

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject: Economic Development Report

Meeting Date: September 28, 2018

Agenda Number: 7e

INFORMATION

RECOMMENDATION(S):

Receive an Economic Development (“ED”) Report.

ECONOMIC DEVELOPMENT QUARTERLY UPDATE

Background/Discussion:

The primary goal of the Fort Ord Reuse Authority’s (“FORA’s”) current ED effort, as referenced in the 1997 Base Reuse Plan (“BRP”) and 2012 Reassessment Report (“RR”), is to assist the three-county (Monterey/Santa Cruz/San Benito) region in general and FORA jurisdictions specifically in economic recovery from the employment, business, and other economic losses resulting from the departure of soldiers, civilians, and families post Fort Ord closure. BRP projections for full recovery include: 37,000 replacement population; 15, 000+ jobs to replace military employment and soldiers; 11-12,000 homes (6160 new units); and approximately 3 million sf commercial/office.

Prior to establishing the current ED program in 2015, extensive groundwork was directed by the FORA Board and overseen by FORA staff including:

- securing funding, implementation, and completion of the \$98M Environmental Services Cooperative Agreement (“ESCA”);
- reuse and/or removal of 3614 of 4370 military buildings (including reopening 500+ units for affordable workforce housing);
- transfer of 10,013 of 17,652 habitat acres for permanent preservation; construction of \$66.5M worth of new transportation infrastructure (including \$40M in grant funding);
- storm water outfall removal (including securing \$6M in grant funding);
- continued and ongoing support for the veterans community leading to the Central Coast Veterans Cemetery; and
- the first Joint Department of Defense (“DOD”)/Veterans Administration (“VA”) Veterans Clinic built anew.

Also, in concert with former Fort Ord jurisdictions, progress toward the above noted BRP goals to date includes: *15,717 population; 5652 jobs; 5575 homes (1384 new + 4191 reused); and 691k sf commercial.* These accomplishments provide the strong foundation and equitable basis for realizing new economic development gains.

FORA’s ongoing ED strategy is based on the following key components:

- **Build upon regional economic strengths** (Agriculture, Tourism, Higher Education/ Research, Military Missions)
- **Pursue new & retain existing businesses/enterprises.**
- **Engage internal & external stakeholders** (i.e. FORA Jurisdictions, California State University Monterey Bay (“CSUMB”), University of California Santa Cruz (“UCSC”), Monterey Bay Economic Partnership (“MBEP”), Monterey County Business Council (“MCBC”), Monterey Peninsula Chamber of Commerce, and others.

- **Develop and maintain information resources.**
- **Report success metrics.**

Per ongoing Board direction and following the strategy outlined above, staff continues to make progress on a number of key projects. The following notes summarize and highlight progress since the June 8, 2018 Economic Development Quarterly Update:

- **UCMBEST West Campus Auction.** University of California (“UC”) opened an auction for its 49.6-acre, UC Monterey Bay Education Science & Technology (“UCMBEST”) West Campus in early May. The property is directly adjacent to the Marina Municipal Airport and other planned commercial development and conservation sites. The auction deadline was July 17, 2018. A successful bidder was secured and they are now working with UCSC, the City of Marina, and FORA awaiting escrow closure expected late September. Questions about the property can be directed to Mahoney & Associates and/or Steve Matarazzo, UCMBEST Planning Director. More information about the auction including links to site background information is available online at <http://ordforward.org/ucmbest-west-campus-auction/>.
- **Opportunity Zones.** 9 Census Blocks in Monterey County were included in the 879 tracts nominated by Governor Brown for inclusion as Federal Opportunity Zones (8 in North County/Peninsula and 1 in South County). Tract #14102 on the south/southeast edge of the City of Marina (northern edge of the former Fort Ord) is among them. This tract includes the Marina Airport, UCMBEST, and Dunes on Monterey Bay Specific Plan Area. Downtown Seaside has 2 large tracts, and the City of Salinas has 5. These blocks, now included in the Department of Treasury designated Qualified Opportunity Zones under Internal Revenue Code (IRC) Section 1400Z-1(b)(1)(B). While the nuances of the Federal tax policy on Opportunity Zones are still being finalized we expect these zones to provide new investment incentives to catalyze long desired infrastructure and urban development. Regular updates on this item including links to other resources are maintained online at: <http://ordforward.org/opportunity-zones/>. The State of California recently launched an Opportunity Zone portal accessible here: <https://opzones.ca.gov/>.
- **Monterey Bay Drone, Automation, Robotics, Technology (DART).** FORA staff is working with multiple public and private partners to advance a concept to establish and grow a regional Drone, Automation, and Robotics Technology (“DART”) cluster. This concept provides an organizing principle for entrepreneurship and business attraction efforts aligned with growing regional strengths, broad market opportunity, and global technology trends. The DART concept has emerged from our unsuccessful bid for a Federal Aviation Administration (“FAA”) Unmanned Aerial System Integration Pilot Program (“UASIPP”) designation at the Marina Municipal Airport. The process of responding to the FAA call for proposal resulted in the establishment of healthy public-private partnerships to advance these interconnected fields in the Monterey Bay Region. The coalition is actively working to clarify and advance organizational, fiscal, and operational concepts for consideration at multiple jurisdictional levels. To this end we have initiated conversations about advancing FAA approvals for drone testing and development - leveraging the Marina Airport and UCMBEST campus, and have begun planning a Monterey Bay Drone, Automation, & Robotics (DART) Symposium in March 2019. Find the latest concept diagram here: <http://montereybayuas.com>.
- **Business Recruitment/Retention.** FORA staff responds to and broadly refers inquiries from businesses/contacts interested in location or relocation and reuse of former Fort Ord real estate. These efforts contribute to both recruitment of new and retention of existing

regional businesses. Developer engagement in recent months includes interest in affordable housing, hospitality, and light industrial/commercial projects. Staff continues supporting airport related development interest at Marina Municipal Airport and UCMBEST. Of particular note is the recently announced location of Joby Aviation at the Marina Airport. This cutting-edge company will bring long sought after engineering and advanced manufacturing jobs to the City and region. Staff is also actively engaged with business recruitment efforts through the Central Coast Marketing Team including continued development and management of <https://centralcoastmt.org/>. This new website provides a useful web resource to support business location decisions and integrates OppSites software as an opportunity site marketing resource. Efforts are underway to prepare/package site marketing content, and strategies in collaboration with partners. Staff continues working with relevant jurisdiction staff and elected officials where appropriate to advance new and emerging opportunities.

- **Start-up Challenge Monterey Bay/California State University Monterey Bay (“CSUMB”) Collaboration.** FORA continues to support expansion of regional entrepreneurship through collaboration with CSUMB on a broad Start-up Monterey Bay initiative including high quality events throughout the year. A regional entrepreneurship events calendar is now available and maintained regularly for public review/use at <https://startupmontereybay.com/events/>. The annual cycle of entrepreneurship events culminating in the Startup Challenge Monterey Bay kicks-off this year with the Startup Hackathon, Nov 2-4, 2018. Startup Weekend Monterey Bay is scheduled for January 25, 2019 and the Startup Challenge process kicks into gear directly thereafter. The Startup Challenge culminates in the Otter Tank competition at CSUMB Salinas City Center in May 2019. More information about the Startup Challenge can be found online here: <https://startupmontereybay.com/startup-challenge-monterey-bay/>.

Other collaborations with CSUMB faculty and staff include: Contribution toward planning the January 10 & 11 2019 Sustainable Hospitality Development Summit at the Portola Hotel & Spa in Monterey, including development of a new Monterey Bay Eco-recreation and Tourism Region website (<http://mbetr.org/>). Along with sharing event information, this website will provide a hub for the efforts of regional educational, business, and government officials in increasing the viability/profitability of sustainable Monterey Bay region hospitality/eco-recreation tourism; and collaboration with planning and economic development initiatives including R&D, commercial, recreation, and residential resources. The sustained growth in relationships and mutually beneficial projects and initiatives highlights value generated from working relationships with CSUMB faculty/staff.

- **Community Engagement/Jurisdiction Support.**

Community engagement/jurisdiction support remains a focus for ED staff. Staff engaged with the following processes since the June ED Progress Report:

Working with media contractor to produce Economic Development Opportunities video featuring representatives of our developer, education, business and conservation communities. This video is the 2nd in a planned 4 part series to provide easily digestible and shareable content telling the story of education centered reuse, community lead conservation and economic opportunities on the former Fort Ord. The completed video is available online at <https://ordforward.org>.

FORA ED staff continue supporting City of Seaside Campus Town planning in developer/consultant informational meetings, in on-going cross-jurisdictional land use optimization discussions, and in providing affordable housing information and resources to

development teams. Staff continues working closely with the City of Marina Airport Manager and Economic Development team to continue advancing long term development interests in and around the Marina Airport.

- **Housing Starts.** New residential development at the Dunes on Monterey Bay, Sea Haven, and East Garrison continues to gain momentum. A summary of CFD fees collected over the past 3 years and projected for FY 17/18 is provided below:

New Residential	FY 14/15 Full year	FY 15/16 Full year	FY 16/17 <i>Full Year</i>	FY 17/18 <i>Full Year</i>
Total Units	89	256	317	273
Total CFD Fees	\$1,982,669	\$5,202,626	\$7,329,706	\$6,507,501

Looking Forward

The following events and initiatives will be the focus for the FORA economic development team in the months ahead: DART Initiative; Business Recruitment/Retention; Jurisdiction Support; Affordable Housing Initiative Support; Monterey Bay Ecotourism Region (MBETR) initiative; Sustainable Hospitality Development Summit; Transition planning; community outreach and engagement.

FISCAL IMPACT:

Reviewed by FORA Controller _____

Funding for staff time and ED program activities is included in the approved FORA budget.

COORDINATION:

Administrative and Executive Committees, UCSC, City of Marina, City of Seaside

Prepared by _____ Approved by _____
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