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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
~~EXECUTIVE SECRETARY~~

September 19, 1994

(Task Force to Review Office Space &  
Building Sites--Action)  
(Organization & Personnel Comm.--Action)

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

From: General Manager

Subject: Authorization to Enter into an Agreement with Skadden, Arps,  
Slate, Meagher & Flom in an Amount Not to Exceed \$360,000,  
for Preconstruction Consulting Services Relating to a  
Permanent Headquarters Facility at Union Station.

Report

In July 1994, the Board of Directors appropriated \$5 million as initial funding for Union Station headquarters predevelopment activities, with a portion of these funds allocated towards an "Owner's Representative" (Exhibit A, Appropriation No. 688). This Owner's Representative will assist Metropolitan's project management committee with all aspects of project oversight.

Pursuant to the Board of Directors' selection of the Union Station site as the location for the future permanent headquarters facility, a comprehensive development agreement is expected to be completed by the Fall of this year, for presentation to the Board. The firm of Skadden, Arps, Slater, Meagher & Flom (Skadden, Arps) was retained in January 1994 to lead the negotiation of this Agreement. Principal Skadden, Arps staff assigned to this effort are Mr. Richard Volpert, Partner, and Ms. Leslie Young, Real Estate Specialist.

At the time Skadden, Arps was retained, other individuals and firms were interviewed, but this firm's staff demonstrated the greatest experience in negotiating downtown Los Angeles real estate transactions. Under this first consulting Agreement, Skadden, Arps were to complete the work at under \$130,000 cost to Metropolitan.

Since the execution of the original Agreement, the required scope of services for Skadden, Arps has been expanded (Exhibit B). Mr. Volpert has extensive knowledge of all areas of the headquarters project, and staff believes

that preserving the continuity of the project management team is critical to maintaining leverage with Union Station Partners (USP), the project developer, and to the delivery of this facility on schedule and within budget constraints.

Exhibit C shows Skadden, Arps' hourly rates. The total amount for the two consulting agreements is not to exceed the amount of \$490,000, including both professional services and reimbursement of incidental expenses.

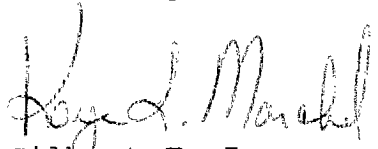
Funds for these consulting services are available within Administrative Services' 1994/95 capital budget.

Skadden, Arps is an Equal Opportunity employer, with an Affirmative Action Plan currently on file with Metropolitan.


Recommendation

It is recommended that the Board of Directors authorize the General Manager to enter into an Agreement with Skadden, Arps, Slate, Meagher & Flom, in a form approved by the General Counsel, in an amount not to exceed \$360,000, for preconstruction consulting services relating to a permanent headquarters facility at Union Station.

John R. Wodraska  
General Manager

  
By Gilbert F. Ivey  
Director,  
Administrative Services

Concur:

  
John R. Wodraska  
General Manager

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## EXHIBIT A

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

Consultants

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	<u>\$2,967,000</u>

In-House Staff (Assigned on a Continuing Basis)

	<u>% Time</u>	<u>Cost*</u>
Project Director	70	\$ 90,000
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		\$ 123,700
Total Salaries and Additives		<u>\$ 398,700</u>
Materials/Supplies/Incidentals		\$ 35,300
Overhead		\$ 299,000
SUBTOTAL		<u>\$ 733,000</u>

<b>Estimated Total FY 1994-95 Expenditures</b>	<b>\$3,700,000</b>
Amounts Expended in FY 1993-94	\$1,300,000*
<b>TOTAL APPROPRIATION</b>	<b>\$5,000,000</b>

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

## EXHIBIT B

Proposed Scope of Services

1. On behalf of Metropolitan, continue leading negotiations for Union Station headquarters transaction with Union Station Partners/USP (Catellus Development Corporation and Charles Pankow Builders);
2. Drafting (as required), reviewing, revising and negotiating documentation related to the Union Station transaction, including the Development Agreement, Purchase and Sale Agreement, Option Agreement and related documents;
3. Participate with Metropolitan's Project Management Team, in coordinating and supervising design, development and preconstruction activities and plans for the construction of the Union Station facility;
4. Participate with Metropolitan's Project Management Team in overseeing the work of USP and its architectural and engineering consulting firms, as well as Metropolitan's other independent consultants;
5. Represent Metropolitan, in discussions with the City of Los Angeles, relating to project entitlements and in negotiation of a Memorandum of Understanding with the City;
6. Make presentations to Metropolitan's Board of Directors and Board Committees concerning the progress and status of the negotiations, documentation and development planning activities;
7. Other matters related to the Union Station project, as requested by the Agreement Administrator.

Fee Schedule

Richard S. Volpert, Esq.	\$320/hr.
Michael J. Kiely, Esq.	\$190/hr.
Audrey L. Sokoloff, Esq.	\$190/hr.
Leslie A. Young, Real Estate Specialist	\$150/hr.