



## Board Report

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**File #:** WRAG 20-338, **Version:** 1

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Consider receiving a report on the Proposed Lease Re-Issuance for “The Point” currently leased by Heritage Ranch Owners Association and provide direction to staff regarding appraisal preparation and costs.

**RECOMMENDATION:**

It is recommended that the Monterey County Water Resources Agency Personnel and Administration Committee:

Receive a report on the Propose Lease Re-Issuance for “The Point” currently leased by Heritage Ranch Owners Association and provide direction to staff regarding appraisal preparation and costs.

**SUMMARY/DISCUSSION:**

On July 16, 2020, at a meeting of the Land Use/Lease Subcommittee of the Monterey County Water Resources Agency (MCWRA), an item was discussed regarding the recreational lease provided to the Heritage Ranch Owners Association (HROA). The HROA lease is currently on a month-to-month lease since expiring on March 30, 2020. The Agency received a request from the HROA for a re-issuance prior to the lease expiring. Staff sent Ms. Tina Platt, HROA General Manager, an email notification on February 6, 2020 advising a) an appraisal was necessary to support the lease re-issuance which would be scheduled before the MCWRA Board of Supervisors, b) the appraisal would be prepared at the expense of the HROA, c) the MCWRA has a listing of qualified on-call appraisers and two have responded back with bids, and d) a deposit of \$6,000 was needed to begin processing the appraisal. In response the HROA demanded the following documentation from the MCWRA:

- 1.The Minutes from, or Board of Supervisors resolution in, a properly posted Open Session Meeting of the MCWRA Board of Supervisors stating this specific \$6,000.00 appraisal payment request from HROA.
- 2.The Minutes from, or Board of Supervisors resolution in, a properly posted Open Session Meeting of the MCWRA Board of Supervisors stating that they will not support any lease renewal request from HROA without a prior appraisal of this land paid for exclusively by HROA.
- 3.The specific sections of the fully executed 2019/2020 Lease Agreement between HROA and MCWRA which state that HROA will be financially responsible for an MCWRA appraisal of the Point land.

MCWRA staff has discussed these demands and proposes three possible options for handling the request at this time. Option 1 is for the MCWRA to discontinue the month-to-month lease until the requester is willing to pay, in full, the cost of the market rent appraisal and approval is granted for the new lease by the MCWRA Board of Supervisors. The MCWRA could consider continuing the lease if the payment is received within the next 30 to 60 days. This would result in an appraisal no later than October 2020 which is approximately 6 months since the lease expiring. Option 2 is for MCWRA to pay for the full cost of an appraisal and roll the expense into the lease re-issuance by including its cost in an increased administrative percentage on the future lease (currently at 10%). The MCWRA did not budget funds for FY20-21 for the appraisal cost (approximately \$15,000). Funds would need to be allocated from another project/program, or the lease could be discontinued until FY21-22 when the funds could be budgeted. Option 3 is for MCWRA to open the lease of “The Point” to competitive

bidding in lieu of an appraisal.

In summary, there are numerous legal requirements for counties to lease (or sell) county-owned property (competitive bidding, etc.). Per the MCWRA Agency Act, the MCWRA has to follow the law of the counties on this lease re-issuance request and others. The property will need to be appraised, because if the MCWRA continues with a negotiated number unverified by an appraisal, it could be a gift of public funds if the lease amount is undervalued. Leases that are less than \$10,000/month are exempt from competitive bid requirement. Staff recommends that the Committee provide direction on this matter of appraisal preparation and cost, and discuss options for the lease re-issuance or leasing to others, of “The Point” at Nacimiento Reservoir.

OTHER AGENCY INVOLVEMENT:

None

FINANCING:

There is no financial impact in receiving this report.

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Attachment:

1. Scope of Work for appraisal HROA 2020
2. Property Summary Map of “The Point” near HROA