FORA Phase II Capital Improvement Program Review

presented to

Fort Ord Reuse Authority

presented by

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Economic & Planning Systems, Inc.

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Presentation Overview

- Phase II Rationale
- Phase II CIP Review Process
- Formulaic Approach – Key Elements/Summary of Results
- Issues & Areas of Analysis
- Next Steps & Ongoing Work
- Conclusion – Questions and Input
Phase II CIP Study Rationale

- Evaluate variables impacting CFD funding
- Maintain infrastructure financing stability
- Reduce project financing uncertainty from several variables
  - FORA Sunset
  - Development Forecast/Schedule
  - Habitat Endowment Cost
  - Property Tax Share Post 2020
  - TAMC Transportation Reallocation

- Implementation Agreement Amendment
  - Consistent/predictable approach for FORA, member jurisdictions, development community, and citizens
  - Share of property tax to land use jurisdictions
Formulaic Approach – Key Elements

- **Purpose** = a more predictable methodology for adjusting the Policy & CFD Special Tax
- **Integral Features:**
  - Calibrates existing financing tools
  - Defined, transparent and predictable process
  - Fair, equitable, and proportional application of facts
  - Fiscally prudent adjustments limiting FORA/member jurisdictions’ risk
Phase II CIP Review Process

**STEP 1**
Determine total remaining CIP Costs (Equals the Sum of all CIP Cost Components)

**STEP 2**
Determine the sources and amount of funds:
- Fund Balances
- Grant Monies
- Loan Proceeds
- CSU Mitigation Fees
- Land Sales / Lease Revenues
- FORA Property Tax Revenues

**STEP 3**
Determine **Net Costs** funded through Policy and CFD Special Tax Revenues

\[
\text{(Net Costs} = \text{Step 1} - \text{Step 2})
\]

**STEP 4**
Calculate Policy and CFD Fee Revenue (Using prior year rates and reuse forecast)

**STEP 5**
Adjust Policy and CFD Special Tax (as necessary)
(by comparing Step 3 with Step 4)
## Summary of Results

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Basis</th>
<th>Existing Rate</th>
<th>Preliminary Adjusted Rate</th>
<th>Difference</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Residential</td>
<td>per du</td>
<td>$34,610</td>
<td>$26,440</td>
<td>($8,170)</td>
<td>-23.6%</td>
</tr>
<tr>
<td>Existing Residential</td>
<td>per du</td>
<td>$10,406</td>
<td>$7,950</td>
<td>($2,456)</td>
<td>-23.6%</td>
</tr>
<tr>
<td>Office &amp; Industrial</td>
<td>per acre</td>
<td>$4,536</td>
<td>$3,470</td>
<td>($1,066)</td>
<td>-23.6%</td>
</tr>
<tr>
<td>Retail</td>
<td>per acre</td>
<td>$93,545</td>
<td>$71,470</td>
<td>($22,075)</td>
<td>-23.6%</td>
</tr>
<tr>
<td>Hotel</td>
<td>per room</td>
<td>$7,718</td>
<td>$5,900</td>
<td>($1,818)</td>
<td>-23.6%</td>
</tr>
</tbody>
</table>

Sources: FORA and EPS.

"prel_tax"
Issues and Areas of Analysis

• Development Forecasts
  – Formula applies currently adopted CIP FY 2012/13 buildout schedule
  – Effect of 2012 Reassessment Study

• Property Tax Revenues
  – Real estate values predicated on historical development sales and are occurring after July 1, 2012
  – Coordinated with County staff to determine estimated FORA property tax revenues
Issues and Areas of Analysis

• Land Sale Revenues
  – Evaluated land eligible for private ownership and in current CIP buildout schedule.
  – Estimated transaction values based upon Fort Ord land transactions to date.
  – Future revenues offset by obligations (caretaker costs, FORA costs, petitions, etc).

• Habitat Conservation Plan
  – Evaluated CFD funds available for endowment requirements.
  – Assumes 4.5% payout rate.
  – Payout rate sensitivity analysis:
    ➢ 2% Payout Rate
    ➢ 3% Payout rate
## Detailed Results – CIP and Other Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remaining Capital Improvement Program and Other Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation/Transit</td>
<td>a</td>
<td>$112,699,000</td>
</tr>
<tr>
<td>Water Augmentation - CEQA mitigation</td>
<td>b</td>
<td>$23,526,000</td>
</tr>
<tr>
<td>Water Augmentation - voluntary contribution</td>
<td>c</td>
<td>$21,655,000</td>
</tr>
<tr>
<td>HCP Endowment</td>
<td>d</td>
<td>$36,340,000</td>
</tr>
<tr>
<td>HCP Endowment Contingency</td>
<td>e</td>
<td>$18,800,000</td>
</tr>
<tr>
<td>Fire Fighting Equipment</td>
<td>f</td>
<td>$232,000</td>
</tr>
<tr>
<td>Contingency (MEC, Soil mgt. plans, insurance retention, etc.)</td>
<td>g</td>
<td>$16,905,000</td>
</tr>
<tr>
<td>Additional Utility and Storm Drainage Costs</td>
<td>h</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>Other Costs (PLL Insurance)</td>
<td>i</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Other Costs (CFD Administration)</td>
<td>j</td>
<td>$2,240,000</td>
</tr>
<tr>
<td><strong>Subtotal CIP Expenditures</strong></td>
<td>k = sum (a to j)</td>
<td>$238,897,000</td>
</tr>
<tr>
<td>Preston Park Loan Repayment</td>
<td>l</td>
<td>$18,200,000</td>
</tr>
<tr>
<td>Developer Fee Repayment to Land Sale Revenue Account</td>
<td>m</td>
<td>$7,627,000</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>n = k + l + m</td>
<td>$264,724,000</td>
</tr>
</tbody>
</table>
## Detailed Results – Estimated Sources of Funds

<table>
<thead>
<tr>
<th>Item</th>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated Sources of Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Existing Fund Balances</td>
<td>o</td>
<td>$1,345,000</td>
</tr>
<tr>
<td>Existing Fund Balance for HCP Endowment</td>
<td>p</td>
<td>$4,596,000</td>
</tr>
<tr>
<td>Grants</td>
<td>q</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>CSU Mitigation Fees</td>
<td>r</td>
<td>$327,000</td>
</tr>
<tr>
<td>Loan Proceeds</td>
<td>s</td>
<td>$0</td>
</tr>
<tr>
<td>Land Sale Revenues</td>
<td>t</td>
<td>$55,782,000</td>
</tr>
<tr>
<td>FORA Property Tax Revenues</td>
<td>u</td>
<td>$15,760,000</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>v</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td>w = sum (o to v)</td>
<td>$78,810,000</td>
</tr>
</tbody>
</table>
# Detailed Results – CFD Special Tax Rate Adjustment

<table>
<thead>
<tr>
<th>Item</th>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditures</td>
<td>( n = k + l + m )</td>
<td>$264,724,000</td>
</tr>
<tr>
<td>Total Sources of Funds</td>
<td>( w = \text{sum (o to v)} )</td>
<td>$78,810,000</td>
</tr>
<tr>
<td>CFD Special Tax Revenue Required</td>
<td>( x = n - w )</td>
<td>$185,914,000</td>
</tr>
</tbody>
</table>

**FORA CFD Special Tax Revenue Summary**

- Estimated Maximum Policy & CFD Special Tax Revenue: \( y \), $243,200,000
- Net Cost Funded by Policy and CFD Special Tax Revenue: \( z = x \), $185,914,000
- CFD Special Tax Required as a % of Maximum: \( aa = z / y \), 76.4%

**Adjustment Factor Applied to Prior Year CFD Special Tax Rate**

(Rounded) 76.4%
Next Steps and Ongoing Analysis

• FY 2013/14 CIP Update
  – Updated development forecast.
  – Updated capital improvement program assumptions.
  – Determine treatment of development and improvements beyond FORA’s legislated sunset.

• Habitat Conservation Plan
  – Approval expected in 2014

• Update Schedule
  – **FY 12/13:** Phase II Study and Recommend New FORA Development Fee and CFD Special Tax.
  – **FY 13/14:** Update Development Forecast and CIP. 2\(^{nd}\) Fee Formula Calculation.
  – **FY 15/16:** 3\(^{rd}\) Comprehensive Fee Formula Calculation.
  – **Annually:** Index Development Fee and CFD based on ENR CCI.
  – **Ongoing:** Special Cases or Circumstances
Conclusion

• Questions and Input