



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

7/12/2016 Board Meeting

8-6

Subject

Affirm the General Manager's determination that one parcel consisting of 2.75 acres identified as a portion of Metropolitan Water District of Southern California Parcel No. INFED1-27-900 (APN 1210-381-19), is surplus to Metropolitan's needs and can be sold to San Bernardino Valley Municipal Water District

Executive Summary

The General Manager has determined that one parcel consisting of 2.75 acres ([Attachment 1](#)) in the city of Highland, California, which was 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 is a portion of a 8.22-acre larger parcel (INFED1-27-900) that was acquired in fee simple on November 27, 2001, for \$90,000 as part of a larger corridor for pipeline operational uses for the Inland Feeder Pipeline. Since that time Metropolitan has completed the Inland Feeder Pipeline. Staff has subsequently determined that a 2.75-acre portion of the larger parcel is surplus to Metropolitan's operational and business needs. The State of California Department of Water Resources (DWR) has a pipeline, blow-off structure, and drainage retention structure located within this parcel under a grant of easement from Metropolitan. San Bernardino Valley Municipal Water District (SBVMWD) also has its Foothill Pump Station, a pipeline, and associated equipment within this parcel, by way of a grant of easement and a coordinated operating agreement from Metropolitan.

The coordinated operating agreement between Metropolitan and SBVMWD, in part, provides SBVMWD with an option to purchase the parcel at fair market value at the time of SBVMWD's exercise of that option. This right to purchase can be exercised only after a determination by Metropolitan that the land is surplus to its needs.

Conveyance of this parcel in fee simple would reduce potential liability risks to Metropolitan that might arise in connection with DWR's or SBVMWD's operations on Metropolitan land. SBVMWD is interested in exercising its option to purchase and acquiring the portion of the parcel that is occupied by its Foothill Pump Station. The estimated value of the 2.75-acre parcel is \$130,000, as determined by an independent appraisal completed in May 2016 ([Attachment 2](#)) in conformance with Metropolitan's Administrative Code Section 8231: Appraisal of Real Property Interests. Metropolitan's estimated annual expense for maintaining the 2.75-acre parcel is approximately \$1,375. In the event of a sale of the parcel, a permanent easement would be reserved to Metropolitan for the Inland Feeder Intertie and access purposes.

Fee simple ownership of the parcel is not required by Metropolitan and its conveyance would not adversely affect its operations. Staff recommends that the Board affirm the surplus determination and allow staff to dispose of the property in accordance with the SBVMWD option or to other buyers under the real property provisions of Metropolitan's Administrative Code and the Surplus Lands Act. See [Attachment 3](#) for the Surplus Property Decision Tree.

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

Policy

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

Metropolitan Water District Administrative Code Section 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 and may be disposed of in accordance with applicable law, 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 consists of the sale of surplus government property with no statewide, regional, or area-wide importance, which will not have a significant effect on the environment. Accordingly, the proposed action qualifies for a Class 12 Categorical Exemption (Section 15312 of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action, declaring the subject property surplus to Metropolitan's needs and available for disposal, 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 for a Categorical Exemption (Class 12, Section 15312 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 subject to CEQA and is categorically exempt from CEQA, and

- a. Affirm the General Manager's determination that the subject property comprised of 2.75 acres in the city of Highland, San Bernardino County, California is surplus and carry out disposition of the property with a reserved easement; and
- b. Authorize sale of the fee interest in the 2.75-acre parcel to SBVMWD, subject to the reserved easement, for not less than its appraised value in a form approved by the General Counsel.

Fiscal Impact: \$130,000 for the 2.75 acre parcel in revenue upon close of escrow, less disposition expenses, with an estimated reduction of \$1,375 of annual costs.

Business Analysis: The property is excess to Metropolitan's needs and poses liability exposure and maintenance costs if retained in fee simple. The property will not be sold for less than the appraised value. A permanent easement to accommodate Metropolitan's facilities will be retained.

Option #2:

Do not surplus the property.

Fiscal Impact: Continued ownership expenses and associated costs for maintenance and security.

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

Staff Recommendation

Option #1



Lily L. Shraibati
Group Manager, Real Property
Development and Management

6/21/2016

Date



Jeffrey Kightlinger
General Manager

6/27/2016

Date

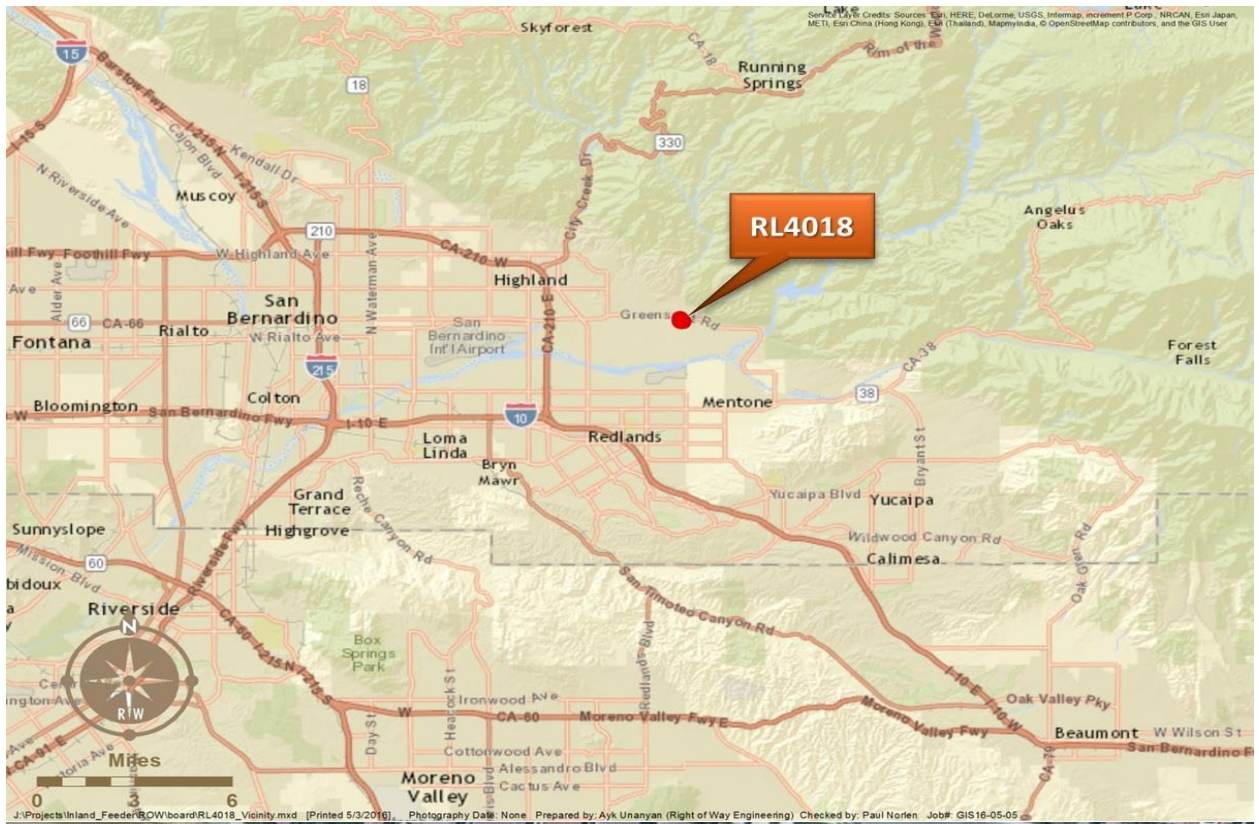
Attachment 1 – Location and Site Maps

Attachment 2 – Summary of Appraisal

Attachment 3 – Surplus Process and Flowchart

Ref# rpdm12640470

City of Highland Location and Site Maps



City of Highland Location and Site Maps



SUMMARY OF APPRAISAL

Property Owner: The Metropolitan Water District of Southern California

Metropolitan Parcel No.: INFED1-27-900 (Ptn.)

Metropolitan Facility: Inland Feeder Pipeline and Intertie to SBVMWD pipeline

APN: 1210-381-19 (Ptn.)

Appraiser: Joyce Riggs, MAI

Location: West side Cone Camp Road, south of Greenspot Road, City of Highland, CA 92329

Property Type: Primarily vacant land with water related facilities

Land Area: 2.75 acres

Physical Conditions: Triangle shape, generally level to gently sloping, all utilities available, impacted by current and future easements.

Interest Appraised: Fee simple

Zoning: Agriculture/Equestrian Residential

Date of Value: May 2016

Appraised Value: \$130,000

Comments: The on-site pump station is owned and operated by SBVMWD and was not included in the valuation.

Surplus Process and Flowchart

