

House District

Senate District

THE TWENTY- FOURTH LEGISLATURE
HAWAI'I STATE LEGISLATURE
APPLICATION FOR GRANTS & SUBSIDIES
CHAPTER 42F, HAWAI'I REVISED STATUTES

Log No: 184-0

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST - OPERATING

GRANT REQUEST - CAPITAL

SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): DEPT. OF AGRICULTURE

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:

Dbas: Molokai Livestock Cooperative (MLC)

Street Address: 3355 Maunaloa Hwy.
Hoolehua, HI 96729

Mailing Address: P.O. Box 1569
Kaunakakai, HI 96748

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name KAMMY PURDY

Title General Manager

Phone # 808-567-6994

Fax # 808-567-6994

e-mail livestock@mobettah.net

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION - COOPERATIVE
- FOR PROFIT CORPORATION
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL

4. FEDERAL TAX ID #: [REDACTED]

5. STATE TAX ID #: [REDACTED]

6. SSN (IF AN INDIVIDUAL): _____

7. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

\$75K is for payroll & utilities expense; to hire, train & certify new staff to increase production.

The Molokai community formed MLC in 1988 to address the need for a slaughter & processing plant. Jan. 2006, MLC was USDA certified for public use. It produced an annual income of \$55K in 2006 & \$100K in 2007, operation expense exceeds its 2007 income by \$37K.

8. FISCAL YEARS AND AMOUNT OF STATE FUNDS REQUESTED:

FY 2008-2009 \$ 75,000

9. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ _____

FEDERAL \$ _____

COUNTY \$ 2,500 OF \$25,000 GRANT

PRIVATE/OTHER \$ 3,000

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

[REDACTED]
AUTHORIZED SIGNATURE

VIOLA MUNDERICK-WICHMAN, SECRETARY/TRESURER

NAME & TITLE

JANUARY 22, 2008

DATE SIGNED

Application for Grants and Subsidies

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Include the following:

1. A BRIEF description of the applicant's background;
The Molokai Livestock Cooperative (MLC) is a state licensed agriculture cooperative organized under Hawaii Revised Statutes Section 421. The MLC was formed by the Molokai community in 1988 to address the need for an on island slaughter and processing plant. It took 17 years from conception to the actual development of the facility, and in 2006 MLC finally opened to the public. The MLC is certified by the United States Department of Agriculture (USDA), which authorizes the slaughter and process of cattle, hogs, and exotic animals. Currently, MLC is limited to processing approximately 1000 pounds of beef (three to four whole carcasses) a week for the Molokai grocery stores, restaurants, and its retail customers.
2. The goals and objectives related to the request;
The goal of the MLC is to provide slaughtering and processing services, to increase marketing options and returns to producers, and to supply the Molokai community with fresh, safe, and affordable meat products while monitoring livestock health and diseases. To operate the facility in a cost-effective manner whereby any benefits will be returned to members and to the community.

Currently, MLC is limited due to staffing. MLC's primary objective is to hire, train, and certify personnel, thus having an opportunity to increase production sales. The requested funds will also help to pay the high cost of utility expenses.
3. State the public purpose and need to be served;
MLC provides quality Molokai grass-fed beef to its community. The benefits of having fresh, safe and affordable meat products are significant. Prior to the opening of MLC residents that raised livestock would slaughter and process in their backyards, with the possibility of consuming diseased meat. The Molokai ranchers will have the capability to supply the entire island with natural grass-fed beef, sustaining the cattle industry on Molokai.

All slaughtered and process hogs are used for family luaus, no wholesale or retail sales are available at this time.

Molokai utilities are the highest in the State of Hawaii, some grant funds will be used to supplement MLC operation expenses. MLC can not stay open to serve the public if the utilities are not paid (annual utilities \$30K).

4. Describe the target population to be served; and
The population of Molokai is approximately 8,000 with an influx of 200 or more snowbirds (long term winter visitors) in the months of November through March. The MLC sales double in revenue during this period. It's been observed that the residents will purchase inexpensive meat cuts like: ground beef, boneless stew meat, chuck steak, brisket, etc. whereas; the visitors would consume expensive prime cuts of beef. MLC targets both markets, Ohana Pak for the local resident (it feeds a family of 6 on a budget for a week), and also provides for the health conscious that appreciate the quality of natural grass-fed prime cut beef.
5. Describe the geographic coverage.
The geographic coverage of Molokai is primarily agriculture. The MLC facility and retail outlet is located near the airport in Hoolehua, prime Hawaiian Homes Agricultural Lands. There are eight major cattle ranches, of which four are located in a seven mile radius and the others, are on each end of the island. The grocery stores and restaurants that purchase MLC processed meats are located throughout Molokai.

II. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request.

- Describe the scope of work, tasks and responsibilities;
The MLC board members (volunteers) are responsible for the overall business; there is a part-time general manager and two full time (includes a plant supervisor) employees. The GM is charged with scheduling the daily functions, market & sales, the financial budget, personnel and clerical. The actual slaughter and processing (butcher) is directed by the plant supervisor. The MLC human resources are controlled by its financial limitations, which determines the amount of production. The maximum wage is \$12 per hour plus medical benefits. The requested funds are necessary to hire, train, and certify employees with the intention of increasing production sales thus making this business enterprise viable and successful.

It is essential to increase well trained personnel by two more bodies; the GM should be working full time, all employees should have comprehensive training in Hazard Analysis & Critical Control Point (HACCP) certification. Presently, only the plant supervisor has this certification, it is a mandate to keep the MLC plant open. The certification cost is \$2,500 per person.

- The applicant shall provide a projected annual timeline for accomplishing the results or outcomes of the service;
The primary intention is to hire, train, and certify personnel in the first four months of receiving the funds. The increase in qualified employees will allow MLC to double its production capacity within the annual timeline, this will help to alleviate MLC's financial deficient and operate at cost.

- The applicant shall describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and
The greatest problem MLC is experiencing is the lack of funds to hire, train, and certify personnel, this limits MLC's capability to expand production and to operate at cost. Presently, only one MLC employee is certified HACCP, and none of MLC employee has had any formal training in slaughter or processing, just on the job training. They hadn't the chance to observe the larger Hawaii plants in process. The HACCP certification is a valuable instrument, without it, the plant shuts down. To invest in employees, qualifies their skills, provides empowerment and raises morale. Well performed employees evaluation is a vital monitoring tool. The financial outcome will justify the plan.

- The applicant shall list the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.
The measure of effectiveness will be as follows:
 - **Report on the hire and performance evaluation of two additional employees.**
 - **Certificate of completion for employee training and HACCP certification.**
 - **Evaluate and document employees productions.**
 - **Written assessment survey, communication input by employees, ranchers, and customers in regards to quality of product, services, and needs.**
 - **Record the increase in the number of slaughter and process production.**
 - **Financial records to substantiate revenue growth.**

- **Create a matrix report to submit monthly to the expending State agency, it shall include the bullets listed above to gauge the effectiveness of appropriated funds.**

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
See the attached budget form.
2. The applicant shall provide its anticipated quarterly funding requirements for the fiscal year 2008-2009.

| Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Total Grant |
|-----------|-----------|-----------|-----------|-------------|
| \$30,000 | \$15,000 | \$15,000 | \$15,000 | \$75,000 |

IV. Experience and Capability

A. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

Presently, the MLC employs a general manager, a plant supervisor, and one plant worker.

It is proposed that the current GM be the office administrator, due to her business qualification and one year experience with the company. The GM should be certified and knowledgeable in the actual slaughter and process production of the plant. The GM will actually work, guide, train and oversee the three plant workers. He/She should have office and communication skills to understand the office administrator responsibilities, these competences shall maintain all aspect of the facility and business as a whole. The current plant supervisor has two years of experience and is certified HACCP, the GM position may be a promotion. There is a need to hire and train two additional workers and certifying all.

Molokai is limited regarding officially trained slaughterhouse workers (most locals are familiar with backyard butchery). It take a particular individual (determined through hiring process) to work in a slaughterhouse, once hired he/she will have the opportunity to be a skilled abattoir employee.

B. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities. Also describe how the facilities meet ADA requirements, as applicable.

The construction of the MLC facility was completed in 2004; it meets all federal, state, and county building code requirements. The facility is ADA approved with access ability to and in the entire structure, including the public ADA restroom.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

The proposed staffing shall be as follows:

The GM should be a full time employee (perhaps supervisor promotion), properly trained and certified in the plant slaughter and processing division, he/she will work directly with three trained and certified plant workers to assure an increase in production.

The office administrator (currently GM's task) will be responsible for scheduling appointments with ranchers and vendors, market & sales, the financial budget, human resource, and records/reports files. This position is and can continue to be a 20 hour week employee.

The actual slaughter and processing manpower would increase by two more employees, having a total for four in the production division of the plant. All new hire will be trained and certified HACCP, increasing production is the major thrust in making this business enterprise viable and successful.

Currently, MLC two plant employees split their weekly task between slaughter days and process days, which limits production. The increase in personnel will allow both plant departments to run simultaneously and more efficiently.

B. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organizational chart that illustrates the placement of this request.

See attached MLC organization chart for 2007-2008, Appendix A.

VI. Other

A. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

There is no litigation or outstanding judgments on behalf of MLC.

B. Licensure or Accreditation

Specify any special qualifications, including but not limited to licensure or accreditation that applicant possesses relevant to this request.

The Molokai Livestock Cooperative (MLC) is a state licensed agriculture cooperative organized under Hawaii Revised Statutes Section 421. The federal agency certified MLC EST. 21699 under United States Department of Agriculture (USDA). The Hazard Analysis & Critical Control Point (HACCP) certification is mandated in 9 CFR 417 for all USDA inspected meat operation.

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2008 to June 30, 2009)

Applicant: Molokai Livestock Cooperative

| BUDGET CATEGORIES | Total State Funds Requested (a) | Maul County OED (b) | (c) | (d) |
|-------------------------------------|--|---|------------|------------|
| A. PERSONNEL COST | | | | |
| 1. Salaries | 40,000 | 6,500 | | |
| 2. Payroll Taxes & Assessments | 7,000 | | | |
| 3. Fringe Benefits | 8,000 | 2,750 | | |
| TOTAL PERSONNEL COST | 55,000 | 9,250 | | |
| B. OTHER CURRENT EXPENSES | | | | |
| 1. Airfare, Inter-Island | | | | |
| 2. Insurance | | 1,850 | | |
| 3. Lease/Rental of Equipment | | | | |
| 4. Lease/Rental of Space | | | | |
| 5. Staff Training | 10,000 | | | |
| 6. Supplies | | 1,300 | | |
| 7. Telecommunication | | | | |
| 8. Utilities | 10,000 | 11,300 | | |
| 9. Repairs/Maintenance | | 400 | | |
| 10. Contract Services | | 900 | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| TOTAL OTHER CURRENT EXPENSES | 20,000 | 15,750 | | |
| C. EQUIPMENT PURCHASES | | | | |
| D. MOTOR VEHICLE PURCHASES | | | | |
| E. CAPITAL | | | | |
| TOTAL (A+B+C+D+E) | 75,000 | 25,000 | | |
| SOURCES OF FUNDING | | Budget Prepared By: | | |
| (a) Total State Funds Requested | 75,000 | Kammy Purdy, GM 808-567-6994 | | |
| (b) Maui County OED | 25,000 | Name (Please type or print) Phone | | |
| (c) | | Signature of Authorized Official Date | | |
| (d) | | Viola Munderick-Wichman, Sec/Treas 01/28/08 | | |
| TOTAL REVENUE | 100,000 | Name and Title (Please type or print) | | |

BUDGET JUSTIFICATION PERSONNEL - SALARIES AND WAGES

Applicant: Molokai Livestock Cooperative

Period: July 1, 2008 to June 30, 2009

| POSITION TITLE | FULL TIME EQUIVALENT | ANNUAL SALARY A | % OF TIME BUDGETED TO REQUEST B | TOTAL SALARY BUDGETED IN REQUEST A x B |
|----------------|-------------------------|--------------------|--|---|
| NOT APPLICABLE | | | | \$ - |
| | | | | \$ - |
| | | | | \$ - |
| | | | | \$ - |
| | | | | \$ - |
| | | | | \$ - |
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| | | | | \$ - |
| | | | | \$ - |
| | | | | \$ - |
| TOTAL: | | | | \$ - |

JUSTIFICATION/COMMENTS:



BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: Molokai Livestock Cooperative

Period: July 1, 2008 to June 30, 2009

| DESCRIPTION EQUIPMENT | NO. OF ITEMS | COST PER ITEM | TOTAL COST | TOTAL BUDGETED |
|--------------------------|-----------------|------------------|---------------|-------------------|
| NOT APPLICABLE | | | | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| TOTAL: | | | | |

JUSTIFICATION/COMMENTS:

| DESCRIPTION OF MOTOR VEHICLE | NO. OF VEHICLES | COST PER VEHICLE | TOTAL COST | TOTAL BUDGETED |
|---------------------------------|--------------------|---------------------|---------------|-------------------|
| Not Applicable | | | | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| | | | \$ - | |
| TOTAL: | | | | |

JUSTIFICATION/COMMENTS:

**BUDGET JUSTIFICATION
CAPITAL PROJECT DETAILS**

Applicant: Molokai Livestock Cooperative

Period: July 1, 2008 to June 30, 2009

| TOTAL PROJECT COST | ANY OTHER SOURCE OF FUNDS RECEIVED IN PRIOR YEARS | | STATE FUNDS REQUESTED | | FUNDING REQUIRED IN SUCCEEDING YEARS | |
|---|---|---------------|-----------------------|--------------|--------------------------------------|--------------|
| | FY: 2005-2006 | FY: 2006-2007 | FY:2007-2008 | FY:2008-2009 | FY:2009-2010 | FY:2010-2011 |
| PLANS | | | | | | |
| LAND ACQUISITION | | | | | | |
| DESIGN | | | | | | |
| CONSTRUCTION | | | | | | |
| EQUIPMENT | | | | | | |
| TOTAL: | | | | | | |
| JUSTIFICATION/COMMENTS: NOT APPLICABLE | | | | | | |

**DECLARATION STATEMENT
APPLICANTS FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES**

The undersigned authorized representative of the applicant acknowledges that said applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to section 42F-103, Hawaii Revised Statutes:

- (1) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
- (2) Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
- (3) Agree not to use state funds for entertainment or lobbying activities; and
- (4) Allow the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and assuring the proper expenditure of the grant or subsidy.

In addition, a grant or subsidy may be made to an organization only if the organization:

- (1) Is incorporated under the laws of the State; and
- (2) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.


Further, a grant or subsidy may be awarded to a non-profit organization only if the organization:

- (1) Has been determined and designated to be a non-profit organization by the Internal Revenue Service; and
- (2) Has a governing board whose members have no material conflict of interest and serve without compensation.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Molokai Livestock Cooperative

(Typed Name of Individual or Organization)


(Signature)

01/28/08
(Date)

Viola Munderick-Wichman
(Typed Name)

Secretary/Treasurer
(Title)



MOLOKA'I LIVESTOCK COOPERATIVE

PO Box 1569
Kaunakakai, HI 96748



Phone: 808-567-6994 • Fax: 808-567-6994 • E-mail: livestock@mobettah.net

MLC Board of Directors

Jack Spruance, President
Puu o Hoku Ranch
HC 01 Box 900
Kaunakakai, HI 96748
808/558-8109 or 336-0417

Kevin Comcowich, Vice President
Kualapuu Ranch
PO Box 33
Kualapu'u, HI 96757
808/567-9898

Viola K. Mundrick-Wichman, Secretary/Treasurer
PO Box 219
Ho'olehua, HI 96729
808/560-6215
e-mail - tippy@pixi.com

Jimmy Duvauchelle, Director
Molokai Ranch
PO Box 8
Maunaloa, HI 96770
808/ 552-2900 or 660-2880

Dennis Kamakama, Director
Molokai Homestead Livestock Assn.
PO Box 1616
Kaunakakai, HI 96748
336-0211 (Cell)

Russell DeCoite, Alternate Director
V-8 Ranch
PO Box 125
Hoolehua, HI 96729
808/567-9234

E. O'Boy Pedro
Pedro Ranch
P.O. Box 86
Kaunakakai, HI 96748
808/553-5393 or 560-5394

EMPLOYEES

Kammy Purdy, GM
P.O. Box 84
Hoolehua, HI 96729
808/567-6601 or 658-0444

Chad Hirata, Plant Sup.
P.O. Box 1622
Kaunakakai, HI 96748
808/336-0464

Moki DeMello, Emp.
P.O. Box 1630
Kaunakakai, HI 96748
808/553-3787



MOLOKA'I LIVESTOCK COOPERATIVE

PO Box 1569
Kaunakakai, HI 96748



Phone: 808-567-6994 • Fax: 808-567-6994 • E-mail: livestock@mobettah.net

January 28, 2008

Senate Committee on Ways and Means
Attention: Aaron Nyuha
State Capitol, Rm. 210
Honolulu, HI 96813

RE: Grant in Aid application.

Dear Mr. Nyuha:

The Moloka'i Livestock Cooperative (MLC) submits this "Grant in Aid" request for \$75K. These grant funds will primarily be used to hire, train, and certify personnel, thus having an opportunity to increase production sales and sustain the business. The requested funds will also help to pay the high cost of utility expenses.

MLC's production is limited due to staffing. MLC needs to add two trained and certified employees to meet the criteria of the HACCP mandate. Presently MLC has only one such employee, which places MLC in a precarious position.

Since January 2006, the MLC has been certified by the United States Department of Agriculture (USDA) and has actively functions as a business. It's been two years that MLC has provided slaughtering and processing services to the Moloka'i community, and even though the construction is complete and business shows increasing potential, MLC still needs financial assistance until it earns revenue that is greater than its operational expenses. To date, MLC is not economically sustainable.

Please notice I have included two cover pages, one checked type of grant under **Subsidy Request** and the other under **Operating Request**. I was not sure which category MLC would be eligible.

If there are any questions regarding this GIA application, please feel free to call me at 808-567-6994.

Sincerely,


Kammy Purdy
General Manager

c: Eric Nouchi, House Committee on Finance