

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

February 11, 2003 Board Meeting

9-1

Subject

Authorize conducting negotiations for the disposition of the Ormond Beach property

Description

It is probable that the ownership in a portion of Metropolitan's 309 acres (MWD Parcel No. ORMOMD1-01-100) located along Edison Drive and McWane Boulevard in the Ormond Beach area of Oxnard (Ventura County) may be surplus to Metropolitan's needs. Pursuant to the Metropolitan Water District of Southern California Administrative Code § 8240, a segment of said property could potentially be sold based on Metropolitan's Administrative Codes § 8241 and § 8254. Future consideration to surplus the Ormond Beach property (less 20 acres) will be in conformance with Metropolitan's Administrative Code and administrative requirements and will be in a form consistent with legal obligations. The subject property was acquired in August 1998 for purposes of constructing and operating a future seawater desalination plant on approximately 20 acres. This unimproved land with significant wetlands areas is 50 percent co-owned as tenants-in-common with the Oxnard Community Development Commission, the city of Oxnard's redevelopment agency. The CDC has previously received expressions of interest for the acquisition of this property and is requesting Metropolitan's approval-in-principle for pursuing negotiations with prospective third-party purchasers. Any sales agreement with the Oxnard CDC in the future will be brought to the Board for approval as well as authorization to surplus the property. Reference [Attachment 1](#) for the detailed report, [Attachment 2](#) for the area map, and [Attachment 3](#) for the aerial photograph.

Policy

Metropolitan Water District Administrative Code § 8240: Preliminary Requirements

Metropolitan Water District Administrative Code § 8241: Authority for Chief Executive Officer to Sell or Lease Surplus Real Property

Metropolitan Water District Administrative Code § 8254: Exceptions to Public Sale Requirements and state/federal law

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action, i.e., conducting negotiations with the CDC, is not defined as a project under CEQA, because it involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option#2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize conducting negotiations with the Oxnard Community Development Commission for the terms and conditions with prospective purchasers.

Fiscal Impact: None

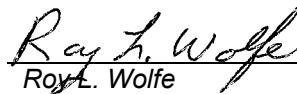
Option #2

Leave the land in "as is" condition with the existing year-to-year agricultural revenue ground lease.

Fiscal Impact: None

Staff Recommendation

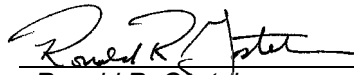
Option #1


Roy L. Wolfe

Manager, Corporate Resources

1/21/2003

Date


Ronald R. Gastelum

Chief Executive Officer

1/22/2003

Date

Attachment 1 – Detailed Report

Attachment 2 – Area Map

Attachment 3 – Aerial Photograph

BLA #2111

Detailed Report

Purpose/Background

In anticipation of a future seawater desalination facility the 309-acre subject property at Ormond Beach was purchased for \$10.2 million on August 4, 1998, per Board authorization of April 1998, from proceeds of the Bolsa Chica property sale of 1996.

In July 1998, the Board authorized (1) entering into a MOU with the city of Oxnard and its Community Development Commission, for 50 percent co-ownership of the property as tenants-in-common, and (2) providing financing by Metropolitan to the CDC with a promissory note and deed of trust in order to facilitate the transaction.

The authorized terms include:

- Current balance of \$5.5 million
- 6 percent interest with amortized quarterly installments of \$104,175
- 30-year note due and payable on August 31, 2028
- Additional principal pay-down from net revenues and tax increments of CDC

The property is a portion of the designated Ormond Beach Specific Plan and is zoned Coastal Dependent Industrial, Heavy Industrial, and Coastal Resource Protection. The wetlands delineation area has been preliminarily identified and the Army Corps of Engineers, California Coastal Commission, and California Department of Fish and Game definitions include 89.8 acres, 90.7 acres, and 108.4 acres, respectively. Ocean-View Produce Company (division of Dole Company) has a revenue ground lease on approximately 90 acres for agriculture purposes (broccoli and celery); a one-year lease extension with annual rental of \$156,500 has been finalized. Calleguas Municipal Water District plans to construct a 54-inch-diameter pipeline that will cross the property, will carry brine to the ocean from inland reclamation and water quality improvement projects, and will provide regional benefits. Specific rights-of-way involving the subject property to accommodate the brine-line project will be evaluated. In addition, further investigations and studies concerning potential desalination facilities will have to be performed in the near-term to refine the requirements for land parcelization, entitlements, and construction techniques.

Metropolitan's capital is represented by \$5.212 million of cash and a note receivable from the CDC for \$5.5 million, i.e., a total of \$10.712 million per the following:

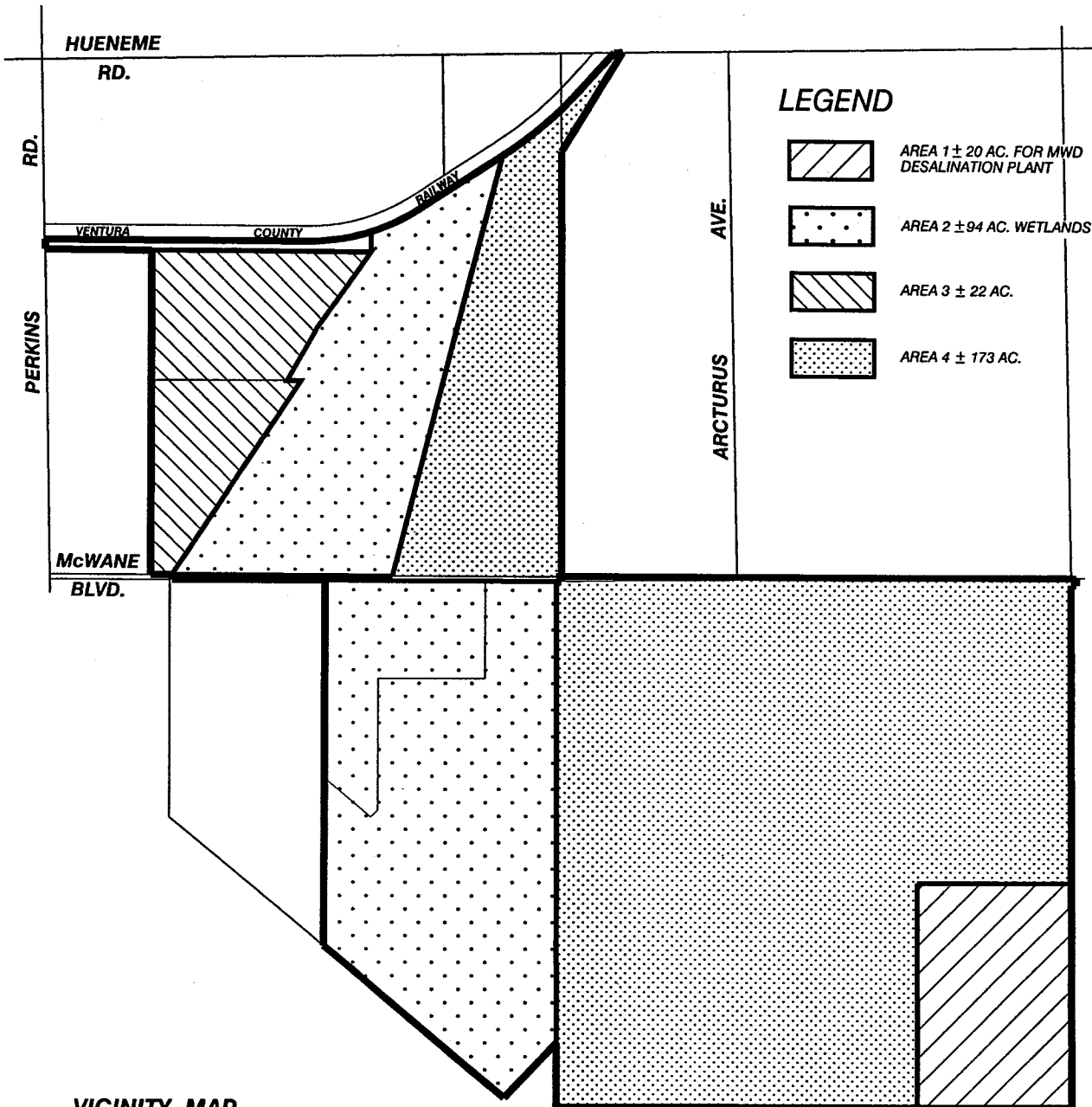
MWD Purchase Price at 50%		\$5,100,000
Due-Diligence and Acquisition Expenses at 50%		<u>112,000</u>
Cash Investment in Land		\$5,121,000 (a)
Original Balance of Oxnard CDC Note		\$5,100,000
Note Amendment for Expenses		112,000
Accrued Interest for One Year per MOU		<u>341,933</u>
Balance of Note Receivable on 9/1/2001		<u>\$5,533,933</u>
Balance of Note Receivable on 12/1/2002		<u>\$5,468,575</u>
	Say	\$5,500,000 (b)
Total Capital Outstanding from Metropolitan		\$10,712,000 (a + b)

Significant pro-active efforts by the CDC to encourage development in the Ormond Beach area have been consistently resisted by the community and neighborhood residents. The CDC believes, and Metropolitan staff concurs, that conventional development of this property is not economically feasible.

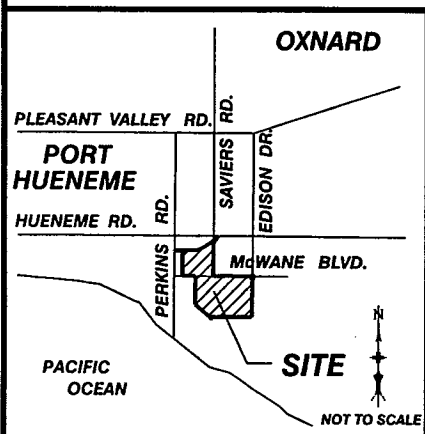
Criteria to assess whether Metropolitan properties need to be retained or may be declared surplus have been established by Metropolitan staff, and applying this criteria, the Ormond Beach property minus the 20 acres for a desalination facility has been identified as a candidate for surplus. The residual 289 acres do not include any existing facilities, have not been identified for possible planned or future facilities, are not needed to perform core functions, and are not needed for mitigation credits/reserves. Future consideration to surplus the Ormond Beach property (less 20 acres) will be in conformance with Metropolitan's Administrative Code and administrative requirements and will be in a form consistent with legal obligations. In the future, any sales agreement will be brought to the Board for approval.

**POR. OF LOTS 3, 4 & 6 OF SUBDIVISION 84 M.B. 3-14,
IN THE CITY OF OXNARD, COUNTY OF VENTURA, STATE OF CALIFORNIA**

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VICINITY MAP



PRELIMINARY

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

PROPERTY PROFILE

**MWD AND OXNARD COMMUNITY
DEVELOPMENT COMMISSION
FEBRUARY 2003
ORMOND1-01-100**

