**Maui Sands I 2014 Budget:**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **COMBINED** |  |  |  | | |  | **PHASE I STAND ALONE** |  |  |  |
| 0% increase 2010 |  |  |  |  |  |  |  |  |  |  |  |
| 0% Increase 2011 |  |  |  |  |  |  |  |  |  |  |  |
| 0% Increase 2012 | **75 UNITS** |  |  |  |  |  | **55 UNITS** |  |  |  |  |
| 14% Increase 2/1/2013 | **2014** | **2014** |  |  |  |  | **2014** |  |  |  |  |
| 5% Increase 2014 | **Monthly** | **Annual** |  |  |  |  | **Monthly** | **Annual** |  |  |  |
| **REVENUE:** |  |  |  |  |  |  |  |  |  |  |  |
| Maintenance Fees | 45,800.00 | 549,600.00 |  |  |  |  | 42,614.97 | 511,379.60 |  |  |  |
| Reserve Income see reserves |  |  |  |  |  |  |  |  |  |  |  |
| Investment Interest | 10.00 | 120.00 |  |  |  |  | 10.00 | 120.00 |  |  |  |
| Checking Interest | 1.00 | 12.00 |  |  |  |  | 1.00 | 12.00 |  |  |  |
| Laundry & Vending Income | 1.00 | 12.00 |  |  |  |  | 1.00 | 12.00 |  |  |  |
| Violation Income | 50.00 | 600.00 |  |  |  |  | 50.00 | 600.00 |  |  |  |
| Rental Income | 6,000.00 | 72,000.00 |  |  |  |  | 6,000.00 | 72,000.00 |  |  |  |
| Commission Income | 1.00 | 12.00 |  |  |  |  | 1.00 | 12.00 |  |  |  |
| Late Fee Income | 800.00 | 9,600.00 |  |  |  |  | 800.00 | 9,600.00 |  |  |  |
| Miscellaneous Income | 1.00 | 12.00 |  |  |  |  | 4,875.76 | 58,509.12 |  |  |  |
| Special Assessment to Reserves |  |  |  |  |  |  |  |  |  |  |  |
| Total Revenue | 52,664.00 | 631,968.00 |  |  |  |  | 54,353.73 | 652,244.72 |  |  |  |
| **EXPENSES:** |  |  |  |  |  |  |  |  |  |  |  |
| **Utilities** |  |  |  |  |  |  |  |  |  |  |  |
| Electricity | 1,685.00 | 20,220.00 |  |  |  |  | 1,560.00 | 18,720.00 |  |  |  |
| TV Cable Fees | 2,521.00 | 30,252.00 |  |  |  |  | 2,000.00 | 24,000.00 |  |  |  |
| Water | 2,800.00 | 33,600.00 |  |  |  |  | 2,800.00 | 33,600.00 |  |  |  |
| Sewer Fees | 3,632.00 | 43,584.00 |  |  |  |  | 3,632.00 | 43,584.00 |  |  |  |
| Gas | 570.00 | 6,840.00 |  |  |  |  | 570.00 | 6,840.00 |  |  |  |
| Telephone | 158.00 | 1,896.00 |  |  |  |  | 158.00 | 1,896.00 |  |  |  |
| Total Utilities | 11,366.00 | 136,392.00 |  |  |  |  | 10,720.00 | 128,640.00 |  |  |  |
| **Maintenance** |  |  |  |  |  |  |  |  |  |  |  |
| Building Repair & Maint. | 1,500.00 | 18,000.00 |  |  |  |  | 1,000.00 | 12,000.00 |  |  |  |
| Resident Manager's Unit R&M | 100.00 | 1,200.00 |  |  |  |  | 1.00 | 12.00 |  |  |  |
| Grounds | 3,487.00 | 41,844.00 |  |  |  |  | 2,963.95 | 35,567.40 |  |  |  |
| Grounds Enhancement | 600.00 | 7,200.00 |  |  |  |  | 250.00 | 3,000.00 |  |  |  |
| Tree Trimming | 650.00 | 7,800.00 |  |  |  |  | 552.50 | 6,630.00 |  |  |  |
| Equipment R&M | 75.00 | 900.00 |  |  |  |  | 41.67 | 500.00 |  |  |  |
| Electrical / Lighting | 50.00 | 600.00 |  |  |  |  | 50.00 | 600.00 |  |  |  |
| Pool Maintenance | 225.00 | 2,700.00 |  |  |  |  | 208.33 | 2,500.00 |  |  |  |
| Pest Control | 215.00 | 2,580.00 |  |  |  |  | 215.00 | 2,580.00 |  |  |  |
| Refuse Collection | 725.00 | 8,700.00 |  |  |  |  | 725.00 | 8,700.00 |  |  |  |
| Fire Extinguisher | 200.00 | 2,400.00 |  |  |  |  | 175.00 | 2,100.00 |  |  |  |
| Total Maintenance | 7,827.00 | 93,924.00 |  |  |  |  | 6,182.45 | 74,189.40 |  |  |  |
| **Administration** |  |  |  |  |  |  |  |  |  |  |  |
| Office & Administration | 450.00 | 5,400.00 |  |  |  |  | 366.67 | 4,400.00 |  |  |  |
| Management Services | 2,666.00 | 31,992.00 |  |  |  |  | 2,666.00 | 31,992.00 |  |  |  |
| Auto Expense | 70.00 | 840.00 |  |  |  |  | 70.00 | 840.00 |  |  |  |
| Association Meeting Exp. | 250.00 | 3,000.00 |  |  |  |  | 250.00 | 3,000.00 |  |  |  |
| Legal Fees MS I & II | 1,000.00 | 12,000.00 |  |  |  |  | 500.00 | 6,000.00 |  |  |  |
| Audit & Tax Preparation | 351.00 | 4,212.00 |  |  |  |  | 351.00 | 4,212.00 |  |  |  |
| Dues, Subscrip.Education | 65.00 | 780.00 |  |  |  |  | 45.83 | 550.00 |  |  |  |
| Website Development and Hosting | 0.00 | 0.00 |  |  |  |  | 0.00 | 0.00 |  |  |  |
| Lease Rent Renegotiation | 1.00 | 12.00 |  |  |  |  | 1.00 | 12.00 |  |  |  |
| Real Property Taxes | 125.00 | 1,500.00 |  |  |  |  | 125.00 | 1,500.00 |  |  |  |
| Outside Services - | 100.00 | 1,200.00 |  |  |  |  | 100.00 | 1,200.00 |  |  |  |
| Legal Fees MS I | 500.00 | 6,000.00 |  |  |  |  | 500.00 | 6,000.00 |  |  |  |
| Legal Fees MS II | 500.00 | 6,000.00 |  |  |  |  | 0.00 | 0.00 |  |  |  |
| Rehab Rental Units | 50.00 | 600.00 | \*Offset by Rent Income |  |  |  | 50.00 | 600.00 |  |  |  |
| Association Fees Rented Units | 5,000.00 | 60,000.00 |  |  |  |  | 4,000.00 | 48,000.00 |  |  |  |
| Total Administration | 11,128.00 | 133,536.00 |  |  |  |  | 9,025.50 | 108,306.00 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | **2,013.00** | **2,013.00** |  |  |  |  | **2014** | **2014** |  |  |  |
|  | **Monthly** | **Annual** |  |  |  |  | **Monthly** | **Annual** |  |  |  |
| **Payroll & Benefits** |  |  |  |  |  |  |  |  |  |  |  |
| Payroll - Salaries & Wages | 4,993.00 | 59,916.00 |  |  |  |  | 4,250.00 | 51,000.00 |  |  |  |
| Payroll - Bonus | 50.00 | 600.00 |  |  |  |  | 50.00 | 600.00 |  |  |  |
| Payroll - Vacation | 1.00 | 12.00 |  |  |  |  | 1.00 | 12.00 |  |  |  |
| Worker's Comp. Insurance | 195.00 | 2,340.00 |  |  |  |  | 195.00 | 2,340.00 |  |  |  |
| Temporary Disability Ins. | 32.00 | 384.00 |  |  |  |  | 32.00 | 384.00 |  |  |  |
| Insurance - Medical | 850.00 | 10,200.00 |  |  |  |  | 450.00 | 5,400.00 |  |  |  |
| Payroll Taxes | 667.00 | 8,004.00 |  |  |  |  | 533.60 | 6,403.20 |  |  |  |
| Payroll Preparation | 145.00 | 1,740.00 |  |  |  |  | 145.00 | 1,740.00 |  |  |  |
| Total Payroll & Benefits | 6,933.00 | 83,196.00 |  |  |  |  | 5,656.60 | 67,879.20 |  |  |  |
| **Other Expenses** |  |  |  |  |  |  |  |  |  |  |  |
| Insurance Property/Liab. Pkg | 1,631.00 | 19,572.00 |  |  |  |  | 1,631.00 | 19,572.00 |  |  |  |
| Insurance - Flood I | 5,575.00 | 66,900.00 |  |  |  |  | 5,575.00 | 66,900.00 |  |  |  |
| Insurance - Flood II | 2,057.00 | 24,684.00 |  |  |  |  | 0.00 | 0.00 |  |  |  |
| Insurance - Boiler & Machine | 1.00 | 12.00 |  |  |  |  | 1.00 | 12.00 |  |  |  |
| Insurance - Umbrella Liability | 127.00 | 1,524.00 |  |  |  |  | 76.25 | 915.00 |  |  |  |
| Insurance - Fidelity bond | 52.00 | 624.00 |  |  |  |  | 45.33 | 544.00 |  |  |  |
| Insurance - Directors & Officer | 165.00 | 1,980.00 |  |  |  |  | 113.83 | 1,366.00 |  |  |  |
| Bad Debt Expense | 5,269.00 | 63,228.00 |  |  |  |  | 3,000.00 | 36,000.00 |  |  |  |
| Depreciation Expense | 1.00 | 12.00 |  |  |  |  | 1.00 | 12.00 |  |  |  |
| BackFlow Preventor | 336.00 | 4,032.00 |  |  |  |  | 336.00 | 4,032.00 |  |  |  |
| Parking, Water & Sewer | 0.00 | 0.00 |  |  |  |  | 0.00 | 0.00 |  |  |  |
| General Excise Taxes | 250.00 | 3,000.00 |  |  |  |  | 250.00 | 3,000.00 |  |  |  |
| Federal Income Tax | 0.00 | 0.00 |  |  |  |  | 0.00 | 0.00 |  |  |  |
| State Income Tax | 0.00 | 0.00 |  |  |  |  | 0.00 | 0.00 |  |  |  |
| Reserve Studies | 1.00 | 12.00 |  |  |  |  | 1.00 | 12.00 |  |  |  |
| Total Other Expenses | 15,465.00 | 185,580.00 |  |  |  |  | 11,030.42 | 132,365.00 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Total Operating Expense | 52,719.00 | 632,628.00 |  |  |  |  | 42,614.97 | 511,379.60 |  |  |  |
|  |  |  | \* Offset by Rent Income |  |  |  |  |  |  |  |  |
| Surplus (Deficit) | -55.00 | -660.00 |  |  |  |  | 11,738.76 | 140,865.12 |  |  |  |
| Transfer to Reserves |  |  |  |  |  |  | 11,738.76 | 140,865.12 |  |  |  |
| Balance | 0.00 | 0.00 |  |  |  |  | 0.00 | 0.00 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **RESERVES** | **`2014** | **`2014** |  |  |  |  |  |  |  |  |  |
|  | **Monthly** | **Annual** |  |  |  |  |  |  |  |  |  |
| REVENUE |  |  |  |  |  |  |  |  |  |  |  |
| Reserve Contribution | 8,227.00 | 98,724.00 |  |  |  |  | 5,708.33 | 68,500.00 |  |  |  |
| Reserve Surcharge II to I |  |  |  |  |  |  | 0.00 | 0.00 |  |  |  |
| Reserve Interest | 30.00 | 360.00 |  |  |  |  | 30.00 | 360.00 |  |  |  |
| Mailbox Phase II | 9,868.00 | 118,416.00 |  |  |  |  | 0.00 | 0.00 |  |  |  |
| Laundry & Vending to MS I Reserve | 1,050.00 | 12,600.00 |  |  |  |  | 1,050.00 | 12,600.00 |  |  |  |
| Surplus (Deficit) Transfer to Reserve MS I | 0.00 | 0.00 |  |  |  |  |  |  |  |  |  |
| Totals | 19,175.00 | 230,100.00 |  |  |  |  | 6,788.33 | 81,460.00 |  |  |  |
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|  |  |  |  |  |  |  | **Phase I** |  |  |  |  |
|  |  |  |  |  |  |  | **Monthly** | **Annual** |  |  |  |
|  |  |  |  |  | **Maint. Fees** |  | 774.82 | 9,297.81 |  |  |  |
|  |  |  |  |  | **Reserve Fees** | | 125.00 | 1,481.09 |  |  |  |
|  |  |  |  |  |  |  | 899.82 | 10,778.90 |  |  |  |
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**Maui Sands 2014 Assessment Narrative**

　Dave Ferguson Management Consultants of Hawaii 11/25/2013 [dave@mchawaii.com](mailto:dave@mchawaii.com)

Version 2.0

MAUI SANDS 2014 ASSESSMENT NARRATIVE

Maui Sands 2014 Assessment Narrative

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**Parking Assessment**

A parking assessment will be allocated to all units of Maui Sands I and Maui Sands II. The parking assessment is made up of four costs; the first cost is a reserve fund for maintenance, repair and replacement. The second cost is the expense of the parking lot Real Property Tax paid by Maui Sands I ownership. The third cost is the expense of the Lease Rent that is paid by Maui Sands I ownership. The last cost is a charge for driveway access to the parking stall. These four expenses are direct costs that make it possible for owners from Maui Sand I and Maui Sands II to park their cars accordingly.

**Reserve Fund**

The Parking Reserve Fund is made up of six (6) components; Asphalt – Overlay (North Lot), Asphalt – Overlay (South Lot), Asphalt – Overlay (South Rd.) – 50%, Asphalt – Seal/Repair (South Rd.) – 50%, Asphalt – Seal/Strip & Repair (North Lot), Asphalt – Seal/Strip & Repair (South Lot).

The component cost increase factor is 4.6% per annum beginning with a zero (0) Cash Balance leaving an estimated underfunded liability of $7,857.45 for 2014. Therefore the estimated underfunded liability per unit for 76 units is $103.39 for 2014. When you look at the Reserve Fund across 30 years the average cost per unit is $145.81 or $2,916.20 for all twenty units of Maui Sands II.

Please see Appendix A for the Reserve Study.

**Real Property Tax**

Real Property Tax is calculated by the following equation:

Property Value – Exemption (if applicable) = Net Taxable Value

Net Taxable Value x Tax Rate/(per $1,000 of value) = Tax

Tax – Tax Credit (for qualified homeowners) = Tax Bill

Appendix B shows the Real Property Tax of all units. The land assessment is $73,800 for each unit of Maui Sands I. We took the Net Taxable Value divided it by $1000 and multiplied that number by the appropriate tax rate under the Tax Class and got a total for the Real Property Tax for Land only. The total is $31,489.72.

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**Maui Sand I SQ FT of Land**

We calculated the total square footage of Maui Sands I by adding Parcel Number: 440010520000 and Parcel Number: 440010530000:

Parcel Number: 440010520000 = 1.154 acres or 50,282 sq. ft. (according to Michael Pang)

Parcel Number: 440010530000 = 70,188 sq. ft.

Total = 120,470 sq. ft.

We then figured out the dollar per sq. ft.:

$31,489.72/120,470 = $0.26 per sq. ft.

**Real Property Tax (Land only) for Parking stalls**

The average parking stall is approximately 9.13 by 20 sq. ft.:

9.13 sq. ft. \* 20 sq. ft. = 182.60sq. ft.

Maui Sands II has 20 units and use 20 parking stalls plus 1 stall for visitors

21 parking stalls \* 182.60 sq. ft. = 3,834.60 sq. ft.

Therefore annually the Real Property Tax (Land only) for a parking stall is:

$0.26 \* 182.6 + 9.13 sq. ft. = $49.85 per unit or

$0.26 \* 3,834.60 sq. ft. = $997.00 annually for all of Maui Sands II.

**Lease Rent for Parking**

Annual Lease Rent for Maui Sands I is equal to $738,777.89. We then figure out the dollar per sq. ft. for lease rent:

$738,777.89/120,470 sq. ft. = $6.13 per sq. ft.

Therefore annually the Lease Rent for a parking stall is:

$6.13 per sq. ft. \* 182.6 + 9.13 sq. ft. = $1,175.31 annually per unit or

$6.13 per sq. ft. \* 3,834.60 sq. ft. = $23,506.10 annually for all of Maui Sands II.

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**Driveway Access Fee**

Driveway access to and from all parking stalls in the North Parking lot is 4,860 sq. ft. We then figure out the dollar per sq. ft. for lease rent and real property tax:

Lease Rent:

$6.13 per sq. ft. \* 4,860 sq. ft. = $29,791.80 divided by 75 units

$397.22 per unit $7,944.40 for MS II

Real Property Tax:

$0.26 \* 4,860 sq. ft. = $1,263.60 divided by 75 units

$16.85 per unit $337.00 for MS II

**Total Annual Parking Assessment**

**Annual Reserve Fund:**

$145.81 per unit $2,916.20 for MS II

**Annual Real Property Tax (Land only):**

***For parking stall:***

$49.85 per unit $997.00 for MS II

***For driveway access:***

$16.85 per unit $337.00 for MS II

**Annual Lease Rent:**

***For parking stall:***

$1,175.31 per unit $23,506.10 for MS II

***For driveway access:***

$397.22 per unit $7,944.40 for MS II

**Total Annual Parking Assessment:**

$ 1,785.04 per unit $35,700.70 for MS II

Or $148.75 per month per unit or $2,975.06 per month from MS II

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**Water & Sewer**

Currently there is one 3 inch water meter serving both Maui Sands I and Maui Sands II. According to the Maui County Water Department, there should be one meter for each parcel of land. Maui Sands I buildings are on two parcels of land and Maui Sands II is on a third parcel of land. Therefore there is one meter for three parcels of land.

If Maui Sands I would like to request a separate meter for Maui Sands II then three meters will have to replace the 3 inch meter that is in place. This process would begin by hiring a licensed architect or engineer to fill out a form of fixture counts to determine the size of the meter need. The second step would be to determine which buildings are on which parcel of land and are there any buildings that sit on both parcels.

The current three inch meter is worth $277,000. Once the fixture count determines the size of the three meters needed, then the three inch meter will be swapped out for the appropriate size necessary for the three parcels. The 1 inch meter is $31,300, the 1-1/2 inch meter is $69,900, and the 2 inch meter is $123,000. Depending on the size of the meters used, Maui Sands will be credited any monies toward any future meter issues. For example, if three 1 inch meters are used, $93,900, then a credit of $183,100 will be issued for any further meter changes.

Otherwise any activity after the water meter is up to the owners of the property, meaning that if you would like to sub-meter then you can. Please be aware that if any building permits are submitted for either Maui Sands I or Maui Sands II it will be flagged due to the one meter serving three parcels of land.

Water and sewer costs include the monthly water and sewer expense and a reserve fund made up of the following components; Water line valves, water lines common, and sewer lines common. The water line valves have 8 years of life left, the water lines common have 5 years and the sewer lines common have 6 years.

The component cost increase factor is 4.6% per annum beginning with a zero (0) Cash Balance leaving an estimated underfunded liability of $34,977.79 for 2013 and 18,929.82 for 2014. Therefore the estimated underfunded liability per unit for 76 units is $230.19 for 2013 and then $249.08 in 2014. At the end of year 2 the fund levels out and the reserve fee drops to $20.22. When you look at the Reserve Fund across 30 years the average cost per unit is $62.58 annually.

**Average Water & Sewer Expenses**

The average monthly water bill is $2,540.22; we will assume a 10% increase for next year. With the 10% increase the water bill is $2,794.24 when the expense is divided between 76

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units; water is $36.77 per unit or $735.40 for Maui Sands II 20 units. Annually Maui Sands II will pay $8,824.80 for water.

The average monthly sewer bill is $3,665.34; we will assume a 10% increase for next year. With the 10% increase the water sewer bill is $4,031.87 when the expense is divided between 76 units; sewer is $53.05 per unit or $1,061.00 for Maui Sands II 20 units. Annually Maui Sands II will pay $12,732.00 for sewer.

**Total Annual Water & Sewer Assessment**

**Annual Reserve Fund:**

$62.58 per unit $1,251.60 for all Maui Sands II

**Annual Water & Sewer expense:**

$1,130.89 per unit $21,556.80 for all Maui Sands II

**Total:**

$1,193.47 per unit $22,808.40 for all Maui Sands II

**Parking, Water & Sewer Assessment Total**

$2,978.51 per unit $58,509.10 for all Maui Sands II

$248.21 per month $4,875.76 per month