



**REGULAR BOARD MEETING**  
**HAWAII TOURISM AUTHORITY**  
**Thursday, September 29, 2022, 9:30 a.m.**

**Hybrid In-Person & Virtual Meeting**

**MINUTES OF THE REGULAR BOARD MEETING**

**MEMBERS PRESENT:**

George Kam (Chair), David Arakawa (Vice-Chair), Kimberly Agas (Zoom), Dylan Ching, Keone Downing, Mahina Duarte (Zoom), Stephanie Iona, James McCully (Zoom), Sherry Menor-McNamara (Zoom), Mike White,

**MEMBERS NOT PRESENT:**

Sig Zane

**HTA STAFF PRESENT:**

John De Fries (Zoom), Kalani Ka'anā'anā, Marc Togashi, Caroline Anderson, Ilihia Gionson, Iwalani Kaho'ohanohano, Carole Hagihara, Jadie Goo, Ross Willkom, Tyler Mejia

**GUESTS:**

Representative Richard Onishi, DBEDT Director Mike McCartney, DBEDT Deputy Director Susan Hirai, Kylie Butts, Charlene Chan, Jennifer Chun, Jeffrey Eslinger, Nathan Kam, Noelle Liew, Guillaume Maman, John Monahan, Barbara Okamoto, David Pettinger, Teri Orton, Malia Sanders, Allison Schaefer, Mari Tait, Jay Talwar,

**LEGAL COUNSEL:**

Gregg Kinkley

**1. Call to Order**

Chair Kam called the meeting to order at 9:33 a.m.

**2. Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic**

Mr. Gionson did the roll call, and all members were confirmed in attendance. Members who attended via Zoom were by themselves. Mr. Zane were not present.

**3. Opening Cultural Protocol**

Mr. Casson-Fisher did the opening protocol.

**4. Approval of Minutes of the July 28, 2022, Board Meeting**

Chair Kam asked for a motion to approve the minutes. Mr. Ching made a motion to approve the minutes. Mr. McCully seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

**5. Report of Permitted Interactions at an Informational Meeting or Presentation Not Organized by the Board Under HRS section 92-2.5(c)**

Mr. McCully said they met and discussed the topics under purview, and they had staff and members present, Mr. Arakawa and Mr. Rafter. They discussed the upcoming legislative session.

**6. Reports of the Chief Executive Officer/Chief Administrative Officer/Chief Brand Officer**

**a. Relating to Update on HTA’s Programs During August 2022**

**b. Relating to Update on HTA’s Implementation of Change Management Plan**

Mr. De Fries said they all received a copy of the CEO report for the month of August 2022. He emphasized the Change Management Plan. During August, they continued to recruit for the Procurement Manager, Senior Brand Manager, Administrative Assistant, and Brand Manager positions. They filled one Brand Manager position during that time.

He said Mr. Togashi would speak about the contact they have with the Budget and Finance Committee. They continue to maintain an open-door policy and facilitate updates with the mayors of all four counties. Mr. De Fries thanked Ms. Anderson for inviting him to the last two Moloka’i task force meetings, an extension of the DMAP work on Moloka’i. He gave Ms. De Gaia credit for getting the process to where it was. He said it is great to engage with the community.

Mr. De Fries said he attended the JATA tourism expo in Japan, the largest trade show in Japan. It reminded him of how intense the global competition is now that it is returning to a sense of normalcy and becoming aggressive in promoting destinations. The international sector contained Hawai'i and everyone who wanted a portion of the Japan marketplace. He saw Sen. Wakai there; his presence meant a lot to the HTA's stakeholders in Japan. He was attending on Zoom as the HTA was invited to attend the Hawai'i Executive Conference. He had an opportunity to address the group on behalf of the HTA. Mr. Zane was asked to do the opening. Mr. De Fries said the focus at the conference was on the "soul" of Hawai'i. He said all the mayors were highly vocal and supportive of the efforts put forth through DMAPs.

Mr. De Fries said Mr. McCully was attending the Hawai'i State Association of Counties. He extended a special thank you to the HTJ for doing an excellent job of putting Hawai'i as a destination in a prominent competitive way. He turned the floor over to Mr. Togashi.

Mr. Togashi said August 2022 was very busy. With respect to the finance and contracts team, the closing of the fiscal year was in July 2022. They spent time in August 2022 getting ready for the FY2023. Of particular importance was the focus on enhancing the financial operating system allowing them to better function in a federal funding environment. The HTA team had begun preparing for various procurements, including the Japan MMA RFP, which reached fruition in September with its release. Working with SPO and planning the HTA's procurement for the rest of the fiscal year has been their procurement focus.

Mr. Togashi said that concerning funding, they continue to work with the governor's administration on the HTA's funding for the FY2023. HB1147 was vetoed, which required the HTA to work with the governor to help deploy funds to the HTA for operational purposes. They appreciated the governor's support with the intricacies. Some of the intricacies included their consideration of the availability of funds at the state level, and the HTA communicating their plans with them. This included discussions on cash flow. The HTA continues to work closely with the program staff.

Mr. Ka'anā'anā said they have been very busy. He welcomed Ms. Mejia, who joined their team as an administrative assistant for the Branding Standing Committee. Ms. Mejia was previously working with Pono Shim at the O'ahu Economic Development Board. He gave recognition to the HTO team and the sea cleaners. There was a beach clean-up in Hawai'i and Auckland as part of their Aloha Down Under sales mission the HTA did with the HTO. He was excited to get the youth engaged in this. HTA worked with HTUSA and the Anthology Group, the local media and outlets partner, to help educate the residents on all the projects that addressed DMAPs, and educate visitors pre-arrival, in-destination, and when they went home. Mr. Ka'anā'anā spoke and showed one video of the Pa'i Foundation, whose missions aligned with the Mālama Ku'u

Home message. He also talked about partnering with Aloha Festival on September 24, which built meaningful opportunities for interaction between visitors and residents. He spoke about the release of Aloha 'Āina Kahalu'u Program, a 10-part video series spotlighting Kahalu'u Bay. He shared a video of one of the pieces to educate visitors on how to protect the coral reefs.

Mr. De Fries asked Mr. Ka'anā'anā to speak about HTA's involvement in the upcoming Kona Ironman World Championship. Mr. Ka'anā'anā said everything that was proposed as part of the approval process was in place. He was excited about the meaningful effort by the triathlon to engage the Kona community to address some of the concerns with traffic and the impact the races will bring. They are mindful of this and can address the concerns in their discussion in support of the Ironman. He said beyond the HTA's partnership, Diana Bertsch and the Ironman triathlon team are making strides in engaging and educating the racers about Kona. Mr. Ka'anā'anā found it interesting that the Ironman website released a video about (the Natural Energy Laboratory of Hawaii Authority (NELHA) to educate the race participants to protect the natural resources in Hawaii. Mr. De Fries asked Mr. Ka'anā'anā to share the video with the Board members.

Mr. Ka'anā'anā said over 45,000 attendees at the Okinawan Festival over the Labor Day weekend, with 3,600 volunteers that helped put on this great event.

Mr. McCully said he neglected to include Chair Kam as a participant in the first inaugural PIG report, so he wanted to amend his report. He asked whether he should have named the staff in the PIG meeting. Chair Kam said he should mention them. Mr. McCully said Mr. De Fries, Mr. Ka'anā'anā, Mr. Togashi, and Ms. Anderson had joined the meeting.

Mr. Arakawa said they had tremendous support from the community, Hawaiian groups, schools, and community colleges for the Okinawan Festival. He thanked everyone who contributed.

Rep. Onishi mentioned that the Ironman event would be a 2-day event, not one day this year. This big change would lessen community impact by separating the groups so that it would be faster and fewer people on the road. He also mentioned that in August 2022, the state auditor released an update to the recommendations made on the audit of 2018. He was unsure if the Board members had access to it. He said an update regarding the report needed to be provided by Mr. De Fries as he had some problems with the report, with regard to accuracy and the current situation, and how the recommendations had been addressed.

Chair Kam asked if Mr. Togashi could let them know about the discussions. Mr. Togashi said it was not an audit but an update to assess the progress of the HTA implementing the auditor's recommendation they first issued in their 2018 report. In the fall of 2021, they worked with the

auditors to provide them with information for their assessment. The week before that, they had issued their report to them. He said there were several recommendations they were confident in. He also said there were likely misunderstandings or miscommunications, so they went through it with the auditors in the meeting. He said some recommendations would require a lot of work from staff. Mr. Togashi said every organization has things to improve upon, including the HTA. He said it is important to note that the period the auditors were looking at to make their assessments was not an ideal time for the HTA, as they were in a pandemic and continued to work through the transition period. He said they would continue to improve on their policy and procedures.

Mr. White said that after looking at the audit update, there were several issues with the HTA, and that they still had work to do. A lot was done since 2018 considering the challenges, including staffing issues. He said recruiting and retaining highly qualified staff depended on their trust for future events. The current staff is amazing, and they are on the right track, but need to do some work and the legislature's support.

Mr. Arakawa asked for copies of the updated report. Chair Kam said they would all get a detailed breakdown. Mr. Takahata is working on a Change Management update that he will send to everyone at the HTA.

There were no questions or comments from the public.

## **7. Report and Update by the Ho'okahua Hawai'i Standing Committee on the Waikiki Historic Trail Markers**

Ms. Anderson gave an update. She thanked Chair Kam and Mr. Downing for their support. In the Ho'okahua meetings earlier in the year, Mr. Downing brought up the Waikiki historic trail markers, looking to enhance them and add new ones. With the EDA funds, they would be refurbishing the trail and O'ahu DMAP funds. He said it is a partnership collaboration with NaHHA, O'ahu Visitors Bureau (OVB), the City and County of Honolulu, and the Mayor's Office of Cultural Arts. Ms. Anderson said it is a three-phase approach, discovery, development and installation. They are currently in the discovery stage. During September, they did two site visits and walked around Waikiki. She said Malie Sanders from NaHHA was very helpful and had a wealth of knowledge. Catherine Orlans and Noelani Schilling-Wheeler from OVB also walked around Waikiki, looking at the signage and inventory. She said that Mr. Downing and Chair Kam suggested places where the new signs could be moved to, and those were noted. NaHHA and OVB had been meeting with the city. She said they would start with the budget, and are liaising with the architects to see costs. Part of this would also be website development, so the information is available digitally as well.

Mr. Downing added that the concept is to bring back Hawaiian-ness to Waikīkī, refurbishing and update the trail, and help people understand it easily so visitors and tourists can see and connect with it. They must update information constantly so it does not become stagnant. He appreciated everyone's input and ideas on how to get it done. He suggested having a template that could be used elsewhere in the state to help facilitate a similar process in other places.

Chair Kam said it was about more than just putting up nice signs, but cleaning all of Waikīkī. He said it is a comprehensive plan.

Mr. Ching said there is movement in Waikīkī. He said there had been a lot of people sleeping on the beach and a lot of mentally ill people needed help. He said hopefully the programs are working to address this, but there is still a lot of work to be done.

Mr. Rafter spoke about the three kiosks that had been activated. Chair Kam said there is traction, and things are happening, and they must see what they can do to support all the efforts.

## **8. Report and Update by the Branding Standing Committee of their Meeting Held on September 28, 2022**

### **a. Discussion and Action on the Recommendation by the Branding Standing Committee on the HTA Sports Programs Request For Proposals as Supported by the HTA Sports Program Strategy**

### **b. Report by the Branding Standing Committee Regarding an Update on the HTA's Major Market Area Request for Proposals**

Mr. Ching spoke about the RFPs that are in the pipeline, as well as the recent release for the Japan market. The pre-proposal conference meeting is on Friday at 3 p.m. Mr. Ka'anā'anā said there was still time for people to register, and the conference would be an hour and a half long.

Chair Kam recognized that Mr. McCully had to attend a Regenerative Tourism meeting, so he was excused. Mr. Ka'anā'anā said the deadline to submit intent to apply was by 4:20 p.m. on October 3. Proposals are due at 2 p.m. on October 28. They intend to issue their notice of award in the week of November 21.

Mr. Ching said that after Japan's RFPs, Canada and China would follow. Mr. Ching spoke about the HTA's sports strategy for the RFP for sports. He said they had a discussion, and the plan is based around the pillars and concentrated on major sporting events, community, and community events. He said they had a good discussion. The direction seemed to be going in the right way, but some details still need to be worked out. They also discussed why the previous

RFP was canceled. The big reason was the non-response rate and the ability of the organizations to apply and/or understand the application process. They came to the conclusion that they should make it clearer, so they would convene again and narrow down the process.

Mr. Ka'anā'anā said the staff recommendation was to defer agenda item 8. Mr. Arakawa said Mr. Ka'anā'anā did a great explanation of the nuances of the contract, and they all felt that the HTA was going in the right direction. He thanked Mr. Ka'anā'anā for his input. Mr. Downing asked what the strategy was, why they chose events, and how they would fit it into the HTAs strategy. He wanted to know what their expectations were for local events. He asked what the community benefit is, and how the local community could participate in the events. He said the strategy must address the community first and then the marketing side so that it can expose more people to Hawai'i.

Mr. Ka'anā'anā said they would later address some of the questions regarding the detailed framework of the criteria, which would underpin each pillar. He agreed that they have to generate community benefits beyond the brand alignment and the economic returns. He said they always try to find the sweet spot. He feels there is value in the brand alignment and brand awareness generated by some of the sport events. He said there are local events that bring the community together. He heard that they want more emphasis on the community level and the Hawai'i authentic level and make some investments in marquee and signature events.

Mr. Arakawa said there are some activities that they should own. Rep. Onishi commented on some legislature concerns when they were talking about focusing the efforts of the HTA, and said HTA's job from the legislature standpoint is not to be focused on the benefit for the community at the expense of promoting Hawai'i outside of Hawai'i. He spoke about natural resource management and said it is not the HTA's role and responsibility to do that work. The County Department of Parks and Recreation is supposed to focus on local kids, and local activities to help develop that aspect within their communities. DMAPs help encourage that for the counties to consider. He said they should be cautious as many people are watching them, whether it fits their pockets on what the HTA should be doing and how the HTA provides the funding to do what they are doing.

Mr. Downing said spending funds for the community is not the priority, but spending funds that can engage the visitors with the community, or marketing Hawai'i with visitors and communities is more important. He said they had been told they do not need marketing, but also that community is okay if the HTA does marketing. He said they need clarity on what they are supporting. He said it would be good to have qualifying events in Hawai'i. For a child from Hawai'i to go to events with enough funds to compete on the international scene is not likely. If they could have qualifying events in Hawai'i it would help children who cannot afford to travel.

Chair Kam said he appreciated Rep. Onishi's heads up on people's concerns and sentiments, and they are working on finding that balance as it is all interconnected. Mr. Downing said he enjoyed what Rep. Onishi said. Mr. Downing said they would figure it out.

Chair Kam wanted to ensure they felt good about their decisions as a Board and could discuss things openly. Mr. Ka'anā'anā said part of their job as staff is to bring the best recommendations to the Board. It is about finding the balance and events that make sense from both perspectives. He said the marketing and branding is not how they traditionally did things but is a shift in educating visitors and building travel demand for Hawai'i Islands, part of their statutory responsibility. It is about drawing people to Hawai'i, raising awareness globally in the marketplace, and building community relationships.

Mr. Rafter said good marketing is essential, and the value proposition of Hawai'i continues to get more difficult. He reminded the Board that they have the highest tourism and visitor tax in the world and the highest percentage in the United States. Mr. Ka'anā'anā said the STR reports recently put Maui and Hawai'i in a separate chart. Rep. Onishi said that the Board needs to understand that Hawai'i is going up against countries that understand the visitor industry. Countries are spending a lot of money to compete against Hawai'i, and the legislature does not see the competition. He said there are many opinions on how to address the visitor industry.

Mr. Ching said they did a lot of work on strategic goals. He wants to know if Rep. Onishi agreed with their goals. Rep. Onishi said he was fully in support of the development, and it is appropriate that there are objectives they want to accomplish with each event. Mr. Ka'anā'anā said his staff and Mr. Willkom would build up the framework that underpins each of the tiers that sets the criteria and objectives for each and some of the KPI's associated with them to understand the intent. He said they are keeping a global perspective on their sports strategy and also thinking of unique ways to build brand partnerships. Mr. Ching said there would be three strategic goals and some balance based upon the pillars, and they should work within those goals.

### **c. Report by the Branding Standing Committee on the HTA's Meetings, Conventions and Incentives Targets**

Mr. Ching said in September 2022 there were several events. The Okinawan Festival brought in 34,000 people. For the HCC there was a discussion around the tiers and the types of conventions that could fill up the HCC. The lead time for some of the tier 1 bookings are far out, and because the conditions are not in the HTA's control, they have some doubts between now and 2026. Mr. Ching said they need to hit the smaller conventions to fill up the HCC to get confidence and get things moving, so they can get enough business in the next five years. Mr.



Arakawa said they spoke about Mr. Reyes' team and the concern with hiring new managers with a good rolodex and relationships going forward. He said they also talked about the difficulty in marketing the HCC with the current leaks in the roofs. Some of the marketers were hesitant to market the HCC, with the leaks being an issue. They also spoke about getting back to their pre-COVID numbers. Mr. Rafter said it was a good reminder for the legislature and the DBEDT team that the more certainty the HTA had, the better they would perform. He said the HVCB and Mr. Reyes' team were losing people because there was no certainty on what was happening. He said in Mr. Reyes' defense, he is competing with people viewing Hawai'i, but also competing with convention centers that have a lot more space and spend money keeping the centers updated, e.g., Seattle and Los Angeles have had multiple expansions. He said everyone needs to know that there are investments in other cities as well.

Mr. White spoke to Rep. Onishi's point about the challenges the HTA faces and the legislators not having a broad enough view of everything. He said they suggested going to tradeshows to show that they will deliver a product when he was on the council. He said it was unfortunate that the initiative had to come from the legislature during the downtime. He said they are hugely outspent in the tradeshows by other islands, like Jamaica, etc. They are being outdone in ways the legislators do not understand. Mr. Ching said he felt confident that Mr. Reyes and Ms. Orton understood what is needed. He said the HTA gives them their full support.

#### **d. Report by the Branding Standing Committee on the HTA's Marketing Effectiveness Study**

Ms. Chun reiterated that the Marketing Effectiveness study is a misnomer. She appreciated Mr. Arakawa's suggestion for a name change, but it is the study's second to the last version, and they will keep the name for now. She said they have older reports posted on the website on the other research page. The study is looking at going to the U.S., Canada, Japan, and Korea market that they had funds for at the time, as they did the RFP for those in 2018. She said they wanted to find out what is important to people who travel, what motivates them to travel, what is important to them, and how they view each destination. She said they could see how Hawai'i ranked against their competitive destinations, whether they have unique scenery, a good place for shopping, etc. She said that when Omnitrak bid for the project, they added a component to show people images of past marketing efforts in the past six months. They had looked at people who had seen the marketing versus people who had not seen the marketing and if there was any difference in people's consideration to go to Hawai'i. She said they were asked to add some text to it.

Ms. Chu said awareness of Hawaii's Marketing Effectiveness Campaign increased consideration for travel visits to Hawai'i. She said that for the U.S. West, 65% of the people who had seen the campaign were considering Hawai'i for their next vacation. 47% of the people who did not see

the campaign said they were considering Hawai'i for their next vacation. The idea is that the people who saw the marketing are more likely to consider Hawai'i for their next vacation.

Ms. Chun gave the U.S. East data that had a 9% percent difference. The biggest was for Korea, with 24% who saw the campaign, but in general, more people for the U.S. West were planning to go to Hawai'i for the next visit. Mr. Arakawa asked about the U.S. MMA. He said the Board and the public deserve to know, and it should be on the agenda as a standing item. Chair Kam said they are still working on the U.S. MMA, and when they have updates, everyone will be briefed.

### **9. Presentation by the Anthology Marketing Group on the HTA's Workforce Study Report**

Mr. Ka'anā'anā introduced Mr. Pettinger, and said everyone understood the workforce challenges. Mr. Pettinger said they spent a great deal of time gathering information. He spoke about some of the findings from the research. Mr. Pettinger said it was primarily with those businesses directly related to visitor industry services and support functions. They spoke with CEOs, general managers, and HR professionals to understand the visitor industry workforce needs. They also tried to identify topics and things that the industry could do to better prepare current workers and the next generation of workforce. They told participants in the research that the HTA does not necessarily intend to be the entity that develops the programming to help with this. He said it was an information-gathering effort to make sure there is some directional guidance for all participants, whether educational, industry, or non-profit, to benefit the workforce going forward. He said it was an assessment of the current and future workforce development opportunities in the visitor industry for Hawai'i.

Mr. Pettinger said they had four components to the research effort. They did a mixed-mode survey which was a large-scale survey of visitor industry businesses, which included owners, HR directors, and general managers. It was a significant sample size to talk about so there was reliability in the data collected through the survey. They also did qualitative research in the form of one-on-one, small-group interviews that included some BOD members to ensure a more in-depth perspective. They conducted secondary research on state and federal resources to understand trends in workforce. They also conducted an added value survey of Hawai'i residents to gauge perceptions of the visitor industry as an employer.

Mr. Pettinger spoke on the methodology and how the research was conducted. The survey of businesses was conducted between February and July 2022, an online and telephone outreach effort. They had 452 completed surveys as part of the status set. They included an additional 103 partially completed surveys so that they had as much data as possible in some initial areas of inquiry. They only spoke to people who knew the organization's workforce needs. They did

in-depth interviews with 36 executives across the state on every island, and in every industry. He showed the secondary research sources they reached and the Hawai'i resident survey that included 461 completed surveys from full-time Hawai'i residents. He thanked the HTA team, Mr. Ka'anā'anā, Ms. Goo, Ms. Chun, and Ms. Anderson, who put in effort over the last year to make it a success. He also thanked all the organizations involved.

Mr. Pettinger spoke about the key findings. One key driver is the perception of the industry as an employer. The visitor industry is not perceived well as an employer for a long-term career opportunity. That perception is similar between employers and residents. Some thought the industry provided excellent opportunities to meet individuals from diverse cultures and backgrounds. Many felt that as an employer, it is not a desirable industry to work in for presenting career opportunities for advancement, offering competitive wages and benefits, or having significant training programs. These perceptions could be affected by communications, marketing, and outreach.

Mr. Pettinger said workforce and hiring are challenging. Recruitment challenges from the perspective of businesses are likely to continue going forward. 39% said it was difficult to recruit for entry-level, and 62% said it was challenging to recruit for senior management roles. Because of that, employers are trying to retain the employees they have. More than half of the employers reported difficulty retaining entry-level employees, as well as those at supervisor and middle management levels. They are investing as much as they can. There are financial and resource constraints to businesses being able to invest in retaining their employees.

One key takeaway from the survey is that there is substantial opportunity for people who want to join the visitor industry. According to employers, the current needs now from the manager level are anticipated to be the same five years from now. There is an opportunity not only in coming into the visitor industry as an entry-level employee but moving up to a management level or beyond. Better clarifying the career path and opportunity that exists is something the industry can do to change initial perceptions. Future demand for employees is expected to remain very high. Entry-level roles are among the most needed, but over the next three to five years, employers expect demand for all types of roles to remain high.

Skills development for managers, supervising, team building, conflict resolution, time management, and communications are the key factors that came up from employers. For entry-level, it was the basic skills, not the job-specific skills, as much as the work ethic, and the interpersonal communications that are needed to prepare current and future workers for the industry. When asked how proficient current applicants are for jobs at the organization in several different areas, only 4% of recent applicants were proficient in all job requirements. 30% of applicants lacked the required basic skills e.g., reading, writing, and math. 42% of

applicants lacked the required digital skills e.g., basic computer use, word processing, and basic software proficiency. 73% of applicants lacked Hawai'i tourism-specific knowledge e.g., Hawaiian Culture, revenue management, how the industry works, and distribution systems.

The key takeaway was that soft skills development is a resounding need in the industry today and into the future. Employers would like to see their current and future employees better prepared. Most employers prefer job-specific training with the employees to prepare them for the specific role, with a few exceptions. Businesses identified the following workforce development topics as priorities: Customer and guest service, workplace awareness, Hawaiian Culture, digital and computer skills, communication, interpersonal or social skills, management, and leadership training.

When employers were asked what they offer currently, 91% of them do on-the-job training, 83% do employee orientation and onboarding, 81% do operational and technical training, 76% do compliance training, and 75% do customer service training. Some offered to select employees included leadership training, operational/technical training, and market and industry trends. Most employers would like to provide training. 17% mentioned ethics, and 17% mentioned anti-bias and DEI training and learning about industry trends, sustainability and green practices. One of the big challenges the businesses face is the time and resources to be able to do training. Being short-staffed, they struggle to prioritize training and development as part of their everyday work. Only 45% have a budget currently allocated for this. Over the next two years, 39% will increase their employee training budget, but 43% expect no change to their budget. A little over half are investing in long-term career development and retention. 46% said they do not currently make those investments. 60% said they are too short-staffed to do it, 30% said they lack the funding, and 17% said it is too hard to train in the context of the pandemic.

In terms of format, virtual training could meet some needs, but employers said that in-person is necessary for a few reasons. One, a minority of businesses have the infrastructure to support virtual training, 43% of businesses said they do, and 36% said it is feasible for some of their staff. Restaurants were the highest sectors that did not have any access to technology to be able to support virtual training. There was also the appropriateness of doing virtual training instead of in-person training. Since soft skills are a big need, in-person training is overwhelmingly the preferred method, according to employers. Compliance training and other similar topics were being considered through a recording or virtually with more ease.

Mr. Pettinger said there were some differences between O'ahu and the neighbor islands. For those on the neighbor islands want to see training done by those in their community if possible. They believe there are nuances to doing soft skills development particularly that are helped by having someone local do the training. Internships and apprenticeships represent significant

opportunities. 41% of the businesses offer an internship and/or apprenticeship program currently. Many are in the hotel industry. A lot of other sectors do not have that opportunity in place. 38% of the businesses say they offer internships. 24% have an apprenticeship program. Building awareness that hospitality programs require an internship is an opportunity, as only one in three employers was aware of that. For programs supported by the HTA, awareness varies from 43% when it comes to the NaHHA cultural training, to 20%, with one in five being aware of the certified festival event executive program. Increasing awareness is an opportunity as the numbers increase in those businesses interested in the program once they are told about it.

The last key finding was that there was little consensus on the role that the HTA should play in workforce development. Some ideas were sponsored training, and certification programs, facilitating or offering internship and apprenticeship programs, serving as resources for receiving relevant industry information, and hosting learning opportunities for leaders. Some insisted that workforce development was the responsibility of the businesses themselves.

Mr. Pettinger spoke about recommendations. This included positioning Hawaii's visitor industry as a desirable choice for a career, increasing awareness of and access to existing programs, supporting the current visitor industry workforce, and preparing the next generation for a successful career in Hawaii's visitor industry leadership, management, technology training, and Hawaiian Culture.

Mr. Ka'anā'anā said they were not prepared to bring recommendations to the Board as they are still digesting the report, but they would later. Ms. Chun mentioned that Anthology Group also did a report for DBEDT on remote work. There was a request to speak about anti-bias training. Mr. Pettinger said it was presented to respondents to the survey as one of the categories that was an option, that every employer is looking at it differently. Diversity, inclusion, and equity are things that are more of an emphasis, but it was identified as a category selected by one in six as something they would like to offer their employees. It is increasingly important to employers.

## **10. Presentation and Discussion of Current Market Insights and Conditions in Hawai'i and Key Major Hawai'i Tourism Markets**

Ms. Chun said that for August 2022 overall visitor expenditures were higher than August 2019. Visitor arrivals were still lagging in 2019 levels. For market levels, total expenditures were up for U.S. West, U.S. East, and Canada. Due to the low number of Japanese arrivals, all other markets were down. Visitor arrivals and average daily census were up for U.S. East and U.S. West. On an island basis, spending was up for all the islands and per person per day. Visitor arrivals were

only up for the island of Kaua'i. Average daily census was up for Maui, Moloka'i, Kaua'i and Hawai'i Islands. Spending was up. There were also people staying higher on the islands that were driving expenditure higher overall for all the islands. The throughput for the TSA during summer airport activity was high. Overall, August 2022 was 16% down compared to two years ago. Kahului was flat with the same amount of activity. Kona was down 4%, but Lihue was up 6%. Hilo was up 11% compared to two years ago.

Ms. Chun said most people who visited in August 2022 went on a vacation and stayed at hotels. Hotels were 77.1% occupied, with a \$383 average rate across the state with a RevPAR of \$295. Vacation rentals were less occupied at 64.7% at \$300 ADR, significantly less than hotels. The amount of vacation rental demand was low compared to hotels.

Mr. Ka'anā'anā said that as they continued to monitor activities and their position on illegal short-term vacation rentals, there was an active lawsuit trying to challenge the final form of Bill 41.

Ms. Chun said they had just published the timeshare that morning. For the past quarter, timeshare across the state was highly utilized with occupancies in the high 80s and 90s. For the TAT collection by the tax department, for August 2022, they collected \$81.5 million. The two months together were \$165 million, 23.1% higher than the previous FY, \$31 million higher. July and August 2022 were some of the highest collections for TAT going back to January 2017.

The unemployment rate for August 2022 was 3.6%. Kaua'i had a higher unemployment rate, and Honolulu had a lower unemployment rate across the state. For jobs by industry, they continue to see an increase in food and service jobs. She said they run the air service tables every week as they change frequently. There were more domestic seats for August and September 2022 than in 2019, but overall, there were far fewer international seats than 2019. There are seats for Japan in the schedule but they are not flying until Q2 or Q3 of 2023. She said they publish the air seat schedule weekly, and it is on the infrastructure research page. She said she does not report on cruise activity as there have not been a lot of cruises in Hawai'i lately. There should be a cruise import in Honolulu, which will kick off the cruise season for Fall. October will be a busy cruise month across the state.

For the Skift Travel Health Index, the current number was 85%, which was better than the previous month. The U.S. was the highest on Travel Health Index, followed by Canada and Australia. China and Japan were down to the 60% level.

For the Pacific Asia COVID recovery dashboard, most countries are open with high vaccination rates. The booster rates are also high for the markets, with the U.S. having the lowest number of people who have boosters. Canada will be opening up more. Korea will eliminate some of its

COVID requirements. As of October 11, Japan is taking away their requirements and caps. U.S. Gov travel obstacles by market, travel restrictions, and health risks are still things people are thinking about.

Ms. Chun said the perceived safety of domestic travel for the U.S. market was up from last year. International is also up, but when looking at the safety perception for domestic travel at 75% compared to 56% for international travel, people are still a lot more comfortable taking domestic trips than international trips. People are looking to take their next vacation in the next three months, 46%, which is slightly higher than when they last considered traveling in April. It is still lower than where they were in last July. 53% of the people thought they were taking a vacation relatively soon. The statistics for those not expecting to travel for leisure was at 19%. Reasons for people not traveling in the next six months included concerns about personal financial situation. On a global basis, price is now a bigger concern than it had been in past months, specifically in the U.S. market. Another concern is the high cost of travel. COVID is still a concern, but the economics have a bigger impact than they did before. The perceived affordability of travel is now in a negative trend of affordability. Personal finances available for travel is also trending downwards.

The U.S. Travel Association has a slight increase in travel spending, but there is a 12% decrease in air passengers and a decrease in overseas arrivals, and hotel demand, with a lot of short-term rental increases for the U. S. nationwide.

For Japan, when the announcement was made that people would be more free to travel, the outbound flight searches from Japanese people increased. For travel agency booking trends, the volume of trends for bookings for the U.S. market for any time in the future had been relatively flat in summer. Trends were similar for 2019, 2021, and 2022.

For Japan, the overall booking volume was not very high for trips to Hawai'i, but they do have interest going into next Spring. For 2022 there was an increase in holiday travel, with a bit more interest going into March 2023. For Canada, there was an increase in bookings in the last month. 2022 is a similar travel pattern as previous years but not to 2019 levels. For Korea, there was an uptake in interest in recent weeks, but volumes were not quite there yet. The time of arrival is similar to 2019. For Australia, they have a similar pattern but lower than 2019, although closer for Spring.

Ms. Chun spoke about new research from the provider of travel agency bookings and said they had a new product they were introducing. The data looks at direct airline bookings. With the foreign keys data, they look at the mix of the distribution channel. 58.2% of the U.S. market is booking direct, versus 14% using retail travel agents and 14.1% online. Other travel agencies

are 10%, and corporate travel agencies like American Express Travel are at 3.7%. The lead time for bookings for large groups for the U.S. market, 40% of people is at 91 plus days out to Hawai'i, but there is still an opportunity for people booking less than 15 days out at 9.1%.

For Japan, there is more interest this year as they could not travel last year. Currently the way things are being booked, 66.5% are booking direct versus the retail and online travel agencies, which are a lot lower. Lead time is 45% booking 91 days out.

For Canada, there is a high percentage of direct bookings. Retail travel agency bookings are at 25%. Lead time for booking 91 days out is 49.8%, and few people are booking closer in. For Korea, it is half and half for direct and retail travel agency bookings. They have a lot of retail travel agency bookings happening. For 91 plus days bookings they are at 33%.

Australia has a lot of retail travel agencies and direct bookings, which are almost equal. For bookings, 91 days plus, they are at 38%.

There were no questions from anyone.

## **11. Presentation, Discussion, and Action on the HTA's Financial Report for August 2022**

Mr. Togashi spoke about the Executive Summary. He said that as of August 31, they have access to \$29.6 million in the Tourism Federal Fund (TFF), which is a \$3.4 million decrease from July due to the program expenditures. Of the \$29.6 million, \$8.8 million is encumbered, and \$20.8 million is unencumbered. They are currently working with the government administration on the release of the FY2023 ARPA funds. The HTA TSF has \$26.4 million in cash, in addition to the \$5 million in the emergency fund they maintain by statute. Of the \$26.4 million in cash, \$21 million is encumbered to contracts, and last month \$5.4 was unencumbered. They anticipate that the \$5.4 million of unencumbered funds could increase as savings from certain contracts are realized. He pointed out that the \$5.4 million available will return to the state's general fund with the sunset of the TSF.

Regarding the CCESF, the fund they historically operated the HCC from, they have \$34.9 million, representing an \$11 million increase from July due to receiving \$11 million in TAT revenue. Of that \$34.9 million cash amount, \$5.8 million is encumbered for contracts. The remaining \$29.1 million of unencumbered funds will primarily be stored as a Repair and Maintenance (R&M) reserve for future deployment in support of their six-year R&M plan when the appropriation expenditure ceiling is restored through the legislative process.

For 2022 CCFF ARPA funds of \$10.2 million are available, mostly all of which have been encumbered. Item 2 of the Executive Summary provides a recap of funds that has been released by BNF. The Federal Fundings budget can span several fiscal years, so they will



continue to encumber funds against the FY2022 budget in FY2023. For each program, the budget statement shows the full \$60 million budget. He said reporting just the activity from the FY2023 for multiyear grants is the added capability that the system enhancement allowed for. Significant activity for August was the Boards approval for the release of \$6.4 million in funds to support community-type programs, as well as the reallocation of \$800,000 from GoHawai'i to the Kahea airport and cruise industry consultancy services programs. He said a summary of cumulative budget reallocations was made in the meeting packets.

There were no questions from anyone.

Chair Kam asked for a motion to approve the agenda item. Mr. Rafter made a motion, and Mr. Ching seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

## **12. Presentation, Discussion and Action to amend the HTA's FY 2022 Budget**

Mr. Togashi said that at the previous Board meeting, they started a discussion that resulted in them making shifts to move programs they intended to fund out of the FY2023 budget instead of the FY2022 budget. This would address those concerns and needs, all related to efforts to continue supporting their programs as they continue working with the Governor's administration to release the FY2023 funds. He proposed a continuation of that discussion.

He showed the proposed amended budget for the FY2022 funds. He said they would focus on any other changes. He went through the suggested changes. He spoke about the Legacy Award Program they are looking to increase from \$25,000 to \$75,000. The Hawaiian Culture Opportunity Fund is looking at decreasing from \$50,000 to zero. The Travel Hawaiian Culture is a nominal decrease from \$15,000 to \$14,000. The Resort Area Hawaiian Cultural Initiative is a decrease from \$400,000 to \$150,000. For the Hawaiian Cultural Festivals and Events, they are looking to increase from zero to \$780,000.

Mr. Ka'anā'anā said the changes were working within the cashflow needs having not received an appropriation yet. He said it was important to adjust the FY2022 budget, but the FY2023 does make the programs whole.

Mr. Rafter asked about the reductions balancing out, and Mr. Ka'anā'anā explained that it all comes out to net zero in the end, and it all balances out.

Mr. Togashi spoke about the Wahi Pana Series, which will decrease by \$250,000 to zero. For Community Product Capacity Building will decrease from \$169,000 to zero. The current Workforce will decrease from \$100,000 to zero. Future Workforce Development will increase from zero to \$150,000. The Branding area for the Campaign Effectiveness Study will decrease from \$10,000 to zero. Rebranding of the Hawaiian Islands will decrease from \$1 million to zero.

Creative Agency will decrease from \$250,000 to zero. Marketing Opportunity Fund will decrease from \$260,345 to zero. The Sports PGA Tour Contracts will increase from zero to \$1.8 million. UH Athletics Branding Partnership will increase from zero to \$167,000. For Safety and Security, the Lifeguard Program will be decreased from \$200,000 to zero. Mr. Ka'anā'anā said it should be renamed to Junior Lifeguard Program. There were no changes to the planning or administrative section. For Governance and Organization-wide, Governance, General Board, and others will be increased \$27,748 to \$70,748.

Mr. Togashi spoke about the \$4.3 million payroll, and other changes were approved as part of the July 2023 Board meeting. The Board unallocated amount was also discussed at the last two Board meetings. They made the \$11 million into the budget by taking what they had previously not allocated for the Smart Destination website, which was approximately \$6.4 million, to fund some of the other items for the community-type programs. The additional \$4.3 million was for payroll for FY2023 from the FY2022 funds. That left \$450,000 of unallocated funds. As part of the proposal, they were looking to deploy those funds. He said everything is budget neutral, still, \$32.6 million, and they are asking for the Board's approval.

Chair Kam asked for a motion. Mr. Rafter made a motion, and Mr. White seconded. Mr. Gionson did the roll call, and the motion passed unanimously.

### **13. Presentation, Discussion, and Action on the Hawai'i Convention Center's August 2022 Financial Report and Update on the Hawai'i Convention Center's 6-Year CIP Plan**

Ms. Orton reported for August 2022. They hosted 20 events at the HCC, more than anticipated in the budget. There was a net loss of \$395,000, which was \$186,000 better than anticipated, taking the August FY to-date facility net loss to \$583,000. They were facing some challenges with the current facility reforecast reflecting a loss of \$6 million, which was \$628,000 higher than the \$5.4 million they had budgeted for. The majority of that revenue loss was due to two removals of two corporate pieces of businesses that looked to be strong tentatives, but both did not materialize. For one of those corporate pieces of businesses, the meeting planner attended the recent FAM tour, and Ms. Orton was able to showcase the HCC and multiple properties. She said the meeting planner planned to bring the business back in 2024. Inflation costs and electricity has gone up about \$120,000 to what they had initially budgeted for. They are trying to reduce expenses in other areas. She said they have been working with the HTA and the local Hawaiian Emergency Management team and submitted a reimbursement for eligible expenses under FEMA due to COVID, for opening safely and operating the HCC out of the pandemic. They were recently notified to receive \$65,000 in reimbursement funds under the program. She said there were other applications pending.

In addition, they also received \$297,779 and turned it over to the HTA for the last FY for employee retention tax credit under the Cares Act they filed with their corporate office. The ROI for the HCC was \$6.14. On an annual basis, it runs at \$23 per dollar spent at the HCC.

Ms. Orton spoke about definite city-wide bookings. There are five events, and the ROI to the state is \$8.4 million. She spoke about the short-term business and long-term business, and the definite number of bookings. For 2022 they have eight events, for 2023, they have four events; and for 2024, has five events. On average, they usually have 25 city-wide groups. She said she and Mr. Reyes had devised a comprehensive plan to try to book as much business short-term, and their sellers are working on long-term goals outside of five years. Recent events were a volleyball tournament with 250 attendees, the Okinawan Festival with a great turnout, and the Jurassic Park dinosaur display with 4,000 attendees.

She spoke about the good feedback received from Mr. Julian Nakanishi, who brought Division 2 events to the HCC. He brought in five to six offshore teams and hopes to grow it in the future.

Ms. Orton spoke about upcoming local and city-wide events. They have the Applied Superconductivity Conference coming up in October, and the Hawai'i Food and Wine Festival, with the event indoors this year. They will be in the Ballroom. She spoke about definite local events. For October, there are 24 events, November has 19 events, and December has 12 events. She said they have also partnered with Na Leo Pilimehana and are doing their inaugural holiday concert at the HCC on December 17. Tickets are on sale, and it will be a holiday concert and a holiday-themed buffet. She said they would feature a special guest who would be the opening act.

She spoke about The Healer Stones of Kapaemahu exhibit. She said they took the HCC's leadership team to Bishop Museum for their retreat and met the curator of the exhibit. She said some of the exhibits would move to the HCC, and it will be in place in October 2023. She said they are excited to work with a master feather worker soon. He will display some of his cloaks in the HCC in six exhibit displays.

Ms. Tait spoke about the R&M project updates. She spoke about the current projects they are working on. She said they are in the procurement stage, so the RFPs have been issued. They received proposals and are busy evaluating them to be awarded shortly.

In September 2022 they awarded a contract for a new project and construction management. They will be issuing an RFP for the rooftop terrace project in the coming week. They should award the management company in November 2022. She showed the 6-year plan for projects. She spoke about construction management and project management. She said that because the last award was in 2017, they put out an RFP for 16 CIP projects. She said they awarded it to

the Cumming Management Group. The larger project for the Rooftop Terrace Deck Temporary Repair has the RFP going out the following week.

She showed a list of the completed projects.

There were no questions.

Chair Kam asked for a motion to approve the budget and financial statements as presented. Mr. Rafter made a motion, and Mr. Ching seconded. Mr. Gionson did a roll call, and the motion passed unanimously.

#### **14. Adjournment**

Chair Kam made a motion to adjourn, and the motion passed unanimously.

Chair Kam adjourned the meeting at 1:17 p.m.

Respectfully submitted,



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Sheillane Reyes  
Recorder