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A publication
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Economic
Development
Board

JULY 2013



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Haleakala’s “Science City” makes room for a new neighbor.

PHOTO: RYAN SIPHERS



PHOTOS: COURTESY OF ANUENUE JUICE BAR & CAFE, THE ADVANCED TECHNOLOGY SOLAR TELESCOPE, MAUI'S FRIDAY TOWN PARTIES, LYNN NISHIKAWA, RYAN SIPHERS

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■ Above: Tammy Ringbauer of Anuenue Juice Bar & Café. Below: Island Images Salon

FINDING A NICHE ON “THE PRIVATE ISLAND”

Merchants face unique challenges, but also find advantages in doing business on Lanai.

BY MELISSA TANJI

FINDING A NICHE, developing a community of loyal customers, and looking for ways to balance out the high costs of importing goods are a few of the keys to succeeding as a small business on Lanai, merchants say.

With 98 percent of the island’s lands now owned by Oracle CEO Larry Ellison, and a majority of jobs tied to the Four Seasons resorts at Manele and Koele, it’s easy to forget that “the Private Island” is home to a thriving community of more than 40 independently owned businesses serving Lanai’s 3,100 residents.

Merchants revived the Lanai Chamber of Commerce in 2012, producing an island business directory as one of its first projects, with help from a grant provided by the county Office of Economic Development, said Chairwoman Alberta de Jetley, a farmer and publisher of Lanai Today.

The high cost of importing goods to the island remains one of the biggest challenges of doing business on Lanai, many said.

“We have to order everything,” said Neda Rajaei of Island Images Salon, who said she can pay three times more for an item like peroxide than regular salons.

Pine Isle Market President Kerry Honda said around 90 percent of his store’s goods arrive by barge, while perishable items are flown in four days per week.

Honda says he tries keep costs down by tightly controlling his energy, reducing waste, and recycling.

In recent years, Honda has faced pressure from online retailers and big box stores — many younger customers make regular trips to Maui or even Oahu to stock up — but he said Pine Isle serves its longtime customers by stocking larger items like televisions and appliances, and providing personal service as part of its offerings.

“There are some old timers who appreciate it when we deliver and install a TV. set or microwave oven for them,” he said.



Tammy Ringbauer said she found her niche when she noticed that a shortage of fresh produce and a lack of health-food stores made it hard to eat healthily on the island.

Ordering fruits and vegetables from an Oahu supplier, Ringbauer started selling fresh juices at the island’s Saturday open market. Sales took off, and she plans to open Anuenue Juice Bar & Café in Lanai City this summer.

While doing business on Lanai can be challenging, Ringbauer said it also has its advantages.

“Being in a small community,” she said, “word of mouth travels so fast. People are just passing my number around. It’s awesome.”

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Kelcie Otani



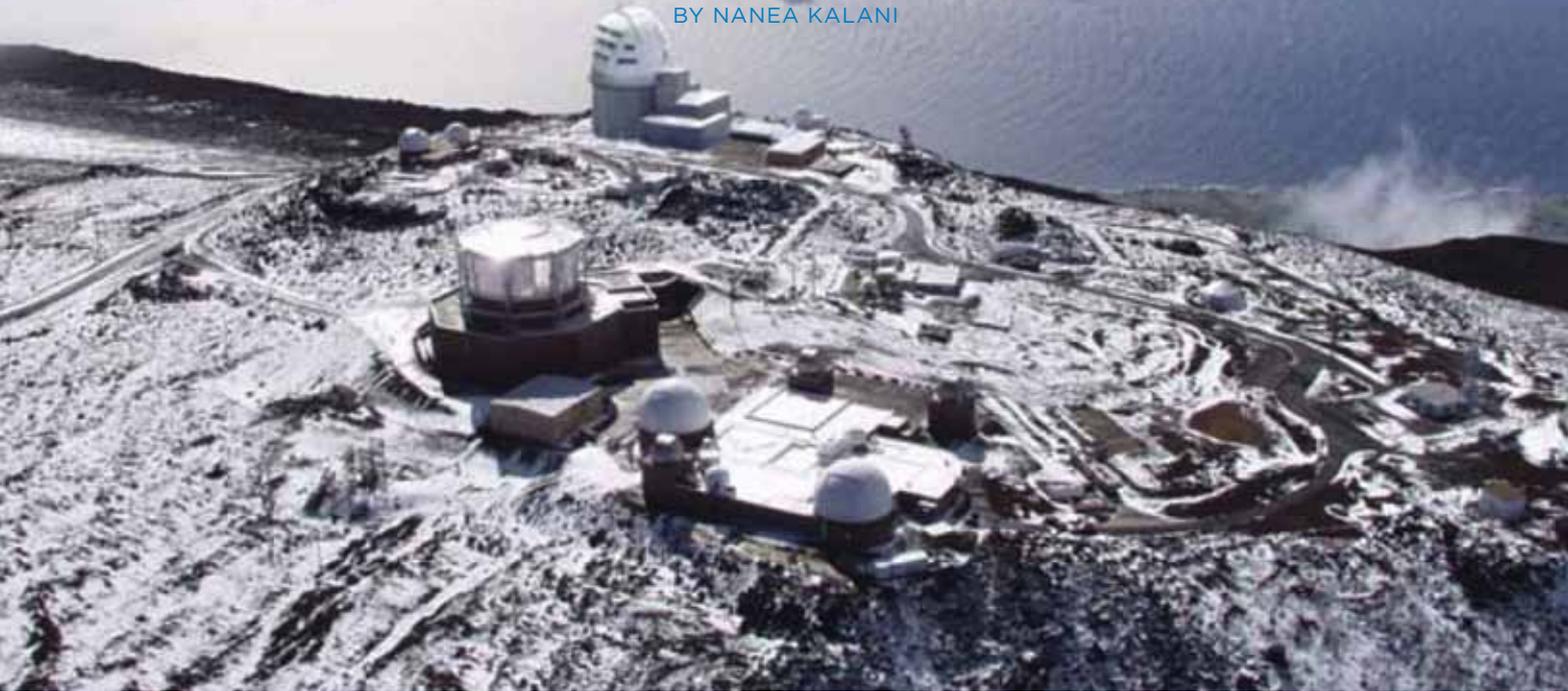
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DOWN TO EARTH

The world's most powerful solar telescope would bring reams of new data — and research dollars — to Haleakala.

BY NANEA KALANI



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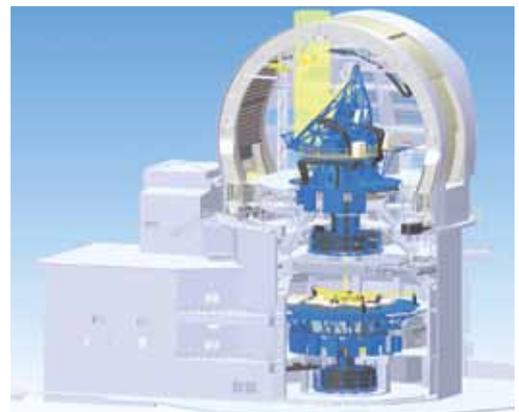
ITH ITS HAWAIIAN NAME meaning “house of the sun,” it seems fitting that Maui’s Haleakala volcano will be home to the Advanced Technology Solar Telescope — a cutting-edge device astronomers will use to study the sun over the next 50 years.

A partnership between the University of Hawaii, National Science Foundation, and 20 collaborating institutions, the \$300 million project will be the world’s largest — and most expensive — optical infrared telescope.

“Because it’s the most powerful telescope to see the sun from the ground that mankind has ever built, it will have an enormous impact on the science community,” said Jeff Kuhn, an astronomer and professor with the UH Institute for Astronomy.

Construction is now underway on the observatory that’s anticipated to go online in 2018.

Existing astronomy facilities atop Haleakala and Mauna Kea on Hawaii island already pump \$100 million annually into



■ The ATST, seen here in an artist's rendering, would be the world's largest solar telescope.

PHOTO: COURTESY OF THE ADVANCED TECHNOLOGY SOLAR TELESCOPE

the local economy and account for 500 high-tech jobs. Kuhn estimates Haleakala's solar telescope will have an annual operating budget of \$10 million to \$15 million, and will create 30 to 40 high-paying jobs for operations.

The university is already benefiting from side contracts for the project. For example, Kuhn said UH has been contracted to build two complex infrared detectors that will be attached to back of telescope, with each contract valued at \$5 million.

Making sense of the data is likely to create funding opportunities as well. He estimates the state will be able to attract \$2 million to \$3 million annually in new research grants related to the observatory.

HAWAIIAN GROUP CHALLENGES PROJECT

Construction of the Advanced Technology Solar Telescope began last year amid legal challenges from Maui-based Kilakila O Haleakala. The nonprofit has two pending lawsuits challenging a key land-use permit first issued in 2010 by the state Board of Land and Natural Resources.

At issue is the project site: Haleakala's summit is revered in Native Hawaiian folklore as sacred. Opponents argue that erecting the massive facility there is "cultural genocide."

"For the entire island of Maui, it is the most sacred site in terms of its past history and association

of the ancient primordial gods and goddess of the past who dwell there," the group's attorneys with the Native Hawaiian Legal Corp. wrote in court documents.

They note the project's own environmental impact statement acknowledges it "would result in major, adverse, short- and long-term direct impacts on the traditional cultural resources" atop Haleakala.

The land board reaffirmed its original vote last year, a decision Kilakila is also now appealing in court. Tourism, construction and astronomy groups have expressed support for the project.

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“This telescope is designed to study the connection of the sun to the earth. That means seeing the outer atmosphere of the sun as it extends into space,” Kuhn said.

Foundation also is infusing \$20 million over 10 years into a mitigation program overseen by UH Maui College to assist residents pursuing degrees in Hawaiian studies and science fields. The program speaks to the sensitivity of the project site, which will endure environmental and cultural impacts from

we need to be able to address some of that with helping Native Hawaiian students” and those interested in so-called STEM — or science, technology, engineering and math — fields, said Damien Cie, director of the Kahikina O Ka La program at UH Maui that is overseeing the mitigation initiative.

“Because it’s the most powerful telescope to see the sun from the ground that mankind has ever built, it will have an enormous impact on the science community.”

“The existence of the world’s most powerful solar telescope – I don’t think I can overemphasize that – is a huge step in humankind’s ability to study the sun.”

The National Science

construction of the telescope’s 14-story housing facility.

“There are adverse effects, both cultural and environmental, and with the agreement created with the National Science Foundation,

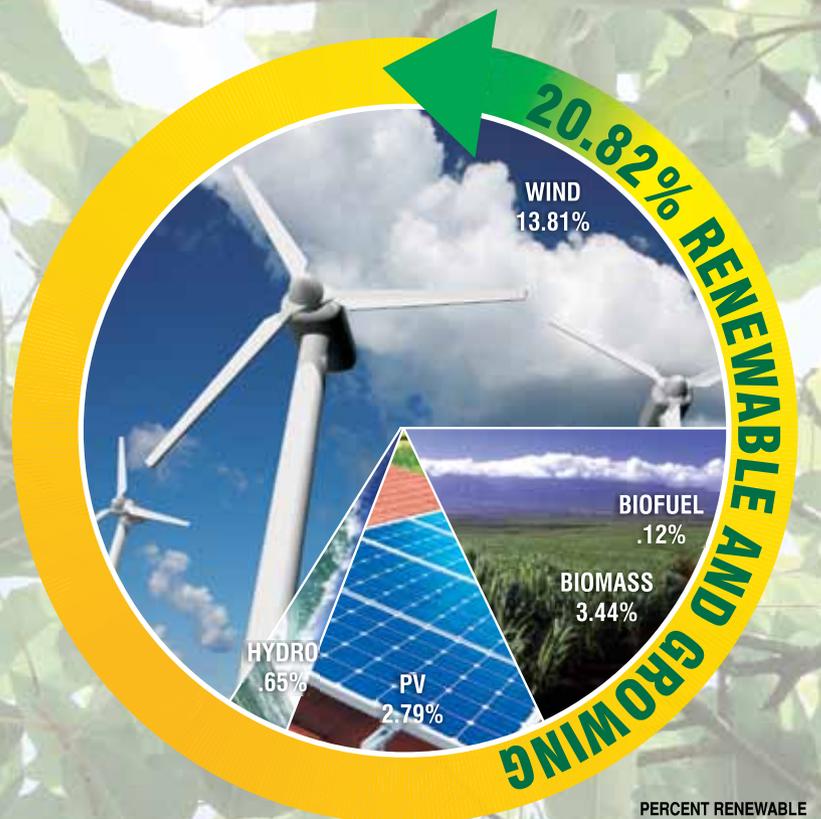
The program has paid out \$500,000 in merit-based stipends to 43 students since launching last May.

We’re Making Progress.

By the end of 2012, nearly 21 percent of the electricity supplied by Maui Electric for use in the community came from renewable sources. We’ve come a long way and have already surpassed the 2015 Renewable Portfolio Standards (RPS) goal of 15% of sales generated from renewable resources. We realize though that much remains to be done and will continue to do what’s right for our community in finding ways to add more clean energy to our electric grid.

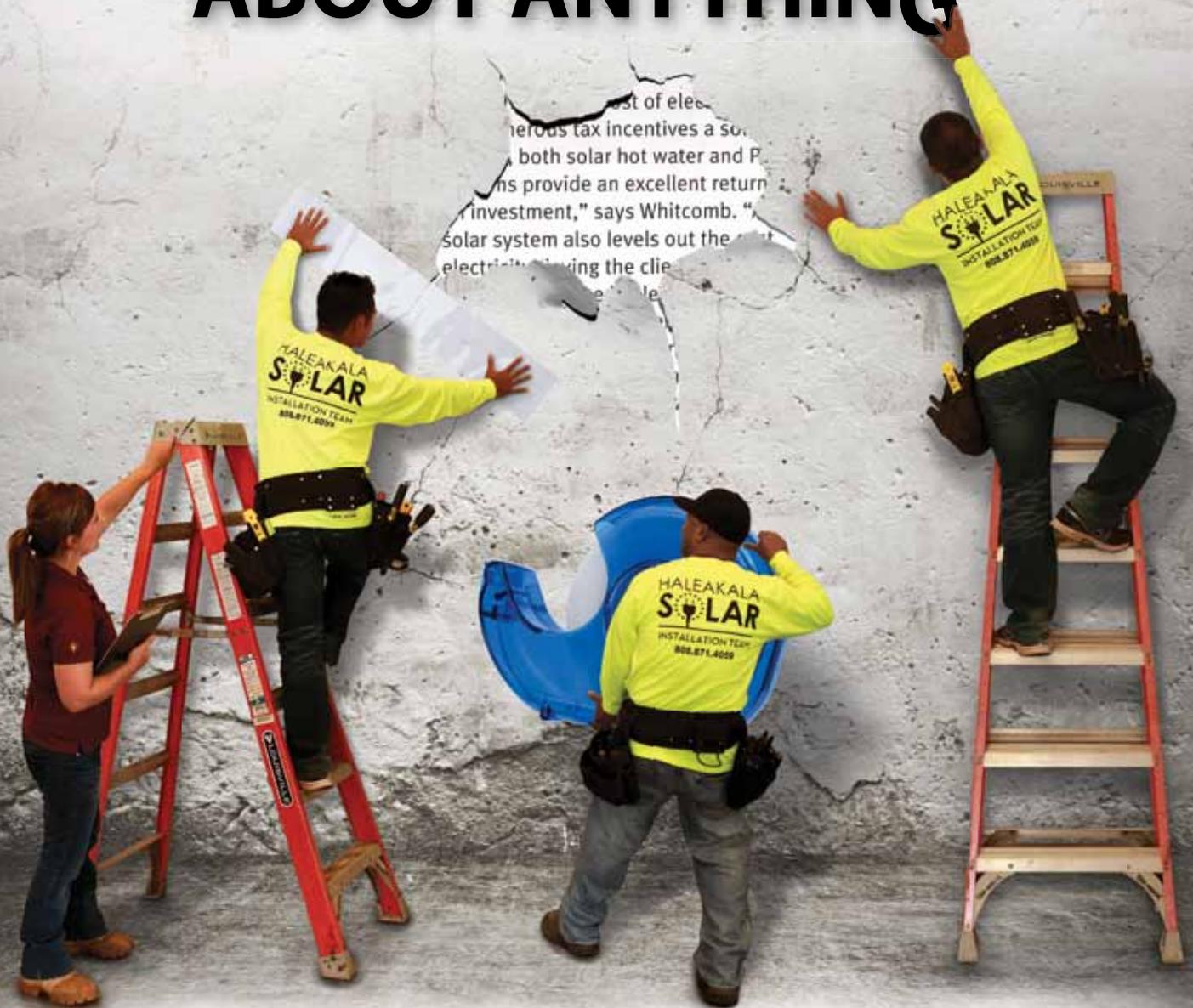


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OUTLIERS

Small towns mean big business for Maui tourism.

BY LEHIA APANA

THE SEARCH FOR A MORE “AUTHENTIC” EXPERIENCE is drawing an increasing number of travelers to bypass packaged resorts and big cities in favor of historic, small towns, and Maui is tapping into the trend, say industry watchers.

In a sign of the times, Japanese tour company JTB launched a “Maui Sneaker Tour” in April, leading visitors on walking trips through outposts like Makawao, Paia and Lahaina. That’s welcome news to Maui Visitors Bureau Executive Director Terry Vencil,

PHOTO: COURTESY OF MAUI’S FRIDAY TOWN PARTIES

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who says she's been touting the appeal of Maui's country towns for years.

"I think visitor travel has changed, but I also think that our small towns are a little more open," says Vencl. "They're constantly renewing and refreshing themselves to offer the kind of experience and value that a visitor wants – while remaining true and authentic to who they are."

"I think visitor travel has changed, but I also think that our small towns are a little more open."

The Maui County Office of Economic Development has taken note of the trend and are seeking to steer more visitors -- and locals -- toward these out-of-the-way island destinations with a "Friday Town Parties" program. Building off a "First Friday" street party started independently by Wailuku merchants in 2008, the county program rotates

between Wailuku, Lahaina, Makawao and Kihei, with weekly events featuring pop-up vendors, food and entertainment to each town's historic center.

Today, an average of 3,200 people celebrate at Wailuku's First Friday, while the roomier Kihei event attracts up to 6,000, according to organizers.

The events have been a boon to merchants, who keep their doors open late to accommodate revelers.

"Most restaurants enjoy a 30 percent increase on those nights," says Lahaina coordinator Lynn Donovan. "Other merchants are seeing visitors return to purchase in the following days after an event."

PARTY ON

Looking for some small-town fun? Check out this schedule for Maui's Friday Town Parties.

WAILUKU

First Friday, 6-9 p.m.
Market Street

LAHAINA

Second Friday, 6-9 p.m.
Campbell Park

MAKAWAO

Third Friday, 6-9 p.m.
Baldwin Avenue

KIHEI

Fourth Friday, 6-9 p.m.
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■ Clockwise from top left: MauiGrown Coffee is nurtured year-round in an ideal climate for growing coffee. Maui Mokka coffee beans. James “Kimo” Falconer, president of MauiGrown Coffee



BUZZ-WORTHY

Maui coffee growers step out from Kona’s shadow to define their brand.

BY SHANNON WIANECKI

WHEN JAMES “KIMO” FALCONER planted 500 acres of coffee for the Pioneer Sugar Mill Company in 1988, the west Maui location seemed ill suited for the crop. The land is near sea level, dry, and windy—conditions nearly opposite to those in Kona, the prime coffee growing country on the Big Island.

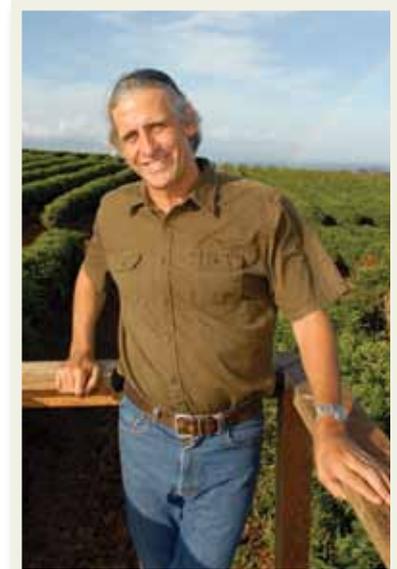
But, as it turns out, some coffee varieties thrive in Ka’anapali.

Maui Mokka is Falconer’s ace in the field. This ancient cultivar hails from hot and deserty Yemen and produces tiny, round beans. It was initially discounted as too finicky for cultivation. But when coffee connoisseurs got a sip of the resultant brew, they praised its rich, chocolaty notes. Maui Mokka now retails for \$30 a pound—the same premium commanded by 100 percent Kona.

Falconer launched MauiGrown in 2003, after Pioneer Mill closed, abandoning its fledgling coffee business. The determined farmer was able to revive the orchard by blending agriculture with real estate, partnering with Kā’anapali Coffee Farms, a development company that divvied the orchard up into five-acre lots. Private homeowners build on a predetermined acre and lease the remainder to MauiGrown. “It’s another way of subsidizing agriculture -- by people who want to live on the property,” he says.

MauiGrown harvested 40,000 pounds of beans its first year. As the trees matured, yields increased. This year Falconer hauled in half a million pounds. In addition to Maui Mokka, Falconer grows Red Catuai, Yellow Caturra, and Typica, selling the raw beans for \$5-\$10 a pound.

Today, MauiGrown coffee is served in most of Maui’s fine restaurants. And last fall, Starbucks chose to feature Maui Mokka in its new Clover shops, where baristas brew boutique coffees for \$7 a cup. The actual sale for MauiGrown was nominal at 18,000 pounds, but the boost in name recognition was huge.



The brand’s success has bolstered the popularity of all Maui coffees. Falconer is just one of forty-one Maui Coffee Association members, though his business is the most robust. He plans to put another 100 acres into coffee production, and develop a 100 percent Hawaiian variety.

“We’ve put Maui on the map, in terms of coffee,” says Falconer. “People used to ask for Kona or Hawaiian coffee. Now they ask for Maui.”



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PHOTO: RYAN SIPHERS

Q&A: Kelly King

The co-founder of Pacific Biodiesel on how she greased the wheels for international success.

INTERVIEW BY LEHIA APANA

When Robert and Kelly King began Pacific Biodiesel in 1996, the humble startup was operating within Central Maui Landfill and had just one employee. Today, the company has developed 12 facilities across the Mainland and in Japan, opening its latest venture, Big Island Biodiesel, last year. Kelly reflects on their 17-year partnership, and on how they turned a big idea into a big business.

What do you and Robert each bring to the company?

Bob is chairman of the board, and I'm vice president and chief

communications officer. It's a very left-brain, right-brain kind of thing. He's been a diesel mechanic for almost 40 years, so he oversees things like technology development. My side is more of the marketing, outreach and education.

Biodiesel was such a new concept when you started in 1996. What convinced you that it was a good idea?

It wasn't something that I inherently knew was a good idea, because this was the third big idea. The first two didn't go so well, so from my point of view, I was like "Okay, but this is the last time."

What encouraged you to push forward?

Our first customers were more like what you'd call a hippie today. They'd come in with bare feet and T-shirts with holes in them, pay 50 to 70 cents more—because biodiesel was quite a bit more expensive than petroleum diesel back then—and thank us for making the fuel. You'd never see that at a typical gas station, so that had a huge impact on me. At least three times, Bob told me he just wanted to sell it. I said, "Look at the people who come in and support this. They do it because they believe in it, and that's reason enough to hang on and push ahead."

You've won a number of awards and accolades throughout the years. Which are you most proud of?

When we started, it was all about the environment. Then it became about creating a community-based business, and now it has become more about jobs than ever before. In 2011, we won the national Green Jobs Award. It was special for me because we won not just for being an environmental company, but for the way we treat our employees. That touched us deeply.

What kinds of business lessons have you learned since starting Pacific Biodiesel?

Looking for skill sets is important for any business. In the early days we hired a lot of people who were really enthusiastic about biodiesel, but maybe they were someone we were hiring to be a salesperson, and they didn't really have that kind of experience. Now we look for people with the correct background, then teach them about the business, because most people who learn about this business are going to be excited when they find out what we're doing.

I've also learned that you're never going to regret doing the right thing. To knowingly march into something for the wrong motivation, you're probably going to end up doing the wrong thing, so we try to keep our motivations pretty pure. Our mission hasn't changed since the beginning: it's all about community-based biodiesel and trying to promote local and sustainable practices.

KAHULUI AIRPORT BY THE NUMBERS



5.5 million

Total passenger arrivals and departures for 2011, the most recent period available. Roughly 3.1 million headed to the Mainland or Canada, while 2.4 million flew interisland.

100

Total arrivals and departures for private and corporate jets in January 2012, the month of peak traffic for the year. September had the fewest with 27.



6,955 feet

Length of Runway 2-20, one of two landing strips at OGG, and the only one long enough to handle interisland and Mainland-bound jets. The state Department of Transportation has announced plans to replace the aging runway; an environmental impact statement for the project is expected to take 18-24 months.

\$14.99



Price of a "Wabo Rita Margarita." The concoction made with Cabo Wabo Tequila, triple sec, sweet and sour cocktail mix, fresh lime juice, and a splash of curacao is a signature drink at Sammy Hagar's Beach Bar and Grill, one of five restaurants serving travelers.

1,437

Number of public parking stalls. Honolulu International Airport has around 6,000.



ILLUSTRATIONS: THINKSTOCK.COM

SOURCES: Department of Transportation; HMSHost.

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