

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 3790	Department Department of Parks and Recreation	Priority No. CON1
Budget Request Name 3790-018-BCP-DP-2015-GB		Program 2840	Subprogram

Budget Request Description
 Operating Agreements

Budget Request Summary

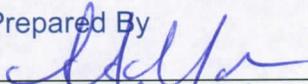
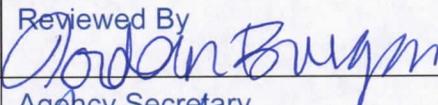
The Department of Parks and Recreation requests approval to negotiate new or extend existing operating agreements for Dockweiler State Beach and Robert Crown Memorial State Beach. The approvals requested are pursuant to Public Resources Code § 5080.40.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By 	Date 12/31/15	Reviewed By 	Date 12/31/15
Department Director 	Date 1-4-16	Agency Secretary 	Date 12/31/15

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA Original Signed by Amanda Martin	Date submitted to the Legislature 1-8-14
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Analysis of Problem

A. Budget Request Summary

The Department of Parks and Recreation (Department) requests approval of the following operating agreements pursuant to PRC § 5080.40(a)(1).

Dockweiler State Beach Operating Agreement: The Department requests authority from the Legislature to enter into a new operating agreement with the City of Los Angeles (City) for the operation and maintenance of a portion of Dockweiler State Beach (SB) located in Los Angeles County (County). The new agreement will be for a term of up to fifty (50) years and will continue public access to park facilities including day use beach access, parking, water recreation activities, restrooms, showers, and special events. Dockweiler SB is comprised of 288 acres of dune sand: 21 acres north and 267 acres south of the Marina del Rey Channel. The Department entered into a 50 year lease agreement with the City for the operation and maintenance of Dockweiler SB in 1948. Separately, the Department entered into a supplemental lease agreement in reference to the acquisition, development, and maintenance of additional parcels that comprise the Venice Beach portion of Dockweiler SB in 1949. The current operating agreements expired in 1998/1999 respectively. The Department received Legislative approval for an operating agreement with the County, but that approval did not consider the Venice Beach portion that will be operated by the City. The units have been operated by local agencies since they became part of the State Park System. Public services, including a police substation located on the beach, are more feasibly and efficiently provided by local agencies and it is in the State's best economic interest to continue the operating agreement. The cost to operate and maintain the public services at Venice Beach would exceed revenue if the Park was operated under Department personnel. This operating agreement is subject to PRC § 5080.40, which requires any operating agreement for an entire park unit be submitted to the Legislature for approval through the normal budget process.

Robert Crown Memorial State Beach: The Department seeks to negotiate a new operating agreement of up to thirty (30) years with East Bay Regional Park District (East Bay) for the operation of Robert W. Crown Memorial State Beach located in Alameda County, California. The agreement will continue public access to park facilities through day use picnic areas, beach access, water recreation activities, hiking trails, restrooms, showers, bird sanctuary, visitor center, and special events. The park unit has been operated by East Bay through an agreement between East Bay and the Department since 1966. The current agreement will expire on December 6, 2016. Public services are more feasibly and efficiently provided by the local agency and it is in the State's best economic interest to continue the operating agreement. This operating agreement is subject to PRC § 5080.40, which requires any operating agreement for an entire park unit be submitted to the legislature for approval through the normal budget process.

B. Background/History

Existing law also authorizes the Department to enter into operating agreements with public agencies for the operation of portions or entire State Park units. In such cases, all revenue generated at the unit must be invested in the operation, maintenance or development of the unit or remitted to the Department through a budget appropriation. Concessions entered into by an operating agency are subject to the same advance legislative approval criteria as those executed by the Department.

C. State Level Considerations

N/A

D. Justification

N/A

Analysis of Problem

E. Outcomes and Accountability

N/A

F. Analysis of All Feasible Alternatives

N/A

G. Implementation Plan

N/A

H. Supplemental Information

Operating agreement budget proposals are attached including a summary comparing current and proposed terms.

I. Recommendation

It is recommended that the following operating agreement budget proposals be approved as requested herein and as follows:

1. **Dockweiler State Beach Operating Agreement**, allow the Department to negotiate a new 50 year operating agreement with the City of Los Angeles for their continued operation, maintenance, and control of Dockweiler SB.
2. **Robert W. Crown Memorial State Beach**, allow the Department to negotiate a new 30 year operating agreement with East Bay Regional Park District for their continued operation, maintenance, and control of Robert W. Crown Memorial State Beach located in Alameda County, California.

- A. Proposal Summary
- B. Background/History
- C. State Level Considerations
- D. Justification
- E. Outcomes (Financial Projections)
- F. Implementation Plan
- G. Supplemental Information (Site Map,
Public Resource Code Authority)
- H. Recommendation



Bay Area District
Robert W. Crown Memorial State Beach
Fiscal Year 2016-17

OPERATING AGREEMENT WITH EAST BAY REGIONAL PARK DISTRICT

STATE OF CALIFORNIA
The Natural Resources Agency
Department of Parks and Recreation

A. PROPOSAL SUMMARY

The Department of Parks and Recreation (Department) requests authority from the Legislature, pursuant to Section 5080.40(a) (1) of the Public Resources Code (PRC), to enter into an operating agreement with East Bay Regional Park District (East Bay) for the operation of Robert W. Crown Memorial State Beach located in Alameda County, California.

The new agreement will be for a term of up to thirty (30) years. The agreement will continue public access to park facilities including day use picnic areas, beach access, water recreation activities, hiking trails, restrooms, showers, bird sanctuary, visitor center, and special events. In accordance with PRC Section 5080.32, any revenue in excess of operating costs for the unit shall be available to support the Department upon appropriation by the Legislature in the Budget Act.

B. BACKGROUND/HISTORY

Robert W. Crown Memorial State Beach was formerly named Alameda Memorial State Beach, a renowned amusement center referred to as "Coney Island of the West" through World War II. It was subsequently named after State Assemblyman Robert W. Crown, who campaigned for its preservation as public parkland. The natural history of Crown is emphasized in two locations. Elsie Roemer Bird Sanctuary at the east end harbors aquatic birds and other salt marsh creatures. Crab Cove at the north end is a marine reserve where all plant and animal life is protected. The unit includes 2.5 miles of beach access, sand dunes with bike trails, a bathhouse, visitor center, picnic tables, and barbecue pits. It hosts the widely popular Sand Castle and Sand Sculpture Contest annually, as well as seasonal free outdoor concerts.

In 2013, a \$5.7 million beach sand project pumped 82,600 cubic yards of sand to restore the beach and dune system to its 1987 footprint.

Revenue is generated at the unit through collection of parking fees, reserved group picnic fees, events, and concession-operated water sports rentals and lessons.

The park unit has operated through an agreement between East Bay and the Department since 1966. The agreement will expire on December 6, 2016.

C. STATE LEVEL CONSIDERATIONS

This proposal to continue an operating agreement for local agency operation of the unit is consistent with the Department's mission to create opportunity for high-quality recreation, and enhance the health, inspiration and education of park visitors. In particular, the operating agreement furthers the Department's Fiscal Year (FY) 13/14 Strategic Action Plan to "Create a park system that balances funding and innovative revenue generation models to meet visitors' present and future needs."

D. JUSTIFICATION

The current operating agreement to continue public services at this park unit will expire in December 2016. Public access to the unit has historically been provided through a partnership with the local agency for the past fifty (50) years. East Bay reports operating costs and capital investments that exceed the revenue generated at the unit.

The public services are more feasibly or efficiently provided by the local agency, and it is in the State's economic interest to continue the operating agreement. Because the operation involves the entire unit of the state park system, PRC 5080.40 requires that the Legislature review the proposed project as a part of the annual budget process.

E. OUTCOMES AND ACCOUNTABILITY

The Department requires an annual profit/loss statement from public agency operators. East Bay reports the following financial performance during the past four (4) years.

	FY 2011-12	FY 2012-13	FY 2013-14
Park Fees	67,061	121,038	118,307
Concession Rent	5762	5153	10,707
Special Events	809	292	146
Miscellaneous	843,222	141,535	2,094,752
Total Revenue	916,854	268,018	2,223,912
Operating Expenses	1,204,063	1,887,852	1,495,045
Capital Improvement	0	0	4,829,636
Net Outcome	-287,209	-1,619,834	-4,100,769

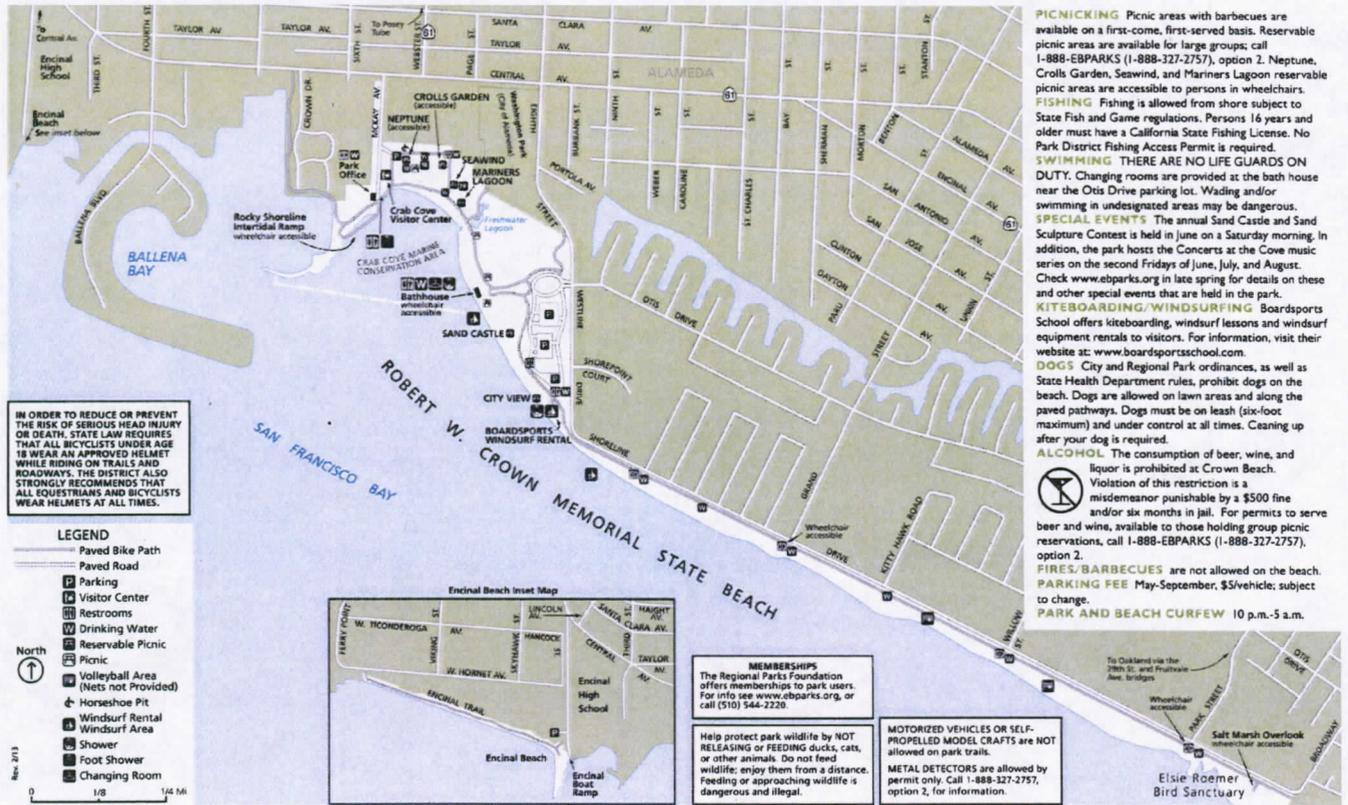
During FY 13/14, East Bay executed the Crown Beach Sand Project with funding from federal and state grants. Should revenue exceed operating costs during the 30 year term, as described earlier in this proposal, statute requires any net profit be remitted to State to support the Department.

F. IMPLEMENTATION PLAN

The Department anticipates negotiations to be complete for the new operating agreement before the December 2016 expiration.

G. SUPPLEMENTAL INFORMATION

1) Site Map



2) Public Resource Code References

ARTICLE 2. Operating Agreements with Other Agencies and Organizations [5080.30 - 5080.43]

5080.30.

Agreements may be entered into between the department and any agency of the United States, any city, county, district, or other public agency, or any combination thereof, for the care, maintenance, administration, and control by any party to the agreement, of lands under the jurisdiction of any party to the agreement for the purpose of the state park system. The expenses of the care, maintenance, administration, and control may be paid from the general fund of the city, county, district, or other public agency, from the funds of the department, from any funds available to the agency of the United States for these purposes, as the case may be, or from revenues generated on the lands subject to the agreement.

5080.40.

(a) No operating lease or agreement shall be entered into, or amended, pursuant to this article unless one of the following has occurred:

(1) The Legislature has reviewed the lease or agreement, or amendment, as part of the annual budget process or the requirements of paragraph (2) have been met.

(2) Following enactment of the annual Budget Act, the State Public Works Board determines that the proposed lease or agreement or amendment could not have been presented to the Legislature for review during the annual budget process, or that the proposed lease or agreement or amendment was reviewed during the annual budget process but it is necessary to revise the terms of the lease or agreement or amendment in a material respect, and the State Public Works Board determines that it is adverse to the interests of the public to defer that review to the next annual budget process. Upon making its determination, the State Public Works Board may review and approve the proposed lease or agreement or amendment, or any revision thereof, not sooner than 20 days after the board has provided written notification to the Chairperson of the Joint Legislative Budget Committee, the Chairperson of the Assembly Ways and Means Committee, and the Chairperson of the Senate Budget and Fiscal Review Committee of the intended action. All actions taken by the State Public Works Board pursuant to this paragraph shall be reported to the Legislature in the next Governor's Budget.

(b) The department shall include with the proposed lease or agreement or amendment sufficient documentation to enable the Legislature or the State Public Works Board, as the case may be, to evaluate fully the estimated operating costs and revenues and all terms upon which the lease or agreement or amendment is proposed to be entered into. Specifically, the documentation shall identify both of the following:

(1) Any anticipated costs to the state for operation or development under the lease or agreement or amendment and the anticipated state share of total operation and development costs.

(2) The anticipated annual revenues, net of operation costs, for the unit and the state's share of these revenues.

(c) Leases or agreements shall be exempt from subdivisions (a) and (b) when all of the following conditions exist:

(1) The lease or agreement involves operation of only a portion of a unit of the state park system.

(2) The term of the lease or agreement is for a period of 20 years or less.

(3) The lease's or agreement's impact to the unit, including concessions revenue, will not exceed five hundred thousand dollars (\$500,000) in annual gross revenue generated on the property.

(4) The lease or agreement involves no significant change in state operational funding or staffing levels, and does not include present or future state expenditures for development of the unit.

(d) Amendments to existing leases or agreements shall be exempt from subdivisions (a) and (b) when all of the following conditions exist:

(1) The amendment involves operation of only a portion of a unit of the state park system.

(2) The amendment's impact to the unit will not exceed five hundred thousand dollars (\$500,000) in annual gross revenue generated on the property.

(3) The amendment involves no significant change in state operational funding or staffing levels, and does not include present or future state expenditures for development of the unit.

H. RECOMMENDATION

The Department recommends legislative approval of the proposed operating agreement to continue valued public services and for the protection of natural and cultural resources.

- A. Proposal Summary
- B. Background/History
- C. State Level Considerations
- D. Justification
- E. Outcomes (Financial Projections)
- F. Implementation Plan
- G. Supplemental Information (Site Map, Public Resource Code Authority, General Plan)
- H. Recommendation



Angeles District
Dockweiler State Beach (Venice Beach)
Fiscal Year 2016-17

OPERATING AGREEMENT WITH THE CITY OF LOS ANGELES

STATE OF CALIFORNIA
The Natural Resources Agency
Department of Parks and Recreation

A. PROPOSAL SUMMARY

The Department of Parks and Recreation (Department) requests authority from the Legislature, pursuant to Sections 5080.40 of the Public Resources Code (PRC), to enter into an Operating Agreement with the City of Los Angeles (City) for the operation and maintenance of a portion of Dockweiler State Beach (SB) located in Los Angeles County.

The new agreement will be for a term of up to fifty (50) years. The agreement will continue public access to park facilities including day use beach access, parking, water recreation activities, restrooms, showers, and special events. Other public facilities include basketball and handball courts, volley ball, and a children's play area. The City has a Police Department substation on Venice Beach.

B. BACKGROUND/HISTORY

Dockweiler SB is comprised of 288 acres of dune beach sand; 21 acres north and 267 acres south of the Marina del Rey Channel. The unit was known as Moonstone Beach until the late 1930s. The unit became part of the state park system in 1947. In March 1955, the beach was formally renamed by the State Park and Recreation Commission to Dockweiler SB in honor of a former commissioner.

In November 1948, the Department entered into a 50 year lease agreement with the City for the operation and maintenance of Dockweiler SB. Separately in August 1949, the Department entered into a "supplemental lease" agreement in reference to the acquisition, development and maintenance of additional parcels that comprise the Venice Beach portion of Dockweiler SB. The current agreement authorized the City to manage, improve, develop, maintain and operate the lands for use, enjoyment and protection of the general public consistent with standards prescribed for other state beaches. It expired November 9, 1998.

The City transferred operational control of the majority of Dockweiler SB to Los Angeles County Beaches and Harbors through a Joint Powers Agreement in 1975, but they retained control of the Venice Beach portion. The Department received prior legislative approval in Fiscal Year (FY) 2004-05 to proceed with a new operating agreement with Los Angeles County Beaches and Harbors (County) for Dockweiler SB, and negotiations are currently pending. However, the City and County desire the City retain control and operation of the Venice Beach parcel. This resulted in the need to establish two separate operating agreements for Dockweiler SB, one with the County for the majority of the unit, and one with the City for the Venice Beach parcels.

Park visitation ranges between 9 and 10 million annually. Revenue is generated through a skate park permit fees, filming, and special events. During the past three years, the City reported revenue as follows: FY12/13 = \$193,079; FY13/14 = \$188,216; and FY14/15 = \$180,559.

C. STATE LEVEL CONSIDERATIONS

This proposal to continue an operating agreement for local agency operation of the unit is consistent with the Department's mission to create opportunity for high-quality recreation, and enhance the health, inspiration and education of park visitors. In particular, the operating agreement furthers the Department's FY 13-14 Strategic Action Plan to "Create a park system that balances funding and innovative revenue generation models to meet visitors' present and future needs."

D. JUSTIFICATION

The current operating agreement expired in 1998. The Department previously received legislative approval for an operating agreement with the County, but that approval did not consider the Venice Beach portion that will be operated by the City. The unit has been operated by the local agencies since they became part of the state park system.

The public services are more feasibly or efficiently provided by the local agency, and it is in the State's economic interest to continue the operating agreement. The cost to operate and maintain the public services at Venice Beach exceed the revenue. Because the operation involves the entire unit of the state park system, PRC 5080.40 requires the Legislature review the proposed project as a part of the annual budget process.

E. OUTCOMES AND ACCOUNTABILITY

The operating agreement will require the City to submit an annual profit/loss statement to the Department throughout the contract term. The Department believes the cost to operate and maintain this portion of the unit will continue to exceed the revenue.

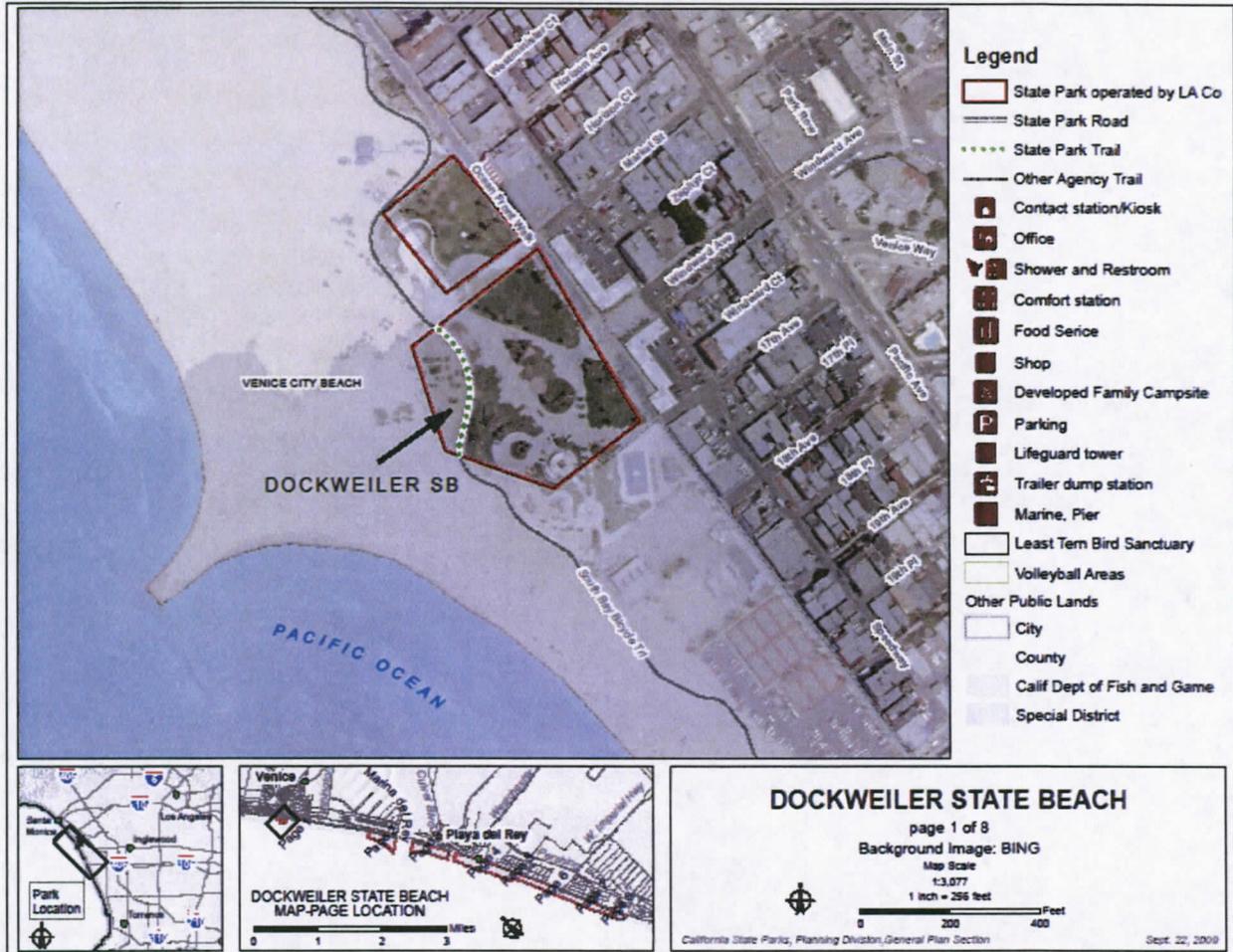
In accordance with PRC Section 5080.32, any revenue in excess of operating costs for the unit shall be available to support the Department upon appropriation by the Legislature in the Budget Act.

F. IMPLEMENTATION PLAN

Department staff has met with the City to discuss the future operating agreement, and anticipates negotiations to be complete by June 2016.

G. SUPPLEMENTAL INFORMATION

1) Site Map



2) Public Resource Code References

ARTICLE 2. Operating Agreements with Other Agencies and Organizations

5080.30.

Agreements may be entered into between the department and any agency of the United States, any city, county, district, or other public agency, or any combination thereof, for the care, maintenance, administration, and control by any party to the agreement, of lands under the jurisdiction of any party to the agreement for the purpose of the state park system. The expenses of the care, maintenance, administration, and control may be paid from the general fund of the city, county, district, or other public agency, from the funds of the department, from any funds available to the agency of the United States for these purposes, as the case may be, or from revenues generated on the lands subject to the agreement.

5080.32.

(a) Except as provided in subdivision (b), revenues received from lands subject to an operating agreement entered into pursuant to this article shall be available to the department only for the care, maintenance, operation, administration, improvement, or development of the unit of the state park system in which the lands from which the revenues were derived are located and any recreational trail providing access to those lands.

(b) (1) As to operating agreements that are in force on September 30, 1994, if a local agency operates more than one unit of the state park system under the operating agreement, revenues received in excess of the care, maintenance, operation, administration, improvement, or development of one unit may be utilized for those purposes at other units of the state park system operated by the local agency.

(2) As to operating agreements entered into, renewed, or renegotiated on and after October 1, 1994, revenues received from lands subject to an operating agreement in excess of the cost, maintenance, operation, administration, improvement, or development of those lands, as determined by the department, shall be available to the department, upon appropriation by the Legislature in the Budget Act, for expenditure for support of the department.

5080.40.

(a) No operating lease or agreement shall be entered into, or amended, pursuant to this article unless one of the following has occurred:

(1) The Legislature has reviewed the lease or agreement, or amendment, as part of the annual budget process or the requirements of paragraph (2) have been met.

(2) Following enactment of the annual Budget Act, the State Public Works Board determines that the proposed lease or agreement or amendment could not have been presented to the Legislature for review during the annual budget process, or that the proposed lease or agreement or amendment was reviewed during the annual budget process but it is necessary to revise the terms of the lease or agreement or amendment in a material respect, and the State Public Works Board determines that it is adverse to the interests of the public to defer that review to the next annual budget process. Upon making its determination, the State Public Works Board may review and approve the proposed lease or agreement or amendment, or any revision thereof, not sooner than 20 days after the board has provided written notification to the Chairperson of the Joint Legislative Budget Committee, the Chairperson of the Assembly Ways and Means Committee, and the Chairperson of the Senate Budget and Fiscal Review Committee of the intended action. All actions taken by the State Public Works Board pursuant to this paragraph shall be reported to the Legislature in the next Governor's Budget.

(b) The department shall include with the proposed lease or agreement or amendment sufficient documentation to enable the Legislature or the State Public Works Board, as the case may be, to evaluate fully the estimated operating costs and revenues and all terms upon which the lease or agreement or amendment is

proposed to be entered into. Specifically, the documentation shall identify both of the following:

(1) Any anticipated costs to the state for operation or development under the lease or agreement or amendment and the anticipated state share of total operation and development costs.

(2) The anticipated annual revenues, net of operation costs, for the unit and the state's share of these revenues.

(c) Leases or agreements shall be exempt from subdivisions (a) and (b) when all of the following conditions exist:

(1) The lease or agreement involves operation of only a portion of a unit of the state park system.

(2) The term of the lease or agreement is for a period of 20 years or less.

(3) The lease's or agreement's impact to the unit, including concessions revenue, will not exceed five hundred thousand dollars (\$500,000) in annual gross revenue generated on the property.

(4) The lease or agreement involves no significant change in state operational funding or staffing levels, and does not include present or future state expenditures for development of the unit.

(d) Amendments to existing leases or agreements shall be exempt from subdivisions (a) and (b) when all of the following conditions exist:

(1) The amendment involves operation of only a portion of a unit of the state park system.

(2) The amendment's impact to the unit will not exceed five hundred thousand dollars (\$500,000) in annual gross revenue generated on the property.

(3) The amendment involves no significant change in state operational funding or staffing levels, and does not include present or future state expenditures for development of the unit.

3) General Plan Reference:

The General Plan describes the purpose of Dockweiler SB to provide quality scenic, natural, and recreational opportunities to the public. Further, it should be available to all visitors, for their benefit and enjoyment, and perpetuate both active and passive beach-oriented recreation.

H. RECOMMENDATION

The Department recommends submittal of the proposed operating agreement, including the terms on which the proposed contract will be advertised for public bid, to the Legislature for evaluation and approval as part of the annual budget process.