

# Water District to Submit Offer on The N3 Ranch

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Alameda County — The Alameda County Water District (ACWD) on Thursday last week directed staff to proceed with a backup offer for the purchase of the N3 Ranch, currently listed at \$68 million.

While the 50,500-acre property — which spans the counties of Alameda, Santa Clara, San Joaquin and Stanislaus — has a “sale pending” status due to another offer on the table, the district will put one forward for consideration should a sale not be constituted.

“It’s not uncommon for a sale of a property like this — which can be very complex — it’s possible that it may not go through,” said Ed Stevenson, ACWD manager of engineering and technology services.

The district’s primary interests in obtaining the property include watershed protection. It covers portions of four sub-watersheds in the Alameda Creek Watershed, which provides the district with 40% of its water supply.

“We want to ensure that whatever happens with this watershed is going to maintain the quality of the water that ultimately serves the district and our customers,” he continued.

Stevenson noted that ACWD has worked with other agencies with the goal of protecting the environment and open space of N3 Ranch and possibly developing it as a park. However, during an interview with The Independent after the meeting, he said ACWD must be cautious when naming other agencies — also referred to as partners — as it’s a particularly sensitive time from a negotiation standpoint.

“ACWD has been working with a number of local and state entities to protect the property and to try and maximize the public benefit of a multi-agency acquisition, if possible,” he said. “There hasn’t been anything formally executed amongst these entities.”

During the July 8 meeting, Jon Wunderland, ACWD manager of finance, explained that while the property is currently listed at \$68 million, the actual price would be negotiated. Ongoing operations and maintenance (O&M) is projected to cost \$3 million per year. In consultation with the district’s financial advisor, Wunderland said ACWD could obtain a rate as low as 2.3% for a 30-year, fixed rate bond to finance the purchase.

Staff evaluated three financial scenarios. In the first scenario, the district would put \$5 million toward the purchase and \$1 million in annual O&M — which would result in a 1% rate impact to customers. The second: \$34 million toward the purchase and \$2 million in annual O&M — a 3% rate impact. The third option would be \$68 million toward the purchase and \$3 million for annual O&M — a 5.2% rate impact.

“There is significant uncertainty in the amount of funding that might be contributed by partners,” Wunderland warned. “The more that ACWD contributes toward the purchase, the more likely it will be responsible for ongoing O&M, because that suggests a greater portion of the ownership of the property.”

Those who spoke in favor of the ACWD’s land acquisition focused on the preservation of open space, the prevention of urban sprawl and the creation of public access to the recreational area.

Jeff Miller, director of the Alameda Creek Alliance, said his organization strongly supported the ACWD purchase of the N3 Ranch.

“This is a significant chunk of the watershed, and it does contain some important, large, contiguous wildlife habitat,” Miller said. “Obviously, your interest is the fact that this property is in the watersheds that drain down to the critical water supply facilities ... This is the largest current landholding for sale in California, and it’s supposed to be a pretty significant

conservation effort if this land was purchased by a public agency and protected for water supply, water quality and public open space.”

Miller went on to say that since there already is an offer from an unknown source, the threat of development is real. He saw the land’s proximity to the Silicon Valley as an opportunity for wealthy individuals to purchase remote properties and build trophy homes.

In addition, ACWD President Aziz Akbari, Vice President John Weed, and board members Jim Gunther and Paul Sethy spoke in support of submitting an offer.

However, some public speakers and ACWD Board Member Judy Huang expressed concerns about the uncertainty of partner contributions, leaving the district to pay the full cost of the land purchase; they questioned whether the purchase was the best use of funds.

“Alameda County Water District’s mission is to provide clean and reliable water at a reasonable cost for our customers in Fremont, Newark and Union City. In my opinion, we should not and cannot spend our customers’ funds to purchase a piece of property that does not provide additional water supply,” Huang said. “Twenty-seven percent of the N3 Ranch is outside of the Alameda Creek Watershed, and there are also significant business risks and liabilities associated with the purchase of this property that have not been fully evaluated.”

While she agreed with those who supported protecting limited open space and watersheds, Huang stressed that ACWD customers should not be asked to carry the entire financial burden when other local agencies like Zone 7 will also benefit from the district’s purchase. She wondered if Zone 7 Board Member Sarah Palmer, who Huang said submitted a letter urging ACWD to submit the backup offer, would urge her board to contribute financially. Palmer did not respond for comment at press time.

“It is unfair to ask our customers in Newark to pay for property that will benefit the residents of San Ramon, whose median household income is 38% higher,” Huang added.

In addition, she said the purchase wouldn’t guarantee the preservation of open space.

“ACWD is not a land-use agency or an open space agency. ACWD is a water supply agency,” she continued. “If you have been following ACWD’s board meetings, you will have known that there is at least one director on this board that would like to build a dam on the N3 Ranch property and flood the valuable habitats. You will also know that there is at least one director on this board that believes water supply should always override open space protection and public access.”

During the staff report, Stevenson explained that the water rights on the property are indeed minimal — “single digit to low double-digit gallons per day.” However, in conversation after the meeting, he noted that the focus of acquiring the land rests more with protecting the watersheds.

“The Alameda Creek is really, really important to our water agency and all of our customers,” Stevenson said. “It’s a very significant part of that critical water supply to ACWD, and that’s why we’re so heavily interested in this ... About 73% of the ranch is within the Alameda Creek Watershed.”

Heather Gately, The Nature Conservancy (TNC) communications director, said that while “TNC is not involved in ACWD’s potential offer for the N3 Ranch property, we will always be supportive of an outcome where N3 Ranch is protected by multiple public agencies and provides numerous public benefits, including water and habitat conservation, cultural resources protection, and recreational access.”

Akbari said that given the engagement that ACWD has had with the partners, he believed they would financially participate.

I don’t think there’s a solid enough case to be made for our customers to take on the full responsibility for this purchase and for the ongoing maintenance, but that’s why we’ve had such extensive discussions with other partners,” Akbari said. “Given where we are right now, and given that we do have the opportunity to take the lead in this negotiation and to put in a backup offer, I would certainly be in support of that. But again, with the understanding that my support would be to continue to work with the partnership for the purchase and the O&M cost.”