

Lake Berryessa
Resort Owners Plan [ROP]
Future Recreation Use and Operations of Lake Berryessa



- Markley Cove Resort**
- Pleasure Cove Resort**
- Steele Park Resort**
- Spanish Flat Resort**
- Lake Berryessa Marina Resort**
- Rancho Monticello Resort**
- Putah Creek Resort**

April 4, 2005

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MISSION STATEMENT

Our mission is to manage, operate and develop the Resorts at Lake Berryessa - to provide the access and facilities to the public for recreational opportunities - to optimize visitor experience, to provide services according to contemporary public needs and demands, to promote opportunities for families, to provide access and use for enjoyment to present and future generations - in a healthy and safe environment, consistent with other authorized functions of the Solano Project, according to the principles of the Public Use Plan and Reservoir Area Management Plan.

Lake Berryessa Resort Owners

- **Markley Cove**
- **Pleasure Cove**
- **Steele Park**
- **Spanish Flat**
- **Lake Berryessa Marina**
- **Rancho Monticello Resort**
- **Putah Creek Resort**

EXECUTIVE SUMMARY

“The Resort Owners at Lake Berryessa are submitting this plan for the future use and development of Lake Berryessa. Although the Resort Owners Plan [ROP] focuses on the concessions, all of Lake Berryessa is included. ROP accommodates all types of use, while favoring short term. The ROP is economically sound, incorporating a financial base that can sustain the concessions during the inevitable downturns such as droughts, economic recessions and gas crises. ROP integrates the financial ability to develop and upgrade facilities and services to meet future needs, as well as the opportunity for the concessionaires to make a fair profit. The Rate of Return on investments in the ROP is less than that used in the Bureau of Reclamation’s Dornbusch Study. Lake Berryessa Resort Owners are submitting this Plan, which is built on the principles of Bureau of Reclamation’s Public Use Plan [PUP] 1959, Reclamation Area Management Plan [RAMP] 1992, Record of Decision [ROD] 1993, and demonstrated public demand. This Resort Owners Plan expands on the preceding documents in the way that the Resorts can best accommodate future public needs. While the Lake is a recreational outlet for the Greater San Francisco Bay Area and Sacramento Metropolitan Area, ROP properly addresses the economics of the costs and benefits which will allow Lake Berryessa to become a greater asset of Napa County.” – Robert White

Purpose and Need

PURPOSE. The Purpose of this document is to respond to the DEIS and address the future of Lake Berryessa. Seven Concessionaires currently operate Resorts at Lake Berryessa that are managed by the Bureau of Reclamation under contracts initiated in 1958, all of which expire by 2009. With Concessionaire Contracts expiring, there is the opportunity to evaluate the current facilities, public user demand [current/proven and projected], recreational uses, and potential use and operations.

NEED. There is a current need to develop an updated plan to for Lake Berryessa that will include Master Plans for each Resort that inherently and cumulatively accommodate current and future needs, protect resources, address health and safety issues, are financially feasible, and achieve the highest public benefit through recreational opportunities [as identified in the PUP and RAMP]. RAMP is the document that currently guides the concessions and management of Lake Berryessa, but it does not become effective for implementation in the concession areas until the end of the current contracts. Future Plans need to comply with Public Law 96-375, regarding contracts, improvement ownership, and fair value.

[PL 96-375] Section (a) authorizes the Secretary of the Interior to enter into new negotiated concession agreements. Those agreements must comply with the 1959 National Park Service Public Use Plan for Lake Berryessa, and Reservoir Area Management Plan.

[PL 96-375] Section (b) all permanent facilities placed by the concessionaires in the seven resorts at Lake Berryessa shall be considered the property of the respective current concessionaires. Further, any permanent additions or modifications to these facilities shall remain the property of said concessionaires: Provided, That at the option of the Secretary of the Interior, the United States may require that the permanent facilities mentioned herein not be removed from the concession areas, and instead, pay fair value for the permanent facilities or, if a new concessionaire assumes operation of the concession, require that new concessionaire to pay fair value for the permanent facilities to the existing concessionaire.

SCOPE. The Scope of the Plan for the Concessions [ROP] encompasses all of Lake Berryessa according to the Public Use Plan [PUP] to be evaluated for best future recreation uses and public access.

Affects from the decisions regarding the future of the Lake expand from the Resorts and the Lake, to the entire Lake

Berryessa Community, Napa County, Northern California water recreation, visitors from the Sacramento and San Francisco areas, including Santa Clara and Sonoma Counties, and vendors nationally, including boat manufacturers.

Background

In 1948, the Bureau of Reclamation project to create Lake Berryessa was authorized by Congress, as part of the Solano Project, to provide flood control and water resources for irrigation, municipal and industrial uses. The Monticello Dam was completed in 1957 and created Lake Berryessa. In 1958 Reclamation and Napa County entered into a Management Agreement whereby Napa County would administer and develop federally owned lands at Lake Berryessa. Napa County then entered into concession agreements with seven resorts. The resorts are located south to north on the west side and south end of the lake. By their locations, the resorts disperse use around the Lake. Of California reservoirs, Lake Berryessa is second in size to Shasta Lake, with storage capacity of 1,600,000 acre feet of water with approximately 19,000 surface acres. Reclamation has a permit that allows removal of 7,000 acre-feet of water per year from Lake Berryessa, which is used for potable and agricultural uses in Solano County.

In 1958 Lake Berryessa was not officially open to the public, barbed wire was in fact strung to impede public access, none-the-less, on August 31, 1958 there were 800 boats on the lake, with no launch ramps, sanitary or user facilities.

“During the first two years that the lake was forming, the water and land areas began to receive heavy public use, despite limited access from old existing roads and despite the lack of sanitary facilities and garbage disposal facilities. The new lake became a serious health problem to both the United States and Napa County, and the Napa County Board of Supervisors was advised by both California state and County Boards of Health that the lake would have to be closed to the public. As the United States had provided no funds for public use facilities at the lake, a plan was formulated for private concessioners to provide public use facilities with their own private funds at no cost to Napa County or to the United States.” - 1978 Memorandum Opinion, Findings of Facts and Conclusions of Law

The Bureau of Reclamation engaged the National Park Service to create a plan for recreational use at Lake Berryessa. The result was the Public Use Plan [PUP] 1959, which was designed to optimize recreational use and to accommodate the public needs. Eight areas were designated to be concessions / resorts; and ten areas were to be developed by a public agency for public use. Private enterprises were solicited to develop the resorts from the bare land on the determined locations under the PUP. The concessions were then developed, solely with the funds of the concessionaires, at no cost to the United States Federal Government or Napa County. The locations were selected to disperse recreation, and facilities located to maximize usability with major fluctuations in water levels.

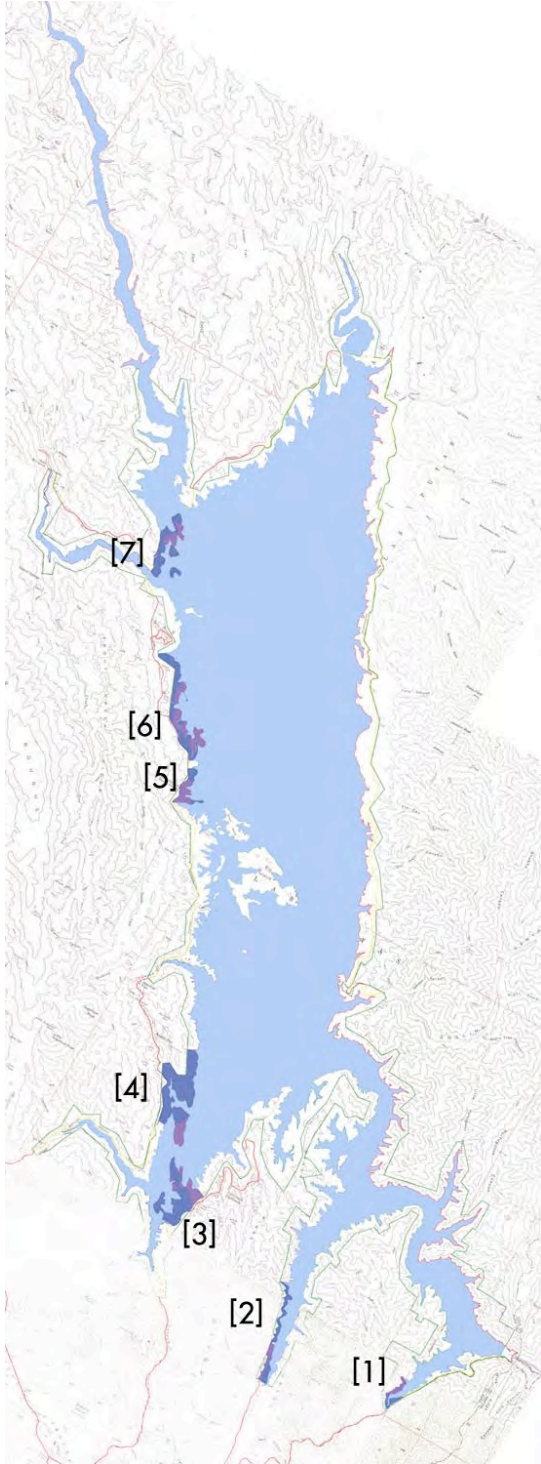
“The Monticello Reservoir situation is unique so far as reservoir development and management are concerned. Since most of the recreation use undoubtedly will be made by out-of-county residents, Napa County assumed management of the reservoir area on condition that County funds would not be spent for development, at least initially. In line with this policy, the County **plans to retain concessioners to provide not only the required public services but practically all recreation facilities as well.** - Under this type of development, wherein concessioners develop for the County and, in effect, for the Federal Government and the public, these investments may become more elaborate, costly, and diversified than at most reservoirs where the National Park Service has been engaged in cooperative planning.” - PUP page 102

The blended synthesis of location, climate and resources of Lake Berryessa has created the demand and use of the public, with the highest demand for “water recreation.” Supplemental activities such as hiking, nature recreation seekers and other visitors are available, and uses and facilities have essentially been available through use and public demand.

Lake Berryessa Map / Seven Concession Areas

Seven Concession Areas – south to north [1] Markley Cove Resort [2] Pleasure Cove Resort [3] Steele Park Resort [4] Spanish Flat Resort [5] Lake Berryessa Marina Resort [6] Rancho Monticello Resort [7] Putah Creek Resort

Blue/Violet - short-term use [average 50%], Medium blue - long-term use [average 50%]



INTRODUCTION

The purpose of the Resort Owners Plan is to propose a cohesive plan that is functional and beneficial for Lake Berryessa, the Public, Bureau of Reclamation, Napa County and the Concessions. It is aimed at projecting a future for Lake Berryessa that supports contemporary and future recreational needs of the public, based on sound operational and financial practices.

The ROP includes a Proposal for the improvements to the Resorts based on a Master Plan for all of Lake Berryessa, and individual Master Plans for each Concession area. All uses have been considered and provided for, with the flexibility to accommodate current and future use patterns, needs and demands.

The Resorts' Proposal includes improvements that make significant changes [1] Structurally and [2] Fundamentally. For example: [1] Pleasure Cove is proposing the first full service hotel at Lake Berryessa. [2] An underlying concept of the New Plan is Non-Exclusive Use, which incorporates "Long Term" vacation units into a pool of vacation units that would combine Long Term Use with Short Term Use of vacation units. The outcome of implementing the ROP provides more facilities for each segment of the user public.

CURRENT CONCESSIONS

Concessionaires charge fees for services, facilities and accommodations used by the recreating. Each of the seven Resorts offers a unique experience, due to location, terrain, use, theme, facilities, services and particular Concessionaire developments. With the exception of Memorial Day Weekend, Fourth of July Weekend and Labor Day Weekend the short-term uses are typically not full, unlike a destination such as Yosemite, that is booked to capacity all season.

"The resorts offer a variety of high convenience facilities in a total resort concept which fulfills most people's needs...the concessionaires have established facilities such as camping and picnicking sites, travel trailer and mobile home parks, boat launching ramps, marina facilities, restaurants, food stores, and related support facilities for public use. Each resort offers a variety of marina services including moorage, gas service, boat rentals, etc...Houseboat rentals are currently only offered at Markley Cove Resort." -1992 / RAMP pages 43-44

All seven Resorts use a total of 12 miles of shoreline. The Resorts are approximately 50% Short Term Use and facilities, and 50% Long Term Use. The PUP designated dispersed areas where Resorts were located so that they would be able to provide the facilities and services in areas least affected by water fluctuations, therefore much of the land in the resorts is too steep and unusable for short term and day uses.

"Facilities should be adjacent to steep banks and deep water to minimize their shifting due to drawdown, preferably in protected location[s] from wind and wave action..." - PUP page 39

As the PUP anticipated, nearly 80% of the high season use is on the weekends, with approximately 75% of total visitation between Memorial Day Weekend and Labor Day Weekend. Nearly all recreation users travel one to three hours from either the San Francisco Greater Bay Area or Sacramento Metropolitan Area.

"Although the Monticello reservoir area is administered by Napa County, it is more importantly of regional recreation significance than local. Probably less than 10 percent of its total use will be made by Napa County residents...Considering this high proportion of use by out-of-county residents and the dependency upon these visitors for a correspondingly large part of the revenues to administer recreation use of the reservoir, the policies of the county regarding recreation programming and development should consider the recreation needs and desires within the region or area of influence."

- PUP page 26

Proven use and demand show that boaters desire accommodations on a regular basis with supportive facilities such as launch ramps, docks and boat storage. It is logical, environmentally protective and more affordable for the boaters to have a consistent destination. The alternate is boat hauling, storage in cities and towns, road wear, traffic issues, and increased costs. Long-term visitors who have chosen to invest in a vacation unit at the concessions are limited in the use of their units [Bureau of Reclamation Operational Policy 4].

“Permittees may utilize the resort areas at Lake Berryessa for recreational use only...may not occupy the resort premises more than six months in any calendar year or more than 90 days continual occupancy.” – Bureau of Reclamation Operational Policy 4

The current composition of the resort areas include day and short term public use, long term sites, resort operational facilities, resort administration facilities, stores, cafes, restaurants, gas docks, docks, storage and parks. Day and short-term public use areas range from 40% to 80% of the resorts, infrastructure delineated areas [e.g., sewer ponds, water plant] range from 2% to 10% of the resort areas, concessionaire administration facilities approximately 2% of the area, and long-term sites 20% to 60% in the concessions.

The Resorts have met the user needs with facilities and services, while meeting the recreation management objectives mandated by PUP and RAMP, entirely without government subsidy of any kind.

Lake Berryessa / Resort Images



Markley Cove Resort - Store



Markley Cove Resort - Marina / Gas Dock / Docks



Pleasure Cove Resort - Covered Docks



Pleasure Cove Resort - Launch Ramp



Steele Park Resort - Constant Fresh Water Pool and Park



Steele Park Resort - Gas Dock



Spanish Flat Resort - North Docks



Spanish Flat Resort - Camping West Shore / Protected Cove



Lake Berryessa Marina Resort - Cabin / Modular Units



Lake Berryessa Marina Resort - Houseboat / Peninsula



Rancho Monticello Resort - Marina



Rancho Monticello Resort - Waterfront Camping



Putah Creek Resort - Launch Ramp



Putah Creek Resort - RV Sites

Major Recreation Areas / Financial Stability

Visitor Profiles, extensively water recreation and seasonal users, have been established by nearly 50 years of use and demand. Most have invested in boats, and spent years developing their skills at waterskiing, jet skiing, fishing and other boating recreational activities. Many visitors are long term Permittees, and/or their guests. Approximately 25% of Long Term Sites turn over annually, creating a continual stream of a new user public.



Lake Berryessa / Long Term Sites / RMR

Lake Havasu, Lake Camanche and Lake Berryessa have all developed long term sites that are the financial backbone of operations and the key to offering affordable public facilities. No future major recreation areas are planned in Northern California, making Lake Berryessa all the more important to be available to the water recreational users.



Lake Havasu / Long Term Sites

Lake Havasu has a wide range of facilities and accommodations:

“Air Strip, Marina, RV Park & Campground and Mobile Home Parks [* Awesome View Lots Available * Year Round Residences * Long Term Leases Available]” -

<http://www.havasulanding.com/facilities99.html>

“Havasus Springs” Named by the Havasupi Indians, this exquisite "land of the blue-green water" rests in the majestic mountain ranges of the mighty Colorado River between the great states of

Arizona and California. - Here you will discover the finest playground in the sunny Southwest Desert. We invite you to share in the splendor and beauty of this memorable vacation area at the best resort at Lake Havasu. - With countless year-round activities, delicious dining, a cozy lounge, an R.V. Park, motels, deluxe apartments and suites, and our latest addition of manufactured housing. . .” - <http://www.havasusprings.com/>



Lake Camanche / Long Term Sites

“It is recommended that the mobile homes be retained for the following reasons: They contribute substantial revenue regardless of the reservoir water level. This income is particularly important during the years of major rehabilitation expenses and during drought years.”

– 1990 Camanche Recreation Area Plan

LAKE BERRYESSA / RESERVOIR / DROUGHT / ECONOMICS

Reclamation has a permit that allows removal of more than 180,000 acre-feet of water per year from Lake Berryessa, which is used for potable and agricultural uses in Solano County. As water is released to Solano County there is significant “drawdown,” that coupled with droughts can be devastating to water recreation at the lake. During drought conditions recreational use drops dramatically, especially short-term use. Long-term users visit less but their rents create a stable financial base on which concessions can maintain and operate facilities for all the public.

“...visitation figures for 1987. Since that time northern California has experienced a drought lasting, at the time of this publication, five years. In addition to the drought, a mild recession has occurred for the last two years. The combined impact of these two actions has reduced visitation to the lake by approximately 37 percent.” - 1992 / RAMP page 43

Summers & Summers Economic Analysis

“Long-term use (or “trailer”) site rental fees alone account for approximately 40% of concessionaire revenues. If other concession expenditures by trailer owners are included, these lake users account for between 50% and 60% of total revenues. Eliminating this revenue source by requiring the removal of all trailer sites thus represents a dramatic change in the **concessionaire business model**. It additionally would force the new concessionaire to rely upon less profitable concessions. The claim that the new concessionaire would achieve *greater* revenue on these *less profitable* ventures (net of the current revenue from trailer site rental fees) despite a dramatic *reduction* in facilities is pure fantasy.” - 2004 Summers & Summers Economic Analysis / Executive Summary

CONCESSIONAIRE PLANS / VISIONS FOR THE FUTURE

The New Contracts are the pivotal point for a new level of development at Lake Berryessa. ROP proposes a sensible approach that is fiscally and environmentally responsible meeting the recreational needs and demands at Lake Berryessa of the current and future American Public. The ROP evaluates the best improvements for each resort, establishes new fundamental criteria, and incorporates all concessions into a concerted effort to develop a solid plan for Lake Berryessa. In order to support the ROP, fund development and meet the highest standards, the resorts must have the right to set market driven rates for all goods and services.

Elements of ROP / Improvements

Visual Improvements

- New construction designed within parameters of ‘Sustainable Design’ and in compliance with commonly accepted environmentally sensitive practices, e.g., energy efficiency, water conserving fixtures, and recycling
- Develop facilities for contemporary recreation uses and project a stronger image reflecting current trends
- Remodel and add new facilities
- All facilities and units upgraded to current standards and codes, or replaced with new facilities and units that meet current codes.
- Each Resort to develop a palette of colors for structures and Permittee units
- Environmental graphics and landscaping upgraded to create more ambience and enhance visitor experience
- Accommodations
- Lake Master Plan to include accommodations that meet the public needs, including upscale, mid-range, affordable, minimal
- Resorts to develop accommodations according to their target market and resources
- Long-Term Units to accommodate a range of public needs from families to individuals
- Incentives for Permittee improvements
- Improve and expand Short Term accommodations at various levels with hotels, motels, vacation units, RV sites and campsites
- Non-Exclusive Use / Vacation Units - Some if not all Resorts can systematically develop a percentage of Long Term Sites to be available for public use from a pool of units either owned by the Resort, or by Permittees, that allow units to be in a rental pool. These Non-Exclusive Use / Vacation Units, are a cost-effective solution to making more units available quickly to the public in addition to the other short term vacation units and accommodations being planned
- Exclusive-Uses will be phased out as demand is demonstrated for the need of Overnight/ Short-Term Accommodations
- Conversions from Exclusive to Non-Exclusive Use can be accomplished by Resort owned units or Permittee units joining the rental pool
- Employ new ways of decreasing density and increasing open space such as: zero clearance/duplex/triplex modular units and smaller footprint two story units with common areas, and clustered units, golf cart only access, and gravel roads to clusters integrated into some Resorts.
- RV sites to have upgraded electrical [50 amp] per current standards
- Day Use Visitors - Create additional areas along the shoreline for day use recreation and access. Better utilize the resources of land and water of ALL of Lake Berryessa for recreation.
- Develop Group Areas in some Resorts, encourage group areas to be developed on other public lands and/or integrated into the Resorts

- RVs, camping and day use expanded on other Lake Berryessa lands with slopes less than 15%, some of which might be operated by concessionaries
- Dispersed camping and day use is the responsibility of Reclamation

Facilities/Infrastructure Improvements

- Address Health & Safety issues as priorities in all facilities
- Perform frequent Health and Safety Inspections of Permittee improvements, while providing effective enforcement powers to ensure compliance.
- Enforcement agency to have sufficient authority to ensure compliance
- Water systems maintenance and improvements will adhere to all current codes.
- Sewer systems maintenance and improvements will adhere to all current codes
- Structure improvements or replacement of existing buildings
- Facilities improvements and upgrades
- Road improvements / adopt reasonable Road Standards – primary two-way road 24’, primary on-way road 16’, secondary two-way 20’, secondary one-way 12’, driveway [which serves no more than 5 units] 10’, all dead end roads have turn-arounds or hammer-head Ts.
- Roads must consider fire safety issues
- Resorts to develop specific water supply sources for fires
- Reclamation to acquire land or right of ways sufficient to allow a second emergency exit from each resort
- Site Improvements – Areas better planned, improve / upgrade sites to current standards, establish guidelines that will promote good maintenance, encourage new units for Long and Short-Term Sites
- Long-Term Units to meet 1998 HCD Standards
- Flood Proof all facilities in “Reservoir Flood Plain” 440’-455’
- Remove all long term sites from the “Base Flood Plain” 440’ – 450’ MSL
- Increased parking, parking improvements and cluster group parking
- Move dry storage out of the resorts as needed for Short-Term Use and improvements
- Docks will be upgraded to conform to current standards e.g., with encapsulated foam
- Undeveloped areas within the Resorts to be included in Master Plans
- Lake Berryessa lands less than 15% grade reviewed for greater public access
- Event / Entertainment areas developed for concerts, plays and activities

Services / Events

- Improve quality of services
- Expand services to meet current and future needs
- Increase security
- Events – Plan events, offer event opportunities, e.g., business meetings, corporate picnics, weddings, gatherings
- Continue to allow Special Events under permits, such as fishing tournaments, swimming races, triathlons, bike races, jet ski competitions, wakeboard competition, boat races and rowing competitions

Groups / Lands / Businesses

- Monticello Ski Club would retain its concession to provide and operate a slalom course in Skiers Cove
- Concession developments and Reclamation controlled lands to be complementary areas for public access
- Lands in the Lake Berryessa area to be considered in the broader picture of the entire area’s potential
- Local businesses in the surrounding areas to be better integrated with the Lake through advertising and visitor information provided at the businesses and the lake
- Visitor information service, marketing and media information to be developed to better inform the public about Lake Berryessa
- Resorts proactive in forming a Recreation District to help fund local services and public use

Elements of ROP / Viability

The principles underlying the Resort Owners Plan are to provide the public with facilities and services for current and future recreational needs. In order to have immediate and long-term objectives met, the ROP makes certain assumptions on which the Plan is achievable, sustainable, environmentally sound and economically viable. RAMP is a fundamental and integral element of the Plan, which has been refined and updated to meet specific goals.

Lake Berryessa Resort Owners Plan / Elements of Viability

- Plan which requires the upgrading and increased investment by the concessionaires, and the replacement and/or upgrades to Permittee improvements. Therefore, an increase of the tax base and county revenues, to be more financially supportive of local services, such as fire, police and other emergency service.
- New Contracts trigger the re-assessment of all facilities within the concessions and will generate a larger tax base, to fund county services, than exists currently under Proposition 13.
- Modification to Bureau of Reclamation Operational Policies to facilitate and accelerate Permittee upgrades.
- Pricing to fluctuate with the market. No Bureau of Reclamation price fixing.
- Implement Master Plan for Lake Berryessa, to provide facilities and services, encompassing more types of uses; each Resort developing a subset Master Plan, which includes specific upgrades and improvements to that Resort.
- Management Operations. BOR should develop the areas identified in the PUP and the RAMP, as demand for day use and low density camping is demonstrated. Certain areas might be taken over by the concessions under financially feasible conditions.
- Land and Water Use Planning and Classification. Land and Water Classifications need to follow the PUP and RAMP and the optimization of recreational use.
- Recognize that through Public Law 96-375 the Bureau of Reclamation and/or New Concessionaire is required to pay fair value for all improvements and upgrades at the concessions, in the event that the current concessionaires are not renewed.
- Contracts must contain a possessory interest for concessionaires.
- Contracts for the concessions to be 30 years with two ten year extensions, consistent with size of the investment needed to complete the ROP.
- Concessionaire performance review every three years, with performance rewards.
- Adjustable Franchise Fees paid in accordance with performance, incentive for investment.
- Operations will be the right and responsibility of the Concessionaire under the appropriate Reclamation Policies.
- Concessions will be recognized as small businesses; operations and obligations will not be over burdensome.
- Concessionaires are allowed to make a "Fair Profit"
- Bureau of Reclamation to allow Concessionaires an opportunity to review their business plan / operations, and make changes, with mutual consent, in order to meet changing market demands.

Lake Berryessa Inclusive of All Public Lands

Reclamation directly manages 135 miles of additional shoreline, of which PUP identified at least 58 miles suited for day use, short-term use and boat-in camping. Reclamation manages a total of 30,000 acres at Lake Berryessa, 20,000 acres of water and 10,000 acres of land; the Concessions occupy 1,000 acres of that land. Under the Consolidated Appropriations Act, 2005 H.R.4818 VIII – Federal Lands Recreation Enhancement Act, Bureau of Reclamation is authorized to collect recreation fees at Federal recreation lands and waters commensurate with the benefits and services provided to the visitor (Sec 803-1). [Reclamation] shall consider comparable fees charged elsewhere (Sec 803-3).

Reclamation Development Identified at Lake Berryessa

The following map of Lake Berryessa Areas illustrates the undeveloped Reclamation areas in yellow. Green [west shore only] indicates the small portion that has been developed by Reclamation. [Greens in the southeast are BLM lands/not developed]. Yellow-orange indicates the undeveloped east side, which has been identified as a wildlife area and has restricted use. Descriptions and recommendations for these areas beginning in the southeast with Markley Cove follow the map. These lands need to be considered from today's perspective in the Lake Berryessa Master Plan. Reclamation should be responsible for the implementation of development and management of suitable areas for current and future public use. Some of the lands could be incorporated into existing Resorts. The Concessions might also be able to assist in the management of certain areas.

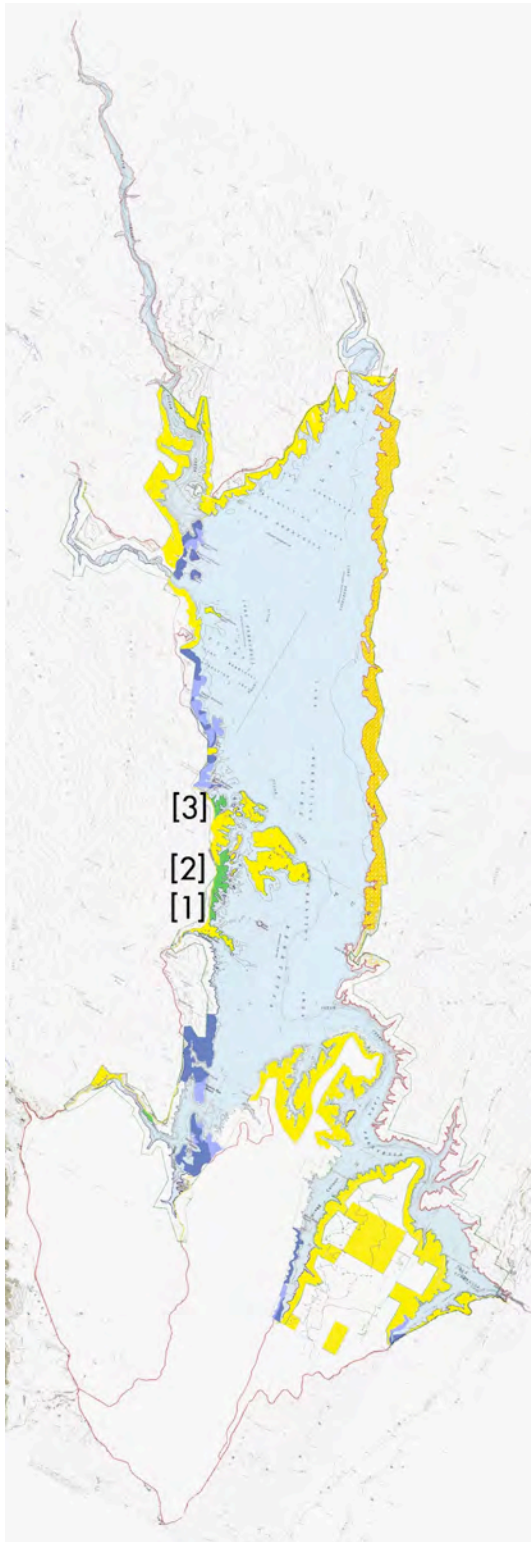
Road Frontage Percentages BOR/ Concessions / Private

Reclamation has more than four times the road access miles than all of the resorts together.

- BOR 45.7% - 12 miles / 17 miles - unknown public access
- Resorts 10.6% - 4 miles / 4 miles - with 100% public access
- Private Lands 43.7% - 11.5 miles / 16.5 miles - 0% public access
- Total Road Frontage excluding East Side is 27.5 miles
- Total Road Frontage including East Side is 37.5 miles

Lake Berryessa - Reclamation Areas

Yellow – Undeveloped, Orange – Wildlife/Undeveloped, Green - Developed [1] Capell Launch Ramp [2] Oak Shores [3] Smittle Creek
[Blue - Resorts]



Considerations of Federal Lands for Public Use

PUP 1959 Area Descriptions for Public Agency Development [separate from Concessions]

Following are the twelve areas PUP recommended for development (PUP pages 41 – 102). [R] = Reclamation

[R] Reclamation Area #1 - Markley Cove Turn Out – Markley Canyon – Area A1 – 8 acres of land. These public lands in Markley Cove are not included in the resort area. They are located on the east side of the cove, the area currently unimproved except for dirt turnouts and forged unimproved trails. The result is an unsanitary and unsafe area that is not monitored.

[R] Reclamation Area #2 - 500 Acres / Additional Area of Wragg Canyon Area B – PUP identified 500 acres of public land that is an area in the center of Quail Ridge, which is currently only available to limited tours. Access to that area needs to be made available to the public and it should be integrated with shoreline access. The west [east side of Wragg Canyon] and east [on Channel to the Dam and west side/entrance of Markley Cove] sides of the peninsula were identified as having the most favorable topography for that shoreline access.

[R] Reclamation Area #3 – Below and Surrounding Berryessa Highlands “Primitive Camp Area” – Wragg Canyon – Steel Canyon Peninsula – Map Sheet No. 2 – 1,000 acres of land on the Steele – Wragg Canyon peninsula, identified the as the best land on Lake Berryessa, also has an island [about 10 acres] immediately off shore. Reclamation has not provided trail or road access to the area. Boat in access is possible but no facilities are available. Road access problems could be solved with minimal easements or purchase of private land(s). West end trail access from a jeep trail on private land(s) off of Steele Canyon Road connects to the central and best area. The Lake Berryessa Improvement District has access to the southwestern edge of the area by road, where a 150-foot strip of private land separates the central and eastern portions of the public lands, off Steele Canyon Road from existing private lands. A private, gated community that abuts to the area’s boundary currently blocks the northern end of Steele Canyon Road. The entire shoreline can accommodate trails, campsites, picnic sites, marinas and facilities. Access at any point giving trail access to the entire area could be developed as a road. Whether or not road access is acquired, trail and boat access is easily accomplished. The shoreline is accessible by boat-in users; it is open to public use but has no facilities.

[R] Reclamation Area #4 - Capell Cove – Capell Creek Arm – Area D – 30-35 acres - constant water pool would be ideal for handicap recreation, and/or other water recreation opportunities – current development includes the Capell Cove Free Launch Ramp which was against the recommendation of PUP. A launch ramp was recommended in a different. Reclamation controls 2.9 miles of Capell Area shoreline. Capell Cove Area, as identified in the PUP, has not been developed, except as a turnout. A shoreline trail would provide bank fishing access, there is potential for additional development for the visiting public.

[R] Reclamation Area #5 & #6 - Reclamation Headquarters & Oak Shores Park - Park Headquarters and Future Major Public Use Area – Map Sheet No. 4 – Area F

[R] Reclamation Area #5 - Reclamation Headquarters – Area F – 25-30 acres - Park Headquarters 25-30 acres, 5 to 7 of which were to be the headquarters, the remainder was to be for public access, currently behind locked gates, no access signs, etc. – Currently Exclusive Use for Reclamation. There is no vehicle access, or handicap access to the Reclamation office without special permission. The visitor center is typically closed.

[R] Reclamation #6 - Oak Shores Park – Area F – 1,000 acres of land and water – over half of which is land – 250 acres of land in Oak Shores Park with 11 miles of shoreline + 250 acres of land on big island + 50 acres of land on small island + other smaller islands = approx 600 acres of land- A portion

this major area has been partially developed as Oak Shores Park. The area is underdeveloped and access is limited – signage prohibits cars with trailers and vehicles over 26 feet [motor homes and travel trailers] into the area. Even trailered canoes, kayaks, sail boats, or other non-motorized boats are denied access. The launch ramps are blocked to any vehicle or trailer and unusable except by manual portage. There are no docks whatsoever in the entire area – including a courtesy dock as describe in Reclamation’s Oak Shores Plan. Logistics of boating in the area is made difficult by Reclamation’s access rules and facilities. Oak Shores was to be available as a significant camping area, which has never been made available to the public.

[R] Reclamation Area #7 - Smittle Creek – approximately 10 acres [R], 30 acres [Berryessa Marina Resort] – 40 acres - West Shore North of Smittle Creek – Area G – Map Sheet No. 5 – *Smittle Creek is underdeveloped, signage is either unfriendly or uninformative. 30 acres [Berryessa Marina Resort] was returned to [R].*

“Area G is relatively small but excellent area... The area is located about midway between Spanish Flat and Pope Creek bridge. - Public use of reservoir lands located west of the Knoxville Road is not contemplated.” - PUP pages 79-82

[R] Reclamation #8 - Never Developed – 500 feet –

“The buffer strip between Area G and Area H offers an excellent overlook and possible free picnic site. Development of this area by the County is recommended.” - PUP

[R] Reclamation Area #9 / Undeveloped Concession - Resort #8– Never Developed Resort - Pope Creek Area – Area J - Map Sheet No. 6 *This land, south of Pope Creek was to be the location of the eighth concession, but it has no pull off access, road access or trail access, even though it has over 1000 feet of road frontage, it is located below Berryessa Pines subdivision and other privately held property. An easement access could be developed at the north end of Lakeview Storage. The shoreline could also be connected to area H, Rancho Monticello Resort, and provide second entrance / emergency exit, ideal for camping, RV and short term rentals. It has a location suitable for launching ramp, not suitable for a marina or rental docks due to exposure to the winds.*

[R] Reclamation Area #10 – Pope Creek Bridge Sub Station - In addition to the ten areas that are described in the PUP recommended for development outside the resorts is the recommendation under Area K, which became Putah Creek Resort, an additional recommendation for Reclamation to have a substation at the intersection of Pope Valley and Knoxville Roads.

[R] Reclamation Area #11 - Organization Camp Area – Putah Creek Arm - Map Sheet No.7 – 150 acres – Organized Camp and Resort Area at Putah Creek Cove. Currently only 15 acres have been developed / utilized for the Boy Scouts – Camp Berryessa. The DEIS/VSP recommends termination of the lease with the Boy Scouts. Within the additional 135 acres, one area could be a full service resort, another identified for group camping.

[R] Reclamation Area #12 – East Side – East Shore has 11 miles of Reclamation shoreline road, of which the north half is a waterfowl and eagle nesting area, with limited trail access. The shoreline has the easiest topography for trail development; access could be restricted during sensitive nesting times, etc. The road should be accessible to the public with turnouts for parking and trails to the lake at regular intervals.

Future Plans and Developments / Update to RAMP/ROD

RAMP/ROD 1993 identified specific recreation management actions to be taken, and provided overall project parameters to guide the developments at Lake Berryessa. Following is an update to RAMP/ROD reflecting current

information and ROP criteria, to meet objectives for recreation and use, determined by identifying visitor profiles.

1. Land Acquisition

Reclamation may acquire additional lands to improve recreational access and services to public lands and minimize impacts to adjoining lands.

2. Land Disposal

Reclamation to dispose of, or exchange lands around Lake Berryessa not required for either the operation of the Solano Project, watershed protection, or recreational or wildlife purposes to be considered. Only lands separated from the lake by highways would be considered in this action. Approximately 500 acres could ultimately be involved. In consideration of “best use” of land, Napa County should be apprised of the potential land available, and complementary development uses could be analyzed.

3. Visitor Information Services

Expand Visitor Information Services - could include:

- Interpretive Center Facilities and Activities
- Develop mini-interpretive center in the dam area
- Overlooks at appropriate locations along roads
- Interpretive trails
- Additional signing that directs visitor access and distributes information
- Encourage positive programs that increase the recreational, as well as socially beneficial opportunities for underserved communities without proportionately increasing traffic, e.g. environmental education programs for schools that increase mid-week use but don't negatively impact traffic through use of small buses or vanpools.
- Waste reduction and recycling programs at each Resort
- Lake Berryessa literature and web development
- Information and maps of local and outlining areas and attractions, e.g., Spanish Flat Village, Pope Valley, Capell Valley, Wooden Valley, Calistoga, St Helena – historic landmarks, rural areas, wineries, shopping, ballooning, restaurants

4. Dispersed Recreation Area Improvements

Reclamation to improve and/or develop Dispersed Recreation Areas (Class III), which could include shoreline areas, access trails, sanitation facilities, garbage collection, parking, visitor information signing, etc., providing for the health and safety of the public and protection of resources.

5. Facilities for Special Needs Populations

Improve accessibility for special needs populations in all facilities at Lake Berryessa, including Concession Areas. Oak Shores and Capell Cove Areas both to be further developed to accommodate special needs populations. In some cases, retrofitting of appropriate facilities may be required in accordance with Section 504 of the Rehabilitation Act of 1973, as amended.

6. Administration Point Day Use Area

Reclamation to improve access to Administration Point to provide a dispersed/semi-primitive day use experience. Access will normally be limited to walk-in users. Provision for limited motor vehicle access will be available for special needs populations. The site totals 30 acres of which only a small portion of the land would be disturbed for site development.

7. Use and Development of Oak Shores Area

Oak Shores Day Use Area to be developed to accommodate user trends, public demand, and special needs

populations. Oak Shores could be open for overflow camping. Construction of a full size launch ramp and courtesy dock implemented. Improve and/or develop General Outdoor Recreation Areas (Class II). Consideration should be made for the Oak Shores to be included and/or managed by a Concessionaire/Resort, potential be a High Density Recreation Area (Class I).

8. Use and Development of Smittle Creek Area

Smittle Creek Area to be further developed. Resort Owners Proposal reincorporates Smittle Creek with Lake Berryessa Marina Resort [PUP], for placement of cabins / park models. Boat Rental operations of the Resort to be moved to the Smittle Creek Area.

9. Island Uses and Improvements

Provide dispersed recreation area improvements on Small and Big Island (450 + acres). This would change the existing land-use classification from semi-primitive (Class N) to dispersed recreation (Class III).

10. Group Campground/Overflow Campgrounds

Develop a high quality campground/day use area northeast of the Putah Creek Bridge with Camp Berryessa, the North Area Campground, as its core. Group camping would be a primary use, but it would be reserved for overflow individual camping on major holiday weekends and overflow camping, only as needed on weekends not reserved by groups. Oak Shores would also be overflow camping on Memorial Day, Fourth of July, and Labor Day holidays.

11. Limited Special Uses of Lands

Allow limited, e.g., specific days, dates, and times, special uses of lands around Lake Berryessa, including those shoreline areas exposed due to extreme draw downs, only if such uses are not incompatible with other recreational activities.

12. Special Events on Land

Allow special events and/or activities (equestrian activities, races, bicycling events, etc.) that may temporarily displace other recreational uses on a limited irregular basis through a permit system. The temporary closure of lands to the general public for reasons of public health and safety may be authorized for the duration of the event. Specific guidelines and procedures and mitigation measures may be developed for each special use, to minimize impacts on resources, including water supplies. Permit fees may be charged by Reclamation.

13. Land Use / Recreation

Plan for recreation at Lake Berryessa based on the RAMP Land Use Classification System. Concessions operated under Class I – High Density Recreation Areas.

14. Trail Development

Develop a predominantly unsurfaced multi-purpose riding and hiking trail system (30 to 150 miles) in dispersed recreation (Class III) and semi-primitive areas (Class IV). Horseback riding is a popular activity in various park settings and may be a viable activity at Lake Berryessa. Trails could accommodate a variety of uses, but would not be available to motorized vehicles. Trail use by bicyclists should be allowed as a safety measure to move bicyclists off the adjacent highway. Analysis of public demand, public trends, Lake Berryessa specific terrain, environmental impacts and funding must be conducted before any action is taken to construct the trails. An analysis of recreational user developed trails, and a trail design considering health, safety and sanitation issues needs to be established. After a sound plan is developed, a phase-in plan should be implemented. Proven use and maintainability would expand the trail system incrementally.

Several Trails have been developed and can be found through Blue Ridge Berryessa Natural Area's [BRBNA] website. BRBNA encompasses 600,000 acres of natural, wild, agricultural and recreation lands that attracts

hikers and nature enthusiasts. <http://www.brna.org/> [Click the “Enjoy” button for recreation links] Berryessa Trail Guide - Six trails are described and mapped <http://www.sonic.net/berryessatrails/> North Shore Trail / East Shore Wildlife Area / Road Trail / Cedar Roughs Access Trail / Smittle Creek Trail / Stebbins Cold Canyon Trail

15. Wildlife / East Shore Recreational Limitations

Continue to limit recreational access to the East Shore of the Lake. Continue Fish and Wildlife Management Area designation with California Department of Fish and Game.

16. Boat Access Camping

Establish a limited trial program to explore the value of boat access camping for restricted areas, administered by the Reclamation. Empirical results of the program will be analyzed for effectiveness. Although this proposal helps disperse short-term users around the lake, it can have potential negative environmental impacts if not enough support and maintenance resources are applied to trash, sewage, and other issues. A similar program at Lake Sonoma may serve as a guide.

17. Boat Launching

All developed areas should have appropriate launching facilities incorporated into their design. All boat launching should charge a competitive fee. Designate appropriate non-motorized boat launch ramps.

18. User Fees

All developed areas to be allowed to charge fees for entrance, launching, day uses, camping, RV site use, short-term use, long-term use, docks and boat storage, to support the facilities and services.

New Fees could be charged for:

- Day Use / Oak Shores
- Camping / Oak Shores
- Group or Camping Overflow / Camp Berryessa
- Launching / Capell Cove
- Launching / Oak Shores
- Launching / Camp Berryessa
- Houseboat Inspections
- Boat Access Camping Program Services
- Special Events
- Special Permit Processing

19. Limited Special Uses of the Water Surface

Allow limited special uses such as water skiing instruction, or slalom courses in designated coves and other specific water surface areas. General public access to an area where limited special uses have been approved may be restricted for reasons of public health or safety. Additional public involvement and necessary environmental documentation may be required prior to restricting public access for limited special uses. An example might be Skiers Cove, which could be open as a 5 MPH zone to anglers and others when not being used for water ski activities.

20. Special Water Use Events

Allow special water use events and/or activities (races, regattas, swims, fishing derbies, etc.) that may temporarily displace other recreational uses on a limited irregular basis through a permit system. The temporary closure of coves or other areas for reasons of public health and safety may be authorized for the duration of the event. These events may also be considered special land use events due to the need for

shoreline access and support. Permit fees may be charged by Reclamation.

21. Water Surface Zoning

Lake Berryessa is one of the few lakes in Northern California ideally suited for water skiing and power boating. Power boating should not be unduly restricted. Evaluate appropriate zoning for water surface uses and activities, to promote public health and safety, foster compatibility of recreational uses based on the objectives of the PUP and RAMP.

22. Water Craft Carrying Capacity / Water Safety

Water Use Classifications based on PUP and RAMP capacities under the principles of optimizing water recreation. Currently the capacity for watercraft of the lake is estimated to be over 3000. The carrying capacity will be revised if research shows that additional watercraft may be safely accommodated. Boater safety and education information is to be provided through Reclamation and Resorts.

23. Local Government Services

Through agreements with local enforcement agencies or through additional authorities, local government support services will be adequately maintained to provide for the health and safety of visitors and protection of resources.

24. Flood-proofing and Anchoring Structures and Facilities

Resorts to develop approved emergency flood-proofing plans for securing water, sewage and utility systems within the Reservoir Floodplain against contamination due to high water. Structures and facilities in the reservoir floodplain (440 - 455 foot level) will be flood-proofed and/or anchored. Reclamation's definitions of various flood stages are shown below. The Lake level has never been higher than 446.7 feet (1983) since the dam was constructed. Since 1985 it has only reached 444 feet once in 1998. It is typically at or below 440 feet (Glory Hole). (See Water Level Charts in the Appendix C) These facts need to be considered when evaluating the economic impacts of various actions on the Lake.

Base Floodplain Lake Berryessa's 100-year floodplain (*1% probability*) - any area below the 449.5 feet mean sea level (msl)

Structural Base Floodplain An elevation of one foot above the Base Floodplain

Reservoir Floodplain Lake Berryessa's maximum elevation prior to breaching the roadway of the dam is any area around the Lake Berryessa shoreline that is between 450.5 to 454.9 feet msl. The dam height itself is 456 feet. Highway 128 was designed to be the emergency spillway before the Lake overtops the dam.

Flood Warning Stage 441 feet mean sea level

Flood Watch Stage 444 feet mean sea level

High Flood Stage 448 feet mean sea level

Catastrophic Flood Stage 453 feet mean sea level

Flood Watch Season December 1 through May 31

25. Limit Future Construction of Facilities in the Reservoir Floodplain

Limit the construction of new or additional permanent structures and facilities to be located within the Reservoir Floodplain (440 feet to 450 feet mean sea level), except items which have been authorized in Master Plans for short term, water or related activities. This prohibition does not apply to normal routine maintenance required for existing structures and facilities. Facilities serving day and short-

term uses may be allowed in the Reservoir Floodplain provided they could be flood-proofed or removed on short notice.

26. Removal of Structures and Facilities for Environmental Causes

Structures and facilities may be eliminated in unstable or environmentally unacceptable areas, provided no effective mitigation measures can be implemented.

27. Long-Term Sites

Long-term sites are essential as a balanced portion of any concession at Lake Berryessa. The long-term user has created the stable financial base that allows for the improvements to be made to the Resorts, accordingly Resorts can offer affordable services and facilities to the short-term and day user. With the seasonal nature and drought fluctuations of Lake Berryessa, long-term use minimizes risk to all operations at the Lake. Floodplain issues in RAMP should be revisited. Certain long-term sites in the Base Floodplain should be removed, in accordance with zones and new development plans. Certain long-term sites in the Structural Floodplain should be kept in accordance with zones and new development plans with the requirement of flood proofing. Preferably, Long Term Sites should be located on slopes exceeding 15%.

28. Phased Upgrades / Long Term Sites and Permittee Facilities

A phased program, will be developed to upgrade all Long Term Sites and Permittee Travel Trailer/Mobile Home/Modular units to 1998 HCD standards and new setback requirements, within 10 years.

29. Relocation of Long-Term Sites

Sites offered for long-term use, including modular units, mobile homes, travel trailers, cabins, etc. which are displaced due to new development plans may be relocated to another site within the Resort provided space is available, or to another Resort that has available space. Sites may be identified in subsequent Resort Master Plans. All relocations will be subject to upgrades and new standards.

30. Future Long-Term Use / Non-Exclusive Use

Flexibility for "Use" can be accommodated by a "Non-Exclusive Use" program. The program involves units available for short-term use; these units include long-term units that are in a pool of available units. Other units are exclusively short-term use, either owned by the Resorts, or owned by Permittees and managed for short-term use through the Resorts.

31. Short-Term Sites

Provide additional short-term facilities (cabins, camping, day use, etc.) in designated locations in accordance with proposed zones and new development plans. Upgrade short-term sites to a higher standard. Short-term sites and site areas will be developed in a phased manner based on user need and proven use. Preferably, Short Term Sites should be located on slopes of less than 15%.

32. Limitations on Shoreline Modifications Below 440 Feet

Modifications of the shoreline (dredging, filling, earth shaping, revetment work) below 440 feet mean sea level will only be allowed as required for maintenance of existing facilities, to improve aesthetics, day-use public access, or to alleviate health and safety problems. Modifications could include improvements to provide for additional day use activities such as swimming, picnicking, shoreline access and improved marina facilities.

33. Erosion Control

Erosion control should be implemented where practical using acceptable materials and methods, for the protection of the land, environment and integrity of the dam. Rip-Rap [rock fill] to be used whenever possible

34. Land Use Planning, Facility Development and Design Standards

Land Use criteria shall be developed to assist in the Master Planning of each developed area. All new projects

within developed areas will adhere to these basic planning and development criteria. Use and upgrade of existing facilities is encouraged where appropriate. Resorts will establish and implement facility development and design standards, including size restrictions, density, architectural styles, lot development, resort motif, and infrastructure standards.

35. Resort Master Plans

Master Plans created by each Resort will follow Land Use Guidelines and provide thematic, resort-unique, design and development criteria. Resorts to develop recreational facilities and services, that are most appropriate to their land configurations, water accessibility and locations, that serve contemporary public demand. Non-conforming uses will be phased out or relocated as demand for conforming uses is demonstrated.

36. Health and Safety Standards

All facilities will be upgraded to current Health and Safety Standards in Phase I of the development.

37. Fire Safety

Trees and vegetation should be maintained in a fire safe manner, particularly in the Resorts and where there is significant public use.

38. Concession Areas / Land Development

Resorts may develop lands in the Concessions Areas not yet developed. Additional land may be added to existing concession boundaries for development of additional short-term facilities, when all suitable land is in use within a particular concession.

39. Houseboats/Overnight Occupancy Vessels (OOVs)

As a method to provide access for diverse recreational opportunities and additional short-term users, allow 100 commercial and 100 personal/private houseboats, or other types of commercial OOVs to occupy Lake Berryessa. A higher quota may be authorized if supported by sufficient studies. Houseboats and OOVs will be regulated by size, sewage and gray water holding capabilities, etc.

40. Sewage and Gray Water Holding Facilities

All vessels, including houseboats, cruisers, patio boats, etc., capable of discharging sewage and gray water shall be equipped with holding tanks that can be discharged by vacuum pumping only. Resorts having moored vessels capable of holding and discharging sewage and gray water shall provide sufficient pump-out facilities.

41. Marina Pollution Prevention

Reclamation will actively support partnerships with other public agencies and non-profit groups to promote marina pollution prevention programs such as the Napa/Sonoma Marina Program and the California Coastal Commission's Dock Walkers.

42. Fee Structure

In accordance with the Concessions right to make a Fair Profit. Concessions will have the right to charge according to the market, for comparable facilities and services, and Fair Business Practices.

43. Variable Rate Franchise Fees

Reclamation to establish and implement variable rate franchise fees with Concessionaires that is an incentive to emphasize capital investment, health and safety, maintenance levels, public access and/or other recreational objectives.

44. Ownership of Improvements

All permanent and concession funded improvements, and modifications to facilities, shall be considered the property of the respective concessionaires, encouraging capital investment, and optimum facilities for public

use. (Public Law 96-375 will be clarified to include all concessionaire-funded improvements).

45. Contract Term

Reclamation, with the consent of the Secretary of the Interior, to incorporate a Contract Term and provisions, that are based on the Concessionaires right to make a Fair Profit and allows the Concessions the ability to provide services that the public demands, and that improves facilities and services for future recreational use. Based on the extensive investment (\$87,000,000), required to implement this plan, a term of 30 years with 2 ten year options is reasonable.

Lake Berryessa – RAMP Land and Water Use Classifications*

Following are the classifications and map as cited in RAMP and subsequently used for this ROP.

CLASS I – High Density Recreation Areas - Intensely developed and managed areas intended for mass public use, such as resorts with restaurants, marina, mobile home parks, campgrounds, restrooms, day use areas, etc.

CLASS II – General Outdoor Recreation Areas - Substantially developed areas intended for specific recreation uses, e.g. camping, picnicking, boat launching; but of lower density than Class I.

CLASS III – Dispersed Recreation Areas - Minimally developed areas, generally with road access, minimal sanitation facilities, road pullouts, and trails, intended for less intensive use with no major improvements.

CLASS IV – Semi-primitive Areas - Undeveloped natural areas, with limited or constrained access, intended for limited recreational use; minimal improvements, such as fencing and trails would be allowed.

CLASS V – Areas which have restricted recreation potentials due to their use for project administration and operation, or where flood easements are involved.



- DEIS Map A

Considerations of Surrounding Lands and Businesses

Residences Around the Lake

Berryessa Highlands is a subdivision developed at the south end of the Lake and Berryessa Pines is a subdivision at the Northwest end of the Lake. Other developments include Spanish Flat Villa Mobile Home Park and Capell Valley Mobile Home Park. Many residents have moved to the Lake Berryessa area to enjoy water recreation and to have use and access to the Resorts.

Businesses and Developments

Businesses in the Lake Berryessa Area need to be considered in the Master Plan of Lake Berryessa in order to better serve the public and develop the areas in a consistent and supportive manner. Landowners and businesses in the local area can help realize greater potential of the Lake Berryessa community with the resorts as a stable resource of visitors and development.

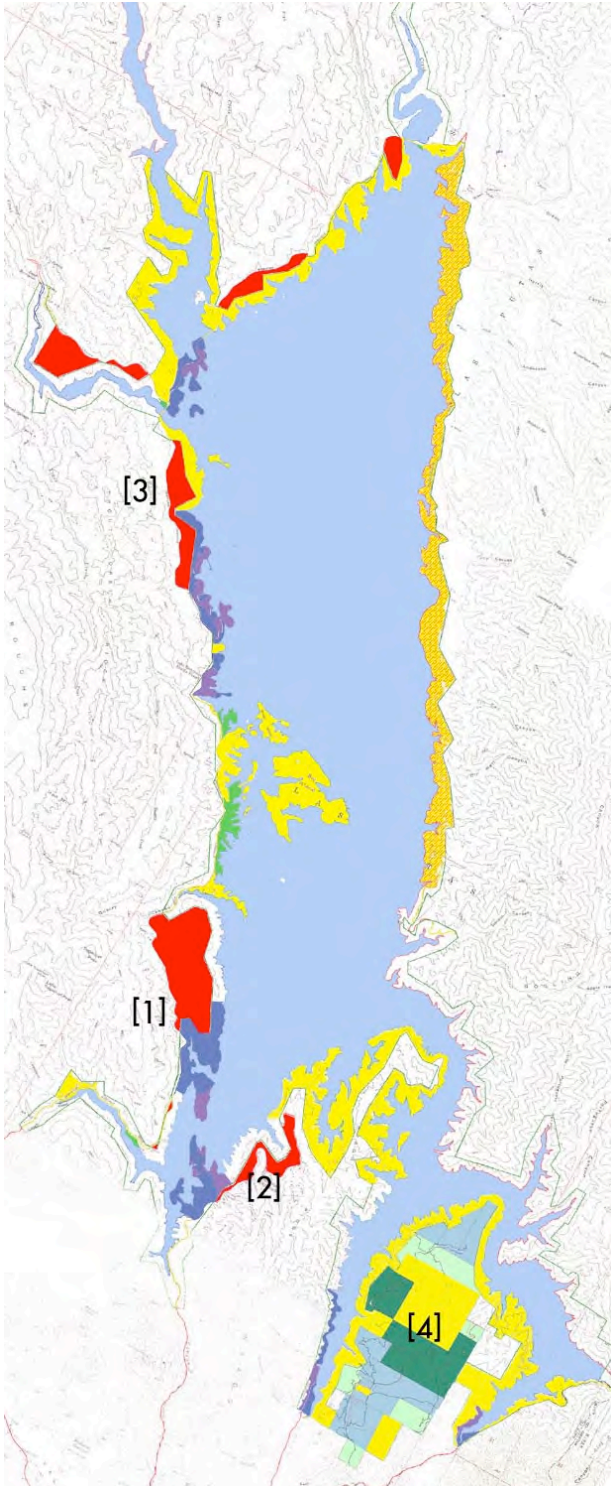
“The natural gateway and distribution point for visitors is Moskowitz Corners in Capell Valley. The character of development should be receptive and suggest to the visitor the magnificent recreation area ahead.” - PUP page 19

Lake Berryessa Areas Map / Private Lands

Red - Private Lands with three significant developments [1] Capell Valley/The [Moskowite] Corners [2] Berryessa Highlands Subdivision [3] Berryessa Pines Subdivision [4] Government/Interest Group Lands

[Yellow / Green / Light Blue - BOR, BLM, Quail Ridge, Private]

[Resorts – Dark Blue Areas] [Reclamation - Yellow/Orange - Undeveloped, Green - Developed]



ROP Current Inventory / Lake Berryessa

The ROP Current Inventory shows all seven resorts and Reclamation operated areas.

Current Inventory of Facilities														
Facility	Markkey	Pleasure Cove	Monticello Ski Club	Steele Park	Capell Cove	Spanish Flat	Oak Shores	Smittle Creek	Berryessa Marina	Rancho Monticello	Ptah Creek	Camp Berryessa	Total	Sites
Mobile Homes 440-450	0	0	0	0	0	0	0	0	10	39	3	0	52	3
Mobile Homes 450-455	1	13	0	10	0	0	0	0	13	70	38	0	145	6
Mobile Homes >455	1	60	0	137	0	16	0	0	134	361	111	0	820	7
TT dry 440-450	0	0	0	0	0	0	0	0	0	31	0	0	31	1
TT dry 450-455	0	0	0	0	0	101	0	0	0	23	0	0	124	2
TT dry >455	0	0	0	0	0	0	0	0	0	45	0	0	45	1
Travel Trailer (TT) Sewer >455	30	0	0	0	0	0	0	0	0	0	0	0	30	1
TT sewer 450-455	19	0	0	0	0	75	0	0	0	0	0	0	94	2
TT sewer 440-450	0	0	0	0	0	6	0	0	0	0	0	0	6	1
Total Long Term Sites	51	73	0	147	0	198	0	0	157	569	152	0	1,347	7
Permittee Vacation Rental	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exclusive Use Sites	51	73	0	147	0	198	0	0	157	569	152	0	1,347	7
Mobile Home Guests	51	73	0	147	0	198	0	0	157	569	152	0	1,347	7
Hotel/Motel (Rooms)	0	0	0	16	0	0	0	0	0	0	27	0	43	2
Rental Mobile Homes 1Bd	0	0	0	0	0	0	0	0	0	1	0	0	1	1
Rental Mobile Homes 2Bd	0	0	0	2	0	0	0	0	0	2	0	0	4	2
Rental Mobile Homes 3Bd	0	0	0	0	0	0	0	0	0	1	0	0	1	1
Vacation Rental 1Bd	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacation Rental 2Bd	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacation Rental 3Bd	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cabins/Cottages	0	0	0	12	0	16	0	0	15	12	0	0	55	4
RV Sites	0	30	0	50	0	15	0	0	50	20	57	0	222	6
Tent Site	0	153	0	0	0	105	0	0	78	57	111	0	504	5
Houseboats	0	0	0	0	0	0	0	0	4	0	0	0	4	1
Group Camping	0	2	0	0	0	0	0	0	10	0	1	3	16	4
Group camping Capacity	0	40	0	0	0	0	0	0	200	0	75	150	465	4
Total Short Term Overnight Sites	0	185	0	80	0	136	0	0	157	93	196	3	850	7
Picnic Area (non-campsite) #	0	1	0	1	0	0	0	0	1	1	1	0	5	5
Picnic Area Capacity	0	32	0	200	0	0	0	0	40	200	72	0	544	5
Launch/Day Use Parking	100	100	0	200	40	50	330	50	50	75	100	0	1,095	10
Total Short Term Day Use Sites	100	132	0	400	40	50	330	50	90	275	172	0	1,639	10
Total Short Term	100	317	0	480	40	186	330	50	247	368	368	3	2,489	11
Marina	1	1	0	1	0	1	0	0	1	1	1	0	7	7
Watercraft Fueling Dock	1	1	0	1	0	1	0	0	1	1	0	0	6	6
Auto Fuel Facility (public)	0	0	0	0	0	0	0	0	0	0	1	0	1	1
Courtesy Docks Capacity	15	28	0	30	0	24	0	0	12	12	14	0	135	7
Docks	197	82	0	182	0	177	0	0	235	54	128	0	1,055	7
Moorage	0	0	0	0	0	0	0	0	0	320	0	0	320	1
Houseboat/OVD Docks	44	10	0	0	0	0	0	0	4	0	0	0	58	3
Ramps	1	1	0	1	1	1	0	0	1	1	1	0	8	8
Ramp Lanes	2	4	0	10	1	12	0	0	6	8	6	0	49	8
Pontoon boat Rental	0	0	0	5	0	0	0	6	0	2	0	0	13	3
Skiboat Rental	0	0	0	0	0	0	0	6	0	0	0	0	6	1
Fishing Boat Rental	8	0	0	6	0	15	0	6	0	5	0	0	40	5
Personal Watercraft Rental	0	0	0	8	0	0	0	10	0	0	0	0	18	2
Other Boat Rentals	0	0	0	0	0	0	0	10	0	0	0	0	10	1
Dry Storage	0	15	0	75	0	0	0	0	100	598	100	0	888	5
Boat Garages	0	0	0	94	0	19	0	0	0	67	0	0	180	3
Restaurant	0	1	0	1	0	0	0	0	0	0	1	0	3	3
Snack Bar/Cafe	1	0	0	1	0	1	0	0	0	1	1	0	5	5
Store	1	1	0	1	0	1	0	0	1	1	1	0	7	7
Portable Store	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mobile Food	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Slalom Course	0	0	1	1	0	0	0	0	0	0	0	0	2	2
Water Ski Center	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Spa Facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Meeting Rooms	0	0	0	0	0	0	0	0	0	1	0	0	1	1
Splash Zone	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wading Pool	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Swimming Pool	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Fresh Water Pool	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Playground	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Sport Court or Green	0	0	0	0	0	0	0	0	1	0	0	0	1	1
Indoor Activity Center	0	0	0	0	0	0	0	0	0	0	1	0	1	1
Amphitheater	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enclosed Dog Park	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Second Entrance [Emergency]	0	0	0	0	0	0	0	0	0	1	0	0	1	1
Second Entrance Public Access	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Teen Sports Area	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arcade	1	1	0	1	0	1	0	0	1	1	1	0	7	7
Ice Cream Parlor	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Tennis	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Hand Ball	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Available Land USBR	0	200	0	100	0	110	250	0	0	50	150	0	860	6
Available Land Private	0	2,000	0	0	0	225	0	0	0	52	0	0	2,277	3

ROP PHASE 1 / LAKE BERRYESSA

The ROP Phase 1 shows all seven resorts and Reclamation operated areas.

Phase 1															
Facility	Markley	Pleasure Cove	Monticello Ski Club	Steele Park	Capell Cove	Spanish Flat	Oak Shores	Smittle Creek	Berryessa Marina	Rancho Monticello	Putah Creek	Camp Berryessa	Total	Sites	
Mobile Homes 440-450	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Mobile Homes 450-455	0	0	0	10	0	0	0	0	13	70	38	0	131	4	
Mobile Homes >455	0	60	0	137	0	0	0	0	134	360	140	0	831	5	
TT dry 440-450	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TT dry 450-455	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TT dry >455	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Travel Trailer (TT) Sewer >455	26	0	0	0	0	176	0	0	0	20	0	0	222	3	
TT sewer 450-455	14	0	0	0	0	0	0	0	0	0	0	0	14	1	
TT sewer 440-450	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Long Term Sites	40	60	0	147	0	176	0	0	147	450	178	0	1,198	7	
Permittee Vacation Rental	0	15	0	35	0	0	0	0	40	80	40	0	210	5	
Exclusive Use Sites	40	45	0	112	0	176	0	0	107	370	138	0	988	7	
Mobile Home Guests	40	60	0	147	0	176	0	0	147	450	178	0	1,198	7	
Hotel/Motel (Rooms)	0	60	0	16	0	0	0	0	0	0	40	0	116	3	
Rental Mobile Homes 1Bd	0	0	0	0	0	0	0	0	8	4	0	0	12	2	
Rental Mobile Homes 2Bd	0	0	0	2	0	0	0	0	10	24	3	0	39	4	
Rental Mobile Homes 3Bd	0	0	0	0	0	0	0	0	0	5	0	0	5	1	
Vacation Rental 1Bd	0	5	0	0	0	0	0	0	10	20	5	0	40	4	
Vacation Rental 2Bd	0	10	0	30	0	0	0	0	30	50	25	0	145	5	
Vacation Rental 3Bd	0	0	0	5	0	0	0	0	0	10	10	0	25	3	
Cabins/Cottages	5	0	0	12	0	100	0	24	0	24	0	0	165	5	
RV Sites	0	30	0	50	0	100	0	0	50	40	57	0	327	6	
Tent Site	0	153	0	0	0	150	0	0	100	86	100	0	589	5	
Houseboats	0	10	0	0	0	0	0	0	10	0	0	0	20	2	
Group Camping	0	2	0	0	0	0	0	0	10	0	1	3	16	4	
Group Camping Capacity	0	40	0	0	0	0	0	0	200	0	75	150	465	4	
Total Short Term Overnight Sites	5	270	0	115	0	350	0	24	228	263	241	3	1,499	9	
Picnic Area (non-campsite) #	0	1	0	1	0	0	0	0	1	2	1	0	6	5	
Picnic Area Capacity	0	32	0	300	0	0	0	0	40	300	72	0	744	5	
Launch/Day Use Parking	140	100	0	300	40	100	330	50	50	100	100	0	1,310	10	
Total Short Term Day Use Sites	140	132	0	600	40	100	330	50	90	400	172	0	2,054	10	
Total Short Term	145	402	0	715	40	450	330	74	318	663	413	3	3,553	11	
Marina	1	1	0	1	0	1	0	1	1	2	1	0	9	8	
Watercraft Fueling Dock	1	1	0	1	0	1	0	0	1	1	1	0	7	7	
Auto Fuel Facility (public)	0	0	0	0	0	0	0	0	0	0	1	0	1	1	
Courtesy Docks Capacity	15	28	0	30	0	24	4	4	12	20	14	6	157	10	
Docks	212	130	0	200	0	200	0	0	275	400	160	0	1,577	7	
Moorage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Houseboat/OOV Docks	54	50	0	0	0	0	0	0	4	0	0	0	108	3	
Ramps	1	1	0	1	1	2	1	1	1	2	1	1	13	11	
Ramp Lanes	3	4	0	10	2	12	2	2	6	11	6	1	59	11	
Pontoon Boat Rental	0	4	0	5	0	0	0	6	0	4	0	0	19	4	
Ski Boat Rental	0	6	0	0	0	0	0	6	0	4	0	0	16	3	
Fishing Boat Rental	8	0	0	6	0	25	0	6	0	6	0	0	51	5	
Personal Watercraft Rental	0	0	0	8	0	0	0	10	0	10	0	0	28	3	
Other Boat Rentals	0	10	0	0	0	0	0	10	0	10	0	0	30	3	
Dry Storage	0	15	0	75	0	0	0	0	100	100	100	0	390	5	
Boat Garages	0	0	0	94	0	19	0	0	0	67	100	0	280	4	
Restaurant	0	1	0	1	0	1	0	0	0	0	1	0	4	4	
Snack Bar/Café	1	0	0	1	0	2	0	0	1	2	1	0	8	6	
Store	1	2	0	1	0	1	0	0	1	2	1	0	9	7	
Portable Store	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Mobile Food	0	0	0	0	0	1	0	0	0	0	0	0	1	1	
Slalom Course	0	0	1	1	0	0	0	0	0	0	0	0	2	2	
Water Ski Center	0	0	0	1	0	0	0	0	0	0	0	0	1	1	
Spa Facility	0	1	0	0	0	0	0	0	0	0	1	0	2	2	
Meeting Rooms	1	1	0	0	0	0	0	0	0	1	0	0	3	3	
Splash Zone	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Wading Pool	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Swimming Pool	0	0	0	1	0	0	0	0	0	0	0	0	1	1	
Fresh Water Pool	0	0	0	1	0	0	0	0	0	0	0	0	1	1	
Playground	0	1	0	1	0	0	0	0	0	0	0	0	2	2	
Sport Court or Green	0	0	0	0	0	0	0	0	1	0	0	0	1	1	
Indoor Activity Center	0	0	0	0	0	0	0	0	0	1	1	0	2	2	
Amphitheater	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Enclosed Dog Park	0	0	0	0	0	1	0	0	0	1	0	0	2	2	
Second Entrance [Emergency]	0	0	0	0	0	0	0	0	0	1	0	0	1	1	
Second Entrance Public Access	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Teen Sports Area	0	0	0	0	0	1	0	0	0	0	0	0	1	1	
Arcade	1	1	0	1	0	1	0	0	1	1	1	0	7	7	

ROP FINAL PHASE / LAKE BERRYESSA

The ROP Final Phase shows all seven resorts and Reclamation operated areas.

Final Phase	Mirley	Pleasure Cove	Monticello Ski Club	Steele Park	Capell Cove	Spanish Flat	Oak Shores	Smittle Creek	Berryessa Marina	Rancho Monticello	Putah Creek	Camp Berryessa	Total	Sites
Mobile Homes 440-450	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mobile Homes 450-455	0	0	0	10	0	0	0	0	0	0	0	0	10	1
Mobile Homes >455	0	60	0	137	0	0	0	0	120	400	140	0	857	5
TT dry 440-450	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TT dry 450-455	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TT dry >455	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Travel Trailer (TT) Sewer >455	26	0	0	0	0	225	0	0	0	20	0	0	271	3
TT sewer 450-455	6	0	0	0	0	0	0	0	0	0	0	0	6	1
TT sewer 440-450	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Long Term Sites	32	60	0	147	0	225	0	0	120	420	140	0	1,144	7
Permittee Vacation Rental	0	30	0	70	0	0	0	0	60	160	70	0	390	5
Exclusive Use Sites	32	30	0	77	0	225	0	0	60	260	70	0	754	7
Mobile Home Guests	32	60	0	147	0	225	0	0	120	420	140	0	1,144	7
Hotel/Motel (Rooms)	0	60	0	16	0	0	0	0	0	0	40	0	116	3
Rental Mobile Homes 1B d	0	0	0	0	0	0	0	0	8	10	0	0	18	2
Rental Mobile Homes 2B d	0	0	0	2	0	0	0	0	10	40	3	0	55	4
Rental Mobile Homes 3B d	0	0	0	0	0	0	0	0	0	20	0	0	20	1
Vacation Rental 1B d	0	10	0	0	0	0	0	0	15	40	10	0	75	4
Vacation Rental 2B d	0	20	0	55	0	0	0	0	45	100	50	0	270	5
Vacation Rental 3B d	0	0	0	15	0	0	0	0	0	20	10	0	45	3
Cabins/Cottages	13	0	0	20	0	100	0	24	0	100	0	0	257	5
RV Sites	0	45	0	50	0	100	0	0	50	75	120	0	440	6
Tent Site	0	200	0	0	0	150	0	0	100	125	100	0	675	5
Houseboats	0	10	0	0	0	0	0	0	20	0	0	0	30	2
Group Camping	0	3	0	0	0	0	0	0	10	1	1	5	20	5
Group Camping Capacity	0	90	0	0	0	0	0	0	200	40	75	250	655	5
Total Short Term Overnight Sites	13	348	0	158	0	350	0	24	258	531	334	5	2,021	9
Picnic Area (non-campsite) #	0	1	0	1	0	1	1	1	1	2	1	0	9	8
Picnic Area Capacity	0	32	0	300	0	100	0	0	40	300	72	0	844	6
Launch/Day Use Parking	180	100	0	300	40	100	330	50	100	125	150	75	1,550	11
Total Short Term Day Use Sites	180	132	0	600	40	200	330	50	140	425	222	75	2,394	11
Total Short Term	193	460	0	758	40	550	330	74	398	956	556	80	4,415	11
Marina	1	1	0	1	0	1	0	0	1	2	1	1	9	8
Watercraft Fueling Dock	1	1	0	1	0	1	0	0	1	1	1	0	7	7
Auto Fuel Facility (public)	0	0	0	0	0	0	0	0	0	0	1	0	1	1
Courtesy Docks Capacity	15	28	0	30	0	24	4	4	12	20	20	6	163	10
Docks	212	200	0	200	0	200	0	0	325	400	200	0	1,737	7
Moorage	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Houseboat/OOV Docks	54	50	0	0	0	0	0	0	10	0	0	0	114	3
Ramps	1	1	0	1	1	2	1	1	1	2	3	1	15	11
Ramp Lanes	3	4	0	10	1	12	2	2	6	11	9	1	61	11
Pontoon Boat Rental	0	4	0	5	0	10	0	6	0	4	0	0	29	5
Ski Boat Rental	0	6	0	0	0	6	0	6	0	4	0	0	22	4
Fishing Boat Rental	8	0	0	6	0	25	0	6	0	6	0	0	51	5
Personal Watercraft Rental	0	0	0	8	0	10	0	10	0	10	0	0	38	4
Other Boat Rentals	0	10	0	0	0	0	0	10	0	10	0	20	50	4
Dry Storage	0	15	0	75	0	0	0	0	100	100	100	0	390	5
Boat Garages	0	0	0	94	0	100	0	0	0	67	100	0	361	4
Restaurant	0	1	0	1	0	1	0	0	0	0	2	0	5	4
Snack Bar/Café	1	0	0	1	0	2	0	0	1	2	2	0	9	6
Store	1	2	0	1	0	1	0	0	1	2	2	0	10	7
Portable Store	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mobile Food	0	0	0	0	0	1	0	0	0	0	0	0	1	1
Slalom Course	0	0	1	1	0	0	0	0	0	0	0	0	2	2
Water Ski Center	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Spa Facility	0	1	0	0	0	0	0	0	0	1	1	0	3	3
Meeting Rooms	1	1	0	0	0	0	0	0	0	1	0	0	3	3
Splash Zone	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wading Pool	0	0	0	0	0	1	0	0	0	1	0	0	2	2
Swimming Pool	0	0	0	1	0	0	0	0	0	1	0	0	2	2
Fresh Water Pool	0	0	0	1	0	0	0	0	0	0	0	0	1	1
Playground	0	1	0	1	0	0	0	0	0	2	0	0	4	3
Sport Court or Green	0	0	0	0	0	1	0	0	1	0	0	0	2	2
Indoor Activity Center	0	0	0	0	0	1	0	0	0	1	1	0	3	3
Amphitheater	0	0	0	0	0	0	0	0	0	0	1	0	1	1
Enclosed Dog Park	0	0	0	0	0	1	0	0	0	1	0	0	2	2
Second Entrance [Emergency]	0	0	0	0	0	0	0	0	0	1	0	0	1	1
Second Entrance Public Access	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Teen Sports Area	0	0	0	0	0	1	0	0	0	0	0	0	1	1
Arcade	1	1	0	1	0	1	0	0	1	1	1	0	7	7

RESORT PROPOSALS

The Resorts have individual Master Plans that would have at least two phases each. For example, Phase I would be accomplished within 2 years, Phase II would be accomplished within 5 years. All Resorts would make Health and Safety issues a priority. Infrastructure and upgrades to existing facilities are incorporated in the Plans. The fundamental change to “Non-Exclusive Use” at all the Resorts includes Resort-Owned and Permittee-Owned Units for Short Term Rental. The Resort Proposals implement changes mandated by RAMP in accordance with NEPA. All Resorts are Class I High Density Recreation Areas. Following are brief descriptions of what the Resorts are proposing, and Current to Proposed Comparisons.

Proposals / Brief Descriptions

- [1] **Markley Cove Resort** – Emphasis will continue to be the Marina / Docks - Long Term Sites decrease from 50 to 32, Short Term Rentals increase from 0 to 13, Day Use Parking increase from 100 to 180, Docks increase from 256 to 281
- [2] **Pleasure Cove Resort** – Proposing a Hotel [w/ Restaurant, Meeting Rooms] / Overnight Accommodations, Develop Unused Resort Land - Hotel increase from 0 to 60 rooms, Long Term Sites decrease from 73 to 60, Short Term Sites increase from 185 to 348, Docks increase from 120 to 278
- [3] **Steele Park Resort** – Amenities Upgraded, Increase Day Use Parking - Long Term Sites no change 147 stays 147, Short Term Sites increase from 80 to 158, Day Use Parking increase from 400 to 600, Docks increase from 212 to 230 [Steele Park currently has a swimming pool, natural water pool, tennis courts, restaurant, and a color palette for structures]
- [4] **Spanish Flat Resort** – Develop Unused Resort [225 Acres], Increase Short Term Sites - Long Term Sites increase from 198 to 225, Short Term Sites increase from 136 to 350, Day Use increase from 50 to 200, Docks increase from 201 to 224, Boat Storage increase from 19 to 100, add Equestrian amenities on newly developed Resort acreage.
- [5] **Lake Berryessa Marina Resort** – Propose to Re-Incorporate Smittle Creek with the Resort, Increase in Short Term Sites - Long Term Sites decrease from 157 to 120, Short Term Sites increase from 157 to 282, Day Use Parking increase from 90 to 140, Docks increase from 235 to 325, House Boat increase from 4 to 20, Boat Rentals move to Smittle Creek, preserve and manage Smittle Creek Day Use
- [6] **Rancho Monticello Resort** – New Facilities in Big Flat Area, Increase Short Term Units - Long Term Sites decrease from 569 to 420, Short Term Sites increase from 93 to 531, Day Use increase from 275 to 400, Docks increase from 386 to 420, Store increase from 1 to 2, Café increase from 1 to 2, Marina increase from 1 to 2
- [7] **Putah Creek Resort** – Replace Motel, Replace Restaurant/Bar, New Amphitheater, Develop West Entrance and Resort land – Hotel/Motel rooms increase from 27 to 40, Restaurants increase from 1 to 2, Add an Outdoor Amphitheater, Long Term Sites decrease from 152 to 140, Short Term Sites increase from 196 to 334, Day Use increases from 172 to 222, Docks increase from 142 to 220, reopen a Fuel Dock, Boat Storage increase from 50 to 100

Proposals / ROP Summary / Lake Berryessa

The ROP Summary shows all seven resorts and Reclamation operated areas from current to Final Phase.

ROP Summary							
Facility	Current	Phase 1			Final Phase		
	Total	Total	Percent of Current	Percent Change	Total	Percent of Current	Percent Change
Mobile Homes 440-450	52	0	0%	-100%	0	0%	-100%
Mobile Homes 450-455	145	131	90%	-10%	10	7%	-93%
Mobile Homes >455	820	831	101%	1%	857	105%	5%
TT dry 440-450	31	0	0%	-100%	0	0%	-100%
TT dry 450-455	124	0	0%	-100%	0	0%	-100%
TT dry >455	45	0	0%	-100%	0	0%	-100%
Travel Trailer (TT) Sewer >455	30	222	740%	640%	271	903%	803%
TT sewer 450-455	94	14	15%	-85%	6	6%	-94%
TT sewer 440-450	6	0	0%	-100%	0	0%	-100%
Total Long Term Sites	1347	1198	89%	-11%	1,144	85%	-15% Decrease
Permittee Vacation Rental	0	210			390		
Exclusive Use Sites	1347	988	73%	-27%	754	56%	-44%
Mobile Home Guests	1347	1198	89%	-11%	1,144	85%	-15%
Hotel/Motel (Rooms)	43	116	270%	170%	116	270%	170%
Rental Mobile Homes 1Bd	1	12	1200%	1100%	18	1800%	1700%
Rental Mobile Homes 2Bd	4	39	975%	875%	55	1375%	1275%
Rental Mobile Homes 3Bd	1	5	500%	400%	20	2000%	1900%
Vacation Rental 1Bd	0	40			75		
Vacation Rental 2Bd	0	145			270		
Vacation Rental 3Bd	0	25			45		
Cabins/Cottages	55	165	300%	200%	257	467%	367%
RV Sites	222	327	147%	47%	440	198%	98%
Tent Site	504	589	117%	17%	675	134%	34%
Houseboats	4	20	500%	400%	30	750%	650%
Group Camping	16	16	100%	0%	20	125%	25%
Group camping Capacity	465	465	100%	0%	655	141%	41%
Total Short Term Overnight Sites	850	1499	176%	76%	2,021	238%	138%
Picnic Area (non-campsite) #	5	6	120%	20%	9	180%	80%
Picnic Area Capacity	544	744	137%	37%	844	155%	55%
Launch/Day Use Parking	1095	1310	120%	20%	1,550	142%	42%
Total Short Term Day Use Sites	1639	2054	125%	25%	2,394	146%	46%
Total Short Term	2489	3553	143%	43%	4,415	177%	77%
Marina	7	9	129%	29%	9	129%	29%
Watercraft Fueling Dock	6	7	117%	17%	7	117%	17%
Auto Fuel Facility (public)	1	1	100%	0%	1	100%	0%
Courtesy Docks Capacity	135	157	116%	16%	163	121%	21%
Docks	1055	1577	149%	49%	1,737	165%	65%
Moorage	320	0	0%	-100%	0	0%	-100%
Houseboat/OOV Docks	58	108	186%	86%	114	197%	97%
Ramps	8	13	163%	63%	15	188%	88%
Ramp Lanes	49	59	120%	20%	61	124%	24%
Pontoon boat Rental	13	19	146%	46%	29	223%	123%
Ski boat Rental	6	16	267%	167%	22	367%	267%
Fishing Boat Rental	40	51	128%	28%	51	128%	28%
Personal Watercraft Rental	18	28	156%	56%	38	211%	111%
Other Boat Rentals	10	30	300%	200%	50	500%	400%
Dry Storage	888	390	44%	-56%	390	44%	-56%
Boat Garages	180	280	156%	56%	361	201%	101%
Restaurant	3	4	133%	33%	5	167%	67%
Snack Bar/Café	5	8	160%	60%	9	180%	80%
Store	7	9	129%	29%	10	143%	43%
Portable Store	0	0			0		
Slalom Course	2	2	100%	0%	2	100%	0%
Water Ski Center	1	1	100%	0%	1	100%	0%
Spa Facility	0	2			3		
Meeting Rooms	1	3	300%	200%	3	300%	200%
Splash Zone	0	0			0		
Swimming Pool	1	1	100%	0%	2	200%	100%
Fresh Water Pool	1	1	100%	0%	1	100%	0%
Playground	1	2	200%	100%	4	400%	300%
Sport Court or Green	1	1	100%	0%	2	200%	100%
Indoor Activity Center	1	2	200%	100%	3	300%	200%
Amphitheater	0	0			1		
Enclosed Dog Park	0	2			2		
Second Entrance [Emergency]	1	1	100%	0%	1	100%	0%
Second Entrance Public Access	0	0			0		
Teen Sports Area	0	1			1		
Arcade	7	7	100%	0%	7	100%	0%
Ice Cream Parlor	1	1	100%	0%	1	100%	0%
Tennis	1	1	100%	0%	2	200%	100%
Hand Ball	1	1	100%	0%	1	100%	0%
Available Land USBR	860	710	83%	-17%	635	74%	-26%
Available Land Private	2277	2277	100%	0%	2,277	100%	0%

Proposals / Resorts Inventory Summary

Following are Percentage and Current to Final Phase Comparisons of Major Facilities:

85% of Current Long Term Sites are retained and updated 1,347 to 1,198

1,551% of Current – Resort Owned Vacation Units [1,2,3 bedrooms] Short Term and Seasonal 6 to 93

New service – Permittee Owned Vacation Units [1,2,3 bedrooms] Short Term and Seasonal 0 to 210

270% of Current – Hotel / Motel Rooms 43 to 116

511% of Current – Cabins / Cottages 55 to 281

182% of Current – RV Sites 222 to 405

149% of Current – Camp Sites 504 to 750

750% of Current - Houseboats 4 to 30

84% of Current - Travel Trailer Sites 330 to 277

135% of Current Launch / Day Use Parking 1,095 to 1,475

141% of Current - Day Use Sites 1,639 to 2,319

124% of Current - Docks 1483 to 1,839

218% of Current - Boat Rentals 87 to 190

135% of Current – Launch/Day Use Parking 1,095 to 1,475

44% of Current - Dry Storage 888 to 390 *

*Encourages outside development of businesses

ROP Comparison / ROP vs Dornbusch + Alternative B

The ROP Summary shows all seven resorts and Reclamation operated areas from current to Final Phase.

Comparison of USBR Alternative B and the Resort Owners Plan (ROP)									
	Current		% USBR Phase 1 vs Current	Phase 1			Phase 2		
	Dornbusch Current	Actual Current		USBR Phase 1	ROP Phase 1	% ROP vs USBR Phase 1	USBR Phase 2	ROP Phase 2	% ROP vs USBR Phase 2
Long Term Sites	1300	1347	-100%		1198	NA		1144	NA
LTS Vacation Rentals			NA		210	NA		390	NA
Hotel/Motel	52	47	-36%	30	116	387%	60	116	193%
Cabins/Rentals	57	57	-51%	28	221	789%	148	350	236%
Picnic Areas		5	-80%	1	6	600%	6	9	150%
Picnic Area Capacity		544	-82%	100	6	744%	400	844	211%
RV	212	222	35%	300	327	109%	375	440	117%
Tent	448	504	-50%	250	589	236%	500	675	135%
Group Camp Sites	3	16	-81%	3	16	533%	3	20	667%
Group Site Capacity	150	465	-68%	150	465	310%	150	655	437%
Slips	1349	1483	-60%	600	1717	286%	900	1839	204%
Ramps	7	8	-13%	7	15	214%	12	17	142%
HouseBoats	50	4	400%	20	20	100%	30	30	100%
Other Boats	75	87	-59%	36	144	400%	50	190	380%
Dry Storage	109	1068	-91%	100	670	670%	100	751	751%
Restaurants	4	3	-33%	2	4	200%	5	5	100%
Snack Bar	2	5	-60%	2	8	400%	4	9	225%
Store	10	7	-57%	3	9	300%	7	10	143%
Portable Store			NA	4		NA			NA
Water Ski Center	1	2	50%	1	2	200%	1	2	200%

PROPOSAL / MARKLEY COVE RESORT [1]



Markley Cove Resort / Description / Location

Markley Cove Resort is a small, inviting marina tucked into the southern tip of Lake Berryessa. The resort enjoys a deep-water harbor and the surrounding beauty of the steep slopes of the California Coast Range.

Located directly adjacent to Highway 128 and only two miles from the Monticello Dam, Markley Cove provides the “Gateway to Lake Berryessa” for many visitors from the Sacramento metropolitan area and population centers along the I-80 corridor in Yolo and Solano Counties.

Because Markley Cove is the first resort reached on Highway 128, many first time visitors stop to request information about Lake Berryessa. Other visitors heading to the wine country or other resorts request directions to a specific destination. Finally, the accessibility and attractiveness of Markley Cove makes the resort the first choice for many boaters who launch and enjoy day use on Lake Berryessa.

It is clear to any observer that Markley Cove’s location is at once its greatest strength as well as its greatest weakness. The resort is beautiful and accessible but due to the steepness of the surrounding terrain, the luxury to expand services is not available. In order to survive, Markley Cove must incorporate a well thought out, financially feasible plan using its entire concession area.

Markley Cove Resort / Existing Improvements

Markley Cove currently offers the following improvements for the enjoyment of its clients:

	Current	Proposed
Long Term Site	51	31
Boat Slips		
A. Covered Courtesy Slips	14	14
B. Wave Runner Slips	14	25
C. Covered Slips	142	192
D. Uncovered Slips	42	42
E. OOV/Houseboat Slips	4	45
Launch Ramp (Two Lane)	1	1
Retail Store	1	1
Fueling Station on the water	1	
Pump Out Station on the water	1	1
Parking Lot – Approximate Spaces	100	180
Fishing Boat Rentals	6	6

The facilities Markley Cove currently offers its clients are of a very high quality.

- The retail store was newly constructed in 1992. It has been expertly maintained and visitors often comment on its sparkling appearance.
- In 1992, Markley Cove also installed a new state of the art water system. Because of the quality of the system, the resort is only required by the state and county to test its water once a month.
- In 1993, Markley Cove invested in a new marina. The boat slips and walkways are concrete construction and provide the highest quality available according to industry standards.
- In 1993 Markley Cove also removed its underground gasoline tanks and placed a double walled, concrete above ground gasoline tank at the resort to serve its customers.
- In 2004, the resort completely revamped its fuel dock with new electrical as well as a new fuel pump, a new pump out station and a revitalized retail area for its clients.

Due to its location, ongoing improvements and resort philosophy recognizing the importance of customer service, Markley Cove currently experiences a zero vacancy factor in its long-term sites and boat slips. The retail facilities are profit centers, the launch ramp is busy and the resort is well received by both long term and short-term customers.

Markley Cove Resort / Valuation of Existing Improvements

Markley Cove Resort Income Statement for 2004 shows a net income of \$252,261. When determining an overall capitalization rate to be used for each specific property, several factors must be considered. Generally speaking the condition of the property and the current vacancy rates of the property are very important. Other general factors are current demand for income properties, current interest rates and the risk factor of the particular business.

Markley Cove facilities are in good to excellent condition. The resort has a zero vacancy factor that indicates an ongoing demand for its services. These factors would indicate a cap rate in today's market of 4 to 5. In contrast, due to the fact the resort is operated on government land through a concession agreement a risk factor is created that would raise the rate perhaps an additional four points.

Thus using an income approach and a total overall capitalization rate of 9, the current valuation of Markley Cove

Resort is estimated to be Two Million Eight Hundred Three Thousand Dollars (\$2,803,000.00).

Markley Cove Resort / Future Improvements & Feasibility

Under a new contract, Markley Cove is anxious to implement a vision of what this very small, scenic resort should offer. Because of the limited amount of space available, it is simply not possible to develop high quality overnight camping or RV sites.

- Markley Cove could not properly maintain a fleet of rental houseboats if one considers the space required for maintenance and off-season storage of the boats.
- Day use launching at Markley Cove is currently enjoyed by large numbers of boaters. This day use would be adversely impacted by the parking requirements of houseboat clients.
- Markley Cove does however have a wonderful protected harbor that serves well as a location for covered boat slips and private houseboat mooring. (Under current resort policy, private houseboats must be removed from the resort for maintenance and repairs.)
- Markley Cove could be developed into a starting point for hiking trails and the accessibility to the highway encourages all new visitors to stop in for information and purchase food and/or souvenirs.
- A visitor center is very important at this end of the lake as was proven by the extensive utilization of the small center at Markley Cove until it was removed.
- Markley could continue to be a gateway by sponsoring boat regattas that could be viewed from the highway, by offering special fishing opportunities, by offering hiking and nature studies and by offering convenient day launching to hundreds of residents of surrounding counties.

Phase I

Estimated Cost - \$700,000

Completion Time - One Year

- Repair and/or replace all infrastructure and roads throughout the resort and specifically to Long Term Sites #1 – 34 including water, sewer and electricity and telephone lines. All electrical and telephone lines that are resort responsibility will be placed underground.
- Remove Site #7 & 8 to create parking areas.
- Remove Site #23 & 24 to create an emergency turn around at the end of the spur road.
- Spur road designated “Golf Cart only” except for emergency vehicles.
- Long Term Tenants (Total – 31) must upgrade to park models
- Tenants will be given choice of two models
- All decks will be redone to create similar look
- All units will have matching sun awnings over deck – no visible metal roof porches will be allowed
- Colors of the units will be chosen by the resort
- Landscaping will be used to complement the look of the units as well as the view from the water.
- Create lift stations within resort so lake water is easily accessible for fire protection.

Feasibility - Markley Cove currently operates under price controls through the Bureau of Reclamation. Once these controls are removed, the remaining thirty-one long-term units will generate income equal to what all the previous sites produced. The income produced will assist in offsetting the cost of replacing infrastructure and roads throughout the resort. By keeping a small number of long-term sites, the resort helps to meet the needs of another group of lake users as well as stabilizing the resort income throughout the year.

An alternative to using the sites as long term would be to place all the units in a short-term rental pool for a specified

number of weeks per year.

Phase II

Estimated Cost - \$500,000

Completion Time - Two Years

- Move maintenance shop out of main day use parking area and relocate to less visible area of resort.
- Move garbage collection site to less visible area and build an enclosed area for dumpsters.
- Widen and improve launch ramp
- Landscape areas surrounding main parking lot, launch ramp, gas dock and access roads including viewing benches to create more comfortable, usable areas for customers.
- Develop access from Markley Cove Resort to Bureau of Reclamation hiking areas.
- Build new restrooms in the vicinity of the Markley Cove Gas Dock.

Feasibility – The Markley Cove launch ramp fees, currently controlled by the Bureau of Reclamation, are under Market. The fees allowed are currently the lowest on the lake. If the fees were raised, the added income would offset some of the cost to upgrade the day use facilities. Even with the increases, the launching and parking do not offer an adequate return on the investment of funds for the upgraded ramp and parking area. However, it is reasonable to allocate the store income to the short-term clientele. Most of the Markley store sales are to its day use customers. With the continuing upgrading of the short-term facilities, the store will continue to increase its sales as well, making those improvements feasible. Because Markley Cove is so popular as a launch destination, it may become necessary to create a launch reservation system for the resort.

Phase III

Estimated Cost - Dependant on Alternative Chosen

Completion Time -Three Years

- Repair and/or replace all infrastructures to Long Term Sites # 35 – 50.
- Create a new dock access area at Site #43.
- Create emergency turn around at Site #44.
- Add a spur road leading back to main access road so roads would be one-way.

First Alternative - Estimated Cost - \$350,000

- Long-term tenants in sites #35 – 50 must upgrade to park models (see Phase One)
- Park Models placed in short term rental pools

Second Alternative - Estimated Cost - \$600,000

- Install 50 new covered slips
- Create parking area over what was Sites #35 - 49
- Create bathrooms and picnic area at Site #50 for boating and hiking clientele

Third Alternative - Estimated Cost - \$900,000

- Establish 13 “high-end” rental units on Sites #35-49
- Create a “Mini Conference/Meeting Center” at Site #50
- Install new “high end” covered boat slips to be rented as a package with each unit

Feasibility – The first alternative would be the least expensive due to the tenants bearing the cost of new park models. It would provide short-term use through a rental pool. However the units would still be in the 450 to 455 foot elevation, which does not fit current Bureau criteria.

Markley Cove currently holds a waiting list for covered slips of more than 250 persons. The demand will most certainly be present for the second alternative. Markley Cove berths are currently under priced. By revising current berth fees

and adding new berths, this area would continue to be a profit center for Markley Cove.

The third alternative would be exciting to create. The current view of Markley Cove as an upscale marina would support this alternative. However, the cost of the units and matching berths would make this alternative the most risky.

Phase IV

Estimated Cost - \$700,000

Completion Time - Seven Years

- Build a parking ramp to create a minimum of 80 additional parking spaces.
- Build a coffee/sandwich kiosk in vicinity of current retail area to attract and serve drive by traffic as well as Markley Cove clientele.
- Work with Bureau to develop a visitor center for Lake Berryessa at Markley Cove.

Feasibility – This phase is seen as a need in response to more launch customers as well as more drive by traffic as population throughout the demand area grows and all facilities at Lake Berryessa improve. It does not appear to be feasible at this point but it would provide more short-term services in the resort. Furthermore, it would enhance the quality of the experience for all Markley Cove customers.

Markley Cove Resort / Income & Expense Summary

The above listed improvements over a realistic time frame replace infrastructure and upgrade and expand the day use at Markley to its highest potential.

Total estimated cost of the above listed projects, using the second alternative of Phase Three is Two Million Five Hundred Thousand Dollars (\$2,500,000.00).

Category	2004	Proposed	Net Increase
LT Sites	\$ 200,000	\$ 235,600	\$ 35,600*
Launch/Park	\$ 227,000	\$ 330,000	\$ 103,000
Boat Slips	\$ 264,000	\$ 582,400	\$ 318,400
Other	\$ 324,000	\$ 425,000	\$ 101,000
	\$ 1,015,000	\$ 1,573,000	\$ 558,000
Expenses	-\$ 763,000	-\$ 1,070,000	-\$ 307,000**
Net Income	\$ 252,000	\$ 503,000	\$251,000

*Long Term Sites have been decreased from 51 to 31.

**Cost of Goods sold was grouped into this category

The net increase creates approximately 10% return on investment. This is not due entirely to the new facilities, but also to the re-pricing of current services due to the removal of government price controls. New infrastructure and facilities should have the effect of lowering the expense ratio, which is currently approximately 75% and was figured at 68% on the proposed income. Very little income was added for the coffee shop, which would probably be a break-even venture at best.

Once the improvements were added, a cap rate of 9% applied to the proposed net income of \$503,000 produces a valuation of Markley Cove Resort estimated to be Five Million Five Hundred Eighty Nine Thousand Dollars (\$5,589,000.00).

The Dornbusch Report mentions a twenty-year contract term. Dornbusch states that an investor should reasonably expect a 15% Rate of Return. The above calculations indicate this would be difficult to achieve. It seems that a 10% return would be more realistic.

Markley Cove Resort / Summary

In the final outcome the Markley Cove Resort plan creates alternatives that offer the highest and best use for the limited space in this beautiful setting. It would create a multiple use area that meets the needs of many of the people that come to Lake Berryessa. The financial picture will need to be critically evaluated as to the return that can and should be expected. However, for an owner that is willing to make some sacrifice, Markley Cove will continue to offer quality experiences to the maximum number of clients and visitors that use this small upscale marina as their “Gateway to Lake Berryessa”.

Markley Cove Resort / Facilities Current to ROP

Markley Cove							
Facility	Current	Phase 1	Percent of Current	Percent Change	Final Phase	Percent of Current	Percent Change
Mobile Homes 450-455	1	0	0%	-100%	0	0%	-100%
Mobile Homes >455	1	0	0%	-100%	0	0%	-100%
Travel Trailer (TT) Sewer >455	30	26	87%	-13%	26	87%	-13%
TT sewer 450-455	19	14	74%	-26%	6	32%	-68%
Total Long Term Sites	51	40	78%	-22%	32	63%	-37%
Permittee Vacation Rental	0	0			0		
Exclusive Use Sites	51	40	78%	-22%	32	63%	-37%
Cabins/Cottages	0	5			13	New	
Total Short Term Overnight Sites	0	5			13	0%	
Launch/Day Use Parking	100	140	140%	40%	180	180%	80%
Total Short Term Day Use Sites	100	140	140%	40%	180	180%	80%
Total Short Term	100	145	145%	45%	193	193%	93%
Marina	1	1	100%	0%	1	100%	0%
Watercraft Fueling Dock	1	1	100%	0%	1	100%	0%
Courtesy Docks Capacity	15	15	100%	0%	15	100%	0%
Docks	197	212	108%	8%	212	108%	8%
Houseboat/OOV Docks	44	54	123%	23%	54	123%	23%
Ramps	1	1	100%	0%	1	100%	0%
Ramp Lanes	2	3	150%	50%	3	150%	50%
Fishing Boat Rental	8	8	100%	0%	8	100%	0%
Snack Bar/Café	1	1	100%	0%	1	100%	0%
Store	1	1	100%	0%	1	100%	0%
Meeting Rooms	0	1			1		
Arcade	1	1	100%	0%	1	100%	0%

PROPOSAL / PLEASURE COVE RESORT [2]



Pleasure Cove / Area / Description

Pleasure Cove Resort is located in Wragg Canyon, a major arm of Lake Berryessa extending 3 miles from the main channel. The Resort is accessible from Highway 128 via Wragg Canyon Road. Most of the land area within the resort is steep; slopes greater than 50%. There are benches ranging from ½ acre to 10 acres, throughout the park. The water surface is ideally suited for a marina and docks. The area is protected from the wind and waves, yet is close to the main channel.

The flat bench, near the entrance to the resort and adjacent to the water, is developed into 115 large (2,000 sq. ft.) tent campsites, in a park like setting. An additional 40 campsites, including 2 group sites, is located on a nearby bench. 30 RV sites are equipped with full hook-ups and 50amp electrical service.

The marina area consists of a 4-lane launching ramp, courtesy docks and a fuel dock. 82 covered docks and 10 uncovered Overnight Occupancy Vessel docks provide long-term moorage. There is currently a long waiting list. Parking for 100 day-use vehicles and a picnic area for 32 persons are nearby. A retail store, selling groceries, beer, wine, snacks and supplies is adjacent to the launching ramp.

The food service area, which over looks the lake, has a restaurant serving breakfast, lunch and dinner, a beer and wine bar and an arcade.

Currently there are 73 long-term rental sites accommodating mobile homes and travel trailers. The long-term sites are located on narrow benches with steep slopes and are unsuitable for conversion to RV or campsites.

Over 200 acres including the “outback” are undeveloped.

Pleasure Cove Resort / Proposed Improvements

The centerpiece of Pleasure Cove Resort’s proposal is the construction of a 60-room hotel that includes a new restaurant, adds meeting rooms, spa and other contemporary amenities found at hotels. Pleasure Cove Resort’s location is well suited for the necessary traffic to support the facilities.

The narrow water channel that the resort is located on is also ideal for berthing (including Houseboats). We would increase our Houseboat/OOV Docks to 50. Other docks at the resort would increase to 200, all covered. Pontoon and ski boat rentals will be a new service offered.

Long-term sites would be modernized and all Permittee improvements will be upgraded or replaced to comply with current HCD standards. Setbacks and spacing between sites will be increased to current BOR standards or better. Roads will be brought to BOR and fire safe standards. A vacation rental management program will allow long-term sites to be non-exclusive. Some concession owned units would be available for rental. RV sites will be increased to 45 sites, all with full hookup and 50-amp electrical service. Campsites will be increased to 200 large sites. An additional group camping site, capacity 50, will be added. A new store will serve the campground and RV area. A playground is proposed.

Pleasure Cove Resort / Facilities Current to ROP

Pleasure Cove							
Facility	Current	Phase 1	Percent of Current	Percent Change	Final Phase	Percent of Current	Percent Change
Mobile Homes 450-455	13	0	0%	-100%	0	0%	-100%
Mobile Homes >455	60	60	100%	0%	60	100%	0%
Total Long Term Sites	73	60	82%	-18%	60	82%	-18%
Permittee Vacation Rental	0	15			30		
Exclusive Use Sites	73	45	62%	-38%	30	41%	-59%
Mobile Home Guests	73	60	82%	-18%	60	82%	-18%
Hotel/Motel (Rooms)	0	60			60		
Vacation Rental 1Bd	0	5			10		
Vacation Rental 2Bd	0	10			20		
RV Sites	30	30	100%	0%	45	150%	50%
Tent Site	153	153	100%	0%	200	131%	31%
Houseboats	0	10			10		
Group Camping	2	2	100%	0%	3	150%	50%
Group Camping Capacity	40	40	100%	0%	90	225%	125%
Total Short Term Overnight Sites	185	270	146%	46%	348	188%	88%
Picnic Area (non-campsite) #	1	1	100%	0%	1	100%	0%
Picnic Area Capacity	32	32	100%	0%	32	100%	0%
Launch/Day Use Parking	100	100	100%	0%	100	100%	0%
Total Short Term Day Use Sites	132	132	100%	0%	132	100%	0%
Total Short Term	317	402	127%	27%	480	151%	51%
Marina	1	1	100%	0%	1	100%	0%
Watercraft Fueling Dock	1	1	100%	0%	1	100%	0%
Courtesy Docks Capacity	28	28	100%	0%	28	100%	0%
Docks	82	130	159%	59%	200	244%	144%
Houseboat/OOV Docks	10	50	500%	400%	50	500%	400%
Ramps	1	1	100%	0%	1	100%	0%
Ramp Lanes	4	4	100%	0%	4	100%	0%
Pontoon Boat Rental	0	4			4		
Ski Boat Rental	0	6			6		
Other Boat Rentals	0	10			10		
Dry Storage	15	15	100%	0%	15	100%	0%
Restaurant	1	1	100%	0%	1	100%	0%
Store	1	2	200%	100%	2	200%	100%
Spa Facility	0	1			1		
Meeting Rooms	0	1			1		
Playground	0	1			1		
Arcade	1	1	100%	0%	1	100%	0%
Available Land USBR	200	200	100%	0%	150	75%	-25%
Available Land Private	2,000	2,000	100%	0%	2,000	100%	0%

PROPOSAL / STEELE PARK RESORT [3]



Steele Park Resort / Area

Steele Park is located on a reservoir arm at the southwest portion of Lake Berryessa on the east side of Steel Canyon. PUP description - “The proposed public use area includes approximately 200 acres of usable land... It is approximately two miles in length. The area averages about 1,000 feet in width, except for a large 35-40 acre peninsula... The land adjacent to the reservoir pool is characterized by rounded knolls, benches and ridges broken by V-cut drainage courses forming many small peninsulas. The ridgelines and benches have favorable slopes of five to 10 percent with side slopes to the water of 20 percent or more. Behind the proposed public use area... the land becomes steeper with slopes exceeding 50 percent on the adjacent private property. The minor ridgeline forming the peninsula in the public use area slopes gently and is from 400 to 600 feet wide, terminating in a knoll near the end. In topography and form, the peninsula is very favorable for recreation development and use. The land below maximum water level, adjacent to the peninsula, slopes steeply, and the horizontal effects of drawdown will be minimum. Further south in the canyon the land under the maximum pool level slopes more gently. Here, reservoir drawdown will probably have a marked effect on the sustained usability and visual quality of this portion of the public use area – [The Area] should become one of the major public use areas at this reservoir. It is of sufficient character and extent to provide for the development of extensive areas and facilities for all types of water-associated public use activities.

Steele Park Resort / Description / Proposed Improvements

Steele Park Resort has developed amenities that include a restaurant, café, ice cream parlor, motel, swimming pools, tennis courts and park /event area. Many elements of the RAMP have been implemented. Proposed improvements are fundamental to the Resort Owners Plan.

Steele Park Resort / Facilities Current to ROP

Steele Park							
Facility	Current	Phase 1	Percent of Current	Percent Change	Final Phase	Percent of Current	Percent Change
Mobile Homes 450-455	10	10	100%	0%	10	100%	0%
Mobile Homes >455	137	137	100%	0%	137	100%	0%
Total Long Term Sites	147	147	100%	0%	147	100%	0%
Permittee Vacation Rental	0	35			70		
Exclusive Use Sites	147	112	76%	-24%	77	52%	-48%
Mobile Home Guests	147	147	100%	0%	147	100%	0%
Hotel/Motel (Rooms)	16	16	100%	0%	16	100%	0%
Rental Mobile Homes 2Bd	2	2	100%	0%	2	100%	0%
Vacation Rental 2Bd	0	30			55		
Vacation Rental 3Bd	0	5			15		
Cabins/Cottages	12	12	100%	0%	20	167%	67%
RV Sites	50	50	100%	0%	50	100%	0%
Total Short Term Overnight Sites	80	115	144%	44%	158	198%	98%
Picnic Area (non-campsite) #	1	1	100%	0%	1	100%	0%
Picnic Area Capacity	200	300	150%	50%	300	150%	50%
Launch/Day Use Parking	200	300	150%	50%	300	150%	50%
Total Short Term Day Use Sites	400	600	150%	50%	600	150%	50%
Total Short Term	480	715	149%	49%	758	158%	58%
Marina	1	1	100%	0%	1	100%	0%
Watercraft Fueling Dock	1	1	100%	0%	1	100%	0%
Courtesy Docks Capacity	30	30	100%	0%	30	100%	0%
Docks	182	200	110%	10%	200	110%	10%
Ramps	1	1	100%	0%	1	100%	0%
Ramp Lanes	10	10	100%	0%	10	100%	0%
Pontoon Boat Rental	5	5	100%	0%	5	100%	0%
Fishing Boat Rental	6	6	100%	0%	6	100%	0%
Personal Watercraft Rental	8	8	100%	0%	8	100%	0%
Dry Storage	75	75	100%	0%	75	100%	0%
Boat Garages	94	94	100%	0%	94	100%	0%
Restaurant	1	1	100%	0%	1	100%	0%
Snack Bar/Café	1	1	100%	0%	1	100%	0%
Store	1	1	100%	0%	1	100%	0%
Slalom Course	1	1	100%	0%	1	100%	0%
Water Ski Center	1	1	100%	0%	1	100%	0%
Swimming Pool	1	1	100%	0%	1	100%	0%
Fresh Water Pool	1	1	100%	0%	1	100%	0%
Playground	1	1	100%	0%	1	100%	0%
Arcade	1	1	100%	0%	1	100%	0%
Ice Cream Parlor	1	1	100%	0%	1	100%	0%
Tennis	1	1	100%	0%	1	100%	0%
Hand Ball	1	1	100%	0%	1	100%	0%
Available Land USBR	100	75	75%	-25%	75	75%	-25%

PROPOSAL / SPANISH FLAT RESORT [4]



Spanish Flat Resort / Area

The area of Spanish Flat Resort runs from Capell Creek to Spanish Flat Village with nearly four miles of shoreline, only two miles of which is currently developed for public use. The resort is the first major public use area and launching site along the Knoxville Road. The entrance of the resort is wooded as it leads down to the day use area. Current development includes launching, day use, picnic area, camping, marina with fuel, dock rentals and boat rentals, the retail complex includes a store and deli, rental cabins and yurts, long term travel trailer sites and boat garages.

Spanish Flat Resort / Proposed Improvements

Phase I

Initial Improvements

- Long-term sites would be retained. This is necessary to insure year round income. All sites however would meet the new minimum standards within the first year.
- Meet health and safety standards
- All site improvements will comply with resort standards and motif
- All roads would meet the ROP standards
- Handicap access to at least one dock
- Remove long term sites in the 440-450 base floodplain
- All sites on sewer system
- The resort would offer a rental service and reservation network where a site could be placed in a rental pool whenever the owner would not be using it. This is similar to the rental use of condominiums seen in resort areas. It would in effect convert long-term sites to short term usage. Because the site owner would receive the actual rental, there would be constant incentives to keep up and improve the unit.

Phase II

Marketing / Increased Public Use

Powerboats would continue be the major users during the high season. Marketing would increase off-season uses of fishing, boating, cabin rentals and the conference center.

Marina Improvements

The Marina would be updated and the services expanded with:

- All new covered docks
- New launch ramp / wider and longer
- Limited meal service in Marina
- New Marina building
- New gas pumps and fuel dock

Day Use Area

The day use area would be expanded and improved. It would feature a pool splash area, increased picnic area and volleyball court.

Boat Storage

Build a completely new boathouse and launch system on the private property lands off Spanish Flat Loop Road. We propose a tiered boathouse with system to place the boats in the water on demand. Access would be by card lock system.

Camping

Improve the camping facilities so that all lakeside sites could accommodate RVs. In addition new facilities for camping and RV sites would be built around the conference center in the area north of the Marina, features of these sites would include picnic tables, and hook-ups for water, electric and cable/TV. Sewer service would be provided to all RV sites. Seven new bathrooms would be spread throughout the Resort.

Store and Common Facilities

The Resort store would be completely redone with a new building. A new restaurant would feature a lake view and patio. New bathrooms and shower facilities would be included in the structure. All bathrooms would be new throughout the Resort.

Fire Protection

Spanish Flat Water District would provide water to serve the Resort for fire protection, and the Resort would provide standpipes approximately every 1,000 feet throughout the Resort.

Spanish Flat Zoning Changes

The owners of Spanish Flat Resort also own approximately 225 private land acres on both sides of Knoxville Road. About half of this land is above the Spanish Flat Village on the west side of the highway. The other half adjoins the government land on the east side of the road.

At present, the land is zoned agricultural watershed and is under utilized. If the zoning were changed to permit the development, day use spaces could be significantly increased, and affordable housing could be constructed.

Spanish Flat owners propose a plan for the acreage. The land on the west side would be developed for single family use, 25% of the units would be reserved for affordable housing. The land on the east side of Knoxville Road would be incorporated into Spanish Flat Resort. There would be a separate entrance off of Loop Road. Expansion of the resort would be contiguous to the unused resort government land north of the marina. On the combined lands developments would include a conference center, dry boat storage, RV sites and camping spaces. The dry boat storage facility would be a card lock facility with a separate entrance off of Loop Road and access the lake through the back end of Spanish Flat Resort Marina.

Although the conference center, new boat storage, RV and camping facilities would be on private and government land, it would be proposed that the owners would pay a fair franchise fee on the entire operation.

Spanish Flat Resort / Appraisal

West Coast Mobile Home Parks, Inc.

Richard Delaney

March 14, 2005

Dear Spanish Flat Partners:

As requested, I have estimated the market value of Spanish Flat Resort. I have reviewed the operating statements and related documents. I have visited competitive projects and their operations and am knowledgeable in the business. My twenty-five years as a real estate broker have focused on the purchase and sale of all kinds of mobile home parks. Details of this experience are summarized in the enclosed sheet.

The unique problem in appraising Spanish Flat is the rental revenues, and hence values set at artificially low rates. These must be adjusted to obtain a true market value.

Based upon my work and experience, it is my opinion that the value of the resort is between \$10,000,000 and \$13,000,000 with the most likely value \$12,000,000.

Sincerely,

Richard Delaney

Spanish Flat Resort / Valuation Notes

- Note 1:** The resort is running a 16% vacancy. This is the first vacancy in over 20 years. The vacancy is due to uncertainty about the lake future. We have adjusted the revenue to the historical average.
- Note 2:** Camping rates are controlled to artificially low rates. We have adjusted revenues to what would be considered market.
- Note 3:** Berthing is currently controlled and behind the market by 15%. We have adjusted therefore we increased the revenue to market.
- Note 4:** Cabin rates are controlled and at least 25% below market. Cabin revenues were increased to market.
- Note 5:** Launching rates are controlled and at least 25% below market. We have adjusted these rates to market.
- Note 6:** Day use rates are at least 20% below market. We have adjusted the revenue to market. The Bureau of Reclamation sets most of the usage rates at the Resort. Recent increases have not even kept up with cost increases. We believe that this is a conscious effort to depress the resort value upon termination of the lease. It results in artificially low income and must be adjusted.

Spanish Flat Resort / Facilities Current to ROP

Spanish Flat							
Facility	Current	Phase 1	Percent of Current	Percent Change	Final Phase	Percent of Current	Percent Change
Mobile Homes 440-450	0	0			0		
Mobile Homes 450-455	0	0			0		
Mobile Homes >455	16	0	0%	-100%	0	0%	-100%
TT dry 440-450	0	0			0		
TT dry 450-455	101	0	0%	-100%	0	0%	-100%
TT dry >455	0	0			0		
Travel Trailer (TT) Sewer >455	0	176			225		
TT sewer 450-455	75	0	0%	-100%	0	0%	-100%
TT sewer 440-450	6	0	0%	-100%	0	0%	-100%
Total Long Term Sites	198	176	89%	-11%	225	114%	14%
Permittee Vacation Rental	0	0			0		
Exclusive Use Sites	198	176	89%	-11%	225	114%	14%
Mobile Home Guests	198	176	89%	-11%	225	114%	14%
Hotel/Motel (Rooms)	0	0			0		
Rental Mobile Homes 1Bd	0	0			0		
Rental Mobile Homes 2Bd	0	0			0		
Rental Mobile Homes 3Bd	0	0			0		
Vacation Rental 1Bd	0	0			0		
Vacation Rental 2Bd	0	0			0		
Vacation Rental 3Bd	0	0			0		
Cabins/Cottages	16	100	625%	525%	100	625%	525%
RV Sites	15	100	667%	567%	100	667%	567%
Tent Site	105	150	143%	43%	150	143%	43%
Houseboats	0	0			0		
Group Camping	0	0			0		
Group Camping Capacity	0	0			0		
Total Short Term Overnight Sites	136	350	257%	157%	350	257%	157%
Picnic Area (non-campsite) #	0	0			1		
Picnic Area Capacity	0	0			100		
Launch/Day Use Parking	50	100	200%	100%	100	200%	100%
Total Short Term Day Use Sites	50	100	200%	100%	200	400%	300%
Total Short Term	186	450	242%	142%	550	296%	196%
Marina	1	1	100%	0%	1	100%	0%
Watercraft Fueling Dock	1	1	100%	0%	1	100%	0%
Auto Fuel Facility (public)	0	0			0		
Courtesy Docks Capacity	24	24	100%	0%	24	100%	0%
Docks	177	200	113%	13%	200	113%	13%
Moorage	0	0			0		
Houseboat/OOV Docks	0	0			0		
Ramps	1	2	200%	100%	2	200%	100%
Ramp Lanes	12	12	100%	0%	12	100%	0%
Pontoon Boat Rental	0	0			10		
Ski Boat Rental	0	0			6		
Fishing Boat Rental	15	25	167%	67%	25	167%	67%
Personal Watercraft Rental	0	0			10		
Other Boat Rentals	0	0			0		
Dry Storage	0	0			0		
Boat Garages	19	19	100%	0%	100	526%	426%
Restaurant	0	1			1		
Snack Bar/Café	1	2	200%	100%	2	200%	100%
Store	1	1	100%	0%	1	100%	0%
Portable Store	0	0			0		
Mobile Food	0	1			1		
Slalom Course	0	0			0		
Water Ski Center	0	0			0		
Spa Facility	0	0			0		
Meeting Rooms	0	0			0		
Splash Zone	0	0			0		
Wading Pool	0	0			1		
Swimming Pool	0	0			0		
Fresh Water Pool	0	0			0		
Playground	0	0			0		
Sport Court or Green	0	0			1		
Indoor Activity Center	0	0			1		
Amphitheater	0	0			0		
Enclosed Dog Park	0	1			1		
Second Entrance [Emergency]	0	0			0		
Second Entrance Public Access	0	0			0		
Teen Sports Area	0	1			1		
Arcade	1	1	100%	0%	1	100%	0%
Ice Cream Parlor	0	0			0		
Tennis	0	0			0		
Hand Ball	0	0			0		
Available Land USBR	110	60	55%	-45%	60	55%	-45%
Available Land Private	225	225	100%	0%	225	100%	0%

PROPOSAL / LAKE BERRYESSA MARINA RESORT [5]



Lake Berryessa Marina Resort / Area

The Resort is relatively small but an excellent area, located midway between Spanish Flat and Pope Creek Bridge. A long peninsula is a unique feature of the resort that extends from the shore out into the lake toward the east. This protective barrier serves as a breaker that provides calm waters at the entrance of the Resort coming in from the water, which continues back to an even more protected harbor.

Lake Berryessa Marina Resort / Description

RV parking on the peninsula offers spectacular views of Lake Berryessa. The sunrise and sunsets are beautiful on the "point". Houseboats berthed in the Marina and Cabins in the Marina area offer overnight accommodations. For "back to basics" campers, the Resort offers rustic tent sites that feature great lake views and plenty of shade. Group facilities are available. Long-term sites are an option for frequent visitors. Boat rentals include houseboats, party barges, pontoon boats, ski boats and jet skis.

Lake Berryessa Marina Resort / Proposed Improvements

The most significant proposal for Berryessa Marina Resort is to re-incorporate Smittle Creek into the Resort. This would allow boat rentals to move across the cove to the southwest on the Smittle Creek shore. The Marina would then be opened up for additional docks, services, facilities and public access. Through the Resort's Plan significantly increases, short-term sites, day use parking and docks. Houseboats would increase from 4 to 30.

Lake Berryessa Marina Resort / Facilities Current to ROP

Lake Berryessa Marina plus Smittle Creek							
Facility	Current	Phase 1	Percent of Current	Percent Change	Final Phase	Percent of Current	Percent Change
Mobile Homes 450-455	13	13	100%	0%	0	0%	-100%
Mobile Homes >455	134	134	100%	0%	120	90%	-10%
Total Long Term Sites	157	147	94%	-6%	120	76%	-24%
Permitee Vacation Rental	0	40			60		
Exclusive Use Sites	157	107	68%	-32%	60	38%	-62%
Mobile Home Guests	157	147	94%	-6%	120	76%	-24%
Rental Mobile Homes 1Bd	0	8			8		
Rental Mobile Homes 2Bd	0	10			10		
Vacation Rental 1Bd	0	10			15		
Vacation Rental 2Bd	0	30			45		
Cabins/Cottages	15	24	160%	60%	24	160%	60%
RV Sites	50	50	100%	0%	50	100%	0%
Tent Site	78	100	128%	28%	100	128%	28%
Houseboats	4	10	250%	150%	20	500%	400%
Group Camping	10	10	100%	0%	10	100%	0%
Group Camping Capacity	200	200	100%	0%	200	100%	0%
Total Short Term Overnight Sites	157	252	161%	61%	282	180%	80%
Picnic Area (non-campsite) #	1	1	100%	0%	2	200%	100%
Picnic Area Capacity	40	40	100%	0%	40	100%	0%
Launch/Day Use Parking	50	100	200%	100%	150	300%	200%
Total Short Term Day Use Sites	90	140	156%	56%	190	211%	111%
Total Short Term	247	392	159%	59%	472	191%	91%
Marina	1	2	200%	100%	1	100%	0%
Watercraft Fueling Dock	1	1	100%	0%	1	100%	0%
Courtesy Docks Capacity	12	16	133%	33%	16	133%	33%
Docks	235	275	117%	17%	325	138%	38%
Houseboat/OOV Docks	4	4	100%	0%	10	250%	150%
Ramps	1	2	200%	100%	2	200%	100%
Ramp Lanes	6	8	133%	33%	8	133%	33%
Pontoon Boat Rental	0	6			6		
Ski Boat Rental	0	6			6		
Fishing Boat Rental	0	6			6		
Personal Watercraft Rental	0	10			10		
Other Boat Rentals	0	10			10		
Dry Storage	100	100	100%	0%	100	100%	0%
Snack Bar/Café	0	1			1		
Store	1	1	100%	0%	1	100%	0%
Sport Court or Green	1	1	100%	0%	1	100%	0%
Arcade	1	1	100%	0%	1	100%	0%

PROPOSAL / RANCHO MONTICELLO RESORT [6]



Rancho Monticello Resort / Area

Rancho Monticello Resort is located on the northwest end of Lake Berryessa, two miles south of Pope Creek Bridge. The Resort is 140 acres of land and 60 acres of water; the land area varies in width from 400 to 900 feet and has over 2 miles of shoreline. The resort is divided in two parts by a large rock outcropping, known as “Turtle Rock.” The southern end of the resort has steeper terrain and deeper coves. The marina, retail area, a picnic area and most of the long-term sites are in the southern half. The northern portion of the resort has a large area of gentle slopes, less than 15%, most of which is devoted to short term use, such as RV, camping and open space. The steeper areas contain the remaining long-term sites. The Resort faces the main body of Lake Berryessa, with the east shore three miles directly across from it.

Rancho Monticello Resort / Description

At the southern-most end of the Resort is the Marina that includes a gas dock, market, café, 8-lane launch ramp, moorage, docks and a Day Park. There are 386 boat slips for both short term and long-term rental. The Resort has the largest number of long-term sites at the lake, 471, many of which are nestled into the landscape. An abundance of trees helps shield the long-term sites when viewed from the lake. The long-term sites have offered an affordable solution to families and other public users. Most of the overnight use, RV and campsites are at the northern end of the Resort in the “Big Flat” area.

Rancho Monticello Resort / Proposed Improvements

Initial improvements would address health and safety issues.

Marina Improvements

- Move fuel tank out of floodplain
- Replace courtesy dock(s)
- Upgrade Marina launch ramp
- Acquire additional boat rentals

- Increase Marina services

Infrastructure

- Water Distribution Improvements
- Sewage Ponds interlinked
- Roads designed to ROP criteria

Day Use Areas

Marina day use upgraded and improved:

- Add Day Park restroom
- Splash elements added
- Add playground

Big Flats and North

- Add campsites
- Add RV sites
- Add launch ramp, store and cafe
- Added and improved bathhouse facilities
- Splash elements added

Long-Term Sites

- Removal of long-term sites from the base floodplain
- Continue to enforce Health and Safety Codes
- Begin upgrade or replacement of All units to 1998 HCD Standards
- Begin upgrade of site infrastructure to accommodate new or upgraded units
- Introduce new configurations for long-term which allow for increased setbacks
- New design solutions for units to have smaller footprints, e.g. two-story, duplex and zero clearance units. This will improve views and access.

Short-Term Sites

- Add short-term rental units in Big Flat
- Offer rentals of varying sizes, studio, one, two and three bedrooms to accommodate more public needs
- Increase camping and RV sites, a portion of which would be on undeveloped lands within the Resort
- Convert long term sites to Non-Exclusive Use by a Resort operated Vacation Rental Management Program. Short term rental pool using Permittee and Resort owned vacation units

Boat Storage

- Remodel or replace boat garages.
- Move some dry storage to nearby private lands
- Consider smaller footprint solutions for storage

Fire Protection

- Install stand pipes throughout the Resort for pumper truck use
- Correct roads to fire standards

Unused Federal Land / Expansion

The PUP called for an eighth resort at Lake Berryessa, that starts at the north end of Rancho Monticello Resort and extends to the Pope Creek Bridge, which could be developed to provide additional day use and camping. The owners of Rancho Monticello Resort also own approximately 51 private land acres on the east side of Knoxville Road that are contiguous with the Resort. The land has the potential for complementing the Resort with private development and/or integrating in certain ways with the Resort. It is used as a second emergency exit from the Resort.

Rancho Monticello Resort / Facilities Current to ROP

Rancho Monticello resort							
Facility	Current	Phase 1	Percent of Current	Percent Change	Final Phase	Percent of Current	Percent Change
Mobile Homes 440-450	39	0	0%	-100%	0	0%	-100%
Mobile Homes 450-455	70	70	100%	0%	0	0%	-100%
Mobile Homes >455	361	360	100%	0%	400	111%	11%
TT dry 440-450	31	0	0%	-100%	0	0%	-100%
TT dry 450-455	23	0	0%	-100%	0	0%	-100%
TT dry >455	45	0	0%	-100%	0	0%	-100%
Travel Trailer (TT) Sewer >455	0	20			20		
Total Long Term Sites	569	450	79%	-21%	420	74%	-26%
Permittee Vacation Rental	0	80			160		
Exclusive Use Sites	569	370	65%	-35%	260	46%	-54%
Mobile Home Guests	569	450	79%	-21%	420	74%	-26%
Rental Mobile Homes 1Bd	1	4	400%	300%	10	1000%	900%
Rental Mobile Homes 2Bd	2	24	1200%	1100%	40	2000%	1900%
Rental Mobile Homes 3Bd	1	5	500%	400%	20	2000%	1900%
Vacation Rental 1Bd	0	20			40		
Vacation Rental 2Bd	0	50			100		
Vacation Rental 3Bd	0	10			20		
Cabins/Cottages	12	24	200%	100%	100	833%	733%
RV Sites	20	40	200%	100%	75	375%	275%
Tent Site	57	86	151%	51%	125	219%	119%
Group Camping	0	0			1		
Group Camping Capacity	0	0			40		
Total Short Term Overnight Sites	93	263	283%	183%	531	571%	471%
Picnic Area (non-campsite) #	1	2	200%	100%	2	200%	100%
Picnic Area Capacity	200	300	150%	50%	300	150%	50%
Launch/Day Use Parking	75	100	133%	33%	125	167%	67%
Total Short Term Day Use Sites	275	400	145%	45%	425	155%	55%
Total Short Term	368	663	180%	80%	956	260%	160%
Marina	1	2	200%	100%	2	200%	100%
Watercraft Fueling Dock	1	1	100%	0%	1	100%	0%
Courtesy Docks Capacity	12	20	167%	67%	20	167%	67%
Docks	54	400	741%	641%	400	741%	641%
Moorage	320	0	0%	-100%	0	0%	-100%
Ramps	1	2	200%	100%	2	200%	100%
Ramp Lanes	8	11	138%	38%	11	138%	38%
Pontoon Boat Rental	2	4	200%	100%	4	200%	100%
Ski Boat Rental	0	4			4		
Fishing Boat Rental	5	6	120%	20%	6	120%	20%
Personal Watercraft Rental	0	10			10		
Other Boat Rentals	0	10			10		
Dry Storage	598	100	17%	-83%	100	17%	-83%
Boat Garages	67	67	100%	0%	67	100%	0%
Snack Bar/Café	1	2	200%	100%	2	200%	100%
Store	1	2	200%	100%	2	200%	100%
Spa Facility	0	0			1		
Meeting Rooms	1	1	100%	0%	1	100%	0%
Wading Pool	0	0			1		
Swimming Pool	0	0			1		
Playground	0	0			2		
Indoor Activity Center	0	1			1		
Enclosed Dog Park	0	1			1		
Second Entrance [Emergency]	1	1	100%	0%	1	100%	0%
Arcade	1	1	100%	0%	1	100%	0%
Tennis	0	0			1		
Available Land USBR	50	25	50%	-50%	25	50%	-50%
Available Land Private	52	52	100%	0%	52	100%	0%

PROPOSAL / PUTAH CREEK RESORT [7]



Putah Creek Resort / Area

Putah Creek Resort is located between the Pope Creek and Putah Creek arms in the northwest corner of the Lake. It begins at the junction of Pope Canyon Road and Knoxville Road. It includes land on both sides of Knoxville Road and ends at the Putah Creek Bridge.

Less than one third of the total area is currently developed, all at the northern end of the Resort.

Putah Creek Resort / Description

The area to the west of Knoxville Road is developed as tent camping with 111 mostly waterfront sites and dry storage for 100 boats. The east side of Knoxville Road contains the majority of the development at Putah Creek Resort including a marina, a retail area, a motel, RV sites, day use parking and long term sites. The marina consists of a 6-lane launching ramp, day use parking for 100, a picnic area, automobile gas, 128 rental docks and courtesy docks for 14 boats. The retail area includes a restaurant and bar with panoramic views, a snack bar, a store and an arcade. A 27-unit motel lies on the waterfront in a peaceful cove. There are 57 RV sites with hookup most of which are waterfront. Long-term sites include 152 mobile homes of which only 3 are in the base floodplain.

Putah Creek Resort / Improvements and Future Development

Putah Creek Resort is a favorite of water skiers. It sits at the entrance to most protected water ski area at Lake Berryessa, the Putah Creek arm of the Lake. Putah Creek hosts fishing tournaments as well as Tri-athlon events, throughout the year.

Phase I

- Fuel Dock replaced – plan has been approved by Napa County
- Sewer System is enlarged with a fourth pond added and the pump house upgraded
- Roads are brought into compliance with ROP standards
- Mobile home site facilities modernized

- Mobile homes sites in the floodplain will be relocated
- Mobile homes are upgraded or replaced as needed to meet 1998 HCD standards
- Vacation Unit Rental Program is implemented
- Increased setbacks will be used
- Additional boat docks are added to the Marina
- 50 unit boat garage will be added above the current group camping site
- Campsites enlarged and improved
- Store is remodeled
- Children's Playground added in both the RV and campsite areas

Phase II

- Land development Pope Creek Area - entrance opened – add RV Park, snack bar and weight room, launch ramp, fire emergency / sub-station [accommodating the North end of the lake].
- Motel replaced with a two-story hotel at Putah Creek opening the current motel location to day use
- Boat storage unit [50] added above current group camping site in the side of the hill – total 100
- Restaurant and bar replaced with architectural design that utilizes the view and lake access better
- Theater and/or Amphitheater – create entertainment destination
- Store and Snack Bar added to north end of resort to accommodate the RVs and campsites

Putah Creek Resort / Facilities Current to ROP

Putah Creek Park							
Facility	Current	Phase 1	Percent of Current	Percent Change	Final Phase	Percent of Current	Percent Change
Mobile Homes 440-450	3	0	0%	-100%	0	0%	-100%
Mobile Homes 450-455	38	38	100%	0%	0	0%	-100%
Mobile Homes >455	111	140	126%	26%	140	126%	26%
Total Long Term Sites	152	178	117%	17%	140	92%	-8%
Permittee Vacation Rental	0	40			70		
Exclusive Use Sites	152	138	91%	-9%	70	46%	-54%
Mobile Home Guests	152	178	117%	17%	140	92%	-8%
Hotel/Motel (Rooms)	27	40	148%	48%	40	148%	48%
Rental Mobile Homes 2Bd	0	3			3		
Vacation Rental 1Bd	0	5			10		
Vacation Rental 2Bd	0	25			50		
Vacation Rental 3Bd	0	10			10		
RV Sites	57	57	100%	0%	120	211%	111%
Tent Site	111	100	90%	-10%	100	90%	-10%
Group Camping	1	1	100%	0%	1	100%	0%
Group Camping Capacity	75	75	100%	0%	75	100%	0%
Total Short Term Overnight Sites	196	241	123%	23%	334	170%	70%
Picnic Area (non-campsite) #	1	1	100%	0%	1	100%	0%
Picnic Area Capacity	72	72	100%	0%	72	100%	0%
Launch/Day Use Parking	100	100	100%	0%	150	150%	50%
Total Short Term Day Use Sites	172	172	100%	0%	222	129%	29%
Total Short Term	368	413	112%	12%	556	151%	51%
Marina	1	1	100%	0%	1	100%	0%
Watercraft Fueling Dock	0	1			1		
Auto Fuel Facility (public)	1	1	100%	0%	1	100%	0%
Courtesy Docks Capacity	14	14	100%	0%	20	143%	43%
Docks	128	160	125%	25%	200	156%	56%
Ramps	1	1	100%	0%	3	300%	200%
Ramp Lanes	6	6	100%	0%	9	150%	50%
Dry Storage	100	100	100%	0%	100	100%	0%
Boat Garages	0	100			100		
Restaurant	1	1	100%	0%	2	200%	100%
Snack Bar/Café	1	1	100%	0%	2	200%	100%
Store	1	1	100%	0%	2	200%	100%
Spa Facility	0	1			1		
Indoor Activity Center	1	1	100%	0%	1	100%	0%
Amphitheater	0	0			1		
Arcade	1	1	100%	0%	1	100%	0%
Available Land USBR	150	100	67%	-33%	75	50%	-50%

ROP PRO FORMA

Values & Benefits Current

Current Pro Forma										Return on Investment				9%
Facility	Qty	Sites	Investment Value	Investment Total	Rate	Units	Occupancy Multiplier		0	persite	total	COG%	COG	Gross
Mobile Homes 440-450	52	3	16,400	862,800	460.00	12	1	Month		4,968	258,336	0.00	0	258,336
Mobile Homes 450-455	145	6	16,400	2,378,000	460.00	12	1	Month		4,968	720,360	0.00	0	720,360
Mobile Homes >455	820	7	16,400	13,448,000	460.00	12	1	Month		4,968	4,073,760	0.00	0	4,073,760
TT dv 440-450	31	1	9,500	294,500	300.00	12	1	Month		3,240	100,440	0.00	0	100,440
TT dv 450-455	124	2	9,500	1,178,000	300.00	12	1	Month		3,240	401,760	0.00	0	401,760
TT dv >455	45	1	9,500	427,500	300.00	12	1	Month		3,240	145,800	0.00	0	145,800
Travel Trailer (TT) Sewer >455	30	1	14,000	420,000	440.00	12	1	Month		4,752	142,560	0.00	0	142,560
TT sewer 450-455	94	2	14,000	1,316,000	440.00	12	1	Month		4,752	446,688	0.00	0	446,688
TT sewer 440-450	6	1	14,000	84,000	440.00	12	1	Month		4,752	28,512	0.00	0	28,512
Total Long Term Sites	1,347	7	0	20,398,800	0.00	0	0	0	0	0	6,318,216	0.00	0	6,318,216
Permitted Vacation Rental	0	0	0	39,944,800	0.00	0	0	0	0	0	12,378,036	0.00	0	12,378,036
Exclusive Use Sites	1,347	7	0	77,511,600	0.00	0	0	0	0	0	24,035,832	0.00	0	24,035,832
Mobile Home Guests	1,347	7	0	0	20.00	1	20	Night		400	538,800	0.00	0	538,800
Hotel/Motel (Rooms)	43	2	45,000	1,935,000	150.00	1	90	Night		13,500	590,500	0.00	0	590,500
Rental Mobile Homes 1Bd	1	1	39,000	39,000	200.00	1	60	Night		12,000	12,000	0.00	0	12,000
Rental Mobile Homes 2Bd	4	2	49,000	196,000	250.00	1	60	Night		15,000	60,000	0.00	0	60,000
Rental Mobile Homes 3Bd	1	1	59,000	59,000	300.00	1	60	Night		18,000	18,000	0.00	0	18,000
Vacation Rental 1Bd	0	0	0	0	80.00	1	30	Night		2,400	0	0.00	0	0
Vacation Rental 2Bd	0	0	0	0	100.00	1	30	Night		3,000	0	0.00	0	0
Vacation Rental 3Bd	0	0	0	0	120.00	1	30	Night		3,600	0	0.00	0	0
Cabins/Cottages	55	4	30,000	1,650,000	150.00	1	60	Night		9,000	495,000	0.00	0	495,000
RV Sites	222	6	9,500	2,109,000	30.00	1	35	Night		1,313	291,375	0.00	0	291,375
Tent Site	504	5	4,500	2,268,000	25.00	2	60	Night		2,250	1,134,000	0.00	0	1,134,000
Houseboats	4	1	200,000	800,000	750.00	1	90	Night		67,500	270,000	0.00	0	270,000
Group Camping	16	4	25,000	400,000	0.00	0	0	Night		0	0	0.00	0	0
Group Camping Capacity	466	4	0	0	4.00	1	45	Person		180	83,700	0.00	0	83,700
Total Short Term Overnight Sites	850	7	0	9,466,000	0.00	0	0	0	0	0	2,944,575	0.00	0	2,944,575
Picnic Area (non-campsite)#	5	5	25,000	125,000	0.00	0	0	0	0	0	0	0.00	0	0
Picnic Area Capacity	544	5	0	0	4.00	1	15	Person		60	32,640	0.00	0	32,640
Launch/Day Use Parking	1,056	10	1,500	1,642,500	15.00	1	32	Day		480	525,600	0.00	0	525,600
Total Short Term Day Use Sites	1,639	10	0	1,767,500	0.00	0	0	0	0	0	588,240	0.00	0	588,240
Total Short Term	2,499	11	0	11,223,500	0.00	0	0	0	0	0	3,502,815	0.00	0	3,502,815
Marina	7	7	0	0	0.00	0	0	0	0	0	0	0.00	0	0
Watercraft Fueling Dock	6	6	175,000	1,050,000	3.00	20	7,500	Gallon		450,000	2,700,000	0.80	2,160,000	540,000
Auto Fuel Facility (public)	1	1	75,000	75,000	3.00	20	750	Gallon		45,000	45,000	0.80	36,000	9,000
Courtesy Docks Capacity	135	7	1,200	162,000	0.00	0	0	0	0	0	0	0.00	0	0
Docks	1,056	7	2,750	2,901,250	1,000.00	1	1	Year		800	844,000	0.00	0	844,000
Morage	320	1	0	0	600.00	1	1	Year		600	192,000	0.00	0	192,000
Houseboat/OOV Docks	58	3	5,000	290,000	300.00	12	1	Month		3,600	208,800	0.00	0	208,800
Ramps	8	8	125,000	1,000,000	0.00	0	0	0	0	0	0	0.00	0	0
Ramp Lanes	49	8	0	0	0.00	0	0	0	0	0	0	0.00	0	0
Portion Boat Rental	13	3	36,000	468,000	60.00	4	50	Hour		12,000	156,000	0.00	0	156,000
Ski Boat Rental	6	1	50,000	300,000	120.00	4	50	Hour		24,000	144,000	0.00	0	144,000
Fishing Boat Rental	40	5	6,000	240,000	20.00	4	25	Hour		2,000	80,000	0.00	0	80,000
Personal Watercraft Rental	18	2	10,000	180,000	45.00	4	50	Hour		9,000	162,000	0.00	0	162,000
Other Boat Rentals	10	1	6,000	60,000	10.00	4	50	Hour		2,000	20,000	0.00	0	20,000
Day Storage	888	5	1,500	1,332,000	35.00	12	1	Month		420	372,960	0.00	0	372,960
Boat Garages	180	3	4,000	720,000	99.00	12	1	Month		1,188	213,840	0.00	0	213,840
Restaurant	3	3	480,000	1,470,000	250,000.00	1	1	Gross		250,000	750,000	0.40	300,000	450,000
Snack Bar/Cafe	5	5	275,000	1,375,000	150,000.00	1	1	Gross		150,000	750,000	0.40	300,000	450,000
Store	7	7	300,000	2,100,000	215,000.00	1	1	Gross		215,000	1,505,000	0.55	827,750	677,250
Portable Store	0	0	45,000	0	27,000.00	1	1	Gross		27,000	0	0.55	0	0
Mobile Food	0	0	65,000	0	75,000.00	1	1	Gross		75,000	0	0.40	0	0
Slalom Course	2	2	45,000	90,000	60.00	1	250	Permits		15,000	30,000	0.00	0	30,000
Water Ski Center	1	1	300,000	300,000	100,000.00	1	1	Gross		100,000	100,000	0.00	0	100,000
Spa Facility	0	0	25,000	0	45,000.00	1	1	Gross		45,000	0	0.00	0	0
Meeting Rooms	1	1	39,000	39,000	400.00	1	30	Day		12,000	12,000	0.00	0	12,000
Splash Zone	0	0	10,000	0	0.00	0	0	0	0	0	0	0.00	0	0
Wading Pond	0	0	10,000	0	0.00	0	0	0	0	0	0	0.00	0	0
Swimming Pool	1	1	30,000	30,000	0.00	0	0	0	0	0	0	0.00	0	0
Fresh Water Pod	1	1	10,000	10,000	0.00	0	0	0	0	0	0	0.00	0	0
Playground	1	1	10,000	10,000	0.00	0	0	0	0	0	0	0.00	0	0
Sport Court or Green	1	1	10,000	10,000	0.00	0	0	0	0	0	0	0.00	0	0
Indoor Activity Center	1	1	20,000	20,000	0.00	0	0	0	0	0	0	0.00	0	0
Amphitheater	0	0	200,000	0	0.00	0	0	0	0	0	0	0.00	0	0
Enclosed Dog Park	0	0	10,000	0	0.00	0	0	0	0	0	0	0.00	0	0
Second Entrance [Emergency]	1	1	150,000	150,000	0.00	0	0	0	0	0	0	0.00	0	0
Second Entrance Public Access	0	0	750,000	0	0.00	0	0	0	0	0	0	0.00	0	0
Teen Sports Area	0	0	10,000	0	0.00	0	0	0	0	0	0	0.00	0	0
Arcade	7	7	30,000	210,000	0.25	10	3,750	Visits		9,375	65,625	0.00	0	65,625
Ice Cream Parlor	1	1	32,000	32,000	2.50	150	45	Cones		16,875	16,875	0.40	6,750	10,125
Tennis	1	1	20,000	20,000	0.00	0	0	0	0	0	0	0.00	0	0
Hand Ball	1	1	10,000	10,000	0.00	0	0	0	0	0	0	0.00	0	0
Total Other	0	0	0	14,664,250	0.00	0	0	0	0	0	8,368,100	0.00	3,630,500	4,737,600
Grand Total	0	0	0	46,276,550	0.00	0	0	0	0	0	18,189,131	0.00	3,630,500	14,558,631
			2005 Fair Value	46,276,550						61.00%			Operating Expenses	8,880,765

Values & Benefits Phase 1

Phase 1 Pro Forma										Return on Investment			9%
Facility	Qty	Sites	Investment Value	Investment Total	Rate	Units	Occupancy Multiplier	0	\$ per site	Total COG%	COG	Gross	
Mobile Homes 440-450	0	0	18,000	0	550.00	12	1	Month	6,384.00	0	0	0	
Mobile Homes 450-455	131	4	18,000	2,358,000	550.00	12	1	Month	6,384.00	836,304	0	836,304	
Mobile Homes >455	831	5	18,000	14,958,000	550.00	12	1	Month	6,384.00	5,305,104	0	5,305,104	
TT dry 440-450	0	0	9,500	0	300.00	12	1	Month	3,420.00	0	0	0	
TT dry 450-455	0	0	9,500	0	300.00	12	1	Month	3,420.00	0	0	0	
TT dry >455	0	0	9,500	0	300.00	12	1	Month	3,420.00	0	0	0	
Travel Trailer (TT) Sewer >455	222	3	16,000	3,552,000	550.00	12	1	Month	6,384.00	1,417,248	0	1,417,248	
TT sewer 450-455	14	1	16,000	224,000	550.00	12	1	Month	6,384.00	89,376	0	89,376	
TT sewer 440-450	0	0	16,000	0	550.00	12	1	Month	6,384.00	0	0	0	
Total Long Term Sites	1,198	7	0	21,092,000	0.00	0	0	0	0.00	7,648,032	0	7,648,032	
Permites Vacation Rental	210	5	0	42,184,000	0.00	0	0	0	0.00	15,296,064	0	15,296,064	
Exclusive Use Sites	988	7	0	82,010,000	0.00	0	0	0	0.00	29,755,824	0	29,755,824	
Mobile Home Guests	1,198	7	0	0	22.00	1	20	Night	440.00	527,120	0	527,120	
Hotel/Motel (Rooms)	116	3	60,000	6,960,000	150.00	1	90	Night	13,500.00	1,566,000	0	1,566,000	
Rental Mobile Homes 1Bd	12	2	39,000	468,000	200.00	1	72	Night	14,400.00	172,800	0	172,800	
Rental Mobile Homes 2Bd	39	4	49,000	1,911,000	250.00	1	72	Night	18,000.00	702,000	0	702,000	
Rental Mobile Homes 3Bd	5	1	59,000	295,000	300.00	1	72	Night	21,600.00	108,000	0	108,000	
Vacation Rental 1Bd	40	4	0	0	80.00	1	30	Night	2,400.00	96,000	0	96,000	
Vacation Rental 2Bd	145	5	0	0	100.00	1	30	Night	3,000.00	435,000	0	435,000	
Vacation Rental 3Bd	25	3	0	0	120.00	1	30	Night	3,600.00	90,000	0	90,000	
Cabins/Cottages	165	5	30,000	4,950,000	175.00	1	72	Night	12,600.00	2,079,000	0	2,079,000	
RV Sites	327	6	16,000	5,232,000	35.00	1	72	Night	3,150.00	1,030,050	0	1,030,050	
Tent Site	589	5	9,500	5,555,500	28.00	2	72	Night	3,024.00	1,781,136	0	1,781,136	
Houseboats	20	2	200,000	4,000,000	750.00	1	90	Night	67,500.00	1,350,000	0	1,350,000	
Group Camping	16	4	25,000	400,000	0.00	0	0	Night	0.00	0	0	0	
Group Camping Capacity	465	4	0	0	4.00	1	45	Person	180.00	83,700	0	83,700	
Total Short Term Overnight Sites	1,948	9	0	29,811,500	0	0	0	0	162,954	9,493,686	0	9,493,686	
Picnic Area (non-campsite)#	6	5	25,000	150,000	0.00	0	0	0	0.00	0	0	0	
Picnic Area Capacity	744	5	0	0	4.00	1	15	Person	60.00	44,640	0	44,640	
Launch/Day Use Parking	1,310	10	1,500	1,955,000	17.00	1	45	Day	765.00	1,002,150	0	1,002,150	
Total Short Term Day Use Sites	2,054	10	0	2,115,000	0	0	0	0	825	1,046,790	0	1,046,790	
Total Short Term	3,553	11	0	31,926,500	0.00	0	0	0	0.00	10,540,476	0	10,540,476	
Maina	9	8	0	0	0.00	0	0	0	0.00	0	0	0	
Watercraft Fueling Dock	7	7	175,000	1,225,000	3.00	20	7,500	Gallon	450,000.00	3,150,000	1	2,520,000	
Auto Fuel Facility (public)	1	1	75,000	75,000	3.00	20	750	Gallon	45,000.00	45,000	0	45,000	
Courtesy Docks Capacity	157	10	1,200	188,400	0.00	0	0	0	0.00	0	0	0	
Docks	1,577	7	2,750	4,336,750	1,500.00	1	1	Year	1,455.00	2,294,535	0	2,294,535	
Morage	0	0	0	0	600.00	1	1	Year	600.00	0	0	0	
Houseboat/OOV Docks	108	3	5,000	540,000	300.00	12	1	Month	3,600.00	388,800	0	388,800	
Ramps	13	11	125,000	1,625,000	0.00	0	0	0	0.00	0	0	0	
Ramp Lanes	59	11	0	0	0.00	0	0	0	0.00	0	0	0	
Portom Boat Rental	19	4	36,000	694,000	60.00	4	50	Hour	12,000.00	228,000	0	228,000	
Ski Boat Rental	16	3	50,000	800,000	120.00	4	50	Hour	24,000.00	384,000	0	384,000	
Fishing Boat Rental	51	5	6,000	306,000	20.00	4	25	Hour	2,000.00	102,000	0	102,000	
Personal Watercraft Rental	28	3	10,000	280,000	45.00	4	50	Hour	9,000.00	252,000	0	252,000	
Other Boat Rentals	30	3	6,000	180,000	25.00	4	50	Hour	5,000.00	150,000	0	150,000	
Dry Storage	390	5	1,500	585,000	65.00	12	1	Month	780.00	304,200	0	304,200	
Boat Garages	280	4	5,500	1,540,000	99.00	12	1	Month	1,188.00	332,640	0	332,640	
Restaurant	4	4	450,000	1,920,000	250,000.00	1	1	Gross	250,000.00	1,000,000	0.40	400,000	
Snack Bar/Café	8	6	275,000	2,200,000	150,000.00	1	1	Gross	150,000.00	1,200,000	0.40	480,000	
Store	9	7	300,000	2,700,000	215,000.00	1	1	Gross	215,000.00	1,935,000	0.55	1,064,250	
Portable Store	0	0	45,000	0	27,000.00	1	1	Gross	27,000.00	0	0.55	0	
Mobile Food	1	1	65,000	65,000	75,000.00	1	1	Gross	75,000.00	75,000	0.40	30,000	
Slalom Course	2	2	45,000	90,000	60.00	1	250	Permits	15,000.00	30,000	0	30,000	
Water Ski Center	1	1	300,000	300,000	100,000.00	1	1	Gross	100,000.00	100,000	0	100,000	
Spa Facility	2	2	25,000	50,000	45,000.00	1	1	Gross	45,000.00	90,000	0	90,000	
Meeting Rooms	3	3	39,000	117,000	400.00	1	30	Day	12,000.00	36,000	0	36,000	
Splash Zone	0	0	10,000	0	0.00	0	0	0	0.00	0	0	0	
Wading Pool	0	0	10,000	0	0.00	0	0	0	0.00	0	0	0	
Swimming Pool	1	1	30,000	30,000	0.00	0	0	0	0.00	0	0	0	
Fresh Water Pod	1	1	10,000	10,000	0.00	0	0	0	0.00	0	0	0	
Playground	2	2	10,000	20,000	0.00	0	0	0	0.00	0	0	0	
Sport Court or Green	1	1	10,000	10,000	0.00	0	0	0	0.00	0	0	0	
Indoor Activity Center	2	2	20,000	40,000	0.00	0	0	0	0.00	0	0	0	
Amphitheater	0	0	200,000	0	0.00	0	0	0	0.00	0	0	0	
Enclosed Dog Park	2	2	10,000	20,000	0.00	0	0	0	0.00	0	0	0	
Second Entrance (Emergency)	1	1	150,000	150,000	0.00	0	0	0	0.00	0	0	0	
Second Entrance Public Access	0	0	750,000	0	0.00	0	0	0	0.00	0	0	0	
Teen Sports Area	1	1	10,000	10,000	0.00	0	0	0	0.00	0	0	0	
Arcade	7	7	30,000	210,000	0.25	10	3,750	Visits	9,375.00	65,625	0	65,625	
Ice Cream Parlor	1	1	32,000	32,000	2.50	150	45	Cones	16,875.00	16,875	0.40	6,750	
Tennis	1	1	20,000	20,000	0.00	0	0	0	0.00	0	0	0	
Hand Ball	1	1	10,000	10,000	0.00	0	0	0	0.00	0	0	0	
Total Other	0	0	0	20,409,150	0.00	0	0	0	0.00	12,179,675	0	7,678,675.00	
Grand Total	0	0	0	73,427,650	0.00	0	0	0	0.00	30,368,183	0	4,501,000	

2005 Fair Value	46,276,550	Operating Costs % Gross Profit Rate	62.00%	Operating Expenses	16,037,653
Phase 1 Investment	27,151,100	Franchise Fee Rate	5.00%	Franchise Fee	1,518,409

Values & Benefits Final Phase

Final Phase Pro Forma										Return on Investment				10%
Facility	Qty	Sites	Investment Value	Investment Total	Rate	Units	Occupancy Multiplier	0	\$ per site	T total	COG %	COG	Gross	
Mobile Homes 440-450	0	0	20,000	0	625.00	12	1	Month	7,125	0	0	0	0	
Mobile Homes 450-455	10	1	20,000	200,000	625.00	12	1	Month	7,125	71,250	0	0	71,250	
Mobile Homes >455	857	5	20,000	17,140,000	625.00	12	1	Month	7,125	6,106,125	0	0	6,106,125	
TT dry 440-450	0	0	9,500	0	300.00	12	1	Month	3,420	0	0	0	0	
TT dry 450-455	0	0	9,500	0	300.00	12	1	Month	3,420	0	0	0	0	
TT dry >455	0	0	9,500	0	300.00	12	1	Month	3,420	0	0	0	0	
Travel Trailer (TT) Sewer >455	271	3	16,000	4,336,000	625.00	12	1	Month	7,125	1,930,875	0	0	1,930,875	
TT sewer 450-455	6	1	16,000	96,000	625.00	12	1	Month	7,125	42,750	0	0	42,750	
TT sewer 440-450	0	0	16,000	0	625.00	12	1	Month	7,125	0	0	0	0	
Total Long Term Sites	1,144	7	0	21,772,000	0.00	0	0	0	0	8,151,000	0	0	8,151,000	
Total Long Term Sites	390	5	0	43,544,000	0.00	0	0	0	0	16,302,000	0	0	16,302,000	
Total Long Term Sites	754	7	0	86,888,000	0.00	0	0	0	0	32,532,750	0	0	32,532,750	
Mobile Home Guests	1,144	7	0	0	22.00	1	20	Night	440	503,360	0	0	503,360	
Hotel/Motel (Rooms)	116	3	60,000	6,960,000	150.00	1	90	Night	13,500	1,566,000	0	0	1,566,000	
Rental Mobile Homes 1Bd	18	2	39,000	702,000	200.00	1	72	Night	14,400	259,200	0	0	259,200	
Rental Mobile Homes 2Bd	55	4	49,000	2,695,000	250.00	1	72	Night	18,000	990,000	0	0	990,000	
Rental Mobile Homes 3Bd	20	1	59,000	1,180,000	300.00	1	72	Night	21,600	432,000	0	0	432,000	
Vacation Rental 1Bd	75	4	0	0	80.00	1	30	Night	2,400	180,000	0	0	180,000	
Vacation Rental 2Bd	270	5	0	0	100.00	1	30	Night	3,000	810,000	0	0	810,000	
Vacation Rental 3Bd	45	3	0	0	120.00	1	30	Night	3,600	162,000	0	0	162,000	
Cabins/Cottages	257	5	32,000	8,224,000	175.00	1	72	Night	12,600	3,238,200	0	0	3,238,200	
RV Sites	440	6	16,000	7,040,000	35.00	1	72	Night	3,150	1,386,000	0	0	1,386,000	
Tent Site	675	5	9,500	6,412,500	28.00	2	72	Night	3,024	2,041,200	0	0	2,041,200	
Houseboats	30	2	200,000	6,000,000	750.00	1	90	Night	67,500	2,025,000	0	0	2,025,000	
Group Camping	20	5	25,000	500,000	0.00	0	0	Night	0	0	0	0	0	
Group Camping Capacity	655	5	0	0	4.00	1	45	Person	180	117,900	0	0	117,900	
Short Term Overnight Sites	2,656	9	0	39,713,500	0.00	0	0	0	0	13,207,500	0	0	13,207,500	
Picnic Area (non-campsite) #	9	8	25,000	225,000	0.00	0	0	0	0	0	0	0	0	
Picnic Area Capacity	844	6	0	0	4.00	1	15	Person	60	50,640	0	0	50,640	
Launch/Day Use Parking	1,550	11	1,500	2,325,000	17.00	1	45	Day	765	1,185,750	0	0	1,185,750	
Total Short Term Day Use Sites	2,394	11	0	2,550,000	0.00	0	0	0	0	1,236,390	0	0	1,236,390	
Total Short Term	4,415	11	0	42,263,500	0.00	0	0	0	0	14,443,890	0	0	14,443,890	
Marina	9	8	0	0	0.00	0	0	0	0	0	0	0	0	
Watercraft Fueling Dock	7	7	175,000	1,225,000	3.00	20	7,500	Gallon	450,000	3,150,000	1	2,520,000	630,000	
Auto Fuel Facility (public)	1	1	75,000	75,000	3.00	20	750	Gallon	45,000	45,000	0	0	45,000	
Courtesy Docks Capacity	163	10	1,200	195,600	0.00	0	0	0	0	0	0	0	0	
Docks	1,737	7	2,750	4,776,750	1,500.00	1	1	Year	1,455	2,527,335	0	0	2,527,335	
Moorage	0	0	0	0	600.00	1	1	Year	600	0	0	0	0	
Houseboat/OOV Docks	114	3	5,000	570,000	300.00	12	1	Month	3,600	410,400	0	0	410,400	
Ramps	15	11	125,000	1,875,000	0.00	0	0	0	0	0	0	0	0	
Ramp Lanes	61	11	0	0	0.00	0	0	0	0	0	0	0	0	
Pontoon Boat Rental	29	5	36,000	1,044,000	60.00	4	50	Hour	12,000	348,000	0	0	348,000	
Ski Boat Rental	22	4	50,000	1,100,000	120.00	4	50	Hour	24,000	528,000	0	0	528,000	
Fishing Boat Rental	51	5	6,000	306,000	20.00	4	25	Hour	2,000	102,000	0	0	102,000	
Personal Watercraft Rental	38	4	10,000	380,000	45.00	4	50	Hour	9,000	342,000	0	0	342,000	
Other Boat Rentals	50	4	6,000	300,000	25.00	4	50	Hour	5,000	250,000	0	0	250,000	
Dry Storage	390	5	1,500	585,000	65.00	12	1	Month	780	304,200	0	0	304,200	
Boat Garages	361	4	5,500	1,985,500	99.00	12	1	Month	1,188	428,868	0	0	428,868	
Restaurant	5	4	490,000	2,450,000	250,000.00	1	1	Gross	250,000	1,250,000	0.40	500,000	750,000	
Snack Bar/Café	9	6	275,000	2,475,000	150,000.00	1	1	Gross	150,000	1,350,000	0.40	540,000	810,000	
Store	10	7	300,000	3,000,000	215,000.00	1	1	Gross	215,000	2,150,000	0.55	1,182,500	967,500	
Portable Store	0	0	45,000	0	27,000.00	1	1	Gross	27,000	0	0.55	0	0	
Mobile Food	1	1	65,000	65,000	75,000.00	1	1	Gross	75,000	75,000	0.40	30,000	45,000	
Slalom Course	2	2	45,000	90,000	60.00	1	250	Permits	15,000	30,000	0	0	30,000	
Water Ski Center	1	1	300,000	300,000	100,000.00	1	1	Gross	100,000	100,000	0	0	100,000	
Spa Facility	3	3	25,000	75,000	45,000.00	1	1	Gross	45,000	135,000	0	0	135,000	
Meeting Rooms	3	3	39,000	117,000	400.00	1	30	Day	12,000	36,000	0	0	36,000	
Splash Zone	0	0	10,000	0	0.00	0	0	0	0	0	0	0	0	
Wading Pool	2	2	10,000	20,000	0.00	0	0	0	0	0	0	0	0	
Swimming Pool	2	2	30,000	60,000	0.00	0	0	0	0	0	0	0	0	
Fresh Water Pool	1	1	10,000	10,000	0.00	0	0	0	0	0	0	0	0	
Playground	4	3	10,000	40,000	0.00	0	0	0	0	0	0	0	0	
Spot Court or Green	2	2	10,000	20,000	0.00	0	0	0	0	0	0	0	0	
Indoor Activity Center	3	3	20,000	60,000	0.00	0	0	0	0	0	0	0	0	
Amphitheater	1	1	200,000	200,000	250,000.00	1	16	Event	4,000,000	4,000,000	1	2,600,000	1,400,000	
Enclosed Dog Park	2	2	10,000	20,000	0.00	0	0	0	0	0	0	0	0	
Second Entrance [Emergency]	1	1	150,000	150,000	0.00	0	0	0	0	0	0	0	0	
Second Entrance Public Access	0	0	750,000	0	0.00	0	0	0	0	0	0	0	0	
Teen Sports Area	1	1	10,000	10,000	0.00	0	0	0	0	0	0	0	0	
Arcade	7	7	30,000	210,000	0.25	10	3,750	Visits	9,375	65,625	0	0	65,625	
Ice Cream Parlor	1	1	32,000	32,000	2.50	150	45	Cones	16,875	16,875	0.40	6,750	10,125	
Tennis	2	2	20,000	40,000	0.00	0	0	0	0	0	0	0	0	
Hand Ball	1	1	10,000	10,000	0.00	0	0	0	0	0	0	0	0	
Total Other	0	0	0	23,871,850	0.00	0	0	0	0	17,644,303	0	7,379,250.00	10,265,053	
Grand Total	0	0	0	87,907,350	0.00	0	0	0	0	40,239,193	0	7,379,250.00	32,859,943	
2005 Fair Value			46,276,550	Operating Costs %			Gross Profit Rate			62.00%	Operating Expenses			20,373,165
T total New Investment			41,630,800	Franchise Fee Rate			Property Taxes Rate			5.00%	Franchise Fee			2,011,960
T total Investment			87,907,350	Property Taxes Rate			Reserve for Replacement			1.00%	Property Taxes			879,074
												Reserve for Replacement	879,074	
												Net Operating Income	8,716,672	
												Return on Investment	10%	

The ROP Pro Forma shows the 2005 Fair Value of more than \$46,000,000 combined with the New Investment Value of more than \$41,000,000 for a Total Investment/Value of more than \$87,000,000. Annual Franchise Fees to the government agency [Reclamation] would then be more than \$1,800,000 and Property Taxes to the County [Napa] nearly \$900,000.

CONCLUSION

The premise of this document is to create a viable plan, as H.R.4818 VIII – Federal Lands Recreation Enhancement Act recognizes fees should be commensurate with the benefits and services provided to the visitor. Concessionaires and Reclamation are mandated to provide facilities and services to the public for recreational use. The ROP represents the interests of all parties for the greatest benefit to the American public.

Resort Owners Plan for the Future of Lake Berryessa

The Resort Owners Plan uses the development that has occurred over the last 46 plus years and creates the format for positive future use and development that protects the resources and recreational uses of Lake Berryessa for generations to come. ROP represents a synthesis of Alternative A and Alternative C, in contrast to Reclamation’s Preferred Alternative B. The ROP is a representation of the goals of this Administration and American principles.

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**Analysis of the Resort Owners Plan
for Lake Berryessa**

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Prepared for:

Citizens to Protect Lake Berryessa

and

Task Force 7 at Lake Berryessa

I. Introduction

On October 25, 2004, the authors issued the aptly titled “Economic Analysis of the Dornbusch Associates Report and the Bureau of Reclamation’s ‘Alternative B’ Plan for Lake Berryessa” (referred to hereafter as the “previous analysis”).¹ Among the major findings of this analysis were the following:

1. Elimination of long-term use sites would destroy the current (and future) concessions revenue stream and the feasibility of Alternative B.
2. Only the “Phase I” subset of Alternative B is analyzed (since even Dornbusch determined that Alternative B in its entirety is not feasible).
3. The single concession contract would eliminate competition among the concessionaires and might harm lake visitors as a result.
4. The elimination of concession activity at the lake for two years would negatively affect visitor demand (and cause the Bureau to forego fees paid to it by the concessionaires).
5. The lack of compensation to outgoing concessionaires for facilities improvements likely violates Public Law 96-375. If the Bureau is forced to reimburse concessionaires for facilities not included in the Alternative B plan, this fact alone might render the entire plan unfeasible, as the costs to the Bureau (or a future concessionaire) would be enormous.
6. Infrastructure and other significant costs are underestimated or assumed away in the Dornbusch report and Alternative B.
7. The assumption that demand will be enhanced, given the drastically-reduced facilities available under Alternative B’s “Phase I,” by purportedly improving the quality of concessions is highly unlikely.
8. The assumption that per capita spending of visitors will increase if Alternative B is implemented is unsupported and highly unlikely.
9. The assumption that the loss of business due to the elimination of trailer sites may be made up by the trailer owners returning as visitors or by others who are attracted to the new facilities is highly unlikely.

¹ Adam B. Summers and Michael R. Summers, “Economic Analysis of the Dornbusch Associates Report and the Bureau of Reclamation’s ‘Alternative B’ Plan for Lake Berryessa,” October 25, 2004. Available online at the Bureau of Reclamation Web site at http://www.usbr.gov/mp/berryessa/docs_forms/index.html.

10. Numbers crucial to the feasibility analysis, such as the 15% discount rate and earnings of 35% of gross receipts, are exceedingly optimistic. Especially troubling is the fact that Dornbusch's \$8.5 million revenue feasibility threshold is reduced to \$7.2 million in later sections of the report (when concessions are broken down by type) *without explanation!*
11. Assumptions of facilities revenues, including occupancy and usage rates and the length of the peak season, are overly optimistic.
12. Reclamation's concession contract management is poor and must be improved. Most, if not all, of the concerns raised by Reclamation regarding the existence of long-term use sites—including health and safety concerns—can be resolved by simply clarifying and enforcing concession contract provisions, which the concessionaires support but the Bureau has been unwilling to consider.
13. Reclamation's management of the Lake Berryessa Recreation Area is poor and must be improved. It seems hypocritical of Reclamation to complain about the quality and/or quantity of concession facilities available to day users when it has not done its part to offer recreation opportunities to current and potential lake visitors.

Apparently, the Bureau of Reclamation (hereafter, "Reclamation" or "the Bureau") found that the arguments were merited, as it then published the analysis on its Web site and reopened the public review and comment period for the Draft Environmental Impact Analysis (DEIS) for the Lake Berryessa Visitor Services Plan (VSP) to consider "additional economic information."²

Following the decision to reopen the DEIS, the seven owners of the resorts around Lake Berryessa got together to put forth their own alternative plan for the lake. In late March the resort owners met with representatives from Reclamation. Since Reclamation's Preferred Alternative, Alternative B, (and, indeed, all of the alternatives offered in the VSP) would necessitate drastic changes to every one of the resorts (not just one or two), it was reasonable for the Bureau to meet with all the concessionaires to hear their feedback on Reclamation's Preferred Alternative. This cooperative environment is much more constructive than Reclamation's past attempts to unilaterally impose its vision upon those that actually provide the vast majority of the services at the lake.

The seven resort owners have united to put forth a plan for the lake, drawing upon their decades of resort management experience to provide a plan that will improve facilities and services for Lake Berryessa visitors *and* is financially feasible. This paper will summarize and analyze the Resort Owners Plan (ROP) and compare it to both existing conditions (i.e., Alternative A, the *status quo*) and Alternative B.

The ROP does not represent a new alternative. Rather, it stays within the boundaries of the current DEIS and offers a blend of Alternatives A and C. As we will demonstrate in this paper, this blending of current Alternatives in the DEIS is more financially feasible and offers greater access to the general public than the current Preferred Alternative proposed by Reclamation.

In addition, the ROP well represents the goals established by the Bush administration. It signifies an effort to find a

² "Lake Berryessa VSP Comment Period Being Reopened to Review Additional Economic Information," U.S. Bureau of Reclamation press release, February 16, 2004. Available online at <http://www.usbr.gov/newsroom/newsrelease/detail.cfm?RecordID=4121>.

compromise with Reclamation and to be consistent with the administration's stated goals to maximize access to public lands and not discriminate against any current users of those public lands. Further, it is consistent with the "4 Cs" philosophy outlined by the Secretary of the Interior ("conservation through communication, consultation, and cooperation").³ At Lake Berryessa there is both a land use issue and water management issue. The current Preferred Alternative by Reclamation will result in both short-term and long-term damage to the physical landscape of the lake. Hundreds of trees will need to be removed and miles of ground cover stripped. The ROP recognizes needs for improvement and at the same time attempts to meet all the guidelines of the 4 Cs.

II. Comparison to Current Conditions

1. Facilities Would Be Improved

The ROP provides for a substantial amount of facilities and services improvements. Under the ROP, the resort owners propose additional facilities and infrastructure investments of nearly \$42 million. Implementation of the ROP would increase available hotel/motel rooms by 170 percent, cabins by 367 percent, picnic area capacity by 55 percent, RV capacity by 98 percent, tents by 34 percent, group site capacity by 41 percent, slips by 34 percent, boat ramps by 70 percent (from 10 to 17), rental houseboats by 650 percent (from 4 to 30), restaurants by 67 percent (from 3 to 5), snack bars by 80 percent (from 5 to 9), and stores by 43 percent (from 7 to 10). In addition, long-term sites (i.e., trailer sites) would be reduced by 15 percent and dry storage would be reduced by 56 percent (see Table 1).

The following is a resort-by-resort breakdown of the facilities improvements that would be made under the ROP.

³ U.S. Department of the Interior, Office of the Secretary press release, "Interior Department Announces Modernized Procedures Implementing the National Environmental Policy Act (NEPA)," March 8, 2005. Available online at <http://www.doi.gov/news/040308a>.

Berryessa Marina Resort

- Proposes to re-incorporate Smittle Creek with the resort
- Long-term sites will decrease from 157 to 120
- Short-term sites will increase from 157 to 258
- Day-use sites will increase from 90 to 140
- Docks will increase from 166 to 322
- Rental Houseboats will increase from 4 to 30

Markley Cove Resort

- Long-term sites will decrease from 51 to 32
- Short-term sites will increase from 0 to 13
- Day-use sites will increase from 100 to 180
- Docks will increase from 256 to 281

Pleasure Cove Resort

- Proposes a hotel (with a restaurant and meeting rooms), which will increase the number of hotel rooms from 0 to 60
- Will develop unused resort land
- Long-term sites will decrease from 73 to 60
- Short-term sites will increase from 185 to 348
- No change in the number of day-use sites (132)
- Docks will increase from 120 to 278

Putah Creek Resort

- Existing motel will be replaced with a hotel that will increase the number of rooms from 27 to 40
- A new restaurant will be added and the existing restaurant/bar will be replaced
- A new amphitheater will be built
- Long-term sites will decrease from 152 to 140
- Short-term sites will increase from 196 to 334
- Day-use sites will increase from 172 to 222
- Docks will increase from 142 to 220
- Boat storage will increase from 50 to 100
- A fuel dock will be added

Rancho Monticello Resort

- New facilities will be developed in the Big Flat area
- Long-term sites will decrease from 569 to 420
- Short-term sites will increase from 93 to 531
- Day-use sites will increase from 275 to 425
- Docks will increase from 386 to 420
- A second store will be added
- A second café will be added
- A second marina will be added

Spanish Flat Resort

- 225 acres of unused resort land will be developed
- Long-term sites will increase from 198 to 225
- Short-term sites will increase from 136 to 350
- Day-use sites will increase from 50 to 200
- Docks will increase from 201 to 224
- Boat Storage will increase from 19 to 100

Steele Park Resort

- Day-use parking will be increased
- Amenities will be upgraded
- No change in the number of long-term sites (147)
- Short-term sites will increase from 80 to 158
- Day-use sites will increase from 400 to 600
- Docks will increase from 212 to 230

Table 1: Comparison of Existing Concession Facilities to Those After Phase I and Phase II of the Resort Owners Plan

Facility	Number of Current Facilities	Resort Owners Plan			
		Phase I	Percent Change	Phase II	Percent Change
Long-Term Sites	1,347	1,198	-11%	1,144	-15%
Long-Term Site Vacation Rentals	0	210	N/A	390	N/A
Hotel/Motel Rooms	43	116	170%	116	170%
Cabins	55	165	200%	257	367%
Picnic Areas	5	6	20%	9	80%
Picnic Area Capacity	544	744	37%	844	55%
RV Sites	222	327	47%	440	98%
Tent Sites	504	589	17%	675	34%
Group Camp Sites	16	16	0%	20	25%
Group Site Capacity	465	465	0%	655	41%
Boat Slips	1,483	1,792	21%	1,989	34%
Boat Ramps	8	15	88%	17	113%
Houseboats	4	20	400%	30	650%
Other Boat Rentals	87	144	66%	190	118%
Dry Storage	1,068	390	-63%	390	-63%
Restaurants	3	4	33%	5	67%
Snack Bars	5	8	60%	9	80%
Stores	7	9	29%	10	43%
Water Ski Center	1	1	0%	1	0%

Source: Resort Owners Plan, p. 37.

2. Long-Term Sites Would Be Reduced

Notably, the concessionaires have agreed to reduce the number of long-term sites by 15 percent. The proposal does not stop there, however. In an effort to address the “exclusive use” issue that has caused Reclamation a great deal of concern, the resort owners have come up with an innovative solution to open up a portion of the long-term sites to the public. Under the ROP, approximately 34 percent of the remaining 1,144 long-term sites would be operated as vacation rentals, with the resorts acting, effectively, as rental management companies. This proportion could be expanded as warranted by visitor demand. The rentals would consist of both permittee- and resort-owned units. Resort-owned units would be used to satisfy short-term user demands while permittee-owned units would satisfy both long-term and short-term user demand.

The vacation rental concept would allow trailer owners the opportunity to earn money towards their site rentals when they do not plan to use the trailers and the public the ability to utilize facilities currently enjoyed solely by the trailer owners.⁴ The concessionaires would receive a small percentage for managing the rentals (matching up the owners and renters), which could be used for advertising/marketing or general operations purposes.

3. Franchise Fees Would Be Increased

The seven concessionaires currently pay Reclamation franchise fees of 1.5 percent to 3.0 percent of their net receipts. The average franchise fee is approximately 2.71 percent.⁵ Under the ROP, franchise fees would be raised to 5.0 percent. This represents a rate increase of over 84 percent.

Significantly, these fees would be adjusted according to concessionaire performance. Resorts determined by Reclamation to be meeting their objectives would be rewarded with reduced franchise fees and those failing to live up to acceptable standards would be punished with higher fees. Thus, the adjustable franchise fees would maximize the concessionaires’ performance incentives. Note that, for this system to work properly, objectives must be clearly spelled out in detail in advance (and adjusted with the mutual consent of Reclamation and the concessionaires, as necessary).

4. Visual Appearances Would Be Improved

In our previous analysis, we addressed the issue of the appearance of some of the trailers:

While we believe descriptions of the “blight” caused by the trailers are exaggerated, we recognize Reclamation’s interest in maintaining the appearance of the lake. Thus, we agree that the RAMP directive to blend trailers more effectively with the natural environment is a reasonable one. Specific regulations might, for example, require trailers to be painted natural colors to make them blend in

⁴ Under the ROP, some trailers might even be owned by the concessionaires themselves, rather than the permittees.

⁵ Markley Cove pays a franchise fee of 1.5 percent of net receipts, Pleasure Cove pays a rate of 2.5 percent, and the remaining five resorts each pay a rate of 3.0 percent, for an average rate of 2.71 percent.

*more with the surrounding environment and camouflage them from the view of lake users, as has already been done at Steele Park.*⁶

The ROP addresses this issue as well, calling upon the resort owners to develop a palette of acceptable colors for structures. In addition, the ROP would improve the look of the resorts by renovating facilities and adding new graphics, signage, and facades.

5. Shoreline Access Would Be Increased for Day-Use Visitors

Another concern voiced by Reclamation and some day users is that not enough of the lake's prime shoreline is accessible to day users. As noted in our previous analysis, this issue is overstated, considering that the seven resorts combined occupy a mere 15 miles of Lake Berryessa's 165 miles of shoreline (approximately 9 percent).⁷ Nevertheless, the resort owners have committed, in the ROP, to "Create additional areas along the shoreline for day use recreation and access."⁸

In addition, Reclamation has expressed a desire to address the shoreline access issue by establishing a boat-in camping program.⁹ We believe that such a program would be an excellent way to open up more of the lake's expansive shoreline to the public and encourage Reclamation to pursue such a program.

6. Government Price Controls Would Be Eliminated

Currently, the Bureau of Reclamation has control over the rates for goods and services provided by the concessionaires. All rate increases for services and merchandise must be approved by Reclamation. Reclamation makes its rate increase approval decisions based upon an annual survey of other recreational lake facilities within the state. The sampling of "comparable" lakes and concessionaires tends to be curiously selective and arbitrary, however. Some resorts from a particular lake may be included in the sampling while others are excluded. Moreover, even when rate increases are approved, Reclamation's rate review and analysis process can cause significant lags (perhaps months) between rate requests and implementation, by which time economic conditions may have changed.

Oddly enough, after determining the "appropriate" rates from this sampling technique, Reclamation manages to arrive at different rate schedules for different resorts within Lake Berryessa. This despite the fact that, oftentimes, the resorts offer substantially the same facilities or services. This makes the rate decisions even more arbitrary.

Some resort owners have complained that their allowable price increases have not kept up with increases in expenses, or even inflation, over the past few years. The ROP calls for an end to this government price fixing, and rightly so. The current system is extremely arbitrary and opens the government up to the criticisms of cherry-picking rates for their price surveys or "playing favorites" with the resort owners. Furthermore, this price setting is simply poor economic policy. When prices are set too low (i.e., below the rates that would be determined in the free market), there will exist too much demand and not enough supply of a given good or service. In other words, restrictive price controls cause shortages. This is good for those who are able to get in at the artificially-low price, but bad for those who are excluded from utilizing the facilities or services at all (not to mention the sellers who must accept artificially-low profits). This prevents some lake users from utilizing facilities and the concessionaires from realizing fair profits.

The continuous changes in economic conditions and people's personal preferences make it impossible for any central

⁶ Summers and Summers, p.31.

⁷ Ibid., p. 36.

⁸ *Lake Berryessa Resort Owners Plan (ROP): Future Recreation Use and Operations of Lake Berryessa*, April 4, 2005, p. 18.

⁹ Reclamation advocates the creation of a boat-in camping program in each of the action alternatives (B, C, and D) contained within the Draft Environmental Impact Statement (DEIS). See U.S. Department of the Interior, Bureau of Reclamation, Mid-Pacific Region, *Draft Environmental Impact Statement for the Future Use and Operation of Lake Berryessa, Napa County, California*, October 2003. Available at the Bureau of Reclamation Web site at http://www.usbr.gov/mp/berryessa/deis/10-2003_draft_lake_berryessa.pdf.

planning agency to devise the optimal prices of goods and services (particularly when those rates must remain fixed for extended periods of time). Such can only be done by the free market, through the forces of supply and demand. If the resort owners at Lake Berryessa are to make the substantial capital investments described in the ROP, and to have the opportunity to realize fair profits, they must have the flexibility to adapt their pricing schedules to suit market conditions. Competition among the seven resorts will ensure that rates remain reasonable and that lake users are not gouged. (Excessive price increases would lead to a significant decrease in the number of visitors, and thus profits.) These business decisions must be made by resort owners operating in the market sphere, not bureaucrats operating in the political sphere.

III. Comparison to Dornbusch/Alternative B

1. The ROP Offers Far More Facilities to Lake Users

Our previous analysis noted how drastically facilities would be reduced under Alternative B. Consider, for example, that under Alternative B (Phase I), there would be 30 percent fewer hotel/motel rooms, 49 percent fewer cabins/cottages, 82 percent less picnic area capacity, 50 percent fewer tent sites, 60 percent fewer boat slips, 91 percent less dry storage, and, of course, 100 percent fewer long-term sites. The only facilities that would be increased would be RV sites (by 35 percent) and houseboats (by 400 percent). In contrast, after Phase I alone, the ROP would offer nearly four times as many hotel/motel rooms, nearly eight times the number of cabins/cottages, nearly seven and a half times the picnic area capacity, nearly two and a half times the number of tent sites, nearly three times the number of boat slips, and nearly seven times the dry storage capacity as Alternative B (see Table 2).

Table 2: Facilities Comparison: Alternative B Versus the Resort Owners Plan

Concession	Current	Phase I				Phase II		
		Percent Change Under Alt. B	Alt. B	ROP	ROP as % of Alt. B	Alt. B	ROP	ROP as % of Alt. B
Long-Term Sites	1,347	-100%	0	1,198	N/A	0	1,144	N/A
Long-Term Site Vacation Rentals	0	N/A	0	210	N/A	0	390	N/A
Hotel/Motel Rooms	43	-30%	30	116	387%	60	116	193%
Cabins/Cottages	55	-49%	28	221	789%	148	350	236%
Picnic Areas	5	-80%	1	6	600%	6	9	150%
Picnic Area Capacity	544	-82%	100	744	744%	400	844	211%
RV Sites	222	35%	300	327	109%	375	440	117%
Tent Sites	504	-50%	250	589	236%	500	675	135%
Group Camp Sites	16	-81%	3	16	533%	3	20	667%
Group Site Capacity	465	-68%	150	465	310%	150	655	437%
Boat Slips	1,483	-60%	600	1,717	286%	900	1,839	204%
Boat Ramps	8	-13%	7	15	214%	12	17	142%
Houseboats	4	400%	20	20	100%	30	30	100%
Other Boat Rentals	87	-59%	36	144	400%	50	190	380%
Dry Storage	1,068	-91%	100	670	670%	100	751	751%
Restaurants	3	-33%	2	4	200%	5	5	100%
Snack Bars	5	-60%	2	8	400%	4	9	225%
Stores	7	-57%	3	9	300%	7	10	143%
Portable Stores	0	N/A	4	0	N/A	0	0	N/A
Water Ski Centers	2	-50%	1	2	200%	1	2	200%

*Note: Since no detailed facilities information was offered for Phase II of Alternative B, the figures used here are estimates and were derived by applying the Water Recreation Opportunity Spectrum (WROS) that the DEIS proposes to use to designate the “appropriate” kinds of recreational use and use levels for the lake and shore areas to the amount of available resort land.

Source: Resort Owners Plan, p. 39.

2. The Plan Would Be Implemented in Two Phases

Like the Dornbusch proposal for Alternative B, improvements under ROP would take place in two phases. There are a number of stark differences between the two approaches, however. First, while Dornbusch analyzed only “Phase I” of Alternative B (since the plan in its entirety was deemed to be not feasible),¹⁰ the ROP provides a detailed plan for both phases. This brings us to two other significant differences:

a) The ROP is Complete and Finite.

The ROP stipulates that Phase I would be completed within 1-2 years. Dornbusch similarly estimated a two-year implementation period for its Phase I.¹¹ The ROP’s greater capital investment requirement for this period—\$27.2 million versus \$23.1 million for the Dornbusch/Alternative B plan¹²—is mitigated by the fact that the resorts would be able to continue operating during the improvements (see below). Phase II of the ROP would be completed within 5 years of Phase I completion, assuming demand increases as projected. Dornbusch, by contrast, provides no timetable for the implementation of Phase II: “The feasibility of the remainder of the proposed Alternative B concession developments (Phase II) will need to be evaluated, if and when future visitor demand warrants its implementation.”¹³ Given that, as we argued in our previous analysis, Phase I was not even feasible on its own, the even more ambitious Phase II likely would never be implemented at all.

b) The ROP is Detailed.

Dornbusch frequently repeated the caveat that its plan for Alternative B was merely “conceptual.”¹⁴ Far from being merely conceptual, the ROP provides specific numbers of facilities to be added or renovated for each type of concession for each phase for each resort. While it is certainly not the fault of the Dornbusch authors that the information available to them was limited and incomplete,¹⁵ and that their work was misused when it was presented as justification for a specific action alternative (rather than as a planning document or an idealized wish list of facilities and economic conditions), it should be clear that the concrete and specific plan offered by the resort owners represents a superior plan of action.

¹⁰ Dornbusch Associates Economic Feasibility Report for the VSP (Dornbusch), October 15, 2003, p. 7. Available at the U.S. Bureau of Reclamation Web site at http://www.usbr.gov/mp/berryessa/docs_forms/index.html.

¹¹ Dornbusch, p. 53.

¹² Ibid., p. 4.

¹³ Ibid., p. 2.

¹⁴ Ibid., pp. 3, 21, 22, 47.

¹⁵ Ibid., pp. 1, 3, 19, 20, 21, 22, 49.

3. The Lake Would Not Be Shut Down for Two Years

While Dornbusch assumes a “full cessation of concession activities at the lake” during Phase I’s two-year construction/renovation period,¹⁶ the ROP would allow the resorts to remain open while facilities are being constructed or renovated. This is mainly because the changes anticipated in the ROP are less drastic than those required in Alternative B and would not involve as much facility demolition and removal.

As noted in our previous analysis, shutting the lake down for an extended period of time could have persistent negative effects on visitor demand, as previous and potential lake visitors would seek out alternative recreation sites and substitute forms of recreation. Keeping the lake open would allow the public to continue to enjoy use of the lake and its facilities, the concessionaires to continue to earn fair profits (although certain renovations might still keep some people away and affect revenues at the margins), and Reclamation to continue to collect franchise fees from the concessionaires during the improvements.

4. The Plan Recognizes the Economic Importance of the Long-Term Sites

As noted in our previous analysis, the long-term sites are a vital component of the economic health of the resorts. The trailer owners currently account for an estimated 50-60 percent off all concessionaire revenues.¹⁷ Removing all these sites would obviously result in a catastrophic loss for the concessionaires.

Trailer-site rentals are a very profitable business for the resort owners. Far from benefiting the resorts or the trailer owners at the *expense* of the general public, however, this revenue source serves to subsidize less profitable facilities for short-term and day users. As the 1992 Reservoir Area Management Plan notes,

*Long-term exclusive uses will be allowed in concession areas. Current long-term exclusive uses assist in supporting necessary services for the short-term users and low cost public access.*¹⁸
(Emphasis added.)

While the peak season is roughly only about 100 days (and there is a significant drop-off in occupancy and facilities usage the rest of the year), long-term site rental fees provide year-round income so the resorts can offer year-round services and affordable facilities to the public. Without the long-term sites, full services would likely be offered only during the peak season, with scaled-down operations (i.e., fewer available facilities and services) available during the majority of the year. This certainly would not benefit lake visitors.

¹⁶ Ibid., p. 53.

¹⁷ Summers and Summers, p. 31.

¹⁸ U.S. Department of the Interior, Bureau of Reclamation, *Environmental Impact Statement: Lake Berryessa Reservoir Area Management Plan* (RAMP), May 1992, p. ix. Available on the Bureau of Reclamation Web site at http://www.usbr.gov/mp/berryessa/docs_forms/05-1992_final_ramp.pdf.

5. Problems from Trailer Removal Would Be Avoided

If Alternative B (or any other single action alternative) were to be implemented, all vacation mobile homes would have to be removed.¹⁹ This would present a number of problems. Removal of the trailers would entail enormous costs. Some trailer owners might refuse to leave, resulting in legal and perhaps even public safety concerns. Others, unable or unwilling to bear the costs of removal might simply remove their belongings from the trailers and leave the structures behind. Moreover, the costs of trailer removal would not merely be economic. Trailer removal would raise a number of environmental concerns as well, including removal of trees and other growth that have sprouted up around the trailers since the trailers were put in place (which would have to be removed in order to get the trailers out), wildlife impacts, and the effects of the resulting erosion, dust, and noise.

To prepare for this contingency, Reclamation will be requesting \$15 million in appropriations over the next three fiscal years for “Trailer and Shoreline Structure Removal.”²⁰ Indeed, Reclamation has already made an initial request for \$200,000 for this purpose in the President’s FY 2006 budget request.²¹ Fifteen million dollars is quite a sum to pay for the removal of structures that pose no serious threat to public safety, the environment, or the enjoyment of the lake by others, however. We submit that if Reclamation is to obtain an additional \$15 million in federal funding, that money would be much better put to use developing facilities around the lake for day users. This money could be put toward the boat-in camping program, the development of hiking trails around the shoreline and surrounding areas, or numerous other facilities improvements called for in the 1992 RAMP but never implemented. To devote scarce resources to the unjustified and unnecessary removal of trailers would simply be a waste. Moreover, under the ROP, the existing concessionaires would take care of all necessary trailer and shoreline structure removal. The concessionaires are in a position to make the necessary changes in a more economically efficient manner.

6. Financial Assumptions Are More Realistic

One of the most important contributions of the ROP is the introduction of realistic financial assumptions to the development plan for the lake. Dornbusch’s “conceptual” analysis relied upon overly-optimistic estimates, which oftentimes seemed tortured²² (sometimes by Dornbusch’s own admission) in order to reach the pre-determined conclusion of economic feasibility for the facilities included in Phase I of Alternative B. The analysis necessarily relied upon very rough (and highly suspect) estimates because it was attempting to analyze a merely theoretical set of economic conditions.

The ROP is grounded in economic realities and the resort owners’ decades of managerial experience. The ROP is financially feasible, practically by definition, since the resort owners, presumably, would not advance a plan that would put them out of business. Below we discuss some of the specific financial assumptions.

¹⁹ Under Alternative C, a limited number of trailer sites would be re-introduced to certain resorts at a later date. See the summary of the action alternatives at DEIS, pp. 3-7.

²⁰ U.S. Bureau of Reclamation, Mid-Pacific Region, *FY 2007 Customer Five Year Overview*, August 25, 2004, pp 1-2, 49-50. Available online at http://www.usbr.gov/mp/bap/reports/2007/0413_FY07.pdf.

²¹ U.S. Bureau of Reclamation, *FY 2006 Budget Justification*, p. MP-106. Available online at <http://www.usbr.gov/budget/2006/Table%20of%20Contents/01Tblcon.pdf>.

²² For examples of this, see Summers and Summers, pp. 15-23.

a) Return on Investment

Dornbusch assumed that a prospective investor would require at least a 15 percent return on his investment to undertake the project outlined in Phase I of Alternative B (and, thus, to make the plan feasible). Dornbusch even acknowledged that the risk involved in the project had caused them to consider an even higher rate of return.²³ To illustrate how unlikely such a scenario would be, consider that the resort owners currently earn an average return on investment of about 9 percent.²⁴ Even after the final phase of the ROP is completed, the concessionaires anticipate a return of just under 10 percent. This remains feasible because there is much less risk involved in expanding upon a proven business model than in ripping out most of the facilities, eliminating 50 to 60 percent of the historic revenue source (the trailer owners), and starting from scratch.

b) Capital Investment

As noted previously, the ROP actually calls for a greater capital investment than Dornbusch/Alternative B plan during Phase I. Since this investment will likely be spread out over a slightly longer time frame, however, it should not be overly burdensome to the concessionaires. In addition, the costs are divided among the seven resort owners, rather than being borne by a single concessionaire. Since Phase II of Alternative B was not analyzed, it is impossible to say what the capital investment requirements of that project might be. Suffice it to say, the resort owners propose a total capital investment (over both phases) of nearly \$42 million.

c) Individual Concessions

In our previous analysis, we concluded that Dornbusch frequently underestimated the costs of operating various types of concessions and, in a number of cases, was overly optimistic in its presumptions that the proposed type or level of services would be financially feasible.²⁵ The numbers provided by the resort owners appear to confirm our suspicions. According to the ROP, concession operating costs as a percentage of gross receipts are approximately 61.0 percent.²⁶ In contrast, Dornbusch assumed that, under Alternative B, operating costs would be only about 54.7 percent of gross receipts (see Table 3).

While this may not appear to be too great a disparity, this means that Dornbusch assumed that operating costs would be *more than 10 percent cheaper* under Alternative B than under the current economic conditions, a significant difference indeed. Yet, there is no reason to believe that operating costs would be any cheaper under Alternative B. Thus, the ROP's assumptions are more conservative than those of Alternative B, adding greater credence to the feasibility of the concessionaires' plan.

Table 3: Concession Target Revenues and Operating Costs Under Alternative B

Concession*	Target Revenue	Estimated Operating Costs (as % of Gross Receipts)	Estimated Operating Costs (Dollars)
Hotel/Motel	\$465,000	62%	\$288,300
Cabins/Cottages	\$255,000	54%	\$137,700

²³ Dornbusch, p. 16.

²⁴ ROP, p. 64.

²⁵ See Summers and Summers, pp. 18-23.

²⁶ ROP, p. 64.

RV Sites	\$894,000	35%	\$312,900
Tent Sites	\$189,000	25%	\$47,250
Marinas	\$1,300,000	38%	\$494,000
Houseboats	\$1,700,000	60%	\$1,020,000
Other Boat Rentals	\$543,000	30%	\$162,900
Dry Boat Storage	\$29,000	38%	\$11,000
Restaurant	\$725,000	85%	\$616,250
Snack Bar	\$112,000	81%	\$90,720
Permanent Retail Space	\$600,000	85%	\$510,000
Portable Retail Store	\$108,000	85%	\$91,800
Total	\$6,920,000	54.7%	\$3,782,820

* Note: Excludes water ski operation due to lack of data. Since the water ski operation represents a very small portion of the total concession operations, its omission should not significantly affect the results.

Source: Dornbusch Associates Economic Feasibility Report for the VSP, October 15, 2003, pp. 22-47.

7. Contract Length

The Dornbusch analysis assumed a contract length of 20 years. The ROP calls for a 30-year contract with two 10-year extensions. As noted above, Dornbusch assumed a capital investment of \$23,093,000. The ROP's capital investment of \$41,683,300 is approximately 80.5 percent greater. Using the same rate as Dornbusch, this translates to a contract term of over 36 years.

Moreover, the ROP's investments will result in a significantly greater quantity and quality of visitor facilities, while the plan analyzed by Dornbusch would result in significantly *fewer* facilities (due to a drastic and unnecessary removal of facilities). This added benefit to lake visitors would seem to command an even longer contract term. Thus, we feel that, given the size of the investment required and the likely benefits to lake users, a total contract period of between 40 and 50 years is justified.

8. Compensation is Provided for Facilities Improvements

Under the ROP, the resort owners would be fully compensated (by Reclamation or a subsequent concessionaire) for improvements made to their facilities. This should not be a point of contention, as Dornbusch's Alternative B plan similarly provides for such compensation to outgoing concessionaires in the form of an end-of-contract Capital Investment Recovery.²⁷

Curiously, however, Reclamation has stated that if Alternative B is ultimately implemented, *existing* concessionaires would *not* be compensated for their improvements for any facilities not incorporated into the final Alternative B plan. This is, at minimum, highly unfair, and likely would constitute a violation of Public Law 96-375. Refusal of compensation for such improvements would almost certainly lead to expensive and lengthy litigation, and a ruling in favor of the existing concessionaires could potentially add millions of dollars in unanticipated costs to Alternative B (making it even less likely to be feasible).²⁸

The ROP avoids this thorny issue entirely by proposing voluntary facilities renovation and replacement, and by adopting the same compensation provision that Reclamation would otherwise extend to a future concessionaire under Alternative B.

²⁷ Dornbusch, p. 14.

²⁸ For a more detailed discussion of this issue, see Summers and Summers, pp. 9-11.

IV. A Good Compromise

The ROP represents a good blend of current DEIS Alternatives A and C and is far superior to Reclamation's Preferred Alternative B in providing recreational opportunities for long-term, short-term, and day-use visitors alike.

Implementation of the ROP will result in some concessions, and some gains, for Reclamation and the concessionaires and trailer owners, but the ultimate winners are lake visitors of all types. In addition, we believe that the ROP is consistent with the Secretary of the Interior's aforementioned "4 Cs" goals.

1. Facilities

Facilities would be improved, in terms of both quality and quantity. Concessionaires are allowed to offer a mix of facilities that is similar, albeit more extensive, to the current mix of facilities. To address Reclamation's concerns about facilities for short-term and day users, special emphasis is placed on facilities for these visitors. For example, additional camping, RV, and hotel/motel and cabin lodging will be provided for short-term users and shoreline access and recreation areas would be improved for day users.

The ROP would result in significant facilities improvements without requiring the total elimination and removal of most lake facilities that would be necessary under Alternative B. In fact, the ROP actually results in significantly greater facilities for visitors. In addition, the improvements described in the ROP will be made without effectively shutting down the lake for two years and will ultimately make the lake more accessible and user friendly.

2. Concessionaires

Concessionaires have the opportunity to remain in operation at the lake (pending successful contract renewal or award via winning bids) and continue the same (or similar) business models, but they must also address health and safety issues raised by Reclamation. Facilities such as water and sewer systems, for example, would be brought up to code and periodic evaluations and enforcement would ensure that safety concerns are satisfactorily resolved.

3. Visitor Composition and Needs

The ROP recognizes the value of long-term, short-term, and day users alike. A lake with the size and natural resources of Lake Berryessa has plenty of room to accommodate all types of lake visitors seeking all types of recreation. The ROP allows most long-term users to remain while enhancing facilities for short-term and day users. Greater development at the resorts will satisfy the needs of those seeking more active forms of outdoor recreation while the undeveloped portions of the lake (over 90 percent of the shoreline is undeveloped) remain unblemished for those wishing to simply enjoy the lake's natural beauty.

4. Trailers

Under the ROP, approximately 85 percent of the trailers would get to remain on the resorts' lands, but the concessionaires would address the exclusive use issue by offering a considerable portion of them as vacation rentals to the public. In addition, the plan would require trailers to be camouflaged in natural colors to prevent unseemly eyesores.

5. Economic Assumptions

While it may have been unrealistic to expect resort operations and economic conditions to remain the same, those anticipated in the Dornbusch report's analysis of Alternative B were even more unrealistic. The ROP makes a number of the changes sought by Reclamation while drawing upon the experience of those who have run recreation and hospitality businesses successfully for many years. It utilizes reasonable estimates of the costs of doing business and allows the concessionaires the opportunity to achieve a fair rate of return while meeting or exceeding the needs of the visiting public.

V. Other Issues

Deterioration of Facilities in Advance of Contract Expiration

If Alternative B were to be selected by Reclamation as the development plan for Lake Berryessa, instead of the ROP, there is a very real possibility that concession facilities would be allowed to steadily deteriorate until the end of the resorts current contracts in 2008 and 2009. Such a reaction by the concessionaires would come as no surprise, and would even be considered rational, given (1) the intention under the action alternatives' to effectively evict the existing concessionaires and (2) Reclamation's aforementioned position to deny the existing concessionaires compensation for improvements to facilities not used in future development plans (which would include the vast majority of existing facilities).

Indeed, under this scenario, the concessionaires would have little reason or incentive to invest in property that they would have to abandon in a couple years' time without compensation. Far from being compensated for their improvements, they would actually be *penalized* for maintaining or improving their facilities if they were forced to pay not only for the maintenance/improvements, but also for the removal of those facilities into which they poured their money.

Alternatively, implementation of the ROP (or some plan substantially similar to the ROP, including the compensation for facilities improvement clause) would provide an existing concessionaire the assurance that his investments would not be wasted, regardless of whether he ultimately continues to operate under the next contract or is replaced by a new concessionaire. The ROP thus would thus prevent such a problem from ever arising.

Economic Development in the Surrounding Area

Some public officials and residents in Napa County have raised concerns that police and other emergency services to Lake Berryessa are costing the County a significant amount of money. They are displeased that County tax dollars are being used to subsidize property that is owned and operated by the federal government.

To the extent that increased development at the resorts will spur additional economic growth in the surrounding area, the Napa County tax base would be increased. As it is impossible to make any accurate prediction regarding the new level of business activity that might be triggered several years from now as a result of the improvements at the resorts, we are unable to determine whether or not this added growth (and resulting Napa County tax revenue) would completely offset the costs of providing emergency services to the lake, although it is highly likely that it would offset at least a portion of these costs. The ROP also suggests that the new contract would trigger a reassessment of all facilities within the resorts (including all of the vacation mobile homes), which would likely result in higher property valuations, and thus greater tax revenues, for Napa County. This, too, could help resolve the emergency services funding issue.

VI. CONCLUSIONS

The ROP represents a solid plan and a reasonable blend of Alternative A and Alternative C. More importantly, the ROP represents the visions of the concessionaires, whereas Alternative B was formed without the input of those providing facilities and services at the lake and fails to embody a cooperative vision of existing stakeholders. The ROP would provide new and improved facilities, particularly for short-term and day users. It would do so without having to shut down the lake for two years. Day users would be afforded greater shoreline access and recreation areas.

Some long-term sites would be removed, per Reclamation's wishes, but this vital economic component would be allowed to remain, ensuring continued year-round services for long-term, short-term, and day-use visitors alike. Some trailers would be converted to vacation rental to open up access to prime locations to the general public. The establishment of rules to camouflage vacation mobile homes will improve the visual appearance of resort shorelines and prevent trailer eyesores.

The plan is detailed and financially feasible, as defined by the resort owners themselves. It contains reasonable assumptions of facilities improvement and concession operations costs while offering the concessionaires the chance to make a fair profit. It also provides for a significant increase in franchise fees to Reclamation. The ROP is not merely "conceptual" and does not rely on subjective or overly optimistic assumptions or the emergence of a single, risk-loving "white knight" concessionaire willing to defy sound economic advice to try to satisfy Alternative B's wish list.

The ROP represents a positive blending of two alternatives contained in the DEIS and does well to bring together "the best of both worlds." It is a win-win-win situation for Reclamation, the concessionaires,

and all current and future visitors to Lake Berryessa. The ROP will allow the greatest number and variety of lake visitors to continue to enjoy Lake Berryessa's numerous recreational and natural resources. It increases access to the lake, minimizes disruption to the environment, and offers a plan that can be implemented at no cost to the government. Thus, we strongly encourage Reclamation to reconsider the current Preferred Alternative B and instead adopt the provisions of the ROP.

ATTACHMENT B: ECONOMIC ANALYSIS OF DORNBUSCH

**Economic Analysis of the Dornbusch Associates Report
and the Bureau of Reclamation's "Alternative B" Plan for
Lake Berryessa**

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Prepared for:

Citizens to Protect Lake Berryessa

and

Task Force 7 at Lake Berryessa

I. Overview

In 2003 the United States Bureau of Reclamation (Reclamation) prepared a Draft Environmental Impact Statement (DEIS) as part of its Visitor Services Planning Effort for Lake Berryessa. In preparing the DEIS, Reclamation contracted Dornbusch Associates to perform a financial feasibility study of its preferred plan, Alternative B. This plan represents a drastic change in concessions at the lake, including completely removing all 1,300 long-term users who rent trailer²⁹ sites at the lake and account for nearly 40% of total concession revenues at the lake in trailer site rental fees alone. (Approximately \$5 million of the \$12.7 million in total revenue collectively realized by the lake's seven resorts comes from trailer site rental fees.³⁰) We have been contracted by Citizens to Protect Lake Berryessa and Task Force 7 at Lake Berryessa to provide an outside opinion regarding the economic feasibility of Alternative B and, in particular, to respond to the Dornbusch study. We will also compare Reclamation's plan to the current plan in effect, the Reservoir Area Management Plan (RAMP) of 1992. In addition to this economic analysis, we will include a brief discussion of other public policy issues that should be considered in choosing an alternative management plan for Lake Berryessa.

It is not our intention to denigrate the work of Dornbusch Associates (hereafter, Dornbusch). On the contrary, we feel that they have done an admirable job, with the very limited data with which they had to work, of presenting Reclamation with what they believe are the necessary elements required to make Alternative B financially feasible. They have forthrightly expressed the assumptions underlying their analysis and have appropriately expressed cautions regarding their results. However, to use the Dornbusch study to justify proceeding with Alternative B would be irresponsible. An impartial reading of the study reveals that, even assuming very low costs of conversion, to make Alternative B economically feasible would require greatly increased public demand (in the face of significantly reduced facilities), a "white knight" concessionaire who would be willing to redevelop and operate all seven resort areas despite a great deal of financial risk, and probably a special alignment of the stars to make all of the relevant economic factors favorable. Because of this, Dornbusch cautiously recommends beginning with what it calls "Phase I" of Alternative B, which is a severely scaled-back version of the alternative, with facilities and services even lower than currently available. Thus, the economic feasibility analysis was conducted not of Alternative B as a whole, but merely a subset of the Preferred Alternative. The more ambitious parts of the Alternative, Phase II, would be undertaken only when economically justified (if ever).

In light of this less-than-halfhearted endorsement of Alternative B by Dornbusch, it is not surprising that Reclamation makes exceedingly brief mention of the study in the DEIS. However, as this is the only economic rationale for Alternative B, the DEIS is useless without it. Therefore, this analysis will undertake to examine in more detail the assumptions and results contained in the Dornbusch study.

²⁹ As used throughout this paper, as well as in the Dornbusch report and U.S. Bureau of Reclamation documents, the term "trailer" refers to any structure used to house people that has been placed upon an authorized trailer site. The "trailers" that serve as vacation homes at Lake Berryessa vary by type, quality, and mobility and include many varieties of trailers, mobile homes, and pre-manufactured housing.

³⁰ Dornbusch Associates Economic Feasibility Report for the VSP (Dornbusch), October 15, 2003, p. 6. Available at the U.S. Bureau of Reclamation Web site at <http://www.usbr.gov/mp/berryessa/docs/dornbuschreport.pdf>.

II. The Dornbusch Study

A. Assumptions

First, it must be noted that the Dornbusch study makes no attempt to justify Reclamation's Plan B in its entirety, recognizing that such an undertaking is impossible. Rather, Dornbusch analyzes a drastically reduced subset of Plan B, which it calls "Phase I," in order to provide at least some affirmation of the plan.³¹ As shown in Exhibit 1, Phase I represents a significant reduction from the services currently available, let alone the more ambitious Phase II.

Obviously, it is possible to find some subset of services that can be justified economically. To give a *reductio ad absurdum* example, imagine a scenario where all present services are removed and the only new concession provided is a single portable retail store without electricity or water (Phase .01?). Using Dornbusch's estimate of \$2,000 in rental cost per year, it would be very easy to project the \$180 per day for five months that Dornbusch calculates would be needed to make such an operation "economically feasible." (We could even generously raise this amount to cover the inventory costs which have been ignored.) After all, with the large and affluent customer base in and near Napa County and the lack of competition (which were mentioned several times as assumptions in the study), it should be easy to generate that kind of revenue. Even before the lake was developed, hundreds of boats were using it.

Unfortunately for the economic analysis, Dornbusch's Phase I includes at least a little of each type of service currently provided on the lake. In order to provide any kind of economic justification for this alternative, Dornbusch was forced to construct an elaborate house of cards of assumptions and then to put the rosiest possible spin on the results. Even then, Dornbusch acknowledges in many instances that the numbers used are entirely speculative or simply unsupportable.

In this section, therefore, we will list some of the assumptions that have a direct impact on the results, as well as the important disclaimers made by Dornbusch.

³¹ Ibid., pp. 2, 7, 8.

Exhibit 1

**Number of Units by Concession Type
Current Versus Phase I Proposal**

Type of Concession	Current Units	Phase I Proposal	Percentage Change
Trailer	1300	0	-100%
Hotel/Motel	52	30	-42%
Cabins/Cottages	57	28	-51%
RV Sites	212	300	+42%
Tent Sites	448	250	-44%
Marina			
Boat Slips	1349	601	-55%
Launch ramps	7	7	0%
Houseboats	50	20	-60%
Other Rentals	75	36	-52%
Dry Storage	109	100	-8%
Restaurant	4	2	-50%
Snack Bar	2	2	0%

Store	10	3	-70%
Portable Store	0	4	NA
Water Ski Center	1	1	0%

1. General Assumptions

Dornbusch lists four general assumptions that affect their financial analysis (the first four in the list below). In subsequent sections of the report a number of other assumptions are mentioned. The most important of these general assumptions are listed below, along with any disclaimers made by Dornbusch and our reaction to the reasonableness of each.

1. **Single Concession Contract:** As opposed to the current mix of concessionaires at the different resorts, Dornbusch assumes that one concessionaire will renovate and operate all concessions at the lake.

Reaction: Here Dornbusch tacitly admits that the concessions proposed at many of the resorts would not be attractive to an investor. The hope is that by combining the more attractive elements of the plan with the less attractive, a concessionaire would be willing to take the risk of undertaking the overall mix. Dornbusch acknowledges that the purpose of this assumption is to help ensure the feasibility of the plan.³² However, there is absolutely no evidence that any investor would be willing to undertake that considerable risk (especially after examining the financial justification for it in the same manner that we do here). Certainly it would be more convenient for Reclamation to deal with a single concessionaire rather than with several (probably more contentious) concessionaires as at present. However, wishing will not make it so. This is a crucial assumption in the analysis, and there is no basis for believing it.

2. **20-Year Contract:** The purpose of this assumption is to give some stability to a new investor, especially since there will be significant up-front costs.

Reaction: We see nothing wrong with a long-term contract, as long as it is acceptable to Reclamation, in order to give a potential investor some security. However, Reclamation should be aware of their own lack of flexibility under such a contract and the possibility that granting that much power to one concessionaire might come back to haunt it if relations with that concessionaire also become contentious. In fact, this is precisely how many of the disagreements with current concessionaires arose. Reclamation policies, particularly those concerning the existence of long-term trailer sites and the prevalence and nature of facilities for day users and short-term visitors, changed during the terms of the concessionaire contracts and led to the contentious relationship with the concessionaires and trailer owners that remains to this day.

³² Ibid., pp. 8, 15.

3. **Discount Rate of 15%:** Dornbusch assumes throughout the analysis that an investor would be willing to accept a rate of return of 15% (*before interest, taxes, and depreciation*).

Reaction: Choosing a single number for an acceptable rate of return is a very uncertain undertaking. Dornbusch admits considering a higher rate of return because of the risk involved in the investment. (Generally, the greater the risk of the investment, the greater the expected profit must be in order to justify such an investment.) This is a crucial assumption in the economic analysis; other possible rates of return will be examined in the Sensitivity Analysis section to see the effects of this assumption.

4. **Reserve Account for Facility Improvement of 4% of Revenues:** To replace short-lived capital assets within the overall time horizon, Dornbusch proposes that the concessionaire set aside 4% of revenues.

Reaction: Obviously, the higher the percentage of revenue set aside for facility improvements, the higher the revenue required to generate a given rate of return. Here 4% seems a reasonable amount.

5. **Two Years of No Concession Activity for Conversion Period:** Since current concession contracts expire within a relatively short time period in 2008 and 2009, Dornbusch assumes that all of the concessions at the lake would be shut down for the next two years.³³

Reaction: The two-year period seems a reasonable duration for the amount of development required under Phase I of Alternative B. However, the economic effects of such a shutdown, while mentioned briefly, are generally glossed over. For example, as noted in the DEIS, “In addition to the resorts, many other businesses in the Lake Berryessa area are likewise dependent on recreation visitors. These include convenience stores, gas stations, restaurants, snack bars, motels, boat storage facilities, beauty shops, real estate offices, and other businesses/employers.”³⁴ While not significant compared to Napa County at large, which seemed to be the basis of comparison for such economic impacts in the Dornbusch report, the local economic impact of a two-year virtual shut down of the lake would be significant (not to mention the impact on the concessionaires and their employees who would have been put out of business).

In addition, such a shutdown would very probably result in a diminishing of the base demand for recreation at the lake, as people are forced to find other recreation outlets. Indeed, the DEIS expresses such a concern: “The expiration of existing contracts and the ensuing development of new facilities would be accompanied by a period of years where Lake Berryessa would be unable to fully realize its potential ability to serve the public, and this may be frustrating to

³³ *Ibid.*, pp. 1, 53.

³⁴ U.S. Department of the Interior, Bureau of Reclamation, Mid-Pacific Region, *Draft Environmental Impact Statement for the Future Use and Operation of Lake Berryessa, Napa County, California* (DEIS), October 2003, p. 176. Available at the Bureau of Reclamation Web site at http://www.usbr.gov/mp/berryessa/docs/eis/draft/Draft_Lake%20Berryessa_10-03.pdf.

potential users anxious to visit the area.”³⁵ The DEIS further acknowledges that the removal of all the trailers around the lake will depress visitation, and thus demand, although it asserts that a gradual increase in day users will “*eventually*” off-set this reduction in visitation.³⁶ Winning these visitors back would not be a quick or easy undertaking, however, and such visitors may not be so “anxious” to revisit the area after enjoying years of suitable recreation elsewhere. Along with the reduction in concessions proposed in Phase I—even when completed—current demand levels may be very difficult to regain, let alone increase to levels necessary to justify Phase II.

6. Only Phase I is Evaluated Economically: Phase I is a subset of Plan B especially selected to make the investment by a concessionaire more feasible, while maintaining at least some of each of the current concessions.

Reaction: Since Dornbusch could not find any way to justify the entire scope of Plan B concessions, the only financial analysis given relates to Phase I. As the Dornbusch report notes, a previous financial evaluation of Alternative B conducted by Dornbusch in February 2003

*indicated that Alternative B would not represent a viable business opportunity if the underlying concession contract(s) stipulated that the concessionaire(s) would have to fund all of the associated capital investment requirements. This conclusion was due in large part to the substantial amount of uncertainty in the future level and nature of visitor demand for concession services within the LBRA [Lake Berryessa Recreation Area].*³⁷

While it is apparent that even this subset of Plan B is far from an attractive investment, more importantly, it falls well short of satisfying the public’s demand for concessions at the lake. The report speaks glowingly of the large and affluent population base within a short distance of the lake, but what use is it to provide only a small selection of concessions to serve this population? Cavalierly chopping out over 40% of existing revenues by eliminating trailers and then drastically cutting back other services is no way to build demand for the lake. Also, the lack of a complete mix of concessions at four of the seven sites will further erode the demand at those sites. The chances of ever seeing the demand necessary to justify Phase II seem remote.

7. Analysis is Based on 2003 Data and Information Provided by Reclamation: Of necessity the current analysis is based on current data and whatever level of detail is provided by Reclamation.

Disclaimers: Dornbusch acknowledges that all the data will need to be updated as the time approaches for issuing a prospectus.³⁸ The Dornbusch analysis also acknowledged the lack of detail provided by Reclamation regarding exact

³⁵ Ibid., p. 213.

³⁶ Ibid., p. 184.

³⁷ Dornbusch, p. 7.

³⁸ Ibid., pp. 1, 3.

specifications of concessions, necessary infrastructure upgrades, and historical concession operational information.³⁹ Regarding infrastructure upgrades, Dornbusch points out that only current facilities (roads, parking lots, electrical systems, water and wastewater systems, etc.) are slated to receive upgrades, while any new facilities (such as parking lots for new houseboat facilities) are omitted.⁴⁰ Also, since Phase I calls for very limited development at four of the current sites, there are no proposed infrastructure upgrades at all at three of these sites.⁴¹ Dornbusch notes that these cost estimates provided by Reclamation are unrealistic.⁴²

Reaction: The omission of proper infrastructure upgrades significantly affects the analysis. Even as presented, these upgrades represent a significant portion of the capital investment needed for Phase I (\$5,721,000 out of \$23,093,000,⁴³ or about 25%). The concerns voiced by Dornbusch and reluctance to rely on Reclamation cost estimates speak for themselves:

[W]e believe that the infrastructure upgrade costs provided by Reclamation (and that we were directed to incorporate directly into our analysis) will, at some stage, need to be reassessed, so that infrastructure costs correspond to the level of infrastructure that will actually be required to support Phase I concession operations rather than a simple upgrading of existing infrastructure. This disparity is of particular concern when evaluating certain components of Phase I that will clearly require additional infrastructure beyond that which is already in place. . . . Further, the infrastructure upgrade costs estimates provided by Reclamation that we adopted for our analysis do not account for any infrastructure-related expenses at three of the four LBRA sites where only limited development would be implemented under Phase I. The next concessionaire, however, may find that some upgrade of the infrastructure at these sites will be necessary to provide even the limited services that will be required.⁴⁴

Other numbers provided by Reclamation will also be examined when analyzing specific concession operations below.

³⁹ Ibid., pp. 1, 3, 21, 22, 49.

⁴⁰ Ibid., p. 19.

⁴¹ Ibid., p. 20.

⁴² Ibid., pp. 19-20.

⁴³ Ibid., p. 18 (see Table 2).

⁴⁴ Ibid., p. 49.

8. No Compensation to Outgoing Concessionaires for Their Improvements: Any improvements made by the current concessionaires during their tenure will not be paid for; rather, these improvements will simply serve to reduce the capital cost of upgrades for the new concessionaire.

Reaction: This assumption may not be feasible because of fairness and legal issues. Section 5 (b) of Public Law 96-375, enacted October 3, 1980, provides for the treatment of disposition of permanent facilities erected by concessionaires at the end of the concessionaires' contracts as follows:

*Notwithstanding any other laws to the contrary, all permanent facilities placed by the concessionaires in the seven resorts at Lake Berryessa shall be considered the property of the respective current concessionaires. Further, any permanent additions or modifications to these facilities shall remain the property of said concessionaires: Provided, That at the option of the Secretary of the Interior, the United States may require that the permanent facilities mentioned herein not be removed from the concession areas, and instead, pay fair value for the permanent facilities or, if a new concessionaire assumes operation of the concession, require that new concessionaire to pay fair value for the permanent facilities to the existing concessionaire.*⁴⁵

Note that while the above statute provides that concessionaires may be prohibited from removing permanent facilities the government wishes to retain for future concessionaires, and that the existing concessionaire would be fairly compensated for his property in such a case, it is decidedly silent on the question of who might have to pay for the removal of facilities the Department of the Interior (and, by extension, the Bureau of Reclamation) deems unnecessary. If Alternative B were to be implemented, the number of facilities to be removed would be significant.

In recognition that the costs of the removal of such facilities would be a significant hurdle for potential future concessionaires to overcome (again, if Alternative B were to be implemented), Reclamation has, in recent years, interpreted Section 5 (b) of Public Law 96-375 in such a way as to pass all costs of removal on to the existing concessionaires. In April 2002 Reclamation established a new set of directives for the planning and management of its projects. The "Concessions Contracting" section describes Reclamation's position on the reimbursement of fixed assets constructed by concessionaires as follows:

Title to all capital investments will be held by the United States and not the concessionaire. Concessionaires do not automatically have a right to compensation from the United States in fixed asset improvements upon contract expiration or termination. However, at the option of Reclamation, and when appropriated funds are available, Reclamation may purchase a concessionaires [sic] remaining assets that have not been amortized and the amount paid to the concessionaire will not exceed cost less depreciation. . . . Upon expiration, termination, or sale or transfer of a concession contract some fixed assets may not have been fully amortized. If Reclamation determines the fixed assets are still needed for the concession operation, the unamortized value must be purchased by the

⁴⁵ Public Law 96-375 (94 Stat. 1506), Sec. 5 (b). Available at the Bureau of Reclamation Web site at <http://www.usbr.gov/mp/berryessa/docs/Rec%20Devel%20Act%20of%2019740001.pdf>.

*new concessionaire and based on the original cost less depreciation.*⁴⁶

Thus, Reclamation asserts that if funds are available (and budgets for recreation management agencies are notoriously tight), Reclamation *may* decide to compensate outgoing concessionaires for improvements to permanent facilities—if it feels like it! Concessionaires would apparently be left to pay for the demolition and removal of all facilities not selected by Reclamation as desirable and in accordance with the Alternative B plan. At least Reclamation expressed a stronger commitment to compensate concessionaires for *remaining* facilities in a February 5, 2003, letter from Reclamation’s Acting Park Manager, Stephen Rodgers, to the Rancho Monticello Resort owners, “We intend...to follow Public Law 96-375. . . . You will be compensated for any facilities that...remain if you are not the successor concessionaire following the expiration of your current authorization on June 15, 2008.”⁴⁷ Finally, the DEIS, published October 2003, reiterates Reclamation’s interpretation of Public Law 96-375:

*Also of critical importance to existing concessionaires is PL 96-375, which establishes the requirements and stipulations for compensation due outgoing concessionaires for their property located at Lake Berryessa. The law states that concessionaires will be paid only for those facilities that Reclamation requires for use into the next contract term. Those that are not so identified would be demolished or removed at the owners’ expense.*⁴⁸

The DEIS continues, “Under the law, those facilities not designated for use in the next contract must be demolished and/or removed by the existing concessionaire *without compensation* from the government or incoming concessionaire.”⁴⁹ [DEIS emphasis.] An objective reading of Section 5 (b) of Public Law 96-375, reprinted above, reveals that the law is not settled on the question of who bears the costs for the removal of facilities not designated for future use by Reclamation. In fact, this point is not even addressed, and may need to be settled through protracted lawsuits. At best, from Reclamation’s viewpoint, the planned development for Phase I of Alternative B would have to be postponed for a potentially significant length of time (and Reclamation would have to decide what to do with the concession sites in the meantime); at worst, the courts may find that Reclamation (or succeeding concessionaires) would have to compensate existing concessionaires for all systems, meaning that Reclamation or succeeding concessionaires would also have to pay for the removal of any undesirable facilities. Even assuming all other provisions of Alternative B’s Phase I were financially feasible (a fanciful proposition indeed, as this paper intends to demonstrate), such a single act by the courts could add prohibitively high costs to the project, rendering it an economically unfeasible option for a potential concessionaire. In fact, Dornbusch listed the limited capital investment required of a future concessionaire under Alternative B—including Reclamation’s interpretation of Public Law 96-375—as one of the main reasons it decided against its initial inclination to adopt a target rate of return greater than 15% for the purpose of its feasibility model calculations, which could have resulted in a prohibitively high feasibility threshold.

⁴⁶ U.S. Department of the Interior, Bureau of Reclamation, Reclamation Manual, Directives and Standards, LND 04-01, “Concessions Management by Reclamation,” April 29, 2002. Available at the Bureau of Reclamation Web site at <http://www.usbr.gov/recman/lnd/lnd04-01.htm>.

⁴⁷ Letter from Stephen Rodgers, U.S. Bureau of Reclamation Acting Park Manager, to Robert White, Rancho Monticello Resort concessionaire, dated February 5, 2003.

⁴⁸ DEIS, p. 200.

⁴⁹ *Ibid.*, p. 201.

Even if the costs of facility removal can legally be shifted to existing concessionaires, as envisioned by Reclamation, such a policy would directly contradict the stated provision in Dornbusch's analysis to provide compensation for the *new* concessionaire for such improvements at the end of the new 20-year contract (Capital Investment Recovery, or CIR).⁵⁰ Such a disparity in contract terms leads us to conclude that Reclamation's interpretation of Public Law 96-375 concerning the reimbursement of *existing* concessionaires is merely a decision born out of convenience, not of sound management principles, and a tacit acknowledgement that only by unfairly shifting the facilities removal cost burden from future concessionaires to existing concessionaires may Alternative B be considered an economically viable plan (even given all its other unrealistic assumptions). If compensation were to be made to outgoing concessionaires, the effect on the economic analysis would be enormous.

9. Demand Will Be Enhanced by Improved Quality of Concessions and General Appeal of the Lake:

Theoretically, removing the trailers and redoing other concessions will increase the appeal of the lake.

Disclaimer: Dornbusch notes that while Phase I provides the complete *range* of services currently offered, the *scale* of these services will be cut back significantly, resulting in "substantial uncertainty" regarding future visitor demand.⁵¹

Reaction: To say that significantly decreasing the amount of services, facilities, and accommodations offered at Lake Berryessa, even while purportedly improving the quality of services, would result merely in "substantial uncertainty" regarding visitor demand is to greatly underestimate the impact of such a reduction in services. It seems clear that if a sufficient quantity of services are not provided to meet the needs of lake visitors (and potential visitors), then people will not come to the lake. This means there will likely be a *decrease* in visitor demand as a result of the implementation of Phase I.

Perhaps Dornbusch is basing its "if you build it (better), they will come (and pay more for it)" assumption on the unmet, "latent" demand theory that has been in vogue within Reclamation for a number of years. The theory is that there is a significant amount of pent-up demand among those who would like to visit the lake but are so disenchanted by the facilities offered by the concessionaires that they choose to stay home or visit other recreational sites. For example, the 1992 RAMP affirms, "As a result of those Preferred Actions that require master plans... and development of planning and design criteria for new and existing facilities, making the resorts even more desirable, resorts should experience increased use which will result in additional revenues."⁵²

To be sure, no recreation area can be all things to all people (i.e., there will always be conflicts between those who prefer untouched natural surroundings and those who prefer numerous facilities, activities, and amenities). To suggest that conditions are so odious as to dissuade a significant portion of the population from coming to enjoy Lake Berryessa's natural surroundings which are, by all accounts, quite beautiful and inviting, however, is quite a different

⁵⁰ Dornbusch, p. 14.

⁵¹ *Ibid.*, pp. 2, 21.

⁵² U.S. Department of the Interior, Bureau of Reclamation, *Environmental Impact Statement: Lake Berryessa Reservoir Area Management Plan* (RAMP), May 1992, p. xvi. Available on the Bureau of Reclamation Web site at <http://www.usbr.gov/mp/berryessa/docs/92Ramp.pdf>.

matter, one that must be supported with strong evidence. The DEIS offers evidence of such latent demand in the form of information available at the time the 1992 RAMP was put together:

A recreation-demand analysis was completed for the 1992 RAMP. That study concluded that extensive latent or unmet demand exists for freshwater recreation activities in the Lake Berryessa area. This conclusion was based on the fact that when a new opportunity for freshwater recreation opened in an overlapping market area in 1986 (i.e., at Lake Sonoma), Lake Berryessa continued to receive increased use over subsequent years. Another indicator of latent demand is the public response to a survey conducted by DPR [California Department of Parks and Recreation] in 1987 (Public Opinions and Attitudes on [Outdoor] Recreation in California). Participants in the survey said that there was a need for more short-term recreational facilities in the area – indicating that current facilities are not meeting the needs of the users.⁵³

The first assertion—that Lake Berryessa “continued to receive increased use over subsequent years” after Lake Sonoma opened for freshwater recreation in 1986—is patently false, as demonstrated by historic visitation data presented in the DEIS only a couple of pages prior to the latent demand claims. For example, while visitation in 1987 increased 13.8% over the previous year, it declined 17.4% in 1988, then rose 2.3% in 1989, and fell 13.2% in 1990.⁵⁴ In fact, the only other time the 1987 visitation numbers were equaled was in 1996.⁵⁵ As described in the DEIS, visitation to the lake is determined primarily by the economic climate, lake level, and other weather conditions, all of which may vary significantly from year to year.⁵⁶

The second claim is equally preposterous. The “evidence” of latent demand consists of a survey conducted by the California Department of Parks and Recreation. The 1987 survey, which has been conducted in similar fashion three times since, sought public opinion and recreation usage information from a random sample of individuals *from throughout the State of California*, not specifically from the Lake Berryessa area or surrounding areas, as the phrase “in the area” would lead one to believe. First of all, we must call into question whether a single survey conducted 17 years ago should even be considered relevant today, much less for planning as far as 25 years into the future. Furthermore, the “proof” of latent demand is, apparently, a relatively high percentage of responses that indicated that people would like to see more of certain kinds of recreational facilities. It does not appear, however, that any serious attempt was made to figure out just how much the respondents would be willing to pay for such additional facilities. This is a crucial point. When asked if one would like more of any type of goods or services, particularly if he does not have to pay for it (or can pass virtually all of the costs on to others through taxation), it should come as no surprise that the respondent answers in the affirmative. (Also, as Dornbusch observes, survey-based demand analysis “risks serious bias...[because] people do not necessarily do what they say they would do when posited a hypothetical change in opportunity.”⁵⁷) Thus, such responses certainly do not necessarily mean that an expansion of facilities is economically justified, particularly if the concessionaire is the one bearing the costs. By Reclamation’s logic, Alternative B should include plans to build a Trump Tower or Taj Mahal-inspired resort, as these fine accommodations would surely entice

⁵³ DEIS, pp. 147-148.

⁵⁴ *Ibid.*, p. 144.

⁵⁵ *Ibid.*, p. 144. The data presented were for the years 1981 (when Reclamation first began collecting visitation data) through 2002.

⁵⁶ *Ibid.*, pp. 143, 145.

⁵⁷ Dornbusch, p. 13.

even more visitors. Attracting these wealthy visitors (after all, concessionaires would be able to “access the nearby Napa Valley’s relatively affluent visitor base”⁵⁸) to such an expensive, high-class facility would also increase per capita spending. Unfortunately, there would not be enough of these wealthy patrons to cover the costs of construction, let alone ongoing maintenance, labor, etc., and the plan would not be feasible. Though less dramatic than the Taj Mahal example, the result is the same for Alternative B in its current form.

The unmet demand arguments described above are so weak that even Reclamation eventually is forced to concede that there is no latent demand for the facilities promised in Alternative B and the other action alternatives. As noted in the DEIS,

*current conditions, such as limited short-term and overnight accommodations, could be—and likely are—a variable limiting the peaks in visitation, and therefore in dampening the average visitation over a period of years. If conditions were changed as the result of implementing one of the action alternatives, the visitation pattern observed to date could change as well. However, that change probably would not be significantly different from current projections [based on Alternative A, the status quo].*⁵⁹

Pretending that current operations at the lake will continue as they are if Plan B is not enacted, and that therefore there will be only deterioration and no improvements, is a straw-man argument. Certainly there are less drastic ways to improve the appearance of the trailer concessions than to eliminate them. The end of a contract period is the perfect time to negotiate desired improvements (as will be discussed in greater detail later in the paper). Also, left to their own, concessionaires have an economic interest to maintain and to improve their facilities. In fact, in speaking with some of the concessionaires, we found them to be enthusiastic to make such improvements. These concessionaires additionally noted that Reclamation was equally responsible for dragging its feet in making improvements such as those called for in the 1992 RAMP. Of course, in the current atmosphere of uncertainty, where concessionaires face the prospect of being run out of business only a few years from now, there is no incentive for the concessionaires to make improvements for which Reclamation has insisted it will not compensate them.

2. Demand Projections

Dornbusch repeatedly makes disclaimers regarding the lack of demand data necessary to make a feasibility analysis.⁶⁰ Because of this it examines Plan B only on the cost side and then calculates what revenues would be necessary to make a reasonable return on the investment. According to Dornbusch, historical concession visitation data for the lake is insufficient to provide a reliable statistical analysis of visitor demand.⁶¹ Given this, and the inadequacy of other

⁵⁸ Ibid., p. 12.

⁵⁹ DEIS, p. 158.

⁶⁰ Dornbusch, p. 2-3, 12-14, 24, 25, 32, 33-34, 36, 38, 47, 48-49.

⁶¹ Ibid., p. 13.

potential approaches to estimating demand, as explained in Dornbusch,⁶² it would be unreasonable to try to project demand figures for over 25 years into the future, especially with such radical changes to the concessions as proposed by Reclamation. However, Dornbusch does mention a couple of assumptions regarding demand that are inherent in Reclamation's proposal.

1. The loss of business due to removing trailers might be made up by the trailer owners themselves returning as visitors or by others who are attracted to the new facilities.

Disclaimer: Dornbusch acknowledges that it is not clear whether this would be true.⁶³

Reaction: This is an extremely important point in trying to justify such a radical change as proposed by Reclamation. Certainly any use of the lake by former trailer owners would be drastically reduced, probably to the point of insignificance to the overall demand. As mentioned before, with the reduced concessions proposed in Phase I, it is likely that demand will *decrease* significantly. The hope that the lake's appearance will be so improved by eliminating trailers and by updating a few concessions that it will attract a lot of new (and more affluent) visitors is highly dubious. Then, unless demand can somehow be raised, the more attractive concessions proposed in Phase II will never be built. It is quite probable, then, that enacting Phase I will result in a permanent decrease in use of the lake.

2. Per capita spending of visitors would increase if Alternative B was implemented.

Reaction: Acknowledging the probable decrease in the number of visitors to the lake, Dornbusch proposes the hope that each visitor will spend more than they would without the plan. In its analysis, Dornbusch asserts, "It is likely that the improvements in quality [proposed under Alternative B] will attract a clientele with more disposable income than the current concessions attract, and it is additionally possible that the new concessions will access the nearby Napa Valley's relatively affluent visitor base (which is not yet the case)" and, furthermore, that "it seems likely that per capita spending would increase in Alternative B over the current operations."⁶⁴ No evidence or justification is provided to support these "likely" results, however.

Consider also the equally baseless claim from the DEIS: "It is anticipated that many users would want to combine the quieter and more economical experience at Lake Berryessa with excursions to winery tours/tasting and other activities in the surrounding area."⁶⁵ Interviews with some concessionaires and local business owners revealed that they had already considered or explored certain tie-in promotions with Napa Valley wineries. The fact that these entrepreneurs have not already implemented such marketing plans, however, is evidence that the effort to capture some of this Napa Valley tourist market would be a losing one. The DEIS offers no evidence to the contrary to support its assertion.

⁶² Ibid., pp. 13-14.

⁶³ Ibid., p. 12.

⁶⁴ Dornbusch, p. 12.

⁶⁵ DEIS, p. 44.

Dornbusch's assumption is thus a nice hope, and it is possible that there may be a small positive change in per capita spending, but this is pure speculation, devoid of any supporting evidence.

3. Cost and Revenue Estimates

We have already noted in the General Assumptions section (General Assumption 7) that Dornbusch states that the required infrastructure upgrade cost in Phase I will be much higher than that provided by Reclamation to use in its analysis. Dornbusch also recommends that these upgrades be revisited much closer to the time of the project.⁶⁶ These cautions are repeated several times in their report, indicating the importance of this cost to the analysis. Dornbusch also points out that Reclamation's plans at this stage are not detailed enough to identify all the factors that might affect revenues and costs.⁶⁷ Despite this admission, Dornbusch avers that the data are accurate enough for the purposes of their analysis (which they repeatedly refer to as only "conceptual").⁶⁸ In addition to these caveats, Dornbusch does mention a few other general assumptions regarding costs and revenues.

1. Capital costs and the economic lives of facilities were made by Kleinfelder, Inc., engineers hired by

Reclamation: Most of the existing structures were judged to have little or no economic life remaining at the time Plan B would be implemented. For the few structures judged to have longer useful lives, Kleinfelder did not provide any estimates of the costs necessary to upgrade them to meet Plan B requirements.⁶⁹

Reaction: We believe that Kleinfelder seriously underestimates the useful life of the existing structures. Doing so makes it easier to justify not compensating the current concessionaires for their improvements to the properties (or depressing the value of any existing facilities that must be purchased by Reclamation or a succeeding concessionaire at the conclusion of the current concession contracts).

Dornbusch further assumes that the cost of compensating the current concessionaires for their structures plus the cost of upgrading these structures to meet Plan B requirements would approximately equal the cost of replacing the structures.⁷⁰ Obviously, there is no real basis for such a gross simplification.

Dornbusch states that construction costs come from both Kleinfelder and Marshall & Swift Estimation Service.⁷¹ Since

⁶⁶ Dornbusch, pp. 1-2, 49.

⁶⁷ Ibid., pp. 1, 3, 21, 22, 49.

⁶⁸ Ibid., pp. 3, 21, 22, 47.

⁶⁹ Ibid., p. 19.

⁷⁰ Ibid., p. 19.

⁷¹ Ibid., pp. 17-18.

the cost calculations are not shown, we don't know which figures came from which source or combination of sources. However, Dornbusch notes that the Marshall & Swift data are based on "fair-average construction quality." It is not clear whether such a level of quality is appropriate; if not, construction costs will be seriously underestimated.

2. The Capital Investment Recovery (CIR) paid to the concessionaire at the end of the contract depends on estimates of facilities' economic lives.

Disclaimer: Dornbusch cautions that estimates of the lives of infrastructure improvements are general estimates only because the costs were given only in aggregated form.⁷²

Reaction: Again we are not shown the calculations used, but Dornbusch acknowledges that here again there is a great deal of uncertainty in the cost estimates.

3. Overall earnings (before interest, taxes, and depreciation, but including the capital reserve) will be 35% of gross receipts: In looking at Phase I in the aggregate, Dornbusch estimates a total capital investment of about \$23 million, based on Reclamation estimates. Therefore, the assumed 15% return will require \$8.5 million in annual gross receipts if the proportion of earnings is 35%.

Disclaimer: Dornbusch characterizes the overall assumption of 35% earnings as "somewhat optimistic."⁷³

Reaction: Subtracting the \$5 million in revenues from trailer site rental fees from the \$12.7 million in total revenue collectively realized by the seven resorts yields a difference of about \$7.7 million in revenues from all other operations. If other concession revenues attributable to long-term site renters (such as a significant percentage of boat slip fees) are subtracted as well, we can see that even with the current level of concessions besides trailers, revenues will fall significantly short of the \$8.5 million goal (which in turn is based on many optimistic assumptions!). With the reduction in services proposed in Phase I, revenues will certainly be nowhere near this goal.

It is interesting to note, though, that in later sections of the Dornbusch report, when concessions are broken down by type, the individual assumptions of earnings percentages result in a total required revenue of only \$7.2 million, rather than \$8.5 million. ***This disparity is never explained or even noted.*** Presumably, the individual estimates of earnings proportions are even more optimistic than the "somewhat optimistic" 35% overall estimate. (In fact, except for a few small types of concessions where the earnings proportion is not estimated, the overall weighted average of Dornbusch's estimates is about 45%!)

⁷² Ibid., p. 14 (footnote 9).

⁷³ Ibid., p. 20.

4. Infrastructure upgrade costs are allocated to each site’s various concessions proportional to their expected revenues: Since details regarding exact infrastructure upgrades required at each site are not provided by Reclamation (and would need to be much higher than the total cost given, anyway, as noted earlier), Dornbusch was forced to somehow allocate these costs to the various concessions utilized in Phase I.

Disclaimer: Dornbusch acknowledges that infrastructure costs are not really proportional to revenues, but there was really no other basis to use.⁷⁴

Reaction: Dornbusch downplays the inaccuracy of this approach by claiming that infrastructure costs are relatively low.⁷⁵ However, it was noted earlier that even Reclamation’s estimate of infrastructure costs represents about 25% of their total capital expenditure estimate (refer to “General Assumptions,” #7). While the allocation of infrastructure costs has some effect on the viability of individual types of concessions, though, the overall effect (the 25% figure) is not affected by this assumption.

4. Assumptions for Specific Facilities

In analyzing specific types of concessions, in the absence of any demand forecasts, Dornbusch first estimates the percentage of operating cost to receipts. Then, working backwards from the estimated capital cost, it calculates the revenues needed to meet the desired 15% rate of return. Finally, by estimating the average revenue per customer, it determines the number of customers needed. The analysis concludes with a comment on the perceived reasonableness of attaining the desired number of customers. Since we are not shown the assumptions regarding the economic life of each type of facility (which affects the salvage value at the end of the 20-year contract (CIR) and in some cases the need for reinvestment within the 20-year period), we cannot replicate the Dornbusch calculations of the revenues needed to meet the 15% rate of return. Nor can we comment on the reasonableness of the operating cost percentages or average revenues per customer. However, even using the numbers given, there is plenty of room to question the recommendations.

In the listing below we summarize the assumptions made by Dornbusch regarding individual facilities and the results of these assumptions. We then comment on the reasonableness of these assumptions. Results are summarized in Exhibit 2.

1. **Hotel/Motel:** 62% operating costs, \$95/night revenue – need \$465,000 revenue

⁷⁴ Ibid., p. 22.

⁷⁵ Ibid., p. 22.

Disclaimer: Dornbusch notes that a hotel would need a much larger proportion of the infrastructure improvements than is allocated here on the basis of proportion of revenue, making this type of investment less attractive than the results would indicate.⁷⁶

Reaction: Even without realistic infrastructure costs, Dornbusch concludes that a 30-room hotel would need to generate 45% annual occupancy to provide the needed \$465,000 in revenue. This is a higher occupancy than their own research suggests is reasonable (about 40%).⁷⁷ Also, it requires a 30-room hotel/motel to generate \$465,000 per year when the current 52 motel rooms generate just \$285,000. Despite all of this, Dornbusch concludes that a hotel/motel operation is economically feasible! It is forced to assume much higher usage and revenues on the basis of its hoped-for increase in well-heeled clientele due to the new facilities. This is pure (and very dubious) speculation. Dornbusch also cites the recent construction of three new hotels in Napa Valley as evidence of new optimism in the tourism industry.⁷⁸ A less rosy view would be that this new competition could reduce demand for rooms at the lake!

2. **Cabins/Cottages:** 54% operating costs, \$80/night revenue – need \$255,000 revenue

Reaction: The required 31% occupancy rate necessary to generate \$255,000 in revenue is well below Dornbusch's estimate of 40% for similar facilities, and indeed the current cabins at the lake generate more revenue per unit than would be required here. Cabins seem to be a profitable investment; the only question is why then would the Phase I proposal contain only 28 of them (a 51% reduction from the current number of such facilities)? When the market is trying to tell you something, we advocate listening.

3. **RV Sites:** 35% operating costs, \$30/night revenue – need \$894,000 revenue

Reaction: The occupancy rate would need to be 27% to generate the needed revenue, slightly higher than the current estimate of 25%. However, the net effect of Dornbusch's assumptions regarding fees and occupancy rates would be that the 300 RV sites proposed in Phase I would have to generate *twice as much revenue* per capita as the current 200 sites do. The current 200 sites generate an estimated \$300,000 in revenue⁷⁹ (\$1500 each), while the 300 proposed sites would need to generate \$894,000 in revenue (about \$3000 each). This seems to be quite optimistic.

4. **Tent Sites:** 25% operating costs, \$14/night revenue – need \$189,000 revenue

⁷⁶ Ibid., p. 22 (see footnote 13).

⁷⁷ Ibid., p. 23.

⁷⁸ Ibid., p. 24.

⁷⁹ Ibid., p. 27.

Reaction: The required 15% occupancy rate would seem easy to achieve, and the estimated fees seem modest. Therefore, while not generating a lot of revenue, tent sites seem to be a profitable investment. Group tent sites (not included in the above numbers) are estimated to be even more profitable.

Once again, however, this modestly profitable component is drastically scaled down from existing levels. While the DEIS boasts that under Alternative B “overnight users who do not have vacation sites at the resort would be beneficially impacted, as a greater number of campsites and a greater variety of lodging opportunities would replace the trailers,”⁸⁰ the number of campsites developed under Phase I would be 44% fewer than the existing number of campsites. In addition, available hotel/motel accommodations would decline by 42% and, as noted previously, cabins/cottages would decrease by 51% (see Exhibit 1). Thus, Reclamation’s stated goal of providing more overnight accommodations for short-term visitors is directly violated by the Phase I proposal.

5. **Marinas:** 38% operating costs, \$10/day boat slip fee, \$10/day launch fee – need \$1,300,000 revenue

Disclaimers: Dornbusch notes the uncertainty in meeting the desired number of 32,850 boat launches, which seems “optimistically high” when compared to current concession operations (but probably not when including the public launch at Capell Cove).⁸¹ Also, Dornbusch reports that current concession operators estimate that from 50% to 95% of their current boat slips are occupied by the trailer owners.⁸² Thus, there is a lot of uncertainty regarding the demand for boat slips if trailers are removed. Also, Dornbusch is assuming a relatively high daily rate for the boat slips, based on a shift from long-term users to short-term users and the fact that greater rental fees may be obtained for shorter rental durations.⁸³

Reaction: The required boat slip occupancy rate of 45% seems reasonable to achieve based on Dornbusch’s estimates of typical rates almost twice that high. However, Phase I provides only 600 boat slips as compared to the 1,349 slips currently available. Even with a high occupancy rate, total revenues from boat slips will certainly decrease. This is probably the main area where the effect of removing trailer owners is seriously underestimated.

According to a 1998 study prepared for Reclamation on boating recreation at Lake Berryessa, 79% of marina/resort users were trailer owners (or, presumably, the guests of trailer owners)⁸⁴ The removal of all trailer sites could, thus, have a potentially significant impact on marina slip revenues if trailer owners do not maintain their slips. The loss of boat slip fees from trailer owners could easily amount to another \$750,000,⁸⁵ or 6% of total revenues (still not counting

⁸⁰ DEIS, p. 162.

⁸¹ Dornbusch, p. 32.

⁸² Ibid., p. 33.

⁸³ Ibid., pp. 30-31.

⁸⁴ William F. Jackson, George N. Wallace, James J. Vogel, and John P. Titre, *A Study of Boater Recreation on Lake Berryessa, California*, Prepared for U.S. Bureau of Reclamation, Mid-Pacific Region, (Colorado State University, College of Natural Resource, Department of Natural Resource Recreation and Tourism, Summer 1998), p. 12.

⁸⁵ As noted previously, trailer tenants account for between 50% and 95% of concession slip rentals. This calculation is based on the assumption that trailer tenants account for approximately 77% of slip rentals, a number reasonably within the estimates provided.

trailer owners' use of stores, restaurants, etc.). In addition, the boating survey revealed that the vast majority of marina/resort boaters (themselves mostly trailer owners, as noted above) tended to keep their boating activities confined to Lake Berryessa. (Only 27% of those surveyed named other lakes where they had boated.) By contrast, boat launch ramp users, who are comprised mostly of day users and short-term visitors, were much more mobile, with 81% of those surveyed using lakes or reservoirs other than Lake Berryessa.⁸⁶ In addition to replacing potentially significant lost revenue from marina slips due to the elimination of the trailers, then, revenues from boat launch ramps will likely be dramatically reduced as well, at least for a period of years following the Phase I ramp-up construction, due to the fact that boat launch ramp patrons are highly mobile and already demonstrate a tendency to seek boating recreation at other lakes and reservoirs. This tendency will only be increased by the effective shut-down of the lake for two years. The restriction of some launch ramps, such as the one at Steele Park, to non-motorized use will likely drive away even more users, or else cause increased congestion at the remaining ramps available for motorized use, which may itself drive away users.

6. **Houseboats:** 60% operating costs, \$1,000/day revenue – need \$1,700,000 revenue

Reaction: Dornbusch estimates that an occupancy rate of 60% would be needed, as compared to its estimate of 68% for a typical operation.⁸⁷ The main concern here would be the need to store the houseboats off-site during the off-season. Dornbusch says that the costs of this storage are included in the 60% operating costs, but exactly what costs are included (physical moving costs, land costs, infrastructure, etc.)? In any case, the numbers used in the analysis are highly speculative, suggesting that there may be better uses for investor money (such as cabins).

7. **Other Boat Rentals:** 30% operating costs, \$275/day revenue – need \$543,000 revenue

Reaction: Dornbusch calculates a 17% occupancy rate necessary and feels that that would be achievable. As they mention, the number of boats purchased for rental could start out small and be increased in accordance with demand, which would reduce the risk involved.

8. **Dry Boat Storage:** \$11,000/year operating costs, \$80/month revenue – need \$29,000 revenue

Reaction: The dry boat storage operation envisioned is a very small facility, with minimal costs and revenues. Dornbusch estimates that a facility for 100 boats would need 30% occupancy, which should be attainable. Again, such a facility could start small and grow with demand.

⁸⁶ Jackson, et al., pp. 12, 28.

⁸⁷ Dornbusch, p. 35.

9. **Restaurant:** 85% operating costs, \$12/person revenue – need \$725,000 revenue

Reaction: Dornbusch acknowledges that restaurants are generally unprofitable or, at best, marginally profitable.⁸⁸ Its figures would require 83 customers per restaurant all year, generating \$1,000 in revenue per day. Given that approximately 75% of lake visitation takes place between the Labor Day and Memorial Day weekends⁸⁹ (a season of approximately 100 days), however, and assuming that concession receipts for restaurant operations are roughly proportional to visitation (menu prices do not vary much from high season to off-season as hotel/motel rates do), Dornbusch analysis would require 227 customers per day per restaurant, generating \$2,723 in average daily revenue, during the high season and 29 customers per day per restaurant, generating \$342 in average daily revenue during the off-season. The current Steele Park restaurant generated about \$250,000 in 2000, and Dornbusch says that comparable concessions ranged from \$120,000 to \$400,000. Looking either at the customer traffic required or at the likely total revenues, there would seem to be little chance for the two restaurants envisioned to be profitable. Dornbusch points out that, despite their unprofitability, restaurants are necessary concessions at a resort to complement the other concessions and attract customers. Its hope is that such unprofitable operations will be offset by profits in other areas, making the overall concession attractive to an investor. However, as seen in examining other types of concessions, there does not appear to be a lot of profit to spare in the mix of concessions envisioned in Phase I. The loss of revenue from trailer owners to offset these unprofitable concessions is crippling.

10. **Limited-Service Restaurant (Snack Bar):** 81% operating costs, \$6/person revenue – need \$112,000 revenue

Reaction: The situation for snack bars is very similar to that of restaurants. An unsustainable number of customers would be needed (51 customers per day all year at each snack bar) to create the desired return. Breaking down this analysis for high season and off-season numbers as described above, the Dornbusch estimates would require each snack bar to realize 140 people per day, generating average daily revenues of \$840, during the high season and 18 people per day, generating average daily revenue of \$106, during the off-season. While Dornbusch correctly points out that short-term users of the lake would use more food services per capita than trailer owners (who often bring their own food), the fact remains that the total number of lake visitors would decrease significantly in Phase I, negating any per capita increase.

11. **Retail Store**

a. **Permanent Retail Space:** 85% operating costs – need \$600,000 revenue

b. **Portable Retail Store:** 85% operating costs – need \$108,000 revenue

Reaction: Dornbusch asserts, with no supporting evidence, that the necessary revenues would be achievable at each

⁸⁸ Ibid., p. 40.

⁸⁹ DEIS, p. 141.

type of store. (In fact, in its discussion of the portable retail stores, Dornbusch admitted, “we were unable to find a similar operation on which to base expected revenues.”⁹⁰) Also, in both cases they have assumed *no* up-front inventory costs, based on the generosity of suppliers in supplying interest-free credit.⁹¹ This assumption seems highly dubious; inventory costs are critical in such small-scale retail operations. Also, the portable stores are assumed to use no electricity or water, which would preclude them from selling cold drinks, ice, ice cream, dairy products, and cold foods with their proposed snacks menu, for example, and makes them fairly useless. In any case, such stores represent rather small investments and revenues.

12. **Water Ski Operation:** \$150/person revenue – need \$132,000 revenue

Reaction: Dornbusch doesn’t show the figures used to determine the desired \$132,000 in annual revenue. It calculates that this amount of revenue would require an average of 68% utilization for six months (higher in mid-summer, lower at each end of the season). They conclude that profitability of such concessions is marginal. Again, the amounts of investment and revenue involved are rather small.

⁹⁰ Dornbusch, p. 45.

⁹¹ Ibid., p. 44.

Exhibit 2

**Economic Feasibility of Concession Types
(15% Rate of Return, 2003 Dollars)**

Type of Concession	Capital Cost	Share of Infrastructure Cost	Total Capital Cost	Estimated Earnings Percentage	Necessary Revenue	Feasibility
Hotel/Motel	\$1,199,000	\$136,000	\$1,335,000	38%	\$465,000	Very unlikely
Cabins/ Cottages	\$798,000	\$75,000	\$873,000	46%	\$255,000	Very likely
RV Sites	\$2,744,000	\$2,089,000	\$4,833,000	65%	\$894,000	Questionable
Tent Sites	\$757,000	\$501,000	\$1,258,000	75%	\$210,000	Very likely
Marina	\$5,385,000	\$892,000	\$6,277,000	62%	\$1,311,000	Questionable
Houseboats	\$4,000,000	\$605,000	\$4,605,000	40%	\$1,701,000	Unlikely
Other Rentals	\$896,000	\$176,000	\$1,072,000	70%	\$542,000	Likely
Dry Storage	\$12,000	\$116,000	\$128,000	NA	\$29,000	Likely
Restaurant	\$603,000	\$455,000	\$1,058,000	15%	\$725,000	Very unlikely
Snack Bar	\$241,000	\$140,000	\$381,000	19%	\$224,000	Very unlikely
Store	\$489,000	\$324,000	\$813,000	15%	\$601,000	Very unlikely

Portable Store	\$0	\$177,000	\$177,000	15%	\$108,000	Very unlikely
Water Ski Center	\$248,000	\$39,000	\$287,000	NA	\$132,000	Questionable

				Average		
Totals:	\$17,372,000	\$5,725,000	\$23,097,000	45%	\$7,197,000	

Aggregate Analysis:			\$23,093,000	35%	\$8,500,000	
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Disparity:					\$1,303,000	
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B. Sensitivity Analysis: Crunching the Numbers

In previous sections we have noted several major costs that could add significantly to the overall cost of the proposed conversion of facilities in Phase I. For example, no payments are provided by the new concessionaire to the current concessionaires for their improvements made to their sites over the years. If the new concessionaire does not need to compensate the current concessionaires, then will Reclamation? The amounts would surely run into the tens of millions of dollars.

Dornbusch is also very critical of the infrastructure costs that Reclamation wanted included in its analysis. The Dornbusch analysis includes only \$5,721,000 of the total of about \$27,300,000 which Kleinfelder estimates for demolition and improvements in infrastructure required for Alternative B. (Kleinfelder did not attempt to estimate the costs to replace or bring buildings up to code. The other \$4,900,000 out of their total of \$32,200,000 was for marina upgrades, which are included in Dornbusch's capital costs.⁹²) Presumably, the \$5,721,000 consists only of those improvements directly related to Phase I concessions in the four resort areas that are slated to have some development. Kleinfelder's estimates of the general costs of trailer removal (\$9,800,000), retaining wall removal (\$2,100,000), and demolition and removal of roadways (\$3,500,000),⁹³ for a total of \$15,400,000, are not included at all.

The effect of two years of lost use of lake facilities is another area that has not really been considered in the analysis. With total concession revenues now running at about \$12,700,000, two years' lost revenues could represent a loss of close to \$26,000,000 in economic activity at the lake (in today's dollars). Of course, this loss to current concessionaires, employees, suppliers, contractors, etc., may not be a serious concern to Reclamation. However, Reclamation itself would stand to lose nearly \$750,000 in fees⁹⁴ from concessionaires over two years. Probably even more important than these losses, though, would be the potentially crippling effect on future demand at the lake.

Besides these rather direct effects on project costs, some of Dornbusch's assumptions involve some questionable numbers that have a great impact on the results. Unfortunately, the detail given in Dornbusch's report is not sufficient to examine very many of these. However, two major assumptions are analyzed below.

1. **Discount Rate:** After admitting that they first considered a higher discount rate, Dornbusch conducted their entire analysis using 15%. This choice has a significant effect on the results. The higher the discount rate chosen, the higher the future annual earnings will have to be to justify a given capital expenditure.

⁹² *Environmental Compliance and Facility Condition Assessment Report, Seven Concession Areas, Lake Berryessa, California*, A report prepared for the U.S. Department of the Interior, Bureau of Reclamation, by Kleinfelder, Inc., December 19, 2002, p. 11. Available on the Bureau of Reclamation Web site at <http://www.usbr.gov/mp/berryessa/docs/Kleinfelder/KleinfelderReport.pdf>.

⁹³ *Ibid.*, p. 11.

⁹⁴ Reclamation may end up missing out on an even greater amount of concessionaire fees, as concessionaire revenues, upon which the fees are calculated, will likely have increased by the time the current concession contracts expire.

As an example, consider Dornbusch's initial analysis of the overall project that resulted in a total annual revenue of \$8,500,000 required to provide a 15% return for the total capital investment of \$23,093,000 (assuming an earnings percentage of 35% of total revenues). While we do not have enough detail to include the other numbers that went into this calculation, we can at least examine the effect of the chosen discount rate on the annual stream of earnings. The present value of annual earnings of \$2,975,000 (35% of \$8,500,000) for 20 years at a discount rate of 15% is \$18,623,500 (counting earnings at the end of each year). At a higher discount rate of 20%, for example, the present value is only \$14,488,250. While these calculations do not include a provision for inflation or the effect on other costs and revenues (future capital costs and CIR), the difference of over \$4 million gives some indication of the reduction in discounted earnings, which would in turn require a similar reduction in capital outlays to achieve the 20% rate of return. Even a slight increase in the discount rate to 16% would reduce the present value of earnings by about \$1 million. Thus, we see that the revenue requirements in Dornbusch's analysis are highly sensitive to changes in the chosen discount rate. Pulling a number out of a hat is just not good enough.

2. Earnings Percentage of Revenues: As mentioned in the example above, Dornbusch's overall analysis of Phase I assumed that earnings would be 35% of revenues (before considering interest, taxes, and depreciation), a number that Dornbusch characterized as optimistic. However, we have seen that when Dornbusch analyzed different types of concessions individually, they actually used an average of 45%! This resulted in a lower required annual revenue of about \$7,200,000 (as compared to \$8,500,000) for a 15% return. While this exact number is dependent on the particular mix of the various concession types, it illustrates the sensitivity of the resulting annual revenue required to the earnings percentage chosen. This difference of \$1,300,000 in revenues each year represents a decrease of over 15%, a significant change in the results.

It might be simpler just to examine the effects of the earnings percentage on Dornbusch's overall analysis than to compare the overall analysis to the individual analyses. If we reduce the earnings percentage from 35% to 30%, for example, the reduction of 5% of \$8,500,000 in revenues would result in a loss of \$425,000 per year. The reduction in discounted earnings over 20 years would be \$2,660,500, which would require a similar reduction in capital cost. If we keep the same capital cost, a 30% earnings percentage would require annual revenues of \$9,916,667, almost a 17% increase. Even a 1% drop in earnings percentage to 34% would result in a loss of \$85,000 per year, or \$532,100 in total discounted earnings; to maintain the same capital cost would require annual revenues of \$8,750,000 rather than \$8,500,000.

Given the lack of detailed cost data to operate the various concessions, Dornbusch was forced to assume certain earnings percentages. Again, we see that the results of the analysis are very sensitive to these percentages, and it is a gross simplification to use such nebulous estimates. Dornbusch never even addresses the fact that their individual concessions' earnings percentages average much higher than their "optimistic" original estimate, resulting in a significantly different annual revenue requirement.

C. Conclusions

Dornbusch does the best it can to provide some support for Reclamation's Alternative B:

1. Severely limiting the scope of the changes (Phase I) to make the investment less risky, while simultaneously downplaying the serious drawbacks of this strategy, including the crippling effect on demand (and therefore revenues) and the failure to meet the needs of the public.
2. Assuming away or underestimating several very significant costs in the analysis, including infrastructure costs, demolition costs, compensation to outgoing concessionaires, and the effects of two years without any concessions.
3. Assuming very optimistic numbers that are crucial to the feasibility analysis, including a 15% rate of return, a 35% (or 45%!) percentage of earnings to revenues, and several other numbers relating to particular types of concessions.
4. Interpreting the results very optimistically, including usage rates that are sometimes well beyond current levels, let alone the reduced levels which will result from the drastic curtailment of concessions.
5. Assuming the existence of a single concessionaire willing to undertake such a risky investment (since its own analysis shows that many of the individual concessions would be very poor investments on their own).

Even assuming all of these things, Dornbusch is unable to make Alternative B (or even the "Phase I" subset of Alternative B) appear palatable. Any potential investor reading the report would surely run the other way. Alternative B as a whole is never really analyzed, and even if Reclamation is content with Dornbusch's recommended policy of gradualism, who is to say that Dornbusch's Phase I is the proper mix of concessions to start with? Finally, Dornbusch skirts the issue of the removal of 1,300 trailers and the corresponding loss of a major portion of total concession revenues. Surely it would have to agree that their presence can only enhance the future economic health of the lake, even if it is unable to bring itself to admit that their presence is absolutely crucial. For these reasons, we conclude that the Dornbusch report fails to demonstrate that Alternative B (or its subset, Phase I) is an economically feasible plan. We, furthermore, conclude that this failing is not due to any incompetence on the part of Dornbusch Associates; rather it is due to the unrealistic and ill-conceived nature of the plan itself, as currently depicted.

III. Related Issues

In addition to the discussion above of the specific assumptions made in the Dornbusch report, there are certain related issues we feel should be given greater attention. These issues are: (1) the importance of the trailer sites to the Lake Berryessa Recreational Area (LBRA) and the ability to accommodate both long-term and short-term recreation users, (2) the important role of contract management (specifically, resolving conflicts such as those experienced between concessionaires and Reclamation at Lake Berryessa through proper planning and management of concession contracts), and (3) recreation area management practices that have hindered progress at Lake Berryessa and management reforms that may improve conditions. While not directly addressed in Dornbusch (or, at least, not adequately, in the case of the trailers), these issues are crucial to the understanding of the current debate over Alternative B and to the current and future management of the LBRA.

A. Trailers

Rather than celebrating the ability to accommodate both long-term and short-term visitors to Lake Berryessa, Reclamation has adopted a curious mindset that the existence of long-term sites is somehow incompatible with outdoor recreation. As stated in the DEIS,

*The present operations at Lake Berryessa relying on the year-round revenue from seven separate trailer villages display an incongruous mix of business when compared to hundreds of successful resorts and outdoor recreation support businesses throughout the country.*⁹⁵

This is a ridiculous assertion on its face, seeing as the Forest Service has been offering long-term summer cabin leases since the early 1920s. The fact that the facilities—and even the business model—of Lake Berryessa do not precisely mirror that of other recreation areas does not make Lake Berryessa inherently better or worse than any other recreation site. Different recreation areas offer different resources and experiences and, left alone, businesses adapt to serve the interests of the general public. (This is how they make their money!)

The trailers located around Lake Berryessa have not always been considered to be the scourge that they are today. In fact, the current lake management plan (the 1992 RAMP) recognizes the value of maintaining long-term users at Lake Berryessa:

Long-term exclusive uses will be allowed in concession areas. Current long-term exclusive uses assist

⁹⁵ DEIS, p. 5.

*in supporting necessary services for the short-term users and low cost public access.*⁹⁶

In addition, the RAMP glowingly describes the importance of and services provided by the concessionaires, including the long-term trailer sites:

*The resorts offer a variety of high convenience facilities in a total resort concept which fulfills most people's needs. Contributing over \$10 million in investments, the concessionaires have established facilities such as camping and picnicking sites, travel trailer and mobile home parks, boat launching ramps, marina facilities, restaurants, food stores, and related support facilities for public use. Each resort offers a variety of marina services including moorage, gas service, boat rentals, etc. Limited boat repair services exist within the resorts and full marine repair services exist throughout the lake area. Houseboat rentals are currently only offered at Markley Cove Resort.*⁹⁷

While the 1992 RAMP does express concern about long-term sites located in the base floodplain (440 to 450 feet median sea level), removal of these units would only result in the displacement of about 200 trailers. The RAMP additionally calls for floodproofing and/or anchoring an additional 300 sites located between 450 and 455 feet median sea level and *possibly* converting up to 220 other long-term sites located in “desirable shoreline locations” to short-term sites.⁹⁸ The RAMP, furthermore, recommends that long-term users displaced by these policies should have the option to relocate to other areas of the resorts, space permitting.⁹⁹

Long-term trailer tenants have acquired their sites through proper means and the sites themselves were not established illicitly or without the knowledge of the authorities managing the LBRA. Indeed, Reclamation has acknowledged the same:

*[T]he direction as outlined in the DEIS action alternatives (B, C, and D) are not based upon the assumption that long-term trailer villages were never properly approved. We agree that the trailer villages and individual trailers were not put in illegally, covertly, or without the knowledge of Napa County and Reclamation. The DEIS does not indicate that trailer villages were established illegally.*¹⁰⁰

Given this, we disagree with the forced removal of sites that have been established through proper channels and that tenants legally occupy. We do, however, recognize Reclamation’s right to prohibit additional trailer site development through future concession contracts. In addition, the floodproofing/anchoring regulation discussed in the RAMP does not seem unreasonable to us.

⁹⁶ RAMP, p. ix.

⁹⁷ Ibid., pp. 43-44.

⁹⁸ Ibid., p. xiv.

⁹⁹ Ibid., p. xvi.

¹⁰⁰ U.S. Department of the Interior, Bureau of Reclamation, Central California Area Office, Letter to Mr. Henry Howard (“Response to Citizen Comments – Lake Berryessa Visitor Services Plan”), dated August 16, 2004, Enclosure 2, p. 6.

Contrast Reclamation’s view of the trailers as described in the RAMP, that they are an important component of the recreation area because they “assist in supporting necessary services for the short-term users and low cost public access,” to its more recent—and radical—view:

- “This alternative [B] would terminate exclusive-use, long-term trailer sites at Lake Berryessa. It also would require the existing permittees to remove all of the property from their assigned sites prior to the final day of the contract. . . . The expense for removal of all personal property, and in some instances rehabilitation of the site, would be the responsibility of the concessionaire, but presumably would ultimately be passed on to the individual permittee.”¹⁰¹
- “. . . existing concessionaires would be responsible for seeing that existing long-term trailers and associated structures are removed, and in some cases they may also be financially responsible for naturalizing those disturbed areas. Finally, they would be required to sell some existing facilities to the incoming concessionaire, at prices set by pre-determined procedures, and those prices might not be acceptable to the seller.”¹⁰²
- “Exclusive use facilities are not authorized in new concession contracts. If existing concession contracts are amended, a new provision must be included that requires exclusive use to be phased out as soon as possible, before the contract expires. A mandatory timetable for this phase out must be included in the amended contract.”¹⁰³

There is no explanation for this change in opinion or how the long-term trailer sites went from necessary revenue source supporting the recreation opportunities of long-term and short-term users alike to bane of the LBRA. This is because there has been no significant economic shift at the LBRA during this time, only a policy shift. Reclamation has even admitted that its decision to call for the removal of the trailers ignored economic impacts (and realities) and was based entirely on political considerations:

[R]evenue generation [from the trailer owners] is not an issue in the VSP [Visitor Services Plan] and DEIS in regard to trailer retention or departure. The key factor being addressed as regards exclusive long-term trailers is the appropriate and best use of Federal property in the next term of concession contracts.¹⁰⁴ [Emphasis ours.]

One would think that a plan to alter economic arrangements at the lake *should* seriously consider the impact of

¹⁰¹ DEIS, p. 201.

¹⁰² Ibid., p. 201.

¹⁰³ U.S. Department of the Interior, Bureau of Reclamation, Reclamation Manual, Directives and Standards, LND 04-01, “Concessions Management by Reclamation,” April 29, 2002.

¹⁰⁴ U.S. Department of the Interior, Bureau of Reclamation, Central California Area Office, Letter to Mr. Henry Howard (“Response to Citizen Comments – Lake Berryessa Visitor Services Plan”), dated August 16, 2004, Enclosure 4, p. 5.

removing a population that accounts for as much as 50% or 60% of total concessionaire revenues!¹⁰⁵ Thus, we must conclude that the contracting of Dornbusch Associates was a vain attempt to provide some minor economic justification for Reclamation's policy goals, goals that are not realistic or justified given the economic realities in and around the LBRA.

B. Concession Contract Management

Most of the problems cited by Reclamation concerning the trailers could be resolved easily enough through proper concession contract management and enforcement. We have already offered as an example the floodproofing/anchoring regulation proposed in the 1992 RAMP. Other concerns are addressed below.

1. Appearance of the Trailers

One complaint offered about the trailers is that their appearance detracts from the natural beauty of the LBRA. As such, the 1992 RAMP directed, "Long-term uses will be designed to blend in more effectively with the natural environment."¹⁰⁶ We have toured the lake, viewing the entire western and southern shores where all seven resorts are located, from both the water and the roads surrounding the lake. While we believe descriptions of the "blight" caused by the trailers are exaggerated, we recognize Reclamation's interest in maintaining the appearance of the lake. Thus, we agree that the RAMP directive to blend trailers more effectively with the natural environment is a reasonable one. Specific regulations might, for example, require trailers to be painted natural colors to make them blend in more with the surrounding environment and camouflage them from the view of lake users, as has already been done at Steele Park. Such regulations should be well thought-out, not be overly petty or burdensome, and be spelled out clearly in the concessionaires' contracts, along with remedies for noncompliance.

¹⁰⁵ In a discussion with the authors on August 25, 2004, Rancho Monticello resort concessionaire Robert White estimated that after including concession revenues other than trailer site rentals, trailer owners accounted for 50% to 60% of total concession revenues, depending upon the resort.

¹⁰⁶ RAMP, p. ix.

2. Health and Safety Concerns

A more serious charge against the concessionaires is that they present health and safety concerns, potentially resulting in harm to lake visitors. In the DEIS, Reclamation accuses the concessionaires of violating environmental and public health and safety laws, regulations, and codes.¹⁰⁷ If there are such serious health and safety concerns, Reclamation is certainly right to actively pursue remedies for the problems.

Reclamation's Concession Management Guidelines, described in the 2002 directive LND 04-01, offer a suitable solution to the problem. The guidelines describe the process of periodically rating the concessionaires' facilities to determine compliance with contract terms and applicable laws. The directive describes two different types of review, "local review" and "external review":

*(a) **Local Review.** The local review will be conducted by the Reclamation office directly responsible for oversight of the concession. The local review will be conducted at least twice annually. One of the inspections must be conducted during the high use season. The combined reviews will determine the annual performance rating. The review will include, at a minimum, items listed in the Concessions Management Guidelines. The possible ratings are Satisfactory, Marginal, or Unsatisfactory. A copy of the completed review and rating will be sent to the regional office and the concessionaire and entered into the Recreation Use Data Report. The local Reclamation office will maintain all concession program management files and records.*

*(b) **External Review.** The external review will be conducted and documented by a team of technical specialists who are not employees of the office directly responsible for oversight of the concessions. At a minimum, contracts with a term of 5 years or less will be reviewed once, midterm; contracts with a term exceeding 5 years will be reviewed every 5 years.¹⁰⁸*

This review process is a good way to ensure that contract terms are being met and that health and safety concerns are quickly addressed.

Indeed, Reclamation has noted previous violations of wastewater regulations, for which the California Regional Water Quality Control Board issued Notices of Violation to a number of the resorts. Happily, efforts such as the closing of dry sites and the cleanup of sewer ponds were made to rectify the problems. By Reclamation's own account, these health and safety concerns have and are being satisfactorily remedied:

¹⁰⁷ DEIS, p. 33.

¹⁰⁸ U.S. Department of the Interior, Bureau of Reclamation, Reclamation Manual, Directives and Standards, LND 04-01, "Concessions Management by Reclamation," April 29, 2002.

*Reclamation is pleased to announce that due to the compliance and diligence of the concessionaires and the affected permittees, the cleanup has proceeded to such a degree that there is no longer a need for a separate information site on these issues. Reclamation thanks those involved for their understanding and conscientious efforts to help clean up Lake Berryessa.*¹⁰⁹

This is just how the process should work. Discussions with concessionaires further reveal that they are quite open to making necessary improvements to their facilities (although they are certainly less inclined to invest large sums of money for less critical issues while facing the likelihood of eviction in the near future). The fact that health and safety concerns have been amicably and adequately resolved in the past through the cooperation of Reclamation and concessionaires begs the question of why the health and safety concerns cited in the DEIS as some of the reasons Alternative B should be adopted cannot be addressed similarly in the present and future.

The above success story notwithstanding, there remains the question of what should be done if a concessionaire refuses to comply with certain agreed upon standards. It has been said that the great weakness of Reclamation is its lack of authority. The 1992 RAMP confirms this criticism:

*In 1975 Napa County returned management control of Lake Berryessa to Reclamation under the authority of Public Law 93-493. . . . Through this authority a series of policies were formulated to assist in the management of the lake. However, with no direct law enforcement authority, no formal rules and regulations (similar to the NPS title 36) were enacted. As a result, Reclamation is limited in its ability to effectively manage the lake surface and surrounding areas without assistance from other agencies.*¹¹⁰

The benefit of proper concession contract management, however, is that non-compliance may be resolved through the use (or mere threat of the use) of the legal system. Even if Reclamation does not have the financial resources to pursue legal action, the conducting of regular inspections will provide a record that can be passed on to other appropriate regulatory agencies with greater means. Thus, non-compliant concessionaires may be more easily held accountable for contract breaches.

¹⁰⁹ Bureau of Reclamation Web site, Lake Berryessa Visitor Services Planning Effort, "Environmental Concerns," <http://www.usbr.gov/mp/berryessa/>.

¹¹⁰ RAMP, p. 46.

3. Conclusions

The concession contract management deficiencies that pervade Reclamation are more than a matter of our own opinion and have not gone unnoticed even within the Department of the Interior. In May 2000, the Department's Office of the Inspector General issued an audit report that was highly critical of Reclamation's concession management and specifically singled out the poor management at Lake Berryessa. The report's conclusions are summarized below:

Overall, we concluded that BOR's [the Bureau of Reclamation's] newly adopted concession policies, directives, and standards will provide an adequate framework, when fully implemented, for managing its concessions operations and protecting the public with respect to its use of public lands. However, BOR had not effectively managed its existing concessions operations, primarily at the Canyon Ferry Reservoir and at Lake Berryessa, because of inadequate contract provisions, mainly in the areas of contract default and operation and maintenance plans, and because it had not enforced existing contract provisions in the areas of building improvements, health and safety inspections, and prices charged the public. Although BOR has acknowledged that concessions management is a priority, it has not developed procedures to fully implement the new policies, directives, and standards or taken sufficient actions or allocated sufficient resources to address known deficiencies in its concessions operations. As a result, long-standing health and safety deficiencies have not been corrected, and BOR land and water resources have been degraded. Furthermore, we concluded that BOR will continue to be hampered in its efforts to manage its concessions effectively because all of BOR's 21 concession contracts did not have one or more of the key provisions required by BOR's new policies, directives, and standards for concessions management.¹¹¹

The majority of the concerns voiced by Reclamation about the concessionaires and the trailers, including the most serious ones regarding health and safety issues may be resolved through good planning and vigilant contract management. Reclamation, as manager of the LBRA, has an interest in preserving the beauty of the lake and maintaining safe facilities for lake visitors. As such, Reclamation should implement performance-based contract reforms (i.e., institute concession contracts that require concessionaires to meet certain goals, such as facilities quality standards). By simply including provisions in concessionaires' contracts to clarify facility specifications and provide for periodic inspections, to be made by both Reclamation staff and outside specialists, the major concerns cited by Reclamation can be eradicated. As noted in the Department of the Interior's audit of Reclamation's concession contract management, the existing framework for resolving the aforementioned problems is there, it just needs to be properly implemented. The coming expiration of the existing concessionaires' contracts provides a perfect opportunity to address issues of concern and include necessary contract provisions and specifications that have been overlooked in the past. Existing concessionaires and potential future concessionaires should have equal opportunity to negotiate contracts based on these terms.

¹¹¹ U.S. Department of the Interior, Office of the Inspector General, Audit Report, *Concessions Managed by the Bureau of Reclamation*, Report No. 00-I-376, May 2000, pp. 1-2. Available at the Bureau of Reclamation Web site at http://www.usbr.gov/mp/berryessa/docs/OIG_audit_00-I-376.pdf.

C. Recreation Area Management

Reclamation's management of the LBRA is not without its shortcomings. Some of these shortcomings are within Reclamation's control and some are not. The following section will provide examples of both types of deficiencies and offer solutions that may improve the management of the LBRA and the enjoyment of the LBRA by the general public.

1. Reclamation's Ability to Manage the Lake Berryessa Recreation Area is Limited

a. Political Concerns

In addition to ineptitude in the area of concession contract management, Reclamation's management of the LBRA seems to be hampered by politically- or ideologically-driven goals and considerations, which should not be surprising given the inherent political incentives of any government agency. This seems to be the only reasonable explanation for Reclamation's policy shifts regarding trailers and the management of the seven resorts as they exist today, for they certainly are not driven by corresponding economic shifts.

According to directives issued in 2002, "Facilities and services must reflect the general public's needs rather than the desires of a particular individual or group."¹¹² Reclamation seems fond of interpreting and applying this principle to the detriment of the long-term trailer site owners and is far from evenhanded in applying the same notion to the interests of day users, short-term users, and influential special interest groups such as the Sierra Club. Indeed, not a single one of the action alternatives described in the DEIS allow the trailers to remain (although Alternative C would allow for the reintroduction of a "limited" number of trailers to less desirable sites after a lengthy period of construction). The trailer tenants are users of the lake as well and an important component of the LBRA, as Reclamation has itself previously acknowledged. Reclamation should make at least a minimal effort to recognize their rights to use and enjoy the lake as well.

Reclamation certainly should not defer to every whim of the trailer owners, but neither should it exclude them when considering how best to balance the interests, and enhance the enjoyment of, all the lake's visitors. Given that the resorts, and accompanying trailer sites, account for only 15 miles of Lake Berryessa's 165 miles of shoreline¹¹³

¹¹² U.S. Department of the Interior, Bureau of Reclamation, Reclamation Manual, Directives and Standards, LND 04-01, "Concessions Management by Reclamation," April 29, 2002.

¹¹³ Bureau of Reclamation Web site, Lake Berryessa Visitor Services Planning Effort, "Lake Berryessa Facts," <http://www.usbr.gov/mp/berryessa/>.

(approximately 9%), certainly there is room for both long-term and short-term users at the lake.

b. Lack of Facilities Improvements

Reclamation's chief accomplishments in providing facilities for day users are the Oak Shores and Smittle Creek day-use areas and the Capell Cove public launch ramp and parking area, which were projects mandated by Public Law 93-493 in 1974.¹¹⁴ All three projects were planned and constructed between the mid-1970s and late 1980s.

Under Alternative B, Reclamation proposes to provide the following facilities enhancements:

- Upgrade the Visitor Center/Museum
- Retrofit its structures to comply with accessibility standards
- Improve two highway turnouts and provide additional parking
- Develop a new network of hiking trails.¹¹⁵

These improvements will prove rather costly. Some of them have been on the back burner since the 1992 RAMP. Even the DEIS admits, "several of the actions proposed by the RAMP are not yet fully implemented. These actions include developing trails, rehabilitating facilities for special-needs populations and implementing water surface zoning and use restrictions."¹¹⁶ As noted previously, even if an investor could be found that would undertake Alternative B as currently conceived, concessionaire revenues and the resulting fees paid to Reclamation would be nowhere near current levels for a number of years, even under the most optimistic of circumstances. How does Reclamation propose to pay for these improvements? If it has not developed the 50-mile trail system envisioned in the 1992 RAMP in the twelve years since that document was approved, for example, how realistic is it to expect Reclamation to develop the 150-mile trail system called for under Alternative B?

Reclamation has plenty of pending and backlogged projects to worry about. It should focus on making these improvements before considering an ambitious wish list of additional enhancements.

¹¹⁴ DEIS, p. 75.

¹¹⁵ Ibid., p. 8.

¹¹⁶ Ibid., p. 85.

2. The Importance of User Fees¹¹⁷

a. Benefits of User Fees

User fees, or “impact fees,” offer the practical benefits of providing the recreation manager with the resources with which to fund operations and make facilities improvements. This reduces reliance on congressional (tax) appropriations and gives the manager more flexibility in setting priorities (based on where user fee revenues are reinvested).

In addition to providing obvious practical benefits, user fees constitute a more fair funding system than tax appropriations. Under tax funding, everyone is taxed to pay for resources that relatively few will use. User-fee funding, by contrast, ensures that only those who actually utilize a resource, such as the LBRA, pay for it. This also allows those who do utilize recreational resources the freedom to spend their money as they see fit on the activities that they value most, thereby increasing their enjoyment of the resources. Moreover, the way visitors spend their money provides valuable information about their desired facilities and activities, which, in turn, allows recreation site managers to make more informed decisions regarding the expenditure of available financial resources. This, furthermore, makes recreation site managers more accountable to the wishes of the general public.

Despite the benefits of user fees, some have raised concerns that fees might be so high as to preclude the enjoyment of natural resources by the poor. To avert such a problem, there are several steps recreation managers can take. They include:

- Offering free or deeply discounted passes for admission or certain activities on a limited number of days each year,
- Setting aside a portion of free or deeply discounted activity passes to be distributed on a first-come, first-served basis, thereby allowing poorer visitors to compete with more wealthy visitors based on time (waiting in line) rather than money, or
- Offering free passes to those who volunteer a certain amount of time to facility improvements, such as trail maintenance or trash cleanup.

The likelihood that user fees would price Lake Berryessa visitors “out of the market” for the lake’s resources is rather slim, however. According to the DEIS,

There are no data that demonstrate or suggest that the rates currently charged by various resorts

¹¹⁷ For a more in-depth discussion of user fees as applied to recreation site management, see Adam B. Summers, *Funding the National Park System: Improving Services and Accountability with User Fees*, Reason Foundation Policy Brief No. 31, September 2004. Available online at <http://www.rppi.org/pb31.pdf>.

*discourage use by any group of potential users, although that possibility exists. Though the use of resort entrance fees is likely to have a discouraging effect on some lower-income users, **there are no known disproportionately high adverse human health or environmental impacts, including social or economic effects to minority or low-income populations, as a result of approved programs and policies employed by the resorts.***¹¹⁸ [Emphases ours.]

If anything, it is the implementation of Alternative B that would negatively affect low-income populations, as it seeks to attract “a clientele with more disposable income than the current concessions attract”¹¹⁹ to make up for lost revenues from the trailer tenants.

b. Reclamation’s Efforts to Collect User Fees

User fees are currently charged both by the concessionaires and by Reclamation. The concessionaires charge user fees for things such as admission to the resorts and the use of boat launch ramps. Reclamation’s utilization of user fees is limited but includes requiring fees for special-use permits, which are necessary for activities such as fishing tournaments, races, and regattas. The fees are used to cover administrative/processing costs. In addition, it is encouraging that Reclamation is advocating the implementation of user fees at the Capell Cove launch ramp and the Camp Berryessa group campground.

Reclamation recognized the value of charging user fees, though on a limited basis, in the 1992 RAMP:

Where legally authorized, charge user fees in areas where improvements have been made or a special service is provided. Semi-primitive (Class IV) and dispersed recreation (Class III) areas around the lake will remain open to the public at no charge. Fees could be charged for:

- *Houseboat inspections.*
- *Boat access camping program services.*
- *Special events.*
- *Special permit processing.*¹²⁰

However, in the DEIS, Reclamation backed away from imposing user fees:

[U]nder this alternative [B], there would be no resort entrance fees, removing the “air of exclusivity”

¹¹⁸ DEIS, p. 213.

¹¹⁹ Dornbusch, p. 12.

¹²⁰ RAMP, p. 26.

*associated with resorts under current conditions. Prices of accommodations would be more amenable to lower income visitors than those that would exist under Alternative A, with economy cabins and campsites available at Spanish Flat and Rancho Monticello, as an example.*¹²¹

The “air of exclusivity” comment is especially ironic considering Reclamation’s desire, as expressed in the DEIS and the Dornbusch report, to attract a wealthier clientele to the resorts and tap into the Napa Valley visitor base. Reclamation would do better to ensure that facilities at Lake Berryessa remain affordable by encouraging competition among the concessionaires, rather than proposing that a single monopolist concessionaire control all concession facilities!

Finally, we must acknowledge that Reclamation’s ability to implement or expand the use of recreational impact fees is limited, as the following example illustrates. In the 1992 RAMP, Reclamation included some of the comments received during the public scoping period that dealt with the fee issue. One person offered the following suggestion:

*User fees should be charged for use of Knoxville-Berryessa Road. A toll road could be established between Turtle Rock and the Napa-Lake County line. Local residents and services could have passes.*¹²²

Though a very valid suggestion, Reclamation had no choice but to dismiss it. As explained in the RAMP, “Reclamation has no control or authority over county or state owned roads leading to surrounding Lake Berryessa.”¹²³ Unless the boundaries of the LBRA are expanded, Reclamation will remain unable to capitalize on the value of the roads surrounding Lake Berryessa. At a minimum, this would require the approval of Napa County, and likely federal approval or law changes.

c. Need for Improved Incentives

Reclamation does not currently have much incentive to efficiently impose user fees or make the most of its revenues, however. If it were to be too successful in generating user fees, Congress would likely raid Reclamation’s funds and redistribute them to the general Treasury, as has happened numerous times in the past with land management agencies.

To correct this problem, Congress established the Recreational Fee Demonstration Program, signed into law as Public Law 104-134, in 1996. The program was initially authorized as a three-year pilot program and has been extended several times since, most recently in November 2003 (Public Law 108-108). Of critical importance is a provision in the law that guarantees that 80% of fees collected will stay within the park or recreation site that collected the fees, the rest being distributed to other recreation sites to satisfy government objectives and needs. Unfortunately, the “Fee

¹²¹ DEIS, p. 214.

¹²² RAMP, p. 34.

¹²³ Ibid., p. 34.

Demo Program” is currently only available to the National Park Service, Forest Service, Bureau of Land Management, and Fish and Wildlife Service. These agencies have strongly supported the Fee Demo Program, lauding it in the FY 2003 Fee Demo Program “Progress Report to Congress,” and have called upon Congress to make the program permanent.

The Bureau of Reclamation, and Lake Berryessa visitors, would greatly benefit from Reclamation’s inclusion and participation in the Fee Demo Program. Alternatively, management of the LBRA could be turned over to an agency that does participate in the program. Either option would require changes in current laws at the federal level.

3. Impact of President Bush’s Executive Order Concerning Local Environmental Management

It is important to note that President Bush recently issued an executive order concerning local environmental management. The order commands government agencies to defer more to local stakeholders—including individuals, private for-profit and nonprofit groups, and state and local governments—when managing environmental resources. Specifically, it calls for more “cooperative conservation” regarding the “use, enhancement, and enjoyment of natural resources, protection of the environment, or both” by the departments of Interior, Agriculture, Commerce, and Defense, as well as the Environmental Protection Agency. The order further requires that government “takes appropriate account of and respects the interests of persons with ownership or other legally recognized interests in land and other natural resources.”¹²⁴

It is unknown whether or how this executive order might affect the implementation of Alternative B, although it is conceivable that if the Department of the Interior (and, by extension, the Bureau of Reclamation) is forced to give greater consideration to the interests of the concessionaires and/or the trailer owners, Alternative B and the other action alternatives contained in the DEIS may not be legally viable options.

IV. Conclusions

The economic feasibility analysis conducted by Dornbusch Associates attempts to put as positive a spin as possible on an unreasonable and unworkable alternative management plan for the Lake Berryessa Recreation Area. Dornbusch has concluded that “Alternative B would not represent a viable business opportunity if the underlying concession contract(s) stipulated that the concessionaire(s) would have to fund all of the associated capital investment

¹²⁴ John Heilprin, “Bush: More Local Environmental Management,” Associated Press, August 26, 2004.

requirements.”¹²⁵ This alone should have sealed the fate of Alternative B (and the other substantially similar action alternatives). Reclamation then attempted to salvage Alternative B by adopting Dornbusch’s recommendation to pursue a partial solution, Phase I. Even Dornbusch’s analysis of this “phased development” subset of Alternative B is lacking, however.

¹²⁵ Dornbusch, p. 7.

In short, Reclamation proposes to:

- Remove all 1,300 long-term trailer sites, which account for nearly 40% of total concession revenues from rental fees alone (not counting revenues trailer tenants generate for marina slips, restaurants, and other concessions),
- Drastically reduce facilities at the lake from the current seven resort sites to three developed sites and four sites with nominal services, and
- Effectively shut down the lake for two years during a period of construction.

Despite all this, it expects to receive higher per capita spending and greater revenues than currently exist (net of the trailer rental fees). Dornbusch repeatedly acknowledges that the implementation of Alternative B, Phase I, will result in “uncertain” demand, although it seems quite obvious that demand would be depressed. After finding suitable substitute recreation sites, people may not be so eager to return to Lake Berryessa, particularly if facilities are drastically reduced. The scaled back concession operations will only make Lake Berryessa less attractive to past (and potential) visitors.

In its Draft Environmental Impact Statement, Reclamation cautions:

*Under Alternative B, each bidder, including any existing concessionaires who wished to participate, would prepare a bid package covering a significantly larger and much more complex business than those currently operated under contract agreements at the lake. Operation of such a concession would demand substantial financial resources and management expertise from the outset. These demands would be challenging for any bidder, including existing concessionaires, to meet.*¹²⁶

Throwing this caution to the wind, however, Reclamation has largely ignored significant risks that having a direct bearing on the feasibility of Alternative B. The costs of removing facilities not selected by Reclamation or a future concessionaire for inclusion in the Alternative B plan, or compensating concessionaires for their investments in such facilities, are assumed away, although this remains an open legal question.¹²⁷ These costs, which could easily total tens of millions of dollars, could, by themselves make the difference in whether the project is attractive or feasible to a future concessionaire, even if all of Alternative B’s other provisions are deemed feasible (which is clearly not the case, as we have demonstrated).

¹²⁶ DEIS, p. 200.

¹²⁷ Reclamation has also acknowledged that the issue of who pays additional costs, such as the removal of gas lines, gas meters, telephone lines, and electrical lines to trailer weather heads, is “a legal question.” [See U.S. Department of the Interior, Bureau of Reclamation, Central California Area Office, Letter to Mr. Henry Howard (“Response to Citizen Comments – Lake Berryessa Visitor Services Plan”), dated August 16, 2004, Enclosure 4, p. 4.] These costs, when aggregated for the 1,300 or so trailer owners, could prove a significant added burden to Reclamation or a future concessionaire if a court were to rule that they are responsible for footing the bills.

Also ignored is how Reclamation plans to pay for its proposed improvements (trails, visitors' center, etc.) under Alternative B. By Dornbusch's admittedly optimistic projections, it will be highly unlikely (at best) for a new concessionaire to even achieve the \$8.5 million or \$7.2 million thresholds, from which Reclamation derives fees to support its operations. This is dramatically lower than the \$12.7 million in revenues realized by the resorts at the time of the Dornbusch study. Given that it is also highly unlikely that there will be any significant increase in congressional appropriations for the management of Lake Berryessa, where does Reclamation propose to get the money to fund these improvements? Moreover, since these improvements have been desired, but not acted upon, for the past 12 years, why should we believe that Reclamation is entirely committed to making them in the first place?

Dornbusch Associates repeatedly refers to its economic feasibility study as a merely "conceptual-level analysis." As a testament to its lack of faith in its own numbers and assumptions (some of which were provided and required by Reclamation), Dornbusch cautions in several places that assumptions and estimates contained in the analysis will have to be revisited at a time closer to the expiration of the current concessionaires' contracts. Reclamation does not appear to want to wait until then, however, and is stubbornly proceeding with its frail proposed management plan.

It is clear that there can be no economic justification for the removal of 40% of current revenues in direct rental fees, plus an additional unknown portion of the other concession revenues (especially boat slip rentals) provided by the current long-term users of the lake. The Dornbusch study is the most extreme example we have ever seen of torturing the numbers in order to reach a desired conclusion. To use the study as an economic justification for Reclamation's Plan B would be intellectually dishonest. In fact, it is striking that the Dornbusch study, the *only* economic justification provided by Reclamation for its plans, is scarcely mentioned in Reclamation's DEIS. The inescapable conclusion is that Reclamation's real reasons for its proposal are non-economic. Rather than pitting long-term and short-term users against one another, Reclamation should celebrate the fact that Lake Berryessa can accommodate all types of visitors and activities. Any respectable management plan should incorporate the interests of all types of visitors, not just preferred interest groups or ideological whims.

Recommendations

1. Engage in cooperative discussions with concessionaires, trailer tenants, and other interested parties.
2. Extend the leases of the current resorts (with open bidding for the concessions) for 10 more years.
3. Implement performance-based concession contract management reforms to (1) clarify concession facilities (including trailers) requirements and specifications and (2) elucidate facilities inspection procedures and remedies for non-compliance.
4. Conduct an extensive survey of public demand for the various uses of the lake.
5. Expand the use of recreation impact fees (user fees) and increase Reclamation's reliance on user fees as a funding source to provide more resources, fairness, and recreation management decision making, flexibility, and accountability.
6. Seek to include the Bureau of Reclamation in the federal Recreational Fee Demonstration Program.
7. Let the market for recreation at Lake Berryessa decide the appropriate mix of facilities and services.
8. Conduct open discussions regarding other public policy issues affecting lake usage.
9. Explore the possibility of shifting overview of Lake Berryessa to other resource management agencies such as the National Park Service or Bureau of Land Management.

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ATTACHMENT C: H.R.4818 V118 FEDERAL RECREATION ENHANCEMENT ACT

H.R.4818 Consolidated Appropriations Act, 2005 (Enrolled as Agreed to or Passed by Both House and Senate)

VIII--FEDERAL LANDS RECREATION ENHANCEMENT ACT

SEC. 801. SHORT TITLE AND TABLE OF CONTENTS.

(a) Short Title- This title may be cited as the 'Federal Lands Recreation Enhancement Act'.

(b) Table of Contents- The table of contents of this Act is as follows:

- Sec. 801. Short title and table of contents.
- Sec. 802. Definitions.
- Sec. 803. Recreation fee authority.
- Sec. 804. Public participation.
- Sec. 805. Recreation passes.
- Sec. 806. Cooperative agreements.
- Sec. 807. Special account and distribution of fees and revenues.
- Sec. 808. Expenditures.
- Sec. 809. Reports.
- Sec. 810. Sunset provision.
- Sec. 811. Volunteers.
- Sec. 812. Enforcement and protection of receipts.
- Sec. 813. Repeal of superseded admission and use fee authorities.
- Sec. 814. Relation to other laws and fee collection authorities.
- Sec. 815. Limitation on use of fees for employee bonuses.

SEC. 802. DEFINITIONS.

In this Act:

- (1) STANDARD AMENITY RECREATION FEE- The term 'standard amenity recreation fee' means the recreation fee authorized by section 3(f).
- (2) EXPANDED AMENITY RECREATION FEE- The term 'expanded amenity recreation fee' means the recreation fee authorized by section 3(g).
- (3) ENTRANCE FEE- The term 'entrance fee' means the recreation fee authorized to be charged to enter onto lands managed by the National Park Service or the United States Fish and Wildlife Service.
- (4) FEDERAL LAND MANAGEMENT AGENCY- The term 'Federal land management agency' means the National Park Service, the United States Fish and Wildlife Service, the Bureau of Land Management, the Bureau of Reclamation, or the Forest Service.
- (5) FEDERAL RECREATIONAL LANDS AND WATERS- The term 'Federal recreational lands and waters' means lands or waters managed by a Federal land management agency.
- (6) NATIONAL PARKS AND FEDERAL RECREATIONAL LANDS PASS- The term 'National Parks and Federal Recreational Lands Pass' means the interagency national pass authorized by section 5.
- (7) PASSHOLDER- The term 'passholder' means the person who is issued a recreation pass.
- (8) RECREATION FEE- The term 'recreation fee' means an entrance fee, standard amenity recreation fee, expanded amenity recreation fee, or special recreation permit fee.
- (9) RECREATION PASS- The term 'recreation pass' means the National Parks and Federal Recreational Lands Pass or one of the other recreation passes available as authorized by section 5.
- (10) SECRETARY- The term 'Secretary' means--
 - (A) the Secretary of the Interior, with respect to a Federal land management agency (other than the Forest Service); and
 - (B) the Secretary of Agriculture, with respect to the Forest Service.
- (11) SECRETARIES- The term 'Secretaries' means the Secretary of the Interior and the Secretary of Agriculture acting jointly.
- (12) SPECIAL ACCOUNT- The term 'special account' means the special account established in the Treasury under section 7 for a Federal land management agency.
- (13) SPECIAL RECREATION PERMIT FEE- The term 'special recreation permit fee' means the fee authorized by section 3(h).

SEC. 803. RECREATION FEE AUTHORITY.

- (a) Authority of Secretary- Beginning in fiscal year 2005 and thereafter, the Secretary may establish, modify, charge, and collect recreation fees at Federal recreational lands and waters as provided for in this section.
- (b) Basis for Recreation Fees- Recreation fees shall be established in a manner consistent with the following criteria:
- (1) The amount of the recreation fee shall be commensurate with the benefits and services provided to the visitor.
 - (2) The Secretary shall consider the aggregate effect of recreation fees on recreation users and recreation service providers.
 - (3) The Secretary shall consider comparable fees charged elsewhere and by other public agencies and by nearby private sector operators.
 - (4) The Secretary shall consider the public policy or management objectives served by the recreation fee.
 - (5) The Secretary shall obtain input from the appropriate Recreation Resource Advisory Committee, as provided in section 4(d).
 - (6) The Secretary shall consider such other factors or criteria as determined appropriate by the Secretary.
- (c) Special Considerations- The Secretary shall establish the minimum number of recreation fees and shall avoid the collection of multiple or layered recreation fees for similar uses, activities, or programs.
- (d) Limitations on Recreation Fees-
- (1) PROHIBITION ON FEES FOR CERTAIN ACTIVITIES OR SERVICES- The Secretary shall not charge any standard amenity recreation fee or expanded amenity recreation fee for Federal recreational lands and waters administered by the Bureau of Land Management, the Forest Service, or the Bureau of Reclamation under this Act for any of the following:
 - (A) Solely for parking, undesignated parking, or picnicking along roads or trailsides.
 - (B) For general access unless specifically authorized under this section.
 - (C) For dispersed areas with low or no investment unless specifically authorized under this section.
 - (D) For persons who are driving through, walking through, boating through, horseback riding through, or hiking through Federal recreational lands and waters without using the facilities and services.
 - (E) For camping at undeveloped sites that do not provide a minimum number of facilities and services as described in subsection (g)(2)(A).
 - (F) For use of overlooks or scenic pullouts.
 - (G) For travel by private, noncommercial vehicle over any national parkway or any road or highway established as a part of the Federal-aid System, as defined in section 101 of title 23, United States Code, which is commonly used by the public as a means of travel between two places either or both of which are outside any unit or area at which recreation fees are charged under this Act.
 - (H) For travel by private, noncommercial vehicle, boat, or aircraft over any road or highway, waterway, or airway to any land in which such person has any property right if such land is within any unit or area at which recreation fees are charged under this Act.
 - (I) For any person who has a right of access for hunting or fishing privileges under a specific provision of law or treaty.
 - (J) For any person who is engaged in the conduct of official Federal, State, Tribal, or local government business.
 - (K) For special attention or extra services necessary to meet the needs of the disabled.
 - (2) RELATION TO FEES FOR USE OF HIGHWAYS OR ROADS- An entity that pays a special recreation permit fee or similar permit fee shall not be subject to a road cost-sharing fee or a fee for the use of highways or roads that are open to private, noncommercial use within the boundaries of any Federal recreational lands or waters, as authorized under section 6 of Public Law 88-657 (16 U.S.C. 537; commonly known as the Forest Roads and Trails Act).
 - (3) PROHIBITION ON FEES FOR CERTAIN PERSONS OR PLACES- The Secretary shall not charge an entrance fee or standard amenity recreation fee for the following:
 - (A) Any person under 16 years of age.
 - (B) Outings conducted for noncommercial educational purposes by schools or bona fide academic institutions.
 - (C) The U.S.S. Arizona Memorial, Independence National Historical Park, any unit of the National Park System within the District of Columbia, or Arlington House-Robert E. Lee National Memorial.
 - (D) The Flight 93 National Memorial.
 - (E) Entrance on other routes into the Great Smoky Mountains National Park or any part thereof unless fees are charged for entrance into that park on main highways and thoroughfares.
 - (F) Entrance on units of the National Park System containing deed restrictions on charging fees.
 - (G) An area or unit covered under section 203 of the Alaska National Interest Lands Conservation Act (Public Law 96-487; 16 U.S.C. 410hh-2), with the exception of Denali National Park and Preserve.
 - (H) A unit of the National Wildlife Refuge System created, expanded, or modified by the Alaska National Interest Lands Conservation Act (Public Law 96-487).

(I) Any person who visits a unit or area under the jurisdiction of the United States Fish and Wildlife Service and who has been issued a valid migratory bird hunting and conservation stamp issued under section 2 of the Act of March 16, 1934 (16 U.S.C. 718b; commonly known as the Duck Stamp Act).

(J) Any person engaged in a nonrecreational activity authorized under a valid permit issued under any other Act, including a valid grazing permit.

(4) NO RESTRICTION ON RECREATION OPPORTUNITIES- Nothing in this Act shall limit the use of recreation opportunities only to areas designated for collection of recreation fees.

(e) Entrance Fee-

(1) AUTHORIZED SITES FOR ENTRANCE FEES- The Secretary of the Interior may charge an entrance fee for a unit of the National Park System, including a national monument administered by the National Park Service, or for a unit of the National Wildlife Refuge System.

(2) PROHIBITED SITES- The Secretary shall not charge an entrance fee for Federal recreational lands and waters managed by the Bureau of Land Management, the Bureau of Reclamation, or the Forest Service.

(f) Standard Amenity Recreation Fee- Except as limited by subsection (d), the Secretary may charge a standard amenity recreation fee for Federal recreational lands and waters under the jurisdiction of the Bureau of Land Management, the Bureau of Reclamation, or the Forest Service, but only at the following:

(1) A National Conservation Area.

(2) A National Volcanic Monument.

(3) A destination visitor or interpretive center that provides a broad range of interpretive services, programs, and media.

(4) An area--

(A) that provides significant opportunities for outdoor recreation;

(B) that has substantial Federal investments;

(C) where fees can be efficiently collected; and

(D) that contains all of the following amenities:

(i) Designated developed parking.

(ii) A permanent toilet facility.

(iii) A permanent trash receptacle.

(iv) Interpretive sign, exhibit, or kiosk.

(v) Picnic tables.

(vi) Security services.

(g) Expanded Amenity Recreation Fee-

(1) NPS AND USFWS AUTHORITY- Except as limited by subsection (d), the Secretary of the Interior may charge an expanded amenity recreation fee, either in addition to an entrance fee or by itself, at Federal recreational lands and waters under the jurisdiction of the National Park Service or the United States Fish and Wildlife Service when the Secretary of the Interior determines that the visitor uses a specific or specialized facility, equipment, or service.

(2) OTHER FEDERAL LAND MANAGEMENT AGENCIES- Except as limited by subsection (d), the Secretary may charge an expanded amenity recreation fee, either in addition to a standard amenity fee or by itself, at Federal recreational lands and waters under the jurisdiction of the Forest Service, the Bureau of Land Management, or the Bureau of Reclamation, but only for the following facilities or services:

(A) Use of developed campgrounds that provide at least a majority of the following:

(i) Tent or trailer spaces.

(ii) Picnic tables.

(iii) Drinking water.

(iv) Access roads.

(v) The collection of the fee by an employee or agent of the Federal land management agency.

(vi) Reasonable visitor protection.

(vii) Refuse containers.

(viii) Toilet facilities.

(ix) Simple devices for containing a campfire.

(B) Use of highly developed boat launches with specialized facilities or services such as mechanical or hydraulic boat lifts or facilities, multi-lane paved ramps, paved parking, restrooms and other improvements such as boarding floats, loading ramps, or fish cleaning stations.

(C) Rental of cabins, boats, stock animals, lookouts, historic structures, group day-use or overnight sites, audio tour devices, portable sanitation devices, binoculars or other equipment.

(D) Use of hookups for electricity, cable, or sewer.

(E) Use of sanitary dump stations.

(F) Participation in an enhanced interpretive program or special tour.

(G) Use of reservation services.

- (H) Use of transportation services.
- (I) Use of areas where emergency medical or first-aid services are administered from facilities staffed by public employees or employees under a contract or reciprocal agreement with the Federal Government.
- (J) Use of developed swimming sites that provide at least a majority of the following:
 - (i) Bathhouse with showers and flush toilets.
 - (ii) Refuse containers.
 - (iii) Picnic areas.
 - (iv) Paved parking.
 - (v) Attendants, including lifeguards.
 - (vi) Floats encompassing the swimming area.
 - (vii) Swimming deck.

(h) Special Recreation Permit Fee- The Secretary may issue a special recreation permit, and charge a special recreation permit fee in connection with the issuance of the permit, for specialized recreation uses of Federal recreational lands and waters, such as group activities, recreation events, motorized recreational vehicle use.

SEC. 804. PUBLIC PARTICIPATION.

- (a) In General- As required in this section, the Secretary shall provide the public with opportunities to participate in the development of or changing of a recreation fee established under this Act.
- (b) Advance Notice- The Secretary shall publish a notice in the Federal Register of the establishment of a new recreation fee area for each agency 6 months before establishment. The Secretary shall publish notice of a new recreation fee or a change to an existing recreation fee established under this Act in local newspapers and publications located near the site at which the recreation fee would be established or changed.
- (c) Public Involvement- Before establishing any new recreation fee area, the Secretary shall provide opportunity for public involvement by--
 - (1) establishing guidelines for public involvement;
 - (2) establishing guidelines on how agencies will demonstrate on an annual basis how they have provided information to the public on the use of recreation fee revenues; and
 - (3) publishing the guidelines in paragraphs (1) and (2) in the Federal Register.
- (d) Recreation Resource Advisory Committee-
 - (1) ESTABLISHMENT-
 - (A) AUTHORITY TO ESTABLISH- Except as provided in subparagraphs (C) and (D), the Secretary or the Secretaries shall establish a Recreation Resource Advisory Committee in each State or region for Federal recreational lands and waters managed by the Forest Service or the Bureau of Land Management to perform the duties described in paragraph (2).
 - (B) NUMBER OF COMMITTEES- The Secretary may have as many additional Recreation Resource Advisory Committees in a State or region as the Secretary considers necessary for the effective operation of this Act.
 - (C) EXCEPTION- The Secretary shall not establish a Recreation Resource Advisory Committee in a State if the Secretary determines, in consultation with the Governor of the State, that sufficient interest does not exist to ensure that participation on the Committee is balanced in terms of the points of view represented and the functions to be performed.
 - (D) USE OF OTHER ENTITIES- In lieu of establishing a Recreation Resource Advisory Committee under subparagraph (A), the Secretary may use a Resource Advisory Committee established pursuant to another provision of law and in accordance with that law or a recreation fee advisory board otherwise established by the Secretary to perform the duties specified in paragraph (2).
 - (2) DUTIES- In accordance with the procedures required by paragraph (9), a Recreation Resource Advisory Committee may make recommendations to the Secretary regarding a standard amenity recreation fee or an expanded amenity recreation fee, whenever the recommendations relate to public concerns in the State or region covered by the Committee regarding--
 - (A) the implementation of a standard amenity recreation fee or an expanded amenity recreation fee or the establishment of a specific recreation fee site;
 - (B) the elimination of a standard amenity recreation fee or an expanded amenity recreation fee; or
 - (C) the expansion or limitation of the recreation fee program.
 - (3) MEETINGS- A Recreation Resource Advisory Committee shall meet at least annually, but may, at the discretion of the Secretary, meet as often as needed to deal with citizen concerns about the recreation fee program in a timely manner.
 - (4) NOTICE OF REJECTION- If the Secretary rejects the recommendation of a Recreation Resource Advisory Committee, the Secretary shall issue a notice that identifies the reasons for rejecting the recommendation to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate not later than 30 days before the Secretary implements a decision pertaining to that recommendation.

DOCUMENTS & AUTHORITIES / CHRONOLOGY

1958 - Management Contract

The 1958 Management Agreement with Napa County, July 31, 1958

“Bureau of Reclamation, in cooperation with the Regional Director of THE NATIONAL PARK SERVICE, and NAPA COUNTY, pursuant to resolution duly adopted, hereinafter referred to as the County, do hereby agree that the following principles shall govern the administration and development of lands and facilities at Lake Berryessa (Monticello Reservoir) for recreation and other uses, which reservoir is a feature of the Solano Project...2. In the development and administration of the area, the County shall follow the Public Use Plan...This plan shall serve as a guide for the County and all parties having responsibilities hereunder in achieving the highest public benefit through the development of the recreation potential of the area covered by this agreement...”

Concession Contract 1958

“WHEREAS, United States and the County have not provided facilities and services for the public visiting the area and desire the Concessioner to establish and operate the same at reasonable rates...”

1959 - Public Use Plan [PUP]

The Public Use Plan [PUP], at the request of the Bureau of Reclamation, was prepared by the National Park Service [NPS] in 1959.

“Based upon the authority provided the National Park Service by the ‘Park, Parkway and Recreational Area Study Act’ of June 23, 1936 (49 Stat. 1894) and a letter of request from the Regional Director Region 2 of the Bureau of Reclamation..., we have prepared a Public Use Plan for the orderly development and utilization of the recreation resources inherent at Monticello (Lake Berryessa) Reservoir, a part of the Solano Project... This plan has been developed with the full knowledge and assistance of your office and the Napa County Board of Supervisors.”



UNITED STATES
DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE
180 New Montgomery Street
San Francisco 5, California
REGION FOUR

IN REPLY REFER TO:

L7423

October 28, 1959

Mr. H. P. Dugan
Regional Director
Region 2, Bureau of Reclamation
P. O. Box 2511
Sacramento 11, California

Dear Mr. Dugan:

Based upon the authority provided the National Park Service by the "Park, Parkway and Recreational Area Study Act" of June 23, 1936 (49 Stat. 1894) and a letter request from the Regional Director, Region 2 of the Bureau of Reclamation to this office dated March 13, 1957, we have prepared a Public Use Plan for the orderly development and utilization of the recreation resources inherent at the Mont'cello (Lake Berryessa) Reservoir, a part of the Solano Project.

The plan sets forth the significance of the reservoir area in the field of California public recreation, and includes maps which are essential to an understanding of the plan as it relates to development as it would evolve in the field.

We believe that the plan will provide a substantial basis which the administering agency (Napa County) can logically follow in subsequent, more detailed planning. The plan is intentionally broad in concept in order to afford the administering agency appropriate latitude of judgement in adapting it to realities which may be encountered.

This plan has been developed with the full knowledge and assistance of your office and the Napa County Board of Supervisors..

It is hoped that this report will prove to be an aid in guiding the successful development and administration of an active public use program for Monticello Reservoir and its adjacent public lands.

Sincerely yours,


Lawrence C. Merriam
Regional Director

1980 - Public Law 96-375

This law was passed to protect both the concessionaires and the government by allowing the concessionaire to receive fair market value for their property and improvements and alternately preventing a concessionaire from arbitrarily removing facilities of importance to the recreational services provided. [Lobbied by Robert White, among others]

These excerpts are the part of PUBLIC LAW 96-375 that pertains to Lake Berryessa and the concession operations.

SEC.5 (a) Notwithstanding any other provision of law, the Secretary of the Interior is authorized to enter into new negotiated concession agreements with the present concessionaires at Lake Berryessa, California. Such agreements shall be for a term ending not later than May 26, 1989, and may be renewed at the request of the concessionaire with the consent of the Secretary of the Interior for no more than two consecutive terms of 10 years each. Concession agreements may be renegotiated preceding renewal. Such agreements must comply with the 1959 National Park Service Public Use Plan for Lake Berryessa, as amended, and with the Water and Power Resources Service Reservoir Area Management Plan: Provided, That the authority to enter into contracts or agreements to incur obligations or to make payments under this section shall be effective only to the extent and in such amounts as are provided in advance in appropriate Acts.

(b) Notwithstanding any other laws to the contrary, all permanent facilities placed by the concessionaires in the seven resorts at Lake Berryessa shall be considered the property of the respective current concessionaires. Further, any permanent additions or modifications to these facilities shall remain the property of said concessionaires: Provided, That at the option of the Secretary of the Interior, the United States may require that the permanent facilities mentioned herein not be removed from the concession areas, and instead, pay fair value for the permanent facilities or, if a new concessionaire assumes operation of the concession, require that new concessionaire to pay fair value for the permanent facilities to the existing concessionaire.

CONGRESSIONAL RECORD, Vol. 126 (1980):

- February 5 considered and passed House.
- September 17 considered and passed Senate amended, in lieu of S. 3017.
- September 24 House concurred in Senate amendment.

1980 - US Dept of Interior/Water and Power Resources Service (Reclamation) Reorganization Plans

Reclamation, 1980 under the name of Water and Power Resources Service, presented reorganization plans for Rancho Monticello, South Shore [Pleasure Cove], and Markley Cove Resorts – their concept redevelopment of the resorts, as needed uses, phased over a 10-year period.

“United States Department of the Interior/Water and Power Resources Services – [Letter accompanying resort reorganization plans] December 12, 1980 - Water and Power Resources Services (Water and Power) has concluded its reorganization planning for Rancho Monticello Resort, South Shore, and Markley Cove Resorts... The reorganizations plans are guides for the development of the resorts. They represent changes in the resorts which Water and Power would like to see over the life of the resort... These plan also contain a phasing schedule... This schedule, like the plans, is only Water and Power’s recommendation. The final phasing will be the results of negotiations with the concessionaires.”

1980 - Rancho Monticello Reorganization Plan

“INTRODUCTION – Under the authority of Public Law 93-493 and Public Law 96-375, Water and Power Resources Service it proposing to make adjustment in the public land uses at the resort and require changes in the recreation services provided and enter into a new agreement. The purpose of this plan, therefore, is to set forth the recommendations of the Regional Director as to what these changes in the resort should be. In doing so, the basis for these recommendations are as follows:

That the Bureau was directed by Congress through PL 93-493 to provide a balanced recreation program of day-use, long-term and short-term use in an environmentally sound way and in accordance with proper public land management responsibilities and legislative mandates... Public Law 96-375 authorized Water and Power to enter into negotiations with resorts for new concession agreements.

That the existing 1959 Public Use Plan, as amended, is an approved and accepted plan for Berryessa recreation area.

To utilize to as high a degree as possible the “Federal Land Use Policies” of other agencies where their direction and experience can be applied to the Berryessa situation.

To utilized portions of the EDAW study entitled “Recreation Resources Planning Study for Three Resort Areas, Lake Berryessa,” and the public comments received as a result of the study.

The public comments received on the Rancho Monticello Proposal. A “content analysis” of the comments is available for review. These comments resulted in the proposal primary [primarily] with respect to:

The time periods for removal of long-term uses from the water influence zone.

A reduction in the initial number of long-term uses converted to short-term uses.

A consolidation of short-term uses to the north end of the resort.

A “system which will bring about additional conversions of long-term sites to short-term sites. This system is described on page 4 item 3.

The potential for relocation of a portion of the long-term uses.

Consideration of the effects of this plan upon the overall recreational resource of the lake and management of other resources.

So long as the overall public interests are considered and protection of the natural resources prevails, develop a plan which provides maximum possibilities for the development of a “bankable” agreement.

Rancho Monticello Resort, along with the six other resorts, is an integral part of Lake Berryessa recreation program. This plan, when implemented, is considered a significant Federal action, and as such, the impacts and effects of this proposed action have been fully analyzed and such analysis set forth as a Finding of No Significant Impact date February 12, 1980.

It is important to understand that the analysis of this recommended plan must be done with respect to the existing 1959 Public Use Plan, existing facilities and other proposed significant future actions for Lake Berryessa including reorganization plans for two other resorts (Markley Cove and South Shore [Pleasure Cove])...

Long-Term Use Zone (Map 2)

This zone is one which provides a “core” of long-term uses to remain at the resorts for the full term of the concession agreement. It is felt that this type of core is needed in any kind of resort business, if possible, to provide for its basic economic stability. This reduces the risk by allowing for a base income and thereby reduces the economic effects of such things as gasoline shortages, national emergencies, or long drought periods.

To the greatest degree possible these zones will be retained in those areas less suitable for short-term uses. Topography of less than 25% is normally considered suitable for both long and short-term uses. Short-term uses should be given higher priority over long-term uses near the shoreline.

Since long-term-type use is not the highest public use of public lands, it is felt that where this “core” of long-term uses can be held on lands less desirable for short-term uses, such as a land use zone can serve both the purpose of economic stabilization as well as meeting a demand for long-term uses...

Initial Short-Term Use Zone

...These campgrounds will be developed as the higher density type, say 8 to 12 units per acre rather than the lower density of say 3 to 4 units per acre. Lower density campgrounds may be best developed by the Government in the future. This area is shown on Map 2, and it is estimated that approximately 140 units will be developed...

This zone will be used to test the market area for public demands for short-term, quality facilities at Lake Berryessa. It will be used to trigger a changeover from long-term uses to short-term uses in the transition zone. To accomplish this, we have determined that the measurement period will consist of the recreation season Memorial Day to Labor Day. When the occupancy level of these short-term sites reaches an average of 70 percent over this period for 2 out of 3 years, or, the occupancy level reaches an average of 80 percent over the weekend days for 2 out of 3 years, the next phase of development as set forth in the concession agreement will become effective...

Transition Zone

This zone is that area which we have referred to as the transition zone, and will be converted from long-term uses to short-term uses depending upon the public demand as determined by the use pattern described in paragraph 3 above...

Other Zones

The marina and retail area are shown on Map 2 and will basically remain the same as in the past. The docks, ramp, buildings, parking area, roads, restrooms and other facilities will be inspected and a specific list of required work will be made a part of the solicitation for bids...

DEVELOPMENT PHASING

The initial short-term development sites will be completed and available for public use within one year of award of concession agreement. Phase-out of the water influence zone will be required to take place over a 10-year period as shown in the following schedule. A one-year notice is appropriate as a minimum to allow the owners to prepare to eliminate their mobile home/travel trailers. Table I shows a breakdown of existing and proposed facilities along with the results of the phasing schedule.

Scheduling will be approximately as follows:

30 days after award of new agreement, notify all affected long-term users of intent to change land uses...

One year after the above notices are received, begin removal of long-term uses and development of short-term sites, in the initial short-term zone and adjacent water influence zone.

Open short-term are for public use within one year of assignment of concession agreement.

Year 3 of agreement – sites in Phase I water influence zone complete.

Year 5 of agreement – sites in Phase II water influence zone complete.

Year 7 of agreement – sites in Phase III water influence zone complete.

Year 9 of agreement – sites in Phase IV water influence zone complete.”

1992 - Reservoir Area Management Plan [RAMP]

“Purpose and Needs-

The purpose of this EIS is to address the impacts from several Land Management, Water Surface Management, and Concession Management Actions Reclamation is considering for eventual adoption and expansion in the RAMP for Lake Berryessa. A RAMP is a comprehensive land and water use document that establishes development and use priorities for specific areas. The RAMP will be prepared after completion of this EIS and the filing of a Record of Decision (ROD) which lists those Preferred or Alternative Actions selected for implementation. It will serve to update the PUP which was prepared in 1959 by the National Park Service (NPS).

The Planning Process and Development of Actions-

Overall Goal - The overall goal in the management of Lake Berryessa will be to accommodate and provide for a wide range of outdoor recreation opportunities in a natural environment while optimizing visitor experience levels and safety, consistent with other authorized functions of the Solano Project.

Public Access - Public access to Lake Berryessa and its shoreline will be maintained and improved to meet the expanding demand for recreation and minimize congestion and use conflicts. Existing uses may evolve with day use and other short-term uses taking precedent. The elimination or conversion of some long-term uses may be required to attain this. Access for special needs populations will be emphasized.

Improvement of Short-Term Uses - Short-term uses and facilities will be improved in quality and quantity, emphasizing low density development as most preferable, and located in shoreline areas to support water-oriented recreational opportunities.

Continued Long-Term Uses - Long term exclusive uses will be allowed in concession areas. Current long-term exclusive uses assist in supporting necessary services for the short-term users and low cost public access. These long-term exclusive uses will be located or relocated in areas that are neither prime shoreline locations that are desirable for short-term uses nor conflict with other greater public needs. Long-term uses will be designed to blend more effectively with the natural environment.

Encourage Water-oriented Outdoor Recreational Uses - Management of water uses and activities at Lake Berryessa is an integral element of Reclamation’s responsibility. Decisions and Actions will provide for the health and safety of users, protection and enhancement of resources, and compatibility of uses on the water surface.”

Sample BLM Concession Agreement

Lake Havasu, Yuma District – BLM Concession Contract

“United States Department of the Interior / Bureau of Land Management / Yuma District

Concession Lease

Preamble. – This is Concession Lease, Serial Number... 199_, under the Federal Land Policy and Management Act (FLPMA), of October 21, 1976 (43 United States Code (U.S.C.) 1701, et seq), and Title 43 of the Code of Federal Regulations (CFR), Subpart 2920 (43 CFR 2920). This lease is made between the United States of America acting through the Bureau of Land Management (hereinafter “BLM” or “Authorized Officer”), and _____ (hereafter “Concessionaire”).

Consistent with FLPMA and 43 CFR 2920, the overall public mission of the BLM, public demand, and fair business practices, the BLM may provide for commercial and recreation development of public lands in the Yuma District through the issuance of concession leases and other land use authorities.

The BLM may enter into long-term leases to regulate the use, occupancy, and development of public land for specified purposes. The lease conveys a possessory interest and is revocable only in accordance with its terms and the provisions of 43 CFR 2920 and any amendments thereto.

Commercial and recreational services provided through the Concessionaire may include but are not limited to the construction, installation, maintenance, and use of facilities by the Concessionaire as specified and described in the Concessionaire’s approved Development Plan.

The Concessionaire shall provide recreational services and opportunities to the public, subject to Federal statutes and regulations and the specific terms of this lease.

The BLM will utilize its Concession Review Program in order to control, regulate, and administer this lease with the following objective: To protect public welfare and secure full value for commercial use of the public lands, and to ensure that services and facilities used by the public are satisfactory. Compliance with the Concession Review Program is contractually mandated as a condition of acceptance of this lease.

In consideration of the mutual promises expressed herein and with the understanding that where rights or privileges shall be determined by the Authorized Officer, the said parties agree as follows:

Article 1. Right to Use.

The United States hereby grants to the Concessionaire the right to use, for the purposes set forth herein, the lands described in Appendix A and said use shall continue consistent with the rights vested herein. At the request of the Concessionaire, consideration may be given from time to time to the application of this lease to additional, less, or different lands, but nothing contained herein shall be deemed to the Concessionaire a right to any change in the lands subject to this lease.

Said purposes include the construction, installation, maintenance, and use in providing recreational services to the public of those improvements and facilities specified and described in the Addendum and the Development Plan attached hereto as Appendices B and D respectively, and by reference made a part hereof. The time schedule for commencement and completion of the construction, installation, and development of said improvements and facilities and requirements, if any, as to minimum investment in them set forth in the Development Plan.

Article 2. Term of Lease.

The term of the lease shall be for a period of ___()years commencing on the ___ day of _____, 199_ and ending on the ___ day of _____, 20__.

The Concessionaire, upon the filing of a request for renewal prior to the expiration date of this lease, shall be the preferred user for a new land use authorization, in accordance with 43 CFR 2920, and applicable laws and regulations in effect at that time. Renewal shall be contingent upon the Concessionaire have a Satisfactory Annual Overall Rating certified by the Authorized Officer, under the Concession Review Program, as defined in Article 8, of this lease (hereunder “Concession Review Program”).

Renewal, if granted, shall be subject to new terms and conditions, in accordance with 43 CFR 2920 and applicable laws and regulations in effect at the time.

The BLM shall conduct studies at the time of lease renewal in order to determine and document full fair market value for the opportunity to conduct business on the lease premises. The Concessionaire shall pay said value, in a manner prescribed by payment mechanisms in this lease, or by such means as at that time shall be approved by the BLM..."

2001 - Proposed Bill "The Recreation Lakes Act of 2001"

Statement of Senator Blanche Lincoln

March 14, 2001

Upon Introduction of The Recreation Lakes Act of 2001



"Thank you Mr. President.

I rise today to introduce the National Recreation Lakes Act of 2001 - a bill that will recognize the benefits and value of recreation at federal lakes and give recreation a seat at the table in the management decisions of all our federal lakes. I am proud to be joined in this effort today by Senator Cleland of Georgia and Senator Dorgan of North Dakota.

Recreation on our federal lakes has become a powerful tourist magnet, attracting some 900 million visitors annually and generating an estimated \$44 billion dollars in economic activity - mostly spent on privately-provided goods and services. And by the middle of this century, our federal lakes are expected to host nearly two billion visitors per year.

Yet, even with the millions of visitors each year to our lakes and reservoirs, recreation has suffered from a lack of unifying policy direction and leadership, as well as insufficient interagency and intergovernmental planning and coordination. Most federal agencies are focused on the traditional functions of man-made lakes and reservoirs: flood control, hydroelectric power, water supply, irrigation, and navigation. And often recreation is left out of the decision process.

Mr. President, this legislation will reaffirm that recreation is also an authorized purpose at almost all federal lakes and direct the agencies managing these projects to take action to reemphasize recreation programs in their management plans. This legislation will emphasize partnerships between the federal government, local governments, and private groups to promote responsible recreation on all our federal lakes.

It will establish a National Recreation Lakes Demonstration Program comprised of up to 25 lakes across the nation. At each of these federal lakes, the managing agency will be empowered to develop creative agreements with private sector recreation providers as well as state land agencies to enhance recreation opportunities. Rather than just building new federal campgrounds with tax dollars, we need to create new partnerships to provide support for building recreation infrastructure that is in line with visitor and tourist desires for recreation. The National Recreation Lakes Demonstration Program will be a pilot project to test these creative agreements and management techniques on a small scale to demonstrate their effectiveness at promoting recreation on federal lakes.

Second, this legislation will establish a Federal Recreation Lakes Leadership Council to coordinate the National Recreation Lakes Demonstration Program and coordinate efforts among federal agencies to promote recreation on federal lakes.

It also will include the Bureau of Reclamation and the U.S. Army Corps of Engineers in the Recreation Fee

Demonstration Program. The Fee Demo Program has had wide successes in Arkansas and across the country in allowing individual parks and recreation areas to keep more of their fee revenues on-site to reduce the often overwhelming maintenance backlog.

The legislation will also provide for periodic review of the management of recreation at federal water projects - something long overdue. A great deal has changed since many of the water projects were authorized, yet the initial legislative direction from over 70 years ago continues to be the basis for the management practices now in the year 2001 - and that is not right.

Finally, the legislation will provide new opportunities to link the national recreation lakes initiative with other federal recreation assistance efforts, including the Wallop-Breaux program for boating and fishing.

Mr. President, let me give you a little background on how this legislation was developed. In 1996, the U.S. Senate recognized that recreation was becoming more important on federal lakes and conceived the National Recreation Lakes Study Commission to review the current and anticipated demand for recreational opportunities on federally managed lakes and reservoirs. The National Recreation Lakes Study Commission were charged to "review the current and anticipated demand for recreational opportunities at federally-managed man-made lakes and reservoirs" and "to develop alternatives for enhanced recreational use of such facilities."

The Commission released its long-awaited report confirming the impact of recreation on federally-managed, man-made lakes in June of last year. The Commission also recognized that we are far from realizing their full potential. The study documented that these lakes are powerful tourist magnets, attracting some 900 million visitors annually and generating an estimated \$44 billion dollars in economic activity - mostly spent on privately-provided goods and services.

During the Energy and Natural Resources Committee's hearing in 1999 on the Recreation Lakes Study, the Chairman and I spent some time discussing how children today do not take full advantage of the outdoor opportunities that are available to them. It is so important that we encourage our children to enjoy the great outdoors that often times is less than an hour's drive away.

As the mother of twin 4-year old boys, I feel we need to encourage our children to be children, not to become adults too quickly, to learn how to enjoy the outdoors. The only way we can do that is by exposing them to it early and often.

In this nation, we have nearly 1,800 federally-managed lakes and reservoirs. There are 38 in my home state of Arkansas. With so many federal lakes throughout the country, there's no reason why we shouldn't do all we can to promote recreation. I know that in Arkansas, we don't think twice about getting away to the lake for the weekend to go boating or fishing, or to just get away from the day-to-day grind. And that doesn't even begin to get into the tremendous economic impact from recreation on our federal lakes.

Last August, I conducted a tour of two of our Corps of Engineers managed lakes in Arkansas - Lake Ouachita and Greers Ferry Lake - to observe how our lakes are managed and to see where recreation falls on the priority list. I saw many opportunities where the Corps of Engineers, working with local officials and private citizens, could, through innovative management techniques, better provide for the recreation needs of the thousands of Arkansans that visit Arkansas' lakes each year. This bill will enable our federal lakes in Arkansas and around the Country to invest in and manage for recreation so we all can enjoy a day out on the lake.

Mr. President, this bill is not an attempt to completely rewrite how federal lakes in this country are managed or to put recreation in front of all other authorized purposes at federal lakes. The National Recreation Lakes Act of 2001 will work with all current laws and regulations to ensure that recreation is given a seat at the table when the management decisions are made for our federal lakes.

Mr. President, this is a good bill. In everything from the creation of jobs to the money that tourists like myself spend at the marinas and local stores surrounding the lake - our Federal lakes and reservoirs have an immense recreational value that can and does bring revenues into our local economies. The best way to encourage and expand this aspect is to ensure that recreation is given a higher priority in the management of our federal lakes.

I encourage my colleagues to support this legislation and look forward to the debate on how we can promote recreation on our federal lakes.

Thank you, Mr. President.

S 531 IS / 107th CONGRESS / 1st Session / S. 531"

"To promote recreation on Federal lakes, to require Federal agencies responsible for managing Federal lakes to pursue strategies for enhancing recreational experiences of the public, and for other purposes."

- <http://www.recreationlakes.com/senate.html>

2002 - Lake Havasu – RMP and Uses

Lake Havasu supports a variety of recreation uses. Recreation and tourism pursuits are the dominant economic force in the region, with nearly all recreation uses occurring on, or adjacent to, BLM public lands. Lake Havasu underwent an phased reorganization according a to master plan. Accommodations include mobile home parks and modular units, RV sites and campgrounds.

“...our latest addition of manufactured housing...” -<http://www.havasusprings.com>



Lake Havasu Field Office August 2002 / Resource Management Plan [RMP]

“Scoping Report / US Department of Interior / Bureau of Land Management / Arizona State Office

Issue: 8 Recreation on Public Lands – The planning area is located in one of the fastest growing areas of the United States and plays host to a variety of recreation uses, with each use having a strongly developed and active constituency. Recreation and tourism pursuits are the dominant economic force in the region, with nearly all recreation uses occurring on, or adjacent to, BLM public lands. In some cases, recreation uses are a source among user groups. The Lake Havasu Field Office will have to prescribe and regulate recreation uses across concentrated and dispersed recreate areas for million of public land visitors. The majority of public visitation for recreation purposes occurs on the Parker Strip and Lake Havasu shoreline. The lake is highly prominent, sensitive body of water for water used for irrigation, potable water delivery for millions of people and recreation. Administration is shared, and access provided, by various federal, state, county, tribal and municipal entities...”

“Management Concern: 9 Water – Water is arguably the most precious commodity in the desert. The BLM Lake Havasu Field Office is unique because of management responsibilities on the Colorado River and tributary Bill Williams River. The field office must manage these aquatic resources under the same congressional guidance as other resources. Water resources must be made available to the public while keeping in compliance with the Clean Water

Act...The future management of public natural resources must perpetuate, conserve and meet the needs of authorized intended water uses.”

“Appendix A – Existing Land Use Planning Decisions – On July 27, 2000, prior to the start of the Lake Havasu Field Office (LHFO) Resource Management Plan (RMP) planning process, there was a Bureau of Land Management (BLM) statewide Land Use Plan Evaluation (LUPE) review of all existing land use plan decisions. The following four tables list and categorize the decisions that affect the LHFO planning area as one of the following classifications: Desired Outcomes, Land Use Allocations, Special Designations and Land Tenure...”

Table II – Land Use Allocations – Decision

Item 62 – YRMP – Along the Parker Strip, only flood-proofed, day-use facilities will be allowed within the 100-year floodplain. New overnight facilities and structures on the Parker Strip will be located outside the 100-year floodplain. Existing permanent structures, will be allowed to remain in the 100-year floodplain, until they are substantially damaged from inundation, their useful life is gone, or the present leases expire.

Item 63 – YRMP – On the rest of the Colorado River, only those permanent new facilities that can be flood-proofed will be allowed in the 100-year floodplain. Examples include, but are not limited to: Boat Service Facilities, Ramadas, Boat Ramps, Picnic Tables, Grills, Trash Can, Outdoor Showers, RV Sites, Electric Hookups, Mobile Retail Concessions Existing permanent structures, are allowed to remain in the 100-year floodplain on the rest of the Colorado River until they are inundated, their useful life is gone, or the present leases expire.

Item 64 – YRMP – Short-term camping is allowed in the 100-year Colorado River floodplain during periods of normal water levels, except where specifically prohibited. Prohibited areas will be indicated to the public by use of signs or fencing.

Item 65 – YRMP – Long-term winter visitor camping is permitted in the 100-year floodplain only within the concession areas.

Item 67 – YRMP – The length of stay for camping is limited to 14 days within any 28-day period except in concessions, public agency leases, and long-term visitor areas.

Item 68 – YRMP – Continuous occupancy of mobile homes in concession areas is restricted to one 5-month period in a single year. Permanent residential use will be phased out as existing permanent residents leave the concession areas.

Item 69 – YRMP – The maximum length of stay for campers within developed concessions, or other leased areas is 5 months.

Table IV – Land Tenure Decisions – Decision

Item 150 – YRMP – All land disposal actions are discretionary, Exchange is the preferred method of disposal, in order to assure an optimum final land ownership pattern, and provide better overall land management. Sales will be considered where they are more efficient. Disposal of these lands will be made on a case-by-case basis, and will be accomplished by the most appropriate disposal authority...

Item 151 – YRMP – All Federal lands in Areas one through eight and 10-19 (57,759 acres) are available for disposal...

Item 155 – YRMP – Additional private lands in the Yuma District are identified for acquisition to benefit Federal programs. These lands total 18,950 acres..

Item 156 – KRMP – Designate approximately 180,000 acres of public land for disposal, preferably through exchange, near growing communities for the purposes of community development, mine expansion, industrial development, etc...

Item 160 – KRMP – Retain and acquire lands not identified for disposal, and in areas of blocked public ownership.”

2003 - Partnership In Stewardship Conference

Los Angeles, California / November 15, 2003 Remarks Prepared for Delivery by / John W. Keys, III / Commissioner, Bureau of Reclamation –

“Partnerships are the way of the future. Nowhere is this more evident than in Secretary Norton's Water 2025 initiative. - Water 2025 is based on the realities we all face today in the West: Explosive population growth; reoccurring drought; over-allocated river basins; aging water facilities; and ineffective crisis management. - Reclamation has strong State and County Recreation partnerships. - Our projects receive 90 million recreation visits annually. To provide management for and enhance these visits, Reclamation has partnered with 70 non-federal entities, mostly State and

county parks departments. - Those visitors contribute \$6 billion a year to the local economies. These partnerships are so important because this is how the majority of our citizens across the country experience the direct benefits of our federal water resource projects. - We also have a long history of successful partnerships for special populations - With WOW on the Water, Reclamation is partnering with the American Recreation Coalition to develop a program manual and journal to teach youth about important aspects of water conservation and how to experience water related activities that are fun, like boating and fishing. - Another wonderful partnership, CAST, or Catch a Special Thrill, was formed in 1991 and is a partnership of volunteers who provide disabled and disadvantaged kids with a great experience fishing in the outdoors. - Conducting almost 50 events a year in 32 states, the CAST program also provides an increasing awareness of disabled and disadvantaged children in our communities; an appreciation of natural resources; and, a great opportunity for cooperation among government agencies and local interest groups within our areas...we at Reclamation are proud of our history of successful partnering..." - <http://www.usbr.gov/main/news/speeches/03-11-19.html>

2004 - Reclamation Commissioner Keys

Stresses Priorities, Goals and Impact of Bureau of Reclamation -

February 25, 2004 - FY 2005 Budget

"The request continues to emphasize the operation and maintenance of Reclamation facilities in a safe, efficient, economically responsible and reliable manner, while meeting Reclamation's requirements to sustain the health and integrity of ecosystems that are connected to those operations. It also will assist states, tribes, and local entities in solving contemporary water resource issues in advance of crises over water..."

FY 2005 Planned Activities

"In FY 2005, Reclamation plans to continue making the required deliveries of water under Reclamation contracts; optimize hydropower generation, consistent with other project purposes, agreements, and the President's energy policy; and incorporate environmental, recreational, land management, fish and wildlife management and enhancement, water quality control, cultural resources management, and other concerns into the water supply and power generation actions of Reclamation"