



- Board of Directors
Real Property and Asset Management Committee

9/14/2021 Board Meeting

7-5

Subject

Declare two parcels, totaling 1.25 acres, along the Val Verde Tunnels, in the unincorporated Mead Valley community within the County of Riverside, California, as surplus land and not necessary for Metropolitan's use and authorize staff to dispose of the properties; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Under the California Surplus Land Act (Government Code Section 54220, et seq.) and the Metropolitan Administrative Code, the sale or lease of excess land requires a board declaration that the land is "surplus land" as supported by written findings before Metropolitan may dispose of such land consistent with Metropolitan's policies and procedures.

Metropolitan owns two parcels, totaling 1.25 acres (**Attachment 1**), located in the County of Riverside, that were deemed by staff to be excess and no longer required for Metropolitan's current and future foreseeable needs. Staff recommends that the Board declare the parcels to be surplus land on the grounds set forth in this board letter and direct staff to take necessary actions to dispose of the property.

Details

Background

Metropolitan owns over 211,700 acres of right-of-way comprised of approximately 175,000 acres of fee property and approximately 36,700 acres of easement and water rights across 12 counties in California. These properties are held for current and future planned uses related to the conveyance, storage, and treatment of water and for environmental mitigation and water conservation purposes. The manner in which Metropolitan achieves its mission of providing adequate and reliable supplies of high-quality water evolves over time. Metropolitan's real estate land management processes adjust in tandem with the evolution of Metropolitan's operations and uses.

Under the land management provisions of the Metropolitan Administrative Code and the California Surplus Land Act, excess land that is owned in fee simple by Metropolitan may be disposed of only after the Board takes formal action in a regular public meeting declaring the land as surplus and not necessary for Metropolitan's use. To support this process, Metropolitan's Real Property Group (RPG) performs a periodic evaluation of fee-owned real property pursuant to Metropolitan Administrative Code Section 8240 for the purpose of determining which properties may have become excess to Metropolitan's current and foreseeable operational requirements and other Metropolitan needs.

In 2018, RPG convened the Property Review Council (PRC) who are members of staff and represent their respective interests, to develop procedures and criteria to evaluate real property asset availability for disposal by way of surplus lease or sale. The PRC considers several factors when reviewing property holdings to determine surplus eligibility, including but not limited to:

- Parcels with existing or proposed operational facilities.
- Parcels where there is buffer land around an existing facility.
- Parcels owned for possible future projects.
- Existing ecosystem/environmental reserve lands and possible reserve/mitigation land uses.

- Parcels used for access to operational and mitigation areas.
- Parcels used for dewatering or emergency water discharges.
- Parcels used for water conservation purposes.

The PRC's determination is then presented to the Board of Directors, under the Surplus Land Act and the surplus land disposal provisions of Metropolitan's Administrative Code, as a recommendation for land determination; the Board then makes the final determination as to whether the recommended property is surplus to Metropolitan's needs.

In December 2019, staff presented to the Board an update on the PRC's efforts, which entailed a comprehensive analysis of 12,617 acres and reaching consensus on 59 fee-owned parcels for a total of 870± acres that were determined as being excess to current and future Metropolitan needs. As a result of the Board declaring certain parcels as surplus land in past years, staff is making progress on disposition actions for the following locations:

- 12 parcels near Diamond Valley Lake, totaling 223 acres (negotiations on-going).
- Gilman Springs, totaling 133 acres (sold).
- Diamond Valley North, totaling 603 acres (negotiations on-going).

Requested Surplus Determination and Authorization to Dispose

Staff recommends declaring two parcels in Riverside County to be surplus land under the Surplus Land Act; and authorize the disposal of the two parcels at fair market value under Metropolitan's policies and procedures.

Basis for Findings that Parcels are Surplus Land

These parcels were acquired as part of Metropolitan's land acquisitions beginning in 1932 for entry points and lands needed for the initial construction of the Val Verde Tunnel. With the completion of the Val Verde Tunnel, which is located several hundred feet below ground, the surface of these parcels is not used by Metropolitan and fee simple land rights are therefore no longer needed. Pursuant to the PRC's evaluation, staff considers the two subject parcels to be excess and recommends that the fee interest in the land to be made available for disposal, subject to Metropolitan's retention of underground easements reservations. The retention of underground easements would allow future construction, maintenance, expansion or other work related to the tunnel. This request is consistent with previous surplus declarations in the 1980's, where several parcels along the Val Verde Tunnel were sold with the retention of a tunnel easement. The PRC will continue its assessment of lands around the Val Verde Tunnel alignment for future surplus consideration.

Benefits of declaring the land surplus and disposal of the subject parcels would include the elimination of trespass and nuisance abatement issues, thereby reducing maintenance and security costs associated with preventing unlawful activities on the surface of the Val Verde Tunnel alignment.

Appraised Value of Parcels

The property has been appraised by an independent appraiser in conformance with Metropolitan's Administrative Code Section 8231: Appraisal of Real Property Interests.

Disposal Process

The Metropolitan Administrative Code and the Surplus Land Act requires that after a board declaration that land is surplus land, staff may dispose of the property only after transmitting a written notice of availability of the land to certain designated entities in the areas of affordable housing, open space, and other uses. An eligible entity that desires to purchase or lease such land must notify Metropolitan in writing and is entitled to a period of good faith negotiations.

After this process, the Metropolitan Administrative Code allows the disposal of property by auction, open listing, and other means that accrue the highest sale price. Staff requests authority to satisfy all requirements related to the disposal of surplus land and to dispose or convey the land at fair market value as set forth in the reported appraisal, in the event the Board declares the land to be surplus land.

Policy

Metropolitan Water District Administrative Code §§ 8240-8258 (Disposal of Real Property)

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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 of declaring the subject properties surplus to Metropolitan's needs 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 actions in question may have a significant effect on the environment, the proposed actions are not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines). Additionally, 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, even if the proposed action was defined as a project and was subject to CEQA, the proposed action qualifies for a Class 12 Categorical Exemption (Section 15312 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Declare that the two subject parcels are surplus land and not necessary for Metropolitan's use based on the written grounds set forth in the staff board letter and authorize their disposal at fair market value under Metropolitan's surplus land disposal policies and procedures.

Fiscal Impact: No fiscal impact at this time. Once property is disposed, Metropolitan may receive revenue less disposition expenses at the close of escrow.

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

Option #2

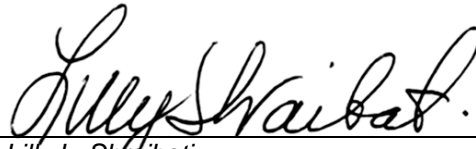
Do not surplus the properties

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

Business Analysis: Metropolitan continues its fee ownership of the properties and will incur ongoing maintenance costs.

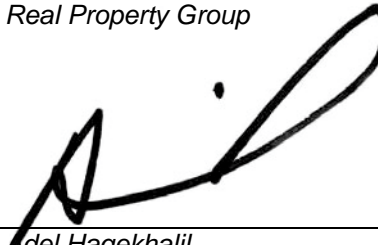
Staff Recommendation

Option #1



Lilly L. Shraibati
Group Manager
Real Property Group

8/19/2021
Date



Adel Hagekhalil
General Manager

9/1/2021
Date

Attachment 1 – Site Map

Ref# rpam12684430

Site Map

