



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

11/14/2017 Board Meeting

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**7-3**

## **Subject**

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Adopt CEQA determination and affirm the General Manager's determination that 655 acres in Beaumont, California identified as Metropolitan Water District of Southern California's parcel number 145-1-1, (APN 424-160-001, -004, -005, -006, -007, -008, -009, -010, -011, -012, -014, -015)("Potrero Creek property") is surplus to Metropolitan's needs

## **Executive Summary**

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The General Manager has determined that the Potrero Creek property (**Attachment 1**) located in the city of Beaumont, California, originally acquired as a reservoir alternative during the development of the Eastside Reservoir program 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**

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### **Background**

The Potrero Creek property (Parcel Number 145-1-1) was identified as an alternative to the Diamond Valley Lake Reservoir site in the 1991 Final Environmental Impact Report for the Eastside Reservoir Project and was purchased from the Beaumont Land Development Partnership. The site was acquired in 1990 and was comprised of four distinct parcels; three of which are located in the city of Beaumont and the fourth in an unincorporated portion of Riverside County. The Potrero Creek property was acquired in fee simple for \$7,800,000. Diamond Valley Lake site was ultimately selected, therefore, further purchase of additional acquisitions required to make the Potrero Creek property a viable reservoir site ceased. In May 1993, 50 acres of the original 705-acres acquisition were conveyed to the Riverside County Habitat Conservation Agency for conservation as part of an exchange for the Diamond Valley Lake Program. The entire Potrero Creek property has since been annexed into the city of Beaumont.

### **Site Description**

Metropolitan's Potrero Creek property is located adjacent to Highland Springs Avenue in the city of Beaumont. Generally to the north, the Potrero Creek property is bordered by an adult residential development and a golf-oriented residential development. To the east, the Potrero Creek property is bordered by land owned by the Bureau of Land Management and the Morongo Tribe of Mission Indians. To the south, the Potrero Creek property is separated from the San Jacinto river basin developments by the San Jacinto Mountains. To the west, adjoining lands consist of broken, uneven terrain.

### **Current Activities**

Metropolitan has received numerous complaints from surrounding neighbors regarding significant trespassing and illicit activities on the Potrero Creek property. Neighbors have complained about trespassers riding recreational off-road vehicles and late night revelry. In response, Metropolitan installed 40 additional signs to the already existing perimeter property signs which prohibited trespassing. In addition, staff contacted Beaumont Police to request patrol of the area on weekends and to issue citations and prosecute trespassers as posted on the signage.

The Real Property Group created a Property Review Council (PRC) which is comprised of Metropolitan staff representing interests in real property across the organization. In collaboration with the Real Property Group, it is the PRC's responsibility to protect Metropolitan's rights and interests, and determine current and future land uses. The PRC determined that the Potrero Creek property is not suitable for leasing and is no longer needed with respect to operations.

### **Appraisal**

The estimated market value for the parcel is \$12,000,000 to \$15,000,000 as determined in an independent appraisal report completed in July 2016, in conformance with Metropolitan's Administrative Code Section 8231: Appraisals of Real Property Interests.

### **Next Steps**

Staff recommends that the Board affirm the surplus determination and allow staff to dispose of the property in accordance with the Surplus Lands Act, contained in the California Government Code Section 54220 through Section 54227, and in accordance with applicable sections of Metropolitan's Administrative Code.

Proceeds from the sale of the property will be applied to the General Fund.

### **Policy**

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Metropolitan Water District Administrative Code Section 8231: Appraisal 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

By Minute Item 48766, dated August 16, 2011, the Board adopted the proposed policy principles for managing Metropolitan's real property assets.

### **California Environmental Quality Act (CEQA)**

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#### **CEQA determination for Option #1:**

The proposed action, declaring the subject property surplus to Metropolitan's needs and that it 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. Additionally, 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 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. Furthermore, determine that 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**

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**Option #1**

Adopt CEQA determination that the proposed action is not defined as a project, is not subject to CEQA, and is categorically exempt, and

- a. Affirm the General Manager’s determination that the Potrero Creek property comprised of 655 acres in Beaumont, California, is surplus and carry out disposition of the property in its current condition; and
- b. Authorize staff to market and sell the Potrero Creek property at fair market value at the time of sale, in a form approved by the General Counsel.

**Fiscal Impact:** Positive revenue in the form of fair market value upon close of escrow less disposition expenses

**Business Analysis:** The property is excess to Metropolitan’s needs and is marketable at the appraised value.

**Option #2**

Do not surplus the property

**Fiscal Impact:** Continued ownership expenses associated with property management, maintenance and security

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

**Staff Recommendation**

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Option #1

  
 \_\_\_\_\_ 10/24/2017  
 Lilly L. Straibati Date  
 Manager, Real Property

  
 \_\_\_\_\_ 10/30/2017  
 Jeffrey Kightlinger Date  
 General Manager

**Attachment 1 – Location and Site Maps**

Ref# rpdm12644333

### Location and Site Maps



**Location and Site Maps**

