

# Preston Park Transaction Alternatives Analysis

*The Economics of Land Use*



*presented to*

Fort Ord Reuse Authority

*presented by*

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June 20, 2014

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# Purpose

- **FORA Revenue Analysis**

- Provide clarity regarding revenues that FORA would receive from sale of Preston Park asset.
- Compare FORA sale proceeds to revenues that would be available from continued lease of the Preston Park asset.

- **City of Marina Revenue Analysis**

- Identify estimated revenues received by City of Marina from sale of Preston Park asset.
- Compare City of Marina sale proceed to lease revenues through FORA sunset.

# Overall Analysis Assumptions

- **Analysis inputs provided by FORA**
  - **Net Land Sale Proceeds (FY 15/16)**
    - \$70 M Appraised Value
    - Less developer fee payment (\$4.3 M)
    - Less cost of sale (\$4.2 M)
  - **Lease Proceeds (FY 14/15 – FY 19/20)**
    - Annual Lease Revenues – based on current receipts, available only through FORA sunset date.
    - Loan Payoff - Assumes that loan would be renegotiated and extended. Debt service would continue to be funded from lease revenues. Amount based on current monthly debt service requirement.
    - Developer fee obligation would be funded out of lease proceeds prior to net lease revenue distribution to FORA and Marina.

# FORA Proceeds – Preston Park Sale

Item	<i>Assumption</i>	Total (Rounded)
<b>FORA Land Sale Proceeds (50%) [1]</b>		<b>\$30,749,000</b>
Less Loan Payoff [1]		(\$18,000,000)
Plus Developer Fee Payment to FORA		\$4,302,000
<b>Net Revenues to FORA from Preston Park Sale</b>		<b>\$17,051,000</b>
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<b>Net Present Value [2]</b>	4.85%	<b>\$16,262,000</b>
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<b>Remaining FORA Debt [1]</b>		<b>\$0</b>

[1] Based on estimates provided by FORA staff.

[2] Consistent with Phase III analysis, discount rate based on Bond Buyers Revenue Bond Index annual average as of June 2013 plus 50 basis points.



# FORA Proceeds – Preston Park Lease

Item	<i>Assumption</i>	<b>Total (Rounded)</b>
<b>Lease Revenues [1]</b>		\$10,464,000
Less Developer Fee Obligation [1] [2]		(\$2,151,000)
Less Loan Payoff [1] [3]		(\$7,722,000)
<b>Net Lease Revenue to FORA</b>		<b>\$591,000</b>
Plus Developer Fee Payment to FORA		\$4,302,000
<b>Total Lease Revenues to FORA</b>		<b>\$4,893,000</b>
<b>Net Present Value</b>	4.85%	<b>\$4,361,000</b>
<b>Remaining FORA Debt [1]</b>		<b>\$17,500,000</b>

[1] Based on estimates provided by FORA staff.

[2] Assumes that developer fee obligation would be funded out of lease revenues to FORA and City of Marina. Reflects 50 percent fee obligation. Remaining amount would be funded by City of Marina lease revenues.

[3] Based on current monthly debt service payment requirements. Assumes loan would be renegotiated and extended with similar terms.



# FORA Proceeds Comparison – Sale vs. Lease

Item	Preston Park Transaction Alternatives		
	Sale (FY 15/16)	Lease (FY14/15-19/20)	Difference
FORA Proceeds	\$17,051,000	\$4,893,000	<b>(\$12,158,000)</b>
<b>Net Present Value</b>	<b>\$16,262,000</b>	<b>\$4,361,000</b>	<b>(\$11,901,000)</b>
<b>Remaining FORA Debt</b>	<b>\$0</b>	<b>\$17,500,000</b>	<b>\$17,500,000</b>

# Key City of Marina Analysis Assumptions

- **Analysis reflects certain assumptions that are in litigation and subject to adjudication at a later date.**
  - Reflects FORA assumption that FORA is entitled to full title to Preston Park property.
  - Assumes that LAFCO will dispose of the property upon FORA sunset.

# City of Marina Proceeds – Preston Park Sale

<b>Item</b>	<i>Assumption</i>	<b>Total (Rounded)</b>
<b>City of Marina Land Sale Proceeds (50%) [1]</b>		\$30,749,000
Less Loan Payoff		-
<b>Net Sale Proceeds</b>		<b>\$30,749,000</b>
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<b>Net Present Value [2]</b>	4.85%	<b>\$29,327,000</b>

[1] Based on estimates provided by FORA staff.

[2] For analytic consistency, discount rate based on proposed Bond Buyers Revenue Bond Index annual average as of June 2013 plus 50 basis points. Alternative discount rate assumptions may be appropriate.





# City of Marina Proceeds – Preston Park Lease

<b>Item</b>	<i>Assumption</i>	<b>Total (Rounded)</b>
<b>Lease Revenues (Through FORA Sunset) [1]</b>		\$10,464,000
Less Developer Fee Obligation [1] [2]		(\$2,151,000)
Less Other Obligations		-
<b>Net Lease Revenue</b>		<b>\$8,313,000</b>
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<b>Net Present Value</b>	4.85%	<b>\$7,409,000</b>

[1] Based on estimates provided by FORA staff.

[2] Assumes that developer fee obligation would be funded out of lease revenues to FORA and City of Marina. Reflects 50 percent of developer fee obligation. Remaining amount would be funded by FORA lease revenues.



# City of Marina Proceeds Comparison – Sale vs. Lease

Item	Preston Park Transaction Alternatives		
	Sale (FY 15/16)	Lease (FY14/15-19/20)	Difference
Marina Proceeds	\$30,749,000	\$8,313,000	<b>(\$22,436,000)</b>
<b>Net Present Value</b>	<b>\$29,327,000</b>	<b>\$7,409,000</b>	<b>(\$21,918,000)</b>

# FORA, City of Marina Proceeds Comparison – Sale vs. Lease

Item	Preston Park Transaction Alternatives		
	Sale (FY 15/16)	Lease (FY14/15-19/20)	Difference
1. FORA Proceeds	\$17,051,000	\$4,893,000	(\$12,158,000)
<b>Net Present Value</b>	<b>\$16,262,000</b>	<b>\$4,361,000</b>	<b>(\$11,901,000)</b>
➔ Remaining FORA Debt	\$0	\$17,500,000	\$17,500,000
2. Marina Proceeds	\$30,749,000	\$8,313,000	(\$22,436,000)
<b>Net Present Value</b>	<b>\$29,327,000</b>	<b>\$7,409,000</b>	<b>(\$21,918,000)</b>