

- Real Estate Activities – Quarterly
Report Ending September 30, 2006

Summary

This report provides an update on real estate activities for the period July through September 2006. Included in this report are updates on an agreement regarding the proposed widening of State Route 79 and legislation affecting real property issues at Metropolitan.

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

Requests Received for Secondary Uses

Requests for Long Term Leases and Licenses

During the first quarter of fiscal year 2006/07, there were no requests for long-term leases, licenses or agreements that would result in a term longer than one year (see [Attachment 1](#)).

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 other). These requests are considered on properties that are not categorized as surplus due to underlying Metropolitan pipelines or operational needs. There are four easement requests from public agencies and one easement request from a private utility for infrastructure improvements. The City of Claremont is requesting an easement to serve local traffic requirements and that would provide for Miramar Avenue to cross Metropolitan's Rialto Pipeline right of way to serve local traffic requirements. Eastern Municipal Water District is requesting an easement to cross Metropolitan's right of way to install a recycled water line. Three Valleys Water District is requesting an easement to construct water pipelines within Metropolitan's right of way in support of Metropolitan's conjunction use program. The City of Brea is requesting an easement to place irrigation lines, landscaping and a retaining wall on Metropolitan's right of way. These improvements will allow added security help to defray operation and maintenance costs. Southern California Gas Company is requesting an amendment to a permanent easement for a PIG (Pipeline Inspection Gadget) launcher valve and pipeline cleaning assembly. These easements conform to the standard terms and conditions approved by the Board.

Completed Transactions

Deeds and Grants Accepted by Metropolitan

During the reporting period, five easements were executed for the Palo Verde Irrigation District Forbearance and Following Program. These easements were for land areas totaling 1,049 Water Toll Acres. A listing of all deeds and rights accepted from others during the reporting period is included as [Attachment 3](#).

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Metropolitan entered into a month-to-month sublease with Perkins Coie, LLP for temporary use of office space located in Washington, DC. This temporary office lease provides a work location for Metropolitan's staff in Washington, DC. while the construction of tenant's improvements are completed at the new office, located at 500 New Jersey Avenue, NW.

A temporary encroachment permit was acquired from the adjacent right of way of San Gabriel Valley Water District for an excavation area necessary to construct a meter structure along the Rialto Pipeline. This service connection will help to provide water delivery to the Fontana Water Company.

A relocation of a gas line was necessary to accommodate a residential development west of the Robert B. Diemer Water Treatment Plant, also referenced in [Attachment 5](#). This relocation satisfies a provision as set forth in the Purchase and Sale Agreement between Shell and Metropolitan (executed in 1996).

A right of entry permit and indemnity agreement was acquired from The Los Angeles Metropolitan Transit Authority for a construction laydown yard in the City of Bellflower for repairs to the MWD Service Connection CENB54.

Leases and Permits Granted

Fifteen transactions were executed during this reporting period, which included two leases and thirteen entry permits. [Attachment 4](#) is a listing of these agreements that grant others a compatible secondary use of Metropolitan-owned lands. These agreements also conform to criteria adopted by Metropolitan's Board.

Deeds Granted to Others

[Attachment 5](#) lists two quitclaim deeds and four permanent easements granted by Metropolitan during this reporting period. Two quitclaims, also referenced in [Attachment 3](#), were prepared to relocate a gas line, which were necessary to accommodate a residential development west of the Robert B. Diemer Treatment Plant. This relocation satisfies a provision as set forth in the Purchase and Sale Agreement between Shell and Metropolitan (executed in 1996). A storm drain easement was granted to the County of Los Angeles for storm drain improvements which cross Metropolitan's Foothill Feeder and will serve to move water from an adjacent development to the City of Santa Clarita's storm drain facilities. Two easements were granted to the City of San Jacinto for a road crossing and to help provide access to a development adjacent to Metropolitan's property. Another easement was granted to the State of California for road and ADA (Americans with Disabilities Act) improvements along Mentone Blvd. (Hwy. 38) near the City of Redlands in San Bernardino County.

Additional Accomplishments

- Entered into escrow for sale of surplus property located at 19835 Gavilan Road near Lake Mathews

Goals

- Continue disposition activities on previously designated surplus property located on Gavilan Road near Lake Mathews (complete escrow and sale)
- Present requested annexations for Board consideration
- Complete improvements on Washington, DC legislative office

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- Continue to negotiate according to the terms and requirements of The Newport Road Relocation and Salt Creek Channel Construction Memorandum of Understanding executed on September 26, 1994, between Metropolitan, City of Hemet, County of Riverside, Riverside County Flood Control and Water Conservation District and the Riverside County Transportation Commission
 - Riverside County Transportation Department is planning an interim widening (from two to four lanes) of Winchester Road (State Route 79) along the length of Metropolitan's property at Diamond Valley Lake. When Metropolitan constructed the reservoir, it required the cooperation of the county and city of Hemet to vacate all public roads within the project area. Metropolitan entered into an agreement with the county and city to make certain road improvements to replace the vacated roads, including construction of the Domenigoni Parkway. Metropolitan agreed to dedicate a 32-foot wide strip of property (approximately 7.7 acres) for the widening of State Route 79. Metropolitan specifically acquired property rights along the frontage of the reservoir property to meet this dedication requirement, and will convey these property rights to the county in accordance with the agreement. State Route 79 is currently planned as a six lane expressway through this area.
- Review and update internal procedures to meet with requirements of eminent domain reform bills that were signed by California Governor Schwarzenegger and effective January 1, 2007. These bills apply to pending and future acquisitions of real property through eminent domain.
 - Senate Bill 1650 – Requires that a) the resolution of necessity include a statement of the specific anticipated public use; b) public agencies must sell real property back to the former owner if, within 10 years after adoption of the resolution, the property is not used for its stated public use and a new resolution is not passed; and c) unless an agency states that use of property is scheduled to begin within two years of its acquisition an agency is required to offer the former owner of the property a one-year leaseback agreement at fair market rent for former owner's continued use.
 - Senate Bill 1210 – a) Prohibits a public agency from taking immediate possession of the property via an ex parte hearing, as was past practice. Instead, public agencies will now be required to set a noticed hearing on the need for immediate possession of the property. The public agency will have the burden of proof to show there is an overriding need for possession which will cause substantial hardship to the government if prejudgment possession is denied and such hardship outweighs the hardship on the affected landowner. This will allow property owners to challenge and suspend possession, and may increase right-of-way acquisition costs; and b) public agencies must pay landowner's reasonable costs (not to exceed \$5,000 per property) for an independent, state-certified appraisal. The agency must offer to pay this cost at the time it makes the offer to purchase the property.

**Requests for Long Term Leases and Licenses by Others
During 1st Quarter of FY 2006/07
July 1, 2006 through September 30, 2006**

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

none							
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Parks and Landscaping

none							
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Agricultural

none							
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TBD = To be Determined

**Requests for Easements by Others
During 1st Quarter of FY 2006/07
July 1, 2006 through September 30, 2006**

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

Claremont, City of (RL 2651)	Public	1.329 acres	Easement	Permanent	TBD ⁽¹⁾	Y	City's Miramar Avenue will cross MWD's Rialto Pipeline right of way to serve local traffic requirements. City will be responsible for road maintenance and liability.
Eastern Municipal Water District (RL 2649)	Public	0.092	Easement	Permanent	\$0 ⁽²⁾	Y	Crossing on MWD's right of way to install recycled water line
Southern California Gas Company (RL 2670)	Private	0.017	Easement	Permanent	\$2,000	Y	Amendment to permanent easement for PIG launcher valve and pipe cleaning assembly ⁽³⁾
Three Valleys Water District (RL 2602)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	Y	Constructing water pipelines in association with MWD's conjunctive use program

Parking and Landscaping

Brea, City of (RL 2655)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	Y	Construction and placement of irrigation lines, landscaping and retaining wall allowing added security and reduction of maintenance costs to MWD
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Agricultural

none							
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TBD = To be Determined

⁽¹⁾ Market rent to be based on appraisal and standard \$1,500 processing fee

⁽²⁾ Fee to be waived based on MWD's effort to promote use of recycled water

⁽³⁾ A PIG (Pipeline Inspection Gadget) launcher is an above ground facility where a device is inserted or retrieved from a pipeline in order to clean or inspect the inside of a pipeline.

**Deeds, Grants and Leases Accepted
During 1st Quarter of FY 2006/07
July 1, 2006 through September 30, 2006**

GRANTOR	ACREAGE	TYPE	TERM	USE	RECORDING DATE	COSTS
Building Exchange Company	26 WTA ⁽¹⁾	Temporary Easement	35 years	PVID Crop Rotation and Forbearance Program	8/11/2006	\$41,210 ⁽²⁾
Enterprises Swanco CA, L.L.C.	94 WTA ⁽¹⁾	Temporary Easement	35 years	PVID Crop Rotation and Forbearance Program	7/18/2006	\$148,990 ⁽²⁾
HayDay Farms Inc.	364 WTA ⁽¹⁾	Temporary Easement	35 years	PVID Crop Rotation and Forbearance Program	8/14/2006	\$107,780 ⁽²⁾
Jack Seiler Farms	290 WTA ⁽¹⁾	Temporary Easement	35 years	PVID Crop Rotation and Forbearance Program	7/7/2006	\$459,650 ⁽²⁾
Lawrence & Edith Marie Augusta, Donald T. & Dora Jean Williams and Thomas L. Robinson	275 WTA ⁽¹⁾	Temporary Easement	35 years	PVID Crop Rotation and Forbearance Program	7/21/2006	\$370,890 ⁽²⁾
Perkins Coie LLP	163 sq. ft.	Sublease	month to month	Interim Washington, DC Office	n/a ⁽³⁾	\$611.25 per mo.
San Gabriel Valley Water District	375 sq. ft.	Temporary Encroachment Permit	2 months	For excavation area to construct a meter structure	n/a ⁽⁴⁾	\$0 ⁽⁵⁾
The Los Angeles County Metropolitan Transportation Authority	23,617 sq. ft.	Right of Entry Permit and Indemnity Agreement	2 months	Construction laydown yard during repairs for MWD Service Connection CENB54	n/a ⁽⁶⁾	\$5,600 ⁽⁷⁾
The Southern California Gas Company	0.266 ac	Amendment to MOU	Permanent	Relocation of gas line	8/25/2006	\$0 ⁽⁸⁾
Valencia-Northridge Homeowners Association	5400 sq. ft.	First Amendment to Lease R.L. 1966	5 years	Access for RL 1772 ⁽⁹⁾	n/a ⁽¹⁰⁾	\$2,283 per yr.

⁽¹⁾ Following Easement Deeds acreages are calculated in Water Toll Acres. Water Toll Acres are defined as the plantable and growable area of land within a landowner's property. The water toll acreage 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 represents amounts paid for the first installment

⁽³⁾ Sublease executed on 7/1/2006 and is unrecorded

⁽⁴⁾ Permit executed on 8/7/2006 and is unrecorded

⁽⁵⁾ Meter structure to provide water to the Fontana Water Company

⁽⁶⁾ Amendment executed on 9/15/2006 and is unrecorded

⁽⁷⁾ Processing fee of \$1,000 and two months rent at \$2,300 per month

⁽⁸⁾ Gas line relocation pursuant to provisions of the "Purchase and Sale Agreement with Joint Escrow Instructions" between Shell Oil and Metropolitan. New gas line is in place and an Amendment to The Right of Way recorded, the former gas line easement was quitclaimed to Metropolitan in exchange for a gas line easement to The Southern California Gas Company at a new location within Metropolitan's property. Also refer to Attachment 5.

⁽⁹⁾ R.L. 1772 is a telecom lease by and between MWD as Lessor and Mountain Union Telecom of California (MUT). R.L. 1966 is an access lease between Valencia-Northridge Homeowner's Association and MWD, which provides MUT access to its telecom site.

⁽¹⁰⁾ Amendment effective on 5/1/2006 and is unrecorded. This lease provides continued access through the Valencia-Northridge area.

**Leases and Permits Granted
During 1st Quarter of FY 2006/07
July 1, 2006 through September 30, 2006**

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT	FREQUENCY
Callegus Municipal Water District (RL 2641)	Public	134 sq. ft.	Lease	3 years	Office space at Union Station Headquarters consisting of 1 cubicle on the 4th floor wing and 1 standard parking space	\$274.70	Monthly
Geosoils, Inc. (RL 2446)	Private	0.5 acre	Entry Permit	3 months	Access for potholing on MWD's Casa Loma Siphon First Barrel and conducting soil exploration borings and related activities for design of proposed protective concrete slab and Bridge Road crossing.	\$1,500.00	One Time
Glickman, Leonard G. (RL 2605)	Private	74 acres	Entry Permit	6 months	Non-invasive activities related to topographic and boundary surveys, biological surveys, archaeological and paleontologic reconnaissance surveys, and a non-invasive Phase I environmental site assessment for the feasibility of the proposed alignment of Eagle Canyon Road	\$1,500.00	One Time
Lamar Advertising Company (RL 2572)	Private	0.5 acre	Entry Permit	6 months	To allow temporary access for vehicles and equipment to be utilized during the maintenance of Permittee's outdoor advertising billboard situated on property ground leased from Permitter under RL 1655	\$2,000.00	One Time
Reyes Construction, Inc. (RL 2668)	Private	2.0 acres	Entry Permit	3 months	Entry Permit for construction staging and material storage.	\$1,500.00	One Time
Santa Clarita, City of (RL 2643)	Public	14.355 acres	Entry Permit	1 day	River rally clean-up and environmental expo	\$0 ⁽¹⁾	n/a
SC Fontana Development Corporation (RL 2630)	Public	2.94 acres	Entry Permit	1 year	Entry Permit extension to allow construction of road	\$1,500.00	One Time
Southern California Gas Company (RL 2605)	Private	0.13 acre	Entry Permit	6 months	To install underground PIG launcher valve ⁽²⁾	\$2,500.00	One Time
Three Valleys Municipal Water District (RL 2561)	Public	7.28 acres	Entry Permit	11 months	Construction of two pipelines to be followed up by granting an easement	\$1,500.00	None
20th Century Fox Television (RL 2646)	Private	n/a	Entry Permit	2 days	Filming at Joseph Jensen Filtration Plant for television series "Vanished"	\$11,000.00	One Time
Vance Corporation (RL 2650)	Private	5.8 acres	Entry Permit	3 months	Lay down and rock crushing area for Caltrans emergency road improvement project along the Inland Feeder in the City of Highland	\$1,500.00	One Time
Warner Bros. Television Production (RL 2642)	Private	n/a	Entry Permit	2 days	Filming on the 4th floor wing at Union Station Headquarters for television series "The Nine"	\$11,000.00	One Time
Wells, Bryon (RL 2635)	Private	0.069 acres	Entry Permit	6 months	Temporary access for vehicles and equipment and temporary storage of building materials	\$1,000.00	One Time
Western Municipal Water District of Riverside County (RL 2433)	Public	0.018 acre	Entry Permit	6 months	Access for ingress and egress for potholing, installation of pipeline tie-in facilities and related materials and equipment storage and work areas	\$0 ⁽³⁾	n/a
Western Municipal Water District of Riverside County (RL 2348)	Public	17.823 acres	Lease	55 years	Long-term ground lease for operations center expansion	\$11,407.00	Annual

⁽¹⁾ Maintenance cost saving to MWD due to clearing of weeds and trash during this event by Permittee

⁽²⁾ A pipeline PIG (Pipeline Inspection Gadget) is a device used to clean or inspect the inside of a pipeline. A PIG launcher is an above ground facility where pipeline PIGS are inserted or retrieved from the pipeline.

⁽³⁾ Fees to be waived because upon completion of the project MWD will own the pipeline

Deeds Granted
During 1st Quarter of FY 2006/07
July 1, 2006 through September 30, 2006

GRANTEE	ACREAGE	TYPE	TERM	USE	RECORDING DATE	FEE/RENT	FREQUENCY
Los Angeles, County of (RL 2536)	0.16 acres	Easement	Permanent	Storm drain improvement crossing Foothill Feeder which serve to move water from adjacent development to City of Santa Clarita's storm drain facilities	8/26/2006	\$1,500	One Time
San Jacinto, City of (RL 2213)	0.187 acre	Easement	Permanent	Access to adjacent development	8/3/2006	\$7,732	One Time
San Jacinto, City of (RL 2402)	0.446 acre	Easement	Permanent	Road crossing to adjacent development	8/3/2006	\$16,383	One Time
State of California - Department of Transportation, Southern Right of Way Region (RL 2575)	0.01 acres	Easement	Permanent	Road and ADA improvements on Mentone Blvd. (Hwy 38) near the City of Redlands in San Bernardino County	8/21/2006	\$2,500	One Time
The Southern California Gas Company	0.137 acre	Quitclaim	Permanent	Gas line	8/25/2006	\$0 ⁽¹⁾	n/a
The Southern California Gas Company	0.865 acre	Quitclaim	Permanent	Gas line	8/25/2006	\$0 ⁽¹⁾	n/a
Total						\$28,115	

⁽¹⁾ Gas line relocation pursuant to provisions of the "Purchase and Sale Agreement with Joint Escrow Instructions" between Shell Oil and Metropolitan. New gas line is in place and an Amendment to The Right of Way recorded, the former gas line easement was quitclaimed to Metropolitan in exchange for a gas line easement to The Southern California Gas Company at a new location within Metropolitan's property. Also refer to Attachment 5.