

Scope of Work: The Monterey County Water Resources Agency (MCWRA) is seeking the preparation of a market rent appraisal to estimate the monthly rent for a 25-acre lakefront parcel located along Nacimiento Reservoir in San Luis Obispo County, California (APN 080-120-014-000, see Heritage Ranch property summary sheet). The intended use is to assist the MCWRA in establishing the necessary fee for re-issuing a recreational lease for the use of the parcel by the Heritage Ranch Owners Association (Association). The 25-acre parcel is rented annually, and the Association may allow its members to use the site the entire year. Full time occupancy is allowed for 2,027 members of the Association and use of the site is restricted to general recreation. The expectation is that a reasonable market rental rate of the MCWRA site on waterfront lands of Nacimiento Reservoir be established.

Background: The MCWRA is a local government agency who has property in San Luis Obispo County for the operation of the Nacimiento Reservoir. As a multi-use facility, Nacimiento Dam and Reservoir is operated with consideration to many factors including dam safety, flood protection, groundwater recharge, operation of the Salinas River Diversion Facility, water supply, fish migration, fish habitat requirements, agriculture, and recreation. When the reservoir is full (elevation 800 feet) it has a maximum storage capacity of 377,900 acre-feet, is 18 miles long, and has about 165 miles of shoreline. The maximum elevation during flood stage is 825 feet, with a maximum temporary capacity of 538,000 acre-feet and a temporary surface area of 7,149 acres.

The MCWRA has been leasing the subject parcel on a temporary basis until a full appraisal can be completed. The current monthly rent for the 25-acre parcel is \$3,010 per/month based on a per unit price of \$1.48 per member. The lease has continued temporarily on a month-to-month basis. The appraisal rental study is meant to help determine market rent of the Nacimiento Reservoir 25-acre parcel known as “The Point”. The MCWRA is seeking to establish a fee schedule based on the estimated market rent of the site as a rate to be paid per each Association member. The Association members who own and frequently list homes in the Heritage Ranch subdivision describe exclusive use of “The Point” as a sought-after amenity in home ownership at Heritage Ranch subdivision on Nacimiento Reservoir. The waterfront amenities offered by the Association through the MCWRA rental of the 25-acre parcel include 1. General use, 2. Private Boat Dock mooring and use, and 3. HROA owned Dock Slip use.

The MCWRA staff has made a study of recent leases and a fee schedule was prepared (see Table 1) based on an average quality site in the current market for the area. The fee schedule was designed to ensure the MCWRA a fair market rental value required by law while saving the Association the time and expense of an appraisal. However, after further consideration, MCWRA would like to pursue a full market rate appraisal under the services of a licensed appraiser.

The MCWRA has established two similar types of recreational leases within the past year that could provide valuable elements of comparison. Both comparable leases are considered short-term and will require appraisals for re-issuance in 2022. There are differences in characteristics between the subject parcel and these comparable sites which may be considered for their impact on rent. However, they share a similar waterfront location; their rent being procured via annual lease; and the unrestricted use. They are likely the best and most relevant data available. The MCWRA will make available these comparable leases for inspection as part of this scope of work.

In-Closing: The MCWRA is requesting these services as the property owner. The appraisal shall be completed within the standard turnaround time of 4 to 6 weeks. The 25-acre subject parcel shall be

inspected as necessary which will require an appointment at least 48-hours in advance. The appraisal report shall conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as well as the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The appraisal shall be completed within standard turnaround time of 4 to 6 weeks.

Table 1. Fee schedule considered for comparable and subject leases.

Current Recreational Leases on Nacimiento Reservoir			
TCC (members) (66 acres of MCWRA lands)		fee p/mo	
# of members	87	\$4	4,176.00
# of docks (per member)	35	\$15	6,300.00
Total annual rent (estimate)			10,476.00
<i>Annual rent for 2-year term (03/31/2020 - 04/01/2022)</i>			<i>10,500.00</i>
Town Creek (members) (60 acres of MCWRA lands)		fee p/mo	
# of members	15	\$10	1,800.00
# of docks (per member)	15	\$15	2,700.00
Total annual rent (estimate)			4,500.00
<i>Annual rent for 2-year term (03/31/2020 - 04/01/2022)</i>			<i>4,500.00</i>
HROA (members) (25 acres of MCWRA lands)		fee p/mo	
# of members	2027	\$4	97,296.00
# of docks (per member)	20	\$15	3,600.00
# of dock slips (HROA)	100	\$15	18,000.00
Proposed total annual rent (estimate)			118,896.00
<i>vs. *Annual rent for 1-year mo to mo (ending 03/31/2020)</i>			<i>36,127.80</i>
<i>* The Agency believes the current HROA lease is under-valued.</i>			