



Fort Ord Reuse Authority

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

BOARD OF DIRECTORS MEETING
Friday, July 13, 2012 at 3:30 p.m.
910 2nd Avenue, Marina, CA 93933 (Carpenter's Union Hall)

REVISED AGENDA

1. CALL TO ORDER AND ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE

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

5. CONSENT AGENDA

- | | |
|---|--------|
| a. June 8, 2012 FORA Board Meeting Minutes | ACTION |
| b. Auditor Contract – Termination/Renewal | ACTION |
| c. Preston Park Broker Advisor Services Contract | ACTION |
| d. June 8, 2012 Tort Claim filed Against FORA by Keep Fort Ord Wild | ACTION |

6. OLD BUSINESS

- | | |
|---|--------------------|
| a. Preston Park FY 2012/13 Budget | ACTION |
| b. FORA FY 2012-13 Preliminary Budget – 2 nd Vote | ACTION |
| c. Ord Community Water and Wastewater Systems Proposed Budgets and Rates for FY 2012/13 | |
| i. Presentation by FORA | INFORMATION |
| ii. Presentation by Marina Coast Water District | INFORMATION |
| iii. Resolution Nos. 12-6 and 12-7 Adopting a Compensation Plan and Setting Rates, Fees and Charges for Base-wide Water and Sewer Services on the former Fort Ord | ACTION |
| d. Base Reuse Plan Reassessment Contract Amendment #2 | ACTION |
| e. Capital Improvement Program Review – Phase II Study | |
| i. Resolution 12-5 to Adopt a Formulaic Approach to Development Fees | INFORMATION/ACTION |
| ii. Amendment #1 to FORA Jurisdiction's Implementation Agreements | INFORMATION/ACTION |
| iii. EPS Contract Amendment #5 | ACTION |

7. NEW BUSINESS

- | | |
|---|--------|
| a. Ratify Appointment of Reimbursement Expense Ad Hoc Committee | ACTION |
|---|--------|

8. EXECUTIVE OFFICER'S REPORT

- | | |
|--|--------------------|
| a. Administrative Consistency Determination For Entitlement: Marina's Rockrose Gardens Assisted Living Project | INFORMATION/ACTION |
|--|--------------------|

- b. Outstanding Receivables
- c. Administrative Committee
- d. Distribution of FY 2012/13 through 2021/22 Capital Improvement Program
- e. Habitat Conservation Plan
- f. Executive Officer's Travel

INFORMATION
INFORMATION
INFORMATION
INFORMATION
INFORMATION

9. ITEMS FROM MEMBERS

10. CLOSED SESSION

Public Comment – Closed Session Items

- a. Conference with Legal Counsel - Existing Litigation, Gov Code 54956.9(a) – Two Cases
 - i. Keep Fort Ord Wild v. Fort Ord Reuse Authority, Case Number: M116438
 - ii. Keep Fort Ord Wild v. Fort Ord Reuse Authority, Case Number: M114961
- b. Conference with Legal Counsel - Anticipated Litigation, Gov Code 54956.9(b) – Two Cases

11. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

12. ADJOURNMENT

13. ITEMS FOR FUTURE BOARD CONSIDERATION

The following items have been scheduled for Board consideration at a Special FORA Board meeting to be held at 3:30 p.m. on July 26, 2012:

- a. Master Resolution/Settlement Agreement – Appeal Fee Proposed Amendment to FORA Master Resolution (Section 8.01.050(a))
- b. FORA Records Retention Policy
- c. Expense Reimbursement Policy Review

**SPECIAL MEETING JULY 26, 2012
NEXT REGULAR MEETING AUGUST 10, 2012**

This meeting is being recorded by Access Monterey Peninsula (AMP) and will be televised Sundays at 9:00 a.m. on Marina/Peninsula Chanel 25 and Mondays at 7:00 p.m. on Monterey Channel 25. The video will also be available on FORA's website at www.fora.org.



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BOARD OF DIRECTORS BOARD MEETING

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

910 2nd Ave, Marina (Carpenter's Union Hall)

DRAFT

Minutes

1. CALL TO ORDER AND ROLL CALL

Chair Potter called the Board Meeting to order at 3:00 p.m.

Voting Members Present:

Chair/Supervisor Potter (County of Monterey)
Mayor Burnett (City of Carmel by the Sea) @
3:25 p.m.
1st Vice Chair Mayor Edelen (City of Del Rey
Oaks) Mayor ProTem O'Connell (City of Marina)
Councilmember Brown (City of Marina)
Councilmember Selfridge (City of Monterey)

Supervisor Parker (County of Monterey)
Nick Chiulos (County of Monterey) @ 3:15 p.m.
Councilmember Kampe (City of Pacific Grove)
Mayor Donahue (City of Salinas) @ 3:10 p.m.
Mayor Pendergrass (City of Sand City)
Mayor Bachofner (City of Seaside) @ 3:30 p.m.
Councilmember Oglesby (City of Seaside)

Absent:

Supervisor Calcagno (Monterey County)

Ex-Officio Members Present:

Alec Arago (17th Congressional District)
Hans Poschman (15th State Senate District)
Assemblymember Monning (27th State Assembly
District)
Graham Bice (University of California)
Justin Wellner (CSUMB)
Vicki Nakamura (MPC)

Dan Albert, Jr. (Monterey Peninsula Unified
School District) @ 3:25 p.m.
Debbie Hale (Transportation Agency of
Monterey County)
COL Clark (US Army) @ 3:20 p.m.
Bill Collins (Fort Ord BRAC Office) @ 3:10 p.m.
Howard Gustafson (Marina Coast Water District)

2. PLEDGE OF ALLEGIANCE

Assemblymember Monning led the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS

5. ANNOUNCEMENTS, AND CORRESPONDENCE (agenda Items 3 and 5 were taken together)

Executive Officer Michael Houlemard introduced representatives from the Bureau of Land Management, who presented the Board with a "Fort Ord Public Lands" sign for display at the FORA offices.

4. LEGISLATIVE SESSION

Chair Potter expressed his appreciation to the various legislators and their appointed representatives for making time to participate in FORA's Legislative Session. The Board received reports from the following individuals regarding the status of their current legislative agenda. The reports were received out of agenda order.

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

Chair Potter announced that the Board would convene into closed session for the Executive Officer's Employee Evaluation prior to consideration of the open session items.

12. CLOSED SESSION

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

The Board convened into closed session at 3:55 p.m.

The Board reconvened into open session at 4:30 p.m.

13. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

Chair Potter announced that the Board had continued the Executive Officer's performance evaluation to the July 13, 2012 Board meeting.

6. PUBLIC COMMENT

Janet Parks, President of Central Coast Veteran's Cemetery Foundation, urged support for the veterans cemetery project so that local service men and women could be buried on Fort Ord.

LeVonne Stone, Fort Ord Environmental Justice Network, discussed the region's lack of sustainable jobs and the need for economic recovery.

Jan Shriner discussed the importance of the recent National Monument designation and indicated her support for the veterans cemetery.

7. CONSENT AGENDA

a. May 11, 2012 FORA Board Meeting Minutes

b. General Jim Moore Boulevard/Eucalyptus Road Completion Project – Authorization to file a Notice of Completion

MOTION: Mayor Edelen moved, seconded by Mayor Burnett, and the motion passed unanimously to approve the Consent Agenda.

8. OLD BUSINESS

a. Base Reuse Plan Reassessment Update

Senior Planner Jonathan Garcia provided a report on the Base Reuse Plan (BRP) Reassessment workshops, noting the period to receive public comments for inclusion in the scoping report would close on June 15, 2012.

Ms. Stone inquired as to the results of the workshop process.

Ralph Rubio stated that while FORA had kept many of its promises to the community, it had failed to produce the amount of jobs anticipated. He suggested FORA's ability to promote job growth be reassessed.

Ms. Shriner expressed dissatisfaction with the workshop process.

Gail Morton, Fort Ord Rec Users, stated that the workshops were not sufficiently noticed and that the public had been excluded from FORA proceedings. She noted that the original intention of the term "reassessment," with regards to the BRP, was unclear.

A member of the public described the BRP Reassessment process as rushed and expressed concerns regarding the Monterey Downs project.

Paula Pelot, Preston and Abrams Parks Tenants Association, stated the BRP Reassessment process should have started sooner and needed to be slowed down.

Mr. Garcia provided a brief explanation regarding the timing of the Reassessment. Michael Groves, EMC Planning Group, stated that they planned to attach all public comments received by June 15, 2012 as appendices to their scoping document.

Mayor Pro-Tem O'Connell expressed concern that no opportunities for public input had been scheduled for after the release of the scoping document.

Jane Haines suggested that another workshop be held in conjunction with CSUMB, to highlight their role in the Base Reuse.

MOTION: Mayor Edelen moved, seconded by Mayor Bachofner, and the motion passed unanimously to receive the report without exception.

9. NEW BUSINESS

a. Preston Park FY 2012/13 Budget

Principal Analyst Robert Norris discussed alternatives for the Preston Park budget and answered questions from the Board.

Ms. Pelot stated the Preston Park budget process should have begun sooner and discussed her comments in response to Alliance's June 1, 2012 letter to FORA (attached).

Denise Turley, Preston and Abrams Parks Tenants Association, discussed the Alliance Market Survey (attached). She expressed dissatisfaction with the Preston Park budget process and objected to several items included in the Survey.

A member of the public spoke in opposition to proposed salary increases for Alliance staff.

Ms. Stone stated she was dissatisfied with the past management of Preston Park.

Annette Thurman, Alliance, addressed some of the questions raised by members of the public and stated that the Market Study required some revision.

MOTION: Mayor Edelen moved, seconded by Mayor Pro-Tem O'Connell, to direct staff to prepare a revised budget for the July Board meeting and to investigate the public's allegations of mismanagement by Alliance staff.

Staff responded to comments from the Board regarding the process for meeting with tenants prior to Board consideration of the Preston Park budget and the potential impacts of delaying approval of rates.

VOTE: unanimous

b. FY 2012/13 – 2012/22 Capital Improvement Program Approval

Assistant Executive Officer Steve Endsley presented an overview of the FORA Capital Improvement Program (CIP) and answered questions from the Board. Supervisor Parker asked that all mentions of the Regional Water Project be removed from the document. Mr. Endsley agreed.

Ms. Shriner discussed intimidation experienced by the Preston Park tenants and asked several questions regarding FORA's responsibility for the sewage treatment plant.

MOTION: Mayor Edelen moved, seconded by Supervisor Parker, and the motion passed unanimously to adopt the CIP exempting all references to the Regional Water Project.

Chair Potter noted that it was after 5:30 p.m. and asked for a motion to continue with the meeting.

MOTION: Mayor Edelen moved, seconded by Mayor Pro-Tem O'Connell, and the motion passed unanimously to continue with the meeting.

c. Capital Improvement Program Review – Phase II Study

- i. Resolution 12-5 to Adopt a Formulaic Approach to Development Fees**
- ii. Amendment #1 to the FORA-jurisdictions Implementation Agreements**

Mr. Houlemard presented the item to the Board.

Don Hoper, Vice-President of Community for Shea Homes in Northern California and member of Marina Community Partners, thanked the Board for addressing the issue of developer fees and urged support for the formulaic approach.

Chair Potter discussed the EPS memo distributed at the meeting (attached) and several Board members expressed a desire to receive more information before proceeding.

MOTION: Mayor Pro-Tem O'Connell moved, seconded by Mayor Edelen, and the motion passed unanimously to receive report without exception.

d. FORA FY 2012-13 Preliminary Budget

Mr. Houlemard provided an overview of the FY 2012-13 preliminary Budget, noting that the Executive Committee had voted 2-2 on whether to approve a 2% cost-of-living (COLA) increase for FORA employees.

Chair Potter voiced support for the inclusion of a cost of living (COLA) increase and stated that had he been present for the vote at the Executive Committee meeting he would have voted in favor of adoption of a 2% COLA increase.

Ms. Shriner inquired as to the alternatives for the sale of Preston Park.

Doug Yount, Interim City Manager for the City of Marina, stated he would like to see the Budget reflect an additional amount out of property tax revenue dedicated to the jurisdictions.

A member of the public inquired as to the sale of Preston Park and stated that it should not be considered in closed session.

Mr. Houlemard explained why property tax revenue had been left out of the Budget and explained the impact to the FORA budget if FORA did not to sell Preston Park.

The Board members asked several clarifying questions and expressed varying opinions regarding the proposed 2% COLA increase.

MOTION: Mayor Edelen moved, seconded by Supervisor Parker, to adopt the FY 2012-13 Budget with a 2% COLA increase. Ayes: Mayor Edelen, Supervisor Parker, Supervisor Potter, Mayor Pendergrass, Mayor Burnett, Councilmember Kampe. Noes: Councilmember Selfridge, Mayor Bachofner, Mayor Pro-Tem O'Connell. The motion did not achieve consensus and returns for a second Board vote on July 13, 2012.

e. Ord Community Water and Wastewater Systems Proposed Budgets and Rates for FY 2012/13

- i. Presentation by FORA**
- ii. Presentation by Marina Coast Water District**
- iii. Resolution Nos. 12-6 and 12-7 Adopting a Compensation Plan**

and Setting Rates, Fees and Charges for Basewide Water and Sewer Services on the former Fort Ord

The Board discussed whether to proceed with the item, given the time and the lack of public present. Ms. Pelot agreed to delaying consideration of the item. A member of the public stated that the item should be considered at a more reasonable hour. MCWD representative Howard Gustafson stated that a delay in Board approval of the item would negatively impact the MCWD budget.

MOTION: Mayor Bachofner moved, seconded by Mayor Pro-Tem O'Connell, and the motion passed unanimously to continue the item to the next regularly scheduled FORA Board meeting.

1. Master Resolution/Settlement Agreement – Appeal Fee Proposed Amendment to FORA Master Resolution (Section 8.01.050(a))

Mr. Houlemard presented the item.

Ms. Pelot stated that if it was possible to amend the Master Resolution, then the deadline for the BRP Reassessment should have been extended.

Ms. Shriner expressed dissatisfaction with the Board's conduct.

A member of the public spoke in support of the proposed amendment.

Ms. Haines opposed the tiered fee approach and spoke in support of an appeal fee based on regional averages.

Councilmember Kampe described the tiered appeal fee structure as overly complex. Mayor Burnett noted the infrequency with which FORA received these types of appeals and agreed that it was important to maintain simplicity.

MOTION: Mayor Edelen moved seconded by Supervisor Parker and the motion passed unanimously to receive the report without exception.

2. Records Retention Policy

Mr. Houlemard presented the item, indicating that staff was well aware of the importance of having a records retention policy and was prepared to present a draft policy for review in July.

Ms. Pelot suggested staff address retention of electronic images in its draft policy.

A member of the public opposed any destruction of documents.

MOTION: Supervisor Parker moved, seconded by Mayor Bachofner, and the motion passed unanimously to direct staff to develop a retentions policy.

10. EXECUTIVE OFFICER'S REPORT

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

Mr. Houlemard presented the above reports, noting that staff had received a number of requests for copies of the Habitat Conservation Plan. He stated that the document was undergoing review by regulatory agencies and was not yet ready for public review. As soon as these agencies permitted FORA to release the document, it would be made available to the public.

11. ITEMS FROM MEMBERS

None

12. ADJOURNMENT

Chair Potter adjourned the meeting at 7:05 p.m.

Minutes prepared by Lena Spilman, Deputy Clerk

Approved by:

Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject: Auditor Contract – Termination/Renewal

Meeting Date: July 13, 2012

Agenda Number: 5b

ACTION

RECOMMENDATION:

Authorize staff to begin selection process of a new independent audit firm ("Auditor").

BACKGROUND:

In September 2008, the FORA Board approved selection of Marcello & Company and authorized a three year contract with two one-year options. The first audit covered the fiscal year ending 2008. Last year, the Finance Committee approved the first extension option, for the audit of fiscal year ending 2011.

DISCUSSION:

At the June 18, 2012 Special Executive Committee meeting, the Executive Committee recommended that the Board a) not to extend the current Auditor's contract and b) direct staff to initiate selection of a new auditor through a competitive bid process, in conjunction with the Finance Committee.

FISCAL IMPACT:

The cost of audit services is included in the FY 12-13 budget.

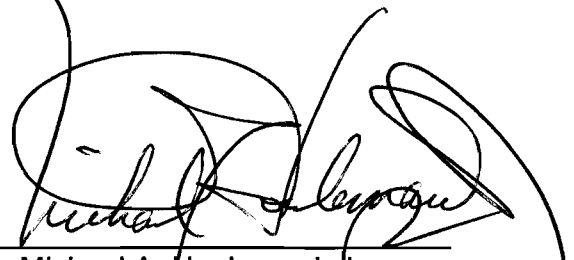
COORDINATION:

Executive Committee

Prepared by


Ivana Bednarik

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject: Preston Park – Broker Advisor Services Contract

Meeting Date: July 13, 2012

Agenda Number: 5c

ACTION

RECOMMENDATION(S):

Authorize a contract for real estate advisory services with Dan Lopez and Associates.

BACKGROUND/DISCUSSION:

The Fort Ord Reuse Authority ("FORA") has owned the Preston Park Housing Complex since 2000, when it was transferred by the US Army.

As a result of actions by the FORA Board in January 13, 2012, the FORA Board authorized a Preston Park updated appraisal and staff to begin the sale/disposition process. FORA staff hired CBRE to update the 2010 appraisal and is now seeking authorization to contract with Dan Lopez and Associates to provide real estate advisory services for the sale of Preston Park. Staff reached out to ten local and regional real estate brokers and service providers. Four providers responded and two proposers were interviewed. Staff received assistance from two outside agency reviewers.

Dan Lopez and Associates submitted a very thorough response to the RFQ (**Attachment A**). He cited his experience in the region unwinding nonprofit housing corporation pools of assets involving 29 properties and 2,200 units involving multiple jurisdictions, funding sources, and operating covenants. Dan Lopez and Associates offers FORA the best cost effective resource for the disposition of Preston Park. He has an extensive knowledge of the multifamily financing climate and his very experienced working with regional public agencies housing nonprofit organizations.

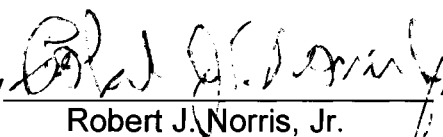
FISCAL IMPACT:

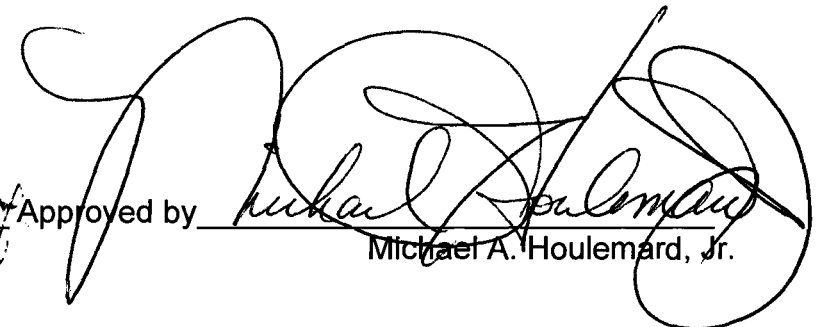
Reviewed by FORA Controller 

Contract authorization is for up to start in phased contract which in renewable (\$25,000) phases and would be billed at hourly rate (\$175.00/ hour) up to a maximum of 30 basis points (0.3%) of the Sales Price of Preston Park to the authorized maximum with all costs to be paid from Preston Park sales proceeds.

COORDINATION:

Executive Committee, Authority Counsel,

Prepared by 
Robert J. Norris, Jr.

Approved by 
Michael A. Houlemard, Jr.



AN

April 26, 2012

Mr. Robert J. Norris, Jr.
Principal Analyst
Fort Ord Reuse Authority
920 2nd Avenue, Suite A
Marina, CA 93933

Re: Response to Request for Qualifications

Dear Mr. Norris:

Thank you for the opportunity to provide this response to the Request for Qualifications (RFQ) for real estate brokerage services in regards to the sale of the 352-unit Preston Park apartment complex located in the City of Marina. As stated in the RFQ, the property is currently 99.1% occupied with fifty-one (51) of the units paying below market rents under a deed restriction and regulatory agreement between the City of Marina and FORA. The remaining 301 units are unrestricted and receive fair market rents although these rents are estimated to be approximately 16.3% below prevailing market rents in the area.

As noted in my Statement of Qualifications (enclosed), I have extensive and recent experience in completing, selling, and transferring multifamily rental housing properties most notably through my almost completed work winding-down Citizens Housing Corporation (CHC). CHC is a San Francisco based nonprofit housing development corporation which constructed as new as well as acquired and rehabilitated over 2,200 units of housing substantially affordable to households earning up to 80% of area median income with a small percentage of the units being unrestricted and rented at fair market rents. When the CHC board of directors decided to complete an orderly wind-down of the organization in October 2009 in order to ensure the long-term affordability of each property as well as protecting the interests of individual residents, the intent was to complete, lease-up, and transfer those properties that were still under construction (six at that time) as well as sell or transfer the remaining 29 properties that were operational. The six properties under construction at the time have been completed, fully leased, and transferred to either Tenderloin Neighborhood Development Corporation (TNDC-these were the San Francisco properties) or Eden Housing, Inc. (EHI-these were the properties outside of San Francisco). The 29 operating properties were transferred to TNDC, EHI, or a variety of private interests with one property being sold on the open market to a Los Angeles based investor group. It should be noted that the property sold to the investor group was sold for approximately \$1.2 million over the bank appraised value and that because the property was formerly financed by the HUD 236 program, it carried with it affordability restrictions which have a remaining life of about 17 years.

All through the process of winding-down CHC, I have been responsible for negotiating with creditors, lenders, and investors in order to reach an acceptable conclusion with each

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Transmittal Letter To: Robert J. Norris, Jr.
Re: Response to FORA RFQ
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on every property. Some of these properties had 24 sources of permanent financing with the more typical norm being 5-6 lenders per property. Sometimes this complex financing-web had to be unwound and new financing had to be put into place. Sometimes the existing financing remained in place, but had to be restructured with some of the lenders making further funding advances and/or the investors needing to provide additional investment capital. All of this has required technical review and analysis as I was ensuring that CHC received maximum value for its properties while protecting the current residents. I also had to review and analyze competing offers in order to determine the best course of action. In addition, while not necessarily relevant to the Preston Park property, I also had to work with outside legal counsel to resolve a number of filed and threatened lawsuits as well as worked with CHC's auditors to ensure full compliance with both IRS and Franchise Tax Board tax filing regulations.

My Statement of Qualifications demonstrates that I also have extensive experience in financing and restructuring rental properties. I have worked with a variety of public agency finance programs as well as tax credit investors and have considerable experience with commercial real estate transactions (i.e., market rate housing and non-residential facilities) through my experience at Citibank where I was a credit officer with credit authorization.

I will bring my extensive knowledge of transferring properties and real estate financing as well as my extensive list of industry contacts in regards to owners/operators/investors to facilitate the successful and timely sale of Preston Park, if selected. Since I am a sole proprietor, I am the one who will be completing all work and working directly with the FORA staff and its consultant. If you need additional information or have any questions or concerns, please direct all of these to me. Per the RFQ, I have enclosed one original and two photo copies of this transmittal letter along with one original and two copies of my Statement of Qualifications and a statement regarding my fee for service. Thank you, again, for the opportunity to respond to this RFQ. Best regards.

Sincerely,



Daniel B. Lopez, Principal
DBL & Associates
1339 Glen Drive
San Leandro, California 94577
E-mail address: DBLAssoc1@aol.com
Cell phone: (510) 390-1451

Enclosures: Original and two copies of
(1) Transmittal Letter; (2) Statement of Qualifications; and (3) Statement of Fee for Service

Statement of Qualifications

Daniel B. Lopez, Principal
DBL & Associates
1339 Glen Drive, San Leandro, CA 94577
Phone: (510) 390-1451
E-mail: DBLAssoc1@aol.com

Mr. Lopez provides (1) technical financial analysis and evaluation of affordable single-family and multifamily developments; (2) develops and implements single-family and multifamily financing programs for public agencies; (3) provides staff training on management and audit processes and procedures; and (4) general problem solving consultation services to public agencies, private equity investors, financial institutions, and nonprofit and for-profit housing developers. Current list of clients includes:

***City of San Jose Housing Department:** Serve as senior housing finance and development advisor to the Housing Department. Have recently consulted on: (1) proposed home ownership developments to determine project feasibility and financing structures; (2) proposed multifamily tax credit rental developments; (3) monitoring lease-up of a completed but difficult to lease tax credit multifamily project; (4) developed financing scenarios to assist in the evaluation of 15-year end of tax credit compliance period; (5) down-sizing and merging nonprofit organizations so as to achieve ongoing organizational financial stability; and (6) a variety of housing policy and programmatic issues.

Past consultation assignments have included: (1) restructure of financial debt for several multifamily rental developments so as to ensure long-term affordability, physical improvement of the properties, and significant financial return of existing debt to the City; (2) developed improved loan review/monitoring standards for the Loan Management Division; (3) served as Acting Project Development Manager; (4) in conjunction with staff, created a Teacher Mortgage Program; (5) refined loan origination processes and procedures; and (6) staff training and team building. 1994-Present.

***Santa Clara County, County Executive's Office, Office of Affordable Housing:** Serve as senior advisor to the Director of the Office of Affordable Housing to develop housing finance strategies for proposed affordable multifamily developments and more recently, for the successful implementation of the Mental Health Services Act (MHSA) program in conjunction with the Santa Clara County Mental Health Department. Provide technical expertise in designing housing programs to address the County's need for rental and special needs housing, especially for the homeless mentally ill. Assist in the determination of fund allocation developing several NOFA processes and coordinating five funding rounds. Work with staff and County Counsel's Office to develop loan documents and negotiate loan terms with fund awardees. In conjunction with staff and County Counsel's Office, finalize funding guidelines for the use of the General Use Permit (GUP) funds derived from the payment of Stanford University housing impact fees. 2002-Present.

***Citizens Housing Corporation (San Francisco, CA):** This is a nonprofit housing developer which has experienced tremendous financial duress. In 2009, the board of directors of the organization made the very difficult decisions to wind-down the organization. Appointed by the board of directors as President of the organization to complete the wind-down of the organization ensuring that the six projects in progress were completed and that these along with another 29 existing operational properties were transferred to the extent possible to nonprofit owners and operators so as to protect the long-term affordability of the properties. This effort has involved negotiating with all stakeholders including public and private lenders; nonprofit and for-profit developers; investors; and creditors so as to arrive at an acceptable conclusion for the organization. All projects in progress have been completed; all operating properties have been successfully transferred; all creditors have been satisfied; and all litigation matters have been resolved. 2010-Present.

***Abode Services/Allied Housing (Fremont, CA):** Provide technical services to this nonprofit social service/housing development corporation as it merges with another nonprofit entity. 2011-Present.

***Tri Valley Housing Opportunity Center (Livermore, CA):** Assist this nonprofit homebuyer counseling and education center in implementing organizational development changes and fundraising strategies. 2011-Present.

Past Relationships

***City of Fremont Redevelopment Agency:** Served as senior advisor to the Agency in regards to a variety of affordable housing matters including: the review and analysis of proposed tax credit affordable rental housing developments; single-family market for sale housing; special needs housing developments to determine financial feasibility and ascertain the amount of Agency funds needed in order to ensure project feasibility; worked with Agency staff and the Oakland A's Baseball Company to determine how best to meet affordable housing requirement component of the proposed Ballpark Village; researched the actual cost associated with providing an inclusionary housing unit for the purpose of amending the City's current ordinance to allow the payment of in lieu fees; and developed an implementation strategy for the City's plan to end homelessness. 2003-2012.

***County of Monterey, Office of Housing and Redevelopment:** Reviewed and analyzed proposed tax credit affordable rental housing developments; develop a sales strategy for the sale of Work Force Housing units in a completed development; and developed draft staff underwriting and lending manual. 2008-2010.

***City of Pleasanton:** Provided technical review of proposed partnership structure for the acquisition, refinancing, and resyndication of an existing tax credit development that reached the end of its 15-year compliance period. Project required some rehabilitation and additional funding from the City to buy-out the limited partner. 2009-2010.

***California Housing Consortium:** Served as Interim Executive Director for this statewide policy and legislative advocacy nonprofit corporation, which includes for-profit and nonprofit

developers, tax credit equity investors, and other statewide associations. Responsibilities included: overall administration; fundraising; legislative tracking and the development of appropriate responses; and serving as principal staff to task forces on tax credits, membership, and finance. 2008-2009.

***Housing Trust of Santa Clara County:** Developed various scenarios for program expansion so as to ensure long-term organizational financial viability. Research resulted in the development and successful implementation of the 97/5 home loan program for use throughout the county and for use in combination with local homebuyer assistance programs. 2005-2007.

***City of Livermore Redevelopment Agency:** Worked with the Redevelopment Agency Director to assemble sites for potential use for affordable housing, market rate housing, retail, and commercial uses. Responsibilities included arranging and attending meetings with current property owners so as to expedite the purchase of real property. 2005-2007.

***City of Vallejo Redevelopment Agency:** Reviewed and analyzed prospective tax credit multifamily developments and determined best combination of financing. Financing sources included tax increment, HOME, Project Based Section 8 Assistance, Federal Home Loan Bank (FHLB) Affordable Housing Program funds, and private equity sources. In addition, evaluated HUD expiring use developments as required by the Agency in order to determine the best project financing. 2002-2006.

***Hudson Housing Capital:** Advised this tax credit equity investor on possible investment opportunities on proposed tax credit affordable rental housing developments in Southern California. Evaluated potential projects and sponsors to determine interest. 2005-2006.

***City of Dublin (Alameda County):** In conjunction with City staff, developed a process that resulted in the selection of a developer for a senior housing project. Process included the development of a Notice of Funding Availability (NOFA); evaluation of all submitted proposals based on financing and technical criteria; the development of recommendations for staff and City Council approval; working with the selected developer on predevelopment agreement; and assisted the developer in obtaining financing that best leveraged the City's funds while providing the deepest affordability. 2002-2005.

***Sacramento Valley Organizing Committee:** Provided development and financial consultation to this nonprofit housing developer for the construction and acquisition/rehabilitation of very low, low, and moderate-income ownership and rental housing in the Sacramento-Yolo-Solano counties area. Efforts included securing grants, public and private interim and permanent financing; completing project financial feasibility analyses and proformas; the development of a homebuyer education and counseling function; and established long-term relationships for the organization with local communities and financial institutions. The above resulted in the construction and completion of over 400 units of first-time home ownership units, the acquisition and rehabilitation of 144 rental housing units, and increased organizational development capacity. 1994-1999; 2003-2005.

***Freddie Mac:** Assisted Freddie Mac Western Region staff in developing partnerships with cities such as Oakland, San Francisco, San Jose, Salinas, and Santa Ana; lending intermediaries such as the Low Income Housing Fund, LISC, and Century Housing Corporation; financial institutions such as Bank of America, Wells Fargo, and Citibank; and local community development corporations to establish a home ownership initiative alliance aimed at leveraging local public funds and providing additional home ownership opportunities. Assisted in the creation of a Joint Powers Authority (JPA) with twenty-four jurisdictions primarily in Alameda and Contra Costa Counties to implement a lease-to-own program. Efforts resulted in the completion of a Housing Demand Study and the issuance of \$90 million in tax-exempt bonds. In addition, coordinated efforts to create homebuyer education and counseling centers in San Francisco, San Jose, Sacramento/Solano County, and Santa Ana/Orange County. 1998-2002.

***Chilton & Associates:** Worked with this investment banking firm to complete housing demand studies for the issuance of tax-exempt bonds in support of a lease-to-own program for the Riverside-San Bernardino Housing & Finance Agency (28 communities; \$65 million bond issuance); the San Diego Area Housing & Finance Agency (18 communities; \$75 million bond issuance); the California Communities Housing Finance Agency (17 communities; \$65 million bond issuance); and the Pacific Housing & Finance Agency (48 communities; \$60 million bond issuance). 1999-2004.

***California Housing Loan Insurance Fund (CaHLIF):** For this public mortgage insurance provider, assisted in the development of innovative home ownership finance programs and worked with local communities throughout California to implement these programs. 1996-2002.

Completed Assignments Include

***Mayfair Neighborhood Improvement Initiative:** Completed a Housing Strategic Action Plan for this low-income neighborhood in east San Jose. Responsibilities included establishing a housing assistance center including fundraising for its operation, negotiating with homebuilders so as to gain financial access to new homes for local residents, and in conjunction with the City of San Jose, modified existing programs so as to expand their use in this neighborhood.

***City of Oakley Redevelopment Agency (Contra Costa County):** Developed Agency-sponsored home ownership programs to promote home ownership in the City. Programs included down payment assistance and lease-to-own programs.

***California Housing Finance Agency:** Served as Acting Chief of Multifamily Lending and supervised all loan originations and underwriting functions.

***City of Alameda Housing Department:** Served as technical advisor to the City and Housing Authority in the acquisition of an existing apartment building for conversion into an affordable rental development. Worked intensely with staff to develop project operating proforma and rehabilitation budget; researched, secured, and negotiated permanent financing; and coordinated loan closing.

***Community Development Financial Institutions (CDFI) Fund, U.S. Department of the Treasury:** Reviewed and developed funding recommendations for grant and loan requests received from 25 nonprofit sponsors from the southern and western United States for this innovative funding program.

***Marin Community Foundation:** In conjunction with an accounting firm and another housing consulting firm, completed a performance evaluation of two Marin County-based nonprofit housing providers.

***Mission Community Bank:** Worked with this newly organized financial institution serving the San Luis Obispo County area to create two wholly owned subsidiary corporations aimed at (1) providing technical assistance to nonprofit community organizations and (2) provide direct loans to nonprofit and for-profit sponsors of affordable housing, community facilities, and non-residential economic/job creating activities.

***Peoples' Self-Help Housing Corporation:** Provided development, financial, and loan consulting services to this nonprofit housing development corporation for specific rental housing developments in Santa Maria (new construction/tax credits); Santa Barbara (acquisition/rehabilitation); and Isla Vista (new construction/tax credits).

***UFW/National Farm worker Service Center, Inc.:** Reviewed possible housing development and investment opportunities to address the low-income housing needs of the farm worker population in California and the Southwest.

***USA Properties Fund, Inc.:** Created partnerships between this for-profit housing developer and locally based nonprofit organizations for the development of ownership and rental housing.

***U.S. Ninth Circuit Court of Appeals:** Appointed by the court to privatize the Century Freeway Replacement Housing Program into a viable nonprofit housing development corporation. Privatization resulted in the formation of Century Housing Corporation and the transfer of cash and real estate assets in excess of \$400 million to this nonprofit housing development and finance entity.

Previous Work Experience

***President, Chief Executive Officer and Director**

California Community Reinvestment Corporation, July 1989 to September 1994

***Vice President/Director of Community Lending**

Citicorp Savings of California (Citibank/Citigroup), June 1983 to July 1989

***Housing Program Manager/Principal Planner**

Association of Bay Area Governments, February 1979 to June 1983

***Senior and Associate Planners**

Association of Bay Area Governments, March 1976 to February 1979

Statement of Fee for Services

My fee for the anticipated services that I will provide to FORA in regards to the successful and timely sale of the Preston Park Apartments will be the lesser of 0.3% (i.e., three-tenths of one percent or 30 basis points) of the sales price or hours worked at an hourly billing rate of \$175 per hour.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject:	June 8, 2012 Tort Claim Filed Against FORA by Keep Fort Ord Wild	
Meeting Date:	July 13, 2012	ACTION
Agenda Number:	5d	

RECOMMENDATION:

Deny the "claim" submitted by Keep Fort Ord Wild on June 8, 2012. (**Attachment A**)

BACKGROUND:

The California Tort Claims Act requires a formal claim to be filed with a public agency prior to filing suit against that agency to obtain an award of monetary damages. This "Claim" does not ask for damages. It asks for repayment of funds by the staff members who benefited by the alleged misappropriation of public funds.

DISCUSSION:

This Claim alleges that FORA staff made a variety of expenditures that are not permitted by law. They include:

1. Salaries and benefits (paragraph 5)
2. Traffic tickets (paragraphs 7-8)
3. Business lunches (paragraph 9)
4. Holiday cards (paragraph 10)
5. Cookies (paragraph 10)
6. DSL for Exec Officer (paragraph 10)

The second item, traffic ticket, has been repaid. Several auditors have determined that the remainder of these expenditures is legitimate business expenses. For that reason this claim is without legal merit. It is a separate question whether the Board desires to adopt a more restrictive policy to govern expenditures and staff expense reimbursements.

FISCAL IMPACT:

Reviewed by FORA Controller 

Unknown, depending on the response of the party filing the Claim.

COORDINATION:

FORA Executive Committee and Administrative Committees.

Prepared by


Jerry Bowden

Approved by


Steve Endsley

NOTICE OF CLAIM
(Government Code section 910)

TO: FORT ORD REUSE AUTHORITY
920 2nd Avenue, Suite A
Marina, CA 93933

- 1. This claim is filed by Keep Fort Ord Wild and its members. Keep Fort Ord Wild and its members are beneficially interested in the enforcement and application of laws assuring public accountability and public disclosure and responsible decision making by local governments. Petitioner and its members are vitally concerned with the way that fiscal decisions and land use decisions are made, particularly on the former Fort Ord.**
- 2. For purposes of communications relating to this claim, contact Keep Fort Ord Wild c/o Law Offices of Michael W. Stamp, 479 Pacific Street, Monterey, CA 93940; Phone: (831) 373-1214.**
- 3. This claim arises out of the actions of the Fort Ord Reuse Authority (FORA) relating to expenditures and gifts of public funds. FORA does not have adequate controls in force, allows reimbursements in violation of the Constitutional provision against the gift of public funds, and expends taxpayer funds for improper or dubious purposes.**
- 4. All California public agencies are required by law and public policy to enforce policies in order to prevent (a) illegal gifts of public funds under the California Constitution, (b) illegal waste of public funds, and (c) expenditures not authorized by law or by written policy. Enforcement of actions may be brought in taxpayer suits under section 526(a) of the Code of Civil Procedure and other laws, or by enforcement actions by public officers such as the District Attorney or the California Attorney General. Keep Fort Ord Wild asserts that no claim need be filed before litigation is filed, and files this claim solely out of an abundance of caution in order to provide additional information to the FORA member agencies, and in order to demonstrate the good faith of Keep Fort Ord Wild under the California "catalyst" theory of the private Attorney General statutes.**
- 5. FORA employs approximately 14 staff members full-time, and has a contract for part-time services by FORA's legal counsel. Of the 14 members, a disproportionate number of employees are paid in excess of \$100,000. In addition to base salaries, the employees receive additional compensation, including 19.5% PERS retirement compensation and, in one or more cases, additional time off that is then "sold" to FORA as a salary boost. The highest paid employee is the FORA Executive Officer, who is paid over \$200,000 per year in salary, plus approximately \$25,000 per year in additional compensation, plus the PERS contribution.**

6. FORA compensation policy provides insufficient direction and specificity. Under the policy, the public does not know what expenses are being reimbursed to employees or why, or what controls and oversight exist.

7. The problem with not having adequate controls in place is that employees can make ad hoc determinations as to whether the taxpayers should pay for a particular personal expense of the employee. The problem is demonstrated by the traffic ticket that the Executive Officer was given while driving in Carmel. Despite clear and unequivocal Internal Revenue Service rules and precedents, public agency standard practices and policies, and despite FORA's own explicit policy against using public funds to pay traffic fines (FORA Travel Reimbursement Policy, section D, "Unallowable Travel Expenses, "traffic fines"), the Executive Officer submitted a claim for reimbursement for \$271 for the traffic fine, and then later submitted a claim for traffic school relating to that fine.

8. FORA paid both the fine and the traffic school cost. Neither of these expenses is a lawful reimbursement and both of them are unlawful gifts of public funds under the California Constitution. The FORA employee created an exception for himself under the applicable rules, asserting that because he was en route to Carmel to meet with the Carmel Mayor, he was entitled to the reimbursement as a business expense. The exception was invalid and void under public policy, the State Constitution, the State and Federal tax codes, and Government Code section 1090 (conflict of interest). The traffic violation reimbursement was processed and paid to the Executive Officer by FORA. Keep Fort Ord Wild alleges on information and belief that the reimbursement and the exception were not approved by the FORA Board or FORA Authority Counsel, or by anyone with supervisory authority over the actions of the Executive Officer, because there is no system in place to require or allow supervision of these types of decisions, and FORA management does not require it.

9. For years, the Executive Officer has sought and received reimbursements by FORA on a frequent basis for meals, even when he was not traveling out of the County, but when he was having routine daily meals at or near his workplace. The Executive Officer and other FORA officials seem to be applying FORA's travel reimbursement policy to routine local lunches at taxpayer expense. The FORA policy on local expenses (non-travel expenses) does not authorize reimbursement for everyday meals (Employee Business Expense Reimbursements). Many of the Executive Officer's reimbursement requests for local meals do not show the required pre-approval, and do not appear to be reviewed or approved by anyone other than the Executive Officer himself and the Controller who reports to the Executive Officer. In times of economic hardship for much of the community, FORA's free lunches for its top paid staff and for other public officers are particularly inappropriate. Many of the meals appear to be lunch meetings with the bill picked up by FORA. Some examples are provided below.

- The most recent of these lunches for which Keep Fort Ord Wild has obtained receipts typifies these expenditures: lunch for \$63 on March 9, 2012 while the Executive Officer and three other persons discussed the KFOR litigation over

lunch at Bayonet Black Horse Golf Club. There is no documentation for that lunch or for the many others that explain why the taxpayers paid the tab, why the participants did not pay for their own lunches, why the meeting took place over lunch instead of some other time during the work day, and why the expenses should not be classified as wages subject to income tax withholdings and payment of related taxes for FORA employees and gifts for other participants.

- **Some local restaurant meals were attended only by FORA staff. For example, on July 28, 2011, the Executive Officer took three FORA employees to lunch at Bayonet Black Horse Golf Club, for which the taxpayers picked up the \$58 tab.**
- **Other FORA employee meals paid for by the taxpayers include:**
 - **a \$280 retirement party at Kula Ranch in August 2011.**
 - **a \$260 "farewell lunch" at P.F. Chang's in May 2011.**
 - **over \$480 for an "office holiday party" at The Whole Enchilada in December 2011.**
 - **a \$306 "holiday luncheon" at Bayonet Black Horse Golf Club in December 2010.**
- **On May 2, 2011, the Executive Officer, his spouse, another FORA official and his spouse, and two FORA attorneys went to dinner at Fandango Restaurant. Purportedly the group discussed the "ESCA contract, RSA contract, RQA issues." There is no explanation of why the 2007 Environmental Services Cooperative Agreement (ESCA) contract and 2007 Remedial Services Agreement (RSA) contract had to be discussed over dinner in 2011, or why the unidentified "issues" with the ongoing Residential Quality Assurance process could not be discussed during regular working hours. Apparently invoking the FORA policy for meals *while traveling*, the Executive Officer sought and received payment from FORA for the meal tab of the two FORA employees and the two FORA attorneys.**
- **Here are just a few more of the examples in FORA's files of meals for which the taxpayers picked up the cost.**
 - **On May 24, 2011, the Executive Officer and another employee took Marina Coast Water District General Manager Jim Heitzman to lunch at Kula Ranch, for which the taxpayers paid the \$78 tab.**
 - **On March 21, 2011, the Executive Officer met Monterey Peninsula College president Doug Garrison for lunch at Tusca at the Hyatt, for which the taxpayers paid \$41.**
 - **On January 31, 2011, the Executive Officer met FORA board member Dave Potter for a "monthly lunch" at the Hyatt, for which the taxpayers paid \$53.**

- On January 18, 2011, the Executive Officer went to lunch with FORA attorney Jerry Bowden and the Seaside City Attorney at Kula Ranch for \$56, to discuss "Preston Park."
 - On January 6, 2011, the Executive Officer took Seaside's then-mayor Ralph Rubio to lunch at El Palmar for \$26.
 - On December 29, 2010, the Executive Officer took Curtis Weeks to lunch at Kula Ranch, for which the taxpayers paid the \$35 tab.
- The Executive Officer also has sought reimbursement for local restaurant meals he had with FORA contractors, such as the contractors working on the publicly funded multi-million dollar ESCA contracts. In those cases, the taxpayers paid for the meals of the Executive Officer and his guest(s).

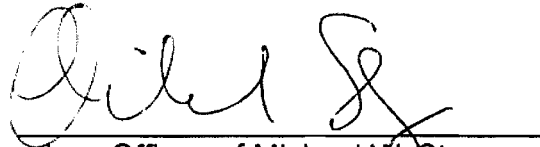
10. In December 2011, FORA wasted public funds by purchasing and mailing 99 holiday cards signed by the Executive Officer to FORA's Board members, FORA member agency employees, FORA contractors, and others, including the Executive Officer's spouse, with no legitimate governmental interest in doing so. Taxpayer dollars spent on such shameless self-promotion are of no public value, and represent the expenditure of public funds for no legitimate business purpose. Other expenditures, such as the special custom cookies "with edible custom design logo" (\$460 of cookies for three events in 2010 and 2011 – FORA Board meeting, FORA open house, General Jim Moore ribbon cutting), or the purchase of other items for personal use also are questionable and appear to constitute public waste or gifts of public funds, and should be investigated and evaluated by an outside person or party who is not part of the FORA management team. The Executive Officer has sought and received reimbursement for monthly DSL service to his home, even though that expense is not the kind that public agencies typically pay for. There is a sufficient amount and variety of unusual public agency spending by FORA to justify or require that a proper and independent audit of taxpayer expenditures be undertaken.

11. The remedy sought by Keep Fort Ord Wild by way of this claim and by way of any subsequent petition is the accounting for all expenditures, reimbursement to FORA's general fund by those persons who benefitted from or approved the expenditures, with interest, injunctive relief to protect the taxpayers from unauthorized, illegal or wasteful expenditures in the future, and the creation of sufficient safeguards to prevent waste and gifts in the future. The taxpayers should not be paying personal expenses of FORA managers, FORA consultants, and other governmental officials or "guests" of FORA. Traffic tickets, free lunches, home DSL service, and wasteful promotional expenses are not the types of expenditures for which FORA should be paying.

12. Because of the wholesale destruction of public records by FORA, as shown in the Keep Fort Ord Wild litigation currently ongoing, and the pattern and practice of FORA's destruction of public records without having any written policy in place, it is impossible for Keep Fort Ord Wild to fully identify, analyze and quantify the extent of

waste and gifts at FORA. Claimant Keep Fort Ord Wild is informed and believes, and on that basis alleges, that the amount in controversy is within the jurisdiction of the Superior Court as an unlimited civil matter.

Dated: June 8, 2012



Law Offices of Michael W. Stamp
Attorneys for Keep Fort Ord Wild

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

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

Meeting Date: July 13, 2012

Agenda Number: 6a

ACTION

RECOMMENDATION(S):

Approve FY 2012/13 Preston Park Housing Operating and Capital Expenditure Budgets Option **A** or **B**.

BACKGROUND/DISCUSSION:

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

Option A

- Approve the Operating and Capital Expenditure Program budgets (attachments **A** and **B**) reflecting a rental income 3% increase and implementing capital improvements. The rental increase assures that revenues keep pace with budgeted expenses and sustains the Replacement Reserve.

Option B

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


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

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

Follow-up Issues from June 8, 2012 Board Meeting

- Resident Complaints- Several Preston Park residents stated that they were threatened, intimidated, and or treated disrespectfully when they expressed concerns about conditions at the Preston Park Apartments. FORA and Alliance staff have contacted the speakers and were informed that the incidents happened after attendance at a Marina City Council meeting and that they were unable to identify the persons involved. FORA staff is continuing to investigate this matter.

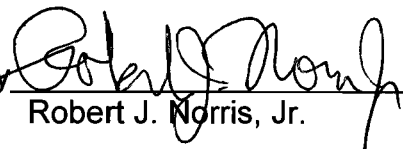
FISCAL IMPACT:

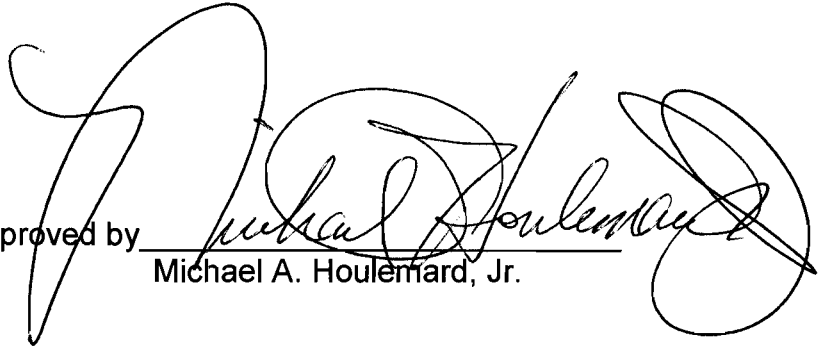
Reviewed by FORA Controller 

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

COORDINATION:

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

Prepared by 
Robert J. Norris, Jr.

Approved by 
Michael A. Houlihan, Jr.

June 20, 2012

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

Re: Preston Park 2012-2013 Proposed Budget

Dear Mr. Houlemard:

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

Revenues

The primary source of revenue is rents, Section 8 voucher payments from the Housing Authority of the County of Monterey and associated charges to residents such as late fees.

The proposed budget reflects projected revenues according to the formulas. The market rent for new move-ins is calculated by comparable market rent levels in the competitive market throughout the year.

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

Current Market Rent Conditions

The average two bedroom apartment in Marina rents for between \$1,100 and \$1,423 per month, which does not consider utilities. Please refer to the explanation below for further detail. Additionally, the comparables as outlined in the market survey of March 2012 (attachment C) are significantly smaller in square footage than units at Preston Park.

As a point of measurement, the competitive set as represented in the market study provided as part of the budget package, reflect an average effective rent per square foot range of \$1.29 - \$1.61 psf. Preston Park's market rent average is \$1.17. If a \$100 per month allowance is added for water, trash and sewer expenses, this increases the rent per square foot average at Preston Park to \$1.24, which is still no less than \$.05 less than the lowest rent in the market place and up to \$.37 psf less than the competitive properties with the highest effective rent per square foot in the market place.

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

Preston Park residents are responsible for paying their own utilities; such as gas, water, electricity, sewer and trash. The market rate rent is adjusted to compensate for the cost of water use, utility costs and garbage not paid by residents at other communities in the area. Therefore, the budget assumes adjustments in rental rates in order to compensate such costs.

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

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

These rates are used to measure Preston Park's competitiveness in the market place once utility expenses, typically provided by other competitive properties, are taken into account against the rental rate. Please refer to the measurement above.

Market Rents – In Place Residents

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

In-Place Market Rate Rents			
Unit Size	Current Rent Range FY11/12	Proposed FY12/13 Rent	Change 8/1/12
Two Bedroom	\$1,146 - \$1,530	\$1,180 - \$1,602	\$34 - \$47
Three Bedroom	\$1,455 - \$1,890	\$1,499 - \$1,947	\$44 - \$57

As shown on the attached Market Survey of March 2012, the proposed in-place market rents are within range of comparable units in the Marina/Seaside rental market.

The rent increases above reflects a 3% increase which translates to between \$34 and \$57 respectively. Where an in place resident falls in that rent increase range will depend on their tenure at the property and move-in date. Please note, as no rent increase was given during the 2011/2012 fiscal year, the 3% increase proposed represents the first increase in rent in the last 24 months.

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

Market Rents – Incoming Residents

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

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

*Incoming rates are subject to change on an ongoing basis. The budget assumes 3% increase in market rents for incoming residents, which is not reflected in the table above as these rates represent the current asking rents.

Affordable Rental Rates

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

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

<u>2011/2012 Rent</u>	<u>Two Bedroom</u>	<u>Three Bedroom</u>
50% (very low)	\$656	\$731
60% (low)	\$807	\$900

Maximum Household Income Limits for 2012.

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

Rental Increase Implementation & Lease Signing

Upon Fort Ord Reuse Authority approval of the budget, rental increase notices will be mailed out on or before July 31, 2012; the new rental rates will become effective on September 1, 2012. Rents for in-place residents at market or affordable are increased once per year. New residents will be required to sign lease terms of month to month or six months, but can be converted to a month-to-month lease upon expiration, per the December 28, 2011 Council directive. Current residents are also welcome to sign lease terms beyond their current month-to month agreement.

Occupancy

The budget assumes an average occupancy rate of 97.7% for the fiscal year. The proposed occupancy rate factor allows enough time to prepare units immediately after a resident vacates the community, as well as sufficient time to place qualified applicants. Based on the local and surrounding counties, the occupancy rate is well within the acceptable range. When a unit is vacated, Alliance strives to fill the vacant unit within 5 to 10 business days, working from the waiting list if applicable. The average economic vacancy loss during the 2011/2012 fiscal year was only 1.9%, approximately 1% more than the properties physical vacancy. This indicates that the average unit vacated was turned and reoccupied within one week from the previous resident's date of move-out.

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

<u>Expenses</u> Account	Proposed 2013	Projected 2012	Variance	%	Comments
SALARIES	\$320,601	\$311,823	(\$8,778)	-2.8%	Increase due to annual salary increases (2.7%) as well as the State of California's approval of a Workers' comp increase of 38%.
PAYROLL TAXES	\$33,576	\$26,228	(\$7,348)	-28.0%	
PAYROLL BURDEN/BEN	\$67,450	\$60,685	(\$6,764)	-11.1%	
UTILITIES	\$96,660	\$93,075	(\$3,585)	-3.9%	Increase assumes a 3% rate increase obtained by utility companies.
MARKETING	\$13,047	\$7,883	(\$5,164)	-65.5%	Increase due to the addition of Property Solutions, a comprehensive on line system which combines the properties branded webpage with a rich Resident Portal, lead management system, marketing control program, and telephone training portal.
PROFESSIONAL SERVICES	\$143,601	\$130,924	(\$12,676)	-9.7%	Alliance management fee remains 2.5% per contract, but increased rent revenue would result in increase in management fees paid to Alliance. Variance

primarily driven by allowance for bi-annual audit.

INSURANCE	\$185,020	\$174,426	(\$10,594)	-6.1%	Based on renewed insurance contract bound in December 2011.
AD-VALOREM TAXES	\$103,104	\$101,727	(\$1,377)	-1.4%	Increase based on estimated taxes per Accounting assumptions.
NON ROUTINE MAINTENANCE	\$14,000	\$17,623	\$3,623	20.6%	Reduced number of anticipated door replacements in 2013 as is presently budgeted as a planned capital replacement item.

Capital Reserves Fund

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

Capital Improvement Program

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

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

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

Accomplishments

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

Some of Alliance’s accomplishments include:

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

Summary of Preston Park FY2012/2013 Budget

	<u>2012/13 Budget</u>	<u>2011/12 Projected</u>	<u>Variance</u>
Total Income	\$5,424,026	\$5,251,798	\$172,227
Total Expense	\$1,462,937	\$1,449,320	(\$13,617)
Net Income	\$3,961,089	\$3,802,478	\$158,611

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

Please feel free to contact me should you have additional questions or concerns at (408) 396-8341. I look forward to receiving approval of the final budget prior to July 31, 2012, in order to implement rental increases by September 1, 2012.

Regards,

Corinne Carmody
Regional Manager

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

Attachments: 2012/2013 Budget; Market Survey

DRAFT

Capital Improvement Plan (CIP)

Attachment B to Item 6a
FORA Board meeting, 7/13/12

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

Updated: 5/10/2012

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

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



Description	2013 Total	2012 Projected	Variance	Variance %
Physical Occupancy	98.01 %	99.01 %		
Economic Occupancy	99.27 %	98.70 %		
Gross Market Potential	\$5,419,588	\$5,386,452	\$33,136	0.6%
Market Gain/Loss to Lease	\$132,334	(\$87,610)	\$219,943	251.0%
Affordable Housing	\$0	\$0	\$0	0.0%
Non-Revenue Apartments	(\$63,064)	(\$37,260)	(\$25,804)	-69.3%
Rental Concessions	\$0	\$0	\$0	0.0%
Delinquent Rent	\$0	\$0	\$0	0.0%
Vacancy Loss	(\$107,776)	(\$52,696)	(\$55,079)	-104.5%
Prepaid/Previous Paid Rent	\$0	\$0	\$0	0.0%
Other Months' Rent/Delinquency Recovery	\$0	\$493	(\$493)	-100.0%
Bad Debt Expense	(\$932)	(\$583)	(\$349)	-59.8%
Other Resident Income	\$36,244	\$36,094	\$150	0.4%
Miscellaneous Income	\$7,632	\$6,909	\$723	10.5%
Corp Apartment Income	\$0	\$0	\$0	0.0%
Retail Income	\$0	\$0	\$0	0.0%
TOTAL INCOME	\$5,424,026	\$5,251,798	\$172,227	3.3%
PAYROLL	\$434,036	\$410,059	(\$23,977)	-5.8%
LANDSCAPING	\$70,700	\$70,865	\$165	0.2%
UTILITIES	\$96,660	\$93,075	(\$3,585)	-3.9%
REDECORATING	\$81,744	\$82,160	\$416	0.5%
MAINTENANCE	\$82,332	\$81,542	(\$790)	-1.0%
MARKETING	\$13,047	\$7,883	(\$5,164)	-65.5%
ADMINISTRATIVE	\$57,606	\$57,189	(\$417)	-0.7%
RETAIL EXPENSE	\$0	\$0	\$0	0.0%
PROFESSIONAL SERVICES	\$143,801	\$130,924	(\$12,876)	-9.7%
INSURANCE	\$185,020	\$174,426	(\$10,594)	-6.1%
AD-VALOREM TAXES	\$103,104	\$101,727	(\$1,377)	-1.4%
NON ROUTINE MAINTENANCE	\$14,000	\$17,623	\$3,623	20.6%
TOTAL OPERATING EXP	\$1,281,849	\$1,227,473	(\$54,376)	-4.4%
NET OPERATING INCOME	\$4,142,177	\$4,024,326	\$117,851	2.9%
DEBT SERVICE	\$0	\$0	\$0	0.0%
DEPRECIATION	\$173,088	\$215,698	\$42,610	19.8%
AMORTIZATION	\$0	\$0	\$0	0.0%
PARTNERSHIP	\$8,000	\$6,150	(\$1,850)	-30.1%
EXTRAORDINARY COST	\$0	\$0	\$0	0.0%
NET INCOME	\$3,961,089	\$3,802,478	\$158,611	4.2%
CAPITAL EXPENDITURES	\$4,223,995	\$191,785	(\$4,032,210)	-2102.5%
MORTGAGE PRINCIPAL	\$0	\$0	\$0	0.0%
TAX ESCROW	\$0	\$0	\$0	0.0%
INSURANCE ESCROW	\$0	\$0	\$0	0.0%
INTEREST ESCROW	\$0	\$0	\$0	0.0%
REPLACEMENT RESERVE	\$734,976	\$734,976	\$0	0.0%
REPLACEMENT RESERVE REIMBURSEM	(\$4,223,995)	(\$203,682)	\$4,020,313	1973.8%
WIP	\$0	\$0	\$0	0.0%
OWNER DISTRIBUTIONS	\$3,399,201	\$3,295,097	(\$104,104)	-3.2%
DEPRECIATION AND AMORTIZATION	(\$173,088)	(\$215,698)	(\$42,610)	-19.8%
NET CASH FLOW	(\$0)	\$0	(\$1)	-413.5%

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.

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	FORA and City of Marina
Management	Alliance Residential Company
Total units	352
Physical occupancy	98%

COMMUNITY RATINGS	
Location	B
Visibility	C
Curb appeal	B
Condition	C
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	\$43
Lease terms	MTM and 6 months
Short term premium	N/A
Refundable security deposit	Equal to one month's 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 Housing

COMMENTS
Every home has an attached garage, spacious backyard, and pets are permitted. \$25 fee for end unit. Access to a full size sports park.

APARTMENT AMENITIES			
Accent color walls	No	Paneled doors	Yes
Air conditioning	No	Patio/Balcony	Yes
Appliance color	White	Refrigerator	Frost-Free
Cable TV	No	Roman tubs	No
Ceiling	9-foot	Security system	No
Ceiling fans	No	Self cleaning oven	Yes
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	Vertical

COMMUNITY AMENITIES			
Access gates	No	Free DVD/movie library	No
Addl 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	\$1,455	\$1,455	\$1,455	\$1.27	0.00	0.00	\$1,455	\$1.27
2X1.5		76	22%	1,278	\$1,505	\$1,530	\$1,517	\$1.19	0.00	0.00	\$1,517	\$1.19
2X1.5		141	40%	1,323	\$1,530	\$1,555	\$1,542	\$1.17	0.00	0.00	\$1,542	\$1.17
3X2.5		125	36%	1,572	\$1,830	\$1,855	\$1,842	\$1.17	0.00	0.00	\$1,842	\$1.17
Total / Weighted Average		352	100%	1,397	\$1,629	\$1,653	\$1,641	\$1.17	0.00	0.00	\$1,641	\$1.17

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject: FORA FY 12-13 Preliminary Budget (2nd Vote)

Meeting Date: July 13, 2012

Agenda Number: 6b

ACTION

RECOMMENDATION:

- i) Approve the Fort Ord Reuse Authority ("FORA") fiscal year 2013 ("FY 12-13") preliminary budget including a 2% Cost of Living Adjustment ("COLA") – 2nd Vote
or
- ii) Approve the Fort Ord Reuse Authority ("FORA") fiscal year 2013 ("FY 12-13") preliminary budget without COLA – 1st Vote

BACKGROUND/DISCUSSION:

Recommendation i:

At the June 8, 2012 meeting, the FORA Board reviewed the FY 12-13 preliminary budget recommended by the Finance and Executive Committees (**Attachment A**). The Board voted to approve the preliminary FY 12-13 budget including a 2% COLA. The motion failed to receive unanimous vote (6 yes-3 no). This item will require a majority vote of the Board to be approved

Recommendation ii:

The Board may choose to approve the FY 12-13 preliminary budget without the 2% COLA. This item will require unanimous vote to pass.

Budget approval is required to authorize FORA expenditures during FY 12-13.

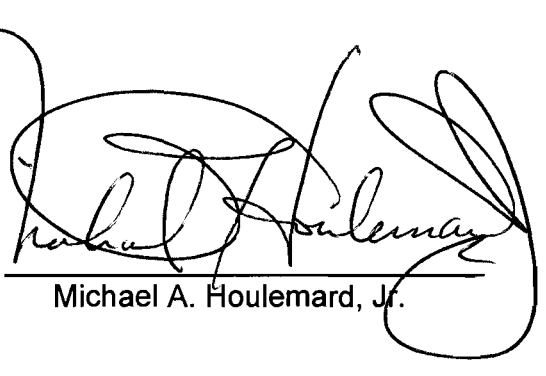
COORDINATION:

Executive Committee

Prepared by


Ivana Bednarik

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject:	FORA FY 12-13 Preliminary Budget	
Meeting Date:	June 8, 2012	ACTION
Agenda Number:	9d	

RECOMMENDATION:

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

BACKGROUND:

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

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

DISCUSSION:

Attachments 1 - 4 illustrate the FC recommended preliminary budget for FY 12-13:

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

Attachment 2 itemizes expenditures.

Attachment 3 illustrates Preston Park sale transaction.

Attachment 4 provides detail on ESCA budget.

Principal areas of negative budget impact are discussed below:

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

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

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

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

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

REVENUES

LOCAL REVENUES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FEDERAL FUNDING

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

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

UNDETERMINED REVENUE

- **Property Tax Revenue**

At the time the FC met on the budget it was unclear if this revenue source would be available in FY 12-13 due to State phase-out and the FC decided not to include this revenue in the preliminary budget until it is clear if this revenue will continue.

UPDATE: FORA Authority Counsel Jerry Bowden, Special Counsel Brent Hawkins, and CIP review consultants have provided County Auditor-Controller documentation of our ongoing obligation claim. County Auditor-Controller has indicated that he agrees with FORA Counsel and consultants and is prepared to directly pay to FORA its historical share of property tax. However, the actual amounts in the future may vary given other factors that remain unclear. FORA staff will be prepared to describe how this may impact the budget at the 6/8/2012 meeting.

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

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

EXPENDITURES

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

FORA staffing remains at the approved FY 11-12 level. In January 2012, the FORA Board adopted new salary ranges to bring FORA employees toward equity with other labor market agencies. To continue the equity process, the FC recommended including in the budget a 2% increase in this category should the Executive Committee ("EC") and or FORA Board approve a compensation adjustment in FY 12-13. The EC reviewed this item but was not able to take an action as the proposal to approve a 2% COLA failed 2 – 2.

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

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

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

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

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

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

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

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

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

Capital projects are decreased as compared to the last year as road improvements along GJMB/Eucalyptus Road funded predominantly by EDA grant and FORA matching funds are

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

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

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

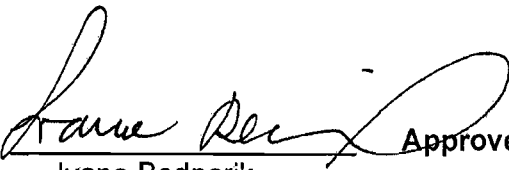
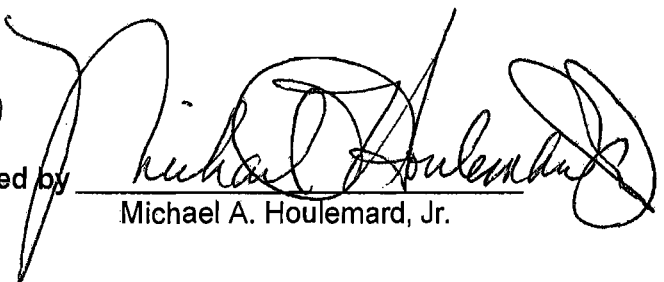
- \$682,440 for Preston Park loan monthly debt service (principal and interest) prorated for six months through December 2012; financed by applying a portion of FORA 50% share of Preston Park revenue.
- \$18,325,900 for Preston Park loan principal pay-off upon Preston Park sale anticipated by December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

ENDING BALANCE/FORA RESERVE:

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

COORDINATION:

Finance Committee, Executive Committee. The Finance Committee met on March 28 and May 2, 2012 to review and discuss the preliminary budget. At the May 2 meeting, the Finance Committee made recommendations regarding the FORA Board's approval of the preliminary budget. The Executive Committee reviewed the budget on May 30, 2012. They concurred with the Finance Committee to recommend the Board's approval of the preliminary FY 12-13 budget; however, as noted above they were deadlocked (2-2) on approving the 2% COLA increase.

Prepared by  Approved by 
Ivana Bednarik Michael A. Houlemard, Jr.

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

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

**FORT ORD REUSE AUTHORITY
FY 12-13 PRELIMINARY BUDGET**

ITEMIZED EXPENDITURES

EXPENDITURE CATEGORIES	FY 11-12 Approved	FY 11-12 Mid-Year	FY 11-12 Projected	FY 12-13 Preliminary	NOTES
<u>SALARIES & BENEFITS</u>					
	14 positions	14 positions	14 positions	14 positions	
FORA STAFF - Salaries	1,332,435	1,262,916	1,262,916	1,387,046	
FORA STAFF - Benefits/Employer taxes	504,666	474,124	474,124	527,531	
Temporary help/Vacation cash-out/stipends	65,000	30,000	40,000	45,000	
TOTAL SALARIES AND BENEFITS	1,902,101	1,767,040	1,777,040	1,959,578	2% COLA included
<u>SUPPLIES & SERVICES</u>					
Communications	12,000	12,000	12,000	12,000	
Supplies	14,000	14,000	14,000	14,000	
Equipment & Furniture	25,000	20,000	20,000	10,000	
Travel, Auto & Lodging	26,000	26,000	26,000	26,000	Trips may be reduced but costs are rising
Meeting Expenses	8,000	8,000	8,000	8,000	
Building maintenance & security	10,000	8,500	8,500	8,500	
Utilities	13,000	13,000	13,000	13,000	
Insurance	65,900	48,500	48,500	48,500	
Computer support	20,650	20,650	20,650	22,050	
Payroll/Accounting Services	8,000	6,000	6,000	6,000	
Training, Conferences & Seminars	4,000	4,000	4,000	5,000	
Moving Expenses	-	70,649	70,649	-	Relocation to IOP concluded
Community information center	-	20,000	12,500	7,500	Software, exhibits, meetings
Televised Meetings	-	2,400	1,200	5,000	Board and other select meetings
Other (legal notices, postage, printing, etc.)	21,000	2,520	3,800	7,500	
TOTAL SUPPLIES AND SERVICES	227,550	276,219	288,799	193,050	
<u>CONTRACTUAL SERVICES</u>					
AUTHORITY COUNSEL	131,250	131,250	131,250	131,250	
LEGAL FEES - LITIGATION	125,000	125,000	100,000	125,000	Anticipated reassessment legal needs
LEGAL FEES - SPECIAL PRACTICE	-	-	-	15,000	Environmental/real property/financing
AUDITOR	30,000	30,000	25,960	37,500	Preston Park audit added
SPECIAL COUNSEL (EDC-ESCA)	80,000	80,000	65,000	70,000	ESCA contract legal review
REGULATORY RESPONSE/QUAL ASSURANCE-ESCA	550,000	550,000	450,000	420,000	Reimbursements per ESCA contract
VETERANS CEMETERY CONSULTANTS	-	-	-	-	Not included until bill #1842 passes (fall 2012)
FINANCIAL CONSULTANT	80,000	91,000	91,000	60,000	Phase II CIP review/RDA wind down/restructuring
LEGISLATIVE SERVICES CONSULTANT	30,000	38,400	38,400	40,000	Increased needs - CCCVC, FORA sunset, RDA
PUBLIC INFORMATION/OUTREACH	12,000	12,000	12,000	25,000	Increased public access/community engagement
HCP CONSULTANTS	155,000	313,000	313,000	270,000	Prepare final EIS/EIR and HCP
UC MBEST (VISIONING)	25,000	25,000	25,000	-	
BASE REUSE PLAN REASSESSMENT	250,000	250,000	250,000	325,000	Public participation/engagement increase
OTHER CONSULTING	25,000	25,000	25,000	30,000	HR Consultant/miscellaneous consulting
TOTAL CONTRACTUAL SERVICES	1,493,250	1,670,650	1,528,610	1,548,750	
<u>CAPITAL PROJECTS</u>					
ROADWAY IMPROVEMENTS	4,990,708	4,990,708	4,990,708	3,000,000	Refer to CIP 12-13 budget for project detail
HABITAT MANAGEMENT	90,500	638,050	638,050	1,584,000	HM 25% set aside, UC Natural Reserve annual cost
TOTAL CAPITAL PROJECTS	5,081,208	5,628,758	5,628,758	4,584,000	
<u>DEBT SERVICE (Principal and Interest)</u>					
PRESTON PARK LOAN -DEBT SERVICE	1,364,880	1,364,880	1,364,880	682,440	Preston Park loan payments thru 12/12
PRESTON PARK LOAN -PAY-OFF	-	-	-	18,325,900	Preston Park loan paid off by 1/13
PLL INSURANCE FINANCING	879,543	879,543	879,543	-	PLL loan paid off Jan 2012
FIRE TRUCK LEASE	116,000	116,000	116,000	116,000	Year 9 of 10-year lease
TOTAL DEBT SERVICE	2,360,423	2,360,423	2,360,423	19,124,340	
TOTAL EXPENDITURES	11,064,532	11,703,090	11,561,630	27,409,718	

FORT ORD REUSE AUTHORITY
 FY 12-13 PRELIMINARY BUDGET

ET/ESCA

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

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

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

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

Attachment 4 to Item 9d
 FORA Board Meeting, 6/8/12

FORT ORD REUSE AUTHORITY
FY 12-13 PRELIMINARY BUDGET

Preston Park Sale

PRESTON PARK SALE

	Sale Terms	
February 2012 Appraised value	60,900,000 *	Actual sale price may be adjusted for terms
FORA Development fee	(3,265,443)	27% fee reduction less \$321,285 Dec 2009 payment
Sale Expenses	(125,000)	Direct sale expenses limited to 62.5K FORA/Marina each
Broker/Attorney fee	(609,000)	up to 1% of sale price approved by FORA Board
Net Value	56,900,557	
FORA & Marina 50% share	28,450,279	Land sale proceeds
FORA Development fee	3,265,443	Development fee: 816,361 25% Habitat Management set aside
Total funds to FORA	31,715,722	2,449,082 Net Development Fee
Less \$19M loan pay-off	(18,325,900)	3,265,443 Total Development Fee
Net Funds to FORA	13,389,822	
<u>FORA's \$19M loan pay-off</u>		
Pay-off amount	18,325,900	
Funds applied to retire this debt:		
FORA Net Development fee	(2,449,082) **	To partially repay land sale revenues for CIP expenses
FORA Land Sale proceeds	(15,876,818)	
	(18,325,900)	

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject:	Ord Community Water and Wastewater Systems Proposed Budgets and Rates for FY 2012/13	
Meeting Date:	July 13, 2012	INFORMATION/ACTION
Agenda Number:	6c	

RECOMMENDATION:

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

BACKGROUND:

Following the May 1997 FORA Board public bid selection of MCWD to operate and own the former Fort Ord water and wastewater collection systems, MCWD began service in July 1997. Between July 1997 and October 2001, MCWD operated the systems under a Cooperative Agreement with the U.S. Army which defined the terms of their operations and funding. Following the Economic Development Conveyance (U.S. Army to FORA to MCWD) of the water system, MCWD has owned the system under a Water and Wastewater Facilities Agreement (the “Agreement”) with FORA since November 2001 (**Attachment C**). This agreement also specifies that MCWD is responsible for planning, designing, and constructing additional water and sewer facilities as FORA, in consultation with MCWD, determines are necessary for the former Fort Ord service area. Concerning this provision, in 2005, the FORA and MCWD Boards approved a “hybrid” (recycled and desalinated water) Water Augmentation Project to service former Fort Ord.

Under the Agreement, MCWD submits an annual draft budget to the FORA Water and Wastewater Oversight Committee (“WWOC”) for review and recommendation to the FORA Board. The WWOC was created under the Agreement as a FORA Board-advisory committee to review the budget and recommend Board actions. MCWD bills its former Fort Ord customers (Ord Community cost center) according to rates approved annually by both the MCWD and FORA Boards.

A 2005 rate study prepared for MCWD determined that a substantial capacity fee increase would be required to address the costs of repairing and/or updating the extensive former Fort Ord water and wastewater systems that are supported by a small customer base. The proposed increase raised concern, and several WWOC and Administrative Committee meetings were convened to identify alternatives. The FORA Board added \$20M to the MCWD water augmentation program from the FORA Capital Improvement Program (“CIP”). This allowed MCWD to maintain reasonable capacity fees. This line item is voluntary and distinct from the line item for water augmentation CEQA mitigations.

In 2008, MCWD commissioned another rate study which demonstrated the need for a considerable rate increase. Rather than initiate the rate increase all at once, MCWD agreed to ramp up increases over a five-year period. After the required Proposition 218 process, the rate study proposed increases were adopted in 2008/09 (10%), 2009/10 (10%), and 2010/11 (7.8%).

However, the MCWD Board reduced the recommended 7.8% increase in 2011/12 to 4.9% and the 7.8% increase recommended by the study for 2012/13 is being proposed by MCWD at 5%.

During last year's budget approval process, the FORA Board had a number of questions about the MCWD rates and budgets and asked for an audit (**Attachment D**) of the MCWD rates to confirm that increases were adequate and warranted. The audit concluded the rate increases were warranted. A two-year Proposition 218 process and hearing was conducted last year, allowing a rate increase this year without an additional hearing or joint FORA/MCWD Board meeting.

This year, the WWOC actively reviewed the MCWD proposed budgets and rates. MCWD has answered committee member questions and worked with them to refine the Ord Community Compensation Plan to include and/or address their suggestions. Minutes of those meetings are provided in **Attachment E** to this report.

DISCUSSION:

The WWOC met in February, March, April and May 2012 to receive MCWD presentations and review/recommend action on MCWD's proposed FY 2012/13 budgets and rates. On May 30, 2012 the WWOC voted to recommend FORA Board approval of the attached budgets and rates. The vote was 6-1, with the WWOC representative from California State University Monterey Bay dissenting.

FORA staff recommends the FORA Board receive the MCWD and FORA staff presentations and act on the adopting Resolutions. Please note that the MCWD Ord Community Compensation plan is noted as an Exhibit to both Resolution Nos. 12-6 and 12-7. To conserve resources, only one copy of the compensation package is provided.

At its June 8, 2012 meeting, the FORA Board continued the Ord Community Water and Wastewater Systems proposed budgets and rates for FY 2012/13 to its July 13, 2012 meeting. Ord Community is MCWD's cost center for water/sewer service on Fort Ord. It is not a part of the FORA budget or Capital Improvement documents. During the past few weeks, FORA staff received questions from Board members and a public records request from the Law Offices of Michael W. Stamp specifically requesting information pertaining to a footnote on page 16 of the MCWD 2012/13 Ord Budget within Exhibit A, prepared by MCWD staff, to attachments A and B, which references "Loan of \$7,622,073 from Ord Water to Regional Project is expected to be reimbursed through Regional Project financing." To be clear, FORA has not loaned any dollar amount to the Regional Desalination Project.

FORA staff asked MCWD about the footnote. MCWD staff clarified that the \$7,622,073 referenced in the footnote denotes cumulative costs incurred by MCWD while processing the Regional Desalination Project (Note: Ord Community's water reserves are owned by MCWD, not FORA.). This dollar amount is an obligation of MCWD and, therefore, would not be an obligation of FORA. However, MCWD's Ord Community ratepayers support this cost in one form or another. MCWD staff indicated that MCWD intends to reimburse the Ord Community's water reserves when (assuming the Regional Project moves forward) it obtains Regional Project financing or when (assuming the Regional Project does not move forward) they receive repayment from parties to the Water Purchase Agreement (MCWD, Monterey County Water Resources Agency, and California-American Water Company), which is currently under mediation.

During last year's approval of MCWD's budgets and rates, some FORA Board members expressed concerns about Ord Community ratepayers covering costs associated with the Regional Project, but have not yet made explicit reference to this matter.

FORA staff has on several occasions advised MCWD to decouple the annual rate and budget process from the Regional Project. Given previous concerns, the Board might consider more explicit options to insulate the Ord Community ratepayers from further Regional Project expenditures. The Board might consider amending text in resolutions #12-6 and #12-7 to include language similar to the following: "No additional Ord Community resources should be used to further the Regional Desalination Project unless expressly authorized by the FORA Board."



FISCAL IMPACT:

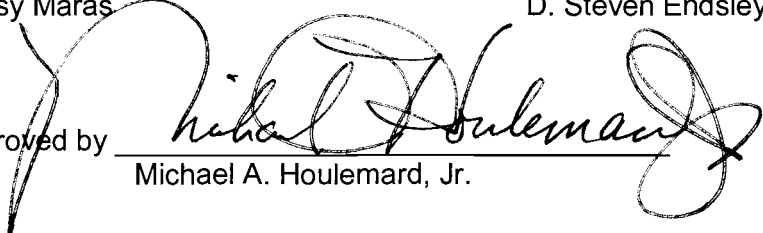
Reviewed by FORA Controller 

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

COORDINATION:

MCWD, WWOC, Administrative Committee, Executive Committee

Prepared by  Reviewed by 
Crissy Maras D. Steven Endsley

Approved by 
Michael A. Houlemard, Jr.

Resolution No. 12-6

Resolution of the Board of Directors
Fort Ord Reuse Authority

Adopting the Budget and the Ord Community Compensation Plan for FY 2012-2013
not including Capacity Charges

Attachment A to Item 6c
FORA Board Meeting, 07/13/12

July 13, 2012

RESOLVED by the Board of Directors (“Directors”) of the Fort Ord Reuse Authority (“FORA”), at a regular meeting duly called and held on July 13, 2012 at the business office of FORA at 910 2nd Avenue, Marina California as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS,

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

PASSED AND ADOPTED on July 13, 2012, by the Board of Directors of the Fort Ord Reuse Authority by the following roll call vote:

Ayes: Directors _____

Noes: Directors _____

Absent: Directors _____

Abstained: Directors _____

Dave Potter, Chair

ATTEST:

Michael A. Houlemard, Jr., Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Fort Ord Reuse Authority hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 12-6 adopted July 13, 2012.

Michael A. Houlemard, Jr., Secretary

Resolution No. 12-7

Resolution of the Board of Directors
Fort Ord Reuse Authority

Attachment B to Item 6c
FORA Board Meeting, 07/13/12

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

July 13, 2012

RESOLVED by the Board of Directors (“Directors”) of the Fort Ord Reuse Authority (“FORA”), at a regular meeting duly called and held on July 13, 2012 at the business office of FORA at 910 2nd Avenue, Marina California as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS,

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

PASSED AND ADOPTED on July 13, 2012, by the Board of Directors of the Fort Ord Reuse Authority by the following roll call vote:

Ayes: Directors _____
Noes: Directors _____
Absent: Directors _____
Abstained: Directors _____

Dave Potter, Chair

ATTEST:

Michael A. Houlemard, Jr., Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Fort Ord Reuse Authority hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 12-7 adopted July 13, 2012.

Michael A. Houlemard, Jr., Secretary

Marina Coast Water District

Ord Community Water & Wastewater

Five Year Capital Improvement Planning Budget

FY 2012/13-16/17

DRAFT

CAPITAL IMPROVEMENT PROJECTS - SUMMARY SHEET
General Water (GW) - Summary

CIP No.	PROJECT DESCRIPTION	PRIOR YEARS	FY 12/13 Current Year	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	FY 16/17 Proposed	TOTAL
GW-0211	Regional Desal (RD) Integration w/ Potable System	0	42,000	697,590	4,208,025	3,662,435	0	8,610,050
GW-0112	"A1/A2" Zone Tanks & B/C Booster Sta @ CSUMB	0	0	1,299,640	7,659,210	0	0	8,958,850
GW-0300	Marina & Ord Water Master Plan	0	0	350,000	0	0	0	350,000
GW-0112A	"A3" Zone Tank @ CSUMB	0	0	0	0	0	2,427,473	2,427,473
GW-0123	"B2" Zone Tank @ CSUMB	0	0	0	0	0	2,379,581	2,379,581
	TOTALS	0	42,000	2,347,230	11,867,235	3,662,435	4,807,054	22,725,954

Cost Centers	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
01 - Marina Water	37%	0	15,540	868,475	4,390,877	1,355,101	1,778,610	8,408,603
03 - Ft Ord Water	63%	0	26,460	1,478,755	7,476,358	2,307,334	3,028,444	14,317,351
Funding By Fiscal Year		0	42,000	2,347,230	11,867,235	3,662,435	4,807,054	22,725,954

DRAFT

**CAPITAL IMPROVEMENT PROJECTS - SUMMARY SHEET
Ord Water (OW) - Summary**

CIP No.	PROJECT DESCRIPTION	PRIOR YEARS	FY 12/13 Current Year	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	FY 16/17 Proposed	TOTAL
OW-0119	Demolish D-zone Reservoir	0	167,000	0	0	0	0	167,000
OW-0222	Eastern Distribution System - Phase II	20,000	230,000	0	0	0	0	250,000
OW-0169	Intergarrison Road PRV	0	0	171,000	0	0	0	171,000
OW-0206	Inter-Garrison Road Pipeline Up-Sizing	0	0	162,240	506,189	0	0	668,429
OW-0201	Gigling Transmission from D Booster to JM Blvd	0	0	80,000	400,000	0	0	480,000
OW-0211	Eastside Parkway (D-Zone pipeline)	0	0	407,482	2,401,427	0	0	2,808,909
OW-0202	South Boundary Road Pipeline	0	0	502,578	502,578	502,578	0	1,507,736
OW-0128	Lightfighter "B" Zone Pipeline Extension	0	0	0	396,731	0	0	396,731
OW-0167	2nd Ave extension to Gigling Rd	0	0	0	221,512	0	0	221,512
OW-0200	Surplus Area 2 Pipelines	0	0	0	1,002,102	0	0	1,002,102
OW-0127	Pipeline Up-Sizing - Commercial on CSU	0	0	0	108,712	640,679	0	749,391
OW-0203	7th Avenue and Gigling Rd	0	0	0	38,099	224,531	0	262,630
OW-0212	Reservoir "D2" + D-BPS Up-Size	0	0	0	540,241	3,061,363	0	3,601,604
OW-0122	Replace D & E Reservoir Off-Site Piping	0	0	0	0	181,492	0	181,492
OW-0166	CSU Pipeline Improvements	0	0	0	0	134,651	0	134,651
OW-0204	2nd Ave Connection, Reindollar to Imjin	0	0	0	0	1,169,859	0	1,169,859
OW-0208	Pipeline Up-Sizing - to Stockade	0	0	0	0	711,976	0	711,976
OW-0209	Pipeline Up-Sizing - between Dunes & MainGate	0	0	0	0	220,167	0	220,167
OW-0210	Sand Tank Demolition	0	0	0	0	434,268	0	434,268
OW-0118	"B4" Zone Tank @ East Garrison	0	0	0	0	399,179	2,352,496	2,751,675
TOTALS		20,000	397,000	1,323,300	6,117,590	7,680,743	2,352,496	17,891,129

Cost Centers	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
03 - Ft Ord Water	100%	20,000	397,000	1,323,300	6,117,590	7,680,743	2,352,496	17,891,129
Funding By Fiscal Year		20,000	397,000	1,323,300	6,117,590	7,680,743	2,352,496	17,891,129

DRAFT

CAPITAL IMPROVEMENT PROJECTS - SUMMARY SHEET

Ord Sewer (OS) - Summary

CIP No.	PROJECT DESCRIPTION	PRIOR YEARS	FY 12/13 Current Year	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	FY 16/17 Proposed	TOTAL
OS-0200	Clark Lift Station Improvement	0	395,000	0	0	0	0	395,000
OS-0150	East Garrison Lift Station Improvements	324,020	217,000	97,000	0	0	731,000	1,369,020
OS-0154	Del Rey Oaks -- Collection System Planning	0	0	54,080	0	0	0	54,080
OS-0208	Parker Flats Collection System	0	0	15,600	91,936	0	0	107,536
OS-0205	Imjin LS & Force Main Improvements -- Phase I	0	0	334,338	1,970,364	0	0	2,304,702
OS-0153	Misc. Lift Station Improvements	0	0	450,000	400,000	350,000	250,000	1,450,000
OS-0152	Booker, Hatten, Neeson LS Improvements Project	0	0	0	700,000	0	0	700,000
OS-0214	Intergarrison/8th Ave SS (for Eastside Pkwy developments)	0	0	0	1,124,864	0	0	1,124,864
OS-0202	DRO Gravity Sewer Main and GJMB Improvements	0	0	0	1,801,678	10,617,888	0	12,419,566
OS-0203	Giggling LS and FM Improvements	0	0	0	267,892	1,578,777	0	1,846,669
OS-0147	Ord Village Sewer Pipeline & Lift Station Impr Project	0	0	0	0	560,877	0	560,877
OS-0204	CSUMB Developments	0	0	0	0	0	568,649	568,649
OS-0207	Seaside Resort Sewer Imps. Project	0	0	0	0	0	303,739	303,739
OS-0148	Marina Heights Sewer Pipeline Improvements Project	0	0	0	0	0	761,465	761,465
OS-0149	Dunes Sewer Pipeline Replacement Projects	0	0	0	0	0	430,267	430,267
OS-0151	Cypress Knolls Sewer Pipeline Improvements Project	0	0	0	0	0	94,603	94,603
OS-0209	Imjin LS & Force Main Improvements -- Phase II	0	0	0	0	0	712,290	712,290
	TOTALS	324,020	612,000	951,018	6,356,734	13,107,542	3,852,013	25,203,327

Cost Centers	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
04 - Ft Ord Sewer	100%	324,020	612,000	951,018	6,356,734	13,107,542	3,852,013	25,203,327
Funding By Fiscal Year		324,020	612,000	951,018	6,356,734	13,107,542	3,852,013	25,203,327

Ord Community Water/Wastewater Systems

Draft Compensation Plan

For FY 2012-2013

Presented to

Fort Ord Reuse Authority

Board of Directors

July 13, 2012

by

Marina Coast Water District



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Draft FY 2012-2013 Ord Community Service Area Budget Summary

Introduction. The purpose of this summary is to provide an overview of the FY 2012-2013 Budget document and the key assumptions used in developing this Budget document.

In, accordance with Article 7 of the Water Wastewater Facilities Agreement between Marina Coast Water District (MCWD) and Fort Ord Reuse Authority (FORA), the District maintains separate cost centers to ensure that revenues and expenses are appropriately segregated and maintained for the Marina systems, the Ord Community systems, and the accruing costs for the Regional Water Augmentation Project. On October 25, 2006, the MCWD Board adopted Ordinance No. 43 which also requires the cost centers to remain separated after the expiration of the Agreement between MCWD and FORA.

District costs that are not dedicated to a specific cost center are shared among the four primary cost centers – Marina Water, Marina Wastewater Collection, Ord Community Water and Ord Community Wastewater Collection. Sharing of these expenses, in turn, creates efficiencies and cost savings for administrative functions for the two service areas that would otherwise not be realized. The District uses the operating expenses ratio to allocate the shared expenses. The allocation rate for the proposed fiscal year has changed based on previous year (FY 2010-2011) audited expenditure figures.

The FORA Board adopts the Ord Community budgets by resolution before MCWD Board adopts the entire budget, also by resolution.

A five-year financial plan and rate study was completed in 2008, however recommendations from the rate study are not fully incorporated in this budget document. The MCWD Board of Directors instead directed staff to prepare the budget based on a 5.0% rate increase instead of the 7.8% recommended in the rate study.

Cost Centers:

- Ord Community Water
- Ord Community Wastewater Collection (Sewer)

Assumptions:

- Revenues (proposed rate increase of 5.0%):
 - Ord Community Water \$5.627 million
 - Ord Community Wastewater Collection \$1.859 million
- Expenses:
 - Ord Community Water \$3.844 million
 - Ord Community Wastewater Collection \$0.764 million

- Debt Service on loans (principal/interest):
 - Ord Community Water \$1.714 million
 - Ord Community Wastewater Collection \$0.668 million
- Capital Replacement Reserve Fund:
 - Ord Community Water \$0.200 million
 - Ord Community Sewer \$0.100 million

Ord Community Water Rates (monthly):

	FY 2011-2012	FY 2012-2013
Meter Service Charge	\$17.11	\$17.97
First Tier (0-8 hcf)	2.33	2.45
Second Tier (8-16 hcf)	3.27	3.43
Third Tier (16+ hcf)	4.22	4.43
Average Monthly bill (13 units)	\$52.10	\$54.72
Flat Rate Billing	84.34	88.56

Ord Community Wastewater Collection Rates (monthly):

	FY 2011-2012	FY 2012-2013
Monthly Flat Fee Bill	\$25.56	\$26.84

Capacity Charge:

- Ord Community Water Capacity Charge \$5,750* per equivalent dwelling unit
- Ord Community Wastewater Collection Capacity Charge \$2,150 per equivalent dwelling unit
- * Ord Community water capacity charge includes future contributions from FORA towards RUWAP Project

Monthly Capital Surcharge*:

- Ord Community Water Monthly Capital Surcharge for NEW Customers (\$20.00 per EDU)
- Ord Community Wastewater Monthly Capital Surcharge for NEW Customers (\$5.00 per EDU)
- * Monthly Capital Surcharge applies to all new customers effective July 2005.

Annual Capital Improvement Programs:

- Ord Community Water \$0.637 million
- Ord Community Wastewater Collection \$0.659 million

District Staffing:

- Support for a staff of 36 positions:
 - Administration – 11
 - Operations & Maintenance – 17
 - Laboratory – 1
 - Conservation – 1
 - Engineering – 6

**ORD COMMUNITY
WATER & WASTEWATER SYSTEM
RATES, FEES and CHARGES
FY 2012 - 2013
Effective July 13, 2012**

Water Consumption Charge

0 - 8 hcf	First Tier	2.45	per hcf
8 - 16 hcf	Second Tier	3.43	per hcf
16+ hcf	Third Tier	4.43	per hcf
	Monthly Capital Surcharge (New EDU)	20.00	per EDU
	Flat Rate	88.56	per unit

Monthly Minimum Water Charges

<u>Size</u>	<u>Fee</u>
5/8" or 3/4"	17.97 per month
1"	44.90 per month
1 1/2"	89.76 per month
2"	143.62 per month
3"	269.29 per month
4"	448.82 per month
6"	897.63 per month
8"	1,795.28 per month

Monthly Minimum Sewer Charges

Monthly Wastewater Charge	26.84	per EDU
Monthly Capital Surcharge (New EDU)	5.00	per EDU

Temporary Water Service

Meter Deposit Fee	\$650.00
Hydrant Meter Fee (Set/Remove Fee)	\$140.00 one time fee
Hydrant Meter Fee (Relocate Fee)	\$140.00 per occurrence
Minimum Monthly Service Charge	86.35 per month
Estimated Water Consumption Deposit	\$1,100.00 minimum

Repair, Replacement and Maintenance of Private Fire Hydrants (Monthly Charge)

Single/Double Outlet, All Sizes	\$13.50 per month
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Capacity Charges (Effective Date: July 1, 2012)

Water	\$5,750.00 per edu
Sewer	\$2,150.00 per edu

**MARINA & ORD COMMUNITY
WATER & WASTEWATER SYSTEM
RATES, FEES and CHARGES
FY 2012 - 2013
Effective July 13, 2012**

Labor Charges

General Manager	\$189.86 per hour
Deputy General Manager/District Engineer	\$124.67 per hour
District Counsel	\$124.53 per hour
Director of Administrative Services	\$91.77 per hour
Capital Projects Manager	\$78.48 per hour
Projects Manager	\$84.80 per hour
Associate Engineer	\$76.03 per hour
Assistant Engineer	\$55.86 per hour
Engineering Administrative Assistant	\$50.38 per hour
Lab Supervisor	\$73.92 per hour
O&M Superintendent	\$90.99 per hour
O&M Supervisor	\$86.23 per hour
Operations & Maintenance System Operator 3	\$72.01 per hour
Operations & Maintenance System Operator 2	\$66.15 per hour
Operations & Maintenance System Operator 1	\$59.86 per hour
Conservation Specialist	\$53.48 per hour

Equipment Charges

Work Truck	\$20.00 per hour
Backhoe Tractor	\$30.00 per hour
Vactor Truck	\$30.00 per hour
Dump Truck	\$30.00 per hour
Ground Penetrating Radar Uit	\$10.00 per hour

Miscellaneous Charges

Photocopy Charges	\$0.10 per copy
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Water Meter Installation Fee

(includes box and meter)

Size	Fee
5/8" or 3/4"	\$350.00
1"	\$400.00
1 1/2"	\$450.00
2"	\$700.00
3" or Larger	

Actual direct and indirect cost to district.

Advance payment to be based on estimated cost.

Other Fees and Charges

Preliminary Project Review Fee (large projects)	\$500.00
Plan Review Fees:	
Existing Residential Modifications	\$200.00 per unit plus additional fees
Existing Commercial Modifications	\$400.00 per unit plus additional fees
Plan Review	\$500.00 per unit plus additional fees
Water/Sewer Permit Fee	\$30.00 each
Small Project Inspection Fee (single lot)	\$400.00 per unit
Large Project Inspection Fee (large projects)	\$500.00 per unit plus 3% of water & sewer construction cost
Building Modification/Addition Fee	\$200.00 per unit
Deposit for a Meter Relocation	\$200.00 deposit, plus actual costs
Mark and Locate Fee (USA Markings)	\$100.00 first mark and locate at no-charge, each additional for \$100
Backflow/Cross Connection Control Fee	\$45.00 per device
Additional Backflow/Cross Connection Device	\$30.00 per device
Deposit for New Account	\$35.00 per edu
Meter Test Fee	\$15.00 for 3/4" meter, actual cost for 1" and larger
Returned Check Fee	\$15.00 per returned item

**Ord Community
Water System**

MARINA COAST WATER DISTRICT
ORD COMMUNITY WATER SYSTEM OPERATIONS
PROPOSED BUDGET

EXHIBIT W-1

	Actual Ord Community Water Expenses FY 2009-2010	Actual Ord Community Water Expenses FY 2010-2011	Adopted Budget Ord Community Water Expenses FY 2011-2012	Estimated Ord Community Water Expenses FY 2011-2012	Proposed Budget Ord Community Water Expenses FY 2012-2013	BUD vs BUD % CHANGE	BUD vs EST % CHANGE
Administration/Management							
Personnel	\$643,839	\$621,526	\$570,330	\$619,026	\$703,830	23.4%	13.7%
Expenses	\$395,786	\$533,849	\$696,660	\$654,675	\$696,100	-0.1%	6.3%
Insurance	\$48,775	\$54,712	\$67,500	\$66,985	\$62,000	-8.1%	-7.4%
Legal	\$68,770	\$70,818	\$62,100	\$68,531	\$15,000	-75.8%	-78.1%
Interest Expense	\$784,479	\$1,214,441	\$1,158,750	\$1,155,391	\$1,072,122	-7.5%	-7.2%
subtotal	\$1,941,649	\$2,495,346	\$2,555,340	\$2,564,608	\$2,549,052	-0.2%	-0.6%
Operations & Maintenance							
Personnel	\$676,431	\$665,258	\$1,115,890	\$806,010	\$806,363	-27.7%	0.0%
Maintenance Expenses	\$267,449	\$222,368	\$223,990	\$182,984	\$226,900	1.3%	24.0%
Power Costs	\$360,444	\$431,469	\$490,250	\$434,982	\$539,450	10.0%	24.0%
Annual Maintenance	\$2,833	\$61,067	\$50,000	\$30,000	\$50,000	0.0%	66.7%
subtotal	\$1,307,157	\$1,380,162	\$1,880,130	\$1,453,976	\$1,622,713	-13.7%	11.6%
Laboratory							
Personnel	\$164,473	\$134,898	\$157,530	\$84,209	\$109,171	-30.7%	29.6%
Equipment/Expenses	\$23,420	\$29,522	\$44,010	\$44,010	\$49,961	13.5%	13.5%
Lab Contract Services	\$8,229	\$17,633	\$36,000	\$36,000	\$37,800	5.0%	5.0%
subtotal	\$196,122	\$182,053	\$237,540	\$164,219	\$196,932	-17.1%	19.9%
Conservation							
Personnel	\$129,780	\$131,848	\$144,550	\$102,208	\$92,583	-36.0%	-9.4%
Expenses	\$38,042	\$39,200	\$64,205	\$60,806	\$48,460	-24.5%	-20.3%
subtotal	\$167,822	\$171,048	\$208,755	\$163,014	\$141,043	-32.4%	-13.5%
Engineering							
Personnel	\$152,064	\$169,798	\$264,830	\$332,936	\$341,245	28.9%	2.5%
Expenses	\$74,406	\$33,438	\$4,180	\$3,386	\$1,250	-70.1%	-63.1%
Outside Consultants	\$40,620	\$13,746	\$21,000	\$51,882	\$63,750	203.6%	22.9%
subtotal	\$267,090	\$216,982	\$290,010	\$388,204	\$406,245	40.1%	4.6%
Total Operating Expenses	\$3,879,840	\$4,445,591	\$5,171,775	\$4,734,021	\$4,915,985	-4.9%	3.8%

**MARINA COAST WATER DISTRICT
ORD COMMUNITY WATER SYSTEMS
CAPITAL IMPROVEMENT PROJECT BUDGET FOR FY 2012-2013**

EXHIBIT W-2

Project No.	Project Name	Amount
WD-0203	MCWD Fort Ord Office Landscape Project	\$10,250
WD-0115	SCADA System Improvements - Phase I	\$204,000
GW-0211	Regional Desalination (RD) Integration with Potable System	\$26,460
OW-0119	Demolish D-Zone Reservoir	\$167,000
OW-0222	Eastern Distribution System - Phase II	<u>\$230,000</u>
	TOTALS	<u>\$637,710</u>

Capital Improvement Project Sheet

Project:	MCWD Fort Ord Office Landscape Project
Project No.:	WD-0203
Cost Center:	Marina Water; Marina Sewer; Ft Ord Water; Ft Ord Sewer

Project Description
 This project is for completing the installation of landscaping at MCWDs' Fort Ord Office located at 2840 4th Avenue in Marina, CA. the project scope includes installing a "water-wise" irrigation system and the planting of native plant species and other low water use plants.

Project Justification
 A landscape installed as a demonstration "garden", which will be open to the general public, will enhance the public's understanding of the District's landscape and conservation ordinances.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
Cost Category / Phasing								
Planning								
External Services								0
Internal Services								0
Design								
External Services								0
Internal Services								0
Construction								
External Services		11,500						11,500
Internal Services		9,000						9,000
Property / Easement Acquisitions								0
Other Project Costs								0
Estimated Cost By Fiscal Year	0	20,500	0	0	0	0	0	20,500

Project Funding / Cost Centers	G L Code	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
01 - Marina Water	01-00-160-402	30%	0	6,150	0	0	0	0	0	6,150
02 - Marina Sewer	02-00-160-402	9%	0	1,845	0	0	0	0	0	1,845
03 - Ft Ord Water	03-00-160-402	50%	0	10,250	0	0	0	0	0	10,250
04 - Ft Ord Sewer	04-00-160-402	11%	0	2,255	0	0	0	0	0	2,255
										0
Funding By Fiscal Year			0	20,500	0	0	0	0	0	20,500

Capital Improvement Project Sheet

Project:	SCADA System Improvements - Phase I
Project No:	WD-0115
Cost Center:	Marina Water; Marina Sewer; Ft Ord Water; Ft Ord Sewer

Project Description
 This project is for improving the Supervisory, Control, and Data Acquisition (SCADA) facilities. MCWD has more than 40 (current) remote water and sewer infrastructure sites that need SCADA improvement. The current phase of the project will result in functional and expandable SCADA "hubs" that will transmit signals to MCWD's O&M control room while the future phases will up-grade the remote sites.

Project Justification
 This project is needed to increase the reliability of the SCADA facilities. A well-functioning SCADA system is fundamental to efficient operation of water and wastewater systems and reliable SCADA facilities reduce risk because problems with remote infrastructure can be identified, communicated and/or prevented prior to failure.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
Cost Category / Phasing								
Planning								
External Services								0
Internal Services								0
Design								
External Services								0
Internal Services								0
Construction								
External Services	554,890	400,000	125,000	125,000	125,000	125,000		1,454,890
Internal Services		8,000	10,000	10,000	10,000	10,000		48,000
Property / Easement Acquisitions								0
Other Project Costs								0
Estimated Cost By Fiscal Year	554,890	408,000	135,000	135,000	135,000	135,000	0	1,502,890

Project Funding / Cost Centers	G L Code	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
01 - Marina Water	01-00-160-402	30%	166,467	122,400	40,500	40,500	40,500	40,500	0	450,867
02 - Marina Sewer	02-00-160-402	9%	49,940	36,720	12,150	12,150	12,150	12,150	0	135,260
03 - Ft Ord Water	03-00-160-402	50%	277,445	204,000	67,500	67,500	67,500	67,500	0	751,445
04 - Ft Ord Sewer	04-00-160-402	11%	61,038	44,880	14,850	14,850	14,850	14,850	0	165,318
										0
Funding By Fiscal Year			554,890	408,000	135,000	135,000	135,000	135,000	0	1,502,890

Capital Improvement Project Sheet

Project:	Regional Desal (RD) Integration w/ Potable System
Project No:	GW-0211
Cost Center:	Ord Community Water; Marina Water

Project Description
 This project is for providing infrastructure needed to integrate a desalinated potable water source into MCWD's existing potable system. The project scope includes water quality and hydraulic modeling, analysis, design, and construction efforts.

Project Justification
 Determining and implementing the infrastructure needed to accommodate a desalinated source of potable water within the current water distribution system in a necessity in the event such a source of water becomes available.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
Cost Category / Phasing								
Planning								
External Services		20,000	625,590					645,590
Internal Services		22,000	72,000					94,000
Design								
External Services				645,590	100,000			745,590
Internal Services				65,000				65,000
Construction								
External Services				3,432,435	3,432,435			6,864,870
Internal Services				65,000	130,000			195,000
Property / Easement Acquisitions								0
Other Project Costs								0
Estimated Cost By Fiscal Year	0	42,000	697,590	4,208,025	3,662,435	0	0	8,610,050

Project Funding / Cost Centers	G L Code	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
01 - Marina Water -		37%	0	15,540	258,108	1,556,969	1,355,101	0	0	3,185,719
03 - Ft Ord Water		63%	0	26,460	439,482	2,651,056	2,307,334	0	0	5,424,332
										0
										0
Funding By Fiscal Year			0	42,000	697,590	4,208,025	3,662,435	0	0	8,610,050

Capital Improvement Project Sheet

Project:	Demolish D-zone Reservoir
Project Number:	OW-0119
Cost Center:	Ord Community Water

Project Description
 This project is for demolishing the out of service D-zone reservoir tank. The concrete tank to be removed is located at the remote D/E Reservoir Site northeast of Fitch Park.

Project Justification
 This project is a remaining task from the original "Replace D/E Reservoir" Project (for constructing the currently utilized D-zone reservoir and the E-zone Booster Pump Station). The demolition needs to occur in order to allow a Recycled Water Reservoir and an additional D-zone reservoir tank to be constructed. Completing this project soon will avoid delays in constructing the Recycled Water Infrastructure.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
Cost Category / Phasing								
Planning								
External Services								0
Internal Services								0
Design								
External Services								0
Internal Services								0
Construction								
External Services		150,000						150,000
Internal Services		17,000						17,000
Property Easement / Acquisitions								0
Other Project Costs								0
Estimated Cost By Fiscal Year	0	167,000	0	0	0	0	0	167,000

Project Funding / Cost Centers	G L CODE	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
03 - Fort Ord Water	03-00-160-330	100%	0	167,000	0	0	0	0	0	167,000
				0	0	0	0	0	0	0
Funding By Fiscal Year			0	167,000	0	0	0	0	0	167,000

Capital Improvement Project Sheet

Project:	Eastern Distribution System - Phase II
Project Number:	OW-0222
Cost Center:	Ord Community Water

Project Description
 This project is for adding additional municipal water supply well(s) at the eastern edge of MCWD's service area. The scope of this project includes investigating the feasibility of adding potable water supply wells, designing the wells, and designing the connection of the wells to MCWD's potable water distribution system.

Project Justification
 This project is intended to increase MCWD's reliable water supply. The Eastern Distribution System projects were identified in the 2006 MCWD Water Master Plan prepared by Carollo Engineers.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
Cost Category / Phasing								
Planning								
External Services	15,000	205,000						220,000
Internal Services	5,000	25,000						30,000
Design								
External Services								0
Internal Services								0
Construction								
External Services								0
Internal Services								0
Property Easement / Acquisitions								0
Other Project Costs								0
Estimated Cost By Fiscal Year	20,000	230,000	0	0	0	0	0	250,000

Project Funding / Cost Centers	G L CODE	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
04 - Fort Ord Sewer		100%	20,000	230,000	0	0	0	0	0	250,000
										0
										0
										0
Funding By Fiscal Year			20,000	230,000	0	0	0	0	0	250,000

**MARINA COAST WATER DISTRICT
ORD COMMUNITY WATER SYSTEM OPERATIONS
REVENUE PROJECTIONS**

EXHIBIT W-3

	Actual FY 2009-2010	Actual FY 2010-2011	Adopted FY 2011-2012	Estimated FY 2011-2012	Proposed FY 2012-2013	BUD vs BUD %	BUD vs EST %
Number of water services							
# Flat Rate Customers	1,200	1,200	1,200	1,100	1,100		
# Metered Customers	2,988	2,808	2,808	2,908	2,908		
Total Customers	4,188	4,008	4,008	4,008	4,008		
Annual Water Usage (in AF)							
Metered use	1,310	1,650	1,790	1,820	1,800		
Unmetered use / Losses	1,350	800	800	770	770		
Total Water Usage	2,660	2,450	2,590	2,590	2,570		
Monthly Service Charges							
Flat Rate Billing	\$74.58	\$80.40	\$84.34	\$84.34	\$88.56		
Metered Service Charge - 3/4" Meter	\$15.13	\$16.31	\$17.11	\$17.11	\$17.97		
Monthly Quantity Rates							
Tier 1 (0-8 hcf)	\$2.06	\$2.22	\$2.30	\$2.30	\$2.45		
Tier 2 (8 - 16 hcf)	\$2.89	\$3.12	\$3.27	\$3.27	\$3.43		
Tier 3 (16+ hcf)	\$3.73	\$4.02	\$4.22	\$4.22	\$4.43		
Monthly Capital Surcharge (per EDU)	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00		
Annual Revenue Calculations							
Flat Rate Accounts	1,263,332	1,196,319	1,253,000	1,121,472	1,177,545	-6.0%	5.0%
Metered Accounts	2,714,635	3,059,444	3,196,000	3,078,378	3,232,297	1.1%	5.0%
Other Water Sales	0	928,836	893,000	914,752	915,000	2.5%	0.0%
Other Fees & Charges	472,054	423,922	62,500	96,613	59,500	-4.8%	-38.4%
A Total Operating Revenue	\$4,450,021	\$5,608,521	\$5,404,500	\$5,211,215	\$5,384,342	-0.4%	3.3%
B Capacity Fee (\$5,750 per EDU)	699,198	351,099	50,000	49,434	50,000	0.0%	1.1%
C Capital Surcharge Revenue	47,787	78,815	80,000	81,782	80,000	0.0%	-2.2%
D Bond Revenue	19,882	22,567	19,880	22,565	22,580	13.6%	0.1%
E Grant Revenue	33,243	783,326	800,000	850,920	0	-100.0%	-100.0%
F Non-operating Revenue (Including Interest Income)	289,844	117,212	90,500	105,448	90,540	0.0%	-14.1%
TOTAL REVENUE (A through F)	\$5,539,975	\$6,961,540	\$6,444,880	\$6,321,364	\$5,627,462	-12.7%	-11.0%
G Operating Expenditures	3,715,598	4,136,536	4,829,775	4,388,839	4,569,985	-5.4%	4.1%
H CIP Projects	0	3,804,699	4,835,929	1,100,000	637,710	-86.8%	-42.0%
I General Capital Outlay	133,882	75,993	95,600	90,200	159,940	67.3%	77.3%
J Debt Service	270,000	682,500	612,500	612,500	656,931	7.3%	7.3%
K Capital Replacement Reserve Fund	200,000	200,000	200,000	200,000	200,000	0.0%	0.0%
L Payments to Land Use Jurisdictions/FORA							
Reimb. to Land Use Agencies (5% of OR)	28,772	49,803	30,000	33,039	34,000	13.3%	2.9%
FORA Admin/Liaison Fees	25,000	25,000	25,000	25,000	25,000	0.0%	0.0%
Reimbursements to FORA (5% of OR)	73,470	197,252	250,000	250,143	250,000	0.0%	-0.1%
Mmbrshp on FORA Bd. of Directors (1% of OR)	37,000	37,000	37,000	37,000	37,000	0.0%	0.0%
TOTAL EXPENDITURES (G through L)	\$4,483,722	\$9,208,783	\$10,915,804	\$6,736,721	\$6,570,566	-39.8%	-2.5%
TRANSFER FROM/(TO) RESERVES	(\$1,056,253)	\$2,247,243	\$4,470,924	\$415,357	\$943,104		
NET REVENUE	\$0	\$0	\$0	\$0	\$0		

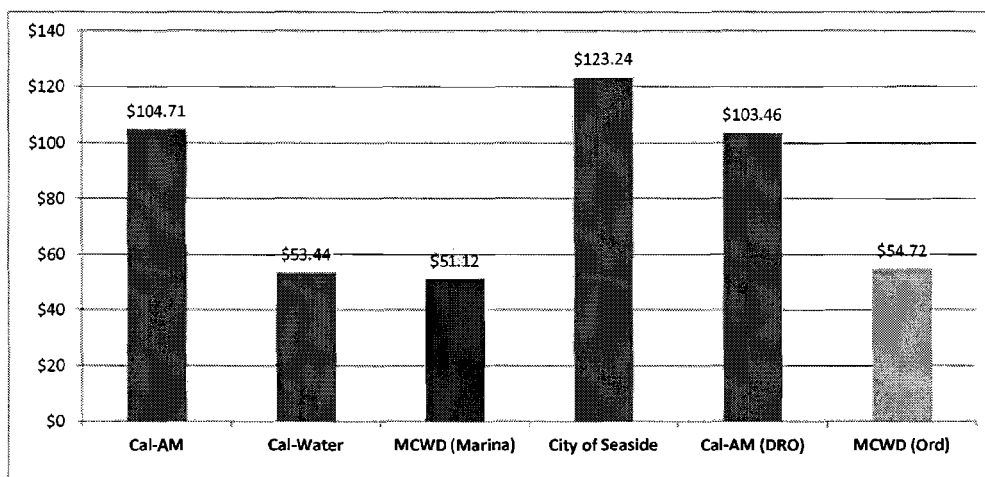
MONTHLY WATER RATES FOR REGION SURROUNDING THE ORD COMMUNITY

Revised March 12, 2012

TYPE OF FEE	CAL-AM ¹	California Water Service Company ⁴	Proposed MCWD City of Marina ³	Seaside Mun. Water ²	City of Del Rey Oaks (Cal-Am) ¹	Proposed MCWD Ord Community ³	Median Rates
Quantity Rate per 100 cu.ft.							
1st tier	\$0.2798	\$1.9067	\$2.29	\$3.59	\$0.2798	\$2.45	\$2.10
2nd tier	\$0.4068	\$2.0070	\$2.79	\$7.77	\$0.4068	\$3.43	\$2.40
3rd tier	\$0.8136	\$2.2479	\$5.09	\$12.59	\$0.8136	\$4.43	\$3.34
4th tier	\$1.6272			\$17.96	\$1.6272		\$1.63
5th tier	\$2.8475			\$24.64	\$2.8475		\$2.85
6th tier				\$32.15			
Breakpoint for 1st tier	40	600	800	400	40	800	500
Breakpoint for 2nd tier	80	1,100	1,600	1,000	80	1,600	1,050
Breakpoint for 3rd tier	120	1700+	1600+	2,000	120	1600+	1,600
Breakpoint for 4th tier	160			3,000	160		
Breakpoint for 5th tier	200			4,000	200		
				4,000 +			
Meter Service Charge per month							
3/4-inch	\$13.29	\$24.49	\$18.85	\$24.49	\$13.29	\$17.97	\$18.41
Service Charge (hcf)		0.200					\$0.20
Service Charge (monthly)	3.8100	1.547			2.5600		\$2.56
Surcharges (%)	7.6280				7.6280		\$7.63
Surcharges	3.71	-1.163			3.71		\$3.71
For illustrative purposes only, monthly rates based on 13 hcf/month, or 0.358 acre feet/year	\$104.71	\$53.44	\$51.12	\$123.24	\$103.46	\$54.72	\$66.46

- 1. Rates effective as of July 1, 2011.
- 2. Proposed rates effective as of July 1, 2012.

MONTHLY WATER RATES FOR REGION SURROUNDING THE ORD COMMUNITY - 13 hcf



2011 Ord Community Water Consumption vs. Allocation (in Acre Feet per year)

EXHIBIT W-5

Entity	2010 Consumption	2011 Consumption	Fort Ord Reuse Plan Allocation (AFY)	% of
OMC				
Nonresidential	45	36		
Residential	182	201		
Residential (e)	410	401		
Irrigation	39	39		
Subtotal	676	677	1,577.0 (1) (4)	43%
Construction Water - Army	3	0		
CSUMB				
Main Campus	136	182		
CSUMB Housing (metered)	232	244		
CSUMB Housing (e)	0	0		
CSUMB Irrigation	35	35		
CSUMB Irrigation (e)	0	0		
Subtotal	403	461	1,035.0	45%
UC MBEST	3	2	230.0	
County	10	10	710.0 (7)	
County/State Parks	0	0	45.0	
Cty/Del Rey Oaks	0	0	242.5 (6)(7)	
Cty/Monterey	0	0	65.0	
Cty/Marina (Sphere)	0	0	10.0	
Subtotal	13	12	1,302.5	1%
Seaside				
Golf Course	349	430		
MPUSD	100	78		
Brostrom	60	59	85.0 (4)	
Thorson	60	69	120.0 (3)	
Seaside Highlands	166	166		
Monterey Bay Land, LLC	0	0	114.0 (5)	
Other	5	5	693.0 (7)	
Subtotal	740	806	1,012.0 (4)	80%
Construction Water - Seaside	51	1		
Marina				
Preston/Abrams	177	174		
Airport	10	7		
Other	69	78		
Subtotal	256	258	1,325.0 (7)	20%
Construction Water - Marina	15	5		
Total	2,157	2,221	6,251.5	36%
Assumed Line Loss	232 (8)	127 (8)	348.5 (7)	
Total Extracted	2389	2348		
Reserve	4211	4252	0 (7)	
Total	6600	6600	6,600	

Notes:

(e) indicates water use is estimated; meters are not installed.

Footnotes:

(1) The 1996/1998 FORA Board Allocation Plan reflects 1410 afy that considers future conservation on the POM Annex. The OMC's current reservation of 1577 afy reflects the decrease of 38 afy and 114 afy (see footnote (4)) from the original 1729 afy. The FORA Board has not yet revised the allocation numbers to reflect this change.

(3) The Sunbay/Thorson property was given its own allocation (120 afy) as part of the transfer of real estate from the US Army to the Southwest Sunbay Land Company.

(4) Seaside's original allocation of 710 afy was augmented by 38 afy by agreement with the OMC and Brostrom, and by 114 afy under final terms of the land exchange agreement among the City of Seaside, Monterey Bay Land, LLC and the US Army.

(5) 114 afy of Monterey Bay Land, LLC controlled potable water includes the proviso that the City of Seaside shall use no less than 39 afy of such water for affordable or workforce housing.

(6) The FORA Board approved an additional 17.5 afy for Del Rey Oaks on 05/13/2005.

(7) In January 2007, the FORA Board changed the 150 afy interim use loans to Marina, Seaside, Del Rey Oaks and Monterey County in October 1998 to add to their permanent allocations.

(8) Line loss figures include water transferred from Ord to Marina system through the inter-tie. The transferred numbers are tracked in the SCADA system and will be repaid back to Ord from Marina over time.

Ord Community Wastewater System

**MARINA COAST WATER DISTRICT
ORD COMMUNITY WASTEWATER SYSTEM OPERATIONS
PROPOSED BUDGETS**

	Actual Ord Community Wastewater Expenses FY 2009-2010	Actual Ord Community Wastewater Expenses FY 2010-2011	Adopted Budget Ord Community Wastewater Expenses FY 2011-2012	Estimated Ord Community Wastewater Expenses FY 2011-2012	Proposed Budget Ord Community Wastewater Expenses FY 2012-2013	BUD vs BUD % CHANGE	BUD vs EST % CHANGE
Administration/Management							
Personnel	\$180,898	\$160,948	\$116,190	\$132,736	\$154,850	33.3%	16.7%
Expenses	\$44,393	\$66,762	\$80,220	\$76,196	\$89,030	11.0%	16.8%
Insurance	\$13,705	\$13,640	\$13,750	\$13,705	\$13,640	-0.8%	-0.5%
Legal	\$17,396	\$16,865	\$12,650	\$14,100	\$3,300	-73.9%	-76.6%
Interest Expense	\$301,475	\$467,421	\$466,560	\$460,709	\$395,300	-15.3%	-14.2%
subtotal	\$557,867	\$725,636	\$689,370	\$697,446	\$656,120	-4.8%	-5.9%
Operations & Maintenance							
Personnel	\$185,755	\$198,580	\$233,100	\$272,321	\$230,318	-1.2%	-15.4%
Maintenance Expenses	\$42,206	\$93,134	\$96,520	\$41,147	\$109,510	13.5%	166.1%
Power Costs	\$49,521	\$50,056	\$57,100	\$48,010	\$52,825	-7.5%	10.0%
Annual Maintenance	\$5,270	\$809	\$10,000	\$10,000	\$15,000	50.0%	50.0%
subtotal	\$282,752	\$342,579	\$396,720	\$371,478	\$407,653	2.8%	9.7%
Engineering Department							
Personnel	\$126,911	\$159,077	\$68,820	\$90,841	\$77,761	13.0%	-14.4%
Expenses	\$1,709	\$994	\$1,100	\$1,853	\$275	-75.0%	-85.2%
Outside Consultants	\$7,642	\$10,560	\$5,500	\$47,598	\$17,850	224.5%	-62.5%
subtotal	\$136,262	\$170,631	\$75,420	\$140,292	\$95,886	27.1%	-31.7%
TOTAL	\$976,881	\$1,238,846	\$1,161,510	\$1,209,216	\$1,159,659	-0.2%	-4.1%

MARINA COAST WATER DISTRICT
ORD COMMUNITY WASTEWATER SYSTEM
CAPITAL IMPROVEMENT PROJECT BUDGET FOR FY 2012-2013

EXHIBIT WW-2

Project No.	Project Name	Amount
WD-0203	MCWD Fort Ord Office Landscape Project	\$2,255
WD-0115	SCADA System Improvements - Phase I	\$44,880
OS-0200	Clark Lift Station Improvement	\$395,000
OS-0150	East Garrison Lift Station Improvements	<u>\$217,000</u>
	TOTALS	<u>\$659,135</u>

Capital Improvement Project Sheet

Project:	MCWD Fort Ord Office Landscape Project
Project No:	WD-0203
Cost Center:	Marina Water; Marina Sewer; Ft Ord Water; Ft Ord Sewer

Project Description
 This project is for completing the installation of landscaping at MCWDs' Fort Ord Office located at 2840 4th Avenue in Marina, CA. the project scope includes installing a "water-wise" irrigation system and the planting of native plant species and other low water use plants.

Project Justification
 A landscape installed as a demonstration "garden", which will be open to the general public, will enhance the public's understanding of the District's landscape and conservation ordinances.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
Cost Category / Phasing								
Planning								
External Services								0
Internal Services								0
Design								
External Services								0
Internal Services								0
Construction								
External Services		11,500						11,500
Internal Services		9,000						9,000
Property / Easement Acquisitions								0
Other Project Costs								0
Estimated Cost By Fiscal Year	0	20,500	0	0	0	0	0	20,500

Project Funding / Cost Centers	G L Code	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
01 - Marina Water	01-00-160-402	30%	0	6,150	0	0	0	0	0	6,150
02 - Marina Sewer	02-00-160-402	9%	0	1,845	0	0	0	0	0	1,845
03 - Ft Ord Water	03-00-160-402	50%	0	10,250	0	0	0	0	0	10,250
04 - Ft Ord Sewer	04-00-160-402	11%	0	2,255	0	0	0	0	0	2,255
										0
Funding By Fiscal Year			0	20,500	0	0	0	0	0	20,500

Capital Improvement Project Sheet

Project:	SCADA System Improvements - Phase I
Project No:	WD-0115
Cost Center:	Marina Water; Marina Sewer; Ft Ord Water; Ft Ord Sewer

Project Description
 This project is for improving the Supervisory, Control, and Data Acquisition (SCADA) facilities. MCWD has more than 40 (current) remote water and sewer infrastructure sites that need SCADA improvement. The current phase of the project will result in functional and expandable SCADA "hubs" that will transmit signals to MCWD's O&M control room while the future phases will up-grade the remote sites.

Project Justification
 This project is needed to increase the reliability of the SCADA facilities. A well-functioning SCADA system is fundamental to efficient operation of water and wastewater systems and reliable SCADA facilities reduce risk because problems with remote infrastructure can be identified, communicated and/or prevented prior to failure.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
Cost Category / Phasing								
Planning								
External Services								0
Internal Services								0
Design								
External Services								0
Internal Services								0
Construction								
External Services	554,890	400,000	125,000	125,000	125,000	125,000		1,454,890
Internal Services		8,000	10,000	10,000	10,000	10,000		48,000
Property / Easement Acquisitions								0
Other Project Costs								0
Estimated Cost By Fiscal Year	554,890	408,000	135,000	135,000	135,000	135,000	0	1,502,890

Project Funding / Cost Centers	G L Code	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
01 - Marina Water	01-00-160-402	30%	166,467	122,400	40,500	40,500	40,500	40,500	0	450,867
02 - Marina Sewer	02-00-160-402	9%	49,940	36,720	12,150	12,150	12,150	12,150	0	135,260
03 - Ft Ord Water	03-00-160-402	50%	277,445	204,000	67,500	67,500	67,500	67,500	0	751,445
04 - Ft Ord Sewer	04-00-160-402	11%	61,038	44,880	14,850	14,850	14,850	14,850	0	165,318
										0
Funding By Fiscal Year			554,890	408,000	135,000	135,000	135,000	135,000	0	1,502,890

Capital Improvement Project Sheet

Project:	Clark Lift Station Improvement
Project Number:	OS-0200
Cost Center:	Ord Community Sewer

Project Description
 This project is for replacing the current sanitary sewer lift station with an improved lift station. The project scope includes an up-graded concrete below-grade we-well, a dual submersible pump, and a valve vault. A back-up generator is also included in the scope. The project is located at the intersection of Brostrom and Clark Court in the Former Fort Ord portion on eastern Marina.

Project Justification
 This project is needed because the existing lift station is beyond its useful life. The lift station is costly to maintain and operate; replacement will result in lower operational expense.

PROJECT COSTS:	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
Cost Category / Phasing								
Planning								
External Services								0
Internal Services								0
Design								
External Services		15,000						15,000
Internal Services		12,000						12,000
Construction								
External Services		360,000						360,000
Internal Services		8,000						8,000
Property Easement / Acquisitions								0
Other Project Costs								0
Estimated Cost By Fiscal Year	0	395,000	0	0	0	0	0	395,000

Project Funding / Cost Centers	G L CODE	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
04 - Fort Ord Sewer		100%	0	395,000	0	0	0	0	0	395,000
										0
										0
										0
Funding By Fiscal Year			0	395,000	0	0	0	0	0	395,000

Capital Improvement Project Sheet

Project:	East Garrison Lift Station Improvements
Project Number:	OS-0150
Cost Center:	Ord Community Sewer

Project Description
 This project is for the East Garrison sanitary sewer lift station. The project scope for this phased project will mirror the flow-rate demands of the East Garrison development project. The initial phase will be an up-grade of the existing FORA-constructed facility. The project is located near the entrance of East Garrison, adjacent to Reservation Road.

Project Justification
 The installation of the lift station facility provides sanitary sewer service for the future residents of the East Garrison Development; the first structures that might be occupied soon broke ground in April 2012. Future phases of the project will be implemented based on the progress of the development.

PROJECT COSTS:		Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
Cost Category / Phasing									
Planning									
External Services		11,224							11,224
Internal Services									0
Design									
External Services		81,000	40,000	20,000			60,000		201,000
Internal Services			9,000	9,000			9,000		27,000
Construction									
External Services		231,796	160,000	60,000			650,000		1,101,796
Internal Services			8,000	8,000			12,000		28,000
Property Easement / Acquisitions									0
Other Project Costs									0
	Estimated Cost By Fiscal Year	324,020	217,000	97,000	0	0	731,000	0	1,369,020

Project Funding / Cost Centers	G L CODE	% Cost Splits	Prior Years	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	OUT YEARS	Total
04 - Fort Ord Sewer	04-00-160-025	100%	324,020	217,000	97,000	0	0	731,000	0	1,369,020
										0
										0
										0
										0
	Funding By Fiscal Year		324,020	217,000	97,000	0	0	731,000	0	1,369,020

**MARINA COAST WATER DISTRICT
ORD COMMUNITY WASTEWATER SYSTEM OPERATIONS
PROJECTED NET REVENUE**

EXHIBIT WW-3

		Actual FY 2009-2010	Actual FY 2010-2011	Adopted FY 2011-2012	Estimated FY 2011-2012	Proposed FY 2012-2013	BUD vs BUD %	BUD vs EST %
	Estimated # of EDU's	5,490	5,599	5,595	5,530	5,530		
	Flat Rate Billing per EDU	\$22.60	\$24.36	\$25.56	\$25.56	\$26.84		
	Monthly Capital Surcharge (per EDU)	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00		
	Annual Revenue - Flat Rate Billing	1,488,795	1,636,658	1,713,300	1,693,559	1,778,237	3.8%	5.0%
	Other Fees & Charges	49,615	15,075	11,000	5,794	5,000	-54.5%	-13.7%
A	Total Operating Revenue	1,538,410	1,651,733	1,724,300	1,699,353	1,783,237	3.4%	4.9%
B	Capacity Fee (\$2,150 per EDU)	110,880	40,632	10,000	4,623	4,000	-60.0%	-13.5%
C	Capital Surcharge Revenue	10,511	18,370	18,000	18,570	18,000	0.0%	-3.1%
D	Bond Revenue	7,809	8,561	7,800	8,552	8,550	9.6%	0.0%
E	Non-Operating Revenue (Including Interest Income)	130,207	54,674	43,500	45,526	44,760	2.9%	-1.7%
	TOTAL REVENUE (A through E)	\$1,797,817	\$1,773,970	\$1,803,600	\$1,776,624	\$1,858,547	3.0%	4.6%
F	Operating Expenditures	1,001,696	1,226,910	1,149,510	1,197,216	1,147,659	-0.2%	-4.1%
G	CIP Projects	0	351,564	1,459,985	0	659,135	-54.9%	0.0%
H	General Capital Outlay	25,513	13,715	15,400	14,300	27,555	78.9%	92.7%
I	Debt Service (principal)	160,000	277,700	265,300	265,300	272,896	2.9%	2.9%
J	Capital Replacement Reserve Fund	100,000	100,000	100,000	100,000	100,000	0.0%	0.0%
K	Reimb. To Land Use Agencies (5% of OR)	-24,815	11,936	12,000	12,000	12,000	0.0%	0.0%
	TOTAL EXPENDITURES (F through K)	\$1,262,394	\$1,981,825	\$3,002,195	\$1,588,816	\$2,219,245	-26.1%	39.7%
	Transfer From/(To) Reserves	(\$535,423)	\$207,855	\$1,198,595	(\$187,808)	\$360,698		
	BALANCE	\$0	\$0	\$0	\$0	\$0		

MONTHLY WASTEWATER COLLECTION RATES FOR REGION SURROUNDING THE ORD COMMUNITY

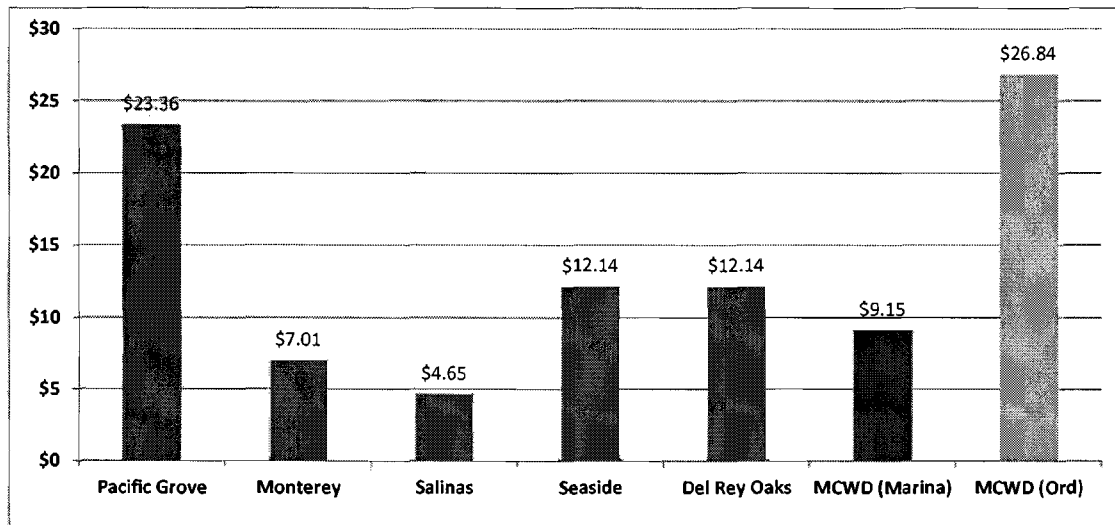
Revised March 12, 2012

SERVICE DESCRIPTION	City of Pacific Grove ¹	City of Monterey ²	City of Salinas ²	SCSD City of Seaside ²	SCSD City of Del Rey Oaks ²	Proposed MCWD City of Marina ³	Proposed MCWD Ord Community ³
Residential - per Living Unit	\$23.36	\$7.01	\$4.65	\$12.14	\$12.14	\$9.15	\$26.84
Business - 15 employees	\$31.83	\$7.18	\$6.44	\$18.74	\$18.74	\$13.73	\$40.26
Church - over 100 members	\$31.83	\$9.30	\$6.44	\$9.37	\$9.37	\$9.15	\$26.84
Laundromat - each washing machine	\$12.80	\$3.12	\$2.59	\$8.16	\$8.16	\$5.49	\$16.10
General Hospital - each bed	\$35.81	\$7.87	\$7.25	\$13.74	\$13.74	\$7.32	\$21.47
Motel/hotel - each room	\$9.69	\$2.02	\$1.96	\$5.27	\$5.27	\$2.29	\$6.71
Restaurant - each seat	\$4.41	\$0.52	\$0.89	\$1.35	\$1.35	\$0.64	\$1.88
High School/University - each student/faculty	\$0.35	\$0.10	\$0.07	\$0.25	\$0.25	\$0.64	\$1.88
Supermarket - 30 Employees	\$157.95	\$19.61	\$31.96	\$51.19	\$51.19	\$27.45	\$80.52

¹Rate is 173% of MRWPCA rate

²Rate is for FY 2012/2013 based on 2011/2012 Prop 218 notice

³Rate is proposed for FY 2012/2013 based on 2011/2012 Prop 218 notice



MCWD (Ord) rate will decrease as rate base increases. Current rate base must support operating costs and debt service on system.

Ord Community Reserves

MARINA COAST WATER DISTRICT
ORD COMMUNITY RESERVE DETAIL
PROJECTED AS OF JUNE 30, 2012

EXHIBIT RES-1

<u>Description</u>	Ord Water	Ord Sewer	TOTALS
Debt Reserve Fund (2006 Bond)*	1,664,919	649,091	2,314,010
Debt Reserve Fund (2010 Bond)*	433,245	101,940	535,185
IOP CD Account*	1,683,239	396,056	2,079,295
Sub-total	<u>3,781,403</u>	<u>1,147,087</u>	<u>4,928,490</u>
Capital Reserves			
Bond Series 2006 Construction Funds**	-	912,065	912,065
Capacity Charge/Capital Surcharge**	1,934,670	273,954	2,208,623
Capital Replacement**	813,558	407,025	1,220,583
Sub-total	<u>2,748,228</u>	<u>1,593,044</u>	<u>4,341,272</u>
General Operating Reserve (#)	1,181,088	2,071,647	3,252,735
Total Projected Reserve as of 06-30-2012	<u>7,710,719</u>	<u>4,811,778</u>	<u>12,522,497</u>
<u>FY 2012-2013 Operating Reserve</u>			
Beginning operating reserve	1,181,088	2,071,647	3,252,735
A Proposed transfers to operations	(305,394)	-	(305,394)
Due to/(Due From) Interfund Transfers	1,289,105	(1,525,000)	(235,895)
B Proposed transfers from operations		298,437	298,437
Projected Ending Balance @ 06-30-2013	<u>2,164,799</u>	<u>845,084</u>	<u>3,009,883</u>
6 mths avg operating expenses required by Board***	2,159,976	550,888	2,710,864
Projected available Operating Reserve @ 06-30-2013	<u>4,823</u>	<u>294,196</u>	<u>299,019</u>
<u>FY 2012-2013 Capital Reserve</u>			
Beginning capital reserve	2,748,228	1,593,044	4,341,272
Proposed transfer to capital reserve	200,000	100,000	300,000
C Proposed transfer from capital reserve	(637,710)	(659,135)	(1,296,845)
Projected Ending Balance @ 06-30-2013	<u>2,310,518</u>	<u>1,033,909</u>	<u>3,344,427</u>
Capital minimum balance required by Board***	1,000,000	1,000,000	2,000,000
Projected available Capital Reserve @ 06-30-2013	<u>1,310,518</u>	<u>33,909</u>	<u>1,344,427</u>
Proposed Net Transfers from (To)/From Reserves (A+B+C)	(943,104)	(360,698)	(1,303,802)

Loan of \$7,622,073 from Ord Water to Regional Project is expected to be reimbursed through Regional Project financing

* Held by external Agencies

** Restricted to only capital spending

***Per Board Policy

AMENDMENT TO WATER/WASTEWATER FACILITIES AGREEMENT

The parties to this Amendment to Water/Wastewater Facilities Agreement ("Amendment") are the FORT ORD REUSE AUTHORITY ("FORA") and the MARINA COAST WATER DISTRICT ("MCWD"), which agree as follows:

1. Agreed Facts. The parties entered into an agreement dated March 13, 1998 and entitled "Water/Wastewater Facilities Agreement" ("Agreement"). Subsequent changes in applicable law and circumstances make it mutually beneficial for the parties to amend the Agreement to add the option of effecting the conveyance of the subject water and wastewater facilities to MCWD either through a no-cost economic development conveyance through FORA or through a public benefit conveyance through the US Department of Health and Human Services. Such an amendment will benefit both parties by potentially expediting the conveyance and providing greater flexibility in operating the facilities with greater public and economic benefit to the communities served by the parties.

2. Amendment Procedure. Paragraph 10.7 of the Agreement requires consent of the governing Boards of both parties to amend the Agreement. As with the Agreement, FORA will adopt this Amendment by ordinance and MCWD will adopt this Agreement by resolution. FORA is the lead agency for adoption of this Amendment.

3. Definitions. The definitions of words and terms in the Agreement shall control the meaning of the same words and terms used in this Amendment.

4. Amendments. The Agreement is amended as follows:

4.1 Paragraph 1.4 is amended as follows:

"EXISTING FACILITIES. The USA presently owns all existing facilities. The USA has determined to divest itself of the existing facilities. Federal law authorizes such divestiture by either a "public benefit conveyance" or a "no-cost economic development conveyance" to a local governmental entity satisfying certain criteria, which criteria are satisfied by MCWD. FORA and MCWD have formally determined that MCWD's acquisition of the existing facilities for the service area by either a public benefit conveyance or a no-cost economic development conveyance will benefit mutually the service area and the area within MCWD's jurisdictional boundaries."

4.2 Paragraph 1.5 is amended as follows:

"CONTEXT. The public health, safety and welfare of the present population of the Ft. Ord reuse area and all future population require continued operation of a water distribution system and a wastewater collection system. The U.S. Army has agreed to convey the systems pursuant to federal law and regulations. Following organization of FORA, discussions commenced with the USA regarding transfer of ownership and operation of the facilities, and FORA evolved a process to assure continuity of management and operation. FORA has been given a limited statutory life and must find reliable utility providers to assume the responsibility for system operation. The FORA

Board appointed a select committee from technical staff of its members to design a set of minimum requirements for water system operators and invited statements of qualifications from those interested. Three statements were received and referred to the same select committee for evaluation, analysis, and recommendation. After receiving the select committee's analysis and recommendation, and after providing opportunity for public input, at its meeting of October 11, 1996, the FORA Board authorized staff to commence negotiations with MCWD for the purpose of negotiating an agreement with MCWD whereby MCWD would assume the responsibility of the operation, maintenance, and ownership of the existing water (and wastewater collection) systems on the former Fort Ord. The same select committee was authorized to oversee the negotiations that were undertaken by FORA staff. Negotiations included detailed financial analyses by FORA staff/consultants and by Stone & Youngberg LLC. These analyses are very comprehensive and demonstrate MCWD's fiscal capacity. The Stone & Youngberg Financial Analysis includes provision for possible payments to FORA and various land use agencies in accordance with law. On May 9, 1997, the FORA Board authorized the staff to work with MCWD to develop an agreement regarding the systems and to prepare an application for Public Benefit Conveyance (PBC) to be filed after the FORA/MCWD agreement is authorized for execution by the FORA Board. Effective June 2, 1997, MCWD has been selected by the USA to be the interim operator of the facilities pending a full transfer. The parties anticipate that such full transfer will be by either a public benefit conveyance or a no-cost economic development conveyance pursuant to this Agreement."

4.3 The heading of Paragraph 3.1 is amended as follows:

"APPLICATION FOR PUBLIC BENEFIT CONVEYANCE OR NO-COST ECONOMIC DEVELOPMENT CONVEYANCE; PERMITS TO OPERATE."

4.4 Paragraph 3.1.1 is amended as follows:

"MCWD Responsibilities. MCWD, as lead agency, will diligently either prosecute an application to the USA for a public benefit conveyance to MCWD, or through FORA prosecute a no-cost economic development conveyance to MCWD of all of the USA's existing sewer and water facilities and appurtenances and incidental rights of access, extraction, discharge, and use for the service area. MCWD will also act diligently to obtain and maintain in good standing all permits needed to operate all such facilities."

4.5 Paragraph 3.1.2 is amended as follows:

“FORA Responsibilities. FORA will forego and forebear its rights to acquire the facilities through negotiated sale, economic development conveyance, or any other procedure permitted under law, and FORA hereby nominates and designates MCWD as the appropriate local governmental entity to acquire the facilities for the benefit of FORA, its member agencies, and the general public. FORA will support MCWD's application for conveyance of the facilities and incidental rights to MCWD through either a public benefit conveyance or a no-cost economic development conveyance.

4.6 Paragraph 7.1.4 is amended as follows:

“Payments to FORA. Upon the effective date of either a public benefit conveyance or a no-cost economic development conveyance of the facilities to MCWD, when MCWD has the ability to levy and collect rates for service through the facilities within the Service Area, MCWD will commence to pay to FORA monies determined to be due as provided in this section. The amount of MCWD's payments to FORA under this section will be included in each budget and request for change presented to FORA under section 7.1.3.”

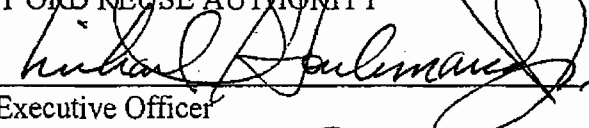
4.7 Paragraph 9.3 is amended as follows:

“TERM. This Agreement shall have a term coincident with the legal existence of FORA, unless the USA denies MCWD's application for a public benefit conveyance or MCWD's application through FORA for a no-cost economic development conveyance. If the USA denies MCWD's application for a public benefit conveyance or for a no-cost economic development conveyance, the parties shall meet and confer in good faith during the 120 days immediately following the final denial to discuss possible change in terms for MCWD to acquire, construct, operate and/or furnish the facilities. If FORA and MCWD cannot agree on new terms within the 120 days, or such other additional time as may be agreed by FORA and MCWD, this Agreement shall terminate and have no further effect, and the parties thereafter shall have no further rights or obligations under this Agreement.”

5. Incorporation of Terms. This Amendment is incorporated into the Agreement by this reference, and all the provisions of the Agreement as specifically amended by this Amendment, including but not limited to execution in counterparts are incorporated in and apply to this Amendment.

IN WITNESS WHEREOF, the parties hereto, by and through their respective, duly authorized representatives, have executed this Agreement on the dates indicated.

FORT ORD REUSE AUTHORITY

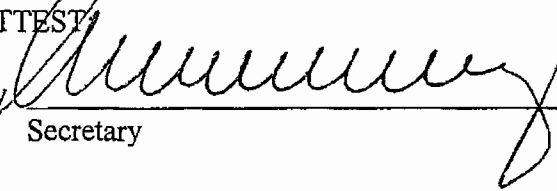
By 
Executive Officer

MARINA COAST WATER DISTRICT

By 
President, Board of Directors

Dated: 3-2-01

ATTEST:

By 
Secretary

WATER/WASTEWATER FACILITIES AGREEMENT

The parties to this Water/Wastewater Facilities Agreement ("Agreement") are the FORT ORD REUSE AUTHORITY and the MARINA COAST WATER DISTRICT, which agree as follows:

ARTICLE 1. AGREED FACTS

1.1. CAPACITY OF THE PARTIES. FORA is a local governmental entity and is defined as a public corporation of the State of California established by the FORA Act. MCWD is a County Water District and political subdivision of the State of California, organized under Division 12, sections 30000 and following, of the California Water Code.

1.2. AUTHORITY. FORA has authority under the FORA Act, and particularly under Government Code section 67679(a)(1), to plan for and arrange the provision of those base wide public capital facilities described in the Fort Ord Reuse Plan, including, but not limited to, sewage and water conveyance and treatment facilities to assure a reasonable transition from military ownership and operation to civilian ownership and operation, and to further the integrated future use of Fort Ord. MCWD has authority, under Water Code sections 30000 and following, and under Article 11, Section 9 of the California Constitution, to acquire, construct, operate, and furnish water and sewer facilities outside its boundaries and within the jurisdictional boundaries of a local governmental entity by agreement with the local governmental entity.

1.3. PURPOSE. The parties intend by this Agreement to establish the terms and conditions for FORA to plan and arrange for the provision of the facilities, and for MCWD to acquire, construct, operate, and furnish the facilities, to benefit mutually the service area and the area within MCWD's jurisdictional boundaries. This Agreement will govern MCWD's ownership and operation of the facilities.

1.4. EXISTING FACILITIES. The USA presently owns all existing facilities. The USA has determined to divest itself of the existing facilities. Federal law authorizes such divestiture by a "public benefit conveyance" to a local governmental entity satisfying certain criteria, which criteria are satisfied by MCWD. FORA and MCWD have formally determined that MCWD's acquisition of the existing facilities for the service area by a public benefit conveyance will benefit mutually the service area and the area within MCWD's jurisdictional boundaries.

1.5. CONTEXT. The public health, safety and welfare of the present population of the Ft. Ord reuse area and all future population require continued operation of a water distribution system and a wastewater collection system. The

U.S. Army has agreed to convey the systems pursuant to federal law and regulations. Following organization of FORA, discussions commenced with the USA regarding transfer of ownership and operation of the facilities, and FORA evolved a process to assure continuity of management and operation. FORA has been given a limited statutory life and must find reliable utility providers to assume the responsibility for system operation. The FORA Board appointed a select committee from technical staff of its members to design a set of minimum requirements for water system operators and invited statements of qualifications from those interested. Three statements were received and referred to the same select committee for evaluation, analysis, and recommendation. After receiving the select committee's analysis and recommendation, and after providing opportunity for public input, at its meeting of October 11, 1996, the FORA Board authorized staff to commence negotiations with MCWD for the purpose of negotiating an agreement with MCWD whereby MCWD would assume the responsibility of the operation, maintenance, and ownership of the existing water (and wastewater collection) systems on the former Fort Ord. The same select committee was authorized to oversee the negotiations that were undertaken by FORA staff. Negotiations included detailed financial analyses by FORA staff/consultants and by Stone & Youngberg LLC. These analyses are very comprehensive and demonstrate MCWD's fiscal capacity. The Stone & Youngberg Financial Analysis includes provision for possible payments to FORA and various land use agencies in accordance with law. On May 9, 1997, the FORA Board authorized the staff to work with MCWD to develop an agreement regarding the systems and to prepare an application for Public Benefit Conveyance (PBC) to be filed after the FORA/MCWD agreement is authorized for execution by the FORA Board. Effective June 2, 1997, MCWD has been selected by the USA to be the interim operator of the facilities pending a full transfer. The parties anticipate that such full transfer will be by public benefit conveyance pursuant to this Agreement.

1.6. WATER SUPPLY CAPACITY RIGHTS. The FORA Board has previously adopted a comprehensive plan for the administration of groundwater extraction rights consistent with the Agreement between the USA and the Monterey County Water Resources Agency dated September 1993. It is anticipated this plan may be amended from time to time at the sole discretion of the FORA Board. The total volume of groundwater available for this plan is 6,600 acre feet per year.

1.7. LEAD AGENCY. FORA is the lead agency for the adoption of this Agreement.

ARTICLE 2. DEFINITIONS AND ATTACHMENTS

2.1. "Committee" means the Water/Wastewater Oversight Committee appointed by the FORA Board to oversee the provision of water and wastewater collection services by MCWD under this Agreement.

- 2.2. "Facilities" means the public capital facilities used to provide water and wastewater collection services on the service area, including appurtenances and incidental rights of access, extraction, discharge, and use. Sewage (herein also called "sewer" and "wastewater") and water public capital facilities existing as of the date of this Agreement are generally shown on Exhibits A and B to this Agreement. Public capital facilities are those on MCWD's side of the service connection, including the meter for water service. For sewer facilities, the service connection is at the tap into the main collection system, wherever located, as determined by MCWD.
- 2.3. "FORA" means Fort Ord Reuse Authority.
- 2.4. "FORA Act" means the Fort Ord Reuse Authority Act codified in Title 7.85, sections 67650 and following, of the California Government Code, as may be amended from time to time.
- 2.5. "MCWD" means Marina Coast Water District.
- 2.6. "Service Area" means the former Fort Ord Army base in northwestern Monterey County, California. The service area is shown generally on the diagram attached to this Agreement as Exhibit A.
- 2.7. "USA" means the United States of America represented by the Department of the Army.
- 2.8. Attachments to this Agreement:
- EXHIBIT "A": Diagram of Fort Ord Water System/Service Area, Schaaf & Wheeler, April 1994
- EXHIBIT "B": Diagram of Fort Ord Wastewater System/Service Area, FORIS, undated
- EXHIBIT "C": Mediators
- EXHIBIT "D": Gov. Code §§ 54980-54983, 67679(a)(1)
- EXHIBIT "E": Pub. Util. Code §§ 10101, 10102, 10103, 10104 and 10105

ARTICLE 3. FACILITIES ACQUISITION AND OWNERSHIP

3.1. APPLICATION FOR PUBLIC BENEFIT CONVEYANCE; PERMITS TO OPERATE.

3.1.1. MCWD Responsibilities. MCWD, as lead agency, will diligently prosecute an application to the USA for a public benefit conveyance to MCWD of all of the USA's existing sewer and water facilities and appurtenances and incidental rights of access, extraction, discharge, and use for the service area. MCWD will also act diligently to obtain and maintain in good standing all permits needed to operate all such facilities.

3.1.2. FORA Responsibilities. FORA will forego and forebear its rights to acquire the facilities through negotiated sale, economic development conveyance, or any other procedure permitted under law, and FORA hereby nominates and designates MCWD as the appropriate local governmental entity to acquire the facilities for the benefit of FORA, its member agencies, and the general public. FORA will support MCWD's application for a public benefit conveyance.

3.1.3. Joint Responsibilities. MCWD and FORA will diligently take such actions and execute such documents as either considers necessary for MCWD to obtain and confirm all rights in and to the existing wastewater and water facilities and appurtenances and incidental rights of access, extraction, discharge, and use.

3.2. ADDITIONAL FACILITIES.

3.2.1. MCWD Responsibilities. MCWD will cause to be planned, designed and constructed such additional water and sewer facilities as FORA, in consultation with MCWD, reasonably determines are necessary for the service area. MCWD may cause to be planned, designed and constructed any other facilities as MCWD reasonably determines will carry out the purpose of this agreement as expressed in section 1.3 of this Agreement.

3.2.2. FORA Responsibilities. FORA will determine in consultation with MCWD, based on recommendations from the Committee, what additional facilities are necessary for the service area.

3.3. TRANSFER, OBLIGATION, AND ENCUMBRANCE OF FACILITIES. Any transfer, obligation, or encumbrance of any interest in the facilities shall require the prior written approval of both parties.

3.4. ESTABLISHMENT OF WATER AND SEWER CAPACITY RIGHTS.

3.4.1. MCWD Responsibilities. MCWD shall have no responsibility for establishment and administration of water extraction capacity rights and

wastewater discharge and treatment capacity rights, except to compensate FORA for such administration.

3.4.2. FORA Responsibilities. The FORA Board will administer all extraction and discharge rights which may be obtained from the USA, pursuant to the comprehensive plan previously adopted by FORA and such changes as may be made to the plan from time to time by the FORA Board.

3.5. GRANT LOCAL SHARE. MCWD shall assume and pay the local share of any federal or state grant made to improve, maintain or add to the facilities. Any such obligation shall be a reimbursable cost under section 7.1.2 of this Agreement.

ARTICLE 4. OVERSIGHT

4.1. MCWD RESPONSIBILITIES. MCWD shall own and operate the facilities under the oversight and with the approvals and authorizations of FORA and the Committee as provided in this Agreement. MCWD shall cooperate with FORA and the Committee, and shall provide such information to the Committee as reasonably requested by the Committee, including but not limited to the reports enumerated in section 4.2.3 of this Agreement.

4.2. FORA RESPONSIBILITIES.

4.2.1. Committee Appointment. A Water/Wastewater Oversight Committee will be appointed by the FORA Board from appropriate agency staff members who will serve at the pleasure of the Board. The Committee will include representatives from the future land use jurisdictions and the two Universities (Cities of Marina, Seaside, Monterey, Del Rey Oaks, the County of Monterey, CSUMB and UCMBEST), for a total of seven members (see attachment).

4.2.2. Committee Role. The Committee shall be advisory to the FORA Board and shall have the following functions:

- 4.2.2.1. Receive recommendations regarding operation of the facilities.
- 4.2.2.2. Advise the FORA Board and staff on appropriate action regarding such recommendations.
- 4.2.2.3. Review and recommend on operating and capital improvement budgets.
- 4.2.2.4. Periodically review and recommend a master plan of public sewer and water facilities.

- 4.2.2.5. Make recommendations pursuant to Article 7 of this Agreement, including recommendations regarding allocation of costs over benefitted properties.
- 4.2.2.6. Confirm adequacy of services provided.
- 4.2.2.7. Review the annual financial statement and MCWD audit to affirm that results achieved comport with expectations of FORA.
- 4.2.2.8. Evaluate annually the performance of MCWD in accordance with this Agreement.
- 4.2.2.9. Advise on short and long term financial planning and fiscal management.
- 4.2.2.10. Assure that the facilities are complimenting implementation of the reuse plan.

4.2.3. Evaluation Criteria. The Committee will use the following criteria in evaluating MCWD's performance under this Agreement:

- 4.2.3.1. Timely development annually of operation and capital budgets.
- 4.2.3.2. Timely and accurate quarterly and annual financial reports.
- 4.2.3.3. Timely and accurate quarterly and annual operational reports.
- 4.2.3.4. Customer service orientation and MCWD's responsiveness to customer concerns, as shown in quarterly and annual reports of customer communications and responses.

ARTICLE 5. FACILITIES OPERATION

5.1. MCWD RESPONSIBILITIES.

5.1.1. Operation. MCWD will operate the facilities in accordance with applicable laws, rules and regulations, and policies established by the MCWD Board and the FORA Board, and procedures adopted by MCWD staff after

consultation with the Committee. Unless this Agreement or any policy or procedure established pursuant to this Agreement provides otherwise, MCWD will operate the facilities in the same manner as MCWD operates similar facilities for other areas served by MCWD.

5.1.2. Communication and Reports. MCWD will communicate regularly with the Committee about the operation of the facilities, and will respond promptly to communications from FORA and the Committee. MCWD will deliver quarterly and annual operational reports to the Committee.

5.1.3. Complaints. Complaints about MCWD's operation of the facilities will be dealt with in the first instance by MCWD's General Manager or designee. Decisions of the General Manager or designee may be appealed to the FORA Board in the same manner that decisions within the boundaries of MCWD are appealed to MCWD's Board. The decision of the FORA Board on complaints will be final and will exhaust all administrative remedies.

5.1.4. Interconnection With MCWD Facilities. Interconnections currently exist between the facilities and MCWD's facilities. MCWD may improve interconnections between MCWD's facilities and the facilities, to provide for enhanced, conjunctive and concurrent use of all system facilities to serve the service area and other areas served by MCWD.

5.2. FORA RESPONSIBILITIES. FORA will cooperate with MCWD to establish policies for the operation and administration of the facilities and to facilitate operation and administration of the facilities to achieve the purpose of this Agreement as stated in section 2.3 of this Agreement. FORA will respond promptly to communications from MCWD about operation of the facilities. The FORA Board will deal promptly with appeals of complaints about MCWD's operation of the facilities.

5.3. JOINT RESPONSIBILITIES.

5.3.1. Groundwater Use. The parties will cooperate on MCWD's increased withdrawal of potable groundwater from MCWD's existing wells in the 900-foot aquifer by up to 1,400 acre-feet per year (afy), in compliance with law, to enable the increased withdrawals from 5,200 afy to 6,600 afy for use in the service area, as stipulated in paragraph 4.c. of the September 1993 Agreement between The United States of America and the Monterey County Water Resources Agency, and in paragraph 5.1.1.1 of the "Annexation Agreement and Groundwater Mitigation Framework for Marina Area Lands," recorded August 7, 1996, in Reel 3404 Page 749, in the Office of the Monterey County Recorder.

5.3.2. Groundwater Management. The parties will cooperate to further the conservation, management and protection of groundwater underlying the service area and groundwater used on the service area.

5.3.3. Recycled Water. The parties will cooperate to further the use of recycled, reused and reclaimed water and stormwater.

5.4. AGREEMENT ADMINISTRATION. The following persons or their designated representatives shall be the contact persons for the parties and shall administer this Agreement:

Executive Officer of FORA
FORA
100 12th Street, Bldg 2880
Marina, CA 93933

General Manager of MCWD
MCWD
200 12th Street, Bldg. 2788
Marina, CA 93933

ARTICLE 6. EX OFFICIO MEMBERSHIP

6.1. MCWD Responsibilities. Close cooperation and communication between FORA and MCWD being vital to the successful implementation of this Agreement, upon execution of this Agreement and payment of the membership fees described in Article 7 of this Agreement, MCWD will become an ex officio member of FORA under applicable provisions of the FORA Act, with all of the rights and obligations of an ex officio member.

6.2. FORA Responsibilities. Upon execution of this Agreement and payment of the membership fees described in Article 7 of this Agreement, FORA will enroll MCWD as an ex officio member of FORA pursuant to the FORA Act, with all of the rights and obligations of an ex officio member.

ARTICLE 7. FINANCIAL PROVISIONS

7.1. MCWD RESPONSIBILITIES

7.1.1. Separate Fund Accounting. MCWD will account for its operations for the service area as a separate fund within the general MCWD operation. The service area fund will have its own line items and account numbers, and will give MCWD the ability to report on revenues and expenses for the service area. Rules for allocating overhead between the service area fund and other MCWD operations will be determined based on the principles set forth in Circular A-87, Cost Principles for State and Local Governments, of the federal Office of Management and Budget.

7.1.2. MCWD Will Recover Costs. MCWD will recover all of its direct and indirect, short term and long term costs of furnishing the facilities to the service area. MCWD shall not be required to take any action in connection with furnishing the facilities to the service area unless and until a source of funds is secured from the service area to pay in full in a reasonable manner consistent with normal accounting practices all of MCWD's direct and indirect, short term and long term costs of the action to be taken by MCWD, including costs of administration, operation, maintenance and capital improvements to provide adequate system capacity to meet existing and anticipated service demands.

7.1.3. Budgets and Compensation Plans.

7.1.3.1. Proposed Budgets. MCWD's General Manager shall submit a proposed budget to the Committee within four months after conveyance of the existing facilities from the USA to MCWD, and shall submit subsequent proposed budgets by March 30 of each year. Each budget shall contain an action budget for one year, from July 1 through June 30, and an operational planning budget for an additional year, and a five-year capital improvement planning budget, updated annually. Each budget shall provide for sufficient revenues to pay MCWD's direct and indirect, short-term and long-term costs to furnish the facilities to the service area for the two years covered by the action budget and the planning budget.

7.1.3.2. Request for Change. MCWD may at any time submit a written request to FORA for recommended changes in compensation. The request shall state in detail the reasons for the request and the amount of change requested.

7.1.3.3. MCWD Board Action. Not less than two weeks nor more than four weeks after receiving FORA's response pursuant to section 7.2, MCWD's governing Board shall act on the response. MCWD's Board may adopt the proposal with FORA's recommended changes, or may refer the matter to mediation as provided in section 10.1 of this Agreement.

7.1.3.4. Term of Adopted Plan. Each adopted compensation plan shall remain in effect until a new plan is adopted.

7.1.4. Payments to FORA. Upon the effective date of a public benefit conveyance of the facilities to MCWD, when MCWD has the ability to levy and collect rates for service through the facilities within the Service Area, MCWD will commence to pay to FORA monies determined to be due as provided in this section. The amount of MCWD's payments to FORA under this section will be included in each budget and request for change presented to FORA under section 7.1.3.

7.1.4.1. MCWD will pay for FORA's administrative and liaison services incurred by FORA in the management and operation of the facilities and the administration of this Agreement.

7.1.4.2. MCWD will pay to FORA an amount equal to five percent (5%) of all revenues derived, earned, or paid to MCWD for any purpose from customers of MCWD or users of water, within the Service Area, to partially compensate FORA for its forbearance pursuant to section 3.1.2 of this Agreement.

7.1.4.3. MCWD will pay any sum due to FORA under any agreement with FORA which may be required under the provisions of sections 10101 and following of the California Public Utilities Code, and sections 54980 and following of the California Government Code.

7.1.4.4. MCWD will pay the fair market value of any interest in property purchased from FORA.

7.1.4.5. MCWD will pay an annual fee for membership on the FORA Board of Directors as an ex-officio member in an amount as the FORA Board may establish by resolution. MCWD acknowledges that MCWD's annual fee for such ex-officio membership may exceed the amount paid by other ex-officio members. The annual fee to be paid by MCWD will not exceed one percent (1%) of all revenues, derived, earned, or paid to MCWD for any purpose from customers of MCWD or users of water within the service area.

7.1.4.6. In the event FORA enters into an agreement with Monterey County or any city which has jurisdiction over a portion of the service area, for the division of revenues derived from the sales of water by MCWD within the jurisdiction of the County or city, the amounts specified in Section 7.1.4.2 of this Agreement shall be reduced by the amount FORA receives pursuant to such agreements for the division of revenues.

7.1.5. MCWD's Financial Authority. MCWD may exercise any authority available to MCWD under law and this Agreement to finance MCWD's operations for the service area.

7.1.6. Defense of Financial Plans. MCWD, at MCWD's cost, shall defend all financial plans adopted and financial actions taken by MCWD and FORA by or pursuant to this Agreement. MCWD may file and prosecute a validating action if authorized by law for any such plan.

7.2. FORA RESPONSIBILITIES.

7.2.1. FORA shall respond to MCWD within three months after receiving a proposed budget or a written request or a referral for further response pursuant to section 7.1.3. FORA's response shall state whether FORA agrees with the proposed budget or written request. If FORA does not agree, FORA's response shall identify each disputed element, shall state detailed reasons for the dispute, and shall specify a resolution acceptable to FORA. If FORA does not respond within three

months, the compensation plan contained in the latest submittal from MCWD shall be deemed adopted.

7.2.2. Nothing in this Agreement shall limit or impair FORA's ability to contract or arrange financing for construction of capital facilities.

7.3. JOINT RESPONSIBILITIES.

7.3.1. MCWD's Board shall adopt by resolution and FORA's Board shall adopt by ordinance, as a supplement to this Agreement, each compensation plan for MCWD determined pursuant to sections 7.1.3 and 7.2.1 of this Agreement.

7.3.2. MCWD and FORA will cooperate in reviewing and working with communications and proposals from other municipal corporations pursuant to sections 10100 and following of the Public Utilities Code and any other provisions of law dealing with water and sewer utility franchises, with the use of the public streets, ways, alleys, and places within the other municipal corporations for the provision of water and sewer services, or with compensation to a municipal corporation for services performed for another municipal or public corporation.

7.3.3. If MCWD makes any payments to another municipal corporation the amount of such payments shall reduce any sums which such municipal corporation would otherwise receive from sales pursuant to Title 7.85 of the Government Code.

ARTICLE 8. RISK MANAGEMENT

8.1. RISK OF LOSS. Except as otherwise provided in this Agreement, MCWD shall bear the risk of loss from its provision of services to the service area, to the same extent and in the same manner and subject to the same limitations as with MCWD's activities within the area from which MCWD's Directors are elected. This Agreement is not intended and shall not be construed to remove any protection from liability or any procedures for claiming liability under state and federal law. Allocation of the risk from defective or inadequate facilities shall be determined in the conveyance of the facilities from the USA. To the fullest extent permitted by law, MCWD's facilities and other assets for providing water and sewer services within its jurisdictional boundaries shall not be at risk from claims based on MCWD's owning, operating, and furnishing the facilities within the service area. MCWD's risk and liability for MCWD's activities for the service area shall be limited to the value of any facilities within or for the service area, the assets in any service area accounts, and the value of insurance carried by MCWD for providing services within the service area. MCWD, with FORA's assistance, shall diligently apply for and attempt to obtain any all state and federal assistance that is available in the event of catastrophic losses to the facilities.

8.2. INSURANCE. Throughout the term of this Agreement MCWD shall maintain insurance with coverage and limits equivalent to that maintained for MCWD's operations within its jurisdictional boundaries. The insurance shall cover the members of the Committee and shall name FORA as an additional insured.

8.3. COST OF RISK. Each compensation plan adopted for MCWD pursuant to Article 7 of this Agreement shall be adequate to pay MCWD's cost of insurance for acquiring, constructing, operating and furnishing the facilities for the service area, and to establish a prudent risk reserve for uninsured risks.

ARTICLE 9. EFFECTIVE DATE AND TERM

9.1. EFFECTIVE DATE. This Agreement shall become effective when FORA and MCWD have each executed this Agreement.

9.2. FORMAL ADOPTION. FORA will adopt this Agreement by ordinance. MCWD will adopt this Agreement by resolution.

9.3. TERM. This Agreement shall have a term coincident with the legal existence of FORA, unless the USA denies MCWD's application for a public benefit conveyance. If the USA denies MCWD's application for a public benefit conveyance, the parties shall meet and confer in good faith during the 120 days immediately following the final denial to discuss possible change in terms for MCWD to acquire, construct, operate and/or furnish the facilities. If FORA and MCWD cannot agree on new terms within the 120 days, or such other additional time as may be agreed by FORA and MCWD, this Agreement shall terminate and have no further effect, and the parties thereafter shall have no further rights or obligations under this Agreement.

9.4. EFFECT OF TERMINATION. Upon termination of this Agreement, unless otherwise provided by this Agreement or by law or by further agreement of FORA and MCWD or their successors, MCWD shall own the facilities free and clear of the terms and conditions of this Agreement.

ARTICLE 10. GENERAL PROVISIONS

10.1. DISPUTE RESOLUTION PROCEDURE.

10.1.1. Meet and Confer; Mediation. This section shall apply to all disputes arising under this Agreement. The Agreement Administrators designated under section 5.4 of this Agreement shall first meet and confer to resolve any dispute. Each party shall make all reasonable efforts to provide to the other party all information relevant to the dispute. If the Agreement Administrators cannot resolve the dispute within ten working days from the date of the dispute, they shall meet and

confer together with the Committee. If the dispute is not resolved within another ten working days from the date of the dispute, the Agreement Administrators shall meet and confer together with a voting member of the FORA Board and a member of the MCWD Board. If the dispute is not resolved within another ten days from the date of the dispute, the parties shall mediate the dispute at the earliest possible date, with one of the persons named on Exhibit "C" to this Agreement serving as mediator. If the dispute is still not resolved, the parties may pursue any and all remedies available to them at law and equity, including declaratory relief which shall be binding on the parties.

10.1.2. Provisional Relief Available. The requirement to use the procedure specified in section 10.1.1 of this Agreement shall not prevent a party from seeking provisional relief from a court if necessary to protect the public health or safety.

10.1.3. Mediator List. Exhibit "C" to this Agreement is a list of persons both parties will accept as mediators for any dispute arising under this Agreement. If a dispute requires mediation, the parties will choose a mediator from the list by some random method, and will continue to do so until a mediator is selected who can mediate the particular dispute without delay. As a last resort, if no person named on Exhibit "C" can mediate a particular dispute without delay, the parties will ask the Presiding Judge of the Monterey County Superior Court to appoint a mediator.

10.2. WAIVER OF RIGHTS. None of the covenants or agreements herein contained can be waived except by the written consent of the waiving party.

10.3. SEVERABILITY. If any one or more of the covenants or agreements set forth in this Agreement on the part of the parties, or either of them, to be performed should be contrary to any provision of law or contrary to the policy of law to such extent as to be unenforceable in any court of competent jurisdiction, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements and shall in no way affect the validity of this Agreement.

10.4. EXHIBITS. All exhibits referred to in this Agreement and attached to this agreement are incorporated in this Agreement by reference.

10.5. COUNTERPARTS. This Agreement may be executed in counterparts, and each fully executed counterpart shall be deemed an original document.

10.6. NOTICES. All notices, requests, consents, approvals, authorizations, agreements, or appointments hereunder shall be given in writing and addressed to the principal office of each party.

10.7. AMENDMENTS. This Agreement integrates and supersedes all prior and contemporaneous agreements and understandings about MCWD's provision of the services to the Service Areas. This Agreement may not be amended without consent of the governing Boards of both parties.


10.8. SUCCESSORS. This Agreement shall bind and benefit the successors of the parties hereto.

10.9. ADDITIONAL DOCUMENTS. The parties hereto agree, upon request, to execute, acknowledge, and deliver all additional documents necessary to carry out the intent of this Agreement.

10.10. CAPTIONS. Captions of the Articles, Sections, and Paragraphs of this Agreement are for convenience and reference only and are not intended to define or limit the scope of any provision contained herein.

IN WITNESS WHEREOF, the parties hereto, by and through their respective, duly authorized representatives, have executed this Agreement on the dates indicated.

FORT ORD REUSE AUTHORITY

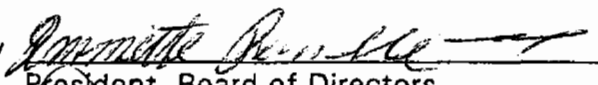
By 
Chairperson, Board of Directors

Dated: 3/13/98

ATTEST:..

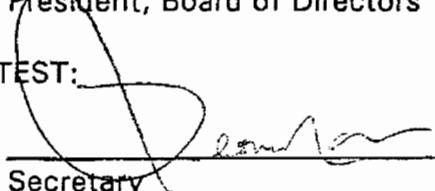
By 
Secretary

MARINA COAST WATER DISTRICT

By 
President, Board of Directors

Dated: 3/13/98

ATTEST:

By 
Secretary

ORDINANCE NO. 98-01

**AN ORDINANCE OF BOARD OF DIRECTORS OF THE FORT ORD REUSE
AUTHORITY APPROVING AN AGREEMENT BETWEEN MARINA COAST
WATER DISTRICT AND THE FORT ORD REUSE AUTHORITY**

The Board of Directors of the Fort Ord Reuse Authority ordains as follows:

SECTION 1. The Board of Directors of the Fort Ord Reuse Authority approves an Agreement between Marina Coast Water District and the Fort Ord Reuse Authority for the operation of water and wastewater collection systems on the former Fort Ord military reservation.

SECTION 2. This ordinance shall become effective on its adoption.

PASSED AND ADOPTED this 13th day of February, 1998 by the following vote:

AYES: Barlich, Albert, Vocelka, Potter, Perkins, Johnsen
Jordan, Mancini, Pendergrass, Styles, Koffman, White

NOES: Perrine

ABSENT: None



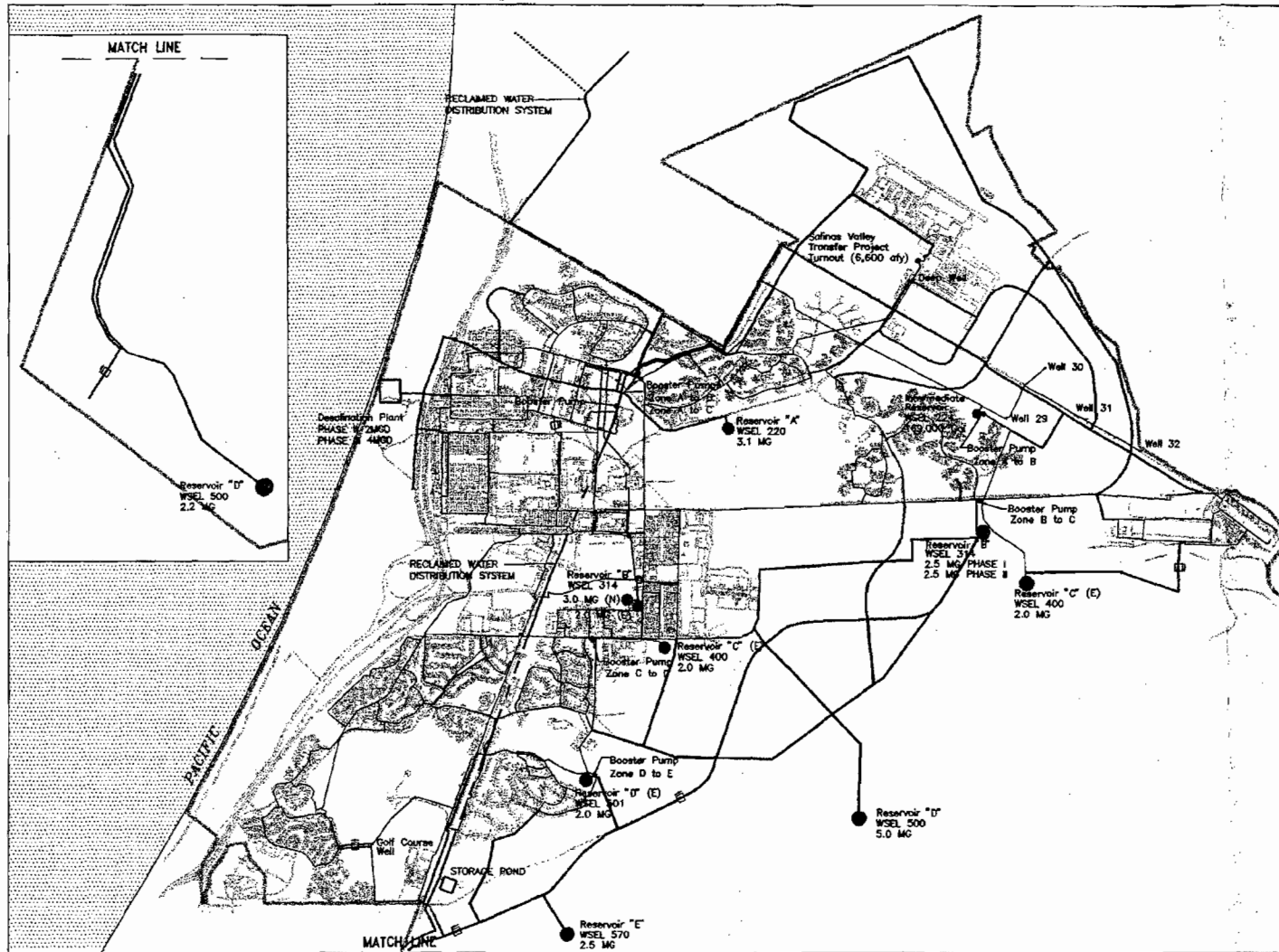
Chair of the Board of Directors

ATTEST:

Michael Houlemard
Clerk of the Board

By 
Deputy

EXHIBIT A



F.O.R.I.S.

LEGEND

- EXIST. IMPROVEMENTS
- RECLAIMED WATER
- PHASE I
- PHASE II
- BOOSTER PUMP
- RESERVOIR
- PRESSURE REGULATING VALVE

FORT ORD - CALIFORNIA

PHASED WATER DISTRIBUTION SYSTEM

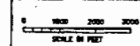
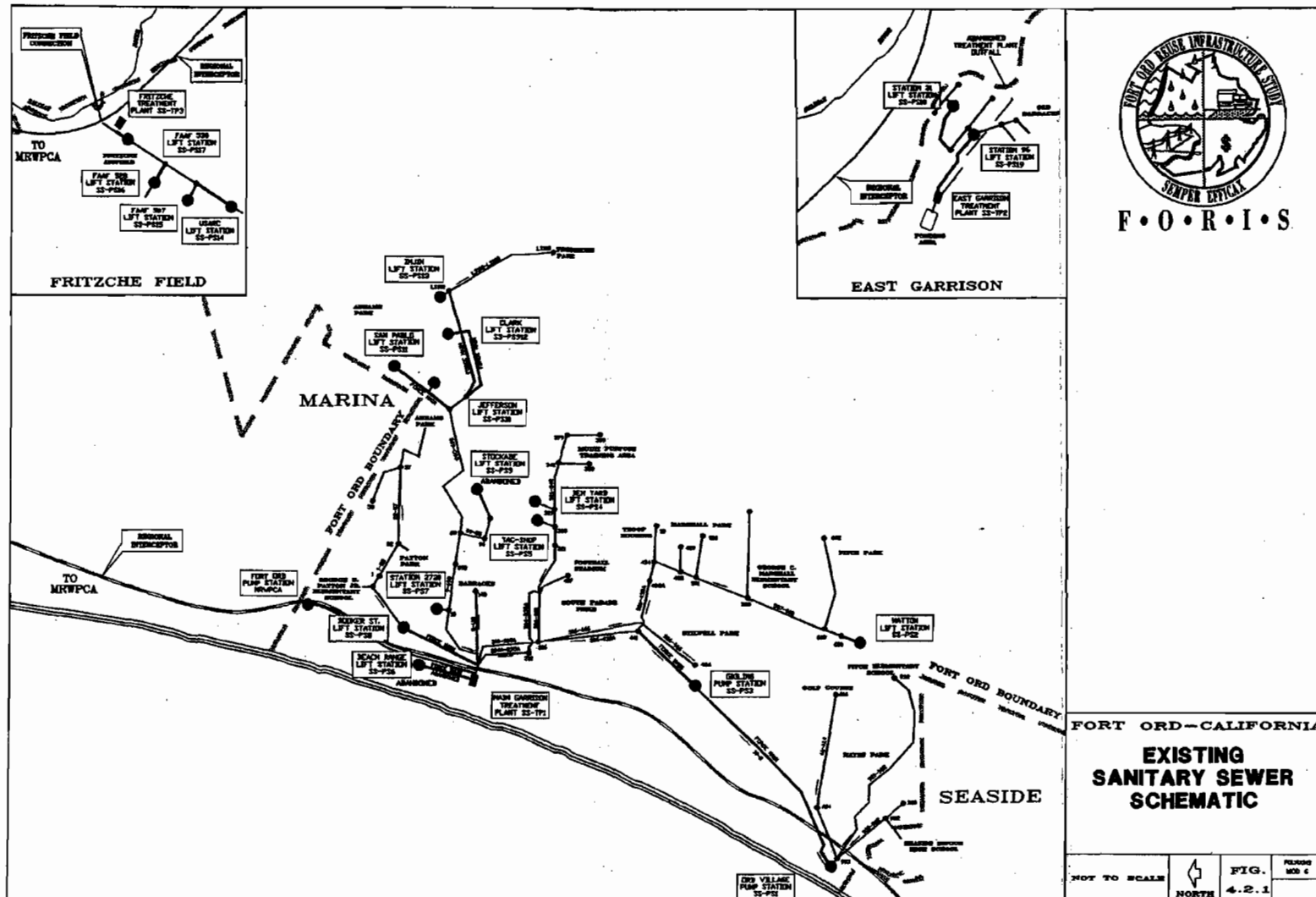


FIG. 4.1.5

DATE: 8/1/94

EXHIBIT B



**EXHIBIT C
MEDIATORS**

Dick Milbrodt
Leon Panetta
Lt. Gen. Ret. James Moore
Don Owen
Frank Dimick
John Gregg
Anne Schneider

CITIES, COUNTIES, & OTHER AGENCIES

Title 5

Chapter 12, added as Chapter 11, Municipal Services and Functions, by Stats.1978, c. 960, p. 2961, § 1, was renumbered Chapter 12 and amended by Stats.1980, c. 676, § 131.

§ 54980. Definitions

As used in this chapter:

(a) "Legislative body" means the board of supervisors in the case of a county or a city and county, the city council or board of trustees in the case of a city, and the board of directors or other governing body in the case of a district.

(b) "Local agency" means any county, city, city and county, or public district which provides or has authority to provide or perform municipal services or functions.

(c) "Municipal services or functions" includes, but is not limited to, firefighting, police, ambulance, utility services, and the improvement, maintenance, repair, and operation of streets and highways.

(Added by Stats.1978, c. 960, p. 2121, § 1.)

Historical and Statutory Notes

Former § 54980, added by Stats.1957, c. 4736, § 34. See Government Code § 56000 et seq. 1382, p. 2716, § 1, relating to district boundaries, was repealed by Stats.1965, c. 2043, p.

Forms

See West's California Code Forms, Government.

Law Review and Journal Commentaries

Decline of emergency medical services coordination in California: Why cities are at war with counties over illusory ambulance monopolies. Byron K. Toma, 23 Sw.U.L.Rev. 285 (1994).

Library References

Municipal Corporations ¶226.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 976 et seq.

Notes of Decisions

Paramedics 1

1. Paramedics

For purposes of determining whether county's program of certifying paramedics for ambu-

lance services was immune from antitrust liability under the state action doctrine, provision of emergency service is a traditional municipal function. *Mercy-Peninsula Ambulance, Inc. v. San Mateo County*, N.D.Cal.1984, 592 F.Supp. 956, affirmed 791 F.2d 755.

§ 54981. Contracts for municipal services

The legislative body of any local agency may contract with any other local agency for the performance by the latter of municipal services or functions within the territory of the former.

(Added by Stats.1978, c. 960, p. 2121, § 1.)

MUNICIPAL SERVICES /

Div. 2

H

Former § 54981, added by Stats.1965, c. 2043, p. 2716, § 1, relating to districts, was repealed by Stats.196

§ 54981.7. Indian tribe tion serv

A city or county may enter into a contract with a city or county to provide fire protection services for the Indian lands and territory adjacent to the city or county. The contract shall be construed to alter or modify the jurisdiction in Indian lands.

(Added by Stats.1996, c. 1085)

§ 54982. Consideration

Any agreement entered into for consideration.

(Added by Stats.1978, c. 960,

Former § 54982, added by Stats.1965, c. 2043, p. 2716, § 1, relating to districts, was repealed by Stats.19

§ 54983. Construction

Authority for entering into a contract shall be construed as supplementing the authority of a local agency to enter into a contract for services or functions which it is permitted to perform. The contract shall not be subject to the contract account limit applicable to a local agency.

The amendments to this section shall not apply to any agreement entered into prior to the effective date of this act.

(Added by Stats.1978, c. 960,

Former § 54983, added by Stats.1965, c. 2043, p. 2716, § 1, relating to districts, was repealed by Stats.

ES, & OTHER AGENCIES
Title 5

Services and Functions,
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Toma, 23 Sw.U.L.Rev. 285

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services or functions

MUNICIPAL SERVICES AND FUNCTIONS
Div. 2

§ 54983

Historical and Statutory Notes

Former § 54981, added by Stats.1957, c. 4736, § 34. See Government Code § 56000 et seq. 1382, p. 2716, § 1, relating to district boundaries, was repealed by Stats.1965, c. 2043, p.

§ 54981.7. Indian tribes; fire protection services; police or sheriff protection services

A city or county may enter into a contract with an Indian tribe for the city or county to provide fire protection services and police or sheriff protection services for the Indian tribe either solely on Indian lands, or on the Indian lands and territory adjacent to those Indian lands. Nothing in this section shall be construed to alter or affect federal Public Law 280, relating to state jurisdiction in Indian lands.

(Added by Stats.1996, c. 1085 (A.B.1762), § 1.)

§ 54982. Consideration

Any agreement entered into pursuant to this chapter shall be for valuable consideration.

(Added by Stats.1978, c. 960, p. 2121, § 1.)

Historical and Statutory Notes

Former § 54982, added by Stats.1957, c. 4736, § 34. See Government Code § 56000 et seq. 1382, p. 2716, § 1, relating to district boundaries, was repealed by Stats.1965, c. 2043, p.

§ 54983. Construction of authority granted

Authority for entering into agreements pursuant to this chapter shall be construed as supplementing existing authority for legislative bodies of local agencies to enter into agreements for the providing of municipal services and functions and shall not be construed as authorizing the legislative body of any local agency to enter into an agreement for the providing of municipal services or functions which it is prohibited to provide by law or which exceeds the force account limit applicable to the local agency contracting to receive services.

The amendments to this section which become effective January 1, 1981, shall not apply to any agreement which was made prior to that date nor to the current term of any self-renewing or renewable agreement which had been entered into prior to that date.

(Added by Stats.1978, c. 960, p. 2121, § 1. Amended by Stats.1980, c. 398, p. 781, § 1.)

Historical and Statutory Notes

Former § 54983, added by Stats.1957, c. 4736, § 34. See Government Code § 56000 et seq. 1382, p. 2716, § 1, relating to district boundaries, was repealed by Stats.1965, c. 2043, p.

T CODE

GOVERNMENT CODE

§ 67679

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of the proceeds shall be retained by the board to help finance its responsibilities for the reuse of Fort Ord, unless otherwise agreed upon by the city or county with jurisdiction over the property and the board.

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(3) The board shall transfer or lease all real or personal property received pursuant to this section and which is intended for public utility use within a reasonable period of time, consistent with the orderly and economical provision of utility services to the area of Fort Ord, under terms and conditions the board may determine.

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(4) Notwithstanding any other paragraph of this subdivision, the board may retain real or personal property received pursuant to this section as long as both of the following occur:

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(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.

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(c) The board may mediate and resolve conflicts between local agencies concerning the uses of federal land to be transferred for public benefit purposes or other uses.

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(d) The provisions of this title shall not preclude negotiations between the federal government and any local telecommunication, water, gas, electric, or cable provider for the transfer to any * * * utility or provider of federally owned distribution systems and related facilities serving Fort Ord.

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* * *(e) This title shall not be construed to limit the rights of the California State University or the University of California to acquire, hold, and use real property at Fort Ord, including locating or developing educationally related or research oriented facilities on this property.

(f) Except for property transferred to the California State University, or to the University of California, and that is used for educational or research purposes, and except for property transferred to the California Department of Parks and Recreation, all property transferred from the federal government to any user or purchaser, whether public or private, shall be used only in a manner consistent with the plan adopted or revised pursuant to Section 67675.

(Added by Stats.1994, c. 64 (S.B.899), § 1, eff. May 9, 1994. Amended by Stats.1994, c. 1169 (S.B.1600), § 2.)

Historical and Statutory Notes

1994 Legislation

The 1994 amendment of this section by c. 1169 (S.B. 1600) explicitly amended the 1994 addition of this section by c. 64 (S.B.899).

§ 67679. Basewide public capital facilities; identification; financing and construction; identification of significant local public capital facilities; construction or improvement; exceptions; assessments; financing districts; development fees

(a)(1) The board shall identify those basewide public capital facilities described in the Fort Ord Reuse Plan, including, but not limited to, roads, freeway ramps, air transportation facilities, and freight hauling and handling facilities; sewage and water conveyance and treatment facilities; school, library, and other educational facilities; and recreational facilities, that serve residents or will serve future residents of the base territory and could most efficiently or conveniently be planned, negotiated, financed, * * * constructed, or repaired, remodeled, or replaced by the board to further the integrated future use of the base. The board shall undertake to plan for and arrange the provision of those facilities, including arranging for their financing and construction or repair, remodeling, or replacement. The board may plan, design, construct, repair, remodel, or replace and finance these public capital facilities, or delegate any of those powers to one or more member agencies. Notwithstanding any other provision of law, no permit or permission of any kind from any city or county shall be required for any project undertaken by the board pursuant to this section.

(2) The board shall identify significant local public capital facilities, as distinguished from the basewide public capital facilities identified in the paragraph (1) which are described in the Fort Ord Reuse Plan. Local public capital facilities shall be the responsibility of the city or county with land use jurisdiction or the redevelopment agency if the facilities are located within an established project area and the board of the redevelopment agency determines that it will assume responsibility.

(3) The board may construct or otherwise act to improve a local public capital facility only with the consent of the city or county with land use authority over the area where the facility is or will be located.

Additions or changes indicated by underline; deletions by asterisks * * *

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A city or county or a local redevelopment agency may construct or otherwise act to improve a basewide public capital facility only with the consent of the board.

(b) If all or any portion of the Fritzsche Army Air Field is transferred to the City of Marina, the board shall not consider those portions of the air field that continue to be used as an airport to be basewide capital facilities, except with the consent of the legislative body of the city. If all or any portion of the two Army golf courses within the territory of Seaside are transferred to the City of Seaside, the board shall not consider those portions of the golf courses that continue in use as golf courses to be basewide capital facilities, except with the consent of the legislative body of the city.

(c) The board may seek state and federal grants and loans or other assistance to help fund public facilities.

(d) The board may, in any year, levy assessments, reassessments, or special taxes and issue bonds to finance these basewide public facilities in accordance with, and pursuant to, any of the following:

(1) The Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code).

(2) The Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code).

(3) The Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code).

(4) The Benefit Assessment Act of 1982 (Chapter 6.4 (commencing with Section 54703)).

(5) The Landscape and Lighting Act of 1972 (Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code).

(6) The Integrated Financing District Act (Chapter 1.5 (commencing with Section 53175) of Division 2 of Title 5).

(7) The Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5).

(8) The Infrastructure Financing District Act (Chapter 2.8 (commencing with Section 53395) of Division 2 of Title 5).

(9) The Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1).

(10) The Revenue Bond Act of 1941 (Chapter 6 (commencing with Section 54300) of Division 2 of Title 5).

(11) Fire suppression assessments levied pursuant to Article 3.6 (commencing with Section 50078) of Chapter 1 of Part 1 of Division 1 of Title 5.

(12) The Habitat Maintenance Funding Act (Chapter 11 (commencing with Section 2900) of Division 3 of the Fish and Game Code).

Notwithstanding any other provision of law, the board may create any of these financing districts within the area of Fort Ord to finance basewide public facilities without the consent of any city or county. In addition, until January 1, 2000, the board may, but is not obligated to create, within the area of Fort Ord, any of these financing districts which authorize financing for public services and may levy authorized assessments or special taxes in order to pass through funding for these services to the local agencies.

Notwithstanding any other provision of law, no city or county with jurisdiction over any area of the base, whether now or in the future, shall create any land-based financing district or levy any assessment or tax secured by a lien on real property within the area of the base without the consent of the board, except that the city or county may create these financing districts for the purposes and subject to any financing limitations that may be specified in the capital improvement program prepared pursuant to Section 67675.

(e) The board may levy development fees on development projects within the area of the base. Any development fees shall comply with the requirements of Chapter 5 (commencing with Section 66000) of Division 1 of Title 5. No local agency shall issue any building permit for any development within the area of Fort Ord until the board has certified that all development fees that it has levied with respect to the development project have been paid or otherwise satisfied.

(Added by Stats.1994, c. 64 (S.B.899), § 1, eff. May 9, 1994. Amended by Stats.1994, c. 1169 (S.B.1600), § 3.)

Additions or changes indicated by underline; deletions by asterisks * * *

EXHIBIT "E"

CALIFORNIA PUBLIC UTILITIES CODE
SELECTED SECTIONS

§ 10101. Powers of municipality

There is granted to every municipal corporation of the State the right to construct, operate, and maintain water and gas pipes, mains and conduits, electric light and power lines, telephone and telegraph lines, sewers and sewer mains, all with the necessary appurtenances, across, along, in, under, over, or upon any road, street, alley, avenue or highway, and across, under, or over any railway, canal, ditch, or flume which the route of such works intersects, crosses, or runs along, in such manner as to afford security for life and property.

§ 10102. Restoration

A municipal corporation exercising its rights under this article shall restore the road, street, alley, avenue, highway, canal, ditch, or flume so used to its former state of usefulness as nearly as may be, and shall locate its use so as to interfere as little as possible, with other existing uses of a road, street, alley, avenue, highway, canal, ditch, or flume.

§ 10103. Agreement of other municipality

Before any municipal corporation uses any street, alley, avenue, or highway within any other municipal corporation, it shall request the municipal corporation in which the street, alley, avenue, or highway is situated to agree with it upon the location of the use and the terms and conditions to which the use shall be subject.

§ 10104. Action to establish terms and conditions of use

If the two municipal corporations are unable to agree on the terms and conditions and location of a use within three months after a proposal to do so, the municipal corporation proposing to use a street, alley, avenue, or highway may bring an action in the superior court of the county in which the street, alley, avenue, or highway is situated against the other municipal corporation to have the terms and conditions and location determined. The superior court may determine and adjudicate the terms and conditions to which the use of the street, avenue, alley, or highway shall be subject, and the location thereof, and upon the making of the final judgment the municipal corporation desiring to do so may enter and use

the street, alley, avenue, or highway upon the terms and conditions and at the location specified in the judgment.

§ 10105. Unincorporated territory

A grant of authority from or agreement with another municipality is not necessary in any case where the street, alley, avenue, or highway, or portion thereof, proposed to be used is a necessary or convenient part of the route of the proposed works and at the time construction was commenced or the plans adopted was located in unincorporated territory. This section is not applicable if the street, alley, avenue, or highway, or portion thereof, was located in incorporated territory prior to May 5, 1933.

000071

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject:	Independent audit report – Marina Coast Water District water rates	
Meeting Date:	September 16, 2011	INFORMATION
Agenda Number:	3a	

RECOMMENDATION:

Receive an independent audit report of Marina Coast Water District ("MCWD") proposed 2011/12 water rates performed by Economic Planning Systems ("EPS").

BACKGROUND:

MCWD began serving customers on the former Fort Ord in 1997 and in November 2001, took over ownership of the basewide water and recycled water system via Economic Development Conveyance. MCWD bills their former Fort Ord customers according to the rates approved annually by the Fort Ord Reuse Authority ("FORA") Board of Directors.

In 2008, a rate study performed by Bartles & Wells showed the need for a substantial increase to capacity fees and water rates to adequately fund MCWD maintenance and capital improvement projects. To avoid drastically increasing capacity fees, the FORA Board approved the addition of \$20M of costs associated with the Monterey Bay Regional Water Supply Program into the FORA Capital Improvement Program. Additionally, the study proposed increasing water rates over the course of five years: a 10% increase in the first two years followed by a 7.8% increase in each remaining year.

After the MCWD Board reviewed the proposed 7.8% increase to the 2011/12 water rates, they requested that staff identify budget reductions and lower the rate increase as much as possible. MCWD staff was able to reduce outside consulting and operating expenses, thus reducing the proposed increase to 4.9%.

DISCUSSION:

In June 2011, the FORA and MCWD Boards of Directors received a presentation of the draft FY 2011/12 MCWD budgets and rates for the Ord Community. The FORA Board had numerous questions. MCWD staff met with individual FORA Board members in order to provide additional information (see Questions & Answers, **Attachment A**).

In July 2011, the joint Boards convened to receive the Questions & Answers and act on the resolutions adopting the budget and setting the rates, fees and charges. However, the FORA Board was still concerned about the proposed rate increase. Although individual Board members had received answers to their questions, they requested that MCWD staff list each question and answer in a comprehensive document for the FORA Board as a whole. The FORA Board additionally requested that staff engage a consultant to perform an independent audit of the proposed water rates to ensure that the requested increase was both adequate and warranted. Staff solicited proposals from several consultants and selected EPS to perform the independent audit. FORA expanded EPS's scope of services for a separate contract (**Attachment B**) to include this work.

Based on their review, EPS found that the 4.9% rate increase proposed for 2011/12 *is warranted*. Additionally, they found that the 5% increase proposed for 2012/13 *is warranted* as well. A final report prepared by EPS is attached (**Attachment C**) and includes further details of these findings. Staff is requesting that the Board receive the results of the audit prior to acting on continued old business item 4a.

FISCAL IMPACT:

Reviewed by FORA Controller 

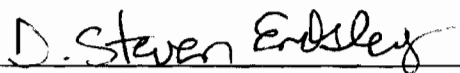
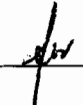
The cost to FORA for the water rates audit is not to exceed \$7,500 and this expense was approved by the FORA Board in July 2011. Staff time for this item is included in the FY 11-12 budget.

COORDINATION:

MCWD, Administrative Committee, Executive Committee

Prepared by 
Crissy Maras

Reviewed by 
Steve Endsley

Approved by 
Michael A. Houlemard, Jr. 

**ANSWERS TO QUESTIONS ON 2011/12 ORD COMPENSATION PLAN FROM
THE JOINT FORA/MCWD MEETING 06/10/2011**

1. *2nd Chair/Mayor Pro-Tem O'Connell asked if the District looked into a different sewer rate between residential and commercial so as to reduce the rate of residential.*

No. The current rate structure, recommended by the firm of Bartle & Wells from their 2008 rate study (the foundation of all rate increases since FY 2008/09), is based on 1 equivalent dwelling unit (EDU). Commercial customer rates are based on the number EDUs that are assigned to their business and residential customer rates are based on the number of EDUs assigned to residences. If for example a business is determined to have 42 EDU, their monthly bill would be $42 \times \$24.36 = \$1,023.12$. The residential charge is based on 1 EDU, as such their monthly charge would be \$24.36.

2. *Mayor McCloud asked if the District was concerned by the amount of ratepayer protests (about 25%) and if the District took on additional debt to cause such an increase in interest.*

Of the 553 protests that were reported at the June 10th meeting, 517 were from a single ratepayer, CSUMB. CSUMB letter counts as 517 protests based on the number of connections it has. There were 36 protests received from individual ratepayers. 1.3% of the ratepayers protested.

The reason for the increase in interest expense is that new debt has been placed in a debt instrument with an accelerated (10 yr) repayment schedule. As such, it substantially increased the interest budgeted for FY 2011/12. In June, 2010, the District exercised a long held option to purchase 224 Acres of Armstrong Ranch with a Promissory Note as part of the 1996 Annexation Agreement and Groundwater Mitigation Framework for Marina Area Lands. If the Promissory Note was paid by December 31, 2010, the District would be able to recoup the costs of the land purchase through annexation and/or capacity fees collected on the Development of Armstrong Ranch. In December 2010, the District refinanced the Promissory Note with refunding revenue bonds with the same repayment schedule as the Promissory Note - 10 years. The existing 2006 Bonds have a 30-year repayment schedule and FY 2011/12 is year 6 of 30. The 2010 refunding revenue bonds have a 10-year repayment schedule and FY 2011/12 is year 2 of 10.

3. *Mayor Edelen, City of Del Rey Oaks, asked what attributed to the increase of interest anticipated for FY 2011/12.*

See answer to Question 2.

KAMPE QUESTIONS EMAILED TO FORA

So here are the questions regarding the tables of numbers:

1. *What are the main cost drivers of the rate increase?*
 - a. *Expenses, e.g. energy, salaries*
 - b. *Capital/interest costs*
 - c. *Required or necessary improvements for healthy, safety or reliability*
 - d. *Unanticipated maintenance actions*
 - e. *Can we see a few summary year to year compares in a simple table format, for significant cost factors?*

All of the above are potential cost drivers of a rate increase. The combined outstanding Debt for the Ord Community is more than \$30 million. The Ord community is a small rate base that must support a large water and sewer system. The annual Debt Service for FY 2011/12 is \$2.5 million. Below is a table of the budgeted annual Debt Service for Ord Community Cost Centers:

Cost Center	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12
Ord Water	692,880	793,933	1,017,034	1,828,100
Ord Sewer	365,640	413,285	433,814	730,590

2. *Salaries are obviously a hot topic. Probably needs some comment.*

Ord Water personnel costs increased by .2% and Ord Sewer personnel costs have decreased by 18.7% for an overall decrease of 3% or \$92,750. This was achieved by decreasing staff through attrition and current staff picking up the workload.

3. *What role does the 5-year plan play?*

The 5-year financial plan and rate study was used to determine the rates for the five years within the plan (FY 2008/09 – FY 2012/13). FY 2011/12 is year 4 of 5 of recommended rate increases. The plan assumes little to no growth during these years. Rates for the five years were established to meet the annual debt service, operating costs, fund a scaled-down CIP plan and to fund reserves.

4. *What adjustments are being made to adjust to circumstances, e.g. the slow build-out of former Fort Ord?*

The implemented 5-year financial plan assumes the current slow build-out environment at of the former Fort Ord.

5. *What actions are being taken to mitigate cost increases*

The Board directed staff to make necessary cuts in order to reduce the planned increase of 7.8% to less than 5%. Staff took measures to mitigate cost increases and reduce the planned increase by reducing staffing levels through attrition. In addition, O&M staff is doing more work in-house instead of using outside contractors and Engineering staff have reduced the use of consultants and doing more of the work in house as well.

6. *I think I heard that conservation measures are reducing water usage overall.*

a. *How much?*

Total water consumption in the District has gone down 4.6% (based on five year averages from 2001-2005 and 2006-2010) while the number of connections has gone up.

b. *What is the consequence for the base rate, all other things being equal?*

If by “all other things being equal” includes the continued reduction of water usage, the base rate would need to increase in order to meet operational costs, debt service and capital needs.

Another industry, solid waste, serves as a good example for how good public behavior (recycling) can negatively impact the revenue stream for public agencies. As the revenue for landfills is based on the volume of refuse it receives, successful recycling efforts of the public have impacted landfill revenue streams. Rates reflect the operational costs of a landfill or water district, which in large part, are fixed.

c. *While the rate may go up, shouldn't the monthly bill for the average, more water-wise customer still go down?*

The average bill for the more water-wise customer may or may not go down depending on how much they can reduce water usage.

7. *How is overhead/common expense allocated to cost centers? (My experience in product and service pricing is that overhead allocation is a battle ground and has a significant effect on prices.) It's operating cost ratio – but I don't know what that means. What is in each cost center operating cost? I look at Exhibit W-1 and it's just hard to sort that out. There's a section for operation and maintenance, but are personnel assigned exclusively*

to the cost center for this line item? Or should I be looking at the Total Operating Expenses? But that clearly includes allocated expenses already.

Shared/Overhead Cost ratio is based on actual operating costs for each cost center from the previous audited fiscal year. The proposed FY 2011/12 expense allocation is based on the audited FY 2009/10 total operating expenses of the District. The cost allocation used in the proposed FY 2011/12 compensation plan is Marina Water (28%), Marina Sewer (7%), Ord Water (54%), and Ord Sewer (11%).

There are personnel costs and overhead/common expenses that are distributed among the cost centers using the cost allocation. These expenses include certain insurance and equipment lease payments, various administrative costs and supplies. There are also direct costs for each cost center as well as staff that are allocated to particular cost centers. The personnel and expenses listed in the Exhibits of the Compensation Plan therefore include the total of direct and allocated costs.

8. Comparison of cost center increases

a. Would like to see a simple table comparing the 4 cost center selected rates and rate increases.

Table 1 - Rate Increases (%)

Cost Center	Approved FY 2008/09	Approved FY 2009/10	Approved FY 2010/11	Proposed FY 2011/12
Marina Water	3.8%	7.8%	7.8%	4.9%
Marina Sewer	3.8%	7.8%	7.8%	4.9%
Ord Water	10%	10%	7.8%	4.9%
Ord Sewer	3.8%	7.8%	7.8%	4.9%

Table 2 - Rates

Cost Center	Approved FY 2008/09	Approved FY 2009/10	Approved FY 2010/11	Proposed FY 2011/12
Marina Water				
Base Rate (3/4" Meter)	\$14.72	\$15.87	\$17.11	\$17.95
Tier 1	\$1.79	\$1.93	\$2.08	\$2.18
Tier 2	\$2.18	\$2.35	\$2.53	\$2.66
Tier 3	\$3.98	\$4.29	\$4.62	\$4.85
Marina Sewer (per EDU)	\$7.14	\$7.70	\$8.30	\$8.71
Ord Water				
Base Rate (3/4" Meter)	\$13.75	\$15.13	\$16.31	\$17.11
Tier 1	\$1.87	\$2.06	\$2.22	\$2.33
Tier 2	\$2.63	\$2.89	\$3.12	\$3.27
Tier 3	\$3.39	\$3.73	\$4.02	\$4.22
Flat Rate	\$67.76	\$74.58	\$80.40	\$84.34
Surcharge	\$20.00	\$20.00	\$20.00	\$20.00
Ord Sewer (per EDU)	\$20.97	\$22.60	\$24.36	\$25.56
Surcharge	\$5.00	\$5.00	\$5.00	\$5.00

- b. Jim, your comment that the board reduced your recommended increases to a common 4.9% across all cost centers really caught my ear. I hope that's based on some tangible plan to control costs. And it still leaves me wondering if the cost center pricing is really properly represented.*

The rate study recommended a 7.8% rate increase to all cost centers in year 4. In earlier years of the study, the rates varied between Ord Water and the rest of the cost centers. The Board chose to decrease the rate increase of all cost centers to 4.9%.

9. *Tier structure, why is first break so high?*
- a. The answer provided at our board meeting was bewildering. It was oriented around multiple users at a trailer park, and perhaps at some apartments. It seems to me that there must be some rate setting method to manage that.*
 - b. Fix the problem of multiple users on a meter! Special rate table, more meters? Can you create a special scale based on number of EDU's per meter?*
 - c. It just doesn't make sense to me to forgo the conservation incentives for the single meter per EDU users. That's the perspective of a CalAm customer with a CDO looming.*

The increasing tier rate structure used by the District and other local water districts, are in part placed to encourage water conservation. In these rate structures the water rates increase with progressive preset consumption "blocks". The MCWD tier rates were derived from recommendations from Bartle Wells Associates in its 2008 MCWD rate study report. This study included water conservation considerations in its analysis. The rate structure is similar to California Water Service, which draws its water from the same Salinas Valley aquifer.

SUPERVISOR PARKER'S QUESTIONS EMAILED TO FORA

1. *Ord Community Water Budget –*
- a. What capital projects caused the interest rate to double?*

Interest rates did not double. Interest expense did increase 68%. New debt has been placed in a debt instrument with an accelerated (10 yr) payment schedule.

*Can the debt service be refinanced to ease the burden on current rate payers?
(Bill Kempe's questions)*

It is not feasible to refinance the debt at this time.

1. Interest rates on municipal bonds are currently higher than interest rates on existing debt.
2. It would not be cost-effective because there would be severe cost penalties for early call on the bonds.

b. How do the tier rates compare to Cal-Am's?

Cal-Am's tier structure is more aggressive towards water conservation.

By comparison, the Cal Am rate structure is more aggressive with more tiers and steeper rate structure. This is accompanied by a customization of rate schedules for different factors such as number of people in the household, lot size, etc. This rate structure is formulated for the water supply situation in the Cal Am area.

The MCWD rate structure is similar to California Water Service, which draws its water from the same Salinas Valley aquifer. MCWD and Cal Water rate schedules do not account for the number of people in the household or multiple users behind one meter.

What unit of water do the numbers on the chart represent in gallons? (Jane) There were numbers, like 400, 800, but it didn't say "gallons" or any other measurement.

The numbers represent cubic feet.

2. Ord Community Waste Water –

a. Why are the rates so high compared to surrounding communities?

The rates are higher compared to surrounding communities for a couple of reasons

1. The Ord customer base is very small compared to the large system that it must support.
2. The rates must provide for a portion of the pay down of the large debt service incurred for sewer restoration capital projects due to the poor condition of the system when it was turned over to the District.

b. Where did the dollar amounts for surrounding communities come from – the PCA rates for the cities are higher than what was on the chart – for example, it lists Monterey as paying \$5.18 per month, but Monterey residents pay much more than that to PCA, and there is no separate bill from the city of Monterey. Perhaps the comparison numbers don't include all the expenses? It may be that

Ord Community rates are not much different from other Peninsula communities, but the chart makes them look 5x as expensive.

The sewer bill to the City of Monterey residents (and some of the other cities with MRWPCA), have combined collection system and wastewater treatment bills. The referenced chart shows only the collection system costs for the Ord and surrounding communities.

**QUESTIONS SUBMITTED TO FORA BY PAULA PELOT, RATEPAYER
VIA MAYOR PRO-TEM O'CONNELL**

Proposed MCWD Rate Increases to the Ord Community and the MCWD Budget Presentation

1. *Since 2003, what is the percentage increase to Ord Community ratepayers?*

Since 2003, the percentage increase for water rates is 96% and 132% for wastewater rates.

2. *What accounts for the 68% increase in Interest Expense under the Administration/Management section of the Ord Community Water Systems Operations Proposed Budget? Was there additional indebtedness acquired (if so when/what) or did the terms for the existing indebtedness change resulting in this increase? Provide the detail of what comprises the interest expense line.*

The 68% increase in interest expense is primarily due to new debt which has been placed in a debt instrument with an accelerated (10 yr) payment schedule. Interest expense is comprised of (2006 Bond Interest - \$937,330; 2010 Bond Interest - \$174,420; Loans & Interest on Leased EQ - \$47,000.)

3. *What accounts for the 38% increase in Maintenance Expenses under the Operations and Maintenance section of the Ord Community Water Systems Operations Proposed Budget?*

The 38% increase in Maintenance Expense is due to O&M equipment (primarily valve replacement) - 52,300; O&M property (on aging facilities) - \$14,400; O&M fleet -\$10,000; O&M supplies (lubricants, safety, data).

4. *What accounts for the 71% increase in Lab Contract Services under the Laboratory section of the Ord Community Water Systems Operations Proposed Budget?*

Lab Contract Services increase is due to more anticipated tests to be run when two new wells go online in the proposed budget year. The increase is also for additional tests required under the District's permit.

5. *What accounts for the 81% increase in Interest Expense under the Administration/Management section of the Ord Community Wastewater Systems Operations Proposed Budget? Was there additional indebtedness acquired (if so when/what) or did the terms for the existing indebtedness change resulting in this increase? Provide the detail of what comprises the interest expense line.*

The 81% increase in interest expense is primarily due to new debt which has been placed in a debt instrument with an accelerated (10 yr) payment schedule. Interest expense is comprised of (2006 Bond Interest - \$406,000; 2010 Bond Interest - \$41,040; Loans & Interest on Leased EQ - \$15,800.)

6. *What accounts for the 85% increase in Maintenance Expenses under the Operations and Maintenance section of the Ord Community Wastewater Systems Operations Proposed Budget?*

The 85% increase in Maintenance Expense is due to O&M equipment for the sewer lift stations (2 stations in particular: Clark - \$15,000 and Giggling - \$30,000).

7. *What is the allocation of administrative overhead between the cost centers? Please provide the justification for the allocations. Has administrative staff increased since MCWD "acquired" the Ord Community as a service area? Has it been necessary to increase staff by full-time equivalents that justify the allocation of perhaps 50% to 60% of the entire MCWD administrative overhead to the Ord Community Cost Centers (in other words has the Administrative staff full time equivalents doubled?)*

Shared/Overhead Cost ratio is based on actual operating costs for each cost center. The proposed expense allocation is based on the FY 2009/10 total operating expenses of the District. The cost allocation used in the proposed FY 2011/12 compensation plan is Marina Water (28%), Marina Sewer (7%), Ord Water (54%), and Ord Sewer (11%). There are personnel costs and overhead/common expenses that are distributed among the cost centers using the cost allocation. These expenses include certain insurance and equipment lease payments, various administrative costs and supplies. There are also direct costs for each cost center as well as staff that are allocated to particular cost centers. The personnel and expenses listed in the Exhibits of the Compensation Plan therefore include the total of direct and allocated costs.

The administrative staff has not increased since MCWD "acquired" the Ord Community as a service area. As an example, in FY 1999, the administrative staff had 10 full time equivalents (FTE's) which is what the District maintains in the proposed 2011/12 budget. The District has been able to accommodate the increased workload through technology and ongoing review of work processes. However, the basis for cost distribution is not based on the number of FTE but on expenses. By MCWD taking on the Ord Community service area, each community receives the benefit of economy of scale. If Central Marina and Ord Community were individual districts, they would each have to staff their own administrative

staff. Further, while Ord Community's rate base is smaller than Central Marina's, the Ord service area and systems are much larger than Marina's. Water and wastewater systems of Central Marina consist of 91 miles of pipeline, 5 pressure zones, 4 well, 1 tank and 5 lift stations versus Ord Community's 257 miles of pipeline, 9 pressure zones, 5 well, 7 tanks and 16 lift stations. If the allocation were based on size of system and service area, the Ord Community's percentage would be more like 75% to 80%.

In re Exhibit W-3, MCWD Ord Community Water Systems Operations Revenue Projections:

8. What accounts for the drop off of # of Metered Accounts from 2,988 in FY 10/11 to 2,808 in FY 11/12?

The # of accounts in Compensation plan are budget estimates. They are based on existing meters plus the # of meters estimated to be added in that particular fiscal year. The additional metered accounts did not materialize in FY 10/11 therefore the FY 11/12 estimate was reduced to 2,808.

9. The number of metered accounts in the Ord Community that was provided to me by MCWD relative to the Prop 218 process was 2,876. How do you account for the discrepancy with that in Exhibit W-3 (2,988), or 112 metered accounts. Over the years, and each time we move into one of these Prop 218 processes, Ord Community residents have not been able to obtain a fixed number from MCWD; it continually changes and this discrepancy exemplifies that condition.

The discrepancy between the number of actual accounts at the time of the Prop 218 process (2,876) for FY 11/12 and the number of budgeted meters for FY 10/11 listed in Exhibit W-3 (2,988) is due to the fact that the anticipated increase in meters in FY 10/11 were not realized.

Marina Coast Water District Water and Wastewater Rate Analysis

This proposal is in response to FORA's request that EPS analyze Marina Coast Water District's (MCWD) proposal to increase water and wastewater rates.

Scope of Work

EPS understands MCWD recently sought approval for an annual rate increase at a joint meeting of the MCWD and FORA boards. As a result of that and follow-up meetings, the FORA Board is seeking to engage a professional services firm with water and wastewater rate and fee expertise to review and make findings regarding the proposed water and wastewater rate increases. The review will not constitute a complete recalculation of proposed rates, but rather findings as to whether the proposed rate increases are warranted or could be modified.

This review of the proposed MCWD water rates has a direct relation to the overall consideration of financial feasibility for new development and redevelopment planned at Fort Ord. EPS's current work on the CFD special tax has provided recent data related to the financial feasibility of private development projects.

EPS will complete the following work for the MCWD Water and Wastewater Rate Analysis:

- Review original MCWD Five-Year Water and Wastewater Financial Plan and Rate Study, prepared by Bartle Wells Associates.
- Review historical MCWD and FORA materials documenting prior rate increases.
- Review recent MCWD Board agendas, meeting materials and minutes to document basis for proposed rate increases.
- Review recent FORA Board agendas, meeting materials and minutes for background information on proposed rate increases.
- Evaluate operating cost, financing and other cost assumptions used in justifying the proposed rate increases.
- Focus on the largest cost drivers and on the allocations of costs between cost centers.
- Conduct interviews with MCWD and FORA staff to inform the rate review analysis.
- Review existing rate comparisons and augment them as necessary with additional data.
- Prepare a technical memorandum summarizing the results of the water and wastewater rate review. EPS will prepare an administrative draft memorandum for staff review and comment. Following staff review, EPS will prepare a memorandum for FORA Board consideration.
- Present information at an upcoming FORA Board meeting – targeted for September 2011.

EPS will also respond to questions from FORA staff and the Board throughout the process of completing the work product.

Budget and Schedule

EPS requests a budget amendment of \$7,500 to complete the review and prepare associated technical memoranda. EPS charges for its services on a direct-cost (hourly billing rates plus direct expenses), not-to-exceed basis; therefore, you will be billed only for the work completed up to the authorized budget amount.

EPS is prepared to begin working immediately and will complete this work on a schedule that allows for presentation at an upcoming FORA Board meeting targeted for September 2011.

EPS Contact Information

Jamie Gomes will serve as EPS Principal-in-Charge for this project. Questions regarding this proposal should be directed to him at (916) 649-8010.

Final Report

Marina Coast Water District Rate Increase Proposal Review

The Economics of Water



Prepared for:

Ford Ord Reuse Authority

Prepared by:

Economic & Planning Systems, Inc.

September 9, 2011

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1. EXECUTIVE SUMMARY

The purpose of this report is to evaluate the water and wastewater rate increase request for the Ord Community on behalf of the Fort Ord Reuse Authority (FORA). FORA engaged Economic & Planning Systems, Inc. (EPS) to provide an independent review of the proposed water and wastewater rate increase request. Following this summary of findings, this document describes the review of the Marina Coast Water District (MCWD) Fiscal Year (FY) 2011-12 annual budget and proposed rate increases.

Context and Scope of Review

In 2008, MCWD adopted the Marina Coast Water District Five-Year Water and Wastewater Financial Plan and Rate Study (2008 Rate Study), prepared by MCWD's consultant, Bartle Wells Inc. This document included recommendations for MCWD's annual water and wastewater rates, as well as capital improvement charges to be collected from new development. The 2008 Rate Study included recommendations for 2008 rates, as well as rate increases for a 5-year period through FY 2012-13. From FY 2008-09 through FY 2010-11, MCWD adhered to the annual rate increases recommended in the 2008 Rate Study. MCWD is now proposing alternative rate increases for FY 2011-12 and FY 2012-13. These rate increases are lower than those proposed in the 2008 Rate Study.

MCWD proposed the alternative rate increases to members of the Joint Board of MCWD and FORA in June 2011. Questions from the joint meeting ultimately led to the request for an audit of the proposed rate increase request. EPS performed the audit by reviewing the FY 2011-12 annual budget and historical budget and other financial planning documents. The scope of the budget analysis focuses on the Ord Community's Water and Wastewater budgets. However, MCWD-wide budget information also was reviewed for contextual understanding.

This analysis is based on data from the following sources:

- FY 2011-12 Ord Community Compensation Plan.
- FY 2011-12 MCWD Revised Draft Budget.
- 2008 Rate Study.
- FY 2009-10 Comprehensive Annual Financial Report (CAFR).
- Historical MCWD Budgets.
- Meeting Agendas and Minutes from FORA Board, MCWD Board, and joint board meetings.
- Interviews with MCWD staff.

Summary of Findings

This section summarizes findings from the budget and rate review analysis. The findings are summarized for MCWD overall and separately for Ord Water and Ord Wastewater. Later chapters in the report discuss the findings in detail.

Overall Findings

1. The proposed Ord Water and Wastewater 4.9-percent rate increases are warranted.
2. Ord Community operating and other cost increases are similar to Marina.
3. MCWD implemented cost reductions of \$360,000 to reduce the FY 2011-12 rate increase proposal from 7.8 percent to 4.9 percent.
4. Individual cost centers are funding proportional amounts of administrative costs.
5. Required debt service coverage ratios are being met.
6. General district cash reserves are adequately funded.
7. Ord Community capital reserves are not at adequate levels and require additional funding to reach desired levels.
8. Major capital facility financing will be contingent on new revenue sources (e.g., capacity charges from new development and other sources such as grants and loans).

Ord Water Rate Request Findings

1. The proposed Ord Water rate increase of 4.9 percent is warranted.
2. FY 2011-12 operating revenues are anticipated to exceed operating costs.
3. Excluding interest costs, annual operating costs increased 3.8 percent from FY 2010-11 to FY 2011-12.
4. Including interest costs, overall operating costs increased 13.6 percent from FY 2010-11 to FY 2011-12.
5. The Ord Water capital reserve account is below desired levels but is improving.
6. Reserve funding will be used to meet FY 2011-12 obligations.

Ord Wastewater Rate Request Findings

1. The proposed Ord Wastewater rate increase of 4.9 percent is warranted.
2. FY 2011-12 operating revenues are anticipated to exceed operating costs by approximately 50 percent.
3. Excluding interest costs, annual operating costs decreased by 17.5 percent from FY 2010-11 to FY 2011-12.
4. Including interest costs, overall operating costs increased 5.5 percent from FY 2010-11 to FY 2011-12.
5. The Ord Wastewater capital reserve fund is inadequately funded but is improving.

Table 1 provides a detailed summary of FY 2011-12 Ord Community Water and Wastewater revenues and expenses separated between operating and capital-related items. The remainder of this document describes the information summarized in **Table 1**.

Table 1
FORA MCWD Rate Increase Review
Ord Water and Wastewater Operations and Capital Budgets

Item	FY 2011-12 Adopted Budget					
	Ord Water			Ord Wastewater		
	Operations	Capital	Total	Operations	Capital	Total
Operating Revenues	\$5,514,880	-	\$5,514,880	\$1,775,600	-	\$1,775,600
Other Revenues						
Funding New Source	-	\$4,035,929	\$4,035,929	-	\$1,459,985	\$1,459,985
Grant Revenues	-	\$800,000	\$800,000	-	-	-
Capital Surcharge	-	\$80,000	\$80,000	-	\$10,000	\$10,000
Capacity Revenue	-	\$50,000	\$50,000	-	\$18,000	\$18,000
Subtotal	-	\$4,965,929	\$4,965,929	-	\$1,487,985	\$1,487,985
Total Revenues	\$5,514,880	\$4,965,929	\$10,480,809	\$1,775,600	\$1,487,985	\$3,263,585
Operating Expenses	(\$5,162,055)	-	(\$5,162,055)	(\$1,161,510)	-	(\$1,161,510)
Capital Expenses						
Principal	-	(\$669,350)	(\$669,350)	-	(\$264,250)	(\$264,250)
Capital Replacement Reserves Fund	-	(\$200,000)	(\$200,000)	-	(\$100,000)	(\$100,000)
Capital Improvement Project	-	(\$4,835,929)	(\$4,835,929)	-	(\$1,459,985)	(\$1,459,985)
CIP General	-	(\$95,600)	(\$95,600)	-	(\$15,400)	(\$15,400)
Subtotal	-	(\$5,800,879)	(\$5,800,879)	-	(\$1,839,635)	(\$1,839,635)
Total Expenses	(\$5,162,055)	(\$5,800,879)	(\$10,962,934)	(\$1,161,510)	(\$1,839,635)	(\$3,001,145)
Total Revenues less Total Expenses	\$352,825	(\$834,950)	(\$482,125)	\$614,090	(\$351,650)	\$262,440
Use of Reserve	-	-	\$482,125	-	-	-
Potential Transfer to Gen. Reserve Fund	-	-	-	-	-	(\$262,440)

"cap_op"

Overview of Report

This report consists of four chapters, including this Executive Summary as **Chapter 1**. **Chapter 2** describes MCWD operating and capital facilities financing. **Chapter 3** describes the analysis of Ord Water revenues and expenditures in the context of the proposed rate increase. **Chapter 4** describes the analysis of Ord Wastewater revenues and expenditures in the context of the proposed rate increase.

2. MCWD OPERATING AND CAPITAL FACILITIES FINANCING

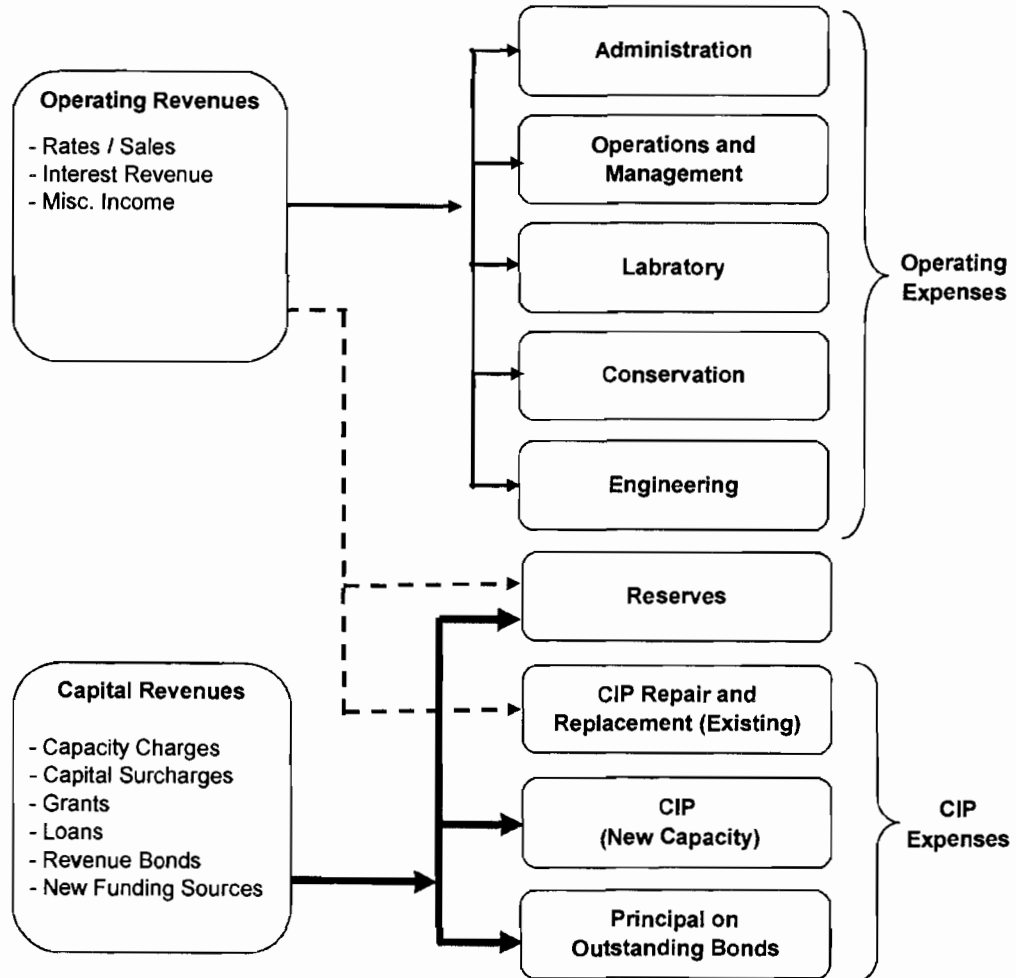
MCWD relies on a combination of revenue sources to provide operating and capital facility financing. This chapter summarizes the major sources and how those sources are programmed for both operating and capital needs.

General Overview

MCWD adopts an annual budget for each fiscal year (July 1 through June 30). The annual budget includes historical revenue and expenditure information, as well as the anticipated revenues and expenditures for the upcoming fiscal year. Each annual budget estimates revenues and expenditures by department or major category/function. In addition to its annual operating budget, the annual budget contains the agency's 5-year capital improvement plan (CIP) for planned capital expenditures. The 5-year CIP is also reviewed and updated annually to reflect revised estimates of revenues available and planned capital facility expenditures. MCWD prepares a 5-year CIP for both water and wastewater facilities. Each of the respective CIP documents tracks capital expenditures separately for the Marina and Ord communities. This separate tracking is necessary for purposes of setting and updating the rates and capacity charges for customers in each of the respective service areas. **Figure 1** on the following page generally summarizes major sources of revenues and categories of operating and capital expenditures.

As shown, capital facilities are anticipated to be funded through a combination of annual rate revenues, capacity charges from new development, grants, and other sources. Rate revenue funding for capital facilities is intended to fund ongoing repair and replacement of existing facilities that serve existing MCWD customers. Annually, MCWD transfers a portion of annual rate revenues to its capital replacement reserve funds (for both water and wastewater). Funding from the capital replacement reserve funds is programmed for expenditure through the 5-year CIP development.

Figure 1
Illustration of Major Operating and Capital Revenues and Expenses



2008 Rate Study and Financing Plan

In 2008, MCWD adopted the 2008 Rate Study, prepared by MCWD's consultant, Bartle Wells, Inc. This document included recommendations for MCWD's annual water and wastewater rates, as well as capital improvement charges to be collected from new development. The 2008 Rate Study included recommendations for 2008 rates, as well as rate increases for a 5-year period through FY 2012-13. From FY 2008-09 through FY 2010-11, MCWD adhered to the annual rate increases recommended in the 2008 Rate Study. MCWD is now proposing alternative rate increases for FY 2011-12 and FY 2012-13, as shown in the figures below.

These rate increases are lower than those proposed in the 2008 Rate Study. MCWD implemented cost reductions of \$360,000 to reduce the FY 2011-12 rate increase from 7.8 percent to 4.9 percent. These cost reductions reflected budgeted cuts to personnel and contracting.

Figure 2
Recommended and Proposed Water Rate Increases by Fiscal Year

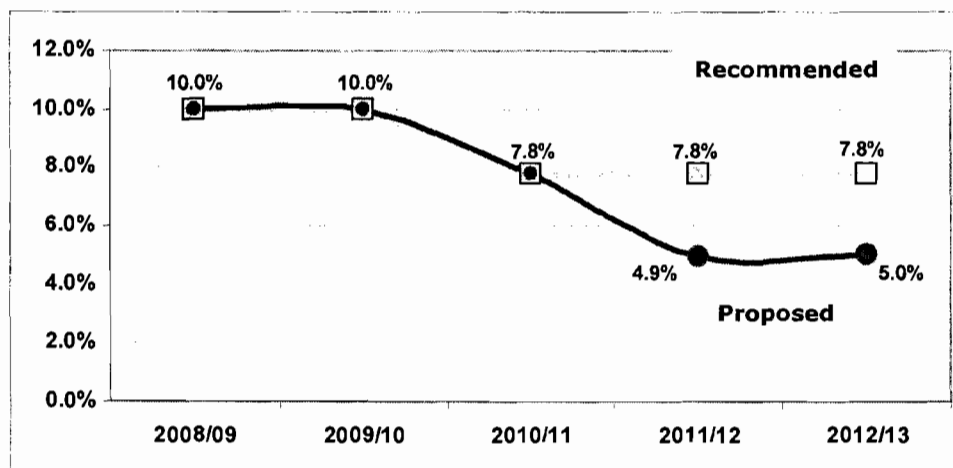
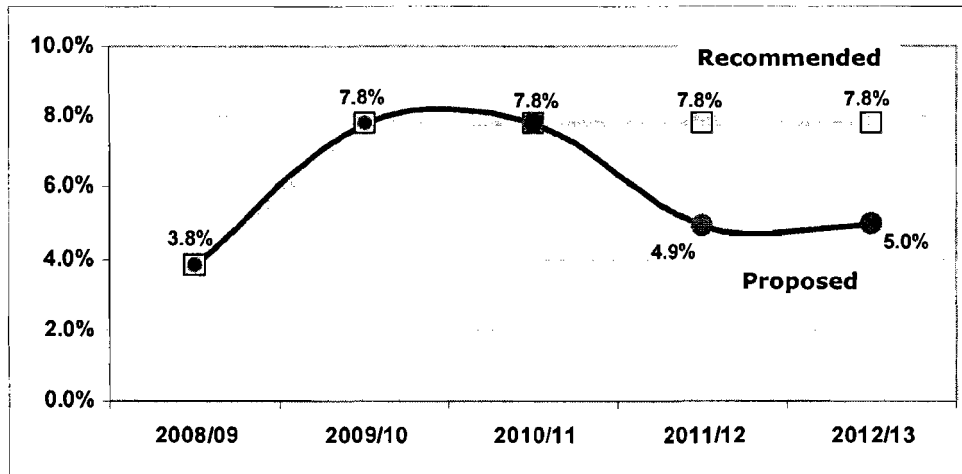


Figure 3
Recommended and Proposed Wastewater Rate Increases by Fiscal Year



The 2008 Rate Study and financing plan relied on estimates of annual revenues and expenditures for operating and capital purposes. As anticipated, actual revenues and expenditures have varied from original estimates. **Tables 2A** and **2B** respectively compare the estimated FY 2011-12 operating revenue and expenditure estimates for Ord Water and Wastewater from the 2008 Rate Study with those in the current FY 2011-12 MCWD annual budget.

Major changes in revenues and expenditures included the following items:

- Increased water conservation translated into lower water revenues.
- Lower interest earnings on fund balances because of reduced interest rates.
- Increased debt service costs (incurred by increased debt financing).
- Increased administration/management costs.
- Decreased Engineering department costs.

The comparison of prior estimates with the current budget provides a good context for evaluating the FY 2011-12 rate increase request. **Chapters 2** and **3** discuss findings from the review of Ord Water and Wastewater budget information and evaluation of the requested rate increase.

Administrative Cost Allocation

MCWD costs that are not dedicated to a specific cost center are shared among the four primary cost centers:

Marina Water	Ord Water
Marina Wastewater	Ord Wastewater

Table 2A
FORA MCWD Rate Increase Review
Comparison of Projected and Adopted Water System Operations Budgets

Item	FY 2011-12 Ord Community		Difference	Percent Change
	Projected MCWD Financial Plan & Rate Study	Adopted MCWD Budget Water Expenses		
<i>Source</i>	<i>Table 23</i>	<i>Exhibit W-1</i>		
Administration/Management	\$1,481,000	\$2,545,620	\$1,064,620	71.9%
Operations & Maintenance	\$1,542,000	\$1,880,130	\$338,130	21.9%
Laboratory	\$258,000	\$237,540	(\$20,460)	-7.9%
Conservation	\$192,000	\$208,755	\$16,755	8.7%
Engineering	\$580,000	\$290,010	(\$289,990)	-50.0%
Total Operating Expenses	\$4,053,000	\$5,162,055	\$1,109,055	27.4%
<i>Less: Interest Expense [1]</i>	\$0	(\$1,158,750)	<i>n/a</i>	<i>n/a</i>
Total Operating Expenses Less Interest Expense	\$4,053,000	\$4,003,305	\$1,109,055	-1.2%

"w_comp"

Source: MCWD Ord Community Water/Wastewater Systems Compensation Plan for FY 2011-12, May 2008 Barle Wells MCWD Water and Wastewater Financial Plan and Rate Study and EPS.

[1] Included under Administration/Management in MCWD Adopted Budget.

Table 2B
FORA MCWD Rate Increase Review
Comparison of Projected and Adopted Wastewater System Operations Budgets

Item	FY 2011-12 Ord Community		Percent Change
	Projected MCWD Financial Plan & Rate Study	Adopted MCWD Budget Wastewater Expenses	
<i>Source</i>	<i>Table 44</i>	<i>Exhibit WW-1</i>	
Administration/Management			
Administration	\$438,000		
Employee CALPERS Transfers	\$10,500		
Subtotal	\$448,500	\$689,370	53.7%
Operations & Maintenance	\$462,000	\$396,720	-14.1%
Engineering	\$210,000	\$75,420	-64.1%
Total Operating Expenses	\$1,120,500	\$1,161,510	3.7%
<i>Less: Interest Expense [1]</i>	<i>\$0</i>	<i>(\$466,340)</i>	<i>n/a</i>
Total Operating Expenses, Less Interest Expense	\$1,120,500	\$695,170	-38.0%

"ww_comp"

Source: MCWD Ord Community Water/Wastewater Systems Compensation Plan for FY 2011-12 and EPS.

[1] Included under Administration/Management in MCWD Adopted Budget.

General overhead costs are also allocated in this same manner. Costs are allocated based on each cost center's proportionate share of total operating expenses for the most recent audited fiscal year. The FY 2011-12 allocation of overhead (e.g., administrative/management) costs was reportedly based on the FY 2009-10 actual budget figures. The assigned cost share for each cost center is shown below:

Marina Water—	28%	Ord Water—	54%
Marina Wastewater—	7%	Ord Wastewater—	11%

EPS recreated MCWD's cost assignment by calculating the proportionate share of FY 2009-10 operating costs among the four cost centers using the FY 2009-10 audited figures from the FY 2009-10 CAFR. **Table 3** shows the calculations using FY 2009-10 CAFR data.

The allocation of FY 2011-12 administrative/management costs was evaluated based on that function's two activities: (1) Salaries and Benefits and (2) Department Expense. **Table 4** identifies the cost breakdown for these two activities and compares them with the assigned cost share.

As shown, the cost breakdown by cost center for Salaries and Benefits varies from the assigned cost sharing. A portion of salary and benefit costs was allocated to Recycled Water and the Regional Project because MCWD expects staff to spend a portion of their time on both projects. This proportionately reduced the share of costs attributed to Marina Water, Marina Sewer, Ord Water, and Ord Wastewater. The allocation of Department Expense is consistent with the assigned cost shares for each cost center.

Figure 4 illustrates the FY 2011-12 overhead cost assignment, as well as the cost breakdown for Salaries and Benefits and Department Expense.

Interest Expense

Interest expense represents one of the most significant cost increases for Ord Community Water and Wastewater. **Table 5A** identifies the difference in Ord Water interest expense from FY 2010-11 to FY 2011-12, while **Table 5B** identifies the difference in Ord Wastewater interest expense from FY 2010-11 to FY 2011-12. Ord Water interest expense, which equals more than 22 percent of the annual operating budget, is anticipated to increase by approximately 68 percent in FY 2011-12. Of the total estimated \$617,000 in operating cost increase, interest expense represents approximately \$469,000. Ord Wastewater interest expense equals more than 40 percent of the annual operating budget and is anticipated to increase by approximately 81 percent in FY 2011-12. While total operating costs are estimated to increase by \$61,000, interest expense is budgeted to increase by nearly \$209,000.

Table 3
FORA MCWD Rate Audit
Expense Budget Allocation - FY 2009/10 Actual [1]

Item	Total	
	Amount	Percent
Marina Water	\$2,858,595	28%
Marina Wastewater	\$739,876	7%
Ord Water [2]	\$5,562,012	54%
Ord Wastewater	\$1,101,309	11%
Total	\$10,261,792	100%

"ex09.10"

Source: Marina Coast Water District CAFR FY 2010-11 and EPS.

[1] Does not include other expenses for recycled water and the regional project.

[2] Includes New Water Fund.

Table 4
FORA MCWD Rate Increase Review
Administration Allocation - FY 2011/12 Budget

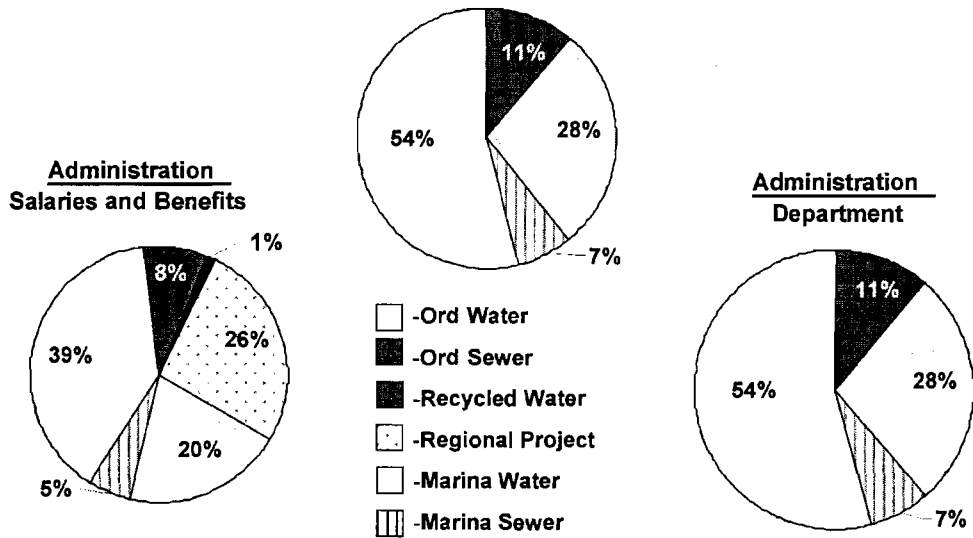
Item	Administration				2011/12 Budget
	Salaries and Benefits		Department Expense		Allocation
	Amount	Percent	Amount	Percent	Percent
Marina Water	\$295,720	20%	\$241,390	28%	28%
Marina Wastewater	\$73,940	5%	\$60,350	7%	7%
Ord Water	\$570,330	39%	\$474,540	54%	54%
Ord Wastewater	\$116,190	8%	\$94,840	11%	11%
Recycled Water	\$16,070	1%	\$0	0%	0%
Regional Project	\$378,630	26%	\$0	0%	0%
Total	\$1,450,880	100%	\$871,120	100%	100%

"admin"

Source: Marina Coast Water District Budget 2011-2012 and EPS.

Figure 4
Allocation of Administration Cost Components

FY 2011/12 Overhead Budget Allocation



**Table 5A
FORA MCWD Rate Increase Review
Ord Community Water System Operations Proposed Budgets**

Item	Adopted Budget Ord Community Water Expenses		Difference	
	FY 2010-11	FY 2011-12	Actual	% Change
Administration/Management				
Personnel	\$676,570	\$570,330	(\$106,240)	-15.7%
Expenses	\$647,280	\$686,940	\$39,660	6.1%
Insurance	\$55,300	\$67,500	\$12,200	22.1%
Legal	\$57,500	\$62,100	\$4,600	8.0%
Interest Expense	\$689,800	\$1,158,750	\$468,950	68.0%
Subtotal	\$2,126,450	\$2,545,620	\$419,170	19.7%
Operations & Maintenance				
Personnel	\$979,650	\$1,115,890	\$136,240	13.9%
Maintenance Expenses	\$161,900	\$223,990	\$62,090	38.4%
Power Costs	\$437,750	\$490,250	\$52,500	12.0%
Annual Maintenance	\$50,000	\$50,000	\$0	0.0%
Subtotal	\$1,629,300	\$1,880,130	\$250,830	15.4%
Laboratory				
Personnel	\$152,880	\$157,530	\$4,650	3.0%
Equipment/Expenses	\$39,489	\$44,010	\$4,521	11.4%
Lab Contract Services	\$21,000	\$36,000	\$15,000	71.4%
Subtotal	\$213,369	\$237,540	\$24,171	11.3%
Conservation				
Personnel	\$125,750	\$144,550	\$18,800	15.0%
Expenses	\$64,370	\$64,205	(\$165)	-0.3%
Subtotal	\$190,120	\$208,755	\$18,635	9.8%
Engineering				
Personnel	\$314,860	\$264,830	(\$50,030)	-15.9%
Expenses	\$15,032	\$4,180	(\$10,852)	-72.2%
Outside Consultants	\$56,000	\$21,000	(\$35,000)	-62.5%
Subtotal	\$385,892	\$290,010	(\$95,882)	-24.8%
Total Operating Expenses	\$4,545,131	\$5,162,055	\$616,924	13.6%
<i>Less: Interest Expense</i>	<i>(\$689,800)</i>	<i>(\$1,158,750)</i>	<i>(\$468,950)</i>	<i>68.0%</i>
Total Operating Expenses, Less Interest Expense	\$3,855,331	\$4,003,305	\$147,974	3.8%

"water"

Source: MCWD Ord Community Water/Wastewater Systems Compensation Plan
for FY 2011-12 and EPS.

**Table 5B
FORA MCWD Rate Increase Review
Ord Community Wastewater System Operations Proposed Budgets**

Item	Adopted Budget Ord Community Wastewater Expenses		Difference	
	FY 2010-11	FY 2011-12	Actual	% Change
Administration/Management				
Personnel	\$189,310	\$116,190	(\$73,120)	-38.6%
Expenses	\$95,660	\$80,440	(\$15,220)	-15.9%
Insurance	\$15,500	\$13,750	(\$1,750)	-11.3%
Legal	\$16,100	\$12,650	(\$3,450)	-21.4%
Interest Expense	\$257,700	\$466,340	\$208,640	81.0%
Subtotal	\$574,270	\$689,370	\$115,100	20.0%
Operations & Maintenance				
Personnel	\$230,490	\$233,100	\$2,610	1.1%
Maintenance Expenses	\$52,200	\$96,520	\$44,320	84.9%
Power Costs	\$62,900	\$57,100	(\$5,800)	-9.2%
Annual Maintenance	\$30,000	\$10,000	(\$20,000)	-66.7%
Subtotal	\$375,590	\$396,720	\$21,130	5.6%
Engineering				
Personnel	\$94,480	\$68,820	(\$25,660)	-27.2%
Expenses	\$1,510	\$1,100	(\$410)	-27.2%
Outside Consultants	\$54,800	\$5,500	(\$49,300)	-90.0%
Subtotal	\$150,790	\$75,420	(\$75,370)	-50.0%
Total Operating Expenses	\$1,100,650	\$1,161,510	\$60,860	5.5%
<i>Less: Interest Expense</i>	<i>(\$257,700)</i>	<i>(\$466,340)</i>	<i>(\$208,640)</i>	<i>81.0%</i>
Total Operating Expenses, Less Interest Expense	\$842,950	\$695,170	(\$147,780)	-17.5%

"wastewater"

Source: MCWD Ord Community Water/Wastewater Systems Compensation Plan for FY 2011-12 and EPS.

As has been documented,¹ the rise in Ord Water and Wastewater interest expense is attributed to the refinancing of the Armstrong Ranch promissory note. The accelerated 10-year repayment schedule of the promissory note resulted in a substantial increase in the interest expense budgeted for FY 2011-12.

Tables 5A and **5B** also show operating costs excluding interest costs. The Ord Water operating cost increase of 5.5 percent is reduced to 3.8 percent excluding interest expense. The Ord Sewer operating cost increase is reversed to a cost decrease of 17.5 percent excluding interest expense. These results demonstrate MCWD's efforts to control costs at the Board's direction.

¹ Based on response #2 in Attachment A to Item 8d for the FORA Board Meeting, 8/12/11.

3. ORD WATER

This chapter focuses on the FY 2011-12 budget for the MCWD Ord Community Water functions. It describes and compares operations and maintenance revenues and expenditures with historical data and projections from the 2008 Rate Study and discusses capital facility needs and financing sources. This chapter concludes with a summary of findings from the budget analysis.

Operations and Maintenance

FY 2011-12 Budget

Table 5A in **Chapter 2** compares estimated FY 2011-12 annual expenditures with estimated totals from FY 2010-11. Increases in Ord Water system operations costs in all department functions are offset by a decrease in operations costs for the Engineering department. Overall, operating costs (including interest expenses) are anticipated to increase by 13.6 percent. The largest cost increase is interest expense allocated to Ord Water. Ord Water interest expense, which equals almost 22 percent of the annual operating budget, is anticipated to increase approximately 68 percent.

Below is a summary of FY 2011-12 Ord Community Water revenues, expenditures, and surplus/shortfalls for operations and maintenance and capital improvements. Detailed revenues and expenditures are shown in **Table 1** in **Chapter 1**.

Item	Operations & Maintenance	Capital	Total
Revenues	\$5,514,880	\$4,965,929	\$10,480,809
Expenses	(\$5,162,055)	(\$5,800,879)	(\$10,962,934)
Surplus/(Shortfall)	\$352,825	(\$834,950)	(\$482,125)

MCWD anticipates using reserve funds to cover the \$482,000 shortfall.

Operating Revenues and Expenses

Table 6 compares the Ord Water operating revenues and expenditures for the last 3 fiscal years. Even considering annual rate increases implemented by MCWD, Ord Water sales revenues have ranged between approximately 67 percent and 104 percent of total operating expenses. The difference between operating revenues and expenditures is partially attributable to increased water conservation. When the interest expense is excluded, Ord Water revenues equate to approximately 79 percent to 133 percent of budgeted expenditures.

Table 6
FORA MCWD Rate Increase Review
Historical Comparison of Ord Water Sales and Operating Expenses [1]

Item	Formula	Ord Water		
		2009-10 Actual [2]	2010-11 Estimated	2011-12 Proposed
Water Sales				
Water Sales Residential	a	\$2,714,635	\$3,027,030	\$3,196,000
Water Sales Other [3]	b	\$0	\$0	\$893,000
Flat Rate Accounts	c	\$0	\$0	\$1,253,000
Total Water Sales	d = a + b + c	\$2,714,635	\$3,027,030	\$5,342,000
Operating Expenses				
Administration/Management	e	\$1,941,648	\$2,126,450	\$2,545,620
Operations & Maintenance	f	\$1,307,159	\$1,629,300	\$1,880,130
Laboratory	g	\$196,122	\$213,369	\$237,540
Conservation	h	\$167,822	\$190,120	\$208,755
Engineering	i	\$267,090	\$385,892	\$290,010
Total Operating Expenses	j = e+f+g+h+i	\$3,879,841	\$4,545,131	\$5,162,055
<i>Less: Interest Expense</i>	k	<i>(\$484,000)</i>	<i>(\$689,800)</i>	<i>(\$1,158,750)</i>
Total, Less Interest Expense	l = j + k	\$3,395,841	\$3,855,331	\$4,003,305
<i>Water Sales as a % of Total Operating Expense</i>	<i>m = d / j</i>	70.0%	66.6%	103.5%
<i>Water Sales as a % of Total Operating Expense, Less Interest Expense</i>	<i>n = d / l</i>	79.9%	78.5%	133.4%

"water_hist"

Source: MCWD Revised Draft Budget FY 2011-12 and MCWD Draft Budget FY 2009-10.

- [1] Excludes other revenues besides Water Sales Residential and Other. Excludes costs to fund the principal portion of debt service.
- [2] All 2009-10 budget information is based on actuals except interest expense, which is based on the adopted budget.
- [3] Represents revenue associated with MCWD's agreement with the City of Seaside to exchange 2,500 acre-feet of water for Seaside's conveyance and assignment of all certain property to MCWD.

Comparison to 2008 Rate Study Estimates

Because the proposed rate increase is lower than originally recommended in the 2008 Rate Study, it is helpful to compare 2008 Rate Study data to the current budget. **Table 7** compares the proposed FY 2011-12 budget with FY 2011-12 projections in the 2008 Rate Study. The largest difference in cost is in the Administration/Management function, with a difference of approximately \$1.1 million. The 2008 Rate Study estimate for Administrative/Management excluded interest costs, so the comparison actually needs to account for that difference. If the \$1.2 million in interest costs were removed from the Administrative/Management function, budgeted costs for FY 2011-12 are lower than originally anticipated in the 2008 Rate Study.

Increases in operations and maintenance costs (e.g., higher utilities, materials costs) were offset by decreases in Laboratory and Engineering costs. Overall, excluding interest costs, the FY 2011-12 budget Ord Water expenditures are approximately 1.2 percent less than projected in the 2008 Rate Study.

The comparisons demonstrate that MCWD appears to have implemented actions to limit cost increases where possible to keep overall Ord Water system operations and maintenance costs at or below original projections. Aside from increases in interest cost, which were at MCWD's discretion, other cost increases appear to be based on outside influences (i.e., external cost changes).

Capital Facility Financing

Ord Water's 5-year CIP includes capital projects that serve existing customers (i.e., repair and replacement projects), as well as capacity expansion projects. As discussed earlier, CIP projects will be funded through a combination of funding sources.

As shown in **Table 1** in **Chapter 1**, MCWD has programmed approximately \$5.8 million in capital facility and other expenses for FY 2011-12. Expenses include \$4.8 million for a capital improvement project, nearly \$96,000 for general CIP expenses, a \$200,000 contribution for the capital replacement reserves fund, and \$670,000 in principal payments on outstanding debt attributable to Ord Water.

Funding sources include grant revenues, capital surcharges, capacity revenues, and "new sources" of funding (e.g., additional grants, loans, capacity charges, etc.). Capital surcharge revenue may be used to make a portion of the outstanding principal payments on the debt service allocated to new capacity. Because new development is limited, the budgeted capital surcharge revenue is not adequate to pay the entire proportionate share of such costs.

Overall, capital-related revenue estimates of \$5.0 million are approximately \$0.8 million short of budget expenditures.

Table 7
FORA MCWD Rate Increase Review
Comparison of Projected and Actual FY 2011-12 MCWD Budgets, Water

Water

Item	Projected FY 2011-12 MCWD Rate Study (May 2008)			Actual FY 2011-12 MCWD FY 2011-12 Revised Budget			Difference From Projected		
	Ord			Ord			Ord		
	Marina	Community	Total	Marina	Community	Total	Marina	Community	Total
REVENUES									
Total Water Sales	\$4,403,000	\$5,755,000	\$10,158,000	\$3,711,000	\$5,342,000	\$9,053,000	(\$692,000)	(\$413,000)	(\$1,105,000)
Permits and Other Income	\$283,000	\$114,000	\$397,000	\$3,000	\$5,000	\$8,000	(\$280,000)	(\$109,000)	(\$389,000)
Interest Income	\$20,000	\$26,000	\$46,000	\$70,000	\$90,000	\$160,000	\$50,000	\$64,000	\$114,000
Other Revenues [1]	\$0	\$0	\$0	\$63,850	\$77,880	\$141,730	\$63,850	\$77,880	\$141,730
Total	\$4,706,000	\$5,895,000	\$10,601,000	\$3,847,850	\$5,514,880	\$9,362,730	(\$858,150)	(\$380,120)	(\$1,238,270)
<i>Percent Difference</i>							-18%	-6%	-12%
EXPENSES									
Administration	\$876,000	\$1,481,000	\$2,357,000	\$887,810	\$2,545,620	\$3,433,430	\$11,810	\$1,064,620	\$1,076,430
Operations and Maintenance	\$1,299,000	\$1,542,000	\$2,841,000	\$993,720	\$1,880,130	\$2,873,850	(\$305,280)	\$338,130	\$32,850
Laboratory	\$209,000	\$258,000	\$467,000	\$154,340	\$237,540	\$391,880	(\$54,660)	(\$20,460)	(\$75,120)
Conservation	\$166,000	\$192,000	\$358,000	\$180,350	\$208,755	\$389,105	\$14,350	\$16,755	\$31,105
Engineering	\$482,000	\$580,000	\$1,062,000	\$191,990	\$290,010	\$482,000	(\$290,010)	(\$289,990)	(\$580,000)
Other Expenses	\$89,000	\$0	\$89,000	\$0	\$0	\$0	(\$89,000)	\$0	(\$89,000)
Subtotal	\$3,121,000	\$4,053,000	\$7,174,000	\$2,408,210	\$5,162,055	\$7,570,265	(\$712,790)	\$1,109,055	\$396,265
<i>Less: Interest Expense</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>(\$350,600)</i>	<i>(\$1,158,750)</i>	<i>(\$1,509,350)</i>	<i>(\$350,600)</i>	<i>(\$1,158,750)</i>	<i>(\$1,509,350)</i>
Total, Less Interest Expense	\$3,121,000	\$4,053,000	\$7,174,000	\$2,057,610	\$4,003,305	\$6,060,915	(\$1,063,390)	(\$49,695)	(\$1,113,085)
<i>Percent Difference</i>							-34%	-1%	-16%
NET REVENUES, Less Int. Expense	\$1,585,000	\$1,842,000	\$3,427,000	\$1,790,240	\$1,511,575	\$3,301,815	\$205,240	(\$330,425)	(\$125,185)
<i>Percent Difference</i>							13%	-18%	-4%

"compare1"

Source: Marina Coast Water District Revised Draft Budget FY 2011-12, Marina Coast Water District Five Year Water and Wastewater Financial Plan and Rate Study (May 2008), and EPS.

[1] Actual FY 2011-12 "Other Revenues" includes fire system charge, backflow prevention, meter fees, late charges and other income.

Findings

1. The proposed Ord Water rate increase of 4.9 percent is warranted.

The proposed rate increase will permit MCWD to adequately cover operating costs, make contributions to an underfunded capital reserve account, and help fund some FY 2011-12 capital costs.

2. Operating revenues are anticipated to exceed operating costs.

Operating revenues are anticipated to exceed operating costs by approximately \$353,000. More than half of this amount will be used to fund the capital reserve fund. The remaining amount will help to fund principal payments on outstanding debt service.

3. Excluding interest costs, annual operating costs increased 3.8 percent from FY 2010-11 to FY 2011-12.

Operating cost increases were mitigated by decreases in some functions. This is primarily a result of decreases in Engineering department costs, which fell by 25 percent between FY 2010-11 and FY 2011-12. Total operating costs, excluding interest costs, are in line with original 2008 Rate Study expectations.

4. Including interest costs, overall operating costs increased 13.6 percent from FY 2010-11 to FY 2011-12.

Interest costs from Armstrong Ranch promissory note refinance increased overall interest costs by approximately \$467,000. This increase had a significant influence on overall operating cost changes on a year-over-year basis.

5. The Ord Water capital reserve account is below desired levels but is improving.

Including the FY 2011-12 contribution, the Ord Water capital reserve account will be approximately \$200,000 below the desired \$1.0 million level. MCWD has been making annual contributions to the capital reserve account to bring it up to desired levels.

6. Reserve funding will be used to meet FY 2011-12 obligations.

Excluding CIP projects that may or may not be fully funded in FY 2011-12, MCWD will need to use approximately \$482,000 in reserves to meet its Ord Water obligations.

4. ORD WASTEWATER

This chapter focuses on the FY 2011-12 budget for the MCWD Ord Community Wastewater functions. It describes and compares operations and maintenance revenues and expenditures with historical data and projections from the 2008 Rate Study. It also discusses capital facility needs and financing sources. The chapter concludes with a summary of findings from the budget analysis.

Operations and Maintenance

FY 2011-12 Budget

Table 5B in **Chapter 2** compares estimated FY 2011-12 annual expenditures with estimated totals from FY 2010-11. Increases in wastewater system operations costs in Administration and Operations & Maintenance department functions are offset by a decrease in Engineering department costs. Overall, operating costs (including interest expenses) are anticipated to increase by 5.5 percent.

The largest cost increase is interest expense. Ord Water interest expense, which equals more than 40 percent of the annual operating budget, is anticipated to increase by approximately 81 percent. While total operating costs are estimated to increase by \$61,000, interest expense is budgeted to increase by nearly \$209,000.

Below is a summary of FY 2011-12 Ord Community Wastewater revenues, expenditures, and surplus/shortfalls for operations and maintenance and capital improvements. Detailed revenues and expenditures are shown in **Table 1** in **Chapter 1**.

Item	Operations & Maintenance	Capital	Total
Revenues	\$1,775,600	\$1,487,985	\$3,263,585
Expenses	(\$1,161,510)	(\$1,839,635)	(\$3,001,145)
Surplus/(Shortfall)	\$614,090	(\$351,650)	\$262,440

MCWD anticipates using the \$262,000 in surplus revenues to fund CIP projects that serve existing ratepayers.

Operating Revenues and Expenses

Table 8 compares the Ord Wastewater operating revenues and expenditures for the last 3 fiscal years. Data was based on budget actuals for FY 2009-10, budget estimates for FY 2010-11, and the proposed budget for FY 2011-12. Including annual rate increases implemented by MCWD, wastewater sales revenues equate to approximately 150 percent of total operating expenses.

Table 8
FORA MCWD Rate Increase Review
Historical Comparison of Ord Water Sales and Operating Expenses [1]

Item	Formula	Ord Wastewater		
		2009-10 Actual [2]	2010-11 Estimated	2011-12 Proposed
Wastewater Sales	<i>a</i>	\$1,488,795	\$1,635,451	\$1,713,000
Operating Expenses				
Administration/Management	<i>b</i>	\$557,867	\$574,270	\$689,370
Operations & Maintenance	<i>c</i>	\$282,752	\$375,590	\$396,720
Engineering	<i>d</i>	\$136,262	\$150,790	\$75,420
Total Operating Expenses	<i>e = b + c + d</i>	\$976,881	\$1,100,650	\$1,161,510
<i>Less: Interest Expense</i>	<i>f</i>	(\$242,000)	(\$257,700)	(\$466,340)
Total, Less Interest Expense	<i>g = e - f</i>	\$734,881	\$842,950	\$695,170
<i>Wastewater Sales as a % of Total Operating Expense</i>	<i>h = a/e</i>	152.4%	148.6%	147.5%
<i>Wastewater Sales as a % of Total Operating Expense, Less Interest Expense</i>	<i>i = a/g</i>	202.6%	194.0%	246.4%

"wastewater_hist"

Source: MCWD Revised Draft Budget FY 2011-12 and MCWD Draft Budget FY 2009-10.

[1] Excludes costs to fund the principal portion of debt service.

[2] All 2009-10 budget information is based on actuals except interest expense, which is based on the adopted budget.

The difference between operating revenues and expenditures is partially attributable to MCWD's actions to reduce operating costs. Excluding interest expense, wastewater revenues equate to approximately 200 percent to 250 percent of budgeted expenditures.

Comparison to 2008 Rate Study Estimates

Because the proposed rate increase is lower than the rate originally recommended in the 2008 Rate Study, it is helpful to compare 2008 Rate Study data to the current budget. **Table 9** compares the proposed FY 2011-12 budget with FY 2011-12 projections in the 2008 Rate Study. The largest difference in cost is in the Administration/Management function, with a difference of approximately \$251,000. The 2008 Rate Study estimate for Administrative/Management excluded interest costs, so the comparison should account for that difference. If the \$466,000 in interest expense were removed from the Administrative/Management function, budgeted costs for FY 2011-12 would be less than originally anticipated in the 2008 Rate Study.

The increases in Administration costs was offset and exceeded by cost reductions in all other departments. Overall, excluding interest costs, the FY 2011-12 budget for wastewater expenditures is approximately 38 percent less than the operating expenditures projected in the 2008 Rate Study.

These comparisons demonstrate that MCWD appears to have implemented actions to limit cost increases where possible to keep overall wastewater system operations and maintenance costs at or below original projections.

Capital Facility Financing

Ord Wastewater's 5-year CIP includes capital projects that serve existing customers (i.e., repair and replacement projects), as well as capacity expansion projects. As discussed earlier, CIP projects will be funded through a combination of funding sources.

As shown in **Table 1** in **Chapter 1**, MCWD has programmed approximately \$1.8 million in capital facility expenses for FY 2011-12. Expenses include \$1.46 million for a capital improvement project, more than \$15,000 for general CIP expenses, a \$100,000 contribution for the capital replacement reserves fund, and \$264,000 in principal payments on outstanding debt attributable to Ord Wastewater.

Funding sources include capital surcharges, capacity revenues, and "new sources" of funding. The new sources of funding could include additional grants, loans, capacity charges, and reserves. These sources and their amounts are estimates. The completion of CIP projects will occur pending the acquisition of these new sources of funding. Capital-related revenue estimates are approximately \$352,000 short of budgeted capital expenditures.

FY 2011-12 capital improvements are for repair and replacement of capital facilities that benefit existing ratepayers. Because rate revenues can cover costs for capital repair and replacement, the budget uses FY 2011-12 surplus wastewater operating revenues to offset the funding gap for capital projects. The surplus operating revenues of \$614,000 are sufficient to fill the \$352,000 gap in capital funding. The remaining \$262,000 will be used as another new source of capital funding. As shown in **Table 10**, this represents 18 percent of the total funding needed. Other sources will be required to generate the additional 82 percent.

Table 9
FORA MCWD Rate Increase Review
Comparison of Projected and Actual FY 2011-12 MCWD Budgets, Wastewater

Wastewater

Item	Projected FY 2011-12 MCWD Rate Study (May 2008)			Actual FY 2011-12 MCWD FY 2011-12 Revised Budget			Difference From Actual		
	Ord			Ord			Ord		
	Marina	Community	Total	Marina	Community	Total	Marina	Community	Total
REVENUES									
Total Wastewater Sales	\$815,000	\$1,655,000	\$2,470,000	\$751,500	\$1,713,300	\$2,464,800	(\$63,500)	\$58,300	(\$5,200)
Permits and Other Income	\$1,000	\$8,000	\$9,000	\$2,500	\$2,500	\$5,000	\$1,500	(\$5,500)	(\$4,000)
Interest Income	\$8,000	\$8,000	\$16,000	\$15,800	\$43,000	\$58,800	\$7,800	\$35,000	\$42,800
Other Income	\$0	\$0	\$0	\$2,400	\$16,800	\$19,200	\$2,400	\$16,800	\$19,200
Total	\$824,000	\$1,671,000	\$2,495,000	\$772,200	\$1,775,600	\$2,547,800	(\$51,800)	\$104,600	\$52,800
<i>Percent Difference</i>							-6%	6%	2%
EXPENSES									
Administration	\$174,000	\$438,000	\$612,000	\$281,730	\$689,370	\$971,100	\$107,730	\$251,370	\$359,100
Operations and Maintenance	\$204,000	\$462,000	\$666,000	\$190,550	\$396,720	\$587,270	(\$13,450)	(\$65,280)	(\$78,730)
Engineering	\$96,000	\$210,000	\$306,000	\$48,010	\$75,420	\$123,430	(\$47,990)	(\$134,580)	(\$182,570)
Other Expenses	\$7,200	\$10,500	\$17,700	\$0	\$0	\$0	(\$7,200)	(\$10,500)	(\$17,700)
Subtotal	\$481,200	\$1,120,500	\$1,601,700	\$520,290	\$1,161,510	\$1,681,800	\$39,090	\$41,010	\$80,100
<i>Less: Interest Expense</i>	\$0	\$0	\$0	(\$147,440)	(\$466,340)	(\$613,780)	(\$147,440)	(\$466,340)	(\$613,780)
Total, Less Interest Expense	\$481,200	\$1,120,500	\$1,601,700	\$372,850	\$695,170	\$1,068,020	(\$108,350)	(\$425,330)	(\$533,680)
<i>Percent Difference</i>							-23%	-38%	-33%
NET REVENUES, Less Int. Expense	\$342,800	\$550,500	\$893,300	\$399,350	\$1,080,430	\$1,479,780	\$56,550	\$529,930	\$586,480
<i>Percent Difference</i>							16%	96%	66%

"comparo2"

Source: Marina Coast Water District Revised Draft Budget FY 2011-12, Marina Coast Water District Five Year Water and Wastewater Financial Plan and Rate Study (May 2008), and EPS.

Table 10
FY 2011-12 Ord Wastewater Capital Improvement Project Funding

Item	Amount	Percent
Ord Wastewater Expenses for Capital Repair and Replacement	\$1,459,985	100%
Rate Revenue Available for Capital Costs	\$262,440	18%
Remaining Funding Needed From New Source	\$1,197,545	82%

"cip"

Findings

1. The proposed Ord Wastewater rate increase of 4.9 percent is warranted.

The proposed rate increase will permit MCWD to adequately cover operating costs, make contributions to an underfunded capital reserve account, and help fund some FY 2011-12 capital projects.

2. Operating revenues are anticipated to exceed operating costs by approximately 50 percent.

Although operating revenues under the rate increase exceed operating costs by approximately \$614,000, the surplus operating revenues are needed to help fund FY 2011-12 capital costs and to make progress toward desired capital reserve funding thresholds. Approximately 57 percent of wastewater operating revenues in excess of costs will be used to offset the shortfall in capital funding of \$352,000. The remainder will be used to fund eligible FY 2011-12 capital projects.

3. Excluding interest costs, annual operating costs decreased by 17.5 percent from FY 2010-11 to FY 2011-12.

Operating cost decreases were identified in many wastewater functions. The overall decrease is primarily a result of decreases in Engineering department costs, which fell by 50 percent between FY 2010-11 and FY 2011-12. Total operating costs, excluding interest costs, are approximately 38 percent less than original 2008 Rate Study expectations.

4. Including interest costs, overall operating costs increased 5.5 percent from FY 2010-11 to FY 2011-12.

Interest costs from Armstrong Ranch promissory note refinance increased overall interest costs by approximately \$209,000. This increase had a significant influence on overall operating cost changes on a year-over-year basis.

5. The Ord Wastewater capital reserve fund is inadequately funded but is improving.

Including the FY 2011-12 contribution, the wastewater capital reserve fund will be approximately \$400,000, well below the desired \$1.0 million level. MCWD has been making annual contributions to the capital reserve account to bring it up to desired levels.



Fort Ord Reuse Authority

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Attachment E to Item 6c
FORA Board Meeting, 07/13/12

WATER/WASTEWATER OVERSIGHT COMMITTEE MEETING

9:30 AM WEDNESDAY, MAY 30, 2012
910 2nd Avenue, Marina CA 93933 (Carpenter's Union Hall)

MINUTES

1. CALL TO ORDER AT 9:30 AM

Confirming a quorum, Fort Ord Reuse Authority (FORA) Executive Officer Michael A. Houlemard, Jr. called the meeting to order at 10:08 AM. The following people, indicated by signatures on the roll sheet, attended:

Committee Members

Graham Bice, UCMBEST

Mike Lerch, CSUMB

Debby Platt, City of Marina

Elizabeth Caraker, City of Monterey

Paul Greenway, Monterey Co.

Diana Ingersoll, City of Seaside

Daniel Dawson City of DRO

Tim O'Halloran City of Seaside

Carl Holm, Monterey County

Rick Riedl, City of Seaside

Vicki Nakamura, MPC

Michael Houlemard, FORA

Jim Arnold, FORA

Jonathan Garcia, FORA

Pat Ward, Bestor Engineers

Bob Schaffer, MCP

Chuck Lande, Mar. Heights

Carl Niizawa, MCWD

Patrick Breen, MCWD

Kelly Cadiente, MCWD

Crissy Maras, FORA

2. PUBLIC COMMENT PERIOD: None

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE: None

4. APPROVAL OF MEETING MINUTES: May 16, 2012

On a motion made by Graham Bice and seconded by Daniel Dawson, the May 16, 2012 meeting minutes were approved as presented.

5. OLD BUSINESS

a. Draft FY 2012/13 Ord Community Water and Wastewater Budgets and Rates - Approval

The draft FY 2012/13 Ord Community Water and Wastewater Budgets and Rates were reviewed by the WWOC and/or joint WWOC/Administrative Committee on March 14th, April 18th and May 2nd 2012.

CSUMB representative Mike Lerch read a prepared statement into the record (attached).

Mr. Dawson made a motion to approve the draft FY 2012/13 Ord Community Water and Wastewater Budgets and Rates; Mr. Bice seconded. The motion passed with CSUMB casting a dissenting vote.

6. NEW BUSINESS – none

7. ADJOURNMENT

The meeting was adjourned at 10:18 AM.

CSUMB COMMENTS READ INTO THE RECORD BY MIKE LERCH

Over the course of the last few months we have been told that a 5 year infrastructure plan had been approved in 2008 in support of growth, to “prime the pump” so to speak, funded by debt and reserves. The debt showed up, between FY 09-10 and proposed 12-13 debt service and interest increased from \$1.0 MM per year to \$1.7MM per year on what was then a \$4.8MM annual budget. The growth part did not, volume actually dropped from 2,660 acre ft in 09-10 to 2,570 acre feet projected for 12-13.

The economic climate has clearly not helped, and we all suffer from that. Eyeballing a chart of consumer price index it has probably only gone up about 2% per year over the last 4 years. I represent a State institution whose budget has been cut 30%. It has not been easy for anyone.

Here entering the 5th and final year of the plan we were initially proposed a budget that supported \$400,000 of Capital Improvement Projects and was near balanced with a 5% or \$200,000 rate increase. This was encouraging as there appeared to be some room for maneuver within these figures and still have the ability to keep a balanced budget and minimize the increase to ratepayers. However these figures were then revised to reflect a \$632,000 decrease in grant revenue that was suddenly not going to materialize AND Capital Improvement Projects was increased to \$607,000, and with some other adjustments, the combined net effect was to push the budget \$940,000 into deficit. This on a total budget of \$6.6MM mind you.

This sudden gap of \$940,000 was then immediately filled without discussion, not by proposing a greater rate increase, not by proposing budget cuts or a reduction in Capital Improvement Projects but simply by running to reserves, All In keeping with the 5 year plan. Having done such we learn that available reserves will by the end of next fiscal year be depleted to within \$300,000 of their lowest allowable level, not only by tapping them for this coming year but by the fact that \$7.6MM, I'll repeat \$7.6 MM of reserves have been lent from the Ord Community Water reserves to the “Regional” water project and are therefore no longer available to support the Ord Community Water budget.

All this indicates to me that this play is pretty well tapped out, the well is dry. This as we are being presented with a new 5 year CIP plans that dwarfs everything that has been done before, prior years was \$6.6 MM, the next 5 years is \$16.4MM, out years another \$21.8 MM!. The cart is simply before the horse and it is heading in a direction that will result in big rate increases each and every year, for ever.

That is not a recommendation that I as a representative of the second largest ratepayer in the Ord Community Service Area can vote to recommend. This process and budget is not serving the ratepayers, and is not in line with the economic realities they face. I would instead urge the board to reconsider this budget and consider alternatives that don't soak the ratepayers.

Finally I do notice the nice charts in the budget packet that show that our rates are still the lowest in the region, and I hope we can keep them that way.



Fort Ord Reuse Authority

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Attachment E to Item 6c
FORA Board Meeting, 07/13/12

JOINT ADMINISTRATIVE AND WATER/WASTEWATER OVERSIGHT COMMITTEE MEETING

9:15 AM WEDNESDAY, MAY 16, 2012

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

MINUTES

1. CALL TO ORDER AT 9:15 AM

Confirming a quorum, Administrative Committee co-chair Daniel Dawson called the meeting to order at 10:15 AM. The following people, indicated by signatures on the roll sheet, attended:

Committee Members

Vicki Nakamura, MPC

Mike Lerch, CSUMB

Doug Yount, City of Marina

Elizabeth Caraker, City of Monterey

Paul Greenway, Monterey Co.

Rick Riedl, City of Seaside

Daniel Dawson City of DRO

Graham Bice, UCMBEST

Debby Platt, City of Marina

Bob Schaffer, MCP

Kelly Cadiente, MCWD

Steve Endsley, FORA

Jim Arnold, FORA

Crissy Maras, FORA

Robert Norris, FORA

Pat Ward, Bestor Engineers

Kathleen Lee, Sup. Potter

Mike McCullough, Silverado Homes

Carl Niizawa, MCWD

Chuck Lande, Marina Heights

Patrick Breen, MCWD

Jerry Bowden, FORA

2. PUBLIC COMMENT PERIOD: None

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE: None

4. APPROVAL OF MEETING MINUTES: May 2, 2012

On a motion made by Rick Riedl and seconded by Graham Bice, the May 2, 2012 meeting minutes were approved as presented.

5. OLD BUSINESS

a. Draft FY 2012/13 Ord Community Water and Wastewater Budgets and Rates-Draft MCWD Board Presentation

Carl Niizawa reviewed a newly formatted capital improvement summary sheet and noted the capital projects scheduled in FY 12/13. He specified that project GW-0211, the tie-in between the MCWD system and the regional desalination project system, may not occur if the regional project does not move forward.

MCWD Director of Administrative Services Kelly Cadiente reviewed the draft presentation MCWD anticipated providing to the FORA Board on June 8th. She noted that the Proposition 218 process that was undertaken last year allowed for a two year rate increase, therefore no Prop 218 process would be required for a rate increase to take place this year. Committee members provided a few suggestions to Ms. Cadiente and were generally in approval of the presentation and format of the information provided.

A FORA presentation focusing more on the MCWD/FORA relationship and the water and wastewater facilities agreement between the two will be provided at the next meeting scheduled for May 30th, in anticipation of providing the information to the Board on June 8th.

6. NEW BUSINESS

a. Water/Wastewater Facilities Agreement

FORA Assistant Executive Officer Steve Endsley noted the possibility that once MCWD annexes the Ord Community into their service area, annual approval of the budgets and rates by the FORA Board may no longer be required. The Facilities Agreement does state that MCWD shall construct facilities for water augmentation as required under the Fort Ord Base Reuse plan for reuse and redevelopment of the former Fort Ord. This will occur independently of the rate setting process.

7. ADJOURNMENT

The meeting was adjourned at 10:55 AM.

Minutes prepared by Crissy Maras, Grants and Contracts Coordinator



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Attachment E to Item 6c
FORA Board Meeting, 07/13/12

JOINT ADMINISTRATIVE AND WATER/WASTEWATER OVERSIGHT COMMITTEE MEETING

9:15 AM WEDNESDAY, MAY 2, 2012

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

MINUTES

1. CALL TO ORDER AT 9:15 AM

Confirming a quorum, Fort Ord Reuse Authority Assistant Executive Officer Steve Endsley called the meeting to order at 9:57 AM. The following people, indicated by signatures on the roll sheet, attended:

Committee Members

Tim O'Halloran, City of Seaside

Mike Lerch, CSUMB

Debby Platt, City of Marina

Elizabeth Caraker, City of Monterey

Paul Greenway, Monterey Co.

Rick Riedl, City of Seaside

Vicki Nakamura, MPC

Bob Schaffer, MCP

Kelly Cadiente, MCWD

Steve Endsley, FORA

Jim Arnold, FORA

Crissy Maras, FORA

Jonathan Garcia, FORA

Kathleen Lee, Sup. Potter

Brian Spilman, Silverado Homes

Carl Niizawa, MCWD

Chuck Lande, Marina Heights

Patrick Breen, MCWD

2. PUBLIC COMMENT PERIOD: None

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE: None

4. APPROVAL OF MEETING MINUTES – April 18, 2012: On a motion made by Debby Platt and seconded by Tim O'Halloran, the April 18, 2012 meeting minutes were approved as presented.

5. OLD BUSINESS

a. Draft FY 2012/13 Ord Community Water and Wastewater Budgets and Rates-Approval

The MCWD Board of Directors will meet to approve the budget and rates on May 8th; therefore, the draft budget document before the committees was the same one reviewed April 18th. Carl Niizawa urged committee members to state concerns prior to the June FORA Board presentation. He additionally requested that they discuss the budget with their respective elected officials so all questions could be vetted prior to the Board meeting.

There was a brief discussion about the MCWD reserve balance and Kelly Cadiente reported that the MCWD reserve requires a minimum \$1M balance. A previous rate study recommended 7.8% rate increases last fiscal year and this fiscal year. Instead, last year the rate increase was 4.9% and this year the proposed increase is 5.0%. Had the rate study recommended increases been realized, the reserve account would have received additional funding.

Mr. Endsley stated that the next meeting would provide the opportunity for MCWD to present the draft PowerPoint presentation being prepared for the joint FORA/MCWD Board meeting in June. Additionally the FORA staff report to the joint Boards will include a more thorough history of the budget and rate procedure in an effort to address questions from Board members.

b. Regional Urban Water Augmentation Program

Mr. Niizawa reported that MCWD is progressing with implementation of the Regional Urban Water Augmentation Program (RUWAP). When the demand for recycled water is realized, MCWD will be in the position to move forward with the RUWAP project.

6. NEW BUSINESS

a. MCWD Performance Evaluation results

Performance evaluation results were unavailable because not all evaluations were submitted. Committee members were asked to prepare and submit the evaluation to FORA prior to the next meeting, scheduled for May 16th.

7. ADJOURNMENT

The meeting was adjourned at 10:15 AM.

Minutes prepared by Crissy Maras, Grants and Contracts Coordinator



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Attachment E to Item 6c
FORA Board Meeting, 07/13/12

JOINT ADMINISTRATIVE AND WATER/WASTEWATER OVERSIGHT COMMITTEE MEETING

9:30 AM WEDNESDAY, APRIL 18, 2012

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

MINUTES

1. CALL TO ORDER AT 9:30 AM

Confirming a quorum, Administrative Committee co-Chair Daniel Dawson called the meeting to order at 9:30 AM. The following people, indicated by signatures on the roll sheet, attended:

Committee Members

Tim O'Halloran, City of Seaside

Mike Lerch, CSUMB

Graham Bice, UCMBEST

Edrie Delos Santos, City of Marina

Elizabeth Caraker, City of Monterey

Nick Nichols, Monterey Co.

Daniel Dawson, City of DRO

Rick Riedl, City of Seaside

Bob Rench, CSUMB

Carl Holm, Monterey Co.

Paul Greenway, Monterey Co.

Steve Endsley, FORA

Jim Arnold, FORA

Crissy Maras, FORA

Jonathan Garcia, FORA

Vicki Nakamura, MPC

Pat Ward, Bestor Engineers

Bob Schaffer, MCP

Kelly Cadiente, MCWD

Carl Niizawa, MCWD

Brian True, MCWD

Patrick Breen, MCWD

Larry Hampson, MPWMD

2. **PUBLIC COMMENT PERIOD** – Larry Hampson, Water Resources Engineer for Monterey Peninsula Water Management District, informed committee members that two Monterey County Inter-Regional Water Management plans are being updated. He requested that Fort Ord stakeholders participate in a subcommittee being formed to address issues that will affect Fort Ord. Chair Dawson suggested that FORA could appoint the appropriate staff to the subcommittee.

3. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE** – none

4. **APPROVAL OF MEETING MINUTES – March 14, 2012** – On a motion made by Carl Holm and seconded by Elizabeth Caraker, the March 14, 2012 meeting minutes were approved as presented.

5. OLD BUSINESS

a. Draft FY 2012/13 Ord Community Water and Wastewater Budgets and Rates

The MCWD Board of Directors held a budget workshop on March 29th which resulted in changes to the Ord portion of the draft budget the committee previously reviewed. The draft summary was clarified and comments received by CSUMB representative Mike Lerch were incorporated as necessary.

FORA Assistant Executive Officer Steve Endsley noted the need to 1) decouple the annual approval of the budgets and rates from the regional water augmentation project, 2) gain an understanding of the regional project progress, 3) be updated on how MCWD would move forward with its contract obligation toward the augmented water project, as distinct from the regional project, 4) learn how the MCWD augmented water project fits in to other projects being proposed by outside agencies, and 5) understand that the MCWD project is moving forward and is unaffected by outside agency projects or lawsuits. This discussion will be agendaized for a future meeting.

MCWD District Engineer Carl Niizawa responded that MCWD is continuing with, and budgeting for, their water augmentation project.

Mr. Endsley reminded committee members that MCWD's debt service was inherited years ago after several meetings to discuss how frontloading high rates on a small rate payer base could be avoided. Instead of burdening rate payers with high capital costs, MCWD financed improvements and implemented a rate study recommendation of ramping up the rates over time instead of a huge increase all at once.

MCWD staff requested that committee members review the budget and contact them with questions or comments. The budget will be modified per Committee comments and returned at the May 2nd meeting for review and recommendation to the FORA Board. Additionally, the draft board report that will accompany the rates will be presented to the committee for review prior to the June board meeting.

6. NEW BUSINESS

a. Quarterly Report – Presentation by Marina Coast Water District (“MCWD”)

The quarterly report presentation was provided by MCWD Director of Administrative Services Kelly Cadiente. All slides were reviewed with comments made on Slide 5 (Meter Installation Update) – an increase in metered accounts had been achieved; Slide 7 (Status of Required Permits) – a site audit related to MCWD's laboratory accreditation renewal was conducted on March 8, 2012; and Slide 12 (Water Augmentation Project) – MCWD is moving forward with easements and property acquisition for the recycled water trunk main and booster, which is being funded through a State Revolving Loan. When the demand for recycled water is demonstrated, MCWD will be prepared to move the project forward.

b. MCWD Performance Evaluation

Committee members received annual performance evaluation forms per the requirement presented in the Water and Wastewater Facilities Agreement. Committee members were asked to prepare the evaluation and submit to FORA prior to the next meeting, scheduled for May 2nd.

7. ADJOURNMENT

The meeting was adjourned at 10:27 AM.

Minutes prepared by Crissy Maras, Grants and Contracts Coordinator



Fort Ord Reuse Author

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Attachment E to Item 6c
FORA Board Meeting, 07/13/12

WATER/WASTEWATER OVERSIGHT COMMITTEE MEETING

9:15 AM WEDNESDAY, MARCH 14, 2012
910 2nd Avenue, Marina CA 93933 (Carpenter's Union Hall)

MINUTES

- 1. CALL TO ORDER AT 9:15 AM (or following Administrative Committee meeting)**
Confirming a quorum, Fort Ord Reuse Authority (FORA) Assistant Executive Officer Steve Endsley called the meeting to order at 9:22 AM. The following people, indicated by signatures on the roll sheet, attended:

Committee Members

Rick Reidl, City of Seaside
Mike Lerch, CSUMB
Graham Bice, UCMBEST
Debby Platt, City of Marina
Elizabeth Caraker, City of Monterey
Carl Holm, Monterey Co.

Steve Endsley, FORA
Jonathan Garcia, FORA
Darren McBane, FORA
Jim Arnold, FORA
Crissy Maras, FORA
Carl Niizawa, MCWD
Kelly Cadiente, MCWD

Brian True, MCWD
Kathleen Lee, Monterey Co.
Bob Schaffer, MCP
Andy Sterbenz, Schaaf & Wheeler
Beth Palmer, Monterey Downs
Chuck Lande, Marina Heights

- 2. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE – none**
- 3. PUBLIC COMMENT PERIOD – none**
- 4. APPROVAL OF MEETING MINUTES – January 18, 2012**
The minutes of the January 18, 2012 were approved by consensus.
- 5. OLD BUSINESS**

a. Ongoing discussion topics

i. Recycled water backbone infrastructure

Marina Coast Water District (MCWD) District Engineer Carl Niizawa reported that MCWD is actively engaged in securing final easements needed for the recycled water pipeline alignment. Two outstanding easements remain: California State University Monterey Bay and US Army. Environmental documents for this project are complete and at this point, MCWD requires customer commitments to purchase the water. MCWD meets current demand with potable water until increased demand justifies building this \$30M project. As development moves forward and there is a demonstrable need for recycled water, MCWD will begin the process of securing bonds to finance construction.

ii. Monterey Regional Water Supply Program

Although MCWD cannot provide an update on the status of the regional project, Mr. Niizawa stated that MCWD is moving the recycled portion of their project forward under the terms of a valid contract. Supervisor Potter's representative Kathleen Lee informed the Committee that a public meeting on this subject was scheduled for later this evening (from 5:00 to 8:00 PM) at the Oldemeyer Center in the City of Seaside. She noted that stakeholder representatives will be present and available to answer questions. Mr. Endsley stated that FORA could only participate, i.e. fund, an augmenting water project that provides 2,400 af/yr to the former Fort Ord.

iii. Marina Coast Water District annexation of Ord Community service area

MCWD has prepared an environmental document to annex their current service area. They are in the process of responding to comments prior to beginning the LAFCO process of annexation. Mr. Niizawa

stated that upon annexation, the Ord Community will have representation on the MCWD Board and the FORA Board will no longer be required to approve the Ord Community budget. Mr. Endsley responded that FORA staff would research that claim and report back to the Committee.

6. NEW BUSINESS

a. Draft FY 2012/13 Ord Community Water and Wastewater budgets and rates

When the joint FORA and MCWD Boards reviewed last year's FY 2011/12 budget, they raised several concerns about the history and background of the proposed rate increase and the way the information was presented for their review. The FORA Board did not approve the budget at the first review and a second vote was required. The Board directed FORA and MCWD staff to refine the presentation and address their concerns when the budget would be presented again in FY 2012/13. Noting this history, Mr. Endsley requested the WWOC review the budget with heightened scrutiny in an effort to respond to the Board's direction.

MCWD staff distributed the draft budget, which the MCWD Board had just received at their meeting of March 13th. The MCWD Board will further review the budget in detail during an upcoming budget workshop. MCWD staff noted that the workshop would result in revisions to the current draft and requested that Committee Members keep this in mind during their review. After the MCWD Board workshop, a revised/updated/refined budget will return to the WWOC for further review and recommendation to the FORA Board.

It was noted that 1) capacity fees / hook-up charges *are not proposed* to change, 2) a 5% rate increase is proposed in this budget, the fifth of five increases recommended by a five year rate study; the rate study actually recommended 7.8% increases every year for five years, but MCWD diligently looked for cost savings to reduce the overall burden to their customers, 3) A new rate study will be undertaken in 2012/13, and 4) Fort Ord rate payers do not subsidize the overhead costs for the regional project.

7. ADJOURNMENT

The meeting was adjourned at 10:37 AM.

8. NEXT SCHEDULED MEETING: April 4 or April 18, 2012

The next meeting was scheduled for **April 18th**, following the Administrative Committee meeting that day.

Minutes prepared by Crissy Maras, Grants and Contracts Coordinator

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject: Base Reuse Plan Reassessment contract amendment #2

Meeting Date: July 13, 2012

Agenda Number: 6d

ACTION

RECOMMENDATION:

Authorize the Executive Officer to execute a Base Reuse Plan Reassessment contract amendment #2 (**Attachment A**) with EMC Planning Group, Inc., not to exceed \$256,600 in additional budget authority.

BACKGROUND/DISCUSSION:

Contract amendment #1 (May 2012): EMC Planning Group, Inc. is a planning consulting firm hired by the Board in April 2012 to conduct the Base Reuse Plan (BRP) reassessment. At the May 2012 meeting, the Board approved amendment #1 to the EMC contract. Amendment #1 deferred funding of the Reassessment Document, which is the reassessment's final work product, to fiscal year 2012-13 and substituted this dollar amount for enhanced public outreach, including 1) an additional community workshop in the City of Seaside, and 2) targeted stakeholder outreach efforts to expand contacts with representatives of various community groups that are comprised of, or interface with traditionally underserved and underrepresented ethnic and interest groups, and various other individuals and groups.

The proposed contract amendment #2 includes restoring funding for the Reassessment Document. This amendment also allocates additional funding for two public workshops and targeted stakeholder outreach, in response to input from members of the Executive Committee at their June 27, 2012 meeting. Additional meetings with a broad range of stakeholders are anticipated as a result of substantial public interest in the reassessment process and FORA's interest in providing expanded opportunities for public involvement and engagement.

Community workshops in FY12-13: The currently ongoing "scoping"/information-gathering phase of the reassessment included five community workshops in May-June 2012. During this time, members of the Board and the community have voiced a strong desire for additional community workshops to occur during subsequent phases of the reassessment process, in FY12-13. These two additional workshops, targeted for August and October 2012, are a significant component of the reassessment's public engagement strategy. The additional workshops will help distribute opportunities for public involvement more evenly throughout the course of the project schedule (**Attachment B**).

Budget was not available in FY11-12 to fund these new reassessment-related costs, so these two additional workshops were presented in May as an early informational item and effectively placed on hold for Board action, pending approval of the FY 12-13 budget. The workshops, including increased levels of effort to coordinate, manage and implement the workshops, are now being brought back for Board consideration as part of this contract amendment.

Other supplemental scope of work: In addition to the items described above (Reassessment Document, expanded stakeholder outreach, and two additional public workshops), EMC has developed a list of additional areas of analysis and documentation that would increase the overall utility of the reassessment as a basis for future policy decisions. The supplemental scope of work, with associated budget, is fully described in **Attachment A**. The proposed additional analysis/reporting includes, but is not limited to:

1. Expanded analysis of progress made to date in implementing the objectives, policies, and programs in the BRP and the mitigation measures in the BRP Environmental Impact Report.
2. Evaluation of the linkages between the main areas of public concern (as identified through the comments gathered in the scoping phase) and the objectives, policies, and programs in the BRP.
3. Increased development of mapping and tables to provide a more robust representation of baseline, current, and implementation status conditions for the BRP.

4. Additional meetings with FORA staff, the Administrative and Executive Committees (as directed) to review and refine the reassessment process and products.
5. Graphic support showing how past consistency determinations modify the BRP Land Use Concept and by refining the consistency analysis process to ensure that the results can be readily understood and utilized by the public.
6. Creation of additional data, mapping, and tables, including but not limited to: Identification of the jurisdiction or ownership of vacant land; Housing units developed; Buildings removed; Major infrastructure and transportation projects completed or under active construction; Conserved habitat and open space areas; Water allocation; Targeted and completed cleanup areas.
7. Expanded support to EMC Planning Group team subconsultants to coordinate their efforts to consider public comments provided during the scoping process and anticipated as part of the public review of the Reassessment Document.
8. Analysis of potential fiscal health of one or more of the individual jurisdictions ("optional" task at the direction of FORA as desired).

The proposed additional expenditure for this item in FY 12-13 over a previous draft of EMC's supplemental scope of work proposal, which was reviewed by Administrative, Finance, and Executive Committees in May 2012, is approximately \$37,000.

FISCAL IMPACT:

Reviewed by FORA Controller 


Initial staff time and consultant costs of \$250,000 for the reassessment were included in the approved FY 11-12 budget. It was anticipated at that time that a similar amount would need to be included in the FY12-13 budget, subject to Board approval upon completion of a refined supplemental scope of work. Approval of contract amendment #2 would require additional funding of \$256,600 for the BRP reassessment in FY 12-13, in addition to the previously approved \$249,970 contract amount that was included in the FY 11-12 budget (*total contract not to exceed \$506,570*).

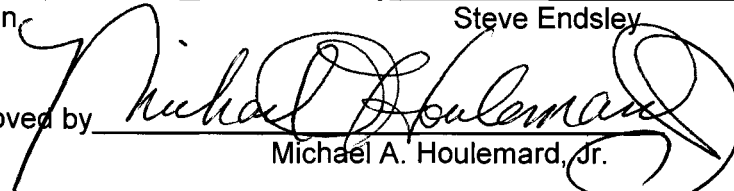
Funding in the amount of \$325,000 is included in the FY 12-13 budget for the reassessment (*total combined budget authority \$575,000*). Depending on the outcome of the reassessment, the Board may wish to consider adjusting portions of the BRP. Funding for any update of the BRP or subsequent actions, should the Board so require, would be covered by the FY 12-13 budget (*remaining budget authority \$68,430*). As potential costs will remain unknown until the reassessment is completed, the Board may have to revisit this issue during mid-year budget review (Jan.-Feb. 2013).

COORDINATION:

Administrative Committee, Executive Committee, EMC Planning Group, and Authority Counsel.

Prepared by 
Darren McBain

Reviewed by 
Steve Endsley

Approved by 
Michael A. Houlemard, Jr.

REVISED FORT ORD REUSE PLAN REASSESSMENT SUPPLEMENTAL SCOPE OF WORK

EXECUTIVE SUMMARY

A revised initial scope of work and budget for the Fort Ord Reuse Plan Reassessment project has been prepared under separate cover. The revised initial scope of work consists of three major tasks: Task 1.0 Administration, Meetings, and Coordination; Task 2.0 Research and Scoping; and Task 3.0 Summary Scoping Report. The cost to implement these tasks is within FORA's \$250,000 fiscal year 2011-2012 budget limits for the reassessment process.

This revised supplemental scope of work is presented to identify an additional level of effort needed to complete Tasks 1.0 through 3.0 as identified in the initial scope of work, which comprise the fundamental elements of the reassessment process, and to initiate and complete Task 4.0, preparation of a Reassessment Document. The Reassessment Document is the final product of the reassessment process and will provide options and considerations for changes to the Fort Ord Reuse Plan to be accepted and addressed by the Board.

The budget for this revised supplemental scope of work includes supplemental cost augmentations for several of the work tasks included in the original budget. Cost augmentations are needed primarily to: 1) initiate and complete Task 4.0, Reassessment Document, as noted above; 2) respond as directed by staff to a range of public and Sierra Club input received once the project was initiated, including in the public workshops conducted as part of Task 2.0, Scoping; and 3) increase the public engagement effort by outreaching to under served and under represented populations of the regional community.

A primary emphasis of community input to date has been a request to provide more/longer opportunity for public input, especially on the Scoping Report and Reassessment Document. In

response, two Board Workshops (and increased levels of effort to coordinate, manage and implement the workshops) have been added to the scope of work. This request also led in part to an increased level of effort in terms of meeting requirements in order to more closely coordinate with stakeholders and FORA staff, and to ensure that due deliberation is made with the FORA Administrative and Executive Committees regarding public input responses and related scope and budget dynamics. Additional meetings, as directed by FORA staff, have also been added, primarily to provide for engagement. Public input process to date has also prompted the need to include new analysis/reporting in the Scoping document. The analysis/reporting includes, but is not limited to: analysis of progress made to date in implementing the objectives, policies, and programs in the BRP and the mitigation measures in the BRP EIR; evaluation of the linkages between public input topics and the objectives, policies, and programs in the BRP; and increased demand for data/mapping to clarify baseline, current, and implementation status conditions for the BRP. Much interest in the content/scope of the market analysis was also expressed. Modifications to the content are being coordinated, necessitating a small increase in the level of effort for that product. As a result of the above-noted factors and overall refinement of the reassessment process and tasks the level of effort to complete the Scoping Report and the Reassessment Document has grown.

A summary of the overall purposed of each of the four tasks included in the Supplemental Scope of Work and budget is as follows:

Task 1.0 Administration, Meetings, and Coordination includes attendance at additional meetings, including Administrative Committee, Executive Committee, and Board meetings; and additional meetings with staff and with other groups as directed by staff. The two new Board meetings are included to account for the potential that the Board will require two meetings to adopt both the Scoping Report and the Reassessment Document, versus one meeting for each as assumed in the original scope of work. Additional meetings focused on public engagement and with various stakeholders (e.g. Sierra Club, CSUMB, individual jurisdictions, etc.) are anticipated. Additional meetings with FORA staff and the Administrative and Executive Committees are included to review and refine the reassessment process, products, and scope of work/budget changes.

Task 2.0 Research and Scoping is the information gathering stage of the project. As described above, opportunities for public input on the draft Scoping Report and on the draft Reassessment Document are provided by adding two Board workshops to the scope of work. Additional information on the status of the base reuse plan implementation will be prepared, including maps and tables for habitat and other focused topics as described above.

Task 3.0 Summary Scoping Report will present the results of Task 2.0 activities with discussion and context for the results. Additional level of effort is needed to fully document, evaluate, and present information collected in Tasks 1.0 to 3.0 as described above.

Task 4.0 Reassessment Document will be initiated and completed as part of this supplemental scope of work.

TASK 1.0 ADMINISTRATION, MEETINGS, AND COORDINATION

1.1 Scope and Contract Finalization

The additional budget for this task reflects the effort to modify and refine both the supplemental scope of work and budget over time, largely in response to public input and communications with FORA staff.

1.2 Management and Communications

Communications, coordination of meetings and subconsultants, and oversight of product development efforts will increase in response to an expanded supplemental scope of work and for reasons described above.

1.3 FORA Meeting Attendance

The revised supplemental scope of work includes additional meetings. Every effort is being made by the consultant team to limit the number of team members at each meeting to only those that are necessary to achieve the desired results of that meeting. The additional meetings are as follows:

Board Meetings. Michael Groves and an EMC Planning Group Principal Planner will attend two (2) additional Board meetings. These are included in anticipation of the possibility that the Board will need two meetings to adopt both the Scoping Report and the Reassessment Document, rather than one each as assumed in the original budget.

Staff Meetings. Michael Groves and an EMC Planning Group Principal Planner will attend additional staff meetings with FORA staff to discuss project issues. Economic Planning Systems will be available to attend an additional staff meeting. Denise Duffy and Associates and The Ingram Group will be available to attend an additional staff meeting each.

Other Meetings. EMC Planning Group, at the request of FORA, has allocated up to 17 additional meetings, including committee meetings, workshops, and public engagement efforts. These meetings will be attended as directed by FORA staff.

TASK 2.0 RESEARCH AND SCOPING

2.1 Background Research

No supplemental scope of work for this task.

2.2 Fort Ord Reuse Plan Policy and Document Review

The primary additional scope for this task is related to public input requesting that the Scoping Report include an update of the progress made to date in implementing the objectives, policies, and programs contained in the BRP. An additional effort would be made to provide this information also for the status of mitigation measures contained in the BRP EIR.

2.3 Consistency Determinations Review

This task would be expanded by providing graphic support showing how past consistency determinations modify the BRP Land Use Concept and by refining the consistency analysis process to ensure that the results can be readily understood and utilized by the public.

2.4 Reuse Plan Implementation Status

Supplemental work for this task includes the creation of additional data, mapping, and tables, including but not limited to:

- Identification of the jurisdiction or ownership of vacant land;
- Housing units developed;
- Buildings removed;
- Major infrastructure and transportation projects completed or under active construction;
- Conserved habitat and open space areas;
- Water allocation; and
- Targeted and completed cleanup areas.

2.5 Consistency with Local and Regional Plans

Supplemental work for this task includes building on the consistency analysis included in the original scope of work with analysis of consistency with AMBAG's "Envisioning the Monterey Bay Area" among others

2.6 Technical Inputs and Analysis

This supplemental scope provides additional time for more research and background data collection, especially in response to information identified through public workshops and public comments. It also includes expanded support to EMC Planning Group team subconsultants to coordinate their efforts to consider public comments provided during the scoping process and anticipated as part of the public review of the Reassessment Document.

2.7 Market Study

Jurisdictional Fiscal Evaluation. Based on the outcome of the revised land demand outlook, it may be prudent to reconsider the potential fiscal health of one or more of the individual jurisdictions. This supplemental task is an *optional task* that can be implemented at the direction of FORA as desired.

In cases where suggested adjustments to land uses in a jurisdiction appear as though they may have significant fiscal implications, Economic Planning Systems will examine the fiscal impacts of new Fort Ord development in that jurisdiction. In such circumstances, Economic Planning Systems will prepare a summary-level fiscal impact analysis, contrasting major revenue streams with major service costs. This summary-level fiscal impact work will be completed with direct input from staff in the respective jurisdiction. This task includes high-level evaluations of major funding sources and extraordinary cost implications of up to three major projects.

2.8 Broad Community Engagement

At the direction of the FORA Executive Committee, additional meetings (up to 7) have been added to the EMC Planning Group supplemental scope of work. These meetings are intended to broaden the community engagement in the FORA BRP Reassessment process. The meetings will be used at the direction of the FORA staff. In addition, subconsultant SMG's budget was increased in order to assist with this broader community engagement effort. This outreach effort will still be directed by The Ingram Group, and some existing budget has been shifted to that effort. However, SMG will take on a significant role in assisting The Ingram Group, EMC Planning Group, and the FORA staff to broaden the community engagement effort, particularly outreaching to under served and under represented populations of the regional community.

2.9 Community Outreach/Public Workshops

No supplemental scope or cost is required for this task.

2.10 Additional Board/Community Workshops

As part of the public comment/input process for the reassessment provided to date, stakeholders have made it clear that opportunities for public comment on the Scoping Report and the Reassessment Document are needed. For this reason as well as to provide an early opportunity for the Board to become familiar with the content of both documents, two Board workshops are proposed. Each workshop would be conducted at a special Board hearing or prior to a regularly scheduled Board hearing. The first workshop would provide a platform for the EMC Planning Group team and FORA staff to present the draft Scoping Report, for public input on the document, and for the Board to ask questions about the same prior to its consideration of the document at a subsequent Board hearing. This would also be the purpose of the second workshop, which would focus on the draft Reassessment Document.

TASK 3.0 SUMMARY SCOPING REPORT

3.1 Draft Report Preparation

Additional detail and content will be added to the summary scoping report primarily in response to public input to date as described previously. The content would include, but may not be limited to:

- Background on the Fort Ord Reuse Plan and roles and responsibilities of FORA relative to individual jurisdictions, state and federal agencies, and other interests with influence on the implementation of the Fort Ord Reuse Plan;
- Discussion of findings regarding progress made to date on implementing Fort Ord Reuse Plan objectives, policies, and programs;
- A table linking public input comments to the relevant objectives and policies contained in the Fort Ord Reuse Plan;
- Discussion of findings regarding progress made to date on implementing mitigation measures contained in the Fort Ord Reuse Plan EIR;
- Additional implementation status summary tables and maps;

- Expanded Discussion of local and regional plan policy inconsistencies;
- Discussion of FORA consistency procedures;
- Discussion of water and other constraints; and
- Two or three suggested options for the content and scope of the reassessment document for FORA Board consideration.

3.2 Final Report Preparation

The final report will include additional detail as noted above for Task 3.1 and will reflect to the extent possible, the public input provided during the Board workshop on the Scoping Report as directed by the Board

TASK 4.0 REASSESSMENT DOCUMENT

As noted above, a scope and cost for preparing the Reassessment Document was not included in the original amended scope of work for the proposed project. A brief summary of the process to complete the Reassessment Document and a brief outline of its intended content is as follows.

4.1 Board Direction Summary

Following the finalization and consideration/adoption of the Scoping Report by the Board and based on Board discussion/deliberations at the presentation meeting, the following tasks will be undertaken:

- Consult with FORA staff;
- Review Board comments/discussion;
- Prepare a Board Direction Summary as needed.

4.2 Administrative Draft Reassessment Document Preparation

It is envisioned that the Reassessment Document will contain several specific parts including:

- Background and context for the Base Reuse Plan including roles and responsibilities of FORA and the background to and purpose of the reassessment process;

- Purpose, methodology, and content of the Reassessment Document;
- Summary of the key findings of the Scoping Report, a summary of public and Board comment on the Scoping Report;
- Recommendations for actions to update the Base Reuse Plan. Recommendations will focus on actions needed to bring the Base Reuse Plan current based on actions the Board has taken in the past and on correction/elimination of typographical errors, information that is no longer relevant under current conditions, etc. These “housekeeping” and “routine” changes would not be expected to be controversial or require significant deliberation by the Board;
- Options for actions to consider regarding more substantive changes to the Base Reuse Plan that require special Board attention and consideration. These options are likely to be of significant interest to the public; and
- Recommendations for next steps in the Base Reuse Plan update consideration process.

4.3 Draft Reassessment Report

Based on comments from FORA staff, revise the Reassessment Document for initial presentation to the FORA Board and the public at a Board Workshop.

4.4 Final Reassessment Report

Based on public input provided at the Board workshop on the draft Reassessment Document and on direction from the FORA Board provided at the workshop and during its formal consideration of the draft Reassessment Document, revise the Reassessment Document for final adoption. A proof draft will be provided for FORA staff and Executive Committee review prior to printing.

Deliverables for Task 4.0

- Board Direction Summary as needed
- Reassessment Report (administrative draft, public draft, proof final, and final)

Note on Deliverables

All project deliverables are assumed to be provided in electronic format only, unless otherwise noted.

Fort Ord Reuse Plan Reassessment Supplemental Budget - Revised July 3, 2012									Subconsultants						
Task	EMC Planning Group Inc.								EPS	Ingram Group	DDA	ARCADIS	Hexagon	Creegan & D'Angelo	SMG
	Sr. Principal	Principal Planner RS	Principal Planner RJ	Associate Planner	Production	Administrative	Total Hours	Total Cost							
Staff	\$195.00	\$175.00	\$175.00	\$125.00	\$125.00	\$95.00									
Billing Rate (Per Hour)															
TASK 1.0 ADMINISTRATION, MEETINGS, AND COORDINATION															
1.1 Scope and Contract Finalization	3.0	12.0	6.0	0.0	0.0	0.0	21.0	\$3,735.00							
1.2 Management and Communications	7.0	50.0	10.0	0.0	0.0	0.0	67.0	\$11,865.00							
1.3 Board Meetings (2)	6.0	6.0	6.0	0.0	4.0	1.0	23.0	\$3,865.00							
1.3 Staff Meetings (3)	9.0	8.0	8.0	0.0	0.0	0.0	25.0	\$4,555.00							
1.3 Other Meetings as Directed (17)	34.0	36.0	12.0	0.0	2.0	1.0	85.0	\$15,375.00							
1.4 Coordinate/Prepare Materials for Upload to FORA Website	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0.00							
TASK 2.0 RESEARCH AND SCOPING															
2.1 Background Research	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0.00							
2.2 Fort Ord Reuse Plan Policy and Document Review	2.0	2.0	24.0	0.0	0.0	0.0	28.0	\$4,940.00							
2.3 Consistency Determinations Review	3.0	1.0	32.0	0.0	0.0	0.0	36.0	\$6,360.00							
2.4 Reuse Plan Implementation Status	8.0	10.0	30.0	82.0	3.0	0.0	133.0	\$19,185.00			2,000.00				
2.5 Consistency with Local and Regional Plans	1.0	1.0	15.0	0.0	0.0	0.0	17.0	\$2,995.00							
2.6 Technical Inputs and Analysis	4.0	8.0	12.0	0.0	4.0	1.0	29.0	\$4,875.00							
2.7 Market Study Preparation	3.0	4.0	0.0	0.0	0.0	0.0	7.0	\$1,285.00	5,000.00						
2.8 Broad Public Engagement (7)	18.0	18.0	12.0	0.0	2.0	0.0	50.0	\$9,010.00		2,100.00					15,000.00
2.9 Community Outreach - Public Workshops	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0.00		5,000.00					
2.10 Additional Board/Community Workshops (2)	14.0	24.0	8.0	12.0	8.0	0.0	66.0	\$10,830.00	3,600.00	5,000.00					10,000.00
TASK 3.0 SUMMARY SCOPING REPORT															
3.1 Draft Report Preparation	34.0	36.0	32.0	4.0	3.0	0.0	109.0	\$19,405.00			1,900.00				
3.2 Final Report Preparation	2.0	4.0	14.0	4.0	3.0	0.0	27.0	\$4,415.00							
TASK 4.0 REASSESSMENT DOCUMENT															
4.1 Board Direction Summary	5.0	2.0	12.0	0.0	0.0	1.0	20.0	\$3,520.00							
4.2 Preliminary Results and Administrative Draft Report Preparation	32.0	28.0	92.0	20.0	8.0	6.0	186.0	\$31,310.00			4,000.00	2,000.00	1,000.00	5,000.00	
4.3 Draft Reassessment Report	12.0	8.0	41.0	11.0	8.0	6.0	86.0	\$13,860.00							
4.4 Final Reassessment Report	6.0	6.0	36.0	8.0	7.0	6.0	69.0	\$10,965.00							
Subtotal (Hours)	203.0	264.0	402.0	141.0	52.0	22.0	Total Hours	Total Cost							
Subtotal (Cost)	\$39,585.00	\$46,200.00	\$70,350.00	\$17,625.00	\$6,500.00	\$2,090.00	1084.0	\$182,350.00	\$8,600.00	\$12,100.00	\$5,900.00	\$4,000.00	\$1,000.00	\$5,000.00	\$25,000.00

Additional Costs	
Production Costs	\$5,000.00
Travel Costs	\$300.00
Postal/Deliverables	\$0.00
Miscellaneous	\$600.00
Administrative Overhead 10%	\$590.00
Total	\$6,490.00

Subconsultant Fees	
Economic Planning Systems ¹	\$8,600.00
The Ingram Group ²	\$37,100.00
Denise Duffy and Associates	\$5,900.00
ARCADIS	\$4,000.00
Hexagon Transportation Consultants	\$1,000.00
Creegan & D'Angelo	\$5,000.00
Subconsultant Overhead 10%	\$6,180.00
Total	\$67,760.00

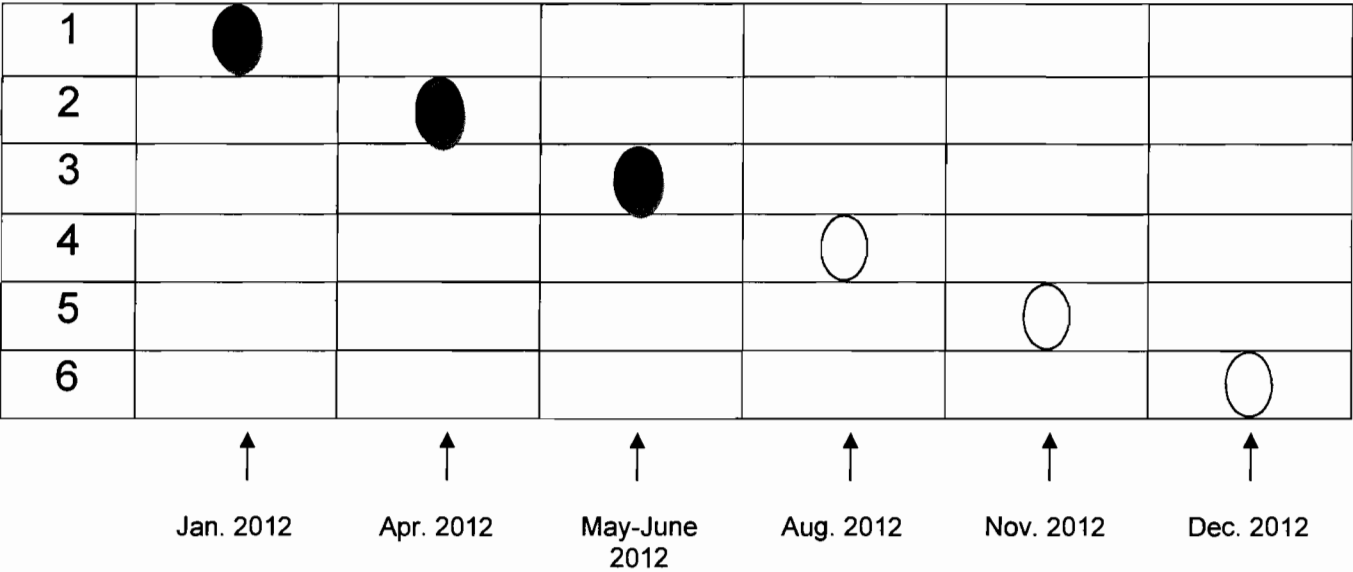
Total Costs	\$256,600.00
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¹As an optional task, Economic Planning Systems can perform a jurisdictional fiscal evaluation as described in the Supplemental Scope of Work and Budget.

²Translation cost and SMG costs included in Ingram Group cost.

FORT ORD BASE REUSE PLAN REASSESSMENT SCHEDULE

Attachment B to item 6d
FORA Board meeting, 7/13/12



- | | |
|---|---|
| <ol style="list-style-type: none"> 1. RFQ process to select BRP review consultant 2. Board Kickoff presentation 3. Public workshops (May – June) | <ol style="list-style-type: none"> 4. Present draft initial “scoping” report (market study and public outreach summary) to Admin. Committee and FORA Board 5. Present draft Reassessment Report to Admin. Committee and FORA Board 6. Final action completed |
|---|---|

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject:	Capital Improvement Program Review – Phase II Study	
Meeting Date:	July 13, 2012	INFORMATION/ACTION
Agenda Number:	6e	

RECOMMENDATION(S):

- i. Adopt Resolution 12-05, which would implement a formulaic approach to establishing the Fort Ord Reuse Authority (FORA) development fee schedule and Community Facilities District (CFD) Special Tax rates (**Attachment A**).
- ii. Authorize the Executive Officer to execute Amendment #1 to the FORA-jurisdictions Implementation Agreements, which would codify the formulaic approach to establish the FORA development fee schedule and CFD Special Tax rates (**Attachment B**).
- iii. Authorize the Executive Officer to execute contract amendment #5 with Economic and Planning Systems (EPS) to complete the Phase II Study in FY 12/13 (**Attachment C**), not to exceed additional budget authority of \$60,000.

BACKGROUND:

In 1997, the FORA Board adopted the Base Reuse Plan which contained a number of environmental mitigations. The Board also adopted a series of findings that include funding those environmental mitigation measures (habitat, traffic, transit, fire protection, storm drainage, etc.). In 1999, the FORA Board adopted a Development Fee Schedule that collects fees from Fort Ord reuse projects to finance the Base Reuse Plan mitigations and Board-determined base-wide obligations in FORA's Capital Improvement Program (CIP). The Board and five jurisdictions adopted Implementation Agreements in 2001 to ensure (among other items) funding of environmental mitigations and basewide obligations. The FORA Board confirmed its CIP financing program with adoption of the FORA Community Facilities District in May 2002.

FORA's successful implementation of CIP projects through Development Fee payments, CFD special tax collections, and State and Federal grant proceeds resulted in a need to review FORA's CIP in fiscal year (FY) 2010/2011. At the end of the process, the FORA Board determined that:

- 1) A reduction in the FORA Development Fee and CFD special tax rates was appropriate and reduced these rates by 27 percent.
- 2) Several important factors would impact fees in the FY 2012/2013 timeframe warranting a phase II study, which the Board subsequently authorized.

This recommendation for adopting a formula is a follow up to the FORA Development Fee and CFD special tax program and offers to FORA, its jurisdictions, developers, and the community a consistent and predictable approach to costs and revenues to meet all FORA CIP obligations.

Since redevelopment agencies were eliminated by State Law, FORA's land use jurisdictions have been looking for ways to fund their reuse programs. This formula would provide for diverting 10% of future FORA property tax revenues generated within FORA's land use

jurisdictions to the underlying jurisdictions for this purpose. In order for this mechanism to have enforceability, time is of the essence. FORA's jurisdictions are seeking to confirm resources for annual budgets and adoption of this formula would help provide the community with a clear and predictable cost and revenue program.

Additional background: On July 9, 2010, the FORA Board directed staff to:

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

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

- 1) received a presentation from the Transportation Agency for Monterey County (TAMC) regarding their analysis of FORA's Transportation and Transit phasing,
- 2) received an EPS presentation responding to questions raised at the March 2011 Board meeting,
- 3) received information regarding benefits and impacts of a fee reduction,
- 4) directed staff to prepare documents and/or policy revisions necessary to a) approve an across the board 27% fee reduction (\$33,700 for new residential units, etc.) for the May 2011 Board meeting and b) implement accompanying policy adjustments, and
- 5) directed staff to work with EPS on a contract amendment for consideration at the May 2011 Board meeting, which would commence a Phase II CIP review to be completed during the following 2 fiscal years.

EPS has been the principal consultant from the inception of the project. David Zehnder is the Managing Principal and Jamie Gomes is the Principal. Each have experience with California municipalities and county organizations reviewing CIP obligations and fee structures. During their initial CIP review, EPS completed updated development forecasts, a preliminary CIP analysis, a cost-burden analysis, a draft summary report on the CIP, a draft final report, four powerpoint presentations to the Board, and three additional reports in response to Board member questions.

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

DISCUSSION:

In May 2011, the Board adopted resolution 11-02 to reduce the developer fee approximately 27% across all fee categories (from \$46,205 to \$33,700 [also referred to as Option 2C] for new residential units). At the same meeting, the Board authorized FORA to enter into a contract with EPS to complete a Phase II CIP review study to ascertain whether further reductions in contingencies or costs would be feasible while ensuring FORA's CEQA and operational obligations are met. Due to the uncertainty related to the effects of the State of

California's dissolution of redevelopment and endowment holder requirements for the future Habitat Conservation Plan, it was deemed prudent to have EPS study those elements of Phase II first. However, during legislative hearings on FORA's extension (AB1614), the issue of a change in FORA's approach to both the development fee and CFD Special Tax rates was proposed to reduce uncertainty for all parties. This is a uniquely FORA issue. It is not one that can be resolved by state legislation.

EPS, working with FORA staff, developed a standardized formula for establishing the development fee. That formula was reviewed by the FORA Administrative Committee at five meetings in May and June 2012. At its May 30, 2012 meeting, the committee considered the proposed formula as it might be implemented through a draft FORA Board resolution and an amendment to the FORA-jurisdictions Implementation Agreements. The proposed formula would match FORA revenue sources to FORA obligations and set an appropriate fee level consistent with obligations. Staff would apply any adjustments to FORA's development fee and CFD Special Tax resulting from the formula within 90 days of finalizing Implementation Agreement Amendment #1 with the five Jurisdictions and, thereafter, staff would integrate the formula into the FORA Board's consideration of the FORA Capital Improvement Program on a periodic basis. At its May 30, 2012 meeting, the Administrative Committee passed a motion recommending that a draft resolution and draft amendment to the Implementation Agreements be presented to the FORA Board after several edits were made. At its June 13, 2012 meeting, the Administrative Committee asked staff/EPS to return to its June 27, 2012 meeting with a model illustration (**Attachment D**) and calculation of the formula (**Attachment E**) so that every component of the proposed formulaic approach is easily understood and end-result modeled.


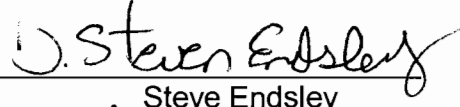
FISCAL IMPACT:

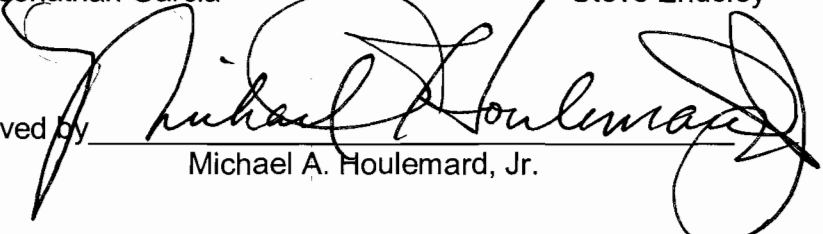
Reviewed by FORA Controller 

The funding for EPS's phase II CIP review study work has been funded through FORA's FY 10-11 and 11-12 budgets. The FY 12-13 budget includes \$60,000 for this proposed amendment.

COORDINATION:

Administrative Committee, CIP Committee, Executive Committee, Authority Counsel, Assemblymember Bill Monning and Luis Alejo's offices, development teams, Development Planning & Financing Group, Inc., and EPS.

Prepared by  Jonathan Garcia Reviewed by  Steve Endsley

Approved by  Michael A. Houlemard, Jr.

Resolution 12-05

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

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

- A. FORA has adopted a Basewide Community Facilities District (“CFD” or “CFD Special Tax”) to fund, together with other revenues, the FORA CIP. Section 7 (ii) of the Implementation Agreement provides that the FORA development fee and CFD Special Tax to fund CEQA Mitigation Measures (“FORA CIP”) are limited to the difference between the revenues needed for such purposes and the revenues otherwise reasonably available to achieve those purposes; and
- B. FORA and its member Jurisdictions have twelve years of experience with the Basewide Development Fee Policy (“Policy”) and CFD Special Tax; and
- C. FORA and the Army have executed an Environmental Services Cooperation Agreement (“ESCA”) providing for FORA to manage base-wide environmental remediation (including ordnance removal) funded by the Army; and
- D. The Policy and CFD Special Tax provide resources to fund CEQA Mitigation Measures (FORA CIP) identified in the 1997 FORA Base Reuse Plan and CEQA Documents; and
- E. FORA and its member Jurisdictions agree that land sales and lease proceeds, FORA property tax revenues, grant funds and the Policy and CFD Special Tax continue to be the appropriate sources to fund CEQA Mitigation Measures and Board-determined base-wide obligations in FORA’s CIP as identified in Section 1.1; and
- F. FORA recognizes the importance of calibrating the Policy and CFD Special Tax by incorporating all available resources to fund CEQA Mitigation Measures and Board-determined basewide obligations in FORA’s CIP identified in Section 1.1; and
- G. FORA and its member Jurisdictions acknowledge the Policy and CFD Special Tax must be fair and equitable; and
- H. FORA has 1) achieved cost savings; 2) secured grants and other contributions to the base-wide mitigation measures from federal and state sources; and 3) loaned

monies to fund required projects that have reduced or deferred the demand for the original Policy and CFD Special Taxes; and

- I. The Base Reuse Plan emphasized the importance of job-creation and build-out of a balanced mix of community uses including commercial, residential and public facilities to achieve a desired jobs-housing balance; and
- J. FORA and its member Jurisdictions seek refinement to the list of authorized facilities that must be funded by proceeds from land sales and lease proceeds, grants, FORA property tax revenues, the Policy and CFD Special Tax; and
- K. Stakeholders recognize, given inherent uncertainties prevalent in Base Reuse Projects, that appropriate and reasonable cost contingencies are necessary and fiscally responsible; and
- L. FORA and its member Jurisdictions acknowledge the importance of adopting a formula to establish the Policy and CFD Special Tax rates. These revenue sources will fund, or partially fund, the CIP Program. That formula must account for all potential revenue sources and costs; and
- M. FORA and its member Jurisdictions agree that such a formula would reduce uncertainty to developers, increase efficiency in the FORA CIP process, and provide flexibility for FORA's fee program.

NOW THEREFORE the Board hereby resolves as follows:

1. Adjustment to the Policy and CFD special taxes.

1.1 The list of authorized CIP improvements (subject to escalation of costs through the San Francisco Construction Cost Index reported in the Engineering News Record, unless otherwise noted) to be funded by the Policy and CFD Special Taxes, after first applying all available FORA property tax revenues, grant funds, and land sales and lease proceeds, shall be limited to the following CEQA Mitigation Measures and corresponding base-wide obligations in FORA's CIP:

1.1.1 Transportation/Transit improvements, including regional improvements, off-site improvements, on-site improvements, and transit capital improvements identified in the Transportation Agency of Monterey County ("TAMC") FORA Fee Reallocation Study, dated April 8, 2005, or as subsequently updated by TAMC consistent with the FORA Fee Reallocation Study, in an amount not to exceed \$112,698,595 (as escalated) unless the obligation is otherwise reduced by TAMC and FORA.

1.1.2 Water Augmentation, which includes FORA's CEQA obligation for the approved water augmentation project and FORA's voluntary contribution to help offset water capacity charge increases. FORA's CEQA obligation is subject to annual escalation, while the voluntary contribution is not.

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

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

1.1.5 Other Costs and Contingencies shall be evaluated on a periodic basis in the same manner as other CIP costs and revenues. Other Costs and Contingencies are currently limited to the following:

A contingency amount not to exceed 15% of the costs of Transportation/Transit improvements for MEC construction support, soil management plans, right of way acquisition, CEQA/CESA/NEPA mitigations, unknown subsurface conditions, self insurance retention amounts and transportation/transit improvement phasing.

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

Other Costs for PLL insurance costs.

CFD Administration Expenses (including staff and consultant costs).

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

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

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

1.2.3 In accordance with the process set forth in part II of this resolution, commencing with Section 2.1, the FORA Board will update anticipated construction costs and revenues available to fund the facilities identified in section 1.1 above, which are eligible to be funded by the Policy and CFD Special Taxes, and corresponding

adjustments to the Policy and CFD Special Taxes within 90 days of the effective date of FORA and its member Jurisdictions adopting Implementation Agreement Amendment #1, Spring 2014 as the second evaluation period, and periodically thereafter in coordination with FORA CIP updates.

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

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

II. PROCESS

2.1 FORA shall review and update the CIP periodically to apply the formula described in this Resolution and proposed Implementation Agreement Amendment #1 and any resulting Policy and CFD Special Tax adjustments. That procedure must ensure that FORA’s revenue sources, including the Policy and CFD Special Tax revenues, are adequate to carry out the Base Reuse Plan and complete required CEQA Mitigation Measures and Board-determined base-wide obligations in FORA’s CIP identified in Section 1.1 above. The periodic process will include the following steps:

2.1.1 Determine total remaining CIP costs (including required contingencies) consistent with section 1.1 above.

2.1.2 Determine the source and amount of funds, including, without limitation: a) Fund balances; b) Grant money; c) CSU Mitigation fees; d) Loan proceeds; e) Land sales revenues/proceeds net of a required credit/offset equal to the amount of monies advanced to construct CIP improvements (this amount shall ultimately be reduced to zero once the full credit/offset has been recognized) in excess of remaining building removal program estimated costs, and lease revenues (not required for other obligations); and f) FORA property tax revenue as calculated below. The following assumptions and formula shall be used to calculate the FORA property tax revenues, if available:

Assumptions:

- a. Current FORA CIP build-out assumptions as shown to estimate CFD special tax revenue
- b. Current market data assumptions to estimate assessed values for each land use type.

Formula:

- a. Calculate the net present value (NPV) of 90% of the FORA property tax revenue stream for all new assessed value after July 1, 2012.

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- b. The term on the FORA property tax stream shall be from the date of the current CIP (e.g., upcoming fiscal year) through the anticipated end date of FORA (or the proposed FORA extension end date if applicable).
- c. The NPV calculation shall assume a discount rate equal to the annual average Bond Buyer Revenue Bond Index plus 50 basis points using the prior fiscal year end date (e.g., use 2012 year to date annual average at the end of FY 2011-12 for the FY 2012-13 calculation) as published in The Bond Buyer.
- d. Allocate the NPV as calculated above to reduce/offset costs of CIP.
- e. Allocate 10% of the actual property tax revenues collected by FORA from all new assessed value after July 1, 2012 and generated from parcels in the Fort Ord area of the member jurisdiction to the City or County for economic development to support the reuse of Fort Ord land within the relevant City or County.

2.1.3 Subtract sources of funds available under Section 2.1.2 from CIP costs to determine net cost to be funded by the Policy and CFD Special Tax.

2.1.4 Calculate Policy and CFD Special Tax revenues using the prior year Policy and CFD Special Tax Rates and the same land use assumptions used to estimate FORA property tax revenues shown above in Section 2.1.2.

2.1.5 Compare 2.1.4 with 2.1.3 and determine the amount of adjustment, if any, to the Policy and CFD Special Tax rates. In no event shall the adjusted CFD Special Tax rates exceed the Maximum CFD Special Tax rates (as escalated annually per the special tax formula).

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

AYES:
 NOES:
 ABSTENTIONS:
 ABSENT:

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

DATED _____

BY _____

Dave Potter
 Chair, Board of Directors
 Fort Ord Reuse Authority

Amendment #1 to the Implementation Agreement between the Fort Ord Reuse Authority and its Member Jurisdictions

RECITALS

- A. The Fort Ord Reuse Authority (“FORA”) and the *member jurisdiction* have entered into an Implementation Agreement dated as of May 1, 2001 (“Implementation Agreement”) to, among other purposes, identify and provide for distribution of land sale and lease revenues, FORA property tax revenues (formerly tax increment revenues), and basewide assessments or development fees as the primary sources of funding to implement the Basewide Mitigation Measure (as defined) and to pay Basewide Costs (as defined), collectively referred to as the FORA Capital Improvement Program (“CIP”); and
- B. FORA has adopted a Base-wide Community Facilities District (“CFD” or “CFD Special Tax”) to fund, together with other revenues, the FORA CIP. Section 7 (ii) of the Implementation Agreement provides that the FORA development fee and CFD Special Tax to fund CEQA Mitigation Measures (“FORA CIP”) are limited to the difference between the revenues needed for such purposes and the revenues otherwise reasonably available to achieve those purposes; and
- C. FORA and the *member jurisdiction* have twelve years of experience with the Basewide Development Fee Policy (“Policy”) and CFD Special Tax; and
- D. FORA and the Army have executed an Environmental Services Cooperation Agreement (“ESCA”) providing for FORA to manage base-wide environmental remediation (including ordnance removal) funded by the Army; and
- E. The Policy and CFD Special Tax provide resources to fund CEQA Mitigation Measures (FORA CIP) identified in the 1997 FORA Base Reuse Plan and CEQA Documents; and
- F. FORA and the *member jurisdiction* recognize that land sales and lease proceeds, FORA property tax revenues, grant funds and the Policy and CFD Special Tax continue to be the appropriate sources to fund CEQA Mitigation Measures and Board-determined base-wide obligations in FORA’s CIP as identified in Section 1.1; and
- G. FORA and the *member jurisdiction* recognize the importance of calibrating the Policy and CFD Special Tax by incorporating all available resources to fund CEQA Mitigation Measures and Board-determined basewide obligations in FORA’s CIP identified in Section 1.1.; and

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

AGREEMENTS

Now therefore, FORA and the *member jurisdiction* hereby agree as follows:

I. ADJUSTMENT TO THE POLICY AND CFD SPECIAL TAXES.

1.1 The list of authorized CIP improvements (subject to escalation of costs through the San Francisco Construction Cost Index reported in the Engineering News Record, unless otherwise noted) to be funded by the Policy and CFD Special Taxes, after first applying all available FORA property tax revenues, grant funds, and land sales and lease proceeds, shall be limited to the following CEQA Mitigation Measures and corresponding base-wide obligations in FORA's CIP:

1.1.1 Transportation/Transit improvements, including regional improvements, off-site improvements, on-site improvements, and transit capital improvements identified in the Transportation Agency of Monterey County ("TAMC") FORA Fee Reallocation Study, dated April 8, 2005, or as subsequently updated by TAMC consistent with the FORA Fee Reallocation Study, in an amount not to

exceed \$112,698,595 (as escalated) unless the obligation is otherwise reduced by TAMC and FORA.

1.1.2 Water Augmentation, which includes FORA's CEQA obligation for the approved water augmentation project and FORA's voluntary contribution to help offset water capacity charge increases. FORA's CEQA obligation is subject to annual escalation, while the voluntary contribution is not.

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

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

1.1.5 Other Costs and Contingencies shall be evaluated on a periodic basis in the same manner as other CIP costs and revenues. Other Costs and Contingencies are currently limited to the following:

A contingency amount not to exceed 15% of the costs of Transportation/Transit improvements for MEC construction support, soil management plans, right of way acquisition, CEQA/CESA/NEPA mitigations, unknown subsurface conditions, self insurance retention amounts and transportation/transit improvement phasing.

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

Other Costs for PLL insurance costs.

CFD Administration Expenses (including staff and consultant costs).

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

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

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

transparent to all stakeholders. Adjustments to the Policy and CFD Special Tax will be approved only if they are demonstrated to be fiscally prudent and do not expose FORA or its member jurisdictions to unreasonable risk.

1.2.3 In accordance with the process set forth in part II of this Agreement, commencing with Section 2.1, the FORA Board will update anticipated construction costs and revenues available to fund the facilities identified in Section 1.1, above, which are eligible to be funded by the Policy and CFD Special Taxes, and corresponding adjustments to the Policy and CFD Special Taxes within 90 days of the effective date of this Agreement, Spring 2014 as the second evaluation period, and periodically thereafter in coordination with FORA CIP updates.

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

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

II. PROCESS

2.1 FORA shall review and update the CIP periodically to apply the formula described in this Implementation Agreement amendment and any resulting Policy and CFD Special Tax adjustments. That procedure must ensure that FORA's revenue sources, including the Policy and CFD Special Tax revenues, are adequate to carry out the Base Reuse Plan and complete required CEQA Mitigation Measures and Board-determined base-wide obligations in FORA's CIP identified in Section 1.1 above. The periodic process will include the following steps:

2.1.1 Determine total remaining CIP costs (including required contingencies) consistent with Section 1.1 above.

2.1.2 Determine the source and amount of funds, including, without limitation: a) Fund balances; b) Grant money; c) CSU Mitigation fees; d) Loan proceeds; e) Land sales revenues/proceeds net of a required credit/offset equal to the amount of monies advanced to construct CIP improvements (this amount shall ultimately be reduced to zero once the full credit/offset has been recognized) in excess of remaining building removal program estimated costs, and lease revenues (not required for other obligations); and f) FORA property tax revenue as calculated below. The following assumptions and formula shall be used to calculate the FORA property tax revenues, if available:

Assumptions:

- a. Current FORA CIP build-out assumptions as shown to estimate CFD special tax revenue.

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

Formula:

- a. Calculate the net present value (NPV) of 90% of the FORA property tax revenue stream for all new assessed value after July 1, 2012.
- b. The term on the FORA property tax stream shall be from the date of the current CIP (e.g., upcoming fiscal year) through the anticipated end date of FORA (or the proposed FORA extension end date if applicable).
- c. The NPV calculation shall assume a discount rate equal to the annual average Bond Buyer Revenue Bond Index plus 50 basis points using the prior fiscal year end date (e.g., use 2012 year to date annual average at the end of FY 2011-12 for the FY 2012-13 calculation) as published in The Bond Buyer.
- d. Allocate the NPV as calculated above to reduce/offset costs of CIP.
- e. Allocate 10% of the actual property tax revenues collected by FORA from all new assessed value after July 1, 2012 and generated from parcels in the Fort Ord area of the *member jurisdiction* to the City or County for economic development to support the reuse of Fort Ord land within the relevant City or County.

2.1.3 Subtract sources of funds available under Section 2.1.2 from CIP costs to determine net cost to be funded by the Policy and CFD Special Tax.

2.1.4 Calculate Policy and CFD Special Tax revenues using the prior year Policy and CFD Special Tax Rates and the same land use assumptions used to estimate FORA property tax revenues shown above in Section 2.1.2.

2.1.5 Compare 2.1.4 with 2.1.3 and determine the amount of adjustment, if any, to the Policy and CFD Special Tax rates. In no event shall the adjusted CFD Special Tax rates exceed the Maximum CFD Special Tax rates (as escalated annually per the special tax formula).

III. ENFORCEMENT

3.1 This agreement is entered into for the benefit of FORA and the *member jurisdiction* subject to the Policy and CFD Special Tax, and may be subject to dispute resolution and enforced by FORA or the *member jurisdiction* subject to the Policy and CFD Special Taxes in the same manner and process set forth for dispute resolution and under Section 17 of the Implementation Agreement.

3.2 The original Implementation Agreement will prevail when this Amendment #1 conflicts with the Implementation Agreement.

[Add signature pages]

[Add acknowledgments for recordation]

Agreement for Professional Services – Extension #5

This is an Extension #5 to Agreement No. FC-100110 (“AGREEMENT”) between the Fort Ord Reuse Authority, a political subdivision of the State of California (hereinafter referred to as “FORA”) and Economic & Planning Systems, Inc. (hereinafter referred to as “CONSULTANT”).

Except for the following adjustments, all terms and conditions in the AGREEMENT remain the same:

1. SERVICES. Subject to the terms and conditions set forth in this Agreement and described in **Exhibit A** (attached), CONSULTANT shall provide to FORA the additional services.
2. COMPENSATION AND OUT OF POCKET EXPENSES. The AGREEMENT is increased by not to exceed \$60,000 to compensate CONSULTANT for all of the additional services described in “SERVICES” section above and **Exhibit A** (attached).

IN WITNESS WHEREOF, AUTHORITY and CONSULTANT execute this Agreement as follows:

FORA	CONSULTANT
By _____	By _____
Michael A. Houlemard, Jr. Executive Officer	David Zehnder Managing Principal
Date	Date

Approved as to form:

_____	By _____
Gerald D. Bowden Authority Counsel	Jamie Gomes Principal
	Date

Fort Ord Reuse Authority Capital Improvement Program Review: Phase II Scope of Work Amendment

Project Approach

Economic & Planning Systems, Inc. (EPS), appreciates the opportunity to continue evaluating mid- and long-term financing strategies to facilitate reuse of the former Fort Ord Army Base.

Based on Phase I consideration of expected reuse and associated capital and operations costs, the ongoing Phase II work will provide for a full evaluation of all potential funding sources; will confirm the timing and nature of major funding requirements; and will seek to reduce uncertainty created by open-ended issues such as Habitat Conservation Plan (HCP) funding, potential impacts on Fort Ord Reuse Authority (FORA) property tax revenues (formerly tax increment revenues), and other ongoing policy considerations.

The approach and scope of work described herein represents the portion of the overall Phase II Scope of Work developed by FORA staff that has been assigned to EPS as a primary contributor. Throughout the last fiscal year, the primary Phase II emphasis has been on HCP financing, evaluating the amount and timing of future property tax revenues and on refining the annual process by which the Basewide Developer Fee Policy and Mello-Roos Community Facilities District (CFD) maximum special tax rate is determined. EPS and FORA staff have made considerable progress in each of these areas.

From the outset, this Phase II approach seeks to facilitate a stable and predictable development and investment environment on Fort Ord. This can be achieved by providing additional certainty regarding the mix of revenues funding key FORA capital and operational responsibilities to be carried out during the reuse of Fort Ord.

The approach described in this Phase II Scope of Work Amendment assumes the extension of FORA over a designated period of time. Although the form and function of FORA may maintain consistency with its current structure, the mix of revenue sources assigned to particular cost categories may be modified as necessary or appropriate. Any such recommended modifications would be done for purposes of formulating the most effective approach to facilitating completion of the Base Reuse Plan, ensuring the satisfaction of California Environmental Quality Act (CEQA) mitigation measures, and other key responsibilities.

During the continued Phase II work program, EPS or FORA staff will provide progress updates to the Administrative Committee on a periodic basis, and the FORA Board will be briefed once every third month through completion of all tasks.

Scope of Work

Task 1: FORA Continuation Period Outlook

Task 1.1: Overview of FORA Responsibilities Disposition

This task is structured to review the comprehensive set of responsibilities FORA is responsible for and to begin the process of evaluating potential approaches to disseminating or retiring (completing) these responsibilities before the revised sunset date for the agency. Specific steps include these:

- Project initiation meeting with FORA staff.
- Focused meetings (e.g., Building Industry Association [BIA], jurisdictions, Transportation Agency of Monterey County [TAMC], others) arrayed over a 2-day period to take input.
- Outline baseline assumptions regarding probable "responsibility retirement" (i.e., how each responsibility will be resolved).

Task 1.2: Refined Development Outlook and FORA Extension Timeline

- Revise development projections based on any additional information, including market changes, since completion of Phase I study.
- Discuss implications for major capital projects, operations and management, FORA policies (e.g., affordable housing), and other related issues.
- Coordinate with FORA staff to clarify probable timeline for extension or modifications to agency type/structure.

Task 2: FORA Buildout Cost Expectations

Task 2.1: Probable Costs by Category and Time Period

- Meet with FORA engineering staff to discuss capital costs and potential issues/uncertainties.
- Meet with TAMC staff to discuss concerns/issues surrounding transportation project costs, timelines, etc. relative to reuse expectations.
- Meet with FORA staff to determine levels of ongoing administrative activity, staffing, etc.
- Review status of building deconstruction program by jurisdiction and related cost estimates.
- Identify potential areas of refinement, and recommend any engineering review(s) of unit costs.
- Establish working assumptions for timing of above-referenced capital and operations costs.

Task 3: FORA Buildout Revenue Projections

Task 3.1: Land Sale Projection

- Evaluate available public-private agreements related to planned projects to understand revenue-sharing arrangements.
- Conduct targeted, supplemental market analysis as necessary to confirm revenue assumptions and understand development risks.
- Review available developer financial feasibility analyses and identify and test key variables driving residual land value through supplemental pro forma sensitivity analyses.
- Establish probable range of land sale revenues through buildout.

Task 3.2: FORA Property Tax Revenue Projection

- Obtain legislative update to understand likely adjustments to tax increment formula.
- Identify range of plausible outcomes (e.g., potential for discounted revenue related to State budget crisis).
- Prepare a memorandum summarizing conclusions regarding enforceability of FORA's claim to property tax revenues.
- Work with land use attorney from Best, Best and Kreiger to establish a legal opinion regarding enforceability of FORA property tax revenue payments.
- Model projected property tax revenues allocated to FORA based on policy assumptions, reuse outlook, and probable finished real estate product assessed values. Analyze alternatives.

Task 3.3: CFD Special Tax Projection

- Work with FORA in preparing and reviewing the Implementation Agreement—Amendment #1 (IA Amendment).
- Identifying the major components of the formulaic approach discussed in the IA Amendment.
- Prepare and present an illustrative summary of the IA Amendment formulaic methodology.
- Prepare an Excel model to calculate updated policy and CFD special tax rates based on proposed IA Amendment formulaic approach.
- Apply revised one-time CFD special tax rate to projected development based on revised reuse assumptions and potential amendment to the Implementation Agreements between FORA and its member jurisdictions.

Task 3.4: Grants, Dues, and Other Revenue Sources

- Work with FORA staff to identify probable revenues and to make reasonable projections of such revenues.

Task 3.5: Summary of Revenue Outlook

- Develop comprehensive projection of basewide revenue available to fund capital and operations.
- Initially, based on current policies, assign revenues to cost categories to evaluate approximate funding surplus/deficit by cost category (note that property tax revenue projections may need to be discounted substantially to reflect ongoing uncertainty).
- Conceptual identification of potential Capital Improvement Program (CIP) sources and uses modifications.

Task 4: Revenue Allocation Options

Task 4.1: Recommended Capital and Operations Funding Mix (up to three scenarios)

- Develop options for optimizing CIP sources and uses (maximum of three scenarios).
- Evaluate sources and uses related to non-CIP activities (e.g., FORA operations, building deconstruction, etc.) to provide comprehensive outlook.

Task 4.2: HCP Funding Options, Negotiations, and Approach (remaining tasks)

EPS will continue to work directly with FORA staff and FORA consultants in developing potential HCP financing solutions. This technical support work will continue to involve communication with and coordination between the following parties:

1. FORA staff and legislative bodies.
2. FORA's HCP consultant (ICF).
3. United States Fish and Wildlife Service (USFWS).
4. California Department of Fish and Game (CDFG).

Based on annual operating cost information provided by FORA or by FORA's HCP consultant, EPS will evaluate the overall mix of funding mechanisms, timing of investment, and resulting annual cash flow required to fund HCP operations and maintenance costs, including the following tasks:

- Evaluation of endowment creation and required rates of return.
- Completion of technical analysis for the HCP financing strategy.
- Preparation of memoranda summarizing the technical analysis.
- Participation in up to two on-site meetings with FORA staff or legislative bodies (e.g., Administrative Committee or Board).

The financing strategy will consider, but not be limited to, the following types of funding mechanisms:

- HCP Endowment.
- HCP Endowment capitalized over time.
- Land secured financing district funding (e.g., Mello-Roos CFD).
- Other ongoing revenue streams (e.g., real property transfer tax).

EPS will prepare a memorandum summarizing the preferred endowment capitalization and HCP financing strategy to transmit to the regulatory agencies. EPS also will review and edit the financing chapter of the HCP document ensuring the text of the document reflects the preferred financing strategy.

EPS will assist FORA staff in negotiating a preferred endowment holder and financing strategy acceptable to FORA and the regulatory agencies. This may involve up to two meetings with regulatory agencies and other stakeholders (e.g., USFWS, others).

Finally, as necessary and appropriate, EPS will assist FORA staff in the preparation of a Request for Qualifications (RFQ) for candidate endowment funds, assist in the selection of a preferred entity, and facilitate communications around CADFG certification.

Task 4.3: Recommended Overall Funding Mix

- Identify optimized approach based on refined reuse outlook, revenue, and cost outlook, as well as any updated procedures resulting from the proposed Implementation Agreement amendment(s).
- Conduct comprehensive jurisdictional risk assessment related to any proposed changes to funding approach.
- Evaluate probable impacts on development feasibility and timing related to each approach.
- Refine recommended approach.

Budget

EPS anticipates the remaining Phase II tasks described above could be completed with a budget not to exceed **\$60,000**. EPS charges for its services on a direct-cost (hourly billing rates plus direct expenses), not-to-exceed basis; therefore, you will be billed only for the work completed up to the authorized budget amount.

EPS looks forward to continuing the Phase II scope of work to facilitate the successful reuse of Fort Ord.

Table 1
FORA CIP Review Phase II (EPS Portion)
Proposed Budget Estimate

Task/Description	Managing Principal Zehnder	EPS Staff				Staff Cost Subtotal	Direct Costs [1]	Authorized FY 11-12 Total	FY 11-12 Actuals	FY 12-13 Requested
		Principal Gomes	Associate	Research Analyst	Production Staff					
Task 1: FORA Continuation Period Outlook										
Subtask 1.1: Responsibilities Disposition	6	6	4	0	1	\$3,715	\$0	\$3,715	\$3,715	\$0
Subtask 1.2: Development/FORA Outlook	8	4	0	1	1	\$3,265	\$250	\$3,515	\$3,515	\$0
Total Task 1: FORA Continuation Period Outlook	14	10	4	1	2	\$6,980	\$250	\$7,230	\$7,230	\$0
Task 2: FORA Buildout Cost Expectations										
Subtask 2.1: Probable Costs by Category	14	8	0	1	1	\$5,835	\$250	\$6,085	\$1,000	\$5,085
Subtask 2.2: Probable Cost Timeline	4	8	0	0	1	\$3,095	\$0	\$3,095	\$0	\$3,095
Total Task 2: FORA Buildout Cost Expectations	18	16	0	1	2	\$8,930	\$250	\$9,180	\$1,000	\$8,180
Task 3: FORA Buildout Revenue Projections										
Subtask 3.1: Land Sale Projection	8	14	8	6	2	\$7,400	\$250	\$7,650	\$0	\$7,650
Subtask 3.2: Tax Increment Projection	4	12	28	0	2	\$8,210	\$0	\$8,210	\$8,210	\$0
Additional FY 11-12 Effort on Subtask 3.2									\$22,000	
Subtask 3.3: CFD Special Tax Projection	2	2	4	0	1	\$1,675	\$0	\$1,675	\$1,675	\$0
Additional FY 11-12 Effort on Subtask 3.3									\$11,000	
Subtask 3.4: Other Revenues Projection	2	2	2	0	1	\$1,385	\$0	\$1,385	\$0	\$1,385
Subtask 3.5: Summary of Revenue Outlook	6	12	18	1	2	\$7,380	\$0	\$7,380	\$1,500	\$5,880
Total Task 3: FORA Buildout Revenue Projections	22	42	60	7	8	\$26,050	\$250	\$26,300	\$44,385	\$14,915
Task 4: Revenue Allocation Options										
Subtask 4.1: Funding Mix Scenarios	12	20	8	2	2	\$9,570	\$250	\$9,820	\$1,520	\$8,300
Subtask 4.2: HCP Options & Negotiations	20	30	30	0	2	\$17,150	\$500	\$17,650	\$17,650	\$0
Additional FY 11-12 Effort on Subtask 4.2									\$21,000	
Subtask 4.3: Overall Funding Recommendations	12	20	0	2	1	\$8,335	\$0	\$8,335	\$0	\$8,335
Total Task 4: Revenue Allocation Options	44	70	38	4	5	\$35,055	\$750	\$35,805	\$40,170	\$16,635
Presentations										
Administrative Committee (6)	48	20	0	2	1	\$17,875	\$1,500	\$19,375	\$6,500	\$12,875
FORA Board (2)	18	8	0	1	1	\$6,895	\$500	\$7,395	\$0	\$7,395
Total Presentations	66	28	0	3	2	\$24,770	\$2,000	\$26,770	\$6,500	\$20,270
Total Task Hours	164	166	102	16	19					
Hourly Billing Rates [2]	\$265	\$245	\$145	\$90	\$75					
Total Project Costs	\$43,460	\$40,670	\$14,790	\$1,440	\$1,425	\$101,785	\$3,500	\$105,285	\$99,285	\$60,000
Remaining Authorization									\$6,000	

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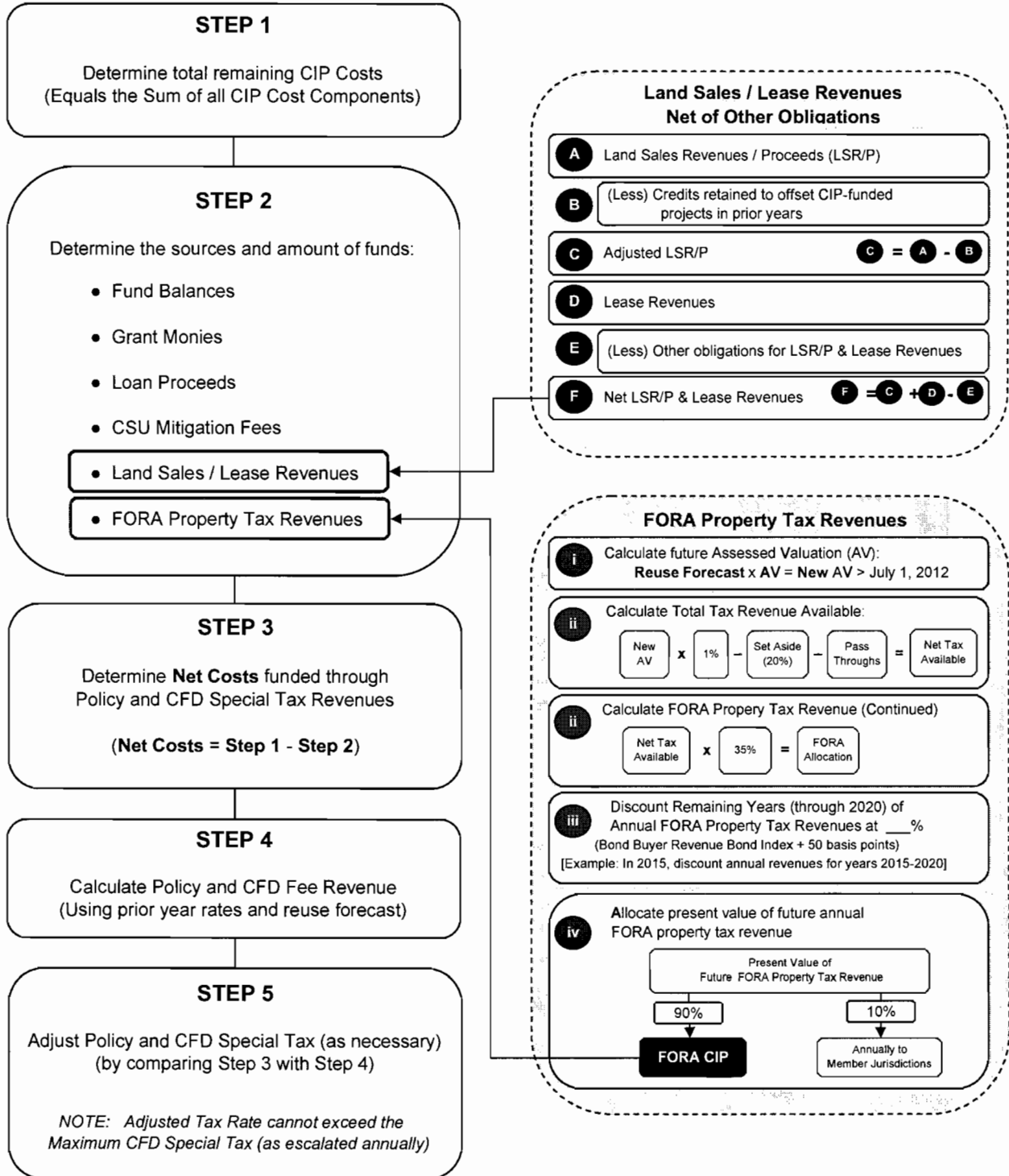
[1] Direct costs include costs related to travel, acquiring data, mileage, reproduction, and other non-staff costs.

[2] Billing rates shown are applicable during calendar year 2011 and are subject to change annually.

DRAFT

Attachment D
Annual Process to Update
Basewide Development Fee Policy
and CFD Special Tax

Attachment D to Item 6e
FORA Board Meeting, 7/13/12



Attachment E to Item 6e

FORA Board Meeting, 7/13/12

FORA Phase II Capital Improvement Program Review

The Economics of Land Use

EPS

Berkeley

Denver

Los Angeles

Sacramento

presented to

Fort Ord Reuse Authority

presented by

Jamie Gomes

Economic & Planning Systems, Inc.

July 13, 2012

Economic & Planning Systems, Inc.

2295 Gateway Oaks Drive, Suite 250, Sacramento, CA 95833

916.649.8010 • 916.649.2070 fax

Presentation Overview

- CIP Review – Phase II Study
- Implementation Agreement (IA) – Amendment #1
- Formulaic Approach
- Preliminary Results of Formula (if implemented as proposed)
- Conclusion – Questions and Input



CIP Phase II Study Summary

- May 2002 - CIP confirmation and FORA CFD formation.
- Successful implementation of CIP projects through:
 - Development fees/taxes, State/Fed. grants, Advanced land sales proceeds
- Prompted FY 2010/11 review of CIP
 - Approximately 27% reduction in fee/tax
 - Many uncertainties remaining – warranted Phase II study
- Proposed IA Amendment
 - Consistent/predictable approach for FORA, member jurisdictions, development community and community
 - Redirecting portion of property tax revenues to member jurisdictions to support reuse efforts
- Ongoing Phase II Work



IA - Amendment #1

- Purpose = a more formulaic approach and methodology to annually updating the Policy & CFD Special Tax
- Integral Features:
 - Existing financing tools are appropriate – need calibration
 - Well defined, transparent and predictable process using factual information
 - Fairness, equity and proportionality
 - Adjustments implemented if proven to be fiscally prudent and would not expose FORA or member jurisdictions to unreasonable risk



Formulaic Approach

- Completed periodically – would be linked with FORA CIP update process
- Compare costs with revenue available from all sources
- Determine net costs to be funded by Policy and CFD Special Tax
- Determine maximum Policy and CFD Special Tax revenues
- Compare results and implement adjustments as necessary



Estimated Schedule

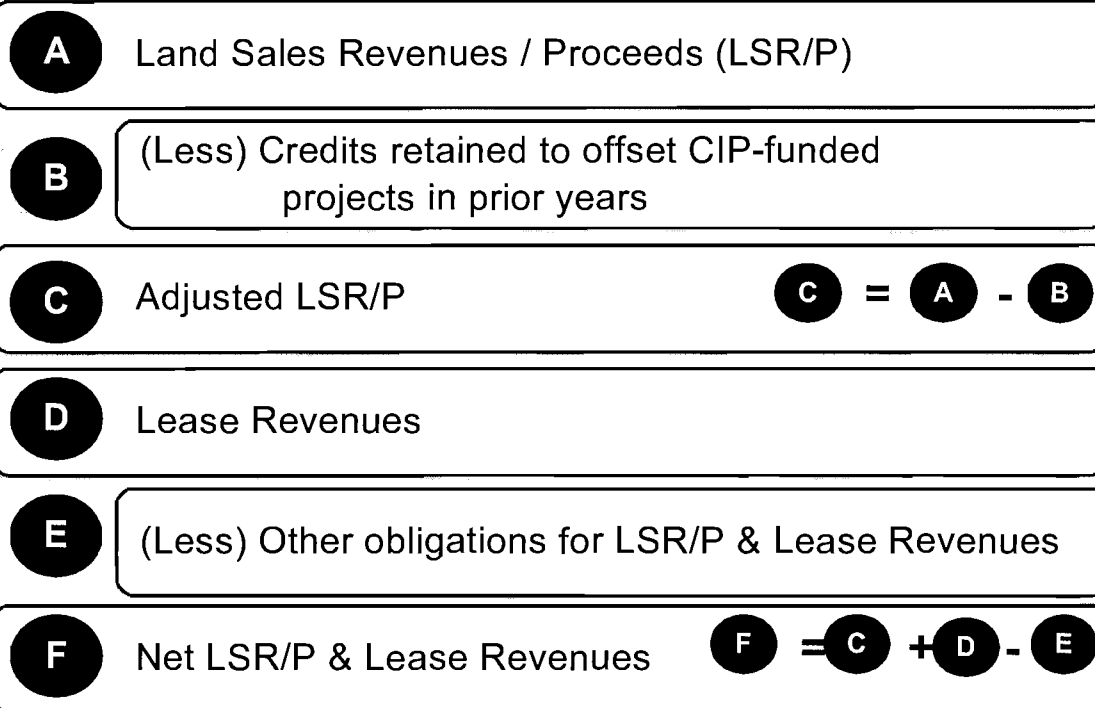
Item/Description	Est. End Date	Party	Month / Year						
			Calendar Year 2012			Calendar Year 2013			
			July 2012	August 2012	September 2012	January 2013	February 2013	March 2013	April 2013
Phase II Capital Improvement Program Review									
1 Phase II CIP Review Work Program	Jan. 2013	EPS/FORA				January 2013			
Implementation Agreement (IA) Adoption									
2 Resolution 12-05 & IA Amendment	7/13/12	FORA Board	7/13						
3 IA Amendment #1 - Adoption by FORA Jurisdictions	Jan. 2013	Jurisdiction				January 2013			
Basewide Development Fee Policy and CFD Special Tax Update									
4 FY 2012-13 Policy and CFD Tax Update	April 2013 [1]	FORA Board						April 2013	
5 FY 2014-15 Policy and CFD Tax Update	Spring 2014	FORA Board						2014	

[1] Anticipated by April 2013 or within 90 days of IA Amendment #1 adoption by FORA jurisdictions.

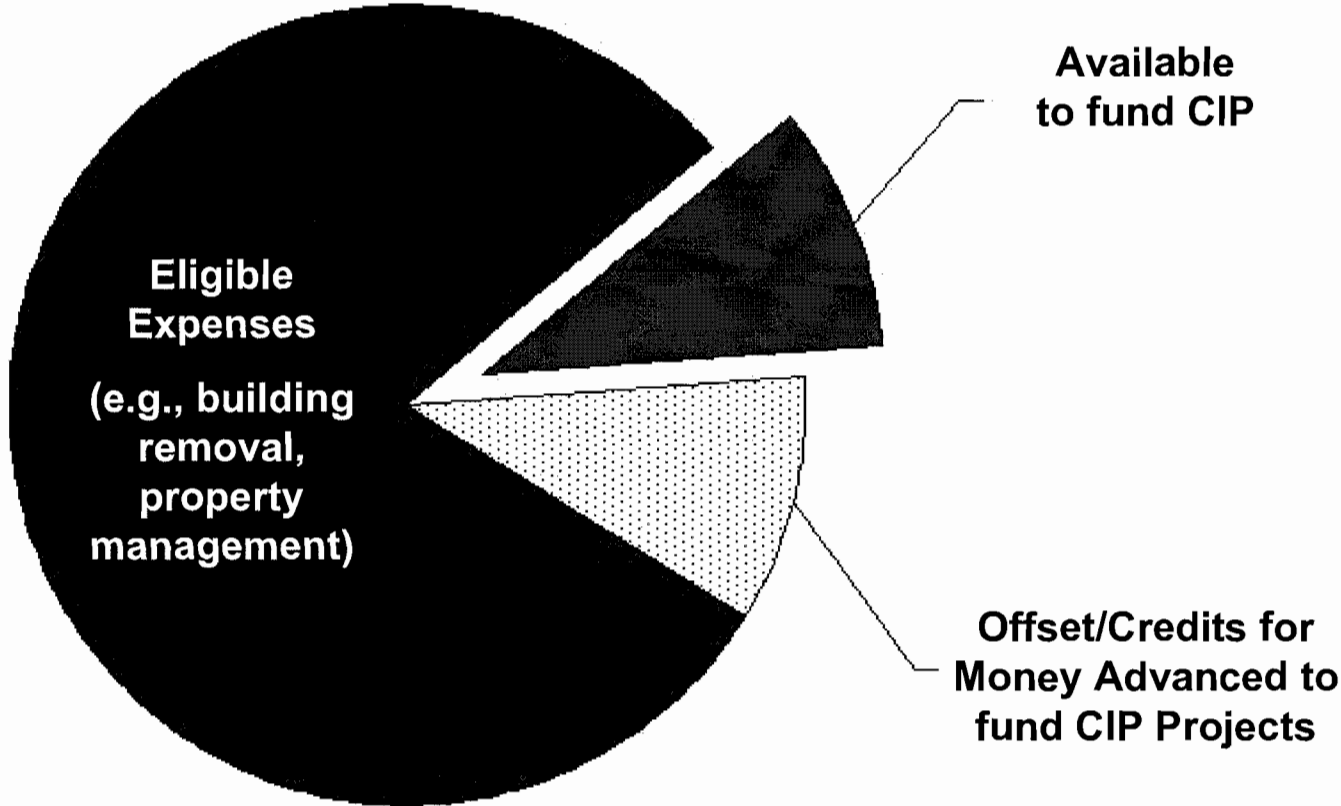


Land Sales Revenue Calculation - Illustration

Land Sales / Lease Revenues Net of Other Obligations



Land Sales Revenue and Uses



Property Tax Calculation - Illustration

FORA Property Tax Revenues

i Calculate future Assessed Valuation (AV):
Reuse Forecast x AV = New AV > July 1, 2012

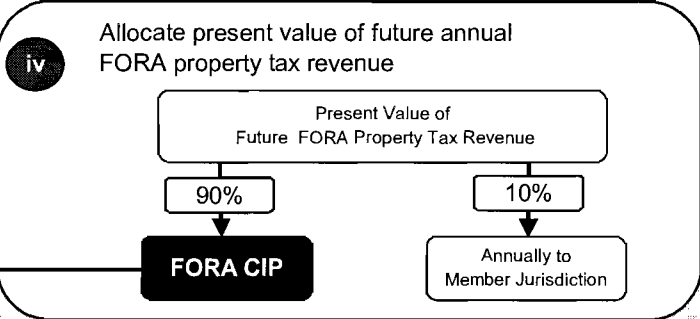
ii Calculate Total Tax Revenue Available:

$$\text{New AV} \times 1\% - \text{Set Aside (20\%)} - \text{Pass Throughs} = \text{Net Tax Available}$$

ii Calculate FORA Property Tax Revenue (Continued)

$$\text{Net Tax Available} \times 35\% = \text{FORA Allocation}$$

iii Discount Remaining Years (up to 2020) of Annual FORA Property Tax Revenues at ___%
 (Bond Buyer Revenue Bond Index + 50 basis points)
 [Example: In 2015, discount annual revenues for years 2015-2020]



Preliminary Results – FY 2013 CIP Costs

Item	Calculation	Amount
Remaining Capital Improvement Program and Other Costs		
Transportation/Transit	a	\$112,699,000
Water Augmentation - CEQA mitigation	b	\$23,526,000
Water Augmentation - voluntary contribution	c	\$21,655,000
HCP Endowment	d	\$37,593,000
HCP Endowment Contingency	e	\$18,800,000
Fire Fighting Equipment	f	\$232,000
Contingency (MEC, Soil mgt. plans, insurance retention, etc.)	g	\$16,905,000
Additional Utility and Storm Drainage Costs	h	\$3,500,000
Other Costs (PLL Insurance)	j	\$3,000,000
Other Costs (CFD Administration)	k	<u>\$1,000,000</u>
Total	l = sum (a to k)	\$238,910,000



CIP Transportation/Transit Contingency

- Contingency at 15% of Transportation/Transit Cost
 - MEC construction support
 - Soil management plans
 - Right of way acquisition
 - Unknown subsurface conditions
 - Self insurance retention amount
 - Potential Transportation/Transit CIP phasing



Preliminary Results – FY 2013 CIP Revenues

Item	Calculation	Amount
Estimated Sources of Funds		
Existing Fund Balances [1]	m	\$1,345,000
Existing Fund Balance for HCP Endowment [2]	n	\$4,600,000
Grants	o	\$0
CSU Mitigation Fees	p	\$327,000
Loan Proceeds	q	\$0
Land Sale Revenues	r	\$0
FORA Property Tax Revenues [3]	s	\$11,013,000
Other Revenues		<u>\$0</u>
Total Other Sources	t = sum (m to s)	\$17,285,000

[1] Equals existing fund balance excluding amounts reserved for habitat mitigation.

[2] Equals existing fund balance for habitat mitigation.

[3] Equals net present value (NPV) of 90% of future FORA property tax revenue stream (if received).



Preliminary Land Sales Revenue Calculation

Item	Amount
Land Sales Revenues	
Preston Park [1]	\$10,124,000
Rockrose Gardens by Interim, Inc.	\$119,000
Marina Community Partners (credits)	<u>\$19,400,000</u>
Total	\$29,643,000
Expenditures	
Marina Community Partners - Dunes	\$19,400,000
Stockade (Marina)	\$2,200,000
Surplus II (Seaside)	\$4,000,000
Offset for Advanced Dollars to Fund CIP projects [2]	<u>\$8,162,000</u>
Total Other Sources	\$33,762,000
Land Sales Revenue for CIP Projects	(\$4,119,000)

[1] Amount is net of loan payoff.

"lsr_calc"

[2] Equals offset/credit for advanced dollars used to fund CIP projects and match federal grant.



Preliminary Results – FY 2013 Tax / Policy Adjustment

Item	Calculation	Amount
FORA CFD Special Tax Revenue Summary		
Estimated Maximum Policy & CFD Special Tax Revenue [3]	v	\$232,800,000
Net Cost Funded by Policy and CFD Special Tax Revenue	w = u	\$221,625,000
CFD Special Tax Required as a % of Maximum	x = u / v	95.2%
Adjustment Factor Applied to Prior Year CFD Special Tax Rate	(Rounded)	95.2%
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[3] Reuse forecast multiplied by FY 11-12 CFD tax rates.



Preliminary Results – FY 2013 Tax / Policy Adjustment (cont.)

Land Use	Basis	Development Fee Policy / CFD Special Tax			
		Existing Rate	Preliminary Adjusted Rate	Difference	Percentage Change
		<i>July 1, 2011</i>	<i>Summer 2012</i>		
			ROUNDED		
New Residential	per du	\$33,700	\$32,080	(\$1,620)	-4.8%
Existing Residential	per du	\$10,132	\$9,650	(\$482)	-4.8%
Office & Industrial	per acre	\$4,417	\$4,200	(\$217)	-4.9%
Retail	per acre	\$91,086	\$86,710	(\$4,376)	-4.8%
Hotel	per room	\$7,515	\$7,150	(\$365)	-4.9%

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Sources: FORA and EPS.



Conclusion

- Questions
- Next steps



FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject:	Ratify Appointment of Reimbursement Expense Ad Hoc Committee	
Meeting Date:	July 13, 2012	ACTION
Agenda Number:	7a	

RECOMMENDATION:

Ratify the Executive Committee's Recommendation/Appointment of Reimbursement Expense Ad Hoc Committee and Authorize Ad Hoc Committee Selection/Contract of a Special Auditor.

BACKGROUND:

The Fort Ord Reuse Authority received a claim challenging the Staff and Board expense reimbursement practices and certain other meeting and business expense payments.

At its June 18, 2012 special meeting, the Executive Committee voted to recommend:

1. The FORA Board appoint an *ad hoc* committee consisting of Finance Committee Chair Bill Kampe and Executive Committee member Jerry Edelen to oversee a forensic audit;
2. Hire a forensic auditor to independently audit FORA reimbursement expenditures;
3. Request that the Finance Committee and FORA staff develop a formal Expense Reimbursement Policy for Board consideration; and
4. Set a follow-up Executive Committee review of FORA check-signing practices.

DISCUSSION:

FORA's Expense Reimbursement Policy may be adjusted or redefined through the Ad Hoc Committee process and auditor review of past practices. The Executive Committee directed the forensic audit address a comprehensive review of meeting expense and reimbursements, if ratified by the Board. Selection of an outside-the-area, independent auditor and audit process may take 2 months. Items 3 and 4 above will be addressed separately at a special Board meeting, scheduled for July 26, 2012.

FISCAL IMPACT:

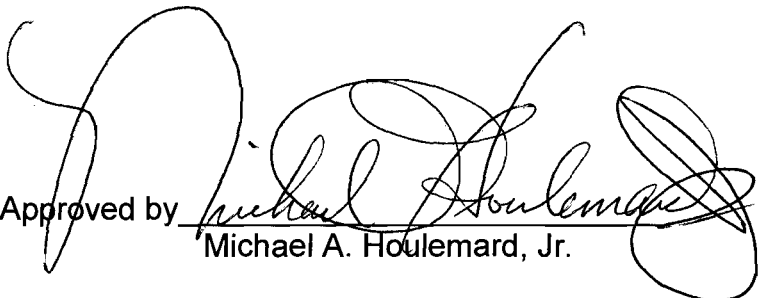
Reviewed by FORA Controller 

Staff time for this item is not included, but could be absorbed in the FY 12-13 budget. Final cost for the forensic audit is unknown at this time, but will be addressed at the time of contract award and mid-year budget review.

COORDINATION:

FORA Executive Committee.

Prepared by 
Steve Endsley

Approved by 
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Administrative Consistency Determination For Entitlement: Marina's Rockrose Gardens Assisted Living Project	
Meeting Date:	July 13, 2012	INFORMATION/ACTION
Agenda Number:	8a	

RECOMMENDATION(S):

1. Receive a report from the Executive Officer regarding Marina's Rockrose Gardens Assisted Living Project ("Rockrose Gardens Project") Administrative Consistency Determination per Section 8.02.030 of the Fort Ord Reuse Authority ("FORA") Master Resolution; **OR**
2. Conduct a hearing and consider the Executive Officer's concurrence in Marina's development entitlement consistency determination if:
 - a. an appeal is received within the 10-day (Master Resolution Section 8.01.050) or 15-day (Master Resolution Section 8.03.070) appeal response terms; **OR**
 - b. a Board member requests that a hearing be conducted on this project within the 35-day response term (Master Resolution Section 8.01.040).

BACKGROUND:

Marina submitted the Rockrose Gardens project for consistency determination on July 27, 2011 and provided a supplemental submittal concerning the project's Assisted Living classification on June 27, 2012 (**Attachment A**). The Rockrose Gardens project consists of Site and Architectural Design Review for the site plan, elevations and landscape plan for a 21-unit supportive housing project with community room and office in three detached structures totaling approximately 14,190 square feet; Tree Removal Permit for removal of 27 trees of various species; and reserving and allocating water sufficient to serve the project, located on approximately 3.33 acres at 3012-3032 Lexington Court. Marina requested Development Entitlement Consistency review of the project in accordance with section 8.02.030 of the FORA Master Resolution, which does not require Board approval. Under state law, (as codified in FORA's Master Resolution) legislative land use decisions (plan level documents such as General Plans, Zoning Codes, Specific Plans, Redevelopment Plans, etc.) differ from development entitlement (a project under an approved General Plan and Zoning designation) consistency determinations. By law, legislative land use decisions must be scheduled for FORA Board review under strict timeframes. Development entitlements are treated differently by the law; unless appealed to the FORA Board, they are reviewed by staff to determine consistency with the Base Reuse Plan ("BRP"). The legislative framers wrote the law this way in recognition of the high volume of development entitlements expected to be processed by member jurisdictions.

It is important to note that the Community Facilities District ("CFD") fees for this project will be paid at the current FORA CFD Special Tax rate for Office. The Executive Officer concurs with Marina that the Rockrose Gardens project is consistent with the BRP and the FORA Master Resolution.

DISCUSSION:

Rationale for consistency determinations: FORA staff finds that there are several defensible rationales for making an affirmative consistency determination. Sometimes additional information is provided to buttress those conclusions. In general, it is noted that

the BRP is a framework for development, not a precise plan to be mirrored. However, there are thresholds set in the resource constrained BRP 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 are analyzed below in this report.

DEVELOPMENT ENTITLEMENT CONSISTENCY FROM SECTION 8.02.030 OF THE FORA MASTER RESOLUTION

(a) In the review, evaluation, and determination of consistency regarding any development entitlement presented to the Authority Board pursuant to Section 8.01.030 of this Resolution, the Authority Board shall withhold a finding of consistency for any development entitlement that:

(1) Provides an intensity of land uses, which is more intense than that provided for in the applicable legislative land use decisions, which the Authority Board has found consistent with the Reuse Plan;

The Rock Rose Gardens project is located on an approximately 3.33-acre site on Lexington Court in Marina. This project is located within a residential designation area in Marina allowing assisted living and is currently owned by Marina. This development is not more intense than permitted under the current land use designation.

(2) Is more dense than the density of development permitted in the applicable legislative land use decisions which the Authority Board has found consistent with the Reuse Plan;

Marina's submittal correctly asserts that the intensity of the Rockrose Gardens project is consistent with the BRP thresholds. Table 3.3-1 Summary Land Use Capacity: Ultimate Development in the BRP assumes 549 acres within Marina's area of the former Fort Ord for office land use. After subtracting previously approved projects within Marina's portions of former Fort Ord, the Rockrose Gardens project is below that threshold.

(3) Is not conditioned upon providing, performing, funding, or making an agreement guaranteeing the provision, performance, or funding of all programs applicable to the development entitlement as specified in the Reuse Plan and in Section 8.02.020 of this Master Resolution and consistent with local determinations made pursuant to Section 8.02.040 of this Resolution;

These conditions are imposed on the project.

(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;

The Rockrose Gardens project does not conflict and is not incompatible with open space, recreational, or habitat management areas within FORA's authority.

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

The Rockrose Gardens project will pay its fair share of the basewide costs through the developer fee that will accrue to FORA and 50% of project land sales revenue to FORA.

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

The Fort Ord Habitat Management Plan ("HMP") designates certain parcels for "Development," in order to allow economic recovery through development while promoting preservation, enhancement, and restoration of special status plant and animal species in designated habitats. The Rockrose Gardens project only affects lands that are located within areas designated for "Development" under the HMP. Lands designated for "Development" have no management restrictions placed upon them as a result of the HMP. The Rockrose Gardens project would not conflict with implementation of the Fort Ord HMP.

(7) Is not consistent with the Highway 1 Scenic Corridor design standards as such standards may be developed and approved by the Authority Board; and

The project is outside of the Highway 1 Scenic Corridor.

(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 this Master Resolution.

The project increases employment opportunities on the former Fort Ord and supports redevelopment activities. This is consistent with the jobs/housing balance approved by the FORA Board.

Additional Considerations:

(9) Adoption of required programs from section 8.02.040 of the FORA Master Resolution and

Marina has incorporated BRP programs and is consistent with the BRP EIR and mitigation monitoring plan. Marina's submittal conforms to the Development Resource Management Plan and FORA Master Resolution.

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

Marina will comply with FORA's prevailing wage policies.


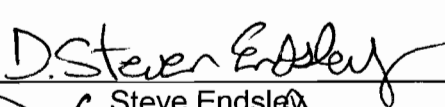
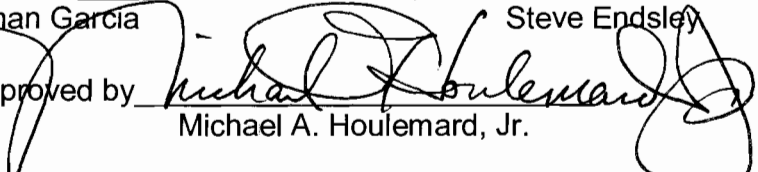
FISCAL IMPACT:

Reviewed by FORA Controller 

This consistency review is regulatory in nature and should have no direct fiscal, administrative, or operational impact. Staff time for this item is included in the approved FORA budget. The Rockrose Gardens project is subject to the FORA CFD fee, in addition, FORA will collect 50% of project land sales revenue.

COORDINATION:

Marina staff, Interim Inc., and Executive Committee.

Prepared by  Jonathan Garcia Reviewed by  Steve Endsley
Approved by  Michael A. Houlemard, Jr.

City of Marina



Attachment A to Item 8a
FOR A Board Meeting, 7/13/12

831- 884-1278; FAX 831- 384-9148
www.ci.marina.ca.us

Mr. Michael Houlemard
Fort Ord Reuse Authority
920 2nd Ave., Suite A
Marina, CA

June 27, 2012

Re: Assisted Living Categorization, Rockrose Gardens on Lexington Court (APN 031-081-013)

Entitlements for the subject property were approved at the June 9, 2011 Planning Commission meeting. No legislative actions were required due to the use being consistent with the Single Family Residential land use and Single-Family Residential District (R-1) zoning of the property.

In accordance with Article 8.01.030, Review of Development Entitlements, of the Fort Ord Reuse Authority (FORA) Master Resolution, on July 27, 2011, FORA was notified by mail of the development entitlement, and a complete package of staff reports and resolutions provided.

Within the R-1 Zoning District, in accordance with Marina Municipal Code (MMC) Section 17.14.020, supportive housing is a permitted use of the property.

MMC Section 17.04.698 defines supportive housing as,

“...housing with no limit on length of stay, that is occupied by the target population, and that is linked to on-site or off-site services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community”.

Thus, the City's Development Impact Fee assessment as “Assisted Living - Senior”, noted within MMC Chapter 3.26, Table 1.2, applies to supportive housing as defined above. As such, the City of Marina encourages the Fort Ord Reuse Authority to make a similar determination in the application of impact fees to Interim Inc.'s Rockrose Garden project.

Sincerely,

Edmundo Rodriguez
Acting City Manager
City of Marina

Cc: Barbara Mitchell, Interim Inc.
Jennifer Coile, Interim Housing Coordinator

City of Marina



City of Marina
211 HILLCREST AVENUE
MARINA, CA 93933
831- 884-1278; FAX 831- 384-9148
www.ci.marina.ca.us



July 27, 2011

SE
1/36

Steve Endsley
Director of Planning and Finance
Fort Ord Reuse Authority
100 Twelfth Street, Building 2880
Marina, California 93933

Re: Interim Inc. Project, 3012-3032 Lexington Court (APN 031-081-013)

Dear Steve:


On June 9, 2011, the City of Marina Planning Commission adopted Resolution No. 2011-07, approving Site and Architectural Design Review (DR 2011-04) for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project with community room and office in three (3) detached structures totaling ±14,190 square feet; Tree Removal Permit (TP 2011-02) for the removal of twenty-seven (27) trees of various species; and reserving and allocating water sufficient to the serve the project, located on a +/- 3.33-acre project site at 3012-3032 Lexington Court (APN 031-081-013), as shown on the provided plan set.

These actions taken are not legislative actions. In accordance with Article 8.01.030, Review of Development Entitlements, of the Fort Ord Reuse Authority Master Resolution this letter serves as notice of conditional approval of the above-noted development entitlement.

Transmitted with this cover letter are:

- One copy of the Notice of Determination as filed with the County Recorders Office.
- One executed copy of Planning Commission Resolution No 2011-07;
- One executed copy of Site and Architectural Design Review Board Resolution No. 2011-04;
- One executed copy of Tree Committee Resolution No. 2011-04;
- One copy of the Planning Commission staff report dated June 9, 2011, including related or applicable text, maps, graphics, and studies.
- One copy of the Joint Site and Architectural Design Review Board and Tree Committee staff report dated May 31, 2011. Exhibits have not been included to avoid duplication as these same exhibits were included, without modification, with the Planning Commission staff report.

Sincerely,


Theresa Szymanis, AICP
Planning Services Manager
City of Marina

9

Notice of Exemption

Form D

To: Office of Planning and Research
P.O. Box 3044, Room 212
Sacramento, CA 95812-3044

From: (Public Agency) City of Marina
209 Cypress Avenue
Marina, California 93933

County Clerk
County of Monterey

(Address)

FILED

JUN 17 2011

STEPHEN L. VAGNINI
MONTEREY COUNTY CLERK
DEPUTY

Project Title: Interim Inc. Rockrose Gardens

Project Location - Specific:
3012-3032 Lexington Court

20110056

Project Location - City: Marina

Project Location - County: Monterey

Description of Nature, Purpose and Beneficiaries of Project:

Redevelopment project replacing two unoccupied two-story, multi-family residential buildings containing 11 dwelling units with two, two-story single-room occupancy structures containing 21 dwelling units and a single-story community room. The proposed affordable housing project will provide shelter and serve the needs of adults with mental illnesses.

Name of Public Agency Approving Project: City of Marina

Name of Person or Agency Carrying Out Project: Interim Incorporated

Exempt Status: (check one)

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: Section 15332. In-Fill Development Projects
- Statutory Exemptions. State code number: _____

Reasons why project is exempt:

The approximately 3.33 project site is less than 5 acres and is surrounded by urban uses. The proposed project is consistent with the City's existing General Plan and Zoning designations and the site is adequately served by all required utilities and public services and does not have value as habitat for endangered, rare or threatened species.

Lead Agency
Contact Person: Theresa Szymanis, AICP Area Code/Telephone/Extension: 831.884.1289

If filed by applicant:

- 1. Attach certified document of exemption finding.
- 2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature: *Thermanis* Date: 06.13.11 Title: Planning Services Manager

Signed by Lead Agency

Signed by Applicant

Date received for filing at OPR: _____

Revised 2005

RESOLUTION NO. 2011-07

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MARINA APPROVING SITE AND ARCHITECTURAL DESIGN REVIEW DR 2011-04 FOR THE SITE PLAN, ELEVATIONS AND LANDSCAPE PLAN FOR A 21-UNIT, SINGLE-OCCUPANCY RESIDENTIAL PROJECT WITH COMMUNITY ROOM AND OFFICE IN THREE (3) DETACHED STRUCTURES TOTALING ±14,190 SQUARE FEET, AND TREE REMOVAL PERMIT TP 2011-02 FOR THE REMOVAL OF TWENTY-SEVEN (27) TREES AND RESERVING AND ALLOCATING WATER SUFFICIENT TO SERVE ON A ±3.33- ACRE PROJECT SITE LOCATED AT 3012-3032 LEXINGTON COURT (APN 031-081-013)

WHEREAS, on May 5, 2011, Mr. Alan Bilinsky, Housing Development and Property Director, Interim Incorporated, submitted a complete application for review and consideration of a Site and Architectural Design Review (DR 2011-04) for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project with community room and office in three (3) detached structures totaling ±14,190 square feet and Tree Removal Permit (TP 2011-02) for the removal of twenty-seven (27) trees of various species on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013), and;

WHEREAS, at a Special Joint Meeting on May 31, 2011, the City of Marina Site and Architectural Design Review Board adopted Resolution No. 2011-04, recommending Planning Commission consideration of Site and Architectural Design Review DR 2011-04 for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project with community room and office in three (3) detached structures totaling ±14,190 square feet on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013) subject to five (5) conditions of approval, and;

WHEREAS, at a Special Joint Meeting on May 31, 2011, the City of Marina Tree Committee adopted Resolution No. 2011-04, recommending Planning Commission consideration of Tree Removal Permit TP 2011-02 for the removal of twenty-seven (27) trees of various species on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013), subject to one (1) condition of approval, and;

WHEREAS, on June 9, 2011, the Planning Commission of the City of Marina conducted a duly noticed public meeting to consider adopting Resolution No. 2011- , approving Site and Architectural Design Review (DR 2011-04) for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project with community room and office in three (3) detached structures totaling ±14,190 square feet; Tree Removal Permit (TP 2011-02) for the removal of twenty-seven (27) trees of various species; and reserving and allocating water sufficient to serve on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013), and;

WHEREAS, the proposed residential project is exempt from environmental review pursuant to Section 15332 (Class 32 – In-Fill Development Projects) of the California Environmental Quality Act (CEQA) Guidelines, and;

WHEREAS, the project site is part of the “Existing Ord Community” and has an existing water demand of 4.89 acre-feet per year (AFY), and in accordance with a water demand report prepared by

Brezack & Associates Planning, LLC, of Walnut Creek, California on June 1, 2011, the proposed 21-unit residential development will not increase onsite water demand and the water demand will remain 4.89 AFY.

NOW, THEREFORE BE IT RESOLVED by the Planning Commission of the City of Marina that it hereby approves Site and Architectural Design Review (DR 2011-04) for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project with community room and office in three (3) detached structures totaling ±14,190 square feet; Tree Removal Permit TP 2011-02 for the removal of twenty-seven (27) trees of various species; and reserves and allocates water sufficient to the serve the project, located on a +/- 3.33-acre project site at 3012-3032 Lexington Court (APN 031-081-013), as shown on "EXHIBIT A" attached hereto, based upon the following findings and subject to the following conditions of approval:

FINDINGS

1. Site and Architectural Design Review - That Site and Architectural Design Review DR 2011-04 has been designed and will be constructed, and so located, that the project, as conditioned, will not:
 - (a) Be unsightly, undesirable or obnoxious in appearance to the extent that it will hinder the orderly and harmonious development of the city, in that the project is compatible with the surrounding residential development in scale, siting and design, and will contribute to a welcoming image for the City of Marina.
 - (b) Impair the desirability of tenancy or investment or occupation in the City, in that the design and landscaping at this location will improve and add value to the surrounding area and to the City as a whole through its innovative landscape plan and architectural features.
 - (c) Limit the opportunity to obtain the optimum use and value of the land and improvements, in that the project is an appropriate and efficient use of the site.
 - (d) Impair the desirability of tenancy or conditions on or adjacent to the subject site, in that the design and placement of the structures will upgrade a developed, though abandoned and blighted, site and harmonize with the adjacent residential community.
 - (e) Otherwise adversely affect the general welfare of the community, in that the project will have an overall positive effect on the general welfare of the community.
2. Tree Removal Permit - Based on the following findings, the granting of the Tree Removal Permit as proposed will achieve the spirit, purpose and intent of Chapter 17.51 of the City of Marina Zoning Ordinance:

- (a) The applicant has clearly documented and compelling reasons for the removal of the 27 trees requested for removal. In particular, the removal will allow for the redevelopment of a blighted, unoccupied residential property with a much needed, affordable housing development serving the needs of local adults coping with mental illnesses.
- (b) According to the arborist's report prepared for the project, the trees proposed for removal are either in poor condition due to years of neglect, causing sub-surface and at-grade damage to the site and the adjacent Lexington Court right-of-way; in the path of proposed redevelopment; or would be problematic to retain as part of the site's redevelopment.
- (c) According to the arborist's report prepared for the project the trees proposed for removal are not part an established windbreak or wildlife system and do not assist in controlling onsite erosion.
- (d).Removal of the 27 trees will allow for more appropriate landscaping and long-term maintenance of the property, improve the beauty of the area, and provide a more seamless transition to the site's undeveloped, natural area to the south.
- (e) The removal request is concurrent with redevelopment plans for the property and project plans indicate that it is necessary to remove the trees to enable reasonable redevelopment and use of the property.

CONDITIONS OF APPROVAL

1. Substantial Compliance - The project shall be accomplished in substantial accordance with the plans as shown on attached "EXHIBIT A" to this resolution.
2. Permits - The applicant shall obtain all required building permits prior to initiating construction.
3. Indemnification - The applicant shall agree as a condition of approval of this project to defend, at its sole expense, indemnify and hold harmless from any liability the City and reimburse the City for any expenses incurred resulting from, or in connection with, the approval of the project, including any appeal, claim, suit or legal proceeding. The City may, at its sole discretion, participate in the defense of any such action, but such participation shall not relieve the applicant of its obligations under this condition.
4. Prior to the issuance of building permits the applicant shall submit a final Photometric Plan for review and approval by the Community Development Director.
5. Prior to the issuance of building permits the applicant shall submit a final Irrigation Plan for review and approval by the Community Development Director.
6. That all remaining trees in the vicinity of the proposed construction not designated for removal shall be protected during all construction activities.


7. Trees removed as part of the proposed project shall be replaced at a 2:1 ratio, consistent with the Conceptual Landscape Plan and in accordance with Chapter 17.51 of the Zoning Ordinance.

YES, PLANNING COMMISSIONERS: Bankston, Burnett, Daniels, Moore, Le, Zmak

NOES, PLANNING COMMISSIONERS:

ABSENT, PLANNING COMMISSIONERS: Turgen

ABSTAIN, PLANNING COMMISSIONERS:



Peter Le, Acting Chair

ATTEST:



Christine di Iorio, AICP, Director
Community Development Department



WSP Environmental Services
 10000 West 10th Avenue, Suite 100
 Denver, Colorado 80202
 Phone: (303) 751-1000
 Fax: (303) 751-1001
 www.wspenv.com

INTERIM LEXINGTON COURT
 DENVER, COLORADO
 DATE: 08/14/01
 SCALE: AS SHOWN

NO.	DESCRIPTION
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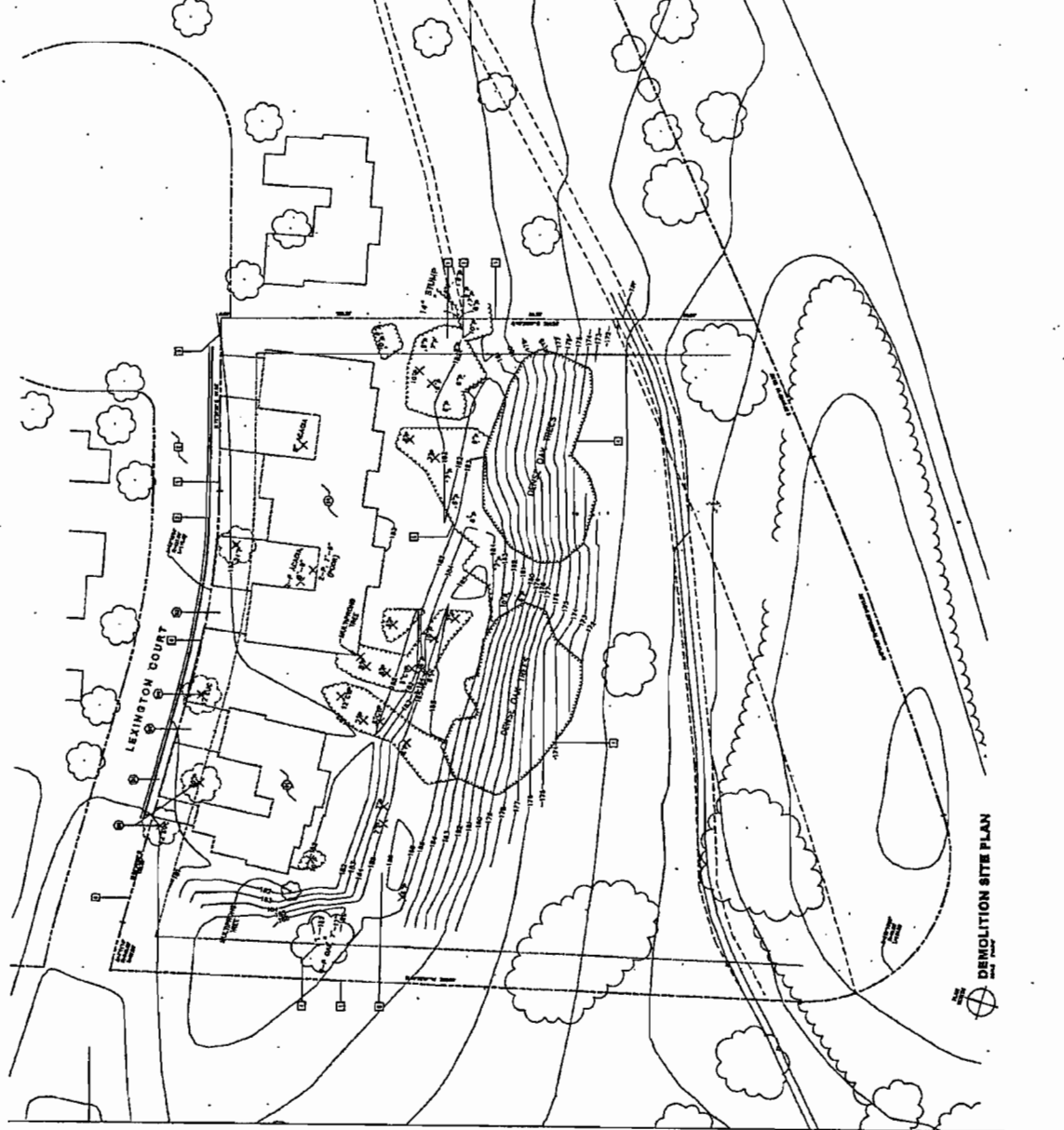
PROJECT NO. 01-0000
 DEMOLITION SITE PLAN
 SHEET NO. A100

DEMOLITION NOTES

1. ALL DEMOLITION SHALL BE IN ACCORDANCE WITH THE CITY OF DENVER, COLORADO, DEMOLITION ORDINANCE.
2. DEMOLITION SHALL BE COMPLETED BY THE DATE SPECIFIED IN THE PERMITS.
3. DEMOLITION SHALL BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.
4. DEMOLITION SHALL BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.
5. DEMOLITION SHALL BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.

KEY NOTES

1. DEMOLITION OF EXISTING BUILDING.
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DEMOLITION SITE PLAN

TREES



Abutilon hybrid 'Marino' Muti



Podocarpus macrophyllus



Rosephoela indica 'Majello Beauty'



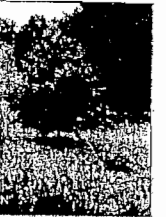
Quercus agrifolia



Cupressus macrocarpa



Abutilon hybrid 'Morind'



Prunus laevis

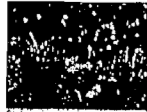


Prunus cerasifera 'Noult St. Helen'



Urtica dioica 'Phenopyrum'

SHRUBS



Dracaena fragilis



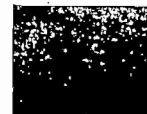
Heteromeles arbutifolia



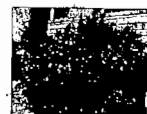
Carpenteria californica



Abutilon unedo



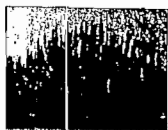
Ceanothus x 'Ray Hartman'



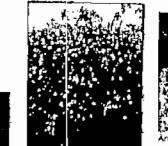
Ceanothus x 'Julia Phelps'



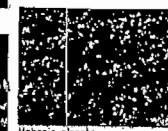
Levelera desargentiflora



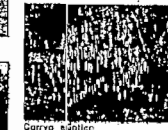
Echium fastuosum



Abutilon hybridum



Mehonia pinnata



Carya alpestris



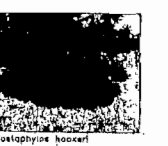
Laropetalum chinensis



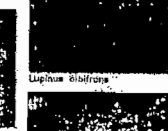
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Nandina domestica



Acrostaphylos boerhavi



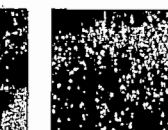
Lupinus hispidus



Rhemnus californica



Salvia leucantha



Westringia fruticosa

PERENNIALS



Urtica dioica



Lupinus nanus



Minube avronilocus



Lechecholla bolanderi



Fragaria vesca

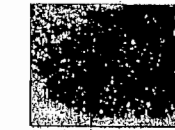
GRANITE MULCH



GROUNDCOVERS



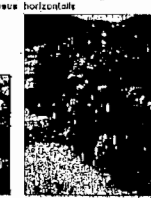
Lantana montevidensis 'Purple'



Ceanothus glaucus horizontalis

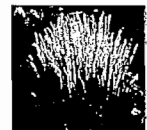


Festuca rubra 'Mabala'



Rosmarinus officinalis 'Prostratus'

GRASSES



Chromolaena Karl Foerster



Carex lasiocarpa



Panicum rubrum



Festuca glauca



Muhlenbergia rigens

FERNS



Polystichum munifur



Woodwardia floridica

WR&D
 WOODWARD & RICHARDS
 2001 G ST. SAN ANTONIO, TEXAS 78207
 (512) 343-1111
 FAX (512) 343-1112
 WWW.WR&D.COM

PERMITS
 SET NO. 1111
 COUNTY OF DALLAS

ANTHA KANE
 LANDSCAPE ARCHITECT
 1111 G ST. SAN ANTONIO, TEXAS 78207
 (512) 343-1111

INTERIM LEXINGTON COURT

DATE: 10/04/11
 PLAN DATE: 11/01/11
 DRAWN BY: JG
 CHECKED BY: JG
 SET NUMBER: 1111

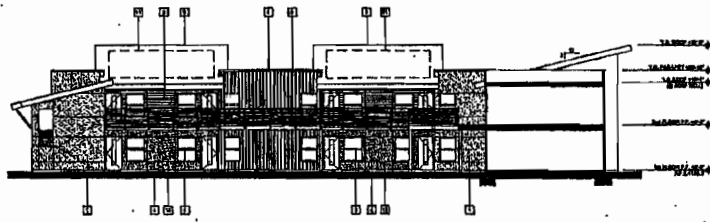
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DATE: 10/04/11

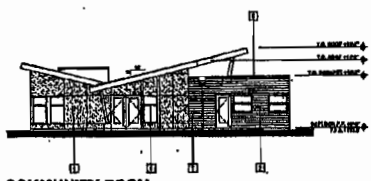
IMAGE SHEET

SHEET NO. **L-4.0**

DESIGNED BY: JG



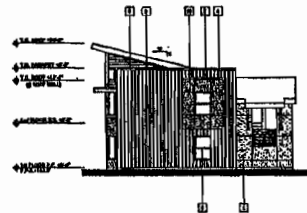
1 SOUTH ELEVATION - INTERIOR COURTYARD
DATE: 10/17/11



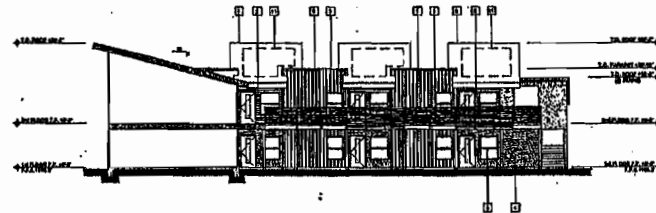
2 COMMUNITY ROOM - EAST ELEVATION
DATE: 10/17/11

KEY NOTES

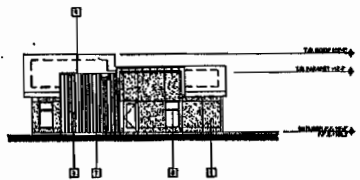
- 1) SEE SECTION 11.00 FOR FINISHES AND MATERIALS.
- 2) SEE SECTION 11.00 FOR FINISHES AND MATERIALS.
- 3) SEE SECTION 11.00 FOR FINISHES AND MATERIALS.
- 4) SEE SECTION 11.00 FOR FINISHES AND MATERIALS.
- 5) SEE SECTION 11.00 FOR FINISHES AND MATERIALS.
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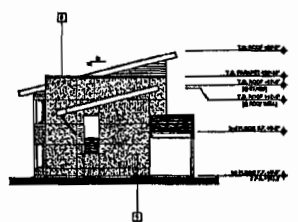
3 WEST ELEVATION A - INTERIOR COURTYARD
DATE: 10/17/11



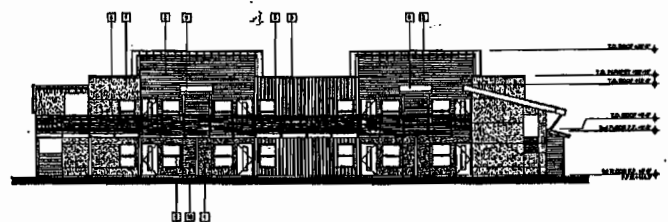
4 WEST ELEVATION B - INTERIOR COURTYARD
DATE: 10/17/11



5 COMMUNITY ROOM - SOUTH ELEVATION
DATE: 10/17/11



6 EAST ELEVATION - INTERIOR COURTYARD
DATE: 10/17/11



7 NORTH ELEVATION - INTERIOR COURTYARD
DATE: 10/17/11

INTERIM LEXINGTON COURT
10041
DATE: 10/17/11

10041

PROJECT NO.	10041
DATE	10/17/11
SCALE	AS SHOWN
DATE	10/17/11

EXTERIOR ELEVATIONS

A301

June 2, 2011

Item No: 7a

Honorable Chair and Members of the
Planning Commission

Regular Meeting
of June 9, 2011

PLANNING COMMISSION CONSIDER ADOPTING RESOLUTION NO. 2011- , APPROVING SITE AND ARCHITECTURAL DESIGN REVIEW DR 2011-04 FOR THE SITE PLAN, ELEVATIONS AND LANDSCAPE PLAN FOR A 21-UNIT, SINGLE-OCCUPANCY RESIDENTIAL PROJECT WITH COMMUNITY ROOM AND OFFICE IN THREE (3) DETACHED STRUCTURES TOTALING ±14,190 SQUARE FEET AND TREE REMOVAL PERMIT TP 2011-02 FOR THE REMOVAL OF TWENTY SEVEN (27) TREES AND RESERVING AND ALLOCATING WATER SUFFICIENT TO SERVEON A ±3.33-ACRE PROJECT SITE LOCATED AT 3012-3032 LEXINGTON COURT (APN 031-081-013)

REQUEST:

It is requested that the Planning Commission:

1. Consider adopting Resolution No. 2011- , recommending approval of Site and Architectural Design Review DR 2011-04 for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project with community room and office in three (3) detached structures totaling ±14,190 square feet and Tree Removal Permit TP 2011-02 for the removal of twenty seven (27) trees on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013).

BACKGROUND:

The ± 3.33-acre project site is located on the south side of Lexington Court, east of Abrams Drive. The site is developed with two multi-family residential structures containing 11 dwelling units. The two-story structures: a three unit and an eight-unit building, are situated along the Lexington Court frontage. Similar scale residential development is located to the west, north and east of the project site. Other than the property's Lexington Court frontage, the remainder of the site is undeveloped, characterized by a mix of native and non-native landscaping. The property slopes downward to its southerly boundary abutting Imjin Parkway.

The two existing multi-family residential structures were built in the 1980s as part of a larger multi-family housing development. The structures have been unoccupied since Fort Ord's closure in the mid-1990s and have grown increasingly dilapidated since that time. At present, the structures' physical condition, which includes fire damage, has deteriorated to the point where the buildings are beyond rehabilitation to allow for future occupancy.

At the regular meeting of February 18, 2009, the City Council adopted Ordinance No. 2009-01, to rezone a ±98.39 acre site, including the subject property, located at the northeast corner of Imjin Parkway and Abrams Drive, from Multi-Family Residential (R-4) to Single Family Residential (R-1) to be consistent with the General Plan Land Use Map designation of Single Family Residential.

At the regular meeting of January 18, 2011, as property owner of the Lexington Court site, the Redevelopment Agency of the City of Marina adopted Resolution No. 2011-02, entering into a

Disposition and Development Agreement with Interim Incorporated, a non-profit provider of housing and support services to mentally disabled adults within Monterey County, to redevelop the Lexington Court site. This Agreement provides that the site will be developed and operated as a residential project where all of its units will be available to individuals whose income meets established affordability requirements.

As shown on the attached plan set (“**EXHIBIT A**”) Interim Inc. proposes to demolish the two existing structures and redevelop the site with two new two-story residential structures containing 21 affordable, single-occupancy units, and one onsite manager’s unit, which will provide housing for adults with mental illnesses. A third structure, a single-story community room and office is also proposed. The community room is solely for use of the residents. Similar to the original multi-family residential project, the proposed project confines its building footprints, parking areas and hardscape to the northern portion of the property, adjacent to Lexington Court, leaving the sloping remainder of the property as undeveloped open space area. The total building square footage for the three structures is approximately 14,190 square feet.

CONSISTENCY WITH MARINA GENERAL PLAN AND ZONING ORDINANCE

The project site and the surrounding residential properties are designated as “Single Family Residential” on the City’s General Plan Land Use Map. This designation calls for an average density of five (5) dwellings per acre.

Consistent with the General Plan Land Use Map designation, the project site was re-zoned to “Single Family Residential (R-1)” along with the adjoining Preston Park development. The premise of the rezoning as excerpted from the February 3, 2009 staff report is as follows:

The ± 98.39 acre site is currently developed with 414 multi-family residential units that were part of the former Fort Ord housing supply. These units are considered to be a “planned development” due to the clustering of the multi-family units amongst large amounts of open space. As such, the existing density calculates to 4.21 dwelling units per acre. Therefore, the existing development complies with the existing General Plan Land Use Map designation of Single Family, because the existing average density at the site is less than the General Plan standard of five dwelling units per acre for this designation.

Thus, the addition of 10 dwelling units proposed by Interim Inc. at the Lexington Court site would result in a slight increase to the overall density of the planned development, from the existing 4.21 dwellings per acre to 4.30 dwellings per acre. This is within the permitted density range and the proposed project is therefore, consistent with the General Plan Land Use Map designation and zoning for the project site.

Moreover, the proposed project is consistent with the housing policies of the General Plan Community Land Use Element, in particular:

- Policy 2.31.2, regarding the provision of inclusionary, affordable housing. All 21 units in the proposed project will be affordable, exceeding the City’s 20% minimum affordability requirement.

- Policy 2.31.4, regarding the provision of housing that accommodates a broad range of lifestyles. All 21 units proposed will be available through Interim Inc.'s management to adults with mental illnesses, a population whose housing needs are often under-served.
- Policy 2.31.6, which states that new housing shall be constructed at densities and in patterns which conserve land, reduce reliance on automobiles and result in walkable, attractive neighborhoods. The proposed project provides 21 residential units while maintaining a clustered development pattern that preserves the majority of the site for open space. The project also eliminates three of the four existing onsite driveways, de-emphasizing dependence on the automobile and enhancing walkability.
- Policy 2.31.8, which states that new housing shall be integrated into the fabric of the City in such a way that it complements existing housing areas. The proposed project is an in-fill project in that it redevelops an existing, blighted residential property consistent with surrounding residential development.
- Policy 2.31.9, which encourages clustering and maintenance of open space. The proposed project follows the existing cluster development pattern by locating the structures along the site's Lexington Court frontage and maintaining a significant amount of open space. As proposed, less than 10% of the site's surface area would be developed with new buildings.
- Policy 2.31.10, which requires that new housing shall be built to development and construction standards that conserve water and energy. The proposed project will seek at least LEED Silver certification, and includes landscape specimens that are either native to coastal California or compatible with low-rainfall, Mediterranean-type climates.

ANALYSIS:

TREE REMOVAL PERMIT

Tree Removal Permit (TP 2011-02) is a request for removal of 27 trees of various species (*Sheet No. L-2.1*). Two-thirds, or 18, of the trees proposed for removal are pines. The request for tree removal is supported by an arborist's report, dated April 6, 2011, prepared by Certified Arborist Frank Ono ("**EXHIBIT B**"). The reasons for removal vary. According to the arborist's report 11 of the trees are deemed in "poor" or "fair" condition, while in most instances the trees requested for removal are within or abutting the project's redevelopment footprint or are visibly causing damage to existing surface areas, including the Lexington Court right-of-way. The pines, eucalyptus and acacia species present issues due to long-term neglect and their retention, even when they are not located directly in the path of the proposed redevelopment, would be problematic.

The Tree Removal Permit was reviewed and considered by the Tree Committee on May 31, 2011, at a special joint meeting with the Design Review Board. The Tree Committee unanimously (3-0-1, Owen absent) made the required findings, per Zoning Ordinance Section 17.51, and recommended that the Planning Commission approve TP 2011-02, without additional conditions to those already cited.

SITE PLAN

The Proposed Site Plan (*Sheet No. A110*) shows the locations of the structures, parking areas and other associated improvements. For this redevelopment project, changes from the existing site configuration can be evidenced by comparison with the Demolition Plan (*Sheet No. A100*). The proposed project clusters the three buildings in the eastern portion of the Lexington Court frontage and uses the western portion for vehicular access and parking. This layout allows for one driveway which provides access to all parking and service areas (i.e., trash/recycling enclosures), compared to the four that currently exist. The site maximizes onsite drainage through the use of pervious paving in the parking area and

“rain gardens,” which are dispersed throughout the site, including the interior courtyard area. All utilities are able to connect at the site.

The proposed project provides 29 full-size (9' x 19') parking spaces: 22 covered and seven uncovered. Two of the parking spaces adjacent to the clustered residential buildings are designated handicapped accessible, in compliance with the Americans with Disabilities Act (ADA). This is more than the 26 spaces required by Marina Municipal Code (MMC) Section 17.44.020 D.

The front setback along Lexington Court maintains a minimum of 20 feet to the north façade of Building B. All other proposed structures and parking areas are set back in excess of 20 feet from the Lexington Court right-of-way and all property lines. The project maintains a building setback of 24 feet from its east property line. These setbacks meet the standards of MMC Chapter 17.14.

ELEVATIONS

Additionally, the applicant is seeking approval of the proposed buildings' elevations (*Sheets No. A300 and A301*) and associated structures, specifically the proposed carports and trash/recycling enclosure (*Sheet A121*). The top-of-roof of the two residential buildings is 26'-2"; the single-story community room and office is 16'-7" at its highest point. The top of the two proposed carports is 10'-2" and the canopy screening at the top of the trash/recycling enclosure is 9'-5". These buildings are less than the maximum permitted heights in the R-1 Zoning District.

The proposed residential buildings introduce a modern, clean architectural appearance to the area, which is characterized by the utilitarian style typical of former Fort Ord housing. Building materials include a mix of cement plaster and board and batten, horizontal and vertical lap siding exteriors. Rooflines vary from parapets to shed roofs, covered with composition asphalt shingles, and overhangs. Windows are aluminum frame. Solar panels are mounted on the roof. Overall, the mix of materials and massing creates a simple and interesting design pattern that will enhance the surrounding neighborhood and serve as an example for future in-fill developments in the area.

A color and material board will be presented at the meeting to further illustrate the project's design scheme.

LANDSCAPE PLAN

The applicant has prepared a Landscape Plan (*Sheet No. L2.0*) for review and approval. This plan illustrates the layout for all proposed plantings and surface materials proposed for the project. The project proposes to mitigate tree removal at a replacement ratio of 2:1, consistent with the City's requirements. The 54 proposed replacement trees (*Sheet No. L-2.0*) include a mix of deciduous, evergreen and coniferous trees adaptable to Marina's maritime climate. The proposed trees include 13 - 24-inch box Coast Live Oaks (*Quercus agrifolia*) and 11- 15 gallon Flowering Plum (*Prunus cerasifera 'Mount St. Helen'*) as the dominant species. As they mature the mix of new landscape trees will attain varying scales and provide a diverse landscape that is compatible with the site's undeveloped, "natural" southern portion, as well as the surrounding residential area.

In addition to providing replacement trees, the landscape plan provides a plant palette that is compatible with Marina's coastal climate, minimizes water usage and incorporates native specimens into the overall scheme.

The Site Plan, Elevations and Landscape Plan were reviewed and considered by the Design Review Board on May 31, 2011, at a special joint meeting with the Tree Committee. The Design Review Board unanimously (4-0-1; Turgen and Marquard absent, Burnett in attendance) made the required site

and architectural design findings and recommended that the Planning Commission approve TP 2011-02, without additional conditions to those already cited.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The proposed project is the redevelopment of an existing, abandoned residential development. The building footprints, parking and hardscape areas are confined within the northerly portion of the property, along Lexington Court, and the development does not extend into the sloping southern portion of the property. The project site is part of the "Existing Ord Community" and has an existing total water demand of 4.89 acre-feet per year (AFY). As part of the proposed project a water demand report was prepared that determined the development of the Rockrose Garden project will not increase the water demand on the site in excess of the existing demand. The proposed project is a prototypical example of residential in-fill development and as such, is categorically exempt from environmental review in accordance with Section 15332 (Class 32 – In-Fill Development Projects of the California Environmental Quality Act (CEQA) Guidelines.

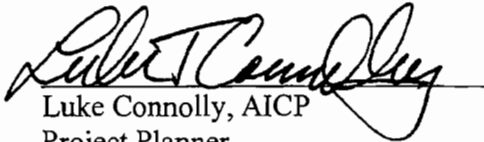
SUMMARY

The proposed Rockrose Gardens project complies with the City's General Plan and Zoning Ordinance and, as conditioned, there are no unresolved issues with associated with the project.

CONCLUSION:

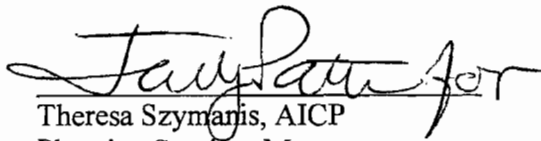
This request is submitted for Planning Commission consideration and possible action.

Respectfully submitted,

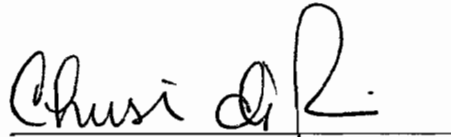


Luke Connolly, AICP
Project Planner
City of Marina

REVIEWED/CONCUR:



Theresa Szymanski, AICP
Planning Services Manager
City of Marina



Christine di Iorio, AICP
Community Development Director
City of Marina

RESOLUTION NO. 2011-

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MARINA RECOMMENDING APPROVAL OF SITE AND ARCHITECTURAL DESIGN REVIEW DR 2011-04 FOR THE SITE PLAN, ELEVATIONS AND LANDSCAPE PLAN FOR A 21-UNIT, SINGLE-OCCUPANCY RESIDENTIAL PROJECT WITH COMMUNITY ROOM AND OFFICE IN THREE (3) DETACHED STRUCTURES TOTALING ±14,190 SQUARE FEET AND TREE REMOVAL PERMIT TP 2011-02 FOR THE REMOVAL OF TWENTY-SEVEN (27) TREES, ON A ±3.33- ACRE PROJECT SITE LOCATED AT 3012-3032 LEXINGTON COURT (APN 031-081-013)

WHEREAS, on May 5, 2011, Mr. Alan Bilinsky, Housing Development and Property Director, Interim Incorporated, submitted a complete application for review and consideration of a Site and Architectural Design Review (DR 2011-04) for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project, known as Rockrose Gardens, with community room and office in three (3) detached structures totaling ±14,190 square feet and Tree Removal Permit (TP 2011-02) for the removal of twenty-seven (27) trees of various species on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013), and;

WHEREAS, on June 9, 2011, the Planning Commission of the City of Marina conducted a duly noticed public meeting to consider adopting Resolution No. 2011- , approving Site and Architectural Design Review (DR 2011-04) for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project, known as Rockrose Gardens, with community room and office in three (3) detached structures totaling ±14,190 square feet on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013), and;

WHEREAS, on May 31, 2011, the Design Review Board and the Tree Committee of the City of Marina conducted a special joint meeting to consider DR 2011-04 for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project, known as Rockrose Gardens, with community room and office in three (3) detached structures totaling ±14,190 square feet, and Tree Removal Permit TP 2011-02 for the removal of twenty-seven (27) trees of various species on a ± 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013). The Design Review Board and Tree Committee recommended that the Planning Commission approved DR 2011-04 and TP 2011-02 without changes or additional conditions, and;

WHEREAS, the proposed residential project is exempt from environmental review pursuant to Section 15332 of the California Environmental Quality Act (CEQA) Guidelines that exempt in-fill development projects, and;

WHEREAS, the project site is part of the "Existing Ord Community" and has an existing water demand of 4.89 acre-feet per year (AFY). A water demand report was prepared by Brezack & Associates Planning, LLC, of Walnut Creek, California on June 1, 2011, that determined the proposed 21-unit Rockrose Gardens development will not increase onsite water demand and that water demand will remain 4.89 AFY.

NOW, THEREFORE BE IT RESOLVED by the Planning Commission of the City of Marina that it hereby approves Site and Architectural Design Review (DR 2011-04) for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project, known as Rockrose Gardens, with community room and office in three (3) detached structures totaling ±14,190 square feet, Tree

Removal Permit TP 2011-02 for the removal of twenty-seven (27) trees of various species, and reserves and allocates water sufficient to serve the project, located on a +/- 3.33-acre project site at 3012-3032 Lexington Court (APN 031-081-013), as shown on "EXHIBIT A" attached hereto, based upon the following findings and subject to the following conditions of approval:

FINDINGS

1. Site and Architectural Design Review - That Site and Architectural Design Review DR 2011-04 has been designed and will be constructed, and so located, that the project, as conditioned, will not:
 - (a) Be unsightly, undesirable or obnoxious in appearance to the extent that it will hinder the orderly and harmonious development of the city, in that the project is compatible with the surrounding residential development in scale, siting and design, and will contribute to a welcoming image for the City of Marina.
 - (b) Impair the desirability of tenancy or investment or occupation in the City, in that the design and landscaping at this location will improve and add value to the surrounding area and to the City as a whole through its innovative landscape plan and architectural features.
 - (c) Limit the opportunity to obtain the optimum use and value of the land and improvements, in that the project is an appropriate and efficient use of the site.
 - (d) Impair the desirability of tenancy or conditions on or adjacent to the subject site, in that the design and placement of the structures will upgrade a developed, though abandoned and blighted, site and harmonize with the adjacent residential community.
 - (e) Otherwise adversely affect the general welfare of the community, in that the project will have an overall positive effect on the general welfare of the community.
2. Tree Removal Permit - Based on the following findings, the granting of the Tree Removal Permit as proposed will achieve the spirit, purpose and intent of Chapter 17.51 of the City of Marina Zoning Ordinance:
 - (a) The applicant has clearly documented and compelling reasons for the removal of the 27 trees requested for removal. In particular, the removal will allow for the redevelopment of a blighted, unoccupied residential property with a much needed, affordable housing development serving the needs of local adults coping with mental illnesses.
 - (b) According to the arborist's report prepared for the project, the trees proposed for removal are either in poor condition due to years of neglect, causing sub-surface and at-grade damage to the site and the adjacent Lexington Court right-of-way; in the path of proposed redevelopment; or would be problematic to retain as part of the site's redevelopment.
 - (c) According to the arborist's report prepared for the project the trees proposed for removal are not part an established windbreak or wildlife system and do not assist in controlling onsite erosion.

- (d).Removal of the 27 trees will allow for more appropriate landscaping and long-term maintenance of the property, improve the beauty of the area, and provide a more seamless transition to the site's undeveloped, natural area to the south.
- (e) The removal request is concurrent with redevelopment plans for the property and project plans indicate that it is necessary to remove the trees to enable reasonable redevelopment and use of the property.

CONDITIONS OF APPROVAL

1. Substantial Compliance - The project shall be accomplished in substantial accordance with the plans as shown on attached "**EXHIBIT A**" to this resolution.
2. Permits - The applicant shall obtain all required building permits prior to initiating construction.
3. Indemnification - The applicant shall agree as a condition of approval of this project to defend, at its sole expense, indemnify and hold harmless from any liability the City and reimburse the City for any expenses incurred resulting from, or in connection with, the approval of the project, including any appeal, claim, suit or legal proceeding. The City may, at its sole discretion, participate in the defense of any such action, but such participation shall not relieve the applicant of its obligations under this condition.
4. Prior to the issuance of building permits the applicant shall submit a final Photometric Plan for review and approval by the Community Development Director.
5. Prior to the issuance of building permits the applicant shall submit a final Irrigation Plan for review and approval by the Community Development Director.
6. That all remaining trees in the vicinity of the proposed construction not designated for removal shall be protected during all construction activities.

Rock Rose Gardens
Tree Resource Assessment/
Arborist report

Prepared for:

Interim Inc.
P.O. Box 3222
Monterey, Calif. 93942

Prepared by:

Frank Ono
Forester
Society of American Foresters I.D. # 48004
Certified Arborist #536
1213 Miles Avenue
Pacific Grove, CA 93950

April 6, 2011

Project Management:

Interim Inc.
P.O. Box 3222
Monterey, Calif. 93942

Architect:

Wald, Ruhnke & Dost Architects, LLP
2340 Garden Road, Suite 100
Monterey, CA 93940

Urban Forester and Arborist

Frank Ono, Society of American Foresters # 048004, Certified Arborist #536
F.O. Consulting
1213 Miles Ave
Pacific Grove, CA 93950

SUMMARY

Proposed development requires removal of 27 trees that are either in poor condition, non-native, or are problematic. The project consists of demolishing existing military abandoned structures and replacement with a new structure and associated hardscape (walkways and parking lot). The new project footprint will be sited in the area where previous development occurred in an effort to minimize the overall site impact. The majority of trees proposed for removal consist of non-significant trees that have been allowed to occupy and now taking over the abandoned site. Existing oak tree clusters and native planting on the southern portion of site will remain. A tree resource assessment/arborist report has been prepared that identifies and addresses the affects that the project will have to the tree resources on site as well as a list of recommendations for the trees to be removed for the project.

INTRODUCTION

This tree resource assessment/arborist report is prepared for Interim Incorporated, a non-profit agency, (proposed project is the Rock Rose Garden, located at 3012-3032 Lexington Court, Marina, CA) by Frank Ono, Urban Forester and Certified Arborist, SAF member #48004 and ISA Certified Arborist #536 to assess tree removal necessary for the project footprint. The assessed area includes associated hardscape (walkways and parking) improvement which will be located in areas where development pre-existed in an effort to minimize tree removal and overall site impacts to existing vegetation.

ASSIGNMENT/SCOPE OF PROJECT

Development of this parcel will have varying affects to existing trees from proposed construction. To ensure protection of the tree resources on site, the non-profit agency, Interim, Inc., has requested an assessment of trees in proximity to proposed development areas and an arborist report prepared identifying trees that will most like be affected. To accomplish this assignment, the following tasks have been completed;

- Evaluate health, structure and preservation suitability for each tree within or adjacent (15 feet or less) to proposed development of trees six inches in diameter or greater measured at 4.5 feet above grade.
- Review proposed building site plans as provided by Wald, Ruhnke & Dost Architects, LLP.
- Make recommendations for preconstruction treatments to facilitate tree retention.
- Create preservation specifications, as it relates to a Tree Location/Preservation Map.
- Determine the quantity of trees affected by construction that meet “tree” criteria as defined by the City of Marina Tree Ordinance; as well as mitigation requirements for those to be affected.
- Document findings in the form of a report as required by the City of Marina Planning Department.

LIMITATIONS

This assignment is limited to the review of plans submitted to me dated March 28, 2011 by Wald, Ruhnke & Dost Architects, LLP to assess affects from potential construction to trees within or adjacent to construction activities. The assessment has been made of these plans specifically and is limited to those trees appearing to be within approximately 15 feet of site disturbance or most likely to be affected by the project. The tree assessment is limited to areas where disturbance is proposed and was not taken of the entire property which is not to be disturbed and is heavily vegetated. Only minor grading and erosion details are discussed in this report as it relates to tree health.

PURPOSE

The Marina City zoning ordinances and tree removal, preservation and protection ordinances recognize that maintenance of its current urban forest and that growth of healthy trees will facilitate better drainage, combat soil erosion, reduce global warming, add real property and esthetic value, and contribute habitat for wildlife. The City therefore, through its ordinance, has established basic standards and measures to protect and maintain existing trees and encourage new planting. In compliance with this objective, this tree assessment/arborist report is prepared for this parcel due to the proposed construction activities. The assessment is to determine what existing trees resources both beneficial and/or problematic are near the project area and to determine what trees will be affected by the proposed project with the plans presented.

GOAL

The goal of this plan is to protect and maintain the City of Marina's urban forest resources through the adherence of development standards, which allow the protection, and maintenance of its urban forest. Furthermore it is the intended goal of this resource assessment/arborist report to aid in planning to offset any potential effects of proposed development on the property while encouraging urban forest stability as well as sustainability, perpetuating the urbanized forest character of the property and the immediate vicinity.

SITE DESCRIPTION

- 1) Assessor's Parcel Number: 031-081-013-000
- 2) Location: 3012-3032 Lexington Court, Marina, CA
- 3) Parcel size: Approximately 3.32 Acres
- 4) Existing Land Use: The parcel is publicly owned, zoned for residential use.
- 5) Slope: The developable area of the parcel is mildly sloped approximately 10 % or less.
- 6) Soils: The parcel is located on soils classified by the Monterey County Soils report as Baywood Sand 2-15% slopes. This is a gently sloping to rolling soil consisting of somewhat excessively drained soils formed in stabilized sand dunes. Slopes are 2 to 15 percent. Runoff is slow to medium, and the erosion hazard is slight to moderate. Permeability is rapid, and the available water capacity is 2.5 to 3 inches. Roots are capable of penetrating to a depth of more than 60 inches. This soil located mostly on the former Fort Ord Military Reservation. It is also used for some grazing and browsing. If the vegetation cover is removed, the soil is subject to soil blowing and water erosion.
- 7) Vegetation: The natural vegetation associated with this soil type consists of manzanita, chamise, annual grasses, and scattered oaks. This site has been previously disturbed and taken over with ornamental landscape that is considered "escaped". Landscape trees that surround the existing structure is composed primarily of Sidney golden wattle (*Acacia longifolia*), Torrey pine (*Pinus torreyana*), Monterey cypress (*Cupressus macrocarpa*), Eucalyptus (*Eucalyptus sideroxylon*) and coast live oak (*Quercus agrifolia*). Lower ground covers consist of coastal sage scrub plant community (Manzanita (*Arctostaphylos ssp*), California sagebrush (*Artemisia californica*), and Hottentot fig ice plant (*Carpobrotus edulis*).
- 8) Urban Forest Condition and Health: The stand of trees and their health is evaluated with the use of the residual trees and those of the surrounding adjacent trees as a complete stand. The stand is primarily non-native vegetation growing in a chaparral/coastal scrub type vegetation. The site, which has been disturbed, is now inoculated with planted ornamental species. Areas surrounding the existing development (in the relatively undisturbed areas) are stocked with large clumps of multiple stemmed oaks.

The planted Torrey pines on the property have matured acting as bull pines, resulting in release of numerous pine seedling/saplings that now transition from the street spreading toward the coast live oaks that favor the south east exposure slopes or areas with protection from wind. The seedling/saplings which are densely spaced at approximately 2-5 feet apart appear to be growing in good condition but are severely competing for space and nutrients. The mature pines as well as the ornamental eucalyptus lining the street vary in condition from poor to fair. Eucalyptuses are improperly maintained showing canopy breakage and termite activity. Monterey cypresses were found to be infested with Cypress tip moth, (*Argyresthia cupressella*) and cypress canker (*Seiridium canker*). The oak populated areas appear to range in fair or better condition with no significant observable pests or diseases.

BACKGROUND

On March 25, 2011, I (Frank Ono, F.O. Consulting) I was contacted by Interim Inc, a non-profit agency who requested a review and assessment of trees adjacent to a proposed development that occupy the land at 3012 and 3132 Lexington Court, Marina, CA. The project consists of demolition of existing federal government abandoned wood two story housing units and replacement construction with new affordable housing units. The abandoned units have an ornamental landscape that is consuming the old buildings. The vegetation is causing considerable street hardscape damage, with surrounding vegetation wild and overgrown and threatening the adjacent native vegetation.

The resource assessment is of trees adjacent or within the proposed construction areas and is prepared and documented in an arborist report that attempts to work in conjunction with other conditions for approval of the building permit application focusing on incorporating the proposed location of site improvements with consideration for the general goals desired of the landowner. The proposed improvements assessed included preserving trees to the greatest extent feasible given the design, maintaining the view shed and general aesthetic quality of the area while complying with Marina City Codes. The assessment concludes with an opinion of what trees should be removed, or preserved, based on the extent and effect of construction activity to the short and long term health of the tree as it relates to the proposed design. All meetings and field review focused on the area immediately surrounding the proposed development.

OBSERVATIONS

The following list includes observations made while on site, and summarizes details discussed during this stage of the planning process.

- The site is a developed site with abandoned landscape maintenance.
- Large pines located in the frontage of the property are aggressively destroying the hardscape and street that is beneath or near them. There is observable sidewalk and driveway uplift as well as pot holes in the street asphalt.
- Other landscape trees such as the Eucalyptus located in the frontage are in poor condition, misshaped from wind pressures or experiencing limb breakage.
- With the exception of the two large planted pines at the frontage of the property, most of the trees on the property are of a lesser diameter size (12" diameter or less) that composes the majority of trees.
- Acacias are aggressively growing within the building footprint and are now fragmenting apart.

- Monterey cypresses were found infested with Cypress tip moth and cypress canker.
- The southern portions of the property (where no development is proposed) contain large oak tree clusters that appear to be in good condition. The clusters are composed of multiple stems growing from common basal units.

DISCUSSION

The general condition of the landscape trees on this site range from poor to fair condition. Smaller invasive seedlings are proliferating through the landscape in in which the current design proposes to remove within the project footprint as well as two large planted pines and medium sized eucalyptus and acacia clusters, all of which are in poor structural condition or are causing significant damage to existing hardscape. It is presumed that the two large pines located at the frontage of the property are the seed sources for the smaller pines found at the rear of the structures. These smaller pines which are competing for light, space, and nutrients are aggressively growing and appear to have allelopathic characteristics (allelopathy is a biological phenomenon by which an organism produces one or more biochemicals that influence the growth, survival, and reproduction of other organisms). There is not enough space for the number of seedlings observed to be successfully sustained. Also, the pine trees leaf litter is so thick it limits successful growth of native planting under the pines.

The proposed project footprint (includes associated parking areas) will require the removal of trees affected by grading, excavation, soil cuts, or soil fills dependent on the where the structure or improvement area is in relation to existing trees and may damage both roots that assure tree health or stability of existing ornamental or seeded vegetation.

According to best management practices described by the International Society of Arboriculture, the most common types of injury that occur to trees on development sites are as follows:

- Root cutting. Tree roots generally experience cutting or tearing when damaged by:
 1. Excavation equipment cutting roots during grade changes or other activities
 2. Trenching equipment used for gas water, sewer" electrical, cable TV, irrigation and other utility installations
 3. Burying and/or burial of debris
 4. Fill soil over roots and altered water tables
- Soil compaction- Compaction severity depends on the force per area unit applied to the soil, frequency of application, surface cover, soil texture, and soil moisture. Soils with a loam texture, high moisture content, and low levels of organic matter are more susceptible to compaction than are dry or frozen, coarse textured soils high in organic matter. Compaction decreases total pore space, reduces the proportion of large pores, and increases density and mechanical resistance. Compacted soils permit less root growth and biological activity as a result of reduced aeration, higher mechanical resistance to root penetration and slowed water movement.

- Mechanical injury to the trunk, major roots, and crown-Trunks, structural roots, and tree crowns are damaged by equipment used for land clearing, grading, construction, material delivery, and landscaping. This type of injury results in bark, phloem, cambium, and/or xylem injury. When these conductive and protective tissues are damaged, the capacity of the tree to transport water, nutrients, and carbohydrates is reduced. Also barriers to pathogen entry are compromised, leading to future structural concerns. Branch injury or breakage can be a result of insufficient clearance for equipment movement. Foliage can be injured by debris burning under or near the tree and by hot equipment exhaust discharging into the canopy of nearby trees. Certain chemicals, such as cleaning solvents, paint thinner, and engine and hydraulic oils, may be lethal to the foliage and roots of trees. These types of injuries are rarely correctable and place added stress on the tree.
- Root collar covered by fill soil-In natural settings this area is free of soil and mulch. Often in construction areas the trunk becomes buried b) oil. This soil may facilitate infection by various fungi and encourage stem-girdling roots on younger trees. Depending on tree species, long term decline and death may result from the burying of the root collar.

Tree removal is unavoidable for construction on this site; therefore the area selected for the project is the area that contains mostly non-native or problematic trees. The majority of trees to be removed are new/young/smaller less significant trees which have escaped after the housing was abandoned. The two large pines and eucalyptus trees on the north of site along Lexington Court which have not been properly maintained, have abnormal growth characteristics, and are causing difficulties with street maintenance.

CONCLUSION/PROJECT ASSESSMENT

This project proposal is planned to transition and maintain the existing oaked environment allowing the surrounding remaining property that contains preferred established tree cover to remain undisturbed. The trees proposed for removal are not part of an established windbreak system, do not assist in avoidance of erosion, and do not serve as a component of a wild life system. The trees proposed for removal either conflict with street and pedestrian walkway improvements as being in excess of the number of healthy trees that the site can support.

New replacement planting around the proposed structure will enable re-establishment of the landscape that will aid transition into the native surroundings, contribute to the esthetic beauty of the area and increase surrounding property values. The desired effect is to minimize damage to established native planting by protection of the bulk of the existing oak stand and associated vegetation.

Whenever construction activities take place near trees, there is the potential for those trees to experience decline in the long-term as well as short term.

Short Term Affects

Site disturbance will occur during project construction Short term site affects are confined to the project envelope and immediate surroundings where trees will be removed and trimmed and root systems reduced. The pruning of tree crowns above 30% and reduction of root area may have a short term effects on those trees treated, including a reduction of growth, dieback, and potentially death. The greatest attempt has been made to identify and remove those trees likely to experience such a decline.

Long Term Affects

No significant long-term affects to the urban forest or forested ecosystem are anticipated. The project as proposed is not likely to significantly reduce the availability of wildlife habitat over the long-term as it is conditioned by surrounding residential use.

RECOMMENDATIONS

Tree Removal

27 trees are proposed for removal for this project; two trees are small multi-stemmed acacia clusters, 20 trees are 10" or less in diameter, three trees are 12" in diameter, and two trees are greater than 20" in diameter. All other trees are to remain and be protected from construction affects when closer than 25 feet from construction.

Tree Replacement

A landscape plan is being prepared to incorporate tree replacement plan by Anita Kane Architect. Tree replacement will be with Coast live oak (*Quercus agrifolia*) and Monterey cypress (*Cupressus macrocarpa*) along with other native or drought resistant planting. Replanting is on a 1:1 basis. 1:1 replanting generally is based on 5 gallon species, however, when large stock is used for replacement credit may be given for replacement planting; typically a fifteen gallon replacement planting would be equivalent to two five gallon, a twenty four inch box would be five 5-gallon plantings.

Tree Pruning

It is to be understood that the pruning of retained trees may be necessary for this site, especially along the edges of building or parking construction areas. Pruning should also entail the larger canopied retained trees that have deadwood or are exhibiting some minor structural defect or minor disease that must be compensated. Those trees found that require pruning may also need possible monitoring. Should the health and vigor of any tree decline it will be treated as appropriately recommended by a certified arborist or qualified forester.

Any tree pruning must conform to ANSI A300 and Z133.1 Standards which include the following guidelines.

- In general the trees will be pruned first for safety, next for health, and finally for aesthetics.
- Type of pruning is determined by the size of branches to be removed. General guidelines for branch removal are:
 1. Fine Detail pruning- limbs under 2 inch diameter are removed
 2. Medium Detail Pruning – Limbs between 2 and 4 inch diameter
 3. Structural Enhancement – limbs greater than 4 inch diameter (only if necessary).
 4. Broken and cracked limbs-removed will be removed in high traffic areas of concern.

Crown thinning is the cleaning out of or removal of dead diseased, weakly attached, or low vigor branches from a tree crown

- All trees will be assessed on how a tree will be pruned from the top down.
- Trimmers will favor branches with strong, U- shaped angles of attachment and where possible remove branches with weak, V-shaped angles of attachment and/or included bark.
- Lateral branches will be evenly spaced on the main stem of young trees and areas of fine pruning.
- Branches that rub or cross another branch will be removed where possible.
- Lateral branches will be no more than one-half to three-quarters of the diameter of the stem to discourage the development of co-dominant stems where feasible.
- In most cases trimmers will not remove more than one- quarter of the living crown of a tree at one time. If it is necessary to remove more, it will be done over successive years.

Crown- raising removes the lower branches of a tree to provide clearance for buildings, vehicles, pedestrians and vistas.

- Live branches on at least two-thirds of a tree's total height will be maintained wherever possible. The removal of many lower branches will hinder the development of a strong stem.
- All basal sprouts and vigorous epicormic sprouts will be removed where feasible.

Crown reduction is used to reduce the height and/or spread of trees and is used for maintaining the structural integrity and natural form of a tree.

- Crown reduction pruning will be used only when absolutely necessary. Pruning cuts will be at a lateral branch that is at least one-third the diameter of the stem to be removed wherever possible.
- When it is necessary to remove more than half of the foliage from a branch it may be necessary remove the entire branch.

Crown restoration is used to improve the structure and appearance of trees that have been topped or severely pruned by the use of heading cuts. One of three sprouts on main branch stubs should be selected to reform a natural appearing crown. Selected vigorous sprouts may need to be thinned to ensure adequate attachment for the size of the sprout. Restoration may require several years of pruning.

Tree Protection

Prior to the commencement of construction activities:

- Trees located adjacent to the construction area shall be protected from damage by construction equipment by the use of temporary fencing and through wrapping of trunks with protective materials. In the case of large groupings of trees, sections of trees may be excluded through the use of fencing. Fencing shall consist of chain link, snowdrift, plastic mesh, hay bales, or field fence. Existing fencing can also be used.
- Fencing is not to be attached to the tree but free standing or self-supporting so as not

to damage trees. Fencing shall be rigidly supported and shall stand a minimum of height of four feet above grade.

- Soil compaction, parking of vehicles or heavy equipment, stockpiling of construction materials, and/or dumping of materials should not be allowed adjacent to trees on the property especially within fenced areas.
- Fenced areas and the trunk protection materials should remain in place during the entire construction period.

During grading and excavation activities:

- All trenching, grading or any other digging or soil removal that is expected to encounter tree roots should be monitored by a qualified arborist or forester to ensure against drilling or cutting into or through major roots.
- The project architect and qualified arborist should be on site during excavation activities to direct any minor field adjustments that may be needed.
- Trenching for the retaining wall and driveway located adjacent to any tree should be done by hand where practical and any roots greater than 3-inches diameter should be bridged or pruned appropriately.
- Any roots that must be cut should be cut by manually digging a trench and cutting exposed roots with a saw, vibrating knife, rock saw, narrow trencher with sharp blades, or other approved root pruning equipment.
- Any roots damaged during grading or excavation should be exposed to sound tissue and cut cleanly with a saw.

If at any time potentially significant roots are discovered:

- The arborist/forester will be authorized to halt excavation until appropriate mitigation measures are formulated and implemented.
- If significant roots are identified that must be removed that will destabilize or negatively affects the target trees negatively, the property owner will be notified immediately and a determination for removal will be assessed and made as required by law for treatment of the area that will not risk death decline or instability of the tree consistent with the implementation of appropriate construction design approaches to minimize affects, such as hand digging, bridging or tunneling under roots, etc..

Remedial pruning should occur prior to construction. Following construction, any above ground tree pruning/trimming should be delayed until one year after completion of construction.

Following construction, a qualified arborist should monitor trees adjacent to the improvements area and if any decline in health that is attributable to the construction is noted, additional trees should be planted on the site.

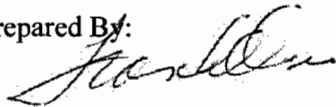
General Standards to Observe

The trees preserved around the construction site will have the greatest chance of success if the following practices are adhered to:

The health of trees remaining should not be affected if the following practices are adhered to:

- A) Do not deposit any fill around trees, which may compact soils and alter water and air relationships. Avoid depositing fill, parking equipment, or staging construction materials near existing trees. Covering and compacting soil around trees can alter water and air relationships with the roots. Fill placed within the drip-line may encourage the development of oak rot fungus (*Armillaria mellea*). As necessary, trees may be protected by boards, fencing or other materials to delineate protection zones.
- B) Pruning shall be conducted so as not to unnecessarily injure the tree. General-principals of pruning include placing cuts immediately beyond the branch collar, making clean cuts by scoring the underside of the branch first, and for live oak, avoiding the period from February through May.
- C) Native live oaks are not adapted to summer watering and may develop crown or root rot as a result. Do not regularly irrigate within the drip line of oaks. Native, locally adapted, drought resistant species are the most compatible with this goal.
- D) Root cutting should occur outside of the springtime. Late June and July would likely be the best. Pruning of the live crown should not occur February through May.
- E) Tree material greater than 3 inches in diameter remaining on site more than one month that is not cut and split into firewood should be covered with black plastic that is dug in securely around the pile. This will discourage infestation and dispersion of bark beetles.
- F) A mulch layer up to approximately 4 inches deep should be applied to the ground under trees selected for retention following construction. Only 1 to 2 inches of mulch should be applied within 1 to 2 feet of the trunk, and under no circumstances should any soil or mulch be placed against the root crown (base) of trees. The best source of mulch would be from chipped material generated on site.
- G) If trees along near the development are visibly declining in vigor, a Professional Forester or Certified Arborist should be contacted to inspect the site to recommend a course of action.

Report Prepared By:



Frank Ono, SAF Forester #48004, ISA Certified Arborist #536

April 15, 2011

Date

TREE REMOVAL CHART

ID Number	Diameter	Species	Condition	Canopy Position	Remarks
1	12	Euc	Poor	Dominant	Stem tear, termites
2	20	Pine	Fair	Dominant	Hardscape damage
3	12	Euc	Fair	Dominant	Canopy breakage
4	24	Pine	Fair	Dominant	Tilted root plate
5	8,6	Acacia	Poor	Co-dominant	Decay, fragmentation
6	9,7	Acacia	Poor	Co-dominant	Decay, fragmentation
7	8	Acacia	Poor	Co-dominant	
8	10	Pine	Fair	Dominant	Tilted root plate
13	7	Pine	Good	Co-dominant	
14	7	Pine	Good	Co-dominant	
17	6	Pine	Good	Co-dominant	
23	8	Pine	Good	Co-dominant	
24	6	Cyp	Poor	Co-dominant	Cypress tip moth, cypress canker
25	7	Pine	Good	Co-dominant	
26	12	Cyp	Poor	Co-dominant	Cypress tip moth, cypress canker
27	8	Pine	Good	Co-dominant	
28	6	Pine	Good	Co-dominant	
29	8	Cyp	Fair	Co-dominant	
30	6	Pine	Good	Co-dominant	
31	6	Pine	Good	Co-dominant	
32	8	Pine	Good	Co-dominant	
33	10	Pine	Good	Co-dominant	
34	7	Pine	Good	Co-dominant	
38	8	Pine	Good	Co-dominant	
39	7	Pine	Good	Co-dominant	
42	8	Pine	Good	Dominant	
43	10	Pine	Good	Dominant	

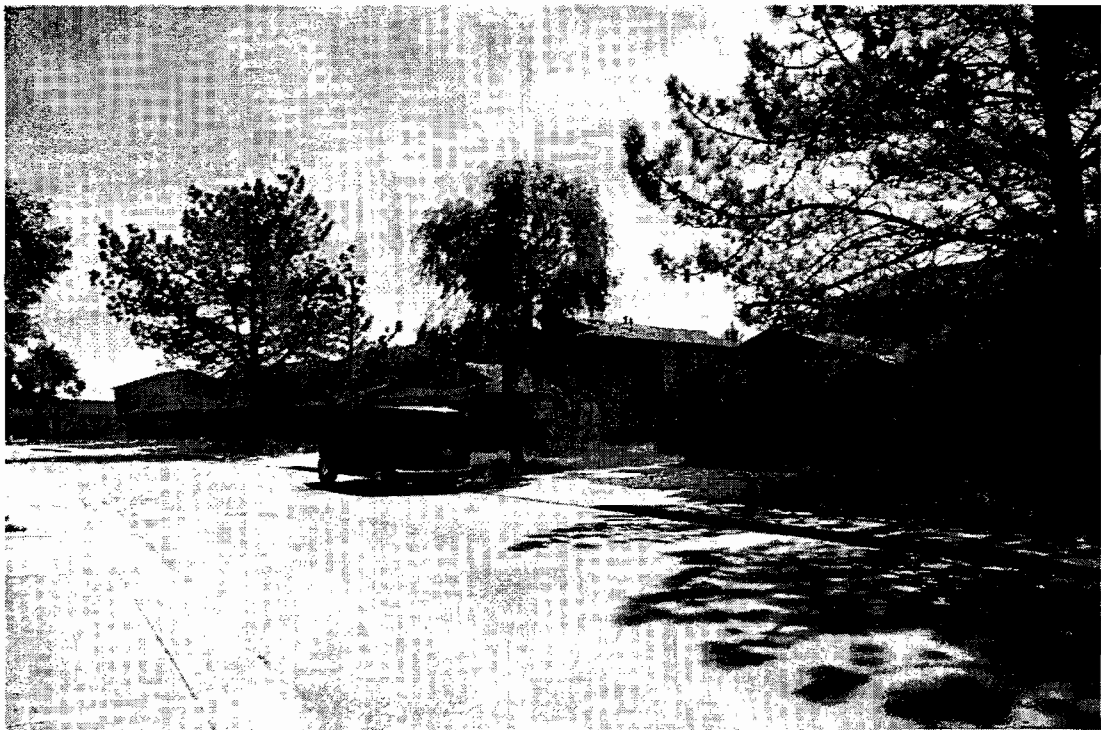
Euc-*Eucalyptus ficifolia*

Pine-*Pinus torreyana*

Acacia- *Acacia longifolia*

Cyp- *Cupressus macrocarpa*

PHOTOGRAPHS



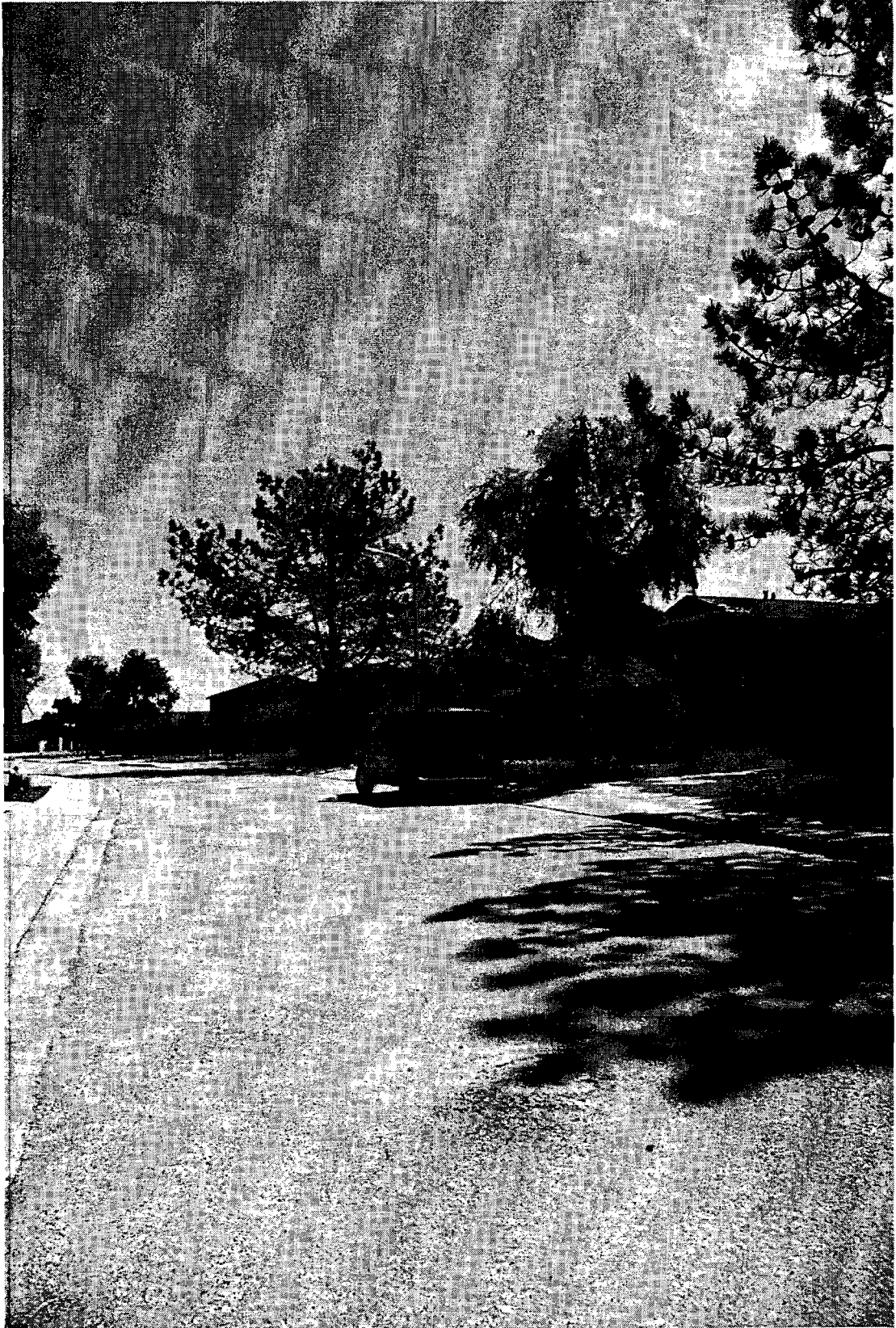
Planted trees along property frontage



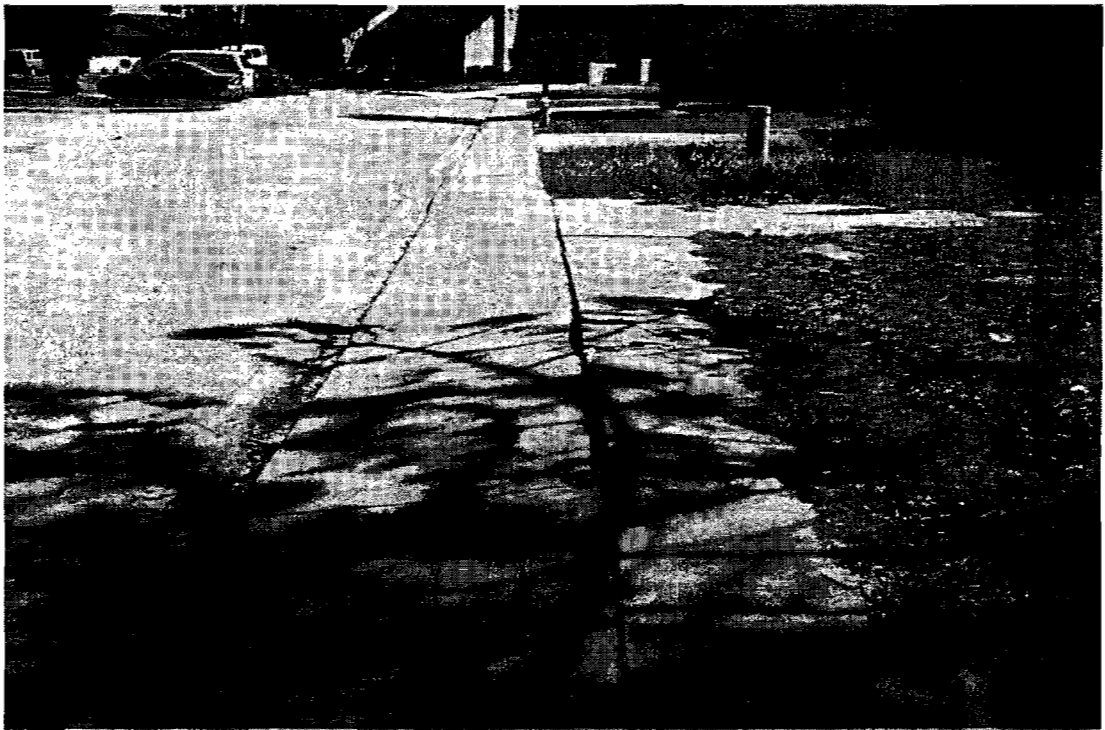
Current hardscape damage



Roots are lifting street



Root damage



Lifted root plate and damage



Acacias are fragmenting apart



Poor growth characteristics of acacia



Young pines are going to be too large for spaces



Volunteer seedlings will out compete native oaks behind





Cypresses have are insect riddled



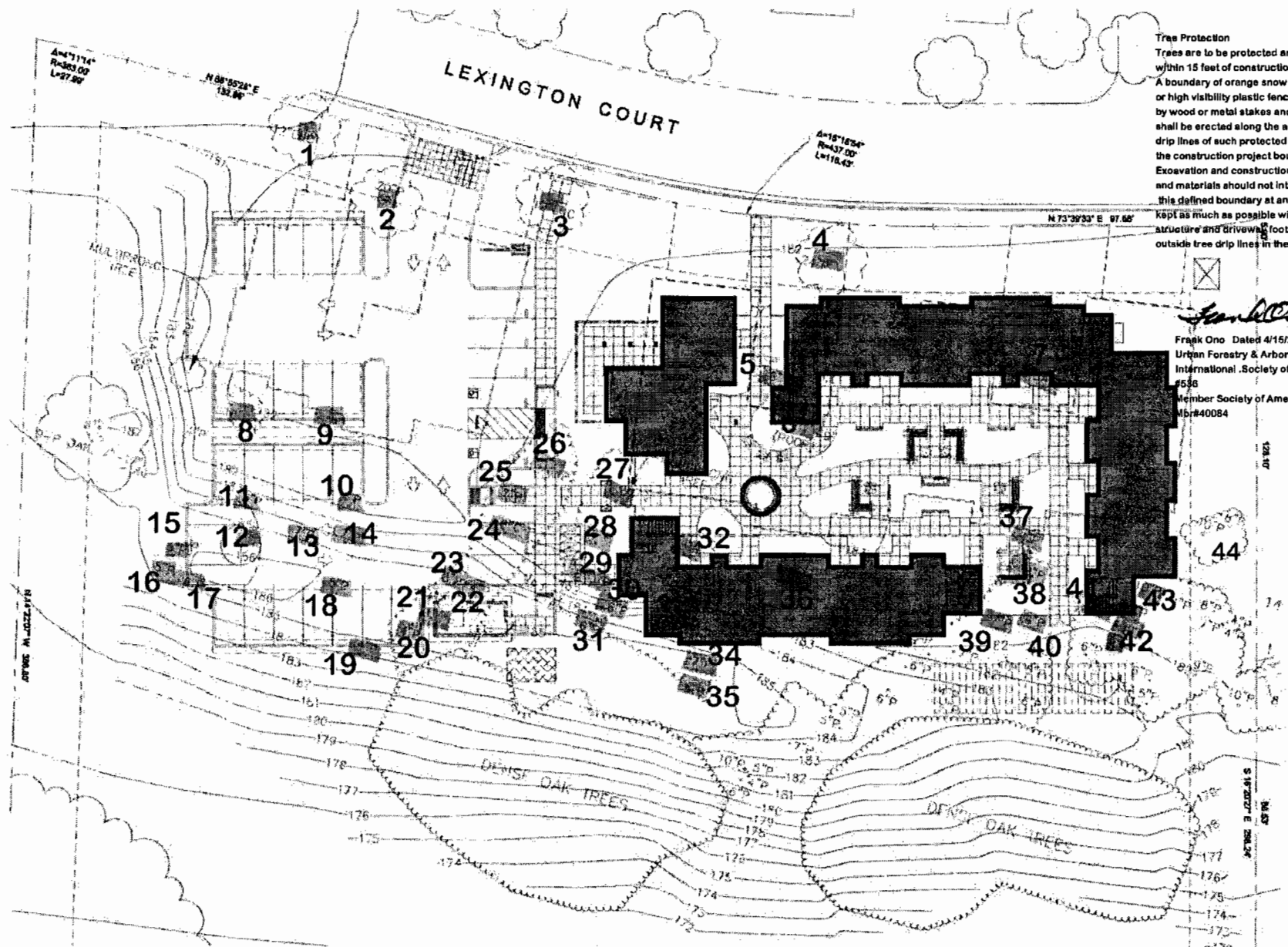
Cypress with insect flagging



Pines typical



Pines typical



Tree Protection
 Trees are to be protected and preserved within 15 feet of construction areas. A boundary of orange snow netting or high visibility plastic fencing supported by wood or metal stakes and or straw bales shall be erected along the approximate drip lines of such protected trees to define the construction project boundary. Excavation and construction activities and materials should not intrude into this defined boundary at any time and kept as much as possible within proposed structure and driveway footprints or outside tree drip lines in the treeless areas.

Frank Ono

Frank Ono Dated 4/15/2011
 Urban Forestry & Arboriculture
 International Society of Arboriculture C.A.
 #536
 Member Society of American Foresters
 Member #40084

128.10'
 16.50'
 16.50'

RESOLUTION NO. 2011-04

A RESOLUTION OF THE TREE COMMITTEE OF THE CITY OF MARINA
RECOMMENDING PLANNING COMMISSION CONSIDERATION OF TREE
REMOVAL PERMIT TP 2011-02 FOR THE REMOVAL OF TWENTY-SEVEN
(27) TREES ON A +/- 3.33-ACRE PROJECT SITE LOCATED AT 3012-3032
LEXINGTON COURT (APN 031-081-013)

WHEREAS, the Tree Committee conducted a duly noticed public meeting to consider adopting Resolution No. 2011- , recommending Planning Commission consideration of Tree Removal Permit TP 2011-02 for the removal of twenty-seven (27) trees of various species on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013), and;

WHEREAS, the applicant has submitted plans and other requisite documents for a tree removal permit that comply with the Zoning Ordinance (Section 17.51), and;

WHEREAS, the proposed residential project is exempt from environmental review pursuant to Section 15332 of the California Environmental Quality Act (CEQA) Guidelines that exempt in-fill development projects.

NOW, THEREFORE BE IT RESOLVED by the Tree Committee of the City of Marina that it hereby recommends Planning Commission consideration of Tree Removal Permit TP 2011-02 for the removal of twenty-seven (27) trees of various species on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013), as shown on "EXHIBIT A" attached hereto, based upon the following findings and subject to the following conditions of approval:

Findings

Based on the following findings, the granting of the Tree Removal Permit as proposed will achieve the spirit, purpose and intent of Chapter 17.51 of the City of Marina Zoning Ordinance:

1. The applicant has clearly documented and compelling reasons for the removal of the 27 trees requested for removal. In particular, the removal will allow for the redevelopment of a blighted, unoccupied residential property with a much needed, affordable housing development serving the needs of local adults coping with mental illnesses.
2. According to the arborist's report prepared for the project, the trees proposed for removal are either in poor condition due to years of neglect, causing sub-surface and at-grade damage to the site and the adjacent Lexington Court right-of-way; in the path of proposed redevelopment; or would be problematic to retain as part of the site's redevelopment.
3. According to the arborist's report prepared for the project the trees proposed for removal are not part an established windbreak or wildlife system and do not assist in controlling onsite erosion.
4. Removal of the 27 trees will allow for more appropriate landscaping and long-term maintenance of the property, improve the beauty of the area, and provide a more seamless transition to the site's undeveloped, natural area to the south.

5. The removal request is concurrent with redevelopment plans for the property and project plans indicate that it is necessary to remove the trees to enable reasonable redevelopment and use of the property.

Conditions of Approval

1. That all remaining trees in the vicinity of the proposed construction not designated for removal shall be protected during all construction activities.


PASSED AND ADOPTED by the Tree Committee of the City of Marina at a regular meeting duly held on the 31st day of May 2011, by the following vote:

AYES, BOARD MEMBERS: Boynton, Daniels, Fellguth

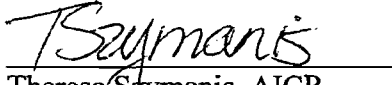
NOES, BOARD MEMBERS:

ABSENT, BOARD MEMBERS: Owen

ABSTAIN, BOARD MEMBERS:


Richard Boynton (Vice-Chair)

ATTEST:


Theresa Szymanis, AICP
Planning Services Manager
City of Marina

RESOLUTION NO. 2011-04

A RESOLUTION OF THE CITY OF MARINA SITE AND ARCHITECTURAL DESIGN REVIEW BOARD RECOMMENDING PLANNING COMMISSION CONSIDERATION OF SITE AND ARCHITECTURAL DESIGN REVIEW DR 2011-04 FOR THE SITE PLAN, ELEVATIONS AND LANDSCAPE PLAN FOR A 21-UNIT, SINGLE-OCCUPANCY RESIDENTIAL PROJECT WITH COMMUNITY ROOM AND OFFICE IN THREE (3) DETACHED STRUCTURES TOTALING ±14,190 SQUARE FEET, ON A ±3.33- ACRE PROJECT SITE LOCATED AT 3012-3032 LEXINGTON COURT (APN 031-081-013)

WHEREAS, on May 5, 2011, Mr. Alan Bilinsky, Housing Development and Property Director, Interim Incorporated, submitted a complete application for review and consideration of a Site and Architectural Design Review (DR 2011-04) for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project with community room and office in three (3) detached structures totaling ±14,190 square feet, and;

WHEREAS, on May 31, 2011, the Site and Architectural Design Review Board of the City of Marina conducted a duly noticed public meeting to consider DR 2011-04 for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project with community room and office in three (3) detached structures totaling ±14,190 square feet, on a ± 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013).

NOW, THEREFORE BE IT RESOLVED by the Site and Architectural Design Review Board of the City of Marina that it hereby recommends Planning Commission consideration of Site and Architectural Design Review DR 2011-04 for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project with community room and office in three (3) detached structures totaling ±14,190 square feet on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013) making the following findings and subject to the following conditions of approval:

FINDINGS

1. Site and Architectural Design Review - That Site and Architectural Design Review DR 2011-04 has been designed and will be constructed, and so located, that the project, as conditioned, will not:
 - (a) Be unsightly, undesirable or obnoxious in appearance to the extent that it will hinder the orderly and harmonious development of the city, in that the project is compatible with the surrounding residential development in scale, siting and design, and will contribute to a welcoming image for the City of Marina.
 - (b) Impair the desirability of tenancy or investment or occupation in the City, in that the design and landscaping at this location will improve and add value to the surrounding area and to the City as a whole through its innovative landscape plan and architectural features.
 - (c) Limit the opportunity to obtain the optimum use and value of the land and improvements, in that the project is an appropriate and efficient use of the site.

- (d) Impair the desirability of tenancy or conditions on or adjacent to the subject site, in that the design and placement of the structures will upgrade a developed, though abandoned and blighted, site and harmonize with the adjacent residential community.
- (e) Otherwise adversely affect the general welfare of the community, in that the project will have an overall positive effect on the general welfare of the community.

CONDITIONS OF APPROVAL

1. Substantial Compliance - The project shall be accomplished in substantial accordance with the plans as shown on attached "EXHIBIT A" to this resolution.
2. Permits - The applicant shall obtain all required building permits prior to initiating construction.
3. Indemnification - The applicant shall agree as a condition of approval of this project to defend, at its sole expense, indemnify and hold harmless from any liability the City and reimburse the City for any expenses incurred resulting from, or in connection with, the approval of the project, including any appeal, claim, suit or legal proceeding. The City may, at its sole discretion, participate in the defense of any such action, but such participation shall not relieve the applicant of its obligations under this condition.
4. Prior to the issuance of building permits the applicant shall submit a final Photometric Plan for review and approval by the Community Development Director.
5. Prior to the issuance of building permits the applicant shall submit a final Irrigation Plan for review and approval by the Community Development Director.

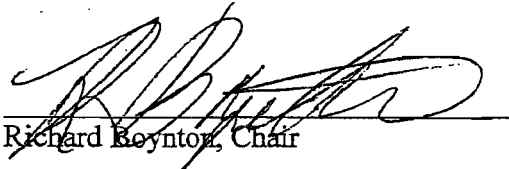
PASSED AND ADOPTED by the Site and Architectural Design Review Board of the City of Marina at a regular meeting duly held on the 31st day of May 2011, by the following vote:

AYES, BOARD MEMBERS: Boynton, Rinehart, Askew, Burnett

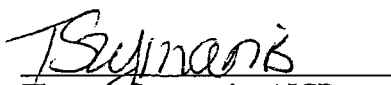
NOES, BOARD MEMBERS:

ABSENT, BOARD MEMBERS: Marquard, Turgen

ABSTAIN, BOARD MEMBERS:


Richard Boynton, Chair

ATTEST:


Theresa Szymanis, AICP
Planning Services Manager
City of Marina

May 24, 2011

Item No: 7a4b

Honorable Chair and Members of the
Tree Committee and
Site and Architectural Design Review Board

Special Joint Meeting
of May 31, 2011

**TREE COMMITTEE CONSIDER ADOPTING RESOLUTION NO. 2011- ,
RECOMMENDING PLANNING COMMISSION CONSIDERATION OF
TREE REMOVAL PERMIT TP 2011-02 FOR THE REMOVAL OF
TWENTY SEVEN (27) TREES ON A ±3.33-ACRE PROJECT SITE
LOCATED AT 3012-3032 LEXINGTON COURT (APN 031-081-013)**

**SITE AND ARCHITECTURAL DESIGN REVIEW BOARD CONSIDER
ADOPTING RESOLUTION NO. 2011- , RECOMMENDING PLANNING
COMMISSION CONSIDERATION OF SITE AND ARCHITECTURAL
DESIGN REVIEW DR 2011-04 FOR THE SITE PLAN, ELEVATIONS
AND LANDSCAPE PLAN FOR A 21-UNIT, SINGLE-OCCUPANCY
RESIDENTIAL PROJECT WITH COMMUNITY ROOM AND OFFICE
IN THREE (3) DETACHED STRUCTURES TOTALING ±14,190 SQUARE
FEET, ON A ±3.33- ACRE PROJECT SITE LOCATED AT 3012-3032
LEXINGTON COURT (APN 031-081-013)**

REQUEST:

It is requested that the Tree Committee:

1. Consider adopting Resolution No. 2011- , recommending Planning Commission consideration of Tree Removal Permit TP 2011-02 for the removal of twenty seven (27) trees on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013).

It is requested that the Site and Architectural Design Review Board:

1. Consider adopting Resolution No. 2011- , recommending Planning Commission consideration of Site and Architectural Design Review DR 2011-04 for the site plan, elevations and landscape plan for a 21-unit, single-occupancy residential project with community room and office in three (3) detached structures totaling ±14,190 square feet, on a +/- 3.33-acre project site located at 3012-3032 Lexington Court (APN 031-081-013).

BACKGROUND:

The ± 3.33-acre project site is located on the south side of Lexington Court, east of Abrams Drive. The site is developed with two multi-family residential structures containing 11 dwelling units. The two-story structures: a three unit and an eight-unit building, are situated along the Lexington Court frontage. Similar scale residential development is located to the west, north and east of the project site. Other than the property's Lexington Court frontage, the remainder of the site is undeveloped, characterized by a mix of native and non-native landscaping. The property slopes downward to its southerly boundary abutting Imjin Parkway.

The two existing multi-family residential structures were built in the 1980s as part of a larger multi-family housing development. The structures have been unoccupied since Fort Ord's closure in the mid-1990s and have grown increasingly dilapidated since that time. At present, the structure's physical condition, which includes fire damage, has deteriorated to the point where the buildings are beyond rehabilitation to allow for future occupancy.

At the regular meeting of February 18, 2009, the City Council adopted Ordinance No. 2009-01, to rezone a ±98.39 acre site, including the subject property, located at the northeast corner of Imjin Parkway and Abrams Drive, from Multi-Family Residential (R-4) to Single Family Residential (R-1) to be consistent with the General Plan Land Use Map designation of Single Family Residential.

At the regular meeting of January 18, 2011, as property owner of the Lexington Court site, the Redevelopment Agency of the City of Marina adopted Resolution No. 2011-02, entering into a Disposition and Development Agreement with Interim Incorporated, a non-profit provider of housing and support services to mentally disabled adults within Monterey County, to redevelop the Lexington Court site.

As shown on the attached plan set ("**EXHIBIT A**") Interim Inc. proposes to demolish the two existing structures and redevelop the site with two new two-story residential structures containing 21 affordable, single-occupancy units, which will provide housing for adults with mental illnesses. A third structure, a single-story community room with manager's unit and office is also proposed. The community room is solely for use of the residents. Similar to the original multi-family residential project, the proposed project confines its building footprints, parking areas and hardscape to the northern portion of the property, adjacent to Lexington Court, leaving the sloping remainder of the property as undeveloped open space area. The total building square footage for the three structures is approximately 14,190 square feet.

CONSISTENCY WITH MARINA GENERAL PLAN AND ZONING ORDINANCE

The project site and the surrounding residential properties are designated as "Single Family Residential" on the City's General Plan Land Use Map. This designation calls for an average density of five (5) dwellings per acre. This is within the permitted density range and the proposed project is therefore, consistent with the General Plan Land Use Map designation and zoning for the project site.

ANALYSIS:

TREE REMOVAL PERMIT

Tree Removal Permit (TP 2011-02) is a request for removal of 27 trees of various species (*Sheet No. L-2.1*). Two-thirds, or 18, of the trees proposed for removal are pines. The request for tree removal is supported by an arborist's report, dated April 6, 2011, prepared by Certified Arborist Frank Ono ("**EXHIBIT B**"). The reasons for removal vary. According to the arborist's report 11 of the trees are deemed in "poor" or "fair" condition, while in most instances the trees requested for removal are within or abutting the project's redevelopment footprint or are visibly causing damage to existing surface areas, including the Lexington Court right-of-way. The pines, eucalyptus and acacia species present issues due to long-term neglect and their retention, even when they are not located directly in the path of the proposed redevelopment, would be problematic.

SITE PLAN

The Proposed Site Plan (*Sheet No. A110*) shows the locations of the structures, parking areas and other associated improvements. For this redevelopment project, changes from the existing site configuration

can be evidenced by comparison with the Demolition Plan (*Sheet No. A100*). The proposed project clusters the three buildings in the eastern portion of the Lexington Court frontage and uses the western portion for vehicular access and parking. This layout allows for one driveway which provides access to all parking and service areas (i.e., trash/recycling enclosures), compared to the four that currently exist.

The proposed project provides 29 full-size (9' x 19') parking spaces: 21 covered and seven uncovered. Two of the parking spaces adjacent to the clustered residential buildings are designated handicapped accessible, in compliance with the Americans with Disabilities Act (ADA). This is more than the 26 spaces required by Marina Municipal Code (MMC) Section 17.44.020 D.

The front setback along Lexington Court maintains a minimum of 20 feet to the north façade of Building B. All other proposed structures and parking areas are set back in excess of 20 feet from the Lexington Court right-of-way and all property lines. The project maintains a building setback of 24 feet from its east property line. These setbacks meet the standards of MMC Chapter 17.14.

ELEVATIONS

Additionally, the applicant is seeking approval of the proposed buildings' elevations (*Sheets No. A300 and A301*) and associated structures, specifically the proposed carports and trash/recycling enclosure (*Sheet A121*). The top-of-roof of the two residential buildings is 26'-2"; the single-story community room and office is 16'-7" at its highest point. The top of the two proposed carports is 10'-2" and the canopy screening at the top of the trash/recycling enclosure is 9'-5". These buildings are less than the maximum permitted heights in the R-1 Zoning District.

The proposed residential buildings introduce a modern, clean architectural appearance to the area, which is characterized by the utilitarian style typical of former Fort Ord housing. Building materials include a mix of cement plaster and board and batten, horizontal and vertical lap siding exteriors. Rooflines vary from parapets to shed roofs covered with composition asphalt shingles and overhangs. Windows are aluminum frame. Solar panels are mounted on the roof. Overall, the mix of materials and massing creates a simple and interesting design pattern that will enhance the surrounding neighborhood and serve as an example for future in-fill developments in the area.

A color and material board will be presented at the meeting to further illustrate the project's design scheme.

LANDSCAPE PLAN

The applicant has prepared a Landscape Plan (*Sheet No. L2.0*) for review and approval. This plan illustrates the layout for all proposed plantings and surface materials proposed for the project. The project proposes to mitigate tree removal at a replacement ratio of 2:1, consistent with the City's requirements. The 54 proposed replacement trees (*Sheet No. L-2.0*) include a mix of deciduous, evergreen and coniferous trees adaptable to Marina's maritime climate. The proposed trees include 13 - 24-inch box Coast Live Oaks (*Quercus agrifolia*) and 11- 15 gallon Flowering Plum (*Prunus cerasifera 'Mount St. Helen'*) as the dominant species. As they mature the mix of new landscape trees will attain varying scales and provide a diverse landscape that is compatible with the site's undeveloped, "natural" southern portion, as well as the surrounding residential area.

In addition to providing replacement trees, the landscape plan provides a plant palette that is compatible with Marina's coastal climate, minimizes water usage and incorporates native specimens into the overall scheme.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The proposed project is the redevelopment of an existing, abandoned residential development. The building footprints, parking and hardscape areas are confined within the northerly portion of the property, along Lexington Court, and the development does not extend into the sloping southern portion of the property. The proposed project is a prototypical example of residential in-fill development and as such, is categorically exempt from environmental review in accordance with Section 15332 (Class 32 – In-Fill Development Projects of the California Environmental Quality Act (CEQA) Guidelines.

SUMMARY

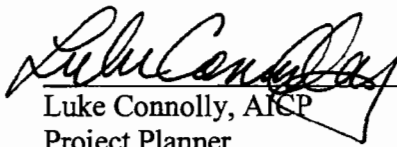
Staff has determined that the findings for approval of a Tree Removal Permit can be made in that the 27 trees proposed for removal conflict with the redevelopment plans for the site; in some instances are in poor condition due to long-term neglect; or are causing significant surface and below-grade damage to the site and the adjacent Lexington Court right-of-way. Moreover, according to the arborist's report prepared for the project, the trees slated for replacement do not act as part of an established windbreak system, do not assist in preventing onsite erosion, and do not serve as a component of a wildlife system. The proposed replacement planting of 54 trees will enable the re-establishment of a landscape that will transition more seamlessly into the native surroundings on the southern portion of the subject property and will upgrade the appearance of the area as the landscaping matures.

Staff has also determined that the findings for approval of Site and Architectural Design Review can be made, in that the proposed project would be an architectural enhancement that provides a design standard for future development in the vicinity and incorporates an effective, clustered site configuration that preserves existing open space while providing much needed affordable housing for an under-served population. Also, the proposed project would facilitate the removal of unoccupied, increasingly dilapidated structures that presently constitute blight within the surrounding residential area. Overall, the project promotes the general welfare of the community.

CONCLUSION:

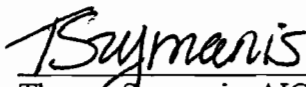
This request is submitted for Site and Architectural Design Review Board and Tree Committee consideration and possible action.

Respectfully submitted,



Luke Connolly, AICP
Project Planner
City of Marina

REVIEWED/CONCUR:



Theresa Szymanis, AICP
Planning Services Manager
City of Marina

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Outstanding Receivables		
Meeting Date:	July 13, 2012	INFORMATION	
Agenda Number:	8b		

RECOMMENDATIONS:

Receive a Fort Ord Reuse Authority (FORA) outstanding receivables update as of June 30, 2012.

BACKGROUND/DISCUSSION:

FORA has several significant outstanding receivables. The Late Fee policy adopted by the FORA Board requires receivables older than 90 days be reported to the Board.

	Item Description	Amount Owed	Amount Paid	Amount Outstanding
City of Del Rey Oaks	PLL Loan Payment 09-10	182,874	-	182,874
	PLL Loan Payment 10-11	256,023	-	256,023
	PLL Loan Payment 11-12	256,023	-	256,023
	<i>DRO Total</i>			694,920
City of Marina	Tax Increment 08-09	108,862	108,862	-
	Tax Increment 07-08	111,246	111,246	-
	Preston Park Excess Revenue	230,000	230,000	-
	<i>Marina Total</i>			-
City of Seaside	Tax Increment 03-10	358,830	358,830	-
Total Outstanding Receivables				\$ 694,920

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

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

Payment status: First Vice Chair Mayor Edelen informed both the Board and Executive Committee that DRO has begun solicitation for a new development partner to meet this obligation.

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

- **Tax increment:** In the fall of 2010, as directed by the FORA Board during the Capital Improvement Program review, FORA conducted an audit of tax increment revenue that FORA collects from Seaside, Marina and County of Monterey. The results indicated that FORA was owed property TI payments from Seaside and Marina. Both cities acknowledged the debt.

Marina retained a portion of FORA's tax increment in FY 07-08 and FY 08-09. At the July 2011 meeting, FORA Board approved an MOA with Marina for a phased (2 payments) repayment of the FY 08-09 tax increment obligation and this underpayment has been paid off in November 2011.

Regarding the FY 07-08 underpayment, after lengthy communications between FORA and Marina, the City Council and the FORA Board approved an MOA for repayment of this obligation. The MOA for a phased repayment (2 payments) was executed in January 2012.

Payment status: Marina paid the first installment on time; the second (last) installment due **June 30, 2012 has been paid.**

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

- **Tax increment:** Please see paragraph 2 above regarding Seaside tax increment underpayment. At the February 2011 meeting, the FORA Board approved an MOA with Seaside for a phased (4 payments) repayment of this obligation.

Payment status: Seaside paid the first three installments on time. The last installment payment due **June 30, 2012 has been paid.**

FISCAL IMPACT:

FORA must expend resources or borrow funds until these receivables are collected. The majority of FORA revenues come from member/jurisdiction/agencies and developers. FORA's ability to conduct business and finance its capital obligations depends on a timely collection of these revenues.

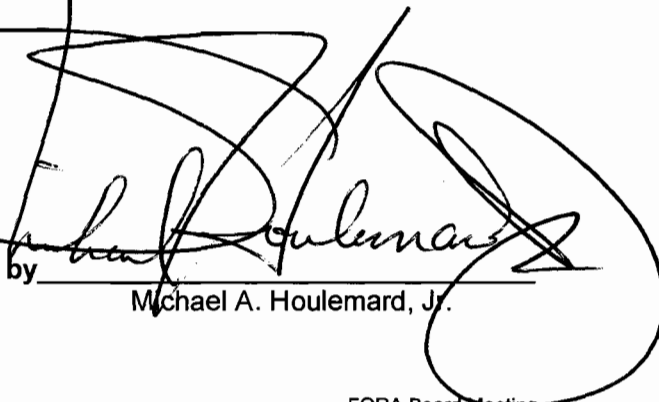
COORDINATION:

Finance Committee, Executive Committee

Prepared by


Ivana Bednarik

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Administrative Committee Report

Meeting Date: July 13, 2012

Agenda Number: 8c

INFORMATION

RECOMMENDATION:

Receive a report from the Administrative Committee (AC).

BACKGROUND/DISCUSSION:

The approved minutes from the May 30, 2012 and June 13, 2012 Administrative Committee meetings (**Attachments A and B**) and the May 30, 2012 Joint Administrative/Water and Wastewater Oversight Committee meeting (**Attachment C**) are attached for your review.

FISCAL IMPACT:

Reviewed by the FORA Controller 

Staff time for the Administrative Committee and the Water and Wastewater Oversight Committee was included in the approved FY 11-12 budget.

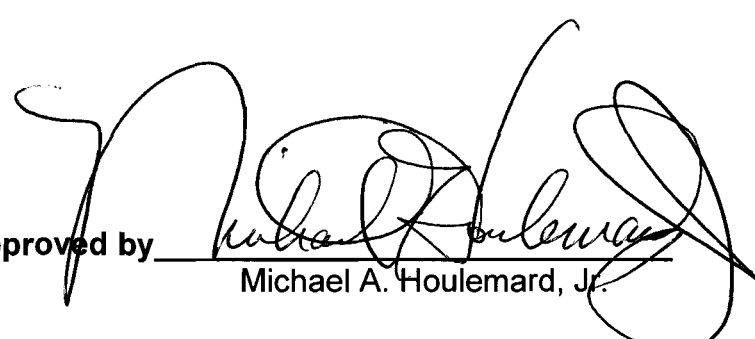
COORDINATION:

Administrative Committee, Water and Wastewater Oversight Committee

Prepared by


Lena Spilman

Approved by


Michael A. Houlemard, Jr.



Fort Ord Reuse Authority

920 2nd Avenue, Suite A, Marina, CA 93933

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

Attachment A to Item 8c
FORA Board Meeting, 07/13/12

ADMINISTRATIVE COMMITTEE MEETING

8:15 A.M. WEDNESDAY, MAY 30, 2012

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

MINUTES

1. CALL TO ORDER

Chair Houlemard called the meeting to order at 8:16 a.m. noting a quorum of voting members. The following people, as indicated by signatures on the roll sheet, were present:

Daniel Dawson, City of Del Rey Oaks*
Carl Holm, County of Monterey*
John Dunn, City of Seaside*
Elizabeth Caraker, City of Monterey*
Doug Yount, City of Marina*
Pat Ward, Bestor Engineers, Inc.
Rob Robinson, BRAC
Diana Ingersoll, City of Seaside
Tim O'Halloran, City of Seaside
Bob Rench, CSUMB
Carl Niizawa, MCWD
Bob Schaffer, MCP
Kathleen Lee, Sup Potter's Office
Vicki Nakamura, MPC

Patrick Breen, MCWD
Graham Bice, UC MBEST
Paul Greenway, County of Monterey DPW
Chuck Lande, Marina Heights

Michael Houlemard, FORA
Robert Norris, FORA
Stan Cook, FORA
Jonathan Garcia, FORA
Jim Arnold, FORA
Darren McBain, FORA
Crissy Maras, FORA
Lena Spilman, FORA

* Voting Members

2. PLEDGE OF ALLEGIANCE

Jane Haines led the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Rob Robinson announced that excavations in the multi-range area would be on-going for the next 3 months and suggested exercising caution when using the roads in that area. He also announced the Army plans to conduct a tour of Fort Ord on June 23, 2012.

Dan Dawson and Chair Houlemard discussed the Base Reuse Plan Reassessment Public Workshop schedule. Mr. Dawson stated that public sessions regarding the Cyprus Knolls project would be held June 6 and June 26, 2012.

4. PUBLIC COMMENT PERIOD

No comments were received.

5. APPROVAL OF MEETING MINUTES

MOTION: Dan Dawson moved, seconded by John Dunn, and the motion passed unanimously to approve the minutes of the May 16, 2012 Administrative Committee meeting and the May 16, 2012 Joint Administrative/CIP Committee meeting, as presented.

6. JUNE 8, 2012 FORA BOARD MEETING - AGENDA REVIEW

Chair Houlemard provided an overview of each Agenda item for the upcoming June 8, 2012 Board meeting, noting that the meeting would begin with the Annual FORA Legislative Session at 3:00 p.m. Senior Planner Jonathan Garcia stated that a meeting had been scheduled with the Preston Park tenants later in the week regarding the proposed Preston Park Budget and 3% rent increase.

7. OLD BUSINESS

a. Habitat Conservation Plan (HCP)

Mr. Garcia stated that the HCP was still under review by the U.S. Fish and Wildlife Service and the California Department of Fish and Game. The three-month review period was scheduled to conclude in June 2012. So far, FORA had received comments on the document from California State University, Monterey Bay and University of California, Santa Cruz.

b. Capital Improvement Program

i. Formulaic Approach to Developer Fees

Mr. Garcia stated that staff had received a proposed amendment (Amendment #1, attached) to the Implementation Agreement between FORA and the jurisdictions the previous day from Developer Scott Hilk. Mr. Hilk explained that Amendment #1 sought to make clarifying amendments to the Implementation agreement, but did not propose any substantive changes. Chair Houlemard stated the County Controller had indicated to FORA that they would likely receive some tax increment funds, although how much was not clear. Doug Yount expressed a desire to see revenue distributed to the jurisdictions.

MOTION: Doug Yount moved, seconded by Carl Holm, and the motion passed unanimously to approve Amendment #1 to the Implementation Agreement between FORA and the jurisdictions, with the following amendments: 1) include general references to underlying jurisdictions in place of specific jurisdictions names 2) replace the term "tax increment" with "increment/property tax revenue," throughout the document 3) In Section 2.1.2(e) remove "(less FORA's operation expenses and described in Section 2.1.2)" and replace the term "administration" with "Fort Ord Reuse," 4) Flag Section 1.1.6 for specific Board consideration.

ii. Draft FY 2012/13 CIP FORA Board Consideration

Mr. Garcia provided an overview of the CIP, explaining the Development Forecasts received from the jurisdictions had served as the basis for the document.

MOTION: John Dunn moved, seconded by Dan Dawson, to recommend approval of the CIP document to the Board

INCORPORATION INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER: Revise Table 2 to reflect full funding (\$303,701) of Regional Improvement R12 in FY 2012-13 rather than a two year split (\$151,000 and \$152,702) over FY 2012-13 and FY 2013-14. Also move \$152,702 for Off-Site Improvement 1 from FY 2012-13 to FY 2013-14.

INCORPORATION INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER: Combine FY 2012-13 funding for Transit Capital Improvements T3 and T22 and place only on project T3. Combine \$380,382 for Project T22 funding in FY 2012-13 with Project T3 funding, bringing T3 total funding for FY 2012-13 to \$763,153. Reprogram \$380,382 in a subsequent year, as available funding allows.

VOTE: Unanimous

c. Master Resolution/Sierra Club Settlement Agreement

i. Appeal fee proposed Amendment to FORA Master resolution (Section 8.01.050(a))

Mr. Garcia stated FORA had received objections from several local organizations regarding the amount of their appeal fee. In response, FORA had devised a new system of establishing the fee, largely based on county-wide averages. The Committee took no action on the item, and deferred to the Board for a policy determination.

ii. Deed Notifications Update

ESCA Program Manager Stan Cook distributed information (attached) regarding required deed notifications. He explained the deed notification process and the filing requirements for each jurisdiction.

8. NEW BUSINESS

None.

9. ADJOURNMENT

Graham Bice moved, seconded by Rob Robinson, and the motion passed unaniriously to adjourn the meeting at 10:08 a.m.

Minutes Prepared by Lena Spilman, Deputy Clerk

Approved by:

Michael A. Houlemard, Jr., Executive Officer



Fort Ord Reuse Authority

920 2nd Avenue, Suite A, Marina, CA 94028
Phone: (831) 883-3672 • Fax: (831) 883-3675

Attachment B to Item 8c
FORA Board Meeting, 07/13/12

ADMINISTRATIVE COMMITTEE MEETING 8:15 A.M. WEDNESDAY, JUNE 13, 2012 910 2nd Avenue, Marina CA 93933 (on the former Fort Ord)

MINUTES

1. CALL TO ORDER

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

Daniel Dawson, City of Del Rey Oaks*
Carl Holm, County of Monterey*
John Dunn, City of Seaside*
Doug Yount, City of Marina*
Rob Robinson, BRAC
Todd Muck, TAMC
Bob Schaffer, MCP
Paul Greenway, County of Monterey DPW
Bob Rench, CSUMB
Heidi Burch, City of Carmel
Erin Harwayne, Denise, Duffy & Assoc.
Pat Ward, Bestor Engineers, Inc.

Diana Ingersoll, City of Seaside
Tim O'Halloran, City of Seaside
Graham Bice, UC MBEST
Vicki Nakamura, MPC
Carl Niizawa, MCWD
Debby Platt, City of Marina

Steve Endsley, FORA
Robert Norris, FORA
Jonathan Garcia, FORA
Crissy Maras, FORA
Lena Spilman, FORA

* Voting Members

2. PLEDGE OF ALLEGIANCE

Heidi Burch led the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Deputy Clerk Lena Spilman announced that the next Administrative Committee meeting would take place on June 27, 2012, to accommodate the July 4th holiday.

4. PUBLIC COMMENT PERIOD

No comments were received.

5. APPROVAL OF MEETING MINUTES

MOTION: Carl Holm moved, seconded by Todd Muck, and the motion passed unanimously to approve the minutes of the May 30, 2012 Administrative Committee meeting and the May 30, 2012 Joint Administrative/WWOC Committee meeting, as presented.

6. FOLLOW-UP FROM JUNE 8, 2012 FORA BOARD MEETING

Assistant Executive Officer Steve Endsley reported on the June 8, 2012 Board meeting, noting that neither the FY 2012-13 FORA Budget nor the FY 2012-13 Preston Park Budget had received Board approval. The later was continued to allow staff time to address concerns from members of the public regarding the management of Preston Park and to make necessary corrections to the document. He explained that the motion to approve the FORA Budget had failed, requiring the item return to the Board for a second vote at the July meeting. The primary point of contention seemed to be the proposed 2% cost of living salary adjustment.

7. OLD BUSINESS

a. **Base Reuse Plan Reassessment Update**

Senior Planner Jonathan Garcia discussed attendance at the recently held Base Reuse Reassessment public workshops. He stated that the majority of his report had already been discussed under the Board meeting review.

b. **Habitat Conservation Plan (HCP) Update**

Mr. Garcia stated the 3-month period scheduled for U.S. Fish and Wildlife Service and California Department of Fish and Game review of the HCP would expire within the week. He discussed the next steps in the review process.

Mr. Endsley suggested that the Committee consider Agenda Items 7c, 7d, and 7e out of order. Chair Dawson agreed.

d. **Master Resolution/Sierra Club Settlement Agreement Appeal Fee Proposed Amendment to FORA Master Resolution (Section 8.01.050(a))**

Mr. Endsley explained the Executive Committee had directed staff to classify the item as informational for the June Board meeting. The item was scheduled to return to the Board in July for action, at which time staff would recommend a reduction in the fee. He noted that the Administrative Committee had previously decided not to offer a recommendation to the Board regarding the item. The Committee discussed the implications of a reduction in the appeal fee, and Chair Dawson indicated that the Committee's decision to offer no recommendation still stood.

e. **Department of Toxic Substances Control Annual Report on Land Use Covenants**

Mr. Garcia reminded the Committee Members that their Annual Reports were due to FORA by July 11, 2012. He noted that CSUMB had already submitted their annual report and that the others were still pending.

c. **Capital Improvement Program – Formulaic Approach to Developer Fees**

Mr. Garcia stated that the Executive Committee had directed staff to classify the item as informational for the June Board meeting. He reviewed changes made to the Draft Implementation Agreement amendment #1 (attached) based on Economic and Planning Systems' (EPS's) memo. The Committee discussed caretaker and property management costs and various Committee members expressed concerns regarding the jurisdiction's lack of funding to maintain blighted properties on former Fort Ord. The Committee asked that the draft Implementation Agreement amendment not modify previous FORA Board policy that FORA pay for \$12.2 million in caretaker and property management costs. Mr. Endsley suggested staff seek recommendations from Economic and Planning Systems (EPS) for simplification of the language in the Draft Implementation Agreement. He also suggested that, for the next meeting, EPS provide an example of what the proposed formula would look like if implemented today, demonstrating what the FORA development fee/CFD Special Tax would be. The Committee agreed.

8. NEW BUSINESS

None.

9. ADJOURNMENT

Chair Dawson adjourned the meeting at 9:42 a.m.

Minutes Prepared by Lena Spilman, Deputy Clerk

Approved by:

Michael A. Houlemard, Jr., Executive Officer



Fort Ord Reuse Authority

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Attachment C to Item 8c
FORA Board Meeting, 07/13/12

WATER/WASTEWATER OVERSIGHT COMMITTEE MEETING

9:30 AM WEDNESDAY, MAY 30, 2012

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

MINUTES

1. CALL TO ORDER AT 9:30 AM

Confirming a quorum, Fort Ord Reuse Authority (FORA) Executive Officer Michael A. Houlemard, Jr. called the meeting to order at 10:08 AM. The following people, indicated by signatures on the roll sheet, attended:

Committee Members

Graham Bice, UCMBEST
Mike Lerch, CSUMB
Debby Platt, City of Marina
Elizabeth Caraker, City of Monterey
Paul Greenway, Monterey Co.
Diana Ingersoll, City of Seaside
Daniel Dawson City of DRO

Tim O'Halloran City of Seaside
Carl Holm, Monterey County
Rick Riedl, City of Seaside
Vicki Nakamura, MPC
Michael Houlemard, FORA
Jim Arnold, FORA
Jonathan Garcia, FORA

Pat Ward, Bestor Engineers
Bob Schaffer, MCP
Chuck Lande, Mar. Heights
Carl Niizawa, MCWD
Patrick Breen, MCWD
Kelly Cadiente, MCWD
Crissy Maras, FORA

2. PUBLIC COMMENT PERIOD: None

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE: None

4. APPROVAL OF MEETING MINUTES: May 16, 2012

On a motion made by Graham Bice and seconded by Daniel Dawson, the May 16, 2012 meeting minutes were approved as presented.

5. OLD BUSINESS

a. Draft FY 2012/13 Ord Community Water and Wastewater Budgets and Rates - Approval

The draft FY 2012/13 Ord Community Water and Wastewater Budgets and Rates were reviewed by the WWOC and/or joint WWOC/Administrative Committee on March 14th, April 18th and May 2nd 2012. CSUMB representative Mike Lerch read a prepared statement into the record (attached).

Mr. Dawson made a motion to approve the draft FY 2012/13 Ord Community Water and Wastewater Budgets and Rates; Mr. Bice seconded. The motion passed with CSUMB casting a dissenting vote.

6. NEW BUSINESS – none

7. ADJOURNMENT

The meeting was adjourned at 10:18 AM.

Minutes prepared by Crissy Maras, Grants and Contracts Coordinator

Approved by:

Michael A. Houlemard, Jr.

CSUMB COMMENTS READ INTO THE RECORD BY MIKE LERCH

Over the course of the last few months we have been told that a 5 year infrastructure plan had been approved in 2008 in support of growth, to "prime the pump" so to speak, funded by debt and reserves. The debt showed up, between FY 09-10 and proposed 12-13 debt service and interest increased from \$1.0 MM per year to \$1.7MM per year on what was then a \$4.8MM annual budget. The growth part did not, volume actually dropped from 2,660 acre ft in 09-10 to 2,570 acre feet projected for 12-13.

The economic climate has clearly not helped, and we all suffer from that. Eyeballing a chart of consumer price index it has probably only gone up about 2% per year over the last 4 years. I represent a State institution whose budget has been cut 30%. It has not been easy for anyone.

Here entering the 5th and final year of the plan we were initially proposed a budget that supported \$400,000 of Capital Improvement Projects and was near balanced with a 5% or \$200,000 rate increase. This was encouraging as there appeared to be some room for maneuver within these figures and still have the ability to keep a balanced budget and minimize the increase to ratepayers. However these figures were then revised to reflect a \$632,000 decrease in grant revenue that was suddenly not going to materialize AND Capital Improvement Projects was increased to \$607,000, and with some other adjustments, the combined net effect was to push the budget \$940,000 into deficit. This on a total budget of \$6.6MM mind you.

This sudden gap of \$940,000 was then immediately filled without discussion, not by proposing a greater rate increase, not by proposing budget cuts or a reduction in Capital Improvement Projects but simply by running to reserves. All in keeping with the 5 year plan. Having done such we learn that available reserves will by the end of next fiscal year be depleted to within \$300,000 of their lowest allowable level, not only by tapping them for this coming year but by the fact that \$7.6MM, I'll repeat \$7.6 MM of reserves have been lent from the Ord Community Water reserves to the "Regional" water project and are therefore no longer available to support the Ord Community Water budget.

All this indicates to me that this play is pretty well tapped out, the well is dry. This as we are being presented with a new 5 year CIP plans that dwarfs everything that has been done before, prior years was \$6.6 MM, the next 5 years is \$16.4MM, out years another \$21.8 MM !. The cart is simply before the horse and it is heading in a direction that will result in big rate increases each and every year, for ever.

That is not a recommendation that I as a representative of the second largest ratepayer in the Ord Community Service Area can vote to recommend. This process and budget is not serving the ratepayers, and is not in line with the economic realities they face. I would instead urge the board to reconsider this budget and consider alternatives that don't soak the ratepayers.

Finally I do notice the nice charts in the budget packet that show that our rates are still the lowest in the region, and I hope we can keep them that way.

FORT ORD REUSE AUTHORITY BOARD REPORT	
EXECUTIVE OFFICER'S REPORT	
Subject:	Distribution of FY 2012/13 through 2012/22 Capital Improvement Program
Meeting Date:	July 13, 2012
Agenda Number:	8d
INFORMATION	

RECOMMENDATION:

Receive information on accessing the Fort Ord Reuse Authority ("FORA") Board approved FY 2012/13 through 2021/22 Capital Improvement Program ("CIP").

BACKGROUND/DISCUSSION:

At the June 2012 FORA Board meeting, the Board approved the FY 2012/13 through 2021/22 CIP document. The document incorporates updates from former Fort Ord land use jurisdictions and member agencies to provide a comprehensive overview of development projections and upcoming infrastructure and habitat mitigation work to support reuse programs.

The final CIP document includes language updates requested by the Board in the section discussing water augmentation and several adjustments of dollar amounts on Table 3 reflecting the inflation of water augmentation costs related to the California Environmental Quality Act mitigation and contingency items as formalized by the Board during its Phase I CIP Review in FY 11-12.

In an effort to lighten the environmental impact of producing paper copies of the CIP, the document has been stored electronically on the FORA website at www.fora.org and can be accessed at any time in user-friendly .pdf format. If anyone should require a paper copy of the CIP, they are encouraged to contact FORA Grants and Contracts Coordinator Crissy Maras.


FISCAL IMPACT:

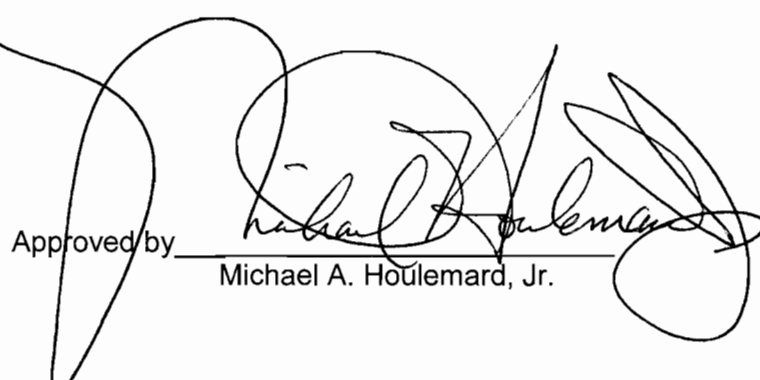
Reviewed by FORA Controller B

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

COORDINATION:

CIP Committee, Administrative Committee, Executive Committee

Prepared by 
Crissy Maras

Approved by 
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Habitat Conservation Plan

Meeting Date: July 13, 2012

Agenda Number: 8e

INFORMATION

RECOMMENDATION(S):

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

BACKGROUND/DISCUSSION:

The Fort Ord Reuse Authority ("FORA"), with the support of its member jurisdictions and ICF International (formerly Jones & Stokes), FORA's HCP consultant, is on a path to receive approval of a completed basewide HCP and 2081 permit in 2013, concluding with US Fish and Wildlife Service ("USFWS") and California Department of Fish and Game ("CDFG") issuing federal and state permits.

ICF completed an administrative draft HCP on December 4, 2009. FORA member jurisdictions completed a comment and review period, which ended February 26, 2010. In April 2011, USFWS finished their comments on all draft HCP sections, while CDFG provided limited feedback. These comments by the regulatory agencies required a substantial reorganization of the document. To address this, ICF completed a 3rd Administrative Draft HCP for review (dated September 1, 2011). The 12 Permittees (County, Cities of Marina, Seaside, Del Rey Oaks, and Monterey, Monterey Peninsula Regional Park District, Marina Coast Water District, State Parks, Monterey Peninsula College, California State University Monterey Bay, University of California Santa Cruz, and FORA) and Cooperating Entity (Bureau of Land Management) reviewed this draft document and submitted their comments in October 2011. That review included the draft HCP Implementing Agreement and Ordinance/Policy, which are appendices to the draft HCP and are being prepared separately by FORA. ICF addressed the comments received and submitted the draft document to USFWS/CDFG the week of March 19, 2012. The wildlife agencies' 90-day review period has ended. As of this writing, FORA has not received any comments from USFWS/CDFG. Assuming that the wildlife agencies submit comments shortly, this review period will be followed by 60 days for ICF to prepare a Screen Check draft that will undergo a 30-day review for legal compliance by the wildlife agencies' solicitors/legal departments. ICF would then respond to any comments/issues raised in 30 days. FORA staff would expect a Public Draft document to be available for public review by November 2012.

At the September 7, 2011 FORA Administrative Committee meeting, Jamie Gomes, Principal, from EPS presented information related to Economic and Planning Systems' ("EPS") review of HCP costs and endowment investment strategy. EPS provided an HCP endowment investment strategy that was incorporated into the draft HCP. Final approval of the endowment strategy rests with CDFG/USFWS. CDFG does not currently provide guidance on establishing an acceptable HCP endowment fund. However, Senator

Christine Kehoe has authored SB 1094, which would provide CDFG specific direction for issuing guidance on establishing HCP and other endowment funds. On April 25th 2012, Executive Officer Michael Houlemard and Principal Analyst Robert Norris attended a committee hearing for this bill. Mr. Houlemard testified in support of this key legislation.

FISCAL IMPACT:

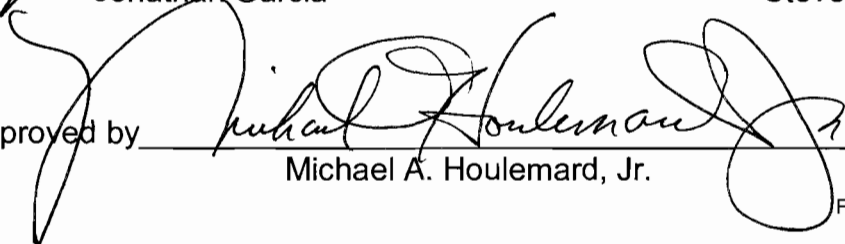
Reviewed by FORA Controller 

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

COORDINATION:

Executive Committee, Administrative Committee, Legislative Committee, HCP working group, FORA Jurisdictions, USFWS and CDFG personnel, ICF, Denise Duffy and Associates, and Bureau of Land Management.

Prepared by  Jonathan Garcia Reviewed by  Steve Endsley

Approved by  Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Executive Officer's Travel

Meeting Date: July 13, 2012

Agenda Number: 8f

INFORMATION

RECOMMENDATION(S):

Receive an informational travel report from the Executive Officer.

BACKGROUND:

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

Completed Travel

Destination: Sacramento, CA

Date: June 12-13, 2012

Traveler/s: Dave Potter, Michael Houlemard, Robert Norris

Purpose: To meet with Senate Staff and to attend the Senate Veterans Affairs Committee hearing on AB 1842 and the Senate Governance and Finance Committee hearing on AB 1614. Both bills passed with a unanimous vote.

Upcoming travel

None scheduled at this time.

FISCAL IMPACT:

Reviewed by FORA Controller 

Staff time for this item was included in the approved FY 11-12 budget. Travel expenses are reimbursed according to the FORA Travel Policy.

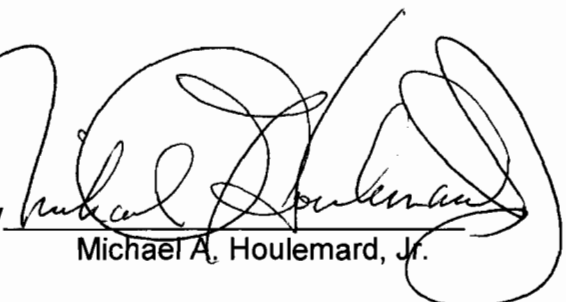
COORDINATION:

Executive Committee

Prepared by


Lena Spilman

Approved by


Michael A. Houlemard, Jr.