



Indio, California

**SALTON SEA AUTHORITY
RFP NO. 15-01**

INFRASTRUCTURE FINANCING FEASIBILITY ANALYSIS

June 3, 2015

REQUEST FOR PROPOSALS

Proposals in response to this RFP are due by 5 PM PDT, July 2, 2015

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Introduction

The Salton Sea Authority is seeking a qualified Consultant(s) to assist the Authority in conducting an Infrastructure Financing Feasibility Analysis in conjunction with its ongoing Funding and Feasibility Action Plan for Restoration of the Salton Sea. The selected Consultant(s) will work as a subcontractor to the Authority's owner's representative engineering firm, Tetra Tech, funded through a grant from the California Natural Resources Agency.

Background

The overarching goal of the Salton Sea Funding and Feasibility Action Plan is to develop an adaptive roadmap to reach a comprehensive solution to the Salton Sea's numerous environmental concerns. Restoration components and conceptual alternatives that can be implemented in phases will be developed in the context of current funding opportunities and constraints, while satisfying institutional and political requirements. The project includes a review of relevant and current data on the Sea. New and updated alternatives will be developed with the best available science and analyzed based on financial, engineering, institutional and political criteria. The public and other interested stakeholders will have an important role throughout the life of this project.

The purpose of the project is to develop an updated vision for the region that matches funding realities with needs, including:

- A healthy environment for residents around the Sea;
- A Salton Sea and bordering habitat that sustains enough aquatic life to provide habitat for wildlife on the Pacific flyway; and
- A revitalized economy around the Salton Sea and in Imperial and Riverside Counties.

An important financing goal is providing opportunities for economic development along the shoreline, such as initiating new land development and renewable energy development.

The *Salton Sea Funding and Feasibility Review Work Plan* and working drafts of the first two benchmark reports from the program are posted at <http://saltonsea.ca.gov/News>. The work provided by the Consultant will support Benchmark 5, Infrastructure Financing Feasibility.

Objectives

The Salton Sea Authority has jurisdiction over approximately 300,000 acres adjacent to the Salton Sea in Riverside and Imperial Counties. The Authority has statutory authority to form an Infrastructure Financing District (IFD) in part or all of the Authority's area "for the purpose of funding the construction of, and purchasing power for, projects for the reclamation and environmental restoration of the Salton Sea..."(Calif. Gov. Code 53395.9). IFD's are funded by property tax increment generated by development that is enabled by the funded infrastructure.

Formation of an IFD requires a number of steps, one of which is the preparation of an infrastructure financing plan (Section 53395.14). The Authority is asserting a leadership role in spearheading a reconnaissance level analysis of the feasibility of forming an IFD. As the Salton Sea recedes, it is anticipated that the Authority will have the ability to

fashion the Sea along the former shoreline with combinations of dikes and dredging to produce water features that will be able to sustain recreationally attractive water in the vicinity of the shore line. The central question is whether the construction of appropriate infrastructure to provide recreationally attractive water would attract sufficient development to fund that infrastructure through an IFD, or possibly other property-related assessment districts.

The analysis will need to address two aspects of that question: First, what are the characteristics of water features (such as scale, depth, water quality, water-related facilities) necessary to attract large scale development to the vicinity of the Sea. It is not anticipated that the Consultant will design or generate costs estimates for the facilities, as Tetra Tech is concurrently generating cost estimates for various in-Sea structures.

Secondly, what is the scale of development that appropriate water-related infrastructure could attract, including the type of development, the value of development, the property tax increment generated by that development, and an estimate of the market absorption of that development.

The Authority is seeking qualified real estate economists with expertise in water-related development to provide answers to those questions.

Infrastructure Financing Feasibility Analysis Scope of Services

The expected scope of work for an Infrastructure Financing Feasibility Analysis is provided in Attachment 1 as a guideline. The establishment of an IFD may be considered to contribute funding for the restoration process through property tax revenues. The process will likely involve an industry forum to gather input from private investors and identify areas that need work to attract private interest.

Federal and State funding opportunities will be explored to complement private financing strategies and contribute to overall financial viability and early implementation potential. A substantial federal funding commitment could encourage additional private investment via loan guarantees, special tax credits, and development grants.

Supporting Deliverables

Deliverables will include the following items as well as Draft and Final Feasibility Reports discussed below.

- Industry forum event
- Summary of results from the industry forum
- PowerPoint presentation summary

Draft Feasibility Report

The results of the Infrastructure Financing Feasibility Analysis shall be compiled in the Draft Feasibility Report that will identify potential infrastructure funding sources that could support phased approaches to fund components of restoration. The Report shall contain the revenue generation potential, cost and timeline (early opportunities, short-term, long-term) of each alternative.

Supporting Deliverables

- Draft infrastructure financing feasibility report
- PowerPoint presentation

- Workshop presentation

Final Feasibility Report

The Draft Feasibility Report shall be finalized after it has received input from the Salton Sea Authority and its Technical Consultation Team.

Supporting Deliverables

- Final infrastructure financing feasibility report
- Written comments and responses
- Final PowerPoint presentation

Instructions to Interested Consultants

Interested Consultant(s) should prepare a proposal of no more than ten (10) pages, which should include the following five sections:

1. Introduction to the Firm or Team
2. Qualifications of Key Personnel
3. Project Experience and Performance on Past Relevant Projects
4. Approach to Project
5. Cost Proposal

Resumes of key personnel, project descriptions and cost proposal details may be included as attachments or appendices to the proposal and will not be included in the ten page limit. The detailed cost proposal should include fully burdened labor rates and other direct costs and should show the breakdown of proposed hours and costs by task. The work will be performed on a time and materials basis with a guaranteed maximum amount. The work must be performed for an amount up to, but no more than, the published budget of \$225,000 for the Benchmark 5 tasks in the grant provided by the Resources Agency as shown in the *Salton Sea Funding and Feasibility Review Work Plan*. The Consultant(s) may propose optional tasks in addition to those shown in Attachment 1.

Selection Criteria

Selection of the Consultant(s) will be based on the following criteria:

1. Firm or team qualifications with respect to the work to be performed.
2. Qualifications of key personnel with respect to the work to be performed and with special consideration for demonstrated knowledge of the economic conditions in the Coachella and Imperial Valleys and past experience in developing third party financing for projects and/or public-private partnerships.
3. Project experience and performance of past relevant projects with special consideration for demonstrated experience with the economic conditions in the Coachella and Imperial Valleys and past experience in developing third party financing for projects and/or public-private partnerships.
4. Technical and management approach to conducting the project including the proposed work schedule.

5. Cost proposal, including the total cost proposed, cost reasonableness, and the proposed labor plan and labor rates.

Timeline

Proposals from Consultant(s) are due by 5 PM PDT, July 2, 2015. Interested Consultants should submit an email notifying the Salton Sea Authority of their intention to bid by June 12, 2015. Questions on the scope of the project or submission requirements are due by June 12, 2015. Responses to questions will be provided to all Consultants who submit an Intention to Bid. Notification of Intention to Bid, Questions, and the Proposal should be submitted by email simultaneously to SaltonSea@tetrattech.com.

The Draft Feasibility Report will be due 150 days from the Notice to Proceed. The Final Report will be due 30 days after receipt of final comments on the Draft Report. Notice to Proceed is expected to be issued by July 20, 2015.

Attachment 1: Scope of Work

Salton Sea Infrastructure Financing Feasibility Analysis

The Consultant will develop projections of potential development opportunities, revenue to be generated, jobs created, population created, service demand, etc. Proposed work tasks may include the following:

Work Tasks

Inventory of Potential Commercial/Industrial/Resort Property - Prepare an inventory of all commercial, resort and industrial properties within the Study Area. Identify current land uses, ownership patterns and all vacancies. Collect data on duration of vacancies, lease rates and building square footages. The existing redevelopment documents and studies will be reviewed to update data initially presented.

Comprehensive Demographic Profile - Utilizing current data from the United States Census, the State, the City and local and regional agencies, demographic data will be compiled to develop a comprehensive demographic profile of areas within a 5- to 10-mile radius of the Study Area. This profile would be used to identify those businesses/uses that could be attracted to locate in the Study Area, based on current standards and the desired characteristics of commercial, resort and industrial users.

Identify Locations or Opportunity Sites -- This evaluation will consider the following physical and local considerations: visibility, local and regional access, character and type of existing/proposed surrounding developments, and other factors.

Property Owner/Broker Survey - The Consultant will engage in discussions with local real estate professionals and major property owners to identify specific information regarding vacancy, lease rate, and absorption trends and expectations. A survey will be conducted to solicit opinions on the Study Area's market position relative to competing areas.

Evaluate Impact of Planned Developments - The Consultant will collect data on major planned and proposed projects and evaluate their influence on future local economic development directions.

Land Capacity Inventory - Once market demand and potential users are identified, the next step will be to identify the requirements needed to facilitate these users. This process would involve identifying the land area and/or structural needs of the various users (for which there is an indicated market demand) would need, and then identify sites upon which these users could locate. This inventory would take into consideration site characteristics pertaining to property assembly needs, supporting infrastructure needs, and public facility improvements required to accommodate the desired users.

Existing Land Use/Development Policies - The Consultant will work with local stakeholders to review permitted land uses and development policies in order to evaluate their suitability to accommodate development demand identified in the market

analysis. Community Plans, Zoning Code, and other development regulations will be reviewed to identify any impediments they may pose to facilitate the desired users.

Review of Existing Documents - The Consultant will identify and review any existing documentation to assist in preparation of the analysis.

Socio-Economic Analysis – The Consultant will prepare an economic base analysis that will provide a description of the local economy. The economic base analysis will include a description of the relationship a fully restored Salton Sea area would play in the local economy. Tax base data compiled for the Authority’s recent analysis of potential financing options will be incorporated into the analysis. Additionally, as part of the analysis, updated local socio-economic multipliers will be generated through the use of the Department of Commerce Bureau of Economic Analysis’ Regional Input –Output Modeling System (RIMS II). These multipliers can be used to estimate the economic impact of a project or program on the economy.

Revenue Projections - Using the assessment information, the tax rate area data, and schedule of anticipated new development projects, tax increment revenue projections will be prepared for each Study Area option. Annual and cumulative revenues will be delineated, as well as the present value of the cumulative revenue. Further, the revenue that is attributable to each taxing agency within the Study Area will be identified.

Review Preliminary Findings with Authority. Upon completing the socio-economic evaluation and revenue and financial capacity analysis, The Consultant will review the findings with Authority staff.

Prepare Report and Recommendations. Based upon the input from the Authority staff, the Consultant will then prepare a report documenting its findings.

Meetings with staff, County & Chamber

PREVIOUS INVESTIGATIONS

Several previous investigations may be relevant to the current project. Note that these investigations were related to earlier restoration planning and not the current restoration planning process. The Consultant will be provided the following previous investigations conducted by the Authority:

- Tax Increment Financing Feasibility Study, October 10, 2003
- Recreation and Economic Opportunities Assessment for the Salton Sea, California, Draft Report, August 12, 2005
- Salton Sea Master Development Plan, February 2006

These documents along with the *Salton Sea Funding and Feasibility Review Work Plan* are available upon request from saltonsea@tetrattech.com.