

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

November 9, 2004 Board Meeting

9-6

Subject

Affirm the Chief Executive Officer's determination of the property designated Metropolitan Parcel Nos. 1415-2-1, -3 (westerly portion), and -7 as surplus to Metropolitan's needs: 28.27 acres south of Arrow Highway, La Verne, California

Description

Pursuant to The Metropolitan Water District of Southern California's Administrative Code § 8240, it has been determined that Metropolitan's Parcel Nos. 1415-2-1, -3 (westerly portion), and -7 located near the F. E. Weymouth Filtration Plant and comprising 28.27 acres, are surplus to Metropolitan's needs and can be sold pursuant to Metropolitan's Administrative Code § 8241 through § 8258. The original parcel, located near the intersection of Arrow Highway and Puddingstone Drive, was acquired in 1940 (then 97 +/- acres) for \$14,250 for utilization as solids handling retention and drying basins for the water treatment plant. Operation of the Weymouth plant solids handling basins was eventually discontinued as solids were sent by pipeline to the Los Angeles County Sanitation District. The current remainder property, designated Metropolitan Parcel Nos. 1415-2-1, -3, and -7 and now being 51.76 acres, was previously declared surplus by Metropolitan's Board in April 1989. The property was withdrawn by the Board from the Surplus Property Inventory in March 1994. The Detailed Report ([Attachment 3](#)) provides a chronology of transactions that have resulted in the current 51.76-acre property. 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 disposition. The city of La Verne has expressed interest in the westerly portion of the property for city redevelopment purposes. The estimated fair market value of \$3.8 million (April 2004) for the 28.27-acre area of property, as is, will be validated by an independent and updated appraisal report. (Reference [Attachment 1](#), [Attachment 2](#), and [Attachment 3](#)). These parcels will be added to the previously surplus parcels (3.72 acres - See [Attachment 1](#)) and offered for disposition, also validated by a comprehensive independent and updated appraisal report.

Metropolitan's continued ownership of the remainder 23.49-acre easterly area, which is good for commercial development, preserves multiple alternatives. Staff will evaluate options on this parcel to generate short-term revenue, seek compatible long-term opportunities, and accommodate future dynamics of the marketplace. Staff will report to the Board on recommended options for this parcel in January 2005.

Policy

Metropolitan Water District Administrative Code § 8240 and § 8250, California State Government Code § 54220 through § 54227) and applicable federal law

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because they involve continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed actions in question may have a significant effect on the environment, the proposed actions are not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed actions are not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

CEQA determination for Option #3:

None required. Subsequent actions on the property including leases may require compliance with the CEQA.

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Affirm the Chief Executive Officer's determination that the subject property is surplus;
- b. Comply with Government Code § 54222, Surplus Lands Act, by offering the property to prescribed public agencies for a sale price at its fair market value;
- c. If the property is not purchased by a government/public entity with priority rights, the Chief Executive Officer shall return to the Board to provide options to offer the property for disposition;
- d. Establish provision wherein requisite easements and mineral rights are reserved; and
- e. Continue management of the remainder portion of Metropolitan Parcel No. 1415-2-3 (easterly portion), including opportunities to market the property for a ground lease.

Fiscal Impact: \$0 until September 15, 2005, and then costs of approximately \$41,500 per annum for Mello Roos Community Facilities District special assessments and applicable valorem taxes and owners' association fees applicable to Metropolitan Parcel No. 1415-2-100.

Option #2

Adopt the CEQA determination and

- a. Do not surplus the subject property; and
- b. Leave the land in its current "as is" condition and return to the Board with a management plan for the property.

Fiscal Impact: \$0 until September 15, 2005, and then costs of approximately \$41,500 per annum for Mello Roos Community Facilities District special assessments and applicable valorem taxes and owners' association fees applicable to Metropolitan Parcel No. 1415-2-100.

Option #3

Adopt the CEQA determination and

- a. Do not surplus the subject property; and
- b. Market the property for a ground lease, e.g., wholesale nursery, athletic fields, etc.

Fiscal Impact: \$0 until September 15, 2005, and then costs of approximately \$41,500 per annum for Mello Roos Community Facilities District special assessments and applicable valorem taxes and owners' association fees applicable to Metropolitan Parcel No. 1415-2-100. Variable revenues from potential tenant lease and rental charges.

Recommendation

Option #1



Roy L. Wolfe
Manager, Corporate Resources

10/22/2004
Date



Ronald R. Gastelum
Chief Executive Officer

10/22/2004
Date

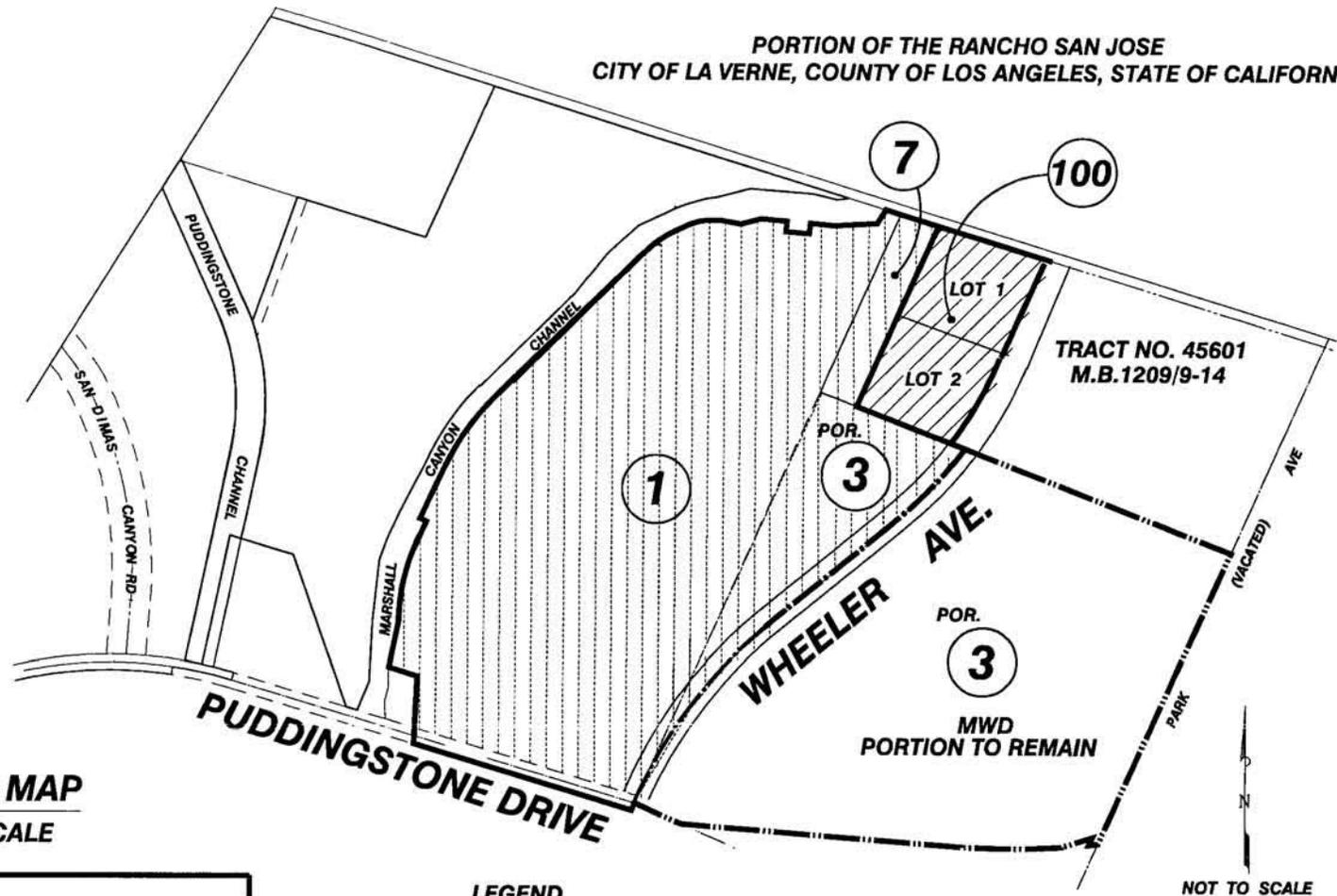
Attachment 1 – Vicinity Map

Attachment 2 – Location Map

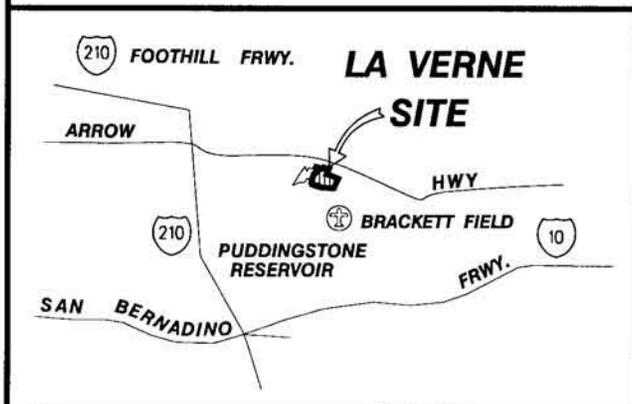
Attachment 3 – Detailed Report

BLA #3211

PORTION OF THE RANCHO SAN JOSE
CITY OF LA VERNE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



VICINITY MAP
NOT TO SCALE



LEGEND

PROPOSED SURPLUS PROPERTY	
	1415-2-1 24.70 ACS
	1415-2-3 (POR) 2.41 ACS
	1415-2-7 1.16 ACS
	TOTAL 28.27 ACS
DECLARED SURPLUS PROPERTY	
	1415-2-100 3.721 ACS.
PROPERTY TO REMAIN MWD	
	1415-2-3 POR 23.49 ACS

CITY OF LA VERNE
COUNTY OF LOS ANGELES

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

**ARROW HIGHWAY
PROPERTY**

1415-2-1, (PORTION)
1415-2-3, (PORTION)
1415-2-7

Detailed Report

Metropolitan acquired the Arrow Highway property in 1940 for \$14,250. Originally 97.05 acres, the property is located near the intersection of Arrow Highway and Wheeler Avenue/Puddingstone Drive. The site was acquired for utilization as solids handling retention and drying basins for the Weymouth filtration plant. The site presently has a remainder size of 51.76 acres, with approximately 565 feet of frontage.

The transactions resulting in the remainder 51.76-acre parcel are:

Date	Acreage affected	Transaction Description	Remainder Acreage
1940	97.05	Purchase	97.05
1942	2.13	Sold Carrion House	94.92
1946	1.22	Sold to LA County Flood Control	93.7
1958	4.3	Sold to State of California	89.4
1968	1.16	Quitclaimed to LA County Flood	88.24
1968	2.85	Sold to LA County Flood Control	85.39
1976	1.19	Sold to Occidental Research	84.24
1977	2.21	Sold to Mangold	81.99
1994	1.13	Sold Permanent Easement Only to San Polo Development	80.86
1999	15.82	Sold to National Security Construction	65.04
2000	17.0	Industrial land exchange	48.04
2002	(3.72)	Received 2 industrial lots	51.76
2004	28.27	Proposed surplus of Parcels 1415-2-1,-3 (westerly portion), and -7	23.49

In 1989, Metropolitan's Board surplused the entire Arrow Highway property, but this action was later rescinded due to a buyer's failure to perform.

The Chief Executive Officer has determined, and the Corporate Resources and Water System Operations Groups have affirmed, that Parcels 1415-2-1, -3 (westerly portion), and -7 are surplus to the needs of Metropolitan and can be disposed of without adversely affecting Metropolitan's foreseeable operational requirements. The value of the 28.27-acre area is currently estimated at \$3,800,000, as is. 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 2004/05 Capital Investment Plan does not specify any near- or far-term use of this property for water-related facilities. A Phase I Environmental Assessment of the site revealed no evidence of recognized environmental conditions other than the 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. Metropolitan's Administrative Code § 8254 sets forth terms applicable to purchases by governmental agencies and districts. The La Verne Redevelopment Agency, per the special district provisions, has indicated an interest in acquiring this surplus property.

In October 2003, criteria to assess whether Metropolitan properties need to be retained or may be declared surplus was presented to the Board. Applying these criteria, this 28.27-acre area has been identified as a candidate for surplus. This property does not include any existing facilities, has not been identified for possible planned or

future facilities, is not needed to perform core functions, and is not presently needed for mitigation credits/reserves.

Metropolitan's continued ownership of the remainder 23.49-acre easterly area, which is good for commercial development, preserves multiple alternatives. Staff will evaluate options on this parcel to generate short-term revenue, seek compatible long-term opportunities, and accommodate future dynamics of the marketplace. Staff will report to the Board on recommended options for this parcel in January 2005.

Under Option 1, 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 no such offer is accepted after offering this property for sale at the fair market value to certain public agencies, staff shall return to the Board to provide options to offer the property for disposition.

Option 2 will result in leaving the land in its current "as is" condition and writing a management plan for short- and long-term strategies to administer the property. Staff will return to the Board with a management plan for the property to determine retaining surface improvements (if any), consolidating parcels where applicable, and holding property for consideration of future development. There will be an ownership cost of approximately \$41,500 on September 15, 2005 and annually thereafter, for Mello Roos Community Facilities District special assessments and applicable valorem taxes and owners' association fees applicable to Metropolitan Parcel No. 1415-2-100.

Option 3 will result in leaving the subject property in its current "as is" condition and marketing the property in whole or in part for a ground lease. There will be an ownership cost of approximately \$41,500 on September 15, 2005 and annually thereafter, for Mello Roos Community Facilities District special assessments and applicable valorem taxes and owners' association fees applicable to Metropolitan Parcel No. 1415-2-100. Metropolitan will potentially receive variable revenues from tenant lease and rental charges.