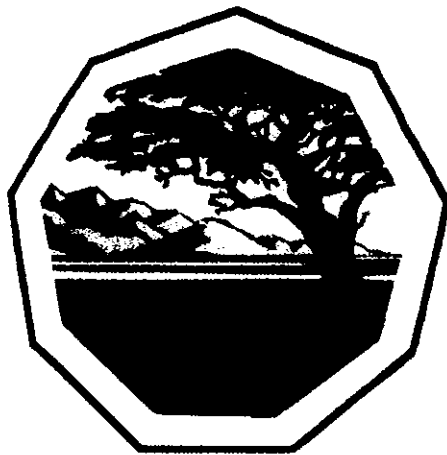


Fort Ord
Reuse Authority



Board Packet

For

Board Meeting
January 14, 2011



Fort Ord Reuse Authority

100 12th Street, Building 2880, Marina, CA 93933

Phone: (831) 883-3672 • Fax: (831) 883-3675 • www.fora.org

BOARD OF DIRECTORS MEETING

Friday, January 14, 2011

3:30 p.m. Carpenters Union Hall

910 2nd Ave, Marina (on the former Fort Ord)

AGENDA

1. CALL TO ORDER AND ROLL CALL
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") 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.
5. **CONSENT AGENDA** ACTION
 - a. December 10, 2010 FORA Board meeting minutes
 - b. Creegan + D'Angelo Master Agreement for Professional Services - amendment to service work order
6. **OLD BUSINESS** ACTION/INFORMATION
 - a. Capital Improvement Program ("CIP") – work plan
 - i. Staff Presentation – CIP overview
 - ii. Consultant Presentation – draft report
 - iii. Schedule Board workshop
 - iv. Economic & Planning Systems, Inc. contract amendment
 - v. Provide direction to staff
7. **NEW BUSINESS**
 - a. Environmental Services Cooperative Agreement – Report On Special Requests By Outside Agencies INFORMATION
 - b. UC MBEST Visioning Exercise Reimbursement Agreement ACTION
8. **EXECUTIVE OFFICER'S REPORT**
 - a. Administrative Committee – report INFORMATION
 - b. Habitat Conservation Plan – status report INFORMATION
 - c. Outstanding Receivables INFORMATION/ACTION
 - i. Update
 - ii. Seaside MOA ("Memorandum of Agreement")
 - d. Executive Officer's Travel ACTION/INFORMATION
 - i. Receive a report
 - ii. Request increase in travel budget FY 10-11
9. **ELECTION OF OFFICERS, 2011** ACTION
 - a. Report from Nominating Committee
10. **ITEMS FROM MEMBERS** INFORMATION
11. **CLOSED SESSION** - Real Property Negotiations: Preston Park sale
12. **REPORT OUT OF CLOSED SESSION**
13. **ADJOURNMENT**

*Information about items on this agenda or persons requesting disability related modifications and/or accommodations can contact the Deputy Clerk at: 831-883-3672 * 100 12th Street, Building 2880, 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.*



January 11, 2011

Michael Houlemard
Director
Fort Ord Reuse Authority
100 12th Street, Building 2880
Marina, CA 93933

Re: FORA Fee Review

Dear Mr. Houlemard:

MidPen Housing Corporation is a non-profit affordable housing developer working with UCP East Garrison on the affordable housing planned for the East Garrison development at Fort Ord. We are thus affected by the high impact fees currently prescribed by FORA's Rate and Method of Apportionment of Development Fees ("RMA"). We believe in paying a fair and reasonable fee for services and improvements, but we concur with the BIA's third party analysis that the fees needed to provide the necessary Capital Improvements at Fort Ord are in fact less than \$30,000/unit.

We understand that FORA is undertaking a review of its Capital Improvement Program which could result in a change to the RMA. We support staff's efforts to reassess impact fees and hope that you will seriously review the third-party analysis provided to you by the BIA. Revisiting these fees is an important step towards helping catalyze development at Fort Ord, which has been stymied by the real estate downturn, and is at an additional disadvantage due to the currently disproportionately high Development Fees prescribed in the RMA.

Thank you for your time and consideration.

Sincerely,

Elizabeth (Betsy) Nahas Wilson
MidPen Housing Corporation
(831) 707-2134

MINUTES
of the
FORT ORD REUSE AUTHORITY
BOARD OF DIRECTORS' MEETING
Carpenters Union Hall – 910 Second Ave., Marina
January 14, 2011

1. CALL TO ORDER

With a quorum present, Chair/Supervisor Dave Potter called the January 14, 2010 Board of Directors meeting to order at 3:38 p.m.

Voting members present:

Supervisor Dave Potter (County of Monterey)
Supervisor Jane Parker (County of Monterey)
Mayor Bachofner (City of Seaside)
Mayor David Pendergrass (City of Sand City)
Mayor Jerry Edelen (City of Del Rey Oaks)

Mayor Sue McCloud (City of Carmel-by-the-Sea)
Mayor Pro-Tem Bill Kampe (City of Pacific Grove)
Councilmember Frank O'Connell (City of Marina)
Councilmember Nancy Selfridge (City of Monterey)
Councilmember Ian Oglesby (City of Seaside)
Jim Cook (County of Monterey)

Absent: David Brown (City of Marina), Councilmember Tony Barrera (City of Salinas).

Ex-Officio members present:

Dr. Bruce Margon (University of California Santa Cruz), Kevin Saunders (California State University Monterey Bay), Gail Youngblood (Base Realignment and Closure), Dan Burns (Marina Coast Water District), David Meyerson (15th State Senate District), Nicole Charles (27th State Assembly District), and Dan Albert, Jr. (Monterey Peninsula Unified School District).

Absent was a representative from Monterey Peninsula College. Ex-Officio members arriving after the roll call were: Alec Arago (17th Congressional District), Pamela von Ness (United States Army), Hunter Harvath (Monterey Salinas Transit District), and Debbie Hale (Transportation Agency of Monterey County).

2. PLEDGE OF ALLEGIANCE - Chair Potter lead the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE – Chair Potter asked for a moment of silence in honor of those who were injured and those whose lives were taken in Arizona this past week and pay our due respects with a moment of silence prior to commencing with the day's business. Executive Officer Houlemard acknowledged new FORA Board members; Mayor Bachofner City of Seaside, Mayor Pro-Tem O'Connell City of Marina, Councilmember Oglesby City of Seaside, and Director Burns of Marina Coast Water District ("MCWD").

4. PUBLIC COMMENT PERIOD – Crisand Giles, Executive Director of the Northern California Building Industry Association ("BIA") commented on a recommendation to the process for the Board Agenda packet availability to the public via the FORA website. Chair Potter thanked Ms. Giles for her comments and explained that the Board typically does not respond during the public comment period; however, staff would take her comments into consideration. Ron Chesshire, representing the Monterey Santa Cruz Building and Construction Trades Council, reported that the 6th District Appellate Court upheld prevailing wages on Fort Ord. He also commented about MCWD leaders in the area and the first agency in the area to move ahead and pass a version of the workforce training policy ensuring that proper training and opportunities for local trainees will be

given on projects in the area extending beyond Fort Ord. He said that he hoped other jurisdictions would also consider implementing the training policy.

5. **CONSENT AGENDA - Item 5a – December 10, 2010 FORA Board meeting minutes; Item 5b - Creegan + D'Angelo Master Agreement for Professional Services - amendment to service work order. Motion to approve the Consent Agenda was made by Supervisor Parker seconded by Mayor Edelen and carried.**

6. **OLD BUSINESS - Capital Improvement Program ("CIP") –** Chair Potter emphasized that the Board would not take action on this item and that the only specific direction other than process issues is an amendment to the Economic & Planning Systems ("EPS") contract for \$5,000.00. Executive Officer Houlemard reported that the CIP work plan is in response to a request of Board members to review the CIP as it relates to the cost of base-wide FORA development Fee and the Community Facilities District ("CFD") Fee that provide revenue to cover the cost of the redevelopment of the former Fort Ord. Mr. Houlemard said, specifically, former Board members from the City of Marina stated their concern regarding the impact of the developer fees on slowing development in the City of Marina and asked other Board members to concur in their desire to take a full look at the CIP . Since that time, staff took the Board's direction and hired a consultant that has also worked with consultants with the BIA and other consultants in the region working on these types of issues. Mr. Houlemard said that the consultant provided a report which was presented to the FORA Administrative Committee. Acting Assistant Executive Officer and Director of Planning and Finance Steve Endsley gave a PowerPoint presentation providing a historical overview of the FORA CIP and resource obligations. EPS Consultant David Zehnder provided the Board with a report of his findings regarding the progress of the CIP project, specifically noting concerns with the uncertainty of the FORA sunset, infrastructure costs, land values, CFD taxes, HCP and related endowment, TAMC revisions, and development forecasts. He stated that a multi-phase approach is recommended and that intermediate actions could include an interim adjustment and ongoing CIP evaluation and financing strategy. Executive Officer Houlemard recommended input from every jurisdiction and a workshop conducted for the Board which would flesh-out further questions and potential issues. Several Board members asked questions regarding interim reductions, issues of fairness, up-front nature of fees, delaying payment rather than reduction, obligation considerations, and looking at all funding needed for Fort Ord projects not just the fees. TAMC Executive Director Debbie Hale questioned Mr. Zehnder whether or not an engineering analysis was conducted as part of his CIP review. Mr. Zehnder stated that they had not prepared an engineering analysis; however, it was important to note that road projects without a completed design would have a higher level of contingency than projects with a design, especially as it pertains to cash flow. Mr. Cook, for the County of Monterey and as a member of the Administrative Committee, said that he appreciated that the cash flow analysis and implications of land use would be coming back to the workshop. Members of the public commenting were:
Ron Chesshire who expressed the following concerns: What does the public get from reducing the fee? Would a fee reduction require a California Environmental Quality Act ("CEQA") process? Would a fee reduction result in FORA having to perform Consistency Determinations on development projects that previously received FORA Consistency Determinations?
Ralph Rubio who asked: How does a fee reduction affect existing development agreements between the Cities and developers? If FORA is going to give up fee dollars through a fee reduction, what is FORA/the public getting back?
Doug Yount City of Marina Developer Services Director who commented: An additional residual land use value analysis is needed. We need to right size the fee so development can proceed.
Crisand Giles, representing BIA who said: It is premature at this juncture for the FORA Board to make a decision on a potential FORA CFD Fee reduction.

Chris Austin, BIA's financial consultant, who said: Additional time is needed so that we can collaboratively work together and right size the fee.

Bruce Delgado, member of the public, who stated: There was a typo in EPS's materials. As a citizen in Marina, the fee should be right sized so that Marina projects move forward and allow Marina residents to more easily access South Marina (Fort Ord portion of Marina) from Central Marina. He cautioned eliminating additional Habitat Management costs from Other Costs and Contingencies without knowing the consequences of such an action.

Elizabeth (Betsy) Nahas Wilson representing Mid-Peninsula Housing Coalition, who provided a letter that she read into the record, which supported FORA CFD Fee reductions.

Scott Hilk, representing Marina Community Partners, LLC, who stated: More time was needed to work collaboratively on right sizing the fee.

Chair Potter said that these questions would be added to the menu of issues to be discussed. Mr. Zehnder assured members that the workshop would concentrate the "big picture". Chair Potter A motion was made by Supervisor Parker, seconded by Mayor Bachofner to hold the Board workshop before February 11 and increase the Economic & Planning Systems, Inc. contract amendment to \$8,000.00 in order for the consultant to facilitate the workshop. Motion carried unanimously.

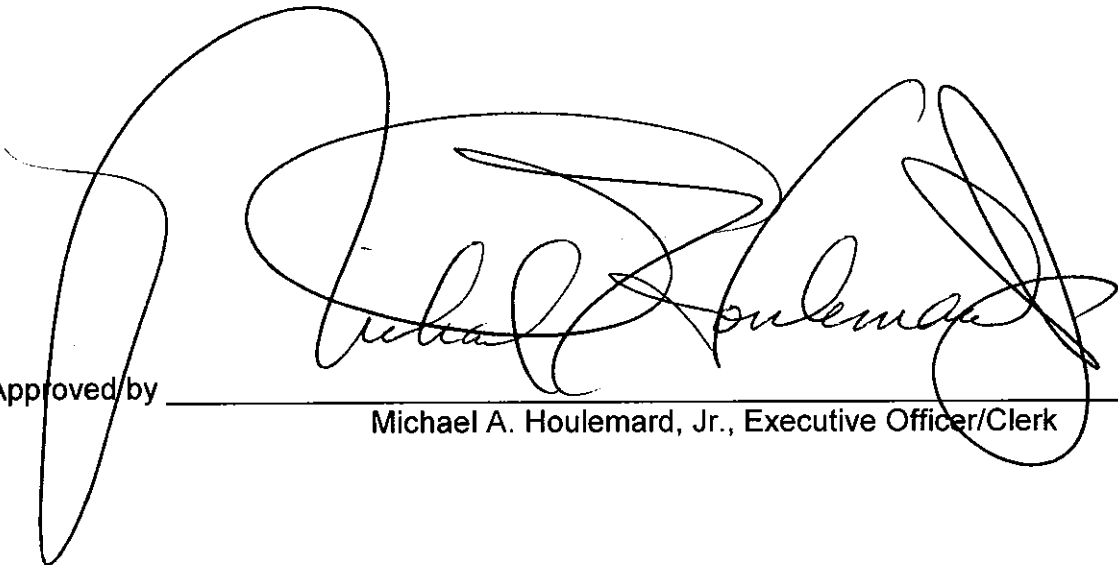
NOTE: Copies of both PowerPoint presentations are provided as attachments to these minutes.

7. **NEW BUSINESS – Item 7a - Environmental Services Cooperative Agreement ("ESCA") – Report On Special Requests By Outside Agencies – ESCA Program Manager Stan Cook reported that there were munitions response special requests by Monterey Salinas Transit ("MST"), Monterey Peninsula Water Management District ("MPWMD"), and California-American Water ("Cal-Am"). He reported that there would be no costs incurred by FORA. **Motion to receive the report was made by Mayor McCloud and seconded by Mayor Pro Tem O'Connell and carried unanimously.** Item 7b - UC MBEST Visioning Exercise Reimbursement Agreement. **Motion to authorize additional spending not to exceed \$50,000.00 and execution of the reimbursement agreement with the University of California Monterey Bay Education, Science and Technology Center to jointly fund the consultant contract was made by Mayor ProTem O'Connell with an amendment to include the wording "whichever comes first" on item 3.1 of the agreement. Supervisor Parker seconded the motion and it carried.****
8. **EXECUTIVE OFFICER'S REPORT** - There were four items summarized in this report: Item 8a (Administrative Committee report); Item 8b (Habitat Conservation Plan "HCP" – status report); Item 8c (Outstanding Receivables) and Item 8d (Executive Officer's Travel). Executive Officer Houlemard highlighted Item 8a as noted earlier regarding the Administrative Committee/CIP Committee and the consultant's review of the CIP stating that staff will work on scheduling a Board workshop prior to the next Board meeting. Regarding Item 8b, Mr. Houlemard stated that there is still no report back from the California Department of Fish and Game ("CDFG") regarding HCP review comments. In addition, the U.S. Fish Wildlife Service ("USFWS") comments for two sections are still outstanding. Mr. Houlemard introduced FORA Controller Ivana Bednarik who presented a report on Item 8c, stating that progress was being made on the City of Seaside payment plan including four equal installments through June 2012 making an exception for lowering late fees due to incorrect calculations. She said that staff was asking the Board to consider a 1% fee on the unpaid balance. **Motion to receive the report was made by Mayor McCloud, seconded by Mayor Edelen and carried unanimously.** No Board action was taken on the reduction of the late fees and this item was deferred to the February Board meeting anticipating that the City of Seaside would be make its first scheduled payment on-time before the February Board meeting. **Motion to approve an**

increase in the FORA travel budget in the amount of \$2,000.00 was made by Mayor McCloud, seconded by Supervisor Parker and carried unanimously.

9. Report from Nominating Committee – Chair Potter introduced Mayor McCloud, Chair of the Nominating Committee who reported that the Nominating Committee met and Executive Committee nominations included Supervisor Potter as FORA Board Chair, 1st Vice-Chair Mayor Edelen, 2nd Vice-Chair Mayor ProTem O’Connell, and Representatives David Pendergrass and Mayor Bachofner. **Motion to approve was made by Mayor McCloud, seconded by Supervisor Parker and carried unanimously.**
10. ITEMS FROM MEMBERS – None
11. CLOSED SESSION - There was one item on the Closed Session agenda – the Preston Park Sale, which included a conference with real property negotiators.
12. REPORT OUT OF CLOSED SESSION BY AUTHORITY COUNSEL – The FORA Board met and discussion was had and direction given in the Preston Park matter. Supervisor Parker and Mayor Pro-Tem O’Connell were added as members to the Preston Park Ad Hoc Committee.
13. ADJOURNMENT - Being no further business, Chair Potter adjourned the meeting at 5:55 p.m.

Minutes prepared by Daylene Alliman, Deputy Clerk

Approved by  _____
Michael A. Houlemard, Jr., Executive Officer/Clerk

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject:	Creegan + D'Angelo Master Agreement for Professional Services - amendment to service work order	
Meeting Date:	January 14, 2011	ACTION
Agenda Number:	5b	

RECOMMENDATION:

Authorize the execution of Amendment 1202-21 to Master Agreement AEI-1202 for Professional Services ("Agreement") with Creegan + D'Angelo ("C+D").

BACKGROUND:

In November 2002, the Fort Ord Reuse Authority ("FORA") Board authorized the Agreement (for a five-year term) with C+D to provide "on-call" engineering design services to support the on-site transportation elements of FORA's Capital Improvement Program ("CIP"). The Agreement was extended by Board authorization of Amendment #1202-13 for an additional five years, through November 2012. The Agreement provides for the negotiation of Service Work Orders ("SWOs") and Agreement amendments as funding becomes available.

The Board approved SWOs 1 through 5 for \$1,366,750, inclusive, on October 10, 2003. SWO 3 provides for General Jim Moore Boulevard ("GJMB") design and environmental processing. To date, Board approved amendments bring SWO 3 funding to \$1,574,235.

DISCUSSION:

In September 2009, FORA received an American Recovery and Reinvestment Act ("ARRA") grant through the US Department of Commerce, Economic Development Administration ("EDA"). The grant, in the amount of \$6,426,754 (with a 50% local match requirement for a total of \$12,853,508), funded the construction of GJMB Phase V (SWO 3) and Eucalyptus Road Phase II (SWO 4).

With the current national economic conditions and their impact on the construction industry the bids for construction of these projects were substantially lower than the Engineer's Opinion of Probable Cost. In response to these conditions, in March 2010 the FORA Board approved a sequential list of construction completion components that allow the full build-out of the project roads.

FORA staff recommends amending existing SWO 3 to modify the scope of services and adjust compensation. The recommended action provides the funding to secure the services of C+D for preparation of construction documents for a follow-on construction project inclusive of completion components to fully spend available grant funds. See the attached fee amendment/cost proposal for a detailed expenditure breakdown (**Attachment A**).

FISCAL IMPACT:

Reviewed by FORA Controller 

The cost of the recommended amendment to SWO 3 is not to exceed \$105,597. These added design services are not eligible for EDA funding. The funding is to be derived from FORA's Community Facilities District fees/loan proceeds included in the FY 10-11 budget; about \$10,000 will be reimbursed by Marina Coast Water District.

COORDINATION:

EDA, Administrative Committee, Executive Committee, Cities of Del Rey Oaks and Seaside

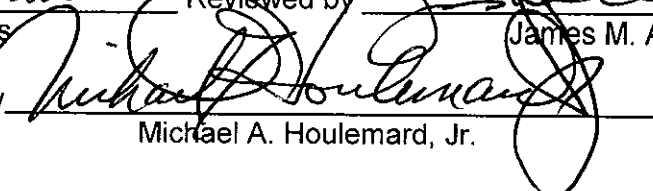
Prepared by


Crissy Maras

Reviewed by


James M. Arnold

Approved by


Michael A. Houlemard, Jr.



Creegan+D'Angelo

Attachment A
To Item 5b
FORA Board Meeting, January 14, 2011

December 10, 2010

707007

Jim Arnold
Fort Ord Reuse Authority
100 12th St., Bldg 2880
Marina, CA 93933

Dear Jim:

Per our previous discussions, Creegan & D'Angelo is requesting this fee amendment for the General Jim Moore (GJM) project additional scope of work as follows:

1. Preparation of Bid Documents (PS&E) for the GJMB Phase 6 extension into Del Rey Oaks (90% design has been completed.) Work includes Civil, Electrical and Landscape-irrigation design, Signing and Striping Plan for GJMB, and preliminary intersection signalization design for General Jim Moore – South Boundary Road Intersection.
2. Final Signalization PS&E for Hilby Avenue and San Pablo Avenue.
3. Preparation of 2081 Take Permit for the GJM Phase 6 extension into Del Rey Oaks.
4. Addition Staking and Construction Inspection for (non-EDA) MCWD portions of San Pablo, Hilby, and Broadway during Phase 5 work. This is the budget amount to be billed to FORA for MCWD related tasks not funded through EDA. The requested budget amount has been agreed on by MCWD.

I have prepared for your consideration the following budget outline showing additional work required in accordance with this fee amendment request. Our fees are based on the attached Man hour estimate.

1. SWO-3 General Jim Moore Boulevard Phase 6 Del Rey Oaks

1. Prepare Civil Engineering PS&E for completing GJMB within Del Rey Oaks.
2. Complete Irrigation PS&E within Phase 6.
3. Striping Plans for GJMB Phase 6.
4. Preliminary Traffic Signal design SBR/GJMB.
5. Electrical PS&E.
6. Prepare bid docs & award assistance and support.

Does not include fee for MCWD sewer and water design.

Item 1. FEE REQUEST=\$53,170

2. SWO-3 Hilby & San Pablo Traffic Signal PS&E

1. Complete Signalization PS&E for Hilby and San Pablo Intersections.

Item 2. FEE REQUEST=\$26,160

3. SWO-3 2081 Take Permit Del Rey Oaks

1. Preparation of 2081 Application to CDFG .

Item 2. FEE REQUEST=\$14,500

4. SWO-3 Marina Coast Water District Staking and Construction Inspection

1. Staking
2. Construction Inspection

Item 3. FEE REQUEST=\$9,767

5. SWO-3 Miscellaneous Reimbursable Fees=\$2,000

TOTAL FEE REQUEST ITEMS 1-4 = \$105,597

Thank you for your consideration in this matter. Please feel free to contact me if you have any questions.

Sincerely,



Richard Simonitch
Engineering Manager


RGS/rgs

Attachments: Man hour estimate, copy of MCWD fee request.

EXHIBIT "A"
Not-to-Exceed Cost Proposal for
Engineering, Surveying, and Inspection Services
To: Marina Coast Water District

CONSULTANT agrees to provide engineering, surveying, and construction inspection services in accordance with verbal requests, for a not-to-exceed amount of **\$17,860**, as per the following schedule for FORA services (2.1) and amended Task 1,2, 3, and 6 per Agreement 2009-22.

<i>Task</i>	<i>Description</i>	<i>Hours</i>	<i>Unit Rate</i>	<i>Total Cost</i>
1.1	Potable Water Line	*	*	\$1,612
1.2	Recycled Water Line	*	*	\$1,004
1.3	Sanitary Sewer Line	*	*	\$1,667
4.6	Geotechnical Inspection	*	*	\$3,450
2.1	FORA Staking and Const. Inspection	*	*	\$9,767



* See attached Manhour Estimate Excel Spreadsheet for Hour and Unit Rate breakdown.

CONSULTANT



[NAME OF FIRM]

Cregan + D'Angelo Engineers

By

Richard G. Simonitch, PE, PLS

Date: **September 30, 2010**

Title

Sr. Vice President, Principal Engineer



Creegan + D'Angelo

MANHOOR ESTIMATE

JOB # 707007

DATE: 11-Dec-10

DESCRIPTION: GJMB Phase VI Del Rey Oaks & Traffic Signals - San Pablo & Hilby

SHEET 1 of

PROJECT MANAGER: RGS CONTINGENCY INCLUDED CHECKED BY:

TASKS	Princ.	Sr. PM	PM	Sr. Eng	CLASSIFICATION					C+D TOTAL MHS	C+D TOTAL \$	Sub-Consultant \$	15% Mark up \$	Total Fee \$	Phase Fee	
					Assoc. Eng	Staff Eng	Civil Eng	Des	Cadd							Tech
1 SWO-3 GJMB Phase VI																
1.1 Civil Engineering PS&E	12		16	24	70	16	4	4	16	162	\$22,620		\$0	\$ 22,620		
1.2 Landscape & Irrigation PS&E	2		4		2				2	10	\$1,500	\$ 9,700	\$1,455	\$ 12,655		
1.3 Traffic PS&E GJMB/SBR ITX	2		4		4				2	16	\$2,120	\$ 6,000	\$900	\$ 9,020		
1.4 Electrical PS&E	2		4		4				2	12	\$1,780	\$ 4,500	\$675	\$ 6,955		
1.5 Bid and Award	2		4		4				4	14	\$1,920		\$0	\$ 1,920		
SUBTOTAL																\$ 53,170
2 Signalization PS&E Hilby/San Pablo																
2.1 PS&E	8		24	40	80			24	8	184	\$26,160		\$0	\$ 26,160		
3 SWO-3 GJMB 2081 Take Permit																
3.1 Permit processing	1		5		3				3	12	\$1,680	\$ 11,148	\$1,672	\$ 14,500		
SUBTOTAL																\$ 14,500
4 SWO-3 GJMB MCWD CA/CM																
4.1 From MCWD Schedule										0			\$0			
SUBTOTAL																
reimbursable expenses																
TOTAL																
SUBTOTAL HOURS	29	0	61	64	163	20	4	32	37	0	410					
CHARGE RATE	\$200	\$185	\$170	\$155	\$140	\$120	\$130	\$105	\$70	\$250						
SUBTOTAL DOLLARS	\$5,800	\$0	\$10,370	\$9,920	\$22,820	\$2,400	\$520	\$3,360	\$2,590	\$0	\$57,780	\$31,348	\$4,702	\$93,830	\$ 105,597	

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject: Capital Improvement Program – work plan

Meeting Date: January 14, 2011

Agenda Number: 6a

ACTION/INFORMATION

RECOMMENDATION(S):

- i. Receive a staff overview of the Capital Improvement Program (“CIP”).
- ii. Receive a presentation from David Zehnder of Economic & Planning Systems, Inc. (“EPS”) regarding their draft Final CIP Review Report.
- iii. Schedule a FORA Board workshop prior to the February Board meeting for a comprehensive CIP and work plan briefing.
- iv. Authorize Executive Officer to execute an EPS contract amendment to increase contract budget by \$5,000 and provide additional scope to conduct further analysis (**Attachment A**), as recommended by the Administrative Committee.
- v. Provide direction to staff related to EPS’s CIP Review draft Final Report presentation (to be transmitted before the Board meeting), especially noting recommendations in (iii.) and (iv.) above.

BACKGROUND:

On July 9, 2010, the Fort Ord Reuse Authority (“FORA”) Board reviewed a proposed CIP work plan timeline. The Board directed staff to condense the review of CIP obligations and resources into a six-month period and to provide monthly updates. On July 14, 2010, working with the FORA Administrative Committee, FORA staff revised the CIP work plan timeline to reflect January 2011 completion. The schedule was slightly revised as a result of the CIP consultant Request for Qualifications/Request for Proposals (“RFQ/RFP”) process, holding to January 2011 completion (**Attachment B**).

On August 17, 2010, FORA issued an RFQ/RFP for financial consultants to participate in a selection process to conduct the CIP review work. Four proposals were submitted by the due date of September 1, 2010. FORA convened a selection panel to review the proposals. EPS was selected through this process. David Zehnder is the Managing Principal and Jamie Gomes is the Principal for this project, and each have recent experience with California municipalities and county organizations reviewing CIP obligations and fee structures. David Zehnder also worked with FORA in the late 1990’s and is familiar with the FORA CIP. EPS attended the October 20, 2010, November 17, 2010, December 15, 2010, and January 5, 2011 FORA Administrative Committee meetings. They presented updated development forecasts and preliminary CIP analysis to the Joint Administrative/CIP Committee in the form of a memorandum on November 17, 2010. On December 15, 2010, EPS presented a cost-burden analysis and a draft summary report on CIP obligations, cost estimates, and revenue forecasts. On January 5, 2011, EPS presented a draft final report on their CIP review. Concurrent with EPS’s work, FORA staff is reviewing its CIP funding sources to ensure accuracy

and the Transportation Agency for Monterey County ("TAMC") is reviewing phasing of FORA's CIP transportation project expenditures to coordinate regional transportation planning efforts.

DISCUSSION:

During the January 5, 2011 Administrative Committee workshop, EPS presented their December 30, 2010 draft memorandum. The memorandum distilled their previous reports into three options for potential FORA Actions related to the CIP Review.

Option 1 – Reduce the Community Facilities District ("CFD") Special Tax from approximately \$46,200 to \$36,500 per new residential unit based on eliminating various contingencies not deemed essential or no longer necessary (Please note that all of EPS's recommendations include the same percentage reduction to each CFD Special Tax fee category (new residential, existing residential, retail, office, industrial, and hotel). The Board is able reduce the FORA CFD Fee without an election, but only if the same percentage reduction is applied to each fee category. The new residential fee is highlighted because it is the largest proportionate fee generator.)

Option 2 – In addition to the Initial Proposal, revise the "minimum" justifiable CFD Special Tax reduction, considering three specific proposed adjustments to the CIP contingency reducing the fee from \$36,500 per new residential unit to \$29,800 per new residential unit.

Option 3 – Consider additional, separate policy-based decisions to reduce the CFD Special Tax below whatever "minimum" justifiable CFD Special Tax was derived using either Option 1 or Option 2.

The following is a bullet-point synopsis of the FORA Administrative Committee discussion, which produced numerous comments, suggestions, and questions with an initial staff response in *italics*. It is intended to answer all questions in detail prior to moving to any decision point on these recommendations.

A. Would fee reductions:

- Reduce the ramp up of revenues to TAMC?
- Push out building removal in Marina and Seaside?
- Slow down HCP endowment funding?

Staff comment: These are good questions although the consultant believes significant fee reductions can be accomplished without impacting these programs. More discussion is needed on this issue.

B. Concerns that fee reductions could:

- Eliminate dollars for FORA property caretaking, dumping cleanup, etc.
- Create risk for meeting obligations.
- Create risk for legal requirements – if unable to implement Base Reuse Plan California Environmental Quality Act ("CEQA") mitigations.
- Increase the risk of underfunding the CIP if the affordable/below market incentive (Tiers 1, 2, and 3) CFD Fee reductions are used significantly.

Staff comment: The consultant is not proposing that FORA not meet its statutory CEQA obligations. In fact, the proposals all expressly ensure that FORA's CEQA obligations are met. Staff believes that it is highly unlikely that Tiers 1, 2, and 3 authorized fee reductions will lend to underfunding as currently designed. Other non-CEQA projects that FORA has been asked to fund in the past (property maintenance, etc.) might be affected.

- C. Concern about future of FORA Tax Increment revenue and the resource being used in the future:
- FORA needs to quantify its risks, considering current Governor's proposal to eliminate Redevelopment Agencies.

Staff comment: This is a legitimate concern and should be analyzed.

- D. It was suggested that an **Option 3** fee reduction go further than Option 2 by also eliminating all contingencies and provide the FORA Board with that recommendation as an interim approach for a fixed time period such as 2 years.
- Concern about any action before getting an answer from resource agencies on the HCP endowment funding obligation.
 - Concern about reduction in land sales revenue repayment since it defers building removal.
 - Concern that Board members need to understand the CIP history, the implementation, current effect, and impact on projects.
 - Concern that FORA makes sure that actions don't jeopardize anyone's project and that the risk is managed.
 - How will you deal with any significant gap in CIP project costs and available CIP funding from the FORA CFD Fee once fees are reduced and no additional contingencies are in place?

Staff comment: The Option 3 fee reduction is more aggressive and is included as a means to jumpstart development. As noted, there are a number of questions about what the impact on individual projects might be.

- E. It was suggested that FORA needs to take an action that produces redevelopment of former Fort Ord.
- Concern that action by FORA needs to produce an equivalent commitment by developers to take action and jurisdictions to reduce fees.
 - Concern that reducing fees is only one action that needs to take place.
 - Will the developers actually build if you reduce the FORA fees?
 - Developers responded that the proposed adjustments are good enough for starting the machine or at least is very meaningful in moving to construction.

Staff comment: These are all legitimate questions. Will reducing the fee actually spur the desired result?

- F. It was suggested that a FORA CFD Fee reduction needs to be correctly sized.
- Concern by TAMC about going too far in reducing contingencies for projects that have not been designed.
 - Concern that FORA CFD Fee needs to be stable since projects count on fee revenue for infrastructure needs (i.e. Eastside Road).
 - Recommendation to take action soon and re-evaluate right away.
 - Concern about how a fee reduction affects future projects. Does this slow down construction of roads and other improvements? Fees were part of the deal for the land value and this is a wind fall for past projects, but a burden for future projects because these projects may have to pay a higher land value with a fee reduction and bear any fee increases if the CIP is under-funded.

Staff comment: These too are legitimate concerns. Staff agrees that the fee needs to be 'correctly sized' but only within context of ensuring that FORA statutory obligations are ensured and the CIP is not 'under-funded.' There is also a high premium to coming to a clear decision that lends certainty to the jurisdictions, developers, and others.

- G. One developer was concerned that reductions harm unentitled projects.
- Concern about deficit in 2014 if fees are reduced.
 - It was suggested that the Board not take any action until the risks and benefits of various fee reduction scenarios could be further discussed.

Staff comment: Staff agrees that the risks & benefits of various fee reduction scenarios be further discussed.


FISCAL IMPACT:

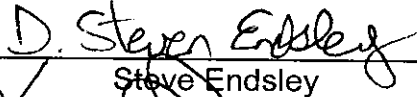
Reviewed by FORA Controller 

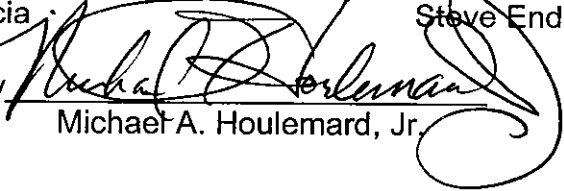
The additional \$5,000 budget authority increases the EPS contract to \$29,500. Funding is included in the approved FY 10-11 budget and is derived from the FORA CFD Fee.

COORDINATION:

Administrative Committee, CIP Committee, Executive Committee, development teams, Building Industry Association of the Bay Area, Development Planning & Financing Group, Inc., and EPS.

Prepared by  Jonathan Garcia

Reviewed by  Steve Endsley

Approved by  Michael A. Houlemard, Jr.

Tentative Scope Amendment for Economic & Planning Systems, Inc.

Scope is limited to a \$5,000 increase in budget and includes the following supplemental work:

1. One draft supplemental report addressing comments and questions discussed at the January FORA Administrative Committee and January FORA Board meetings.
2. Presentation at one additional Administrative Committee meeting.
3. Any additions or adjustments to the draft supplemental report for the next FORA Board of Directors meeting packet.
4. Presentation at one additional FORA Board of Directors meeting.

Attachment B

To Item 6a

FORA Board Meeting, January 14, 2011

Revised CIP Work Plan – September 2010 to January 2011

	Aug. 2010	Sept. 2010	Oct. 2010	Nov. 2010	Dec. 2010	Jan. 2011
1						
2						
3						
4						
5						
6						

1. Staff review of CIP program/ select consultant support
2. Oct. 20th – FORA Admin./CIP Committee – Program overview and feedback from stakeholders.
3. Nov. 17th – FORA Admin./CIP Committee – Consultant presents draft review of development forecasts and preliminary CIP analysis.
4. Dec. 15th – FORA Admin./CIP – Consultant presents draft summary report on CIP obligations, cost estimates and revenue forecasts.
5. Jan. 5th – FORA Admin./CIP – Consultant presents draft final report (includes previous reports plus sensitivity analyses, post-2014 options, and CIP funding source report)..
6. Jan. 14th – FORA Board – Consultant presents draft final report.

Presentation to the

**Fort Ord Reuse Authority
Board of Directors**

January 14, 2010

Capital Improvement Program (CIP) Overview

[History **]**

- Fort Ord Base Reuse Plan (BRP) set forth capital improvement obligations (1996-2015):
 - Transportation/Transit
 - Habitat Management
 - Water Augmentation
 - Storm Drainage
 - Wildfire safety
- Fort Ord Reuse Authority (FORA) Board established building removal obligations July 24, 2000.

[Sierra Club Lawsuit and Settlement Agreement]

- July 16, 1997 – Sierra Club challenged FORA actions approving BRP EIR.
- Nov. 30, 1998 – Sierra Club-FORA settlement agreement.
- FORA adopted Master Resolution Chapter 8 to assure resource constrained development and fair-share funding for regional improvements.

[Basewide Development Fee]

- Government Code authorized FORA to levy former Fort Ord development impact mitigation fees.
- In Jan. 1999, FORA Board adopted Resolution 99-1, creating a Basewide Development Fee to fund BRP mitigations “Fair-Share.”
- Adjusts July 1 annually, CCI increases.

[FORA Community Facilities District (CFD) Fee]

- FORA Board established former Fort Ord CFD by landowner election in May 2002.
- Can only be amended by CFD Voters.
- Adjusts July 1 annually, CCI increases.
- Basewide Development Fee applies to areas not within CFD.

[Other Major CIP Funding Sources]

- Land sale or lease proceeds
- Tax increment
- Grants
- Loans

[CIP Project Funding]

- CFD/Development Fee funds:
 - Basewide impact mitigations
- Land sale proceeds fund:
 - Building removal as per Board Direction
- Tax increments funds:
 - Operations and other unfunded projects

[CIP Project Funding (cont.)]

- Federal grants:
 - Roadway & Transit Improvements
 - Meter Installations
 - Sewer Lift Station Modernization
 - Water & Storm Drain Improvements
 - Base Reuse and Infrastructure Planning
- Loans:
 - Roadway & Transit Improvements
 - Building removal

Capital Improvement Obligations

- **Transportation/Transit (completed)**

- Gateway and miscellaneous safety improvements

- California Avenue

- Blanco Road widening

- Reservation Road widening

- 2nd Avenue

- Imjin Parkway

- General Jim Moore Blvd. (in progress)

- Eucalyptus Road (in progress)

[Capital Improvement Obligations]

- Habitat Management
 - 25% of CFD fee diverted to Habitat Conservation Plan (HCP) endowment fund (\pm \$36M) by Board direction
 - Total collected to date: \pm \$4M
 - If HCP is approved prior to full endowment funding, CFD must fund annual HCP operating costs in addition to building to the endowment target

[Capital Improvement Obligations]

- Water Augmentation/Wastewater Collection
 - Marina Coast Water District chosen as water/wastewater purveyor for former Fort Ord in 1997
 - Capital improvements are funded by MCWD customer rates, fees and charges
 - Water/Wastewater Oversight Committee reviews MCWD operating and capital budgets and makes recommendations to the FORA Board

[Capital Improvement Obligations]

- Water Augmentation/Wastewater Collection (Cont.)
 - Regional Urban Water Augmentation Program identified as the most appropriate water augmentation program
 - BRP original cost estimate of \$15M, cost indexed every year by CCI
 - 2005/06 CIP increased the total contribution to \$37M in lieu of MCWD capacity charge increase
 - 2010/11 CIP total contribution is \$43M

Completed Capital Improvement Obligations

- Storm Drainage
 - EDA grant paid for design of alternative disposal systems for storm water run off
 - EDA grant funded storm water outfall demolition and retention pond construction
 - *Work completed and obligation met in January 2004*

Completed Capital Improvement Obligations

- Public Facilities – Fire Station
 - Local jurisdiction fire chiefs conferred on best use of FORA funds toward fire fighting enhancement
 - Recommended purchase of all-terrain fire fighting vehicles (one each for the Cities of Marina, Seaside and Monterey and the Ord Military Community) and one water tender (Monterey County Regional Fire District) to serve former Fort Ord
 - FORA Board approved lease-purchase of equipment in 2003
 -

[Capital Improvement Obligations]

- Building Removal
 - \$46M in building removal costs within Dunes (Marina) – \$22M cash/\$24M land sales credits (FORA cash obligation met)
 - \$2,177,000 building removal costs within East Garrison (County) – land sales credits
 - Remaining obligations: stockade (± \$2.2M) and Surplus II (± \$4M)

Remaining Transportation / Transit Obligations

- On-Site
 - Abrams (Reimb. Agmt.)
 - 8th Street (Reimb. Agmt.)
 - Intergarrison (Reimb. Agmt.)
 - Gigling
 - Salinas Avenue (Reimb. Agmt.)
 - Eastside Road
 - South Boundary Road upgrade
- Off-Site
 - Davis Road north of Blanco Road
 - Davis Road south of Blanco Road
 - Reservation Road widening 4 lanes to Watkins Gate
 - Reservation Road widening Watkins Gate to Davis Road
 - Crescent Avenue extend to Abrams (Reimb. Agmt.)
- Regional
 - HWY 1 – Seaside Sand City
 - HWY 1 – Monterey Road interchange
 - HWY 156 – Freeway Upgrade
 - HWY 68 – Operational
- Transit
 - Transit vehicle purchase / replacement
 - intermodal centers

Transportation/Transit projects – anticipated completion before FORA Sunset

- On-site projects without a reimbursement agreement anticipated to be completed by June 30, 2014
 - GJMB
 - Eucalyptus Road
 - Eastside Road
 - South Boundary Road
 - Intergarrison Road
 - Gigling Road

[Remaining CIP Projects]

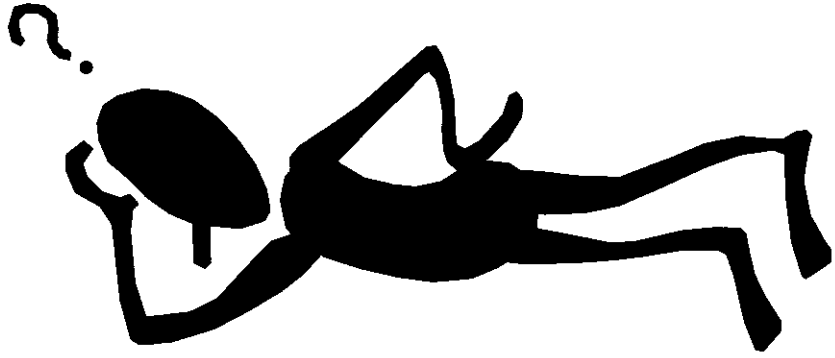
- FORA responsibilities
 - Fee Collections 2010/11 to 2021/22 (based on jurisdictions' development forecasts) - \$286.6 M
 - Cost of completing remaining CIP obligations
 - Transportation/Transit - \$115.7 M
 - HCP endowment - \$31 M
 - Water Augmentation - \$22.5 M (\$43.3 M including voluntary payment)
 - Fire Rolling Stock - \$464,000
 - Other Costs and Contingency Reserve - \$124.6 M
 - Building Removal - \$6.2 M

Projects remaining after FORA sunset

- FORA successor(s) responsibilities
 - Establish continuity of Fee Collection – post 2014 fee collections - \$192.2 M
 - Complete remaining CIP obligations
 - Transportation/Transit - \$46.1 M
 - HCP endowment - \$7.4 M
 - Water Augmentation - \$16.8 M
 - Other Costs and Contingency Reserve - \$124.6 M
 - Building Removal - \$2.5 M
 - Additional obligations if identified in BRP reassessment – unknown

]

Questions?



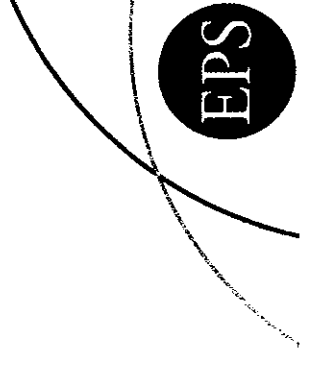
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Fort Ord Capital Improvement Program Review

Presented by
David Zehnder
Economic & Planning Systems

Prepared for the Fort Ord Reuse Authority
January 14, 2011





Overview and Purpose

- ▶ **Evaluate Economics of Base Reuse**
- ▶ **Review CIP assumptions**
- ▶ **Recommend Warranted Adjustments**
- ▶ **Ensure Continuing Ability to Fund CEQA Mitigations**



Sources of Information

- ▶ **Review of 2010 FORA CIP update**
- ▶ **Discussions with FORA staff**
- ▶ **Discussions with FORA member agencies**
- ▶ **Discussions with Fort Ord developers and representatives**
- ▶ **Evaluation of CIP costs and revenue sources**



Chief Principles of CIP Review

1. Ensure FORA's ability to meet required CEQA mitigation measures is maintained.
2. Do not place undue risk on FORA or its member agencies as a result of any changes.
3. Facilitate the ability of private developers to proceed with new and redevelopment projects in FORA's member jurisdictions.
4. Consider all available revenue sources.
5. Eliminate any unnecessary costs.
6. Any revisions to the CFD Special Tax should be proportional to all land uses.
7. Consider how FORA's potential sunset might affect completion of the CIP and potential revenue sources.



CIP Review Findings

1. Infrastructure cost burdens for residential development exceed feasible ranges
2. Residential residual land values are below acceptable ranges
3. The relative burden of the CFD Special Tax on nonresidential development is problematic, but not of the same magnitude as the residential burden
4. No reductions to the FORA CIP project list are required. Contingency could be reduced 40-75% and still provide coverage for CEQA mitigation projects



Major Uncertainties

- ▶ Potential FORA sunset or reconstitution in another form in 2014
- ▶ HCP and related endowment cost
- ▶ Potential TAMC revisions to transportation improvement timing
- ▶ Development forecasts given national, regional, and local economic conditions



Multi-Phased Approach Recommended

- ▶ **Immediate Actions**
 1. Implement an interim reduction to CFD Special Tax
 2. Fix the duration/amount (up to 2 years and/or volume threshold)

- ▶ **Ongoing Financing Strategy**
 1. Reevaluate the CFD status in the context of resolving the ultimate transition /extension of FORA



Across-the-Board CFD Special Tax Reductions

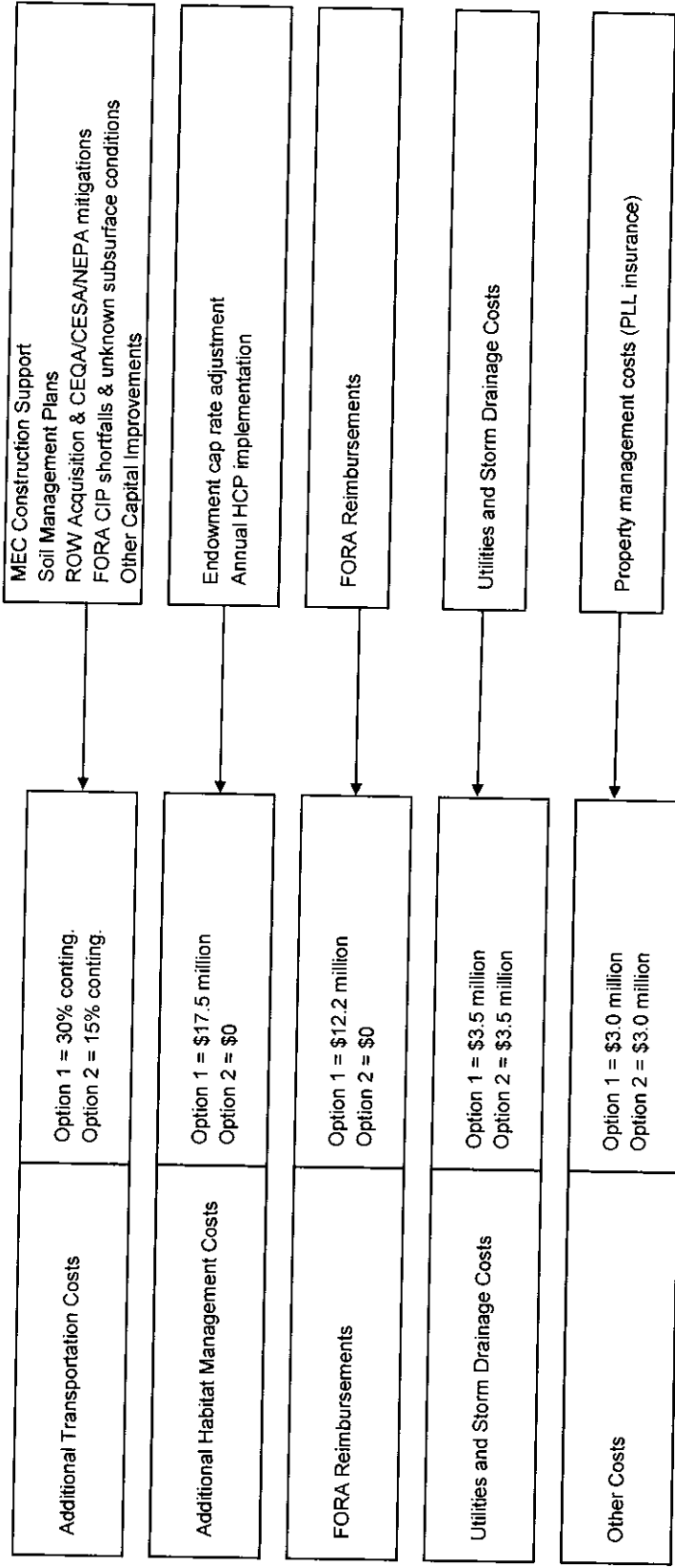
- ▶ Option 1: Initial Recommendation
 - ▶ Reduce the CIP Contingency to \$70.9 million
 - ▶ Reduce CFD Special Tax ~21.5%
 - ▶ Reduce residential SFR rate to \$36,500

- ▶ Option 2: Current Recommendation
 - ▶ Builds on Option 1
 - ▶ Further reduce transportation project contingency
 - ▶ Eliminate HCP contingency
 - ▶ Eliminate FORA loan repayment line-item

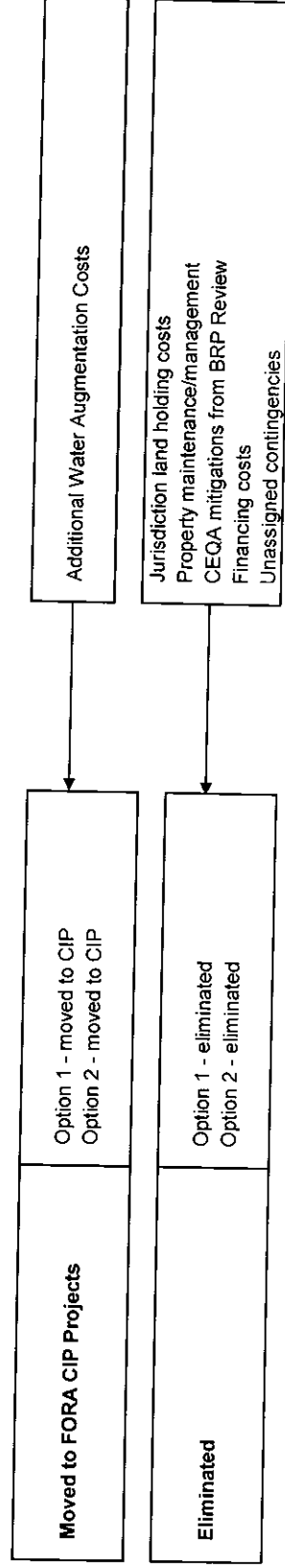
- ▶ Option 3: “Policy-Based” Recommendation
 - ▶ Tax below the “minimum” justifiable CFD Special Tax Rates

Options	Description	CFD Special Tax % Reduction	Total Program Cost	SFR CFD Special Tax
Present	CFD Special Tax based on July 2010 CIP Update	-	\$295.1 mill	\$46,205
Option 1	Reduce Contingency to \$70.9 million. Includes other revenue and cost assumption updates	21.5%	\$267.1 mill	\$36,271
Option 2	Consistent with Option 1. Reduce Contingency to \$23.9 million.	36.0%	\$220.1 mill	\$29,600
Option 3	Discretionary action by FORA to reduce CFD Special Tax below Option 1 or 2	TBD	TBD	TBD

INCLUDED IN CONTINGENCY



EXCLUDED FROM CONTINGENCY



Proposed 2011 FORA CIP Contingencies

Option 1

Item	Amount	% of Contingency	% of CIP	Description
Additional Transportation Costs	\$34,700,000	48.9%	17.8%	Equals 30.0% contingency on total transportation CIP. Covers MEC const. support, soil mgt. plans, ROW acquisition, unknown subsurface conditions, phasing, etc.
Additional Habitat Management Costs	\$17,500,000	24.7%	9.0%	Assumes 50% increase over existing \$35.0 million estimate based on revised endowment investment return calculations.
FORA Reimbursements	\$12,200,000	17.2%	6.3%	CFD Fee repayment of FORA's land sale proceeds loaned to complete CIP projects.
Utilities and Storm Drainage Costs	\$3,500,000	4.9%	1.8%	Staff estimates of anticipated project expenditures.
Other Costs	\$3,000,000	4.2%	1.5%	Staff estimate for PLL insurance beyond 2014.
Total Contingencies	\$70,900,000	100.0%	36.5%	

Proposed 2011 FORA CIP Contingencies

Option 2

Item	Amount	% of Contingency	% of CIP	Description
Additional Transportation Costs	\$17,400,000	72.8%	8.9%	Equals 15.0% contingency on total transportation CIP. Covers MEC const. support, soil mgt. plans, ROW acquisition, unknown subsurface conditions, phasing, etc.
Additional Habitat Management Costs	\$0	0.0%	0.0%	Option 2 eliminates this item.
FORA Reimbursements	\$0	0.0%	0.0%	Option 2 eliminates this item.
Utilities and Storm Drainage Costs	\$3,500,000	14.6%	1.8%	Staff estimates of anticipated project expenditures.
Other Costs	\$3,000,000	12.6%	1.5%	Staff estimate for PLL insurance beyond 2014.
Total Contingencies	\$23,900,000	100.0%	12.3%	

Potential CFD Rate Reductions

Residential per Unit

Land Use	OPTION 1			OPTION 2				
	Existing CFD Special Tax	Option 1 Reduction	CFD Special Tax	Option 2a Roadway Cont. Reduction	Option 2b Habitat Cont. Reduction	Option 2c CIP Loan Reduction	Subtotal Additional Reduction	CFD Special Tax
July 1, 2010			December 15, 2010			January 14, 2011		
Percentage Change			-21.5%	-5.3%	-5.4%	-3.7%		ROUNDED
New Residential	\$46,205	(\$9,934)	\$36,271	(\$2,456)	(\$2,484)	(\$1,732)	(\$6,672)	\$29,600
Existing Residential	\$13,892	(\$2,987)	\$10,905	(\$738)	(\$747)	(\$521)	(\$2,006)	\$8,900
Office & Industrial	\$6,056	(\$1,302)	\$4,754	(\$322)	(\$326)	(\$227)	(\$875)	\$3,900
Retail	\$124,885	(\$26,850)	\$98,035	(\$6,638)	(\$6,715)	(\$4,681)	(\$18,034)	\$80,000
Hotel	\$10,304	(\$2,215)	\$8,089	(\$548)	(\$554)	(\$386)	(\$1,488)	\$6,600

Nonresidential per acre or room (hotel)

Option 1

Option 2



Economic Condition Requirements

- ▶ **General Conditions to Realize Near-term Development**
 1. Ensure base-wide reuse plan CEQA mitigations are fully-funded;
 2. Ensure planned development projects are economically feasible; and
 3. Provide certainty to the development community.



Multi-Phased Approach Recommended

- ▶ **Immediate Actions**
 1. Implement an interim reduction to CFD Special Tax
 2. Fix the duration/amount (up to 2 years and/or volume threshold)
- ▶ **Ongoing Financing Strategy**

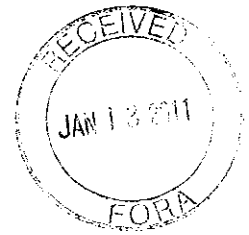
Reevaluate the CFD status in the context of resolving the ultimate transition /extension of FORA

Ongoing CIP Evaluation and Financing Strategy

- ▶ Following “Immediate Actions” FORA should:
 1. Establish a framework to evaluate additional mid- to long-term actions in advance of potential FORA sunset date
 2. Evaluate three key revenues contingent upon FORA sunset:
 - ▶ **CFD Special Taxes**
 - ▶ **Tax-Increment Revenues**
 - ▶ **Land Sales Revenues**
 3. Obtain commitment to resolve outstanding issues regarding FORA’s extension or transition

Crisand Giles
Executive Director

January 12, 2011

FORA Board of Director's
Fort Ord Reuse Authority
910 2nd Avenue
Marina, CA 93933**RE: Comment Letter Item 6.a Capital Improvement Program – Work Plan**

Dear Board Members;

On behalf of the Building Industry Association of the Bay Area (BIA) we appreciate the opportunity to review and comment on the Capital Improvement Program (CIP) Work Plan. Recent meetings with the Joint Admin Committee and FORA Staff have had productive discussions on the three Options outlined in the EPS memo(s). This comment letter is intended to address concerns outlined in FORA's draft staff memo and provide additional information for the Board's consideration. We believe that supporting any of the ESP Options is premature at this time and look forward to a public workshop session where the Board can review materials in greater detail.

Key concerns that came out of the Joint Admin Committee Discussions (detailed in Appendix A attached) were; Perceived CIP Funding Gap, Tax Increment Revenues, Removal of the Affordable Housing Program, Project Contingency, and Habitat Conservation Plan Uncertainty.

It is important to acknowledge that there is uncertainty in funding the adopted 2010 CIP program already. The program is expected to be completed in 2022 but FORA has no legal authority to collect fees after 2014. The CFD Special Tax does not have a life beyond the FORA sunset timeline unless a legislated extension is approved, and yet extending FORA carries the risk of losing significant tax increment dollars planned to fund; affordable housing, schools, county general fund, other taxing entities, and local redevelopment agencies.

If we do not find a way to encourage the construction of redevelopment projects we can't fund the remaining CIP mitigations. The CIP has placeholder assumptions layering exceedingly high contingency amounts and discounting revenue sources. If we update the program assumptions and reduce the CFD, we can allow construction to occur, generating special tax revenue and funding the CIP to complete *all* of the base reuse mitigations.

We look forward to a scheduled Board workshop session to review the CIP line items in detail and identify a program that could be supported by the FORA Board, the Joint Admin Committee, and community stakeholders. If we continue to wait until the market can absorb the costs associated with the CFD special tax we slow the increase in property value that fuels the Tax Increment revenue, losing significant redevelopment funds for FORA communities.

Best regards,

Crisand Giles
Executive Director, Building Industry Association of the Bay AreaMailing Address:
150 S Almaden Blvd.,
#1100
San Jose, CA 95113

Tel (408) 961-8133
giles@biabayarea.org
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APPENDIX A

Appendix A is intended to address concerns cited in FORA 's CIP staff memo and discussed at the January 5th Joint Admin Committee Meeting. The figures and data referenced in this Appendix came from a 30-page CIP fee analysis prepared for the BIA by Development Planning & Financial Group, Inc (DPFG report August 2010). *The full report and presentation materials are available at your request.*

Concerns from Joint Admin Committee Discussions (01/05/2011):

- **Perceived CIP Funding Gap**
- **Tax Increment Revenues**
- **Removal of the Affordable Housing Program**
- **Project Contingency**
- **Habitat Conservation Plan Uncertainty**

Perceived CIP Funding Gap

There has been much discussion at the Admin Committee about funding gaps created by adopting the interim Options as outlined in the EPS memos. The memos reference that lowering the CFD would create a funding gap for specific CIP projects and that if other revenue sources are not achieved (land sales and/or Tax Increment) CIP projects could be delayed or reprioritized. EPS highlights this in Table 2 of the Draft 2010 CIP Review, there appears to be a cash flow deficit in years 2012-13 through 2016-17. This deficit is concluded based on three key assumptions: 1) the anticipated rate of absorption as projected by FORA and its member agencies, 2) the current CIP construction schedule and 3) the exclusion of any additional revenue sources. This funding gap can and should be addressed by applying the following modifications to those assumptions. The current draft CIP construction schedule should be adjusted to match the receipt of funds. It is probable that advance funding of those improvements could be completed in concert with developments that are moving forward at the time those improvements are currently scheduled. The potential for Tax Increment funding as addressed in the following section can and should be considered in the ultimate funding program for the implementation of the base reuse at Fort Ord. Lastly, the CIP program adopted July 2010 outlined projected land sale revenue totaling \$61.4 million, even if land valuation is further reduced in the current economy FORA will still receive some projected revenue minus building removal (building removal is estimated at 25.6 million). The CIP has additional revenue sources to shore any perceived funding gap – if construction does not occur, there are no CFD revenues to collect – the funding gaps get larger and hit earlier.

Tax Increment Revenues

The BIA believes that Tax Increment is an important revenue source relevant to CIP discussions. Tax Increment is a public financing tool that uses future gains in taxes to finance public improvements, when redevelopment projects are built they increase the real estate value and property tax.

FORA's enabling legislation allows a generous split of the generated Tax Increment revenue. Since Fort Ord was previously a military base its assessed value starts at **zero** – any project improvement on the base has the ability to generate new Tax Increment that can be used to finance public improvements. The formula for Tax Increment distribution is well defined in the FORA legislation, with a set waterfall of distribution that benefits; Affordable Housing, Schools, FORA, the County General Fund, Other Taxing Entities and City and County Redevelopment Agencies.

As part of the BIA Bay Area analysis conducted by DPFG we looked at the adopted CIP program (July 2010) and ran a Tax Increment projection using the project absorption defined by the adopted CIP program and adding conservative assessed values to; residential , office, industrial, retail and hotels (Figure 1, top left). We ran the Tax Increment projection to the estimated CIP completion in 2022. The Tax Increment waterfall distribution is shown (Figure 1, lower left). The hard line to the right of the table indicates the FORA sunset timeline in 2014, the adjustment to the Tax Increment waterfall distribution post FORA is also indicated.

Figure 1: Tax Increment Projection to 2014

Agency Tax Increment		Year	Year	Year	Year	
Combined Cumulative Incremental Assessed Values		2010-11	2011-12	2012-13	2013-14	
	Base Year Values					
Residential	\$ 300,000 per unit	118,726,500	212,368,815	401,397,388	813,668,812	
Office	\$ 250 per sq. ft.	45,452,450	82,952,240	208,498,498	310,054,286	
Industrial	\$ 150 per sq. ft.	30,145,500	55,161,288	83,846,822	122,251,921	
Retail	\$ 250 per sq. ft.	-	52,272,500	75,109,425	206,672,276	
Hotel	\$ 300,000 per room	-	31,363,500	81,093,468	181,870,476	
Combined Cumulative Incremental Assessed Values:		194,324,450	434,116,352	849,345,597	1,694,847,771	
Gross Tax Increment at 1% of assessed value		194,350	1,943,245	4,341,184	8,499,456	
Waterfall Distribution of Tax Increment						
	Prior to FOR A SUNSET	Post FOR A				
Low-Mod Housing Set-aside	20.0%	20.0%	38,870	388,648	868,237	1,699,891
County Admin Charges	1.4%	1.4%	2,760	27,594	61,845	120,692
Tier 1 Schools (26% of 51.2%)	10.2%	10.2%	19,901	198,988	444,537	870,344
Tier 2 Schools (21% of 51.2%)	8.6%	8.6%	16,717	167,180	373,411	731,089
Tier 3 Schools (14% of 51.2%)	0.0%	0.0%	-	-	-	-
FORA	21.4%	0.0%	41,601	415,960	929,249	1,819,346
County	15.3%	23.2%	29,715	297,114	683,750	1,299,533
Other Taxing Entities	3.1%	4.8%	5,943	59,423	132,750	259,907
Agency - remaining TI	20.0%	31.6%	38,842	388,366	867,605	1,698,654
Total Waterfall Distribution			194,350	1,943,245	4,341,184	8,499,456
FORA - Existing Tax Increment (a)			1,180,854	1,204,471	1,228,561	1,253,132
FORA - Projected Tax Increment			41,601	415,960	929,249	1,819,346
FORA - Total Tax Increment (annual)			1,222,455	1,620,431	2,157,810	3,072,478
FORA - Total Tax Increment (cumulative)			1,222,455	2,842,887	5,000,697	8,073,174

(a) Existing FORA tax increment, \$1,135,000 (2008/09 => indexed to 2010/11). Per 2008/09 Audited Financial.

Tax Increment can only be collected for a finite amount of time, linked to the life of the redevelopment agency agreement – for FORA jurisdictions generally to 2040-2043. This is where the numbers get impressive, remember that Fort Ord starts with an assessed value of **zero**, so all the planned projects generate new Tax Increment when they are constructed. Figure 2 illustrates the Tax Increment generated through 2022. The gross Tax Increment is \$329.6 Million (Figure 2, last column) to be split between; Affordable Housing, Schools, the County General Fund, Other Taxing Entities and City and County Redevelopment Agencies – the individual breakdown of the \$329.6 through 2022:

- \$65.9 Million Affordable Housing

- \$62.0 Million Schools
- \$76.0 Million County General Fund
- \$102.3 Million City and County Redevelopment Agencies.

Figure 2: Tax Increment Projection to 2022

Agency Tax Increment		Year	Year	Year	Grand	
Combined Cumulative Incremental Assessed Values		2019-20	2020-21	2021-22	Total	
Base Year Values						
Residential	\$ 300,000 per unit	2,302,648,457	2,433,817,874	2,524,222,450	18,141,888,886	
Office	\$ 250 per sq. ft.	847,737,319	894,415,803	942,919,159	6,664,964,696	
Industrial	\$ 150 per sq. ft.	387,071,775	413,071,493	426,083,830	2,996,729,268	
Retail	\$ 250 per sq. ft.	548,135,298	574,889,794	595,826,951	4,319,466,526	
Hotel	\$ 300,000 per room	755,779,738	834,584,347	953,276,034	6,286,047,897	
Combined Cumulative Incremental Assessed Values		4,830,370,586	5,250,878,811	5,442,308,324	38,407,276,482	
Gross Tax Increment at 1% of assessed value		48,259,117	48,393,706	52,508,789	329,849,881	
Waterfall Distribution of Tax Increment						
	Prior to FOR A SUNSET	Post FOR A				
Low-Mod Housing Set-aside	20.0%	20.0%	9,251,823	9,878,741	10,501,758	65,929,836
County Admin Charges	1.4%	1.4%	668,879	687,191	745,625	4,681,028
Tier 1 Schools (25% of 51.2%)	10.2%	10.2%	4,736,934	4,855,515	5,378,900	33,768,127
Tier 2 Schools (21% of 51.2%)	8.6%	8.6%	3,979,024	4,162,833	4,518,596	28,356,147
Tier 3 Schools (14% of 51.2%)	0.0%	0.0%				-
FORA	21.4%	0.0%	0	0	0	3,206,167
County	15.3%	23.2%	10,835,582	11,335,581	12,290,484	75,997,768
Other Taxing Entities	3.1%	4.9%	2,206,724	2,308,562	2,504,856	15,468,988
Agency - remaining TI	20.0%	31.6%	14,592,151	15,285,493	19,563,671	102,264,816
Total Waterfall Distribution			48,259,117	48,393,706	52,508,789	329,849,881
FORA - Existing Tax Increment (a)			0	0	0	4,987,017
FORA - Projected Tax Increment			0	0	0	3,206,167
FORA - Total Tax Increment (annual)			0	0	0	8,073,174
FORA - Total Tax Increment (cumulative)			8,073,174	8,073,174	8,073,174	

(a) Existing FORA tax increment, \$1,135,000 (2008/09 => indexed to 2010/11). Per 2008/09 Audited Financial.

The outlined box in Figure 2 (3rd column) illustrates the tax increment that is unrealized if we delay the schedule of development by 1-year. Because the timeline to receive Tax Increment is finite and linked to the redevelopment agency agreements a delay in construction is the loss of unrealized Tax Increment generated *at the end* of the redevelopment agency timeline where the amount is greatest. Instead of losing the first year of Tax Increment generation by moving out the development schedule by an additional year you actually lose the last year of Tax Increment generation because that tax increment is compounded after the RDA timeline has expired and Tax Increment can no longer be collected. In our modeled projection, ending in 2022, that would be \$52.5 Million in unrealized Tax Increment, of which;

- \$10.5 Million Affordable Housing
- \$9.9 Million Schools
- 12.3 Million County General Fund
- \$16.6 Million City and County Redevelopment Agencies.

Whether you are in favor or against new development is no longer an issue – a significant amount of construction projects have already been approved for redevelopment. Delaying those projects now will only have a negative effect on the region’s affordable housing program, schools, the county general fund, and local redevelopment agencies. FORA jurisdictions stand to benefit significantly by the investment of generated Tax Increment revenue, we need to act quickly and get construction started.

Removal of the Affordable Housing Program

As stated in the ESP memo there has been no new affordable housing development on the former Fort Ord military base, primarily because they are required to pay the full CFD special tax amount for affordable residential construction. It has been staff’s assertion that only projects with greater than 20% affordable set-aside qualify for the programs fee reduction, no approved affordable housing projects currently qualify. Removing this line item (that affordable builders cannot qualify for) is not expected to have a negative impact on CFD Special Tax levels and would allow an additional \$30 million in CIP program corrections to further reduce the CFD fee. Affordable housing providers would benefit from the overall CFD correction and could begin construction immediately on their projects.

Project Contingency

Contingency is a standard project management reserve, an amount the consultant or contractor may want to include to cover the unforeseen minor changes or unexpected technical and/or design items found during construction. The adopted FORA CIP program (July 2010) is layered with Project Contingency beyond the 35% standard for a CIP program of this scale. As CIP projects have been completed the contingency has not been reduced even though the risk of cost overruns is lessened as construction progresses. BIA believes that the contingency should be corrected beyond what is noted in the EPS memos; it is our contention that EPS did not have a full accounting of the layered contingency in the CIP line items.

Figure 3: FORA CIP Mitigation Costs

FORA CIP Cost	FORA CIP	Contingency
Transportation		
Regional	31,872,758	35% TAMC estimate 2005
Off-Site	19,922,781	35% TAMC estimate 2005
On-Site	50,168,219	35% TAMC estimate 2005
Transit	13,762,169	35% TAMC estimate 2005
Sub Total Transportation	\$115,725,927	\$30,003,018 of Contingency
Potable Water	43,200,032	30% MCWD estimate 2007
Habitat Management Plan	31,016,924	30% estimated contingency
Fire Rolling	464,000	unknown
Sub Total	\$74,680,956	\$16,068,582 of Contingency
CIP Project Total	\$190,406,883	Of which \$46,071,600 Contingency

The BIA can certainly understand planning to have enough funds to cover construction planning shortfalls; however the CIP program as adopted has a generous amount of project contingency layered throughout the program. The CIP program costs for transportation, water and the HCP have \$46 Million in project contingency which is already 24% of the full mitigation total \$190 Million (Figure 3).

We believe there may be some amount of additional project contingency that is warranted per the EPS discussion, but we firmly believe EPS remained unaware of the contingency already present in the TAMC, HCP and MCWD project estimates, it is our understanding that EPS based their estimates on staff discussions and not by reviewing the TAMC reports (1997 and 2005) or MCWD report (2007) or recent HCP projections prior to completing their analysis.

In addition to the \$46 Million of project contingency within the approved CIP programmatic mitigations (transportation, water and HCP) an additional \$124 Million in contingency (Figure 4) is identified in the adopted 2010 CIP program. Many of the line items referenced in the CIP contingency section are described in vague terms as initial placeholders and duplicate the project risk associated with mitigation construction already identified in the transportation, water and HCP cost estimates.

Figure 4: FORA CIP Contingency

FORA CIP Contingency	
Additional Projects	12,053,516
Caretaker	16,256,930
Habitat	488,678
Parks Storm	1,500,000
Utilities	2,000,000
Water Augmentation	20,800,000
Unknowns/CEQA/Shortfalls	1,500,000
Overhead/Administration	70,000,000
Sub Total Contingency	\$124,599,124

With \$190 Million identified to complete the program mitigations, 24% of which is already contingency, it is unfathomable that FORA is still expecting an additional \$124 Million in contingency related cost overruns, these are clearly line items that need to be removed.

Total CIP Project Mitigation estimates to complete the remaining mitigations within the CIP program totals \$190 Million with \$170 Million (\$46M + \$124M) in combined project contingency – that is currently a 90% contingency program when individual programmatic contingency items are identified.

If we follow EPS' assertion that 35% as an acceptable percentage of CIP program contingency, the total contingency should equal \$50.5 Million – with \$46 Million already identified in the transportation, water, and HCP program costs that would leave an additional contingency line item of \$4.4 Million to achieve the 35% recommended by EPS, not the \$124 Million of additional contingency identified in Figure 4.

Project Cost = \$144,335,283 @ 35% Contingency = \$50,517,349.05 with \$46,071,600 Contingency already included in Trans, water and HCP (Figure 3) we have a remaining balance needed of \$4,445,749.05 of remaining project contingency to be assigned.

Habitat Conservation Plan Uncertainty

It is clear from Habitat Conservation Plan (HCP) updates at the Joint Admin and Board level that staff has had significant problems with state and federal agencies on completing the preliminary draft HCP review. The development community is willing to partner with FORA to find out where the stall is happening and how to get to a public draft review of the HCP document quickly. There have been many

estimates and concerns discussed about the programmatic costs to fulfill the HCP mitigations, but the only current cost estimate we have to fund the HCP program is the \$31 Million referenced in the 2010 adopted CIP program and submitted in the preliminary HCP draft. While this estimate may change with the state and federal agency review it is important for the Board to note what is happening regionally with HCP cost estimates. Santa Clara's HCP document, released December 2010 for public review, reduced their initial cost projections, primarily due to program streamlining, construction, and land acquisition costs by 30%. It is not a given in this economic environment that lead agencies will increase the programmatic costs associated with HCP mitigation, especially given that many of the projects ready to begin construction already have their federal and state permits.

If we update the current CFD assumptions as an interim program to bridge the adoption of a new CFD we can remove the uncertainty associated with a new Fort Ord governing body post 2014. This would give the Board the ability to set the fee annually to cover the costs of all the mitigations including future cost updates to the HCP program.



ilding Community



January 11, 2011

Michael Houlemard
Director
Fort Ord Reuse Authority
100 12th Street, Building 2880
Marina, CA 93933

Re: Support for FOR A Fee Reduction

Dear Mr. Houlemard:

In 2005 South County Housing was selected as the Affordable Housing Developer for the Dunes Development at Fort Ord, (formerly known as University Village). Since that time SCH has obtained \$7.8 Million in state resources to develop the 108 very low and low affordable rental units proposed at 2nd Avenue and 9th Street. In August 2010 we applied for our last remaining competitive financing and needed confirmation of the applicable impact fees. At that time your office issued a letter from your attorneys indicating that our project did not meet the criteria for the Special Tax Rate for Existing Residential (Affordable Housing/Below Market Housing Tier 2 portion of the Taxable Property Classifications and Maximum Special Tax Rates).

We have not appealed or challenged this decision at this time. We understand that FOR A is undertaking a review of the CIP and its impact on Fort Ord redevelopment activity. The review is assessing risks and benefits associated with fee reductions proposed by the Fort Ord development community.

We support staff's efforts to arrive at a more fair assessment of fees and hope that it results in a significantly lower fee that will enable us to move our project forward. Here are some of the many reasons we support this effort:

- 1) The original intent of the reduced FOR A fee was in part to stimulate higher density affordable housing development; our affordable rental project is designed at 24 units/acre greatly reducing our overall footprint



- 2) The cost of impacted infrastructure improvements for which the fees were originally developed are currently at historic lows due to the market downturn.
- 3) Our project will leverage over \$30 million in private sector financing through Federal Low Income Housing Tax Credits and conventional construction and permanent loan financing
- 4) Our project will leverage over \$11.8 million in state and federal subsidies; \$7.8 million is currently committed.
- 5) Our project will create approximately 125 full time jobs throughout the Monterey Bay Region.
- 6) This development will serve as a catalyst for additional redevelopment activity at the former Fort Ord and help support retail activity at the newly constructed Dunes regional retail center.

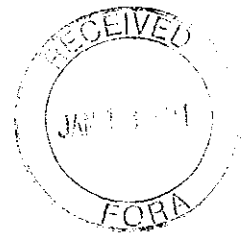
This is a shovel ready project that would be able to proceed within 60 days of obtaining our remaining project financing. The approval of a much lower FORA fee would be an incredible support to our project since we would need a significantly less gap financing and a lower construction loan to complete our project financing.

Thank you for your time and consideration.

Sincerely,



Matt Huerta
Director of Housing Development
(408) 843-9263



Draft Report

The Economics of Land Use

Fort Ord Capital Improvement Program Review



Prepared for:

Fort Ord Reuse Authority

Prepared by:

Economic & Planning Systems, Inc.

January 14, 2011

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1. EXECUTIVE SUMMARY

This report summarizes the Fort Ord Reuse Authority (FORA) Capital Improvement Program (CIP) review and presents the findings and conclusions from that review. As described herein, this document suggests immediate FORA actions to implement an interim Community Facilities District (CFD) Special Tax and ongoing strategies and actions to implement an updated basewide infrastructure financing strategy that is tied to resolution of the ultimate transition or extension of FORA.

Overview and Purpose

The purpose of the FORA Capital Improvement Program (CIP) review is to ensure the FORA revenue sources, including the CFD Special Tax (one-time special tax or CFD Special Tax), can implement the Base Reuse Plan by completing required California Environmental Quality Act (CEQA) mitigation measures. The required CEQA mitigations are included as CIP project costs in the FORA CIP. At this time, there is broad recognition that current Special Tax Rates set to offset these CIP costs are a major factor precluding the near-term re-initiation of development within FORA's jurisdiction, combined with the effects of the present economic downturn.

When established, the CFD Special Tax was calibrated to a particular set of CIP improvements serving the overall base and local jurisdictions. The present FORA CIP review is chiefly aimed at revisiting the FORA CFD Special Tax requirement to investigate methods of improving the overall feasibility of development while ensuring that the critical CEQA mitigations addressed by the CIP are funded. While some have suggested reducing the CFD Special Tax by downsizing the CIP (e.g., eliminating projects) serving the base, such changes could require a complete reworking of the Base Reuse Plan. A more practical approach, described in this report, considers the Base Reuse Plan as a phased outcome, with CFD Special Taxes calibrated to the staging of infrastructure in recognition of changing market conditions and a realistic assessment of risk and required cost contingencies applied to the CIP.

As described in the following sections, the FORA CIP review and resulting recommendations are based on a set of principles designed to ensure the timely completion of CIP projects for successful implementation of the Base Reuse Plan.

Methodological Approach

The methodological approach includes both a comprehensive review of the FORA CIP and an examination of the infrastructure cost burdens faced by prototypical development projects that would be subject to the CFD Special Tax. This approach addresses the dual goals of (1) ensuring that specific projects and related contingencies are clearly delineated, fully transparent, and deemed appropriate; and (2) ensuring that resulting infrastructure cost burdens (including CFD Special Taxes) are consistent with generally accepted thresholds.

To facilitate the CIP review, Economic & Planning Systems, Inc., (EPS) developed a set of underlying principles to be used in the review of the CIP and related one-time special tax. The principles being used were informed by the following items:

- Review of 2010 FORA CIP update material (from July 2010).
- Discussions with FORA staff.
- Discussions with FORA member agencies.
- Discussions with Fort Ord developers and representatives.
- Evaluation of CIP costs and revenue sources.

Based on direction from FORA staff and the FORA Administrative Committee (Administrative Committee), EPS has employed a collaborative approach to reviewing the CIP and related CFD Special Tax.

CIP Review Principles

Based on the review of CIP materials and input from key stakeholders, EPS determined that any short-term updates or modifications to the CIP and related one-time special tax should adhere to the following principles:

1. Ensure FORA's ability to meet required CEQA mitigation measures is maintained.
2. Do not place undue risk on FORA or its member agencies as a result of any changes.
3. Facilitate the ability of private developers to proceed with new and redevelopment projects in FORA's member jurisdictions.
4. Consider all available revenue sources.
5. Eliminate any unnecessary costs.
6. Align the timing of CIP projects with available CFD Special Taxes and other revenue sources.
7. Use contingency allowances for contingent costs only.
8. Align contingent costs with contingent revenues (or expressed differently, use highly certain revenues to fund the highest priority costs).
9. Any revisions to the CFD Special Tax should be proportional to all land uses (further consideration of cost incidence among individual land uses could be considered as a subsequent step as discussed later in this memorandum).
10. Consider how FORA's potential sunset might affect completion of the CIP and potential revenue sources.

CIP Review Findings

The CIP review and CFD Special Tax analysis yielded the following results, each of which is described in more detail in **Chapter 2**:

1. Infrastructure cost burdens for residential development exceed feasible ranges.

As discussed in Appendix D, the Special Taxes, added to other applicable fees and costs, constitute an untenable burden on new development, relative to reduced asset values resulting from the economic downturn. The development community has stated that a substantial (30- to 40-percent) reduction in the Special Tax would provide the impetus to re-initiate residential development.

2. Residential residual land values are below acceptable ranges.

Related to finding #1, land values have dropped substantially as a result of lower lease rates and price points, relative to horizontal and vertical construction costs. While the CFD Special Tax burden contributes to these results, other cost factors also influence the residual land values. Adjustments to infrastructure costs and other unit development cost factors are necessary to achieve development feasibility.

3. The relative burden of the CFD Special Tax on nonresidential development is problematic, but not of the same magnitude as the residential burden.

A meaningful reduction of costs confronting commercial projects could have the direct impact on the near-term initiation of further development, assuming that consumer spending and other factors associated with product demand continue to improve. Facilitation of commercial development has a direct, meaningful impact on funding community services and generating tax increment for future basewide funding initiatives.

4. No reductions to the FORA CIP Project list are required. However, the CIP Contingency allowance could be reduced by approximately 40 to 75 percent while still providing coverage for CEQA mitigation projects.

Over time, ongoing monitoring will be necessary to calibrate the timing of key infrastructure projects to ensure the development of planned residential and commercial projects.

CIP Recommendations

Over the next 2 to 3 years, FORA and the CIP face many uncertainties that will likely have a direct influence on the future CIP and CFD Special Tax, including these:

- Potential FORA sunset or reconstitution into another form in 2014.
- Habitat Conservation Plan and endowment cost.
- Potential TAMC reallocation of transportation improvements.
- Development forecasts given national, regional, and local economic conditions.

Overall, there is a need to bring down costs to facilitate the economic feasibility of planned projects in all of FORA's jurisdictions. At the same time, there is a major "juncture" just over the horizon in the form of consideration of the future role, if any, of FORA after 2014. In this short-term timeframe, additional certainty regarding habitat maintenance costs will come to light.

To realize near-term development, three general conditions must be met: (1) ensure basewide reuse plan CEQA mitigations are fully funded, (2) ensure planned development projects are economically feasible, and (3) provide long-term certainty to the development community.

To satisfy these three conditions, EPS recommends a multiphased approach aimed at ensuring that the CFD Special Tax, when considered with all other revenue sources, enables FORA to fulfill

its reuse obligations at Fort Ord. The multiphased approach is composed of the following two steps:

1. Immediate Actions.
2. Ongoing Financing Strategy Implementation.

Immediate Actions

Immediately, FORA should implement an interim across-the-board reduction to the CFD Special Tax using the 2010 CFD Special Tax rate as the basis. This action should be implemented for a fixed duration (e.g., up to 2 years) at which time FORA will reevaluate the status of the CFD Special Tax in context of resolving the ultimate transition or extension of FORA.

The immediate adjustment to the CFD Special Tax should be augmented and coordinated with other potential adjustments based on factors such as economic development incentives, as well as concurrent actions such as other agency fee reductions.

Three broad options for FORA implementation have been developed as product of the CIP review, meetings with the FORA Administrative Committee and meetings and feedback from the development industry. **Table 1** summarizes the key features for the following three options:

- **Option 1:** Predicated on an initial review by EPS, this more moderate approach would reduce the CIP contingency from approximately \$124.6 million to \$70.9 million and reduce the CFD Special Tax by approximately 21.5 percent. The new residential single family tax would drop from approximately \$46,200 to \$36,300. Concern has been registered during the FORA Administrative Committee meetings that the modest reductions in the CIP contingency did not go far enough and that the resulting relatively modest special tax reduction may not be sufficient to catalyze the re-initiation of development.
- **Option 2:** Following the development and presentation of Option 1, as described above, EPS held an internal workshop with Development Planning and Finance Group (DPFG), representatives of the building industry, to further evaluate the CIP and explore options for further cost reductions. The product of this collaborative effort, Option 2, builds on the Option 1 approach to recommend a number of additional adjustments related to further reduction of transportation project contingencies, eradication of the HCP contingency, and elimination of the FORA loan line-item. These adjustments are fully articulated in Chapter 2. As a result of this more concerted approach to cost reductions, Option 2 would reduce the original CIP Contingency from approximately \$124.6 million to \$23.9 million and consequently reduce the CFD Special Tax by approximately 36 percent.
- **Option 3:** At its discretion, FORA could implement a policy-based decision to reduce the CFD Special Tax below the "minimum" justifiable CFD Special Taxes derived above under either Option 1 or Option 2.

EPS believes that Option 2 provides the required basis for inducing near-term development. Although this reduction does not fully correct the cost-burden imbalance described earlier, it would provide a meaningful cost reduction that has been identified by the development

community as “sufficient to start the machine.” The cost reductions may be most effective in bringing commercial development prototypes closer to feasibility. This approach to reducing costs to residential and commercial development, while providing adequate funding of CEQA-related basewide infrastructure projects, is predicated on an interim application period extending from the present time to 2013/14, at which time a permanent basewide funding approach would be resolved in concert with resolution of FORA’s transition. Potential risks of capital funding shortfalls would be mitigated by two factors: 1) certain near-term residential and commercial projects already benefit from existing infrastructure, and 2) future projects relying on new infrastructure segments may need to contribute to funding as an up-front project expense and receive a credit against applicable Special Taxes, as has been done with previous projects.

Appendices B and C include detailed tables showing the CIP projects Special Tax revenue and cash flow forecasts for each Option.

Under all options, any CFD Special Tax reduction would be proportionately applied to each land use category. **Table 2** shows the proposed CFD Special Taxes for both Option 1 and 2, with the Option 2 adjustments building on those included in Option 1.

Potential Implementation Feature: Unit Threshold

In addition to a specified time period (e.g., through 2013/14) for the interim Special Tax adjustment, FORA may also consider establishing a unit threshold that would trigger an automatic review of the CFD Special Tax, in the event that development activity is more robust than anticipated before the time-specific expiration date. For example, this policy could stipulate that “before (insert specific date) if greater than (insert number) building permits for new residential dwelling units are issued, FORA will review its CFD Special Tax to determine if the interim adjustments should be revised.”

Ongoing CIP Evaluation and Financing Strategy

Following implementation of the immediate actions, FORA should establish a framework to evaluate additional mid- to long-term actions that it may consider implementing over the next few years in advance of the potential FORA sunset date.

Because many outstanding issues are anticipated to be resolved during the next 1 to 3 years, FORA has the opportunity to evaluate overall CIP financing requirements and to prepare a comprehensive financing strategy designed to meet FORA’s objectives.

The most significant variable that needs to be addressed is the status of FORA in regards to the 2014 sunset date. Resolving this outstanding issue is a critical factor in providing required certainty for the member jurisdictions and private development community at Fort Ord. The status of three key revenues are contingent on the possibility of a FORA sunset—CFD Special Taxes, tax increment revenues, and land sales revenues. Correspondingly, any interim action implemented by FORA should be coupled with the commitment by all parties to resolve outstanding issues regarding FORA’s ultimate extension or transition.

DRAFT

Table 2
FORA 2010 CIP Review
CFD Special Tax Options

Land Use	Basis	OPTION 1			OPTION 2			Subtotal Additional Reduction	CFD Special Tax
		Existing CFD Special Tax	Option 1 Reduction	CFD Special Tax	Option 2a Roadway Cont. Reduction	Option 2b Habitat Cont. Reduction	Option 2c CIP Loan Reduction		
		July 1, 2010	December 15, 2010	January 14, 2011					
Percentage Change [1]			-21.5%		-5.3%	-5.4%	-3.7%		ROUNDED
New Residential	per du	\$46,205	(\$9,934)	\$36,271	(\$2,456)	(\$2,484)	(\$1,732)	(\$6,672)	\$29,600
Existing Residential	per du	\$13,892	(\$2,987)	\$10,905	(\$738)	(\$747)	(\$521)	(\$2,006)	\$8,900
Office & Industrial	per acre	\$6,056	(\$1,302)	\$4,754	(\$322)	(\$326)	(\$227)	(\$875)	\$3,900
Retail	per acre	\$124,885	(\$26,850)	\$98,035	(\$6,638)	(\$6,715)	(\$4,681)	(\$18,034)	\$80,000
Hotel	per room	\$10,304	(\$2,215)	\$8,089	(\$548)	(\$554)	(\$386)	(\$1,488)	\$6,600

"tax_diffs"

Sources: FORA and EPS.

[1] Adjusted to account for rounding of total percentage reduction in CFD Special Tax for Option 2 as shown in Table 8.

The rate and method of apportionment of special tax for the FORA CFD reads "Special Taxes shall not be levied after Fiscal Year 2013-14 or the termination date of FORA, whichever is later, but under no circumstances shall the Special Tax be levied later than calendar year 2051.¹" Various existing and/or future legal documents will govern the way in which the CFD Special Tax or equivalent fee/tax would be transitioned or implemented in the event of a potential FORA dissolution. Regardless, it is important to note that the obligation to complete CEQA mitigation measures does not go away and that one or more revenue sources would need to be maintained to help fund required improvements.

Regarding tax increment, if FORA were to sunset, tax increment revenues that would have accrued to FORA would subsequently be directed to its member jurisdictions as described in Health and Safety Code Section 33492.70-33492.78.

It is worth noting that certainty regarding basewide development policy, CEQA mitigations, and infrastructure financing obligations is a critical factor from an investor perspective. Experience evaluating base reuse projects across the nation indicates the critical importance of having a centralized agency in place to coordinate issues, heading off inherent conflict among a multitude of jurisdictions, agencies, and special interests having a stake in buildout of a base reuse plan. It is recommended that work begin immediately to determine how overall basewide planning, financing, and coordination will be structured on Fort Ord over the long term, including a comprehensive evaluation of future infrastructure financing that evaluates inclusion of tax increment in the overall infrastructure financing mix. By doing so, investor confidence will be bolstered through the elimination of the considerable uncertainty confronting these entities at the present time.

¹ Correspondence with FORA representatives indicates the potential for LAFCO to continue CFD administration in a post-FORA environment.

2. FORA CIP REVIEW

The CIP review included review and consideration of CIP projects, as well as the CIP contingency. Below is a summary of each of those reviews. As part of the FORA CIP review, EPS also examined the infrastructure cost burdens for a few prototype development projects that might be typical of new development within the FORA boundaries. As described in **Appendix D**, this analysis examined the infrastructure cost burden for near-term single-family, retail, and hotel prototypes. A more detailed description of the methodology and the results of the development feasibility analyses are included in **Appendix D**. Below are the detailed CIP review findings that were summarized in the executive summary.

CIP Review Findings

1. Infrastructure cost burdens for residential development exceed feasible ranges.

For the residential development prototype, infrastructure cost burdens are beyond the range typically considered feasible. The FORA CFD Special Tax, at approximately 10 percent of an average home sales price (Marina Dunes), contributes to the infeasibility of residential development projects, currently estimated to be more than 30 percent of unit value compared to a targeted ratio of 15 percent. Consequently, reduction of the CFD Special Tax is a necessary but not sufficient step toward bringing the cost-burden ratio into balance.

2. Residential residual land values are below acceptable ranges.

Taking into consideration other development cost factors, residential development prototypes evaluated in this analysis remain infeasible as indicated by residual land value results. While CFD Special Tax burden contributes to these results, other cost factors also influence the residual land values. Adjustments to infrastructure costs and other unit development cost factors are necessary to achieve development feasibility.

3. The relative burden of the CFD Special Tax on nonresidential development is an issue but not as problematic as the residential burden.

Of the commercial uses under consideration, retail demonstrates a cost burden exceeding 20 percent, and hotels are between 15 and 20 percent. While not as high as residential, these uses would also benefit from CFD Special Tax reductions as part of an overall package of cost reductions and required improvement in market conditions.

4. No reductions to the FORA CIP Project list are required.

Jurisdictions have cited the importance of maintaining existing CIP projects, incorporating costs based on the best available information at this time. Many of these projects are critical in terms of serving California State University Monterey Bay (CSUMB), the Transportation Agency of Monterey County (TAMC), and other institutions that are providing important economic development and other public benefits that will help catalyze private development in the near term. As described in this memorandum, one item from the CIP Contingency is recommended to be moved to the CIP Project category. This item is the "Additional Water Augmentation Costs" item in the amount of \$20.8 million.

- 5. The CIP Contingency allowance can be reduced by approximately 40 to 75 percent.** Reorganization, recategorization, and elimination of certain CIP Contingency costs under Option 1 can eliminate more than 40 percent of the cost included in the CIP Contingency, a cost savings of more than \$50 million. Under Option 2, the CIP Contingency costs could be reduced by approximately 75 percent resulting in a cost savings of approximately \$100 million. These reductions in the CIP Contingency could result in reduced levels of CFD Special Tax being collected.

CIP Projects

EPS reviewed and confirmed the estimated costs for each major category of CIP costs, which include these:

- Transportation/Transit Improvements.
- Water Augmentation Costs.
- Habitat Mitigation Costs.
- Fire Rolling Stock.

An exception to the above-referenced categorization is the estimated \$35.0 million in habitat mitigation costs. In this regard, the table incorporates a revised approach toward accounting for and displaying the cost of required habitat mitigations. The prior FORA CIP only included approximately \$31.0 million because FORA has approximately \$4.0 million in existing fund balances to contribute towards the \$35.0 million total.

All items, with the exception of \$20.8 million in "Additional Water Augmentation Costs," are determined by FORA to be required CEQA mitigation measures.

Finally, based on input from key stakeholders, EPS has not changed the timing of CIP costs from the July 2010 CIP. Recently, TAMC asked that FORA consider changes to the timing and list of CIP transportation/transit projects. The outcome of FORA actions on requested changes could be reflected in future CIP updates. Obviously, actual CIP costs on a year-to-year basis will vary from those shown in the CIP based on specific project circumstances.

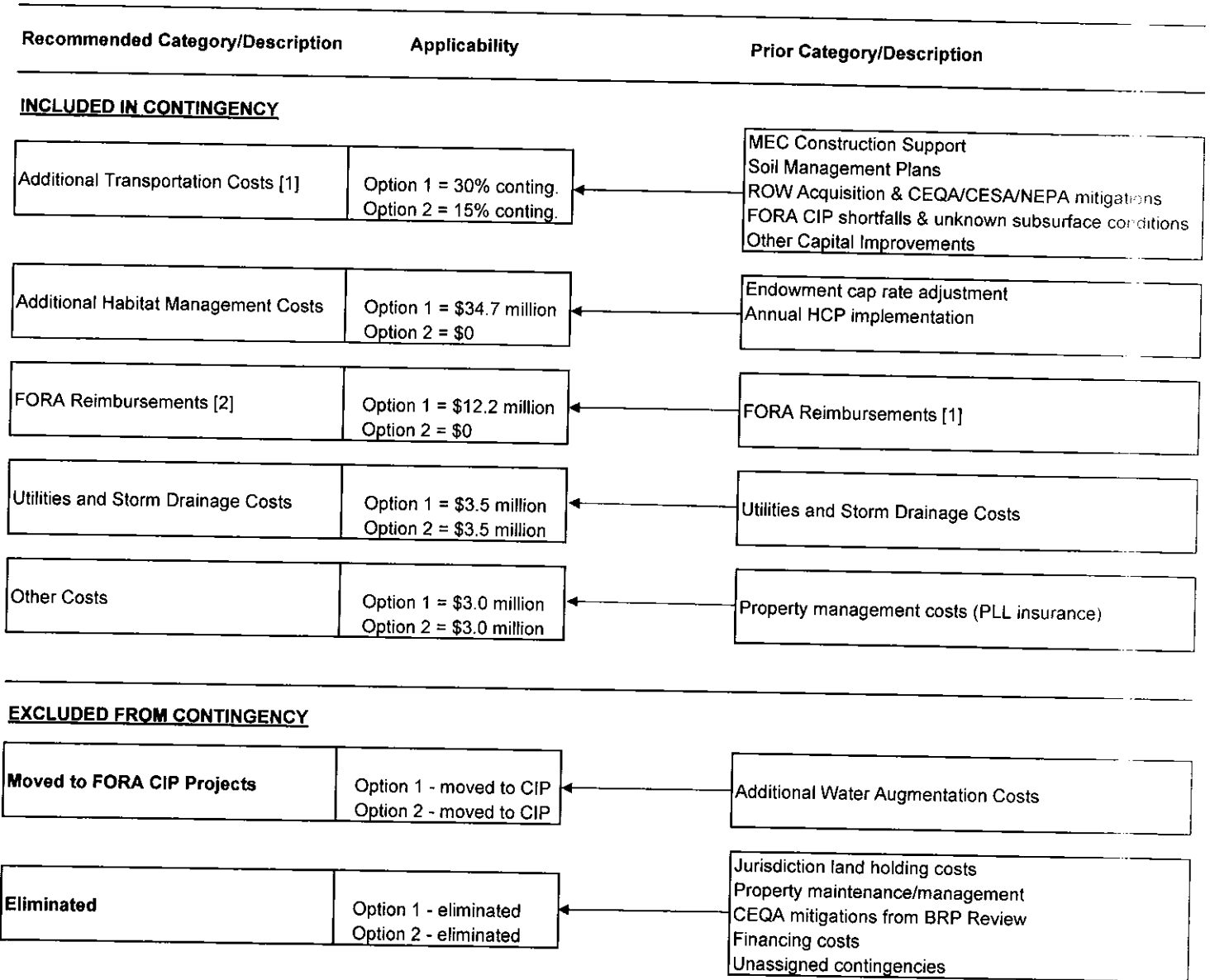
CIP Contingency

Based on the analysis of the CIP and on discussions with key stakeholders on this subject, EPS recommends the CIP contingency components be reorganized into five categories. Through this reorganization, the prior categories of contingency line items have been treated in one of the following three ways:

1. Consolidated into a reorganized category.
2. Moved from contingency to CIP project cost category.
3. Eliminated from the contingency.

Table 3 compares the proposed category/description of CIP contingency as compared to the prior category/description. **Table 3** also shows whether a particular new contingency category is included in Option 1 only or in both Options. As shown, many of the transportation-related

Table 3
FORA 2010 CIP Review
Diagram of FORA CIP Contingency Categories/Descriptions



Source: FORA and EPS.

"cont_map"

- [1] Baseline CIP transportation costs include a 15% cost contingency. This contingency represents an additional contingency reflecting potential hazards and risks unique to FORA's redevelopment.
- [2] Equals reimbursements for prior FORA expenses as described in the document.

contingencies are recommended to be included in one line item for "Additional Transportation Costs." The habitat mitigation category would combine the prior two line items, and the final two categories contain items that were previously itemized as separate items.

The additional water augmentation costs line item is recommended to be moved into the CIP project list as an itemized CIP cost rather than included in the CIP contingency. Finally, the recommendation identifies several categories of contingent costs for removal from the program.

The logic for eliminating many of these costs is that while some of these costs may occur, it is not likely that all of them will be incurred. Furthermore, to the extent that some of these costs are incurred, other revenue sources, such as tax increment revenues or land sale revenues, in excess of demolition needs, will likely be available to fund such costs if development can be reinitiated as a result of CFD Special Tax reductions, individual jurisdiction fee reductions, and some improvement in market conditions. This approach is consistent with the principle of aligning contingent costs with contingent revenues.

Updated CIP Contingency—Options 1 and 2

The CIP contingency total under Option 1 (**Table 4**), represents the original CIP contingency update prepared by EPS for the December 15 Administrative Committee meeting. The Option 1 revisions would reduce the CIP contingency from approximately \$124.6 million to \$70.9 million.

At the request of FORA, EPS met with representatives of the building industry to collaborate in the further evaluation of additional modifications to the CIP contingency, beyond those presented at the December 15 meeting. The following additional CIP adjustments for FORA consideration grew out of these discussions:

1. Reduce the roadway projects contingency to one-half of its present level. This would revise this contingency line item to 15 percent of the total estimated roadway costs, taking this contingency item from approximately \$34.7 million to \$17.4 million.
2. Eliminate the Habitat Conservation Plan (HCP) contingency line item because it is not clear that a full \$48.5 million (estimated cost plus contingency) will be required, especially given that at least two developers have their own permits for development of their projects. The estimated reduction in cost would equal approximately \$17.5 million.
3. Eliminate the FORA CIP loan repayment from the contingency category. Future land sales proceeds may be adequate to fund required demolition costs and repay the borrowed funds to the CIP if necessary to complete CIP projects. The estimated reduction in cost related to this change would equal \$12.2 million.

The CIP contingency total under Option 2, which also includes the Option 1 adjustments, (Option 2 is shown in **Table 5**) would reduce the CIP contingency from approximately \$124.6 million to \$23.9 million. For reference, the original CIP contingency detail is shown in **Table 6**.

Table 4
FORA 2010 CIP Review
Proposed 2011 FORA Capital Improvement Program Contingencies

Option 1

Item	Amount	% of Conting.	% of CIP	Description
Additional Transportation Costs	\$34,700,000	48.9%	17.8%	Equals 30.0% contingency on total transportation CIP. Covers MEC const. support, soil mgt. plans, ROW acquisition, unknown subsurface conditions, phasing, etc.
Additional Habitat Management Costs	\$17,500,000	24.7%	9.0%	Assumes 50% increase over existing \$35.0 million estimate based on revised endowment investment return calculations.
FORA Reimbursements [1]	\$12,200,000	17.2%	6.3%	CFD Fee repayment of FORA's land sale proceeds loaned to complete CIP projects.
Utilities and Storm Drainage Costs	\$3,500,000	4.9%	1.8%	Staff estimates of anticipated project expenditures.
Other Costs	\$3,000,000	4.2%	1.5%	Staff estimate for PLL insurance beyond 2014.
Total Contingencies	\$70,900,000	100.0%	36.5%	

Source: FORA

"2011_cont_1"

Amounts rounded to the nearest \$100,000.

[1] Equals reimbursements for prior FORA expenses.

Table 5
FORA 2010 CIP Review
Proposed 2011 FORA Capital Improvement Program Contingencies

Option 2

Item	Amount	% of Conting.	% of CIP	Description
Additional Transportation Costs	\$17,400,000	72.8%	8.9%	Equals 15.0% contingency on total transportation CIP. Covers MEC const. support, soil mgt. plans, ROW acquisition, unknown subsurface conditions, phasing, etc.
Additional Habitat Management Costs	\$0	0.0%	0.0%	Option 2 eliminates this item.
FORA Reimbursements [1]	\$0	0.0%	0.0%	Option 2 eliminates this item.
Utilities and Storm Drainage Costs	\$3,500,000	14.6%	1.8%	Staff estimates of anticipated project expenditures.
Other Costs	\$3,000,000	12.6%	1.5%	Staff estimate for PLL insurance beyond 2014.
Total Contingencies	\$23,900,000	100.0%	12.3%	

Source: FORA

"2011_cont_2"

Amounts rounded to the nearest \$100,000.

[1] Equals reimbursements for prior FORA expenses.

Option 1 represents a reduction of more than 40 percent from the original CIP contingency amount while Option 2 represents a reduction of more than 75 percent from the original amount. When compared to the overall CIP project cost, the Option 1 CIP contingency would equal approximately 36.5 percent of the total cost and the Option 2 CIP contingency would equal approximately 12.3 percent.

3. RECOMMENDED FORA ACTIONS

Immediate Actions

Recommendations for immediate actions are based on conclusions from the comprehensive CIP review and cost burden analyses. The following methodology describes the way in which EPS determined a minimum CFD Special Tax reduction for each option for FORA consideration. Using its discretion, FORA could consider a greater reduction to the CFD Special Tax (e.g., Option 3) based on other factors and testimony presented to the Administrative Committee and to the FORA Board.

The approach supporting the recommended immediate actions was completed using the following steps (for each Option):

1. Reorganize and reconstitute the CIP contingency to include only those items that are considered to be uncertain costs for which prudent contingencies should be maintained. This reorganization entails the recommended elimination of certain existing contingency items, as well as consolidating other contingency items.
2. Determine total estimated CIP obligation, including mitigation and other costs, as well as revised contingency costs (calculated in Step 1) to determine the gross amount of funding required (2010–11 through 2021–22).
3. Determine existing cash balances for CIP projects and forecast other revenue sources anticipated to be available for CIP projects.
4. Subtract existing cash available for CIP projects, as well as other anticipated revenue sources (calculated in Step 3), to derive net CIP costs for which the CFD Special Tax should provide funding.
5. Calculate maximum one-time special tax revenue anticipated from FORA development forecast through 2021–22.
6. Compare the amount calculated in Step 4 to the amount calculated in Step 5 to determine the percentage of one-time special tax revenue required to fully fund required FORA CIP obligations.
7. Recommend an interim adjustment to FORA one-time special tax based on the amounts calculated in Step 5. The interim adjustment could be in place for a fixed number of years pending ongoing and subsequent evaluation of the CIP financing needs.

Tables 7 and 8 show the summary calculations for the steps outlined above for the initial Option 1 and the recommended Option 2 respectively.

As described above, the above-referenced reduction to the CFD Special Tax could be augmented and coordinated with other potential adjustments based on factors such as economic development incentives, as well as concurrent actions such as other agency fee reductions.

Table 7
FORA 2010 CIP Review
Capital Improvement Program Summary

Option 1

Item	Calculation	Amount
Capital Improvement Program Costs		
Capital Improvement Program Projects	a	\$194,500,000
Contingencies	b	<u>\$70,900,000</u>
Total	c = a + b	\$265,400,000
Other Costs - CFD Administration	d	\$1,700,000
Less Existing Sources of Funds		
Loan Proceeds	e	\$3,100,000
Federal Grants	f	\$3,400,000
CSU Mitigation Fees	g	\$1,300,000
Existing Fund Balances [1]	h	<u>\$4,000,000</u>
Total Existing Sources	i = e + f + g + h	\$11,800,000
Less Other Sources of Funds [2]		
Land Sale Revenues	j	\$0
Tax Increment Revenues	k	<u>\$0</u>
Total Other Sources	l = j + k	\$0
CFD Special Tax Revenue Required		
CFD Special Tax Revenue	m = c + d - i - l	\$255,300,000
FORA CFD Special Tax Revenue Summary		
Estimated Maximum CFD Special Tax Revenue [3]	n	\$326,600,000
Amount Required to Fund CIP	o = m	\$255,300,000
CFD Special Tax Required as a % of Maximum	p = m / n	78.2%
Recommended CFD Special Tax % of Maximum	(Rounded)	78.5%

"cip_fund_1"

Source: FORA and EPS.

Amounts rounded to the nearest hundred thousand.

[1] Equals existing fund balance for habitat mitigation.

[2] While other sources could be used to fund CIP projects, the availability of such sources to fund CIP projects is not certain at this time.

[3] See Table A-3.

Table 8
FORA 2010 CIP Review
Capital Improvement Program Summary

Option 2

Item	Calculation	Amount
Capital Improvement Program Costs		
Capital Improvement Program Projects	a	\$194,500,000
Contingencies	b	\$23,900,000
Total	c = a + b	\$218,400,000
Other Costs - CFD Administration	d	\$1,700,000
Less Existing Sources of Funds		
Loan Proceeds	e	\$3,100,000
Federal Grants	f	\$3,400,000
CSU Mitigation Fees	g	\$1,300,000
Existing Fund Balances [1]	h	\$4,000,000
Total Existing Sources	i = e + f + g + h	\$11,800,000
Less Other Sources of Funds [2]		
Land Sale Revenues	j	\$0
Tax Increment Revenues	k	\$0
Total Other Sources	l = j + k	\$0
CFD Special Tax Revenue Required		
CFD Special Tax Revenue	m = c + d - i - l	\$208,300,000
FORA CFD Special Tax Revenue Summary		
Estimated Maximum CFD Special Tax Revenue [3]	n	\$326,600,000
Amount Required to Fund CIP	o = m	\$208,300,000
CFD Special Tax Required as a % of Maximum	p = m / n	63.8%
Recommended CFD Special Tax % of Maximum	(Rounded)	64.0%

Source: FORA and EPS.

"cip_fund_2"

Amounts rounded to the nearest hundred thousand.

[1] Equals existing fund balance for habitat mitigation.

[2] While other sources could be used to fund CIP projects, the availability of such sources to fund CIP projects is not certain at this time.

[3] See Table A-3.

Table 1 shows the present and CFD Special Tax for Options 1 and 2. A summary version of the resulting CIP cash flows is included as **Tables B-1** and **C-1**.

Ongoing Financing Strategy Evaluation and Implementation

In addition to the recommended immediate implementation actions, the second step in the CIP review strategy includes an ongoing evaluation of the CIP financing strategy. The ongoing CIP financing strategy evaluation and implementation actions would occur over a longer term (2 to 4 years) to resolve the issues noted above, as well as to incorporate additional potential actions by FORA and its member agencies in response to changed economic and other circumstances.

As many of the current uncertainties get resolved, FORA and its member agencies would be in a much better position to evaluate the ultimate FORA obligations and the extent to which all potential existing and future revenue sources can be deployed to fund the obligations.

For example, the CIP contingency includes allowances for future costs that may be incurred by FORA in its role in mitigating for reuse impacts. At least one of these items in Option 1, the "additional habitat management costs," should be resolved within the next 1 to 2 years. At such time as the ultimate habitat management costs are resolved, those costs could be included as direct CIP obligations and removed from the contingency category.

Separately, when market conditions normalize, FORA would likely update its land sales revenue forecast to determine how land sales revenue forecasts compare to anticipated demolition obligations. To the extent that land sales revenues are anticipated to exceed obligations, FORA may be able to forgive its \$12.2 million loan to the CIP (included as an Option 1 contingency line item) once that loan is repaid with land sale proceeds from the sale of the Preston Park project. Relatedly, FORA might also reevaluate whether potential "surplus" land sales revenues could be used to fund CIP obligations.

The ongoing CIP financing strategy should also evaluate the ability of FORA's member agencies or development partners (e.g., private developers and institutional partners) to advance fund and construct certain "critical" FORA CIP obligations that might otherwise be delayed but for the advance funding. Advance-funded infrastructure projects would be reimbursed through future FORA CIP revenues. This relates to the fact that many of the near-term transportation segments and related projects are oriented toward CSUMB and other educational institutions that do not generate sufficient special tax revenues or mitigation payments to FORA to underwrite these segments.

To the extent that the immediate across-the-board reduction of one-time special taxes spur near-term economic development, FORA and its member agencies will see increased tax increment revenues that might also be leveraged to fund CIP obligations, as well as other projects. Because the FORA tax increment financing authority was authorized under special legislation, it is unclear what effect the Governor's proposed 2011 budget policies may have upon FORA and its member jurisdictions with respect to tax increment revenues. The ability of FORA specifically to leverage tax increment revenues is largely contingent on whether FORA sunsets in 2014.

Tax increment revenues could play a significant role in funding reuse obligations and CEQA mitigation measures in the future. Although the potential for tax increment revenues is large, each year that development is delayed results in less tax increment available over the entire life of the project area. This occurs because the term of the redevelopment project area(s) is limited in the authorizing legislation. As property values escalate over time, it is the later years of redevelopment project areas that really generate significant levels of tax increment.

Recent tax increment revenue estimates provided by the private development community help to illustrate the influence of a development delay on the ultimate amount of tax increment revenue available to all taxing entities. While these estimates demonstrate this point, the actual dollar amount of the estimates would need to be reviewed and confirmed before relying on these potential revenue streams.

Although future tax increment and the ability to leverage that revenue stream could be significant (depending on several factors), tax increment funding is not factored into the recommended immediate actions because of the following uncertainties:

- Amount of tax increment necessary to fund FORA redevelopment activities.
- Potential distribution of FORA tax increment if FORA sunsets in 2014.

All these factors would be considered when preparing FORA's CIP financing strategy in the future.

Subsequent Steps Beyond Interim CFD Special Tax Reductions

Following the recommended adoption of a reduced CFD Special Tax, it is recommended that the following steps be undertaken immediately to work toward a permanent solution providing long-term confidence to jurisdictions and their investors:

- Initialize steps to determine the ultimate FORA extension or transition to a similar agency able to provide continued coordination of basewide maintenance, habitat mitigation, infrastructure development, and other mission-critical basewide actions. The default to this approach—requiring that these items be coordinated among FORA's members—would represent tremendous risk that could significantly reduce future investment and subject individual jurisdictions to legal (CEQA) risks.
- Resolve Habitat Conservation Plan endowment costs. Significant new information is expected to emerge on this topic over the next 1-2 years that should help determine the ultimate CIP project costs for this item.
- Continue to seek state, federal, and other grant revenues to help fund CIP projects.
- All of the above would be assimilated to develop a comprehensive basewide infrastructure financing strategy. The updated financing strategy would account for the latest cost and revenue information available and would be assimilated with consideration of the form/function of FORA or a similar entity. This work should begin immediately to make progress toward a permanent revision of the basewide financing plan.



APPENDICES:

Appendix A: Updated CIP Assumptions

Appendix B: Option 1 CIP Tables

Appendix C: Option 2 CIP Tables

Appendix D: Infrastructure Cost Burden Analysis

APPENDIX A:
Updated CIP Assumptions



APPENDIX A: UPDATED CIP ASSUMPTIONS

This appendix summarizes the key assumptions used to update certain CIP tables for this analysis. Each section below summarizes updated assumptions.

Development Forecasts

Tables A-1 and **A-2** are the revised CIP development forecasts. Both the residential and nonresidential development forecasts were updated based on input from key stakeholders. Revised assumptions include these:

- Updated unit and building square footage estimates.
- Updated timing of development.

In addition, the development forecasts are now organized and subtotaled by member jurisdiction. As shown in **Table A-1**, the total number of new residential units, excluding the 492 CSUMB units, exceeds the present maximum cap of 6,160 new residential units. To account for this phenomenon, EPS included adjustments so CFD Special Tax revenues were not overstated.

The first adjustment at the bottom of **Table A-1** is the assumption that the CSUMB units will not pay the CFD Special Tax. This assumption does not conclude that these units would not be subject to the fee. Instead, because the amount and timing of potential CSUMB project mitigation payments is uncertain, it was conservative to exclude the potential revenues.

The second adjustment occurs in the later years of the development forecast to account for the 6,160 unit cap for new residential units. This "bottom line" adjustment ensures the CFD Special Tax revenue forecast from new residential development would not assume new units that could not ever be constructed under the current CEQA authorizations.

The nonresidential development forecast in **Table A-2** includes the estimated acreage for each project based on the floor area ratios (FARs) used in the existing CIP document. Based on input from member jurisdictions, the amount and timing of anticipated nonresidential development differs from the July 2010 CIP.

CFD Special Tax Revenue Estimate

Table A-3 shows the maximum CFD Special Tax revenue estimate for each land use category and overall through 2021-22. The maximum CFD Special Tax revenue estimate is based on the following assumptions:

- Development forecasts described above.
- 100 percent of the maximum CFD Special Tax rate as of July 1, 2010.
- No discount for affordable housing CFD Special Tax rates.

As compared to the July 2010 forecast, the maximum CFD Special Tax revenue estimated in **Table A-3** is approximately \$40.0 million higher. Aside from some differences in absorption assumptions, the primary difference between the forecasts is the affordable housing tax assumption.

The July 2010 CIP included a potential reduction in CFD Special Tax revenue of approximately \$40 million, assuming that 1,100 of the remaining approximately 5,700 new residential units would qualify for reduced affordable housing CFD Special Tax rates. That assumption was eliminated from the present revenue forecast because the incentives appear difficult to obtain and it is not clear whether any projects are considering an attempt to meet the requirements. To the extent that a future project was able to meet the requirements, it is not likely to occur at the same scale as the prior assumptions.

Land Sale Revenue Proceeds

At this time, the land sale revenue proceed estimates have not been updated. The primary reason that the estimates were not updated is the uncertainty about current and future land values. Although some of the near-term land sale revenue estimates are based on existing contractual obligations, it is difficult to predict the amount and timing of land sale revenues given the limited scope of the current effort. As described in the memorandum, because land sale revenues are uncertain at this time, they were not considered in determining recommended immediate actions. They should, however, be considered in the ongoing monitoring and updating of the CIP.

Tax Increment Revenues

At this time, the tax increment revenue estimates have not been updated. The primary reason that the estimates were not updated is the uncertainty about the amount, timing, and flow of future tax increment revenues. As described in the memorandum, because tax increment revenues are uncertain at this time, they were not considered in determining recommended immediate actions. They should, however, be considered in the ongoing monitoring and updating of the CIP.

Table A-1 FORA 2010 CIP Review Estimated Residential Annual Land Use Construction (dwelling units)	Revised Baseline Forecast															
	Land Use Type	Juris- diction	Existing 7/1/09	Existing to 2021-22 Total	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
CITY OF MARINA																
New Residential																
Marina Heights	MAR	-	102	-	-	-	12	13	13	13	13	13	13	13	12	-
Townhome	MAR	-	188	-	4	5	47	19	19	19	19	19	19	19	18	-
Cluster Market/Bridge	MAR	-	339	-	10	15	107	29	29	29	29	29	29	29	33	-
Market A	MAR	-	336	-	6	10	83	34	34	34	34	34	34	34	33	-
Market B	MAR	-	85	-	-	-	-	13	12	12	12	12	12	12	12	-
Estates	MAR	-	1,050	-	20	30	249	108	107	107	107	107	107	107	108	-
Subtotal Marina Heights																
Cypress Knolls	MAR	-	200	-	-	-	-	-	-	184	16	-	-	-	-	-
Dunes on Monterey Bay																
Alley	MAR	-	245	-	24	48	57	59	57	-	-	-	-	-	-	-
Carriage	MAR	-	113	-	21	6	8	28	50	-	-	-	-	-	-	-
Standard	MAR	-	260	-	24	48	82	80	26	-	-	-	-	-	-	-
Townhome	MAR	-	163	-	24	63	58	18	-	-	-	-	-	-	-	-
Duets	MAR	-	146	-	24	-	20	27	27	45	3	-	-	-	-	-
Duets - Low/Mod/Workforce	MAR	-	202	-	10	38	58	71	9	15	1	-	-	-	-	-
Apartments - Low/Very Low	MAR	-	108	-	108	-	-	-	-	-	-	-	-	-	-	-
Subtotal Dunes on Monterey Bay					235	203	283	283	169	60	4	-	-	-	-	-
TAMC TOD	MAR	-	200	-	-	-	-	100	100	-	-	-	-	-	-	-
CSJMB North Campus Housi	CSU/MAR	-	492	-	-	150	150	150	42	-	-	-	-	-	-	-
Subtotal - New Residential					255	383	682	641	418	351	127	107	107	107	108	0
Existing/Replacement Residential																
Preston Park	MAR	354	354	-	-	-	-	-	-	-	-	-	-	-	-	-
Cypress Knolls	MAR	-	480	-	-	66	108	149	129	28	-	-	-	-	-	-
Palfon Park	MAR	-	32	-	-	-	32	-	-	-	-	-	-	-	-	-
Abrams B	MAR	192	192	-	-	-	-	-	-	-	-	-	-	-	-	-
MOCO Housing Authority	MAR	56	56	-	-	-	-	-	-	-	-	-	-	-	-	-
Shelter Outreach Plus	MAR	39	39	-	-	-	-	-	-	-	-	-	-	-	-	-
Veterans Transition Center	MAR	13	13	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Existing/Replacement					654	66	140	149	129	28	-	-	-	-	-	-
TOTAL CITY OF MARINA					0	255	449	822	790	547	379	127	107	107	108	-

**Table A-1
FORA 2010 CIP Review
Estimated Residential Annual Land Use Construction (dwelling units)**

Revised Baseline Forecast

Land Use Type	Jurisdiction	Existing 7/1/09	Existing to 2021-22 Total	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
CITY OF SEASIDE															
New Residential															
Seaside Highlands Homes	SEA	380	380	1	1	2	7	10	10	94	-	-	-	-	-
Seaside Resort Housing	SEA	-	125	-	-	-	-	-	-	-	-	-	-	-	-
Seaside Housing (Eastside)	SEA	-	-	-	-	72	-	-	-	-	-	-	-	-	-
Seaside Affordable Housing C	SEA	-	72	-	-	-	-	-	-	-	-	-	-	-	-
Workforce Housing (Army to E	SEA	-	140	-	-	-	-	-	-	140	-	-	-	-	-
Market Rate Housing (Army to	SEA	-	150	-	-	-	-	-	-	150	-	-	-	-	-
State Parks Housing (Workfor	SEA	-	150	-	-	-	-	-	-	150	-	-	-	-	-
Monterey Horse Park	SEA	-	482	-	-	-	-	-	80	107	155	140	-	-	-
Workforce Housing (Seaside)	SEA	-	29	-	29	-	-	-	-	-	-	-	-	-	-
Subtotal - New Residential		380	1,378	1	1	103	7	10	90	491	155	140	0	0	0
Existing/Replacement Residential															
Sunbay (former Thorson Park	SEA	297	297	-	-	-	-	-	-	-	-	-	-	-	-
Brostrom	SEA	225	225	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Existing/Replacement		522	522												
TOTAL CITY OF SEASIDE		522	1,520	1	1	103	7	10	90	491	155	140			
CITY OF DEL REY OAKS															
New Residential															
Del Rey Oaks		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Golf Villas	DRO	-	50	-	37	13	-	-	-	-	-	-	-	-	-
Patio Homes	DRO	-	36	-	32	4	-	-	-	-	-	-	-	-	-
Condos/Workforce	DRO	-	514	-	40	230	244	-	-	-	-	-	-	-	-
Townhomes/Senior Casitas	DRO	-	91	-	21	40	30	-	-	-	-	-	-	-	-
Subtotal			691		130	287	274								
Other Residential	Various	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CITY OF DEL REY OAKS			691		130	287	274								

Table A-1
FORA 2010 CIP Review
Estimated Residential Annual Land Use Construction (dwelling units)

Land Use Type	Jurisdiction	Existing 7/1/09	Existing to 2021-22 Total	Revised Baseline Forecast												
				2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
MONTEREY COUNTY/INSTITUTIONAL																
East Garrison I	MCO	-	1,050	-	-	37	171	289	308	189	56	-	-	-	-	-
Market rate	MCO	-	420	-	-	8	43	97	144	105	23	-	-	-	-	-
Affordable	MCO	-	1,470	-	-	45	214	386	452	294	79	-	-	-	-	-
Subtotal East Garrison		-		-	-							-	-	-	-	-
Monterey Horse Park	MCO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UC 8th Street	UC/MCO	-	330	-	-	40	40	40	40	-	-	-	-	-	-	-
UC East Campus - SF	UC/MCO	-	200	-	-	-	-	-	-	67	67	66	-	-	-	170
UC East Campus - MF	UC/MCO	-	660	-	-	-	-	-	-	220	220	220	-	-	-	-
Subtotal - New Residential		-	2,660	-	-	85	254	426	492	581	366	286	-	-	-	170
Existing/Replacement Residential																
Interim Inc	OTR	11	11	-	-	-	-	-	-	-	-	-	-	-	-	-
Stillwell Kidney - Army WF	Various	114	114	-	-	-	-	114	-	-	-	-	-	-	-	-
Subtotal - Existing/Replacement		11	125	-	-	-	-	114	-	-	-	-	-	-	-	-
TOTAL MONTEREY COUNTY/INSTITUTIONAL		11	2,785	-	-	85	254	426	606	581	366	286	-	-	-	170
TOTALS [1]																
TOTAL NEW RESIDENTIAL		380	7,908	1	256	701	1,230	1,351	1,000	1,423	648	533	107	278	-	-
TOTAL EXISTING/REPLACEMENT RESIDENTIAL		1,187	1,813	-	-	66	140	149	243	28	-	-	-	-	-	-
GRAND TOTAL		1,567	9,721	1	256	767	1,370	1,500	1,243	1,451	648	533	107	278	-	-
LESS NEW RESIDENTIAL ADJUSTMENTS																
CSUMB [2]		-	492	-	-	150	150	150	42	-	-	-	-	-	-	-
MAXIMUM UNIT THRESHOLD [3]		-	1,256	-	-	-	-	-	-	-	338	533	107	278	-	-
TOTAL ADJUSTMENTS		-	1,748	-	-	150	150	150	42	-	338	533	107	278	-	-
TOTAL NEW RESIDENTIAL EXCLUDING ADJUSTMENTS		380	6,160	1	256	551	1,080	1,201	958	1,423	310	-	-	-	-	-
TOTAL EXISTING/REPLACEMENT RESIDENTIAL EXCLUDING ADJUSTMENTS		1,187	1,813	-	-	66	140	149	243	28	-	-	-	-	-	-
GRAND TOTAL EXCLUDING INSTITUTIONAL ADJUSTMENTS		1,567	7,973	1	256	617	1,220	1,350	1,201	1,451	310	-	-	-	-	-

[1] Totals include amounts for Existing 7/1/09 as well as anticipated absorption through 2021-22.
 [2] Units are not included in maximum new residential unit cap. At this time, potential mitigation payments from the CSUMB project are excluded given potential uncertainty about the amount of said mitigation.
 [3] New residential development can not exceed 6,160 units total. Development forecasts for later CIP years are adjusted to accommodate cap.

Table A-2
FORA 2010 CIP Review
Estimated Nonresidential Annual Land Use Construction (building square feet of hotel rooms)

Land Use Type	Jurisdiction	Existing 7/1/09	Existing to 2021-22 Total	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
				Revised Baseline Forecast											
OFFICE															
City of Marina															
Impn Office Park	MAR	37,000	46,000	40,000	45,000	30,000	9,000	-	-	-	-	-	-	-	-
Dunes on Monterey Bay	MAR	-	185,000	-	-	30,000	30,000	40,000	-	-	-	-	-	-	-
Airport Economic Development Area	MAR	-	56,000	-	10,000	15,000	15,000	15,000	-	-	-	-	-	-	-
SVMHS Development	MAR	-	40,000	-	-	-	-	20,000	20,000	-	-	-	-	-	-
TAMC TOD (office/public facilities)	MAR	-	16,000	-	-	-	-	-	16,000	-	-	-	-	-	-
Cypress Knolls Common Center	UC/MAR	-	563,173	40,000	55,071	55,071	55,071	55,071	55,071	-	-	-	-	302,889	-
UC Central South Campus	UC/MAR	-	906,173	40,000	95,000	100,071	109,071	131,071	76,071	16,000	-	-	-	302,889	-
TOTAL CITY OF MARINA															
City of Seaside															
Main Gate Conference	SEA	-	27,000	-	-	-	-	-	-	27,000	-	-	-	-	-
Cherrywell School	SEA	-	1,800	-	-	-	-	-	-	-	-	-	-	-	-
Monterey College of Law	SEA	-	13,100	900	-	-	-	-	-	-	-	-	-	-	-
Fitch Middle School	SEA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marshall Elementary School	SEA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Veterans' Cemetery	SEA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Monterey Peninsula Trade & Conf Ctr	SEA	-	250,000	-	-	-	-	250,000	-	-	-	-	-	-	-
TOTAL CITY OF SEASIDE			291,900	2,700	-	-	-	250,000	27,000	-	-	-	-	-	-
City of Del Rey Oaks															
	DRC	-	200,000	-	100,000	-	-	100,000	-	-	-	-	-	-	-
Monterey County															
Horse Park	MCO	-	50,000	-	-	25,000	25,000	-	-	-	22,000	21,000	-	-	-
Landfill Commercial Development	MCO	-	65,000	-	-	-	-	-	-	22,000	22,000	21,000	-	-	-
Merigamson Rd Office Park	MCO	-	635,400	-	-	-	-	127,200	127,200	127,000	127,000	127,000	-	-	-
East Garrison I Office Development	MCO	-	35,000	-	-	6,000	6,000	12,000	12,000	5,000	-	-	-	-	-
MST Bus Maint & Opns Facility	MCO	-	36,000	36,000	-	-	-	-	-	-	-	-	-	-	-
UC Eight Street	UC/MCO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL MONTEREY COUNTY			821,400	36,000	-	31,000	164,200	139,200	184,000	149,000	148,000	-	-	-	-
City of Monterey															
	MRY	-	129,500	-	-	-	-	129,500	-	-	-	-	-	-	-
Total Office Square Footage			2,346,973	78,700	95,000	200,071	140,071	395,271	595,771	197,000	149,000	146,000	-	302,889	-
Office Acreage (Avg. FAR)			160.8	6.2	6.2	13.1	9.2	25.9	38.9	12.9	9.8	9.7	-	19.9	-
Less Institutional Office (Avg. FAR)			-	-	-	-	-	-	-	-	-	-	-	-	-
Office Acreage excl. Institutional (Avg. FAR)			160.8	6.2	6.2	13.1	9.2	25.9	38.9	12.9	9.8	9.7	-	19.9	-
INDUSTRIAL															
City of Marina															
Airport Economic Development Area	MAR	250,000	846,029	-	30,357	30,357	30,357	30,357	60,714	60,714	76,786	76,786	76,786	76,786	76,786
Industrial - City Corp. Yard	MAR	12,300	12,300	-	-	-	-	-	-	-	-	-	-	-	-
TAMC TOD	MAR	35,000	35,000	-	-	-	-	-	17,500	17,500	-	-	-	-	-
Dunes on Monterey Bay	MAR	280,000	280,000	40,000	80,000	80,000	80,000	40,000	40,000	-	-	-	-	-	-
Cypress Knolls Support Services	MAR	6,000	6,000	-	-	-	-	-	-	-	-	-	-	-	-
UC Central North & West Campuses	UC/MAR	-	274,322	20,000	20,408	20,408	20,408	20,408	20,408	5,000	-	-	-	-	-
TOTAL CITY OF MARINA			1,454,951	60,000	130,765	130,765	130,765	106,265	139,622	66,714	76,786	76,786	76,786	112,242	22,448
City of Seaside - Corp Yard Shop			25,320	-	-	-	25,320	-	-	-	-	-	-	-	-
Monterey County															
Horse Park	MCO	135,000	135,000	-	-	-	50,000	50,000	35,000	-	-	-	-	-	-
Landfill Industrial Park (Whispering Oak)	MCO	400,000	400,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
MST Bus Maint & Opns Facility	MCO	115,000	115,000	115,000	-	-	-	-	-	-	-	-	-	-	-
TOTAL MONTEREY COUNTY			653,000	115,000	80,000	80,000	130,000	130,000	130,000	115,000	-	-	-	-	-

Table A-2
FORA 2010 CIP Review
Estimated Nonresidential Annual Land Use Construction (building square feet of hotel rooms)

Land Use Type	Jurisdiction	Existing 7/1/09	Existing to 2021-22 Total	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
City of Monterey															
Industrial - City Corp. Yard	MRY		250,000						250,000						
Industrial - Public/Private	MRY		250,000						250,000						
TOTAL MONTEREY CITY			500,000						500,000						
Total Industrial Square Footage															
Industrial Acctg. (Avg. FAR)	0.40	300,300	2,632,371	118,000	140,000	210,765	286,085	238,265	750,622	66,714	76,786	76,786	76,786	189,028	99,234
Less Institutional Office (Avg. FAR)	0.40	not used	133.8	6.8	8.0	12.1	16.4	13.7	43.3	3.8	4.4	4.4	4.4	10.8	5.7
Industrial Acctg. excl. Instit. (Avg. FAR)	0.40		133.8	6.8	8.0	12.1	16.4	13.7	43.3	3.8	4.4	4.4	4.4	10.8	5.7
RETAIL															
City of Marina															
Cypress Knolls Community Center	MAR		568,000												
Dunes on Monterey Bay	MAR	368,000	75,000	100,000	200,000										
TAMC TOD	MAR		120,576		12,692	12,692	12,692	12,692	37,500						
UC Central North & West Campuses	UC/MAR														
UC South Campus	UC/MAR														69,808
TOTAL CITY OF MARINA			863,576	100,000	212,692	12,692	12,692	50,192	50,192						69,808
City of Seaside															
Main Gate Spa	SEA		24,000							24,000					
Main Gate Large Format Retail	SEA		87,500						87,500						
Main Gate In-Line Shops	SEA		291,000						291,000						
Main Gate Department Store Anchor	SEA		120,000						120,000						
Main Gate Restaurants	SEA		61,000						61,000						
Main Gate Hotel Restaurant	SEA		8,000						8,000						
Luxury Auto Mall	SEA		16,300					16,300							
Seaside Resort Golf Clubhouse	SEA		607,800					16,300	589,500	32,000					
TOTAL CITY OF SEASIDE			2,000,000					20,000							
City of Del Rey Oaks															
	DRO		20,000												
Monterey County															
Landfill Commercial development	MCO		100,000								35,000	35,000			
East Garrison I Retail	MCO		40,000							20,000	20,000				
Ord Market	MCO		420,000												
Horse Park	MCO		52,000					100,000	100,000	100,000	120,000				
UC East Campus	UC/MCO		392,040		39,204	39,204	39,204	39,204	26,000					26,000	
UC Eight Street	UC/MCO														235,224
TOTAL MONTEREY COUNTY			1,004,040		39,204	39,204	39,204	139,204	165,204	120,000	175,000	35,000	30,000	30,000	281,224
Total Retail Square Footage															
Retail Acctg. (Avg. FAR)	0.25	368,000	2,495,416	100,000	271,896	51,896	205,696	774,896	152,000	175,000	175,000	35,000	30,000	331,032	
Less Institutional Retail (Avg. FAR)	0.25	not used	198.4	9.2	25.0	4.8	18.9	71.2	14.0	16.1	16.1	3.2	2.8	30.4	
Retail Acctg. excl. Institutional (Avg. FAR)	0.25		198.4	9.2	25.0	4.8	18.9	71.2	14.0	16.1	16.1	3.2	2.8	30.4	
HOTEL															
City of Marina															
Marina Airport Hotel/Golf	MAR		100												
Dunes - Limited Service	MAR		400	100											
Dunes - Full Service	MAR		150						400						
UC Central North & West Campuses	UC/MAR														150
TOTAL CITY OF MARINA			650	100					400						150

Revised Baseline Forecast

Table A-2
FORA 2010 CIP Review
Estimated Nonresidential Annual Land Use Construction (building square feet or hotel rooms)

Land Use Type	Jurisdiction	Existing 7/1/09	Existing to 2021-22 Total	Revised Baseline Forecast												
				2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
City of Seaside																
Seaside Golf Course Hotel	SEA		330					330								
Seaside Golf Course Timeshares	SEA		170						120	50						
Main Gate Hotel	SEA		250													250
TOTAL CITY OF SEASIDE			750					330	120	300						
City of Del Rey Oaks																
Del Rey Oaks Hotel	DRQ		454			104	250	100								
Del Rey Oaks Timeshare	DRQ		95			48	48									
TOTAL CITY OF DEL REY OAKS			550			152	298	100								
Monterey County																
Horse Park (Parlier Flat) Hotel	MCO		200					200								250
UC East Campus	UC/MCO		250													250
TOTAL MONTEREY COUNTY			450					200								500
Total Hotel Rooms																
Estimated Hotel Acquire (Avg. Rooms/Ac.)			2,400		100	152	298	630	520	300						400
Less Institutional Acquire (Avg. Rooms/Ac.)			63		3	4	8	17	14	8						11
Hotel Acquire excl. Institutional (Avg. Rooms)			63		3	4	8	17	14	8						11
City of Marina																
Office		906,173	40,000	95,000	100,071	108,071	131,071	75,071	16,000							302,888
Industrial		1,454,051		60,000	130,765	130,765	108,265	138,622	66,714	76,786	76,786	76,786	76,786	76,786	76,786	189,028
Retail		863,576		100,000	212,692	12,692	50,192	50,192								59,808
Total		3,223,800	40,000	255,000	443,528	252,528	289,528	263,895	82,714	76,786	76,786	76,786	76,786	76,786	76,786	561,725
Hotel		650		100				400								150
City of Seaside																
Office		281,900	2,700						250,000	27,000						
Industrial		25,320				25,320										
Retail		607,800						15,300	558,500	32,000						
Total		925,020	2,700			25,320		16,300	809,500	89,000						
Hotel		750						330	120	300						
City of Del Rey Oaks																
Office		200,000						100,000								
Industrial		20,000														
Retail		200,000														
Total		420,000						100,000								
Hotel		550				152		298	100							
Monterey County																
Office		821,400	36,000				31,000	164,200	139,200	154,000	148,000					
Industrial		683,600	119,000	80,000	80,000	130,000	130,000	130,000	115,000							
Retail		1,004,940			39,204	139,204	165,204	120,000	175,000	35,000	30,000	281,224				
Total		2,479,940	154,000	80,000	119,204	280,204	433,404	419,404	274,000	183,000	183,000	30,000	281,224			250
Hotel		450						200								
City of Monterey																
Office		129,500						129,500								
Industrial		500,000						500,000								
Retail		629,500						629,500								
Total		1,259,000						1,259,000								
Hotel																

Sources: Interviews with local jurisdictions, FORA staff and UC planning staff.

Table A-3
FORA CIP 2010 Review
Estimated CFD Tax Revenues [1]

		Maximum CFD Special Tax Revenue												
		2010-11 to 2021-22 Total	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Residential Revenues														
New Residential		\$267,064,000	\$46,000	\$11,828,000	\$25,459,000	\$49,301,000	\$55,492,000	\$44,264,000	\$65,750,000	\$14,324,000	\$0	\$0	\$0	\$0
Existing/Replacement Residential		\$8,697,000	\$0	\$0	\$917,000	\$1,945,000	\$2,070,000	\$3,376,000	\$389,000	\$0	\$0	\$0	\$0	\$0
Total Residential Revenues		\$275,761,000	\$46,000	\$11,828,000	\$26,376,000	\$51,246,000	\$57,562,000	\$47,640,000	\$66,139,000	\$14,324,000	\$0	\$0	\$0	\$0
Nonresidential Revenues														
Office		\$913,000	\$31,000	\$38,000	\$79,000	\$56,000	\$157,000	\$236,000	\$78,000	\$59,000	\$59,000	\$0	\$120,000	\$0
Industrial		\$811,000	\$41,000	\$49,000	\$73,000	\$99,000	\$83,000	\$262,000	\$23,000	\$27,000	\$27,000	\$27,000	\$66,000	\$34,000
Retail		\$24,396,000	\$0	\$1,147,000	\$3,118,000	\$595,000	\$2,359,000	\$8,886,000	\$1,743,000	\$2,007,000	\$401,000	\$344,000	\$3,796,000	\$0
Hotel		\$24,730,000	\$0	\$1,030,000	\$1,566,000	\$3,071,000	\$6,492,000	\$5,358,000	\$3,091,000	\$0	\$0	\$0	\$4,122,000	\$0
Total Nonresidential Revenues		\$50,850,000	\$72,000	\$2,264,000	\$4,836,000	\$3,821,000	\$9,091,000	\$14,742,000	\$4,835,000	\$2,093,000	\$487,000	\$371,000	\$8,104,000	\$34,000
Total All CFD Tax Revenues [2]		\$326,611,000	\$118,000	\$14,092,000	\$31,212,000	\$55,067,000	\$66,653,000	\$62,382,000	\$71,074,000	\$16,417,000	\$487,000	\$371,000	\$8,104,000	\$34,000
Cumulative CFD Tax Revenues [2]			\$118,000	\$14,210,000	\$45,422,000	\$101,089,000	\$167,742,000	\$230,124,000	\$301,198,000	\$317,615,000	\$318,102,000	\$318,473,000	\$326,577,000	\$326,611,000

Tax, rev*

[1] Assumes the following FORA Basewide Community Facilities District special tax rates shown below:

Effective 7/1/10	100%
New Residential (per du)	\$46,205
Existing Residential (per du)	\$13,892
Office & Industrial (per acre)	\$6,056
Retail (per acre)	\$124,885
Hotel (per room)	\$10,304

[2] Assumes no discount for affordable housing above the minimum requirement.

APPENDIX B:
Option 1 CIP Tables



Table B-1
FORA 2010 CIP Review
2011 SUMMARY OF CAPITAL IMPROVEMENT PROGRAM (CIP) 2010/11 - 2021/22

OPTION 1
Recommended CFD Tax % of Maximum
78.6%

Item	Total												
	2010-11 to 2021-22	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
A. CIP PROJECTS FUNDED BY CFD DEVELOPMENT FEES													
Dedicated Revenues													
Development Fees	\$256,389,000	\$93,000	\$11,062,000	\$24,502,000	\$43,669,000	\$52,322,000	\$48,971,000	\$55,783,000	\$12,886,000	\$382,000	\$291,000	\$6,361,000	\$27,000
Other Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax Increment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan Proceeds	\$3,107,598	\$3,107,598	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Grants	\$3,367,598	\$3,367,598	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CSU Mitigation fees	\$1,326,785	\$500,000	\$500,000	\$326,795	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Revenues (Rev Bonds, Interest)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$264,190,997	\$7,068,196	\$11,562,000	\$24,828,795	\$43,669,000	\$52,322,000	\$48,971,000	\$55,783,000	\$12,886,000	\$382,000	\$291,000	\$6,361,000	\$27,000
Expenditures													
Projects													
Transportation/Transit	\$115,725,928	\$6,775,196	\$10,955,494	\$24,621,801	\$27,260,700	\$25,287,217	\$14,399,224	\$6,426,295	\$0	\$0	\$0	\$0	\$0
Water Augmentation	\$22,545,015	\$21,780	\$0	\$0	\$5,700,000	\$16,823,235	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Water Augmentation Costs [1]	\$20,800,000	\$0	\$0	\$0	\$0	\$0	\$20,800,000	\$0	\$0	\$0	\$0	\$0	\$0
Habitat Management	\$35,000,000	\$23,250	\$2,765,500	\$6,125,500	\$10,924,750	\$15,161,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fire Rolling Stock	\$464,000	\$118,000	\$116,000	\$116,000	\$116,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$194,534,943	\$6,936,226	\$13,836,994	\$30,863,301	\$44,001,450	\$57,271,452	\$35,199,224	\$6,426,295	\$0	\$0	\$0	\$0	\$0
Other Costs													
Additional Project Costs - CFD Administration [2]	\$1,725,000	\$75,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Net Annual Cash Flow													
Beginning Fund Balance [3]	\$3,983,076	\$56,970	(\$2,424,994)	(\$6,184,506)	(\$452,450)	(\$5,098,452)	\$13,621,776	\$49,216,705	\$12,736,000	\$232,000	\$141,000	\$6,211,000	(\$123,000)
Ending Fund Balance Before Contingency	\$71,914,124	\$3,983,076	\$4,040,046	\$1,615,052	(\$4,569,454)	(\$5,021,904)	(\$10,121,356)	\$3,500,419	\$52,717,124	\$65,453,124	\$65,685,124	\$65,826,124	\$72,037,124
Contingency													
Contingency Reserve Allowance	\$70,900,000	\$4,040,046	\$1,615,052	(\$4,569,454)	(\$5,021,904)	(\$10,121,356)	\$3,500,419	\$52,717,124	\$65,453,124	\$65,685,124	\$65,826,124	\$72,037,124	\$71,914,124
Ending Fund Balance	\$1,014,124	\$4,040,046	\$1,615,052	(\$4,569,454)	(\$5,021,904)	(\$10,121,356)	\$3,500,419	\$52,717,124	\$65,453,124	\$65,685,124	\$65,826,124	\$72,037,124	\$71,914,124

[1] Represented cost item moved from CIP Contingency to CIP Project costs.
 [2] Includes CFD administration costs.
 [3] Represents existing CIP Project fund balance.

Table B-2
FORA CIP 2010 Review
Estimated CFD Tax Revenues [1]

Option 1

Recommended CFD Special Tax Revenue

	2010-11 to 2021-22 Total	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Residential Revenues													
New Residential	\$209,646,000	\$36,000	\$9,285,000	\$19,985,000	\$39,173,000	\$43,561,000	\$34,748,000	\$51,614,000	\$11,244,000	\$0	\$0	\$0	\$0
Existing/Replacement Residential	\$6,827,000	\$0	\$0	\$720,000	\$1,527,000	\$1,625,000	\$2,650,000	\$305,000	\$0	\$0	\$0	\$0	\$0
Total Residential Revenues	\$216,473,000	\$36,000	\$9,285,000	\$20,705,000	\$40,700,000	\$45,186,000	\$37,398,000	\$51,919,000	\$11,244,000	\$0	\$0	\$0	\$0
Nonresidential Revenues													
Office	\$716,000	\$25,000	\$30,000	\$62,000	\$44,000	\$123,000	\$185,000	\$61,000	\$46,000	\$46,000	\$0	\$94,000	\$0
Industrial	\$637,000	\$32,000	\$38,000	\$58,000	\$78,000	\$65,000	\$206,000	\$18,000	\$21,000	\$21,000	\$21,000	\$52,000	\$27,000
Retail	\$19,151,000	\$0	\$900,000	\$2,448,000	\$467,000	\$1,852,000	\$6,976,000	\$1,368,000	\$1,575,000	\$315,000	\$270,000	\$2,980,000	\$0
Hotel	\$19,412,000	\$0	\$809,000	\$1,229,000	\$2,410,000	\$5,086,000	\$4,206,000	\$2,427,000	\$0	\$0	\$0	\$3,235,000	\$0
Total Nonresidential Revenues	\$39,916,000	\$57,000	\$1,177,000	\$3,797,000	\$2,999,000	\$7,136,000	\$11,573,000	\$3,874,000	\$1,642,000	\$382,000	\$291,000	\$6,361,000	\$27,000
Total All CFD Tax Revenues [2]	\$256,389,000	\$93,000	\$11,062,000	\$24,502,000	\$43,699,000	\$52,322,000	\$48,971,000	\$55,793,000	\$12,886,000	\$382,000	\$291,000	\$6,361,000	\$27,000
Cumulative CFD Tax Revenues [2]		\$93,000	\$11,155,000	\$35,657,000	\$79,356,000	\$131,678,000	\$180,649,000	\$236,442,000	\$249,328,000	\$249,710,000	\$250,001,000	\$256,362,000	\$256,389,000

[1] Assumes the following FORA Base-wide Community Facilities District special tax rates shown below:
Proposed January 2011 76.5%

New Residential (per du) \$36,271
Existing Residential (per du) \$10,905
Office & Industrial (per acre) \$4,754
Retail (per acre) \$88,035
Hotel (per room) \$8,089

[2] Assumes no discount for affordable housing above the minimum requirement.

*rec_tax_rev_1'

APPENDIX C:
Option 2 CIP Tables



Table C-1
 FORA 2010 CIP Review
 2011 SUMMARY OF CAPITAL IMPROVEMENT PROGRAM (CIP) 2010/11 - 2021/22

OPTION 2
 Recommended CFD Tax % of Maximum
 64.0%

Item	Total												
	2010-11 to 2021-22	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
A. CIP PROJECTS FUNDED BY CFD DEVELOPMENT FEES													
Dedicated Revenues													
Development Fees	\$209,033,000	\$76,000	\$9,018,000	\$19,977,000	\$35,628,000	\$42,658,000	\$39,924,000	\$45,488,000	\$10,506,000	\$312,000	\$237,000	\$5,187,000	\$22,000
Other Revenues													
Tax Increment	\$0												
Loan Proceeds	\$3,107,598	\$3,107,598											
Federal Grants	\$3,367,598	\$3,367,598											
CSU Mitigation fees	\$1,326,795	\$500,000	\$500,000	\$326,795									
Miscellaneous Revenues (Rev Bonds, Interest)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$216,834,991	\$7,051,196	\$9,518,000	\$20,303,795	\$35,628,000	\$42,658,000	\$39,924,000	\$45,488,000	\$10,506,000	\$312,000	\$237,000	\$5,187,000	\$22,000
Expenditures													
Projects													
Transportation/Transit	\$115,725,928	\$6,775,196	\$10,955,484	\$24,621,801	\$27,260,700	\$25,287,217	\$14,399,224	\$6,426,295	\$0	\$0	\$0	\$0	\$0
Water Augmentation	\$22,545,015	\$21,780	\$0	\$0	\$5,700,000	\$16,823,235	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Water Augmentation Costs [1]	\$20,800,000	\$0	\$0	\$0	\$0	\$0	\$20,800,000	\$0	\$0	\$0	\$0	\$0	\$0
Habitat Management	\$35,000,000	\$19,000	\$2,254,500	\$4,984,250	\$8,907,000	\$18,825,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fire Rolling Stock	\$464,000	\$116,000	\$116,000	\$116,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$194,534,943	\$6,831,976	\$13,325,984	\$29,732,051	\$41,983,700	\$60,935,702	\$35,199,224	\$6,426,295	\$0	\$0	\$0	\$0	\$0
Other Costs													
Additional Project Costs - CFD Administration [2]	\$1,725,000	\$75,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Net Annual Cash Flow													
Beginning Fund Balance [3]	\$3,983,076	\$44,220	(\$3,957,994)	(\$9,578,256)	(\$6,505,700)	(\$18,427,702)	\$4,574,776	\$38,911,705	\$10,356,000	\$162,000	\$87,000	\$5,037,000	(\$128,000)
Ending Fund Balance Before Contingency	\$24,668,124	\$4,027,296	\$4,027,296	\$99,302	(\$9,508,954)	(\$16,014,654)	(\$29,867,581)	\$9,044,124	\$19,400,124	\$19,562,124	\$19,649,124	\$24,668,124	\$24,668,124
Contingency													
Contingency Reserve Allowance	\$23,900,000												
Ending Fund Balance	\$668,124												

[1] Represented cost item moved from CIP Contingency to CIP Project costs.
 [2] Includes CFD administration costs.
 [3] Represents existing CIP Project fund balance.

Table C-2
FORA CIP 2010 Review
Estimated CFD Tax Revenues [1]

	Option 2 Recommended CFD Special Tax Revenue												
	2010-11 to 2021-22 Total	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Residential Revenues													
New Residential	\$170,922,000	\$30,000	\$7,570,000	\$16,294,000	\$31,937,000	\$35,515,000	\$28,329,000	\$42,080,000	\$9,167,000	\$0	\$0	\$0	\$0
Existing/Replacement Residential	\$5,566,000	\$0	\$0	\$587,000	\$1,245,000	\$1,325,000	\$2,160,000	\$249,000	\$0	\$0	\$0	\$0	\$0
Total Residential Revenues	\$176,488,000	\$30,000	\$7,570,000	\$16,881,000	\$33,182,000	\$36,840,000	\$30,489,000	\$42,329,000	\$9,167,000	\$0	\$0	\$0	\$0
Nonresidential Revenues													
Office	\$585,000	\$20,000	\$24,000	\$51,000	\$36,000	\$100,000	\$151,000	\$50,000	\$38,000	\$38,000	\$0	\$77,000	\$0
Industrial	\$519,000	\$26,000	\$31,000	\$47,000	\$64,000	\$53,000	\$168,000	\$15,000	\$17,000	\$17,000	\$17,000	\$42,000	\$22,000
Retail	\$15,615,000	\$0	\$734,000	\$1,996,000	\$381,000	\$1,510,000	\$5,687,000	\$1,116,000	\$1,284,000	\$257,000	\$220,000	\$2,430,000	\$0
Hotel	\$15,826,000	\$0	\$659,000	\$1,002,000	\$1,965,000	\$4,155,000	\$3,429,000	\$1,978,000	\$0	\$0	\$0	\$2,638,000	\$0
Total Nonresidential Revenues	\$32,545,000	\$46,000	\$1,448,000	\$3,096,000	\$2,446,000	\$9,818,000	\$9,435,000	\$3,159,000	\$1,339,000	\$312,000	\$237,000	\$5,187,000	\$22,000
Total All CFD Tax Revenues [2]	\$209,033,000	\$76,000	\$9,018,000	\$19,977,000	\$35,628,000	\$42,658,000	\$39,924,000	\$45,488,000	\$10,506,000	\$312,000	\$237,000	\$5,187,000	\$22,000
Cumulative CFD Tax Revenues [2]	\$209,033,000	\$76,000	\$9,094,000	\$29,071,000	\$64,699,000	\$107,357,000	\$147,281,000	\$192,769,000	\$203,275,000	\$203,587,000	\$203,824,000	\$209,011,000	\$209,033,000

[1] Assumes the following FORA Basewide Community Facilities District special tax rates shown below:
Proposed January 2011 64.0%
New Residential (per du) \$29,571
Existing Residential (per du) \$8,891
Office & Industrial (per acre) \$3,876
Retail (per acre) \$79,926
Hotel (per room) \$6,595

[2] Assumes no discount for affordable housing above the minimum requirement.

Res. Tax Rev. 2

APPENDIX D:

Infrastructure Cost Burden Analysis



APPENDIX D: INFRASTRUCTURE COST BURDEN ANALYSIS

As part of the FORA CIP review, EPS examined the infrastructure cost burdens for a few prototype development projects that might be typical of new development within the FORA boundaries. As described below, this analysis examined the infrastructure cost burden for the following prototype projects:

- Single-family development—Marina Dunes.
- Retail development—Marina Dunes.
- Hotel development—Marina Dunes.

The finished value of a development project (i.e., the price of a home) reflects multiple components, including land acquisition, vertical construction, infrastructure, site development, soft costs, sales commission, and builder profit. All cost components are necessary but must be within a reasonable range for a project to feasibly develop. This analysis evaluates development viability by applying two measures of development feasibility—the infrastructure cost burden indicator and the residual land value indicator.

These evaluation metrics are used as performance indicators to evaluate the potential financial feasibility of a development project. Because these financial feasibility tools are based on several reasonable assumptions regarding infrastructure costs and market pricing for housing, they are not intended to provide an absolute yes or no answer regarding a project's likely financial feasibility. Rather, the indicators provide guidance to property owners, land use regulators, and public service providers about the likelihood that a project can be successfully implemented, given the cost structure of that project, including the backbone infrastructure requirements and other public facilities identified for the development project.

Infrastructure Cost Burden Feasibility Indicator

In general, new development can support a certain level of infrastructure, the cost of which is ultimately integrated into the home price. EPS's infrastructure cost burden feasibility test, based on pro forma experience, is used as a performance indicator. This test measures the total cost of backbone infrastructure and public facility improvements as a percentage of the final sales price of a property (e.g., residential unit or nonresidential building).¹ The total infrastructure cost burden consists of all backbone infrastructure and public facility costs (e.g., developer funding plus any non-overlapping bond debt related to special taxes and assessments for infrastructure) plus all applicable development fees (e.g., development impact fees or school mitigation fees).

Typically, these total infrastructure costs comprise up to a maximum of 15 to 20 percent of a home's final total sales price. Based on pro forma analyses of dozens of Specific Plans in

¹ Subdivision frontage costs and in-tract subdivision development costs are included in the site development component and not counted as backbone infrastructure costs.

California over the past 2 decades, the infrastructure cost burden feasibility performance test yields the following general conclusions:

- Burdens below 15 percent are generally considered financially feasible.
- Burdens between 15 and 20 percent may be feasible depending on the specific circumstances of the project.
- Burdens above 20 percent suggest that a project may not be financially feasible unless other components of the project pro forma are particularly advantageous to the developer, thus allowing the project to bear unusually high infrastructure costs.

It is important to note that the infrastructure cost burden feasibility indicator does not account for extraordinary project circumstances or conditions, such as these:

- Unique on-site development costs.
- Infrastructure phasing requirements.
- Development absorption rates.
- Demolition or toxic contamination remediation.
- Changing market conditions.
- Litigation or other extraordinary project entitlement/development delays.

If the infrastructure cost burden analysis indicates that a project may be challenged, additional detailed analysis is warranted. One approach to a more comprehensive evaluation of development feasibility is the residual land value analysis, described in further detail below.

Residual Land Value

The residual land value indicator offers a more detailed appraisal of the entire cost structure of a development project and takes into account specific project circumstances, such as those cited above.

The price that a developer will pay for land generally relies on a land valuation method called a land residual analysis. The formula simply takes the finished market value of a home and subtracts all costs incurred to achieve that finished value to derive the residual value of the land. The value of land is subject to changes in market conditions that influence both the revenue and cost factors that are used to derive residual land values. If revenues from the sales of finished homes increase with no changes in costs, the residual land value would increase. Conversely, if development and other costs increase and there is no increase in expected finished home sale revenues, the residual land value would decrease.

The static residual land value calculations are derived using the following major assumptions:

- Finished market values (e.g., final home sales prices).
- Finished lot development costs.
- Vertical development costs (e.g., home construction).
- Development impact fees.
- Backbone infrastructure costs not funded through fees.

The residual land value remaining after taking account of the above factors must fund a variety of costs beyond the price of land acquisition. Generally, the residual land value must be sufficient to fund the following development and entitlement costs:

- Land Acquisition.
- Entitlement Costs.
- Environmental Impact Report.
- Planning Documents.
- Infrastructure Master Plan.
- Environmental Mitigation.
- Developer Overhead.
- Land Developer Profit.

Generally, a project must achieve a minimum residual land value ranging from 10 to 15 percent of the finished home value to be considered financially feasible and fund the items cited above. Significant departure from the typical costs observed for development and entitlement would create variation in the feasible residual land value range and merit additional analysis of project viability.

Major Analysis Assumptions

For each development prototype analyzed, the feasibility analysis is based on a static development project pro forma. Residential density, standard unit square feet, and nonresidential building square footage were based on data provided for each prototype project. Major analysis assumptions are discussed briefly below:

- **Estimated finished home price.** The assumed sales price per unit is based on discussions with area project developers and is intended to represent a home sales price that does not reflect the bottom of the market, but rather normalized market conditions with typical relations between household income and home sales prices. The assumed amount of \$200 per building square foot results in a \$400,000 value for the residential prototype.
- **Vertical construction costs.** Estimates of vertical constructions came from the project developer of the Marina Dunes project. The estimates reflect the type of product the builders would construct for the given prototype project.
- **Public agency fees.** Public agency fee estimates were compiled by review of existing agency fee programs and conversations with staff. In the case of the Marina Dunes project, the fee estimates reflect conditions on development impact fees included in the project's development agreement.
- **Other infrastructure burdens.** Estimates for other off-site infrastructure costs for the Marina Dunes project are based on information from the master developer. These costs include off-site traffic signals, mass grading for backbone infrastructure, sewer utilities, storm drain systems, median improvements, and street frontage landscaping.

Feasibility Analysis Results and Conclusions

This section summarizes the feasibility analysis results for the development prototypes. As discussed above, the infrastructure cost burden indicator was evaluated for each project prototype while the residual land value analysis was also completed for the single-family development prototypes. The results of the feasibility analyses yield the following conclusions:

- Infrastructure cost burdens along with other cost factors render planned residential development projects infeasible.
- The CFD Special Tax alone represents approximately 10 percent of the overall infrastructure cost burden of a typical new single-family unit.
- FORA projects do not have other extraordinary circumstances (e.g., atypically low land costs or low lot development costs) that would enable them to carry higher infrastructure cost burdens. In fact, the opposite might be concluded given many of the obstacles encountered by developers and builders with Fort Ord.
- Infrastructure cost burdens on nonresidential projects do not represent the same proportion of total project value as compared to residential projects. However, existing burdens are at the higher end of the range and such nonresidential projects would benefit from CFD Special Tax reductions.

The detailed results for each development prototype are discussed in further detail below.

Single-Family Prototypes

Table 5 summarizes the feasibility results for the single-family project prototype.

Infrastructure Cost Burden

As discussed above, the target range for the infrastructure cost burden is 15 to 20 percent of finished home sales value. As indicated in **Table D-1**, the infrastructure cost burden for the Marina Dunes project is estimated to be well beyond the targeted 15- to 20-percent infrastructure burden range, at approximately 32 percent of the estimated finished home sales price.

Residual Land Value Indicator

The residual land value indicator extends the feasibility analysis to take into account additional cost items, including the cost of unit construction, in-tract subdivision infrastructure,² soft costs,

² In-tract infrastructure costs reflect site improvement costs serving the entire development project that are not considered backbone infrastructure and are therefore not included in any existing fee programs. In-tract subdivision infrastructure costs are estimated based on costs provided for the development prototype and were allocated on a per-unit basis for purposes of the residual land value analysis.

and builder profit. The residual land value must be sufficient to fund several development and entitlement costs beyond land acquisition. The minimum target range for the residual land value is approximately 10 to 15 percent of the finished home sales value.

The residual land value indicator shows the project results fall outside the target residual land value range, with a negative residual land value. In addition to the infrastructure burdens discussed above, vertical construction costs and in-tract subdivision costs contribute to the low and negative residual land value results.

Retail Development Prototype and Infrastructure Cost Burden

Table D-2 summarizes the feasibility results for the retail project prototype. Based on assumed market lease rates and assumptions regarding typical operating expenses, **Table D-2** shows the estimated infrastructure cost burden as a percentage of assumed retail project value. As shown, infrastructure cost burden for the prototype retail project is estimated to be at the upper end of the range of the targeted 15- to 20-percent infrastructure burden range.

Hotel Development Prototype and Infrastructure Cost Burden

Table D-3 summarizes the feasibility results for the hotel project prototype. Assumed hotel revenue and operating cost assumptions derive an estimated capitalized value of approximately \$16.0 million for the prototype hotel project. The estimated infrastructure burden of approximately \$2.6 million (excluding any project-specific backbone infrastructure allocation) results in a burden of approximately 16 percent.

**Table D-1
FORA CIP 2010 Review
Housing Feasibility Analysis
Residual Land Value Calculation for Single-Family Residential**

Item	Dunes on Monterey Bay	
	Medium Density Res.	Single Family
Assumed Home Price [1]	\$400,000	100%
Infrastructure Burden		
City/County, Plan Area, & School Fees [2]	\$82,000	21%
Other Backbone Infrastructure Costs [3]	\$44,000	11%
Subtotal Infrastructure Burden <i>(Target 15%-20% Home Sales Price)</i>	\$126,000	32%
Unit Development		
Cost of Unit Construction	\$148,000	37%
In-tract Subdivision Infrastructure [4]	\$53,000	13%
Soft Cost (20% of In-tract + Unit Const. Cost) [5]	\$40,200	10%
Builder Profit (10% of Sale Price)	\$40,000	10%
Subtotal Unit Development Cost	\$281,200	70%
TOTAL COST OF UNIT [6]	\$407,200	102%
Residual Land Value (Paper Lot) [7]	(\$7,200)	-2%
Target Residual Land Value Range (10%-15% of Home Sales Price)		
10% of Home Sales Price	\$40,000	10%
15% of Home Sales Price	\$60,000	15%

"sfr_lvf"

Source: Various Home Builders and EPS.

- [1] Assumed home prices are based on estimated existing home sales prices in the region.
- [2] Includes fees due and payable at improvement plan or final map or building permit. Plan area fees include only shared infrastructure cost not included in lot costs or city/county fee programs.
- [3] Includes offsite infrastructure requirements not covered by existing fee programs.
- [4] Estimated cost does not include fees that are payable at improvement plan, final map, or building permit. Costs include internal collector roadways, lot development costs, utility extensions, and stub outs to each lot and a share of common subdivision related infrastructure costs (e.g., storm drainage improvements).
- [5] Soft costs include corporate overhead, home warranty costs, financing costs, selling costs, and other miscellaneous items.
- [6] Does not include project costs to comply with affordable housing requirements.
- [7] Paper lot value in this analysis assumes that backbone & intract infrastructure costs are passed forward to the buyer of the lots. Residual land value typically funds land acquisition, entitlement costs, environmental impact report, planning documents, infrastructure master plan, environmental mitigation, developer overhead, and land developer profit.

**Table D-2
FORA CIP 2010 Review
Retail Development Infrastructure Cost Burden Analysis**

Retail - Marina Dunes

Item	Assumption	Total
DEVELOPMENT PROGRAM ASSUMPTIONS		
Net Leasable Area (Sq. Ft.)		80,000
REVENUE		
Gross Lease Revenue (Weighted Average) [1]	\$19.50 /NLA sq. ft./year	\$1,560,000
(less) Vacancy	5.0%	(\$78,000)
(less) Leasing Commissions	3.0% 5 years' rent	(\$222,300)
(less) Replacement/Reserve	5.0%	(\$78,000)
Subtotal, Annual Net Operating Income		\$1,181,700
Capitalized Value	7.10% cap rate	\$16,643,662
INFRASTRUCTURE BURDEN		
City/County/Plan Area/School Fees		\$3,368,748
Other Backbone Infrastructure Costs		\$0
Total Backbone Infrastructure Cost Burden		\$3,368,748
Cost Burden as a Percentage of Value		20.2%

"rtl_burden"

Source: City of Marina and EPS.

[1] Lease rates assumed to be a weighted average between grocery/pharmacy anchor and separate specialty in-line retail in a single retail center.

**Table D-3
FORA CIP 2010 Review
Hotel Development Infrastructure Burden Analysis**

Hotel-Marina Dunes

Item	Assumption	Total
DEVELOPMENT PROGRAM ASSUMPTIONS		
Number of Rooms	100	
Average Room Rate	\$150	100
Square Footage Per Room	375	37,500
Efficiency Ratio	70%	
Gross Building Sq. Ft.		53,571
Occupancy Rate	70%	
REVENUE ASSUMPTIONS		
Gross Room Revenue		\$3,832,500
Other Operating Revenue [1]	10%	<u>\$383,250</u>
Total Revenue		\$4,215,750
(less) Department Expenses [2]	38% % of Total Rev	\$1,601,985
(less) Overhead Expenses [3]	18% % of Total Rev	\$758,835
(less) Management Fee	5% % of Total Rev	<u>\$210,788</u>
(less) Fixed Expenses [4]	6% % of Total Rev	<u>\$252,945</u>
Subtotal Expenses		\$2,613,765
Annual Net Operating Income After Ground Rent		\$1,601,985
Capitalized Value	10.00% cap rate	\$16,019,850
INFRASTRUCTURE BURDEN		
City/County/Plan Area/School Fees		\$2,600,000
Other Backbone Infrastructure Costs		\$0
Total Backbone Infrastructure Cost Burden		\$2,600,000
Cost Burden as a Percentage of Value		16.2%

"hotel"

Sources: RS Means, CB Richard Ellis, Korpacz Real Estate Investors, and EPS.

[1] Includes F & B, telecommunications, and other.

[2] Department Expenses include expenses directly attributable to hotel rooms, food & beverage, telecommunications, and other operational departments

[3] Overhead Expenses include administrative/general expenses, franchise fee, marketing, property maintenance, and utilities.

[4] Fixed Expenses include property taxes, insurance, equipment lease/other, and reserve/replacement.

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject:	Environmental Services Cooperative Agreement -- Report On Special Requests By Outside Agencies	
Meeting Date:	January 14, 2011	INFORMATION
Agenda Number:	7a	

RECOMMENDATION(S):

Receive a Fort Ord Reuse Authority ("FORA") Environmental Services Cooperative Agreement ("ESCA") Remediation Program ("RP") outside agency special requests report.

BACKGROUND:

In Spring 2005, the U.S. Army ("Army") and FORA entered into negotiations to execute an Army-funded Environmental Services Cooperative Agreement ("ESCA") leading to the transfer of 3,340 acres of former Fort Ord prior to regulatory environmental sign-off. In early 2007, the Army awarded FORA approximately \$98 million to perform munitions cleanup on the ESCA parcels. FORA also entered into an Administrative Order on Consent ("AOC") with U.S. Environmental Protection Agency ("EPA") and California Department of Toxic Substance Control ("DTSC"), defining conditions under which FORA undertakes responsibility for the Army remediation of the ESCA parcels.

In order to complete the AOC defined work; FORA entered into a Remediation Services Agreement ("RSA") with LFR Inc. (now "ARCADIS") to provide Munitions and Explosives of Concern ("MEC") remediation services and executed a Cost-Cap insurance policy for this remediation work through American International Insurance Group (now "CHARTIS"). The ESCA RP has been underway for approximately four years.

Within the last year, FORA has been receiving special requests from multiple agencies to prepare for construction or construct improvements on ESCA properties owned by FORA. FORA staff, FORA Counsel and ARCADIS have been meeting with these agencies to determine the scope and timing of these projects and to provide these agencies with the ESCA background and the ESCA property access limitations as outlined in the existing FOSET, Army/FORA deeds, Land Use Covenants, AOC, ESCA Grant documents, FORA/ARCADIS RSA and the Jurisdictions' Ordinance.

DISCUSSION:

Discussions with FORA Counsel, the Agencies' Counsels and ARCADIS Counsel, support by FORA, the Regulatory Agencies and ARCADIS is not funded by the ESCA Grant and must be reimbursed by the agencies. The Agencies will need to receive permission from ARCADIS and CHARTIS to access the proposed sites so that the ESCA insurance policies are not jeopardized. The agencies will also be required to have an existing easement from the Army and a Right of Entry from FORA to access the site. Based on the discussions with these agencies FORA has been asked to provide assistance to the following Agencies for the project listed below:

Monterey Salinas Transit – Monterey Salinas Transit (MST) would like to construct a storm drain system on FORA owned ESCA property located upstream from their proposed Transit Center Project to prevent the Transit Center Site from flooding. FORA and ARCADIS have provided MST with draft reimbursement agreements. MST is currently working with the future owner, CSUMB, to negotiate an easement for this storm drain.

Monterey Peninsula Water Management District – Monterey Peninsula Water Management District has an existing Aquifer Storage Recharge Well project that was begun under an easement from the US Army on property currently within the ESCA and owned by FORA that is located at the southeast corner of General Jim Moore Boulevard and Eucalyptus Road. Monterey Peninsula Water Management District is in the process of working with the City of Seaside to expand this site and add improvements.

California American Water - California American Water is preparing to construct a Regional Water system and has selected the location for their Terminal Reservoir site on ESCA property currently owned by FORA but slated to transfer to the City of Seaside. California American Water is in the process of working with the City of Seaside to finalize the size and location of the Terminal Reservoir Site.

FISCAL IMPACT:

Reviewed by FORA Controller 

There should be no cost to FORA or the ESCA because the costs for the FORA ESCA Program Manager, FORA Counsel, FORA and the Regulatory Agencies staff time, as required, will be reimbursed to FORA by the appropriate agency.

COORDINATION:

Administrative Committee; Executive Committee; FORA Authority Counsel; ARCADIS; Monterey Salinas Transit; Monterey Peninsula Water Management District; California American Water; EPA; and DTSC.

Prepared by



Stan Cook

Approved by



Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject: UC MBEST Visioning Exercise Reimbursement Agreement

Meeting Date: January 14, 2010

Agenda Number: 7b

ACTION

RECOMMENDATION(S):

Authorize additional spending and the execution of a Reimbursement Agreement with the University of California Monterey Bay Education, Science, and Technology Center ("UC MBEST") to jointly fund a consultant contract to conduct a visioning exercise for UC property on former Fort Ord, as generally described in **Attachment A**.

BACKGROUND/DISCUSSION:

At the March 12, 2010 FORA Board meeting, UC Santa Cruz ("UCSC") Chancellor George Blumenthal spoke about the university's re-examination of their former Fort Ord parcels reuse plans. UCSC intends to maintain the UC MBEST Center on approximately 70 of its 500 development acres. However, UCSC is rethinking its plans for the peripheral 430 acres. Over the past nine months, several stakeholder working group meetings have taken place. The direction from these meetings has been for UCSC to initiate a visioning exercise in March 2011.

FISCAL IMPACT:

Reviewed by FORA Controller 

At the most recent stakeholders meeting, FORA representatives and UC representatives agreed to present a proposal to jointly fund the costs of a consultant contract 40/60 to the respective decision making bodies. FORA would pay 40% of the consultant costs up to \$50,000, while UC would pay 60% of the consultant costs. This expenditure was not included in the approved FY 10-11 budget. If authorized today, this budget adjustment will be reported with the mid-year budget update.

COORDINATION:

Authority Counsel, UC MBEST visioning working group, Administrative and Executive Committees.

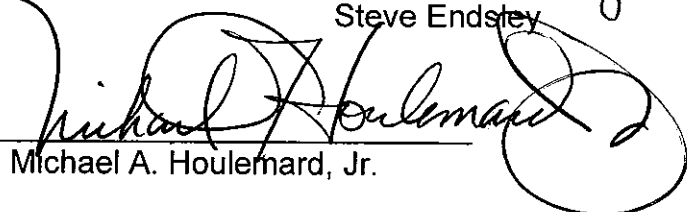
Prepared by


Jonathan Garcia

Reviewed by


Steve Endsley

Approved by


Michael A. Houlemard, Jr.

**REIMBURSEMENT
AGREEMENT**

**CONCERNING UNIVERSITY OF CALIFORNIA MONTEREY BAY EDUCATION, SCIENCE,
AND TECHNOLOGY CENTER (“UC MBEST”) VISIONING CONSULTANT SERVICES**

By and Between

**THE FORT ORD REUSE AUTHORITY
and**

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

THIS REIMBURSEMENT AGREEMENT CONCERNING UC MBEST VISIONING CONSULTANT SERVICES, dated _____, 2011 (“Agreement”), by and between the FORT ORD REUSE AUTHORITY (“FORA”), a California public agency, and THE REGENTS OF THE UNIVERSITY OF CALIFORNIA (“UC”), a California public corporation, (collectively, the “Parties”).

I. Recitals

1.1 In early 2010, UC announced that it was re-examining reuse plans for its former Fort Ord parcels. UC also shared its intentions to maintain the UC MBEST Center on approximately 70 of 500 development acres and re-evaluate its plans for the remaining 430 development acres; and

1.2 FORA and other stakeholders from the region have held several subsequent meetings with UC to discuss UC’s re-evaluation of its development plans; and

1.3 The meeting attendees recommended that FORA and UC jointly fund a consultant contract to complete a visioning exercise (described below under 2.1).

1.4 The purpose of this Agreement is to describe the visioning exercise and FORA’s financial commitment.

II. TERMS AND CONDITIONS

In consideration for the mutual promises contained herein the parties agree as follows:

2.1 Deliverable. UC will conduct a Request for Proposals (“RFP”) process in accordance with UC policy to select and hire a consultant to complete the visioning exercise. UC will enter into a contract (the “Visioning Contract”) with the consultant UC selects. The selection of the consultant and determination of the terms and conditions of the Visioning Contract will be made by UC in its sole discretion, provided that the scope of work in the Visioning Contract will be geared toward achieving the anticipated outcomes listed below. The anticipated schedule is that UC will select and hire the consultant before April 2011. The parties anticipate that the consultant would begin work immediately and complete its work within 120 days. The parties anticipate that the visioning exercise will produce the following

outcomes:

1. A long term vision for future use of UC's lands on the former Fort Ord area, based on:
 - a. the existing Fort Ord Base Reuse Plan and other existing planning documents
 - b. a market analysis, and
 - c. conversations with Monterey Bay region stakeholders and community leaders.
2. The visioning exercise will:
 - a. consider alternative land uses, such as education, health care, agriculture, tourism, defense, environmental industries, green business, marine resources
 - b. identify limitations, strengths and opportunities to achieve development goals identified in the visioning process; and
 - c. identify natural and financial resource implications.
3. Recommendations specific to UC MBEST properties will include:
 - a. Principles for determining land uses. Specifically, how can MBEST properties best be linked to the regional vision identified in the visioning process? How can we take advantage of opportunities? Does the 1997 Base Reuse Plan vision for UC MBEST need adjustment?
 - b. How can money and public support be obtained to implement UC MBEST development?
 - c. Protocol for public involvement for selling peripheral UC MBEST properties.
 - d. Evaluate general plans and adjacent planning entitlements for compatibility with the UC MBEST vision statement.
4. Discussion/Recommendations for partnering/collaborations

2.2 Reimburseable Amount. UC will make payments due under the Visioning Contract and invoiced to UC by the consultant directly to the consultant as provided in the Visioning Contract. UC will submit to FORA a copy of each invoice that UC receives from the consultant as work is completed pursuant to the visioning contract. FORA agrees to pay to UC forty percent (40%) of the total of consultant fees and other expenses shown on each consultant invoice within thirty days of FORA's receipt of the subject invoice; provided, however that FORA's total aggregate obligation to reimburse UC for the consultant's fees and other expenses pursuant to the Visioning Contract shall not exceed Fifty Thousand Dollars (\$50,000) total.

2.3 Hold Harmless. UC agrees to indemnify, defend and hold FORA harmless from any claims arising out of the Visioning Contract work (except any claim arising out of FORA's failure to make payments as provided in this Agreement), but only in proportion to and to the extent such claims are caused by the negligent or intentional acts or omissions of UC.

III. Term and Termination.

3.1 Term of Agreement. This Agreement shall terminate in one year or when all of the terms and conditions have been met or upon mutual agreement between the parties or their assignees.

3.2 Termination for Breach. If a party commits a material breach, the non-breaching party may terminate this Agreement by giving the party in breach written notice thereof and thirty (30) days in which to cure the breach. If the breach is not cured within thirty (30) days, this Agreement will be terminated upon the breaching party being given notice thereof by the non-breaching party. If the breach

is curable, but not within 30 days, the non breaching party may not terminate the Agreement so long as the breaching party diligently works to cure the breach. If the breach is incurable within thirty (30) days, the breaching party shall not be considered to be in default so long as it diligently and in good faith continues to cure the breach in a reasonably diligent manner thereafter up to 90 days after the breach.

IV. General Terms.

4.1 Further Actions. Each of the parties agrees to execute and deliver to the other such documents and instruments, and to take such actions, as may reasonably be required to give effect to the terms and conditions of this Agreement.

4.2 Modification. This Agreement is not subject to amendment or modification except by a writing signed by the parties hereto.

4.3 Assignment. Neither party may assign all or portions of its rights and obligations under this Agreement without prior written approval from the other party. Any agents for the parties shall not unreasonably withhold approval of an assignment.

5. Interpretation. This Agreement has been negotiated by and between representatives of the parties hereto and their staffs, all persons knowledgeable in the subject matter of this Agreement, which was then reviewed by the respective legal counsel of each party. Accordingly, any rule of law (including Civil Code §1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the purpose of the parties and this Agreement.

6. Attorney's Fees. In the event of any controversy, claim or dispute relating to this Agreement, or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs. Monterey County will be the venue for hearing any disputes.

7. Notice and Correspondence. Any notice required to be given to any party shall be in writing and deemed given if personally delivered upon the other party or deposited in the United States mail, and sent certified mail, return receipt requested, postage prepaid and addressed to the other party at the address set forth below or sent via facsimile transmission during normal business hours to the party to which notice is given at the telephone number listed for fax transmission.

UC:

Managing Director, UC MBEST Center/
Asst. Director, UCSC Real Estate Office
1156 High St.
Santa Cruz, CA 95064
Telephone: (831) 883-3672
Facsimile: (831) 883-3675

FORA:

Executive Officer
Fort Ord Reuse Authority
100 12th St., Building 2880
Marina, California 93933
Telephone: (831) 883-3672
Facsimile: (831) 883-3675

8. Areas of Non-Responsibility. Neither party shall be liable for commitments made to a third party by the other party which are:

- a. contrary to this Agreement or

b. not specifically included within the obligations of the parties hereto.

Each party shall defend, indemnify and hold the other harmless for any claims, costs, damages or other liability arising from such commitments, but only in proportion to and to the extent such claims, costs, damages or other liability are caused by or result from the negligent or intentional acts or omissions of the indemnifying party.

9. **No Third Party Rights.** This Agreement shall not create any benefits or rights in third parties.

IN WITNESS WHEREOF, FORA, and UC, by their duly authorized representatives, have executed this Agreement as of the date first written above.

FORT ORD REUSE AUTHORITY

By: _____
Michael A. Houlemard, Jr., Executive Officer

As to form: _____
Gerald D. Bowden

UNIVERSITY OF CALIFORNIA SANTA CRUZ

By: _____
Christina Valentino, Associate Vice Chancellor,
Business and Administrative Services

Attachment A
To Item 7b
FORA Board Meeting, January 14, 2010

Not available at the time of printing Board packet.
The attachment will be sent under separate cover by email.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Administrative Committee Report

Meeting Date: January 14, 2011

Agenda Number: 8a

INFORMATION

RECOMMENDATION:

Receive a report from the Administrative Committee.

BACKGROUND/DISCUSSION:

A joint Administrative Committee and Capital Improvement Program Committee was held on January 5, 2011. The minutes will be presented at the Board meeting in February. The approved minutes for the meetings on December 15, December 1, and November 17, 2010 meetings are attached.

FISCAL IMPACT:

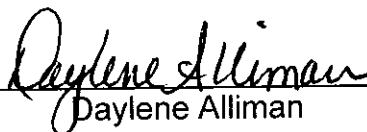
Reviewed by FORA Controller 

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

COORDINATION:

Administrative Committee

Prepared by


Daylene Alliman

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY

100 12th Street, Building 2880

Marina, CA 93933

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APPROVED

**MINUTES OF THE
JOINT ADMINISTRATIVE COMMITTEE and CAPITAL IMPROVEMENT PROGRAM
COMMITTEE MEETING**

Wednesday, December 15, 2010

1. **CALL TO ORDER** - Administrative Committee Co-Chair/Executive Officer Michael Houlemard called the meeting to order at 8:16 a.m. The following people, as indicated by signatures on the roll sheet, were present:

Nick Nichols, Monterey County
Rob Robinson, BRAC
Ian Gillis, UCP
Tim O'Halloran, City of Seaside
Chuck Lande, Marina Heights
Vicki Nakamura, MPC
Carl Niizawa, MCWD
Andy Sterbenz, Schaaf & Wheeler
Pat Ward, Bestor Engineers
Keith McCoy, UCP
Jonathan Garcia, FORA
Steve Endsley, FORA
John Marker, CSUMB
Crissy Maras, FORA
Daniel Dawson, City of Del Rey Oaks

Jim Arnold, FORA
Scott Hiik, MCP
Elizabeth Caraker, City of Monterey
Doug Yount, City of Marina
Chris Austin, DPFPG
Crisand Giles, BIA
Ray Corpuz, City of Seaside
Diana Ingersoll, City of Seaside
Graham Bice, UCMBEST
Patrick Breen, MCWD
Todd Muck, TAMC
Don Bachman, MST
Bob Schaffer, MCP
Beth Palmer, Monterey Downs
David Zendher, EPS

2. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS, CORRESPONDENCE** – Co-Chair/Executive Officer Michael Houlemard announced the U.S. Army Veterans Administration clinic project will begin at the start of the new year and will take approximately 7-8 months to complete. He reported that the new clinic will be located off of Gigling across from the Burger King. Mr. Houlemard also announced the 2010 program year graduation of students from the Fort Ord Superfund Job Training Initiative to be held at the Bayonet & Blackhorse golf club this evening at 6:00 p.m. Mr. Houlemard noted that he is the keynote speaker for the event.
3. **PLEDGE OF ALLEGIANCE** – Co-Chair Houlemard asked Crisand Giles, who agreed, to lead the Pledge of Allegiance.
4. **PUBLIC COMMENT PERIOD** – none
5. **APPROVAL OF DECEMBER 1, 2010 JOINT MEETING MINUTES** – *On a motion made by Graham Bice and seconded by Nick Nichols, the meeting minutes were approved as corrected. (Typographical error.)*

6. OLD BUSINESS

- a. **General Jim Moore Boulevard** – Executive Officer Houlemard introduced FORA Senior Project Manager Jim Arnold who reported that the FORA Board authorized staff to file the Notice of Completion for the General Jim Moore Boulevard Phase V and Eucalyptus Road Phase II project as soon as the punch list is completed. Mr. Arnold reported that upcoming work for the next bid document includes signalization and street lighting at Broadway and General Jim Moore Boulevard and signalization at Hilby and San Pablo. He said the new bid period would take place during February – March, 2011, and there would be approximately a 9-month construction period. Mr. Arnold stated that an application for a 2081 permit was submitted to the California Department of Fish and Game (“CDFG”) and abandoned as a viable option due to the protracted review process.
- b. **Habitat Conservation Plan “HCP”** – Senior Planner Jonathan Garcia reported that the U.S. Fish and Wildlife Service (“USFWS”) completed its review of all draft HCP sections except for the Funding section and the Alternatives section. Bob Schaffer of Marina Community Partners noted that, at the FORA Board meeting on December 10, 2010, Alec Arrago from Congressman Farr’s office offered assistance. FORA Acting Assistant Executive Officer/Director of Planning & Finance Steve Endsely stated that, while the federal office (USFWS) is cooperative albeit slow, CDFG is non-responsive. Mr. Houlemard noted that Assemblyman Monning and Senator Blakeslee are aware of the difficulty. Mr. Houlemard stated that he and Supervisor Potter had a teleconference scheduled to discuss dates and times with CDFG. He further noted that while our legislators, Governor Schwarzenegger’s office, and Senator Boxer’s office have all helped, it is difficult to understand why agencies in the same building are unable to come to consensus. He said we may have to eventually abandon the base-wide HCP approach if progress cannot be made. Steve Endsley stated that USFWS was hosting a “feedback” session today at 1:30 at the Long Marine Laboratory, regarding the HCP process. Co-Chair Doug Yount stated that Fish and Game is clearly the obstacle and we need to get creative with constant communication with representatives noting that this is a critical issue. Co-Chair Houlemard requested an item be placed on the agenda for the January 5, 2011 meeting regarding an HCP strategy session.
- c. **Economic Development Administration Regional Conference** – Executive Officer Houlemard reported that he, Senior Project Manager Jim Arnold, and Seaside Deputy City Manager Diana Ingersoll attended the Economic Development Administration (“EDA”) Regional Training Conference held in Los Angeles, December 7 – 9, 2010. He reported that there were approximately 160 attendees this year from Region 9 including participants from Alaska, Guam, and Arizona. Mr. Houlemard stated that the EDA is moving away from major capital improvement/infrastructure programs and is making cuts in order to reduce the deficit. He reported that the federal government is looking at ways to decrease debt/deficit spending, by reviewing budget decisions and considering the elimination of departments. The political reality is that EDA may not be in existence next year. Mr. Houlemard reported that the US Army has taken drastic budget cutting actions by eliminating travel by 50-60% and purchasing teleconferencing equipment. Ms. Ingersoll stated that the climate is dismal and the EDA has implemented new processes for obtaining funding. Mr. Arnold said that former applicants are not able to come up with the matching funds necessary and therefore there is less competition for grant funding. He noted that he met the new northern California representative David Martin who is replacing retiring representative Dianne Church. Mr. Houlemard noted that there could be funding available for public universities and it could fit in with the UC MBEST visioning process.

- d. **Capital Improvement Program Review and Draft Report** - Mr. Endsley introduced consultant, David Zehnder, who met previously with the Administrative Committee members and, as a result of his research, provided an overview of his report. Mr. Zehnder reported that the overall findings were a result of inquiries and discussions and include an interim fix and long term strategy. Mr. Zehnder reviewed the findings with the Administrative and CIP Committees noting that their recommendation for immediate action includes: a 21% reduction in the FORA CFD Fee and freezing the automatic annual adjustment to the FORA CFD for a fixed period of time (e.g., up to 2 years). He stated that the sunset of FORA produces critical uncertainty for inter-jurisdictional planning because the process is unknown. Unknown factors such as what will be the future CIP funding sources and who will implement CIP projects post June 30, 2014 creates a risk for developers. He stated that a centralized agency is important and there is concern about how a transition will happen. Chuck Lande, representing Marina Heights, commented that he had read EPS's draft report several times and couldn't understand why EPS's recommendations were different from DPF's recommendations (the financial consultant retained by the Building Industry Association). He suggested that the Principals at EPS and DPF conduct a meeting between now and the January 5th FORA Administrative Committee meeting to see if they might identify the reasons for their differing recommendations, which, in the end, might affect the outcome of EPS's report.

After further discussion among the members of the Committees, Doug Yount made a motion that consultant David Zehnder meet with BIA consultant Chris Austin between now and the next meeting of the committees on January 5th 2011. The findings from the joint meeting will be presented to the Committees and a workshop will be held at the joint committee meeting on January 5th prior to presenting a report to the Board on January 14, 2011. Nick Nichols seconded the motion and it passed without objection.

8. **NEW BUSINESS** - none

There being no further business Co-Chair Houlemard adjourned the meeting at 9:56 a.m.

Minutes prepared by Daylene Alliman, Deputy Clerk

APPROVED

**MINUTES OF THE
ADMINISTRATIVE COMMITTEE MEETING
Wednesday, December 1, 2010**

1. Call to order at 8:15 a.m.

Administrative Committee Co-chair/Executive Officer Michael Houlemard called the meeting to order at 8:17 a.m. The following people, as indicated by signatures on the roll sheet, were present:

Nick Nichols, Monterey County	Diana Ingersoll, City of Seaside
Rob Robinson, BRAC	Jim Arnold, FORA
Christi Di Iorio, City of Marina	Graham Bice, UCMBEST
Theresa Szymanis, City of Marina	Tim O'Halloran, City of Seaside
Gage Dayton, UCSC Natural Reserves	Kathleen Ventimiglia, CSUMB
Vicki Nakamura, MPC	Patrick Breen, MCWD
Carl Niizawa, MCWD	Todd Muck, TAMC
Andy Sterbenz, Schaaf & Wheeler	Mike Gallant, MST
Keith McCoy, UCP	Bob Schaffer, MCP
Jonathan Garcia, FORA	Beth Palmer, Monterey Downs
Steve Endsley, FORA	Pat Ward, Bestor Engineers

- 2. Acknowledgements, Announcements, Correspondence** – Co-Chair/Executive Officer Michael Houlemard announced the recent collaborative meeting of the UC MBEST property consisting of representatives from the universities including; Chancellor Blumenthal UC Santa Cruz, Tom Vani UC Santa Cruz, Dr. Bruce Margon UC Santa Cruz, Donna Blitzer UC Santa Cruz, Dianne Harrison CSUMB and Dr. Garrison Monterey Peninsula College, and other representative stakeholders from the former Fort Ord jurisdictions continue to meet regarding active use of the site. He said that in moving ahead with the joint effort, a consultant will be chosen for a facilitation process to begin sometime in February 2011. Mr. Houlemard announced that a time capsule dedication ceremony would take place at the next FORA Board meeting on December 10, 2010 and items include a piece of roofing from Stillwell Hall, sand from the firing range, munition debris, and a spike from the old railroad, among other things. The dedication ceremony will occur at 3:00 p.m. one half-hour prior to the Board meeting which will be held at its new location: Carpenters Union Hall, 910 2nd Ave, Marina, CA.
- 3. Pledge of Allegiance** – Chair Houlemard requested Dr. Gage Dayton, who agreed, to lead the Pledge of Allegiance.
- 4. Public Comment Period** – none
- 5. Approval of November 17, 2010 Joint Meeting Minutes** – On a motion made by Graham Bice and seconded by Nick Nichols, the meeting minutes were approved as presented. Mr. Houlemard thanked Crissy Maras for her thorough preparation of the minutes.
- 6. Review of the December 10, 2010 FORA Board meeting agenda** – Executive Officer Houlemard reported that under the Consent Agenda for approval were: b.) the General Jim

Moore Boulevard Phase V and Eucalyptus Road Phase II Authorization to file a Notice of Completion and that the project was completed within the Board authorized amount. c.) the Multi-Modal Transit Corridor Realignment Memorandum of Understanding (MOA) was fully executed, and d.) a request to authorize the Executive Officer to execute a second amendment to the Fort Ord Reuse Authority – University of California Fort Ord Natural Reserve Funding Agreement. FORA has funded UCFONR habitat management on an annual basis and the second amendment allows the Habitat Conservation Plan management to move ahead on the property owned by the University. Mr. Houlemard noted that there were no Old Business items to report. Under New Business, Mr. Houlemard reported that the Fiscal Year 09-10 Annual Financial Audit Report and the Consistency Determination for the City of Marina Pedestrian and Bicycle Master Plan would be presented to the Board. Mr. Houlemard noted items under the Executive Officers' report in particular: the Capital Improvement Program review process; Habitat Conservation Plan update; and a complete and itemized report would be presented to the Board regarding Outstanding Receivables to date. Mr. Houlemard said that the Ad Hoc Committee regarding the Preston Park sale continues to meet and has scheduled a meeting for December 2, 2010. He further noted that this item will be discussed under Closed Session.

7. Old Business

- a. **Habitat Conservation Plan** - Mr. Houlemard reported that the Department of Fish and Wildlife promised comments by December 1, 2010. Elected officials met with the staff at the California Department of Fish and Game (CDFG) and U.S. Fish and Wildlife Service (USFWS) during the Legislative Mission Trip in April this year. In addition, then Senator Maldonado, also liaised on behalf of FORA at the request of Supervisor Potter, to keep the process moving forward.
- b. **Annual Habitat Monitoring Reports** – Senior Planner, Jonathan Garcia reported that Habitat Managers are required to provide an annual report on habitat reserve management activities under the Habitat Management Plan. The Bureau of Land Management (“BLM”) will collect reports from the jurisdictions and habitat managers, and then BLM will forward the reports to the wildlife agencies (CDFG and USFWS).
- c. **Capital Improvement Program** - Mr. Garcia reported that the consultant, David Zendher, met with the Administrative Committee members at the last joint Administrative/Capital Improvement Program meeting and will be providing information on any anomalies and additional background and reports. He asked that committee members come to that meeting prepared to contribute. Acting Assistant Executive Officer/Director of Planning & Finance Steve Endsley noted that the Board is requiring a report in January. He further stated that on December 15th there will be a presentation of the findings and this was a quick turnaround, as requested by the FORA Board. Mr. Endsley said that dialogue is happening with the consultant among FORA, the Jurisdictions, and the development community.
- d. **Economic Development Administration Regional Conference** – Executive Officer Houlemard reported that he and Project Manager Jim Arnold, will be attending the Economic Development Administration (“EDA”) Regional Training Conference held in Los Angeles, December 7 – 9, 2010. Mr. Houlemard said that the EDA is still considering funding Capital projects such as roads. However, they are moving away from major capital improvement/infrastructure programs and toward regional capacity – small business. He said that Susan Barich, who serves as the Executive Director of the Marina Technology Cluster, will report back to the FORA Administrative Committee on either December 15 or January 5 regarding the EDA conference. He further noted that the EDA is changing how they fund programs and are making cuts of 5 -15% in order to reduce the deficit. Mr. Houlemard stated that Congressman Farr has said that the government is unlikely to issue

ARRA (American Recovery and Reinvestment Act) funds and EDA funding for the next 18 months is likely to be diminished. He said that FORA is looking at other federal programs for future funding.

8. New Business

- a. **Administrative Committee meeting dates for 2011** - A motion was made by Graham Bice seconded by Vicki Nakamura to approve the Administrative Committee meeting dates for 2011. **The motion carried unanimously.**
- b. **CONSISTENCY DETERMINATION: General Plan Amendments for the City of Marina Pedestrian and Bicycle Master Plan** - Jonathan Garcia reported that the City of Marina submitted a bike plan for the consistency determination review. He said that staff reviewed the request and prepared a report for the Board. Theresa Szymanis, Planning Services Manager for the City of Marina reported that the City adopted guidelines regarding facilities, grants, and lower greenhouse emissions, thus adopting these items into the Bicycle and Pedestrian Master Plan. She said that relevant staff reports and resolutions are attached to the staff report. Graham Bice asked a question regarding what level of Environmental Review occurred for the Bicycle and Pedestrian Master Plan. Ms. Szymanis stated that it was tied to the General Plan. She thought that it was a Mitigated Negative Declaration and no additional impacts would be created in addition to the General Plan or the EIR (Environmental Impact Report). Mr. Bice requested a copy of the mitigated document and Christi Di Iorio, Assistant City Manager City of Marina, stated she would provide a copy of the document. Mr. Houlemard stated that staff recommended the Administrative Committee recommend FORA Board concurrence with the Marina's Consistency Determination. A motion was made by Todd Muck seconded by Christie Di Iorio to approve the Consistency Determination General Plan Amendments for the City of Marina Pedestrian and Bicycle Master Plan. **The motion carried unanimously.**

There being no further business Chair Houlemard adjourned the meeting at 8:55 a.m.

Minutes prepared by Daylene Alliman, Deputy Clerk

FORT ORD REUSE AUTHORITY

100 12th Street, Building 2880

Marina, CA 93933

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APPROVED

**MINUTES OF THE
JOINT ADMINISTRATIVE / CAPITAL IMPROVEMENT PROGRAM COMMITTEE MEETING
Wednesday, November 17, 2010**

1. Call to order at 8:15 a.m.

Administrative Committee Co-chair Doug Yount called the meeting to order at 8:18 a.m. The following people, as indicated by signatures on the roll sheet, were present:

Nick Nichols, Monterey County
Rob Robinson, BRAC
Doug Yount, City of Marina
Tim O'Halloran, City of Seaside
Vicki Nakamura, MPC
Daniel Dawson, City of DRO
Todd Muck, TAMC
Jonathan Garcia, FORA
Steve Endsley, FORA
Bob Schaffer, MCP
Scott Hilk, MCP

Ray Corpuz, City of Seaside
Jim Arnold, FORA
Graham Bice, UCMBEST
John Marker, CSUMB
Jim Cook, Monterey County
Ian Gillis, Urban Community Partners
Anne Cribbs, MHP
Debby Platt, City of Marina
Pat Ward, Bestor Engineers
Crissy Maras, FORA
Crisand Giles, BIA Bay Area

2. Pledge of Allegiance

Chair Yount asked Nick Nichols, who agreed, to lead the pledge of allegiance.

3. Acknowledgements, Announcements, Correspondence – none

4. Public Comment Period – none

5. Approval of October 20, 2010 Meeting Minutes

CSUMB representative John Marker requested an edit to page 4, 4th paragraph, 3rd sentence. He asked that the sentence be changed from "They have an EDA planning grant and a business plan being reviewed by EDA" to read "They have an EDA planning grant and a business plan *is under development.*" The minutes were approved with the noted edit.

6. Follow-up to the November 12, 2010 FORA Board Meeting

FORA Acting Assistant Executive Officer/Director of Planning and Finance Steve Endsley noted that the Board approved the City of Seaside request to fund the traffic study needed to open connector roads constructed as a part of the General Jim Moore Boulevard project, a regional benefit.

7. New Business – none

8. Old Business

a. Capital Improvement Program (CIP) Review – Consultant Presentation

- **Jurisdictions' development forecasts**
- **Cost-Burden Analysis - update**
- **Table 1 – Summary of Other Costs and Contingencies**

FORA Senior Planner Jonathan Garcia introduced David Zehnder of EPS and noted that EPS had met with individual jurisdictions since the last joint meeting to refine development forecasts used in their work effort.

Mr. Zehnder directed committee members' attention to the memo and tables distributed as a part of the meeting packet. He noted that, at the last meeting, they went around the table and asked jurisdictional representatives for updated forecasts and for the CIP projects they felt were instrumental to development. That exercise showed that the CIP is fairly accurate. EPS is now working to confirm residential and non-residential development. One area that needs attention is the affordable residential units. As a side note, Mr. Zehnder mentioned that the FORA CIP did not carry 500 CSUMB affordable units, which caused the total residential units to exceed 6160. Mr. Zehnder noted that affordable/below market rate units could not support the full development fee and that lowering the fee for these types of units would not have an impact on the overall fee since FORA has formulated a fee reduction assumption in Table 4. This will be explored more and presented with draft results next month.

Regarding the Cost Burden Analysis, while total infrastructure cost burden around 15-20% is standard, the FORA fee is bumping 10-12% by itself. EPS will be testing residential development at East Garrison and Marina Dunes, commercial at Marina Dunes, and a resort at Bayonet and Blackhorse Golf Course. Monterey County representative Jim Cook asked if EPS would be testing industrial development and advised using UCSC's industrial site. Mr. Zehnder stated that it could be possible to exchange one of the residential tests for an industrial test if it is the most compelling test to do. EPS will work with FORA to consider that as an option.

Regarding other sources of FORA funding, if land sales don't occur, FORA's building removal program may be in jeopardy. Also, given the current pace of development, tax increment (TI) may not prove to be a significant funding source prior to FORA's transition. The TI FORA receives is currently assigned to the FORA operating budget.

The main thrust of the EPS work program is focused on the contingency. A table in the packet showed \$125M in contingency items which accounts for about 40% of the entire CIP. Several projects in the contingency list include capital improvements, i.e. sound attenuation on General Jim Moore Blvd. EPS is looking at combining all the transportation costs into one category that equals 25% of the transportation obligation. Habitat line items may see cost savings when the HCP is finalized. There is approximately \$2.76M in unassigned costs that EPS will recommend for removal.

Caretaker costs will be evaluated in more detail. Mr. Cook asked what caretaker costs include. Mr. Endsley responded that, originally, land was intended to transfer directly through FORA to the jurisdictions. Around 1999, the jurisdictions were worried that they would incur costs related to police, fire, health and safety, illegal dumping, etc. on property sitting vacant. Another example is the cost of Pollution and Legal Liability insurance that FORA procured, which has an expiration date of 2014. Mr. Cook was glad to know that there is a line item in the contingency that will help fund property management of habitat parcels. Chair Yount noted that there are trade-offs: funding for the costs involved for the property management of vacant land and buildings versus a lower fee to spur development on these parcels.

Seaside representative Ray Corpuz asked if there was any impact on the Base Reuse Plan (BRP). Mr. Endsley responded that the consultant was instructed to work within the BRP. There are only two caps in the BRP, housing units and water allocation. Everything else can be adjusted without revising the BRP.

Scott Hilk asked if the Administrative Committee or FORA Board would consider the impacts of delay in development related to TI. Mr. Zehnder responded that EPS would look at TI as a potential mechanism to reduce the fee and the impact will be presented in their analysis. Mr. Yount stated that TI is a huge benefit to the region which is an incentive for moving development forward. EPS will present their draft recommendations at a joint Administrative and Capital Improvement Program committee meeting scheduled for December 15th. The materials will be sent to members

via email prior to the meeting to allow time for review. There were no additional comments on this item.

b. CIP Review – Transportation Agency for Monterey County (TAMC) study on CIP project funding allocations by fund type and project phase

TAMC representative Todd Muck distributed 3 tables: Table 2 from the recently approved FY 2010/11 FORA CIP; the TAMC study on CIP project funding allocations by fund type and project phase; and a table illustrating the differences between the adopted and the proposed. Mr. Muck stated that TAMC reviewed the needs of specific projects, including the need for matching funds, and lined up projects in specific years using typical project phasing. The overall total of the transportation obligation remains the same. Mr. Endsley noted that TAMC was suggesting replacement projects, showing a light rail project and improvements to Highway 1 at Del Monte and Fremont instead of regional project R3, Hwy 1 – Seaside Sand City. TAMC would have to determine that the replacement project accomplishes the same thing.

Committee members asked that TAMC work with this joint committee to review the reassessment of project phasing. They additionally requested the analysis behind why projects were moved out. Mr. Cook made the motion that TAMC work with individual jurisdictions and come back to this joint committee with revised tables on December 15th prior to review by any other board or committee. The motion was seconded by several members and passed unanimously.

Mr. Yount noted his concern that improvements to Highway 156 were not a higher priority. Mr. Muck replied that improvements to Highway 156 are TAMC's highest unfunded priority. There were no other comments on this item.

9. Items from members – none

10. Adjournment

Chair Yount adjourned the meeting at 9:40 AM.

Minutes prepared by Crissy Maras, Administrative Coordinator

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Habitat Conservation Plan – status report

Meeting Date: January 14, 2010

Agenda Number: 8b

INFORMATION

RECOMMENDATION(S):

Receive a status report regarding the Habitat Conservation Plan ("HCP") and State of California 2081 Incidental Take Permit ("2081 permit") preparation process.

BACKGROUND/DISCUSSION:

The Fort Ord Reuse Authority ("FORA"), with the support of its member jurisdictions and consultant team, is on a path to receive approval of a completed basewide HCP and 2081 permit in 2012, concluding in the US Fish and Wildlife Service ("USFWS") and California Department of Fish and Game ("CDFG") issuing crucial federal and state permits.

The FORA Board provided direction on the governance structure of the future HCP Joint Powers Authority Cooperative on May 14, 2010. ICF International (formerly Jones & Stokes), FORA's HCP consultant, completed a pre-public administrative draft HCP on December 4, 2009. FORA member jurisdictions completed a comment and review period, which ended February 26, 2010. At this time, USFWS has commented on all draft HCP sections except for the Funding and Alternatives sections, while CDFG has not submitted any comments by the agreed upon December 1, 2010 deadline. The next critical milestones to completing the HCP are receiving HCP comments from USFWS and CDFG, resolving any outstanding issues from comments, and drafting the National Environmental Policy Act/California Environmental Quality Act ("NEPA/CEQA") documents. ICF International intends to schedule a working group meeting after the HCP comments are received. FORA staff will be working on two outstanding issues: 1) a solution that would allow the Permittees to include the Monterey Ornate Shrew as a covered species in the HCP and 2) a solution to identifying and certifying an endowment holder that can guarantee an acceptable cap rate for the HCP endowments.

FISCAL IMPACT:


Reviewed by FORA Controller 

ICF International and Denise Duffy and Associates' (FORA's NEPA/CEQA consultant) contracts have been funded through FORA's annual budgets to accomplish HCP preparation. Staff time for this item is included in the approved FY 10-11 budget.

COORDINATION:

Executive Committee, Administrative Committee, Legislative Committee, HCP working group, HCP Permit Completion working group, FORA Jurisdictions, USFWS and CDFG personnel, ICF International, Denise Duffy and Associates, and various development teams.

Prepared by 
Jonathan Garcia

Reviewed by 
Steve Endsley

Approved by 
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Outstanding Receivables	
Meeting Date:	January 14, 2011	INFORMATION/ACTION
Agenda Number:	8c	

RECOMMENDATIONS:

- I. Receive a Fort Ord Reuse Authority (FORA) outstanding receivables update as of December 31, 2010.
- II. Authorize the FORA Executive Officer to execute tax increment payment agreement with the City of Seaside.

BACKGROUND/DISCUSSION:

FORA has both receivables that are due during the fiscal year and outstanding receivables that remain unpaid (delinquent) after their due date. According to the FORA Late Fee policy, receivables older than 90 days are reported to the Board.

	PLL Loan Payments		CFD	Tax	Interest	Amount
	FY 09-10 pmnt	FY 10-11 pmnt	Fees	Increment	Reimburs	Outstanding
1 City of Del Rey Oaks	182,874	256,023				438,897
2 City of Marina			23,796	124,232		148,028
3 City of Seaside				358,830		358,830
Total outstanding receivables						<u><u>945,755</u></u>

1. **City of Del Rey Oaks (DRO):**

- PLL insurance annual payments: In 2009 DRO cancelled agreement with its project developer who previously made the PLL loan payments. The FORA Board approved a payment plan for DRO and the interim use of FORA funds to pay the premium until DRO finds a new developer (who will be required by the City to bring the PLL Insurance coverage current). DRO anticipates finding a suitable developer for its Fort Ord Property within the next few months. DRO agreed to make interest payments on the balance owed until the new developer is secured, and they are current.

2. **City of Marina (Marina):**

- CFD fee: Marina approved development entitlements for the Neeson Road projects in 2004 and 2008 without collecting the CFD fee. At its September meeting, the FORA Executive Committee instructed staff to work with Marina staff to contact the owners to secure the \$23,796 payment. Marina sent letters to the Neeson property owners about the FORA fee. FORA staff were able to contact and invoice one owner, but not yet received payment. Resolution has not yet been achieved regarding two other owners.
- Tax increment: In the fall of 2010, as directed by the FORA Board as part of the Capital Improvement Program review, FORA conducted an audit of tax increment revenue that FORA collects from the Cities of Seaside, Marina and Monterey County. The results indicated that FORA is owed property tax increment payments from Seaside and Marina. Both cities acknowledged the underpayment.

Payment: Marina is working to identify resources to make the payment in the near term. Staff will bring this item back to the FORA Board in February if FORA does not receive payment by then.

3. **City of Seaside (Seaside):**

- **Tax increment:** Please see paragraph 2 above.

Payment: Seaside requested a payment plan to repay this obligation. Staff recommends that the Board authorize the Executive Officer to finalize and execute a repayment agreement between FORA and Seaside.

Seaside is:

- 1) **Proposing to repay this obligation in four equal installments, the first installment due January 31, 2011 and fourth installment due June 30, 2012.**
- 2) **Willing to pay interest on outstanding balance.**
- 3) **Requesting that the FORA Board consider making an exception to its Late Fee Policy reducing the interest rate to 1% per annum in this one case given the circumstances.**

FISCAL IMPACT:

Negative. FORA expends its own resources until these receivables are collected.

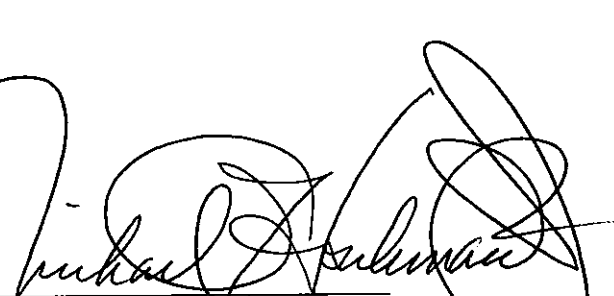
COORDINATION:

Executive Committee.

Prepared by


Ivana Bednarik

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Executive Officer's Travel	
Meeting Date:	January 14, 2011	ACTION/INFORMATION
Agenda Number:	8d	

RECOMMENDATION:

- i. Receive a report from the Executive Officer concerning business travel on behalf of the Fort Ord Reuse Authority ("FORA"), which was approved by the Executive Committee on January 5, 2011.
- ii. Authorize increase in travel budget authority by two-thousand dollars for FY 10-11.

BACKGROUND/DISCUSSION:

The Executive Officer regularly submits reports to the Executive Committee providing details of travel requests, including those by the Fort Ord Reuse Authority ("FORA") staff and board members. Travel expenses may be paid or reimbursed by FORA, outside agencies/ jurisdictions/organizations, or a combination of these sources. The Executive Committee reviews and approves these requests, accordingly, and the travel information is reported to the Board as an informational item.

~ **January 24, 2011 Legislative trip to Sacramento, CA.** Executive Officer Houlemard and Chair/Supervisor Potter (and maybe others) will visit legislators regarding legislation to allow former Fort Ord jurisdictions to use tax increment in Base Reuse Plan designated areas to support commercial project infrastructure. This was included in FORA's 2010 Legislative Agenda and is supported by every former Fort Ord jurisdiction as well as adjacent communities. In addition, Mr. Houlemard and Mr. Potter expect to meet with Jack Kirwan from the California Department of Veterans Affairs regarding the Veterans Cemetery, and representatives from the California Department of Fish and Game ("CDFG") regarding the Habitat Conservation Plan.

~ **February 13-16, 2011 Association of Defense Communities ("ADC") Winter Forum trip to San Antonio, Texas.** As previously reported at the November 2010 Board meeting, Executive Officer Houlemard and Chair/Supervisor Potter (and maybe others) will be attending the ADC Winter Forum on Installation Innovation, Efficiency & Partnership which include updates on several topics impacting the reuse of former Military installations. Workshops include Financing and Public-Private Partnerships, Collaborating with the Community, Renewable Energy and Land Use Compatibility, Managing Redevelopment in a Down Economy, and more.

~ **March 13 - 18, 2011 Legislative Mission trip to Washington, DC.** Executive Officer Houlemard and Chair/Supervisor Potter will travel to the nation's capital to attend a series of meetings that will focus on items from the FORA Legislative Agenda, including follow-up with the U.S. Army, U.S. Environmental Protection Agency, Department of Interior, Bureau of Reclamation, Congressman Farr and others. FORA has coordinated this mission trip with both TAMC ("Transportation Agency of Monterey County") and MCWD ("Marina Coast Water District"), regarding those legislative issues that overlap each agency.

FISCAL IMPACT:

Reviewed by FORA Controller 

The travel expenses will be covered by FORA and reimbursed according to FORA Travel Policy (in some cases portions are paid by the jurisdiction). The \$16,000 travel budget is about 70% expended before these three trips. *The Executive Committee is recommending increasing the budget authority by \$2,000 to provide sufficient funding through the fiscal year end and allow select incoming Board members to participate in some of these trips. This adjustment will be reported with the mid-year budget update.*

COORDINATION:

Executive Committee, JEA & Associates, TAMC and MCWD.

Prepared by


Daylene Alliman

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

ELECTION OF OFFICERS - 2011

Subject:	Report from Nominating Committee	
Meeting Date:	January 14, 2011	ACTION
Agenda Number:	9a	

RECOMMENDATION:

1. Elect three voting members of the Fort Ord Reuse Authority ("FORA") Board of Directors to serve as officers for a term of one year (February 2011 – January 2011):
 - Chair
 - First Vice-Chair
 - Second Vice-Chair
2. Confirm the Nominating Committee's recommendation of two other representatives from the Board, both to serve on the Executive Committee:
 - A past Chair of the Board or, in the absence of one, a second representative-at-large
 - One other voting member of the Board to serve as a representative-at-large

BACKGROUND/DISCUSSION:

The FORA Master Resolution states that the Authority's three officers shall be elected by the Board at the end of its first regular meeting in January of each year. Serving on the 2011 Nominating Committee were Mayors Sue McCloud (Chair), David Pendergrass, Jerry Edelen, and Chuck Della Sala; and Supervisor Dave Potter. The Committee met on January 5th and recommended the following slate:

Chair:	Supervisor Dave Potter
1 st Vice Chair:	Mayor Jerry Edelen
2 nd Vice Chair:	To be determined
Past Chair:	(Vacant for 2011 – Executive Committee opening to be filled by the second representative-at-large below)
Board Representative:	Mayor David Pendergrass
Board Representative:	To be determined

The Nominating Committee will meet regarding the final two recommendations once the Committee has received appointments to the Board from jurisdictions.

VOTING PROCEDURE: A summary nomination covering all offices may be offered by any board member before voting for the individual offices is commenced. In the absence of this, the Chair will accept nominations for each office, starting with the Chair, and conduct an election as noted in **Attachment A**. A simple majority of the total number of votes cast determines the election.

The Authority officers serve for a term of one year. They may be reelected for no more than one consecutive, additional term in the same office. The board policy is that the officers shall rotate on a regular basis among the voting members of the Board. Succession is from 2nd Vice Chair to 1st Vice Chair to Chair. The Board may appoint other officers as deemed necessary. The three officers and a representative-at-large comprise the Executive Committee at this time. There has been no past chair since the August 14, 2009 board meeting.

FISCAL IMPACT:

Reviewed by FORA Controller 

None

COORDINATION: Nominating Committee and Executive Committee

Prepared by 
Daylene Alliman

Approved by 
Michael A. Houlemard, Jr.

VOTING PROCEDURES

Election of Officers

January 14, 2011 FORA Board Meeting

1. The Chair (or Acting Chair) opens the election of officers by requesting that the Chair, or other member, of the Nominating Committee present the committee's recommended slate of officers.
2. The Board may elect the three officers by a summary nomination, wherein a motion to elect all three is made, seconded and carries. In the absence of a summary nomination, the Chair will request nominations for each board position in turn. The order of the election shall be the Chair first and then the First Vice-Chair followed by the Second Vice-Chair. Each position, if voted individually, is voted on before the next position is voted on. The two appointed representatives to the Executive Committee (a representative-at-large and a past board chair or, if there is none, another voting board member) may be elected, appointed, or simply confirmed by acclamation by the Board.
3. If only one nomination is received for a position, a voice vote to elect by acclamation may be accepted by the Chair.
4. If more than one nomination for any position is received, the procedure shall be as follows:
 - Nominees for each position are given the opportunity to make a short statement.
 - Ballots are distributed, voted and then collected by the Deputy Clerk.
 - Ballots are tallied by the Executive Officer and the Authority Counsel.
 - Voting results are announced by the Executive Officer before election of the other officers takes place.