

● **Board of Directors**
Subcommittee on Real Property and Asset Management

June 13, 2000 Board Meeting

9-4

Subject

Authorization to enter into Loan and Grant Agreements with the California Department of Boating and Waterways for the design and construction of Phase 2 of the Recreational Boating Facilities at the Diamond Valley Lake

Description

Authorize the General Manager to enter into the Phase 2 Grant Agreement with the California Department of Boating and Waterways (DBAW) for a grant of \$4,000,000 and the Phase 2 Loan Agreement with DBAW for a loan of \$6,250,000.

Policy

DBAW requires Board approval of loan and grant agreements

Board Options/Fiscal Impacts

Option #1

Authorize the General Manager to enter into the Phase 2 Grant Agreement with the California Department of Boating and Waterways (DBAW) for a grant of \$4,000,000 and the Phase 2 Loan Agreement with DBAW for a loan of \$6,250,000.

Fiscal Impact: Metropolitan will repay \$6,250,000 loan plus interest under terms and conditions described below.

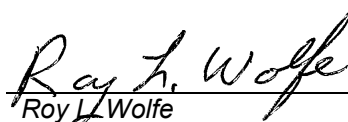
Option #2

No action

Fiscal Impact: None, but may result in expenditures of Metropolitan funds for boating projects that could have been funded through outside sources.

Staff Recommendation

Option #1.



Roy L. Wolfe
Acting Manager, Corporate Resources

5/25/2000
Date



Ronald R. Jester
General Manager

5/26/2000
Date

[Attachment 1 – Detailed Report](#)
[Attachment 2 – Financial Statement](#)

DETAILED REPORT

As a part of the development and operation of Metropolitan's Diamond Valley Lake (DVL), the Board has adopted a policy which authorizes certain recreational boating activities on the lake. Boating access is planned to be provided through two marinas. The California Department of Boating and Waterways (DBAW) provides grants and loans for the design and construction of capital facilities which increase recreational boating opportunities in California. In July 1997, the Board authorized the General Manager to submit a grant application in the amount of \$10,161,000 and a loan application in the amount of \$12,219,000 to DBAW for the design and construction of the facilities described above. In March 1999 the DBAW Commission approved the Phase 1 grant (\$3,700,000) and loan (\$1,499,000). In May 1999 the Board authorized the General Manager to enter into the Phase 1 Grant and Phase 1 Loan Agreements with DBAW. In February 2000 the DBAW Commission approved the Phase 2 grant (\$4,000,000) and loan (\$6,250,000).

The proposed agreements are subject to a number of conditions including, but not limited to the following:

1. Grant Agreement

- Completion of Phase 2 work and completion of all Project work and opening for public use by mutually agreed upon dates.
- Maximum launch and gate fees of \$12.00 total (may be adjusted with CPI).
- Metropolitan to retain ownership and operation of the facilities as a recreational boating facility for twenty (20) years.
- If in 2008 Metropolitan has in place restrictions on access to the Lake by boats with gasoline powered engines to regulate contaminants in the Lake and there are less than 80,000 boat launches annually, Metropolitan will be required to repay a pro-rata portion of the grant.
- Provision of permanent signage stating that the project was financed by DBAW.

2. Loan Agreement

- A 30 year loan at 4.5% interest.
- Completion of specified Phase 2 work and completion of all phases and opening for public use by mutually agreed upon dates.
- Pricing limitations for rental slips.
- If in 2008 Metropolitan has in place restrictions on access to the Lake by boats with gasoline powered engines to regulate contaminants in the Lake, and rental slips have less than 62% occupancy, Metropolitan to accelerate repayment of the loan.
- Provision of collateral, in the form of a letter of credit, to secure the repayment of the loan.

Although Metropolitan and DBAW must enter into the loan and grant agreements prior to June 30, 2000, to retain the funds in the DBAW budget, execution of the agreements does not obligate Metropolitan to draw down funds.

Metropolitan's Board of Directors certified the Final Environmental Impact Report (FEIR) for the DVL project (formerly the Eastside Reservoir Project) in October 1991 and, subsequently, the Supplemental Environmental Impact Report, and Addendum Nos. 1,2,3,4 and 5 to the FEIR. The Board found that there is no substantial evidence that the proposed minor modifications to the DVL project construction relating to the boat launch facilities, subsurface anchors, and revetment will have a significant effect on the environment.

FINANCIAL STATEMENT

Description	Phase 1 Estimate	Phase 2 Estimate	Phase 3 Estimate	Total Project Estimate
Launching Ramps	1,240,000	1,956,000	0	3,196,000
Docks	122,000	2,600,000	753,000	3,475,000
Floating Breakwaters	1,761,000	2,253,000	0	4,014,000
Slope Protection	1,250,000	0	0	1,250,000
Structures	0	600,000	1,057,000	1,657,000
Miscellaneous	0	2,000,000	2,142,000	4,142,000
Construction Contingency	441,000	1,025,000	782,000	2,248,000
Design & Engineering	385,000	1,000,000	214,000	1,599,000
Inspection/Fees	0	700,000	99,000	799,000
TOTAL	\$5,199,000	\$10,250,000	\$6,931,000	\$22,380,000