

ALAN M. ARAKAWA  
Mayor



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MARK R. WALKER  
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COUNTY OF MAUI  
**DEPARTMENT OF FINANCE**  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793

January 25, 2018

Honorable Alan M. Arakawa  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

For Transmittal to:

Honorable G. Riki Hokama  
Chair, Budget and Finance Committee  
Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

  
\_\_\_\_\_  
Acting Mayor      1/26/18      Date

Dear Chair Hokama:

**SUBJECT: AMENDING FISCAL YEAR 2018 BUDGET: DEPARTMENT OF FINANCE (ONE MAIN PLAZA LEASE) (BF-116)**

Pursuant to your request dated January 23, 2018, the following is the Finance Department's response.

1. *How was the Department notified that the reductions were rescinded by the Landlord? Please provide a copy of the notification.*

The County did not execute any new lease amendments for the reduced rents because the Administration did not receive support from the County Council for the revised lease terms. We have continued to negotiate with the Landlord and the landlord continues to invoice the County at the base rents at the time each lease expired. A revised agreement has been reached with the landlord and Short-Term and Long-Term lease amendments are currently being drafted by the landlord's attorney for our review. The new rents will be effective July 1, 2018.

2. *Explain the justification for the rent reductions being rescinded.*

The Landlord had offered Short-Term and Long-Term Base Rents based on anticipated relocation to the new Service Center Building by some departments. The terms and conditions for the Short-Term leases were acceptable to the Administration. However, the County Council did not support the Long-Term leases without any early termination clauses. The landlord offered the County the Short-Term and Long-Term Base Rents as a package deal. Therefore, the County could not execute lower base rents for only the Short-Term leases while still trying negotiating the terms of the Long-Term leases.

3. *Explain how the Department calculated the proposed \$25,808 increase for the One Main Plaza Lease.*

The County Council appropriated \$373,451.00 for Fiscal Year 2018. A total of \$367,219.63 has been encumbered leaving a balance of \$6,231.37. The amount encumbered covers the FY2018 rents for Suites 303, 305 & 547. Suite 546 encumbrance is until March 2018. The projected April – June 2018 rent for Suite 546 is \$32,039.01. The proposed increase is the difference between the projected rents less the unencumbered balance (\$32,039.01 - \$6,231.37)

Should you have any questions, please do not hesitate to contact my office at x7474.

Sincerely,



MARK R. WALKER  
Director of Finance

cc: Guy Hironaka, Real Property Manager