



- Board of Directors
Real Property and Asset Management Committee

3/13/2012 Board Meeting

8-2

Subject

Affirm the General Manager's determination that two parcels acquired for the construction of the Inland Feeder, Metropolitan Water District of Southern California's Parcel Nos. INFED 1-24-150 (APN 0299-111-02) and INFED 1-10-100 (APN 422-040-009) are surplus to Metropolitan's needs: 10 acres in Redlands, California (San Bernardino County) and 114 acres in Moreno Valley, California (Riverside County), respectively

Description

The General Manager has determined that a portion of a 19-acre parcel ([Attachment 1](#)) in Redlands, California, and a portion of an approximate 132-acre parcel ([Attachment 2](#)) acquired for the construction of the Inland Feeder in Moreno Valley, California, are surplus to Metropolitan's needs and can be sold pursuant to Metropolitan's Administrative Code Sections 8240 through 8258: Disposal of Real Property.

Parcel 1—Opal Avenue

The subject parcel (INFED 1-24-150, APN 0299-111-02) is located adjacent to the Inland Feeder Pipeline and Opal Portal in Redlands. The property was acquired in fee simple in 1994 as part of a larger site for pipeline, portal and tunnel operational uses for the Inland Feeder. The larger 19-acre parcel was purchased in its entirety for \$1,060,000 to avoid severance damages. Since that time, Metropolitan has completed the Inland Feeder pipeline and Opal Portal adjacent to and adjoined with the subject parcel. Staff has determined that a 10-acre portion of land is not necessary for Metropolitan's current operational and business needs. Metropolitan's annual expenses for maintaining ownership of the parcel are \$18,892, including: \$12,000 for orange grove maintenance; \$630 for water share assessments; and \$6,262 for real property tax (non-service area).

The market value for this parcel is estimated at \$260,000 as determined by an independent appraisal report completed in November 2011 ([Attachment 3](#)), in conformance with Metropolitan's Administrative Code Section 8231: Appraisals of Real Property Interests.

Parcel 2—Gilman Springs Road

The property (INFED 1-10-100, APN 422-040-009) in Moreno Valley was acquired in fee simple in 1996 as part of a larger corridor for pipeline, portal and tunnel operational uses for the Inland Feeder. The approximate 132-acre parcel was purchased in its entirety for \$1,724,061 to avoid severance damages. Since that time, Metropolitan has completed the Inland Feeder pipeline and Badlands Tunnel South Portal adjacent to and adjoined with the subject parcel. Staff has determined that a 114-acre portion of land is not necessary for Metropolitan's current operational and business needs. Metropolitan's annual ownership expenses total \$2,200, including \$1,000 for weed and trash abatement and \$1,200 for fence repairs. The excess property has a billboard sign lease with rent of \$3,500 per year.

The market value for this parcel was estimated in a range from \$3,500,000 to \$4,500,000, as determined by an independent appraisal report completed in August 2011 ([Attachment 4](#)) in conformance with Metropolitan's Administrative Code Section 8231: Appraisals of Real Property Interests.

After compliance with the requirements of the Surplus Lands Act, contained in the California Government Code Section 54220 through Section 54227, requiring notification of specifically designated public agencies, the property can be disposed of in accordance with applicable sections of Metropolitan's Administrative Code. See [Attachment 5](#) for the Surplus Property Decision Tree.

Proceeds from the sale of the properties will be applied to the Inland Feeder appropriation.

Policy

Metropolitan Water District Administrative Code Section 8231: Appraisals of Real Property Interests

Metropolitan Water District Administrative Code Section 8240: Preliminary Requirements

Metropolitan Water District Administrative Code Section 8241: Authority for General Manager to Sell or Lease Surplus Real Property; Restriction on District Directors and Employees

Fair Market Value Policy

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action, declaring the subject properties surplus to Metropolitan's needs, is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378 (b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines). The proposed action is also categorically exempt under the provisions of CEQA and the State CEQA Guidelines. In particular, the proposed action involves the leasing, licensing, maintenance, and operating of existing equipment and facilities with negligible or no expansion of use beyond that existing at the time of the lead agency's determination and which will not have a significant effect on the environment. Additionally, the proposed action consists of the sale of surplus government property with no statewide, regional, or areawide importance, which will not have a significant effect on the environment. Accordingly, the proposed action qualifies as Class 1 and Class 12 Categorical Exemptions (Section 15301 and 15312 of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action, declaring the subject properties surplus to Metropolitan's needs, is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines. Furthermore, determine that pursuant to CEQA, the proposed action qualifies under two Categorical Exemptions (Class 1, Section 15301 and Class 12, Section 15312 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

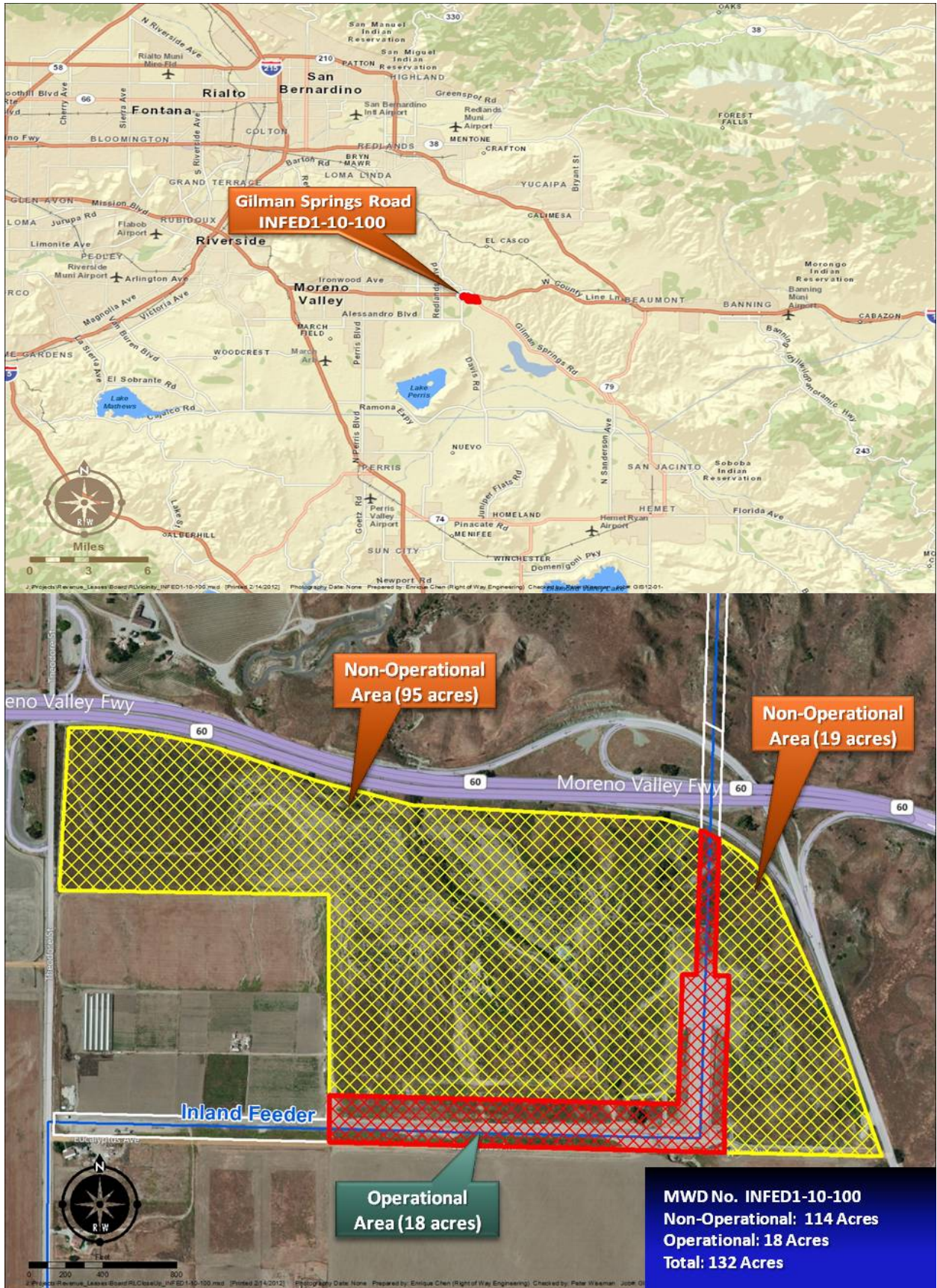
Adopt the CEQA determination and

- a. Affirm the General Manager's determination that the subject property comprised of 10 acres in Redlands, California, and the 114 acres in Moreno Valley, California, are surplus and carry out disposition of the properties in their current conditions; and
- b. Market the properties for sale on the open market for their fair market value between \$3,760,000 to \$4,760,000, in a form approved by the General Counsel.

Fiscal Impact: \$3,760,000 to \$4,760,000 in revenue upon close of escrow less disposition expenses, with an estimated \$21,092 reduction in annual costs.

Business Analysis: The properties are excess to Metropolitan's needs and imposes annual maintenance costs and real property taxes. The properties are marketable at the appraised value.





SUMMARY OF APPRAISAL

Property Owner: The Metropolitan Water District of Southern California

Metropolitan Parcel No.: INFED1-24-150

Metropolitan Facility: Inland Feeder

APN: 0299-111-02

Appraiser: Robert M. Lea, MAI,

Location: North side of 5th Avenue, west of Opal Avenue, unincorporated
Mentone community, San Bernardino County

Property Type: Acreage with orange grove

Land Area: Ten acres

Interest Appraised: Fee simple

Zoning: RL-5 Rural Living, which allows agricultural and residential uses
with five acres minimum lot size.

Date of Value: November 22, 2011

Appraised Value: \$260,000

SUMMARY OF APPRAISAL

Property Owner: The Metropolitan Water District of Southern California

Metropolitan Parcel No.: INFED1-10-100

Metropolitan Facility: Inland Feeder

APN: 422-040-009

Appraiser: Gary Vogt, MAI,

Location: South side Moreno Valley Freeway between Theodore Street and Gilman Springs Road, Moreno Valley

Property Type: Vacant acreage

Land Area: 114 acres

Physical Conditions: Raw land with level to rolling terrain bisected by watercourse, earthquake fault and drainage course with “blue-line stream” designation.

Interest Appraised: Fee simple

Zoning: BP Business Park

Date of Value: August 15, 2011

Appraised Value: \$3,500,000 to \$4,500,000

Surplus Process and Flowchart

