



- Board of Directors
Real Property and Asset Management Committee

4/9/2019 Board Meeting

8-9

Subject

Affirm the General Manager's determination that 20 acres of vacant land in the City of Oxnard, in the County of Ventura, California, identified as Metropolitan Water District of Southern California's parcel numbers ORMOND 1-01-100c and ORMOND 1-01-100PEA1 and ORMOND 1-101-100PEA2 are surplus to Metropolitan's needs and authorize staff to dispose of the property and to quitclaim any associated interests; the General Manager has determined this action is exempt or otherwise not subject to CEQA

Executive Summary

The General Manager has determined that the 20-acre vacant land in the City of Oxnard (**Attachment 1**), originally acquired as a possible location for a seawater desalination plant, is surplus to Metropolitan's needs and can be sold or disposed of pursuant to Metropolitan's Administrative Code Sections 8240 through 8258: Disposal of Real Property, along with the quitclaim or disposition of approximately seven acres of associated permanent easement.

Details

Background

The 309-acre property known as Ormond Beach, located in the City of Oxnard, was purchased by Metropolitan for possible desalination plant purposes from NH Homes Two, LLC, in August 1998 for \$10.2 million. It was one of a few available coastal sites that had both access to ocean water and was located adjacent to a power plant. The City of Oxnard expressed concern that if Metropolitan purchased and had sole control of the property, the land would remain undeveloped for many years and would deprive the city of real property taxes, as Metropolitan is exempt from paying such taxes on property within its service area. Accordingly, the purchase included entering into a Memorandum of Understanding with the City of Oxnard and its Community Development Commission (CDC) for 50 percent co-ownership of approximately 289 acres of the purchased property, as well as the provision of financing by Metropolitan to the CDC. As part of the agreement, approximately 20 acres of the land was set aside and remained in exclusive ownership and control by Metropolitan for its potential future water-related projects, including but not limited to, a seawater desalination plant.

In August 2005, Metropolitan declared approximately 289 acres of its 309-acre holding in Ormond Beach surplus and sold those lands to The California Nature Conservancy (CNC) for open-space and wetlands purposes for \$11.6 million, subject to certain desalination plant-related conditions. Metropolitan retained the remaining 20 acres of its Ormond Beach holding for the construction of a seawater desalination facility and approximately 7 acres of permanent easement to the north and west of the 20-acre subject property, for pipeline alignment purposes. As a condition of its sale of the 289-acre holding to CNC, Metropolitan retained the right to reacquire or be allocated mitigation lands or credits for habitat or species on the 289-acre landholding, in the event that Metropolitan were required to mitigate the impacts of the development of a desalination plant and it was not able to satisfy applicable mitigation requirements on the retained 20-acre parcel.

Further, as a condition of sale of the 289 acres, Metropolitan and the CNC agreed to place a right of first refusal on the 20-acre parcel in favor of the CNC that would allow it to enter into negotiations to purchase the parcel, subject to applicable land surplus procedures and statutes, in the event that Metropolitan were to abandon plans for a desalination plant on the site and dispose of the property.

Related Actions

In previous actions regarding the sale of the Bolsa Chica and Ormond Beach properties, the Board directed that proceedings from the sale of these properties be reserved in a special fund for future desalination facilities. The fund has a current balance of \$19.6 million.

Site Description

The subject property is located approximately 1,350 feet south of East McWane Boulevard and immediately west of Edison Drive in the City of Oxnard, in the County of Ventura, California. The property is surrounded by industrial uses to the north, a power generating facility to the south, and agricultural uses to the east and west.

The following are key activities impacting the use of the subject property and surrounding area:

- There have been reports of illegal dumping, trespassing, and unauthorized farming on the property which are currently under investigation;
- The subject property is vacant and has no active leases;
- New regulations regarding ocean water once-through cooling processes took effect in 2010, requiring major redesigns for power plant cooling systems;
- The adjacent Oxnard Power plant was decommissioned in October 2018; and
- The CNC in partnership with the State Coastal Conservancy and the City of Oxnard is currently developing an Ormond Beach Restoration and Public Access Plan for the areas surrounding Metropolitan properties.

Appraisal

The property was appraised by an independent appraiser in conformance with Metropolitan's Administrative Code Section 8231: Appraisal of Real Property Interests. A valuation will be presented at the Board meeting.

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 the sale of surplus real property sections of Metropolitan's Administrative Code.

Policy

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

Metropolitan Water District Administrative Code Section 8244: Auction by District Staff

Metropolitan Water District Administrative Code Section 8245: Open Listing

Metropolitan Water District Administrative Code Section 8246: Exclusive Listing

Metropolitan Water District Administrative Code Section 8247: Auction by Professional Auctioneers

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 45955, dated October 12, 2004, The Board authorized the Chief Executive Officer to sell the Ormond Beach Property of 289 acres, with an amendment that the proceeds be used for desalination purposes.

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)

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 (Public Resources Code Section 21065, 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). In the alternative, if the proposed action were a project under CEQA, the action is exempt under the provisions of CEQA and the State CEQA Guidelines. In particular, the proposed action consists of the sale of surplus government property with no statewide, regional, or area-wide importance and the sale will not have a significant effect on the physical environment. Accordingly, the proposed action qualifies as a Class 12 Categorical Exemption (Section 15312 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Affirm the General Manager’s determination that the 20-acre parcel is surplus; and

- a. Authorize staff to provide a written offer to sell to statutorily-listed entities and public agencies under the state Surplus Land Act at the fair market value as determined by the General Manager. If no offer is accepted thereunder, to market and sell the property in its current condition at fair market value as determined by the General Manager through the public auction, real estate broker listing or other means and procedures allowed by the Metropolitan Administrative Code;
- b. Authorize staff to quitclaim or dispose of certain easements and other rights associated with the 20-acre parcel if deemed necessary by the General Manager to complete the sale of the surplus property; and
- c. Add proceeds to the existing \$19.6 million desalination facilities fund.

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 and associated costs for 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

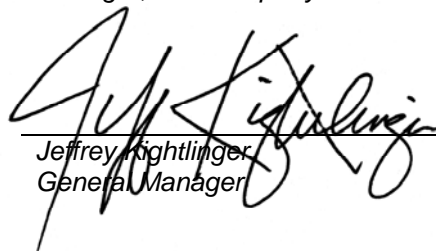
Option #1



 Lilly L. Shraibati
 Manager, Real Property

3/19/2019

 Date



 Jeffrey Lightlinger
 General Manager

3/26/2019

 Date

Attachment 1 – Location and Site Maps



