

- Real Estate Activities – Quarterly
Report Ending September 30, 2008

Summary

This report provides an update on real estate activities for the period July through September 2008.

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 first quarter of fiscal year 2008/2009, there was one request for a long-term lease 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.

The request is from Allstate Materials, Inc. for a long term lease over a portion of Metropolitan's Eagle Valley property. Allstate Materials, Inc. is seeking to expand its adjacent existing mining operation area. Staff is currently evaluating this request.

A request for a long term license from Rados Brothers was received and reported in the Real Estate Activities Quarterly Report ending June 30, 2006. The request is to use a 2.686 acre portion of Metropolitan's Colorado River Aqueduct right-of-way to serve as overflow trailer parking in conjunction with operations on an adjacent parcel. This transaction is being finalized and has been negotiated as a lease with a term of 50 years. This is comprised of an initial term of 30 years with two 10-year options to renew. The lessee is Rados Properties-California Land, LLC, and the annual fee is \$12,000 with scheduled annual increases. The standard 365-day termination is included with Metropolitan's standard terms and conditions.

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 or 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 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 fees, costs, and taxes, e.g. business and possessory taxes; j) Lessee indemnifies Metropolitan and provides hold-harmless clause and/or provides liability insurance;

Date of Report: December 9, 2008

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k) Any tenant provided improvements require prior written Metropolitan approval; and l) Compliance required for local, state, federal statutes and ordinances. A minimum administrative fee paid by the requestor/applicant is also a condition.

Requests for Fee and 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 uses and improvements, etc.). These requests are considered on properties that are not categorized as surplus due to underlying Metropolitan pipelines or operational needs. There are eight requests for infrastructure improvements; this includes seven easement requests from public agencies and one easement request from a private entity.

Eastern Municipal Water District is requesting an easement for maintenance and repair at its EM-1 Service Connection at the Colorado River Aqueduct in the City of Perris. A request was received from Fallbrook Public Utilities District for an easement for ingress and egress for a vehicle turn-around area on portions of the San Diego Pipeline Nos. 4 and 5 right-of-way. Inland Empire Utilities District is requesting an access easement onto a portion of Metropolitan's Foothill Feeder-Rialto Pipeline right-of-way to perform needed repairs and maintenance of the CB-19 Service Connection. An easement request was received from the County of Riverside for a 40-foot-wide strip of land to meet a requirement for a land developer to widen the south side of Yates Road in the County of Riverside to accommodate a proposed development adjacent to Metropolitan's San Diego Aqueduct right-of-way. The County of Riverside is requesting an easement for a 30-foot-wide strip of land crossing Metropolitan's Upper Feeder right-of-way to construct and maintain a public road and utilities which will serve a proposed adjacent development. The City of San Bernardino is requesting a 10-foot-wide perpendicular strip of land along the Rialto Pipeline right-of-way and adjacent to Kendall Drive. Kendall Drive is an existing City-owned paved road and this easement is needed for the construction and maintenance of curb, gutter, sidewalk and paving to provide consistency with adjacent properties. A request was received from San Diego County Water Authority for an access easement to reconstruct two flow control facilities adjacent to Mission Road and Live Oak Road in Fallbrook and near Metropolitan's San Diego Pipeline Nos. 4 and 5. Southern California Edison Company is requesting an easement for a 35-foot-wide strip of land along the westerly edge of Metropolitan's Etiwanda Control Facility in the City of Rancho Cucamonga for the construction and operation of electrical transmission equipment to service a proposed substation on adjacent property. All these easements conform to the standard terms and conditions established by the Board and MWD Administrative Code.

Completed Transactions

Deeds and Grants Accepted by Metropolitan

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

A permanent easement was acquired to replace an existing easement and facilitate access to the Yorba Linda Feeder at the Robert B. Diemer Water Treatment Plant. The easement will help to accommodate improvements necessary at Telegraph Creek Bridge to improve drainage controls.

A permanent easement was acquired to replace an existing easement and provide for increased area at Carbon Canyon Creek crossing/bridge to allow access for Operations staff to the Robert B. Diemer Water Treatment Plant facility for maintenance of the bridge, valve structure, and pipelines.

A permanent easement for a new rejection line (dissipater structure) at the Robert B. Diemer Water Treatment Plant was acquired to help reduce water runoff energy and prevent cross connection between potable and non-potable water. This structure was agreed upon with California Department of Health Services.

One service area annexation was completed this quarter. The 89th Fringe Area annexed to Metropolitan and to Calleguas Municipal Water District consisting of 69.01 acres with an annexation fee of \$246,661.93.

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Leases and Permits Granted

Twenty-three 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 ten entry permits, four entry permit amendments, four leases, one license, three license amendments and one agreement. These agreements also conform to criteria adopted by Metropolitan's Board.

Deeds Granted to Others

[Attachment 5](#) lists two permanent easements that were granted by Metropolitan during this reporting period. Both easements were granted to Eastern Municipal Water District (EMWD): one was for construction and maintenance of an access road to EMWD's water treatment plant at the Colorado River Aqueduct Perris Valley Pipeline; and the other easement was for the construction, access and maintenance of a water line traversing from EMWD's Perris Water Filtration Plant to Bradley Road adjacent to Metropolitan's Lakeview Pipeline right-of-way.

Additional Accomplishments

- A Request for Qualifications (RFQ) was issued to provide various supporting real estate services on an on-call/as-needed basis.
- A Request for Proposals (RFP) was issued for a general telecommunications agreement for consultant services to assist with development of an overall telecom leasing plan.

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
- Develop standard fee schedule for issuance of permits and similar land transactions

**Requests for Long Term Leases and Licenses by Others
During 1st Quarter of FY 2008/09
July 1, 2008 through September 30, 2008**

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

Allstate Materials, Inc. (RL 2934)	Private	40 acres	Lease	40 years ⁽¹⁾	TBD ⁽²⁾	Y	DAUM Commercial Real Estate, Inc., is representing Allstate Materials, Inc., in requesting to lease property adjacent to Metropolitan's Eagle Valley property ownership near Lake Mathews for mining operations.
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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⁾ Initial term requested is 20 years with two 10-year options to renew; total term is 40 years

⁽²⁾ Market rent is based on appraisal, plus standard \$1,500 processing fee

**Requests for Easements by Others
During 1st Quarter of FY 2008/09
July 1, 2008 through September 30, 2008**

GRANTEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM	FEE	STANDARD CONDITIONS MET (Y/N)	COMMENTS
Infrastructure Improvements (fencing, utilities, access)							
Eastern Municipal Water District (EMWD) (RL 2941)	Public	0.041 acre	Easement	Permanent	n/a ⁽¹⁾	Y	EMWD is requesting easement for access, maintenance, and repair to EM-1 Service Connection on the Colorado River Aqueduct in the City of Perris
Fallbrook Public Utilities District (RL 2920)	Public	TBD	Easement	Permanent	TBD ⁽²⁾	Y	Fallbrook PUD is requesting an easement for ingress and egress for a vehicle turn-around area to facilitate in its operation of the Orange Grove Energy Power Plant located adjacent to a portion of Metropolitan's San Diego Pipeline Nos. 4 and 5
Inland Empire Utilities District (IEUD) (RL 2942)	Public	0.12 acre	Easement	Permanent	TBD ⁽²⁾	Y	IEUD is requesting access onto a portion of Metropolitan's Foothill Feeder-Rialto Pipeline right-of-way to perform repairs and maintenance of the CB-19 Service Connection
Riverside, County of (RL 2935)	Public	0.75 acre	Easement	Permanent	TBD ⁽²⁾	Y	County is requesting a 40-foot wide area to accommodate a County requirement for a land developer to widen the south side of Yates Road in the County of Riverside for a proposed development adjacent to Metropolitan's San Diego Aqueduct right-of-way
Riverside, County of (RL 2895)	Public	0.172 acre	Easement	Permanent	\$1,500	Y	County is requesting a 30-foot-wide strip of land crossing Metropolitan's Upper Feeder right-of-way to construct and maintain a public road and utilities which will serve an adjacent development
San Bernardino, City of (RL 2892)	Public	0.059 acre	Easement	Permanent	\$3,650	Y	City is requesting a 10-foot-wide strip of land that is a perpendicular crossing over the Rialto Pipeline right-of-way and adjacent to Kendall Drive (an existing City-owned paved road) for the construction and maintenance of curb, gutter, sidewalk and paving to provide continuation of improvements from adjacent properties
San Diego County Water Authority (SDCWA) (RL 2948)	Public	TBD	Easement	Permanent	TBD ⁽²⁾	Y	SDCWA is requesting access to reconstruct two flow control facilities adjacent to Mission Road and Live Oak Road in Fallbrook and near Metropolitan's San Diego Pipeline Nos. 4 and 5
Southern California Edison Company (RL 2949)	Private	0.26 acre	Easement	Permanent	TBD ⁽²⁾	Y	Edison is requesting a 35-foot-wide strip of land along the westerly edge of Metropolitan's Etiwanda Control Facility in the City of Rancho Cucamonga for the construction and operation of electrical transmission equipment to serve a proposed substation on adjacent property

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

None							
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TBD = To be Determined

n/a = not applicable

⁽¹⁾ Fee for easement is included in service connection charge

⁽²⁾ Market rent is based on appraisal, plus standard \$1,500 processing fee

**Deeds, Grants and Leases Accepted
During 1st Quarter of FY 2008/09
July 1, 2008 through September 30, 2008**

GRANTOR	ACREAGE	TYPE	TERM	USE	RECORDING DATE	COSTS
California, State of, Department of Parks and Recreation	0.142 acre	Easement	Permanent	Access to install, maintain and operate water energy dissipater structure at the Robert B. Diemer Water Treatment Plant ⁽¹⁾	8/21/2008	\$112,500 ⁽¹⁾
California, State of, Department of Parks and Recreation	0.164 acre	Easement	Permanent	Expansion of existing easement at Carbon Canyon Creek crossing/bridge near the Robert B. Diemer Water Treatment Plant. This expanded area will allow Metropolitan staff adequate room for access to and maintenance of the bridge, valve structure and pipelines.	8/21/2008	n/a ⁽¹⁾
California, State of, Department of Parks and Recreation	1,792 sq. ft.	Easement	Permanent	Replaces existing easement to facilitate access to the Yorba Linda Feeder near the Robert B. Diemer Water Treatment Plant. This easement will allow for installation of improvements necessary for erosion control and improved drainage controls at the Telegraph Creek Bridge	8/21/2008	n/a ⁽¹⁾

n/a = not applicable

⁽¹⁾ Combined cost to Metropolitan for three easements totaled \$112,500

**Leases and Permits Granted
During 1st Quarter of FY 2008/09
July 1, 2008 through September 30, 2008**

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT		FREQUENCY
AltaMed Health Services (RL 2916)	Non-Profit ⁽¹⁾	n/a ⁽²⁾	Entry Permit	1 day	Use of parking areas at 700 North Alameda Street for an event held at Union Station	\$5,660	⁽³⁾	One Time
Blythe Energy, LLC (RL 2912)	Private	25 acres	Entry Permit	2 months	Allows access to perform soil borings for preparation of plans and design of an electrical transmission line and interconnection to Southern California Edison's substation at Julian Hinds Pumping Plant	\$1,500		One Time
California State of, Department of Fish and Game (RL 2922)	Public	5,263 acres	Entry Permit	1 year	Allows entry onto portions of the Lake Mathews Multiple Species Reserve to observe and study wildlife and habitat	\$0	⁽⁴⁾	n/a
California State of, Department of Forestry and Fire Protection (RL 2703)	Public	13,779 acres	State of California Project Agreement	3 years ⁽⁵⁾	Provides for site preparation, regulated prescribed burns, and necessary follow-up activities in conjunction with ongoing vegetation management programs on portions of Metropolitan's Lake Skinner Multiple Species Reserve and Diamond Valley Lake properties	\$0	⁽⁶⁾	n/a
Eastern Municipal Water District (RL 2764)	Public	3.2 acres	Amendment to Entry Permit	1 year	Amendment to extend the terms extend the term to allow for temporary access for the installation of a 36-inch pipeline from Bradley to Evans Roads near the Colorado River Aqueduct in the City of Perris	\$1,500		One Time
Fontana, City of (RL 959)	Public	6.18 acres	Amendment to License	Year-to-Year	Amendment to update the terms and consolidate the leased areas for trails and drainage purposes over Metropolitan's Foothill Feeder/Rialto Pipeline right-of-way. The City will be responsible for maintenance of the property to help defray Metropolitan's costs	\$200		Annual
Fontana, City of (RL 1295)	Public	2.28 acres	Amendment to License	Year-to-Year	Amendment to update the terms and consolidate the leased areas for emergency access purposes over Metropolitan's Foothill Feeder/Rialto Pipeline right-of-way. The City will be responsible for maintenance of the property to help defray Metropolitan's costs	\$200		Annual
Fontana, City of (RL 2490)	Public	2.41 acres	Amendment to License	Year-to-Year	Amendment to update the terms and consolidate the leased areas for drainage purposes over Metropolitan's Foothill Feeder/Rialto Pipeline right-of-way. The City will be responsible for maintenance of the property to help defray Metropolitan's costs	\$200		Annual
Glickman, Leonard (RL 2625)	Private	74 acres	Amendment to Entry Permit	5 months	Amendment to extend the term to allow non-invasive focused environmental site studies for the feasibility of the proposed alignment of Eagle Canyon Road for a proposed development near Metropolitan's Eagle Valley property located west of Lake Mathews	\$1,500		One Time
Irvine Community Development Co. (RL 2849)	Private	0.093 acre	License	7 months	Allows repainting of Metropolitan's OC-72 Flow Control Building located along the Allen McColloch Pipeline using the locally approved color palette to blend with area aesthetics and suit the specific neighborhood environment and development	\$0	⁽⁷⁾	n/a

**Leases and Permits Granted
During 1st Quarter of FY 2008/09
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LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT	FREQUENCY
KB Homes Coastal, Inc. (RL 2829)	Private	0.23 acre	Entry Permit	1 year	Access to install a "V-ditch" and relocate a fence along a portion of Metropolitan's Colorado River Aqueduct Lakeview Pipeline right-of-way in the City of San Jacinto	\$2,700	One Time
Los Angeles Community College District (RL 2763)	Public	0.25 acre	Lease	Year-to-Year	Allows for secondary parking that is not required by local occupancy codes along a portion of Metropolitan's Middle Cross Feeder right-of way	\$100	Annual
Los Angeles Department of Water and Power (RL 2865)	Public	0.04 acre	Entry Permit	6 months	Allows for access to perform survey and invasive investigations for the LA-30 Service Connection Project at Metropolitan's Venice Pressure Control Structure	\$1,500	One Time
Los Angeles Infrastructure Academy (RL 2929)	Non-Profit ⁽⁸⁾	1,288 RSF ⁽⁹⁾	Lease	Month-to-Month ⁽¹⁰⁾	Use of nine cubicles of office space on the 4th floor wing and four parking spaces on parking level P-2 at Metropolitan's Union Station Headquarters Building	\$1	⁽¹¹⁾ Monthly
Montebello, City of (RL 2866)	Public	780 sq. ft.	Lease	Year-to-Year	Operation of communication equipment and facility at Metropolitan's Garvey Reservoir	\$0	⁽¹²⁾ n/a
Roger Snellenberger Development Corp. (RL 2392)	Private	0.425 acre	Amendment to Entry Permit	1 year	Access for construction of public road and utility crossing over the Colorado River Aqueduct in the City of Desert Hot Springs	\$1,500	One Time
Roger Snellenberger Development Corp. (RL 2430)	Private	1.022 acres	Amendment to Entry Permit	1 year	Access for construction of public road and utility crossing over the Colorado River Aqueduct in the City of Desert Hot Springs	\$1,500	One Time
San Dimas Rodeo, Incorporated (RL 2802)	Non-Profit ⁽¹⁾	1.66 acres	Entry Permit	9 days	Parking of vehicles and trailers and Los Angeles Sheriff Department Command Center for the annual Western Days Rodeo event held in the City of San Dimas and located near the F. E. Weymouth Water Treatment Plant	\$500	⁽¹³⁾ One Time
Scott Aukerman and Kulap Vilaysack (RL 2930)	Private	n/a ⁽¹⁴⁾	Entry Permit	1 day	Use of parking areas at 700 North Alameda Street for an event held at Union Station	\$1,460	⁽³⁾ One Time
Southern California Gas Company (RL 2859)	Private	2,500 sq. ft.	Lease	Year-to-Year	Allows telecommunications facility at Garvey Reservoir ⁽¹⁵⁾	\$11,318	Annual
Supply and Demand (RL 2925)	Private	0.63 acre	Entry Permit	1 day	Use of southern perimeter roadway at Metropolitan's Union Station Headquarters Building to film scenes for an Alltel Communications commercial	\$11,000	⁽¹⁶⁾ One Time
Temecula, City of, Public Works Department (RL 2638)	Public	0.25 acre	Entry Permit	5 months	Allows geotechnical investigations along portions of San Diego Pipelines Nos. 4 and 5 in support of City's proposed bridge over Murrieta Creek at the terminus of State Route 79S, west of the Interstate 15 and State Route 79S interchange in Riverside County ⁽¹⁷⁾	\$1,900	One Time
Western Municipal Water District (RL 2569)	Public	3.4 acres	Entry Permit	1 year	Allows environmental, biological and geotechnical studies necessary for Western's proposed supplementary overflow parking use on property located at the Henry J. Mills Water Treatment Plant	\$1,500	One Time

n/a = not applicable

**Leases and Permits Granted
During 1st Quarter of FY 2008/09
July 1, 2008 through September 30, 2008**

- ⁽¹⁾ Non-profit organization pursuant to IRS Code Section 501
- ⁽²⁾ Use of 430 parking spaces at Union Station Headquarters Building
- ⁽³⁾ Fee includes a \$500 security deposit
- ⁽⁴⁾ Mutual benefit of Metropolitan's receipt of on-site investigative studies and reports
- ⁽⁵⁾ Agreement will terminate upon satisfactory completion of the prescribed burning project, but the agreement term will not exceed three (3) years
- ⁽⁶⁾ This agreement benefits Metropolitan by performing prescribed burning to avoid and reduce the fuel load around Diamond Valley Lake and Lake Skinner
- ⁽⁷⁾ Fee waived due to defrayed Metropolitan maintenance costs savings
- ⁽⁸⁾ Non-profit organization pursuant to IRS Code Section 501 (c)(3)
This is a new program being launched by the Los Angeles Mayor's Office in partnership with schools and public agencies and is designed to provide hands-on real life experiences, career preparation and job placement opportunities in industries that provide water, energy and infrastructure in our communities
- ⁽⁹⁾ 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 because of lessee's use of common areas in the building such as lobbies and restrooms
- ⁽¹⁰⁾ Term revised from initial request of 1-1/2 years (August 15, 2008 through February 14, 2010)
- ⁽¹¹⁾ Mutual benefits include the public education, outreach and workforce development given in supporting this program which is being initiated by the Los Angeles Mayor's Office
Los Angeles Infrastructure Academy provides training in the skilled trades and promotes careers in public utilities aiding future recruitment challenges faced by Metropolitan and other member agencies
- ⁽¹²⁾ Metropolitan will receive reciprocal space in communication buildings and towers owned by the City of Montebello
- ⁽¹³⁾ Fee reduced for security being provided to MWD facilities during this recurring annual event
- ⁽¹⁴⁾ Use of 80 parking spaces at Union Station Headquarters Building
- ⁽¹⁵⁾ This lease replaces an existing lease and updates the terms and conditions. This lease also provides Metropolitan with a T1 circuit between Metropolitan's Verdugo Peak and Garvey Reservoir communication sites.
- ⁽¹⁶⁾ Fee includes a \$5,000 security deposit
- ⁽¹⁷⁾ Proposed bridge will connect the Western Bypass Corridor Project as an alternative route to I-15

Deeds Granted
During 1st Quarter of FY 2008/09
July 1, 2008 through September 30, 2008

GRANTEE	ACREAGE	TYPE	TERM	USE	DOCUMENT RECORDING DATE	FEE/RENT	FREQUENCY
Eastern Municipal Water District (EMWD) (RL 2093)	0.262 acre	Easement	Permanent	Construction, access and maintenance road to EMWD's water treatment plant at the Colorado River Aqueduct Perris Valley Pipeline	10/2/2008	\$45,560	One Time
Eastern Municipal Water District (EMWD) (RL 2269)	0.642 acre	Easement	Permanent	Construction, access and maintenance of water line traversing from EMWD's Perris Water Filtration Plant to Bradley Road adjacent to Metropolitan's Lakeview Pipeline	TBD ⁽¹⁾	\$118,862	One Time
Total						\$164,422	

TBD = To be Determined

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