



San Diego County Water Authority

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February 21, 2017

Via Federal Express and Email

Marcia Scully, General Counsel
Metropolitan Water District of Southern California
700 N. Alameda Street
Los Angeles, CA 90012-2944

MEMBER AGENCIES

Carlsbad
Municipal Water District

City of Del Mar

City of Escondido

City of National City

City of Oceanside

City of Poway

City of San Diego

Fallbrook
Public Utility District

Helix Water District

Lakeside Water District

Olivenhain
Municipal Water District

Otay Water District

Padre Dam
Municipal Water District

Camp Pendleton
Marine Corps Base

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Municipal Water District

Ramona
Municipal Water District

Rincon del Diabla
Municipal Water District

San Dieguito Water District

Santa Fe Irrigation District

South Bay Irrigation District

Vallecitos Water District

Valley Center
Municipal Water District

Vista Irrigation District

Yuima
Municipal Water District

OTHER REPRESENTATIVE

County of San Diego

RE: MWD Board Item 8-5 February 2017

Dear Ms. Scully:

This letter responds to your letter of February 14, 2017. Your letter took issue with the points I raised in my February 12, 2017, letter regarding MWD Board Item 8-5 (February 15, 2017 meeting). Your letter then also makes a slightly veiled assertion that perhaps I am unlawfully privy to the content of MWD closed sessions via some sort of theoretical improper disclosures by my directors who serve on MWD's Board. Though I appreciate your taking the time to respond promptly to my letter, your arguments are incorrect.

First, as to the substance of my letter and your response, we noted that there was an item (8-5 in the Real Property and Asset Management Committee) that was noticed for closed session in regards to the Delta Islands. The agenda noted a possible lease with Semitropic Water Storage District. However, there was no similar open session on the agenda where the public could be apprised of what the exact purpose was of any proposed new lease. Your letter basically contends that this was set to be "addressed separately in open session. It is on the agenda as Committee Item 6a – Update on Delta Islands." This is a useful example of what the Water Authority and other concerned citizens have been complaining about regarding MWD's lack of providing explanatory materials ahead of time so that its Board, member agencies, and the public can fully understand what is being considered. Item 6a is a generic PowerPoint about the Delta Islands that has a single page referencing a current Semitropic lease, with no explanation or tie-in to the later closed session item. I ask that you compare item 7-2 on that same Committee's agenda, which regards a different lease. I have attached, for convenience sake, as Exhibit "A," a copy of the detailed Board memo that accompanied this item 7-2, thus providing the public advance knowledge about this agenda item. You will see that MWD explained precisely what was occurring with that lease. A similar advance-notice item for the Semitropic lease (absent price/negotiation information to be addressed in closed session) would have been helpful in avoiding any confusion.

Unfortunately, MWD has fallen into the bad habit of often failing to provide details ahead of Board meetings as to what MWD is going to consider at those meetings, with no staff memos on many noticed items. It might have been the case that if MWD had fully explained the purpose of the Semitropic lease ahead of time as foundation for open and closed session items, we would have had no objection.

A public agency providing a safe and reliable water supply to the San Diego region

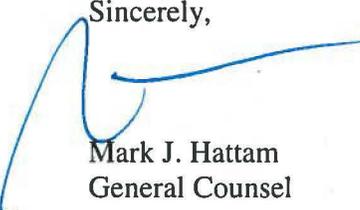
Second, your innuendo about my supposed knowledge of the content of MWD closed sessions unfairly impugns my integrity and that of the Water Authority MWD delegates. I am not privy to information from your closed sessions, and my directors who also sit on MWD's Board are well aware of their duties of closed session confidentiality in that role, and perform their duties lawfully. The basis for my statement about MWD again not being forthcoming about the Delta Islands was not based on closed session information, but based on MWD's actual actions last year in buying the properties. Obviously, when a public agency enters a purchase agreement and the document thus becomes public, one can see the actual result of the prior closed sessions. For example, though I have no idea what specific information MWD discussed in closed session, I was very surprised to see that, in the actual signed public contract buying the Delta Islands that MWD's Board approved, MWD had agreed to allow the Seller to hide all its appraisals from MWD (emphases added):

5.2 Promptly after the execution and delivery of this Agreement, Seller shall conduct such examination as Seller deems appropriate to identify and segregate from Seller's files those Buyer Identified Files that contain information that is privileged, proprietary or confidential (which shall include, without limitation, internal memoranda and appraisals) (collectively, the "Confidential Documents").

This, coupled with the fact that MWD admitted in Public Records Act responses to me that it never performed a single appraisal for such a large expenditure of public funds, was shocking, because it became evident in "putting 2 + 2 together" that MWD intentionally avoided any knowledge that it could gain from MAI appraisals (declining to see Seller's appraisals, and refusing to do any appraisal itself). None of this implicates any Brown Act or closed session breaches of duty by me or Water Authority delegates, but simply follows from my reasonable deductions from the later-disclosed public facts.

In any event, I realize that as with many other issues between our agencies, we will just have to "agree to disagree." However, I suggest that in the future any innuendo about breaches of ethical duties, backed up with zero evidence of anything, be avoided.

Sincerely,



Mark J. Hattam
General Counsel

Attachment:

MWD Board Action Memo Item 7-2 Real Property and Asset Management Committee (2/14/2017)

cc: Water Authority Board of Directors
MWD Board of Directors
Maureen Stapleton, Water Authority General Manager
Jeffrey Kightlinger, MWD General Manager



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

BOARD
ACTION

● **Board of Directors**
Real Property and Asset Management Committee

2/14/2017 Board Meeting

7-2

Subject

Adopt CEQA determination and authorize a long-term ground lease to New Cingular Wireless, PCS, LLC at Lake Mathews, county of Riverside

Executive Summary

Authorize a long-term ground lease to New Cingular Wireless, PCS, LLC for a telecommunications equipment site in the unincorporated area of Lake Mathews, county of Riverside

Details

Staff is seeking board approval to enter into a 15-year telecommunications lease (5-year initial term and two 5-year renewal options) with New Cingular Wireless, PCS, LLC on Metropolitan-owned property in the unincorporated area of Lake Mathews, county of Riverside (**Attachment 1**). An independent appraisal has established fair market rent at \$24,600 for the first year. The fair market rent will be subject to annual escalations of four percent. A one-time processing fee of \$2,500 will also be charged. The agreement will comply with Metropolitan's standard leasing terms and conditions, including retaining Metropolitan's paramount right to use the property. Staff's evaluation has determined that this agreement will not interfere with Metropolitan's water operations. Design and construction of planned improvements for this property will be subject to Metropolitan's review and written approval. Board authorization of this agreement is required, given that the real property interest to be conveyed exceeds five years.

Policy

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 Documents

Fair Market Value Policy adopted by the Board on August 11, 2011

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

Pursuant to the provisions of CEQA and the State CEQA Guidelines, the county of Riverside, acting as the Lead Agency, approved the project and adopted the Wireless Telecommunications Facility PP 25255 / Environmental Assessment 42565 in September 2016, which includes an Initial Study, mitigation, and measures to ensure compliance with the mitigation as a condition of approval of the project (EA). A Notice of Determination was filed on September 12, 2016. Metropolitan, as a Responsible Agency under CEQA, is required to review and consider the information in the EA for the project and adopt the Lead Agency's findings prior to approval of the terms and conditions for the proposed long-term lease agreement. The environmental documentation is in **Attachment 2**.

The CEQA determination is: Review and consider the information provided in the adopted 2016 EA and adopt the Lead Agency's findings related to the proposed action.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination to review and consider the information provided in the 2016 EA and adopt the Lead Agency's findings related to the proposed action, and

Authorize the long-term ground lease to New Cingular Wireless, PCS, LLC.

Fiscal Impact: Metropolitan will receive \$24,600 for the initial annual rent payment, with a four percent annual rent escalation, in addition to a one-time \$2,500 processing fee.

Business Analysis: Allow Metropolitan to generate revenue and defray costs associated with weed, trash, and debris abatement

Option #2

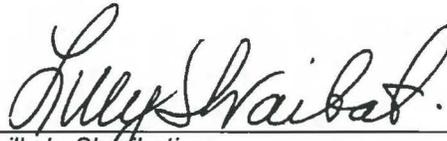
Take no action.

Fiscal Impact: Forgo opportunity to generate revenue

Business Analysis: Land would remain vacant and would not produce revenue nor decrease maintenance expenses for Metropolitan.

Staff Recommendation

Option #1



Lilly L. Shraibati
Manager, Real Property Group

1/30/2017
Date



Jeffrey Kightlinger
General Manager

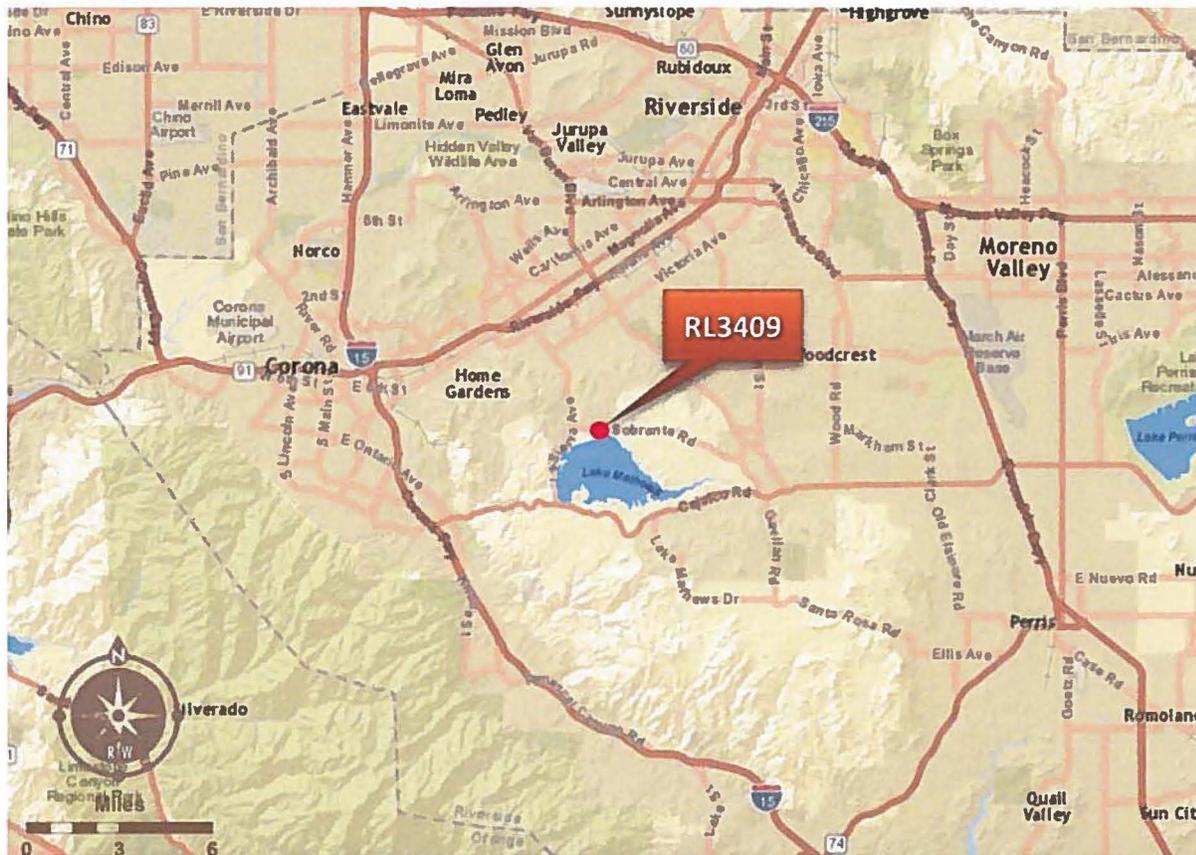
2/1/2017
Date

Attachment 1 – Location and Site Maps

Attachment 2 – Wireless Telecommunications Environmental Documentation

Ref# rpdm12643953

Location and Site Maps



Location and Site Maps





THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA
700 N. Alameda Street, Los Angeles, California 90012

2/14/2017 Board Meeting

Board Letter # 7-2

**Adopt CEQA determination and authorize a long-term ground lease to New Cingular Wireless,
PCS, LLC at Lake Mathews, county of Riverside**

**Attachment 2:
Wireless Telecommunications Environmental Documentation**

The environmental documentation attachment is not included

You may review these documents on our website at:
<http://mwdh2o.com/WhoWeAre/Board/Board-Meeting>

OR

By contacting Metropolitan's Board Executive Secretary at: (213) 217-6291
or via email at DL-BoardSupportTeam@mwdh2o.com