

## FORT ORD REUSE AUTHORITY

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### MINUTES OF THE FORT ORD REUSE AUTHORITY BOARD OF DIRECTORS' MEETING

Carpenters Union Hall

March 11, 2011

#### 1. CALL TO ORDER

With a quorum present Chair Potter called the March 11, 2011 Board of Directors meeting to order at 3:32 p.m.

#### Voting members present:

Chair/Supervisor Potter (County of Monterey)  
1<sup>st</sup> Vice Chair/Mayor Edelen (City of Del Rey Oaks)  
Mayor Pendergrass (City of Sand City)  
Mayor Pro Tem Kampe (City of Pacific Grove)  
Councilmember Oglesby (City of Seaside)  
2<sup>nd</sup> Vice Chair/Mayor Pro-Tem O'Connell (City of Marina)

Councilmember Selfridge (City of Monterey)  
Councilmember Barrera (City of Salinas)  
Mayor McCloud (City of Carmel-by-the-Sea)  
Supervisor Parker (County of Monterey)  
Jim Cook (County of Monterey)

Absent: Councilmember Brown (City of Marina), Arriving after the roll call was Mayor Bachofner (City of Seaside).

#### Ex-Officio members present:

Graham Bice (University of California Santa Cruz ("UCSC")), John Marker (California State University Monterey Bay ("CSUMB")), Colonel Brewer (United States Army), Gail Youngblood (Base Realignment and Closure ("BRAC")), Dan Burns (Marina Coast Water District ("MCWD")), Debbie Hale (Transportation Agency of Monterey County ("TAMC")), Nicole Charles (27<sup>th</sup> State Assembly District), Dan Albert, Jr., (Monterey Peninsula Unified School District).

Absent was representation from the 15<sup>th</sup> State Senate District. Arriving after the roll call were: Vicki Nakamura (Monterey Peninsula College ("MPC")), Alec Arago (17<sup>th</sup> Congressional District), and Mike Gallant (Monterey Salinas Transit ("MST")).

**2. PLEDGE OF ALLEGIENCE** - Chair Potter asked Mayor Edelen, who agreed, to lead the Pledge of Allegiance.

**3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, CORRESPONDENCE** - none

**4. PUBLIC COMMENT** - Ron Chesshire commented about the letter he wrote for workers and businesses looking for answers to the bidding practices at Lower Stillwell and La Mesa Village Renovations.

**5. CONSENT AGENDA - Motion to approve the items on the Consent Agenda, was made by Supervisor Parker, seconded by Councilmember Oglesby, and carried.**

**OLD BUSINESS** - Executive Officer Houlemard noted that Item 6 was an information item only and did not need action to be taken by the Board. Mr. Houlemard commented that Acting Assistant Executive Officer/Director of Planning and Finance Steve Endsley would present an overview, followed by a short presentation by David Zehnder, and a brief presentation from the Building Industry Association ("BIA") regarding scenario and analysis.

Mr. Endsley gave a brief Capital Improvement Program ("CIP") overview and introduced David Zehnder. Mr. Zehnder gave a presentation (copy attached to these minutes Attachment "A") regarding the CIP Special Tax, response to Board questions, special tax reduction. He discussed cumulative feedback from the February 23<sup>rd</sup> and March 2<sup>nd</sup> Administrative Committee meetings and the March 2<sup>nd</sup> Executive Committee meeting. Mr. Zehnder described a New Option 2B, which responded to Board concerns and would allow the Fort Ord Reuse Authority ("FORA") to pay back \$12.2 million loaned from land sales proceeds through future Community Facilities District ("CFD") fee collections. This would enable FORA to support some of the jurisdictions' property management costs, which was a deleted contingency item to allow proposed Option 1 and Option 2 fee reductions Option 2b would reduce the new residential unit CFD fee rate to \$31,200 per unit and extend the CFD tax reduction for the life of FORA. Mr. Zehnder noted that extension of FOR A would provide a level of certainty for the reduced fee that is very important for developer comfort and presented a grid of options (outlined on slide #5). Mr. Zehnder also reviewed the Proposed Scope and Schedule for Phase II study.

Chair Potter asked the Board if they had questions. Councilmember Oglesby asked if it would take a vote of the electorate in order to increase the CFD tax. Legal Counsel Bowden answered that increasing the tax might require a vote of the people, although he was not clear on that issue. FORA CFD and assessment district counsel Paul Thimmig previously commented that FORA could reduce the CFD tax without a vote of the electorate. Mayor McCloud asked if Mr. Zehnder was concerned by the Governor's recent budget proposal to eliminate redevelopment agencies and, as a result, their tax increment revenue and how that might impact FORA's tax increment revenue. Mr. Zehnder replied that – the tax increment could be a strong revenue source for FORA, if it remains in place, but FORA's CIP does not rely on that funding source.

Chair Potter asked if Board members had additional questions. Seeing none, he asked the Building Industry Association ("BIA") of the Bay Area representative Crisand Giles to speak regarding the FORA CIP Review, as a special presentation under Public Comment for this item. Ms. Giles gave a PowerPoint Presentation (copy attached to these minutes Attachment "B"). During her presentation, she said that Option 2 deserved a line by line discussion stating that it would be helpful. She said that the FORA CIP addresses base-wide impacts identified in the 1997 Fort Ord Base Reuse Plan ("BRP") and BRP Environmental Impact Report ("EIR"). Ms. Giles gave an overview and analysis of the contingencies, transportation/transit improvements between Option 1 and Option 2. She said that the Transportation Agency of Monterey County ("TAMC ") created a phasing of projected transportation expenditures as related to Option 2. She pointed out a slide showing a "2021-2022 estimate of surplus cash flow at \$24M". Development Planning and Finance Group ("DPFG"), BIA's financial consultant, prepared a cash flow analysis of remaining mitigations, looking at different funding options.

Ms. Giles said that the BIA supports future CFD special tax analysis. She presented several future examples – scenarios that showed reducing the FORA CFD Fee from \$26,000 to \$20,000

with alternative funding (such as FORA's Tax Increment revenue). Ms. Giles thanked the Chair for the opportunity to speak to the Board.

Chair Potter asked that other members of the public wishing to speak approach the microphone.

Bob Shaffer asked why FORA would add land sales back in for Option 2B, and asserted that FORA will have sufficient land sales proceeds to cover building removal obligations in the future.

Chris Austin said that he was leery of the idea that adding back costs to the CFD is a good thing. We should study Option 2 first.

Ron Cheshire urged Board members not to "give away the farm." The CEQA obligations may be covered with the reduced fee, but the timing of the infrastructure may not be soon enough. Fairness is the question. He indicated that he did not believe that the Building Industry Association's proposed \$20,000 fee level is the right way to go. Developers agreed to land sales when the fees were higher. The public also needs to benefit. Is the community getting a benefit if we discount the fees to developers? He concluded with stating that 2 years is not long enough for the fee reduction, if there is one

Scott Hilk asked: how do we move forward? He stated that he would like to move forward with his project and has spent \$1.4M between FORA and the City in fees already. Can we afford that level? He said that he agrees with Mr. Cheshire that 2 years is not long enough for the fee to be reduced. He said that he would like to see the fee corrected and there are benefits to moving forward with development, which would have the byproduct of stimulating economic development for the entire region.

Doug Yount, Development Services Director for the City of Marina, thanked David Zehnder and Crisand Giles for an excellent presentation and commended the FORA staff. Mr. Yount said the obligation to move forward is extremely difficult. He said the City of Marina and other jurisdictions have an opportunity with lowering fees now as it could stimulate development in a difficult economic situation. He said there may be a "right-sizing of the fee" and that a competitive fee level was necessary or developers will build elsewhere other than Central Coast. He said the FORA legislated sunset needs to be looked at because the area was still recovering from the base closure and recent recession. He stated that the proposed \$29,600 fee level seemed right and competitive.

Chair Potter closed the public comment period and opened the discussion for Board comment. Mr. Houlemard said that staff would take the BIA report back to the Administrative Committee at their next meeting.

Debbie Hale stated that she was uncomfortable that TAMC information was used for the BIA report. She said that TAMC is looking at a longer period for contingencies beyond 2020. She stated three concerns with the definition of contingencies: 1.) Base \$115 million FORA share reflects actual project costs – engineering, design and environmental work are not "soft costs" contingencies they have to be paid according to the current statutory environment; 2.) Question: Is the \$17.4M set aside for MEC (Munitions and Explosives of Concern), soils management, right of way and caretaker costs? If so, these are not contingencies – (or is it 15% unspecified, unallocated costs on top of the CIP? – if it is then TAMC analysis does provide flexibility for unanticipated costs); and 3.) Affordable housing discount could be used in the future.

Graham Bice said he was concerned with the 2 year period. He said there is a risk of reduction that FORA can't meet requirements before the end of the life of FORA and it affects the main focus of the HCP (Habitat Conservation Plan). He said that there are a number of things that are unknown from the Department of Fish and Game which affects the endowment and that the risk of lowering the fee may fall to the jurisdictions. Mr. Bice stated that the California Department of Fish and Game may be moving the endowment cost up again and we should look very carefully at the \$35 million in the HCP. He stated his concerns regarding the time it takes to completely fund the HCP endowments.

Mayor Bachofner said he was concerned that this could be considered as a giveaway of public dollars. He said that maybe we should have the developers go back through the entitlement process, and further commented "what does the community get from a fee reduction?" He is concerned about what happens in the future and what happens to any leftover funds. He asked "How can FORA contribute more broadly to the region outside its borders?"

Mayor Pro-Tem O'Connell commented that the community would benefit if the fees were reduced. He said that the current fees are based on a better economy. He said we are not in a good economy and that the reduction is appropriate that the community will benefit if developers are given the go ahead.

Councilmember Oglesby commented on the fee and he said he realizes that developers need to be incentivized and make a profit but the fee cannot keep moving downward.

Mayor McCloud asked if an election would be necessary to reduce the CFD fee. She was concerned that any fee reduction - ensure that Fort Ord is paying its fair share of regional transportation and transit fees so that surrounding jurisdictions would not need to make up any shortfalls. Mayor McCloud also expressed that she was not in favor of fee reductions if the jurisdictions would then have to invoke fees when FORA is no longer in existence. She said that we should "remember what is at stake here: without completed development projects, there won't be taxes and other revenue for municipalities."

Alec Arago commented that FORA needs to keep the fee down to help affordable housing.

Mayor Edelen stated that a Phase II analysis is needed and that it should get done quickly. He said that with FORA going away in 2014 it does not leave much time.

Chair Potter stated that Mr. Houlemard had adequate information to take back to the Administrative and Executive Committees for further direction.

**7. NEW BUSINESS** – Mr. Houlemard stated that Item 7a was a request for authorization of staff to move ahead with the National Landscape Conservation System options. **Motion to approve was made by Supervisor Parker, Seconded by Mayor McCloud and carried.**

Mr. Houlemard reported on the Veterans Cemetery (Item 7b) stating that staff was working with Assemblymember Monning's office and, through a series of discussions, it would appear that significant savings could be realized if special legislation allowed California Department of Veterans Affairs ("CDVA") to contract with a local entity, such as FORA to design the project and complete other necessary items for CDVA's federal cemetery grant application. Mr. Houlemard noted that confirmation of this option was still awaiting CDVA responses. Staff's recommendation was that the Board members confirm conceptual approval for FORA to seek

specific legislation that would allow CDVA to contract with FORA to complete California Central Coast Veterans Cemetery ("CCCVC") design.

During public comment, Tom Mancini said that the Veterans Cemetery Advocacy members met and Assemblymember Monning is drafting the legislation to move this forward. Chair Potter said it was the most cost expedient way to move the project forward and that by FORA conducting the design work, instead of the California Department of General Services, it would significantly reduce the cost. Mayor McCloud asked if any of the design work could be done pro-bono and suggested Maya Lin who did the Veterans Memorial. Nicole Charles said that Assemblymember Monning was pleased to be working with FORA on this creative option saving in the range of 20% in project design costs. **Motion to approve staff's recommendation was made by Mayor Edelen seconded by Councilmember Oglesby and the motion carried.**

Gail Youngblood introduced Bill Collins, Habitat Manager for the BRAC office who made a presentation (Item 7c) regarding the Army Cleanup Program, including munitions remediation, ordinance removal, and soil and water contamination treatment work and burns being conducted on the former Fort Ord.

**8. EXECUTIVE OFFICER'S REPORT** – Mr. Houlemard reported that there was no action needed for Item 8e the Executive Officer and Chair were scheduled to have meetings with the Army, BLM, Office of Economic Adjustment, US Fish and Wildlife Service, Environmental Protection Agency, and Congressman Sam Farr's office. Under Item 8a, Mr. Houlemard said that staff was requesting authorization to make a payment agreement with the City of Marina similar to the agreement with the City of Seaside. Under Item 8g the Administrative Consistency Determination for Entitlement staff agrees with MCWD. **Mayor ProTem O'Connell made a motion to approve as amended stating that the City of Marina would make 2 equal payments May 1<sup>st</sup> and November 1<sup>st</sup> at 1% interest, the same rate that the City of Seaside was given last month. The motion was seconded by Supervisor Parker and carried.**

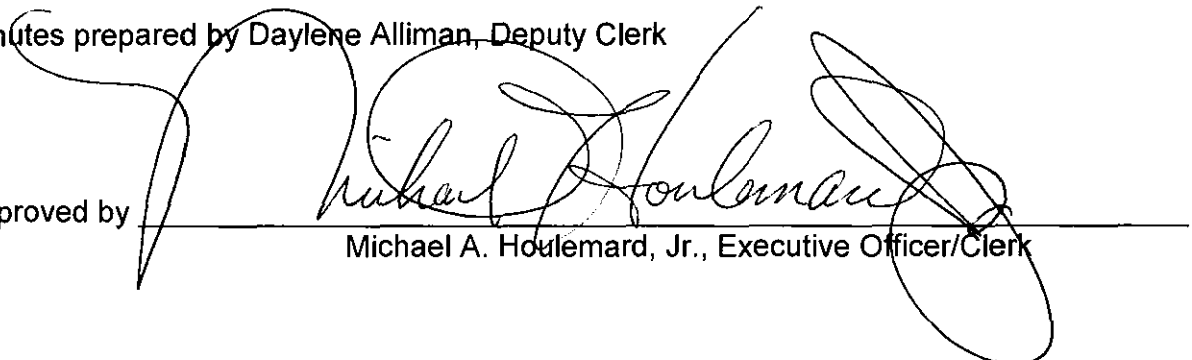
**9. ITEMS FROM MEMBERS** – Prior to beginning the closed session, Chair Potter asked for a moment of silence be given to respect those impacted by the devastating earthquake and tsunami in Japan.

**10. REPORT OUT OF CLOSED SESSION** –The Board conferred with negotiators and heard from legal counsel. A letter will be sent to the City of Marina and a meeting will be convened of the Ad Hoc Committee.

**11. ADJOURNMENT** – Chair Potter adjourned the meeting at 5:47 p.m.

Minutes prepared by Daylene Alliman, Deputy Clerk

Approved by

  
Michael A. Houlemard, Jr., Executive Officer/Clerk