



**CALIFORNIA STATE
PUBLIC WORKS BOARD**

EDMUND G. BROWN JR. • GOVERNOR

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AGENDA WITH ANALYSIS

**NOTICE OF SPECIAL MEETING
STATE PUBLIC WORKS BOARD
Wednesday, February 1, 2012**

The **STATE PUBLIC WORKS BOARD** will meet on
**Wednesday, February 1, 2012, at 9:00 a.m. in Room
113, State Capitol, Sacramento, California.**

In accordance with provisions of section 11125 of the
Government Code, a copy of the Agenda is attached.

Greg Rogers
Administrative Secretary

Attachment

STATE PUBLIC WORKS BOARD

Wednesday

February 1, 2012

9:00 a.m.

Room 113

State Capitol

Sacramento, California

I. Roll Call

II. Action Items

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ACTION ITEMS

ACTION ITEM—1

**DEPARTMENT OF PARKS AND RECREATION (3790)
ANNADEL STATE PARK AND BENICIA STATE RECREATION AREA
OPERATING AGREEMENTS
SONOMA AND SOLANO COUNTIES**

Authority: Section 5080.40 of the Public Resources Code

Consider authorizing the Department of Parks and Recreation to enter into an operating agreement with Sonoma County to operate the entire Annadel State Park and with the City of Benicia to operate the entire Benicia State Recreation Area.

ACTION ITEMS

STAFF ANALYSIS ITEM—1

Department of Parks and Recreation
Annadel State Park and Benicia State Recreation Area
Operating Agreements
Sonoma and Solano Counties

Action requested

If approved, the requested action would authorize the Department of Parks and Recreation (Parks) to enter into operating agreements with Sonoma County to operate the entire Annadel State Park and City of Benicia to operate the entire Benicia State Recreation Area respectively.

Scope Description

The proposed operating agreements will allow the specified public agencies to operate the entire parks units for up to five years. These two parks are scheduled to close effective July 1, 2012 to meet the scheduled \$22 million General Fund reduction to Parks' budget for the 2012-13 fiscal year. If the agreements are not executed prior to the planned closure, these two park units will be closed.

Funding and Cost Verification

The public agencies will operate the entire park units, including the care, maintenance, administration, and control of the park units. Funding for administering the proposed operating agreements will be from the State Parks and Recreation Fund as follows and will be provided within Parks' existing budget:

\$	1,500	costs for contract preparation and execution
\$	2,500	total costs for contract administration for 5 years with \$500 per year

CEQA

Operating agreements do not require a California Environmental Quality Act review.

Project Schedule

Negotiate operating agreements	February 2012
Seek agreement approval from the Department of General Services	March 2012
Begin park operation by the public agencies	April 2012

Operating Agreement

At the November 10, 2011 Board meeting, the Board found that the proposed operating agreements could not have been submitted to the Legislature for review and approval in the course of its consideration of the 2011-12 Budget Bill and it would be adverse to the interests of the public to defer that review and approval until the Legislature considers the 2012-13 Budget Bill. Due to the scope and terms of the potential operating agreements not being identified in detail prior to the November meeting, the Board adopted the following parameters in the meeting for the approval of future operating agreement requests for park units subject to closures:

1. The agreement involves no significant change in the state's risk exposure or legal liability that would otherwise apply to a closed state park.
2. Parks provides to the Board a financial projection of the agreement's anticipated operational costs and revenues.
3. The operating agreement does not result in a net increase in state funding or staffing levels to support continued public services at the unit(s).
4. The agreement request is received by the Board before April 1, 2012.

Because the proposed operating agreements have not been negotiated, the final details are not known at this time. However, the final agreements must be consistent with the criteria previously approved by the Board. Specifically, the agreements will include a contract term of up to five years. Consistent with the Public Resources Code sections governing operating agreements, revenues from the park units must be used to operate and maintain the park units with any net profit returned to Parks. In addition, the operating agreements will not result in a net increase in state funding or staffing levels to support continued public services at the park units. The operating agreements will also include hold harmless provisions and insurance requirements to ensure that there is no significant increase in the state's risk exposure or legal liability that would otherwise apply to a closed state park. In addition, Parks has provided financial projections of the agreements' anticipated operational costs and revenues.

Public Resources Code Section 5080.40 requires new Parks operating agreements (over 20 years, over \$500,000 in gross sales, or for the entire park unit) to be approved by the Legislature during the annual budget process. This section also states that if the Board determines that the

proposed agreements could not have been presented to the Legislature for review during the annual budget process, and that waiting for the next budget cycle would not be in the public interest, the Board may review and approve the proposed agreements after providing a 20-day written notice to the Legislature.

The 20-day notification letter regarding Parks' operating agreements was sent to the Legislature on January 5, 2012, and the notification period has expired without legislative comments for this item.

Consequently, staff is confident the Board criteria included in the Public Resources Code criteria and the November adopted parameters have been met in order for it to review and approve the proposals.

Staff Recommendation: Approve Parks to enter into an operating agreement with Sonoma County to operate the entire Annadel State Park, and with the City of Benicia to operate the entire Benicia State Recreation Area.

ACTION ITEMS

ACTION ITEM—2

DEPARTMENT OF PARKS AND RECREATION (3790)
11 STATE PARKS
CONCESSIONS
STATEWIDE

Authority: Section 5080.20 of the Public Resources Code

Consider approving concessions in 11 state park units through a Request for Proposal (RFP) process.

ACTION ITEMS

STAFF ANALYSIS ITEM—2

Department of Parks and Recreation
11 State Parks
Concessions
Statewide

Action requested

If approved, the requested action would approve concessions in 11 park units through a Request for Proposal (RFP) process.

Scope Description

The project is within scope. This request will authorize the Department of Parks and Recreation (Parks) to issue two RFPs for concessions in 11 state park units that are subject to closures. There will be two RFPs, one to include six park units and the other to include five park units, each RFP with combined anticipated revenue exceeding \$500,000. The 11 state park units include:

RFP 1

1. George J. Hatfield State Recreation Area (SRA) (Merced County)
2. Turlock Lake SRA (Stanislaus County)
3. McConnell SRA (Merced County)
4. Woodson Bridge SRA (Tehama County)
5. Brannan Island SRA (Sacramento County)
6. Sugarloaf Ridge State Park (SP) (Sonoma County)

RFP 2

1. Russian Gulch SP (Mendocino County)
2. Hendy Woods SP (Mendocino County)
3. Westport Union Landing SP (Mendocino County)
4. Austin Creek SRA (Sonoma County)
5. Standish-Hickey SRA (Mendocino County)

Proposed concessions include: operation of campgrounds, day-use areas and associated activities, and facilities including but not limited to restrooms and kiosks.

Funding and Cost Verification

The cost of the RFP for the proposed concession contracts will be approximately \$10,000 each payable from the State Parks and Recreation Fund. The costs will be absorbed within Parks' existing budget.

CEQA

Concession contracts do not require a California Environmental Quality Act review.

Project Schedule

The anticipated project schedule for the concession is as follows:

Release of the RFP	February 2012
Award contracts	Spring 2012

Concessions

At the November 10, 2011 meeting, the Board found the proposed concessions could not have been submitted to the Legislature for review and approval in the course of its consideration of the 2011-12 Budget Bill and it would be adverse to the interests of the public to defer that review and approval until the Legislature considers the 2012-13 Budget Bill. The types and terms of the concessions were not determined prior to the November meeting. The Board also adopted the following parameters in the meeting for the approval of future concession requests in planned park closures:

1. The scope of each concession must cover clearly identifiable and distinct elements of one or more state park units, such as campgrounds, restaurants, day-use areas, or a combination of multiple elements.
2. The concession must enhance public access at the park unit that would otherwise not occur without the concession.
3. The concession involves no significant increase in the state's risk exposure or legal liability.
4. Parks provides to the Board a financial projection of the concession's anticipated operational costs and revenues. The concession operation(s) does not result in a net increase in state funding or staffing levels to support continued public services at the unit(s).
5. The concession request is received by the Board before April 1, 2012.

Because the proposed concession contracts will not be awarded by Parks until the conclusion of the RFP and selection process, the final details of the contracts are not known at this time. However, based on the criteria subsequently approved by the Board, the contracts will include a contract term of up to five years and rental payment to the state of 3 percent or more of the gross sales income (this amount was erroneously reported as up to 3 percent in the 20-day legislative notification letter and has since been corrected). The proposed contracts will also include hold harmless agreements and insurance requirements to minimize the state's risk, exposure, and legal liability. The proposed concession contracts will restore public access, as these units are on the park closure list. The proposed concession contracts are intended to enhance public access at park units that would otherwise not occur without the concession. In addition, Parks has provided financial information related to the proposed concessions and submitted the concession request consistent with the adopted parameters.

Public Resources Code Section 5080.20 requires new Parks concessions term (over 20 years or over \$500,000 in gross sales) to be approved by the Legislature during the annual budget process. This section also states that if the Board determines the proposed agreement could not have been presented to the Legislature for review during the annual budget process, and that waiting for the next budget cycle would not be in the public interest, the Board may review and approve the proposed concession after providing a 20-day written notice to the Legislature.

The 20-day legislative notification letter regarding Parks' concessions was sent to the chairs of the legislative fiscal committees, including the Joint Legislative Budget Committee, on January 5, 2012. This item was pulled from the Board's January 19, 2012 meeting to allow for the full legislative review period to expire before being considered by the Board, and to provide staff additional time to address concerns that had been raised. The legislative review period has since expired and the Board received a letter from the Joint Legislative Budget Committee (JLBC) and two individual members of the Legislature, including Senator Evans, a Legislative Advisor to the Board.

The JLBC letter was received on January 27, 2012, which recognized the need to explore the use of concessions as one of many tools to help minimize the effects of the park closures. The JLBC's letter noted several concerns regarding the RFP process and expressed a desire to maintain the Department's flexibility in considering the full range of options available. The letter also provided a couple of suggestions to Parks in the development of the RFPs. Parks has since confirmed that these suggestions will be incorporated.

In response to the other legislative letters received, Parks has met with those members and released a letter on January 13, 2012 to clarify the RFP process.

Parks has met with Senator Evans, as well as other legislative staff, to address many misconceptions regarding this proposal. Some of the more significant points are as follows:

- Parks has clarified that none of these concessions would encompass the operation of one or more entire park and would only cover distinct elements within one or more of these parks, such as campgrounds, day-use areas, or restaurants.
- Non-profit groups that want to operate one or more of these parks do not need to submit an RFP and have been encouraged to continue working with Parks directly find ways for them to keep these parks open to the public.
- Parks has committed to developing the RFPs to ensure that potential bidders will not be required to include all 5 or 6 parks to be eligible for consideration.

- The RFPs will include guidelines for the selection of bids, specifying, for instance, that (1) Parks may select one or more bids that best fit with the Department's mission, even if there is a preference for bids that cover multiple parks; (2) potential concessionaires are aware that the Department may be in discussions with non-profit groups to operate one or more of these parks; and (3) bids that include partnerships between non-profits and for-profit entities will be considered.
- A draft of the RFPs will be released by Parks for a brief public review and comment period. Once the final RFP is issued, Parks will be conducting workshops during the RFP process throughout the state to help with outreach and ensure information is consistent and accurate.
- Finally, Parks has agreed to keep the Legislature informed about the progress of the RFPs and to provide copies of any draft and/or final RFPs to the Legislature and the public when available.

With the above commitments from Parks regarding the development of the RFPs and the process going forward, it appears that all of the Joint Legislative Budget Committee's concerns, as well as most Senator Evans concerns, have been addressed.

Staff Recommendation: Approve concessions in 11 state park units through a Request for Proposal process, consistent with the staff analysis.