



MEMORANDUM

January 3, 2019

TO: CRWCD Board of Directors

FROM: Hunter Causey, P.E. *HC*

Subject: Concessionaire inventory purchase and fee schedule changes

ACTION: Staff request that the Board 1) authorize staff to negotiate the purchase of recreation and marina related items from Red Mountain RV Park, LLC for an amount up to \$60,000 at the conclusion of the current contract and 2) approve adjusting the Revenue Split and the attached revised Wolford Mountain Reservoir Rec Area Fee Schedule.

STRATEGIC INITIATIVES: *12. Financial Sustainability*
13. Asset Management

Summary

The current Wolford Mountain Project concessionaire contract with Red Mountain RV, LLC (Concessionaire) is set to terminate on October 31, 2019. The Concessionaire has indicated they are not interested in extending their current contract. Staff plans to advertise a Request for Qualifications (RFQ) this spring in order to identify a replacement concessionaire. This memo summarizes the approval staff is seeking to purchase inventory from the current concessionaire, and summarizes revisions to the current contract which will be incorporated into an agreement with the new concessionaire. Staff will provide additional updates to the Board through 2019.

Inventory Purchase

Red Mountain RV Park, LLC has acted as the Rec Area Concessionaire since May 1, 2002. During the subsequent years the Concessionaire has made numerous improvements to the Rec Area. While those improvements are located on River District property, the improvements themselves belong to the concessionaire. River District staff is seeking approval to purchase these items in order to maintain the current level of service at the Rec Area as well as attract a new concessionaire. The inventory includes two 16 slip docks, one 6 slip dock, one 2 slip dock, a gas storage tank and dispensing station, a marina store building, a pay station building, a storage shed, and the reservation website. Purchase of the inventory will not be finalized until the end of the concessionaire's contract and will be contingent on satisfactory inspection and approval of condition. A condition of the new concessionaire contract will be to make any improvements made by the concessionaire River District property unless agreed to otherwise.

Fee Adjustment and cost sharing split

In preparing to change concessionaires, staff has reviewed the current concessionaire contract and identified several changes that should help the River District recoup more operating costs from the recreation portion of the project while continuing to be an attractive business venture for a concessionaire. Staff is recommending several aspects of the concessionaire contract to be adjusted including adjusting the revenue split from 80/20 (Concessionaire/River District) to 50/50 (with exceptions for rental equipment and marina concessions) and increasing fees (see attached proposed fee schedule). These revisions will be implemented in a new agreement with the next concessionaire. Staff spent a significant amount of time analyzing expenses and responsibilities of project staff related to recreation area maintenance and have determined that the adjustment to the revenue split is justified. The fee increases are based on staff familiarity with the industry, conversations with Rec Area users, and input from the current concessionaire.

Proposed Fee Schedule
(Effective November 1, 2019)

The proposed revised fee schedule for Wolford Mountain Reservoir Rec Area to be implemented on November 1, 2019 is as follows:

	\$Proposed (\$Current)
<u>INDIVIDUAL CAMPSITE FEE:</u>	\$35.00 (\$20.00) per night with electrical hookup \$30.00 (\$20.00) for tent site only \$240.00 (\$120.00) per week \$900.00 (\$450.00) per month
Late Checkout Fee	\$10.00 (\$10.00)
<u>DUMP FEE NON-CAMPING</u>	\$30.00 (\$10.00)
<u>GROUP CAMP AREA: A&B</u>	\$250.00 (\$150.00) per day for 8 camping units
Extra camping unit fee Max capacity 60 people	\$25.00 (\$25.00) per unit
Long term discount	20% (0%)for 2 weeks or longer
<u>GROUP CAMP C /PICNIC AREA:</u>	\$200.00 (\$125.00) per day for 8 camping units
Extra camping unit fee Max capacity 60 people	\$25.00 (\$20.00) per unit
<u>GROUP CAMP D AREA:</u>	\$150.00 (\$125.00) per day for 8 camping units
Extra camping unit fee Max capacity 60 people	\$20.00 (\$20.00) per unit
<u>DAY USE/CAMPING:</u>	\$10.00 (\$5.00) per vehicle per day
<u>DAY USE ANNUAL PASS:</u>	\$100.00 (\$40.00) valid for daily entry May 1-April 30 (not including camping fees) during the calendar year. After October 1, Annual Day Use Pass is \$30.00 (\$15.00) but expires April 30

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<u>CAMPING CANCELLATION FEE:</u>	\$10.00 (\$10.00)
<u>BOAT DECONTAMINATION FEE:</u>	\$25 (\$0.00) per decontamination
<u>DRY BOAT STORAGE (MARINA ONLY) FEE</u>	\$50 (\$40.00) weekly
Long term discount	20% (0%) for 2 weeks or longer