

## • Real Estate Activities – Quarterly Report Ending March 31, 2009

### Summary

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This report provides an update on real estate activities for the period January through March 2009.

### Attachments

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Attachment 1	Requests for long-term leases and licenses by others to use Metropolitan-owned land
Attachment 2	Requests for easements and other rights or administrative proceeding 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 issued 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

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#### Diamond Valley Lake Alternative Land Use Scenarios

Work began to develop a business plan at Diamond Valley Lake (DVL). A business development outline was presented to The Metropolitan Water District of Southern California (Metropolitan) Board of Directors. Short and long term goals for DVL, as well as overall group development and property goals, were summarized. Options for utilizing the DVL Visitor Center are being explored and the preliminary groundwork has been laid with universities and other international interests to collaborate in the creation of a sustainability institute at DVL. The Australian government sent representatives of their energy delegation to present alternative energy and water conservation programs currently in development. The delegates expressed strong interest in Metropolitan and a sustainability institute.

#### Requests Received for Secondary Uses

##### **Requests for Long Term Leases and Licenses**

During the third quarter of fiscal year 2008/09, there was one request for a long-term license (exceeding one year) as shown on [Attachment 1](#). Leases and licenses are generally considered on property owned by The Metropolitan Water District of Southern California (Metropolitan) that is 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. Metropolitan generally uses a license in circumstances that require direct and discretionary ability for Metropolitan to take immediate possession of the property for operations, business, or security needs, or where it is essential to have interruptible control to the property. A license, by definition, provides a limited privilege to carry out a defined activity on the land. The activity must be compatible with Metropolitan's primary use, and the license terms protect against any misuse of the property by the licensee. The licensee must accept Metropolitan's paramount rights. The licensor (Metropolitan) does not convey any estate or interest in the land. A license is typically revocable at the will of the licensor, is not assignable, and typically provides fewer rights to the licensed party than does a lease.

## Board Report (Real Estate Activities – Quarterly Report Ending March 31, 2009)

The Time Warner Cable Company is requesting long term permission to operate and maintain existing cable equipment within Metropolitan property located in the Lake Mathews Multiple Species Reserve. The equipment was installed along a strip of land made available to Southern California Edison Company (SCE) for continuing use of SCE power poles. SCE's recorded document appears limited to its exclusive use and not to be transferrable. Metropolitan continues to discuss alternatives with Time Warner Cable Company for a suitable solution.

Metropolitan's standard terms and conditions, required by the MWD Administrative Code or affirmed 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) 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; k) Any improvements provided by the tenant require prior written Metropolitan approval; and l) Compliance is required for local, state, federal statutes and ordinances. An administrative processing fee paid by the requestor/applicant is also a standard condition.

### **Requests for Fee and Easements**

**Attachment 2** is a listing of the recent requests for easements and other durable property interests or administrative proceedings (for example, quitclaims). The easement requests are considered on properties that are not categorized as surplus due to underlying Metropolitan pipelines or operational needs. There are six requests for infrastructure improvements; this includes four easement requests from public agencies and two easement requests from private entities.

The State of California Department of Transportation (Caltrans) is requesting a permanent easement on a portion of Metropolitan's Aqueduct Road right-of-way to be used as a slope area in conjunction with the proposed Colorado River Bridge Replacement Project on State Highway 62. The project is near the unincorporated townsite of Earp located in San Bernardino County in the Sonoran Desert near the California/Arizona state boundary line. A request has been received from the Morongo Band of Mission Indians for a permanent easement to allow the access, construction, operation, maintenance and repair of a 10-inch diameter water line perpendicular to Metropolitan's Colorado River right-of-way to transport well water to a bottling plant located on adjacent property. A request has been received from Riverside County for a permanent easement and a temporary construction easement to allow for road widening improvements to Highway 79 at Holland Road near the west side of Diamond Valley Lake. The temporary easement would allow for additional staging area during roadway construction. Time Warner Cable Company is requesting a permanent easement to operate and maintain existing cable equipment within Metropolitan property in the Lake Mathews Multiple Species Reserve. The equipment was installed along a strip of land licensed to Southern California Edison Company (SCE) for continuing use of SCE power poles. SCE's recorded document appears limited to its exclusive use and not to be transferrable. The City of Upland is requesting a permanent easement for the access, construction, operation, maintenance and repair of a publicly-owned water service line that will cross Metropolitan's Foothill Feeder/Rialto pipeline right-of-way and serve the adjacent Colonies Crossroads commercial development. Each of these transactions will conform to the standard terms and conditions affirmed 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.

Metropolitan acquired a permanent easement to complement and further secure access to a portion of Metropolitan's Upper Feeder located in the City of San Dimas. The easement will help to accommodate pending development in the area.

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Metropolitan received a short term entry permit for an area to be used as a construction laydown site in conjunction with the WB-28 Service Connection Project at Metropolitan's West Coast Feeder located in the City of El Segundo.

Metropolitan acquired a permanent easement to further secure access to a portion of Metropolitan's San Diego Pipelines Nos. 4 and 5 in the County of Riverside. This easement is necessary due to the pending street vacations of Via Serenata (full street vacation) and Via Novillo (partial street vacation).

### **Leases and Permits Granted**

Six transactions were executed and issued during this reporting period (see [Attachment 4](#)). These instruments allow others a compatible secondary use of Metropolitan-owned land. The agreements include two entry permits and four entry permit amendments, all of which conform to criteria affirmed by Metropolitan's Board.

### **Deeds Granted to Others**

[Attachment 5](#) lists one deed granted to others by Metropolitan during this reporting period. An easement was recorded that conveys rights to the City of Burbank for the operation, maintenance and repair of Service Connection B-06 that will deliver water from Metropolitan's Foothill Feeder pipeline.

### **Additional Accomplishments**

- An agreement was executed for consultant services to assist with development of an overall telecommunications leasing plan throughout the Metropolitan service area.
- Initiated a Request for Qualifications (RFQ) for a recreational vehicle park at DVL.
- Initiated a Request for Qualifications (RFQ) for a long term operator agreement at the existing DVL marina for generation of revenue.
- Developed a transfer of knowledge clause in consultant agreements in order to facilitate the sharing of information so that Metropolitan staff can benefit from consultants' knowledge and experience.
- Unit and Team Managers within the Real Property Development and Management Group have prepared business plans. Unit and team goals and performance measures are being integrated into Metropolitan's overall business plan.
- Consent was given to Arizona Game and Fish Department (AZGFD) to access specific Metropolitan-owned roadways at the Gene Wash area near Parker Dam, California. Access will facilitate AZGFD's study in the vicinity of the Lower Colorado River Region to determine the presence of protected bat species and to record their unique calls.
- Metropolitan consented to a temporary agreement with the State of California Department of Transportation (Caltrans) to use a portion of Metropolitan's Palo Verde Irrigation property for a temporary laydown area during a bridge reconstruction and expansion project along State Highway Route 78.

### **Goals**

- Roll out to staff and the Board the Real Property Development and Management Group's 100-day plan
- Complete the business plan for Diamond Valley Lake
- Continue to develop partnerships with universities and other international interests to realize a funding source in the form of alternative energy
- Continue to integrate Metropolitan staff and consultants for workforce development
- Complete Real Property Development and Management Group plan for future implementation
- Continue to identify and acquire necessary right-of-way for operations and capital projects

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- 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 2009 performance measures
- Develop standard fee schedule for permits and similar land transactions

**Requests for Long Term Leases and Licenses by Others  
During 3rd Quarter of FY 2008/09  
January 1, 2009 through March 31, 2009**

LESSEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM (YRS)	FEE	STANDARD CONDITIONS MET (Y/N)	COMMENTS
<b>Infrastructure Improvements (fencing, utilities, access)</b>							
Time Warner Cable Company (RL 3012)	Private	TBD	License <sup>(1)</sup>	TBD	TBD <sup>(2)</sup>	Yes	Request from Time Warner Cable Company to operate and maintain existing cable equipment within Metropolitan property located in the Lake Mathews Multiple Species Reserve. The equipment was installed along a strip of land made available to Southern California Edison Company (SCE) for continuing use of SCE power poles. SCE's recorded document appears limited to its exclusive use and not to be transferrable.

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

None							
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**Agricultural**

None							
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**TBD = To be Determined**

<sup>(1)</sup> Metropolitan may convey a permanent easement to Time Warner that coincides with a shared location of SCE power poles allowed by an existing recorded document conveyed from Metropolitan to Southern California Edison Company in lieu of a license agreement (see Attachment 2, RL 3013)

<sup>(2)</sup> Market rent is based on appraisal plus processing fee

**Requests for Easements by Others  
During 3rd Quarter of FY 2008/09  
January 1, 2009 through March 31, 2009**

GRANTEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM	FEE	STANDARD CONDITIONS MET (Y/N)	COMMENTS
<b>Infrastructure Improvements (fencing, utilities, access)</b>							
California, State of, Department of Transportation (Caltrans) (RL 3007)	Public	0.04 acre	Easement	Permanent	TBD <sup>(1)</sup>	Y	Caltrans is requesting a permanent easement over a portion of Metropolitan's Aqueduct Road right-of-way to be used as a slope area for the proposed Colorado River Bridge Replacement Project on State Highway 62. The project is near the unincorporated townsite of Earp located in San Bernardino County in the Sonoran Desert near the California/Arizona state boundary line.
Morongo Band of Mission Indians (RL 2991)	Sovereign <sup>(2)</sup>	0.271 acre	Easement	Permanent	TBD <sup>(1)</sup>	Y <sup>(2)</sup>	The Morongo Band of Mission Indians is requesting a permanent easement for the access, construction, operation, maintenance and repair of a 10-inch diameter water line. The alignment is perpendicular to Metropolitan's Colorado River right-of-way and would provide fire hydrant services and convey well water to a bottling plant located on adjacent property.
Riverside, County of (RL 2988)	Public	TBD	Easement	Permanent	TBD <sup>(1)</sup>	Y	County is requesting a permanent easement to allow for proposed road widening improvements to Highway 79 at Holland Road near the west end of Diamond Valley Lake
Riverside, County of (RL 2989)	Public	TBD	Temporary Easement	Two Years	TBD <sup>(1)</sup>	Y	County is requesting a temporary easement to allow for construction and staging areas in conjunction with its proposed road widening improvements to Highway 79 at Holland Road near the west end of Diamond Valley Lake
Time Warner Cable Company (RL 3013)	Private	TBD	Easement <sup>(3)</sup>	Permanent	TBD <sup>(1)</sup>	Y	Time Warner Cable Company is requesting rights to operate and maintain existing cable equipment within Metropolitan property located in the Lake Mathews Multiple Species Reserve. The equipment was installed along a strip of land made available to Southern California Edison Company (SCE) for continuing use of SCE power poles. SCE's recorded document appears limited to its exclusive use and not to be transferrable.
Upland, City of (RL 2993)	Public	TBD	Easement	Permanent	TBD <sup>(1)</sup>	Y	City is requesting a permanent easement for the access, construction, operation, maintenance and repair of a publicly-owned water line that will cross Metropolitan's Foothill Feeder/Rialto pipeline right-of-way and serve the adjacent Colonies Crossroad commercial development

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

None							
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**TBD = To be Determined**

(1) Market rent is based on appraisal plus processing fee

(2) The Morongo Band of Mission Indians is not a public agency, but a sovereign entity. Sovereignty is the right to exercise, within a territory, the functions of a state, exclusive of any other state, and subject to no other authority. The Morongo Band of Mission Indian reservation is located in the foothills of the San Geronio and San Jacinto Mountains southeast of Los Angeles and near the city of Cabazon.

(3) Metropolitan may convey a long-term license to Time Warner that coincides with a shared location of SCE power poles allowed by an existing recorded document conveyed from Metropolitan to Southern California Edison Company in lieu of a permanent easement (see Attachment 1, RL 3012)

**Deeds, Grants and Leases Accepted  
During 3rd Quarter of FY 2008/09  
January 1, 2009 through March 31, 2009**

GRANTOR	ACREAGE	TYPE	TERM	USE	RECORDING DATE	COSTS
Jawbone Investments	0.014 acre	Easement	Permanent	Access to a portion of Metropolitan's Upper Feeder right-of-way	2/2/2009	n/a <sup>(1)</sup>
Los Angeles County Metropolitan Transportation Authority	0.20 acre	Entry Permit	6 months	Construction laydown area for WB-28 Service Connection Project at Metropolitan's West Coast Feeder in the City of El Segundo	n/a <sup>(2)</sup>	\$3,000
Pham, Kim Dung	0.70 acre	Easement	Permanent	Access easement to replace an existing access route that will be eliminated as a result of city street vacations. The street vacations affect Metropolitan's San Diego Pipelines Nos. 4 and 5 right-of-ways.	2/6/2009	n/a <sup>(3)</sup>

**n/a = Not Applicable**

<sup>(1)</sup> Metropolitan has been granted a permanent access easement which will complement and further secure access to a portion of Metropolitan's existing Upper Feeder right-of-way located in the City of San Dimas. This transaction will accommodate pending development in the area and was conveyed at no cost to Metropolitan.

<sup>(2)</sup> Entry Permit executed on January 28, 2009, and is not to be recorded

<sup>(3)</sup> Metropolitan received and has been granted an alternative permanent access easement in the vicinity of San Diego Pipelines Nos. 4 and 5. Metropolitan accepted the replacement access to accommodate pending street vacations and was conveyed at no cost to Metropolitan.



**Leases and Permits Issued  
During 3rd Quarter of FY 2008/09  
January 1, 2009 through March 31, 2009**

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT	FREQUENCY
California, State of, Department of Water Resources (DWR) (RL 2415)	Public	18.65 acres	Amendment No. 2 to Entry Permit	1 year	Extension of term and to provide an expanded area to perform environmental and archeological studies along a portion of the Inland Feeder right-of-way for DWR's Phase II East Branch Extension (Santa Ana Valley Pipeline Program)	\$0	(1)
James Event Productions (RL 2972)	Private	n/a (2)	Entry Permit	1 day	Use of parking areas at 700 North Alameda Street for an event held at Union Station	\$1,220	(3)
Los Angeles Department of Water and Power (RL 2865)	Public	0.04 acre	Amendment No. 1 to Entry Permit	1 year	Extension of term to allow 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
Riverside County Transportation Commission (RL 2327)	Public	n/a (4)	Amendment No. 8 to Entry Permit	1 year	Extension of term and to provide additional sites in conjunction with environmental and engineering studies for proposed Highway 79 realignment being done by Riverside County Transportation Commission	\$0	(6)
SAF-r-DIG Utility Surveys, Inc. (RL 2871)	Private	4.0 acres	Entry Permit	3 months	Perform potholing activities along a portion of Metropolitan's Colorado River Aqueduct right-of-way in Cabazon in conjunction with an adjacent project by Riverside County Economic Development Agency	\$1,500	One Time
Canyon Crossings Corporate Center (RL 2309)	Private	2.0 acres	Amendment No. 4 to Entry Permit	1 year	Extension of term to allow ingress, egress, parking, street improvements, landscaping and utilities 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

**n/a = Not Applicable**

(1) Mutual benefit of Metropolitan's receipt of on-site investigative studies and reports

(2) Use of 60 parking spaces at Union Station Headquarters Building

(3) Fee includes a \$500 security deposit

(4) Amendment to extend term and add additional parcels - original acreage was 1.475 acres, actual areas determined in field at time of studies

(6) Reciprocal Value Agreement - Permit issued to governmental agency with mutual benefit that includes Metropolitan's receipt of on-site investigative studies and reports.

**Deeds Granted**  
 During 3rd Quarter of FY 2008/09  
 January 1, 2009 through March 31, 2009

GRANTEE	ACREAGE	TYPE	TERM	USE	DOCUMENT RECORDING DATE	FEE/RENT	FREQUENCY
Burbank, City of (RL 2819)	0.550 acre	Easement	Permanent	Operation, maintenance and repair of Service Connection B-06 that will deliver water from Metropolitan's Foothill Feeder pipeline	2/23/2009	\$0	n/a

**n/a = Not Applicable**

<sup>(1)</sup> Easement granted pursuant to Service Connection Agreement No. AO-5045 that allows for operation of City of Burbank's Service Connection B-06. The service connection is located at the terminus of San Fernando Tunnel of the Foothill Feeder.