

House District 45

Senate District 23

THE TWENTY-NINTH LEGISLATURE
APPLICATION FOR GRANTS
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant Request:

GRANT REQUEST - OPERATING

GRANT REQUEST - CAPITAL

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Recipient" means any organization or person receiving a grant.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):

STATE PROGRAM LD. NO. (LEAVE BLANK IF UNKNOWN):

1. APPLICANT INFORMATION:

KUNIA VILLAGE DEVELOPMENT CORPORATION

Legal Name of Requesting Organization or Individual:

Db/a: KVDC

Street Address: 92-1770 Kunia Road

Mailing Address: PO Box 100
Kunia, Hawaii 96759

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name BLAKE VANCE

Title President

Phone # 808-383-8419

Fax # _____

E-mail bvance@harc-hspa.com

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION INCORPORATED IN HAWAII
- FOR PROFIT CORPORATION INCORPORATED IN HAWAII
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL
- OTHER

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

CAPITAL IMPROVEMENTS TO WATER SYSTEMS IN KUNIA VILLAGE TO SUPPORT AFFORDABLE WORKFORCE HOUSING FOR FARM WORKERS

4. FEDERAL TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

5. STATE TAX ID #: [REDACTED]

FISCAL YEAR 2018: \$ 665,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ _____
 FEDERAL \$ _____
 COUNTY \$ _____
 PRIVATE/OTHER \$ _____

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

[REDACTED]

BLAKE VANCE, PRESIDENT
Name & Title

JANUARY 17, 2017
Date Signed

AUTHORIZED SIGNATURE



RECEIVED

1/20/17

na



KUNIA VILLAGE AND AGRIBUSINESS COMPLEX

Water System Improvements

Application for
Grant-in-Aid
from the
Hawaii State Legislature
2017

I. Background and Summary

1. A BRIEF DESCRIPTION OF THE APPLICANT'S BACKGROUND;

Applicant: Kunia Village Development Corporation
a 501(c) (3) Tax-Exempt Non-Profit Hawaii Corporation

Kunia Village also known as Kunia Camp was originally established in the second decade of the 20th century by the predecessor of Del Monte Corporation. It was continuously used as a permanent residence for Del Monte farm workers between 1920 and 2009 when Del Monte withdrew from pineapple production in Hawaii. The Village then reverted to the landowner The James Campbell Company, which subdivided out the Village property from a larger parcel. It was deeded to Hawaii Agriculture Research Center, (HARC) a 501(c) (3) tax exempt organization in 2009, specifically to facilitate the preservation of housing for Del Monte retirees and other agricultural workers.

HARC, formerly the Hawaiian Sugar Planters' Association (HSPA), came into existence in 1895. It had operations on Oahu, Maui, Kauai and the Big Island. It manages private, state and federal grants; it manages its own rental property and maintains several facilities. It has survived and thrived during the downsizing of the sugarcane industry to continue serving its members while broadening its research scope and clientele. Education and outreach have been integral parts of HARC's mission. HARC is well recognized and respected by the agricultural community. HSPA/HARC's clients became the most efficient producers of sugar in the world, and continued to be profitable long after they would have without the benefits of research conducted at HSPA/HARC

By acquiring the property, HARC prevented demolition of the residential and commercial agricultural infrastructure and continued the plantation's traditional functions for farm residences and agribusiness. Agricultural warehousing, mechanical shops, administrative areas processing buildings and cold storage facilities are badly needed in Central Oahu's rapidly growing area of diversified agriculture. Residential homes in Kunia Village are rented to retirees of Del Monte, other farm workers, and employees of agribusiness that are located in the commercial sections of Kunia Village. It is the only functional plantation camp in Hawaii, and it provides affordable housing to employees of the farming operations on Oahu as well as sole proprietors farming land in the area. Deed restrictions on Kunia Village ensure that most of housing will be kept as affordable rental housing in perpetuity.

HARC established a wholly-owned subsidiary the Kunia Village Title Holding Corporation (KVTHC) to own and operate the asset on HARC's behalf. KVTHC is organized as a 501(c)(2) tax-exempt for profit corporation which is allowed under the IRS code for holding companies of non-profit corporations. The site has been named the Kunia Village & AgriBusiness Complex.

HARC also created a 501(c) (3) non-profit subsidiary, Kunia Village Development Corporation (KVDC) to manage the development of the property. The majority of units in Kunia Village provide housing for Oahu's farm families that earn less than 60% of the Area Median Income (AMI), almost all of the rest are occupied by families living under the 120% AMI level. Several

of the 121 housing units continue to be occupied by retirees of Del Monte Plantation. To date the Kunia Village Development Corporation has secured funding to improve 45 units and construct 37 new affordable agricultural worker housing units. This 82-unit project is expected to be completed in the second quarter of 2017. It was financed through low income housing tax credits, two USDA Agricultural Worker Housing loans, historic tax credits, solar tax credits, a conventional loan and a seller loan.

There are approximately 10,000 acres in the Kunia area, significant portions being prime agricultural land suitable for a wide variety of diversified crops. Within this area there are agricultural opportunities for employment as all the property west of Kunia Road has been purchased by agricultural based companies and much of the property on the east side of Kunia Road is currently on long term leases to agricultural operations. The scale up of these operations is continuing, with the most recent being the leasing of approximately 200 acres by New Hope Church which has provided a significant portion of this property to Pacific Gateway Farms for small farms' production. In addition, the Hawaii Department of Agriculture is establishing an



agricultural park on 150 acres east of Kunia Road allowing more opportunities for small agricultural businesses. It is anticipated that there will be well over 1,300 agricultural positions available in this area as well as new farm sites. The Kunia Village and Agribusiness Complex will primarily serve these clients.

The availability of the subject property allows for the creation of a stable agribusiness residential and industrial center. It also facilitates affordable housing for farm labor and workforce development by providing a nucleus for these activities. This project fits into more than one economic area of opportunity defined in the community economic development strategies.

2. THE GOALS AND OBJECTIVES RELATED TO THE REQUEST

KVDC's objective for this property is to retain badly needed affordable housing and other accessory infrastructure for agricultural operations. Today's agriculture has evolved from plantations toward diversified agriculture suppling local demand as well as Hawaii's export economy.

The purpose and need for maintaining and expanding Kunia Village residential housing is to:

1. Meet the growing demand for affordable farm worker housing

2. Maintain housing as rental units in perpetuity (housing units will not be sold)
3. Continue to provide housing for retirees of the former Del Monte Fresh Fruit Company

KVDC and its development partner the Rural Community Assistance Corporation (RCAC) have secured funds to renovate two-thirds of Kunia Village using a combination of USDA loans, tax-credits, historic tax credits, renewable energy tax credits, and conventional financing. The project is referred to as Kunia Village AgriHousing. Eighty-two (82) of the 121 housing units will be either renovated or replaced with similar units by a tax-credit investor group who has leased land and purchased existing improvements to the Village. Forty-five of the existing single family homes will be completely renovated, and thirty-seven newly constructed units will be added replacing units either moved or demolished. Two-thirds of essential Village infrastructure including access roads, potable water distribution lines, wastewater collection piping will be replaced in this project. This portion of the Village will be owned and operated by an investment partnership including KVDC as the managing partner. KVTHC will continue to own and operate the remainder of the Village using internal returns and other funding as identified to renovate the remaining 39 housing units and add more over the next 10 to 15 years.

This budget request relates to the essential infrastructure for the Village that cannot be covered under the tax-credit project because the improvements, while serving the entire Village, are outside of the area controlled by that project. The Village water storage infrastructure is in poor condition and cannot be maintained. It must be renovated or replaced to continued reliable water service to Kunia Village.

This request is for capital improvements to replace the potable water reservoir, delivery line and valves that serve Kunia Village. The potable water reservoir for the Village requires extensive repair and it cannot be isolated or drained because the main valves are inoperable. The cost of repairing the existing reservoir approaches the cost of replacing it with steel tanks and valves. An Engineering Report commissioned for this purpose recommends replacing the existing reservoir with two 100,000-gallon steel tanks and appurtenant valves to tie into the existing transmission system.

3. STATE THE PUBLIC PURPOSE AND NEED TO BE SERVED

The cost of housing in Hawaii, whether rental or purchase is very high in comparison to the median levels in the remainder of the United States. By HUD and USDA standards the cost of shelter should be no more than 30% of family income in order to support the family and make loan payment on time (Hawaii Planning Study, 2011). The statistics in Hawaii are rather startling. Only 51% of Hawaii's families spend less than 30% of their income on housing; 14% pay between 30 and 40% for shelter and 40% pay more than 40% of their net income toward housing (Hawaii Planning Study, 2011). The Hawaii Planning Study concludes "...a major conclusion of this and every planning study conducted for the past 20 years is that the greatest need is for affordable housing to serve the, 80% area mean income population segment".

Whether it is in the form of public housing or publicly assisted housing, rental housing units intended for households with incomes below 80 percent of AMI have, for the most part, been assisted by the public sector.

Policy guidance is found in HRS §226-106 “Affordable housing”. *Priority guidelines for the provision of affordable housing:*

- (1) Seek to use marginal or nonessential agricultural land and public land to meet housing needs of low- and moderate-income and gap-group households.*
- (2) Encourage the use of alternative construction and development methods as a means of reducing production costs.*
- (3) Improve information and analysis relative to land availability and suitability for housing.*
- (4) Create incentives for development which would increase home ownership and rental opportunities for Hawai`i's low- and moderate-income households, gap group households, and residents with special needs.*
- (5) Encourage continued support for government or private housing programs that provide low interest mortgages to Hawai`i's people for the purchase of initial owner- occupied housing.*
- (6) Encourage public and private sector cooperation in the development of rental housing alternatives.*
- (7) Encourage improved coordination between various agencies and levels of government to deal with housing policies and regulations.*
- (8) Give higher priority to the provision of quality housing that is affordable for Hawai`i's residents and less priority to development of housing intended primarily for individuals outside of Hawai`i. [L 1986, c 276, §33; am L 1989, c 250, §3]*

The AMI for the all counties in Hawaii is shown in Table 3-1, which is compared to the average salary for farm workers in Table 1.

Table 1: 2016 HUD AMI for the State of Hawaii

County	AMI	80% AMI for number of persons in the Household							
		1	2	3	4	5	6	7	8
Hawaii	62,400	38,200	43,650	49,100	54,550	58,950	63,300	67,650	72,050
Honolulu	86,900	53,700	61,350	69,000	76,650	82,800	88,950	95,050	101,200
Kalawao	100,600	46,100	52,650	59,250	65,800	71,100	76,350	81,600	86,900
Kauai	74,200	48,300	55,200	62,100	69,000	74,550	80,050	85,600	91,100
Maui	75,100	43,000	49,150	55,300	61,400	66,350	71,250	76,150	81,050

The average salary for farm production worker in the City and County of Honolulu is \$18,000 (January 2016). The average Farm Production Worker salaries for job postings in Honolulu are 31% lower than average Farm Production Worker salaries for job postings nationwide.
<http://www.indeed.com/salary/q-Farm-Production-Worker-l-Hawaii.html>

Clearly there is a wide income gap between farm workers and the general population. Interisland shipping costs are also quite high. Farm production is most likely to be viable if the fields are located on the same island as the market. If Hawaii wishes to promote agriculture in the state it must accommodate the housing needs of farm workers with affordable housing units that are located in close proximity to their job sites. Throughout the 20th century this need was supplied by the sugar and pineapple plantations. Sadly, that era of our history is passed, and plantation camps have been largely redeveloped and sold off.

Kunia Village is the last plantation camp that is operated for the benefit of farmers and farm workers in a manner substantially unchanged from its original purpose. It is an affordable community that is reserved for farm workers, farmers, and employees of agribusinesses located within the Village. Seventy-six of the existing 121 units are reserved for farm workers making less than 60% of the AMI. Preference for the remainder of units will be given to those making less than 80% of the AMI. All units will remain as rentals in perpetuity. They cannot be sold, and current loan agreements ensure that Kunia Village will remain an affordable community for the next 60 years. Rents will be capped at 30% of income with the lowest income groups receiving rental assistance from USDA.

The purpose of this request is to assist Kunia Village improve essential infrastructure for the benefit of low-income farm workers. The need is to promote local agricultural production by providing affordable housing, close to the farms, for Oahu's growing number of farm families.

4. DESCRIBE THE TARGET POPULATION TO BE SERVED;

The target population now and in perpetuity will be Oahu's farming community who require affordable homes on Oahu. Kunia Village now has a maximum of 121 single family housing units. A 201-H permit application has been submitted, which would allow the Village to expand to a maximum of 200 units over the next 20 years. The Village was deeded to Hawaii Agriculture Research Center (HARC) by the James Campbell Company with the provision that it maintain "a minimum of 90 and up to 115 of such residential units shall be used for affordable rental housing for households with incomes up to and including 120% of median income in perpetuity". HARC's subsidiaries will manage this property to support agricultural rental housing and agricultural business as one of its primary efforts.

The income limits for low, median and gap group residents are published by the City and County, and are amended annually by the Hawaii Housing Finance and Development Corporation (HHFDC) and the City and County of Honolulu. The current income limits for low, median and gap group families are shown below. Some of these families already live in Kunia Village, several are persons retired from Del Monte Hawaii. Rents will be individually determined for affordable units so that the monthly rent and estimated utility cost is no more than 30% of tenant's gross family income, a federal standard. Tenants do not pay for water only power and other services, (e.g. cable, phone, etc.). Out of the proposed 200 units at full development it is projected that no more than 14% are projected to be over the maximum affordable income level of 140% AMI. The lowest income level applicants will be given preference.

repairs to the outlet line or tank would require complete drainage of the tank for the duration of the repairs. However, this cannot be accomplished without first providing an alternative water storage solution, such as installing a temporary or permanent water tank(s). The integrity of the interior of the tank, and the buried portion of the exterior of the tank, is also unknown. Therefore, due to the age of the storage tank, the difficulty in making repairs to the tank and outlet line, the unknown condition of the interior of the tank, and the need to provide permanent, or temporary tank(s) during the repair, the recommendation is to construct a new potable water storage tank(s).

The project scope of services includes procurement and installation of two bolted steel water storage tanks with capacity of approximately 100,000 gallons each. In addition to the two water storage tanks the transmission line to the Village will be replaced, as well as shut-off valves for each tank and the transmission line. These tanks will replace a 300,000 gallon inground reservoir installed 60 years ago. The existing reservoir is not functioning properly and not compliant with current design standards. The reservoir serves approximately 600 residents and 20 businesses housed within the Kunia Village and AgriBusiness Complex. The capacity will be decreased by 1/3 because the existing system was designed to include pineapple washing and processing that is not anticipated in the future. Existing businesses within the Agribusiness Complex have a much lower demand for potable water.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service

The work will be completed within 9 months after notice of award.

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results

All work will be done by qualified contractors licensed in the State of Hawaii. Contractors will be selected through a procurement process, wherein the low-cost qualified bidder will be selected. KVDC will commit our in-house construction management team to provide timely review of milestones, and approve payment requests.

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency).

The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

As this is a construction contract, the measures of effectiveness are: (a) timely completion, (b) completion within the budget, and (c) certification for operation by the Hawaii Department of Health. The new reservoir will be connected to the Village water system to deliver potable water at up to 60 psi. It will be operated by Second City Property Management, Inc., whose operators are certified to perform this function by the State of Hawaii.

The completion of this project will upgrade a deteriorating potable water system and ensure the continued availability of affordable workforce housing for the farming community in Central Oahu for many decades.

III. Financial

1. A budget estimate detail for this task is shown in Table 3, and more formally in the budget sheets in Appendix A of this application. All estimates are for finished work with the system installed and tested. The work will be done by contractors responding to a procurement prepared by KVDC. KVDC regularly works with Actus Lend-Lease, Irrigation Technology Corporation (ITC) and AgTech Pacific on water and wastewater projects. KVDC will select the bid that is most advantageous to the owner and the Village. Table 3 is a summary of anticipated costs to replace the existing potable water reservoir that serves Kunia Village.

Table 3: Budget estimates to replace the existing 300,000-gallon reservoir with (2) 100,000 bolted steel tanks and appurtenances.

Item description	Qty	Unit	Unit Price	A m o u n t
100,000-gallon storage tank	2	ea	\$225,000	\$550,000
main shutoff gate valves	3	ea	\$5,000	\$15,000
8" C900 transmission piping	1200	ft	\$75	\$90,000
shipping	1	ls	\$10,000	\$10,000
TOTAL				\$665,000

2. Approximately ½ of the costs will be accrued immediately upon receipt of funding and the remainder will be retained until completion of the project several months later.
3. There are no other sources of funding presently known. The applicant will provide in-house resources approximately equivalent to \$350,000 for installation of the transmission pipeline, and valves.
4. KVDC has applied for and received \$26,000,000 from various sources (shown in Appendix A) for replacement or renovation of 82 of the 121 allowable single family dwellings in Kunia Village. This project cannot include replacement of the water storage and transmission system because it is outside of the area controlled by the project.

IV. Experience and Capability

A. NECESSARY SKILLS AND EXPERIENCE

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

Previous development experience of the Kunia Village Development Corporation (KVDC) and its parent Company, the Hawaii Agriculture Research Center (HARC) include:

- (1) owning and operating facilities for decades: Aiea HSPA/HARC facility
- (2) owning and overseeing construction of 20,000 sq. ft. Kunia laboratory facility at HARC's Kunia research site
- (3) owning and operating Kunia Village and Agribusiness Complex, and
- (4) the ongoing redevelopment of 82 of the 121 currently allowed housing units using a combination of Low-income Housing Tax Credits and USDA funding.

Kunia Village also known as Kunia Camp was originally established in the second decade of the 20th century by the predecessor of Del Monte Corporation. It was continuously used as a permanent residence for Del Monte farm workers between 1920 and 2009 when Del Monte withdrew from pineapple production in Hawaii. The Village then reverted to the landowner the James Campbell Company, which subdivided out the Village property from a larger parcel. It was deeded to Hawaii Agriculture Research Center, (HARC) a 501 (c) (3) tax exempt organization in 2009, specifically to facilitate the preservation of housing for retired Del Monte agricultural workers.

HARC, formerly the Hawaiian Sugar Planters' Association, came into existence in 1895. It had operations on Oahu, Maui, Kauai and the Big Island. It manages private, state and federal grants; it manages its own rental property and maintains several research facilities. It has survived and thrived during the downsizing of the sugarcane industry to continue serving its members while broadening its research scope and clientele. Education and outreach have been integral parts of HARC's mission. HARC is well recognized and respected by the agricultural community, and it has attracted 6 private sector partners who are contributing to the facility redevelopment and leasing space in this project.

By acquiring the property, HARC prevented demolition of the residential and commercial agricultural infrastructure and continued the plantations' traditional functions for farm residences and agribusiness. Agricultural warehousing, mechanical shops, administrative areas processing buildings and cold storage facilities are badly needed in this rapidly growing market. The existing Kunia Camp residences are maintained for the benefit of agricultural workers.

HARC established a wholly-owned subsidiary the Kunia Village Title Holding Corporation (KVTHC) to own and operate the asset on HARC's behalf. Kunia Village will be managed by KVTHC for affordable rental housing for farm workers, in perpetuity. The Kunia Village

Development Corporation was formed specifically to manage redevelopment of the Village on the behalf of its Parent the Hawaii Agriculture Research Center.

(2) Project 82 is a major renovation of Kunia Village that began in January 2016 and will be completed in Spring 2017. It is dubbed Project 82 because 82 of the 121 housing units will be either renovated or replaced with similar units. Forty-five of the existing single family homes will be completely renovated, and thirty-seven will be replaced with comparable new housing units. The project will also replace or renovate essential Village infrastructure within its boundaries including potable water distribution lines, wastewater collection piping and it will resurface some of the Village streets within the project.

The construction characteristics of any new additions or renovations must be consistent with the historic character of the Village and plans have been approved by the State Historic Preservation Division (SHPD) of the Department of Land and Natural Resources (DLNR). Renovated and replacement housing will remain single story, wood-frame housing build on post and piers. Kunia Village has worked with Honsador Lumber, LLC to produce compatible models of the 2, 3, and 4-bedroom housing that have been approved by SHPD. Replacement housing has been specifically designed and approved to match the existing architectural character of the Village.

Low-Income Housing Tax Credit financing require that the project area be leased and the housing assets be sold to the investor group as limited partners. That portion of Kunia Village is wholly owned, leased, and managed by the Kunia Village Housing Partners I LLP. The improvements to housing and infrastructure may not extend beyond the boundaries of those 82 housing units. Additional funding is required to improve the water storage system because they are not within the boundaries of Project 82.

B. FACILITIES

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

HARC acquired the assets and land of Kunia Village in 2010 from the James Campbell Company. The Village consists of a 118-acre parcel containing of 121 housing units that are mostly single family houses, and roughly 150,000 sf of agricultural warehouses, and offices that are currently occupied by agricultural companies.

The parcel retains its zoning as AG-1, restricted agricultural land as is all of the surrounding land which is otherwise actively used for agriculture. Worker housing and agriculturally related structures are permitted on AG-1 land when they are owned and operated by a farming operation. Because HARC is an agricultural research organization and not a commercial farm, a variance was obtained (#2008/VAR-26) to allow a higher density of farm dwellings on AG-1 restricted land. AG-1 land allows 1 farm dwelling per 5 acres. The property had 121 units per 119 acres. The variance was approved by the county for the existing 121 units so that they could be repaired or replaced.

There are approximately 10,000 acres in the Kunia area, significant portions being prime agricultural land suitable for row crops. Within this area there are vastly expanding opportunities for agricultural employment as all the property west of Kunia Road has been purchased by agricultural based companies and much of the property on the east side of Kunia Road is currently leased to agricultural operations. The scale up of these



operations is continuing. In addition, the Hawaii Department of Agriculture is establishing an agricultural park on 150 acres east of Kunia Road allowing more opportunities for small agricultural businesses. It is anticipated that there will be well over 1,300 agricultural positions available in this area as well as the opportunity for up to 100 new farm sites. The availability of the subject property allows for the creation of a stable agribusiness residential and commercial center. It also facilitates affordable housing for farm labor and workforce development by providing a nucleus for these activities. This project fits into more than one economic area of opportunity defined in the community economic development strategies:

- Provides affordable housing which would otherwise be an impediment to agriculture;
- Provides facility infrastructure to produce value-added export marketing, import substitution, master branding-planning and workforce development; and
- Adds sustainable infrastructure which involves energy, water, and waste recycling.

KVDC's objective for this property is to retain and improve badly needed infrastructure for agricultural operations that have been evolving during the transition from plantation to diversified agriculture. The water improvements for which funding is requested will serve the entire Kunia Village and AgriBusiness Complex.

A description of Improvements (Type of structures, and amenities) is shown in Table 4.

Table 4: Existing structures within Kunia Village

TABLE I Existing Structures at Kunia Plantation Village	
4 Bedroom	9
3 Bedroom	81
2 Bedroom	27
1 Bedroom	4
Total Residential	121
Multi-Purpose Community Center/ Gymnasium	1
Chapels	2
Transient Farmer Dormitory	1
Administration Building	1
Wastewater Treatment Plant	1
Warehouse for storage of farm chemicals and materials	2
Machine Shop (Vacant)	1
Agricultural Products Irradiator	1
Open Warehouse (Vacant)	1
Vegetable Washing and Sorting Plant	1
Kunia Store	1
Manulele Distillers	2
Post Office Trailer	1
EPA Site Research Building	1
Food Processing Office Building	1
Food Processing Employee Lunchroom	1
Total Accessory Structures	19

V. Personnel: Project Organization and Staffing

A. PROPOSED STAFFING, STAFF QUALIFICATIONS, SUPERVISION AND TRAINING

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

All construction contracts will be monitored and managed using existing personnel at no cost to the project. There are no personnel costs included in this funding request.

KVDC President, Dr. Blake Vance will oversee all aspects of the construction. His recent project management experience is included as Appendix B of this application.

KVDC Controller, David Kula will oversee all financial aspects of the project.

Second City Property Management, Inc. is contracted to maintain and repair housing units in the Village. Most SCPM employees held the same positions in the Village when they were Del Monte employees. Under the direction of SCPM President, Alan Gottlieb, construction management personnel will provide quality control and management of outside contractor's services. SCPM's recent experience is also included in Appendix B of this application.

B. ORGANIZATION CHART

The applicant shall illustrate the position of each staff and line of responsibility/ supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

An organizational chart showing essential personnel is presented in Figure 5-1.

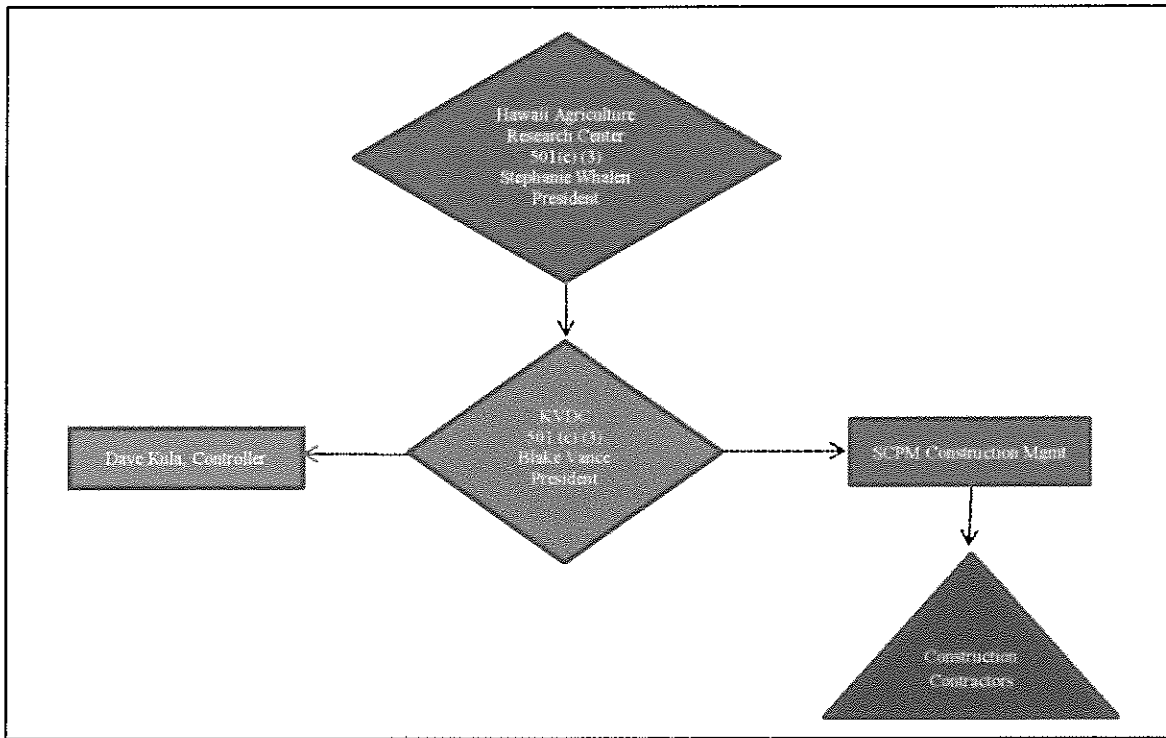


Figure 5: Organizational chart of project personnel.

C. COMPENSATION

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

NO salary request is included in this proposal. Salaries of the President, Controller and construction management team are in-kind contributions to the project.

VI. Other

A. LITIGATION

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

NONE

B. LICENSURE OR ACCREDITATION

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

No licenses are required of KVDC personnel. All construction contractors eligible for work on the facilities will be Hawaii contractors holding current and valid licenses for their specific scope.

C. PRIVATE EDUCATIONAL INSTITUTIONS

No private educational institutions are involved with this project.

D. FUTURE SUSTAINABILITY PLAN

Kunia Village was acquired from Del Monte Hawaii after many years of deferred maintenance. All housing units and commercial structures appeared to be beyond their useful life. The maintenance cost of the housing units often exceeds the income derived from their operation. The Village is not within an area that has ever been serviced by the Honolulu Board of Water Supply, and the Village must provide water service and wastewater treatment through its own resources. Since 2010, KVTHC has operated on a stable basis. Affordable housing is provided on a more or less break even basis, which the commercial agribusiness tenants of the Village providing stability and income to make up the periods when there are housing income shortfalls. Over the past 6 years, the Village has been able to operate, on a positive basis with a small percentage of revenue transferred to HARC to support agricultural research. Thanks largely to the use of tax-credit sales and long-term federal State loans KVDC was able to accrue sufficient funds to renovate 2/3 of the housing units. This will substantially reduce the maintenance cost burden for 82 of the 121 houses, and allow KVDC to apply operating income toward renovating the remainder of the housing units, including updating the distribution system both potable and sewer that service this portion of the Village and its possible expansion.

Funds for renovation of the potable water reservoir will purchase a new storage system that will be in service for more than 50 years. The Village is not likely to re-apply for GIA fund if this application is successful.

E. CERTIFICATE OF GOOD STANDING

A Certificate of Good Standing and a current Compliance Certificate are attached to this application in Appendix C.

APPENDIX A
FINANCIAL FORMS AND DISCLOSURES

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2017 to June 30, 2018

App Kunia Village Development Company

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	\$665,000			
TOTAL (A+B+C+D+E)				
SOURCES OF FUNDING	Budget Prepared By:			
(a) Total State Funds Requested	Dave Kuta, Controller (808) 621-1351			
(b) Total Federal Funds Requested	Phone			
(c) Total County Funds Requested	1-18-17			
(d) Total Private/Other Funds Requested	Date			
TOTAL BUDGET	Dave Kuta, Controller Name and Title (Please type or print)			

BUDGET JUSTIFICATION - PERSONNEL SALARIES AND WAGES

Period: July 1, 2017 to June 30, 2018

Kunia Village Development Company

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Personnel costs are contributed by the applicant				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				0.00
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2017 to June 30, 2018

Applicant: Kunia Village Development Company__

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
			\$ -	
Contributed by the applicant			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
Contributed by the applicant			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2017 to June 30, 2018

Applicant: Kunia Village Development Corpo

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2015-2016	FY: 2016-2017	FY:2017-2018	FY:2017-2018	FY:2018-2019	FY:2019-2020
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION						
EQUIPMENT						
TOTAL:					0	0
JUSTIFICATION/COMMENTS: <p style="text-align: center;">Other costs contributed by the applicant</p>						

GOVERNMENT CONTRACTS AND / OR GRANTS

Applicant: Kunia Village Development Corporation (KVDC)

Contracts Total: 26,000,000

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1	Co-General partner, Kunia Village Housing	3/1/16 - 4/1/17	USDA-RD and	Federal	6,000,000
2	Partners 1 LP - Kunia Village Agra-housing Proj		HHFDC	State	20,000,000
3					
4	- USDA-RD funds consists of two \$3,000,000 loans @ 1% for 33 years				
5	- HHFDC funds are being financed with \$20,935,000 in Multi-family housing revenue bonds 2016				
6					
7	- KVDC does not have tax credits of any kind: it has not and does not have or plan to seek any other gov't funding in				
8	the foreseeable future.				
9					
10	- as of 12/31/2016 KVDC's unrestricted current assets are \$6,200 in checking account.				
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**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.

- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.

- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Kunia Village Development Corporation
(Typed Name of Individual or Organization)

 _____ 18 Jan. 2017
(Signature) (Date)

Blake Vance _____ President
(Typed Name) (Title)

APPENDIX B
RECENT EXPERIENCE OF PRINCIPAL PROJECT PERSONNEL

Blake Vance, PhD
HARC Assistant Director
KVDC President

Some of the projects I have been involved in are listed below:

- Property Management of HARC's 80k SF 4-story lab in Aiea, tenant leases.
- Sale of HARC's parcel in Aiea (\$20.65M).
- Purchase of HARC's 108-acre parcel in lower Kunia (\$3.8M) from James Campbell Co. and formulating one of the first USDA NRCS Federal Farm and Ranch Lands Protection Program (FFRP) and State Legacy Lands Conservation Program (LLCP) conservation easements in Hawaii, which preserves this parcel in agriculture in perpetuity.
- Receipt of HARC's 119-acre parcel in upper Kunia, where the Del Monte Fresh Produce operated its pineapple packing facility, its 120-house Village for its employees, and the location of an EPA Superfund site.
- Served as Project Manager for the construction of HARC's new lab (\$5.7M) at lower Kunia.
- Serve as President of the Kunia Village Development Corp. (KVDC) to renovate/build 82 houses within Kunia Village (\$25M, scheduled for completion by mid-May 2017).
- Assorted other projects include a) a 100-foot cell tower; b) a 240-KW photovoltaic (PV) system on the roof of our lower Kunia lab; c) imminent construction of a 500-KW PV array on a carport system over a field road at HARC's Experiment Station to derive multiple uses of that land; d) passage of a bill through the State legislature to allow the installation of PV on Land Study Bureau "A"-classified land in strictly delineated circumstances where land would not be taken out of farm production (i.e., (c)); and manage the Experiment Station.



SECOND CITY PROPERTY MANAGEMENT, INC.

P O BOX 700489
KAPOLEI, HI 96709
(808) 306-7769

January 2016

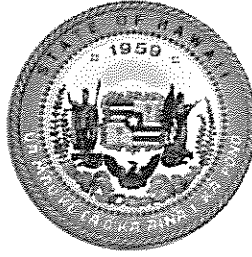
Second City Property Management, Inc. (SCPM) has over 20 years of experience including:

- For the past 20 years, operating agricultural water systems and property management and maintenance for large tracts of land in East and West Kapolei (about 1,500 acres), for multiple agricultural tenants with a daily water allocation of 8 million gallons. We operate three separate pump stations including three 200 HP pumps, a 125 HP Pump. We perform or coordinate all repairs for the water system, and on behalf of the Landowner, D.R. Horton Schuler Homes LLC manage all tenants, leases, real property taxes, collect all rents, pay all bills, provide full set of books on monthly basis, all compliance reporting, water meter readings and reporting and water sampling and coordination with labs for testing.
- For the past nine years in upper Kunia, managing the property previously leased by Del Monte (over 4,000 acres). In upper Kunia, in addition to running the 5 million gallon per day agricultural water system, we also employ crews to perform the following services for Kunia Village: Repairs and maintenance on over 100 plantation style homes; landscape maintenance; operate a domestic drinking water system for over 100 homes and commercial tenants including a forced air stripping tower to clean the water from prior military contamination (we have three employees on staff who are certified by the State of Hawaii Department of Health as Distribution System Operators and two of these employees are Water Treatment Plant Operators); and operate a sewage treatment plant. We also operate an EPA Superfund Ag water treatment system. Drinking water is chlorinated by our staff. We perform all testing and reporting for the drinking water system. We perform or coordinate all repairs for the water system. On behalf of the Kunia Water Association, we manage all properties, collect all fees, pay all bills, provide full set of books on monthly basis, all compliance reporting, water meter readings and reporting and water sampling and coordination with labs for testing.
- We operate a small Public drinking water system at Poamoho for the Poamoho Water Association (at Poamoho Estates). This includes checking pumps, water tanks, chlorinating the water and all testing and reporting and making any water line repairs for this small Public Water System.
- We previously ran the water system at Palehua for the Air Force's Solar Observatory and their system customers; Camp Timberline, two cattle ranchers, and also provided water for some of the homes on the subject property, including drinking water chlorination, all repairs, testing and reporting for the drinking water system. This job terminated when the Air Force vacated their site at Palehua.
- We previously ran an agricultural water system for Sandwich Isle Communications in the Mililani area. Water from this system was contaminated by the military, and we operated an air stripping tower to clean the water. This job terminated when SIC mothballed the Ag water system.

Resume of Employees:

- Shane Lee – Kunia System Supervisor– Shane has worked for SCPM for seven years and before that for Del Monte for seven years. He is certified and licensed by the State of Hawaii to oversee operations of Domestic Drinking Water Systems (DSO) and is certified to operate a Water Treatment Plant (WTO) and holds a Hawaii Dept of Ag Restricted Use Pesticide License for chlorine gas application, is Hazwoper Certified, and OSHA 30 hour Certified.
- Our Pump Repair Specialist, Loreto Raguindin is a trained machinist and has worked for Second City Property Management for twenty years and before this for Oahu Sugar for thirty years (total 47 years of experience on the Ewa Water system we now operate). He is certified and licensed by the State of Hawaii to oversee operations of Domestic Drinking Water Systems (DSO) and is certified to operate a Water Treatment Plant (WTO) and holds a Hawaii Dept of Ag Restricted Use Pesticide License for chlorine gas application, is Hazwoper Certified, and OSHA 30 hour Certified. Loreto is also a certified to test Backflow Prevention Devices, and fire hydrants.
- Rudy Crisostomo has worked with Second City Property Management for twenty years and prior to that with Oahu Sugar for twenty-five years (total 45 years of experience on the Ewa Water system we now operate). Rudy operates and maintains our Ewa pumps on a daily basis, which includes a water allocation of 8 million gallons per day on 3,500 acres of agricultural land. Rudy can operate our backhoe and most other heavy equipment and is a welder.
- Tasi Laumea has worked with SCPM as an Irrigation Specialist for 3 years. Tasi can operate our backhoe. He performs the daily operations for our Kunia water system which has a 5 million Gallon per day allocation, including 3 deep (900') wells, an agricultural reservoir, a domestic reservoir, two water treatment plants (including an EPA superfund site), 115 homes and 4,000 acres of arable agricultural fields.
- Bonnie Gottlieb – Kunia System Assistant Supervisor– Bonnie has worked for SCPM for 3 years. She is certified and licensed by the State of Hawaii to oversee operations of a small Domestic Drinking Water System (DSO) and is Hazwoper Certified.
- We have a crew of 5 other individuals with 4-7 years of service with Second City Property Management, and before that 20+ years with Del Monte. These employees maintain the houses (carpentry and general repairs) for 115 plantation homes in Kunia Village and also operate a 70,000 gallon per day waste water treatment plant.
- Alan Gottlieb administers the contract and supervises all aspects of the work.

APPENDIX C
CERTIFICATE OF GOOD STANDING AND
CERTIFICATE OF COMPLIANCE



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

CERTIFICATE OF VENDOR COMPLIANCE

This document presents the compliance status of the vendor identified below on the issue date with respect to certificates required from the Hawaii Department of Taxation (DOTAX), the Internal Revenue Service, the Hawaii Department of Labor and Industrial Relations (DLIR), and the Hawaii Department of Commerce and Consumer Affairs

Vendor Name: KUNIA VILLAGE DEVELOPMENT CORPORATION

DBA/Trade Name: KUNIA VILLAGE DEVELOPMENT CORPORATION

Issue Date: 01/17/2017

Status: Compliant

Hawaii Tax#: w78179444-01

New Hawaii Tax#:

FEIN/SSN#: XX-XXX8552

UI#: No record

DCCA FILE#: 229764

Status of Compliance for this Vendor on issue date:

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
	Internal Revenue Service	Compliant
COGS	Hawaii Department of Commerce & Consumer Affairs	Compliant
LIR27	Hawaii Department of Labor & Industrial Relations	Compliant

Status Legend:

Status	Description
Exempt	The entity is exempt from this requirement
Compliant	The entity is compliant with this requirement or the entity is in agreement with agency and actively working towards
Pending	The entity is compliant with DLIR requirement
Submitted	The entity has applied for the certificate but it is awaiting approval
Not Compliant	The entity is not in compliance with the requirement and should contact the issuing agency for more information