

- Real Estate Activities – Quarterly Report Ending September 2005

Summary

This report provides an update on real estate activities for the period from July through September 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 by 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 Metropolitan-owned land or sale of surplus property

Detailed Report

Accomplishments

Requests for Long Term Leases and Licenses

During the first quarter of fiscal year 2005/06, there was one request for a long-term license. This request was from RM Broadcasting and is listed in [Attachment 1](#). There have been no requests for leases. Leases are generally considered on Metropolitan-owned properties that are not appropriate to be declared surplus due to underlying Metropolitan pipelines or operational needs. Leasing provides an opportunity to defray 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 or license.

The license request from RM Broadcasting is for ingress and egress over Metropolitan's existing roadway for access to RM Broadcasting's adjacent property. This request conforms to the standard terms and conditions as approved by the Board. Metropolitan's standard terms and conditions as approved by the Board 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 ten 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 tenant provided improvements require prior written Metropolitan approval; and l) Compliance required for local, state, federal statutes and ordinances.

Requests for Easements

[Attachment 2](#) lists the recent requests for easements and other durable property interests. The attachment is divided into categories based on request types (e.g., infrastructure improvements, parking and landscaping, agricultural, or parks and recreation). These requests are also generally considered on properties that are not appropriate to be declared surplus due to underlying Metropolitan pipelines or operational needs. There were 15 easement requests which are generally for infrastructure improvements. Five requests are from entities providing infrastructure improvements and utility services to the Diamond Valley Lake East Recreation area. One request is from the City of Rancho Cucamonga to establish an equestrian trail within the City's existing road easement. Eight requests are from public agencies for road, sidewalk, storm drain and/or utility easements. There is one request to amend an existing easement to allow installation of an additional gas pipeline and a communications cable. These easements conform to the standard terms and conditions as approved by the Board.

Deeds and Grants Accepted by Metropolitan

During the reporting period, 26 easements were executed for the Palo Verde Irrigation District Forbearance and Fallowing Program. These easements were for land areas totaling 11,056 Water Toll Acres. A listing of all deeds and rights accepted from others during the reporting period is included as [Attachment 3](#).

Four properties were acquired in fee, one for the Lake Skinner Water Quality Protection, two as a buffer area from the residential development west of the Diemer Water Treatment Plant, and one for a future conservation easement.

Two entry permits were acquired, one for access to the Inland Feeder Program's Sand Canyon mitigation pipeline and one for temporary construction of that pipeline. The pipeline is a 6-inch-diameter PVC pipe directly on the ground surface in the vicinity of the Arrowhead Tunnels. It will be constructed only in the event that the underlying groundwater table has dropped due to Inland Feeder tunneling activities and if the groundwater must be recharged to maintain biological resources in the area.

In an exchange of access rights, Metropolitan received from Pulte Homes a direct, permanent roadway to Metropolitan's Allen McCulloch pipeline facilities.

Metropolitan purchased a 50% interest in 20 acres at Ormond Beach for a potential desalination plant. This purchase was from the Oxnard Community Development Commission at a price formula stipulated in the existing Memorandum of Understanding (MOU) between Metropolitan and the Oxnard Community Development Commission.

Leases and Permits Granted

Three leases, one license and six entry permits were executed during the reporting period. Four of these permits allow access onto Metropolitan's property for a local public agency, city or county government entity. [Attachment 4](#) is a listing of these agreements which grant others the use of Metropolitan-owned lands. These agreements conform to criteria adopted by Metropolitan's Board.

A year-to-year lease was granted to Oceanview Produce for the residual 20-acre site at Ormond Beach. The quarterly rent of \$4,742.50 was effective September 1, 2005 and subsequent to the purchase of 276 acres by The Nature Conservancy. An entry permit was granted to City of Hemet for maintenance of a drainage channel at the North Property near Diamond Valley Lake. The drainage channel was constructed by Hemet across a portion of Parcel 144-1-85 in accordance with the city's master drainage plan. Construction of these flood control facilities was a condition of the city's approval in accordance with the previous owner's specific plan for development of Parcel No. 144-1-85. These drainage facilities were not built before Metropolitan acquired the property.

Two leases were executed for office space rental at Union Station. One lease is with the Division of State Architects for 19,390 square feet of office space and 3,808 square feet of storage space, currently totaling 23,198 square feet at a monthly rent of \$42,550.24. Future storage and parking space is planned for an additional 3,971 square feet. The other lease executed is for 25,485 square feet of office space with the Office of Statewide Health Planning and Development at a monthly rate of \$46,173. These leases were approved by prior board action.

Deeds Granted to Others

Metropolitan granted 14 grant deeds, two easements, and one quitclaim deed ([see Attachment 5](#)) during this reporting period.

On August 4, 2005, Metropolitan concluded the sale of its 50% interest in 276 acres at Ormond Beach to The Nature Conservancy. Total consideration was \$12.972 million, in an all cash transaction. In addition, Metropolitan contemporaneously sold its 50% interest in 13 acres to the Oxnard Community Development Commission with a similar per acre unit price totaling \$305,000.

Metropolitan granted a quitclaim deed to Pulte Homes for a portion of Metropolitan's right of way that was unnecessary for the Allen McCulloch Pipeline (AMP). This exchange was done in consideration of Pulte's providing direct, permanent access to the AMP facilities.

During this reporting period, Metropolitan closed escrow on nine of the surplus residential properties at Diamond Valley Lake, receiving approximately \$4 million net after broker and escrow fees (\$4.2 million selling price).

Additional Accomplishments

During this reporting period an informational presentation was made to the board relating to the policies for leasing and surplus property.

During Fiscal Year 2004-05, 11 Conditional and 7 Final Annexations were approved by Metropolitan’s board.

Future Goals

- Complete the disposition of the remaining two out of eleven previously designated surplus residential properties near to Diamond Valley Lake.
- Present information, appraisal, and management options regarding the DVL North Property.
- Continue disposition activities for sale of the Arroyo Seco (29.5 acre) property to the City of Pasadena. Metropolitan’s actions are completed and the grant deed will record after funding of escrow by the City of Pasadena.
- Continue disposition activities on previously designated surplus property located along Gavilan Road near Lake Mathews.

**Requests for Long Term Leases and Licenses by Others
During 1st Quarter of FY 2005/06
July 1, 2005 Through September 30, 2005**

LESSEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM (YRS)	FEE	STANDARD CONDITIONS MET (Y/N)	COMMENTS
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Infrastructure Improvements (fencing, utilities, access)

RM Broadcasting (RL 2240)	Private	4.0 Acres	License	50 Years	\$4,000/year	Y	Ingress and egress over MWD's existing roadway for access to Licensee's adjacent property
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**Requests for Easements by Others
During 1st Quarter of FY 2005/06
July 1, 2005 Through September 30, 2005**

LESSEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM (YRS)	FEE	STANDARD CONDITIONS MET (Y/N)	COMMENTS
Infrastructure Improvements (fencing, utilities, access)							
Adelphia Communications (RL 2437)	Private	9.876 acres	Easement	Permanent	\$0 (1)	Yes	Providing utility service to DVL east recreation area - Searl Parkway Phase II
California, State of (Department of Transportation/Caltrans) (RL 2432)	Public	TBD	Easement	Permanent	TBD (2)	Yes	Road and sidewalk improvements on Inland Feeder right of way in Mentone for Mentone Blvd. (Highway 38) project
California, State of (Department of Transportation/Caltrans) (RL 2575)	Public	TBD	Easement	Permanent	TBD (2)	Yes	Road and sidewalk improvements on Inland Feeder right of way in Mentone for Mentone Blvd. (Highway 38) project
Eastern Municipal Water District (RL 2439)	Public	9.876 acres	Easement	Permanent	\$0 (1)	Yes	Providing sewer, domestic water and reclaimed water lines to DVL East Recreation Area - Searl Parkway Phase II
Fontana, City of (RL 2425)	Public	0.134 acres	Easement	Permanent	TBD (2)	Yes	Road and utility easement crossing over Foothill Feeder right of way for adjacent residential development
Los Angeles, County of (RL 2422)	Public	TBD	Easement	Permanent	TBD (2)	Yes	Storm drain easement across Foothill Feeder
Riverside, City of (RL 2388)	Public	0.022 acre	Easement	Permanent	TBD (2)	Yes	Road easement across Box Springs Feeder right of way for adjacent light industrial/warehouse development
Riverside, City of (RL 2408)	Public	TBD	Easement	Permanent	TBD (2)	Yes	Road easement across Box Springs Feeder right of way for adjacent residential development
Riverside, City of (RL 2428)	Public	TBD	Easement	Permanent	TBD (2)	Yes	Road and utility easement crossing over Box Springs Feeder right of way for adjacent residential development
Southern California Edison Co. (RL 2576)	Private	9.882 acres	Easement	Permanent	\$0 (1)	Yes	Providing utility service to DVL East Recreation Area - Searl Parkway Phase II
Southern California Gas Co. (RL 2577)	Private	9.876 acres	Easement	Permanent	\$0 (1)	Yes	Providing utility service to DVL East Recreation Area - Searl Parkway Phase II
Southern California Gas Company (RL 2162)	Private	4.148 acres	Easement Amendment	Permanent	\$19,300	Yes	Amendment to original easement, acquired in 1954 by condemnation, expands rights to allow for additional pipelines and a communications cable within the right of way
Upland, City of (RL 2416)	Public	TBD	Easement	Permanent	TBD (2)	Yes	Road and utility improvements over Foothill Feeder right of way in conjunction with Colonies Crossroads retail development
Verizon Communications (RL 2438)	Private	9.876 acres	Easement	Permanent	\$0 (1)	Yes	Providing telephone service to DVL east recreation area - Searl Parkway Phase II
Parks and Recreation							
Rancho Cucamonga, City of (RL 2382)	Public	0.303 acres	Easement	Permanent	TBD (2)	Yes	Equestrian trail easement within existing road easement

(1) These easements for utility and infrastructure are necessary to provide service to DVL East Recreation Facilities and are being provided by these agencies/companies at the request of MWD.

(2) Market rent to be set based on appraisal in addition to \$1,500 processing fee

**Deeds and Grants Accepted
During 1st Quarter of FY 2005/06
July 1, 2005 Through September 30, 2005**

GRANTOR	ACREAGE	TYPE	TERM	USE	RECORDING DATE	COSTS
Barnes and Berger	301 acres ⁽¹⁾	Easement	35 years	PVID Program	9/29/2005	\$ 477,085 ⁽²⁾
Bryce, Gary A. & Barbara L.	55 acres ⁽¹⁾	Easement	35 years	PVID Program	8/12/2005	\$ 443,800 ⁽²⁾
Chase Trust/Laurence Chase	55 acres ⁽¹⁾	Easement	35 years	PVID Program	9/30/2005	\$ 87,175 ⁽²⁾
Farmland/LDS Riverside	2793 acres ⁽¹⁾	Easement	35 years	PVID Program	7/14/2005	\$ 4,426,905 ⁽²⁾
Fisher Family Prop, LLC	2973 acres ⁽¹⁾	Easement	35 years	PVID Program	7/12/2005	\$ 4,712,205 ⁽²⁾
Fisher Revocable Trust	552 acres ⁽¹⁾	Easement	35 years	PVID Program	7/14/2005	\$ 874,920 ⁽²⁾
Fram Washburn Bacon Farms	38 acres ⁽¹⁾	Easement	35 years	PVID Program	8/12/2005	\$ 72,910 ⁽²⁾
GM Corporation	53 acres ⁽¹⁾	Easement	35 years	PVID Program	8/11/2005	\$ 84,005 ⁽²⁾
Holt, Joseph S. & Rose J.	37 acres ⁽¹⁾	Easement	35 years	PVID Program	8/12/2005	\$ 74,495 ⁽²⁾
Hull Farms, Inc	245 acres ⁽¹⁾	Easement	35 years	PVID Program	9/14/2005	\$ 388,325 ⁽²⁾
Lakota Resources, LLP	1159 acres ⁽¹⁾	Easement	35 years	PVID Program	9/16/2005	\$ 1,837,015 ⁽²⁾
Logsdon/Richardson	33 acres ⁽¹⁾	Easement	35 years	PVID Program	9/22/2005	\$ 52,305 ⁽²⁾
Martin Family Trust	25 acres ⁽¹⁾	Easement	35 years	PVID Program	8/16/2005	\$ 39,625 ⁽²⁾
Morris, Dean G.	28 acres ⁽¹⁾	Easement	35 years	PVID Program	8/12/2005	\$ 53,890 ⁽²⁾
Morton, Robert Marshall II	54 acres ⁽¹⁾	Easement	35 years	PVID Program	9/7/2005	\$ 85,590 ⁽²⁾
Nowell, et al	208 acres ⁽¹⁾	Easement	35 years	PVID Program	9/14/2005	\$ 329,680 ⁽²⁾
O'Brien, Thomas F. III	57 acres ⁽¹⁾	Easement	35 years	PVID Program	8/29/2005	\$ 90,345 ⁽²⁾
Rancho Del Juan, Inc	219 acres ⁽¹⁾	Easement	35 years	PVID Program	8/16/2005	\$ 347,115 ⁽²⁾
Richardson, John C. & Evelyn J.	82 acres ⁽¹⁾	Easement	35 years	PVID Program	9/8/2005	\$ 129,970 ⁽²⁾
Rio Rancho 2000, LLC	715 acres ⁽¹⁾	Easement	35 years	PVID Program	8/12/2005	\$ 924,055 ⁽²⁾
Running Box Corp	74 acres ⁽¹⁾	Easement	35 years	PVID Program	8/11/2005	\$ 168,010 ⁽²⁾
San Bernardino Stake, LDS	948 acres ⁽¹⁾	Easement	35 years	PVID Program	7/12/2005	\$ 1,502,580 ⁽²⁾
Seale, John & Billie Fae	48 acres ⁽¹⁾	Easement	35 years	PVID Program	8/11/2005	\$ 91,930 ⁽²⁾
Stroschein, Eric W., et al	75 acres ⁽¹⁾	Easement	35 years	PVID Program	9/13/2005	\$ 118,875 ⁽²⁾
Van Der Eyk Family Living Trust	95 acres ⁽¹⁾	Easement	35 years	PVID Program	8/12/2005	\$ 182,275 ⁽²⁾
Wuertz Family Trust #2, dtd April 15, 1982	134 acres ⁽¹⁾	Easement	35 years	PVID Program	8/17/2005	\$ 212,390 ⁽²⁾
Clark/Verner	4.59 acres	Grant Deed	Permanent	Lake Skinner Water Quality Protection	8/3/2005	\$ 245,000
Oxnard Community Development Commission	Approx. 20 acres	Grant Deed	Permanent	Facilities for potential desalination plant	8/4/2005	\$ 508,445
PAR International Enterprises	n/a ⁽³⁾	Entry Permit	Annual Renewal until 12/31/10	Access to the Sand Canyon mitigation pipeline	N/A	\$150 per year
Pulte Home Corporation	0.035 acre	Easement	Permanent	Ingress, egress and roadway	6/23/05	\$ - ⁽⁴⁾
Rezek	0.316 acres	Entry Permit	5 yrs 6 mos	Temporary construction of Sand Canyon mitigation pipeline	N/A	\$ 250
Toll Bros. III	7.518 acres	Grant Deed	Permanent	Future conservation easement	7/19/2005	\$ - ⁽⁵⁾
Toll Bros. III	1.356 acres	Grant Deed	Permanent	Diemer Plant Buffer	7/19/2005	\$ - ⁽⁶⁾
Toll Bros. III	0.19 acres	Grant Deed	Permanent	Diemer Plant Buffer	7/19/2005	\$ - ⁽⁷⁾

Total \$ 18,561,320

- (1) Following Easement Deed acreage is calculated in Water Toll Acres. Water Toll Acres are defined as the plantable and growable area of land within a landowner's property. This water toll acre is usually less than the total land acreage.
- (2) Metropolitan shall pay to Grantor an initial payment of \$3,170 for each water toll acre of Landowner's Maximum Following Commitment. Participating Grantors were given five options as to how they would receive the funds. All participants reported in this quarterly report chose Option A which is a first installment of \$1,585 per water toll acre payable at the close of escrow and the balance or second installment to be paid one calendar year after the commencement date of the program. The following easement costs reflected in this quarterly report represent amounts paid for the first installment.
- (3) Entry Permit is for access over existing road, no survey was conducted to determine acreage.
- (4) Pulte Homes granted a permanent access easement to MWD to the Allen McCulloch Pipeline in exchange for MWD's quitclaiming its previous access which needed to be relocated due to development of a residential tract.
- (5) Acquired as part of a transfer of a conservation easement to the Dept. of Fish and Game pursuant to the Habitat Conservation Plan (HCP) dated November 1996.
- (6) Acquired as part of an exchange for a slope area.
- (7) Acquired as a dedication of the developer's tract map (Tract Map 16045).

**Leases and Permits Granted
During 1st Quarter of FY 2005/06
July 1, 2005 Through September 30, 2005**

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT
Division of State Architects (RL 2376)	Public	23,198 sq. ft.	Lease	8 years	Rental of office space and storage space	\$42,550.24 Monthly
Eastern Municipal Water District (RL 2413)	Public	0.49 acre	License	3 years	Access to adjacent property to repair EMWD pipeline	\$1,500.00 Yearly
Hemet, City of (RL 2405)	Public	8 acres	Entry Permit	1 year	Maintenance of Drainage Channel	\$0.00 (1)
Hemet Unified School District (RL 2540)	Public	240 acres	Entry Permit	3 days	3 one-day annual middle school and high school invitational cross county track meets	\$0.00 (2)
Lewis, Randall (RL 2357)	Private	0.41 acre	Entry Permit	1 year	Installation of utilities	\$1,500.00 One Time
Oceanview Produce (RL 2295)	Private	20 acres	Lease	Year to Year	Agricultural	\$4,742.50 Quarterly
Office of Statewide Health Planning and Development (RL 2375)	Public	25,485 sq. ft.	Lease	8 years	Rental of office space - 2nd floor of Union Station	\$46,173.00 Monthly
SC Fontana Development Corporation (RL 2187)	Private	0.01 acre	Entry Permit	6 months	Removal of fence and construction of wall	\$1,500.00 One Time
United States Marine Corps (RL 2399)	Public	4,014 acres	Entry Permit	10 days	Land navigation techniques in a challenging environment and to bring in water trailers for a military exercise	\$0.00 (3)
West Valley Water District (RL 2539)	Public	11.75 acres	Entry Permit	6 months	Construction of 24-Inch Water Line - Future Casa Grande Drive	\$1,500.00 One Time
Western Days Rodeo, Inc. (RL 2556)	Private	1.6 acres	Entry Permit	9 days	Parking of vehicles and trailers and a Los Angeles County Sheriff's Dept. command center for the annual rodeo event	\$500.00 (4) One Time

Total

\$99,965.74

(1) Drainage channel at Diamond Valley Lake constructed by City of Hemet across a portion of Parcel 144-1-85 in accordance with the city's master drainage plan. Construction of these flood control facilities was a condition of the city's approval the previous owner's specific plan for development of Parcel No. 144-1-85, but they were not built before Metropolitan acquired the property.

(2) Reciprocal agreement - MWD received \$4,455 in services from Hemet Unified School District's bus fleet for its Solar Cup event at Lake Skinner.

(3) Fees waived to support U.S. Marine Corps desert training in relation to National Security and the military familiarizing themselves with MWD's property in the event of an emergency.

(4) Fee reduced for the non-profit entity and security being provided for MWD's facilities during the event.

Deeds Granted
During 1st Quarter of FY 2005/06
July 1, 2005 Through September 30, 2005

GRANTEE	ACREAGE	TYPE	TERM	USE	RECORDING DATE	FEE/RENT
Angeles, Juan and Irma	4.80 acres	Grant Deed	Permanent	Sale of surplus property in Hemet - MWD Parcel No. 144-1-813	7/18/2005	\$405,000.00 One Time
Brewer, Ron and Jennie	4.57 acres	Grant Deed	Permanent	Sale of surplus property in Hemet - MWD Parcel No. 144-1-821	7/5/2005	\$410,000.00 One Time
Fontana, City of	0.083 acre	Easement	Permanent	Public street and utilities	4/26/2005	\$500.00 One Time
Henderson, Arthur & Day, Mildred & Dias, Joe and Judy	9.4 acres	Grant Deed	Permanent	Sale of surplus property in Hemet - MWD Parcel No. 144-1-805	8/3/2005	\$928,000.00 One Time
Knight, Edward and Joy	4.33 acres	Grant Deed	Permanent	Sale of surplus property in Hemet - MWD Parcel No. 144-1-817	7/13/2005	\$510,000.00 One Time
Loebel, Walter Hewitt	2.14 acres	Grant Deed	Permanent	Sale of surplus property in Hemet - MWD Parcel No. 144-1-797	7/8/2005	\$381,000.00 One Time
Murray, Michael and Michelle	2.69 acres	Grant Deed	Permanent	Sale of surplus property in Hemet - MWD Parcel No. 144-1-799	7/22/2005	\$351,000.00 One Time
Nature Conservancy, The	276 acres	Grant Deed	Permanent	Resource protection for restoration of wetlands	8/4/2005	\$6,468,266.00 One Time
Oxnard Community Development Commission	13 acres	Grant Deed	Permanent	Facilities for potential water treatment plant	8/4/2005	\$305,000.00 One Time
Pulte Home Corporation	0.25 acre	Quitclaim	Permanent	Road	6/23/2005	\$0.00 (1) One Time
Verizon Communications	8.632 acres	Easement	Permanent	Underground electrical supply and communication systems	8/2/2005	\$0.00 (2) One Time
Thompson, Eric and Meriwyn	5.02 acres	Grant Deed	Permanent	Sale of surplus property in Hemet - MWD Parcel No. 144-1-811	7/14/2005	\$290,000.00 One Time
Whitaker, Brian, Dayna and James & Garvin, James and Judith	1.1 acres	Grant Deed	Permanent	Sale of surplus property in Hemet - MWD Parcel No. 144-1-875	7/12/2005	\$415,000.00 One Time
Zeal, Randall and Jodell	4.76 acres	Grant Deed	Permanent	Sale of surplus property in Hemet - MWD Parcel No. 144-1-791	7/15/2005	\$451,000.00 One Time

(1) Exchange for Pulte's granting TO MWD a permanent easement for ingress, egress and roadway to MWD's Allen McColloch Pipeline right of way

(2) This easement for utility and infrastructure is necessary to provide service to DVL east recreation facilities and were provided by this company at the request of MWD.