



- **Board of Directors**  
***Finance, Affordability, Asset Management, and Efficiency***

12/9/2025 Board Meeting

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7-3

## **Subject**

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Authorize the General Manager to execute up to 32 revocable license agreements in the cities of Santa Clarita, South Gate and Los Angeles to allow temporary encroachments on Metropolitan fee-owned parcels in Los Angeles County; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA (Los Angeles County Assessor Parcel Nos. 2833-001-271, 2833-004-272, 6210-012-901, 6210-016-902, 6210-023-901, 6204-027-901, 6204-026-902, 6216-031-905, 6222-013-272, 6222-016-276, 6204-004-903, 6204-007-902, 6210-008-901, 6210-020-901, 6204-008-903, 6045-014-903, 6045-014-902, 6204-003-904, 6204-004-002, 6204-012-901, 6210-024-902, 6216-015-901, 6216-019-901, and 6210-007-902.)

## **Executive Summary**

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As a large landholder in California, Metropolitan has a continuing and significant responsibility to be a good steward of public land, preserve and protect its property rights, and be a good neighbor in the community. Any situation in which a person or entity trespasses upon or uses Metropolitan's fee property without consent, prior rights, or interferes with Metropolitan's ability to use its easements are considered encroachments. Encroachment activity may impair property use, impact property rights, and potentially increase exposure to liability. Encroachments vary in complexity and require various approaches to seek resolution. Staff has classified encroachments into two main categories: (i) recent encroachments that are addressed as they occur and (ii) historical encroachments that have been in place for more than 5 years. In September 2025, staff reported on 576 identified historical encroachments to this Committee. These were divided into three rankings of high, moderate, and low priority for action. The initial focus has been on Los Angeles County which has the highest number of high-priority encroachments. Some of these encroachments have been resolved while others are still under investigation.

This action is seeking authorization to enter into up to 32 year-to-year license agreements to resolve historical encroachments in Los Angeles County as identified in the general location map on **Attachment 1**. These agreements will protect Metropolitan's interests while allowing the encroachments to remain, subject to compliance with license terms and the protection of Metropolitan's operational needs.

## **Proposed Actions/Recommendations and Options**

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### **Staff Recommendation: Option #1**

#### **Option #1**

Authorize the General Manager to execute up to 32 revocable license agreements in the cities of Santa Clarita, South Gate and Los Angeles to allow temporary encroachments on Metropolitan fee-owned parcels in Los Angeles County.

**Fiscal Impact:** Metropolitan will receive expected revenue of between \$10,000 and \$29,000 in total, depending on the number of agreements executed. License fees would be both at fair market and below fair market values, depending upon the equities and interests at each site as outlined in the Board letter and related attachments. Although the encroachers have shown an interest in entering into agreements, we may also have

costs incurred where the encroacher(s) ultimately refuse to enter into licensed encroachment agreements or to otherwise address their unlawful encroachments. In those situations, additional property right enforcement and trespass prevention and encroachment removal costs would be incurred, ranging from \$10,000 to \$1 million in costs for fencing, legal costs, etc.

**Business Analysis:** This is the most cost-effective solution to resolve these encroachments. It will minimize any enforcement costs, document encroachments and create pathways to ultimate encroachment removal by agreement and maintain positive community relations.

### Option #2

Authorize the General Manager to execute up to 32 revocable license agreements in the cities of Santa Clarita, South Gate and Los Angeles according to the recommended terms as described herein, with the exception that the agreements are all at fair market value and in a form approved by the General Counsel.

**Fiscal Impact:** Metropolitan will receive expected revenue of between \$10,000 and \$29,000 in total, depending on the number of agreements executed. Although the encroachers have shown an interest in entering into agreements, we may also have costs incurred where the encroacher(s) ultimately refuse to enter into licensed encroachment agreements or to otherwise address their unlawful encroachments. In those situations, additional property right enforcement and trespass prevention and encroachment removal costs would be incurred, ranging from \$10,000 to \$1.5 million in costs for fencing, legal costs, etc. The increase in costs is due to anticipated challenges in executing encroachment agreements at fair market value for all 32 properties.

**Business Analysis:** This action will lead to nominal additional revenue and will likely require substantial enforcement, possible litigation and ongoing fencing and maintenance costs.

### Option #3

Do not enter into any agreements and have all the encroachments removed and secure the properties where possible.

**Fiscal Impact:** Metropolitan will incur significant costs to remove encroachments and secure the properties with an estimate of between \$2 million and \$4 million for fencing, cleanup and possible litigation.

**Business Analysis:** This option will remove all encroachments and will likely require substantial enforcement, and possible litigation. It may also shed a negative light on Metropolitan with the local community.

## Alternatives Considered

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Not applicable

## Applicable Policy

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Metropolitan Water District Administrative Code Section 8230: Grants of Real Property Interests

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

Metropolitan Water District Administrative Code Section 8232: Terms and Conditions of Management

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 48766, dated August 16, 2011, the Board adopted fair market value policies for managing Metropolitan's real property assets.

## Related Board Action/Future Action

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Not applicable

## California Environmental Quality Act (CEQA)

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### CEQA determination for Option #1:

The proposed action to execute up to 32 revocable license agreements is exempt from CEQA because it involves the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. (State CEQA

Guidelines Section 15301.) In addition, the proposed action is exempt from CEQA because there is no potential for the activity in question to have a significant effect on the environment. (State CEQA Guidelines Section 15061(b)(3)).

**CEQA determination for Option #2:**

The proposed action to execute up to 32 revocable license agreements is exempt from CEQA because it involves the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. (State CEQA Guidelines Section 15301.) In addition, the proposed action is exempt from CEQA because there is no potential for the activity in question to have a significant effect on the environment. (State CEQA Guidelines Section 15061(b)(3)).

**CEQA determination for Option #3:**

None required

**Details and Background**

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**Metropolitan Land Holdings**

Metropolitan has rights to approximately 211,500 acres of real property in California, consisting of 175,500 acres in fee and 36,000 acres in easement rights, collectively referred to as Metropolitan's rights-of-way (ROW). In collaboration with Water System Operations, Engineering Services Group, Legal and Security, the Land Management Unit (LMU) is responsible for managing and protecting Metropolitan's ROW to support the storage, conveyance, treatment, and distribution of water, and to manage and minimize personal injury and other property management risks. Due to the extensive land holdings, Metropolitan regularly addresses encroachment issues. There are many different types of encroachments, ranging from structures built within our fee property and trespass and dumping issues to property owners doing certain improvements within their own properties owned in fee, but which contain Metropolitan easements, without getting our approval. New encroachments are addressed as they occur and in 2020, we started to identify, document and address historical encroachments within our ROW, with the current historical encroachments listed in **Table 1** below.

**Historical Encroachments**

LMU began the process of identifying and mapping historical encroachments on Metropolitan lands using Geographic Information System mapping software. This information is now incorporated into newly commissioned property management software to systematically record and track encroachments and related documents.

A ranking system was developed to consistently prioritize how encroachments are managed. Any significant improvement or encroachment on Metropolitan's fee property where the encroaching party lacks existing rights is considered a high priority. Any improvements on Metropolitan's fee property that encroaches on 1-2 feet into our fee property without rights or significant structures in an easement area are considered moderate priority. Lastly, any minor improvements on Metropolitan's easements, not permitted by the deed documents, are considered low priority.

LMU manages and documents encroachment resolution activities and archives the records in the property management system database. A number of these encroachments have been in place for over 80 years with the added complexity that some adjacent property owners retained previous access rights when the property was acquired by Metropolitan. None of the historical encroachments identified on **Attachments 2, 3 and 4** poses an immediate risk to the operation and maintenance of Metropolitan's infrastructure.

The following table lists the current historical encroachments as of 2025, listed by county and type.

**Table 1**

<b>County</b>	<b>Total</b>	<b>High</b>	<b>Moderate</b>	<b>Low</b>
<b>Los Angeles</b>	<b>332</b>	<b>147</b>	<b>35</b>	<b>150</b>
<b>Riverside</b>	<b>144</b>	<b>16</b>	<b>55</b>	<b>73</b>
<b>Orange</b>	<b>25</b>	<b>7</b>	<b>11</b>	<b>7</b>
<b>San Bernardino</b>	<b>31</b>	<b>14</b>	<b>10</b>	<b>19</b>
<b>San Diego</b>	<b>27</b>	<b>6</b>	<b>10</b>	<b>16</b>
<b>Total</b>	<b>576</b>	<b>190</b>	<b>121</b>	<b>265</b>
<b>Total Percent</b>	<b>100 percent</b>	<b>32 percent</b>	<b>21 percent</b>	<b>47 percent</b>

LMU is currently focusing its efforts in the Los Angeles area, which has 77 percent of the high-priority encroachments. The main reason for this high concentration is the number of pipelines and rights-of-way within the county, how long they have been there and the density of developments around them. Of the 147 identified high-priority encroachments in Los Angeles County, 92 are located on Metropolitan fee property. Staff has resolved 43 of these 92 encroachments through either voluntary removal of the encroachment or through the acknowledgement of the prior existing legal property rights of the encroaching party.

Staff continues to research 17 outstanding high-priority encroachments in Los Angeles County while seeking the Board’s authorization to enter 32 year-to-year license agreements in today’s action. These agreements are located in two areas: the Middle Cross Feeder ROW in the South Gate area, and the Foothill Feeder ROW in the Santa Clarita area. Our existing pipelines are not located within the proposed agreement areas.

**Middle Cross Feeder ROW in the South Gate Area**

The majority of historical encroachments identified along Metropolitan’s Middle Cross Feeder, and listed in **Attachments 2 and 3**, have been in place for over 70 years. These encroachments, along a 4-mile segment of the Middle Cross Feeder right-of-way that has an approximate width of 18 feet, are from abutting property owners (encroaching parties) consisting of walls, driveways, fences, gates, landscaping, structures and pools. In some cases, encroaching parties hold prior property rights subject to reservation clauses included in historical property deeds, which allow them to use Metropolitan property for some uses, such as access and driveways, but no other uses, like backyards and parking.

Given the historic nature of these encroachments and the lack of impact on the day-to-day operations of Metropolitan’s existing facilities, staff is recommending the execution of revocable, year-to-year license agreements for the following reasons.

1. The majority of Metropolitan’s fee-owned properties in this area are encumbered with a license to the City of South Gate for park use. These encroachments were present when the park use license was executed with the city. The city is supportive of the license agreements for the identified historical encroachments with their residents, as the private residential encroachments are limited in nature, and their licensing would minimize any hardships to their community.
2. Metropolitan’s existing facilities are not within the encroachment areas, and the encroachments do not interfere with Metropolitan’s operations. Metropolitan has no new projects currently planned for the area. The license agreements include a termination provision if there is a breach of contract or if the property is needed for maintenance of the existing pipeline or for future projects.

3. An agreement could avoid costs related to potential fence installation, trespassing enforcement, dumping, property maintenance, weed abatement, and possible litigation.
4. Forced removal of the encroachments may create a financial hardship for residents in this low-income neighborhood without much benefit to Metropolitan.
5. Metropolitan will benefit from these agreements by having the property owners acknowledge Metropolitan's ownership rights, accept our terms and conditions, and indemnify Metropolitan. Any change in ownership of the encroaching property will require the new owner to enter into a new license agreement or to remove the encroachment before the completion of the sale.

### **Foothill Feeder ROW Santa Clarita Area**

The encroachments identified in **Attachment 4** along Metropolitan's Foothill Feeder in the Santa Clarita area have been in place for over 5 years. Many of the encroachments are backyard extensions by the adjacent property owners. These encroachments consist of walls, fences, gates and landscaping.

Given the historic nature of these encroachments and no impact on the day-to-day operations of Metropolitan's existing facilities, staff is recommending the execution of year-to-year license agreements along this stretch of the Foothill Feeder for the following reasons.

1. Metropolitan's existing facilities are not within the encroachment areas, and the encroachments do not interfere with Metropolitan's operations. Metropolitan has no new projects currently planned for the area. The license agreements include a termination provision if there is a breach of contract, or the property is needed for maintenance of the existing pipeline or for future projects.
2. An agreement could avoid costs related to potential fence installation, trespassing enforcement, dumping, needed maintenance, weed abatement, and possible litigation.
3. Metropolitan will benefit from these agreements by having the property owners acknowledge Metropolitan's ownership rights, accept our terms and conditions, and indemnify Metropolitan. Any change in ownership of the encroaching property will require the new owner to enter into a new license agreement or to remove the encroachment before the completion of the sale.

### **Proposed Fee Structure**

Staff recommends that the proposed license agreements include fees or fee waivers, depending upon a set of different criteria. Since some of these encroachments have been in place for a considerable time and the current property owners may not have caused the encroachment, we are proposing to waive the fees or phase the fees over 5 years up to fair market value, as outlined below, in certain cases.

#### **South Gate- Single-Family Homes (Attachment 2)**

For single-family properties along the Middle Cross Feeder, staff is proposing to waive fees based on the limited encroachment size, minimal operational impact, and the fact that they have been in place for over 70 years. The improvements are non-commercial in nature and do not restrict Metropolitan's access to the existing facilities. The licenses will be revocable, and site conditions may be re-evaluated to ensure consistent management of encroachments. Most of these encroachments are also overlaid with a license to the City of South Gate for park purposes with no ability to generate additional revenue. The city is supportive of this approach.

#### **South Gate- Multi-Family Properties (Attachment 3)**

For multi-family properties along the Middle Cross Feeder, staff is proposing that the annual fee begins at 50 percent of the appraised value of the encroached area and increases incrementally each year, reaching 100 percent after 5 years. A new appraisal would be conducted after 5 years, and licensee fees would be set at market rate thereafter. These parcels often include duplexes or multi-unit buildings that use Metropolitan's

property for tenant parking and access, providing supplemental rental income while benefiting from the use of Metropolitan fee-owned land.

#### **Santa Clarita – Single-Family Homes (Attachment 4)**

For single-family properties along the Foothill Feeder, staff is proposing that the annual fee begin at 50 percent of the appraised value of the encroached area and increase incrementally each year, reaching 100 percent after 5 years. A new appraisal would be conducted at 5 years, and rent would be set at market rate thereafter. These properties often occupy up to half an acre of Metropolitan's fee-owned land, which has been landscaped for private benefit, including the storage of recreational vehicles and other personal use.

#### **Proposed License Agreements**

These agreements are primarily intended to protect Metropolitan's property interests, provide an enforcement mechanism, manage liability exposure and clarify boundaries as they reflect a proactive approach to encroachment resolution and transparency.

The license agreements will have the following key provisions:

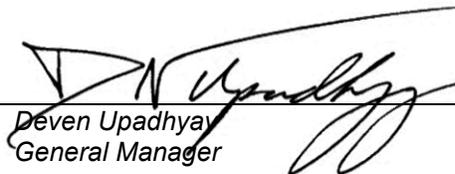
- Subject to the Metropolitan's paramount rights provisions.
- Year-to-year agreement term (timeframe) that is initially valid for only one year and is subject to renewal on an annual basis.
- All license agreements will terminate automatically upon property transfer.
- Allowable use is for existing encroachments only (i.e., no expansions of the encroachments will be permitted).
- Insurance provisions that add Metropolitan as an additional insured and provide liability protections to Metropolitan.
- Annual license fees ranging from \$0 to fair market value rates as per **Attachments 2, 3 and 4**, in the best interests of the member agencies and the impacted service area.
- Other site-specific terms as needed to protect Metropolitan interests and operations in a form approved by the General Counsel.



Elizabeth Crosson  
Chief Sustainability, Resilience and  
Innovation Officer

12/4/2025

Date



Deven Upadhyay  
General Manager

12/4/2025

Date

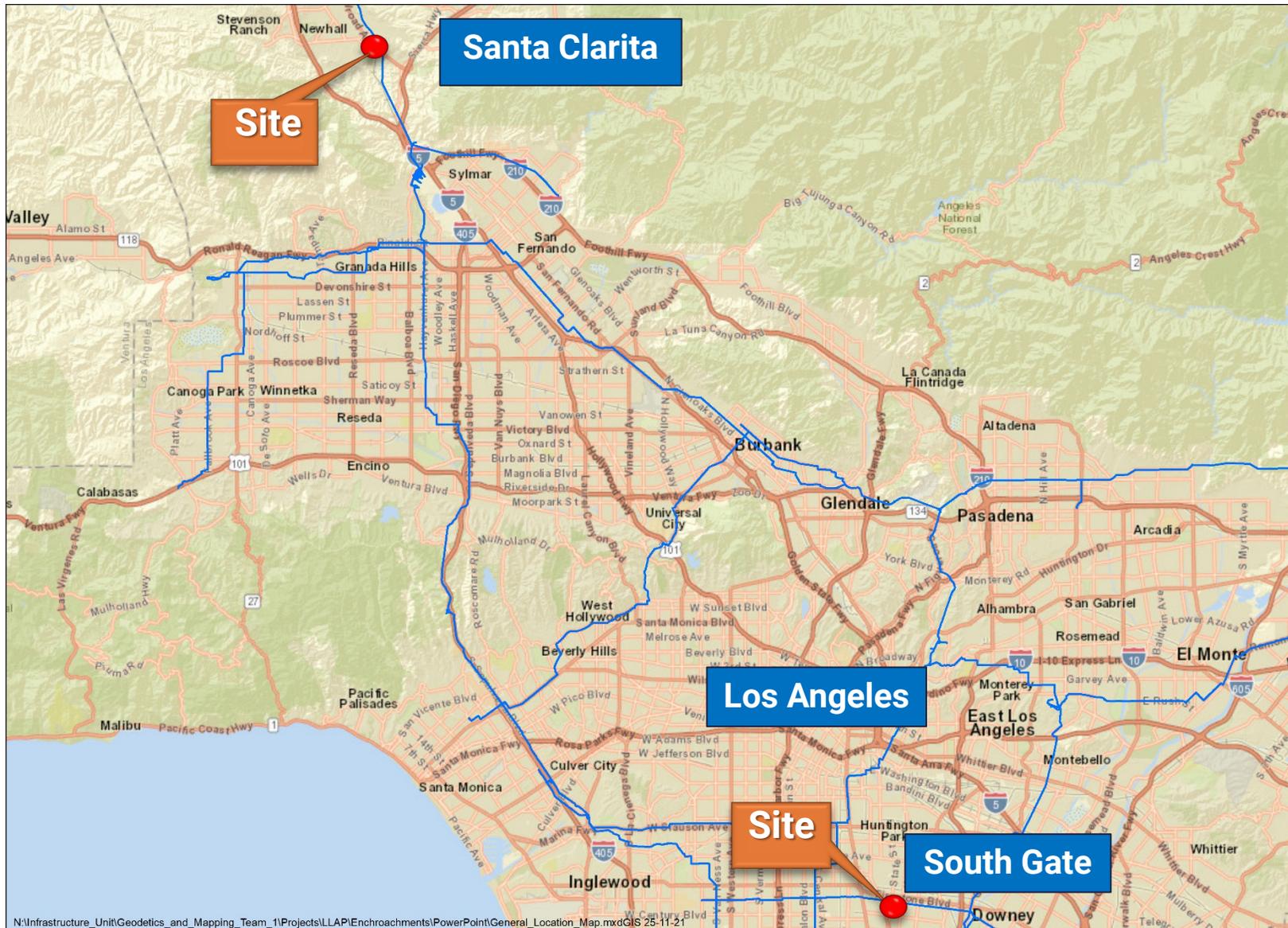
**Attachment 1 – General Location Map**

**Attachment 2 – South Gate Single-Family List**

**Attachment 3 – South Gate Multi-Family List**

**Attachment 4 – Santa Clarita Single-Family List**

# Attachment 1 – General Map



## ATTACHMENT 2 - South Gate Single Family List

ENCROACHING PARTY APN	EASEMENTS BY RESERVATION	ENCROACHMENT AREA (Excludes easements)	ENCROACHMENT TYPE	ANNUAL LICENSE FEES (APPROX)	PROPOSED ANNUAL LICENSE FEE	CITY
6210-008-048	Access Easement	780	Rod iron and chain link fence/ backyard landscaping/garage structure	\$390	\$0	South Gate
6210-023-002	N/A	1,000	Chain link fence/driveway	\$500	\$0	South Gate
6210-020-047	N/A	2,000	wall/parking/structure	\$1,000	\$0	South Gate
6204-008-040	Access Easement	770	Pool / /rod iron fence	\$385	\$0	South Gate
6045-014-023	Access Easement	1,500	Rod iron gate/chain	\$750	\$0	Los Angeles
6045-014-024	Access Easement	1,500	Rod iron gate/chain	\$750	\$0	Los Angeles
6045-014-007	N/A	1,950	Driveway/parking	\$975	\$0	Los Angeles
6204-027-009	N/A	1,100	border wall	\$500	\$0	South Gate
6204-003-036	N/A	1,080	Landscape	\$540	\$0	South Gate
6204-004-002	N/A	700	Driveway/Landscape	\$350	\$0	South Gate
6204-012-002	N/A	930	Chain-link fence/trees	\$465	\$0	South Gate
6210-024-048	N/A	660	Landscape/trees/fence/structure	\$330	\$0	South Gate
6216-015-026	N/A	300	Landscape/wood fence	\$150	\$0	South Gate
6216-019-004	N/A	1,300	Landscape/chain link fence/Driveway	\$650	\$0	South Gate
6210-007-002	N/A	1,450	Landscape/block wall/gate	\$725	\$0	South Gate
	<b>Total Sq.ft</b>	<b>17,020</b>	<b>Total Annual Fee</b>	<b>\$8,460</b>	<b>\$0</b>	

### ATTACHMENT 3 – South Gate Multi-Family List

ENCROACHING PARTY APN	EASEMENTS BY RESERVATION	ENCROACHMENT AREA (Excludes easements)	ENCROACHMENT TYPE	ANNUAL LICENSE FEES (APPROX)	City
6210-012-045	N/A	1,737	Driveway/Parking	\$1,911	South Gate
6210-016-024	N/A	1,500	Tenant Parking	\$1,150	South Gate
6210-023-044	N/A	2,400	Wall/Driveway/Tenant parking	\$1,200	South Gate
6204-027-018	N/A	3,310	Church Parking	\$1,655	South Gate
6204-026-032	N/A	970	Tenant Parking	\$485	South Gate
6216-031-011	N/A	2,000	Tenant Parking	\$1,000	South Gate
6222-013-027	N/A	1,921	Tenant Parking	\$960	South Gate
6222-016-027	N/A	1,300	Tenant Parking	\$650	South Gate
6204-004-036	N/A	1,300	Driveway	\$650	South Gate
6204-007-041	N/A	990	Driveway/Structure	\$495	South Gate
6204-004-039	N/A	5,500	Pavement/Parking	\$2,750	South Gate
	<b>Total Sq.ft</b>	<b>22,928</b>	<b>Total Annual Fees</b>	<b>\$12,906</b>	

## ATTACHMENT 4 - Santa Clarita Single Family List

ENCROACHING PARTY APN	EASEMENTS BY RESERVATION	ENCROACHMENT AREA (Excludes easements)	ENCROACHMENT TYPE	ANNUAL LICENSE FEES (APPROX)	City
2833-001-056	Access Easement	10,531	Landscape, wood fence, chain link fence, driveway	\$4,400	Santa Clarita
2833-001-076	N/A	11,000	Landscape, fence, roof eave	\$3,000	Santa Clarita
2833-001-063	Access Easement	17,100	Landscape, fence	\$5,100	Santa Clarita
2833-001-061	Access Easement	3,815	Fence/landscape	\$1,340	Santa Clarita
2833-001-059	N/A	1,500	Block wall, paved area, parking	\$750	Santa Clarita
2833-004-068	N/A	4,792	Driveway, fence	\$1,700	Santa Clarita
	<b>Total Sq.ft</b>	<b>48,738</b>	<b>Total Annual Fee</b>	<b>\$16,290</b>	