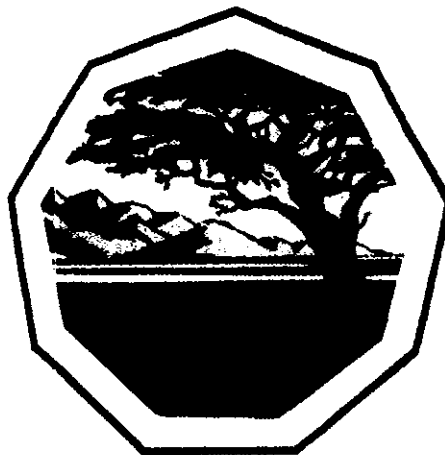


Fort Ord
Reuse Authority



Board Packet
For
Board Meeting
December 11, 2009



Fort Ord Reuse Authority

100 12th Street, Building 2880, Marina, CA 93933

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

BOARD OF DIRECTORS MEETING

Friday, December 11, 2009, at 3:30 p.m.

FORA Conference Facility/Bridge Center

201 13th Street, Building 2925, Marina (on the former Fort Ord)

AGENDA

1. **CALL TO ORDER AND ROLL CALL**
2. **PLEDGE OF ALLEGIANCE**
3. **ACKNOWLEDGEMENTS AND ANNOUNCEMENTS**
4. **PUBLIC COMMENT PERIOD:** Members of the audience wishing to address the Board on matters within the jurisdiction of the Authority but not on the agenda may do so during the Public Comment Period. You may speak for a maximum of three minutes on any subject. Public comments on specific agenda items will be heard at the time the matter is being considered by the Board.
5. **CONSENT AGENDA** ACTION
 - a. November 13, 2009 board meeting minutes
 - b. Authorization to retain services for construction management assistance for General Jim Moore Boulevard Phase V and Eucalyptus Road Phase II
 - c. Authorization to award General Jim Moore Boulevard Phase V and Eucalyptus Road Phase II construction contract
6. **OLD BUSINESS**
 - a. 2009/10 mid-year Capital Improvement Program report ACTION/ INFORMATION
7. **NEW BUSINESS**
 - a. Progress report on veterans' cemetery signage request INFORMATION
 - b. Fiscal Year 08-09 Annual Financial Report (Audit Report) ACTION

8. EXECUTIVE OFFICER'S REPORT

- | | |
|---|-------------|
| a. Administrative Committee report | INFORMATION |
| b. Executive Officer's travel report | INFORMATION |
| c. Status update of outstanding receivables | INFORMATION |
| d. Habitat Conservation Plan - status report | INFORMATION |
| e. Approved 2010 Fort Ord Reuse Authority meeting dates | INFORMATION |

9. ADJOURNMENT

(Information about items on this agenda is available at the FORA office at 100 12th Street, Building 2880, Marina, on the former Fort Ord or by calling 831-883-3672 or by accessing the FORA website at www.fora.org.)



CENTRAL COAST
VETERANS CEMETERY
FOUNDATION

*Making the
Central Coast
Veterans Cemetery
a Reality*

Our Mission
To honor those who have served the cause
of Freedom by providing the funds for
the perpetual upkeep, maintenance and
enhancements for the
Central Coast Veterans Cemetery

www.CCVCF.com
Phone (831) 384-9400
info@CCVCF.com

BOARD OF DIRECTORS

JANET M. PARKS
Board Chair

CHARLIE ESKRIDGE

JAMES BOGAN

BOB HARRELL

HOWARD GUSTAFSON

CCVCF is 501c3 non-profit Corporation



*Then good night, peaceful night,
Till the light
of the dawn
shineth bright,
God is near,
do not fear --
Friend, good night.*

Taps - 3rd Verse

Donations

I want to honor Veterans and contribute to establishment
of the Central Coast Veterans Cemetery

Last Name _____ First Name _____ Middle Initial _____
Street Address _____
City _____ State _____ Zip Code _____
Phone _____ Email _____

Wall of Honor Tiles

_____ \$ 5,000 _____ \$ 1,000 _____ \$ 500 _____ \$ 250

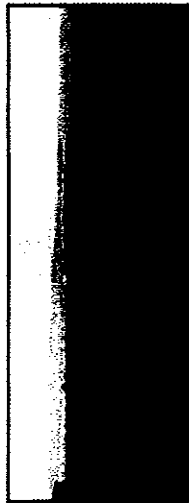
Individual Donation

_____ \$ 2,500 _____ \$ 1,000 _____ \$ 500 _____ \$ 250 Other \$ _____

All contributions are important in the fund raising effort
and are welcomed and appreciated.
CCVCF is a 501c3 non-profit corporation



The Central Coast Veterans Cemetery Foundation Support and Contribution Program



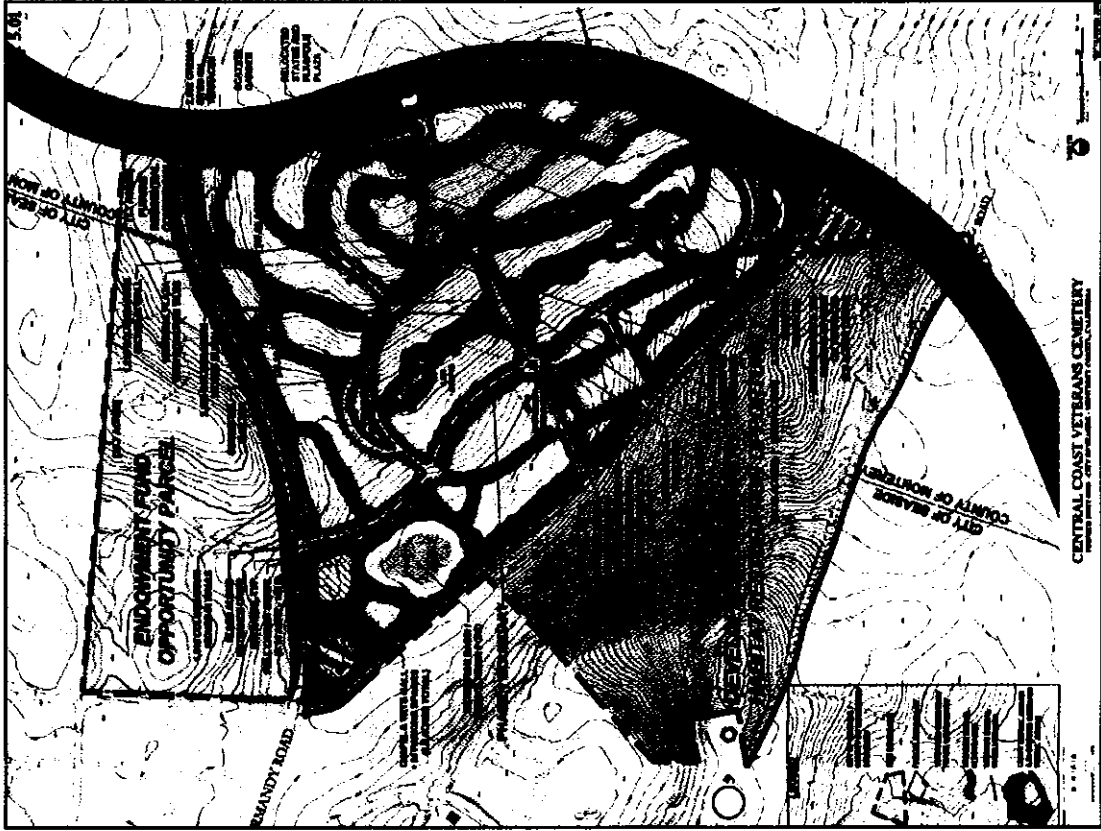
Situated on Fort Ord, the projected cemetery site encompasses gently rolling hills with the natural beauty of Monterey Bay. As a lasting tribute to those who served in the armed forces, the new cemetery will remind future generations that we honor our veterans who were instrumental in preserving our nation's freedom.

When completed, the cemetery will be convenient for the large number of veterans and their families located within a 100-mile radius of Monterey Bay.

Veterans groups, other organizations and individuals are generously supporting the cemetery

The Foundation will also need volunteer support for administrative, grant writing, fundraising and many other activities. Volunteer participation is critical to the success of the cemetery.





We look forward to serving and hearing from you!



Memorial Tile Project

A Wall of Honor located in Memorial Plaza within the Veterans Cemetery complex will provide a lasting opportunity to honor those who have served our country and helped preserve our nation's freedom.

The following four contribution levels are offered for placement of Wall of Honor tiles engraved with the name(s) of those being honored by the contributors.

	Platinum \$5,000
	Gold \$1,000
	Silver \$500
	Bronze \$250

Special recognition is also available for Corporate Donors and Benefactors at contribution levels above \$10,000.

For more information about these opportunities, or to obtain information about the Foundation's Gifting Program, please contact us.

Individual Contributions

Individual contributions are important in the fund raising effort and are welcomed and appreciated.

Contributions may be mailed to:
Central Coast Veterans Cemetery Foundation
P.O.Box 849 Marina, CA 93933

Please make checks payable to Central Coast Veterans Cemetery Foundation

AN ACT TO AMEND MILITARY AND VETERANS CODE SECTIONS 1450-1457

1450. For purposes of this chapter, the following definitions apply:

(a) "Administrative and oversight costs" means costs incurred by the department for the maintenance of the California Central Coast State Veterans Cemetery at Fort Ord including, but not limited to, personnel costs, the opening and closing of graves, the interment of remains, committal service coordination, grounds keeping, landscaping, general maintenance, and janitorial services.

(b) "Department" means the Department of Veterans Affairs.

(c) "Endowment Fund" means the California Central Coast State Veterans Cemetery at Fort Ord Endowment Fund.

(d) "Operations Fund" means the California Central Coast State Veterans Cemetery at Fort Ord Operations Fund.

(e) "Veterans cemetery" means the California Central Coast State Veterans Cemetery at Fort Ord.

(f) "Advisory Committee" means the California Central Coast Veterans Cemetery Advisory Committee.

(g) "Phases" means the usual phases of a design-bid-build capital outlay project. The phases would include studies, preliminary plans, working drawings, including documents necessary to put the construction phase out to bid, and construction.

1450.1 (a) Pursuant to this chapter, the Department of Veterans Affairs, in voluntary cooperation with the Monterey County Board of Supervisors, the cities of Monterey and Seaside, the Fort Ord Reuse Authority, and other surrounding counties, cities and local agencies, shall design, develop, and construct the state-owned and state-operated California Central Coast Veterans Cemetery which shall be located on the site of the former Fort Ord.

(b) The department shall oversee and coordinate the design, development, construction, and equipping of the cemetery.

1450.2 (a) There shall be an Advisory Committee appointed by the Secretary and consisting of one representative from the County of Monterey, nominated by the County Board of Supervisors, one representative from the City of Seaside, nominated by the Seaside City Council, one representative from the Fort Ord Reuse Authority, nominated by the Authority board, two members from the Fort Ord Veterans Citizens Advisory Committee, nominated by that committee, and at least two members from the California Department of Veterans Affairs.

(b) In recognition of the fact that the Endowment Fund will be made up largely of private and local funds, the department shall seek the advice of the Advisory Committee when considering significant changes in the design of the cemetery.

(c) It is the intent of the Legislature that the design of the cemetery closely follows the concepts published in the "California Central Coast Veterans Cemetery Fort Ord Development Master Plan as prepared for the Redevelopment Agency of the County of Monterey.

1451. (a) The California Central Coast State Veterans Cemetery at Fort Ord Endowment Fund is hereby created in the State Treasury. Moneys in the Endowment Fund shall be allocated, upon appropriation by the Legislature, to the department for the annual administrative and oversight costs of the veterans cemetery, pursuant to Sections 1453 and 1454, and to generate funding through interest for that cemetery.

(b) (1) Moneys in the fund shall first be invested with the goal of achieving capital appreciation to create a balance sufficient to generate ongoing earnings to cover the estimated annual oversight and maintenance costs associated with the veterans cemetery pursuant to Section 1453.

(2) Upon the determination of the Controller that the Endowment Fund balance has attained the goal established in paragraph (1), moneys in the fund shall be invested to generate earnings to fund annual oversight and maintenance costs associated with the veterans cemetery.

(c) The Endowment Fund may consist of donations from public and private entities, partnerships between public and private entities, fees, and transfers from the state General Fund as may be specified by law.

(d) To the extent possible, donations made in-kind to the Endowment Fund shall be monetized so as to offset the ongoing administrative and oversight costs under Sections 1452 and 1453.

(e) Earnings generated by the Endowment Fund shall be retained by the fund.

(f) Moneys deposited in the Endowment Fund are exempt from the requirements of Sections 11270 through 11277 of the Government Code.

(g) Moneys in the Endowment Fund shall be invested by the Treasurer, after consultation with the department, in a manner that best meets the goals of the fund.

(h) If, through changes in State or Federal law, additional revenues are identified for the administration and oversight of the cemetery, including increases in federal burial allowances, such that the amount of annual revenue exceeds the annual administrative and oversight costs, such excess revenues shall be deposited in the Endowment Fund.

1452. (a) On or before July 1, 2007, and annually thereafter, the Controller, after consultation with the department, shall report to the Assembly and Senate Committees on Veterans Affairs, Monterey County, the City of Seaside, and the Fort Ord Reuse Authority on the status of the Endowment Fund, the amount of interest and investment earnings generated by the Endowment Fund, and the estimated amount of additional principal needed to generate annual interest revenue that will sufficiently cover the estimated annual administrative and oversight costs.

(b) The estimated annual administrative and oversight costs shall be developed annually by the department and provided to the Controller for purposes of the report required by subdivision (a) by no later than June 15 of each year.

1453. (a) (1) Upon the determination of the Controller, after consultation with the Secretary of Veterans Affairs, that the Endowment Fund has adequate principal to annually yield sufficient investment earnings, from the date of the determination, to cover the annual administrative and oversight costs over the next 10 years and to fund the estimated costs of developing and submitting the State Veterans Cemetery Grant Program application, the department shall develop and submit a State Veterans Cemetery Grant Program application to the United States Department of Veterans Affairs for the establishment of a veterans cemetery.

(2) The Controller, upon appropriation by the Legislature, shall transfer moneys from the Endowment Fund to the Operations Fund in an amount equal to the estimated costs of project design, development of all documents necessary to proceed to construction, and developing and submitting the State Veterans Cemetery Grant Program application to the United States Department of Veterans Affairs.

(3) Notwithstanding subdivision (a) (1), the Controller, upon appropriation by the Legislature, shall transfer funds from the Endowment Fund to the Operations Fund in an amount at least equal to the estimated cost to accomplish the design, development, and construction of the cemetery in phases. Transfers shall be made only when sufficient funds, as determined by the Director of the Department of Finance, exist to fully accomplish each project phase.

(b) (1) The Secretary of Veterans Affairs shall submit the State Veterans Grant Program application to the United States Department of Veterans Affairs within six months of the Controller's determination pursuant to subdivision

(a). The Secretary of Veterans Affairs is authorized to act as the official representative of the state in connection with the State Veterans Cemetery Grant Program application, including providing the United States Department of Veterans Affairs throughout the application process with all necessary assurances that additional information shall be provided when required. The Secretary of Veterans Affairs shall have final approval of all aspects of the cemetery design and operation.

(2) Upon transfer of funds pursuant to subdivision (a) (2) and (3), the Department is authorized to proceed with all design, development, and contracting activities necessary to support the submission of the State Veterans Cemetery Grant application.

(3) Upon USDVA certification of the grant award, the Department is authorized to proceed with construction and equipping of the veterans cemetery.

(c) If awarded, the moneys received from the State Veterans Cemetery Grant Program shall be used to reimburse the Endowment Fund for the costs of developing and submitting the State Veterans Cemetery Grant Program application to the United States Department of Veterans Affairs and other eligible costs, and to fund 100 percent of costs allowed by the grant requirements, as well as the State's share of any other costs for the design, development, construction, and equipping of the veterans cemetery.

1454. (a) The Central Coast Veterans Cemetery Master Development Fund is hereby renamed the California Central Coast State Veterans Cemetery at Fort Ord Operations Fund. Moneys in the Operations Fund may be transferred, upon appropriation by the Legislature, from the Endowment Fund to the Operations Fund for expenditure by the department, solely for the annual administrative and oversight costs of the veterans cemetery.

(b) (1) The Controller shall reserve an amount, not to exceed 20 percent of the amount allocated pursuant to subdivision (a), in the Operations Fund, which shall be used solely as a reserve for unforeseen administrative and oversight costs.

(2) For purposes of this subdivision, "unforeseen administrative and oversight costs" means any costs that could not have been reasonably anticipated by the department when preparing its estimate of annual administrative and oversight costs and that are needed to carry out the purposes of this chapter.

1455. (a) Subsequent to the department's submission of the State Veterans Cemetery Grant Program application, pursuant to Section 1453, the department shall adopt regulations to specify the eligibility requirements for interment the appropriate fees to be charged for interment or burial of spouses and children of honorably discharged veterans, and appropriate fees for the disinterment of remains.

(b) Those eligible for interment are all honorably discharged veterans and their spouses and dependent children.

(c) All fees received pursuant to subdivision (a) shall be deposited in the Endowment Fund created pursuant to Section 1451.

(d) Any regulations adopted pursuant to this section shall be applicable to all state operated veterans cemeteries in order to ensure consistent and equitable treatment of all veterans and their families throughout the State.

1456. (a) Proposals for the construction, placement, or donation of monuments or memorials, excluding headstones, and other amenities to the veterans cemetery shall be subject to review by the Advisory Committee .

(b) All proposals for the construction, placement, or donation of monuments memorials and amenities to the veterans cemetery shall be subject to the approval of the Secretary of Veterans Affairs.

(c) The department shall adopt regulations for the policies and procedures to be followed with respect to the design, placement, and approval of monuments and memorials proposed to be placed on veterans cemetery grounds.

(d) Endowment fund balances exceeding that determined to be sufficient to meet annual administrative and oversight costs, as determined pursuant to Section 1453, may be expended, upon appropriation by the Legislature, for the purpose of establishing such monuments, memorials and amenities.

1457. (a) Notwithstanding Section 11005 of the Government Code, the veterans cemetery administrator may, subject to the approval of the Secretary of Veterans Affairs, accept donations of personal property, including cash or other gifts, to be used for the maintenance or beautification of the veterans cemetery.

(b) Donations in the form of cash shall be deposited in the Endowment Fund and shall be expended for the maintenance and repair of the veterans cemetery or for a specified veterans cemetery maintenance or beautification project designated by the donor, upon appropriation by the Legislature.

1458. The following appropriation is hereby made:

8955-501-0XXX –

For capital outlay, Department of Veterans Affairs	850,000
--	---------

Schedule:

(1) 80.XX.XX -- California Central Coast Veterans
Cemetery -- studies, preliminary plans and working

Drawings	850,000
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MINUTES
of the
FORT ORD REUSE AUTHORITY
BOARD OF DIRECTORS' MEETING
Fort Ord Reuse Authority Conference Facility/Bridge Center
December 11, 2009

APPROVED

1. CALL TO ORDER AND ROLL CALL

Chair Ralph Rubio called the December 11, 2009 meeting of the Board of Directors to order at 3:36 p.m. and requested a roll call.

Voting members present:

Chair/Mayor Rubio (City of Seaside)	Supervisor Parker (County of Monterey)
Councilmember Selfridge (City of Monterey)	Supervisor Potter (County of Monterey)
Councilmember Gray (City of Marina)	Councilmember Mancini (City of Seaside)
Councilmember Kampe (City of Pacific Grove)	Mayor McCloud (City of Carmel-by-the-Sea)
Councilmember O'Connell (City of Marina)	Jim Cook (County of Monterey)
Councilmember Barnes (City of Salinas)	

Absent were Mayor Edelen (City of Del Rey Oaks) and Mayor Pendergrass (City of Sand City). Alternate Jim Cook represented Supervisor Calcagno and alternate/ Councilmember Frank O'Connell represented Councilmember McCall.

Ex-Officio members present:

Debbie Hale (TAMC)	Rob Robinson (BRAC)
Kenneth Nishi (Marina Coast Water District)	Dan Albert, Jr. (MPUSD)
COL Darcy Brewer (U.S. Army)	Graham Bice (UC Santa Cruz)
Vicki Nakamura (Monterey Peninsula College)	James Main (CSUMB)
An McDowell (27 th State Assembly District)	

Absent were representatives from the 17th Congressional District and the 15th State Senate District. Mike Gallant sat in as an observer for Monterey-Salinas Transit.

With a quorum present Chair Rubio opened the meeting.

2. PLEDGE OF ALLEGIANCE

Chair Rubio asked Councilmember Gray, who agreed, to lead the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS AND ANNOUNCEMENTS

Chair Rubio called attention to the FORA ESCA project display boards set up around the room and noted that the FORA/LFR ESCA Program Manager, Kristie Reimer, and the Westcliffe Engineers Community Outreach Consultant, Aimee Houghton, were present and available to answer any questions. Executive Officer Houlemard reported that some 30 members of the community, including a number of veterans, had attended the ESCA informal community workshop yesterday. One concern voiced was that the project "wasn't moving forward fast enough, so the whole region would have better access to outlying areas of Fort Ord." Chair Rubio congratulated Marina Coast Water District on closing escrow on the AMBAG/FORA buildings in

the Imjin Office Park, which opens the way for completing the parking lot and beginning construction of the FORA building.

4. PUBLIC COMMENT PERIOD - none
5. CONSENT AGENDA

There were three items on the Consent Agenda: Item 5a (November 13, 2009 board meeting minutes), Item 5b (Authorization to retain services for construction management assistance for General Jim Moore Boulevard Phase V and Eucalyptus Road Phase II), and Item 5c (Authorization to award General Jim Moore Boulevard Phase V and Eucalyptus Road Phase II construction contract). Mayor McCloud and Councilmember Barnes abstained from voting on the minutes, due to absence. There were no public comments. **Motion to approve the three items on the Consent Agenda was made by Supervisor Potter, seconded by Councilmember Mancini, and carried.**

6. OLD BUSINESS

Item 6a – 2009/10 mid-year Capital Improvement Program ("CIP") report: Executive Officer Houlemard explained that today's year-end report had been requested by several board members, since extended deliberations by the Administrative Committee had not reached finalization of projects being placed in time, which had prevented bringing the 2009/10 CIP to the Board for approval. A tag team of Steve Endsley (Director of Planning and Finance), Jonathan Garcia (Senior Planner), and Jim Arnold (Senior Project Engineer) gave a short PowerPoint presentation about the mid-year status of the CIP, which focused on (1) FORA's remaining CIP obligations under the Base Reuse Plan as of July 1, 2009 (now estimated at \$189 million); (2) the significant updates (including the 5.7% Engineering News Record Construction Cost Index); and (3) the modified priorities of the CIP's Transportation Network and Transit Elements. Mr. Endsley said recent discussions by the Administrative Committee about the timing of projects in the current economy and the news of the match grant stimulus funding from the Economic Development Administration ("EDA") had seen new energy with the awarding of the grant funding of the General Jim Moore Boulevard/Eucalyptus ("GJMB/E") project. Mr. Arnold reported that construction on the latter is scheduled to begin before year's end and will result in at least 12 new miles of roadway on former Fort Ord. He said that securing funding for this project had advanced the timing of several other projects. He also noted that the GJMB/E project bids had come in at slightly over half of the engineers' estimates. Mr. Endsley identified five remaining transportation projects in the CIP that had been moved up on the priority list. Discussion of projects that might benefit from the additional funding followed. Executive Officer Houlemard remarked that installing the water pipeline in GJMB through former Fort Ord to connect with points south needs careful consideration in light of the Army's homeland security mission and other water needs in the area. Councilmember Mancini asked if signalizing the GJMB and Coe Avenue intersection is being considered, in light of the influx of some 400 new students at Fitch School. Mr. Houlemard remarked that approval by EDA of diverting any "excess" grant funding must first be obtained but he encouraged all to think about how projects should be prioritized. Mayor McCloud asked about the status of the HWY 156 roadway enhancements. TAMC General Manager Debbie Hale responded that \$420 million had been the original estimate, but TAMC has been working with CalTrans to develop some phasing of this project, rather than wait until all the funds are available. She said a project update would be available in about six months. Councilmember O'Connell asked about the status of FORA's request to EDA to lower the match percentage. Mr. Houlemard responded that the EDA grant had been awarded based on a 50% match. Since the county's unemployment rate has now risen to a level where a lower grant match percentage might be possible, more grant funds might be available. A chart showing several possibilities was

distributed. Mr. Houlemard said decisions from EDA would not be available until January at the earliest, after which a new bid package may be required, along with board approval. Mr. Arnold noted that any additional grant funding from the federal stimulus funds would be restricted to GJMB/E roadway enhancements, including items that had to be eliminated when the original costs were calculate. There were no public comments. Ms. Hale suggested checking the inflation rate used in construction costs, which could free up some dollars. **Motion to receive the FORA staff presentation and approve the FY 2009/10 mid-year CIP update was made by Supervisor Parker, seconded by Councilmember Kampe, and carried.**

7. NEW BUSINESS

Item 7a – Progress report on veterans' cemetery signage request: Executive Officer Houlemard provided an update, remarking that the sites had been prepared to accept the signs, which LFR, Inc. offered to install. He said approval of the signs by the County and Seaside is also moving forward. Supervisor Parker thanked the FORA staff for making this request a reality. An McDowell from Assemblymember Monning's office said Mr. Monning had been working on an Act to Amend Military and Veterans Code Sections 1450-1457, which relate to funding the endowment parcel. She gave a copy of the current draft to the Deputy Clerk for the records. The only public comment was made by Jack Stewart, Vice Chair of the Citizens Advisory Committee for the cemetery, expressed his appreciation of FORA staff's prompt response to the signage request and for the board's continuing support.

Item 7b – Fiscal Year 08-09 Annual Financial Report (Audit Report): Executive Officer Houlemard called attention to the "unqualified opinion that the financial statements present fairly, in all material respects, the respective financial position of the governmental activities . . . of FORA as of June 30, 2009." Finance Committee Chair, Mayor McCloud, added that this is the highest rating given. Several board members asked clarifying questions, which FORA Controller Ivana Bednarik and Mr. Houlemard answered. There were no public comments. **Motion to accept FORA's FY 08-09 Annual Finance Report ("Audit Report") by Marcello & Company, CPA's, was made by Mayor McCloud, seconded by Supervisor Potter, and carried.**

8. EXECUTIVE OFFICER'S REPORT

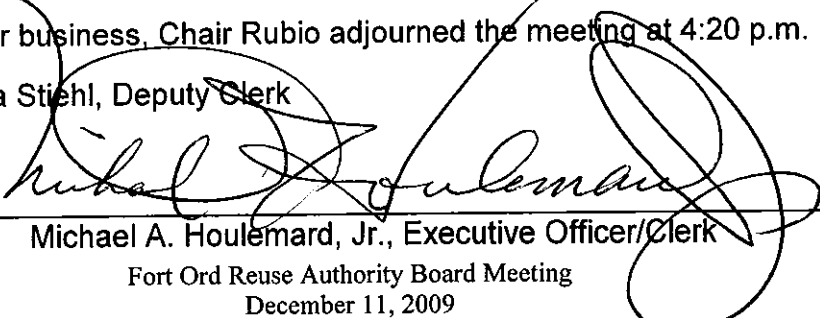
There were five items in this report: Item 8a (Administrative Committee report), Item 8b (Executive Officer's Travel Report), Item 8c (Status update of outstanding receivables), Item 8d (Habitat Conservation Plan - status report), and Item 8e (Approved 2010 Fort Ord Reuse Authority meeting dates). **Re Item 8d**: Executive Officer Houlemard announced that a meeting with the jurisdictions had occurred yesterday and another had been scheduled with the regulatory agencies on December 16th. He reported that progress is being made on the governance, financing, and moving ahead sections. He expressed hope that the documents are close to finalization, so they can be published and distributed for public comments. **Re Item 8e**: Chair Rubio requested that the December 2010 board meeting begin at 4:00 p.m., instead of 3:30, due to a special event in San Francisco that day.

9. ADJOURNMENT

Their being no further business, Chair Rubio adjourned the meeting at 4:20 p.m.

Minutes prepared by Linda Stiehl, Deputy Clerk

Approved by


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

Fort Ord Reuse Authority Board Meeting

December 11, 2009

Page 3

FORT ORD REUSE AUTHORITY BOARD REPORT		
CONSENT AGENDA		
Subject:	Authorization to retain services for construction management assistance for General Jim Moore Boulevard Phase V and Eucalyptus Road Phase II	
Meeting Date:	December 11, 2009	ACTION
Agenda Number:	5b	

RECOMMENDATION:

Authorize Fort Ord Reuse Authority ("FORA") staff to retain the services of Creegan and D'Angelo for field inspection, construction management assistance, surveying, and geotechnical work for General Jim Moore Boulevard Phase V and Eucalyptus Road Phase II (the "Project").

BACKGROUND/DISCUSSION:

Economic Development Administration ("EDA") grant conditions for the Project require competitive bidding for construction management services be conducted within the proceeding 12 months. FORA's construction inspector recently retired and therefore staff initiated a Request for Qualifications ("RFQ") process to secure a consultant for these services. The RFQ was advertised October 17-20, 2009 and nine (9) responses were received. Of these responses, three (3) were invited to give presentations to a selection committee comprised of FORA and Marina Coast Water District ("MCWD") staff professionals.

After a qualitative review and assessment of the responsiveness of the statements of qualifications received and thoroughness of presentations, the selection committee determined the top three most qualified respondents. The selection committee conducted interviews with the top three respondents and determined that Creegan and D'Angelo provided the most qualifications and experience on similar projects.

FISCAL IMPACT:

Reviewed by FORA Controller M. F. for I. B.

The agreement with Creegan and D'Angelo has been structured as an on-call professional service agreement and a detailed schedule of hourly fee rates for all services provided is attached as **Exhibit A**. The EDA grant will reimburse FORA for 50% of these services. MCWD will reimburse FORA for 100% of the time charged to their work schedule.

COORDINATION:

MCWD, Administrative Committee, Executive Committee

Prepared by

James M. Arnold

Approved by

Michael A. Houlemard, Jr.



FORT ORD REUSE AUTHORITY

MASTER AGREEMENT FOR PROFESSIONAL SERVICES FOR THE FORT ORD REUSE AUTHORITY

This MASTER AGREEMENT, hereinafter referred to as 'AGREEMENT' is made and entered into by and between the Fort Ord Reuse Authority, hereinafter referred to as 'OWNER' and Creegan + D'Angelo Inc., hereinafter referred to as 'CONSULTANT'. The effective date of this AGREEMENT is the ____ day of _____, 200__.

WITNESSETH:

WHEREAS, OWNER desires CONSULTANT to undertake professional services on an on-call basis, as required by the OWNER for implementation of projects under the Fort Ord Reuse Authority Capital Improvement Program ("CIP"); and

WHEREAS, CONSULTANT represents that it possesses the professional skills necessary to provide said services; and

WHEREAS, OWNER and CONSULTANT desire to enter into an AGREEMENT whereby the foregoing may be accomplished.

NOW, THEREFORE in consideration of the mutual covenants and agreements herein set forth, CONSULTANT agrees to perform work subject to and in accordance with all of the terms and conditions hereinafter set forth, and the parties hereto agree as follows:

Exhibit A

To Consent Agenda Item 5b
December 11, 2009 FORA Board Meeting

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-ARTICLE 1-

PROGRAM DEFINITION

- 1.0 This AGREEMENT is for providing professional services required for the design, permitting, environmental assessments, preparation of plans, specifications and estimates ("PS&E") of probable costs and related activities as may be required by the OWNER with respect to its obligations under the Base Reuse Plan ("BRP") CIP.

WORK ORDER DOCUMENTS

- 1.1 OWNER shall, from time to time, prepare service work orders it deems necessary to continue implementation of the BRP CIP, in which specific work scopes and levels of effort shall be negotiated and detailed between OWNER and CONSULTANT.

OWNER will issue AGREEMENT amendments containing the requisite scopes of services as detailed in the service work orders, which, upon endorsement by both parties, will be made part of this AGREEMENT.

CONSULTING TEAM AND PROJECT PERSONNEL

- 1.2 The CONSULTANT shall develop an organizational chart of the proposed consulting team that demonstrates reporting and tasking relationships of the team members. The organizational chart will be part of each work order developed, and made part hereof.

The CONSULTANT's Project Director is required to be the OWNER's primary point of contact, with all communications relevant to the services and the projects flowing to and from the OWNER from this team leader position.

The project team members proposed for the work are expected to remain team members throughout the duration of the work order/project. Should circumstances beyond the CONSULTANT's control require replacement of team members, the OWNER retains approval authority for any team member replacements.

WORK ORDER/PROJECT MILESTONES AND SCHEDULE

- 1.3 The CONSULTANT shall submit a detailed schedule of activities and requisite work tasks for each work order for review and approval by the OWNER. Upon approval, the schedule/tasks shall be incorporated into the work order, and made part of this AGREEMENT.

FEE BASIS AND COMPENSATION FOR SERVICES

- 1.4 Compensation for services will be based upon a negotiated maximum-amount-not-to-exceed-fee, agreed between OWNER and CONSULTANT, itemized in accordance with the level of effort breakdown set forth in the work orders negotiated and developed by the OWNER and CONSULTANT for program and project elements required under the CIP and related activities.

-ARTICLE 2-

CONSULTANT'S SCOPE OF SERVICES

- 2.0 CONSULTANT's services shall consist of those services performed by the CONSULTANT, CONSULTANT's employees and subconsultants enumerated in work orders and subsequent AGREEMENT amendments developed under this AGREEMENT.
- 2.1 CONSULTANT will be available for the full duration of the work order programs defined in the AGREEMENT amendments to provide services as described therein.
- 2.2 CONSULTANT's services shall be performed as expeditiously as is consistent with professional skill and care and the orderly progress of the specified work.

CONSULTANT shall render professional services in accordance with the Organizational Charts, maximum-amount-not-to-exceed-fee basis, Program Schedule and CONSULTANT's detailed Scope of Services as endorsed in the AGREEMENT amendments.

MONTHLY PROGRESS REPORTS

- 2.3 A brief written progress report will be prepared at the end of each month by the CONSULTANT's Project Director outlining work performed by the consulting team during that month and the work to be performed during the next month. Such progress reporting is considered to be an integral part of the progress billing requests from the CONSULTANT to the OWNER. Payment requests not accompanied by a progress report may be delayed until reporting is complete.

ADDITIONAL SERVICES

- 2.4 As requested by the OWNER, the CONSULTANT shall perform, furnish, or obtain from others Additional Services and shall be compensated therefore as provided in this AGREEMENT.

Additional Services shall be performed only after execution of a written amendment, supplement or change order to this AGREEMENT and/or its accompanying work orders, authorizing and defining such services. Additional Services may include but are not limited to the following type of services:

- Making revisions in drawings, specifications or other documents when such revisions are inconsistent with approvals and instructions previously provided in writing by the OWNER. Should the revisions performed by the CONSULTANT not be in accordance with approvals and instructions provided in writing by the OWNER, then the additional revisions required will not be considered as Additional Services.
- Making revisions in drawings, specifications or other documents when required by the enactment or revision of codes, laws, ordinances, or regulations subsequent to the preparation of documents for the draft PS&E phase.

- Preparing drawings, specifications, and other documentation and supporting data to reflect changes in the project's scope, extent, character or requirements.
- Providing services required because of significant changes in the project including, but not limited to, size, quality, complexity, the OWNER's schedule, the OWNER's program, or other causes beyond the CONSULTANT's control.
- Providing services for preparing for and serving as a witness in connection with mediation, arbitration, or legal proceeding, except where the CONSULTANT is party thereto.
- Providing analyses of owning and operating costs.
- Providing assistance in the utilization of equipment or systems such as testing, adjusting and balancing, preparation of operation and maintenance manuals, training personnel for operation and maintenance, and consultation during operation.
- Providing services of consultants for other than those specified in this AGREEMENT and/or its accompanying work orders.

-ARTICLE 3-

COMPENSATION FOR SERVICES AND METHOD OF PAYMENT

COMPENSATION

- 3.0 The OWNER shall pay the CONSULTANT a maximum-amount-not-to-exceed-fee for the comprehensive services as shall be described and scheduled in work orders and their accompanying AGREEMENT amendments that shall be made part of this AGREEMENT. Monthly invoices shall be submitted based on fees quoted for work completed and the CONSULTANT's schedule for hourly rates and other services, as shall be defined in the approved AGREEMENT amendments.
- 3.1 Not included in the maximum-amount-not-to-exceed-fee are any Additional Services as defined in Article 2.

REIMBURSABLES

- 3.2 The cost of reproduction shall be reimbursable at cost plus 5 percent (1.05 times cost). Reimbursement for reproduction shall be defined in each work order and associated AGREEMENT amendment. No other direct expenses will be reimbursed by OWNER.

METHOD OF PAYMENT

- 3.3 The CONSULTANT shall submit monthly invoices with progress reports to the OWNER for costs incurred on the project during the billing period. OWNER shall review each billing and upon his determination such billing reasonably reflects actual work completed to date, he shall authorize payment thereto. Payment shall then be made through the OWNER's normal disbursement procedure within thirty (30) days following receipt of invoice.

RENEGOTIATION

- 3.4 On the conditions that the OWNER, through OWNER's modification of the CONSULTANT's work schedule, or through delays in the progress of the work, which are beyond the control of the CONSULTANT, causes the Time of Performance schedule to be exceeded, the CONSULTANT may request renegotiation of fees for work performed in times exceeding the schedule. CONSULTANT's request shall be in writing to the OWNER.

-ARTICLE 4-

TIME OF PERFORMANCE

- 4.0 The services of the CONSULTANT will begin upon issuance of the first work order and its associated AGREEMENT amendment. The first work order, and all subsequent work orders, shall be specific to Time of Performance of services.

DURATION OF AGREEMENT

- 4.1 This AGREEMENT shall remain valid for a period of five (5) years from the day and year first written above, unless terminated by OWNER in accordance with the provisions contained in Article 12 herein.

OWNER, at its sole discretion, may extend the duration of this AGREEMENT by written AGREEMENT amendment.

-ARTICLE 5-

CONSULTANT'S RESPONSIBILITIES

- 5.0 CONSULTANT shall use its professional efforts and agrees that its services shall be performed with due diligence in accordance with generally accepted professional practices, but makes no other warranty either expressed or implied.
- 5.1 CONSULTANT is employed to render professional services only, and payments made are compensation solely for such services. CONSULTANT is an independent contractor and not an employee of the OWNER.
- 5.2 CONSULTANT understands that the OWNER may retain the services of other professional consultants to accomplish the requirements of its programs and projects.
- 5.3 CONSULTANT shall maintain any and all ledgers, books of account, invoices, vouchers, cancelled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to OWNER for a minimum period of three years, or for any longer period required by law, from the date of final payment to CONSULTANT termination of AGREEMENT or completion of AGREEMENT, pursuant to this AGREEMENT.
- 5.4 Any records or documents required to be maintained pursuant to this AGREEMENT shall be made available for inspection or audit, at any time during regular business hours, upon written request by OWNER's General Counsel. Copies of such documents shall be provided for inspection. The records shall be

available at CONSULTANT's address indicated for receipt of notices in this AGREEMENT.

- 5.5 Where OWNER has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of CONSULTANT's business, OWNER may, by written request of the above-named officer, require that custody of the records be given to OWNER and that the records and documents be maintained by OWNER. Access to such records and documents shall be granted to any party authorized by CONSULTANT, CONSULTANT's representatives, or CONSULTANT's successor-in-interests.

-ARTICLE 6-

OWNER'S RESPONSIBILITIES

- 6.0 The OWNER shall provide all reasonably available information including reports, preliminary plans, maps, surveys, and other related information regarding requirements for its programs and projects.
- 6.1 The OWNER shall designate a representative who shall have authority within limits of existing OWNER policy and the requirements of the law to render decisions promptly and furnish information expeditiously.

-ARTICLE 7-

DISPUTES

MEDIATION

- 7.0 Disputes arising under this AGREEMENT shall be submitted to one non-binding mediation session. The parties shall select a mediator by mutual agreement. Failing agreement on the selection of a mediator, the mediation shall be conducted under the Judicial, Arbitration and Mediation Services ("JAMS") Rules and Procedures, but not necessarily under the auspices of JAMS. Unless the parties mutually agree otherwise, the cost of said mediation shall be divided evenly between the parties.

ARBITRATION

- 7.1 Should such mediation fail to resolve any dispute, then such unresolved disputes shall be submitted, upon agreement by both parties, to non-binding arbitration. The parties shall select an arbitrator by mutual agreement. Failing such agreement, the arbitrator shall be selected by the Presiding Judge of the Monterey County Superior Court.

Arbitration shall be commenced within thirty (30) days of the arbitration demand and concluded within sixty (60) days of arbitration demand.

Arbitration shall follow the so-called "baseball arbitration" rule in which the arbitrator is required to select an award from among the final offers presented by

the contending parties. The arbitrator may not render an award that compromises between the final offers.

Unless the arbitrator selects another set of rules, the arbitration shall be conducted under the JAMS Endispute Streamlined Arbitration Rules and Procedures, but not necessarily under the auspices of JAMS. Upon mutual agreement, the parties may agree to arbitrate under an alternative scheme or statute.

LITIGATION

- 7.2 If both parties do not agree to arbitration or to decisions rendered under non-binding arbitration, then all disputes shall be litigated. The prevailing party shall be entitled to reasonable attorney's fees and costs as additional damages.

-ARTICLE 8-

AGREEMENT AMENDMENTS

- 8.0 This AGREEMENT, or any portion thereof, may be amended by written amendment approved and executed by both parties in the same manner as this AGREEMENT.

-ARTICLE 9-

ASSIGNMENT OF CONTRACT

- 9.0 CONSULTANT shall not assign, or permit the assignment by operation of law or otherwise, the AGREEMENT or any portion of the work, without prior written consent of the OWNER. The OWNER may grant or withhold such consent at its sole discretion.
- 9.1 Where the OWNER has consented to an assignment, this AGREEMENT shall be binding upon CONSULTANT and the heirs, executors, administrators, successors and assigns of all parties.

-ARTICLE 10-

INDEMNITY

- 10.0 CONSULTANT shall, and hereby does, agree to hold harmless, defend and indemnify OWNER, and each of its officers and employees from any and all liability, costs, demands, claims or judgments for damages to real or personal property or personal injury or death to the extent that it results from a negligent act or omission of the CONSULTANT or any person employed by, or subcontracting with the CONSULTANT and arising out of CONSULTANT's performance pursuant to this AGREEMENT.

-ARTICLE 11-

INSURANCE

- 11.0 Without limiting its obligation pursuant to Article 10, CONSULTANT shall show proof of comprehensive general liability, workers compensation and professional liability insurance, in statutory required single or combined limit amounts, whichever is greater, in a form and with endorsements, all as approved by OWNER's General Counsel.

WORKER'S COMPENSATION

- 11.1 Worker's compensation insurance covering the CONSULTANT for any and all claims which may arise against the CONSULTANT because of worker's compensation and occupational disease acts as required by state and federal laws.

COMPREHENSIVE GENERAL LIABILITY

- 11.2 Comprehensive general liability insurance protecting the CONSULTANT against any and all public liability claims which may arise in the course of performance of this AGREEMENT. The limits of liability for bodily injury coverage will be not less than \$1,000,000 per person, including death, and \$2,000,000 per occurrence. The property damage limits of liability should not be less than \$100,000 per occurrence with an aggregate of not less than \$2,000,000. \$1,000,000 insurance shall be based on a "per occurrence."

COMPREHENSIVE AUTOMOBILE-LIABILITY AND PROPERTY DAMAGE

- 11.3 Comprehensive automobile-liability insurance, including non-ownership and hired car coverage protecting the CONSULTANT against automobile claims whether on or off the CONSULTANT's premises with limits of not less than \$250,000 per person and \$500,000 per accident with a combined single limit of not less than \$1,000,000.

PROFESSIONAL LIABILITY-ERROR AND OMISSIONS

- 11.4 Professional liability insurance protecting the CONSULTANT against any and all professional liability claims which may arise in the course of this AGREEMENT. The limit of liability shall be \$1,000,000.

-ARTICLE 12-

TERMINATION

- 12.0 The OWNER may terminate the AGREEMENT by written notice to CONSULTANT at least fifteen (15) calendar days prior to the specified effective date of such termination. In such event, the CONSULTANT will be paid for all services satisfactorily rendered and expenses necessarily incurred up to the date of such termination, in accordance with the work order/AGREEMENT amendments to this AGREEMENT.

-ARTICLE 13-

NOTICES

13.0 Any notice provided for herein shall be given in writing and by personal delivery or prepaid first class, registered, or certified mail, addressed as follows:

To OWNER: Fort Ord Reuse Authority
100 12th Street, Building 2880
Marina, CA 93933
Attention: James A. Feeney, P.E.
Assistant Executive Officer

To CONSULTANT Creegan & D'Angelo Inc.
225-H Cannery Row
Monterey, CA 93940
Attention: Richard Simonitch
Vice President/Principal Engineer

-ARTICLE 14-

ARTICLE HEADINGS

14.0 Article, paragraph and subparagraph headings are used for convenience only and shall not be deemed to alter or modify the content or intent of the articles, paragraphs, or subparagraphs which they head.

-ARTICLE 15-

MISCELLANEOUS PROVISIONS

PERSONNEL

15.0 All of the services will be performed by the CONSULTANT and, except as expressly set forth herein, none of the work or services covered by the AGREEMENT will be subcontracted without the prior written approval of the OWNER. The CONSULTANT represents that he has, or will secure at his own expense, all personnel required to carry out and perform the work associated with this AGREEMENT. Such personnel will not be employees of, or have any relationship with, any of the members of the OWNER. Such personnel will be fully qualified and will be authorized under state and local law to perform such services.

NONDISCRIMINATION

15.1 The CONSULTANT agrees not to discriminate by reason of age, race, religion, color, sex, national origin, or handicap unrelated to the duties of a position, of applicants for employment or employees as to terms of employment, promotion, demotion or transfer, recruitment, layoff or termination, compensation, selection for training, or participation in recreational and educational activities.

EXCUSABLE DAYS

- 15.2 Except with respect to defaults of subcontractors of the CONSULTANT, the CONSULTANT will not be in default by reason of any failure in performance of the AGREEMENT in accordance with its terms (including any failure by the CONSULTANT to make progress in the prosecution of the work hereunder which endangers such performance) if such failure arises out of causes beyond the control and without the fault or negligence of the CONSULTANT. Such causes may include, but are not restricted or limited to, nondelivery or late delivery of materials by the OWNER needed by the CONSULTANT, acts of God, or of the public enemy, acts of the government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather, but in every case the failure to perform must be beyond the control and without the fault or negligence of the CONSULTANT or its subcontractor. If the failure to perform is caused by the failure of a subconsultant or subcontractor or CONSULTANT to perform or make progress, and if such failure arises out of causes beyond the control of both the CONSULTANT and the subcontractor, and without the fault or negligence of either of them, the CONSULTANT will not be deemed to be in default.

PROGRESS REVIEWS

- 15.3 With the submittal of each progress payment invoice to OWNER by CONSULTANT, the CONSULTANT shall provide to OWNER a brief written progress report of the work already accomplished. The purpose of these written progress reports will be in part, to determine if the project is proceeding within the intended terms specified in the AGREEMENT. If it is determined that during the course of the project, events have caused deviation from the terms of the AGREEMENT, the CONSULTANT and the OWNER will agree on a procedure to allow completion of the project within the terms of the AGREEMENT or will agree to negotiate modifications to the AGREEMENT to provide for completion of the project. The written progress report shall provide sufficient detail to assure OWNER that progress payment requests are appropriate to progress of the work.

EFFECTIVE DATE

- 15.4 The effective date of the AGREEMENT is the date the OWNER executes the AGREEMENT, following execution of the AGREEMENT by the CONSULTANT.

COMPLIANCE WITH LAWS

- 15.5 The CONSULTANT shall, at all times, use reasonable care in observing and complying with all laws, ordinances, and regulations of the state, federal, local, and city government which may, in any manner, affect the performance of the AGREEMENT.

ENTIRE AGREEMENT

- 15.6 This AGREEMENT constitutes the entire AGREEMENT between the parties and shall supercede all prior offers, negotiations, exceptions and understandings, whether oral or written, between the parties hereto.

GOVERNING LAW

- 15.7 The rights, obligations, and remedies of the parties shall be governed by the laws of the State of California. Whenever there is no applicable state statute or decisional precedent governing the interpretation of, or disputes arising under or related to the AGREEMENT, then federal common law, including the law developed by federal boards of contract appeals, the United States Claims Court (formerly the Court of Claims) and the Comptroller General of the United States shall govern.

PROPERTY OF THE OWNER

- 15.8 All documents, maps, plans and other materials prepared pursuant to this AGREEMENT, although they are the CONSULTANT's instrument of professional service, shall be considered, by this contract, the exclusive property of OWNER, and originals of all such materials shall be presented to OWNER within ten (10) days after its request. CONSULTANT may retain copies of such materials.

IN WITNESS WHEREOF, the OWNER has caused this MASTER AGREEMENT to be executed and CONSULTANT has caused this MASTER AGREEMENT to be executed, all as of the day and year first written above.

FORT ORD REUSE AUTHORITY

BY: _____
Michael A. Houlemard, Jr.

DATE: _____

TITLE: Executive Officer

CREEGAN + D'ANGELO INC.

BY: _____
Richard Simonitch, P.E.

DATE: _____

TITLE: Vice President/Principal Engineer

APPROVED AS TO FORM:

BY: _____
Gerald D. Bowden, Esq.

DATE: _____

TITLE: FORA General Counsel

End of Primary AGREEMENT



Hourly Rate Fee Schedules

Prime Consultant:

- Creegan + D'Angelo

Subconsultants:

- Pacific Crest Engineering (Geotechnical)
 - Polaris Consulting (Surveying)
-



Creegan+D'Angelo

FEE SCHEDULE FOR SERVICES

Engineering Services

Principal Engineer	\$ 200.00	per hour
Senior Project Manager.....	\$ 185.00	per hour
Project Manager	\$ 170.00	per hour
Senior Engineer.....	\$ 155.00	per hour
Associate Engineer.....	\$ 140.00	per hour
Staff Engineer	\$ 120.00	per hour
Civil Designer	\$ 130.00	per hour
CADD Technician	\$ 105.00	per hour
Administrative Assistant	\$ 70.00	per hour

Surveying Services

2-Man Survey Party	\$ 250.00	per hour
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Other Services

Court Appearances and Depositions (8 hour minimum).....	\$ 350.00	per hour
Court Preparation	applicable hourly rates	
Consultants and Other Outside Costs	Cost + 15%	
Vehicle Transportation.....	Federal Rate + 15%	
In-house Computer Services	\$ 30.00	per hour
Travel Time.....	applicable hourly rates	

Miscellaneous Provisions

Payment is due upon presentation of invoice and is past due 30 days from the date of invoice. A late payment charge is computed at the annual rate of 5% above the Federal Discount Rate and billed on any invoice balance due, commencing 45 days after the invoice date.

This Fee Schedule is effective from August 1, 2009. These rates are subject to adjustment annually.

444 Airport Blvd, Suite 106
Watsonville, CA 95076
Phone: 831-722-9446
Fax: 831-722-9158

PACIFIC CREST ENGINEERING INC.

STANDARD FEE SCHEDULE – GEOTECHNICAL GROUP

January 1, 2009

The following schedule presents our rates for professional services. If desired, services other than construction observation and testing can be contracted on a negotiated fixed fee basis. Hours and mileage for professional and technical services are charged portal-to-portal from our office. Services during construction, such as testing and observation of grading, require both professional and technical services. Depending on the scope and duration of the construction project, an opinion of probable cost can be made. Minimum fee for any project is \$500.00. Professional, technical, mileage and laboratory fees are subject to change without notice.

PROFESSIONAL SERVICES

Billing Rate

Principal Engineer	\$ 180.00 per hour
Associate Engineer\Geologist	\$ 160.00 per hour
Senior Engineer\Geologist	\$ 145.00 per hour
Staff Engineer\Geologist II	\$ 130.00 per hour
Staff Engineer\Geologist I	\$ 120.00 per hour
Senior CAD Operator	\$ 90.00 per hour
CAD Operator	\$ 85.00 per hour
Administrative Staff	\$ 70.00 per hour
Expert Witness	\$ 280.00 per hour

TECHNICAL SERVICES

Senior Field Engineer (Prevailing Wage Projects)*	\$ 99.00 per hour
Staff Field Engineer (Prevailing Wage Projects)*	\$ 93.00 per hour
Senior Field Engineer (Non-Prevailing Wage Projects - Residential)*	\$ 95.00 per hour
Staff Field Engineer (Non-Prevailing Wage Projects - Residential)*	\$ 89.00 per hour
Lab Technician	\$ 80.00 per hour
Over Time (see next page)	Time and a half
Sunday/Holiday	Double time

*Note: Includes nuclear density testing. Minimum charge of two hours per site visit.

MILEAGE EXPENSES

Auto Mileage	\$0.55 per mile
Drill Rig Mileage	No Charge

OVERTIME

Overtime, when applicable, shall be defined as working more than 8 hours in any one day, more than 40 hours in any one week, and any work performed on Saturdays, Sundays, and Holidays. Double time is billed for Sunday and Holiday work, and for work performed in excess of 8 hours on Saturdays. All other overtime hours are billed as time and a half. Our normal working hours are 8:00 am to 5:00 pm, Monday through Friday.

FIELD TESTS

Plate bearing load tests, pile load tests, vane shear tests, peizometer installations, slope inclinometer installations, and other special tests will be charged at standard engineering and personnel rates, plus cost of special equipment.

INCIDENTAL EXPENSES

Consultant shall be paid the actual cost plus fifteen percent of all other out-of-pocket expenses, including any costs of air travel, applicable sales, use and city taxes, as well as miscellaneous outside services and facilities, including: subconsultant or subcontractor fees; equipment rental, drill rig, underground locator, renderings, overnight delivery, permit and plan check fees, and similar expenses.

SUBSISTENCE

Subsistence charges shall include the actual net cost plus fifteen percent of meals, lodging and local transportation, including car rental costs incurred whenever the Consultant's employees are required to be away from their normal place of business. In lieu of this charge of cost plus fifteen percent, Consultant and Client may agree on a lump sum per diem charge to cover subsistence.

PRINTS AND SPECIFICATIONS

Reproduction charges for prints and specification books for client use in bidding or construction or at client request will be billed at cost plus fifteen percent.

COPIES OF PREVIOUS REPORTS

Orders for copies of previously issued work will be billed on a time and material basis (minimum charge of \$25.00).

DRILLING AND SAMPLING

Billing Rate

Drill Rig including crew - truck mounted or crawler mounted:

Mobilization	Cost + 15%
Straight Time	Cost + 15%
Over Time	Cost + 15%
Cone Penetrometer Rig (CPT)	Cost + 15%
CPT Travel Time & Mobilization	Cost + 15%

Drilling is charged at 4 hours minimum.

Time is charged portal-to-portal from the drilling rig yard.

Casing, Shelby tubes and any special sampling or subcontract equipment will be charged at cost plus 15%.

LABORATORY TESTS

Atterberg Limits:	Plasticity Index, ASTM D-4318 (Wet, Method A)	\$225.00
	Plasticity Index, ASTM D-4318 (Dry, Method B)	\$155.00
Compaction Curves:	a. Standard, 4" Mold ASTM D-698	\$185.00
	b. Modified, 4" Mold, ASTM D-1557	\$195.00
	c. Modified, 6" Mold, ASTM D-1557	\$225.00
	d. Impact, California State Highways	\$305.00
	e. One Point Verification	\$ 70.00
Consolidation, ASTM D-2435		\$375.00
Direct Shear:	a. CD Peak and Residual	\$630.00
	b. CU Peak and Residual	\$290.00
	c. UU Peak and Residual	\$290.00
Moisture Determination and/or Unit Weight, ASTM D-2216		\$ 25.00
R-Value, ASTM D-2844		\$240.00
R-Value, cement, lime, or other additives, ASTM D-2844		\$265.00
Sand Equivalent		\$ 75.00
Grain Size Analysis, Sieve, and Hydrometer ASTM D-422		\$180.00
Sieve Analysis, w/#200 wash, ASTM D-422		\$110.00
#200 Sieve Analysis w/wash ASTM D-1140		\$ 75.00
Specific Gravity, ASTM D-854		\$ 80.00
Expansion Pressure, ASTM D-3877		\$140.00
Sample Preparation (per hour)		\$ 75.00
Unconfined Compression, ASTM D-2166		\$ 70.00

Triaxial, permeability and other special testing and hourly rates are individually quoted.



Polaris Consulting

P. O. Box 1378, Carmel Valley, CA 93924 (831) 659-9564 Fax (831) 659-0640

E-mail: polarisconsulting@comcast.net

Professional Land Surveying Services

Lynn A. Kovach, L. S. 5321

Polaris Consulting will provide surveying services at the hourly rates listed below:

Office Land Surveyor	(calculations and mapping) \$115.00 (<i>per hour</i>)
Field Survey Crew	(either one GPS crew or 2 person field crew) \$185.00 (<i>per hour</i>)

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject:	Authorization to award General Jim Moore Boulevard Phase V and Eucalyptus Road Phase II construction contract	
Meeting Date:	December 11, 2009	ACTION
Agenda Number:	5c	

RECOMMENDATION:

Authorize the award of a construction contract to Top Grade Construction, Inc. ("Top Grade") in the amount of \$6,588,515.50, plus up to a 10% construction contingency reserve, for construction of Phase V Improvements to General Jim Moore Boulevard and Eucalyptus Road Phase II as depicted in the Construction Documents.

BACKGROUND/DISCUSSION:

At its meeting in August 2004, the Fort Ord Reuse Authority ("FORA") Board of Directors adopted the Environmental Documents for the General Jim Moore Boulevard Improvement Project (see **Exhibit A**, Milestone Sequence Diagram). In order to utilize Community Facilities District ("CFD") and grant funds, that project was broken into five phases. The Notices of Completion for the first four phases of the project have been authorized by the Board. Subsequently, at its meeting in June 2008, the FORA Board adopted the Capital Improvement Program ("CIP"), which identifies Phase V Improvements to General Jim Moore Boulevard taking place in FY 2009-2010. The bids were opened on November 24, 2009 with the following results:

1. Top Grade Construction, Inc. (Livermore, CA)	\$ 6,588,515.50
2. Raminha Construction, Inc. (Atascadero, CA)	\$ 6,688,181.00
3. The Don Chapin Company (Salinas, CA)	\$ 6,941,569.00
4. DeSilva Gates (Dublin, CA)	\$ 6,988,988.00
5. RGW Construction (Livermore, CA)	\$ 7,147,610.90
6. Granite Construction, Inc. (Watsonville, CA)	\$ 7,172,172.00
7. Granite Rock Construction, Inc./Pavex (San Jose, CA)	\$ 7,175,207.00
8. McGuire and Hester (Oakland, CA)	\$ 7,384,092.10
9. Monterey Peninsula Engineering (Marina, CA)	\$ 7,400,579.00
10. Papich Construction Company, Inc. (Pismo Beach, CA)	\$ 8,729,601.97

Engineer's Opinion of Probable Cost

\$11,076,539.00

FORA has requested, and received, authorization from the Economic Development Administration ("EDA") to award the construction contract at the prices bid by Top Grade. Funding source and the fiscal level of obligation are presented in the "FISCAL IMPACT" section below.

FORA staff therefore recommends that the FORA Board authorize award of a construction contract to Top Grade to progress with construction of the Improvements.

FISCAL IMPACT:Reviewed by FORA Controller M. F. for I. B.**Anticipated Construction Contract Expenses:**

Construction Contract Award to Top Grade	\$6,588,515.50
Up to 10% construction contingency reserve	\$ 658,851.55
Total Cost (Projected)	\$7,247,367.05

Construction Contract Revenue Sources:

EDA Grant Award No. 07-49-04895	\$ 6,426,754.00
Marina Coast Water District funds	\$ 438,203.35
FORA local match (Preston Park loan proceeds)	\$ 382,409.70 (minimum)
-OR- FORA local match (Preston Park loan proceeds)	\$ 6,426,754.00 (maximum)
Total Revenue	\$ 7,247,367.05 (minimum)
-OR- Total Revenue	\$13,291,711.35 (maximum)

The EDA grant award in the amount of \$12,853,508 includes \$6,426,754 federal funding and a required \$6,426,754 local (FORA) match. The low bidding and the change in unemployment rates offers an opportunity for FORA staff to request; 1) a grant scope enhancement and 2) a reduction in local match. During the grant application, the project scope was limited by the grant award terms and the ability to secure the requisite matching funds when contrasted with the engineer's estimate of probable cost. If the EDA authorizes restoration of project scope items and other adjustments, an additional construction contract and competitive bidding process is required. Additionally, FORA staff is requesting lowering the local match requirement from 50% to 20% to comply with Monterey County eligibility for an 80% grant rate since unemployment increases.

If the EDA approves these requests, the total grant amount would be \$8,033,442, including \$6,426,754 in federal funds and a 20% local match of \$1,606,688. If the EDA approves these requests, a project incorporating the restored items and other adjustments will likely be advertised and bid in spring 2010.

In the interim, prior to the EDA approving the above-noted requests, the project continues with a 50% local match requirement. Therefore, the full \$6,426,754 for the local match requirement is needed to secure the grant award.

COORDINATION:

Cities of Del Rey Oaks and Seaside, Marina Coast Water District, EDA, Administrative Committee and Executive Committee

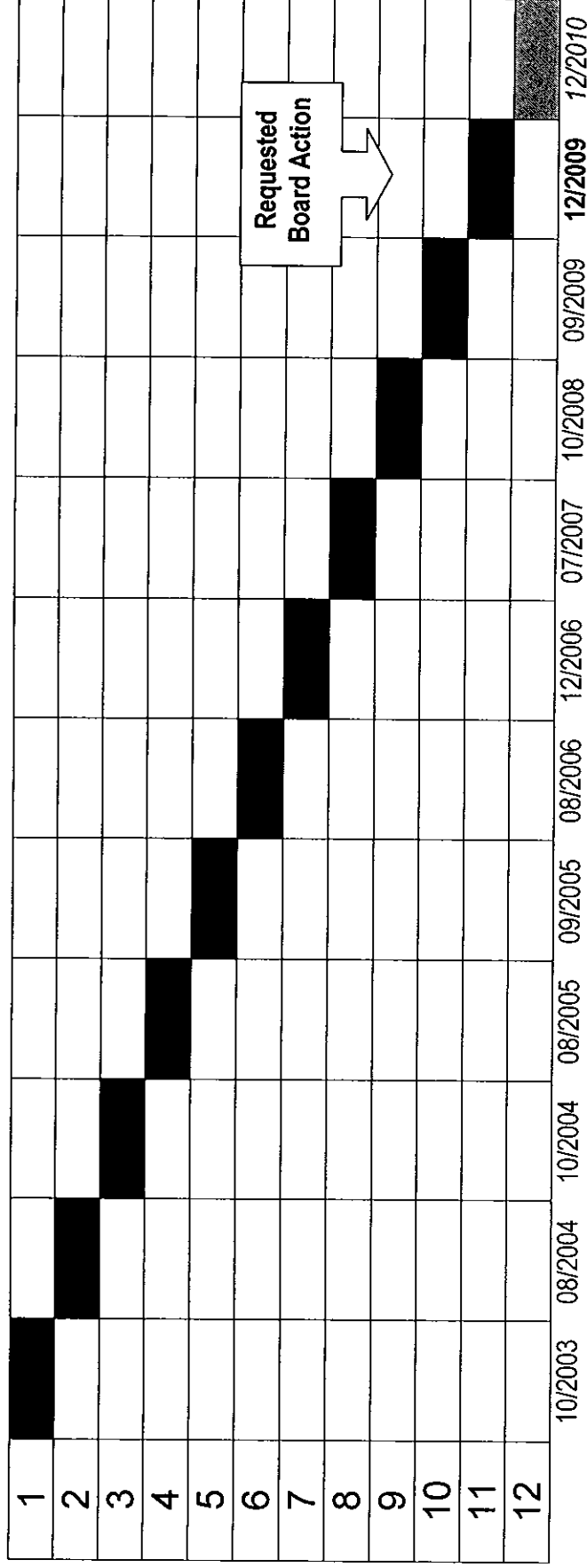
Prepared by


James M. Arnold

Approved by


Michael A. Houlemard, Jr.

Milestone Sequence Diagram – Construction of General Jim Moore Boulevard



1. SWO #3 and SWO #4 approved for the design and environmental processing of GJMB from Normandy Road to the Del Rey Oaks city limit and Eucalyptus Road from GJMB to the Seaside city limit
2. GJMB Phase I and II environmental documents adopted; projects authorized for bids
3. GJMB Phase I construction contract awarded
4. GJMB Phase I NOC filed; GJMB Phase II construction contract awarded
5. All remaining phases of GJMB environmental document adopted; GJMB Phase III authorized for bids
6. GJMB Phase III construction contract awarded
7. GJMB Phase II NOC filed
8. GJMB Phase III NOC filed
9. GJMB Phase IV and Eucalyptus Road Phase I construction contract awarded
10. GJMB Phase IV and Eucalyptus Road Phase I NOC filed
11. **GJMB Phase V and Eucalyptus Road Phase II construction contract award (requested action)**
12. *GJMB Phase V and Eucalyptus Road Phase II filing of NOC anticipated*

hand-out at 12:15 PM
Ed. Metz

Department of Commerce Economic Development Administration (“EDA”)
American Recovery and Reinvestment Act (“ARRA”)
General Jim Moore Boulevard Phase V and Eucalyptus Road Phase II Grant Project

Reduction in local match and/or project scope enhancement – possible scenarios

Some estimated figures below are subject to EDA review

Local Match %	Local Match Funding	ARRA/EDA Funding	TOTAL FUNDS AVAILABLE	Construction Cost	Enhancement to expend grant/local match funds	Remaining funds for other CIP needs
50%	\$6,426,754	\$6,426,754	\$12,853,508	\$6,667,542	\$6,185,956	\$0
30%	\$2,754,323	\$6,426,754	\$9,181,077	\$6,667,542	\$2,513,535	\$3.67M ±
20%	\$1,606,685	\$6,426,754	\$8,033,439	\$6,667,542	\$1,365,900	\$4.82M ±

**Department of Commerce Economic Development Administration (“EDA”)
American Recovery and Reinvestment Act (“ARRA”)
General Jim Moore Boulevard Phase V and Eucalyptus Road Phase II Grant Project**

Reduction in local match and/or project scope enhancement – possible scenarios

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FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject: 2009/10 mid-year Capital Improvement Program report

Meeting Date: December 11, 2009

Agenda Number: 6a

**ACTION/
INFORMATION**

RECOMMENDATION(S):

1. Receive a presentation by Fort Ord Reuse Authority ("FORA") staff highlighting modifications and updates to the Fiscal Year ("FY") 2009/10 mid-year Capital Improvement Program ("CIP"); and
2. Approve the draft FY 2009/10 mid-year CIP update ("**Attachment A**").

BACKGROUND/DISCUSSION:

At its June 2008 meeting, the FORA Board approved a re-programmed CIP, which included a schedule for Base Reuse Plan ("BRP") required mitigation projects. Project timing was provided by land use jurisdiction development project forecasts. FORA staff estimated expected revenues generated by jurisdiction development projects. Based on the CIP project schedule and concomitant revenue projections, capital improvements are set forth to meet required mitigation obligations.

Again this year, FORA staff began preparing a re-programmed CIP document. However, the joint Administrative and CIP Committees identified project placement issues in the draft FY 2009/10 Table 2 – CIP Transportation Network and Transit Elements that required further deliberation and recommended Board deferral of a new CIP. Approval of the draft FY 2009/10 CIP document was delayed pending resolution of these issues. As a result, the Board, in June 2009, extended the FY 2008/09 CIP for 90 days. In September 2009, FORA staff recommended extending the CIP through June 2010. At its September meeting, the FORA Board extended the CIP an additional three months and directed FORA staff and FORA member jurisdictions to work through the 2009/10 CIP with staff to provide a mid-year CIP report at its December meeting. FORA held several joint Administrative and CIP Committee meetings and adjusted project placement in Table 2 ("**Attachment A**") according to requests received from Administrative and CIP Committee members.

FISCAL IMPACT:

Reviewed by Controller M. F. for I. B.

The primary sources of revenue to cover the cost of CIP projects are Developer Fees (collected via the approved Community Facilities District), Land Sale/Lease proceeds, and federal Economic Development Administration grant funds specified for General Jim Moore Blvd. and Eucalyptus Road. Tax increment resources are currently committed to debt retirement, but may be available in future years to cover CIP obligations. For detail on how the CIP interfaces with the other components of the FORA budget, please request a copy of the June 12, 2009 Board report for item 8b(i) – FORA FY 09-10 Preliminary Budget.

COORDINATION:

FORA Member Agency staff, CIP Committee, Administrative Committee, Finance Committee and Executive Committee.

Prepared by Jonathan Garcia Reviewed by D. Steven Endsley
Jonathan Garcia Steve Endsley
Approved by Michael A. Houlemard, Jr.
Michael A. Houlemard, Jr.

CAPITAL IMPROVEMENT PROGRAM - TRANSPORTATION NETWORK AND TRANSIT ELEMENTS

Attachment A
Item 6a

FORA Board Meeting, December 11, 2009

Regional Improvements		2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	TOTALS
Proj#	Description														
R3	Hwy 1-Seaside Sand City				3,856,525	3,647,270	5,231,187	4,163,670	2,262,207						19,160,859
R10	Hwy 1-Monterey Rd Interchange				629,536	595,377	880,070	674,936	350,375						3,130,294
R11	Hwy 156-Freeway Upgrade					1,560,405	4,262,286	2,019,453	1,050,008						8,892,152
R12	Hwy 68 Operational Improvements				280,425										280,425
	Subtotal Regional	-	-	-	4,766,486	5,803,052	10,373,543	6,858,059	3,662,590	-	-	-	-	-	31,463,729

Off-Site Improvements		2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	TOTALS
Proj#	Description														
1	Davis Rd north of Blanco				128,881	121,888	209,171	175,683							635,623
2B	Davis Rd south of Blanco	655	401,736	921,103	5,734,044	3,793,465	875,537	705,876	308,620						10,851,003
4D	Widen Reservation-4 lanes to WG				624,579	590,689	755,731	374,675	558,531						3,105,301
4E	Widen Reservation, WG to Davis				560,138	529,745	195,357								2,778,820
8	Crescent Ave extend to Abrams	69	41,952	96,188	430,516	373,048									1,137,130
	Subtotal Off-Site	724	443,688	1,017,291	7,478,158	5,408,835	2,035,796	1,256,234	867,151	-	-	-	-	-	18,507,879

On-Site Improvements		2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	TOTALS
Proj#	Description														
FO2	Abrams	57	35,112	80,505	352,839	306,408	177,426								952,347
FO5	8th Street	328	201,552	462,120	2,107,965	1,823,049	846,472								5,441,486
FO6	Intergration					700,000	1,000,000	1,268,488	1,855,344						4,823,832
FO7	Gigling					744,440	3,881,601	2,148,564							6,774,605
FO9C	GJM Blvd	13,093,407	1,000,000												14,093,407
FO11	Salinas Ave	230	140,904	323,066	1,454,334	1,259,457	631,395								3,809,386
FO12	Eucalyptus Rd	713,307	3,738,740	867,385											5,319,432
FO13B	Eastside Rd (New alignment)			7,704,834	5,891,315	2,121,935									15,718,084
FO14	South Boundary Road Upgrade					2,687,428									2,687,428
	Subtotal On-Site	13,807,329	5,116,308	9,437,910	9,806,453	9,642,717	6,536,894	3,417,052	1,855,344	-	-	-	-	-	59,620,007

Transportation Totals		13,808,053	5,559,996	10,455,201	22,051,097	20,854,604	18,946,233	11,531,345	6,385,085	-	-	-	-	-	109,591,615
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Transit Capital Improvements		2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	TOTALS
Proj#	Description														
T3	Transit Vehicle Purchase/Replace				1,326,748	1,443,907	2,065,794	1,642,561	905,023						7,584,033
T22	Intermodal Centers				1,207,023	1,141,530	1,651,666	1,319,274	682,031						6,001,524
	Subtotal Transit	-	-	-	2,733,771	2,585,437	3,717,460	2,961,835	1,587,054	-	-	-	-	-	13,585,557

Transportation and Transit GRAND TOTALS		13,808,053	5,559,996	10,455,201	24,784,868	23,440,041	22,663,693	14,493,180	7,972,139	-	-	-	-	-	123,177,172
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Presentation to the

Fort Ord Reuse Authority Board of Directors

December 11, 2009



Mid-Year 2009/10 Capital
Improvement Program (CIP) Report ₁

64

FORA's Remaining CIP Obligations under the Base Reuse Plan as of 7-1-09

<i>not used for w.w. fees</i>	
♦ Transportation/Transit	\$123,177,172
♦ Potable Water Augmentation	\$ 42,791,133
♦ Storm Drainage System	completed <i>(see PM)</i>
♦ Habitat Management	\$ 16,015,378
♦ Fire Fighting Enhancement	\$ 580,000
♦ Building Removal Program	\$ <u>6,215,708</u>
Remaining CIP Obligations	\$188,779,391

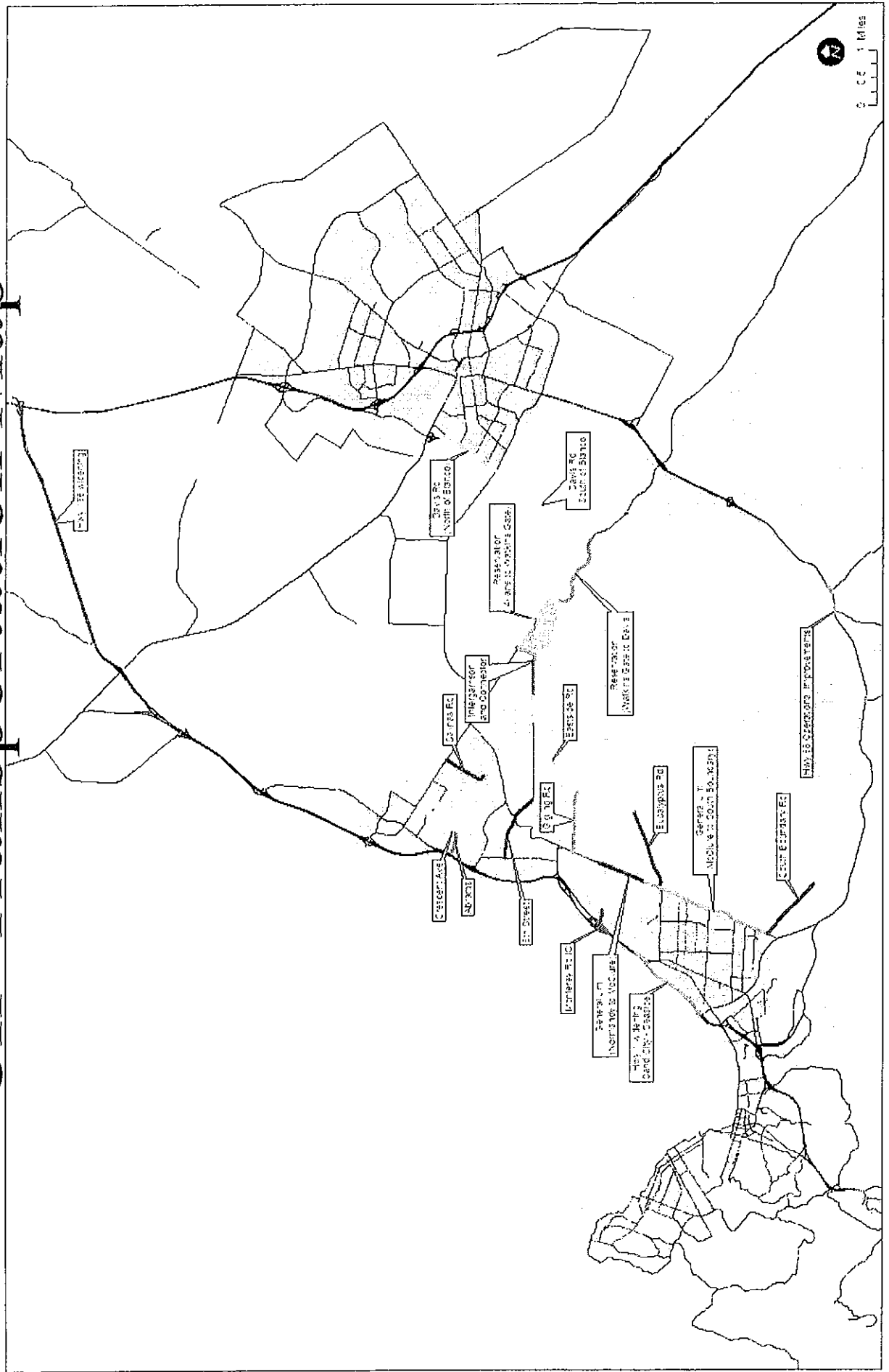
Significant Updates in 2009/2010 mid-year CIP

◆ Engineering News Record Construction Cost Index – Inflation by 5.7% *(cap of 5%)*

◆ Transportation/Transit

- Department of Commerce Economic Development Administration grant awarded for General Jim Moore Boulevard (GJMB) phase V and Eucalyptus Road phase II
- Eastside Road priority moved up; now after GJMB and Eucalyptus Road

CIP Transportation Map



Requested Board Action

- ◆ Approve the draft FY 2009/2010
mid-year Capital Improvement Program

(as recommended by FORA staff, the CIP Committee and
Administrative Committee)

Q & A

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject: Progress report on veterans' cemetery signage request

Meeting Date: December 11, 2009

Agenda Number: 7a

INFORMATION

RECOMMENDATION(S):

Receive a report on the Fort Ord Reuse Authority ("FORA") staff actions in response to the Veterans Cemetery Citizens Advisory Committee ("CAC") request to place informational signage on the proposed Central Coast Veterans Cemetery site and directional signage at key intersections on former Fort Ord.

BACKGROUND/DISCUSSION:

The FORA Board of Directors has continuously supported establishment of the Central Coast Veterans Cemetery on former Fort Ord, since the inception of the idea in the early 1990s. Consistent with that long-standing endorsement, FORA supported the adoption of State legislation that provides for an endowment to fund cemetery operations and maintenance costs. The adopted legislation provides for an endowment to be capitalized by local donations, sale of property, and other forms of eleemosynary contributions. The FORA Board has also periodically funded special studies and planning for the Central Coast Veterans Cemetery project.

At the October FORA Board meeting, the Veterans Cemetery CAC requested that FORA assist them in placing informational signage on the Veterans Cemetery site and directional signage at key intersections on former Fort Ord to support their fundraising efforts. The FORA Board directed staff to assist them with their request, reporting back this meeting.

To date, FORA staff has met with the Veterans Cemetery CAC and assisted them in designing signage for both the on and off-site signage requests. The ESCA remediation contract team of LFR Inc. and Weston Engineering has agreed to install the on-site signage at the Veterans Cemetery site. FORA staff has contacted the jurisdictions, Army and other land owners to assist the Veterans Cemetery in acquiring permission for their directional signs at key intersections. The Veterans Cemetery CAC anticipates being able to produce the signs within the coming weeks.

FISCAL IMPACT:

Reviewed by Controller: M.F. for I.B.

COORDINATION:

Seaside, Marina, Del Rey Oaks, U.S. Army, LFR and Weston Engineering

Prepared by: Stan Cook

Stan Cook

Approved by: Michael A. Houlemard, Jr.

Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject: Fiscal Year 08-09 Annual Financial Report (Audit Report)

Meeting Date: December 11, 2009

Agenda Number: 7b

ACTION

RECOMMENDATION:

Accept the Fiscal Year ("FY") 08-09 Annual Financial Report ("Audit Report") of the Fort Ord Reuse Authority ("FORA") by Marcello & Company, Certified Public Accountants ("Auditor").

BACKGROUND:

Every fall, staff presents the Annual Audit Report for review by the Finance Committee ("FC") and the Board of Directors. Every three to four years the financial consultant that provides the requisite opinion has changed by direction of the Board. For the past fourteen years the financial consultants have expressed the unqualified opinion that the financial statements present fairly, in all material respects, the financial position of FORA.

In FY 03-04, FORA implemented the Governmental Accounting Standards Board Statement 34 ("GASB-34") that establishes new requirements for the annual financial reports of state and local governments. Pursuant to GASB-34 provisions, FORA management is required to provide a management discussion and analysis ("MD&A") in conjunction with the new financial statement reporting. The purpose of the MD&A is to introduce the financial statements and to provide an analytical overview of FORA's financial activities; it begins on page 3 of the Audit Report.

DISCUSSION:

The Auditor began their work in September; the field work was completed in mid-October. The FC reviewed the draft Audit Report on October 26, 2009. The Auditor attended the FC meeting to present the draft Audit Report conclusions and answer questions, informing the FC that FORA's internal controls produced financial statements that fairly represent FORA's financial position at June 30, 2009. He did not report any findings or improvements in the internal controls. The FC suggested minor edits and adjustments to the draft. The FC unanimously voted to recommend that the FORA Board accept the FY 08-09 Audit Report pending the recommended changes.

The Auditor's letter expresses the unqualified opinion that the financial statements present fairly, in all material respects, the financial position of FORA as of June 30, 2009. Further, he asserted that the results of FORA operations for the year concluded in conformity with Generally Accepted Accounting Principles. There were no findings or questioned costs.

Copies of the Audit Report are included in the FORA member board packets. Interested members of the public can get copies at the FORA office or on-line at www.fora.org.

FISCAL IMPACT:

Cost for the audit services is included in the approved operating budget.

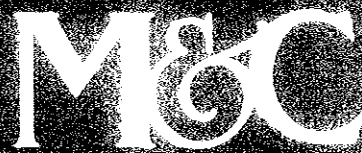
COORDINATION:

Finance Committee, Executive Committee, Marcello & Company.

Prepared by: 
Ivana Bednarik

Approved by:


Michael A. Houlemard, Jr.



MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

FORT ORD REUSE AUTHORITY

Marina, California

Annual Financial Report June 30, 2009

Board of Directors

Voting Members

Mayor Rubio
Supervisor Potter
Council Member McCall
Mayor Russell
Mayor McCloud
Supervisor Parker
Council Member Gray
Council Member Selfridge
Supervisor Calcagno
Council Member Kampe
Council Member Barnes
Mayor Pendergrass
Council Member Mancini

Representing

City of Seaside
County of Monterey
City of Marina
City of Del Rey Oaks
City of Carmel-by-the-Sea
County of Monterey
City of Marina
City of Monterey
County of Monterey
City of Pacific Grove
City of Salinas
City of Sand City
City of Seaside

Title

Chair
1st Vice Chair
2nd Vice Chair
Past Chair
Director
Director
Director
Director
Director
Director
Director/Member at Large
Director

Appointed Official

Michael A. Houlemard, Jr.
Executive Officer

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

2701 Cottage Way, Suite 30 / Sacramento, California 95825 / 916.979.9079

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Ord Reuse Authority
Marina, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fort Ord Reuse Authority, as of and for the year ended June 30, 2009, which collectively comprise the Fort Ord Reuse Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fort Ord Reuse Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fort Ord Reuse Authority, as of June 30, 2009, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2009, on our consideration of the Fort Ord Reuse Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Directors
Fort Ord Reuse Authority
Marina, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fort Ord Reuse Authority's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Fort Ord Reuse Authority. The supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marcello & Company

Certified Public Accountants
Sacramento, California
October 2, 2009



FORT ORD REUSE AUTHORITY

100 12TH STREET, BUILDING 2880, MARINA, CALIFORNIA 93933

PHONE: (831) 883-3672 - FAX: (831) 883-3675

WEBSITE: www.fora.org

FORT ORD REUSE AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

Beginning July 1, 2003, the Fort Ord Reuse Authority (FORA) implemented Government Accounting Standards Board (GASB) Statement Number 34 "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments." GASB developed these standards to require annual financial reports to be more comprehensive and to assist outside users, such as financial institutions and bondholders to assess the entire finances of the government entity. Unless otherwise specified, GASB statements apply to financial reports of all state and local governments.

This is management's discussion and analysis (MD&A) of the financial performance of the Fort Ord Reuse Authority for the fiscal year ended June 30, 2009.

FINANCIAL HIGHLIGHTS

Due to continuing recessionary economic conditions (former Fort Ord project delays), FORA collected nominal redevelopment revenues from land sales and developer fees during FY 08-09. To continue essential projects and services, FORA sustained efficient and minimal staffing, reduced consultant spending where possible, and incurred debt to finance capital projects. Despite the unfavorable economic conditions, FORA restored the depleted contingency reserve account (used to fund the Environmental Services Cooperative Agreement (ESCA) change order #2). By the end of FY 08-09 the unreserved fund balance in the General Fund increased from \$66,000 to \$410,000. The fiscal year highlights include:

- ❖ FORA and the U.S. Army implemented ESCA terms to remediate munitions and explosives of concern (MEC) on certain remaining not transferred properties. By the end of FY 08-09, FORA collected all ESCA payments (totaling \$97.7 million) from the federal government toward this effort.
- ❖ FORA added \$2.5 million in debt to fund Capital Improvement Program (CIP) projects.
- ❖ FORA completed \$4.4 million in capital improvements.
- ❖ FORA collected \$16,200 in land sale proceeds.
- ❖ FORA collected \$4,600 in development fees.
- ❖ FORA and California State University (CSU) entered into an agreement for CSU to pay certain of their mitigation fee obligations. The first \$500,000 payment was received in May 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the FORA's basic financial statements. FORA's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

1) The *government-wide financial statements* provide both long-term and short-term information about FORA's overall financial status and inform how FORA's general government services were financed in the short term as well as what remains for future spending. 2) The *fund financial statements* focus on individual parts of FORA's governmental funds and report FORA's operations in more detail than the government-wide statements. 3) The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Statements

The government-wide financial statements provide information about FORA activities as a whole and present a comprehensive overview of FORA's finances.

The *statement of net assets* presents information on all of the FORA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in FORA's net assets are one indicator of whether its financial health is improving or deteriorating.

The *statement of activities* presents information showing how the FORA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all the current year's revenues and expenses are reported in the statement of activities regardless of when cash is received or paid. The focus of the government-wide statement of activities is on the net cost of governmental activities provided by a governmental entity.

FORA was engaged in the following types of activities:

Governmental Activities: During the FY 08-09 membership dues, tax increment receipts, a federal grant, land sale/lease proceeds, construction reimbursements and loan proceeds financed the following activities:

- General administration and planning
- Property surveying and transfers
- Infrastructure development
- Habitat conservation planning
- Water augmentation planning
- Insurance policy and liability protection issues
- Real property planning and development
- MEC remediation planning, analysis and implementation
- Construction activities

The government-wide financial statements depicting financing of FORA's major programs can be found on pages 8-9 of this report.

Fund Financial Statements

Fund financial statements provide a *short-term* look at FORA's fiscal accountability and compliance with restrictions on the use of certain financial resources. The fund financial statements provide detailed information about the most significant funds - not the Authority as a whole.

Governmental Funds: All of the FORA's services and activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. FORA maintains 5 individual governmental funds and for financial reporting purposes these funds have been combined into two groupings: the General Fund and Special Revenue Funds. The General Fund accounts for all of FORA's financial resources except for those resources that must be accounted for in Special Revenue Funds, which are restricted as to expenditures.

The fund financial statements can be found on pages 10-13 of this report.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements provide long-term and short-term information about FORA's overall financial condition. In accordance with GASB Statement No. 34, FORA is not required to restate financial information from prior periods for the purpose of providing comparative information for this

analysis.

Net assets of FORA's governmental activities decreased from negative \$3.1 million to negative \$7 million. The negative balance in net assets means that all liabilities (including long-term debt not due at the end of the fiscal year) exceed all assets FORA had at the fiscal year end (including long-term receivables and non-liquid assets). In addition, the unspent balance in ESCA grant fund at June 30, 2009 of \$7.1 million is classified as revenue collected in advance of the earnings process and recorded as deferred revenue, a liability account, for financial statement purposes. It will be recognized as revenue when it is earned.

Revenues

Total FORA annual revenues decreased from \$34 million to \$28 million. This variance is mainly attributable to FY 08-09 grant revenue for MEC remediation services that was less than FY 07-08 grant revenue. Also, land sale proceeds decreased from the previous fiscal year.

FORA received additional revenue as compared to the budget from CSU for prior period mitigation impact fees, and from Marina Coast Water District (MCWD) for General Jim Moore Boulevard (GJMB) construction cost reimbursements.

Revenue sources were provided from the following:

- Federal funding - 76%
- Construction reimbursements - 10%
- Land sale/lease proceeds - 4%
- Property tax increment - 5%
- Other revenue sources - 5%

Expenditures

The cost for all governmental activities this fiscal year was \$32.1 million. The munitions/environmental cleanup program, which started in early 2007, and the CIP were the FY 08-09 major projects.

The government-wide financial statement showing the net cost of FORA's major projects can be found on page 9 of this report.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Reporting standards require that a major governmental fund be presented in a separate column in the fund financial statements. In accordance with GASB Stmt. No. 34, paragraph 76, FORA has elected to report all its special revenue funds as major funds because these funds are important to financial statement users. The General Fund is always considered a major fund and therefore presented in a separate column. The fund financial statements focus on individual parts of FORA's government.

The governmental funds provide information on near-term inflows, outflows and balances of expendable resources. As FORA completed the fiscal year, its governmental funds reported a combined fund balance of \$8.4 million; a decrease of \$3.4 million over the previous fiscal year.

\$8 million of the \$8.4 million ending fund balance is either restricted in use or designated for specific uses such as federal grant funds designated for munitions cleanup or developer impact fees and land sale proceeds dedicated for the capital improvement program. Approximately \$410,000 is undesignated and available for expenditure and designation.

Ending Fund Balances

Fiscal Year	General Fund	Land Sale/Leases	Developer Fees	Pollution Liability	ET/ESCA	TOTALS
2007-2008	1,291,055	214,944	4,371,831	4,084,946	1,850,427	11,813,203
2008-2009	1,162,680	200,075	3,519,312	3,537,928	-	8,419,995
Change + (-)	(128,375)	(14,869)	(852,519)	(547,018)	(1,850,427)	(3,393,208)

BUDGETARY HIGHLIGHTS

A budget is a plan of financial operations that provides a basis for the planning, controlling, and evaluating of governmental activities. Governmental funds generally use a fixed budget, which reflects a specific estimate for revenues and expenditures. Once expenditures and revenues are incorporated into the budget, the total estimated expenditure appropriation amount becomes a limit for current expenditures, and the estimated revenue amount becomes the basis for comparison to actual revenues. Even though FORA is not legally subject to any budgetary controls, the budget is included as a part of the general accounting record, and it is used as a guide to controlling expenses.

The FORA Board approved the FY 08-09 budget on June 13, 2008 and the mid-year budget update on February 13, 2009. Due to the economic recessionary conditions delaying development projects, the mid-year budget reported a decrease in anticipated revenues from \$33.1 million to \$25.6 million and a corresponding reduction in expenditures from \$40 million to \$35 million. The final/audited amounts confirm this decline trend.

Budget Variances (from mid-year budget projections to year-end actual)

Revenues: \$2.5 million increase

FORA realized slightly increased revenues in several funding categories such as franchise fees, property tax increment, planning reimbursements, and rental income, and slightly decreased revenues from investment earnings and developer fees. The most significant revenue variances were:

- \$836,913 early payment reductions in FY 08-09 ET/ESCA grant funds under contract terms with the U.S. Army (each Army payment is reduced if paid to FORA before the due date)
- \$2.6 million in MCWD construction reimbursements for GJMB improvements
- \$500,000 received from CSU for deficit period mitigation impact fees

Expenditures: \$3.1 million increase

FORA realized savings in several administrative categories such as salaries, office equipment, travel, and insurance primarily due to cost saving measures and deferred purchasing. The most significant expenditure variances were:

- \$2.3 million net increase in capital projects; in addition to earthwork improvements along GJMB, FORA installed a MCWD infrastructure utility system
- \$243,000 increase in contractual services per the Board's approval to bring long-term Kutak Rock accounts payable invoices current
- \$600,000 in amortization expense; FORA does not include amortization expenses (non-cash expenses) in the operating budget.

The comparative statements of budgeted and actual revenues and expenditures for the General Fund and Special Revenue Funds can be found on page 29 of this report.

LONG-TERM DEBT

FORA applies its real property assets (such as Preston Park Housing) to amortize or secure long-term indebtedness. Current asset valuation exceeds \$100 million. Please refer to pages 17-18, Note 1J for more information regarding capital assets. At June 30, 2009, FORA had \$15.4 million in long-term debt consisting of:

- \$2.8 million debt on the 2002 Series A and Series B Revenue Bonds
- \$2.6 million debt on the PLL Insurance loan
- \$9.5 million debt on the line of credit (LOC)
- \$0.5 million capital lease equipment purchase obligation

The bonds will be repaid from lease revenue proceeds, with final maturity August 2014. The premium for the PLL insurance policy is financed through a 7-year loan from a bank and participating jurisdictions/agencies reimburse FORA for their portions of the premium and financing costs. FORA advanced additional \$2.5 million during the fiscal year from LOC to process road design and construction invoices and reduced the principal by \$500,000. The LOC draw downs are repaid by any available revenues committed to CIP such land sale/lease proceeds, tax increment, and by the East Garrison developer who pays interest on LOC advances of up to \$4.1 million in lieu of deferred land sale proceeds from the East Garrison land sale. Delays in land transfers/sales influenced FORA's ability to significantly pay down the outstanding principal in LOC. The capital lease obligation was incurred in 2003 to purchase firefighting equipment and will be repaid by development fees by year 2014. A note payable to MCWD entered into in March 2008 to support the Veteran's Cemetery project was repaid in June 2009.

More detailed information about FORA's total long-term liabilities is presented on pages 22-24, Notes 7-10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

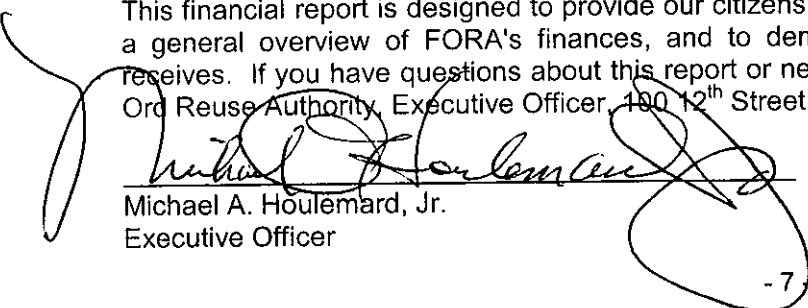
FORA anticipates accumulating a revenue surplus in the next three to five years. The surplus will come predominantly from property transaction proceeds. Even though FORA does not foresee rapid change in economic conditions, current projections forecast all capital programs and projects to have sufficient funds for administrative and implementation activities. There are a few areas where resources/expenses remain imprecise but will be better defined during the 2009-2010 fiscal year. Those are:

1. Uncertainty in the underlying market for all forms of real property development;
2. Still unknown cost figures for habitat conservation; and
3. Capital needs for augmenting current water supply.

FORA is implementing ESCA terms, which include reimbursement of oversight and administrative costs to FORA. In concert with this agreement, the U.S. Army transferred the remaining 3,300 acres of Economic Development Conveyance (EDC) property to FORA, allowing FORA's capital needs and habitat costs to become more definitive. FORA is coordinating with MCWD modifications of the capital improvement program schedule for completing water resource augmentation infrastructure needs.

CONTACTING FORA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of FORA's finances, and to demonstrate FORA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Fort Ord Reuse Authority, Executive Officer, 100 12th Street, Building #2880, Marina, California, 93933.



Michael A. Houlemard, Jr.
Executive Officer

FINANCIAL STATEMENTS

FORT ORD REUSE AUTHORITY

Government-wide Financial Statements

Statement of Net Assets

June 30, 2009

	Governmental Activities
ASSETS	
Cash and investments	\$ 10,981,137
Cash with fiscal agent	979,036
Accounts receivable:	
Due within one year	2,128,546
Due in more than one year	106,818
Interest receivable	238,249
Prepaid expenses	16,619
Prepaid insurance	3,300,000
Bond issue cost, net	52,762
Capital assets	20,582
	<hr/>
Total Assets	17,823,748
	<hr/>
LIABILITIES	
Accounts payable	2,137,044
Interest payable	34,612
Deferred revenue (see note 12, page 24)	7,211,516
Long-term debt and obligations:	
Due within one year	1,373,075
Due in more than one year	14,077,256
	<hr/>
Total Liabilities	24,833,503
	<hr/>
NET ASSETS	
Investment in capital assets	20,582
Restricted	979,036
Unrestricted	(8,009,373)
	<hr/>
Total Net Assets	\$ (7,009,755)
	<hr/> <hr/>

See accompanying notes to financial statements

FORT ORD REUSE AUTHORITY

Government-wide Financial Statements

Statement of Activities

June 30, 2009

Functions/Programs	Program Expenses	Program Revenues	Net (Expense) Revenue
		Grants and Fees	Governmental Activities
General operations	\$ 1,880,633	\$ 1,630,960	\$ (249,673)
Capital improvements	5,344,634	2,698,698	(2,645,936)
Environmental cleanup	23,263,513	21,413,087	(1,850,426)
Reuse planning/EDC transfers & environmental	834,621	1,268,580	433,959
	<u>29,442,768</u>	<u>25,380,365</u>	<u>(4,062,403)</u>
Interest on long-term debt and short-term debt	771,771		(771,771)
Total governmental activities	<u>32,095,172</u>	<u>27,011,325</u>	<u>(5,083,847)</u>
General revenues			
Property tax revenues			1,135,336
Membership dues			259,000
Franchise fees			227,637
Investment earnings			<u>(463,524)</u>
Change in net assets			(3,925,398)
Net assets, beginning of year			<u>(3,084,357)</u>
Net assets, end of year			<u>\$ (7,009,755)</u> <u>(7,009,755)</u>

See accompanying notes to financial statements

FORT ORD REUSE AUTHORITY

Fund Financial Statements

Balance Sheet

Governmental Funds

June 30, 2009

	General Fund	Lease and Sale Proceeds	Developer Fees	Pollution Legal Liability	Army Grant ET/ESCA	Total Governmental Funds
ASSETS						
Cash and investments	\$ 136,007	\$ 9,696	\$ 3,412,828	\$ 51,494	\$ 7,371,112	\$ 10,981,137
Cash with fiscal agent	496,246	-	482,790	-	-	979,036
Accounts receivable - due within one year	1,905,369	-	12,154	211,023	-	2,128,546
Account receivable - due after one year	50,457	-	56,361	-	-	106,818
Interest receivable	-	238,249	-	-	-	238,249
Due from other funds	-	-	-	-	-	-
Prepaid expenses	16,619	-	-	-	-	16,619
Prepaid insurance, net	-	-	-	3,300,000	-	3,300,000
Bond issue cost, net	52,762	-	-	-	-	52,762
Total Assets	<u>\$ 2,657,460</u>	<u>\$ 247,945</u>	<u>\$ 3,964,133</u>	<u>\$ 3,562,517</u>	<u>\$ 7,371,112</u>	<u>\$ 17,803,167</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,494,780	\$ 22,769	\$ 444,821	\$ 78	\$ 174,596	\$ 2,137,044
Interest payable	-	25,101	-	9,511	-	34,612
Due to other funds	-	-	-	-	-	-
Deferred revenue (see note 12, page 24)	-	-	-	15,000	7,196,516	7,211,516
Total Liabilities	<u>1,494,780</u>	<u>47,870</u>	<u>444,821</u>	<u>24,589</u>	<u>7,371,112</u>	<u>9,383,172</u>
Fund Balances (see note 13, page 25)						
Reserved	119,838	-	56,361	3,300,000	-	3,476,199
Unreserved:						
Designated	632,854	200,074	3,462,952	237,928	-	4,533,808
Undesignated	409,988	-	-	-	-	409,988
Total Fund Balances	<u>1,162,680</u>	<u>200,074</u>	<u>3,519,313</u>	<u>3,537,928</u>	<u>-</u>	<u>8,419,995</u>
Total Liabilities and Fund Balances	<u>\$ 2,657,460</u>	<u>\$ 247,944</u>	<u>\$ 3,964,133</u>	<u>\$ 3,562,517</u>	<u>\$ 7,371,112</u>	<u>\$ 17,803,167</u>

See accompanying notes to financial statements

FORT ORD REUSE AUTHORITY

Fund Financial Statements

Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets

June 30, 2009

Fund Balances - Total Governmental Funds (page 10)

\$ 8,419,995

Amounts reported in the Governmental Activities column
in the Statement of Net Assets are different because:

Capital Assets

Capital assets used in governmental activities were
not current financial resources. Therefore, they
were not reported in the Governmental Funds
Balance Sheet. Capital assets were adjusted as follows:

Depreciable capital assets, net of accumulated depreciation

20,582

Long-term Debt Obligations

Long-term liabilities were not due and payable in
the current period. Therefore, they were not
reported in the Governmental Funds Balance Sheet.

Capital lease obligations

\$ (504,448)

Bonds payable, net

(2,825,000)

PLL Loan payable

(2,571,429)

LOC Payable

(9,492,068)

Compensated absences

(57,386)

(15,450,331)

Net Assets - Government-wide Financial Statements (page 8)

\$ (7,009,755)

See accompanying notes to financial statements

FORT ORD REUSE AUTHORITY

Fund Financial Statements

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2009

	General Fund	Lease and Sale Proceeds	Developer Fees	Pollution Legal Liability	Army Grant ET/ESCA	Governmental Funds
REVENUES						
Memberships dues	\$ 259,000	\$ -	\$ -	\$ -	\$ -	\$ 259,000
Franchise fees	227,637	-	-	-	-	227,637
Property tax increment	1,135,336	-	-	-	-	1,135,336
Federal grants	-	-	-	-	21,413,087	21,413,087
Developer fees	-	-	4,632	-	-	4,632
Planning reimbursements	47,368	-	-	-	-	47,368
Construction reimbursements	2,672,288	-	-	-	-	2,672,288
Insurance reimbursements	-	-	-	983,657	-	983,657
Rental income	99,870	1,218,580	-	-	-	1,318,450
Real estate sales	-	16,248	-	-	-	16,248
CSU mitigation fees	-	-	500,000	-	-	500,000
Investment earnings	11,922	287,000	(769,845)	11,301	-	(459,622)
Other revenue	65	50,000	5,530	5,000	-	60,595
Total Revenues	4,453,486	1,571,828	(259,683)	999,958	21,413,087	28,178,676
EXPENDITURES						
Salaries and benefits	1,132,406	-	321,273	-	321,803	1,775,482
Supplies and services	93,946	194	49,524	185	22,491	166,340
Contractual services	650,346	235,706	569,553	3,750	22,919,220	24,378,575
Capital improvements	2,672,288	3,443	1,728,553	-	-	4,404,284
Amortization	-	-	-	600,000	-	600,000
Total Expenditures	4,548,986	239,343	2,668,903	603,935	23,263,514	31,324,681
Revenues Over (Under) Expenditures	(95,500)	1,332,484	(2,928,586)	396,023	(1,850,427)	(3,146,005)
Other Financing Sources (Uses)						
Debt service - Interest and fiscal charges	(14,875)	(592,354)	(28,643)	(135,898)	-	(771,771)
Debt service - Principal	(138,000)	(385,000)	(587,357)	(857,143)	-	(1,967,499)
Loan proceeds	2,492,068	-	-	-	-	2,492,068
Operating transfers in	120,000	-	2,692,068	50,000	-	2,862,068
Operating transfers (out)	(2,492,068)	(370,000)	-	-	-	(2,862,068)
Total Other Sources (Uses)	(32,875)	(1,347,354)	2,076,068	(943,041)	-	(247,203)
NET CHANGE IN FUND BALANCES	(128,375)	(14,870)	(852,518)	(547,018)	(1,850,427)	(3,393,208)
Beginning Fund Balances	1,291,055	214,944	4,371,831	4,084,946	1,850,427	11,813,203
Ending Fund Balances	\$ 1,162,680	\$ 200,074	\$ 3,519,313	\$ 3,537,928	\$ -	\$ 8,419,995

FORT ORD REUSE AUTHORITY

Fund Financial Statements

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities Year Ended June 30, 2009

Net Change in Fund Balances

Total Governmental Funds (page 12)	\$	(3,393,208)
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Amounts reported in the Governmental Activities column
in the Statement of Activities are different because:

Long-term Debt Payments

Repayment of long-term debt principal is an
expenditure in the government funds financial
statement, but the repayment reduces long-term
liabilities in the Statement of Net Assets.

Repayment of capital lease obligations	\$	87,357	
Repayment of bonds		385,000	
Repayment of loans		<u>1,492,664</u>	1,965,021

Proceeds from Loan Borrowing

Proceeds from long-term borrowing are reported
as revenue in the governmental funds financial
statement, but recorded as a liability in the
Statement of Net Assets.

Compensated absences reduce net assets but are not
included in governmental funds liabilities.

Loan proceeds to pay for CIP projects	(2,492,068)	
Increase in compensated absences liability	<u>(5,143)</u>	(2,497,211)

Change in Net Assets

Government-wide Financial Statements (page 9)	\$	<u>(3,925,398)</u>
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See accompanying notes to financial statements

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

The notes to the statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the Fort Ord Reuse Authority, as follows:

- Note 1 - Summary of Significant Accounting Policies
- Note 2 - Cash and Investments
- Note 3 - Property and Equipment
- Note 4 - Defined Benefit Pension Plan
- Note 5 - Deferred Compensation Plan
- Note 6 - Liability for Compensated Absences
- Note 7 - Long-Term Liabilities
- Note 8 - Capitalized Lease Obligations
- Note 9 - Bonds Payable
- Note 10 - Loans Payable
- Note 11 - Health Care Plan
- Note 12 - Commitments and Contingencies
- Note 13 - Fund Balance Designations
- Note 14 - Property Sales and Lease Income
- Note 15 - Contingent Note Receivable
- Note 16 - US Army Environmental Services Cooperative Agreement Grant
- Note 17 - New Pronouncements

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Fort Ord Reuse Authority (Authority) was created under Title 7.85 of the California Government Code, Chapters 1-7, signed into law on May 10, 1994. The Authority was incorporated in the State of California as an instrumentality and is considered a quasi-governmental regional agency. The Authority has specific powers in State Law to prepare, adopt, finance and implement a plan for the future use and development of the territory formerly operated by the U.S. Army as the Fort Ord Military Reservation in Monterey County.

The Authority is governed by a 13-voting member board, which consists of various Monterey County's Board of Supervisors, City Mayors and/or Council Members from surrounding jurisdictions, governs the Authority. The Authority Board also has 12 non-voting ex-officio members. There are no component units, as defined in the Governmental Accounting Standards Board Statement (GASB) No. 14; that are included in the Authority's reporting entity.

The Authority receives funding from local, state and federal governmental sources and must comply with the accompanying requirements of these funding source entities. However, the Board is not included in any other governmental reporting entity as defined by the Governmental Accounting Standards Board pronouncement. The Board has the authority to levy taxes, the power to designate management and the ability to significantly influence operations and primary accountability for fiscal matters.

Title 7.85 of California Government Code specifies that its terms and provisions would become inoperative when the board determines that 80% of the territory of Fort Ord (that is designated for development or reuse in the plan prepared pursuant to the bill) has been developed or reused in a manner consistent with the plan, or June 30, 2014, whichever occurs first, and would be repealed on January 1, 2015.

B. Accounting Policies

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Authority are described below.

C. Basis of Presentation

The Financial Statement presentation, required by GASB Statements No. 34, 37, and 38 provides a comprehensive, entity-wide perspective of the Authority's assets, liabilities, and expands the fund-group perspective previously required. The Authority now follows

the "primary government's governmental activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the Authority's financial activities.

D. Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

spent and the means by which spending activities are controlled. They are as follows:

Governmental Funds

- a. *General Fund* is the general operating fund of the Authority and accounts for all revenues and expenditures of the Authority not encompassed within other funds. All general revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.
- b. *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

E. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include all governmental grants that are unrestricted as to use and interest. The Authority also receives grants that are considered earned to the extent of expenditures made under the provisions of the grant and are therefore recognized based upon expenditures incurred. Expenditures are recorded when the related fund liability is incurred.

All Governmental Funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

F. Budgetary Data

The Authority is not required by state law to adopt annual budgets for the general and special revenue funds. An annual budget is however prepared, adopted by the Authority's Board, and included as a part of the general accounting record and used as a guide to controlling expenses. Each budget is prepared and controlled by the budget controller at the revenue and expenditure function/object level.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- A proposed draft budget is submitted to the Board for the fiscal year commencing July 1.
- Once the budget is approved, it can be amended only by approval of a majority of the members

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

of the Board. Amendments are presented to the Board at their regular meetings.

G. Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. Cash and Investments

Cash and cash equivalents held by the Authority are reported as cash and investments. Funds can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents because they are highly liquid. Investments are stated at fair value.

I. Receivables and Payables

Grants, entitlements or shared revenues are recorded as receivables and revenues in the General and Special Revenue Funds when they are received or susceptible to accrual.

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

J. Capital Assets

Furniture and equipment are stated on the actual cost basis. Capitalization level for capital assets is \$500 per unit (including installation cost). Contributed capital assets are recorded at their estimated fair market value at the time received. There were no contributed capital assets during the year. Capital assets are depreciated over their estimated useful lives.

In accordance with the option provided by Government Accounting Principles Generally Accepted in the United States of America, infrastructure assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting are not recorded on the Statement of Net Assets. Management has determined that the purpose of stewardship for capital expenses is satisfied without recording these assets. In addition, depreciation is not recorded on these capital expenses. In all cases, the infrastructure assets are owned by the Authority, as trustee, for a relatively short period of time.

During the reporting period the Authority received 3,340 acres on May 8, 2009 and transferred 60 acres to the City of Marina on May 9, 2009. Real property assets were transferred from the United States Government under an agreement dated June 23, 2000. These transfers included land, buildings, and infrastructure within the Cities of Marina, Del Rey Oaks, Monterey, Seaside and the County of Monterey. As of June 30, 2009, the Authority owned approximately 3,300 acres of former Fort Ord Army Base land which included the following parcels:

- Preston Park Housing area
- The Authority Complex
- 11th Street Parcels
- Environmental Services Cooperative Agreement (ESCA) Grant Parcels

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

The Authority, as trustee, is a short-term property holding entity, transferring property to underlying jurisdictions for disposal/development, retaining 50% interest in any future sale or leasing proceeds from any of these properties transferred for private development or for public non-institutional purposes. The total current value of these assets is estimated to be approximately \$150 million, of which the Authority is entitled to a 50% share. The ESCA Grant properties are undergoing munitions and explosives of concern remediation with covenants restricting use of these properties ("CRUPS") and have limited value until the CRUPS are lifted at the completion of remediation. The Authority was responsible for reporting financial elements of such transactions to the United States government through August 2007.

K. Net Assets

The Authority's net assets are classified as follows:

- Invested in capital assets - This represents the Authority's total investment in capital assets.
- Restricted net assets - Restricted net assets include resources that the Authority is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or regulatory agencies that direct usage, or other impositions by contract or adopted covenants.
- Unrestricted net assets - Unrestricted net assets represent resources derived from franchise fees and membership dues. These resources are used for transactions relating the general operations of the Authority, and may be used at the discretion of the governing board to meet current expenses for any purpose.

L. Long -Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the life of the related debt. In the fund financial statements, long-term debt is not reported.

M. Major Funds

In accordance with GASB Stmt. No. 34, paragraph 76, the Authority has elected to report all its special revenue funds as major funds because they believe these funds are particularly important to financial statement users.

Note 2 - Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 10,981,136
Cash with fiscal agent (Revenue Bonds)	<u>979,036</u>
Total cash and investments	<u>\$ 11,960,172</u>

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

Cash and investments as of June 30, 2009 consist of the following:

Deposits with financial institutions in:

• Money market accounts	\$ 7,512,174
• Checking accounts	847,171
• Investment in (12) mutual funds	<u>3,600,827</u>
Total cash and investments	<u>\$ 11,960,172</u>

The California Government Code requires California banks and savings and loan associations to secure a government agency's deposits, in excess of federal depository insurance, by pledging government securities as collateral. The market value of pledge securities must equal 110 percent of a government agency's deposits.

Investments Authorized by the Authority's Board of Directors

Investments are managed in compliance with the revised Investment Policy adopted by the Authority's Board of Directors in February 2009. Such investment policies authorized the Authority to invest in:

- Obligations of the U.S. Treasury
- Obligations guaranteed by the U.S. Government
- Obligations of U.S. Federal Agencies
- Obligations of Government Sponsored Enterprises
- Bank Obligations registered with the Securities and Exchange Commission and that are consistent with FDIC insurance
- Savings and Money Market Accounts
- Money Market funds and other funds whose portfolios consist of any allowed instrument as specified in the policy
- State of California's Local Agency Investment Fund

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

		<u>Maturity Date</u>
Money market accounts	\$ 7,512,174	N/A (due on demand)
Checking accounts	847,171	N/A (due on demand)
Investment in (12) mutual funds	<u>3,600,827</u>	N/A (due on demand)
Total	<u>\$ 11,960,172</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Statistical ratings are generally not available for certificates of deposit, and mutual fund ratings vary by company.

Concentration of Credit Risk

The investment policy of the Authority contains limitations on the amount that can be invested in any type of investment or industry group beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Authority investments except as shown below:

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

\$3,600,827 (30%) of the cash and investments are invested in 12 different mutual funds.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 3 - Property and Equipment

A summary of changes in capital assets is as follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009
Equipment and furniture	\$ 314,475	\$ 8,044		\$ 322,519
Accumulated depreciation	<u>291,414</u>		\$ 10,524	<u>301,937</u>
Net capital assets	<u>\$ 23,061</u>			<u>\$ 20,582</u>

Depreciation expense was \$10,524 for the year ending June 30, 2009.

Note 4 - Defined Benefit Pension Plan

Plan Description

The Authority contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and Authority ordinance. Copies of PERS annual financial report may be obtained from their Executive Office, 400 "P" Street, Sacramento, California 95814.

Funding Status and Progress

Active plan participants are required to contribute 7% of their annual covered salary. The Authority's Board of Directors approved an amendment to the contract with PERS, and agreed to pay the full 7% of the contributions required of Authority employees on their behalf and for their account. The Authority is required to contribute at an actuarially determined rate; the 2008-2009 employer rate was 12.647% of

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

annual covered payroll. The contribution requirements of plan members and the Authority are established and may be amended by PERS.

Annual Pension Cost

The Authority's annual pension cost of \$252,930 for PERS was equal to the Authority's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) an 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by age, service and type of employment, (c) an inflation rate of 3%, and (d) a payroll growth rate of 3.25%.

Three-Year Trend Information for PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$ 244,920	100%	-0-
6/30/08	\$ 240,499	100%	-0-
6/30/09	\$ 252,930	100%	-0-

Note 5 - Deferred Compensation Plan

The Authority offers its full-time employees a deferred compensation plan in accordance with Internal Revenue Code §457. The plan permits the employee to defer until future years up to 25% of annual gross earnings not to exceed \$16,500. Assets are not available to participants for disbursement until termination, retirement, death, or an emergency.

The Authority does not fund the compensation deferred under the Plan except for \$833 per month contributed on behalf of the Executive Officer per the employment agreement. The contributions are held in investments that are underwritten by ICMA Retirement Corporation. Periodic contributions are made through payroll deductions of the employees and all plan fees associated with the accounts are the responsibility of the individual employee.

The participants' accounts are not subject to claims of the Authority's creditors. The Authority has no liability for losses under the plan but does have the duty of due care that would be required of any ordinary prudent investor.

Note 6 - Liability for Compensated Absences

Authority employees are allowed to accrue up to 10 days of sick leave and up to 20 days of vacation per year, depending on length of employment. Employees are permitted to carry over an unlimited amount of sick leave hours each calendar year; the carryover for vacation leave is limited to 120 hours. In the event of separation of employment, an employee is reimbursed for any unused vacation leave, and a portion of their unused sick leave (limited to 174 hours). Reimbursement is based on the employee's regular salary rate at the date of termination or resignation. Vacation leave becomes vested immediately and sick leave becomes vested after 5 years of continuous service. The Authority's liability for accrued vacation pay and the underlying retirement benefits at June 30, 2009 was \$57,386. Effective July 1, 2006, the Authority management employees are provided 5 days of management leave per year. There is no cash pay-off for unused management leave time.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

Note 7 - Long-Term Liabilities

Long-term liabilities for the year ended June 30, 2009, are summarized as follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>
Capitalized lease obligations	\$ 591,805	\$ -	\$ 87,357	\$ 504,448
Bonds payable, net of premium and issuance costs	3,210,000	-	385,000	2,825,000
<u>Loans payable</u>				
Insurance loan	3,428,571	-	857,142	2,571,429
Line of Credit	7,500,000	2,492,068	500,000	9,492,068
Marina Coast Water District	138,000	-	138,000	-
<u>Other obligations</u>				
Compensated absences	52,243	5,143	-	57,386
Totals	\$ 14,920,619	\$ 2,497,211	\$ 1,967,499	\$ 15,450,331

For the year ending June 30, 2009, the Authority paid \$771,771 in interest expense.

Note 8 - Capitalized Lease Obligations

The Authority entered into a lease purchase agreement to acquire fire fighting equipment that was distributed to local jurisdictions for fire suppression of the former Fort Ord Army Base.

Scheduled Payments

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2010	\$ 116,000
2011	116,000
2012	116,000
2013	116,000
2014	<u>116,000</u>
Total gross lease payments	580,000
Less amount representing interest	<u>75,552</u>
Net minimum lease payments	504,448
Less current portion due within the next fiscal year	<u>91,584</u>
Long-term portion	<u>\$ 412,864</u>

Note 9 - Bonds Payable

Outstanding Bonds Payable consists of the following:

Revenue Bonds

2004 Series A Revenue Bonds in the amount of \$2,885,000 and 2004 Series B Subordinate Revenue Bonds in the amount of \$2,055,000, total issue \$4,940,000. Principal payments start at \$325,000, increase to \$540,000, and are payable annually on August 1st with final maturity August 2014. Interest

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

rates vary between 3.0% and 5.7% and provide for semi-annual payments on February 1st and August 1st. The Series A Bonds were issued to finance a habitat conservation program and priority infrastructure improvements endorsed by the Board of Directors of the Authority. The Series B Bonds were issued to finance priority infrastructure improvements endorsed by the Board of Directors of the Authority. The bonds will be repaid from the Authority's share of the Preston Park housing lease revenues.

Scheduled Payments

Future annual principal and interest requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 410,000	\$ 142,640	\$ 552,640
2011	435,000	120,389	555,389
2012	455,000	96,725	551,725
2013	485,000	71,375	556,375
2014	505,000	59,555	564,555
2015	535,000	0	535,000
Totals	<u>\$ 2,825,000</u>	<u>\$ 490,684</u>	<u>\$ 3,315,684</u>

Note 10 - Loans Payable

Basewide Pollution Legal Liability Insurance Policy Loan

In 2005, the Authority entered into a long-term financing agreement to purchase a ten-year Basewide Pollution Legal Liability insurance policy. Financing was provided by a local bank through two separate credit line loans, and is secured by real estate (RE) and certificates of deposit (COD). Interest accrues at 4.5% on the RE secured loan, at 3.5% on the COD secured loan, and is paid monthly. Any remaining unpaid loan balances are due January 15, 2012. At June 30, 2008, the amount of outstanding principal was \$3,428,571. Funding by the Authority to repay the loans is being provided by the surrounding municipalities that will benefit from the real estate that will eventually be given to them along with legal liability protection by the insurance policy that encompasses the entire former Fort Ord Army Base. It is the intention of the Authority to repay these loans ratably over seven years.

Scheduled Payments

Future annual principal and interest requirements are estimated as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 857,143	\$ 115,957	\$ 973,100
2011	857,143	75,805	932,948
2012	<u>856,962</u>	<u>23,846</u>	<u>880,808</u>
Totals	<u>\$ 2,571,248</u>	<u>\$ 215,608</u>	<u>\$ 2,786,856</u>

The total costs of the insurance policy in the amount of \$6,000,000 is being amortized over the term of the coverage, which is 10 years.

Line of Credit

In March 2006, the Authority entered into a short-term financing agreement for a revolving line of credit with a local bank in the amount of \$10 million. In November 2007, the credit line was increased to \$14 million and the maturity extended through November 2009; interest accrues at 5.93% per annum and is paid monthly. The outstanding principal balance at June 30, 2009 was \$9,492,068. The purpose of this credit line is to provide financing for approved Capital Improvement Program commitments.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

Marina Coast Water District (MCWD)

In March 2008, the Authority entered into a short-term financing agreement for \$138,000 with MCWD. The funds were appropriated for the Veterans Cemetery Master Development Plan on the former Fort Ord Army Base. The loan plus interest, accruing at 1% per annum, was due in the fiscal year 2009-2010. The Authority repaid this obligation on June 30, 2009.

Note 11 - Health Care Plan

During the year ended June 30, 2009, employees of the Authority were covered by a third party medical insurance plan, the California Public Employees Retirement System (CalPERS) Medical Benefits Program, and by the Principal Financial Group for dental, vision, and life insurance. The Authority contributes to the employee medical premium and to eligible dependents medical premiums up to \$1,304 per month per family. In addition, employees receive monthly cash allowances of \$145 per employee to be applied towards premiums of the optional dental, vision, and life insurance benefits under an Internal Revenue Code Section 125 Flexible Benefit Plan.

Note 12 - Commitments and Contingencies

A. Litigation

The Authority is not involved in litigation. No litigation has been threatened by or against Authority. Appropriate insurance policies protect the Authority from most potential litigation effects. In addition, the Authority requires indemnification and contract provisions with its vendors and contractors that also guard against, and redirect, litigation costs and potential impact to the Authority's assets.

B. Grant Programs

The Authority participates in federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Authority has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables may be impaired.

In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

- US Army Environmental Remediation Grant Payment
The \$99.3 million federal grant was to the Authority in three phases: \$40 million in FY 06-07, \$30 million in FY 07-08, and \$27.7 million in FY 08-09. The Army made their payments ahead of schedule and secured a \$1.6 million credit for early payments. With the last payment received in December 2008, the grant paid for all contracted expenditures through the end of the remediation project (June 2014).
- Deferred Revenue
The unspent revenue at June 30, 2009 is classified as revenue collected in advance of the earnings process and recorded as deferred revenue, a liability account, for financial statement purposes. It will be recognized as revenue when earned.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

Note 13 - Fund Balance Designations

As required by the GASB, fund balance is reported in two components—reserved and unreserved.

When fund balance is **reserved**, it either means that the resources are in a form that cannot be appropriated and spent (such as non-current receivables) or that the resources are legally limited to being used for a particular purpose.

Reserved funds at June 30, 2009 consist of the following:

General Fund	\$119,838 reserved for non-current assets that cannot be used to meet current obligations.
Developers Fees Fund	\$56,361 reserved for non-current assets.
Pollution Legal Liability Fund	\$3,300,000 reserved for unamortized insurance policy.
<i>Total:</i>	<i>\$3,476,199</i>

The portion of fund balance that is not reserved is called **unreserved** fund balance. Unreserved fund balance is available for expenditure and can be further **designated** by the Authority's management. A designation is not legally binding but does convey the Authority's intents for using its available resources. These designated funds include cash with fiscal agents, developer impact fees dedicated for capital improvement projects, land sale and lease revenues used for building demolition, and federal grant monies used for munitions cleanup.

Unreserved designated funds at June 30, 2009 consist of the following:

General Fund	\$632,854 designated for previously approved projects and contracts.
Lease and Sale Proceeds Fund	\$200,075 to fund the Habitat Management Program (HMP) and building removal obligations.
Developers Fees Fund	\$3,462,951 designated in accordance with the Base Reuse Plan to fund the HMP.
Pollution Legal Liability Fund	\$237,928 designated for debt service.
<i>Total</i>	<i>\$4,533,808</i>

Unreserved undesignated funds at June 30, 2009 consist of the following:

General Fund	\$409,988 available for expenditure and designation.
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Note 14 - Property Sales and Lease Income

California Law requires that all net lease or property sale proceeds generated on the former U.S. Army Base are to be shared equally between the Authority and the governmental entity with jurisdiction over subject property. This state law is affirmed under contract implementation agreements between the Authority and its underlying jurisdictions. Activity for the year ended was as follows:

Lease income

Cash distribution to the Authority from:	
Preston Park and Abrams Housing	\$1,218,580

Land Sale proceeds

Cash distribution to the Authority from:	
Young Nak Church	\$16,248

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

Note 15 - Contingent Note Receivable

The City of Marina owns a \$265,000 promissory note receivable resulting from the sale of real estate on the former Fort Ord Army Base. The terms of the note provide that the note will be forgiven if the buyer meets certain affordable housing criteria during the term of this note, which matures in 2012. The City is required by State law to distribute one-half of the proceeds received (\$132,500) from the sale of former Fort Ord Army Base real estate to the Authority. The City is not authorized to forgive the 50% portion of the note that it is legally required to pay the Authority. The City must make provision to compensate the Authority if it chooses to forgive any portion of the repayment of the note.

Note 16 - US Army Environmental Services Cooperative Agreement Grant

Removal of munitions and explosives of concern (MEC) at the former Fort Ord Army Base has been in progress by the U.S. Army since 1992. Several areas formerly used for military training at the former base have been cleared over the years, but approximately 3,340 acres must still undergo specific MEC removal activities before they can be reused for key elements of the Fort Ord Base Reuse Plan. In the spring of 2005 the U.S. Army and Authority entered into negotiations to execute an Army funded Environmental Services Cooperative Agreement (ESCA) leading to the transfer of former Fort Ord 3,340 acres prior to regulatory environmental sign-off. In early 2007, the Army awarded the Authority \$99.3 million to perform munitions cleanup on the ESCA parcels. Authority also entered into an Administrative Order on Consent (AOC) with U.S. Environmental Protection Agency (EPA) and California Department of Toxic Substance Control (DTSC), defining conditions under which the Authority assumes responsibility for the Army remediation of the ESCA parcels. In order to complete the AOC defined work; the Authority entered into a Remediation Services Agreement (RSA) with LFR, Inc. to provide MEC remediation services and executed a Cost-Cap insurance policy for this remediation work through the American International Insurance Group (AIG).

The ESCA RP has been underway for approximately 2.5 years. In August 2008, Governor Arnold Schwarzenegger concurred in the transfer of the ESCA parcels under a Finding of Suitability for Early Transfer. The ESCA property was subsequently transferred to FORA ownership on May 8, 2009. The FY 2009 ESCA RP field work focused in the Parker Flats area of the former Fort Ord.

On December 17, 2008 FORA received the fourth and final ESCA Grant fund payment of approximately \$28.6 million. Per the AOC, the majority of these funds have been transferred to AIG for payment to LFR, Inc. under the terms of the insurance policies and related agreements. Authority administrative costs and oversight, including third-party quality assurance work are also funded by the ESCA grant.

Note 17 – New Pronouncements

The GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," issued in March 2009, initially distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with long-term notes receivable or inventory, and other amounts that are classified as spendable based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted - Amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - Amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority.
- Assigned - Amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2009

- Unassigned - The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The new standard also clarifies the definitions of individual governmental fund types. It also specifies how economic stabilization or "rainy day" amounts should be reported. Because of the specific nature of these accounts, the statement considers stabilization amount as *specific purposes*. Stabilization amounts should be reported in the general fund as restricted or committed if they meet the appropriate criteria. Only if the resources in the stabilization arrangement derive from a restricted or committed revenue source could a stabilization fund be reported as a special revenue fund.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by this statement. The capital projects fund type was clarified for better alignment with the needs of financial statement users and prepares. Definitions are as follows:

- General fund - Account for and report all financial resources and uses not accounted for and reported in another fund.
- Special revenue funds - Account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- Capital projects funds - Account for and report financial resources that are restricted, committed, or assigned to the expenditure for capital outlays, including the acquisition of construction of capital facilities and other capital assets.
- Debt service funds - Account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.
- Permanent funds - Account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

The requirements of this statement are effective for fiscal periods beginning after June 15, 2010 with earlier implementation encouraged.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress - Defined Benefit Pension Plan
- Budget and Actual - All Funds

FORT ORD REUSE AUTHORITY

Schedule of Funding Progress Defined Benefit Pension Plan Year Ended June 30, 2009

Pooled Report Format

Since the Authority has less than 100 active members, it is required by CalPERS to participate in a risk pool. The following valuation reports the activity of the risk pool as a whole, and not the specific activity of individual members such as the Authority.

<u>Miscellaneous Plan</u>	<u>Actuarial Valuation Date - Year Ended</u>		
	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>
Accrued Liabilities	\$ 2,746,095,668	\$ 2,891,460,651	\$ 2,754,396,608
Actuarial Value of Assets	\$ 2,460,944,656	\$ 2,588,713,000	\$ 2,492,226,176
Unfunded Liabilities (UL)	\$ 285,151,012	\$ 302,747,651	\$ 262,170,432
Funded Ratio	89.60%	89.50%	90.50%
Annual Covered Payroll	\$ 743,691,970	\$ 755,046,679	\$ 699,897,835
UL as a Percentage of Payroll	38.30%	40.10%	37.50%

Note - Details of the defined benefit pension plan can be found in Note 4 of the financial statements. Information for the years ended June 30, 2007 and 2008 have not been released by the Plan Actuary.

FORT ORD REUSE AUTHORITY

Statement of Revenues and Expenditures

Budget and Actual - All Funds

Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance (1)
	Original	Final	Amounts	Favorable (Unfavorable)
REVENUES				
Membership dues	\$ 259,000	\$ 259,000	\$ 259,000	\$ -
Franchise fees	195,000	195,000	227,637	32,637
Property tax increment	1,387,034	1,109,627	1,135,336	25,709
Federal grants	22,250,000	22,250,000	21,413,087	(836,913)
Developer fees	5,000,000	120,000	4,632	(115,368)
Planning reimbursements	-	-	47,368	47,368
Construction reimbursements	-	-	2,672,288	2,672,288
Insurance reimbursements	983,657	822,634	983,657	161,023
Rental income	1,294,578	1,294,578	1,318,450	23,872
Real estate sales	1,288,000	16,248	16,248	-
CSU mitigation fees	-	-	500,000	500,000
Investment earnings	468,990	(436,249)	(459,622)	(23,373)
Other revenue	-	-	60,595	60,595
Total Revenues	<u>33,126,259</u>	<u>25,630,838</u>	<u>28,178,676</u>	<u>2,547,838</u>
EXPENDITURES				
Salaries and benefits	1,792,062	1,792,062	1,775,482	16,580
Supplies and services	190,440	190,440	166,340	24,100
Contractual services	24,284,624	24,134,624	24,378,575	(243,951)
Capital improvements	10,070,729	2,075,000	4,404,284	(2,329,284)
Amortization	-	-	600,000	(600,000)
Total Expenditures	<u>36,337,855</u>	<u>28,192,126</u>	<u>31,324,682</u>	<u>(3,132,556)</u>
Revenues Over (Under) Expenditures	<u>(3,211,596)</u>	<u>(2,561,288)</u>	<u>(3,146,005)</u>	<u>(584,717)</u>
Other Financing Sources (Uses)				
Debt service	(3,638,288)	(2,216,312)	(2,739,271)	(522,959)
Loan proceeds	5,500,000	4,060,000	2,492,068	(1,567,932)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total Other Sources (Uses)	<u>1,861,712</u>	<u>1,843,688</u>	<u>(247,203)</u>	<u>(2,090,891)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,349,884)</u>	<u>\$ (717,600)</u>	<u>\$ (3,393,208)</u>	<u>\$ (2,675,608)</u>

(1) Refer to MD&A, Budgetary Highlights for budget variance explanations

SINGLE AUDIT REPORT

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

2701 Cottage Way, Suite 30 / Sacramento, California 95825/ 916.979.9079

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Fort Ord Reuse Authority
Marina, California

We have audited the basic financial statements of the Fort Ord Reuse Authority as of and for the year ended June 30, 2009, and have issued our report thereon dated October 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Fort Ord Reuse Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Fort Ord Reuse Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, federal awarding agencies, and the Office of the Controller of the State of California and is not intended to be and should not be used by anyone other than these specified parties.

Marcello & Company

Certified Public Accountants
Sacramento, California
October 2, 2009

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

2701 Cottage Way, Suite 30 / Sacramento, California 95825 / 916.979.9079

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Directors
Fort Ord Reuse Authority
Marina, California

Compliance

We have audited the compliance of the Fort Ord Reuse Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Fort Ord Reuse Authority's major program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Fort Ord Reuse Authority's management. Our responsibility is to express an opinion on the Fort Ord Reuse Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fort Ord Reuse Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Fort Ord Reuse Authority's compliance with those requirements.

In our opinion, the Fort Ord Reuse Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs, for the year ended June 30, 2009.

Internal Control over Compliance

The management of the Fort Ord Reuse Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Fort Ord Reuse Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Board of Directors
Fort Ord Reuse Authority
Marina, California

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fort Ord Reuse Authority as of and for the year ended June 30, 2009, and have issued our report thereon dated October 2, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of management, federal awarding agencies, and the Office of the Controller of the State of California and is not intended to be and should not be used by anyone other than these specified parties.

Manuello & Company

Certified Public Accountants
Sacramento, California
October 2, 2009

FORT ORD REUSE AUTHORITY

Schedule of Expenditures of Federal Awards Year Ended June 30, 2009

<u>Description and Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF DEFENSE		
DEPARTMENT OF THE ARMY		
U.S. Army Corp of Engineers, HTRW Center of Expertise, Environmental Services Cooperative Agreement	12.xxx	\$ 23,263,514
Total Expenditures of Federal Awards		<u>\$ 23,263,514</u>

The accompanying Note to Schedule of Expenditures of Federal Awards is an integral part of this schedule

FORT ORD REUSE AUTHORITY
Note to Schedule of Expenditures of Federal Awards
June 30, 2009

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Fort Ord Reuse Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

FORT ORD REUSE AUTHORITY
Schedule of Findings and Questioned Costs
June 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

unqualified

Internal control over financial reporting:

- Material weaknesses identified ☐ Yes ☒ No
- Reportable conditions identified not considered to be material weaknesses ☐ Yes ☒ None reported

Noncompliance material to financial statements noted

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weaknesses identified ☐ Yes ☒ No
- Reportable conditions identified not considered to be material weaknesses ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs:

unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133

☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
12.xxx	U.S. Department of Defense - Department of the Army, U.S. Army Corp of Engineers – HTRW Center of Expertise, Environmental Services Cooperative Agreement

Dollar threshold used to distinguish between Type A and Type B programs

\$300,000

Auditee qualifies as low-risk auditee:

☒ Yes ☐ No

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Year – None
Prior Year - None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year -- None
Prior Year - None

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Administrative Committee report

Meeting Date: December 11, 2009

Agenda Number: 8a

INFORMATION

RECOMMENDATION:

Receive a report from the Administrative Committee

BACKGROUND/DISCUSSION:

The Administrative Committee met on November 18 and December 2, 2009. **The approved November minutes and the draft December minutes are attached** for your review. The committee is scheduled to meet two more times before 2010, December 16th and 30th, the latter due to an early board meeting in January.

FISCAL IMPACT:

Reviewed by the FORA Controller M. F. for I. B.

Staff time for the Administrative Committee is covered in the approved FY 09-10 budget.

COORDINATION:

Administrative Committee

Prepared by Linda L. Stiehl
Linda L. Stiehl

Approved by

Michael A. Houlemard, Jr.
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY

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MINUTES OF THE ADMINISTRATIVE COMMITTEE MEETING Wednesday, November 18, 2009

APPROVED

1. Call to Order

Chair Doug Yount called the meeting to order at 8:18 a.m. The following representatives from the land recipient jurisdictions, representing a quorum, were present:

*Nick Nichols - County of Monterey
*Ray Corpuz - City of Seaside

*Doug Yount – City of Marina
*Elizabeth Caraker – City of Monterey

Also present, as indicated by the roll sheet signatures, were:

Diana Ingersoll – City of Seaside
*Rob Robinson - BRAC
Jim Arnold – FORA
Sean Tillewan-- Marina Heights project
Jonathan Garcia – FORA
*Graham Bice – UC MBEST Center
Scott Hilk – Marina Community Partners
Andy Steabenz – Schaaf & Wheeler

*Kristen Hoschouer - TAMC
Bob Holden - MRWPCA
Tim O'Halloran – City of Seaside
Steve Endsley – FORA
*John Marker – CSUMB
Bob Schaffer – Marina Community Partners
*Jim Heitzman – Marina Coast Water District

* indicates a committee member

Voting board member jurisdictions not represented at this meeting were Salinas, Pacific Grove, Sand City, Del Rey Oaks, and Carmel.

2. Pledge of Allegiance

Chair Yount asked Tim O'Halloran, who agreed, to lead the Pledge of Allegiance.

3. Acknowledgements, announcements and correspondence

Chair Yount shared a trivia question.

4. Public comment period - none

5. Approval of November 4, 2009 meeting minutes

Motion to approve the November 4, 2009 meeting minutes was made by Graham Bice and seconded by Ray Corpuz. When no objections to the minutes were voiced, Chair Yount declared them approved as presented.

6. Follow-up to November 13, 2009 FORA board meeting

Director of Planning and Finance Steve Endsley reported there were no items requiring Administrative Committee follow-up.

7. Old Business

Item 7a – California Coastal Water Project (“CCWP”): (i) Update presentation by Marina Coast Water District and (ii) Discuss status of Final Environmental Impact Report: Marina Coast Water District General Manager Jim Heitzman spoke from slides in a PowerPoint presentation, which consisted of a number of graphics, photos, and bar graphs. The topics covered included the following: (1) the project's initial phase, which took advantage of three existing initiatives; (2) the desalination supply viewed as a mix of ocean water and intruded groundwater, illustrating that diverse supplies ensure reliability; (3) the slowing of seawater intrusion since the implementation of CSIP; (4) the Water for Monterey County project's capability to provide a sustainable regional water supply; (5) how the proposed CCWP will utilize intruded groundwater and restore the aquifer by creation of coastal wells and the resulting troughs that will protect the basin from seawater intrusion caused by lowered groundwater elevations; (6) a detailed analysis confirming the cleanup of the 180-foot aquifer; (7) a graphic showing how CSIP recycled water deliveries will improve groundwater levels and slow intrusion; (8) the impacts of desalination intake wells, which will be localized; (9) the use of desalinated water to enhance storage in Zone 2C; (10) the use of the Seaside Basin to provide storage which will improve reliable water supplies; (11) locating the proposed facilities to take advantage of green power and brine disposal benefits; (12) use of the existing outfall to provide an effective means for brine disposal; (13) figures showing the significance of the desalination plant energy demands; (14) the production of methane gas in the environmental park, which will benefit three public agencies (MRWPCA, MRWMD and MCWD); (15) improved handling of biosolids can result in more energy potential; (16) cost saving potential of MRWMD's landfill power production; (17) consideration of solar panels and wind power as additional renewable energy sources; (18) the production of landfill gas to provide sustainable, reliable green power for the desalination project; (19) a bar graph showing that the CCWP is projected to provide needed water at a lower cost than the other proposed projects; and (20) the next steps in the process.

Mr. Endsley asked Mr. Heitzman how the Administrative Committee members could assist in moving this water project forward. Mr. Heitzman replied that all the affected cities, except Sand City, in the area have passed resolutions of support, and urged them to continue their support of the project. He said the Final Environmental Impact Report is now out in the public arena, and he would be happy to make presentations if requested. He added that certification of the project by the CA Public Utilities Commission is expected by December 17th, after which the County Board of Directors, the county water agencies, and others will be asked to reaffirm their support. He said things could move rapidly after that.

Item 7b - Habitat Conservation Plan (HCP) – status report, discussion and schedule of events: FORA's Senior Planner Jonathan Garcia reported that the pre-public draft is expected by November 30th. A meeting among the jurisdictions, including Terah Donovan, FORA's environmental consultant, will be set up shortly thereafter. He said updated HCP

documents, including the Draft Implementing Agreement, JPA agreement, and HCP ordinance/policy should be available about one week later. Chair Yount suggested a full working group meeting composed of FORA members, including attorneys, should be set during the second week in December, when all the HCP documents should be complete and in hand. He urged the group members to do a final review of the documents before this December meeting. The full HCP working group, including the regulators, has been scheduled to meet on December 16th. Chair Yount added that information would then be given to the permit completion working group, composed of resource agency directors in Sacramento, USFWS counterparts, and FORA, for the final review and issue resolution. Mr. Endsley said the next permit completion working group would be scheduled in about two weeks. Review of the pre-public draft would be discussed at this meeting. He stressed the importance of the need for the FORA jurisdictions to be in full agreement before December 16th, which he did not expect to be a long meeting. He said the following step in the review process would begin when the regulators' solicitors receive the documents for review.

Item 7c – Status of Multi-Modal Transit Corridor Memorandum of Agreement ("MOA"): Senior Planner Jonathan Garcia reported that Marina and the California State University ("CSU") legal teams had several changes, which had been underlined in the current MOA draft. He said he received a comment from Don Bachman from TAMC regarding the recent changes that CSU has made to the agreement. Mr. Garcia connected Mr. Bachman with Jim Main at CSUMB to resolve the language issue. Mr. Endsley explained that CSUMB had requested reimbursement for the value of their easement, which presents a funding problem. He stressed that "we need an agreement saying we agree to agree" and offered to work with the parties to resolve the remaining issues. Chair Yount asked what the purpose of Section 1.5 was and questioned whether it states what "we want it to say," noting what had already been included in Section 1.3. Discussion followed. It was agreed to send out the TAMC/CSUMB negotiated language to all for final comments. Ray Corpuz recommended that the MOA not be returned to the Administrative Committee until full agreement among the parties had been obtained.

8. New Business

Item 8a – Approve 2010 committee meeting dates: When there were no comments or objections, Chair Yount declared the proposed 2010 meeting dates approved by unanimous consent.

9. Adjournment

Chair Yount adjourned the meeting at 9:25 a.m.

Minutes prepared by Linda Stiehl, Executive Assistant

FORT ORD REUSE AUTHORITY

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DRAFT

MINUTES OF THE ADMINISTRATIVE COMMITTEE MEETING Wednesday, December 2, 2009

1. Call to Order

Chair/Executive Officer Michael Houlemard called the meeting to order at 8:17 a.m. The following land recipient jurisdiction representatives, establishing a quorum, were present:

*Jim Cook - County of Monterey
*Ray Corpuz - City of Seaside
*Daniel Dawson – City of Del Rey Oaks

*Doug Yount – City of Marina
*Elizabeth Caraker – City of Monterey

Also present, as noted by the roll sheet, were:

*Rob Robinson - BRAC
Sean Tillemer– Marina Heights project
Jonathan Garcia – FORA
Mark Treanor – Graniterock Co.
Crissy Maras - FORA
Andy Sterbewz – Schaaf & Wheeler
Pat Ward – Bestor Engineers

Jim Arnold – FORA
Steve Endsley – FORA
*John Marker – CSUMB
Bob Schaffer – Marina Community Partners
*Brian True – Marina Coast Water District
*Vicki Nakamura – Monterey Peninsula College
Carl Niizawa – Marina Coast Water District

* indicates a committee member

Voting board member jurisdictions not represented at this meeting were Salinas, Pacific Grove, Sand City, and Carmel.

2. Pledge of Allegiance

Chair Houlemard asked Daniel Dawson, who agreed, to lead the Pledge of Allegiance.

3. Acknowledgements, announcements and correspondence - none

4. Public comment period - none

5. Approval of November 4, 2009 meeting minutes

Motion to approve the November 18, 2009 meeting minutes was made by Ray Corpuz, seconded by Daniel Dawson, and passed by consensus.

6. Review draft of December 11, 2009 FORA board meeting agenda and draft board reports

Chair Houlemard provided brief summaries of the agenda items. **Re agenda Item 5c: (Authorization to award the General Jim Moore Blvd. Phase V and Eucalyptus Rd. Phase II construction contract)**: Mr. Houlemard noted that the bubble chart attached to the General Jim Moore Boulevard status report in the November board packet had been corrected and was attached to the December board report. He remarked that the bids for the project had come in lower than expected, which resulted in excess grant funds. He said FORA staff is working with the Economic Development Administration ("EDA") to see if these funds could be used to fund other projects, instead of returning the money to the federal government. If EDA gives consent, the item will be returned to the January board meeting for approval. **Re agenda Item 6a [2009/10 mid-year Capital Improvement Program ("CIP") Report]**: Senior Planner Jonathan Garcia noted that Table 2 of the CIP – Transportation Network and Transit Elements highlighted the projects that have been shifted in priority. **Re agenda Item 7a (Veterans cemetery signage request)**: Mr. Houlemard announced that LFR, Inc. and Weston have offered to install the signs at their cost. **Re agenda Item 7b (FY 08-09 audit report)**: Mr. Houlemard said that copies of the audit report are being printed and will be distributed to the board members with the December 11th meeting packet. Others may request copies by calling the FORA office. **Item 8b (Legislative Committee report)**: Mr. Houlemard said this committee could not achieve a quorum for the November 30th meeting, so it was canceled. The main item was to be a strategic discussion on how to appropriately handle the draft legislative language regarding modifications to the state redevelopment laws. Staff will move the item forward in the meantime.

7. Old Business

Item 7a - Habitat Conservation Plan ("HCP") – status report: FORA's Senior Planner Jonathan Garcia reported that the pre-public draft is expected to arrive at FORA on December 4th. He said a meeting of the jurisdictions' working group, including their attorneys, had been scheduled from 9:00 – 12:00 on December 10th in the FORA Barn. Mr. Garcia will distribute the HCP documents as soon as possible to allow adequate time for review by the committee members.

Item 7b – Annual habitat monitoring reports: Senior Planner Jonathan Garcia reminded all those with habitat reserves/parcels on former Fort Ord must have their annual monitoring reports turned in to Eric Morgan at the Bureau of Land Management by December 31, 2009. This is a requirement in the Fort Ord Habitat Management Plan.

Item 7c – 2010/2011 development projections due from the jurisdictions: Chair Houlemard urged the land recipient jurisdictions to meet with their developers to determine development forecasts, so they could be passed on to FORA for inclusion in the 2010/2011 Capital Improvement Program, which FORA is gearing up to update. Doug Yount asked for a clarification of the bids for the General Jim Moore Blvd. Phase V and Eucalyptus Phase II construction project, noting that the low bid was \$6.6 million, while the grant was for \$6.5

million. Mr. Houlemard stated that the grant funds could be used only for actual construction. Since the low bid was much lower than anticipated, excess funds have resulted. It was now a matter of finding other construction projects in order to keep the funds at former Fort Ord. He will discuss the possible projects to add to the grant with the Executive Committee, while coordinating a plan acceptable to EDA, the funding agency. Mr. Yount asked about the status of the Multi-Modal Transit Corridor. Mr. Houlemard and Mr. Garcia provided the details and said the remaining issues are near full resolution.

8. New Business - none

9. Adjournment

Brian True from Marina Coast Water District ("MCWD") introduced Carl Niizawa, their new deputy manager and district engineer to the members.

Chair Houlemard adjourned the meeting at 8:42 a.m.

Minutes prepared by Linda Stiehl, Executive Assistant

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Executive Officer's travel report	
Meeting Date: December 11, 2009	INFORMATION
Agenda Number: 8b	

RECOMMENDATION:

Receive an informational travel report from the Executive Officer

BACKGROUND/DISCUSSION:

The Executive Officer regularly submits reports to the Executive Committee providing details of his travel requests, including those by the Fort Ord Reuse Authority ("FORA") staff and board members. Travel expenses may be paid or reimbursed by FORA, outside agencies/ jurisdictions/ organizations or a combination of these sources. The Executive Committee reviews and approves these requests, accordingly, and the travel information is reported to the Board as an informational item.

~Trip to Albuquerque, NM, to attend the Association of Defense Communities ("ADC") Winter Forum (February 20- 24, 2010): Executive Officer Houlemard serves as president of this national organization and will participate in a number of capacities during this forum, including presiding over plenary meetings, chairing the quarterly board meeting, meeting with officials from the military, the federal government and others involved in the redevelopment of closed or realigned bases. Lodging and some meals will be covered by ADC; and airfare, transportation, certain meals and other expenses will be reimbursed according to the FORA travel policy.

~Travel to San Antonio, TX, to participate in the International Economic Development Council ("IEDC") peer review accreditation of Brooks Development Authority (likely dates will be sometime in January). Expenses will be reimbursed by the IEDC. If any are not paid but are covered by the FORA travel policy, FORA will provide reimbursement.

FISCAL IMPACT:

Reviewed by FORA Controller M. F. for I. B.

The FORA expenses mentioned above will either be (1) covered in the approved FY 09-10 budget and reimbursed according to FORA's travel policy or (2) reimbursed by another entity.

COORDINATION:

Chair/Mayor Rubio, Executive Committee, and ADC staff

Prepared by Linda L. Stiehl Approved by Michael A. Houlemard, Jr.
Linda L. Stiehl Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Status update of outstanding receivables

Meeting Date: December 11, 2009

Agenda Number: 8c

INFORMATION

RECOMMENDATIONS:

Receive a report regarding Fort Ord Reuse Authority ("FORA") outstanding receivables.

BACKGROUND/DISCUSSION:

This report updates the outstanding receivables as of November 30, 2009.

1. Del Rey Oaks ("DRO") annual Pollution Legal Liability ("PLL") loan payments.

The DRO project developer, Federal LLC, had been delinquent for two annual insurance premium payments totaling \$467,046. To prevent losing PLL coverage, DRO paid the remaining 08-09 premium. The \$256,023 09-10 premium is outstanding.

- ❖ Staff has been working with DRO to create a payment agreement for the 09-10 PLL premium as DRO has tentatively agreed to equal monthly payments through June 2010.

2. Association of Monterey Bay Area Governments ("AMBAG") Land sale proceeds and expenses.

In November 2007, FORA sold an Imjin Office Park parcel ("IOP") to AMBAG for \$266,408. In addition to a down payment, AMBAG requested to pay the balance in three annual installments. FORA and AMBAG memorialized that provision with a note that provides for 7% annual interest. AMBAG has not made payment against the note and owes FORA \$14,686 for pre-construction costs.

- ❖ Marina Coast Water District ("MCWD") and AMBAG entered into a sales contract to transfer AMBAG's IOP parcel to MCWD. The escrow has not closed as of November 30, 2009. However, the escrow is expected to close within the next few days. Upon closing of escrow, FORA will receive \$171,288 in principle and approximately \$24,000 in interest for payment of AMBAG's note. FORA will also receive \$14,686 in reimbursement for AMBAG's portion of pre-construction costs advanced by FORA.

FISCAL IMPACT:

A negative impact on FORA's net revenues as FORA expends general fund resources, incurring debt, until these receivables are collected.

COORDINATION:

Executive Committee.

Prepared by *Ivana Bednark*
Ivana Bednark

Approved by *Michael A. Houlemard, Jr.*
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Habitat Conservation Plan - status report

Meeting Date: December 11, 2009

Agenda Number: 8d

INFORMATION

RECOMMENDATION(S):

Receive a status report regarding the Habitat Conservation Plan ("HCP") and State of California 2081 Incidental Take Permit ("2081 permit") preparation process.

BACKGROUND:

FORA, with the support of its member jurisdictions and consultant team, is on a path to complete a basewide HCP and 2081 permit in early 2011, which will result in the US Fish and Wildlife Service ("USFWS") and California Department of Fish and Game ("CDFG") issuing federal and state permits. Chair/Mayor Ralph Rubio, 1st Vice Chair/Supervisor Dave Potter, Executive Officer Michael A. Houlemard, Jr., and Director of Planning and Financing Steve Endsley ("FORA's legislative representatives") met in Sacramento with California Resources Secretary Mike Chrisman on June 25 and 26, 2009 to develop a critical path forward. A product of these meetings was to form a Permit Completion working group, comprised of department heads from CDFG, USFWS, State Parks, and FORA, to resolve outstanding issues and ensure completion of the HCP and 2081 permit on schedule.

DISCUSSION:

FORA has held staggered monthly meetings of the Permit Completion and HCP working groups in addition to attending meetings hosted by its member jurisdictions to assist their review of the draft HCP documents. These coordination efforts are bearing fruit as USFWS and Bureau of Land Management ("BLM") issues, CDFG and State Park issues, and CDFG and BLM issues are moving toward resolution. Jones & Stokes, FORA's HCP consultant, will complete a final administrative draft HCP by December 4, 2009. CDFG, USFWS, and FORA member jurisdictions will have a final six-week comment and review period before Jones & Stokes begins preparing the final HCP draft. This review period is the next critical milestone to completing the HCP. Meetings are scheduled in early December to facilitate review of the revised draft documents.

FISCAL IMPACT:

Reviewed by FORA Controller M. F. for I. B.

Funding for this item was included in the FY 07 and 08 budgets and was carried over to the FY 09 budget. The Board increased the contract for Jones & Stokes by \$81,023 at its March 13, 2009 meeting, using previously approved budget authority.

COORDINATION:

Executive Committee, Administrative Committee, Legislative Committee, Coordinated Resources Management and Planning Team, USFWS and CDFG personnel, Jones & Stokes, DD&A, and various development teams.

Prepared by Jonathan Garcia Reviewed by Steve Endsley
Jonathan Garcia Steve Endsley
Approved by Michael A. Houlemard, Jr.
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Approved 2010 Fort Ord Reuse Authority meeting dates

Meeting Date: December 11, 2009

Agenda Number: 8e

INFORMATION

RECOMMENDATION:

Receive the approved 2010 Fort Ord Reuse Authority ("FORA") meeting dates

BACKGROUND/DISCUSSION:

Section 2.02.010(a) of the FORA Master Resolution states that the "regular meetings of the Authority Board shall be held on the second Friday of each and every month, commencing at the hour of 3:30 pm." Section 2.02.010(b) notes that if the meeting date falls on a holiday, the second Friday should be considered. If a quorum cannot be achieved for any reason, another date is selected.

Each October or November, the Executive Committee reviews the dates before sending a recommendation of approval to the full board. This year the Board approved the meeting dates on the **attached** sheet at the November 13, 2009 meeting. Board members and their support staffs will find the attached helpful in marking your 2010 calendars; you might also want to file it for future reference. These dates will be uploaded on the FORA website (www.fora.org), should you have need to confirm a date. Please contact the FORA receptionist at 831-883-3672, if you have further questions.

Once the board meeting dates are approved, the FORA committees can set their meeting dates, which will also be distributed to the respective members and uploaded on the FORA website.

FISCAL IMPACT:

Reviewed by the FORA Controller M. F. for I.B.

Staff time for preparing the annual meeting dates is covered in the approved FY 09-10 budget.

COORDINATION:

Executive Committee

Prepared by Linda L. Stiehl
Linda L. Stiehl

Approved by

Michael A. Houlemard, Jr.
Michael A. Houlemard, Jr.



Fort Ord Reuse Authority

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YEAR 2010 FORA BOARD MEETING DATES

(approved by the Board on November 13, 2009)

JANUARY 8

JULY 9

FEBRUARY 11 (Thursday)

AUGUST 13

MARCH 12

SEPTEMBER 10

APRIL 9

OCTOBER 8

MAY 14

NOVEMBER 12

JUNE 11

DECEMBER 10

Board meetings are usually held on the 2nd Friday of each month and usually begin at 3:30 pm, unless otherwise noticed/announced. They are held in the FORA Conference Facility/Monterey Bridge Center, located in Building 2925 (102 13th Street, Marina) on the former Fort Ord. **Meeting dates and times are subject to change.** Please call the FORA office for up-to-date information or check the FORA website (www.fora.org) or the posted or published public notices for any changes.