

ALAN M. ARAKAWA
MAYOR



KEITH A. REGAN
MANAGING DIRECTOR

OFFICE OF THE MAYOR

Ke'ena O Ka Meia
COUNTY OF MAUI – Kalana O Maui

REFERENCE NO. BD-BA 18-51

January 3, 2018

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

APPROVED FOR TRANSMITTAL

Mayor 1/4/18
Date

For Transmittal to:

Honorable Michael White, Chair
and Members of the Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair White:

RECEIVED
2018 JAN -4 AM 11:32
OFFICE OF THE
COUNTY CLERK

SUBJECT: AMENDMENTS TO THE FISCAL YEAR 2018 BUDGET

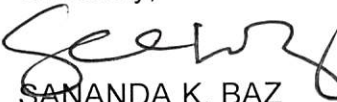
On behalf of the Department of Finance, I am transmitting the attached proposed bill for the purpose of increasing the FY 2018 appropriation for One Main Plaza Lease under Countywide Costs.

The department is proposing to increase the appropriation for One Main Plaza Lease by \$25,808 due to anticipated rent reductions being rescinded by the landlord because of the County's request to amend the lease terms and conditions. The Department of Finance has provided a copy of its communication to the landlord, Saunders Property Company, regarding lease terms and rates.

The \$25,808 appropriation will be funded by increasing Carryover/Savings General Fund and Estimated Revenues in the amount of \$25,808. A Certification of Additional Revenue for Fiscal Year 2018 certifying the availability of General Fund Carryover/Savings is attached.

Thank you for your attention in this matter. Should you have any questions, please feel free to contact me at Ext. 7212.

Sincerely,


SANANDA K. BAZ
Budget Director

Attachments (3)

COUNTY COMMUNICATION NO. 18-29

cc: Keith Regan, Managing Director
Mark Walker, Director of Finance

ORDINANCE NO. _____

BILL NO. _____ (2018)

A BILL FOR AN ORDINANCE AMENDING
THE FISCAL YEAR 2018 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO ESTIMATED REVENUES;
DEPARTMENT OF FINANCE, COUNTYWIDE COSTS;
TOTAL OPERATING APPROPRIATIONS; AND
TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance No. 4456, Bill No. 65 (2017), Draft 1, as amended, "Fiscal Year 2018 Budget", is hereby amended as it pertains to Section 2, Estimated Revenues, by increasing Carryover/Savings from the General Fund in the amount of \$25,808; and by increasing Total Estimated Revenues in the amount of \$25,808, to read as follows:

"ESTIMATED REVENUES"

FROM TAXES, FEES AND ASSESSMENTS:

Real Property Taxes		303,548,805
Circuit Breaker Adjustment		(373,138)
Charges for Current Services		142,393,137
Transient Accommodations Tax		21,204,000
Public Service Company Tax		8,500,000
Licenses/Permits/Others		38,694,419
Fuel and Franchise Taxes		21,000,000
Special Assessments		6,002,000
Other Intergovernmental		36,450,000

FROM OTHER SOURCES:

Interfund Transfers		49,705,630
Bond		49,435,000
Carryover/Savings:		
General Fund	[6,355,004]	<u>6,380,812</u>
Sewer Fund		5,023,222
Highway Fund		1,330,866
Solid Waste Management Fund		298,920
Golf Fund		363,433
Liquor Fund		722,099
Bikeway Fund		47,276
Water Fund		<u>18,475,916</u>

TOTAL ESTIMATED REVENUES [709,176,589] 709,202,397"

SECTION 2. Fiscal Year 2018 Budget is hereby amended as it pertains to Section 3.B.4.f., Department of Finance, Countywide Costs, by increasing B – Operations and Total by \$25,808, to read as follows:

	<u>A - Salaries</u>	<u>B - Operations</u>	<u>C - Equipment</u>	<u>Total</u>
"4. Department of Finance				
a. Administration Program	617,636	90,612	1,500	709,748
(1) Provided, that disbursement for salaries and premium pay is limited to 8.8 equivalent personnel.				
b. Accounts Program	952,542	409,400	0	1,361,942
(1) Provided, that disbursement for salaries and premium pay is limited to 17.0 equivalent personnel.				
c. Financial Services Program				
(1) General	4,677,891	1,803,614	1,500	6,483,005
(i) Provided, that disbursement for salaries and premium pay is limited to 98.7 equivalent personnel.				
(ii) Provided, that two positions relating to maintaining geographic information systems maps for the County shall be in the Department of Finance, Financial Services Program, Real Property Tax Assessment Division, pursuant to Section 3.48.010(F), Maui County Code.				
(2) Countywide Service Center – Annual Lease Costs	0	570,000	0	570,000
d. Purchasing Program	375,198	68,331	3,600	447,129
(1) Provided, that disbursement for salaries and premium pay is limited to 7.0 equivalent personnel.				
e. Treasury Program	669,890	554,333	2,500	1,226,723
(1) Provided, that disbursement for salaries and premium pay is limited to 14.0 equivalent personnel.				
(2) Provided, that a minimum of two tax sales are held.				

	<u>A - Salaries</u>	<u>B - Operations</u>	<u>C - Equipment</u>	<u>Total</u>
f. Countywide Costs				
(1) Fringe Benefits	0	93,976,551	0	93,976,551
(i) Provided, that the expenditure of funds related to salary adjustments shall be limited to those cost items required to be authorized by the County Council pursuant to Chapter 89, Hawaii Revised Statutes.				
(ii) Provided, that the Council shall approve by resolution the expenditure of any funds for any bargaining unit supplemental agreement regarding EUTF contributions.				
(2) Fringe Benefits Reimbursement	0	(20,535,928)	0	(20,535,928)
(3) Bond Issuance and Debt Service	0	40,859,235	0	40,859,235
(4) Supplemental Transfer to the Golf Fund	0	2,153,414	0	2,153,414
(5) Supplemental Transfer to the Solid Waste Management Fund	0	14,952,702	0	14,952,702
(6) Insurance Programs and Self Insurance	0	12,700,000	0	12,700,000
(7) Transfer to the Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund	0	3,031,757	0	3,031,757
(8) Transfer to the Affordable Housing Fund	0	6,063,514	0	6,063,514
(9) General Costs	0	1,030,126	6,000	1,036,126
(10) Overhead Reimbursement	0	(21,176,292)	0	(21,176,292)
(11) Post-Employment Obligations	0	17,000,000	0	17,000,000
(i) Provided, that the funds are paid to the State of Hawaii Employer-Union Health Benefits Trust Fund prior to September 30, 2017.				

	<u>A - Salaries</u>	<u>B - Operations</u>	<u>C - Equipment</u>	<u>Total</u>
(12) One Main Plaza Lease	0	[373,451] <u>399,259</u>	0	[373,451] <u>399,259</u>

SECTION 3. Fiscal Year 2018 Budget is hereby amended as it pertains to the Total Operating Appropriations to reflect a B – Operations and Total increase of \$25,808, to read as follows:

"TOTAL OPERATING APPROPRIATIONS	177,286,835	[379,074,216] <u>379,100,024</u>	6,314,619	[562,675,670] <u>562,701,478</u>
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SECTION 4. Fiscal Year 2018 Budget is hereby amended as it pertains to the Total Appropriations (Operating and Capital Improvement Projects) to reflect an increase of \$25,808, to read as follows:

"TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)			[709,176,589]	<u>709,202,397</u>
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SECTION 5. Material to be repealed is bracketed. New material is underscored.

SECTION 6. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



 JEFFREY UEOKA
 Deputy Corporation Counsel

ALAN M. ARAKAWA
Mayor



DANILO F. AGSALOG
Director

MARK R. WALKER
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

November 7, 2016

Saunders Property Company
4040 MacArthur Blvd, Suite 300
Newport Beach, CA 92660
Attn: Philip Anshutz

**SUBJECT: ONE MAIN PLAZA SHORT-TERM LEASES
SUITES 303, 305, 546 & 547**

Dear Mr. Anshutz,

Please accept this letter as communication of the County of Maui's Letter of Intent to confirm the general terms and conditions under which the Landlord would consider amending the leases for the above referenced premises. Please refer to the attached spreadsheets for the details of the Base Rent Schedules.

Please refer to the attached spreadsheet for details of the Base Rent Schedules and the Detailed Base Rent Schedule for each Suite.

1. **Exhibit A – Base Rent Schedules.** Rent effective date shall be July 1, 2017
 - a. **Short-Term Base Rent.** \$1.85 psf with annual 3% increases commencing at the beginning of each Fiscal Year. Lease Term is 4 years.
 - b. **Short-Term Base Rent with Early Termination Right.** \$2.15 psf with annual 3% increases commencing at the beginning of each Fiscal Year. Lease Term is 4 years. Right to Terminate with 120 days prior written notice effective after 1/1/2020.
2. **Exhibit B – Short-Term Base Rent Suites.**
 - a. **Suites 303 & 305** – The lease for Suite 530 will terminate upon completion of Landlord's build-out of Suite 303. Base Rent for Suite 303 will be \$1.85 psf should build-out be completed prior to July 1, 2017.
 - b. **Suites 546 & 547** – Scheduled to relocate to the new Service Center Building in the 2nd Quarter of FY 2021 (October – December 2020). The County of Maui shall have the right to terminate with 120 days prior written notice to Landlord effective January 1, 2020.

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One Main Plaza Leases
November 7, 2016
Page 2

- c. **Suite 502** – The County of Maui exercised the 6-month option to extend until December 31, 2017. A lease amendment for 2 additional 6-month options to extend will be prepared and executed. This lease is for a limited-term project and is not part of the negotiations for the other leases.

Please review the above terms and conditions, Exhibit A & Exhibit B and execute the attached acknowledgement page. This letter and exhibits will be submitted to the Maui County Council for approval.

Should you have any questions, please contact Guy Hironaka, Real Property Manager, at (808) 270-7725 or guy.hironaka@co.maui.hi.us.

Sincerely,


For **DANILO F. AGSALOG**
Director of Finance


Cc: Keith A. Regan, Managing Director

PA

**ACKNOWLEDGEMENT OF BASE RENT SCHEDULES
SHORT-TERM LEASES
EXHIBITS A & B**

LANDLORD

DATE

BY: 

11-10-16

BY: _____

COUNTY OF MAUI

DATE

BY: DANILO F. AGSALOG
Finance Director

APPROVAL RECOMMENDATION

BY: KEITH A. REGAN
Managing Director

PA

**EXHIBIT A
ONE MAIN PLAZA
SHORT-TERM BASE RENT SCHEDULES**

SHORT-TERM LEASES (5 YEARS OR LESS)

FISCAL YEAR		TERM		INCREASE	BASE RENT
FY	2018	07/01/17	06/30/18		\$1.85
FY	2019	07/01/18	06/30/19	\$0.056	\$1.91
FY	2020	07/01/19	06/30/20	\$0.057	\$1.96
FY	2021	07/01/20	06/30/21	\$0.059	\$2.02

SHORT-TERM LEASES (RIGHT TO EARLY TERMINATION)

FISCAL YEAR		TERM		INCREASE	BASE RENT
FY	2018	07/01/17	06/30/18		\$2.15
FY	2019	07/01/18	06/30/19	\$0.065	\$2.22
FY	2020	07/01/19	06/30/20	\$0.066	\$2.28
FY	2021	07/01/20	06/30/21	\$0.068	\$2.35

NOTES:

- 1 Annual Base Rent increase of 3%

SPECIAL SHORT-TERM LEASE (SUITE 502)

FISCAL YEAR		TERM		INCREASE	BASE RENT
FY	2018	07/01/17	12/31/17		\$2.12
	OPTION 1	01/01/18	06/30/18	\$0.000	\$2.12
	OPTION 2	07/01/18	12/31/218	\$0.064	\$2.19

NOTES:

- 1 Annual Base Rent increase of 3%
- 2 Limited Term Special Project

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**EXHIBIT B
ONE MAIN PLAZA
SHORT-TERM LEASES
3% ANNUAL INCREASES**

UNIT # NO(S)	TENANT	SQ. FT.	Total SQ FT	FY 2018	FY 2019	FY 2020	FY 2021
303	OED	1,161		\$2,147.85	\$2,212.87	\$2,279.04	\$2,347.54
305	OED	1,662		\$3,074.70	\$3,167.77	\$3,262.51	\$3,360.56
			2,823	\$5,222.55	\$5,380.64	\$5,541.55	\$5,708.11
502	ITDS	751	751	\$1,593.47			
546	DHHC	2,663		\$5,725.45	\$5,898.55	\$6,074.30	\$6,255.39
547	DHHC	2,479		\$5,329.85	\$5,490.99	\$5,654.60	\$5,823.17
			5,142	\$11,055.30	\$11,389.53	\$11,728.90	\$12,078.56
TOTALS		8,716	8,716	\$17,871.32	\$16,770.17	\$17,270.45	\$17,786.66
ANNUAL RENT with 3% increases				\$204,895.02	\$201,242.02	\$207,245.41	\$213,439.97

NOTES:

- 1 Suite 530 lease will terminate upon Landlord build-out of Suite 303. Suite 303 & 305 will be combined into a single lease
Base Rent is \$1.85 psf with 3% annual increases
- 2 Suite 502 will expire on December 31, 2017.
(2) 6-month Options to Extend. (1/1/18 - 6/30/18) & (7/1/18 - 12/31/18)
Base Rent is \$2.12 psf for FY 2018 with 3% increase for 2nd option period
- 3 DHHC is scheduled to relocate to new Service Center Building in 2nd Qtr of FY 2021 (End of Calendar Year 2020)
Right to terminate with 120 days notice anytime after 1/1/2020
Base Rent is \$2.15 psf with 3% annual increases

PK

