



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: April 18, 2012 REPORT NO: 12-050

ATTENTION: Budget and Finance Committee
Agenda of April 25, 2012

SUBJECT: FY 2013 Recommended Public Utilities Department User Fee
Adjustments

REFERENCE: Council Policy 400-3 "Self-Sustaining Reservoir Recreation Program"

CMR NO 08-180 Dated November 26, 2008 "Reservoir Recreation
Business Process Reengineering"

REQUESTED ACTION:

Amend the City fee schedule to remove fees related to rentals at City reservoirs.

STAFF RECOMMENDATION:

Approve requested action.

SUMMARY:

The City has offered the public recreational use of its reservoirs since 1913, when the nucleus of the present water storage system was purchased from private operators. The City of San Diego is widely recognized as a pioneer in the multiple use (for recreation) of water supply reservoirs. Today, the system is comprised of Barrett, El Capitan, Hodges, Miramar, Murray, San Vicente, Sutherland, Lower Otay, and Upper Otay Reservoirs. A tenth reservoir, Morena, is operated by the County for recreational purposes.

The City's Reservoir Recreation Program is unique in the state of California. The reservoirs are beautiful, recreational assets that provide a wide variety of recreational programs for the public at a reasonable cost and provide open space/habitat for wildlife. Overall, the program is defined by two major activities: 1) maintenance of docks, boat ramps, buildings, restrooms, public use areas, parking lots, and trash removal; and 2) operation of recreation programs such as fishing, boating, hunting, and water contact sports (water-skiing, jetskis, waverunners, etc). Overall principles in the management of the City's reservoirs include the safety and preservation of the City's potable water system, which is of the utmost importance (i.e. the health and safety of the City's water users) and must not be compromised; the reservoir recreation program should be preserved to the greatest extent possible.

Following a 2006 report by the San Diego County Grand Jury, the Mayor ordered that all reservoir concessions be closed pending a review of the entire reservoir recreation program. Using Business Process Reengineering (BPR), the Water Department and Park and Recreation Department worked jointly to determine necessary changes to the reservoir recreation program to ensure that it would operate without Water Department subsidies.

In December 2008, the City Council approved the Reservoir Recreation BPR, resulting in a combination of reduced service levels and fee increases designed to achieve a greater level of cost recovery for the program. It was determined that City staff would continue to offer limited boat rentals (no bait, food, drinks, supplies, etc.) while options for contracting with private concessionaires were evaluated.

In early 2011, following a request for proposals, the City entered into an agreement with a private concessionaire (Pyramid Enterprises) for the operation of reservoir concessions at El Capitan, Hodges, Murray, Miramar and Lower Otay Reservoirs for a three-year period. Services provided by the private concessionaire include boat rentals and reservations, bait shop, State fishing license sales, fishing permit sales, seasonal food service, and fishing tournaments. Transition to the private operator became effective in April 2011. At the end of the three-year period, the City may consider entering into a long-term agreement. In addition, per the terms of the agreement, the City receives five percent of the gross income generated by the concession operations. Prior to transition to the private concessionaire, the cost for City staff to operate the rental program was higher than the revenue it generated.

Despite the transition to a private operator, the fees previously charged by the City for boat rentals were not removed from the City's fee schedule. The table below reflects the fees currently listed in the fee schedule that are proposed for elimination.

Water Department Fees Proposed for Elimination

Boat/Rental Type	Current Fee
Rowboats - All day	\$15.50
Rowboats - Half-day noon to closing	\$10.50
Motorboats - All day	\$45.00
Motorboats - Half-day noon to closing	\$32.50
Kayaks - Single person	\$6.50/hr
Kayaks - Tandem	\$10.00/hr

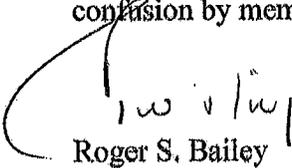
It should be noted that all other reservoir recreation fees charged by the City remain in effect, such as those for fishing, hunting, private boat launching and water-contact activities. Only the boat rental fees are proposed for elimination due to transition to the private concessionaire.

FISCAL CONSIDERATIONS: It is estimated that the fees proposed to be eliminated from the schedule generated revenues of \$60,000 in FY 2011.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None with this action. However, there was considerable public outreach as part of the Reservoir Recreation Business Process Reengineering, including a Focus Group Workshop and a Town Hall Meeting, which indicated strong public support for reservoir concessions.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: The fees charged by the private concessionaire for boat rentals at City reservoirs are currently listed on the Water Department's website. This action will eliminate the apparent discrepancy in boating fees by eliminating boat rental fees previously charged by the City from the fee schedule, reducing the potential for confusion by members of the public.


Roger S. Bailey
Director of Public Utilities

