

JUN 14 1994

8-5 (Revised)

May 18, 1994



MWD *[Signature]*
EXECUTIVE SECRETARY
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

(Task Force to Review Office Space &
Building Sites--Action)
(Engineering & Operations Committee--
Information)
(Finance & Insurance Committee--Action)
(Executive Committee--Action)

To: Board of Directors (Executive Committee--Action)

From: General Manager

Subject: Appropriation No. 688 For \$2,000,000 to Fund Headquarters
Facility Development Activities

Report

On April 12, 1994, the Board of Directors selected Union Station as the preferred site for the development of the District's long-term administrative headquarters. In connection with this action, staff was directed to continue its negotiations for a final development agreement with the Catellus Development Corporation. A letter of intent pertaining to this headquarters project was signed on May 9, 1994, by Catellus and by the General Manager, pursuant to the Board's instructions.

Metropolitan's leases at Two California Plaza for interim office space begin to terminate in late 1998. Therefore, it is imperative that staff proceed aggressively with a number of predevelopment tasks to ensure that the new headquarters facility is ready for occupancy by this date. The project's current development schedule calls for the initiation of an Environmental Site Assessment (ESA), initial groundwater and soils investigation, fast-tracking of the site's Environmental Impact Report (EIR), as well as the building's core and shell design, to occur during Fiscal Year 1994-95.

A capital appropriation of \$5 million had been requested to fund these project activities, as well as certain predevelopment activities which have already been performed. The predevelopment tasks had involved the evaluation of a number of parcels in addition to Union Station, including over a dozen responses to a competitive RFP process, as well as Times-Mirror Square, Metropolitan's Arrow Highway property in the City of La Verne, and more than 20 existing buildings within the Downtown vicinity.

The Board's Finance & Insurance Committee (F&I), however, has recommended an initial appropriation of \$2 million, to be reevaluated in August 1994, upon attainment of a development agreement with Catellus Development Corporation,

and has requested preparation of a monthly cost accounting detail to be reviewed periodically by both F&I, as well as the Task Force to Review Office Space and Building Sites.

The long-term headquarters facility study project has been included in the proposed Fiscal Year 1994-95 Capital Program Budget (current total program estimate of \$6 million, of which \$5.862 million is budgeted for 1994-95). However, substantially all predevelopment work to date has been charged during the current year to O&M work orders. These costs should be charged to the capital program prior to June 30, 1994, to properly account for the full cost of the Union Station selection and development process. Accordingly, approximately \$1.3 million which was expended in Fiscal Year 1993-94 on headquarters site selection tasks will be transferred to the long-term headquarters appropriation. This action will leave a net balance of \$.7 million from this appropriation to cover predevelopment activities previously described through the August 1994 conclusion of negotiations with Catellus.

A summary schedule is attached to this letter showing the detail of the approximately \$1.3 million in costs incurred during 1993-94 relating to the headquarters site selection process, as well as estimates of staff and consultant time to be expended through July - August 1994. Though much of the detail for an estimated cost for the full Fiscal Year 1994-95 will be contingent upon the conclusion of negotiations with Catellus, based upon the two month estimate attached, staff anticipates a minimum cost of \$4.2 million for the full-year period.

Board Committee Assignments

This letter is referred for information to the Engineering & Operations Committee, pursuant to section 2431(b) of Metropolitan's Administrative Code, to study, advise and make recommendations with regard to the initiation, scheduling, contracting and performance of construction programs and work, the equipment or materials to be used, replaced, disposed of, or salvaged;

This letter is referred for action to:

The Task Force to Review Office Space & Building Sites, as the Task Force, on behalf of the Executive Committee, is directing the analysis of Metropolitan's office space issues;

The Finance & Insurance Committee, pursuant to section 2441(b) of Metropolitan's Administrative Code, to study, advise and make recommendations with regard to the authorization of appropriations;

The Executive Committee, as the Task Force to Review Office Space and Building Sites was formed at the specific direction of the Board Chairman and reports directly to the Chair.

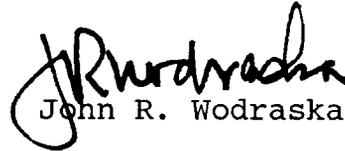
Recommendation

ENGINEERING & OPERATIONS COMMITTEE FOR INFORMATION.

**TASK FORCE TO REVIEW OFFICE SPACE AND BUILDING SITES,
FINANCE & INSURANCE AND EXECUTIVE COMMITTEES FOR ACTION.**

It is recommended that the Board of Directors authorize initial funding of Appropriation No. 688, in the amount of \$2 million, from the Pay-As-You-Go Fund to cover certain prior as well as proposed activities pertaining to project selection and development of the District's permanent headquarters facility at Union Station. As outlined previously in this letter, such authorization also includes the transfer of approximately \$1.3 million of site selection costs incurred in the current year (shown on the attachment to this letter) from various O&M work orders to this capital project appropriation.

The \$.7 million balance of the appropriation is expected to cover additional predevelopment costs for staff and consultant hours to be expended through the August 1994 conclusion of negotiations with Catellus Development Corporation.


John R. Wodraska

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LONG-TERM HEADQUARTERS SITE SELECTION**FY 1993-94 CONSULTANT COSTS**

(amounts rounded)

Real Estate Advisor/Predevelopment Activities	\$	686,000
Architectural	\$	180,000
Cost Estimating	\$	95,000
Outside Legal Counsel	\$	180,000
Lead Negotiator	\$	135,000
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TOTAL	\$	1,276,000

UNION STATION PREDEVELOPMENT ACTIVITIES

ESTIMATED STAFF/CONSULTANT COSTS

July-August 1994

(amounts rounded)

Consultants

Lead Negotiator	\$ 45,000
Outside Legal Counsel	\$ 90,000
ESA/Soils and Groundwater Investigation	\$ 45,000
EIR	\$400,000
SUBTOTAL	\$580,000

Staff

	<u>% Time</u>	<u>Cost*</u>
Project Director	70	\$ 36,000
Facilities Development	50	\$ 20,000
Deputy General Counsel	50	\$ 24,000
Principal Analyst	50	\$ 18,000
Principal Engineer (Envir. Compliance)	10	\$ 10,000
Associate Engineer (Envir. Compliance)	10	\$ 8,000
SUBTOTAL		\$116,000

TOTAL	\$696,000
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*Assumes burdened salary, as well as overhead

UNION STATION PREDEVELOPMENT ACTIVITIES**ESTIMATED STAFF/CONSULTANT COSTS****July-August 1994****(amounts rounded)****Consultants****Lead Negotiator** \$ 45,000**Outside Legal Counsel** \$ 90,000**Environmental** \$445,000**SUBTOTAL** \$580,000**Staff** \$116,000**TOTAL** \$696,000

(Passed out at Executive Committee meeting 6/14/94)

**UNION STATION PREDEVELOPMENT ACTIVITIES
ESTIMATED STAFF/CONSULTANT COSTS
July 1994 - June 1995**

(amounts rounded)

Consultants

Lead Negotiator	\$ 855,000
Owner's Representative	
Outside Legal Counsel	
Environmental	\$ 685,000
Design/Programming	\$1,135,000
Sunset Appraisals/Retrofit/Marketing	\$ 500,000
Contingency (15%)	\$ 476,000
SUBTOTAL	\$3,651,000
 <u>Staff</u>	 \$1,500,000
 TOTAL	 \$5,151,000

(Passed out at Executive Committee meeting 6/14/94)