



Fort Ord Reuse Authority

920 2nd Avenue, Suite A, Marina, CA 93933
Phone: (831) 883-3672 • Fax: (831) 883-3675 • www.fora.org

ADMINISTRATIVE COMMITTEE MEETING
8:15 A.M. WEDNESDAY, AUGUST 1, 2012
910 2nd Avenue, Marina CA 93933 (on the former Fort Ord)

AGENDA

1. **CALL TO ORDER AT 8:15 AM**
2. **PLEDGE OF ALLEGIANCE**
3. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE**
 - a. Association of Defense Communities Annual Conference – Monterey, August 5-8, 2012
4. **PUBLIC COMMENT PERIOD:** Members of the audience wishing to address the Fort Ord Reuse Authority (FORA) Administrative Committee on matters within the jurisdiction of FORA, but not on this agenda, may do so during the Public Comment Period. Public comments are limited to a maximum of three minutes. Public comments on specific agenda items will be heard at the time the matter is under Committee consideration.
5. **APPROVAL OF MEETING MINUTES**
 - a. June 27, 2012 Administrative Committee Minutes ACTION
 - b. July 18, 2012 Administrative Committee Minutes ACTION
6. **JULY 26, 2012 FORA SPECIAL BOARD MEETING FOLLOW-UP** INFORMATION/ACTION
7. **AUGUST 10, 2012 FORA BOARD MEETING AGENDA REVIEW** INFORMATION/ACTION
8. **OLD BUSINESS**
 - a. Capital Improvement Program Review – Resolution 12-5 to Adopt a Formulaic Approach to Development Fees INFORMATION/ACTION
9. **NEW BUSINESS**

None
10. **ADJOURNMENT TO JOINT ADMINISTRATIVE/WATER & WASTEWATER OVERSIGHT COMMITTEE**

NEXT SCHEDULED MEETING: AUGUST 15, 2012



Fort Ord Reuse Authority

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ADMINISTRATIVE COMMITTEE MEETING
8:15 A.M. WEDNESDAY, JUNE 27, 2012
910 2nd Avenue, Marina CA 93933 (on the former Fort Ord)

MINUTES

1. CALL TO ORDER

Co-Chair Houlemard called the meeting to order at 8:15 a.m. Due to lack of a quorum, the Committee proceeded as a meeting of the whole. The following people, as indicated by signatures on the roll sheet, were present:

Carl Holm, County of Monterey*
John Dunn, City of Seaside*
Debby Platt, City of Marina* @ 8:33 a.m.
Graham Bice, UC MBEST
Vicki Nakamura, MPC
Carl Niizawa, MCWD
Kathleen Lee, Sup. Potter's Office
Rob Robinson, BRAC
Tim O'Halloran, City of Seaside
Patrick Breen, MCWD
Todd Muck, TAMC
Bob Schaffer, MCP

Bob Rench, CSUMB
Pat Ward, Bestor Engineers, Inc.
Jamie Gomes, EPS
Michel Groves, EMC Planning

Steve Endsley, FORA
Robert Norris, FORA
Jonathan Garcia, FOR A
Jim Arnold, FORA
Crissy Maras, FORA
Lena Spilman, FORA

* Voting Members

2. PLEDGE OF ALLEGIANCE

Graham Bice led the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

None.

4. PUBLIC COMMENT PERIOD

No comments were received.

5. APPROVAL OF MEETING MINUTES

Co-Chair Houlemard explained that due to lack of a quorum, the Committee could not take action to approve the minutes. They would return to the item once a quorum was established.

6. JULY 13, 2012 FORA BOARD MEETING AGENDA REVIEW

Co-Chair Houlemard reviewed the items proposed for the July 13, 2012 Board Agenda.

Debby Platt entered at 8:33 a.m., establishing a quorum.

FORA Principal Analyst Robert Norris stated staff had investigated allegations of intimidation made by various Preston Park tenants at the June 8, 2012 Board meeting and found them to be unrelated to FORA or Alliance. He discussed the financial impacts of delaying approval of the Preston Park budget.

FORA Senior Planner Jonathan Garcia distributed a revised Fort Ord Reuse Plan Reassessment Supplemental Scope of Work (attached) and Michael Groves addressed the Committee regarding the item.

The Committee discussed the basis for a tiered approach to the establishment of appeal fees, as recommended by the Executive Committee, and received comments from members of the public and the development community.

Mr. Garcia distributed several documents related to the adoption of a formulaic approach to development fees (attached). Jamie Gomes presented an overview of FORA's Phase II Capital Improvement Program Review and provided sample calculations for the proposed formulaic approach based on the Capital Improvement Program figures for FY 2012-13.

MOTION: Carl Holm moved, seconded by Debby Platt, and the motion passed to recommend that staff improve the clarity of their formulaic approach presentation materials and sample calculations and that the Board:

- 1. Adopt Resolution 12-05, which would implement a formulaic approach to establishing the Fort Ord Reuse Authority (FORA) development fee schedule and Community Facilities District (CFD) Special Tax rates.**
- 2. Authorize the Executive Officer to execute Amendment #1 to the FORA-jurisdictions Implementation Agreements, which would codify the formulaic approach to establish the FORA development fee schedule and CFD Special Tax rates.**
- 3. Authorize the Executive Officer to execute contract amendment #5 with Economic and Planning Systems (EPS) to complete the Phase II Study in FY 12/13, not to exceed additional budget authority of \$60,000.**

The Committee revisited approval of the minutes under Item 5:

MOTION: John Dunn moved, seconded by Carl Holm, and the motion passed to approve the June 16, 2012 Administrative Committee meeting minutes.

Co-Chair Houlemard provided a legislative update to the Committee on bills affecting FORA.

7. OLD BUSINESS

a. Habitat Conservation Plan (HCP) Update

Mr. Garcia stated the 3-month period scheduled for U.S. Fish and Wildlife Service and California Department of Fish and Game review of the HCP had come to a close. FORA had not yet received any comments from these agencies, but was aggressively following-up.

c. Capital Improvement Program – Formulaic Approach to Developer Fees

Mr. Garcia stated that the item had already been discussed under Board Agenda review.

8. NEW BUSINESS

None.

9. ADJOURNMENT

Co-Chair Houlemard adjourned the meeting at 10:56 a.m.

Minutes Prepared by Lena Spilman, Deputy Clerk

Approved by:

Michael A. Houlemard, Jr., Executive Officer



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ADMINISTRATIVE COMMITTEE MEETING 8:15 A.M. WEDNESDAY, JULY 18, 2012 910 2nd Avenue, Marina CA 93933 (on the former Fort Ord)

MINUTES

1. CALL TO ORDER

Chair Dawson called the meeting to order at 8:16 a.m. The following people, as indicated by signatures on the roll sheet, were present:

Dan Dawson, City of Del Rey Oaks*
Carl Holm, County of Monterey*
Elizabeth Caraker, City of Monterey*
Doug Yount, City of Marina*
John Dunn, City of Seaside*
Graham Bice, UC MBEST
Diana Ingersoll, City of Seaside
Heidi Burch, City of Carmel-by-the-Sea
Debby Platt, City of Marina
Bob Rench, CSUMB
Kathleen Lee, Sup. Potter's Office
Pat Ward, Bestor Engineers, Inc.
Brian Spilman, Silverado Homes

Jim Fletcher, UCP East Garrison
Bob Schaffer, MCP
Mike Zeller, TAMC
Rob Robinson, BRAC

Michael Houlemard, FORA
Steve Endsley, FORA
Jonathan Garcia, FORA
Stan Cook, FORA
Jim Arnold, FORA
Crissy Maras, FORA
Lena Spilman, FORA

* Voting Members

2. PLEDGE OF ALLEGIANCE

Kathleen Lee led the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Executive Officer Michael Houlemard discussed an item on the upcoming Pacific Grove City Council Agenda to consider the City's future participation in FORA. He noted that consideration of that item was scheduled for later that day.

4. PUBLIC COMMENT PERIOD

No comments were received.

5. APPROVAL OF MEETING MINUTES

MOTION: Doug Yount moved, seconded by Graham Bice, and the motion passed unanimously to approve the June 13, 2012 Administrative Committee meeting minutes.

6. JULY 13, 2012 FORA BOARD MEETING FOLLOW-UP

Mr. Houlemard provided an overview of the July 13, 2012 Board meeting, noting that the meeting was not videotaped due to the absence of an approved FY 2012/13 Budget to authorize the expenditure.

7. OLD BUSINESS

b. Habitat Conservation Plan Update (discussed out of order)

Mr. Garcia stated the 3-month comment period for the U.S. Fish and Wildlife Service and the California Department of Fish and Game had closed in mid-June. FORA received comments from the U.S. Fish and Wildlife Service, while the California Department Fish and Game stated they would try to submit

comments within the next couple weeks. Mr. Houlemard added that FORA Staff had contacted California Department of Fish and Game senior staff in order to expedite the process. Mr. Garcia explained the anticipated future timeline for release of the document.

a. Master Resolution/Settlement Agreement Compliance – Deed Notification Update

ESCA Project Manager Stan Cook presented the item, stating that the Master Resolution Settlement Agreement required notifications to accompany deeds upon transfer of property. He had previously provided the necessary information and documentation to jurisdictions to assist in completing the notifications for any deeds that did not already have one and asked for updates on the status of the notification filings. The Committee members agreed that they did not anticipate any issues with regards to the processing of the deed notifications and that it was an ongoing project.

c. Department of Toxic Substances Control Annual Report on Land Use Covenants

Mr. Houlemard stated that FORA had received three reports from the jurisdictions and were still waiting for the other two. He emphasized the need for FORA to receive the reports prior to the deadline and noted that there would likely be few changes from last year's reports.

d. Capital Improvement Program Review – Phase II Study

i. Amendment #1 To FORA's Jurisdictions Implementation Agreements

Mr. Houlemard reviewed the Board's comments at the July 13, 2012 Board meeting regarding returning the item to the Administrative Committee. Mr. Endsley explained that the Board had found the approach overly complex and the Committee provided suggestions for improving the presentation of the material to the Board and public. The Committee agreed that staff should incorporate their suggestions and return the item for a second Board review at the August 10, 2012 meeting.

ii. Caretaker Costs

Mr. Garcia distributed a memo (attached), which provided background information regarding caretaker/property management costs on the former Fort Ord. The Committee expressed concerns regarding the lack of jurisdictional funds available to allocate for caretaker costs and discussed the appropriate management of these costs. Mr. Houlemard stated that staff would work with EPS to return the item to the Committee at a later date and that caretaker costs would be subject to reimbursements when funds were available.

8. NEW BUSINESS

None.

9. ADJOURNMENT

Chair Dawson adjourned the meeting at 9:30 a.m.

Minutes Prepared by Lena Spilman, Deputy Clerk

Approved by:

Michael A. Houlemard, Jr., Executive Officer



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BOARD OF DIRECTORS MEETING
Friday, August 10, 2012 at 3:30 p.m.
910 2nd Avenue, Marina, CA 93933 (Carpenter's Union Hall)

AGENDA

1. **CALL TO ORDER AND ROLL CALL**
2. **PLEDGE OF ALLEGIANCE**
3. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE**
4. **PUBLIC COMMENT PERIOD:** Members of the audience wishing to address the Fort Ord Reuse Authority ("FORA") Board on matters within the jurisdiction of FORA, but not on this agenda, may do so during the Public Comment Period. Public comments are limited to a maximum of three minutes. Public comments on specific agenda items will be heard at the time the matter is under Board consideration.
5. **CONSENT AGENDA**
 - a. July 13, 2012 and July 26, 2012 FORA Board Meeting Minutes ACTION
6. **NEW BUSINESS**
 - a. FORA Finance Committee Member Appointment ACTION
7. **OLD BUSINESS**
 - a. Preston Park Fiscal Year 2012/13 CIP and Rates INFORMATION/ACTION
 - b. Capital Improvement Program Review – Phase II Study INFORMATION/ACTION
 - c. Ex-Officio Representation on FORA Executive Committee ACTION
 - d. Base Reuse Plan Reassessment - Overview Presentation and Update Regarding the Draft Scoping Report (to be circulated for public comment on Wed., August 15, 2012). INFORMATION
 - e. Resolution Nos. 12-6 and 12-7 Adopting Ord Community Water and Wastewater Systems Proposed Budgets and Rates for FY 2012/13 ACTION
8. **EXECUTIVE OFFICER'S REPORT**
 - a. Outstanding Receivables INFORMATION
 - b. Administrative Committee INFORMATION
 - c. Water/Wastewater Oversight Committee INFORMATION
 - d. Habitat Conservation Plan INFORMATION
 - e. Executive Officer's Travel INFORMATION
 - f. Naval Postgraduate School Program Prototype Base Reuse Program and FORA Staff Member Acceptance INFORMATION
 - g. Report on Current Status of Outside Agency UXO Escorts Reimbursement Agreements INFORMATION
9. **ITEMS FROM MEMBERS**

10. CLOSED SESSION

Public Comment – Closed Session Items

- a. Conference with Legal Counsel - Existing Litigation, Gov Code 54956.9(a) – Three Cases
 - i. Keep Fort Ord Wild v. Fort Ord Reuse Authority, Case Number: M116438
 - ii. Keep Fort Ord Wild v. Fort Ord Reuse Authority, Case Number: M114961
 - iii. The City of Marina v. Fort Ord Reuse Authority, Case Number: M118566
- b. Conference with Legal Counsel - Anticipated Litigation, Gov Code 54956.9(b) – Two Cases

11. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

12. ADJOURNMENT

NEXT REGULAR MEETING SEPTEMBER 14, 2012

*Information about items on this agenda or persons requesting disability related modifications and/or accommodations can contact the Deputy Clerk at: 831-883-3672 * 920 2nd Avenue, Ste. A, Marina, CA 93933 a minimum of 24 hours prior to the meeting.*

This meeting is being recorded by Access Monterey Peninsula (AMP) and will be televised Sundays at 9:00 a.m. on Marina/Peninsula Chanel 25 and Mondays at 7:00 p.m. on Monterey Channel 25. The video and full Agenda packet are available on FORA's website at www.fora.org.

PLACEHOLDER FOR ITEM 5a:

July 13, 2012 and July 26, 2012
Board Meeting Minutes

These items will be provided in
the final Board packet.

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject:	FORA Finance Committee Member Appointment	
Meeting Date:	August 10, 2012	ACTION
Agenda Number:	6a	

RECOMMENDATIONS:

Confirm the Chair's appointment to fill a vacancy on the Finance Committee.

BACKGROUND/DISCUSSION:

The Fort Ord Reuse Authority ("FORA") Finance Committee ("FC") has currently been functioning with five members, comprised of voting and ex-officio members from the FORA Board. Their appointments are recommended by the FORA Chair and confirmed by the Board each year in February. When a committee member can no longer serve out their term, the same procedure for new appointments is followed.

FC member Hunter Harvath has announced that he is unable to continue serving on the Committee due to the time constraints of his other responsibilities. FORA Chair has appointed _____ to fill the vacancy. Board concurrence is required.

FISCAL IMPACT:

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

COORDINATION:

Chair Potter, FC Chair Kampe

Prepared by _____
Ivana Bednarik

Approved by _____
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject: Preston Park Fiscal Year 2012/13 CIP and Rates

Meeting Date: August 10, 2012

Agenda Number: 7a

ACTION

RECOMMENDATION(S):

Approve Fiscal Year ("FY") 2012/13 Preston Park Capital Expenditure Budgets and Rent Rates Option **A** or **B**.

BACKGROUND/DISCUSSION:

The Fort Ord Reuse Authority ("FORA") staff has reviewed the Preston Park FY 2012/13 Operating Budget and Capital Improvement Program (CIP) Assessment and is prepared to recommend approval of both budgets with the following scenarios:

Option A

- Approve the Capital Expenditure Program budget and Operating Budgets (**Attachments A and B**) reflecting a rental income 3% increase and implementing capital improvements. The rental increase assures that revenues keep pace with budgeted expenses and sustains the Replacement Reserve.

Option B

- Do not approve the Capital Expenditure Program budget and defer the rental increase and the proposed Capital Improvement Program work.

Staff recommends **Option A** considering; 1) the Board postponed rental increases by this past year, 2) an increase in accordance with the adopted rent formula keeps revenues tracking with expenses, and 3) key Capital Improvement Program expenditures will drain reserves.

The overall budget sustains FORA Board June 2010 approved formulas for setting annual market rents. The adopted formulae are: 1) **Move-ins** - establishing market rents on an on-going basis according to a market survey, and 2) **Existing tenants** - increase rent once a year by the lesser of 3% or the Consumer Price Index.

Follow-up Issues from July 13, 2012 Board Meeting

- Resident Complaints- Several speakers stated that they were threatened, intimidated, and or treated disrespectfully when they expressed concerns about conditions at the Preston Park Apartments. Alliance and FORA Staff have followed up with the speakers and have been unable to obtain sufficient information as to the identity of persons making the alleged threats and acts of intimidation. A concern was raised about water heaters being strapped in place and Alliance staff have determined that all water heaters have been strapped and there has not be a notice of violation served on the property.

FISCAL IMPACT:

Reviewed by FORA Controller _____

Both options provide FORA adequate revenue to cover the Preston Park loan debt service.

COORDINATION:

FORA Staff, Alliance Staff, Administrative Committee, Executive Committee.

DRAFT

Prepared by _____ Approved by _____
Robert J. Norris, Jr. Michael A. Houlemard, Jr.

June 20, 2012

Mr. Michael Houlemard, Jr.
Fort Ord Reuse Authority
920 Second Avenue Suite A
Marina, California 93933

Re: Preston Park 2012-2013 Proposed Budget

Dear Mr. Houlemard:

Pursuant to the terms outlined in the Management Agreement between the Fort Ord Reuse Authority and Alliance Communities, Inc and in accordance to the management agreement, please find enclosed the proposed Fiscal Year (FY) 2012 - 2013 budget for Preston Park. We will solicit input from Fort Ord Reuse Authority staff and residents. Residents will be notified in writing one week before the draft budget will be available at the management office and that we will be conducting a meeting to review and discuss the budget.

Revenues

The primary source of revenue is rents, Section 8 voucher payments from the Housing Authority of the County of Monterey and associated charges to residents such as late fees.

The proposed budget reflects projected revenues according to the formulas. The market rent for new move-ins is calculated by comparable market rent levels in the competitive market throughout the year.

The formula states that the annual increase in market rents for in-place tenants shall be capped at the lesser of three percent (3%) or the Department of Labor's Consumer Price Index for San Francisco-Oakland-San Jose, All Items, for All Urban Consumers (referred to as CPI-U) Average percentage for the previous calendar year to be applied to the next fiscal year, provided that the increased rent for in-place tenants does not exceed the market rent charged to move-in tenants. Last year a proposed increase of 1.8% was approved by Board for the 2011/2012 FY, then rescinded. The current budget reflects the maximum rent increase of three percent (3%), which represents the only increase given to in-place residents over the past 24 months.

Current Market Rent Conditions

The average two bedroom apartment in Marina rents for between \$1,100 and \$1,423 per month, which does not consider utilities. Please refer to the explanation below for further detail. Additionally, the comparables as outlined in the market survey of March 2012 (attachment C) are significantly smaller in square footage than units at Preston Park.

As a point of measurement, the competitive set as represented in the market study provided as part of the budget package, reflect an average effective rent per square foot range of \$1.29 - \$1.61 psf. Preston Park's market rent average is \$1.17. If a \$100 per month allowance is added for water, trash and sewer expenses, this increases the rent per square foot average at Preston Park to \$1.24, which is still no less than \$.05 less than the lowest rent in the market place and up to \$.37 psf less than the competitive properties with the highest effective rent per square foot in the market place.

In addition to the two-bedroom floor plans, Preston Park offers unique three bedroom town home floor plans, each with front and back yards, ample storage and garages, unlike comparative apartments in the surrounding area.

Preston Park residents are responsible for paying their own utilities; such as gas, water, electricity, sewer and trash. The market rate rent is adjusted to compensate for the cost of water use, utility costs and garbage not paid by residents at other communities in the area. Therefore, the budget assumes adjustments in rental rates in order to compensate such costs.

Utility costs for 2011 - 2012 as published by the Housing Authority of the County of Monterey (HACM) are as follows:

	<u>Two Bedroom</u>	<u>Three Bedroom</u>
Water	\$19	\$20
Sewer	\$13	\$13
Garbage	\$17	\$19
Heating	\$9	\$10
Wtr Htg Gas	\$15	\$16
Cooking-Gas	\$8	\$9
Electric-other	\$17	\$18
Total	\$98	\$105

These rates are used to measure Preston Park's competitiveness in the market place once utility expenses, typically provided by other competitive properties, are taken into account against the rental rate. Please refer to the measurement above.

Market Rents – In Place Residents

At this time, the proposed 2012/2013 budget assumes a 3% increase for in place residents, which is in line with the approved rent formula, which is the lesser of three percent (3%) or the Department of Labor's Consumer Price Index for San Francisco-Oakland-San Jose, All Items, for All Urban Consumers (referred to as CPI-U) Average percentage for the previous calendar year will be applied. This year, the year over year CPI increase described above was 3%. The rents proposed in the budget under the assumption of three percent increase are as follows (Application of rent formula below):

In-Place Market Rate Rents			
Unit Size	Current Rent Range FY11/12	Proposed FY12/13 Rent	Change 8/1/12
Two Bedroom	\$1,146 - \$1,530	\$1,180 - \$1,602	\$34 - \$47
Three Bedroom	\$1,455 - \$1,890	\$1,499 - \$1,947	\$44 - \$57

As shown on the attached Market Survey of March 2012, the proposed in-place market rents are within range of comparable units in the Marina/Seaside rental market.

The rent increases above reflects a 3% increase which translates to between \$34 and \$57 respectively. Where an in place resident falls in that rent increase range will depend on their tenure at the property and move-in date. Please note, as no rent increase was given during the 2011/2012 fiscal year, the 3% increase proposed represents the first increase in rent in the last 24 months.

Should FORA elect to forego the proposed 2012/2013 rent increase which is represented in the budget provided; the potential income will be reduced by \$_____ (TB Corrected).

Market Rents – Incoming Residents

The market rents for new move-ins are fluid throughout the year and change with the market conditions. Today, market rents for new move-ins are as follows:

Unit Size	Current Rent Range for Incoming Market Rate Residents
Two Bedroom	\$1,505 - \$1,555
Three Bedroom	\$1,830 - \$1,855

*Incoming rates are subject to change on an ongoing basis. The budget assumes 3% increase in market rents for incoming residents, which is not reflected in the table above as these rates represent the current asking rents.

Affordable Rental Rates

Affordable rental rates are derived from median income schedules published by governmental agencies. Rental rates at Preston Park are based upon 50% and 60% of the median income for Monterey County. The U.S. Department of Housing and Urban Development calculates the maximum household income by family size in Monterey County, generally once a year. The rental rates are based upon families at 50% and 60% of the Monterey County median income for 2012 and allowances for the cost of utilities (as published by MCHA) are as noted on page 3 of this letter.

New rates for 2012 were published in January 2012 by HUD.

2011/2012 Rent	Two Bedroom	Three Bedroom
50% (very low)	\$656	\$731
60% (low)	\$807	\$900

Maximum Household Income Limits for 2012.

Income Category	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person
50%	\$27,700	\$31,150	\$34,600	\$37,400	\$40,150	\$42,950	\$45,700
60%	\$33,240	\$37,380	\$41,520	\$44,880	\$48,180	\$51,540	\$54,840

Rental Increase Implementation & Lease Signing

Upon Fort Ord Reuse Authority approval of the budget, rental increase notices will be mailed out on or before July 31, 2012; the new rental rates will become effective on September 1, 2012. Rents for in-place residents at market or affordable are increased once per year. New residents will be required to sign lease terms of month to month or six months, but can be converted to a month-to-month lease upon expiration, per the December 28, 2011 Council directive. Current residents are also welcome to sign lease terms beyond their current month-to month agreement.

Occupancy

The budget assumes an average occupancy rate of 97.7% for the fiscal year. The proposed occupancy rate factor allows enough time to prepare units immediately after a resident vacates the community, as well as sufficient time to place qualified applicants. Based on the local and surrounding counties, the occupancy rate is well within the acceptable range. When a unit is vacated, Alliance strives to fill the vacant unit within 5 to 10 business days, working from the waiting list if applicable. The average economic vacancy loss during the 2011/2012 fiscal year was only 1.9%, approximately 1% more than the properties physical vacancy. This indicates that the average unit vacated was turned and reoccupied within one week from the previous resident's date of move-out.

The following highlights those categories of expenses with significant changes from the FY 2011-12 budget.

<u>Expenses</u> Account	Proposed 2013	Projected 2012	Variance	%	Comments
SALARIES	\$320,601	\$311,823	(\$8,778)	-2.8%	Increase due to annual salary increases (2.7%) as well as the State of California's approval of a Workers' comp increase of 38%.
PAYROLL TAXES	\$33,576	\$26,228	(\$7,348)	-28.0%	
PAYROLL BURDEN/BEN	\$67,450	\$60,685	(\$6,764)	-11.1%	
UTILITIES	\$96,660	\$93,075	(\$3,585)	-3.9%	Increase assumes a 3% rate increase obtained by utility companies.
MARKETING	\$13,047	\$7,883	(\$5,164)	-65.5%	Increase due to the addition of Property Solutions, a comprehensive on line system which combines the properties branded webpage with a rich Resident Portal, lead management system, marketing control program, and telephone training portal.
PROFESSIONAL SERVICES	\$143,601	\$130,924	(\$12,676)	-9.7%	Alliance management fee remains 2.5% per contract, but increased rent revenue would result in increase in management fees paid to Alliance. Variance

primarily driven by allowance for bi-annual audit.

INSURANCE	\$185,020	\$174,426	(\$10,594)	-6.1%	Based on renewed insurance contract bound in December 2011.
AD-VALOREM TAXES	\$103,104	\$101,727	(\$1,377)	-1.4%	Increase based on estimated taxes per Accounting assumptions.
NON ROUTINE MAINTENANCE	\$14,000	\$17,623	\$3,623	20.6%	Reduced number of anticipated door replacements in 2013 as is presently budgeted as a planned capital replacement item.

Capital Reserves Fund

In accordance with the 2011 reevaluation of the Replacement Reserves Study conducted in April 2008, Alliance recommends a reserve withholding of at least \$2,076 per unit during the 2012/2103 fiscal period. This withholding would ensure that the asset holds adequate reserves to perform necessary replacements and repairs to protect the useful life of the buildings.

Capital Improvement Program

The 10-Year CIP was updated with the review of the property's as built plans that were transferred from the offices of Mid-Peninsula Housing Coalition in November of 2010.

Forrest White, Director of Asset Engineering and Robert Gochee, Asset Engineering Project Manager at Alliance Residential are the managers of capital improvement projects at Preston Park.

- Please refer to attached Capital Improvement Plan (CIP) budget for details. Recommended expenditures have been listed in priority order with relevant benefits and costs identified.

Accomplishments

It has been a pleasure working with residents and the Fort Ord Reuse Authority over the past year. With the support of residents a number of positive changes have occurred within Preston Park.

Some of Alliance's accomplishments include:

- 1) Common Area Maintenance: Pet Waste Stations were installed at each playground and bus stop
- 2) Communication Tools: A monthly newsletter is personally delivered to every home once a month. Residents are encouraged to contribute to the newsletter. The newsletter provides information on community related events, good housekeeping rules for the community and safety tips.
- 3) Marina Police Department Coordination: Management staff and the Marina Police Department work closely in efforts to clean up the property, including vehicle abatement, parking on the grass, double parking, vehicles with expired tags, and abandoned vehicles.
- 4) Long Term Residents: We continuously strive to upgrade the units of our long term residents by painting, upgrading appliances, and replacing flooring.
- 5) 2011/2012 Capital Improvement Program: We are optimistic that the FORA Board will promptly execute the capital project management agreement approved in February which will enable the following enhancements at the property:
 - i. Roof Repairs
 - ii. Exterior Painting Project
 - iii. Lighting Upgrades
 - iv. Exterior Doors and Windows
- 6) Resident Events: Preston Park Management was pleased to host the following Resident events during the 2011/2012 fiscal year:
 - i. Back to School Supply Giveaway
 - ii. Halloween Trick or Treat Activity
 - iii. December "Wrap It Up" Party
 - iv. Movie and Popcorn Pass Give Aways
 - v. Leap Year Celebration
 - vi. SpEGGtacular Earth day Event
- 7) Service Request Responsiveness: The Preston Park Management Team strives to provide Residents with the best and highest service possible. In 2011/2012 more than 1,790 service requests have been processed to date. The average completion time for standard work order requests has been 2 business days or less.

Summary of Preston Park FY2012/2013 Budget

	<u>2012/13 Budget</u>	<u>2011/12 Projected</u>	<u>Variance</u>
Total Income	\$5,424,026	\$5,251,798	\$172,227
Total Expense	\$1,462,937	\$1,449,320	(\$13,617)
Net Income	\$3,961,089	\$3,802,478	\$158,611

We will continue to look for new ways to improve our services over the coming year and remain committed to meeting the objectives set by the Fort Ord Reuse Authority.

Please feel free to contact me should you have additional questions or concerns at (408) 396-8341. I look forward to receiving approval of the final budget prior to July 31, 2012, in order to implement rental increases by September 1, 2012.

Regards,

Corinne Carmody
Regional Manager

Cc: Jonathan Garcia, FOR A
Ivana Bednarik, FOR A
Robert Norris, FOR A
Jim Krohn, Chief Financial Officer, Alliance Communities, Inc.
Annette Thurman, Vice President of Operations, Alliance Communities, Inc.

Attachments: 2012/2013 Budget; Market Survey

DRAFT

Capital Improvement Plan (CIP)

PRESTON PARK - REVISED PHYSICAL NEEDS ASSESSMENT (9 Year Look Forward - Alliance Residential Recommendation)

Updated: 5/10/2012

Project	Detail	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021
1410										
Resident Business Center	FF&E	\$ 12,000								
Fence Slat Replacement	Replacement	\$ 71,064								
Site Lighting Repair / Replacement /Install	*Exterior site upgrades	\$ 285,849								
Roof	*Replacement	\$ 1,311,893								
Exterior Paint	*Full Paint	\$ 398,008						\$ 283,200		
Building Exterior	*Dryrot Repairs		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 75,000	\$ 2,000	\$ 2,000
Carbon Monoxide Detectors		\$ 33,060								
Exterior Unit Doors and Windows	*Replacement	\$ 1,557,000					\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Playgrounds	*Replacement			\$ 125,000						
Landscape/ Irrigation	*Replacement / Upgrades		\$ 204,864							
Leasing Office / Signage	*Upgrades		\$ 107,600							
1415										
New Office Computers	Replace existing old computers	\$ 2,600					\$ 2,600			
1416										
One Maintenance Truck	Needed for hauling etc...	\$ 14,000				\$ 15,000				\$ 15,000
1420										
Seal Coal Streets		\$ 155,787					\$ 155,787			
1425										
Dishwasher	replacement (assume 10 year life)	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200	\$ 10,200
Refrigerators	replacement (assume 15 year life)	\$ 14,400	\$ 12,650	\$ 12,650	\$ 12,650	\$ 12,650	\$ 12,650	\$ 12,650	\$ 12,650	\$ 12,650
Range	replacement (assume 15 year life)	\$ 16,524	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500
Garbage Disposal	replacement (assume 10 year life)	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345	\$ 2,345
Hot Water Heaters	replacement (assume 15 year life)	\$ 16,200	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250
Carpet	replacement (assume 5 year life)	\$ 38,400	\$ 113,600	\$ 113,600	\$ 113,600	\$ 113,600	\$ 113,600	\$ 113,600	\$ 113,600	\$ 113,600
Vinyl	replacement (assume 10 year life)	\$ 66,300	\$ 19,250	\$ 19,250	\$ 19,250	\$ 19,250	\$ 19,250	\$ 19,250	\$ 19,250	\$ 19,250
HVAC Furnace	replacement (assume 20 year life)	\$ 26,400	\$ 15,300	\$ 15,300	\$ 15,300	\$ 15,300	\$ 15,300	\$ 15,300	\$ 15,300	\$ 15,300
1430										
Applicable Construction Management Expenses	Miscellaneous (see * items)	\$ 211,965	\$ 18,748	\$ 7,500	\$ -	\$ -	\$ 2,500	\$ 285,700	\$ 2,500	\$ 2,500
Annual Reserve Expenses (uninflated)		\$ 4,223,995	\$ 535,307	\$ 336,595	\$ 204,095	\$ 219,095	\$ 367,482	\$ 869,987	\$ 209,245	\$ 224,245
Inflation Factor		0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Annual Reserve Expenses (Inflated)		\$ 4,223,995	\$ 548,690	\$ 345,010	\$ 209,197	\$ 224,572	\$ 376,669	\$ 891,737	\$ 214,476	\$ 229,851
Reserve Withholdings per Year		\$ 734,976	\$ 734,976	\$ 283,200	\$ 283,200	\$ 283,200	\$ 283,200	\$ 283,200	\$ 283,200	\$ 283,200
Reserve Fund BEFORE Expense		\$ 4,687,035	\$ 1,198,016	\$ 932,526	\$ 870,717	\$ 944,719	\$ 1,003,347	\$ 909,878	\$ 301,341	\$ 370,065
Reserve Fund AFTER Expense		\$ 463,040	\$ 649,326	\$ 587,517	\$ 681,519	\$ 720,147	\$ 826,678	\$ 18,141	\$ 86,865	\$ 140,214

**PRESTON PARK
2013 STANDARD BUDGET
CONSOLIDATION & SIGN-OFF**

Description	2013 Total	2012 Projected	Variance	Variance %
Physical Occupancy	98.01 %	99.01 %		
Economic Occupancy	96.27 %	96.70 %		
Gross Market Potential	\$5,419,588	\$5,386,462	\$33,136	0.6%
Market Gain/Loss to Lease	\$132,334	(\$87,610)	\$219,943	251.0%
Affordable Housing	\$0	\$0	\$0	0.0%
Non-Revenue Apartments	(\$63,064)	(\$37,260)	(\$25,804)	-69.3%
Rental Concessions	\$0	\$0	\$0	0.0%
Delinquent Rent	\$0	\$0	\$0	0.0%
Vacancy Loss	(\$107,776)	(\$52,696)	(\$55,079)	-104.5%
Prepaid/Previous Paid Rent	\$0	\$0	\$0	0.0%
Other Months' Rent/Delinquency Recovery	\$0	\$493	(\$493)	-100.0%
Bad Debt Expense	(\$932)	(\$583)	(\$349)	-59.8%
Other Resident Income	\$36,244	\$36,094	\$150	0.4%
Miscellaneous Income	\$7,632	\$6,909	\$723	10.5%
Corp Apartment Income	\$0	\$0	\$0	0.0%
Retail Income	\$0	\$0	\$0	0.0%
TOTAL INCOME	\$5,424,026	\$5,251,798	\$172,227	3.3%
PAYROLL	\$434,036	\$410,059	(\$23,977)	-5.8%
LANDSCAPING	\$70,700	\$70,865	\$165	0.2%
UTILITIES	\$96,660	\$93,075	(\$3,585)	-3.9%
REDECORATING	\$81,744	\$82,160	\$416	0.5%
MAINTENANCE	\$82,332	\$81,542	(\$790)	-1.0%
MARKETING	\$13,047	\$7,883	(\$5,164)	-65.5%
ADMINISTRATIVE	\$57,606	\$57,189	(\$417)	-0.7%
RETAIL EXPENSE	\$0	\$0	\$0	0.0%
PROFESSIONAL SERVICES	\$143,601	\$130,924	(\$12,676)	-9.7%
INSURANCE	\$185,020	\$174,426	(\$10,594)	-8.1%
AD-VALOREM TAXES	\$103,104	\$101,727	(\$1,377)	-1.4%
NON ROUTINE MAINTENANCE	\$14,000	\$17,623	\$3,623	20.6%
TOTAL OPERATING EXP	\$1,281,849	\$1,227,473	(\$54,376)	-4.4%
NET OPERATING INCOME	\$4,142,177	\$4,024,326	\$117,851	2.9%
DEBT SERVICE	\$0	\$0	\$0	0.0%
DEPRECIATION	\$173,088	\$215,698	\$42,610	19.8%
AMORTIZATION	\$0	\$0	\$0	0.0%
PARTNERSHIP	\$8,000	\$6,150	(\$1,850)	-30.1%
EXTRAORDINARY COST	\$0	\$0	\$0	0.0%
NET INCOME	\$3,961,089	\$3,802,478	\$158,611	4.2%
CAPITAL EXPENDITURES	\$4,223,995	\$191,785	(\$4,032,210)	-2102.5%
MORTGAGE PRINCIPAL	\$0	\$0	\$0	0.0%
TAX ESCROW	\$0	\$0	\$0	0.0%
INSURANCE ESCROW	\$0	\$0	\$0	0.0%
INTEREST ESCROW	\$0	\$0	\$0	0.0%
REPLACEMENT RESERVE	\$734,976	\$734,976	\$0	0.0%
REPLACEMENT RESERVE REIMBURSEM	(\$4,223,995)	(\$203,682)	\$4,020,313	1973.8%
WIP	\$0	\$0	\$0	0.0%
OWNER DISTRIBUTIONS	\$3,399,201	\$3,295,097	(\$104,104)	-3.2%
DEPRECIATION AND AMORTIZATION	(\$173,088)	(\$215,698)	(\$42,610)	-19.8%
NET CASH FLOW	(\$0)	\$0	(\$1)	-413.5%

Approvals

Owner _____ Date _____

Asset Manager _____ Date _____

COO _____ Date _____

VP _____ Date _____

Regional Manager _____ Date _____

Business Manager _____ Date _____

Alliance Residential, LLC makes no guarantee, warranty or representation whatsoever in connection with the accuracy of this Operating Budget as it is intended as a good faith estimate only.

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject: Capital Improvement Program Review – Phase II Study

Meeting Date: August 10, 2012

Agenda Number: 7b

INFORMATION/ACTION

RECOMMENDATION(S):

- i. Adopt Resolution 12-05, which would implement a formulaic approach to establishing the Fort Ord Reuse Authority (FORA) development fee schedule and Community Facilities District (CFD) Special Tax rates (**Attachment A**).
- ii. Authorize the Executive Officer to execute Amendment #1 to the FORA-jurisdictions Implementation Agreements, which would codify the formulaic approach to establish the FORA development fee schedule and CFD Special Tax rates (**Attachment B**).

BACKGROUND:

The July 13, 2012 staff report (**Attachment C**) is provided for additional reference.

DISCUSSION:

At its July 13, 2012 meeting, the Board offered questions about the proposed formula. A listing of questions with responses is provided in **Attachment D**. One question was how the item was referred to the FORA Board for consideration. Another concern was the complexity of Economic & Planning Systems' (EPS) presentation of the proposed formula (**Attachment E**). An additional area of concern related to Caretaker Costs; please refer to the attached memorandum (**Attachment F**) for a discussion of these costs.

Staff believes there are straightforward answers to these questions and have included the explanations in Attachment D. A lot of work has been done to ensure that this policy is fair, even-handed, and treats all jurisdictions and parties in the same way. All FORA obligations to CEQA and TAMC are met by this policy, as well as offering some opportunity to assist the FORA jurisdictions cover their caretaker costs and reuse costs. Without such a formula, there is no opportunity to solve these issues equitably.

The genesis of the proposed FORA Development Fee formula stems from the State Assembly Local Government hearing on AB1614. Legislators asked FORA to address concerns about FORA's Development Fee program. The criticism centered around FORA's fee structure not being adaptable to changing conditions. If FORA were to find additional revenue sources or be able to reduce costs in its CIP, no framework would be in place to adjust according to conditions other than the ongoing Phase II CIP study. FORA staff and EPS presented and reworked the formulaic approach to its Development Fee Program in May, June, and July. The recommended approach provides a framework that creates clarity and certainty for reuse on former Fort Ord.

FISCAL IMPACT:

Reviewed by FORA Controller _____

The funding for EPS's phase II CIP review study work has been funded through FORA's Fiscal Year 10-11, 11-12, and 12-13 budgets.

COORDINATION:

Administrative Committee, CIP Committee, Executive Committee, Authority Counsel, Assemblymembers Bill Monning and Luis Alejo's offices, State Senator Anthony Cannella's office, development teams, Development Planning & Financing Group, Inc., and EPS.

Prepared by _____ Reviewed by _____
Jonathan Garcia Steve Endsley

Approved by _____
Michael A. Houlemard, Jr.

Resolution 12-05

Resolution of the Fort Ord Reuse)
 Authority (FORA) Board establishing a)
 formula to determine FORA’s annual)
 basewide development fee schedule and)
 Community Facilities District (CFD))
 Special Tax rates)

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

- A. FORA has adopted a Basewide Community Facilities District (“CFD” or “CFD Special Tax”) to fund, together with other revenues, the FORA CIP. Section 7 (ii) of the Implementation Agreement provides that the FORA development fee and CFD Special Tax to fund CEQA Mitigation Measures (“FORA CIP”) are limited to the difference between the revenues needed for such purposes and the revenues otherwise reasonably available to achieve those purposes; and
- B. FORA and its member Jurisdictions have twelve years of experience with the Basewide Development Fee Policy (“Policy”) and CFD Special Tax; and
- C. FORA and the Army have executed an Environmental Services Cooperation Agreement (“ESCA”) providing for FORA to manage base-wide environmental remediation (including ordnance removal) funded by the Army; and
- D. The Policy and CFD Special Tax provide resources to fund CEQA Mitigation Measures (FORA CIP) identified in the 1997 FORA Base Reuse Plan and CEQA Documents; and
- E. FORA and its member Jurisdictions agree that land sales and lease proceeds, FORA property tax revenues, grant funds and the Policy and CFD Special Tax continue to be the appropriate sources to fund CEQA Mitigation Measures and Board-determined base-wide obligations in FORA’s CIP as identified in Section 1.1; and
- F. FORA recognizes the importance of calibrating the Policy and CFD Special Tax by incorporating all available resources to fund CEQA Mitigation Measures and Board-determined basewide obligations in FORA’s CIP identified in Section 1.1; and
- G. FORA and its member Jurisdictions acknowledge the Policy and CFD Special Tax must be fair and equitable; and
- H. FORA has 1) achieved cost savings; 2) secured grants and other contributions to the base-wide mitigation measures from federal and state sources; and 3) loaned

monies to fund required projects that have reduced or deferred the demand for the original Policy and CFD Special Taxes; and

- I. The Base Reuse Plan emphasized the importance of job-creation and build-out of a balanced mix of community uses including commercial, residential and public facilities to achieve a desired jobs-housing balance; and
- J. FORA and its member Jurisdictions seek refinement to the list of authorized facilities that must be funded by proceeds from land sales and lease proceeds, grants, FORA property tax revenues, the Policy and CFD Special Tax; and
- K. Stakeholders recognize, given inherent uncertainties prevalent in Base Reuse Projects, that appropriate and reasonable cost contingencies are necessary and fiscally responsible; and
- L. FORA and its member Jurisdictions acknowledge the importance of adopting a formula to establish the Policy and CFD Special Tax rates. These revenue sources will fund, or partially fund, the CIP Program. That formula must account for all potential revenue sources and costs; and
- M. FORA and its member Jurisdictions agree that such a formula would reduce uncertainty to developers , increase efficiency in the FORA CIP process, and provide flexibility for FORA’s fee program.

NOW THEREFORE the Board hereby resolves as follows:

1. Adjustment to the Policy and CFD special taxes.

1.1 The list of authorized CIP improvements (subject to escalation of costs through the San Francisco Construction Cost Index reported in the Engineering News Record, unless otherwise noted) to be funded by the Policy and CFD Special Taxes, after first applying all available FORA property tax revenues, grant funds, and land sales and lease proceeds, shall be limited to the following CEQA Mitigation Measures and corresponding base-wide obligations in FORA’s CIP:

1.1.1 Transportation/Transit improvements, including regional improvements, off-site improvements, on-site improvements, and transit capital improvements identified in the Transportation Agency of Monterey County (“TAMC”) FORA Fee Reallocation Study, dated April 8, 2005, or as subsequently updated by TAMC consistent with the FORA Fee Reallocation Study, in an amount not to exceed \$112,698,595 (as escalated) unless the obligation is otherwise reduced by TAMC and FORA.

1.1.2 Water Augmentation, which includes FORA’s CEQA obligation for the approved water augmentation project and FORA’s voluntary contribution to help offset water capacity charge increases. FORA’s CEQA obligation is subject to annual escalation, while the voluntary contribution is not.

1.1.3 Habitat Management endowment requirements anticipated in the future Fort Ord Habitat Conservation Plan excluding costs related to an open space management plan or costs related to a regional trails system program.

1.1.4 Fire Fighting equipment (“Rolling Stock”) lease-purchase of four fire engines and one water tender.

1.1.5 Other Costs and Contingencies shall be evaluated on a periodic basis in the same manner as other CIP costs and revenues. Other Costs and Contingencies are currently limited to the following:

A contingency amount not to exceed 15% of the costs of Transportation/Transit improvements for MEC construction support, soil management plans, right of way acquisition, CEQA/CESA/NEPA mitigations, unknown subsurface conditions, self insurance retention amounts and transportation/transit improvement phasing.

Additional Utility and Storm Drainage Costs which provide for restoration of storm drainage sites in State Parks land and relocation of utilities.

Other Costs for PLL insurance costs.

CFD Administration Expenses (including staff and consultant costs).

1.2 FORA will periodically adopt a formula to monitor and update the Policy and CFD Special Tax, as follows

1.2.1 The Policy and CFD Special Tax were originally designed to fund specific CIP improvements serving the overall base and local jurisdictions based upon mitigation measures required by the California Environmental Quality Act (CEQA). These mitigation measures are described in the Base Reuse Plan Environmental Impact Report (EIR) as well as the 1998 Settlement Agreement with the Ventana Chapter of the Sierra Club. This Resolution does not limit FORA’s right or duty, or that of its member jurisdictions to raise sufficient funds to construct those CEQA Mitigation Measures.

1.2.2 The FORA Board will consider adjustments to the Policy and CFD Special Tax after a comprehensive review of all potential costs and revenues. The process to consider such adjustments will be defined, predictable and transparent to all stakeholders. Adjustments to the Policy and CFD Special Tax will be approved only if they are demonstrated to be fiscally prudent and do not expose FORA or its member jurisdictions to unreasonable risk.

1.2.3 In accordance with the process set forth in part II of this resolution, commencing with Section 2.1, the FORA Board will update anticipated construction costs and revenues available to fund the facilities identified in section 1.1 above, which are eligible to be funded by the Policy and CFD Special Taxes, and corresponding

adjustments to the Policy and CFD Special Taxes within 90 days of the effective date of FORA and its member Jurisdictions adopting Implementation Agreement Amendment #1, Spring 2014 as the second evaluation period, and periodically thereafter every two years, or when an economic or other event causes a material change to a CIP cost or revenue assumption, in coordination with FORA CIP updates.

1.2.4 Adjustments to the Policy and CFD Special Tax shall be made upon receipt by the FORA Board of satisfactory, factual documentation describing the basis for the adjustment.

1.2.5 To expedite this review procedure, adjustments to the Policy and CFD Special Tax shall maintain the same relationship among land uses as the maximum annual special taxes originally documented in the CFD.

II. PROCESS

2.1 FORA shall review and update the CIP periodically to apply the formula described in this Resolution and proposed Implementation Agreement Amendment #1 and any resulting Policy and CFD Special Tax adjustments. That procedure must ensure that FORA’s revenue sources, including the Policy and CFD Special Tax revenues, are adequate to carry out the Base Reuse Plan and complete required CEQA Mitigation Measures and Board-determined base-wide obligations in FORA’s CIP identified in Section 1.1 above. The periodic process will include the following steps:

2.1.1 Determine total remaining CIP costs (including required contingencies) consistent with section 1.1 above.

2.1.2 Determine the source and amount of funds, including, without limitation: a) Fund balances; b) Grant money; c) CSU Mitigation fees; d) Loan proceeds; e) Land sales revenues/proceeds net of a required credit/offset equal to the amount of monies advanced to construct CIP improvements (this amount shall ultimately be reduced to zero once the full credit/offset has been recognized) in excess of remaining building removal program estimated costs, and lease revenues (not required for other obligations); and f) FORA property tax revenue as calculated below. The following assumptions and formula shall be used to calculate the FORA property tax revenues, if available:

Assumptions:

- a. Current FORA CIP build-out assumptions as shown to estimate CFD special tax revenue
- b. Current market data assumptions to estimate assessed values for each land use type.

Formula:

- a. Calculate the net present value (NPV) of 90% of the FORA property tax revenue stream for all new assessed value after July 1, 2012.

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- b. The term on the FORA property tax stream shall be from the date of the current CIP (e.g., upcoming fiscal year) through the anticipated end date of FORA (or the proposed FORA extension end date if applicable).
- c. The NPV calculation shall assume a discount rate equal to the annual average Bond Buyer Revenue Bond Index plus 50 basis points using the prior fiscal year end date (e.g., use 2012 year to date annual average at the end of FY 2011-12 for the FY 2012-13 calculation) as published in The Bond Buyer.
- d. Allocate the NPV as calculated above to reduce/offset costs of CIP.
- e. Allocate 10% of the actual property tax revenues collected by FORA from all new assessed value after July 1, 2012 and generated from parcels in the Fort Ord area of the member jurisdiction to the City or County for economic development to support the reuse of Fort Ord land within the relevant City or County.

2.1.3 Subtract sources of funds available under Section 2.1.2 from CIP costs to determine net cost to be funded by the Policy and CFD Special Tax.

2.1.4 Calculate Policy and CFD Special Tax revenues using the prior year Policy and CFD Special Tax Rates and the same land use assumptions used to estimate FORA property tax revenues shown above in Section 2.1.2.

2.1.5 Compare 2.1.4 with 2.1.3 and determine the amount of adjustment, if any, to the Policy and CFD Special Tax rates. In no event shall the adjusted CFD Special Tax rates exceed the Maximum CFD Special Tax rates (as escalated annually per the special tax formula).

Upon motion by _____, seconded by _____, the foregoing Resolution was passed on this 13th day of May, 2011, by the following vote:

AYES:
 NOES:
 ABSTENTIONS:
 ABSENT:

I, Supervisor Dave Potter, Chair of the Board of Directors of the Fort Ord Reuse Authority in the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of the said Board of Directors duly made and entered under Item ___, Page ___, of the Board meeting minutes of _____, 2012 thereof, which are kept in the Minute Book resident in the offices of the Fort Ord Reuse Authority.

DATED _____

BY _____

Dave Potter
 Chair, Board of Directors
 Fort Ord Reuse Authority

Amendment #1 to the Implementation Agreement between the Fort Ord Reuse Authority and its Member Jurisdictions

RECITALS

- A. The Fort Ord Reuse Authority ("FORA") and the *member jurisdiction* have entered into an Implementation Agreement dated as of May 1, 2001 ("Implementation Agreement") to, among other purposes, identify and provide for distribution of land sale and lease revenues, FORA property tax revenues (formerly tax increment revenues), and basewide assessments or development fees as the primary sources of funding to implement the Basewide Mitigation Measure (as defined) and to pay Basewide Costs (as defined), collectively referred to as the FORA Capital Improvement Program ("CIP"); and
- B. FORA has adopted a Base-wide Community Facilities District ("CFD" or "CFD Special Tax") to fund, together with other revenues, the FORA CIP. Section 7 (ii) of the Implementation Agreement provides that the FORA development fee and CFD Special Tax to fund CEQA Mitigation Measures ("FORA CIP") are limited to the difference between the revenues needed for such purposes and the revenues otherwise reasonably available to achieve those purposes; and
- C. FORA and the *member jurisdiction* have twelve years of experience with the Basewide Development Fee Policy ("Policy") and CFD Special Tax; and
- D. FORA and the Army have executed an Environmental Services Cooperation Agreement ("ESCA") providing for FORA to manage base-wide environmental remediation (including ordnance removal) funded by the Army; and
- E. The Policy and CFD Special Tax provide resources to fund CEQA Mitigation Measures (FORA CIP) identified in the 1997 FORA Base Reuse Plan and CEQA Documents; and
- F. FORA and the *member jurisdiction* recognize that land sales and lease proceeds, FORA property tax revenues, grant funds and the Policy and CFD Special Tax continue to be the appropriate sources to fund CEQA Mitigation Measures and Board-determined base-wide obligations in FORA's CIP as identified in Section 1.1; and
- G. FORA and the *member jurisdiction* recognize the importance of calibrating the Policy and CFD Special Tax by incorporating all available resources to fund CEQA Mitigation Measures and Board-determined basewide obligations in FORA's CIP identified in Section 1.1.; and

- H. FORA and the *member jurisdiction* acknowledge the Policy and CFD Special Tax must be fair and equitable; and
- I. FORA has 1) achieved cost savings; 2) secured grants and other contributions to the base-wide mitigation measures from federal and state sources; and 3) loaned monies to fund required projects that have reduced or deferred the demand for the original Policy and CFD Special Taxes; and
- J. The Base Reuse Plan emphasized the importance of job-creation and build-out of a balanced mix of community uses including commercial, residential and public facilities to achieve a desired jobs-housing balance; and
- K. FORA and the *member jurisdiction* seek refinement to the list of authorized facilities that must be funded by proceeds from land sales and lease proceeds, grants, FORA property tax revenues, the Policy and CFD Special Tax; and
- L. Stakeholders recognize, given inherent uncertainties prevalent in Base Reuse Projects, that appropriate and reasonable cost contingencies are necessary and fiscally responsible; and
- M. FORA and the *member jurisdiction* acknowledge the importance of adopting a formula to establish the Policy and CFD Special Tax rates. These revenue sources will fund, or partially fund, the CIP Program. That formula must account for all potential revenue sources and costs; and
- N. FORA and the *member jurisdiction* agree that such a formula would reduce uncertainty to developers, increase efficiency in the FORA CIP process, and provide flexibility for FORA's fee program.

AGREEMENTS

Now therefore, FORA and the *member jurisdiction* hereby agree as follows:

I. ADJUSTMENT TO THE POLICY AND CFD SPECIAL TAXES.

1.1 The list of authorized CIP improvements (subject to escalation of costs through the San Francisco Construction Cost Index reported in the Engineering News Record, unless otherwise noted) to be funded by the Policy and CFD Special Taxes, after first applying all available FORA property tax revenues, grant funds, and land sales and lease proceeds, shall be limited to the following CEQA Mitigation Measures and corresponding base-wide obligations in FORA's CIP:

1.1.1 Transportation/Transit improvements, including regional improvements, off-site improvements, on-site improvements, and transit capital improvements identified in the Transportation Agency of Monterey County ("TAMC") FORA Fee Reallocation Study, dated April 8, 2005, or as subsequently updated by TAMC consistent with the FORA Fee Reallocation Study, in an amount not to

exceed \$112,698,595 (as escalated) unless the obligation is otherwise reduced by TAMC and FORA.

1.1.2 Water Augmentation, which includes FORA's CEQA obligation for the approved water augmentation project and FORA's voluntary contribution to help offset water capacity charge increases. FORA's CEQA obligation is subject to annual escalation, while the voluntary contribution is not.

1.1.3 Habitat Management endowment requirements anticipated in the future Fort Ord Habitat Conservation Plan excluding costs related to an open space management plan or costs related to a regional trails system program.

1.1.4 Fire Fighting equipment ("Rolling Stock") lease-purchase of four fire engines and one water tender.

1.1.5 Other Costs and Contingencies shall be evaluated on a periodic basis in the same manner as other CIP costs and revenues. Other Costs and Contingencies are currently limited to the following:

A contingency amount not to exceed 15% of the costs of Transportation/Transit improvements for MEC construction support, soil management plans, right of way acquisition, CEQA/CESA/NEPA mitigations, unknown subsurface conditions, self insurance retention amounts and transportation/transit improvement phasing.

Additional Utility and Storm Drainage Costs which provide for restoration of storm drainage sites in State Parks land and relocation of utilities.

Other Costs for PLL insurance costs.

CFD Administration Expenses (including staff and consultant costs).

1.2 FORA will periodically adopt a formula to monitor and update the Policy and CFD Special Tax, as follows

1.2.1 The Policy and CFD Special Tax were originally designed to fund specific CIP improvements serving the overall base and local jurisdictions based upon mitigation measures required by the California Environmental Quality Act (CEQA). These mitigation measures are described in the Base Reuse Plan Environmental Impact Report (EIR) as well as the 1998 Settlement Agreement with the Ventana Chapter of the Sierra Club. This agreement does not limit FORA's right or duty, or that of its member jurisdictions to raise sufficient funds to construct those CEQA Mitigation Measures.

1.2.2 The FORA Board will consider adjustments to the Policy and CFD Special Tax after a comprehensive review of all potential costs and revenues. The process to consider such adjustments will be defined, predictable and

transparent to all stakeholders. Adjustments to the Policy and CFD Special Tax will be approved only if they are demonstrated to be fiscally prudent and do not expose FORA or its member jurisdictions to unreasonable risk.

1.2.3 In accordance with the process set forth in part II of this Agreement, commencing with Section 2.1, the FORA Board will update anticipated construction costs and revenues available to fund the facilities identified in Section 1.1, above, which are eligible to be funded by the Policy and CFD Special Taxes, and corresponding adjustments to the Policy and CFD Special Taxes within 90 days of the effective date of this Agreement, Spring 2014 as the second evaluation period, and periodically thereafter every two years, or when an economic or other event causes material change to a CIP cost or revenue assumption, in coordination with FORA CIP updates.

1.2.4 Adjustments to the Policy and CFD Special Tax shall be made upon receipt by the FORA Board of satisfactory, factual documentation describing the basis for the adjustment.

1.2.5 To expedite this review procedure, adjustments to the Policy and CFD Special Tax shall maintain the same relationship among land uses as the maximum annual special taxes originally documented in the CFD.

II. PROCESS

2.1 FORA shall review and update the CIP periodically to apply the formula described in this Implementation Agreement amendment and any resulting Policy and CFD Special Tax adjustments. That procedure must ensure that FORA's revenue sources, including the Policy and CFD Special Tax revenues, are adequate to carry out the Base Reuse Plan and complete required CEQA Mitigation Measures and Board-determined base-wide obligations in FORA's CIP identified in Section 1.1 above. The periodic process will include the following steps:

2.1.1 Determine total remaining CIP costs (including required contingencies) consistent with Section 1.1 above.

2.1.2 Determine the source and amount of funds, including, without limitation: a) Fund balances; b) Grant money; c) CSU Mitigation fees; d) Loan proceeds; e) Land sales revenues/proceeds net of a required credit/offset equal to the amount of monies advanced to construct CIP improvements (this amount shall ultimately be reduced to zero once the full credit/offset has been recognized) in excess of remaining building removal program estimated costs, and lease revenues (not required for other obligations); and f) FORA property tax revenue as calculated below. The following assumptions and formula shall be used to calculate the FORA property tax revenues, if available:

Assumptions:

- a. Current FORA CIP build-out assumptions as shown to estimate CFD special tax revenue.
- b. Current market data assumptions to estimate assessed values for each land use type.

Formula:

- a. Calculate the net present value (NPV) of 90% of the FORA property tax revenue stream for all new assessed value after July 1, 2012.
- b. The term on the FORA property tax stream shall be from the date of the current CIP (e.g., upcoming fiscal year) through the anticipated end date of FORA (or the proposed FORA extension end date if applicable).
- c. The NPV calculation shall assume a discount rate equal to the annual average Bond Buyer Revenue Bond Index plus 50 basis points using the prior fiscal year end date (e.g., use 2012 year to date annual average at the end of FY 2011-12 for the FY 2012-13 calculation) as published in The Bond Buyer.
- d. Allocate the NPV as calculated above to reduce/offset costs of CIP.
- e. Allocate 10% of the actual property tax revenues collected by FORA from all new assessed value after July 1, 2012 and generated from parcels in the Fort Ord area of the *member jurisdiction* to the City or County for economic development to support the reuse of Fort Ord land within the relevant City or County.

2.1.3 Subtract sources of funds available under Section 2.1.2 from CIP costs to determine net cost to be funded by the Policy and CFD Special Tax.

2.1.4 Calculate Policy and CFD Special Tax revenues using the prior year Policy and CFD Special Tax Rates and the same land use assumptions used to estimate FORA property tax revenues shown above in Section 2.1.2.

2.1.5 Compare 2.1.4 with 2.1.3 and determine the amount of adjustment, if any, to the Policy and CFD Special Tax rates. In no event shall the adjusted CFD Special Tax rates exceed the Maximum CFD Special Tax rates (as escalated annually per the special tax formula).

III. ENFORCEMENT

3.1 This agreement is entered into for the benefit of FORA and the *member jurisdiction* subject to the Policy and CFD Special Tax, and may be subject to dispute resolution and enforced by FORA or the *member jurisdiction* subject to the Policy and CFD Special Taxes in the same manner and process set forth for dispute resolution and under Section 17 of the Implementation Agreement.

3.2 The original Implementation Agreement will prevail when this Amendment #1 conflicts with the Implementation Agreement.

[Add signature pages]

[Add acknowledgments for recordation]

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FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject: Capital Improvement Program Review – Phase II Study

Meeting Date: July 13, 2012

Agenda Number: 6e

INFORMATION/ACTION

RECOMMENDATION(S):

- i. Adopt Resolution 12-05, which would implement a formulaic approach to establishing the Fort Ord Reuse Authority (FORA) development fee schedule and Community Facilities District (CFD) Special Tax rates (**Attachment A**).
- ii. Authorize the Executive Officer to execute Amendment #1 to the FORA-jurisdictions Implementation Agreements, which would codify the formulaic approach to establish the FORA development fee schedule and CFD Special Tax rates (**Attachment B**).
- iii. Authorize the Executive Officer to execute contract amendment #5 with Economic and Planning Systems (EPS) to complete the Phase II Study in FY 12/13 (**Attachment C**), not to exceed additional budget authority of \$60,000.

BACKGROUND:

In 1997, the FORA Board adopted the Base Reuse Plan which contained a number of environmental mitigations. The Board also adopted a series of findings that include funding those environmental mitigation measures (habitat, traffic, transit, fire protection, storm drainage, etc.). In 1999, the FORA Board adopted a Development Fee Schedule that collects fees from Fort Ord reuse projects to finance the Base Reuse Plan mitigations and Board-determined base-wide obligations in FORA's Capital Improvement Program (CIP). The Board and five jurisdictions adopted Implementation Agreements in 2001 to ensure (among other items) funding of environmental mitigations and basewide obligations. The FORA Board confirmed its CIP financing program with adoption of the FORA Community Facilities District in May 2002.

FORA's successful implementation of CIP projects through Development Fee payments, CFD special tax collections, and State and Federal grant proceeds resulted in a need to review FORA's CIP in fiscal year (FY) 2010/2011. At the end of the process, the FORA Board determined that:

- 1) A reduction in the FORA Development Fee and CFD special tax rates was appropriate and reduced these rates by 27 percent.
- 2) Several important factors would impact fees in the FY 2012/2013 timeframe warranting a phase II study, which the Board subsequently authorized.

This recommendation for adopting a formula is a follow up to the FORA Development Fee and CFD special tax program and offers to FORA, its jurisdictions, developers, and the community a consistent and predictable approach to costs and revenues to meet all FORA CIP obligations.

Since redevelopment agencies were eliminated by State Law, FORA's land use jurisdictions have been looking for ways to fund their reuse programs. This formula would provide for diverting 10% of future FORA property tax revenues generated within FORA's land use

jurisdictions to the underlying jurisdictions for this purpose. In order for this mechanism to have enforceability, time is of the essence. FORA's jurisdictions are seeking to confirm resources for annual budgets and adoption of this formula would help provide the community with a clear and predictable cost and revenue program.

Additional background: On July 9, 2010, the FORA Board directed staff to:

- 1) propose a 6-month Capital Improvement Program (CIP) work plan timeline;
- 2) review FORA's CIP obligations and resources; and
- 3) provide monthly updates.

That assignment was completed by the January 2011 target. At the January, February, and March 2011 meetings however, the Board requested additional information and received answers to specific questions about the CIP. The Board increased the consultant's scope and budget in January and April 2011 to generate supplemental information. At the April 8, 2011 meeting, the Board:

- 1) received a presentation from the Transportation Agency for Monterey County (TAMC) regarding their analysis of FORA's Transportation and Transit phasing,
- 2) received an EPS presentation responding to questions raised at the March 2011 Board meeting,
- 3) received information regarding benefits and impacts of a fee reduction,
- 4) directed staff to prepare documents and/or policy revisions necessary to a) approve an across the board 27% fee reduction (\$33,700 for new residential units, etc.) for the May 2011 Board meeting and b) implement accompanying policy adjustments, and
- 5) directed staff to work with EPS on a contract amendment for consideration at the May 2011 Board meeting, which would commence a Phase II CIP review to be completed during the following 2 fiscal years.

EPS has been the principal consultant from the inception of the project. David Zehnder is the Managing Principal and Jamie Gomes is the Principal. Each have experience with California municipalities and county organizations reviewing CIP obligations and fee structures. During their initial CIP review, EPS completed updated development forecasts, a preliminary CIP analysis, a cost-burden analysis, a draft summary report on the CIP, a draft final report, four powerpoint presentations to the Board, and three additional reports in response to Board member questions.

Concurrent with EPS's work in 2011, FORA staff reviewed its CIP funding sources to ensure accuracy and TAMC reviewed phasing of FORA's CIP transportation project expenditures to coordinate regional transportation planning efforts. FORA is committed to continued consultation with TAMC in this manner.


DISCUSSION:

In May 2011, the Board adopted resolution 11-02 to reduce the developer fee approximately 27% across all fee categories (from \$46,205 to \$33,700 [also referred to as Option 2C] for new residential units). At the same meeting, the Board authorized FORA to enter into a contract with EPS to complete a Phase II CIP review study to ascertain whether further reductions in contingencies or costs would be feasible while ensuring FORA's CEQA and operational obligations are met. Due to the uncertainty related to the effects of the State of

California's dissolution of redevelopment and endowment holder requirements for the future Habitat Conservation Plan, it was deemed prudent to have EPS study those elements of Phase II first. However, during legislative hearings on FORA's extension (AB1614), the issue of a change in FORA's approach to both the development fee and CFD Special Tax rates was proposed to reduce uncertainty for all parties. This is a uniquely FORA issue. It is not one that can be resolved by state legislation.

EPS, working with FORA staff, developed a standardized formula for establishing the development fee. That formula was reviewed by the FORA Administrative Committee at five meetings in May and June 2012. At its May 30, 2012 meeting, the committee considered the proposed formula as it might be implemented through a draft FORA Board resolution and an amendment to the FORA-jurisdictions Implementation Agreements. The proposed formula would match FORA revenue sources to FORA obligations and set an appropriate fee level consistent with obligations. Staff would apply any adjustments to FORA's development fee and CFD Special Tax resulting from the formula within 90 days of finalizing Implementation Agreement Amendment #1 with the five Jurisdictions and, thereafter, staff would integrate the formula into the FORA Board's consideration of the FORA Capital Improvement Program on a periodic basis. At its May 30, 2012 meeting, the Administrative Committee passed a motion recommending that a draft resolution and draft amendment to the Implementation Agreements be presented to the FORA Board after several edits were made. At its June 13, 2012 meeting, the Administrative Committee asked staff/EPS to return to its June 27, 2012 meeting with a model illustration (**Attachment D**) and calculation of the formula (**Attachment E**) so that every component of the proposed formulaic approach is easily understood and end-result modeled.


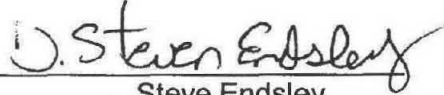
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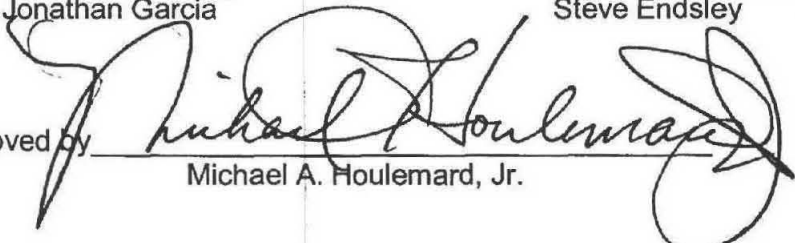
Reviewed by FORA Controller 

The funding for EPS's phase II CIP review study work has been funded through FORA's FY 10-11 and 11-12 budgets. The FY 12-13 budget includes \$60,000 for this proposed amendment.

COORDINATION:

Administrative Committee, CIP Committee, Executive Committee, Authority Counsel, Assemblymember Bill Monning and Luis Alejo's offices, development teams, Development Planning & Financing Group, Inc., and EPS.

Prepared by  Jonathan Garcia Reviewed by  Steve Endsley

Approved by  Michael A. Houlemard, Jr.

**Questions from the July 13, 2012 FORA Board meeting
concerning the Phase II study formulaic approach**

1. Where did this item come from?

Further consideration of the appropriate level of developer fees has been included in the Phase II work plan from the outset. In addition, several concerns about FORA's development fee program surfaced at the Assembly Local Government Committee hearing on AB 1614, legislation proposing an extension to FORA. State legislators asked FORA to address these concerns in the short-term while AB 1614 was under consideration by the State legislature. As part of EPS's Phase II study, FORA asked EPS to develop a formula that would provide a higher degree of certainty on FORA's development fee program while ensuring that FORA would maintain its ability to fund all of its required obligations including CEQA mitigation measures, related base-wide implementation costs (e.g., building removal, property management/caretaker costs) as well as ongoing FORA operational costs. The FORA Administrative and Executive Committees reviewed this proposed formula in May, June, and July.

2. Why should we adopt this formula at the current time? The proposed change in fee is less than 5%.

It is important to consider that adopting the formula at this time does not immediately adjust the Developer Fee or CFD Special Tax. The "change in fee" described at the July 13 Board hearing was based upon preliminary calculations completed at the request of the FORA Administrative Committee. The preliminary calculations were intended to provide an order of magnitude look at how the Developer Fee and CFD Special Tax might adjust if the formulaic approach were adopted as proposed. The response to question #3 below provides some additional context.

3. Why shouldn't we wait until the Phase II study and/or BRP Reassessment are complete?

FORA's development fee program was reviewed in Phase I through a process that looked at program assumptions, fee calculations, and results. In the end, the FORA Board reviewed the results and concluded that the fee could be reduced by 27%, keeping the program whole.

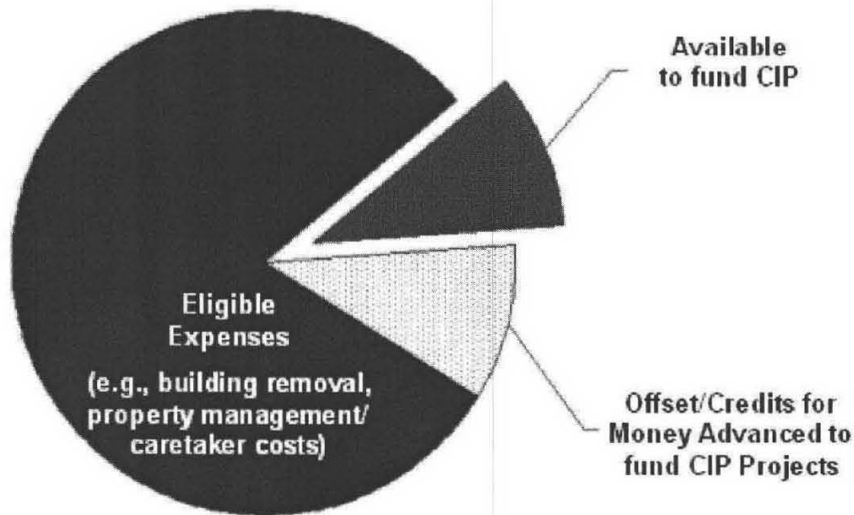
The FORA Board determined at that time that it also needed to conduct a Phase II CIP study because several factors warranted review. EPS is reviewing program assumptions, fee calculations, and results. EPS's work on the formulaic approach pertains to the fee calculations portion of their work program. EPS will still complete its review of assumptions and calculate results. Adopting a formula at this time does not prejudge future results. Implementing the formula in any given year may result in a fee decrease or a fee increase.

Waiting until completion of Phase II to adopt the formula would not provide any additional information about the applicability of the formula, its fairness, technical soundness, and so on. Likewise, waiting until completion of the BRP Reassessment provides no additional technical information about the soundness of the formula. The BRP Reassessment document is an informational report. The Board has discretion on whether or not to act on any items identified in the report. In both cases, once the formula is in place, all issues of policy remain ripe for further discussion.

4. If we adopt this formula, how are FORA’s operational costs covered?

FORA’s operational costs will continue to be funded through the variety of existing funding mechanisms presently received.¹ As an example, the formulaic approach maintains that FORA would continue to receive the present level of property tax allocated to FORA. In the formulaic approach, only future property tax revenues, based upon growth after July 1, 2012, would be included as a potential offset to CIP costs.

Furthermore, the Implementation Agreement Amendment #1 language describing revenue available to offset CIP costs is specific to ensure that it would only include revenue “not required for other obligations.” The pie chart included below illustrates this concept as it relates to land sales and lease revenues. The first priority use for land sale/lease revenue is for existing obligations, which have been previously identified by the Board as building removal, followed by property management/caretaker costs and FORA operational costs. Future land sale/lease revenue calculations will also account for the recapture of previously advanced monies used to help fund CIP projects. The net remaining land sale/lease revenue proceeds would be available to offset CIP costs. This approach recognizes FORA’s need to maintain adequate funding for ongoing operational costs and to meet existing and ongoing obligations.



5. Can you simplify the formula?

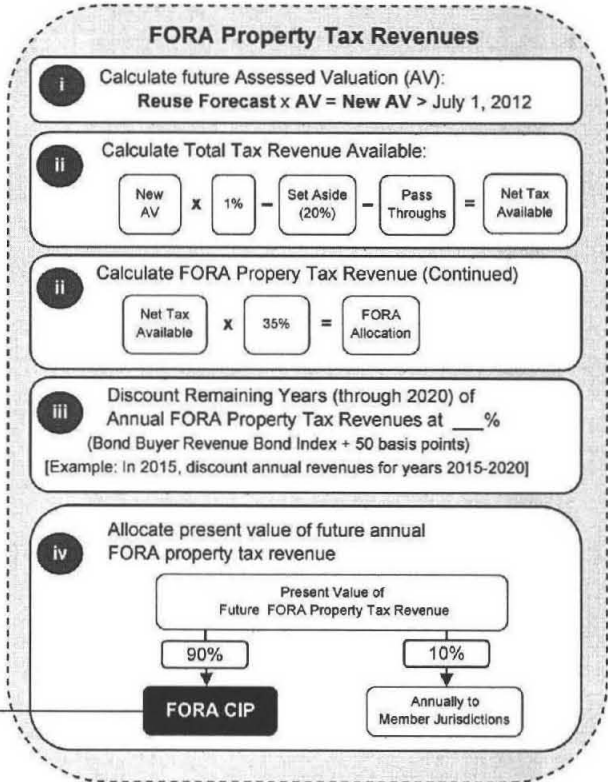
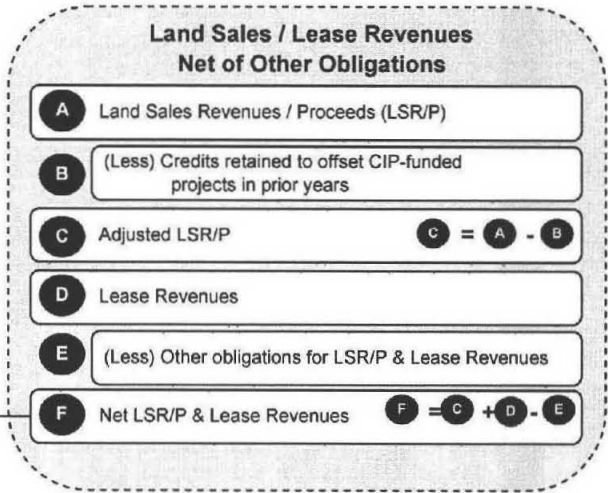
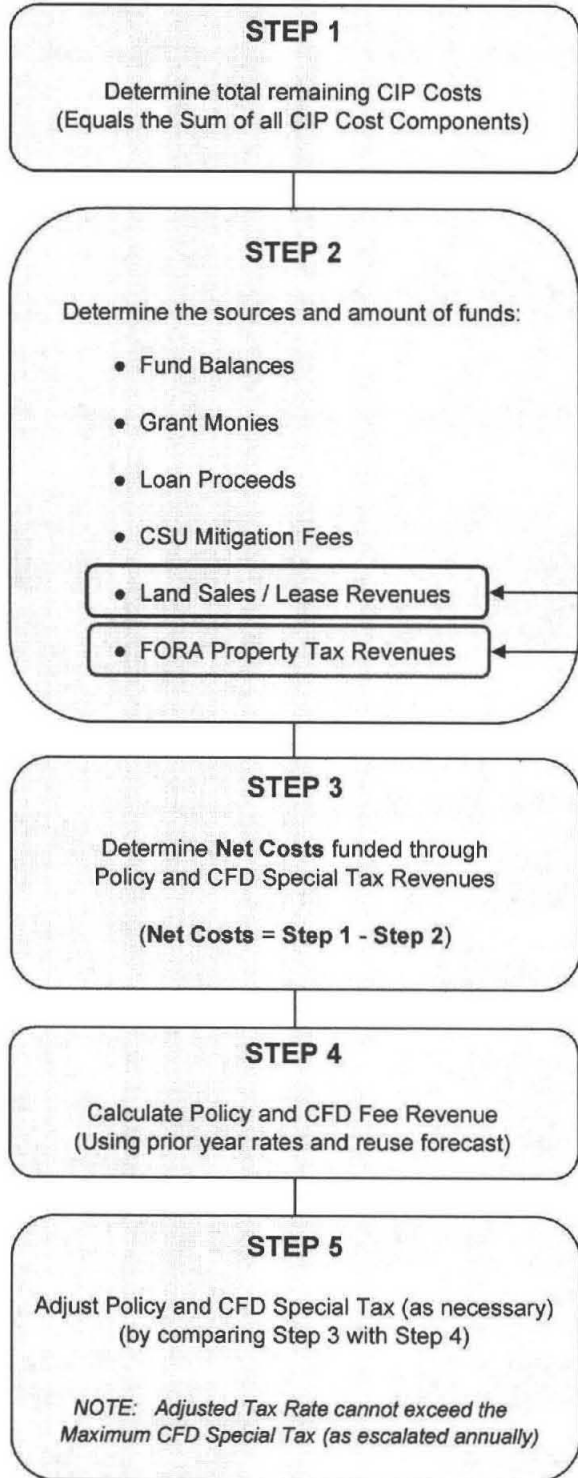
¹ The question of FORA property tax revenue receipt remains an open question at this time, but only affects the land sale / other revenues total available for non-CEQA-related reuse.

From the outset of this effort, every attempt has been made to maintain simplicity in the formulaic approach. The formula relies upon existing financing mechanisms and proposes a well defined, transparent and predictable process that is to be periodically applied. At its most basic level, the formula follows the original language from Section 7 of the Implementation Agreement(s) wherein identified revenues are subtracted from CIP costs to derive a remaining amount to be funded through the Developer Fee Policy and CFD Special Tax. With ten years experience in preparing the annual CIP updates and in administering the Fees and CFD Special Taxes, application of the formula can be routinized into the annual capital improvement program planning process the Board is familiar with.

DRAFT

Attachment E
Annual Process to Update
Basewide Development Fee Policy
and CFD Special Tax

Attachment E to Item 7b
FORA Board Meeting, 8/10/2012





Fort Ord Reuse Authority

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

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

Attachment F to Item 7b
FORA Board Meeting, 8/10/12

MEMORANDUM

Date: July 26, 2012

To: Fort Ord Reuse Authority ("FORA") Administrative Committee

CC: Michael A. Houlemard, Jr., Executive Officer
Steve Endsley, Assistant Executive Officer

From: Jonathan Garcia, Senior Planner

Re: **Caretaker Costs, item 7b**

The purpose of this memo is to provide information on Caretaker/Property Management Costs on former Fort Ord. Over the last few months, Caretaker Costs have been discussed in conjunction with the FORA Capital Improvement Program ("CIP") Review - Phase II study/formulaic approach. It was suggested that FORA staff provide additional background on Caretaker costs for future discussion. In preparation of this memo, FORA staff reviewed background material on caretaker costs from the late 1990's to present.

Caretaker status has been defined by U.S. Army regulation as "the minimum required staffing to maintain an installation in a state of repair that maintains safety, security, and health standards." This Army term may have generated the context of FORA's analysis of Caretaker costs in the late 1990's. Caretaker costs were first described in the FORA CIP in FY 2001/2002 as a \$14 million dollar cost with footnote reading: "Costs associated with potential delays in redevelopment and represent interim capital costs associated with property maintenance prior to transfer for development (as per Keyser-Marston truthing of caretaker and other costs)."

FORA has maintained Caretaker costs in its annual CIPs since the initial FY 2001/2002 CIP. Within the last five years, FORA and County of Monterey Office of Housing and Redevelopment staff discussed property management costs associated with the County's habitat property described in the draft Fort Ord Habitat Conservation Plan ("HCP"). FORA and its HCP consultant note that trails planning/maintenance costs for public access on these properties are costs that the U.S. Fish and Wildlife Service/California Department of Fish and Game do not allow to be funded by the HCP, but should be funded by other jurisdictional resources.

During FORA's CIP review – Phase I Study, concluded in May 2011, FORA's financial consultant recommended that Caretaker/Property Management costs be removed from FORA's CIP Contingencies because no costs had been defined. FORA jurisdictions requested that Caretaker costs be added back in order to cover basewide property management costs, should they be demonstrated.

FORA expended \$20,000 in the previous fiscal year toward Monterey County's Fort Ord Recreational Habitat Area ("FORHA") Master Plan preparation process, in which the County has undertaken planning for a proposed trail system. The Caretaker/Property Management costs line item is wholly dependent on whether sufficient revenue is received during the fiscal year. FORA Assessment District Counsel opined that FORA Community Facilities District Special Tax payments cannot fund caretaker costs. For this reason, funding for Caretaker costs would have to come from FORA's 50% share of lease and land sales proceeds on former Fort Ord, any reimbursements to those fund balances, or other designated resources should they materialize.

From approximately 2000 to 2004, the U.S. Army entered into Cooperative/Caretaker Agreements with FORA's land use jurisdictions. On average, the Cooperative/Caretaker Agreements provided each jurisdiction with approximately \$132,000 per year. Whether it is FORA or the U.S. Army funding the caretaker costs, the premise is the same. Caretaker costs are a short-term bridge program to assist jurisdictions with property holding costs while lands transition to active reuse. Staff notes that there is a direct relationship between building removal and Caretaker Costs. As building removal occurs, fewer liability issues associated with property management remain. This provides a strong rationale for FORA to proceed with building removal as a top priority program.

A framework for FORA's Caretaker costs might be to set FORA's obligation to \$132,000 per jurisdiction annually (a total of \$660,000 per year). If FORA's land use jurisdictions can demonstrate caretaker costs during the first year of implementation, they can each receive up to \$132,000 as long as funding is available from FORA. Below is a hypothetical example of a table showing caretaker line items for \$132,000.

Hypothetical description of caretaker costs

Task #	Description	Budget
1	Tree Trimming	\$ 16,200
2	Mowing	\$ 26,000
3	Pavement Patching	\$ 8,900
4	Centerline/Stenciling	\$ 14,500
5	Barricades	\$ 8,100
6	Traffic Signs	\$ 5,400
7	Catch Basin/Storm Drain Maintenance	\$ 4,100
8	Vacant Buildings	\$ 18,500
9	Vegetation Control/Spraying	\$ 5,300
13	Paving/Slurry Seal	\$ 13,000
	Subtotal	\$120,000
14	Administration (10% of total)	\$ 12,000
	Totals	\$132,000

PLACEHOLDER FOR ITEM 7e

**Resolution Nos. 12-6 and 12-7
Adopting Ord Community Water
and Wastewater Systems Proposed
Budgets and rates for FY 2012/13**