

FORA Phase III Capital Improvement Program Review

The Economics of Land Use



presented to

Fort Ord Reuse Authority

presented by

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Presentation Overview

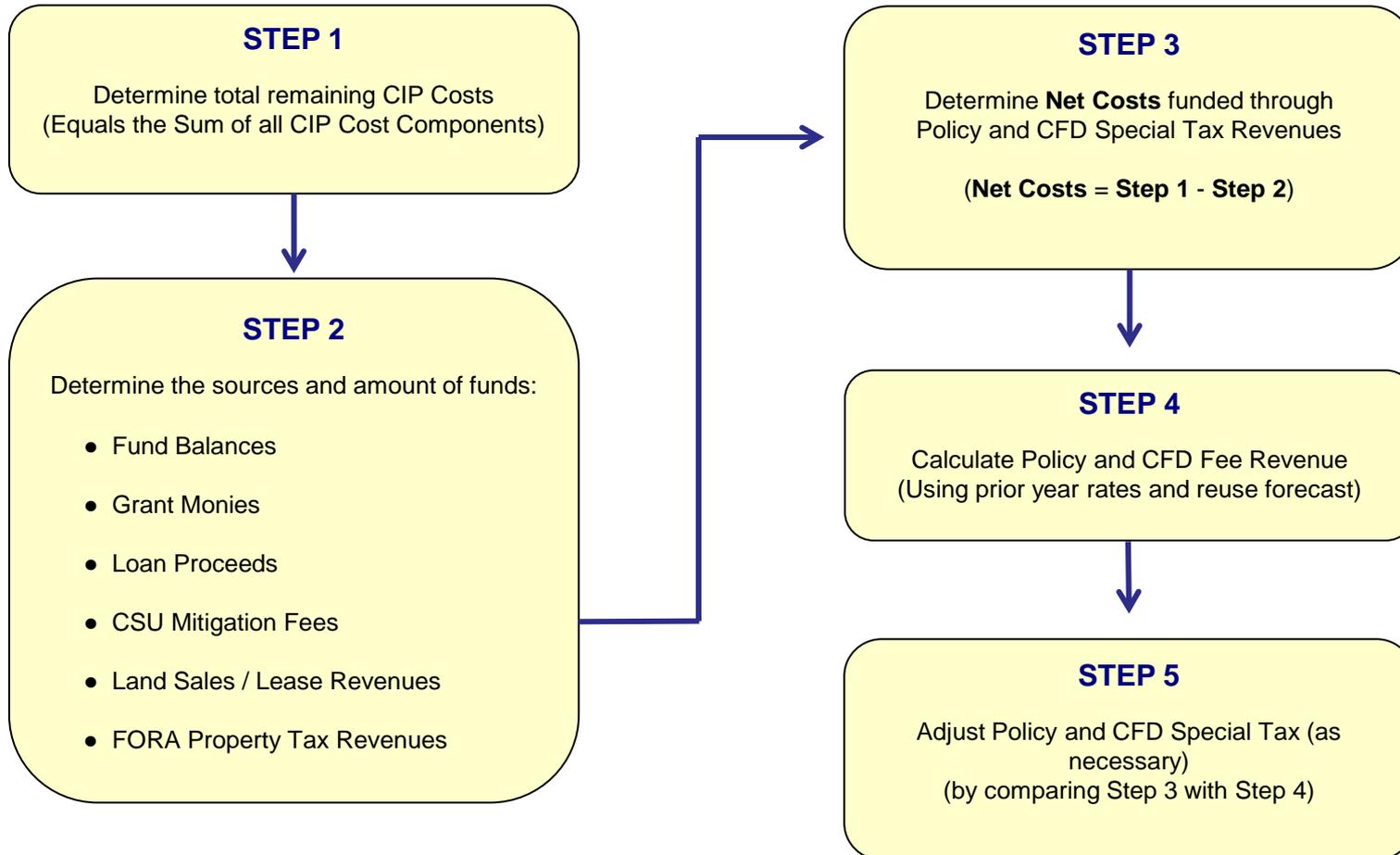
- Formulaic Approach – Key Elements
- CIP Review Process
- Summary of Results
- Detailed Results
- Key Issues & Sensitivity Analyses
- Conclusion – Questions and Input



Formulaic Approach – Key Elements

- Purpose = a more predictable methodology for adjusting the Policy & CFD Special Tax
- Integral Features:
 - Calibrates existing financing tools
 - Defined, transparent and predictable process
 - Fair, equitable, and proportional fact application
 - Fiscally prudent adjustments limiting FORA/member jurisdictions' risk

CIP Review Process



Summary of Results – Recommended Fee Adjustment

Land Use	Basis	Development Fee Policy/CFD Special Tax			
		Existing Rate	Preliminary Adjusted Rate	Difference	Percentage Change
		<i>July 1, 2013</i>	<i>May 6, 2014</i>		
			<i>ROUNDED</i>		
New Residential	per du	\$27,180	\$22,530	(\$4,650)	-17.1%
Existing Residential	per du	\$8,173	\$6,780	(\$1,393)	-17.1%
Office & Industrial	per acre	\$3,567	\$2,960	(\$607)	-17.1%
Retail	per acre	\$73,471	\$60,910	(\$12,561)	-17.1%
Hotel	per room	\$6,065	\$5,030	(\$1,035)	-17.1%

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Detailed Results – CIP and Other Costs

Item	Calculation	Amount
Remaining Capital Improvement Program and Other Costs		
Transportation/Transit	a	\$118,180,000
Water Augmentation - CEQA mitigation	b	\$24,016,000
Water Augmentation - voluntary contribution	c	\$0
HCP Endowment	d	\$40,110,000
HCP Endowment Contingency	e	\$20,283,000
Fire Fighting Equipment	f	\$0
Contingency (MEC, Soil mgt. plans, insurance retention, etc.)	g	\$17,727,000
Additional Utility and Storm Drainage Costs	h	\$0
Other Costs (PLL Insurance)	i	\$0
Other Costs (CFD Administration)	j	\$2,400,000
Subtotal CIP Costs	k = sum (a to j)	\$222,716,000
Preston Park Sale/ Loan Repayment	l	\$18,000,000
Developer Fee Repayment to Land Sale Revenue Account	m	\$6,793,000
Total Costs	n = k + l + m	\$247,509,000



Detailed Results – Estimated Sources of Funds

Item	Calculation	Amount
Estimated Sources of Funds		
Existing Fund Balances	o	\$0
Existing Fund Balance for HCP Endowment	p	\$6,043,000
Grants	q	\$0
CSU Mitigation Fees	r	\$0
Loan Proceeds	s	\$0
FORA Property Tax Revenues	u	\$11,221,000
Land Sale Revenues	t	\$67,732,000
Other Revenues	v	<u>\$0</u>
Total Sources of Funds	w = sum (o to v)	\$84,996,000

Detailed Results – CFD Special Tax Rate Adjustment

Item	Calculation	Amount
Total Costs	$n = k + l + m$	\$247,509,000
Total Sources of Funds	$w = \text{sum (o to v)}$	\$84,996,000
CFD Special Tax Revenue	$x = n - w$	\$162,513,000

FORA CFD Special Tax Revenue Summary

Estimated Policy & CFD Special Tax Revenue - Current Estimates	y	\$195,943,000
Net Cost Funded by Policy and CFD Special Tax Revenue	$z = x$	\$162,513,000
CFD Special Tax Required as a % of Maximum	$aa = z / y$	82.9%
Adjustment Factor Applied to Prior Year CFD Special Tax Rate	(Rounded)	82.9%

Key Issues and Sensitivity Analysis

- CIP Costs
 - MCWD Voluntary Water Contribution
 - HCP Endowment Payout Rate and Contingency
 - Transportation Costs & Contingencies

MCWD Voluntary Water Contribution – Sensitivity Analysis

Item	Quantity
CFD Special Tax Revenue Requirement - Current Estimates	\$162,513,000
MCWD Voluntary Water Contribution	\$21,700,000
CFD Special Tax Revenue Requirement - Including Voluntary Water Contr.	\$184,213,000
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Percent Change from Recommended Adjusted Fee	11.1%

HCP Endowment – Payout Rate Sensitivity

Item	Base Case (4.5% Payout)	Sensitivity Analysis	
		Sensitivity #1 (3.5% Payout)	Sensitivity #2 (2.0% Payout)
HCP Funding Requirement	\$40.1 M	\$48.9 M	\$67.7 M
HCP Contingency	\$20.3 M	\$0.0 M	\$0.0 M
Total HCP Funding	\$60.4 M	\$48.9 M	\$67.7 M

Difference from Base Case	\$0.0 M	-\$11.5 M	\$7.3 M
Percent Change from Recommended Adjusted Fee	0.0%	-5.8%	3.8%



Transportation Cost Contingency – Sensitivity Analysis

Item	Quantity
CFD Special Tax Revenue Requirement - Current Estimates	\$162,513,000

Contingency - Current Estimates (15% of Total Trans. Costs)	\$17,727,000
Adjusted Contingency (15% of FORA Lead Agency Trans. Project Costs)	\$5,055,000
Difference	(\$12,672,000)

CFD Special Tax Revenue Requirement - Adjusted Contingency	\$149,841,000

Percent Change from Recommended Adjusted Fee	-6.4%



Sensitivity Analysis Comparison

Item	Base Case* (17.1% Reduction)	Sensitivity Analysis			FORA Only Transportation Contingency
		MCWD Voluntary Water	HCP Endowment		
			3.5% Payout	2.0% Payout	
Estimated Policy & CFD Special Tax Revenue - Current Rates	\$195.9 M	\$195.9 M	\$195.9 M	\$195.9 M	\$195.9 M
Net Cost Funded by Policy and CFD Revenue	\$162.5 M	\$184.2 M	\$151.0 M	\$169.8 M	\$149.8 M
CFD Special Tax Required as % of Total Under Current Rates	82.90%	94.00%	77.10%	86.70%	76.50%
Resulting SFR Fee Rate	\$22,530	\$25,500	\$21,000	\$23,600	\$20,800

* Excludes MCWD Voluntary Water Contribution, Reflects 4.5% HCP Endowment Payout Rate, Includes 15% Contingency on all transportation costs.



Conclusion

- Recommendation: 17.1% Developer Fee Reduction
- Maintain contingencies until:
 - HCP Adopted/ JPA formed
 - HCP endowment holder (and payout rate) determined
 - Variable transportation costs/ proponent refined-reallocation study

Conclusion

- Questions and Input