

- **Board of Directors**
Asset, Real Estate and Infrastructure Policy Committee

May 14, 2002 Board Meeting

8-4

Subject

Affirm the Chief Executive Officer's determination of the property as surplus to Metropolitan's needs: 3.721 acres south of Arrow Highway, LaVerne

Description

Pursuant to The Metropolitan Water District of Southern California's (Metropolitan) Administrative Code § 8240, it has been determined that the ownership in Metropolitan Parcel 1415-2-100, located near the F.E. Weymouth Filtration Plant and comprising 3.721 acres, is surplus to Metropolitan's needs and can be sold pursuant to Metropolitan's Administrative Code § 8241 through § 8258. The subject parcel was acquired in a no-cost land exchange during year 2000 in order to integrate the new parcel with Metropolitan's existing Puddingstone Drive property holdings and thus potentially increase the overall value of Metropolitan's properties. Metropolitan's entire Puddingstone Drive 71-acre property was acquired in 1940 for \$14,250 for utilization as drying basins for water treatment plant sludge; operation of sludge basins was eventually discontinued as sludge was sent by pipeline to the Los Angeles County Sanitation District. This 71-acre property was previously declared surplus by Metropolitan's Board in April 1989. After compliance with the requirements of the Surplus Lands Act contained in the California State Government Code § 54220 through § 54227, the property can be marketed for sale using the services of local real estate brokers. The city of La Verne has expressed interest in the property for city redevelopment purposes. The estimated fair market value of \$1.2 million for the 3.721-acre property will be validated by an independent appraisal report. (Reference [Attachment 1](#), [Attachment 2](#), [Attachment 3](#), and [Attachment 4](#))

Policy

Metropolitan Water District Administrative Code § 8240 and state/federal law

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA. In particular, the proposed action consists of the sale of surplus government property with no statewide, regional, or area-wide importance. In addition, the sale will not have a significant effect on the physical environment. As such, this proposed action qualifies as a Class 12 Categorical Exemption (Section 15312 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies as a Class 12 Categorical Exemption (Section 15312 of the State CEQA Guidelines).

CEQA determination for Option #2:

The proposed action is categorically exempt under the provisions of CEQA. In particular, the proposed action consists of the leasing of property with no expansion of use beyond that existing at the time of the lead agency's determination. In addition, the leasing of the property will not have a significant effect on the physical environment. As such, this proposed action qualifies as a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies as a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines).

CEQA determination for Option #3:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Affirm the Chief Executive Officer’s (CEO) determination that the subject property is surplus;
- b. Comply with Government Code § 54222, Surplus Lands Act, by offering the property to the La Verne Redevelopment Agency and other prescribed public agencies at a sale price of its fair market value;
- c. If the property is not purchased by a government entity with preferential rights, sell the subject property by open or exclusive listing under Administrative Code § 8245 or § 8246, respectively, dependent upon the applicable disposition procedure;
- d. Market the property for sale on the open market for its fair market value (preliminary estimate at \$1.2 million less costs); and
- e. Establish reversion provision with condition subsequent wherein actual site development is restricted to purchaser’s land utilization as originally disclosed to Metropolitan per the purchaser’s plans and specifications.

Fiscal Impact: Approximately \$1.12 million in revenue upon close of escrow

Option #2

Adopt the CEQA determination and market the property for a short-term revenue ground lease, e.g., wholesale nursery, athletic fields, etc.; there is no effective demand for long-term, non-subordinated industrial leases in this area.

Option #3

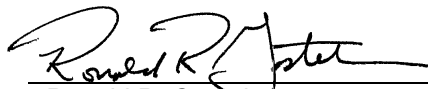
Leave the land in its “as is” condition with the previous owner paying the Mello-Roos Community Facilities District (CFD) special assessments and applicable ad valorem taxes and owners’ association fees until September 15, 2005.

Fiscal Impact: \$0 until September 15, 2005, and then costs of approximately \$41,500 per annum for CFD special assessments and association fees.

Staff Recommendation

Option #1

	4/25/2002
_____ Roy L. Wolfe Manager, Corporate Resources	Date

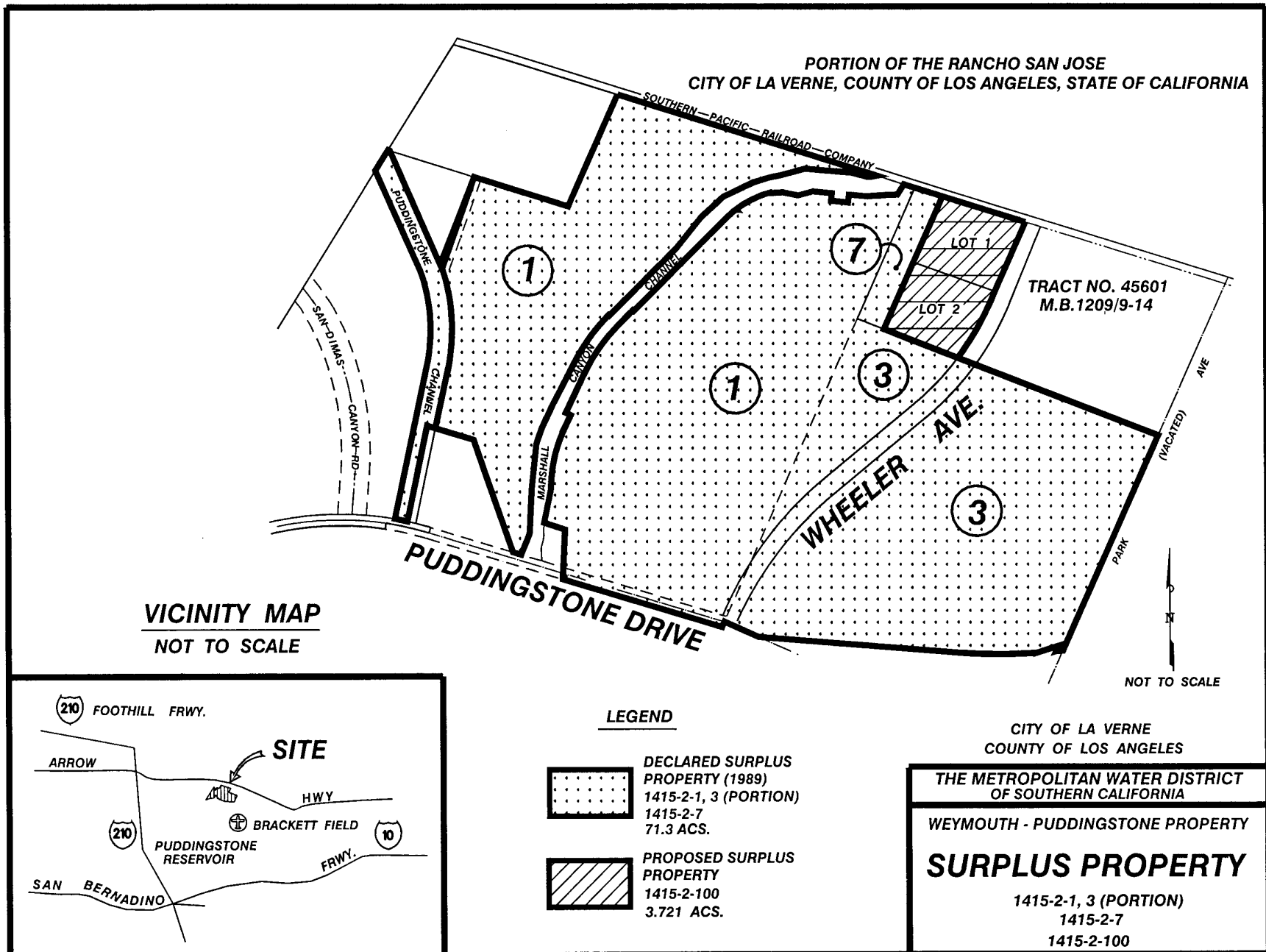
	4/29/2002
_____ Ronald R. Gastelum Chief Executive Officer	Date

[Attachment 1 - Map](#)

[Attachment 2 - Detailed Report](#)

[Attachment 3 - Article 4 of Metropolitan’s Administrative Code](#)

[Attachment 4 - California State Government Code § 54220 through § 54227](#)



Detailed Report

The Metropolitan Water District of Southern California (Metropolitan) acquired the 3.721-acre site, comprised of two industrial-zoned ready-to-build parcels, in September 2000 in an even exchange with Mike Brown, et al., at a price of \$1,138,500. The site is located on Wheeler Avenue and includes approximately 565 feet of frontage. The site was acquired in exchange for the 17-acre raw, unentitled and land-locked "wedge" parcel, MWD Parcel No. 1415-2-1, which was part of 71 acres of land which had been declared surplus in March 1989 by Metropolitan's Land Committee. With the approval of the Board of Directors, Metropolitan entered into escrow to sell its original surplus land in 1989. The Board had reviewed the advertisement of Notice of Sale and status of marketing during its regular session of April 4, 1989. However, the escrow was cancelled due to buyer's failure to perform.

The Chief Executive Officer has determined, and the Corporate Resources and Water System Operations Groups have affirmed, that Parcel 1415-2-100 is surplus to the needs of Metropolitan and can be disposed of without adversely affecting Metropolitan's foreseeable operational requirements. The value of the 3.721-acre property is currently estimated at \$1,200,000. Surface drainage and subsurface mineral rights will be reserved for Metropolitan. In addition, a condition subsequent with a deed restriction will be created wherein the actual site development must be consistent with the purchaser's land utilization plans and specifications as approved by Metropolitan.

Metropolitan's fiscal year 2000/01 Capital Improvement Program does not specify any near- or far-term use of this property for water-related facilities. A Phase I Environmental Assessment of the site in September 2001 revealed no evidence of recognized environmental conditions other than possibility of former sludge basins being impacted by heavy metals. In 1989, the city of La Verne designated the property as part of a Special District under California Redevelopment Law. The La Verne Redevelopment Agency, a government entity, has indicated an interest in acquiring the surplus property. Metropolitan's Administrative Code § 8254 sets forth terms applicable to government entity purchases.

It is proposed to first offer the property for sale to government agencies pursuant to § 54222 of the Government Code and § 8241 of Metropolitan's Administrative Code. The minimum offer shall be the fair market value of the property as determined by an independent fee appraiser. If, after offering this property for sale to certain public agencies at the fair market value, no such offer is accepted, the property will be sold by using the services of real estate brokers pursuant to Administrative Code § 8245 or § 8246, dependent upon the applicable disposition procedure. The offeror shall be required to execute an agreement to purchase as well as escrow instructions in a form approved by Metropolitan's General Counsel.

Upon acceptance of the offer for purchase, a 45-day escrow will be opened, and requisite funds and documentation on behalf of the buyer and Metropolitan will be therewith deposited. At the close of escrow, proceeds of the sale, together with the Promissory Note and Deed of Trust, if applicable, will be delivered to Metropolitan.

Article 4**DISPOSAL OF REAL PROPERTY**

Sec.

- 8240. Preliminary Requirements
- 8241. Authority for Chief Executive Officer to Sell or Lease Surplus Real Property;
Restriction on District Directors and Employees
- 8242. Quitclaims (Old)
- 8243. Disposal of Unnecessary Improvements
- 8244. Auction by District Staff
- 8245. Open Listing
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- 8247. Auction by Professional Auctioneers
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- 8257. Quarterly Reports
- 8258. Statement re Encumbering of Property

§ 8240. Preliminary Requirements.

The Chief Executive Officer shall establish a procedure for the continuous review of real property owned by the District for the purpose of determining which of such property is surplus to the District's needs. When the Chief Executive Officer determines that property is surplus, the Chief Executive Officer shall notify the Engineering, Operations and Real Property Committee of that determination, unless the estimated value of the property is less than \$75,000.

(a) If the Engineering, Operations and Real Property Committee does not overrule such determination and the estimated value of the property is \$75,000 or more, the Chief Executive Officer shall:

(1) Notify the Engineering, Operations and Real Property Committee of the estimated value of the property and recommend the appropriate marketing procedure authorized by this Article 4;

(2) Cause the property to be appraised by one or more independent appraisers.

(b) If the estimated value of the property is less than \$75,000, the Chief Executive Officer shall cause the property to be appraised by a member of the staff of the Chief Executive Officer or an independent appraiser, and disposed of as authorized by Article 4;

(c) The Chief Executive Officer shall comply with the California Environmental Quality Act and the legal requirements pertaining to the disposition of property in cities or counties which have a general plan. If upon such compliance, any official body objects to the proposed sale, the Board of Directors shall first expressly uphold or reject the objections. There being no objections, or the objections having been rejected, and the appraisal or appraisals having been completed, the Chief Executive Officer may then sell or lease the surplus property under the provisions of this Article 4.

Section 461.10.1 based on Res. 7647 - July 8, 1975. Section 461.10.1 repealed and Section 8240 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; amended by M.I. 36758 - August 18, 1987; amended by M.I. 37311 - September 20, 1988; paragraph (a)(1) amended by M.I. 42193 - December 10, 1996; paragraphs (a), (a)(1), (b) and (c) amended by M. I. 44582 - August 20, 2001.

§ 8241. Authority for Chief Executive Officer to Sell or Lease Surplus Real Property; Restriction on District Directors and Employees.

If after offering the property for sale or lease to certain public agencies, as required by law, at the fair market value as determined by the Chief Executive Officer after review of any or all appraisals of the property, no such offer is accepted, the Chief Executive Officer may lease it, or sell it either by public auction or by using the services of real estate brokers or a professional auctioneer; provided, however, that District directors and employees, their spouses and dependent children may not purchase such property or lease it or represent in any manner a prospective lessee or purchaser of such property.

Section 461.10.1 based on Res. 7647 - July 8, 1975; amended by M.I. 32123 - January 10, 1978; amended by M.I. 33362 - August 19, 1980; amended by M.I. 33479 - November 18, 1980. Section 461.10.2 repealed and Section 8241 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; amended by M.I. 36758 - August 18, 1987.

§ 8242. Quitclaims.

(a) The Chief Executive Officer is authorized to quitclaim, in form approved by the General Counsel, any temporary easement or lease to which the District is a party and which has expired by its own terms.

(b) The Chief Executive Officer is authorized to quitclaim, in form approved by the General Counsel, any temporary easement or lease prior to its expiration

(1) Upon the recording of a Notice of Completion of the construction contract for which the easement or lease was acquired; or

(2) If no such notice has been recorded, then upon the release of the temporary easement area by the contractor in form approved by the General Counsel; provided, however,

that if a Notice of Completion has not been recorded, consideration shall be required in such amount as the Chief Executive Officer deems proper under the circumstances.

(c) The Chief Executive Officer is authorized to quitclaim, in form approved by the General Counsel, any easement for access to a District facility over adjoining lands at such times as the Chief Executive Officer may determine that adequate access thereto from a dedicated public street is available.

(d) Notwithstanding any other provisions of the Article 3, the Chief Executive Officer is authorized to quitclaim to the United States of America, in form approved by the General Counsel, any property acquired by the District under and pursuant to the Act of Congress approved June 18, 1931 (43 Stats. 324), when the Chief Executive Officer determines that the property is no longer required for the District's needs.

Paragraphs (a) and (b) [formerly Sections 461.2.1 through 461.2.2] based on Res. 7499 - May 8, 1973; paragraphs (c) [formerly Section 461.2.3] based on Res. 7626 - February 11, 1975. Section 461.2 repealed and Section 8242 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; paragraph (d) added by M.I. 36758 - August 18, 1987.

§ 8243. Disposal of Unnecessary Improvements.

(a) The Chief Executive Officer is authorized to dispose of, in the manner the Chief Executive Officer deems to be in the best interest of the District, any improvements that must be removed to make land acquired for District operations suitable for District use.

(b) The Chief Executive Officer shall report quarterly to the Engineering, Operations and Real Property Committee the details of any transactions during the preceding quarter in which an improvement was disposed of in such a manner as to make the improvement available for subsequent use by a party other than the District.

Section 461.6 based on Res. 6748 - November 9, 1965. Section 461.6 repealed and Section 8243 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; paragraph (b) amended by M.I. 42193 - December 10, 1996; paragraphs (a) and (b) amended by M. I. 44582 - August 20, 2001.

§ 8244. Auction by District Staff.

(a) If the Chief Executive Officer elects to sell the property by public auction, the Chief Executive Officer shall do so at such time and place as the Chief Executive Officer may fix, with or without sealed bids having been first submitted.

(b) Whenever the Chief Executive Officer determines that the sale shall be at public auction without sealed bids having been first submitted, no bid at the auction shall be considered unless the bidder shall, prior to the holding of the auction, deposit with the person designated by the Chief Executive Officer to conduct such sale the percentage indicated in Section 8248 of the amount specified in the Notice of Sale as the minimum bid, in cash, cashier's check or check certified by a responsible bank, as a guarantee that the person making the bid will purchase the property under the terms specified in the Notice of Sale. The property shall be sold to the highest responsible bidder and the deposits of all other bidders returned forthwith.

(c) Whenever the Chief Executive Officer determines that the sale shall be by sealed bids, all bids shall be filed in the office of the Right of Way and Land Program Manager, at or before the time specified in the Notice of Sale, shall be on forms approved by the General Counsel, and shall be accompanied by a cash deposit, cashier's check or check certified by a responsible bank in an amount of not less than the percentage indicated in Section 8248 of the amount specified in the Notice of Sale as the minimum bid, as a guarantee that the person making the bid will purchase the property upon the terms and conditions specified in the Notice of Sale. The Right of Way and Land Program Manager, shall, at the time and place specified in the Notice of Sale, open the bids. Thereafter, there shall be a public auction at a time and place specified in the Notice of Sale, and any person shall be eligible to bid at the auction; provided, however, that any oral bid shall be ignored unless it exceeds by at least 5 percent the highest sealed bid made by a responsible person. No oral bid at such sale not preceded by a sealed bid from the same party shall be considered unless accompanied by a cash deposit, cashier's check or check certified by a responsible bank in an amount of not less than the percentage indicated in Section 8248 of the amount specified in the Notice of Sale as the minimum bid, as a guarantee that the person making the bid will purchase the property upon the terms and conditions specified in the Notice of Sale. If no oral bid is made at the public auction, or if such oral bid is not in accordance with the provisions hereof, the property shall be ordered sold to the highest responsible sealed bidder.

(d) A real estate commission shall be paid in connection with a sale at public auction on the following basis:

(1) The real estate commission shall not exceed the prevailing rate in the area where the property is located and it shall be stated in the bid for which a claim for the payment of a commission is made that it is subject to the same.

(2) The commission shall be distributed in this manner:

(i) When at a public auction, without sealed bids, the highest bid was procured by a licensed real estate broker, the commission shall be paid to the broker.

(ii) When at a public auction following submission of sealed bids, the successful bid is the highest sealed bid, and it was procured by a licensed real estate broker, the commission shall be paid to that broker.

(iii) When at a public auction following the submission of sealed bids, the successful bid was procured by a licensed real estate broker, but the highest sealed bid was not obtained by such a broker, the commission shall be paid to the broker.

(iv) When at a public auction following the submission of sealed bids, the highest sealed bid was procured by a licensed real estate broker, but the successful bid was procured by a different licensed real estate broker, the commission shall be divided equally between the brokers.

(v) When at a public auction following the submission of sealed bids, the highest sealed bid was procured by a licensed real estate broker, but the successful bid was not subject to a commission, one-half of the commission based upon the amount of the successful bid shall be paid to the broker.

(3) In determining which is the highest bid, there shall not be subtracted therefrom the commission, if any, which the bid provides shall be paid to a licensed real estate broker.

(e) The Chief Executive Officer shall cause a Notice of Sale to be posted on the property in at least one conspicuous place. It shall specify the minimum bid which will be accepted for the property, which shall not be less than 90 percent of the lowest appraisal and shall state the terms of the sale which shall be in conformity with this Article 4. The Chief Executive Officer shall cause one or more advertisements of the sale to be placed in a newspaper, or newspapers, so as to give reasonable notice of the sale.

Section 461.10.3 based on Res. 7647 - July 8, 1975. Section 461.10.3 repealed and Section 8244 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; paragraph (c) amended by M.I. 40872 - June 14, 1994.

§ 8245. Open Listing.

If the Chief Executive Officer elects to sell the property by using the services of licensed real estate brokers, the Chief Executive Officer shall do so by offering it for sale by advertising in a newspaper or newspapers that the property is being offered for sale with courtesy to brokers, and by notifying real estate boards in the area in which the property is located that the property is being offered for sale with courtesy to licensed brokers. The initial offer for sale shall be for no less than the highest appraised valuation of the property. The Chief Executive Officer is authorized to sell the property for the highest price obtainable; provided, however, that such price shall be no lower than the lowest appraisal without the approval of the Engineering, Operations and Real Property Committee and no lower than 90 percent of the lowest appraisal without the approval of the Board. The Chief Executive Officer is authorized to pay to the broker who procures the accepted offer, a commission not to exceed the prevailing rate in the area in which the property is located.

Section 461.10.4 based on Res. 7647 - July 8, 1975. Section 461.10.4 repealed and Section 8245 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; amended by M.I. 42193 - December 10, 1996; amended by M. I. 44582 - August 20, 2001.

§ 8246. Exclusive Listing.

The Chief Executive Officer may with the approval of the Engineering, Operations and Real Property Committee give an exclusive listing to an individual licensed broker; provided, however, that the property shall not be sold for less than the lowest appraisal without the approval of the Engineering, Operations and Real Property Committee and for no less than 90 percent of the lowest appraisal without the approval of the Board. In such case, the Chief Executive Officer is authorized to pay a commission, upon consummation of the sale, not to exceed the prevailing rate in the area in which the property is located.

Section 461.10.5 based on Res. 7647 - July 8, 1975. Section 461.10.5 repealed and Section 8246 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; amended by M.I. 42193 - December 10, 1996; amended by M. I. 44582 - August 20, 2001.

§ 8247. Auction by Professional Auctioneers.

The Chief Executive Officer may sell the property by using the services of a professional auctioneer and may in connection therewith pay the reasonable expense of advertising the auction, and agree to pay a commission to the auctioneer not in excess of the prevailing rate in the area upon the consummation of the sale. Any such sale shall be subject to the approval of the Board of Directors.

Section 461.10.6 based on Res. 7647 - July 8, 1975. Section 461.10.6 repealed and Section 8247 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

§ 8248. Required Deposit.

No bid offer made pursuant to Sections 8244, 8245, and 8246 above shall be considered unless the bidder or offeror shall at the time the bid or offer is made, deposit with the person designated by the Chief Executive Officer the percentage indicated below of the specified amount in cash, cashier's check or check certified by a responsible bank as a guarantee that the bidder or offeror will purchase the property for the bid or offered price.

Specified Amount	Deposit
To \$500	Full amount of bid or offer
\$501 to \$10,000	\$500 + 10% of minimum bid or offer
\$10,001 to \$50,000	\$1,500 + 5% over \$10,000
\$50,001 to \$100,000	\$3,000 + 3% over \$50,000
\$100,001 and above	\$4,500 + 2% over \$100,000

Section 461.10.7 based on Res. 7647 - July 8, 1975. Section 461.10.7 repealed and Section 8248 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

§ 8249. Terms.

Any sale shall be for cash or on the following minimum terms:

20 percent down payment with balance amortized over 10 years at an interest rate equal to the prevailing rate charged by financial institutions in the area in which the property is located, and to be secured by a deed of trust on the property sold. No prepayment penalty shall be required.

Section 461.10.8 based on Res. 7647 - July 8, 1975. Section 461.10.8 repealed and Section 8249 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

§ 8250. Zoning.

Where the property was appraised on the basis of a different zoning on the property than the existing zoning, the sale may be made contingent upon the bidder or offeror's obtaining a rezoning of the property within a reasonable time to be determined by the Chief Executive Officer.

Section 461.10.9 based on Res. 7647 - July 8, 1975. Section 461.10.9 repealed and Section 8250 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

§ 8251. Policy of Title Insurance.

The Chief Executive Officer may furnish the successful bidder or offeror with a policy of title insurance, if possible, and open an escrow to complete the sale, paying the usual seller's charges in connection therewith; provided, however, that if it subsequently develops that the title company is unwilling to issue a policy insuring title to the bidder or offeror in the manner indicated by the Chief Executive Officer prior to the sale, the Chief Executive Officer shall not be required to furnish such a policy and the bidder may cancel the sale; whereupon money previously deposited shall be refunded promptly and there shall be no further obligation on the part of either the bidder or the Chief Executive Officer in connection with the sale; provided, further, that if under such circumstances the bidder or offeror elects not to cancel the transaction, the Chief Executive Officer shall furnish such title insurance as the title company will then issue, and shall be released from liability on any representation relating to title theretofore made and not covered by the title insurance policy.

Section 461.10.10 based on Res. 7647 - July 8, 1975. Section 461.10.10 repealed and Section 8251 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

§ 8252. Completion of Sale.

Execution and Delivery of Deed -- The Chief Executive Officer shall apply the deposit made by the successful bidder, or offeror, on the purchase price or down payment if the sale is on terms, and, upon completion of the sale either directly or through an escrow, the Chief Executive Officer is authorized to execute and deliver on behalf of the District a grant deed conveying the property to such bidder or offeror. In the case of a sale for cash (1) without an escrow, the successful bidder or offeror must pay the balance of the purchase price to the Chief Executive Officer within thirty days after the auction or acceptance of the offer or (2) with an escrow, upon the closing thereof; provided, however, that the Chief Executive Officer may give the successful bidder or offeror extensions of time in which to make the payment.

Section 461.10.11 based on Res. 7647 - July 8, 1975. Section 461.10.11 repealed and Section 8252 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

§ 8253. Forfeiture of Deposits.

Any deposit made by a successful bidder or offeror shall be retained by the District as liquidated damages if the bidder or offeror shall fail to complete the purchase in accordance with the terms and conditions of the Notice of Sale or offer. If there is such failure, a licensed real

estate broker, otherwise entitled to a commission under the provisions of this Article 4 shall be paid as a commission, an amount not to exceed one-half of the deposit so retained after deducting title and escrow expenses, if any; but in no event shall it exceed the commission which the broker would have received in the absence of such failure. If the successful bidder or offeror does not complete the sale as required by this Article 3 the property may be sold to the next highest bidder or offeror who wishes to buy.

Section 461.10.12 based on Res. 7647 - July 8, 1975. Section 461.10.12 repealed and Section 8253 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

§ 8254. Exceptions to Public Sale Requirements.

The requirements of Sections 8241 and 8244 above do not apply in the case of:

(a) A sale of real property or interest therein to the United States, the State, the County or any city, school district, flood control, or other special district within the State; any such sale shall be for the fair market value as determined by the Chief Executive Officer after review of any or all appraisals of the property.

(b) A sale of real property having an estimated value of \$2,500 or less.

(c) A sale to an adjoining property owner when the Chief Executive Officer determines that the particular parcel is probably incapable of being developed independently.

(d) With respect to sales under Sections 8254(b) and 8254(c), the Chief Executive Officer shall make a determination of the reasonable amount for which the property shall be sold.

Section 461.10.13 based on Res. 7647 - July 8, 1975; paragraphs (a) and (b) [formerly Sections 461.10.13.1 and 461.10.13.2] amended by M.I. 33479 - November 18, 1980]. Section 461.10.13 repealed and Section 8254 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

§ 8255. Reservation of Oil, Gas and Mineral Rights.

The right to extract all oil, gas hydrocarbons or other minerals without the right of surface entry for the development thereof, shall be reserved in the sale of any real property under the provisions of this Article 4 provided, however, that there shall be no such extraction within 500 feet of the surface.

Section 461.10.14 based on Res. 7647 - July 8, 1975. Section 461.10.14 repealed and Section 8255 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; amended by M. I. 44582 – August 20, 2001.

§ 8256. Retention of Oil and Mineral Rights.

It shall be the general policy that oil and mineral rights shall be retained on all property sold by the District.

Section 461.16 - M.I. 21432 - May 23, 1961; renumbered Section 461.17 by M.I. 32690 - April 10, 1979; renumbered Section 461.15 - June 3, 1985. Section 461.15 repealed and Section 8256 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

§ 8257. Quarterly Reports.

The Chief Executive Officer shall report to the Engineering, Operations and Real Property Committee quarterly on the property sold pursuant herewith.

Section 461.10.15 based on Res. 7647 - July 8, 1975. Section 461.10.15 repealed and Section 8257 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; amended by M.I. 42193 - December 10, 1996; amended by M. I. 44582 – August 20, 2001.

§ 8258. Statement re Encumbering of Property.

The Chief Executive Officer shall incorporate in letter of recommendation involving the disposal or the encumbering of property or rights of the District a statement declaring that the property or rights will not be required by the District nor adversely affect its operations.

Section 461.13 - M.I. 11000 - January 24, 1947; renumbered Section 461.14 by M.I. 32690 - April 10, 1979. Section 461.14 repealed and Section 8258 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

CALIFORNIA GOVERNMENT CODE § 54220 through § 54227

54220. The Legislature reaffirms its declaration that housing is of vital statewide importance to the health, safety, and welfare of the residents of this state and that provision of a decent home and a suitable living environment for every Californian is a priority of the highest order. The Legislature further declares that there is a shortage of sites available for housing for persons and families of low and moderate income and that surplus government land, prior to disposition, should be made available for that purpose. The Legislature reaffirms its belief that there is an identifiable deficiency in the amount of land available for recreational purposes and that surplus land, prior to disposition, should be made available for park and recreation purposes or for open-space purposes. This article shall not apply to surplus residential property as defined in Section 54236.

54221. (a) As used in this article, the term "local agency" means every city, whether organized under general law or by charter, county, city and county, and district, including school districts of any kind or class, empowered to acquire and hold real property. (b) As used in this article, the term "surplus land" means land owned by any agency of the state, or any local agency, that is determined to be no longer necessary for the agency's use, except property being held by the agency for the purpose of exchange. (c) As used in this article, the term "open-space purposes" means the use of land for public recreation, enjoyment of scenic beauty, or conservation or use of natural resources. (d) As used in this article, the term "persons and families of low or moderate income" means the same as provided under Section 50093 of the Health and Safety Code. (e) As used in this article, the term "exempt surplus land" means either of the following: (1) Surplus land which is transferred pursuant to Section 25539.4. (2) Surplus land which is (A) less than 5,000 square feet in area, (B) less than the minimum legal residential building lot size for the jurisdiction in which the parcel is located, or 5,000 square feet in area, whichever is less, or (C) has no record access and is less than 10,000 square feet in area; and is not contiguous to land owned by a state or local agency which is used for park, recreational, open-space, or low- and moderate-income housing purposes and is not located within an enterprise zone pursuant to Section 7073 nor a designated program area as defined in Section 7082. If the surplus land is not sold to an owner of contiguous land, it is not considered exempt surplus land and is subject to the provisions of this article. (f) Notwithstanding subdivision (e), the following properties are not considered exempt surplus land and are subject to the provisions of this article: (1) Lands within the coastal zone. (2) Lands within 1,000 yards of a historical unit of the State Parks System. (3) Lands within 1,000 yards of any property that has been listed on, or determined by the State Office of Historic Preservation to be eligible for, the National Register of Historic Places. (4) Lands within the Lake Tahoe region as defined in Section 66905.5.

54222. Any agency of the state and any local agency disposing of surplus land shall, prior to disposing of that property, send a written offer to sell or lease the property as follows: (a) A written offer to sell or lease for the purpose of developing low- and moderate-income housing shall be sent to any local public entity as defined in Section 50079 of the Health and Safety Code, within whose jurisdiction the surplus land is located. Housing sponsors, as defined by Section 50074 of the Health and Safety Code, shall, upon written request, be sent a written offer to sell or lease surplus land for the purpose of developing low- and moderate-income housing. All notices shall be sent by first-class mail and shall include the location and a description of the

property. With respect to any offer to purchase or lease pursuant to this subdivision, priority shall be given to development of the land to provide affordable housing for lower income elderly or disabled persons or households, and other lower income households. (b) A written offer to sell or lease for park and recreational purposes or open-space purposes shall be sent: (1) To any park or recreation department of any city within which the land may be situated. (2) To any park or recreation department of the county within which the land is situated. (3) To any regional park authority having jurisdiction within the area in which the land is situated. (4) To the State Resources Agency or any agency which may succeed to its powers. (c) A written offer to sell or lease land suitable for school facilities construction or use by a school district for open-space purposes shall be sent to any school district in whose jurisdiction the land is located. (d) A written offer to sell or lease for enterprise zone purposes any surplus property in an area designated as an enterprise zone pursuant to Section 7073 shall be sent to the nonprofit neighborhood enterprise association corporation in that zone. (e) A written offer to sell or lease any surplus property in a designated program area, as defined in subdivision (i) of Section 7082, shall be sent to the program area agent. (f) The entity or association desiring to purchase or lease the surplus land for low- and moderate-income housing purposes, or for park or recreation purposes, or for open-space purposes, or for public school purposes, or for enterprise zone purposes, shall notify in writing the disposing agency of its intent to purchase or lease the land within 60 days after receipt of the agency's notification of intent to sell the land. Section **54222.3**. Section **54222** shall not apply to the disposal of exempt surplus land as defined in Section **54221** by an agency of the state or any local agency.

54223. After the disposing agency has received notice from the entity desiring to purchase or lease the land, the disposing agency and the entity shall enter into good faith negotiations to determine a mutually satisfactory sales price or lease terms. If the price or terms cannot be agreed upon after a good faith negotiation period of not less than 60 days, the land may be disposed of without further regard to this article.

54224. Nothing in this article shall preclude a local agency, housing authority, or redevelopment agency which purchases land from a disposing agency pursuant to this article from reconveying the land to a nonprofit or for-profit housing developer for development of low- and moderate-income housing as authorized under other provisions of law.

54225. Any public agency selling surplus land to an entity described in Section **54222** for park or recreation purposes, for open-space purposes, for school purposes, or for low- and moderate-income housing purposes may provide for a payment period of up to 20 years in any contract of sale or sale by trust deed of such land.

54226. Nothing in this article shall be interpreted to limit the power of any agency of the state or any local agency to sell or lease surplus land at fair market value or at less than fair market value, and nothing in this article shall be interpreted to empower any agency of the state or any local agency to sell or lease surplus land at less than fair market value. No provision of this article shall be applied when it conflicts with any other provision of statutory law.

54227. In the event that the state or any local agency disposing of surplus land receives offers for the purchase or lease of such land from more than one of the entities to which notice and an

opportunity to purchase or lease shall be given pursuant to this article, the state or local agency shall give first priority to the entity which agrees to use the site for housing for persons and families of low or moderate income, except that first priority shall be given to an entity which agrees to use the site for park or recreational purposes if the land being offered is already being used and will continue to be used for park or recreational purposes, or if the land is designated for park and recreational use in the local general plan and will be developed for that purpose.