

EXHIBIT 5

FINANCIAL IMPLICATIONS

Summary Overview of Financial Implications of Final Base Reuse Plan

Several public presentations have been made by FORA staff on the Final Base Reuse Plan and Environmental Impact Report (Final BRP/FEIR) for the former Fort Ord to City Councils, Commissions, Business Groups, Special Interest Groups, the County of Monterey, and others. A significant number of questions and concerns have surfaced as a consequence of these presentations. Most of these evolve around the capacity of development to generate revenue. Revenue is needed to pay for an assigned fair share of the related infrastructure developments, and the mitigations proposed in the documents. Similar comments/concerns have also been received from individuals at public hearings held on April 24, 1997 and May 9, 1997.

This summary overview of the financial implications of the proposed and resource constrained Final BRP/FEIR is provided to address the associated cost and revenue assumptions that support the capability of the plan to be implemented, once approved. This brief summary report provides:

- 1) cost forecasts, that have been refined over the past four years and are reasonable projections of the infrastructure and other activities that will be required under the plan.
- 2) revenue forecasts that can be anticipated given certain assumptions about the development envelope and land uses, and
- 3) the projected net balance once costs and revenue projections are calculated.

In order to understand the forecast summary that is included in this report it is important to define the assumptions that are used in determining the projections. These assumptions are listed below:

- The Final Base Reuse Plan, as defined with the constraints of available resources (water), is the basis for making determinations about land value; and, the numbers of new housing units, retail, commercial, and light industrial development that can be accomplished to create the jobs/housing balance being sought for revitalization of the regional economy.
- Demolition must be considered early in the process to ready property for redevelopment and is either financed from land sales revenues or significant land value write downs.
- Local Facilities Fees can be raised in an amount equal to the operational shortfalls experienced by individual jurisdictions.
- Nexus-assigned fair share of transportation infrastructure costs, including off-site and regional expense, has been determined by the Transportation of Monterey County figures to be \$116,000,000. We propose a contingency supplement to this figure (for potential modifications) to bring the total to \$134,000,000.
- The Fort Ord Reuse Authority operational expenses as projected through the year 2014.
- Revenues can be generated from several sources.
- A revenue development program may include tax increment financing, land sales revenues, assessments, and/or other special levies or taxes. The mix of financing mechanisms will have some impact on the amount of revenue generated, but is not considered to have a material effect on gross numbers.

Conceptual Basewide Cost/Revenue Summary

Estimated Cost	Amount (\$millions)	
	<u>Best Case</u>	<u>Worst Case</u>
<u>Category</u>		
Demolition	125	150
FORA Reuse Operations	20	35
Local/Jurisdiction Shortfalls	12	12
Transportation Network	116	134
Habitat Management	3	6
Local Facilities	35	35
Land Acquisition	10	0 ¹
Water/Wastewater System	<u>51</u>	<u>51</u>
TOTAL	\$372	\$423

Estimated Revenue	Amount (\$millions)	
	<u>Best Case</u>	<u>Worst Case</u>
<u>Category</u>		
Land Sales	119 ²	
One Time Mello Roos	165	
Long Term (Annual Mello Roos)	11	
Institutional Sources	14	
Local Facilities Fees	35	
Water/Wastewater System Rates	<u>51</u>	
TOTAL	\$395	

Net Revenues	<u>Best Case</u>	<u>Worst Case</u>
	+ \$23	- \$28

CONCLUSION

As demonstrated from this summary analysis of our estimates and calculations, an efficient implementation of the plan will result in an estimated \$23m positive cash flow. However, under certain conditions the result could reflect a net deficit. Managing the contingency in the reserve for such items as transportation improvements and/or implementing some recycling of building materials to reduce demolition costs, it is possible to achieve positive cash flows at some point in the development period.

This is a very tenuous margin to work with, and does not take into account:

- fluctuations in financing costs,
- severe economic downturns which may slow development,
- resistance from institutions to pay fair share allocations of costs, or
- increases in the estimates of demolition and transportation infrastructure.

However, these are a true reflection of the estimated costs and expenses and demonstrate the ability for FORA to make a finding that the funding can be secured to pay for the Final Base Reuse Plan/Final Environmental Impact Report mitigations. These estimates and projections also support the ability to economically recover and meet the financial commitments of infrastructure needs even though there may be some periodic shortfalls collectively or individually by jurisdiction.

¹New revenue projection drives the conclusion that acquisition costs must be zero, but actual cost subject to EDC negotiation.

²Assumes EDC Process: if EDC does not occur revenues would need to be generated from development fees, etc.