

Memorandum

To: Fort Ord Reuse Authority Administrative Committee
From: Assistant Executive Officer Steve Endsley
Re: Agenda Items 7a. Fort Ord Reuse Authority 2020 Sunset / Transition Plan
Date: **January 27, 2016** ←

This memorandum explores presently identified options to extend the June 30, 2020 dissolution date or create a successor agency or agencies to provide for completing the original FORA mission of converting the former Fort Ord from military to civilian land uses.

FORA has three broad categories of obligations that survive FORA sunset ←

A. Capital Improvement Program (CIP) / Base Reuse Plan CEQA mitigations

B. Board-determined base-wide obligations

C. Organizational closure obligations

“Based on the foregoing... it is recommended that FORA’s life... be extended for five years...”





DRAFT FORA TRANSITION PLAN

Steve Endsley, Assistant Executive Officer

FORA's Obligations

- **Authority Act** – Planning, Oversight, Recovery, Financing
- **Base Reuse Plan (BRP) California Environmental Quality Act (CEQA) Mitigations**

Board-Determined Obligations

- FORA-US Army Environmental Services Cooperative Agreement (ESCA)
- Remaining Base-wide Building Removal (Marina, Seaside)

Organizational/Contractual Closure Obligations

FORA Revenue Sources

- Land Sales (\$25M), Property Taxes (\$2-3M/year), FORA Community Facilities District (CFD) Special Taxes (\$78M)
- Membership dues (\$261K), Marina Coast Water District (MCWD) franchise fees (\$265K/year), ESCA (\$1M/year) and other grants

Post-2020 Considerations

- Organizational Responsibilities (CalPERS, CEQA mitigations, etc.)
- Contractual Obligations (Army ESCA, MCWD and water rights, etc.)
- Post-2020 alternatives (single, multiple, new?)

Memorandum

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BRP CEQA Mitigations

2035

Transportation/Transit

- Current FORA obligation: \$120.9 million
- Estimated post-2020 obligation: \$40.4 million
- On-site project completion schedule: 2025
- Full completion schedule: 2035

Water Augmentation

- Current FORA obligation: \$24 million
- Estimated post-2020 obligation: \$15.4 million (FORA's required mitigation only)
- \$8.6 million to be collected by 2020
- Completion schedule: 2018-2035, in phases

Habitat Management Plan/Habitat Conservation Plan (HCP)

- Current FORA obligation: \$32.3 million
- Estimated post-2020 obligation: \$9 million for HCP endowments
- \$30 million to be collected by 2020
- Completion schedule: 2035

BRP CEQA Mitigations



2035

Transportation/Transit

Assign to TAMC

***Mitigations totaling \$125 million
are funded by development fees -
BUILT ONLY AS FEES COLLECTED***

Water Augmentation

Marina Coast Water District (MCWD) responsibility

Habitat Management Plan/Habitat Conservation Plan (HCP)

*A Joint Powers Agreement for endowment to be created in 2018
Never intended to be managed in perpetuity by FORA.*

Reassessment Report 2012 – 30 to 40 years for the build out of what is already planned

Memorandum

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Board-Determined Obligations

FORA-US Army ESCA

2037

\$98 million US Army grant.

- Administrative Order on Consent (AOC) termination is tied to performance standards, not a fixed date. Army/Regulators “approve” FORA’s successor.
- ESCA completion schedule: Regulatory acceptance anticipated in 2019. Army 5-year review in 2017-18, FORA ESCA Obligations continue to 2037.
- Estimated post-2020 obligation: \$6 million (*can be matched to potential new grant*).

Remaining Base-wide Building Removal

2020

\$8-9 million estimated remaining FORA obligation paid by Land sales/rents.

- Marina and Seaside have remaining removal obligation.
- FORA currently designated as Hazardous Waste Generator for World War II contaminated debris.
- Completion schedule: FORA’s building removal financial obligations can be met by 2020. If obligation is altered, it may extend the schedule.

Memorandum

Base-wide building removal

Current commitments met by 2020

Estimated cost: \$54 Million funded through land sale proceeds

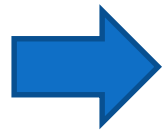
*FORA Extension does **not** impact
Munitions cleanup or base-wide building
removal.*

Source: FORA 1/27/2016 Memorandum

Memorandum

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C. Organizational closure obligations

Organizational/Contractual Closure Obligations

FORA Water Rights, Agreements, BRP



- FORA-MCWD Water/Waste Water Facilities Agreement
- Fort Ord Water Rights conveyed by U.S. Army
- FORA's Oversight Powers and BRP Compliance
- Miscellaneous Contract Obligations (e.g. MPC, County, and FORA agreement regarding public safety officer training facilities)

PLL Insurance



- Pollution Legal Liability (PLL) Insurance

Retirement / Health



- FORA Employee Retirement/Health Insurance

FORA Revenue Sources Post-2020

FORA Revenue Sources



Land sale and lease proceeds

- 50-50 FORA/jurisdiction split bringing in \$25 million

Property Taxes

- current Health & Safety Code split bringing in \$2 million/year with increase expected to \$3M/year.

FORA CFD Special Tax

- CFD revenues \$78 million in building permits triggered by development.

Membership Dues

- \$261,000/yr paid by jurisdictions to FORA.

MCWD Revenues

- \$265,000/yr paid by MCWD to FORA.

ESCA grant funds

- Of \$98 million granted, \$98 million will be spent for regulatory reimbursement, FORA Administration, and ARCADIS work by 2020

2016-2017 FORA Budget Midyear Budget

Revenues

Membership Dues	\$331,000
Franchise Fees (MCWD)	\$615,000
Federal Grants	\$922,410 (ESCA)
Development Fees	\$5,239,869
Land Sale Proceeds	\$ 0
Rents	\$50,000
Property Taxes	\$1,722,472
Interest Income	\$105,000
TOTAL REVENUES	\$8,985,751

2016-2017 FORA Budget Midyear Budget

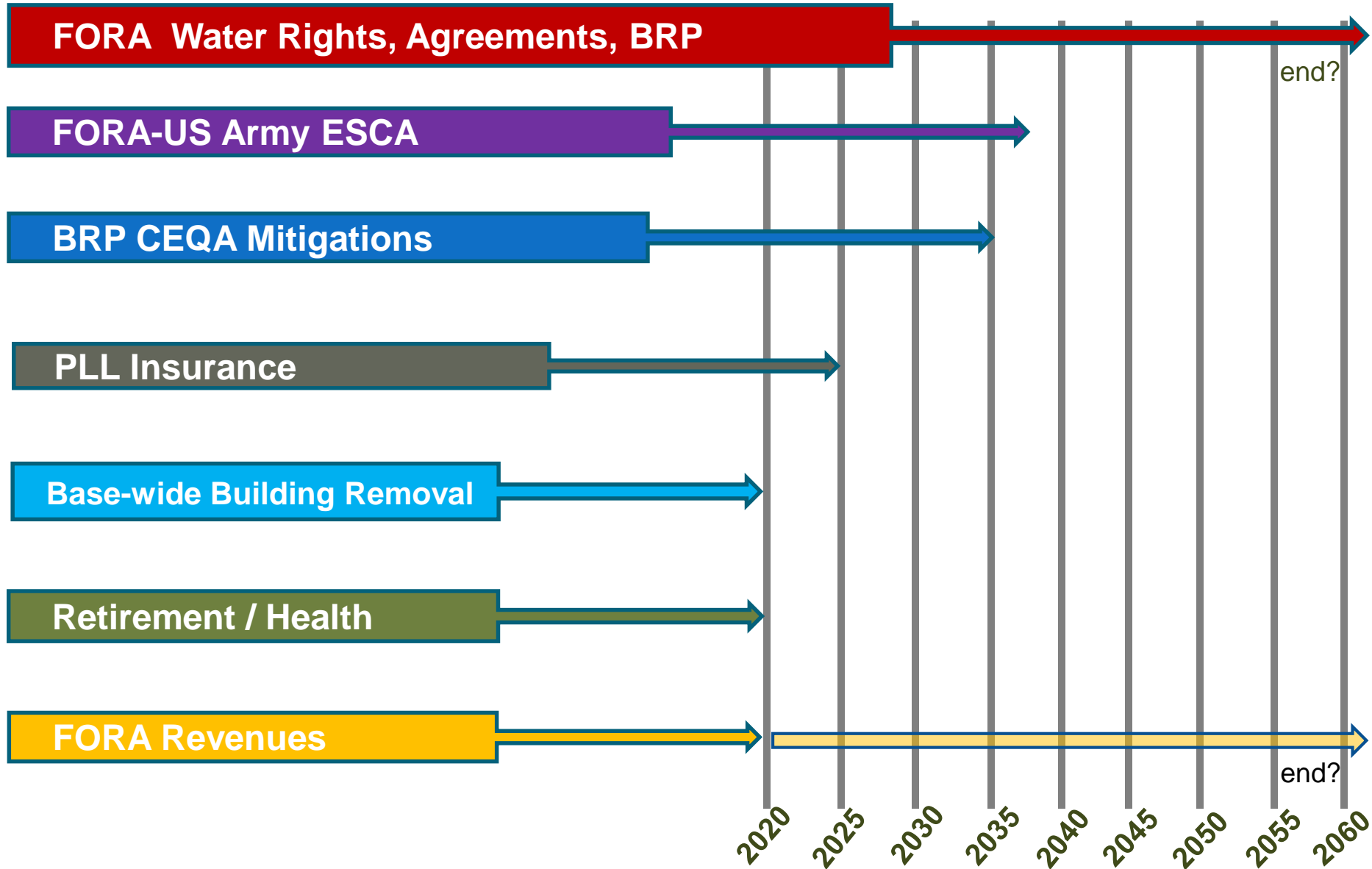
EXPENDITURES

Salaries & Benefits	\$2,955,973
Supplies & Services	\$413,305
Contractual Services	\$1,932,813
Capital Improvement Projects CIP	\$3,881,674
TOTAL EXPENDITURES	\$9,183,765

Deficit (\$198,014)

Cost of doing business \$5,300,00

Timelines to Completion





Post 2020 Alternatives

- A.** Extend FORA as is, or restructure membership, retaining legislative authorities for a fixed term.

- B.** Create a FORA successor agency or Joint Powers Authority / Community Services District for a fixed term.

- C.** Assign responsibilities to existing entity/ies (such as FORA members) and/or regional / state agencies.

Post-2020 Alternatives (Slide II)

A. Extend FORA as is or restructure FORA's membership, with legislative authority for a fixed term. Requires legislation but not Army consent.

Obligations

FORA 2.0		
Building Removal Hazardous Waste		
Army ESCA Long-term Obligations		
Water Rights		
CEQA Mitigations		
Retirement/Health		

Land Sales \$25M	CFD/Dev Fees \$78M	Property Taxes \$2-3M/year
Dues \$260K or less	Franchise Fees \$265K/year	ESCA Admin \$1M

Revenue Resources →

B. Assign responsibilities to a combination of entities such as FORA member agencies, regional and state agencies. Requires legislation and Army consent.

New Entity or Assign to Existing	
Building Removal Haz. Waste	Jurisdictions
Army ESCA LTOs	(LAFCO) To Be Assigned
Water Rights	(LAFCO) To Be Assigned
CEQA Mitigations	(LAFCO) To Be Assigned

Land Sales \$25M Jurisdictions Receive	CFD/Dev Fees \$0M or more Requires New Fee Structure	Property Taxes \$2M/year Redistributed Outside Ft Ord
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Franchise Fee
\$0/year or more
Jurisdictions?

ESCA Admin
\$1M
To Be Assigned

Post-FORA Financial Implications



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Resource Structure	Property Taxes (≥ \$2M/year)	Post-FORA CFD / Dev Fees (\$78M)	Land Sales (\$25M)	Dues & Franchise Fees (\$525K/year)	ESCA Regulators & Administration (\$1M)
FORA 'as is' or adjusted	✓	✓	✓	✓	✓
JPA or CSD	○	○	○	○	✓
Individual Entities	○	○	✓	○	✓/○

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Costs Structure	Building Removal (\$0-9M)	CIP (\$56M)	HCP (\$9M)	ESCA (\$6M)	TOTAL UNFUNDED OBLIGATION
FORA 'as is' or adjusted	✓	✓	✓	✓	\$0 M
JPA or CSD	✓	✓	✓	✓	\$70 M
Individual Entities	✓	✓	✓	✓	\$45 M

Timeline Schedule

FORA Board – approves the Draft Transition Plan (Dec. 2016)

LAFCO – consults with FORA and confirms Board decision (Oct. 2017)

State Legislature – receives FORA's Transition Plan report (Spring 2018) and approves required legislation (2019-20)

Jurisdictions – review and comment, implement assigned functions (2016-19), receive pass-through revenues if applicable

Other Agencies – review and negotiate assigned functions, negotiate role, receive pass-through revenues, if applicable (2016-19)

Potential Legislative Actions

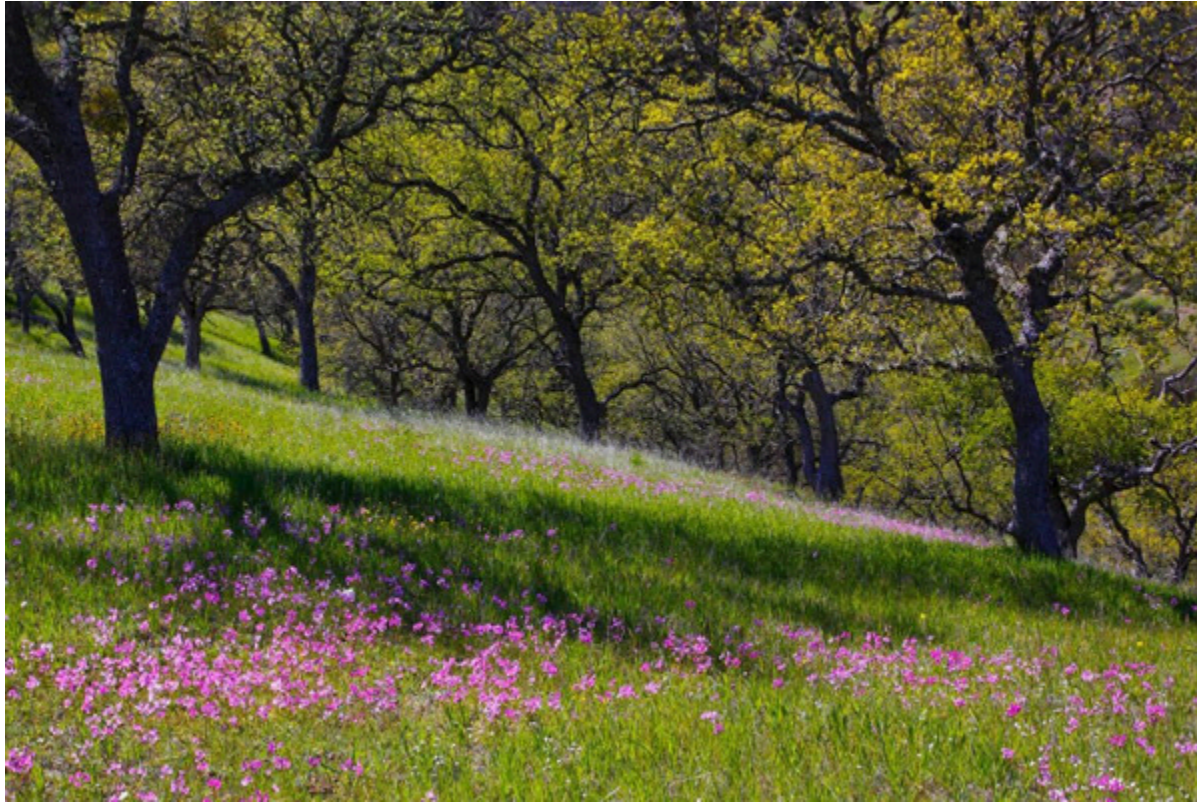
1. Draft legislation to address/extend FORA authority, obligations, and assets for limited time.

OR

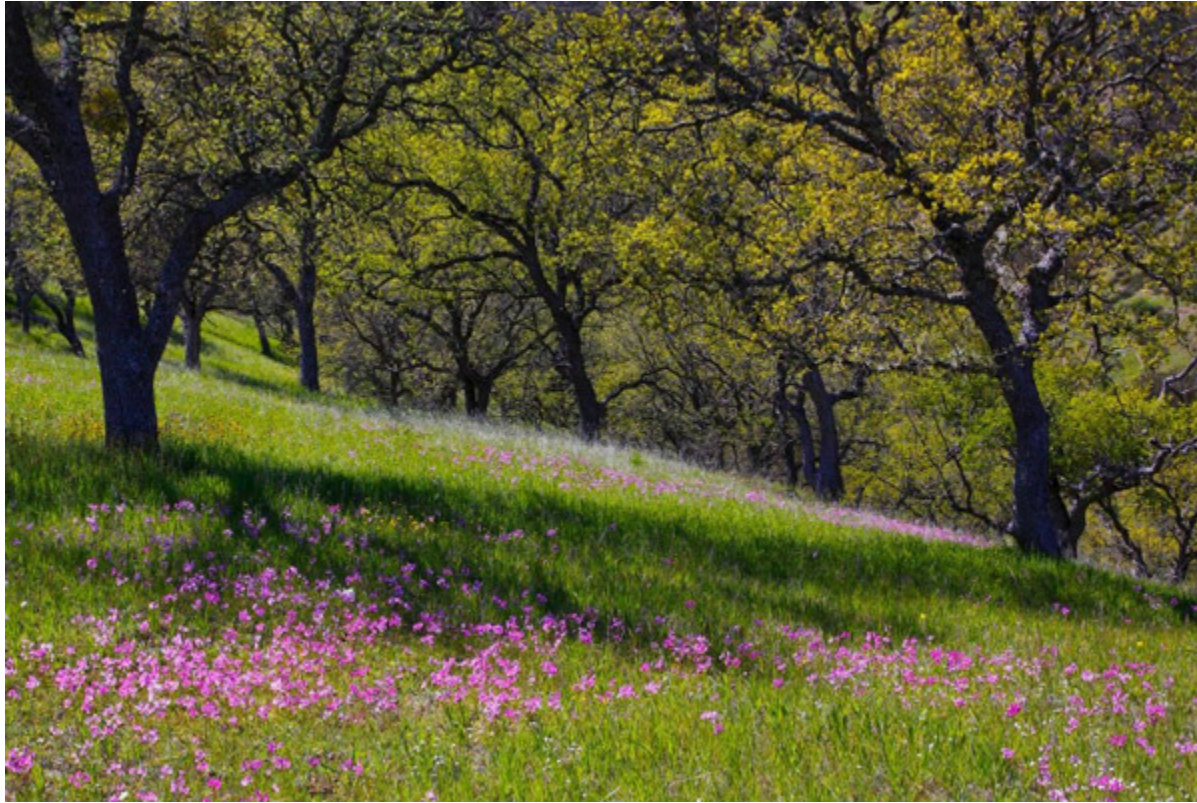
2. Draft legislative language to transfer/convey powers and authority to JPA/CSA successor agency.

- CFD Special Taxes
- Land sales 50-50 formula
- Property tax resources
- BRP oversight continuity
- Contractual obligations (where/if possible)

April 2016



April 2016



Transition Task Force Committee Charge 2017



The Fort Ord Reuse Authority's (FORAs) legislative/State Law terminus is June 30, 2020. 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. It made a recommendation to the Board in Fall 2016 to pursue dual tracks of a legislative extension of FORA together with a transition plan. That approach is now FORA policy and **the current FORA Chair has reconstituted the TTF with a more directed future charge, as follows:**

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.

The TTF work will require periodic transition plan reports and a recommendation to the Board by January 1, 2018.

Transition Task Force members voted to “recommend to the FORA Board a Transition Plan that

- creates a single entity successor JPA,
- seeks legislative extension of the CFD and other powers to the successor, and
- Utilize Implementation Agreement/Percentage assignment for jurisdictions’ fair and equitable contribution to successor to complete FORA program.”

Two TTF members voted against this recommendation.