

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

March 31, 1993

(Land Committee--Action)
To: Board of Directors (Legal and Claims Committee--Information)

From: General Manager

Subject: Advancement of \$700,000 to Dennis Bennett, Existing Occupant Owner of the Property; MWD 144-1-48 and 48.1, APN 454-13-11, 13, 15, 17, 19, 21, 23, and 25 for Purpose of Assisting in Relocating to Replacement Property

Report

Dennis J. and Lucille D. Bennett, husband and wife, as Joint Tenants own approximately 160 gross acres of land within The Metropolitan Water District of Southern California's (Metropolitan) Domenigoni Valley Reservoir Project area. This property is specifically located on the south side of Olive Avenue, easterly of Warren Road in the unincorporated Riverside County and is identified by MWD parcels # 144-1-48 and 48.1 and APN 454-13-11, 13, 15, 17, 19, 21, 23 and 25. Parcel 144-1-48 is the Bennetts' primary residence while the remaining parcel, 144-1-48.1, is subdivided into seven 20 acre parcels.

Appraisals were completed on the property in December 1992 and January 1993, respectively by Frances Wolfe, MAI appraiser, of the appraisal firm Mason & Mason. On January 14, 1993 and February 16, 1993 respectively, after reviewing and approving the appraisals, offers were made to the property owners for a total of \$1,188,382. According to the approved appraisals, this amount was determined to be the fair market value for the property. Subsequent to the offer, meetings were held between Metropolitan representatives, including Metropolitan's Relocation Assistance Program Consultant and the property owners to discuss a potential settlement. During the course of these meetings, it was disclosed to Metropolitan that the Bennetts had opened escrow on a replacement property in Arizona with a \$20,000 deposit but needed another \$700,000 to complete the transaction on that property. To date, no settlement has been reached, and as a result of the necessity for the property, this property is one of several before your Board for which a Resolution of Necessity is being sought.

Assuming the condemnation process moves forward as scheduled and the Bennetts are able to withdraw the money deposited by Metropolitan as soon as reasonably possible, it appears that the earliest that they could get access to the funds would be in mid to late June, 1993. The escrow will expire on June 15, 1993 and if they are not able to withdraw the funds deposited under the condemnation process, they will lose their \$20,000 deposit.

To expedite the close of escrow on their replacement property in a timely manner and to avoid potential loss of the approximate \$20,000 deposit made by the Bennetts on the replacement property, the Bennetts have requested that Metropolitan advance them \$700,000. For Metropolitan's protection in-lieu of the \$700,000 advancement, Metropolitan will receive two deeds of trust on their Domenigoni Valley properties for \$350,000 on each parcel. When Metropolitan ultimately deposits the \$1,188,832 as required under condemnation law, Metropolitan will be repaid the advanced money as a payoff for the deeds of trust. In order to avoid the loss of revenue on these funds, Metropolitan will receive 5 percent interest on these advanced funds from the time the \$700,000 is deposited until the time that Metropolitan gets reimbursed for these advanced funds. The Bennetts have also agreed that they will vacate the property no more than 45 days after the advanced funds are deposited. Considering the size of this acquisition and that the Bennetts have found a replacement property and are willing vacate 45 days after receipt of the advanced funds, it appears that this advancement is in Metropolitan's best interest and should be approved.

Your Board reviewed and certified the Environmental Impact Report for the Domenigoni Valley Reservoir Project on October 1991. Compliance with the California Environmental Quality Act is completed for this project. No further environmental documentation is needed for your Board to act on in this matter.

Board Committee Assignments

This letter is referred to:

The Land Committee for action because of its authority to study, advise, and make recommendations with regard to policies for the fixing of purchase prices, and the initiation and conduct of condemnation and other proceedings relating to the purchase of land or interest in property and related negotiations, pursuant to Administrative Code Section 2451 (g); and

The Legal and Claims Committee for information because of its authority (1) to advise, study, and make recommendations with regard to litigation brought by the District under Administrative Code Section 2461 (a).

Recommendation

LAND COMMITTEE FOR ACTION

It is recommended that the General Manager be authorized to advance to Dennis J. and Lucille D. Bennett, \$700,000 for the sole purpose of assisting them in relocating to a replacement property in accordance with this letter and in a form approved by the General Counsel.


for Carl Boronkay

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