



FORT ORD REUSE AUTHORITY

REGULAR MEETING

FORT ORD REUSE AUTHORITY (FORA) BOARD OF DIRECTORS

Friday, May 12, 2017 at 2:00 p.m.

910 2nd Avenue, Marina, CA 93933 (Carpenters Union Hall)

AGENDA

ALL ARE ENCOURAGED TO SUBMIT QUESTIONS/CONCERNS BY NOON MAY 11, 2017.

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE *(If able, please stand)*

3. CLOSED SESSION

- a. Conference with Legal Counsel – Gov. Code 54956.9(a): Keep Fort Ord Wild v. Fort Ord Reuse Authority, Monterey County Superior Court, Case No.:M114961
- b. Conference with Legal Counsel – Gov. Code 54956.9(a): Successor Agency of the Redevelopment Agency of the County of Monterey v. California Department of Finance, et al. Fort Ord Reuse Authority Real Party in Interest, County of Sacramento Superior Court, Case No.: 34-2016-80002403
- c. Public Employment, Gov. Code 54959.7(b) – Executive Officer Evaluation

4. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

5. ROLL CALL

FORA is governed by 13 voting members as follows: (a) One member appointed by the City of Carmel; (b) One member appointed by the City of Del Rey Oaks; (c) Two members appointed by the City of Marina; (d) One member appointed by Sand City; (e) One member appointed by the City of Monterey; (f) One member appointed by the City of Pacific Grove; (g) One member appointed by the City of Salinas; (h) Two members appointed by the City of Seaside; and (i) Three members appointed by Monterey County. The Board also includes 12 ex-officio non-voting members.

6. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE

7. CONSENT AGENDA

INFORMATION/ACTION

CONSENT AGENDA consists of routine items accompanied by staff recommendation. Background information has been provided to the FORA Board on all matters listed under the Consent Agenda. The Consent Agenda items are normally approved by one motion unless a Board member or the public request discussion or a separate vote. Prior to a motion being made, any member of the public or the Board may ask a question or make comment about an agenda item and staff will provide a response. If discussion or a lengthy explanation is required, that item will be removed from the Consent Agenda and be considered separately at the end of the Consent Agenda.

- a. Approve April 7, 2017 Board Meeting Minutes (p. 1)
- b. Administrative Committee (p. 5)
- c. Veterans Issues Advisory Committee (p. 11)
- d. Water/Wastewater Oversight Committee (p. 15)
- e. Finance Committee (p. 20)
- f. Legislative Committee (p. 24)
- g. Transition Task Force Status Update (p. 36)
- h. Executive Officer Travel Report (p. 38)
- i. Eastside Parkway Environmental Review Report (p. 39)
- j. Public Correspondence to the Board (p. 41)
- k. Prevailing Wage Report (p. 42)
- l. Annual Statement of Investment Policy and Local Agency Investment Fund Resolutions (p. 44)

8. BUSINESS ITEMS

BUSINESS ITEMS are for Board discussion, debate, direction to staff, and/or action. Comments from the public are not to exceed 3 minutes or as otherwise determined by the Chair.

- a. UC Monterey Bay Education Science and Technology Center Status (p. 47) **Information**
- b. Consider FORA FY 2017-18 Budget Adoption (p. 49) **Action**
- c. Capital Improvement Program (p. 58)
 - i. Consider Adoption of Budget/Program **Information/Action**
 - ii. 2017 TAMC FORA Fee Reallocation Study **Action**
 - iii. FORA Biennial Formulaic Fee Review **Information/Action**
- d. Regional Urban Water Augmentation (p. 63) Project Report **Information/Action**
- e. Consider Marina Coast Water District's Compensation Plan Resolutions (p. 64)
 - i. Adopt FY 2017-18 Proposed Budget and Ord Community Compensation Plan **Action**
 - ii. Adopt FY 2017-18 Proposed Ord Community Capital Elements **Action**
- f. Endorse MCWD as Groundwater Sustainability Agency (p. 72) **Action**

9. PUBLIC COMMENT PERIOD

INFORMATION

Members of the public wishing to address the Board on matters within its jurisdiction, but not on this agenda, may do so for up to 3 minutes and will not receive Board action. Whenever possible, written correspondence should be submitted to the Board in advance of the meeting, to provide adequate time for its consideration.

10. ITEMS FROM MEMBERS

INFORMATION

Receive communication from Board members as it pertains to future agenda items.

11. ADJOURNMENT

NEXT REGULAR BOARD MEETING: June 9, 2017

Persons seeking disability related accommodations should contact FORA 48 hrs prior to the meeting. This meeting is recorded by Access Monterey Peninsula and televised Sundays at 9 a.m. and 1 p.m. on Marina/Peninsula Channel 25. The video and meeting materials are available online at www.fora.org.



FORT ORD REUSE AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING MINUTES
2:00 p.m., Friday, April 7, 2017 | Carpenters Union Hall
910 2nd Avenue, Marina, CA 93933

1. CALL TO ORDER

Chair Rubio called the meeting to order at 2:00 p.m.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance led by Mayor Jerry Edelen.

3. CLOSED SESSION

- a. Conference with Legal Counsel – Gov. Code 54956.9(a): Keep Fort Ord Wild v. Fort Ord Reuse Authority, Monterey County Superior Court, Case No. M114961

4. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

Authority Counsel, Jon Giffen reported no action taken in closed session.

5. ROLL CALL

Voting Members Present:

| | |
|--|--|
| Supervisor Jane Parker (Monterey County) | Mayor Ralph Rubio(City of Seaside) |
| Supervisor John Philips (Monterey County) | Councilmember Dennis Alexander (City of Seaside) |
| Supervisor Mary Adams (Monterey County) | Mayor David Pendergrass(City of Sand City) |
| Mayor Jerry Edelen(City of Del Rey Oaks) | Mayor Joe Gunter (City of Salinas) |
| Councilmember Frank O'Connell (City of Marina) | Mayor Bill Kampe (City of Pacific Grove) |
| Councilmember Gail Morton(City of Marina) | Councilmember Jan Reimers(Carmel-by-the-Sea) |

Ex-officio (Non-Voting) Board Members Present: Debbie Hale (TAMC), Andre Lewis (CSUMB), Bill Collins (Ft Ord BRAC Office), Vicki Nakamura (MPC), Michelle Overmeyer (MST), Anthony Musa (20th Congressional District), Nicole Charles (17th State District Senate) Erica Parker (29th State Assembly)

Absent: Councilmember Alan Haffa (City of Monterey), Dr. PK Diffenbaugh (MPUSD), Dr. Donna Blitzer (UCSC), Dr. Thomas Moore (MCWD), Colonel Lawrence Brown (US Army)

Prior to the agenda items announcement, Board member Parker introduced an emergency item requiring Board action – a resolution acknowledging Mayor Dave Pendergrass.

Motion: On motion by Board member Parker and second by Board member Morton, and carried by the following vote, the Board moved to add an emergency item for action – resolution acknowledging Mayor Dave Pendergrass.

There were no comments received from the public.

MOTION PASSED UNANIMOUSLY

Michael Houlemard, Executive Officer, read the resolution.

Motion: On motion by Board member Rubio and second by Board member Adams and carried by the following vote, the Board approved the resolution acknowledging Mayor Dave Pendergrass.

There were no comments received from the public.

MOTION PASSED UNANIMOUSLY

6. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE

Mr. Houlemard acknowledged the Board received written correspondence regarding item 7f – Base Reuse Plan Post-Reassessment Category I Report. The item was pulled from the agenda until further review by Authority Counsel.

7. CONSENT AGENDA

- a. Approve March 10, 2017 Board Meeting Minutes
- b. Administrative Committee
- c. Veterans Issues Advisory Committee
- d. Water/Wastewater Oversight Committee
- e. Groundwater Sustainability Agency Report
- f. Base Reuse Plan Post-Reassessment Category I Report
- g. Environmental Services Cooperative Agreement Quarterly Report
- h. Building Removal Quarterly Report
- i. Public Correspondence to the Board
- j. Executive Officer Travel Report
- k. General Engineering Service Work Order No. 1
- l. Legal Services Contract Amendment – Kutak Rock, LLP

Chair Rubio read the Consent Agenda. Item 7f – Base Reuse Plan Post – Reassessment Category I Report was removed from the agenda. Amendments to item 8a – Approval of March 10, 2017 were read into the record by the Deputy Clerk.

Motion: On motion by Board member Phillips and second by Board member Gunter and carried by the following vote, the Board moved to approve the consent agenda with the aforementioned amendments.

There were no comments received from the public.

MOTION PASSED UNANIMOUSLY

8. BUSINESS ITEMS

a. Local Preference Policy: Amendment to Master Resolution

At the March 10, 2017 Board meeting, the Board requested staff to make adjustments to the Local Preference Policy report. Sheri Damon, Prevailing Wage/Risk Coordinator presented the requested adjustments and staff recommendation: the addition of a new subsection relating to procurement of services, amendment to the Master Resolution by adding the proposed language of Section 3.02.135 to encourage local preference in services contracts and to eliminate the expiration date in Section 3.03.040(d).

Public comment was received. Staff responded to questions and comments from the Board and public.

Motion: On motion by Board member Morton and second by Board member Edelen and carried by the following vote, the Board moved to amend the Master Resolution by deleting section 3.03.040 and add section 3.02.135.

b. Economic Development Quarterly Update

Mr. Houlemard provided a brief background on the progress of the Economic Development (ED) department since its inception as a result of action taken by the Board. The primary goal of FORA's ED effort is to assist the three county region in general and FORA jurisdictions specifically in economic recovery from the employment, business and other economic losses as a result of the base closure.

Josh Metz, Economic Development Manager presented metrics, opportunities, new website, and upcoming events reminding the Board and the public of Economic Development resources available at ordforward.org.

Public comment was received and staff responded to questions from the Board and public.

c. Staff Benefit Adjustment – 2d Vote

Mr. Houlemard reviewed the previous action taken by the Board. Jonathan Brinkmann, Principal Planner, made a statement on behalf of FORA staff in regards to the impact of the staff benefit adjustment and asked the Board to consider approving the motion made at the previous meeting.

Comments were received from the Board. There were no comments received from the public.

Motion: On motion by Board member Gunter and second by Board member Edelen and carried by the following vote, the Board moved to approve the change in staff health cost benefits.

Ayes: Edelen, O'Connell, Rubio, Alexander, Pendergrass, Gunter, Kampe

Noes: Parker, Morton, Adams, Phillips

MOTION PASSED

- d. Resolution fixing the Employer Contribution under the Public Employees' Medical and Hospital Care Act

Mr. Houlemard introduced the item and indicated that the action by the Board would codify the previous action taken on Business Item 8C – 2nd Vote Staff Benefit Adjustment.

There were no comments received from the public.

Motion: On motion by Board member Edelen and second by Board member Gunter and carried by the following vote, the Board moved to adopt Resolution No. 17-XX titled "Fixing the Employers Contribution at Unequal Amounts for Employees and Annuitants under the Public Employees' Medical and Hospital Care Act" updating Fort Ord Reuse Authority's (FORA) contribution to employees' health premium.

MOTION PASSED UNANIMOUSLY

9. PUBLIC COMMENT

There were no comments received from the public.

10. ADJOURNMENT at 3:56 p.m.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject: Administrative Committee

Meeting Date: May 12, 2017

Agenda Number: 7b

INFORMATION/ACTION

RECOMMENDATION:

Receive a report from the Administrative Committee.

BACKGROUND/DISCUSSION:

The Administrative Committee met on March 29, 2017 and April 12, 2017. The approved minutes for both dates are attached (**Attachment A & Attachment B**).

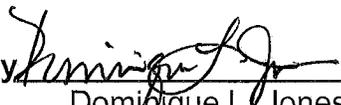
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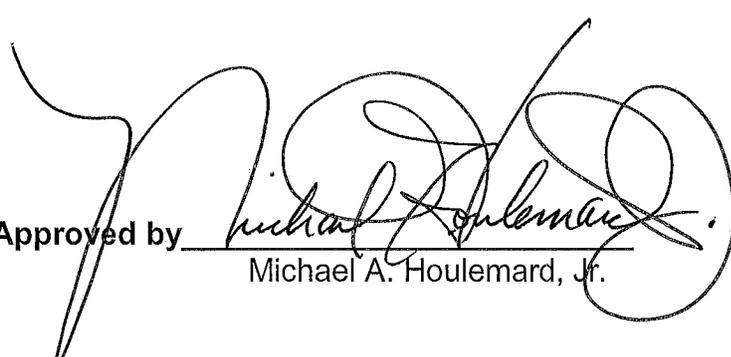
Reviewed by the FORA Controller 

Staff time for the Administrative Committee is included in the approved annual budget.

COORDINATION:

Administrative Committee

Prepared by 
Dominique L. Jones

Approved by 
Michael A. Houlemard, Jr.



FORT ORD REUSE AUTHORITY
ADMINISTRATIVE COMMITTEE REGULAR MEETING MINUTES
8:30 a.m., Wednesday, March 29, 2017 | FORA Conference Room
920 2nd Avenue, Suite A, Marina, CA 93933

1. CALL TO ORDER

Co-Chair, Craig Malin called the meeting to order at 8:30 a.m.

The following members were present:

AR = After Roll Call; * = voting member

- | | |
|--------------------------------------|--------------------------|
| Layne Long* (City of Marina) | Michelle Overmeyer (MST) |
| Craig Malin* (City of Seaside) | Vicki Nakamura (MPC) |
| Elizabeth Caraker (City of Monterey) | Patrick Breen (MCWD) |
| Nick Nichols* (Monterey County) | Bill Collins (BRAC) |
| Anya Spear (CSUMB) | |
| Steve Matarazzo (UCMBEST) | |

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Craig Malin

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Mr. Houlemard announced that public comment letters were received and sent to the Board regarding the Cal-Am Slant Well.

4. PUBLIC COMMENT PERIOD

Members of the public wishing to address the Administrative Committee on matters within its jurisdiction, but not on this agenda, may do so for up to 3 minutes.

There were no verbal comments received from the public.

5. APPROVAL OF MEETING MINUTES

ACTION

a. March 15, 2017 Regular Meeting Minutes

***MOTION:** On motion by Committee member Long and second by Committee member Nichols and carried by the following vote, the Administrative Committee moved to approve the regular meeting minutes for March 15, 2017.*

MOTION PASSED UNANIMOUSLY

6. April 7, 2017 FORA BOARD MEETING AGENDA REVIEW INFORMATION

Mr. Houlemard provided an overview of the agenda items for the April 7, 2017 Board meeting. There were no questions or comments from the Committee or public.

7. BUSINESS ITEMS INFORMATION

a. 2017 FORA Fee Reallocation Study

Peter Said, Project Manager, presented the item with consultant, Kimley-Horn. The forecasts for residential and non-developments were reviewed for fiscal year 2016/17; as well as, the FORA Area and Traffic Analysis Zone maps. Staff responded to questions, corrections and comments from the Committee and public. Mr. Said indicated the next steps would include completion of the secondary analysis and determination of the fee distribution.

b. Capital Improvement Program Draft Tables

Mr. Said presented the draft community facilities district revenue and the draft land sales revenue tables; as well as the fiscal year 2017/18 through Post-FORA development forecasts for residential annual land use construction (dwelling units), non-residential annual land use construction (building square feet or hotel rooms per year), forecast by acre and the property tax estimate. Staff responded to questions and comments from the Committee and public.

c. Base Reuse Plan Post-Reassessment Category I Report

Jonathan Brinkmann, Principal Planner and Mary Israel, Associate Planner presented the item. Staff responded to questions and comments from the Committee and public.

These items were information only, no action was taken by the Committee.

8. ITEMS FROM MEMBERS

There were no items reported from members.

9. ADJOURNMENT at 9:57 a.m.



FORT ORD REUSE AUTHORITY
ADMINISTRATIVE COMMITTEE REGULAR MEETING MINUTES
8:30 a.m., Wednesday, April 12, 2017 | FORA Conference Room
920 2nd Avenue, Suite A, Marina, CA 93933

1. CALL TO ORDER

Co-Chair, Michael Houlemard called the meeting to order at 8:30 a.m.

The following members were present:

AR = After Roll Call; * = voting member

Layne Long* (City of Marina)
Craig Malin* (City of Seaside)
Melanie Beretti* (Monterey County)
Dino Pick* (City of Del Rey Oaks)
Elizabeth Caraker* (City of Monterey)
Anya Spear (CSUMB)

Steve Matarazzo (UCMBEST)
Michelle Overmeyer (MST)
Vicki Nakamura (MPC)
Patrick Breen (MCWD)
Mike Zeller (TAMC)

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Keith Van Der Maaten.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

There were no acknowledgements, announcements or correspondence presented from staff, committee or the public.

4. PUBLIC COMMENT PERIOD

Members of the public wishing to address the Administrative Committee on matters within its jurisdiction, but not on this agenda, may do so for up to 3 minutes.

There were no verbal comments received from the public.

5. APPROVAL OF MEETING MINUTES

ACTION

a. March 29, 2017 Regular Meeting Minutes

The regular meeting minutes for March 29, 2017 were deemed accepted by the Administrative Committee as presented by the Deputy Clerk.

There were no comments received from the public or Committee.

6. APRIL 7, 2017 FORA BOARD MEETING AGENDA FOLLOW-UP

Jonathan Brinkmann, Principal Planner, reviewed the items on the April 7, 2017 Board meeting agenda. The items that were removed from the agenda were also reviewed.

There were no questions or comments from the Committee or public.

7. BUSINESS ITEMS

INFORMATION

a. 2017 FORA Fee Reallocation Study

Mr. Brinkmann introduced the item and Transportation Agency of Monterey County (TAMC) Principal Transportation Planner, Mike Zeller. Mr. Zeller reviewed study and Mr. Brinkmann reviewed the memorandum which provided the staff recommendation to approve "Option B". "Option B" follows the "fund local projects first" approach previously adopted by the 2005 FORA Fee Reallocation Study. This option assigns 100% of the construction cost to the local (On-Site, and some Off-Site) improvements, and then assigns a respective share to the remaining regional improvements".

Staff responded to questions and comments from the public and Committee.

MOTION: On motion by Committee member Pick and second by Committee member Malin and carried by the following vote, the Administrative Committee moved to approve Option B for use as the updated Capital Improvement Program (CIP) transportation baseline because it aligns with existing Board direction and best fits current budgetary resources.

AYES: Malin, Pick, Beretti, Caraker

NOES: Long

MOTION PASSED

b. FY 2017/18 Capital Improvement Program Budget

Peter Said, Project Manager, provided a review of the CIP budget and the 2017/18 obligatory project offsets and remaining obligations, completed projects, 2017/18 transportation network and transit elements by priority and the 2017/18 draft evidence based method for priority ranking.

Staff responded to questions and comments from the public and Committee.

MOTION: On motion by Committee member Malin and second by Committee member Pick and carried by the following vote, the Administrative Committee moved to recommend the Board adopt the FY 17/18 CIP Budget and CIP ranking with the amendment to move "2nd Avenue Extension" to ranking #9 and obtain a description of the historical context of the ranking priorities.

AYES: Malin, Pick, Beretti, Caraker

NOES: Long

MOTION PASSED

c. MCWD Request for Groundwater Sustainability Agency (GSA) support from FORA

Steve Endsley, Assistant Executive Officer, provided an overview of MCWD's request for support regarding the GSA. Keith Van Der Maaten, MCWD General Manager, provided background and reasoning behind the request for support. It was discussed that the jurisdictions should consider their position individually and if action is to be taken by FORA, it would go to the Board in May 2017 with a recommendation from the Administrative Committee.

8. ITEMS FROM MEMBERS

There were no items reported from members.

9. ADJOURNMENT at 10:21 a.m.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject: Veterans Issues Advisory Committee

Meeting Date: May 12, 2017

Agenda Number: 7c

INFORMATION/ACTION

RECOMMENDATION:

Receive an update from the Veterans Issues Advisory Committee (VIAC).

BACKGROUND/DISCUSSION:

The Veteran's Issues Advisory Committee met on March 23, 2017. The approved minutes for this meeting is attached (**Attachment A**).

FISCAL IMPACT:

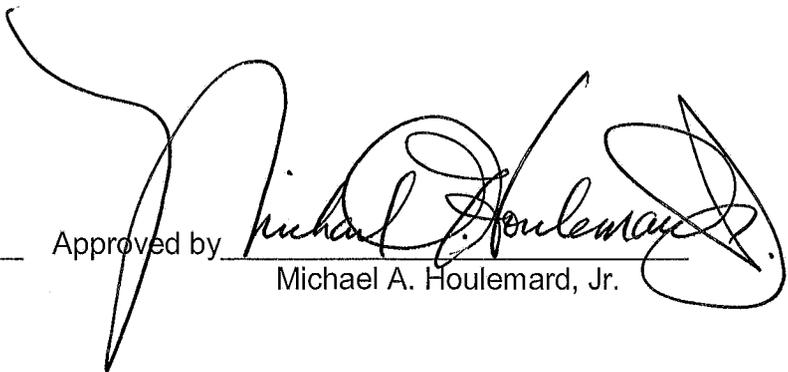
Reviewed by FORA Controller 

Staff time for this item is included in the approved annual budget.

COORDINATION:

VIAC

Prepared by 
Dominique L. Jones

Approved by 
Michael A. Houlemard, Jr.



**FORT ORD REUSE AUTHORITY
VETERANS ISSUES ADVISORY COMMITTEE (VIAC) MEETING MINUTES
3:00 P.M. March 23, 2017 | FORA Conference Room
920 2nd Avenue, Suite A., Marina CA 93933**

1. CALL TO ORDER

Ian Oglesby called the meeting to order at 3:00 P.M.

Committee Members:

James Bogan, Disabled American Vets
Col. Lawrence Brown, Presidio of Monterey
CSM Roberto Marshall, Presidio of Monterey
Mayor Jerry Edelen, City of Del Rey Oaks (Chair)
Edith Johnsen, Veterans Families
Jack Stewart, Fort Ord Veterans Cemetery Citizens Advisory Committee
Sid Williams, Monterey County Military & Veterans Advisory Commission (VAC)
Ian Oglesby, US Army Veteran
Mary Estrada, United Veterans Council

2. PLEDGE OF ALLEGIANCE led by Edith Johnsen.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Edith Johnsen shared the certificate honoring the interment of her husband at CCCVC from President Barack Obama.

4. PUBLIC COMMENT PERIOD

There were no verbal comments from the public

5. APPROVAL OF MEETING MINUTES

a. February 23, 2017 Regular Meeting Minutes

MOTION: On motion by Committee member Sid Williams and second by Committee member James Bogan and carried by the following vote, the VIAC moved to approve the February 23, 2017 meeting minutes with corrections to item 6bi – Central Coast Veterans Cemetery Foundation (CCVCF) Report to indicate that Edith Johnsen was not in attendance the Scottish American Military Society's annual meeting in Sacramento.

MOTION: PASSED UNANIMOUSLY

6. BUSINESS ITEMS

a. California Central Coast Veterans Cemetery (CCCVC) Status Report

i. Cemetery Administrator's Status

Mr. Houlemard indicated matters were proceeding smoothly at the Cemetery. An official report was not provided due to the absence of the Cemetery representative.

ii. Veterans Cemetery Land Use Status

iii. Fort Ord Committee Verbal Report: Oak Woodlands Mitigation & Endowment MOU

Mary Israel, Associate Planner, provided an overview of the discussion and actions taken at the Fort Ord Committee meeting regarding the Oak Woodlands Mitigation & Endowment MOU. Mr. Sid Williams provided a brief report of the discussion that occurred with Monterey County Supervisors, Mary Adams and Luis Alejo.

b. Fundraising Status

i. CCVCF Status Report

Richard Garza provided an update on the fundraising efforts and provided details regarding the American Legion Riders cross country ride and promotion efforts being made to support the event. The 2017 Hero's Open event date is scheduled for October 28, 2017 in former Fort Ord.

c. VA/DoD Veterans Clinic Status Report

Mr. Houlemard provided an update of the William H. Gourley Veterans Clinic project opening date rescheduled summer 2017.

i. Historic Flag Pole Variance Update

No changes were reported.

ii. Operational Schedule

After meeting with the design team, it was determined that there was intent to design and rectify the pole.

d. Veterans Transition Center (VTC) Housing Construction

Kurt Schake, VTC Executive Director provided an overview of the housing construction and provided information on the 16 unit extension that would be completed in April 2017.

e. Historical Preservation Project (HPP)

Mr. Cliff Guinn reported on the item and announced that a meeting would be held on March 24, 2017 to discuss the limited funding and assessing cost. It was also reported that interest was expressed regarding the HPP collaborating efforts with the Monterey Historical Society.

7. ITEMS FROM MEMBERS

Mr. James Bogan reported on a meeting that was held with the California Department of Veterans Affairs (CalVet) Secretary, Vito Imbasciani. The purpose of the meeting was to plan for a discussion with local veteran services organizations with regard to

how to utilize the Veterans Transition Center as an example of providing services to homeless veterans (male & female).

Mr. Wes Morrill announced the first women's transitional summit that will be held at VTC in April 2017.

8. ADJOURNMENT at 3:29 P.M.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject: Water/Wastewater Oversight Committee

Meeting Date: March 10, 2017

Agenda Number: 7d

INFORMATION/ACTION

RECOMMENDATION:

Receive a recommendation from the Water/Wastewater Oversight Committee (WWOC).

BACKGROUND/DISCUSSION:

The WWOC met on March 15, 2017 and April 12, 2017. The agendas included review of Marina Coast Water District (MCWD) Fiscal Year (FY) 2017-2018 draft budget and the Fiscal Year 2017-2018 draft 5 year Capital Improvement Program (CIP). The approved minutes for both dates are attached (**Attachment A & Attachment B**). The Committee reviewed MCWD's past performance on *actual* versus *estimated* revenue/expenditure analysis, determining that the analysis would best inform the future FY 2018-2019 process.

On April 26, 2017, the WWOC voted 3-1 to recommend the MCWD's proposed Budget and CIP for FY 2017-2018 as presented.

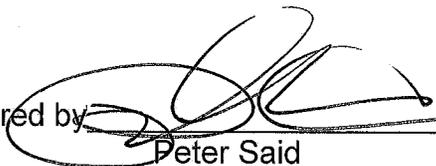
FISCAL IMPACT:

Reviewed by FORA Controller 

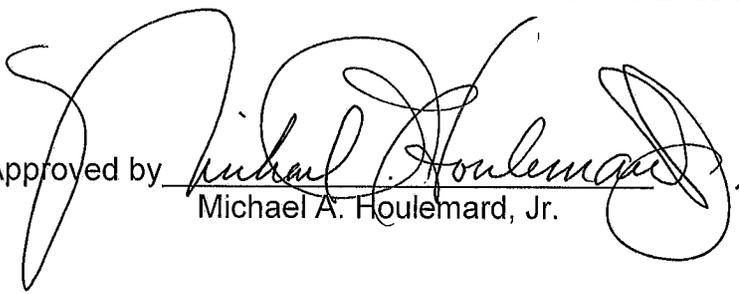
Staff time for this item is included in the approved FORA budget.

COORDINATION:

WWOC, Administrative Committee, Executive Committee, Marina Coast Water District

Prepared by 
Peter Said

Approved by 
Steve Endsley

Approved by 
Michael A. Houlemard, Jr.



**FORT ORD REUSE AUTHORITY
WATER/WASTEWATER OVERSIGHT COMMITTEE
MEETING MINUTES**

920 2nd Avenue, Suite A, Marina CA 93933 | FORA Community Information Center
9:45 A.M., Wednesday, March 15, 2017

1. CALL TO ORDER

Confirming quorum, Chair Rick Riedl called the meeting to order at 9:45 A.M. The following were present:

Committee Members:

Nick Nichols, Monterey County
Steve Matarazzo, UCSC
Mike Lerch, CSUMB
Brian McMinn, City of Marina
Rick Riedl, City of Seaside
Dennis Allion, City of Del Rey Oaks

Bob Schaffer
Doug Yount, MCP
Ken Nishi
Sean Kranyak, M.P.P.

Other Attendees:

Mike Wegley, Marina Coast Water District
Kelly Cadiente, Marina Coast Water District
Patrick Breen, Marina Coast Water District

FORA Staff:

Steve Endsley
Jonathan Brinkmann
Peter Said

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Rick Riedl

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Mr. Dennis Allion announced that he was attending as an alternate Committee Member representing the City of Del Rey Oaks.

4. PUBLIC COMMENT PERIOD

There were no verbal comments received from the public.

5. APPROVAL OF MEETING MINUTES

a. February 22, 2017 Minutes

MOTION: Committee member Rick Riedl moved to approve the February 22, 2017 Water/Wastewater Oversight Committee (WWOC) minutes. Seconded by Steve Matarazzo. Dennis Allion abstained.

MOTION PASSED: UNANIMOUSLY.

6. BUSINESS ITEMS

a. Review Fiscal Year (FY) 2017-18 Draft Budget

Ms. Kelly Cadiante of Marina Coast Water District (MCWD) provided the Committee with the FY 2017/18 Draft Budget. Ms. Cadiante requested members to email questions to her. In an effort to maintain consistency of information shared and questions answered, Ms. Cadiante will include the entire Committee email distribution list when responding. The final budget will be presented at the April 2017 meeting.

MOTION: Committee member Steve Matarazzo moved that all Committee members review the FY 2017-2018 draft budget, email Ms. Cadiante with any questions, and include Peter Said of FORA in any communications. Seconded by Committee member Nick Nichols.

MOTION PASSED UNANIMOUSLY.

b. Frequently Asked Questions (F.A.Q) on Local Water Supply

Peter Said of FORA presented a draft Local Water Supply F.A.Q document to address misinformation in the public regarding water issues. He requested the Committee review and provide input on the questions and answers. Mr. Steve Endsley of FORA highlighted major ideas of the document. It currently contains four main categories of questions – and staff would welcome additional questions. Mr. Mike Wegley of MCWD proposed to add a question regarding where MCWD is with annexation.

Mr. Endsley stated that next steps would involve providing any changes to Mr. Said. The WWOC will review and Mr. Said will forward to Michael Houlemard, Executive Director and Sheri Damon, Risk Coordinator, followed by Keith Van Der Maaten of MCWD. After all reviews are complete, WWOC will review the final version prior to endorsing the Local Water Supply Frequently Asked Questions document for release through various outlets.

The Committee continued the topic to a future meeting.

7. ITEMS FROM MCWD

None.

8. ITEMS FROM MEMBERS

None.

9. ADJOURNMENT

Chair Riedl adjourned the meeting at 10:50 a.m.

NEXT MEETING: April 12, 2017



**FORT ORD REUSE AUTHORITY
WATER/WASTEWATER OVERSIGHT COMMITTEE
MEETING MINUTES**

920 2nd Avenue, Suite A, Marina CA 93933 | FORA Conference Room
10:30 a.m., Wednesday, April 12, 2017

1. CALL TO ORDER

Confirming quorum, Scott Ottmar called the meeting to order at 10:30 a.m. The following were present:

Committee Members:

Scott Ottmar, City of Seaside
Mike Lerch, CSUMB
Brian McMinn, City of Marina
Steve Matarazzo UCSC

Other Attendees:

Mike Wegley, MCWD
Kelly Cadiente, MCWD
Patrick Breen, MCWD
Bob Schaffer
Kristie Reimer, RAC
Dino Pick, City of Del Rey Oaks

FORA Staff:

Steve Endsley
Jonathan Brinkmann
Peter Said

2. PLEDGE OF ALLEGIANCE led by Peter Said.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Peter Said reported to the Committee that Marina Coast Water District (MCWD) delivered a letter to the Fort Ord Reuse Authority Administrative Committee seeking support to remain the exclusive Groundwater Sustainability Agency for the area.

Brian McMinn announced that a ribbon cutting ceremony is scheduled for Thursday, April 20, 2017 for completion of the roundabout on Del Monte Road in Marina.

4. PUBLIC COMMENT PERIOD

None.

5. APPROVAL OF MEETING MINUTES

a. MOTION: Steve Matarazzo moved to approve the March 15, 2017 Water/Wastewater Oversight Committee (WWOC) minutes. Seconded by Brian McMinn.

MOTION PASSED: UNANIMOUSLY.

6. BUSINESS ITEMS

a. MCWD Draft FY 2017-18 Budget Updates

Ms. Kelly Cadiente of Marina Coast Water District (MCWD) presented the Committee with the list of changes included in the revised draft FY 2017-18 budget, and provided highlights. The original draft budget was provided to the Committee at the last meeting on March 15, 2017. Mr. Mike Wegley of MCWD shared updates to Capital Improvement Projects. Ms. Cadiente reminded the Committee that a special meeting is scheduled for April 26, 2017 where further budget discussions will be had to ultimately recommend adoption of the budget to the FORA Board. Ms. Cadiente answered questions from the Committee.

7. ITEMS FROM MCWD

None.

8. ITEMS FROM MEMBERS

None.

9. ADJOURNMENT

Peter Said adjourned the meeting at 11:15 a.m.

NEXT MEETING: April 26, 2017

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject: Finance Committee

Meeting Date: May 12, 2017

Agenda Number: 7e

INFORMATION/ACTION

RECOMMENDATION:

Receive a report from the Finance Committee.

BACKGROUND/DISCUSSION:

The Finance Committee met on February 28, 2017 and April 19, 2017. The approved minutes of the February 28, 2017 are attached (**Attachment A**).

FISCAL IMPACT:

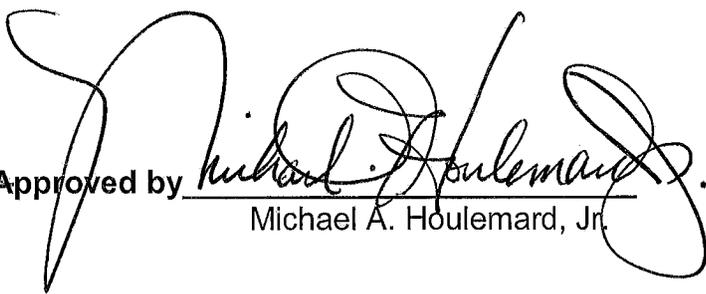
Reviewed by the FORA Controller 

Staff time for the Finance Committee is included in the approved annual budget.

COORDINATION:

Finance Committee

Prepared by 
Dominique L. Jones

Approved by 
Michael A. Houlemard, Jr.



FORT ORD REUSE AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
3:00 p.m., February 28, 2017 | FORA's Conference Room
920 2nd Avenue, Suite A, Marina CA 93933

1. CALL TO ORDER

Chair Gunter called the meeting to order at 3:00 PM.

Members Present:

Joe Gunter (City of Salinas) (Chair)
Gail Morton, City of Marina
Alan Haffa, City of Monterey
John Phillips, County of Monterey
Cynthia Garfield (City of Pacific Grove)

Members Absent:

Andre Lewis, CSUMB

2. PLEDGE OF ALLEGIANCE led by Chair Gunter

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE Michael

Houlemard, Executive Officer, acknowledged the newly appointed chair and members of the Finance Committee.

4. PUBLIC COMMENT PERIOD

There were no comments received from the public.

5. APPROVAL OF MEETING MINUTES

a. Regular Meeting Minutes of December 2, 2016

Staff responded to questions and provided information regarding the December 2, 2016 meeting minutes. Public comment was received.

MOTION: *On motion by Committee member Haffa, second by Committee member Morton and carried by the following vote, the Committee approved the minutes of December 2, 2016.*

MOTION PASSED UNANIMOUSLY

6. **BUSINESS ITEMS**

- a. FY 16-17 Mid-Year Budget
Mid-Year Adjustments, Review and Discussion
Consider Recommending FORA Board budget approval

Mr. Houlemard and Helen Rodriguez, Controller reviewed the FY 16-17 Mid-Year budget and defined the budget categories. The Committee discussed the numbers provided in the draft budget and staff explained the programs and missions associated with the proposed budget.

The Committee acknowledged that there is adequate funding for the Mid-Year Budget adjustments and recommended increasing the CalPers termination liability set aside to \$2.0M. Additionally, Chair Gunther asked the FC members for recommendation to the Executive Committee regarding the proposed staff benefit adjustment. Member Morton and Garfield expressed concerns with the staff proposed health benefit adjustment and proposed no adjustment to staff health benefits. Member Haffa expressed support for the proposed increased staff health benefit.

MOTION: *On motion by Committee member Morton, second by Committee member Garfield, and carried by the following vote, the Committee recommended the mid-year budget as revised for the CalPers termination liability set aside and FC committee members' concern regarding the proposed staff health benefit adjustment be relayed to the Executive Committee.*

MOTION PASSED UNANIMOUSLY

- b. Auditor Selection
Ms. Rodriguez noted that, in the past, it was required that the audit firm rotate every 5 years. With the change in audit standards, the requirement is that only the auditor in charge rotate every five years, not audit firms. Due to the unknown future of FORA within the next five years – staff recommended to remain with the current auditor firm, Moss Levy Hartzheim. The 2017 meeting calendar was also discussed in attempt to determine a date in which the Committee could reconvene. Staff responded to questions and comments from the Committee.

MOTION: *On motion by Committee member Morton and second by Committee member Garfield and carried by the following vote, the Committee moved to remain with Moss Levy Hartzheim Auditing Firm for the next FY 16/17.*

MOTION PASSED UNANIMOUSLY

c. 2017 Meeting Calendar

MOTION: *On motion by Committee member Morton and second by Committee member Garfield and carried by the following vote, the Committee moved to meet on April 19, 2017 at 2:30 p.m. and May 3, 2017 at 2:00 p.m.*

MOTION PASSED UNANIMOUSLY

7. ITEMS FROM MEMBERS

Committee Haffa suggested the Committees review FORA's priorities and forward them to the Board of Directors for consideration.

8. ADJOURNMENT at 4:09 PM.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject: Legislative Committee

Meeting Date: May 12, 2017

Agenda Number: 7f

INFORMATION/ACTION

RECOMMENDATION:

Receive a report from the Legislative Committee.

BACKGROUND/DISCUSSION:

The Legislative Committee met on April 20, 2017 and approved the October 31, 2016 meeting minutes (**Attachment A**).

The Legislative Committee also reviewed the 2017 Annual FORA Legislative Agenda (**Attachment B**) which was approved by the Board on November 4, 2016; and received a report on proposed positions on State Legislation (**Attachment C**).

The Executive Officer reported to the Committee that any federal and state legislative missions may be postponed. The status of the mission will be reported back at a later date as to whether a legislative mission is needed.

The Committee recommended the Board schedule the 2017 legislative session with the elected State legislators at the June 9, 2017 Board meeting. The proposed date is subject to the availability of the State legislators.

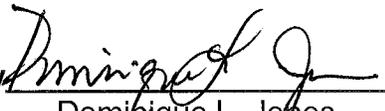
FISCAL IMPACT:

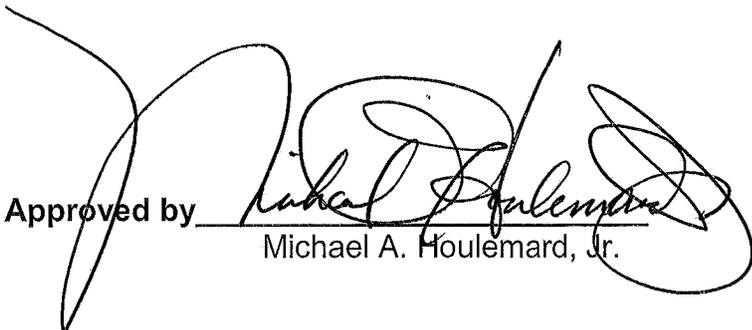
Reviewed by the FORA Controller 

Staff time for the Legislative Committee is included in the approved annual budget.

COORDINATION:

Legislative Committee

Prepared by 
Dominique L. Jones

Approved by 
Michael A. Houlemard, Jr.



FORT ORD REUSE AUTHORITY (FORA)

LEGISLATIVE COMMITTEE MEETING MINUTES

2:30 p.m., Monday, October 31, 2016
920 2nd Avenue, Suite A, Marina CA 93933

1. CALL TO ORDER

Mayor Jerry Edelen called the meeting to order at 2:33 p.m.

Voting Members Present:

Chair/Supervisor Potter (Monterey County)
Mayor Rubio (City of Seaside)
Mayor Pro-Tem O'Connell (City of Marina)
Mayor Edelen (City of Del Rey Oaks)

Voting Members Absent:

Mayor Pendergrass (City of Sand City)

2. PLEDGE OF ALLEGIANCE

Pledge of allegiance was led by Mayor Edelen.

3. ACKNOWLEDGMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Michael Houlemard, Executive Officer, announced the upcoming Prevailing Wage training to be held on November 1, 2016.

4. PUBLIC COMMENT PERIOD

There were no verbal comments received from the public.

5. APPROVAL OF MEETING MINUTES

a. May 4, 2016 Legislative Committee Minutes

At the time the item was presented, a quorum had yet to be established. There was no action taken on this item.

6. BUSINESS ITEMS

a. 2017 Annual Fort Ord Reuse Authority Legislative Agenda

Mr. Houlemard reviewed the FORA Legislative Agenda. The committee provided comments and staff answered questions regarding the details of the legislative agenda. At the time the item was presented, a quorum had yet to be established. There was no action taken on this item.

b. Report on Fort Ord Reuse Authority Transition Planning and Update on Transition Task Force

Steve Endsley, Assistant Executive Officer and Sheri Damon, Prevailing Wage/Risk Coordinator presented the item. Staff provided a status overview that included the proposed recommendation for legislative extension through 2030, details of the CEQA mitigations, the post FORA CIP obligations and scenario analysis. The committee discussed the transition plan as presented, provided comments and staff answered questions.

7. ITEMS FROM MEMBERS

There were no items from members.

8. PUBLIC COMMENT PERIOD

The Committee received public comment.

9. ADJOURNMENT

Chair Potter adjourned the meeting at 3:40 p.m.



Fort Ord Reuse Authority 2017 LEGISLATIVE AGENDA

This report outlines the 2017 Fort Ord Reuse Authority (FORA) legislative program and tasks. The FORA 2017 Legislative Agenda defines Board policy, sets legislative, regulatory, or federal/state resource allocation/direction, and supports the 1997 Base Reuse Plan's (BRP) and the 2012 BRP Reassessment Report guidance for replacing former Fort Ord military regional economic contributions with comparable level civilian activity/programs. The Legislative Agenda is meant to assist state and federal agencies/legislative offices regarding property transfer, economic recovery/reuse, environmental remediation, habitat management/conservation, and infrastructure and mitigation funding. The order in which the tasks are presented herein does not imply ranking or priority. Each item is considered a "priority" in achieving FORA's objectives.

A. HABITAT CONSERVATION PLAN (HCP). Continue/enhance ongoing coordination with federal and state legislative representatives to secure/expedite HCP issuance.

Issue:

HCP approval remains critical to former Fort Ord reuse. Alternatives to a base wide HCP, such as project by project permitting, are costly and time consuming and are not as effective in managing or protecting endangered species.

Benefits:

HCP approval both protects valuable habitat and enables effective regional job and housing creation.

Challenges:

HCP processing over the past ten years has been difficult and costly. Insufficient federal and state agency resources and overlapping regulatory barriers have thwarted the HCP process. Multiple agency coordination requires communication and encouraging cooperation.

Proposed Position:

- Support legislative and regulatory coordination, state and federal resources, and strong advocacy to enable speedy reviews and processing.
- Coordinate with U.S. Fish and Wildlife Service, U.S. Department of Interior/ Bureau of Land Management (BLM), California Department of Fish and Wildlife (CDFW), the 20th Congressional District, the 17th State Senate District and the 29th State Assembly District to finalize agreements regarding habitat management on BLM's Fort Ord National Monument, UC Natural Reserve and CA State Parks land in order to complete/implement the HCP.

B. ECONOMIC RECOVERY SUPPORT. Support statewide and regional efforts to create local jurisdiction economic recovery, base reuse financing and consider/support innovative building removal funds.

Issue:

The loss of “redevelopment financing” and other refinancing tools to assist in implementing base closure recovery programs was a heavy blow to FORA’s member jurisdictions. Jurisdictional funding has dropped and substitute financial tools to support economic reuse/recovery initiatives do not match past vehicles set up to support the replacement infrastructure and mitigations. FORA provided an initial two years of funding for an economic development program including staffing, engaging with regional partnerships and local agency program support. Additional programs are still required for building removal.

Benefits:

Sufficient funding resources for the reuse and recovery from former Fort Ord closure and other military bases. Funding support for economic development programs, habitat management protection, building removal, or other infrastructure demands associated with the reuse programs. Removal of buildings that create a “ghost town” effect are a disincentive to investment.

Challenges:

- Obtaining agreement to use tax or special district funds to create special financing districts to support targeted economic recovery, affordable housing and/or infrastructure in the climate of limited resources.
- State funding sources remain unclear.

Proposed Position:

Support legislation, activating local agency processes for economic development.

- Support establishment of Military Base Reuse “Recovery Zones.”
- Support legislation for incentive based mechanisms to strengthen jurisdictions’ ability to enable/implement base closure recovery programs.
- Consider the addition of newly adopted financing mechanisms for jurisdictional support.
- Continue funding and resource development for economic recovery.

C. VETERANS CEMETERY. Continue support/expansion of the California Central Coast Veterans Cemetery (CCCVC) development on the former Fort Ord.

Issue:

Burial space for California Central Coast veterans is inadequate. The former Fort Ord is both ideally suited and centrally located and an appropriate facility has now been opened to serve the veteran community. A site was set aside/designated in the 1990s for a veterans’ cemetery and the FORA Board of Directors gave support through previous actions of the establishment of the California Central Coast Veterans Cemetery (CCCVC). After multiple actions over 20 years the CCCVC was opened by the CA Department of Veterans Affairs (CDVA) for above ground columbaria, administration and maintenance buildings, a committal shelter, landscaping, and infrastructure for initial operation in October 2016. Future expansion requires additional design, planning, and review and includes in-ground gravesites and additional columbaria, as well as other potential ancillary uses and would complete the project anticipated in the Base Reuse Plan.

Benefits:

The CCCVC offers final resting places for the region's 50,000 (approx.) veterans. Burial plots would enable an option for those who for religious or other reasons prefer such an option.

Challenges:

Cemetery expansion will require significant coordination between FORA, the CCCVC Foundation, the California Department of General Services (DGS), CDVA, US Department of Veterans Affairs (USDVA), the City of Seaside, the County of Monterey, and other state/federal agencies.

Proposed Position:

- Support DGS and CDVA construction expansion efforts.
- Support efforts to sustain priority standing for the CCCVC with CDVA and USDVA.
- Promote continued vigilance and cooperation among the regulatory agencies.
- Coordinate with federal agencies, the City of Seaside, the County of Monterey, the 20th Congressional District, the 17th State Senate District, and the 29th State Assembly District to sustain efforts to generate federal funding and/or status for future CCCVC expansion.

D. AUGMENTED WATER SUPPLY. Work with local, regional and federal agencies to secure State and Federal funding and/or resources to augment FORA's water supply needs.

Issue:

The FORA Capital Improvement Program includes approximately \$24M to fund Regional Water Augmentation necessary to implement the Base Reuse Plan. Six million (\$6M) has been committed to the Pure Water Project to support use of reclaimed resources in the region. Securing outside funds to assist with augmented supply options help the timely implementation of conservation, recycled water and/or desalination water facilities and smooth out upfront costs of infrastructure. Monitor implementation of Ground Water Sustainability Act as it relates to contractual amounts of water to support the implementation of Base Reuse Plan.

Benefits:

Development projected under the Base Reuse Plan depends on an augmented water supply. Additional grant funding reduces FORA and Marina Coast Water District (MCWD) costs to secure water resources and reduces required capital charges.

Challenges:

Scarce funding and competing water projects throughout the region and state. No current federal/state program exists for this funding.

Proposed Position:

- Continue to work with MCWD to enable them to fulfill their contractual obligation to FORA for water resource augmentation.
- Support and coordinate efforts with MCWD, Monterey County Water Resources Agency, Monterey Regional Water Pollution Control Agency, other agencies, and FORA jurisdictions to secure funding and/or support other funding mechanisms proposed for this purpose.
- Coordinate potential water bond funding for Monterey Bay region and FORA augmentation needs.
- Coordinate with the Department of Defense to acquire additional water rights that might become available.

E. LEGISLATIVE COOPERATION WITH MONTEREY BAY AGENCY LEGISLATIVE ISSUES.

Issue:

Monterey-Salinas Transit, Transportation Agency for Monterey County, and the County of Monterey have adopted legislative programs that may have Fort Ord reuse impacts.

Benefits:

Collaborative funding efforts by agencies involved in the same or interdependent projects increase the chances to obtain critical funding and enhanced partnering for matching funds.

Challenges:

State and federal funding is limited, legislative actions that benefit/impact multiple parties requires coordination, and competition for available funds will be keen.

Proposed Position:

- Coordinate and support other legislative programs in the Monterey Bay area when they interface with former Fort Ord reuse programs.

F. ASSURING LONG TERM STEWARDSHIP OF MUNITIONS CLEANUP AREAS.

Coordinate with Federal, State and Local agencies on post-cleanup stewardship of munitions and explosives ordnance issues/areas. Seek additional funds from federal resources and pursue optimizing review processes to complete property transfers.

Issue:

FORA is scheduled to sunset June 30, 2020 and certain munitions funding terminates in 2019. There will be significant post FORA property management and post-remediation issues that will need to be managed. Those issues require resources, coordination and cooperation which are still being defined.

Benefits:

Collaborative partnering for resources by agencies involved in the same or interdependent projects increase the chances to obtain critical funding. Some long term stewardship issues are unfunded but defined as remedies in federal documents.

Challenges:

State and federal funding resources are limited. Federal and State agencies have not funded long term stewardship in many cases. In addition local jurisdictions have limited funding for long-term stewardship.

Proposed Position:

- Seek federal and state cooperation to assure responsiveness, document completion, and crucial funding for long-term stewardship for munitions response areas.

G. LEGISLATIVE COORDINATION REGARDING FORA TRANSITION ISSUES.

Issue:

FORA's legislative sunset in 2020 calls for coordination of many items. Specifically, a report to the State Legislature, Local Agency Formation Commission (LAFCO) coordination, jurisdiction interface, and risk analysis. Working with local agencies is crucial. Coordination is

beneficial/essential in traversing the long list of issues and reporting requirements.

Benefits:

Collaborative efforts will assure effective transition decisions or potential legislative extension prior to 2020 sunset or possible legislative extension.

Challenges:

State law requirements, contractual obligations, and inter-agency agreements will require intensive legislative multi-agency negotiations. One of FORA's funding mechanisms (Mello Roos/Community Facilities District/developer fee) is not within LAFCO's jurisdiction and terminates upon FORA dissolution. Replacement funding processes may have a lengthy implementation timeline.

Proposed Position:

- Coordinate and seek support from State Legislature (17th State Senate District and 29th State Assembly District) to assure post-FORA funding for jurisdictions following FORA's sunset on June 30, 2020 in compliance with Title 7.85 of the Government Code entitled Fort Ord Reuse Authority Act and the pursuit of a reasonable FORA extension not beyond June 30, 2037.

H. PREVAILING WAGES COORDINATION.

Coordinate with 17th State Senate Districts and 29th State Assembly District to clarify the implementation of the FORA Prevailing Wage Policy and the enforcement provisions of SB 854 with the State Department of Industrial Relations.

Issue:

Ongoing confusion continues related to various interpretations of how the FORA Prevailing Wage Policy interfaces with the registration, reporting and enforcement provisions of state public works laws amended in state law in recent years.

Benefits:

Collaborative efforts between the designated military base Reuse Authority and Department of Industrial Relations is needed to promote, coordinate and harmonize state public works laws with state laws requiring speedy transition of military bases to civilian use.

Challenges:

SB 854 is in the third year of implementation and there is little experience within DIR of working with Base Reuse Programs.

Proposed Position:

Support legislative and regulatory coordination, state and federal resources, and strong advocacy to enable speedy reviews, compliance, enforcement and coordinated decisions.

I. **PUBLIC SAFETY OFFICER TRAINING.** Work with the County of Monterey to assist Monterey Peninsula College (MPC) to obtain capital and program funding for its former Fort Ord Public Safety Officer Training Programs.

Issue:

FORA/County agreed to assist MPC in securing program funds in 2003.

Benefits:

The Public Safety Officer Training Program is an important component of MPC's Fort Ord reuse efforts and enhances public safety training at the regional and state levels. Adequate funding is critical.

Challenges:

Funds available through the Office of Homeland Security, the Office of Emergency Services, or other sources may be restricted. MPC has begun interim program efforts but is yet to accept the property for the permanent former Fort Ord facilities.

Proposed Position:

- Pursue legislative or other actions to support MPC efforts to secure funding sources.

FORA Thursday, April 20, 2017

[AB 18](#) ([Garcia, Eduardo](#) D) **California Clean Water, Climate, Coastal Protection, and Outdoor Access For All Act of 2018.**

Introduced: 12/5/2016 **Last Amended:** 2/23/2017 **Summary:** Would enact the California Clean Water, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$3,105,000,000 pursuant to the State General Obligation Bond Law to finance a clean water, climate, coastal protection, and outdoor access for all program. This bill contains other related provisions.

Position: Support

[AB 30](#) ([Caballero](#) D) **Environmental quality: judicial review: strip mall conversion housing projects.**

Introduced: 12/5/2016 **Last Amended:** 4/3/2017 **Summary:** CEQA requires that an action or proceeding to attack, review, set aside, void or annul a determination, finding, or decision of a public agency, as provided, on the grounds of noncompliance with its provisions be brought in accordance with specified law governing administrative mandamus. CEQA requires a court to make specified orders if it finds that any determination, finding, or decision of a public agency has been made without compliance with CEQA, but prohibits a court from enjoining certain projects unless the court makes specified findings. This bill would similarly prohibit a court from enjoining a qualified strip mall conversion housing projects, as defined, unless the court makes specified findings.

Position: Support

[AB 59](#) ([Thurmond](#) D) **Local Housing Trust Fund Matching Grant Program.**

Introduced: 12/7/2016 **Summary:** Under the Local Housing Trust Fund Matching Grant Program, the department is authorized to make matching grants available to cities, counties, cities and counties, and existing charitable nonprofit organizations that have created, funded, and operated housing trust funds. This bill would recast these provisions to instead authorize the department to make grants to eligible recipients, defined as cities that meet specified criteria and charitable nonprofit organizations organized under certain provisions of the Internal Revenue Code that apply jointly with a qualifying city, that have created or are operating or will operate housing trust funds.

Position: Watch

[AB 71](#) ([Chiu](#) D) **Income taxes: credits: low-income housing: farmworker housing.**

Introduced: 12/16/2016 **Last Amended:** 3/2/2017 **Summary:** Would, under the law governing the taxation of insurers, the Personal Income Tax Law, and the Corporation Tax Law, for calendar years beginning in 2018, increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects to \$300,000,000, as specified, and would allocate to farmworker housing projects \$25,000,000 per year of that amount. The bill would delete that special needs exception and authorization to request state credits provided the applicant is not requesting a 130% basis adjustment for purposes of the federal credit amount.

Position: Support

[AB 73](#) ([Chiu](#) D) **Planning and zoning: housing sustainability districts.**

Introduced: 12/16/2016 **Last Amended:** 3/28/2017 **Summary:** Would authorize a city, county, or city and county, including a charter city, charter county, or charter city and county, to establish by ordinance a housing sustainability district that meets specified requirements, including authorizing residential use within the district through the ministerial issuance of a permit. The bill would authorize the city, county, or city and county to apply to the Office of Planning and Research for approval for a zoning incentive payment and require the city, county, or city and county to provide specified information about the proposed housing sustainability district ordinance.

Position: Watch

[AB 190](#) ([Steinorth](#) R) Local government: development permits: design review.

Introduced: 1/19/2017 **Last Amended:** 3/27/2017 **Summary:** Would require a lead agency, where an ordinance requiring design review applies to a development project, to approve or disapprove the design of the development project within 30 days of the application being determined to be complete, as specified. The bill would provide, that if the lead agency has not approved or disapproved the design of the development project within that 30-day period, the project is deemed to be approved on the 31st day.

Position: Watch

[AB 455](#) ([Voepel](#) R) Veterans buildings, memorials, and cemeteries.

Introduced: 2/13/2017 **Summary:** Current law authorizes the establishment and operation of memorial districts to provide and maintain memorial halls, assembly halls, buildings, or meeting places for the use of veteran soldiers, sailors, and marines who have honorably served the United States in any wars or campaigns, or for the use of patriotic, fraternal, or benevolent associations of those persons, as specified. This bill would state the intent of the Legislature to enact legislation relating to the building of veterans memorials, buildings, and cemeteries.

Position: Support

[AB 577](#) ([Caballero](#) D) Disadvantaged communities.

Introduced: 2/14/2017 **Last Amended:** 3/9/2017 **Summary:** Current law defines a disadvantaged community as a community with an annual median household income that is less than 80% of the statewide annual median household income for various purposes, that include, but are not limited to, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, eligibility for certain entities to apply for funds from the State Water Pollution Cleanup and Abatement Account, and authorization for a community revitalization and investment authority to carry out a community revitalization plan. This bill would expand the definition of a disadvantaged community to include a community with an annual per capita income that is less than 80% of the statewide annual per capita income.

Position: Support

[AB 696](#) ([Caballero](#) D) Department of Transportation: Prunedale Bypass: County of Monterey: disposition of excess properties.

Introduced: 2/15/2017 **Summary:** Would require the net proceeds from the sale of any excess properties originally acquired for a replacement alignment for State Highway Route 101 in the County of Monterey, known as the former Prunedale Bypass, to be reserved in the State Highway Account for programming and allocation by the commission, with the concurrence of the Transportation Agency for Monterey County, for other state highway projects in the State Highway Route 101 corridor in that county. The bill would exempt these funds from the distribution formulas otherwise applicable to transportation capital improvement funds.

Position: Support

[SB 2](#) ([Atkins](#) D) Building Homes and Jobs Act.

Introduced: 12/5/2016 **Last Amended:** 3/23/2017 **Summary:** Would enact the Building Homes and Jobs Act. The bill would make legislative findings and declarations relating to the need for establishing permanent, ongoing sources of funding dedicated to affordable housing development. The bill would impose a fee, except as provided, of \$75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, per each single transaction per single parcel of real property, not to exceed \$225.

Position: Support

[SB 3](#) ([Beall D](#)) Affordable Housing Bond Act of 2018.

Introduced: 12/5/2016 **Last Amended:** 3/28/2017 **Summary:** Would enact the Affordable Housing Bond Act of 2018, which, if adopted, would authorize the issuance of bonds in the amount of \$3,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs, as provided.

Position: Support

[SB 5](#) ([De León D](#)) California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018.

Introduced: 12/5/2016 **Last Amended:** 3/28/2017 **Summary:** Would enact the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$3,000,000,000 pursuant to the State General Obligation Bond Law to finance a drought, water, parks, climate, coastal protection, and outdoor access for all program.

Position: Support

[SB 35](#) ([Wiener D](#)) Planning and zoning: affordable housing: streamlined approval process.

Introduced: 12/5/2016 **Last Amended:** 4/4/2017 **Summary:** The Planning and Zoning Law requires a planning agency, after a legislative body has adopted all or part of a general plan, to provide an annual report to the legislative body, the Office of Planning and Research, and the Department of Housing and Community Development on the status of the general plan and progress in meeting the community's share of regional housing needs. This bill would require the planning agency to include in its annual report specified information regarding units of housing, including rental housing and housing designated for homeownership, that have secured all approvals from the local government and special districts needed to qualify for a building permit.

Position: Watch

[SB 62](#) ([Jackson D](#)) Affordable Senior Housing Act of 2017.

Introduced: 12/22/2016 **Last Amended:** 3/20/2017 **Summary:** Would enact the Affordable Senior Housing Act of 2017, which would establish the Affordable Senior Housing Program within GO-Biz, as part of the Economic Revitalization Act. The bill would declare that the purpose of this program is to guide and serve as a catalyst for the development of affordable senior housing dwelling units within this state and would require the director of GO-Biz to undertake various actions in implementing this program.

Position: Watch

[SB 231](#) ([Hertzberg D](#)) Local government: fees and charges.

Introduced: 2/2/2017 **Summary:** Articles XIIC and XIID of the California Constitution generally require that assessments, fees, and charges be submitted to property owners for approval or rejection after the provision of written notice and the holding of a public hearing. Current law, the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with Articles XIIC and XIID of the California Constitution and defines terms for these purposes. This bill would define the term "sewer" for these purposes. The bill would also make findings and declarations relating to the definition of the term "sewer" for these purposes.

Position: Support

Total Measures: 15
Total Tracking Forms: 15

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject: Transition Task Force Status Update

Meeting Date: May 12, 2017

Agenda Number: 7g

INFORMATION/ACTION

RECOMMENDATION:

Accept Transition Task Force Status Report

BACKGROUND/DISCUSSION:

In December 2015, FORA Staff began presenting transition information to the Finance Committee, the Executive Committee, and the Board. In April 2016, the Fort Ord Reuse Authority (FORA) Board chair convened an *ad hoc* committee to provide additional information and a recommendation to the Board regarding the 2020 FORA transition. Over the next several months, the Transition Task Force was provided information on key FORA documents and contracts, mitigation measures and outstanding obligations outlined in the Capital Improvement Program and different scenario models outlining the anticipated financial risks for a 2020 transition and a 2030 transition. The magnitude of the main Capital Improvement obligations (Water, Transportation/Transit and Habitat) was in a range of \$94.1 million to over \$126 million. To meet these obligations, they must be allocated/distributed to the underlying jurisdictions in the absence of cross-jurisdictional entity. Background materials for the presentations to the 2016 Transition Task Force may be found in the Transition Task Force archives at the following link: <http://www.fora.org/Transitiontaskforce.html>.

The financial scenario analysis noted above projected that FORA's entire mitigation measures and outstanding Capital Improvement Program obligations could be completed prior to 2030, minimizing financial risk and uncertainty to the jurisdictions. Accordingly, FORA staff recommended that a legislative extension be sought, while simultaneously working through a transition plan which could be utilized at whichever date the transition occurs. The Transition Task Force by majority voted to recommend this course of action to the Board. In November 2016, the Board considered the TTF recommendation to pursue the dual courses of action. The vote on the TTF item was not unanimous and was carried over to the December meeting. Also in November, the Board considered the Legislative Agenda and voted unanimously to seek a legislative extension for a reasonable time period not to exceed 2037. Although, the financial analyses indicated that the Capital Improvement Program could be completed by 2030, the year 2037 was selected because under the environmental (munitions) cleanup requirements, that is the final year for reporting to state and federal regulators. In December 2016, the Board by second vote adopted the dual track TTF recommendation.

From December 2016, FORA staff began a series of meetings, some ongoing, with stakeholders in the FORA transition process. Meetings with the Army, Environmental Protection Agency, Department of Toxic Substance Control, Local Agency Formation Commission, Marina Coast Water District, Seaside County Sanitation District, Transportation Agency of Monterey County, City Managers from Marina, Seaside and Del Rey Oaks.

In January 2017, the Board Chair appointed members to both the Legislative Committee and the Transition Task Force. The Transition Task Force charge however, was required to be updated. In March 2017, FORA Board Chair Ralph Rubio re-formed the Transition Task Force

as a limited term ad hoc committee with a new charge. The new charge focuses the Task Force on building consensus for the methodology for allocating obligations and assets, a methodology for determining priority of infrastructure improvements and modification, financing mechanisms and finally a form of structure for a transition entity. These four items will be the underpinning of what is anticipated to be interagency agreements for the ultimate transition plan.

The Task Force Members met April 18, 2017. At the April 18, 2017 meeting a general background was presented and the rigorous work plan was presented in order to accomplish the above items. Information on the presentation to the 2017 Transition Task Force may be found at <http://www.fora.org/Transitiontaskforce.html>. The target date for consensus on the Methodology for allocation of obligations is July 1, 2017, for basewide facilities August 1, 2017, for financing by September 1, 2017 and finally the form of structure by October 1, 2017. It is anticipated that each target will require 3-4 meetings of the Task Force in order to complete the work on the schedule presented. The next meeting of the Task Force is set for May 9, 2017.

FISCAL IMPACT:

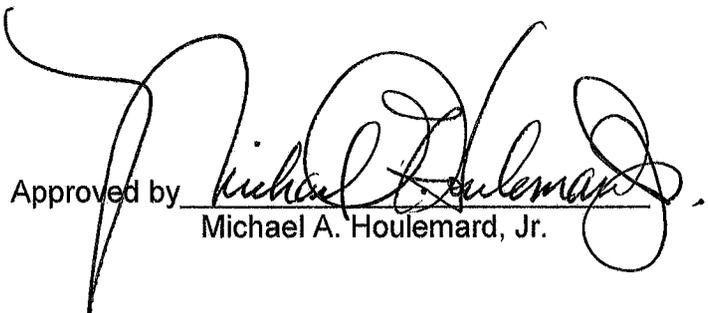
Reviewed by FORA Controller 

Staff time and legal costs for this item was not fully anticipated but to date is within the approved annual budget.

COORDINATION:

TTF, Legislative Committee, Finance Committee, Executive Committee, Legislative offices

Prepared by D. Steven Endsley
Steve Endsley

Approved by 
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

| | |
|---|---------------------------|
| Subject: Executive Officer Travel Report | |
| Meeting Date: May 12, 2017 | INFORMATION/ACTION |
| Agenda Number: 7h | |

RECOMMENDATION:

Receive a report from the Executive Officer

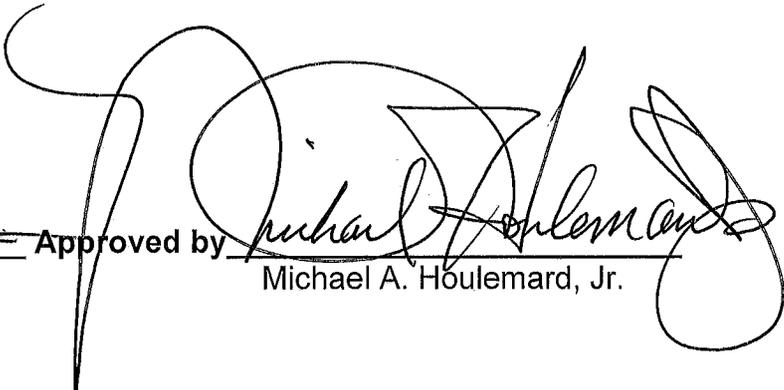
BACKGROUND/DISCUSSION:

Per the FORA Travel Policy, the Executive Officer (EO) submits travel requests to the Executive Committee on FORA Board/staff travel. The Committee reviews and approves requests for EO, Authority Counsel and board members travel; the EO approves staff travel requests. Travel information is reported to the Board.

UPCOMING TRAVEL

Dates: June 13–15, 2017
Location: Washington D.C.
Purpose: Department of Defense Office of Economic Adjustment (OEA) Base Re-Alignment and Closure Discussion Session. Trip may be coordinated with Association of Defense Communities travel dates later in June.
Attendees: Michael A. Houlemard, Jr.
Note: *Travel arrangements and accommodations funded by OEA*

Prepared by 
Dominique L. Jones

Approved by 
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject: Eastside Parkway Environmental Review Report

Meeting Date: May 12, 2017

Agenda Number: 7i

INFORMATION/ACTION

RECOMMENDATION(S):

Receive an Eastside Parkway Environmental Review Report.

BACKGROUND/DISCUSSION:

The 1997 Base Reuse Plan (BRP) Final Environmental Impact Report (EIR) identified Eastside Road, connecting Imjin Parkway to Gigling Road, as a transportation infrastructure improvement. The 2005 Fort Ord Reuse Authority (FORA) Fee Reallocation Study prepared by Transportation Agency for Monterey County (TAMC) and Association of Monterey Bay Area Governments (AMBAG) included a new alignment for Eastside Road in Appendix C, connecting Intergarrison Road to Gigling Road and Eucalyptus Road. The 2005 FORA Fee Reallocation Study eliminated FORA funding for Highway 68 Bypass and increased funding for Eastside Road and General Jim Moore Boulevard, since the study found that those roadways would carry the traffic instead of Highway 68.

The FORA Board established FORA Capital Improvement Program (CIP) funding priority for Eastside Road in December 2009. In 2010, the roadway name changed from 'Eastside Road' to 'Eastside Parkway,' as suggested by County of Monterey staff.

The 2017 FORA Fee Reallocation Study maintains Eastside Parkway as a FORA On-Site roadway improvement. In November 2016, the FORA Board approved contract amendment #3 with Whitson Engineers to complete Eastside Parkway environmental review. In response to Board comments, Whitson Engineers is undergoing a selection process for an environmental sub-consultant following federal procurement guidelines to improve the potential for receiving federal grant dollars in the future. Staff anticipates an 18-month schedule for completion environmental review (**Attachment A**). During the process, staff will present progress reports to the Board.

FISCAL IMPACT:

Reviewed by FORA Controller 

Staff time for this item is included in the approved annual budget.

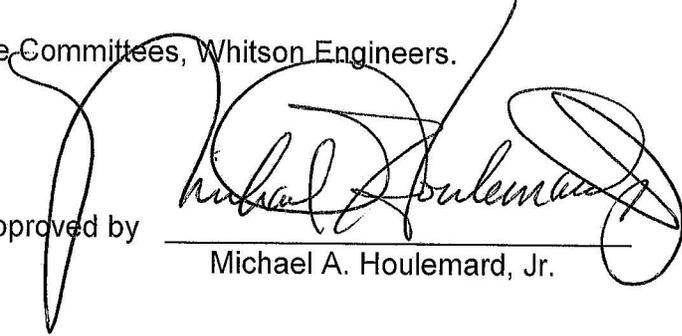
COORDINATION:

Authority Counsel, Administrative and Executive Committees, Whitson Engineers.

Prepared by


Jonathan Brinkmann

Approved by


Michael A. Houlemard, Jr.

Eastside Parkway EIS/EIR Schedule



| Task Name | Q3 | | | Q4 | | | Q1 | | | Q2 | | | Q3 | | | Q4 | | |
|--|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 1 Project Initiation/Data Collection | Project Initiation/Data Collection | | | | | | | | | | | | | | | | | |
| 2 Project Description and Alternatives | Project Description and Alternatives | | | | | | | | | | | | | | | | | |
| 3 NOI/NOP, Scoping Meeting, and Comments Summary | NOI/NOP, Scoping Meeting, and Comments Summary | | | | | | | | | | | | | | | | | |
| 4 Admin Draft EIS/EIR | Admin Draft EIS/EIR | | | | | | | | | | | | | | | | | |
| 5 Screencheck Draft EIS/EIS | Screencheck Draft EIS/EIS | | | | | | | | | | | | | | | | | |
| 6 Public Draft EIS/EIR | Public Draft EIS/EIR | | | | | | | | | | | | | | | | | |
| 7 Admin Draft Final EIS/EIR | Admin Draft Fi | | | | | | | | | | | | | | | | | |
| 8 Screencheck Draft Final EIS/EIR | Screer | | | | | | | | | | | | | | | | | |
| 9 Final EIS/EIR | | | | | | | | | | | | | | | | | | |

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

| | | |
|-----------------------|------------------------------------|---------------------------|
| Subject: | Public Correspondence to the Board | |
| Meeting Date: | May 12, 2017 | INFORMATION/ACTION |
| Agenda Number: | 7j | |

Public correspondence submitted to the Board is posted to FORA's website on a monthly basis and is available to view at <http://www.fora.org/board.html>

Correspondence may be submitted to the Board via email to board@fora.org or mailed to the address below:

FORA Board of Directors
920 2nd Avenue, Suite A
Marina, CA 93933

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

| | | |
|-----------------------|------------------------|---------------------------|
| Subject: | Prevailing Wage Report | |
| Meeting Date: | May 12 , 2017 | INFORMATION/ACTION |
| Agenda Number: | 7k | |

RECOMMENDATION(S):

Accept Prevailing Wage Status Report

DISCUSSION:

From January 1, 2017 – March 31, 2017, multiple construction workers were employed on Fort Ord projects. From reported information (CSU and County), approximately 85,049 man hours were utilized and approximately 1232 workers employed. Approximately 40% of those workers were from the tri-County area. (Santa Cruz, Monterey and San Benito County). It should be noted that three large projects in Marina are not included in these numbers. The estimated amount of man hours on the Seahaven and MCWD pipeline projects is estimated at 4855 man hours. These numbers do not include the amount of man hours on the Dunes housing project as they have not agreed to be in our Elation system and the City of Marina has not provided any reporting on projects within their jurisdictional area. Additionally, the estimated hours do not include the number of workers or the location of where those workers are from as this information is not easily distillable from the payroll records filed with the State.

Two jurisdictions have registered to utilize the Elation software, however, neither jurisdiction has begun to require projects to use the software and provide them with access. To encourage usage of the product for Fort Ord purposes, staff is recommending extending the pre-paid licensing period through the next fiscal year.

FORA has been made aware that the state is investigating several issues. One stems from a contract dispute on the Springhill Suites project. Another involves whether or not rehabilitation of the East Garrison chapel is a public works project. There remains confusion about the interpretation of the state laws and the master resolution provisions and how these respective provisions are enforced. Additionally, there have been at least five (5) Public Records Act requests seeking records related to projects being built on Fort Ord.

Related to the prevailing wage program are changes in state labor codes. Budget trailer bill 502 makes significant changes to prevailing wage monitoring and enforcement by the Department of Industrial Relations. In particular, contractor registrations may increase from \$1,000 to \$25,000 for new construction and \$15,000 for maintenance. Stop orders on public works projects could be issued for unregistered contractors and/or subcontractors. Additionally, new civil penalties could be imposed for infractions of the contractor registration program. The State Labor Commissioner would be given new authority to crack down on contractors, subcontractor and **public agencies** that fail to fulfill program requirements. Agencies who 1) utilize unregistered contractors or subcontractor on a project or 2) fail to notify DIR of a public works project subject to registration could be fined up to \$100 per day up to \$10,000 for each offense. Of major consequence to public agencies, a public agency who is found to have

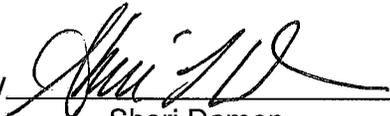
willfully violated the requirements of the program twice in one calendar year would be ineligible to receive state funding for *any project* for one year. The actual language of the bill can be found at the following link:

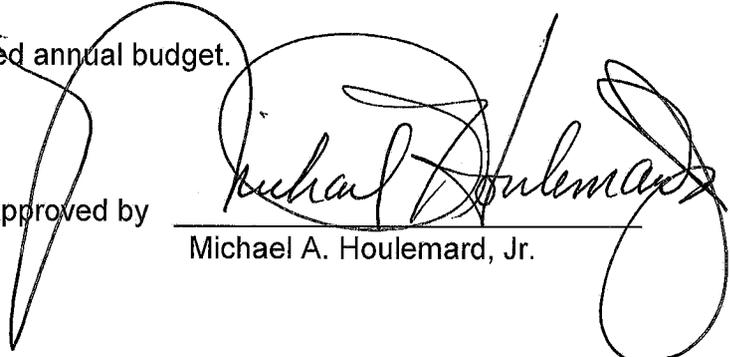
http://www.dof.ca.gov/Budget/Trailer_Bill_Language/documents/502PublicWorksEnforcement_001.pdf

FISCAL IMPACT:

Reviewed by FORA Controller 

Staff time for this item is included in the approved annual budget.

Prepared by 
Sheri Damon

Approved by 
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

| | | |
|-----------------------|--|--------------------|
| Subject: | Annual Statement of Investment Policy and Local Agency Investment Fund Resolutions | |
| Meeting Date: | May 12, 2017 | INFORMATION/ACTION |
| Agenda Number: | 71 | |

RECOMMENDATION:

Staff recommends that the Board adopt Resolution No. 17-XX Statement of Investment Policy and Resolution No. 17-xx Local Agency Investment Fund (LAIF) Authorization.

BACKGROUND/DISCUSSION:

Government Code § 53646(a)(2) provides that the Treasurer or Chief Fiscal Officer of a local agency may render annually to the legislative body of the local agency a Statement of Investment Policy, which the legislative body must consider at a public meeting. State law further requires the Treasurer or Chief Financial Officer to submit detailed information on all securities, investments and monies of FORA on a quarterly basis.

The attached investment policy covers FORA's investments. The attached policy was originally adopted in 2003, revised in 2006 and 2009. A monthly report will be made as required by Government Code §53607 regarding transactions. The most common transaction is the transaction from the money market accounts to the operating checking account. Detailed investment activity and information required by state legislation will be reported to the Board on a quarterly basis. There are no changes from the 2009 adopted policy revision. Minor revisions have been made to the Procedures for Operation of Investment Policy to reflect staff title changes.

The second resolution being requested is specific to investing in the State of California's Department of Treasury Local Agency Investment Fund (LAIF). In order to make deposits and withdrawals to that fund, the Department of Treasury requires a separate resolution. The FORA Investment policy currently provides that LAIF is an eligible investment. The current rates of return on the LAIF are better than FORA's current investments and the Executive Officer would like specific authorization in order to effectively utilize the LAIF as an investment vehicle.

FISCAL IMPACT:

Total cash and investments of FORA as of March 31, 2017 is \$43.8M, of which \$43.0M is invested in money market funds and \$262,000 is in a CD. The following investments are restricted or designated by the Board as follows:

- \$7.3M for CalPers Retirement Termination Liability
- \$10.7M for the Habitat Conservation Plan
- \$1.2M for ESCA
- \$7.0M for Building Removal
- \$3.9M for Capital Improvement Projects
- \$4.7M for Operations

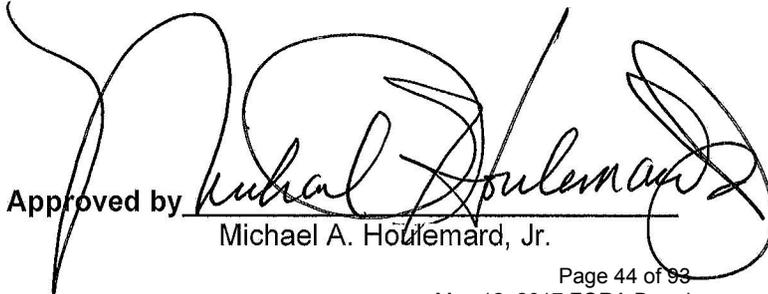
COORDINATION:

Finance Committee, Executive Committee

Prepared by


Helen Rodriguez

Approved by


Michael A. Houliemard, Jr.

RESOLUTION NO. 17-xx

A RESOLUTION OF THE GOVERNING BODY OF THE FORT ORD REUSE AUTHORITY ADOPTING THE STATEMENT OF INVESTMENT POLICY

THIS RESOLUTION is adopted with reference to the following facts and circumstances:

- A. WHEREAS, CA Government Code section 53607 provides that the Legislative Body of a local agency may delegate the authority to invest or reinvest funds of a local agency or to sell or exchange securities for a one year period to the Treasurer who shall make a monthly report of those transactions to the legislative body; and
- B. WHEREAS, CA Government Code sections 53601 and 53635 outline the types of investments in which a local agency may invest; and
- C. WHEREAS, CA Government Code section 53646 requires the Treasurer or Chief Fiscal Officer of a local agency to render annually to the legislative body of the local agency a Statement of Investment Policy, which the legislative policy must consider at a public meeting; and
- D. WHEREAS, FORA has previously adopted a Statement of Investment Policy, as revised February 14, 2009 and Procedures for Operation of Investment Policy adopted February 14, 2009. The Procedures for Operation have been updated to reflect changes in staff title; and
- E. WHEREAS, State law and further requires the Treasurer or Chief Fiscal Officer to submit on a quarterly basis detailed information on all securities, investments, and monies of FORA; and
- F. WHEREAS, the Authority Board has previously appointed the Executive Officer to manage the investment program and approve and sign all investment transactions. The Executive Officer has delegated certain investment program management to the Controller and to the Accounting Officer in accordance with the attached Procedures for Operation of Investment Policy.

NOW THEREFORE, BE IT RESOLVED by the FORA Board of Directors:

Section One. Adopts the Statement of Investment Policy and Procedures for Operation as set forth in the attached document.

Section Two. Confirms that for purposes of Government Code section 53607, the Executive Officer shall act as Treasurer for FORA.

Adopted at a regular meeting of the Fort Ord Reuse Authority Board of Directors at 920 2nd Avenue, Marina, California, upon motion by _____, seconded by _____, the foregoing Resolution was passed on at this ___ day of _____, _____, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Ralph Rubio, Chair

ATTEST:

Michael A. Houlemard, Jr., Clerk

RESOLUTION NO. 17-xx

A RESOLUTION OF THE GOVERNING BODY OF THE FORT ORD REUSE AUTHORITY LOCAL AGENCY INVESTMENT FUND (LAIF) AUTHORIZATION

THIS RESOLUTION is adopted with reference to the following facts and circumstances:

- A. WHEREAS, the Fort Ord Reuse Authority (“FORA”) adopted an investment policy on or about October 10, 2003, as revised February 13, 2009, which authorizes the Executive Officer to invest or deposit public funds in accordance with that policy. The Investment Policy states that the State of California’s Local Agency Investment Fund (“LAIF”) is an eligible investment; and
- B. WHEREAS, the LAIF is established in the State Treasury under Government Code section 16429.1 and following, for the deposit of money of a local agency for purposes of investment by the State Treasurer; and
- C. WHEREAS, the CA Treasury Department requires that an agency investing in the LAIF provide a resolution specifically authorizing investment in the LAIF and identifying specific officers which are authorized to make deposits and withdrawals from the fund.

NOW THEREFORE, BE IT RESOLVED:

Section 1: The FORA Board of Directors hereby authorizes the deposit and withdrawal of Fort Ord Reuse Authority monies in the LAIF in the State Treasury in accordance with Government Code section 16429.1 and following for the purposes of investment as provided therein;

Section 2: The FORA officers holding the title(s) specified herein below or their successors in office are each hereby authorized to order the deposit or withdrawal of monies in the LAIF and may execute and deliver all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

Michael A. Houlemard, Executive Officer

Section 3: This resolution shall remain in full force and effect until rescinded by the Board of Directors by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer’s office.

Adopted at a Fort Ord Reuse Authority Board of Directors meeting at 920 2nd Avenue, Marina, California, upon motion by _____, seconded by _____, the foregoing Resolution was passed on at this ___ day of _____, _____, by the following vote:

- AYES:
- NOES:
- ABSTENTIONS:
- ABSENT:

ATTEST:

Michael A. Houlemard, Jr., Clerk

Ralph Rubio, Chair

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

| | | |
|----------------|--|-------------|
| Subject: | UC Monterey Bay Education Science and Technology Center Status | |
| Meeting Date: | May 12, 2017 | INFORMATION |
| Agenda Number: | 8a | |

RECOMMENDATION:

Receive a University of California Monterey Bay Education Science and Technology (UCMBEST) Status Report.

BACKGROUND:

In 1994 the University of California (UC) obtained approximately 1,000 acres of Fort Ord land, approximately 600 acres for habitat conservation, and 400 acres to provide research and development opportunities associated with the UCMBEST Center, which was to be managed by the UC Santa Cruz (UCSC) campus. Despite high aspirations, market demand for the Center has failed to meet expectations. Over the course of the last fifteen years, UC engaged in two unsuccessful attempts to partner with a master developer. The UCSC Campus has managed the property for more than 20 years.

UCSC Chancellor George Blumenthal announced in March 2010 that UC intended to shrink the footprint of the Center and consider alternative uses for peripheral lands. In response to a request from Congressman Sam Farr, a group of stakeholders was assembled to discuss and make recommendations regarding a future vision for UCMBEST Center lands. UCSC and the Fort Ord Reuse Authority (FORA) hosted a series of facilitated stakeholder meetings. Stakeholder recommendations from that effort are summarized in the 2011 UCMBEST Center Visioning Process Report (<http://bit.ly/1SBPITt>), and memorialized in a letter executed by stakeholders. Stakeholders agreed on the following intended outcomes:

- UC's presence continues to be valued. Stakeholders recommend that UC retain control of the UCMBEST Center;
- The local institutions of higher education (and potentially others) should be invited to join an advisory group to help guide the UCMBEST Center;
- UC to actively seek new UCMBEST Center tenants and work to streamline the approval process;
- UC peripheral lands may be used in the near term for economic development opportunities; and
- UC may be expected to retain and utilize reasonable revenues for development.

Next steps outlined in the 2011 Report include:

- 1) Convene a special Working Group meeting to explore potential federal initiatives;
- 2) Convene a meeting between UCSC and CSUMB to explore Eighth Street parcel uses;
- 3) Invite local higher education institutions to collaborate in supporting UCSC development of the UCMBEST Center and to establish a process for expanding the range of potential research uses;
- 4) Seek funding for entitlements and additional water resources; and
- 5) Complete entitlements.

While many of the recommendations above remain valid, continued lack of progress at the UCMBEST project area has repeatedly raised Board and community concerns. Recently, following Board direction, the strengthening of Monterey County Economic Development staffing, and the hiring of a new FORA Economic Development Coordinator, efforts have renewed to catalyze reuse activity at UCMBEST. To this end a series of meetings were held in the fall of 2015 culminating with an Executive-level meeting at UCSC on December 22, 2015.

FORA staff and Board representatives met again with UC Santa Cruz representatives on 2/11/16, 3/4/16, and 3/17/16 to define paths forward including drafting a Memorandum of Agreement (MOA) on collaboration including establishment of a staff-level UCMBEST Working Group. Subsequently, UCSC presented at the March 11, 2016 FORA Board meeting to present the current UCMBEST project status and clarify their commitments to moving the project forward. The MOA was formally completed at the July 8, 2016 FORA Board meeting. Since then, bi-weekly status calls with UC Santa Cruz and Monterey County representatives have continued with the MOA collaboration and new development interests as the main focus.

Vice Chancellor Scott Brandt provided a UCSC-UCMBEST Status Report at the November 14, 2016 Board meeting. Since then Mr. Metz has continued to represent FORA in bi-weekly status update calls with UC Santa Cruz and Monterey County representatives. An executive level meeting with Chancellor Blumenthal and the UCSC team with Supervisor Potter, Supervisor Phillips, Mr. Houlemard, Mr. Spaur and Mr. Metz was held at UCSC on Dec 12, 2016. The outcome of this meeting was an acknowledgement of the 2016 progress and commitment to build on the momentum during the year ahead. In particular, discussion focused on a planned near-term auction of West Campus parcels, as well as potential mixed-use development including job generating and affordable housing on the East Campus. Staff was directed to further develop these initiatives, schedule future meetings to include additional County and FORA representatives and report back at a planned spring 2017 meeting.

DISCUSSION:

Efforts to advance the UCMBEST property to active use have continued. UCMBEST and FORA representatives supported the City of Marina staff in conducting a joint City Council/Planning Commission special meeting focused on the UCMBEST/Airport Specific Plan. UC staff is working with broker contractors to advance its West Campus Parcels to public auction in May 2017. County, FORA, City of Marina, MCWD, and UC staff are supporting recruitment of an out-of-state company through the Governors Office of Economic Development. Each of these efforts has the potential to catalyze long-planned economic development and jobs growth at the UCMBEST properties.

FISCAL IMPACT:

Reviewed by FORA Controller .

Staff time for this item is in the approved annual budget.

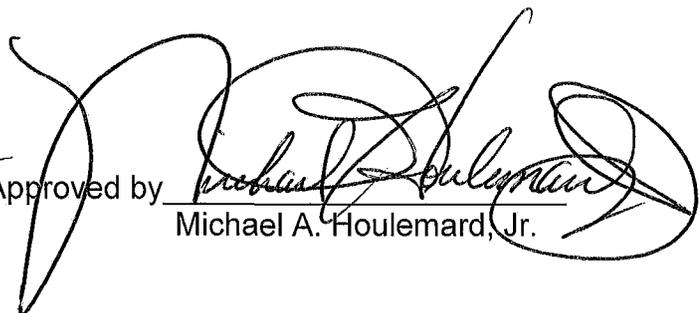
COORDINATION:

UCSC and Administrative Committee

Prepared by


Josh Metz

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

| | | |
|-----------------------|---|---------------------------|
| Subject: | Consider FORA FY 2017-18 Annual Budget Adoption | |
| Meeting Date: | May 12, 2017 | INFORMATION/ACTION |
| Agenda Number: | 8b | |

RECOMMENDATION:

- i. Approve staff proposed compensation and benefit adjustments ACTION
- ii. Adopt fiscal year 2017-18 (FY 17-18) Annual Budget ACTION

BACKGROUND:

The FORA Annual Budget is typically presented to the Board in May each year. Prior to the budget being presented to the Board, the budget is reviewed by the Finance Committee (FC). After completing their deliberations, the FC makes recommendations to the Board regarding budget matters, including the presentation format and fund availability for programmed projects, staffing, consultant support and obligations. Prior to Board consideration of those recommendations, the Executive Committee (EC), who is charged to provide Board recommendation regarding employment and personnel matters, considers staff proposed adjustments specific to staffing and/or benefit. On April 19, the FC reviewed the draft budget and on May 3, the EC reviewed the proposed staffing and benefit adjustments.

DISCUSSION:

This fiscal year budget was prepared in conjunction with the FY 17-18 CIP Budget. The CIP Budget will be presented in Business Item 8c.

The proposed budget charts (with fund balance notes as directed by the FC) are:

Attachment A - illustrates the overall budget combining all funds

Attachment B - depicts the budget by individual funds

Attachment C - itemizes expenditures

Attachment D - provides background/analysis of proposed Salary/Benefits adjustment

Principal budget impacts areas are discussed below:

FORA Pension Plan: FORA participates in the defined benefit pension plan, administered through CalPERS. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. As required, FORA participates in a risk pool with other public agencies of less than 100 employees. An Annual Valuation Report issued by Calpers each October provides detailed information regarding the plan's assets, liabilities, future contribution rates, etc. The last valuation report shows \$566,315 in current unfunded liabilities (UAL) which includes FORA's share of risk pool UAL and investment gains and losses. In addition, FORA faces a financial liability when the pension plan terminates in 2020. The current CalPERS estimate for this obligation is between \$7.1 million and \$10.5 million

(including the current UAL). Staff was informed by CalPERS that the actual termination payment cannot be determined until 2018 (two years before the termination date). The Board approved in FY 15-16 to designate a reserve of \$5.3 million should the plan terminate in 2020. On March 10, 2017, The Board increased this reserve to \$7.3 million funding the liability should FORA sunset in 2020.

The current Annual Valuation Report (dated November 2016) are available on the FORA website at:

http://fora.org/Reports/HR/costDisclosureValuationReport_0816.pdf

http://fora.org/Reports/HR/costDisclosureValuationReport_PEPRA_0816.pdf

The following summarizes the FY 17-18 (**Attachment A**) draft annual budget figures:

REVENUES

- **\$307,000 MEMBERSHIP DUES**

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

- **\$415,000 FRANCHISE FEES**

This amount represents MCWD's projected FY 17-18 payments to FORA from water and sewer operations on Fort Ord and associated fees.

- **\$1,002,580 ENVIRONMENTAL SERVICES COOPERATIVE AGREEMENT**

FORA holds the remaining funds for the ESCA remediation program, scheduled to complete munitions cleanup and transfer of remaining Economic Development Conveyance (EDC) properties in 2019. In 2007, FORA was awarded a \$99.3 million federal grant to undertake Army munitions removal requirements on EDC parcels. FORA collected an adjusted amount of \$97.7 million (final payment in December 2008), which pre-paid all ESCA management related services and expenditures through project completion (the US Army earned a \$1.6 million credit against the \$99.3 million for the early payment). The draft annual budget includes the FY 17-18 ESCA grant regulatory response and management/related expenses.

- **\$6,118,763 DEVELOPMENT FEES**

This reflects jurisdictional forecasts included in the CIP FY 17-18 budget.

- **\$0 LAND SALE PROCEEDS**

There are no land sale revenue anticipated in the FY 17-18 CIP budget.

- **\$50,000 RENTAL PROCEEDS**

Rental payments from leasing projects on the Former Fort Ord, including Ord Market, Las Animas Concrete, etc.

- **\$2,310,835 PROPERTY TAX**

Anticipated payments from the County Auditor/Controller. Property tax revenue exceeding \$1.3 million in annual distribution to FORA collected from all assessed value after July 1,

2012 has been committed to funding the CIP. The 10% of such revenue scheduled to be shared with certain member jurisdictions has been designated by the Board to fund the Prevailing Wage program (PW). If the 10% exceeds the PW program needs, the excess will be distributed to certain member jurisdictions.

- \$5,000 IN REIMBURSEMENT AGREEMENTS

Net payments by future property owners to fund FORA ESCA access services to assist in pending project processing.

- \$110,000 INVESTMENT/INTEREST INCOME

Anticipated income from FORA bank accounts and certificates of deposit (CD) including the Habitat Management CD.

EXPENDITURES

- \$3,259,090 SALARIES AND BENEFITS (Attachments C, D show breakdown)

Staffing remains at the approved FY 16-17 level. Proposed budget amount includes the final of three payments to CalPERS to reduce the unfunded actuarial liability (UAL).

The FC and EC reviewed proposed compensation and pension adjustments for FY 17-18 and are *recommending* Board consider approving the following items:

- 1) \$575,000 – final payoff of the risk pool UAL, saving interest charges and reduces the 2020 termination liability.
- 2) 3.0% COLA for eligible personnel. Fiscal impact up to \$65,000.
Eligibility: Must be full time, employed with FORA for the past 12 months.
- 3) Retention benefit. Fiscal impact up to \$35,000.
In light of FORA's nearing sunset date, staff recommends a pool of funds to provide for employee retention, special assignments, and coverage for employee losses.
- 4) Staff Health Insurance Benefit. Fiscal impact up to \$17,000.
The FORA Board adopted Resolution 17-05, increasing the staff health benefit for the period January 1, 2017 through June 30, 2017. Staff recommends extension of these benefit for FY17-18 and up to 5% increase for anticipated health cost increases effective January 1, 2018.

**FC recommends item 1) and acknowledges availability of funding for item 2), 3) and 4)
EC recommends item 2), 3) and 4)*

- \$475,300 SUPPLIES AND SERVICES (Attachment C)

This expense category is increased \$59,300 from prior year. Significant increases are:

- 1) \$11,200 – Membership Dues resulting from reclassification of expenditure from Economic Development.
- 2) \$2,000 – Public & Legal Notices – cost associated with increase size of notices.

- 3) \$9,500 – Equipment & Furniture – to replace defunct hardware.
- 4) \$25,000 – Community Outreach/Marketing – New this year.
- 5) \$5,000 – Printing & Copy – increase attributed to HCP Public Review Draft

- **\$2,312,500 IN CONTRACTUAL SERVICES (Attachment C)**

Contractual services increased \$153,075 from previous FY. In addition to recurring consulting expenses such as Annual Auditor, Public Information, Human Resources, and Legislative consultants, the budget includes increased and or significant costs for:

- 1) \$75,000 - Prevailing Wage Consultants, a consultant was not required in the prior year.
- 2) \$555,000 – Architect & Engineers for Eastside Parkway environmental and reclassification of CEQA consultants cost.
- 3) \$50,000 – Base Reuse Plan Implementation.
- 4) \$50,000 – Legal/Litigation Fees and Special Practice.

Significant decreases for:

- 1) \$10,000 – Special Counsel for ESCA/EDC
- 2) \$75,000 – Financial Consultant – EPS biennial study completed FY 16-17.
- 3) \$12,000 – Public Information/Outreach – Completion of video, and reclassification to supplies and services above for FY 17-18.
- 4) \$300,000 – CEQA consultants – reclassified to CIP/Architect & Engineers above.
- 5) \$24,500 – Economic Development expenditures reclassification (Dues, Travel, and Training).
- 6) \$25,000 – FORA Transition/Sunset Study cost

- **\$8,543,796 IN CAPITAL PROJECTS (Attachments B, C)**

The upcoming budget includes \$4.4M for the completion of the FORA building removal obligations and mandated/obligatory expenditures such as habitat management and UC Natural Reserve annual cost. Other capital projects are development fee collection dependent. The FY 17-18 CIP budget provides itemization and timing of capital projects.

| |
|---|
| OTHER/ACCOUNTING ENTRIES/FUND DESIGNATIONS |
|---|

- 1) Continued funding for Economic Development – The Board approved on March 13, 2015 the Economic Development Business Plan and included accountability and performance measures to determine success of such a position and limited funding through June 30, 2017. Annual performance evaluation of the Economic Development Program demonstrates ongoing benefits to the jurisdictions, region and small businesses. Funding is requested through FORA sunset 2020 date or as extended by state legislation.
- 2) Maintain \$7.3 million Reserve held in a segregated, interest bearing account for PERS pension termination liabilities and restrict interest for additional funding of this liability. This reserve is to fund the termination liability should FORA sunset in 2020.

- 3) Maintain \$4.7 million Reserve for operating funds. The Board has designated this fund for operations and has restricted release of funds by action of the Board. Currently, no release is being requested for FY 17-18.

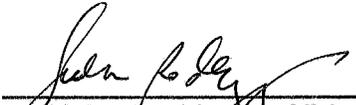
ENDING BALANCE/FORA RESERVE

It is anticipated that the combined fund balance at the end of the FY 17-18 will be more than \$36.5 million. To address the FORA sunset financial obligations, the Board has designated \$7.3 million for PERS pension liabilities, \$4.7 million for operating obligations through FORA 2020 sunset; specific future designations/ spending of this \$4.7 million balance must be approved by the FORA Board. The Board set aside \$7.0 million in FY 15-16 for building removal until obligations are fully met (anticipated balance is \$3.3 million at end of FY 17-18). The set aside of \$13.3 million for Habitat Conservation reflects FORA Board policy of reserving 30.2 percent of the CFD fee collections for this purpose.

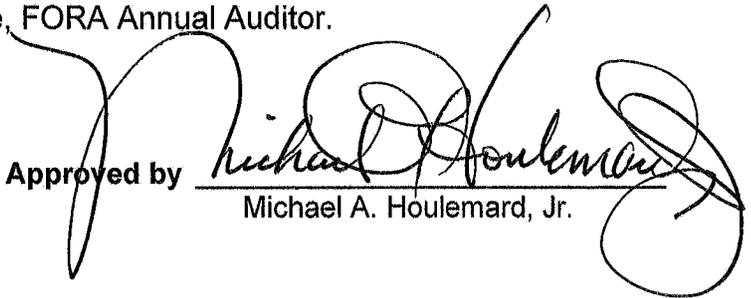
COORDINATION:

Finance Committee, Executive Committee, FORA Annual Auditor.

Prepared by


Helen Rodriguez, CPA

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY - FY 17-18 ANNUAL BUDGET - BY FUND

| CATEGORIES | FY 16-17 APPROVED MID-YEAR | FY 16-17 <u>Variances</u> <i>Projected thru 6/30/17</i> | FY 16-17 <u>PROJECTED</u> | FY 17-18 PRELIMINARY | |
|---|----------------------------------|---|------------------------------|-------------------------|---|
| REVENUES | | | | | |
| Membership Dues | \$ 331,000 | \$ (18,000) | \$ 313,000 | \$ 307,000 | MCWD FY 17-18 Budget |
| Franchise Fees - MCWD | 615,000 | (170,000) | 445,000 | 415,000 | MCWD FY 17-18 Budget |
| Federal Grants | 922,410 | 90,000 | 1,012,410 | 1,002,580 | ESCA |
| Development Fees | 5,239,869 | 1,182,750 | 6,422,619 | 6,118,763 | CIP Budget |
| Land Sale Proceeds | - | - | - | - | |
| Rent Proceeds | 50,000 | - | 50,000 | 50,000 | |
| Property Taxes | 1,722,472 | 275,000 | 1,997,472 | 2,310,835 | CIP Budget |
| Reimbursement Agreements | - | - | - | 5,000 | ESCA agency reimbursements net of of expense |
| Investment/Interest Income | 105,000 | - | 105,000 | 110,000 | |
| TOTAL REVENUES | 8,985,750 | 1,359,750 | 10,345,501 | 10,319,178 | |
| EXPENDITURES | | | | | |
| Salaries & Benefits | 2,955,973 | - | 2,955,973 | 3,259,090 | COLA and staff benefit adjustments |
| Supplies & Services | 413,305 | 2,695 | 416,000 | 475,300 | Reclassification of expenditures and new Community Outreach/Marketing |
| Contractual Services | 1,932,813 | 90,000 | 2,022,813 | 2,312,500 | CIP Budget |
| Capital Projects (CIP) | 3,881,674 | (2,500,000) | 1,381,674 | 12,293,796 | CIP Budget |
| TOTAL EXPENDITURES | 9,183,765 | (2,407,305) | 6,776,460 | 18,340,686 | |
| REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES | (198,015) | 3,767,055 | 3,569,041 | (8,021,508) | <i>Use of Fund Balance</i> |
| FUND BALANCES | | | | | |
| Beginning | 40,989,569 | - | 40,989,569 | 44,558,609 | |
| Ending | \$ 40,791,554 | \$ 3,767,055 | \$ 44,558,610 | \$ 36,537,102 | Ending Fund Balance |
| Fund Balances | | | | | |
| <i>Committed/Assigned for:</i> | | | | | |
| CalPers Termination | \$ 7,300,000 | | \$ 7,300,000 | \$ 7,300,000 | |
| Operations | 4,700,000 | | 4,700,000 | 4,700,000 | |
| Habitat Management (HM/HCP) | 11,385,440 | | 11,385,440 | 13,253,306 | |
| Building Removal | 7,089,000 | | 7,089,000 | 3,339,000 | |
| CIP | 8,642,411 | 3,957,750 | 12,600,161 | 7,313,092 | |
| <i>Unassigned</i> | 1,674,703 | (190,695) | 1,484,008 | 631,703 | |
| Ending Fund Balance | \$ 40,791,554 | \$ 3,767,055 | \$ 44,558,609 | \$ 36,537,102 | |

FORT ORD REUSE AUTHORITY - FY 17-18 ANNUAL BUDGET - BY FUND

| CATEGORY | SPECIAL REVENUE FUNDS (SRF) | | | | TOTAL ANNUAL BUDGET |
|---|-----------------------------|--------------------|------------------------|------------------|---------------------|
| | GENERAL FUND | LEASES/ LAND SALE | CFD/Tax Developer Fees | ARMY ESCA | |
| REVENUES | | | | | |
| | 307,000 | - | - | - | |
| Membership Dues | | | | | 307,000 |
| Franchise Fees - MCWD | 415,000 | - | - | - | 415,000 |
| Federal Grants | - | - | - | 1,002,580 | 1,002,580 |
| Development Fees | - | - | 6,118,763 | - | 6,118,763 |
| Land Sale Proceeds | - | - | - | - | - |
| Rental/Lease Revenues | 50,000 | - | - | - | 50,000 |
| Property Tax Payments | 1,300,000 | - | 1,010,835 | - | 2,310,835 |
| Reimbursement Agreements | 5,000 | - | - | - | 5,000 |
| Investment/Interest Income | 90,000 | - | 20,000 | - | 110,000 |
| Other Income | - | - | - | - | - |
| Total Revenues | 2,167,000 | - | 7,149,598 | 1,002,580 | 10,319,178 |
| EXPENDITURES | | | | | |
| Salaries & Benefits | 2,072,862 | 150,479 | 629,868 | 405,880 | 3,259,090 |
| Supplies & Services | 307,444 | 19,457 | 94,200 | 54,200 | 475,300 |
| Contractual Services | 639,000 | 2,000 | 1,129,000 | 542,500 | 2,312,500 |
| Capital Projects | - | 3,750,000 | 8,543,796 | - | 12,293,796 |
| Total Expenditures | 3,019,306 | 3,921,936 | 10,396,864 | 1,002,580 | 18,340,686 |
| REVENUES OVER (UNDER) EXPENDITURES | (852,306) | (3,921,936) | (3,247,266) | - | (8,021,508) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer In/(Out) | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - |
| REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES | (852,306) | (3,921,936) | (3,247,266) | - | (8,021,508) |
| FUND BALANCE-BEGINNING 7/1/17 | 13,484,008 | 11,191,406 | 19,883,195 | - | 44,558,609 |
| FUND BALANCE-ENDING 6/30/18 | 12,631,703 | 7,269,470 | 16,635,929 | - | 36,537,102 |

Fund Balances

Committed/Assigned for:

| | | | | | |
|-----------------------------|----------------|-----------|------------|----------|----------------|
| CalPers Termination | \$ 7,300,000 | \$ - | \$ - | \$ - | \$ 7,300,000 |
| Operations | 4,700,000 | - | - | - | 4,700,000 |
| Habitat Management (HM/HCP) | - | - | 13,253,306 | - | 13,253,306 |
| Building Removal | - | 3,339,000 | - | - | 3,339,000 |
| CIP | - | 3,930,470 | 3,382,622 | - | 7,313,092 |
| Unassigned | 631,703 | - | - | - | 631,703 |

Ending Fund Balance

| | | | | |
|------------|-----------|------------|---|------------|
| 12,631,703 | 7,269,470 | 16,635,929 | - | 36,537,102 |
|------------|-----------|------------|---|------------|

FORT ORD REUSE AUTHORITY - FY 17-18 ANNUAL BUDGET - BY FUND

| EXPENDITURE CATEGORIES | FY 16-17 Approved Mid-Year | FY 16-17 Variance Projected thru 6/30/17 | Projected 6/30/17 | FY 17-18 Preliminary | Change from Prior Year | NOTES |
|---|----------------------------------|---|----------------------------|----------------------------|---------------------------|---|
| | 16 positions + 1 intern | 16 positions + 1 intern | 16 positions + 1 intern | 16 positions + 1 intern | | "N" indicates a new expense in FY 17-18 budget |
| <u>SALARIES AND BENEFITS (S & B)</u> | | | | | | |
| SALARIES | 1,765,777 | - | 1,765,777 | 1,911,684 | 145,907 | Includes 3% COLA and Step/Longevity |
| BENEFITS/HEALTH, RETIREMENT, OTHER | 625,196 | - | 625,196 | 672,406 | 47,210 | Health Ins anticipated 5% increase Jan' 18 |
| TEMP HELP/VACTION CASH OUT/STIPENDS | 65,000 | - | 65,000 | 100,000 | 35,000 | Retention |
| <i>SUBTOTAL S & B</i> | 2,455,973 | - | 2,455,973 | 2,684,090 | 228,117 | |
| <u>CalPERS UNFUNDED LIABILITIES (UAL)</u> | | | | | | |
| SIDE FUND - PAYOFF | - | - | - | - | - | |
| SHARE OF RISK POOL UAL - PARTIAL PAYMENT | 500,000 | - | 500,000 | 575,000 | 75,000 | Final installment of unfunded actuarial liability - reduces termination liability, save interest. |
| <i>SUBTOTAL PERS UAL</i> | 500,000 | - | 500,000 | 575,000 | 75,000 | |
| TOTAL SALARIES , BENEFITS AND UAL | 2,955,973 | - | 2,955,973 | 3,259,090 | 303,117 | |
| <u>SUPPLIES AND SERVICES</u> | | | | | | |
| PUBLIC & LEGAL NOTICES | 6,000 | - | 6,000 | 8,000 | 2,000 | Cost due to increased font size of required notices |
| COMMUNICATIONS | 8,000 | - | 8,000 | 8,000 | - | |
| DUES & SUBSCRIPTIONS | 11,105 | 2,695 | 13,800 | 25,000 | 11,200 | Reclassification of expenditures from Economic Development |
| PRINTING & COPY | 8,000 | - | 8,000 | 13,000 | 5,000 | HCP Public Review Draft - community engagement |
| SUPPLIES | 14,500 | - | 14,500 | 16,000 | 1,500 | |
| EQUIPMENT & FURNITURE | 15,500 | - | 15,500 | 25,000 | 9,500 | Replace defunct hardware |
| TRAVEL & LODGING | 34,000 | - | 34,000 | 33,000 | (1,000) | |
| CONFERENCE, TRAINING & SEMINARS | 17,500 | - | 17,500 | 19,000 | 1,500 | |
| MEETING EXPENSES | 13,500 | - | 13,500 | 15,000 | 1,500 | Carpenter's Hall rental fee increase |
| TELEVISED MEETINGS | 7,000 | - | 7,000 | 7,000 | - | |
| BUILDING MAINTENANCE & SECURITY | 10,000 | - | 10,000 | 10,000 | - | |
| FORA OFFICES RENTAL | 180,000 | - | 180,000 | 180,000 | - | |
| UTILITES | 12,000 | - | 12,000 | 13,500 | 1,500 | Anticipated rate increase |
| INSURANCE | 26,000 | - | 26,000 | 27,300 | 1,300 | Anticipated 5% increase |
| PAYROLL/ACCOUNTING SERVICES | 7,000 | - | 7,000 | 7,500 | 500 | Anticipated rate increase |
| IT/COMPUTER SUPPORT | 29,000 | - | 29,000 | 29,000 | - | |
| RECORD ARCHIVING | 1,000 | - | 1,000 | 1,000 | - | |
| PREVAILING WAGE TECH SUPPORT/SOFTWARE | 10,000 | - | 10,000 | 10,000 | - | |
| N Community Outreach/Marketing | - | - | - | 25,000 | 25,000 | Open House, Community meetings, marketing, etc. |
| OTHER (POSTAGE, BANK FEES, MISC) | 3,200 | - | 3,200 | 3,000 | (200) | |
| TOTAL SUPPLIES AND SERVICES | 413,305 | 2,695 | 416,000 | 475,300 | 59,300 | |
| <u>CONTRACTUAL SERVICES</u> | | | | | | |
| AUTHORITY COUNSEL | 200,000 | - | 200,000 | 200,000 | - | |
| LEGAL/LITIGATION FEES | 100,000 | - | 100,000 | 125,000 | 25,000 | Potential Litigation |
| LEGAL FEES - SPECIAL PRACTICE | - | - | - | 25,000 | 25,000 | Alan Waltner - contract amendment |
| AUDITORS | 22,813 | - | 22,813 | 24,000 | 1,187 | Anticipated standard 5% increase |
| SPECIAL COUNSEL (EDC-ESCA) | 110,000 | - | 110,000 | 100,000 | (10,000) | |
| ESCA/REGULATORY RESPONSE/ QUALITY ASSURANCE | 370,000 | 90,000 | 460,000 | 460,000 | - | |
| FINANCIAL CONSULTANT | 100,000 | - | 100,000 | 25,000 | (75,000) | EPS - biennial study |
| LEGISLATIVE SERVICES CONSULTANT | 43,000 | - | 43,000 | 43,000 | - | |
| PUBLIC INFORMATION/OUTREACH | 32,000 | - | 32,000 | 20,000 | (12,000) | |
| HCP CONSULTANTS | 150,000 | - | 150,000 | 150,000 | - | |
| FORA Sunset/Transition | 75,000 | - | 75,000 | 50,000 | (25,000) | EPS |
| REUSE PLAN IMPLEMENTATION | 100,000 | - | 100,000 | 150,000 | 50,000 | Cat III |
| GEOGRAPHIC INFORMATION | - | - | - | - | - | |
| CEQA CONSULTANTS | 300,000 | - | 300,000 | - | (300,000) | Consolidated with CIP/Architects & Engineer |
| PARKER FLATS BURN | - | - | - | - | - | |
| CIP/ARCHITECTS & ENGINEERS | 195,000 | - | 195,000 | 750,000 | 555,000 | Consolidation plus Eastside Pkwy environmental |
| PROPERTY TAX SHARING/REUSE | - | - | - | - | - | |
| ECONOMIC DEVELOPMENT | 110,000 | - | 110,000 | 85,500 | (24,500) | Sponsorship/Local support |
| PW WAGE CONSULTANTS | - | - | - | 75,000 | 75,000 | |
| OTHER CONSULTING/CONTRACTUAL EXP | 25,000 | - | 25,000 | 30,000 | 5,000 | New Special District Reporting Requirements |
| TOTAL CONTRACTUAL SERVICES | 1,932,813 | 90,000 | 2,022,813 | 2,312,500 | 289,687 | |
| <u>CAPITAL PROJECTS</u> | | | | | | |
| TRANSPORTATION/OTHER CIP PROJECTS | 3,381,674 | (2,500,000) | 881,674 | 8,543,796 | 7,662,122 | CIP Budget |
| HCP ENDOWMENT | - | - | - | - | - | |
| BUILDING REMOVAL | 500,000 | - | 500,000 | 3,750,000 | 3,250,000 | |
| TOTAL CAPITAL PROJECTS | 3,881,674 | (2,500,000) | 1,381,674 | 12,293,796 | 10,912,122 | |
| <u>DEBT SERVICE (Principal and Interest)</u> | | | | | | |
| PRESTON PARK LOAN DEBT SERVICE | - | - | - | - | - | |
| PRESTON PARK LOAN PAYOFF | - | - | - | - | - | |
| I-BANK LOAN DEBT SERVICE | - | - | - | - | - | Sold in FY 16-17 |
| TOTAL DEBT SERVICE | - | - | - | - | - | |
| TOTAL EXPENDITURES | 9,183,765 | (2,407,305) | 6,776,460 | 18,340,686 | 11,564,226 | |

ANNUAL FY 17-18 BUDGET

PROPOSED SALARY AND BENEFITS
ADJUSTMENT

Staff recommends the following:

- 1) Effective October 1, 2016, pursuant to independent human resources consultant and FC/EC recommendations, the FORA Board adjusted salary ranges to bring FORA employees to equity with other Monterey Bay Regional labor market agencies and affiliated jurisdictions. To sustain this equity, the preliminary budget includes scheduled salary step increases for eligible staff. Proposed Cost-of Living adjustment (COLA) is provided.

| <u>Cost-of-Living-Adjustment (COLA)</u> | <u>3.00%</u> | FY 17-18 BUDGET IMPACT | |
|---|--------------|-------------------------------|--|
| | | 3.0% COLA | |
| CPI SF-Oakland-SJ report (available data thru 2/17): 3.44% | | 64,427 | |
| Effective date: July 1, 2017 | | 55,680 | Salary increase |
| Eligibility: Must be full-time, employed with FORA for the past 12 months. | | 8,747 | Benefits increase - impacts only CalPers and Wcomp |
| | | 2,519,663 | Total S & B/No COLA |
| | | 2,584,090 | Total S & B/With COLA |
| | | 64,427 | Difference |

- 2) Other Staff Benefit - Retention, Stipends, or Bonus - **Fiscal Impact - up to \$35,000**

- * A pool of funds to be used for retention, special assignments, and coverage for employee losses.
- * CalPers allows for a special pay, similar to a stipend or bonus that would not increase retirement benefits of the employee.

- 3) Health Benefit - **Fiscal Impact - Up to \$17,000.**

- * Maintain Board approved increase at mid year FY 16-17 for FY 17-18.
- * Approve up to 5% anticipated increase effective January 1, 2018

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

| | | |
|-----------------------|-----------------------------|---------------------------|
| Subject: | Capital Improvement Program | |
| Meeting Date: | May 12, 2017 | INFORMATION/ACTION |
| Agenda Number: | 8c | |

RECOMMENDATION(S):

- i. Receive report and provide direction regarding adoption of Fort-Ord Reuse Authority (FORA) Fiscal Year (FY) 2017-18 Capital Improvement Program (CIP) (**Attachment A**).
- ii. Approve Option B 'fund local transportation projects first' for use as the updated CIP transportation baseline in the 2017 FORA Fee Reallocation Study and accept the 2017 FORA Fee Reallocation Study prepared by Transportation Agency for Monterey County (TAMC) (**Attachment B**).
- iii. Receive report and provide direction regarding the draft FORA Biennial Formulaic Fee Review prepared by Economic and Planning Systems (EPS) (**Attachment C**).

BACKGROUND/DISCUSSION:

FY 2017/2018 FORA CIP

At its May 3, 2017 meeting, the FORA Administrative Committee reviewed the FORA FY 2017-18 CIP. The FORA CIP aligns FORA capital obligations (expenditures) with available revenue sources. FORA's key capital obligations include: Transportation/Transit, Water Augmentation, Habitat Conservation Plan endowment set aside, and Building Removal. Significant CIP changes this year include:

- Lengthened planning horizon from 2017-18 to 2027-28 to facilitate FORA transition planning
- Incorporation of 2017 FORA Fee Reallocation Study project list, cost estimates, and FORA allocation funding
- Clarification of CIP transportation/transit funding prioritization process – Administrative Committee recommends project funding prioritization and Board makes final prioritization decisions
- Caretaker costs funding increased to \$500,000 per year and reimbursement process begins earlier in the fiscal year (submittal deadline now August 31st instead of January 31st)
- Marina has expressed an interest in discussing with FORA if reallocation of the remainder of the stockade removal obligation can be shifted to another location

2017 FORA Fee Reallocation Study

The 1997 Fort Ord Base Reuse Plan (BRP) requires FORA to work with TAMC to monitor current and projected traffic service levels on links identified as "on-site" and "off-site" segments in the BRP and to annually update the Capital Improvement Program (CIP) to reflect the proposed capital projects (3.11.5.3(d) on page 196 and 3.11.5.6 on page 202). To meet these requirements, after coordinating with FORA, TAMC prepared the *Fort Ord Transportation Study* Final Report on July 8, 1997 and the *FORA Fee Reallocation Study* on April 15, 2005.

To meet BRP requirements and to facilitate completion of FORA transition planning before December 30, 2018, the FORA Board authorized a reimbursement agreement with TAMC in July 2015 to complete a FORA Fee Reallocation Study. In July 2016, the FORA Board approved the annual FORA CIP with direction to staff to report any proposed CIP revisions as a result of the FORA Fee Reallocation Study and EPS Biennial Formulaic Review.

To complete the reallocation study, TAMC hired and directed their consultant Kimley-Horn to build a region wide transportation network model based on the Association of Monterey Bay Area Governments (AMBAG) Regional Travel Demand Model (RTDM). Kimley-Horn's work was delayed a number of months due to the level of effort needed to validate the RTDM for the Fort Ord area. The FORA Administrative Committee reviewed Kimley-Horn's draft work products including two FORA fee reallocation options, Option A "nexus approach" and Option B "fund local transportation projects first approach". At its April 12, 2017 meeting, the FORA Administrative Committee recommended that the FORA Board approve Option B, which is the existing FORA policy. At its May 3, 2017 meeting, the FORA Administrative Committee reviewed the 2017 FORA Fee Reallocation Study, recommending Board acceptance.

EPS Biennial Fee Calculation Report

Staff worked with EPS using the jurisdictions' development forecasts to assess FORA's projected revenues and expenses. The period between 2014 and 2017 has seen a substantial increase in receipt of Community Facilities District (CFD) special tax payments. However, based on the draft FORA Biennial Formulaic Fee Review prepared by EPS (**Attachment B**), a 2.5% fee increase to the FORA CFD Special Tax would be recommended to align CIP revenues with expenses. Three key expenditure areas affect the CIP: 1) Habitat Conservation Plan (HCP) funding and contingencies, 2) Water Augmentation, and 3) Transportation/Transit obligations and contingencies. The three key expenditure areas have remained relatively constant with slight adjustments due to Construction Cost Indexing and HCP funding assumptions. Changes in FORA's forecasted revenues are the main factor affecting the recommended fee change. At its May 3, 2017 meeting, the Administrative Committee reviewed a preliminary draft FORA CFD/Development Fee calculation prepared by EPS. EPS made a number of necessary refinements since that meeting, which changed the calculation result within a margin of error (4%). FORA staff recommend that that the Board review these calculation results and provide feedback. Staff anticipate providing a final Biennial Formulaic Fee Review at the Board's June meeting for consideration.

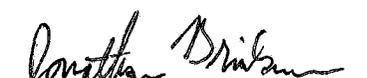
FISCAL IMPACT:

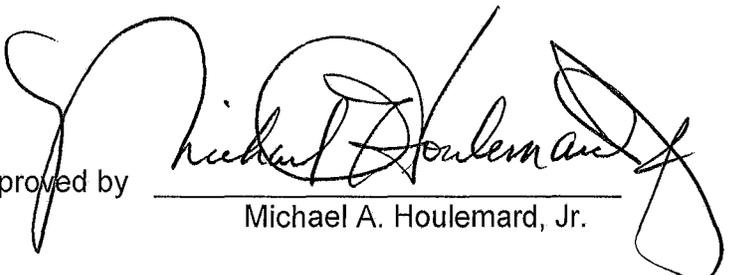
Reviewed by FORA Controller 

Staff time for this item is included in the approved annual budget.

COORDINATION:

Authority Counsel, Administrative and Executive Committees, land use jurisdictions, TAMC, Kimley-Horn, and EPS.

Prepared by 
Jonathan Brinkmann

Approved by 
Michael A. Houlemard, Jr.

Attachment A to Item 8c

Capital Improvement Program Fiscal Year 2017/18 through 2027/28

http://fora.org/Board/2017/Packet/Additional/051217-Item8c-Attach_A.pdf

Attachment B to Item 8c

Fee Reallocation Study: Deficiency Analysis and Fee Reallocation

Fiscal Year 2016/2017

April 27, 2017

http://fora.org/Board/2017/Packet/Additional/051217-Item8c-Attach_B.pdf

Attachment C to Item 8c

**Preliminary Draft – Subject to Change
Discussion Tables
FOR A Biennial CIP Review**

http://fora.org/Board/2017/Packet/Additional/051217-Item8c-Attach_C.pdf

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

| | | |
|-----------------------|--|---------------------------|
| Subject: | Regional Urban Water Augmentation Project Report | |
| Meeting Date: | May 12, 2017 | INFORMATION/ACTION |
| Agenda Number: | 8d | |

RECOMMENDATION:

Receive a Water Augmentation update, Pipeline Reimbursement Agreement update.

BACKGROUND/DISCUSSION:

In September 2016, the Fort Ord Reuse Authority (FORA) Board approved a \$6M RUWAP Pipeline Reimbursement Agreement with Marina Coast Water District (MCWD) as a part of a three-party effort with Monterey Regional Water Pollution Control Agency (MRWPCA).

Upon signing the Agreement, MCWD retained Carollo Engineers, utilizing \$250,000 startup funds to update engineering, bid documents and specifications of the previously approved transmission main. The project will be advertised for bids beginning May 2, 2017 with a bid opening June 20, 2017. Construction is anticipated to begin in September, 2017.

MCWD and MRWPCA are meeting regularly with the State Water Board and an approved State Revolving Fund (SRF) is expected by September. Following SRF approval, MCWD plans to negotiate and finalize end user agreements. To keep the project moving forward, MCWD is obtaining bridge financing in the case of delay. Should the SRF not come through, the MCWD will obtain bond financing.

MCWD and PCA have both extended their pipeline agreement deadlines. Many of the terms of the original agreement are outdated so PCA and MCWD will craft a replacement agreement by the first part of the next fiscal year.

FISCAL IMPACT:

Reviewed by FORA Controller 

Staff time for this item is included in the approved FORA budget.

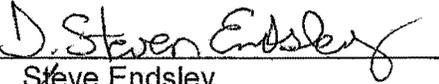
COORDINATION:

WWOC, Seaside, Marina, CSUMB, ARMY and Marina Coast Water District

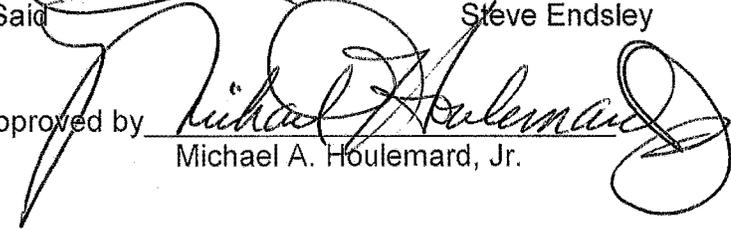
Prepared by


Peter Said

Reviewed by


Steve Endsley

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

| | | | |
|-----------------------|---|---------------|--|
| Subject: | Consider Resolutions Adopting Marina Coast Water District's Compensation Plan | | |
| Meeting Date: | May 12, 2017 | ACTION | |
| Agenda Number: | 8e | | |

RECOMMENDATION(S):

Consider Resolution Nos. 17-XX and 17-XX Adopting a Compensation Plan for Base-wide Water and Sewer Services on the Former Fort Ord (**Attachment A and B**).

BACKGROUND/DISCUSSION:

The 1998 Water Wastewater Facilities Agreement (FA) assigns Marina Coast Water District (MCWD) the responsibility to keep a fund for the Ord Community separate from the general MCWD operation. The Ord Community fund has its own line items and account numbers, giving MCWD the ability to report on revenues and expenses for the service area. The Water Wastewater Oversight Committee (WWOC) is responsible for reviewing and recommending Budgets and Compensation Plans for the Ord Community (per Section 4.2.2.5 and Section 7.1.3 of the FA). The Fort Ord Reuse Authority's (FORA's) responsibility is to state whether it agrees or disagrees with MCWD's proposed budget within 3 months of receipt, and adopt by resolution the compensation plan per Section 7.2 and 7.3.

The WWOC received the proposed Budget on March 13, 2017, starting the three-month clock, making FORA Board's final approval deadline June 13, 2017. Please note, there is NO change in the capacity charge, and they remain the same as FY 2015-2016. The WWOC met with MCWD to review the budget on March, 15th, April 12th, and April 26th of 2017. Due to the size, the proposed budget and its revisions (**Exhibit A**) are available online at the following address:

<http://fora.org/wwoc-review.html>

The WWOC voted 3-1 to recommend the following:

Adopt the compensation plan for base-wide water and sewer services on the Fort Ord Community as is, and to note the already approved rate increases authorized by the Proposition 218 process are scheduled over a five-year period from 2014-2018. The increases over this term are required for capital improvement projects (CIP) and depleted reserves. The improvements yet to be completed are provided in the Draft Five-Year Plan (**Attachment C**) and include:

| | 2017/18 | 18/19 | 19/20 | 20/21 |
|--|---------|-------|-------|-------|
| RUWAP Pipeline | | | | |
| Clark & Gigling Lift Station and Force Main | | | | |
| Inter-Garrison Pipeline Upsizing, & Lightfighter Extension | | | | |
| Demo D-Zone Reservoir | | | | |
| Eastside Parkway (D-Zone Pipeline) | | | | |
| SCSD Improvements –DRO | | | | |
| South Boundary Rd Pipeline | | | | |
| Improvements: Seaside Resort, Dunes, CSUMB | | | | |

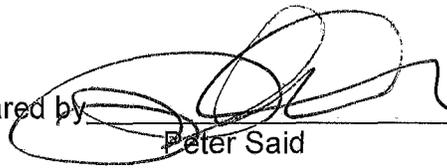
FISCAL IMPACT:

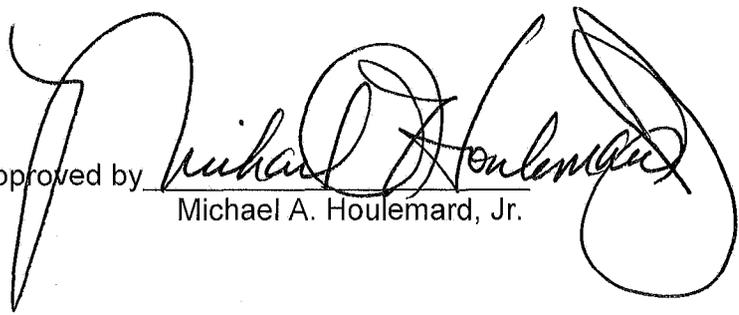
Reviewed by FORA Controller 

Staff time for this item is included in the approved FORA budget.

COORDINATION:

WWOC, MCWD, Administrative Committee, Executive Committee

Prepared by  Peter Said Reviewed by  D. Steven Endsley
Steve Endsley

Approved by  Michael A. Houlemard, Jr.

Resolution No. 17-XX

*Resolution of the Fort Ord Reuse Authority Board of Directors
Adopting the Budget and the Ord Community Compensation Plan for FY 2017-2018
not including Capacity Charges*

May 12, 2017

THIS RESOLUTION is adopted with reference to the following facts and circumstances:

WHEREAS, Marina Coast Water District (District) Staff prepared and presented the draft FY 2017-2018 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 2017-2018 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 Budget and Compensation Plan for FY 2017-2018 adopted by FORA apply only to the area within FORA's jurisdictional boundaries; and,

WHEREAS, the Water/Wastewater Oversight Committee and Administrative Committee of FORA and the District Board of Directors 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 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, FORA and the District 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 in the Budget and Compensation Plan for FY 2016-2017 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, 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 May 19, 2014, the District Board held a Proposition 218 hearing 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 hearing, the District Board heard and considered all protests to the Compensation Plan and the rates, fees and charges proposed and found that 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, FY 2017-2018 Capacity Charges are the subject of and will be adopted by a separate Resolution; and,

WHEREAS, 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 the Board hereby resolves that:

1. The Board of Directors of the Fort Ord Reuse Authority does hereby approve and adopt the FY 2017-2018 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.

Upon motion by _____, seconded by _____, the foregoing Resolution was passed on this ___ day of _____, _____, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Mayor Ralph Rubio, Chair

ATTEST:

Michael A. Houlemard, Jr., Secretary

Resolution No. 17-XX

*Resolution of the Fort Ord Reuse Authority Board of Directors
Adopting the Capacity Charge element of the Budget and the Ord Community
Compensation Plan for FY 2017-2018*

May 12, 2017

THIS RESOLUTION is adopted with reference to the following facts and circumstances:

WHEREAS, Marina Coast Water District (District) Staff prepared and presented the draft FY 2017-2018 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 2017-2018 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 compensation plan adopted by FORA applies only to the area within FORA's jurisdictional boundaries; and,

WHEREAS, to update the capacity charge calculations contained in the 2005 financing study prepared by Citigroup Global Markets Inc., Carollo Engineers prepared a five-year water and wastewater financial plan and rate study in 2013 for the District, which recommended an increase in capacity charges for water and wastewater services to the Ord Community. The District staff provided additional information to Carollo and upon further analysis, Carollo issued in February 2014 revisions which reduced the amount of the proposed new capacity charges and were implemented July 1, 2014; and,

WHEREAS, the Water/Wastewater Oversight Committee and Administrative Committee of FORA and the District 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 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, 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 increased from those approved in the FY 2015-2016 Budget and Compensation Plan; and,

WHEREAS, 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 the Board hereby resolves that:

1. The Board of Directors of the Fort Ord Reuse Authority does hereby approve and adopt the capital elements of the FY 2017-2018 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 University of California or state agency. The District has negotiated and entered into that certain Settlement Agreement and Mutual Release dated June 1, 2006, with California State University.

Upon motion by _____, seconded by _____, the foregoing Resolution was passed on this ___ day of _____, _____, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Mayor Ralph Rubio, Chair

ATTEST:

Michael A. Houlemard, Jr., Secretary

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

| | | |
|-----------------------|---|---------------|
| Subject: | Endorse MCWD as Groundwater Sustainability Agency | |
| Meeting Date: | May 12, 2017 | ACTION |
| Agenda Number: | 8f | |

RECOMMENDATION(S):

- i. Consider Marina Coast Water District's (MCWD's) endorsement request (**Attachment A**) to be the Groundwater Sustainability Agency (GSA) for former Fort Ord.
- ii. Consider authorizing the Executive Officer to transmit a letter (**Attachment B**) endorsing MCWD as GSA for former Fort Ord.

BACKGROUND:

In the fall of 2014, the California legislature adopted, and the Governor signed into law, three bills (SB 1168, AB 1739, and SB 1319) collectively referred to as the "Sustainable Groundwater Management Act" (SGMA) that initially became effective on January 1, 2015, and have been amended from time-to-time thereafter. The stated purpose of the SGMA, as set forth in California Water Code section 10720.1, is to provide for the sustainable management of groundwater basins, to enhance local management of groundwater to the greatest extent feasible, and to provide local groundwater agencies with the authority, and technical and financial assistance necessary to manage groundwater sustainably.

The SGMA requires the designation of GSAs to achieve groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans (GSPs) or alternative plans, for all medium and high priority basins/sub-basins as designated by the California Department of Water Resources (DWR). The Salinas Valley Groundwater Basin (Basin) is a high priority basin, and the 180/400 foot aquifer sub-basin is designated in critical overdraft. The SGMA also requires that basins and sub-basins have a designated GSA not later than June 30, 2017, and high or medium priority basins in critical overdraft adopt a GSP no later than January 31, 2020.

DISCUSSION:

Marina Coast Water District (MCWD) and the recently formed Salinas Valley GSA have each submitted Notices of Intents (NOIs) to DWR to be GSA's over the Monterey sub-basin of the Salinas Valley basin (a large portion of former Fort Ord). This creates a service area overlap (**Attachment C**), which must be resolved before a GSA can be recognized for the sub-basin.

If the Department of Water Resources (DWR) does not identify an exclusive GSA(s) by June 30, 2017, according to Water Code section 10735.2(a), the State Water Resources Control Board (SWRCB), after notice and a public hearing, may designate a high (or medium) priority basin as a probationary basin, if a local agency or a collection of local agencies has not decided to become a GSA(s) and develop GSP(s) for the entire basin – or if a local agency has not submitted an Alternative Plan for the entire basin. If multiple local agencies have decided to become GSAs in a basin, but those decisions have not taken effect due to unresolved service area overlap, then those disputed areas would be considered unmanaged areas for the purposes of groundwater extraction reporting, as no exclusive GSA(s) for the entire basin has/have been established. The

local agencies involved in the GSA formation dispute need to reach agreement to allow prompt designation of a GSA. Otherwise, the SWRCB could intervene if necessary.

The groundwater extraction reporting requirements for unmanaged areas of a basin will begin on July 1, 2017, and are described in Part 5.2 of Division 2 of the Water Code, commencing with section 5200. The SWRCB's schedule of fees to recover costs associated with its intervention role is described in Water Code section 1529.5. Water Code References: section 1529.5, section 5200 et seq., section 10723 et seq., section 10724. The proposed SGMA Fee Schedule is provided under **Attachment D**.

The proposed SGMA Fee Schedule includes different tiers ranging from \$10 per acre-foot per year pumped to \$55 per acre-foot per year pumped. Also, if the state intervention requires special studies and the fees are insufficient to cover these costs, the state will assess groundwater extractors for these costs as well. If the GSA overlap dispute for the Monterey sub-basin of the Salinas Valley basin (Fort Ord) continues past the June 30, 2017 deadline and the State assesses fees for its intervention, MCWD, serving as the water purveyor under contract with FORA, would be assessed the fees. As a result, MCWD would be required to recover these additional costs from former Fort Ord ratepayers (Ord Community) until MCWD and the Salinas Valley GSA resolve the GSA formation dispute.

Prompt resolution to the GSA formation dispute before June 30, 2017 would benefit local agencies and avoid state intervention and fees. The FORA Administrative Committee requested staff analysis of key questions (**Attachment E**).

On April 4, 2017, MCWD transmitted a letter to FORA requesting that FORA consider submitting a letter to support MCWD's efforts to be GSA for the former Fort Ord service area (**Attachment A**). The FORA Administrative Committee reviewed this letter on April 12 and May 3, 2017, recommending that FORA staff provide a draft MCWD endorsement letter for Executive Committee and Board consideration (**Attachment B**). Correspondence from SWRCB providing an advisory opinion that MCWD lacks authority to undertake groundwater management in former Fort Ord and correspondence from MCWD's legal counsel responding to the same issue are included under (**Attachment F**).

FISCAL IMPACT:

Reviewed by FORA Controller 

Staff time for this item is included in the approved annual budget.

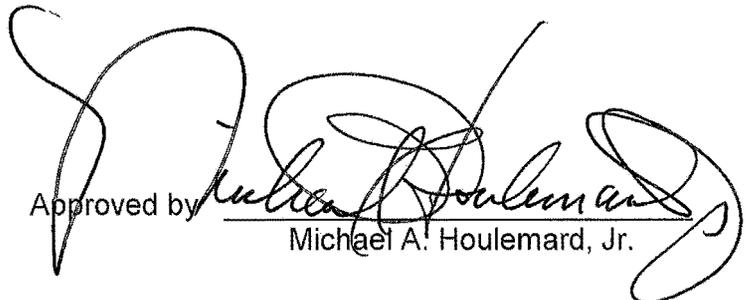
COORDINATION:

Administrative Committees, land use jurisdictions.

Prepared by


Jonathan Brinkmann

Approved by


Michael A. Houlemard, Jr.



MARINA COAST WATER DISTRICT

11 RESERVATION ROAD, MARINA, CA 93933-2099
Home Page: www.mcwd.org
TEL: (831) 384-6131 FAX: (831) 883-5995

DIRECTORS

HOWARD GUSTAFSON
President

THOMAS P. MOORE
Vice President

WILLIAM Y. LEE
JAN SHRINER
HERBERT CORTEZ

April 3, 2017

Fort Ord Reuse Authority
Michael Houlemard, Executive Officer
920 2nd Avenue, Suite A
Marina, CA 93933



Dear Mr. Houlemard:

Despite this winter's record rainfall, the greater Monterey Peninsula Region must continue to work together to find long term sustainable sources of water to supply our growing population and economy. This is an issue our community has grappled with for decades and will continue to do so as we search and identify feasible options to continue to build a water supply system that serves our community and environment. The Marina Coast Water District (MCWD) has been a strong voice in this process and I write to seek your support so that we may continue our efforts to work collaboratively in this regard.

For nearly 60 years, MCWD has served residents providing safe and affordable drinking water. Today we serve more than 30,000 customers and rely primarily on groundwater pumping for that supply. Careful management of our groundwater is of utmost importance to us at MCWD and we have undertaken numerous initiatives over the course of our history to maintain that stewardship, including:

- Development of an Urban Water Management Plan (UWMP) balancing supply with projected demand. The UWMP is updated every five years and was last updated in 2016.
- Invested heavily in hydrogeologic scientific studies to better understand the conditions and dynamics of the groundwater aquifers that provide our groundwater.
- Managed the placement of wells to plan for and minimize seawater intrusion.
- Initiated conservation programs that help make MCWD's per-capita usage rates among the lowest in the state.
- Invested substantial financial resources in the infrastructure necessary to build out the Regional Urban Water Augmentation Project (RUWAP). MCWD secured 1,427 acre feet per year of Pure Water Monterey advanced treated water for the Ord Community.
- Recently signed a three-party agreement with the Fort Ord Reuse Authority and Monterey Regional Water Pollution Control Agency to fund a study to identify potential sources of water to supply an additional 973 acre feet per year of water for the Ord Community.
- Planning a groundwater recharge project on our Armstrong Ranch property to further increase MCWD's water supplies and protect our groundwater aquifers.

Because of that stewardship, the District has taken action in response to the Sustainable Groundwater Management Act (SGMA), with the goal of becoming the exclusive Groundwater Sustainability Agency (GSA) for all lands within MCWD's jurisdictional and service area

April 3, 2017

Page 2

boundaries. MCWD has already been designated by the Department of Water Resources (DWR) as the exclusive GSA for all lands within MCWD's jurisdictional boundaries, which is MCWD's Central Marina service area. MCWD is moving forward to develop a groundwater sustainability plan for that area. MCWD also filed notice with DWR to be the exclusive GSA for MCWD's Ord Community service area, excluding the Adjudicated Seaside Groundwater Basin; however, at the last minute, Monterey County filed a competing notice with DWR even though the County does not provide any water service and does not own any water facilities within that area. The County's action blocks both MCWD's and the County's filings and makes that area subject to State intervention and enforcement. MCWD has also filed notices with DWR to be the exclusive GSA for lands within its jurisdictional boundaries and Ord Community service area within the adjoining DWR-designated 180/400 Foot Aquifer Subbasin.

While the environmental stewardship of our groundwater aquifers is a critical role for MCWD in the service it provides its customers, that role is currently in jeopardy. The new Salinas Valley Groundwater Sustainability Agency (Agency), formed in March 2017, may very soon try to become the exclusive GSA for the entire Salinas Valley Groundwater Basin (SVGB), excluding MCWD's already designated exclusive GSA. That means that the Agency may try to become a competing GSA within MCWD's Ord Community service area and possibly try to compete with MCWD's 180/400 Foot Aquifer GSA filings. The new Agency is governed by an 11-member board; a majority of those members are not representatives of local public water agencies.

The purpose of this letter is to seek your support for MCWD to continue to manage the groundwater aquifers, which our customers rely on, and to oppose having the Agency try to take over groundwater management authority from MCWD thereby giving this new Agency the ability to impose its own fees, rules, and restrictions on MCWD's customers. MCWD must be able to protect its groundwater rights on behalf of its customers, to develop augmented water supplies, to look out for its Ord Community water infrastructure, and to fulfill its obligation to its ratepayers to provide safe drinking water at affordable rates.

Moving forward, we intend to proactively engage with the Agency, the County, DWR, and other stakeholders so that we may continue in our historic role and move forward as the exclusive GSA within our jurisdictional boundaries and service area. To that end, I would greatly appreciate your consideration of signing and submitting the attached letter to support our efforts to be the GSA for our service area. The next Board meeting for the new Salinas Valley Groundwater Sustainability Agency is April 13, 2017, so it would be timely to have any letters of support sent to the Agency prior to that meeting, although it is still helpful if the letter of support is sent after that date and as soon as reasonably possible.

I am happy to address any questions or concerns you might have and will provide further updates as events warrant.

Sincerely,



Keith Van Der Maaten
General Manager
Marina Coast Water District

DATE

JPA Address

Dear JPA president;

On behalf of the ORGANIZATION, I write to convey our endorsement for the Marina Coast Water District's (MCWD) to become the exclusive Groundwater Sustainability Agency (GSA) for its service area.

MCWD was established in 1960 to be the exclusive water and sewer collection provider for residents in the City of Marina and later became the exclusive water and sewer collection provider for the Ord Community. In October 2001, as part of the Base Realignment and Closure process, the United States Army conveyed to MCWD through the Fort Ord Reuse Authority (FORA) all of Fort Ord's water and sewer infrastructure as well as the Army's groundwater allocation and sewer treatment capacity the Army did not reserve for its own needs.

The Sustainable Groundwater Management Act (SGMA) defines "basin" as subbasin or basin and the Department of Water Resources staff have explained that in multi-subbasin groundwater basins, such as the Salinas Valley Groundwater Basin (SVGB), which has eight subbasins, GSA and groundwater sustainability plan (GS Plan) requirements apply to each individual subbasin and not to the basin as a whole. It's fundamental to implementation of SGMA that each subbasin be viewed as the individual building block to effective management of groundwater resources. Under SGMA, each subbasin is required to have GSA or GSAs and a GS Plan or coordinated GS Plans. MCWD has been a strong regional collaborator and will continue coordinating with other GSAs within the SVGB.

Effective management of our precious groundwater resources comes through knowledge and understanding of the local hydrogeology. MCWD has invested significantly in research and studies with experts from Stanford University and others to more clearly understand the groundwater conditions and dynamics of the subbasins within MCWD's service area and in master planning and implementing projects and programs to sustainably protect and manage its groundwater resources for current and future customers. This alone, makes MCWD uniquely qualified to be the GSA over its service area.

Sincerely,

NAME



FORT ORD REUSE AUTHORITY

920 2nd Avenue, Suite A, Marina, CA 93933

Phone: (831) 883-3672 | Fax: (831) 883-3675 | www.fora.org

May XX, 2017

Attachment B to Item 8f
FORA Board Meeting 5/12/17

President Joe Gunter
Salinas Valley Basin Groundwater Sustainability Agency

RE: Endorsement of Marina Coast Water District as Fort Ord's Groundwater Sustainability Agency

Dear Salinas Valley GSA President Joe Gunter:

On behalf of the Fort Ord Reuse Authority (FORA), I write to convey our endorsement for the Marina Coast Water District (MCWD) to become the exclusive Groundwater Sustainability Agency (GSA) for its service area.

MCWD was established in 1960 to be the exclusive water and sewer collection provider for residents in the City of Marina and later became the exclusive water and sewer collection provider for the Ord Community. In October 2001, as part of the Base Realignment and Closure process, the United States Army conveyed to MCWD through FORA all of Fort Ord's water and sewer infrastructure as well as the Army's groundwater allocation and sewer treatment capacity the Army did not reserve for its own needs.

The Sustainable Groundwater Management Act (SGMA) defines "basin" as subbasin or basin and the Department of Water Resources staff have explained that in multi-subbasin groundwater basins, such as the Salinas Valley Groundwater Basin (SVGB), which has eight subbasins, GSA and groundwater sustainability plan (GSP) requirements apply to each individual subbasin and not to the basin as a whole. It's fundamental to implementation of SGMA that each subbasin be viewed as the individual building block to effective management of groundwater resources. Under SGMA, each subbasin is required to have GSA or GSAs and a GSP or coordinated GSPs. MCWD has been a strong regional collaborator and will continue coordinating with other GSAs within the SVGB.

Effective management of our precious groundwater resources comes through knowledge and understanding of the local hydrogeology. MCWD has invested significantly in research and studies with experts from Stanford University and others to more clearly understand the groundwater conditions and dynamics of the subbasins within MCWD's service area and in master planning and implementing projects and programs to sustainably protect and manage its groundwater resources for current and future customers. This alone, makes MCWD uniquely qualified to be the GSA over its service area.

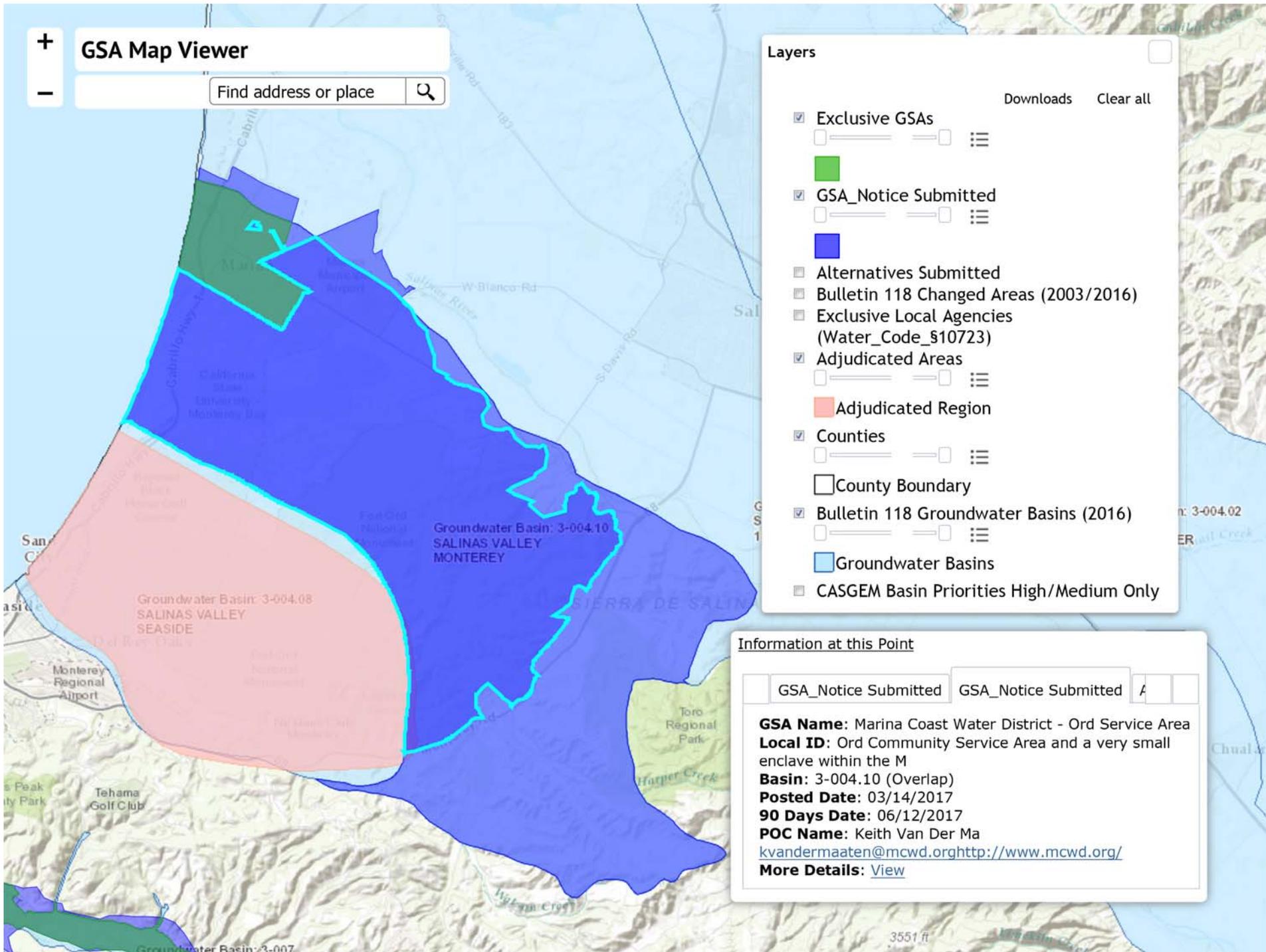
FORA has an interest to ensure implementation of its 1997 Fort Ord Reuse Plan. FORA recognizes that MCWD has not yet completed annexation of the former Fort Ord and serves the Ord Community through its 1998 Water and Wastewater Facilities Agreement with FORA. Legal uncertainty remains should FORA terminate in 2020 without MCWD completing annexation of the former Fort Ord and without FORA assigning its contractual obligations

under the 1998 FORA-MCWD Water and Wastewater Facilities Agreement. The FORA Board continues to advocate for MCWD to complete annexation of the Ord Community and would endeavor to assign its contractual obligations before its termination.

Sincerely,

Michael A. Houlemard, Jr.
Executive Officer

DRAFT



GSA Map Viewer

Find address or place

- Layers**
- Exclusive GSAs
 - GSA_Notice Submitted
 - Alternatives Submitted
 - Bulletin 118 Changed Areas (2003/2016)
 - Exclusive Local Agencies (Water_Code_§10723)
 - Adjudicated Areas
 - Adjudicated Region
 - Counties
 - County Boundary
 - Bulletin 118 Groundwater Basins (2016)
 - Groundwater Basins
 - CASGEM Basin Priorities High/Medium Only

Information at this Point

GSA_Notice Submitted GSA_Notice Submitted A

GSA Name: Marina Coast Water District - Ord Service Area
Local ID: Ord Community Service Area and a very small enclave within the M
Basin: 3-004.10 (Overlap)
Posted Date: 03/14/2017
90 Days Date: 06/12/2017
POC Name: Keith Van Der Ma
kvandermaaten@mcwd.org<http://www.mcwd.org/>
More Details: [View](#)

Proposed Sustainable Groundwater Management Act (SGMA) Fee Schedule

INTRODUCTION

The State Water Resources Control Board (State Water Board) is conducting a series of stakeholder meetings throughout summer and fall 2016 to assist in the development of a groundwater extraction reporting fee schedule, as required by the Sustainable Groundwater Management Act (SGMA). The objectives of the stakeholder meetings are as follows:

- Engage stakeholders in the SGMA fee schedule development process.
- Explain issues considered in drafting the proposed fee schedule.
- Gain a better understanding of stakeholder interests and concerns.

Following the stakeholder meetings, State Water Board staff will develop and release a draft fee schedule emergency regulation for public comment and hold at least one public meeting to receive public comment on the draft emergency regulation. The State Water Board will consider adoption of the proposed fee schedule emergency regulation in spring 2017. The fee schedule must be effective by July 1, 2017.

BACKGROUND

SGMA requires the formation of local groundwater sustainability agencies (GSAs) in California’s high- and medium-priority groundwater basins. Sustainability agencies are required to develop groundwater sustainability plans that will bring basins into sustainability within 20 years of plan implementation. If locals are unable or unwilling to sustainably manage their basin, the State Water Board is authorized to intervene. State intervention can only be triggered by one of the following events:

| Date | Trigger |
|------------------|--|
| July 1, 2017 | Failure to form a GSA. |
| January 31, 2020 | Failure to adopt and/or adequately implement a groundwater sustainability plan for a basin in a critical condition of overdraft. |
| January 31, 2022 | Failure to adopt and/or adequately implement a groundwater sustainability plan in all other high- or medium-priority basins. |
| January 31, 2025 | There are significant depletions of interconnected surface waters and the sustainability plan is not being implemented adequately. |

STATE WATER BOARD FEE AUTHORITY

Portions of basins that are not within the management area of a GSA by July 1, 2017, are considered unmanaged areas. Groundwater extractors in unmanaged areas are required to file an annual groundwater extraction report with the State Water Board. (Wat. Code §5202, subd. (a)(2).) If locals fail to form a GSA, fail to develop an adequate sustainability plan, or fail to implement the plan adequately (based on the deadlines outlined above), the State Water Board may designate the basin as probationary and step in to directly manage groundwater extractions in the basin. (Wat. Code §§ 10735.2 & 10735.8.) All extractors in a probationary basin are required to submit an annual groundwater extraction report, although the State Water Board has discretion to exempt certain probationary extractors from reporting if appropriate. (Wat. Code §5202(a)(1).) Each annual extraction report must be accompanied by a fee to cover associated programmatic costs. (Wat. Code §§ 1529.5 & 5202, subd. (f).)

The State Water Board is required to adopt, by emergency regulation, a fee schedule to cover SGMA-related costs. (Wat. Code §1530.) The emergency regulation format allows the State Water Board to update the fee

Proposed Sustainable Groundwater Management Act (SGMA) Fee Schedule

schedule annually to reflect changing conditions and programmatic costs. It also important to note that the fees described below will not be applicable if local implementation of SGMA is successful.

PROPOSED FEE SCHEDULE

There are three “levels” of State Water Board intervention, each level is associated with greater staff workloads and associated costs.

1. Unmanaged Area Intervention. Unmanaged areas are portions of basins that are outside of a GSA service area. Groundwater extractors in unmanaged areas are required to submit an annual report to the State Water Board detailing monthly groundwater extraction volumes, place of use, and purpose of use, and may be required to submit other information necessary to evaluate the basin.
2. Probationary Basin Intervention. A probationary basin is a basin that the State Water Board has designated to be probationary in accordance with the procedures described in Chapter 11 of SGMA. (Wat. Code §10735, et. seq.) The State Water Board will evaluate conditions in the basin and may designate the basin once one of the probationary triggers described by Water Code section 10735.2 has occurred. Probationary status will result in an increased amount of staff activities as solutions to deficiencies in basin management are developed or additional information necessary for basin management is acquired.
3. Interim Plan Intervention. The State Water Board may need to manage groundwater conditions in a probationary basin if the deficiencies that resulted in probation are not corrected. In such a scenario, the State Water Board will develop and implement an interim plan to manage groundwater extractions. (Wat. Code §10735.8.) The development and implementation of interim plans will require significant staff time, in addition to technical studies or data collection performed under contract.

The draft fee schedule ties the fees to the type of Board activity occurring in the basin, as follows:

| Fee Category | Applicable Parties – Reporting Extractors | Fee Amount |
|--|--|---|
| Base Filing Fee ^(a) | Any extractor submitting an extraction report | \$100 per well |
| Fees based on intervention status ^(a) | | |
| 1. Unmanaged Area Rate | Extractors in an unmanaged area. | \$10 per acre-foot per year, if metered |
| | | \$25 per acre-foot per year, if unmetered |
| 2. Probationary Basin Rate | Extractors in a probationary basin. | \$40 per acre-foot per year |
| 3. Interim Plan Rate | Extractors in a probationary basin after the time period identified by § 10735.4 or § 10735.6 (180 days or one year, accordingly). | \$55 per acre-foot per year |
| Fees independent of intervention status ^(b) | | |
| Late Fee | Extractors that do not file reports by the due date. | 25% of total fee amount, accrued monthly |
| Special Studies Fee | May apply to extractors when basin-specific special studies are required and the probationary or interim plan rates are insufficient. The additional cost of developing special technical studies such as groundwater investigations or modeling will be apportioned to extractors based on volume of water extracted. | |

(a) Can apply to de minimis extractors in probationary basins at the Board’s discretion.

(b) These fees are paid in addition to the “Fees based on intervention status.”

Proposed Sustainable Groundwater Management Act (SGMA) Fee Schedule

CHALLENGES TO DEVELOPING THE SGMA FEE SCHEDULE

There are two primary challenges in developing the SGMA fee schedule that create difficulties in anticipating programmatic costs: 1) uncertainty regarding the number and scope of unmanaged areas and probationary basins, and 2) the level of reporting compliance.

- 1) Staff workload, and resulting fees, are contingent on the number and scope of unmanaged areas and probationary basins. However, at this time there is significant uncertainty regarding the number and scope of unmanaged areas and probationary basins. In addition, the State Water Board's authority to designate probationary basins is phased in over a 10-year period and is ongoing from that point forward. Because the Board cannot pre-determine the number of unmanaged areas and probationary basins, it must rely on estimating the level of program activities.
- 2) State Water Board staff anticipate 30 to 50 percent reporting and fee submittal compliance in the first year of collecting fees; 50 to 60 percent in the second year; and 70 to 80 percent through year five. This anticipated compliance rate is applicable to the total number of extractors that must report, not the number of basins or areas generally in compliance with SGMA deadlines. SGMA authorizes the State Water Board to recover costs over a period of years, which will allow staff to create a workload history to better estimate future fees.

As a note, although there is uncertainty regarding the magnitude of program actions, the nature of the emergency regulations allows the State Water Board to update its fee schedule as the challenges described above are better understood over time.

DISCUSSION ON PROPOSED FEE CATEGORIES

The following questions are aimed at focusing input on elements of the draft fee schedule.

Establishing the Fee Structure

1. What are other options the State Water Board should consider? Examples include a cap on the maximum fee amount, a larger base fee, or tiered rates.
2. Is it appropriate to scale the fees based on volumes of water used? Examples of other options include scaling by irrigated acreage, service area size, or crop type.

Incorporating Incentives

1. Will the late fee incentivize report submittal compliance?
2. Are there are other incentives the State Water Board should consider?
3. Will the metering discount for unmanaged areas incentivize more accurate data reporting?

Fee Stability

1. Is it appropriate to apply the Special Studies Fee to individual basins?
2. Do you have suggestions on how the State Water Board can recover programmatic costs resulting from activities in specific basins during probationary or interim plan periods?

Proposed Sustainable Groundwater Management Act (SGMA) Fee Schedule

SUPPORTING INFORMATION AND CLARIFICATIONS

Fee Example Scenarios

- The following table provides examples of how the proposed probationary fee rates for eight hypothetical farms would approximately relate to a fee based on irrigated acreage:

| Crop | Irrigated Acreage | Acre Feet of Water Applied Annually Per Acre (DWR ^(b)) | Probationary Rate | Cost per Acre | Total Cost |
|-------------------|-------------------|--|-------------------|---------------|------------|
| Alfalfa | 150 | 5.05 | \$40 | \$202 | \$30,300 |
| Almonds | 150 | 3.54 | \$40 | \$142 | \$21,240 |
| Corn | 150 | 2.83 | \$40 | \$113 | \$16,980 |
| Cotton | 150 | 3.09 | \$40 | \$124 | \$18,540 |
| Grapes | 150 | 1.86 | \$40 | \$74 | \$11,160 |
| Misc. Fruit Trees | 150 | 3.3 | \$40 | \$132 | \$19,800 |
| Pistachios | 150 | 3.54 | \$40 | \$142 | \$21,240 |
| Rice | 150 | 4.56 | \$40 | \$182 | \$27,360 |

(b) State-wide averages, Department of Water Resources, Agricultural Land and Water Use Estimates, 2010

- The following table provides examples of how the proposed probationary fee rates would apply to a municipal water supplier and industrial user:

| Purpose of Use | Example Volume | Probationary Rate | Total Cost |
|------------------------------------|-----------------|-------------------|------------|
| Municipal Water Supply | 3,600 acre-feet | \$40 | \$144,000 |
| Semiconductor Factory (Industrial) | 5,200 acre-feet | \$40 | \$208,000 |

De Minimis Extractors

Water Code Section 10721, subdivision (e), defines a de minimis extractor as “a person who extracts, for domestic purposes, two-acre feet or less per year.” A person who extracts two acre-feet or less per year for a non-domestic purpose will not be considered a de minimis extractor. Domestic purposes do not include growing commercial crops or supporting commercial livestock. De minimis users are exempt from reporting in unmanaged areas. However Water Code Section 10735.2, subdivision (c)(2), authorizes the State Water Board to require de minimis extractors to report in a probationary basin if necessary. De minimis extractors that are required to report in a probationary basin will only pay the base filing fee and, if applicable, the late fee, but will not pay a per acre-foot rate.

Interim Plans and Groundwater Sustainability Plans

State intervention is intended to be a temporary measure to address conditions of long-term overdraft or significant depletions of interconnected surface waters. An interim plan is not intended for permanent management of a basin. Local efforts to address the deficiencies that caused state intervention will need to be funded by local agencies while groundwater extractors are also paying intervention fees to the State Water Board, likely resulting in the potential scenario of extractors paying both local and state fees.

State Water Board Flexibility during Intervention

SGMA provides the State Water Board flexibility in how intervention proceeds in three important ways:

- Areas in compliance with the sustainability goal will be excluded from probation. (Wat. Code §10735.2, subd. (e).);
- Extractors may be exempted from probationary reporting and related fees if appropriate. (Wat. Code §10735.2, subd. (c).); and
- Successful elements of a GSP will be incorporated into an interim plan. (Wat. Code §10735.8, subd. (e).)

Technical and Legal Analysis of Fort Ord Groundwater Sustainability Agency Application Overlap

| Question | MCWD | Salinas Valley Basin GSA |
|---|---|--|
| How would the work plan of the GSA be different for each entity? | <ul style="list-style-type: none"> • Focus on Groundwater Sustainability Plan within Fort Ord and MCWD Service Area • Coordinate with Salinas Valley Basin GSA and other GSAs on their Groundwater Sustainability Plans | <ul style="list-style-type: none"> • Focus on Groundwater Sustainability Plan within the majority of the Salinas Valley Groundwater Basin • Coordinate with MCWD, Arroyo Seco GSA and neighboring GSAs such as Paso Robles |
| Who has the right to set the pumping levels or amount of water available for Fort Ord customers? | <ul style="list-style-type: none"> • MCWD • Must coordinate with Salinas Valley Basin GSA | <ul style="list-style-type: none"> • Salinas Valley Basin GSA • Must coordinate with MCWD |
| How would Fort Ord ratepayers be represented? | <ul style="list-style-type: none"> • FORA Board currently represents Fort Ord ratepayers • When MCWD annexes Fort Ord, voters living within former Fort Ord would also elect MCWD Board members | <ul style="list-style-type: none"> • Salinas Valley JPA has an 11-member Board, one of whom is appointed by the Monterey County Board of Supervisors as an “other GSA eligible entity” (Fort Ord could be represented by this member) |
| How does each entity facilitate the FORA Board objective to Implement 1997 Fort Ord Reuse Plan? | <ul style="list-style-type: none"> • MCWD is accountable to FORA through FORA Board and committee oversight • MCWD owns, updates and expands the existing facilities on Fort Ord at FORA’s direction. • MCWD Provides Water Augmentation | <ul style="list-style-type: none"> • Salinas Valley Basin GSA is not accountable to FORA Board and committee oversight • GSA responsible to ensure sustainability of the sub-basin from which BRP water resources are based • GSA would identify and facilitate implementation of projects that reduce water demands or augment water supplies for the Salinas valley groundwater Basin |
| What legal basis does each entity rely on in | <ul style="list-style-type: none"> • Through the 1998 FA, MCWD currently serves Fort Ord customers. | <ul style="list-style-type: none"> • Monterey County is eligible to be the GSA if no claim for the sub-basin is made |

| | | |
|---|---|---|
| <p>making their GSA application?</p> | <ul style="list-style-type: none"> • SGMA rules do not limit GSA to district boundaries but include Service Area and boundaries of the basin • MCWD has contractual right to impose fees within Ord Community • MCWD already managing groundwater sustainability of sub-basin • Water Code Permits written agreements for fair funding in lieu of rate setting though MCWD intends to annex the service area as part of FORA dissolution plan • SGMA states Department of Water Resources (DWR) determines GSA Eligibility prior to SWRCB oversight (set for 2022) making SWRCB staff opinion letter unenforceable | <ul style="list-style-type: none"> • Salinas Valley Basin GSA is eligible as the Monterey County selected GSA. • Monterey County claims there is no representation of FORA area after 2020 FORA dissolution • SVB-GSA eligibility relies on staff opinion from State Water Resource Control Board (SWRCB) the agency responsible to oversee the Groundwater Sustainability Plan after GSA Formation • MCWD claim is limited to its district boundary as it cannot impose fees outside of its limits |
| <p>Which entity has a stronger legal claim in the GSA application?</p> | <ul style="list-style-type: none"> • The uncertainty of FORA assigning the 1998 FA to another entity and MCWD not yet annexing Fort Ord may weaken MCWD’s legal claim after 2020 FORA dissolution • MCWD’s 20-year record of serving Fort Ord strengthens its legal claim. • Existing rulings within Monterey County support the Claim of MCWD | <ul style="list-style-type: none"> • Appointing a Fort Ord representative on the Salinas Valley Basin GSA Board would strengthen their legal claim. |
| <p>How does FORA’s legislated 2020 dissolution affect each entity’s GSA application?</p> | <ul style="list-style-type: none"> • FORA dissolution creates uncertainty for MCWD until FORA assigns its role in the 1998 FA or MCWD annexes Fort Ord. | <ul style="list-style-type: none"> • FORA dissolution is the basis for the claim, as Monterey County assumes no transition plan, assigns or MCWD Service Area annexation by 2020 |



State Water Resources Control Board

April 12, 2017

Mr. Leslie J. Girard, Chief Assistant County Counsel
County of Monterey
168 W. Alisal Street, 3rd Floor
Salinas, CA 93901

REQUEST FOR CLARIFICATION REGARDING GROUNDWATER SUSTAINABILITY AGENCY FORMATION NOTICES

Dear Mr. Girard:

I am responding to your request for advice from the State Water Resources Control Board (State Water Board) regarding the eligibility of Marina Coast Water District (District) to serve as a groundwater sustainability agency pursuant to the terms of the Sustainable Groundwater Management Act, Water Code section 10720, et seq. (SGMA), for a portion of the Monterey Subbasin outside of the District's jurisdictional boundaries.

On September 29, 2016, the Department of Water Resources (DWR) posted the District's notification of intent to be the groundwater sustainability agency for lands within the District's jurisdictional boundaries. This notice was revised by the District on February 7, 2017. On January 4, 2017, DWR posted notification by the County of Monterey of intent to manage that portion of the Monterey Subbasin within the county that is not within the District's jurisdictional boundaries. The areas covered by the District's and County's filings were mutually exclusive. On March 14, 2017, DWR posted notification by the District of its intent to be the groundwater sustainability agency for a portion of the Monterey Subbasin outside of the District's jurisdictional boundaries known as the Ord Community, thereby creating overlap with the notification filed by the County.

The District provides water and sewer service to the Ord Community, but the area is not within the District's jurisdictional boundaries. According to the District's five-year strategic plan, the District intends to work with LAFCO to expand the District's Sphere of Influence and legal boundary to include the Ord Community by 2018.

Any local agency or combination of local agencies overlying a groundwater basin may decide to become a groundwater sustainability agency for that basin. (Wat. Code, § 10723, subd. (a).) The District's jurisdictional boundaries overlay a portion of the Monterey Subbasin, so the District can be a groundwater sustainability agency for the basin and exercise the powers and authorities granted by SGMA within its jurisdictional boundaries. (Wat. Code, § 10726.8, subd. (b).) The District cannot impose fees or regulatory requirements on activities outside of its jurisdictional boundaries, even if those areas are within its water and sewer service area. Due

FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

1001 I Street, Sacramento, CA 95814 | Mailing Address: P.O. Box 100, Sacramento, CA 95812-0100 | www.waterboards.ca.gov



April 12, 2017

to the inability to impose fees or regulatory requirements, the District lacks the authority to undertake groundwater management in the Ord Community.

Because the District lacks the authority to undertake groundwater management in the Ord Community, the State Water Board does not consider the District's notice posted on March 14, 2017, to create overlap with the County's notification that would prevent the County from becoming a groundwater sustainability agency. Unless another local agency with jurisdiction files a competing notice, Monterey County will become the exclusive groundwater sustainability agency for the area on April 4, 2017. In that case, the reporting requirements of Water Code section 5202, subdivision (a)(2), will not apply to a person who extract groundwater within that portion of the Monterey Subbasin that the county intends to manage.

This letter offers a non-binding, advisory opinion. It is not a declaratory decision and does not bind the State Water Board in any future determination.

Sincerely,



Sam Boland-Brien, Chief
Groundwater Management Program
State Water Resources Control Board

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*Celebrating Our
97th Anniversary*

April 19, 2017

VIA EMAIL

Mr. Gary Petersen, Interim General Manager
Salinas Valley Basin Groundwater Sustainability Agency

Re: SVBGSA Board Agenda Item 9, Public Hearing to Consider Filing a Notice of Intent to form a Groundwater Sustainability Agency

Dear Mr. Petersen:

On Thursday, April 13, 2017, Marina Coast Water District (MCWD) received a copy from you of the SWRCB staff's letter dated April 12, 2017, re: "Request for Clarification Regarding Groundwater Sustainability Formation Notices," by Sam Boland-Brien. Since the SVBGSA Board is meeting on April 20, the MCWD General Manager requested that I provide a quick response to the SWRCB staff's letter.

1. The SWRCB staff's letter is an illegal and unenforceable underground regulation.

The California Office of Administrative (OAL) is responsible for ensuring that California state agencies comply with the rulemaking procedures and standards set forth in California's Administrative Procedure Act. The OAL has a webpage on illegal "underground regulations" at http://www.oal.ca.gov/underground_regulations/. That webpage states in part the following:

State agencies, with few exceptions, are required to adopt regulations following the procedures established in the Administrative Procedure Act (APA). A regulation is defined in Government Code section 11342.600:

"Regulation means every rule, regulation, order, or standard of general application or the amendment, supplement, or revision of any rule, regulation, order, or standard adopted by any state agency to implement, interpret, or make specific the law enforced or administered by it, or to govern its procedure."

If a state agency issues, utilizes, enforces, or attempts to enforce a rule without following the APA when it is required to, the rule is called an "underground

regulation.” State agencies are prohibited from enforcing underground regulations.

The SGMA statute does not authorize the SWRCB to adopt regulations to define what constitutes a “valid” GSA as opposed to an exclusive GSA, which SGMA has explicitly delegated to the California Department of Water Resources (DWR).

The SWRCB staff’s letter sets forth a SWRCB rule that a local agency may only form a GSA for lands within its jurisdictional boundaries. As a result of that rule, the SWRCB staff’s letter goes on to state on page 2, “Unless another local agency with jurisdiction files a competing notice, Monterey County will become the exclusive groundwater sustainability agency for the area on April 4, 2017.” This is a perfect example of a State agency through its staff developing an illegal underground regulation and then enforcing that rule against MCWD.

2. The SWRCB staff’s letter is expressly “non-binding” and, therefore, not worth the paper it is written on.

The SWRCB staff’s letter itself declares that it is “a non-binding, advisory opinion” and that “[i]t is not a declaratory decision and does not bind the State Water Board in any future determination.” However, if the SVBGSA Board adopts a resolution directing the filing of an overlap with MCWD’s Ord Community service area, that would be additional proof that the SWRCB staff letter is an illegal underground resolution because it is being accepted by the SVBGSA as a binding opinion as already stated at the bottom paragraphs of page 3 and 5 of the SVBGSA staff report.

3. The SWRCB staff’s letter contradicts the author’s own presentation to the September 8, 2016 SVGB Stakeholder Forum that SWRCB “Intervention only occurs where local efforts fail.”

The SWRC staff member, Sam Boland-Brien, who drafted the April 12, 2017 non-binding, advisory opinion, made a PowerPoint presentation to the Stakeholder Forum wherein he stated that SWRCB “Intervention only occurs where local efforts fail.” That statement is consistent with Water Code Section 10720.1(h), which states,

In enacting this part, it is the intent of the Legislature to do all of the following:

(h) To manage groundwater basins through the actions of local governmental agencies to the greatest extent feasible, while minimizing state intervention to only when necessary to ensure that local agencies manage groundwater in a sustainable manner.

However, by writing his non-binding, advisory letter and declaring that on April 4, 2017, Monterey County had become the exclusive GSA, Mr. Boland-Brien contracted his own prior representations of the SWRCB’s proper role.

The Collaborative process and its facilitators were not interested in having a meaningful dialogue with MCWD on why MCWD should be its own GSA over its service area

because the facilitators and County Counsel were pushing the “one GSA, one GS Plan” concept for all eight SVGB Subbasins. MCWD has continually stated that it will negotiate in good faith to develop mutually beneficial intra-subbasin coordination agreements but the County and the SVBGSA must also be willing to negotiate in good faith. So far neither the County nor the SVBGSA have been willing to have meaningful, good faith discussions with MCWD.

4. Nothing in SGMA Chapter 11, State Intervention, Water Code Sections 10735 – 10736.6, authorizes the SWRCB to determine whether a GSA is “valid” or to rule that one GSA is invalid and award exclusive GSA status to a competing local agency as SWRCB staff did in his April 12, 2017 letter.

SGMA Chapter 4, Establishing Groundwater Sustainability Agencies, Water Code Sections 10723, et seq., provides DWR with full authority to determine whether a local agency’s proposed GSA NOI filing is valid by designating the local agency as the exclusive GSA. The SWRCB is not delegated any statutory authority over the GSA process under SGMA.

Come July 1, 2017, under Water Code Section 10735.2, the SWRCB is only authorized to determine whether a GSA has been formed and designated as an exclusive GSA by DWR. If an area is not within the boundaries of an exclusive GSA, then that area is deemed to be an unmanaged area. Chapter 11 does not give the SWRCB the authority to determine the validity of a GSA designated as an exclusive GSA by DWR. In addition, the SWRCB is not delegated any authority under SGMA to resolve overlap disputes between competing local GSAs. The local agencies are required to work out any such disputes among themselves.

5. After January 31, 2022, for the Monterey Subbasin, the SWRCB does have the authority to determine that a GSA’s groundwater sustainability plan is inadequate or that the groundwater sustainability program is not being implemented in a manner that will likely achieve the sustainability goal. But that is not now.

Under Water Code Section 10735.2, DWR in consultation with the SWRCB is authorized to determine “that a groundwater sustainability plan is inadequate or that the groundwater sustainability program is not being implemented in a manner that will likely achieve the sustainability goal” after applicable trigger date of January 31, 2022, for a medium-priority subbasin.

The Monterey Subbasin is classified as a medium-priority subbasin and, consequently, has until January 31, 2022, to adopt one groundwater sustainability plan (Plan) for the entire subbasin or to have coordinated multiple Plans. As the April 12, 2017 letter recognizes, “the District intends to work with LAFCO to expand the District’s Sphere of Influence and legal boundary to include the Ord Community by 2018.”

Between now and January 31, 2022, MCWD intends to do its part to develop a Plan for lands both within its then jurisdictional lands and any service area lands. We hope that

the SVBGSA and the County will work with MCWD in good faith and to our mutual benefit.

6. The SWRCB staff's interpretation of Water Code Section 10726.8(b) conflicts with the explicit wording of Sections 10723.8(a)(1) and (d). SGMA expressly provides that a local agency GSA may only include a local agency's "service area" within its GSA boundaries.¹

The SWRCB staff is arguing that the section 10726.8(b) limitation on the authority of a local agency GSA after it is formed to impose fees or regulatory requirements on activities outside the boundaries of the local agency trumps the explicit SGMA requirement that a local agency GSA may only include its service area within its GSA boundaries.

Water Code section 10723.8(a)(1) in specifying what is required to be included in the GSA formation notification states, "The service area boundaries, the boundaries of the basin or portion of the basin the agency intends to manage pursuant to this part" [Emphasis added.]

At the same time SB13² amended Water Code section 10726.8(b), SB13 also amended Section 10723.8(d) to reaffirm for GSA formation purposes that "service area" means "service area" by adding the following underlined language, ". . . after the decision to be a groundwater sustainability agency takes effect, the groundwater sustainability agency shall be presumed to be the exclusive groundwater sustainability agency within the area of the basin within the service area of the local agency that the local agency is managing as described in the notice." Water Code section 10723.8(a)(1) had already required that "service area boundaries" be specified in the GSA formation notification filed with DWR.

Water Code Section 10720.1(h), states,

In enacting this part, it is the intent of the Legislature to do all of the following:

(d) To provide local groundwater agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater.

Once a local agency is designated by DWR to be the exclusive GSA for the lands within the GSA's service area, then those SGMA authorities and powers flow to the GSA.

¹ The terms "local agency" and "service area" were similarly used in the Groundwater Management statute, Water Code sections 10750, et seq. "Local agency" under that statute is defined as "a local public agency that provides water service to all or a portion of its service area." Section 10750.10 states that the statute "is in addition to, and not a limitation on, the authority granted to a local agency pursuant to other provisions of law."

² Stats. 2015, chapter 255 (SB13).

Given SGMA's very explicit use of the terms "service area boundaries" and "service area" in section 10723.8(a)(1) and (d) and given the statutory interpretation requirement to harmonize the explicit language of section 10723.8 with the ambiguous language in section 10726.8(b), the term "boundaries" in section 10726.8(b) should be interpreted to mean "service area boundaries."

7. The SWRCB staff's letter demonstrates a lack of due process and fairness to MCWD and a lack of knowledge of MCWD's water service rights and responsibilities to the Ord Community. The letter also interferes with the Federal mandate for the economic redevelopment of the former Fort Ord.

The SWRCB staff accepted the representations or misrepresentations by the Monterey County Counsel without doing any investigation of MCWD's right to impose fees and regulatory requirements within its Ord Community service area. That is a natural outgrowth of the SWRCB staff's failure to provide a copy of the Monterey County Counsel's request to MCWD and to ask MCWD's views on the applicable facts and law. These are failures on the part of Mr. Boland-Brien and demonstrate a lack of due process and fairness.

The SWRCB staff letter cites to Section 10726.8(b) but fails to mention Section 10726.8(a). Subsections 10726.8(a) and (b) state:

(a) This part is in addition to, and not a limitation on, the authority granted to a local agency under any other law. The local agency may use the local agency's authority under any other law to apply and enforce any requirements of this part, including, but not limited to, the collection of fees.

(b) Nothing in this part shall be construed as authorizing a local agency to make a binding determination of the water rights of any person or entity, or to impose fees or regulatory requirements on activities outside the boundaries of the local agency.

MCWD is the exclusive water service provider for the Ord Community pursuant to Federal law and implementing agreements thereunder. Effective June 2, 1997, MCWD became the operator of the Fort Ord water system. The Ord Community is within MCWD's water service area pursuant to the Defense Base Closure and Realignment Act of 1990, as amended, the Fort Ord Base Reuse Plan, the 1998 MCWD-FORA Water/Wastewater Facilities Agreement, the June 20, 2000 Memorandum of Agreement between the Army and the Fort Ord Reuse Authority (FORA), and the Potable Water Service Contract with the Army, which all cumulated in the October 2001 conveyance by the Army through FORA to MCWD of all of Fort Ord's water and sewer infrastructure and 4,871 AFY of the 6,600 AFY of the Army's groundwater allocation from the Monterey County Water Resources Agency. The FORA Board includes three Monterey County Supervisors, which constitute a quorum of the Board of Supervisors.

Pursuant to that Federal mandate, MCWD has made a substantial investment of time and money to bring the Army's water system infrastructure up to California standards and MCWD has expanded the water system to serve new economic redevelopment within the Ord Community. Five of MCWD's production wells are located within the Ord Community. In 2007, MCWD combined the water system permits for the Central Marina and Ord Community service areas into a single California Department of Public Health permit. Pursuant to its water supply responsibilities, MCWD has secured 1,427 AFY of advance treated wastewater for in-lieu potable groundwater use within both the Monterey Subbasin and the Adjudicated Seaside Basin portions of the Ord Community. This and other in-lieu and direct groundwater recharge projects will become an integral part of MCWD GSA's groundwater sustainability plan. Since another public agency has no legal right to condemn MCWD property for its own use, MCWD is the exclusive water service provider within its Ord Community service area.

As the owner of the water infrastructure and groundwater rights and as the exclusive water service provider, MCWD already has the right to impose water service fees and charges and to regulate water activities within the Ord Community independent of any additional powers granted by SGMA.

In conclusion, the SWRCB staff's April 12, 2017 letter is illegal and the SVBGSA should avoid filing a competing GSA NOI with any already filed MCWD GSA NOIs. MCWD is the exclusive water service provider for the Ord Community with the authority to impose fees and charges, regulate water activities, and to manage groundwater. A competing GSA NOI from the SVBSA only serves to move us away from coordination and distracts from the effort to achieve the sustainability goal. MCWD continues to have a strong desire to resolve these disputes in good faith and in a mutually beneficial manner.

It is my understanding that MCWD's General Manager, Keith Van Der Maaten, will be attending the Board meeting to address this and additional issues raised by the Agenda Item 9 staff report.

Very truly yours,



Roger K. Masuda
Legal Counsel
Marina Coast Water District

cc: MCWD Board of Directors and General Manager
Clark Colony
City of Greenfield