



● **Board of Directors**
Real Property and Asset Management Committee

5/12/2015 Board Meeting

7-5

Subject

Authorize entering into an Exclusive Sales Listing Agreement with CBRE, Inc., to market Metropolitan's Gilman Springs surplus property

Executive Summary

Staff is seeking board approval to enter into an Exclusive Sales Listing Agreement (Agreement) with CBRE, Inc., for the sale of Metropolitan's Parcel Nos. INFED1-10-101 and INFED1-10-100 (portion).

Details

The subject property ([Attachment 1](#)) was acquired in 1996 as part of a larger corridor for pipeline, portal and tunnel operational uses for the Inland Feeder. The parcels are portions of a larger 133.95-acre acquisition that was purchased for \$1,765,775. Since that time Metropolitan has completed the Inland Feeder Pipeline, the Badlands Tunnel, and the Badlands Tunnel South Portal located adjacent to the subject property.

At its June 2014 meeting, the Board of Directors affirmed the General Manager's determination that ownership of Metropolitan's Parcel Nos. INFED1-10-101 and INFED1-10-100 (portion), was surplus to Metropolitan's needs pursuant to Metropolitan Administrative Code Sections 8240 through 8258: Disposal of Real Property. After complying with the public agency notice requirements of the Surplus Lands Act contained in California Government Code Sections 54220 through 54227, Metropolitan staff marketed the property to over 300 real estate brokers, developers, and investors between July and October 2014 under Metropolitan Administrative Code procedures. Two offers were received on the subject property, but they were deemed nonresponsive and found to fall short of the basic terms and conditions necessary for a sale of real property. A third offer was initially accepted, but the purchaser was unable to perform under the purchase and sale agreement and failed to close escrow. A request for proposals (RFP) for real estate brokerage services was issued with the intent of further marketing and finally selling the subject property. Staff reviewed, evaluated, and interviewed respondents to the RFP and is recommending one licensed commercial real estate brokerage for board consideration.

Staff seeks board approval to move forward with the successful respondent of the RFP and enter into an exclusive listing agreement with CBRE, Inc., pursuant to Metropolitan Administrative Code Section 8246: Exclusive Listing. The initial term of the listing agreement would be for six months, with two optional three-month extensions. The estimated value of the 130-acre parcel is between \$4,300,000 and \$4,900,000, as determined by an independent appraisal completed in April 2014.

Proceeds from the sale of the property 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

Metropolitan Water District Administrative Code Section 8246: Exclusive Listing
Fair Market Value Policy as adopted by the Board on August 16, 2011

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action 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 in question 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 CEQA determination is: Determine that the proposed action is not defined as a project and is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and enter into an Exclusive Sales Listing Agreement with CBRE, Inc.

Fiscal Impact: Listing broker commission to be paid based on sales price and payable from escrow closing proceeds. There would be no impact on the professional service budget or need for an additional appropriation.

Business Analysis: This option will provide enhanced marketing and buyer procurement services and placement of the subject real property on numerous commercial listing websites and marketing materials.

Option #2


Do not enter an Exclusive Sales Listing Agreement and continue to actively market the sale of the subject property on the staff level without outside brokerage support.

Fiscal Impact: There would be no deduction from escrow closing proceeds for a listing broker commission in the event of a sale of the subject real property.

Business Analysis: Under this option, Metropolitan would forgo the enhanced marketing capabilities and the regional and local business contacts of a professional licensed real estate brokerage company.


Staff Recommendation

Option # 1



John Clairday
Manager, Real Property Development and
Management Group

4/20/2015
Date



Jeffrey Nightlinger
General Manager

4/22/2015
Date

Attachment 1 – Location and Site Map

