



Agenda Date: 10/3/2006
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NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Hillary Gitelman - Director
Conservation, Development & Planning
REPORT BY: John Woodbury, Principal Planner , 259-5933
SUBJECT: Comments to Bureau of Reclamation on Selection of Future Concessionaires at Lake Berryessa

RECOMMENDATION

Director of Conservation, Development and Planning requests approval of and authorization for the chair to sign a letter to the Bureau of Reclamation articulating the County's interests concerning the Bureau's planned issuance of a prospectus and development of new concession contracts at Lake Berryessa.

EXECUTIVE SUMMARY

The Bureau of Reclamation plans to issue a prospectus in the near future in anticipation of entering into new concession contracts at seven resort locations at Lake Berryessa. This is a key step in the implementation of their recently adopted Record of Decision on their Lake Berryessa Visitor Services Plan. The development of new concession contracts presents a significant opportunity for the County to make progress in resolving key County concerns. These concerns include:

1. the nature and scope of recreational opportunities offered at Lake Berryessa, which affect the extent to which the Lake serves the recreational and economic needs of Napa County residents;
2. the cost to the County of providing support services to this federal facility, and the extent to which those costs are recovered through revenues generated by activities and facilities associated with Lake Berryessa; and
3. impacts associated with the transition from current to new concession contracts.

The County's active involvement in the development of the prospectus and review of the evaluation process for future concession contracts is critically important to the satisfactory resolution of these concerns. The Bureau and the County have previously developed an understanding that the County will be part of the review process; it is now time to implement this understanding.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Revenues are generated from Lake Berryessa facilities and operations through numerous sources, including sales tax, property tax, boat tax, transient occupancy tax and various grants.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The nature and scope of activities allowed at Lake Berryessa under the proposed new concession contracts could have a significant positive or negative impact on the need and cost for County services, and the terms of the new concession contracts could have a significant positive or negative impact on the ability of the County to recover its costs for providing services at Lake Berryessa. Actions proposed in the attached letter, if accepted by the Bureau of Reclamation, would both reduce County service needs and increase revenues sufficiently to fully recover County costs.
Is the general fund affected?	Yes
Future fiscal impact:	The impact will be positive or negative depending on the terms of the future concession contracts at the Lake. An analysis of revenues and expenses for County services provided at Lake Berryessa prepared for fiscal year 2004/05 showed service costs of \$1,124,297 and revenues of \$427,322, for a net cost to the County of \$696,975.
Consequences if not approved:	Not engaging in discussions with the Bureau of Reclamation regarding future concession contracts means the County will have no input into whether future County service costs increase or decrease. In addition, it is unlikely that County revenues generated by activities and facilities at the Lake will increase sufficiently to cover likely future County service costs.
Additional Information:	None

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Concession contracts for the seven concession locations at Lake Berryessa expire in 2008 and 2009. In anticipation of these contract expirations, and as a key step in implementing the recently adopted Record of Decision on the Future Recreation Use and Operations at Lake Berryessa Plan, the Bureau of Reclamation is preparing a prospectus for new concession contracts. This prospectus is expected to be issued toward the end of 2006.

The development of new concession contracts presents a unique opportunity for the County to make progress in resolving key County concerns. This process also presents significant uncertainty for the County, in that the Record of Decision does not specify the actual mix of facilities and activities which will be allowed at each of the

resort sites, nor does it specify whether the various resort sites will be operated by one or many concessionaires. As a result, the concession selection and contract negotiation process will be highly fluid. It is essential for the County to be as closely involved as possible with both the terms of the prospectus, as well as the process for evaluating prospectus responses and awarding contracts.

At a meeting between Bureau of Reclamation and County of Napa staff held on September 28, 2004, there was general agreement that the two agencies should work together in close partnership, that the County would be afforded an opportunity for input in the development of the RFP and review of responses, and that the Bureau understood and supported the need to develop appropriate mechanisms for fully reimbursing the County for its costs associated with serving the Lake. The Record of Decision reaffirms the Bureau's commitment to work in close partnership with Napa County to address County concerns..

The first concern for the County involves the extent to which the County recovers its costs for providing support services to this federal facility. Changing the way the concessions are designed and operated could have a positive impact on what goes on at the Lake, which in turn could reduce the extent to which County services are required. For example, in FY 2005/06, \$838,236 or 75 percent of all County costs at the Lake were related to Sheriff services. During that same fiscal year, the County only recovered, through a combination of taxes and grants, 38% of its costs of providing services to Lake Berryessa.

The second concern for the County has to do with the provision of sewer and water services to the Steele Park Resort. Any significant gap in visitor usage due to the transition from the existing to the proposed new contract for that resort could have very adverse impacts on the revenue stream for the Napa Berryessa Resort Improvement District, which provides water and wastewater services. Further, Steele Park Resort currently has an agreement with the District to pay an annual Equivalent Dwelling Unit fee per mobile home. An equivalent revenue stream must be provided by the future concessionaire, irrespective of the precise mix of facilities which is proposed. Finally, the District must substantially rebuild and upgrade its water and sewer facilities over the next several years. These improvements are projected to cost over \$7 million dollars. The prospectus for Steele Park Resort needs to make it clear that the future concessionaire will be expected to pay its fair share of these improvements.

While not operated by the County, the County notes that the Spanish Flat water/waste water district could have similar concerns.

A third concern for the County is to improve the nature and scope of recreational opportunities offered at Lake Berryessa, including providing amenities which serve the recreational and economic needs of Napa County residents. Lake Berryessa currently has a widespread reputation as a "party lake". Unfortunately, as a result, several people a year die through accidents, County security and emergency services are heavily burdened, and a great many Napa County residents do not utilize the Lake because of negative perceptions. Visitor usage tends to be intense during a limited summer season, particularly a few long weekends, but very low much of the rest of the year. A more balanced and family oriented mix of nature-based facilities and activities would enhance the recreational value of the Lake, and would improve the economic viability of business which provide visitor services. The kind and number of facilities and activities provided for in the future concession contracts, together with contract provisions related to operation and management practices, will play a central role in determining whether a new reputation and altered user base for the Lake can be established.

To address these concerns, the attached letter to the Bureau of Reclamation includes the following points:

(a) The County should not be expected to subsidize facilities or operations at the federally owned Lake Berryessa. This means the full cost incurred by the County for providing services to Lake Berryessa needs to be covered, either directly by the Bureau of Reclamation through a long-term service agreement which is not dependent on annual budget appropriations, or indirectly through revenues collected pursuant to concession contracts. Regarding the latter, one equitable and efficient way to do this would be to specify in the prospectus and

subsequent contracts for future concessionaires that all overnight accommodations should be required to pay the County's Transient Occupancy Tax or an equivalent in-lieu fee. Overnight accommodations should be defined to include all overnight stays of 30 consecutive days or less in mobile homes, park models, RV's, campgrounds and houseboats. In addition, concession agreements should clearly spell out the ownership of improvements at each of the concession areas to clarify the nature and extent of the possessory assessments that will be created for each concession area.

(b) The RFP and subsequent contracts for future concessionaires should specify a mix and density of uses which will maximize a diverse range of recreational activities at the lake while minimizing the need for County services, particularly sheriff and emergency services. In addition, concessionaires should be held responsible for providing a high level of maintenance and supervision, and contracts should contain incentives and/or enforceable disincentives to assure concessionaire compliance with these requirements. For example, concessionaires leasing boats should be required to have the equipment necessary to tow and repair disabled boats, and concessionaires should be required to terminate rental agreements in cases where renters violate the terms of their rental agreements (such as number of people on board or unsafe operations).

(c) The Record of Decision does not include mechanisms for funding the construction and operation of recreational facilities which are central to the long-term plan for the Lake but outside of the actual boundaries of the individual resort boundaries. These include the shoreline trail, non-motorized boat launch facilities and other visitor services which are intended to provide a diverse range of recreational amenities at the Lake. These amenities are important to improving the overall functioning of the lake, and thus essential to the success of the future concessionaires. Therefore, the prospectus and future concession contracts should include a mechanism for contributing to the construction and operation of common recreational amenities.

(d) The Record of Decision calls for a partnership with local government and local organizations in order to redevelop Camp Berryessa as an environmental education and group camping facility, but provides no funding for this purpose. If the County and other local partners are to be able to assist the Bureau of Reclamation with Camp Berryessa, the Bureau must assure that the uses of the Lake and lands around the Camp are compatible with the purposes of the Camp. In this regard, the future concession contract for the Putah Creek Resort is particularly critical; this resort must have a focus and operating plan which minimizes noise and inappropriate behavior.

(e) The RFP and subsequent concession contracts should strive to avoid any prolonged closure of facilities. If there will be any notable gap in facility operations, concessionaires should be required to provide in-lieu payments to the water and sewer districts which serve the resorts so that these districts remain financially solvent during the transition period.

(f) The concessionaire for Steele Park Resort should be required to pay an annual service charge for water and wastewater connections, at a level at least equal to that which the current concessionaire pays through the Equivalent Dwelling Unit calculation for mobile homes, or more if the scale of operations at the resort increases compared to the present. In addition, the concession agreement for Steele Park Resort needs to assure that the Resort will pay its fair share of the costs of upgrading water and wastewater facilities for the Napa Berryessa Resort Improvement District.

(g) The prospectus and subsequent concession contracts should include provisions for periodic review and mechanisms for adjusting the terms of concession contracts in the event that unforeseen problems arise.

(h) Given the complexity of the prospectus, concession selection and contract development process, and the relevance of this process to the County's interests, the County must be consulted at each stage of the process and involved as much as is permissible under federal regulations.

SUPPORTING DOCUMENTS

A . Board Letter to the Bureau of Reclamation

CEO Recommendation: Approve

Reviewed By: Andrew Carey