



● Real Estate Activities - 4th Quarter Ending June 30, 2010

Summary and Accomplishments

This report provides an update on real estate activities for the period April through June 2010.

Fifteen transactions were executed during this reporting period, including; several compatible secondary land uses by others; exchange of easements for operation of pipelines and street improvements; several parking permits; telecommunications agreements; and, other miscellaneous property procedures.

Staff continued work on a best practice manual to improve and document Real Property Development and Management Group functions.

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 disposal of surplus property |

Detailed Report

Diamond Valley Lake Alternative Land Use Scenarios

The RFP deadline for solar development at Diamond Valley Lake (DVL) was extended to October 9 in order to address additional questions from the potential respondents.

Staff is working with its consulting team to develop a DVL land use plan, which will be reviewed with the RPAM at its October meeting.

Diamond Valley Lake Recreation Infrastructure

During the months of April, May, and June, a total of 11,000 lbs. of rainbow trout were planted into DVL by Mt. Lassen Trout, Inc. The bi-weekly plants are fully funded with Fishing Access Permit funds.

Approximately 34,500 anglers have visited Diamond Valley Lake, and 5,875 private boats launched since the reopening of the boat ramp December 20. Increased launch fees collected through June are estimated to be at \$39,000.

Diamond Valley Lake Visitor Center

The DVL Visitor Center, in cooperation with the City of Hemet, Western Center for Archeology and Paleontology, Valley Wide Recreation and Park District, and the DVL Marina, hosted Ramona by Night. The Ramona by Night event was the first of many community events to celebrate and support the annual Ramona Pageant, held during April and May at the nearby Ramona Bowl. The Ramona Pageant is the longest running outdoor play in the United States. Due to a colder weather, the attendance to Ramona by Night of 1,420 people was less than in previous years. Attendees enjoyed cultural events with dancers, vendors, live music, and demonstrations (flutes, native American flute carving, spinning alpaca fleece, and storytelling), along with the Ramona parade of lights in which 20 vehicles and/or floats carried city council members from the City of Hemet and City of San Jacinto to the event.

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The Diamond Valley Lake Visitor Center and adjacent Western Science Center hosted a Global Water Technology & Innovations Forum on May 20. This one-day interactive forum was attended by 800 people and brought together thinkers and innovators, the investment community, academia, science, and the government together with the public. The purpose of the event was for participants to develop a deeper understanding of how issues and people are connected and to work towards meaningful and far-ranging solutions for the challenges brought about by water and climate change. The program format featured presentations, panel discussions and consumer “how to” sessions along with an exhibit hall displaying working models and prototypes in water and clean technology.

Staff continues to operate the DVL Visitor Center. During this reporting period, a net metering agreement was signed and returned to Southern California Edison. This agreement will add two additional net meters to the Visitor Center’s solar panel system and will allow more of the electricity generated by the panels to be utilized. It will also reduce the electricity bill. A card reader system was activated to allow for a more secure environment by restricting the general public from accessing non-public areas. The chiller at the Visitor Center was repaired and the sidewalks area was pressure washed to remove droppings from swallows.

DVL Visitor Center and Viewpoint statistics during April through June 2010 include:

Program	Number of Visitors April 2010	Number of Visitors May 2010	Number of Visitors June 2010	Total Visitors April through June 2010
Visitor Center	2,301	1,074	1,306	4,681
Viewpoint	2,589	1,680	1,620	5,889
Field Trips	957	1,503	430	2,890
Tours and Inspection Trips	236	176	124	536
Special Events	2,214	800	0	3,014
TOTAL	8,297	5,233	3,480	17,010

The majority of the 2,890 students reported in the field trip program are from the Western Science Center. As part of the Western Science Center field trip program, students come to DVL Visitor Center and work with DVL docents on water education activities.

Requests Received for Secondary Uses

Requests for Long Term Leases and Licenses

During the fourth quarter of fiscal year 2009/10, there were two requests for long-term agreements (exceeding one year) as shown on [Attachment 1](#). Leases and licenses are generally considered on property owned by 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. Metropolitan does not convey any estate

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or interest in the land. A license is typically revocable at the will of the licensor (in this case Metropolitan), is not assignable, and typically provides fewer rights to the licensed party than a lease.

AT&T is requesting to move its equipment from Black Metal Mountain Site I to Black Metal Mountain Site II. Black Metal Mountain is located near Gene Pumping Plant. Compensation includes a one-time capital contribution for the new tower. The State of California Department of Water Resources and the San Bernardino Valley Municipal Water District are jointly requesting long term rights to allow for access and construction associated with the East Branch Extension Phase II Pipeline Project over a portion of Metropolitan's Inland Feeder right of way.

Metropolitan's standard leasing terms and conditions 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 (except for leases with public entities or for telecommunications purposes); h) Lessee responsible for maintenance; i) Lessee pays all applicable fees, costs, and taxes, e.g. business and possessory taxes; j) Lease to contain insurance, indemnification, defense, and hold harmless provisions protecting Metropolitan against liability; k) Any improvements provided by the tenant/lessee require prior written Metropolitan approval; and, l) Compliance is required with all local, state, and federal laws. An administrative processing fee paid by the requestor/applicant is generally required.

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 were four requests for infrastructure improvements including access, roads and utilities.

Completed Transactions

Deeds and Grants Accepted by Metropolitan

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

An entry permit was acquired from Catellus Operating Limited Partnership to allow for use of areas between Metropolitan Headquarters Building and Union Station train terminal during the Spring Green Expo activities sponsored by Metropolitan.

The City of Santa Ana was conveyed a permanent easement for the construction, maintenance and operation of pipelines and related equipment for the Orange County Feeder. As part of the transaction, Metropolitan granted an easement across a portion of the Orange County Feeder to the City of Santa Ana for the construction, operation and maintenance of Bristol Street (see item 2 in Attachment 5).

Leases and Permits Granted

Ten 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 one lease, one lease amendment, two licenses, four entry permits, and two entry permit amendments all of which conform to criteria affirmed by Metropolitan's Board.

Staff executed four short-term permits and one amendment for parking at the Metropolitan Headquarters Building in conjunction with separate events taking place at the Union Station terminal.

A long-term lease was granted to the County of Riverside to allow for the construction and operation of a telecommunications facility located near Metropolitan's Lower Feeder and Eagle Valley Property west of Lake Mathews. This site is one of several in lease negotiations needed for Riverside County's Public Safety Enterprise

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Communication (PSEC) project. The PSEC project provides for the expansion of voice and data transmission capabilities used by fire and law enforcement agencies to ensure the safety of the public.

A license was granted to Cemex Construction Material Pacific, LLC for access and storage on Metropolitan's San Diego Pipelines Nos. 3 and 4 right-of-way in conjunction with Cemex's adjacent ready mix concrete business.

Mission Resource Conservation District was granted a license for the control and/or removal of the invasive plant, Arundo Donax on designated areas along Metropolitan's San Diego Pipeline No. 4 right-of-way.

Nextel Communications, Inc. was granted an amendment to a lease in order to upgrade equipment and add a subtenant to an existing telecommunications facility located at F. E. Weymouth Water Treatment Plant.

The term of an entry permit with Blythe Energy, LLC was amended to allow for additional time to construct the Blythe Energy 230kV Gen-Tie Line, including construction of power poles and overhead 230kV power lines for the purpose of interconnecting with Southern California Edison's switchyard facilities located at the Julian Hinds Pumping Plant.

Deeds Granted to Others

Attachment 5 lists three permanent easements granted to others by Metropolitan during this reporting period. Metropolitan granted an easement across a portion of the Orange County Feeder to the city of Santa Ana for the construction, operation and maintenance of Bristol Street. As part of the transaction, Metropolitan received an easement from the city of Santa Ana for the construction, maintenance and operation of pipelines and related equipment for the Orange County Feeder (see item 2 in Attachment 3). The Morongo Band of Mission Indians was granted a permanent easement for the construction, operation, maintenance and repair of a 10-inch diameter water pipeline to convey well water to a property adjacent to Metropolitan. The alignment is perpendicular to Metropolitan's Colorado River Aqueduct right of way south of Cabazon. A permanent easement was granted to Southern California Edison Company for the construction, operation, and maintenance of electrical and communications equipment for Western Municipal Water District's operations center expansion. Western's operations center is in close proximity to Lake Mathews.

Right-of-Way Protection

Metropolitan filed a claim in the Los Angeles County Superior Court regarding a wall encroachment and earthen fill constructed onto Metropolitan's fee owned property located west of Garvey Reservoir. This action was taken after letters and follow-up conversations with the homeowner were unsuccessful in having the homeowner remove the encroachment. During this action, it was discovered that the homeowner was expanding the existing residence; therefore, at Metropolitan's request, the city of Monterey Park Building Department suspended the approval of the addition until such time as Metropolitan's encroachment issue has been resolved. Subsequently, the homeowner has removed the retaining wall and fill from Metropolitan's property.

Metropolitan Headquarters Building

During this reporting period, several fundraisers and events were held at Metropolitan Headquarters Building, including events hosted by Metropolitan's Black Employees' Association, Hispanic Employees' Association, Women's Association for Equal Opportunity and Asian American Employee Organization and External Affairs Group. There were 55 meetings held that were hosted by non-Metropolitan entities.

Metropolitan successfully conducted its annual fire evacuation drill on May 19, 2010.

Effective April 7, 2010, Metropolitan's designated smoking area was relocated from the patio area to the southeast area of Metropolitan Headquarters Building. This change was made pursuant to Los Angeles City Ordinance Number 181065 which prohibits smoking during hours of operation at any location inside Metropolitan's outdoor dining area and at any location falling within 10 feet of the outdoor dining area. Effective March 9, 2011, failure to comply with this ordinance is an infraction subject to a maximum fine of \$250.

Monthly maintenance and preventive scheduled procedures were completed on the Metropolitan Headquarters Building. Examples of preventive maintenance include cleaning, replacing, adjusting and lubricating mechanical

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equipment and systems and checking pumps for vibration and overheating. Additionally, the roof coating on a portion of the building was completed. The coating process is performed annually to protect the roof from leaks during wet weather. The refrigeration equipment in the Courtyard Café was repaired.

Upcoming Board Items

- Proposals were received from two respondents in response to the Request for Proposal (RFP) for solar facility development on Metropolitan's Palo Verde property located near Blythe, California. A report and recommendation for Board action is planned for the Real Property & Asset Management (RPAM) meeting on September 28, 2010.
- Staff intends on bringing the following items to the October 26th RPAM meeting:
- A surplus property action for Board consideration on the Box Springs Feeder (BSF) right-of-way, which runs from the Henry J. Mills Water Treatment Plant to Lake Mathews, is excess to Metropolitan's operational needs;
- A surplus action for the Arrow Highway property in La Verne;
- Request to negotiate with an RV park developer on DVL property; and,
- Approval of a DVL land use plan.

**Requests for Long Term Leases and Licenses by Others
During 4th Quarter of FY 2009/10
April 1, 2010 through June 30, 2010**

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

AT&T (RL 2906)	Private	0.1 acre	Lease	15 years ⁽¹⁾	\$2,500/month ⁽²⁾	Y	AT&T is requesting to move its equipment from Black Metal Mountain Site I to Black Metal Mountain Site II. Black Metal Mountain is located near Gene Pumping Plant
California, State of, Department of Water Resources (DWR) and San Bernardino Valley Municipal Water District (SBVMWD) (RL 2939)	Public	14.2 acres	Entry Permit	3 years	TBD ⁽³⁾	Y	DWR and SBVMWD are requesting long term rights to allow for access and construction associated with its East Branch Extension Phase II Pipeline Project over a portion of Metropolitan's Inland Feeder right of way

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

None							
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Agricultural

None							
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TBD = To be Determined

n/a = Not Applicable

⁽¹⁾ Initial term requested is 5 years with four 5-year options to renew; total term is 15 years

⁽²⁾ Fee includes a one-time \$100,000 capital contribution for the tower

⁽³⁾ Market rent is based on an appraisal plus processing fee

**Requests for Easements by Others
During 4th Quarter of FY 2009/10
April 1, 2010 through June 30, 2010**

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

Fontana, City of (RL 3115)	Public	TBD	Easement	Permanent	TBD ⁽¹⁾	Y	City is requesting a permanent easement over Metropolitan's Foothill Feeder - Rialto Pipeline right of way for public road and utilities to serve a proposed adjacent single family development
Land to Sea Conservancy and Fallbrook Conservancy (RL 2461)	Private	1.17 acre	Easement	Permanent	\$0 ⁽²⁾	Y	Conservancy is requesting non-exclusive easement for ingress and egress over a portion of Metropolitan's San Diego Pipeline Nos. 4 and 5 right of way
Red Mountain, LLC (RL 2611)	Private	1.507 acre	Easement	Permanent	\$0 ⁽²⁾	Y	Red Mountain is requesting non-exclusive easement for ingress and egress over a portion of Metropolitan's San Diego Pipeline Nos. 4 and 5 right of way
Southern California Edison Co. (RL 2970)	Private	TBD	Easement	Permanent	0 ⁽³⁾	Y	Edison is requesting easement to provide electrical service to County of Riverside's telecommunications facility located near Metropolitan's Lower Feeder and Eagle Valley Property west of Lake Mathews

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

None							
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TBD = To be Determined

n/a = Not Applicable

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

⁽²⁾ No compensation due as the Grantee owns the general rights to cross Metropolitan's property. This easement will identify and limit the crossing locations.

⁽³⁾ Consideration for this easement was included in the lease negotiation with the County of Riverside

**Deeds, Grants and Leases Accepted
During 4th Quarter of FY 2009/10
April 1, 2010 through June 30, 2010**

GRANTOR	ACREAGE	TYPE	TERM	USE	RECORDING DATE	COSTS
Catellus Operating Limited Partnership (US-805-SP)	n/a ⁽¹⁾	Special Events Agreement	1 day	Allows for use of south arcade and breezeway areas between Metropolitan Headquarters Building and Union Station and the services of one security guard during the Spring Green Expo activities sponsored by Metropolitan	n/a ⁽²⁾	\$1,500
Santa Ana, City of	0.368	Easement	Permanent	Construction, maintenance and operation of pipelines and related equipment for the Orange County Feeder	4/21/10	\$0 ⁽³⁾

TBD = To be Determined

n/a = Not Applicable

⁽¹⁾ Portions of arcade and breezeway area of Union Station

⁽²⁾ This agreement is not recorded

⁽³⁾ Exchange of easements. In lieu of direct compensation, Metropolitan granted an easement to City of Santa Ana for road purposes

**Leases and Permits Issued
During 4th Quarter of FY 2009/10
April 1, 2010 through June 30, 2010**

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT	FREQUENCY
Blythe Energy, LLC (RL 2954) (RL 1387)	Private	TBD ⁽¹⁾	Amendment No. 1 to Entry Permit	1 year	Extension of term to allow access to construct the Blythe Energy 230kV Gen-Tie Line, including construction of power poles and overhead 230kV power lines for the purpose of interconnecting with Southern California Edison's switchyard facilities located at the Julian Hinds Pumping Plant	\$0 ⁽²⁾	n/a
Boracci, Melissa (RL 3101)	Private	n/a ⁽³⁾	Entry Permit	1 day	Allows use of parking areas at 700 N. Alameda Street for an event held at Union Station train terminal	\$840 ⁽⁴⁾	One time
Cemex Construction Material Pacific, LLC (RL 1387)	Private	0.12 acre	License	1 year	Driveway access and storage on Metropolitan's San Diego Pipelines Nos. 3 and 4 right of way in conjunction with adjacent ready mix concrete business	\$2,522	Annually
Homeboy Industries (RL 3099)	Non-Profit ⁽⁵⁾	n/a ⁽⁶⁾	Entry Permit	1 day	Allows use of parking areas at 700 N. Alameda Street for an event held at Union Station train terminal	\$1,200 ⁽⁴⁾	One time
Kwong, Valerie (RL 3090)	Private	n/a ⁽⁷⁾	Entry Permit	1 day	Allows use of parking areas at 700 N. Alameda Street for an event held at Union Station train terminal	\$2,400 ⁽⁴⁾	One time
Kwong, Valerie (RL 3090)	Private	n/a ⁽⁷⁾	Amendment No. 1 to Entry Permit	1 day	Amendment to allow for an additional 3 hours of parking time at 700 N. Alameda Street for an event at Union Station train terminal	\$0 ⁽⁸⁾	n/a
Mission Resource Conservation District (RL 2946)	Public	34.0 acres	License	Year to year	Control and/or removal of the invasive plant, Arundo Donax on designated areas on Metropolitan's San Diego Pipeline No. 4 right of way	\$0 ⁽⁹⁾	n/a
Moreno, Elvira and Ramos, Carlos (RL 3100)	Private	n/a ⁽¹⁰⁾	Entry Permit	1 day	Allows use of parking areas at 700 N. Alameda Street for an event held at Union Station train terminal	\$960 ⁽⁴⁾	One time
NexTel Communications, Inc. (RL 1864)	Private	0.1 acre	Amendment No. 2 to Lease	5 years	Amendment to upgrade equipment and add subtenant to existing telecommunications facility located at F. E. Weymouth Water Treatment Plant	\$2,125	Monthly
Riverside, County of (RL 3047)	Public	0.23 acre	Lease	25 years ⁽¹¹⁾	Allows construction, installation, operation and maintenance of a telecommunications facility near Metropolitan's Lower Feeder and Eagle Valley property west of Lake Mathews. Site is being developed for Riverside County's Public Safety Enterprise Communication project.	\$1,500 ⁽¹²⁾	Monthly

TBD = To be Determined

n/a = Not Applicable

⁽¹⁾ The acreage will be determined based on requirements for construction and operation of the 230kV transmission line. The California Energy Commission (CEC), Bureau of Land Management (BLM), Metropolitan Water District and other state and federal agencies are providing permits for the components of the 230kV transmission line. The line traverses approximately 67.4 miles in southern California. Other facilities include a new 43-acre substation site, modifications to two existing substations, and an impact assessment for downstream upgrades resulting from an interconnection with the existing transmission system operated by Southern California Edison and others.

**Leases and Permits Issued
During 4th Quarter of FY 2009/10
April 1, 2010 through June 30, 2010**

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT	FREQUENCY
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- ⁽²⁾ The extension of this permit is for the mutual benefit of Blythe Energy, LLC and Metropolitan. The parties to this permit require additional time to negotiate the terms of the operating permit which will supersede RL 2954.
- ⁽³⁾ Temporary use of 70 parking spaces at Metropolitan's Headquarters Building
- ⁽⁴⁾ Fee includes \$500 refundable security deposit which was collected and returned
- ⁽⁵⁾ Non-profit organization pursuant to IRS Code Section 501
- ⁽⁶⁾ Temporary use of 100 parking spaces at Metropolitan's Headquarters Building
- ⁽⁷⁾ Temporary use of 200 parking spaces at Metropolitan's Headquarters Building
- ⁽⁸⁾ Fees charged per vehicle in a 24-hour period. This time extension did not exceed maximum time period allowed; therefore, no additional fee due. Fee was collected in original permit.
- ⁽⁹⁾ Removal of plant and permitting costs are provided by Mission Resource Conservation District
- ⁽¹⁰⁾ Temporary use of 80 parking spaces at Metropolitan's Headquarters Building
- ⁽¹¹⁾ Initial term is 5 years, with 4 additional 5-year terms
- ⁽¹²⁾ Initial rent at site is \$1,500 per month with an annual adjustment of 3%. There is a \$1,500 annual road maintenance fee.

**Deeds Granted
During 4th Quarter of FY 2009/10
April 1, 2010 through June, 2010**

GRANTEE	ACREAGE	TYPE	TERM	USE	DOCUMENT RECORDING DATE	FEE/RENT	FREQUENCY
Morongo Band of Mission Indians (RL 3032)	0.271 acre	Easement	Permanent	Permanent easement for the construction, operation, maintenance, and repair of a 10-inch diameter water pipeline to convey well water to a property adjacent to Metropolitan. The alignment is perpendicular to Metropolitan's Colorado River Aqueduct right of way south of Cabazon.	5/10/2010	\$2,000	One time
Santa Ana, City of (RL 2738)	0.03 acre	Easement	Permanent	Permanent easement across a portion of the Orange County Feeder for the construction, operation, and maintenance of Bristol Street	5/27/2010	\$1,500 ⁽¹⁾	One time
Southern California Edison Company (RL 3019)	0.013 acre	Easement	Permanent	Permanent easement for the construction, operation, and maintenance of electrical and communications equipment for Western Municipal Water District's operations center expansion. Property is in close proximity to Lake Mathews	5/10/2010	\$1,614	One time

TBD = To be Determined

n/a = Not Applicable

⁽¹⁾ Exchange of easements. In addition to the processing fee, Metropolitan received an easement from City of Santa Ana for the construction, maintenance and operation of pipelines and related equipment for the Orange County Feeder