Fort Ord Reuse Authority

Transition Ad Hoc Committee

April 18, 2018

Steve Endsley, Assistant Executive Officer
Sheri Damon, Prevailing Wage/Risk Coordinator

Overview

- Schedule/Workplan
- Outline
- Updated CFD Projections
- Chapter Analysis
- "Side by Side" Comparison

Transition Ad Hoc Committee

FORA
Fort Ord Reuse Authority

Future Meeting(s):

May 9, 2018 3:00 p.m.
May 30, 2018 12:30 p.m.
Workshop?
Additional Meetings?

Workplan

Fort Ord Reuse Authority

- Financial Consultant to Refine Revenue Comparison
- Refine and Update Entitled v. Proposed Project Information
- Show Comparison of Extension of CFD v. Nexus Breakdown with Jurisdiction Impacts
- Side by side comparison of elements/chapters
- Address prevailing wage and Base Reuse Plan compliance
- Discussion of Authority Act and possible Amendments
- Human Resources (Retention/Counseling/Transition?)
- Presentation of the Completed DRAFT Transition Plan with Executive Summary

Transition Plan

Fort Ord Reuse Authority

- **Executive Summary**
- **Chapters**
  - Administrative
  - Water/Wastewater
  - Transportation
  - Habitat
  - Financial Assets
  - Environmental Services/Clean Up
  - Miscellaneous Contracts
  - Human Resources
  - CEQA
- **Conclusion**

Fair and Equitable Entitled v. Proposed 2018-19

FORA
Fort Ord Reuse Authority

Jurisdiction	Use	Built	Entitled	Proposed	Water
Marina					**1325**
	Residential-new (Units)	391	2,751		
	Residential-rehab (Units)	707	911		
	Office (Sq. Ft.)	217,000	736,000		
	Industrial (Sq. Ft.)	262,300	712,309		
	Retail (Sq. Ft.)	418,000	498,000		
	Hotel (Rooms)	108	502		
Seaside					**1012.5**
	Residential-new (Units)	3	125	883	
	Residential-rehab (Units)	902	902		
	Office (Sq. Ft.)	14,900	14,900	50,000	
	Industrial (Sq. Ft.)			100,000	
	Retail (Sq. Ft.)		10,000	270,000	
	Hotel (Rooms)		398	650	

Fair and Equitable
Entitled v. Proposed 2018-19

FORA
Fort Ord Reuse Authority

Jurisdiction	Use	Built	Entitled	Proposed	Water
County					**710**
	New Residential (Units)	749	1,470		
	Office (Sq. Ft.)		68,000		
	Retail (Sq. Ft.)		34,000		
Del Rey Oaks					**242.5**
	Residential-new (Units)			691	
	Office (Sq. Ft.)		400,000		
	Hotel (Rooms)			550	
Monterey					**65**
	Office (Sq. Ft.)			721,524	
	Industrial (Sq. Ft.)			216,276	
UC MBEST					**230**
	Residential-new (Units)			240	
	Office (Sq. Ft.)			680,000	
	Industrial (Sq. Ft.)			138,000	
	Retail (Sq. Ft.)			310,000	

4/18/18

UPDATED REVENUE PROJECTIONS

FORA
Fort Ord Reuse Authority

Table 1
Fort Ord Reuse Authority Transition Alternatives
Estimated CFD Tax Revenues - All Jurisdictions

All Jurisdictions

Land Use	CFD Tax Rate (as of July 1, 2018)	TOTAL ENTITLED PROJECTS: Through 6/30/2020 Entitled	CFD Revenue	Post 6/30/2020 Entitled	CFD Revenue	TOTAL UNENTITLED PROJECTS POST 6/30/2020 [1]: Unentitled	CFD Revenue
Residential Revenues	*Per Unit*	*Units*		*Units*		*Units*	
New Residential	$24,621	479	$11,793,573	2,805	$69,062,571	1,814	$44,662,924
Employer Based Housing	$1,231	0	$0	0	$0	0	$0
Existing/Replacement Residential [2]	$24,621	204	$5,022,732	0	$0	0	$0
Total Residential		**683**	**$16,816,305**	**2,805**	**$69,062,571**	**1,814**	**$44,662,924**
Nonresidential Revenues	*Per Acre*	*Acres*		*Acres*		*Acres*	
Office	$3,230	16.2	$52,327	48.5	$156,770	95.2	$307,507
Industrial	$3,230	0.0	$0	25.8	$83,416	23.9	$77,165
Retail	$66,552	2.9	$195,561	8.4	$562,238	53.3	$3,544,541
	Per Room	*Rooms*		*Rooms*		*Rooms*	
Hotel	$5,490	398	$2,184,966	394	$2,163,006	1,200	$6,587,836
Total Nonresidential			**$2,432,854**		**$2,965,430**		**$10,517,049**
Total Residential and Nonresidential [3]			**$19,249,159**		**$72,028,000**		**$55,179,973**

all_juris

Source: FORA; EPS.

1 Includes unentitled land uses comprising 60 residential units and 4.13 acres of retail in the City of Seaside and 3.9 acres of office space and 1.1 acres of industrial space in the UC estimated to be built between 2018-2019.

2 Includes 204 Seahaven (formerly Marina Heights) units, which do not count towards the 6,160 unit threshold. These units are charged the new residential rate, not the existing residential rate of $7,163.

3 Assumes no discount for affordable housing above the minimum requirement.

4/18/18

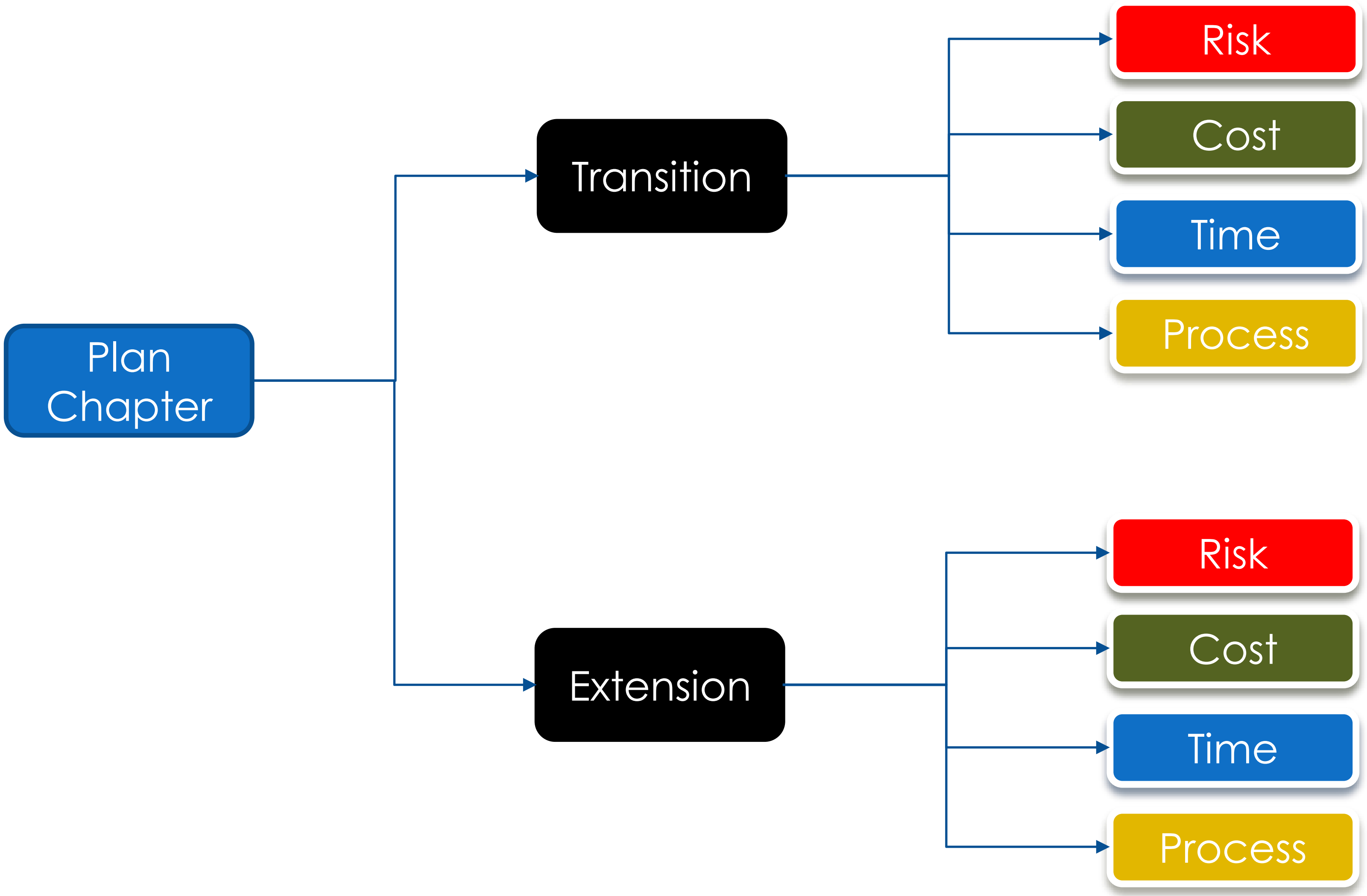
Updated CFD FEES

FORA
Fort Ord Reuse Authority

Jurisdiction	2020	Post 2020	Proposed
Del Rey Oaks	$ 42,370	$ 42,370	$ 20,032,700
Marina	$ 10,640,366	$ 55,333,761	$ -
City of Monterey	$ -	$ 192,946	$ 192,946
City of Seaside	$ 2,578,905	$ 2,670,964	$ 26,988,138
County Of Monterey	$ 5,987,517	$ 13,980,905	$ -
UC			$ 7,966,189
Total	**$ 19,249,158**	**$ 72,220,946**	**$ 55,179,973**

Analysis Overview

Fort Ord Reuse Authority



Chapter: Environmental Services

Fort Ord Reuse Authority

Transition	**Risk**	Fed/State Single Point of Contact (Lost); Unexpected incidents beyond insurance concern(County/Seaside); Project delay by protracted review (proposed development County/Seaside/DRO)
	Cost	Lost cohesion will increase cost; Funding for program completion or discoveries uncertain; Increased costs for specialized knowledgeable staff/consultants.
	Time	Army & Regulatory Agencies review protracted.
	Process	Very specialized knowledge must be recreated; regulatory connection/comfort lost.

Extension	**Risk**	No additional risk.
	Cost	Relatively known costs structure under current arrangement & Overhead covered by FORA.
	Time	Existing relationships/knowledge lead to completion in finite timeframe.
	Process	FORA process known.

Chapter: Transportation

FORA
Fort Ord Reuse Authority

Transition	**Risk**	Individual financing mechanisms must be created. How to levy entitled development. Priorities issues by multiple entities.
	Cost	Establishing new or gap financing for on-site/local fees costs; legal challenges to new fees; lose basewide revenue leveraging; lose tax and land sale revenues.
	Time	Loss of local cross-boundary oversight. Project financing & approvals at TAMC/jurisdictions and delay.
	Process	Land use emphasis shifts from housing pays to job generators pay (TAMC/Nexus approach); Likely change from on-base priority to regional roads. Loss of basewide revenue leveraging.
Extension	**Risk**	Single point of litigation target; leads to project delays and attorneys' fees
	Cost	Known cost structure; Litigation costs unknown
	Time	CIP remains in effect adjustable by policy to meet needs.
	Process	Jurisdictions work through issues and priorities at Admin. Board levels w/ local first emphasis.

Chapter: Financing

FORA
Fort Ord Reuse Authority

Transition	Risk	Legal limitations: challenge to new fees; applicability to existing development. Potential $72M impact
	Cost	Shifts fairness and equity between jurisdictions; possible increased legal costs; costs to establish new districts
	Time	Creation of new financing mechanisms takes time. Possible legal challenges to new mechanisms
	Process	Unwieldy process, one size does not fit all. Multiple different Boards/entity compositions. Nexus changes policy.

Extension	Risk	Single entity program can be slowed down by recession, lawsuits, bureaucratic delay
	Cost	Emphasis on regional consensus and shared costs/benefits can make reuse inefficient
	Time	CFD, Land sales, & property tax rules already in place. Existing grants secured by FORA leading to shorter time to complete program.
	Process	Existing process well known and already negotiated; agreed upon or adjudicated

Chapter: Miscellaneous Contracts

FORA
Fort Ord Reuse Authority

Transition	**Risk**	Incomplete existing contracts. Formal assignment uncertain.
	Cost	Assignment costs/legal challenges; Agency new hires and associated orientation
	Time	Re-invents wheel, new personnel & turnover; loss of institutional memory; orientation
	Process	New rules and interpretation of compliance with documents (potential inconsistencies)

Extension	**Risk**	Existing contracts & history understood/in progress
	Cost	Efficiencies in staffing; Staffing reductions as functions transferred/completed.
	Time	Project completion more likely. Allows more time to complete regional obligations.
	Process	Known.

Chapter: Administrative

FORA
Fort Ord Reuse Authority

Transition	**Risk**	Members would have PERS, legal and other liabilities
	Cost	Undefined costs, lack of FORA legal shield; agency staff work load issues: potential increased costs; duplicate expenses. Potential increased litigation costs.
	Time	Eliminates layer, reducing time. Requires monitoring and participation at multiple agencies. Can choose most important issues to monitor.
	Process	Eliminates regional decision making but enhances self determination.

Extension	**Risk**	Established plans and funding streams to retire obligations – limited risk.
	Cost	Administrative obligations known through current contractual agreements with CalPERS and others.
	Time	Known time frame
	Process	Existing Regional Board structure for decision making, amendment voting, etc.

Chapter: Water/Wastewater

Fort Ord Reuse Authority

Transition	**Risk**	FORA/MCWD contract ends, consequently ongoing service at risk if no annexation. Program continuity could be lost.
	Cost	Water augmentation revenue must be generated by MCWD/Monterey 1
	Time	Implementation/annexation subject to political pressures. Future service to Monterey/DRO.
	Process	Multiple CIPs need to be coordinated; Multiple litigation challenges.

Extension	**Risk**	No new risk.
	Cost	FORA mitigation costs for water augmentation are covered, reducing capacity charges and fees for all.
	Time	Known. No new risk.
	Process	3-party agreement in place, framework to complete future needs in place-including EDC first right of refusal.

Side by Side Comparison (Old)

FORA
Fort Ord Reuse Authority

	DEVOLVE	EXTEND FORA
Financing	• **New Financing Mechanisms must be created (CFD/Nexus/Development Fees)** • **Legal Limitations for Some (Nexus) E.g. TAMC** • **Shifts Land use Emphasis** • **Inequitable distribution between jurisdictions** • **Entitled Development may not be subject to new fees in absence of agreements (Loss to Region)**	• Financing Exists • Tax allows flexibility • Entitled Development pays fees

Comparison: Financing

FORA
Fort Ord Reuse Authority

Transition

▪ New financing mechanisms. ▪ Provides opportunity to add items not currently financed. ▪ Provide opportunity to adjust assessment basis (sf etc.). ▪ Creates a vehicle for new contracts with developers.	▪ Legal limitations (Nexus) ▪ Shifts land use costs (Housing to Job) ▪ Entitled development may not be subject to new fees ▪ Shifts fairness and equity b/t Jurisdictions (Eliminates basewide costs concept) ▪ Time/cost w/creation of new mechanisms ▪ New fees litigation challenges

Extension

▪ Financing mechanism exists ▪ Tax preserves Land Use Costs (Housing/Jobs) ▪ Entitled development subject to fees ▪ No legal challenges ▪ Maintains basewide costs model (Fairness/Equity)	▪ CFD requires vote to make changes ▪ CFD boundaries include residents who will not owe tax

Comparison: Administrative

FORA
Fort Ord Reuse Authority

Transition

Pros	Cons
▪ Jurisdictions control own destiny with respect to their CalPERS contracts ▪ May be an opportunity to consolidate unfunded liability with City's existing CalPERS liability to pay over 30 years.	▪ Increased CalPERS risk due to new staffing requirements ▪ Uncertain CalPERS assumptions may lead to unfunded liabilities

Extension

Pros	Cons
▪ FORA continues to administer and fund CalPERS obligations & other administrative activities ▪ Shared administrative costs	▪ Potential increase in future CalPERS obligations for continuing or new staff

Comparison: Habitat

Fort Ord Reuse Authority

Transition	
▪ Jurisdictions could withdraw or re-organize Habitat protection and redesignate FORA ▪ ???	▪ Entire program could be at risk due to lack of funding or regulatory approval ▪ FORA CFD revenue stream must be replaced; not a direct nexus to some developments make a CFD required or single payment required

Extension	
▪ Economies of scale by having FORA staff the early years of the cooperative ▪ Steady CFD revenue stream w/ land sale & property taxes due to FORA as back up	▪ Community will eventually have to take this function over

Comparison: Transportation

FORA
Fort Ord Reuse Authority

Transition	
▪ More local control, jurisdictions create their own priorities and revenue streams subject to agreement w/neighbors	▪ More jurisdictional vulnerability to law suits and bureaucratic delay ▪ Less ability to influence regional outcomes ▪ Neighbor jurisdictions may not be accommodating

Extension	
▪ Current CIP reflects ORD area collective priorities ▪ Cooperation on road projects makes it easier to get grants and CEQA approvals ▪ Steady CFD revenue stream and ancillary revenues more likely to complete projects	▪ Cumbersome negotiations and approvals and prioritization work continues under FORA ▪ Single target for lawsuits

Comparison:Water/Wastewater

Fort Ord Reuse Authority

Transition

▪ Water/wastewater activities managed by MCWD staff ▪ Financing streams replaced by MCWD capacity charges	▪ Existing CIP coordination is in place between MCWD/Monterey 1 ▪ Loss of basewide revenues/leveraging. New development capacity fees needed.

Extension

▪ Remaining FORA obligation completes a major requirement of the BRP reducing water and capacity fees for all. ▪ FORA staff have expertise/history to complete project	▪ Easy to detail remaining FORA staff to appropriate agency ▪ Completion of pipeline and infrastructure aspects can be shifted to capacity charges

Future Meeting(s)

FORA
Fort Ord Reuse Authority

- May 9, 2018 3:00 p.m.
- May 30, 2018 12:30 p.m.
- Workshop?
- Additional Meetings?

Questions?