



● Real Estate Activities Quarterly Report Ending June 30, 2011

Summary Accomplishments

This report provides an update on real estate activities for the period April through June 2011.

Eleven transactions were executed during this reporting period, including several compatible secondary land uses by others; permits to assist in construction projects; parking and filming permits; and other miscellaneous property procedures.

An offer was received to purchase the Box Springs Feeder right of way and was subsequently presented at the July 26 Real Property and Asset Management (RP&AM) Committee meeting and approved by the Board on August 16.

The Western Center Academy, the charter school at DVL, successfully completed its first year and the Western Science Center renewed its lease of the DVL Visitor Center classrooms for the WCA's second year.

A Request for Proposals (RFP) to replace the 17-year-old real property management software was advertised in June. This software will help provide daily reports on revenue, lease renewals and other real property transactions.

BrightSource has paid a total of \$1.52 million to date including \$1.05 million for the completed due diligence period. BrightSource is now scheduled to make payments of \$600,000 into escrow every six months throughout the California Energy Commission (CEC) permitting process. The first escrow payment of \$476,420.07 reflected a reduction to cover Metropolitan's obligation to dispose of WWII ordnance remaining on the site.

RPDM staff continues to assist Metropolitan's Bay-Delta Initiatives Program. Land acquisition valuation and research efforts have focused on properties identified for habitat restoration that are already on the market for sale. During this quarter, staff continued to provide property research, cost study information and title reviews.

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

Requests Received for Secondary Uses

Requests for Long Term Leases and Licenses

During the fourth quarter of fiscal year 2010/11, there were two amendment requests for long-term leases (exceeding one year) as shown on [Attachment 1](#). Leases 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.

New Cingular Wireless is requesting a five-year extension to the term for the operation and maintenance of its existing telecommunications site located near the Sepulveda Canyon Power Plant and Control Structure.

Western Municipal Water District (WMWD) is requesting an amendment to its existing lease for their operations center located near Lake Mathews. The amendment would include the area of an existing lease which is due to expire at the end of the year. This will create one combined lease area and will also allow WMWD to sublease a portion of the area to a solar operator for the purpose of generating electricity for on-site use.

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 interest 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 two requests for infrastructure improvements including access, roads and utilities during this reporting period.

A request was received from the City of Riverside for access across a portion of Metropolitan's Upper Feeder right of way. This access is needed in conjunction with City's Santa Ana River Trunk Sewer Project.

The City of Temecula is requesting an easement for slopes and road purposes over a portion of San Diego Pipeline No. 4 in conjunction with its Western Bypass Bridge over Murietta Creek.

Completed Transactions

Deeds and Grants Accepted by Metropolitan

[Attachment 3](#) is a listing of deeds and grants accepted. There were no transactions during this reporting period.

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Leases and Permits Granted

Eight 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 amendment, one license, and six entry permits all of which conform to criteria affirmed by Metropolitan's Board.

An entry permit was issued to the State of California, Department of Conservation to allow for a one-day educational workshop in the Whitewater mining pit near the Colorado River Aqueduct. This workshop focused on training in surface mining and reclamation inspections.

An entry permit was issued to Andy Domenigoni to allow horseback riding in conjunction with the 2011 Domenigoni Ranch Charity Ride for Diabetes. A portion of the ride occurred on Metropolitan-owned property located west of DVL.

Kiewit Infrastructure West Company was granted a license which provides for access and equipment storage on property located near the Sepulveda Canyon Power Plant and Control Structure. This use is in conjunction with the Interstate 405 freeway widening project.

A lease amendment was executed extending the term for one year of the office lease to Los Angeles and San Gabriel River Watershed Council (LASGRWC) at Metropolitan Headquarters Building. LASGRWC occupies 16 cubicles of office space on the 4th floor wing and one parking space on parking level 2.

Riverside County Transportation Commission was issued an entry permit to allow geotechnical field investigations and non-invasive biological and cultural surveys on a portion of the Colorado River Aqueduct/Lakeview Pipeline right of way near the City of Nuevo in conjunction with a proposed road project.

An entry permit was issued to Southern California Edison Company to allow for the construction of facilities and conduits for electrical service at Metropolitan's Etiwanda Power Plant.

The Westridge School for Girls was issued an entry permit to allow for short-term parking at the Metropolitan Headquarters Building in conjunction with an event taking place at the Union Station train terminal.

An entry permit was issued to WSR Group, LLC, to allow for filming of scenes for a Mattel toy commercial. Filming occurred on the exterior roadways adjacent to the ozone buildings located at the Joseph Jensen Water Treatment Plant.

Deeds Granted to Others

[Attachment 5](#) lists one deed and two permanent easements granted to others by Metropolitan during this reporting period. Metropolitan sold to TC La Verne Technology Center, LLC, the surplus property located south of the F. E. Weymouth Water Treatment Plant near Arrow Highway in La Verne. A non-exclusive easement was granted to the Riverside County Flood Control & Water Conservation District for flood control and drainage purposes in conjunction with the County's Gavilan Hills/Smith Road Debris Basin Project located near Lake Mathews. Southern California Edison Company was granted an easement for the construction of infrastructure to provide electrical service to the County of Riverside's telecommunications facility located near Metropolitan's Lower Feeder and Eagle Valley Property west of Lake Mathews. This site was developed for Riverside County's Public Safety Enterprise Communication project.

Right-of-Way Protection

Staff is continuing efforts to develop strategic right-of-way protection and conservation policies, evaluate changes in right of way conditions, and assess Metropolitan's responses to reduce or remediate existing and potential future risks.

Annexations

During this fiscal year, one annexation was completed without levying Standby Charges. September 21, 2010, Calleguas Annexation No. 94 was completed which annexed 15.21 acres into the city of Camarillo, Calleguas and Metropolitan. The remaining 23 acres within the parcel were not included in this annexation and is prohibited

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from using water to maintain compliance with Metropolitan Administrative Code Section 3201, Avoidance of Windows. Receipt of annexation charge of approximately \$64,714.46 was collected for the annexation prior to recording the action. The initial fixed and variable costs will be borne by the local water supplier and property owners including processing, infrastructure, and the cost of raw and treated water. This annexation helps to meet Metropolitan's member agency requests and provides essential benefits to public facilities by providing the ability for water service and associated benefits to the California Conservation Corps development.

The year 2011 per-acre annexation charge and annual report for Water Use Efficiency were completed on time. The per-acre rate is \$4,037 for the annexation charge for the current year and will be recalculated according to the Metropolitan Administrative Code Section 3300, Net Replacement Cost, for calendar year 2012. The member agencies assured compliance with the provisions of Metropolitan Administrative Code Section 3107, Water Use Efficiency Guidelines, and have reported to the District on a yearly basis regarding such compliance.

Goals

- Select successful respondent to the Lease Management System software Request for Proposals.
- Select and negotiate lease with successful respondent to the Palo Verde property RFP.
- Execute short-term lease at fair market value with Urban Park Concessionaires for the operation of the DVL Marina.

Upcoming Board Items

- Authorize entering into an exclusive negotiation agreement with a developer for the development of a college campus at the DVL Visitor Center.
- Authorize General Manager to accept future offers pursuant to Metropolitan's Administrative Code Section 8246 in sale of surplus property identified as The Metropolitan Water District of Southern California's Parcel No. 1600-1-100, Orange County Assessor Parcel No. 323-012-14: 0.170 acre of improved land near Robert B. Diemer Water Treatment Plant.
- Authorize entering into a ground lease for approximately 7,000 gross acres of Metropolitan's Palo Verde property.
- Authorize entering into a lease agreement for 596 square feet of Metropolitan's Headquarters Building.
- Authorize entering into an option agreement for lease of 10 acres of Metropolitan's Portrero property for a renewable energy project, subject to project approvals.
- Authorize entering into long-term agreements for power facilities located on Metropolitan's property at the Julian Hinds pumping plant in Riverside County.

**Requests for Long Term Leases and Licenses by Others
During 4th Quarter of FY 2010/11
April 1, 2011 through June 30, 2011**

LESSEE NAME	ENTITY TYPE	ACREAGE	TYPE	TERM (YRS)	FEE	STANDARD CONDITIONS MET (Y/N)	COMMENTS
Infrastructure Improvements (office space, fencing, utilities, access)							
New Cingular Wireless PCS, LLC (RL 894)	Private	0.01 acre	Amendment No. 2 to Lease	5 years	\$2,531 per month ⁽¹⁾	Y	New Cingular is requesting a 5-year renewal to the term for its operation and maintenance of an existing telecommunications site located near the Sepulveda Canyon Power Plant and Control Structure
Western Municipal Water District (WMWD) (RL 2348)	Public	14.89 acres	Amendment No. 1 to Lease	70 years ⁽²⁾	\$18,000 per year ⁽³⁾	Y	WMWD is requesting an amendment to its existing lease for their operations center located near Lake Mathews. This amendment will encompass the area of existing Lease RL 718 which expires at the end of 2011 to create one combined lease area and will allow WMWD to sublease a portion of the lease area to a solar operator for the purpose of generating electricity for on-site use.

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⁾ Terms include a 3% annual rent escalation

⁽²⁾ Initial term of lease when executed in 2006 was 55 years plus one 10-year option and one 5-year option (total 70 years)

⁽³⁾ Terms include a \$1,500 processing fee and bi-annual rent escalations based on the Consumer Price Index

**Requests for Easements by Others
During 4th Quarter of FY 2010/11
April 1, 2011 through June 30, 2011**

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

Riverside, City of (RL 3077)	Public	0.015 acre	Easement	Permanent	\$2,500	Y	City of requesting access across a portion of Metropolitan's Upper Feeder right of way in conjunction with its Santa Ana River Trunk Sewer Project
Temecula, City of (RL 3085)	Public	0.78 acre	Easement	Permanent	\$4,430	Y	City is requesting an easement for slopes and road purposes over a portion of San Diego Pipeline No. 4 in conjunction with its Western Bypass Bridge over Murietta Creek

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

None							
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TBD = To be Determined

n/a = Not Applicable

**Deeds, Grants and Leases Accepted
During 4th Quarter of FY 2010/11
April 1, 2011 through June 30, 2011**

GRANTOR	ACREAGE	TYPE	TERM	USE	RECORDING DATE	COSTS
None						

TBD = To be Determined

n/a = Not Applicable

**Leases and Permits Issued
During 4th Quarter of FY 2010/11
April 1, 2011 through June 30, 2011**

LESSEE	ENTITY TYPE	ACREAGE	TYPE	TERM	USE	FEE/RENT	FREQUENCY
California, State of, Dept. of Conservation (RL 3162)	Public	131.96 acres	Entry Permit	1 day	Allows for a one-day educational workshop in the Whitewater mining pit near the Colorado River Aqueduct	\$0 ⁽¹⁾	n/a
Domenigoni, Mr. Andy (RL 3148)	Private	n/a ⁽²⁾	Entry Permit	3 days	Allows for a horseback riding event on property west of Diamond Valley Lake in conjunction with the 2011 Domenigoni Ranch Charity Ride for Diabetes, benefitting Diabetic Youth Services	\$500 ⁽³⁾	One Time
Kiewit Infrastructure West Company (RL 3103)	Private	1.67 acres	License	Year to Year	Provides for access and equipment storage on property located near the Sepulveda Canyon Power Plant and Control Structure. This use is in conjunction with the Interstate 405 freeway widening project.	\$8,500	Annual
Los Angeles and San Gabriel River Watershed Council (RL 2994)	Non-Profit ⁽⁴⁾	2,427 RSF ⁽⁵⁾	Amendment No. 2 to Lease	1 year	Extension of term of lease to use 16 cubicles of office space on the 4th floor wing and one parking space on parking level 2 at the Metropolitan Headquarters Building	\$12 ⁽⁶⁾	Annual
Riverside County Transportation Commission (RL 3171)	Public	127.39 acres	Entry Permit	1 year	Allows geotechnical field investigations and non-invasive biological and cultural surveys on a portion of the Colorado River Aqueduct/Lakeview Pipeline right of way near the City of Nuevo in conjunction with a proposed road project	\$0 ⁽¹⁾	n/a
Southern California Edison Company (SCE) (RL 3168)	Private	1.396 acres	Entry Permit	1 year	Allows for construction of facilities and conduits for electrical service at Metropolitan's Etiwanda Power Plant	\$1,500	One Time
Westridge School For Girls (RL 3182)	Private	n/a ⁽⁷⁾	Entry Permit	1 day	Allows use of parking areas at 700 North Alameda Street to accommodate guests attending an event held at Union Station train terminal	\$300 ⁽⁸⁾	One Time
WSR Group, LLC (RL 3185)	Private	n/a ⁽⁹⁾	Entry Permit	1 day	Allows use of the exterior roadways adjacent to the ozone buildings located at the Joseph Jensen Water Treatment Plant for filming a Mattel toy commercial	\$3,000 ⁽¹⁰⁾	One Time

TBD = To be Determined

n/a = Not Applicable

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

⁽²⁾ Ride was approximately 10 miles in length traversing private and Metropolitan-owned properties

⁽³⁾ Fee includes subsequent bi-annual events for years 2013 and 2015

Date of Report: September 13, 2011

**Leases and Permits Issued
During 4th Quarter of FY 2010/11
April 1, 2011 through June 30, 2011**

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

⁽⁵⁾ RSF = Rentable Square Feet

Rentable 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

⁽⁶⁾ Mutual benefits includes Metropolitan partnering with Los Angeles and San Gabriel Rivers Watershed Council since the year 2000 in various research studies and educational outreach efforts relating to improving water supply reliability and water quality which allows Metropolitan to meet its statutory mandate to consider programs of conservation, groundwater recharge and replenishment

⁽⁷⁾ Temporary use of 25 parking spaces at Metropolitan Headquarters Building

⁽⁸⁾ Fee includes a \$500 refundable security deposit which was collected and subsequently returned

⁽⁹⁾ Temporary use of roadways and gravel lot surrounding the ozone building at Joseph Jensen Water Treatment Plant

⁽¹⁰⁾ Fee includes a \$2,000 refundable security deposit which was collected and subsequently returned

Deeds Granted
During 4th Quarter of FY 2010/11
April 1, 2011 through June 30, 2011

GRANTEE	ACREAGE	TYPE	TERM	USE	DOCUMENT RECORDING DATE	FEE/RENT	FREQUENCY
Riverside County Flood Control & Water Conservation District (RL 2248)	0.079 acre	Easement	Permanent	Non-exclusive easement for flood control and drainage purposes for the construction, repair, reconstruction, inspection, operation, maintenance and protection of a rectangular concrete drainage channel in conjunction with County's Gavilan Hills/Smith Road Debris Basin Project located near Lake Mathews	6/1/2011	\$0 ⁽¹⁾	n/a
Southern California Edison Company (RL 2970)	0.158 acre	Easement	Permanent	Permanent easement for the construction of infrastructure 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	5/5/2011	\$0 ⁽²⁾	n/a
TC La Verne Technology Center, LLC	23.803 acres	Grant Deed	Permanent	Sale of surplus property located south of the F. E. Weymouth Water Treatment Plant near Arrow Highway in La Verne	6/30/2011	\$8,000,000	One Time

TBD = To be Determined

n/a = Not Applicable

⁽¹⁾ Fee waived due to the mutual benefits of the constructed debris basin providing flood control protection to Metropolitan's property

⁽²⁾ Consideration for this easement was included in the lease negotiation with the County of Riverside for their telecommunications facility