

RICHARD T. BISSEN, JR.
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DEPARTMENT OF MANAGEMENT
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September 19, 2025

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Richard T. Bissen, Jr. 9-19-25
Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair
Budget, Finance, and Economic Development Committee
Maui County Council
County of Maui
Wailuku, Hawaii 96793

Dear Chair Sugimura:

SUBJECT: BILL 103 (2025), BILL 104 (2025), AND RESOLUTION 25-173, RELATING TO THE ACQUISITION AND RENOVATION OF 24 NORTH CHURCH STREET, WAILUKU, MAUI, HAWAII (BFED-45)

We are in receipt of your correspondence dated September 3, 2025, and provide the following responses to your questions:

1. Related to the purchase, acquisition price, and appraisal:

- a. **Why is the County proposing to purchase the property for \$9,500,000 when the appraisal's market value is \$8,940,000, particularly given the identified maintenance issues?**

The proposed acquisition price of \$9.5 million is approximately 6% above the appraisal, primarily due to competitive market conditions and the property's strategic location in the Wailuku-Kahului Community Plan Area. Given the limited inventory of suitable properties for County functions, this price is considered reasonable, particularly when weighed against the cost and timeline of new construction.

- b. **Was an appraisal of the property's owner-occupied value conducted? If not, why?**

The County's commissioned appraisal included the value for all of the units in the building.

- c. **Please explain the negotiation process that led to the proposed price, including counteroffers, concessions, or contingencies.**

See response to 1.a

- d. **The purchase documents state that the intent is to acquire tax map key parcels ending in 0000–0030 from ATAK Investments, LLC. However, real property records show that parcel 0000 is owned by Wailuku Executive Center. Please explain why parcel 0000 is not listed under ATAK Investments and how this affects the proposed sale.**

Parcel 0000 refers to the master Condominium Project, Wailuku Executive Center. This includes the common areas and the parking lot. Parcels 001 through 0030 refers to the CPR units within the Wailuku Executive Center Condominium (Apts. 201 – 210, 301 – 310 and 401 – 410).

- e. **Resolution 25-173 lists tax map key parcels ending in 0000– 0030, but the title report and appraisal appear to list parcels ending in 0001–0030. Please explain the discrepancy.**

The County is buying the individual condo units in addition to the common areas and the parking lot.

- f. **Resolution 25-173 lists the building's square footage as 26,124, and authorizes the purchase of the parcel listed as 12,962 square feet. However, the title report and appraisal lists the parcel as 12,271 square feet. Please explain the differences.**

Please refer to the attached Exhibit "B", Land Court Application 1142, Map 5. The land area is 12,271 SF. We have provided Real Property Tax with a copy of the above referenced map to update their records.

2. **Related to the condominium property regime (CPR) and Association of Apartment Owners (AOAO) structure:**

- a. **If the County acquires all units, can it legally dissolve the CPR and AOAO?**

This would be similar to 2103 Wells Street. The County will draft and record a Declaration of Removal from Condominium Property Regime. The County will draft and record an Amendment to the Bylaws of the AOAO to dissolve the AOAO. However, the County would not take any action on both of these items until all current tenants have vacated.

i. If yes, what obligations would remain after dissolution?

None

ii. If no, what obligations would continue under AOA bylaws?

See response 2.a.i.

b. If dissolution is not possible, what is the Administration's plan for operating under the AOA?

See response 2.a.i.

c. If dissolved, what will happen to AOA assets and obligations, including reserve funds, contracts, and common property?

The County is acquiring all of the assets.

d. What are the current monthly AOA fees and what services do they cover?

No AOA fees. The current owner is the only member of the AOA

e. Has the AOA conducted a reserve study? If so, what is the funding level and shortfall?

No

f. Are there pending or planned special assessments?

No

g. What insurance coverage is required under the AOA and at what annual cost?

Commercial liability, \$13,391/yr.

3. Related to building occupancy, condition, and renovations:

a. Has the Administration obtained updated inspections or engineering reports in 2025? If so, please provide copies.

A property condition assessment (PCA) was conducted on behalf of the County in April 2025. A copy of the report was provided with the Administration's previous response to BFED re: Bills 103 & 104, dated September 3, 2025. Further, in-depth inspections of items such as structural, plumbing, fire alarm & sprinkler system, and ADA accessibility will be conducted after closing.

- b. **What is the projected timeline for phased or interim occupancy before full renovation?**

Department of the Prosecuting Attorney (DPA) would like to begin moving staff into vacant spaces in the building in early 2026. Two of the three floors will likely be occupied while a third will undergo renovations. Renovations are expected to proceed on a floor-by-floor basis once plans are issued. The County will proceed with procuring a design professional for the renovation work

- c. **What factors, such as tenant removal, AOA obligations, ADA compliance, or permits may affect the occupancy timeline?**

Several tenants have lease terms that will extend beyond the closing date (see response to Question 4a below for more info) which will impact the County's ability to either occupy or renovate the corresponding floors. Floor-by-floor renovations (and corresponding permit reviews) will be underway for the next 2-3 years following closing, which will delay full occupancy of the building by County personnel. Improvements to achieve ADA compliance are expected to be minor and not expected to impact occupancy by the County.

- d. **Please provide a detailed renovation cost breakdown by major category (e.g., HVAC, fire/life safety, ADA, roof, elevators, plumbing, electrical, interior build-out, contingency).**

A renovation cost breakdown of the building envelope & infrastructure (HVAC, plumbing, electrical, fire protection, elevators, etc.) is included in the PCA – for quick reference, see “Project Summary” on pg. 3. Interior buildout estimates are unknown at this time, but estimates will be provided once an architect is procured for the renovation work.

- e. **How were these estimates developed and were they validated by independent assessments?**

Cost estimates in the PCA are professional opinions provided by CBRE using internal data that factors in current industry costs as well as other factors such as escalation due to scarcity, tariffs, etc. and the assessor's own industry experience.

- f. **What portion of the renovation costs is attributable to converting tenant spaces to offices for the Department of the Prosecuting Attorney?**

As with the response to Question 3.d above, a reasonable estimate of this amount will be unknown until a design professional is procured for the renovation work. However, it is likely that the amount for a full renovation of the three office floors may exceed the amount of the building envelope and infrastructure improvements.

4. Related to existing tenants and lease management:

a. How many tenants currently occupy the property and under what lease terms?

There are currently 17 tenants and 1 vacant unit. 14 of the tenants are month-to-month tenancy. The remaining tenants have lease expiration dates of 5/31/26, 6/30/27 & 11/30/27. The tenant with the 5/31/26 expiration date will be moving out prior to the expiration date as their lease will not be renewed.

b. What is the anticipated cost and timeline to remove or relocate tenants, including any relocation assistance requirements?

The current landlord has issued a Notice to Vacate to all month-to-month tenants with a deadline of October 1, 2025.

However, due to limited available office inventory in the area, many tenants are having trouble securing new spaces and may require additional time beyond the notice period to vacate.

This could lead to potential delays in turnover and may necessitate tenant relocation assistance depending on lease terms and local regulations.

As for tenants with existing long-term leases:

- Wong Leong Cuccia LLLC (Suites 404, 407–408): Despite the Rent Roll listing them as month-to-month, correspondence from Tony T. dated August 8 confirms that their lease runs until November 30, 2026. This needs to be clarified and confirmed against lease documents to ensure accurate planning.
- Expeditions Maui (Unit 307): Their lease runs through November 30, 2027, making it the longest remaining lease. However, they are actively seeking alternative locations and may relocate earlier if a suitable space is secured.

Given this mix of lease expirations and tenant intent, the full tenant relocation process could extend through late 2026 or into 2027, depending on tenant flexibility and market conditions.

Costs associated with relocation assistance (if any) will depend on potential negotiated agreements.

c. What are the estimated carrying costs during transition (e.g., utilities, AOA fees, security, insurance, and taxes)?

Per the Rent Roll, the common area maintenance fee is approximately \$1.00/psf which is about \$20,000.00 per month.

However, County of Maui's cost would be lower as we do not pay RPT and are self-insured.

There are no AOA fees as the owner is the only member

5. What is the projected total cost of ownership (e.g., purchase price, closing costs, renovation, AOA obligations) compared to the existing space structure?

The projected acquisition cost is \$9,546,000.00. This includes purchase price, property condition assessment report, appraisal and estimated closing costs. Per response 3.d interior buildout estimates are unknown at this time, but will be provided after an architect is procured for the work following the purchase. Proposed costs for interior renovations will be provided by the Department tenant in a future budget request.

Should you have any further questions, please do not hesitate to contact my office at ext. 7855.

Sincerely,


for JOSIAH K. NISHITA
Managing Director

Attachment:

1. Exhibit "B", Land Court Application 1142, Map 5