



# Monterey County

## Fort Ord Committee

Legistar File Number: 19-0701

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

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**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** General Agenda Item

- a. Receive a report regarding and discuss the Fort Ord Reuse Authority's proposal to issue a bond against its statutory share of property tax revenue for building removal in the former Fort Ord area;
- b. Provide recommendation to the Board; and
- c. Provide direction to staff.

### RECOMMENDATION:

It is recommended that the Fort Ord Committee

- a. Receive a report regarding and discuss the Fort Ord Reuse Authority's proposal to issue debt against its statutory share of property tax revenue to for building removal in the former Fort Ord area;
- b. Provide recommendation to the Board; and
- c. Provide direction to staff.

### SUMMARY:

The Fort Ord Reuse Authority (FORA) Board of Directors has authorized FORA to proceed with all necessary preparatory work to issue bonds for building removal (Attachment 1). There are policy issues to be resolved before any bond is issued as well as a fair number of administrative tasks for County staff to enable the bond issuance. Key issues of concern for discussion include but are not limited to: bond administration post-FORA; legal questions requiring further discussion and resolution; timing of issuance; bond proceed distribution; project implementation and accountability. Staff recommends the County hire a financial consultant to advise the County regarding the bond issuance to help ensure the County's interests related to the issuance, and funding is needed to fund these outside services. Should FORA issue bonds and the County receive proceeds from those bonds, the County will need to determine if it would like to remove all remaining structures, or if some of the buildings have value to retain for possible future repurpose and use.

Staff is seeking the Fort Ord Committee's recommendation to the Board of Supervisors and input to guide staff on next steps and resources necessary to advise the Board of Supervisors as to the County's interests and to ensure that those interests are protected.

### DISCUSSION:

At a Special Meeting on August 15, 2019, the FORA Board of Directors authorized all necessary preparatory work to issue bonds for building removal (Attachment 1). Specifically, the FORA Board approved that the Executive Officer: move forward with the draft bond issuance schedule; execute necessary consultant team agreements; work with County and jurisdictions on post-FORA

administration; secure jurisdictional support for the proposed schedule; and work with Monterey County Regional Fire District (MCRFD) to address projected revenue loss issues.

At the July 22, 2019 Board of Supervisors' Fort Ord Committee meeting, staff was directed to return to the Committee with a discussion of issues and concerns to be addressed regarding the bond issuance, County impacts, and coordination and administration with the benefitting jurisdictions (County, City of Seaside, City of Marina). At the August 9, 2019 FORA Administrative Committee (FORA AC) FORA staff presented a building removal location map, cost estimates presented by project site, and proposed building removal prioritization list for the Administrative Committee to consider (Attachment 2).

Staff has had initial meetings with FORA's consultant team, performed preliminary evaluation of the bond issuance information provided by the consultant team, and has identified a number of issues and concerns which are summarized below. There are policy issues to be resolved before any bond is issued as well as a fair number of administrative tasks for County staff to enable the bond issuance, such as responding to requests for data from FORA's fiscal consultant on the bond. Staff has requested that FORA bond counsel provide a memo outlining the tasks, responsibilities, risks and liabilities associated with assuming the role of the bond administrator. County should also determine whether it would be appropriate for the bond recipient jurisdictions to enter into a cooperative agreement to address such issues as accountability for building removal, bond proceed utilization strategy, and process for conflict resolution over the life of the bond.

Key issues of concern for discussion include, but are not limited to:

- *Bond Administration post-FORA*: It is unusual for a bond to be issued by an agency that is scheduled to dissolve, which creates unique administrative issues to be addressed with the issuance. To provide assurances for the bond issuance and facilitate post-FORA administration, it has been proposed that one of the three jurisdictions receiving proceeds from the bond issuance - County, City of Seaside or City of Marina - be party to the bond indenture and hold responsibility for bond administration after FORA dissolution. Bond administration would include preparing annual disclosures to the investors. Bond counsel needs to know who the administrator of the bond after FORA dissolves will be. To assist in evaluating the question, County staff has requested FORA's bond counsel to provide a memo outlining the roles and responsibilities of the bond administrator. The fate of SB189 also likely affects the timing of when bond administration would pass from FORA to another entity.
- *Legal issues*: FORA's bond counsel has identified legal questions that will require further discussion and resolution.
- *Timing of Issuance*: FORA's authority to issue new debt expires on June 30, 2020, so there is a general sense of time sensitivity to move forward with the bond. However, the proposed timeline provided by FORA's consultant team is aggressive, and staff is concerned that it does not provide adequate time for each of the affected jurisdictions to consider and resolve the issues and to enter into agreements as needed.
- *Bond Proceed Distribution*: It is the stated intent of the FORA Board to consider

bond issuance specifically for building (blight) removal; however, the bond issuance will not generate sufficient revenues to fund all building removal on the former Fort Ord. Therefore, decisions must be made how the funding will be distributed amongst the jurisdictions and how the fund expenditure will be prioritized within and amongst the jurisdictions.

- *Project Implementation and Accountability:* To optimize the building removal that can be accomplished with the bond proceeds, with the goal of accelerating the economic recovery of the region, coordination and general agreement amongst the jurisdictions and other agencies that own blight (Transportation Agency of Monterey County, State Parks, Marina Coast Water District, Monterey-Salinas Transit) on the building removal program will be key.

The County parcel just south of Watkins Gate Road across from the East Garrison Community (Parcel L23.3.3.1 - See Attachment 3) has three structures remaining from a former firing range and a small ancillary facility. However, the majority of the County's remaining buildings on the former Fort Ord are at the Ammunition Supply Point (ASP)(Parcel E11b.8 - See Attachment 3), which includes: 10 soil-encased bunkers; 5 warehouse-like storage facilities; and 9 small ancillary facilities (See attachment 3). This parcel is owned by FORA and pending final disposition to the County. Should FORA issue bonds and the County receive proceeds from those bonds, the County will need to determine if it would like to remove all remaining structures, or if some of the buildings have value to retain for possible future repurpose and use. The ASP site is a developable parcel (Planned Development/Mixed Use); in the Successor Agency to the Redevelopment Agency of Monterey County (Successor Agency) Long-Range Property Management Plan (LRPMP), the parcel was designated for governmental use for potential recreation and open space.

Since October 2017, the Monterey County Sheriff Office Bomb Squad has utilized the ASP site as a training facility, facilitated through a right of entry agreement with FORA. The Sheriff currently stores explosives in one of the bunkers and has interest in building a façade house in one of the larger bunkers for police tactics training. The Sheriff also utilizes two of the ancillary buildings for tactics and training. In exchange for use of the site, the Sheriff maintains fire breaks and provides site security. The Sheriff's Office has indicated that it would like to continue use of the site for training activities for as long as possible, as it is ideal as there are few to no alternative sites away from the public where law enforcement can train. The County and FORA have received periodic inquiries from private parties interested in possible use of site for activities such as winemaking/tasting, an entertainment/games enterprise, and genetic biodiversity conservation facility. The bunkers and warehouse-like storage structures prompted most interest in these inquiries. There is no water conveyance infrastructure to the site, and there is no power, as the lines were disconnected between East Garrison and the site.

Staff is looking to discuss these issues with the Fort Ord Committee, for the Committee to provide recommendation to the Board, and to provide input and direction to staff with respect to bond issuance and process for County consideration, specifically with respect to potential issues of concern to the County. This input will guide staff on next steps and resources necessary to advise the Board of Supervisors as to the County's interests and to ensure that those interests are protected.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel-Risk, Auditor-Controller, County Administrative Office, and Resource Management Agency have met with FORA's consultants.

FINANCING:

Staff is determining the estimated cost for financial consulting services needed to advise the County regarding bond issuance; funding will be needed for the consultant. FORA is discussing an approximately \$37 million bond issuance. Monterey County has an estimated \$2.24 million worth of building removal needs for facilities remaining at the Ammunition Supply parcel and on the south side of Watkins Gate Road across from the East Garrison community. The former Fort Ord area has an estimated \$55 million in total building removal need.

The effect of debt issuance on revenues such as property taxes is being evaluated. Modeling conducted by FORA's financial consultant (version July 25, 2019 - included with Attachment 1) indicates that under a 2020 FORA dissolution model, the County's anticipated property tax value with bond issuance is anticipated to increase slightly (Present Value increase of \$392,693) over the bond repayment period as compared to a no-bond scenario; Under a 2022 FORA dissolution model if SB189 were to pass, the County's property tax increase would be slightly higher (Present Value increase of \$919,773). If the County were to receive revenue from the bond issuance to address its building removal needs, the total estimated net benefit to the County would increase proportionally by proceeds received. The accuracy of future property tax revenues and modeling outcomes is dependent on the assumptions made in the model, and the modeling assumes higher development rates in the Cities of Seaside and Marina with accelerated building removal than a no-bond/no building removal scenario.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Issuance of bonds for the building removal by FORA would support the Board's strategic initiative for Economic Development by removing a significant barrier to redevelopment of the former Fort Ord area.

Check the related Board of Supervisors Strategic Initiatives:

☒ Economic Development

☐ Administration

☐ Health & Human Services

☐ Infrastructure

☐ Public Safety

Prepared by: Melanie Beretti, Property Administration/Special Programs Manager (755-5285) *MB*

Reviewed by: Shawne Ellerbee, RMA Deputy Director of Administrative Services *SE*

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

**Attachments:**

Attachment 1 - FORA Board August 15, 2019 Agenda Item No. 8a - Building Removal Financing  
Recommendation - 2nd Vote

Attachment 2 - FORA Administrative Committee August 15, 2019 Agenda Item No. 7a - Building

Removal (Handout: Proposed Project Sites, Cost Estimates and Proposed  
Priorities)

Attachment 3 - Map of Locations of Remaining Building Removal for County