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MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Daren E. [Signature]
JUL 22, 1994
EXECUTIVE SECRETARY

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

To: Board of Directors
From: General Manager
Subject: Revision No. 1 to Appropriation No. 688 to Increase Funding by \$3,000,000 to Fund Headquarters Development Activities

Report

On June 13, 1994, an initial capital appropriation of \$2 million was approved by the Board of Directors to provide initial funding for Union Station headquarters predevelopment activities (see Table 1 attached). Approximately \$1.3 million of this amount of headquarters development expenses were incurred during Fiscal Year 1993-94, which had been charged to various O&M work orders. Per authorization by the Board, these costs have been transferred to the capital appropriation, thus leaving a net balance of approximately \$.7 million with which to fund ongoing headquarters development activities.

At this time, staff estimates that it will cost at least \$3.7 million to undertake the necessary due diligence, design and other predevelopment activities for the headquarters project during the Fiscal Year 1994-95 period (see Tables 2 and 3 attached). These estimates, which are contingent upon the negotiation of a formal development agreement with the Catellus Development Corporation, will be confirmed or revised at such time that the final terms are brought before the Board. The negotiations for this agreement are expected to be concluded by the fall of this year.

The requested increase of \$3 million in the headquarters development appropriation would bring the total appropriation for this project to \$5 million. The headquarters project has been included in the adopted Fiscal Year 1994-95 Capital Program Budget, at a current estimated total cost of \$5.862 million. This total project estimate will be revised as necessary in the future based on the aforementioned negotiations with Catellus.

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 Revision No. 1 to Appropriation No. 688, for an increased amount of \$3 million, for a total appropriation of \$5 million, from the Pay-As-You-Go Fund to cover proposed activities pertaining to development of the District's permanent headquarters facility at Union Station.

John R. Wodraska
General Manager

John R. Wodraska
By Gilbert F. Ivey
Director,
Administrative Services

Concur:

JR Wodraska
John R. Wodraska
General Manager

Table 1

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

(amounts rounded)

	Approp. No. 688	Revision No. 1	Total Approp.
<u>Predevelopment Consultants</u>			
Real Estate Advisor	\$ 686,000	-0-	\$ 686,000
Architectural	\$ 180,000	-0-	\$ 180,000
<u>Continuing Consultants</u>			
Lead Negotiator			
Owner's Representative	\$ 474,000	\$ 720,000	\$1,194,000
Outside Legal Counsel			
Environmental	\$ 135,000	\$ 375,000	\$ 510,000
Design/Programming	\$ 182,000	\$ 628,000	\$ 810,000
Sunset Appraisals/ Retrofit/Marketing	\$ 150,000	\$ 350,000	\$ 500,000
Contingency	\$ 77,000	\$ 310,000	\$ 387,000
<u>In-House Staff*</u>	\$ 116,000	\$ 617,000	\$ 733,000
TOTAL	\$2,000,000	\$3,000,000	\$5,000,000

*Includes salaries, additives, materials/supplies/incidentals and overhead.

Expenditures Projection:

Fiscal Year 1993-94	\$1.3 million
Fiscal Year 1994-95	<u>\$3.7 million</u>
	\$5.0 million

Table 2

FISCAL YEAR 1994-95 HEADQUARTERS DEVELOPMENT ACTIVITIES	
MWD Consultant Team Member	Activity
Lead Negotiator	Represent MWD's interests in negotiating necessary documentation with Catellus Development Corporation and other parties.
Owner's Representative	Assist MWD staff Project Director in supervising predevelopment activities, and in the long-term, oversight of construction.
Outside Legal Counsel	Draft various legal documentation, including MOU with City; due diligence review of all documentation associated with headquarters transaction.
ESA/Soils & Groundwater Investigation	Document site conditions and if necessary, identify appropriate remediation.
Environmental Impact Report	Per agreement with the City of Los Angeles, MWD will be permitted to expedite the process by proceeding separately from the Alameda District Plan (ADP).
Core & Shell Design	Determine square footage, building height and footprint, architectural character, basic building systems criteria, etc.
Space Programming	Determine needs of MWD Divisions, including long-term staffing projections, necessary adjacencies to other Divisions, ratio of open vs. demised office space, etc.
Cost Estimator	Review all developer-proposed actions for cost control.
Sunset Appraisals/ Retrofit/Marketing	Develop marketing strategy in accordance with E&O decision to surplus (5/94); some possible retrofit to enhance attractiveness to potential buyers.

Table 3

**UNION STATION PREDEVELOPMENT ACTIVITIES
ESTIMATED STAFF/CONSULTANT COSTS
July 1994 - June 1995
(amounts rounded)**

<u>Consultants</u>		
Lead Negotiator		\$ 90,000
Owner's Representative		\$ 360,000
Outside Legal Counsel		\$ 405,000
ESA/Soils and Groundwater Investigation		\$ 110,000
EIR		\$ 400,000
Core and Shell Design		\$ 580,000
Space Programming		\$ 35,000
Cost Estimator		\$ 100,000
Sunset Appraisals/Retrofit/Marketing		\$ 500,000
Contingency (15%)		<u>\$ 387,000</u>
SUBTOTAL		\$2,967,000
 <u>In-House Staff (Assigned on a Continuing Basis)</u>		
	<u>% Time</u>	<u>Cost</u>
Project Director	70	\$ 80,000
Facilities Development	50	\$ 41,500
Deputy General Counsel	50	\$ 49,800
Principal Analyst	50	\$ 38,000
Structural Engineer	60	\$ 45,700
Other Support Staff		<u>\$ 20,000</u>
Total Salaries		\$ 275,000
Additives		<u>\$ 123,700</u>
Total Salaries and Additives		\$ 398,700
Materials/Supplies/Incidentals		\$ 35,300
Overhead		\$ 299,000
SUBTOTAL		\$ 733,000
Estimated Total FY 1994-95 Expenditures		\$3,700,000
Amounts Expended in FY 1993-94		<u>\$1,300,000*</u>
TOTAL APPROPRIATION		\$5,000,000

*In June 1994, the Board authorized the transfer of \$1.3 million of O&M costs to this appropriation.