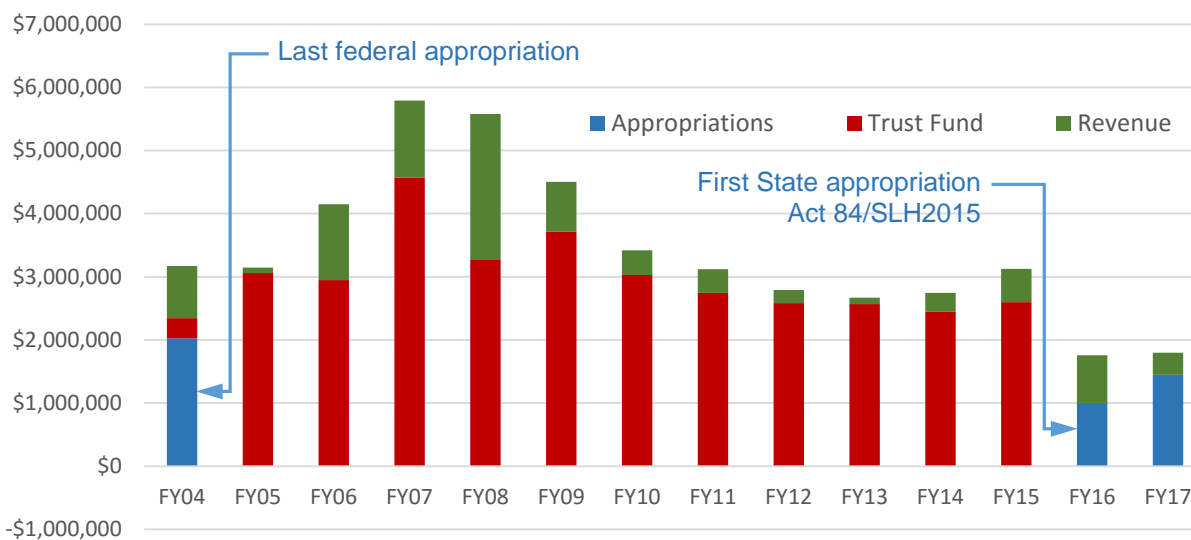
On June 3, 2015, after years of the KIRC pursuit of State funding for Kaho'olawe, the Honorable Governor David Y. Ige signed Act 084 authorizing general fund appropriations of \$1 million for each fiscal year 2016 and 2017.

KAHO'OLAWA ISLAND CONVEYANCE COMMISSION REPORT TO CONGRESS, 1993

"in the short term, federal funds will provide the bulk of the program support for specific soil conservation projects and related activities.

In the longer term, however, state revenues will be needed to continue and enhance those activities initiated with federal funds."

Figure 3: Operating Cost and Revenue History FY04 to FY17



From fiscal year 2005 until fiscal year 2015, the KIRC sustained the bulk of its workforce and operations from the Trust Fund, thereby significantly draining the balance of its Federal funds to continue the restoration effort. It was not until fiscal year 2016, that the KIRC could reverse this trend and begin using other funding sources to sustain its workforce and operations.

Current Resources (Fiscal Years 2016 to 2017)

The following describes the current and prospective revenue/ income elements that will support KIRC funding in implementing the work plan. The Financial Projections and Worksheets, found at the end of this plan, provide a conservative estimate of funding that could be available.

STATE GENERAL FUNDS

Beginning in fiscal years 2016 and 2017, the State Legislature appropriated State General Funds, under Act 84 (SHL 2016) for \$1,000,000 for fiscal years 2016 and 2017 and supplemental funding under Act 72 (SHL 2017) of \$450,000 for fiscal year 2017. The purpose of this funding was to allow the KIRC to effectively meet the unique challenges of restoring, preserving, and determining the appropriate uses of the Kaho'olawe Island Reserve for the people of Hawai'i.

COMPETITIVE GRANT FUNDING

The KIRC's current restoration projects are in the areas of surface water run-off erosion control, seabird and coastal habitat restoration and invasive species prevention. Funders currently include:

- State Department of Health, Clean Water Branch funding via the EPA Clean Water Act
- Hawai'i Invasive Species Council funding
- National Fish and Wildlife Foundation
- Hawai'i Community Foundation

The KIRC receives funding to manage its marine resources in projects relating to marine debris removal and prevention. The Ocean Program intends to seek additional funding to support projects relating to marine mammal protection, fishery management and marine education. Funders currently include:

- National Oceanic and Atmospheric Administration (NOAA)
- Hawai'i Community Foundation
- Japanese Tsunami Marine Debris Relief Fund
- State Capitol Improvement Project Marine Debris appropriations

The KIRC currently receives funding to operate a Native Hawaiian Career Technical Education (CTE) internship project as part of a coalition of local community colleges and the University of Hawai'i under a grant from the Native Hawaiian Education Act to Alu Like Inc. The Cultural Program intends to seek additional funding to support archaeological and cultural site protection, sustainable on-island agriculture and volunteer-based community educational projects.

The KIRC currently receives funding to implement projects relating to digital library collections, sustainable energy systems and community and tourism enhancement. Current and potential funders include:

- Native Hawaiian Museum Services, Institute of Museum and Library Services
- Maui County Office of Economic Development
- Hawaii Tourism Authority

CHARITABLE CONTRIBUTION AND MEMBERSHIP FEES

HRS §6K authorizes the KIRC to receive charitable contributions and donations of services and equipment. The KIRC regularly solicits for donations from its many supporters and volunteers and maintains multiple online gifting sites for donors to make their contributions. In the future, the KIRC will be able to expand its charitable revenue capabilities as the KIRC's Kaho'olawe Education & Operations Center is built in Kihei and opens for operations.

The KIRC has developed a membership program with annual fees that provide a regular pool of supporters and individual funders for KIRC activities. In the program's first three months, the KIRC recruited 350 members and an additional 200 individual donors. By demonstrating that this extended community values the historical, cultural, ecological and community building resources shared through the Reserve, we aim to boost the potential long-term financial investment in continued operations while also building relationships with and for Kaho'olawe.

PERMIT FEES

The KIRC can collect an permit fee for entry into the Kaho'olawe Island Reserve that is not in conflict with HAR §6K-3(b) prohibiting commercial use of the Reserve. The fee represents a small fraction of the actual cost of amenities and services provided per person through an individual volunteer trip; thereby ensuring accessibility to people regardless of economic status.

Due to the hazard of unexploded ordnance and risk of damage to coral and other areas of the marine ecosystem, the KIRC closely monitors and regulates boating and fishing within the Reserve. All vessels requesting to fish within the reserve must register, pay an administrative fee and complete an Ocean Program catch report. The Ocean Program team coordinates regular outreach with this community to educate, network and develop best practices for all involved.

OUR NEEDS

Needs are defined as necessities for the KIRC to achieve its mission. These needs can be physical, organizational or financial. The financial needs are described in the next section. This section focuses on the physical and organizational needs that will allow the KIRC to achieve success in its mission.

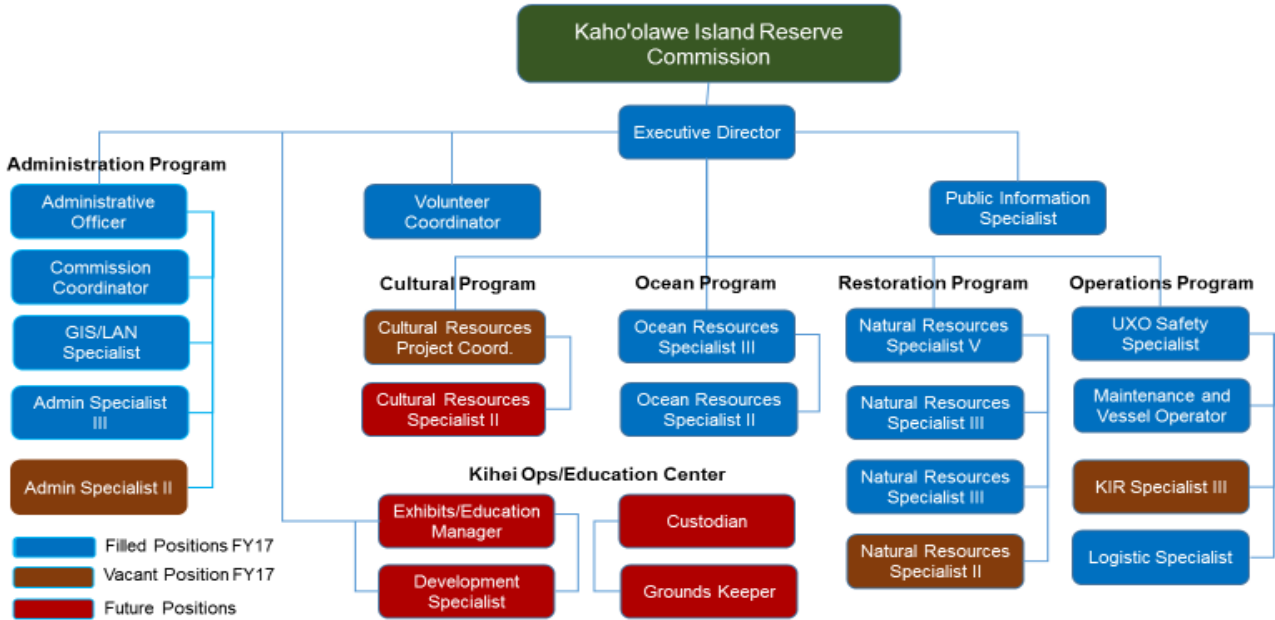
Physical needs of the KIRC include a dedicated and trained workforce to implement the vision of the KIRC, infrastructure to allow the workforce to live and support long-term work on Kaho’olawe and a logistics system to move supplies, equipment and people necessary to sustain the workforce, infrastructure and long-term work on Kaho’olawe.

Organizational needs include safety, education, and management systems to coordinate, protect and enhance the efforts of the workforce.

Workforce Needs

The KIRC utilizes a dedicated and highly trained workforce to implement its various program requirements and support functions necessary to execute its diverse and comprehensive responsibilities on Kaho’olawe. The following organizational chart shows the current and projected workforce requirements for the KIRC over the next ten-years.

Figure 4: Current and future personnel requirements



The positions indicated in blue are the currently filled (Fiscal Year 2017) positions. The full complement of staff would include filling the brown positions indicated on the organizational chart. The positions in red are anticipated new staff requirements that will arise upon the completion an opening of the KIRC’s Kaho’olawe Education & Operations Center at Kihei.

The current organization structure seen above is the result of multiple iterations of staffing analysis and changes to develop a unique workforce with multiple skill sets to work safely and effectively in a remote and challenging environmental.

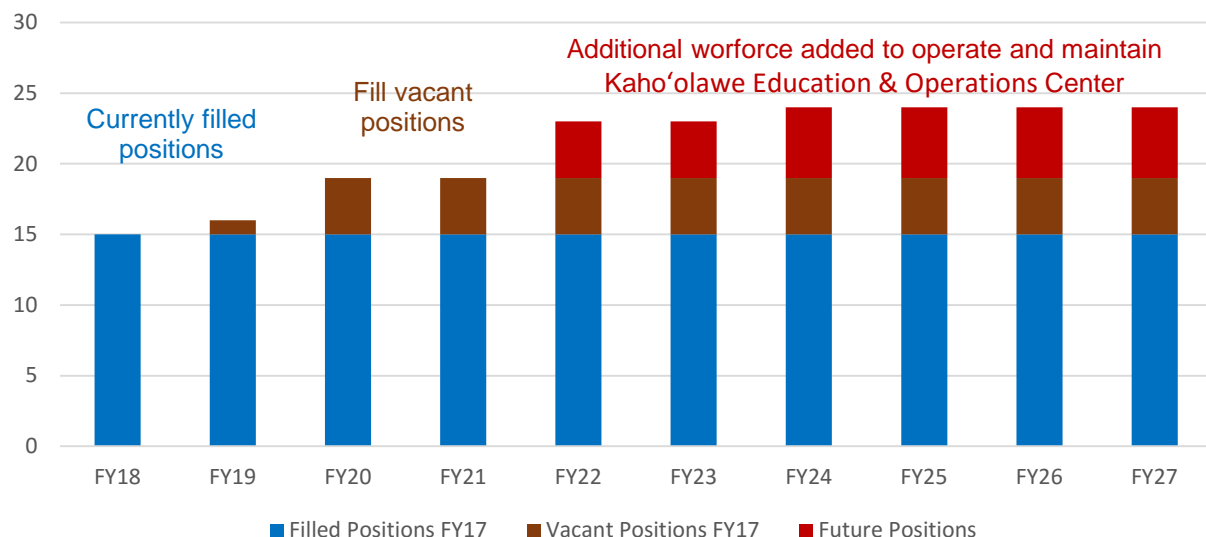
In the last eight years, the KIRC has had three critical staff reorganizations to best and most effectively manage and execute our restoration and active management efforts on Kaho’olawe. The first was designed to improve management and streamline operations. The next two focused on cost reductions to continue the restoration of Kaho’olawe with a dwindling Trust Fund.

The first reorganization in fiscal year 2008 was focused on streamlining the organization and flattening the KIRC management structure. All field programs were organized under the Executive Director and a new Deputy Director position while all non-field staff reported directly to the Executive Director. This new organizational structure shifted project management responsibilities down to the program management level and eliminated a middle management function. To support this organization, the KIRC also developed an internal project management system that realigned all work into separate projects and reported managerial financial reports into a consistent cost model.

In fiscal year 2012, the KIRC recognized the quickly approaching exhaustion of the Kaho’olawe Rehabilitation Trust Fund and once again re-engineered the work processes to further reduce staffing and reduce cost of operations. The primary change was to consolidate on-island work in to “open” and “dark” weeks on Kaho’olawe. During the “open” weeks, multiple restoration and other resource management programs were simultaneously being implemented on Kaho’olawe. During “dark” weeks, on-island operations were reduced to a caretaker status, thus reducing the amount of supplies, equipment and support needed for operations during these windows.

This new operating model required the development of a robust, planning and scheduling methodology that allowed for long term, detailed, advanced, (nine months to one year), planning of activities and a very strict control of changes to the current, (less than three months), operations schedule. With a better focus on planning and project controls, the KIRC could reduce additional management staff, shifting direct project management responsibilities to the Program Managers with oversight from the Executive Director. Additionally, the KIRC became more integrated with the DLNR to better utilize the support services of the Department - thereby reducing the need for a dedicated KIRC Deputy Attorney General and KIRC Legislative Policy Analyst.

Figure 5: Projected workforce requirements



The current staffing model represents the minimal staffing necessary to continue the KIRC’s mission and active management of Kaho‘olawe in a safe and effective manner. This nominal workforce does come with limitations as one missing employee creates undue hardship and additional workload as the remaining staff covers the vacant position. A workforce below this level would require the elimination of large segments of the KIRC’s mission or sacrificing safety to function.

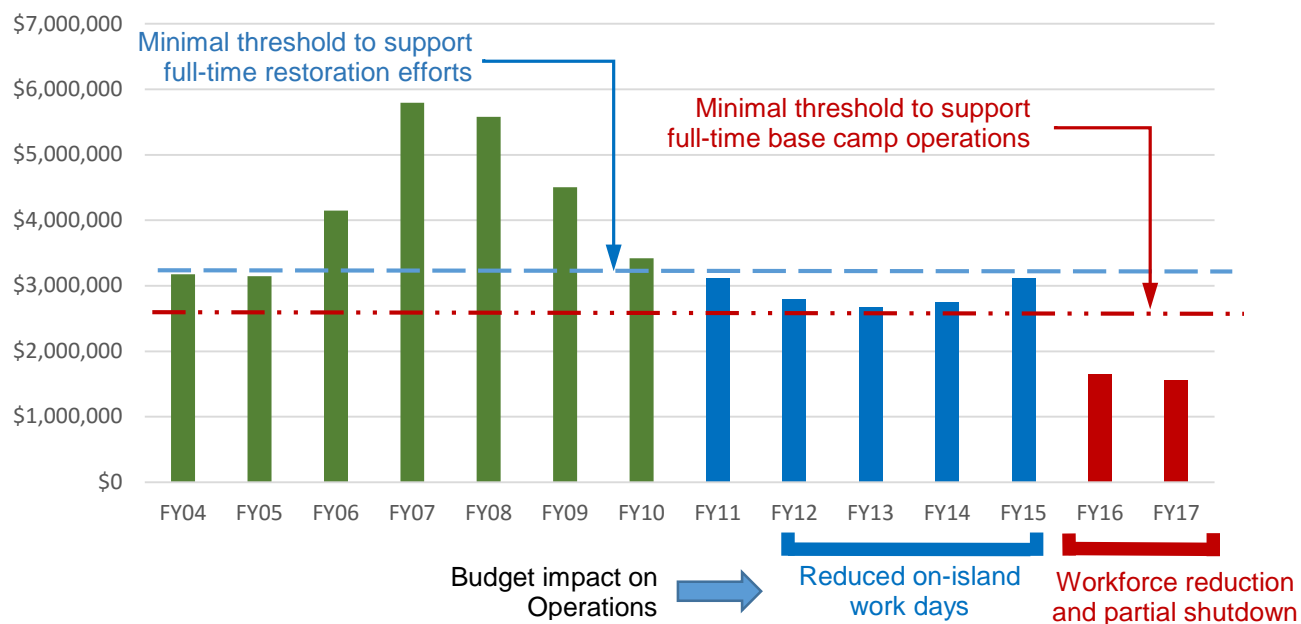
Logistics and Infrastructure Needs

Kaho‘olawe was returned to the State of Hawai‘i with minimal on-island infrastructure and no ports or harbors. For the KIRC to fulfill its mandate and mission to restore Kaho‘olawe, it must provide its own support structure to include transportation, water, electricity, housing and waste disposal. Some of the key infrastructure services include Honokanai‘a Base Camp services, Kaho‘olawe Communications Systems Operations and Maintenance and repairs for the KIRC landing craft, ‘Ōhūa.

The KIRC’s largest field expense has historically been the operation of the Honokanai‘a Base Camp. It requires very specialized, multi-faceted technicians that are skilled in base operations support services such as potable water production and distribution; multi-vehicle and heavy equipment maintenance and repair; road construction; communications equipment maintenance, electrical power generation and distribution and other facility support and maintenance services. As a complete standalone facility, the base camp also must produce its own electricity and water as well as handle its own waste disposal. The primary function of the base camp is to feed and house the KIRC workforce and volunteers and as a repair facility to maintain and fix the equipment and vehicles used to actively manage and restore Kaho‘olawe.

Connecting Kaho‘olawe to facilities on Maui is the most important aspect of the KIRC’s logistics system. Transporting the critical materials, supplies, equipment and personnel needed to accomplish the work on Kaho‘olawe requires a dedicated and highly trained crew operating various ocean going vessels to make sure the right supplies arrive when needed. Built in 2007 and capable of carrying up to 5 tons of cargo (approximately 40 passengers without cargo), the 39-foot ‘Ōhūa is the KIRC’s primary means of transport to and from Kaho‘olawe for our volunteer force, staff, Base Camp support, cargo, fuel and more. The introduction of ocean-based transport was a key factor in significantly reducing overhead costs while improving logistics efficiency, ultimately phasing out previously utilized helicopter transport.

Figure 6: Impact of declining operating budget on logistics and infrastructure from FY2004 to FY2017



With the decline in revenue, numerous operation and staff changes were necessary to continue some of the core functions of the KIRC. Based upon a thorough analysis of past cost data as well as revamping of work and operational processes, the minimal funding needed to maintain a full-time restoration effort on Kaho`olawe was determined to be approximately \$3.2 million per year. Once annual funding dropped below this point in fiscal year 2010, a reduction in the work effort and staffing was implemented to keep the ability to continue a part-time restoration effort with a full-time base camp presence on Kaho`olawe. This was sustainable until the Trust Fund was exhausted in fiscal year 2016. With the new reliance on State general funds, drastic cost reductions were needed resulting in restricting access to Kaho`olawe for only two weeks out of each month, reduction in restoration and management efforts and a severe workforce reduction that resulted in terminations, across the board pay reductions and forced reduction in work hours.

Organizational Needs

The two most critical organizational needs of the KIRC are a robust safety program and an effective management and planning system. With live unexploded ordnance remaining on Kaho`olawe and a residual risk of unexploded ordnance in cleared areas, a vigorous safety program is needed. It should include not only unexploded ordnance (UXO) safety procedures and training, but also industrial and construction safety plans, procedures and training to effectively manage base camp and field operations.

Lastly, as a public entity, our third organizational need is an exciting volunteer and education program that serves the public. The effort to restore Kaho`olawe is an endeavor that far exceeds the capacity of the KIRC, and will require the long-term dedication of the people of Hawai`i to accomplish. The role of this program is to ensure that the KIRC maintains a large available pool of volunteers; match the skill and labor requirements of each project to the capabilities of the volunteers and to ensure safe and meaningful experiences that enhance their appreciation of Kaho`olawe.

OUR PLAN

Financial self-sufficiency is defined here as the condition where an organization can bring in enough financial resources to meet its needs while accomplishing its stated mission. Being able to sustain this financial self-sufficiency over the long-term is the goal of this plan. This financial self-sufficiency and sustainability plan develops an outline of activities to achieve financial self-sufficiency and means in order to sustain this level of operation over the long-term.

Elements of KIRC Financial Self Sufficiency and Sustainability

The KIRC simply needs to secure enough financial resources to meet its cost of operation to achieve financial self-sufficiency. Although simple in concept, accomplishing this objective will be difficult as the KIRC competes against other interest groups for the same funding as well as future fluctuations of the economy. The KIRC will need significant support and investment in the short-term to develop the necessary infrastructure, management system and partnerships necessary to generate these future resources to sustain this for the long term. The KIRC will also have to seek a variety of sources, traditional and non-traditional, to create sufficient diversification within its fundraising portfolio to weather any future economic storm.

The key elements for the KIRC's financial self-sufficiency and sustainability plan are:

1. Develop Earned Income Opportunities
2. Expand Contributed Income Sources
3. Establish State Funding Requirement
4. Create Sustainability by Diversification and Balance

The following sections further explore each objective and establishes short and long term performance goals.

KEY EARNED INCOME ELEMENTS

- Build KIRC's Kaho'olawe Education & Operations Center at Kihei to generate sustaining revenue.
- Create fee-based income from KIRC activities.
- Expand permit fee services.

Develop Earned Income Opportunities

Earned income is revenue generated from sales of goods and services, fees for services rendered or remittance for work performed. Developing earned income opportunities allows the KIRC to diversify and expand its base of support to meet a growing need and to better sustain operations over the long term. Developing earned income possibilities provides a stepping stone to financial self-sufficiency, but at the same time it takes resources away from the KIRC's primary mission and requires a significant investment for the long-term. The goal for the KIRC is to balance the resources used to create earned income revenues with the KIRC's continuing commitment to manage and restore the Reserve.

BUILD KIRC'S KAHO'OLAWA EDUCATION & OPERATIONS CENTER AT KĪHEI TO GENERATE SUSTAINING REVENUE

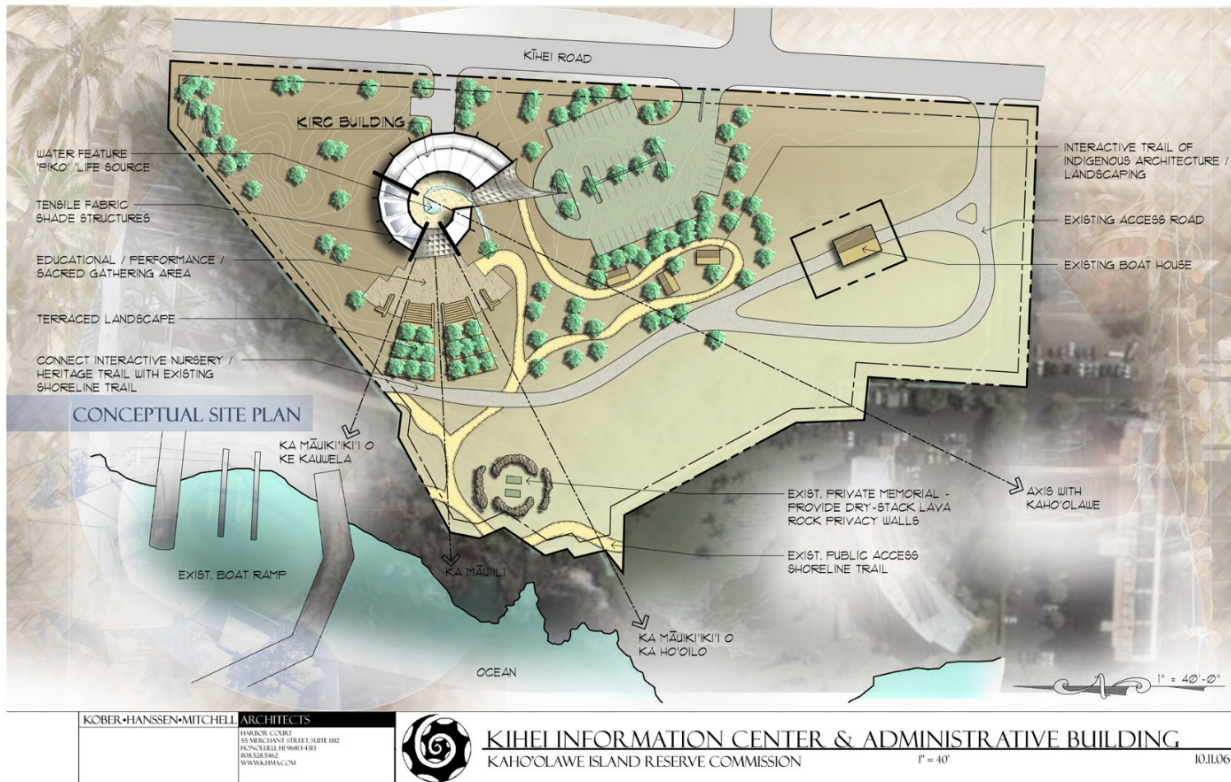
The KIRC controls an 8.261-acre property on the island of Maui, identified as TMK Nos. (2) 3-9-004: por. 001 & 61, situated on South Kīhei Road between the Kīhei Small Boat Ramp and the Kīhei Surfside Condominium. The development of this unique piece of property is key to providing the KIRC with financial self-sufficiency.

KIRC's long-term plan for this property centers on the creating the KIRC's Kaho'olawe Education & Operations Center at Kīhei. KIRC's

current offices are located in leased space at the Wailuku Industrial Park. The new building will house the KIRC's permanent offices. The Kaho'olawe Education & Operations Center at Kihei (Kihei Center) will provide the KIRC with a unique revenue generating opportunity. The Kihei Center will be able to bring Kaho'olawe's history, culture, plight and future to a broader audience without the risk, expense and logistics of traveling to Kaho'olawe.

Serving the public as the gateway to Kaho'olawe, the KIRC's 8-acre Kihei, Maui property was designated by executive order in 2002 as the future site of its primary operations, information and cultural learning center; a vision that will call on the support of many in the coming years.

Figure 7: Proposed Kaho'olawe Education & Operations Center at Kihei Site Plans



The two-story office/information center building will have a total of approximately 14,400 square feet of interior space, with a footprint of approximately 8,100 square feet. The office space, including a conference room, break room, computer/server room and restrooms, will comprise approximately 4,450 square feet for up to 26 full-time employees. Approximately 5,250 square feet will be devoted to KIRC's historical and interactive exhibit about Kaho'olawe, with an additional 1,695 square feet for an auditorium and kitchen, and 630 square feet for a visitor center. Other uses include storage (1,280 square feet), public restrooms and employee locker rooms (560 square feet), and a workshop/classroom (540 square feet). The auditorium and classroom are intended to be available for use by community groups, as well as in support of the KIRC's programs and operations. The exhibit and visitor center will be open to the public, particularly to school and community groups, to provide information on Kaho'olawe's history and the KIRC's restoration and management activities today.

The site will also feature a main entrance off South Kihei Road, an auxiliary/service entrance, adequate staff and visitor parking, an outdoor performance/gathering area, and a plant nursery/interactive exhibit.

Grant awards made in 2014 and 2015 helped to establish a public walking trail, native plant nursery, traditional hale and a series of free daytime and evening events at the Boat House property, preparing the

site as a community gathering place for Kaho'olawe education, outreach and core program integration. With additional support through the KIRC's volunteer program and school partnerships, the area's featured cultural, restoration and ocean sites have greatly expanded access to the myriad benefits offered by and through Kaho'olawe.

Through the process of engaging the public at our Kīhei site, staff have met hundreds of individuals that may not be able to commit to the physical, time or financial commitments incurred by a Kaho'olawe volunteer work trip, but are eager to be involved. As this site is developed there will be increasing potential to create a social enterprise to fuel our mission work. By building capabilities to offer classes, performances, lectures, exhibitions, space rentals, banquets and more, the Kīhei Center will present a vast array of relevant revenue-generating opportunities that can directly fund Kaho'olawe restoration, preservation, protection and access.

The work to Aloha Kaho'olawe depends on a broad base of support, public awareness of its uniqueness and the ability to educate as many as possible about the opportunities, challenges, and unique resources that the Reserve offers. The Kīhei Center will speak to this need, providing a vital opportunity to educate the public about Kaho'olawe while also providing non-Hawaiians with a connection to living Hawaiian cultural practices.

We envision the following types of revenue potential once the facility is completed:

- Classes and educational programming
- Exhibitions and shop sales
- Lectures and special events
- Membership
- Facility rental fees
- Visitor center/ special exhibition admission
- Food and beverage concessions
- Parking fees

Additionally, many grant opportunities requiring a host space will become available to us - which may address at-risk youth after school programming; supporting Native Hawaiian art and artisans; efforts to revive and preserve the Hawaiian language; Native plant nursery development, protection, and education.

Short-Term Actions: Complete design and planning process for Kīhei Center. Determine if additional CIP funds are necessary to complete this phase.

Long-Term Action: Begin a campaign to raise funds for the construction of the Kīhei Center. Seek State CIP as well as private and federal funds.

CREATING FEE-BASED INCOME FROM KIRC ACTIVITIES

In the short-term, the KIRC will focus on developing on-island fee-based services as well as fee-based permitting that supports our stated mission. Under HRS §6K-3(b), "Commercial uses shall be strictly prohibited." In Hawai'i Administrative Rules Chapter 13-261-2, "Commercial activity means any activity carried on for a profit, fee or for the exchange of goods and services including every kind of commercial enterprise, recreational activities offered for a fee, and taking or removing any aquatic life, mineral or vegetation for sale or barter." The Commission has amended the definition in HAR §13-261-2 to allow revenue generation for educational and reimbursement of services.

Short-Term Action: Amending HAR §13-261 to redefine commercial activities to permit the KIRC to implement fee-based service opportunities.

Short-Term Action: Utilize Kaho'olawe's unique geographic and environmental conditions of as a fee-for-services test area for research and development and as a proving ground for projects that are consistent with the purposes of the Kaho'olawe Island Reserve.

EXPAND PERMIT FEE SERVICES

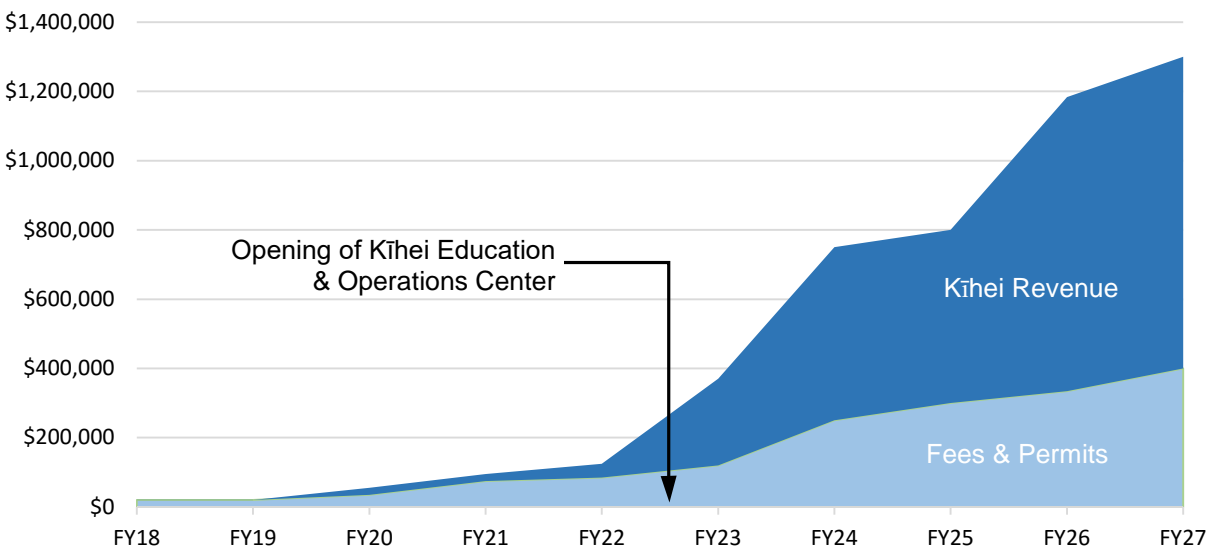
The current permit program assesses an access permit fee and a trolling permit fee. The access permit fee is assessed to volunteers participating on KIRC sponsored volunteer trips. The fee is administrative in nature and is based upon a portion of the services provided by hosting volunteers at Honokanai'a. The KIRC does not fully recover the cost of supporting volunteers through the access permit program and will be seeking to recover these costs through its volunteer program.

Additionally, the KIRC has established stewardship partners that manage their own volunteer trips to Kaho'olawe which are consistent with HRS §6K. The KIRC currently provides logistical support and safety oversight for these third-party groups. The current permit system does not collect any fee on the services rendered to these groups. Facilitating safety oversight and logistical coordination for these independent groups does expend State resources and therefore should be partially recovered in a permit fee.

Short-Term Action: Modify the Entry Permit Program to develop a specific Honokanai'a Access Permit with a fee schedule based more upon the reimbursable cost of the services rendered.

Short-Term Action: Implement a Kaho'olawe Entry Permit that implements an administrative fee to all parties that enter onto Kaho'olawe.

Figure 8: Earned income target projections



KEY CONTRIBUTED INCOME ELEMENTS

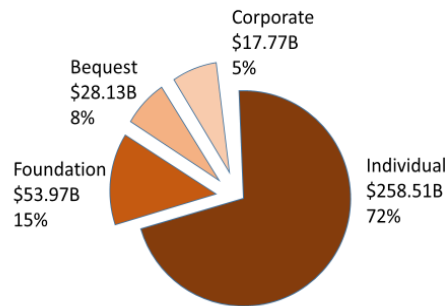
- Expand KIRC membership to increase charitable giving.
- Seek partnerships with US Small Business Administration Native Hawaiian Organizations (NHO).
- Target specific funding prospects and grow grant opportunities .
- Seek Kaho'olawe portion of statewide Federal funding.

Expand Contributed Income

Contributed income is based upon individual, corporate and foundational charitable giving and grants. Most KIRC charitable support is by people who have volunteered on Kaho'olawe. As volunteer opportunities are expanded to include the Kīhei site, the pool of potential contributors will also be expanded.

Figure 9: National distribution of individual giving verses other sources

United States 2014 Contributions by source in billions of dollars



Source: Giving USA 2015: Annual Report on Philanthropy for Year 2014

While the KIRC has been actively applying for government, private, family and community foundation grants for the past decade, there are still significant untapped sources that could help sustain KIRC operations into the future. The KIRC's current grant programs focuses largely on environmental and conservation funding sources. As the KIRC develops its outreach and educational programs, additional programmatic funding sources become available.

Lastly, significant federal funding is directed to the state to implement state-wide programs on behalf of the federal government. Very little of these federal funds are used to manage the Kaho'olawe Island Reserve which is a significant portion of the State of Hawai'i's reserve bank of managed protected areas.

EXPAND THE KIRC MEMBERSHIP PROGRAM TO INCREASE CHARITABLE GIVING

HRS §6K-6 (11) authorizes the KIRC to "solicit and accept grants, donations, and contributions for deposit into the Kaho'olawe Rehabilitation Trust Fund to support the purposes of this Chapter." The KIRC regularly solicits for donations from its many supporters and volunteers and maintains multiple online gifting sites for donors to make contributions.

Charitable contributions made by foundations and corporations usually require extensive cultivation and are made through a long-term solicitation process. In the past, we have been successful in receiving grants and funding from these sources and will continue developing them in the future, but per the Annual Report on Philanthropy for 2014, the largest segment of charitable giving is from individual donors. To better appeal to this segment, the KIRC will be expanding its Aloha Kaho'olawe membership program to provide better membership benefits that will significantly allow for greater levels of contributions and an increase in members. Aloha Kaho'olawe is a membership campaign to continue Kaho'olawe access. The immediate target audience are those that have personally been impacted by Kaho'olawe – as a volunteer, friend, teacher, student, researcher or other interested community or family member and are invited join this program to make a difference. Currently, the membership structure features three levels of funding.

In the program's first three months, the KIRC recruited 350 members and an additional 200 individual donors. By demonstrating that this extended community values the historical, cultural, ecological and community building resources shared through the Kaho'olawe Island Reserve, we aim to boost the potential long-term financial investment in our continued operations while also building relationships with and for Kaho'olawe.

Short-Term Action: Implement an annual KIRC membership – Aloha Kaho'olawe drive to grow membership subscription support in the short-term

The missing opportunity in this program has been in providing tangible and better benefits that could expand our membership rolls. By completing the Kīhei Center and linking the facility with our membership program, the KIRC could significantly expand its membership subscription and increase the levels of giving that would be tied to increase access to the KIRC facility.

Long-Term Action: Develop KIRC membership benefits that are tied to the KIRC's Kaho'olawe Operations & Education Center at Kīhei. Develop a multi-tiered membership structure to increase contributed support

SEEK PARTNERSHIP WITH SBA NATIVE HAWAII ORGANIZATIONS (NHO)

The Small Business Administration established the Section 8(A) small disadvantage business development status under 13 CFR 124. A special provision of that code also recognizes economically disadvantaged Native Hawaiian Organizations (NHO) by providing a distinct federal contracting advantage to promote economic opportunities for Native Hawaiian Businesses. One of the stipulations of this program is that the profits from the subsidiary for-profit Native Hawaiian business must be used to better the plight and condition of Native Hawaiians. As such, the NHO is mandated to make distribution to programs like the work of the KIRC.

Long-Term Action: Cultivate long-term relations with Small Business Administration Section 8(A) Native Hawaiian Organizations (NHO) with the goal of establishing regular contributed income to support Kaho'olawe. Demonstrate to the NHO that funding KIRC projects fulfill their mandated contributions to Native Hawaiian programing.

GROW GRANT FUNDED OPPORTUNITIES

External grant funding for program activities is a key cornerstone for KIRC's long-term financial self-sufficiency. To grow our grant funded opportunities, the KIRC needs to diversify its grant portfolio, allowing revenue stability during financial uncertainty as well as creating new future supporters. Many of our current activities have a broader applicability than to our work on specifically on Kaho'olawe. For example, our Hui Kāpehe Internship grant with Alu Like Inc. with funding from the Native Hawaiian Education Act initially sought to develop a skilled and trained volunteer workforce for on-island restoration work. This project has broader appeal beyond just work on conservation and environmental work on Kaho'olawe, but also as a larger workforce development project that could have funders from multiple state and federal agencies.

Short-Term Action: Seek to diversify grant funding sources for key KIRC programs by evaluating program outcomes and pursuing alternative funders. Evaluate non-traditional sources of grant funding and other government agencies to determine if an adjustment of core KIRC programs would provide a feasible solution to obtain funding from these organizations.

In the long term, as the KIRC diversifies its source of funders, increased grant opportunities can also be garnered from specific targeting of core programs to specific funding sources.

Long-Term Action: Target specific grant funding programs and align KIRC projects to maximize grant opportunities.

The following list is an example of targeted KIRC projects as aligned to specific grant funding sources:

Figure 10: Direct Targeting of KIRC Projects by Funding Opportunities

KIRC Core Program	Targeted KIRC Project	Specific Funding Opportunities
Restoration Program	Erosion Control/Hardpan Restoration	<ul style="list-style-type: none"> • Nonpoint Source Implementation Grants – 319 Program (EPA) • Natural Resource Conservation Service (NRCS) Programmatic Funding
	Coastal Habitat Restoration	<ul style="list-style-type: none"> • National Coastal Wetland Conservation Grant (USFWS) • Wetlands Program Development Grants (EPA)
	Faunal Restoration	<ul style="list-style-type: none"> • State Wildlife Grant Program (USFWS) • Cooperative Endangered Species Conservation Fund
	Invasive Species Control	<ul style="list-style-type: none"> • Pulling Together Initiative (NFWF) • Hawaii Invasive Species Council (HISC)
Ocean Program	Marine Debris Removal/Prevention	<ul style="list-style-type: none"> • NOAA Marine Debris Program
	Ocean Habitat Restoration/Marine Mammals	<ul style="list-style-type: none"> • Coral Reef Conservation Fund • Aquatic Ecosystem Restoration – CAP Section 206 (USACE) • Bring Back the Natives Grant Program (NFWF) • NOAA Marine Mammal Protection
Operations Program	Unexploded Ordnance Safety	<ul style="list-style-type: none"> • Brownfield Assessment and Cleanup Cooperative Agreement
Cultural Program	Cultural Resources	<ul style="list-style-type: none"> • National Park Services Historic Preservation Fund • Office of Hawaiian Affairs • HTA Kukulu Ola
	Education and Internships	<ul style="list-style-type: none"> • Native Hawaiian Education Act • USDOE/State DOE Cooperative agreements
Administrative Programs	On-line Museum	<ul style="list-style-type: none"> • Institute of Museum and Library Science

The following provides further details on the project listed above:

Erosion Control/ Hardpan Restoration Projects: The primary source of funding for these projects are the EPA’s Clean Water Act funding managed in Hawai’i by the State Clean Water Branch, Department of Health. The work project area – the Hakioawa Watershed, has been classified as critical watershed by the Clean Water Branch and is given priority funding. We are also in the process of having two other watersheds on Kaho’olawe classified as critical watershed for priority funding. Based upon our success managing these EPA funded projects, we will continue to target this funding sources. We are also planning to later extend our work to the southern watersheds of Kamōhio and Kanapou in future years

Coastal Restoration Projects: The Hawai’i Community Foundation (HCF) previously awarded the KIRC two coastal restoration grants for restoration efforts in the Honokanai’a Bay region. HCF is the granting

agency distributing National Oceanic and Atmospheric Administration (NOAA) as well as local community foundation funding for these projects.

Faunal Restoration Projects: Faunal restoration projects have focused on the eradication of mice and cats from Kaho'olawe. The KIRC has secured a \$1,000,000 challenge grant from the National Fish and Wildlife Foundation (NFWF) to focus on this project. This funding will be used to leverage matching and additional funds to complete this expected six-year project. By fiscal year 2018, approximately \$450,000 of the funds will have been used for the planning phase of the project. The remaining \$550,000 of the funding will be used to leverage additional funding to complete this project.

Invasive Species Projects: In fiscal year 2016, the KIRC received funding from the Hawai'i Invasive Species Council to develop an invasive species survey and biosecurity plan for Kaho'olawe. Based upon the preliminary data from these surveys, we will be targeting local as well as national funding sources.

Marine Debris Removal/Prevention: the KIRC has been very successful in obtaining grant funding and executing marine debris removal projects on Kaho'olawe. The KIRC successfully completed two multi-year projects funded by NOAA. Based upon our past performance in this endeavor, we are will be targeting continued funding through NOAA and through State CIP marine debris removal funding.

Marine Mammal Projects: Kaho'olawe is significant for its large population of marine mammals found in its Reserve waters. The Ocean Program will be seeking an annual funding of \$15,000 from NOAA through competitive grants to support marine mammal protection.

Education Projects: The KIRC's Cultural Program will be targeting regular funding through a partnership with Alu Like Inc. and the Pacific American Foundation to implement Native Hawaiian internship projects, CTE projects and sustainable agricultural opportunities from the Native Hawaiian Education Act (NHEA) funding, Administration for Native Americans (ANA) funding or U.S. Department of Agricultural. The Ocean Program will target funding from NOAA to establish an ocean education funded project.

On-line Museum: Funding from the Institute of Museum and Library Services (IMLS) and the Hawai'i Council for the Humanities has made the KIRC digital library possible. The KIRC will be targeting additional funding to support it and Kthei site community activities.

Operation Support Projects: the KIRC has been successful in receiving grant funds from the Maui Office of Economic Development to implement projects that improve the lives of Maui residents. Our past projects included pilot photovoltaic systems at the Honokanai'a Base Camp to house volunteers, including Maui resident volunteers, and for a web-linked camera system connecting Kaho'olawe to Maui schools.

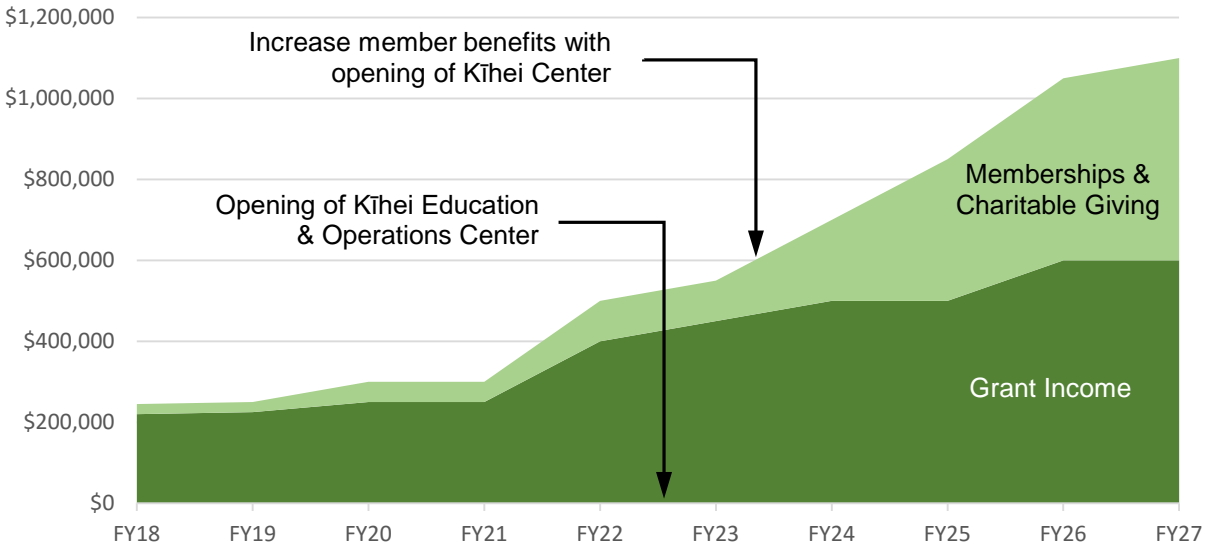
Cultural Projects: Hawai'i Tourism Authority (HTA) funding has allowed the KIRC to build a nursery and traditional hale at the Kthei site as well as conduct Kaho'olawe related oral history projects. We will continue to target these sources for future support.

SEEK KAHO`OLAWE PORTION OF STATEWIDE FEDERAL FUNDING

The federal government through its multiple agencies (e.g. Department of the Interior, US Fish and Wildlife, NOAA) provides direct funding to the State to accomplish many of the projects that are consistent with the projects being undertaken by the KIRC. These funds are traditionally directed to the State Department of Land and Natural Resources (DLNR) or other related State departments. The funds are designated to provide Statewide support in accomplishing the federal agencies goals. Very little of these funds trickle down to support the Kaho'olawe Island Reserve, which has resulted in the KIRC expending a significant portion of its Trust Fund duplicating actions that are already being supported Statewide. The KIRC will be seeking a portion of these federal funds for Kaho'olawe or divest the required action back to the State agency that is being supported by federal funds.

Long-term Action: Develop a cooperative agreement with DLNR to apportion a share of statewide federal conservation, wildlife and marine funds to support resources within the Kaho‘olawe Island Reserve.

Figure 11: Charitable income target projections



KEY DEDICATED FUNDING ELEMENTS

- Secure a permanent workforce to restore and actively manage the Kaho‘olawe Island Reserve.
- Establish baseline funding requirements for operations and safety programs.

Establish Dedicated Annual State Funding

As an attached state agency, the KIRC receives administrative support funded through the Department of Land and Natural Resources under program identification, LNR 906, “Provide direction, oversight and accountability for department and all administrative support services to every division”. Act 84/SHL2015 appropriated \$1,000,000 for each fiscal year 2016 and 2017 to LNR 906 for the support of KIRC. This was the first general fund appropriation made by the State to support the KIRC. Act 72/SHL2016 appropriated an additional \$450,000 for fiscal year 2017 to support necessary staff and infrastructure for the KIRC.

In previous years, several legislative proposals were submitted on the behalf of the KIRC to establish a sustainable funding source. Past endeavors include a variety of user fees, a portion of the conveyance tax, and possible transfer of the island of Molokini to KIRC oversight. The predominant response from these efforts was that the KIRC should be seeking direct general fund appropriations to support their work. Currently, the KIRC has no authorized positions within the state budget and uses its general fund appropriation and Trust Fund to finance the staff of the KIRC.

Long-Term Action: Work with the Department, Administration and Legislature to convert current KIRC positions to authorized temporary positions with State funding with the eventuality of being converted into permanent positions. Establish a separate program identification and baseline general funding requirement to support KIRC operations.

This objective seeks to establish a dedicated annual level of State general funds to convert KIRC staff from authorized temporary positions to authorized permanent positions. Several of the KIRC staff

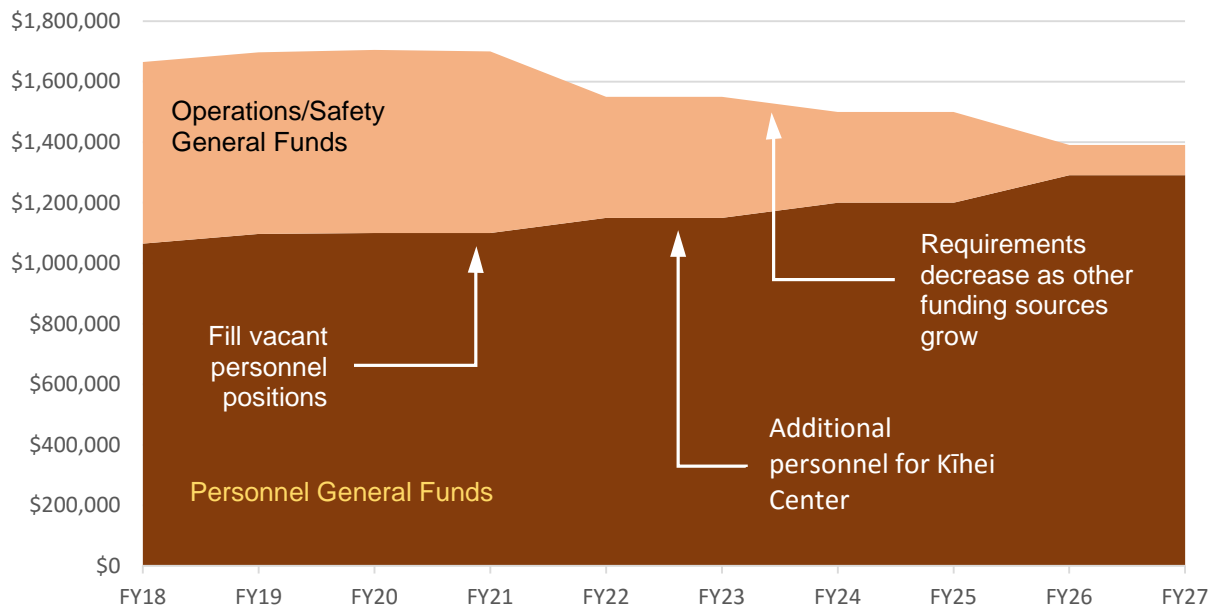
positions have been in existence for over twenty years and numerous KIRC employees have been in these temporary-exempt positions for over ten years.

Short-Term Action: Work with the legislature to seek a means that provides funds for operations and safety programs until other means of funding can replace general fund request.

For the short-term, general funds will be needed to support the KIRC’s operation and safety programs. In the long-term, the revenue derived from other the other funding sources (charitable and earned income) will be mature enough to replace the general funds request and eventually, the KIRC will be able to support operational requirements from other sources.

The long-term goal is to keep the majority of KIRC personnel funded from the state general fund in order to garner the employment advantages and cost savings of a general funded workforce.

Figure 12: General fund appropriation target projections



Create Sustainability Through Diversification and Balance

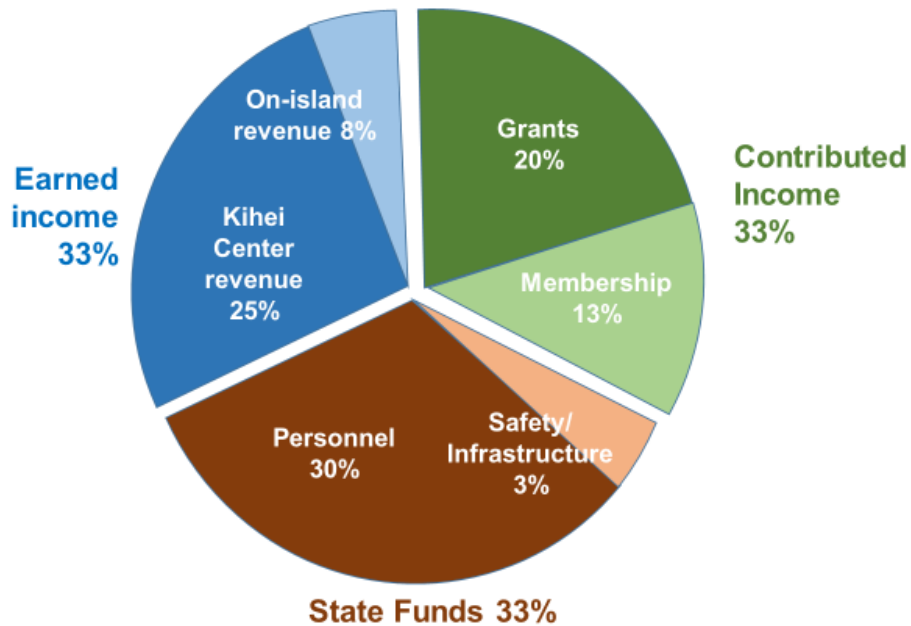
SEEK DIVERSIFICATION AND BALANCE OF FUNDING

For the KIRC to sustain this level of financial self-sufficiency in the long term, it will need to seek a balance between the various sources of support; 1) Earned Income; 2) Contributed Income; and 3) General Funds. By seeking a balanced diversification, the KIRC will not be completely dependent on one single funding source to continue its management of Kaho’olawe and will be better able to withstand fluctuations in the economy.

KEY SUSTAINABILITY ELEMENTS

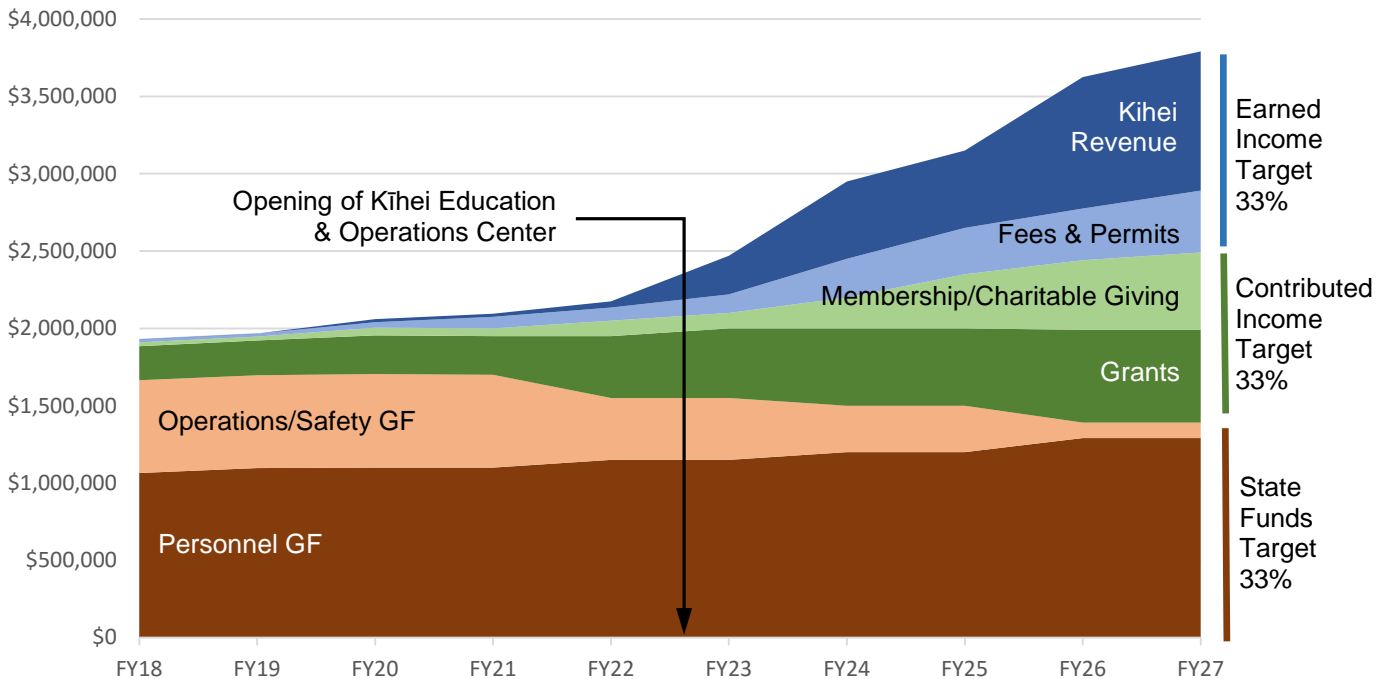
- Increase revenue generation to reduce State funding requirements.
- Seek balance diversification of funding sources to reduce financial risk.
- Develop multiple funding sources to weather fiscal changes.

Figure 13: Targeted balance diversification of KIRC financial support



The objectives of this goal are to create diversification to weather any variations in economic markets, public sentiment, and political changes. By balancing the various funding sources with the State's contribution from general funds, the KIRC will be able to achieve the maximum leverage of the state funds to become an efficient state agency.

Figure 14: Ten-year projection in KIRC financial support to achieve a balance diversification



Summary of Actions

Figure 15: Summary of short and long term actions

Short-Term Actions	Long-Term Actions
<p>Short-Term Actions: Complete design and planning process for Kīhei Center. Determine if additional CIP funds are necessary to complete this phase.</p> <p>Short-Term Action: Amending HAR §13-261 to redefine commercial activities to permit the KIRC to implement fee-based service opportunities.</p> <p>Short-Term Action: Utilize Kaho‘olawe’s unique geographic and environmental conditions of as a fee-for-services test area for research and development and as a proving ground for projects that are consistent with the purposes of the Kaho‘olawe Island Reserve.</p> <p>Short-Term Action: Modify the Entry Permit Program to develop a specific Honokanai`a Access Permit with a fee schedule based more upon the reimbursable cost of the services rendered.</p> <p>Short-Term Action: Implement a Kaho‘olawe Entry Permit that implements an administrative fee to all parties that enter onto Kaho‘olawe.</p> <p>Short-Term Action: Implement an annual KIRC membership – Aloha Kaho‘olawe drive to grow membership subscription support in the short-term.</p> <p>Short-Term Action: Seek to diversify grant funding sources for key KIRC programs by evaluating program outcomes and pursuing alternative funders. Evaluate non-traditional sources of grant funding and other government agencies to determine if an adjustment of core KIRC programs would provide a feasible solution to obtain funding from these organizations.</p> <p>Short-Term Action: Work with the legislature to seek a means that provides general funds for operations and safety programs until other means of funding can replace general fund request.</p>	<p>Long-Term Action: Begin a campaign to raise funds for the construction of the Kīhei Center. Seek State CIP as well as private and federal funds.</p> <p>Long-Term Action: Develop KIRC membership benefits that are tied the Kaho‘olawe Operations & Education Center in Kīhei. Develop a multi-tiered membership structure to increase contributed support.</p> <p>Long-Term Action: Cultivate long-term relations with Small Business Administration Section 8(A) Native Hawaiian Organizations (NHO) with the goal of establishing regular contributed income to support Kaho`olawe. Demonstrate to the NHO that funding KIRC projects fulfill their mandated contributions to Native Hawaiian programing.</p> <p>Long-Term Action: Target specific grant funding programs and align KIRC projects to maximize grant opportunities.</p> <p>Long-term Action: Develop a cooperative agreement with DLNR to apportion a share of statewide federal conservation, wildlife and marine funds to support resources within the Kaho‘olawe Island Reserve.</p> <p>Long-Term Action: Work with the Department, Administration and Legislature to convert current KIRC positions to authorized temporary positions with State funding with the eventuality of being converted into permanent positions. Establish a separate program identification and baseline general funding requirement to support KIRC operations.</p>

FINANACIAL PROJECTIONS AND WORKSHEETS

Figure 16: Ten-year operating cost estimates

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Personnel Cost	\$883,647	\$883,647	\$960,948	\$960,948	\$1,059,456	\$1,059,456	\$1,232,687	\$1,232,687	\$1,290,387	\$1,290,387
Restoration Program Cost	\$166,330	\$166,330	\$180,000	\$180,000	\$200,000	\$200,000	\$300,000	\$300,000	\$350,000	\$350,000
Ocean Program Cost	\$90,000	\$90,000	\$90,000	\$90,000	\$100,000	\$100,000	\$100,000	\$100,000	\$200,000	\$200,000
Cultural Program Cost	\$178,465	\$178,465	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$200,000	\$200,000
Commission Cost	\$7,958	\$7,958	\$8,000	\$8,000	\$15,000	\$15,000	\$15,000	\$15,000	\$20,000	\$20,000
Admin Program Cost	\$173,741	\$173,741	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000	\$200,000	\$200,000
Reserve Ops Program Cost	\$427,637	\$427,637	\$450,000	\$450,000	\$450,000	\$450,000	\$500,000	\$500,000	\$650,000	\$650,000
Kihei Center Ops Cost						\$300,000	\$400,000	\$450,000	\$500,000	\$500,000
Total Expenditures	\$1,927,778	\$1,927,778	\$2,028,948	\$2,028,948	\$2,164,456	\$2,464,456	\$2,887,687	\$2,937,687	\$3,410,387	\$3,410,387

Figure 17: Ten-year funding and revenue estimates

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Personnel GF	\$1,065,000	\$1,097,000	\$1,100,000	\$1,100,000	\$1,150,000	\$1,150,000	\$1,200,000	\$1,200,000	\$1,291,000	\$1,291,000
Operations GF	\$600,000	\$600,000	\$605,000	\$600,000	\$400,000	\$400,000	\$300,000	\$300,000	\$100,000	\$100,000
Grants	\$220,000	\$225,000	\$250,000	\$250,000	\$400,000	\$450,000	\$500,000	\$500,000	\$600,000	\$600,000
Membership/Charitable Giving	\$25,000	\$25,000	\$50,000	\$50,000	\$100,000	\$100,000	\$200,000	\$350,000	\$450,000	\$500,000
Fees & Permits	\$20,000	\$20,000	\$35,000	\$75,000	\$85,000	\$120,000	\$250,000	\$300,000	\$334,000	\$400,000
Kihei Revenue			\$20,000	\$20,000	\$40,000	\$250,000	\$500,000	\$500,000	\$850,000	\$900,000
Total Revenue	1,930,000	1,967,000	2,060,000	2,095,000	2,175,000	2,470,000	2,950,000	3,150,000	3,625,000	3,791,000
Net Income	\$2,222	\$39,222	\$31,052	\$66,052	\$10,544	\$5,544	\$62,313	\$212,313	\$214,613	\$380,613