

# Building Removal Program

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# Overview – Building Removal Program

- ▶ Remaining Buildings
- ▶ Financing Program
- ▶ Cost/Benefit Analysis
- ▶ Policy/Decision  
Makers  
Recommendation



## **Strategy: Remove all of the remaining buildings**

1. What is the cost?
2. How do we fund it?

## Existing contract among FORA, RDA, and Developer

1. Defines FORA's Building Removal cost
  - FORA paid \$22 M cash and \$4.6 M lands sales credits of \$46 M total
2. Identifies funding sources
3. Defines schedule
  - 2008 Recession affected schedule

**Does the contract need to be renegotiated?**

# Building Removal Estimate

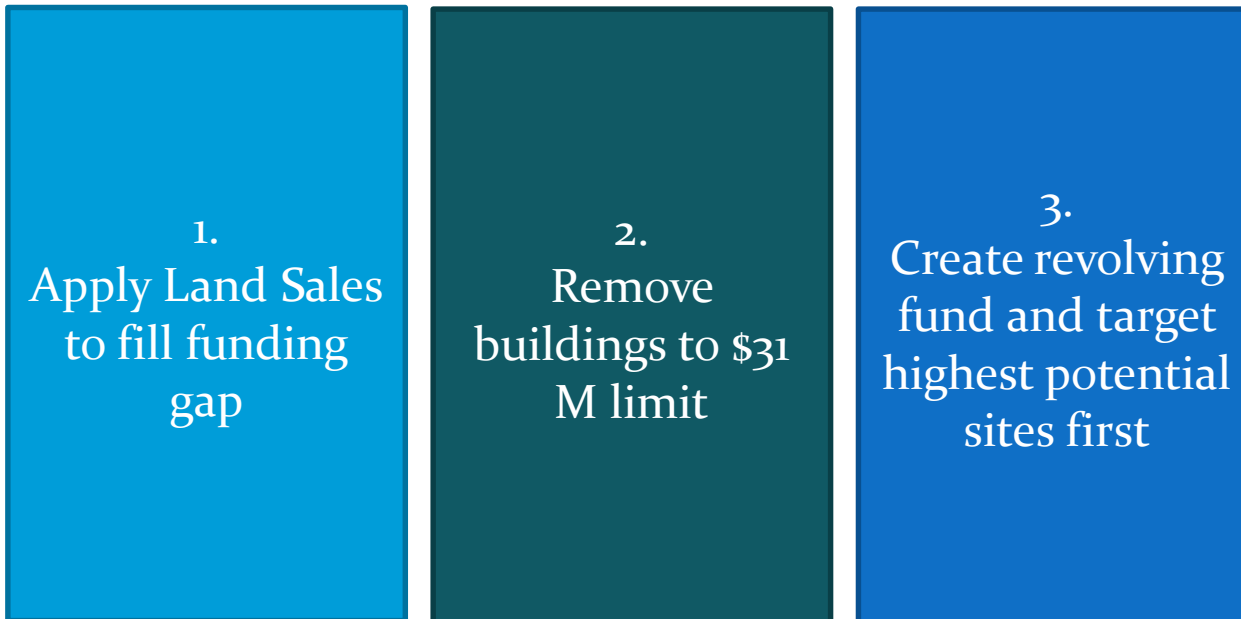
Seaside Surplus II (Remaining 10 buildings)		<b>(\$10 M)</b>
Marina Cypress Knolls	+	<b>(\$14 M)</b>
TAMC, MST	+	<b>(\$6 M)</b>
Marina City Park in Dunes Specific Plan	+	<b>(\$10 M)</b>
County Ammo Supply Point (bunkers remain)	+	<b>(\$2 M)</b>
Overhead (Operations, oversight) (5 years)	+	<b><u>(\$4.8M)</u></b>
Building Removal Estimate		<b>(\$46.8 M)</b>

**Rough estimate – FORA could bond its property taxes for \$31 million**

## **Assumptions:**

1. 30-year General Obligation Bond annual yields are at 3.65%
2. A conservative 5% interest rate with issuance fees
3. Annual payments of \$2 million on \$31 million debt
4. 30-year payoff results in \$29 million in interest and \$31 million in principal

Building Removal Estimate	(\$46.8 M)
FORA Property Tax Bonding	<u>+ \$31 M</u>
Funding Gap	(\$15.8 M)



## ▶ Funding Sources:

- **Property Taxes** – generated from Fort Ord Development, FORA could sell bonds with its portion (Jurisdiction coordination required)
- **Land Sales** – difficult to predict timing, may be appropriate to bridge funding gap
- **Grants** – partial de-listing as a Superfund site – EPA



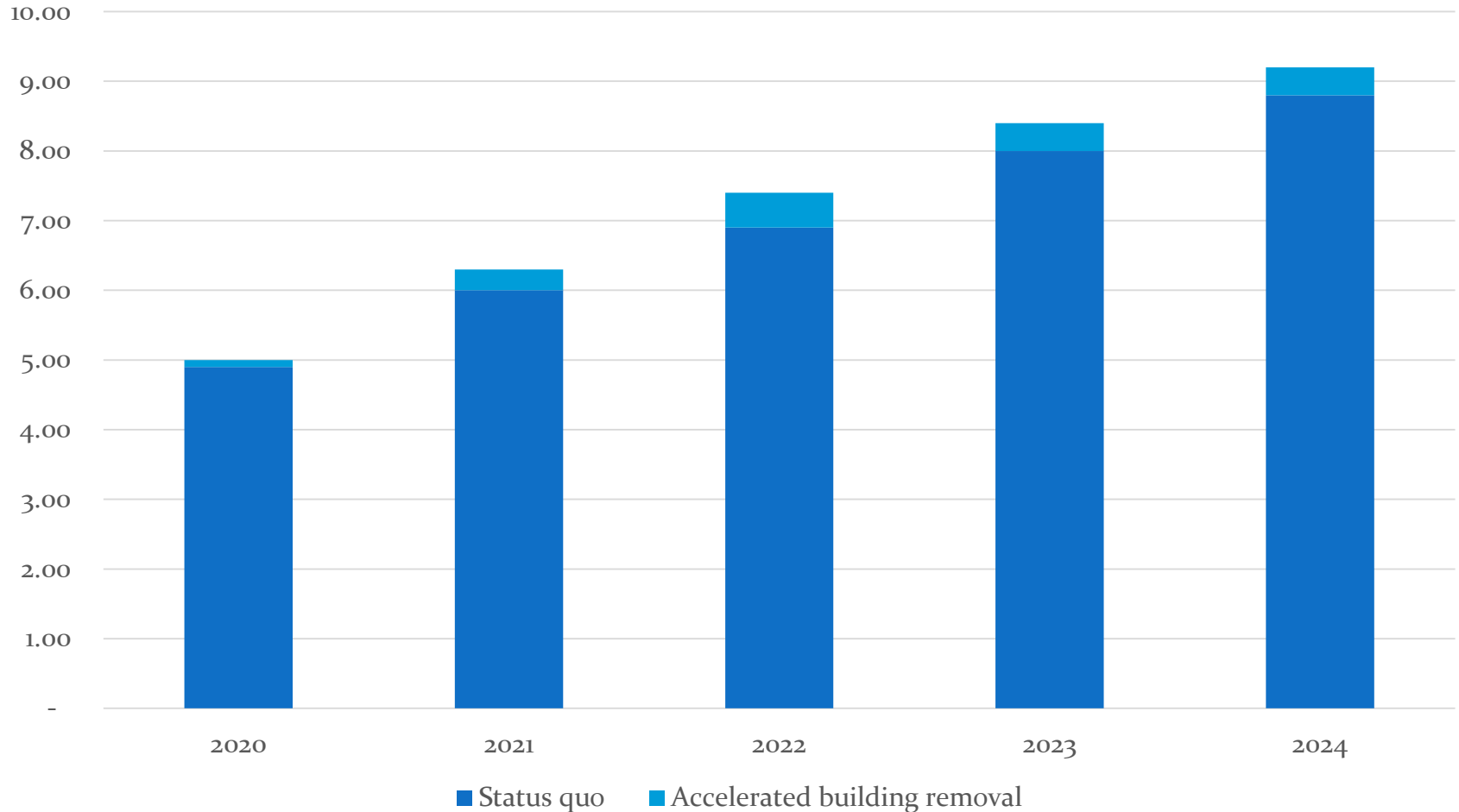
## ▶ Cost

- County foregoes approximately \$850K per year in property taxes after FORA dissolves
- Public safety concerns with abandoned buildings (arson, student safety, emergency response, liability)
- Homeless encampments set up in idle buildings
- Property and infrastructure maintenance costs

## ▶ Benefits

- Removes abandoned Ammo Supply Point buildings (\$2M)
- Accelerates property taxes by about \$300K per year
- Facilitates infill in already developed areas (Cities)
- Decreases demand to develop open space (County)
- Faster absorption of residential and commercial
- Increased population results in higher sales taxes

## Property Tax Projections



- ▶ **County Fort Ord Committee**
- ▶ **County Board of Supervisors**
- ▶ **Seaside City Council**
- ▶ **Marina City Council**
- ▶ **FORA Board**
- ▶ **Local Agency Formation Commission**

# Questions?

