

Attachment E

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DETAILED DISCUSSION

Background:

A development agreement (DA) is a contract entered into by a city or county to expressly define a development project's commitments for a specified period and vest the County rules and regulations applicable to the project. Development agreements are authorized under California Government Code Section 65864, et seq. In Monterey County, Chapter 18.62 of the Monterey County Code implements this state law and specifies the procedures for consideration of development agreements and amendments to development agreements. The purpose of a development agreement is to provide certainty to a developer that rules pertaining to a project will not change over a foreseen period of time and to provide local governments benefits which may not otherwise be required as project mitigations or conditions of approval.

On October 4, 2005, the Board of Supervisors, among other actions, adopted the East Garrison Specific Plan, approved a Combined Development Permit, and approved a Development Agreement between the County and East Garrison Partners I, LLC, the predecessor in interest to UCP East Garrison Partners LLC, for the East Garrison Project on the former Fort Ord. The approved Project consists of a mixed use planned development consisting of 1,400 Single Family Residences, 70 Carriage Houses (ADUs), 75,000 sq. ft. Commercial zoned land, yielding 34,000 square feet of commercial space, 11,000 sq. ft. Institutional Space, 100,000 sq. ft. Artist Studio Space. The 1400 housing units include 84 affordable units for sale, 140 Work Force II housing units, and 196 affordable rental units. The Development Agreement allows the developer to operate under 2005 County regulations for the most part. However, construction is still subject to current Building and Fire Codes. Much of the East Garrison project has been built out, but some portions remain to be built.

Proposed Amendment – Replacement CFD Fee

The proposed amendment will commit the developer to pay the “FORA CFD Replacement Fee” (Replacement Fee) to the County upon issuance of the remaining building permits for the East Garrison Project. The Replacement Fee will replace the FORA Community Facilities District (CFD) Special Tax (aka “FORA fee”) that developer has been paying as required by the Combined Development Permit and as incorporated by reference in the current DA. FORA has used the existing FORA fee for infrastructure projects included in the FORA Capital Improvement Program (CIP). Currently, the FORA CFD fee is \$25,362, for single-family residential units and is levied at issuance of the building permit. Approximately \$6,035 of that fee is attributable to water capacity fee increase by Marina Coast Water District (MCWD). The rest is used for transportation, habitat management, and a variety of FORA-related activities which will be no longer undertaken after dissolution. The FORA Board determined that water infrastructure charges will be the purview of MCWD, and accordingly, County staff has not included water infrastructure charges as part of the replacement fee.

The Replacement Fee will address transportation and habitat management. For habitat management the County will collect a fee of \$9,000 for each market-rate, single-family dwelling building permit issued (This includes market rate townhouses and condos). The habitat management and transportation fees will be reduced for affordable units, per Table 1 attached to the First Amendment. The transportation replacement fee will have two components: Regional

Roads assigned to the Transportation Agency of Monterey County (TAMC) and Local Roads, assigned to County. The newly revised TAMC Regional Development Impact Fee (RDIF) for Zone 5, covering the former Fort Ord, will be collected by the County, on behalf of TAMC. For Local Roads (County), the replacement fee will include the County Traffic Impact Fee for the Greater Salinas Area. Table 1 (attached to the First Amendment) shows the proposed replacement fee and compares it to the existing FORA CFD fee. County staff and the developer have agreed on the terms of the proposed amendment.

Revenue Projections

Based on the proposed Replacement Fee and the number of building permits remaining to be issued, staff and the County fiscal consultant, have calculated that the Replacement Fee will yield total revenues of \$4,991,951 (\$2,825,958, for habitat management; \$1,398,682 for TAMC transportation improvements; and \$757,281, for County Local Roads improvements).

These revenues estimates were calculated based on the best estimates of remaining building permits to be issued available to staff and could vary based on future inflationary adjustments, and number of building permits actually issued. The calculations for commercial space were derived using the most conservative commercial rate, Commercial Office. Should some of the space develop as Commercial Retail, the total collected for Non-residential would increase.

Table 1, below shows the anticipated revenues from remaining development.

Table 1											
East Garrison											
Estimated CFD Replacement Revenue from Remaining Development											
Item	Land Use	Units / Sq. Ft. Remaining (per RMA) [1]	Applicable CFD Replacement Fee						Remaining CFD Replacement Fee		
			Regional		Local Roads		Habitat		Total Fee	Total Revenue	
			Fee	Subtotal	Fee	Subtotal	Fee	Subtotal			
Land Use											
Residential Product			<i>Per Unit</i>		<i>Per Unit</i>		<i>Per Unit</i>		<i>Per Unit</i>		
SFR [2]	Single Family	197	\$3,962	\$780,514	\$2,141	\$421,777	\$9,000	\$1,773,000	\$15,103	\$2,975,291	
Affordable For Sale	Workforce II	60	\$3,108	\$186,451	\$1,679	\$100,755	\$7,059	\$423,539	\$11,846	\$710,745	
Affordable For Sale	Condo/TH	34	\$1,903	\$64,696	\$1,028	\$34,961	\$4,322	\$146,963	\$7,254	\$246,620	
Affordable For Rent	Apt. Low & Very Low Inc.	131	\$1,612	\$211,232	\$871	\$114,146	\$3,663	\$479,831	\$6,147	\$805,210	
Total Residential		422		\$1,242,894		\$671,639		\$2,823,332		\$4,737,866	
			<i>Per 1,000 Sq. Ft.</i>		<i>Per 1,000 Sq. Ft.</i>		<i>Per 1,000 Sq. Ft.</i>		<i>Per 1,000 Sq. Ft.</i>		
Nonresidential	Commercial Office	34,000	\$4,582	\$155,788	\$2,813	\$95,642	\$78	\$2,655	\$7,473	\$254,085	
Total				\$1,398,682		\$767,281		\$2,825,988		\$4,991,951	
Source: County of Monterey Resource Management Agency; EPS.											
[1] Units remaining per Monterey County's Resource Management Agency as of May 27, 2020.											
[2] Includes 150 market rate condominium units and 40 condo/apt units.											