

MINUTES
of the
FORT ORD REUSE AUTHORITY
BOARD OF DIRECTORS' MEETING
Carpenters Union Hall – 910 Second Ave., Marina
February 11, 2011

1. CALL TO ORDER

With a quorum present, Chair/Supervisor Dave Potter called the February 11, 2011 Board of Directors meeting to order at 2:30 p.m.

Voting members present:

Supervisor Dave Potter (County of Monterey)
Supervisor Jane Parker (County of Monterey)
Supervisor Lou Calcagno County of Monterey)
Mayor Jerry Edelen (City of Del Rey Oaks)
Councilmember Tony Barrera (City of Salinas)

Mayor Sue McCloud (City of Carmel-by-the-Sea)
Mayor Pro-Tem Bill Kampe (City of Pacific Grove)
Councilmember Frank O'Connell (City of Marina)
Councilmember David Brown (City of Marina)
Councilmember Jan Oglesby (City of Seaside)

Arriving after the roll call were: Councilmember Nancy Selfridge (City of Monterey), Mayor David Pendergrass (City of Sand City), and Mayor Felix Bachofner (City of Seaside)

Jim Cook (County of Monterey) replaced Supervisor Lou Calcagno who left the meeting at 4:20 p.m.

Ex-Officio members present:

Graham Bice (University of California Santa Cruz), John Marker (California State University Monterey Bay), Vicki Nakamura (Monterey Peninsula College), Mike Gallant, (Monterey-Salinas Transit), Dan Burns (Marina Coast Water District), Dan Albert, Jr. (Monterey Peninsula Unified School District), and Don Bachmann (Transportation Agency Monterey County).

Absent were representatives from Monterey Peninsula College, 17th Congressional District, 15th State Senate District, and 27th State Assembly District.

Ex-Officio members arriving after the roll call were: COL Brewer (United States Army), Gail Youngblood (Base Realignment and Closure - BRAC), and Debbie Hale (Transportation Agency of Monterey County - TAMC).

2. PLEDGE OF ALLEGIANCE – Chair Potter lead the Pledge of Allegiance.

3. SPECIAL WORKSHOP – Capital Improvement Program – Community Facilities District tax/fee. The members of the Board spent the first hour of the meeting with a presentation from David Zendher, consultant with EPS, and discussing the Capital Improvement Program (“CIP”) as follows:

Q and A session:

1. **Question:** How does an Option 2 fee reduction affect Transportation/Transit funding and Habitat Management funding?

Answer: David Zendher, EPS Consultant (“DZ”) – It may mean a reduction in CFD fee collections in the near-term, but may help to stimulate development in near-term. If keep the fees high and no development occurs, we effectively stand still.

2. **Question:** What is envisioned to happen after 2 years of the lower fee? Will the fee go back up to its previous level?

Answer: DZ – The goal of a Phase II study would be to answer the question of what the long-term fee structure should be. From my analysis, I would conjecture that the result of the study would not be a return to the current fee level. There is a degree of uncertainty with FORA's transition in 2014, HCP endowment costs, and the future of redevelopment agencies' tax increment funding, but that is my opinion after reviewing FORA's CIP.

3. **Question:** Which developers are ready to proceed with their projects in the next 2 years? Is it desirable to not let a developer pull all of their permits during the 2-year period?

Answer: MH (Michael Houlemard)– Marina Heights, the Dunes on Monterey Bay, East Garrison, the Seaside Resort project, and possibly the Seaside Main Gate could pull permits within the 2-years. DZ – Typically, it is not advisable to limit a developer in their ability to pull building permits. Before a permit is pulled, the FORA fee must be paid.

4. **Question:** If we find that we need additional funding for the HCP endowment, can we raise the fee?

Answer: DZ – That is the major advantage of having a CFD special tax. You have flexibility to raise the fee in the future if necessary.

5. **Question:** Were land sale and tax increment funding sources considered? Are you thinking that land sale funding will just be enough to pay for FORA's Building Removal obligation?

Answer: DZ – Yes. Land sales and tax increment were considered. There is a degree of uncertainty with these funding sources due to the State of California's budget proposal and land sales residuals being significantly lower since the recent recession. However, lowering the fee would help improve land sales revenues. On the second question, yes, we are thinking that land sales funding will be enough to fund FORA's Building Removal obligation. It might be worthy of further analysis to see if land sales could be a potential FORA CIP funding source going into the future.

6. **Question:** Is affordable housing hurt by the proposed fee reduction?

Answer: DZ – No. We believe a fee reduction would help affordable housing development. Mid-Peninsula Housing Coalition – one of the affordable housing developers on the base – read a letter into the record last month saying that they supported the fee reduction because it would help their project.

7. **Question:** What about those developers who won't benefit in this 2-year period?

Answer: DZ – The Phase II study would address this issue. The sooner that process can be worked through, the sooner FORA can provide additional certainty to the development community.

Motion requesting staff to address the following issues was made by Mayor McCloud, seconded by Supervisor Parker and carried unanimously.

1. Could reducing the fee result in legal issues (CEQA and FORA Consistency Determinations)?
2. Could there be a policy change allowing the use of land sales revenues for the CIP?
3. How would a fee reduction affect phasing of transportation/transit expenditures (work with TAMC)?
4. Fairness/equity issue: Which projects are entitled/likely to go forward in the next 2 years and how would projects that cannot go forward in the next 2 years be affected by the fee reduction?
5. What would happen if the HCP endowment ends up higher than expected?
6. How long would it take to execute an Option 2 fee reduction? What steps are involved?
7. Is it desirable for a project to pull all of its building permits in the 2-year period? Would the lower fee incentivize existing developers to build units that the consumer may not want to buy (given a consumer trend towards smaller, less expensive units)?
8. What are the various options for the 2014 transition of FORA and how might those choices affect the FORA CIP?
9. What might be the scope and schedule of a Phase II CIP review study?

4. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE** – Chair Potter acknowledged former board member and Monterey County Supervisor Ila Mettee-McCutchon, Councilmember Tony Barrera, City of Salinas and David Brown, City of Marina.
5. **PUBLIC COMMENT PERIOD** – Chuck Lande representing Marina Heights had a clarification about the CIP fee reduction. He said that the equity question was only raised by one development community representative and those concerns were addressed when they understood that the proposed fee reduction would still ensure that the road serving their project gets built. Chair Potter responded that the comment was appreciated, but it would have been more appropriate to voice such comments during the public comment period for item 3.
6. **CONSENT AGENDA** – January 14, 2001 FORA Board Meeting Minutes **Motion to approve the Consent Agenda was made by Supervisor Parker seconded by Mayor McCloud and carried.**
7. **OLD BUSINESS** – Eastside Parkway – Executive Officer Houlemard presented this item. He noted that Eastside Parkway was FORA's highest priority CIP transportation project and the design has not yet been completed. Mr. Houlemard said that staff has identified available tax increment funding to begin the roadway design. Senior Project Manager James Arnold clarified the selection process and the consultant selected to complete the design was Whitson Engineers, who has already begun preliminary roadway design work under FORA's Office of Economic Adjustment Grant. Supervisor Calcagno commented too much funding and effort is being applied to transportation projects within former Fort Ord, while the burden on roadway arteries, such as Blanco Road, Reservation Road, and Davis Road (heading toward Salinas) are not taken care of. He said this is creating an unacceptable burden on Davis and Blanco Roads and he is concerned about the priorities. Supervisor Calcagno also wanted to know when the bridge over Davis Road would be completed. Supervisor Calcagno asked another question about which roads were (four lanes) in the Attachment A road alignment map to the MOA? Mr. Arnold answered the question and stated that FORA would work with the consultant on revising the map to delineate which roads were two lanes and which roads were four lanes. Mr. Arnold noted that the widening of David Road is a part of FORA's CIP expenditure plan and FORA will meet those obligations. Mr. Houlemard also noted that FORA will continue to work with TAMC on this issue. Supervisor Parker asked about the design of Eastside Parkway. Where do the two lanes end and the four lanes begin? Where will the bike lanes be located? Will the bike lanes be throughout the entire roadway? Mr. Arnold clarified that the entire roadway will be two lanes except for the portion in parcel L5.7, which is adjacent to Intergarrison Road and is planned to be 4 lanes. The roadway design would include 8-foot wide shoulders on each side of the road. These areas of the roadway would be committed to "Class B" (also referred to as Class II) bike lanes throughout the entire roadway. Chair Potter opened up this to public comment and there was none, Public Comment period closed. Mr. O'Connell noted that the agreement was not in the packet and questioned authorizing the amendment. Mr. Houlemard asked that the Board postpone taking an action until next month. Chair Potter asked for the motion to postpone item a. Approve consultant selection and authorize funding for design, and to accept b.: Report on Memorandum of Agreement. **Motion was made by Frank O'Connell, Supervisor Parker seconded, motion passed.**
8. **NEW BUSINESS** – Item 8a – FORA mid-year budget – Executive Officer Houlemard reviewed the mid-year budget noting budget adjustments which both decrease expenditures (Eastside Parkway design is ahead of schedule) savings in salaries and benefits, and increase in reserve account. Supervisor Potter questioned that \$50,000 seemed high for FORA's contribution to the UCMBEST Visioning Consultant contract. Executive Officer Houlemard clarified that the Board authorized

FORA's contribution to this item at 40% of the contract cost, up to \$50,000, when they approved the reimbursement agreement last month. He stated that FORA's colleagues at UC would be cognizant of FORA's desire that a fair and reasonable contract be negotiated with the consultant. UC is aware that, if contract costs go above FORA's contribution level, UC would have to fund excess costs. **Supervisor Parker made a motion to accept the report, with a second by Mayor Pro-Tem Bill Kampe and the motion carried unanimously.**

Item 8b – Confirmation of Chair's 2011 FORA committee appointments – Supervisor Parker made a motion to accept the committee appointments as noted. Mayor Pro Tem Frank O'Connell seconded and the motion carried.

9. **EXECUTIVE OFFICER'S REPORT** - Executive Officer Houlemard stated that all of the items in the Executive Officer's Report Item 9a Governor's proposed elimination of redevelopment; Item 9b Administrative Committee - report; Item 9c Finance committee - report; Item 9d Habitat Conservation plan – status report; Item 9e Travel Report – 2011 State Legislative Mission to Sacramento (January 23-24); Item 9f Outstanding Receivables – update; stood as information items however he highlighted the following:

Item 9a Mr. Houlemard authored a letter addressed to Governor Brown regarding the importance of his consideration of redevelopment as it relates to military base closures in California. Mayor Bachofner requested the resolution be amended to clarify military base closures as he supports the Governor's decision regarding the elimination of redevelopment agencies, just not the elimination of the tax increment funding that supports military base closures. **Motion was made by Mayor McCloud, seconded by Councilmember Oglesby, and the motion passed.** Item 9b Mr. Houlemard noted that the minutes of recent Administrative Committee meetings were attached. Item 9c Mr. Houlemard reported that the Finance Committee reviewed the mid-year budget during their meeting this month. Items 9d and 9e Mr. Houlemard reported that he, Chair Potter, Acting Assistant Executive Officer Endsley, and Authority Counsel Bowden met with California Natural Resources Secretary John Laird (Chief of the California Department of Fish and Game ("CDFG") and State Parks) regarding CDFG's inability provide comments on the draft HCP over the last 14 months. They also had a positive meeting with representatives from the California Department of Veterans Affairs regarding funding the Veterans cemetery endowment. However, it appears that there is more work to do to secure cemetery funding. Item 9f Mr. Houlemard reported on the outstanding receivables stating that the City of Seaside has made their first payment toward the tax increment owed FORA. Similar agreements have been requested by other cities and the Executive Committee will review those at next month's meeting. Mayor Edelen reported that the City of Del Rey Oaks is currently negotiating with Rabobank to pay off their debt within the next month and stated his appreciation of the Board's willingness to work with his City as this item is being resolved. Supervisor Parker asked a question regarding the FORA Community Facilities District ("CFD") Fee and the tax increment underpayment and the mechanism for collecting those fees. Mr. Houlemard explained that the tax increment underpayment was discovered during the audit to comply with the Board's request to verify revenue for tax increment payments under the CIP review. As a consequence, adjustments were made from previous years by the City of Seaside and the City of Marina. He stated the County was converting from one format to another format and there were inconsistencies in what was reported to the individual jurisdictions and to FORA. FORA Controller Ivana Bednarik stated that FORA staff met with the County Auditor this past fall in preparation for the tax increment audit. FORA is now receiving the same information as the base Redevelopment Agencies ("RDA") (Cities and the County) through the County Auditor. Mr. Houlemard said that, with respect to the CFD fees, these are collected from private sector developers before local building departments issue building permits. In a few instances along Neeson Road in Marina, the City did not assess CFD fees at the time the permits were issued. City of Marina legal counsel and FORA legal counsel are working together to resolve the issue. Chair Potter stated that all remaining items

b through g would be approved at one time. Item 9g Representing the Bureau of Land Management ("BLM") were Eric Morgan, Mark Conley, and Rick Cooper. Mr. Conley gave a presentation on the National Landscape Conservation System and discussed possible designation of BLM's public lands at the former Fort Ord. **Motion was made by Mayor McCloud to approve the remaining items on Item 9, seconded by Councilmember Brown, and the motion passed.**

10. ITEMS FROM MEMBERS – None

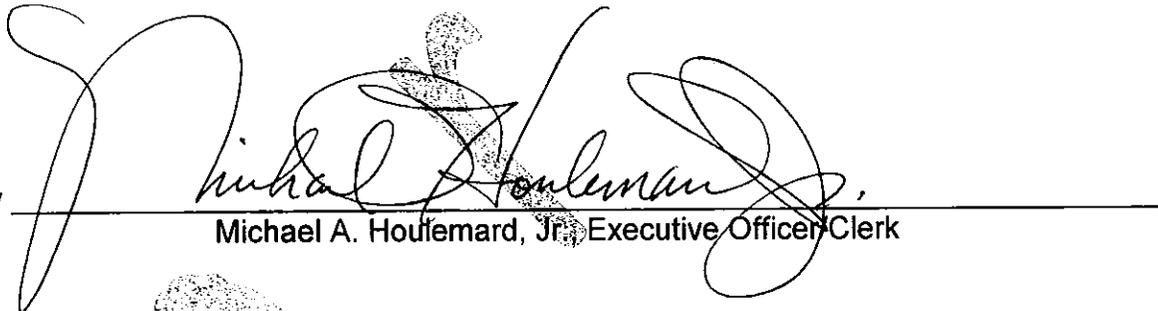
11. CLOSED SESSION – There were two items on the Closed Session agenda – a. Preston Park Sale, which included a conference with real property negotiators; and b. Potential litigation which included a conference with real property negotiators.

12. REPORT OUT OF CLOSED SESSION BY AUTHORITY COUNSEL – The FORA Board met and discussion was had and direction given in the Preston Park matter and other potential litigation.

13. ADJOURNMENT – Being no further business, Chair Potter adjourned the meeting at 5:55 p.m.

Minutes prepared by Daylene Alliman, Deputy Clerk

Approved by



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