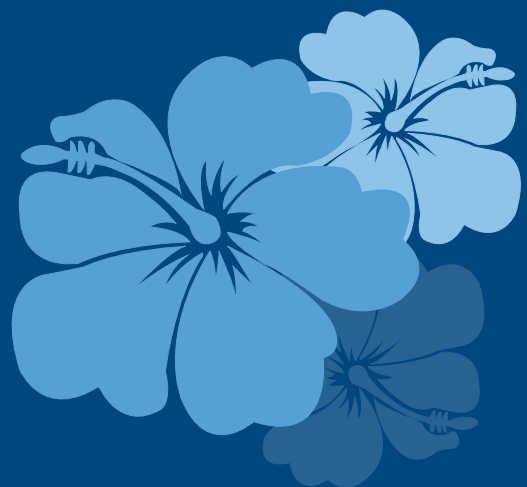


# DEVELOPING A SHARED AGENDA FOR THE NORTH SHORE OF O‘AHU’S ECONOMIC VITALITY AND COMMUNITY WELL-BEING

PHASE II Cluster Opportunities

September 16, 2013

**Prepared by**  
**Collaborative Economics**





# The North Shore Economic Vitality Partnership

On behalf of the North Shore Economic Vitality Partnership, it is our pleasure to present an in-depth examination of future opportunities in both the North Shore Experience and Sustainable Agriculture & Working Landscapes industry clusters, while also examining how Professional & Technical Services fits into a regional action plan.

One of the key discoveries from both research and our recent meeting discussions is how intertwined our region's clusters are. The North Shore Experience cluster would not attract the number of visitors that it does without the stunning backdrop that the natural land provides. Both the Sustainable Agriculture & Working Landscapes cluster and the North Shore Experience cluster share a commitment to maintaining the beauty of the land, while incorporating these assets to support and grow the local economy. From discussions with local business leaders, both of these clusters would benefit from a unified North Shore brand that could be easily spread through various forms of media, something that the Professional & Technical Services cluster could lend a hand in.

A coordinated effort to support these dynamic clusters aligns with broader regional priorities: respecting the land, maintaining the heritage and culture of our region, and enhancing community wellbeing and economic prosperity. This report chronicles these relationships and provides us with a starting point to expand and connect our regional industry clusters.

This cluster study represents the beginning of what we hope will be many shared endeavors by our business community. In September, we will conduct additional meetings to define opportunities and strategies, as well as overcome the challenges identified in this report. In order for these efforts to be successful, business leaders will need to work collaboratively and strategically. We encourage you to be part of this new, collaborative effort to preserve our unique assets, while creating prosperity within and throughout the region.

You are invited to participate in the second meeting of the cluster groups to develop specific implementation steps for promoting this action plan that will take place on September 23rd.

Best regards,

**Kevin Kelly**

University of Hawai'i &  
North Shore Community Resident

**Susan Matsushima**

Alluvion, Inc.

**John Morgan**

Kualoa Ranch

**Larry Jefts**

The Farm/Sugarland

**Marty Thomas**

Van's Triple Crown of Surfing

Prepared by

**Collaborative Economics, Inc. | [www.coecon.com](http://www.coecon.com)**

Collaborative Economics works with senior executives from business, foundations, government, education and community sectors - helping them create breakthroughs in how people think and act regarding their region.

Collaborative Economics' clients have the passion, vision and commitment to blaze a new pathway for their community. They understand that a new kind of leadership is required to create great places, with thriving economies and world-class quality of life.

Kim Held - Project Manager

Clare Brown - Database Manager

Bridget Gibbons - Designer

Francie Genz

Doug Henton

John Melville

Lisa Gibson, Rising Tide Economics

# CONTENTS

---

<b>Introduction</b> .....	4
<b>The North Shore's Cluster Economy</b> .....	5
<b>Opportunities for the Sustainable Agriculture &amp; Working Landscapes Cluster</b> .....	7
<b>Requirements to Leverage Opportunities in the Sustainable Agriculture &amp; Working Landscapes Cluster</b> ...8	
Branding & Marketing.....	8
Marketing .....	8
Festivals.....	9
Awareness & Support of the Agricultural Industry.....	9
Food Safety is Important .....	9
Creating a Supportive Policy Environment for Agriculture.....	10
<b>Opportunities for the North Shore Experience Cluster</b> .....	11
<b>Requirements to Leverage Opportunities in the North Shore Experience Cluster</b> .....	12
Branding & Marketing.....	12
Logo.....	12
Co-branding.....	12
Planned Events.....	12
Web Presence.....	12
Joint Information Guide.....	13
Infrastructure Improvements.....	13
Restrooms.....	13
Road Infrastructure.....	13
Community Space & Information Hub.....	13
<b>Moving Forward and Next Steps</b> .....	14
First Meeting Outcomes and Potential Action Team Priorities.....	16
<b>Appendix A: Geographic and Industry Data</b> .....	18
Project Background.....	18
Project Overview.....	19
What are Clusters of Opportunity?.....	20
<b>Appendix B: The Professional &amp; Technical Services Cluster and the Rest of the Economy</b> .....	21
The Professional & Technical Services Cluster.....	21
The Rest of the Economy.....	22
<b>Appendix C: North Shore Clusters by Industry</b> .....	23

## INTRODUCTION

---

The North Shore<sup>1</sup> of the island of O‘ahu is world renowned for its natural beauty and is recognized as a ‘must see’ destination for more than half of the almost five million tourists visiting the island each year.<sup>2</sup> However, the verdant valleys and pristine beaches are only the cover of a complex rural community with deep roots to the land and a cultural history reaching back generations. The region finds itself at a crossroads with communities searching to balance increased development pressure and the need for affordable housing with the desire to conserve open spaces and still provide new economic growth opportunities.

North Shore communities want to understand the dynamic economic landscape of the region and engage in activities that build on traditional industries of agriculture and tourism, while creating new economic opportunities.<sup>3</sup> Development of an economic plan will focus on identifying regionally appropriate areas that preserve the unique natural assets of the region, while also bolstering the economy to create jobs for residents.

Hawai‘i’s state motto is “the life of the land is perpetuated in righteousness” and this should be an important goal of this economic strategy—to implement a shared agenda for economic vitality and community well-being in the North Shore that builds on the shared values of Hawai‘i and the North Shore.

Based on data analysis of business establishments and findings supported by local business, economic development and workforce development partners, the following clusters (represented by the following industries) were chosen.<sup>4</sup>

**Sustainable Agriculture & Working Landscapes** includes grocery stores, markets, nurseries, florists, caterers, specialty restaurants,<sup>5</sup> food processing, farming, veterinary services, agricultural support, marinas, aquaculture, film production companies, ranches, environmental and wildlife groups, urban and rural planning and development, conservation programs and resource management.

**North Shore Experience** contains museums, recreational tours, uniquely Hawai‘i manufacturing,<sup>6</sup> clothing and souvenir stores, fashion, artwork, ocean recreation & surfing, accommodation, transportation and travel agencies.

**Professional & Technical Services** is made up of a range of businesses including technical consulting, diagnostic imaging centers, computers, information technology, finance and investment services, communications equipment manufacturing, electronics maintenance and repair, data services and architecture and engineering services.<sup>7</sup>

<sup>1</sup> See Appendix A for a list of the Zip Codes used to define the North Shore Region.

<sup>2</sup> North Shore Chamber of Commerce. Population & Economic Statistics. Web.

<sup>3</sup> See Appendix A for the project background and for the definition of a “Cluster of Opportunity”.

<sup>4</sup> See Appendix C for the lists of cluster industry NAICS codes.

<sup>5</sup> Specialty Restaurants are restaurants on the North Shore that either embody the Hawai‘ian experience or make the effort to source their food locally.

<sup>6</sup> Uniquely Hawai‘i Manufacturing includes all goods produced in Hawai‘i, especially those relating to the Hawai‘ian culture such as ukuleles and surfboards.

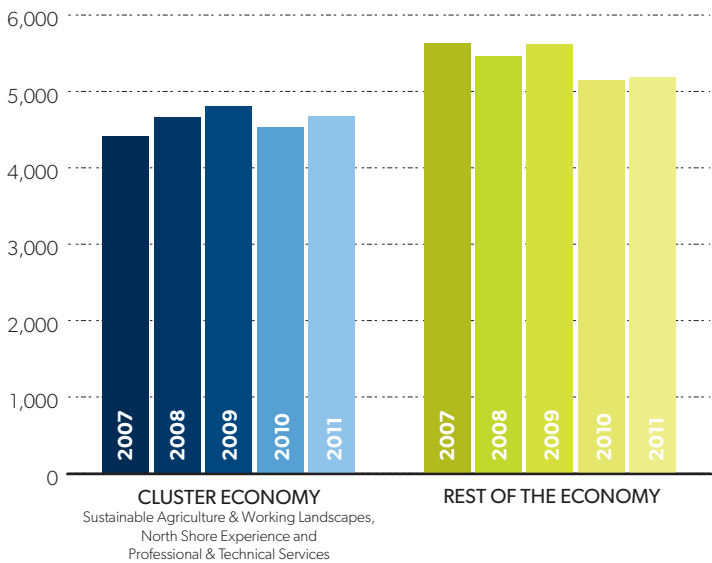
<sup>7</sup> See Appendix B for further analysis of the Professional & Technical Services Cluster.

## THE NORTH SHORE'S CLUSTER ECONOMY

The North Shore's long-term (2001-2011) job growth has been driven by the cluster-based economy. **Over this period, the number of jobs in the region's cluster economy grew 23 percent, while the number of jobs in the rest of the economy grew 11 percent.**<sup>8</sup> Combined, this represented an overall 16 percent job growth in the North Shore over the decade, compared to a ten percent gain in Hawai'i.

The North Shore's cluster economy has proven to be more resilient than the rest of the regional economy. During the recession, the cluster-based economy declined 2.8 percent between January 2008 and January 2010, while non-cluster industries decreased 5.7 percent (Figure 1). After this hit, the North Shore's cluster economy rebounded more quickly (increasing 3% between 2010 and 2011) than the rest of the economy (increasing less than 1%).

Figure 1  
**Total Employment**  
North Shore Region, 2007-2011



Data Source: National Establishment Time-Series Database (NETS)  
Analysis: Collaborative Economics

Figure 2  
**Clusters of Opportunity**  
North Shore Region, 2011

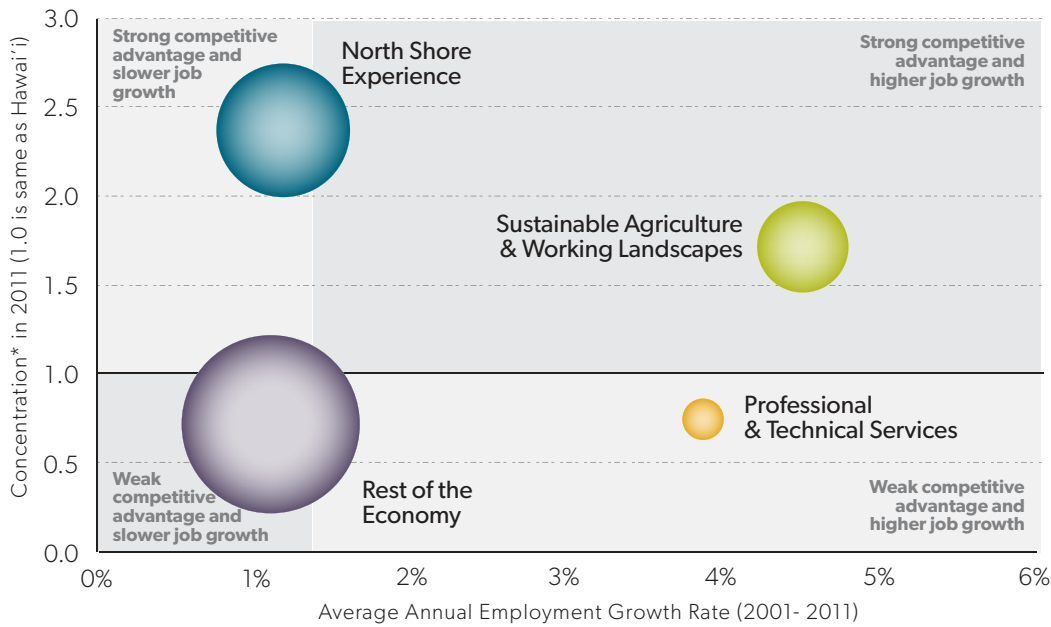
	Employment	Percent of the Total North Shore Economy	Establishments	Percent of Job Growth 2001-2011
Sustainable Agriculture & Working Landscapes	1,415	14%	203	36%
North Shore Experience	2,978	30%	240	23%
Professional & Technical Services	280	3%	98	5%
<b>Total Cluster Economy</b>	<b>4,673</b>	<b>47%</b>	<b>541</b>	<b>64%</b>
<b>Total Economy</b>	<b>9,865</b>	<b>100%</b>	<b>1,220</b>	<b>100%</b>
<b>Rest of the Economy</b>	<b>5,192</b>	<b>53%</b>	<b>679</b>	<b>36%</b>

The region's clusters have a strong competitive advantage. This means there is a greater proportion of North Shore residents employed in these individual clusters than the state average. **The North Shore Experience and Sustainable Agriculture & Working Landscapes clusters are more concentrated<sup>9</sup> than their respective industries statewide (2.4 and 1.7 respectively)**(Figure 3). Both the Sustainable Agriculture & Working Landscapes and Professional & Technical Services clusters have seen rapid growth over the decade, growing 4.6 percent and 3.9 percent respectively on average each year. **As of 2011, the three clusters accounted for 47 percent of North Shore jobs, but have been responsible for 64 percent of the region's job growth since 2001** (Figure 2).

<sup>8</sup> See Appendix B for further analysis on the Rest of the Economy.

<sup>9</sup> Employment concentration is a calculation that compares the percentage of employment in a region to the percentage of employment in its state counterpart. (North Shore Cluster Employment/North Shore Total Employment)/(Hawai'i Cluster Employment/Hawai'i Total Employment). A ratio greater than one signifies that employment is more concentrated in the region than it is statewide – an indication of outward orientation and a source of comparative advantage.

Figure 3  
**Clusters of Opportunity**  
 North Shore Region, 2001-2011



A bubble chart provides perspective on three dimensions: the size, growth and employment concentration (see footnote 7) in a cluster. The x-axis is the average annual employment growth rate between 2001 and 2011. The y-axis is the employment concentration relative to the state of Hawai'i in 2011, and the size of the bubble is the number of jobs in 2011.

\*Concentration is calculated as (Northshore Cluster Emp/Northshore Total Emp)/(Hawai'i Cluster Emp/Hawai'i Total Emp)  
 Size of bubble represents employment size in 2011.  
 Data Source: National Establishment Time-Series Database (NETS)  
 Analysis: Collaborative Economics

## OPPORTUNITIES FOR THE SUSTAINABLE AGRICULTURE & WORKING LANDSCAPES CLUSTER

The North Shore has a long history of being a land of plenty. During the days of the monarchy, the fertile land of the North Shore was abundant with diversified crops that provided food for the region as well as for Honolulu. ‘Āina momona, literally meaning the fat or abundant land, justly describes the history of the fruitful and rich land on the North Shore.

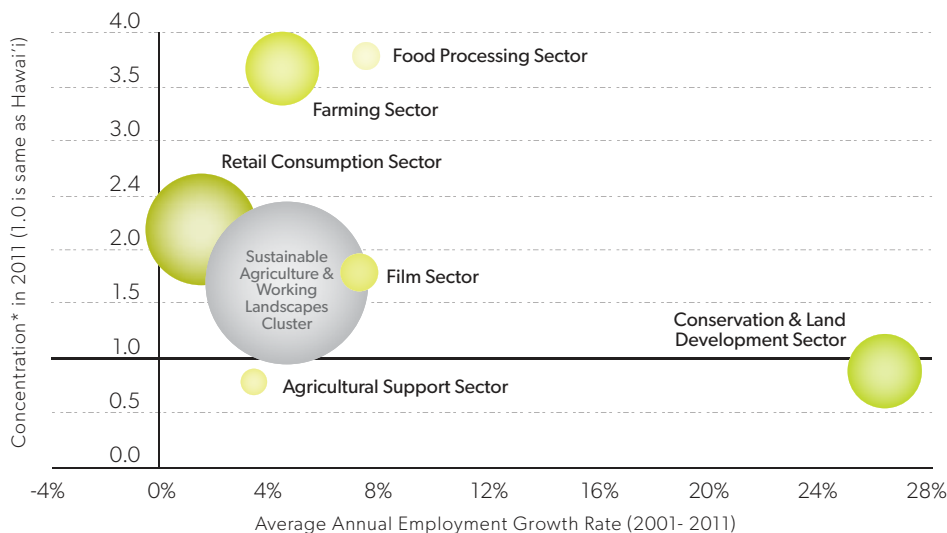


More recently, the main economic driver of the North Shore was big agriculture and the mono-crops of sugar and pineapple. Since the closure of the Waialua Sugar Company nearly two decades ago, the presence of sugar has disappeared. The region has struggled to use the land and infrastructure from the sugar industry to restore the heritage of diversified crops, a heritage that will help reemploy North Shore residents and contribute to the **sustainability** and **food security** of the region.

The Sustainable Agriculture & Working Landscapes cluster includes a range of economic activities that create jobs while promoting the health of the North Shore’s natural environment. Working landscapes contribute to the region’s economy through a range of economic activities including forestry, fisheries, tourism, and land management and conservation. In addition, the North Shore’s agricultural food chain spans a diverse set of industries, from agriculture support and production, to food processing and retail consumption, playing an important role in the vitality of the region. Together, the Sustainable Agriculture and Working Landscapes cluster consists of vibrant local small businesses that support stewardship of the land while contributing to the North Shore economy.

The Sustainable Agriculture & Working Landscapes cluster represents a growth opportunity for the North Shore. The prevalence of ranches and farms and breath-taking scenery, provide ample opportunity for **growth in agricultural tourism** and recreational services, including ranch tours and locations for filming movies. Current water resources for many come from Lake Wilson which is R2 water and cannot be used by farmers who produce leafy green crops. If **adequate clean water** can be provided to farmers, the local industry could take off. The North Shore’s open space and agricultural lands give it its beauty. This rural experience is driving both visitors and Honolulu residents to the North Shore to visit. When people visit the North Shore, they discover its diverse local products, driving demand and increasing visitors.

Figure 4  
**Major Sectors of the Sustainable Agriculture & Working Landscapes Cluster**  
 North Shore Region, 2001-2011



\*Concentration is calculated as (Northshore Cluster Emp/Northshore Total Emp)/(Hawai'i Cluster Emp/Hawai'i Total Emp)  
 Data Source: National Establishment Time-Series Database (NETS)  
 Analysis: Collaborative Economics



Jobs within the Sustainable Agriculture & Working Landscapes cluster are highly concentrated in the region as compared to the state. Jobs in this cluster represent 14 percent of the North Shore’s total employment (Figure 2), while jobs in this cluster represent eight percent of total jobs statewide. The Sustainable Agriculture & Working Landscapes cluster witnessed the strongest job growth of the three clusters between 2001 and 2011 with an annual average growth rate of 4.6 percent (Figure 3). Job growth in this cluster has been aided by the rapid average annual growth rate (26.3%) of the Conservation & Land Development (Figure 4) industries including environmental and wildlife advocacy and urban planning groups.

There is a younger group of leaders on the North Shore who have innovative ideas and want to promote sustainable agriculture. Connecting these individuals with veteran farmers who know the lay of the land and the systems in place would help advance a new agenda for **widespread agricultural sustainability** on the North Shore. A system of mentoring could also be introduced, allowing the long-time, experienced farmers to pass information down to the newer farmers. Now is the time to act on these opportunities.

## REQUIREMENTS TO LEVERAGE OPPORTUNITIES IN THE SUSTAINABLE AGRICULTURE & WORKING LANDSCAPES CLUSTER

---

Business leaders in the Sustainable Agriculture & Working Landscapes cluster identified opportunities to expand their markets through marketing efforts and food safety practices. In addition, business leaders recognized the need to identify and connect existing agriculture companies to each other for the benefit of the entire industry.

There is potential for establishing new connections between the North Shore’s agricultural products, and the people who buy them. **Branding** and **marketing through collaborative events and various media outlets** will facilitate economic growth in this area, while assessing **food safety** regulations and practices as well as **water supply sources** will help ensure their future stability and availability. Better communicating the value of the industry (e.g., beautiful landscapes, local food sources, attracting visitors that bring in money to the community) to consumers, residents and voters will help build greater support for growth.

Consumer demand for quality, convenient, assorted, safe and affordable products is vital to the Sustainable Agriculture & Working Landscapes cluster. Recent increased demand for locally grown and raised products has caused consumers to be more concerned with purchasing food from regional producers as opposed to products that are shipped from thousands of miles away. Local sourcing results in fresher products, growing support for the local economy and farmers, and declining consumption of energy resources associated with the transportation of goods. The **needs of retailers** must also be understood, such as a **consistent supply of quality products that are food safety certified**. It is not about cheaper foods as much as food that meets the safety standards that are needed by restaurants and retail supermarkets. The growing demand for local and sustainable products aligns favorably with the resources in the region.

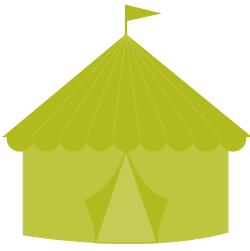
### Branding & Marketing



**Marketing** is key for the North Shore’s agricultural industry to survive against cheaper food being imported from other countries. Hawai‘i farmers face keen competition from imports abroad, the estimates for the percentage of food products imported into Hawai‘i range from 85 to 90 percent.<sup>10</sup> The North Shore could capitalize on the growing demand for local products with the development of a **“North Shore Grown”** label. This label could be used to help small farms gain wider recognition as part of a larger brand as well by larger farms who could use the brand in conjunction with their own established trademark.

**Branding** “North Shore Grown” could increase awareness of North Shore products by communicating to locals and visitors where the food is coming from. For example “food to table” markets are leveraged when restaurants specify where ingredients come from on their menus. This niche marketing may focus consumer demand on regionally grown products. In addition to the environmental advantages associated with “local farming” and consumption, people will pay a premium for locally grown products and are more likely to purchase local brands. This synergy between customer and food source will expand the Sustainable Agriculture & Working Landscapes cluster locally to provide a self-sustaining and economically prosperous system.

<sup>10</sup> Rocky Mountain Institute. *Island of Hawai‘i Whole System Project Phase I Report*. 2007. Ken Meter. Halweil. Crossroads Resource Center. 2004.



### Festivals

Another way to create excitement and advertise North Shore Grown products would be to **organize collaborative events**, where people with similar interests come together collaborating with restaurants and other industries in the area. These festivals would go beyond the basic definition of agriculture, diversifying the income stream of many farmers, as well as offering entertainment for North Shore residents and visitors (see pg 14 for examples of planned event themes). Festivals can create a feeling among the buying public that they are buying more than just a product; they allow customers to create intimate connections between their food and the passionate farmers who grow it. This “supplier connection” idea has been leveraged before by companies such as Whole Foods who display cardboard cutouts of their suppliers for customers to see and place pictures of growers on the labels of the food they produce. The region’s agricultural sector consists of a vibrant landscape of local, small farms who would benefit from the exposure at these festivals. These festivals could also help farmers market their own products and would support the creation of new markets for regional products as well as new job opportunities for North Shore residents. These festivals could also be used to educate the general public about the agricultural industry (see below for more information).

#### Recommended Action

Launch a unified, regional branding and marketing campaign that:

1. Inventories the full range of farmers and crops in the area.
2. Promotes the concept of North Shore Grown by creating a widely recognizable logo.
3. Supports collaborative events (festivals) that showcase the region’s assets.

## Awareness & Support of the Agricultural Industry



### Food Safety is Important

Regional branding is not the only thing that will put North Shore produce on store shelves. Developing uniform food safety standards as well as certifying local products will support growth in the local agricultural sector. Local farmers markets throughout the region are key players in agricultural tourism and recreational services. These markets provide an end use for agricultural production in the region as well as attract many visitors.

While farmers markets present an opportunity for the region to sell local products, there are few regulations to ensure that products are, in fact, locally produced and that they meet food safety requirements. Creating a set of uniform food safety standards will increase consumer trust in product reliability and quality. Increasing food safety standards may also help regional producers market their produce to larger grocery retailers. Implementing **programs to educate farmers on the proper use of chemicals** and to better monitor these practices will help ensure food safety and help smaller farmers get into larger markets. Providing these classes in the diverse languages of the farmers is also important. They will not learn if they do not understand what is being taught. Many large supermarkets maintain their own safety certification processes which can be challenging for smaller producers to comply with. Educating and supporting North Shore farmers on food safety requirements as well as opportunities to market their products with large retailers can help producers tap into new markets.

#### Recommended Action

- Educate farmers and the public about **food safety regulations** and create a set of **certifications that farmers must receive** to sell their food in the region.
- Set up classes, so farmers are more easily able to receive these certifications.
- Develop a set of standards for local farmers markets.



### Creating Supportive Policy Environment for Agriculture

A thriving agricultural sector requires a supportive policy environment that incentivizes infrastructure investments and ensures adequate access to **clean water**. Current state land use designations disincentivize major, long-term investments in agricultural infrastructure by farmers given the lack of predictability in land use. **Reforming the land use designation system** would help encourage investments in infrastructure that are necessary to bring small agricultural producers to scale.

In addition, sustainable agriculture depends on **stable water resources** and adequate clean water. Many people are under the false assumption that the North Shore has an abundant water supply, but they do not understand that Lake Wilson has an R2 water quality designation (disinfected secondary reclaimed water), that can only be used for crops that are not watered on their surface, which limits its use. A majority of the farmers who utilize the water from Lake Wilson are seed crop farmers. Current Board of Water Supply practices give preference to providing residential water service over that to agriculture because agricultural lands do not provide the tax base that residential properties do. Policy changes that increase the availability and quality of water resources as well as the effective management of wastewater are integral to the viability of agricultural production and the economic vitality of the agricultural sector.

#### Recommended Action

**“Did You Know?” Campaign:** While festivals could be used as a launching platform to educate the general public, other forms of media could be used as well. One suggestion would be to create a “Did You Know?” campaign. This could include a column that would contain prevalent and interesting facts about the agricultural industry and could be displayed online (see [www.solanogrown.org](http://www.solanogrown.org) for an example), circulated at festivals, announced on public service stations, sent out via email and even displayed around town on local restaurants, shops and hotels pin boards. Biographies of local producers could also be circulated in a similar manner to serve as a way to connect local residents and growers.

**Farmers Network:** The “Did You Know” campaign could also help facilitate **communication and partnerships among farmers** themselves. If farmers communicated with each other about what they were planting, they could prevent duplicative crops and prevent flooding the market with the same crops at the same time. **Coordinating the planting** of many food crops will insure constant availability to customers, a shortfall of the current supply chain that prevents many retail and restaurants from purchasing locally.

Farmers could also **integrate seed and vegetable crops**, allowing them to benefit from multiple streams of income.

**Set up a buying co-op** that can help smaller farmers with consolidated loads sell their products to other Hawai‘ian Islands.

## OPPORTUNITIES FOR THE NORTH SHORE EXPERIENCE CLUSTER

The North Shore is a truly special place with its strong Hawai’ian cultural foundation, beautiful scenery, and historical significance. In the winter months, the North Shore becomes the global epicenter of the surfing world, attracting the world’s best surfers. While its spectacular beaches and landscapes draw visitors from all over the world, North Shore residents work to preserve their natural habitat and way of life.

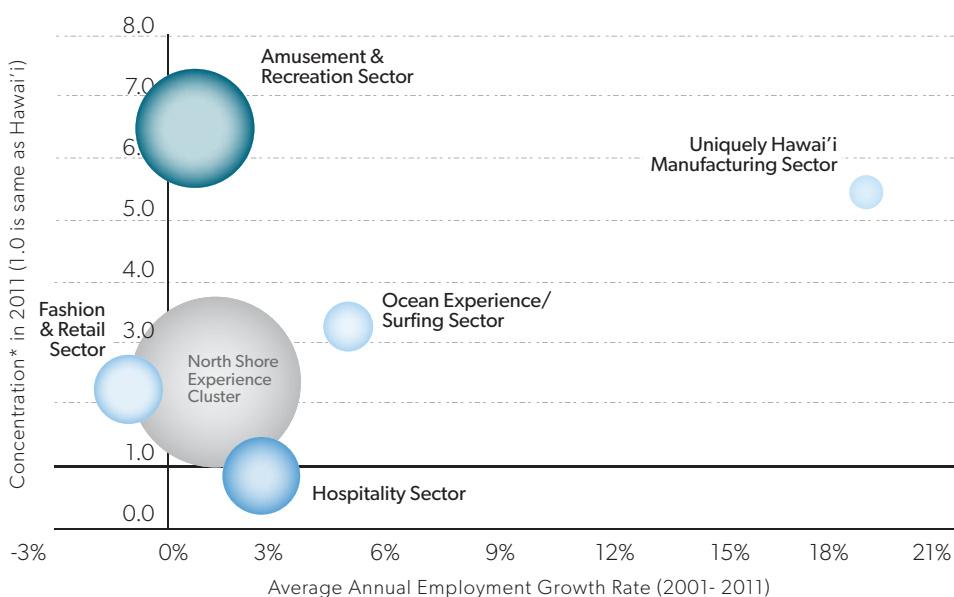
It is the “North Shore Experience”, whether staying on the North Shore, shopping for North Shore made products or partaking in one of the many activities that the North Shore has to offer, that keep individuals coming back and that residents hope to preserve. Visitors come to the North Shore for its country feel and to explore the Hawai’i of old. Most overnight visitors stay at Turtle Bay Resort with 443 accommodations (cottages, villas, rooms, suites) and plans are underway for further expansion. Other activities that enhance the visitor experience include the availability of local goods, unique shops, art galleries, restaurants and a range of recreational activities. The Polynesian Cultural Center, which offers luaus, dining and an authentic Polynesian village tours, is Hawai’i’s top paid visitor attraction.

Kualoa Ranch is an example of the overlap between the two clusters. Historically the area was used as a 4,000 acre cattle-ranch but has since diversified into industries outside of agriculture, serving as a prime location for filming movies as well as a wedding venue. Additionally, they have integrated other attractions including a restaurant, hula lessons, trail rides and hiking. Harvesting the diverse assets of this area could be a joint effort between both cluster groups.

These elements are integrated to create the North Shore experience—visitors come because of the unique beauty of the region, stay in hotels and engage in recreation while also purchasing goods produced locally.

Amusement & Recreation comprise over half (51%) of the North Shore Experience cluster (Figure 5). This cluster reported an average annual growth rate of 1.2 percent between 2001 and 2011. This was only slightly higher than the rest of the economy’s rate of 1.14 percent; however, this cluster was highly concentrated when compared with the state (Figure 3). Also, when broken down, key industries within the cluster grew at a much faster pace. Uniquely Hawai’i Manufacturing, representing four percent of the cluster, grew at an average annual growth rate of 18.5 percent. This sector includes locally made soaps and oils. Similarly, Ocean Experience/Surfing, representing nine percent of the North Shore Experience cluster, grew at an average annual rate of 4.9 percent.

Figure 5  
**Major Sectors of the North Shore Experience Cluster**  
 North Shore Region, 2001-2011



\*Concentration is calculated as (Northshore Cluster Emp/Northshore Total Emp)/(Hawai'i Cluster Emp/Hawai'i Total Emp)  
 Data Source: National Establishment Time-Series Database (NETS)  
 Analysis: Collaborative Economics

## REQUIREMENTS TO LEVERAGE OPPORTUNITIES IN THE NORTH SHORE EXPERIENCE CLUSTER

---

Business leaders in the North Shore Experience cluster identified opportunities to expand and improve their markets through **joint infrastructure improvements** and **marketing efforts**. This process would be more successful by identifying and connecting existing *experience* companies to one other.

### Branding & Marketing

The North Shore has a specific **brand**, whether it be a unique item produced in the region or a service provided on the North Shore; it is a distinctive region with a distinguishable culture.



#### Logo

One key component of creating and strengthening the North Shore brand would be to develop a **logo** that has a cohesive look and tagline (see [ashevillegrown.com](http://ashevillegrown.com) for an example) that could be utilized by everyone on the North Shore. This brand could be placed on all North Shore Experience business websites, store fronts, products, etc. This logo would help North Shore businesses to not only advertise to visitors from afar but also to locals and visitors from neighboring regions. The logo could serve the multi-use purpose of displaying North Shore pride, as well as advertising the many services and products the region has to offer.

#### Co-branding

Manufacturers and vendors could work together and co-brand. Accommodations such as Turtle Bay and Camp Mokule‘ia could stock **North Shore Made** products in exchange for being able to purchase them at wholesale prices. This could act as a spotlight and promote the quality of North Shore made products made within the region.

#### Planned Events

The North Shore Experience brand could be further promoted at **collaborative events**, where people of similar interests come together collaborating with restaurants and other industries in the area. Themes could include Surf Night (screening surf films, board shaping, surf photography and art) and Farm to Table (culinary demonstrations, food market, flowers, etc). These **festivals** would not only attract visitors but would also draw in North Shore residents, further spreading the North Shore brand. This again could be an opportunity to work jointly with the Sustainable Agriculture & Working Landscapes cluster who for example could provide locally grown foods, promoting their own products, at an event for surfing aficionados.



#### Web Presence

The brand could also be spread using various forms of **social media**. These sites (Facebook, Instagram, Twitter, Yelp, etc.) are free and can be easily updated with photos taken by owners and guests alike. Individual websites and handles (Turtle Bay Resorts is currently #playturtley) could all collectively link to one dedicated handle for the North Shore, such as #gonorthshore, #northshorelife, etc. The North Shore Experience handle could also link to **one cohesive North Shore Experience website**. The website could include profiles of local business leaders and companies, products, and services, as well as a news feed about local companies and a joint calendar. Businesses and locations could also partner with Google Places to give visitors a virtual peek of what the North Shore has to offer. [Haleiwa Art Gallery](#) has already done this. This would allow visitors to preview the North Shore as one cohesive experience in one place, introducing visitors to additional attractions that they may not have known existed.





### Joint Information Guide

Another way to collectively promote the North Shore Experience would be to create a guide that shows everything that the North Shore has to offer. This guide could be integrated into a **North Shore Phone App**, placed on the **North Shore website** or be distributed at the hotels in the North Shore as well as in Honolulu. Many guests visit the North Shore on their O‘ahu vacation and ensuring guests have an enjoyable stay will make them want to return. This plan ties in with a goal of the Professional & Technical Services cluster of bringing broadband to the North Shore. For a phone app to work seamlessly, broadband would need to cover the entire North Shore.

#### Recommended Action

Create a **North Shore Experience Network**, linking partners and acting as a focal point for cluster companies to meet and:

1. Develop materials and market the North Shore Experience, including hosting collaborative events.
2. Coordinate the use of information technology and social media to link businesses to visitors and their customers.
3. Develop, package, and publicize collaborative events for the region (e.g., fundraising efforts, theme, location, advertising, increasing participation, etc.).

## Infrastructure Improvements

The North Shore brand cannot be maintained if visitors have negative experiences when visiting the region, whether it be traffic, locating attractions, parking, or finding restrooms. **Comprehensive transportation and tourism infrastructure** is an asset for both visitors and locals. The lack of convenient roads, restrooms and information booths, to name a few, will deter people from returning to the area.



### Restrooms

With the number of North Shore visitors growing every year, the availability of public restrooms will become a significant issue. Restroom infrastructure must be in place to meet the needs of visitors and locals.



### Road Infrastructure

Another significant issue is traffic. While major road renovations are difficult, if not impossible (e.g., widening highways), alternative routes could be introduced or better communicated. One suggestion would be to create a “scenic route” for tourists that enhances their visual experience while deterring them from taking the main commuting route through towns. Designated parking could also be created at spots where tourists stop most for pictures. There could also be a coalition to advocate for “beautifying” (e.g., tree removal) the sides of the road that afford scenic views.

### Community Space & Information Hub

The North Shore currently lacks a central information hub for visitors and locals and a space where business leaders can meet for projects.

#### Recommended Action

Create an infrastructure planning and financing team (could be a committee within the North Shore Experience Network) to identify needs and strategies to fund infrastructure improvements. The coalition would be composed of employees of the cluster and other businesses and other partners and would provide a “joint voice” to community leaders and government.

## MOVING FORWARD AND NEXT STEPS

---

Businesses in the North Shore will need to work together to identify strategic areas for improvement. This report serves as a jumping-off point for continued action and the development of a cluster network throughout the region. **Collaboration between businesses, industry leaders, and other key players will help expand the prosperity of the region.**

**Utilizing resources across all of the clusters will help capitalize on the opportunities identified in this report.** For example using the Professional & Technical services cluster’s tech savvy and know-how could be used to create a new website (or revamp the chamber’s current website), with a new logo that could be used to promote local products and experiences, educate consumers on the goings on in the area or advertise for local festivals.

**Regional branding has also been identified as a priority across all clusters.** One brand and handle (#gonorthshore, #northshorelife, etc.) could be created and utilized by both groups. This could be linked to the joint website and used across all forms of social media. The North Shore Experience and Professional & Technical Services cluster also both expressed the need for shared meeting and work space.

In order to establish these crucial connections, collaboration among industries is necessary. **Maintaining communication between players in each segment of the regional economy** to avoid duplicative work is important. Cluster groups could convene regularly or an additional joint cluster coalition could be created to enable greater communication among companies to enhance business opportunities (e.g. joint events, marketing, website collaboration, etc.), and collaborate with community partners to address shared challenges (e.g., infrastructure, etc.).

One participant suggested the creation of a business organization to act as the convener to help multiple clusters to move forward working on similar issues. Another suggested that the North Shore Chamber already exists and might be used as the convener. These options should be discussed by the focus groups to find the best way to coordinate activities. While these improvements have focused largely on changes to local infrastructure, these advancements will enhance the experience for visitors as well.

Developing a local brand, sustainable agriculture practices and festival events will further define the North Shore region, attracting visitors from near and far and, in turn, promoting prosperity in the region. Economic vitality is critical to sustaining a vital community and high quality of life—driving a vital cycle that produces revenues for public services and amenities, jobs for residents, and products and services for the local population. The North Shore Region has the opportunity to build on its economic strengths to ensure long-term economic vitality and quality of life for its residents.





## First Meeting Outcomes and Potential Action Team Priorities

To capitalize on these opportunities will require specific action plans. The following matrices, which will be the basis for these plans, will be completed at the second meeting on September 23rd. The action plans will be implemented by **action teams** — made up of individuals from the cluster, as well as leaders the team identifies from business, government, and the broader community willing to work together for a common goal. These action teams will flesh out the priorities identified and get more specific about actions and measurable outcomes. Each action team will require **champions** that will take responsibility for leading the team, monitoring progress, holding them accountable, organizing meetings and driving the implementation requirements and commitments for their team’s action plan.

### SUSTAINABLE AGRICULTURE & WORKING LANDSCAPES

PRIORITIES	
Priority Outcomes	Priority Strategies
<b>Awareness &amp; Support of Agriculture Industry</b>	
Raise awareness and support for the cluster among local residents and public officials by better communicating the cluster’s activities and the benefits that it brings to the region (e.g., beautiful landscape, local food source, attracts visitors that bring in money to the community)	Engage the broader community (the general public, policymakers and potential opponents), through the “Did You Know?” campaign, about the value of the cluster to the region’s economic vitality and quality of life
Increase supportive policies in local jurisdictions (e.g., water resource planning, long-term land tenure for farmers, food safety regulations)	
Increase awareness and education of food safety practices	Educate farmers and the public about food safety regulations. Create a set of standards for local farmers markets. Implement programs to educate farmers on the proper use of chemicals.
<b>Connection/Shared Priorities with Other Clusters</b>	
<b>Branding &amp; Marketing</b>	
Combine packaging of North Shore’s unique attractions (e.g., connecting food, festivals, cultural, environmental and recreational assets) in different ways	Launch a unified, regional branding and marketing campaign that: <ol style="list-style-type: none"> <li>1. Inventories the full range of farmers, crops and activities in the area</li> <li>2. Promotes the concepts of “North Shore Grown” and the “North Shore Experience”</li> <li>3. Support collaborative events (festivals) that showcase the region’s assets</li> </ol>
Create events with local interest marketed outside the area, resulting in more people traveling to the North Shore and more local residents venturing outside their immediate community or industry to participate	

IMPLEMENTATION OUTCOMES	
First Steps/Early Wins	Champions
<i>To be completed</i>	

**NORTH SHORE EXPERIENCE**

PRIORITIES	
Priority Outcomes	Priority Strategies
<b>Connection/Shared Priorities with Other Clusters</b>	
<b>Branding &amp; Marketing</b>	
Create a distinct logo that has a cohesive look and tagline	Create a North Shore Experience Network, linking partners in a unified approach and acting as a focal point for cluster companies to come together to: <ol style="list-style-type: none"> <li>1. Develop materials and market the region, including hosting collaborative event,</li> <li>2. Coordinate the use of information technology (e.g. website, phone app, etc.) to link businesses to visitors and their customers, and</li> <li>3. Develop, package, and publicize collaborative events for the region (e.g., fundraising, theme, location, advertising, participation, etc.)</li> </ol>
Create events that attract and benefit both locals and visitors	
“Co-Brand” to spotlight and promote the quality of “North Shore Made” products being made within the region	
Combine packaging of North Shore’s unique attractions (e.g., connecting environmental and recreational assets with food, festivals, culture) in different ways	
Build awareness of the cluster through a website that includes profiles of and a news feed about local business leaders and companies, products and services, a joint calendar, and leverages social media	
<b>Infrastructure Improvements</b>	
Raise awareness and support for the cluster among local residents and public officials by better communicating the cluster’s needs and ideas, leveraging the benefits that it brings to the region (e.g., beautiful landscape, tax base - attracts visitors that bring in money to the community)	Create an infrastructure planning and financing team (could be a committee within the North Shore Experience Network) to identify needs and strategies to fund infrastructure improvements to keep the North Shore an “experience” destination. The coalition would be composed of cluster employees and other businesses and partners and would provide a “joint voice” to community leaders and government members
Add additional Public Restrooms	
Create plans for improving traffic on the North Shore (e.g., additional parking, “scenic routes”, etc.)	
Establish a joint community space and information hub	

**IMPLEMENTATION OUTCOMES**

First Steps/Early Wins	Champions
<i>To be completed</i>	

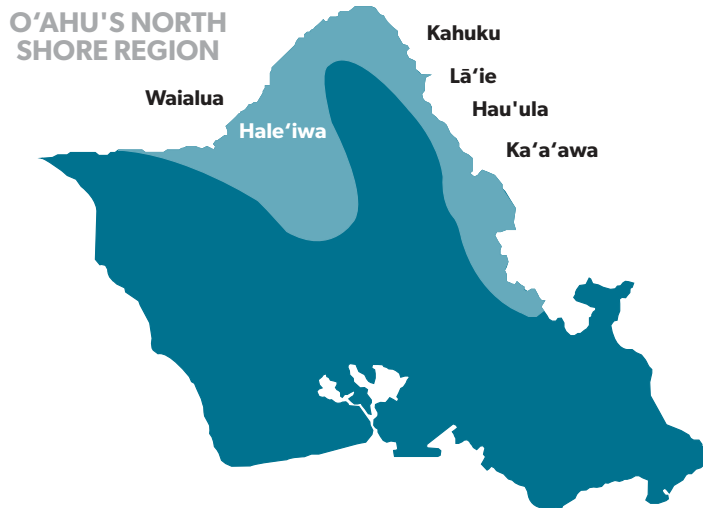
## APPENDIX A: Geographic and Industry Data

### National Establishment Time-Series Database

The National Establishment Time-Series Database (NETS), prepared by Walls & Associates using Dun & Bradstreet establishment data, was sourced for jobs data and establishment counts.

The North Shore Region was defined as the following zip codes:

Hale‘iwa	96712
Waialua	96791
Kahuku	96731
Lā‘ie	96762
Hau‘ula	96717
Ka‘a‘awa	96730



### Project Background

A coalition of individuals and organizations on the North Shore have joined together to support this project because they are committed to the vision of economic vitality in this special region. They have formed a group of project stewards who will work closely with Collaborative Economics to guide this cluster identification and strategic planning project.

The North Shore Economic Vitality Partnership includes:

**Kevin Kelly - Chair**  
University of Hawai‘i &  
North Shore Community Resident

**Susan Matsushima - Co-Chair**  
Sustainable Agriculture & Working  
Landscapes  
Alluvion, Inc.

**Larry Jeffs - Co-Chair**  
Sustainable Agriculture & Working  
Landscapes  
The Farm/Sugarland

**John Morgan - Co-Chair**  
North Shore Experience  
Kualoa Ranch

**Marty Thomas - Co-Chair**  
North Shore Experience  
Van's Triple Crown of Surfing

### Project Stewards

**David Baker**  
Kahuku Sugar Mill

**Doug Cole**  
North Shore Community Land Trust

**Kalani Fronda**  
The Kamehameha Schools

**Danna Holck**  
Turtle Bay Resort

**T. Michael Moser**  
Windward Community College

**Antya Miller**  
North Shore Chamber of Commerce

**Kathleen M. Pahinui**  
Anthology Marketing Group

**Lee Sichter**  
Lee Sichter LLC

**Ron Weidenbach**  
Hawai‘i Fish Company

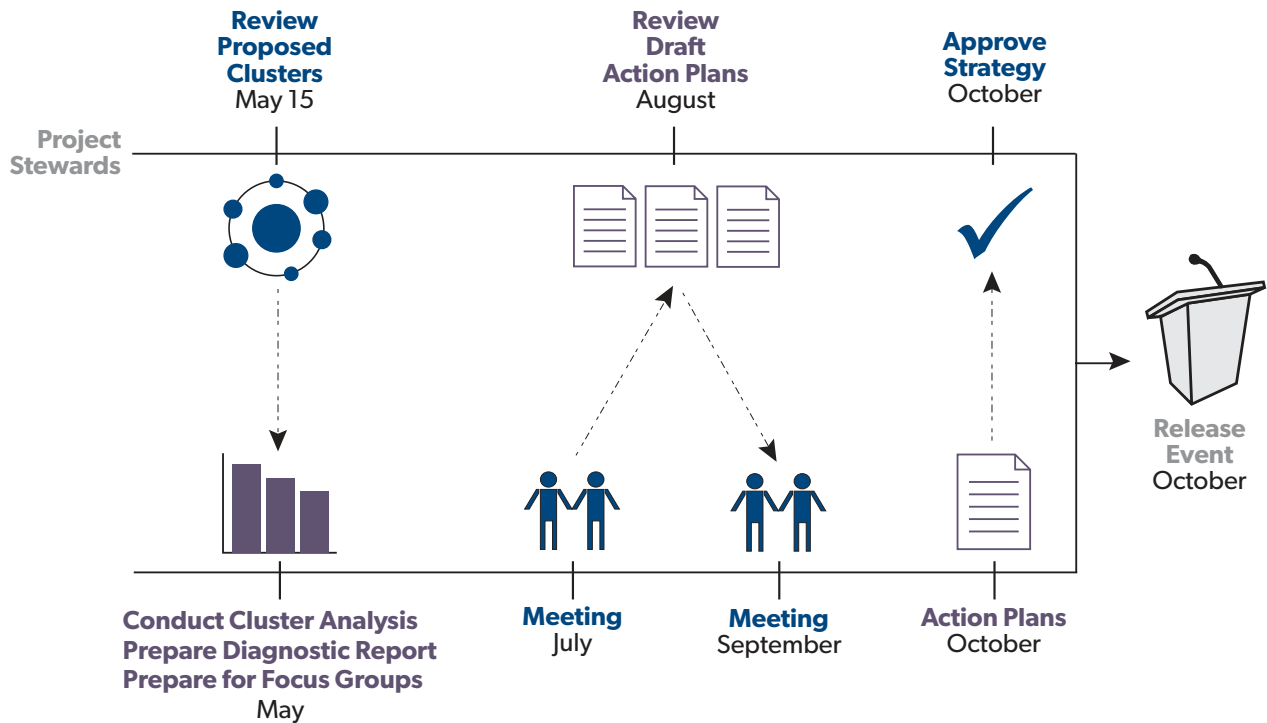
**Carolyn Unser**  
First Wind

## Project Overview

This North Shore Cluster Opportunities Report serves as a foundational document for Phase II of the region’s Economic Strategy Plan process (see project timeline below). Collaborative Economics has identified three clusters of opportunity that drive the region’s economy and has explored two clusters in depth in this Assessment.

The next step in the process to develop an Economic Strategy Plan for the North Shore will be to reconvene groups of employers to finalize high-priority opportunities and requirements for industry growth, vitality, and competitiveness with the support of community members and government leaders. Based on these meetings, the co-chairs and champions finalize a set of actions, with specific steps, outcomes, and implementation commitments. Each cluster group will develop an Action Plan that along with the cluster assessment will be combined into an overall Economic Strategy Plan for release in Fall 2013. At that point, the implementation process will be launched.

## Project Timeline



## What are Clusters of Opportunity?

Clusters of opportunity are sectors of the economy identified by growth in one or more areas:

- **Value:** the sector brings wealth to the region
- **Jobs:** the sector has experienced strong short-term or long-term employment growth
- **Wages:** the average wages for the sector are high-value and increasing

A cluster of opportunity elaborates on the concept of an industry cluster—traditionally seen as export-oriented, geographically-concentrated, as well as shared labor pools and other specialized infrastructure—by including pathways for upward mobility for residents.

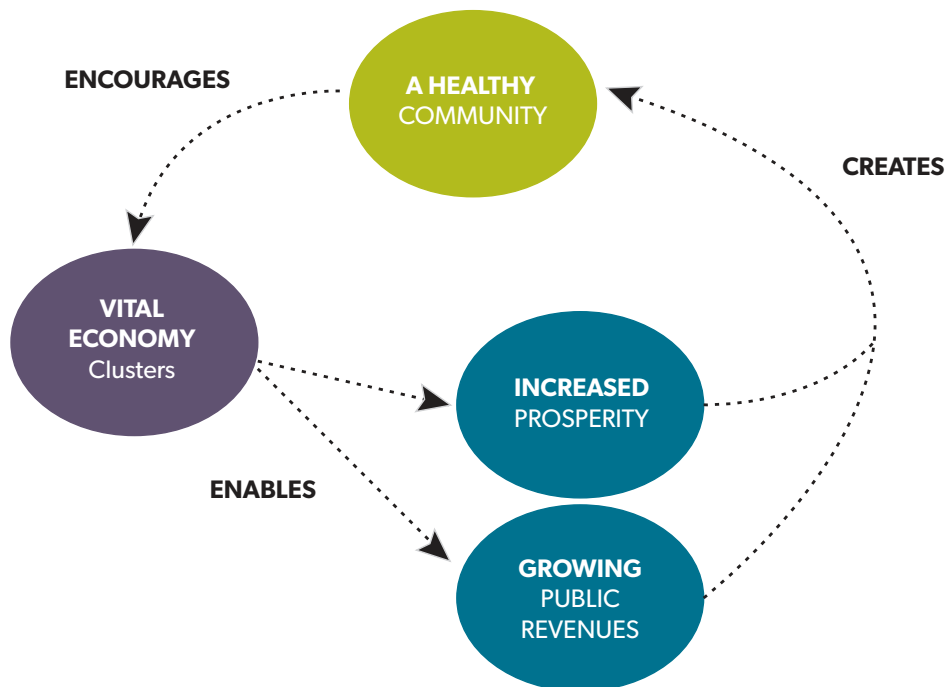
A cluster of opportunity also focuses on the size of sectors, not just their potential for rapid growth, and looks closely at population-serving activities in addition to the region’s economic base. A cluster of opportunity can be export oriented, based on a regional specialization, or represent an opportunity with career advancement for local residents—or, it can combine several elements that meet economic growth and workforce investment goals.

The clusters drive economic vitality, generating jobs and wages for residents and expanding purchases of products and services from local suppliers, all resulting in a positive ripple effect to create benefits for every community in the region. The clusters also generate tax revenues that fuel local public services and support a better quality of life for local residents. The clusters, if innovative, competitive, and healthy, will drive the economic prosperity of the North Shore. For these reasons, clusters of opportunity provide the logical starting point for an Economic Strategy for the region.

Clusters of Opportunity



### A Prosperous Economy Drives the Vital Cycle



## APPENDIX B:

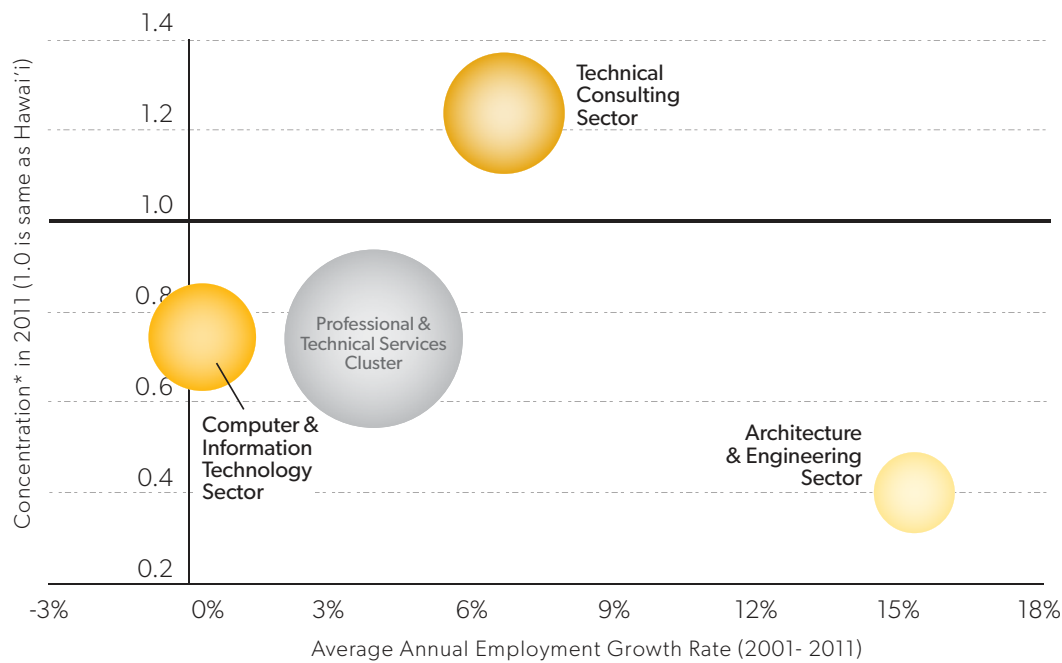
### The Professional & Technical Services Cluster and the Rest of the Economy

#### The Professional & Technical Services Cluster

Another thriving but currently small North Shore cluster involves Professional & Technical Services. The businesses within this cluster are usually very small, 43 of the cluster’s 98 establishments are individual proprietorships. Many people move or retire to the North Shore for the location and lifestyle. Oftentimes these individuals are highly educated with a specific set of skills, and due to technology, they can work from nearly anywhere in the world. They are often “high earners”, contributing to the North Shore’s tax base and economy while having a very small footprint on the land. In addition, this cluster offers opportunities for North Shore kama‘ainas (natives) who wish to stay and work locally. Professions within this cluster, such as data/image processing or software development, can allow people to earn an income without any additional commuting or building development. Also included in this cluster is architecture and engineering services.

While Professional & Technical Services is the least concentrated (0.74) of the clusters when compared to Hawai‘i as a whole, its average annual growth rate (3.9%) is significantly higher than the rest of the economy (1.2%) (Figure 3). This growth is mostly attributed to Architecture & Engineering industries, which experienced an average annual growth rate of 15 percent between 2001 and 2011 (Figure 6). Technical Consulting is the largest industry within Professional & Technical Services, accounting for 44 percent of the cluster, and is also the only industry within the cluster with a concentration higher than the state average (1.2). The slow average annual growth rate (0.3%) of the cluster’s second largest industry, Computers & Information Technology, presents a potential problem for the success of the Professional & Technical Services cluster. Computers & Information Technology enable both Architecture & Engineering and Technical Consulting to be worldwide industries, if the proper infrastructure is not in place, the Professional & Technical Services Cluster will not be able to succeed on the North Shore.

Figure 6  
**Major Sectors of the Professional & Technical Services Cluster**  
 North Shore Region, 2001-2011

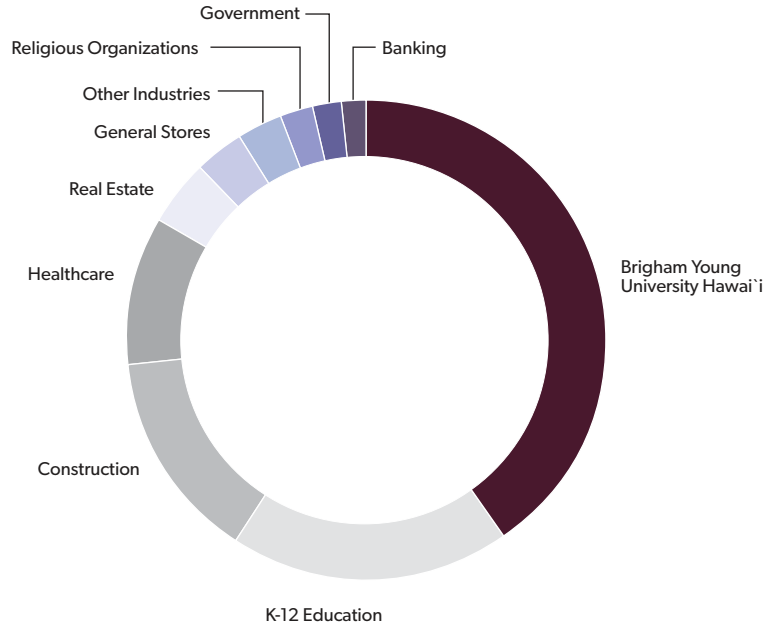


\*Concentration is calculated as (Northshore Cluster Emp/Northshore Total Emp)/(Hawai'i Cluster Emp/Hawai'i Total Emp)  
 Data Source: National Establishment Time-Series Database (NETS)  
 Analysis: Collaborative Economics

## The Rest of the Economy

The rest of the economy is largely comprised of non-export oriented industries. This includes education, healthcare, construction, government, real estate, banking and religious organizations (Figure 7). **While these industries are often the foundation of regional economies, they are not the basis for clusters of opportunity, which focus on regional specializations and export-oriented industries.** Brigham Young University, Hawai‘i (BYUH) has a large presence on the North Shore and represents 19 percent of employment in the region. This segment of the economy is located in the rest of the economy bubble as a large portion of education. BYUH has grown significantly over the past decade, growing at an annual average rate of 8.9 percent between 2001 and 2011. It is also highly concentrated (7.6) when compared to other universities throughout the state. Understanding the dynamics of this institution could be critical to developing the clusters of opportunity in the future if students stay on the North Shore to either start businesses or participate in the export-oriented industries.

Figure 7  
**Rest of the Economy**  
 North Shore Region



Data Source: National Establishment Time-Series Database (NETS)  
 Analysis: Collaborative Economics

## APPENDIX C: North Shore Clusters by Industry

### Sustainable Agriculture & Working Landscapes

Retail Consumption	311811	Retail Bakeries
	424410	General Line Grocery Merchant Wholesalers
	424440	Poultry and Poultry Product Merchant Wholesalers
	424460	Fish and Seafood Merchant Wholesalers
	424480	Fresh Fruit and Vegetable Merchant Wholesalers
	424490	Other Grocery and Related Products Merchant Wholesalers
	424590	Other Farm Product Raw Material Merchant Wholesalers
	424930	Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers
	445110	Supermarkets and Other Grocery (except Convenience) Stores
	445220	Fish and Seafood Markets
	445299	All Other Specialty Food Stores
	445310	Beer, Wine, and Liquor Stores
	446191	Food (Health) Supplement Stores
	453110	Florists
	722320	Caterers
*	Specialty Restaurants	
Conservation & Land Development	237210	Land Subdivision
	237310	Highway, Street, and Bridge Construction
	541110	Offices of Lawyers
	541720	Research and Development in the Social Sciences and Humanities
	813211	Grantmaking Foundations
	813312	Environment, Conservation and Wildlife Organizations
	813319	Other Social Advocacy Organizations
	813410	Civic and Social Organizations
	924110	Administration of Air and Water Resource and Solid Waste Management Programs
	924120	Administration of Conservation Programs
925120	Administration of Urban Planning and Community and Rural Development	
Farming	111150	Corn Farming
	111219	Other Vegetable (except Potato) and Melon Farming
	111320	Citrus (except Orange) Groves
	111336	Fruit and Tree Nut Combination Farming
	111339	Other Noncitrus Fruit Farming
	111421	Nursery and Tree Production
	111422	Floriculture Production
	111998	All Other Miscellaneous Crop Farming
	112111	Beef Cattle Ranching and Farming
	112340	Poultry Hatcheries
	112511	Finfish Farming and Fish Hatcheries
	112519	Other Aquaculture
112990	All Other Animal Production	

\*Specialty Restaurants are from NAICS codes 722110 (Full-Service Restaurants) and 722211 (Limited-Service Restaurants) and include restaurants on the North Shore that either embody the Hawaiian experience or make the effort to source their food locally.



### Sustainable Agriculture & Working Landscapes (cont.)

Film	334612	Prerecorded Compact Disc (except Software), Tape, and Record Reproducing
	512110	Motion Picture and Video Production
	512120	Motion Picture and Video Distribution
	512210	Record Production
	532230	Video Tape and Disc Rental
Agricultural Support	115112	Soil Preparation, Planting, and Cultivating
	115114	Postharvest Crop Activities (except Cotton Ginning)
	115116	Farm Management Services
	115210	Support Activities for Animal Production
	423820	Farm and Garden Machinery and Equipment Merchant Wholesalers
	424910	Farm Supplies Merchant Wholesalers
	444220	Nursery, Garden Center, and Farm Supply Stores
	541940	Veterinary Services
	713930	Marinas
Food Processing	311330	Confectionery Manufacturing from Purchased Chocolate
	311411	Frozen Fruit, Juice, and Vegetable Manufacturing
	311999	All Other Miscellaneous Food Manufacturing

### North Shore Experience

Amusement & Recreation	532292	Recreational Goods Rental
	532310	General Rental Centers
	561520	Tour Operators
	711130	Musical Groups and Artists
	711510	Independent Artists, Writers, and Performers
	712110	Museums
	713990	All Other Amusement and Recreation Industries
	722213	Snack and Nonalcoholic Beverage Bars
	812112	Beauty Salons
	812113	Nail Salons
Hospitality	485310	Taxi Service
	485320	Limousine Service
	485999	All Other Transit and Ground Passenger Transportation
	487210	Scenic and Sightseeing Transportation, Water
	488119	Other Airport Operations
	488999	All Other Support Activities for Transportation
	532120	Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing
	532411	Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing
	541930	Translation and Interpretation Services
	561510	Travel Agencies
	721110	Hotels (except Casino Hotels) and Motels
	721191	Bed-and-Breakfast Inns
	721199	All Other Traveler Accommodation
	721211	RV (Recreational Vehicle) Parks and Campgrounds
721310	Rooming and Boarding Houses	

**North Shore Experience (cont.)**

<b>Fashion &amp; Retail</b>	3152	Cut and Sew Apparel Manufacturing
	315228	Men's and Boys' Cut and Sew Other Outerwear Manufacturing
	339911	Jewelry (except Costume) Manufacturing
	339914	Costume Jewelry and Novelty Manufacturing
	423940	Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers
	424320	Men's and Boys' Clothing and Furnishings Merchant Wholesalers
	424330	Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesalers
	424340	Footwear Merchant Wholesalers
	448110	Men's Clothing Stores
	448120	Women's Clothing Stores
	448130	Children's and Infants' Clothing Stores
	448140	Family Clothing Stores
	448190	Other Clothing Stores
	448310	Jewelry Stores
	451120	Hobby, Toy, and Game Stores
453220	Gift, Novelty, and Souvenir Stores	
453920	Art Dealers	
<b>Ocean Experience/ Surfing</b>	336612	Boat Building
	339920	Sporting and Athletic Goods Manufacturing
	423910	Sporting and Recreational Goods and Supplies Merchant Wholesalers
	451110	Sporting Goods Stores
	611620	Sports and Recreation Instruction
	711211	Sports Teams and Clubs
	711219	Other Spectator Sports
	711320	Promoters of Performing Arts, Sports, and Similar Events without Facilities
	713940	Fitness and Recreational Sports Centers
<b>Uniquely Hawai'i Manufacturing*</b>	81292	Photofinishing
	323110	Commercial Lithographic Printing
	323113	Commercial Screen Printing
	327112	Vitreous China, Fine Earthenware, and Other Pottery Product Manufacturing
	327212	Other Pressed and Blown Glass and Glassware Manufacturing
	327215	Glass Product Manufacturing Made of Purchased Glass
	332313	Plate Work Manufacturing
	339932	Game, Toy, and Children's Vehicle Manufacturing
	541922	Commercial Photography

\*Uniquely Hawai'i Manufacturing includes all goods produced in Hawai'i, especially those relating to the Hawaiian culture such as ukuleles and surfboards.

## Professional & Technical Services

Technical Consulting	523910	Miscellaneous Intermediation (Finance & Investment Services)
	541430	Graphic Design Services
	541690	Other Scientific and Technical Consulting Services
	541710	Research and Development in the Physical, Engineering & Life Sciences
	541990	All Other Professional, Scientific, and Technical Services
	621512	Diagnostic Imaging Centers
	811219	Other Electronic and Precision Equipment Repair and Maintenance
Computers & Information Technology	334220	Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing
	443112	Radio, Television, and Other Electronics Stores
	511210	Software Publishers
	517110	Wired Telecommunications Carriers
	517212	Wireless Telecommunications Carriers (except satellite)
	517410	Satellite Telecommunications
	517910	Other Telecommunications
	518210	Data Processing, Hosting, and Related Services
	541511	Custom Computer Programming Services
	541512	Computer Systems Design Services
	541519	Other Computer Related Services
	811211	Consumer Electronics Repair and Maintenance
	811212	Computer and Office Machine Repair and Maintenance
	Architecture & Engineering	541310
541320		Landscape Architectural Services
541330		Engineering Services
541340		Drafting Services
541420		Industrial Design Services