



County of Monterey

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

Board Report

File #: 20-498, Version: 1

Receive an update regarding Fort Ord Reuse Authority's (FORA) dissolution, consider submitting a modified funding request to FORA, and provide direction to staff. (ADDED VIA ADDENDA)

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive an update regarding Fort Ord Reuse Authority's (FORA) dissolution;
- b. Consider submitting a modified funding request to FORA; and
- c. Provide direction to staff.

SUMMARY/DISCUSSION:

In March 2020, the Resource Management Agency (RMA), on behalf of the County, submitted a funding request for \$1,594,749 to the Fort Ord Reuse Authority (FORA) for costs associated with additional staffing, records services, and consultant costs anticipated for the County to perform certain administrative management functions that it will assume as of July 1, 2020 (Attachment A). Staff understands that FORA has received over \$4.5 million requests from FORA members for funding post-FORA, yet it still has approximately \$1.3 million in unassigned funds remaining.

Since March, the County's post-FORA proposed responsibilities and funding needs have changed, and various matters associated with FORA dissolution have evolved. Two significant changes with monetary implications are that the County's East Garrison tax increment will not be pledged for FORA's bond debt service and that the County will no longer receive bond proceeds. FORA has voted to go ahead with the bond, with the proceeds to be used for FORA's unfunded CalPERS obligation as well as for building removal. The FORA Board has also voted to allocate to the County approximately 80% of CFD Special Tax set aside for habitat management funds commensurate with the County's share of habitat management responsibilities on the former Army base. To implement that decision, concurrently today, on the Board of Supervisors' agenda is a Joint Community Facilities Agreement by and between FORA and the County to transfer an estimated \$13.58 million to the County for habitat management on the former Fort Ord.

FORA has requested that the County assume certain responsibilities related to its administrative wind down after dissolution (e.g., administering FORA's bank accounts, signing checks, audit sign-off, issuing W-2 forms). No other entity is charged to assume this role (such as the Local Area Formation Commission), so staff suggested FORA hire a third-party to manage the agency's wind-down activities. If the FORA Board approves this approach, a public entity (presumably the County) would need to be signatory to FORA bank accounts and oversee and manage the contract for these services, and likely, FORA would seek to assign the contract to the County prior to FORA dissolution. Staff would return to the Board for consideration of any such contract.

In light of all these circumstances and the number and magnitude of the demands on FORA's last remaining unallocated funds, FORA staff has requested the County reduce its request for funding for the County's assumption of administrative responsibilities. Staff recommends removing \$1,011,299 in costs from its request to FORA and has identified or recommends alternative revenue sources to fund these costs (see Finance Section below). For the Board's consideration, staff has prepared a reduced funding request of \$526,030, plus 10% of a to-be-determined third-party contract with FORA for County costs associated with post-FORA responsibilities.

Staff also requests the Board consider and provide direction to staff for a recommendation to the FORA Board regarding the proposal that: 1) FORA enter into agreement with a third-party contractor to provide FORA administrative wind-down services; 2) County assume signatory responsibility for FORA bank accounts and oversight of the third-party contract.

OTHER AGENCY INVOLVEMENT:

FORA is legislatively scheduled to dissolve on June 30, 2020. 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 FORA transition issues. The County Administrative Office, the Office of the County Counsel, and Resource Management Agency (RMA) are part of the County's FORA transition team.

FINANCING:

RMA staff time to evaluate FORA transition issues and to prepare this report is funded as part of the Fiscal Year (FY) 2019-20 Adopted Budget for the RMA, Fund 001, Appropriation Unit RMA013.

Upon FORA's dissolution, FORA's share (35%) of the East Garrison Project Area tax increment will distribute according to the post-FORA formula: 54% to the Successor Agencies; 38% to the County (of which 65.5% per agreement goes to the Monterey County Regional Fire District (MCRFD)); and 8% to other taxing entities. For FY 2019-20, FORA's fiscal consultant shows the FORA share of East Garrison tax increment is \$1,023,951, and a projected amount of \$1,146,435 in FY 2020-21 and \$1,208,332 in FY 2021-22. Per the post-FORA distribution schedule, the County would receive, after distribution to MCRFD, an estimated \$150,297 in FY 2020-21 and \$158,412 in FY 2021-22.

The approximately \$13.58 million the County anticipates receiving for habitat management will be held in an interest-earning account (or other funding mechanism). Staff recommends sizing the County's habitat management program based on the projected interest income. For example, if the account earns three percent (3%) annually, interest will generate approximately \$407,400 per year for habitat management.

The March funding request submitted to FORA totaled \$1,537,329. Considering the changes discussed above, staff is preparing a revised funding request to FORA of \$526,030, plus ten percent (10%) of a suggested third-party contract, to pay for the County's costs associated with post-FORA responsibilities. In order of funding priority, these cost items are:

1. *Records Retention:*

- a) 3 Temporary Office Assistants for FY 2020-21 = \$50,000;
- b) ¼ Full Time Equivalent (FTE) Office Assistant II for FYs 2020-21, 2021-22 and 2022- 23 = \$60,325; and
- c) Records retention moving and storage costs for FYs 2019-20, 2020-21, 2021-22 and 2022-23 = \$64,651.

2. *FORA Administrative Wind Down* (if supported by Board): Administrative fee of 10% of the total third-party contracted amount.

3. *Veterans Information and Advisory Committee (VIAC):*

- a) 1 FTE Management Analyst I for FYs 2020-21, 2021-22 and 2022-23 = \$346,053; and
- b) Onboarding Cost = \$5,000.

Of the March request, staff identified potential alternative funding sources for the following items, and therefore recommends removing these from its request to FORA:

- 1. Denise Duffy & Associates Contract (Oak Woodlands Conservation Planning) -Agreements to enable

FORA to assign the DDA contract to the County and provide remaining funds to the County for the completion of the DDA contract are in process and will be presented to the Board of Supervisors and FORA Board in June.

2. 1 FTE Associate Planner (Biological/Environmental) - Habitat management funds
3. Consultant to complete Fort Ord Recreational and Habitat Area (FORHA) Trail Plan and Open Space Management Strategy - Habitat management funds or post-FORA tax increment funds
4. Consultant to replace the FORA Community Facilities District Fee - County existing tax increment for redevelopment wind down administration.
5. 1 FTE Management Analyst II for former Fort Ord RMA property administration/management and land use control implementation - Post-FORA tax increment funds

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Ensuring a smooth transition after FORA's dissolution supports the Board's Strategic Initiative for Economic Development by continuing to support and facilitate the redevelopment of the former Fort Ord area and economic recovery to the region from the base closure. It is essential that the County is adequately funded and prepared to assume its expected responsibilities following FORA dissolution.

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

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

Attachments:

Attachment A-03/24/2020 FORA Funding Request Letter

Attachment B-County Funding Request to FOR A Detail June 2020

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