

- **Board of Directors**  
**Recreation Committee**  
**Asset and Real Property Committee**

November 8, 2005 Board Meeting

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**8-2**

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## **Subject**

Authorize negotiations for Diamond Valley Recreation and Land Development

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## **Description**

### **Diamond Valley Recreation and Land Development**

#### **Request for Proposals**

Request for Proposals (RFP No. 760) for Diamond Valley Recreation and Land Development was issued in August 2005 to allow pre-qualified teams an opportunity to propose their vision and financial approach for operation and development of the East Recreation Area (ERA). In addition to the ERA, the scope of RFP No. 760 includes trails, possible development of the North Property, and optional development of the adjacent East Marina area. Metropolitan owns approximately 731 acres immediately north of the ERA, which is commonly referred to as the North Property. Most of the North Property is included within an existing approved specific plan and holds residential and commercial zoning. By a separate November action, the Board is being requested to affirm the Chief Executive Officer's determination that Metropolitan's North Property is surplus to Metropolitan's needs, and to initiate the process to consider offers from other public agencies for the property in compliance with the California Surplus Land Act (CA Gov't Code Sections 54220-54227).

The primary focus of RFP No. 760 is on the development of recreation facilities in the ERA in accordance with community expectations with the value of residential/commercial development on the North Property to provide funding for such development. These include a recreation lake, swim lagoon, day use picnic area, pedestrian and bicycle paths, parking areas, camping, and restrooms. RFP No. 760 allows respondents to offer an array of development options.

In response to RFP No. 760, six teams submitted proposals. The selection criteria included overall financial capacity, strength of financial resources, merits of development plans and concepts, quality of project management approach, an assessment of water conservation approach, and ability to finance, plan, design, construct, operate and maintain financially self-sustaining recreation development.

One of the purposes of RFP No. 760 was to investigate whether the private development community considered the unified development of the ERA and the North Property to be economically viable, including the long-term operation and maintenance of the recreational components. All the proposals included creative ideas for the joint development of both properties. All respondents recognized the value added to the residential development by proximity to the recreational amenities.

#### **Evaluation Process**

Evaluation of the proposals followed a competitive selection process that included a presentation to the evaluation team of staff and consultants. Additionally, four representatives of the Board attended the presentations as observers. These Board members asked clarification questions of the respondents but did not participate in the evaluation nor did they provide input to the evaluation team. In accordance with Metropolitan's Administrative Code provisions that preclude granting special treatment to any person in connection with transactions with Metropolitan, the respondents were advised not to contact any Board member regarding RFP No. 760.

The evaluation committee ranked three leading candidates, each with strengths in different areas of their proposals:

*The Shopoff Group & Centex Homes* were evaluated as the top candidate to undertake this project.

*Lewis•Shea•Parsons•Ledo International* and *Lennar-Rancon LLC* were each evaluated as qualified candidates should negotiations with the top candidate not be successful.

Based on the evaluation scores, presentations and interviews, these three proposals are considered most advantageous to Metropolitan.

### **Additional Information Requested**

To further explore each of the respondent's strengths and to maximize benefits to Metropolitan, additional information has been requested from the three leading candidates that will assist in establishing terms and conditions as the basis for negotiations. The requested information pertains to development assumptions for the ERA including the East Marina and the North Property.

For the ERA and marina area, the requested information will further define each proposed component of the recreation area including allocation of acreage; associated uses; hard and soft costs; operating assumptions and costs; and estimated annual capital reserve contributions. For the residential/commercial areas, the requested information includes housing density, with dedicated acreage; costs of development; average sale price; and location of active adult housing in each defined density. The request also includes infrastructure costs associated with each area. Lastly, a ten-year project and recreation cash flow has been requested.

### **Recommendation**

Staff recommends:

- a. That the Board authorize negotiations with the Shopoff Group & Centex Homes to agree on a term sheet which would incorporate the basic conditions of an ultimate development agreement; and
- b. Staff to continue discussions with the two remaining candidates to determine which of the two should be selected as the most viable backup to the Shopoff Group.

Staff will return to the Board in January 2006 for approval of the term sheet for the development agreements.

### **Policy**

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Metropolitan Water District Administrative Code Section 8241: Authority for Chief Executive Officer/General Manager to Sell or Lease Surplus Real Property

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

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CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because the proposed action involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

**Board Options/Fiscal Impacts**

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**Option #1**

Adopt the CEQA determination and authorize the Chief Executive Officer to initiate negotiations and return to the Board with the essential terms and conditions for development agreements for approval.

**Fiscal Impact:** None at this time

**Option #2**

Reject all proposals for the Diamond Valley Recreation and Land Development Project and re-advertise Request for Proposals.

**Fiscal Impact:** None at this time. This option will extend the schedule for the development of the ERA.

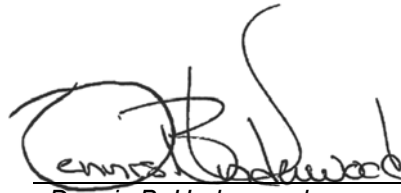
**Staff Recommendation**

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Option #1

  
Eddie A. Rigdon  
Program Manager

10/18/2005  
Date

  
Dennis B. Underwood  
CEO/General Manager

10/19/2005  
Date