

- **Board of Directors**  
**Asset, Real Estate and Infrastructure Committee**  
**Budget, Finance and Investment Committee**

May 13, 2003 Board Meeting

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**9-10**

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## **Subject**

Authorize \$14 million loan agreement with The Center for Water Education for final design and construction of its facility

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## **Description**

In April 2000, the Special Committee on Museum Feasibility and Development was formed to explore the feasibility and support among Metropolitan constituencies for a museum-type center focusing on providing public education about the development of Southern California's water resources. See [Attachment 1](#) for a detailed report. Information on The Center for Water Education (The Center), a foundation dedicated to education for water supply, reliability and sustainability, is being sent under separate cover. Biographies of The Center's board members are included in [Attachment 2](#).

This letter seeks approval for a \$14 million loan for the total costs associated with the design, construction and opening of The Center for Water Education's facility, an educational museum facility to be located near Diamond Valley Lake. This loan supplements the \$2 million Metropolitan granted to The Center in February 2002 ([Attachment 3](#)). Upon approval of this board letter, the terms and conditions of the loan will be negotiated. The Center would repay Metropolitan by establishing sponsorships with a number of sources including: Metropolitan's member agencies, federal government monies through the annual appropriations process, water industry firms/associations, the entertainment industry and corporate/individual sponsors.

The Center has worked extensively with Metropolitan's Special Committee on Water Education at the direction of Committee Chair Bonny L. Herman to coordinate curriculum and exhibit design development. This coordination is critical because Metropolitan plans to enter into an agreement to use the Center's facility to promote Metropolitan's highly acclaimed education programs. The Center presented a project update at the Special Committee on Water Education's April meeting. The Treasurer of The Center presented information regarding fundraising efforts, exhibit development and previewed the architectural plans for the facility. The architects were on hand to highlight the key architectural components and answer questions.

The project is currently on schedule, anticipating the groundbreaking in June 2003 and final construction to be completed by December 2004. The Center requested this loan in order to ensure meeting its targeted opening date.

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## **Policy**

Section 126 of the Metropolitan Water District Act allows Metropolitan to expend funds to disseminate information concerning water and its use and distribution.

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## **California Environmental Quality Act (CEQA)**

CEQA determination for Option #1:

To comply with CEQA and the State CEQA Guidelines, Metropolitan as the Lead Agency prepared a Mitigated Negative Declaration (MND) for the Diamond Valley Lake Park Specific Plan. The MND was distributed for a 30-day public review period that began on August 13, 2002. The Board later adopted the MND and the Mitigated Monitoring and Reporting Program (MMRP) on October 8, 2002. Hence, the previously adopted environmental

documentation in conjunction with the current proposed action fully complies with CEQA and the State CEQA Guidelines. As such, no further environmental documentation is necessary for the Board to act on with respect to the proposed action.

The CEQA determination is: Determine that the proposed action has been previously addressed in the 2002 adopted MND and its MMRP and that no further environmental analysis or documentation is required.

CEQA determination for Option #2:

None required

**Board Options/Fiscal Impacts**

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**Option #1**

Adopt the CEQA determination and

- a. Find that the design and construction of The Center will benefit Metropolitan by providing a forum for Metropolitan’s education programs and community outreach;
- b. Authorize the Chief Executive Officer to enter into a loan agreement for \$14 million with The Center for Water Education and disburse the funds according to the loan agreement terms; and
- c. Increase funding for The Center for Water Education Program by \$14 million from \$2 million to \$16 million.

**Fiscal Impact:** The funding for The Center for Water Education Program would be increased by \$14 million through an unbudgeted General Fund appropriation with funds provided by the Revenue Remainder Fund. Upon approval of this board letter, the terms and conditions of the loan will be negotiated.

**Option #2**

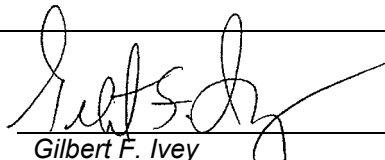
Do not approve the loan.

**Fiscal Impact:** None


**Staff Recommendation**

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Option #1

  
 \_\_\_\_\_  
 Gilbert F. Ivey  
 Executive Vice President

5/1/2003  
Date

  
 \_\_\_\_\_  
 Ronald R. Gastelum  
 Chief Executive Officer

5/1/2003  
Date

**Attachment 1 – Detailed Report**

**Attachment 2 – The Center for Water Education’s board of directors**

**Attachment 3 – Financial Statement for The Center for Water Education Program**

**Detailed Report**

In April 2000, the Special Committee on Museum Feasibility and Development was formed to explore the feasibility and support among Metropolitan constituencies for a museum-type center focusing on providing public education about the development of Southern California's water resources.

In June 2001, Metropolitan's Board of Directors approved the Museum Committee's recommendation that the center's total cost not exceed \$16 million, and appropriated the initial \$2 million required for pre-development activities related to the center. Further, the Board approved the scope and guidelines for development of the center. Under these guidelines, funding for the center was identified to be future revenues generated from the Diamond Valley Lake recreation components and matching grants.

In October 2001, Metropolitan's Board created a foundation called The Center for Water Education (The Center), an independent non-profit entity, to support and facilitate fund-raising and other functions for The Center. The Center's board of directors currently includes ten leaders with diverse experience including civic leadership, development, education, industry, commercial development, and real estate management. See Attachment 2 for biographies of the directors. With the creation of The Center, Metropolitan's Board also approved the execution of a grant agreement, which allowed for the transfer of funds from Metropolitan as an initial appropriation in an amount not to exceed \$2 million.

Since that time, predevelopment activities including programming design, project planning, preparation of environmental documentation, entitlements, applications, infrastructure and facility design have progressed. A construction contract was awarded in March 2003 to perform the rough grading of the museum site and to remove and compact unsuitable materials. See Attachment 3 for the financial statement for The Center for Water Education Program.



## **Board of Directors**

The board members comprise a wide range of personal and professional interests, but they share an unsurpassed passion for water and its history. The board is deeply committed to implementing The Center for Water Education's vision and goals and to offering people of all ages and backgrounds the discovery of their water heritage as well as enriching lives by sharing innovative science and research.

### **Phillip J. Pace, Chairman**

Pace is president of Pace Land & Development and currently Chairman of the Board of the Metropolitan Water District and director representing Central Basin Municipal Water District. Previously, he served three terms as Montebello city treasurer and was the city's civil service commissioner from 1966 to 1970. He was a board member of Merci, a local program for mentally disadvantaged adults and children. Additionally, Pace is a member of the board of directors of Golden Security Bank, served as a member of the board for Commerce National Bank, the Montebello Chamber of Commerce and the Montebello Family YMCA's board of trustees.

### **E. Thornton Ibbetson, Vice Chairman**

Ibbetson is president and director of the Union Development Company, Inc., Union Development Financial, Inc., and Union Development Company of Hawaii, Inc. He is also partner in Ibbetson-Marsh Realtors. Ibbetson was formerly chairman of the Metropolitan Water District's board and director representing the Central Basin Municipal Water District. He is a member of the advisory board of the California Water Resources Association and chairman of the Bellflower water development committee.

**George Wein, Secretary of the Board and Chair, Architectural Committee**

Wein is a retired partner of the Santa Monica architectural and planning firm of Widom Wein Cohen and served on the board of the Metropolitan Water District representing Los Angeles. He is a member of the board of the Valley Industry Association (VICA) and is the past chair of its water committee. He served on former Mayor Richard Riordan's Blue Ribbon Committee on Water Rate Restructuring for the Los Angeles Department of Water and Power and Metropolitan's Blue Ribbon Task Force.

**Jerry King, Treasurer of the Board and Chair, Youth Camp Committee**

King is Vice President of Planning and Development for Psomas and Associates, a consulting engineering firm specializing in land development, water, transportation, and information technology. King is a member and past chairman of the Citizen's Advisory Committee for the Orange County Transportation Authority, the Economic Development Committee for the city of Newport Beach, and the Commercial Development Association. Additionally, King is chairman of the Orange County Water District, the Santa Ana Watershed Project Authority, Orange County Natural History Museum, and Orange County Harbors, Beaches, and Parks Commission. He is a member on the board of directors for the Bowers Museum in Santa Ana, the Orange County Center for Contemporary Arts, and King is a past member of the board of the Metropolitan Water District representing the Municipal Water District of Orange County.

**Gisela Gosch, Board Member**

Gosch is the president of La Casa Interiors, a commercial interiors and design firm. Gosch has held a number of positions in public office including her current positions on the Hemet Unified School District Governing Board and Valley-Wide Recreation & Park District. She is very involved in her community, currently serves on the University of California Riverside Foundation, Hemet Education Foundation, Hemet-San Jacinto Action Group, Western Center Community Foundation, Valley-Wide Community Park & Regional Aquatic Center, Inland Empire Coalition, Hemet Education Foundation and the Friends of Valley-Wide Foundation. Gosch participated with the California Senate Committee on Local Government's Working Group on Revising the Recreation & Park District Law. She is currently Congresswoman Mary Bono's delegate to the California Republican Convention.

**Daniel S. Mitrovich, Chair, Fundraising/Grants Committee**

Mitrovich is founder and Co-Chief Executive Officer of Solutions Strategies, Inc., a political problem solving/conflict management agency. He is a Paul Harris fellow, former board member of the California Governor's Quality Awards, San Diego Crime Stoppers, and Cultural Arts Advisory Committee for the city of La Mesa, and the East County Performing Arts Center. Additionally, Mitrovich was former president and board member of the La Jolla Golden Triangle Rotary Club, the Grossmont Optimist Club, and executive member of the San Diego Arthritis Foundation.

**Howard B. Rosenthal, Board Member**

Rosenthal is founder of Rosenthal & Excell Commercial Real Estate Services, Inc. and CEO of Valley Health Service. He is also president of the Western Center for Archaeology and Paleontology and serves on the boards of the University of California/Riverside Foundation and Ramona VNA/Hospice. Rosenthal is past president of both the Hemet/San Jacinto Action Group and Noon Exchange Club.

**Randy A. Record, Board Member**

Randy is a fifth generation San Jacinto native. Active in the farming community for more than two decades, he is responsible for citrus, hay and vegetables enterprises in the Hemet and San Jacinto areas. He serves as a director for the Metropolitan Water District of Southern California, Eastern Municipal Water District, Riverside County Farm Bureau, a member of the Hemet/San Jacinto Groundwater Association, the Western Growers Association and the California Alfalfa and Forage Association. He also contributes his time to the San Jacinto High School Ag Advisory Committee. He has served on several Eastern Municipal Water District advisory committees

**Robert Simonds, Board Member**

Dubbed the "producer with the Midas touch" by the New York Times (July 23, 1998), Robert Simonds is Hollywood's most prolific producer of theatrical motion picture comedies. Widely respected as a creative producer, Simonds has a reputation for developing his comedy projects from page one with his writers and his films' stars.

Simonds developed and produced his first motion picture, "Problem Child," a hit for Universal Pictures in 1990. Since then, he has developed and produced more than twenty major motion picture comedies which have generated almost a billion dollars in box office revenue, including the hits "Corky Romano," "See Spot Run," "Happy Gilmore," "The Wedding Singer," "The Water Boy," and "Big Daddy" and most currently produced the comedy hit, "Just Married," starring Britney Murphy and Ashton Kutcher for 20<sup>th</sup> Century Fox.

Born and raised in Phoenix, Arizona, Simonds graduated summa cum laude from Yale University, where he majored in philosophy. In 1998, he was singled out by Premiere Magazine as one of the most successful filmmakers working today.

**Jacqueline Smith, Chair, Exhibit and Story Design Committee**

Jacqueline is a member of the board of directors of Kennedy Hills Mine, Riverside County, Golden Security Bank, as well as Spirit of Hope, a nonprofit corporation. Additionally, Jacqueline has chaired various fund raising projects for Monterey Park and Las Madrinas, Romana High, a charter school in East Los Angeles and the Sophisticates, Orange County.

**Financial Statement for the Center for Water Education Program**

A breakdown of Board Action No. 2 for The Center for Water Education is as follows:

	<b>Previous Board Action No. 1 (Jun. 2001)</b>	<b>Current Board Action No. 2 (May 2003)</b>	<b>New Total Appropriated Amount</b>
Grants	\$ 2,000,000	\$ 0	\$ 2,000,000
Loans	0	14,000,000	14,000,000
<b>Total</b>	<b>\$ 2,000,000</b>	<b>\$ 14,000,000</b>	<b>\$ 16,000,000</b>

**Funding Request**

<b>Program Name:</b>	Center for Water Education		
<b>Source of Funds:</b>	Revenue Remainder Fund		
<b>Appropriation No.:</b>	N/A	<b>Board Action No.:</b>	2
<b>Requested Amount:</b>	\$ 14,000,000	<b>Capital Program No.:</b>	N/A
<b>Total Appropriated Amount:</b>	\$ 16,000,000	<b>Capital Program Page No.:</b>	N/A
<b>Total Program Estimate:</b>	N/A	<b>Program Goal:</b>	N/A