



September 5, 2019

To: Orange County Sanitation District

From: City of Fountain Valley

RE: Discussion of the OCSD Headquarters Project, its unique features, and its impacts to City services

The City of Fountain Valley has received notice from that Orange County Sanitation District (OCSD) that they have purchased five properties immediately north of Ellis Avenue along Bandilier Circle. The City has received plans for a \$99-million-dollar headquarters complex that would occupy four of the purchased properties. Development in the proposed area is governed by the City's Crossings Specific Plan that provides guidelines on all aspects of external building design and parking requirements. The headquarters complex, as designed, contains a number of significant variances from the Crossings Specific Plan that the City is currently reviewing.

Property Tax Revenue is the City of Fountain Valley's largest source of revenue and is relied upon to fund quality City services including Police, Fire, Public Works, Recreation and Community Services. The Community spent significant time working on a detailed Crossings Specific Plan that had the express purpose to foster new entertainment, restaurant, and commercial development that would increase property value and with it, increase City revenues. When OCSD purchased their five parcels within the Crossings area, it moved these properties out of the property tax roll, which ends up taking away future revenues to support City services. In order to ensure there is a fair sharing of the responsibility of community members for City services, it is necessary to discuss the level of community contribution would be appropriate for OCSD to provide.

The City has a very relevant example of a very similar discussion that resulted in an excellent win-win solution for a large agency and the City. The Orange Coast Memorial Hospital proposed a large expansion to their campus on Brookhurst at Talbert. Their proposed project also required a number of variances from City codes and at the same time, they were changing their organizational status from "for-profit" to "non-profit." This status change would have resulted in the entire property being removed from the City's property tax revenue roll and would have created a significant reduction of City revenues. In the end, Memorial Care and the City developed an agreement that provided approval for a number of requested variances and also created an ongoing community contribution payment that is given to the City each year. This payment mirrors the amount that would be generated through a normal tax roll process and last year provided \$188,900 to fund City services.

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City representatives will provide a presentation to allow for discussion on the OCSD Headquarters proposal, its requested variances, and the support needed to ensure City services can continue in future years.

Sincerely,

A handwritten signature in blue ink that reads "Steve D. Nagel". The signature is written in a cursive, slightly slanted style.

Steve Nagel,
Mayor

cc City Council
City Manager