

**Moloka'i Economic
Development Issues:
Presentation to the Moloka'i Community
Advisory Committee**

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Project Scope and Products

1. Identify issues and characteristics
2. Develop future scenarios for discussion
3. 2015 update includes:
 - Data Book chapter
 - Summary: New info on issues plus updated scenarios

Today's Presentation

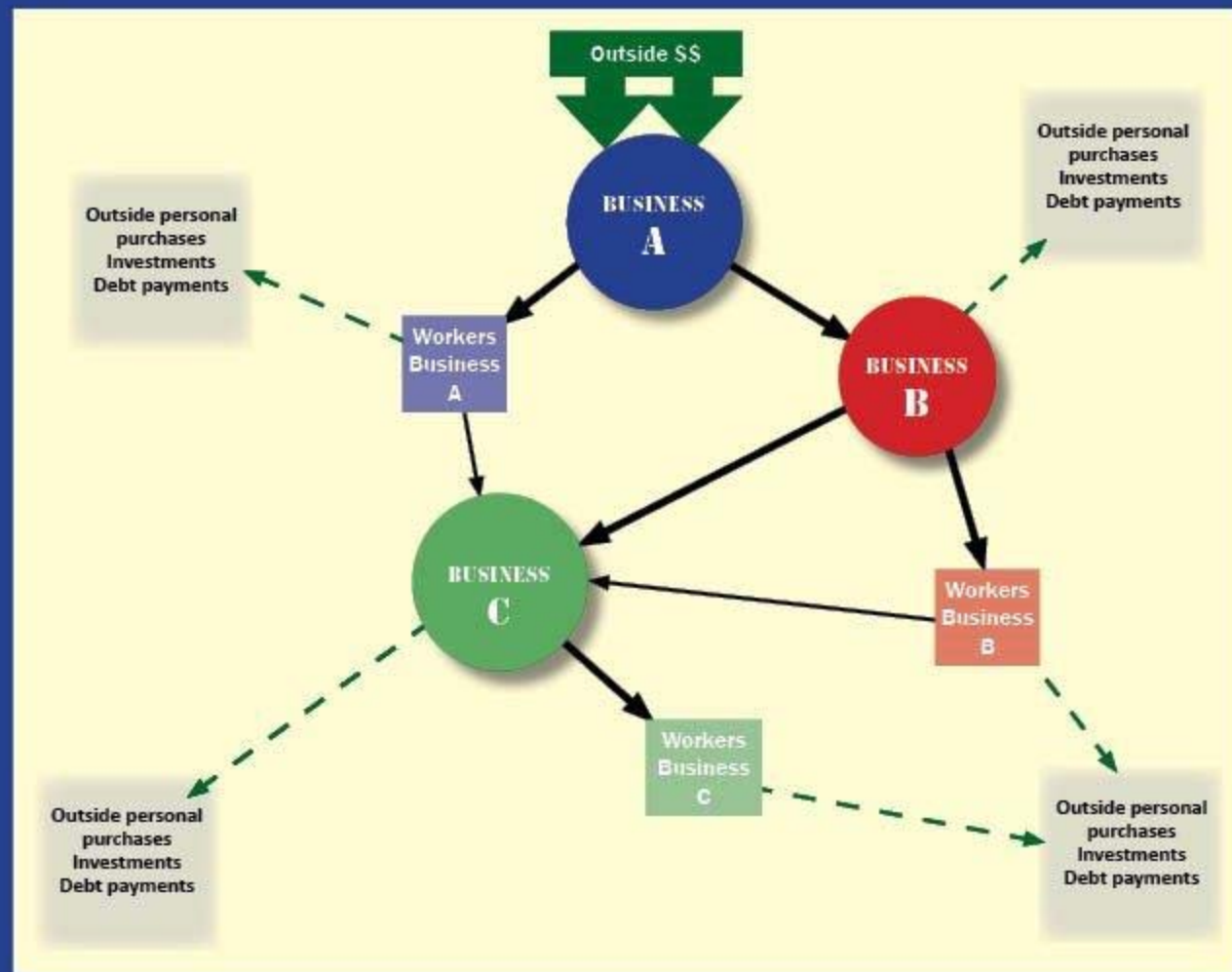
1. Characteristics of Moloka'i's changing economy
2. Review potential future scenarios

Part I. Moloka'i's Economy

Moloka'i Economic Overview

- Decades of economic challenges
- Highest unemployment, poverty, public assistance rates of all islands
- Lowest median incomes
- Small business #s down 16% from 2007 – 2012
- Avg. 48/yr out-migration 2000 - 2010 (likely young people)

Model of Island Economy



Two General Economic Development Strategies

- 1. IMPORT SUBSTITUTION:** Replace off-island products with Moloka'i products/sales
- 2. EXPORT ENHANCEMENT:** Increase off-island dollars into Moloka'i economy

2000 Workforce Class

- Private Sector: 52.7%
- Government: 27.2% (high percentage)
 - State government: 16.9%
 - Local government: 8.3%
- Private not-for-profit/salary: 8.8% (high)

2010 Workforce Class

- Private Sector: 46% (-4.7%)
- Government: 28.6% (+1.4%)
 - State government: 17.6% (+0.5%)
 - Local government: 8.6% (+0.3%)
- Private nonprofit/salary: 9.8% (+1.0%)

Key Private-Sector Drivers: Tourism and Agriculture

- Relatively more ag on Moloka'i than other islands
- Many farm but few make much money or export ag products
- Tourism providing more jobs and (probably) outside dollars to Moloka'i
- Tourism & ag jobs both declined 2000-2010
- Tourism dollars down from early 2000s

Competitive AGRIC. Advantages

- Soils, topography
- Affordable ag land
- Isolation from ag pests, diseases
- Community and technical support
- Mystique of Moloka'i "brand"
- Home of seed crop industry in HI

Competitive AGRIC. Disadvantages

- Seed crop controversies
- Water wars, distrust of large businesses
- Tiny local market, must export to survive
- Cost of inputs, length of supply chain
- Transportation costs, spoilage issues
- Few people with experience, marketing expertise, start-up capital

Competitive TOURISM Advantages

- Less developed; laid-back pace (appeals to some markets)
- Historic/cultural sites/attractions
- Natural resources, scenery
- Personal interactions
- Under-tapped market: Upscale “green” tourists

Competitive TOURISM Disadvantages

- **Key Problem:** Lack of full-service hotel units
- Limited activities; business benefits often don't go to local owners
- Publicity about lack of resident aloha
- Tourism infrastructure eroding

Part II. Economic Scenarios

Assumptions for All Scenarios

1. Some hotel development key to economic growth;
2. Ag options limited until inter-island transportation, spoilage addressed;
3. Moloka'i Ranch will make investments on West End;
4. Water availability not deterrent to economic growth

Scenario 1: Decline

DEFINITION:

- No major hotel re-opening or construction
- Seed crops go, no replacement

IMPLICATIONS/CHALLENGES:

- Higher unemployment, out-migration
- All other ag gets more expensive
- Political pressure – “try anything!”
- Optimistic result: Serious marketing of home-based tourism, community-based ways to *drive* economy
- OR Island is survivalist refuge, battles over limited resources

Scenario 2A: No Growth (Ver. 1)

DEFINITION:

- No major hotel re-opening or construction
- Ag continues as is (mostly seed crops)

CHALLENGES:

- All existing economic challenges
- Resolving seed crop issues – water, partnerships with local farmers, etc.
- Increasing occupancy of current condos, adding more home-based units

Scenario 2B: No Growth (Ver. 2)

DEFINITION:

- No major hotel re-opening or construction
- Seed crops replaced by “non-GMO small-scale ag”

IMPLICATIONS/CHALLENGES:

- Replacement takes time; still “crisis”
- What crops, what business model, how many jobs?
 - Non-GMO seed crops, and/or
 - Growth in organic, value-added, farm-to-table market
- Enough qualified farmers with capital, expertise?

Scenario 3: Medium Growth

DEFINITION:

- Continue seed crops or replace w/ new crop (TBD) providing equal or greater jobs
- Some growth in small business
- Lodge re-opens, single new hotel at Kaluako'i

IMPLICATIONS/CHALLENGES:

- What Kaluako'i "hotel" will work, get community support?
- Workforce training, customer expectations?
- If new ag: What crop, biz model, # jobs?

Scenario 4: Full Growth

DEFINITION:

- Follows Sc. 3 w/ “significant” West End hotel development (“several” hotels & residential development over 20 yr)
- Mix of diversified ag and/or seed crops
- More small businesses – Maunaloa restored

IMPLICATIONS/CHALLENGES:

- Concerns about culture, nat’l resources, infrastruc.?
- How control growth rate?
- “Keeping Moloka‘i Moloka‘i”: Will everybody agree what that means?