



**WEST BASIN MUNICIPAL WATER DISTRICT**  
17140 S. Avalon Blvd., Suite 210  
Carson, CA 90746

**AGENDA NO. 25**

**JANUARY 14, 2010 – Water Resources**

Little (Chair), Gray

**JANUARY 25, 2010 – Board Meeting**

Prepared by: Phil Lauri

Submitted by: Marc Serna

Approved by: Rich Nagel

## ACTION CALENDAR

### DOMINGUEZ PUMP STATION – LAND LEASE

#### SUMMARY:

West Basin Municipal Water District's (West Basin) Recycled Water Capital Implementation Master Plan identified several areas to improve flow and pressure within the West Basin service area. The Dominguez Lateral (adjacent to Cal State University Dominguez Hills) was identified as one of the laterals in need of supplemental pressure as a result of West Basin's recycled water expansion efforts within the Carson service area. West Basin is in the process of designing the Dominguez Pump Station (DPS) to provide the necessary increased pressure to the Dominguez Lateral. Construction of the DPS will ensure that adequate pressure and flow is available when the Juanita Millender-McDonald Carson Regional Water Recycling Facility (JMMWRF) undergoes its expansion to serve the Port of Los Angeles and bp Refinery.

Part of the planning and design of the DPS requires the acquisition of property to host the long-term placement and operation of the DPS facility. Staff worked with the design team to identify potential sites that could accommodate and host the DPS facility layout. Because the DPS must be geographically located to boost the pressure along the Dominguez Lateral and be placed prior to West Basin's customer service connections, only a few available sites were feasible for consideration. Four sites were evaluated and real estate inquiries were made by the design team's real estate consultant. A summary of the sites that were considered are as follows and are shown as Exhibit "A".

<u>Site Location</u>	<u>Owner Interest</u>	<u>Proposed Costs</u>
1. CSUDH (Northeast Corner)	Low	\$2/sf/month
2. Vacant Lot (Along Victoria St.)	None	N/A
3. Semi Improved Lot (NE Corner Victoria St. & Central Ave)	None	N/A
4. Carson Companies Property (Along Victoria St. & east of Central Ave.)	High	\$0.30/sf/month

While all of these sites could host the DPS facility, the Carson Companies Property provides the most direct and adjacent access to the Dominguez Lateral and provides the lowest cost lease scenario for West Basin. Sites 2 and 3 were eliminated from further consideration after both property owners expressed no interest in hosting a municipal facility. Discussions with CSUDH proved to be difficult in procuring a site that was close in proximity to the Dominguez Lateral, could be procured within a reasonable time frame, and would result in competitive market based property valuation. West Basin lease interest in the Carson Companies' property includes approximately 5,000 square feet of lease

space, of which 2,000 square will be used for the DPS building and the other 3,000 square feet for placement of pipelines to the Dominguez Lateral.

The proposed \$0.30/square foot per month (\$36/sf/month at 10% rate or return) lease cost is based upon recent transactions completed by the Carson Companies with communication providers in establishing cell tower sites at this location for a lump sum cost of approximately \$2,000/month. West Basin's real estate sub-consultant has evaluated the proposed lease cost and indicates that the current fair market value of this property is in the range of \$30-35 per square foot based upon comparable property sales. While the proposed lease cost is at the upper end of this range, consideration was given to the fact that a paved access road to the DPS facility already exists, thus avoiding these future construction costs for West Basin, and the land for the cell tower installations were only for 200 to 400 square feet in leased land area. West Basin did counter-offer with a lower land lease cost of \$1,200/month, and the owner agreed to a \$1,500/month lease rate in lieu of their originally expected \$2,000/month lease fee, typically involving a much smaller lease area. Therefore, the proposed \$1,500/month land lease cost appears to be appropriate and competitive with the current market value and will offer the best geographically located site.

West Basin's Legal Counsel is reviewing the draft lease for compliance with the District's requirements. A summary of the pertinent terms and conditions are as follows:

- **Area:** Approximately 5,000 square feet
- **Term:** 30 - 34 years
- **Land Lease Cost:** \$18,000 per year
- **Land Lease Escalation:** Monthly cost will increase by the Consumer Price Index, adjusted every 30 months
- **Improvement Responsibility:** West Basin to match existing building architecture
- **Site Access:** Common driveway (off of Victoria St.)
- **Site Utilities:** West Basin responsibility

Staff recommends that the Board authorizes the General Manager to enter into a 34-year land lease with the Carson Companies for the proposed land lease fee of \$18,000 per year (plus escalation) to allow construction of the DPS facility and pipeline routing. The land lease agreement is being finalized and will be forwarded to the Board prior to the January 25, 2010 Board meeting.

#### STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 1: Water Reliability – West Basin is committed to innovative planning and investments to provide water supply reliability and drought protection.

Goal 4: Sound Financial & Resources Management – West Basin is committed to efficient business operations, financial planning and asset management.

FISCAL IMPACTS:

Funds for this project are included in the Fiscal Year 2009-10 Recycled Water Capital Budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on January 14, 2010 and recommended for approval at January 25, 2010 Board meeting.

RECOMMENDED MOTION:

That the Board authorizes the General Manager to enter into a land lease agreement with the Carson Companies for approximately 5,000 square feet of land to construct the Dominguez Pump Station in accordance with the agreement's terms and conditions at a cost of \$18,000 per year plus by a monthly increase calculated by the Consumer Price Index, adjusted every 30 months.

LIST OF EXHIBITS:

Exhibit "A" – Proposed Pump Station Sites

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