



Ke'ena Kuleana Ho'opipa O Hawai'i
1801 Kalākaua Avenue
Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
hawaii tourism authority.org

**SPECIAL BOARD MEETING
HAWAII TOURISM AUTHORITY
Monday, May 13, 2024, at 10:30 a.m.**

Hybrid In-Person & Virtual Meeting

Hawai'i Convention Center
Parking Level | Executive Boardroom A
1801 Kalākaua Avenue
Honolulu, Hawai'i 96815

MINUTES OF THE SPECIAL BOARD MEETING

MEMBERS PRESENT:

Mufi Hannemann (Chair), Mahina Paishon (Vice Chair), Kimberly Agas (Zoom), David Arakawa, Stephanie Iona (Zoom), James McCully, Sherry Menor-McNamara (Zoom), Blaine Miyasato (Zoom), James Tokioka (Ex Officio, DBEDT Director) (Zoom), Mike White (Zoom), Sig Zane (Zoom)

MEMBER NOT PRESENT:

Dylan Ching

HTA STAFF PRESENT:

Daniel Nāho'opi'i, Kalani Ka'anā'anā, Caroline Anderson, Ilihia Gionson, Carole Hagihara-Loo

GUEST:

Cathy Ritter, Alison Schaefers

LEGAL COUNSEL:

John Cole

1. Call to Order

Chair Hannemann called the meeting to order at 10:33 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 except for Mr. Ching, who was excused. Members who attended via Zoom were by themselves.

3. Opening Protocol

Mr. Casson-Fisher did the opening protocol for this graduation season.

4. Report of Permitted Interactions at Informational Meetings or Presentations Not Organized by the Board Under HRS section 92-2.5(e)

There was no input on Permitted Interactions.

5. Update on the Governance Study Project

Ms. Ritter of Destination Management presented a detailed report on the Governance Study Project.

Chair Hannemann acknowledged the work done by Ms. Paishon and Ms. Iona, the co-chairs of this project. Ms. Paishon thanked Ms. Ritter and her entire team for their close collaboration with the members of the Governance Committee and members of the Board, the community, industry leaders, and stakeholders. She appreciated the thoroughness and care with which they had conducted the study in a culturally sensitive manner.

Ms. Iona also thanked the team for their excellent work and appreciated the community leaders who had attended the ideation sessions. Great progress had been made, even though there was still some way to go.

Chair Hannemann thanked Board members for making themselves available for this important study. The project had reached a critical point, having been in progress since the end of January. This would be an opportunity for the Board to participate in the work. He then handed over to Ms. Ritter to present the report.

Ms. Ritter informed the Board that she was the founder of Better Destinations and went on to introduce the other team members.

Ms. Dens was the co-founder of Place Generation and an expert in regenerative tourism. She had chaired the European Travel Commission's marketing committee, working with 27 countries of the European Union to maximize tourism. She had recently written a book entitled

“Tourism is Dead, Long Live the Traveler.” Ms. Ritter had first met Ms. Dens when they were both appointed trustees to the Travel Foundation.

Mr. Frank Cuypers was co-founder of Place Generation and Ms. Dens' business partner. He had previously worked at Visit Flanders and had designed some of the most famous tourism plans in the world, such as Wonderful Copenhagen's The End of Tourism As We Know It, New Zealand's For Love of Tourism, and Visit Flanders' Travel to Tomorrow.

Ms. Denise Miller was the Executive Vice President of SMARInsights. She was one of five people in the world and the only woman named a distinguished tourism researcher by the Tourism, Travel and Research Association.

Ms. Karey Kapoi owned Karey Kapoi and had been a Hawai'i-based community and cultural liaison. Ms. Kapoi and her team, especially Jason Economou, had been instrumental in supporting the team's work and ensuring they spoke with the right stakeholders.

Ms. Ritter informed the Board that she was one of a few people who had served as a State Tourism Director for more than one state, so she had experience from Illinois and Colorado. She also worked as a consultant to interact with destinations in sensitive environments while directing them toward better ways of managing tourism in the future.

Ms. Ritter stated that her presentation would consist of a brief overview of the project, highlights of its key findings to date, the findings of the stakeholder survey, and an ideation session with the Board. She informed the Board that the project's progress so far had been explained in detail at the meeting of the Permitted Interaction Group during the previous week.

The situational analysis report had been submitted that morning, and Ms. Ritter would share some key findings with the Board. Ms. Miller would go over the highlights of the stakeholder survey. It was hoped that the bulk of the time available would be reserved for input from Board members.

The team had interpreted the study's purpose as developing recommendations on how Hawai'i tourism could be governed to deliver strong outcomes for the state's economy, manage impacts on communities and natural resources, and for the more significant benefit of Hawaii's people and places. This message was appreciated by everyone with whom the team came into contact, and they explained that the HTA intended recommendations to be credible and reflect stakeholder priorities across the state.

The team regarded it as equally important to hear the points of view of the HTA staff, and they interviewed all 19 HTA employees and most Board members, along with over 35 other Hawai'i

tourism stakeholders, including legislators, county officials, tourism operators, DMAP steering committee members, contractors, and others. The ideation session would allow the HTA Board members to contribute.

Ms. Ritter reviewed the approach and methodology of the study.

The team began by studying the current state of the HTA governance. They then generated insights from which they developed three potential governance scenarios to evaluate with the stakeholders. Phase three of the study involved co-creation labs examining the reality of governance, taking those insights to conduct a series of ideation sessions. Phase three had been completed that morning with the submission of the phase three deliverables, including the situational analysis report. The project was now moving on to recommending a governance model.

The team had developed a website, HWtourismgovernance.com, which had received 2,300 views so far. They conducted 11 governance case studies to ensure they were drawing inspiration from the best of the best in recommendations and learning from the victories and challenges of other organizations. In the United States, they focused on Visit California, Discover Puerto Rico, Visit Florida, Utah Tourism Office, and Travel Michigan. Globally, Ms. Dens conducted case studies on Ireland, Iceland, Vancouver Island, Bay of Plenty (NZ), Catalonia (Spain), and the Netherlands. These case studies provided many insights into the conduct of destination management elsewhere in the world.

The case studies in the U.S. focused on funding models, organizational structures, and forms of governance, as well as how these Destination Management Organizations (DMOs) had been able to effect change.

Three governance scenarios were developed during the co-creation labs. The idea was not to take a vote but to encourage participants to consider the pros and cons of each different scenario.

1. **The tourist-focused tourism scenario** – This was a more traditional approach that had been used with remarkable success in many parts of the world. It had been used by the HTA when it was founded in the 1990s.
2. **The destination-focused tourism scenario** – This was an evolution of the tourist-focused model and corresponds to the position of the HTA today.

3. The community-focused tourism scenario – This was the centerpiece of regenerative tourism, involving much collaboration between the state, the islands, the private sector, and the environment to serve and attract the global traveler.

Ms. Ritter reviewed the progress to date and stated that the desktop research had been completed, including an overview of the HTA and global tourism trends, 11 benchmark case studies, and over 60 in-depth interviews. These interviews included 19 with HTA staff, while the others were with legislators, Board members, county officials, tourism industry operators, people who participated in the DMAP process.

Five co-creation labs had been completed, one on each of the main islands and two on the Island of Hawai'i. To date, six ideation sessions have been completed, including one virtual session.

The situational analysis report that had just been submitted was a 55-page document including five appendices, some of which were clickable to give access to the full version. The names of the 64 persons who had been interviewed were listed in an appendix. The document also included case studies, governance scenarios, the survey by SMARInsights, and references.

Ms. Ritter outlined key findings that were pertinent to the current discussion.

1. Although Hawai'i tourism held much potential for addressing the state's biggest concerns, many people in Hawai'i greatly mistrust this economic force. It was important to recognize, address, and deal with this issue.
2. Tourism was an important economic engine for Hawai'i and generated more than \$1.1 billion in Transient Accommodations Tax (TAT) in 2023, comprising \$846.3 million for the state and \$275.2 million for the Counties. Ironically, there was little understanding of how tourism benefited people in Hawai'i, partly because this revenue was paid into the General Fund. This meant that people had little understanding of how the spending connected to their daily lives and how it benefited their island.
3. The HTA was once a global model, but it had been disempowered over the years. Its budget was smaller now than when it was founded. It once had the largest budget of any state tourism authority (\$80 million). There had been a loss of statutory provisions that formerly allowed swift response to situations, making the most of opportunities, and planning for the long term.

Hawaii's tourism budget is ranked fourth in the U.S. after Visit California, Discover Puerto Rico, and Visit Florida. Each of these was organized as a non-profit DMO. Visit California had an

independently sourced income stream from fees the tourism industry had imposed on itself, which went into a fund controlled by the industry. Discover Puerto Rico and Visit Florida obtained funding from annual legislative appropriations.

Ms. Ritter reminded the Board that a crisis was emerging in Hawai'i with the softening of the tourism economy. Hawaii's biggest international market had been the slowest to return to normal travel, and the strong U.S. dollar made Hawai'i expensive for international travelers who now chose to visit other places. Hawai'i also had higher prices than formerly, creating significant tourism barriers today.

Mr. Nāho'opi'i, Ms. Ritter, and Ms. Dens had all attended a round table at the Travel Weekly Leadership Forum where about 15 top tourism operators shared stories about the perceptions about Hawai'i tourism that their teams had encountered. Hawai'i was perceived as unwelcoming to visitors, and this perception has intensified since the Maui fires. The perception was that Hawai'i had not quite recovered from the Maui fires. This was a challenge.

The latest budget, which was about to be approved by the state legislature, further reduced marketing funding. Because of new provisions prohibiting transfers between budget lines, the budget has limited flexibility to respond to potential challenges in the next year and potentially into the future.

Ms. Ritter conceded that these findings might make some people uncomfortable, but they were the reality. The team had heard these comments from multiple sources, not just from one person, and they had tried to form an integrated view.

There was a common belief that contractors, rather than the HTA, were leading important initiatives in marketing programs and destination management. Kilohana was regarded as the leader in destination management strategies. There was much support for destination management, but this phrase meant different things to different people. This presented an opportunity for the HTA to define destination management.

Local entities and communities wanted more say in the tourism management on their islands, which would also be apparent in the stakeholder survey findings.

Ms. Ritter informed the Board that many common tourism structures in other states were absent in Hawai'i just because of how Hawai'i tourism had been organized. The partners of the State Tourism Director for Colorado were Brackenridge, Vail, Aspen, and small towns in southern Colorado. This structure did not exist in Hawai'i, which was organized with a top-down structure as opposed to partnerships with other organizations around the state.

The HTA was expected to exercise many functions that went well beyond what was typically expected of a state tourism office. The HTA was expected to fill the state convention center, a function normally conducted by a local DMO. The HTA was tasked with safeguarding Hawaiian culture because of Hawaii's unique history and population structure. It was unusual for a state tourism office to be the lead organization for monitoring air service, but the HTA monitored air service, a function often conducted by a local DMO or a state transportation authority. Because Hawai'i was so remote from travelers' homes, the HTA was active in crisis relief, such as taking care of emergencies for travelers, which had been extended to crisis relief in the Maui fire situation.

Significant new responsibilities were still being added to the HTA, such as bringing the DMAPs in-house. Few state tourism offices participated in career development, usually by local DMOs. The HTA was to develop a \$3 million statewide digital reservation system due for approval at the present legislative session. The organizational chart did not show how people manage these tasks. At present, Mr. Nāho'opi'i is managing three different executive-level jobs. There was enormous strain on the HTA and its resources.

Ms. Ritter handed it over to Ms. Miller, who was to present the stakeholder survey results.

6. Update on the Governance Study Stakeholder Survey Findings

Ms. Miller informed the Board that the survey questions had been posted online and sent out state-wide. The team had processed 619 completed surveys and 71 partially completed. Any questions which had been answered were included in the survey. The purpose of the surveys, the interviews, and the plenary sessions was to allow people to provide input to understand how stakeholders, residents, and others felt.

56% of stakeholders were somewhat familiar with the HTA, and only 28% were very familiar with the agency. This was noteworthy because 40% of people said they had some interaction, and 7% had a great deal of interaction. About half the respondents felt they were familiar with the HTA. This result is related to Ms. Ritter's comments that the HTA exercises many duties and responsibilities with which people are unfamiliar. Many respondents felt they did not understand the HTA's functions.

Respondents were asked to rank HTA's favorability on a 10-point scale. 43% gave an unfavorable rating, and only 6% were extremely favorable, with 30% favorable. The mean favorability score was 4.7 out of 10, meaning that reactions were more unfavorable than favorable. This highlighted key issues and spoke to the need to reach out to stakeholders to reverse these negative attitudes.

For those who gave negative ratings, the top three reasons for choosing a particular rating mainly related to ideas about tourism and Hawai'i rather than the organization itself. The top three reasons were over-tourism and strain on infrastructure and local resources, the impact on residents' quality of life, and concerns about over-reliance on tourism. Only the fourth reason, inefficiency and mismanagement, reflected criticism of the HTA's performance.

Those with positive perceptions cited economic growth and promotion of tourism, responsiveness to industry and community needs, preservation of natural resources and environment, and cultural education and protection. Respondents with more positive attitudes focused more on actions by the HTA, while respondents with negative attitudes had broader concerns. It would be important to examine these issues in the future.

The team examined various groups but found no significant differences between different groups. However, people who worked with the HTA ranked it higher on the 10-point scale, 5.5, which was above average but not strongly so. The most significant differences were differences by island. Respondents who did not live in Hawai'i but were stakeholders or operated businesses in the state were most positive at 5.3 out of 10. In contrast, those who lived on the Island of Hawai'i were most negative at 4.0 out of 10.

The study examined perceptions of tourism and found that most respondents understood that tourism was very important in Hawai'i. 65% agreed that tourism was very important, and another 18% agreed that tourism was important. Across a variety of diverse groups, those who did not live in Hawai'i gave the highest importance rating at 9.2, while people who lived on the island of Hawai'i were least likely to say tourism was important at 7.3 out of 10.

The survey showed some differences related to income, whereby people with lower incomes were less likely to say tourism was important, and this decreased if they had lived in Hawai'i for a long time. Concerning ethnicity, Caucasians rated tourism as much more critical than Hawaiians. Respondents who felt they were not benefiting from tourism rated it as less important. Ms. Miller noted that some results were contrary to what would be expected, especially in those respondents who had lived in Hawai'i longer and saw tourism as less, not more, important.

Respondents gave a score of 6.7 out of 10 when asked whether tourism had a positive impact on the state, a score of 6.4 when asked whether tourism had a positive impact on the island, and a score of 6.8 when asked whether tourism had a positive impact to you and your family. These results were average, not high, and similar to the quarterly resident sentiment survey results.

Perceptions of the positive impact of tourism on one's island varied by island. Those who did not live in Hawai'i were most positive, and those from the Island of Hawai'i were least positive.

Ms. Miller noted that the huge expectations for the HTA were too varied to understand, and informed the Board that when respondents were asked to rank on a 5-point scale the importance of specific activities associated with tourism, the most important for stakeholders was creating local jobs for local people, perpetuating the uniqueness of Hawaiian culture and community, educating visitors to reduce the impact of tourism, promoting respectful tourism, and managing crisis response.

Ms. Miller noted that one of the activities that was not perceived as important was marketing. Stakeholders felt there was no need for marketing, and visitors would continue to come to Hawai'i regardless. The tourism industry had conducted research proving this was untrue and that holding back on marketing resulted in fewer tourists. This had been seen in Hawai'i, and more communication was needed to explain the importance of marketing.

Stakeholders were asked which of the HTA's activities should have State oversight and whether there should be State oversight. 67% of stakeholders agreed that it was important for State oversight, but only 45% strongly agreed. The conclusion was that State oversight was wanted in some areas, but stakeholders wanted more community oversight and responsibility in other cases.

Stakeholders were asked which qualities were most important in a statewide organization, and their top responses were trustworthiness, independence of politics, protection of Hawai'i natural resources, focus on the long-term, effectiveness, and efficiency.

Respondents were asked which of the important activities of the HTA needed state oversight. The top responses were: creating local jobs for local people, perpetuating the uniqueness of Hawaiian culture and community, educating visitors to reduce impact, promoting respectful tourism, managing crisis response, creating a strategic plan, educating businesses and stakeholders about responsible tourism practices, generating leadership opportunities for local people, encouraging restorative and regenerative tourism practices, generating tax revenue for local areas, and supporting local communities to develop tourism economy.

Stakeholders were asked for input on structure, whether the state should develop a strategic plan, or whether each county should develop its strategic plan. The survey used a 10-point scale to rank state versus county on several issues, such as planning, focus on needs, and branding. The overall preference of respondents was for county-level planning, with the strongest preference for focusing on the needs of individual islands and communities versus the needs of

the overall state. Regarding strategic planning, management, brand promotion, and crisis management, respondents preferred the county level to the State level.

Asked about organizational focus, stakeholders preferred the organization to focus on residents' satisfaction versus visitor satisfaction. The balance between regenerative tourism practices and economic development was equal, with both feeling equally important. Respondents felt that the HTA should focus on stewardship and share this duty with other State agencies. They were neutral about whether the state should promote convention business and travel, and some felt that this should be the concern of individual businesses.

36% of stakeholders felt there should be a stable funding source for the tourist authority, while only 27% felt funding should be decided each year. 39% of respondents wanted a collaborative State agency, and only 16% said the state should lead tourism priorities. When asked to choose between organizational structures, 39% were neutral on non-profit, 35% favored non-profit, and 18% favored a state agency.

Stakeholders generally preferred a county or Island focus versus a State-wide focus. They preferred a greater focus on residents' satisfaction than visitors' satisfaction, and they hoped for a balance between economic development and regenerative tourism. Recognizing a wide range of activities that went beyond the HTA and coordinated with other State agencies, they hoped for a structure to accommodate these needs. Ms. Miller noted that the respondents were drawn from various diverse groups, each well-represented.

Ms. Ritter appreciated the work done by Ms. Miller to identify possible differences between diverse groups of respondents, and she found it interesting and surprising that there was a slight variation. One would expect there to be differences between people who were involved in tourism and those who were not, but this was likely to be because tourism was so prevalent in Hawai'i.

Chair Hannemann opened the floor for questions and requested that these be kept to a minute or less.

The Chair asked Ms. Ritter to review her findings that the marketing budget had decreased. He had asked Mr. Nāho'opi'i to check on this and saw that the total for marketing for Fiscal Year 24 was \$37.499 million, including the \$2.5 million emergency funding to deal with the crisis. For FY25, the base was \$39.249 million, an increase from the previous year's budget. Ms. Ritter promised to go back to verify her figures. However, it was clear that there was less of a marketing war chest today than several years ago. The HTA's original budget had been \$80 million, and it was now \$63 million. The Chair reminded the Board that it was important to make accurate statements because everything would be scrutinized.

Ms. Ritter stated that there was a perception that the marketing budget was lower. Chair Hannemann responded that many people did not understand that the legislature had defunded the HTA for two years. A budget of \$63 million was now seen as a major victory, but those who remembered the past had a different idea. The budget could still be increased, especially as TAT totaling \$1 billion had been collected in 2023, and the HTA received only \$63 million.

Ms. Ritter noted that the HTA stood on a more solid footing today than when the governance study had begun. Credit was due to Chair Hannemann, Mr. Nāho'opi'i, and Mr. Choy for implementing the changes that enabled this. She also commented that it had been interesting to conduct a governance study when governance was changing over the study period.

Chair Hannemann asked whether Ms. Miller found it interesting that people wished to move to a non-profit model from a state model like the current one. He asked for detailed examples of the non-profit model.

Ms. Ritter responded that Visit California, Visit Florida, and Discover Puerto Rico were all non-profit organizations, while the tourist offices of Utah and Michigan were part of state governments.

Chair Hannemann asked what happened to the tourism tax that was collected in these states. Ms. Ritter replied that both Visit California and Discover Puerto Rico were organized as non-profits in the wake of disasters. In the case of Visit California, the 1989 earthquake created perceptions across the U.S. that all of California was closed, and conferences, trips, and flights were canceled.

Puerto Rico suffered a series of crises, including Federal bankruptcy, Hurricane Maria, and an earthquake. The tourism industry was identified as the best chance of an economic recovery, so more resources had to be put into it. The tourist office had previously been a small state agency which had managed tourism. Discover Puerto Rico was organized in 2017. Ms. Ritter explained that because Puerto Rico was still under Federal management until at least 2028, Federal authorities supervised their funding. They had to make their case each year to the legislature and the overseers to ensure their plans were acceptable. Their funding has increased from \$25 million to \$70 million at present.

Ms. Ritter explained that Visit California had a unique structure. In the 1990s, the tourism industry voted to impose fees on hotels, attractions, and rental cars, and those funds were paid into a fund that was managed by the industry itself. The Tourism Board was partly industry-appointed and partly appointed by the Governor. The Board managed this fund, which was untouchable by legislators and local lawmakers because it was a private fund generated from private revenues.

Visit Florida had existed as a non-profit for some time, although they almost lost their funding due to a crisis in 2016 when a campaign was shared with the world that many people in Florida did not feel represented Florida well. Their budget was reduced from \$80 million, and funding was then restored to \$50 million under strict controls. Their funding had now been built back to \$80 million, but both Discover Puerto Rico and Visit Florida had to make a case each year for funding drawn from the tourism revenues.

Chair Hannemann summarized this information by noting that the changes in the structure of tourism agencies had come about as a result of crises.

7. Governance Study Ideation Session

Ms. Ritter introduced the ideation session. She stated that the team had conceived a design-build process to obtain stakeholders' input about the oversight of tourism governance. Mr. Cuypers had produced the image of a Lego set of mini-building blocks that could be assembled in numerous ways. The HTA originated in the 1990s and was to be reassembled in a way relevant to Hawai'i tourism and its present challenges. The purpose of the ideation session was to discuss how to build an optimal system of governance for Hawai'i tourism. Six ideation sessions had already considered the same questions, which would now be discussed at the level of the HTA Board.

These questions were:

- “What is the optimal structure for Hawai'i state tourism oversight?”
- “What is the appropriate funding mechanism to ensure the State's goals for tourism are being met?”
- “What responsibilities should be entrusted to a state tourism governance system?”

Mr. Miyasato thanked Ms. Ritter for the work done by her team. The results were fascinating, but most were unsurprising to him even after his brief time on Board. Some slides seemed contradictory since one slide gave a high percentage of people who felt the HTA would be more successful if politics stayed out of tourism, but another slide showed that the vast majority thought that the HTA needed government oversight. Ms. Ritter responded that the team had not given definitions but had offered phrases to see how people would respond.

Dir. Tokioka thanked Ms. Ritter and asked whether it was a fair comparison to state that Hawai'i came in fourth in tourism funding when entities such as Visit California were included. He asked where Hawai'i would stand if government-funded organizations were compared.

Ms. Ritter replied that Visit Florida and Discover Puerto Rico were government-funded, so the HTA was third.

In describing the funding of the Las Vegas Tourism Authority, Ms. Ritter stated that its annual budget was \$343 million, which was derived from the Transient Lodging Tax. The State of Nevada clearly described where lodging taxes went, and everyone in the state knew that a portion went for education, a portion for transportation, and a portion for tourism promotion. These allocations were spelled out in the statutes and reported as such. Asked how the fund was appropriated, Ms. Ritter replied that funding for the Las Vegas Tourism Authority came through a formula as a percentage of the collected lodging taxes and other revenue sources. She pointed out that every state was organized differently, and lessons could be learned from each authority. Dir. Tokioka reiterated that the HTA should be compared to other similar entities.

The first question for the ideation session was how Hawai'i tourism should be organized. The desired outcome was a governance structure that would empower strategic leadership, create effective oversight, drive collaboration and partnership with key stakeholders, and inspire credibility and trust.

Mr. Arakawa noted that during the poll of stakeholders, effectiveness, and efficiency were mentioned as key qualities of a tourism authority, and these should be added to the list of desired outcomes.

The team had identified four different potential structures:

1. A division of DBEDT – this had been a legislative proposal during the previous spring.
2. Administratively attached to DBEDT or another State agency, possibly the Governor's Office.
3. A cabinet-level agency reporting directly to the Governor
4. A non-profit destination management organization (DMO).

Referring to a discussion by Speaker Saiki about the HTA being an independent agency with flexibility, Chair Hannemann asked which other agency had a corresponding structure. Ms. Ritter responded that Visit California was the most independent state tourism office because it was financed with its source of funding and had its own Board with input from the Governor's office. Visit California, Visit Florida, and Discover Puerto Rico were the largest tourism agencies and operated more independently. Some agencies operated semi-independently. The non-profit organizations had the greatest independence.

Chair Hannemann suggested that another bullet point could read “Independent agency with flexibility.” Ms. Ritter asked how that could be achieved in Hawai‘i. Board members always talked about independence, recognizing that funding flowed through DBEDT, was approved by the legislature, and was signed into law by the Governor. The HTA operated independently because the President and the CEO reported to the Board. Speaker Saiki’s statement resonated with many people because the HTA was independent but had administrative relationships with the government.

Ms. Ritter reminded the Board that the HTA had been organized to be flexible and independent in 1998.

Mr. McCully stated that, as an administrative agency with exceptions, the second option with potential for future governance was where the HTA had come from. The question would be whether a whole government-type approach to destination or tourism governance could resolve the horizontal and vertical integration of qualities of governments and agencies within governments. He asked how a non-profit DMO could work if a governance structure allowed the incorporation of stakeholders in the community to work through this semi-independent authority. Mr. McCully wanted to eliminate options that would not be workable. He asked whether Ms. Ritter could explain how different governmental agencies and entities could be integrated under some authority. Considering what the HTA lacked, he pointed out that the HTA had resources and responsibilities and could develop strategies with different clients, but it lacked the authority to implement its strategic plans and utilize its resources effectively. It was important to determine which of the four models came closest to this aim and would be politically acceptable to the legislature. Was it possible to eliminate the non-profit DMO, or was there a way for it to work within the Hawai‘i political structure?

The governance study had been asked to recommend statutory changes if appropriate. A non-profit DMO would require statutory change.

Ms. Paishon asked which of the suggested options would allow for an efficient way to include county-level participation and co-governance. Ms. Ritter stated that any options could be structured to allow for this. She pointed out that it would depend on how the role of the tourism agency was defined because if it were to be the compliance manager, then no collaboration would be required.

Mr. Miyasato referred to the 1990s when the institution was set up and pointed out that he had always tried to level-set the HTA’s charter and what the agency had been charged to do. It seemed that when the authority was set up, it was envisaged as an authority and an independent agency, but this decades-old plan was now to be abandoned without

identification of what went wrong with it. Historically, there have been times when the HTA worked perfectly.

Dir. Tokioka made clear that when he was at the legislature and the airport before he was on the HTA Board, he had never lobbied for the HTA to be funded through DBEDT. As Director of DBEDT, he needed to make this clear. However, legislators often asked him to state what he thought the HTA should be. The HTA Board might vote on the best plan, but at the end of the day, the legislature was the bank, whether the HTA liked it or not. This had been made clear by the Senate President in a meeting in which Dir. Tokioka attended in 2023. The HTA had previously received independent funding from TAT, but this was no longer the case. At present, the HTA is dependent on a yearly appropriation. When the authority was independently funded, there was much more input from the Board and community members because the funding method was different.

Dir. Tokioka stated that he had often told legislators that the HTA or DBEDT had to live with whatever the legislature decided. Legislators had made it clear that they wanted governance for the HTA through a legislative act, and it was important not to forget any of this. Secondly, the state legislators did not like giving up authority to the counties because the counties sometimes made decisions that conflicted with the legislature's policies. Dir. Tokioka stated that, as a resident of Kaua'i, he knew that the Kaua'i Visitors' Bureau was doing an excellent job, so he was not against the Counties having input. However, State legislators wanted to ensure they had direct control or input on state money spending.

Mr. Arakawa commented that Mr. McCully had mentioned eliminating alternatives, but on the issue of implementing the HTA plans and having other State departments and the Counties work with them, the HTA had no authority to order these agencies to do anything. The question to be answered was, what would give the HTA the best ability to deliver on all those objectives for the people, the state, and the Counties of Hawai'i? At present, there has been an evolution of autonomy and independence. The HTA had to depend on the Department of Transportation to operate the airports, harbors, and roadways, but the Department of Transportation and the Department of Land and Natural Resources were not even invited to tourism conferences. The HTA had contracts with DLNR but was not invited to be a presenter at tourism conferences. The HTA could do more with the Office of Culture and Arts because culture was a major factor in tourism. Mr. Arakawa pointed out that an independent agency that was not answerable to the government, administration, legislature, or any departments or Counties would not necessarily be the answer to having other agencies collaborate with the HTA.

The state had reserved control over areas of state-wide concern, such as education, public safety, prisons, and employment. If the state were to say that tourism was a state-wide issue, statutory changes would be needed to designate tourism as a special area of statewide concern where the State and the Counties would work together. That would help prevent working in isolation.

Dir. Tokioka had raised the issue of working together with the legislature and government departments, and it was important to consider which structure would give the best collaboration with all these parties.

In response to Ms. Paishon's comments, Ms. Ritter's staff was asked to determine the percentage of TAT given to the counties to use for tourism. This could be something that the HTA or the legislature could look into and work together on. It was important to ensure that State departments managed their responsibilities. For instance, the HTA was supposed to monitor buoys in the ocean, a task that DLNR should manage. Ms. Ritter had identified all these issues. If the HTA were independent or semi-independent, how would the authority be able to work with these bodies?

Chair Hannemann asked Ms. Ritter to consider another category incorporating independence, administratively attached, and collaborative. The HTA was to be independent, administratively attached to DBEDT, and working collaboratively with State and county agencies. The counties received 3% of TAT, but the tourism industry did not welcome this addition. Now that there was a DMAP process, these recommendations had to be funded. The Chair believed that the state should not have to fund processes at the county level when the Counties were receiving 3% of TAT. It was unclear how these funds were being used. A similar question could be asked of the state since most of the TAT was paid into the General Fund, which was used for education, transportation, infrastructure, and housing.

Chair Hannemann considered that further definition was needed to clarify the option that the HTA was independent but administratively attached to DBEDT and working collaboratively with other State and county agencies. Workforce development required close collaboration with the Department of Employment, the University of Hawai'i, and the college system, playing into what the islands wanted to see regarding the community colleges, the state-wide public school system, and the like. The Chair asked whether the division of DBEDT was an option but pointed out that even the legislature could not understand why that would be discussed. The present legislative session could have raised all these questions again since that bill was still pending, but it did not even come up, although it might still come up in the future. It was important to narrow all these possibilities to find something that could be lived with.

Ms. Ritter reminded the Board that the purpose of the present session was to hear the opinions of Board members.

Mr. McCully stated, in response to Mr. Miyasato's contribution, that he carried Act 156 as a reminder of the origins of the HTA in 1998–1999, when the only roles of the HTA were development, marketing, and research. Since then, "mission creep" has taken place, but in Statute 201(b), there were many "mays" that were not systematic. The HTA did not have a way to conduct destination management with any authority before this session's bill, which had inserted a couple of "shalls" into the duties of the HTA but did not provide any mechanisms. The HTA could consider returning to its core mission: development, marketing, and research. This could easily be a division of DBEDT, with all these other responsibilities becoming part of different state agencies.

Rather than having a complex umbrella organization that would always be ripe for criticism from stakeholders who felt short-changed, the authority could be overseen by agencies more adapted to economic development. This would mean that a cabinet-level agency would have oversight, but it would not be the HTA. The tourism authority would remain focused on development, marketing, and research. It was possible to envision how all this could work as a potential solution. He could not conceive how a non-profit DMO would operate.

Ms. Ritter commented that everyone seemed to have jumped to the following two questions, proving that they were thinking holistically.

Chair Hannemann noted that the research function was no longer with the HTA but was a function of DBEDT.

Ms. Iona commented that Ms. Ritter had correctly stated that this was the ideation session for Board members. The Board members who had attended sessions on their respective islands were able to discuss the wide interpretations of the HTA. The people might have found it hard to understand what the HTA did because it had many diverse functions, such as DMAP, marketing, and not-marketing. The discussions did not have to be resolved today, but it was important to consider how the HTA was identified. The Counties were part of us, and personnel from the Counties were partners with the HTA. The present focus was, "Who do we want to be?" "Where do we want to go?" and "How do we want to bring everybody together?"

Ms. Iona recalled that when she first came onto the HTA Board, she had asked, "What are we?" and could not get an answer. When she saw the present approach, she knew we would find the way together. She appreciated Ms. Ritter's effort and believed the following two slides would bring more clarity.

Ms. Ritter thanked everyone for their contributions. She outlined two different governing philosophies.

1. **Centralized governance:** A State agency would be organized to lead statewide initiatives, often with input from island partners. Ms. Ritter commented on the high level of centralization in Hawai'i.

2. The alternative was **Decentralized:** A State agency would be organized to lead statewide initiatives in collaboration with island partners.

Ms. Ritter reminded the Board that respondents expressed willingness for the state to be the strategic planner during the survey. There were different mechanisms for the state to exert leadership and for those initiatives to play out in collaboration.

Ms. Ritter pointed out that, at present, board oversight involves board members being named by the governor based on recommendations from top political leaders based on statutory requirements for representation. In other states or places this was done differently. There could be island appointees, industry appointees, or legislator appointees. The Colorado Tourism Board had four members who were legislators, one from each caucus. Legislators sat with other Board members and became speaking advocates for the work of the Board because they understood it.

Ms. Ritter asked Board members to consider the following question:

What else must happen to achieve the desired outcomes?

Ms. Ritter reminded Board members that effectiveness and efficiency had been added to the desired outcomes, along with the desire for flexibility and independence. It was noted that trust and transparency had been specific points raised in the survey.

Mr. Arakawa asked whether the stakeholders, such as industry, airlines, and hotels, could be divided. He noted the importance of collaboration with government entities and departments crucial to tourism, like DLNR, the Department of Transportation, and the Department of Culture and the Arts. The Department of Education and the colleges were all related to workforce development, a state-wide responsibility. State law on human resources operated across all Counties, as did education, so it was necessary to specify collaboration with State and county agencies.

Ms. Ritter informed the Board that she would supply definitions of the terms to be used. A stakeholder would be defined as anyone with an interest in tourism. Definitions of the identities of partners would also be necessary.

Mr. Arakawa asked whether an agency responsible for trails in an area would also be responsible for the traffic in the area.

The next question was:

How should Hawai'i tourism be funded?

The desired outcome would be a funding structure that would support stability and long-term planning, smart decision-making, and systematic collaboration, which could be justified.

Chair Hannemann pointed out that the source of funding could be specified. This might be TAT, although the HTA is currently funded from the General Fund. The source of funds could be defined with some direct connection under statutory control.

Ms. Ritter reminded the Board that smart decision-making should include support for Hawai'i's competitive position. She asked the Board to consider which of the following methods of funding would or would not be able to deliver the desired outcomes.

1. **Annual recurring appropriation.** This would be regarded as progress compared with the position for the previous three years. It would provide predictability and could be increased to reflect new priorities or rising costs.
2. **Dedicated revenue.** The HTA was formerly funded in this way. This method of funding reflected rising revenues and became a built-in performance indicator. Ms. Ritter reminded Board members that the HTA's share of TAT had fallen from 1.5% of tourism revenues in the 1990s to an effective rate of 0.735% today. Formerly, the HTA had received 30% of TAT but now received 7%.
3. **Industry-funded model** Ms. Ritter noted that California had this funding method. Hawai'i lodging taxes were the highest of any U.S. state and virtually any U.S. DMO, with only Atlanta and Memphis higher. Ingenuity would be needed to make this work, but accomplishing this would be challenging given present realities.

Chair Hannemann commented that the HTA was back on first base with an annual recurring appropriation.

Mr. Miyasato responded that the agency had been designed that way in the 1990s. It had been effective because it had been a good example of a quasi-government agency that controlled its destiny and was measured by its definitions.

Chair Hannemann praised the Board and the HTA staff for the fantastic achievement that the appropriation would be recurring. The legislature might have given funding for just one year,

but at least the HTA would now start with a budget of \$63 million, and the Chair hoped that this study would make a case for building on the present budget.

Mr. Arakawa asked whether a case could be made that TAT implied that the HTA was already industry-funded. He asked whether industry funding would involve additional taxes on top of the TAT.

Ms. Ritter pointed out that industry funding could be devised in other ways.

Chair Hannemann stated that the best argument was to remain with the TAT because that was how the HTA was created. The General Fund was now the major recipient of the TAT, and the HTA could never hope to win that argument but could only hope for a higher percentage of the TAT.

Mr. Arakawa stated that being granted recurring funding was a huge achievement, but program identifiers made it hard to transfer funds.

Dir. Tokioka affirmed his belief that hotel owners were watching and complaining that tax would be imposed on them again. He appreciated the information regarding comparing Hawai'i with other destinations and requested Ms. Ritter send the chart to his office. He warned the Board that recurring appropriation might not recur in the next legislature because that would be a new biennial. The budget had not stated that the funding was recurring. The HTA would continually have to work to prove itself and acquire the trust of the legislature.

Chair Hannemann stated that he had been assured by Speaker Saiki and Chair Dela Cruz that the funding would recur.

Ms. Iona pointed out that dedicated income from the industry-funded model allowed one to pursue what was paid on various tourism-generated activities, such as the Diamond Head Walk or the Hanauma Bay. This could be explored in the future.

Ms. Ritter gave some ideas to show that option 3, industry funding, was not "pie in the sky." There were many unregulated vacation rentals, which could represent a new source of TAT if transformed into regulated vacation rentals. Case studies revealed other possibilities. Utah had produced a funding model that was based on the annual growth of tourism taxes, whereby the State Tourism Office was entitled to half of the growth every year up to a maximum of \$3 million. This was how Utah had managed to increase its budget from \$10 million to \$23 million. Their legislature ultimately capped the amount, but their budget increase had been achieved by capturing part of the growth, not by imposing new taxes. There would be ways to generate industry funding if there were a will.

Ms. Ritter asked the Board to consider whether funding should be shared. One model was for the state tourism budget to fund agencies, which are the HTA priorities. The state tourism organization would allocate funding towards staff and contracts in order to comply with responsibilities, create plans and initiatives, and fulfill its mission.

Another way was to structure the state tourism budget to achieve shared priorities and outcomes. Part of the agency's budget would be allocated toward empowering local partners to act on local priorities in alignment with state guidelines. This was common in other states and was how other states succeeded in winning support from their legislatures.

Utah's crisis had been hosting the 2002 Olympics, but they lost their Olympic "bounce" within a year because they failed to conduct an effective tourism marketing effort. 20% of their funding request went back to their partner DMOs to support cooperative marketing in line with the state's priorities. Another 7.5% went to a sports authority to lure major events in the future.

The Colorado tourism budget was built up because they launched a destination development initiative that was intended to use tourism to drive economic development over the state. Legislators were so enthused that they gave the first funding increase in years because they wanted to see tourism's economic impact in their local areas.

Ms. Ritter pointed out that it was sometimes necessary to identify priorities that could be led by the state and executed in collaboration with local partners. This method would allow future budgets to be built with legislative support.

Mr. Arakawa thanked Ms. Ritter for sharing her experience of Colorado.

Dir. Tokioka recommended that Board members visit the Utah Sports Authority website because of its exceptional quality. When the Governor asked about creating a Sports Authority, that was one of the models DBEDT examined. DBEDT was working with the private sector and the Committee Chairs on this project, which the Governor hoped to encourage.

Ms. Ritter asked the Board to consider the question:

"What flexibility is needed?" Back in the 90s, the HTA had much flexibility, so this question was important.

Possible responses were:

- Exemption from state procurement rules.
- Internal flexibility to reallocate the budget during the fiscal year.
- Flexibility for hiring and salaries.

Chair Hannemann stated that this was problematic, and Mr. McCully contributed that it was unlikely to happen. It would be great to be exempt in an ideal world, but exemption could also be an easy way to trip yourself up. Violations would be expected.

Mr. Arakawa agreed with Mr. McCully and gave his opinion that procurement law was important for now. He might be the only Board member who had been around when the results of the previous audit were issued. When it was finished the HTA had to comply with it. There had been severe issues with procurement, but the HTA was now on a good track. Mr. Arakawa believed that the HTA was safer under the State procurement law. The Governor's emergency proclamations had provided flexibility, but it was now important to comply.

Mr. Miyasato was not sure if flexibility could be exchanged for governance. The notion of governance versus advisory played into flexibility. Autonomy and independence were to operate under the authority of the Board.

Ms. Iona was concerned about flexibility in hiring and salaries because of an issue during the legislative session. She asked whether the Board could provide input at any leadership level of the HTA to approve hiring before the leader gets the job. Regarding the appointment of a Chief Financial Officer, Ms. Iona asked whether the Board had the authority to hire before the person being appointed.

Dir. Tokioka stated that according to statute, the authority could make such decisions through the President and the CEO, so the Board should have input. Ms. Iona explained that there had been a situation of which the Board had not been aware, and she hoped that these issues would be tied up as relating to anything other than regular salaries.

Ms. Ritter referred to internal flexibility to reallocate the budget during the fiscal year according to SB3364. Mr. Arakawa stated that this was a double-edged sword. The legislature identified programs for funding, making clear how they intended the funds to be used, but there was also a need for flexibility. Eventually, there might be a way to address these issues, but the present need was to see the budget worksheets issued in the next few days to determine how tight the restrictions would be. In some government agencies, staff immediately started planning to change the budget as soon as the legislature passed it, but that attitude would cause problems. It was important to study the program IDs, which defined the specific items for which money was to be spent. Changes would involve a vote by the Board, but there was no procedure because the legislature created the program IDs.

Chair Hannemann stated that flexibility would be desirable, but it was necessary to wait until the budget sheets came out.

Dir. Tokioka explained that there was a redistribution process for administrative changes, but the legislature did not think highly of it. He followed up on Ms. Iona's comment by explaining his understanding that there were no by-laws or guidelines to be followed regarding what the Board could and could not do regarding changes of position. Either through the budget committee or the governance committee, it was necessary to attempt to lay out clear procedures to be used for any possible changes. The committees must also consider the transparency required by some of the goals of this report.

Regarding transparency and accountability, Ms. Paishon inquired about what data was available and what flexibility existed to harvest, extract, and interpret data that would relate the money spent on marketing and destination stewardship management functions to the overall impact. Most of the commentary in the survey recounted an agreement that tourism was important to the economy, but there was a lack of understanding of how tourism affected the everyday resident, as well as a failure to understand the benefits of the No. 1 economic driver. She asked whether obtaining the data needed to examine those linkages was possible.

Ms. Ritter stated that the third question would be discussed next, but she asked whether the Board had discussed everything necessary to achieve the desired outcomes. She reminded the Board that the outcome "to support Hawai'i's competitive position" was to be added.

She asked the Board to consider whether there should be an escalator in funding. That possibility had been left open under the funding models, so she asked the Board to consider whether it was important to recommend a funding model that would provide for escalation over the years or whether the expectation should be that Hawai'i tourism manages to a certain amount.

Mr. McCully pointed out that it was apparent to everyone that there was a direct linkage between the scale of tourism and its economic impact and its cultural community resource impact. These factors were linked, and the responsibility to deal with those consequences increased. When the HTA was initially linked to the TAT, as the TAT increased, the HTA budget also increased. With the increases in TAT revenue, the HTA should have been up to the \$120 million to \$130 million range by now if 2002 had been used as a base.

Mr. Arakawa agreed with Mr. McCully that linkage was critical but pointed out that the return on investment (ROI) sometimes did not equate. Money might be invested in a market, but visitors would not come. In those circumstances, it was sometimes important to keep up relationships. Linkage was important, but looking at historical and other anomalies and relationships was also necessary.

Ms. Ritter posed the third question to the Board:

What should be the agency's kuleana?

She reviewed the previously identified desired outcomes: for Hawai'i tourism to be widely recognized as a strong collaboration creating positive outcomes from a strong visitor economy while addressing negative impacts of visitation and serving community priorities.

This would be the future image for State tourism governance, benefiting people across Hawai'i, serving their priorities, and addressing negative impacts.

Mr. Arakawa asked for the insertion of the phrase "...strong visitor economy while working with all stakeholders to address negative impacts..." This was necessary because the HTA alone could not achieve these outcomes. Ms. Ritter replied that this concern was addressed by the phrase "strong collaboration."

Chair Hannemann called for a 15-minute break.

Ms. Ritter continued and spoke about possibilities that can or cannot deliver on the desired outcomes. She said the HTA has been asked to do more than the typical state tourism office. They discussed which responsibilities are important to achieve the desired outcomes.

Chair Hannemann likes the tourism-related career and workforce development, as it is something that the HTA has not focused on much in the past, according to the legislature. They do not have as much funding as they would like, but they can start moving things forward and educate those still questioning the HTA's focus on this. He spoke about the collaborations they need for all their goals and objectives, as with other state agencies and the private sector.

Ms. Iona asked if they could identify the tourism authorities' lead, as the public had commented on this. Mr. Arakawa said all the points are important, but other state departments and counties might do it better than the HTA. High schools, colleges, and DBEDT partner in career and workforce development. He questioned which of the desired outcomes had partners who could help so that the HTA could support and direct the partners. Chair Hannemann said that in some instances, the HTA leads, but in others, the HTA is supportive. It all depends on the project or activity, so there is flexibility.

Ms. Ritter said they could also consider something around quality of life as a possible desired outcome. However, measuring its features in the various tools they use to survey resident satisfaction is tricky.

Mr. McCully said he believes in regenerative tourism and destination management as those are conceptual and overarching versus brand development, tourism-related career, capacity building, economic development, etc. He said it goes back to the push/pull dynamic, where

they need a strong hand and a governor or mayor who can tell people what to do and solve problems by exerting power. He said there must be a governance model. They must figure out what could work conceptually when the HTA expands or segregates its portfolio into constituent parts.

Dir. Tokioka said that he and the deputy director had been working with the DOE on many workforce development career paths and tracks for students at DBEDT. He said many people are familiar with Ms. Morikawa at ClimbHI and have worked with her. He is meeting with her and putting everything together, whether film, healthcare, or financial institutions, all connecting internships with the state's programs. He said they also found \$43 million in federal funds for intern programs like electricians, carpenters, etc. He asked if they could do a presentation at the HTA for this so that everyone knows where they are connecting with the various industries and agencies.

Mr. Miyasato asked if they were a governance body or an advisory body. He was unsure of the definition of the HTA's structure. Ms. Ritter said they must begin with the end in mind. Mr. Arakawa agreed with Mr. Miyasato. What the HTA is and why it exists has a significant role in the outcomes. He said they are an organization that passes through money. In their budget of \$63 million, over \$50 million is spent on contracts. He questioned what the HTA has expertise in as they are paying most of their budget to the contractors. About \$5 million is an administrative cost, which leaves them with about \$ 7 million over which the HTA has control.

Ms. Ritter spoke about initiative leads. She said it is not uncommon for state tourism offices to contract out much of the work to contractors with expertise. There are different ways tourism offices manage those contracts. Looking at the responsibilities, they need to consider who leads the efforts. Chair Hannemann said they lead most efforts and co-lead some. Their focus is on the tourism aspect.

Mr. McCully spoke about the images that showed circulations between community and culture resources and industry. He could see where these efforts would be broken down in a governance model with different responsibilities and leaders. By stripping out other elements and working closely with the county, they would start adjusting the TAT and incremental taxes available by legitimizing short-term vacation rentals, which disproportionately affect the community. A portion of the TAT should perhaps go to the counties so they could cope with the consequences in the neighborhoods and increase police and fire presence. Building and maintaining a brand is a statewide responsibility, so he can see where the governance model can end up breaking the HTA's responsibilities, especially in the new 201B with the most recently passed bills. They should recommend that the legislature reconsider and create different paths to achieve destination management and regenerative tourism goals.

Ms. Ritter spoke about the slide on what else must happen to achieve the desired outcome. She moved to the next question. How important is the HTA to be seen as a global or U.S. leader? She pointed out that the HTA was at the forefront in the early 2000s in leading destination management when Hawai'i was already starting to implement destination management strategies. She also asked how important it is for the HTA to be seen as a state leader.

Chair Hannemann spoke about DMAPs in the early 2000's. He said the model has resonated in other areas and is enhancing most areas. He said they must be seen as a state leader before being seen as a global or U.S. leader. If it results from what they are doing in the state, whether it leads to national recognition, so be it. The HTA has a significant opportunity in FESTPAC. He said they still have miles to go locally to be seen as a recognized leader. The goal should be to be a global and U.S. leader. Then, we need to restore Hawai'i to what it was with the Hawaiian University. They must continue to try to diversify.

Ms. Ritter supported the comments. Structurally, they need to pour their focus, resources, and efforts into producing the long-term benefits the HTA strives for. They must not forget that tourism is a conduit to export what is important to the Hawai'i community, which is their values. They need to build a system that works for them, residents, visitors, and their natural and cultural environment. Mr. McCully said they should prioritize the HTA as a state leader because if they can satisfy the local interests and needs and do that well, that will help them be seen as a global or U.S. leader. They need to use best practices to amend 201B.

Chair Hannemann asked everyone to share their views on the two questions. Mr. Arakawa agreed that the HTA should first be seen as a state leader. Ms. Menor-McNamara concurred with everything as well. Ms. Agas, Mr. White, and Mr. Zane agreed on everyone's perspective. Dir. Tokioka agreed and said it is important for the HTA to be a leader in the industry. They need to gain the trust of the community and legislature. If all those fall into place, they will be seen as a leader in the state and globally. Hawai'i, France, and Italy were the top destinations for weddings. Mr. Miyasato agreed with everyone. He said it boils down to being the one-stop shop for the brand Hawai'i. Ms. Iona agreed with everyone's comments, earmarking all the most important aspects of the tourism model and what the authority should share with the community. They must remember that they are in the hospitality industry.

Ms. Ritter spoke about the final slide, the Hawai'i Challenge, and the framework they will start from in the report. She thanked everyone for their participation and feedback in the meeting. She said this is the most important undertaking that the HTA has fielded since the HTA was created.

Ms. Dens spoke about the challenges they see. There are some challenges today and there will be more in the future when working on the study further. The Hawai'i Challenge is about a challenge that any organization managing tourism at a state level will face. It is a double challenge because it is also a challenge for Hawai'i as a destination. If the value of tourism cannot be safeguarded, the destination might lose relevance. They hear a lot about tourism burdens and when there are more burdens than benefits, a problem might arise. They need to find how they can restore the disconnect between tourism's economic benefits and the social and environmental costs that are experienced, especially in those local communities. It is also about welcoming visitors as they have done in the past.

She spoke about residents' pushback in the media and said it might affect the attractiveness and competitiveness of Hawai'i as a destination. High prices and inflation are relevant. More conscious travelers in the future might consider long distance as something that will be part of their decision whether or not to come. Business travelers are also taking a lot of accountability for the emissions of travel to Hawai'i. Those are a few things they can see happening in the future. As a destination, Hawai'i might have to look at changing products or experiences to tap into those new markets and focus on the long-term uniqueness of Hawai'i and the culture that will never be competitive. She hopes they will find an organizational structure that will allow a long-term consistent focus, consistent marketing, and consistent messaging, which is important, and that can be combined with an ability to adapt quickly to environmental changes, new opportunities, and flexibilities. It is about finding an organization that can balance short-term goals with long-term growth for tourism in Hawai'i, tourism for all stakeholders and counties, and everyone there. She said it is important to look at the context, the challenges for the destination, and what they see today and in the near future that might be important so they can offer a long-term solution.

Chair Hannemann thanked everyone for the fruitful meeting. Ms. Ritter thanked everyone for their participation and the independent hand that the HTA Board has given them to research the important topic in a very open, transparent way across the islands. They intend to share a thorough examination, create a case for change, and support the recommendations they will be bringing with facts, desires, and hopes for the future.

8. Adjournment

Chair Hannemann adjourned the meeting at 1:26 p.m.

Respectfully submitted,

Sheillane Reyes

Sheillane Reyes