CITY OF SEASIDE
STAFF REPORT

Item No.: 6.A.

TO: Successor Agency to the Redevelopment Agency of the City of Seaside

BY: Craig Malin, City Manager

DATE: September 20, 2018

SUBJECT: **RECEIVE AND DISCUSS FORA FISCAL ANALYSIS**

PURPOSE & RECOMMENDATION

James Edison, of Willdan Financial Services, will deliver a report regarding the fiscal impact of the pending dissolution of the Fort Ord Reuse Authority (FORA) in 2020. Together with the City's success in securing investment on former Fort Ord property, the City's strategic response to the pending dissolution of FORA will shape the community's ability to secure our vision

BACKGROUND

Under current law, FORA must submit a transition plan to the Monterey County Local Agency Formation Commission (LAFCO) by December 30, 2018 and must dissolve by June 30, 2020. Within the wide range of legal, financial and practical implications embedded within the pending dissolution of FORA, the opportunity for the citizens of Seaside to chart their own path forward, secure the benefit of transformative investment in the community and direct that transformative investment toward the community's vision is paramount. Understanding the range of potential fiscal outcomes under varying buildout scenarios on one hand, along with FORA dissolution or extension scenarios on the other hand, is critical to building community consensus toward strategic decisions regarding Seaside's future.

ATTACHMENTS

1. Willdan Report 2018.09

Reviewed for Submission to the
City Council by:

- JCC will need control of design/construction
- No cost to JCC for the parcel
- Construction costs under $1,000/sq. ft.
- No environmental challenges
- Local contribution toward infrastructure/environmental mitigations
- Local Community Support

Monterey County Superior Court anticipates the City of Seaside will authorize its staff to move forward to work with the Court and the JCC. A new MFJC will become a jewel for the City of Seaside and a regional asset for all of Monterey County.

Fiscal Impact Analysis of the Potential Dissolution of Fort Ord Reuse Authority (FORA) in 2020

September 12, 2018

WILLDAN
Financial Services

Oakland Office:
1939 Harrison Street, Suite 430
Oakland, CA 94612

Meeting Date: September 20, 2018

Craig Malin, City Manager

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Executive Summary

Willdan has been engaged by the Cities of Marina and Seaside to evaluate the fiscal impacts/implications of the dissolution of the Fort Ord Reuse Authority (FORA). Under current law FORA must dissolve by June 30, 2020, with many financial and practical implications. FORA has been at the center of development of the former Fort Ord since its creation. Ultimately Willdan has been tasked with creating a fiscal model of the impact of the dissolution of FORA, and the following report covers the issues that need to be considered in evaluating the implications of fiscal options.

FORA has been engaged in a planning process to evaluate the options and implications of dissolution over the past year or so and reached several conclusions about options and feasibility. In broad terms, Willdan agrees with much of FORA's analysis, but has shifted the frame of reference to the Cities of Seaside and Marina. FORA has identified two basic scenarios for going forward:

1. Single Successor Agency (dissolution of FORA with concomitant creation of an entity to take over some or all of FORA's responsibilities, with others reverting to the Cities and the County)
2. Dissolution

Willdan agrees with this basic summary of options, but it is important to note that option 1 covers a wide range of possibilities in how revenues and responsibilities are allocated. The analysis below covers each of these and Willdan's take on their financial implications, as well as any other issues identified.

The three main revenue sources for FORA are 50% of land sales, property taxes, and the FORA CFD fee. Land sale revenues are fairly straightforward and can easily be assigned to a successor agency or the jurisdictions in the event of dissolution of FORA. Property taxes and the FORA fee, however, are more complicated. FORA currently receives property taxes essentially as a redevelopment agency, and upon dissolution these revenues would be redistributed to the Cities, the County, and other entities. Finally, the FORA Fee presents the greatest challenge. Although it is collected like a development impact fee, in fact it was established as a special tax under a Community Facilities District. Under current law and its own provisions, it expires with the dissolution of FORA. In the report below Willdan discusses some of the alternatives to replace the revenue, including the modification of the law governing FORA, the creation of replacement CFDs in each jurisdiction, and the establishment of an impact fee to fund the required infrastructure.

Following are Willdan's current estimates of the fiscal impact to Seaside and Marina of the dissolution of FORA:

Table A1 – FORA's Long-Term Obligations, Assets, and Revenues – Reversion to Cities - Full Build-Out

Obligations	**Through 2020**	**Post 2020**	**Total**
Transportation[1]	$22,735,788	$132,346,820	$155,082,608
Water Augmentation[1]	$6,598,983	$17,098,686	$23,697,669
HCP Endowment [1]	$7,892,226	$45,161,899	$53,054,125
Building Removal [2]	$9,520,871	$0	$9,520,871
Total	**$46,747,868**	**$194,607,405**	**$241,355,273**
Administrative Costs [3]	**$3,487,337**	**$15,261,642**	**$18,748,979**
Assets/Revenues			
Land Sales [4]	$11,496,003	$80,940,158	$92,436,161
Property Tax	$4,111,919	$66,994,181	$71,106,100
CFD	$25,893,569	$119,789,874	$145,683,443
Investment Interest	$72,369	$396,678	$469,047
Total	**$41,573,860**	**$268,120,891**	**$309,694,751**
Net Assets/Revenues [5]	**($8,661,345)**	**$58,251,844**	**$49,590,499**
Beginning fund balance [6]			$22,199,997
Ending Fund Balance			**$71,790,496**

Source: CIP 2018-19

[1] CIP/BRP CEQA mitigations obligation.

[2] Board-determined obligation.

[3] Organizational/Expenditures for transportation projects (conbtract change orders, general consulting, additional basewide expenditures, street landscaping, site conditions, project changes, additional habitat mitigations) . General Costs provides for staff, overhead, and direct consulting costs. it also includes FORA Board approved Prevailing Wage and Caretaker Costs.

[4] Excludes Building Removal credits for Marina Community Partners

[5] Assets/Revenues minus Obligations and Administrative Costs.

[6] Balance in CFD Special Tax/Property Tax Fund and Land Sales Fund.

It is important to note that the above analysis includes a few crucial assumptions:

1. FORA Fee continues
2. Estimate of property tax allocable to Seaside and Marina

I. SCENARIO 1 - FORA AS IS

This chapter presents an overview of FORA's main long-term obligations, assets and revenues. The goal is to identify all the obligations that continue to exist past the possible dissolution of FORA in 2020, as well as the available assets and revenues available to fund such obligations.

FORA has three broad categories of obligations that survive the FORA scheduled sunset.

A. Capital Improvement Program (CIP) /Base Reuse Plan (BRP) California Environmental Quality Act (CEQA) mitigations, which include
    a. Transportation (on-site, off-site, and public transit)
    b. Water augmentation
    c. Habitat Conservation Plan Endowment
B. Board-determined base-wide obligations, which include
    a. Building Removal
C. Organizational/Contractual obligations.

These are obligations that FORA, or any entity, whether the County, individual jurisdictions, or a Joint Powers Authority (JPA), that takes over FORA's functions after 2020 will be required to complete. These obligations are described in detail in Chapter 1).

Under the current FORA structure, these obligations are funded through three primary sources of revenues:

D. Land Sales. FORA receives 50% of all land sold within Fort Ord. Jurisdictions where land is located receive the other 50%.
E. Property Tax (i.e. Tax increment collected on each property developed within Fort Ord.)
F. FORA Fee. FOR A charges a fee to new development established as a special tax under a Mello Roos Special Tax District.

These funding sources were established through legislation. A detailed overview of each of these sources is presented in Chapter 0.

FORA's obligations, assets, and revenues are tracked in the Capital Improvement Program. The most recent CIP available is for fiscal year 2018-19. According to the CIP 2018-19, if FORA were to continue "as is" through 2028, FORA's estimated assets and revenues would be sufficient to cover all of FORA's obligations going forward.

Table 1 presents a summary of how FORA would fund its obligations through 2028. **The main conclusion from the CIP, is that under the current FORA structure and assuming full buildout, there are sufficient revenues and assets to complete the required improvements at Fort Ord.**

This conclusion, however, is highly dependent on a set of assumptions. In particular, it is based on a 10-year development timeline which is susceptible to real estate cycles. If development does not occur as planned or land sale prices or assessed values fall short of projections, there could be a large deficit or the timeline for completing the capital improvements may be drawn out. Nonetheless, these are the best forecast available.[1]

Table 1 does not include all of FORA's revenues and expenditures. It focuses exclusively on two Special Revenue Funds (SRFs): 1) the CFD Special Tax/Development Fee Fund, and 2) the Land Sales Fund. These SRFs are used to fund project related obligations that extend past 2020. (i.e., CIP/BRP CEQA mitigation obligations and Board-determined obligations). These funds are tracked separately in the Capital Improvement Program.

Table 1 excludes revenues and expenditures tracked in the ARMY/ESCA fund, a third Special Revenue Fund.[2] while ESCA-related obligations extend past 2020, FORA has received sufficient funding from the federal government to complete the ESCA activities.[3] Since these obligations are fully funded they are not included in Table 1.

Table 1 also excludes activities funded through FORA's General Fund. The General Fund collects revenues from Membership Dues,[4] MCWD Franchise Fees, Property Rental/Lease Revenues, Reimbursement agreements, and receives $1.3 million transfer from Property Tax Revenues. The General Fund provides funding for FORA's on-going general operations, primarily salaries and benefits, but also supplies and services, and contractual services.[5] If FORA is dissolved, most of the revenues and expenditures tracked in the General Fund would disappear, therefore they are excluded from Table 1.

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[1] The CIP uses the most current reuse forecasts provided by the FORA land use jurisdictions, Administrative Committee feedback, and Board policies. According to the CIP "annual jurisdictional forecast updates remain the best method for CIP programming since timing of project implementation is the purview of the individual on-base FORA members...In previous updates, the Finance Committee has expressed their concern for a higher degree of accuracy and predictability in FORA's revenue forecasts...FORA works with its member jurisdictions to hone and improve CIP development forecasts and resulting revenue projections."

[2] See chapters IV and V for details about ESCA obligations and funding.

[3] While funding is in place, if FORA is dissolved, ESCA obligations must be assigned to a new entity. The Army has contended with respect to ESCA that it would only deal with one entity. Source: Governing Documents Synopsis. http://www.fora.org/TTF/Additional/ContractAbstract-ALL-080216.pdf

[4] According to Chapter 5 of the FORA Act, "Each agency represented by a board member shall contribute to the authority...the sum of fourteen thousand dollars ($14,000) for each board member that the agency appoints. Each public agency which is represented on the board by an ex officio member shall contribute to the authority... the sum of seven thousand dollars ($7,000)."

[5] In March of 2018, The FORA Board of directors approved the use of $5.7 million from the General Fund balance to be transferred to a 115 Trust program to pre-fund Pension obligations. The board also set aside an additional $1 million from the General Fund for future contributions. See Chapter IV for a discussion of Post-FORA Employee Retirement/Health Provisions.

Although the focus of this study is the Post 2020 period, FORA obligations for the 2018-2020 period are included in

Table 1 because FORA operates on a "pay-as-you-go" format, which means that projects are only started when revenues are available to cover the costs. That means that projects are dependent on land sales, building permits, and construction of real estate projects within Fort Ord. This means that, as noted above, estimates of costs and revenues across time is dependent on development projections. Deviations from the projections would shift some of the 2018-2020 costs and revenues to the Post 2020 period.

Table 1 – FORA's Long-Term Obligations, Assets, and Revenues – Full Build-Out

Obligations	**Through 2020**	**Post 2020**	**Total**
Transportation[1]	$22,735,788	$132,346,820	$155,082,608
Water Augmentation[1]	$6,598,983	$17,098,686	$23,697,669
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Building Removal [2]	$9,520,871	$0	$9,520,871
Total	**$46,747,868**	**$194,607,405**	**$241,355,273**
Administrative Costs [3]	**$3,487,337**	**$15,261,642**	**$18,748,979**
Assets/Revenues			
Land Sales [4]	$11,496,003	$80,940,158	$92,436,161
Property Tax	$4,111,919	$66,994,181	$71,106,100
CFD	$25,893,569	$119,789,874	$145,683,443
Investment Interest	$72,369	$396,678	$469,047
Total	**$41,573,860**	**$268,120,891**	**$309,694,751**
Net Assets/Revenues [5]	**($8,661,345)**	**$58,251,844**	**$49,590,499**
Beginning fund balance [6]			$22,199,997
Ending Fund Balance			**$71,790,496**

Source: CIP 2018-19

[1] CIP/BRP CEQA mitigations obligation.

[2] Board-determined obligation.

[3] Organizational/Expenditures for transportation projects (conbtract change orders, general consulting, additional basewide expenditures, street landscaping, site conditions, project changes, additional habitat mitigations) . General Costs provides for staff, overhead, and direct consulting costs. it also includes FORA Board approved Prevailing Wage and Caretaker Costs.

[4] Excludes Building Removal credits for Marina Community Partners

[5] Assets/Revenues minus Obligations and Administrative Costs.

[6] Balance in CFD Special Tax/Property Tax Fund and Land Sales Fund.

The estimates above assume that all the entitled and planned real estate projects in Fort Ord are executed and the revenue generated through land sales, property tax, and FORA fee revenues are available to fund outstanding obligations.

Table 2 presents FORA's Long-Term Obligations, Assets and Revenues assuming only the currently entitled projects come to fruition. This change in assumption does not affect FORA Obligations, Administrative Costs, or Beginning Fund Balance. The major difference is a decline in Land Sale, Property Tax and CFD revenues. The change in assumption would also affect Land Sales revenues. However, data are not available at this point to be able to estimate the change in this revenue category by entitled and planned projects.

As shown in Table 2, if only the entitled projects come to fruition, the projected revenues will fall short of the projected revenues by a significant margin. As noted above, Table 2 includes land sales from both entitled and planned projects, if land sales from planned projects were excluded, the gap would be even larger.

Table 2 – FORA's Long-Term Obligations, Assets, and Revenues – Partial Build-Out

Obligations	**Through 2020**	**Post 2020**	**Total**
Transportation[1]	$22,735,788	$132,346,820	$155,082,608
Water Augmentation[1]	$6,598,983	$17,098,686	$23,697,669
HCP Endowment [1]	$7,892,226	$45,161,899	$53,054,125
Building Removal [2]	$9,520,871	$0	$9,520,871
Total	**$46,747,868**	**$194,607,405**	**$241,355,273**
Administrative Costs [3]	**$3,487,337**	**$15,261,642**	**$18,748,979**
Assets/Revenues			
Land Sales [4]	$11,496,004	$32,318,016	$43,814,019
Property Tax	$0	$0	$0
CFD	$20,674,631	$70,599,806	$91,274,437
Investment Interest	$72,434	$267,634	$340,068
Total	**$32,243,069**	**$103,185,455**	**$135,428,524**
Net Assets/Revenues [5]	**($17,992,136)**	**($106,683,592)**	**($124,675,728)**
Beginning fund balance [6]			$22,199,997
Ending Fund Balance			**($102,475,731)**

Source: CIP 2018-19

[1] CIP/BRP CEQA mitigations obligation.

[2] Board-determined obligation.

[3] Organizational/Expenditures for transportation projects (conbtract change orders, general consulting, additional basewide expenditures, street landscaping, site conditions, project changes, additional habitat mitigations) . General Costs provides for staff, overhead, and direct consulting costs. it also includes FORA Board approved Prevailing Wage and Caretaker Costs.

[4] Excludes Buildig Removal credit to Marina Community Partners.

[5] Assets/Revenues minus Obligations and Administrative Costs.

[6] Balance in CFD Special Tax/Property Tax Fund and Land Sales Fund.

II. SCENARIO 2 – SINGLE SUCCESSOR AGENCY

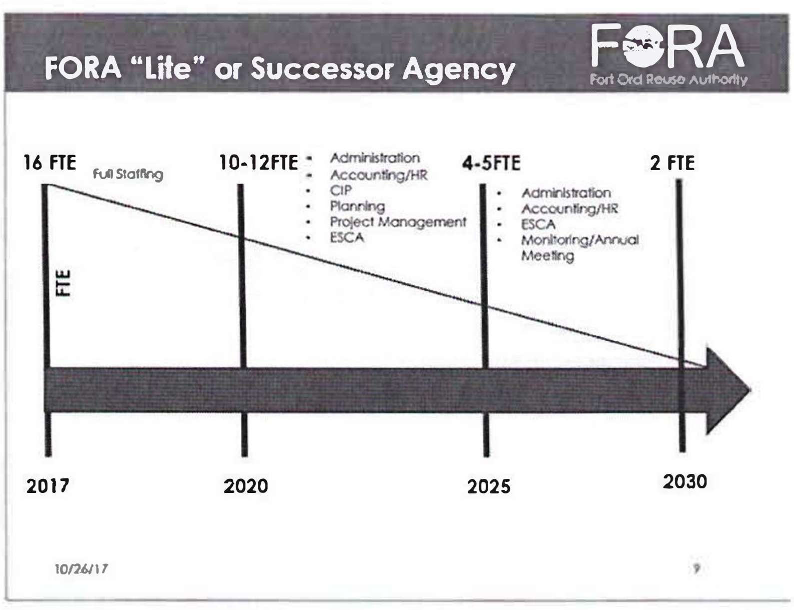
As discussed in Chapter VIII, A Transition Task Force (TTF) was created in April 2016 and appointed by the FORA Board of Directors as an ad hoc committee to explore post 2020 alternatives and the associated transition issues. At the end of the process the TTF recommended 1) the creation of a single successor agency, 2) seeking extension of FORA's CFD powers for the successor agency, and 3) post-FORA obligations/liabilities to be paid using the existing Implementation Agreement formula for completing CIP and Voting Percentage for administrative liabilities.

The final form and composition of the single successor agency are still being studied by the Transition Task Force under supervision of the Board of Directors. Nonetheless, this chapter presents a brief overview of how a single successor agency may impact the remaining FORA obligations and revenue sources after 2020.

Potential impact on obligations

The formation of the single successor agency is unlikely to impact FORA's main remaining obligations after 2020 (i.e., Transportation, Water Augmentation, and HCP Endowment obligations), which may amount to approximate $179 million. See Table 2. As discussed in Chapter IV, these obligations are related to the BRP and mandated by CEQA. Therefore, these obligations are independent of the organizational structure overseeing the development of Fort Ord.

One of the main impacts of establishing single successor agency to replace FORA would be the scaling down of FORA staff. For example, under a "FORA Light" version of a successor agency, FORA staff could be reduced as follows:



Source: Transition Taskforce Presentation to the Board, 10/26/12017.

Changes in FORA staff would reduce administrative costs, most of which are paid through the General Fund and financed through a combination of member fees, MCWD franchise fees, and a $1.3 million annual transfer of property tax revenues from the CFD Special Tax/Property Tax fund. While the reduction in administrative costs may be significant, the administrative costs shown in

Table 1 and Table 2, may not be impacted because those costs are related to project oversight.[6]

Potential JPA impact on assets and revenues

As noted above the TTF recommended seeking an extension of FORA's CFD powers for the successor agency, and for post-FORA obligations/liabilities to be paid using the existing Implementation Agreement formula for completing CIP projects. Therefore, if these recommendations are executed, the existing funding will remain in place to fulfill those existing obligations. The successor agency would continue to receive 50% of land sales and the Property Taxes per the existing implementation agreements, and CFD collections would continue through the completion of FORA obligations.

Therefore, under a single successor agency the obligations, assets and revenue would be relatively unchanged. The successor agency's CIP would very similar to the one for FORA.

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[6] Organizational/Expenditures for transportation projects (contract change orders, general consulting, additional base wide expenditures, street landscaping, site conditions, project changes, additional habitat mitigations). General Costs provides for staff, overhead, and direct consulting costs. it also includes FORA Board approved Prevailing Wage and
Caretaker Costs.

III. SCENARIO 3 – REVERSION TO CITIES

If FORA is dissolved in 2020 and a single successor agency is not established, FORA obligations, assets and revenues would need to be assigned to a new entity or entities. Table 3, presents potential assignments.

Table 3 – Potential Assignment of FORA Major Obligations after Dissolution

Major Obligations (Expenses)	Assignment
Expenses	
Transportation	On-site projects: Jurisdictions Off-site projects; Jurisdictions Regional and Transit: TAMC
Water Augmentation	MCWD/MRWPCA
Habitat Management	Fort Ord Habitat Cooperative
Revenues	
Land Sales	Returned to jurisdiction
Property Tax	Returned to jurisdiction and redistributed
CFD	Unassignable; Individual jurisdictions may be able to implement their own CFD

Source: Transition Taskforce Presentation to the Board, 10/26/2017.

Table 3 does not include assignment of expenses related to building removal, post-FORA employee retirement/health provisions (i.e., FORA's long-term retirement funding obligations with), nor ESCA-related obligations. As described in Chapters IV and V, FORA expects building removal to be completed by 2020, the Board has approved funding of long-term retirement obligations from existing funds in the General Fund, and FORA has how secured funding from the US Army for ESCA-obligations. Therefore, these obligations are expected to be fully funded by 2020.

However, regardless of which entity is assigned responsibility for completion, due to the "Fair and Equitable Distribution and Contribution"[7] requirement, all members agencies must share the costs of completing these projects.

FORA's Transition Task Force evaluated the following obligation distribution alternatives:

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[7] FORA Act Section 67692 requires the board to "consider a program of local revenue sharing among the member agencies to ensure an equitable apportionment of revenues generated from the reuse of Fort Ord among those member agencies responsible for the provision of services to Fort Ord and member agencies that assist in the funding of services to Fort Ord."

Obligation Distribution COMPARISON

FORA
Fort Ord Reuse Authority

	NEW RESIDENTIAL	FUTURE BUILDOUT	WATER ALLOCATION	ACREAGE
County	18%	16%	21%	52%
CSUMB		0%	0%	0%
Del Rey Oaks	13%	13%	7%	5%
Marina	36%	37%	39%	24%
Monterey		0%	2%	2%
Seaside	28%	29%	30%	18%
UC MBEST	5%	5%	0	0%
Totals	**100%**	**100%**	**100%**	**100%**

5/9/17 14

Transition Taskforce Presentation to the Board, 5/9/2017.

On the expense side, the Transition Task force has recommended using future buildout percentage. On the revenue side, it would be up to every jurisdiction to find the revenues necessary to fund those obligations.

Table 4, presents an analysis of how jurisdictions may be able to fund any remaining FORA obligations using the similar tools as under the existing implementation agreements (i.e., a combination of land sales revenues, property taxes and CFD fees). There are, however, several caveats and assumptions for this analysis:

1) Expenses (i.e., obligations related to transportation, water augmentation, and habitat conservation plan endowment): the shares are allocated based on future buildout as estimated by the TTF and FORA staff. Willdan has been unable to verify these numbers.
2) Land Sales: Although jurisdictions would receive 100% of land sales revenues, the model continues to assume that jurisdictions continue to allocate only 50% of revenues to FORA obligations.
3) Property Tax: Assumes that each jurisdiction receives between 15 and 17% of the 1% property tax, except for the County which receives 25%. It assumes that UC development does not pay property taxes. These shares represent the averages received by jurisdictions for all the parcels within each jurisdiction.. An important caveat about property taxes is that the estimates below do not include property tax revenues from projects on the tax roll before 2017. According to the 2017-18 CIP there is approximately $1,067,679,290 in assessed value for properties already built within Fort Ord. Assuming that jurisdictions receive 15% of the 1% property tax associated with these properties, then these properties would generate an additional $1.6 million per year (not inclusive of the 2% annual property tax increase allowed by Proposition 13%). Most of these

revenues would accrue to the City of Marina and Monterey County. These revenues can be included in future iterations of this analysis.

4) CFD Taxes: The model assumes that cities will be able to establish CFDs. As described in Chapter VI, there are several legal issues that may impact this assumption. For example, entitled projects may not be subject to new fees. Also, the per unit/acre fee used in this analysis are the same as the current CFD. The actual tax, however may be different for the various jurisdictions.
5) Administrative costs: The analysis does not take into account administrative costs into account. Due to duplication of efforts, the aggregate administrative costs may be higher than they are currently under FORA or what they may be under a single successor agency.

Table 4 – FORA's Long-Term Obligations, Assets, and Revenues – Reversion to Cities - Full Build-Out

	Calculations/ Footnotes	Marina	Seaside	Other	Total
Remaining FORA Obligations Post 2020	A	$72,004,739.85	$56,436,147.45	$66,166,517.70	$194,607,405
Obligation Allocation Assumption	B	37%	29%	34%	100%
Assets & Revenues					
Land Sales (allocation to FORA obligations)	C	$16,189,845	$52,175,597	$12,574,714	$80,940,156
Property Tax	D	$11,770,177	$8,583,535	$15,285,305	$35,639,018
CFD	E	$53,462,120	$26,248,618	$40,079,136	$119,789,874
Total Revenues	F = C+D+E	$81,422,142	$87,007,750	$67,939,155	$236,369,047
Net Impact to City					
(Gap)/Surplus from FORA Activities	G = F - A	$9,417,403	$30,571,602	$1,772,637	$41,761,642
Land Sales (Non-FORA obligations share)	H	$16,189,845	$52,175,597	$12,574,714	$80,940,156
Net Impact to City	I = G+H	$25,607,248	$82,747,199	$14,347,351	$122,701,797
Net Impact to remaining FORA Obligations					
Jurisdiction contribution toward FORA Obligations	J = MIN(A,F)	$72,004,740	$56,436,147	$66,166,518	$194,607,405
Initial Balance Fund Balance	K				$13,538,652
Total Available toward FORA's obligations	L = J + K				$208,146,057
(Gap)/Surplus	M = L-A				$13,538,652

Notes:

A Includes transportation, water augmentation, and habitat conservation plan. See Table 1.
B Based on future development, estimated by FORA Transition Task Force based on development projections
C Assumes that each jurisdiction allocates 50% of land sales toward remaining FORA obligations
D Assumes that each jurisdiction receives on 17% of the 1% property tax, except for the County which receives 25%. It assumes that UC development does not pay property taxes.
E Assumes fees similar to current CFD.
F Total revenues excluding the share of land sales that each jurisdiction allocates to uses other than FORA remaining obligations.
G Assets and revenues less remaining FORA obligations.
H Portion of land sales that each jurisdiction allocates to uses other than FORA remaining obligations.
I Net Impact to each jurisdiction
J Assumes that each jursidiction contributes all of the revenues (excluding the share of land sales allocated to other purposes) up to the amount necessary to fund its share of remaining FORA obligations.
K Projected fund balance in the CFD Special Tax/Property Tax Fund and Land Sales Fund at the end of 2020.
L Contributions by all jurisdictions plus initial fund balance.
M A gap represents insufficient contributions by jurisdicitons to fund the remaining FORA obligations.

Based on this analysis, if FORA obligations and funding sources reverted to individual jurisdictions:

1) The City of Marina would face a deficit in funding FORA obligations if it only allocates 50% of land sales. See row G. However, the overall impact to the City is positive if the other 50% of land sales is taken into account. See row I.

2) The City of Seaside would have a significant positive impact (i.e., revenues). See row I.
3) Other jurisdictions, such as the City of Monterey, Monterey County and Del Rey Oaks would also face deficit funding FORA activities (row G), unless they allocate a higher share of land sales to FORA activities. See row I.
4) If each jurisdiction contributes all the revenues (excluding the share of land sales allocated to other purposes) up to the amount necessary to fund its share of remaining FORA obligations (see row J), and keeps the rest for its own use, there would be sufficient monies to fund the remaining FORA obligations. See row M.
5) This analysis does not take into account the more than $64 million in affordable housing set aside that could be funded through the current redevelopment tax structure under FORA between 2020 and 2018. When property tax revenues are returned to jurisdictions and redistributed, the affordable housing set aside disappears.
6) This analysis includes CFD revenues (row E), which may prove difficult for jurisdictions to put into effect. If CFD fees were not available, the city of Marina and other jurisdictions would face significant gap in funding, and there would not be sufficient monies to fund FORA obligations.

The analysis presented in Table 4 assumes that all of the entitled and planned real estate projects are completed. As discussed above, this analysis is based on a 10-year development timeline which is susceptible to real estate cycles. If development does not occur as planned or land sale prices or assessed values fall short of projections, there could be a large deficit or the timeline for completing the capital improvements may be drawn out.

Table 5 presents a more conservative scenario that assumes that only the entitled projects are completed. While it is recognized that completion of entitled projects is not guaranteed, the fact that these projects have already gone through an extensive approval process (and typically considerable private investment to achieve this), increases the changes that they will be completed at some point in the future.

Table 5 – FORA's Long-Term Obligations, Assets, and Revenues – Reversion to Cities - Partial Build-Out

	Calculations/ Footnotes	Marina	Seaside	Other	Total
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Obligation Allocation Assumption	B	37%	29%	34%	100%
Assets & Revenues					
Land Sales (allocation to FORA obligations)	C	$14,147,250	$7,182,932	$10,987,834	$32,318,016
Property Tax	D	$10,477,811	$1,726,997	$9,164,036	$21,368,844
CFD	E	$53,366,784	$5,246,551	$11,986,471	$70,599,806
Total Revenues	F = C+D+E	$77,991,845	$14,156,480	$32,138,341	$124,286,665
Net Impact to City					
(Gap)/Surplus from FORA Activities	G = F - A	$5,987,105	($42,279,668)	($34,028,177)	($70,320,740)
Land Sales (Non-FORA obligations share)	H	$14,147,250	$7,182,932	$10,987,834	$32,318,016
Net Impact to City	I = G+H	$20,134,355	($35,096,736)	($23,040,343)	($38,002,724)
Net Impact to remaining FORA Obligations					
Jurisdiction contribution toward FORA Obligations	J = MIN(A,F)	$72,004,740	$14,156,480	$32,138,341	$118,299,561
Initial Balance Fund Balance	K				$13,538,652
Total Available toward FORA's obligations	L = J + K				$131,838,213
(Gap)/Surplus	M = L-A				($62,769,192)

Notes:

A Includes transportation, water augmentation, and habitat conservation plan. See Table 1.
B Based on future development, estimated by FORA Transition Task Force based on development projections
C Assumes that each jurisdiction allocates 50% of land sales toward remaining FORA obligations
D Assumes that each jurisdiction receives on 17% of the 1% property tax, except for the County which receives 25%. It assumes that UC development does not pay property taxes.
E Assumes fees similar to current CFD.
F Total revenues excluding the share of land sales that each jurisdiction allocates to uses other than FORA remaining obligations.
G Assets and revenues less remaining FORA obligations.
H Portion of land sales that each jurisdiction allocates to uses other than FORA remaining obligations.
I Net Impact to each jurisdiction
J Assumes that each jurisdiction contributes all of the revenues (excluding the share of land sales allocated to other purposes) up to the amount necessary to fund its share of remaining FORA obligations.
K Projected fund balance in the CFD Special Tax/Property Tax Fund and Land Sales Fund at the end of 2020.
L Contributions by all jurisdictions plus initial fund balance.
M A gap represents insufficient contributions by jurisdicitons to fund the remaining FORA obligations.

The caveats and assumptions of Table 4 also apply to

Table 5. Additionally:

1) Land Sales: Land sales revenues have not been adjusted down to account for planned vs. entitled projects. Land sales revenues are derived from the 2018-19 CIP, which does not contain complete information to split land sales by planned vs. entitled projects. Therefore, this analysis may misstate assets and revenues available to each jurisdiction.

This analysis shows that, if FORA obligations and funding sources reverted to individual jurisdictions, but only the entitled projects move forward:

1) The City of Marina would face a deficit in funding its share of FORA obligations (see Row G), unless it allocates a larger share of land sales revenues to cover the gap (see Row H).
2) The City of Seaside would continue to have a significant positive impact (i.e., revenues). See row I. However, as noted above, Willdan has not adjusted land sales revenues to account for planned projects which may not be carried to completion. Land sales revenues account for significant revenues in Seaside. If these revenues are from planned projects that are never completed, the financial condition of Seaside may not be as positive and could even be negative.
3) Other jurisdictions, such as the City of Monterey, Monterey County and Del Rey Oaks would also face a significant deficit and this deficit could not be funded by increasing the share of land sales revenue dedicated to fund FORA activities. A city by city analysis is outside the scope of this analysis sand has not been conducted.)
4) If each jurisdiction contributes all the revenues (excluding the share of land sales allocated to other purposes) up to the amount necessary to fund its share of remaining FORA obligations (see row J), and keeps the rest for its own use, there would not be sufficient monies to fund the remaining FORA obligations. See row M. Also, if a significant share of land sales revenues are from planned projects that are not completed, the financing gap would be even more severe.

As in the analysis presented in Table 4, this analysis includes CFD revenues (row E), which may prove difficult for jurisdictions to put into effect. If CFD fees were not available, the gap faced by the City of Marina and "Other" jurisdictions would be even larger, as would the gap in funding for remaining FORA Obligations. It is important to note, however, that this analysis contains a number of assumptions about allocation and that revenues could be reallocated among jurisdictions to mitigate some deficits.

Also, as noted in Chapter I, this analysis excludes activities funded through FORA's General Fund. The General Fund collects revenues from Membership Dues,[8] MCWD Franchise Fees, Property Rental/Lease Revenues, Reimbursement agreements, and also receives $1.3 million transfer from Property Tax Revenues. The General Fund provides funding for FORA's on-going general operations, primarily salaries and benefits, but also supplies and services, and contractual services.[9] If FORA is dissolved, most of the

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[8] According to Chapter 5 of the FORA Act, "Each agency represented by a board member shall contribute to the authority...the sum of fourteen thousand dollars ($14,000) for each board member that the agency appoints. Each public agency which is represented on the board by an ex officio member shall contribute to the authority... the sum of seven thousand dollars ($7,000)."

[9] In March of 2018, The FORA Board of directors approved the use of $5.7 million from the General Fund balance to be transferred to a 115 Trust program to pre-fund Pension obligations. The board also set aside an additional $1

revenues and expenditures tracked in the General Fund would disappear, therefore they are excluded from

Table 1. This means that the $14,000 per member appointed by each city to the Board of Directors of FOR A is not included above. The Cities of Marina and Seaside have two voting members each.

million from the General Fund for future contributions. See Chapter IV for a discussion of Post-FORA Employee Retirement/Health Provisions.

IV. OVERVIEW OF FORA OBLIGATIONS[10]

FORA has three broad categories of obligations:

A. Capital Improvement Program (CIP) /Base Reuse Plan (BRP) California Environmental Quality Act (CEQA) mitigations,
B. Board-determined base-wide obligations, and
C. Organizational closure obligations.

The following outline describes these obligations, the outstanding amounts, and relative completion timeframes.

1. CIP/BRP CEQA mitigations

i. *Transportation/Transit*

What is it?

FORA must fund specific amounts for Transit as well as Regional, Off-site, and On-site roadways. This is a CEQA requirement included in the BRP EIR. These projects are described in detail in the 2018-19 CIP.

How much is it?

Table 6 – Transportation Obligations per 2018-19 CIP

Type of Project	Through 2020	Post 2020	Total
Regional	$0	$36,676,790	$36,676,790
Off-site	$4,250,000	$28,251,947	$32,501,947
On-site	$11,091,988	$40,001,549	$51,093,537
Transit	$1,500,000	$14,588,130	$16,088,130
Contingency	$5,893,800	$12,828,404	$18,722,204
Total	**$22,735,788**	**$132,346,820**	**$155,082,608**

Source: CIP 2018-19, Tables 1A and 3.

How is it funded?

Funded through CFD Special Tax/Property Tax revenues. These funds are at risk if FORA is dissolved. See Chapter V

What happens if FORA is dissolved?

[10] Unless otherwise noted, information presented here is from the April 8, 2016 Board Meeting Packet. http://www.fora.org/TTF/Reports/040816BrdPacket_Report.pdf. Whenever possible, data has been updated to incorporate the most recent available information.

Obligations remain because they are a CEQA requirement linked to development of the base. Responsibility for completing the projects would need to be assigned to a new entity or entities. If a new JPA is not formed after FORA dissolution, a potential assignment of responsibilities may be as follows:[11]

- On-site and Off-site projects: Individual Jurisdictions
- Regional Projects and Transit: TAMC or other multi-jurisdictional entity

However, regardless of which entity is assigned responsibility for completion, due to the "Fair and Equitable Distribution and Contribution"[12] requirement, all members agencies must share the costs of completing these projects.

ii. *Water Augmentation*

What is it?

FORA must fund a Fort Ord water augmentation project to provide 2,400 acre-feet per year (AFY). FORA has contracted Marina Coast Water District (MCWD) to do this project. MCWD's Regional Urban Water Augmentation Project has identified a 1,427 AFY recycled water project. MCWD and FORA have not yet specifically identified a project that would produce the remaining 973 AFY of augmented water. This is a CEQA requirement included in the BRP EIR, approved by the FORA Board June 13, 1997.

How much is it?

Table 7 – Water Augmentation Obligations per 2018-19 CIP

Type of Project	Through 2020	Post 2020	Total
RUWAP Pipeline	$6,441,983	$2,300,000	$8,741,983
RUWAP Other	$157,000	$14,798,686	$14,955,686
	$6,598,983	**$17,098,686**	**$23,697,669**

Source: CIP 2018-19, Table 3.

How is it funded?

Funded through CFD Special Tax/Property Tax revenues. These funds are at risk if FORA is dissolved. See Chapter V.

What happens if FORA is dissolved?

Obligations remain because they are a CEQA requirement. Responsibility for completing the projects would need to be assigned to a new entity or entities. If FORA is dissolved, and a new

[11] Transition Ad-Hoc Committee, March 27, 2018. http://www.fora.org/TTF/Presentations/TAC_Presentation_032718.pdf

[12] FORA Act Section 67692 requires the board to "consider a program of local revenue sharing among the member agencies to ensure an equitable apportionment of revenues generated from the reuse of Fort Ord among those member agencies responsible for the provision of services to Fort Ord and member agencies that assist in the funding of services to Fort Ord."

JPA is not formed, responsibility for these projects may be assigned to the Marina Coast Water District (MCWD) and *Monterey Regional Water Pollution Control Agency (MRWPCA).*[13]

However, regardless of which entity is assigned responsibility for completion, due to the "Fair and Equitable Distribution and Contribution"[14] requirement, all members agencies must share the costs of completing these projects.

A potential funding option, if FORA is dissolved and CFD funds are not available, is for MCWD to add an assessment to its fee program to cover that CEQA requirement.

iii. *Habitat Management Plan/Habitat Conservation Plan (HCP)*

What is it?

The Army's 1997 Habitat Management Plan does not provide Fort Ord jurisdictions with "take" coverage necessary to implement required habitat conservation management on habitat reserves and development/reuse.[15] The jurisdictions and FORA must implement an HCP to receive take coverage from Federal and State wildlife agencies. This is a CEQA requirement included in the BRP Environmental Impact Report (EIR).

How much is it?

Table 8 – HCP Endowment Obligations per 2018-19 CIP

Type of Project	Through 2020	Post 2020	Total
JPA Set Aside (30.2% CFD)	$7,892,226	$26,278,167	$34,170,393
HCP Contingency	$0	$18,883,732	$18,883,732
	$7,892,226	**$45,161,899**	**$53,054,125**

Notes: Does not include $13.8 off-sets

Source: CIP 2018-19, Table 3.

Note: FORA Biennial CIP Review by EPS 5/24/17 estimates the reserve at $42,305,827. The Biennial Review also includes an additional initial Fund Balance of $11,385,440.

According to the 2018-19 CIP, "As part of the FY 2010-11 FORA CIP Review process conducted by EPS, TAMC, and FORA, at the FORA Board's April 8, 2011 direction, included $19.6M in current dollars as a CIP contingency for additional habitat management costs should the assumed payout rate for the endowment be 1.5% less than the current 4.5% assumption. It is hoped that

[13] Transition Ad-Hoc Committee, March 27, 2018.
http://www.fora.org/TTF/Presentations/TAC_Presentation_032718.pdf

[14] FORA Act Section 67692 requires the board to "consider a program of local revenue sharing among the member agencies to ensure an equitable apportionment of revenues generated from the reuse of Fort Ord among those member agencies responsible for the provision of services to Fort Ord and member agencies that assist in the funding of services to Fort Ord."

[15] https://www.fws.gov/midwest/endangered/permits/hcp/hcp_wofactsheet.html

this contingency will not be necessary, but USFWS and CDFW are the final arbiters as to what the final endowment amount will be, with input from FORA and its contractors/consultants."

The 2018-19 CIP also includes, $199,916 to be incurred through 2020 for "HCP – UC regents. This represents FORA a funding commitment with the University of California to manage and administer the Fort Ord Natural Reserve (FONR). According to a summary of the agreement FORA will provide "approximately $84,000 annually, indexed to inflation, to the campus for management and operational costs at FONR. After the FORA terminates, the [Fort Ord Regional Habitat Cooperative Membership] will take on this responsibility until the habitat endowments, including the FONR endowment, are fully funded."[16] The Fund is held and managed by the UC.

How is it funded?
Funded through CFD Special Tax/Property Tax revenues. These funds are at risk if FORA is dissolved. See Chapter V.

What happens if FORA is dissolved?
Obligations remain because they are a CEQA requirement. If FORA is dissolved, and a new JPA is not formed, responsibility could be assigned to the Fort Ord the Fort Ord Regional Habitat Cooperative.[17]

However, regardless of which entity is assigned responsibility for completion, due to the "Fair and Equitable Distribution and Contribution"[18] requirement, all members agencies must share the costs of completing these projects.

2. Board-determined base-wide obligations

i. FORA/US Army Environmental Services Cooperative Agreement (ESCA)

What is it?
In 2007, the FORA Board authorized execution of several ESCA agreements. The Administrative Order on Consent (AOC) agreement with United States Environmental Protection Agency (US EPA), California Department of Toxic Substances Control (DTSC) and Regional Water Quality Control Board (RWQCB) was the overarching agreement.

When will it be completed?
AOC completion schedule: AOC termination is tied to performance standards (completion of Munitions and Explosives of Concern [MEC] related remedial activities), not a fixed date.

[16] http://regents.universityofcalifornia.edu/minutes/2014/fin5.pdf. Pages 7-8. See also www.fora.org/Reports/HMP/HCP%20JPA%2012-04-13.doc *Page 10.*
[17] Transition Ad-Hoc Committee, March 27, 2018. http://www.fora.org/TTF/Presentations/TAC_Presentation_032718.pdf
[18] FORA Act Section 67692 requires the board to "consider a program of local revenue sharing among the member agencies to ensure an equitable apportionment of revenues generated from the reuse of Fort Ord among those member agencies responsible for the provision of services to Fort Ord and member agencies that assist in the funding of services to Fort Ord."

According to the AOC, EPA, DTSC and RWQCB must approve a successor to FORA's AOC obligations.

ESCA completion schedule: Munitions/ explosives remediation regulatory acceptance is anticipated in 2019. Army 5-year review in 2018-19 and FORA Longer Term ESCA Obligations would continue to 2037.

How much is it?
According to a presentation to the FORA Board on 10/26/17, there is a $7-10 million gap in funding. However, FORA requested an amendment to the agreement with the Army to obtain additional funding. During the meeting of December 12, 2017, the Board of Director's approved entering into an agreement for $6.8 million in additional funding to cover the costs associated with these obligations.[19] Therefore, it appears that this obligation is fully funded.

How is it funded?
Grants from the Federal Government deposited in to a Special Revenue Fund dedicated to ESCA obligations. This funding remains in place if FORA is dissolved. However, it needs to be re-assigned to a new entity.

What happens if FORA is dissolved?
Obligations remain due to contract with U.S. Army. Contract could be assigned to another entity, but Army and Regulatory Agencies may require a single successor entity to ESCA contract.[20] If a new JPA is not formed to replace FORA, responsibility for the ESCA contract (obligations and funding) could be assigned to the County.[21]

ii. Base-wide building removal

What is it?
In 2001, the FORA Board approved inclusion of building removal costs as a FORA CIP obligation. FORA's remaining building removal obligations include Seaside Surplus II and the Marina Stockade areas. FORA is implementing plans that will evaluate overall Surplus II building removal costs. Based on current information, Surplus II building removal costs may exceed the underlying land value even after FORA's CIP obligation is met. FORA has met its financial obligations within the City of Marina Dunes on Monterey Bay project area. However, the Board has tasked staff with identifying means to expedite building removal in this project area.

- FORA is designated by US EPA as a Hazardous Waste Generator for World War II contaminated building debris. The City of Marina would have to take on this obligation at the potential cost of several hundred thousand dollars.

When will it be completed?

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[19] Board of Directors Meeting, December 8, 2017. http://www.fora.org/Board/2017/Packet/120817BrdPacket.pdf
[20] Governing Documents Synopsis. http://www.fora.org/TTF/Additional/ContractAbstract-ALL-080216.pdf
[21] Transition Ad-Hoc Committee, March 27, 2018. http://www.fora.org/TTF/Presentations/TAC_Presentation_032718.pdf

FORA's building removal financial obligations can be met by 2020. If the FORA Board modifies FORA's building removal obligation or role in Surplus 11 and/or Dunes on Monterey Bay project areas, such actions may extend the obligation completion schedule.

How much is it?

Table 9 – Building Removal Obligations per 2018-19 CIP

Type of Project	Through 2020	Post 2020	Total
Seaside Plus II	$5,299,471		$5,299,471
Marina Stockade	$4,360,284		$4,360,284
	$9,520,871	**$0**	**$9,520,871**

Notes: Does not include $19.4 million in land sale credits related to Marina Community Partners.
The total sum is off by $128,884 per the CIP.
Source: CIP 2018-19, Table 1B and 3.

The total above does not include $19.4 in land sale credits related to Marina Community Partners (MCP). This is reflected in the Land Sales Revenues described in detail in Chapter V. A description of this land credit is presented in the 2018-19 CIP.

Also, the CIP 2018-19 includes a Set Aside for Building removal for $6,648,056 to be incurred in through 2019. That amount is not included above.

How is it funded?
Land sales.

What happens if FORA is dissolved?
As discussed above it is expected that these obligations will be completed by 2020. If they were not, the obligations would remain and need to be transferred to a new entity; probably the cities in which the projects are located.

However, regardless of which entity is assigned responsibility for completion, due to the "Fair and Equitable Distribution and Contribution"[22] requirement, all members agencies must share the costs of completing these projects.

3. Organizational responsibilities and contractual obligations

FORA has been in operation since 1994 and has acquired many contractual and legislative responsibilities. Before FORA dissolves in 2020, a number of these obligations must be assigned to another entity or otherwise addressed.

i. FORA-Marina Coast Water District (MCWD) Water/Waste Water Facilities Agreement

What is it?

[22] FORA Act Section 67692 requires the board to "consider a program of local revenue sharing among the member agencies to ensure an equitable apportionment of revenues generated from the reuse of Fort Ord among those member agencies responsible for the provision of services to Fort Ord and member agencies that assist in the funding of services to Fort Ord."

The Facilities Agreement provides for MCWD to annex the Ord Community Service area before FORA's dissolution. MCWD has not yet completed annexation of the Ord Community Service area.

What happens if FORA is dissolved?
If MCWD annexation is not completed by June 30, 2020, FORA must assign its Facilities Agreement role and responsibilities to another entity.

Note: This is an administrative obligation but no significant financial obligations, beyond administrative costs, appear to be associated with this obligation.

ii. *Fort Ord Water Allocations*

What is it?
The June 23, 2000 Memorandum of Agreement (MOA) between the US Army and FORA for Sale of Portions of the Former Fort Ord (Economic Development Conveyance Agreement) [EDC]) assigned most US Army groundwater rights to FORA.

What happens if FORA is dissolved?
FORA subsequently allocated groundwater to former Fort Ord jurisdictions and property owners. FORA must assign its EDC role and responsibilities to another entity before its dissolution. Army prefers a single successor and does not want to deal with multiple entities.[23]

Note: This is an administrative obligation but no significant financial obligations, beyond administrative costs, appear to be associated with this obligation.

iii. *Pollution Legal Liability (PLL) Insurance*

What is it?
FORA and participating jurisdictions purchased base-wide PLL insurance coverage in 2014 that terminates in 2024.

What happens if FORA is dissolved?
FORA has not yet assigned its first named insured status to an entity after June 30, 2020 but is working with the County of Monterey as a potential first-insured.[24]

Note: no significant financial obligations, beyond administrative costs, appear to be associated with this obligation.

iv. *FORA's Powers and BRP Compliance*

What is it?
FORA's oversight, consistency, enforcement and financing powers described in the FORA Act are repealed on July 1, 2020. This includes FORA's financing role through the CFD Special Tax,

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[23] Governing Documents Synopsis. http://www.fora.org/TTF/Additional/ContractAbstract-ALL-080216.pdf

[24] County is identified as successor to FORA. FORA/County of Monterey/City of Monterey/City of Seaside, Marina, Successor Agency to RDA of Monterey County, MPC, TAMC, MST all named insured. Governing Documents Synopsis. http://www.fora.org/TTF/Additional/ContractAbstract-ALL-080216.pdf

Property Taxes, and land sales/lease proceeds. FORA's BRP compliance role of performing Consistency Determinations and, potentially, provisions that establish that "[the BRP] shall be the official local plan for the reuse of the base for all public purposes, including all discussions with the Army and other federal agencies, and for purposes of planning, design, and funding by all state agencies" would end as well unless modified by state legislation.

There are non-project related costs included in the 2018-19 CIP, most of which are attributed to FORA operating functions. Therefore, Willdan is tracking them under "FORA's Powers and BRP Compliance.

The following costs are covered by the CFD Special Tax/Development Fee Fund (i.e., CFD and Property taxes)

1) Property Tax- Jurisdiction Share (All Jurisdictions)
2) HCP – UC Regents: This most likely due to the endowment related to the UC Fort Ord Natural Reserve (FONR). These costs are described in more detail above in the HCP obligation section.
3) General CIP/FORA Costs, which according to the footnotes of the CIP, includes expenditures for transportation projects (contract change orders, general consulting, additional base wide expenditures, street landscaping, site conditions, project changes, additional habitat mitigations). General Costs provides for staff, overhead, and direct consulting costs. In 2015/2016, the FORA Board approved Prevailing Wage and Caretaker Costs to be funding with Property taxes.
4) *Caretaker Costs (Including Emergency Fund)*: These costs are "Costs associated with potential delays in redevelopment and represent interim capital costs associated with property maintenance prior to transfer for development." *Examples* of caretaker costs include the following: tree trimming, mowing, pavement patching, centerline/stenciling, barricades, traffic signs, catch basin/storm drain maintenance, vacant buildings, vegetation control/spraying, paving/slurry seal, and administration (10% of total costs). Annual Care taker costs are estimated at $500,000 per year, except for FY 16/17 which has an additional set aside of $75,000 for urgent and unforeseen caretaker costs. This is described in more detail in the 2018-19 CIP. Caretaker costs are funded with Property Taxes. However, the Biennial CIP review takes these costs out of land sales.

The following costs are covered by the Land Sales Fund

1) General CIP/FORA Costs (A/E, PM, CM, Staff Costs, etc....)
2) The 2018-19 CIP also includes a $6,648,056 Set Aside for Building Removal. Costs related to these expenditures are expected to be incurred in 2018-2019 and appear to be funded out of the existing fund balance. Therefore, they are not included in the table below.

Table 10 – Project Related Administrative Obligations per 2018-19 CIP

	Through 2020	Post 2020	Total
Expenses paid by CFD/Property Taxes Fund			
Property Tax - Jurisdiction Share*	$0	$4,117,492	$4,117,492
HCP - UC Regents*	$199,916	$105,145	$305,061
General CIP/FOR A Costs*	$2,071,548	$6,539,005	$8,610,553
Caretaker Costs*	$1,075,000	$4,500,000	$5,575,000
General CIP / FOR A Costs (A/E, PM, CM, Staff Costs, etc.)**	$140,873	$0	$140,873
	$3,487,337	**$15,261,642**	**$18,748,979**

* Funded through the CFD Special Tax/Development Fee Fund, which includes property taxes
** Funded through the Land Sales Fund
Source: CIP 2018-19, Table 3.

v. *Miscellaneous Contract Obligations*

What is it?

FORA has entered into several contracts with state, federal, and local agencies since 1994. These contracts must be reviewed and, if FORA's obligations continue past 2020, FORA must assign its obligations to another entity. For example, FORA entered into an agreement with Monterey Peninsula College, Bureau of Land Management (BLM), and County of Monterey in 2002. FORA agreed to assume MPC's habitat management responsibilities for its habitat reserve parcels after MPC makes a specific mitigation payment to FORA. FORA would need to assign these responsibilities to another entity before 2020.

vi. *Post-FORA Employee Retirement/Health Provisions (2040-2060)*

What is it?

FORA participates in the CalPERS retirement program. Public Agencies participating in CalPERS programs are typically on-going entities, such as a City government or Special District such as a water district. Due to FORA's limited term, FORA's long-term retirement funding obligations with CalPERS will extend past 2020.

How much is it and how is it funded?

At the 3/9/18 meeting, the Board of Directors approved the establishment of a Section 115 Trust Program to pre-fund future pension obligations. Trust funding will restrict the use of funds that are transferred to the fund. The Board approved $5.7 million to be transferred to the 115 Trust program to pre-fund Pension obligations, and an additional $1 million is set aside for future contributions. Funding for the $5.7 million (in addition to $586,160 needed to start the program) is included in the 2018-19 mid-year budget. The remaining $1 million set aside is carried as “committed/assigned”. All funding for this program comes from the General Fund balance.[25]

[25] Board of Directors Meeting, March 9, 2018. http://www.fora.org/Board/2018/Agenda/030918BrdAgenda.pdf

V. OVERVIEW OF FORA ASSETS AND REVENUES[26]

FORA's assets and revenues will be affected by its 2020 dissolution. These changes will affect the financial resources available for Fort Ord Base Reuse. The following section describes each asset or revenue source and a brief discussion of how dissolution may affect each of them.

The estimates presented below are based on the 2018-2019 CIP. While the focus of our study is the post 2020 period, Willdan included the period leading up to it because the costs and revenues will shift across time as new estimates are produced.

The major revenue categories, such as Land Sales, Property Taxes, and CFD revenues and

1. Land sale and lease proceeds

What is it?

Under State law, FORA currently shares land sale and lease proceeds 50/50 with the underlying jurisdictions.

What happens if FORA is dissolved?

Post 2020, barring legislative action otherwise, jurisdictions would receive 100 percent of sale or lease proceeds paid to them by end-users of the property.

How much is it?

Table 11 – Estimated Land Sales Revenues per 2018-19 CIP

Total Sales by Jurisdiction	**Through 2020**	**Post 2020**	**Total**
Marina	-$15,708	$32,379,690	$32,363,982
Seaside	$22,634,310	$104,351,194	$126,985,504
Other	$19,798,813	$25,149,427	$44,948,240
Total	$42,417,415	$161,880,311	$204,297,726
FORA 50% share	$11,496,003	$80,940,158	$92,436,161

Notes: Marina and FORA revenues are shown net of a $19,425,408 building removal credit associated with MCP II and III. FORA share assumes extention past 2020.

Source: 2018-19 CIP, Table 5. Except for Building Removal Credits, which are from Table 4.

What is it for?

[26] Unless otherwise noted, information presented here is from the April 8, 2016 Board Meeting Packet. http://www.fora.org/TTF/Reports/040816BrdPacket_Report.pdf. Whenever possible, data has been updated to incorporate the most recent available information.

Land Sale proceeds are deposited into the Land Sales Fund. They are designated to cover building removal costs as a first priority and other CIP costs as second priority per FORA Board policy.[27]

2. Property Taxes

What is it?

By a special formula included in the State Health and Safety Code, FORA currently receives a portion of property taxes generated from former Fort Ord

What happens if FORA is dissolved?

Assuming no legislative action otherwise, this revenue source would be reallocated to the State of California, Educational institutions, special districts, and County of Monterey based on a new formula.

If Property Tax funds were used to pay debt, they would not be affected if FORA is dissolved. According to California Code, Health and Safety Code 33492.71 (c)(1)(D):

> "Upon dissolution of the authority, the amount allocated pursuant to this section shall continue to be paid to the accounts of the authority insofar as needed to pay principal and interest or other amounts on debt that was incurred by the authority. Funds that would be allocated pursuant to this section that exceed the amounts necessary to pay debt service on authority debt shall be divided as follows: 54 percent shall be allocated to the city or county redevelopment agency that establishes the project area; 38 percent shall be allocated to the county; and 8 percent shall be allocated to other affected taxing entities."[28]

How much is it?

[27] 2017-18 CIP, Page3

[28] http://codes.findlaw.com/ca/health-and-safety-code/hsc-sect-33492-71.html

Table 12 – Estimated Property Tax Revenues per 2018-19 CIP

	Through 2020	**Post 2020**	**Total**
Property Tax assessment 1%	$31,896,934	$373,976,916	$405,873,850
Less housing set aside (20%)	-$6,379,387	-$74,795,383	-$81,174,770
Property Tax net of housing	$25,517,547	$299,181,533	$324,699,080
Tier 1 (13.5%)	-$3,445,997	-$40,402,731	-$43,848,728
Tier 2 (11.3)	-$2,894,637	-$33,938,286	-$36,832,923
Tier 3	$0	$0	$0
Annual net property tax	$19,176,913	$224,840,515	$244,017,428
FORA Property Tax (35%)	$6,711,919	$78,694,181	$85,406,100
Forecast Estimate - 90% of	$6,040,728	$70,824,763	$76,865,491
Operating Costs	-$2,600,000	-$11,700,000	-$14,300,000
Property Tax Transfer to CI	**$4,111,919**	**$66,994,181**	**$71,106,100**
FORA net share of 1% Prop.	18.9%	18.9%	18.9%

*Includes -10% forecast adjment, FORA operating costs, and transfer to CIP
CIP 2018-19, Table 8.

What is it for?
Of the 35% property tax collected by FORA, $1.3million per year are assigned the General Fund and used to cover to FORA Salaries, Benefits, Supplies & Services, and contractual Services.[29] This is shown as "Operating Costs" in Table XX. The remainder of the property tax collected is assigned to the CFD Special Tax/Development Fee Fund and used to cover CIP related costs.

3. CFD Special Tax

What is it?
FORA's Development Fee is a Mello Roos Special Tax District (Government Code section 53311 and following). It does not require a nexus (This is important because a new entity establishing a CFD may require a nexus.)

What happens if FORA is dissolved?
The Special Tax lien establishing the FORA CFD does not provide for special tax collection after FORA's dissolution and appears to dissolve under its own terms. This revenue source would end on June 30,2020 unless the State legislature and/or LAFCO expressly act to continue it (and have the power to do so), or a jurisdiction acts to create a new one to replace it. A more detailed overview of the CFD is presented in Chapter VI.

[29] Board meeting 5/12/17.

How much is it?

Table 13 – Estimated CFD Revenues per 2018-19 CIP

	Through 2020	Post 2020	Total
Marina	$13,767,133	$53,462,120	$67,229,253
Seaside	$6,092,897	$26,248,618	$32,341,515
Other	$6,033,539	$40,079,136	$46,112,676
Total	**$25,893,569**	**$119,789,874**	**$145,683,443**

Source: Estimated by Willdan based on CIP 2018-19, Table 4.

The revenue projections above include numerous sites, such as Seaheaven and Seaside Resort, which were entitled before 2008. This is important because as highlighted during the *10/26/17 Board Presentation,* projects that entered a development agreement before 2008, the year the CFD went into effect, cannot be subject to a new fee. A legal review may be necessary to establish whether projects entitled before 2008 can be subject to the CFD fee.

What is it for?
The CFD funds are deposited into the CFD Special Tax/Development Fee Fund and used to finance CEQA mitigations described in the BRP Final Environmental Impact Report (FEIR). These include Transportation/Transit projects, Habitat Management obligations, and Water Augmentation. CFD legislation allows payment for specified public services and public facilities (building removal costs are not allowed unless in conjunction with an identifiable public facility which will remain in existence for longer than 5 years.[30]

4. Membership dues

What is it?
The FORA Act provides for membership dues to help fund FORA operations.

What happens if FORA is dissolved?
This revenue source would end on June 30, 2020.

[30] Board Workshop10/26/17, slide 23.

How much is it?
For fiscal year 2016-17 (revised budget), Membership dues amounted to $331,000 in FY 2016-17 (revised budget).[31] And $307,000 in FY 2017-18[32] For FY 2018-19 the projected amount is $310,928.

What is it for?
Membership fees are assigned the General Fund and used to cover to FORA Salaries, Benefits, Supplies & Services, and contractual Services.

5. MCWD Franchise Fee

What is it?
FORA receives an MCWD Franchise Fee of $15,000 annually in accordance with the Facilities Agreement.

What happens if FORA is dissolved?
If FORA assigns its Facilities Agreement roles and responsibilities to another entity, this revenue source would continue past 2020. If MCWD annexes the Ord Community service area before June 30, 2020, this revenue source would end before June 30, 2020.

What is it for?
MCWD Franchise Fees are assigned FORA's General Fund and used to cover to FORA Salaries, Benefits, Supplies & Services, and contractual Services.

6. MCWD Revenues

What is it?
FORA receives a percentage of MCWD's Ord Community revenues annually in accordance with the Facilities Agreement.

What happens if FORA is dissolved?
If FORA assigns its Facilities Agreement roles and responsibilities to another entity, this revenue source would continue past 2020. If MCWD annexes the Ord Community service area before June 30, 2020, this revenue source would end before June 30, 2020.

How much is it?
MCWD revenues fund FORA operations, not capital improvements. FORA's budget for FY 2016-17 has a line item labeled "MCWD Franchises Fees – MCWD" for $2,000 each year in FY 2015-16 and FY 2016-19. According to the budget "this amount represents MCWD's projected FY 16-17 payments to FORA from water and sewer operations on Fort Ord and associated fees."[33] In the Revised FY 16-17 Annual budget this amount was increased to $615,000.

What is it for?

[31] FORA 2016-17 Revised Budget. http://fora.org/Board/2017/Packet/031017BrdPacket.pdf
[32] FY 2017-18 Annual budget.
http://fora.org/Board/2017/Presentations/05/051217_Item8b_Annual_Budget_FY17-18.pdf
[33] Ibid.

MCWD Revenues are assigned to FORA's General Fund and used to cover to FORA Salaries, Benefits, Supplies & Services, and contractual Services.

7. ESCA grant funds

What is it?

FORA receives funding from the U.S. Army to finance activities related to the Army Environmental Services Cooperative Agreement.

What happens if FORA is dissolved?

The Army ESCA Special Revenue Fund will likely have sums remaining in ESCA funding in 2020. If FORA assigns its ESCA responsibilities to another entity or entities, this funding would continue past 2020.

How much is it?

See discussion above on the ESCA obligations.

What is it for?

ESCA grant funds are deposited into a Special Revenue fund (ARMY ESCA Fund) and used specifically to pay for ESCA obligations. See discussion above on the ESCA obligations.

VI. CFD Replacement/Extension Options

The special tax lien establishing the FORA Fee does not provide for special tax collection after FORA's dissolution.[34] Although transfer of CFDs is allowed between County and Cities with written agreement (such as in an annexation or incorporation), there does not appear to be any authority in the law that would grant such authority in the case of dissolution of FORA..[35] Therefore, this revenue source would end on June 30, 2020, unless the State legislature acts, LAFCO finds a way to continue it, or a jurisdiction acts to create a new one (new CFD).

According to presentation to the Board of Directors by Sheri Damon on 11/17/17, the following are the CFD Extension Options:[36]

1) Extend and Amend FORA Act to address community concerns, thus extending the current CFD by changing FORA's termination date (note that this does not mean Extending FORA itself, only the act). For example, the following could be amended:
    a. FORA Lite (only member jurisdictions)
    b. FORA Shell (retaining financing powers and limited participation: reduced staffing)
    c. Eliminate unanimous first vote rule?
    d. Consistency Oversight Adjustment?

2) Vote and Amend Mello Roos to address the following:
    a. Add End Date of CFD. The end date ambiguity is found in the formation documents (NOTICE of Special Tax and Ordinance 02-10 and 05-01, it would most likely require a vote to fix the ambiguity and extend date to 2051.
    b. Sections 53368 and 53368.1- Transfer Process. If End Date is extended and FORA is dissolved, the Mello Roos statue must be amended to provide a transfer process from FORA to successor(s), such as a city, the county, or a JPA.
    c. Section 53313.5 – to permit allowed uses of funds to cover building removal and other uses. This amendment is not necessary to extend life of the CFD, but it would a useful amendment to make financing more flexible.

A third option, would be for jurisdictions to form independent CFDs. However, there are some of challenges, which may preclude the feasibility of this option, including:

- May require approval of multiple land owners or voters within district.
- Will require revenue sharing and/or cooperative agreements to execute BRP obligations, such as Habitat Conservation Plan.
- Entitled projects may not be subject to new fees.
- Individual jurisdictions may end up with different fees, based on the CIP items allocated in that jurisdiction (although CFD law allows for some improvements outside the CFD itself)

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[34] Per Section 53321(d) of the FORA Act, Special Taxes shall not be levied after Fiscal Year 2013-2014 or the Termination of FORA, whichever is later, but in no circumstances shall the Special Tax be levied later than calendar year 2051.

[35] Ibid.

[36] These options are also discussed at the Board Workshop 10/26/17, slide 24.

Willdan has identified a fourth option, which would be for the individual jurisdictions to establish a development impact fee to fund the required infrastructure that would have been funded by the FORA Fee.

- Nexus requirement: For impact fees the jurisdictions will have to establish a nexus between the CIP and development. For example, the Transportation Agency of Monterey County is required to follow the Mitigation Fee Act (Government Code section 66000 and following) which requires a Nexus to development. The FORA CFD is a special tax which does not require nexus.
- Entitled projects may not be subject to new fees.
- Individual jurisdictions may end up with different fees, based on the CIP items allocated in that jurisdiction

Table 14 – CFD Summary

SUMMARY	Creates comprehensive financing mechanism to implement Base-Wide Costs (BWC) and Base-Wide Mitigation Measures (BWMM). The financing district is beyond legal challenge on the establishment.
DATE OF EXECUTION/ADOPTION	Recorded 5/22/2002
TERMINATION	Termination of FORA or 2051 whichever first occurs
PARTIES	FORA
ASSETS	• Creates financing mechanism to implement Base-wide Costs (BWC) and Base-wide Mitigation Measures (BWMM). • Statute of Limitations passed on challenging CFD. • District Boundaries already exist. • Mello Roos District (Gov §53321 et seq).
LIABILITIES	Assessment approved through termination of FORA but not later than 2051.
ASSIGNABILITY	Unlikely. The CFD says it terminates on FORA dissolution but tax extends to 2051. The Gov't Code §53368 states that CFD may be transferred by County to City. Multiple issues and would require special counsel for FORA and Cities/County to concur on interpretation and solutions.
PRE-REQUISITES TO ASSIGNABILITY	• Needs agreements between FORA Board and each individual jurisdiction. • Needs revenue sharing and BWC/BWMM expenditure agreements among jurisdictions. • District map amendments; new Notices.
OUTSTANDING ISSUES	• LAFCO does not have jurisdiction over CFD law. • Extensive legal analysis and costs associated therewith. • May require jurisdiction to set up own district to collect. • May require approval of multiple land owners or voters within district. • Will require revenue sharing and/or cooperative agreements. • Unknown Litigation risk.
POST FORA FUNDING	No

Source: Governing Document Synopsis.

VII. FORA BACKGROUND[37]

1993 – 1994: Establishment
In December of 1993, Senator Henry Mello proposed Senate Bill (SB) 899 to create a Fort Ord Reuse Authority (FORA). SB 899 was approved unanimously by the State Assembly Ways and Means Committee in April 1994 and was signed into law by Governor Pete Wilson on May 10, 1994. SB 899, as amended, has been codified as Title 7.85 of the Government Code, sections 76750, et. seq., known as the "Fort Ord Reuse Authority Act." Formally established as a corporation of the State of California on May 20, 1994, FORA's purpose is to prepare, adopt, finance and implement a plan for the land formerly occupied by Fort Ord. FORA's initial sunset was planned for June 30, 2014.

1997: Fort Ord Reuse Plan (Base Reuse Plan or BRP) & Habitat Management Plan (HMP)
The BRP is a regional planning document utilized by federal and state government to implement military base reuse. The deeds, government clean-up, base-wide costs and mitigation measures all stem from this document. The BRP 1) defines recovery program and constraints (includes environmental impact report), 2) addresses agency build out conflicts, 3) Identifies mitigations to implement program, and 4) identifies base-wide costs (BWC) and mitigation measures (BWMM) (BWC and BWMM require both funding and construction). The BRP was litigated and subject to settlement agreement with the *Sierra Club*.

The HMP is the US Army's base wide mitigation measure required by NEPA and Endangered Species Act (ESA) to mitigate the closure and subsequent development of Fort Ord. It has been followed since 1997. There is still a requirement that FORA take the Landfill parcel and maintain 75% of it as habitat. The Landfill parcel is not scheduled to transfer until 2023 after the expiration of the current Authority Act.

Requires preparation of a Habitat Conservation Plan (HCP) Requires protection, maintenance of habitat areas Est.

2000: Memorandum of Agreement – Economic Development Conveyance (EDC)
The EDC is the overarching document which guides land transfers from the Army to the local redevelopment authority (LRA). It contains representations and warranties, many of which are also contained in the transfer deeds. The EDC 1) establishes FORA as the LRA, 2) Establishes cleanup requirements based on BRP, 3) establishes No Cost EDC requirements, 4) Establishes water/wastewater allocations, establishes transfer of land process, and 5) requires FORA to take property from the U.S. Army.

2005: Community Facilities District
Creates comprehensive financing mechanism to implement BWC and BWMM. The financing district is beyond legal challenge on the establishment.

[37] Fort Ord Reuse Authority Finance Committee Memorandum, January 27, 2016.

2012: FORA Extension

In 2012, Assembly Bill (AB) 1614 requested a ten-year extension of FORA. AB 1614 also required FORA's Board of Directors to approve and submit a transition plan to the Monterey County Local Agency Formation Commission (LAFCO) eighteen months before the inoperability date. The transition plan assigns assets and liabilities, designates responsible successor agencies, and provides a schedule of remaining obligations. Through the LAFCO process, the obligations and responsibilities of FORA would be allocated among FORA's constituent membership and/or successor agency. Also, the bill required a progress report to be delivered to the State Legislature. Although FORA was granted six additional years rather than ten, the other requirements were adopted. Chapter 7 - Dissolution of the FORA Act, effective January 1, 2013, states that FORA "shall become inoperative when the board determines that 80 percent of the territory of Fort Ord that is designated for development or reuse in the plan . . . has been developed or reused in a manner consistent with the plan adopted or revised pursuant to Section 67675, or June 30, 2020, whichever occurs first."

VIII. SUMMARY OF TRANSITION PROCESS

2016 – 2017: Transition Planning Process

2016 Process
A Transition Task Force (TTF) was created in April 2016 and appointed by the then FORA Board of Directors chair as an ad hoc committee to explore post 2020 alternatives and the associated transition issues. The TTF) which explored several options for the Post FORA period, including:

- Creating a FORA successor agency for a fixed term.
- Creating Joint Powers Authority (JPA) or Community Services District (CSD) for a fixed term.
- Assigning responsibilities to an existing entity or entities, such as FORA member agencies and regional and state agencies.
- Creating an "a la carte" program aligned by function.

These options are explored in a presentation to the Board of Directors from April 2016.[38]

From this process the following recommendation emerged: Pursue dual tracks: 1) Pursue Legislative extension of FORA through 2037 and 2) continue 2020 Transition Planning.[39]

2017 Process

The TTF is re-formed as a limited term ad hoc committee to work with staff to provide a "transition plan" recommendation to the Board. The transition plan will include:

1) a methodology for allocating obligations/liabilities (including - but not limited to - CEQA mitigations) and resources/assets among FORA member jurisdictions;
2) a methodology and alternatives for infrastructure improvement timing and prioritization;
3) a structure to implement obligations; and
4) feasible financing options to meet jurisdictional post-FORA obligations.

At the end of the process the task force recommended 1) the creation of a single successor agency, 2) seeking extension of FORA's CFD, and 3) post-FORA obligations/liabilities be paid using Implementation Agreement formula for completing CIP and Voting Percentage for administrative liabilities.

[38] http://www.fora.org/TTF/Reports/040816TransitionPlanOptions.pdf
[39] http://www.fora.org/TTF/Reports/110416TTFBoard-Presentation.pdf