



CITY COUNCIL

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July 8, 2011

MEMORANDUM

TO: MR. CLAYTON WONG, FISCAL OFFICER
CITY COUNCIL ADMINISTRATIVE OFFICE

FROM: COUNCILMEMBER STANLEY CHANG *SC*

SUBJECT: HAWAII STATE ASSOCIATION OF COUNTIES (HSAC)
EXECUTIVE COMMITTEE & GENERAL MEMBERSHIP MEETINGS
JUNE 22-23, 2011 ~ GRAND WAILEA HOTEL ON MAUI

I traveled to Maui to attend the HSAC conference in my capacity as HSAC Vice President. The conference was extremely informative and provided many opportunities to meet councilmembers from the neighbor islands, as well as stakeholders from the public and private sectors, to learn best practices in lawmaking and good government. Below I discuss the two major aspects of the conference: the meetings of the HSAC executive committee and general membership and the conference sessions.

EXECUTIVE COMMITTEE AND HSAC GENERAL MEMBERSHIP MEETINGS

The executive committee and general membership made progress on several issues, but two longtime HSAC issues in particular deserve detailed discussion. First, HSAC considered bylaw changes for selection of officers. Maui County proposed bylaw amendments that would make equality of representation a factor in selecting members for the NACO board of directors and the NACO WIR board. These amendments addressed past questions that arose when, due to the four and possibly five seats on those two boards, counties might be represented only on the WIR board, the NACO board, or both, in an unequal manner. Rotational membership may be a future method of board representation.

Second, we heard a presentation delivered by Kekoa McClellan on reasons to have an executive director. Hawaii is the only state county association without an executive director or comparable position, and as a result the HSAC legislative package does not have an on-the-ground advocate, but relies on the volunteer efforts of executive committee members and staff. Additionally, HSAC suffers from lack of continuity and

institutional memory due to the constantly changing membership of councilmembers. The executive committee agreed to convene a panel with representation from all four counties to consider how an executive directorship would be established.

A draft associate membership program was presented to the executive committee and met with a positive response. Such a program would help raise funds for the cost of hiring and maintaining an executive director, which would run \$63,096 in the first year and \$54,096 in following years.

CONFERENCE SESSIONS

The conference included an extensive lineup of speakers and panelists on topics ranging from green jobs to governmental efficiency. The full schedule is attached to the trip report; below I highlight several that made particular impacts on me.

Governor Ariyoshi discussed the economic challenges that the state faces today and when he was governor thirty years ago, when the state experienced its first downturn in tourism. His emphasis on fiscal responsibility in times of hardship was well received and a good reflection on our present and future obligations.

Representative Kawakami and Senate President Tsutsui, both from the neighbor islands, both expressed the state legislature's strong support of the counties. In particular, the transient accommodations tax, a key source of state-collected revenue for the counties, will be capped in future years. The legislators conveyed their understanding of the counties' reliance on the funds to account for maintenance and key services provided by the counties in support of the visitor industry. Their understanding of the counties' own fiscal challenges and responsibilities is very encouraging for future years as I work to advance the HSAC package of legislation.

The social media panel was a good discussion on the growing importance of social media in political communication. Peter Liu of Kaiscapes Internet Consulting brought up several interesting statistics: 90 percent of all people under 30 are on a social network. Of those on social networks, 78 percent trust information on their social network, versus only 14 percent who trust advertisements. The impact of social media on young people is particularly interesting to me because my generation has traditionally been the least engaged in public affairs, and I have used Twitter and Facebook aggressively to spread information about our community and the City Council.

Perhaps most eye-opening was Cheryl Kakazu Park's discussion of the possible Sunshine Law implications of social media. While I and other lawmakers have used social media to conduct policy discussions, Park brought up several open questions: are conversations or announcements on social media considered government records, and if so, what requirements apply to their accessibility? If more than two members of Sunshine bodies conduct a conversation on social media, does the Sunshine Law apply to their conversation? These and other questions are unresolved in Hawaii, though Park did mention that other jurisdictions may have existing social media policies.

The keynote address came from Ryan Kavanaugh, head of Relativity Media and a major film and television producer. His company is one of the leading Hollywood production houses, and Variety, the leading entertainment industry trade magazine, had named him 2011's Showman of the Year. He delivered a Powerpoint presentation concerning the

bills he has introduced in the state legislature increasing tax credits for production and for building production infrastructure. The bill died in conference this year, but it will remain alive for the next legislative session. Kavanaugh compared Hawaii and other film industry incentives in New Mexico, Louisiana, Michigan, and Puerto Rico. With the new incentives, he claimed, Hawaii could realize hundreds of millions of dollars in production expenses and thousands of new jobs. For example, the film *A Perfect Getaway*, set on Kauai, cost \$13 million to film in Puerto Rico and \$18 million in Hawaii, so producers naturally chose to film in Puerto Rico.

After the presentation, I approached Kavanaugh with several of my questions about film incentives. My main concern was the "race to the bottom": if Hawaii increased its credit from 15 to 40 percent, then other jurisdictions to remain competitive could simply increase their credits beyond 40 percent. Indeed, one of the films he recently produced was 50 percent financed by the Chinese government. His responses satisfied my concerns. First, Hawaii is an inherently desirable location for talent and crew to film. According to Kavanaugh, location is one of the three most important factors (in addition to fee and length of shoot) that actors will consider in deciding on roles. For example, Adam Sandler agreed to star in *Just Go with It* on the condition that it shoot in Hawaii and not Puerto Rico, which would have been substantially cheaper. Second, Hawaii has some infrastructure already in place, like the Hawaii Film Studio on Diamond Head, a large pool of film professionals, widespread use of English, and general ease of doing business. Indeed, jurisdictions like China and Abu Dhabi already offer 100 percent or greater incentives for film production, but have failed to lure many productions because of talent reluctance and the need to import all crew and all talent.

One of my primary concerns in elective office is the need to expand Hawaii's economy, especially in industries generating professional class jobs that will give our best and brightest opportunities to stay in Hawaii. In my own high school class, three of my classmates are active film professionals, and I know several more in other classes. Film jobs are held by creative people who also patronize art galleries, the symphony, and new restaurants and bars, and they lead trends in fashion and style. These are exactly the kinds of jobs that will expand Hawaii's economy.

The 2011 HSAC conference was a great success. It set new records for attendance and participation, and the formal program was the strongest in many years. I look forward to continuing to work hard to further improve HSAC and the relationships between the counties, the state, the federal government, and the private sector.

City Council
City and County of Honolulu

CLAIM FOR TRAVEL REIMBURSEMENT

Traveler: Councilmember Stanley P. Chang

Event: HSAC Executive Committee Meeting & Annual Membership Meeting *2011*

Location: Maui *Wailea*

Dates: From June 22, 2011 To June 23, 2011

Description	Amount	Notes:
1. Registration Fee	\$210.00	Online receipt attached
2. Airfare	<i>187.40</i> \$0.00	\$187.40 Airfare cost to be reimb. by HSAC (see memo attached)
3. Hotel	<i>191.67</i> \$191.68	Online receipt attached
4. Meals	\$0.00	
5. Ground Transportation	\$60.00	Receipt attached
6. Tips	\$0.00	
7. Other	\$20.00	Baggage Fees (see receipts attached)
Other	\$30.00	Parking @ Honolulu International Airport (see receipt attached)
Other	<i>3.13</i> \$0.00	<i>TIP</i>
TOTAL COST OF THE TRIP	\$511.68	
MINUS REIMB./ADVANCE BY THE CITY	<i>(187.40)</i> \$0.00	<i>See airfare line.</i>
REIMBURSEMENT DUE TO TRAVELER	<i>514.40</i> \$511.68	

This is to certify that the above data, based upon receipts submitted to Council Administrative Support Services via a CCLTRVL02 form, is accurate. Further, I am claiming reimbursement for expenses associated with a trip in which City business was conducted and personal funds were used to advance payment:


Signature of Traveler

7/11/11
Date