



Economic Revitalization Commission 2025 Report

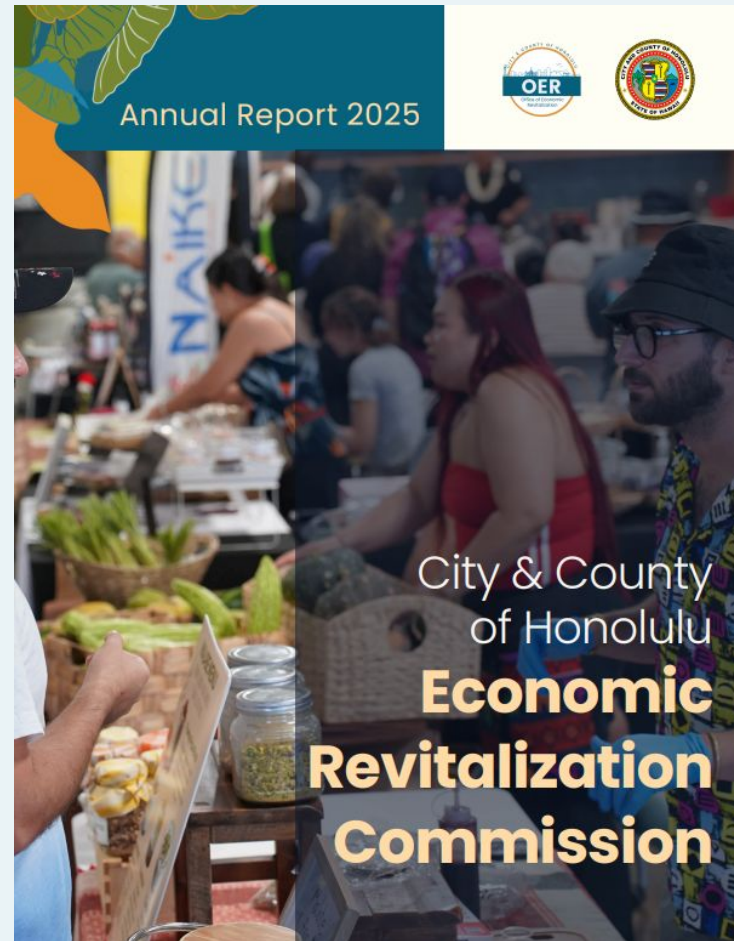
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MAYOR'S MESSAGE 21(26)
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Economic Revitalization Commission 2025 Report



Economic Revitalization Commission



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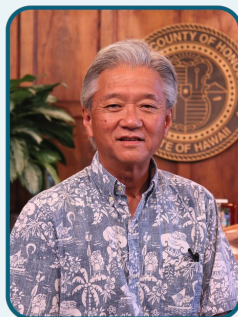
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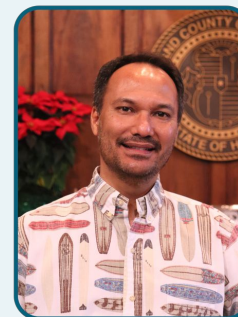
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2025 Focus: Agriculture & Food Systems

Theme: Supporting diversified agriculture and making farming a more viable business.

The Commission prioritized food security, disaster preparedness, and economic diversification.

The Commission examined strategies to cultivate a sustainable agriculture sector that secures O'ahu's food supply and informed City land use policies.

Strategic Goal: Examine how to enable a sector that increases community resilience, improves food security, and informs City land-use policies.



Insights From the Field

Kāko‘o ‘Ōiwi Visit: Exploration of regenerative and resilient agricultural model that continues cultural practices of growing native food.

- Circular Economy & Jobs: Focused on a commitment to employing local people and building a model that combines economic vitality with cultural preservation.

Metro Grow Visit: Innovative business model as O‘ahu’s first commercial vertical farming operation.

- Focus: Exploring vertical farming as a way to produce local produce and products using high-efficiency, sustainable practices.

City Development & Food Access:

- Kevin Auger, Director of the Department of Housing and Land Management, presented a vision for the Kuwili Skyline station that transforms the area into a livable transit-oriented development (TOD) project. Expanding urban footprint to include access to City services and innovative uses such as agroforestry, vertical agriculture, farmers’ markets, and spaces for small businesses.





Commission's Year Three Goals

- **IMPACT:** Introduce and pass state Legislation to Increase access to state and municipal contracts to increase opportunities for local small businesses.
- **SUPPORT LOCAL ENTREPRENEURS:** Expand the entrepreneurial incubator, Idea2Biz program, in economically underserved regions, to catapult new business.
- **ADVOCATE:** Collaborate with City Council to pass Bills 35 or Bill 10 to enable Economic Development projects on vacant City lands.

IMPACT: Introduced Two Local Business Procurement Preference Bills



Increase Contract Awards for Local Companies

1. Creates \$ equity in the bidding process for local businesses
2. Keeps HI taxpayer Money Circulating Locally
3. Positions Procurement as Economic Development
4. Builds Stronger Local Supply Chains and Resilience
5. National Best Practice

SUPPORT LOCAL ENTREPRENEURS: Idea2Biz Pilot Cohort

Public-Private Partnership: Launched in 2025 via the Commission's discretionary budget with a strategic **\$25,000 private funding boost** from Hawai'iUSA Federal Credit Union.

Closing the Entrepreneurial Gap: Focusing on **disadvantaged individuals in underserved areas**, this program provided hands-on training, networking, and technical assistance through the O'ahu Business Connector and its partner network organizations: WEDC, XLR8HI, SBDC, Patsy T. Mink Center, Native Hawaiian Chamber, Pakini Loan Fund, Hawaiian Council, & more!

High Community Demand: Received over **110 applications** from the Wai'anāe area, underscoring a significant need for localized business support.

Intensive Professional Development: Selected **20 participants** for a intensive 13-week program focused on foundational business scaling and resilience.

Proven Outcomes: 15 graduates successfully completed the cohort, with 100% of graduates formally registering their businesses and opening commercial accounts. Today, over **\$300,000 in small business loans** have been taken on by these new entrepreneurs!



ADVOCATE:

Economic Development on Vacant City Land

Objective: Activate economic development by leveraging underused city properties to foster entrepreneurship, social enterprise, culinary, creative, childcare, and non-profit ventures.

Method: Modernize the City's approach to leasing, concession, and private-public partnership development by revising **Chapter 38 (via Bill 35 or Bill 10)**.

Outcomes: Create dynamic programs and spaces that empower the community through workforce development, upskilling, business incubation, and strengthened social networks.

Positive Externality: Reduce criminal activity, trespassing, and illegal dumping at vacant sites by activating these properties.

Developing Pilot Projects: Commercial Kitchen, Social Enterprise Coworking Space, Artist As a Business incubator, Fashion Incubator Retail Space.



2025 Audit of the Office of Economic Revitalization

City Auditor's Highlights
Audit of the Office of Economic Revitalization
Report No. 26-01

The City Administration's decision to prioritize organizational setup over program implementation undermined the intent of Resolution 20-197, FD1 and delayed the department's ability to provide comprehensive economic revitalization leadership. Without timely program execution, clear delineation of responsibilities, and transparent reporting of staffing and funding, the department's effectiveness and accountability were constrained. Addressing these issues will be critical to ensuring that the department fulfills its intended role and delivers measurable economic benefits to the City.

Key Findings

1 OER's delayed operational establishment and emphasis on administrative development over program delivery weakened transparency, accountability, and program effectiveness.

- OER did not formally establish program operations or separately report its budget and staffing until FY 2025, with accountability further obscured by the overlap of the former and reorganized departments within the Office of the Managing Director.
- From 2020 through FY 2025, staffing and funding information was inconsistently reported across budget documents, personnel records, and internal data, despite \$325.4 million in city, federal, and private funding.
- Limited program outcomes, delayed implementation, and unclear program structures increase risks to fiscal sustainability and reduce the long-term impact of economic revitalization efforts, particularly as FY 2026 general fund support is planned to increase by \$2.3 million for 20 staff positions.

2 The department did not fully meet the responsibilities established in Resolution 20-197, FD1, and accountability and performance measurement was limited.

- Since its creation in October 2020, the department has not implemented or completed five of the eight required functions outlined in the resolution.
- Core economic development responsibilities—including investment initiatives, economic improvement projects, a centralized business resource hub, sector-specific support, and an economic revitalization commission—remain unimplemented or incomplete, with some activities overlapping existing city and state programs.
- Incomplete implementation of mandated responsibilities, combined with the absence of baseline data and key performance indicators, increases the risk of inefficient resource use, reduces program effectiveness, and limits oversight and comparison with peer jurisdictions.

OER Met 3 of 8 Responsibilities Required by Resolution 20-197, FD1

3 MET	2 IN PROCESS	3 UNMET
1. Economic Response & Recovery	1. Sector-Specific Economic Support (4 out of 8 sectors)	1. Economic Development & Investment (no plans outside of state-coordinated plan)
2. Funding Identification & Management for Purpose of Economic Revitalization	2. Economic Revitalization Commission (strategic plan)	2. Economic Improvement Projects (formal goals, plans)
3. Small Business Development		3. Business Resource Hub (off-shore businesses)

We made four recommendations to OER and one recommendation to the Economic Revitalization Commission based on our findings. OER generally agreed with our findings and recommendations.

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OFFICE OF THE CITY AUDITOR
For the full report and to see other audit reports from the Office of the City Auditor, please visit our website at <http://www.honolulu.gov/auditor>.

The Economic Revitalization Commission should:

Establish a department-specific, five-year strategic plan in accordance with Resolution 20-197, FD1.

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Troy Shimasaki,
Acting City Auditor





Long-Term Strategy and Fiscal Sustainability

Developing a Five-Year Strategic Plan:

The Commission will collaborate closely with OER staff and professional facilitator to refine the O'ahu Comprehensive Economic Development Strategy (CEDS) into a formal OER Strategic Plan.



Five-Year Roadmap:

Develop a structured plan to ensure the Commission guides OER's work to remain focused, measurable, and impactful through 2031.



2026 Focus: AI & Innovation

Artificial Intelligence and Economic Development on O‘ahu

The AI Series: The Commission approved dedicating the 2026 meeting series to AI.

- Overview on AI capabilities
- Research workforce and business concerns and opportunities
- AI opportunities to improve govt. efficiency
- Identify high-priority AI opportunities across OER economic programs and sectors:
 - a. Workforce Development
 - b. Innovation and Technology
 - c. Regenerative Tourism
 - d. Agriculture
 - e. Small Business and Finance



Requests to the City Council

1. Pave the way for economic development opportunities in vacant city properties
2. Support for OER operations and staff so they can focus on acquiring millions in federal and private grant funds for innovative economic development programs
3. Provide City funds to support Idea2Biz and the upcoming O'ahu Small Business Loan Fund to create more opportunities for under-capitalized entrepreneurs



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