



RP&AM Committee

M. Hogan, Chair
G. Peterson, Vice Chair
M. Camacho
L. Dick
D. Erdman
A. Kassakhian
C. Kurtz
R. Record
T. Smith

**Real Property and Asset Management
Committee**

Meeting with Board of Directors *

September 14, 2021

10:30 a.m.

**Tuesday, September 14,
2021**

**09:00 a.m. - L&C
10:30 a.m. - RP&AM
12:00 p.m. - BOD
12:30 p.m. - FNA**

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mwdh2o.com website ([Click to Access Board Meetings Page](#))

Public Comment Via Teleconference Only: Members of the public may present
their comments to the Board on matters within their jurisdiction as listed on
the agenda via teleconference only. To participate call (404) 400-0335 and use
Code: 9601962.

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

* The Metropolitan Water District's meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))

**** CONSENT CALENDAR OTHER ITEMS -- ACTION ****

2. CONSENT CALENDAR OTHER ITEMS - ACTION

- A. Approval of the Minutes of the Adjourned Meeting of the Real Property and Asset Management Committee held August 17, 2021

[21-431](#)

Attachments: [09142021 RPAM 2A Minutes](#)

3. CONSENT CALENDAR ITEMS - ACTION

- 7-5** 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 [21-409](#)

Attachments: [09142021 RPAM 7-5 B-L.pdf](#)
[09142021 RPAM 7-5 Presentation.pdf](#)

- 7-6** Authorize the General Manager to acquire up to 702 gross acres (up to 665 water toll acres) of property located in Riverside County in the Palo Verde Valley from Cox Family Farms, LLC, subject to a leased occupancy reservation; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-411](#)

[Conference with real property negotiators; property identified as Riverside County Assessor's Parcel Nos. 821-140-002 (a portion of); 821-140-007; 830-110-001 (a portion of); 830-110-002; 830-120-009; 836-031-007; 836-031-008; 863-120-005; 863-170-003; 863-170-009; 863-180-001 (a portion of); 863-180-002; 879-130-010; 879-130-011; agency negotiators: Jennifer G. Ryan and Seyou Oh; negotiating parties: Cox Family Farms, LLC and Coxco, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Gov. Code Section 54956.8]

Attachments: [09142021 RPAM 7-6 Presentation.pdf](#)

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

None

7. MANAGEMENT REPORTS

- a. Real Property Manager's Report

[21-460](#)

Attachments: [09142021 RPAM 7a Presentation.pdf](#)

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <http://www.mwdh2o.com>.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

ADJOURNED REAL PROPERTY AND ASSET MANAGEMENT COMMITTEE

August 17, 2021

Chair Hogan called the teleconference meeting to order at 10:41 a.m.

Committee Members present: Chair Hogan, Vice Chair Peterson, Directors Camacho, Dick (entered after roll call), Erdman, Kurtz, Record, and Smith.

Members absent: Director Kassakhian.

Other Board Members present: Directors Abdo, Blois, Butkiewicz, De Jesus, Dennstedt, Faessel, Goldberg, Jung, Lefevre, Morris, Murray, Ramos and Tamaribuchi.

Committee Staff present: Chapman, Hagekhalil, Otake, Shraibati, Upadhyay and Warren

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

None

CONSENT CALENDAR ITEMS — ACTION

2. CONSENT CALENDAR OTHER ITEMS – ACTION

A. Approval of the Minutes of the meeting of the Real Property and Asset Management Committee held July 13, 2021.

3. CONSENT CALENDAR ITEMS – ACTION

7-7 Subject: Authorize the General Manager to enter into a ten year agreement with Urban Park Concessionaires to operate and maintain the marina facility at Diamond Valley Lake in the City of Hemet; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA.

Presented by: Sam Ticas, DVL Program Manager
Nancy Webb, Principal Analyst

Motion: Authorize a ten-year agreement with Urban Park to maintain, operate and invest in the marina recreation facility at Diamond Valley Lake.

After completion of the presentation, Director Record made a motion, seconded by Director Dick to approve the consent calendar consisting of items 2A and 7-7.

The vote was:

Ayes: Directors Camacho, Dick, Erdman, Hogan, Kurtz, Peterson, Record, and Smith

Noes: None

Abstentions: None

Absent: Director Kassakhian

The motion passed by a vote of 8 ayes, 0 noes, 0 abstention, and 1 absent.

END OF CONSENT CALENDAR ITEMS

4. OTHER BOARD ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Desert Recreation

Presented by: Lilly Shraibati, Group Manager, Real Property Group

The following Directors provided comments or asked questions:

1. Murray
2. Dick
3. Dennstedt
4. Abdo
5. Butkiewicz

7. MANAGEMENT REPORT

a. Subject: Real Property Group Manager's Report

Presented by: Lilly L. Shraibati, Group Manager, Real Property Group

Shraibati reported that there will be a meeting in September 2021.

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

None

Next meeting will be held on September 14, 2021.

Meeting adjourned at 11:40 a.m.

Michael Hogan
Chair



- 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

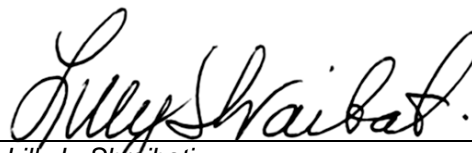
Do not surplus the properties

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

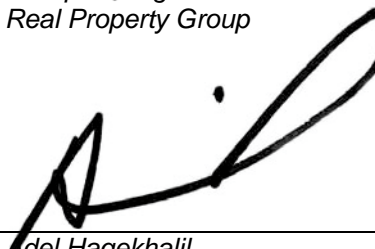
Option #1



Lilly L. Shraibati
Group Manager
Real Property Group

8/19/2021

Date



Adel Hagekhalil
General Manager

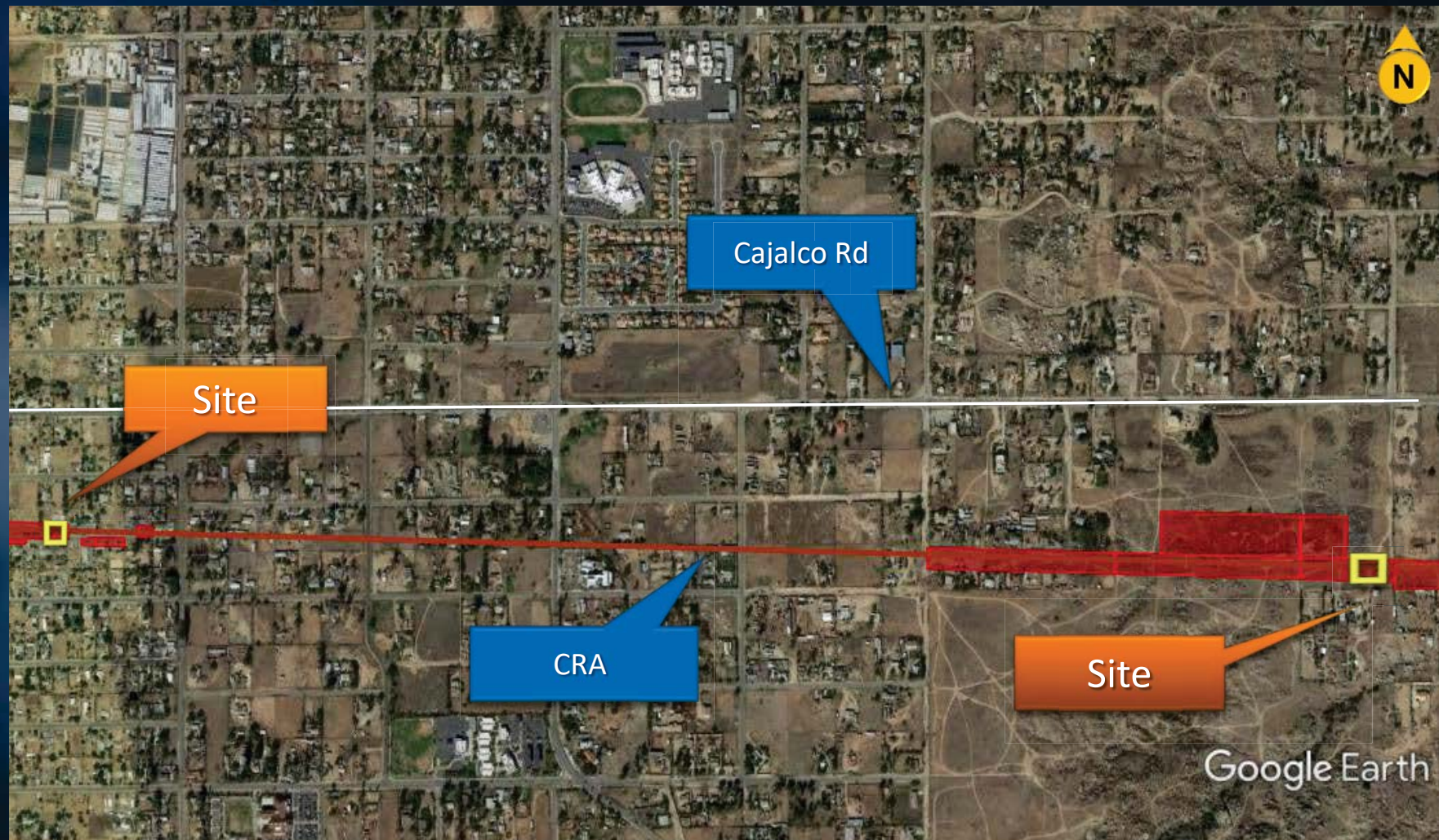
9/1/2021

Date

Attachment 1 – Site Map

Ref# rpam12684430

Site Map





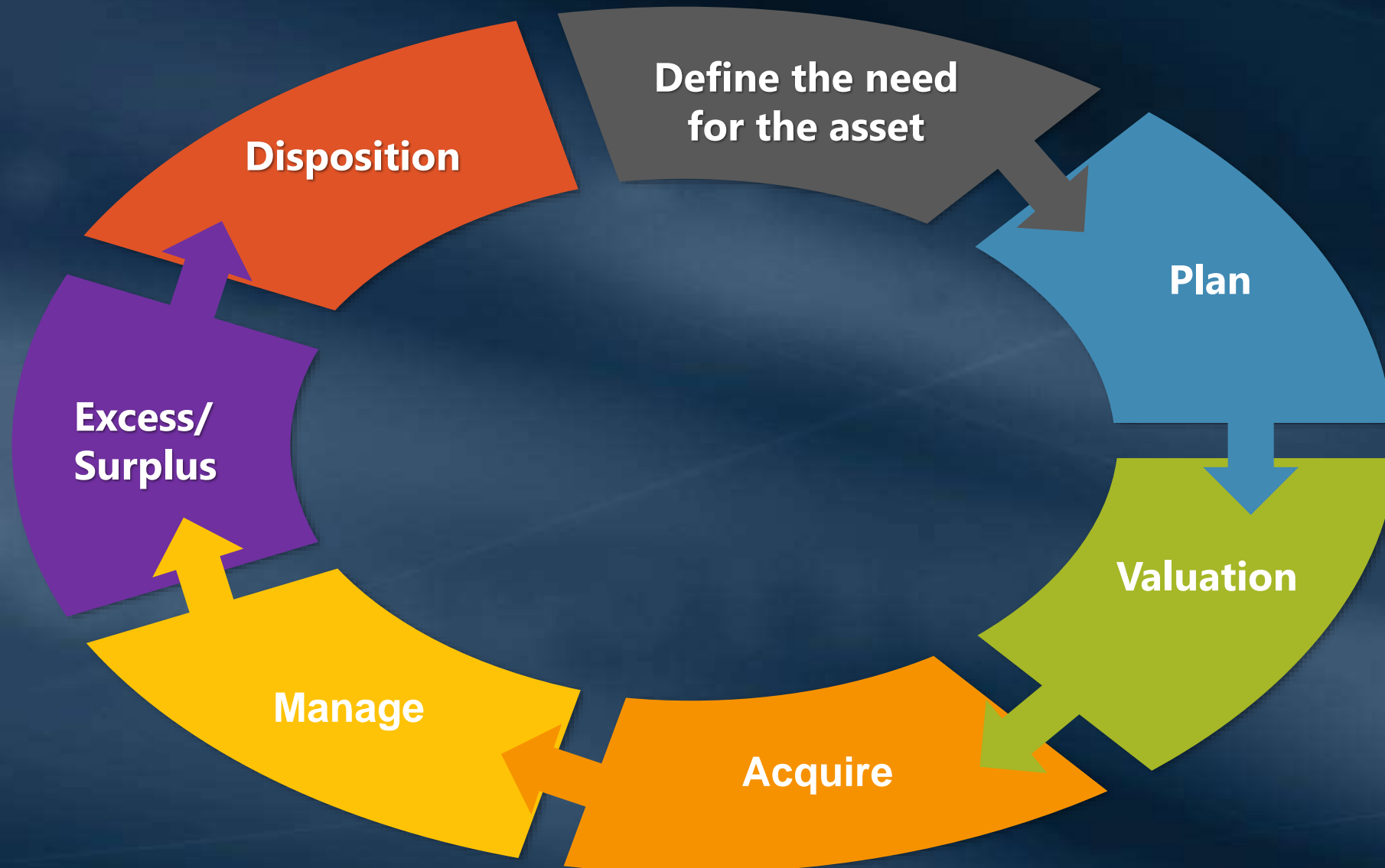
Declare Two Parcels in Mead Valley as Surplus

Real Property & Asset Management Committee
Item 7-5
September 14, 2021

Property Summary by County

County	Fee	Easement & Water Rights	Total
Imperial	3,781	708	4,489
Los Angeles	1,436	672	2,108
Orange	279	2,260	2,539
Riverside	114,946	21,706	136,652
San Bernardino	34,186	8,402	42,588
San Diego	120	178	298
Contra Costa	8,504	0	8,504
San Joaquin	11,657	0	11,657
Other (Clark, Mohave, Ventura)	146	2,806	2,952
Total (Acres)	175,055	36,732	211,787

Real Property Asset Life Cycle



Which Properties Are Not Considered Excess

- Existing or proposed operational facilities
- Used for dewatering or emergency water discharges
- Possible future projects
- Buffer land around an existing facility
- Existing ecosystem/environmental reserve lands and possible reserve/mitigation land uses
- Used for access to operational and mitigation areas
- Used for water conservation purposes

Property Information

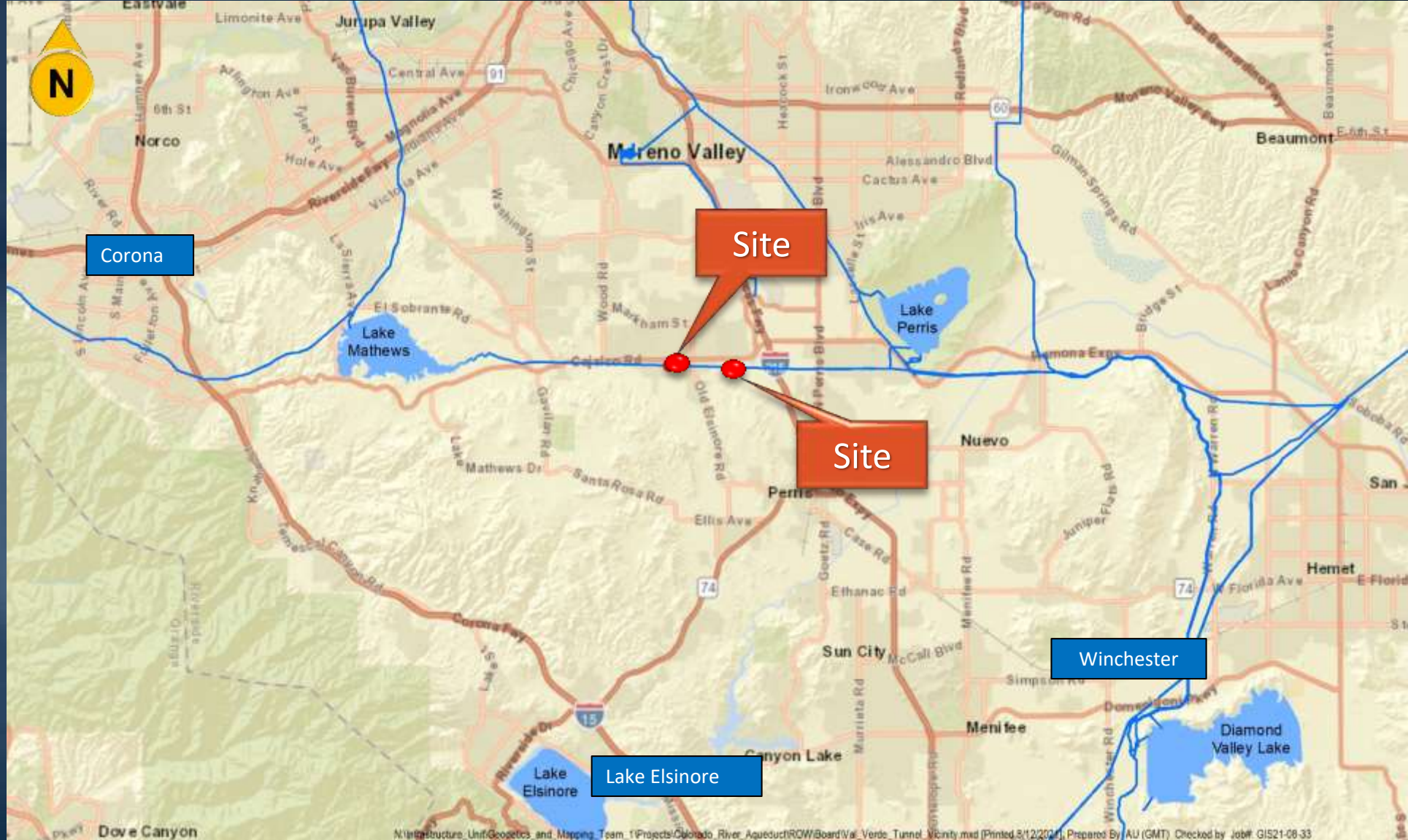
Properties Analyzed	Total Parcels	Total Acres
Excess	59	870
NOT Excess	141	11,747
TOTAL	200	12,617

Surplus Property Activity	Total Acres
DVL 12	223
Gilman Springs	133
DVL North	603
TOTAL	959

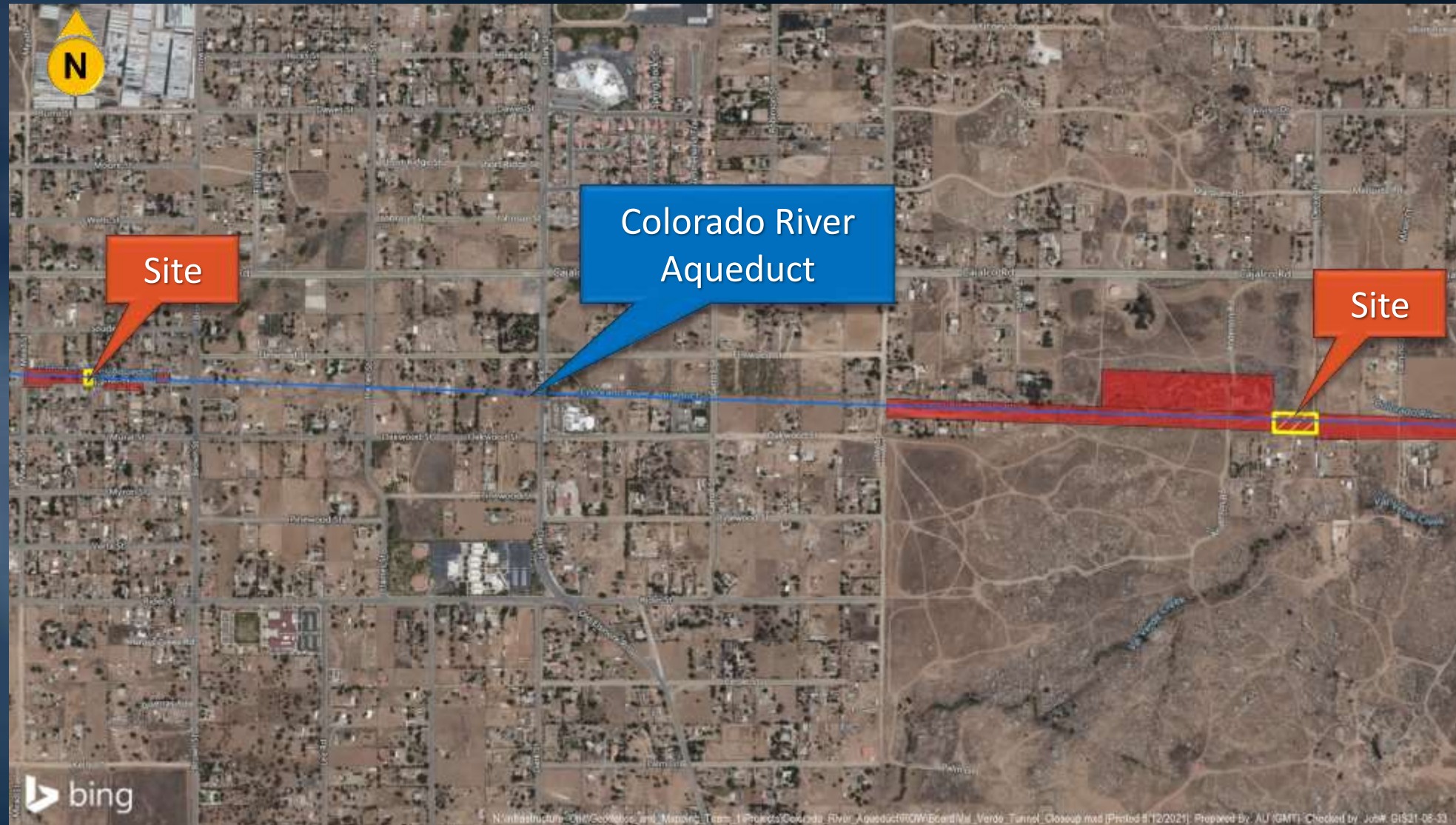
Distribution System Map



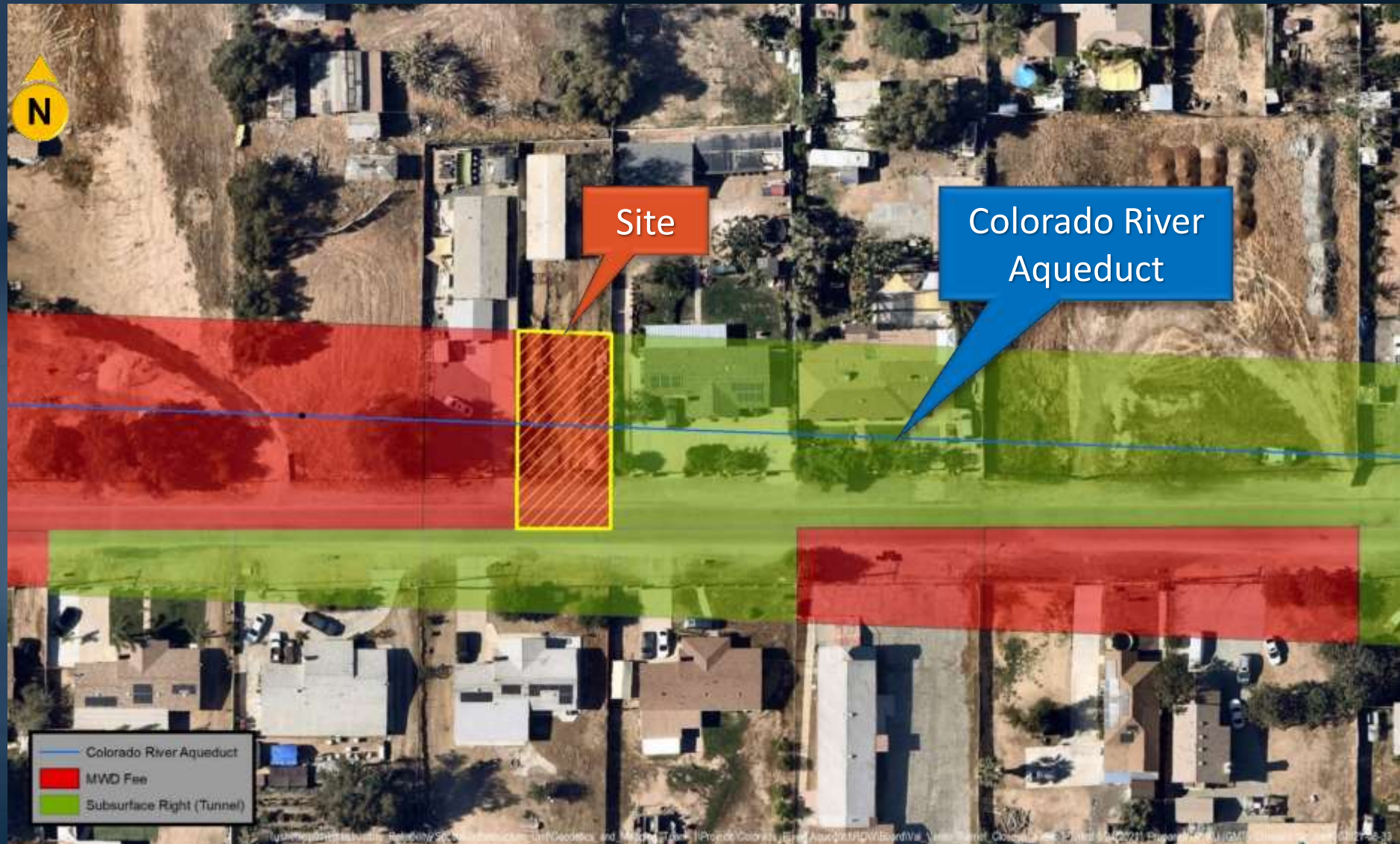
General Location Map



Site Map



Site Map



Site Map



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.

● Option #2

- Do not surplus the properties

Staff Recommendation

- Option #1





Authorization to Purchase Property in Palo Verde Region subject to a Lease Reservation

Real Property & Asset Management Committee

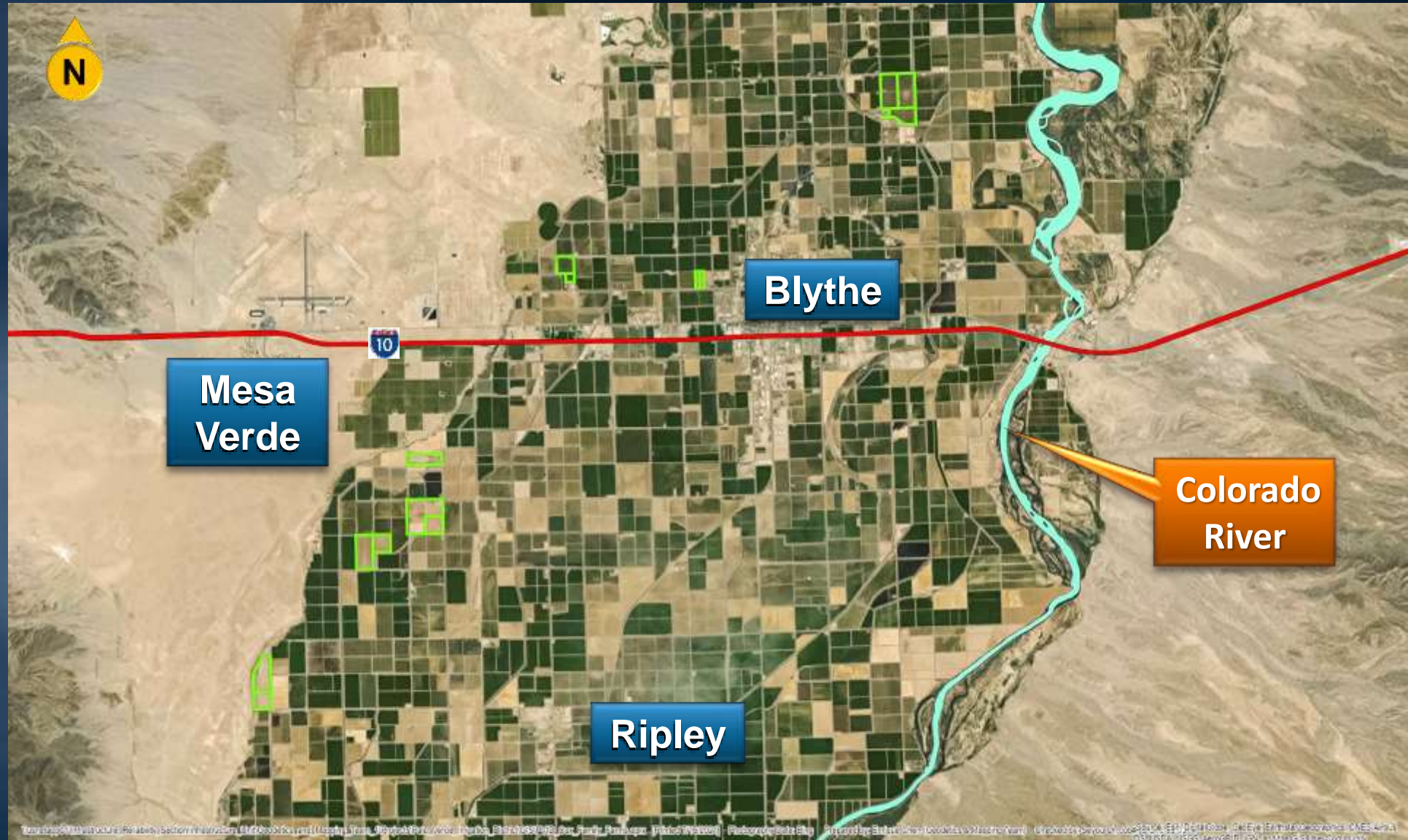
Item 7-6

September 14, 2021

Service Area and CRA Map



Location Map



PV Property Evaluation Factors

- Overall location and use of Priority 1 water
- Water toll acreage
- Adjacency/contiguity to existing Metropolitan properties
- Purchase price
 - Appraised value, strategic needs, encumbrances, etc.
- Potential tenants
- Following Program enrollment



Memorandum of Understanding (MOU)

- Metropolitan and PVID
- 2001
- Established the Property Utilization Committee
- Goal of providing for the use of the 2001 Metropolitan-acquired property “in a manner which best benefits Metropolitan, PVID and the Palo Verde Valley community”

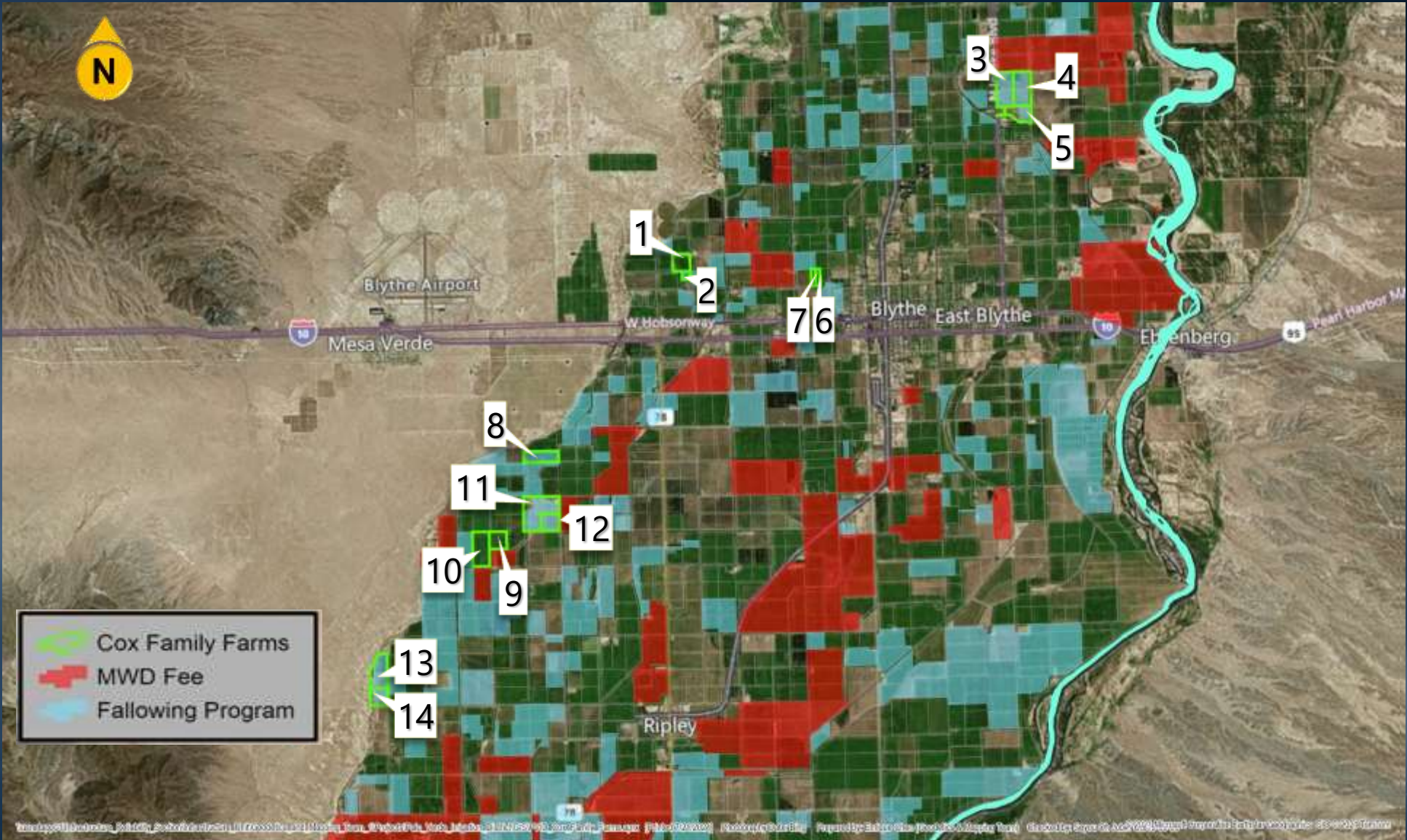
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
AND
PALO VERDE IRRIGATION DISTRICT
REGARDING REAL PROPERTY IN THE PALO VERDE VALLEY

This Memorandum of Understanding (hereinafter, the “MOU”) is entered into by and between The Metropolitan Water District of Southern California (“MWD”) and the Palo Verde Irrigation District (“PVID”).

Recitals

- MWD is a special district of the State of California engaged in transporting, storing and distributing water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura.
- PVID is a special district of the State of California engaged in furnishing Colorado River water for irrigation to the landowners of its service area in the counties of Riverside and Imperial.
- MWD is the purchaser of approximately 16,000 acres of real property (the “Property”) owned by San Diego Gas & Electric Company in the Palo Verde Valley, within and outside PVID’s service area.

Site Map



Subject Property Details

- Cox Family Farms, LLC
- Up to 665 water toll acres (702 gross acres)
- About two-thirds of the acres are enrolled in the Following Program
- Half of the parcels are contiguous to Metropolitan-owned properties
- Farmed by Coxco, LLC



Potential Benefits

- Ensure reliability of Colorado River water supplies
- Encourage innovative farming
- Land use preservation
- Fallowing Program
- Lease revenue and fallowing payment savings





CLOSED SESSION





Manager's Report

Real Property & Asset Management Committee

Item 7-a

September 14, 2021

DVL North: Eastern Municipal Water District

- Approx. 1 acre
- Sold June 18, 2021
- \$25,858 sale price
- Approx. \$25,000 net proceeds



Gilman Springs

- Approx. 132 acres
- Sold August 9, 2021
- \$11,000,000 sale price
- Approx. \$10.17 million net proceeds



Diamond Valley Lake-12 Parcels

- Approx. 223 acres
- Sold August 26, 2021
- \$4,600,000 sale price
- Approx. \$4.45 million net proceeds

	Acreage	Assessor Parcel Numbers	Zoning*
GROUP 1	13.54 ± acres	465-200-020	R-A (Residential Agriculture)
GROUP 2	20.58 ± acres	465-180-037	R-R (Rural Residential)
GROUP 3	4.4 ± acres	454-030-056	R-A (Residential Agriculture)
GROUP 4	7.4 ± acres	454-030-070 454-030-071 454-030-072	R-A (Residential Agriculture)
GROUP 5	176.88 ± acres	454-020-045 454-020-047 454-020-019 465-130-018 465-140-042 465-140-043	B-P (Business Park) and R-1 (Single-family zone)



