

- Real Estate Activities – Quarterly Report Ending March 2005

Summary

This report provides information on various real estate activities covering the period from January through March 2005.

Attachments

Attachment 1	Requests for long-term leases and licenses by others to use Metropolitan-owned land
Attachment 2	Requests for easements by others to use Metropolitan-owned land
Attachment 3	Deeds and Grants accepted that allow Metropolitan to use others' privately-owned real property
Attachment 4	Leases and Permits granted to others to use Metropolitan-owned land
Attachment 5	Deeds granted to others that provide for compatible uses of land or sale of surplus property

Detailed Report

Accomplishments

Requests for Long Term Leases and Licenses

During the third quarter of fiscal year 2004/05, there were five requests for long-term leases and licenses of greater than 1 year. These requests are listed in Attachment 1. Leases are generally considered on Metropolitan-owned properties that are not appropriate to be declared surplus due to underlying Metropolitan pipelines. Leasing provides an opportunity to offset operations and maintenance costs. Fees and rents to be charged are determined during the appraisal process, which occurs after all the operational and technical issues are addressed, maps and exhibits are prepared, and the general terms, limitations, and conditions have been agreed upon. These fees and rents require a current appraisal and take into consideration any mutual benefits that Metropolitan may receive from the lease.

The lease request from River Valley Ranches is combined with Metropolitan's 35-year Palo Verde Valley water recovery program wherein a percentage of the leased irrigated fields are being fallowed. This request is subject to a future Board letter per the Administrative Code threshold for annual rents that exceed \$250,000. The license request from the City of South Gate would amend an existing license. This license provides a benefit to Metropolitan by defraying costs of surface maintenance to the City including weed abatement, trash clean-up, patrols and protection from encroachments and trespassing.

These lease and license requests conform to the standard terms and conditions as approved by the Board, with the exception of certain term lengths and cancellation clauses. Metropolitan's standard terms and conditions are: a) Metropolitan holds paramount rights to use the property; b) Lease provides only secondary uses and is not required by Lessee for primary conditions or permits; c) Metropolitan has blanket right to enter and inspect the Property; d) No hazardous substances allowed; e) Compensation and rent based on market appraisal; f) Term length less than five years; g) Cancellation clause for one year or less; h) Lessee responsible for maintenance; i) Lessee pays all applicable taxes, e.g. business and possessory taxes; j) Lessee indemnifies Metropolitan and provides hold harmless clause and/or provides liability insurance; k) Any improvements require prior written Metropolitan approval; and l) Compliance required for local, state, federal statues and ordinances, e.g., California Environmental Quality Act.

Requests for Easements

Attachment 2 lists the recent requests for easements and other durable property interests. These requests are also generally considered on properties that are not appropriate to be declared surplus due to underlying Metropolitan pipelines. There are 18 easement requests of which 14 are from public agencies. These easement requests are

generally for infrastructure improvements. They conform to the standard terms and conditions as approved by the Board.

Deeds and Grants Accepted by Metropolitan

During the reporting period, Metropolitan completed the acquisition of an 8.06-acre parcel as a part of an exchange to perfect title over a portion of the Upper Feeder pipeline at Pyrite Street. This transaction resulted in an additional 2.52 acres to Metropolitan and restoration of the integrity of pipeline right of way. A listing of all deeds and rights accepted from others during the reporting period is included as Attachment 3.

Leases and Permits Granted

Fourteen leases, licenses and entry permits were executed during the reporting period. Five of these agreements allow access onto Metropolitan's property for a local public agency, city or county government entity. Attachment 4 is a listing of the agreements that grant others the use of Metropolitan-owned lands. These agreements conform to criteria adopted by Metropolitan's Board. This attachment contains both short-term and long-term leases, licenses and entry permits. The long-term leases have previously been reported to the Board in regular Real Estate Activities Quarterly Reports.

The Fifth Amendment to the lease with the County of Riverside (County) was executed, allowing the County to continue its recreational operation at Lake Skinner. A six-year lease was executed with the City of Los Angeles, Department of Parks and Recreation, at the Joseph Jensen Water Treatment Plant. This lease allows continued park and recreational activities operated and maintained by Granada Hills Youth Recreation Center on Metropolitan-owned land. In exchange for this lease, Metropolitan received the right for nine years, at no charge, to utilize two solids processing ponds owned by the Los Angeles Department of Water and Power. The three year difference between the reciprocal agreements will allow time to construct Metropolitan's solids handling facility at the Joseph Jensen Water Treatment Plant after the recreational uses have moved to a new city-owned location.

Deeds Granted to Others

Attachment 5 indicates that Metropolitan granted two easements during this reporting period. One easement is for a storm drain crossing at the request of the City of Fontana. Metropolitan granted a 5.54 acre parcel to Team Truck Dismantling in connection with the exchange of properties to perfect title over a portion of the Upper Feeder at Pyrite Street, as well as the granting of a restrictive easement for ingress, egress and landscaping in the same transaction.

Additional Accomplishments

Metropolitan was also recently invited to participate in a Los Angeles County Civil Grand Jury review of management of governmental real property assets within the County of Los Angeles. The goal of the investigation is to determine if opportunities exist for better collaboration and coordination between agencies on the need for, and disposition of, real property assets. The Grand Jury consultants have interviewed Metropolitan staff and examined documents and databases related to real property management, and anticipate making a formal presentation of their findings before the end of May 2005. The participating agencies include The Metropolitan Water District of Southern California; City of Los Angeles, General Services Department; City of Los Angeles, Department of Water and Power; City of Long Beach; and County of Los Angeles.

Future Goals

- Continue sale negotiations of La Verne (Arrow Highway) property to City of La Verne Redevelopment Agency.
- Continue sale procedures of Ormond Beach Property to the California Coastal Conservancy.
- Continue to apprise Board of sale negotiations with the City of Pasadena regarding the Arroyo Seco (29.5 acre) property.
- Continue sale procedures for eleven residential properties at Diamond Valley Lake. Broker to market and sell properties.

- Present policy for leasing and surplus property to Board.
- Continue to participate in the County of Los Angeles Civil Grand Jury investigation and report accordingly.

Requests for Long Term Leases and Licenses by Others
During 3rd Quarter of FY 2004/05
January 1, 2005 Through March 31, 2005

LESSEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM (YRS)	FEE	STANDARD CONDITIONS MET	COMMENTS
Infrastructure Improvements (fencing, utilities, access)							
City of Santa Clarita (RL 2356)	Public	5 acres	Lease	Year to Year	TBD ⁽¹⁾	√	Access and maintenance of existing pepper trees
Verizon Wireless (RL 2366)	Private	0.01	Lease	5 years plus four 5-year options to extend	\$18,000/year	√ see (2)	Telecommunications site located outside secured perimeter at Jensen Plant
Charles Ross/Anthem Telecom (RL 2370)	Private	TBD	License	5 years plus four 5-year options to extend	TBD ⁽¹⁾	√ see (2)	Access crossing for nearby telecommunications equipment
Parks and Recreation							
City of South Gate (RL 2332)	Public	1.262 acres	License	46 years	TBD ⁽¹⁾	√ see (2)	Expansion of existing License area for public park
Agriculture							
River Valley Ranches (RL 2364)	Private	2,261 acres	Lease	5 years plus one 5-year extension	\$315,000	√ see (3)	Approximately 25% of the leased irrigated fields are being fallowed in accordance with the current lease extension terms, and will continue to be fallowed in compliance with Metropolitan's 35-year Palo Verde Valley water recovery program (this lease formerly with Craig Elmore and Karen Smith)

(1) Compensation is determined during the appraisal process

(2) A long term lease/license without a one year cancellation is requested by Lessee to realize its return on its substantial capital investment

(3) This term was requested by the Lessee. His primary crop (alfalfa) has a 4-year life span. The Lessee's up-front expenses (field engineering, re-levelling, planting, etc.) prior to re-planting, and following fallowing, are amortized over a 3-year period.

The Lessee's field rotations occur on 1-year (for cotton) and 3-year basis. This Lessee has made substantial improvements to the land since the original lease began, including concrete-lined ditches, underground field tiles and installing a meteorological station on site.

Requests for Easements by Others
During 3rd Quarter of FY 2004/05
January 1, 2005 Through March 31, 2005

LESSEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM (YRS)	FEE	STANDARD CONDITIONS MET	COMMENTS
Infrastructure Improvements (fencing, utilities, access)							
Western Municipal Water District (RL 2080)	Public	1.45 acres	Easement	Permanent	TBD ⁽¹⁾	√	Waterline improvements for adjacent residential development
County of Los Angeles (RL 2203)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	√	Utility improvements for adjacent residential development
West Valley Water District (RL 2257)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	√	Utility improvements for adjacent residential development
City of Riverside (RL 2277)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	√	Utility improvements for adjacent residential development
San Antonio Water Company (RL 2293)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	√	Utility improvements for adjacent residential development
Pulte Home Corporation (RL 2319)	Private	0.20 acre	Easement	Permanent	TBD ⁽¹⁾	√	Road improvements for adjacent residential development
Los Angeles County Sanitation District (RL 2320)	Public	0.108 acre	Easement	Permanent	TBD ⁽¹⁾	√	Road access to reclamation plant
San Bernardino Valley Municipal Water District (RL 2321)	Public	0.322 acre	Easement	2 years	TBD ⁽¹⁾	√	Construction staging purposes
City of Fontana (RL 2323)	Public	0.49 acre	Easement	Permanent	TBD ⁽¹⁾	√	Road and utility improvements for adjacent residential development
Silvergate Financial Inc. (RL 2333)	Private	0.136 acre	Easement	Permanent	TBD ⁽¹⁾	√	Road improvements for adjacent residential development
City of Riverside (RL 2342)	Public	0.264 acre	Easement	Permanent	TBD ⁽¹⁾	√	Roads and utilities improvements for adjacent commercial development
San Diego County Water Authority (RL 2344)	Public	0.01 acre	Easement	Permanent	TBD ⁽¹⁾	√	Accommodate modifications to grantee's existing SD-08 service connection that will encroach onto Metropolitan property
County of Riverside (RL 2346)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	√	Drainage improvements for adjacent residential neighborhood
Randall Lewis (RL 2350)	Private	TBD	Easement	Permanent	TBD ⁽¹⁾	√	Utility improvements to adjacent home
Southern California Gas Co. (RL 2351)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	√	Relocation of existing natural gas easement
Newhall Land and Farming (RL 2359)	Private	0.61 acre	Grant Deed	Permanent	TBD ⁽¹⁾	√ see (2)	Land exchange to facilitate adjacent residential development
City of Riverside (RL 2534)	Public	0.02 acre	Easement	Permanent	TBD ⁽¹⁾	√	Utility improvements for adjacent industrial project
Mission Lakes Country Club, Inc. (RL 2535)	Public	3 acres	Quitclaim	Permanent	\$0 ⁽²⁾	√ see (2)	Easement Quitclaim of an abandoned Metropolitan transmission line to the underlying fee owner in exchange for access rights to the Colorado River Aqueduct

(1) Compensation is determined during the appraisal process

(2) Transaction is an exchange of property rights whereby Metropolitan will give up rights to this parcel and gain rights to another parcel

Deeds and Grants
Accepted During 3rd Quarter of FY 2004/05
January 1, 2005 Through March 31, 2005

GRANTOR	ACREAGE	TYPE	TERM	RECORDING DATE	COST
Team Truck Dismantling, Inc.	8.06 acres	Fee	Permanent	03/08/05	-0- ⁽¹⁾
Department of Water and Power of the City of Los Angeles	1.3 acres	License	09/30/05	N/A	\$500
Mc Millan Morgan Hill, LLC	6.73 acres	Easement	Permanent	02/02/05	\$0 ⁽²⁾

Total Cost

\$500

Notes:

⁽¹⁾ Exchange of like-for-like property for the purpose of perfecting title over the Upper Feeder pipeline resulting in additional net acreage to Metropolitan of 2.52 acres. Refer to Attachment 5.

⁽²⁾ In connection with the San Diego Pipeline No. 6 Project, the Grantor/Developer was required to dedicate permanent easements to Metropolitan for the pipeline right-of-way within the tract map of their subdivision as conditioned by the County of Riverside Planning Commission, but failed to do so on the actual tract map. The easements subsequently granted to Metropolitan were in compliance with previously required conditions.

Leases and Permits Granted
During 3rd Quarter of FY 2004/05
January 1, 2005 Through March 31, 2005

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE / RENT
County of Riverside (RL 295)	Public	350 acres	Lease	15 years	Fifth Amendment to Lease for Recreation Facilities at Lake Skinner	(1) \$0 N/A
Craig Elmore and Karen Smith (RL 2007)	Private	2280 acres	Lease	1 year	Irrigated Alfalfa and Cotton Farming	\$209,075 Annual
Ross Distribution Inc. (RL 2019)	Private	10.83 acres	License	three 1-year options to extend	Parking	\$5,000 Annual plus 3 % adjustment
Colonies Crossroads, Inc. (RL 2039)	Private	0.735 acre	Lease	55 years	Parking and Landscaping	\$1,594 Annual w/CPI adjustments
Colonies Crossroads, Inc. (RL 2130)	Private	3.539 acres	Lease	70 years	Parking and Landscaping	\$7,644 Annual w/CPI adjustments
Colonies Crossroads, Inc. (RL 2131)	Private	1.738 acres	Lease	70 years	Parking and Landscaping	\$3,770 Annual w/CPI adjustments
Colonies Crossroads, Inc. (RL 2132)	Private	1.872 acres	Lease	70 years	Parking and Landscaping	\$4,061 Annual w/CPI adjustments
Colonies Crossroads, Inc. (RL 2170)	Private	0.736 acres	Lease	70 years	Parking and Landscaping	\$1,597 Annual w/CPI adjustments
KB Home Coastal Inc. (RL 2276)	Private	1.1 acre	Entry Permit	1 year	Installation of Protective Slab and Construction Equipment Crossing	\$500 One time
City of Los Angeles, Department of Parks and Recreation (RL 2300)	Public	17 acres	Lease	6 years	Recreational Athletic Field	\$2,282 Annual w/CPI adjustments
Riverside County Transportation Commission (RL 2327)	Public	1475 acres	Entry Permit	1 year	Land Surveys and Engineering Studies	(2) \$0 N/A
City of Santa Clarita (RL 2334)	Public	3.47 acres	Entry Permit	5 months	Temporary Access to Adjacent Sewer Project	\$1,500 One time
Riverside County Transportation Commission (RL 2528)	Public	7491 acres	Entry Permit	1 year	Land Surveys and Engineering Studies	(2) \$0 N/A
Rick Engineering (RL 2531)	Private	151.82 acres	Entry Permit	2 months	Temporary Access to Remove Equipment	\$7,500 One time

Total

\$244,523

(1) Lease was issued to a public agency with mutual benefits from MWD's defrayment of periodic maintenance and site improvement expenses and providing community relations based on the availability of municipal recreational facilities.

(2) Reciprocal Value Agreement - Permit issued cooperatively to a governmental agency with mutual benefits resultant from MWD's receipt of on-site investigative studies and reports.

Deeds Granted
During 3rd Quarter of FY 2004/05
January 1, 2005 Through March 31, 2005

GRANTEE	ACREAGE	TYPE	TERM	USE	RECORDING DATE	FEE / RENT
City of Fontana	0.046 acre	Easement	Permanent	Storm drain	1/31/2005	\$1,500 One time
Team Truck Dismantling, Inc.	5.54 acres	Fee	Permanent	Auto Dismantling Operation	3/8/2005	(1) \$0 N/A
Team Truck Dismantling, Inc.	8.06 acres	Easement	Permanent	Ingress, Egress, Landscaping	3/8/2005	(2) \$0 N/A

Total \$1,500

(1) Exchange of like-for-like property for the purpose of perfecting title over the Upper Feeder pipeline resulting in additional net acreage to Metropolitan of 2.52 acres. Refer to Attachment 3.

(2) Restrictive easement to allow ingress, egress and landscaping over a portion of the Upper Feeder pipeline. This transaction was a part of an exchange to perfect title over a portion of the Upper Feeder pipeline, resulting in additional net acreage of 2.52 acres to Metropolitan. Refer to Attachment 3.