

- **Board of Directors**
Asset, Real Estate and Infrastructure Policy Committee

May 13, 2003 Board Meeting

8-4

Subject

Appropriate \$335,000 for financial analysis consulting services with Alfred Gobar Associates and Starpointe Ventures in conjunction with the preparation of the master plan for the Diamond Valley East Recreation Area and Lake Skinner (Approp. 15334)

Description

In March 2002, the Metropolitan's Board directed staff to proceed with the development of the public-use portions of the recreational amenities at the Diamond Valley East Recreation Area using land-use planning consultants rather than a private master developer. Consequently, Metropolitan issued RFQ No. 552 to solicit qualifications from interested land-use planning consultants to assist in local planning and entitlement processes. T&B Planning was retained to provide these services.

In January 2003, the consulting agreement with T&B Planning was amended to include consulting services for the preparation of a master plan at Diamond Valley Lake (DVL) and Lake Skinner. Finalizing a comprehensive master-planning document will require a financial and market feasibility analysis. Upon the advice of seasoned land use planners and development specialists, the firm of Alfred Gobar Associates has been recommended to fulfill this supplementary role. Alfred Gobar Associates has extensive experience evaluating development potential for retail, office, industrial, hotel, residential, and recreational projects. They have provided consulting services to most of the major residential and commercial development companies in Southern California. Additionally, the necessity to provide direction and coordination to a number of select consultants focusing on developing the master plan can be facilitated by an experienced real estate development team. The firm of Starpointe Ventures, formerly known as the Legacy Companies, has developed almost 2 million square feet of residential, commercial and industrial properties in Southern California. Led by Mr. Timothy Strader, a former partner of the Koll Company, Starpointe Ventures has managed the development of numerous mixed-use projects in Southern California.

It is proposed that Alfred Gobar Associates and Starpointe Ventures be retained for these limited services. Their participation will provide direction and analysis in market feasibility, risk assessment, financing options and return-on-investment strategies sufficient to offer Metropolitan a comprehensive range of development options for the various planning areas in the vicinity of DVL and Lake Skinner. T&B Planning, Alfred Gobar Associates and Starpointe Ventures have participated on previous master plan developments and each has specific knowledge of Metropolitan's Diamond Valley Recreation Program. Alfred Gobar Associates and Starpointe Ventures have each had more than 30 years of experience in providing development expertise to both large and small firms in private and public organizations.

Previously in response to RFQ No. 552, Metropolitan had retained the services of a consultant experienced in financial and market feasibility analysis. The agreement with this consultant was recently terminated causing staff to carefully consider the merits of a sole source agreement for these specific services. The issuance of a new RFQ/RFP would likely add three to four months to the master plan schedule, and would be inconsistent with the Metropolitan Board's desire to expedite completion of a master plan.

Approval of the recommended action would appropriate funds for Alfred Gobar Associates and Starpointe Ventures to assist in the preparation of a master plan at DVL and Lake Skinner. Agreements with the firms will be in amounts not to exceed \$125,000 and \$180,000, respectively. A detailed financial statement appears in [Attachment 1](#).

Policy

Metropolitan Water District Administrative Code § 5108: Capital Project Appropriation

Metropolitan Water District Administrative Code § 8117: Professional and Technical Consultants

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is exempt under the provisions of CEQA and the State CEQA Guidelines, since an agreement would be executed for financial and market feasibility analysis consulting services only. That is, the proposed action would involve only the development of a conceptual plan, from a financial and market feasibility perspective, associated with feasibility and planning studies for possible future actions, as well as basic data collection and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These activities may be strictly for information gathering purposes, or as part of a study leading to actions, which a public agency has not yet approved, adopted, or funded. As such, this proposed action qualifies under a feasibility and planning studies exemption (Section 15262 of the State CEQA Guidelines) and a categorical exemption (Class 6, Section 15306 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under both feasibility and planning studies exemption and a categorical exemption (Class 15262 and Class 6, Section 15306 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and increase Appropriation 15334 by \$335,000 to a total of \$18.847 million.

Fiscal Impact: \$335,000 in unbudgeted CIP funds. This is an unbudgeted item and should increase the total program estimate. However, the total program estimate has not been increased at the request of the Board Committee's direction in March 2003.

Option #2

Do not fund this agreement and instead undertake an RFQ/RFP process to find other suitable development consulting firms. This process could potentially delay completion of the master plan.

Fiscal Impact: Unknown

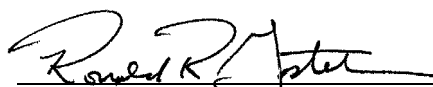
Staff Recommendation

Option #1



Roy L. Wolfe
Manager, Corporate Resources

4/30/2003
Date



Ronald R. Gastelum
Chief Executive Officer

4/30/2003
Date

Attachment 1 – Financial Statement for Diamond Valley East Recreation Program

Financial Statement for Diamond Valley East Recreation Program

A breakdown of Board Action No. 11 for Approp. 15334 for financial analysis consulting services for the Diamond Valley East Recreation Program is as follows:

| | Previous Board Action No. 10 (April 2003) | Current Board Action No. 11 (May 2003) | New Total Appropriated Amount |
|-------------------------------------|--|---|--|
| Labor | | | |
| Design and Specifications | \$ 164,000 | \$ 0 | \$ 164,000 |
| Owner Costs (Project Management) | 4,118,000 | 30,000 | 4,148,000 |
| Construction Inspection and Support | 53,000 | 0 | 53,000 |
| Materials and Supplies | 15,000 | 0 | 15,000 |
| Incidental Expenses | 127,000 | 0 | 127,000 |
| Professional/Technical Services | 10,736,000 | 305,000 | 11,041,000 |
| Equipment Use | 20,000 | 0 | 20,000 |
| Contracts | 2,794,000 | 0 | 2,794,000 |
| Remaining Budget | 485,000 | 0 | 485,000 |
| Total | \$ 18,512,000 | \$ 335,000 | \$ 18,847,000 |

Funding Request

| | | | |
|-----------------------------------|---|----------------------------------|---------|
| Program Name: | Diamond Valley East Recreation | | |
| Source of Funds: | Construction Funds (General Obligation, Revenue Bonds, Pay-as-You-Go) | | |
| Appropriation No.: | 15334 | Board Action No.: | 11 |
| Requested Amount: | \$ 335,000 | Capital Program No.: | 15334-R |
| Total Appropriated Amount: | \$ 18,847,000 | Capital Program Page No.: | E-25 |
| Total Program Estimate: | \$ 58,000,000 * | Program Goal: | Other |

* This is an unbudgeted item and should increase the total program estimate. However, the total program estimate has not been increased at the request of the Board Committee's direction in March 2003.