



March 20, 2023

Staff Report Briefing Materials

AGENDA ITEM V.1

**Presentation, discussion, and possible action regarding the
FOWD Corporation Yard Project**



AGENDA ITEM V.1

REGULAR Board Meeting on March 20, 2023

To: Board of Directors
From: Tom R. Gray, General Manager
Date: March 16, 2023
Subject: Presentation, discussion, and possible action regarding the FOWD Corporation Yard Project

Recommendation:

Direct FOWD staff to continue to implement current FOWD Board direction to redevelop the existing FOWD Corporation Yard located at 10317 Fair Oaks Boulevard in accordance with the County of Sacramento approved development plan.

Discussion:

In 2006-2009 the Fair Oaks Water District (FOWD) worked with the community to develop a master plan to increase our quality of public service, accommodate internal needs and improve our presence in the Fair Oaks Village. Phase one of the plan was to invest in the development and construction of the FOWD administration building that was completed in 2009. Phase two of the plan was to invest in the renovation of our corporation yard located at 10317 Fair Oaks Boulevard. Phase two of the plan, named the FOWD Corporation Yard Redevelopment Project, has obtained County of Sacramento Planning Department approval, California Environmental Quality Act approval, Fair Oaks Community Advisory Committee approval, and is now in detailed design. This plan is consistent with FOWD having similar operations within this area for over one hundred years and represents the best value to ratepayers in meeting the mission of the FOWD.

Recently a small group requested that we immediately stop the FOWD Corporation Yard Redevelopment Project and move to some unspecified location that would be outside of the area designated as the Fair Oaks Village. In general, the FOWD response to this group was that relocating would not be a good business or financial decision for the majority of FOWD ratepayers. This group, that currently represents a small portion of the approximately 40,000 people that we serve, is now demanding that we immediately do what they want - now taking actions that are costing FOWD ratepayers money.

Though the general statements that something else could be developed on the property owned by the FOWD in the Fair Oaks Village are understood, the FOWD has thoughtfully planned and wisely invested our ratepayer's money to remain operating at 10317 Fair Oaks Boulevard for the next hundred years.

Further, California Assembly Bill 1486, commonly known as the Surplus Lands Act (SLA), requires local public agencies disposing of "surplus land" to first offer the land to affordable housing developers through a process regulated and supervised by the

California Department of Housing and Community Development (“HCD”). “Surplus Land” is defined as land that the local public agency has determined is no longer needed for the agency’s use. The process requires that the agency first declare the land to be surplus to its needs, and then send a “Notice of Availability” to a list of affordable housing developers maintained by HCD. Currently, HCD’s list includes approximately 500 potential developers who would receive a “Notice of Availability” if the District decided that the corporation yard property was no longer needed for the District’s use. Under the SLA, the fact that property may have a land use designation that does not allow residential use is not a bar to the development of affordable housing on the property. Compliance with the SLA is enforceable by HCD, or by qualified developers, potential residents, or any “beneficially interested person or entity.” This means that, if the FOWD were to relocate from 10317 Fair Oaks Boulevard and place the property for sale under current conditions, there is a high probability that the property would then be used to develop high density affordable housing.

The following is an attempt to clarify the issue being discussed and the intended outcomes of all stakeholders.

- Stakeholder Group One: The owner of the property located at 10317 Fair Oaks Boulevard (FOWD) that intends to continue its current business operations at the site by completing improvements to the existing property. This stakeholder group includes all FOWD ratepayers that support this plan of action.
 - The intended outcome of Stakeholder Group One is to make needed improvements required to continue current business operations at 10317 Fair Oaks Boulevard while enhancing our continued presence in the Fair Oaks Village.
- Stakeholder Group Two: Neighboring business owners and FOWD ratepayers that would like the property owner of 10317 Fair Oaks Boulevard to move their current business operations to another location and sell the property they own at 10317 Fair Oaks Boulevard.
 - The intended outcome of Stakeholder Group Two is to positively impact the charm and vitality of the Fair Oaks Village.

It is the proposal of the FOWD staff that all stakeholders attempt to remain focused on the issue and stakeholder intended outcomes – while remembering that we are all neighbors and friends.

The FOWD staff remains committed to responding to all with grace, kindness, and an unwavering focus on the FOWD mission.

Policy Implications:

None due to the staff recommendation.

Fiscal Impact:

Yet to be determined.
