



FORT ORD REUSE AUTHORITY

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

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

FINANCE COMMITTEE MEETING

3:30 p.m. Monday, February 1, 2016

920 2nd Avenue, Suite A, Marina CA 93933 (FORA Conference Room)

AGENDA

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE

2. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

3. PUBLIC COMMENT PERIOD

Individuals wishing to address the Finance Committee on matters within its jurisdiction, but not on this agenda, may do so for up to three minutes. Comments on specific agenda items are heard under that item.

4. APPROVAL OF MEETING MINUTES

a. December 8, 2015 Finance Committee Minutes ACTION

5. BUSINESS ITEMS

a. FY 15-16 Mid-Year Budget ACTION
Mid-year adjustments, review and discussion.
Consider Recommending FORA Board budget approval.

b. FORA Sunset / Financial Issues INFORMATION/ACTION
FORA transition overview and financial obligation discussion.

c. On Line payments / 1st Capital Bank ACTION
Consider updated vendor / payee list approval.

d. 2016 Meeting Calendar ACTION
Meeting date / time Committee review and approval.

6. ITEMS FROM MEMBERS

7. ADJOURNMENT



**FORT ORD REUSE AUTHORITY
FINANCE COMMITTEE MEETING MINUTES**

Tuesday, December 8, 2015 | FORA Conference Room
920 2nd Avenue, Suite A, Marina CA 93933

1. CALL TO ORDER

Chair Morton called the meeting to order at 3:40 p.m. The following were present:

Members:

Gail Morton, City of Marina
Casey Lucius, City of Pacific Grove
Ian Oglesby, City of Seaside

Absent:

Andre Lewis, Excused
Nick Chiulos, Excused

Public:

Bob Shaffer

FORA Staff:

Michael Houlemard
Ivana Bednarik
Steve Endsley
Marcela Fridrich

2. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE - None

3. PUBLIC COMMENT PERIOD - None

4. APRIL 21, 2015 MINUTES - Adopted: Motion Oglesby, Second Lucius. Passed. Ayes; Morton, Lucius, Oglesby. Noes; None.

5. BUSINESS ITEMS

a) **FY 14-15 Annual Financial Statements (Audit Report)** – Finance Committee (FC) members received the draft Audit Report prior to the meeting. FORA Auditor, Hadley Hui, partner at Moss Levy & Hartzheim LLP, provided a detailed presentation of the Audit Report. He pointed out, that this is the second year his firm audited and included Preston Park property in FORA's financial statements. As a result, the Auditor issued a qualified opinion because FORA (thru Alliance) has not recorded the value of Preston Park land, buildings and depreciation. It was noted that the coming (FY 15-16) year financial statements will reflect selling of Preston Park property to the City of Marina and its removal from FORA books. The Auditor summarized major reporting changes in particular implementing GASB 68 and 71 regarding financial accounting and reporting of the CalPERS pension program. Controller Bednarik pointed out unlike past years with a deficit balance, the Statement of Net Assets reflects a positive cash balance. FC reviewed individual notes to Financial Statements and focused on the pension liability and funding before FORA sunset. In respect to FORA operations, the Auditor issued an unmodified (clean) opinion, with no findings or questioned costs. FC voted to recommend that the FORA Board accept the FY 14-15 Audit Report. Motion to accept: Lucius, Second Oglesby. Passed. Ayes; Lucius, Morton, Oglesby. Noes; None.

b) **FORA Sunset Issues/Items** – Executive Officer Houlemard provided a description of an outline/draft five year transition schedule. He noted the importance of the report to the legislature in 2018 and the activities that would need to precede that report. FC members asked that the details of the items that would need attention by the FC be offered at the next meeting. Mr. Houlemard noted that there exists a summary memorandum that outline the various sunset/transition issues that must be addressed from 2011/2012. FC requested that memorandum be provided as background. Assistant Executive Officer Steve Endsley noted that the memorandum needed some updating. FC members commented that most of the transition items were going to have a financial impact, and hoped that staff could point out those impacts. This item will be brought back after review by the Executive Committee as to potential scheduling of a Board workshop.

c) **Next Meeting Date** – The next meeting was set for January 13, 2016 at 3:30 PM.

6. ITEMS FROM MEMBERS - None

7. ADJOURNMENT - Meeting adjourned at 4:55 PM.

FORT ORD REUSE AUTHORITY - REVISED FY 15-16 ANNUAL BUDGET - ALL FUNDS COMBINED

Item 5a

CATEGORIES	FY 15-16 <u>APPROVED</u>	FY 15-16 <u>Variations</u> <i>Incr (decrease) projected</i>	FY 15-16 <u>REVISED</u>	NOTES						
APPROVED BUDGET ASSUMED PRESTON PARK SALE BY JUNE 30, 2015										
REVENUES										
Membership Dues	\$ 261,000		\$ 261,000							
Franchise Fees - MCWD	265,000		265,000							
Federal Grants	1,074,156	(224,000)	850,156	Building removal grant not awarded.						
In-kind Local Match	28,000	(28,000)	-	Local match (CSUMB/Seaside) /grant not awarded.						
PLL Insurance Payments	360,000		360,000							
Development Fees	5,585,000		5,585,000	Includes \$2.078M from Preston Park sale.						
Land Sale Proceeds	485,000	32,221,165	32,706,165	Preston Park purchas moved from FY 14-15 (June 2015).						
Rent Proceeds	45,000		45,000							
Property Taxes	1,679,468		1,679,468							
Reimbursement Agreements	25,000		25,000							
Loan Proceeds	3,000,000	(3,000,000)	-	I-Bank bridge financing not required						
Investment/Interest Income	270,000	(160,000)	110,000	Delayed land sale transactions, low interest rates.						
Other Revenues	-	700,000	700,000	Preston Park attorneys' Fees reimbursements (FORA/Rabobank).						
TOTAL REVENUES	<u>13,077,624</u>	<u>29,509,165</u>	<u>42,586,789</u>	<i>Increased net revenues due to Preston Park purchase deferral to FY 15-16</i>						
EXPENDITURES										
Salaries & Benefits	2,902,169	10,419	2,912,588							
Supplies & Services	225,700	20,500	246,200							
Contractual Services	1,938,947	(75,000)	1,863,947							
Capital Projects (CIP)	11,498,103	157,000	11,655,103							
Debt Service (P+I)	67,500	17,917,424	17,984,924							
TOTAL EXPENDITURES	<u>16,632,418</u>	<u>18,030,343</u>	<u>34,662,762</u>	<i>Increased net expenses in FY 15-16; refer to Itemized Expenditures attachment for detail</i>						
NET REVENUES										
Surplus (Deficit)	(3,554,794)	11,478,822	7,924,027							
FUND BALANCES										
Beginning	26,132,159	(15,231,160)	10,900,999	\$10.9M audited total fund balance at 6/2015, includes spendable funds only						
Ending	\$ 22,577,365	\$ (3,752,339)	\$ 18,825,026	Ending Fund Balance/FORA Reserve (\$10M)						
<table> <tr> <td align="right">10,000,000</td> <td>FORA RESERVE ACCOUNT</td> </tr> <tr> <td align="right">5,300,000</td> <td>Designated: CalPERS pension liability (Including termination liability at 2020)</td> </tr> <tr> <td align="right">4,700,000</td> <td>Undesignated: Operating obligations through 2020 (future designations are subject to Board's approval)</td> </tr> </table>					10,000,000	FORA RESERVE ACCOUNT	5,300,000	Designated: CalPERS pension liability (Including termination liability at 2020)	4,700,000	Undesignated: Operating obligations through 2020 (future designations are subject to Board's approval)
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5,300,000	Designated: CalPERS pension liability (Including termination liability at 2020)									
4,700,000	Undesignated: Operating obligations through 2020 (future designations are subject to Board's approval)									

FORT ORD REUSE AUTHORITY - REVISED FY 15-16 ANNUAL BUDGET - BY FUND

CATEGORY	SPECIAL REVENUE FUNDS (SRF)					TOTAL ANNUAL BUDGET
	GENERAL FUND	LEASES LAND SALE	Developer / CFD Fees	EDA BR Plan	ARMY ESCA	
REVENUES						
Membership Dues	261,000					261,000
Franchise Fees - MCWD	265,000					265,000
Federal Grants					850,156	850,156
In-kind Local Match						-
PLL Insurance Payments	360,000					360,000
Development Fees			5,585,000			5,585,000
Land Sale Proceeds		32,706,165				32,706,165
Rental/Lease Revenues	45,000					45,000
Property Tax Payments	1,300,000		379,468			1,679,468
Reimbursement Agreements	25,000					25,000
Loan Proceeds (I-Bank)						-
Investment/Interest Income	90,000		20,000			110,000
Other Income	700,000	-	-	-	-	700,000
Total Revenues	3,046,000	32,706,165	5,984,468	-	850,156	42,586,789
EXPENDITURES						
Salaries & Benefits	2,190,899	-	376,958		344,732	2,912,588
Supplies & Services	180,359	-	40,417		25,424	246,200
Contractual Services	1,185,000	2,000	196,947		480,000	1,863,947
Capital Projects	-	6,820,000	4,835,103	-	-	11,655,103
Debt Service	-	17,984,924	-	-	-	17,984,924
Total Expenditures	3,556,257	24,806,924	5,449,425	-	850,156	34,662,762
REVENUES OVER (UNDER)	(510,257)	7,899,241	535,043	-	-	7,924,027
OTHER FINANCING SOURCES (USES)						
Transfer In/(Out) - PP sale funds to RESER	6,500,000	(6,500,000)				-
Transfer In/(Out) - PP loan repay principal						-
Transfer In/(Out) - EDA/BR local match	-	-	-	-	-	-
Total Other Financing Sources (Uses)	6,500,000	(6,500,000)	-	-	-	-
REVENUES & OTHER SOURCES OVER	5,989,743	1,399,241	535,043	-	-	7,924,027
FUND BALANCE-BEGINNING 7/1/15	6,287,924	3,925,777	687,298	-	-	10,900,999
FUND BALANCE-ENDING 6/30/16	12,277,668	5,325,018	1,222,341	-	*	18,825,026

plus \$10 M (estim)
Habitat Management Acct

FUND GLOSSARY

- General Fund Accounts for general financial resources
- Lease/Land Sale Proceeds Fund Land sale proceeds finance CIP (building removal),
- CFD Tax/Developer Fees CFD tax/Developer fees finance CIP (CEQA mitigations)
- EDA/BR Plan Grant Finances the Building Removal Business Plan, requires 25% local match
- ET/ESCA Army Grant Finances the munitions and explosives cleanup activities
- * ET/ESCA fund balance: FORA's share of unspent Army grant (for Program Management and Regulatory Response costs) is held in a separate bank account and, for financial/budgeting purposes, recognized when earned. Estim. balance \$1.4M at June 30, 2016.

ANNUAL FY 15-16 BUDGET - REVISED

ITEMIZED EXPENDITURES

EXPENDITURE CATEGORIES	FY 15-16 APPROVED	Variance/s	FY 15-16 REVISED	NOTES
				"N" indicates a new expense in FY 15-16 budget
<u>SALARIES AND BENEFITS (S & B)</u>				
SALARIES - Existing Staff (15 positions)	1,659,616	(50,000)	1,609,616	Anticipated savings due to hiring date/level variances
N SALARIES - New Position (1 position)	-	26,250	26,250	Prevailing wage monitoring/Annual cost \$105K
BENEFITS/HEALTH, RETIREMENT, OTHER	567,482	34,169	601,651	Increase reflects added position, proposed health insurance benefit increase
TEMP HELP/VACTION CASH OUT/STIPENDS	65,000	-	65,000	
SUBTOTAL S & B	2,292,098	10,419	2,302,517	<i>Refer to Proposed Staffing/Benefits Adjustments attachment for detail</i>
<u>CalPERS UNFUNDED LIABILITIES (UAL)</u>				
SIDE FUND - PAYOFF	210,071		210,071	
SHARE OF RISK POOL UAL - PARTIAL PAYMENT	400,000	-	400,000	
SUBTOTAL PERS UAL	610,071	-	610,071	Payments to CalPERS to reduce pension liabilities submitted in 7/2015
TOTAL SALARIES, BENEFITS AND UAL	2,902,169	10,419	2,912,588	
<u>SUPPLIES AND SERVICES</u>				
PUBLIC & LEGAL NOTICES	6,000		6,000	
COMMUNICATIONS	8,000		8,000	
DUES & SUBSCRIPTIONS	7,000		7,000	
PRINTING & COPY	8,000		8,000	
SUPPLIES	12,000		12,000	
EQUIPMENT & FURNITURE	10,000		10,000	
TRAVEL, LODGING, REGISTRATION FEES	22,500		22,500	
TRAINING & SEMINARS	15,000		15,000	
MEETING EXPENSES	13,500		13,500	
TELEVISED MEETINGS	7,000		7,000	
BUILDING MAINTENANCE & SECURITY	10,000		10,000	
FORA OFFICES RENTAL	30,000		30,000	
UTILITIES	12,000		12,000	
INSURANCE	24,000		24,000	
PAYROLL/ACCOUNTING SERVICES	5,000		5,000	
IT/COMPUTER SUPPORT	22,500		22,500	
RECORD ARCHIVING	10,000	5,500	15,500	Reflects actual cost, dedicated server needed
N PREVAILING WAGE TECH SUPPRT/SOFTWARE	-	15,000	15,000	Cost of central software monitoring system with user licenses
OTHER (POSTAGE, BANK FEES, MISC)	3,200	-	3,200	
TOTAL SUPPLIES AND SERVICES	225,700	20,500	246,200	
<u>CONTRACTUAL SERVICES</u>				
AUTHORITY COUNSEL	200,000	40,000	240,000	To reflect extension of Preston Park closing from June 2015
LEGAL/LITIGATION FEES	100,000		100,000	
LEGAL FEES - SPECIAL PRACTICE	25,000		25,000	
AUDITORS	20,000		20,000	
SPECIAL COUNSEL (EDC-ESCA)	120,000		120,000	
ESCA/REGULATORY RESPONSE/QUALITY ASSURANCE	380,000		380,000	
FINANCIAL CONSULTANT	100,000		100,000	
LEGISLATIVE SERVICES CONSULTANT	43,000		43,000	
PUBLIC INFORMATION/OUTREACH	20,000		20,000	
HCP CONSULTANTS	150,000		150,000	
REUSE PLAN IMPLEMENTATION	275,000	25,000	300,000	Proposed Water Summit/Symposium
GEOGRAPHIC INFORMATION	50,000		50,000	
CEQA CONSULTANTS	300,000	(175,000)	125,000	Reflects actual contract amount <i>(BM 10/9/15)</i>
PARKER FLATS BURN	18,000		18,000	
CIP/ARCHITECTS & ENGINEERS	25,000		25,000	
PROPERTY TAX SHARING/REUSE	37,947		37,947	To be used for Prevailing Wage Monitoring
ECONOMIC DEVELOPMENT	50,000		50,000	
N WAGE MONITORING	-	25,000	25,000	Prevailing wage auditor/consultant (annual cost \$75K)
OTHER CONSULTING/CONTRACTUAL EXP	25,000	10,000	35,000	Additional funding for salary survey update for FY 16-17 budget
TOTAL CONTRACTUAL SERVICES	1,938,947	(75,000)	1,863,947	
<u>CAPITAL PROJECTS</u>				
TRANSPORTATION/OTHER CIP PROJECTS	2,830,000	157,000	2,987,000	Water augmenation budget added <i>(BM 11/2/15)</i>
HABITAT MANAGEMENT/HCP ENDOWMENT	1,848,103	-	1,848,103	
BUILDING REMOVAL	6,820,000	-	6,820,000	
TOTAL CAPITAL PROJECTS	11,498,103	157,000	11,655,103	
<u>DEBT SERVICE (Principal and Interest)</u>				
PRESTON PARK LOAN PAYOFF	-	17,817,383	17,817,383	Preston Park Loan paid of in September 2015; budget assumed June 2015
PRESTON PARK LOAN - DEBT SERVICE	-	167,541	167,541	Interest payments thru 9/15/15
I-BANK LOAN DEBT SERVICE	67,500	(67,500)	-	Loan not required
TOTAL DEBT SERVICE	67,500	17,917,424	17,984,924	
TOTAL EXPENDITURES	16,632,419		34,662,762	

FY 15-16 BUDGET-REVISED

**PROPOSED STAFFING/BENEFITS
ADJUSTMENTS**

Fiscal Impact		
	FY 15-16	Annual
Salaries	26,250	75,000
Benefits	34,169	77,338
	<i>60,419</i>	<i>152,338</i>

1 New staff position: Project Coordinator/Prevailing Wage program

To add a staff position to manage FORA's prevailing wage policy enforcement.
To be reviewed after 1 year to access effectiveness/need.

Salary <u>UP TO</u>	26,250	75,000
Benefits	<u>10,500</u>	<u>30,000</u>
Total	36,750	105,000

2 Health insurance/employer share premium increase

Last employer contribution increase: 7-2013

Health premium increased 20% from 2013-2016

<u>EE</u>	<u>EE+1</u>	<u>Family</u>	
667	1,333	1,734	2013 premium
798	1,597	2,076	2016 premium
132	264	342	Increase

2013	667	1,333	1,734	Premium
	667	1,175	1,481	Approved employer contribution
	0	158	253	Employee payment

2016	798	1,597	2,076	Premium
	667	1,175	1,481	Approved employer contribution
	132	421	595	Employee payment

incr/mo 132 264 342 Employee payment increase since 2013

PROPOSED

2016	798	1,597	2,076	Premium
	798	1,447	1,826	Proposed employer contribution
	132	271	345	Increase in employer contribution
	0	150	250	Employee payment (at 2013 level)

23,669 47,338

- Options: a) Keep ER contribution constant until sunset/next review
b) Keep EE payments constant until sunset/next review

3 2011 Salary Survey Update

Staff recommends updating the 2011 independent consultant salary survey
Recent hiring demonstrated that the current schedule may not be competitive
Several new positions were established (Economic Development Coordinator, Prevailing Wage Manager, Principal Planner)
New responsibilities were added to existing positions.



FORT ORD REUSE AUTHORITY

5b

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MEMORANDUM

TO: Fort Ord Reuse Authority Finance Committee
FROM: Assistant Executive Officer Steve Endsley
RE: Agenda Item 5b. Fort Ord Reuse Authority Sunset
DATE: January 27, 2016

In December of 1993, Senator Henry Mello (1924-2004) proposed legislation [Senate Bill (SB) 899] to create a Fort Ord Reuse Authority (FORA). SB 899 was approved unanimously by the State Assembly Ways and Means Committee in April 1994 and was signed into law by Governor Pete Wilson on May 10, 1994. SB 899, as amended, has been codified as Title 7.85 of the Government Code, sections 76750, et. seq., known as the “Fort Ord Reuse Authority Act.” Formally established as a corporation of the State of California on May 20, 1994, FORA’s purpose is to prepare, adopt, finance and implement a plan for the land formerly occupied by Fort Ord. FORA’s initial sunset was planned for June 30, 2014. In 2012, California State Senator Bill Monning proposed Assembly Bill (AB) 1614, which submitted a ten year extension of FORA. AB 1614 also required FORA’s Board of Directors to approve and submit a transition plan to the Monterey County Local Agency Formation Commission (LAFCO) eighteen months before the inoperability date. The transition plan assigns assets and liabilities, designates responsible successor agencies, and provides a schedule of remaining obligations. Through the LAFCO process, the obligations and responsibilities of FORA would be allocated among FORA’s constituent membership and/or successor agency. Also, the bill required a progress report to be delivered to the State Legislature. Although FORA was granted six additional years rather than ten, the other requirements were adopted. Chapter 7. Dissolution of the FORA Act, effective January 1, 2013, states that FORA “shall become inoperative when the board determines that 80 percent of the territory of Fort Ord that is designated for development or reuse in the plan . . . has been developed or reused in a manner consistent with the plan adopted or revised pursuant to Section 67675, or June 30, 2020, whichever occurs first.” To meet these requirements, several issues warrant discussion of FORA’s dissolution.

This memorandum explores presently identified options to extend the June 30, 2020 dissolution date or create a successor agency or agencies to provide for completing the original FORA mission of converting the former Fort Ord from military to civilian land uses. This memorandum also identifies FORA’s surviving post-2020 obligations, describes proposed or existing institutional and policy mechanisms to address them, and evaluates their relative merits. This document will discuss several approaches to addressing the FORA transition and includes specific recommendations.

This memorandum is organized in the following manner:

- I. FORA Obligations that Survive 2020
- II. Assets and Revenues
- III. Post-2020 Organizational Structure Considerations
- IV. Issues Posed by Extending FORA

I. FORA Obligations That Survive 2020

FORA has three broad categories of obligations that survive the FORA scheduled sunset: A. Capital Improvement Program (CIP) /Base Reuse Plan (BRP) California Environmental Quality Act (CEQA) mitigations, B. Board-determined base-wide obligations, and C. Organizational closure obligations. The following outline describes these obligations and their relative completion timeframes.

A. CIP/BRP CEQA mitigations

1. Transportation/Transit

- Description: FORA must fund specific amounts for Transit as well as Regional, Off-site, and On-site roadways. FORA must complete specific on-site roadways for which it is lead agency: South Boundary Road, Gigling Road, Intergarrison Road, and Eastside Parkway.
- Estimated cost: \$120.9 million
- On-site project completion schedule: 2025
- Entire completion schedule: 2035
- This is a CEQA requirement included in the BRP EIR.

2. Water Augmentation

- Description: FORA must fund a Fort Ord water augmentation project to provide 2,400 acre-feet per year (AFY). FORA has contracted Marina Coast Water District (MCWD) to do this project. MCWD's Regional Urban Water Augmentation Project has identified a 1,427 AFY recycled water project. MCWD and FORA have not yet specifically identified a project that would produce the remaining 973 AFY of augmented water.
- Estimated cost: \$24 million (FORA's required mitigation only, project could exceed this cost).
- Completion schedule: 2018-2035, in phases.
- This is a CEQA requirement included in the BRP EIR, approved by the FORA Board June 13, 1997.

3. Habitat Management Plan/Habitat Conservation Plan (HCP)

- Description: the Army's 1997 Habitat Management Plan does not provide Fort Ord jurisdictions with "take" coverage necessary to implement required habitat conservation management on habitat reserves and development/reuse. The jurisdictions and FORA must implement an HCP to receive take coverage from Federal and State wildlife agencies.
- Estimated cost: \$43 million for HCP endowments
- Completion schedule: 2035
- This is a CEQA requirement included in the BRP Environmental Impact Report (EIR).

4. FORA CIP funding replacement

- Description: In 2002, FORA recorded a Special Tax lien on the majority of

former Fort Ord property known as the FORA Community Facilities District (CFD) Special Tax. This Special Tax is the primary funding source for the FORA CIP, which includes HCP, Transit, Roads, and Water Augmentation. The Special Tax lien states that it shall not be levied after FORA's termination or later than calendar year 2051. Should FORA dissolve in 2020, entities assigned FORA's CIP mitigations must have a replacement funding mechanism.

B. Board-determined base-wide obligations

1. FORA/US Army Environmental Services Cooperative Agreement (ESCA)

- Description: In 2007, the FORA Board authorized execution of several ESCA agreements. The Administrative Order on Consent (AOC) agreement with United States Environmental Protection Agency (US EPA), California Department of Toxic Substances Control (DTSC) and Regional Water Quality Control Board (RWQCB) was the overarching agreement.
- AOC completion schedule: AOC termination is tied to performance standards (completion of Munitions and Explosives of Concern [MEC] related remedial activities), not a fixed date. According to the AOC, EPA, DTSC and RWQCB must approve a successor to FORA's AOC obligations.
- ESCA completion schedule: Munitions/ explosives remediation regulatory acceptance is anticipated in 2019. Army 5-year review in 2017-18 and FORA Longer Term ESCA Obligations would continue to 2037.

2. Base-wide building removal

- Description: In 2001, the FORA Board approved inclusion of building removal costs as a FORA CIP obligation. FORA's remaining building removal obligations include Seaside Surplus II and the Marina Stockade areas. FORA is implementing plans that will evaluate overall Surplus II building removal costs. Based on current information, Surplus II building removal costs may exceed the underlying land value even after FORA's CIP obligation is met. FORA has met its financial obligations within the City of Marina Dunes on Monterey Bay project area. However, the Board has tasked staff with identifying means to expedite building removal in this project area.
- FORA is designated by US EPA as a Hazardous Waste Generator for World War II contaminated building debris. The City of Marina would have to take on this obligation at the potential cost of several hundred thousand dollars.
- Completion schedule: FORA's building removal financial obligations can be met by 2020. If the FORA Board modifies FORA's building removal obligation or role in Surplus II and/or Dunes on Monterey Bay project areas, such actions may extend the obligation completion schedule.

C. Organizational closure obligations

FORA has been in operation since 1994 and has acquired a number of contractual and legislative responsibilities. Before FORA dissolves in 2020, a number of these obligations must be assigned to another entity or otherwise addressed.

a. FORA-Marina Coast Water District (MCWD) Water/Waste Water Facilities Agreement (Facilities Agreement)

Description: The Facilities Agreement provides for MCWD to annex the Ord Community Service area before FORA's dissolution. MCWD has not yet completed annexation of the Ord Community Service area. If MCWD annexation is not completed by June 30, 2020, FORA must assign its Facilities Agreement role and responsibilities to another entity.

b. Fort Ord Water Allocations

Description: The June 23, 2000 Memorandum of Agreement (MOA) between the US Army and FORA for Sale of Portions of the Former Fort Ord (Economic Development Conveyance Agreement)[EDC] assigned the majority of US Army groundwater rights to FORA. FORA subsequently allocated groundwater to former Fort Ord jurisdictions and property owners. FORA must assign its EDC role and responsibilities to another entity before its dissolution.

c. Pollution Legal Liability (PLL) Insurance

Description: FORA and participating jurisdictions purchased base-wide PLL insurance coverage in 2014 that terminates in 2024. FORA has not as yet assigned its first named insured status to an entity after June 30, 2020 but is working with the County of Monterey as a potential first-insured.

d. FORA's Powers and BRP Compliance

Description: FORA's oversight, consistency, enforcement and financing powers described in the FORA Act are repealed on July 1, 2020. This includes FORA's financing role through the CFD Special Tax, Property Taxes, and land sales/lease proceeds. FORA's BRP compliance role of performing Consistency Determinations and, potentially, provisions that establish that "[the BRP] shall be the official local plan for the reuse of the base for all public purposes, including all discussions with the Army and other federal agencies, and for purposes of planning, design, and funding by all state agencies" would end as well unless modified by state legislation.

e. Miscellaneous Contract Obligations

Description: FORA has entered into a number of contracts with state, federal, and local agencies since 1994. These contracts must be reviewed and, if FORA's obligations continue past 2020, FORA must assign its obligations to another entity. For example, FORA entered into an agreement with Monterey Peninsula College, Bureau of Land Management (BLM), and County of Monterey in 2002. FORA agreed to assume MPC's habitat management responsibilities for its habitat reserve parcels after MPC makes a specific mitigation payment to FORA. FORA would need to assign these responsibilities to another entity before 2020.

f. Post-FORA Employee Retirement/Health Provisions (2040-2060)

FORA participates in the CalPERS retirement program. Public Agencies participating in CalPERS programs are typically on-going entities, such as a City government or Special District such as a water district. Due to FORA's limited term, FORA's long-term retirement funding obligations with CalPERS may/will extend past 2020. FORA staff have communicated with CalPERS, who has estimated that FORA

would need to pay CalPERS a lump sum payment of approximately \$5 million or transfer its long-term CalPERS obligations to another entity.

II. Assets and Revenues

FORA's assets and revenues will be affected by its 2020 dissolution. These changes will affect the financial resources available for Fort Ord Base Reuse. The following section describes each asset or revenue source and its future post 2020.

A. Land sale and lease proceeds

Under State law, FORA currently shares land sale and lease proceeds 50/50 with the underlying jurisdictions. Post 2020, barring legislative action otherwise, jurisdictions would receive 100 percent of sale or lease proceeds paid to them by end-users of the property.

B. Property Taxes

By a special formula included in the State Health and Safety Code, FORA currently receives a portion of property taxes generated from former Fort Ord, approximately \$1.5 million in FY 14/15. Post 2020, and assuming no legislative action otherwise, this revenue source would be reallocated to the State of California, Educational institutions, special districts, and County of Monterey.

C. FORA CFD Special Tax

The Special Tax lien establishing the FORA CFD does not provide for special tax collection after FORA's dissolution. This revenue source would end on June 30, 2020 unless the State legislature and/or LAFCO expressly act to continue it, or a jurisdiction acts to create a new one.

D. Membership dues

The FORA Act provides for membership dues to help fund FORA operations. This revenue source would end on June 30, 2020.

E. MCWD Franchise Fee

FORA receives an MCWD Franchise Fee of \$15,000 annually in accordance with the Facilities Agreement. If FORA assigns its Facilities Agreement roles and responsibilities to another entity, this revenue source would continue past 2020. If MCWD annexes the Ord Community service area before June 30, 2020, this revenue source would end before June 30, 2020.

F. MCWD Revenues

FORA receives a percentage of MCWD's Ord Community revenues annually in accordance with the Facilities Agreement. If FORA assigns its Facilities Agreement roles and responsibilities to another entity, this revenue source would continue past 2020. If MCWD annexes the Ord Community service area before June 30, 2020, this revenue source would end before June 30, 2020.

G. ESCA grant funds

FORA will likely have sums remaining in ESCA funding in 2020. If FORA assigns its

ESCA responsibilities to another entity or entities, this funding would continue past 2020.

III. Post-2020 Organizational Structure Considerations

There are several ways to discharge the above-listed duties. These alternatives raise policy choices. It will take substantial discussion to reach consensus. For this reason, staff urges the Board to initiate this discussion in 2016.

Several suggestions have been made to either assign FORA's functions or to extend FORA in its current form. The following section analyzes options by exploring their advantages and disadvantages.

Options analyzed:

- A. Extend FORA with existing authority for a fixed term.
- B. Assign FORA responsibilities to an existing entity.
- C. Assign responsibilities to FORA's member agencies and regional and state agencies.
- D. Create a Joint Powers Agency (JPA), modify an existing JPA, or create a Community Services Area (CSA) governed by the Board of Supervisors.
- E. Turn the current FORA into a JPA or multiple JPA's.
- F. A la carte program (Any combination of the above.)

A. Extend FORA for a fixed term.

Advantages:

This option has a number of advantages including: efficiency and economy of scale, sustaining current working relationships with external agencies, does not require the cost and time of creating a new entity, and retains FORA staff's institutional memory, expertise and continuity of success. Since many elements of the BRP are not yet complete, such an extension would retain important procedures/practices for financing, mitigation, compliance, and implementation. At the same time, this is the least disruptive to activities known to survive the scheduled sunset date and extends existing grant and other funding accomplishments. For example, in terms of base-wide PLL insurance, FORA has a favorable claims history with PLL carriers and may be the logical entity to negotiate and manage the future policy, including cross boundary coverage.

The AOC requires a close relationship with the State and Federal environmental regulatory community, which FORA has fostered. Introduction of a new structure and or new players from the FORA side risks sacrificing the relationships, trust and confidence FORA has built with these agencies over the last 20 years.

The US Army would not need to amend its FORA property transfer and remediation contracts to substitute another agency. FORA's positive relationship with regulatory agencies would be effectively sustained and the ground water/reclaimed water allocations would continue uninterrupted. The FORA CFD fee, land sales/lease revenue, and property tax would continue to fund FORA obligations without changing

FORA's funding strategy. Environmental regulatory oversight and relationships would not be disrupted.

Challenges:

Several jurisdictions have expressed the need to alter FORA membership to more closely reflect former Fort Ord on-base obligations. Several others have indicated they would like out. CA State Legislature expressed little interest in another extension.

Disadvantages:

Extension would require amendment of the FORA Act, which may require local and statewide political support. Non-jurisdiction members would continue to pay membership fees although non-landholding members could be allowed (by statute) to opt out of participation, thereby avoiding the payment of membership fees.

B. Assign FORA responsibilities to an existing entity or entities.

Advantages:

This option would reduce the number of governmental agencies. Some would argue that the net result is positive and maintains certain economies of scale. Consideration should be given by any replacement entity to the provision for stipulated penalties to be paid in the event of noncompliance with the AOC.

Challenges:

Some of FORA's obligations (HCP implementation, ESCA/MEC long-term stewardship) require specialized skill that is not currently in other existing entities. It is unclear whether the staff retirement health benefits and FORA CFD would/could be assigned to the existing entity.

Disadvantages:

This option can work only if an existing regional entity (e.g. County, TAMC, etc.) has the statutory authority to perform FORA's functions and is willing to assume them. It is not clear whether any existing entity has the full range of financial, planning, and oversight authority that has been established in State Law for FORA. If an entity (or entities) were identified, there could be significant debate and action by individual FORA members to define the terms of the transition. Also, the identified agency would be subject to the contractual (i.e. ESCA) rights requiring approval by external agencies and may not carry the benefit of existing staff expertise/experience.

C. Assign responsibilities to FORA's member agencies and regional and state agencies.

Advantages:

This would result in local planning and development decision making, as each jurisdiction would perform independent financial, physical and reporting obligations. This option addresses the previous concern about external regional involvement in local decisions.

Challenges:

To complete the financial obligations included in the BRP and the related environmental mitigations, there would be individual budget implications to address these obligations, including: staffing and reporting, agency reimbursements, construction, monitoring, regulatory interface, conservation, and project management. It is unclear whether the staff retirement health benefits and FORA CFD would be assigned to multiple agencies.

Disadvantages:

Each jurisdiction would need to re-create taxing districts to fund post-FORA obligations or otherwise support the FORA activities out of general revenue. This approach would result in duplicative efforts to address what are now common/shared tasks. This would also require each agency to be subject to the contractual and regulatory obligations (i.e. ESCA, AOC, CFD) for approval by external agencies if the requirements were not yet complete, and might not retain the benefit of existing staff expertise/experience.

D. Create a Joint Powers Authority (JPA), modify an existing JPA, create a County Service Area (CSA) governed by the Board of Supervisors, or restructure FORA's membership/legislative authority and extend for a fixed term.

Advantages:

A JPA could be an efficient replacement for FORA due to economies of scale and limited duplication. The JPA would be solely focused on a set of reduced obligations post-2020 and would be much more locally controlled – not requiring state legislative approval. (While planning obligations may decrease, the development, financial and environmental obligations may not.)

Challenges:

It is unclear if the staff retirement health benefits and FORA CFD would be assigned to the JPA. For the JPA or CSA to retain existing FORA revenue sources (CFD special tax, land sale proceeds, and property taxes), legislative action would be required.

Disadvantages:

Establishing a JPA requires time, produces political issues, creates expense, and requires that revenue be identified to support financing operations, staffing, projects, field management, and overhead. This also would require that the JPA be subject to the contractual and regulatory (i.e. ESCA, AOC) obligations for approval by external agencies if the requirements were not complete, and might not retain the benefit of existing staff expertise/experience.

E. Turn the current FORA into a JPA.

Advantages:

The advantages are the same as listed under previous option (D). In addition, this option would provide a familiar structure and track record of operations. Sometimes referred to as 'FORA lite' or 'FORA shell,' it could be structured so that FORA retains its state authorized revenue streams while reducing overall scope and size. This would require State legislative action.

Challenges:

The challenges are the same as listed under previous option (D).

Disadvantages:

The disadvantages are the same as listed under previous option (D).

F. Establish an “a la carte” program with recommendations by function.

This option utilizes the strengths from options 1-5 and incorporates them into a customized program. The recommended approach would be to extend FORA by 5 years and, during those five years, assign FORA’s remaining obligations to existing entities and/or a JPA. The reason for a five-year extension is to coincide with the expected completion of on-site transportation projects.

- **ESCA/AOC** – FORA would complete its 5-year review in FY 17/18 and have time to transition its role to its successor. This would allow transfer of institutional knowledge and relationships from FORA to its successor. After the 5 year period, ESCA/AOC functions would transition to a JPA specifically designed for that purpose.
- **Pollution Legal Liability (PLL) Insurance** – FORA’s status as first-named insured under the \$50 million PLL insurance policy could potentially be assigned to County of Monterey from July 1, 2020 to December 31, 2024.
- **CIP/Basewide mitigations** – FORA would continue CFD Special Tax collection for 5 years and facilitate CFD collection (or replacement fee structure) after FORA’s dissolution. This would help fund critical CIP programs and create a seamless fee structure application.
- **Transportation/Transit** – FORA would complete its lead agency on-site road projects and assign its off-site and regional road projects to other entities such as TAMC. On-site road network completion is a crucial step in the base reuse process. After the 5 year period, TAMC would assume responsibility for FORA transit and transportation projects and would incorporate the FORA CFD into its regional transportation fee.
- **Water/Augmentation** – FORA, MCWD and MRWPCA would identify a water augmentation project for the already allocated 1427 acre feet/year (AFY) and the remaining 973 AFY and navigate a project completion strategy. Securing an augmented water supply is necessary to achieve base reuse for all former Fort Ord communities. This is similar to the program already contemplated. FORA’s obligations and mitigation funding stream could be subsumed by MCWD/MRWPCA by State legislative action.
- **Habitat Management/HCP** – FORA would continue CFD Special Tax collection for 5 years. A JPA specifically tailored to this function would facilitate CFD collection (or replacement fee structure) after FORA’s dissolution. This option would allow FORA to support the JPA’s assumption of FORA’s responsibilities and retain FORA’s revenue stream for that purpose. (This model, already assumed in the program

currently being reviewed by the US Fish and Wildlife Service and CA Fish and Wildlife, is recommended by them.)

- **Building Removal** – FORA would be able to complete its remaining building removal obligations in the Marina Stockade and Seaside Surplus II, and support City of Marina building removal efforts. FORA’s role as the Hazardous Waste generator could be utilized with potential cost savings to the jurisdictions.
- **BRP/Consistency** – FORA’s planning role would be maintained for 5 years allowing projects to come forward for consistency determinations allowing BRP and RUDG visions to be implemented.
- **Prevailing Wage** – FORA’s prevailing wage policy ensures prevailing wages are paid for first-generation construction projects on the former Fort Ord. The FORA Board may need to assign FORA’s prevailing wage role to another entity before its dissolution.
- **Employee/retiree benefits placement and assumption** – FORA could pay CalPERS a lump sum payment or transfer its long-term CalPERS obligations to another entity with the needed financial resources. FORA currently has 15 positions and a number of retirees. As obligations are completed or assigned to others, current levels of FORA staffing could be reduced.

Establishing an “a la carte” program would allow FORA to transition its functions over time to ensure an orderly dissolution without loss of service to critical base reuse programs. An example of transitioning FORA’s form and function over time might look like the following:

- **FORA JPA successor** – Assumed functions: ESCA/AOC, on-site transportation projects, building removal program, BRP/Consistency, Prevailing Wage, Revenue Collection, and Employee/retiree obligations.
- **TAMC** – Assumed functions: Off-site and regional transportation project, Transit Programs, and TAMC Regional development impact fee incorporation of Fort Ord area.
- **MCWD/MRWPCA** – Assumed functions: MCWD/MRWPCA would assume FORA’s water augmentation obligations and either receive funding through FORA JPA successor or develop a new funding mechanism to complete obligations.
- **Regional Habitat Cooperative JPA** – Assumed functions: Habitat management/HCP administration and manage HCP endowment established through FORA revenues.
- **County of Monterey** – Assumed function: PLL insurance first named insured role.

IV. Issues Posed by Extending FORA.

A. Choice of New FORA Termination Date

The following factors influence selection of a new FORA termination date:

1. Given current rates of development, the FORA Capital Improvement Program may not be fully funded for 15 years or more. That roughly reflects 80% of the BRP completion, which was an initial target date for FORA to end. Remaining Improvement Projects: South Boundary, Gigling Road and linkage of Eastside Parkway to Eucalyptus Road.
2. The crucial links in the on-base transportation network infrastructure program, including the Eastside Parkway road project, are currently expected to be completed by June 30, 2020.
3. Under the agreement with the US Army, US EPA, and CA DTSC, the five-year ESCA review will occur in 2018, but FORA's Long Term Obligations continue to 2037.
4. HCP endowment funding extends beyond 2020.
5. Fort Ord Water Augmentation funding extends beyond 2020.
6. Funding FORA or successor entity operations and office space past 2020; funding FORA retiree/health benefits past 2020.

Overriding all of these considerations is the inescapable nature of the project: The former Fort Ord is a regional asset, not confined to the jurisdictional boundaries of any one municipality or governmental unit. It is easy to forget why FORA was created. It evolved from the parochial views of disparate communities, each of which considered its own concerns in a vacuum. But as has been demonstrated repeatedly in the last 20 years, progress in the development of the former Fort Ord is best achieved when planning and implementation are addressed from a regional perspective. Protection of open space, job creation and economic development, emplacement of transportation infrastructure, allocation of scarce resources, environmental remediation, and priority setting are but a few of the activities that have been undertaken from a regional, as distinguished from a local perch. There will come a time when FORA will have outlived its usefulness. That time is not temporally driven. Rather, it would be wise to examine the functional, financial and performance requirements remaining and end FORA's role when its mission is assured.

Based on the foregoing presentations and discussion, it is recommended that FORA's life, powers, and revenue streams be extended as it is currently structured, for five years, and/or assigning of FORA functions, assets, and responsibilities in a precise, step-wise format (see option 6).

ON-LINE PAYMENTS – ELECTRONIC BILL PAY UPDATE

Background/Discussion:

At its December 14, 2011 meeting, the Finance Committee (FC) reviewed and approved using electronic bill pay procedure. At its February 26, 2014 meeting, FC approved: 1) the payees/vendor list additions/deletions, 2) Executive Officer and Controller two-signature authority for payee list modifications and 3) to review this policy periodically. The last review was in January 2015.

On-line bill paying is limited to \$5,000 per single transaction and is restricted to the following updated list of vendors:

1. ADT Security Services
2. Alhambra and Sierra Springs
- ~~3. AT&T~~
4. Carmel Marina Corporation ***now replaced by*** Greenwaste Recovery, Inc.
- ~~5. Carpenters Local Union 605~~
- ~~6. Express Printing~~
7. CSU Monterey Bay (Internet)
8. De Lage Landen
9. FedEx
10. IT Solution Services
11. Marina Coast Water District
12. Marina Donuts & Bagels
13. MRWPCA
14. Office Depot
- ~~15. OSH Commercial Services~~
- ~~16. Palace Business Solutions~~
17. PG&E
18. Cardmember Services (Rabobank VISA Card)
19. Red Shift Internet Services
20. Unified Building Maintenance
21. Tri-County Business Services
22. Neopost USA Inc.



FORT ORD REUSE AUTHORITY

Item 5d

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2016 MEETING CALENDAR FOR FINANCE COMMITTEE

February 1

FY 15-16 MID-YEAR BUDGET

APRIL 11

FY 16-17 PRELIMINARY BUDGET

APRIL 25 (**if additional budget meeting required*)

FY 16-17 PRELIMINARY BUDGET

November 7

FY 15-16 AUDIT REPORT

OTHER MEETINGS AS NECESSARY

Finance Committee meetings begin at **3:30 PM**, unless otherwise announced. The meetings are held in the FORA office.

Additional meetings are scheduled as needed. Members of the committee are notified of any changes to the above schedule.