



Fort Ord Reuse Authority

920 2nd Avenue, Suite A, Marina, CA 93933
Phone: (831) 883-3672 • Fax: (831) 883-3675 • www.fora.org

ADMINISTRATIVE COMMITTEE MEETING
8:15 A.M. WEDNESDAY, MAY 30, 2012
910 2nd Avenue, Marina CA 93933 (on the former Fort Ord)

AGENDA

1. **CALL TO ORDER AT 8:15 AM**
2. **PLEDGE OF ALLEGIANCE**
3. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE**
4. **PUBLIC COMMENT PERIOD:** Members of the audience wishing to address the Fort Ord Reuse Authority (FORA) Administrative Committee on matters within the jurisdiction of FORA, but not on this agenda, may do so during the Public Comment Period. Public comments are limited to a maximum of three minutes. Public comments on specific agenda items will be heard at the time the matter is under Committee consideration.
5. **APPROVAL OF MEETING MINUTES**
 - a. May 16, 2012 Administrative Committee Minutes ACTION
 - b. May 16, 2012 Joint Administrative/CIP Committee Minutes ACTION
6. **JUNE 8, 2012 FORA BOARD MEETING – Agenda Review** INFORMATION/ACTION
7. **OLD BUSINESS**
 - a. Habitat Conservation Plan Update INFORMATION
 - b. Capital Improvement Program
 - i. Formulaic Approach to Developer Fees INFORMATION/ACTION
 - ii. Draft FY 2012/13 CIP FORA Board Consideration ACTION
 - c. Master Resolution/Sierra Club Settlement Agreement
 - i. Appeal Fee Proposed Amendment to FORA Master Resolution (Section 8.01.050(a)) INFORMATION/ACTION
 - ii. Deed Notifications Update INFORMATION
8. **NEW BUSINESS**

None
9. **ADJOURNMENT TO JOINT ADMINISTRATIVE/WATER & WASTEWATER OVERSIGHT COMMITTEE**

NEXT SCHEDULED MEETING: JUNE 13, 2012

*Information about items on this agenda or persons requesting disability related modifications and/or accommodations can contact the Deputy Clerk at: 831-883-3672 * 920 2nd Avenue, Suite A, Marina, CA 93933 by 5:00 p.m. one business day prior to the meeting. Agendas can also be found on the FORA website: www.fora.org.*



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ADMINISTRATIVE COMMITTEE MEETING

8:15 A.M. WEDNESDAY, MAY 16, 2012

910 2nd Avenue, Marina CA 93933 (on the former Fort Ord)

MINUTES

1. CALL TO ORDER

Administrative Committee Chair Daniel Dawson called the meeting to order at 8:15 a.m. noting a quorum of voting members. The following people, as indicated by signatures on the roll sheet, were present:

Daniel Dawson, City of Del Rey Oaks*

Nick Chiulos, County of Monterey*

John Dunn, City of Seaside*

Elizabeth Caraker, City of Monterey*

Debby Platt, City of Marina*

Patrick Breen, MCWD

Rob Robinson, BRAC

Tim O'Halloran, City of Seaside

Graham Bice, UC MBEST

Bob Schaffer, MCP

Chuck Lande, Marina Heights

Kathleen Lee, Sup Potter's Office

Vicki Nakamura, MPC

Paul Greenway, County of Monterey DPW

Greg Nakanishi, CCVC

Beth Palmer, Monterey Downs

Carl Niizawa, MCWD

Hank Myers, TAMC

Steve Endsley, FORA

Jonathan Garcia, FORA

Jim Arnold, FORA

Darren McBain, FORA

Crissy Maras, FORA

Robert Norris, FORA

Lena Spilman, FORA

* Voting Members

2. PLEDGE OF ALLEGIANCE

John Dunn led the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Deputy Clerk Lena Spilman stated that the Base Reuse Plan Reassessment Public Workshop schedule had been included in the Agenda packet.

4. PUBLIC COMMENT PERIOD

No comments were received.

5. APPROVAL OF APRIL 4, 2012 MEETING MINUTES

Chair Dawson noted that he had not been present at the April 4, 2012 meeting and asked that the minutes reflect that.

MOTION: Chair Dawson moved, seconded by John Dunn, and the motion passed unanimously to approve the minutes of the April 4, 2012 Administrative Committee as amended.

6. FOLLOW UP FROM THE MAY 11, 2012 FORA BOARD MEETING

Senior Planner Jonathan Garcia stated that Supervisor Parker had expressed concern at the May 11, 2012 Board meeting regarding the analysis of what she categorized as "disturbed areas" in the Base Reuse Plan Reassessment Scope of Work. As such, the Board decided to continue the item to the June Board meeting. There was also discussion at the May 11th Board meeting regarding the amount of time permitted for Board review of the annual budget and Capital Improvement Program (CIP) documents prior to their targeted June adoption dates. In response, staff planned to provide an additional month for review of these items when presented the following fiscal year.

7. OLD BUSINESS

a. Habitat Conservation Plan (HCP)

Mr. Garcia stated that the HCP was currently undergoing review by the U.S. Fish and Wildlife Service and the California Department of Fish and Game. The three-month review period was scheduled to conclude in June 2012. He stated the only recent comments received had been from California State University, Monterey Bay.

b. Tax Increment

i. History of FORA Tax Increment Dedication

Mr. Garcia reviewed the information regarding historical tax increment collections and expenditures included in the packet, noting that staff was still uncertain as to the amount of tax increment that would be collected for the current fiscal year. Authority Counsel Jerry Bowden explained the basis for FORA's assertion that it had a statutory right to collect tax increment. Assistant Executive Officer Steve Endsley stated that, to be safe, the Fiscal Year 2012-13 Budget had not included tax increment revenue.

ii. Future Allocation

Mr. Endsley provided an overview of recent discussions regarding FORA developer fees, as they related to tax increment. He explained that the purpose of the proposed formulaic approach to the establishment of developer fees was to provide a higher degree of certainty to all parties and to promote equality among the jurisdictions, while ensuring enough revenue for FORA to complete its CEQA and other obligations. The committee heard from several developers, both in support and in opposition of the proposal, and expressed a desire for further review of the item.

c. Department of Toxic Substances Control (DTSC) Annual Reports on Land Use Covenants

Mr. Garcia explained that in 2007-8 staff presented the Committee with a Memorandum of Agreement (MOA) between FORA and the DTSC regarding annual reporting on three land use covenants: the land fill area, groundwater areas, and soil areas. The five land use jurisdictions, MPC, CSUMB, and UC agreed to submit annual reports to FORA regarding their compliance with these covenants. Per the MOA, the reports for 2010 were due to be filed. Mr. Garcia requested that the reporting entities submit their reports by July 11, 2012. He asked that all reporting entities coordinate through him, but added that eventually the Monterey County Health Department would replace FORA as the party responsible for coordination of the filing.

d. Capital Improvement Program – Formulaic Approach to Developer Fees

Mr. Endsley stated that the item had already been addressed under Item 7bii.

8. NEW BUSINESS

a. Master Resolution/Settlement Agreement Compliance

i. **Deed Notice required by Section 8.01.010 (j) and (k) of the FORA Master Resolution and Section 2(a) of the FORA-jurisdiction Implementation Agreements**

Mr. Endsley explained that the Obligations Implementation Agreement with the Sierra Club required deed notices to be filed for each land conveyance from FORA to the member jurisdictions. FORA had included the required notices in the Implementation Agreements with the member jurisdictions. However, staff had recently become aware that notices had not been filed for all conveyances. FORA was working diligently to file all necessary notices and working closely with the various jurisdictions and end-users to ensure compliance. Mr. Bowden emphasized that the notices did not impose any new limitations on the properties, but simply alerted buyers to existing limitations.

ii. **Proposed Appeal Fee Amendment to section 8.01.050 (a) of the FORA Master Resolution**

Mr. Endsley explained that FORA had received a number of objections regarding their appeal fee. Staff had worked with several stakeholders to develop the proposed process, whereby the fee would be set based on the average appeal fee of surrounding jurisdictions. Use of this methodology would result in a significant fee reduction for FORA. The Committee discussed the process by which the proposed methodology was developed, received input from members of the public, and discussed the merits of alternative methodologies.

MOTION: Doug Yount moved, seconded by John Dunn, and the motion passed unanimously to continue the item to the next Administrative Committee meeting on May 30, 2012.

9. ADJOURNMENT

Chair Dawson adjourned the meeting at 9:40 a.m.

Minutes Prepared by Lena Spilman, Deputy Clerk

Approved by:

Michael A. Houlemard, Jr., Executive Officer



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JOINT ADMINISTRATIVE AND CAPITAL IMPROVEMENT PROGRAM COMMITTEE MEETING

9:15 A.M. WEDNESDAY, MAY 16, 2012

910 2nd Avenue, Marina CA 93933 (on the former Fort Ord)

MINUTES

1. CALL TO ORDER AT 9:15 AM (or following the Administrative Committee meeting)

Confirming a quorum, Administrative Committee co-chair Daniel Dawson called the meeting to order at 9:40 AM. The following people, indicated by signatures on the roll sheet, attended:

Tim O'Halloran, City of Seaside
Paul Greenway, Mo. Co. DPW
Debby Platt, City of Marina
Elizabeth Caraker, City of Monterey
Vicki Nakamura, MPC
Kathleen Lee, Supervisor Potter
Chuck Lande, Marina Heights
Mike McCullough, MRWPCA

Graham Bice, UCMBEST
Doug Yount, City of Marina
Bob Schaffer, MCP
Steve Endsley, FORA
Jonathan Garcia, FORA
Pat Ward, Bestor
Hank Meyers, TAMC

Chuck Lande, Marina Heights
Jim Arnold, FORA
Crissy Maras, FORA
Carl Niizawa, MCWD
Hank Meyers, TAMC
Scott Hilk, MCP
Robert Norris, FORA

2. PUBLIC COMMENT PERIOD: None

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE: None

4. APPROVAL OF MINUTES: April 18, 2012 and May 2, 2012

Graham Bice requested that the April 18th minutes be corrected as follows: page 2, item 4a, "Graham Bice reported that...entitlements for a building to serve the Naval Postgraduate School..." On a motion made by Doug Yount and seconded by Graham Bice, the April 18th minutes were approved as corrected and the May 2nd minutes were approved as presented.

5. OLD BUSINESS

a. Capital Improvement Program – table review

FORA Senior Planner Jonathan Garcia reviewed Tables 1, 2, 3 and 5 with the committees. Other tables were reviewed and approved at previous meetings. FORA Assistant Executive Officer Steve Endsley noted that scheduled projects would not move forward unless FORA receives FY 12/13 forecasted development fees. Mr. Yount requested that Table 3 be revised to include forecasted Tax Increment (TI) collection and that any surplus TI revenue be provided to the land use jurisdictions. Mr. Bice disagreed with listing TI as a funding source because currently, the status of TI collection is uncertain and dependent on a pending lawsuit.

Scott Hilk asked for the Table 3 footnotes, but as they were not updated, they were not included with meeting materials. The entire CIP, including updated footnotes, text, and all previously reviewed tables will be presented at the next Administrative Committee meeting.

Mr. Endsley noted that CIP reprogramming begins in December with FORA requesting development updates from land use jurisdictions. The process relies heavily on receiving timely development forecasts so that all capital projects and expenditures can be sequenced to meet development needs and available revenue for each year. In prior years, FORA staff presented a draft CIP to the Board in May anticipating a June approval. However over the last few years, development forecasts were not received in a way to

allow a draft CIP presentation in May. FORA has instead had to present both the draft CIP and request approval of the CIP in June. When the reprogramming process begins again at the end of this year, Mr. Endsley urged committee members to work with their developers early so forecasts could be submitted timely, allowing for a May draft presentation next year.

Mr. Endsley additionally noted that during last year's reprogramming, FORA worked with Monterey County and TAMC to revise the protocol for reprogramming the CIP (the protocol is Appendix B of the document) to include "matching/leveraging grant funds" as a way to receive priority funding for specific CIP projects. Using the revised protocol, FORA was able to fund a local match to the grant received by Monterey County for the Davis Road bridge project. Available anticipated funding did not allow consideration of all of TAMC's suggested project reprogramming. TAMC representative Hank Myers suggested that Todd Muck would attend the next meeting with any additional TAMC comments.

6. NEW BUSINESS – none

7. ADJOURNMENT TO JOINT ADMINISTRATIVE/WATER WASTEWATER OVERSIGHT COMMITTEE

The meeting was adjourned at 9:55.

Minutes prepared by Crissy Maras, Grants and Contracts Coordinator



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BOARD OF DIRECTORS MEETING

Friday, June 8, 2012 at 3:00 p.m.

910 2nd Avenue, Marina, CA 93933 (Carpenter's Union Hall)

AGENDA

1. CALL TO ORDER AND ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. ACKNOWLEDGEMENTS

4. LEGISLATIVE SESSION

PRESENTATIONS

- a. Alec Arago (representing Congressman Sam Farr) – 17th Congressional District
- b. Assemblymember Bill Monning – 27th State Assembly District
- c. Cristal Clark (representing Senator Sam Blakeslee) – 15th State Senate District
- d. Assemblymember Luis Alejo – 28th State Assembly District
- e. Senator Anthony Canella – 12th State Senate District

5. ANNOUNCEMENTS, AND CORRESPONDENCE

6. PUBLIC COMMENT PERIOD: Members of the audience wishing to address the Fort Ord Reuse Authority ("FORA") Board on matters within the jurisdiction of FORA, but not on this agenda, may do so during the Public Comment Period. Public comments are limited to a maximum of three minutes. Public comments on specific agenda items will be heard at the time the matter is under Board consideration.

7. CONSENT AGENDA

- a. May 11, 2012 FORA Board Meeting Minutes ACTION

8. OLD BUSINESS

- a. Base Reuse Plan Reassessment - Proposed Supplemental Scope of Work ACTION

9. NEW BUSINESS

- a. Preston Park FY 2012/13 Budget INFORMATION/ACTION
- b. FY 2012/13 – 2021/22 Capital Improvement Program Approval INFORMATION/ACTION
- c. Capital Improvement Program Review – Phase II Study
 - i. Resolution 12-5 to Adopt a Formulaic Approach to Development Fees ACTION
 - ii. Amendment #1 to the FORA-jurisdictions Implementation Agreements ACTION
- d. FORA FY 2012-13 Preliminary Budget ACTION
- e. Ord Community Water and Wastewater Systems Proposed Budgets and Rates for FY 2012/13
 - i. Presentation by FORA INFORMATION
 - ii. Presentation by Marina Coast Water District INFORMATION
 - iii. Resolution Nos. 12-6 and 12-7 Adopting a Compensation Plan and Setting Rates, Fees and Charges for Base-wide Water and Sewer Services on the former Fort Ord ACTION

- f. Master Resolution/Settlement Agreement – Appeal Fee Proposed
Amendment to FORA Master Resolution (Section 8.01.050(a))
- g. Records Retention Policy

INFORMATION/ACTION
INFORMATION/ACTION

10. EXECUTIVE OFFICER'S REPORT

- a. Outstanding Receivables
- b. Administrative Committee
- c. Finance Committee
- d. Legislative Report
- e. Water/Wastewater Oversight Committee
- f. Habitat Conservation Plan
- g. Executive Officer's Travel

INFORMATION
INFORMATION
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11. ITEMS FROM MEMBERS

12. CLOSED SESSION

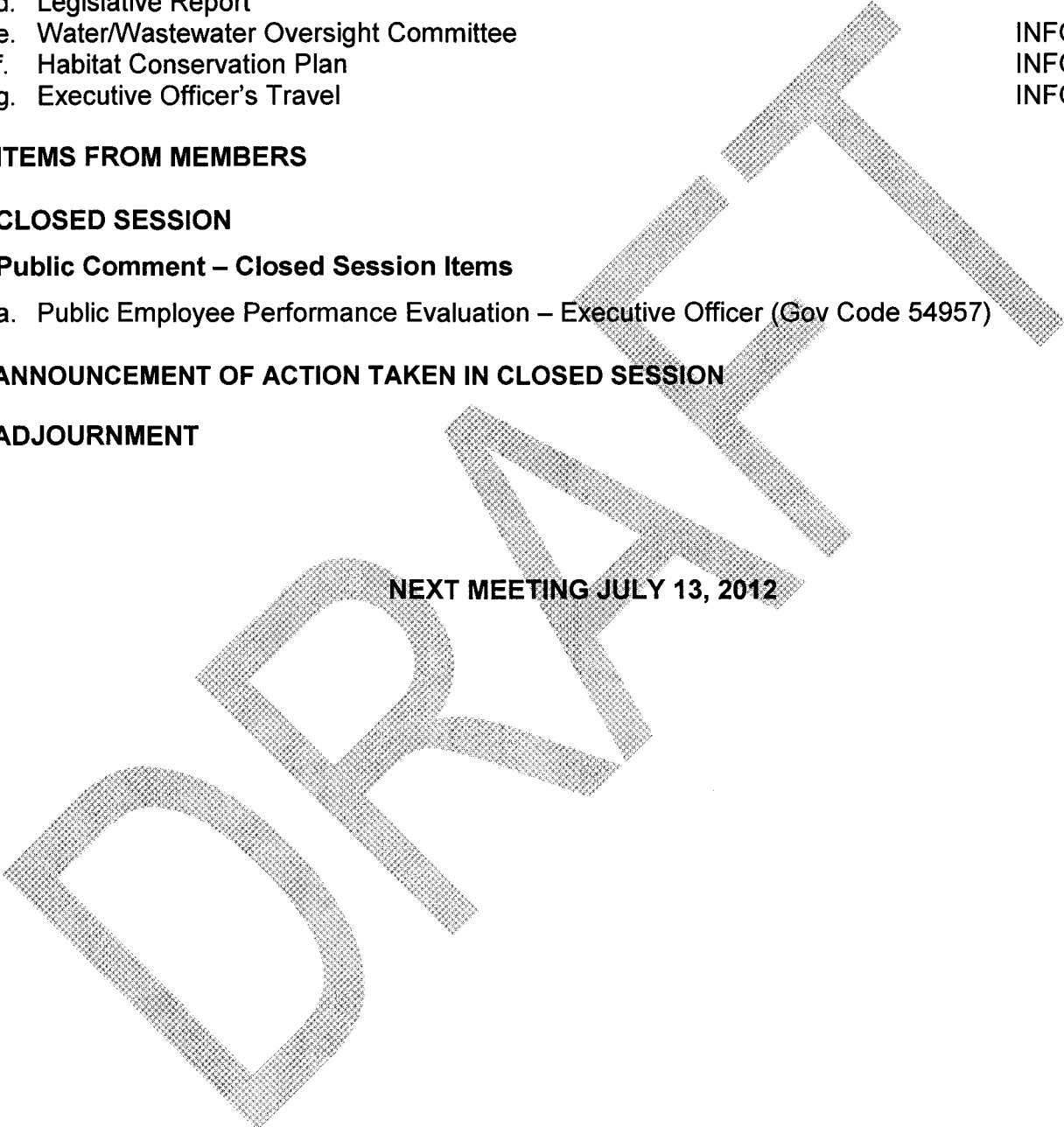
Public Comment – Closed Session Items

- a. Public Employee Performance Evaluation – Executive Officer (Gov Code 54957)

11. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

12. ADJOURNMENT

NEXT MEETING JULY 13, 2012



FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject: Preston Park Fiscal Year ("FY") 2012/13 Budget

Meeting Date: June 08, 2012

Agenda Number: 9a

ACTION

RECOMMENDATION(S):

Approve FY 2012/13 Preston Park Housing Area Budget

BACKGROUND/DISCUSSION:

The Fort Ord Reuse Authority ("FORA") staff has reviewed the Preston Park FY 2012/13 Operating Budget and Capital Improvement Program (CIP) Assessment and is prepared to recommend approval of both budgets with the following scenarios:

Option A

- Approve the Operating and Capital Improvement Program budgets reflecting a rental income 3% increase and implementing capital improvements. The rental increase assures that revenues keep pace with budgeted expenses and sustains the Replacement Reserve.

Option B

- Approve the Operating Budget and defer the rental increase and the proposed Capital Improvement Program work for a future owner of the property.

Staff recommends **Option A** considering; 1) the Board postponed rental increases by this past year, 2) an increase in accordance with the adopted rent formula keeps revenues tracking with expenses, and 3) key Capital Improvement Program expenditures will drain reserves,

The overall budget sustains FORA Board June 2, 2010 approved formulas for setting annual market rents. The adopted formulae are: 1) **Move-ins** - establishing market rents on an on-going basis according to a market survey, and 2) **Existing tenants** - increase rent once a year by the lesser of 3% or the Consumer Price Index

FISCAL IMPACT:

Reviewed by FORA Controller _____

Both options provide FORA adequate revenue to cover the Preston Park loan debt service.

COORDINATION:

FORA Staff, Alliance Staff, Administrative Committee, Executive Committee.

Prepared by _____ Approved by _____
Robert J. Norris, Jr. Michael A. Houlemard, Jr.

May 23, 2012

Mr. Michael Houlemard, Jr.
Fort Ord Reuse Authority
920 Second Avenue Suite A
Marina, California 93933

Re: Preston Park 2012-2013 Proposed Budget

Dear Mr. Houlemard:

Pursuant to the terms outlined in the Management Agreement between the Fort Ord Reuse Authority and Alliance Communities, Inc and in accordance to the management agreement, please find enclosed the proposed Fiscal Year (FY) 2012 - 2013 budget for Preston Park. We will solicit input from Fort Ord Reuse Authority staff and residents. Residents will be notified in writing one week before the draft budget will be available at the management office and that we will be conducting a meeting to review and discuss the budget.

Revenues

The primary source of revenue is rents, Section 8 voucher payments from the Housing Authority of the County of Monterey and associated charges to residents such as late fees. The proposed budget reflects projected revenues according to the formulas. The market rent for new move-ins is calculated by comparable market rent levels in the competitive market throughout the year.

The formula states that the annual increase in market rents for in-place tenants shall be capped at the lesser of three percent (3%) or the Department of Labor's Consumer Price Index for San Francisco-Oakland-San Jose, All Items, for All Urban Consumers (referred to as CPI-U) Average percentage for the previous calendar year to be applied to the next fiscal year, provided that the increased rent for in-place tenants does not exceed the market rent charged to move-in tenants. Last year a proposed increase of 1.8% was approved by Board for the 2011/2012 FY, then rescinded. The current budget reflects the maximum rent increase of three percent (3%), which represents the only increase given to in-place residents over the past 24 months.

Current Market Rent Conditions

The average two bedroom apartment in Marina rents for between \$1,100 and \$1,423 per month, which does not include utilities. Additionally, the comparables as outlined in the attached market survey of March 2012 are significantly smaller in square footage than units at Preston Park.

In addition to the two-bedroom floor plans, Preston Park offers unique three bedroom town home floor plans, each with front and back yards, ample storage and garages, unlike comparative apartments in the surrounding area.

Preston Park residents are responsible for paying their own utilities; such as gas, water, electricity, sewer and trash. The market rate rent is adjusted to compensate for the cost of water

use, utility costs and garbage not paid by residents at other communities in the area. Therefore, the budget assumes adjustments in rental rates in order to compensate such costs.

Utility costs for 2011 - 2012 as published by the Housing Authority of the County of Monterey (HACM) are as follows:

	<u>Two Bedroom</u>	<u>Three Bedroom</u>
Water	\$19	\$20
Sewer	\$13	\$13
Garbage	\$17	\$19
Heating	\$9	\$10
Wtr Htg Gas	\$15	\$16
Cooking-Gas	\$8	\$9
Electric-other	\$17	\$18
Total	\$98	\$105

Market Rents - In Place Residents

At this time, the proposed 2012/2013 budget assumes a 3% increase for in place residents, which is in line with the approved rent formula, which is the lesser of three percent (3%) or the Department of Labor’s Consumer Price Index for San Francisco-Oakland-San Jose, All Items, for All Urban Consumers (referred to as CPI-U) Average percentage for the previous calendar year will be applied. This year, the year over year CPI increase described above was 3%. The rents proposed in the budget under the assumption of three percent increase are as follows (Application of rent formula below):

In-Place Market Rate Rents			
Unit Size	Current Rent Range FY11/12	Proposed FY12/13 Rent	Change 8/1/12
Two Bedroom	\$1,146 - \$1,530	\$1,180 - \$1,576	\$34 - \$46
Three Bedroom	\$1,485 - \$1,830	\$1,529 - \$1,885	\$44 - \$55

As shown on the attached Market Survey of March 2012, the proposed in-place market rents are within range of comparable units in the Marina/Seaside rental market. With the Marina City Council approved rent formula, in 2010.

The rent increases above reflects a 3% increase which translates to between \$34 and \$55 respectively. Where an in place resident falls in that rent increase range will depend on their tenure at the property and move-in date. Please note, as no rent increase was given during the 2011/2012 fiscal year, the 3% increase proposed represents the first increase in rent in the last 24 months.

Should FORA elect to forego the proposed 2012/2013 rent increase which is represented in the budget provided, the potential income will be reduced by \$101,906.00.

Market Rents - Incoming Residents

The market rents for new move-ins are fluid throughout the year and change with the market conditions. Today, market rents for new move-ins are as follows:

Unit Size	Current Rent Range for Incoming Market Rate Residents
Two Bedroom	\$1,505 - \$1,555
Three Bedroom	\$1,830 - \$1,855

*Incoming rates are subject to change on an ongoing basis

Affordable Rental Rates

Affordable rental rates are derived from median income schedules published by governmental agencies. Rental rates at Preston Park are based upon 50% and 60% of the median income for Monterey County. The U.S. Department of Housing and Urban Development calculates the maximum household income by family size in Monterey County, generally once a year. The rental rates are based upon families at 50% and 60% of the Monterey County median income for 2012 and allowances for the cost of utilities (as published by MCHA) are as noted on page 3 of this letter.

New rates for 2012 were published in January 2012 by HUD.

2011/2012 Rent	Two Bedroom	Four Bedroom
50% (very low)	\$656	\$777
60% (low)	\$807	\$959

Maximum Household Income Limits for 2012.

Income Category	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person
50%	\$27,700	\$31,150	\$34,600	\$37,400	\$40,150	\$42,950	\$45,700
60%	\$33,240	\$37,380	\$41,520	\$44,880	\$48,180	\$51,540	\$54,840

Rental Increase Implementation & Lease Signing

Upon Fort Ord Reuse Authority approval of the budget, rental increase notices will be mailed out on or before June 30, 2012; the new rental rates will become effective on August 1, 2012. Rents for in-place residents at market or affordable are increased once per year. New residents will be required to sign lease terms of month to month or six months, but can be converted to a month-to-month lease upon expiration, per the December 28, 2011 Council directive. Current residents are also welcome to sign lease terms beyond their current month-to-month agreement.

Occupancy

The budget assumes an average occupancy rate of 97.7% for the fiscal year. The proposed occupancy rate factor allows enough time to prepare units immediately after a resident vacates the community, as well as sufficient time to place qualified applicants. Based on the local and surrounding counties, the occupancy rate is well within the acceptable range. When a unit is vacated, Alliance strives to fill the vacant unit within 5 to 10 business days, working from the waiting list if applicable. The average economic vacancy loss during the 2011/2012 fiscal year

was only 1.9%, approximately 1% more than the properties physical vacancy. This indicates that the average unit vacated was turned and reoccupied within one week from the previous resident's date of move-out.

The following highlights those categories of expenses with significant changes from the FY 2011-12 budget.

<u>Expenses</u> Account	Proposed 2013	Projected 2012	Variance	%	Comments
SALARIES	\$320,601	\$311,823	(\$8,778)	-2.7%	Increase due to annual salary increases (2.7%) as well as the State of California's approval of a Workers' comp increase of 38%.
PAYROLL TAXES	\$33,576	\$26,228	(\$7,347)	-28.0%	
PAYROLL BURDEN/BEN	\$67,450	\$60,685	(\$6,764)	-11.1%	
LANDSCAPING	\$70,700	\$70,865	\$165	0.2%	Based on 2011 actual expense.
UTILITIES	\$96,660	\$93,075	(\$3,585)	-3.1%	Increase assumes a 3% rate increase obtained by utility companies.
REDECORATING	\$81,744	\$82,160	\$416	0.5%	Based on 2011 actual expense.
MAINTENANCE	\$82,332	\$81,542	(\$790)	-1.0%	Based on 2011 actual expense.
MARKETING	\$13,047	\$7,883	(\$5,164)	-65.5%	Increase due to the addition of Property Solutions, a comprehensive on line system which combines the properties branded webpage with a rich Resident Portal, lead management system, marketing control program, and telephone training portal.
ADMINISTRATIVE	\$57,606	\$57,189	(\$417)	-0.7%	Increase due to addition of Reserve bank account and associated fees.

PROFESSIONAL SERVICES	\$144,229	\$130,924	(\$13,305)	-4.1%	Alliance management fee remains 2.5% per contract, but increased rent revenue would result in increase in management fees paid to Alliance. Variance primarily driven by allowance for bi-annual audit.
INSURANCE	\$185,020	\$174,426	(\$10,594)	-6.1%	Based on renewed insurance contract bound in December 2011.
AD-VALOREM TAXES	\$103,104	\$101,727	(\$1,377)	-1.4%	Increase based on estimated taxes per Accounting assumptions.
NON ROUTINE MAINTENANCE	\$14,000	\$17,623	\$3,623	20.6%	Reduced number of anticipated door replacements in 2013 as is presently budgeted as a planned capital replacement item.

Capital Reserves Fund

In accordance with the 2011 reevaluation of the Replacement Reserves Study conducted in April 2008, Alliance recommends a reserve withholding of at least \$2,076 per unit during the 2012/2103 fiscal period. This withholding would ensure that the asset holds adequate reserves to perform necessary replacements and repairs to protect the useful life of the buildings.

Capital Improvement Program

The 10-Year CIP was updated with the review of the property's as built plans that were transferred from the offices of Mid-Peninsula Housing Coalition in November of 2010.

Forrest White, Director of Asset Engineering and Robert Gochee, Asset Engineering Project Manager at Alliance Residential are the managers of capital improvement projects at Preston Park.

- Please refer to attached Capital Expenditure budget for details. Recommended expenditures have been listed in priority order with relevant benefits and costs identified.

Accomplishments

It has been a pleasure working with residents and the Fort Ord Reuse Authority over the past year. With the support of residents a number of positive changes have occurred within Preston Park.

Some of Alliance's accomplishments include:

- 1) Common Area Maintenance: Pet Waste Stations were installed at each playground and bus stop
- 2) Communication Tools: A monthly newsletter is personally delivered to every home once a month. Residents are encouraged to contribute to the newsletter. The newsletter provides information on community related events, good housekeeping rules for the community and safety tips.
- 3) Marina Police Department Coordination: Management staff and the Marina Police Department work closely in efforts to clean up the property, including vehicle abatement, parking on the grass, double parking, vehicles with expired tags, and abandoned vehicles.
- 4) Long Term Residents: We continuously strive to upgrade the units of our long term residents by painting, upgrading appliances, and replacing flooring.
- 5) 2011/2012 Capital Improvement Program: We are optimistic that the FORA Board will promptly execute the capital project management agreement approved in February which will enable the following enhancements at the property:
 - i. Roof Repairs
 - ii. Exterior Painting Project
 - iii. Lighting Upgrades
 - iv. Exterior Doors and Windows
- 6) Resident Events: Preston Park Management was pleased to host the following Resident events during the 2011/2012 fiscal year:
 - i. Back to School Supply Giveaway
 - ii. Halloween Trick or Treat Activity
 - iii. December "Wrap It Up" Party
 - iv. Movie and Popcorn Pass Give Aways
 - v. Leap Year Celebration
 - vi. SpEGGtacular Earth day Event
- 7) Service Request Responsiveness: The Preston Park Management Team strives to provide Residents with the best and highest service possible. In 2011/2012 more than 1,790 service requests have been processed to date. The average completion time for standard work order requests has been 2 business days or less.

Summary of Preston Park FY2012/2013 Budget

	<u>2012/13 Budget</u>	<u>2011/12 Projected</u>	<u>Variance</u>
Total Income	\$5,449,171	\$5,251,798	\$197,373
Total Operating Expense	\$836,135	\$802,773	(\$33,352)
Net Operating	\$4,166,694	\$4,024,326	\$142,368

Income			
Net Income	\$3,985,606	\$3,802,478	\$183,128

We will continue to look for new ways to improve our services over the coming year and remain committed to meeting the objectives set by the Fort Ord Reuse Authority.

Please feel free to contact me should you have additional questions or concerns at (408) 396-8341. I look forward to receiving approval of the final budget prior to June 30,2012, in order to implement rental increases by August 1, 2012.

Regards,

Corinne Carmody
Regional Manager

Cc: Jonathan Garcia, FOR A
Ivana Bednarik, FOR A
Robert Norris, FOR A
Jim Krohn, Chief Financial Officer, Alliance Communities, Inc.
Annette Thurman, Vice President of Operations, Alliance Communities, Inc.

Attachments: 2012/2013 Budget; Market Survey

DRAFT

PRESTON PARK - REVISED PHYSICAL NEEDS ASSESSMENT (9 Year Look Forward - Alliance Residential Recommendation)

Updated: 5/10/2012

Project	Detail	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021
1410										
Resident Business Center	FF&E	\$ 12,000								
Fence Slat Replacement	Replacement	\$ 71,064								
Site Lighting Repair / Replacement /Install	*Exterior site upgrades	\$ 265,849								
Roof	*Replacement	\$ 1,311,893								
Exterior Paint	*Full Paint	\$ 398,008						\$ 283,200		
Building Exterior	*Dryrot Repairs		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 75,000	\$ 2,000	\$ 2,000
Carbon Monoxide Detectors		\$ 33,060								
Exterior Unit Doors and Windows	*Replacement	\$ 1,557,000					\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Playgrounds	*Replacement			\$ 125,000						
Landscape/ Irrigation	*Replacement / Upgrades		\$ 204,864							
Leasing Office / Signage	*Upgrades		\$ 107,600							
1415										
New Office Computers	Replace existing old computers	\$ 2,600					\$ 2,600			
1416										
One Maintenance Truck	Needed for hauling etc...	\$ 14,000				\$ 15,000				\$ 15,000
1420										
Seal Coat Streets		\$ 155,787					\$ 155,787			
1425										
Dishwasher	replacement (assume 10 year life)	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200
Refrigerators	replacement (assume 15 year life)	\$ 14,400	\$ 12,650	\$ 12,650	\$ 12,650	\$ 12,650	\$ 12,650	\$ 12,650	\$ 12,650	\$ 12,650
Range	replacement (assume 15 year life)	\$ 16,524	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500
Garbage Disposal	replacement (assume 10 year life)	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345
Hot Water Heaters	replacement (assume 15 year life)	\$ 16,200	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250
Carpet	replacement (assume 5 year life)	\$ 38,400	\$ 113,600	\$ 113,600	\$ 113,600	\$ 113,600	\$ 113,600	\$ 113,600	\$ 113,600	\$ 113,600
Vinyl	replacement (assume 10 year life)	\$ 66,300	\$ 19,250	\$ 19,250	\$ 19,250	\$ 19,250	\$ 19,250	\$ 19,250	\$ 19,250	\$ 19,250
HVAC Furnace	replacement (assume 20 year life)	\$ 26,400	\$ 15,300	\$ 15,300	\$ 15,300	\$ 15,300	\$ 15,300	\$ 15,300	\$ 15,300	\$ 15,300
1430			\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285,700	\$ 2,500	\$ 2,500
Applicable Construction Management Expenses	Miscellaneous (see * items)	\$ 211,965	\$ 18,748	\$ 7,500	\$ -	\$ -	\$ -	\$ 21,492	\$ 150	\$ 150
Annual Reserve Expenses (uninflated)		\$ 4,223,995	\$ 535,307	\$ 336,595	\$ 204,095	\$ 219,095	\$ 367,482	\$ 869,987	\$ 209,245	\$ 224,245
Inflation Factor		0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Annual Reserve Expenses (Inflated)		\$ 4,223,995	\$ 548,690	\$ 345,010	\$ 209,197	\$ 224,572	\$ 376,669	\$ 891,737	\$ 214,476	\$ 229,851
Reserve Withholdings per Year		\$ 734,976	\$ 734,976	\$ 283,200	\$ 283,200	\$ 283,200	\$ 283,200	\$ 283,200	\$ 283,200	\$ 283,200
Reserve Fund BEFORE Expense		\$ 4,687,035	\$ 1,198,016	\$ 932,526	\$ 870,717	\$ 944,719	\$ 1,003,347	\$ 909,878	\$ 301,341	\$ 370,065
Reserve Fund AFTER Expense		\$ 463,040	\$ 649,326	\$ 587,517	\$ 661,519	\$ 720,147	\$ 626,678	\$ 18,141	\$ 86,865	\$ 140,214

**PRESTON PARK
2013 STANDARD BUDGET
CONSOLIDATION & SIGN-OFF**



Description	2013 Total	2012 Projected	Variance	Variance %
Physical Occupancy	98.01 %	99.01 %		
Economic Occupancy	99.52 %	96.70 %		
Gross Market Potential	\$5,431,325	\$5,386,452	\$44,874	0.8%
Market Gain/Loss to Lease	\$146,130	(\$87,610)	\$233,740	266.8%
Affordable Housing	\$0	\$0	\$0	0.0%
Non-Revenue Apartments	(\$83,216)	(\$37,260)	(\$25,956)	-69.7%
Rental Concessions	\$0	\$0	\$0	0.0%
Delinquent Rent	\$0	\$0	\$0	0.0%
Vacancy Loss	(\$108,009)	(\$52,696)	(\$55,313)	-105.0%
Prepaid/Previous Paid Rent	\$0	\$0	\$0	0.0%
Other Months' Rent/Delinquency Recovery	\$0	\$493	(\$493)	-100.0%
Bad Debt Expense	(\$935)	(\$583)	(\$352)	-60.4%
Other Resident Income	\$36,244	\$36,094	\$150	0.4%
Miscellaneous Income	\$7,632	\$6,909	\$723	10.5%
Corp Apartment Income	\$0	\$0	\$0	0.0%
Retail Income	\$0	\$0	\$0	0.0%
TOTAL INCOME	\$5,449,171	\$5,251,798	\$197,373	3.8%
PAYROLL	\$434,036	\$410,059	(\$23,977)	-5.8%
LANDSCAPING	\$70,700	\$70,865	\$165	0.2%
UTILITIES	\$96,660	\$93,075	(\$3,585)	-3.9%
REDECORATING	\$81,744	\$82,160	\$416	0.5%
MAINTENANCE	\$82,332	\$81,542	(\$790)	-1.0%
MARKETING	\$13,047	\$7,883	(\$5,164)	-65.5%
ADMINISTRATIVE	\$57,606	\$57,189	(\$417)	-0.7%
RETAIL EXPENSE	\$0	\$0	\$0	0.0%
PROFESSIONAL SERVICES	\$144,229	\$130,924	(\$13,305)	-10.2%
INSURANCE	\$185,020	\$174,426	(\$10,594)	-6.1%
AD-VALOREM TAXES	\$103,104	\$101,727	(\$1,377)	-1.4%
NON ROUTINE MAINTENANCE	\$14,000	\$17,623	\$3,623	20.6%
TOTAL OPERATING EXP	\$1,282,478	\$1,227,473	(\$55,005)	-4.5%
NET OPERATING INCOME	\$4,166,694	\$4,024,326	\$142,368	3.6%
DEBT SERVICE	\$0	\$0	\$0	0.0%
DEPRECIATION	\$173,088	\$215,698	\$42,610	19.8%
AMORTIZATION	\$0	\$0	\$0	0.0%
PARTNERSHIP	\$8,000	\$6,150	(\$1,850)	-30.1%
EXTRAORDINARY COST	\$0	\$0	\$0	0.0%
NET INCOME	\$3,985,606	\$3,802,478	\$183,128	4.8%
CAPITAL EXPENDITURES	\$4,223,995	\$191,785	(\$4,032,210)	-2102.5%
MORTGAGE PRINCIPAL	\$0	\$0	\$0	0.0%
TAX ESCROW	\$0	\$0	\$0	0.0%
INSURANCE ESCROW	\$0	\$0	\$0	0.0%
INTEREST ESCROW	\$0	\$0	\$0	0.0%
REPLACEMENT RESERVE	\$734,976	\$734,976	\$0	0.0%
REPLACEMENT RESERVE REIMBURSEM	(\$4,223,995)	(\$203,682)	\$4,020,313	1973.8%
WIP	\$0	\$0	\$0	0.0%
OWNER DISTRIBUTIONS	\$3,423,718	\$3,295,097	(\$128,621)	-3.9%
DEPRECIATION AND AMORTIZATION	(\$173,088)	(\$215,698)	(\$42,610)	-19.8%
NET CASH FLOW	(\$0)	\$0	(\$1)	-385.3%

Approvals

Owner _____ Date _____

Asset Manager _____ Date _____

COO _____ Date _____

VP _____ Date _____

Regional Manager _____ Date _____

Business Manager _____ Date _____

Alliance Residential, LLC makes no guarantee, warranty or representation whatsoever in connection with the accuracy of this Operating Budget as it is intended as a good faith estimate only.

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject: FY 2012/13 - 2021/22 Capital Improvement Program Approval

Meeting Date: June 8, 2012

Agenda Number: 9b

INFORMATION/ACTION

RECOMMENDATION:

- Receive a presentation on the Fort Ord Reuse Authority ("FORA") Capital Improvement Program ("CIP") and updates made to the FY 2012/13 CIP, and
- Approve the FY 2012/13 through 2021/22 CIP (**Attachment A**).

BACKGROUND:

The 1997 Fort Ord Base Reuse Plan ("BRP") identified capital improvement obligations required to mitigate the reuse of the former Fort Ord. Those obligations were described in Appendix B to the BRP, the Public Facilities Improvement Plan ("PFIP"). The PFIP outlined the following categories of required mitigations: Transportation and Transit, Water Augmentation, Storm Drainage System, Habitat Management and Fire Fighting Enhancement. Essentially, the PFIP served as the baseline CIP and this list of capital improvement obligations has been annually updated, reprogrammed and adopted by the FORA Board of Directors.

Over the years, it became necessary to review the CIP, validate the transportation obligations and ensure that projects adequately met FORA Land Use Jurisdiction ("LUJ") reuse forecasts. In coordination with the Transportation Agency for Monterey County ("TAMC"), a FORA Fee Reallocation Study was prepared and subsequently adopted by the FORA Board in April 2005. The study resulted in increased FORA share/percentage of contribution toward on-site transportation projects and updating the projects no longer consistent with TAMC's Regional Transportation Plan (i.e. Reservation Road and Del Monte Boulevard widening in Marina and Seaside). The findings were incorporated into the 2005/06 FORA Board adopted CIP.

The draft FY 2012/13 CIP has been updated with current reuse forecasts provided by FORA LUJs. The forecasts provide annual cash flow anticipated from the payment of Community Facilities District ("CFD") fees and land sale/lease proceeds. Land sale/lease proceeds are allocated to the building removal program. Although the BRP did not identify building removal as a *mitigation obligation*, the FORA Board adopted the program as a *base-wide obligation*. CFD fees are allocated toward the categories of mitigations outlined above; 25% is first diverted to the Habitat Management obligation and the residual funds the remaining categories in various percentages. Once satisfied, CIP obligations are retired and the percentage of CFD fees previously allocated toward that obligation are distributed among remaining projects. For example, FORA met its obligation to the Storm Drainage System by securing a grant and removing the storm water outfalls that had been discharging into the Monterey Bay. Additionally, a lease/purchase agreement for wild land fire-fighting equipment (four fire trucks and one water tender) is in place and we are two years from retiring the Fire Fighting Enhancement obligation.

DISCUSSION:

Annually, staff works with the FORA Administrative and CIP Committees (Joint Committee) by requesting updated reuse forecasts from the jurisdictions and their developers. This process begins late in the calendar year. This year, the jurisdictions confirmed their forecasts at the May 2nd Joint Committee meeting. As described above, the forecasts are used to time place capital improvement obligations. Minor adjustments were made to transportation project funding and/or timing to accommodate annual anticipated revenue. The Joint Committee approved the time placement of transportation and transit projects at their May 16th meeting.

Additionally, the FY 2012/13 draft CIP includes modifications recommended from last year's CIP review concluded by Economic and Planning Systems ("EPS"). EPS' recommendations, including consolidating contingencies and an across-the-board 27% developer fee reduction, were adopted by the FORA Board last May during the review of the FY 2011/12 CIP. EPS is currently working through Phase II of their CIP review which the Board will receive an update on later in this meeting (New Business item 9c). As necessary, the outcome from that work will be included in the FY 2013/14 CIP.

Due to the nature of forecasting, today's best reuse forecasts may differ from reality. Recognizing this, CIP reprogramming continues to be a routine procedure every fiscal year to assure that mitigation projects are implemented in the best possible sequence with reuse needs. Next year's CIP may differ, based on updated forecasts, actual fee collection and EPS Phase II study results.

FISCAL IMPACT:

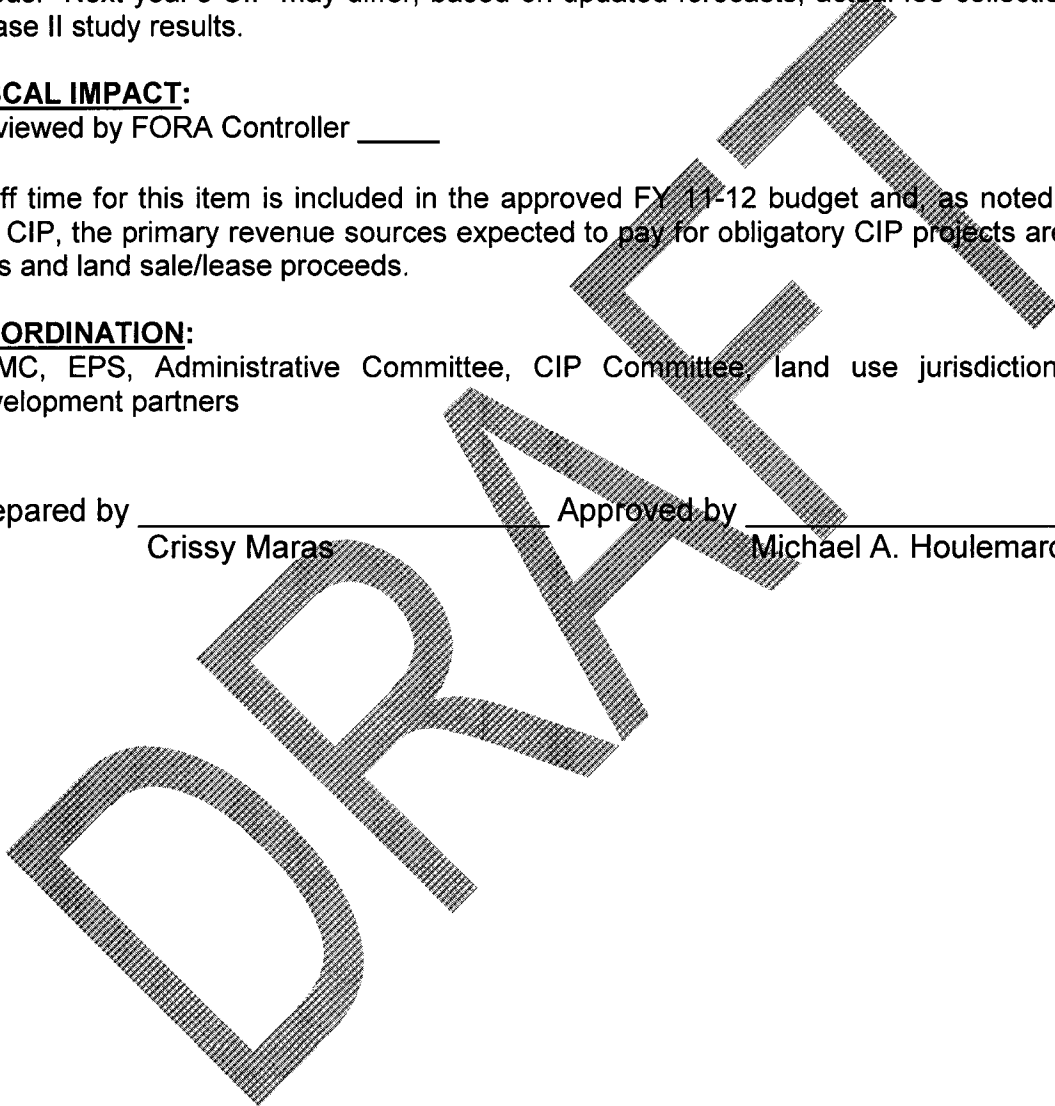
Reviewed by FORA Controller _____

Staff time for this item is included in the approved FY 11-12 budget and, as noted throughout the CIP, the primary revenue sources expected to pay for obligatory CIP projects are developer fees and land sale/lease proceeds.

COORDINATION:

TAMC, EPS, Administrative Committee, CIP Committee, land use jurisdiction staff and development partners

Prepared by _____ Approved by _____
Crissy Maras Michael A. Houlemard, Jr.



PLACEHOLDER FOR
Attachment A to Item 9b:
FY 2012/13 through 2021/22 CIP

This item is not yet available, but will be included in the final Board packet.

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject: Capital Improvement Program Review – Phase II Study update

Meeting Date: June 8, 2012

Agenda Number: 9c

ACTION

RECOMMENDATION(S):

- i. Adopt Resolution 12-05, implementing an annual formulaic approach to establish the Fort Ord Reuse Authority (FORA) development fee schedule and Community Facilities District (CFD) Special Tax rates (**Attachment A**), and
- ii. Review draft Amendment #1 to the FORA-Jurisdictions Implementation Agreements, further codifying the annual formulaic approach to establish the FORA development fee schedule and CFD Special Tax rates (**Attachment B**).

BACKGROUND:

On July 9, 2010, the FORA Board directed staff to

1. propose a 6-month Capital Improvement Program (CIP) work plan timeline;
2. review FORA's CIP obligations and resources; and
3. provide monthly updates.

That assignment was completed by the January 2011 target. At the January, February, and March 2011 meetings, however, the Board requested additional information and received answers to specific questions about the CIP. The Board increased the consultant's scope and budget in January and April to generate supplemental information. At the April 8, 2011 meeting, the Board:

- 1) received a presentation from the Transportation Agency for Monterey County (TAMC) regarding their analysis of FORA's Transportation and Transit phasing,
- 2) received an Economic and Planning Systems (EPS) presentation responding to questions raised at the March Board meeting,
- 3) received information regarding benefits and impacts of a fee reduction,
- 4) directed staff to prepare documents and/or policy revisions necessary to a) approve a fee reduction to \$33,700 for the May 2011 Board meeting and b) implement accompanying policy adjustments, and
- 5) directed staff to work with EPS on a third contract amendment for consideration at the May 2011 Board meeting, which would implement a Phase II CIP review.

EPS has been the principal consultant from the inception of the project. David Zehnder is the Managing Principal and Jamie Gomes is the Principal. Each has recent experience with California municipalities and county organizations reviewing CIP obligations and fee structures. During their initial CIP review, EPS completed updated development forecasts, a preliminary CIP analysis, a cost-burden analysis, a draft

summary report on the CIP, a draft final report, four powerpoint presentations to the Board, and three additional reports in response to Board member questions.

Concurrent with EPS's work in 2011, FORA staff reviewed its CIP funding sources to ensure accuracy and TAMC reviewed phasing of FORA's CIP transportation project expenditures to coordinate regional transportation planning efforts.

DISCUSSION:

The Board adopted resolution 11-02 to reduce the developer fee approximately 27% across all fee categories (from \$46,205 to \$33,700 [also referred to as Option 2C] for new housing units). In May 2011, the Board also authorized FORA to enter into a contract with EPS to complete a Phase II CIP review study. Due to the uncertainty related the State of California's dissolution of redevelopment and endowment holder requirements for the future Habitat Conservation Plan, EPS has not completed the Phase II study. However, during legislative hearings on FORA's extension (AB1614), developers advocated for a change in FORA's approach to both the development fee and CFD Special Tax rates. This is a uniquely FORA issue. It is not one that can be resolved by state legislation.

EPS, working with FORA staff, developed a formula for establishing the development fee. That formula was reviewed by the FORA Administrative Committee at three meetings in May 2012. By adopting resolution 12-05, the FORA Board would use the formula to match FORA revenue sources with FORA obligations and set an appropriate fee level to meet these obligations. If the Board adopts resolution 12-05, staff would apply any adjustments to FORA's development fee and CFD Special Tax resulting from the formula within 90 days of adopting the resolution and, thereafter, staff would integrate the formula into the FORA Board's annual consideration of the FORA Capital Improvement Program.

FISCAL IMPACT:

Reviewed by FORA Controller _____

The funding for EPS's phase II CIP review study work is funding through FORA's annual budgets.

COORDINATION:

Administrative Committee, CIP Committee, Executive Committee, Authority Counsel, development teams, Development Planning & Financing Group, Inc., and EPS.

Prepared by _____
Jonathan Garcia

Approved by _____
Michael A. Houlemard, Jr.

Resolution 12-05

Resolution of the Fort Ord Reuse Authority (FORA) Board establishing a formula to determine FORA’s annual basewide development fee schedule and Community Facilities District (CFD) Special Tax rates)
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)
)
)
)

THIS RESOLUTION is adopted with reference to the following facts and circumstances:

- A. FORA has adopted a Basewide Community Facilities District (“CFD” or “CFD Special Tax”) to fund, together with other revenues, the CEQA Mitigation Measures (FORA CIP). Section 7 (ii) of the Implementation Agreement provides that the FORA development fee and CFD Special Tax to fund CEQA Mitigation Measures (FORA CIP) are limited to the difference between the revenues needed for such purposes and the revenues otherwise reasonably available to achieve those purposes; and
- B. FORA and its member Jurisdictions have twelve years of experience with the Basewide Development Fee Policy (“Policy”) and CFD Special Tax; and
- C. FORA and the Army have executed an Environmental Services Cooperation Agreement (“ESCA”) providing for FORA to manage base-wide environmental remediation (including ordinance removal) funded by the Army; and
- D. The Policy and CFD Special Tax provide resources to fund CEQA Mitigation Measures (FORA CIP) identified in the 1997 FORA Base Reuse Plan and CEQA Documents; and
- E. FORA and its member Jurisdictions agree that land sales and lease proceeds, property tax revenues (formerly known as Tax Increment), grant funds and the Policy and CFD Special Tax continue to be the appropriate sources to fund CEQA Mitigation Measures and Board-determined base-wide obligations in FORA’s CIP; and
- F. FORA recognizes the importance of calibrating the Policy and CFD Special Tax by incorporating all available resources to fund CEQA Mitigation Measures and Board-determined basewide obligations in FORA’s CIP; and
- G. FORA and the Jurisdictions acknowledge the Policy and CFD Special Tax must be fair and equitable; and

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- H. FORA has 1) achieved cost savings; 2) secured grants and other contributions to the base-wide mitigation measures from federal and state sources; and 3) loaned monies to fund required projects that have reduced or deferred the demand for the original Policy and CFD Special Taxes; and
- I. The Base Reuse Plan emphasized the importance of job-creation and build-out of a balanced mix of community uses including commercial, residential and public facilities to achieve a desired jobs-housing balance; and
- J. FORA and its members seek refinement to the list of authorized facilities that must be funded by proceeds from land sales and lease proceeds, grants, redevelopment revenues, the Policy and CFD Special Tax; and
- K. All stakeholders recognize, given inherent uncertainties prevalent in Base Reuse Projects, that appropriate and reasonable cost contingencies are necessary and fiscally responsible; and
- L. FORA and its members acknowledge the importance of adopting a reliable formulaic approach to the CIP Program structure that accounts for all potential revenue sources and costs; and
- M. FORA and its members agree that establishing an annual formula to determine the development fee would reduce uncertainty to developers, increase efficiency in the annual FORA CIP process, and provide flexibility for FORA's fee program.

NOW THEREFORE the Board hereby resolves as follows:

1. Adjustment to the Policy and CFD special taxes.

1.1 The list of authorized CIP improvements to be funded by the Policy and CFD Special Taxes, after first applying all available property tax revenues (formerly tax increment), grant funds, and land sales and lease proceeds, shall be limited to the following CEQA Mitigation Measures and Board-determined base-wide obligations in FORA's CIP:

1.1.1 Transportation/Transit improvements, including regional improvements, off-site improvements, on-site improvements, and transit capital improvements identified in the Transportation Agency of Monterey County ("TAMC") FORA Fee Reallocation Study, dated April 8, 2005, or as subsequently updated by TAMC consistent with the FORA Fee Reallocation Study.

1.1.2 Water Augmentation: FORA's financial obligation for the approved water augmentation project capped at 2011/12 CIP amount, as indexed.

1.1.3 Habitat Management endowment requirements anticipated in the future Fort Ord Habitat Conservation Plan excluding costs related to an open space management plan or costs related to a regional trails system program.

1.1.4 Fire Fighting equipment (“Rolling Stock”) lease-purchase of four fire engines and one water tender.

1.1.5 Other Costs and Contingencies shall be limited to the following:

FORA Board contribution toward the water augmentation program (in lieu of increased MCWD capacity charges).

A contingency amount not to exceed 15% of the costs of Transportation/Transit improvements that do not already include a contingency line item (e.g., if a roadway improvement cost estimate includes a contingency line item, then the Other Costs and Contingency category would not include an additional 15% contingency for that improvement).

Additional Utility and Storm Drainage Costs which provide for restoration of storm drainage sites in State Parks land and relocation of utilities.

1.1.6 *CIP improvements exclude Property Management and Caretaker Costs.*

1.2 FORA will annually adopt a formula to monitor and update the Policy and CFD Special Tax, as follows

1.2.1 The Policy and CFD Special Tax were originally designed to fund specific CIP improvements serving the overall base and local jurisdictions based upon mitigation measures required by the California Environmental Quality Act (CEQA). These mitigation measures are described in the Base Reuse Plan Environmental Impact Report (EIR) as well as the 1998 Settlement Agreement with the Ventana Chapter of the Sierra Club. This Resolution does not limit FORA’s right or duty, or that of its member jurisdictions to raise sufficient funds to construct those CEQA Mitigation Measures.

1.2.2 The FORA Board will consider adjustments to the Policy and CFD Special Tax after a comprehensive review of all potential costs and revenues. The process to consider such adjustments will be defined, predictable and transparent. Adjustments to the Policy and CFD Special Tax will be approved only if they are demonstrated to be fiscally prudent and do not expose FORA or its member jurisdictions to unreasonable risk.

1.2.3 The FORA Board will consider refinements to the list of authorized facilities eligible to be funded by the Policy and CFD Special Taxes, and corresponding adjustments to the Policy and CFD Special Taxes within 90 days of the effective date of this resolution, and annually thereafter.

1.2.4 Adjustments to the Policy and CFD Special Tax shall be made upon receipt by the FORA Board of satisfactory, factual documentation describing the basis for the adjustment.

1.2.5 To expedite this review procedure, adjustments to the Policy and CFD Special Tax shall maintain the same relationship among land uses as the maximum annual special taxes originally documented in the CFD.

II. PROCESS

2.1 FORA shall review and update the CIP annually. That procedure must ensure that FORA’s revenue sources, including the Policy and CFD Special Tax revenues, are adequate to carry out the Base Reuse Plan and complete required CEQA Mitigation Measures and Board-determined base-wide obligations in FORA’s CIP. The annual process will include the following steps:

2.1.1 Determine total remaining CIP costs (including required contingencies) consistent with section 2.1 above

2.1.2 Quantify all sources of funds, including, without limitation: a) Fund balances; b) Grant money; c) CSU Mitigation fees; d) Loan proceeds; e) Land sales revenues/proceeds in excess of remaining building removal program estimated costs, and lease revenues (not required for other obligations); and f) tax increment revenues or property tax allocations to FORA net of operations expenses. The following assumptions and formula shall be used to calculate the tax increment, if available:

Assumptions:

- a. Current FORA CIP build-out assumptions as shown to estimate CFD special tax revenue (adjusting build-out assumptions based on the reliability of the previous years’ development forecasts by comparing projected development to actual development occurring and applying this percentage accuracy on the build-out projections).
- b. Current market data assumptions to estimate assessed values for each land use type.

Formula:

- a. Calculate the net present value (NPV) of the tax increment stream for all future development anticipated to develop on Fort Ord.
- b. The term on the tax increment stream shall be from the date of the current CIP through the anticipated end date of the proposed FORA extension.
- c. Assume a discount rate of 6%
- d. Allocate 100% of the NPV to reduce/offset costs of CIP
See the attached Table 1 for uses of funding by source.

2.1.3 Subtract sources of funds available under Section 3.1.2 from CIP costs to determine net cost to be funded by the Policy and CFD Special Tax.

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2.1.4 Calculate Policy and CFD Special Tax using the same calculation as used for tax increment shown above in Section 3.1.2).

2.1.5 Compare 3.1.4 with 3.1.3 and determine whether the amount of adjustment, if any, to the Policy and CFD Special Tax.

Upon motion by _____, seconded by _____, the foregoing Resolution was passed on this 13th day of May, 2011, by the following vote:

- AYES:
- NOES:
- ABSTENTIONS:
- ABSENT:

I, Supervisor Dave Potter, Chair of the Board of Directors of the Fort Ord Reuse Authority in the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of the said Board of Directors duly made and entered under Item ___, Page ___, of the Board meeting minutes of _____, 2012 thereof, which are kept in the Minute Book resident in the offices of the Fort Ord Reuse Authority.

DATED _____ BY _____

Dave Potter
Chair, Board of Directors
Fort Ord Reuse Authority

DRAFT

**Amendment #1 to the Implementation Agreement
between the Fort Ord Reuse Authority and the
City of Marina**

RECITALS

- A. The Fort Ord Reuse Authority (“FORA”) and the City of Marina (“Marina”) have entered into an Implementation Agreement dated as of May 1, 2001 (“Implementation Agreement”) to, among other purposes, identify and provide for land sale and lease revenues, redevelopment revenues, and basewide assessments or development fees as the primary sources of funding to implement the Basewide Mitigation Measure (as defined) and to pay Basewide Costs (as defined), collectively referred to as the FORA Capital Improvement Program (“CIP”)
- B. FORA has adopted a Base-wide Community Facilities District (“CFD” or “CFD Special Tax”) to fund, together with other revenues, the FORA CIP. Section 7 (ii) of the Implementation Agreement provides that the FORA development fee and CFD Special Tax to fund CEQA Mitigation Measures (FORA CIP) are limited to the difference between the revenues needed for such purposes and the revenues otherwise reasonably available to achieve those purposes; and
- C. FORA and Marina have twelve years of experience with the Basewide Development Fee Policy (“Policy”) and CFD Special Tax; and
- D. FORA and the Army have executed an Environmental Services Cooperation Agreement (“ESCA”) providing for FORA to manage base-wide environmental remediation (including ordinance removal) funded by the Army; and
- E. The Policy and CFD Special Tax provide resources to fund CEQA Mitigation Measures (FORA CIP) identified in the 1997 FORA Base Reuse Plan and CEQA Documents; and
- F. FORA and Marina recognize that land sales and lease proceeds, property tax revenues (formerly known as Tax Increment), grant funds and the Policy and CFD Special Tax continue to be the appropriate sources to fund CEQA Mitigation Measures and Board-determined base-wide obligations in FORA’s CIP; and
- G. FORA and Marina recognize the importance of calibrating the Policy and CFD Special Tax by incorporating all available resources to fund CEQA Mitigation Measures and Board-determined basewide obligations in FORA’s CIP; and

- H. FORA and Marina acknowledge the Policy and CFD Special Tax must be fair and equitable; and
- I. FORA has 1) achieved cost savings; 2) secured grants and other contributions to the base-wide mitigation measures from federal and state sources; and 3) loaned monies to fund required projects that have reduced or deferred the demand for the original Policy and CFD Special Taxes; and
- J. The Base Reuse Plan emphasized the importance of job-creation and build-out of a balanced mix of community uses including commercial, residential and public facilities to achieve a desired jobs-housing balance; and
- K. FORA and Marina seek refinement to the list of authorized facilities that must be funded by proceeds from land sales and lease proceeds, grants, redevelopment revenues, the Policy and CFD Special Tax; and
- L. All stakeholders recognize, given inherent uncertainties prevalent in Base Reuse Projects, that appropriate and reasonable cost contingencies are necessary and fiscally responsible; and
- M. FORA and Marina acknowledge the importance of adopting a reliable formulaic approach to the CIP Program structure that accounts for all potential revenue sources and costs; and
- N. FORA and Marina agree that establishing an annual formula to determine the development fee would reduce uncertainty to developers, increase efficiency in the annual FORA CIP process, and provide flexibility for FORA's fee program.

AGREEMENTS

Now therefore, FORA and Marina hereby agree as follows:

1. Adjustment to the Policy and CFD special taxes.

1.1 The list of authorized CIP improvements to be funded by the Policy and CFD Special Taxes, after first applying all available property tax revenues (formerly tax increment), grant funds, and land sales and lease proceeds, shall be limited to the following CEQA Mitigation Measures and Board-determined base-wide obligations in FORA's CIP:

1.1.1 Transportation/Transit improvements, including regional improvements, off-site improvements, on-site improvements, and transit capital improvements identified in the Transportation Agency of Monterey County ("TAMC") FORA Fee Reallocation Study, dated April 8, 2005, or as subsequently updated by TAMC consistent with the FORA Fee Reallocation Study.

1.1.2 Water Augmentation: FORA's financial obligation for the approved water augmentation project capped at 2011/12 CIP amount, as indexed.

1.1.3 Habitat Management endowment requirements anticipated in the future Fort Ord Habitat Conservation Plan excluding costs related to an open space management plan or costs related to a regional trails system program.

1.1.4 Fire Fighting equipment ("Rolling Stock") lease-purchase of four fire engines and one water tender.

1.1.5 Other Costs and Contingencies shall be limited to the following:

FORA Board contribution toward the water augmentation program (in lieu of increased MCWD capacity charges).

A contingency amount not to exceed 15% of the costs of Transportation/Transit improvements that do not already include a contingency line item (e.g., if a roadway improvement cost estimate includes a contingency line item, then the Other Costs and Contingency category would not include an additional 15% contingency for that improvement).

Additional Utility and Storm Drainage Costs which provide for restoration of storm drainage sites in State Parks land and relocation of utilities.

1.1.6 *CIP improvements exclude Property Management and Caretaker Costs*

1.2 FORA will annually adopt a formula to monitor and update the Policy and CFD Special Tax, as follows

1.2.1 The Policy and CFD Special Tax were originally designed to fund specific CIP improvements serving the overall base and local jurisdictions based upon mitigation measures required by the California Environmental Quality Act (CEQA). These mitigation measures are described in the Base Reuse Plan Environmental Impact Report (EIR) as well as the 1998 Settlement Agreement with the Ventana Chapter of the Sierra Club. This agreement does not limit FORA's right or duty, or that of its member jurisdictions to raise sufficient funds to construct those CEQA Mitigation Measures.

1.2.2 The FORA Board will consider adjustments to the Policy and CFD Special Tax after a comprehensive review of all potential costs and revenues. The process to consider such adjustments will be defined, predictable and transparent. Adjustments to the Policy and CFD Special Tax will be

approved only if they are demonstrated to be fiscally prudent and do not expose FORA or its member jurisdictions to unreasonable risk.

1.2.3 The FORA Board will consider refinements to the list of authorized facilities eligible to be funded by the Policy and CFD Special Taxes, and corresponding adjustments to the Policy and CFD Special Taxes within 90 days of the effective date of this agreement, and annually thereafter.

1.2.4 Adjustments to the Policy and CFD Special Tax shall be made upon receipt by the FORA Board of satisfactory, factual documentation describing the basis for the adjustment.

1.2.5 To expedite this review procedure, adjustments to the Policy and CFD Special Tax shall maintain the same relationship among land uses as the maximum annual special taxes originally documented in the CFD.

II. PROCESS

2.1 FORA shall review and update the CIP annually. That procedure must ensure that FORA's revenue sources, including the Policy and CFD Special Tax revenues, are adequate to carry out the Base Reuse Plan and complete required CEQA Mitigation Measures and Board-determined base-wide obligations in FORA's CIP. The annual process will include the following steps:

2.1.1 Determine total remaining CIP costs (including required contingencies) consistent with section 2.1 above

2.1.2 Quantify all sources of funds, including, without limitation: a) Fund balances; b) Grant money; c) CSU Mitigation fees; d) Loan proceeds; e) Land sales revenues/proceeds in excess of remaining building removal program estimated costs, and lease revenues (not required for other obligations); and f) tax increment revenues or property tax allocations to FORA net of operations expenses. The following assumptions and formula shall be used to calculate the tax increment, if available:

Assumptions:

a. Current FORA CIP build-out assumptions as shown to estimate CFD special tax revenue (adjusting build-out assumptions based on the reliability of the previous years' development forecasts by comparing projected development to actual development occurring and applying this percentage accuracy on the build-out projections).

b. Current market data assumptions to estimate assessed values for each land use type.

Formula:

- a. Calculate the net present value (NPV) of the tax increment stream for all future development anticipated to develop on Fort Ord.
- b. The term on the tax increment stream shall be from the date of the current CIP through the anticipated end date of the proposed FORA extension.
- c. Assume a discount rate of 6%
- d. Allocate 100% of the NPV to reduce/offset costs of CIP
See the attached Table 1 for uses of funding by source.

2.1.3 Subtract sources of funds available under Section 3.1.2 from CIP costs to determine net cost to be funded by the Policy and CFD Special Tax.

2.1.4 Calculate Policy and CFD Special Tax using the same calculation as used for tax increment shown above in Section 3.1.2).

2.1.5 Compare 3.1.4 with 3.1.3 and determine whether the amount of adjustment, if any, to the Policy and CFD Special Tax.

III. ENFORCEMENT

3.1 This agreement is entered into for the benefit of FORA, Marina, and Marina's developers subject to the Policy and CFD Special Tax, and may be enforced by FORA or Marina in the same manner and process set forth for dispute resolution under an enforcement of the Implementation Agreement.

[Add signature pages]
[Attach Table 1]

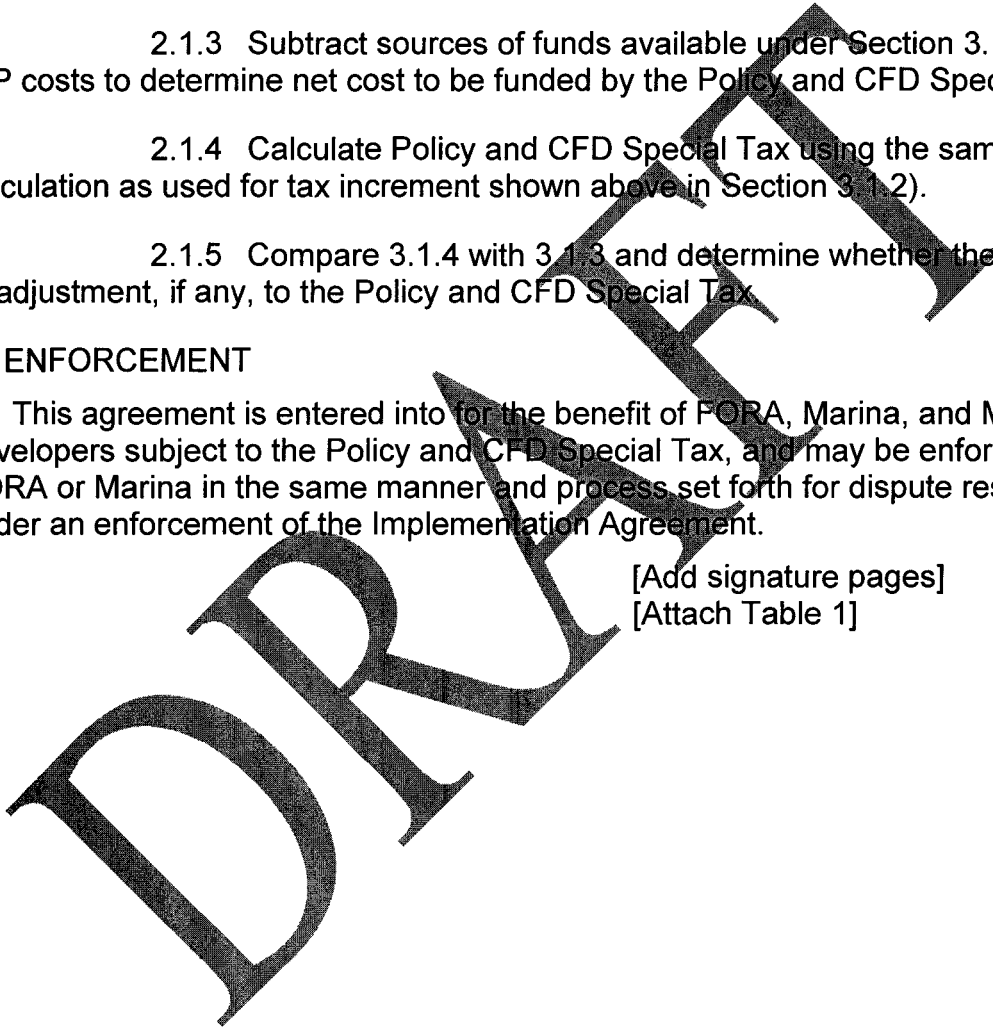


Table 1
Fort Ord Reuse Authority
Funding Sources and Uses Summary

Item	Funding Uses			
	FORA Operations	CEQA Mitigations (FORA CIP)	Building Removal	Other
		(1) (2)		(3)
Annual Funding Sources				
Member Contributions	X	-	-	-
ESCA(7)	X	-	-	-
Tax Increment Revenue (4)	X	X	X	
Periodic Funding Sources				
Developer Fee Policy and CFD (5)		X	X	-
Land Sales Revenue		X	X	
Lease Revenue		X	X	
Grant Revenue (6)		X	X	X
Other (6)	X	X	X	X

Source: FORA and EPS.

(1) Updated annually. Includes repayment of FORA loan to CIP

(2) Amount from Developer Fee Policy and CFD shall be reduced by funding availability from other sources

(3) Other may include job creation and other economic development opportunities

(4) Tax Increment Revenues also means Property Tax allocated to FORA in lieu of tax increment following the dissolution of redevelopment agencies. Amounts may be uncertain; to the extent that amounts payable to FORA from this source can be determined, they shall be used in their entirety (subject only to FORA administrative expenses reasonably allocated to this source) to reduce the amounts payable from the Developer Fee Policy and CFD. Amounts from this source shall not be used for building removal or any other purpose, until they no longer required to be used for CEQA Mitigations (FORA CIP)

(5) FORA operations cost is that portion related to administration of this particular item. (Admin is covered in soft costs)

(6) Category of eligible cost depends upon the type of grant awarded or source of funding.

(7) Environmental Remediation is a responsibility of the ARMY which is being administered by FORA but fully funded through ARMY funding

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject: FORA FY 12-13 Preliminary Budget

Meeting Date: June 8, 2012

Agenda Number: 9d

ACTION

RECOMMENDATION:

Approve the Fort Ord Reuse Authority ("FORA") fiscal year 2013 ("FY 12-13") preliminary budget.

BACKGROUND:

In 2008, FORA staff, in coordination with the Finance Committee ("FC"), modified the annual preliminary budget format to depict all FORA revenue sources and expenditures on a single chart. Consequently, an overall illustration of FORA financial position is accessible for Board members in one place. The preliminary annual budget 1) prorates the multi-year FORA/Army Environmental Services Cooperative Agreement ("ESCA") funding to cover the upcoming fiscal year expenditures; this accurately represents FORA finances, as ESCA funding is strictly project specific, and 2) includes anticipated overall budget for capital projects (itemized in the Capital Improvement Program budget). The budget chart also compares the current FY approved, mid-year and year-end projected budgets.

The FC further decided to request staff to prepare longer-term funding projections during the mid-year budget review when essential items such as FORA extension and property tax increment are determined.

DISCUSSION:

Attachments A--D illustrate the FC recommended preliminary budget for FY 12-13:

Attachment 1 depicts the overall FY 12-13 preliminary budget.

Attachment 2 itemizes expenditures.

Attachment 3 illustrates Preston Park sale transaction.

Attachment 4 provides detail on ESCA budget.

Principal areas of negative budget impact are discussed below:

- Reuse slowdown and Economic Recession: The national and state economic downturn/recession of the last five/six fiscal years has significantly slowed Fort Ord reuse and economic recovery. Consequently, FORA developer fee and land sale revenues have been deferred and/or reduced.
- Property Tax Increment revenue: In December 2011, the California Supreme Court upheld Assembly Bill AB1x26 that terminated all of California redevelopment agencies. The Successor Agencies must identify payments to FORA as enforceable obligations and submit their Recognized Obligation Payment Schedules ("ROPS") to the County Auditor-Controller who will determine if these property tax distributions will continue.

Other agencies in the state have moved ahead in submitting similar obligations on their ROPS and we have supported legal review/opinion of these obligations. However, the FC has suggested that we move ahead conservatively with our budget and adjust at mid-year once the ongoing ROPS issues are addressed/confirmed.

- **Federal revenue:** In FY 09-10 FORA secured American Recovery and Reinvestment Act ("ARRA") funding through the United States Economic Development Administration ("EDA") to finance the construction of the General Jim Moore Boulevard ("GJMB") and Eucalyptus Road. FORA obtained a loan against its 50% share in Preston Park revenues to primarily match the ARRA grant. The construction is scheduled to complete by July 2012. In FY 12-13 FORA staff will seek and evaluate federal funding, which may be available through various federal departments. Opportunities to gain funding assistance for priority roadway improvements within the former Fort Ord footprint could include the realignment and widening of South Boundary and the last 900 feet of GJMB. However, it is unlikely that funding will be available in the coming year for such projects.

Despite these economic and funding challenges, FORA continues to contain expenses and improve operational efficiencies while continuing its capital program, adding projects and maintaining services.

The following summarizes the preliminary budget figures for FY 12-13 (Attachment 1):

REVENUES

LOCAL REVENUES

- **\$261,000 Membership dues**

In addition to State Law stipulated fixed membership dues of \$224,000; FORA collects membership dues from Marina Coast Water District ("MCWD") under contract terms.

- **\$275,000 Franchise Fees**

This amount represents MCWD's projected FY 12-13 payments to FORA from water and sewer operations on Fort Ord and associated administrative fees. The transfer of ownership of the system from the US Army to MCWD occurred in 2001.

- **\$6,000,000 Developer Fees (Attachment 3)**

The amount includes \$3.3 million to be realized in the Preston Park housing project ("Preston Park") disposition and \$2.7 million from other CIP anticipated projects. As recommended by the FC, jurisdictional forecasts are reduced in the preliminary budget by 50% to reflect concern about the ongoing impact of the economic downturn and housing market conditions. Please refer to CIP budget (Table 4, Appendix B – Community Facilities District Revenue) for detail and long-term projections.

- **\$28,450,279 Land Sale Proceeds (Attachment 3)**

Estimated proceeds from Preston Park disposition. Project forecasts by FORA jurisdictions do not anticipate any land sale revenue in FY 12-13. Please refer to CIP budget (Table 4, Appendix B – Land Sale Revenue) for detail and long-term projections.

- **\$840,000 Lease/Rental Payments**

This amount consists of FORA's 50% share of lease revenue from Preston Park prorated through December 2012 (Preston Park anticipated disposition closure date).

- **\$326,795 Deficit Period payment from California State University ("CSU")**

This is the final payment to repay \$2,326,795 deficit period mitigation costs according to agreement between FORA and CSU.

- **\$135,000 from Investment/Interest Income**

Budgeted income from FORA bank accounts and certificates of deposit and it includes earnings on the Preston Park sale proceeds. It also includes interest payments on the outstanding Pollution Legal Liability insurance premium by the City of Del Rey Oaks until they are able to repay the premium. The investment income does not include earnings from funds set aside for the Habitat Conservation endowment; currently FORA has about \$4.6 million available for the endowment and all earnings are and will be restricted to fund habitat management costs.

FEDERAL FUNDING

- **\$787,690 Environmental Services Cooperative Agreement (Attachment 4)**

In March 2007, FORA was awarded a federal grant in the amount of \$99.3 million to complete munitions removal on Economic Development Conveyance parcels. FORA collected the final amount of \$97.7 million in December 2008, which pre-paid all ESCA management related services and expenditures through the December 2014 project completion (the US Army received \$1.6 million credit for paying ahead of schedule). The preliminary budget includes the FY 12-13 overhead/related expenses portion of the grant.

UNDETERMINED REVENUE

- **Property Tax increment**

It is unclear if this revenue source will be available in FY 12-13 due to State phase-out. Re-programming of these funds may take place at mid-year budget review. As noted above, other agencies in California with comparable obligations issues have moved ahead and others are confronting legal challenges to their claims. FORA Authority Counsel, Special Counsel Brent Hawkins, and CIP review consultants have provided the Auditor Controller documentation of our ongoing obligation claim.

- **Loan Reimbursement – East Garrison ("EG")**

Pursuant to the 2005 Monterey County, developer and FORA agreement, FORA borrowed \$4.1 million to pay building removal at the Dunes on Monterey Bay. The loan was to be repaid by the EG developer who only made a partial land payment when they acquired the EG property. Terms of this obligation are being negotiated with the new developer and the County.

EXPENDITURES

- **\$1,959,578 Salaries and Benefits** (Attachment 2)

FORA staffing remains at the approved FY 11-12 level. In January 2012, the FORA Board adopted new salary ranges to bring FORA employees toward equity with other labor market agencies. To continue the equity process, the FC and the FORA Executive Committee ("EC") are recommending Board approve the following compensation adjustment in FY 12-13:

- 2% Cost of Living Adjustment. Fiscal impact up to \$33,040.
Effective July 1, 2012

Both the FC and EC recommend deferring consideration of any other adjustments such as salary step increases and/or benefit adjustments to the mid-year time frame in order that these items may be reviewed in conjunction the long-term budget projections after determinations about certain revenues and extension are clearer.

- **\$193,050 Supplies and Services** (Attachment 2)

A significant reduction in this expense category compared to the previous FY budget due to: 1) Relocation to IOP office concluded in FY 11-12, 2) office equipment (computer and copy machine replacements) purchased in FY 11-12, and 3) Community Information Center ("CIC") set up (including purchasing equipment and exhibits) was completed in FY 11-12.

The budget provides for routine computer/server upgrades and computer support. The budget for travel remains the same; even though fewer trips are planned, travel costs are projected to rise in the coming fiscal year. In addition, the budget also provides funding for televised Board meetings, increased efforts for community engagement at all levels and anticipated requests for services from jurisdictions.

While product price increases continue, FORA staff has implemented cost saving procedures and/or secured decreased rates for some items such communications, insurance, supplies, and copy charges.

- **\$1,548,750 in Contractual Services** (Attachment 2)

Contractual services are slightly increased from the previous FY level. Besides FORA's recurring consulting expenses such as Authority Counsel, Auditor, Public Information, Human Resources, Legislative and Financial consultants, and ESCA regulatory response contracts, the preliminary budget includes increased and or significant costs for: 1) Base Reuse Plan reassessment consultant to finish draft reassessment and to implement any BRP adjustments (*see item 8a on this Agenda*), 2) Legal and professional services associated with Preston Park disposition, BRP reassessment, and other issues, and 3) HCP consultant to prepare the final EIS/EIR and HCP.

- **\$4,584,750 in Capital Projects** (Attachment 2)

Capital projects are decreased as compared to the last year as road improvements along GJMB/Eucalyptus Road funded predominantly by EDA grant and FORA matching funds are now completed. The upcoming budget includes mandated/obligatory expenditures such as

habitat management and UC Natural Reserve annual cost. Other capital projects are development fee collection dependent. The FORA Capital Improvement program budget, which provides itemization and timing of capital projects, is presented to the FORA Board for adoption at today's Board meeting (*see item 9b on this Agenda*).

• **\$19,124,340 Debt Service (Principal and Interest) (Attachment 2)**

The FY 12-13 debt service consists of the following liabilities:

- \$682,440 for Preston Park loan monthly debt service (principal and interest) prorated for six months through December 2012; financed by applying a portion of FORA 50% share of Preston Park revenue.
- \$18,325,900 for Preston Park loan principal pay-off upon Preston Park sale anticipated by December 2012.
- \$116,000 for fire fighting equipment capital lease payment (year 9 of 10); financed by CFD revenue.

ENDING BALANCE/FORA RESERVE:

It is anticipated that FORA will have budget savings of approximately \$15 million at the end of FY 12-13 mainly due to receiving proceeds from the sale of Preston Park. The General Fund ending balance (reserve) is estimated at \$1.2 million. FORA reserve account was established in FY 99-00 to provide for unforeseen expenses. In June 2011, the Finance Committee recommended setting the reserve at six months of operating expenses (\$1.2 million).

COORDINATION:

Finance Committee, Executive Committee. The Finance Committee met on March 28 and May 2, 2012 to review and discuss the preliminary budget. At the May 2 meeting, the Finance Committee made recommendations regarding the FORA Board's approval of the preliminary budget. The Executive Committee reviewed the budget on May 30, 2012 and concurred with the Finance Committee's recommendation.

Prepared by _____
Ivana Bednarik

Approved by _____
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY - FY 12-13 PRELIMINARY BUDGET - ALL FUNDS COMBINED

CATEGORIES	FY 11-12 APPROVED	FY 11-12 MID-YEAR	FY 11-12 Actual/Projected	FY 12-13 PRELIMINARY	NOTES
REVENUES					
Membership Dues	\$ 261,000	\$ 261,000	\$ 261,000	\$ 261,000	
Franchise Fees - MCWD	195,000	195,000	250,000	275,000	Per MCWD draft FY 12-13 budget
Federal Grants - ESCA	963,885	901,698	825,000	787,690	Anticipated reimbursements in FY 12-13. (See Attachment 4 -ET/ESCA)
Federal Grants - EDA	2,109,754	2,105,770	2,105,770	-	EDA/ARRA grant closed/GJMB-Eucalyptus construction completed in FY 11-12
PLL Loan Payments	727,634	727,634	727,634	-	PLL Loan paid off in FY 11-12
Development Fees	34,000	2,224,200	2,220,362 1	6,000,000	Preston Park (\$3.3M); jurisdictional forecasts (\$5.4M) reduced by 50% (\$2.7M)
Land Sale Proceeds	-	-	- 2	28,450,279	Preston Park sale by December 2012 (See Attachmnet 3 - Preston Park sale)
Rental/Lease Payments	1,592,858	1,872,858	1,872,858	840,000	Preston Park lease proceeds, prorated for 6 months
Tax Increment	1,500,000	779,250	837,683	-	Property Tax increment unknown - subject to external conclusions
CSU Deficit Payment	500,000	500,000	500,000	326,795	Final CSU deficit period mitigation payment
Planning Reimbursements	12,500	12,500	5,500	7,000	ESCA contract assistance - remaining reimbursement carried over to FY 12-13
Loan Reimbursements	287,000	287,000	287,000	-	Terms of remaining obligation negotiated with East Garrison developer/County
Investment/Interest Income	62,500	104,195	104,195	135,000	Anticipated income from money market and COD accounts
TOTAL REVENUES	8,246,131	9,971,105	9,997,002	37,082,763	
EXPENDITURES					
Salaries & Benefits	1,902,101	1,767,040	1,767,040 3	1,959,578	Full staffing, approved salary ranges (no increases), 2% COLA included, IOP office relocation concluded in FY 11-12
Supplies & Services	227,550	276,219	268,799	193,050	
Contractual Services	1,493,250	1,670,650	1,526,610	1,548,750	
Capital Projects (CIP)	5,081,208	5,628,759	5,628,759 1	4,584,000	Habitat management, roadway projects
Debt Service (P+)	2,360,423	2,360,423	2,360,423 2	19,124,340	Preston Park loan pay-off anticipated by January 2013
TOTAL EXPENDITURES	11,064,532	11,703,091	11,551,631	27,409,718	(See Attachment 2 - Itemized Expenditures)
NET REVENUES	(2,818,401)	(1,731,986)	(1,554,629)	9,673,046	
FUND BALANCES					
Budget Surplus - Beginning	5,950,417	6,980,431	6,980,431	5,425,802	
Budget Surplus - Ending	\$ 3,132,016	\$ 5,248,445	\$ 5,425,802	\$ 15,098,847	Ending fund balance/FORA Reserve

Attachment 1 to Item 9d
FORA Board Meeting, 6/8/12

FORT ORD REUSE AUTHORITY
FY 12-13 PRELIMINARY BUDGET

ITEMIZED EXPENDITURES

Attachment 2 to Item 9d
FORA Board Meeting, 6/8/12

EXPENDITURE CATEGORIES	FY 11-12 Approved	FY 11-12 Mid-Year	FY 11-12 Projected	FY 12-13 Preliminary	NOTES
SALARIES & BENEFITS					
	14 positions	14 positions	14 positions	14 positions	
FORA STAFF - Salaries	1,332,435	1,262,916	1,262,916	1,387,046	
FORA STAFF - Benefits/Employer taxes	504,666	474,124	474,124	527,531	
Temporary help/Vacation cash-out/stipends	65,000	30,000	40,000	45,000	
TOTAL SALARIES AND BENEFITS	1,902,101	1,767,040	1,777,040	1,959,578	2% COLA included
SUPPLIES & SERVICES					
Communications	12,000	12,000	12,000	12,000	
Supplies	14,000	14,000	14,000	14,000	
Equipment & Furniture	25,000	20,000	20,000	10,000	
Travel, Auto & Lodging	26,000	26,000	26,000	26,000	Trips may be reduced but costs are rising
Meeting Expenses	8,000	8,000	8,000	8,000	
Building maintenance & security	10,000	8,500	8,500	8,500	
Utilities	13,000	13,000	13,000	13,000	
Insurance	65,900	48,500	48,500	48,500	
Computer support	20,650	20,650	20,650	22,050	
Payroll/Accounting Services	8,000	6,000	6,000	6,000	
Training, Conferences & Seminars	4,000	4,000	4,000	5,000	
Moving Expenses	-	70,649	70,649	-	Relocation to IOP concluded
Community Information center	-	20,000	12,500	7,500	Software, exhibits, meetings
Televised Meetings	-	2,400	1,200	5,000	Board and other select meetings
Other (legal notices, postage, printing, etc.)	21,000	2,520	3,800	7,500	
TOTAL SUPPLIES AND SERVICES	227,550	276,219	268,799	193,050	
CONTRACTUAL SERVICES					
AUTHORITY COUNSEL	131,250	131,250	131,250	131,250	
LEGAL FEES - LITIGATION	125,000	125,000	100,000	125,000	Anticipated reassessment legal needs
LEGAL FEES - SPECIAL PRACTICE	-	-	-	15,000	Environmental/real property/financing
AUDITOR	30,000	30,000	25,960	37,500	Preston Park audit added
SPECIAL COUNSEL (EDC-ESCA)	80,000	80,000	65,000	70,000	ESCA contract legal review
REGULATORY RESPONSE/QUAL ASSURANCE-ESCA	550,000	550,000	450,000	420,000	Reimbursements per ESCA contract
VETERANS CEMETERY CONSULTANTS	-	-	-	-	Not included until bill #1842 passes (fall 2012)
FINANCIAL CONSULTANT	80,000	91,000	91,000	60,000	Phase II CIP review/RDA wind down/restructuring
LEGISLATIVE SERVICES CONSULTANT	30,000	38,400	38,400	40,000	Increased needs - CCCVC, FORA sunset, RDA
PUBLIC INFORMATION/OUTREACH	12,000	12,000	12,000	25,000	Increased public access/community engagement
HCP CONSULTANTS	155,000	313,000	313,000	270,000	Prepare final EIS/EIR and HCP
UC MBEST (VISIONING)	25,000	25,000	25,000	-	
BASE REUSE PLAN REASSESSMENT	250,000	250,000	250,000	325,000	Public participation/engagement increase
OTHER CONSULTING	25,000	25,000	25,000	30,000	HR Consultant/miscellaneous consulting
TOTAL CONTRACTUAL SERVICES	1,493,250	1,670,650	1,526,610	1,548,750	
CAPITAL PROJECTS					
ROADWAY IMPROVEMENTS	4,990,708	4,990,708	4,990,708	3,000,000	Refer to CIP 12-13 budget for project detail
HABITAT MANAGEMENT	90,500	638,050	638,050	1,584,000	HM 25% set aside, UC Natural Reserve annual cost
TOTAL CAPITAL PROJECTS	5,081,208	5,628,758	5,628,758	4,584,000	
DEBT SERVICE (Principal and Interest)					
PRESTON PARK LOAN -DEBT SERVICE	1,364,880	1,364,880	1,364,880	682,440	Preston Park loan payments thru 12/12
PRESTON PARK LOAN -PAY-OFF	-	-	-	18,325,900	Preston Park loan paid off by 1/13
PLL INSURANCE FINANCING	879,543	879,543	879,543	-	PLL loan paid off Jan 2012
FIRE TRUCK LEASE	116,000	116,000	116,000	116,000	Year 9 of 10-year lease
TOTAL DEBT SERVICE	2,360,423	2,360,423	2,360,423	19,124,340	
TOTAL EXPENDITURES	11,064,532	11,703,090	11,561,630	27,409,718	

Attachment 3 to Item 9d
 FORA Board Meeting, 6/8/12

FORT ORD REUSE AUTHORITY
 FY 12-13 PRELIMINARY BUDGET

Preston Park Sale

PRESTON PARK SALE

	<u>Sale Terms</u>	
February 2012 Appraised value	60,900,000	* Actual sale price may be adjusted for terms
FORA Development fee	(3,265,443)	27% fee reduction
Sale Expenses	(125,000)	Direct sale expenses limited to 62.5K FORA/Marina each
Broker/Attorney fee	<u>(609,000)</u>	up to 1% of sale price
Net Value	56,900,557	
FORA & Marina 50% share	28,450,279	Land sale proceeds
FORA Development fee	<u>3,265,443</u>	Development fee: 816,361 25% Habitat Management set aside
Total funds to FORA	31,715,722	<u>2,449,082</u> Net Development Fee
Less \$19M loan pay-off	(18,325,900)	3,265,443 Total Development Fee
Net Funds to FORA	13,389,822	
<u>FORA's \$19M loan pay-off</u>		
Pay-off amount	18,325,900	
Funds applied to retire this debt:		
FORA Net Development fee	(2,449,082)	** To partially repay land sale/lease revenues for CIP expenses
FORA Land Sale proceeds	<u>(15,876,818)</u>	
	(18,325,900)	

FORT ORD REUSE AUTHORITY
FY 12-13 PRELIMINARY BUDGET

ET/ESCA

CATEGORY	REVENUES 3/2007 - 6/2009	EXPENDITURES 3/2007 - 6/2012	AVAILABLE BALANCE FOR 12-14	EXPENDITURES FY 12-13	AVAILABLE BALANCE FOR 13-14	
Federal Grant Award March 2007	*	99,316,187				
Credit to Army for early payments		(1,587,578)				
Payments to FORA		97,728,609	(93,591,701)	4,136,908	(787,690)	3,349,218
GRANT FUNDS ALLOCATION						
FORA/Program Management		3,392,656	(2,081,172)	1,311,484	(367,690)	943,794
FORA/Future PLL coverage		916,056	(916,056)	-	-	-
EPA/DTSC/ERRG Regulatory Response Cost		4,725,000	(1,899,576)	2,825,424	(420,000)	2,405,424
LFR/AIG commutation account	**	88,694,897	(88,694,897)	-	-	-
TOTALS		97,728,609	(93,591,701)	4,136,908	(787,690)	3,349,218

* The \$99.3M Federal Grant was paid in three phases: \$40M in FY 06-07, \$30M in FY 07-08, and \$27.7M in FY 08-09. The Army made payments ahead of schedule securing a \$1.6M credit; FORA collected the last payment on 12/17/2008.

** FORA made the last payment to LFR (now Arcadis)/AIG commutation account upon receipt of the final grant payment. The commutation account will continue to pay for ESCA remediation through 2014.

The preliminary FY 12-13 includes \$787K of the \$4.1M available balance prorated to cover FY 12-13 expenditures.

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject: Ord Community Water and Wastewater Systems Proposed Budgets and Rates for FY 2012/13

Meeting Date: June 8, 2012

Agenda Number: 9e

INFORMATION/ACTION

RECOMMENDATION:

1. Receive a presentation outlining the Fort Ord Reuse Authority ("FORA") and Marina Coast Water District ("MCWD") contractual relationship and an overview of the FORA/MCWD Water/Wastewater Facilities Agreement.
2. Receive a MCWD FY 2012/13 operating and capital budgets presentation for proposed water and wastewater collection systems and corresponding customer rates.
3. Approve Resolutions #12-6 and #12-7 (**Attachment A and B**) adopting a compensation plan and setting rates, fees and charges for former Fort Ord base-wide water sewer services.

BACKGROUND:

Following the May 1997 FORA Board selection of MCWD to operate and own the former Fort Ord water and wastewater collection systems, MCWD began service in July 1997. Between July 1997 and October 2001, MCWD operated the systems under Cooperative Agreement with the U.S. Army which defined the terms of their operations and funding. Following the Economic Development Conveyance (U.S. Army to FORA to MCWD) of the systems' network real and personal property, MCWD has owned the systems under a Water and Wastewater Facilities Agreement (the "Agreement") with FORA since November 2001.

Under the Agreement, MCWD submits an annual draft budget to the FORA Water and Wastewater Oversight Committee ("WWOC"). The WWOC was created under the Agreement as a FORA Board advisory committee to review the budget and FORA Board actions. MCWD bills its former Fort Ord customers according to FORA Board annually approved rates.

A 2008 rate study prepared for MCWD demonstrated the need for rate and capacity fee increases to accommodate aging and sometimes failing former Fort Ord water and wastewater system upgrades. The FORA land use jurisdictions and development community were concerned about the increases and meetings were convened to address these issues. To maintain reasonable rates and fees, the FORA Board approved a voluntary \$20M increase in the FORA Capital Improvement Program ("CIP") to remove the same costs from the MCWD CIP. Additionally, MCWD agreed to ramp up increases over a five year period rather than initiate the rate increase all at once. The rate study proposed increases were adopted in 2008/09 (10%), 2009/10 (10%), and 2010/11 (7.8%). However, the recommended 7.8% increase in 2011/12 was actually adopted at 4.9% and the 7.8% rate increase recommended for 2012/13 is being proposed at 5%.

During last year's budget approval process, the FORA Board directed an audit of the MCWD rate increases to confirm they were adequate and warranted. The audit concluded the rate increases were warranted. Therefore, MCWD is requesting the 5% increase in this year's budget if approved by the Board. A two-year Proposition 218 process and hearing was conducted last year, allowing MCWD to increase their rates this year without an additional hearing or joint FORA/MCWD Board meeting.

This year, the WWOC has been very pro-active in reviewing the MCWD proposed budgets and rates. MCWD has been diligent in answering committee member questions, meeting with

individual committee members and working with them to refine the Ord Community Compensation Plan to include and/or address their suggestions.

DISCUSSION:

The WWOC met in February, March, April and May 2012 to receive MCWD presentations and to review/ recommend action on MCWD's proposed FY 2012/13 budgets and rates. On May 30, 2012 the WWOC recommended the FORA Board approve the attached budgets and rates.

FORA staff and the WWOC recommend that the FORA Board receive the MCWD and FORA staff presentations and approve the adopting Resolutions. These Resolutions are provided to Board members in preparation for the MCWD presentation and requested Board action. Please note that the MCWD Ord Community Compensation plan is noted as an Exhibit to both Resolution Nos. 12-6 and 12-7. To conserve resources, only one copy of the compensation package is provided.

FISCAL IMPACT:

Reviewed by FORA Controller _____

Staff time for this item is included in the approved FY 10-11 budget.

COORDINATION:

MCWD, WWOC, Administrative Committee, Executive Committee

DRAFT

Prepared by _____ Approved by _____
Crissy Maras Michael A. Houlemard, Jr.

Resolution No. 12-6
Resolution of the Board of Directors
Fort Ord Reuse Authority
Adopting the Budget and the Ord Community Compensation Plan for FY 2012-2013
not including Capacity Charges

June 8, 2012

RESOLVED by the Board of Directors (“Directors”) of the Fort Ord Reuse Authority (“FORA”), at a regular meeting duly called and held on June 8, 2012 at the business office of FORA at 910 2nd Avenue, Marina California as follows:

WHEREAS, Marina Coast Water District (“District”) Staff prepared and presented the draft FY 2012-2013 Budget (**Exhibit A**) which includes projected revenues, expenditures and capital improvement projects for the Ord Community Water, Recycled Water and Wastewater systems, including the area within the jurisdiction of FORA and the area remaining within the jurisdiction of the U.S. Army; and,

WHEREAS, FORA is authorized by the FORA Act, particularly Government Code 67679(a)(1), to arrange for the provision of water and wastewater services to the Ord Community; and

WHEREAS, the District and FORA, entered into a “Water/Wastewater Facilities Agreement” (“the Agreement”) on March 13, 1998, and have subsequently duly amended the Agreement; and,

WHEREAS, the Agreement provides a procedure for establishing budgets and compensation plans to provide for sufficient revenues to pay the direct and indirect, short-term and long-term costs, including capital costs, to furnish the water and wastewater facilities; and,

WHEREAS, the Agreement, as amended, provides that FORA and the District will each adopt the annual Budget and Compensation Plan by resolution; and,

WHEREAS, the proposed Budget and Compensation Plan for FY 2012-2013 provides for funds necessary to meet operating and capital expenses for sound operation and provision of the water, recycled water and wastewater facilities and to enable MCWD to provide continued water, recycled water and sewer services within the existing service areas on the former Fort Ord. The rates, fees and charges adopted by FORA apply only to the area within FORA’s jurisdictional boundaries; and,

WHEREAS, the Water/Wastewater Oversight Committee of FORA and the MCWD full Board have reviewed the proposed Budget and Compensation Plan; and,

WHEREAS, pursuant to the Agreement, FORA and MCWD have adopted and implemented and acted in reliance on budgets and compensation plans for prior fiscal years; and,

WHEREAS, pursuant to the Agreement, FORA and MCWD cooperated in the conveyance to MCWD of easements, facilities and ancillary rights for the water, recycled water and wastewater systems on the area of the former Fort Ord within FORA’s jurisdiction; and,

WHEREAS, MCWD has provided water and wastewater services on the former Fort Ord by contract since 1997, and currently provides water and wastewater services to the area of the former Fort Ord within FORA's jurisdiction under the authority of the Agreement, and provides such services to the portion of the former Fort Ord still under the Army's jurisdiction by contract with the Army; and,

WHEREAS, FORA and MCWD have agreed that water conservation is a high priority, and have implemented a water conservation program in the Ord Community service area that includes public education, various incentives to use low-flow fixtures, and water-conserving landscaping. The rates, fees and charges adopted by this Resolution are intended to support the water conservation program and encourage water conservation, pursuant to sections 375 and 375.5 of the California Water Code. This conservation program and these rates, fees and charges are in the public interest, serve a public purpose, and will promote the health, welfare, and safety of Ord Community, and will enhance the economy and quality of life of the Monterey Bay community; and,

WHEREAS, estimated revenues from the rates, fees and charges will not exceed the estimated reasonable costs of providing the services for which the rates, fees or charges are imposed, will not be used for any purpose other than that for which the fee or charge was imposed, will not exceed the proportional cost of the service attributable to each identified parcel upon which the fee or charge is proposed for imposition and no fee or charge will be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question; and,

WHEREAS, at a public meeting based upon staff's recommendations, the Board has determined that the Budget and Compensation Plan, including the rates, fees and charges therein, should be adopted as set forth on **Exhibit A** to this Resolution; and,

WHEREAS, on June 10, 2011, FORA held a joint hearing with the District on the rates, fees and charges, not including Capacity Charges, for the Compensation Plan pursuant to and in accordance with Section 6 of Article XIID of the California Constitution; and

WHEREAS, at the joint hearing, the Board heard and considered all protests to the Compensation Plan and the rates, fees and charges proposed and found that written protests were submitted by less than a majority of the record owners of each identified parcel upon which the fee or charge is proposed for imposition; and,

WHEREAS, Capacity Charges for the FY 2012-2013 are the subject of and will be adopted by a separate Resolution; and,

WHEREAS, FORA is the lead agency for the adoption of rates, fees and charges for the area of the Ord Community under FORA's jurisdiction, and that in adopting rates and charges for that area, the District is acting as a responsible agency and relying on FORA's compliance with the requirements of the California Environmental Quality Act ("CEQA"); that the District has previously adopted rates, fees and charges for its jurisdictional service area; and that, in approving rates, fees and charges for the area of Ord Community within the jurisdiction of the U.S. Army, the District is acting to provide continued water, recycled water and sewer service within existing service areas on the Ord Community, and that such action is exempt from CEQA pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS,

1. The Board of Directors of the Fort Ord Reuse Authority does hereby approve and adopt FY 2012-2013 Budget and Compensation Plan, not including Capacity Charges for water, recycled water and wastewater services to the Ord Community.
2. The District is authorized to charge and collect rates for provision of water and wastewater services within the boundaries of FORA in accordance with the rates, fees and charges set forth in **Exhibit A**, not including Capacity Charges. The District is further authorized to use the same rates, fees and charges in providing services to the area of Ord Community within the jurisdiction of the U.S. Army.
3. The rates, fees and charges authorized by this Resolution shall not exceed the estimated reasonable costs of providing the services for which the rates, fees or charges are imposed.

PASSED AND ADOPTED on June 8, 2012, by the Board of Directors of the Fort Ord Reuse Authority by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Dave Potter, Chair

ATTEST:

Michael A. Houlemard, Jr., Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Fort Ord Reuse Authority hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 12-4 adopted June 8, 2012.

Michael A. Houlemard, Jr., Secretary

Resolution No. 12-7

Resolution of the Board of Directors
Fort Ord Reuse Authority

Adopting the Capacity Charge element of the Budget and the Ord Community Compensation
Plan for FY 2012-2013

June 8, 2012

RESOLVED by the Board of Directors (“Directors”) of the Fort Ord Reuse Authority (“FORA”), at a regular meeting duly called and held on June 8, 2012 at the business office of FORA at 910 2nd Avenue, Marina California as follows:

WHEREAS, Marina Coast Water District (“District”) Staff prepared and presented the draft FY 2012-2013 Budget which includes projected revenues, expenditures and capital improvement projects for the Ord Community Water, Recycled Water and Wastewater systems, including the area within the jurisdiction of FORA and the area remaining within the jurisdiction of the U.S. Army; and,

WHEREAS, FORA is authorized by the FORA Act, particularly Government Code 67679(a)(1), to arrange for the provision of water and wastewater services to the Ord Community; and

WHEREAS, the District and FORA, entered into a “Water/Wastewater Facilities Agreement” (“the Agreement”) on March 13, 1998, and have subsequently duly amended the Agreement; and,

WHEREAS, the Agreement provides a procedure for establishing budgets and compensation plans to provide for sufficient revenues to pay the direct and indirect, short-term and long-term costs, including capital costs, to furnish the water and wastewater facilities; and,

WHEREAS, the Agreement, as amended, provides that FORA and the District will each adopt the annual Budget and Compensation Plan by resolution; and,

WHEREAS, the proposed Budget and Compensation Plan for FY 2012-2013 provides for funds necessary to meet operating and capital expenses for sound operation and provision of the water, recycled water and wastewater facilities and to enable the District to provide continued water, recycled water and sewer services within the existing service areas on the former Fort Ord. The rates, fees and charges adopted by FORA apply only to the area within FORA’s jurisdictional boundaries; and,

WHEREAS, a financing study prepared by Citigroup Global Markets Inc. in 2005 for the District recommended the adoption of capacity charges as an element of financing capital facilities for water and wastewater services to the Ord Community; and,

WHEREAS, the Water/Wastewater Oversight Committee of FORA and the District full Board have reviewed the proposed Budget and Compensation Plan; and,

WHEREAS, pursuant to the Agreement, FORA and the District have adopted and implemented and acted in reliance on budgets and compensation plans for prior fiscal years; and,

WHEREAS, pursuant to the Agreement, FORA and the District have cooperated in the conveyance to the District of easements, facilities and ancillary rights for the water, recycled water and wastewater systems on the area of the former Fort Ord within FORA’s jurisdiction; and,

WHEREAS, the District has provided water and wastewater services on the former Fort Ord by contract since 1997, and currently provides water and wastewater services to the area of the former Fort Ord within FORA's jurisdiction under the authority of the Agreement, and provides such services to the portion of the former Fort Ord still under the Army's jurisdiction by contract with the Army; and,

WHEREAS, capacity charges are imposed as a condition of service to customers. The charges are not imposed upon real property or upon persons as an incident of real property ownership; and,

WHEREAS, estimated revenues from the capacity charges will not exceed the estimated reasonable costs of providing the facilities and services for which the charges are imposed; and,

WHEREAS, the capacity charges and have not been calculated nor developed on the basis of any parcel map, including any assessor's parcel map; and,

WHEREAS, no written requests are on file with the District for mailed notice of meetings on new or increased fees or service charges pursuant to Government Code Section 66016. At least 10 days prior to the meeting, the District made available to the public data indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service; and

WHEREAS, the amount of the increase in capacity charges exceeds the percentage increase in the Implicit Price Deflator for State and Local Government Purchases, as determined by the Department of Finance. As a result, the District cannot charge the increased capacity fee to any school district, county office of education, community college district, state agency, or the University of California before first negotiating the increases with those entities in accordance with District Code section 6.16.020 and Government Code section 54999.3. Although these sections also apply to California State University at Monterey Bay, the District has complied with its obligation to negotiate with it and can charge the increased amounts to CSUMB as a result of and as limited by a Settlement Agreement and Mutual Release dated June 1, 2006, by which the District and California State University made an agreement regarding the amount of all future capacity charges. Accordingly, the District can charge the increased capacity charges as limited by the Settlement Agreement and Mutual Release immediately to CSUMB. The increased capacity charges to any other school district, state agency, county office of education, community college district or the University of California will be effective only when negotiations are concluded with those entities; and,

WHEREAS, after a public meeting and based upon staff's recommendations, the Board has determined that the capital elements of the Budget and Compensation Plan, including the capacity charges therein, should be adopted as set forth on **Exhibit A** to this Resolution; and

WHEREAS, the capacity charges set forth on **Exhibit A** to this Resolution have not changed from those approved in the FY 2011-2012 Budget and Compensation Plan; and,

WHEREAS, Government Code Section 54999.3 requires that before imposing certain capital facilities fees on certain educational and state entities, any public agency providing public utility service must negotiate with the entities receiving the service; and

WHEREAS, FORA is the lead agency for the adoption of rates, fees and charges for the area of the Ord Community under FORA's jurisdiction, and that in adopting rates and charges for that area, the District is acting as a responsible agency and relying on FORA's compliance with the requirements of the California Environmental Quality Act ("CEQA"); that the District has previously adopted rates, fees and charges for its jurisdictional service area; and that, in

approving rates, fees and charges for the area of Ord Community within the jurisdiction of the U.S. Army, the District is acting to provide continued water and sewer service within existing service areas on the Ord Community, and that such action is exempt from CEQA pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS,

1. The Board of Directors of the Fort Ord Reuse Authority does hereby approve and adopt the capital elements of the FY 2012-2013 Budget for water, recycled water and wastewater services to the Ord Community.
2. The capital elements of the compensation plan for the area of Ord Community within FORA's jurisdiction, including capacity charges, set forth on **Exhibit A** to this Resolution are hereby approved and adopted. The District is authorized to charge and collect capacity charges for provision of water and wastewater services within the boundaries of the Fort Ord Reuse Authority in accordance with the schedule set forth in **Exhibit A**. The District is further authorized to use the same charges in providing services to the area of Ord Community within the jurisdiction of the U.S. Army.
3. The charges authorized by this Resolution shall not exceed the estimated reasonable costs of providing the services for which the charges are imposed.
4. The District will comply with the requirements of Government Code section 54999.3 before imposing a capital facilities fee (as defined in Government Code section 54999.1) on any school district, county office of education, community college district, the California State University, the University of California or state agency.

PASSED AND ADOPTED on June 8, 2012, by the Board of Directors of the Fort Ord Reuse Authority by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Dave Potter, Chair

ATTEST:

Michael A. Houlemard, Jr., Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Fort Ord Reuse Authority hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 12-7 adopted June 8, 2012.

Michael A. Houlemard, Jr., Secretary

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject:	Master Resolution/Sierra Club Settlement Agreement Amendment – Proposed Appeal Fee Amendment to Section 8.01.050(a)	
Meeting Date:	June 8, 2012	INFORMATION/ACTION
Agenda Number:	9f	

RECOMMENDATION(S):

Amend section 8.01.050(a) of the FORA Master Resolution/Sierra Club Settlement Agreement to adjust FORA's Consistency Determination appeal fee basis from the County of Monterey's land use appeal fee to an average of FORA's jurisdictions' land use appeal fees, as described in **Attachment A**.

BACKGROUND/DISCUSSION:

Each of the past 9 months, FORA has hosted stakeholder meetings with the Ventana Chapter of the Sierra Club, LandWatch Monterey County, the League of Womens' Voters, and others to discuss issues pertaining to the proposed FORA extension legislation and the Base Reuse Plan Reassessment process. From the beginning, stakeholders stated concerns with the FORA appeal fee for Consistency Determinations being at a level that would be difficult for many local community members to participate in the appeal process due to the fee being set to the County of Monterey's appeal fee, which is currently \$5,040 per appeal.

The Sierra Club noted this concern in their letter to Assembly Member Bill Monning, in which they supported his proposed legislation (AB1614) extending FORA's sunset. Sierra Club representatives have clarified that, when the Sierra Club and FORA signed the settlement agreement and set FORA's appeal fee to be the same as the County of Monterey's appeal fee, the County of Monterey's appeal fee level was similar to the surrounding land use jurisdictions. However, since 1998, the County's appeal fee has risen to \$5,040 per appeal. FORA staff and Authority Counsel discussed the issue with Sierra Club representatives and would recommend that the FORA Board amend section 8.01.050(a) to establish an appeal fee based on the average of FORA's jurisdictions' land use appeal fees (after excluding the highest and lowest appeal fees from the calculation) (**Attachment B**). If the Board adopted this amendment, FORA's appeal fee would change from \$5,040 per appeal to \$737.69 per appeal.

FISCAL IMPACT:

Reviewed by FORA Controller _____

Staff time for this item is included in the approved FY 11-12 budget. Staff does not expect that a reduction in the appeal fee would affect FORA's operating budget significantly. Historically, FORA has only collected an appeal fee once.

COORDINATION:

Administrative Committee, Executive Committee, Authority Counsel, and Sierra Club representatives.

Prepared by _____ Approved by _____
Jonathan Garcia Michael A. Houlemard, Jr.

Proposed Appeal Fee Amendment to Section 8.01.050 (a) of the FORA Master Resolution

8.01.050 REVIEW OF DEVELOPMENT ENTITLEMENTS BY APPEAL TO AUTHORITY BOARD.

a. Within 10 days of a land use agency approving a development entitlement, any person aggrieved by that approval and who participated either orally or in writing, in that agency's hearing on the matter, may file a written appeal of such approval with the Executive Officer, specifically setting forth the grounds for the appeal, which shall be limited to issues raised at the hearing before the land use agency. The person filing the appeal shall pay a filing fee in an amount equal to the average of the planning decision appeal fees established by the nine member agencies of the Authority's Board omitting the highest and the lowest, not to exceed the Authority's reasonable cost to prepare the appeal. The appeal fee may be reimbursed not more than once yearly to an appellant who signs a declaration under penalty of perjury that s/he qualifies as "very low income" under low income eligibility standards set by the U.S. Department of Housing and Urban Development. The Authority Board must conduct a public hearing on the appeal within 60 days.

Attachment B to Item 9f
FORA Board meeting, 6/8/12

FORA Jurisdiction	Land Use Appeal Fee	w/out highest & lowest
County	\$ 5,040.00	
Pacific Grove	\$ 2,385.00	\$ 2,385.00
Salinas	\$ 659.00	\$ 659.00
Del Rey Oaks	\$ 550.00	\$ 550.00
Marina	\$ 460.00	\$ 460.00
Sand City	\$ 439.83	\$ 439.83
Monterey	\$ 370.00	\$ 370.00
Seaside	\$ 300.00	\$ 300.00
Carmel	\$ 295.00	
Total		\$ 5,163.83
Average appeal fee:		\$ 737.69

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject: Records Retention Policy

Meeting Date: June 8, 2012

Agenda Number: 9g

INFORMATION/ACTION

RECOMMENDATION(S):

BACKGROUND:

At the May 11, 2012 Board meeting, the Board instructed staff to schedule a discussion regarding the establishment of a records retention policy. For comparative purposes, the Board suggested a review of the current records retention policies of local/regional agencies. This item was agendaized in response to public concern regarding FORA's current records retention practices, which have not been memorialized in a formally adopted document retention policy. The Board also expressed a desire to consider a policy that is more prescriptive than the current practice or that may be legally required.

Records retention policies should be tailored to meet the needs of the agency. For that reason, policies vary considerably from agency to agency. The policies we have seen, however, share some common themes. For example, most agencies operate with limited server space for the vast quantity of emails received by their employees in the course of their duties. Many public agencies have established a specific time frame in which emails must be deleted from the system. Most rely on individual employees to determine whether their email correspondence constitutes a public record, in which case the document is retained and stored outside of the email system. Staff obtained the results of a survey conducted in May 2009, comparing the email retention periods for 45 California Cities. The survey (inset below) shows the statewide variation in retention periods.

Email Retention Period	# of Cities
No Limit	12
1 year	1
6 months	2
120 days	1
90 days	10
60 days	3
45 days	2
30 days	14

To accomplish the Board assigned task, staff compiled 18 email retention policies from public agencies across the state, as well as general Records Retention Policies from the Cities of Monterey and Del Rey Oaks, the Salinas Valley Solid Waste Authority, and the Monterey Bay Unified Air Pollution Control Agency. Staff has also obtained, for reference, the Secretary of State's Local Government Records Management Guidelines (currently in use by the City of Carmel-by-the-Sea).

Records Retention Policies/Schedules also vary in length and scope. The City of Monterey's Records Retention Policy is 15 pages long and is accompanied by a 38 page retention schedule. The Monterey Bay Unified Air Pollution Control District's policy and schedule, on the other hand, is only 8 pages long. By contrast, the City of Carmel-by-the-Sea has not established a written policy. Instead, it adheres to the Secretary of State's Local Government Records Management Guidelines. Similar to FORA, the County of Monterey does not have a written Records Retention Policy and also relies on adhering to State Law.

The retention period for many documents may be defined by or is dictated by state and federal law. The best practice for dealing with records that pertain to anticipated or pending litigation is to establish a formal retention policy. The retention period for other documents more specific to the work of FORA would need to be drafted with special consideration for FORA's needs. After reviewing the common themes and the highlights from various Records Retention Policies received to date, staff recommends consideration of a policy that shares the most common features of these sample policies.

FISCAL IMPACT:

Reviewed by FORA Controller _____

Staff time for this item is included in the approved FY 11-12 budget.

COORDINATION:

Executive Committee

DRAFT

Prepared by _____
Lena Spilman

Approved by _____
Michael A. Houlemard, Jr.