

FOR ACTION

I. REQUEST

Approve the Kalaeloa Community Development District (KCDD) Operating Budget for the Fiscal Year 2020-2021 and Fiscal Year 2021-2022 in the amount not to exceed \$570,500 and \$572,315, respectively, and authorize the issuance of Land User Assessments in the amount not to exceed \$570,500 and \$572,315, respectively, pursuant to Hawaii Revised Statutes §206E-196.

II. BACKGROUND

Act 184, Session Laws of Hawaii 2002 (“Act”), established the Kalaeloa Community Development District (“KCDD”) and designated the Hawaii Community Development Authority (“HCDA”) to act as the local redevelopment authority to facilitate redevelopment of the KCDD.

The Act did not provide staff and operating funds for the administration of the KCDD, but HRS §206E-196 authorized the HCDA to assess all landowners, except the federal government, for their fair share of the costs required to administer and operate the KCDD, which may include costs associated with staffing. Assessments shall be based on each landowner's proportionate share of the total acreage of the KCDD.

HRS §206E-196(b) provides that 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.

In 2003, to effectuate HRS §206E-196, the HCDA executed the Kalaeloa Memorandum of Understanding (“MOU”) with all non-federal landowners at the time. The MOU included a total operating and staffing cost including fringe benefit amount of \$207,808.30.

Since 2003, approximately \$200,000 per year was assessed to landowners in the KCDD. The assessments were set by the authority annually, based upon the estimated budget for the district. For the fiscal years 2018-2019 and 2019-2020 (“FY20”) the Authority approved an increase in the assessments in the amount not to exceed \$300,000.

III. DISCUSSION

The FY 21 and FY 22 Kalaeloa Development District proposed operating budget was discussed at the February 2021 Kalaeloa Authority meeting. Based on the discussion staff has revised the proposed budget. Table 1 below is a summary of the proposed FY 21 and FY 22 budget.

Table 1: FY 21 and FY 22 Proposed Operating Budget

Source of Funding	Description	FY 2020-2021 Operating Budget	FY 2021-2022 Operating Budget
General			
	Salary & fringe benefit	\$ 250,000	\$ 250,000
Revolving			
	Salary & fringe benefit	160,000	160,000
	Personal Services	100,000	100,000
	Supplies	2,500	2,575
	Postage	300	309
	Telephone	9,000	9,270
	Transportation & travel	2,200	2,266
	Equipment rental	4,000	4,120
	Repair and maintenance	16,000	16,480
	Service for a fee	15,700	16,171
	Insurance	3,300	3,399
	Miscellaneous	1,000	1,030
	Equipment purchase	6,500	6,695
	Subtotal	320,500	322,315
	Total	\$ 570,500	\$ 572,315

The FY21 Operating Budget was prepared based on July through December 2020 activity. The FY22 Assessment Operating Budget was prepared based on FY21 expenditures increased by 3% except for staff salary and personal services. Capital Improvement Projects funded by General Obligation Bonds were not included in the budget. Costs associated with staffing were included in the budget. Staff salary cost includes salary and fringe benefit costs for HCDA revolving fund funded positions and salary cost only for General Fund funded positions. Cost of fringe benefit for General Fund funded positions is excluded.

For FY21 and FY22 the KCDD landowners and land holdings for each landowner has been updated with information obtained from the Hawaii State GIS Program. Newly added landowners are the Hawaii Community Development Authority, Kapolei Infrastructure, State of Hawaii Department of Transportation – Airports, and Cloudbreak Hawaii. Table 2 below summarizes proposed landowner assessment for FY 21 and FY22.

Table 2: Proposed FY 21 and FY 22 Landowner Assessment

Landowner	Land Area (Acres)	%	FY 2020-2021 Assessment	FY 2021-2022 Assessment
City Board of Water Supply	20.0290	0.90%	\$ 5,154	\$ 5,170
State Department of Education	14.4580	0.65%	3,720	3,732
Eagle River Investors Hawaii LLC	10.0000	0.45%	2,573	2,581
Mana`o Construction LLC	0.9360	0.04%	241	242
Hawaii Community Development Authority	157.1980	7.09%	40,449	40,578
Seventh Day Adventist	1.2080	0.05%	311	312
State Hawaii Homeless Programs Office	13.5490	0.61%	3,486	3,497
State Department of Hawaiian Home Lands	555.3030	25.05%	142,886	143,341
Henkels and McCoy	2.0390	0.09%	525	526
Hunt Communities Hawaii LLC	84.4290	3.81%	21,725	21,794
RP Kalaeloa Landowner LLC	77.9260	3.51%	20,051	20,115
Kalaeloa Ventures LLC	424.5610	19.15%	109,245	109,592
Kalaeloa Water Company	3.6610	0.17%	942	945
Kapolei Infrastructure LLC	20.9610	0.95%	5,394	5,411
S of H DOT Airports Div	794.4796	35.83%	204,429	205,080
Cloudbreak Hawaii LLC	6.8420	0.31%	1,761	1,766
University of Hawaii - HCC	4.5200	0.20%	1,163	1,167
Wakea Garden Apartments	25.0530	1.13%	6,446	6,467
Total	2,217.1526	100.00%	\$ 570,500	\$ 572,315

The average increase in assessment to landowners is 5% from FY 20 assessment. A comparison of FY 20 and FY 21 landownership percentage and assessment is provided as Exhibit A.

The assessment will be adjusted for any actual expenditures made in the prior year in excess of the prior approved budget.

IV. RECOMMENDATION

Approve the Kalaeloa Community Development District (KCDD) Operating Budget for the Fiscal Year 2020-2021 and Fiscal Year 2021-2022 in the amount not to exceed \$570,500 and \$572,315, respectively, and authorize the issuance of Land User Assessments in the amount not to exceed \$570,500 and \$572,315, respectively, pursuant to Hawaii Revised Statutes §206E-196.

Attachments:

Exhibit A – Change from Fiscal Year 2020

Prepared By: Deepak Neupane, P.E., AIA, Executive Director DN

Reviewed By: Deepak Neupane, P.E., AIA, Executive Director DN

EXHIBIT A

Hawaii Community Development Authority
Kalaheo Landowner Assessments FY 20

Name	FY2020 Acres	FY2021 Acres	Difference	FY2020 Proportionate %	FY2021 Proportionate %	Difference	FY2020 Proportionate \$	FY2021 Proportionate \$	\$ Change	% Change
City Board of Water Supply	20.0290	20.0290	-	1.63%	0.90%	-0.73%	4,893	5,154	260,3252	5%
State Department of Education	14.4580	14.4580	-	1.18%	0.65%	-0.53%	3,532	3,720	187,9166	5%
Eagle River Investors Hawaii LLC	10.0000	10.0000	-	0.81%	0.45%	-0.36%	2,443	2,573	129,9741	5%
Mana'o Construction LLC	0.9400	0.9360	(0.0040)	0.08%	0.04%	-0.03%	230	241	11,1883	5%
HAWAII COMM DEV AUTHORITY	157,1980	157,1980			74.09%		40,449	40,449		
Seventh Day Adventist	1.2080	1.2080	-	0.10%	0.05%	-0.04%	295	311	15,7009	5%
State Hawaii Homeless Programs Office	13.5490	13.5490	-	1.10%	0.61%	-0.49%	3,310	3,486	176,1020	5%
State Department of Hawaiian Home Lands	545.2850	555.3030	10.0180	44.41%	25.05%	-19.36%	133,221	142,886	9,665,0466	7%
Henkels and McCoy	2.0390	2.0390	-	0.17%	0.09%	-0.07%	498	525	26,5017	5%
Hunt Communities Hawaii LLC	84.4300	84.4290	(0.0010)	6.88%	3.81%	-3.07%	20,627	21,725	1,097,1144	5%
RP Kalaheo Landowner LLC	77.9260	77.9260	-	6.35%	3.51%	-2.83%	19,038	20,051	1,012,8365	5%
Kalaheo Ventures LLC	424.8300	424.5610	(0.2690)	34.60%	19.15%	-15.45%	103,792	109,245	5,452,4745	5%
Kalaheo Water Company	3.6610	3.6610	-	0.30%	0.17%	-0.13%	894	942	47,5835	5%
KAPOLE INFRASTRUCTURE LLC	20,9610	20,9610			0.95%		5,394	5,394		
SOF HDOT AIRPORTS DIV	794,4786	794,4786			35.88%		204,429	204,429		
CLOUDBREAK HAWAII LLC	6,8420	6,8420			0.31%		1,761	1,761		
University of Hawaii - HCC	4.5200	4.5200	-	0.37%	0.20%	-0.16%	1,104	1,163	58,7483	5%
Wakea Garden Apartments	25.0500	25.0530	0.0030	2.04%	1.13%	-0.91%	6,120	6,446	326,3572	5%
	1,227.9250	2,217.1526		100.00%	100.00%		\$ 300,000	\$ 570,500		