



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

November 4, 1997

To: Board of Directors (Special Committee for Real Property Management—Action)
(Engineering and Operations Committee—Action)
(Executive Committee—Action)

From: *for* General Manager

Edward S. Meas

Submitted by: Chief Engineer
for Senior Executive Assistant to
General Manager

Thomas G. Hoyle

Robert S. Dwyer

Subject: Approve Guiding Principles, Draft Recreation Plan, and Continual Process for the Recreation Component of the Eastside Reservoir Project

RECOMMENDATIONS

To authorize Recreation Guiding Principles, initiate the process leading to recreation complex entitlements, and establish a process for private development procurement for the Eastside Reservoir Project recreation complex, it is recommended that the Board of Directors:

- Adopt Recreation Guiding Principles for development and operation of the Eastside Reservoir Project (ESRP) recreation complex as stated in the Executive Summary.
- Approve the draft Recreation Plan described in the Detailed Report and Attachments A and B, and, based on this plan, authorize preparation of the Specific Plan/Supplemental Environmental Impact Report documents to obtain entitlements for the recreation complex.
- Approve the Business Planning Framework for procurement of private concessionaire and contract operations of ESRP recreation facilities (Attachment C).

EXECUTIVE SUMMARY

The Final Environmental Impact Report (FEIR) for the ESRP was certified by the Board of Directors in October 1991. The FEIR formed the basis for the preparation of a comprehensive recreation plan. One of the first steps was the formation of a community-based recreation working group to participate in the planning process. Over the course of 16 public

workshops and meetings, this group contributed to development of the comprehensive plan that has strong public support. The resultant physical plan generally reflects the features of the 1991 FEIR, but contains certain modifications in layout and scope to ensure that the recreation complex will be revenue-positive under a variety of conditions and to create a firm basis for long-term business planning. A separate study on the effects of body-contact recreation at the reservoir is being prepared for Board consideration in early-1998. The following Guiding Principles are recommended for adoption to provide a recreation complex that will be revenue positive, consistent with the ESRP's primary purpose as a water supply reservoir, and maintain public support that has been integral to the planning process:

- Water supply and water quality purposes will always take precedence over any recreation activity that conflicts with those purposes.
- The recreation facilities will be designed, operated, and maintained in a quality manner and will ensure a safe and clean recreation complex.
- The Recreation Master Plan will be controlled by Metropolitan, will define a consistent architectural theme, and will maintain consistent standards throughout the recreation complex.
- Metropolitan will manage the recreation complex either through a new Recreation Business Enterprise (RBE) or private concessionaire/contractor (based on proposals from the private sector).
- Metropolitan will hire a qualified and experienced Recreation Complex Director to plan, coordinate, organize, and manage the recreation facilities for optimum results.
- Metropolitan will establish a separate cost center to monitor all recreation costs and revenues, including capital amortization.
- Recreation facility operations, maintenance, and security will be procured and provided by contractors and concessionaires.
- The recreation complex as a whole will be self-supporting at maturity with an acceptable net return on recreation investment, considering Metropolitan's average net return on its alternative investments.
- Metropolitan's General Manager will have the authority to order the modification (or shutdown, if necessary) of specific recreation operations to ensure that water supply, water quality and/or multi-species reserve missions and commitments are not jeopardized.
- Metropolitan will involve local businesses, special interest groups, and minorities.
- Development and operations will be responsive to the needs of the community and will be consistent with applicable County and City plans to ensure overall compatible development.

- Private sector operation will be promoted, with the Recreation Master Plan defining the necessary private sector commitments for successful economic operation.
- Recreation development will progress in a manner to ensure that the recreation facilities, as they come on line, are part of a coherent total recreation complex.
- Decisions in allocating resources and opportunities will be market driven, requiring flexibility in the evaluation of private proposals and recreation development and operations.
- A Circulation plan will be developed in a manner to ensure smooth movement of vehicles, bicycles, pedestrians, and equestrians throughout the recreation complex.
- A Board committee will be identified for oversight and decision making of recreation planning, design, and operation.

The goal of the Business Planning Framework is for Metropolitan to capture the value created by its investment in the recreation plan. Metropolitan's commitment, through its equity financing (capital budget), is to construct the core facilities committed to in the FEIR and the basic infrastructure for all facilities. Sources of funds for the other facilities are public sector grants and loans (limited to particular facilities such as the reservoir marinas), and private sector financing and Metropolitan financing using available project capital funds. The latter two, in combination to be determined through the Business Planning Framework, will be used to finance facilities to be operated by private concessionaires.

The focus of the Business Planning Framework is to seek, through a letter-of-interest/request-for-qualifications (RFQ) procedure, private developer interest in, qualifications for, and comment on designing, constructing, and/or operating each facility individually or in combination. This procedure will help determine what is the best mix of private-sector and potential Metropolitan financing in order to maximize Metropolitan value and be optimally attractive to private developers. The next step will be to initiate a competitive request-for-proposals (RFP) process that will include a mix of different types of development packages.

The draft Management Planning Framework is described in a separate document that will be submitted to the Board in the near future. A number of alternative schemes were considered for managing the recreation complex. Staff's recommendation is to establish a new organization within Metropolitan—a Recreation Business Enterprise accountable to the Metropolitan General Manager and Board of Directors. This organization, staffed by a small core of professionals, will oversee recreation facility operations by developers, concessionaires, and contractors. An alternative that may result from the letter-of-interest/RFQ procedure is to manage the recreation complex through a private concessionaire/contractor.

The ESRP Program Manager will be responsible for managing the decision-making process through the Business Planning Framework. Beginning with the selection of private developers and concessionaires, the Recreation Complex Director—who will be hired in the first quarter of 1998—will participate in the process and prepare for initial operation of the recreation facilities.

JUSTIFICATION

The Recreation Guiding Principles are recommended for adoption to provide a coordinated basis for implementation of the ESRP Recreation Complex.

The draft Recreation Plan is recommended for adoption as a basis to prepare the Specific Plan/Supplemental EIR for obtaining local development entitlements and to be able to award design contracts for the core facilities and implement the Business Planning Framework.

The Business Planning Framework is recommended for adoption and implementation in order to determine how best to proceed with RBE management and proper facility combinations.

KEY ACTIONS AND MILESTONES

- Started detailed recreation planning in June 1992.
- Completed conceptual recreation plan in June 1994.
- Complete conceptual plan refinement and draft recreation management and business plans in April 1997.
- Completed draft recreation plan in August 1997.
- Board approval to initiate the draft Specific Plan/Supplemental EIR process in November 1997.
- Issuance of RFQs for private development projects in January 1998.
- Hiring of Recreation Complex Director in the first half of 1998.
- Issuance of RFPs for private development projects in June 1998.
- Board approval of final Specific Plan/Supplemental EIR in June 1998.
- Local approval of Specific Plan in October 1998 (including permits for construction).
- Board award of construction contracts for selected core facilities in November 1998.
- Board award of construction contracts for design-and-construct private facilities in November 1998.
- Board award of operations contracts in January 2000.
- Completion of core facilities in April 2000.

- Completion of initial private development facilities in April 2000.
- Open of West Recreation Area in April 2000.
- Open of East Recreation Area in August 2000.
- Completion of the marinas in December 2002.
- Potential completion of all proposed private development projects in 2005.

CEQA COMPLIANCE/ENVIRONMENTAL DOCUMENTATION

In October 1991, the Board certified the final EIR for the ESRP. This action satisfied the provisions of the California Environmental Quality Act (CEQA), and no additional CEQA documentation is required for the Board to approve the recommended actions. Board certification of a Supplemental Environmental Impact Report will be required as part of Board action on the Specific Plan in 1998.

DETAILED REPORT

Draft Recreation Plan. The Final Environmental Impact Report (FEIR) for the ESRP was certified by the Board of Directors in October 1991. The FEIR formed the basis for the preparation of a comprehensive recreation plan. One of the first steps was the formation of a community-based recreation working group to participate in the planning process. The group consists of 41 members representing environmental interests, trail users, boating groups, public recreation agencies, fishing and hunting interests, historians, homeowner associations, Native Americans, special community groups, government agencies, businesses, and landowners. Over the course of 16 public workshops and meetings, this group contributed to development of the comprehensive plan that has strong public support. The resultant draft recreation plan generally reflects the features of the 1991 FEIR, but contains certain modifications in layout and scope to ensure that the recreation complex will be revenue-positive under a variety of conditions and to create the basis for strong long-term business planning. The comparison chart below and continuing on the following pages illustrates these modifications. The shaded descriptions show second-phase development, estimated to be completed by 2005.

FEIR Conceptual Recreation Plan		MARINA AREA	Current Draft Recreation Plan	
Description	Finance		Finance	Description
6-lane boat ramps, fishing piers, day use, 240 parking spaces, trailhead	MWD + State	East Marina	MWD + State	8-lane boat ramps, 275-slips, 75 rental boats, fishing pier, day use
8-lane boat ramps, 250-slips, fishing pier, 250 parking spaces, picnic area, concessions	MWD + State	West Marina	MWD + State	8-lane boat ramps, 25 Slips, 75 rental boats, fishing pier, day use, courtesy docks, dry boat storage
Motor-boating, sailing, warm-water fishing, spawning ponds	MWD	Reservoir Boating	MWD	Motor-boating, sailing, warm-water fishing, spawning ponds
20 acres: hiking, remote picnic sites	MWD	Shoreline Use	MWD	Several small areas for picnicking, fishing, resting and the 24-mile-long reservoir trail accommodating hikers, joggers, bicyclists, in-line skaters

FEIR Conceptual Recreation Plan		WEST RECREATION AREA	Current Draft Recreation Plan	
Description	Finance		Finance	Description
8-acre sand-bottom pool center with play stream, water slide	MWD	Swim Lagoon	MWD	1-acre sand-bottom pool center
None in FEIR		Events Meadow	MWD	60 acres: fairs, carnivals, etc.; accommodating up to 5,000 people
2 lakes: 45 acres for boating, fishing	MWD	Recreation Lakes	MWD	3 lakes: 100 acres for boating, fishing, Hobie Cats, sailboards
Included in East Recreation Area in FEIR	MWD	Equestrian Center	MWD	Up to 28 acres : riding ring, grandstands, warm-up area
100 acres: 525 picnic sites, 650 parking spaces	MWD	Day Use Area	MWD	65 acres: 500 picnic sites
420 family RV & tent campsites, 150 group campsites	MWD	Campgrounds	MWD + Private	1 st phase: 200 campsites (MWD) 2 nd phase: 150 campsites (private)
Water-slide complex associated with swim lagoon	MWD	Water Park	Private	58-acre commercial facility: water slides, flumes, wave pool
Retail concession stores distributed throughout the west side	Private	Retail Stores	Private	Retail concession stores consolidated in two villages Initial phase to support MWD development 2 nd phase to support future commercial facilities
Pre-historical & historical displays	MWD	Interpretive Centers	MWD	Pre-historical & historical displays
Description	Finance	EAST RECREATION AREA	Finance	Description
80 acres: 10 ball fields, 8 soccer fields	MWD	Sports Fields	MWD	80 acres: 1 baseball, 3 softball, 6 soccer fields Deleted remaining FEIR fields
3-acre sand-bottom pool center with play stream, water slide	MWD	Swim Lagoon		Deleted & replaced with swim pool (see below)
		Swim Pool	MWD	25-yard pool
200 acres: 18-hole course, driving range, clubhouse	Private	Golf Complex	Private	200 acres: 18-hole course, driving range, clubhouse, pro shop, grill room 2 nd phase: space for 9 more holes
70 acres: fairs, carnivals, etc.	MWD	Events Meadow	MWD	70 acres: fairs, carnivals, etc.; accommodating up to 15,000 people
35 acres: boating, fishing, Hobie Cats, sailboards	MWD	Recreation Lake	MWD	77 acres: boating, fishing, Hobie Cats, sailboards
15 acres: stables, corral, practice ring	MWD	Equestrian Center		Deleted and moved to West Recreation Area
For families: 40 acres for 200 picnic sites, play areas, 450 parking spaces For groups: 15 acres for 10 picnic sites & 200 parking spaces	MWD	Day Use Areas	MWD	55 acres: 300 picnic sites

FEIR Conceptual Recreation Plan		EAST RECREATION AREA (Cont.)	Current Draft Recreation Plan	
Description	Finance		Finance	Description
Included in west side campgrounds		RV Resort & Rentals	MWD + Private	1st phase: 350 RV sites (MWD) 2nd phase: 100 RV sites & tent cabins (private)
None in FEIR		Lodge	Private	2nd phase: 150 rooms with restaurant, banquet, & meeting facilities at the east marina
None in FEIR		Conference Center	Private	2nd phase: 250-room conference hotel
Retail concession stores distributed throughout the east side	Private	Retail Stores	Private	Retail concession stores consolidated in one village 1st phase to support MWD development 2nd phase to support future commercial facilities
Curation facility for pre-historic & historic artifacts	MWD	Interpretive Centers	MWD + Private	Paleontological, agricultural, pre-historical, historical displays, museum bookstore
Agricultural leases on open spaces	MWD	Agricultural Areas	Private	77 acres of planted crops & interpretive farm complex on the east side
Description	Finance	SURROUNDING AREA	Finance	Description
Bicycling, hiking, & horseback riding on 80 miles of trails throughout complex connecting with Lake Skinner, Crown Valley, Rawson Canyon, Salt Creek	MWD	Trails	MWD	Bicycling, hiking, & horseback riding on 80 miles of trails throughout complex connecting with Lake Skinner, Crown Valley, Salt Creek (dirt bikes excluded)

Development of the main embankment features of the reservoir has resulted in a number of opportunities to prepare a basic site layout and an infrastructure plan to support both publicly and privately developed recreation features. The magnitude of the earthwork has made it possible to form large rolling landscaped areas for recreation and basic land contours for marina and launch facilities in conjunction with dam construction.

The physical plan for the recreation facilities includes:

- Boat-launching facilities in two marinas on the reservoir capable of accommodating non body-contact boating anticipated in the FEIR.
- An improved maintenance road around the reservoir to also accommodate bicycling and hiking, and publicly accessible shoreline areas (added as an appropriate adjunct to the shoreline access trail referenced in the FEIR).
- In all, about 80 miles of hiking, cycling, and equestrian trails throughout the entire project property, including the Multi-Species Reserve and Lake Skinner.
- The west recreation area outside the west dam consisting of 700 contoured, landscaped acres surrounding a lake that will feature boating, sailboarding, and fishing. Other features on the east side include a commercial waterpark, a swimming lagoon, commercial villages, campgrounds, picnic areas, and centers for equestrians, special outdoor events, and interpretive programs. The recent

acquisition of additional property from the Domenigoni family allows for expansion of the west recreation area.

- The east recreation area outside the east dam consisting of 1,200 contoured, landscaped acres surrounding a lake that will also feature boating, sailboarding, and fishing. This recreation area will also feature an 18-hole championship golf course with an area for a future 9-hole expansion, a recreation-vehicle resort, picnic areas, a community swimming pool, softball and soccer fields, commercial villages for lodging, dining, and other shopping, and centers for special outdoor events and interpretive programs. An additional 18-hole golf course in the future would be possible to the northwest of the intersection of Domenigoni Parkway and State Street or south of the west recreation area on recently acquired property.

A map (Attachment B) distinguishes between recreation development described in the FEIR and facilities subsequently added to help ensure positive operating revenues to the complex in terms of MWD, private, and grant-and-loan financing.

The recreation development budget summarized in the table below comes from preliminary estimates at the time the total project budget was established. Since that time, the recreation master plan was prepared, a detailed cost analysis was performed, and potential financing from private sector and other public sources was developed. The values for individual facilities are changeable in response to the opportunities presented and to the periodic refinement of cost estimates. However, the total of the commitment of Metropolitan funds from the capital budget will remain constant.

Budget Summary

Engineering Division 10/21/97

	EIR Budget	Cost Estimate Potential Build-Out
Core Facilities		
MWD Equity Financing (Capital Budget)	\$58,000,000	\$58,000,000
Public Sector Grants & Loans (Cal-Boat)	5,000,000	23,000,000
Concession Facilities		
MWD Financing		17,000,000
Private Sector Financing	47,000,000	30,000,000
SUBTOTAL—1st Phase	110,000,000	128,000,000
Potential Private Sector Financing—2nd Phase (Build-Out)		76,000,000
TOTAL (Potential Build-Out)		\$204,000,000

A booklet entitled "A Recreation Destination" (Attachment C) summarizes the basis for design of the recreation complex at the ESRP. This publication provides the foundation

for proceeding to more detailed planning and design. It is, however, a "living document" that can be modified in response to plan modifications resulting from the interactive design and economic evaluation process.

A design criteria document (available for review) has also been developed that provides design standards and sufficient information for the preparation of plans and specifications for both Metropolitan-constructed facilities and for the RFQ/RFP process for privately designed and constructed facilities.

Draft Business Planning Framework. As part of the reservoir project cost, Metropolitan will build the core facilities within the capital budget of \$58 million to make private investment attractive. These core facilities include the recreation complex's roads, utilities, landscaping, recreation trails, lakes, general use areas and some other key features. Private industry investment in and/or operation of profit-making recreation attractions will help ensure adequate annual revenues to at least offset annual costs of the entire recreation complex. Selected Public Facilities, such as the Sport Complex and a potential youth camp, would have no entrance fees. Basically, concession fees from profit-making attractions will underwrite the annual operating costs of traditional day-use public recreation activities that are rarely self-supporting. The attached draft Business Planning Framework describes how Metropolitan will implement the private roles in investment and operation, presenting:

- The financing alternatives that are being evaluated to maximize the economic return from recreation operations.
- The business plan implementation process.
- The recreation development budget from all sources.
- The recreation marketing framework.

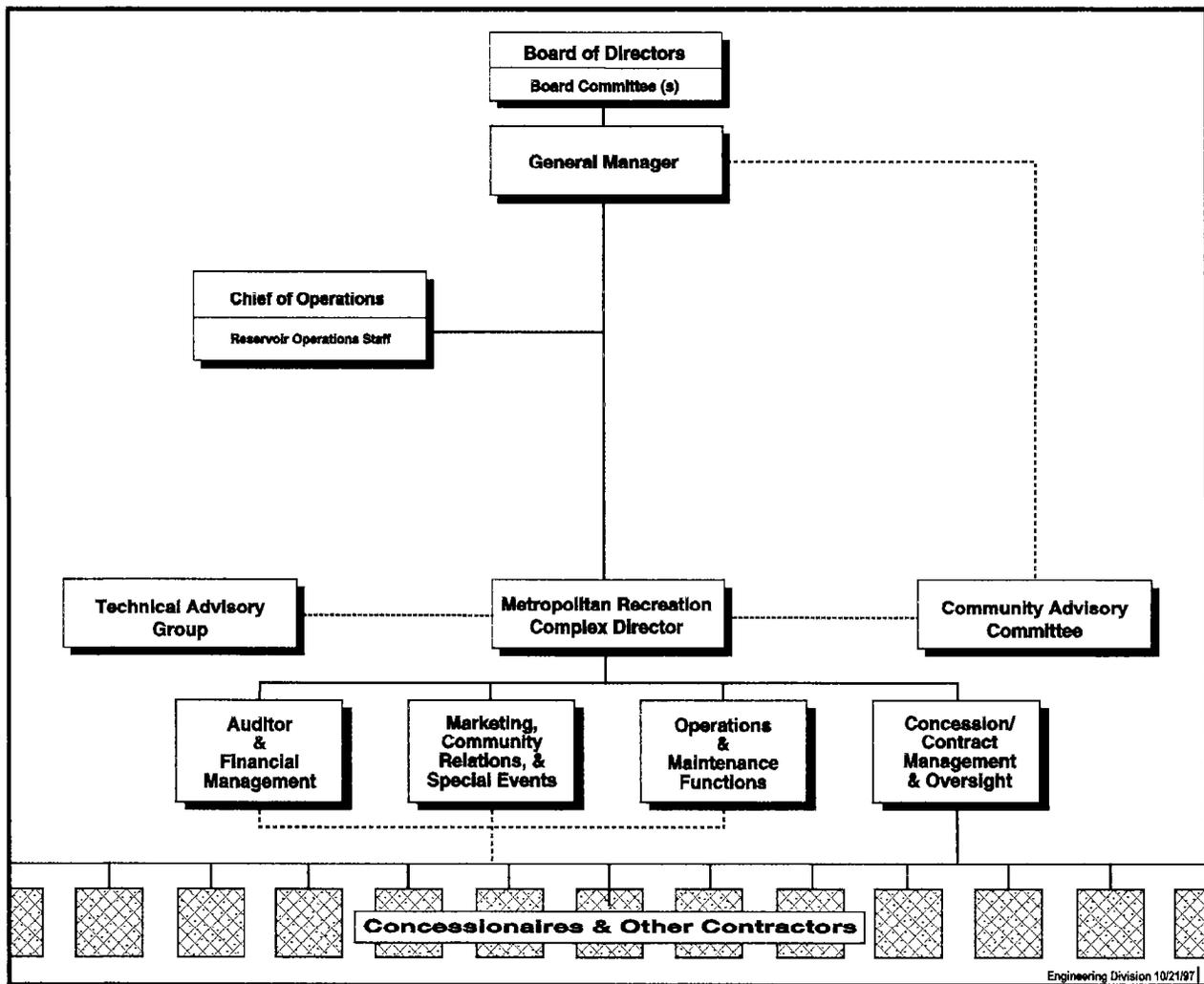
The draft Business Planning Framework provides for prioritizing funding sources and combining facilities to optimize development economics. It also provides for alternative financing arrangements and combinations of funding sources for facilities development. When a facilities financing plan is proposed, it will be evaluated against alternatives in order to ensure that the selected plan best meets Metropolitan's requirements as set forth in the Recreation Guiding Principles and specific economic criteria to ensure an acceptable return on investment (for example, internal rate of return, payback period).

The draft Business Planning Framework also includes an economic model of each of the facilities to be constructed. The model contains:

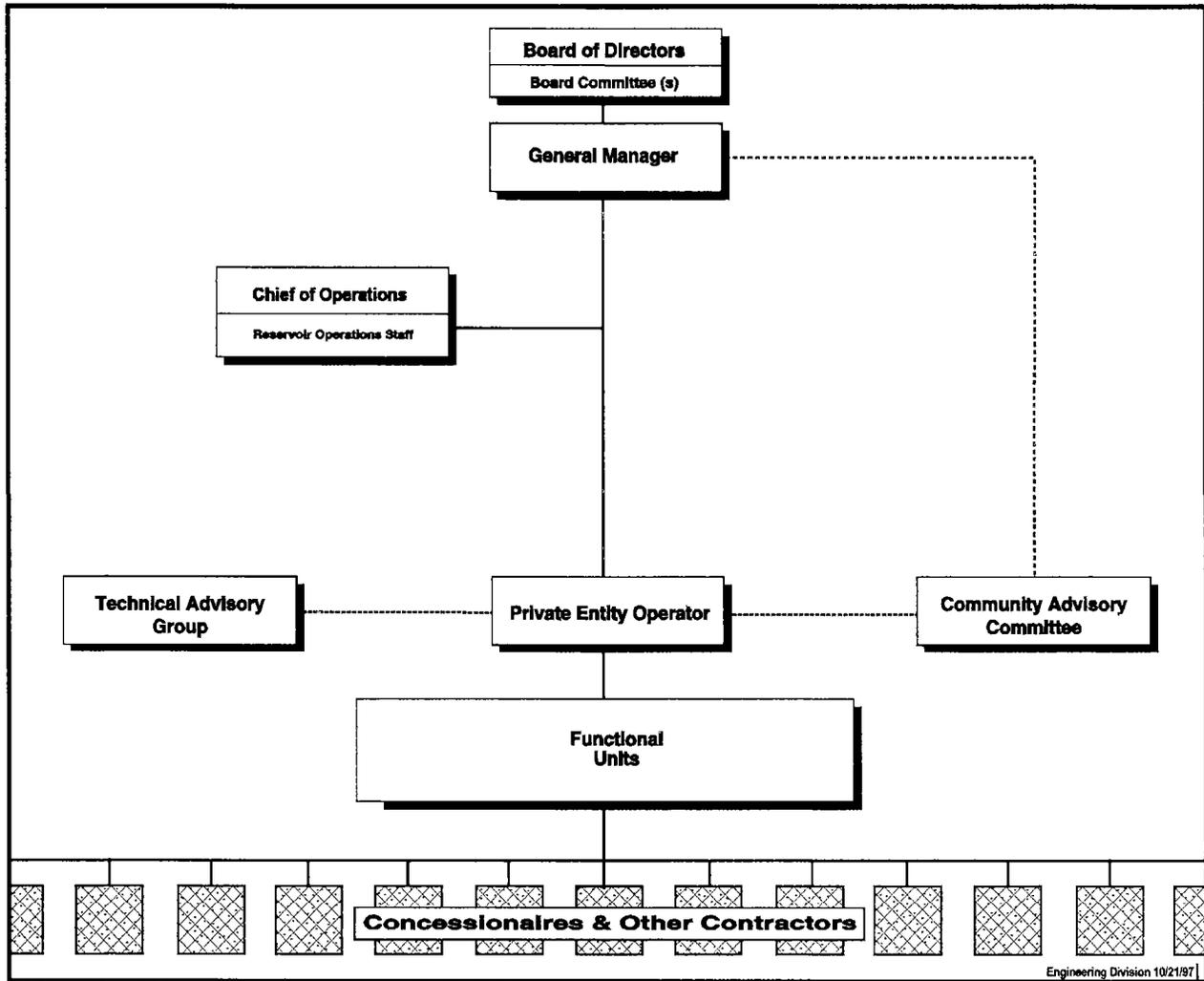
- Inputs of capital cost, operating costs and revenues, depreciation and debt service.
- Variables for interest rates, debt/equity ratios and other elements of financing that might affect the viability of an investment approach.

The model will produce figures on net income, cash flow, balance sheets and returns on investment. By varying the inputs, the model can predict the attractiveness of alternative

Draft Recreation Management Planning Framework. A number of alternative schemes were considered for managing the recreation complex, ranging from Metropolitan's management to transfer of responsibility to other entities such as a non-profit corporation, a private management company, or a new special-purpose district. Close coordination with local government is important to the long term operation of the complex. Joint venturing with other public entities was not considered since public-private partnership were found to be the only mechanism to ensure a revenue positive complex over the long-term. Local entities are now considering special legislation to establish a separate governmental entity encompassing the recreation complex to direct tax revenues generated within the complex toward critical infrastructure benefiting its long-term operation. Staff's recommendation is to establish a Recreation Business Enterprise (RBE), a new organization within Metropolitan accountable to the General Manager and Board of Directors. This organization, staffed by a small core of professionals, will oversee recreation facility operations by developers, concessionaires, and contractors. The chart below presents the draft management structure.



Responses to the letter-of-interest/RFQ procedure will allow Metropolitan to determine whether a portion or all of RBE management might be undertaken by a private entity. If this were to occur, the RBE structure presented above would be modified to provide a private-entity management structure, as shown on the chart on page 11.



The ESRP Program Manager will be responsible for managing the decision-making process through the Business Planning Framework. After evaluating letters of interest and RFQs from the private sector, the Recreation Complex Director will be hired to participate in the development process and prepare for initial operation of the recreation facilities.

The Board will set overall policy for the development and operation of the recreation complex. Board oversight will be through the existing or a new committee structure. The General Manager will be accountable to the Board for the management and operation of the recreation complex.

Under the Chief of Operations, the Area Operations Manager will be responsible for operating and maintaining the reservoir to achieve Metropolitan’s water supply, water quality, and safety objectives. This individual will manage staff independent of the RBE to operate and maintain the reservoir facilities. Operation of the facility to achieve its water supply and water quality purposes will always take precedence over any recreation development or operation. With respect to recreation activities, the Area Operations Manager:

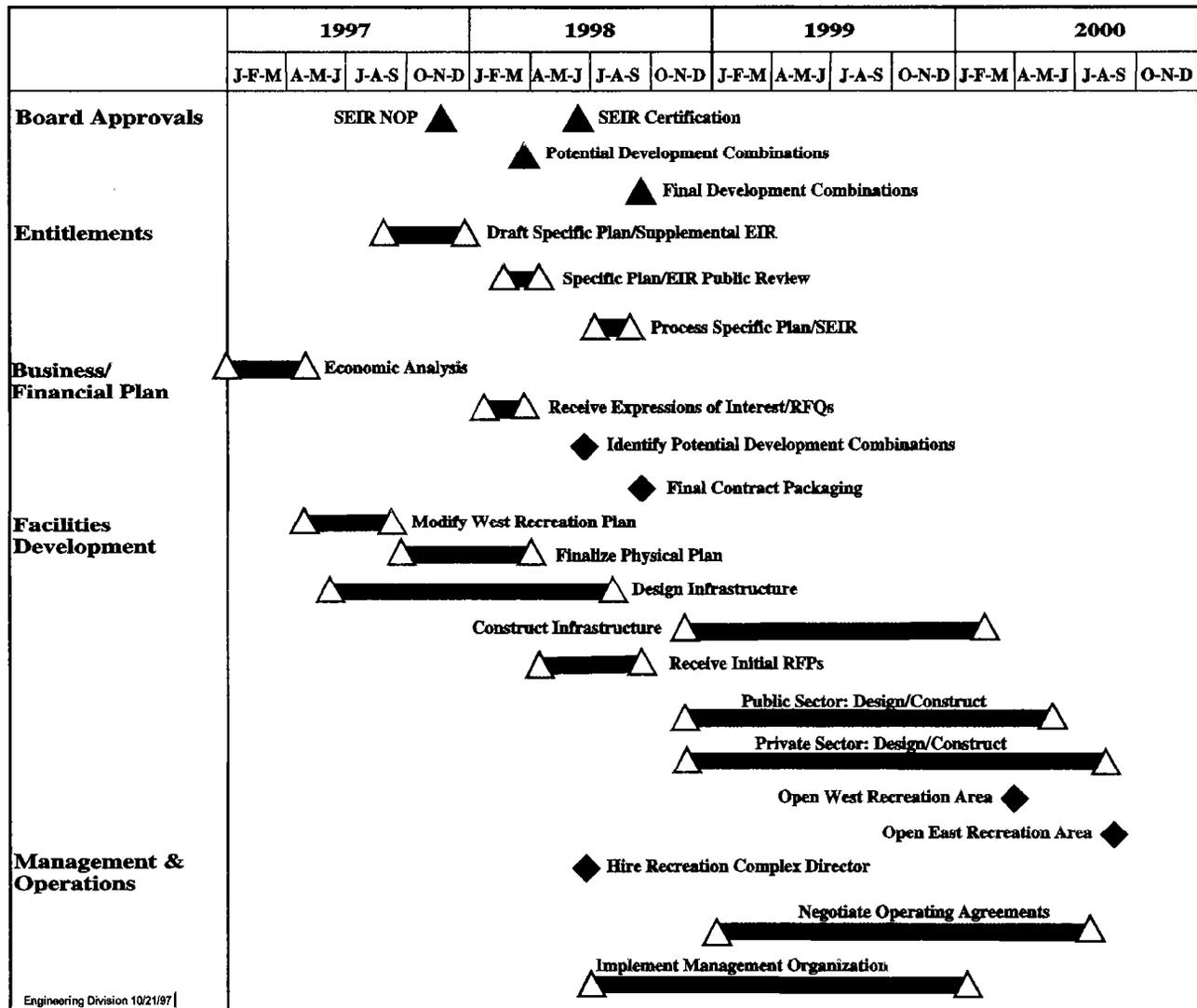
- Coordinates on a day-to-day basis with the Recreation Complex Director.

- Has direct, absolute authority to order the modification (or shutdown, if necessary) of specific recreation operations to ensure that water supply, water quality, and/or multi-species reserve missions and commitments are not jeopardized.
- Coordinates with the Metropolitan Water Quality Division to ensure compatibility between reservoir-based recreation activities and water quality requirements.
- Coordinates with the Reserve Management Committee to ensure compatibility among the multi-species reserve, reservoir, and recreation operations.

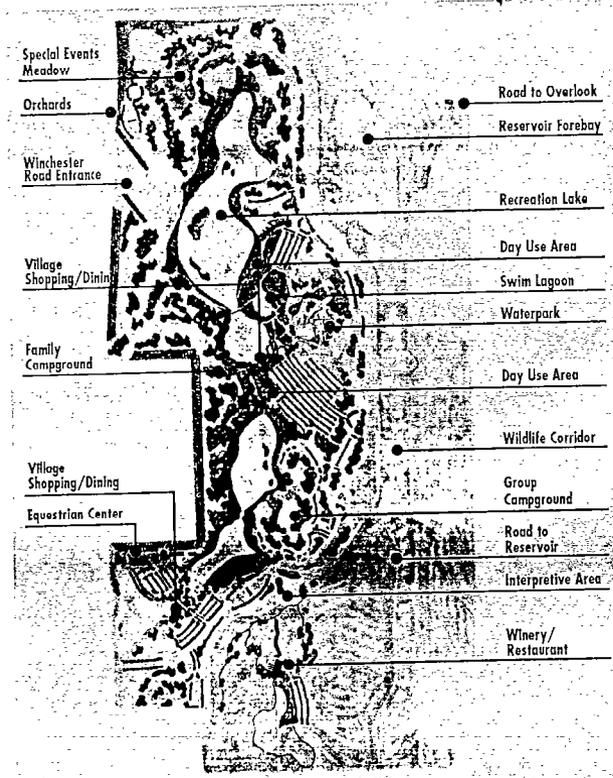
The Recreation Complex Manager, hired by the General Manager and approved by the Board, will be responsible for the day-to-day management of the recreation complex. This individual will be accountable to the General Manager and ultimately to the Board and will have the authority to hire subordinate management and support personnel in the four areas presented in the chart. The Technical Advisory Group, a group of expert consultants engaged as needed, will provide experience-based guidance to the Recreation Complex Director on recreation development, service delivery, public safety, business arrangements, operations, and marketing. The Community Advisory Committee established by a charter approved by the Board, will provide advice and consultation to the Recreation Complex Director on issues of concern to the local community. The Board will also approve the committee members. The committee will consult periodically to the General Manager.

Recreation Development Schedule. The chart on page 14 summarizes the recreation development schedule for Metropolitan Board approvals, entitlements, business and financial planning, facilities development, and management and operations. The development schedule provides for Board approval of the draft Recreation Plan and Business Planning Framework in order to initiate the Specific Plan/Supplemental EIR process for entitlement purposes and the letter-of-interest/RFQ process. Completion of the letter-of-interest/RFQ process will enable establishment of the management structure for Board approval. The RFP and design/construction/operation sequence will follow.

Recreation Development Schedule

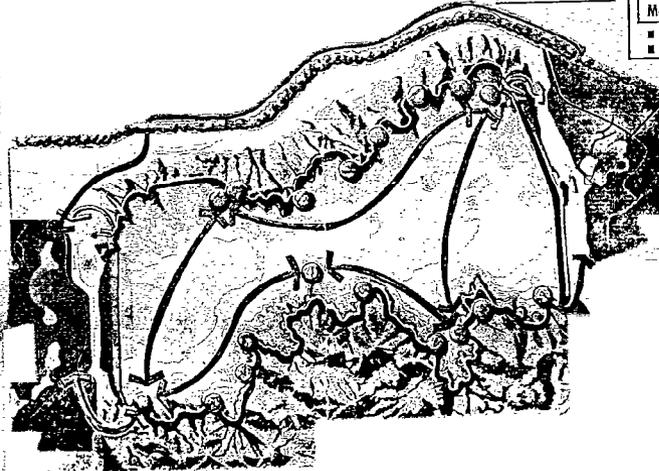


WESTERN RECREATION

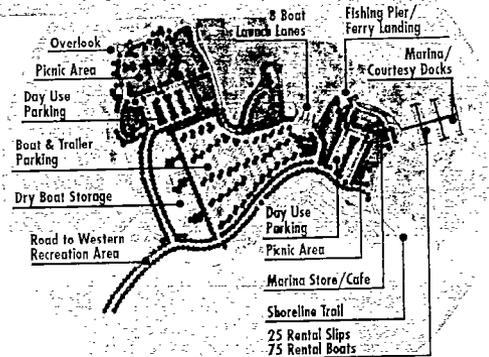


POTENTIAL DIVISION FOR FACILITIES CONSTRUCTION

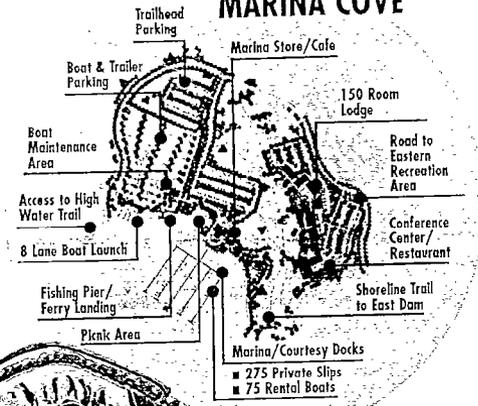
- Metropolitan EIR Facilities
- Grants & Loans EIR Facilities
- Private Sector EIR Facilities
- Private Sector Added Facilities



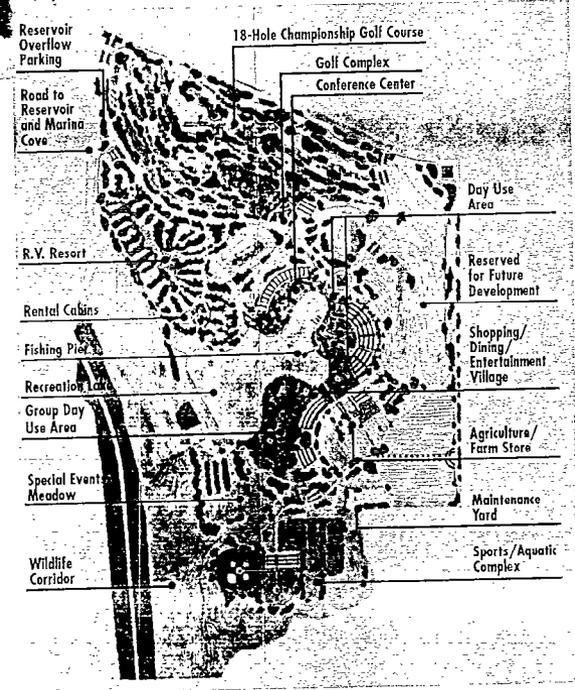
QUARRY COVE



MARINA COVE



EASTERN RECREATION



SHORELINE LEGEND

- Shoreline Use Area (MWD Added Facilities)
- ↘ Ferry/Tour Boat
- ↘ Parkway
- ↘ Trail
- ↘ Paved Road Access

ATTACHMENT B

RECREATION
DESTINATION

the
Eastside
Reservoir
Project

 **EASTSIDE RESERVOIR PROJECT**

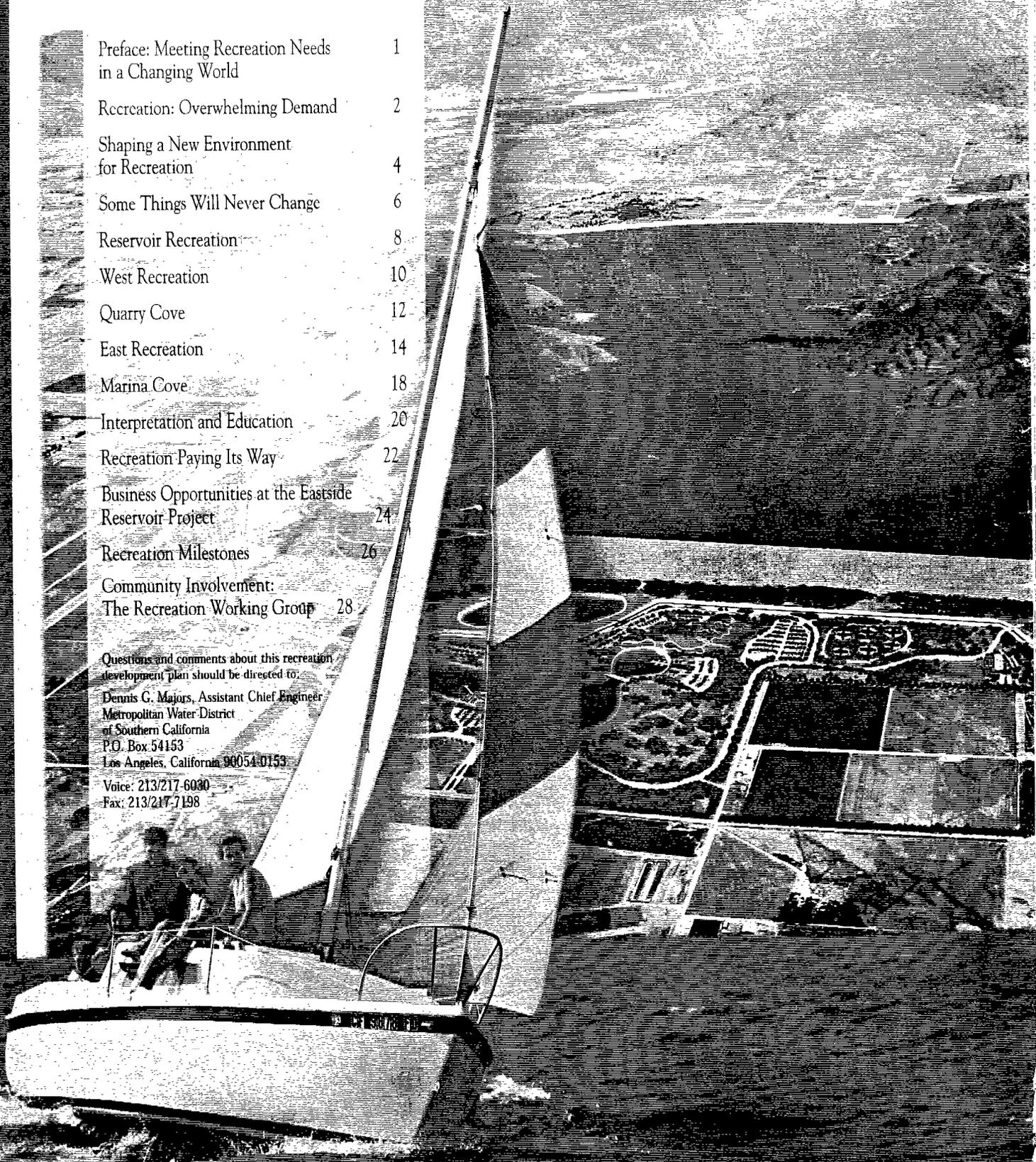
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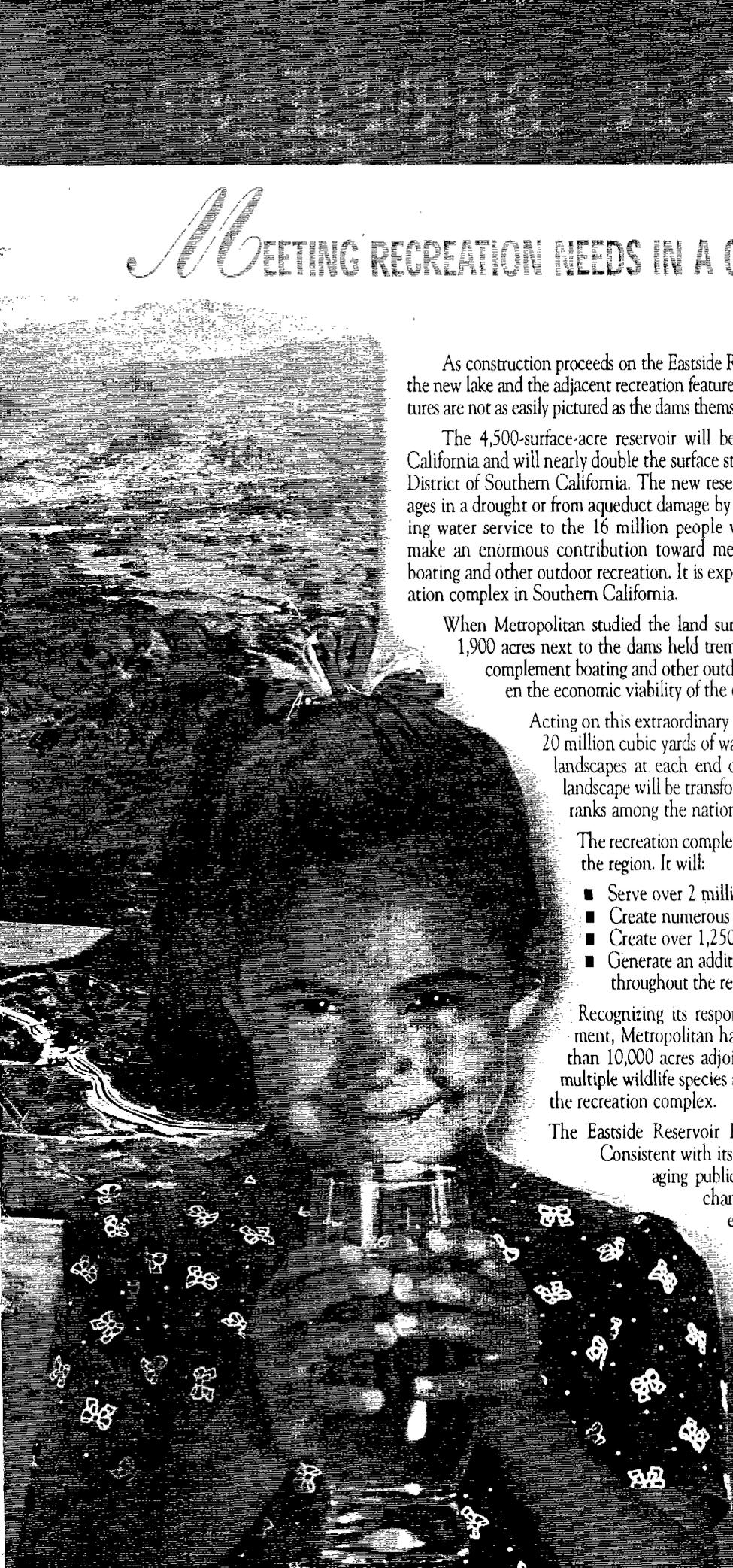
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Questions and comments about this recreation
development plan should be directed to:

Dennis G. Majors, Assistant Chief Engineer
Metropolitan Water District
of Southern California
P.O. Box 54153
Los Angeles, California 90054-0153

Voice: 213/217-6030
Fax: 213/217-7198





MEETING RECREATION NEEDS IN A CHANGING WORLD

As construction proceeds on the Eastside Reservoir Project, it is becoming clearer what the new lake and the adjacent recreation features will look like. Although the recreation features are not as easily pictured as the dams themselves, they are an integral part of the project.

The 4,500-surface-acre reservoir will be the largest freshwater lake in Southern California and will nearly double the surface storage capability of the Metropolitan Water District of Southern California. The new reservoir will reduce the threat of water shortages in a drought or from aqueduct damage by a major earthquake, significantly enhancing water service to the 16 million people who live in the coastal plain. It also will make an enormous contribution toward meeting the public's ever-growing needs for boating and other outdoor recreation. It is expected to be the most visited reservoir recreation complex in Southern California.

When Metropolitan studied the land surrounding the reservoir, it realized that the 1,900 acres next to the dams held tremendous potential for recreation facilities to complement boating and other outdoor recreation at the reservoir and strengthen the economic viability of the entire recreation complex.

Acting on this extraordinary opportunity, Metropolitan plans to use over 20 million cubic yards of waste earth and rock to create new recreation landscapes at each end of the reservoir. The existing flat agrarian landscape will be transformed into a diverse recreation complex that ranks among the nation's finest.

The recreation complex will be a major new economic enterprise in the region. It will:

- Serve over 2 million visitors annually
- Create numerous business opportunities
- Create over 1,250 new jobs
- Generate an additional \$80 million in annual spending throughout the regional economy.

Recognizing its responsibility to safeguard the natural environment, Metropolitan has acquired and permanently set aside more than 10,000 acres adjoining the reservoir as protected habitat for multiple wildlife species and as scenic backdrop for the reservoir and the recreation complex.

The Eastside Reservoir Project is public stewardship at its best. Consistent with its water supply mission, Metropolitan is managing public assets to respond to economic and social change in Southern California and protect the environment.

This publication describes the development plan for the recreation complex at the Eastside Reservoir Project. The community is participating actively in all phases of the planning process, and there is broad public support for the plan.

RECREATION: OVERWHELMING DEMAND

POPULATION GROWTH

For decades, Southern California has been a landscape of growth and change. As we approach the next century, these factors continue to define our future. Population in the seven-county Southern California region is projected to grow 21 percent during the 1990s. That's an additional 5.7 million people living, working, and playing in the region by the time the Eastside Reservoir Project nears completion. In the 20 years

after the turn of the century, population is predicted to grow 14 percent each decade. By 2020, total Southland population will be about 26 million. Much of this growth will occur in the part of the region near the Eastside Reservoir Project.

DEMAND FOR RECREATION

Surveys by the California Department of Parks and Recreation (State Parks) document a substantial unmet demand for outdoor recreation in the region. Expected growth will overwhelm existing recreation facilities.

State Parks evaluated the demand for different recreation activities. The reservoir and recreation areas will offer all eight of the top-ranked activities listed in the State Parks'

survey, as well as a number of outdoor activities that were lower ranked or were not covered by the survey.

The highest ranked activities are:

- Walking
- Camping in developed sites
- Wildlife viewing
- Trail hiking
- Picnicking in developed sites
- Freshwater fishing
- Turf play
- Bicycling

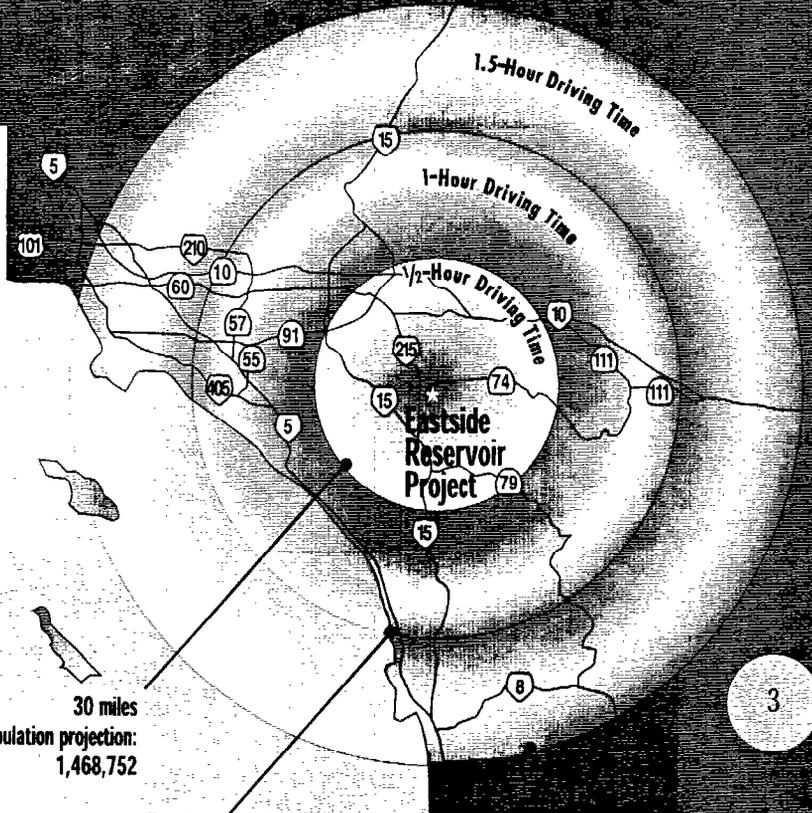
Source: Calif. Dept. of Parks and Recreation 1992

The Eastside Reservoir Project will create a huge new lake—about 4,500 surface acres. The recreation complex will be able to serve more visitors—and with a greater variety of activities and attractions—than any other freshwater lake in Southern California. Further, the large scale of the project allows for a broad mix of affordable recreation facilities and programs that will serve the needs and interests of all populations in the region. This immense recreation complex will accommodate over 2 million visitors annually by the year 2010. Only large national parks and a few California state parks have higher visitation levels.

2



As the largest reservoir in Southern California, the Eastside Reservoir Project will attract over 2 million visitors annually and up to 22,500 on a summer weekend day.

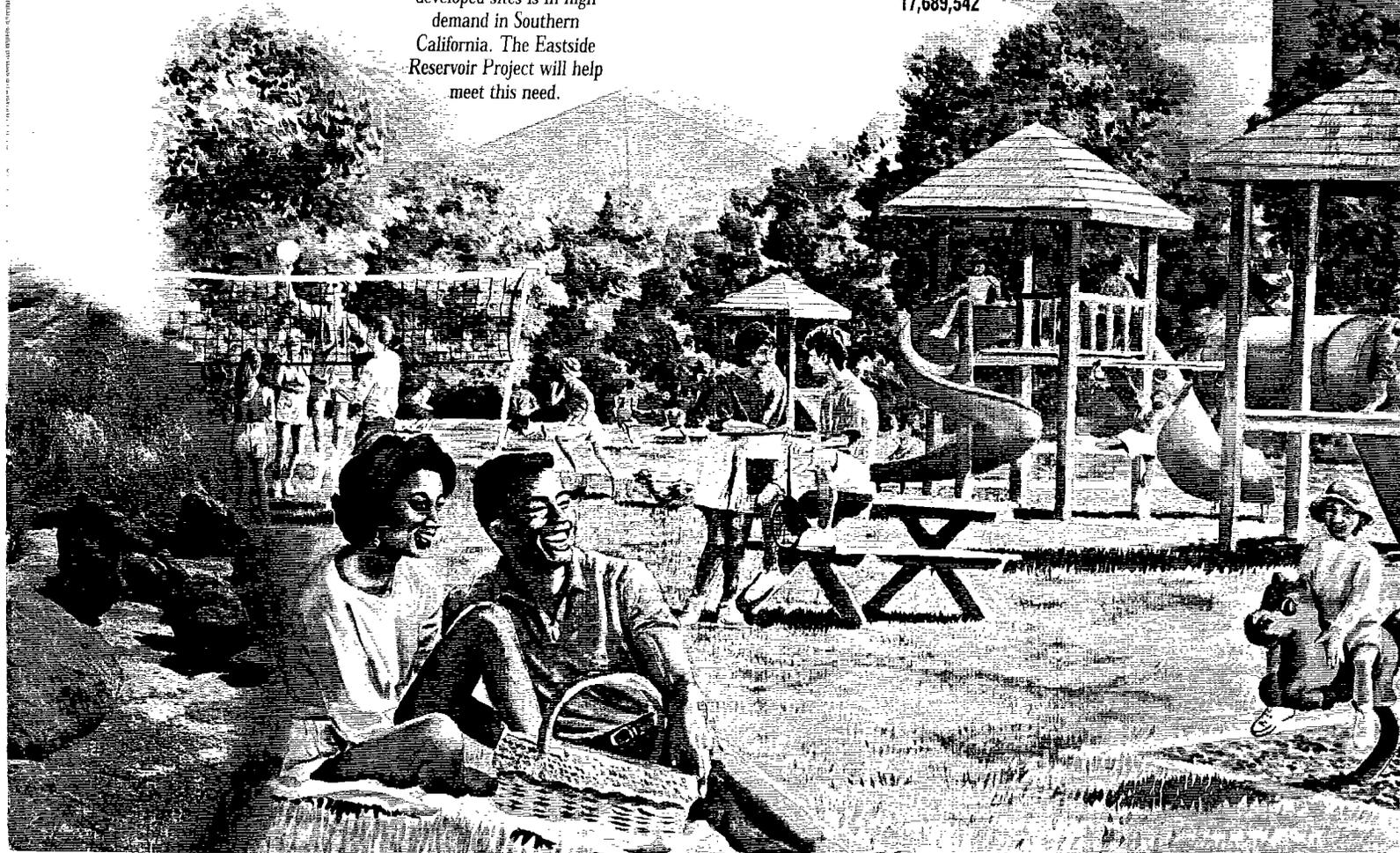


30 miles
2001 Population projection:
1,468,752

60 miles
2001 Population projection:
8,915,259

90 miles
2001 Population projection:
17,689,542

Picnicking and casual play in developed sites is in high demand in Southern California. The Eastside Reservoir Project will help meet this need.



SHAPING A NEW ENVIRONMENT FOR

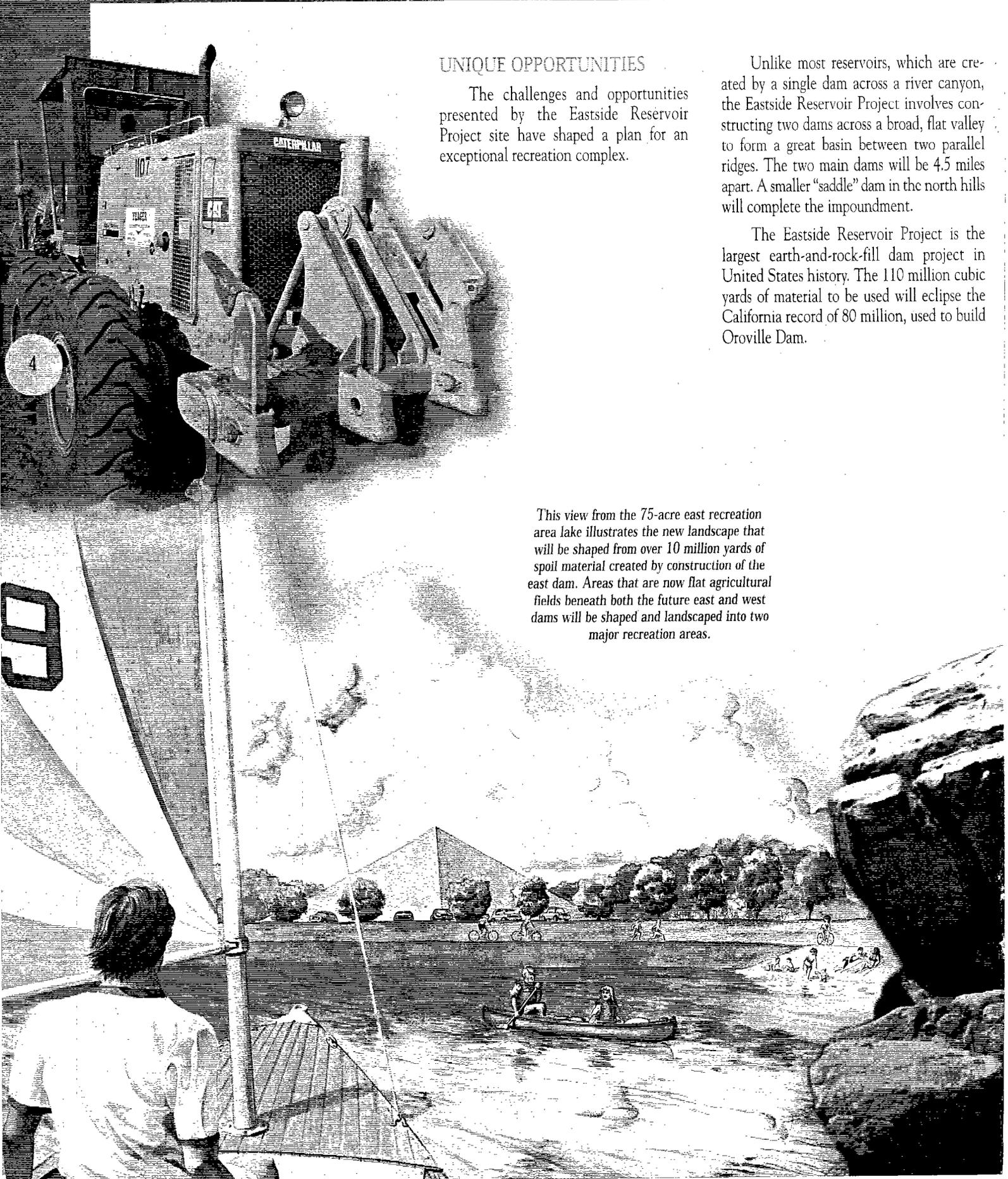
UNIQUE OPPORTUNITIES

The challenges and opportunities presented by the Eastside Reservoir Project site have shaped a plan for an exceptional recreation complex.

Unlike most reservoirs, which are created by a single dam across a river canyon, the Eastside Reservoir Project involves constructing two dams across a broad, flat valley to form a great basin between two parallel ridges. The two main dams will be 4.5 miles apart. A smaller "saddle" dam in the north hills will complete the impoundment.

The Eastside Reservoir Project is the largest earth-and-rock-fill dam project in United States history. The 110 million cubic yards of material to be used will eclipse the California record of 80 million, used to build Oroville Dam.

This view from the 75-acre east recreation area lake illustrates the new landscape that will be shaped from over 10 million yards of spoil material created by construction of the east dam. Areas that are now flat agricultural fields beneath both the future east and west dams will be shaped and landscaped into two major recreation areas.



R RECREATION

NEW RECREATION LANDSCAPES

The steep slopes enclosing the reservoir create a stunning setting but have few flat areas suitable for recreation. Metropolitan decided to use the flat agricultural fields at the base of the east and west dams as places to sculpt two major recreation areas. Each of these areas alone would be an exceptionally large regional park.

These plains are perfectly suited to receive the vast amounts of "spoil"—excavated earth and rock that are unsuitable for use in the dams. The spoil, when shaped and contoured, will provide new landscapes of hills and valleys planted with turf and abundant shade trees. Grading will create large lakes that will serve as the major focal points and activity centers of each recreation area. These new landforms will create spectacular

settings for rest and recreation—special places remote from the work-a-day world.

The east recreation area, near Hemet, is the larger parcel and includes some 1,200 acres. It occupies a block of land one mile deep and two miles long between State Street and the east dam. Situated between the west dam and Winchester Road (State Highway 79), the west recreation area is about 700 acres.



SOME THINGS WILL NEVER CHANGE

WILDLIFE PROTECTION

In the undisturbed hills surrounding the reservoir, Metropolitan has protected extensive natural habitat areas for wildlife. The name given to these habitat areas—the "Southwestern Riverside County Multi-Species Reserve"—reflects the fact that the reserve protects an intact ecosystem for various wildlife species. The reserve is managed jointly by Metropolitan, the Riverside County Regional Park and Open-Space District, the

Riverside County Habitat Conservation Agency, the California Department of Fish and Game, and the U.S. Fish and Wildlife Service.

The multi-species reserve includes parts of the north hills and extends south to include the Dr. Roy E. Shipley Reserve and other habitat lands around a portion of Lake Skinner. With recent land acquisitions, the reserve has grown to over 10,000 acres.

In contrast to the changes that accompany construction of the new reservoir, the lands of the reserve will be managed to maintain their undisturbed condition and to protect wildlife and sensitive plants. All public access into the reserve will be limited to designated trails, and no motor vehicles will be allowed.

A NETWORK OF TRAILS

Walking, hiking, bicycling—these activities make California's list of most popular recreation pursuits. The recreation complex at the Eastside Reservoir Project will provide

opportunities for these activities in a variety of ways, serving a wide range of trail users.

The east and west recreation areas will include paved paths for walking and bicycling between facilities and activity sites or just exploring the recreation area. Trailhead facilities and equestrian staging sites will be located in each recreation area.

Routes are now being planned to make up a network of equestrian, hiking, and bicycling/skating trails to link the two recreation areas. Additional trail connections may be made with the Salt Creek Greenway, to the existing recreation area to the south at Lake Skinner, and through the multi-species reserve. Trail usage within the reserve will be carefully regulated to protect natural resources. Equestrian routes will be through scenic terrain outside the critical watershed of the reservoir to protect water quality.

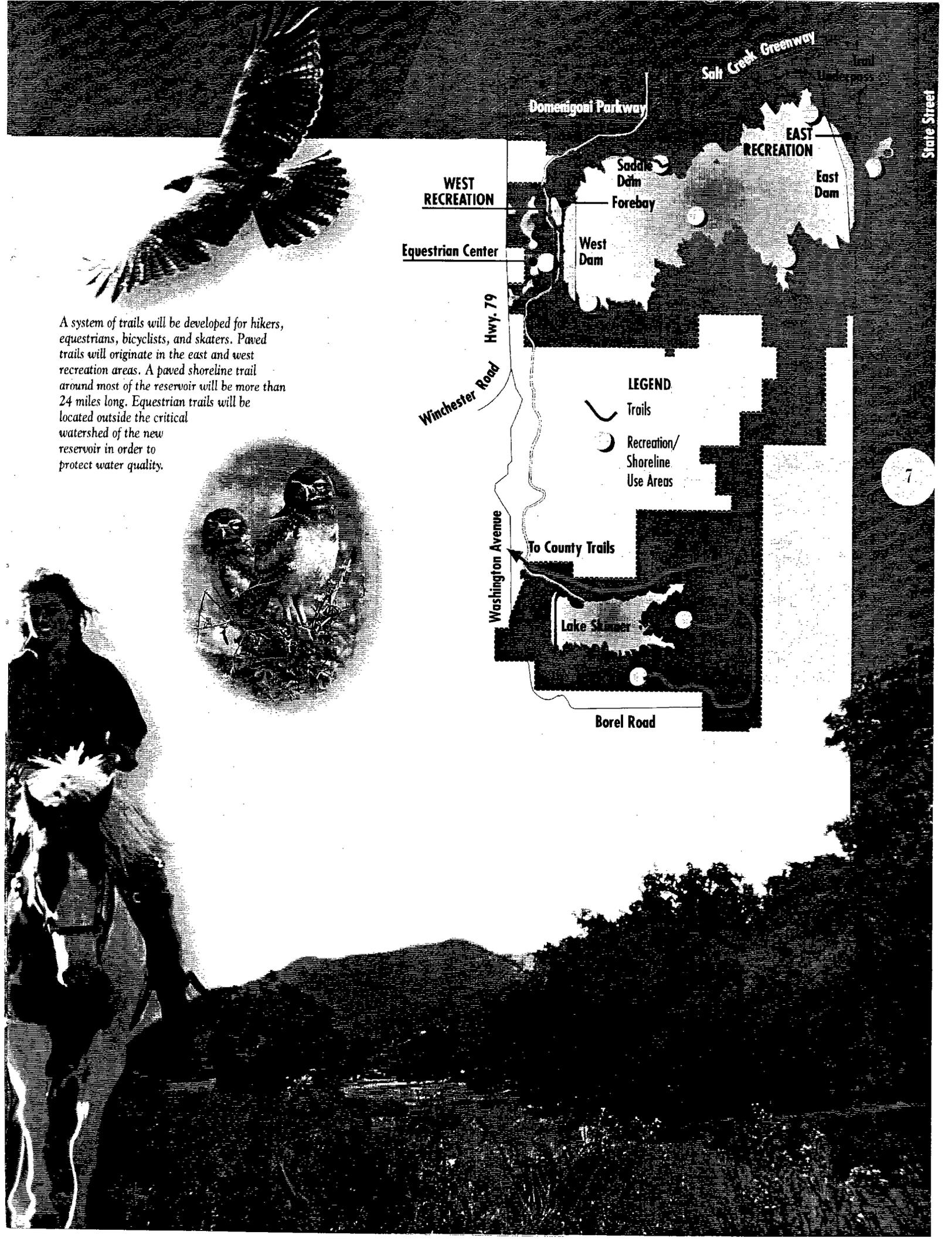
The shoreline road around the reservoir, which includes the crests of the east dam and the saddle dam, will create a scenic, winding trail route about 24 miles long around most of the reservoir. Another trail leading from the saddle dam to the overlook at the

northwest corner of the reservoir and along the roadway descending into the west recreation area will make a complete circuit of the reservoir possible.

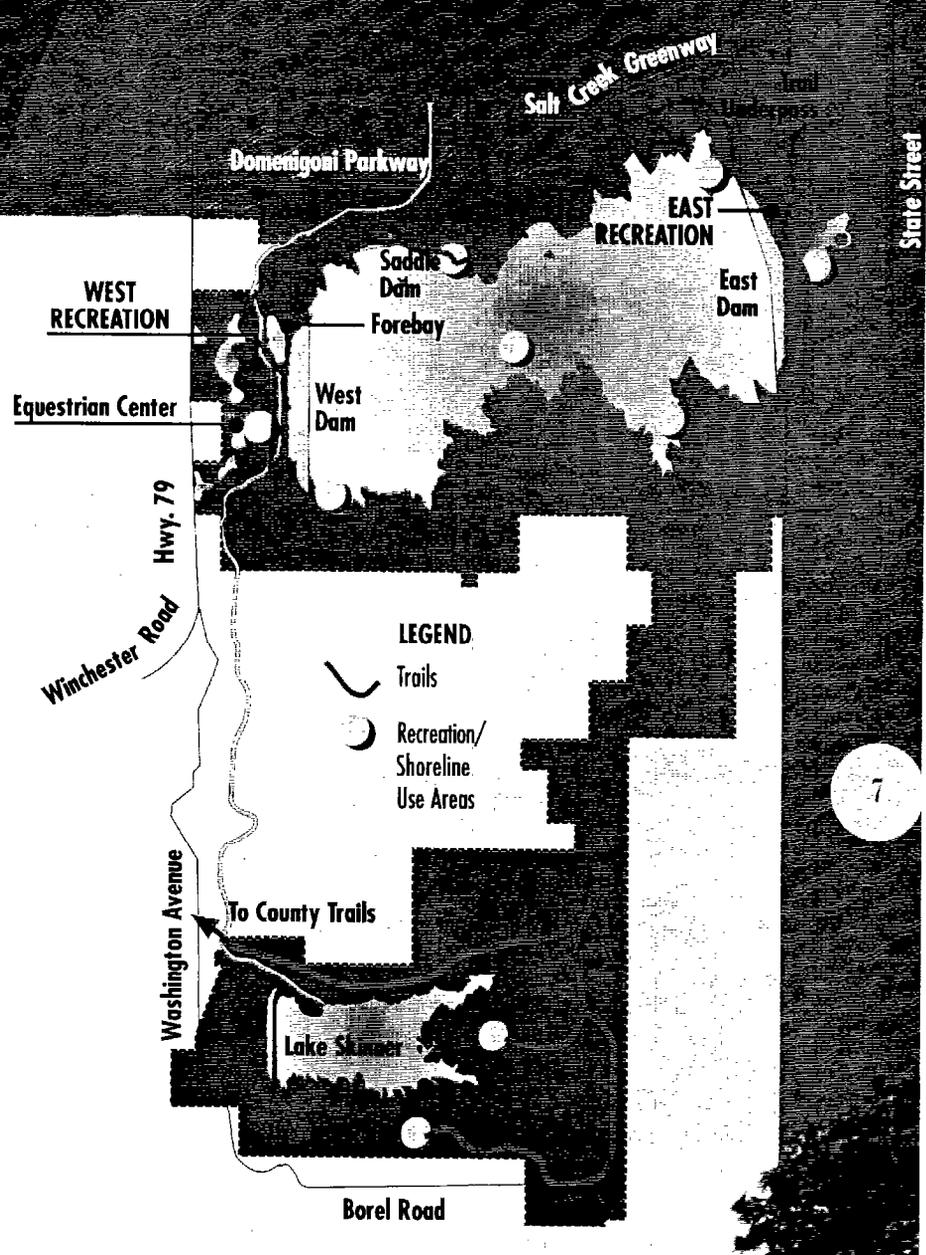
Bicyclists and in-line skaters will use the paved portion of the shoreline road. The shoulder will serve as a dirt hiking and jogging trail. Several picnic/rest areas will be located along the trail, with drinking water, benches, a restroom, and shade trees. Some of these will serve as stops for the lake ferry/tour boat.

The miles of diverse trails will provide a great variety of experiences for people of all ages and all fitness levels. All visitors, from those who have just an hour, to those with a day, or even those who are on an extended trek, will be on the right path at the Eastside Reservoir Project.





A system of trails will be developed for hikers, equestrians, bicyclists, and skaters. Paved trails will originate in the east and west recreation areas. A paved shoreline trail around most of the reservoir will be more than 24 miles long. Equestrian trails will be located outside the critical watershed of the new reservoir in order to protect water quality.



RESERVOIR RECREATION

MAXIMIZING RESERVOIR USE

The recreation development plan maximizes reservoir recreation opportunities, while accommodating three major physical circumstances that influence the size and location of recreation facilities:

- Steep slopes surrounding the reservoir create a spectacular scenic backdrop, but limit access.
- The surface area of the reservoir determines the number of boats that can be accommodated while assuring a safe and pleasant experience for all visitors.
- The wildlife and its habitat on the adjoining multi-species reserve must be protected.

The recreation development plan balances these factors successfully. It creates a boating bonanza and a large array of fun places on or close to the reservoir for other active recreation including bicycling, jogging, skating, or hiking while enjoying water views.

The earth and rock "spoil" excavated for reservoir construction will be used to offset the naturally steep slopes around the reservoir by filling ravines at each end to create flat areas adjoining boat launching ramps. These sites will be used for picnic areas, turf play areas, boat storage, vehicle parking, snack bars and a cafe, and other facilities to support boating.

From two major boat launching facilities with a total of 16 ramps, about 800 boats can

be launched on a peak day. In addition, slips will be provided for 100 rental boats and 250 private boats.

Its vast size and favorable winds will make the reservoir Southern California's premier sailing lake. The many coves and the long open stretches will make for an interesting and challenging sailing experience.

The reservoir and adjoining recreation lakes will feature warm water species of sport fish with the opportunity for a winter trout program. In addition to fishing from boats, floating docks will allow visitors to fish at several shoreline points.

The plan envisions a small fleet of ferry/tour boats plying the reservoir. The boats will offer a scenic excursion on the reservoir, making stops at several landing points along the shoreline trail. Visitors can ride the boat on one leg of their journey and either bike or hike the other. Dinner cruises, using the ferry/tour boat fleet after other boating has ceased on the reservoir, are an exciting possibility.

WATER QUALITY

To maintain the high quality of its drinking water, Metropolitan has to date prohibited, on its existing reservoirs, any recreation that involves body contact with

the water (for example, swimming, water-skiing, and Jetskiing).

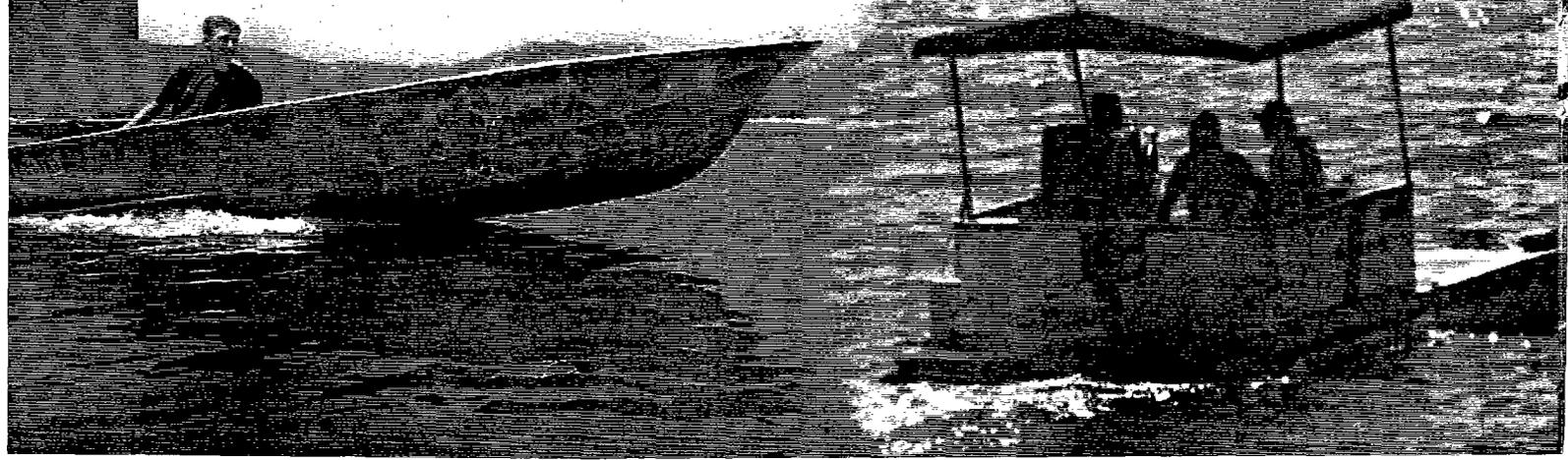
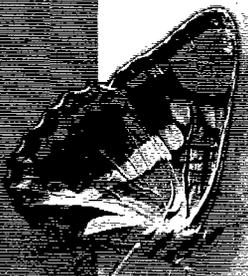
Responding to public interest in body-contact recreation, Metropolitan contracted with university-based environmental scientists to evaluate the level of body-contact recreation, if any, that may be compatible with Metropolitan's commitment to supply healthful drinking water. Metropolitan's Board of Directors is expected to make a decision on this issue in 1997.

SHORELINE ACTIVITIES

Several smaller locations around the shoreline of the reservoir will be ideal for fishing, picnicking, or just resting during a bicycling or hiking trip. Some of these areas will have a dock for private and rental boats and the ferry/tour boat. All will have a restroom and drinking water.

When the reservoir fills, the sharp ridge extending into the lake from the south shore will become a long, narrow peninsula. Here, visitors will have a feeling of being surrounded by water and will be able to view the full length of the reservoir in both directions.

Lying just slightly above the high-water elevation,

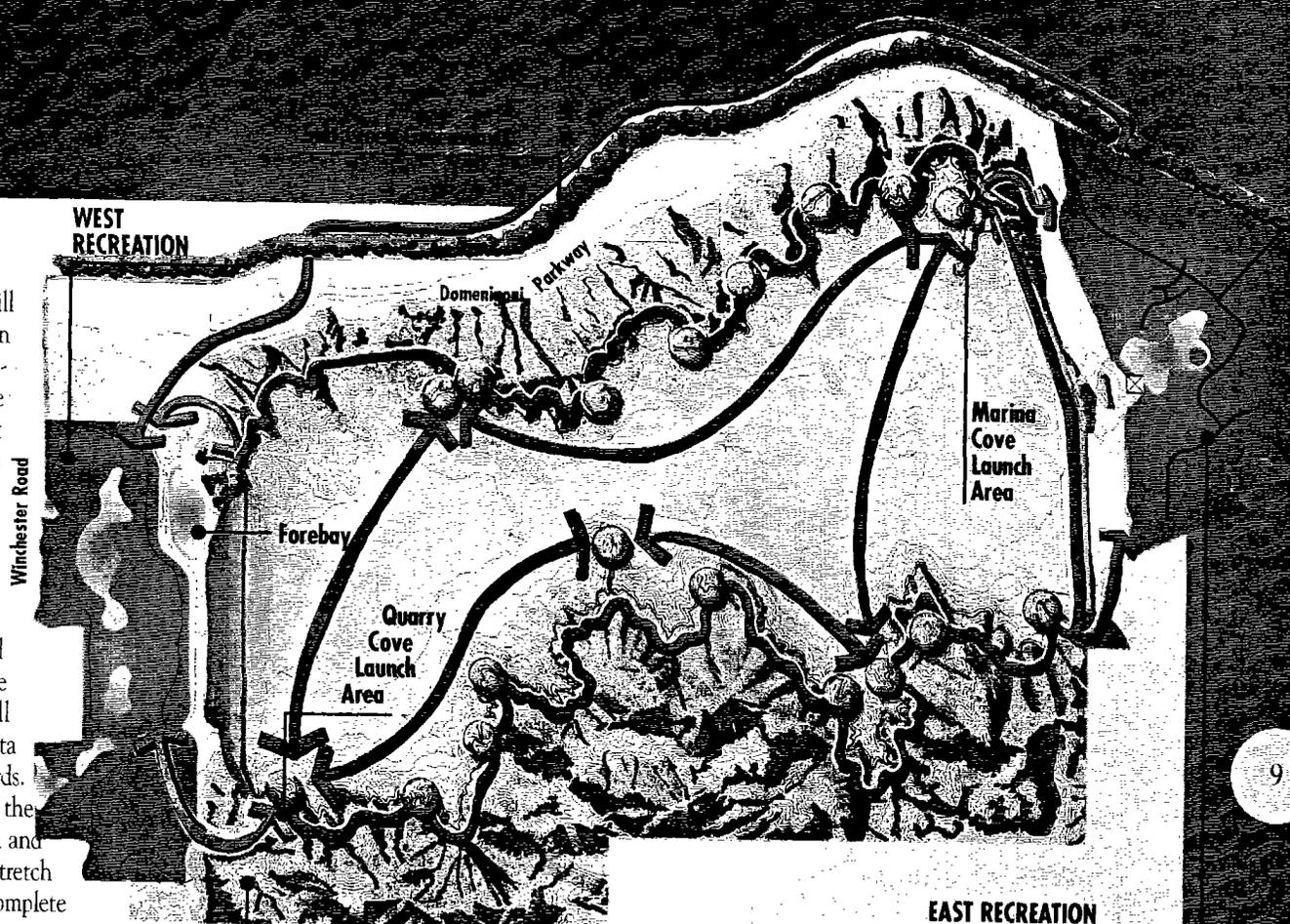


the shoreline road will be one of Southern California's most exciting multi-purpose trails. The paved part of the road will mainly be used by bicyclists and in-line skaters. Hikers and joggers can use the unpaved shoulder. Curving around the coves along the shore, the trail will open up a new vista every few hundred yards. The trail, including the crests of the east dam and the saddle dam, will stretch about 24 miles. A complete circuit will be possible using a combination of road and trail segments that connect the saddle dam, the west dam overlook, and the west recreation area.

The reservoir will also feature fall waterfowl hunting.

TRAM SYSTEM

A rubber-tire tram system is being considered for transporting visitors within each recreation area, as well as to and from the boat launching facilities and day-use areas on the reservoir. Tram service is being considered to serve all or a significant part of the shoreline road.



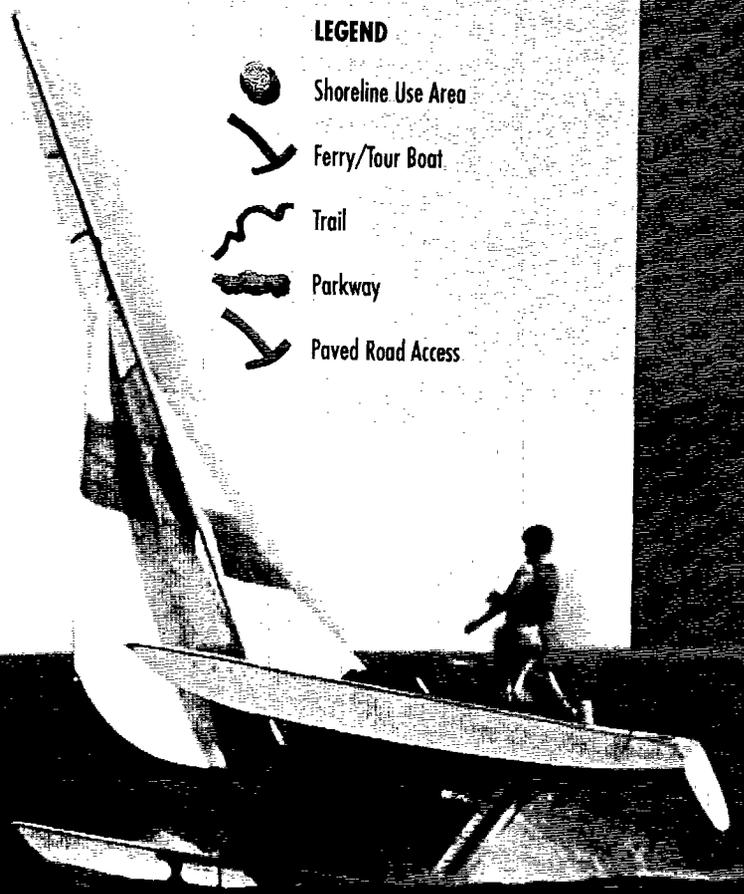
Reservoir Access Road

EAST RECREATION

Visitors will have access to the lake at numerous locations. A shoreline trail will extend about 24 miles around the reservoir, just above the high-water elevation.

LEGEND

-  Shoreline Use Area
-  Ferry/Tour Boat
-  Trail
-  Parkway
-  Paved Road Access



WEST RECREATION

The future west recreation area will be transformed from its former setting of wheat fields into a dramatic new landscape. Some 700 acres of recreation land will emerge. This landscape will be shaped by the millions of cubic yards of earth that will be placed here as the west dam rises from the valley floor.

Earth and rock spoil from dam excavation is transforming this land into a gently rolling landscape of hills and vistas. Topsoil will be added, and shade trees planted. Gentle hills shaped to surround the recreation area will create a peaceful, enclosed space that will heighten visitors' enjoyment of individual recreation pursuits.

Three lakes totalling 105 acres will be the centerpiece of this recreation complex. One of the lakes' major attractions will be an area set aside for a village of shops and restaurants on an isthmus between the two lower lakes. Visitors will be able to rent small boats, Hobie cats, sailboards, in-line skates, and bicycles. The lake will be reserved at times for special events, such as small sailing regattas. Several picnic areas and sandy beaches for volleyball will ring the lake shore. An adjoining 1-acre swimming lagoon will have its own beach.

To the northwest, a 10-acre, multi-purpose special events meadow – complete with a stage – will be used for community gatherings, festivals, performances, and other

events for up to 5,000 people.

To enhance the survival of wildlife, a wide protected corridor between the recreation area and the west dam will allow animals to move freely between the multi-species reserve land in the hills to the north and the south.

A MULTI-FEATURE WATERPARK

A multi-feature waterpark is planned next to the recreation lake and swimming lagoon on a dramatic hill over 100 feet high. This hill will accommodate what probably will be the longest and most thrilling water slide in Southern California. The waterpark will expand with increasing visitation and may include an array of speed slides, tubes, flumes, small play pools, streams, a "lazy river" and a wave pool. Picnic areas, sun decks, snack bars, shops, and other attractions are planned. Waterpark visitors will pay a separate admission fee.

CAMPING FACILITIES

South of the lake, a campground will offer 350 family campsites and a 220-site group

campground. An equestrian center at the southern end of the recreation area will have an events arena, a warm-up area, stands, corals and campsites.

Because of its close proximity to the I-215 freeway and Winchester Road

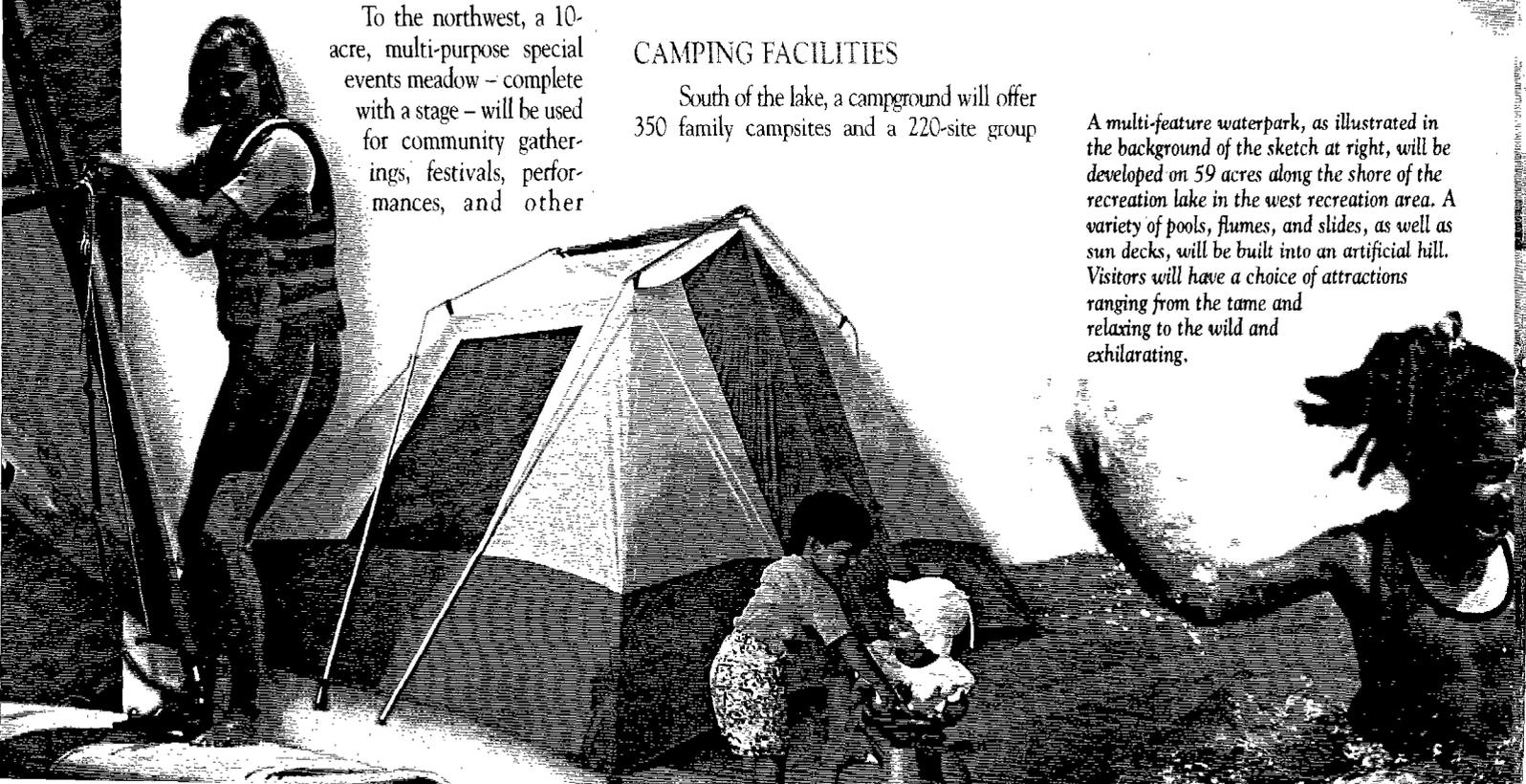


Equestrian Center

Village Shopping/ Dining

A multi-feature waterpark, as illustrated in the background of the sketch at right, will be developed on 59 acres along the shore of the recreation lake in the west recreation area. A variety of pools, flumes, and slides, as well as sun decks, will be built into an artificial hill. Visitors will have a choice of attractions ranging from the tame and relaxing to the wild and exhilarating.

10



(State Highway 79), the west recreation area offers easy access to visitors from throughout Southern California.

Orchards

Winchester Road Entrance

Village Shopping/Dining

Family Campground

Village Shopping/Dining

Equestrian Center

FACILITIES

- Metropolitan
- Private Sector

Road to Overlook

Forebay

Recreation Lake

Day Use Area

Swim Lanes

Waterpark

Day Use Area

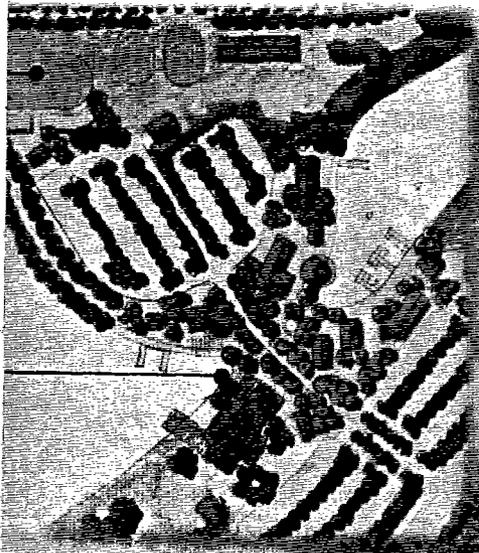
Wildlife Corridor

Group Campground

Road to Reservoir

Interpretive Area

Winery/Restaurant



QUARRY COVE

In the southwest corner of the reservoir, a major boating and recreation site will be shaped out of the hills at the south end of the west dam. Excavated as a part of quarrying for dam construction, the 29-acre area comprising Quarry Cove will be readily accessible from the west recreation area and will offer eight boat-launching lanes, rental boats, and food and beverage service at a snack bar. Boaters who use Quarry Cove on a regular basis can store their boats in a secure storage yard on shore.

A MAJOR TRAILHEAD

Quarry Cove will be a fun place for other recreation pursuits as well. It will be a major trailhead for hikers, joggers, bicyclists, and skaters. Bicycles and in-line skates will be available for rent. The shoreline trail will begin here and continue along the south shore of the reservoir, across the east dam, and along the north shore, ending at the public overlook at the northwest corner of the reservoir. From there, another road shoulder

trail segment will lead down to the west recreation area.

Hearty bicyclists, skaters, and hikers will be challenged by the full length of this trail. Those who are less venturesome can choose a shorter route and meet the lake ferry/tour boat at several locations along the shore to complete their trip with a relaxing boat ride back to Quarry Cove.

SCENIC VISTAS

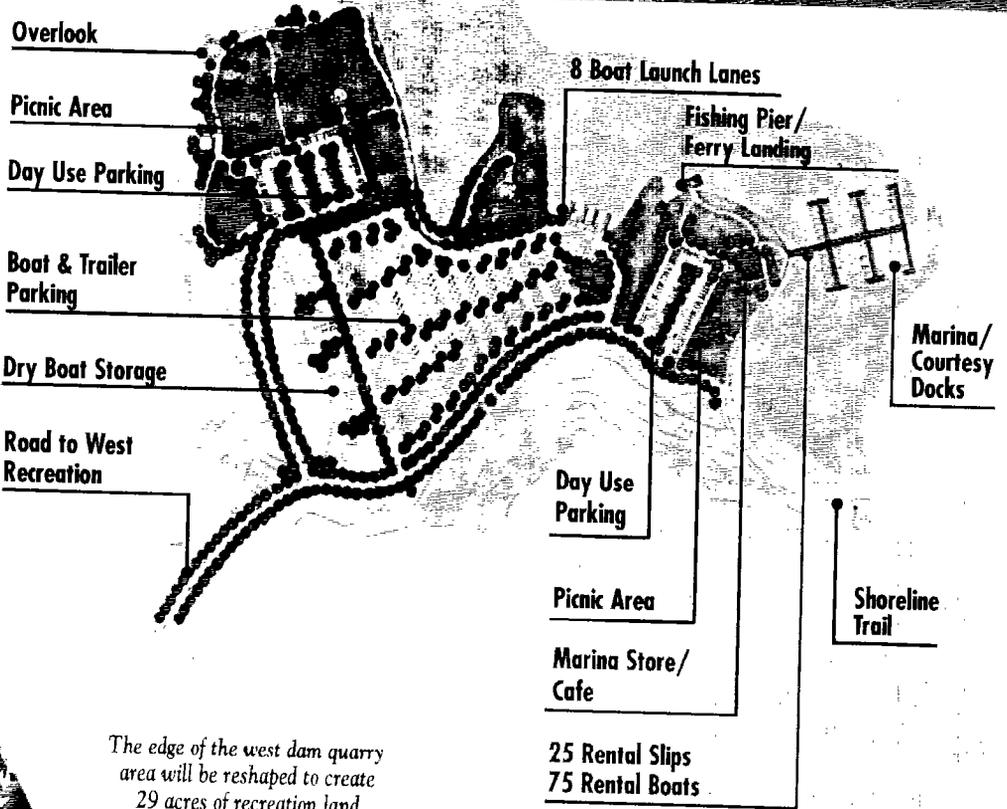
Quarry Cove is expected to become the prime picnic location. Nearly every picnic site will command an unobstructed vista to the east across the 4.5-mile length of the reservoir. Abundant shade trees will grow at the end of the dam next to the water, and open grassy areas will provide lots of room for active play and group activities. As evening

approaches, with the sun sinking in the west, the sharp contours of the hills enclosing the reservoir will be dramatically highlighted, and Mt. San Jacinto will glow in the far distance at the extreme eastern horizon.

Boats will be able to tie up at the dock to pick up passengers from the picnic area. The lake ferry/tour boat will serve Quarry Cove and shuttle fishermen, hikers, and bicyclists across the lake to Marina Cove and to various stops along the shoreline trail.

At the east end of Quarry Cove, the steep rock walls created in the course of quarrying borrow materials for construction of the west dam will drop precipitously into the reservoir.

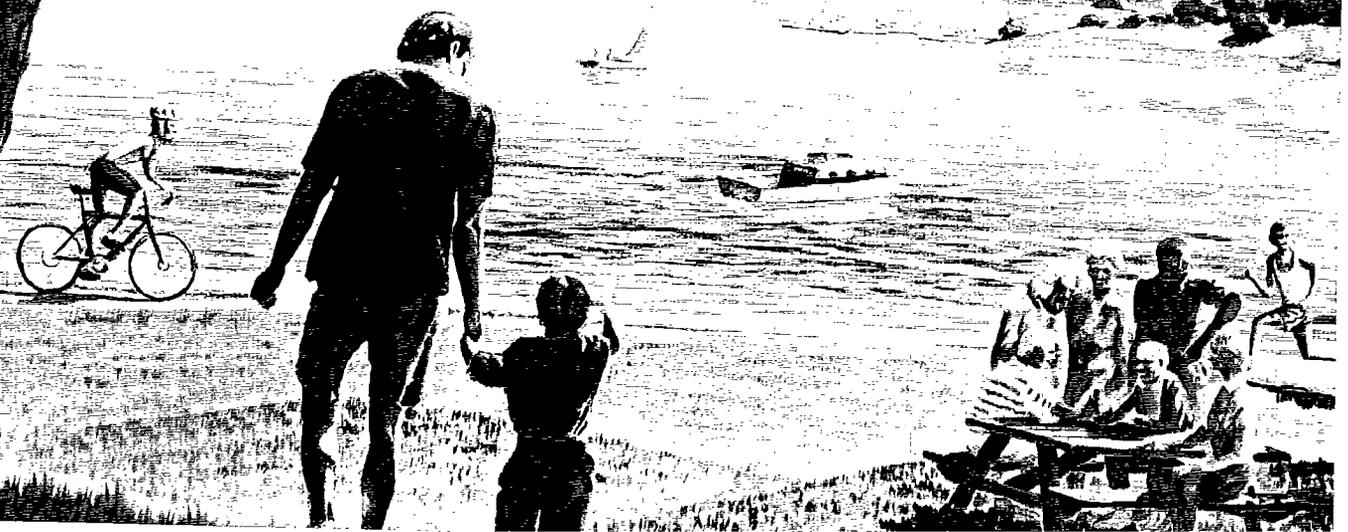




The edge of the west dam quarry area will be reshaped to create 29 acres of recreation land fronting the reservoir. Facilities will include an 8-lane boat launching ramp, lakeside picnic and play areas, boat, bike, and skate rentals, a pier, and lake ferry/tour boat landing.

FACILITIES

- Metropolitan
- Private Sector



EAST RECREATION

The east recreation area, at the foot of the east dam, will be formed from more than 10 million cubic yards of earth and rock spoil generated by excavations for the east dam.

The area now includes about 1200 acres of fields. Once the earth is placed, however, a recreation area featuring a ring of hills enclosing the 75-acre central recreation lake will emerge. Rock-faced, four-sided pyramids, which echo the form and materials of the dam, will mark entry points to the recreation area. At one end of the recreation lake, a pyramid 125 feet tall will rise above the water as a landmark feature of the recreation complex. With the addition of topsoil and trees, an inviting new landscape will be born.

EAST LAKE VILLAGE

The centerpiece of the recreation area will be a privately financed lakefront village. Built on the shore opposite the landmark pyramid, the village will be a waterfront oasis. A hub of visitor activity, people will come to the village for orientation, refreshment, conveniences, activities, sales, and services. Boats, bikes, and skates will be available for rent; food will be for sale from a variety of



restaurants offering fare from quick snacks to fine dining; unique specialty shops will cater to the

curiosities of shoppers; and a second-story theater complex will attract visitors to the shops and restaurants after the sun goes down.

The village will attract diners, strollers, and people who just want to sit and enjoy the events occurring on the lake. Shade and seating will be plentiful. Overhead trellises and misters will help keep daytime summer temperatures cool. Outdoor dining and entertainment under soft lighting will transform the lakeside into an enchanting place to enjoy a cool evening under the stars.

PICNICKING BY THE WATER

Also on the shore of the lake and next to the village will be 40 acres of well-shaded picnic grounds. A large group picnic area, suitable for up to a thousand people, will be developed with ample shade, cooking facilities, ball fields, and lake frontage. Hundreds of individual picnic sites will be built on the water's edge, too. A children's play area will be a central feature of one picnic area; a large "interactive water feature," a place for people to actively get wet and cool off, will be a key element of another picnic place.

CONFERENCE HOTEL

Across a small cove from the East Lake village is a proposed 250-room conference

hotel. This privately financed resort hotel will enjoy a beautiful lake shore site that is within a short stroll of both the village and the championship golf course. Ample meeting rooms and conference facilities located next to a variety of attractive recreation opportunities should make this a desirable southland destination.

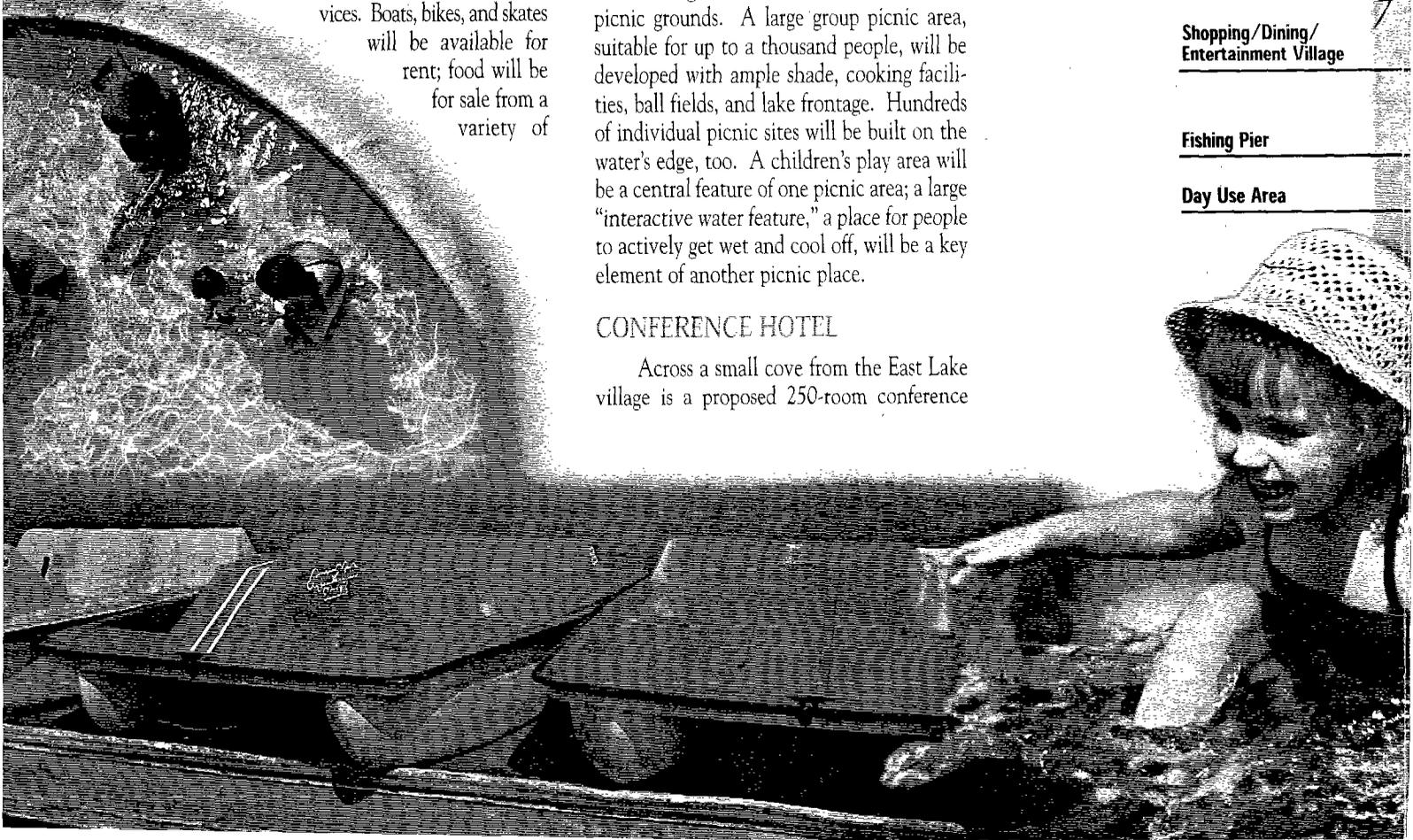
INTERPRETIVE PROGRAMS

Adjoining the shopping-dining village will be an interpretation and education area. This area will be the site for Metropolitan's interpretive center, a display of the exceptional paleontological finds made during reservoir construction, and a museum bookstore and education center. Nearby, a cluster of rustic agricultural buildings will feature a barnyard petting zoo and historical agricultural machinery displays. Some farmers may offer seasonal opportunities for visitors to harvest crops fresh from the 80 acres of agricultural fields and orchards that will be planted there.

Shopping/Dining/
Entertainment Village

Fishing Pier

Day Use Area



Reservoir
Overflow
Parking

Road to
Reservoir
and Marina
Cove

R.V. Resort
400 Spaces

Rental Cab

Fishing Pier

Recreation

Group Day
Use Area

Special Events
Meadow

Wildlife Corridor

18-Hole Championship Golf Course

Golf Clubhouse

Conference
Center

Shopping/
Dining/
Entertainment
Village

Day Use
Area

Reserved
for Future
Development

Day Use
Area

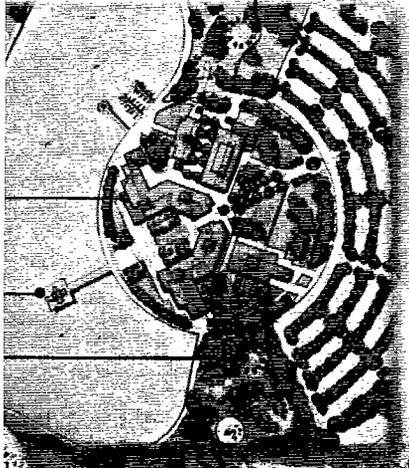
Agriculture/
Farm Store

Pool
Complex

Maintenance
Yard

Sports Field
Complex

Day Use Area



FACILITIES

Metropolitan

Private Sector



EAST RECREATION

TRAILS

A paved bicycle trail will circle the lake, connecting day use and overnight areas. This trail will be extended through the golf course and under Domenigoni Parkway, to connect to city bike trails along the Salt Creek Greenway and, ultimately, to the west recreation area. All equestrian and hiking trails will be accessible from the east recreation area, as well. A staging area in the east recreation area will provide access for equestrians to the riding trails in reserve lands.

RECREATIONAL VEHICLE RESORT

A recreational vehicle resort will have utility hookups for 400 RVs and a site for a pool, barbecue area, and coin-operated laundry; tennis courts; and an activity building. Overnight accommodations will include some 50 rental cabins for people who want more comfort than tent camping affords. While a greater number of visitors are expected during peak summer months, the RV resort will be designed to accommodate high year-round demand. The mild winters of inland Southern California will attract "snowbird" campers from harsher climates elsewhere in the United States and Canada.

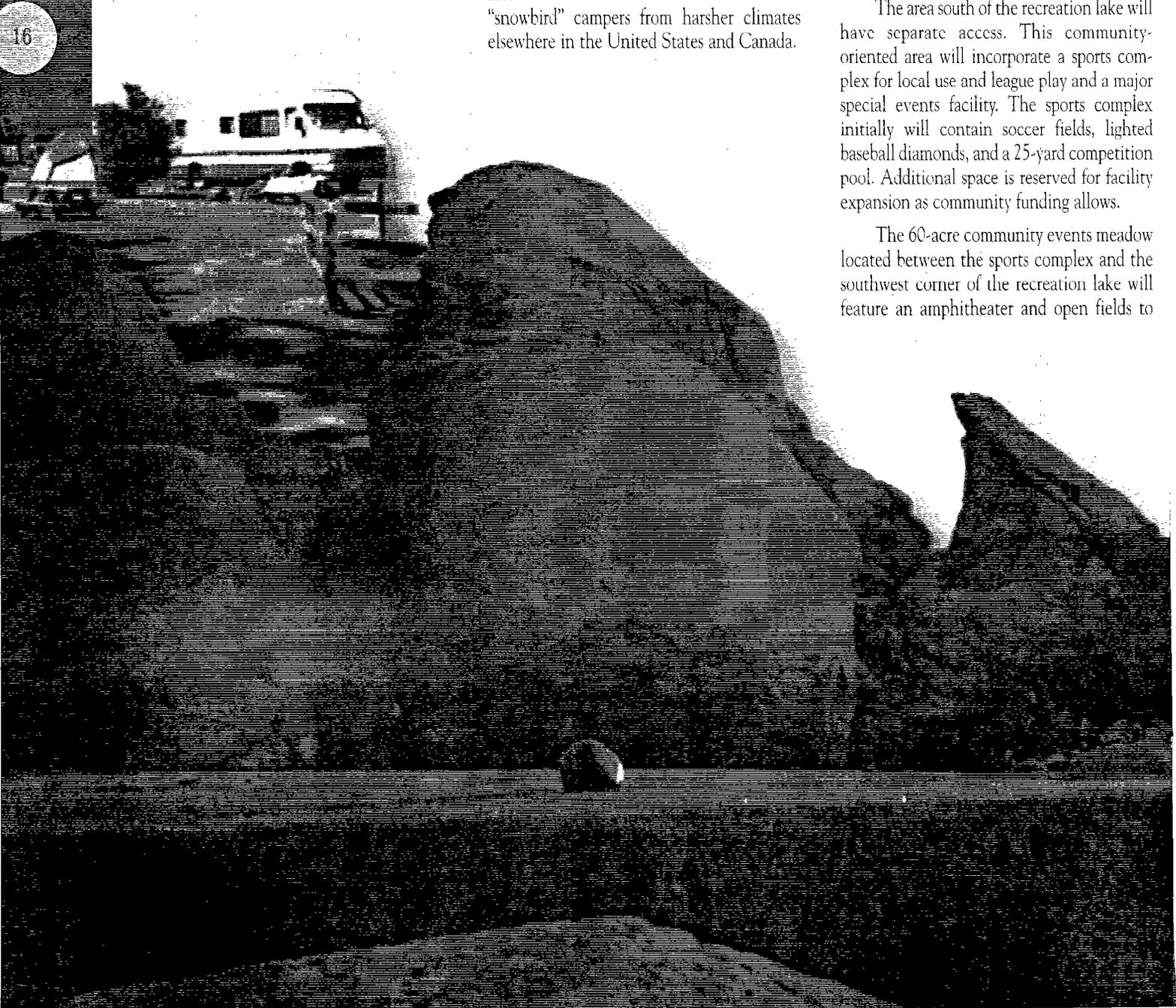
GOLF COMPLEX

The northern part of the recreation area will be devoted to golf. Initially, there will be an 18-hole championship public golf course constructed with space reserved for an additional 18 holes. Planned facilities include practice areas and a driving range, clubhouse, pro shop, and grill room. Golf cart paths will connect the golf complex with the RV resort and possibly other destinations in the east recreation area.

COMMUNITY FACILITIES

The area south of the recreation lake will have separate access. This community-oriented area will incorporate a sports complex for local use and league play and a major special events facility. The sports complex initially will contain soccer fields, lighted baseball diamonds, and a 25-yard competition pool. Additional space is reserved for facility expansion as community funding allows.

The 60-acre community events meadow located between the sports complex and the southwest corner of the recreation lake will feature an amphitheater and open fields to



accommodate special gatherings, performances, and events for up to 15,000 people.

At the foot of the east dam, a wide wildlife corridor will separate the dam and recreation facilities, creating a safe haven for wildlife as it moves between the multi-species reserve to the south and the protected habitat in the north hills.

From the east recreation area, a road will climb the north hills to provide access to the future lakeview lodge and restaurant, the shoreline trail, and all the reservoir recreation facilities at Marina Cove.

A golf complex is planned for the east recreation area. It will include 18 holes, with a clubhouse, pro shop, driving range, food service, and practice areas.

MARINA COVE

Marina Cove will be the hub of boating activity. Located near the north end of the east dam, it will be constructed as a part of dam excavation. An existing shallow cove near the high-water line will be filled with earth to form a large flat area at the water's edge. Most marina facilities will be built there.

SCENIC VISTAS

A road over the rugged north hills will connect Marina Cove and the East Recreation Area. Space on the ridge is reserved for a lake overlook and trailhead, a future lakeview restaurant, and a 150-room lodge with ban-

quet and meeting facilities. Visitors will enjoy a dramatic, 360-degree view of the reservoir, the multi-species reserve, the distant snow-clad summit of Mt. San Jacinto to the east, and the clusters of small, steep peaks making up the western skyline.

From the lake overlook, a trail will extend to the ridge of the hills that enclose the reservoir on the north. Hikers will have an unobstructed view of the city of Hemet, the San Jacinto Valley spread out below them, and Mt. San Gorgonio lying to the north. South from the overlook, hikers will have the choice of descending into the East Recreation Area or going across the crest of the east dam and proceeding along the shoreline trail on the south side of the reservoir.

PICNICKING

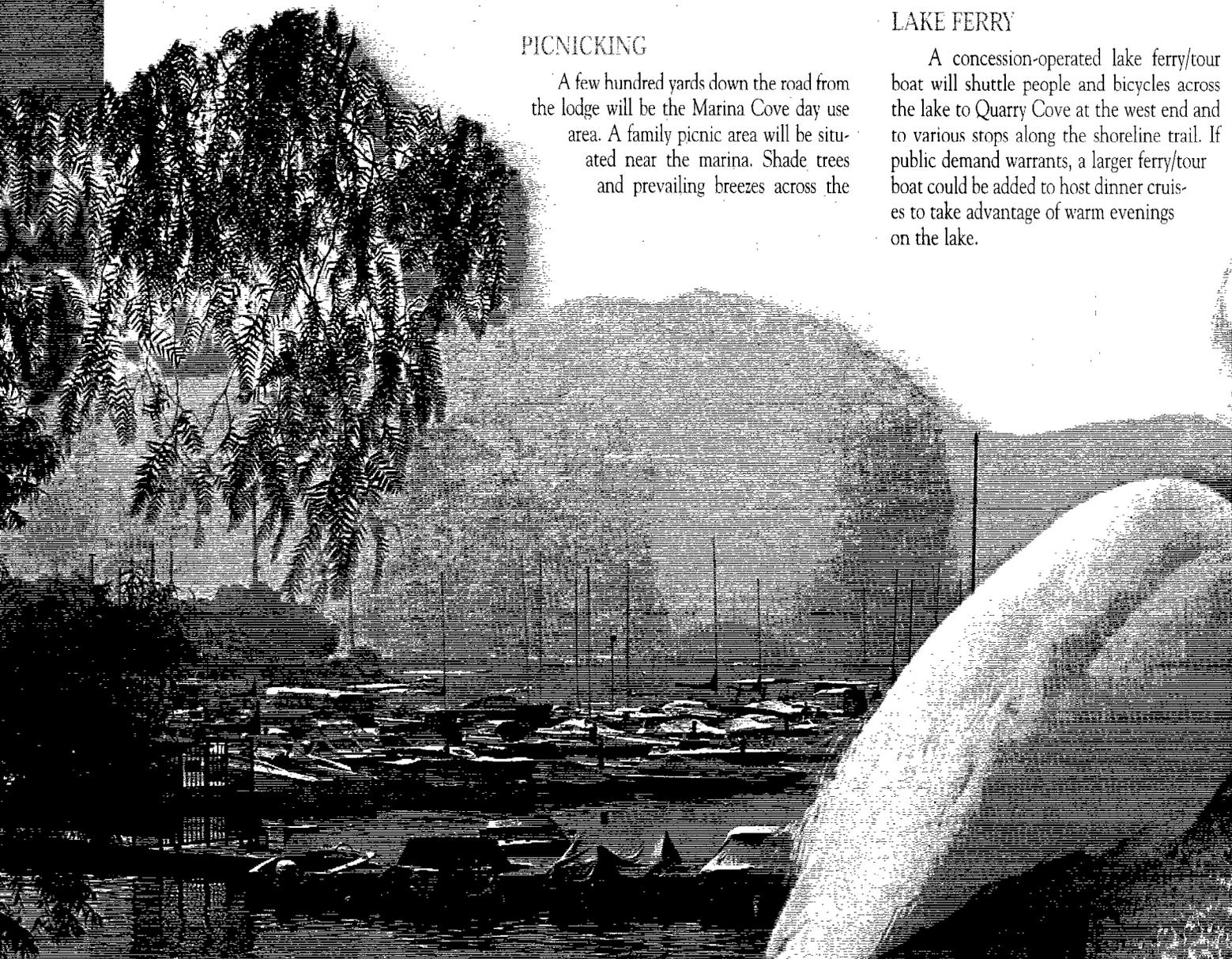
A few hundred yards down the road from the lodge will be the Marina Cove day use area. A family picnic area will be situated near the marina. Shade trees and prevailing breezes across the

reservoir will make this a cool, inviting place to linger for an afternoon picnic. From this vantage point, picnickers can enjoy watching boats coming and going at the marina. Parking, retail businesses, and facilities serving boaters and other visitors will be built on the 23-acre site.

Most of the boats on the reservoir will put in at Marina Cove. Eight boat launching lanes will be located alongside a marina that will berth 250 private boats and 50 rental boats. Rental bicycles and in-line skates will be available for use on the shoreline trail. A coffee shop on a deck overlooking the marina will serve affordable meals, and a convenience store will cater to visitors' needs.

LAKE FERRY

A concession-operated lake ferry/tour boat will shuttle people and bicycles across the lake to Quarry Cove at the west end and to various stops along the shoreline trail. If public demand warrants, a larger ferry/tour boat could be added to host dinner cruises to take advantage of warm evenings on the lake.



Trailhead Parking

Boat & Trailer Parking

Boat Maintenance Area

8 Lane Boat Launch

Access to High Water Trail

Fishinh Pier/Ferry Landing

Picnic Area

Marina Store/Cafe

Marina/Courtesy Docks

■ 275 Private Slips

■ 75 Rental Boats

Shoreline Trail to East Dam

FACILITIES

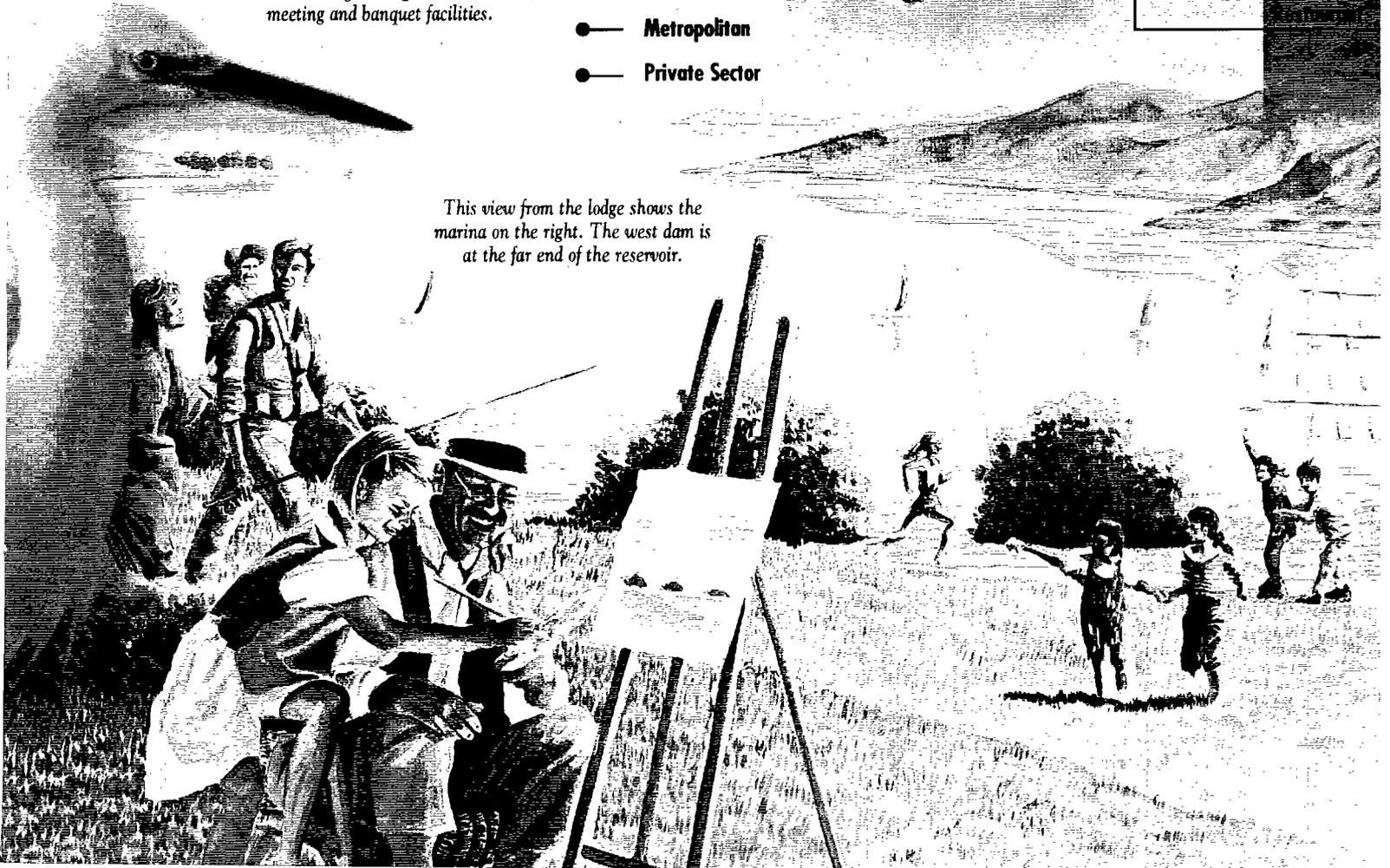
- Metropolitan
- Private Sector

MARINA COVE

Built on 23 acres of fill in a shallow cove of the reservoir, Marina Cove will include a 275-boat marina, 75 rental boats, 8 boat launching lanes, and picnic areas. A marina cafe will serve affordable meals lakeside, and convenience items, rental bicycles and in-line skates will be available from the concessionaire.

On a ridge above the marina, space is reserved for a 150-room lakeview lodge, along with restaurant, meeting and banquet facilities.

This view from the lodge shows the marina on the right. The west dam is at the far end of the reservoir.



INTERPRETATION AND EDUCATION

The richness and diversity of recreation attractions at the East-side Reservoir Project are matched by the wealth of archaeological and paleontological discoveries that have been made during reservoir construction. These exciting discoveries will enrich interpretive programs for visitors to the recreation complex as well as assist professional research and education programs.

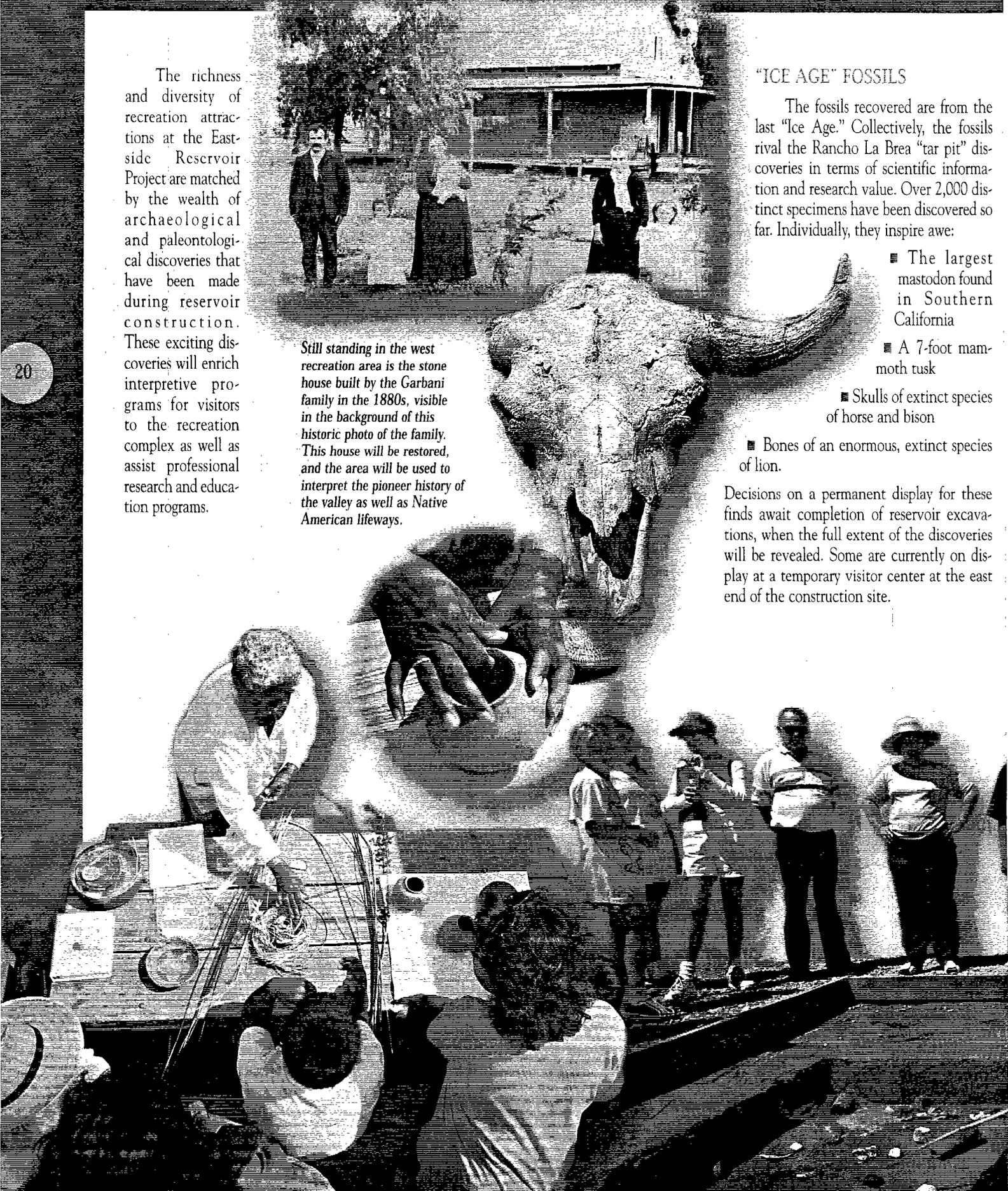
Still standing in the west recreation area is the stone house built by the Garbani family in the 1880s, visible in the background of this historic photo of the family. This house will be restored, and the area will be used to interpret the pioneer history of the valley as well as Native American lifeways.

"ICE AGE" FOSSILS

The fossils recovered are from the last "Ice Age." Collectively, the fossils rival the Rancho La Brea "tar pit" discoveries in terms of scientific information and research value. Over 2,000 distinct specimens have been discovered so far. Individually, they inspire awe:

- The largest mastodon found in Southern California
- A 7-foot mammoth tusk
- Skulls of extinct species of horse and bison
- Bones of an enormous, extinct species of lion.

Decisions on a permanent display for these finds await completion of reservoir excavations, when the full extent of the discoveries will be revealed. Some are currently on display at a temporary visitor center at the east end of the construction site.



NATIVE AMERICANS

Human use of the area is believed to extend over 8,000 years. Metropolitan has funded archaeological research at more than 300 sites in the project area that were used by Native Americans before contact with Europeans.

The disposition of tools, ornaments, pottery, and ceremonial artifacts is being closely coordinated with tribal representatives. Some artifacts deemed suitable for display will be featured in appropriate settings at the recreation complex. At least one habitation site will be interpreted for visitors, who will be guided on a short trail through the site adjacent to the west recreation area.

EARLY EUROPEAN SETTLEMENT

Italian-Swiss families established the first farms and dairies in the area. The stone house built by the Garbani family in the 1880s is still standing in what will become the west recreation area. As the centerpiece of the Garbani family heritage site, it will be restored to resemble its appearance in the 1920s, when the principal crop was dry land wheat.

The nearby traces of a stone post office from the 1880s will be protected and interpreted for visitors.

Future plans include replication, in the East Recreation Area, of a family farmstead, to recreate a sense of mid-twentieth century life and interpret the evolution of farming techniques and machinery.

INTERPRETIVE THEMES

The recreation complex will be an exceptional opportunity for telling the story of how water has shaped the land and affected its inhabitants.

The wetter and cooler conditions prevailing during the Ice Age supported completely different plant and animal life than is found in the area today. After the Ice Age, Native Americans developed strategies for coping with an increasingly arid climate. The earliest European settlers managed to farm without irrigation. These and other stories about the influence of water (or its absence) can be vividly told at the Eastside Reservoir Project.

Other interpretive themes might include:

- How domestic water is managed for all of Southern California
- Programs for conservation, reclamation, and desalinization
- Engineering the dams at the Eastside Reservoir Project
- Reservoir operations.

A self-guided heritage trail near the Garbani house will explore Native American culture, natural history of the nearby multi-species reserve, farming history, and construction of the west dam and the relocated San Diego Canal.

VISITOR ORIENTATION

Both the east and west recreation areas will have a visitor orientation center with a multimedia presentation about the recreation complex, a scale model of the recreation complex and multi-species reserve, and maps and other printed information about facilities, programs, and activities.



RECREATION PAYING ITS WAY

THE BUSINESS PLAN

Although Metropolitan has included the cost of developing the core recreation facilities as a part of the reservoir project cost, its policy is for the operation and maintenance of the area to be financially self-supporting.

This forward-looking policy has guided the choice, location, and size of various recreation facilities as well as how best to manage the complex.

The recreation development plan responds to the goal of self-sufficiency by accommodating enough profitable attractions to produce sufficient additional revenue to offset the cost of operating and maintaining facilities—such as family picnic areas, trails, and play areas—that do not themselves generate sufficient revenue.

Facilities and attractions will be clustered to achieve efficiencies of scale and assure that major revenue-generating attractions are combined with desired facilities that produce less revenue.

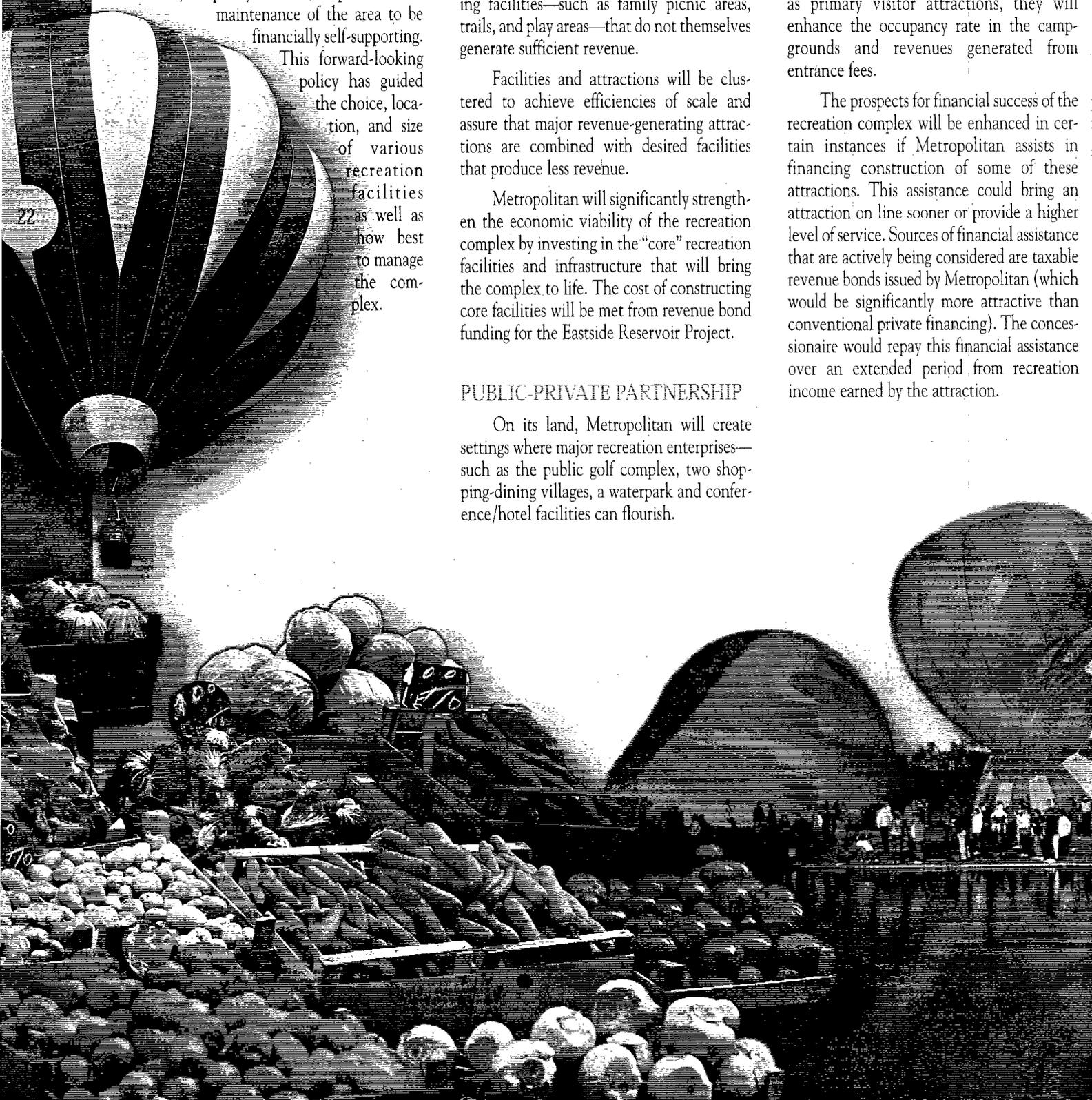
Metropolitan will significantly strengthen the economic viability of the recreation complex by investing in the “core” recreation facilities and infrastructure that will bring the complex to life. The cost of constructing core facilities will be met from revenue bond funding for the Eastside Reservoir Project.

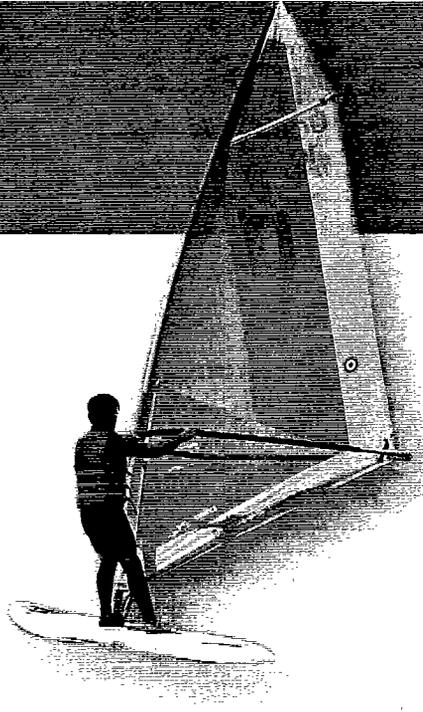
PUBLIC-PRIVATE PARTNERSHIP

On its land, Metropolitan will create settings where major recreation enterprises—such as the public golf complex, two shopping-dining villages, a waterpark and conference/hotel facilities can flourish.

Experienced companies in the private sector will be sought to build and operate these attractions under contract with Metropolitan. These enterprises will benefit the recreation complex because, in their role as primary visitor attractions, they will enhance the occupancy rate in the campgrounds and revenues generated from entrance fees.

The prospects for financial success of the recreation complex will be enhanced in certain instances if Metropolitan assists in financing construction of some of these attractions. This assistance could bring an attraction on line sooner or provide a higher level of service. Sources of financial assistance that are actively being considered are taxable revenue bonds issued by Metropolitan (which would be significantly more attractive than conventional private financing). The concessionaire would repay this financial assistance over an extended period from recreation income earned by the attraction.





RECREATION MANAGEMENT

Metropolitan will manage the recreation complex through an organization to be created under Metropolitan's Board of Directors and General Manager.

Appointed by Metropolitan's General Manager, the recreation manager will have the flexibility and authority necessary to manage a successful, revenue-positive recreation complex.

The criteria for successful management of the recreation complex are:

- A well-managed recreation complex, accountable to Metropolitan
- Responsiveness to surrounding communities
- Self-supporting operations, with net revenues staying within the recreation complex

Except in rare instances, concession contracts will be competitively bid. Throughout the life of each contract, Metropolitan will monitor each concessionaire's performance to ensure that the highest standards of public service are consistently met.

- A strong marketing orientation
- Sole focus on managing the recreation complex
- Flexible responses to changing circumstances
- Optimum use of public financing.

In addition, the Metropolitan Board of Directors will establish a community advisory committee, consisting of representatives of surrounding communities, to advise the recreation manager regularly on a variety of recreation issues and to provide liaison with the surrounding region.

BUSINESS OPPORTUNITIES AT THE

PROFITABLE BUSINESS OPPORTUNITIES

The expertise and creativity available in the private sector are integral to the financial success of the recreation complex and the enhancement of visitor satisfaction and enjoyment.

Public employees at the recreation complex will be relatively few in number. Most facilities and attractions will be operated under contracts with concessionaires and park management/maintenance service contractors. Operating costs will be kept as low as possible.

With the high visitation levels projected, businesses within the recreation complex should be profitable. So many different activities will be clustered at various locations throughout the recreation complex that

many visitors will choose to stay for several days. Repeat visitation will be enhanced by a changing program of special events and new attractions coming on line.

In addition to the new enterprises operating in the recreation complex, there will be greatly enhanced economic activity and growth in nearby communities spurred by recreation visitor spending on lodging, restaurants, and retail purchases.

MAJOR PROFIT CENTERS

Examples of some of these profitable business opportunities and the special events that will attract visitors are illustrated in the following list:

- Multi-feature waterpark
- RV resort & campgrounds
- Golf complex
- Boat, bike, and skate rentals
- East shopping-dining village
- West shopping-dining village
- Lakeview restaurant and lodge
- Conference/hotel facilities

ECONOMIC VALIDATION

Recent economic studies have validated the goal of self-sufficiency and the business planning approach indicating that the scale, expected visitation, and expected gross sales will make the proposed business clusters successful and the overall project self-supporting.

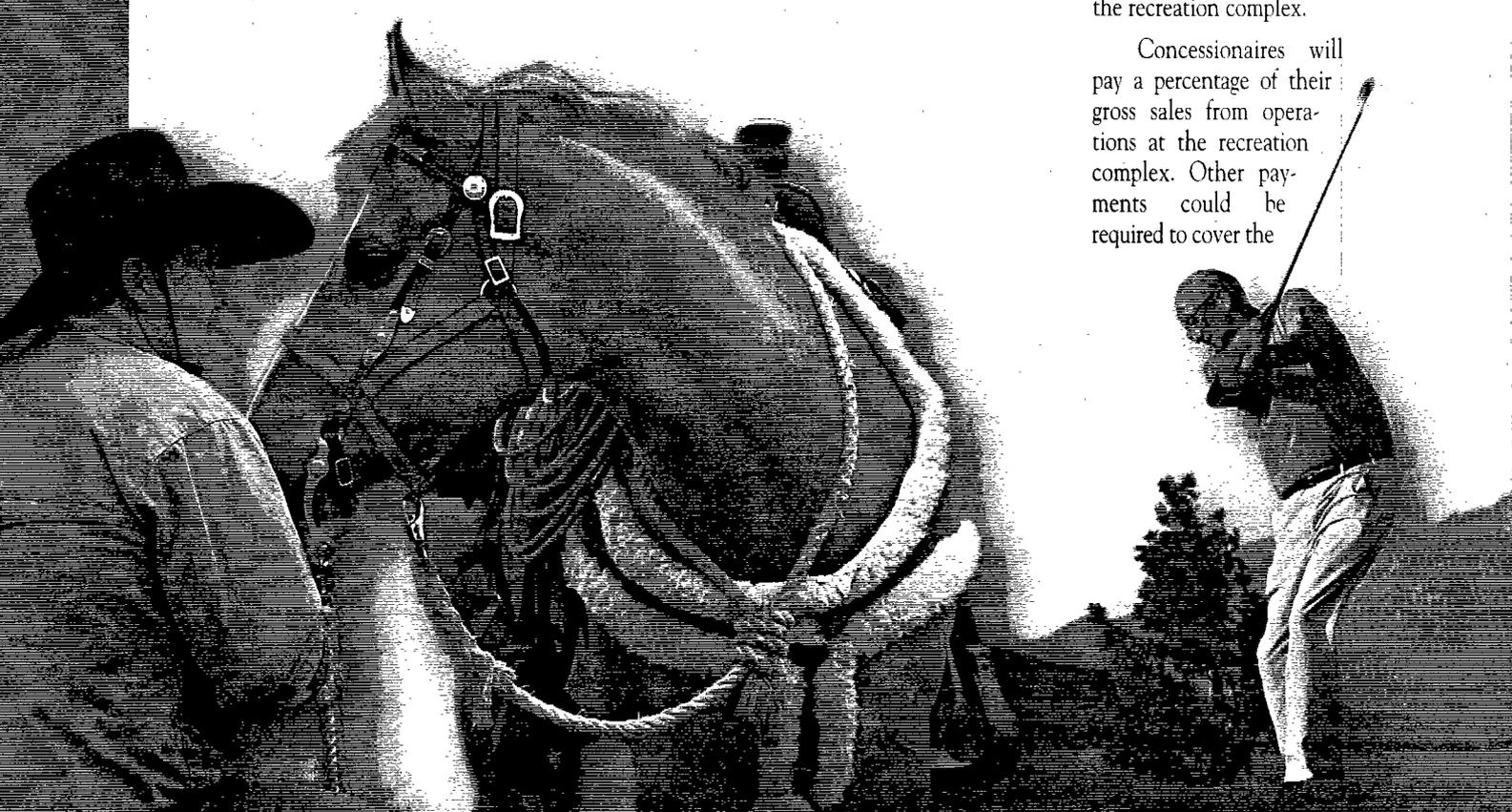
Possibly as soon as the third year of full operations, recreation revenues are expected to exceed recreation complex operating costs and provide a required annual operating subsidy for the multi-species reserve. The size of any start-up deficits must be qualified by unknown factors such as rate of filling at the reservoir and economic conditions prevailing during that period.

A positive revenue flow in future years will enable significant funds to be reserved for repayment of some capital investments, rehabilitation of existing facilities, and expansion of the recreation complex.

According to these studies, equipment rentals (various types of water craft, bicycles, and in-line skates), food and beverage sales, waterpark admissions, golf complex green fees, camping, and park entrance fees will constitute most of the revenue generated at the recreation complex.

Concessionaires will pay a percentage of their gross sales from operations at the recreation complex. Other payments could be required to cover the

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EASTSIDE RESERVOIR PROJECT

cost of maintaining and replacing infrastructure and common facilities, operating a reservation system, and marketing and promoting the recreation complex.

Operating deficits can be minimized by giving priority to bringing on line major revenue producing attractions, such as the waterpark and the golf course, and to defer temporarily the opening of some day use facilities that incur significant operating costs until demand dictates that they be developed. Net revenues from later years could be reserved for reimbursement of Metropolitan's outlays for start-up subsidies.

Certain costs, including the Shipley Reserve payment, interpretation, water, and a portion of security and public safety may be funded by Metropolitan during the initial years of operation and then be repaid when the operation is in the black.

SPECIAL EVENTS: MARKETING AND PROMOTION

Many diverse and creative special events can be presented at a large special event meadow in each recreation area and at several smaller venues. These events will generate revenue in their own right, while also attracting visitors who will then patronize the other activities offered. Some typical special events could include:

- Sailing regattas
- Boat races
- Windsurfing competitions
- Fishing derbies
- Harvest festivals
- Concerts
- Outdoor cinema
- Plays
- Handicraft fairs

- RV and motorhome shows
- Boat shows
- Antique automobile shows
- Marching band competitions
- Parades
- Bicycle races
- Marathon races
- Ironman and ironwoman competitions
- Rodeos and dressage events
- Living history days
- Native American gatherings
- Balloon festivals
- Circuses and carnivals
- Scottish Highland Games
- Cinco de Mayo celebrations



RECREATION MILESTONES

- 1995** Begin rough grading of West Recreation Area
- 1996** Prepare schematic plans for recreation facilities
Begin rough grading of East Recreation Area
Begin design contract RFPs
- 1997** Prepare construction drawings for recreation facilities
Evaluate/initiate contracts for growing 40,000 trees for planting in the recreation areas
- 1998** Award construction contracts
Commence grading of marina basins, boat launch ramps, vehicle parking, Quarry Cove
Start construction of Golf Complex
Start construction of Sports Complex
Start construction of Marina Cove and Quarry Cove boat launching and service facilities
Construct some trail network segments and trailhead facilities
- 1999** Commence reservoir filling
Construct recreation complex offices
Construct RV Resort and Campgrounds, Day-use Areas, Recreation Lakes
Construct Lakesman Center
- 2000** Complete construction of Sports Complex
Construct additional trail network segments and trailhead facilities
Open Golf Complex and RV Resort
Concessionaire constructs Warehouse
Complete construction of trail network
- 2001** Open remainder of recreation facilities (spring)
Complete construction of Marina Cove and Quarry Cove boat launching facilities
- 2003** Reservoir filled
Commence boating operations on main reservoir
- 2005** Concessionaire constructs Lakeview Restaurant and Lodge
Concessionaire constructs Rental Cabins
Commence Lake Ferry/Tour Boat operations
Construct shopping-dining "villages"

SOMETHING FOR EVERY RECREATION INTEREST



Marina Cove and Quarry Cove - total of 16 boat launching lanes (8 at each end of the reservoir), plus 300 leased boat slips, 150 rental boats, and dry land boat storage



Lake Ferry/Tour Boats - 3 boats, 30 passengers each; several stops along the reservoir shore



Campground (west) - 350 improved family campsites, campfire center, group camps



Rental Cabins - up to 50 cabins in a rustic setting



RV Resort (east) - 400 RV utility hookups, pool, tennis courts, activity building, barbecue area



West Area Shopping-Dining Village - Selection of restaurants, variety of retail shops



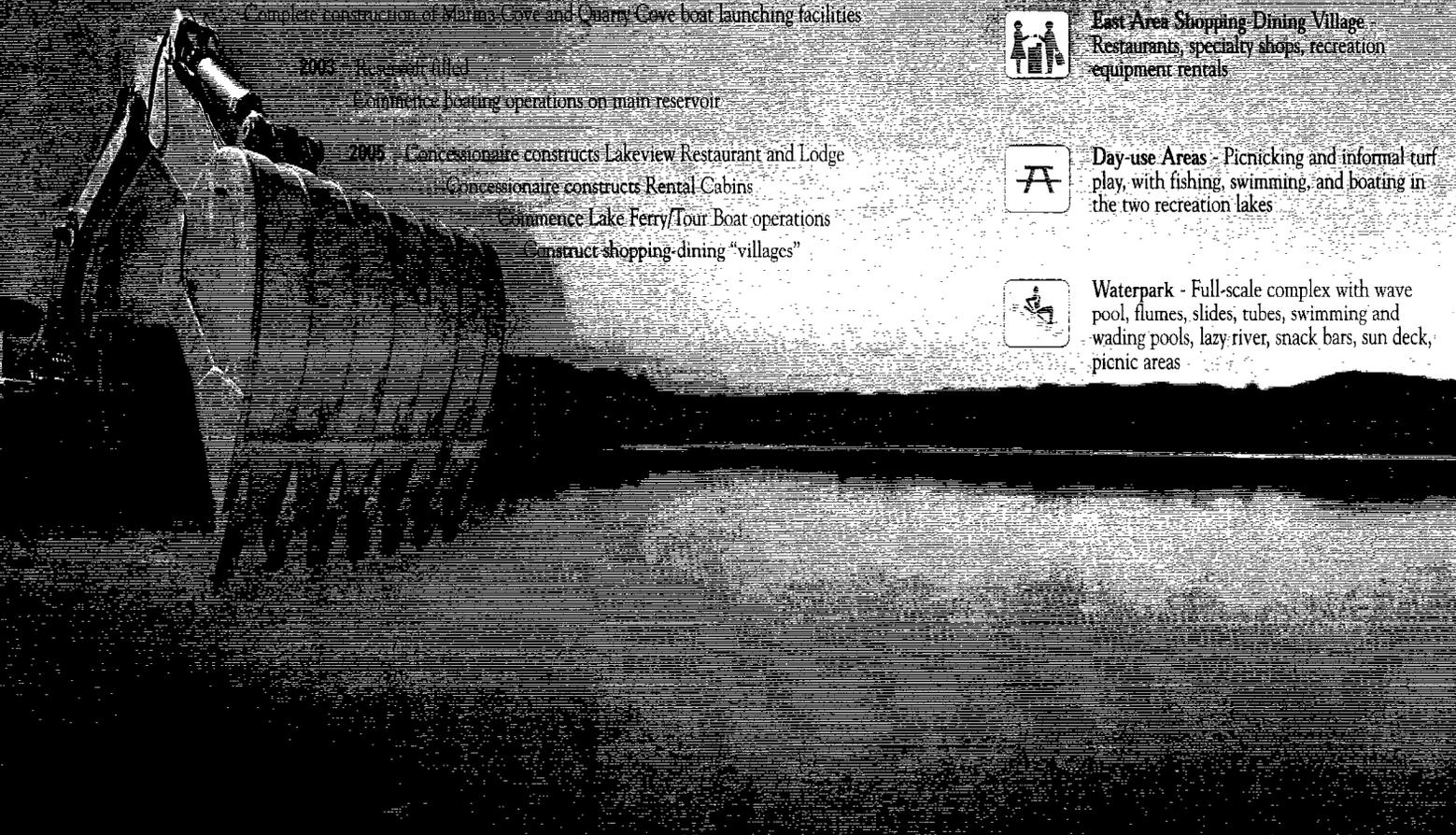
East Area Shopping-Dining Village - Restaurants, specialty shops, recreation equipment rentals



Day-use Areas - Picnicking and informal turf play, with fishing, swimming, and boating in the two recreation lakes



Waterpark - Full-scale complex with wave pool, flumes, slides, tubes, swimming and wading pools, lazy river, snack bars, sun deck, picnic areas





Golf - 18-hole championship course, clubhouse, practice range, expansion area for additional 18 holes



Equestrian Center - Riding arena, grandstands, warm-up arena



Special Events Meadows - Total of 68 acres with an amphitheater in the East Recreation Area



Sports Complex - 4 lighted ball diamonds, 6 soccer fields, 25-pair competition volleyball for expansion



Trail System - Total of about 60 miles of paved bicycle/skate trails and unpaved hiking and riding trails



Agricultural Complex - Rustic agricultural buildings, barnyard peering room, agricultural machinery displays, wheat fields, produce sales



Hotel Conference Center - 250 guest rooms
Lake View Lodge and Restaurant - 150 guest rooms, meeting rooms, 200-seat dining room



COMMUNITY INVOLVEMENT: THE RE

To develop the most comprehensive recreation plan, Metropolitan reached out to many people in nearby communities for ideas. In September 1992, Metropolitan began the process of planning the recreation complex by forming the Recreation Working Group.

This 41-member group consists of people representing environmental interests, trail users, boating groups, public recreation agencies, fishing and hunting interests, historians, homeowner associations, Native Americans, special community groups, government agencies, businesses, and landowners.

The Recreation Working Group has held numerous meetings and workshops in the community on recreation needs and opportunities. The group developed and evaluated alternative recreation proposals in terms of how well they met those needs, while contributing to the financial self-sufficiency of the recreation complex. Formal meetings have been supplemented with frequent contacts with community members on all aspects of the emerging recreation plan.

The group reached consensus on a plan for the recreation complex at the Eastside Reservoir Project, as described in this book.

Metropolitan convened the 41-person Recreation Working Group to participate in the recreation plan. Over a four year period, the Working Group has met in 12 working sessions to help shape the plan.



CREATION WORKING GROUP

COMMUNITY LEADERSHIP IN RECREATION PLANNING

Members of the Recreation Working Group

Federal Jurisdictions

U.S. Fish & Wildlife Service

State Jurisdictions

Calif. Department of Fish & Game

County Jurisdictions

Riverside County Board of Supervisors

Riverside County Regional Park & Open-Space District

Riverside County Transportation Department

Cities

City of Hemet

City of Murrieta

City of San Jacinto

City of Temecula

Native American Tribes

Calhulla Band of Mission Indians

Pechanga Band of Luiseño Mission Indians

Santa Rosa Band of Mission Indians

Other Government Jurisdictions

Eastern Municipal Water District

Valley Wide Recreation & Park District

Homeowners' Associations

Diamond Valley Homeowners' Association

Seven Hills Homeowners' Association

Winchester Homeowners' Association

Chambers of Commerce

Hemet Chamber of Commerce

Murrieta Chamber of Commerce

San Jacinto Chamber of Commerce

Temecula Chamber of Commerce

Recreational Interests

Birding

Canoeing

Climbing

Fishing

Golfing

Hunting

Mountain Biking

Swimming

Tennis

Walking

Water Skiing

Winter Sports

Hiking

Hunting

Mountain Biking

Sailing

Special Interests

Environmental

Historical

Hispanic

Physically Challenged

Senior Citizens

Special Events

Youth

Agricultural



MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

EASTSIDE RESERVOIR PROJECT RECREATION BUSINESS PLANNING FRAMEWORK

Project Development Overview

The Eastside Reservoir Project, when completed, will comprise the largest freshwater lake in Southern California. Boating and fishing on the 4,580-acre lake, many diverse recreation attractions on the 1,900 contoured, landscaped lands (with smaller lakes) below the dams at both ends of the reservoir, and 80 miles of trails throughout reservoir lands and the multi-species reserve connecting with Lake Skinner will provide a greater variety of recreation opportunities than any other reservoir in the State of California. These many features help ensure the economic viability of the entire recreation complex. Projections are that this recreation destination will be the most visited reservoir complex in Southern California.

Starting with the environmental documents that first identified recreation opportunities, the public has given Metropolitan input to guide the shape of the recreation program

A draft *Recreation Plan* has now been completed for the development of the reservoir and the surrounding lands. The plan provides a mix of activities that are consistent with Metropolitan's basic water supply mission, protects the environment, and maximizes Metropolitan's investment in the recreation complex.

In addition to building the facilities, execution of the *Recreation Plan* requires implementation of a *Business Plan* to coordinate public/private investment in the recreation facilities and public/private partnerships in facility operations and a *Management Plan* to guide the creation, management, and operation of the recreation complex. The *Business Plan* is the subject of this document. The *Management Plan* is the subject of a separate document that will be submitted to the Board in the near future.

Recreation Business Planning Overview

As part of the reservoir project cost, Metropolitan will build the core facilities to make private investment attractive. These core facilities include the recreation complex's roads, utilities, landscaping, recreation trails, lakes, general use areas and some other key features. Private industry investment in and/or operation of profit-making recreation attractions will help ensure adequate annual revenues to at least offset annual costs of the entire recreation complex. Key attractions provide diversity to the recreational experience and excitement to draw visitors who will remain overnight to enjoy all the features this recreation destination offers. In addition, the opportunities for corporate sponsorship of events and facilities will provide an extra dimension to the excitement and sense of place of the destination.

Concession and general entrance fees from profit-making attractions will underwrite the annual operating costs of traditional day-use public recreation activities that are rarely self-

supporting. In investing its own resources and selecting the participants from the private sector, Metropolitan will follow this *Business Plan*, each element of which is described below.

Recreation Business Goal

Capture the value created by Metropolitan's investment in the Recreation Plan.

Guiding Recreation Development and Operation Principles

Metropolitan is a public agency with a well defined mission as a water supplier and a reputation for sound business practices. When adopted by the Board, the *Guiding Principles* listed below are intended to achieve the *Recreation Business Goal* consistent with Metropolitan's mission and operating philosophy.

- Water supply and water quality purposes will always take precedence over any recreation activity that conflicts with those purposes.
- The recreation facilities will be designed, operated, and maintained in a quality manner and will ensure a safe and clean recreation complex.
- The Recreation Master Plan will be controlled by Metropolitan, will define a consistent architectural theme, and will maintain consistent standards throughout the recreation complex.
- Metropolitan will manage the recreation complex either through a new Recreation Business Enterprise (RBE) or private concessionaire/contractor (based on proposals from the private sector).
- Metropolitan will hire a qualified and experienced Recreation Complex Director to plan, coordinate, organize, and manage the recreation facilities for optimum results.
- Metropolitan will establish a separate cost center to monitor all recreation costs and revenues, including capital amortization.
- Recreation facility operations, maintenance, and security will be procured and provided by contractors and concessionaires.
- The recreation complex as a whole will be self-supporting at maturity with an acceptable net return on recreation investment, considering Metropolitan's average net return on its alternative investments.
- Metropolitan's General Manager will have the authority to order the modification (or shutdown, if necessary) of specific recreation operations to ensure that water supply, water quality and/or multi-species reserve missions and commitments are not jeopardized.
- Metropolitan will involve local businesses, special interest groups, and minorities.
- Development and operations will be responsive to the needs of the community and will be consistent with applicable County and City plans to ensure overall compatible development.

- Private sector operation will be promoted, with the Recreation Master Plan defining the necessary private sector commitments for successful economic operation.
- Recreation development will progress in a manner to ensure that the recreation facilities, as they come on line, are part of a coherent total recreation complex.
- Decisions in allocating resources and opportunities will be market driven, requiring flexibility in the evaluation of private proposals and recreation development and operations.
- A Board committee will be identified for oversight and decision making of recreation planning, design, and operation.

Business Planning Implementation Process

Determining Financial Sources

There are three financial sources for implementing the recreation plan.

- Metropolitan financing.
- Public sector grants and loans.
- Private sector financing.

Since Metropolitan's resources are limited, they must be applied through a mixture of debt and equity to those facilities that provide the structure for successful private development. The private sector will only fund those facilities that promise profitability. The mix of resources to be applied in the implementation of the recreation master plan is a function of the market for recreation opportunities and the synergy that can be developed between various facilities. The Business Plan responds to the dynamics of the market by prioritizing Metropolitan's other sources, thereby maximizing the effectiveness of those funds. Public sector funding through grants and loans is limited to particular facilities that meet the requirements for such funding (for example, state grants and loans for marina development).

The table on page 4 identifies each facility in the recreation master plan, the three possible funding resources, and the projected method of financing for each facility. The strategies shown are only to illustrate the concept. The actual mix of strategies will be determined by the response of the business community to the opportunities presented.

Implementation Strategies for Recreation Developments

Developments	IMPLEMENTATION STRATEGIES			OPPORTUNITIES FOR BUNDLING DEVELOPMENTS
	1 Private Finance, Development, & Operations	2 MWD Finance, Development, & Operating Contracts*	3 Public Sector Grants, & Loans	
1. Water Park	✓			7, 22
2. Lodge	✓			3, 4, 5, 6
3. Conference Center	✓			2, 4, 5, 6
4. Golf Complex	✓			2, 3, 5, 6
5. Cabins	✓			2, 3, 4, 6
6. East Village	✓			2, 3, 4, 5, 18
7. West Village	✓			19,20
8. Interp/Education Ctr	✓	✓		11,12
9. East Marina	✓	✓	✓	2, 3, 4, 7, 24
10. West Marina	✓	✓	✓	1, 7
11. East Camp/RV Resort	✓	✓		8, 12
12. West Camping		✓		1, 11
13. Farming	✓			
14. Orchards		✓		
15. Sports Complex (fields)		✓		16
16. Sports Complex (swim)		✓		15
17. Equestrian Center		✓		
18. Special Events (East)		✓		19, 21
19. Special Events (West)		✓		18, 20
20. Day Use West Area		✓		19, 21, 22
21. Day Use East Area		✓		18, 20, 22
22. Swim Lagoon		✓		1, 20, 21
23. West Lake		✓		7
24. East Lake		✓		6
25. Trails		✓		
26. Shoreline Improvements		✓		
27. Access & Utilities		✓		
28. Area Landscaping		✓		

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* Some costs recouped from or shifted to private developers.

Maintaining Flexibility

The range of facilities to be developed in the implementation of the draft recreation plan provide numerous possibilities for packaging facility development and operation to increase visitation and revenues. For example, the golf course, conference center, and rental cabins in the East Recreation Area might be developed and operated as one facility, producing greater

profitability than could be achieved from developing and operating each facility independently. The *Business Plan* allows for such possibilities. The right-hand column of the “Implementation Strategy” table on page 4 illustrates possible combinations of different facilities. The actual combinations will be determined by the response of the business community.

In addition, this *Business Planning Framework* is flexible enough to allow for opportunities that cannot be immediately quantified, but may offer significant long term benefits. Two specific examples are:

- Corporate sponsorships
- Synergy in use of other Metropolitan land resources.

Corporate sponsorships afford the opportunity to receive capital infusions from the private sector in exchange for the right to name and sponsor a specific event at the recreation destination or the right to name a specific facility and use that name in advertising the sponsorship. In each case, the benefit exceeds the value of the cash contribution because of the exposure that the sponsorship brings to Metropolitan and the recreation destination.

While the land immediately adjacent to the reservoir is reserved for recreation uses, land that Metropolitan owns in the vicinity of the facilities, particularly north of Domenigoni Parkway, is not now reserved for recreation. This land might be developed to enhance the revenues and uses of the recreation complex and create additional value of its own.

Since these opportunities are not concrete at this time, they have not been included in the current economic analysis.

Seeking Private Sector Interest and Involvement

The process for seeking private developer interest in, qualifications for, and involvement in designing, constructing and operating each facility (individually or in combinations) comprises:

- A letter-of-interest and request-for-qualifications (RFQ) procedure to obtain private sector ideas on facility packaging and financing, followed by
- A competitive request-for-proposals (RFP) procedure.

Responses to the letter-of-interest/RFQ procedure will also allow Metropolitan to determine whether a portion or all of recreation complex management might be undertaken by a private entity.

Special efforts will be undertaken, through local organizations and other means, to ensure that local businesses and entrepreneurs have the opportunity to compete for recreation complex business.

There is a close relationship among design, construction, and operations in the development of the facilities. Therefore, requirements that enhance the operation of a facility will be incorporated in RFP, design, and construction documents. These documents will also include, where appropriate, requirements and standards to ensure full compatibility with the reservoir’s water supply and water quality purposes.

Evaluating Alternatives

Evaluation Criteria. Funding sources will be prioritized and facilities will be combined to optimize development economics. Alternative financing arrangements and combinations of funding sources for facility development will be thoroughly evaluated.

When a facility financing plan is proposed, it will be evaluated against alternatives in order to ensure that the selected plan best meets the requirements of Metropolitan as set forth in the *Guiding Principles*. Listed in the table below are the criteria and weighting proposed to be used in evaluating each alternative. The criteria are based on the *Guiding Principles*, and the weighting reflects the emphasis which the Board might place on each criteria. The weighting can be changed as Metropolitan gains experience in the development of the recreation complex or as the Board directs.

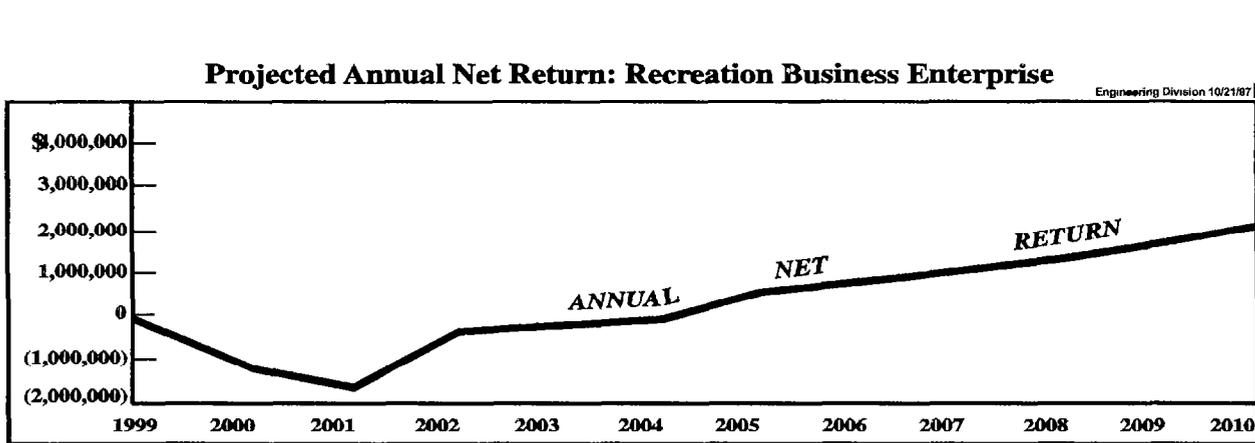
Evaluation Criteria <small>Engineering Division 10/21/97</small>	Suggested Weighting
Optimize MWD Management Capacity	
Optimize Level of MWD Management Flexibility	10
Control Facility Operations	10
Control Development	4
Make Public/Private Partnership Features Attractive	
Minimize Investment Required by MWD	10
Minimize Level of MWD Commitment Required	10
Minimize Cost of Financing	5
Maximize Private Financing	10
Minimize Level of Risk for MWD	
Maintain MWD Ownership Position	8
Ease of Development	6
Ease of Operation	4
Maximize Economic Return	
Amount of Nontax Revenue to MWD	10
Amount of Tax Revenue to Other Agencies	5
Minimize Time Required to Implement	8
TOTAL	100

Economic Analysis. An economic model has been developed for each of the facilities to be constructed. The model contains:

- Inputs of capital cost, operating costs and revenues, depreciation, and debt service.
- Variables for interest rates, debt/equity ratios, and other elements of financing that might affect the viability of an investment approach.

The model will produce net income, cash flow, and balance sheet figures; and it will calculate return on investment. By varying the inputs, the model can predict the attractiveness of alternative investment approaches to a particular facility or group of facilities. The model will be run interactively with the development process as it progresses.

The model was used to project the financial performance of the recreation operation most important to Metropolitan, the Recreation Business Enterprise (RBE). This financial analysis summarizes the results of the analysis of all facilities that produce revenue directly to Metropolitan and the revenues and costs that flow to Metropolitan from facilities that are developed by the private sector. The analysis illustrates the “bottom line” of the recreation complex from Metropolitan’s perspective. The chart below displays the results for the RBE, assuming a conservative approach in the projection of revenues and in Metropolitan participation in the development of other than core facilities.



Summary Data for Chart Above:

Cost of Borrowing	6.0%
Internal Rate of Return of Cash Flows	9.9%
Interest Rate of Cal-Boat Loans	4.5%
Cumulative Cash Flow 2016	\$16,442,000
Yearly Net Revenue 2016	\$ 2,782,000
Initial Operating Capital from Metropolitan	\$ 3,500,000

Data Notes for Chart Above:

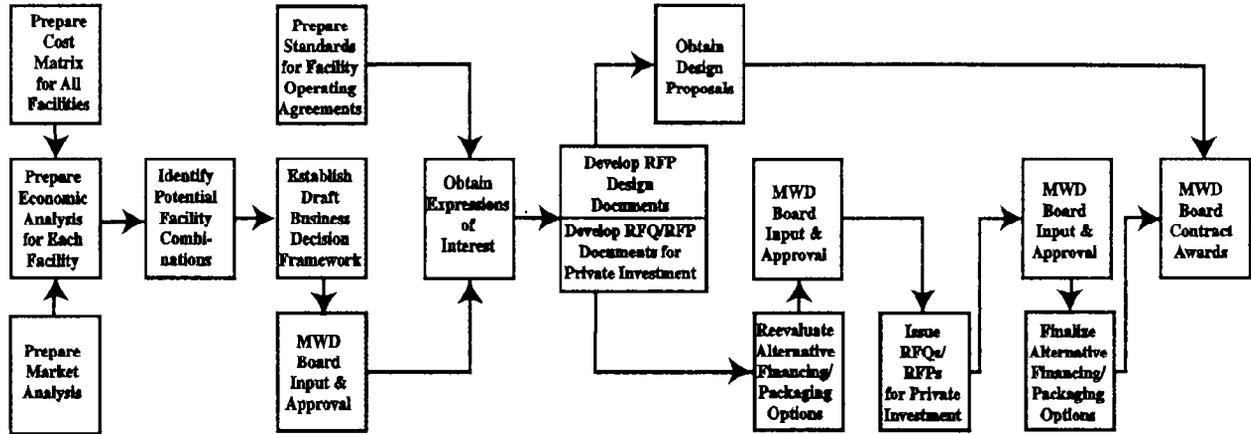
1. Expected visitation begins at 50% of capacity in first year and only rises to 100% after fifth year.
2. Revenue mix of diverse facilities minimizes risk.
3. Benefits of development of offsite land holdings have been excluded in revenue calculations.
4. Revenues are based on conservative estimates of core recreation facilities. More speculative commercial facilities have not been included.
5. Revenues include Metropolitan Water District recreation operations and concession fees.
6. Operation costs based on experience in operating similar facilities.
7. Revenues and costs assume no body contact boating on Reservoir.
8. Cost of borrowing represents a conservative estimate of Metropolitan’s average return on it’s investment alternatives.
9. Does not include financing from the private sector.

Facility Business Development Process

The chart below illustrates the process by which the elements described above and other inputs are used in developing the selected alternative for each facility or package of facilities.

Facility Financing Flow Chart

Engineering Division 10/21/97



Recreation Development Budget

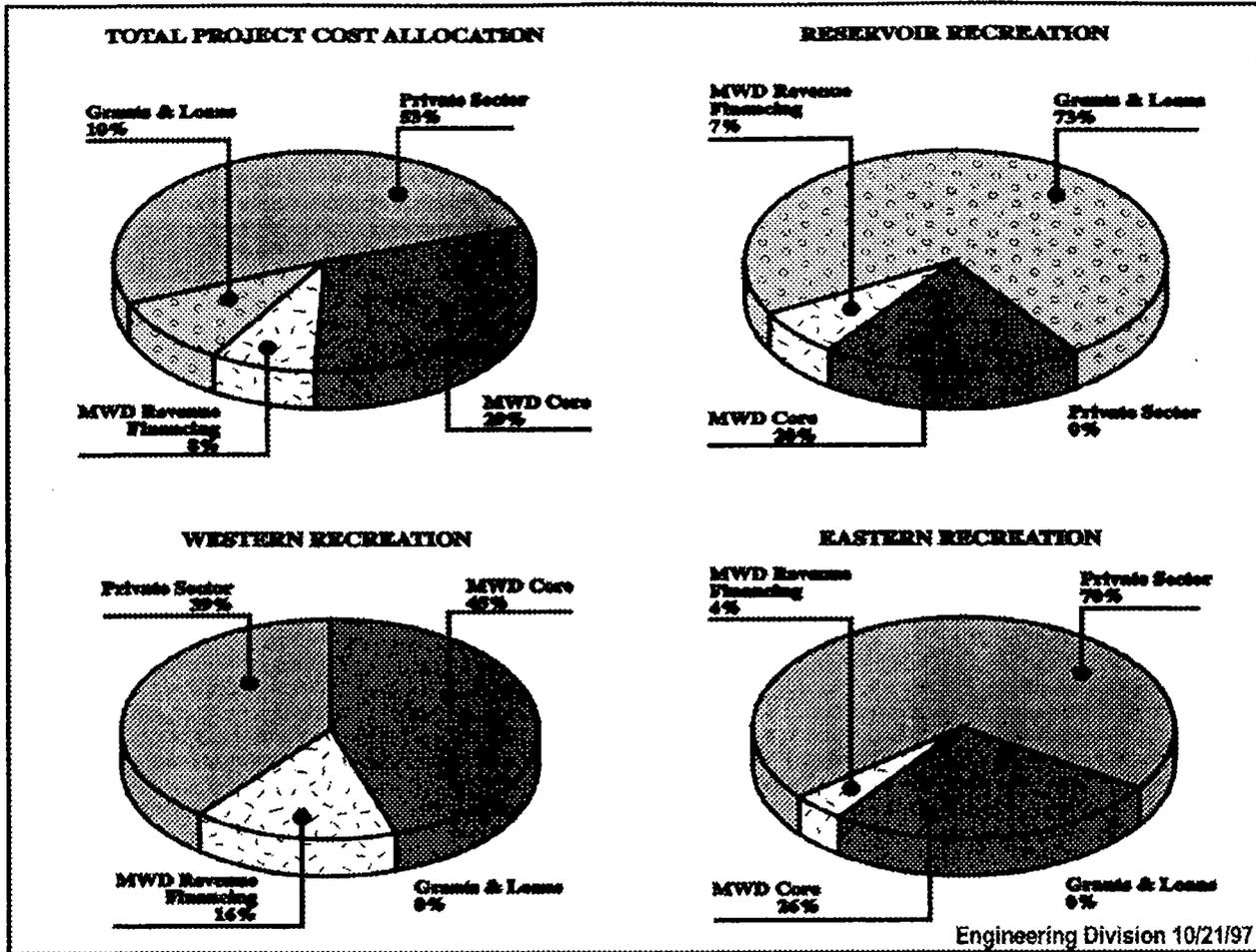
The budget summarized in the table below comes from preliminary estimates at the time the total project budget was established. Since that time, the recreation master plan was prepared, a detailed cost analysis was performed, and potential financing from private sector and other public sources was developed. The values for individual facilities are changeable in response to the opportunities presented and to the periodic refinement of cost estimates. However, the total of the commitment of Metropolitan funds from the capital budget will remain constant.

Budget Summary

Engineering Division 10/21/97

	EIR Budget	Cost Estimate Potential Build-Out
Core Facilities		
MWD Equity Financing (Capital Budget)	\$58,000,000	\$58,000,000
Public Sector Grants & Loans (Cal-Boat)	5,000,000	23,000,000
Concession Facilities		
MWD Financing		17,000,000
Private Sector Financing	47,000,000	30,000,000
SUBTOTAL—1st Phase	110,000,000	128,000,000
Potential Private Sector Financing—2nd Phase (Build-Out)		76,000,000
TOTAL (Potential Build-Out)		\$204,000,000

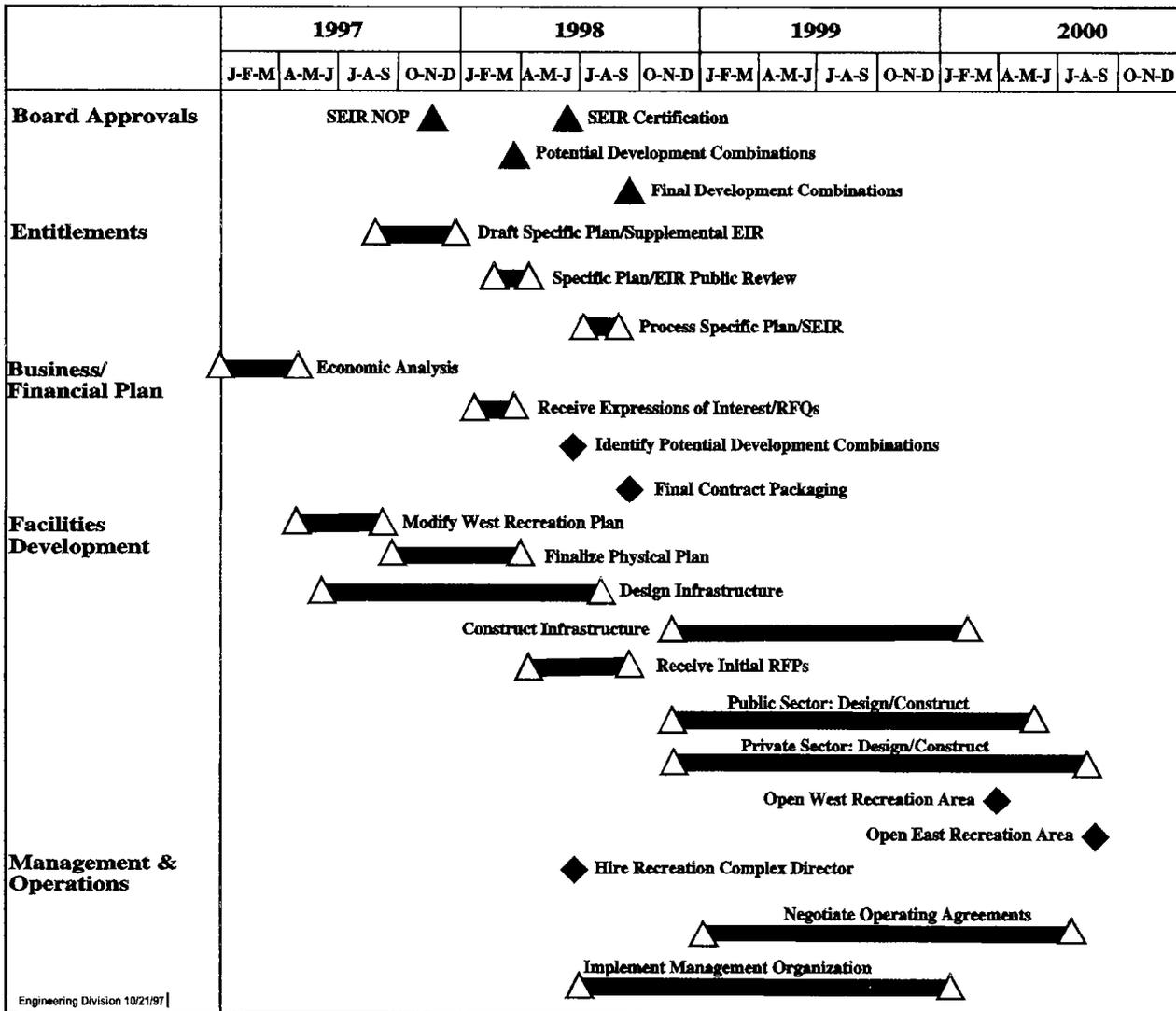
The charts below show the current estimated percentage by funding source : "Total Project Allocation," "Reservoir Recreation," "West Recreation Area" and "East Recreation Area".



Recreation Development Schedule

The chart below summarizes the recreation development schedule for Metropolitan Board approvals, entitlements, business and financial planning, facilities development, and management and operations.

Recreation Development Schedule



Marketing: Creating a Sense of Place

An essential component of business planning for the reservoir complex is development and implementation of a marketing plan comprising the activities and events that will draw

people time and time again to the recreation complex. This section of the *Business Plan* presents the framework for developing that detailed marketing plan.

Creating a “sense of place” is the single most important ingredient in generating a visitor experience that meets the goals for the recreation complex at the Eastside Reservoir Project. Sense of place generates:

- A strong identity and “storyline” that will lead to return visits and visitor loyalty.
- Word-of-mouth referrals based on positive visitor experiences.
- Visitor traffic levels that will sustain revenue-based operations and enhance private sector opportunities.

Visitor expectations must be met or exceeded in order to generate satisfaction rooted in a guest experiences that are welcoming, engaging and of consistently high quality.

The comprehensive marketing program will begin by establishing and testing an identity and positioning for the recreation complex. Having achieved successful results with the testing, the next step will be to generate detailed short, medium and long-range plans for achieving measurable levels of visitor traffic and satisfaction.

Identity and Positioning

Identity includes the overall project graphic symbol, the project graphic standards, a project-wide comprehensive sign package and the “look” or visual recognition cues for publications and advertising. Positioning begins with the generation of an overall market statement that defines the “position” of the project in relation to its competition and contains the inherent factor that motivates the visitor to choose to visit.

Identity and positioning will be based on initial market testing. They will not be based on internally driven factors such as organizational or community notions or preferences. In addition, the demands of creating an image recognized by the public will require that both identity and positioning be relatively timeless in order to maximize visitor recognition and generate loyalty based on visitor experience.

Advertising

The advertising program will accurately define the trade area for the overall project as well as for its primary individual components. The resulting profile will yield a specific list of target markets and their trade areas, as well as the demographic profiles and geographic location of facilities users who comprise the general population market.

Marketing and advertising will take place at two levels:

- Institutional advertising of the entire complex as a recreation destination will be financed by an advertising fund collected from each concessionaire or other operator.
- Advertising focused on each market segment will be financed by individual concessionaires and operators who draw business from the segment.

The Marketing and Community Relations unit, coordinating with Concessions and Contracts unit and the concessionaires and contractors, will ensure the coordination between

these two marketing resources and will determine the use of the former. As part of the comprehensive marketing plan, an annual action plan will be developed based on a critique by the parties of the effectiveness of the previous year's plan.

Target Markets. Because of the diversity of facilities offered, there are a number of targeted users, including boaters, anglers, nature enthusiasts, trail users, RV campers, and golfers. Each of these groups is accessible through targeted publications, newsletters, mailing lists, joint promotions and partnerships with businesses that sell equipment and supplies.

General Population Users. While targeted user groups are mainly defined as user groups who will have a specific focused interest in the project, general population users can be most easily defined by the type of activity that provides the initial impulse for a first visit. General population users include campers, day users, and special event spectators and participants.

Each of these general population visitors represents a special potential—a return visit. Leveraging each general population visit so that a visitor who comes to picnic stays to visit the waterpark and later returns to camp and mountain bike is the desired result.

Advertising Tools. Based on the user profiles for both target markets and general public users, the marketing program will generate a media plan to reach profiled visitors. That plan will include:

- Direct mail to target markets.
- Print and electronic media to general population users within the primary trade area.
- A cost-effective strategy to begin to reach general population users within the secondary trade area.

Marketing Strategies. Marketing strategies will change with the maturation of the project:

- Prior to completion of the facilities, the focus will be on building excitement and anticipation of the opportunities to come. Pre-opening strategies will include special events that promote tourism (e.g., sports and recreation expositions) and that combine tours of the reservoir and facilities under development with the special event.
- The *Dedication and the Grand Opening Ceremonies* will be major events featuring activities oriented toward each major target user group as well as the dedication ceremony itself.
- After the grand opening, a planned series of special events for targeted user groups—e.g., fishing derbies, a winter trout program and kids' fishing events for fishing enthusiasts—will be an integral part of the marketing program. This special event component will be generated for all targeted user groups.
- Public relations activities when groundbreaking occurs for the major recreation facilities (golf, waterpark community sports complex) will introduce those assets as a part of the overall recreation complex.
- Joint promotions with existing facilities at Lake Skinner will provide opportunities for marketing Lake Skinner and the Eastside Reservoir Project recreation complex as

- Joint promotions with existing facilities at Lake Skinner will provide opportunities for marketing Lake Skinner and the Eastside Reservoir Project recreation complex as components of a regional recreation destination. Special events at Lake Skinner will introduce the concept of joint lake uses and complementary programs.
- Sponsorships provide marketing opportunities—through the sponsor—to effectively target specialized groups of users, promote name recognition for the recreation complex as the venue of the sponsored event and provide services for events that contribute to the promotion of the complex.
- Consideration will be given to the sale of annual passes to stimulate frequent return visits.
- Activities to promote local business opportunities such as a Business Symposium planned early in the marketing of the recreation complex.

Throughout the development and implementation of the marketing program, use patterns will be tracked. Demographics and attendance records for each facility will be used to plan changes in targeted visitors and expansion or construction of new facilities and to attract sponsorships and new concessionaires.