



FORT ORD REUSE AUTHORITY

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SPECIAL MEETING FORT ORD REUSE AUTHORITY BOARD OF DIRECTORS

Friday, June 20, 2014 at 4:00 p.m.

910 2nd Avenue, Marina, CA 93933 (Carpenters Union Hall)

AGENDA

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE

5. BUSINESS ITEMS

- a. 2ND VOTE: Adopt Resolution 14-XX to Retain Preston Park Property in Accordance with Government Code Section 67678(b)(4) (pg. 1-6) ACTION
- b. 2ND VOTE: Fort Ord Reuse Authority FY 2014-15 Annual Budget (pg. 7-21)
 - i. Consider New Staff Position ACTION
 - ii. Consider Employee Cost-of-Living Adjustment (COLA) ACTION
 - iii. Approve FY 2014-15 Annual Budget ACTION
- c. 2ND VOTE: Approve Fort Ord Reuse Authority FY 2014-15 Capital Improvement Program (pg. 22-28) ACTION
- d. 2ND VOTE: Consistency Determination: Consider Certification, in whole or in part, of the City of Seaside Zoning Code amendments related to the 2013 Zoning Code update as Consistent with the 1997 Fort Ord Reuse Plan (pg. 29-52) ACTION
- e. Approve Preston Park FY 2014-15 Annual Budget (pg. 53-66) ACTION

6. PUBLIC COMMENT PERIOD

Members of the public wishing to address the Board of Directors on matters within their jurisdiction, but not on this agenda, may do so at this time for up to three minutes. Comments on agenda items are heard under the item.

7. ITEMS FROM MEMBERS

8. ADJOURNMENT

NEXT REGULAR BOARD MEETING: JULY 11, 2014

Persons seeking disability related accommodations should contact FORA 48 hrs prior to the meeting. This meeting is recorded by Access Monterey Peninsula and televised Sundays at 9 a.m. and 1 p.m. on Marina/Peninsula Chanel 25. The video and meeting materials are available online at www.fora.org.

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	2 nd Vote: Adopt Resolution 14-XX to Retain Preston Park Property in Accordance with Government Code Section 67678(b)(4)	
Meeting Date:	June 20, 2014	ACTION
Agenda Number:	5a	

RECOMMENDATION(S):

Take a second vote to approve Resolution 14-xx (**Attachment A**) to retain Preston Park Property in accordance with Government Code section 67678(b)(4).

BACKGROUND/DISCUSSION:

From 2000 to 2010, Marina and FORA shared the understanding that the FORA-Marina Implementation Agreement required Marina to purchase FORA's interest in Preston Park should Marina desire to acquire the property. Given this mutual understanding, Marina and FORA coordinated since 2002 to use Preston Park and its revenue as collateral to finance vital FORA projects, many of which directly benefit Marina. This includes Revenue Bonds issued in 2002 to FORA for building removal and roadway construction in the City of Marina, a 2004 loan from Community Bank to pay FORA's Pollution Legal Liability Insurance Policy premium, and a 2006 line of credit from Rabobank to FORA to fund building/blight removal in the City of Marina and other capital projects. In 2007, Marina purchased FORA's interest in the apartment complex known as Abrams B for \$7.7 million, which was half of the Abrams B property appraised value. After appointing an ad hoc Preston Park negotiating committee (composed of FORA Board members), in the Spring of 2010, Marina and FORA representatives entered into similar negotiations for Marina to purchase FORA's interest in Preston Park.

In 2010, FORA borrowed \$19 million from Rabobank, secured by a note and deed of trust on Preston Park. Marina representatives on the FORA Board voted in favor of the loan. FORA entered into a loan agreement with Rabobank based on its reasonably held belief that FORA would be able to liquidate its interest in Preston Park in a timely fashion. One of the Rabobank-FORA loan agreement terms is that the remaining principal balance on the \$19 million loan (approximately \$18 million) is due on or before June 15, 2014. If extended, the loan will be due on or before December 15, 2014.

After an unsuccessful negotiation, including judicially supervised mediation, concerning Marina's potential purchase of Preston Park from FORA, in 2012, FORA initiated a sale process. On July 10, 2012, Marina filed a lawsuit against FORA, blocking FORA from selling the property. Since that lawsuit is still pending, at its May 16, 2014 meeting, the FORA Board approved a resolution to seek a Preston Park loan extension with Rabobank to avoid loan default and property foreclosure. Marina's Preston Park lawsuit has also prevented FORA from completing building/blight removal in the Cities of Seaside and Marina through FORA's 50% of Preston Park land sales proceeds.

In light of such challenges, FORA staff and Authority Counsel have reviewed Government Code section 67678(b)(4), which provides the FORA Board with the ability to retain property within former Fort Ord, including Preston Park, and recommend that the Board approve resolution 14-xx because retention of Preston Park will:

- 1) Allow FORA to fulfill its CEQA and non-CEQA mandated capital improvement projects through sale of the property. The FORA CIP (comprised of CEQA and non-CEQA

mandated projects) depends upon sale of Preston Park and using FORA's 50% of sale proceeds to repay CIP debt and advance CIP projects.

- 2) Allow FORA to sell the property and repay the \$18 million Rabobank loan, avoiding property foreclosure.
- 3) Not cause significant financial hardship to the City of Marina because FORA will share with the City of Marina 50% of the net lease proceeds during FORA's ownership and 50% of the net land sales proceeds when the property is sold.

FISCAL IMPACT:

Reviewed by FORA Controller 

Staff time for this item is included in the approved FORA budget.

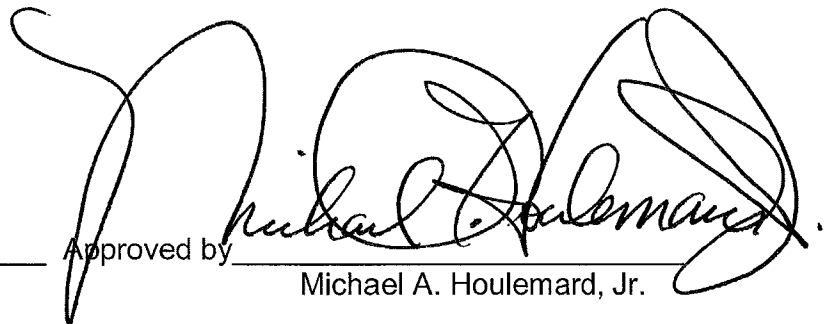
COORDINATION:

Executive Committee and Authority Counsel.

Prepared by


Jonathan Garcia

Approved by


Michael A. Houlemard, Jr.

**FORT ORD REUSE AUTHORITY
Resolution 14-XX**

Attachment A to Item 5a
FORA Board Meeting, 6/20/2014

Resolution of the Fort Ord Reuse Authority Board to retain the Preston Park Property, pursuant to the authority granted to the Board by Government Code section 67678(b)(4)

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

- A. In response to the US Government's closure of the Fort Ord military reservation, the Fort Ord Reuse Authority (FORA) was created by California statute in 1994 (Govt. Code 67650, et seq.) as the Local Reuse Authority for the whole of the former Fort Ord.
- B. FORA is governed by a 13 member Board that includes two representatives from the City of Marina (Marina)(Govt. Code §67660(a)).
- C. FORA is required by statute to plan, finance, and implement Fort Ord's transition from military to civilian use (Govt. Code §67651). FORA's mission is to effect the "transfer and reuse of. . .Fort Ord with all practical speed," and the Legislature declared that mission to be "the policy of the State of California" (Govt. Code §67651). FORA's mission of planning, financing, and managing the reuse of Fort Ord is "a matter of statewide importance" (Govt. Code §67657(c)). Under the Fort Ord Reuse Act, FORA's "board may sell, lease, or otherwise dispose of. . .property at full market value or at less than full market value...in order to facilitate the rapid and successful transition of the base to civilian use" (Govt. Code §67678(a)).
- D. Preston Park is a large townhouse complex located in Marina, originally built by the U.S. Army, and currently owned in fee-simple by FORA.
- E. FORA and Marina split Preston Park's rental proceeds.
- F. FORA's interest in Preston Park is principally governed by: (1) the Fort Ord Reuse Authority Act; (2) the Army/FORA Economic Development Conveyance Agreement (the EDC); and (3) the FORA/Marina Implementation Agreement (Implementation Agreement or IA).
- G. FORA manages Preston Park under a management agreement with Alliance Management, Inc., which rents individual housing units to private citizens.
- H. For years, both Marina and FORA shared the understanding that the IA required Marina to "buy-out" FORA's interest in Preston Park, if Marina wanted to hold title to the property. Based upon this mutual understanding, Marina and FORA have worked together since 2002 to use Preston Park and its revenue as collateral to finance vital FORA projects, many of which directly benefit Marina. This includes Revenue Bonds issued in 2002 to FORA for building removal and roadway construction in the City of Marina, a 2004 loan from Community Bank to pay FORA's Pollution Legal Liability Insurance Policy premium, and a 2006 line of credit from Rabobank to FORA to fund building removal in the City of Marina and other capital projects.

- I. In 2007, Marina bought out FORA's interest in the legally indistinguishable apartment complex known as Abrams B for \$7.7 million, which was one half of the appraised value of the Abrams B property. In the Spring of 2010, Marina and FORA entered into negotiations, similar to Marina's acquisition of Abrams B, for Marina to purchase FORA's interest in Preston Park.
- J. In 2010, FORA borrowed \$19 million from Rabobank, secured by a note and deed of trust on Preston Park.
- K. Marina's representatives on the FORA Board consented to and encouraged Rabobank's secured loan.
- L. For the reasons discussed above, FORA entered into a loan transaction with Rabobank based on its reasonably held belief that FORA would be able to liquidate its interest in Preston Park in a timely fashion.
- M. The remainder of that \$19 million Rabobank loan (approximately \$18 million) is due to be paid on or before June 15, 2014.
- N. In August 2010, Preston Park had an appraised value of \$57.3 million. In February 2012, the updated appraised value of Preston Park was \$60.9 million. As of September 2013, the updated appraised value of Preston Park was \$66.7 million.
- O. On July 10, 2012, Marina filed a lawsuit against FORA, entitled *City of Marina v. Fort Ord Reuse Authority, et al* (Monterey County Superior Court, Case No. M118566). In that currently pending lawsuit, Marina alleges that it is entitled to a "no cost conveyance" of the Preston Park property. FORA disputes that contention.
- P. FORA and Marina have engaged in unsuccessful mediation with retired Monterey County Superior Court Judge Richard Silver of JAMS.
- Q. FORA has a legal obligation under CEQA to mitigate the environmental impacts of base reuse. Those mitigation measures are described in the Environmental Impact Report for the Fort Ord Base Reuse Plan and the FORA Capital Improvement Plan.
- R. If FORA cannot liquidate its interest in Preston Park, FORA will fall approximately \$25 million short of being able to fulfill its CEQA and non-CEQA-mandated capital improvements, which include \$6.2 million in remaining building/blight removal (includes removal of lead-based paint and Asbestos Containing Materials), \$118.2 million in remaining transportation/transit, \$34 million in remaining habitat management, and \$24 million in remaining water augmentation.
- S. FORA has a limited amount of time to accomplish its statutory goals and mandates. The Fort Ord Reuse Authority Act "shall become inoperative when the [FORA] board determines that 80 percent of the territory of Fort Ord that is designated for development or reuse in the plan prepared pursuant to this title has been developed or reused in a manner consistent with the [Base Reuse Plan] . . . or June 30, 2020, whichever occurs

first, and on January 1, 2021, [the Fort Ord Reuse Authority Act] is repealed" (Govt. Code §67700).

T. Government Code §67678(b)(4) provides that:

The [FORA] Board may retain real or personal property received...[if] both of the following occur:

- i. The board determines that retention of the property is necessary or convenient to carrying out the authority's responsibilities pursuant to law.
- ii. The board determines that its retention of the property will not cause significant financial hardship to the city or county with jurisdiction over the property.

NOW THEREFORE the Board hereby resolves that:

1. The Fort Ord Reuse Authority finds and determines that FORA's retention of the Preston Park property is necessary and convenient to carrying out FORA's responsibilities pursuant to law. This determination is based on the following:
 - a. If FORA cannot liquidate its interest in Preston Park, FORA will fall approximately \$25 million short of being able to fulfill its CEQA and non-CEQA mandated capital improvements.
 - b. The \$18 million remainder of Rabobank's loan must be repaid by June 15, 2014, or if extended, by December 15, 2014. If that loan is not repaid in a timely fashion, Rabobank will likely foreclose on Preston Park.
 - c. If FORA cannot liquidate its interest in Preston Park, then FORA will not be able to fulfill its CEQA and non-CEQA-mandated capital improvements, nor will FORA be able to pay back the \$18 million Rabobank loan.
2. The Fort Ord Reuse Authority finds and determines its retention of Preston Park will not cause significant financial hardship to the City of Marina for the following reasons:
 - a. To date, Marina has received approximately \$18 million in lease proceeds from Preston Park. FORA has also invested approximately \$4 million in the rehabilitation of Preston Park.
 - b. After FORA retains Preston Park pursuant to Government Code §67678(b)(4), FORA intends to share the proceeds of a Preston Park sale with Marina, which – based on appraised value – is estimated to result in a payment to Marina in excess of \$30 million.
 - c. Through the Preston Park sale, Marina will have the funds to pay FORA its development fee, legal fees related to the dispute, and other incidental expenses.
 - d. The City of Marina government will not be significantly impaired or forced to shut down if FORA sells Preston Park and shares the proceeds with Marina. To the

contrary, FORA's retention and sale of Preston Park will likely result in a large monetary payment to Marina.

e. In the *Marina v. FORA* lawsuit, Marina has never claimed that it opposes the sale of Preston Park for the sake of its financial well-being. Instead, Marina alleges that it opposed the sale of Preston Park because it wishes to exert control over the Preston Park property.

3. In light of the determinations above, the FORA Board hereby resolves to retain the Preston Park property, pursuant to the authority granted to the Board by Government Code § 67678(b)(4).

4. This Resolution will take effect immediately upon adoption, or as soon thereafter as permitted by the Monterey County Superior Court.

Upon motion by _____, seconded by _____, the foregoing Resolution was passed on this ____ day of _____, _____, by the following vote:

AYES:
NOES:
ABSTENTIONS:
ABSENT:

Mayor Jerry Edelen, Chair

ATTEST:

Michael A. Houlemard, Jr., Clerk

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	2 nd Vote: FORA FY 2014-15 Annual Budget	
Meeting Date:	June 20, 2014	ACTION
Agenda Number:	5b	

RECOMMENDATION:

Take a second vote to:

- | | |
|--|--------|
| i. Consider New Staff Position | ACTION |
| ii. Consider Employee Cost-of-Living Adjustment (COLA) | ACTION |
| iii. Approve FY 2014-15 Annual Budget | ACTION |

BACKGROUND/DISCUSSION:

The FORA Fiscal Year Annual Budget was presented to the Board for its initial review in May, and for adoption on June 13 (**Attachment B**).

Prior to the Annual Budget being presented to the Board the Budget was first reviewed by the Finance Committee (FC) for both fund availability and presentation format and the Executive Committee (EC) for employment/staffing related items.

Per EC recommendation, the Board discussed the new staff position first at the May meeting and then also at the June 13 meeting including the expected duration of the position, its connection to educational institutions, and performance reviews. The Board provided input to add the following items/criteria to the job description: 1) the candidate understands clustering concept as relates to the economic development, 2) has a proven track record in business development, and 3) and understands that there will be review after the first year. The revised job description is attached (**Attachment A**).

During the June 13 Board meeting, the Board members and Public posed several questions that were/are responded to by the Executive Officer/staff, as follows:

Q. Does the \$20K allocated in FY 14-15 budget to Special Legal Services include former Authority Counsel?

A. Yes, a portion of the \$20K. Former Authority Counsel's contract expired in September 2013. Both, the FY 13-14 budget and upcoming FY 14-15 budget include limited funds for certain on-call services (managed by the current Authority Counsel) related to Habitat Conservation Plan/Implementation contracts/agreements and Marina v. FORA litigation. The remaining portion of the \$20K pays for other special legal needs authorized by the Board.

Q. Does FORA have the money for the COLA and new position?

A. During budget review, the FC and EC found that there were sufficient funds to pay for both.

Q. What happens if the \$21M voluntary contribution to MCWD is deleted from the CIP? Could these funds repay the Preston Park loan, or FORA membership dues be reduced?

A. No, the \$21M is part of the developer/special CFD tax rate and restricted. MCWD capacity charges replace the \$21M. The FORA membership dues are set under State law.

Q. Is the new position going to promote local educational institutions?

A. Yes, it is this position's mission to seek out research/product development, intellectual property transfer or other opportunities to match up with business sector and jobs.

Q. Is the new position tied to the recent FORA/CSUMB Colloquium principals/outcomes?

A. Yes, key speakers discussed the importance of grooming and promoting local businesses as a principal source of creating locally based employment and economic development.

Q. Should FORA consider grants to jurisdictions, instead of hiring a staff position?

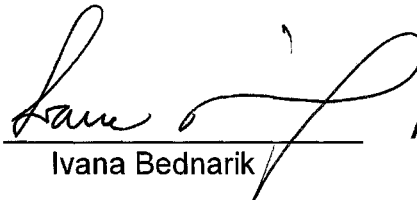
A. We looked at the options, giving grants to individual jurisdictions, hiring a consultant, and proposed it as a "position" because of the centralized focus and accountability to the Board allowing regular reviews to measure the metrics established by the Board.

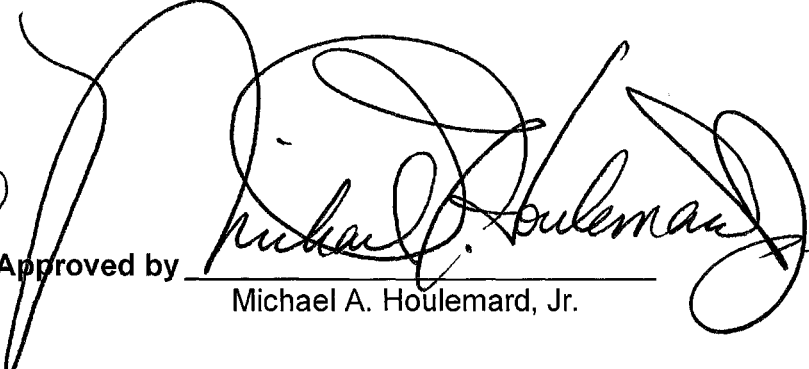
FISCAL IMPACT:

- i. New hire/Community Economic Development Specialist: Up to \$164,000. (Salary and benefits up to \$160,000, support cost (potential dues, training, etc.) up to \$4,000).
- ii. 2% COLA: Up to \$34,074.
- iii. It is anticipated that FORA will have accrued reserves of approximately \$7.8 million at the end of FY 14-15 in the General Fund (based on development fee projections). This amount includes a \$4 million repayment for monies borrowed (total borrowed \$7.9 million) from the General Fund by the CFD. As collected, these funds will be retained in the reserve to cover FORA operating costs and obligations through June 2020.

COORDINATION:

FC, EC, FORA Annual Auditor. FC met on April 9 and April 23, 2014 to review and discuss the draft annual budget. At the April 23 meeting, FC completed its review and recommend FORA Board approval of the draft annual budget pending EC review. EC reviewed the proposed compensation adjustments on June 4, 2014 and recommend FORA Board approval of the draft annual budget and the 2% COLA and decided to bring this item to the Board for discussion and input.

Prepared by 
Ivana Bednarik

Approved by 
Michael A. Houlemard, Jr.



ECONOMIC DEVELOPMENT SPECIALIST JOB DESCRIPTION - REVISED

Job Group: Exempt Professional

Effective Date: _____

Classification Summary:

The primary function of this position is to perform economic development recovery from former Fort Ord closure by promoting educationally and research based business development services ~~and to retain the Monterey Bay Region's military mission~~. These responsibilities are to be accomplished through implementing the Fort Ord Reuse Authority's (FORA's) regional program to create educational, agricultural, environmental, recreational, and hospitality based jobs as may be identified in the 1997 Fort Ord Base Reuse Plan. Job Responsibilities include attracting new businesses and aiding existing businesses in expansion while also supporting efforts to strengthen and retain the Monterey Bay Region's military mission including the Naval Post Graduate School, Fleet Numerical Meteorology and Oceanography Center and Presidio of Monterey/Defense Language Institute.

The employee will create and maintain information resources and databases and prepare reports and quantifiable analyses in coordination with the educational institutions and political jurisdictions (University of California and California State University, and former Fort Ord cities/County of Monterey) focused on the regional recovery from the closure of the former Fort Ord. This employee will report to the Executive Officer and will work with the Principal Analyst for general assignments and duties.

Essential Functions:

The following is not intended to be an exhaustive list of all responsibilities, duties and skills – but is intended to accurately reflect the required/expected responsibilities of this job classification. FORA employees are responsible for all other duties as assigned.

- Perform economic development and support work to implement FORA's policy to generate or broaden educationally based, recreationally supportive and environmental/agricultural/tourist industry focused research, development and commercial jobs;
- Expand connectivity between the educational institutions/military missions and the regional light industrial base and businesses;
- Initiating planning, research, and marketing efforts to attract new industries and businesses to Fort Ord and assist in the expansion of existing businesses;
- Prepare economic and other analyses to assist/recruit businesses in site/market research and to provide information regarding applicable taxes/ fees, development, and related information - providing reports and deliverables as instructed by the Board/Executive Officer;
- Assist existing businesses in preparing marketing and revitalization programs;
- Provide site specific information to businesses interested in locating to California and coordinate inquiries with local economic development professionals;
- Serve as FORA liaison for local and regional economic development, including retail, business, marketing, Chambers of Commerce, Monterey Bay Business Council, Monterey Bay Economic Partnership, and related associations, and at meetings, conferences, and trade shows;
- Coordinate with County and jurisdictional efforts to retain the Monterey Region's military mission;
- Coordinate with state, federal and regional sources and business development agencies to assist in business expansion and entrepreneurial development;
- Maintain records and data bases of business prospects and contacts to track/monitor success;

- Present oral and written reports to FORA member agencies, the FORA Board of Directors, economic development interest groups, other interested parties and groups, and the public;
- Perform work duties and activities in accord with FORA safety policies and procedures;
- Follow FORA-wide safety policy and practices and adhere to responsibilities concerning safety prevention, reporting, and monitoring, as outlined in the FORA's Employee Policies/Handbook.
- Coordinate with regional work force development Boards ~~and~~ Commissions.

Knowledge, Skills and Abilities:

Knowledge of:

- [Importance of clusters in local/regional economic development](#)
- Principles, procedures, and strategies of economic and community development/analysis in a governmental environment;
- Planning and zoning, demographics, economic trends, forecast, data collection and management, and market shift impacts;
- Marketing and research methods, statistical and financial analyses and presentation, database development/maintenance;
- Regional business retention principles and methodology;
- Computer software/applications used in land use and economic planning and data collection/management;
- Real estate development procedures and impact of permitting on business processes; and
- Workforce development principles and relationship to economic development.

Experience:

- Evaluating/recommending appropriate business site locations and expansions;
- [Providing technical economic development assistance to businesses, business organizations, and community groups;](#)
- [Proven track record in linking education to economic opportunities.](#)
- US Department of Defense military missions relationship to economic development;
- Analyzing and implementing economic development marketing concepts;
- Demonstrated knowledge of Central California's agricultural/environmental industry and other science and technology issues, programs, and sources; and
- Experience evaluating, developing, and implementing technology based businesses.

Ability to:

- Follow written and oral instructions;
- Read and interpret economic, marketing, statistical, and analytical documents research material, blueprints, and maps;
- Work independently with Microsoft word and excel software; prepare oral, written, and graphic reports, documents, brochures, pamphlets, maps, and related planning and economic development documentation;
- Plan and implement economic development programs and marketing strategies;
- Operate standard office equipment, including a personal computer using program applications appropriate to assigned duties;
- Communicate effectively and establish and maintain effective working relationships with the public, developers, customers, citizen groups, and other employees.

Supervision Received: _

The work is performed under the direct supervision of the Executive Officer, [and will make a progress report to the FORA Board in summer 2015.](#)

Supervision Exercised:

Administer consultant/vendor services contracts; Intern(s)

Minimum Qualifications:

Bachelor's Degree in Economic Development, Planning, or a related field; and four (4) to six (6) years experience in economic development, marketing, or a related field; and Valid California Driver's License; or any equivalent combination of experience and training which provides the knowledge and abilities necessary to perform the work.

Desirable Qualifications:

Ideal incumbent possesses a major university/college postgraduate degree in economics/business administration/marketing or related field and 7-10 years of economic development experience.

Work Environment:

The primary duties are performed in a public office-building environment with some field assignments.

Essential Physical Abilities:

Sufficient clarity of speech and hearing, with or without reasonable accommodation, which permits the employee to discern verbal instructions, use a telephone, and communicate with others; sufficient visual acuity, with or without reasonable accommodation, which permits the employee to comprehend written work instructions and review, evaluate, and prepare a variety of written material, documents and materials; sufficient manual dexterity with or without reasonable accommodation, which permits the employee to operate standard office equipment and computer systems and to make adjustments to equipment; sufficient body flexibility and personal mobility, with or without reasonable accommodation, which permits the employee to work in an office setting.

Compensation:

Salary range is to be consistent with the qualifications of the candidate and consistent with similar positions in the Central Coast/Northern California Region. This is to be a full time position for two years and as such qualifies for full retirement and employee benefits. The position may be extended beyond the two year time limit only by action of the FORA Board. [The employment is "at-will."](#)

Reply to:

Fort Ord Reuse Authority
920 2nd Avenue, Suite A
Marina, CA 93933
831-883-FORA

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	FORA FY 2014-15 Annual Budget	
Meeting Date:	June 13, 2014	INFORMATION/ACTION
Agenda Number:	8a	

RECOMMENDATION:

- | | |
|--|--------------------|
| i. Consider New Staff Position | INFORMATION/ACTION |
| ii. Consider Employee Cost-of-Living Adjustment (COLA) | ACTION |
| iii. Approve FY 2014-15 Annual Budget | ACTION |

BACKGROUND:

The FORA Fiscal Year Annual Budget is typically presented to the Board for its initial review in May of each year. Prior to the Annual Budget being presented to the Board the Budget is first reviewed by the Finance Committee (FC) for both fund availability and presentation format and the Executive Committee (EC) for employment/staffing related items. FC has reviewed the attached draft budget on April 9 and April 23; EC on June 4.

FORA staff, in coordination with the FC, modifies the annual budget format from time to time as required or is necessary to best present an overall illustration of the FORA financial position for the FORA Board members and public. Most recent adjustments to the budget format were made in 2005, 2008, and 2011. This year, a new chart, Annual Budget by Fund, has been added to provide information on FORA individual funds and to supplement the overall Annual Budget - All Funds Combined chart. The budget also: 1) prorates the multi-year FORA/Army Environmental Services Cooperative Agreement (ESCA) funding to show upcoming fiscal year expenditures that accurately represent FORA finances (as ESCA funding is strictly project specific); and 2) includes anticipated overall budget for capital projects (itemized in the CIP budget). The CIP budget is prepared and adopted separately, *please refer to item 8b on this Agenda*. The overall budget chart compares the current FY approved, mid-year and year-end projected budgets.

DISCUSSION:

Attachments A - E illustrate the annual FY 14-15 budget.

Attachment A illustrates the overall budget combining all funds.

Attachment B depicts the budget by individual funds.

Attachment C itemizes expenditures.

Attachment D provides proposed Salary/Benefits adjustments (includes Job Description for a proposed staff position).

Attachment E shows detail on ESCA budget and remaining funds.

Principal areas of budget impacts are discussed below:

Reuse slowdown and Economic Recession: Despite the economic downturn/recession of the last six years delaying development activities on the former Fort Ord, FORA has maintained financial stability. There is evidence of gradual economic recovery as building permit issuances have returned, and we expect this trend to continue in the coming years.

Federal revenue: In FY 14-15 FORA staff will pursue a planning grant from the DOD Office of Economic Adjustment to fund a business plan/study of concrete building removal in the Seaside Surplus II area; staff may also seek and evaluate potential for additional federal funding for priority roadway improvements within the former Fort Ord footprint which could include the realignment and widening of South Boundary and the last 900 feet of GJMB.

FORA holds the remaining funds for the ESCA remediation program, scheduled to complete munitions cleanup and transfer of remaining Economic Development Conveyance (EDC) properties in 2016.

Preston Park: FORA has owned the Preston Park housing complex since 2000. It has been a central asset to FORA's basewide building removal, infrastructure, and operations financing. It is the key asset that has enabled/financed more than \$22 million of \$32 million in roadway construction in Marina and an equivalent amount across the remainder of the former Fort Ord. Preston Park collateral was also essential to funding building removal for the Dunes on Monterey Bay and providing Pollution Legal Liability coverage for FORA jurisdictions, and other property owners. Preston Park's final disposition will significantly affect FORA funding for Building Removal and other future programs and directly impact next year's developer fee calculation, land sales and lease revenues and implementation of Post-Reassessment policy choices. That disposition is subject to current litigation between FORA and the City of Marina.

Despite these economic and funding challenges, FORA has contained expenses and improved operational efficiencies - while continuing its capital program, completing projects and maintaining services.

The following summarizes the FY 14-15 (**Attachment A**) draft annual budget figures:

REVENUES

- \$261,000 MEMBERSHIP DUES
In addition to State law stipulated fixed membership dues of \$224,000, FORA collects membership dues from Marina Coast Water District (MCWD) under contract terms.
- \$245,000 FRANCHISE FEES
This amount represents MCWD's projected FY 14-15 payments to FORA from water and sewer operations on Fort Ord and associated administrative fees. This amount is based on past collections; the current MCWD budget is not available at this time.
- \$933,970 ENVIRONMENTAL SERVICES COOPERATIVE AGREEMENT (Attachment D)
In March 2007, FORA was awarded a \$99.3 million federal grant to undertake Army munitions removal requirements on Economic Development Conveyance parcels. FORA collected an adjusted amount of \$97.7 million in December 2008, which pre-paid all ESCA management related services and expenditures through project completion (the US Army earned a \$1.6 million credit for the prepayment). The draft annual budget includes the FY 14-15 ESCA grant regulatory response and management/related expenses.
- \$694,920 POLLUTION LEGAL LIABILITY INSURANCE PREMIUM FROM DEL REY OAKS (DRO)
DRO owes for the PLL premium. In August 2013, FORA and DRO entered an MOU to retire this obligation (plus interest) by June 30, 2015.
- \$5,099,000 DEVELOPER FEES

This reflects jurisdictional forecasts included in the CIP FY 14-15 budget.
Please refer to CIP budget, item 10b on this Agenda.

- \$0 LAND SALE PROCEEDS

No land sale revenue is anticipated in the FY 14-15 CIP budget.
Please refer to CIP budget, item 10b on this Agenda.

- \$1,758,924 LEASE/RENTAL PAYMENTS

This consists of FORA's 50% share of lease revenue from Preston Park and other leasing projects on the former Fort Ord, including the Ord Market, Las Animas courtyard, etc. Revenue from Preston Park housing complex may be impacted by the disposition of current litigation. The FC recommends including the usual annual revenue until the Preston Park litigation concludes.

- \$1,531,630 PROPERTY TAX PAYMENTS

Anticipated payments from the County Auditor/Controller. Any additional property tax revenue (exceeding the \$1,300,000 amount) collected from all new assessed value after July 1, 2012 has been committed to funding the CIP with 10% of such revenue shared with certain member jurisdictions.

- \$11,000 IN REIMBURSEMENTS FOR ESCA ACCESS SERVICES

Payments by future property owners to fund FORA ESCA access services.

- \$175,594 INVESTMENT/INTEREST INCOME

Anticipated income from FORA bank accounts and certificates of deposit; includes interest payments on the outstanding Pollution Legal Liability insurance premium by the City of Del Rey Oaks until they are able to repay the premium.

EXPENDITURES

- \$2,320,082 SALARIES AND BENEFITS (Attachments C, D)

Effective January 2012, the FORA Board adopted new salary ranges to bring FORA employees to equity with other labor market agencies. To sustain the equity process, the budget includes scheduled salary step advances (within the Board approved salary ranges) for eligible personnel. The budget includes the following staffing and compensation adjustments for FY 14-15:

1. 2% Cost of Living Adjustment (COLA) for eligible personnel. Fiscal impact up to \$34,074.

Eligibility: Must be full time employed with FORA for the past 12 months.

2. New hire: Community Economic Development Specialist. Fiscal impact up to \$164,000. (Compensation up to \$160,000, support cost (potential dues, training, etc.) up to \$4,000)

Description: Position will promote job creation, local business development, economic development, and Monterey regional military mission retention on the former Fort Ord.

FC and EC reviewed these adjustments and concluded:

FC confirmed availability of funds for the proposed changes.

EC recommended Board approval (3-1 vote) of the 2% COLA.

EC did not reach a consensus on the Community Economic Development Specialist position and determined to make no Board recommendation on the item. EC directed staff to agendaize the item for Board input.

- **\$149,500 SUPPLIES AND SERVICES (Attachment C)**
This expense category is budgeted at the previous FY level. While product price increases continue, staff has implemented cost saving procedures and secured decrease rates for some items such as supplies, video services, and . As a result, slightly reduced costs are anticipated in several line items such as meeting expenses, equipment, and televised meetings (while maintaining the required level of service). Some items such as communications, dues/ subscriptions, and training report an increase from the last FY. In FY 13-14 FORA purchased a video conferencing system which will be further enhanced and utilized in coming year; the budget provides for added support (dues, training) for the new staff position. The budget provides for all recurring expenditures, and no deviations are anticipated in this category.

- **\$2,649,165 IN CONTRACTUAL SERVICES (Attachment C)**
Contractual services are slightly decreased from the previous FY level. The initiatives/election costs were paid in FY 13-14 and therefore, not included in the FY 14-15 budget.
In addition to FORA's recurring consulting expenses such as the Annual Auditor, Public Information, Human Resources, and Legislative consultants, the budget includes increased and or significant costs for:
 1. Base Reuse Plan implementation process budgeted at \$780,000 (\$350,000 carried over from FY 13-14) to implement Regional Urban Design Guidelines, incomplete policies and any related environmental review.
 2. Legal fees \$530,000, including ongoing legal representation, Authority Counsel, and special practice consulting;
 3. Financial Consultant \$100,000 to implement any BRP actions and/or environmental review;
 4. ESCA regulatory and legal costs \$480,000 associated with scheduled property transfers;
 5. HCP consultants \$150,000 to prepare the final EIS/EIR and HCP; and
 6. CEQA consultants \$300,000 to finish category I and II post-reassessment items.

- **\$4,827,811 IN CAPITAL PROJECTS (Attachment C)**
The upcoming budget includes mandated/obligatory expenditures such as habitat management and UC Natural Reserve annual cost. Other capital projects are development fee and land sale revenue collection dependent. The FY 14-15 CIP budget provides itemization and timing of capital projects.
Please refer to CIP budget, item 10b on this Agenda.

- **\$1,364,880 DEBT SERVICE (PRINCIPAL AND INTEREST) (Attachment C)**
The FY 14-15 debt service consists of the following liabilities:
\$1,364,880 for Preston Park loan monthly debt service (principal and interest); financed by FORA 50% share of Preston Park revenue and CFD revenue. The Preston Park loan matured in June 2014. Repayment and/or refinancing options are subject to the current litigation with the City of Marina. The FC recommended including the full 12-month debt financing until this issue is resolved.

ACCOUNTING ENTRIES/FUND CLOSING

The FY 14-15 budget includes the following accounting entries:

1. Transfer from the Land Sale/Leases (LS) fund to the General Fund of any remaining lease proceeds (after Preston Park debt service and other budgeted costs) leaving only Land Sale proceeds in the LS fund, thus providing an accurate balance of the funds available for building removal and other CIP projects.
2. Transfer from the CFD/Developer Fee Fund to the General Fund to partially repay the \$7.9 million borrowed and as budgeted in the CIP program.
3. Transfer from the Pollution Legal Liability (PLL) Fund to the General fund when the DRO debt (\$694,920 plus interest) is collected and close out the PLL fund as all activities accounted for in this fund will be completed.

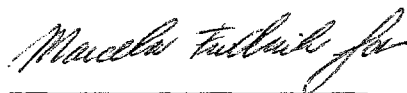
ENDING BALANCE/FORA RESERVE

It is anticipated that FORA will have accrued reserves of approximately \$7.8 million at the end of FY 14-15 in the General Fund (based on development fee projections). This amount includes a \$4 million repayment for monies borrowed (total borrowed \$7.9 million) from the General Fund by the CFD. As collected, these funds will be retained in the reserve to cover FORA operating costs and obligations through June 2020.

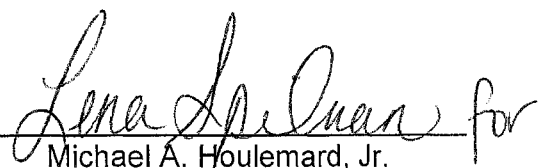
COORDINATION:

FC, EC, FORA Annual Auditor. FC met on April 9 and April 23, 2014 to review and discuss the draft annual budget. At the April 23 meeting, FC completed its review and recommend FORA Board approval of the draft annual budget pending EC review. EC reviewed the proposed compensation adjustments on June 4, 2014 and recommend FORA Board approval of the draft annual budget and the 2% COLA; EC was not able to reach a consensus on the new staff position and decided to bring this item to the Board for discussion and input

Prepared by


Ivana Bednarik

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY - FY 14-15 ANNUAL BUDGET - ALL FUNDS COMBINED

CATEGORIES	FY 13-14 <u>APPROVED</u>	FY 13-14 <u>MID-YEAR</u>	FY 13-14 <u>ACTUAL</u> <i>projected</i>	FY 14-15	NOTES
REVENUES					
Membership Dues	\$ 261,000	\$ 261,000	\$ 261,000	\$ 261,000	
Franchise Fees - MCWD	245,000	245,000	245,000	245,000	
Federal Grants - ESCA	970,325	970,325	748,492	933,970	ESCA field activities complete, final review process by regulators underway
PLL Loan Payments	694,920	-	-	694,920	DRO unpaid PLL to be collected in FY 14-15 per Agreement
Development Fees	11,090,443	11,090,443	1,555,886	5,099,000	* Based on draft FY 14-15 CIP budget
Land Sale Proceeds	6,291,800	6,291,800	1,090,024	-	* Based on draft FY 14-15 CIP budget
Lease/Rent Proceeds	1,758,380	1,758,380	1,758,380	1,788,924	Preston Park lease revenue thru 6/2015 plus other rent payments
Property Taxes	1,300,000	1,300,000	1,300,000	1,531,630	
Planning Reimbursements	5,000	5,000	5,000	11,000	Reimbursements by future property - owner agencies to manage ESCA access services
Investment/Interest Income	<u>110,000</u>	<u>110,000</u>	<u>130,000</u>	<u>175,594</u>	Interest income from money market/COD accounts
TOTAL REVENUES	<u>22,726,868</u>	<u>22,031,948</u>	<u>7,093,782</u>	<u>10,741,038</u>	
EXPENDITURES					
Salaries & Benefits	2,106,975	2,106,975	2,066,975	2,320,082	<u>INCLUDES proposed staffing addition (\$160K), 2% COLA (\$36K)</u>
Supplies & Services	144,750	150,250	138,732	149,500	
Contractual Services	2,865,344	2,913,844	2,051,697	2,649,165	
Capital Projects (CIP)	3,717,641	3,717,641	1,064,870	4,827,811	* Required Habitat management, other projects CFD fee/land sale revenues dependent
Debt Service (P+I)	<u>1,480,880</u>	<u>1,480,880</u>	<u>1,480,880</u>	<u>1,364,880</u>	Preston Park loan payments thru 6/2015 (extension rate/fees unknown)
TOTAL EXPENDITURES	<u>10,315,590</u>	<u>10,369,590</u>	<u>6,803,154</u>	<u>11,311,438</u>	
NET REVENUES					
Surplus/(Deficit)	12,411,278	11,662,358	290,629	(570,400)	
FUND BALANCES					
Budget Surplus/(Deficit) - Beginning	5,425,802	8,089,428	8,089,428	8,380,057	Beginning fund balance lower than projected (CIP projections not realized)
Budget Surplus/(Deficit) - Ending	\$ 17,837,080	\$ 19,751,786	\$ 8,380,057	\$ 7,809,657	Ending Fund Balance/FORA Reserve
Other FY 13-14 financial					
California Central Coast					
Packard Grant 10/2013	100,000				
Packard Loan 10/2013	<u>350,000</u>	Repaid by CCCVC Foundation 2/2014			
Total	450,000				
Transfer to CA Dept of Finance	(450,000)	10/2013			

* FY 14-15 jurisdictional forecasts:
Reviewed/discussed with the Admin Committee during several meetings,
forecast approach/methodology included in the FY 14-15 CIP report.

FORT ORD REUSE AUTHORITY - FY 14-15 ANNUAL BUDGET - BY FUND

CATEGORY	SPECIAL REVENUE FUNDS (SRF)					TOTAL ANNUAL BUDGET
	GENERAL FUND	LEASES LAND SALE	CFD Tax Developer Fees	PLL Fund	ARMY ESCA	
REVENUES						
Membership Dues	261,000					261,000
Franchise Fees - MCWD	245,000					245,000
Federal Grants - ESCA					933,970	933,970
PLL Loan Payments				694,920		694,920
Development Fees			5,099,000			5,099,000
Land Sale Proceeds		-				-
Rental/Lease Revenues	45,000	1,743,924				1,788,924
Property Tax Payments	1,531,630					1,531,630
CSU Mitigation Payments						-
Construction Reimbursements						-
Planning Reimbursements	11,000					11,000
Loan Reimbursements						-
Investment/Interest Income	120,000			55,594		175,594
Other Income	-	-	-	-	-	-
Total Revenues	2,213,630	1,743,924	5,099,000	750,514	933,970	10,741,038
EXPENDITURES						
Salaries & Benefits	1,723,455	-	264,559	-	332,067	2,320,082
Supplies & Services	122,304	-	12,294	-	14,903	149,500
Contractual Services	1,832,509	102,000	127,656	-	587,000	2,649,165
Capital Projects	-	2,725,714	2,102,097	-	-	4,827,811
Debt Service	-	791,630	573,250	-	-	1,364,880
Total Expenditures	3,678,268	3,619,344	3,079,856	-	933,970	11,311,438
REVENUES OVER (UNDER)	(1,464,638)	(1,875,420)	2,019,144	750,514	-	(570,400)
OTHER FINANCING SOURCES (USES)						
Transfer In/(Out) - PP lease proceeds	850,294	(850,294)				-
Transfer In/(Out) - PP loan principal repay	2,226,749		(2,226,749)			-
Transfer In/(Out) - Property Tax to CIP	(208,467)		208,467			-
Transfer In/(Out) - PLL Fund close out	750,514			(750,514)		-
Total Other Financing Sources (Uses)	3,619,090	(850,294)	(2,018,282)	(750,514)	-	-
REVENUES & OTHER SOURCES OVER	2,154,452	(2,725,714)	862	-	-	(570,400)
FUND BALANCE-BEGINNING 7/1/14	5,654,343	2,725,714	-	-	-	8,380,057
FUND BALANCE-ENDING 6/30/15	7,808,795	-	862	-	-	7,809,657

FUND GLOSSARY

General Fund	Accounts for general (non designated) financial resources
Lease/Land Sale Proceeds Fund	Land sale proceeds finance CIP (building removal), Lease proceeds finance Preston Park loan - and FORA general operations
CFD Tax/Developer Fees	CFD tax/Developer fees finance CIP (CEQA mitigations)
Polution Legal Liability (PLL) Fund	Accounts for purchasing and financing of the PLL coverage
ET/ESCA Army Grant	Finances the munitions and explosives cleanup activities

ANNUAL FY 14-15 BUDGET

ITEMIZED EXPENDITURES

EXPENDITURE CATEGORIES	FY 13-14 Approved	FY 13-14 Mid-Year	FY 13-14 Actual	FY 14-15 PRELIMINARY	NOTES
SALARIES & BENEFITS					
	14 positions	14 positions	14 positions	15 positions	
Staff - Salaries	1,459,795	1,459,795	1,459,795	1,612,641	* New position included - up to \$160K *2% COLA included - \$36,074
Staff - Benefits/Employer taxes	587,180	587,180	587,180	647,441	
Temp help/Vac cash out/Stipends	60,000	60,000	20,000	60,000	
TOTAL SALARIES & BENEFITS	2,106,975	2,106,975	2,066,975	2,320,082	<i>see Attachment D - Staffing/Salary Adjustments</i>
SUPPLIES & SERVICES					
COMMUNICATIONS	7,500	7,500	7,500	10,000	Video/teleconferencing
DUES & SUBSCRIPTIONS	3,000	3,000	4,080	6,500	\$2.5K increase/potential dues for new staff position
SUPPLIES	12,000	12,000	12,000	12,000	
EQUIPMENT & FURNITURE	6,000	11,500	10,000	8,880	
TRAVEL, LODGING, REGISTRATION FEES	20,000	20,000	20,000	20,000	
TRAINING & SEMINARS	5,000	5,000	5,200	6,500	\$1.5K increase/training for new staff position
MEETING EXPENSES	5,000	5,000	3,000	3,500	
TELEVISED MEETINGS	12,000	12,000	5,500	6,000	
BUILDING MAINTENANCE & SECURITY	6,000	6,000	6,000	6,000	
UTILITIES	12,000	12,000	11,000	11,000	
INSURANCE	22,000	22,000	23,452	23,000	
IT/COMPUTER SUPPORT	22,500	22,500	20,000	22,500	
PAYROLL/ACCOUNTING SERVICES	5,000	5,000	5,000	5,000	
OTHER:					
NOTICES, PRINTING, POSTAGE, ETC	6,750	6,750	6,000	8,620	Public notices, printing - higher volume in FY 14-15
TOTAL SUPPLIES AND SERVICES	144,750	150,250	138,732	149,500	
CONTRACTUAL SERVICES					
AUTHORITY COUNSEL/FORMER	77,344	77,344	77,344	-	
AUTHORITY COUNSEL	135,000	135,000	204,300	210,000	Adjustment based on FY 13-14 cost
LEGAL/LITIGATION FEES	500,000	500,000	160,000	300,000	Preston park, Eastside Parkway
LEGAL FEES - SPECIAL PRACTICE	10,000	10,000	-	20,000	CEQA, Real Estate; on-call services/former Auth Counsel
OTHER LEGAL FEES - REFERENDA, POOLS	600,000	611,000	654,453	-	
AUDITOR	20,000	20,000	17,000	18,000	Annual Audit
SPECIAL COUNSEL (EDC-ESCA)	200,000	200,000	80,000	140,000	ESCA property transfer, Army/EPA dispute
ESCA PROPERTY CARETAKING	50,000	50,000	-	-	
ESCA/REGULATORY RESPONSE/QUALITY ASSURANCE	420,000	420,000	420,000	480,000	Increased services due to public review/transfers
VETERANS CEMETERY	TBD	12,500	5,600	-	
FINANCIAL CONSULTANT	50,000	75,000	50,000	100,000	Fort Ord Marketing/Branding plan
LEGISLATIVE SERVICES CONSULTANT	43,000	43,000	43,000	43,000	Blight legislation, CCCVC, HCP approval
PUBLIC INFORMATION/OUTREACH	25,000	25,000	20,000	20,000	Print, internet, broadcast PI/media support
HCP CONSULTANTS	260,000	260,000	200,000	150,000	To finish final EIS/EIR and HCP
REUSE PLAN IMPLEMENTATION	450,000	450,000	100,000	780,000	Complete RUDG/plan implementation/jobs/environmental
CEQA CONSULTANTS	-	-	-	300,000	To finish categ. I and II Post Reassessment items
PARKER FLATS BURN	-	-	-	25,000	CSUMB-FORA contract/post burn reporting requirements, final
CIP/ARCHITECTS & ENGINEERS	-	-	-	15,000	PRR/Eastside Pkwy; South Boundary
PROPERTY TAX SHARING/REUSE	-	-	-	23,165	Payment to Jurisdictions/County per modified IA's
OTHER CONSULTING/CONTRACTUAL EXP	25,000	25,000	20,000	25,000	HR/Real Estate/miscellaneous consulting
TOTAL CONTRACTUAL SERVICES	2,865,344	2,913,844	2,051,697	2,649,165	
CAPITAL PROJECTS					
TRANSPORTATION/OTHER CIP PROJECTS	945,030	945,030	589,714	472,199	<u>Refer to CIP 14-15 for project detail</u>
BUILDING REMOVAL	-	-	-	2,725,714	
HABITAT MANAGEMENT/HCP ENDOWMENT	2,772,611	2,772,611	475,156	1,629,898	HM set aside, UC Natural Reserve annual cost (\$90K)
TOTAL CAPITAL PROJECTS	3,717,641	3,717,641	1,064,870	4,827,811	
DEBT SERVICE (Principal and Interest)					
PRESTON PARK LOAN DEBT SERVICE	1,364,880	1,364,880	1,364,880	1,364,880	Preston Park loan payments thru 6/2015
PRESTON PARK LOAN - PAY OFF	-	-	-	-	PP sale delayed due to litigation
FIRE TRUCK LEASE	116,000	116,000	116,000	-	Final payment in FY 13-14
TOTAL DEBT SERVICE	1,480,880	1,480,880	1,480,880	1,364,880	
TOTAL EXPENDITURES	10,315,590	10,369,590	6,803,154	11,311,438	

ANNUAL FY 14-15 BUDGET

**PROPOSED STAFFING/BENEFIT
ADJUSTMENTS**

Effective January 1, 2012, pursuant to independent human resources consultant and FC/EC recommendations, the FORA Board adjusted salary ranges to bring FORA employees to equity with other Monterey Bay Regional labor market agencies and affiliated jurisdictions. To sustain this equity, the preliminary budget includes scheduled salary step increases. Proposed staffing addition and Cost-of Living adjustment (COLA) are provided.

Proposed staffing and benefit adjustments for FY 14-15:

	BUDGET IMPACT							
	BUDGET	IMPACT						
		% Increase						
S&B before adjustments - 14 positions	2,124,008							
If new staff position added	160,000							
Total S&B - 15 staff positions	2,284,008	7.5%						
If COLA awarded	36,074							
Total S&B - 14 staff positions	2,160,082	1.7%						
Total S&B - 15 staff positions	2,320,082	9.2%						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; text-align: right;"><i>Total Impact</i></td> <td style="width: 20%; text-align: right;">196,074</td> <td style="width: 20%;">Salaries & Benefits</td> </tr> <tr> <td></td> <td style="text-align: right;">4,000</td> <td>Supplies & Services</td> </tr> </table>			<i>Total Impact</i>	196,074	Salaries & Benefits		4,000	Supplies & Services
<i>Total Impact</i>	196,074	Salaries & Benefits						
	4,000	Supplies & Services						

1 New staff position (2 years)

up to 160,000 plus \$4K for support training/dues

Community Economic Development Specialist (\$95K-\$110K/year plus benefits)

To facilitate promote former Fort Ord job creation and ensure educationally based community and economic development, secure opportunities for local business development, job creation, and Monterey Regional military mission retention.

JOB DESCRIPTION IS ATTACHED

2 Cost-of Living-Adjustment (COLA)

CPI SF-SJ reports (available data thru 2/14):

Since new schedules 5.00% (1/12 - 2/14)
Past 12 months 2.40% (2/13 - 2/14)

2% COLA 36,074

FY	Effective	COLA	Salary Adjustments
FY 11-12	1/12		New Salary Schedules adopted; FORA employees brought to equity with other area agencies at median level
FY 12-13	7/12	0%	
FY 13-14	7/13	2.5%	All staff received COLA

ANNUAL FY 14-15 BUDGET

ET/ESCA

CATEGORY	REVENUES 3/2007 - 6/2009	EXPENDITURES 3/2007 - 6/2014	AVAILABLE FUNDS FOR FY 14-15	EXPENDITURES FY 14-15	AVAILABLE FUNDS FOR FY 15-16
Federal Grant Award March 2007	*	99,316,187			
Credit to Army for early payments	(1,587,578)				
	97,728,609	(94,946,539)	2,782,070	(933,970)	1,848,100
<u>GRANT FUNDS ALLOCATION</u>					
FORA/Program Management	3,392,656	(2,845,843)	546,813	(453,970)	92,843
EPA/DTSC/ERRG Regulatory Response Cost	4,725,000	(2,489,743)	2,235,257	(480,000)	1,755,257
FORA/Future PLL coverage	916,056	(916,056)	-	-	-
LFR/AIG commutation account	** 88,694,897	(88,694,897)	-	-	-
TOTAL	97,728,609	(94,946,539)	2,782,070	(933,970)	1,848,100

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

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

The preliminary FY 14-15 budget includes \$934K of the \$2.78M available balance prorated to cover FY 14-15 expenditures.

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	2 nd VOTE: Approve Fort Ord Reuse Authority FY 2014-15 Capital Improvement Program	
Meeting Date:	June 20, 2014	ACTION
Agenda Number:	5c	

RECOMMENDATION:

- i. Take a second vote to approve the FY 2014-15 Fort Ord Reuse Authority (FORA) Capital Improvement Program (CIP) (<http://fora.org/Board/2014/Packet/Additional/CIP.pdf>).
- ii. Take a second vote to approve Resolution 14-xx (**Attachment A**) to implement a Community Facilities District (CFD) Special Tax and Base-wide Development Fee adjustment.

BACKGROUND:

FORA staff and Economic & Planning Systems (EPS) provided CIP presentations at the May 16th FORA Board meeting and the Board report outlined EPS's analysis, CIP modifications and ongoing FORA Administrative Committee (AC) CIP review. The AC met and further discussed CIP modifications at their May 21st and June 4th meetings, recommending FORA Board approval on June 4th. At its June 13, 2014 meeting, the FORA Board took a first vote on both recommendations. Since the first votes were not unanimous, the item returns for a second vote. The June 13, 2014 FORA Board report is online at <http://fora.org/Board/2014/Packet/Additional/061314Item8bCIP-UPDATED.pdf>.

DISCUSSION:

At the June 13th, 2014 FORA Board meeting, Board members and members of the public had questions about: 1) Feedback from Transportation Agency for Monterey County (TAMC) staff on the recommended 17.0% fee reduction, 2) The effect of removing a \$3.5 million contingency for utilities/storm drainage obligations, 3) The timing of removing the Marina Coast Water District (MCWD) "voluntary contribution" from the FORA CIP on July 5th, 4) The effect of removing the MCWD "voluntary contribution" from the FORA CIP, 5) The timing of blight removal in the CIP, and 6) the value of receiving Preston Park lease proceeds over the next six years versus receiving 50% land sales proceeds from the sale of Preston Park.

- 1) TAMC staff appreciated coordination between meetings with FORA staff and consultant and noted that the neutral impact of maintaining transportation cost contingencies in the FORA CIP was acceptable. TAMC staff also noted the importance of updating FORA CIP project costs and aligning them with TAMC regional projects in the coming year.
- 2) Removal of the \$3.5 million contingency for utilities/storm drainage obligations would not hinder FORA in meeting current state and federal obligations and is consistent with having completed that CEQA obligation.
- 3) MCWD staff informed FORA staff that the MCWD capacity charges are set to increase on July 5, 2014. The effective date of the 17.0% FORA fee reduction is also July 5, 2014 to synchronize the two fee programs. FORA and MCWD staff and the AC continue to process policy issues associated with the MCWD budget for the July FORA Board meeting.
- 4) The net effect of removing the MCWD voluntary contribution budget line item from the FORA CIP and noting that MCWD has included capacity charge is revenue neutral. FORA

is not required to repay any previously collected fees as a result of this change because it was never contractually obligated to collect it.

- 5) FORA anticipates spending approximately \$2.6 million on blight removal/building removal at Seaside Surplus II in FY 2014/15. As FORA collects land sales revenues in the future, these funds will be applied to FORA's remaining building removal obligation. Worst case, if no development occurs and FORA receives no land sales payments, FORA will not be able to fund blight removal/building removal on Fort Ord. Such a scenario would likely result in the underlying jurisdictions assuming this obligation when FORA sunsets on June 30, 2020. This speaks to the need FORA has to ensure all revenue sources due it are received and expended in a manner consistent with timely reuse activities.
- 6) Questions have been raised whether FORA should continue to receive Preston Park lease proceeds over the next six years of FORA's life, or, how FORA would benefit from the sale of Preston Park and receiving a lump sum of 50% land sales proceeds. FORA consultant EPS has modeled if FORA collects lease proceeds over the next six years less the minimum estimated remaining CEQA required developer fee obligation and loan payments, residual proceeds would be insufficient to fund blight removal over the course of FORA's life. If FORA were to sell Preston Park in the near term, the net proceeds would allow FORA to address its remaining building removal obligations at the Marina stockade (+/- \$2.2M) and Seaside Surplus II (+/- \$4M). EPS will present PowerPoint slides providing in-depth analysis on the financial impacts should FORA not receive its 50% share of Preston Park land sale proceeds prior to FORA sunset.

FISCAL IMPACT:

Reviewed by FORA Controller 

Staff time for this item is included in the approved FORA budget.

COORDINATION:

Administrative Committee, CIP Committee, Water/Wastewater Oversight Committee

Prepared by


Crissy Maras

Reviewed by


D. Steven Endsley

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY Resolution 14-XX

Resolution of the Fort Ord Reuse Authority Board adjusting the FORA Community Facilities District Special Tax Rates and the Basewide Development Fee Schedule.

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

- A. Government Code section 67679(e) authorizes the Fort Ord Reuse Authority (hereinafter referred to as "Authority") Board of Directors (hereinafter referred to as "Board") to levy development fees on a development project within the area of the base in compliance with Government Code section 66000, *et seq.* The section stipulates that "No local agency shall issue any building permit for any development within the area of the former Fort Ord until the Board has certified that all development fees have been paid."
- B. The Authority Board adopted Resolution 99-1 to establish Basewide Development Fees for all of the former Fort Ord area primarily to pay for basewide obligations intended to mitigate the costs associated with the impact of development of the Fort Ord territory. The basewide public facilities are identified in the Base Reuse Plan and the Public Facilities Improvement Plan and are annually approved by the Board as part of the Board's adopted Capital Improvement Plan (hereinafter referred to as "CIP"), in particular the transportation, habitat management and other impacts caused by development as identified in the Final Environmental Impact Report, adopted by this Board on June 13, 1997.
- C. On January 18, 2002, the Authority Board adopted Resolution No. 02-1 establishing the Fort Ord Reuse Authority Basewide Community Facilities District (hereinafter referred to as the "CFD") under State Law that approved a rate and method of apportionment of special taxes (the "RMA") and provided for the levy of special taxes (the "Special Taxes") on real property in selected areas of the former Fort Ord, and, on October 14, 2005, the Authority Board adopted Resolution No. 05-15, which effectively amended the CFD RMA in order to provide a special tax structure that would encourage and benefit the development of affordable and workforce housing.
- D. The Board heard testimony from professional consultants, affected businesses, and community representatives on August 29, 2012, and through adoption of resolution 12-5, authorized Implementation Agreement Amendments with Fort Ord land use jurisdictions. The Board directed calculation of a formula, which analyzes CIP contingent expenses and anticipated revenues to calibrate FORA's Development Fee Schedule and CFD Special Tax to the appropriate level. The formula calculation will be used as a basis for Board consideration of adjustments in the maximum Special Taxes for the CFD and Fee Policy.
- E. As part of their CIP Review – Phase III Study contract work for the Authority, Economic and Planning Systems, Inc. ("EPS") performed the Board-directed formula calculation (**Attachment D** to Item 8b, FORA Board meeting June 13, 2014), recommending an immediate proportional 17.04% reduction in FORA's Development Fee Schedule and CFD Special Tax. There is a reasonable relationship between the need for the public projects included in the CIP and the type of development project on which the development fee or

Special Tax is imposed. There is also a reasonable relationship between the amount of the development fee or Special Tax and the cost of the public projects attributable to the development on which the fee or Special Tax is imposed and the Board has determined that the fee and Special Tax structure will continue to provide sufficient fees and Special Taxes to meet its State Law obligations and basewide expenses.

- F. The purpose of this Resolution is to amend Resolution 99-1 and to provide for levies of Special Taxes in the CFD at rates lower than the authorized maximum Special Tax rates in the RMA in order to lower the fees charged to, and the Special Taxes levied on, development occurring on the former Fort Ord, while maintaining the financial resources to meet the Authority's mitigation measure and basewide expense obligations and to sustain parity between the Special Taxes levied within the CFD and the development fees charged in non-CFD areas.
- G. Section 6.01.010 of the Authority Master Resolution provides that all fees, penalties, refunds, reimbursements and charges imposed by the Authority may be adopted by resolution and amended by the Board. In addition, the Authority has entered into separate Implementation Agreements with each of its member land use jurisdictions. Those Agreements require all development projects to pay their fair share of the Authority's costs to mitigate development impacts. The Authority Board has approved further agreements with individual jurisdictions and/or their developers to carry out the Implementation Agreements and the other authoritative documents cited in this Resolution.
- H. The Board's annually approved CIP lists each project for which the Fort Ord Reuse Authority CFD special taxes and Basewide Development Fees are to be used and accompanying text describing the need for the project.
- I. The Basewide Development Fees and Special Tax rates listed in **Table 1** reflect a proportional 17.04% reduction. There is a reasonable relationship between the need for the public projects included in the CIP and the type of development project on which the development fee or Special Tax is imposed. There is also a reasonable relationship between the amount of the development fee or Special Tax and the cost of the public projects attributable to the development on which the fee or Special Tax is imposed and the Board has determined that the fee and Special Tax structure will continue to provide sufficient fees and Special Taxes to meet its State Law obligations and basewide expenses.
- J. Government Code Section 66001 requires the Authority to do the following before adopting or amending a development impact fee:
 - 1. Account for and expend the fees.
 - 2. For the fifth fiscal year following the first deposit into the account or fund, and every five years thereafter, make all of the following findings with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted:
 - i. Identify the purpose of the fee (as described in "E." above).
 - ii. Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements listed in the CIP.
 - iii. Designate the approximate dates on which the funding necessary to complete the project is expected to be deposited into the appropriate account or fund serving the CIP.

K. Any development fee so adopted shall be effective on July 1, 2014.

NOW THEREFORE the Board hereby resolves that:

1. The CFD Special Tax and the Basewide Development Fee is amended in the amounts listed for each type of development in the attached fee schedule (**Table 1**) and these fees will hereafter be levied as Special Taxes at the maximum Special Tax rates in the attached schedule (**Table 1**).
2. This Basewide Development fee schedule and CFD maximum Special Tax shall be fixed to the CFD maximum Special Tax rates and indexed in the same manner on July 1st of every year as evidenced in the attached **Table 1 – Taxable Property Classifications and Maximum Development Fee Rates**.
3. The adjusted Development Fees and the revised maximum Special Tax rates shall become effective July 1, 2014.
4. Proceeds of Development Fees and Special Tax levies shall be appropriately segregated through use of generally accepted government fund accounting methods according to the Board's adopted Capital Improvement Program budget as provided for in section B and G of this resolution.

Upon motion by _____, seconded by _____, the foregoing Resolution was passed on this ____ day of _____, _____, by the following vote:

AYES:
NOES:
ABSTENTIONS:
ABSENT:

Mayor Jerry Edelen, Chair

ATTEST:

Michael A. Houlemard, Jr., Secretary

**TABLE 1 – TAXABLE PROPERTY CLASSIFICATIONS AND
MAXIMUM DEVELOPMENT FEE RATES**
(Figures as of July 1, 2014)

PROPERTY CLASSIFICATION	Maximum Development Fee Rates (One-time Development Fee Payments)
Undeveloped Property	\$ - 0 -
Developed Property	
New Residential	\$ 22,560 22,530 / Dwelling Unit
Existing Residential	\$ 6,780 / Dwelling Unit
Office	\$ 2,960 / Acre
Industrial	\$ 2,960 / Acre
Retail	\$ 60,980 60,910 / Acre
Hotel	\$ 5,030 / Room

On July 1, commencing July 1, 2015, the Maximum Development Fee Rates shown in Table 1 shall be increased by an amount equal to the lesser of (1) five percent (5%) or (2) the percentage change since the immediately preceding Fiscal Year in the Engineering News Record's Construction Cost Index applicable to the area in which the fee overlay is located (or, if such index is no longer published, a substantially equivalent index selected by the Development Fee Administrator)

TABLE 1 -- TAXABLE PROPERTY CLASSIFICATIONS AND
 MAXIMUM SPECIAL TAX RATES
 (Figures as of July 1, 2014)

PROPERTY CLASSIFICATION	Maximum Special Tax Rates (One-time Special Tax Payments)
Undeveloped Property	\$ - 0 -
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New Residential	\$ 22,560 ^{22,530} / Dwelling Unit
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Retail	\$ 60,980 ^{60,910} / Acre
Hotel	\$ 5,030 / Room

On July 1, commencing July 1, 2015, the Maximum Special Tax Rates shown in Table 1 shall be increased by an amount equal to the lesser of (1) five percent (5%) or (2) the percentage change since the immediately preceding Fiscal Year in the Engineering News Record's Construction Cost Index applicable to the area in which the District is located (or, if such index is no longer published, a substantially equivalent index selected by the CFD Administrator)

DRAFT

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	<u>2nd VOTE:</u> Consistency Determination: Consider certification, in whole or in part, of the City of Seaside Zoning Code amendments related to the 2013 Zoning Code update as consistent with the 1997 Fort Ord Reuse Plan	
Meeting Date:	June 20, 2014	ACTION
Agenda Number:	5d	

RECOMMENDATION(S):

2nd VOTE: Approve Resolution 14-XX (**Attachment A**), certifying the City of Seaside's (Seaside's) legislative land use determination that the Seaside Zoning Code text amendments related to the 2013 Zoning Code Update are consistent with the 1997 Fort Ord Reuse Plan (Reuse Plan).

BACKGROUND:

At the June 13 meeting, the FORA Board heard FORA and Seaside staff recommendations for certifying the 2013 Zoning Code Text Amendments as consistent with the Reuse Plan (**Attachment B**: Original staff report). The Board also received public comment requesting the Board deny consistency certification. The first vote on the item was taken resulting in a majority vote for consistency certification. Per FORA's rules, since the first vote was not unanimous, the 2nd vote for this item was scheduled for this meeting. A short discussion of the issues raised and responses is included in this staff report.

DISCUSSION:

Issues raised:

A letter from member of the public, Jane Haines, raised a number of points pertaining to items identified during the 2012 Reassessment that were not addressed in the 2013 Zoning Code text amendments (**Attachment C**). Those items are summarized below:

1. The Seaside Zoning Code text amendments fail to prohibit card rooms or casinos for gambling as acceptable land uses on the former Fort Ord.
2. The Seaside Zoning Code text amendments fail to establish specific textual regulations for development within residential neighborhoods located within the Community Commercial Zone District.
3. The Seaside Zoning Code text amendments fail to add a park plan and protective criteria applicable to Polygon 25.
4. The Seaside Zoning Code text amendments fail to add a 50-acre community park to the Seaside Zoning Map.
5. The Seaside Zoning Code text amendments fail to designate requisite areas as Special Design Districts.
6. The Seaside Zoning Code text amendments fail to establish an oak tree protection program.
7. The Seaside Zoning Code text amendments fail to add requisite provisions to Seaside's water conservation ordinances.
8. The Seaside Zoning Code text amendments fail to designate an oak woodland conservation area.

9. The Seaside Zoning Code text amendments lack an ordinance specifically addressing the preservation of oak trees.
10. The Seaside Zoning Code text amendments fail to amend the Seaside Zoning Map to designate areas with severe seismic hazard risk as open space, nor does it establish the requisite setback requirements.
11. The Seaside Zoning Code text amendments fail to conform to the BRP required noise criteria.

In response to these items, Seaside staff has responded that the main intent of the 2013 Zoning Code text amendments was to improve the City zoning code in response to citizen and business feedback received at the Planning Department desk since 2009. The changes are "housekeeping" to make the zoning code more responsive to the needs of their public and to improve ease of use. It is not intended to be a comprehensive update to the city zoning code, which would necessarily be preceded by an update of the City's General Plan. The items listed above are included in the current FORA 2014 Work plan that was approved by the Board in 2014. The items in question are part of the Category 3 items from the 2012 Reassessment, and have already been the focus of a FORA and Seaside status update meeting. City of Seaside staff have stated on numerous occasions their intention to address the Category 3 items during the forthcoming General Plan update process, set to begin during the summer 2014.

A letter from the Law Offices of Stamp-Erickson was delivered to FORA Board members after the start of the Board meeting (**Attachment D**). In that letter issues are raised including:

1. There are several inconsistencies in allowable densities in land use categories, as well as permitted uses in the land use categories, and the document fails to properly reference the Base Plan as a regional planning document applicable to the Fort Ord lands.

The FORA Master Resolution Section 8.010.020(g) states:

The Authority Board may only refuse to certify zoning ordinances, zoning district maps, or other legislative land use decisions on the grounds that such actions do not conform with, or are inadequate to carry out, the provisions of the general plan, certified as consistent with the Reuse Plan

As noted during staff presentation on Friday June 13, the item before the Board is the certification of the City of Seaside 2013 Zoning Code amendments, and these amendments provide housekeeping updates to the 2006 Zoning Code update that was certified as consistent with the Reuse Plan. The current updates make no changes to the densities or land uses already defined in the 2006 Zoning Code. As such, Board consideration need not hinge on these items.

The same circumstances apply to the omission of the Reuse Plan in the citation of relevant planning documents. While the specific omission of the Reuse Plan is indeed accurate, the 2013 Zoning Code text amendments do not make changes to this language, and as such is not under consideration at this time. While the issues presented by the Stamp-Erickson letter are indeed relevant to the goal of bringing the future City of Seaside General Plan and Zoning codes into a more perfect harmony with the 1997 Reuse Plan, the items currently facing the Board are narrowly constrained to the proposed zoning code text amendments.

The shortcomings of the Seaside zoning code in relationship to the Reuse Plan as identified in both letters will be included as part of the forthcoming Seaside General Plan update. City of Seaside staff have stated their intention to address these items on numerous occasions – during the most recent Board hearing, as well as during previous Administrative Committee meetings. In addition, most of these items are explicitly included within the FORA 2014 Work Plan that is currently in the process of being implemented.

FORA and Seaside staff will be available to provide additional information to the FORA Board on June 20, 2014.

FISCAL IMPACT:


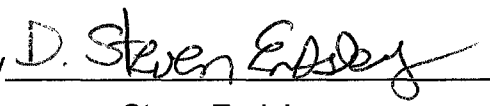
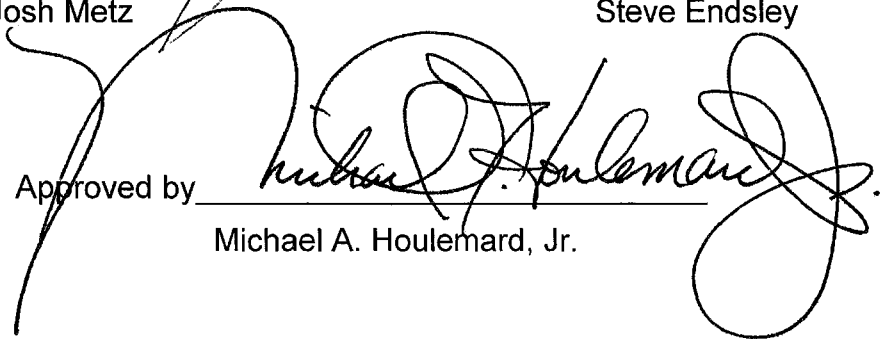
Reviewed by FORA Controller 

This action is regulatory in nature and should have no direct fiscal, administrative, or operational impact. Seaside has agreed to provisions for payment of required fees for future developments in the former Fort Ord under its jurisdiction.

Staff time for this item is included in the approved FORA budget.

COORDINATION:

Seaside staff, Authority Counsel, Administrative Committee, and Executive Committee

Prepared by  Reviewed by 
Josh Metz Steve Endsley
Approved by 
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY
Resolution 14-XX

*Resolution Determining Consistency of Seaside General Plan
Zoning Text Amendments for the 2013 Zoning Code Update*

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

- A. On June 13, 1997, the Fort Ord Reuse Authority ("FORA") adopted the Final Reuse Plan under Government Code Section 67675, et seq.
- B. After FORA adopted the reuse plan, Government Code Section 67675, et seq. requires each county or city within the former Fort Ord to submit to FORA its general plan or amended general plan and zoning ordinances, and to submit project entitlements, and legislative land use decisions that satisfy the statutory requirements.
- C. By Resolution No. 98-1, the Authority Board of FORA adopted policies and procedures implementing the requirements in Government Code 67675, et seq.
- D. The City of Seaside ("Seaside") is a member of FORA. Seaside has land use authority over land situated within the former Fort Ord and subject to FORA's jurisdiction.
- E. After a noticed public meeting on December 11, 2013, the City of Seaside adopted a General Plan zoning text amendment related to the 2013 Zoning Code update. Seaside also found these items consistent with the Fort Ord Base Reuse Plan, FORA's plans and policies and the FORA Act and considered the Fort Ord Base Reuse Plan Environmental Impact Report ("EIR") in their review and deliberations.
- F. On May 19, 2014, the City of Seaside recommended that FORA concur in the City's determination that FORA's Final Reuse Plan, certified by the Board on June 13, 1997, and Seaside General Plan zoning text amendments related to the 2013 Zoning Code update are consistent. Seaside submitted to FORA these items together with the accompanying documentation.
- G. Consistent with the Implementation Agreement between FORA and Seaside, on May 19, 2014, Seaside provided FORA with a complete copy of the submittal for lands on the former Fort Ord, the resolutions and ordinance approving it, a staff report and materials relating to the City of Seaside's action, a reference to the environmental documentation and/or CEQA findings, and findings and evidence supporting its determination that the Seaside General Plan zoning text amendments related to the 2013 Zoning Code update are consistent with the Fort Ord Reuse Plan and the FORA Act (collectively, "Supporting Material"). Seaside requested that FORA certify the submittal as being consistent with the Fort Ord Base Reuse Plan for those portions of Seaside that lie within the jurisdiction of FORA.
- H. FORA's Executive Officer and the FORA Administrative Committee reviewed Seaside's application for consistency evaluation. The Executive Officer submitted a report recommending that the FORA Board find that the Seaside General Plan zoning text

amendments related to the 2013 Zoning Code update are consistent with the Fort Ord Base Reuse Plan. The Administrative Committee reviewed the Supporting Material, received additional information, and concurred with the Executive Officer's recommendation. The Executive Officer set the matter for public hearing regarding consistency of the Seaside General Plan zoning text amendments related to the 2013 Zoning Code update before the FORA Board on June 13, 2014.

- I. Master Resolution, Chapter 8, Section 8.02.010(a)(4) reads in part: "(a) In the review, evaluation, and determination of consistency regarding legislative land use decisions, the Authority Board shall disapprove any legislative land use decision for which there is substantial evidence supported by the record, that [it] (4) Provides uses which conflict or are incompatible with uses permitted or allowed in the Reuse Plan for the affected property..."
- J. FORA's review, evaluation, and determination of consistency is based on six criteria identified in section 8.02.010. Evaluation of these six criteria form a basis for the Board's decision to certify or to refuse to certify the legislative land use decision.
- K. The term "consistency" is defined in the General Plan Guidelines adopted by the State Office of Planning and Research as follows: "An action, program, or project is consistent with the general plan if, considering all its aspects, it will further the objectives and policies of the general plan and not obstruct their attainment." This includes compliance with required procedures such as 8.02.010 of the FORA Master Resolution.
- L. Master Resolution, Chapter 8, Section 8.02.010(a)(1-6) reads: "(a) In the review, evaluation, and determination of consistency regarding legislative land use decisions, the Authority Board shall disapprove any legislative land use decision for which there is substantial evidence supported by the record, that (1) Provides a land use designation that allows more intense land uses than the uses permitted in the Reuse Plan for the affected territory; (2) Provides for a development more dense than the density of use permitted in the Reuse Plan for the affected territory; (3) Is not in substantial conformance with applicable programs specified in the Reuse Plan and Section 8.02.020 of this Master Resolution. (4) Provides uses which conflict or are incompatible with uses permitted or allowed in the Reuse Plan for the affected property or which conflict or are incompatible with open space, recreational, or habitat management areas within the jurisdiction of the Authority; (5) Does not require or otherwise provide for the financing and/or installation, construction, and maintenance of all infrastructure necessary to provide adequate public services to the property covered by the legislative land use decision; and (6) Does not require or otherwise provide for implementation of the Fort Ord Habitat Management Plan."

NOW THEREFORE be it resolved:

- 1. The FORA Board recognizes the City of Seaside's December 11, 2013 recommendation that the FORA Board certify consistency between the Fort Ord Base Reuse Plan and the Seaside General Plan text amendments related to the 2013 Zoning Code update was appropriate.
- 2. The Board has reviewed and considered the Fort Ord Base Reuse Plan Final Environmental Impact Report and Seaside's environmental documentation. The Board finds that this documentation is adequate and complies with the California Environmental

Quality Act. The Board finds further that these documents are sufficient for purposes of FORA's determination for consistency of the Seaside General Plan zoning text amendments related to the 2013 Zoning Code update.

3. The Board has considered the materials submitted with this application, the recommendation of the Executive Officer and Administrative Committee concerning the application and oral and written testimony presented at the hearings on the consistency determination, which are hereby incorporated by reference.
4. The Board finds that the Seaside General Plan zoning text amendments related to the 2013 Zoning Code update are consistent with the Fort Ord Base Reuse Plan. The Board further finds that the legislative decision consistency determination made herein has been based in part upon the substantial evidence submitted regarding allowable land uses, a weighing of the Base Reuse Plan's emphasis on a resource constrained sustainable reuse that evidences a balance between jobs created and housing provided, and that the cumulative land uses contained in Seaside's submittal are not more intense or dense than those contained in the Base Reuse Plan. This finding does not modify the BRP Land Use Concept Ultimate Development Figure 3.3-1. It remains Public Facilities Institutional.
5. The Seaside General Plan zoning text amendments related to the 2013 Zoning Code update will, considering all their aspects, further the objectives and policies of the Final Base Reuse Plan. The Seaside application is hereby determined to satisfy the requirements of Title 7.85 of the Government Code and the Fort Ord Base Reuse Plan.

Upon motion by _____, seconded by _____, the foregoing Resolution was passed on this 13th day of June, 2014, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Jerry Edelen, Chair

ATTEST:

Michael A. Houlemard, Jr., Clerk

FORT ORD REUSE AUTHORITY BOARD REPORT	
BUSINESS ITEMS	
Subject:	<u>Consistency Determination</u> : Consider Certification, in whole or in part, of the City of Seaside Zoning Code amendments related to the 2013 Zoning Code update as Consistent with the 1997 Fort Ord Reuse Plan
Meeting Date:	June 13, 2014
Agenda Number:	8d
ACTION	

RECOMMENDATION(S):

Approve Resolution 14-XX (**Attachment A**), certifying the City of Seaside’s (Seaside’s) legislative land use decision that the Seaside Zoning Code text amendments related to the 2013 Zoning Code Update are consistent with the Fort Ord Reuse Plan (Reuse Plan).

BACKGROUND:

Seaside submitted the legislative land use decision for their 2013 Zoning Code Update for Fort Ord Reuse Authority (FORA) certification of their consistency determination on May 19, 2014 (<http://www.ci.seaside.ca.us/Modules/ShowDocument.aspx?documentid=9519> and <http://www.ci.seaside.ca.us/Modules/ShowDocument.aspx?documentid=642>). At that time, Seaside requested a legislative land use decision review of these items in accordance with sections 8.02.010 and 8.02.030, respectively, of FORA Master Resolution.

Under state law, (as codified in FORA’s Master Resolution) legislative land use decisions (plan level documents such as General Plans, General Plan Amendments, Zoning Codes, Redevelopment Plans, etc.) must be scheduled for FORA Board review under strict timeframes. This item is included on the Board agenda because it includes a legislative land use decision, requiring Board certification.

On January 16, 2014 the Seaside City Council adopted Resolution No. 14-06: Adopting a negative declaration for proposed text amendments as part of a comprehensive update to the zoning code (Title 17 of the Seaside Municipal Code); and on February 20, 2014 the Seaside City Council adopted Resolution No. 1012: Adopting amendments to Title 17 (Zoning Code) of the Seaside Municipal Code as part of a comprehensive update to the zoning code consistent with the goals, policies and implementation programs of the 2004 Seaside General Plan.

DISCUSSION:

Seaside staff will be available to provide additional information to the Administrative Committee on June 4, 2014. In all consistency determinations, the following additional considerations are made and summarized in a table (**Attachment B**).

Rationale For Consistency Determinations FORA staff finds that there are several defensible rationales for certifying a consistency determination. Sometimes additional information is provided to buttress those conclusions. In general, it is noted that the Reuse Plan is a framework for development, not a precise plan to be mirrored. However, there are thresholds set in the resource constrained Reuse Plan that may not be exceeded without other actions, most notably 6,160 new residential housing units and a finite water allocation. More particularly, the rationales for consistency analyzed follow:

**LEGISLATIVE LAND USE DECISION CONSISTENCY FROM SECTION 8.02.010
OF THE FORA MASTER RESOLUTION**

(a) In the review, evaluation, and determination of consistency regarding legislative land use decisions, the Authority Board shall disapprove any legislative land use decision for which there is substantial evidence support by the record, that:

(1) Provides a land use designation that allows more intense land uses than the uses permitted in the Reuse Plan for the affected territory;

Seaside's submittal is consistent with the Reuse Plan and would not result in land use that would be more intense than the uses permitted in the Reuse Plan for the affected area within the City of Seaside. Staff notes that the 2013 Zoning Code Update did not result in changes to the Seaside Zoning Map.

(2) Provides for a development more dense than the density of uses permitted in the Reuse Plan for the affected territory;

Seaside's submittal is consistent with the Reuse Plan and would not result in any type of land use that would be denser than the uses permitted in the Reuse Plan for the affected area within the City of Seaside.

(3) Is not in substantial conformance with applicable programs specified in the Reuse Plan and Section 8.02.020 of this Master Resolution;

Seaside's submittal is in substantial conformance with the applicable programs in the Reuse Plan and Master Resolution.

The 2004 Seaside General Plan was certified consistent with the Fort Ord Reuse Plan on Dec 10, 2004. The proposed zoning code text amendments have been developed to implement the policies of the 2004 Seaside General Plan and are also consistent with the Reuse Plan and the Master Resolution.

The proposed zoning code text amendments will not change Seaside General Plan policies relating to: historical/cultural resources; waste reduction and recycling; on-site water collection; and inter-jurisdictional cooperation.

(4) Provides uses which conflict or are incompatible with uses permitted or allowed in the Reuse Plan for the affected property or which conflict or are incompatible with open space, recreational, or habitat management areas within the jurisdiction of the Authority;

Seaside's submittal is consistent with the Reuse Plan and noted documents. The submittal would not result in any type of land use that would be incompatible with the uses permitted in the Reuse Plan for the affected area within the City of Seaside.

(5) Does not require or otherwise provide for the financing and/or installation, construction, and maintenance of all infrastructure necessary to provide adequate public services to the property covered by the legislative land use decision;

Any future development affected by the 2013 Zoning Code Update will be required to comply with the policies & regulations of the Seaside General Plan, Zoning Code and the Reuse Plan relevant to this issue.

(6) Does not require or otherwise provide for implementation of the Fort Ord Habitat Management Plan;

The City of Seaside 2013 Zoning Code Update provides for implementation of the Fort Ord Habitat Management Plan.

(7) Is not consistent with the Highway 1 Design Corridor Design Guidelines as such guidelines may be developed and approved by the Authority Board; and

The City of Seaside 2013 Zoning Code Update is consistent with the Highway 1 Design Corridor Design Guidelines.

(8) Is not consistent with the jobs/housing balance requirements developed and approved by the Authority Board as provided in Section 8.02.020(t) of the FORA Master Resolution.

The City of Seaside 2013 Zoning Code Update is consistent with the jobs/housing balance requirements of Section 8.02.020. Any future development will be required to comply with the adopted job/housing policies and regulations of the Seaside General Plan and the Reuse Plan.

Additional Considerations

(9) Is not consistent with FORA's prevailing wage policy, Section 3.03.090 of the FORA Master Resolution.

The City of Seaside 2013 Zoning Code Update is consistent with FORA's prevailing wage policy in FORA Master Resolution Section 3.03.090. Any future development will be required to comply with the policies & regulations of the Seaside General Plan, Zoning Code and the Reuse Plan relevant to this issue.

FISCAL IMPACT:

Reviewed by FORA Controller _____

This action is regulatory in nature and should have no direct fiscal, administrative, or operational impact. Seaside has agreed to provisions for payment of required fees for future developments in the former Fort Ord under its jurisdiction.

Staff time for this item is included in the approved FORA budget.

COORDINATION:

Seaside staff, Authority Counsel, Administrative Committee, and Executive Committee

Prepared by _____ Reviewed by _____

Josh Metz

Steve Endsley

Approved by _____

Michael A. Houlemard, Jr.

**FORT ORD REUSE AUTHORITY
Resolution 14-XX**

*Resolution Determining Consistency of Seaside General Plan
Zoning Text Amendments for the 2013 Zoning Code Update*

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

- A. On June 13, 1997, the Fort Ord Reuse Authority ("FORA") adopted the Final Reuse Plan under Government Code Section 67675, et seq.
- B. After FORA adopted the reuse plan, Government Code Section 67675, et seq. requires each county or city within the former Fort Ord to submit to FORA its general plan or amended general plan and zoning ordinances, and to submit project entitlements, and legislative land use decisions that satisfy the statutory requirements.
- C. By Resolution No. 98-1, the Authority Board of FORA adopted policies and procedures implementing the requirements in Government Code 67675, et seq.
- D. The City of Seaside ("Seaside") is a member of FORA. Seaside has land use authority over land situated within the former Fort Ord and subject to FORA's jurisdiction.
- E. After a noticed public meeting on December 11, 2013, the City of Seaside adopted a General Plan zoning text amendment related to the 2013 Zoning Code update. Seaside also found these items consistent with the Fort Ord Base Reuse Plan, FORA's plans and policies and the FORA Act and considered the Fort Ord Base Reuse Plan Environmental Impact Report ("EIR") in their review and deliberations.
- F. On May 19, 2014, the City of Seaside recommended that FORA concur in the City's determination that FORA's Final Reuse Plan, certified by the Board on June 13, 1997, and Seaside General Plan zoning text amendments related to the 2013 Zoning Code update are consistent. Seaside submitted to FORA these items together with the accompanying documentation.
- G. Consistent with the Implementation Agreement between FORA and Seaside, on May 19, 2014, Seaside provided FORA with a complete copy of the submittal for lands on the former Fort Ord, the resolutions and ordinance approving it, a staff report and materials relating to the City of Seaside's action, a reference to the environmental documentation and/or CEQA findings, and findings and evidence supporting its determination that the Seaside General Plan zoning text amendments related to the 2013 Zoning Code update are consistent with the Fort Ord Reuse Plan and the FORA Act (collectively, "Supporting Material"). Seaside requested that FORA certify the submittal as being consistent with the Fort Ord Base Reuse Plan for those portions of Seaside that lie within the jurisdiction of FORA.
- H. FORA's Executive Officer and the FORA Administrative Committee reviewed Seaside's application for consistency evaluation. The Executive Officer submitted a report recommending that the FORA Board find that the Seaside General Plan zoning text

amendments related to the 2013 Zoning Code update are consistent with the Fort Ord Base Reuse Plan. The Administrative Committee reviewed the Supporting Material, received additional information, and concurred with the Executive Officer's recommendation. The Executive Officer set the matter for public hearing regarding consistency of the Seaside General Plan zoning text amendments related to the 2013 Zoning Code update before the FORA Board on June 13, 2014.

- I. Master Resolution, Chapter 8, Section 8.02.010(a)(4) reads in part: "(a) In the review, evaluation, and determination of consistency regarding legislative land use decisions, the Authority Board shall disapprove any legislative land use decision for which there is substantial evidence supported by the record, that [it] (4) Provides uses which conflict or are incompatible with uses permitted or allowed in the Reuse Plan for the affected property..."
- J. FORA's review, evaluation, and determination of consistency is based on six criteria identified in section 8.02.010. Evaluation of these six criteria form a basis for the Board's decision to certify or to refuse to certify the legislative land use decision.
- K. The term "consistency" is defined in the General Plan Guidelines adopted by the State Office of Planning and Research as follows: "An action, program, or project is consistent with the general plan if, considering all its aspects, it will further the objectives and policies of the general plan and not obstruct their attainment." This includes compliance with required procedures such as 8.02.010 of the FORA Master Resolution.
- L. Master Resolution, Chapter 8, Section 8.02.010(a)(1-6) reads: "(a) In the review, evaluation, and determination of consistency regarding legislative land use decisions, the Authority Board shall disapprove any legislative land use decision for which there is substantial evidence supported by the record, that (1) Provides a land use designation that allows more intense land uses than the uses permitted in the Reuse Plan for the affected territory; (2) Provides for a development more dense than the density of use permitted in the Reuse Plan for the affected territory; (3) Is not in substantial conformance with applicable programs specified in the Reuse Plan and Section 8.02.020 of this Master Resolution. (4) Provides uses which conflict or are incompatible with uses permitted or allowed in the Reuse Plan for the affected property or which conflict or are incompatible with open space, recreational, or habitat management areas within the jurisdiction of the Authority; (5) Does not require or otherwise provide for the financing and/or installation, construction, and maintenance of all infrastructure necessary to provide adequate public services to the property covered by the legislative land use decision; and (6) Does not require or otherwise provide for implementation of the Fort Ord Habitat Management Plan."

NOW THEREFORE be it resolved:

1. The FORA Board recognizes the City of Seaside's December 11, 2013 recommendation that the FORA Board certify consistency between the Fort Ord Base Reuse Plan and the Seaside General Plan text amendments related to the 2013 Zoning Code update was appropriate.
2. The Board has reviewed and considered the Fort Ord Base Reuse Plan Final Environmental Impact Report and Seaside's environmental documentation. The Board finds that this documentation is adequate and complies with the California Environmental

Quality Act. The Board finds further that these documents are sufficient for purposes of FORA's determination for consistency of the Seaside General Plan zoning text amendments related to the 2013 Zoning Code update.

3. The Board has considered the materials submitted with this application, the recommendation of the Executive Officer and Administrative Committee concerning the application and oral and written testimony presented at the hearings on the consistency determination, which are hereby incorporated by reference.
4. The Board finds that the Seaside General Plan zoning text amendments related to the 2013 Zoning Code update are consistent with the Fort Ord Base Reuse Plan. The Board further finds that the legislative decision consistency determination made herein has been based in part upon the substantial evidence submitted regarding allowable land uses, a weighing of the Base Reuse Plan's emphasis on a resource constrained sustainable reuse that evidences a balance between jobs created and housing provided, and that the cumulative land uses contained in Seaside's submittal are not more intense or dense than those contained in the Base Reuse Plan. This finding does not modify the BRP Land Use Concept Ultimate Development Figure 3.3-1. It remains Public Facilities Institutional.
5. The Seaside General Plan zoning text amendments related to the 2013 Zoning Code update will, considering all their aspects, further the objectives and policies of the Final Base Reuse Plan. The Seaside application is hereby determined to satisfy the requirements of Title 7.85 of the Government Code and the Fort Ord Base Reuse Plan.

Upon motion by _____, seconded by _____, the foregoing Resolution was passed on this 13th day of June, 2014, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Jerry Edelen, Chair

ATTEST:

Michael A. Houlemard, Jr., Clerk

FORA Master Resolution Section	Finding of Consistency	Justification for finding
(1) Does not provide for a land use designation that allows more intense land uses than the uses permitted in the Reuse Plan for the affected territory;	Yes	Uses would not result in any type of land use that would be more intense than the uses permitted in the Reuse Plan for the affected area within the City of Seaside.
(2) Does not provide for a development more dense than the density of uses permitted in the Reuse Plan for the affected territory;	Yes	Uses would not result in any type of land use that would be denser than the uses permitted in the Reuse Plan for the affected area within the City of Seaside.
(3) Is in substantial conformance with applicable programs specified in the Reuse Plan and Section 8.02.020 of this Master Resolution.	Yes	With the adoption of its 2004 General Plan (December 10, 2004), Seaside fulfilled its obligations to FORA for long range planning to implement the Base Reuse Plan.
(4) Does not provide uses which conflict with or are incompatible with uses permitted or allowed in the Reuse Plan for the affected property or which conflict with or are incompatible with open space, recreational, or habitat management areas within the jurisdiction of the Authority;	Yes	Uses would not result in any type of land use that would be incompatible with the uses permitted in the Reuse Plan for the affected area within the City of Seaside.
(5) Requires or otherwise provides for the financing and/or installation, construction, and maintenance of all infrastructure necessary to provide adequate public services to the property covered by the legislative land use decision;	Yes	Zoning ordinance does not address these issues. Any future development will be required to comply with the policies & regulations of the Seaside General Plan, Zoning Code and the Reuse Plan relevant to this issue.
(6) Requires or otherwise provides for implementation of the Fort Ord Habitat Management Plan ("HMP").	Yes	Zoning ordinance does not affect this issue. Any future development will be required to comply with the policies & regulations of the Seaside General Plan, Zoning Code and the Reuse Plan relevant to this issue.
(7) Is consistent with the Highway 1 Design Corridor Design Guidelines as such standards may be developed and approved by the Authority Board.	Yes	Zoning ordinance does not address this issue. Any future development will be required to comply with the design policies and regulations of the Seaside General Plan, the Base Reuse Plan, and associated documents.

<p>(8) Is consistent with the jobs/housing balance requirements developed and approved by the Authority Board as provided in Section 8.02.020(t) of this Master Resolution.</p>	<p>Yes</p>	<p>Zoning ordinance does not address this issue. Any future development will be required to comply with the adopted job/housing policies and regulations of the Seaside General Plan and the Base Reuse Plan.</p>
<p>(9) Prevailing Wage</p>	<p>Yes</p>	<p>Zoning ordinance does not address this issue. Any future development will be required to comply with the prevailing wage policies and regulations of the Seaside General Plan and the Base Reuse Plan.</p>

Jane Haines

601 OCEAN VIEW BLVD., APT. 1 PACIFIC GROVE, CA 93950
TEL 831 375-5913

janehaines@redshift.com

June 12, 2014
Fort Ord Reuse Authority (FORA)
920 Second Avenue
Marina, CA 93933
c/o board@fora.org

Re: June 13 Agenda Item 8d - Consistency Determination of Seaside Zoning Code
with Base Reuse Plan

Dear FORA Board:

This letter will *quote* the Base Reuse Plan and the Scoping Report that is included in the 2012 Fort Ord Plan Reassessment¹ to show why the FORA Board cannot reasonably certify that the Seaside Zoning Code text amendments related to the 2013 Zoning Code Update are consistent with the Fort Ord Reuse Plan.

1. **The Seaside Zoning Code text amendments fail to prohibit card rooms or casinos for gambling as acceptable land uses on the former Fort Ord.** Seaside Commercial Land Use Program B-2.1 at BRP page 256 states that Seaside “*shall not include nor allow card rooms or casinos for gambling as acceptable land uses on the former Fort Ord.*” Referring to Program B-2.1, the 2012 Scoping Report states on page 4-27 that Program B-2.1 is incomplete because “*Seaside regulates bingo games (Municipal Code Chapter 5.16), but does not prohibit bingo or other gambling within Fort Ord.*” The Zoning Code text amendments fail to correct this omission. Neither they nor Seaside Municipal Code Chapter 5.16, prohibit bingo and other gambling within Fort Ord. Thus, the 2013-14

¹ The Scoping Report can be accessed at http://www.fora.org/Reports/FinalScoping/FINAL_SCOPING_REPORT4.pdf. The quoted sections of the Base Reuse Plan (BRP) can be accessed at http://www.fora.org/Reports/BRP/BRP_v2_ReusePlanElements_1997.pdf. The Seaside Zoning Code with text amendments can be accessed at <http://www.ci.seaside.ca.us/Modules/ShowDocument.aspx?documentid=9462>. These may take a few minutes to download because the Scoping Report has 284 pages, the cited BRP volume has 248 pages, and the Seaside Zoning Code is also lengthy.

Seaside Zoning Code text amendments cannot be found consistent with BRP Program B-2.1 because they do not prohibit card rooms and casinos for gambling within Fort Ord.

2. **The Seaside Zoning Code text amendments fail to establish specific textual regulations for development within residential neighborhoods located within the Community Commercial Zone District.** Seaside Commercial Land Use Program D-1.2 at BRP page 257 states that Seaside “*shall designate convenience/specialty retail land use on its zoning map and provide textual (and not graphic) standards for development within residential neighborhoods.*” Referring to Program D-1.2, the 2012 Scoping Report states on page 4-30 that Program D-1.2 is incomplete because the “*City of Seaside includes a Community Commercial Zone district, but does not have specific regulations for inclusion within residential neighborhoods.*” Since the 2013-14 Seaside Zoning Code and the text amendments do not include specific textual standards for development within residential neighborhoods, the 2013-14 Seaside Zoning Code text amendments cannot be found consistent with BRP program D-1.2.

3. **The Seaside Zoning Code text amendments fail to add a park plan and protective criteria applicable to Polygon 25.** Seaside Recreation/Open Space Land Use Program C-3.1 states at BRP page 269 that the “*City of Seaside shall include protection criteria in its plan for the community park in the Seaside Residential Planning Area (Polygon 24) for the neighboring habitat protection area in Polygon 25. Creation of this park will also require consideration of existing high-power electric lines and alignment of the proposed Highway 68 connector to General Jim Moore Boulevard.*” Referring to this Program C-3.1, the 2012 Scoping Report states on page 4-44 that “*neither the park plan nor the protective criteria have been prepared to date.*” Since the park plan and protective criteria have been omitted, the Zoning Code text amendments are inconsistent with BRP Seaside Recreation/Open Space Land Use Program C-3.1.

4. **The Seaside Zoning Code text amendments fail to add a 50-acre community park to the Seaside Zoning Map.** Seaside Recreation/Open Space Land Use Programs C-3.2 and C-3.3 state at BRP page 269 that “*The 50-acre community park in the University Planning Area (Polygon 18) should be sited, planned and managed in coordination with neighboring jurisdictions (CSUMB and County of Monterey)*” and “*The City of Seaside shall attempt to work out a cooperative park and recreation facilities agreement with MPUSD and CSUMB.*” Referring to these programs, the 2012 Scoping Report states on page 4-45 that these programs are incomplete and that “*Polygon 18 is now designated as High-Density Residential. Seaside has provided other parkland within Polygon 20g (Soper Park, 4 acres) and open space walking trails in Polygon 20a (Seaside Highlands) and expanded the park in Polygon 24, for an equal amount of total parkland. Consistency determinations with Seaside General Plan 12/10/04.*” Programs C-3.2 and C-3.3 require a 50-acre community park managed in coordination with neighboring jurisdictions. Such a park is not included in the Zoning Map in the 2013-14 Seaside Zoning Code. Thus, the Zoning Map in the Seaside Zoning Code is inconsistent with BRP Programs C-3.2 and C-3.3.

5. **The Seaside Zoning Code text amendments fail to designate requisite areas as Special Design Districts.** Seaside Recreation/Open Space Land Use Program D-1.3 at BRP pg. 269 states that the “*City of Seaside shall designate the retail and open space areas along the Main Gate area (Polygon 15), the South Village mixed-use area (Polygon 20e), and a strip 500 feet wide (from the Caltrans Row) along State Highway 1 (Polygons 20a and 20b) as Special Design Districts to convey the commitment to high-quality development to residents and visitors.*” Referring to this program, the 2012 Scoping Report states on page 4-46 that this requirement is incomplete, explaining that “[t]hese areas have not been designated as Special Design Districts.” Thus, the 2013-14 Seaside Zoning Code and text amendments are inconsistent with BRP Program D-1.3.

6. **The Seaside Zoning Code text amendments fail to establish an oak tree protection program.** Seaside Recreation Policy C-1 at BRP pg. 326 states that the “*City of Seaside shall establish an oak tree protection program to ensure conservation of existing coastal live oak wood lands in large corridors within a comprehensive open space system. Locate local and regional trails within this system.*” Referring to this policy, the 2012 Scoping Report states on pg. 4-73 that this program has not been established. Until the Seaside Zoning Code is amended to comply, the 2013-14 Seaside Zoning Code is inconsistent with the Base Reuse Plan because it is not in substantial conformance with Policy C-1. See also following paragraph 9 pertaining to the BRP requirement for Seaside to adopt an ordinance specifically addressing the preservation of oak trees.²

7. **The Seaside Zoning Code text amendments fail to add requisite provisions to Seaside’s water conservation ordinances.** Seaside Hydrology and Water Quality Program B-1.5 states at BRP pg. 350/347 that the City of Seaside “*shall promote the use of on-site water collection, incorporating measures such as cisterns or other appropriate improvements to collect surface water for in-tract irrigation and other non-potable use.*” Referring to Program B-15, the 2012 Scoping Report states on pg. 4-91 that this program is incomplete, explaining that “*Seaside’s water conservation ordinances do not include these measures.*” The measures must be added to Seaside’s water conservation ordinances in order for them to be consistent with Program B-1.5.

8. **The Seaside Zoning Code text amendments fail to designate an oak woodland conservation area.** Seaside Biological Resource Policy B-2 at BRP pg. 373 requires that “*as site-specific development plans for a portion of the Reconfigured POM Annex Community (Polygon 20c) and the Community Park in the University Planning Area (Polygon 18) are formulated, the City shall coordinate with Monterey County, California State University, FORA and other interested entities in the designation of an oak woodland conservation area connecting the open space lands of the habitat management areas on the south to the landfill polygon (8a) in the north.*” The Seaside Zoning Map does not show an oak woodland conservation

² The City of Los Angeles has adopted an oak tree protection ordinance that Seaside may want to study. The L.A. ordinance can be accessed at http://clkrep.lacity.org/online/docs/2003/03-1459-s1_ord_177404.pdf.

area.³ Such an area must be designated and appropriately configured on the Seaside Zoning Map before the map can be certified as consistent with the BRP. Since there is no oak woodland conservation area on the Seaside Zoning Map, the map is inconsistent with Policy B-2. Moreover, the 2012 Scoping Report states that Seaside Biological Resource Program B-2.2 at BRP pg. 373 is incomplete. Program B-2.2 requires annual monitoring reports by Seaside to the Fort Ord Coordinated Resource Management and Planning (CRMP) program with respect to the oak woodland conservation area; however, there can be no monitoring reports because the Seaside Zoning Code text amendments do not designate the required oak woodland conservation area.

9. **The Seaside Zoning Code text amendments lack an ordinance specifically addressing the preservation of oak trees.** Seaside Biological Resource Policy C-2.1 at BRP pg. 374 states that the City of Seaside “*shall adopt an ordinance specifically addressing the preservation of oak trees. At a minimum, this ordinance shall include restrictions for the removal of oaks of a certain size, requirements for obtaining permits for removing oaks of the size defined, and specifications for relocation or replacement of oaks removed.*” The 2012 Scoping Report at pg. 4-120 states that the City of Seaside’s tree ordinance, Chapter 8.54 of the municipal code, “*does not specifically address oak trees or oak woodland.*” Thus, the City of Seaside must adopt the BRP-required ordinance before its municipal code is consistent with the BRP. For an example of an ordinance specifically addressing the preservation of oak trees, see the link to the Los Angeles oak tree preservation ordinances cited in footnote 2. Adoption of such an ordinance would specifically address the requirements stated in BRP Policy C-2.1.

10. **The Seaside Zoning Code text amendments fail to amend the Seaside Zoning Map to designate areas with severe seismic hazard risk as open space, nor does it establish the requisite setback requirements.** BRP page 428 states an objective for Seaside to “*protect and ensure public safety by regulating and directing new construction (location, type, and density) of public and private projects, and critical and sensitive facilities away from areas where seismic and geologic hazards are considered likely predicable so as to reduce the hazards and risks from seismic and geologic occurrences.*” In furtherance of this objective, Seaside Seismic and Geological Hazard Policy A-3.1 at BRP pg. 429 requires Seaside to “*amend its zoning maps to designate areas with severe seismic hazard risk as open space if not [sic] other measures are available to mitigate potential impacts.*” The 2012 Scoping Report at pg. 4-143 states this has not been done, which is confirmed by the current Seaside Zoning Map. Additionally, BRP pg. 429 in Seismic and Geological Hazard Program A-1.2 requires Seaside to “*establish setback requirements for new construction, including critical and sensitive facilities, for each seismic hazard zone with a minimum of 200 feet setback to a maximum of one quarter (1/4) mile setback from an active seismic fault. Critical and sensitive buildings include all public or private buildings essential to the health and safety of the general*

³ The Seaside Zoning Map can be accessed at <http://www.ci.seaside.ca.us/Modules/ShowDocument.aspx?documentid=640>.

public, hospitals, fire and police stations, public works centers, high occupancy structures, schools, or sites containing or storing hazardous materials.” Such setback requirements are a zoning matter which must be included in the Seaside Zoning Code text amendments before the Code can be deemed consistent with Policy A-3.1.

11. **The Seaside Zoning Code text amendments fail to conform to the BRP-required noise criteria.** The Noise Element of the BRP beginning on BRP pg. 399 recognizes that the Zoning Codes of Seaside, Monterey County, and Marina have differing definitions and quantitative standards for determining noise compatibility. Thus, the BRP sets an objective of *“ensuring that application of land use compatibility criteria for noise and enforcement of noise regulations are consistent throughout the Fort Ord Planning area.”* (BRP pg. 407.) To achieve this, the BRP establishes the standards in Table 4.5-3 for Exterior Community Noise (BRP pg. 411) and Table 4.5-4 for Non-Transportation Noise Sources (BRP pg. 412). The City of Seaside Zoning Code noise standards are inconsistent with the BRP noise standards. (Scoping Report pg. 4-137.) The 2012 Scoping Report states that Seaside’s *“noise criteria are 5 to 10 dBA higher for three categories of land use (residential, schools, industrial) compared to Fort Ord Reuse Plan Table 4.5-3.”* (Scoping Report pg. 4-134.) It also notes that Seaside has not adopted specific noise performance standards. (Scoping Report pg. 4-135.) It further states that Seaside has not yet *“developed and implemented a program that identifies currently developed areas that are adversely affected by noise impacts and implement measures to reduce these impacts, such as constructing noise barriers and limited the hours of operation of the noise sources,”* as required by BRP Noise Program B-1.1 (Scoping Report pg. 4-136). Thus, Seaside’s 2013-14 Zoning Code, specifically Chapter 17.24 and/or Chapter 17.30.060, must be amended to conform to BRP noise standards for Fort Ord lands before the Zoning Code amendments can be found consistent with the Base Reuse Plan.

Conclusion

FORA spent a half-million dollars in 2012 for the Fort Ord Reuse Plan Reassessment. The Reassessment identified numerous inconsistencies between FORA land use jurisdictions’ legislative acts and the Base Reuse Plan, including inconsistencies applicable to Seaside as quoted herein. The FORA Board is required by State law to disapprove a finding of consistency when a legislative act is inconsistent with the BRP. The above eleven paragraphs show conclusively that the City of Seaside Zoning Code amendments are inconsistent with the Base Reuse Plan *according to statements quoted from the Reassessment Scoping Report.*

Thus, I request the FORA Board to pass a motion which denies finding consistency at this time but which provides that the FORA Board authorizes FORA’s Executive Officer to administratively certify that the 2013-14 Seaside Zoning Code and text amendments are consistent with the Base Reuse Plan *after* Seaside makes the corrections described herein.

That option, which is authorized by Government Code section 67675.5(d), would respect the integrity of the 2012 Reassessment and the Base Reuse Plan yet avoid unnecessary delay by allowing the consistency finding to be made administratively after the Seaside Zoning Code and text amendments are made consistent with the Base Reuse Plan.

Sincerely,

Jane Haines

Michael W. Stamp
Molly Erickson
Olga Mikheeva
Jennifer McNary

STAMP | ERICKSON
Attorneys at Law

Attachment D to Item 5d
479 FORA Board Meeting, 6/20/14
M

T: (831) 373-1214
F: (831) 373-0242

June 13, 2014

Jerry Edelen, Chair
and Members of the Board of Directors
Fort Ord Reuse Authority
920 2nd Ave., Suite A
Marina, CA 93933

Subject: June 13, 2014 Board Agenda – Consider Certification of Seaside zoning code

Dear Chair Edelen and Members of the Board of Directors:

This Office represents Keep Fort Ord Wild and The Open Monterey Project. Both organizations object to a determination of consistency for the Seaside zoning code. The Board should vote to deny the consistency determination for the reasons stated above. This letter presents additional information to assist you.

The proposed legislative documents of Seaside are not consistent with the Fort Ord Reuse Plan, and, if approved, the documents would be yet another example of the failure of FORA to enforce the policies and mitigations of the Reuse Plan pursuant to the FORA enabling legislation, FORA's past resolutions, and CEQA requirements.

In addition to the comments below, Keep Fort Ord Wild and The Open Monterey Project join in the objections of others, including the written comments of Jane Haines, with one important exception: the FORA Board should deny the consistency determination, and send the Seaside documents back to Seaside to be rewritten to be consistent with the Reuse Plan.

The FORA Board should not defer future action to the FORA Executive Officer to act in private. Because the consistency issues are important and should be kept in the public eye, the FORA Board should retain control over the review.

Inconsistencies between the Seaside Zoning code and Fort Ord Reuse Plan

The City of Seaside has adopted a new Municipal Code Title 17 - Zoning and is seeking a consistency determination from FORA. There are several inconsistencies in allowable densities in land use categories, as well as permitted uses in the land use categories, and the document fails to properly reference the Base Plan as a regional planning document applicable to the Fort Ord lands.

Allowable Densities:

1. **Residential Zoning.** Seaside allows 1 unit per 2,904 square feet in areas zoned Medium Density Residential and 1 unit per 1,742 square feet in areas zoned as High Density Residential. (See Table 2-3 on p. 2-11 of the proposed zoning code.) This is 15 units per acre for Medium Density Residential and 25 units per acre for High Density Residential. The Reuse Plan allows a maximum of 10 units per acre in medium density residential and a maximum of 20 units per acre in areas designated for high density residential (See Residential Land Use Policy A-1, p. 240 of the Reuse Plan).

The Residential Land Use Policy A-1 specifically states:

Residential land uses shall be categorized according to the following densities: . . .

SFD Medium Density Residential 5-10 Du/AC
MFD High Density Residential 10-20 Du/AC.

2. **Commercial Zoning.** The City of Seaside allows a maximum Floor Area Ratio (FAR) of 3.0 for Hotels, 2.0 in Commercial Mixed Use, 1.0 in Regional Commercial and Automotive Commercial, and 0.5 in Heavy Commercial and Community Commercial. (See Table 2-6 at p. 2-21 of Seaside's proposed Zoning code.) The Reuse Plan specifies a much lower density of 0.25 FAR. (Commercial Land Use Policy A-1, p. 255, Reuse Plan.) While the designations of the different types of commercial zones in the Reuse Plan are different from the designations chosen by Seaside, under any designation the FAR is much higher in Seaside's Zoning code.

The allowable densities of development in the Reuse Plan are so important in the Reuse Plan that they are included in the consistency checklist that FORA staff are required to use when assessing consistency. Section 8.02.010 of FORA's Master Resolution says:

- (a) In the review, evaluation, and determination of consistency regarding legislative land use Decisions, the Authority Board shall disapprove any legislative land use decision for which there is substantial evidence supported by the record that:
 - (1) Provides a land use designation that allows more intense land uses than the uses permitted in the Reuse Plan for the affected territory;
 - (2) Provides for a development more dense than the density of uses permitted in the Reuse Plan for the affected territory.

In the proposed Seaside zoning code, the Reuse Plan standard for density is not met, and the standard for intensity of land use is not met either, because higher density development can be "more intense" than lower density development. While Seaside may argue that these aspects of the Zoning Code were contained in the 2006 version and that FORA approved that version, the FORA Board is being asked to conduct a fresh, standalone consistency determination on the text. FORA should not compound its previous error by once again approving a document that is clearly inconsistent.

Seaside is obligated to amend its Zoning Code to match the Reuse Plan under Program A-1-1:

Program A-1.1: Amend the City's General Plan and Zoning Code to designate former Fort Ord land at the permissible commercial densities consistent with the Fort Ord Reuse Plan and appropriate to accommodate the commercial activities desired for the community. (See p. 256 of Reuse Plan.)

The proposed zoning code fails to pass the third standard of consistency on the consistency check list:

(3) Is not in substantial conformance with applicable programs specified in the Reuse Plan and section 8. 02.020 of this Master Resolution.

Allowable Uses. The Seaside Zoning Map, which is part of the zoning code, is inconsistent with the Reuse Plan. (See p. 1-9 of zoning code.) For example, Seaside proposes to place High Density Residential zoning on a 50-acre parcel in Parker Flats that is called "Seaside Community Park" in the Reuse Plan and provides important outdoor recreation for nearby Army families and the community of CSUMB. The Seaside Community Park is described in the Reuse Plan as having "gently rolling . . . oak woodland." (See p. 167 of Reuse Plan). However, under Seaside's proposed high density residential zoning, every tree foreseeably could be removed for 25 dwelling units per acre, which is "more intense" than allowed in the Reuse Plan.

Failure to Reference Reuse Plan

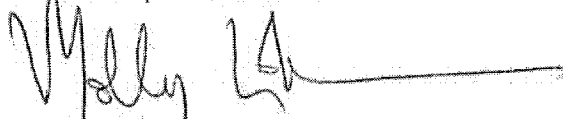
Seaside's proposed zoning code fails to properly reference the Reuse Plan as a regional planning document applicable to the Fort Ord lands. The section on the Main Gate project area explicitly cites applicable planning documents and omits the Reuse Plan: "All land use policies, development standards and design land uses, and infrastructure improvements applicable to proposed land uses and development project within the Projects at Main Gate Specific Plan Area may be found in the adopted Projects at Main Gate Specific Plan, available at the City of Seaside City Hall" (See p. 2-58 of Seaside's proposed Zoning code.)

Jerry Edelen, Chair, and Members of the Board of Directors
Fort Ord Reuse Authority
June 13, 2014
Page 4

The Board should vote to deny the consistency determination for the reasons stated above. Thank you.

Very truly yours,

STAMP | ERICKSON



Molly Erickson

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	Approve Preston Park FY 2014/15 Annual Budget	
Meeting Date:	June 20, 2014	ACTION
Agenda Number:	5e	

RECOMMENDATION(S):

Approve FY 2014/2015 Preston Park Housing Operating (**Attachment B**) and Capital (**Attachment C**) Budgets including a 2.4% rent increase.

BACKGROUND/DISCUSSION:

The staff has reviewed the Alliance Management Budget Memorandum (**Attachment A**) on the Preston Park FY 2014/15 Operating Budget and Capital Improvement Program (CIP) Assessment and recommends approval of the Housing Operating and Capital Replacement Program Budgets and the rent increase. In the coming year we anticipate an increase in the amount and cost of maintenance and small repairs (**Attachment C**). Additionally, previously approved projects have been rescheduled in order to perform urgent repairs. These will be scheduled to limit impact on the residents of the units.

The proposed 2.4 % increase has been derived from applying the Consumer Price Index to the current and prospective Preston Park unit rents. The overall budget sustains the formulas for setting annual market rents approved by the Board in June 2010. The adopted formulae are: 1) **Move-ins** - establishing market rents on an on-going basis according to a market survey, and 2) **Existing tenants** - increase rent once a year by the lesser of 3% or the Consumer Price Index. The financial impacts of the rent increase are displayed by unit type in (**Attachment E**) and the Revenue Summary (**Attachment F**) displays the budget impacts of the rental proposal.

In prior Preston Park Board reports, lengthy items such as the Market Survey (**Attachment D**) and Standard Operating Budgets were presented with only summary pages of the full reports. Consistent with that history, only the summary pages of those attachments are included in the packet. The full documents are available on the FORA website using the links provided below.

Attachment B: <http://fora.org/Board/2014/Packet/Additional/062014Item5e-AttachB.pdf>
<http://fora.org/Board/2014/Packet/Additional/062014Item5e-AttachB2.pdf>

Attachment D: <http://fora.org/Board/2014/Packet/Additional/062014Item5e-AttachD.pdf>

FISCAL IMPACT:

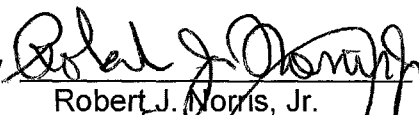
Reviewed by FORA Controller 

Staff time for this item is included in the approved FORA budget.

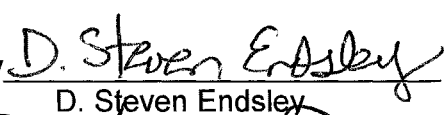
COORDINATION:

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

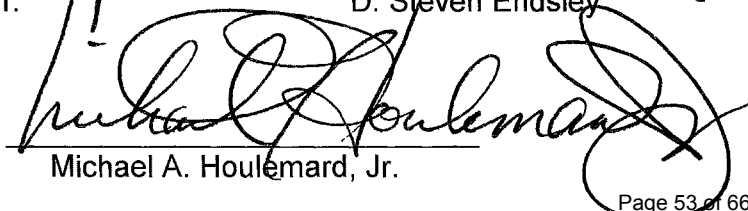
Prepared by


Robert J. Norris, Jr.

Reviewed by


D. Steven Endsley

Approved by


Michael A. Houlemard, Jr.

June 16, 2014



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

Re: Preston Park FY 2014/15 Proposed Budget

Dear Mr. Houlemard:

It has been a pleasure to continue to work with residents and the Fort Ord Reuse Authority over the last year. With the combination of wonderful residents and effective staff, a number of positive changes have been seen in Preston Park:

- 1) **Exterior Building Upgrades:** Re-roofing of the buildings has been completed and final clean up and gutter repairs are underway. Garage motion sensor lights are being installed as gutters are repaired/replaced on each court. Termite treatment has taken place at a number of locations in the community and includes a three year warranty from the date of service. Staff members are planning the replacement of all windows in the community as well as steel front and back doors. This project is anticipated to be underway in July.
- 2) **Code Compliance/Safety Improvements:** The electrical sub-panel in each home was serviced, and grounding rods were replaced at each meter panel site throughout the community. All required attic repairs were completed. Each oven flue vent was re-sealed, and notable issues reported for repair in the coming year. One time use Fire Extinguishers were installed in each home within Preston Park. A Property Assessment took place from which a plan of action was developed to address exterior building as well as interior unit issues.
- 3) **Concrete Grinding:** Concrete grinding was performed throughout the community. Three sites on Brown Court were located indicated to require tree root removal and re-pouring of concrete or asphalt.
- 4) **Tree Trimming:** The community has performed the first phase of tree trimming and is obtaining bids for the larger phase to begin in July.
- 5) **Units of Long Term Residents:** Several long-term residents have seen upgrades in their flooring, paint, and appliances with little intrusion or inconvenience. These services are extended to long-term residents upon notification or inspection indicating replacement is necessary.
- 6) **Green Initiatives:** The community continues to implement water and energy saving programs inspired by Alliance's own Focus Green Initiative. Devices designated as water or energy saving are purchased and installed as replacement fixtures as needed. PG&E has been working with residents in the Below Market and Section 8 programs to weatherize their homes at no cost to the resident or the community. Planned landscaping changes will reduce the amount of water usage in the common areas of the community, and will continue to evolve into larger cost savings as we work in conjunction with Paul Lord at Marina Coast Water. The community participates in an appliance buy-back program where used and/or broken appliances are purchased from the community and recycled.

Alliance looks to continue to provide the residents at Preston Park a comfortable and quality living experience. Continued capital improvements throughout the community will allow this property to remain a desirable neighborhood for renters, as well as a continued source of affordable housing for the general populace of Marina.

Revenues

The primary source of revenue is rents, Section 8 voucher payments from the Housing Authority of the County of Monterey, and associated charges to residents such as late fees. The community experienced a delayed 1.7% rental increase in February 2013. An increase of 2.4% took place in September 2013. Previous to the February 2013 increase, the community had not seen a rental increase since August 2010.

The proposed budget reflects projected revenues according to the approved formula indicating that the annual increase in market rents for in-place tenants shall be capped at the lesser of three percent (3%) or the Department of Labor’s Consumer Price Index for San Francisco-Oakland-San Jose, All Items, for All Urban Consumers (referred to as CPI-U) Average percentage for the previous year (February to February) be applied to the next fiscal year, provided that the increased rent for in-place residents does not exceed the market rent charged to move-in residents. The proposed Budget Option 1 assumes the maximum rent increase for in-place residents of two point four percent (2.4%) resulting in an anticipated 3.5% increase in Total Income (\$198,159) over the FY 2013/14 Estimated Actuals. The proposed Budget Option 2 assumes no increase in the FY 2014/15 rent schedule for in-place residents, however still results in a 2.5% increase in Total income (\$141,049) due to new move-in rent values. Both budgets capture revenue from the addition of Pet Rent and Month to Month Fees for new move-ins. Please see **Attachment F** for a summary of Revenue Income under the two options.

In Place Residents - Market Rent

The rents proposed in Budget Option 1 are as follows:

In-Place Market Rate Rents			
Unit Size	Current Rent Range FY13/14	Proposed FY14/15 Rent	Change 8/1/14
Section 8 - Two BR	\$1,029 - \$1,198	\$1,054 - \$1,227	\$25 - \$29
Section 8 - Three BR	\$1,423 - \$1,562	\$1,457 - \$1,599	\$34 - \$37
Two Bedroom	\$1,208 - \$1,715	\$1,236 - \$1,756	\$29 - \$41
Three Bedroom	\$1,499 - \$2,010	\$1,535 - \$2,058	\$36 - \$48
Luxury - Two BR*	\$1,800 - \$2,200	\$1,843 - \$2,253	\$43 - \$53
Luxury - Three BR*	\$1,947	\$1,994	\$47

* Note: Three 2-Bedroom homes and one 3-Bedroom home have additional features that warrant higher than average rental rates.

Fair Market Rents (FMR) for Monterey County on a County-wide basis as published in October 2013 by the Monterey County Housing Authority (MCHA) are as follows:

Unit Bedroom Size	Fair Market Rent
Two Bedroom	\$1,234
Three Bedroom	\$1,800

The two bedroom average in-place market rent at Preston Park is \$1,459 which represents a difference of \$225 from the FMR table above. The general cause of the difference in two-bedroom rents relates to the unique amenities and space available in the two-bedroom apartments at the community as compared to the general marketplace. Conversely, the majority of in-place market renters in Preston Park three bedroom homes are below the MCHA Fair Market Rent for a home of this size. The average in-place rent for the three bedroom units at Preston Park is \$1,754, which represents a difference of \$46 from the FMR table above.

Please refer to **Attachment E** for detailed information regarding Preston Park rental rates, including utility estimates, as compared to other communities that pay for Water, Sewer, and Trash service.

Affordable Rents

Affordable rental rates are derived from median income schedules published by governmental agencies. Rental rates at Preston Park are based upon 50% and 60% of the median income for Monterey County. The U.S. Department of Housing and Urban Development calculates the maximum household income by family size in Monterey County, generally once a year. As of the date of this memo new rental rates have not been released.

An increase is not proposed at this time.

In-Place Affordable Rate Rents	
Unit Size	Current Rent Range FY13/14
Two Bedroom VL - L	\$677 - \$832
Three Bedroom VL - L	\$756 - \$928

Maximum Household Income Limits for 2014 as published in January 2014.

Income Category	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person
50% VL	\$28,800	\$32,400	\$35,950	\$38,850	\$41,750	\$44,600	\$47,500
60% L	\$34,560	\$38,880	\$43,140	\$46,620	\$50,100	\$53,520	\$57,000

Current Market Rent Conditions

The market rent for new move-ins is calculated by comparable market rent levels in the competitive market throughout the year. Additionally, the comparables as outlined in the attached Market Survey dated 5.13.14 (**Attachment D**) are smaller in square footage than units at Preston Park, and many do not offer the specialized features including in-home laundry

room, gated back yard with patio, direct access garage, generous storage space, dogs and cats accepted with pet deposit (Breed restrictions apply, max 2 animals per home). Please refer to **Attachment D** for detailed information.

Per the approved rent formula in 2010, the market rents for new move-ins are fluid throughout the year and change according to market conditions. Should a rental increase be approved, market rents for incoming residents would be as follows:

Unit Size	Current Rent Range for Incoming Market Rate Residents
Two Bedroom	\$1,650 - \$1,775
Luxury - Two BR	\$1,850 - \$2,275*
Three Bedroom	\$2,035 - \$2,060
Luxury - Three BR	\$2,275*

* Note: Three 2-Bedroom homes and one 3-Bedroom home have additional features that warrant higher than average rental rates.

Budget Summary

Expenses as outlined in **Attachment B** include Operating Expense projections and relevant changes from the FY 2013/14 budget. Operating expenses typically include expenditures for routine maintenance of the property, redecorating expenses as they apply to unit turns, and expenditures relating to the daily operations of the Leasing Office. Non-Routine expenses are included as they pertain directly to the daily function of the community, however are not typically able to be forecasted (i.e. large plumbing leaks requiring vendor service, unit specific rehabilitation projects). Annual Inspection materials are included with the Non-Routine expenses as they are a one-time yearly expense. Overall, total operating expenses proposed for FY 2014/15 are 10.1% higher than the estimated actual expenses for FY 2013/14 (\$153,667). Alliance seeks to maximize cost savings, e.g. lower utilities expenses through installation of water/energy saving devices, while contending with inescapable cost increases such as fuel for maintenance vehicles.

Note the large increase in Non-Routine expenses (\$115,668) over 2013/2014 Estimated Actuals. This increase is largely due to projects (such as bathtub replacements) that are necessary to complete over the course of the next several years. Without a rental increase, the property will experience a deficit of \$19,461.

Capital Expenses

Expenses categorized as Capital expenses directly impact the long term value of the community, including roof replacements, exterior painting, large-scale landscaping improvements, and interior upgrades including appliances and carpeting/vinyl. Capital projects that are currently pending completion as approved in the 2013/14 FY include:

- 1) Exterior Unit Windows - \$1,240,000
- 2) Exterior Unit Doors - \$200,000

The following Capital projects were delayed to the 2014/2015 FY due to timing:

- 1) Exterior Building/Flashing Repairs - \$500,000
- 2) Exterior Paint - \$200,000
- 3) Seal Coat Streets - \$155,787

2014/2015 FY Capital Improvement Program

Recommended Capital Projects to be managed through the Construction Department (excluding continuing projects or completions of projects from 2013/14):

- 1) Dry Rot Repairs - \$40,000
- 2) Landscape/Irrigation Upgrades - \$100,000
- 3) Leasing Office/Signage - \$90,000
- 4) Playgrounds - \$65,000

Capital Reserves Fund

Expenditures for the 2014/15 fiscal period are projected to equal \$1,453,804. This amount reflects an increase of \$200,000 attributed to the total expense projected for the Building/Flashing Repairs (initially evaluated at \$800K; current value of \$1M), and splits the total value of that expenses and the \$400K expense related to painting of the community over a 2 year period. In accordance with the 2014 reevaluation of the Replacement Reserves Study conducted in April 2008, Alliance recommends a minimum reserve withholding of \$2,179 per unit per year during the 2014/15 fiscal period. **Please refer to Attachment C.** This withholding amount would ensure that the asset holds adequate reserves to perform necessary replacements and repairs to protect the useful life of the buildings and account for possible unforeseen cost increases as projects get underway. These funds will also allow for future projects, such as parking improvements which are not currently included in the capital plan, to be incorporated at a later date without resulting in a substantial increase in withholding amounts in future years.

Budget Option 1 (Maximum rent increase of 2.4% for in-place residents) offers an opportunity to increase the property's replacement reserve account through revenue generation, thus allowing for many of the critical Capital Improvement projects throughout the community to take place over time. (**Attachment C**)

Budget Option 2 (No rent increase for in-place residents) outlines community needs to continue daily operations, but may compromise long-term capital projects due to restricted funds available to complete such projects. (**Attachment C**)

We will continue to look for new ways to improve our services over the coming year and remain committed to meeting the objectives set by FOR A.

Please feel free to contact me should you have additional questions or concerns at (415) 336-3811. Approval of the final budget prior to June 20, 2014, would be helpful in order to implement rental increases by August 1, 2014.

Regards,

Jill Hammond
Regional Manager

Cc: Jonathan Garcia, FOR A
Ivana Bednarik, FOR A
Robert Norris, FOR A
Brad Cribbins, Chief Operating Officer, Alliance Communities, Inc.
Annette Thurman, Vice President of Operations, Alliance Communities, Inc.

Attachments:

- FY 2014/15 Budget Revenue Summary
- Unit Matrix
- May 2014 Market Survey
- Capital Improvement Plan/Reserve Withholding
- Budget Option 1 – Rental Increase

**PRESTON PARK
2015 STANDARD BUDGET
CONSOLIDATION & SIGN-OFF**

**Attachment B to Item 5e
FORA Board Meeting, 6/20/14**



Description	2015 Total	2014 Projected	Variance	Variance %
Physical Occupancy	97.87 %	97.89 %		
Economic Occupancy	93.50 %	94.25 %		
Gross Market Potential	\$6,298,571	\$6,038,519	\$260,052	4.3%
Market Gain/Loss to Lease	(\$209,691)	(\$153,411)	(\$56,280)	-36.7%
Affordable Housing	\$0	\$0	\$0	0.0%
Non-Revenue Apartments	(\$64,266)	(\$68,070)	\$3,804	5.6%
Rental Concessions	\$0	\$0	\$0	0.0%
Delinquent Rent	\$0	\$0	\$0	0.0%
Vacancy Loss	(\$134,232)	(\$127,385)	(\$6,847)	-5.4%
Prepaid/Previous Paid Rent	\$0	\$0	\$0	0.0%
Other Months' Rent/Delinquency Recovery	\$0	\$1,110	(\$1,110)	-100.0%
Bad Debt Expense	(\$1,218)	\$0	(\$1,218)	-100.0%
Other Resident Income	\$44,398	\$40,287	\$4,111	10.2%
Miscellaneous Income	\$6,200	\$10,554	(\$4,354)	-41.3%
Corp Apartment Income	\$0	\$0	\$0	0.0%
Retail Income	\$0	\$0	\$0	0.0%
TOTAL INCOME	\$5,939,763	\$5,741,604	\$198,158	3.5%
PAYROLL	\$541,800	\$525,709	(\$16,091)	-3.1%
LANDSCAPING	\$69,800	\$73,968	\$4,168	5.6%
UTILITIES	\$104,309	\$98,813	(\$5,496)	-5.6%
REDECORATING	\$86,843	\$83,478	(\$3,365)	-4.0%
MAINTENANCE	\$104,812	\$103,214	(\$1,598)	-1.5%
MARKETING	\$15,475	\$15,449	(\$26)	-0.2%
ADMINISTRATIVE	\$92,088	\$91,881	(\$207)	-0.2%
RETAIL EXPENSE	\$0	\$0	\$0	0.0%
PROFESSIONAL SERVICES	\$148,594	\$142,718	(\$5,876)	-4.1%
INSURANCE	\$207,012	\$197,507	(\$9,505)	-4.8%
AD-VALOREM TAXES	\$107,472	\$107,469	(\$3)	0.0%
NON ROUTINE MAINTENANCE	\$194,225	\$78,557	(\$115,668)	-147.2%
TOTAL OPERATING EXP	\$1,672,429	\$1,518,762	(\$153,667)	-10.1%
NET OPERATING INCOME	\$4,267,333	\$4,222,842	\$44,491	1.1%
DEBT SERVICE	\$0	\$0	\$0	0.0%
DEPRECIATION	\$417,696	\$417,425	(\$271)	-0.1%
AMORTIZATION	\$0	\$0	\$0	0.0%
PARTNERSHIP	\$8,000	\$0	(\$8,000)	-100.0%
EXTRAORDINARY COST	\$0	\$0	\$0	0.0%
NET INCOME	\$3,841,637	\$3,805,417	\$36,220	1.0%
CAPITAL EXPENDITURES	\$1,453,804	\$3,825,287	\$2,371,483	62.0%
MORTGAGE PRINCIPAL	\$0	\$0	\$0	0.0%
TAX ESCROW	\$0	\$0	\$0	0.0%
INSURANCE ESCROW	\$0	\$0	\$0	0.0%
INTEREST ESCROW	\$0	\$0	\$0	0.0%
REPLACEMENT RESERVE	\$771,467	\$734,976	(\$36,491)	-5.0%
REPLACEMENT RESERVE REIMBURSEM	(\$1,453,804)	(\$3,825,287)	(\$2,371,483)	-62.0%
WIP	\$0	\$0	\$0	0.0%
OWNER DISTRIBUTIONS	\$3,487,866	\$3,487,866	(\$0)	0.0%
DEPRECIATION AND AMORTIZATION	(\$417,696)	(\$417,425)	\$271	0.1%
NET CASH FLOW	\$0	\$0	\$0	19.4%

Approvals

Owner	Date
Asset Manager	Date
COO	Date
VP	Date
Regional Manager	Date
Business Manager	Date

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

**PRESTON PARK
2015 STANDARD BUDGET
CONSOLIDATION & SIGN-OFF**



Description	2015 Total	2014 Projected	Variance	Variance %
Physical Occupancy	97.87 %	97.89 %		
Economic Occupancy	94.39 %	94.25 %		
Gross Market Potential	\$6,178,925	\$6,038,519	\$140,406	2.3%
Market Gain/Loss to Lease	(\$151,048)	(\$153,411)	\$2,363	1.5%
Affordable Housing	\$0	\$0	\$0	0.0%
Non-Revenue Apartments	(\$62,948)	(\$68,070)	\$5,122	7.5%
Rental Concessions	\$0	\$0	\$0	0.0%
Delinquent Rent	\$0	\$0	\$0	0.0%
Vacancy Loss	(\$131,667)	(\$127,385)	(\$4,282)	-3.4%
Prepaid/Previous Paid Rent	\$0	\$0	\$0	0.0%
Other Months' Rent/Delinquency Recovery	\$0	\$1,110	(\$1,110)	-100.0%
Bad Debt Expense	(\$1,206)	\$0	(\$1,206)	-100.0%
Other Resident Income	\$44,398	\$40,287	\$4,111	10.2%
Miscellaneous Income	\$6,200	\$10,554	(\$4,354)	-41.3%
Corp Apartment Income	\$0	\$0	\$0	0.0%
Retail Income	\$0	\$0	\$0	0.0%
TOTAL INCOME	\$5,882,653	\$5,741,604	\$141,049	2.5%
PAYROLL	\$541,800	\$525,709	(\$16,091)	-3.1%
LANDSCAPING	\$69,800	\$73,968	\$4,168	5.6%
UTILITIES	\$104,309	\$98,813	(\$5,496)	-5.6%
REDECORATING	\$86,843	\$83,478	(\$3,365)	-4.0%
MAINTENANCE	\$104,812	\$103,214	(\$1,598)	-1.5%
MARKETING	\$15,475	\$15,449	(\$26)	-0.2%
ADMINISTRATIVE	\$92,088	\$91,881	(\$207)	-0.2%
RETAIL EXPENSE	\$0	\$0	\$0	0.0%
PROFESSIONAL SERVICES	\$147,166	\$142,718	(\$4,448)	-3.1%
INSURANCE	\$207,012	\$197,507	(\$9,505)	-4.8%
AD-VALOREM TAXES	\$107,472	\$107,469	(\$3)	0.0%
NON ROUTINE MAINTENANCE	\$194,225	\$78,557	(\$115,668)	-147.2%
TOTAL OPERATING EXP	\$1,671,002	\$1,518,762	(\$152,239)	-10.0%
NET OPERATING INCOME	\$4,211,652	\$4,222,842	(\$11,190)	-0.3%
DEBT SERVICE	\$0	\$0	\$0	0.0%
DEPRECIATION	\$417,696	\$417,425	(\$271)	-0.1%
AMORTIZATION	\$0	\$0	\$0	0.0%
PARTNERSHIP	\$8,000	\$0	(\$8,000)	-100.0%
EXTRAORDINARY COST	\$0	\$0	\$0	0.0%
NET INCOME	\$3,785,956	\$3,805,417	(\$19,461)	-0.5%
CAPITAL EXPENDITURES	\$1,453,804	\$3,825,287	\$2,371,483	62.0%
MORTGAGE PRINCIPAL	\$0	\$0	\$0	0.0%
TAX ESCROW	\$0	\$0	\$0	0.0%
INSURANCE ESCROW	\$0	\$0	\$0	0.0%
INTEREST ESCROW	\$0	\$0	\$0	0.0%
REPLACEMENT RESERVE	\$715,786	\$734,976	\$19,190	2.6%
REPLACEMENT RESERVE REIMBURSEM	(\$1,453,804)	(\$3,825,287)	(\$2,371,483)	-62.0%
WIP	\$0	\$0	\$0	0.0%
OWNER DISTRIBUTIONS	\$3,487,866	\$3,487,866	(\$0)	0.0%
DEPRECIATION AND AMORTIZATION	(\$417,696)	(\$417,425)	\$271	0.1%
NET CASH FLOW	(\$0)	\$0	(\$1)	-211.6%

Approvals

Owner	Date
Asset Manager	Date
COO	Date
VP	Date
Regional Manager	Date
Business Manager	Date

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

**CAPITAL EXPENDITURES - 2014/2015 Preston Park Budget
PRESTON PARK - REVISED PHYSICAL NEEDS ASSESSMENT (7 Year Look Forward - Alliance Residential Recommendation)**

Updated: 6/16/2014

Project	Detail	Committed Projects	2014 - 2015							
			2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	
1410										
Property Assessment		\$ 74,600								
Site Lighting Repair / Replacement / Install	*Exterior site upgrades			\$ 200,000						\$ 50,000
Roof	*Replacement	\$ 1,827,297						\$ 10,000	\$ 10,000	\$ 10,000
Exterior Paint	*Full Paint (split over 2 yrs)		\$ 200,000	\$ 200,000						
Exterior Unit Windows	*Replacement	\$ 1,240,000						\$ 5,000	\$ 5,000	\$ 5,000
Exterior Unit Doors	*Replacement	\$ 200,000						\$ 2,500	\$ 2,500	\$ 2,500
Building Exterior	*Dryrot Repairs		\$ 40,000		\$ 2,000	\$ 2,000		\$ 40,000		\$ 2,000
Fence Repairs/Slat Replacement	Replacement							\$ 50,000		
Resident Business Center	FF&E							\$ 12,000		
Landscaper/ Irrigation	*Replacement / Upgrades		\$ 100,000					\$ 150,000		
Leasing Office / Signage	*Upgrades: Wheelchair Access		\$ 90,000							
Playgrounds	*Replacement/Upgrades		\$ 65,000		\$ 65,000			\$ 150,000		
Fire Extinguishers	Add Fire Extinguishers to each home	\$ 13,000						\$ 13,000		
Termite Remediation	Termite remediation	\$ 50,000								
Building Fascia/Flashing Repairs	Repairs to exterior walls (split over 2 yrs)		\$ 500,000	\$ 500,000						
Heater Vent Cleaning/Repairs	Cleaning/Repairing Heater vents			\$ 145,000						
1415										
New Office Computers	Replace existing old computers					\$ 2,600				
1416										
One Maintenance Truck	Needed for hauling etc...					\$ 15,000				\$ 15,000
1420										
Seal Coat Streets			\$ 155,787							\$ 155,787
1425										
Dishwasher	replacement (assume 10 year life) Represents 76 units	\$ 12,160	\$ 24,700	\$ 24,700	\$ 24,700	\$ 24,700	\$ 24,700	\$ 24,700	\$ 24,700	\$ 24,700
Refrigerators	replacement (assume 15 year life) Represents 24 units	\$ 16,800	\$ 12,120	\$ 12,120	\$ 12,120	\$ 12,120	\$ 12,120	\$ 12,120	\$ 12,120	\$ 12,120
Range/Rangehood	replacement (assume 15 year life) Represents 54 units	\$ 18,360	\$ 27,900	\$ 27,900	\$ 27,900	\$ 27,900	\$ 27,900	\$ 27,900	\$ 27,900	\$ 27,900
Garbage Disposal	replacement (assume 10 year life) Represents 44 units	\$ 3,000	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300
Hot Water Heaters	replacement (assume 15 year life) Represents 14 units	\$ 18,000	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650
Carpet	replacement (assume 5 year life) Represents 48 homes	\$ 56,532	\$ 80,400	\$ 80,400	\$ 80,400	\$ 80,400	\$ 80,400	\$ 80,400	\$ 80,400	\$ 80,400
Vinyl	replacement (assume 10 year life) Represents 48 homes	\$ 73,100	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000
HVAC Furnace	replacement (assume 20 year life) Represents 6 units	\$ 26,400	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800
1430										
Applicable Contruction Management Expenses	Miscellaneous (see * items)	\$ 196,038	\$ 65,147	\$ 54,000	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ 9,347
Capital Expenses (uninflated)		\$ 3,825,287	\$ 1,453,804	\$ 1,336,870	\$ 304,870	\$ 257,470	\$ 688,370	\$ 255,370	\$ 487,504	
Inflation Factor		0.00%	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Capital Expenses (Inflated)		\$ 3,825,287	\$ 1,453,804	\$ 1,370,292	\$ 312,492	\$ 263,907	\$ 705,579	\$ 261,754	\$ 499,692	
Total Projected Replacement Reserve Funds		\$ 734,975	\$ 715,786	\$ 715,786	\$ 715,786	\$ 715,786	\$ 715,786	\$ 715,786	\$ 715,786	
Replacement Reserve Fund Balance on 3/1/14		\$ 4,569,609								
Remainder of Projected Replacement Reserve Additions 3/1/14-6/30/14		\$ 243,462								
Remainder of Projected Capital Expenses 3/1/14-6/30/14		\$ 3,377,297								
Anticipated Replacement Reserve Fund Balance 7/1/14		\$ 1,435,774								
Holdbacks and Reserve Summary with no Rental Increase										
Replacement Reserve Fund AFTER Annual Addition, BEFORE Annual Expenses		\$ 2,151,560	\$ 1,413,543	\$ 759,037	\$ 1,162,332	\$ 1,614,212	\$ 1,624,419	\$ 2,078,451		
Replacement Reserve Fund AFTER Annual Addition, AFTER Annual Expenses		\$ 697,756	\$ 43,251	\$ 446,546	\$ 898,425	\$ 908,633	\$ 1,362,665	\$ 1,578,759		
				\$/Unit/Year (Average)						
Replacement Reserve Capability with NO RENT INCREASE		\$ 715,786	\$ 2,021.99							
Physical Needs Over the Term:		\$ 4,867,520	\$ 1,964.29							
Replacement Reserve Capability with PROPOSED INCREASE		\$ 771,467	\$ 2,179.29							
Holdbacks and Reserve Summary with Proposed Increase										
Replacement Reserve Fund AFTER Annual Addition, BEFORE Annual Expenses		\$ 2,207,243	\$ 1,524,907	\$ 926,084	\$ 1,385,061	\$ 1,892,623	\$ 1,958,512	\$ 2,468,227		
Replacement Reserve Fund AFTER Annual Addition, AFTER Annual Expenses		\$ 753,438	\$ 154,615	\$ 613,592	\$ 1,121,154	\$ 1,187,044	\$ 1,696,758	\$ 1,968,535		

COMMUNITY DESCRIPTION	
Street address	682 Wahl Court
City, State, Zip Code	Marina, CA 93933
Telephone	(831) 384-0119
Construction type	Mixed use
Year built	1987
Owner	Fort Ord Reuse Authority
Management	Alliance Residential Company
Total units	354
Physical occupancy	98%

COMMUNITY RATINGS	
Location	B
Visibility	C
Curb appeal	B
Condition	B
Interiors	C
Amenities	D

PAYER OF UTILITIES	
Gas	Resident
Electric	Resident
Water	Res/Meter
Sewer	Resident
Trash	Resident
Cable TV	N A
Internet	Resident
Pest control	Community
Valet trash	N A

FEES, DEPOSITS, AND LEASE TERMS	
Application fee	\$44
Lease terms	MTM and 6 months
Short term premium	N/A
Refundable security deposit	Equal to one months' rent
Administrative fee	\$0
Non refundable pet deposit	N/A
Pet deposit	\$250 covers up to 2 pets
Pet rent	\$0

CONCESSIONS
No concessions. Community is partially Below Market Rent and Section 8.

COMMENTS
50% complete replacing roofs. All units have an attached garage, in-home laundry room, and gated backyard. \$25 fee for end units.

APARTMENT AMENITIES			
Accent color walls	No	Paneled doors	No
Air conditioning	No	Patio/Balcony	Yes
Appliance color	White	Refrigerator	Frost-Free
Cable TV	No	Roman tubs	No
Ceiling	No	Security system	No
Ceiling fans	No	Self cleaning oven	No
Computer desk	No	Separate shower	No
Crown molding	No	Upgraded counters	No
Fireplace	No	Upgraded flooring	Plush Cpt
Icemaker	No	Upgraded lighting	No
Kitchen pantry	Yes	Vaulted ceiling	No
Linen closets	Yes	Washer/Dryer	No
Microwave	No	W/D connection	Full size
Outside storage	No	Window coverings	1" mini

COMMUNITY AMENITIES			
Access gates	No	Free DVD/movie library	No
Add rentable storage	No	Laundry room	No
Attached garages	Yes	Movie theater	No
Barbecue grills	No	Parking structure	No
Basketball court	Yes	Pet park	No
Billiard	No	Playground	Yes
Business center	No	Pools	No
Club house	Yes	Racquetball	No
Concierge services	No	Reserved parking	No
Conference room	No	Sauna/Jacuzzi	No
Covered parking	No	Tennis court	No
Detached garages	No	Volleyball	No
Elevators	No	Water features	No
Fitness center	No	WIFI	No

FLOORPLANS AND RENTS

Floorplan Type	Unit Description	# of Units	% of Units	Square Feet	Rent per Unit				Concessions		Effective Net Rents	
					Low	High	Average	Avg PSF	Mos Free	Term	Average	Avg PSF
2X1		10	3%	1,150	\$1,610	\$1,610	\$1,610	\$1.40	0.00	0.00	\$1,610	\$1.40
2X1		2	1%	1,150	\$1,700	\$1,700	\$1,700	\$1.48	0.00	0.00	\$1,700	\$1.48
2X1.5		79	22%	1,278	\$1,665	\$1,690	\$1,677	\$1.31	0.00	0.00	\$1,677	\$1.31
2X1.5	1 car attached Renovated	2	1%	1,278	\$2,200	\$2,200	\$2,200	\$1.72	0.00	0.00	\$2,200	\$1.72
2X1.5		1	0%	1,278	\$1,700	\$1,715	\$1,708	\$1.34	0.00	0.00	\$1,708	\$1.34
2X1.5	1 car attached Renovated	135	38%	1,323	\$1,690	\$1,715	\$1,702	\$1.29	0.00	0.00	\$1,702	\$1.29
3X2.5		124	35%	1,572	\$1,985	\$2,010	\$1,997	\$1.27	0.00	0.00	\$1,997	\$1.27
3X2.5	1 car attached Renovated	1	0%	1,572	\$2,150	\$2,150	\$2,150	\$1.37	0.00	0.00	\$2,150	\$1.37
Total / Weighted Average		354	100%	1,395	\$1,790	\$1,814	\$1,801	\$1.29	0.00	0.00	\$1,801	\$1.29

Attachment E - Unit Matrix

**Attachment E to Item 5e
FORA Board Meeting, 6/20/14**

										Market Survey Data				
Bedrooms	Bathrooms	Square footage	Average Rent per unit	Total Utilities	Total Rent including utilities	Total Rent per square foot BEFORE rent increase	Total Rent per square foot after 2.4% increase	Total Rent per square foot AFTER rent increase	Sunbay Suites rent per square foot (650 sq ft)	Marina Square rent per square foot (1000 sq ft)	Marina del Sol rent per square foot (736 sq ft)	Shadow Market rent per square foot (850 sq ft/1700 sq ft)	Abrams Park rent per square foot not including utilities (1000 sq ft)	
2	1	1150	\$1,521.00	\$122.70	\$1,644	\$1.43	\$1,676.70	\$1.46	\$1.88	\$1.36	\$1.77	\$1.59	\$1.50	
2	1.5	1278	\$1,443.81	\$122.70	\$1,567	\$1.23	\$1,599.51	\$1.25	N/A	N/A	N/A	N/A	N/A	
2	1.5	1323	\$1,447.34	\$122.70	\$1,570	\$1.19	\$1,603.04	\$1.21	N/A	N/A	N/A	N/A	N/A	
3	2.5	1572	\$1,754.00	\$122.70	\$1,877	\$1.19	\$1,918.20	\$1.22	N/A	N/A	N/A	\$1.09	N/A	

In addition to the rental amounts paid by in-place residents, Preston Park residents pay for Water, Sewer, and Trash services that the majority of the comparables in the market place pay on behalf of the household.

Utility costs as listed reflect the average household in Marina, whereas actual bills suggest utility costs of \$85 per month and \$96 per month respectively for 2 and 3 bedroom homes in Preston Park.

Square footage listed for Preston Park units includes interior space only. Each home has an attached garage that provides roughly 400 square feet of additional storage space.

Preston Park Budget Memo - Revenue Summary

**Attachment F to Item 5e
FORA Board Meeting, 6/20/14**

Budget Option 1 – 2.4% Rent Increase

Revenue	Approved Budget FY 2013/2014	Estimated Actuals FY 2013/ 2014	Proposed FY 2014/ 2015		Variance of Approved Budget From 2013/2014 Estimated Actuals	%	Comments		Variance of Proposed Budget from FY 2013/2014 Estimated Actuals	%	Comments		2014/2015 Proposed Budget vs. 2013/2014 Approved Budget	%
GROSS MARKET POTENTIAL	\$5,816,930	\$6,038,519	\$6,298,571	I	\$221,589	3.7%	The community continues to outperform expectations as new move-in rents increase.	I	\$260,052	4.3%	Large increase due mostly to 2.4% rental increase.	I	\$481,641	8.3%
MARKET GAIN/LOSS TO LEASE	\$16,124	(\$153,411)	(\$209,691)	D	(\$169,535)	110.5%		D	(\$56,280)	36.7%		D	(\$225,815)	-1400.5%
NON-REVENUE APARTMENTS	(\$56,187)	(\$68,070)	(\$64,266)	D	(\$11,883)	17.5%	Decrease in this category as several large maintenance issues arose requiring residents to move within the community.	I	\$3,804	-5.6%	Shared office/community center expense with Abrams Park. Reduction due to major repair units coming back online.	D	(\$8,079)	14.4%
VACANCY LOSS	(\$114,328)	(\$127,385)	(\$134,232)	D	(\$13,057)	10.3%	Decrease in income as homes were vacant for longer periods than expected.	D	(\$6,847)	5.4%	Projecting slightly higher turn times as major repair items are uncovered.	D	(\$19,904)	17.4%
BAD DEBT EXPENSE	(\$1,750)	\$0	(\$1,218)	I	\$1,750	0.0%	Increase due to higher average collection of owed rent and damages.	D	(\$1,218)	0.0%	Decrease in income projected in anticipation of average collection rate of rent and damages.	I	\$532	-30.4%
OTHER RESIDENT INCOME	\$36,750	\$40,287	\$44,398	I	\$3,537	8.8%	Collection of Cleaning/Damage Fees increased vs. previous period.	I	\$4,111	10.2%	Increase due to addition of MTM Fees and Pet Rent for incoming residents.	I	\$7,648	20.8%
MISCELLANEOUS INCOME	\$8,450	\$10,554	\$6,200	I	\$2,104	19.9%	Interest collection on Reserve Account outperformed expectations.	D	(\$4,354)	-41.3%	Anticipating reduction in interest income in correlation with reduction in Reserve Account Balance.	D	(\$2,250)	-26.6%
TOTAL INCOME	\$5,705,989	\$5,741,604	\$5,939,763	I	\$35,615	0.6%	Increase in overall income.	I	\$198,159	3.5%	Increase in overall income.	I	\$233,774	4.1%
NET INCOME	\$3,898,422	\$3,805,417	\$3,841,637	I	\$93,005	2.4%	Increase in overall income.	I	\$36,220	1.0%	Increase in overall income.	D	(\$56,785)	-1.5%

I -- DESIGNATES INCREASE (Results in Increase in Revenue)

D -- DESIGNATES DECREASE (Results in Decrease in Revenue)

Preston Park Budget Memo - Revenue Summary

Budget Option 2 – No Rent Increase Proposed

<u>Revenue</u>	<u>Approved Budget FY 2013/2014</u>	<u>Estimated Actuals FY 2013/ 2014</u>	<u>Proposed FY 2014/ 2015</u>		<u>Variance of Approved Budget From 2013/2014 Estimated Actuals</u>	<u>%</u>	<u>Comments</u>		<u>Variance of Proposed Budget from FY 2013/2014 Estimated Actuals</u>	<u>%</u>	<u>Comments</u>	<u>2014/2015 Proposed Budget vs. 2013/2014 Approved Budget</u>	<u>%</u>
GROSS MARKET POTENTIAL	\$5,816,930	\$6,038,519	\$6,178,925	I	\$221,589	3.7%	The community continues to outperform expectations as new move-in rents increase.	I	\$140,406	2.3%	No rental increase proposed. Increase generated by new move-in rental rates.	\$361,995	6.2%
MARKET GAIN/LOSS TO LEASE	\$16,124	(\$153,411)	(\$151,048)	D	(\$169,535)	110.5%		I	\$2,363	-1.5%		(\$167,172)	-1036.8%
NON-REVENUE APARTMENTS	(\$56,187)	(\$68,070)	(\$62,948)	D	(\$11,883)	17.5%	Decrease in this category as several large maintenance issues arose requiring residents to move within the community.	I	\$5,122	-7.5%	Shared office/community center expense with Abrams Park. Reduction in due to major repair units coming back online.	(\$6,761)	12.0%
VACANCY LOSS	(\$114,328)	(\$127,385)	(\$131,667)	D	(\$13,057)	10.3%	Decrease in income as homes were vacant for longer periods than expected.	D	(\$4,282)	3.4%	Projecting slightly higher turn times as major repair items are uncovered.	(\$17,339)	15.2%
BAD DEBT EXPENSE	(\$1,750)	\$0	(\$1,206)	I	\$1,750	0.0%	Increase due to higher average collection of owed rent and damages.	D	(\$1,206)	0.0%	Decrease in income projected in anticipation of average collection rate of rent and damages.	\$544	-31.1%
OTHER RESIDENT INCOME	\$36,750	\$40,287	\$44,398	I	\$3,537	8.8%	Collection of Cleaning/Damage Fees increased vs. previous period.	I	\$4,111	10.2%	Increase due to addition of MTM Fees and Pet Rent for incoming residents.	\$7,648	20.8%
MISCELLANEOUS INCOME	\$8,450	\$10,554	\$6,200	I	\$2,104	19.9%	Interest collection on Reserve Account outperformed expectations.	D	(\$4,354)	-41.3%	Anticipating reduction in interest income in correlation with reduction in Reserve Account Balance	(\$2,250)	-26.6%
TOTAL INCOME	\$5,705,989	\$5,741,604	\$5,882,653	I	\$35,615	0.6%	Increase in overall income.	I	\$141,049	2.5%	Increase in overall income.	\$176,664	3.1%
NET INCOME	\$3,898,422	\$3,805,417	\$3,785,956	I	\$93,005	2.4%	Increase in overall income.	D	(\$19,461)	-0.5%	Decrease in income due to large Non-Routine Expense	(\$112,466)	-2.9%

I -- DESIGNATES INCREASE (Results in Increase in Revenue)

D -- DESIGNATES DECREASE (Results in Decrease in Revenue)