

April 16, 1999

**To:** Board of Directors (Engineering and Operations Committee—Action)

**From:** General Manager \_\_\_\_\_

**Submitted by:** Gary M. Snyder \_\_\_\_\_  
Chief Engineer

**Subject:** Authorization to Enter into Loan and Grant Agreements with the California Department of Boating and Waterways for the Design and Construction of Recreational Boating Facilities at the Eastside Reservoir and to enter into Agreement with Moffat & Nichol Engineers for Phase 1 Design

## RECOMMENDATIONS

It is recommended that the Board:

1. Consider the information contained in Addendum No. 5 to the Eastside Reservoir Project Final Environmental Impact Report (FEIR), to the FEIR, the Supplemental Environmental Impact Report, and Addendum Nos. 1,2,3, and 4 to the FEIR and find that there is no substantial evidence that the proposed minor modifications to the Eastside Reservoir Project (ESRP) construction relating to the boat launch facilities, subsurface anchors, and revetment will have a significant effect on the environment;
2. Authorize the General Manager to enter into the Phase 1 Grant Agreement with the California Department of Boating and Waterways (DBAW) for a grant of \$3,700,000;
3. Authorize the General Manager to enter into the Phase 1 Loan Agreement with DBAW for a loan of \$1,499,000; and,
4. Authorize the General Manager to enter into an Agreement with Moffat & Nichol Engineers in an amount not to exceed \$475,000 for Phase 1 design.

## EXECUTIVE SUMMARY

The Metropolitan Water District of Southern California (Metropolitan) is currently constructing the Eastside Reservoir Project in Western Riverside County. Upon completion, the Reservoir will be the largest freshwater lake in Southern California. The Board in February 1999 adopted a policy authorizing certain boating activities on the Reservoir. Boating access is planned to be provided through two marina locations at opposite ends of the Reservoir.

The California DBAW provides funding to assist in the development of capital facilities for recreational boating. In July 1997, the Board authorized the General Manager to file a grant application in the amount of \$10,161,000 and a loan application in the amount of \$12,219,000

with DBAW for the design and construction of recreational boating facilities at the Eastside Reservoir Project. In March 1999, the DBAW Commission approved the Phase 1 grant (\$3,700,000) and loan (\$1,499,000). In order to preserve the funds in the current DBAW budget, Metropolitan and DBAW must enter into loan and grant agreements prior to June 30, 1999. It is recommended that the Board authorize execution of the loan and grant agreements on the terms generally described below and in a final form as approved by the General Counsel.

Metropolitan cannot obtain reimbursement from DBAW for any funds expended prior to execution of the Agreements with DBAW. Therefore, final design of the facilities has not commenced. In order to design and construct necessary shoreline protection and the facilities located below the water line within the Reservoir prior to inundation, it is necessary to commence the design process upon execution of the loan and grant agreements. It is recommended that the Board authorize the General Manager to enter into an agreement with Moffat & Nichol Engineers in an amount not to exceed \$475,000 for the Phase 1 design. These costs would be paid from the Phase 1 grant and loan.

## **DETAILED REPORT**

As a part of the development and operation of Metropolitan's ESRP, the Board has adopted a policy which authorizes certain recreational boating activities on the Reservoir. Boating access is planned to be provided through two marinas. Quarry Cove, at the southwest corner of the reservoir will have an 8-lane boat launching ramp, vehicle/trailer parking spaces, dry boat storage, rental boat slips and ancillary facilities. Marina Cove at the northeast corner of the reservoir will have an 11-lane boat launching ramp, a floating breakwater, rental boat slips, vehicle/trailer parking area and other ancillary facilities.

The California DBAW provides grants and loans for the design and construction of capital facilities which increase recreational boating opportunities in California. In July 1997, the Board authorized the General Manager to submit a grant application in the amount of \$10,161,000 and a loan application in the amount of \$12,219,000 to DBAW for the design and construction of the facilities described above. In March 1999 the DBAW Commission approved the Phase 1 grant (\$3,700,000) and loan (\$1,499,000).

The proposed agreements are subject to a number of conditions including the following:

### **Grant Agreement**

- Completion of Phase 1 work and completion of all Project work and opening for public use by mutually agreed upon dates.
- Maximum launch and gate fees of \$12.00 total (may be adjusted with CPI).
- Metropolitan to retain ownership and operation of the facilities as a recreational boating facility for twenty (20) years.
- If in 2008 Metropolitan has in place restrictions on access to the Reservoir by boats with gasoline powered engines to regulate contaminants in the Reservoir and there are less than 80,000 boat launches annually, Metropolitan will be required to repay a pro-rata portion of the grant.

- Provision of permanent signage stating that the project was financed by DBAW.

### **Loan Agreement**

- A 30 year loan at 4.5% interest.
- Completion of specified Phase 1 work and completion of all phases and opening for public use by mutually agreed upon dates.
- Pricing limitations for rental slips.
- If in 2008 Metropolitan has in place restrictions on access to the Reservoir by boats with gasoline powered engines to regulate contaminants in the Reservoir, and rental slips have less than 62% occupancy, Metropolitan to prepay a pro-rata portion of the loan.
- Provision of collateral, in the form of a letter of credit, to secure the repayment of the loan.

Although Metropolitan and DBAW must enter into the loan and grant agreements prior to June 30, 1999, to retain the funds in the DBAW budget, execution of the agreements does not obligate Metropolitan to draw down funds. However, in order to complete the design and commence and complete the construction of necessary shoreline protection and those facilities located within the Reservoir prior to inundation, it is recommended that the Board authorize the General Manager to enter into an agreement in an amount not to exceed \$475,000 with the marina consultant Moffat and Nichol Engineers. Upon the Board's authorization, Phase 1 design would commence as soon as possible with the intent of commencing the construction within the reservoir by early 2000.

Moffat and Nichol Engineers has been assisting Metropolitan in conceptual design of the shoreline protection and launch facilities and preparation of the grant and loan applications pursuant to a subcontract with Parsons Infrastructure and Technology, Inc. It is proposed that Metropolitan and Moffat and Nichol Engineers contract directly for work which is eligible for payment with loan and grant funds. It is anticipated that the agreement would be amended concurrent with approval of subsequent phases of the DBAW loan and grant to provide for additional design, engineering and construction inspection services for a cumulative total of approximately \$2.5 million, all of which would be paid with loan or grant funds.

### **CEQA COMPLIANCE/ENVIRONMENTAL DOCUMENTATION**

Metropolitan's Board of Directors certified the FEIR for the ESRP in October 1991. The 1991 FEIR included provisions for boat launch facilities near the east and west dams to accommodate certain boating activities, including recreational boating, on the reservoir. Since the Board's certification of the FEIR, Metropolitan has certified a Supplemental Environmental Impact Report and prepared Addendum Nos. 1, 2, 3, and 4 to address minor modifications to the Project. Currently, Metropolitan has developed additional design details for construction of the two boat launch areas. These details include the identification of structures that for reservoir operations and maintenance purposes, must be in place prior to filling of the Reservoir. These structures include revetment placed on sloped areas for wave protection, boat ramps and subsurface anchors. The design and construction of the launch facilities within the Reservoir will be funded with the DBAW grant and loan described above.

Addendum No. 5 to the FEIR has been prepared to document the additional information for construction activities at the boat launch areas, and to confirm that these proposed modifications represent minor changes to the project design which will not result in any new significant environmental impacts that were not previously disclosed in the FEIR. In addition, any future development of the remainder of the Reservoir construction impact area for recreation or other purposes will be addressed in the appropriate environmental documentation when proposals for such uses are made by Metropolitan. Addendum No. 5 is available for your review in the Office of the Executive Secretary.

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