

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

Summary

This report provides an update on real estate activities for the period October through December 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

During the second quarter of fiscal year 2007/08, there were two requests for long-term leases or licenses greater than one year as shown on [Attachment 1](#). The attachment is divided into categories based on request types (e.g. infrastructure improvements, parking and landscaping or agricultural). 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 market appraisal and may take into consideration any mutual benefits that Metropolitan may receive from the lease or license.

One lease request is from a private entity (enXco, Inc.) proposing an electrical interconnection at the Julian Hinds Pumping Plant. The County of Riverside has proposed a master joint-use telecommunications agreement, which would allow Metropolitan to install equipment on County-owned property and the County to install equipment on Metropolitan-owned property. Each site would have a separate agreement. The requests meet the standard terms and conditions as approved by the Board.

Metropolitan's standard terms and conditions as approved by the Board include: 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 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 ten years or identified in board report; 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 statues and ordinances.

Requests for Easements

Attachment 2 is a listing of 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 other compatible improvements, etc.). These requests are considered on properties that are not categorized as surplus due to underlying Metropolitan pipelines or operational needs. There are seven requests for infrastructure improvements; six easement requests are from public agencies' and one easement request is from a private entity. Eastern Municipal Water District (EMWD) is requesting an easement for access, construction and maintenance of a waterline. The waterline alignment traverses from EMWD's Perris Water Filtration Plant to Bradley Road adjacent to Metropolitan's Lakeview Pipeline. The City of Los Angeles is requesting an easement in conjunction with the widening of Sepulveda Boulevard near Metropolitan's Sepulveda Feeder. The widening is being done to accommodate a public bicycle lane. The City of Riverside is requesting an easement for a road crossing the Box Springs Feeder right-of-way to service an adjacent development. An easement is being requested by the County of Riverside to add utilities to an existing road easement crossing a portion of the Colorado River Aqueduct right-of-way. The City of San Jacinto is requesting two easements. One easement would accommodate the widening of Sanderson Avenue and crosses Metropolitan's San Diego Pipeline Nos. 1 and 2 right-of-way and Casa Loma Siphon First Barrel right-of-way; the second easement crosses Metropolitan's Casa Loma Siphon First Barrel right-of-way and is for the proposed realignment of Sanderson Avenue. An easement is being requested by Southern California Edison Company for the installation and operation of a 66KV line to service Metropolitan's F. E. Weymouth Water Treatment Plant. These easements conform to the standard terms and conditions approved by the Board.

Completed Transactions

Deeds and Grants Accepted by Metropolitan

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

These eleven transactions provide Metropolitan with access rights, over a two-year period, to conduct well monitoring (3 permits) and geotechnical studies (8 permits) in conjunction with the San Diego Pipeline No. 6 feasibility and study phase.

At its November 2007 meeting, Metropolitan's Board of Directors authorized staff to proceed with the condemnation of five properties located in the City of Perris for right of way, construction, and operation of the Perris Valley Pipeline. Metropolitan's Legal Department has commenced eminent domain actions for three of these properties (*Metropolitan v. Zimmer*, Riverside County Court Case No. RIC 486321, *Metropolitan v. Lewis Street Properties*, Riverside County Court Case No. RIC 486337, and *Metropolitan v. FR/Cal Perris II*, Riverside County Court Case No. RIC 486341). The Board concurrently approved tentative settlements for two remaining properties, and purchase agreements have been executed with those respective owners.

A request has been received to exchange property rights between Metropolitan and Searchlight Airpark Developers, LLC. Metropolitan owns transmission and access easements located within the boundaries of a proposed airport development. Searchlight Airpark Developers and Metropolitan have agreed to relocate Metropolitan's easement to accommodate the proposed airport. The transaction will consist of recording a Quitclaim Deed to terminate Metropolitan's current property rights and a Permanent Easement Deed received for the relocated alignment.

Leases and Permits Granted

Sixteen transactions were executed and conveyed during this reporting period (see **Attachment 4**). These instruments allow others a compatible secondary use of Metropolitan-owned land. The agreements included nine entry permits, three entry permit amendments, one lease, two lease amendment and one license. These agreements also conform to criteria adopted by Metropolitan's Board with the exception of the lease amendment to the State of California Department of General Services Division of the State Architects, which terms were approved by the Metropolitan's Board on March 8, 2005, Confidential Item No. 8-7.

Deeds Granted to Others

Attachment 5 lists six permanent easements that were granted by Metropolitan during this reporting period. Two permanent easements were granted to Southern California Edison Company to provide service to the Diamond Valley Lake (DVL) East Recreation facilities for the DVL Visitor Center, Museum, and Valley-Wide Recreation and Park District leasehold areas. Two permanent easements were granted to the City of Riverside for road and utilities crossing the Box Springs Feeder right-of-way to service adjacent developments. The City of Brea was granted a permanent easement to allow construction and placement of irrigation lines, landscaping and a retaining wall. The City of Upland was granted a permanent easement to allow for road and utility improvements over the Foothill Feeder right-of-way in conjunction with Colonies Crossroads retail development.

Additional Accomplishments

- Initiated appraisal of the Diamond Valley Lake Visitor Center
- Prepared 2008-2009 Operating Budget for Real Property Development and Management Group
- Received and responded to forty external requests for secondary uses of Metropolitan-owned land
- Published comprehensive listing of Metropolitan-owned desert land to prevent loss of Metropolitan’s paramount rights in those areas included within the proposed Desert National Monument
- Completed site inspections of Metropolitan-owned lands that are leased or provide temporary entry to others

Goals

- Continue to 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
- Continue to develop strategic right-of-way protection and maintenance procedures
- Continue to consider and facilitate appropriate future third-party uses of Metropolitan’s real property
- Continue to ensure compliance with agreement terms for required insurance and rental/fee payments for leases, licenses and entry permits as part of 2007-2008 performance measures

**Requests for Long Term Leases and Licenses by Others
During 2nd Quarter of FY 2007/08
October 1, 2007 through December 31, 2007**

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

enXco, Inc. (RL 2838)	Private	TBD	Lease	Long Term	TBD	Y	Request to interconnect via Southern California Edison's (SCE) facility at Julian Hinds Pumping Plant which may impact Metropolitan's facilities. There is an existing California Independent System Operator (CAISO) queue. Metropolitan's ability to accommodate added load is very limited. Dates for the six listed projects in the queue have been forwarded to SCE management so Metropolitan can review SCE's interconnection studies.
Riverside, County of (RL 2870)	Public	TBD	Agreement	TBD	TBD ⁽¹⁾	Y	Request for master joint-use telecommunications agreement between County of Riverside and Metropolitan to install and operate telecommunications equipment on various parcels ⁽²⁾

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

None							
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Agricultural

None							
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TBD = To be Determined

⁽¹⁾ The proposed agreement will allow Metropolitan to install telecommunications equipment on Riverside County property and Riverside County to install telecommunications equipment on Metropolitan property. Rental rates will be negotiated as sites are developed.

⁽²⁾ Each site will have a separate agreement and will be reported to the Board in the Real Estate Activities Quarterly Report as they are executed. Agreements may include rental income. One site is Iron Mountain, and another is proposed at the Cajalco Rejection Tower near the Lower Feeder alignment.

**Requests for Easements by Others
During 2nd Quarter of FY 2007/08
October 1, 2007 through December 31, 2007**

GRANTEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM (YRS)	FEE	STANDARD CONDITIONS MET (Y/N)	COMMENTS
Infrastructure Improvements (fencing, utilities, access)							
Eastern Municipal Water District (RL 2269)	Public	0.646 acre	Easement	Permanent	TBD ⁽¹⁾	Y	Construction, access and maintenance of waterline traversing from EMWD's Perris Water Filtration Plant to Bradley Road adjacent to Metropolitan's Lakeview
Los Angeles, City of (RL 2831)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	Y	Widening a portion of Sepulveda Boulevard near Metropolitan's Sepulveda Feeder to accommodate a public bicycle lane
Riverside, City of (RL 2806)	Public	0.091 acre	Easement	Permanent	\$1,500	Y	Road crossing the Box Springs Feeder right-of-way to service an adjacent development
Riverside, County of (RL 2825)	Public	1.4 acres	Easement	Permanent	\$0 ⁽²⁾	Y	Adding utilities to an existing road easement crossing a portion of the Colorado River Aqueduct right-of-way
San Jacinto, City of (RL 2855)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	Y	Widening of Sanderson Avenue crossing Metropolitan's for San Diego Pipeline Nos. 1 and 2 and Casa Loma Siphon First Barrel right-of-ways
San Jacinto, City of (RL 2845)	Public	0.46 acre	Easement	Permanent	TBD ⁽¹⁾	Y	Proposed realignment of Sanderson Avenue to include street and utilities crossing Metropolitan's Casa Loma Siphon First Barrel right-of-way
Southern California Edison Company (RL 2835)	Private	TBD	Easement	Permanent	\$0 ⁽³⁾	Y	Installation and operation of 66KV line for new service at Metropolitan's F. E. Weymouth Water Treatment Plant
Parking and Other Compatible Improvements (e.g. slopes, drainage, buffer)							
None							

TBD = To be Determined

⁽¹⁾ Market value based on appraisal, plus standard \$1,500 processing fee

⁽²⁾ Current roadway easement had not allow for utilities

⁽³⁾ The Metropolitan Ozone Retrofit Program (ORP) will require electrical power capacity at Metropolitan's F. E. Weymouth Water Treatment Plant. The electrical line installation includes the granting of necessary easements. The ORP was approved by Metropolitan's Engineering and Capital Programs Committee and the Board in January 2007, Item 8-4.

**Deeds, Grants and Leases Accepted
During 2nd Quarter of FY 2007/08
October 1, 2007 through December 31, 2007**

GRANTOR	ACREAGE	TYPE	TERM	USE	RECORDING DATE	COSTS
Gautsch, James W. & Elizabeth	3.83 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for well monitoring	n/a ⁽¹⁾	\$0 ⁽²⁾
Hemme, Robert	40.60 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for geotechnical study	n/a ⁽¹⁾	\$0 ⁽²⁾
Ives-Drouillard, Natalie	8.56 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for geotechnical study	n/a ⁽¹⁾	\$0 ⁽²⁾
Ives-Drouillard, Natalie	77.35 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for geotechnical study	n/a ⁽¹⁾	\$2,500
Marrocco, Richard P. & Gayle J.	84.18 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for geotechnical study	n/a ⁽¹⁾	\$0 ⁽²⁾
Ragland, Jack W. & Marilee J.	4.22 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for geotechnical study	n/a ⁽¹⁾	\$0 ⁽²⁾
Resendiz, Ismael	11.04 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for well monitoring	n/a ⁽¹⁾	\$0 ⁽²⁾
Resendiz, Ismael & Amparo	24.14 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for geotechnical study	n/a ⁽¹⁾	\$0 ⁽²⁾
San Diego Gas & Electric Company	132.26 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for geotechnical study	n/a ⁽¹⁾	\$0 ⁽²⁾
Tomco, LLC	10.00 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for well monitoring	n/a ⁽¹⁾	\$0 ⁽²⁾
Tomco, LLC	10.00 acres	Entry Permit	2 years	San Diego Pipeline No. 6 Feasibility Study - Ingress/egress for geotechnical study	n/a ⁽¹⁾	\$0 ⁽²⁾

n/a = Not Applicable

⁽¹⁾ Entry Permit was not recorded

⁽²⁾ Entry Permit was granted and acquired at no cost to 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 Pipeline No. 6

**Leases and Permits Granted
During 2nd Quarter of FY 2007/08
October 1, 2007 through December 31, 2007**

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT	FREQUENCY
Anaheim, City of (Police Department) (RL 407)	Public	0.03 acre	Amendment to Lease	10 years ⁽¹⁾	Microwave communications facility at Metropolitan's Santiago Lateral Control Tower	\$8,850	Annual
Burbank, City of (RL 2264)	Public	4 acres	Entry Permit	1 year	Construction and operation of Service Connection B-06 that will deliver water from Metropolitan's Foothill Feeder	\$1,500	One Time
California, State of, Department of General Services Divisions of the State Architects (RL 2376)	Public	1,255 RSF ⁽²⁾	Amendment to Lease	3 years	Addition of 1,255 square feet (8 cubicles) of office space at Metropolitan's Union State Headquarters	\$2,397	Monthly
Hemet Model Masters (RL 2771)	Private	76 acres	Entry Permit	4 days	Vehicle parking near Diamond Valley Lake for a regional competitive model airplane event being held on a neighboring parcel along Simpson Road	\$500	One Time
Inland Empire Utilities Agency (RL 2758)	Public	2.5 acres	Entry Permit	1 year	Construction and initial operation of Service Connection CB-14 that will deliver water from Metropolitan's Rialto Pipeline	\$1,500	One Time
Inland Empire Utilities Agency (RL 2827)	Public	2.5 acres	Entry Permit	1 year	Construction and initial operation of Service Connection CB-20 that will deliver water from Metropolitan's Rialto Pipeline	\$1,500	One Time
Los Angeles, City of (RL 2830)	Public	1.91 acres	Entry Permit	1 year	Temporary access and construction staging area near Metropolitan's Sepulveda Feeder for City of Los Angeles' project to widen Sepulveda Boulevard to accommodate a public bicycle lane	\$1,500	One Time
Los Angeles Universal Preschool (RL 2833)	Non-Profit ⁽³⁾	1,562 RSF ⁽²⁾	Lease	3.5 months	Use of 8 small offices and storage area at Metropolitan's Union Station Headquarters	\$3,358	Monthly
Pasadena Tournament of Roses (RL 2842)	Non-Profit ⁽⁴⁾	n/a ⁽⁵⁾	Entry Permit	1 day	Use of parking areas at 700 North Alameda Street for an evening event at Union Station	\$1,500	⁶ One Time

n/a = Not Applicable

⁽¹⁾ Initial 30-year lease contains provision this one 10-year option to extend and renew

⁽²⁾ RSF = Rental Square Feet

Rental Square Feet (RSF) is the amount of space that is used in calculating rental payments. Usable Square Feet (USF) is the actual space occupied. Typically, the RSF is larger than USF due to the proportionate share of building services such as lobbies and other common areas in the building.

⁽³⁾ Los Angeles Universal Preschool (LAUP) is an independent public benefit corporation created in 2004 and funded by First 5 LA.

First 5 LA is the commission established by Proposition 10

⁽⁴⁾ Non-profit organization pursuant to IRS Code Section 501

⁽⁵⁾ Use of 250 parking spaces at Union Station Headquarters Building

⁽⁶⁾ Fee includes a \$500 security deposit

⁽⁷⁾ Results from environmental studies being provided to Metropolitan

⁽⁸⁾ Fee reduced for the non-profit entity and security being provided to MWD facilities during the event

⁽⁹⁾ Filming occurred in various areas on the 12th floor of the Union Station Headquarters Building

⁽¹⁰⁾ Fee includes a \$5,000 security deposit

**Leases and Permits Granted
During 2nd Quarter of FY 2007/08
October 1, 2007 through December 31, 2007**

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT	FREQUENCY
Riverside County Transportation Commission (RL 2528)	Public	87 acres	Amendment to Entry Permit	1 year	Extension of term to provide additional study sites in conjunction with Riverside County Transportation Commission's environmental studies for the proposed Mid-County Parkway near Lake Mathews	\$0	⁷ n/a
San Dimas Rodeo, Incorporated (RL 2802)	Non-Profit ⁽⁴⁾	1.3 acres	Entry Permit	9 days	Parking of vehicles and trailers and Los Angeles Sheriff Department Command Center for the annual Western Days Rodeo event in the City of San Dimas near the F.E. Weymouth Water Treatment Plant	\$500	⁸ One Time
San Jacinto, City of (RL 2656)	Public	5.06 acres	Amendment to Entry Permit	1 year	Extension of term to allow on-site investigation for San Jacinto River Levee	\$1,250	One Time
Southern California Gas Company (RL 2824)	Private	1.4 acres	Entry Permit	1 year	Initial construction of a six-inch gas pipeline in the City of Riverside across the Colorado River Aqueduct right-of-way to provide increased service to the Twentynine Palms area	\$1,500	One Time
Transcan Development LLC (RL 2309)	Private	2.0 acres	Amendment to Entry Permit	1 year	Extension of term to allow ingress and egress across a portion of the Box Springs Feeder right-of-way and provides for compatible construction activities in conjunction with an adjacent development	\$1,500	One Time
Twentieth Century Fox Television (RL 2822)	Private	n/a ⁽⁹⁾	Entry Permit	2 days	Filming at Union Station Headquarters building for television series "Shark"	\$21,403	¹⁰ One Time
Whitewater Rock and Supply Co. (RL 1840)	Private	14 acres	License	Month to Month	Allows storage of gravel and rock materials and operation of an auxiliary electrical service building east of Cabazon and northwest of Palm Springs near Metropolitan's Colorado River Aqueduct right-of-way	\$588.08	Monthly

n/a = Not Applicable

⁽¹⁾ Initial 30-year lease contains provision this one 10-year option to extend and renew

⁽²⁾ RSF = Rental Square Feet

Rental Square Feet (RSF) is the amount of space that is used in calculating rental payments. Usable Square Feet (USF) is the actual space occupied. Typically, the RSF is larger than USF due to the proportionate share of building services such as lobbies and other common areas in the building.

⁽³⁾ Los Angeles Universal Preschool (LAUP) is an independent public benefit corporation created in 2004 and funded by First 5 LA. First 5 LA is the commission established by Proposition 10.

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⁽⁶⁾ Fee includes a \$500 security deposit

⁽⁷⁾ Results from environmental studies being provided to Metropolitan

⁽⁸⁾ Fee reduced for the non-profit entity and security being provided to MWD facilities during the event

⁽⁹⁾ Filming occurred in various areas on the 12th floor of the Union Station Headquarters Building

⁽¹⁰⁾ Fee includes a \$5,000 security deposit

Deeds Granted
During 2nd Quarter of FY 2007/08
October 1, 2007 through December 31, 2007

GRANTEE	ACREAGE	TYPE	TERM	USE	DOCUMENT RECORDING DATE	FEE/RENT	FREQUENCY
Brea, City of (RL 2655)	0.038 acre	Easement	Permanent	Allows construction and placement of irrigation lines, landscaping and retaining wall allowing added security and reduction of maintenance costs to MWD	TBD ⁽¹⁾	\$5,547	One Time
Riverside, City of (RL 2388)	0.022 acre	Easement	Permanent	Allows road and utilities crossing the Box Springs Feeder right-of-way to service an adjacent development	12/19/2007	\$1,500	One Time
Riverside, City of (RL 2806)	0.091 acre	Easement	Permanent	Allows road and utilities crossing the Box Springs Feeder right-of-way to service an adjacent development	TBD ⁽¹⁾	\$1,500	One Time
Southern California Edison Company (RL 2576)	9.882 acres	Easement	Permanent	Provides underground electrical supply to Diamond Valley Lake Recreation area in conjunction with the Searl Parkway Phase II project	12/13/2006	\$0	² One Time
Southern California Edison Company (RL 2585)	0.313 acre	Easement	Permanent	Non-exclusive easement to provide electrical service to Valley-Wide Recreation and Park District leasehold area in the Diamond Valley Lake East Recreation area	12/13/2006	\$0	³ One Time
Upland, City of (RL 2416)	0.031 acre	Easement	Permanent	Allows utility improvements over Foothill Feeder right-of-way in conjunction with Colonias Crossroads retail development	TBD ⁽¹⁾	\$1,500	One Time

Total **\$10,047**

TBD = To be Determined

n/a = Not Applicable

⁽¹⁾ Document has been executed by Metropolitan and transmitted to the requestor for acceptance and recording

⁽²⁾ This easement for utility and infrastructure was necessary to provide service to DVL East Recreation facilities and was provided by this agency at the request of MWD

⁽³⁾ Existing tenants are Valley-Wide Recreation and Park District, Western Center Community Foundation and The Center for Water Education.

As these leasehold sites continue to be developed, MWD (as landowner) must grant the utility easements necessary for the tenants to make use of the leaseholds in the manner contemplated by the lease agreements. No compensation is required due to the fact the tenants are providing consideration to MWD for the use of the leased property and that consideration includes the use by the utilities necessary for the tenant's improvements.