

Section 5 Implementation



Implementation

5.1 INTRODUCTION

A number of public and capital facilities are required to support the development of East Garrison. Specifically, all of the major utility systems at East Garrison are obsolete, requiring complete replacement. Also needed are the connections to the providers, which in some cases are miles away. Development also necessitates a complete road network to allow access to all parts of East Garrison, as well as sidewalks and street features to ensure that the community retains a pedestrian-friendly quality. Beyond these basic needs, the plan also calls for public facilities such as a fire station, library, and sheriff community field office. Adding to the public amenities of East Garrison are an Arts District and Town Center, features that will make the community distinctive and ensure a balance of housing, commerce, and community life in the future as East Garrison develops.

All public infrastructure necessary for development at East Garrison will be constructed with funds inter-

| ESTIMATED SOURCES OF FUNDS FOR CAPITAL IMPROVEMENTS | |
|--|---------------------|
| SOURCE | AMOUNT |
| Private Capital (Private financing and land sales proceeds) | \$49,990,330 |
| Net Mello Roos Bond Proceeds (Gross proceeds less insurance costs, credit enhancement and reserve) | \$17,358,850 |
| Fee Credits and Reimbursements (From public entities, estimated) | \$15,802,400 |
| Total | \$83,151,580 |
| Note: totals are based on conceptual design, subject to change | |

TABLE 5.1 Estimated Sources of Funds for Capital Improvements

nal to the project. Other facilities, such as the Arts District, affordable housing and the Town Center, may be constructed with a variety of funds, depending on availability. The required funds will come from a number of potential sources, including infrastructure bonds, private capital, funding obtained through rates and fees, fee credits, grants, and tax credits. Once the infrastructure and development plans are finalized, a financing plan will be prepared that will detail the sources and uses of funds for the specified capital improvements and amenities. The financing plan will also match the availability of funding to project needs over time through a phasing plan.

The following discussion provides a preliminary overview of the public facilities financing of East Garrison, laying out the estimated initial costs and their anticipated sources of funding. For purposes of this discussion it is assumed that certain facilities, such as off-site water, sewer, and schools, will be financed exclusively through dedicated funding sources, as applicable.

5.2 PUBLIC FACILITIES FUNDING SOURCES

The necessary capital improvements to be constructed include roads, utilities, parks, and public facilities. The majority of public infrastructure improvements will be financed through a newly-created Community Services District (CSD) and/or Homeowners Association and capital provided by the developer in the early stages, supplemented by land sales revenue as the project progresses. Some facilities, such as water infrastructure and/or schools, will be constructed with funds from the utility provider, which in turn are financed through connection charges, development fees, and rates charged to end users. Some capital facilities will also be constructed by the Ford Ord Reuse Authority (FORA), or will be constructed by the developer with a reimbursement in the form of a reduction in FORA fees.

It is anticipated that at the outset the developer will provide capital for construction, supplemented by the

issuing of bonds secured by a special tax lien assessed through the CSD. Table 5.1 summarizes the sources of funds anticipated for the capital improvements detailed in the Specific Plan, which total \$83,151,580. As shown, a series of Mello Roos bond issuances will provide approximately \$17,358,850 in net proceeds to fund capital improvements at East Garrison. These bonds will be secured and serviced by a special tax levied on individual parcels. The bulk of the funding, approximately \$49,990,330, will come initially from private financing, and the proceeds of land sales after the initial phase is developed. This table does not include funds from the FORA capital facilities fee which will pay for off-site infrastructure needed for the project.

Affordable housing facilities may also receive funding assistance from a number of government programs, including Community Development Block Grant/HOME funds, low-income tax credits, and multi-family housing programs. The availability of such funding and assistance is limited, however, by a number of factors, including funding availability and the design of the affordable housing and demographics of residents. The developer will work through these issues during the design process to maximize the availability of affordable housing funding and minimize the impact of that funding on the financial feasibility of the program.

Future school impact fees generated from East Garrison should be directed to the schools nearest the development.

5.3 USES OF PUBLIC FACILITIES FUNDS

The current infrastructure at East Garrison will be almost completely replaced, necessitating the construction of new wet and dry utilities, roads, public facilities, and amenities such as parks. The current total cost of the infrastructure program will be approximately \$72 million, divided into several development phases. A list of capital improvement costs, broken

down by category and phase, is provided in Table 5.2. This table does not include the costs of certain off-site road, water, and sewer improvements that will be funded and constructed through outside resources.

Table 5.2 also details the costs of a number of other County facilities, including civic buildings such as a library and fire station. The cost of these improvements is approximately \$3.5 million.

| INFRASTRUCTURE COST ESTIMATES | | | | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| ITEM | AMOUNT IN DOLLARS | | | |
| | PHASE 1 | PHASE 2 | PHASE 3 | TOTAL |
| Onsite Infrastructure | | | | |
| Grading | 12,573,225 | 160,250 | 4,477,225 | 17,210,700 |
| Streets | 2,928,379 | 3,227,251 | 3,497,868 | 9,653,498 |
| Sanitary Sewer | 813,200 | 889,100 | 616,100 | 2,318,400 |
| Storm Drain | 1,223,290 | 1,064,915 | 803,880 | 3,092,085 |
| Potable Water | 959,000 | 1,270,750 | 759,350 | 2,989,100 |
| Recycled Water | 279,000 | 216,300 | 253,500 | 748,800 |
| Dry Utilities | 2,983,000 | 3,586,500 | 2,710,000 | 9,279,500 |
| Landscaping | 4,393,000 | 2,547,000 | 2,780,550 | 9,720,550 |
| Total | 26,152,094 | 12,962,066 | 15,898,473 | 55,012,633 |
| Offsite Infrastructure | | | | |
| Offsite Storm Drain- | 250,000 | 0 | 0 | 250,000 |
| Reservation Road- | 2,128,051 | 0 | 1,555,591 | 3,683,642 |
| Inter-Garrison Road (R/IG) | 616,687 | 0 | 0 | 616,687 |
| Inter-Garrison Road | 281,100 | 0 | 0 | 281,100 |
| West Camp Road | 210,508 | 188,683 | 0 | 399,191 |
| Watkins Gate Road (WC/ST.) | 0 | 800,771 | 0 | 800,771 |
| Water System | 3,216,000 | 0 | 0 | 3,216,000 |
| Watkins Gate Road (St./Rs.) | 0 | 0 | 843,140 | 843,140 |
| Sewer System | 300,000 | 2,539,000 | 0 | 2,839,000 |
| Sloat & Barloy Canyon Road | 0 | 0 | 285,994 | 285,994 |
| Total | 7,002,346 | 3,528,454 | 2,684,725 | 13,215,525 |
| County Facilities | 3,500,000 | 0 | 0 | 3,500,000 |
| GRAND TOTAL | 36,654,440 | 16,490,520 | 18,583,198 | 71,728,158 |

TABLE 5.2 Estimated Use of Funds for Capital Improvements

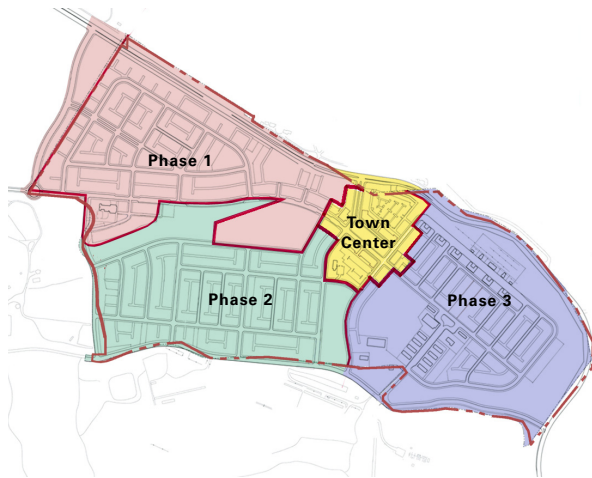


FIGURE 5.1 Illustrative Phasing Diagram

5.4 PHASING

The project is divided broadly into three phases (see also Section 3.4):

1. The first phase is anticipated to be completed in 2006 and will include approximately 398 residential units.
2. The Town Center Phase, which will be built out over the other three phases, will include approximately 89 residential units, of which 49 will be live/work artists' spaces.
3. The second phase will include approximately 471 units.
4. The third phase consists of the Arts District, consisting of approximately 442 houses and a group of historical buildings that will be developed into an Arts District providing studio and exhibition space, offices, and housing for local artists.

The infrastructure plan will be phased in accordance with the needs of the development plan, utilizing existing funding as efficiently as possible to minimize debt service costs while ensuring that duplicative

efforts are minimized. The final infrastructure plan will detail the improvements, their timing, and their relationship to each other and to the development plan.

5.5 MAINTENANCE AND OPERATIONS

No net funds will be required from the County General Fund or any enterprise funds to finance any operations and maintenance of infrastructure or public facilities at East Garrison. The County has developed a fiscal impact report to assess the impact of development under the Specific Plan on the County's General Fund and certain enterprise funds, which will include other County services such as public safety.

The maintenance of the roads, open space (including parks), and other public amenities detailed in the Specific Plan will be funded through a combination of Community Services District (CSD) and/or Homeowners Association (HOA) fees and assessments. Some maintenance and operations functions will be performed by County staff and reimbursed from these special assessments and/or fees. Utilities will be maintained by the appropriate service providers.

5.6 IMPLEMENTATION

Implementation of the Financing Plan will require execution of several elements, including a Development Agreement, CSD and/or HOA and, potentially, a Lighting and Landscaping District for maintenance costs. The Development Agreement specifies the terms and timing of these elements, and all will have to be in place before the land is sold to vertical developers. The CSD will have to be created before bonds can be issued to support infrastructure development and, therefore, will be a necessary condition for development.