



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

**8-16**

July 6, 1998

**To:** Board of Directors (Executive Committee Action)

**From:** *for* General Manager

*Edward J. Meert III*  
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**Submitted by:** Gary M. Snyder  
*for* Chief Engineer

*Gary M. Snyder*  
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**Subject:** Authorize the General Manager to Enter an Agreement with the City of Oxnard/Oxnard Community Development Commission for the Joint Purchase and Development of Property Adjacent to Ormond Beach (MWD Parcel ORMOND1-01-100)

**Reference:** Appropriation No. 15319

**RECOMMENDATION(S)**

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It is recommended that your Board:

1. Authorize the General Manager to enter into an agreement with the City of Oxnard/Oxnard Community Development Commission (City/Agency) on terms and conditions to be approved by the General Counsel to:
  - a. Jointly purchase and own the 308± acre parcel of vacant land adjacent to Ormond Beach in the City of Oxnard;
  - b. Jointly exercise management of and planning for the subject 308± acre parcel of land; and
  - c. Accept from the City/Agency for its one-half of the purchase price (\$5,100,000 plus or minus closing costs and prorations) a promissory note secured by a first lien Deed of Trust on the City/Agency's one-half interest in the property and by a pledge of City/Agency's tax increment.

**EXECUTIVE SUMMARY**

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In April 1998, your Board authorized the purchase of property adjacent to Ormond Beach from NM Homes Two, LLC, for an amount not to exceed \$12,164,000, which represented the sales proceeds including accrued interest from the Bolsa Chica property disposition in 1996. Protracted negotiations resulted in an agreed upon purchase price of \$10,200,000. The opening of an escrow triggered a right of first refusal in favor of the City of Oxnard, allowing it to purchase a portion (214 acres) of the larger parcel. The City/Agency, in lieu of exercising its right to purchase, seeks an alliance with Metropolitan to purchase, and jointly exercise management of and planning for the property. Approximately 20 acres of land will be set aside

and remain in exclusive ownership and control by the Metropolitan for its potential future water-related development, including, but not limited to, a seawater desalination project.

## **CEQA COMPLIANCE/ENVIRONMENTAL DOCUMENTATION**

The actions requested by this letter are exempt from the California Environmental Quality Act (CEQA) because it can be seen with certainty that there is no possibility that they may have a significant effect on the physical environment. (CEQA Guidelines, Section 15061, subd. (b)(3).) There will only be a change in ownership, not a change in any current commercial or residential land use on the site. The property will be kept as open space until such time that specific uses are determined for the property. The purchase merely keeps open the ability to consider a future use. However, before the use of the property can be changed, it will first be necessary to comply with CEQA.

## **DETAILED REPORT**

In May 1996, your Board authorized the sale of Metropolitan's Bolsa Chica property. The Bolsa Chica property was intended to be utilized for a seawater desalination plant. At the direction of the Board, the proceeds from the sale of the Bolsa Chica property have been held in a fund for a replacement coastal site suitable for a seawater desalination plant. In December 1997, your Board authorized the extension of the initial 12-month reinvestment period for an additional 12 months.

In April 1998, your Board authorized the purchase of a 300± acre site adjacent to Ormond Beach, with the proceeds of the sale of the Bolsa Chica property that had accrued interest and totaled approximately \$12,165,000. The subject property is owned by NM Homes Two, LLC, and is one of the relatively few known available coastal sites remaining within Metropolitan's service area that has access to a source of ocean water and is advantageously located adjacent to a power plant. The Ormond Beach property is part of the Calleguas Water District's 1<sup>st</sup> Fringe Area Annexation dated December 8, 1964, and 2<sup>nd</sup> Fringe Annexation dated November 7, 1969.

Negotiations with NM Homes Two, LLC, resulted in an agreed upon purchase price of \$10,200,000. The opening of an escrow triggered a right of first refusal in favor of the City of Oxnard that allows it to purchase a portion (214 acres) of the larger parcel. The City/Agency has agreed not to exercise its option to purchase the property if the Metropolitan will enter into an alliance with the City/Agency to purchase, manage, and develop the property. The Ormond Beach property is wholly within the City of Oxnard's designated redevelopment area. The City/Agency has expressed concern that if Metropolitan purchases and controls the property solely, the property may remain undeveloped for many years. Central to this concern is the fact that Metropolitan's ownership of the site will cancel the collection of real estate property taxes, as Metropolitan is exempt from paying such taxes on property within its service area.

The City/Agency is in favor of an agreement with Metropolitan that provides for joint purchase of the property in undivided equal interests. As part of the agreement, approximately 20 acres of land will be set aside and remain in exclusive ownership and control by Metropolitan for its potential future water-related project(s), including but not limited to, a seawater desalination

plant. Management of and planning for any future uses of the property will also be jointly undertaken between the parties. Any revenue and expenses associated with the property will be shared equally between the parties. Additionally, Metropolitan will accept from the City/Agency for its one-half of purchase price (\$5,100,000 plus or minus closing costs and prorations) a promissory note secured by a first lien Deed of Trust on the City/Agency's one-half interest in the property, and by a pledge of a portion of the City/Agency's tax increment.

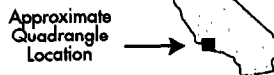
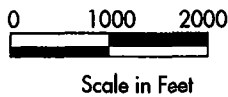
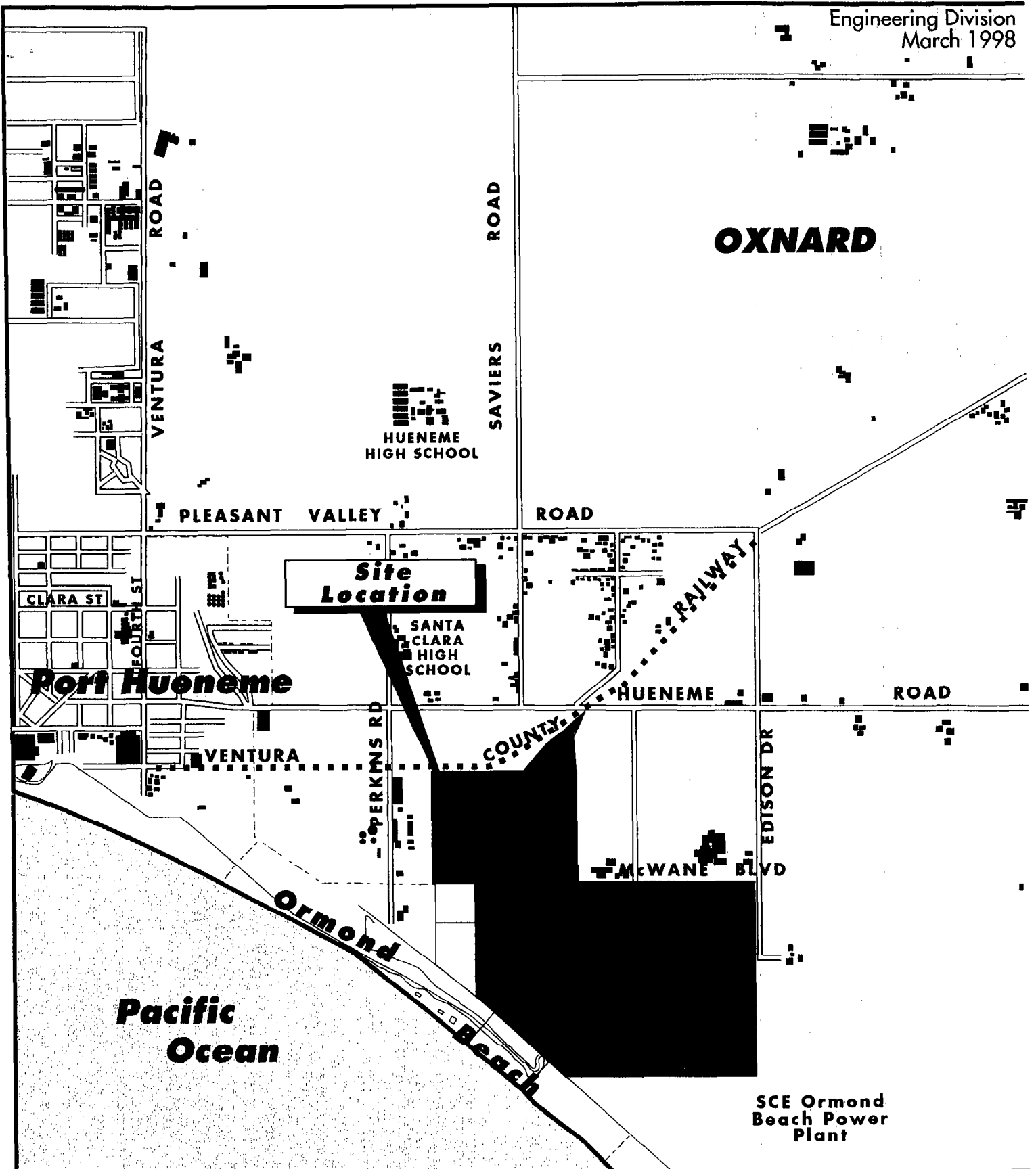
Alliances between public agencies and public/private entities are increasingly more common and popular. The Metropolitan, City/Agency alliance has strong support from the City of Oxnard, its Community Redevelopment Commission, and the Greater Oxnard Economic Development Corporation. Joint participation in the planning for future uses of the subject property is viewed to be advantageous to both parties. From Metropolitan's standpoint, working jointly with the City as a jurisdictional governing body will, among other things, allow Metropolitan to obtain immediate feedback and input throughout the planning and implementation phase of its potential seawater desalination project or any other potential, water-related projects.

Presently, there exists no definitive plan for any secondary use and/or development of the overall site. Metropolitan and the City/Agency together propose to explore and evaluate all opportunities for the property. Recommendation(s) for secondary use will be presented to the Board for review and authorization, as appropriate.

Staff continues to evaluate other coastal property suitable for seawater desalination plants.

MTM:aj\rev5  
(ormondbeach)

Attachment(s)



Base Map: U.S. Geological Survey 7.5 Minute Topographic Map Series,  
Oxnard, California Quadrangle: Dated 1965, Photorevised 1981

Figure 1.

# Vicinity Map of Ormond Beach Property