

- Real Estate Activities – Quarterly
Report Ending March 31, 2007

Summary

This report provides an update on real estate activities for the period January through March 2007.

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 or publicly-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

Attachment 1 lists the requests for leases and licenses that would result in a term longer than one year. The attachment is divided into categories based on request types (e.g. infrastructure improvements, parking and other compatible improvements, and agriculture). 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 generally require a current appraisal and take into consideration any mutual benefits that Metropolitan may receive from the lease or license. Metropolitan generally uses a license in circumstances that require direct and discretionary ability for Metropolitan to "reacquire" possession of the property for operations, business, or security needs, or where it is essential to have interruptible control of the property regarding future transfer of the conveyed rights. A license, by definition, merely provides a personal privilege to carry out some particular act on the land that is compatible, allows a secondary use, and protects against any misuse of the property by the licensee. This protection is accomplished by binding the licensee to promises to observe and respect Metropolitan's paramount and prior rights. The licensee does not possess any estate or interest in the land. A license is typically revocable at the will of the licensor (Metropolitan), is not assignable, and in general provides far fewer rights to the acquiring party than does a lease.

During the third quarter of fiscal year 2006/07, there were two requests for leases that would result in a term longer than one year. Cingular Wireless is requesting an amendment to extend the term for an additional five years on an existing telecommunications lease at Metropolitan's Santiago Lateral Control Tower. Sprint Nextel Communications is requesting a telecommunications lease outside Metropolitan's operational area at the Robert B. Diemer Treatment Plant.

These requests meet the standard terms and conditions as approved by the Board, which include: a) Metropolitan holds paramount rights to use the property; b) lease provides only secondary uses and is not required by Lessee for regulatory conditions or permits; c) Metropolitan has unconditional 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

Board Report (Real Estate Activities – Quarterly Report Ending March 31, 2007)

ten years or identified in board report; g) cancellation clause not to exceed one year; h) lessee responsible for site 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) lease must be maintained in compliance required for local, state, and 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 and parking and other compatible improvements). These requests are considered on properties that are not categorized as surplus due to underlying Metropolitan pipelines or operational needs. There are six easement requests from public agencies and two easement requests from private entities for infrastructure improvements. The State of California Department of Transportation (Caltrans) is requesting an easement to relocate power lines owned by Southern California Edison Company in conjunction with Caltrans' construction of a carpool connection between State Route 14 and Interstate 5. City of Fontana is requesting three permanent easements for road and utilities in conjunction with developments adjacent to Metropolitan facilities. City of Rancho Cucamonga is requesting an easement to install street improvements, utilities, landscaping and a community trail along Metropolitan's Rialto Pipeline right-of-way. San Gabriel Valley Municipal Water District is requesting an easement at an area where their 41-inch water pipeline was constructed within Metropolitan's right-of-way. Southern California Edison is requesting an easement for the installation and maintenance of an underground electrical line near Lake Mathews. USA Archery is requesting an easement to provide a secondary route and emergency vehicle ingress and egress to the Rainbow Canyon area. These easements conform to the standard terms and conditions approved by the Board.

Completed Transactions

Deeds and Grants Accepted by Metropolitan

Ten transactions were executed during this reporting period, **Attachment 3** is a listing of these transactions.

An entry permit was acquired from SC Fontana Development Corporation to provide for construction and equipment staging during repairs to the Foothill Feeder.

A permanent easement was granted to Metropolitan by Dayton Hudson Corporation (representing Target Stores, Inc.) for ingress and egress parallel to Metropolitan's existing West Basin Feeder alignment. This easement was given to compensate Metropolitan for a wall encroachment. This permanent easement was acquired and granted at no cost to Metropolitan. A non-conforming retaining wall was constructed by others along approximately 400 lineal feet of the West Basin Feeder. That retaining wall prevented Metropolitan's full use of its right-of-way property. Metropolitan, through this compromise, receives additional access along the West Basin Feeder and limits further impacts to operations.

Metropolitan received a right of entry permit from the State of California Department of Parks and Recreation that allows geotechnical investigations to proceed for a proposed secondary access road into Metropolitan's Robert B. Diemer Treatment Plant.

The Alameda Transportation Authority granted two permanent easements to Metropolitan. These easements were granted as replacement rights for the relocation of the Palos Verdes Feeder. The Palos Verdes Feeder was relocated from its former alignment to land owned by Alameda Corridor Transportation Authority during the Alameda Corridor Federal Rail Project.

Metropolitan entered into two telecommunications lease agreements to support two-way radio services. One leased location is in the Parker/Vidal, California region, and the second installation is near Searchlight, Nevada.

Board Report (Real Estate Activities – Quarterly Report Ending March 31, 2007)

Leases and Permits Granted

Eleven transactions were executed during this reporting period (see [Attachment 4](#)). These instruments allow others a compatible secondary use of Metropolitan-owned land and included six entry permits, one license, and four leases. These agreements also conform to criteria adopted by Metropolitan's Board.

Deeds Granted to Others

Attachment 5 lists nine quitclaims and two permanent easements that were granted by Metropolitan during this reporting period. Metropolitan completed construction along a portion of the San Diego Pipeline No. 6 North Reach alignment and nine temporary construction easements were quitclaimed back to the original grantors and/or actual owners. A permanent easement was granted to San Bernardino Valley Municipal Water District for construction and development of an Inland Feeder service connection to San Bernardino Central Feeder project. Western Municipal Water District of Riverside County was granted a permanent easement for ingress, egress and maintenance of the pipeline connection for the Perris Valley Feeder at Henry J. Mills Treatment Plant.

Additional Accomplishments

- Completed lease inspections

Goals

- Present draft policy principles for real property management, acquisition, surplus and disposition
- Identify and acquire necessary right-of-way for operations and capital projects
- Continue to evaluate Metropolitan's real property holdings for future operational uses, surplus and disposition
- Develop strategic right-of-way protection and maintenance procedures
- Facilitate appropriate future third-party uses of Metropolitan's real property
- Improve real property lease inspection process to ensure leaseholders are in compliance with lease terms
- Ensure insurance and rental payment compliances for leases, licenses and entry permits as part of 2007-2008 performance measures

**Requests for Long Term Leases and Licenses by Others
During 3rd Quarter of FY 2006/07
January 1, 2007 through March 31, 2007**

LESSEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM (YRS)	FEE	STANDARD CONDITIONS MET (Y/N)	COMMENTS
-------------	-------------	---------	------	------------	-----	-------------------------------	----------

Infrastructure Improvements (fencing, utilities, access)

Cingular Wireless (RL 726)	Private	0.14 acre	Amendment to Lease	5 years	\$2,200/month ⁽¹⁾	Y	Existing lease with Cingular commenced June 1, 1987 at MWD's Santiago Lateral Tower property. Amendment extends term an additional five years, terminating May 31, 2012.
Sprint Nextel Communications (RL 2715)	Private	TBD	Lease	20 years ⁽²⁾ (5 years plus 3 additional 5 year options to renew)	\$1,500/month ⁽³⁾	Y	Telecommunications lease located outside of MWD operational area at Robert B. Diemer Treatment Plant

Parking and Other Compatible Improvements (vegetation, erosion control, groundcover)

none							
------	--	--	--	--	--	--	--

Agricultural

none							
------	--	--	--	--	--	--	--

TBD = To be Determined

⁽¹⁾ Terms include rent adjustment of 3% to be assessed annually.

⁽²⁾ Initial term of 5 years plus 3 additional 5 year renewal options at MWD's sole and absolute discretion. Total term is 20 years.

⁽³⁾ Initial rent is \$500 per month effective on commencement date. When building permit is obtained by Sprint Nextel or 12 months after lease commencement date (whichever occurs first) rent increases to \$1,500 per month with annual rent adjustments of 3% thereafter.

**Requests for Easements by Others
During 3rd Quarter of FY 2006/07
January 1, 2007 through March 31, 2007**

GRANTEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM (YRS)	FEE	STANDARD CONDITIONS MET (Y/N)	COMMENTS
--------------	-------------	---------	------	------------	-----	-------------------------------	----------

Infrastructure Improvements (fencing, utilities, access)

California, State of, Department of Transportation (RL 2753)	Public	42.5 sq. ft.	Easement	Permanent	\$4,000	Y	Relocation of high power lines owned by Southern California Edison Company onto Metropolitan's property along the Foothill Feeder to facilitate construction of a carpool connection between State Route 14 and Interstate 5
Fontana, City of (RL 2323)	Public	0.32 acre	Easement	Permanent	TBD (1)	Y	Road and utilities crossing the Etiwanda Pipeline to service an adjacent development
Fontana, City of (RL 2448)	Public	2.91 acres	Easement	Permanent	TBD (1)	Y	Road and utilities crossing the Foothill Feeder - Rialto Pipeline to service an adjacent development
Fontana, City of (RL 2465)	Public	0.01 acre	Easement	Permanent	TBD (1)	Y	Road and utilities crossing the Rialto Pipeline to service an adjacent development
Rancho Cucamonga, City of (RL 2742)	Public	3.94 acres	Easement	Permanent	TBD (1)	Y	Street improvements, utilities, landscaping and community trail for an adjacent development along the Rialto Pipeline
San Gabriel Valley Municipal Water District (SGVMWD) (RL 2705)	Public	TBD (2)	Easement	Permanent	TBD (1)	Y	A portion of a 41-inch water pipeline belonging to SGVMWD is encroaching into MWD's right-of-way along the Foothill Feeder/Rialto Pipeline in the City of Fontana
Southern California Edison (RL 2717)	Private	0.025 acre	Easement	Permanent	TBD (1)	Y	Installation and maintenance of underground electrical crossing to adjacent residential property near Lake Mathews
USA Archery (RL 2716) (3)	Private	TBD	Easement	Permanent	TBD (1)	Y	Secondary route and emergency vehicle ingress and egress to adjacent properties in Rainbow Canyon

Parking and Other Compatible Improvements (e.g. slopes, drainage, buffer)

none							
------	--	--	--	--	--	--	--

TBD = To be Determined

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

(2) Actual easement area will be based on as-constructed location of SGVMWD operating pipeline

(3) Completion of this request is dependent on the scheduling and requirements of the San Diego 6 Pipeline project

**Deeds, Grants and Leases Accepted
During 3rd Quarter of FY 2006/07
January 1, 2007 through March 31, 2007**

GRANTOR	ACREAGE	TYPE	TERM	USE	RECORDING DATE	COSTS
California, State of, Department of Parks and Recreation	21,780 sq. ft.	Entry Permit	22 days	Geotechnical investigations	n/a	\$0 ⁽¹⁾
Dayton Hudson Corporation	878 sq. ft.	Easement	Permanent	Ingress/egress	2/8/2007	\$0 ⁽²⁾
Del Rey Avocado Corporation	29.19 acres	Entry Permit	2 years	Ingress/egress for well monitoring	n/a	\$0 ⁽³⁾
Hecker, Julie; McBride, Julie; Woodward, Glenda	39 acres ⁽⁴⁾	Easement	35 years	PVID Crop Rotation and Forbearance Program	1/31/2007	\$61,815 ⁽⁵⁾
Lattice Communications, LLC	n/a ⁽⁶⁾	Lease	5 years	Two-way radio equipment site	n/a ⁽⁷⁾	\$850/month
Los Angeles, City of; Long Beach, City of	0.27 acre	Easement	Permanent	Pipeline	1/30/2007	\$0 ⁽⁸⁾
New Cingular Wireless PCS, LLC ⁽⁹⁾	n/a ⁽⁶⁾	Lease	5 years	Two-way radio equipment site	n/a ⁽⁷⁾	\$400/month
SC Fontana Development Corporation	45,000 sq. ft.	Entry Permit	135 days	Material and construction equipment storage	n/a	\$0 ⁽¹⁰⁾
Thompson, Nida A.	4.83 acres	Entry Permit	2 years	Ingress/egress for well monitoring	n/a	\$0 ⁽³⁾

⁽¹⁾ Entry permit was granted to Metropolitan at no cost because of its limited duration and State Parks determination that there were no impacts to their recreation uses or other resources.

⁽²⁾ Permanent easement was granted at no cost to MWD in lieu of a wall encroachment. A non-conforming retaining wall was constructed by others along the West Basin Feeder. That retaining wall prevented Metropolitan's full use of its right-of-way property. Metropolitan, through this compromise, receives additional access along the West Basin Feeder and limits further impacts to operations.

⁽³⁾ Entry Permit was granted and acquired at no cost to the Metropolitan for non-invasive surface operations and investigations relative to groundwater, well monitoring, and pump testing as part of the cost study phase for the San Diego No. 6 pipeline.

⁽⁴⁾ Acreage for crop Rotation and Forbearance Program Easement Deeds 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 acreage is usually less than the total land acreage privately owned.

⁽⁵⁾ Metropolitan pays 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 easement costs reflected in this quarterly report represent amounts paid for the first installment.

⁽⁶⁾ This is a telecom site wherein MWD rents space on a Cingular tower for its antennae and in a equipment shed for its radio equipment. Metropolitan is not renting acreage.

⁽⁷⁾ This lease is not recorded per provisions in the lease agreement.

⁽⁸⁾ These easements were acquired and granted at no cost to Metropolitan as part of the Alameda Corridor Project. Metropolitan's Palos Verdes Feeder pipeline was relocated from public street right-of-way onto private property.

⁽⁹⁾ This lease is a renewal and a re-statement of a telecommunication site lease.

⁽¹⁰⁾ The property owner provided this entry permit to Metropolitan at no cost due to the short term period.

**Leases and Permits Granted
During 3rd Quarter of FY 2006/07
January 1, 2007 through March 31, 2007**

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT	FREQUENCY
Agri-Empire (RL 2743)	Private	0.98 acre	License	1 year	Three above ground portable water lines for crop irrigation crossing the Colorado River Aqueduct Lakeview Pipeline	1,950.00	One Time
Boulevard Greenhouses (RL 2708)	Private	0.06 acres	Lease	1 year	Containerized nursery stock	\$1,500.00	Annual
Boulevard Greenhouses (RL 2698)	Private	1.0 acre	Lease	1 year	Containerized nursery stock	\$3,000.00	Annual
California, State of, Department of Water Resources (RL 2415)	Public	8.3 acres	Entry Permit	11 months	Conduct environmental and archeological studies along the Inland Feeder	\$0.00	⁽¹⁾ n/a
CBS Paramount Network Television	Private	n/a	Entry Permit	1 day	Filming at Union Station Headquarters for television series "Numbers"	\$8,300.00	One Time
Cucamonga Valley Water District (RL 2709)	Public	1.077 acres	Entry Permit	3 months	Temporary access and temporary placement of a portable nitrate removal system for adjacent construction at the Rialto Pipeline	\$0.00	⁽²⁾ n/a
Glickman, Leonard (RL 2625)	Private	74 acres	Entry Permit	6 months	Amendment to existing permit to include specific invasive activities related to topographic and boundary surveys, biological surveys, archeological and paleontologic reconnaissance surveys for the feasibility of the proposed alignment of Eagle Canyon Road	\$1,500.00	One Time
HayDay Farms, Inc. (RL 2480)	Private	7,000 acres	Lease	5 years	Growing and harvesting irrigated crops ⁽³⁾	\$484,662.50	Semi-Annual
Pine Trails Partners, LLC (RL 2470)	Private	1.78 acres	Lease	Year to year	Passive greenbelt area maintained by adjacent residential development	\$2,350.00	Annual
San Jacinto, City of (RL 2656)	Public	5.06 acres	Entry Permit	6 months	On-site investigation for San Jacinto River levee	\$1,900.00	One Time
Twentieth Century Fox Television (RL 2711)	Private	n/a	Entry Permit	2 days	Filming at Union Station Headquarters for television series "Shark"	\$15,000.00	One Time
Total						\$518,212.50	

⁽¹⁾ Fee to be waived based on receiving shared information.

⁽²⁾ This was done in conjunction with maintenance during the Rialto Feeder shutdown, therefore the fee was waived.

⁽³⁾ This lease replaces Tohshin Trading farm lease at Palo Verde Irrigation District. Board letter approved December 12, 2006, Item 7-1.

Deeds Granted
During 3rd Quarter of FY 2006/07
January 1, 2007 through March 31, 2007

GRANTEE	ACREAGE	TYPE	TERM	USE	RECORDING DATE	FEE/RENT	FREQUENCY
Bagherzadeh, Ramin	0.611 acre	Quitclaim	Permanent	Temporary construction easement of San Diego Pipeline No. 6 North Reach	3/21/2007	\$0	⁽¹⁾ n/a
Doughty, John & Laura	3.836 acre	Quitclaim	Permanent	Temporary construction easement of San Diego Pipeline No. 6 North Reach	3/21/2007	\$0	⁽¹⁾ n/a
Duval, Robert & Dianne	1.048 acre	Quitclaim	Permanent	Temporary construction easement of San Diego Pipeline No. 6 North Reach	3/21/2007	\$0	⁽¹⁾ n/a
Mabey Family Limited Partnership	1.949 acre	Quitclaim	Permanent	Temporary construction easement of San Diego Pipeline No. 6 North Reach	3/21/2007	\$0	⁽¹⁾ n/a
Moore, Rex & Karen	0.540 acre	Quitclaim	Permanent	Temporary construction easement of San Diego Pipeline No. 6 North Reach	3/21/2007	\$0	⁽¹⁾ n/a
Nelson, Arthur H.	4.124 acre	Quitclaim	Permanent	Temporary construction easement of San Diego Pipeline No. 6 North Reach	2/8/2007	\$0	⁽¹⁾ n/a
San Bernardino Valley Municipal Water District (RL 2453)	0.085 acre	Easement	Permanent	Inland Feeder service connection to San Bernardino Central Feeder project	2/8/2007	\$0	⁽²⁾ n/a
Schaffer, John & Mary	1.279 acre	Quitclaim	Permanent	Temporary construction easement of San Diego Pipeline No. 6 North Reach	3/21/2007	\$0	⁽¹⁾ n/a
Schoedl, Klaus & Norma	1.033 acre	Quitclaim	Permanent	Temporary construction easement of San Diego Pipeline No. 6 North Reach	3/21/2007	\$0	⁽¹⁾ n/a
West, Leonora F.	0.684 acre	Quitclaim	Permanent	Temporary construction easement of San Diego Pipeline No. 6 North Reach	3/21/2007	\$0	⁽¹⁾ n/a
Western Municipal Water District of Riverside County (RL 2463)	0.018 acre	Easement	Permanent	Ingress-egress and maintenance of the yard pipeline tie-in for the Perris Valley Feeder at Henry J. Mills Treatment Plant	2/5/2007	\$1,500	n/a

Total

\$1,500

⁽¹⁾ Metropolitan has completed construction work along a portion of the San Diego Pipeline No. 6 North Reach alignment. Nine temporary construction easements were quitclaimed back to the original grantor and/or actual owner.

⁽²⁾ A Coordinated Operating Agreement between Metropolitan and San Bernardino Valley Municipal Water District (SBVMWD) allows for interconnections, exchanges and additional facilities between the two agencies. SBVMWD and Metropolitan have agreed to store up to 50,000 acre feet of water in the groundwater basin underlying San Bernardino. SBVMWD has proposed to construct groundwater conveyance facilities (Central Feeder Project) to extract this stored water. This facility would be capable of delivering up to 84,000 acre feet per year at a rate of up to 300 cfs. The Central Feeder Project would help to fulfill SBVMWD's obligation to provide facilities and ability to return Metropolitan's stored water.