

STATE OF HAWAII  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
Kalaeloa Community Development District  
Honolulu, Hawaii 96813

July 5, 2017

Chairperson and Members  
Hawaii Community Development Authority  
State of Hawaii  
Honolulu, Hawaii

HCDA Board Members:

**SUBJECT:** Shall the Authority Approve the Kalaeloa Community Development District Operating Budget for Fiscal Year 2017-2018 in the Amount of \$735,000 and Authorize the Issuance of Land User Assessments, in the Amount of \$200,000, Pursuant to Hawaii Revised Statutes § 206E-196?

**SUMMARY:**

Submitted for board consideration and approval, is the operating budget for the Kalaeloa Community Development District (KCDD), in the amount of \$735,000, and corresponding annual assessment, in the amount of \$200,000, pursuant to Hawaii Revised Statutes (HRS) § 206E-196. The difference of \$294,800 represents an adjustment for prior years' surplus of funds for over budgeted expenditures. The remaining \$240,200 difference represents funding for two staff positions which will continue to be funded by the Hawaii Community Development Revolving Fund.

**AUTHORITY:**

The power to assess all land users, except the federal government, for their share of costs required to administer and operate the KCDD provided for under HRS § 206E-196 Assessment for operating costs, which reads:

- (A) The authority shall have the power to assess all land users, except the federal government, for their fair share of the costs required to administer and operate the Kalaeloa Community Development District, which may include costs associated with staffing. Assessments shall be based on each landowner's proportionate share of the total acreage in the Kalaeloa community development district.
- (B) The assessment shall be set by the authority annually, based upon the operating budget for the district, and adjusted for any actual expenditures made in the prior year in excess of the prior approved budget. The assessments shall be paid to the authority in semiannual payments commencing thirty days after the beginning of the fiscal year.

(C) The authority may charge interest or other fees on assessment amounts not paid on a timely basis, and may withhold services or approval of governmental permits for land users delinquent in payments.

(D) For the purposes of this section, "land user" includes the owner of land; provided that the landowner may assign the responsibility for payment of assessments to the lessee or licensee of the land.

#### **BACKGROUND:**

For the past several years, the Authority approved annual budget and assessment amounts of \$200,000 to cover the expenditures associated with the administration of the KCDD.

Since 2014, when the KCDD field office was relocated from Campbell Square to Kuhio Hale under a Memorandum of Understanding with the Department of Hawaiian Home Lands, the HCDA has been able to realize considerable cost savings relative to office rent resulting in a surplus over the past three years. It was the HCDA's intent then, as it is now, to reprogram those cost savings and invest them in the district. As a result, included in the budget for the fiscal year 2017-2018 are projects to expend the \$294,800 surplus.

A summary operating budget, including the fiscal year 2017-2018 assessment is provided below:

Description	Operating Budget	Source of Funds		
		HCDA	HRS § 206E-196 Surplus	HRS § 206E-196 Assessment
<b>Operating Expenditures</b>				
Personnel (2 FTE)	\$ 240,200	\$ 240,200	\$ -	\$ -
Share of AG Services	78,500	-	-	78,500
Office & Equipment	67,500	-	-	67,500
<b>Subtotal – Operating Expenditures</b>	<b>\$ 386,200</b>	<b>\$ 240,200</b>	<b>\$ -</b>	<b>\$ 146,000</b>
<b>Project Expenditures</b>				
Kalaeloa Master Plan Update	\$ 123,800	\$ -	\$ 123,800	\$ -
Right of Way Survey	200,000	-	146,000	54,000
Reliable Energy Solicitation	25,000	-	25,000	-
<b>Subtotal – Project Expenditures</b>	<b>\$ 348,800</b>	<b>\$ -</b>	<b>\$ 294,800</b>	<b>\$ 54,000</b>
<b>Total</b>	<b>\$ 735,000</b>	<b>\$240,200</b>	<b>\$ 300,000</b>	<b>\$ 200,000</b>

Included as Attachment A, is the Kalaeloa land user assessment packet which includes more detailed information of the budget and projects anticipated for the fiscal year 2017-2018. For landowner/land user information purposes, the packet includes a line item for the Enterprise Energy Corridor that is excluded from the operating budget as a legislature funded capital improvement project.

**ANALYSIS:**

At its June 1, 2016 Kalaeloa Authority meeting, the Authority asked staff to consider increasing the assessment for the fiscal year 2017-2018. Based on the accumulated surplus, we do not feel it would be appropriate at this time to consider such an increase. Therefore it's staff recommendation to maintain the assessment at \$200,000.

As provided for by HRS § 206E-196(b), the accumulated surplus, if not budgeted should be used to adjust the land user assessment. The HCDA believes the administrative costs and projects identified in the operating budget, of \$735,000, are in alignment with HCDA's mission, as well as the Kalaeloa Master Plan.

**RECOMMENDATION:**

HCDA staff recommends that the Authority:

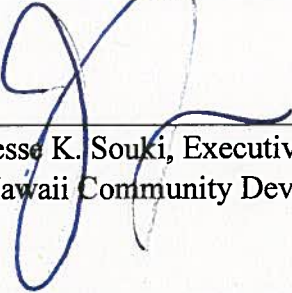
1. Approve the operating budget for the Kalaeloa Community Development District in the amount of, \$735,000.
2. Approve the issuance of land owner assessments in the amount of \$200,000

Respectfully submitted,



Aedward Los Banos  
Administrative Services Officer

APPROVED FOR SUBMITTAL:



Jesse K. Souki, Executive Director  
Hawaii Community Development Authority

Attachment A – Kalaeloa Land User Assessment Packet





HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY



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Governor

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July 15, 2017

## Attachment 1

«Name»  
«Job\_Title»  
«Company»  
«Address»  
«City», «State» «PostalCode»

Dear «Salutation»:

Re: Landowner Assessment – Fiscal Year 2017-2018  
Kalaeloa Community Development District

The Hawaii Community Development Authority (HCDA) was designated in 2002 by the Hawaii State Legislature (Legislature) to be responsible for the overall planning, regulation and development of the 3,700-acre Kalaeloa Community Development District (Kalaeloa). In order to fulfill this responsibility, the Legislature granted HCDA the authority to assess non-federal Kalaeloa land users their proportionate share of HCDA's administrative and operating expenses as detailed in §206E-196, Hawaii Revised Statutes (Exhibit A).

Since 2002, the HCDA has, in large part, relied upon assessments of Kalaeloa land users for funding operating expenses. Assessment funds received are deposited in HCDA's Kalaeloa Community Development Revolving Fund and used for maintaining a field office, coordinating efforts with land owners, working with land users, and implementing improvement projects. This letter is to inform you that a new round of assessments is due for Fiscal Year (FY) 2017-2018 (July 1, 2017 to June 30, 2018).

The FY 2017-2018 total assesment will remain at the same level as the FY 2016-2017 total assessment of \$200,000 per year. The operating budget for FY 2017-2018, however will be increased to \$735,000, excluded the remaining \$12,500,000 for the Enterprise Energy Corridor. As detailed in the FY 2017-2018 Budget (Exhibit B), the difference between the assessment amount and operating budget, of \$535,000, will be funded by the HCDA and the accumulated surplus from prior years' assessments.

In 2014, with the relocation of the Kalaeloa field office to Kuhio Hale, the HCDA realized cost savings that has resulted in a surplus with the intent of investing these savings in Kalaeloa. For the FY 2017-2018, the HCDA has identified three projects that are in alignment with HCDA's mission, as well as the Kalaeloa Master Plan as follows:

«Name»

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1) **Kalaeloa Master Plan Update**

Since the Kalaeloa Master Plan was adopted in 2006, development activity in Kalaeloa has lagged relative to improvements made in the surrounding areas. During that time, it's our understanding that Kalaeloa landowners have been diligently developing plans for their holdings. The HCDA seeks to reassess, with stakeholder input, the Kalaeloa Master Plan and make updates to the plan accordingly.

2) **Rights-of-Way Survey**

The survey initiates the implementation of the Kalaeloa Master Plan relative to roadways. It would establish the metes and bounds for the rights-of-way in the district and is the first step to realize roadway improvements. Rights-of-way serve a larger purpose than transportation infrastructure, it's also a catalyst for utility improvements relative to distribution lines.

3) **Reliable Energy Solicitation**

Continuing the theme of last year's Kalaeloa Landowner's Summit and this year's Kalaeloa Reliable Energy Industry Day, the HCDA would seek to engage a consultant to develop the solicitation for a reliable energy solution for the district. Due to the specialized nature of the project, the consultant would provide the expertise to draft project specifications and evaluation criteria to elicit responsive proposals that can be implemented. The assessment funds will also be used to engage community stakeholders for their input and participation.

Based on a review of our records, there were no land changes for the «Company1» since the last round of assessments and you currently hold title to «Acres» acres of land in Kalaeloa. This amounts to «Percentage»% of the total accessible lands (Exhibit A). There has been no increase in the assessment amount due for the «Company2». An invoice for payment is enclosed; **please note that the first payment is due on September 15, 2017.** The FY 2017-2018 budget is enclosed for your review (Exhibit B).

«Name»

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Your attention and assistance in this matter is greatly appreciated as it will help to bring about a better Kalaeloa from which we can all benefit. Should you have any questions regarding this round of assessments, please contact Ms. Tesha Malama, Kalaeloa Director of Planning and Development, at (808) 620-9643.

Sincerely,

Jesse S. Souki  
Executive Director

JSS/PLF:\_\_\_

Encs.

c: Ms. Tesha Malama, HCDA  
Ms. Pearlyn Fukuba, HCDA





**Exhibit B**

**Kalaeloa Fiscal Year 2017-2018 Budget**

Description	Projected Expenditure FY18	Source of Funds			
		CIP	HCDA	HRS § 206E- 196 Surplus	HRS § 206E- 196 Assessment
<b>Operating Expenditures</b>					
Personnel (2 FTE)	\$ 240,200	\$ -	\$ 240,200	\$ -	\$ -
Share of AG Services	78,500	-	-	-	78,500
Office and Equipment	67,500	-	-	-	67,500
<b>Subtotal - Operating Expenditures</b>	<b>\$ 386,200</b>	<b>\$ -</b>	<b>\$ 240,200</b>	<b>\$ -</b>	<b>\$ 146,000</b>
<b>Project Expenditures</b>					
Kalaeloa Master Plan Update	\$ 123,800	\$ -	\$ -	\$ 123,800	\$ -
Right of Way Survey	200,000	-	-	146,000	54,000
Reliable Energy Solicitation	25,000	-	-	25,000	-
Enterprise Energy Corridor	12,500,000	12,500,000	-	-	-
<b>Subtotal - Project Expenditures</b>	<b>\$ 12,848,800</b>	<b>\$ 12,500,000</b>	<b>\$ -</b>	<b>\$ 294,800</b>	<b>\$ 54,000</b>
<b>Total</b>	<b>\$ 13,235,000</b>	<b>\$ 12,500,000</b>	<b>\$ 240,200</b>	<b>\$ 294,800</b>	<b>\$ 200,000</b>