



- Board of Directors
Real Property and Asset Management Committee

2/12/2013 Board Meeting

7-3

Subject

Affirm the General Manager's determination that one parcel consisting of 8.426 acres in the unincorporated community of Mentone in San Bernardino County, a portion of Metropolitan Water District of Southern California's Parcel No. INFED 1-24-150 (APN 0299-111-02), is surplus to Metropolitan's needs

Executive Summary

The General Manager has determined that a 8.426-acre portion of a 19.986-acre parcel ([Attachment 1](#)) in the unincorporated community of Mentone, California, acquired for the construction of the Inland Feeder, is surplus to Metropolitan's needs and can be sold pursuant to Metropolitan's Administrative Code Sections 8240 through 8258: Disposal of Real Property.

Details

The subject parcel (INFED 1-24-150, APN 0299-111-02) is located adjacent to the Inland Feeder Pipeline and Opal Portal in the unincorporated community of Mentone, in San Bernardino County. The property was acquired in fee simple in 1994 for pipeline, portal and tunnel uses associated with construction of the Inland Feeder. The larger 19.986-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. This 19.986-acre larger parcel contains a 1.56-acre parcel that will be retained in fee for access to and maintenance of the Opal Portal. In February 2012, a ten-acre portion of the 19.986-acre parcel was declared surplus. Staff has since determined that the fee interest in an additional 8.426-acre portion of the property is not necessary for Metropolitan's current or anticipated future operational and business needs. Additionally, a 4.773-acre portion of the parcel will be retained as a permanent easement for the operation of the Inland Feeder pipeline and tunnel. Combining the surplus 10-acre parcel with the additional 8.426-acre nonoperational parcel will create a parcel with a combined area of 18.426 acres. Metropolitan's current annual estimated expenses for maintaining the 18.426-acre parcel are \$18,892, including \$12,000 for orange grove maintenance; \$630 for water-share assessments; and \$6,262 for real property tax. Metropolitan is required to pay real property taxes on property outside of its service area.

The ten-acre parcel that was previously declared surplus has an appraised value of \$285,000. The combined 18.426 acre parcel was appraised for \$370,000 as determined by an independent appraisal completed in September 2012 ([Attachment 2](#)) in conformance with Metropolitan's Administrative Code Section 8231: Appraisals of Real Property Interests. The appraised value attributable to the 8.426-acre parcel is \$85,000.

After compliance with any applicable requirements of the Surplus Lands Act, requiring notification of specifically designated public agencies, the property can then be disposed of in accordance with the real property provisions of Metropolitan's Administrative Code. See [Attachment 3](#) for the Surplus Property Decision Tree.

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

Policy

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

Metropolitan Water District Administrative Code Sections 8240-8258: Disposal of Real Property

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action, declaring the subject property 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 (Sections 15301 and 15312 of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action, declaring the subject property 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 8.426 acres in the unincorporated community of Mentone, San Bernardino County, California is surplus and carry out disposition of the property in its current condition; and
- b. Market the combined 8.426-acre parcel for sale on the open market for not less than its appraised value.

Fiscal Impact: Revenue from sale of the property upon close of escrow, less disposition expenses, with an estimated \$18,892 reduction in annual costs associated with maintenance of the property

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

Option #2

Do not surplus the property.

Fiscal Impact: Continued ownership expenses and associated costs for maintenance, water share assessments, and real estate taxes

Business Analysis: Metropolitan continues its fee ownership of the property and will incur ongoing maintenance costs with no foreseeable revenue.

Staff Recommendation

Option #1



John Clairday
Manager, Real Property Development and
Management

1/16/2013
Date



Jeffrey Kightlinger
General Manager

1/16/2013
Date

Attachment 1 – Location and Site Map

Attachment 2 – Summary of Appraisal

Attachment 3 – Surplus Process and Flowchart

Ref# rpdm12621147



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, Jerardo Arciniega

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

Property Type: Acreage with orange grove

Land Area: 18.426 acres

Interest Appraised: Fee simple

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

Date of Value: September 4, 2012

Appraised Value: \$370,000

Surplus Process and Flowchart

