

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

December 12, 2000 Board Meeting

9-2(a)

Subject

Delegation of authority to plan, entitle and implement the Diamond Valley Lake Master Plan

Description

In January 2000, the Board authorized the General Manager to secure a master developer for the Diamond Valley Lake Recreation Project area and appropriated \$12.9 million for the request for proposals (RFP), planning and entitlement processes. In August 2000, the Board authorized the General Manager to commence negotiations on essential terms and conditions for a master lease agreement and related documents. The negotiations were based on the financial terms and preliminary project description offered by the Diamond Valley Recreation Group (DVRG) in response to RFP 443. Status of the negotiations is the subject of Board Letter 9-2(b).

Discussions with Metropolitan's consultants confirmed that the project is a complex one requiring a coordinated approach to integrate the various components into a comprehensive master plan. Given the complexity and timing issues, particularly those associated with the marinas and use of the California Department of Boating and Waterways (DBAW) grant and loan funds, the Metropolitan components (Metropolitan museum, guest facility and youth camp) and plans with the Western Center Community Foundation and the Valley-Wide Recreation and Park District, it is appropriate that the General Manager be delegated authority under the Metropolitan Administrative Code Sections 8113, 8115 and 8117 to take the following actions:

- a) Secure professional services, including a contract over \$250,000 with DVRG, to plan and entitle the Diamond Valley Lake Master Plan based on the conceptual land use plan proposed by DVRG; and
- b) Secure professional services and construction services, including a contract with DVRG over \$250,000, to implement DBAW Phase I grant and loan projects at the east and west marinas based on the conceptual marina plan proposed by DVRG.

This approach contemplates that the General Manager will contract with DVRG, utilizing previously appropriated funds, for professional services related to land use planning, infrastructure planning, environmental documentation, and entitlement processing in an amount not to exceed \$600,000. Additionally, Metropolitan would contract with DVRG, utilizing previously accepted DBAW funds, for professional, technical and construction services to design and construct the boat launch ramps, anchors and slope protection of the marinas in an amount not to exceed \$5 million.

It is recommended that the Board delegate to the General Manager authority allowed under Metropolitan's Administrative Code Sections 8113, 8115 and 8117 to take necessary and appropriate actions, including but not limited to expending funds within the existing appropriation (#15334) and Phase I DBAW funds, to plan, entitle and implement the Diamond Valley Lake Master Plan.

In October 1991, the Board certified the Final Environmental Impact Report for the reservoir project. This action, and subsequent addenda, satisfies the provisions of the California Environmental Quality Act (CEQA), and no additional CEQA documentation is required for the Board to approve the recommended actions.

Policy

Prior Board Action (Board Letters 9-7, 1/11/00 and 9-4, 6/13/00) and Metropolitan Administrative Code Sections 8113, 8115 and 8117.

Board Options/Fiscal Impacts

Option #1

Delegate to the General Manager authority allowed under Metropolitan’s Administrative Code Sections 8113, 8115 and 8117 to take necessary and appropriate actions, including but not limited to expending funds within the existing appropriation (#15334) and DBAW Phase I funds, to plan, entitle and implement the Diamond Valley Lake Master Plan.

Fiscal Impact: Funds have been appropriated (Appropriation #15334) for the planning and entitlement processes and no additional funds are necessary to complete the planning and entitlement phase of the project. Funds to implement the Phase I DBAW projects at the east and west marinas are available from previously accepted Phase I DBAW grant and loan.

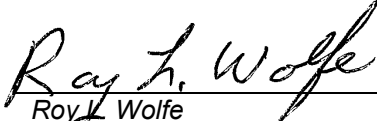
Option #2

Direct the General Manager to proceed within his existing authority to plan, entitle and implement the Diamond Valley Lake Master Plan. This approach will require additional Board actions on specific contract awards related to project implementation and delay project entitlement.

Fiscal Impact: Funds have been appropriated (Appropriation #15334) for the planning and entitlement processes and no additional funds are necessary to complete this phase of the project. Funding for the Phase I DBAW grant and loan projects is available from previously accepted Phase I DBAW grant and loan.

Staff Recommendation

Option #1.



Roy L. Wolfe
Manager, Corporate Resources

11/30/2000
Date


for _____
General Manager

12/1/2000
Date

Attachment 1—Detailed Report

BLA #483

DETAILED REPORT

In January 2000, the Board authorized the General Manager to secure a master developer for the Diamond Valley Lake Recreation Project (Recreation Project) area and appropriated \$12.9 million (#15334) for the Request for Proposals (RFP), planning and entitlement processes. The planning process will result in a master plan that reconciles regional water quality needs and reasonable community expectations, while encouraging public and private investment in an expeditious, cost-effective manner. The Board confirmed that Metropolitan's maximum investment would be \$58 million. The \$12.9 million appropriation, of which \$5.6 million was previously spent, was considered the first installment.

Following the completion of a standard Metropolitan RFP #443, in August 2000, the Board authorized the General Manager to commence a 90-day negotiation period with the selected respondent, the Diamond Valley Recreation Group (DVRG), to establish essential terms and conditions for a master lease agreement and related documents. The negotiations were based on the financial terms and preliminary project description offered by DVRG in response to the RFP. Status of the negotiations is the subject of Board Letter 9-2 (b).

In order to proceed on the project, it will be necessary for Metropolitan to take the following actions:

a) Secure professional services as needed to plan and entitle the Diamond Valley Lake Recreation Project

In November 1997, the Board approved a Draft Eastside Reservoir Recreation Plan (Draft Plan) describing the Eastside Reservoir Recreation Project. The scope of the draft plan evolved from the conceptual plan described in the Eastside Reservoir Project Final Environmental Impact Report (FEIR) certified by the Board in October 1991. Neither action created a legal obligation to provide any recreation facilities at the Eastside Reservoir, now Diamond Valley Lake. The creation of the draft plan and subsequent planning efforts cost \$5,606,000. Those costs were transferred to the DVL Recreation Budget as part of the January 2000 Board appropriation of \$12.9 million.

DVRG has used portions of the previous planning efforts in creating its conceptual land use plan. Like the earlier draft plan, the new plan would include such features as marinas, recreation lakes, camping, RV sites and golf. Planned land uses, by planning area, are as follows:

East Recreation Area (1046 acres)

- Multi-purpose Recreation (102 acres) - Metropolitan Museum, Train, Western Center and Community Park
- RV Village-Phase 1 (108 acres)
- RV Village-Phase 2 (78 acres)
- Two 9-Hole Golf (87 acres)
- Water Park (35 acres)
- Youth Camp (20 acres)
- Camp Ground (50 acres)
- Conference Center (7 acres)
- Entertainment (6 acres)
- Retail - general (5 acres), Entertainment-oriented Retail (8 acres), Restaurants/Retail (5 acres)
- Overflow parking (14 acres)
- Flex Recreation (151 acres) - Site for exhibitions and shows, golf driving range, overflow parking
- Day Use Park (18 acres)
- Recreation Lake (53 acres)
- Roads/Trails/Buffer/Open Space (88 acres)
- Drainage (211 acres)

West Recreation Sub-area (687 acres)

- RV Village (289 acres)
- Hotel and Clubhouse (9 acres)
- Golf (106 acres)
- Practice Center (22 acres)
- Flex Recreation (77 acres)
- Retail (9 acres)
- Restaurant/Entertainment (3 acres)
- Farmers Market (10 acres)
- Historic Post Office (1 acre)
- Recreation Lake (84 acres) lake park, beach, fishing, boating
- Open Space (24 acres)
- Roads (32 acres)
- Buffers (17 acres)
- Drainage (4 acres)

South Sub-area (360 acres)

- Residential (221 acres) – 376 dwelling units
- Golf (128 acres)
- Roads (11 acres)

North Sub-area (633 acres)

- SFD Lots (182 acres) - 6,000 square foot lots: 694 dwelling units
- SFD Lots (105 acres) - 7,200 square foot lots: 281 dwelling units
- SFD Lots (110 acres) - 8,000 square foot lots: 318 dwelling units
- Seniors (99 acres) - 455 dwelling units
- School/Park (12 acres)
- Retail (15 acres)
- Neighborhood Parks (7 acres)
- Roads/Trails/Misc. (79 acres)
- Drainage (24 acres)

Marinas

- East – Boat launch ramps, dock, on-water storage, dry storage, boating-related retail, hotel and restaurant
- West – Boat launch ramps, dock, dry storage, limited boating-related retail and day-use area.

To the greatest extent feasible, the entitlement process will proceed in accordance with the agreement among the Metropolitan Water District of Southern California, County of Riverside and City of Hemet regarding processing of Subsequent Environmental Impact Report for modifications to the recreation plan of the Eastside Reservoir Project (Board Letter 7 – 5, February 23, 1998). The agreement enables “fast-tracking” of the entitlement process in a cooperative manner. Metropolitan’s input will ensure the permitted land uses will be compatible with reservoir operations, the Dr. Roy F. Shipley Reserve and the Multi-Species Reserve.

The timing of the entitlement process is critical to the project in general and the Metropolitan components (Metropolitan museum, guest facility and youth camp) in particular. Although fast-tracking will expedite the process, there are statutory time requirements for notices, comment periods and the like that will necessitate a minimum of approximately 15 months to complete. To expedite the process, it is recommended that the General Manager contract with DVRG, utilizing funds identified for this purpose in the \$12.9 million appropriation, for professional services related to land use planning, infrastructure planning, environmental documentation, and entitlement processing in an amount not to exceed \$600,000.

b) Secure professional services and construction services to implement the Phase I grant and loan projects

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 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 I grant (\$3,700,000) and loan (\$1,499,000). In May 1999 the Board authorized the General Manager to enter into the Phase I Grant and Phase I Loan Agreements with DBAW. In February 2000 the DBAW Commission approved the Phase II grant (\$4,000,000) and loan (\$6,250,000). In June 2000 the Board authorized the General Manager to enter into the Phase II Grant and Phase II Loan Agreements with DBAW and consistent with the DVL master development RFP process, prepare a revised marina project, report back to the Board on that revised marina project and direct staff to seek a restructuring of existing DBAW loans and grants in order to accommodate engineering reassessments of the proposed launch sites, and any consequent changes to the feasible ramp and marina use projections.

Staff and DVRG have met with DBAW to discuss marina planning and feasibility issues. Actual negotiations on loan and grant conditions are in abeyance until a revised marina project is prepared during the course of the master planning effort. DVRG and its marina consultants have reviewed the existing site conditions and continue to explore alternatives. As proposed, both marinas would have boat launch ramps, dry storage, boating/fishing related retail and day use areas. The west marina will have no on-water storage, only a transit dock. The east marina will have rental slips, marina supplies and boat rentals as well as additional commercial development including a hotel and restaurant.

The preliminary assessment by DVRG's marina consultants indicates the feasibility of two marinas. Accordingly, the General Manager will execute the Phase II Grant and Phase II Loan Agreements with DBAW before the end of the calendar year and inform DBAW staff of Metropolitan's desire to be considered for Phase III funding in 2001. The combined \$22.4 million DBAW funding is not included in Metropolitan's potential \$58 million investment, although a portion of the funding is a loan. The revenue generated by the marinas will repay the loan and the grant need not be repaid if Metropolitan complies with the restructured conditions. It is anticipated that DVRG will be liable for loan repayment and complying with the grant conditions.

Funding for the boat launch ramps, anchors and slope protection, is included in the Phase I Grant and Loan Agreements with DBAW. It is recommended that the General Manager be authorized to complete all work required to design, engineer and construct the Phase I grant and loan projects at the DVL marinas through a contract with DVRG in an amount not to exceed \$5 million. Preliminary estimates for use of the funds are as follows: Design/engineering - \$500,000; anchors - \$500,000; boat launch ramps - \$3 million; and slope protection - \$1 million.

Metropolitan's Board of Directors certified the 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 slope protection will have a significant effect on the environment. As part of the original project, the construction of the Phase I grant and loan projects requires no separate entitlement or permitting.

The discussions with Metropolitan's negotiating team confirmed that the project is a complex one requiring a coordinated approach to integrate the various components into a comprehensive master plan. A development project of this nature requires many months to plan and entitle. In addition to reaching agreement with DVRG, Metropolitan and/or DVRG must interact, at a minimum, with the Western Center Community Foundation, the Valley-Wide Recreation and Park District, the City of Hemet, the County of Riverside and the California Department of Boating and Waterways as well as a variety of other regulatory agencies.

Given the complexity and timing issues, particularly those associated with the marinas, the Metropolitan components (Metropolitan museum, guest facility and youth camp) and plans with the Western Center Community Foundation and the Valley-Wide Recreation and Park District, it is appropriate that the General Manager be delegated authority allowed under Metropolitan's Administrative Code Sections 8113, 8115 and 8117 to take necessary and appropriate actions, including but not limited to expending funds within the existing appropriation (#15334) and Phase I DBAW funds, to plan, entitle and implement the Diamond Valley Lake Master Plan.