



- **Board of Directors**
Finance and Asset Management

5/14/2024 Board Meeting

7-7

Subject

Adopt a resolution declaring approximately 6,742 acres of Metropolitan-owned real property in the County of Riverside, located southwest of the City of Blythe, California, and commonly known as the Palo Verde Mesa, as exempt surplus land under the Surplus Land Act; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Updates in recent years to the California Surplus Land Act (Government Code 54220, et seq.) require local public agencies like Metropolitan to declare in writing land that it may consider subjecting to certain types of long-term leases as either “surplus land” or “exempt surplus land (**Attachment 1**).” Metropolitan currently owns approximately 6,742 acres of non-irrigated land in Riverside County, which is often referred to as the Palo Verde Mesa. This land has historically been considered by Metropolitan as land best used for alternative energy generation and other uses that support Metropolitan water facilities and other improvements, operations, and agency activities.

The resolution (**Attachment 2**) before the Board memorializes in written form the land’s status as “exempt surplus land” that might be used in a manner that furthers Metropolitan’s agency uses and authorities under the Metropolitan Water District Act and makes other findings, as required by recent updates to the California Surplus Land Act. This resolution does not change long-standing Metropolitan plans and policies for the lands in question and merely presents such possible future uses in a written form required by recent Surplus Land Act provisions.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option 1

Option #1

Adopt a resolution declaring approximately 6,742 acres of Metropolitan-owned real property in the County of Riverside, located southwest of the City of Blythe, California, and commonly known as the Palo Verde Mesa, as exempt surplus land under the Surplus Land Act.

Fiscal Impact: No immediate change in current fiscal obligations to pay for ongoing land management and holdings costs. This is an administrative designation only and does not commit Metropolitan to any specific contractual or other obligations.

Business Analysis: This option is in alignment with Metropolitan’s Climate Action Plan.

Option #2

Do not adopt the resolution declaring the subject parcels as exempt surplus land under the Surplus Lands Act.

Fiscal Impact: Forgo future possible revenue opportunities or reduced energy costs to offset operating costs.

Business Analysis: Forgo future possible land utilization proposals that require actions under the Surplus Land Act.

Applicable Policy

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 41222, dated January 10, 1995, the Board adopted a policy that Metropolitan continue to seek ways to increase the reliability of its Colorado River Aqueduct operations and supplies in order to operate that facility at capacity as much of the time as is feasible.

By Minute Item 42820, dated February 10, 1998, the Board approved the policy principle on a Colorado River Resources Strategy supporting Metropolitan's interests and increasing its dependable entitlements to Colorado River water, while collaborating with other California Colorado River agencies.

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

Metropolitan Water District of Southern California Climate Action Plan.

Related Board Action(s)/Future Action(s)

The resolution makes declarations and administrative findings under the Surplus Land Act and does not commit Metropolitan to any specific future contract or use of the subject lands. District approval of any actual, future use of the subject lands, such as for alternative energy generation and battery storage uses, would be subject to separate action.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities; personnel-related actions; and/or general policy and procedure making that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5).)

CEQA determination for Option #2:

None required



Details and Background

Background

Metropolitan acquired the approximately 6,742 acres making up the Palo Verde Mesa property, which is located 12 miles southwest of the City of Blythe, as part of its portfolio land purchase from the San Diego Gas & Electric Company in 2001. The land is not currently irrigated but does lie within the Palo Verde Irrigation District service area.

Metropolitan has historically earmarked this land for different possible agency uses, including renewable energy generation to support Metropolitan water-related facilities and other improvements and operations and the generation of revenue to support district functions. In May 2022, the Metropolitan Board of Directors also approved a Climate Action Plan, which established an organizational goal of carbon neutrality by 2045. Additionally, the California Renewables Portfolio Standard Program (SB 100) mandates that emissions from retail electricity be reduced over time. Consistent with these goals, Metropolitan is promoting the generation and procurement of carbon-free electricity consistent with its carbon neutrality goal. This strategy includes the promotion of low-carbon and carbon-free electricity in the marketplace and also combats climate change that threatens Metropolitan's water supply resiliency and water quality goals.

The current action would memorialize the historic land management designations and proposed agency uses of the land and the different Metropolitan policies applicable to it. This action is further intended to memorialize in a single document the different declarations and findings required by more recent changes to the Surplus Land Act.

 Elizabeth Crosson Chief Sustainability, Resilience and Innovation Officer	5/2/2024 Date
 Adel Hagekhalil General Manager	5/7/2024 Date

Attachment 1 – General Location Map

Attachment 2 – Resolution Declaring Palo Verde Mesa Exempt Surplus Land

Ref# sri12697967



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
DECLARING APPROXIMATELY 6,742 ACRES OF METROPOLITAN-
OWNED REAL PROPERTY IN THE COUNTY OF RIVERSIDE,
LOCATED SOUTHWEST OF THE CITY OF BLYTHE, CALIFORNIA,
AND COMMONLY KNOWN AS THE PALO VERDE MESA, AS EXEMPT
SURPLUS LAND UNDER THE SURPLUS LAND ACT**

WHEREAS, the Metropolitan Water District of Southern California (“Metropolitan”) is the fee owner of approximately 6,742 acres of land in certain unincorporated portions of Riverside County and commonly referred to as the Palo Verde Mesa (Riverside County Assessor Parcel Nos. 879-230-001, 879-230-003; 879-230-005; 879-230-008; 879-230-010; 879-230-011; 879-230-012; 879-230-013; 879-230-014; 879-230-015; 879-230-016; 879-230-017; 879-230-018; 879-230-023; 879-230-024; 879-240-001; 879-240-002; 879-240-037; 879-240-038; 879-250-001; 879-250-008; 879-250-011; 879-250-013; 879-250-014; 879-261-019; 879-261-020; 879-261-021; 879-261-022) (referred to collectively herein as the “Properties”);

WHEREAS, Metropolitan is a metropolitan water district created under the authority of the Metropolitan Water District Act (California Statutes 1927, Chapter 429, as reenacted in 1969 as Chapter 209, as amended) (the “Act”) which authorizes Metropolitan amongst other things to: expand water conservation, water recycling, and groundwater recovery efforts in a sustainable, environmentally sound, and cost-effective manner; acquire water and water rights within or without the state; develop, store, and transport water; provide, sell, and deliver water at wholesale for municipal and domestic uses and purposes; and acquire, construct, operate, and maintain any and all works, facilities, improvements, and property necessary or convenient to the exercise of such powers;

WHEREAS, the Act further authorizes Metropolitan to provide, generate, and deliver electric power within or without the state of California for the purpose of developing, storing, and distributing water;

WHEREAS, Metropolitan in particular was founded and created in part to build and operate the 242-mile long Colorado River Aqueduct, made up of 150 miles of canals, siphons, conduit and pipelines and five pumping plants to lift water over mountains so that water deliveries can then flow west by gravity. Critical sections of this Colorado River Aqueduct infrastructure thus require the generation and use of electrical power;

WHEREAS, in May 2022, the Metropolitan Board of Directors approved a Climate Action Plan, which established an organizational goal of carbon neutrality by 2045, and Metropolitan also purchases electricity from a California power marketplace which, under the California Renewables Portfolio Standard Program (SB 100), is subject to a 2045 goal of powering all retail electricity sold in California and state agency electricity needs with renewable and zero-carbon resources;

WHEREAS, the leasing or long-term commitment of the Properties for carbon-free energy and battery storage uses would potentially help Metropolitan meet its carbon neutrality goals and also increase the availability of low-carbon and carbon-free electricity in the marketplace for Metropolitan use for Metropolitan water facilities and other improvements and operations, as authorized in the Act and set forth in Metropolitan's Climate Action Plan, and also combat climate change and address adverse power conditions near Metropolitan facilities and systems;

WHEREAS, the leasing of the lands for the purposes identified herein would also further Metropolitan's stated mission to operate and power its water facilities and other improvements and operations in a sustainable, environmentally sound, and cost-effective manner, as expressed in the following actions: (1) By Minute Item 41222, dated January 10, 1995, the Board adopted a policy that Metropolitan continue to seek ways to increase the reliability of its Colorado River Aqueduct operations and supplies in order to operate that facility at capacity as much of the time as is feasible; (2) By Minute Item 42820, dated February 10, 1998, the Board approved the policy principle on a Colorado River Resources Strategy supporting Metropolitan's interests and increasing its dependable entitlements to Colorado River water, while collaborating with other California Colorado River agencies; and (3) By Minute Item 48766, dated August 16, 2011, the Board adopted policy principles for managing Metropolitan's real property assets;

WHEREAS, pursuant to Section 54221(b)(1) of the Surplus Land Act (California Government Code Sections 54220 – 54234) and the Surplus Land Act Guidelines of the California Department of Housing and Community Development, the Board of Directors of Metropolitan (the "Board") must declare the Properties to be "surplus land" or "exempt surplus land" before Metropolitan may take any action to dispose of the Properties, whether by sale or certain types of long-term leases;

WHEREAS, Government Code Section 54221(f)(1)(J) defines "exempt surplus land" to include real property that is used by a district for agency's use expressly authorized in Government Code Section 54221(c); and

WHEREAS, Section 54221(c)(1) of the Government Code provides that "agency's use" may also include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development, or be for the sole purpose of investment or generation of revenue if the agency's governing body takes action in a public meeting declaring that the use of the site will directly further the express purpose of agency work or operations.

NOW, THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California does hereby resolve, determine, and order as follows:

Section 1. Recitals. The recitals set forth above are true and correct and are incorporated into this Resolution by this reference and are made a part of the official findings of the Board of Directors.

Section 2. Board Findings. The Properties are “exempt surplus land” pursuant to California Government Code Section 54221(f)(1)(J) and 54221(c)(1) because the long-term lease and use of the Properties for carbon-free energy generation and energy storage would constitute an “agency use” for purposes of the Surplus Land Act, under the grounds set forth in the recitals of this Resolution and the board letter accompanying this Resolution and for the following additional reasons: (a) the Board further finds and declares that the leasing or use of the Properties for carbon-free energy generation and storage would further Metropolitan’s stated mission to operate and power its water facilities and other improvements and operations in a sustainable, environmentally sound, and cost-effective manner; and (b) the Properties would be used to generate offsetting lease revenues that will directly further the express purpose of agency work or operations of water conveyance, treatment and distribution through the use of revenues therefrom for water district operations and maintenance and capital programs.

Section 3. Staff Authorizations. Metropolitan staff is hereby authorized to provide the Department of Housing and Community Development (“HCD”) all necessary documentation and to take such actions as deemed necessary or proper to effectuate the purposes of this Resolution.

I HEREBY CERTIFY, that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on May 14, 2024.

Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California