



# Monterey County

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

Legistar File Number: 19-0901

November 19, 2019

**Introduced:** 11/15/2019

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

- a. Receive a presentation on options for financing for building removal on the former Fort Ord and analysis of the proposed Fort Ord Reuse Authority bond issuance;
- b. Consider making a recommendation to Fort Ord Reuse Authority; and
- c. Provide direction to staff.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a presentation on options for financing for building removal on the former Fort Ord and analysis of the proposed Fort Ord Reuse Authority bond issuance;
- b. Consider making a recommendation to Fort Ord Reuse Authority; and
- c. Provide direction to staff.

### SUMMARY/DISCUSSION:

In accordance with Board of Supervisors direction, staff has obtained outside professional services for finance advice and legal bond counsel. November 19, 2019 was set as the time for the Board to receive this report and to have consultants available for discussion.

At the November 19, 2019 meeting, the financial consultant will present an overview of alternative financing mechanisms available to the County for building removal on the former Fort Ord. This analysis will include consideration of potential revenue streams available for these financing alternatives and the effect (e.g. timing) of the current recognized redevelopment obligations being funded with tax increment at the East Garrison development. Financing options available to the County are: Debt secured by County General Fund Reserves; Enhanced Integrated Financing District (EIFD); and Community Revitalization and Investment Authority (CRIA). Debt secured by General Fund Reserves is the financing alternative available to the County that could fund building removal in the near-term. In contrast, an EIFD or CRIA could fund building removal some years in the future; however, it would take time to establish an EIFD or CRIA and could be many years before an established revenue stream is developed (e.g., completion of redevelopment activities in East Garrison, new development). Attachment A provides an overview of these financing options.

The presentation will also provide an analysis of the Fort Ord Reuse Authority's (FORA) proposed bond issuance to fund building removal on the former Fort Ord, based on understanding of information available at this time. This analysis will consider FORA's analysis and modeling of property tax revenues to the County under different development scenarios based on bond issuance (building removal and higher development rates) compared to no bond issuance (limited to no building removal and slower development rates) and identify any issues of concern with the assumptions or outcomes. Staff has also requested analysis by bond counsel of the public hearing requirement.

Some issues remain unresolved with respect to the FORA bond issuance, including:

FORA Bonding Authority: On November 5, 2019, California Senator William W. (Bill) Monning submitted a letter to the Department of Finance (DOF) requesting that DOF clarify its position on FORA's authority to issue a bond secured by property tax increment pursuant to Health and Safety Code section 33492.71 (Attachment B). The questions are whether FORA has the authority to issue the bond, and if yes, whether DOF considers FORA's share of property tax to be a "statutory pass-through" or an "enforceable obligation," which are administered differently. Senator Monning requested a written response from DOF by November 25, 2019; DOF has not yet responded to this request.

Bond Indenture: On October 8, 2019, FORA distributed a preliminary draft of the bond indenture and later indicated intent to update the draft; however, FORA is awaiting the opinion from DOF before updating the draft.

Bond Administrator: The successor to FORA to administer the bond has not been finally determined.

As more information becomes available, staff can provide further analysis if and as needed. RMA requests that the Board receive a presentation on options for building removal financing and analysis of FORA's bond proposal, consider making a recommendation to FORA, and provide direction to staff on how to proceed with this matter.

OTHER AGENCY INVOLVEMENT:

Supervisors Parker and Phillips serve on the County Board of Supervisors' Fort Ord Committee; Supervisors Adams, Parker, and Phillips serve on the FORA Board; and Supervisor Phillips serves as Chair of the FORA Legislative Committee. RMA represents the County on the FORA Administrative Committee, which is considering the bond issuance. The County Administrative Office, the Office of County Counsel, and RMA are part of the County's FORA transition team.

FINANCING:

RMA staff time to evaluate the proposed bond issuance and prepare this report is funded as part of the FY 2019-20 Adopted Budget for the RMA, Fund 001, Appropriation Unit RMA013. On October 8, 2019, the Board approved an increase of appropriations to Fund 001, Appropriation Unit RMA013 (\$25,000), to be used for financial analysis and preliminary analysis of building removal financing options available to the County. On October 22, 2019, the Board approved an increase of appropriations to Fund 001, Appropriation Unit RMA013 (\$25,000), to be used for specialized bond counsel.

Based on estimates provided by FORA, the County has approximately \$2.24 million in building removal needs for facilities remaining on the Ammunition Supply parcel and on the south side of Watkins Gate Road across from the East Garrison community. RMA staff is evaluating potential building removal needs on Successor Agency-owned parcels within the East Garrison development project area. The actual cost for building removal on current and future County-owned lands is

presently unknown and will depend, in part, on the County's policy for which buildings (or structures) are to be removed and potential costs associated with removal and disposal of hazardous materials that may be identified during demolition.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Consideration of building removal on the former Fort Ord supports the Board of Supervisors' Economic Development strategic initiative. Considering the County's financing options for building removal on current and future County-owned properties on the former Fort Ord and analyzing FORA's proposed bond issuance support the Administration strategic initiative by providing for efficient, effective operations and ensuring accountability and transparency.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Approved by: Carl P. Holm, AICP, RMA Director

Attachments:

Attachment A - 10/22/19 Presentation to the Board of Supervisors

Attachment B - 11/5/19 Letter to the California Department of Finance

(Attachments are on file with the Clerk of the Board)