

Staff Report

TO: Board of Directors
FROM: Greg Jones, Assistant General Manager
DATE: February 26, 2025
SUBJECT: Surplus Property Declaration Specific to the Proposed Centennial Reservoir Project

ADMINISTRATION

RECOMMENDATION:

Discuss and provide direction on initiating the process of declaring exempt surplus land for certain real property purchased for the proposed Centennial Reservoir Project.

BACKGROUND:

Since its inception in 1921, NID has acquired various lands inside and outside of its 287,000-acre service boundary in the counties of Nevada, Placer, Yuba, and Sutter. To date, NID owns approximately 11,000 acres in fee title. NID maintains an inventory of all properties owned by the District and District-owned property is a matter of public record. The District considers its property to be necessary for its purposes, unless determined otherwise by the Board of Directors.

A potential reservoir site located on the Bear River, between what are now Rollins and Combie reservoirs, was first identified by District engineers circa 1926. Early property acquisitions were completed during this time for the potential reservoir. Over the following decades, the District's focus was placed on developing upper mountain division reservoirs and ultimately by the 1960's, on the Yuba-Bear-Hydroelectric Project, saving the Bear River site below Rollins as a future development option.

NID has held ownership of those early Bear River property acquisitions, and in 2013, the District began to revisit the dormant water storage concept. During this period, the Bear River again became a focal point of the District's real property acquisition efforts for the development of the Centennial Reservoir Project. In the years between 2014 and 2018, NID purchased thirty (30) additional parcels totaling approximately three hundred and three (303) acres within the reservoir inundation area. By 2019, these newly acquired lands plus the previously purchased parcels totaled +/- 1,534 acres in the Bear River, comprising of forty-eight (48) individual parcels in both Nevada and Placer counties.

In the summer of 2024, NID completed the anticipated Plan for Water (PFW) process. The PFW helps to guide NID's future water management under anticipated changes in climate, runoff, water use, and regulatory assumptions over a 50-year horizon. The PFW

found that, among other concerns, the location of the Centennial Reservoir limits the project's potential benefits to the NID delivery system and that alternatives other than the Centennial Reservoir are best suited to address the District's forecasted annual unmet demands. On September 25, 2024, the NID Board passed Resolution 2024-36 which authorized NID to discontinue further feasibility, environmental or other analyses in pursuit of the proposed Centennial Reservoir Project.

This item seeks to contemplate the designation of seventeen (17) parcels, totaling +/- 137.96 acres, purchased during the development years 2014 – 2019 for the Centennial Reservoir project, as exempt surplus land, see Attachment B. These parcels are either single family homes or are outside of the District watershed and are no longer necessary for the District's purpose. Of the seventeen parcels:

- Nine (9) are single family homes and currently rented, eight of which are on a month-to-month tenancy and one has an existing lease through June 2025; and
- Two (2) are single family homes and are vacant with no current tenant; and
- Six (6) are vacant lands with no existing structure.

The disposition of the remaining NID-owned properties in the Bear River are anticipated to be discussed under a subsequent Board action at a future date to be determined.

Background on California's Surplus Land Act

Exempt Properties

The California Surplus Land Act (Act) requires agencies to first declare properties it wishes to sell as "exempt surplus land". Under state law, NID must adopt a resolution declaring the properties are "no longer necessary for the District's purposes" and further declare the properties as "exempt surplus land."

Upon review of the Act, staff believe the properties are exempt under Section 54221(f)(1)(N) which states that "[r]eal property that is used by a district for an agency's use expressly authorized in subdivision (c)" is exempt surplus land. An "agency's use" under subdivision (c) may "be for the sole purpose of investment or generation of revenue" provided that the District takes action declaring that the use of the site will "[d]irectly further the express purpose of agency work or operations." In addition, disposal of the properties to generate revenue will directly further the express purpose of the District's work or operations, which constitutes "agency's use" under section 54221(c) of the Act.

Upon declaring surplus land, NID must send to the California Department of Housing and Community Development (HCD) a written notification, including a Board authorized Resolution, declaring the properties "exempt surplus land" at least 30 days prior to disposition. Within 30 days of receipt of the declaration of exemption, HCD will notify NID whether the properties qualify as exempt or not.

If the properties qualify as "exempt", NID can dispose of the properties in its preferred manner and does not need to comply with further requirements of the Surplus Land Act.

However, if the properties do not qualify as “exempt surplus land” by HCD, then NID must proceed with and comply with the remaining legal requirements of the Surplus Land Act for disposing of the properties.

Non-Exempt Properties

If HCD determines all or some of the properties are not “exempt surplus land,” then NID must comply with the next steps of the Surplus Land Act as identified as:

1. NID must adopt a new resolution declaring the properties are “no longer necessary for the District’s purposes” and are “surplus land.”
2. NID must prepare and send a Notice of Availability to HCD, local agencies with jurisdiction where the surplus land is located, and to CalHFA certified affordable development housing sponsors, identified on the HCD website.
3. The proper local agencies and housing sponsors will have 60 days to submit a Notice of Interest to NID if they wish to purchase the surplus land for an authorized purpose.
4. If NID receives a Notice of Interest from a proper entity within the 60-day period, NID is then obligated to engage in good-faith negotiations with that entity to determine mutually satisfactory price and terms. NID cannot terminate this negotiation period before 90 days and is not required to accept less than fair market value for purposes of good faith negotiations.
5. If NID and the proper entity cannot reach an agreement on price or terms within 90 days, or if no Notice of Interest was received within the initial 60-day period, then NID can sell the surplus land without further regard to the Surplus Land Act, subject only to the affordable housing covenant requirement.
 - a. *Affordable Housing Covenant Requirement.* When NID sells the surplus land for any purpose, whether as a result of negotiations with a local agency or housing sponsor, or as a result of being sold on the open market, an affordable housing covenant must be recorded against each of the single family home properties. This covenant will operate as a formality since they are single-family residences and will not be developed into 10 or more residential units.
6. Lastly and before finalizing an agreement to dispose of the surplus land, NID must provide to HCD a proposed disposition summary and other additional documentation, including:

- Resolution declaring land “surplus”
- Description of the Notices of Availability sent;
- Proof the Notices of Availability were sent to all required local agencies and HCD housing sponsors;
- Description of any negotiations conducted with a responding entity; and
- Copy of any restrictions to be recorded against the property.

NID may submit this information after the 60-day Notice of Availability period or after concluding any 90-day negotiation period. HCD guidelines state that the District should submit the above documentation at least 30 days prior to disposing of the surplus land.

HCD will issue a Findings Letter within 30 days after receipt of the proposed disposition summary and documents as to if it can proceed with disposition. If HCD notifies the District that a sale would be in violation of the surplus land requirements, it will grant 60 days to cure any defect in violation of the Act.

Tenant Protection Act – Termination and Just Cause

Under state law, NID is not required to give a sale notice to the existing tenants. Under a periodic tenancy, a landlord may end the tenancy by giving proper notice, typically 60-day notice if the tenant has resided in premises for more than one year, or 30-days if the tenant has resided in the premises for less than one year. The single tenant with an existing fixed-term rental agreement which ends June 2025 has the right to remain in the sold rental property until the end of the rental agreement.

Notwithstanding giving the proper amount of notice to periodic tenants and in accordance with the Tenant Protection Act (TPA), a “just cause” termination of tenancy should be applied if NID finds a need to terminate a tenancy prior to sale of a property. Under the TPA, a tenancy may lawfully be terminated: (i) the owner intends to occupy the property; (ii) the owner withdraws the property from the rental market; (iii) the owner is complying with an order issued by a government agency or the court, or complying with a local ordinance to vacate; or (iv) the owner intends to demolish or substantially remodel the property.

Properties Sold Together or Separate

For properties *not* identified as “exempt surplus land”, NID is permitted to sell all the properties in one sale to a single buyer under the Surplus Land Act. The Notice of Availability can include that it wishes to sell those properties to a single buyer in one sale, however that should not be a condition to the sale. Nothing prohibits the District from bundling all the properties into one sale. However, with a bulk sale the District must ensure it is receiving at least fair market value for all the properties.

Selling Surplus Land and CEQA

Selling the properties as “exempt surplus land” or “surplus land” is likely not a “project” under CEQA. A “project” under CEQA is a discretionary activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect change

in the environment. Declaring the properties no longer necessary for the District’s use is not an activity by NID which will have an effect on the environment. Additionally, engaging in the process of selling the properties is also likely not a “project” under CEQA because selling residential properties will not have a direct or reasonably foreseeable effect on the environment.

However, if it becomes known to NID during the sale process that the potential buyer has specific development plans for the properties, then this will likely trigger the activity to become a “project” under CEQA. If the act of selling residential properties is conservatively deemed a “project” under CEQA, an exemption under Section 15312 to provide a categorical exemption for the sale of surplus government property will likely apply. In addition, the CEQA Guidelines also provide a “common sense” exemption, where selling residential properties will not have a significant effect on the environment, especially if there are no specific plans for development.

BUDET IMPACT:

Since 2017, NID has realized total positive net income from the residential properties of \$1,124,517 as identified in the table below. The sale of these properties will effectively end the receipt of this net revenue to the District.

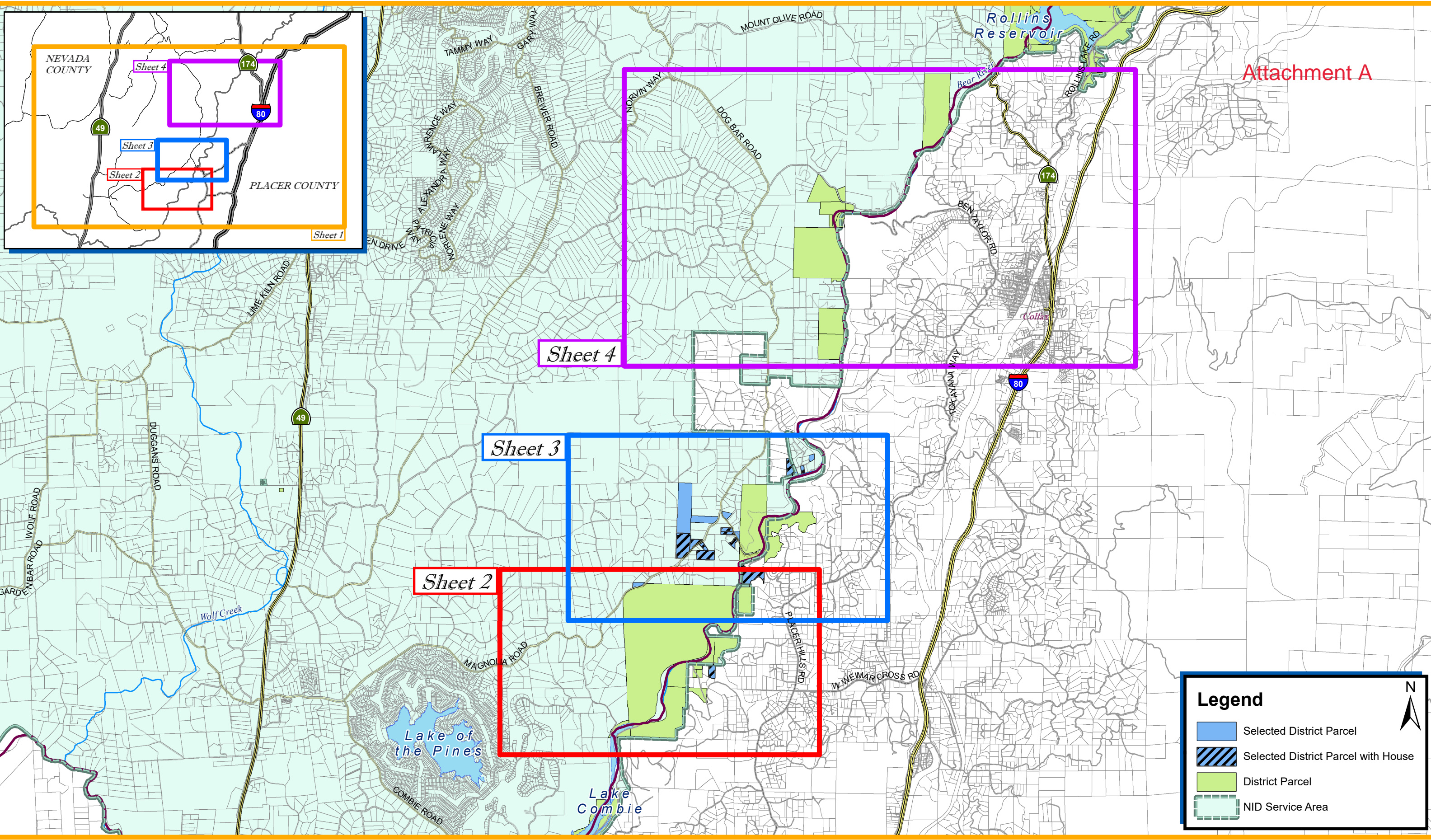
Nevada Irrigation District									
Rental Property Summary of Revenues and Expenses									
2017 through 2024									
Property	Net Income/(Loss)								Total
	2017	2018	2019	2020	2021	2022	2023	2024	
14975 Deerwood Place	-	16,443.25	20,723.29	17,298.24	34,570.43	15,874.05	21,567.40	21,131.64	147,608.30
1451 Dog Bar Road	(375.00)	3,055.35	27,030.63	26,361.07	28,058.83	22,586.04	21,784.61	33,780.73	162,282.26
22529 Dog Bar Road	13,800.00	13,770.00	13,150.00	8,600.00	(1,037.04)	(7,374.00)	(7,449.95)	(23,975.71)	9,483.30
22684 Dog Bar Road	-	14,164.72	11,624.70	15,545.37	9,972.50	(6,942.33)	(14,716.37)	(9,791.30)	19,857.29
22712 Dog Bar Road	-	546.98	9,163.71	12,727.00	11,674.00	13,707.59	12,961.00	11,445.90	72,226.18
22788 Dog Bar Road	15,490.00	15,460.00	13,815.00	15,010.80	13,420.00	(6,846.50)	7,885.58	9,733.42	83,968.30
21030 Home Camp Road	3,525.00	19,304.52	19,865.71	12,552.24	22,930.00	8,873.91	15,525.70	17,600.80	120,177.88
15052 Magnolia Road	9,744.75	10,190.00	(7,869.45)	10,656.57	8,070.93	(7,268.53)	(2,533.24)	7,347.31	28,338.34
15178 Magnolia Road	17,412.45	16,258.83	17,980.00	17,825.62	16,451.50	18,101.00	18,002.00	16,616.30	138,647.70
15241 Magnolia Road	14,500.00	13,855.00	11,076.95	13,258.10	14,160.00	11,594.00	12,078.63	4,936.85	95,459.53
1900 Peacefull Valley Road	17,260.00	17,730.00	17,760.00	17,628.77	16,240.29	16,100.00	17,507.00	16,555.20	136,781.26
20791/20793 Woodbury Drive	26,587.59	26,026.16	29,037.33	30,320.50	24,221.95	13,657.41	(29,553.38)	(10,610.86)	109,686.70
Totals	117,944.79	166,804.81	183,357.87	197,784.28	198,733.39	92,062.64	73,058.98	94,770.28	1,124,517.04

Between the years of 2013 and 2018, NID purchased the sixteen identified parcels for approximately \$6,114,896. Staff has not sought appraisals or market value estimates for any of the properties to date. Staff assumes market values have increased and anticipates property sale values will benefit NID’s general fund balance in the future.

ATTACHMENTS:

- Attachment A – Property Map and Parcel List
- Attachment B – Property Acquisition Log

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Attachment A



NEVADA IRRIGATION DISTRICT

NEVADA COUNTY -- PLACER COUNTY
GRASS VALLEY, CALIFORNIA

NID OWNED LANDS IN THE BEAR RIVER AREA

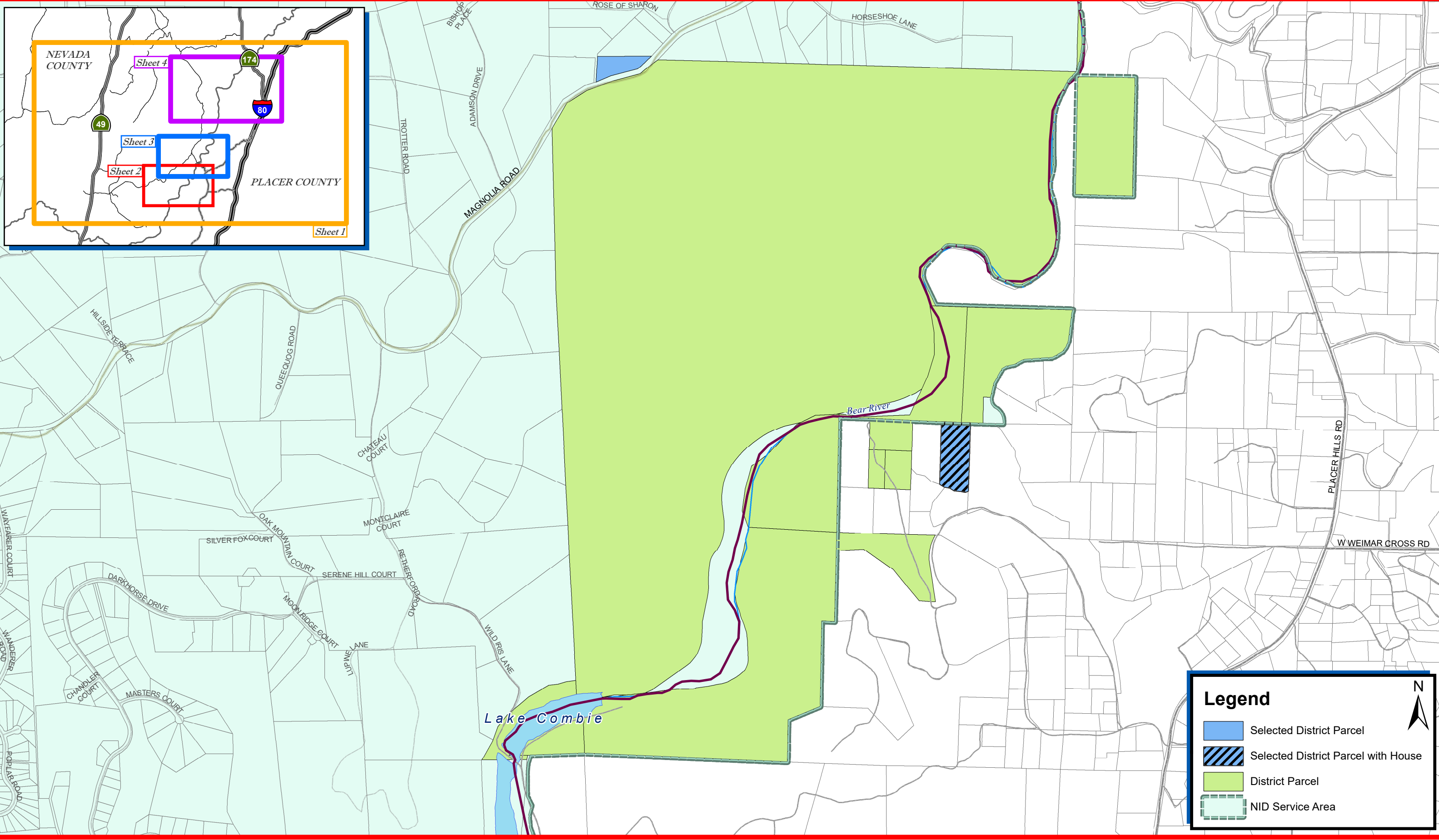
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Date: 2/20/2025

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Sheet: 1 of 4

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NEVADA IRRIGATION DISTRICT

NEVADA COUNTY -- PLACER COUNTY
GRASS VALLEY, CALIFORNIA

NID OWNED LANDS IN THE BEAR RIVER AREA • LOWER

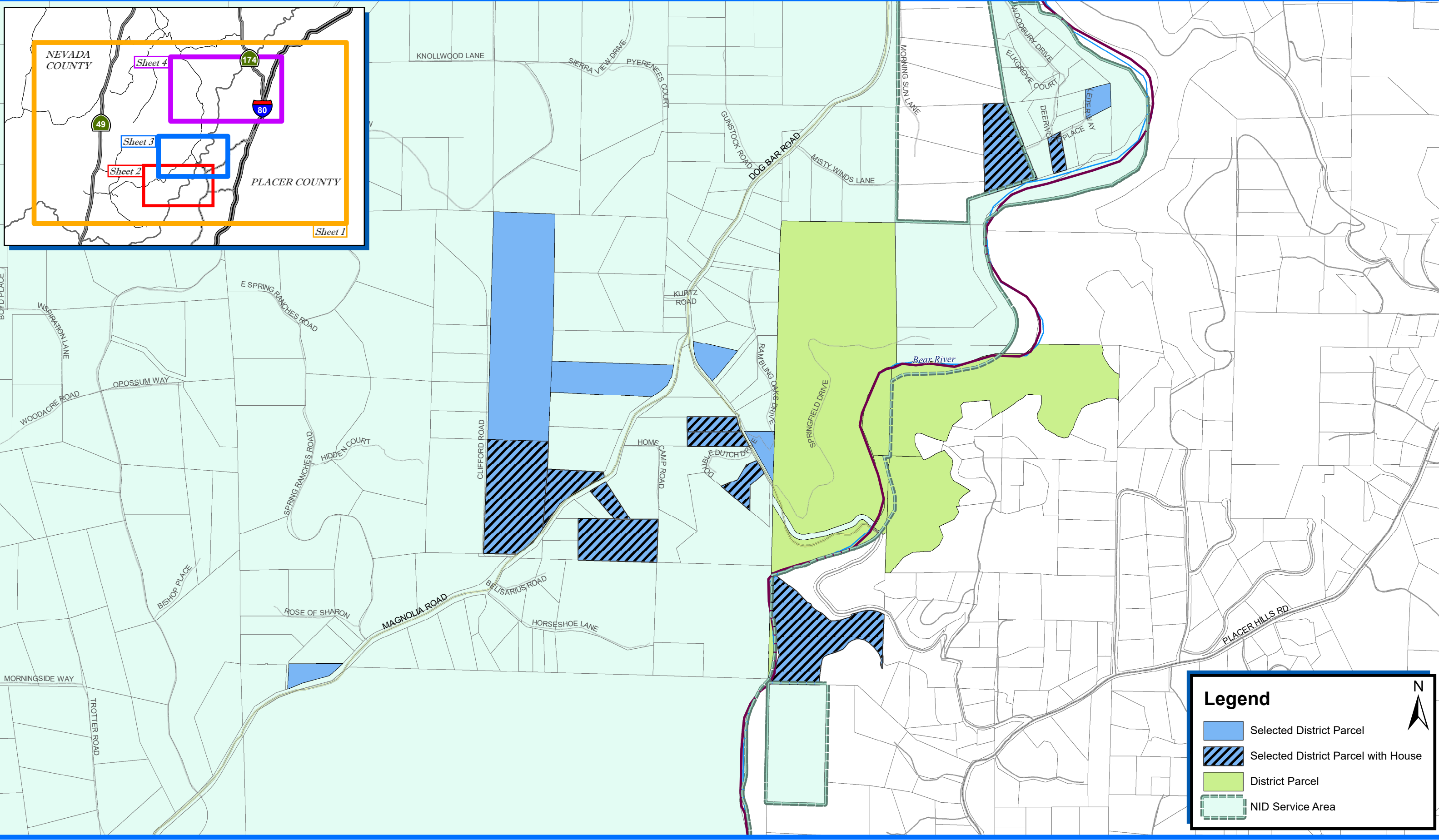
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Date: 2/20/2025

Scale: 1" = 1000' @ 11x17

Sheet: 2 of 4

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Legend

- Selected District Parcel
- Selected District Parcel with House
- District Parcel
- NID Service Area

N
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NEVADA IRRIGATION DISTRICT

NEVADA COUNTY -- PLACER COUNTY
GRASS VALLEY, CALIFORNIA

NID OWNED LANDS IN THE BEAR RIVER AREA • MIDDLE

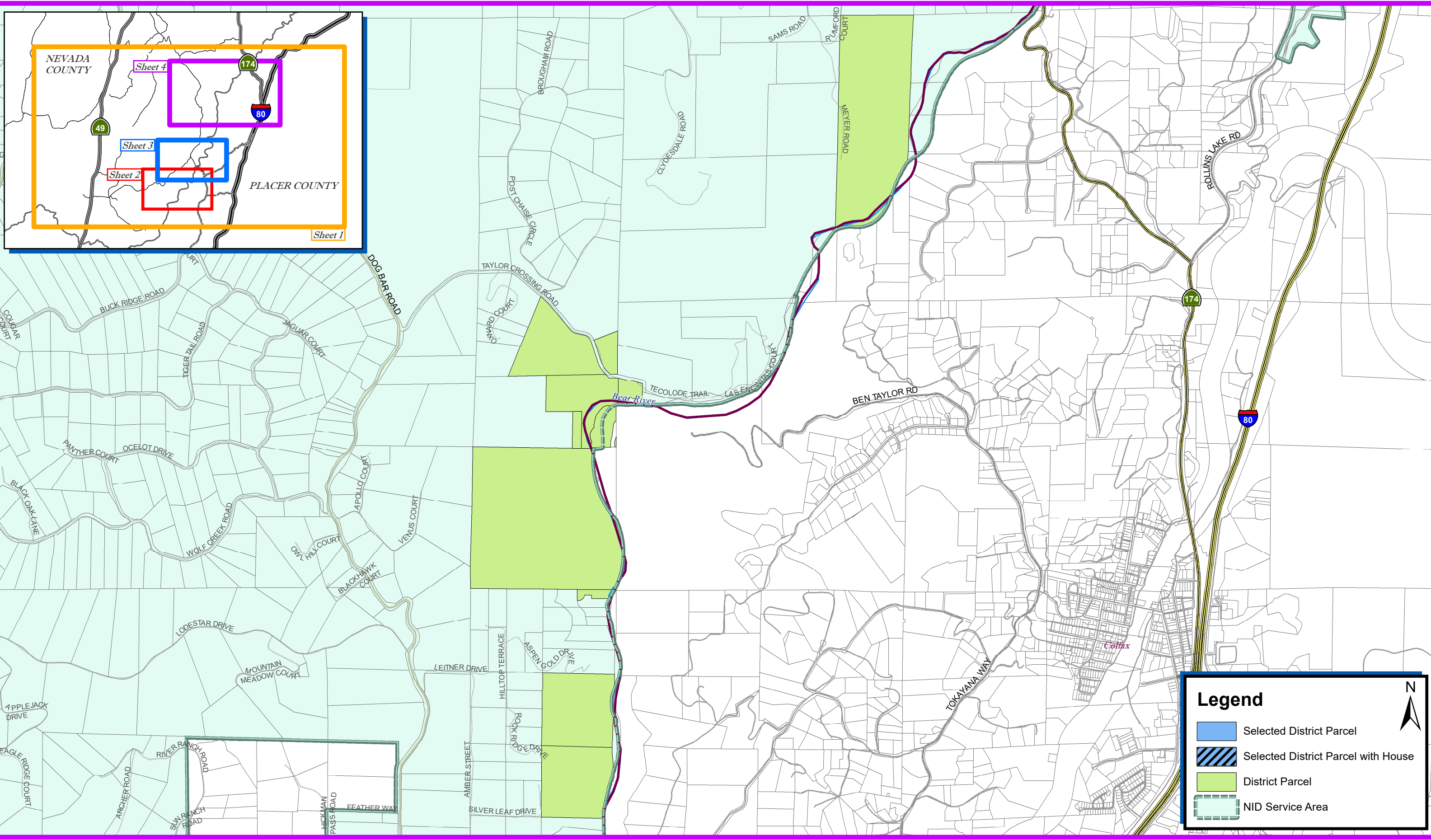
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Date: 2/20/2025

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Sheet: 3 of 4

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NEVADA IRRIGATION DISTRICT

NEVADA COUNTY -- PLACER COUNTY
GRASS VALLEY, CALIFORNIA

NID OWNED LANDS IN THE BEAR RIVER AREA • UPPER

Drawn By: L. HAMMER

Date: 2/20/2025

Scale: 1" = 1600' @ 11x17

Sheet: 4 of 4

NID Owned Lands Along Bear River in Nev & Pla Counties

	APN	Location	Acres
Nevada County	N028-310-005-000	Bear River	151.428026
	N028-310-013-000	Bear River	108.848097
	N027-070-016-000	Bear River	1.517702
	N011-221-017-000	Bear River	9.599749
	N027-090-027-000	Bear River	2.35099
	N027-120-002-000	Bear River	2.443606
	N027-070-027-000	Bear River	2.022051
	N028-450-003-000	Bear River	25.497066
	N028-450-002-000	Bear River	2.602384
	N027-130-008-000	Bear River	19.571717
	N027-140-001-000	Bear River	102.635764
	N027-090-026-000	Bear River	2.421526
	N027-130-011-000	Bear River	10.000049
	N027-130-054-000	Bear River	0.670604
	N028-370-003-000	Bear River	5.434965
	N027-150-004-000	Bear River	2.497709
	N027-110-003-000	Bear River	2.854507
	N028-450-004-000	Bear River	3.399968
	N027-090-004-000	Bear River	42.456488
	N027-140-005-000	Bear River	8.443476
	N027-040-027-000	Bear River	2.200521
	N027-050-018-000	Bear River	37.286636
	N027-130-041-000	Bear River	1.848913
	N027-130-009-000	Bear River	4.455758
	N027-150-002-000	Bear River	586.93776
	N027-070-041-000	Bear River	10.10639
	N027-090-007-000	Bear River	11.194328
	N028-370-002-000	Bear River	32.611156
	N027-120-006-000	Bear River	2.268808
	N027-040-012-000	Bear River	39.989491
Count Subtotal	30	Acreage Subtotal	1235.60
Placer County	P071-020-025-000	Bear River	3.978362
	P071-041-001-000	Bear River	20.366031
	P071-020-002-000	Bear River	13.8454
	P071-020-017-000	Bear River	21.333224
	P071-020-024-000	Bear River	3.070583
	P100-200-001-000	Bear River	6.318808
	P071-020-023-000	Bear River	1.878578
	P072-010-038-000	Bear River	10.194321
	P071-090-077-000	Bear River	1.906731
	P071-020-001-000	Bear River	26.325752
	P071-090-003-000	Bear River	19.55408
	P071-100-004-000	Bear River	44.409793
	P100-200-003-000	Bear River	0.101737
	P072-010-039-000	Bear River	85.777015
	P074-260-002-000	Bear River	8.701614
	P071-020-033-000	Bear River	5.834985
	P071-090-063-000	Bear River	19.228771
	P071-100-001-000	Bear River	5.721853
Count Subtotal	18	Acreage Subtotal	298.55
Total Parcel Count	48	Total Acreage	1534.14

Attachment B - Acquisition Log

Property Address	APN	County	Purchase Price	Closing Costs	Date Recorded	Lot Size (acre)	Sq Ft.	Bed/Bath	Yr Btt	Tenant Lease	Tenant Term Start	Zoning
1900 Peaceful Valley Rd	071-020-033	Placer	\$ 410,000.00	\$ 1,848.92	5/12/2016	5.9	1432	3 Bed/2.5 Bath	2003	M-M	June. 2016	
1451 Dog Bar Rd	071-090-063	Placer	\$ 1,200,000.00	\$ 2,199.50	8/25/2017	19	3226	3 Bed/3 Bath	2007	M-M	Aug. 2017	
15052 Magnolia Rd	027-130-008	Nevada	\$ 449,000.00	\$ 1,144.80	12/23/2014	18.68	960	1 Bed/1 Bath	1961	Lease	6/28/2024	AG-10
20903 Clifford Rd	027-090-004					35	Vacant Land			AG-10		
15178 Magnolia Rd	027-130-009	Nevada	\$ 345,000.00	\$ 1,309.73	6/7/2016	6	1532	1 Bed/1 Bath	1979	M-M	Aug. 2016	AG-10
15536 Magnolia Rd	027-090-007	Nevada	\$ 175,000.00	\$ 990.80	3/4/2015	12.36	Vacant Land	MH Removed in 2016			AG-10	
21030 Home Camp Rd	027-130-011	Nevada	\$ 465,000.00	\$ 1,418.50	9/26/2017	10	2236	3 Bed/2 Bath	1974	M-M	Mar. 2020	AG-20
15241 Magnolia Rd	027-130-041	Nevada	\$ 339,000.00	\$ 970.00	12/23/2014	1.99	2128	3 Bed/2 Bath	1976	Vacant	N/A	AG-10
22788 Dog Bar Rd	027-120-002	Nevada	\$ 235,000.00	\$ 6,168.24	4/22/2015	2.4	1170	1 Bed/2 Bath	1998	M-M	Dec. 2022	AG-20
22712 Dog Bar Rd	027-090-026	Nevada	\$ 300,000.00	\$ 1,374.30	11/16/2018	2.52	480	1 Bed/1 Bath	1988	M-M	June. 2019	AG-20
22684 Dog Bar Rd	027-090-027	Nevada	\$ 360,000.00	\$ 2,852.21	1/18/2018	2.53	1548	3 Bed/2 Bath	1980	Vacant	N/A	AG-20
22707 Ramblin Oaks Dr	027-120-006	Nevada	\$ 80,000.00	\$ 957.42	7/25/2016	2.2	Vacant Land			AG-10		
22529 Dog Bar Rd	027-110-003	Nevada	\$ 176,895.85	\$ 680.06	6/9/2016	2.86	Vacant Land	MH removed in 2024			AG-20	
20791 and 20793 Woodbury Dr	027-070-041	Nevada	\$ 900,000.00	\$ 6,100.36	12/30/2016	10	3975	5 Bed/4 Bath	1985	M-M	July. 2021	AG-20
14975 Deerwood Place	027-070-016	Nevada	\$ 455,000.00	\$ 2,380.03	4/24/2018	1.5	2369	3 Bed/2 Bath	1981	M-M	May. 2018	AG-20
15037 Leiter Way	027-070-027	Nevada	\$ 100,000.00	\$ 893.73	2/23/2016	2	Vacant Land			AG-20		
14438 Magnolia Rd	027-150-004	Nevada	\$ 125,000.00	\$ 2,828.55	11/10/2016	3.02	Vacant Land	MH removed in 2017			AG-10	
			\$ 6,114,895.85	\$ 34,117.15		137.96						