

EAR Committee

From: Sarah Malaqui <mermaidsonmaui808@gmail.com>
Sent: Monday, November 14, 2016 3:34 PM
To: EAR Committee
Subject: HAMAKUAPOKO

Aloha council Chair Guzman,

I am writing in opposition to the proposed resolution to authorize Maui County to lease the Old Maui High School Site (Hamakuapoko) to Teach Development LLC. Maui has seen plenty of developers proposing and promising to protect and preserve the local culture and environment.

I respectfully urge your committee to ask the Administration to reconsider this private commercial land development proposal of our treasured Hamakuapoko.

thank you,

BULLET POINTS

- **Lack of community engagement, meetings, or outreach since the last committee meeting in September. Only one community meeting held on 11/10 and only 5 days prior to committee meeting on 11/15.**
- **County administration turned down an RFP from a charter school because they couldn't prove a funding source to pay for infrastructure. Maui only has one charter school on island. There is a demand for more place based education on Maui. I would rather see my tax dollars go to fronting the costs for water and sewer infrastructure rather than give it away to a for profit mainland entity. They plan to build these fancy retreat centers, how many locals you know can afford these type of services?**
- **TEACH LLC plans to access historic preservation grant funding, why hasn't Maui county tried to source these same grants? There are million of dollars available for historic preservation and agriculture opportunities. The county would be better off hiring a full time grant writer to access these funds.**
- **Let's put this investment into perspective. Approximately 200,000sf of developed space. Paia today has roughly 140,000 sf, pre-Paia 2020 development. You're looking at a potential new development 1.5x the size of Paia on 22 acres for a total cost of \$60...paid over 60 years.**
- **Teach LLC is paying lip service to farmers and non profits. Unless their promises are written into the lease, TEACH LLC is not required to fulfill obligations.**
- **At the very least. Teach LLC should be required to pay market rent after 10 years. Their projected profit after 5 years estimate a \$17million profit. Why are we giving a private entity a 60 year lease for \$1 a year? It is a low rate for tenuous deliverables.**
- **No promise by state DOT to build Paia Bypass anytime soon. In fact, that project has been taken off of priority**
- **Crosswalks and turning lanes will most likely have to be built off of Baldwin and Hana highway. Which could costs taxpayers for widening of highway, land acquisition, and drainage costs.**
- **A crosswalk would be extremely dangerous on Hana highway to access the beach.**
- **request that the Council change their policy of leasing our valuable County-owned properties- to FOR PROFIT entities for \$1 per year! We have an affordable housing crisis here in Maui County. We need to increase our revenue flow, so we can buy more land, to build affordable homes. These leases should cost much more!**

- We believe the administration should foster collaboration with local non profits who are already established and understand the community's social, economic, and cultural problems. A LOCAL entity should have this property. Mark Chasen stated at his meeting that he doesn't know Hawaii and it is obvious with his lack of community involvement, that he really doesn't care to know Hawai'i until after he's secured a lease.
 - Maui is not lacking spas. Health centers, retreat centers, restaurant, and gift shops in the paia/haiku area. This area is lacking charter schools and social services.
 - These are the orgs in FY17 budget with leases of 60 years or more (note that they are ALL DIRECT SOCIAL SERVICE providers): Hale Mahaolu 'Ehā (75yrs), Hale Mahaolu Kahului (75yrs), Hale Mahaolu 'Elua (99yrs), Hale Mahaolu 'Elima (75yrs), Hale Mahaolu Pumehana II (99yrs) and Hāna Cultural Center (100yrs). TEACH LLC is a for profit entity from the mainland.
 - TEACH LLC looks more like a privatization entity and not a public/private partnership
 - Inequity of deal. Typical PPP – Public Private Partnerships - have sharing of return and risk. Public has ability to shoulder or defer risk for a delayed return to provide incentive for private investment/investors near-term requirements. There doesn't seem to be any return here to the County. Has anyone anywhere calculated net economic benefit to the County? Or just net annual savings from not mowing the lawn? There should be a better balance of risk/return methinks.
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- Long term Investment horizons usually have to pencil out in 5-7 yrs or sooner, rarely go over 15-20 years. This is a 60 year lease. Certainly no one believes it will take 60 years to make the investment worthwhile. County has mitigated near term risks with certain incentives and preposterously low rent. At some point in the future there should be a catch-up and/or correction of lease terms to approach if not mirror market pricing.
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- Baseline ROI (Return on Investment) generally in 10-15% range. Assume 10% (which is low) and a stated \$60MM of investment – annual return should be \$6MM which implies ten years for break-even. County is paid only \$10 total over the same period?
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- Consider proposed lease is effectively a 60 year land lease. For the stated \$1/year rent, a 5% cap rate would equate to \$20 valuation. Would County sell the 22 acres for a \$20 bill? Effectively that's what has been done with this lease.
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- A better deal is to restructure this lease to have market rate catch ups for the County. At some point the County should recognize and be compensated for the land it is leasing. 22 acres at 43,560 sf/acre = 958,320sf. Maybe the lease starts at \$1 for the parcel but there's no reason it shouldn't end up at \$1/sf (annual) or some appropriate market rate at some point in the future. Developer can be entitled to preferred returns and the County should be entitled to certain minimum investments by dates certain
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- A combination of non profits would have less impacts and worth discussing. Many schools and non profits have reached out over the years, our tax dollars should pay for the infrastructure to help address community needs such as charter schools and different non-profits that have social benefits on our community.

- Some farmers support the project. Nowhere in the lease are they required to build a co-op or food hub. If it's not in the lease, TEACH LLC has no obligation or commitment to fulfill. Many other projects have made promises.
- OED mentioned community meetings were held, but those meetings she referred to were held during the Friends of Old Maui High School masterplan process back in 2007/2008. Almost 10 years ago and far before TEACH LLC was a concept or idea.
- Based on their projected calculations for profit with earnings at \$17 million by year 5, there is no reason why TEACH LLC should not be paying fair market rate after 10 years. For instance, to rent a space out at Helene Hall in Hana Bay it costs Barefoot Cafe and Bakery \$60,084 a year for their lease.
- So far this is nothing but good-sounding pie-in-the-sky. And we've been burned before by impractical ideas that we tax payers were asked to support via corporate welfare.
- many developments have made promises to our community. Since these promises were not in the lease, many have gone unfulfilled. No obligations and no commitment to fulfill those promises if not stated in the lease.
- In a FB comment by Mark Chasen on September 19th, he stated "THERE ARE NO GUARANTEES OF LOANS OR ANY TAX PAYER OR COUNTY MONEY BEING USED ON THIS PROJECT!!!" but in his proposal Section F: Contribution from the County of Maui

Accordingly, we both and absolutely need assurances from the County of Maui those bonds, road improvements, historic tax credits, low interest loans, new market tax credits, expedited entitlements, licenses, permitting and similar processes will be handled by the County on an expedited basis.

- Since this property is listed on the State Historic Register as a historic property AND they have yet to begin a proper study to determine how best to honor and maintain that designation/determination, WHY hasn't SHPD or anyone else been brought on board to speak with the developers and the community? This should happen FIRST. The proposed structures do not look like they even mimic the historic nature and culture of this area, let alone pay respect to it.

TRAFFIC

- Costs for crosswalks and right turning lane on Hana highway and Baldwin could costs taxpayers. Widening and land acquisition may be required to fulfill state DOT requirements
- Proponents of TEACH LLC claim their development would help accelerate the Pā'ia bypass. (Need letter from state DOT)

NOTE: State DOT (in a meeting held by Pā'ia Town Assoc last month) already detailed plans to work on the Pā'ia bypass, which TEACH, LLC had nothing to do with.

This Area is very near and dear to many of us. We humbly ask for your consideration for these matters and pray you will make a righteous decision for ALL that will be affected.

Sarah Malaqui



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