



# FORT ORD REUSE AUTHORITY

## REGULAR MEETING

### FORT ORD REUSE AUTHORITY (FORA) BOARD OF DIRECTORS

Friday, April 13, 2018 at 2:00 p.m. | 910 2<sup>nd</sup> Avenue, Marina, CA 93933 (Carpenters Union Hall)

## AGENDA

**ALL ARE ENCOURAGED TO SUBMIT QUESTIONS/CONCERNS BY NOON APRIL 12, 2018.**

#### 1. CALL TO ORDER

#### 2. PLEDGE OF ALLEGIANCE *(If able, please stand)*

#### 3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE

#### 4. CLOSED SESSION

- a. Conference with Legal Counsel – Gov. Code 54956.9(a): Marina Community Partners, LLC v. Fort Ord Reuse Authority, Monterey County Superior Court, Case No.: 18CV000871
- b. Conference with Legal Counsel – Gov. Code 54956.9(a): Keep Fort Ord Wild v. Fort Ord Reuse Authority, Monterey County Superior Court, Case No.: 17CV004540
- c. Conference with Legal Counsel – Gov. Code 54956.9(d): one matter of significant exposure to litigation.

#### 5. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

#### 6. ROLL CALL

*FORA is governed by 13 voting members: (a) 1 member appointed by the City of Carmel; (b) 1 member appointed by the City of Del Rey Oaks; (c) 2 members appointed by the City of Marina; (d) 1 member appointed by Sand City; (e) 1 member appointed by the City of Monterey; (f) 1 member appointed by the City of Pacific Grove; (g) 1 member appointed by the City of Salinas; (h) 2 members appointed by the City of Seaside; and (i) 3 members appointed by Monterey County. The Board also includes 12 ex-officio non-voting members.*

#### 7. CONSENT AGENDA

#### INFORMATION/ACTION

*CONSENT AGENDA consists of routine information or action items accompanied by staff recommendation. Information has been provided to the FORA Board on all Consent Agenda matters. The Consent Agenda items are normally approved by one motion unless a Board member or the public request discussion or a separate vote. Prior to a motion, any member of the public or the Board may ask a question or make comment about an agenda item and staff will provide a response. If discussion is requested, that item will be removed from the Consent Agenda and be considered separately at the end of the Consent Agenda.*

- a. Approve March 7, 2018 Special Meeting Minutes ([p. 1](#))  
**Recommendation:** Approve March 7, 2018 special meeting minutes.
- b. Approve March 9, 2018 Meeting Minutes ([p. 3](#))  
**Recommendation:** Approve March 9, 2018 meeting minutes.
- c. Administrative Committee ([p. 7](#))  
**Recommendation:** Receive a report from the Administrative Committee.
- d. Veterans Issues Advisory Committee ([p. 10](#))  
**Recommendation:** Receive a report from the Veterans Issues Advisory Committee.
- e. Water/Wastewater Oversight Committee ([p. 13](#))  
**Recommendation:** Receive a report from the Water/Wastewater Oversight Committee.
- f. Building Removal Quarterly Report ([p. 14](#))  
**Recommendation:** Receive a quarterly report on building removal.
- g. Environmental Services Cooperative Agreement (ESCA) Quarterly Report ([p. 16](#))  
**Recommendation:** Receive a quarterly report on the ESCA.
- h. Public Correspondence to the Board ([p. 19](#))

## 8. BUSINESS ITEMS

## INFORMATION/ACTION

*BUSINESS ITEMS are for Board discussion, debate, direction to staff, and/or action. Comments from the public are **not to exceed 3 minutes** or as otherwise determined by the Chair.*

- a. Fiscal Year 2017-2018 Mid-Year Budget/Section 115 Trust – 2d Vote (p. 20)  
**Recommendation:** 2d Vote - Approve the Finance Committee recommended FORA fiscal year 2017-2018 Mid-Year budget adjustments and authorize the Executive Officer to negotiate associated contract documents for Board review/approval at a future meeting for FORA to participate in Public Agencies Post-Employment Benefits Section 115 Trust Program administered by Public Agency Retirement Services and when brought back before the Board, the same documentation that was provided to the Executive Committee showing each one of the various areas to be invested, each year (how much was made or lost) in order for the Board to see what the potential liability is; and to review or adopt an adjusted investment policy change to bring back to the Board at a future meeting.
- b. Resolution Approving the Adoption of the Public Agencies Post-Employment Benefits Trust Administered by Public Agency Services. (p. 27)  
**Recommendation:** It is recommended that the Board adopt the attached resolution authorizing participation in the Public Agencies Post-employment Benefits Trust administered by Public Agency Retirement Services (PARS) authorizing Executive Officer to execute the PARS administrative documents and to take necessary actions to maintain the Authority's participation in the Program and maintain compliance of any relevant regulation issued or may be issued.
- c. Regional Urban Water Augmentation Project & 3 Party Planning Water Augmentation Study Report (p. 29)  
**Recommendation:** Receive a Regional Urban Water Augmentation Project and 3 party planning water augmentation study report.
- d. Transition Planning Update (p. 31)  
**Recommendation:**
  - i. Receive a transition planning issue update.
  - ii. Receive updated Water and Financial Summary Charts and a Miscellaneous Contracts Summary Chart for the transition plan.
- e. Executive Committee (EC) Report (p. 39)  
**Recommendation:**
  - i. The EC recommends Board members requesting a non-emergency item to be placed on the agenda must submit it in writing, to the Executive Officer, at least three (3) weeks prior to the upcoming regular Board meeting. Such requests should describe the issue to be addressed and provide alternatives for Board deliberation.
  - ii. The EC recommends that the Board adopt a statement on inclusiveness with an intent to increase representation on the EC. Also, the EC recommends establishing general guidance statements for the Chair relating to the composition of a Nominating Committee of EC and non-EC members; and that a 2 year rotation of officers that is inclusive of non-landowner and landowner jurisdictions to participate on the EC.
- f. Affordable Housing Update/ Monterey Bay Economic Partnership (MBEP) Presentation (p. 43)  
**Recommendation:** Receive an affordable housing history and MBEP Housing Policy report.

## 9. PUBLIC COMMENT PERIOD

## INFORMATION

*Members of the public wishing to address the Board on matters within its jurisdiction, but **not on this agenda**, may do so for up to 3 minutes or as otherwise determined by the Chair and will not receive Board action. Whenever possible, written correspondence should be submitted to the Board in advance of the meeting, to provide adequate time for its consideration.*

## 10. ITEMS FROM MEMBERS

## INFORMATION

*Receive communication from Board members as it pertains to future agenda items.*

## 11. ADJOURNMENT

**NEXT REGULAR MEETING: May 11, 2018 AT 2:00 P.M.**

Persons seeking disability related accommodations should contact FORA 48 hours prior to the meeting. This meeting is recorded by Access Monterey Peninsula and televised Sundays at 9 a.m. and 1 p.m. on Marina/Peninsula Channel 25. The video and meeting materials are available online at [www.fora.org](http://www.fora.org).



**FORT ORD REUSE AUTHORITY**  
**BOARD OF DIRECTORS SPECIAL MEETING MINUTES**  
**3:30 p.m., Friday, March 7, 2018 | Carpenters Union Hall**  
910 2<sup>nd</sup> Avenue, Marina, CA 93933

**1. CALL TO ORDER**

Chair Rubio called the meeting to order at 3:30 p.m.

**2. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by County of Monterey Supervisor John Phillips.

**3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE**

There were no acknowledgements, announcements or correspondence

**4. ROLL CALL**

**Voting Members Present:**

Supervisor Jane Parker (Monterey County), Supervisor John Phillips (Monterey County), Mayor Jerry Edelen (City of Del Rey Oaks), Councilmember Nancy Amadeo (City of Marina), Councilmember Gail Morton (City of Marina), Mayor Ralph Rubio (City of Seaside), Mayor Pro Tem Dennis Alexander (City of Seaside), Mayor Mary Ann Carbone (City of Sand City), Mayor Joe Gunter (City of Salinas), Councilmember Cynthia Garfield (City of Pacific Grove), Councilmember Jan Reimers (City of Carmel-by-the-Sea)

**Ex-officio (Non-Voting) Board Members Present:**

Nicole Hollingsworth (17<sup>th</sup> State Senate District), Erica Parker (29<sup>th</sup> State Assembly District)

**5. PUBLIC COMMENT**

There was no public comment received.

**6. BUSINESS ITEMS**

- a. Marina Successor Agency Request that FORA Subordinate its Right to Statutory Payments – *agenda item necessary to allow Board a potential 2d Vote to protect FORA's right to approve/disapprove Successor Agency request within 45 days of receipt of request.*

Executive Officer Michael Houlemard introduced the item providing a brief background and the need for a special meeting. Principal Planner Jonathan Brinkmann presented the item. The staff recommendation was to direct staff to transmit a response letter to the Successor

Agency to the Marina Redevelopment Agency requesting more information and denying the request to subordinate FORA's right to statutory payments. Chair Rubio requested Authority Counsel Jon Giffen provide an opinion on the matter. The Board held discussion and staff responded to questions and comments from the Board.

**MOTION:** On motion by Board member Edelen and second by Board member Gunter and carried by the following roll call vote, the Board moved to direct staff to transmit a response letter to the Successor Agency to the Marina Redevelopment Agency, rejecting the subordination request at this time, requesting more information, and also directed FORA staff to coordinate with the Successor Agency to the Marina Redevelopment Agency staff and attempt to achieve a mutually beneficial arrangement.

Roll Call Vote (Motion) Ayes: 8 Noes: 3 (2d Vote Required at 3/9/18 Board Meeting)

Director Parker	No
Director Phillips	Aye
Director Edelen	Aye
Director Amadeo	No
Director Morton	No
Director Rubio	Aye
Director Alexander	Aye
Director Carbone	Aye
Director Gunter	Aye
Director Garfield	Aye
Director Reimers	Aye

## 7. ITEMS FROM MEMBERS

There were no items from members.

## 8. ADJOURNMENT at 4:09 p.m.

Minutes Prepared by:  
Dominique L. Jones  
Deputy Clerk

Approved by: \_\_\_\_\_  
Michael A. Houlemard, Jr.  
Executive Officer



**FORT ORD REUSE AUTHORITY**  
**BOARD OF DIRECTORS REGULAR MEETING MINUTES**  
**2:00 p.m., Friday, March 9, 2018 | Carpenters Union Hall**  
910 2<sup>nd</sup> Avenue, Marina, CA 93933

**1. CALL TO ORDER**

Chair Rubio called the meeting to order at 2:00 p.m.

**2. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by City of Pacific Grove Mayor Bill Kampe.

**3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE**

Executive Officer Michael Houlemard announced:

Discussion regarding the Executive Committee Selection Policy will be in April.

2018 Start Up Challenge –sign up at [www.startupmontereybay.org](http://www.startupmontereybay.org)

California Association for Local Economic Development Conference, Monterey, March 14-16.

Veteran Town Hall on March 21 at 5:00 p.m. at VA-DOD Outpatient Clinic in the dining area

**4. CLOSED SESSION**

Conference with Legal Counsel – Gov. Code 54956.9(d)(2) one matter of significant exposure! to litigation. Claimant: Marina Community Partners

Conference with Legal Counsel – Gov. Code 54956.9(a): Keep Fort Ord Wild v. Fort Ord! Reuse Authority, Monterey County Superior Court, Case No.:17CV004540

Time entered: 2:04 p.m. Time exited: 2:15 p.m.

**5. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION**

Authority Counsel, Jon Giffen reported no action to report.

**6. ROLL CALL**

**Voting Members Present:**

Supervisor Jane Parker (Monterey County), Supervisor Mary Adams (Monterey County),! Supervisor John Phillips (Monterey County), Mayor Jerry Edelen (City of Del Rey Oaks),! Councilmember Frank O'Connell (City of Marina), Councilmember Gail Morton (City of Marina),! Councilmember Alan Haffa (City of Monterey), Mayor Ralph Rubio (City of Seaside), Mayor Pro! Tem Dennis Alexander (City of Seaside), Mayor Mary Ann Carbone (City of Sand City), Mayor! Joe Gunter (City of Salinas), Mayor Bill Kampe (City of Pacific Grove), Councilmember Jan! Reimers (City of Carmel-by-the-Sea)

**Ex-officio (Non-Voting) Board Members Present:**

Nicole Hollingsworth (17th State Senate District), Erica Parker (29<sup>th</sup> State Assembly District), Steve Matarazzo (University of California Santa Cruz), Col. Lawrence Brown (United States Army), Lisa Rheinheimer (Monterey Salinas Transit), Dr. PK Diffenbaugh (Monterey Peninsula Unified School District), Bill Collins (Base Realignment and Closure), Dr. Walter Tribley (Monterey Peninsula College), Dr. Thomas Moore (Marina Coast Water District)

**7. CONSENT AGENDA**

- |  |   |
|--|---|
| a. Approve February 9, 2018 Meeting Minutes            | f. Prevailing Wage Status Report            |
| b. Administrative Committee                            | g. 2018 Anticipated FORA Board Work Program |
| c. Veterans Issues Advisory Committee                  | h. 2018 Chair Committee Appointments        |
| d. Water/Wastewater Oversight Committee Update         | i. Public Correspondence to the Board       |
| e. Base Reuse Plan Post-Reassessment Category I Report |   |

Chair Rubio introduced the consent agenda items and asked Board members to make their request for any items to be pulled. Board member Parker requested to make a comment on item 7e and Board member Morton requested to make a comment on item 7f. Staff provided response to the comments. Board member Morton requested to pull item 7g – 2018 Anticipated FORA Work Program, the Chair indicated the item and question would be heard at the end of the business items as item “8f”.

**MOTION:** On motion by Board member Alexander and second by Board member Carbone and carried by the following vote, the Board moved to approve the consent agenda items 7a-7f and 7h-7i.

**MOTION PASSED UNANIMOUSLY**

**8. BUSINESS ITEMS**

- a. Eastside Parkway Goals and Objectives – 2d Vote

Principal Planner Jonathan Brinkmann presented the item and reviewed the motion and vote that was taken at the February 9, 2018 Board meeting. The changes that were offered through Board member Garfield’s motion were reviewed. Public comment was received on the item. The Board provided comments, questions and brief discussion on the item and the second vote. Authority Counsel Jon Giffen acknowledged receipt of a letter provided to the Board during the meeting from John Farrow of M R Wolfe & Associates (attached).

**MOTION (2d Vote):** On motion by Board member Edelen and second by Board member Alexander and carried by the following roll call vote, the Board moved to approve the Eastside Parkway Goals and Objectives for use in future preparation of an Environmental Impact Report in compliance with the California Environmental Quality Act.

**Roll Call Vote: Motion Passed (8 Ayes; 5 Noes)**

Item 8a: Motion (2d Vote)			
Director Parker	No	Director Rubio	Aye
Director Phillips	Aye	Director Alexander	Aye
Director Adams	No	Director Carbone	Aye
Director Edelen	Aye	Director Gunter	Aye
Director O’Connell	No	Director Kampe	Aye
Director Morton	No	Director Reimers	Aye
Director Haffa	No		

b. Fiscal Year 2017-2018 Mid-Year Budget/Section 115 Trust

Mr. Houlemard introduced the item and Rachel Sanders from the Public Agency Retirement Services (PARS), and Randall Yurchak from High Mark Capital Management. An amended board report was provided on the desk of each board member prior to the meeting, providing corrections that clarified the amounts for expenditures. Mr. Houlemard confirmed that the net increase in expenditures is \$586,100. Ms. Sanders and Mr. Yurchak presented the section 115 trust. The Board provided comments and questions in which staff responded. Public comment was received. The Board discussed separating the three actions related to the item.

**MOTION 1:** On motion by Board member Edelen and second by Board member Gunter the Board moved to approve the Finance Committee, recommended FORA fiscal year 2017-2018 Mid-Year budget adjustments and authorize the Executive Officer to negotiate associated contract documents for Board review/approval at a future meeting for FORA to participate in Public Agencies Post-Employment Benefits Section 115 Trust Program administered by Public Agency Retirement Services and when brought back before the Board, the same documentation that was provided to the Executive Committee showing each one of the various areas to be invested, each year (how much was made or lost) in order for the Board to see what the potential liability is; and to review or adopt an adjusted investment policy change to bring back to the Board at a future meeting.

Ayes: Parker, Phillips, Adams, Edelen, O'Connell, Haffa, Rubio, Alexander, Carbone, Gunter, Kampe, Reimers

Noes: Morton

The item will return for a second vote at the April 13, 2018 regular Board meeting.

**MOTION 2:** On motion by Board member Gunter and second by Board member Edelen and carried by the following vote, the Board approved the request for payment of \$586,160 to CalPERS for the unfunded actuarial liability, saving interest cost and reducing the estimated CalPERS \$6.3M - \$8.3M termination liability.

**MOTION PASSED UNANIMOUSLY**

c. Economic Development Report

Economic Development Manager Josh Metz provided a presentation with an overview of the Economic Development program, reuse progress, local capacity, regional support, partnerships, the Unmanned Aerial Systems Integration Pilot Program (UASIPP) and upcoming events. Mr. Metz also informed the Board and public that the details regarding the presentation were available on [www.ordforward.org](http://www.ordforward.org). Upcoming Economic Development related events were also announced, including the 5<sup>th</sup> Annual Salinas Valley Agtech Summit on March 27, 2018 and the 9<sup>th</sup> Annual Startup Challenge Monterey Bay occurring between March – May, 2018. Staff responded to questions and comments from the Board. There were no comments from the public.

This item was for information only.

d. Transition Planning Update

Prevailing Wage/ Risk Coordinator Sheri Damon provided a presentation with an overview of the Transition Ad-Hoc Committee (TAC), transition updates in regards to the schedule and the summary charts for transportation and habitat. Future TAC meeting dates are scheduled to be held on March 27, 2018 at 2:00 p.m. and April 18, 2018 at 12:30 p.m. Ms. Damon also reviewed Senate Bill SB 50 and meeting with State Lands Commission regarding the bills application and administrative regulations, Natural Resource Committee staff; and Legislative offices. Mr. Houlemard provided further

information/ comments to enhance the discussion regarding SB 50. Staff responded to questions and comments from the Board. There were no comments from the public.

This item was for information only.

**e. Marina Successor Agency Request that FORA Subordinate its Right to Statutory Payments – 2d Vote**

Principal Planner, Jonathan Brinkmann, provided an overview of the subordination request, property tax resource, clarifications and the second vote. On January 25, 2018 FORA received a letter from the Successor Agency to the Marina Redevelopment Agency (RDA) requesting FORA to subordinate its right to receive property tax revenue to the Successor Agency's debt service obligations on 2018 Tax Allocation Refunding Bonds. A vote was taken at a Board special meeting on March 7, 2018 and due to the lack of a unanimous vote, the item returns for a second vote. Staff responded to questions and comments from the Board. Public comment was received.

**MOTION (2d Vote):** On motion by Board member Edelen and second by Board member Phillips and carried by the following roll call vote, the Board moved to direct staff to transmit a response letter to the Successor Agency to the Marina Redevelopment Agency, rejecting the subordination request at this time, requesting more information, and also directed FORA staff to coordinate with the Successor Agency to the Marina RDA staff and attempt to achieve a mutually beneficial arrangement.

**Roll Call Vote: Motion Passed (9 Ayes; 4 Noes)**

Item 8e: Motion (2d Vote)			
Director Parker	No	Director Rubio	Aye
Director Phillips	Aye	Director Alexander	Aye
Director Adams	No	Director Carbone	Aye
Director Edelen	Aye	Director Gunter	Aye
Director O'Connell	No	Director Kampe	Aye
Director Morton	No	Director Reimers	Aye
Director Haffa	Aye		

**9. PUBLIC COMMENT**

There was no public comment received.

**10. ITEMS FROM MEMBERS**

Dr. Thomas Moore (MCWD) provided an update on MCWD items and informed the Board and public of the Prop. 218 rate increase protest deadline of Monday, March 12, 2018.

**11. ADJOURNMENT at 4:48 p.m.**

Minutes Prepared by:  
Dominique L. Jones  
Deputy Clerk

Approved by: \_\_\_\_\_  
Michael A. Houlemard, Jr.  
Executive Officer



## FORT ORD REUSE AUTHORITY BOARD REPORT

### CONSENT AGENDA

**Subject:** Administrative Committee

**Meeting Date:** April 13, 2018

**Agenda Number:** 7c

**INFORMATION/ACTION**

#### **RECOMMENDATION:**

Receive a report from the Administrative Committee.

#### **BACKGROUND/DISCUSSION:**

The Administrative Committee met on March 14, 2018. The approved minutes for this meeting are provided as **Attachment A**.

#### **FISCAL IMPACT:**

Reviewed by the FORA Controller 

Staff time for the Administrative Committee is included in the approved annual budget.

#### **COORDINATION:**

Administrative Committee

Prepared by   
Dominique L. Jones

Approved by   
Michael A. Houlemard, Jr.



**APPROVED**

**FORT ORD REUSE AUTHORITY**  
**ADMINISTRATIVE COMMITTEE REGULAR MEETING MINUTES**  
**8:30 a.m., Wednesday, March 14, 2018 | FORA Conference Room**  
**920 2<sup>nd</sup> Avenue, Suite A, Marina, CA 93933**

**1. CALL TO ORDER**

Co-Chair City of Seaside City Manager Craig Malin called the meeting to order at 8:32 a.m.

The following members were present:

Craig Malin\* (City of Seaside)  
Layne Long\* (City of Marina)  
Hans Uslar\* (City of Monterey)  
Melanie Beretti\* (Monterey County)  
Dino Pick\* (City of Del Rey Oaks)  
Todd Bodem\* (City of Sand City)

Lisa Rheinheimer (MST)  
Anya Spear (CSUMB)

**2. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mr. Malin.

**3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE**

Executive Officer Michael Houlemard informed the Committee of a power outage FORA experienced on March 13, 2018 that resulted in the office closing early.

**4. PUBLIC COMMENT PERIOD**

*Members of the public wishing to address the Administrative Committee on matters within its jurisdiction, but not on this agenda, may do so for up to 3 minutes.*

There were no public comments received.

**5. APPROVAL OF MEETING MINUTES**

**ACTION**

a. February 28, 2018 Meeting Minutes

MOTION: On motion by Committee member Pick and second by Committee member Uslar and carried by the following vote, the Administrative Committee moved to approve the February 28, 2018 meeting minutes.

**MOTION PASSED UNANIMOUSLY**

**6. MARCH 9, 2018 BOARD FOLLOW-UP**

**INFORMATION**

FORA staff led the discussion regarding the March 9 Board meeting and reviewed each of actions taken by the Board. Staff responded to questions and comments from the Committee and the public.

This item was for information only.

## 7. BUSINESS ITEMS

## INFORMATION/ACTION

### a. Capital Improvement Program

- i. Presentation on Base Reuse Plan Reassessment Report Background
- ii. Review and Approve Development Forecast Requests
- iii. Transportation and Transit Improvements Prioritization Coordination

Mr. Houlemard introduced the item and explained why the presentation was being brought before the Committee. Principal Planner Jonathan Brinkmann presented the item and reviewed the Base Reuse Plan (BRP) Development & Resource Management Plan (DRMP), the process for to amend the BRP, the 2012 Reassessment Report Category IV. The staff recommendation was for the Committee to consider the jurisdictions development forecast and FORA staff would initiate working with jurisdictions staff on transportation and transit prioritizing ranking, and report back progress at the next Administrative Committee meeting. Assistant Executive Officer Steve Endsley provided more information with comments. Staff responded to questions and comments from the Committee and public.

The Committee discussed how the task of revising the limitations for the development forecast can be reviewed in a more focused manner.

MOTION: On motion by Committee member Pick and second by Committee member Uslar and carried by the following vote, the Administrative Committee moved to approve the Development Forecast Requests and to form a task force to look at each Jurisdictions General Plan and consider reprioritizing the CIP programs and projects to the Board.

### MOTION PASSED UNANIMOUSLY


### MOTION PASSED UNANIMOUSLY

## 8. ITEMS FROM MEMBERS

There were no items from members

## 9. ADJOURNMENT at 9:29 a.m.

Minutes Prepared By:  
Dominique Jones  
Deputy Clerk

Approved by:   
Michael A. Houlemard, Jr.  
Executive Officer



## FORT ORD REUSE AUTHORITY BOARD REPORT

### CONSENT AGENDA

**Subject:** Veterans Issues Advisory Committee

**Meeting Date:** April 13, 2018

**Agenda Number:** 7d

**INFORMATION/ACTION**

#### RECOMMENDATION:

Receive a report from the Veterans Issues Advisory Committee (VIAC).

#### BACKGROUND/DISCUSSION:

The Veterans Issues Advisory Committee met on February 22, 2018. The approved minutes for this meeting are provided as **Attachment A**.

#### FISCAL IMPACT:

Reviewed by FORA Controller 

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

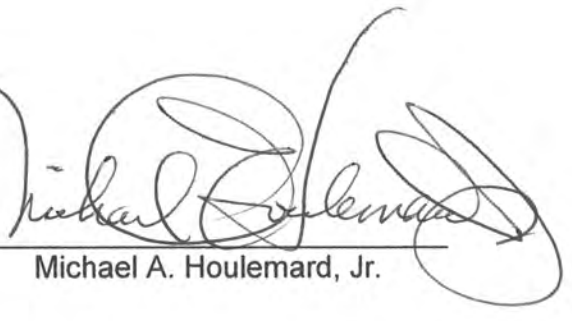
#### COORDINATION:

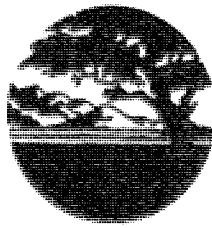
VIAC

Prepared by

  
Heidi L. Lizarbe

Approved by

  
Michael A. Houlemard, Jr.



**APPROVED**

**FORT ORD REUSE AUTHORITY  
VETERANS ISSUES ADVISORY COMMITTEE (VIAC) MEETING MINUTES  
2:00 P.M. February 22, 2018 | FORA Conference Room  
920 2<sup>nd</sup> Avenue, Suite A., Marina CA 93933**

**1. CALL TO ORDER**

Chair, Jerry Edelen called the meeting to order at 2:00 P.M.

**Committee Members Present:**

Mayor Jerry Edelen, City of Del Rey Oaks (**Chair**)  
Sid Williams, Monterey County Military & Veteran Affairs Commission (MCM/VAC)  
Mary Estrada, United Veterans Council (UVC)  
Wes Morrill, Monterey County Office of Military & Veterans Advisory Commission  
Richard Garza, Central Coast Veterans Cemetery Foundation (CCVCF)  
James Bogan, Disabled American Veterans (DAV)  
Jack Stewart, Monterey County California Central Coast Veterans Cemetery Advisory Committee

**2. PLEDGE OF ALLEGIANCE** led by Wes Morrill

**3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE**

Marina Perepelyuk is the newest Congressional Aid for Congressman Jimmy Panetta office, who will be attending the VIAC meetings.

**4. PUBLIC COMMENT PERIOD**

There were no comments from the public.

**5. APPROVAL OF MEETING MINUTES**

a. January 25, 2018 Regular Meeting Minutes

MOTION: by Committee member Jack Stewart and second by Committee member Sid Williams and carried by the following vote, the VIAC moved to approve the January 25, 2018 meeting minutes as corrected

**MOTION: PASSED UNANIMOUSLY**

**6. BUSINESS ITEMS**

a. **California Central Coast Veterans Cemetery (CCCVC) Status Report**

i. *Cemetery Administrator's Status*

Erica Chaney reported the CCCVC has received over 2270 veteran applications, 1693 dependent applications, along with 710 internments last year. The janitorial services begun on January 1, 2018. The directions signage

for the Cemetery is in the works, is not expected to be completed until 2019.

The cemetery has a total of 4 golf carts, one recently broke down; however, the Marina Foundation facilitated in having it repaired. The Marina Foundation is also working on a possible maintenance contract to service the golf carts, while also purchasing Bud Vases for the Cemetery.

- ii. *Veterans Cemetery Land Use Status*  
No Report.
- iii. *Fort Ord Committee Verbal Report: Oak Woodlands Mitigation & Endowment MOU*

Sid William advised the Board of Supervisors of the Ft. Ord Committee considered the Oak Woodlands Preservation Project and have sent it back to staff for refinement and review.

b. **Fundraising Status**

i. *CCVCF Status Report*

Richard Garza provided the report and indicated that the CCVCF has recently received \$20,000 and are continuing the efforts to fund raise.

c. **Veterans Transition Center (VTC) Housing Construction**

Principal Analyst Robert Norris provided an update on the water deed, it has been signed and is currently in the process of being recorded with Monterey County.

d. **VA-DOD Clinic**

James Bogan provided an update and advised that the pharmacy is still closed. Mr. Bogan indicated the VA has a hotline, (1-855-948-2311) that is open 24 hrs. a day, 365 days a year, to assist veterans with inquiries, directory assistance, document concerns about VA care, benefits or services, and expedite the referral and resolution of concerns. The cafeteria opening is pending receiving the required operating permits.

e. **Historical Preservation Project**

No Report.

f. **Calendar of Events**

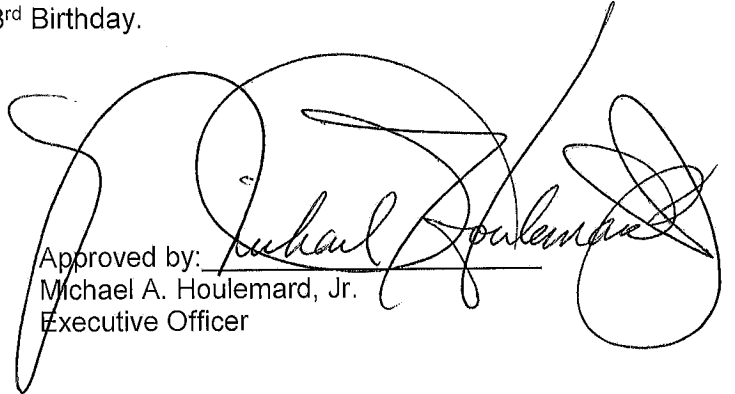
Janet Parks will be celebrating her 93<sup>rd</sup> Birthday.

7. **ITEMS FROM MEMBERS**

None

8. **ADJOURNMENT** at 2:17 P.M.

Minutes Prepared by:  
Heidi Lizarbe  
Administrative Assistant

Approved by:   
Michael A. Houlemard, Jr.  
Executive Officer

FORT ORD REUSE AUTHORITY BOARD REPORT		
CONSENT AGENDA		
<b>Subject:</b>	Water/Wastewater Oversight Committee	
<b>Meeting Date:</b>	April 13, 2018	<b>INFORMATION/ACTION</b>
<b>Agenda Number:</b>	7e	

**RECOMMENDATION:**

Receive a report from the Water/Wastewater Oversight Committee (WWOC).

**BACKGROUND/DISCUSSION:**

The WWOC met on March 28, 2018. A quorum was not established and a "meeting of the whole" was held. The committee reviewed the 2018-19 Ord Community Draft Budget, and the status of the Three Party Planning Water Augmentation Study. The next WWOC meeting is scheduled for April 11, 2018.

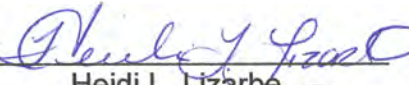
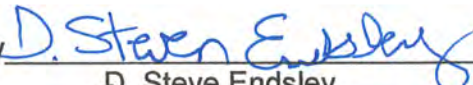
**FISCAL IMPACT:**

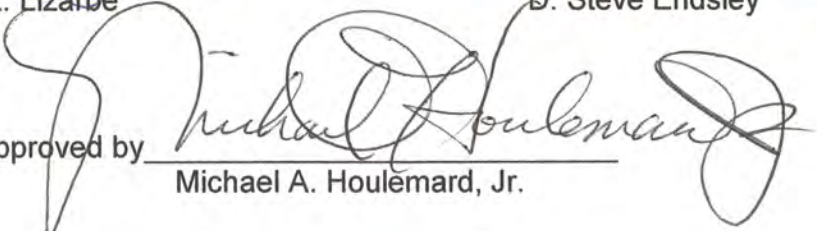
Reviewed by FORA Controller 

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

**COORDINATION:**

WWOC, Marina Coast Water District

Prepared by  Heidi L. Lizarbe      Reviewed by  D. Steve Endsley

Approved by  Michael A. Houlemard, Jr.

# FORT ORD REUSE AUTHORITY BOARD REPORT

## CONSENT AGENDA

**Subject:** Building Removal Quarterly Report

**Meeting Date:** April 13, 2017

**Agenda Number:** 7f

**INFORMATION/ACTION**

### RECOMMENDATION(S):

Receive a quarterly on building removal.

### BACKGROUND/DISCUSSION:

In 2006, the Fort Ord Reuse Authority (FORA) Board included building removal in the Capital Improvement Program (CIP) and identified Seaside owned Surplus II area (Surplus II) and Marina's Stockade (Stockade) as the obligations. Between 2006 and 2016, the City of Seaside and Marina explored reuse alternatives to building removal. Other building removal obligations in East Garrison (EG) and the Dunes on Monterey (Dunes). The EG obligation is retired and the Dunes obligations are either complete or addressed through land sales or credits.

#### **Seaside Surplus II:**

In 2016, at Seaside's request, FORA performed a hazardous materials assessment of the Surplus II site and presented the results and a course of action to the City. Seaside concurred with the plan to utilize FORA's \$5.2M CIP obligation to remove 17 of the 27 buildings at Surplus II, enabling economic development of the site. In September 2017, the FORA Board awarded a contract for General Engineering Services to Harris and Associates (H&A), approving Service Work Order (SWO) H1.

H&A prepared plans, specifications and bid documents for prospective construction contracts between November 2017 and February 2018. During the same time, local company Central Coast Land Clearing performed brush and vegetation removal of the overgrown Surplus II area, limbing trees to 9 feet, thereby allowing public safety personnel a clear line of sight. In January 2018, local Falconer Antonio Balestreri dba Sky Patrol, began Biological Species Control prior to the bird nesting seasons, insuring the birds and bats will not be disturbed when removal starts. In February 2018, FORA staff conducted a public bid opening for Hazmat and Building Removal with the intent to start removal in March. H&A performed qualification and bid evaluations; however, due to contractor protests about the bid requirements and identifying opportunities to improve the overall bid process, FORA Authority Counsel recommended rejecting all bids and re-soliciting the project, delaying the project by several months.

Surplus II is currently 8% complete, with \$440,852 expended to date. Staff is actively advertising a Request for Qualifications for Hazmat and Building Removal Contractors to remove buildings at Surplus II, the Stockade, and other sites if future Board needs arise. FORA staff in coordination with H&A (using lessons learned from the previous Invitation to Bid) is preparing a combined Hazmat/Building Removal Request for Proposal. In order to maximize staff resources during the delay, staff is utilizing the revised solicitation opportunity to accelerate the Marina Stockade Building Removal. The following is the current schedule:

Date	Date Description
April 23, 2018	Notice of Pre-Qualified Proposers
June 7, 2018	Intent to Open Hazmat and Building Removal Bids
June 21, 2018	Notice to Proceed Hazmat & Building Removal
February, 2019	Notice of Completion



**Marina Stockade:**

Early in 2016, FORA and Marina staff began Stockade removal discussions. FORA staff contracted professional Industrial Hygienist services to sample, test, characterize hazardous materials and monitor removal at the Stockade. To date, \$21,583 has been expended on the Industrial Hygienist work for the Stockade. In September 2018, the FORA Board approved a contract with H&A for engineering support and awarded SWO-H2 for work on the Stockade. In March, H&A began work on the plans, specifications, and cost estimates for the Stockade building removal. Staff anticipates bringing a proposed budget and action plan to the Board for consideration in July 2018. The following is the current schedule:

Date	Description	Date	Description
5/1/2018		60% complete, draft submittal & opinion of probable construction cost	
5/1/2018 to 5/15/2018		FORA review	
5/29/2018		90% complete, draft submittal & opinion of probable construction cost	
5/29/2018 to 6/12/2018		FORA review	
6/26/2018		Final submittal & opinion of probable construction cost	

**FISCAL IMPACT:**

Reviewed by FORA Controller HF signing for Helen Rodriguez

\$3,750,000 of the total building removal obligation (\$7,727,000 in 2017 dollars) was anticipated in the 2017-18 CIP. 12.3% (\$462,435) has been spent to date. Staff anticipates spending an additional \$250-350,000 in the remaining Fiscal Year. A shift in the remaining 2017-18 building removal budget to the 2018-19 Fiscal Year will be needed due to project solicitation delays.

Staff will present budget adjustments for Board Consideration in May with the FY 2018-19 CIP and based on the 60% opinion of probable construction cost prepared by H&A for the Stockade.

Funding for the current building removal efforts is included in the approved FY 17-18 CIP and FY 17-18 FORA Budget.

**COORDINATION:**

Administrative Committee, Seaside, Marina.

Prepared by Peter Said Reviewed by D. Steven Essley for Stan Cook  
Approved by Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT		
CONSENT AGENDA		
<b>Subject:</b>	Environmental Services Cooperative Agreement-Quarterly Report	
<b>Meeting Date:</b>	April 13, 2018	<b>INFORMATION/ACTION</b>
<b>Agenda Number:</b>	7g	

**RECOMMENDATION:**

Receive a report on the Environmental Services Cooperative Agreement (ESCA).

**BACKGROUND:**

In Spring 2005, the U.S. Army (Army) and the Fort Ord Reuse Authority (FORA) entered negotiations toward an Army-funded Environmental Services Cooperative Agreement (ESCA) for removal of remnant Munitions and Explosives of Concern (MEC) on 3,340 acres of the former Fort Ord. FORA and the Army signed the ESCA agreement in early 2007. Under the ESCA terms, the Army awarded FORA approximately \$98 million to perform the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) MEC cleanup on those parcels. FORA also entered the Administrative Order on Consent (AOC) with U.S. Environmental Protection Agency (EPA) and California Department of Toxic Substance Control (DTSC) (collectively referred to as Regulators) defining FORA's contractual conditions to complete the Army remediation obligations for the "ESCA parcels." FORA received the ESCA parcels after EPA approval and gubernatorial concurrence under a Finding of Suitability for Early Transfer (FOSET), May 8, 2009.

To complete the ESCA and AOC obligations, FORA entered a Remediation Services Agreement (RSA) in 2007 by competitively selecting LFR Inc. (now ARCADIS) to provide MEC remediation services. ARCADIS remediation services are executed under a cost-cap insurance policy through American International Group (AIG) assuring financial resources to complete the work and offer other protections for FORA and the jurisdictions.

**DISCUSSION:**

The ESCA requires FORA, acting as the Army's contractor, to address safety issues resulting from historic Fort Ord munitions training operations. Through the ESCA, FORA and the ESCA Remediation Program (RP) team have successfully addressed three historic concerns: 1) yearly federal appropriation funding fulgurations that delayed Army cleanup and necessitated costly mobilization and demobilization expenses; 2) Regulator questions about protectiveness of previous actions for sensitive uses; and 3) the local jurisdiction, community and FORA's desire to reduce MEC property access risks.

Of the \$98 million of ESCA FORA received, FORA paid \$82.1 million upfront, to secure an AIG "cost-cap" insurance policy. AIG controlled the \$82.1 million in a "commutation" account and paid ARCADIS directly as work was performed. AIG provides up to \$128 million assuring additional work (known and unknown) is completed to the Regulators satisfaction (see table below). Under these agreements, AIG pays ARCADIS directly while FORA oversee ARCADIS compliance with the ESCA and AOC requirements. On January 25, 2017, ARCADIS notified FORA that the ESCA commutation account was exhausted and that future ARCADIS work would be paid under the terms of the AIG "cost-cap" insurance policy until March 30, 2019. ARCADIS will continue to provide FORA with quarterly AIG cost-cap insurance invoicing estimates, which FORA staff will continue to report in the ESCA Quarterly Board Report.



**Post-ESCA Amendment ESCA fund status as of December 2017:**

Item	2017 Amendment Allocations	Accrued through December 2017	Invoiced to AIG Cost Cap-Policy
<b>Line Item 0001</b> Environmental Services			
FORA Self-Insurance or Policy	\$916,056	\$916,056	N/A
State of California Surplus Lines Tax, Risk Transfer, Mobilization	6,100,000	6,100,000	N/A
Contractor's Pollution Liability Insurance	477,344	477,344	N/A
ARCADIS/AIG Commutation Account - <i>plus-</i> AIG insurance	82,117,553	82,117,553	\$4,485,978
Original FORA Administrative Fees	4,562,001	4,464,402	N/A
<b>Line Item 001: Subtotal</b>	<b>\$94,172,954</b>	<b>\$94,075,355</b>	<b>N/A</b>
<b>Line Item 0002</b> thru 31 Dec 2019: DTSC and EPA Technical Oversight Services	4,301,568	3,534,193	N/A
<b>Line Item 0003</b> thru 30 June 2020: FORA ESCA Administrative Funds	1,865,848	0	N/A
<b>Line Item 0004</b> thru 30 June 2028: Post-Closure MEC Find Assessments	528,651	0	N/A
<b>Line Item 0005</b> thru 30 June 2028: Long Term/LUC Management	3,705,792	0	N/A
<b>Total</b>	<b>\$104,574,813</b>	<b>\$97,609,548</b>	<b>\$4,485,978</b>
	<b>ESCA Remainder</b>	<b>\$6,965,265</b>	<b>N/A</b>

**ESCA Activity Status:**

Data collected during the ESCA field investigations is under Regulator and Army review. The review and documentation process is dependent on Army and Regulator responses and decisions, who will issue written confirmation that CERCLA MEC remediation work is complete (known as Regulatory Site Closure).

The Record of Decision (ROD) records the Regulator and Army decision on the cleanup and what controls are required to continue to protect public health and safety. On November 25, 2014, the Regulators signed the ROD for the ESCA Group 3 properties located in Monterey County (at Laguna Seca); City of Monterey (south of South Boundary Road); Del Rey Oaks (south of South Boundary Road); and Monterey Peninsula College (MPC) Military Operations in Urban Terrain (MOUT) property. On February 26, 2015, the Regulators signed the ROD for the ESCA Group 2 California State University Monterey Bay (CSUMB) property (south of Inter-Garrison Road). The Regulators signed the ESCA Interim Action Ranges (IAR) ROD in December 2016. Currently, Draft Final ESCA Group 1 and 4 RODs await Regulatory and Army approval.

The Land Use Control Implementation Plan/Operation and Maintenance Plan (LUCIP/OMP) document prescribes implementing, operating and maintaining ROD controls tailored to individual site conditions and historic MEC use. The Regulators and Army approve LUCIP OMP documents before issuing regulatory site closure. Final ESCA Group 2, 3 and IAR LUCIP/OMP documents await Regulatory and Army approval.

**ESCA Future Actions:**

Until regulatory review, concurrence and site closure is received, the ESCA property is not open to the public. Regulatory approval does not determine end use. When regulatory site closure is received, FORA will transfer land title to the appropriate jurisdiction for reuse programming. Underlying jurisdictions are authorized to impose or limit zoning, decide property density or make related land use decisions in compliance with the FORA Base Reuse Plan.

**ESCA Amendment Status**

In December 2016, FORA and Army Base Realignment and Closure (BRAC) Headquarters (HQ) staff met to discuss funding ESCA Long-Term Obligations (LTO) and amend FORA ESCA Administrative and Regulatory Oversight costs. The ESCA Amendment LTO request addressed funding Army CERCLA LTO responsibilities anticipated during the 2007 ESCA negotiations but could not be known until the CERCLA process was implemented, RODs adopted identifying the Army's requirements for Post-Closure MEC-Find Assessments, Long Term Management (LTM) and Land Use Controls (LUC) and defined LUCIP/OMP documents.

FORA staff/Special Counsel and the Army Corps of Engineers negotiated ESCA Amendment terms and conditions from December 2016 to December 2017. On July 13, 2017, the FORA Board authorized the Executive Officer to accept an ESCA Amendment. On December 20, 2017, the FORA Executive Officer signed the ESCA amendment for \$6,846,204. In January 2018, the Army sent FORA the first quarterly installment of ESCA Amendment funds.

**FISCAL IMPACT:**

Reviewed by FORA Controller 

**COORDINATION:**

Administrative Committee; Executive Committee; Authority Counsel; Special Counsel, ARCADIS; U.S. Army EPA; and DTSC.

Prepared by



Stan Cook

Approved by



Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT		
CONSENT AGENDA		
<b>Subject:</b>	Public Correspondence to the Board	
<b>Meeting Date:</b>	April 13, 2018	<b>INFORMATION/ACTION</b>
<b>Agenda Number:</b>	7h	

Public correspondence submitted to the Board is posted to FORA's website on a monthly basis and is available to view at <http://www.fora.org/board.html>

Correspondence may be submitted to the Board via email to [board@fora.org](mailto:board@fora.org) or mailed to the address below:

FORA Board of Directors  
920 2<sup>nd</sup> Avenue, Suite A  
Marina, CA 93933



# FORT ORD REUSE AUTHORITY BOARD REPORT

## BUSINESS ITEMS

<b>Subject:</b>	Fiscal Year 2017-2018 Mid-year Budget/Section 115 Trust – 2d Vote	
<b>Meeting Date:</b>	April 13, 2018	<b>ACTION</b>
<b>Agenda Number:</b>	8a	

### **RECOMMENDATION:**

2d Vote - Approve the Finance Committee recommended FORA fiscal year 2017-18 Mid-Year budget adjustments and authorize the Executive Officer to negotiate associated contract documents for Board review/approval at a future meeting for FORA to participate in Public Agencies Post-Employment Benefits Section 115 Trust Program administered by Public Agency Retirement Services and when brought back before the Board, the same documentation that was provided to the Executive Committee showing each one of the various areas to be invested, each year (how much was made or lost) in order for the Board to see what the potential liability is; and to review or adopt an adjusted investment policy change to bring back to the Board at a future meeting.

### **BACKGROUND:**

The mid-year budget update is typically provided by the March Board meeting. This report covers the status of the approved FY 17-18 budget. The Finance Committee reviewed the mid-year budget and Section 115 Trust at its January 10, 2018 meeting; the Executive Committee (EC) met on January 31, 2018 and reviewed the budget with respect to its role. The Board unanimously approved funding \$586,160 of the Unfunded Actuarial Liability on March 9, 2018. The Board voted 12-1 in favor of approving the Finance Committee recommended FORA fiscal year 2017-18 Mid-Year budget adjustments and establishment of a Public Agencies Post- Employment Benefits Section 115 Trust Program (Section 115 Trust) administered by Public Agency Retirement Services ("PARS") to irrevocably set aside funds for Pension and Other Post-Employment Benefits (OPEB), and adjustment FORA Investment Policy for Board review/adoption at a future Board meeting. Thus, a second vote is required on this matter.

### **DISCUSSION:**

On motion by Board member Edelen and second by Board member Gunter the Board moved to approve the Finance Committee recommended FORA fiscal year 2017-18 Mid-Year budget adjustments and authorize the Executive Officer to a) negotiate associated contract documents for Board review/approval at a future meeting for FORA to participate in Public Agencies Post-Employment Benefits Section 115 Trust Program administered by Public Agency Retirement Services and when brought back before the Board, the same documentation that was provided to the Executive Committee showing each one of the various areas to be invested, each year (how much was made or lost) in order for the Board to see what the potential liability is; and to review or adopt an adjusted investment policy change to bring back to the Board at a future meeting.

**Attachment A** Staff memorandum to FORA EC.

**Attachment B** illustrates the mid-year budget as compared to the approved budget; corresponding notes offer brief narrative descriptions of budget variances.

**Attachment C** depicts the mid-year budget by individual funds.

**Attachment D** itemizes updated expenditures and adjustments.

### **FISCAL IMPACT:**

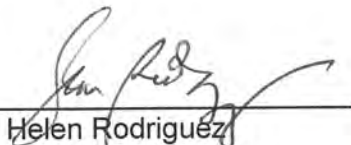
As a result of the proposed budget adjustments, the combined fund ending balance at June 30, 2018 is anticipated to be about \$40.8 Million.

### **COORDINATION:**

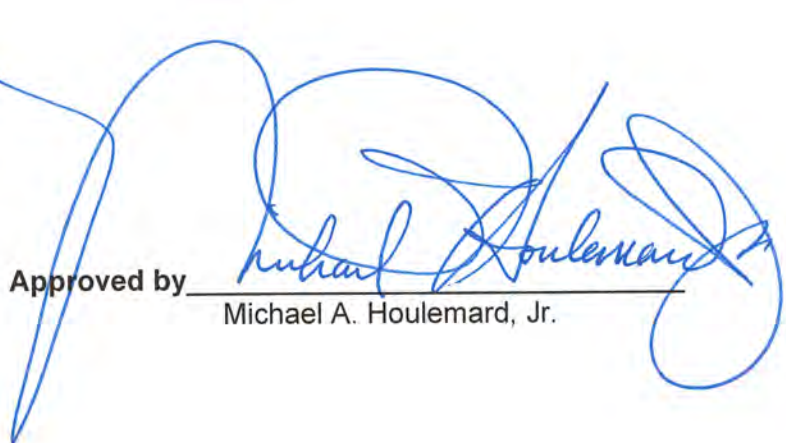
Finance Committee, Executive Committee

1. Finance Committee (making recommendations on funding availability);
  - i) The budget includes sufficient funding to absorb mid-year adjustments, and
  - ii) FY 17-18 mid-year budget approved March 9, 2018.
2. Executive Committee (makes recommendations to the Board regarding staffing/benefits adjustments);
  - i) If the Board concurs with Staff in participating in a Section 115 Trust, the Executive Committee will review a resolution to recommend creation of a Section 115 Trust and adjustment to the FORA Investment Policy at a future Board meeting.

Prepared by

  
Helen Rodriguez

Approved by

  
Michael A. Houlemard, Jr.



# FORT ORD REUSE AUTHORITY

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## MEMORANDUM

**TO:** Fort Ord Reuse Authority (FORA) Executive Committee (EC)  
**FROM:** FORA Staff (Michael Houlemard, Helen Rodriguez, and Steve Endsley)  
**RE:** Section 115 Trust Investment  
**DATE:** January 26, 2018

### RECOMMENDATION

That the Executive Committee recommend to the Fort Ord Reuse Authority ("FORA") Board that they authorize participation in the Public Agencies Post- Employment Benefits Section 115 Trust Program (Section 115 Trust) administered by Public Agency Retirement Services ("PARS") to pre-fund Pension and Other Post-Employment Benefits (OPEB) and authorize the Executive Officer to execute associated contract documents.

### BACKGROUND

Please review the attached Executive Committee report considered by the EC at the January 3, 2018 regular meeting and Finance Committee (FC) report provided for their January 10 meeting.

As FORA staff described at the January 3, 2018 EC meeting, the FORA Executive Committee makes recommendations to the FORA Board on matters related to compensation and benefits. During the meeting the EC reviewed the potential for a Section 115 Trust and referred the question for consideration by the FC given its financial matters/budgeting role, prior to the EC recommending action to the FORA Board.

In the current FORA budget, upon recommendation by the Finance Committee, the Board set aside a \$7.3M reserve for future California Public Employee Retirement System (CalPERS) associated obligations. Staff noted to both the FC and the EC that CalPERS has concluded that the range of FORA's post 2020 obligation is currently estimated to be between \$6.3M & \$8.1M.

### DISCUSSION

The Section 115 Trust Program, to pre-fund pension and OPEB costs for retirement, is a relatively new mechanism available to California local/regional governments - and a number of Counties, municipalities, and special districts have recently taken the opportunity to enter such arrangements. FORA staff reviewed the options of the two independent retirement plan administrators, that have received the Private Letter Ruling (PLR) from the Internal Revenue Service (IRS) in looking at which would best serve FORA's needs.

PARS has been the prevailing mechanism adopted by government agencies to access the Section 115 Trust Program to pre-fund pension and OPEB responsibilities. PARS



provides the security of a Private Letter Ruling from the IRS that assures participants of the tax-exempt status of their investments. PARS also allows FORA the flexibility to select investment strategies and portfolios to match our investment policy, providing control on target yield and level of risk. PARS has partnered with U.S. Bank to serve as trustee for this program.

Other Monterey Bay jurisdictions have taken advantage of the better returns from investing their reserves in special accounts/investment pools to address a portion of this type of future obligation. It appears that FORA may be able to take advantage of the Section 115 Trust opportunity to increase the yield of the set aside funds and, thereby, potentially increasing the impact of these funds for retiring the obligation.

After the FC reviewed this potential opportunity, they have unanimously concurred with staff's suggestion to invest with a Section 115 provider. They further have recommended that the EC concur in their recommendation for 1) funding \$586,160 of the CalPERS Unfunded Actuarial Liability, 2) investing \$5.7M in a Section 115 Trust, and 3) retaining \$1M in reserve to potentially add to the investment after reviewing initial results. The FC noted that such investment would be 1) consistent with FORA's investment Policy and 2) a wise action to potentially increase the yield of the set aside funds. FORA Staff and the FORA Finance Committee recommend using PARS as the provider for accessing the Section 115 opportunity and that the FC recommendation to invest \$5.7M be implemented in the near term.

#### FISCAL IMPACT

Establishing the Section 115 Trust Program to pre-fund pension obligations would require a Board resolution to create the Trust and use funds already designated for that purpose by the Board. Trust funding will restrict the use of funds that are transferred to the irrevocable trust account. \$5.7 million would be transferred to the Section 115 Trust Program to pre-fund Pension obligations. Future contributions to the Section 115 Trust Program would depend on the year end closing results in subsequent fiscal years.

According to the PARS representatives the total combined administrative, trustee and investment management fees for PARS, U.S. Bank and HighMark Capital Management start at 0.50% for assets of \$5-10 million and will become lower as assets in the Trust increase. The fees would be paid from the Trust assets.

## FORT ORD REUSE AUTHORITY - FY 17-18 MID-YEAR BUDGET - BY FUND

CATEGORY	SPECIAL REVENUE FUNDS (SRF)				TOTAL ANNUAL BUDGET
	GENERAL FUND	LEASES/ LAND SALE	CFD/Tax Developer Fees	ARMY ESCA	
<b>REVENUES</b>					
Membership Dues	307,000	-	-	-	307,000
Franchise Fees - MCWD	415,000	-	-	-	415,000
Federal Grants	-	-	-	1,002,580	1,002,580
Development Fees	-	-	6,118,763	-	6,118,763
Land Sale Proceeds	-	-	-	-	-
Rental/Lease Revenues	50,000	-	-	-	50,000
Property Tax Payments	1,300,000	-	1,010,835	-	2,310,835
Reimbursement Agreements	5,000	-	-	-	5,000
Investment/Interest Income	90,000	-	20,000	-	110,000
Other Income	-	-	-	-	-
Total Revenues	2,167,000	-	7,149,598	1,002,580	10,319,178
<b>EXPENDITURES</b>					
Salaries & Benefits	2,659,021	150,480	629,869	405,880	3,845,250
Supplies & Services	304,443	19,457	97,200	54,200	475,300
Contractual Services	639,000	2,000	379,000	542,500	1,562,500
Capital Projects	-	3,750,000	9,293,796	-	13,043,796
Total Expenditures	3,602,464	3,921,937	10,399,865	1,002,580	18,926,846
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,435,464)</u>	<u>(3,921,937)</u>	<u>(3,250,267)</u>	-	<u>(8,607,668)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In/(Out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
<b>REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	<u>(1,435,464)</u>	<u>(3,921,937)</u>	<u>(3,250,267)</u>	-	<u>(8,607,668)</u>
FUND BALANCE-BEGINNING 7/1/17	12,944,570	11,797,910	21,601,292	-	46,343,772
<b>FUND BALANCE-ENDING 6/30/18</b>	<u><b>11,509,106</b></u>	<u><b>7,875,973</b></u>	<u><b>18,351,025</b></u>	-	<u><b>37,736,104</b></u>

### Fund Balances

#### Committed/Assigned for:

CalPers Termination	\$ 6,700,000	\$ -	\$ -	\$ -	\$ 6,700,000
Operations	3,133,333	-	-	-	3,133,333
Habitat Management (HM/HCP)	-	-	13,829,853	-	13,829,853
Building Removal	-	3,339,000	-	-	3,339,000
CIP	-	4,536,973	4,521,172	-	9,058,145
<b>Unassigned</b>	<b>1,675,773</b>	-	-	-	<b>1,675,773</b>

#### Ending Fund Balance

11,509,106	7,875,973	18,351,025	-	37,736,104
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**FORT ORD REUSE AUTHORITY - FY 17-18 MID-YEAR BUDGET - BY FUND**

CATEGORIES	FY 17-18 APPROVED	FY 17-18 <u>Variances</u> <i>Projected thru 6/30/18</i>	FY 17-18 Mid Year	NOTES
<b>REVENUES</b>				
Membership Dues	\$ 307,000	\$ -	\$ 307,000	
Franchise Fees - MCWD	415,000	-	415,000	
Federal Grants	1,002,580	-	1,002,580	
Development Fees	6,118,763	-	6,118,763	
Land Sale Proceeds	-	-	-	
Rent Proceeds	50,000	-	50,000	
Property Taxes	2,310,835	-	2,310,835	
Reimbursement Agreements	5,000	-	5,000	
Investment/Interest Income	110,000	-	110,000	
<b>TOTAL REVENUES</b>	<b>10,319,178</b>	<b>-</b>	<b>10,319,178</b>	
<b>EXPENDITURES</b>				
Salaries & Benefits	3,259,090	586,160	3,845,250	UAL Funding
Supplies & Services	475,300	-	475,300	
Contractual Services	2,312,500	(750,000)	1,562,500	Reclassification of Engineers to match CIP Budget
Capital Projects (CIP)	12,293,796	750,000	13,043,796	Reclassification of Engineers to match CIP Budget
<b>TOTAL EXPENDITURES</b>	<b>18,340,686</b>	<b>586,160</b>	<b>18,926,846</b>	
<b>REVENUES &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	<b>(8,021,508)</b>	<b>(586,160)</b>	<b>(8,607,668)</b>	<i>Use of Fund Balance</i>
<b>FUND BALANCES</b>				
Beginning	46,343,772	-	46,343,772	Ties to FY 16-17 Audited Financials
Ending	\$ 38,322,264	\$ (586,160)	\$ 37,736,104	<b>Ending Fund Balance</b>
<b>Fund Balances</b>				
<i><b>Committed/Assigned for:</b></i>				
CalPers Termination	\$ 7,300,000	\$ (600,000)	\$ 6,700,000	UAL Funding and Section 115 Trust
Operations	4,700,000	(1,566,667)	3,133,333	Reduced to 2 year reserve
Habitat Management (HM/HCP)	13,829,853		13,829,853	
Building Removal	3,339,000		3,339,000	
CIP	9,058,145		9,058,145	
<i><b>Unassigned</b></i>	<u>95,266</u>	<u>1,580,507</u>	<u>1,675,773</u>	
<b>Ending Fund Balance</b>	<b>\$ 38,322,264</b>	<b>\$ (586,160)</b>	<b>\$ 37,736,104</b>	

## FORT ORD REUSE AUTHORITY - FY 17-18 MID-YEAR BUDGET - BY FUND

EXPENDITURE CATEGORIES	FY 17-18 Approved	FY 17-18 Mid-Year Proposed	Change	NOTES
	16 positions + 1 intern	16 positions + 1 intern		"N" indicates a new expense in FY 17-18 budget
<b><u>SALARIES AND BENEFITS (S &amp; B)</u></b>				
SALARIES	1,911,684	1,911,684	-	
BENEFITS/HEALTH, RETIREMENT, OTHER	672,406	672,406	-	
TEMP HELP/VACTION CASH OUT/STIPENDS	100,000	100,000	-	
<b><i>SUBTOTAL S &amp; B</i></b>	<b>2,684,090</b>	<b>2,684,090</b>	-	
<b><u>CalPERS UNFUNDED LIABILITIES (UAL)</u></b>				
PERS - Termination Liability		-	-	
PERS UAL	575,000	1,161,160	586,160	unfunded actuarial liability - reduces termination
<b><i>SUBTOTAL PERS UAL</i></b>	<b>575,000</b>	<b>1,161,160</b>	<b>586,160</b>	liability, save interest.
<b><u>TOTAL SALARIES , BENEFITS AND UAL</u></b>	<b>3,259,090</b>	<b>3,845,250</b>	<b>586,160</b>	
<b><u>SUPPLIES AND SERVICES</u></b>				
PUBLIC & LEGAL NOTICES	8,000	8,000	-	
COMMUNICATIONS	8,000	8,000	-	
DUES & SUBSCRIPTIONS	25,000	25,000	-	
PRINTING & COPY	13,000	13,000	-	
SUPPLIES	16,000	16,000	-	
EQUIPMENT & FURNITURE	25,000	25,000	-	
TRAVEL & LODGING	33,000	33,000	-	
CONFERENCE, TRAINING & SEMINARS	19,000	19,000	-	
MEETING EXPENSES	15,000	15,000	-	
TELEVISED MEETINGS	7,000	7,000	-	
BUILDING MAINTENANCE & SECURITY	10,000	10,000	-	
FORA OFFICES RENTAL	180,000	180,000	-	
UTILITIES	13,500	13,500	-	
INSURANCE	27,300	27,300	-	
PAYROLL/ACCOUNTING SERVICES	7,500	7,500	-	
IT/COMPUTER SUPPORT	29,000	29,000	-	
RECORD ARCHIVING	1,000	1,000	-	
PREVAILING WAGE TECH SUPPORT/SOFTWARE	10,000	10,000	-	
N Community Outreach/Marketing	25,000	25,000	-	
OTHER (POSTAGE, BANK FEES, MISC)	3,000	3,000	-	
<b><u>TOTAL SUPPLIES AND SERVICES</u></b>	<b>475,300</b>	<b>475,300</b>	-	
<b><u>CONTRACTUAL SERVICES</u></b>				
AUTHORITY COUNSEL	200,000	200,000	-	
LEGAL/LITIGATION FEES	125,000	125,000	-	
LEGAL FEES - SPECIAL PRACTICE	25,000	25,000	-	
AUDITORS	24,000	24,000	-	
SPECIAL COUNSEL (EDC-ESCA)	100,000	100,000	-	
ESCA/REGULATORY RESPONSE/ QUALITY				
ASSURANCE	460,000	460,000	-	
FINANCIAL CONSULTANT	25,000	25,000	-	
LEGISLATIVE SERVICES CONSULTANT	43,000	43,000	-	
PUBLIC INFORMATION/OUTREACH	20,000	20,000	-	
HCP CONSULTANTS	150,000	150,000	-	
FORA Sunset/Transition	50,000	50,000	-	
REUSE PLAN IMPLEMENTATION	150,000	150,000	-	
CIP/ARCHITECTS & ENGINEERS	750,000	-	(750,000)	Reclassified to CIP to match CIP budget classification
ECONOMIC DEVELOPMENT	85,500	85,500	-	
PW WAGE CONSULTANTS	75,000	75,000	-	
OTHER CONSULTING/CONTRACTUAL EXP	30,000	30,000	-	
<b><u>TOTAL CONTRACTUAL SERVICES</u></b>	<b>2,312,500</b>	<b>1,562,500</b>	<b>(750,000)</b>	
<b><u>CAPITAL PROJECTS</u></b>				
TRANSPORTATION/OTHER CIP PROJECTS	8,543,796	9,293,796	750,000	Reclassification of CIP Architects & Engineers
BUILDING REMOVAL	3,750,000	3,750,000	-	
<b><u>TOTAL CAPITAL PROJECTS</u></b>	<b>12,293,796</b>	<b>13,043,796</b>	<b>750,000</b>	
<b><u>TOTAL EXPENDITURES</u></b>	<b>18,340,686</b>	<b>18,926,846</b>	<b>586,160</b>	

FORT ORD REUSE AUTHORITY BOARD REPORT		
BUSINESS ITEMS		
<b>Subject:</b>	Resolution Approving the Adoption of the Public Agencies Post-Employment Benefits Trust Administered by Public Agency Services	
<b>Meeting Date:</b>	April 13, 2018	<b>INFORMATION/ACTION</b>
<b>Agenda Number:</b>	8b	

#### **RECOMMENDATION:**

It is recommended that the Board adopt the attached resolution authorizing participation in the Public Agencies Post-employment Benefits Trust administered by Public Agency Retirement Services (PARS) authorizing Executive Officer to execute the PARS administrative documents and to take necessary actions to maintain the Authority's participation in the Program and maintain compliance of any relevant regulation issued or may be issued. (**Attachment A**).

#### **BACKGROUND/DISCUSSION:**

As a result of the proposed FY 17-18 mid-year budget adjustments, Staff recommended \$5.7M be invested with PARS to irrevocably set aside funds for Pension and Other Post-Employment Benefits (OPEB), and b) adjust FORA Investment Policy for Board review/ adoption at a future Board meeting. Establishment of the trust requires the Board to adopt the attached resolution.

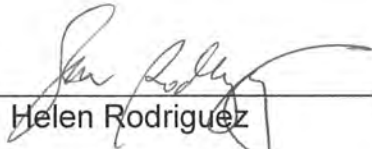
#### **FISCAL IMPACT:**

This does not add cost obligation or alter existing approved budget. This restriction specifically and irrevocably sets aside funds for CalPERS retirement obligations. \$5.7M will be invested in the trust.


#### **COORDINATION:**

Executive Committee and Finance Committee

Prepared by

  
Helen Rodriguez

Approved by

  
Michael A. Houlemard, Jr.

## RESOLUTION NO. 18-XX

### A RESOLUTION OF THE GOVERNING BODY OF THE FORT ORD REUSE AUTHORITY APPROVING THE ADOPTION OF THE PUBLIC AGENCIES POST-EMPLOYMENT BENEFITS TRUST ADMINISTERED BY PUBLIC AGENCY RETIREMENT SERVICES

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

WHEREAS PARS has made available the PARS Public Agencies Post-Employment Benefits Trust (the "Program") for the purpose of pre-funding pension obligations and/or OPEB obligations; and

WHEREAS the Fort Ord Reuse Authority ("Authority") is eligible to participate in the Program, a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code, as amended, and the Regulations issued there under, and is a tax-exempt trust under the relevant statutory provisions of the State of California; and

WHEREAS the Authority's adoption and operation of the Program has no effect on any current or former employee's entitlement to post-employment benefits; and

WHEREAS the terms and conditions of post-employment benefit entitlement, if any, are governed by contracts separate from and independent of the Program; and

WHEREAS the Authority's funding of the Program does not, and is not intended to, create any new vested right to any benefit nor strengthen any existing vested right; and

WHEREAS the Authority reserves the right to make contributions, if any, to the Program.

NOW THEREFORE the Board hereby resolves that:

1. The Governing Board hereby adopts the PARS Public Agencies Post-Employment Benefits Trust, effective \_\_\_\_\_; and
2. The Governing Board hereby appoints the \_\_\_\_\_ (*POSITION OR TITLE*), or his/her successor or his/her designee as the Authority's Plan Administrator for the Program; and
3. The Authority's Plan Administrator is hereby authorized to execute the PARS legal and administrative documents on behalf of the Authority and to take whatever additional actions are necessary to maintain the Authority's participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him/her to take whatever additional actions are required to administer the Authority's Program.

Upon motion by Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, the foregoing Resolution was passed on this \_\_\_ day of \_\_\_, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

\_\_\_\_\_  
Michael A. Houlemard, Jr.  
Clerk

\_\_\_\_\_  
Ralph Rubio  
Chair



## FORT ORD REUSE AUTHORITY BOARD REPORT

### BUSINESS ITEM

<b>Subject:</b>	Regional Urban Water Augmentation Project & 3 Party Planning Water Augmentation Study Report	
<b>Meeting Date:</b>	April 13, 2018	<b>INFORMATION/ACTION</b>
<b>Agenda Number:</b>	8c	

### RECOMMENDATION(S):

Receive a Regional Urban Water Augmentation Project & 3 Party Planning Water Augmentation Study Report

### BACKGROUND/DISCUSSION:

#### **Three Party Planning Study Update**

In May 2016, The Fort Ord Reuse Authority (FORA) entered into a Three-Party Agreement with Marina Coast Water District (MCWD) and M1W to identify water augmentation options whereby each party would contribute up to \$157,000. In January 2017, in coordination with the Technical Advisory Group (professional staff of FORA member agencies), FORA released a Request for Proposal (RFP) from the Professional Engineering Community for a planning study on the possibilities of additional sources of water augmentation. FORA held a pre-proposal conference to gain feedback and responded to questions and provided clarifications. In March 2017, FORA released an updated RFP. FORA again held a pre-proposal conference with prospective proposers. FORA received no responses.

FORA staff met with the general managers of MCWD and Monterey One Water (M1W) to determine a path forward. All three agencies agreed using a consultant contracted through the MCWD procurement process was acceptable, with FORA approving the deliverables and MCWD invoicing the parties.

The planning study will focus on a background survey and map preparation of key potential water supply augmentation project features, study the economic constraints, establish strategic goals, identify analysis ground rules, and prepare an analysis of feasible alternatives which may include conservation, groundwater recharge, recycled water, or desalinization.

Staff anticipates returning to the Board with proposed changes outlined above to the Three-Party Agreement for consideration in May.

#### **Pipeline Financing: Restructuring**

In September 2016, FORA approved a \$6M Reimbursement Agreement with MCWD for construction of Advanced Treated Water and Pipeline Facilities (Pipeline). The agreement was based on an M1W and MCWD agreement and relied on California State Water Resource Control Board's (SWRCB) funding approval with a State Revolving Fund (SRF) loan.

In June 2017, the SRF loan was provided, however the SWRCB determined a split of the funds that altered the previous structure such that M1W will receive a portion and MCWD will receive a portion. This financing method has altered assumptions supporting the underlying agreement between M1W and MCWD. As is expected on a project of this magnitude, additional costs over those originally estimated by the engineers and utilized in the initial

funding projections have been identified. In recent meetings between M1W and MCWD, FORA staff has been asked to consider ways it may play a part to further the regional benefits of Pure Water Monterey and the Regional Urban Water Augmentation Project (RUWAP).

MCWD and M1W staff and board committees met several times seeking solutions to move the project forward. A resolution was reached and a new agreement was ratified by each of the Boards of Directors restructuring the split of funds. Regarding grant sharing, both parties agreed monies received by each agency would be kept respectively by each agency. Regarding FORA cash contributions, MCWD agreed it would not object to M1W working directly with FORA to work out an agreement whereby a \$2.3 million investment of the FORA cash contribution would help offset M1W's costs thereby keeping unit costs for finished water at an acceptable level.

In the interest of advancing the pipeline completion, M1W, MCWD, and FORA staff anticipate adjustment to the payment structure, designed to leave all three parties whole, but necessary to respond to State regulatory actions and financial needs of the project.

In essence, FORA would: 1) enter into a new agreement with M1W, providing \$2.3 million of reimbursement funding to project components benefiting the Ord Community, such as the New Pipeline Facilities, Existing Pipeline Facilities, or the Blackhorse Reservoir, and 2) modify the reimbursement contract with MCWD accordingly. Staff anticipates returning to the Board with a new contract with M1W for its consideration in June.

In February 2018, MCWD broke ground on the RUWAP Pipeline Project. The Pipeline is being installed on two fronts, with one end starting at the MCWD facilities and traveling south through Armstrong Ranch and Central Marina, and the other end starting in Seaside and working north through Ord Community and CSUMB. CSUMB and MCWD are working out the final details pertaining to easements through CSUMB property. To date, MCWD has requested reimbursement for \$1,058,017, and anticipates an additional request for \$193,000 in the last quarter of FY 2017-18.

#### **FISCAL IMPACT:**

Reviewed by FORA Controller

*HF signing for Helen Rodriguez*

Funding for the staff effort and Three-Party Planning Study is included in the approved FY 17-18 CIP and FY 17-18 FORA Midyear Budget. Funding for the staff effort and Water Augmentation is included in the approved FY 17-18 CIP and FY 17-18 FORA Budget. Funding for the RUWAP Reimbursement Agreement is included in the approved FY 17-18 CIP and FY 17-18 FORA Budget.

#### **COORDINATION:**

Administrative Committee, Seaside, Marina.

Prepared by

*Peter Said*  
Peter Said

Reviewed by

*Steve Endsley*  
Steve Endsley

Approved by

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



# FORT ORD REUSE AUTHORITY BOARD REPORT

## BUSINESS ITEMS

**Subject:** Transition Planning Update

**Meeting Date:** April 13, 2018

**Agenda Number:** 8d

### INFORMATION/ACTION

### RECOMMENDATION

- i. Receive a transition planning update.
- ii. Receive updated Water and Financial Summary Charts and a Miscellaneous Contracts Summary Chart for the transition plan.

### BACKGROUND/DISCUSSION

1. In accord with the workplan outlined earlier this year, the Board has received multiple draft chapters compiling contractual pledges, liabilities, assets and obligations together with proposed assignments of each of those documents. The Transition Ad Hoc Committee met on March 27, 2018 and has scheduled three upcoming meetings. At the TAC meeting, the Draft Joint Powers Authority documentation for the Habitat Cooperative was distributed in addition to updated figures from our financial consultant. Upcoming meetings are scheduled for April 18, 2018 (12:30 p.m.), May 9, 2018 (3:00 p.m.) and May 30, 2018 (12:30 p.m.). Staff intends to produce a draft Transition Plan at the May 30, 2018 meeting for TAC review.
2. FORA staff continues to meet with the Local Agency Formation Commission (LAFCO) staff on status of the Transition Plan and any additional information LAFCO requests for its analysis. Since environmental review will be required, a brief exploration with an environmental consultant has estimated environmental review costs range up to \$200,000 (depending upon the required level of environmental analysis).
3. Attached this month are updated water and financial summary charts, since they originally were prepared with the single successor entity assignment. They have been updated to reflect multiple successor agencies, as appropriate. Additionally, please find the draft Miscellaneous documents contracts list for agreements which do not "fit" into other categories. The Miscellaneous documents/contracts list includes building removal contracts in the City of Marina and two Settlement Agreements: Sierra Club and California State University.

### FISCAL IMPACT

Reviewed by FORA Controller HF signing for Helen Rodriguez

Staff time/legal are generally within the approved annual budget, and have been added to current staff workload. Staff anticipates presenting future transition plan budget items for Board consideration.

Prepared by Sheri L. Damon

Sheri L. Damon

Reviewed by D. Steven Endsley

Steve Endsley

Approved by Michael A. Houlemard, Jr.

Michael A. Houlemard, Jr.

### ATTACHMENTS:

Attachment A and A-1: Summary Chart: Water

Attachment B and B-1: Summary Chart: Financial

Attachment C and C-1: Summary Chart: Miscellaneous Contracts

## TRANSITION PLANNING/SUMMARY CHART

### WATER/WASTEWATER

#### SUMMARY OF OBLIGATIONS AND SOURCE

Water and wastewater are complex subject matters. In general there are three categories of obligations outlined in the contracts with FORA related to water/wastewater. FORA received infrastructure and water rights through agreements with the Army. FORA entered into agreements with Marina Coast Water District as a water purveyor and MCWD requested first a public benefit conveyance and then converted its request to an Economic Development Conveyance for water and wastewater. Many of FORA's water/wastewater rights and obligations were passed along to MCWD through Quitclaim Deed. FORA additionally retains its first right of refusal to excess water/wastewater capacity through its agreements with the Army. Of primary concern flowing from the Agreements with the Army are the requirements of providing a fair and equitable water and wastewater allocations to the end users of the former Fort Ord property. Successors and assigns are required to comply with these provisions. Second, there are water augmentation obligations which are set forth in the Base Reuse Plan. It was always contemplated and a part of the ongoing collections for the basewide benefits of augmented water to complete the Base Reuse Plan. Finally, there are reimbursement agreements which address backbone infrastructure pipeline obligations.

#### EXISTING CONTRACTS AFFECTING WATER

Please see **Attachment A-1**.

#### NOTES:

**MCWD ANNEXATION:** All infrastructure and water rights were provided to MCWD to provide for a fair and equitable water allocation on base. Can MCWD later only annex a portion of the former Fort Ord? Is this consistent? Does LAFCO need to consider and abide by the Fort Ord Reuse Plan when considering MCWD annexation? As of April 4, 2018, there are CEQA challenges pending against the MCWD annexation application to LAFCO.

In the event of a water shortage how will MCWD provide a "fair and equitable" water supply to the former Fort Ord? Will only entitled projects receive water? Will only the projects with a water supply assessment receive water?

	G	H	P	Q	R	U
1	<b>WATER/WASTE WATER CONTRACTS</b>					
2						
3						
4						
5	<b>Contract</b>	<b>Year</b>	<b>Asset/Liability Pledge/Obligation</b>	<b>Multi-Agency</b>	<b>Multi-Agency Notes</b>	<b>Notes</b>
6	US-MCWRA Agreement	1993	Asset	County of Monterey/City of Monterey/City of Seaside/City of Del Rey Oaks/CSUMB/MPC/UC/MCW D		1
7	FORA-MCWD Water/Waste Water Facilities Agreement	1998		MCWD	A. Agreement Terminates. MCWD/unserved areas on Fort Ord only served by new contracts; subsequent annexation by MCWD/LAFCO issues	1
8	FORA-MCWD Water/Waste Water Facilities Agreement-Amendment 1	2001		MCWD		
9	FORA-MCWD Water/Waste Water Facilities Agreement - Amendment 2	2007		MCWD		
10	Army-FORA MOA for Sale of Portions of the Former Fort Ord	2000	Asset/Liability/Obliga	City of Seaside/City of Del Rey Oaks/County of Monterey/MPC/CSUMB/City of Monterey/County of Monterey/MCWD? City of DRO/City of Monterey/City of Seaside/County of Monterey/MPC/CSUMB (as to Enforcement of Provisions only) NOTHING TO ASSIGN TO MCWD: TRANSFER COMPLETE	B. Each entity must be designated as a Local Reuse Authority by OEA in Federal Govt. and State Government to receive water/wastewater rights; Issue as to prioritization and access;	2, 3
11	FORA, MCWD Quitclaim Deed Ord infrastructure	2001	Obligation		Enforcement of obligations contained in Quitclaim as to water/wastewater service obligations	4
12	Army-FORA MOA for Sale of Portions of the Former Fort Ord: Amendment 1	2002				5
13	MCWD-FORA Quitclaim deed L35.1 & L35.2	2004				
15	Army- FORA, MRWPCA, and MCWD MOA	2005	Asset	Seaside/DRO/City of Monterey		
16	MCWD-FORA Quitclaim deed L35.5	2006	Enforcement	City of Seaside/City of Del Rey Oaks/County of Monterey/MPC/CSUMB/City of Monterey/County of Monterey/MCWD		

	G	H	P	Q	R	U
5	Contract	Year	Asset/Liability Pledge/Obligation	Multi-Agency	Multi-Agency Notes	Notes
17	FORA Recycled Water allocations to jurisdictions	2007		City of Seaside/City of Del Rey Oaks/County of Monterey/MPC/CSUMB/City of Monterey/County of Monterey/MCWD		6
18	FORA Potable Water allocation to jurisdictions	2007		City of Seaside/City of Del Rey Oaks/County of Monterey/MPC/CSUMB/City of Monterey/County of Monterey/MCWD		7
19	Army-Seaside AYH Water Deed	2008		Seaside		8
23	MOU Water Augmentation and 3 Party Agreement	2015	Liability/Obligation	City of Seaside/City of Del Rey Oaks/County of Monterey/City of Monterey/County of Monterey		9
24	FORA-MCWD Pipeline Reimbursement Agreement	2016	Liability	City of Seaside/City of Del Rey Oaks/County of Monterey/City of Monterey/County of Monterey		10
25	<p>Notes:</p> <p>1. This Agreement was quitclaimed to MCWD. However, replacement supplies are to the benefit of all properties on Fort Ord.</p> <p>1. Agreement terminates on FORA sunset. Annexation does not automatically terminate agreement. Oversight continues until agreement terminates.</p> <p>2. Article 5, provides FORA first right of refusal to excess water and waste water Rights. Successor must be consented to by Army and designated as Local Reuse Authority (Federal and State Law)</p> <p>3. Article 5 requires fair and equitable water allocation to enable the effective base reuse.</p> <p>4. Quitclaim Deed requires compliance with underlying obligations including but not limited to a fair and equitable allocation of water to the jurisdictions; JPA/Successor to enforce</p> <p>5. Changes MCWD Public Benefit Conveyance to an EDC conveyance</p> <p>6. Allocates 1427 afy reclaimed water to jurisdictions (fair and Equitable share); MCWD/JPA/Successor to enforce</p> <p>7. Potable water allocations to jurisdictions (Fair and Equitable share); MCWD/JPA/Successor to enforce</p> <p>8. 109 AFY water to Seaside (Stillwell Kidney)</p> <p>9. Planning agreement to analyze alternatives for augmented water supply options</p> <p>10. Six Million dollar liability to build infrastructure pipeline for delivery of reclaimed/augmented water supply to Ord Community</p>					
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## **TRANSITION PLANNING/SUMMARY CHART**

### **ASSETS/FINANCING**

#### **SUMMARY OF OBLIGATIONS AND SOURCE**

FORA has three main statutory financial resources, Community Facilities District (Developer Fees), 50-50 split with Jurisdictions of land sale and rental receipts, and Property taxes. FORA utilizes these revenues pursuant to state law primarily for Base Reuse Plan mitigations and Basewide facilities (Transportation/Transit/Water Augmentation/Habitat Conservation and Building Removal). These financial resources are identified and authorized pursuant to the Authority Act and codified in contractual agreements with the underlying land use jurisdictions in the form of the Implementation Agreements. The Community Facilities District (CFD) expires upon expiration of FORA, unless extended by an election and concomitant legislative changes are made to the Mello Roos laws allowing for transfer of the existing FORA CFD.

#### **EXISTING CONTRACTS AFFECTING ASSETS**

Please see Attachment B-1

#### **NOTES:**

Implementation Agreement assignability and the legal meaning of the terms post FORA Act are the subject of a legal memorandum provided by Authority Counsel.

Should the Implementation Agreements be determined not to be assignable or create obligations with the underlying jurisdictions, then the funding and completion of the remaining Base Reuse Plan CIP obligations will be jeopardized.

Likewise, should the Community Facilities District not be assignable or transferrable, then issues related to new replacement revenue streams and application to already approved development projects is a potential issue.

## Financial Contracts

Contract	Year	Asset/Liability Pledge/Obligation	Multi-Agency	Notes
County of Monterey Implementation Agreement	2001	Asset	County of Monterey/MCWD/Habitat Cooperative/TAMC	1
Del Rey Oaks Implementation Agreement	2001	Asset		1
City of Marina Implementation Agreement	2001	Asset	MCWD/Habitat Cooperative/TAMC/County of Monterey/DRO/City of Monterey/Seaside	1
City of Marina IA - Amendment #1: Establishing Development Fee Policy Formula	2013	Asset	MCWD/Habitat Cooperative/TAMC/County of Monterey/DRO/City of Monterey/Seaside	1
City of Monterey Implementation Agreement	2001	Asset		1
City of Seaside Implementation Agreement	2001	Asset	MCWD/Habitat Cooperative/TAMC/County of Monterey/Seaside	1
CFD-Notice of Tax Lien		Asset		2
Southboundary Road Reimbursement Agreement (DRO)		Asset		3
FORA-UCSC Agreement Concerning Funding of Habitat Management Related Expenses on the Fort Ord Natural	2005	Liability		
Pollution Legal Liability Reimbursement Agreement (DRO)		Asset	DRO	3
Pollution Legal Liability Insurance (PLL) CHUBB	2015		County of Monterey/Seaside/Monterey/Marina	4

1 Implementation Agreements require ongoing completion of Base Reuse Plan obligations. Land sales revenues, development fees/CFD fees/ and Property tax revenues committed until CIP fully implemented. See attached legal memorandum on these

2 CFD only assignable if extended by vote and changes to state Mello Roos Act allowing transfer to JPA/Successor. If no CFD, then Jurisdictions required to replace pursuant to Implementation Agreement formula

3 DRO owes FORA for their proportional share of the PLL Insurance Contract and some costs on the prior Southboundary Road Improvement project.

4 Pollution Legal Liability Insurance Contract provides that upon FORA sunset, jurisdictions become successor beneficiaries.

**TRANSITION PLANNING/SUMMARY CHART**

**MISCELLANEOUS DOCUMENT/CONTRACTS**

**SUMMARY OF OBLIGATIONS AND SOURCE**

FORA has multiple miscellaneous types of contracts, obligations or documents that do not neatly fall into the other categories. Currently identified are obligations stemming from lawsuits: settlement agreements and discharge of writ and building removal obligations. Some of those obligations are assets as well as liabilities. This list will be augmented as necessary to accommodate additional items.

**EXISTING CONTRACTS AFFECTING MISCELLANEOUS DOCUMENTS/CONTRACTS**

Please see Attachment C-1

**NOTES:**

Miscellaneous Documents/Contracts

Contract	Year	Asset/Liability Pledge/Obligation	Multi-Agency	Multi-Agency Notes
Marina Redevelopment Agency, Marina Community Partners and FORA MOA on University Villages Building Removal	2005	Asset/Liability	<a href="#">Marina Successor Agency</a>	
Marina Community Partners and FORA Reimbursement Agreement on University Villages Building Removal	2006	Liability	<a href="#">Marina</a>	
Stipulation to Discharge Peremptory Writ of Mandate (CSUMB)	2009	Asset	<a href="#">All voting members/MCWD/TAMC/HCP Cooperative</a>	Enforcement obligations as to ongoing habitat and contributions toward road and other infrastructure
Settlement Agreement and Mutual Release (Sierra Club)	1998	Liability	<a href="#">Marina/Seaside/County/City of Monterey/Del Rey Oaks</a>	Deed Restrictions/Resource Constraints

Notes:



# FORT ORD REUSE AUTHORITY BOARD REPORT

## BUSINESS ITEMS

<b>Subject:</b>	Executive Committee (EC) Report	
<b>Meeting Date:</b>	April 13, 2018	<b>INFORMATION/ACTION</b>
<b>Agenda Number:</b>	8e	

### RECOMMENDATION:

- i. The EC recommends Board members requesting a non-emergency item to be placed on the agenda must submit it in writing, to the Executive Officer, at least three (3) weeks prior to the upcoming regular Board meeting. Such requests should describe the issue to be addressed and provide alternatives for Board deliberation.
- ii. The EC recommends that the Board adopt a statement on inclusiveness with an intent to increase representation on the EC. Also, the EC recommends establishing general guidance statements for the Chair relating to the composition of a Nominating Committee of EC and non-EC members; and that a 2 year rotation of officers that is inclusive of non-landowner and landowner jurisdictions to participate on the EC.

### BACKGROUND/DISCUSSION:

The EC met on April 4, 2018 and discussed the process for which Board members can suggest agenda items and the Executive Committee selection policy.

In regards to the suggested agenda items process, the EC discussed information and analysis leading to amending or establishing a general practice with respect to the introduction and placement of items on the FORA Board regular meeting agenda. The process shall not be construed to limit or impair the rights of the public as set forth in the Ralph M. Brown Act, the Public Records Act, or any other provision of law.

Through its discussion, the EC recommends that the Board consider a process by which any Board member may request a non-emergency item be placed on the agenda by submitting it in writing to the Executive Officer, at least three (3) weeks before the next Board meeting. Such requests should describe the issue and provide proposed recommendation or alternatives for Board deliberation.

The Executive Officer will evaluate the item and prepare an evaluation of staff time and resources to complete said item.

In regards to the EC selection policy, the EC discussed the concerns about the selection process for EC members as outlined in the attached EC report (**Attachment A**).

The EC discussion also revolved around other issues regarding the effectiveness of making changes to the policy such as the length of time remaining for FORA and there being limited number of elections before the legislative sunset date.

### FISCAL IMPACT:

Reviewed by the FORA Controller HE signing for Helen Rodriguez

Staff time for the Administrative Committee is included in the approved annual budget.

### COORDINATION:

Administrative Committee

Prepared by Dominique L. Jones

Approved by Michael A. Houlemard, Jr.

# FORT ORD REUSE AUTHORITY EXECUTIVE COMMITTEE

## BUSINESS ITEMS

**Subject:** Executive Committee Selection Policy Review

**Meeting Date:** April 4, 2018

**Agenda Number:** 9b

### INFORMATION/ACTION

#### **RECOMMENDATION(S):**

Review/ discuss the selection policy for the Executive Committee.

#### **BACKGROUND:**

At recent Board meetings, members have expressed concerns about the selection of Executive Committee (EC) members and in particular, the representation of women and means of ascension into EC roles.

Attached is Master Resolution section 2.01.040 governing Selection of Officers (**Attachment A**).

#### **DISCUSSION:**

In researching this issue, staff notes that other Monterey Bay Regional agencies have developed techniques that afford inclusiveness and opportunity for broader representation. For example, some agencies have automatic officer succession, however, it is noted that this does not necessarily increase the diversity of representation which depends upon results of local and other elections. Other agencies utilize the Nominating Committee approach. Staff notes that over the years, the FORA Master Resolution has been amended to adjust the officer representation on the Executive Committee. For example, redundant vice chairs have been eliminated, at-large members and ex-officio non-voting members have been added. The Master Resolution outlines the current EC composition in Article 2.03.020 and 2.03.021(**Attachment B**).

In past years the Chair has appointed an ad-hoc Nominating Committee to present a slate of officers and EC members for Board consideration.

#### **FUTURE POSSIBLE ACTION:**

To further broaden participation, it is recommended that the EC discuss and consider a statement on inclusiveness and intent to increase representation that includes “on base” jurisdictions and “off base” participation. The Chair should consider a Nominating Committee which includes representation of EC and non EC members in order to provide opportunity for broader representation and inclusiveness.

Each Board member, alternate, and ex-officio member appointed by a governmental entity must be appointed by a member agency or such other appointing authority as provided in the Authority Act and this Master Resolution. Minute action or a resolution making the required appointment must be presented to the Executive Officer before the Board member, alternate, or ex-officio member may participate in Authority Board meetings.

**2.01.040            SELECTION OF OFFICERS.**

(a)        The Authority officers will be a Chair and a Vice-Chair and will be elected from the Board to serve a term of one year. Officers may be reelected for no more than one consecutive additional term in the same office. Officer Election takes place at the close of the Authority's first regular January meeting.

(b)        It is the policy of the Board that the officers of the Authority rotate on a regular basis among the members of the Board with the Vice-Chair succeeding the Chair. Such other officers as may be deemed necessary may be appointed by the Authority Board.

**2.01.050.            AUTHORITY OF CHAIR AND VICE-CHAIR.**

The Chair presides at all meetings of the Authority Board and may make or second any motion and present and discuss any matter as a member of the Board. If the Chair is absent or unable to act, the Vice-Chair will serve until the Chair returns or is able to act and has all of the powers and duties of the Chair. If both the Chair and Vice-Chair are absent or unable to act, the Board will choose a member of the Executive Committee to serve as the presiding officer.

**2.01.060.            ADDITIONAL DUTIES.**

The officers of the Authority may perform such other duties as may be required by resolution or other action of the Authority.

**Article 2.02. MEETINGS OF THE AUTHORITY BOARD**

**2.02.010.            MEETINGS – TIME AND PLACE.**

(a)        The regular meetings of the Authority Board are held on the second Friday of each and every month at the Authority Offices, commencing at the hour of 2:00 pm, except as otherwise provided in this section.

(b)        If any regular meeting day falls upon a holiday, the regular meeting of the Board will be held at the same place on the next Friday, which is not a holiday commencing at the same hour, in which event all hearings, applications, petitioners, and other matters before the Board are deemed to be and are automatically continued to the same hour on such Friday which is not a holiday.

(c)        All meetings of the Authority Board are held in places accessible to persons, including persons with physical handicaps or disabilities.

If any member of the Board is unable to attend a meeting, that Board member will, if possible, notify the Executive Officer prior to the meeting.

**2.02.080. VACATION PERIOD.**

The Authority Board determines by resolution each calendar year vacation periods during which no regular meetings will be held.

**Article 2.03. COMMITTEES**

**2.03.010. PURPOSE.**

Committees and subcommittees may be established, as the Authority may deem appropriate to provide the Board with options, critique, analysis, and other information as the Board may request from time to time.

**2.03.020. EXECUTIVE COMMITTEE.**

The Executive Committee is comprised of not more than five (5) members of the Board. The Committee is comprised of the Chair, the Vice-Chair, the immediate Past Chair, and two representative members appointed by the Board. If the Past Chair position is vacant, the Board may appoint another past chair or representative. In addition, the Executive Committee shall include an ex-officio non-voting member appointed from among the ex-officio Board members by the Board Chair on an annual basis. The non-voting ex-officio member shall be permitted to attend closed session Executive Committee meetings. The Executive Committee will provide such duties as the Board may assign. If any designated representative is unable to serve on the Executive Committee, the Board may fill such vacancy with another member of the Board.

**2.03.021. EXECUTIVE COMMITTEE DUTIES.**

The Executive Committee meets on a date and time the Committee determines is convenient or necessary. The Executive Officer and Authority Counsel will attend the meetings.

(a) Review and approve all agendas of all regular and special meetings of the Board of Directors;

(b) Provide initial performance evaluation of the Executive Officer and make recommendations to the Board of Directors regarding employment and personnel matters relating to the Authority staff; and

(c) Perform such other duties as the Board of Directors may direct.

**2.03.030. ADMINISTRATIVE COMMITTEE.**

The chief administrative officer, county administrative officer, or city manager of each member agency, or designee, may serve on an administrative subcommittee to the Board to provide advice, analysis and recommendations to the Board

<b>FORT ORD REUSE AUTHORITY BOARD REPORT</b>		
<b>BUSINESS ITEMS</b>		
<b>Subject:</b>	Affordable Housing Update/Monterey Bay Economic Partnership Presentation	
<b>Meeting Date:</b>	April 13, 2018	<b>INFORMATION</b>
<b>Agenda Number:</b>	8f	

### **RECOMMENDATION(S):**

Receive an Affordable Housing History and Monterey Bay Economic Partnership (“MBEP”) Housing Policy Report.

### **AFFORDABLE HOUSING**

#### **History:**

Affordable housing on the former Fort Ord has long been a subject of interest to public policy makers and the Monterey Bay community. Federal, State, FORA Board, and local land use jurisdiction policies have all been part of the policy solutions since base closure. More recently, national economic trends, market forces, and a growing recognition of the critical housing supply shortage have re-energized efforts to develop affordable housing solutions for the Monterey Bay region. This report summarizes key policies that have influenced the Fort Ord reuse process. While significant progress on regional housing affordability remains a critical policy issue, a summary of Fort Ord reuse housing outcomes is provided for reference (**Attachment A**). These data and the history provided below set the stage for a presentation by the Monterey Bay Economic Partnership (“MBEP”) Housing Program Manager about their recent paper on realistic affordable housing policy options for the Monterey Bay region (**Attachment B**).

Upon base closure in 1994, the federal McKinney Act required properties transferred from the US Army under a Public Benefit Conveyance (“PBC”) to be made available to local non-profits with a Federal sponsor. The Federal Base Realignment and Closure (“BRAC”) process explicitly prioritized veterans and homeless services providers for receipt of these PBC conveyance properties. Organizations that obtained former Fort Ord Land under this program include: Monterey County Housing Authority, Veterans Transition Center, Community Human Services, and Interim, Inc. FORA recently assisted the VTC in securing additional water allocation from the U.S. Army to expand their program.

California State Redevelopment Law under the Health and Safety Code required 20% of all annual redevelopment tax increment funds be used to create low and moderate income housing and that 15% of all housing units built within redevelopment project areas must be affordable. Early on in the FORA process member jurisdictions voted to increase this minimum by 5%, largely in response to housing price increases and growing area demand for workforce/affordable housing. At the strong request of Congressman Farr, the FORA Board created a Housing Task Force facilitated by FORA staff and including a diverse range of jurisdictional and regional stakeholders, housing professionals, public and private sector housing developers, the local business community, and the public. As part of this effort, several housing studies were commissioned including The Clark Group Housing Task Force Report (2003) which recommended creation of a housing trust fund to facilitate project construction, and using FORA CIP contingency dollars to produce Affordable Housing. Another study by Bay Area Economics (“BAE”), Economic Analysis of Below Market Rate Housing (2003) suggested that achieving 40% inclusionary housing within new projects would only be possible with extensive project subsidies.

Ultimately the Housing Task Force recommended a target 30% inclusionary housing requirement on former Fort Ord projects. The FORA Master Resolution Amendment 8.02.020. (t) was enacted and



formally established the minimum 20% inclusionary target for former Fort Ord projects and required Jobs-Housing balance measures to be considered under FORA's consistency analysis of individual projects. Practically speaking this resulted in an additional 10% workforce for a total of 30% inclusionary target with workforce housing kicking in at 21-30%. Additional Jobs-Housing Balance provisions were adopted by vote of the members of the Community Facilities District including the establishment of a tiered Community Facility District ("CFD") structure and incorporated into the Master Resolution by Amendment in 2004. Under this provision developers providing >20% inclusionary housing could take advantage of reduced CFD fees based on a tiered structure. Since 2004, one project (Promontory Student Housing) has qualified for the Tier 1 CFD fee rate. No projects have yet qualified under Tiers 2 & 3.

More recently, the 2008 Great Recession impacted local affordable housing by eliminating the market differential between Workforce Housing and Market Rate Housing (i.e. market rate housing prices decreased). This reduced incentive for both individual below market projects and the hoped for local Housing Trust, which would have relied on contributions from local employers and municipalities. The original Housing Task Force had been impressed with efforts made by the Silicon Valley Housing Trust, and there is now the potential to engage their resources and expertise directly under the auspices of the MBEP whose recent activities in this vein are described below.

Since the recession, market rate housing prices have risen to pre-recession levels. The Fort Ord Base Reuse Plan Reassessment - Market & Economic Analysis (EPS 2012) suggested former Fort Ord home prices are too high for younger and less educated consumers, indicating need to reconfigure product types. The Fort Ord Regional Urban Design Guidelines - Market & Economic Update (SE 2014) suggested slow market-rate unit absorption reflected mismatch between Monterey County resident incomes and home prices. The Post-Reassessment Advisory Committee ("PRAC") took up the housing affordability issue again in 2016. The committee reviewed Fort Ord reuse affordable housing policy actions, and heard from leading authorities on recommendations for achieving more affordable housing realities in California (FI 2014). The committee also explored "affordable by design" concepts including tiny homes and leveraging public land ownership to reduce housing cost for qualified buyers, and the possibility of building partnerships among area educational institutions for sharing land, water, and other resources to create housing for teachers. Recognizing that housing affordability is a regional challenge, the FORA Board also supported formation of the Monterey Bay Economic Partnership to bring a regional focus on this critical issue.

### **Monterey Bay Economic Partnership ("MBEP") Housing Policy Report**

In 2017, MBEP hired Matt Huerta to head up the regional affordable housing initiative. Working with partners at Envision Housing, Mr. Huerta produced a report titled "What Realistic Policy Changes Could Improve Housing Affordability in the Monterey Bay Region?" (2018) (**Attachment B**), which was presented to the Monterey County Board of Supervisors in March. A follow-up presentation to the FORA Board was recommended by Supervisor Phillips, and Mr. Huerta is here today to deliver that report.

### **Key References**

All references cited in this report along with other regional housing links are available online at <http://OrdForward.org/affordable-housing/>.

- Bay Area Economics (2003). Economic Analysis of Below Market Rate Housing.
- Clark Group (2003). Fort Ord Reuse Authority Affordable/Workforce Housing Study.
- Economic and Planning Systems (2012). Fort Ord Base Reuse Plan Reassessment - Market & Economic Analysis.
- Fermenian Institute (2014). Opening San Diego's Door to Lower Housing Costs.

- Monterey Bay Economic Partnership (2018). What Realistic Policy Changes Could Improve Housing Affordability in the Monterey Bay Region?
- Strategic Economics (2014). Fort Ord Regional Urban Design Guidelines - Market & Economic Update.


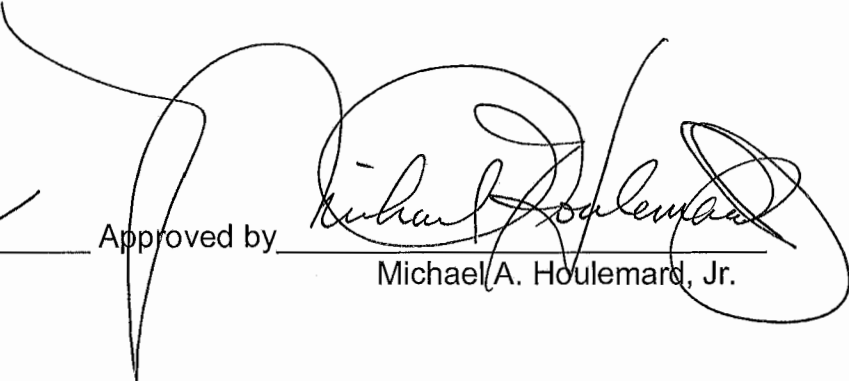
**FISCAL IMPACT:**

Reviewed by FORA Controller HF signing for Helen Rodriguez

Funding for staff time and ED program activities is included in the approved FORA budget.

**COORDINATION:**

Administrative and Executive Committees

Prepared by  for   
 Josh Metz Michael A. Houlemard, Jr.

## Appendix 1. Summary of Former Fort Ord Reuse Housing Projects and Outcomes

Project	Juris	Total Units	Market Rate Units	% Market Rate Units	Affordable Units	% Affordable Units	Workforce Units	% Workforce Units
<b>Entitled New Residential</b>								
Seahaven <sup>1</sup>	Marina	1,050	840	80%	237	23%	159	15%
Dunes on Monterey Bay	Marina	1,237	866	70%	247	20%	124	10%
Cypress Knolls	Marina	712	498	70%	143	20%	71	10%
Seaside Highlands <sup>2</sup>	Seaside	380	380	100%	0	0%	0	0%
Seaside Resort	Seaside	125	125	100%	0	0%	0	0%
East Garrison	County	1,470	1,050	71%	294	20%	126	9%
<b>Subtotals</b>		<b>4,974</b>	<b>3,759</b>	<b>76%</b>	<b>921</b>	<b>19%</b>	<b>480</b>	<b>10%</b>
<b>Existing Residential</b>								
Preston Park	Marina	352	301	86%	0	0%	0	0%
Abrams B <sup>3</sup>	Marina	192	57	30%	0	0%	0	0%
Interim Inc.	Marina	11	0	0%	11	100%	0	0%
MOCO Housing Authority	Marina	56	0	0%	56	100%	0	0%
Shelter Outreach Plus	Marina	39	0	0%	39	100%	0	0%
Veterans Transition Center	Marina	13	0	0%	13	100%	0	0%
Sunbay	Seaside	297	297	100%	0	0%	0	0%
Bayview	Seaside	223	0	0%	0	0%	223	100%
East Campus	CSUMB	1,253	0	0%	1,253	100%	0	0%
POM Annex	Army	1,590	0	0%	1590	100%	0	0%
<b>Subtotals</b>		<b>4,026</b>	<b>655</b>	<b>16%</b>	<b>2,962</b>	<b>74%</b>	<b>223</b>	<b>6%</b>
<b>Proposed/Planned</b>								
UC	UC	240	168	70%	48	20%	24	10%
Planned Housing	Seaside	883	618	70%	177	20%	88	10%
Del Rey Oaks Housing	Del Rey Oaks	691	483	70%	138	20%	70	10%
<b>Subtotals</b>		<b>1,814</b>	<b>1,269</b>	<b>70%</b>	<b>363</b>	<b>20%</b>	<b>182</b>	<b>10%</b>

Totals (Entitled, Existing, Proposed/Planned)							
Marina	3,662	2,562	70%	746	20%	354	10%
Seaside	1,908	1,420	73.5%	177	11.5%	311	15.0%
Monterey County	1,470	1,050	71%	294	20%	126	9%
Del Rey Oaks	691	483	70%	138	20%	70	10%
UCMBEST	240	168	70%	48	20%	24	10%
<b>BRP-DRMP Totals<sup>4</sup></b>	<b>7,971</b>	<b>5,683</b>	<b>71%</b>	<b>1,403</b>	<b>18%</b>	<b>885</b>	<b>11%</b>
CSUMB	1,253	0	0%	1,253	100%	0	0%
U.S. Army	1,590	0	0	1,590	100%	0	0%
<b>Grand Totals</b>	<b>10,814</b>	<b>5,683</b>	<b>53%</b>	<b>4,246</b>	<b>39%</b>	<b>885</b>	<b>8%</b>

<sup>1</sup>Seahaven affordable component includes 186 affordable units from Abrams B and Preston Park.

<sup>2</sup>City of Seaside intends to comply with State of California redevelopment law and the Fort Ord Reuse Authority Master Resolution by causing the construction of a minimum of 20% low and moderate income housing on a separate site on the former Fort Ord. Note, 'SH Affordable' under proposed residential projects accomplishes a portion of this requirement.

<sup>3</sup>135 units in Abrams B and 51 units in Preston Park are designated as affordable units for the Seahaven project.

<sup>4</sup>Base Reuse Plan (BRP) Development and Resource Management Plan (DRMP) allows for the development of 6,160 new housing units, and 1,813 rehab/replacement units. CSUMB and US Army units are not subject to the DRMP caps.

**Additional resources:**

FORA Master Resolution 8.02.020. (t) implements BRP policy requiring a minimum of 20% Affordable Housing. [Affordable to Very Low, Low, and Moderate income levels]

FORA Master Resolution Defines Workforce Housing as up to 180% above median area income.

FORA CFD allows for a lower fee for qualified affordable housing projects.

2017 Monterey County rates as published by the State of California: AMI-4 Person-\$68,700.

<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/inc2k17.pdf>

HUD has different and lower limits for AMI for Monterey County of \$63,100. The low income number is \$65,100

See <https://www.huduser.gov/portal/datasets/il/il2017/2017summary.odn>



**Monterey Bay**  
ECONOMIC PARTNERSHIP



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# **What Realistic Policy Changes Could Improve Housing Affordability in the Monterey Bay Region?**

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**January 2018**



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## Background

This paper focuses on what local policy changes

- a) have been thoroughly researched, recommended, and/or tested in other locations for their effect on improving housing affordability in a highly constrained housing market;
- b) are far from fully implemented within the Monterey Bay Region;
- c) are likely to have a positive effect on affordability within the housing and policy characteristics of Monterey Bay Region; and
- d) have been judged by the authors to be, broadly speaking, politically realistic in many of the local jurisdictions within the Monterey Bay Region.

This paper does not describe the housing crisis that the region is currently facing and the negative consequences thereof, which is well documented elsewhere. Nor does it examine the detailed differences between jurisdictions within the region, exactly how best to implement these policies within each jurisdiction, nor what some of the trade-offs to these policies would be. We hope, rather, that this paper can be a starting point for jurisdictions to more fully examine and consider policy changes for improving housing affordability. We also hope that more regional conversation, advocacy, and coordination toward improving affordability can take place.

We would like to continue to update this research, and therefore welcome questions, comments, and ideas. Please feel free to contact Sibley Simon at [sibley@envisionhousing.us](mailto:sibley@envisionhousing.us) or Matt Huerta at [mhuerta@mbep.biz](mailto:mhuerta@mbep.biz).

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## Alterable Drivers of Affordability

It is beyond the scope of this report to fully explain the complex nuances of what makes housing expensive to develop and the housing market unaffordable in our communities. Some drivers of cost are nearly unchangeable (e.g. frequently difficult soil conditions), some are beyond the ability of local jurisdictions to change (e.g. certain over-uses of CEQA lawsuits), and some have near-consensus support for leaving in place (e.g. preserving the region's productive farm land). To evaluate and prioritize housing policy change, though, explicit mention of the realistically improvable affordability drivers is critical.

We briefly summarize the most relevant drivers below. The policies advocated in this paper are specifically picked to cause improvements in these drivers.

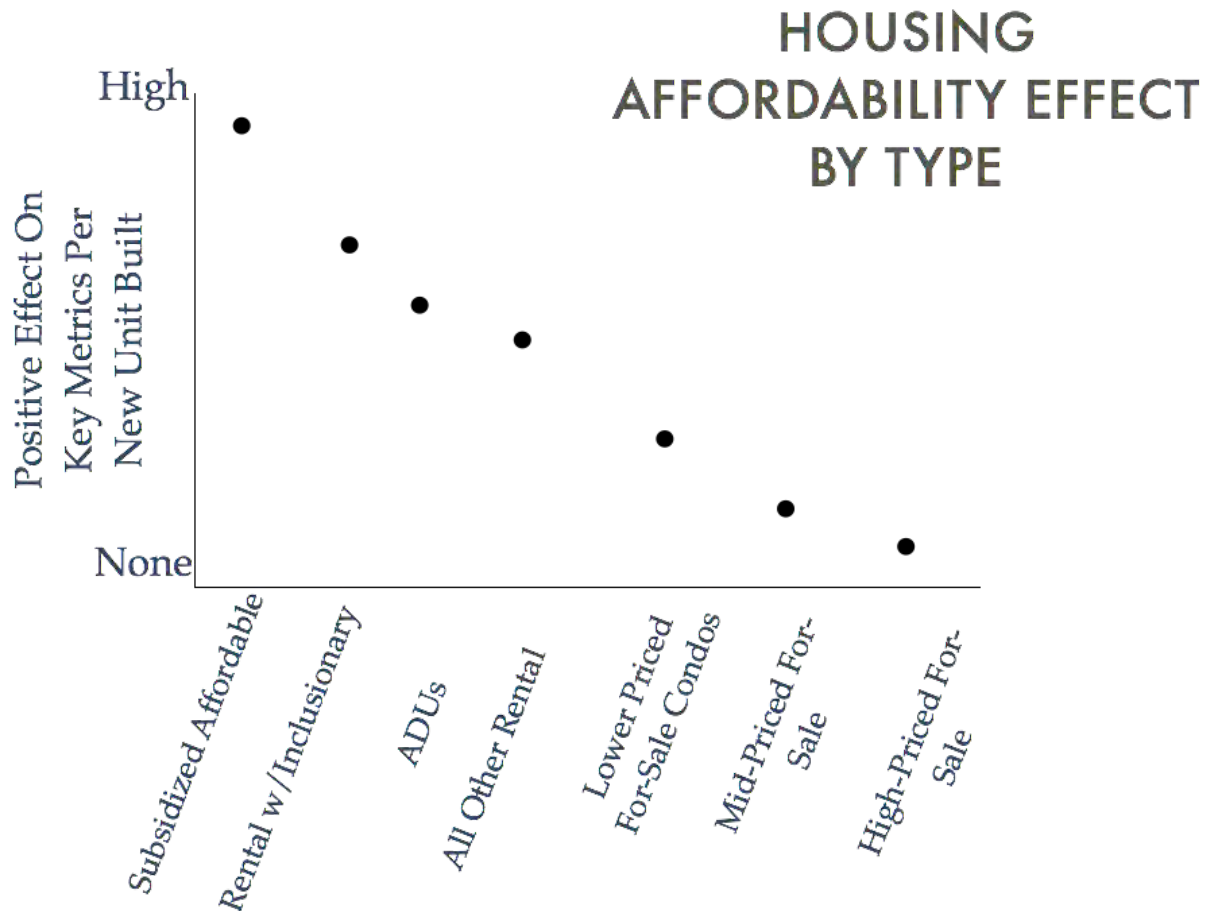
1. **Overall Housing Supply.** It is well understood that the Monterey Bay Region and California as a whole have for decades been producing new housing at a rate far below the gradual increase in demand. The drivers listed below address the fact that there are more and less productive types of housing to create, but we must not lose sight of the fact that we do not even have in existence today enough housing for our region's current residents. There is no question, then, and that addressing affordability as a whole requires, in part, significant increases in our rate of housing production.

2. **Mix of housing types produced.** A less often discussed component of housing affordability within our undersupplied market is that we (both the Monterey Bay Region and California generally) do not produce a mix of housing types that corresponds well to the spectrum of demand. We create a very small amount of publicly subsidized housing for lower income levels and a much larger amount of expensive for-sale housing (but not even enough of the latter to keep up with demand). Critical to addressing affordability is not only increasing production but altering the types of housing produced. This is important and complex enough that we address this point in more detail below.
3. **Affordable Housing Production.** The more affordable housing we can actually create for lower income levels, all else being roughly equal, the more we will improve the region's affordability. Actually evaluating affordable housing policies according to the number and income level of units produced relative to alternative policies has often been neglected, and is therefore an important part of a systematic policy change effort. There seems no realistic path to addressing most of the affordability crisis via publicly subsidized housing, so this category of production must only be one of several major efforts. Nevertheless, local measures that could create more subsidized affordable housing should be pursued.
4. **Cost of Production.** Even within the context of unaffordably high prices and rents, the high cost of production is one of the dominant factors in the overall lack of supply. Further, it is important to note that while reducing the cost of production does increase total production, it also has the arguably even more important second effect of enabling the production of more housing types (e.g. smaller infill multifamily housing) beyond highest-end units. In this way it is critical to altering the mix of units produced.
5. **Risk in Production.** As with cost, the risk involved, primarily through lengthy and uncertain approval processes, is also a significant component of depressed supply.

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## More on Housing Types

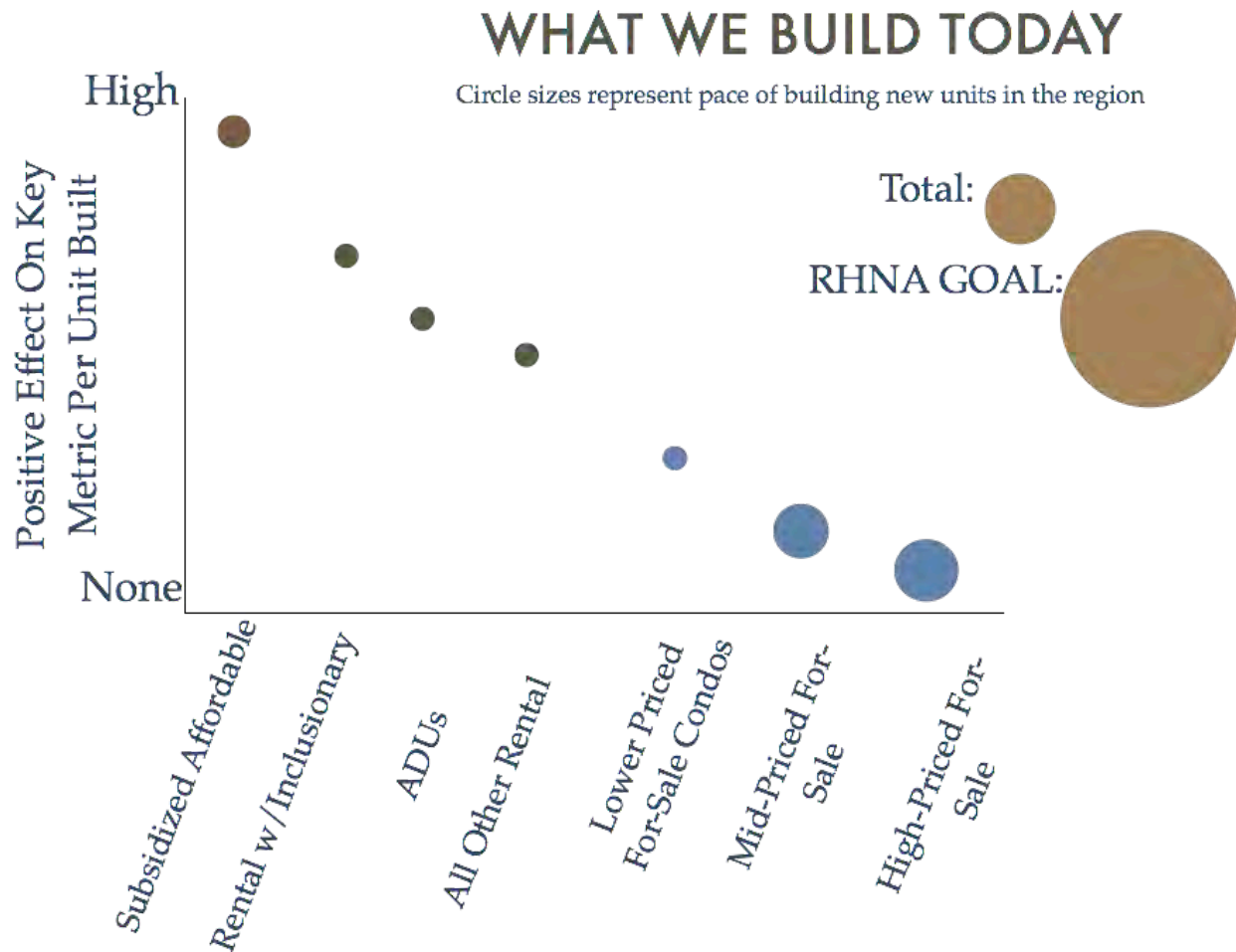
Debate about the effect of new supply on overall affordability is often muddled, in part, by failing to distinguish between new housing of different types. In a region that primarily has lower-growth industries and challenging commutes to higher-growth economic areas (primarily Silicon Valley), some types of new housing construction have low induced demand. Meanwhile, other types of housing, such as for-sale housing that is ideal by design and location for high-end vacation homes, have a larger induced demand for non-primary residence uses. Our region's world class hospitality destinations and desirable retirement communities are in part made possible by service workers who increasingly live further away from their employers. We believe it is likely that our region has an even larger spread in affordability impact between different housing types, and in any case the growing research to support these conceptual distinctions clearly applies.



The types of housing shown above are only some of the categories that warrant consideration - distinction could also be made by dense infill vs. single family homes, multi-family building height, and other characteristics.

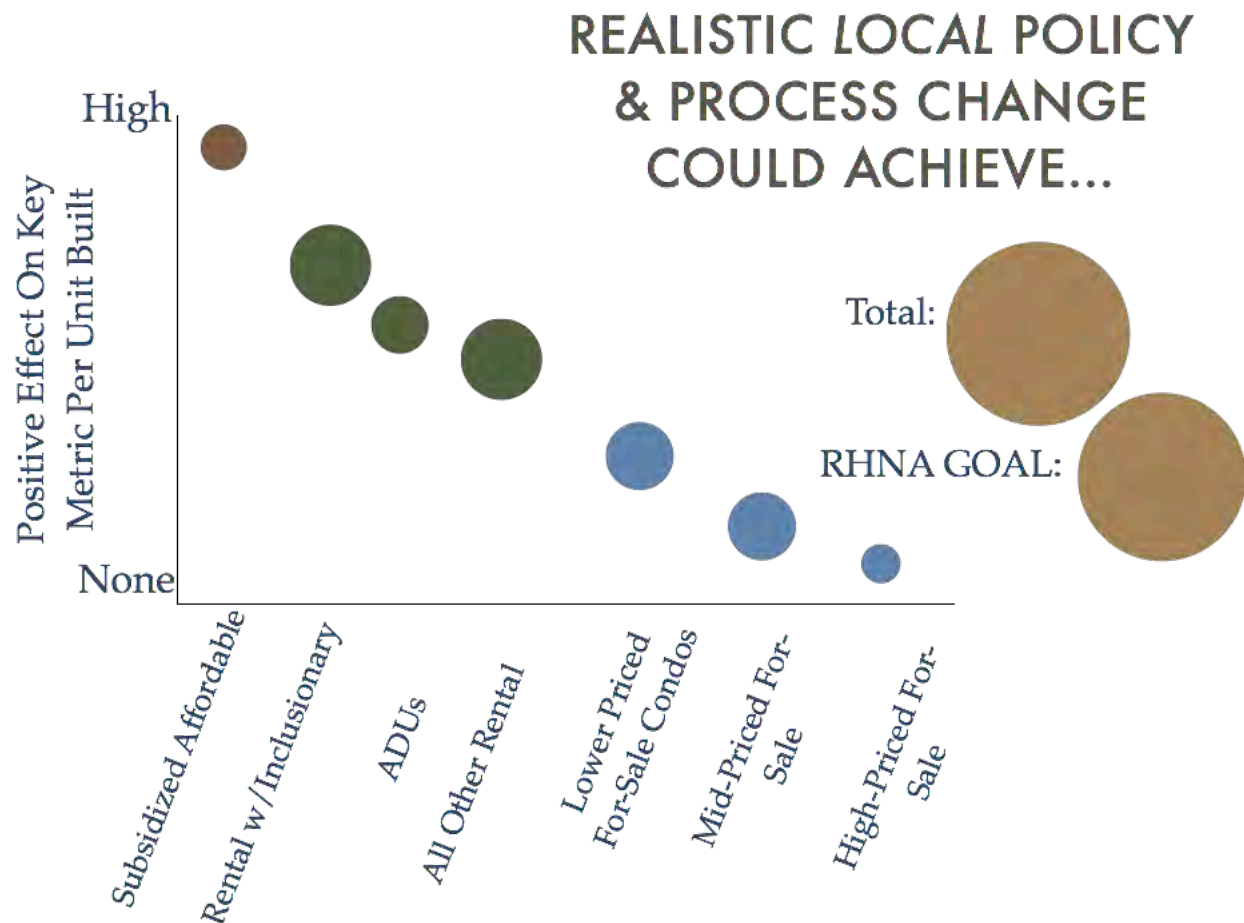
In other regions, work has been done to quantify these distinctions. It is beyond the scope of this report to fully explain this research, which requires first defining combinations of metrics such as median home prices and rents, percent of extremely rent burdened households, new homelessness, etc. to measure. A study by Karen Chapple and Miriam Zuk at UC Berkeley, for example, found that even in the SF Bay Region, both new market-rate housing and new affordable housing actually reduced displacement of lower-income households, with the affordable housing having roughly 2.5 times the effect per unit. While there is not enough data to predict exact affordability improvements in the Monterey Bay Region due to specific increases in supply in specific housing types, we believe the relative effects are clear.

As a rough approximation, the mix of housing types we have built in recent years (more specifically within the last RHNA cycle) looks more like the following, with the size of each circle indicating the relative volume in number of residential units:



The RHNA Goal shown here is the “Regional Housing Needs Assessment” created according to state law that is an estimate of the number of housing units (with sub-goals for certain income levels) that is needed just to keep up with the increase in demand. As can be seen, our region not only adds to unaffordability by failing to keep production up with increases in demand, but also adds further to it by predominantly constructing units that have a lesser effect on overall market affordability.

The good news is that it appears from success elsewhere that realistic local policy change can have a major effect in changing this supply problem. While no single, simple policy change provides the answer, we believe that a systematic, sustained set of local changes and evaluation of their effect could bring our region’s housing production close to something like the following, which would begin to reverse unaffordability across income levels:



To accomplish this, jurisdictions in our region would need to systematically and rigorously work on policy changes such as those described in the following section.

## Most Promising Policy Change Recommendations

Reviewing local policy recommendations, analysis, and studies of implemented policies by the California Department of Housing & Community Development, the San Diego Housing Commission, multiple policy groups in the San Francisco Bay area, and a few specific jurisdictions has led us thus far to the following list of most promising policy changes that could be made by some or all of the jurisdictions in the Monterey Bay Region.

1. **Scale All Fees by Square Foot, Not Per Unit.** Recognizing that truly reducing the overall fee burden on housing production will likely require state-level policy change, local jurisdictions can immediately focus on removing disincentives to the creation of smaller units. All of the jurisdictions we examined in the region have at least some fees that are charged per housing unit created, without regard to whether the unit is a 4,000 square foot single family home or a 400 square foot rental apartment. This provides a financial



*disincentive* to build smaller units that have a much greater affect on improving the market's affordability. We see no downside to eliminating this disincentive, as has specifically been recommended by HCD.

We particularly note that in the jurisdictions within Santa Cruz and San Benito counties, the majority of all jurisdiction fees paid in the production of new smaller units are often the per-unit water & sewer fees. For example, a project with 10 units that are each 3 bedroom, 2 bathroom for-sale townhouses of 2,000 square feet might pay \$200,000 in such fees (more or less depending on the exact districts the project falls within). In the same location, a project of 15 rental units, 10 of which are 1 bedroom, 1 bath, 600 square foot units and 5 of which are 2 bedroom, 1.5 bath, 800 square foot units would pay \$300,000 at the same per-unit fee rate. The second project has much less square footage, fewer bedrooms, fewer bathrooms, likely a similar or lower population and number of vehicles, and yet we are disincentivizing it with higher fees. *Just changing these fees alone to a per square foot basis that still nets the same total impact fee collection by water districts could save over 3% on the cost of production of small units in multi-family infill projects.*

- 2. Defer Development Impact Fees Until The Certificate of Occupancy.** Paying fees during the most speculative stages of a project's development and then financing fees throughout multiple years of a projects development and construction adds measurably to the cost. The San Diego Housing Commission seeks to save approximately 1% of the cost of production across *all* housing units simply by collecting all of the same fees as a requirement for CoO issuance rather than at many stages throughout a project's timeline previous to that point. This could certainly be done with impact fees, such as those leveed for water, sewer, traffic/street improvements, daycare, affordable housing impact, groundwater/impervious surfaces, parks, schools, etc. Jurisdictions should also look at the many other fees, such as application fees, general plan fees, etc. to determine which are most feasible to move to the later stage as well.

- 3. Enhanced Bonus Density Provision.** While real success improving affordability will take changing multiple policies, we see this as the single most powerful lever that could be deployed. It therefore warrants a more detailed explanation.

*Background:* The State of California has a bonus density law that applies to all jurisdictions. Under this law, if a housing project includes certain percentages of its units as legally restricted affordable housing units for certain low-income levels, i.e. inclusionary housing (the particular percentage required varying according to how low the income restrictions are on the units), then the project can take advantage of certain incentives, including:

- A percent increase in the density of units that can be built in the project over that allowed by the local jurisdictions zoning ordinance (with that bonus percent rising as high as 35% if enough income-restricted affordable units are built);
- A reduction in the minimum parking requirements to a certain level specified by state law, if desired;
- The right to have a limited number of other more minor deviations from local zoning (e.g. setback requirements) under certain circumstances.

This law seeks to provide the incentives to create affordable housing units without government cash subsidy. However, across California it is rarely used outside of 100% affordable projects that are indeed subsidized with public dollars.

San Diego's analysis concluded that the structure of the law is sound, but often the expense of providing the on-site affordable housing units is greater than the benefit of the incentives provided. Their local amendments to this structure have shown one example of how this bonus density structure can be enhanced to the point that it greatly increases the production of affordable housing units. Key points from San Diego's example include:

- Strategically, San Diego did not reduce the affordable housing requirement to achieve bonus density nor alter the state's bonus incentives for the typical inclusionary housing percentages. Rather, they altered their law to provide a larger bonus density reward for inclusionary housing *above and beyond* the highest levels rewarded by the state. So a project that maxes out the state bonus density incentive by providing 20% of its baseline number of units as low-income affordable units can then provide *even more* inclusionary housing, with more bonus per unit up to a 50% density bonus.
- Similarly, projects going beyond the state density bonus requirement earn more of the minor zoning concessions, up to a five concession maximum.
- **This policy has resulted in a 900% increase in the rate of housing projects applying for bonus density and 470% increase in the inclusionary housing units in the production pipeline.** The increase in affordable and bonus market-rate units is shown in the chart below (courtesy Circulate San Diego at: <http://www.circulatesd.org/ahbpreport> )

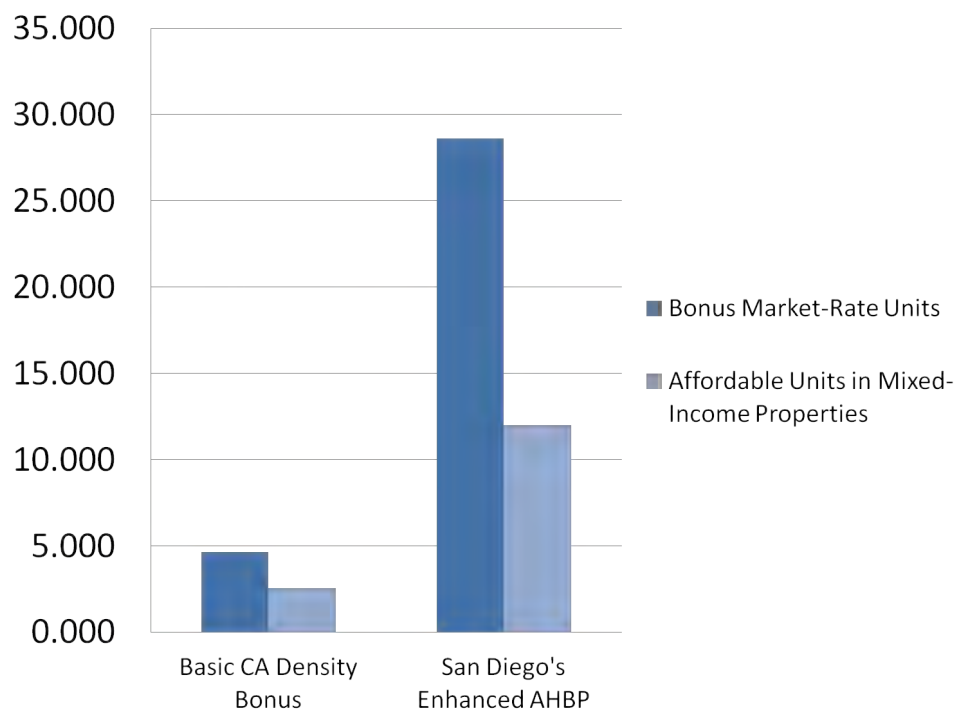
With minor exceptions, all of the jurisdictions in the Monterey Bay Region have bonus density ordinances that effectively copy the requirements of the state law. We see the San Diego framework as a major opportunity for jurisdictions to create affordable housing well beyond what can be funded with public dollars. In addition to the additional bonus structure described above, other potential improvements to the region's current bonus laws for creating affordable housing and other less expensive, denser units include:

- Allow a preference for subsidy vouchers in the inclusionary units, whether to simply lead more such projects to happen or to achieve a deeper level of affordability. (Ordinances in some jurisdictions in the region are unclear as to whether this is allowed.) Arguably the majority of the effectively (and legally) affordable housing in our region comes from the use of subsidy vouchers such as Housing Choice vouchers (aka Section 8), VASH vouchers for veterans, and other programs. However, there is not full utilization of those vouchers we have available in our region because of the difficulty of finding units that will accept them. Within Santa Cruz County, for example, only 50% of those households who get a new voucher (typically after having waited > 8 years on a waiting list), are able to find a unit that accepts the voucher before losing it. This is a major missed opportunity for increasing affordability in our region. As long as this need exists, allowing those vouchers to help pay for the creation of new affordable housing units would be a clear benefit to our region.
- Allow market rate developers the option to pay in-lieu fees and require acceptance of subsidy vouchers. Providing developers alternatives to building inclusionary rental units onsite increases project feasibility, but can be counterproductive in terms of increasing the supply of affordable units. All large-scale rental housing developments (e.g. 10 units or larger) should include some units accessible to lower income households through

subsidy vouchers. The Salinas Inclusionary Housing Ordinance updated in 2017 includes a \$5 per square foot in-lieu fee that was higher than economically feasible for some projects, so a compromise was reached allowing developers to pay \$2 per square foot if the developer voluntarily agrees to allow Housing Choice Voucher holders to access 12% of their rental units (matching the rental option total percentage). This incentive addresses the need for more access to units for existing voucher holders struggling to find apartment owners who accept their vouchers.

- **Rental bonus.** As noted above, we desperately need more rental housing in order to improve the region's affordability. Santa Cruz has experimented with adding a rental housing density bonus, in which simply by being guaranteed to be rental housing instead of for-sale units, a project can obtain a density bonus. This hasn't been widely used, however, like other bonus densities. We believe that this is an excellent concept that could be restructured to have a significant effect. Because inclusionary rental units are more difficult financially to incorporate into a rental project, we suggest that jurisdictions structure an additional bonus on top of inclusionary housing bonuses (of, say 10%) for projects that are guaranteed to be rental projects. This would use the San Diego model of still requiring inclusionary units but then increasing the incentive thereafter - in this case for the public benefit of providing rental vs. for-sale housing.

#### Bonus & Inclusionary Units Produced Per Month in San Diego Before & After Bonus



#### Density Law Change

4. **Reducing Parking Requirements.** The single biggest disincentive for building more, smaller units in a project rather than large, expensive units is parking requirements. In a 3 -

4 story infill project with smaller units, for example, ground-level parking can take up 2.5 times the amount of land as the building(s). Projects then sometimes choose between fewer units (and thus have to get more revenue per unit) or adding structured, underground, or lift parking, which typically costs \$20,000/new parking spot or more. The Monterey Bay Region has scores of zoning areas within its 17 jurisdictions with varying parking requirements. But nearly all, for example, require 2 parking spaces plus visitor parking for every modest-sized one-bedroom apartment. The financial feasibility of building many more housing units near jobs in walkable, bike-friendly, and bus-friendly locations would be greatly helped by:

- Greatly reducing - ideally eliminating entirely - parking minimums in core downtown zones, combined with parking districts where needed.
- Reducing parking requirements in other locations served by walkable amenities and public transit.
- Reducing parking requirements as an incentive for lower-parking policies, from additional bike amenities, car sharing amenities, and institution of low-car ownership rental preferences.
- Making a working bonus density ordinance, so that the lower parking requirements required by state bonus density law are available to projects that can work financially.
- Incentivizing commercial property owners to share existing parking with nearby residential projects where appropriate.

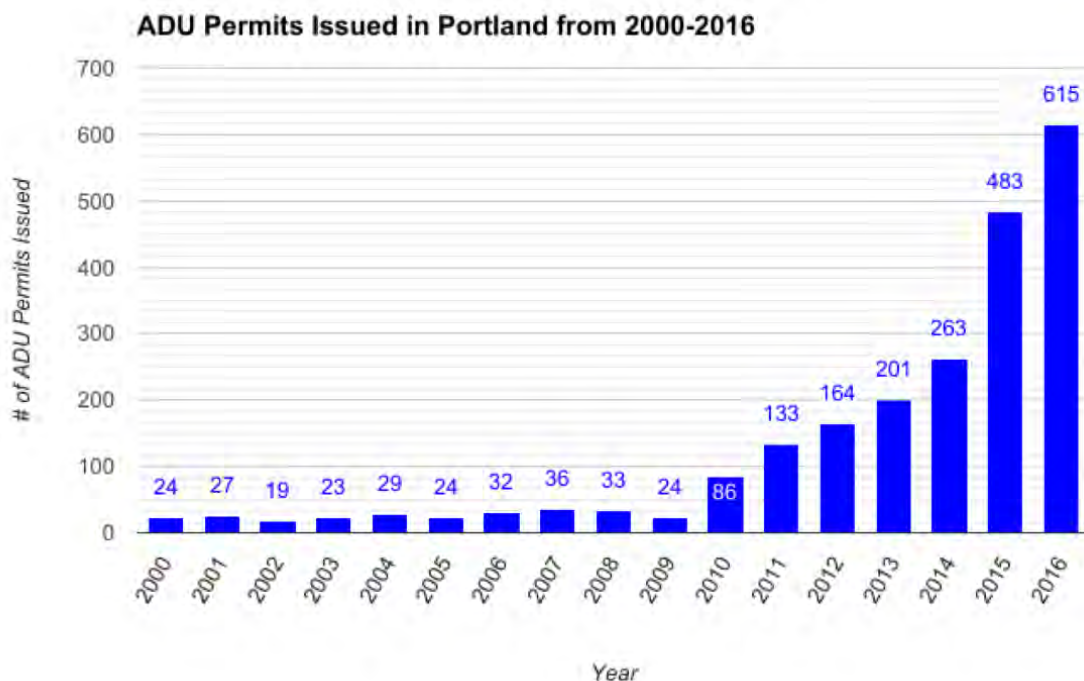
**5. Reducing Commercial Space Requirements.** In mixed-use zones around the region, there are typically requirements for how much construction must be commercial or even retail. This can be all street frontage, the full first-floor, or in the case of unincorporated Santa Cruz County, 50% of the square footage of the entire development. In most locations, there is not strong demand for commercial space. Lenders often therefore do not count projected commercial revenue in their financing calculations. This means that housing can only be built in those locations if it is expensive enough to subsidize the required commercial space - often leading to commercial space that is not well designed for likely eventual uses. This is a particularly significant challenge because these mixed-use zones are typically the exact locations where housing density is least controversial, closest to jobs, and best served by transit and active transportation options. Best practices for improving housing affordability include:

- Allow housing behind and above any first-floor commercial/retail space, requiring at most only a certain depth of commercial space along the primary street frontage.
- Outside of core downtowns, allow street frontage space to be a construction type and design that can allow for conversion between residential use, live-work space, and retail uses, allowing demand to drive use over time.

**6. Local Funding Sources for Affordable Housing.** 2016 was a breakthrough election cycle for voters in local jurisdictions in CA passing taxes and fees that fund affordable housing. Counties and cities in the Monterey Bay Region should look at best opportunities for generating revenue to subsidize more affordable housing production - sources *other than* taxing the other most important types of housing production (such as rental housing). In fact, jurisdictions who do not have local match sources will not be competitive for state and

federal resources that base their awards on leverage (e.g. Low-Income Housing Tax Credits). Exploration of other local sources could include dedicating a portion of Transient Occupancy Taxes, Cannabis Revenues, or establishing a Commercial Linkage Fee as several San Francisco Bay Area cities have done. UC Berkeley's Urban Displacement Project (<http://www.urbandisplacement.org/policy-tools-2>) has catalogued affordable housing policies including housing related funding measures across the Bay Area. Los Angeles passed a business sensitive commercial linkage measure in December 2017.

7. **Comprehensive Pro-ADU Production Policies.** The 2016 changes to CA state law remove many of the barriers to ADU production. Nevertheless, longstanding policies in Santa Cruz in particular demonstrate that this is not enough to actually get many ADUs produced. Portland provides the best example of a jurisdiction (roughly the same size as the Monterey Bay Region in total population as well as prevalence of single-family-home lots) that has rapidly increased its ADU production via a systematic policy-change effort. The chart below shows the effect of repeatedly analyzing and acting on policy-change opportunities regarding ADUs in Portland:



Specific policies changed and actions taken beyond those already enacted by California state-wide include:

- Annual production goals, with continued policy change as success relative to the goals is evaluated.
- Significantly lower impact fees for ADUs, including avoiding water and sewer fees due to the property already having such connections.
- Deferral of all impact fees until Certificate of Occupancy.



- No owner occupancy requirements.
- Further lowering parking requirements.
- Easy online tool for assessing a property's eligibility and requirements under zoning rules.
- Sustained public education.
- Actively working with local lenders to encourage the creation of financing products specifically for funding the construction of ADUs.

For more reading on ADUs, see the recently released brief from Berkeley's Turner Center for Housing Innovation:

[http://turnercenter.berkeley.edu/uploads/ADU\\_Update\\_Brief\\_December\\_2017\\_.pdf](http://turnercenter.berkeley.edu/uploads/ADU_Update_Brief_December_2017_.pdf)

- 8. Update Traffic Analysis.** California is moving toward analyzing traffic impacts in the “vehicle miles traveled” framework rather than the “level of service” framework. This recognizes that infill development is better overall for a community's traffic, even if it is near a heavily-used street or intersection, than is building housing far from jobs and services. In November 2017, the Governor's Office of Planning and Research released an update to CEQA that moves this forward. The current estimated timeline by the state is that jurisdictions may not be required to enact this change until some date in the future, potentially as far as the end of 2021. However, the sooner jurisdictions in our region make this switch, the sooner this will positively affect infill housing development. Pasadena, San Francisco, and Oakland have all made this change already and San Jose, Los Angeles, and Sacramento are close to adopting the change. There is every reason for jurisdictions in our region to begin this in 2018.

(The final draft of proposed state changes can be found beginning on page 77 of [http://opr.ca.gov/docs/20171127\\_Comprehensive\\_CEQA\\_Guidelines\\_Package\\_Nov\\_2017.pdf](http://opr.ca.gov/docs/20171127_Comprehensive_CEQA_Guidelines_Package_Nov_2017.pdf) )

- 9. Zoning for Density, Including Optimizing Height Limits & Density Calculations.** It is clear that the needed growth in housing supply now and in the future will come from higher-density, infill development. However, our current zoning needs updating in many locations around the region to allow this to occur. Throughout California, jurisdictions are updating zoning in downtowns and denser corridors to enable projects that create new supply of high quality housing (often mixed-use) to occur. These updates include:
- Setting height limits in downtowns and other denser areas to the financially efficient heights for 3-over-1 (i.e. three residential stories built over one commercial story) and 5-over-2, roughly 50 and 85 feet respectively.
  - Requiring only modest upper-story setbacks, and especially in downtowns, allowing high FAR (floor area ratio) – in these locations a FAR limit is often not needed at all given that total lot coverage after setbacks, articulation requirements, and height limits are observed is often ideal.
  - Removing units-per-acre density limits, instead limiting density by height, FAR, and parking requirements. This enables projects to build more, smaller units in the same building size.

- As stated above, reducing the commercial space requirements is also a core part of optimizing zoning. Outside of core downtown areas, allowing a part of a mixed-use project's ground floor to be residential.

More examples of the specific limits that are preventing more infill density in the most appropriate areas within the region are listed in the table at the end of this document.

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## Conclusion

### Systematic Policy Change Effort

Local policy makers have a major role to play in enabling solutions to our housing affordability crisis. Our local zoning rules, fees, and other policies have not or have not fully implemented many of the best practices being used elsewhere in CA.

It is important to note that many of the locations that are having the most success in addressing these same challenges are taking a systematic, ongoing approach to rapid policy change. Because housing policy is complex, and it is often the combination of many policies that leads to significant change, such an approach is likely necessary for successful outcomes. The approach involves

- Setting annual housing production goals, broken down by components such as units affordable to different income levels, rental vs. for-sale units, and geographic areas.
- Measuring success against the goals in public annual reports that allow for and encourage community engagement.
- Taking a data-driven approach to assessing the effect of specific policies in progress toward goals.
- Sustaining the systematic effort across multiple years, adjusting policies to achieve goals and avoiding critical negative consequences.

The San Diego Housing Commission have been particularly successful at applying this sustained methodology within the context of California's regulatory and funding environment.



A key recommendation, then, is for jurisdictions to engage in a goal-oriented, multi-year process of evaluation and change toward addressing the affordability crisis. This would require a consistent group of appointed commissioners, elected officials, and/or staff to perform clear analysis, incorporating input from residents and the development community before arriving at detailed recommendations. While this takes sustained effort and resources, we are so far behind in having a housing market that supports a healthy, thriving, and diverse community that solutions will require this level of high-priority commitment.

We hope that each jurisdiction will work to carefully adapt and apply these policies, look for more opportunities that have not yet been identified here, and measure the collective progress across:

- Total housing production,
- Production of rental housing,
- Production of affordable housing,
- Displacement and overcrowding, and
- Measures of affordability, including median rent/price, burden relative to income, etc.

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## Additional Information

When the cost of building a certain type of housing is reduced, more of it tends to be produced. Reducing the cost of building the kinds of housing most needed by a community has become an important strategy in California jurisdictions seeking to address the need for the right kinds of supply. We performed an initial application of public analysis by Kyser Marston Associates for other jurisdictions and by other parties such as HCD and the Bay Area Council Economic Institute to our region and to the policies listed above. This indicates that enacting these policies could save tens of thousands of dollars per unit. For smaller units, this can be well over 10% of the cost of production.

	Applies-To % of Potential Housing	Possible Cost Reduction
Fees by Square Foot	75%	\$1-10,000
Defer Development Fees	100%	\$2-6,000
Effectively Incentivize Bonus Density Projects	30%	\$50-85,000
Reduce Parking Requirements	50%	\$5-20,000
Reduce Commercial Space Requirements	20%	\$10-20,000

	Applies-To % of Potential Housing	Possible Cost Reduction
Local Funding Sources		n/a
ADU Production Policies	10%	\$2-10,000
VMТ Analysis	20%	\$1-5,000
Optimize Height & Density Calculations	20%	\$5-10,000
<b>AVERAGE WEIGHTED TOTAL</b>		<b>&gt;\$40,000</b>

The following table captures some of the largest barriers in the region to building small units in high infill density co-located with jobs and services. Hardly any areas in the region utilize best practices of using a combination of building size, height, and parking requirements to achieve higher density. Rather, we have a variety of units/acre density limits that generally are only high density if large units are built.

Recognizing that the specific zoning rules in our region are highly varied, fairly complex, and in many cases undergoing change, we welcome corrections or additions to this information sent to [sibley@envisionhousing.us](mailto:sibley@envisionhousing.us).

Example Zones/Jurisdictions	Largest Barriers to Allowing Optimized Core Infill Density
Salinas Downtown	Units/acre limit in focused growth area of 40 units/acre, other area limits of 24 or fewer
Hollister Downtown	Units/acre limits of 35 or fewer
Watsonville Downtown	Units/acre limits of under 37
Seaside	Units/acre limits of 25, no zone for buildings over 48'
Marina	Units/acre limits of 35 or fewer for residential, 25 or fewer for mixed-use; 50% commercial square footage requirement for mixed-use in core area; no zone for buildings over 50'
Santa Cruz Downtown	3-story limit for some downtown areas, limited downtown zoning area, low % of projects allowed to reach maximum height.
Santa Cruz County Mixed-Use Corridors	50% commercial square footage requirement & 3-story height limit

Example Zones/Jurisdictions	Largest Barriers to Allowing Optimized Core Infill Density
Capitola Potential Mixed-Use Sites	Unit/acre limit of 20