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Parks 2.0: Operating State Parks Through Public-Private Partnerships

by Leonard Gilroy, Harris Kenny and Julian Morris



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Executive Summary

The fiscal challenges that state governments have faced in recent years have placed significant pressures on state park systems, which have to compete for increasingly stretched funds alongside education, healthcare, higher education and other—often higher—spending priorities. In many states, this has led to declines in park funding, cutbacks in park services, and, in some cases, even the closure of parks themselves. Oftentimes, these funding pressures are occurring on top of—and exacerbating—a longer-term trend of inadequate or deferred maintenance in the parks, threatening the sustainability of these recreational assets. California’s state park system, for example, has accumulated over \$1 billion in deferred maintenance over the last few decades, and given funding pressures in recent years it is uncertain how the state will begin to close the maintenance gap.

Such crises have prompted policymakers to rethink traditional approaches to funding and operating state parks. Public-private partnerships (PPPs) are one promising solution that would invite the private sector to play a bigger role in keeping state parks open without imposing additional burdens on taxpayers. Many states already successfully use private concessionaires to provide discrete services within parks—such as food, retail, lodging, recreational activities and other commercial services—and they can build on that by seeking to expand the private sector’s role to the operation of whole parks via PPPs.

A park operation PPP would transfer the responsibility of maintaining a state park to a private operator, while enabling that operator to raise revenue through entrance and other fees. This is far from a new concept. Private, for-profit recreation management companies currently operate over half of the U.S. Forest Service’s (USFS) thousands of developed recreation areas (e.g., campgrounds, day use areas) nationwide under “whole-park” concession agreements. Colorado, California, Oregon and Washington each have over 100 USFS recreation areas and campgrounds operated by private concessionaires, with most other western states like Arizona, New Mexico and Nevada each having dozens under private operation as well.

In 2012, budget pressures prompted California to become the first state in the modern era to enter into park operation PPPs for five state parks threatened with closure. These PPPs were structured as whole-park concessions in which the state retains ownership and control over the parks while paying a private operator nothing to operate them. Instead, the concessionaires pay the state a minimum annual rent for each park using revenues derived from camping and other user fees. Concessionaires are generally responsible for handling (and covering the costs of) minor improvements and day-to-day repairs, and for larger maintenance jobs, all revenues paid to the state as concession rent in these parks are put into a park maintenance fund from which the concessionaire can seek state approval to spend.

Concessionaires are also required to maintain the premises, trails, roads, facilities, furnishings and equipment in good condition in accordance with agency standards and contract provisions. And concessionaires are required to implement an operations plan for each park unit—prepared by the concessionaire and approved by the state—outlining how services will be provided and facilities maintained over the life of the concession to ensure that the public interest is protected.

Park operation PPPs like these can help ensure that parks remain open to the public, are managed according to the long-term vision of elected and appointed officials, and remain financially sustainable. Though pioneered at the federal level by the USFS, they are a perfectly feasible option at the state level as well, as evidenced by California's experience. PPPs can offer a wide range of benefits in park operations, including financial sustainability, optimization of staffing and operations, enhanced risk management, accountability for outcomes, proper facility maintenance and much more.

State policymakers should carefully consider the long USFS history with park operation PPPs and California's recent initiatives as they contemplate ways to ensure the long-term fiscal sustainability of their own state parks. PPPs have proven to be an effective conservation tool, which can provide stability in the face of fiscal uncertainty and transform underfunded state parks into self-sustaining public environmental assets.

Table of Contents

Introduction 1

Rethinking the Private Sector’s Role in State Parks..... 3

The Proposed Model: PPPs for State Park Operations 5

Benefits of Park Operation PPPs 8

Financial Self-Sufficiency in Park Operations..... 8

PPPs vs. Government Operation: A Tale of Two Arizona Parks..... 9

Optimizing Staffing and Operations 10

Quality Guarantees..... 12

Accountability 12

Enhanced Risk Management..... 12

Tapping Outside Capital for Park Improvements 13

An Overall “Win-Win” 14

Park Operation PPPs in the U.S. Forest Service 16

Setting the Contract Terms in Park Operation PPPs 22

Applying the Park Operation PPP Model: California 26

California State Parks Seeks an Alternative 26

PPPs for California State Parks 27

Prospects for State Adoption of Park Operation PPPs 31

Arizona..... 31

Utah..... 33

Hawaii 33

New Jersey 34

New York 34

Conclusion 35

About the Authors 36

Endnotes..... 37

Appendix A: California State Parks Whole-Park Concession Request for Proposals39

Appendix B: California State Parks Whole-Park Concession Sample Contract..... 66

Part 1

Introduction

The ongoing fiscal challenges facing state governments are creating an existential crisis for state parks. With budgets stretched thinner, state parks must compete for limited funds with other, often higher, policy priorities like education, health care, public pensions and public safety. These budget pressures have prompted policy makers in California, New York, Florida, Arizona, Georgia, Massachusetts and other states to close or significantly reduce services in hundreds of state parks nationwide, or at a minimum, to reduce parks budgets.¹ In other states, like Washington and South Carolina, governors and legislatures have recently launched efforts to require parks to become self-sufficient to wean them off state appropriations, anticipating that parks funding will increasingly be crowded out by other spending priorities.

As South Carolina Department of Recreation and Tourism Director Duane Parrish told *The Greenville News* in August 2012, “When the state park system stands up before the General Assembly up there with education, health care and public safety, guess who’s fourth on that list? . . . The less we have to rely on money from the General Assembly, the more we insulate ourselves from future economic downfalls.”²

Beyond the threat of closures, the ongoing economic malaise has exacerbated a widespread, pre-existing problem of inadequate and deferred maintenance in state parks, which only serves to accelerate their decline. A 2010 report by the National Park Service found that states had identified \$18.5 billion in unfunded needs for parks and recreation.³ The National Trust for Historic Preservation noted in 2010 that over half the state parks systems are “at-risk,” which means that state-owned and -managed parks and historic sites are facing major budget cuts.⁴ For example, the California State Parks System accumulated over \$1 billion in deferred repairs and maintenance, not including the significant hurdles covering operational costs across the system.⁵

The parks crisis is not confined to states; it is evident at all levels of government. The most recent national infrastructure report card prepared by the American Society of Civil Engineers (ASCE) in 2009 gave the “Public Parks and Infrastructure” category a grade of C-, citing inconsistent funding sources and widespread neglect in many parts of the country. The ASCE estimated a \$48.2 billion funding shortfall for parks and recreation nationally over the next five years, representing the gap between \$36.8 billion in estimated spending over that time and \$85 billion in total funding needs. In other words, there is real infrastructure deterioration in America’s parks.⁶

Deficient parks maintenance has a cumulative negative effect that can ultimately lead to park closures and discontinuation of open public spaces. According to a 2006 study by the National Parks Conservation Association, the combination of underfunding and insufficient maintenance leads to “park infrastructure decays, natural ecosystems overrun with exotic species, historical treasures inadequately preserved and public safety jeopardized.”⁷

Yet state parks remain popular while their maintenance needs continue to worsen. According to America’s State Parks Foundation, state parks received 725 million visitors at over 6,000 sites around the country in 2010 alone.⁸ Can this popularity be turned from a cost into a benefit? One way to keep state parks open without imposing additional burdens on the taxpayer is to use public-private partnerships (PPPs). Many states already successfully use private concessionaires to provide piecemeal services within parks—including food, retail, lodging, marinas and other commercial activities—so a shift to more extensive involvement can build on that framework. Such a whole park operation via PPP would transfer the responsibility of maintaining the park to a private operator, while enabling that operator to raise revenue through entrance and other fees. This paper describes such a model and explains how it can best be applied.

We begin with an outline of the basic park operation PPP model, then explain how the model was developed in the context of U.S. Forest Service (USFS) recreation areas. We then offer insights into how to set contract terms in a park operation PPP and describe an application of the park operation PPP model to California. We then provide an overview of the status of park operation PPPs in various other states and offer some concluding remarks regarding the future application of the park operation PPP model.

Part 2

Rethinking the Private Sector's Role in State Parks

At the state level, the public sector is currently responsible for the majority of the operations at state parks. Non-governmental entities operate some food, retail and other services as private concessions. And some states partner with nonprofits to deliver interpretive (environmental education) programs and other activities. But overall, most state park operations and management are run on a top-down, public sector delivery model.

By contrast, over the past 25 years states have embraced the use of PPPs in the fields of transportation, education and numerous other sectors. More than 30 states have passed explicit statutory authority to use PPPs to deliver transportation infrastructure, and several others—including Virginia, Texas and Puerto Rico—have expanded that authority to include the use of PPPs to deliver social infrastructure assets such as government buildings, schools, higher education facilities, information technology systems and more. As a result, billions of private sector dollars are financing road and bridge operation or construction, thousands of charter schools educating K–12 students, and many other creative partnerships in which governments team with private organizations in order to more cost-effectively and efficiently deliver public services and infrastructure.

However, the top-down approach currently taken by states is not ubiquitous across the entire U.S. recreation public lands system. The private sector has long played a role in the operation of public recreation areas and parks. For example:

- Private, for-profit recreation management companies currently operate over half of the USFS's thousands of developed recreation areas (e.g., campgrounds, day use areas) nationwide under “whole-park” concession agreements. For example, Colorado, California, Oregon and Washington each have over 100 USFS recreation areas and campgrounds operated by private concessionaires, with most other western states like Arizona, New Mexico and Nevada each having dozens under private operation as well. This USFS program has been in place for over 25 years, prompted originally by fiscal pressures on the agency in the 1980s during the Reagan administration, which led it to embrace user fees and PPPs to keep its numerous recreation areas open and self-sustaining.

- For decades, Central Park and Bryant Park in New York City have been operated by nonprofit organizations that handle day-to-day operations, invest in capital projects and provide the majority of operating funds, minimizing public subsidies. Similarly, almost three-quarters of national zoos accredited by the Association of Zoos and Aquariums—including most of the major urban zoos nationwide—are currently operated using a similar nonprofit PPP model.⁹
- The Grand Canyon, Yosemite, Yellowstone and many other crown jewels of the National Park System make extensive use of the private sector to operate lodging, food, retail and other commercial services within their park boundaries.
- Many local governments contract out operations and maintenance that include landscaping, tree-trimming, waste removal and other activities.

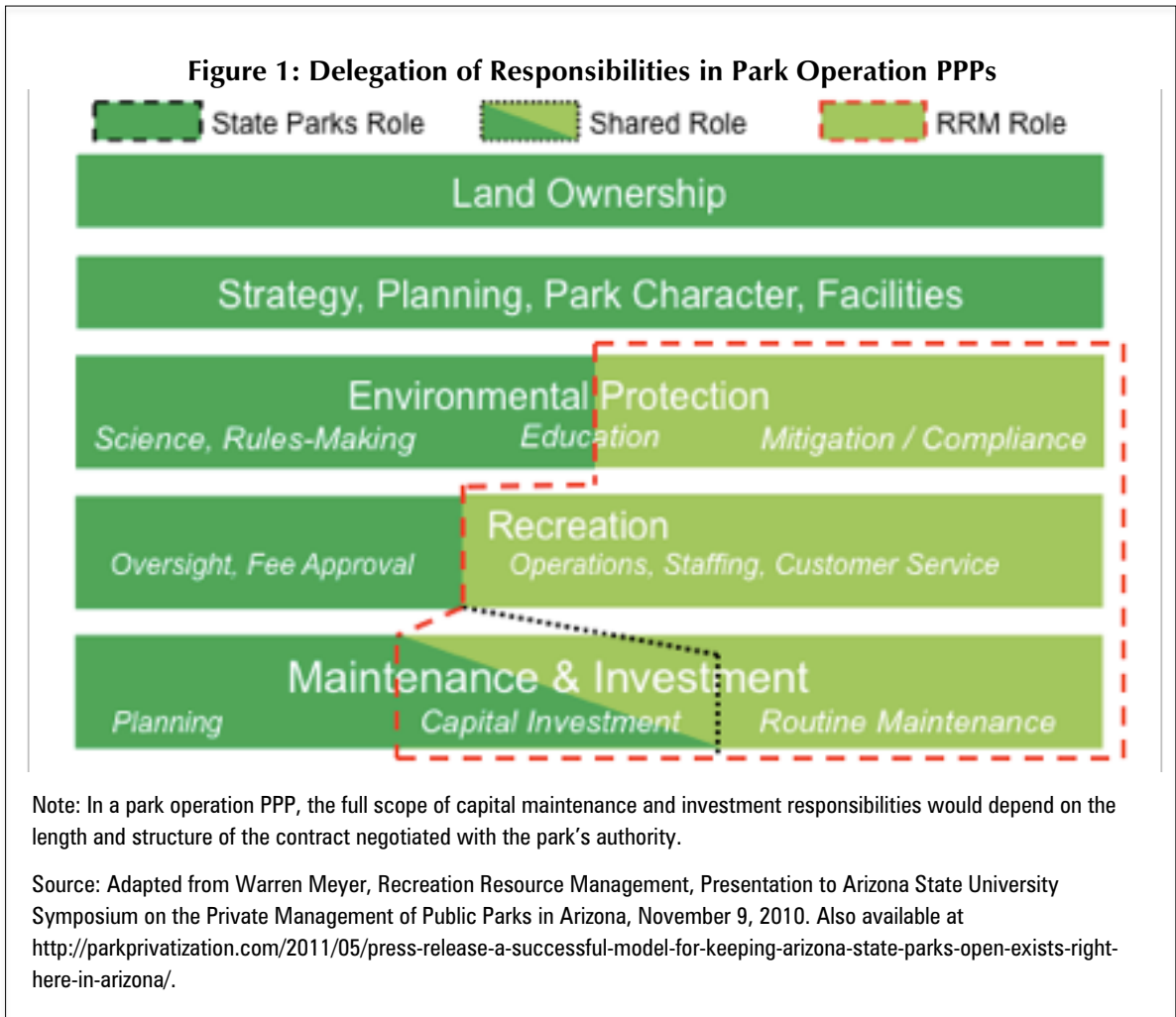
Part 3

The Proposed Model: PPPs for State Park Operations

What would a whole park operation public-private partnership (PPP) look like? Let's start with the basic PPP model. Put simply, a PPP is an agreement formed between a public agency and a private entity that facilitates greater private-sector participation in the provision of a public service. The examples in the previous section illustrate a wide variety of PPPs already in use in the parks and outdoor recreation sector. These may take relatively simple forms, such as contracting for landscaping or waste removal. But the most powerful versions involve “whole-park” concessions: long-term partnerships used for comprehensive park operations and implemented via performance-based contracts between the government agencies responsible for overseeing parks and recreation management companies—along the lines of the USFS example cited above. For clarity, we will use the term *park operation PPPs* to designate this form of partnership.

Figure 1 outlines the key responsibilities associated with public park management and illustrates those areas most appropriate for a park operation PPP and those functions most appropriately retained by the state. Under a PPP, the state would maintain public ownership of parks and retain its traditional role overseeing strategy, planning, character and facilities for each park. Further, the state would maintain its control over policy decisions on environmental initiatives, user fee rates, and facility and capital investment planning.

With the state's policy-setting and oversight in place, the private-sector concessionaire would then assume typical day-to-day park operations and maintenance functions, such as visitor services, routine maintenance (e.g., bathroom cleaning), landscaping, waste services, routine repairs and utility payments. “While these operational tasks by no means constitute all the work required to keep parks open, they account for the vast majority of the money spent by the state parks organization in the field,” according to one concessionaire.¹⁰ There may even be opportunities to tap private-sector capital up front to deploy to capital investment projects, depending on the scope of the PPP contract (longer contracts generally facilitate more private-capital investment). With ownership and oversight of state parks remaining with the state and operational responsibilities delegated to concessionaires through rigorous PPP contracts, the state can ensure the park is operated and maintained in a manner consistent with the long-term vision for the park as defined by elected officials and their agents. Through specific operating commitments and performance expectations, which can be hundreds of pages long for a single park, the state can prescribe the exact goals and level of performance it demands from the private sector.



At the state level, a park operation PPP—or “whole-park” concession, to distinguish this model from more traditional food/retail-style concessions in place in many parks today—would typically be structured as a 5–10 year commercial lease in which the concessionaire collects the gate fees to fund its operations and maintenance costs, including labor. If capital investment is required, contract length typically increases to 15–20 years. However, public subsidies to supplement gate fees are not required—in fact, the concessionaire usually pays a competitively bid percentage of the gate revenues to the public agency as an annual lease payment.

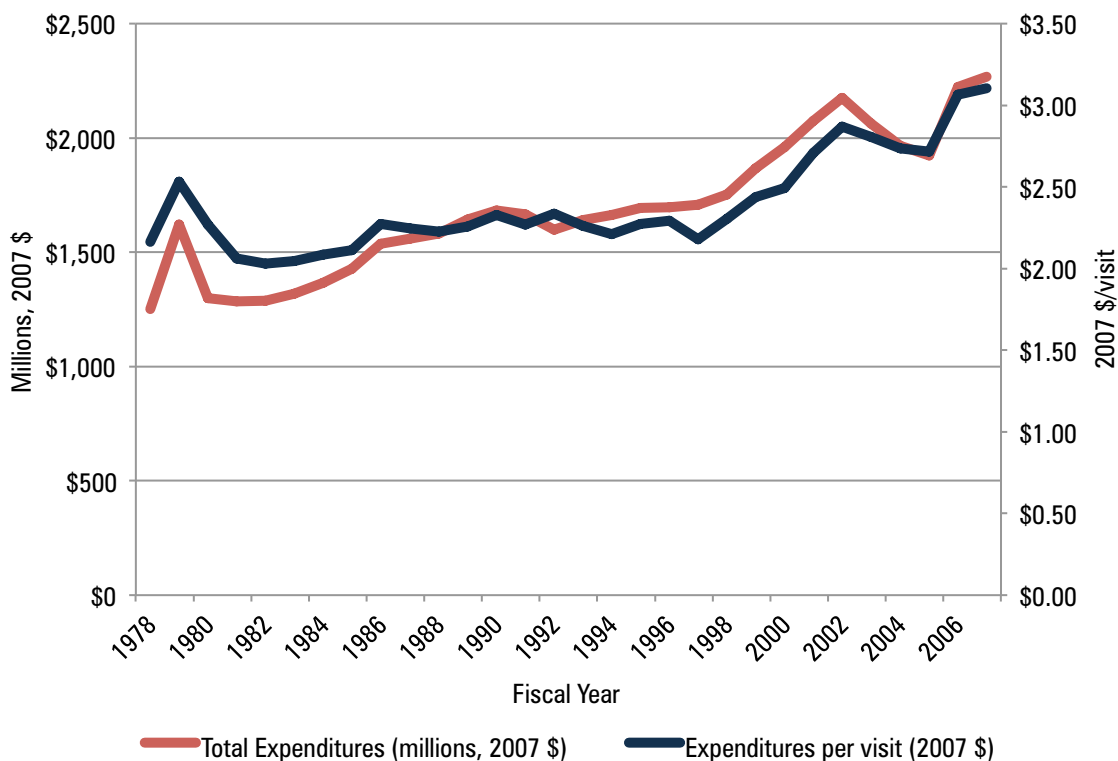
This offers the opportunity to minimize or potentially eliminate public subsidies that currently help cover the operating costs of the parks, while keeping the parks open for public enjoyment. Concessionaires can simultaneously increase the net revenue to the government and realize their own profits, given that they can tap a lower cost, more flexible labor force and realize other operational efficiencies, as described in the benefits section below.

Sources of Parks Funding

In 2008, Resources for the Future conducted a comprehensive survey of state park directors in 46 states (excluding Hawaii, Michigan, New Mexico and Washington). This survey found that, at the time, the average percentage of state operating budgets covered by user fees was 42%. Further, almost every state parks system relies on support from its state’s general fund, receiving an average of 41% of its funding through the general fund.

Between 1975 and 1995, user fees increased from 36% to 43% of the 46 state operating budgets surveyed, with nearly 20% (depending on the state) of the operating budget coming from a combination of different fees, grants and alternate sources of revenue dedicated to parks and 41% coming from the state’s general fund. States have also experienced a gradual increase in park operating expenditures—both on a total and per-visit basis—as seen in Figure 2.

Figure 2: State Park Operating Expenditures (2007 Dollars)



Source: Margaret Walls. January 2009. *Parks and Recreation in the United States: State Park Systems*. Washington, D.C.: Resources for the Future, p. 6.

Part 4

Benefits of Park Operation PPPs

The U.S. Forest Service (USFS) realized more than 25 years ago that while ecology and land preservation were core competencies, running recreation and commercial enterprises was not. So the USFS began rapidly expanding its use of whole-park concessions, and the agency estimates that over half of its recreation sites nationally are now run under park operation PPPs. The USFS experience allows us to make the following inferences about the benefits of park operation PPPs.

Financial Self-Sufficiency in Park Operations

Public subsidies are typically not required for park operation PPPs—in fact, the concessionaire usually pays a set percentage of the annual park revenues back to the public agency as rent. State parks operating under a concession would no longer bear the appropriation risk facing many parks authorities across the country, as amenities like parks are increasingly forced to yield to education, Medicaid and other core funding priorities in the state budget process.

In any discussion of park subsidies and park operation PPPs, it is important to distinguish between public subsidies for the operation of specific state parks and legislative appropriations to the state parks agency. It is the former that can be minimized or eliminated in a park operations PPP, as the concessionaire will absorb most or all of the direct, day-to-day operating costs of parks (e.g., staff, maintenance, utilities, etc.) and pay rent back to the state. Absent a PPP, it is common for state parks to require public subsidies (over and above user fees collected) to cover the full costs of operation. By contrast, this report does not intend to suggest that park operation PPPs offer a means of eliminating all legislative appropriations to parks agencies. As suggested in the breakdown of responsibilities in Figure 1, state agencies will still face costs not directly related to the actual operation of parks—for example, the costs of owning land and maintaining title, contract oversight and management, conservation programs and activities, the operations of non-fee assets (historical parks, preservation lands, etc.), agency technology and more—which may require the continued appropriation of tax dollars. While park operation PPPs can be used to remove the *operating costs of specific parks* from the state's books and thus help reduce the number of tax dollars appropriated to the parks agency, these are not the only costs incurred in running a state parks agency. (See the text box “*PPPs vs. Government Operation: A Tale of Two Arizona Parks*” on the next page for an example.)

PPPs vs. Government Operation: A Tale of Two Arizona Parks

In 2011, parks concessionaire Recreation Resource Management (RRM) prepared a case study of two publicly owned parks near Sedona, Arizona, that illustrates the dramatic differences between traditional agency park operation and the PPP concession model. The case study compared Red Rock State Park, operated by Arizona State Parks (a public agency) and Crescent Moon/Red Rock Crossing Recreation area, a USFS property operated under a concession by RRM.

Aside from the fact that one park is run by a public agency and the other is run by a private concessionaire, these two parks are similar in many respects. Both have public bathrooms, picnic and group shelters, parking facilities and trails. They are adjacent to each other, with similarly sized visitor areas and staffed gatehouses to collect fees and provide visitor information. Both charge similar entry fees (\$10 per vehicle at Red Rock, \$9 per vehicle at the privately operated Crescent Moon). More important, the parks are also very similar in revenue and number of visitors. In 2009, revenues totaled \$281,000 at Red Rock and \$304,854 at Crescent Moon.

The dramatic difference comes in the parks' financial picture, which illustrates the transformative power of park operation PPPs. In 2009, Red Rock had direct costs of \$370,943, plus an estimated \$24,062 share of regional agency operations office costs and an additional \$120,000 in operations support costs at the state park headquarters level (e.g., IT, human resources, etc.). Hence, Red Rock cost the state \$515,005 to operate but generated only \$281,000 in revenue, a loss of \$234,000 for Arizona taxpayers that year.

By contrast, the USFS generated revenue at Crescent Moon that year under a park operation PPP. The concessionaire paid all park operating expenses from the fees it collected, taking those off the USFS balance sheet. The USFS received \$54,873 in revenue from the concessionaire (18% of gate revenue) and only paid for contract oversight (an estimated \$10,000), yielding USFS a \$44,873 operating profit. The USFS often reapplies net revenue generated under concessions back to improvements and new park facilities, keeping them properly maintained and preventing the chronic deferred maintenance seen in struggling public sector park systems.

While the two parks are otherwise very similar, the park operated under a PPP generated revenue, while the publicly operated park lost taxpayer money. This simple example illustrates how parks can be financially sustainable under a PPP but financially unsustainable under public operation. Highlighting this point, Red Rock was ultimately included on the list of proposed state park closures in 2010 amid severe state budget pressures in Arizona.

Source: A Tale of Two Parks: Keeping Public Parks Open Using Private Operations Management. Recreation Resource Management. Accessed August 8, 2012, at <http://goo.gl/HjqGT>.

Some states are looking to “traditional” concessions—for example, new or expanded stand-alone concessions for food, retail, etc.—to try to generate more revenue for the park authority. While this approach may have a positive effect on revenues at the margin, it is unlikely to generate major new revenues, as a fractional share of new revenues from traditional concessions will only represent a fraction of the operating deficits state park agencies face.

By contrast, park operation PPPs don’t just add a few more dollars in concession fees; they change the entire cost structure of operating the park, taking the vast majority of its operating costs off the state’s books and making them the responsibility of a concessionaire. In return, the concessionaire pays back to the state an annual rent set as a percentage of total net revenues for each park under management. For those parks in which expenditures exceed revenue collection today under in-house operation—a common situation for many parks in states that use traditional concession and user fees—the PPP model offers a means to transform revenue-losing state parks into self-funding assets.

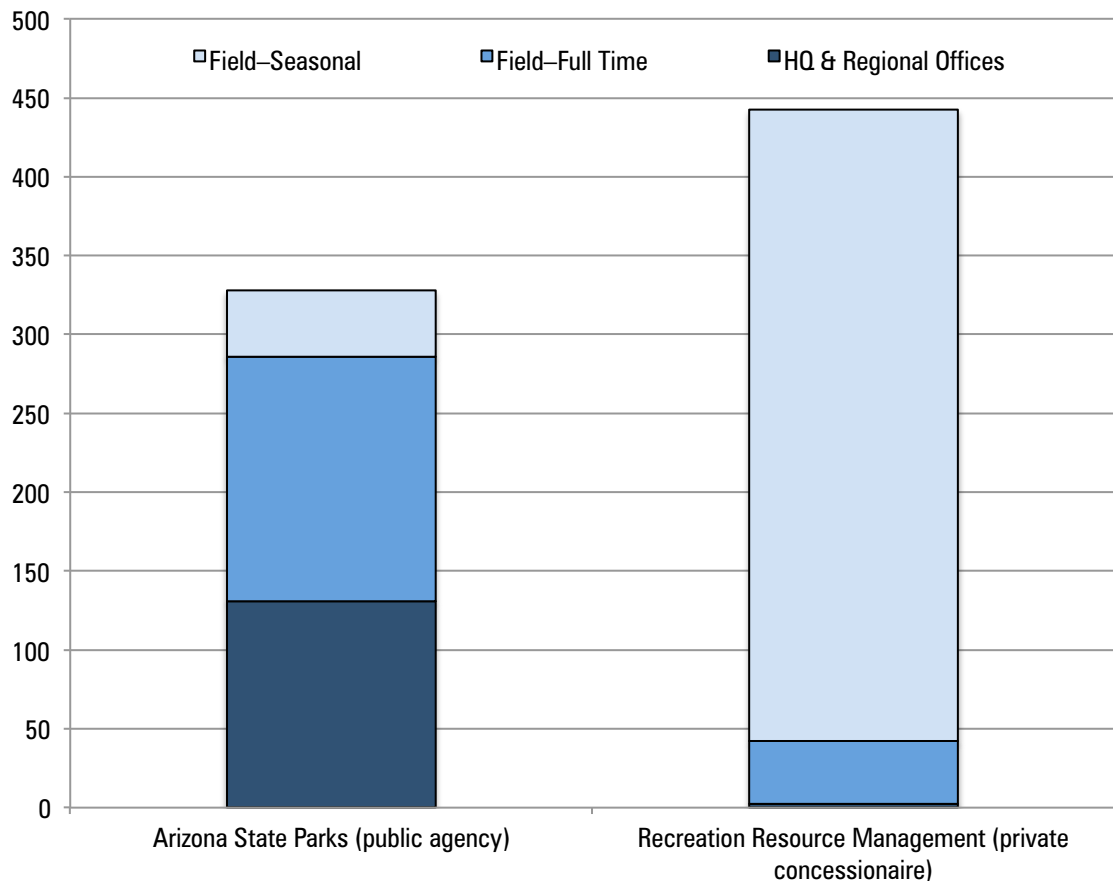
As discussed below, PPPs have undoubtedly enabled the USFS to keep open recreation areas that otherwise would have been closed in order to cut costs. In part they have done this by bundling into a single PPP contract recreation areas that were losing money with those that were breaking even or generating net revenue. One reason concessionaires are willing to take on these parks is that their operating costs are much lower than the public sector’s.

Optimizing Staffing and Operations

Financial self-sufficiency directly results from the opportunity to optimize operations through whole park operation PPPs. The key lies in the ability of concessionaires to dramatically lower operating costs, primarily through a more efficient staffing model. The traditional public operational model relies on high cost, inflexible labor that is ill-suited to meet the needs of parks. State park agencies typically hire full-time employees for year-round jobs, with credentials that over-qualify them for the job at hand. These employees also require costly public pensions and other post-employment benefits. However, this top-heavy staffing model is inconsistent with the seasonal nature of parks visitation, which requires seasonal labor to conduct straightforward tasks such as cleaning bathrooms and maintaining campsites.

By contrast, concessionaires in park operation PPPs rely primarily on seasonal labor that can be hired at a fraction of the cost at competitive market rates and in exchange for things like a recreational vehicle hookup for the summer. The Property & Environment Research Center (PERC) published a case study comparing the staffing models of a state parks agency (Arizona State Parks) and a private concessionaire that starkly demonstrates this difference between traditional operations and optimized operations, in terms of full-time versus part-time labor (see Figure 3).

Figure 3. Comparative Staffing Models: Arizona State Parks vs. Recreation Resource Management



Source: Holly L. Fretwell. 2011. *Funding Parks: Political versus Private Choices*. Bozeman: Property & Environment Research Center, p. 6. Available at www.perc.org/files/Funding%20Parks%20final.pdf.

The staffing model is not the only barrier to efficiency in public park agencies. In a 2012 report, the Washington State Parks and Recreation Commission cited some additional factors—including collective bargaining and state procurement rules—that tend to drive up the costs of public park operation relative to those seen in the private sector:

State Parks needs to follow all the procurement rules, which meet a set of appropriate social objectives, equity concerns and ensure responsible use of public funds. Such governmental procedures come at a higher cost. [. . .] State Parks is subject to merit system rules, collective bargaining agreements, statutory restrictions on replacement of state employees with volunteers, wage and benefit standards, and other employment practices which meet statutory requirements and increase staff costs relative to those of private sector competitors.¹²

The situation is much different in the private sector, where concessionaires tend to have much lower overhead expenses and lean headquarters staff, and they are not saddled with government procurement and personnel rules, allowing them to be nimble and use streamlined processes with a focus on operations.

Quality Guarantees

The government can set quality and maintenance standards at its own discretion and hold the private company accountable to meet them through a performance-based PPP contract. Well-written PPP concession contracts enable the private sector to provide unprecedented quality in park service delivery, while maintaining (and often expanding) public sector oversight. Later in this report we detail a range of ways that performance-based contracts can protect the public interest in park operation PPPs.

Beyond the contract itself, the PPP structure inherently provides powerful business incentives for maintaining quality. For example, concessionaires are incentivized to keep bathrooms and other user facilities clean for the same reason hotels and restaurants do: they want to attract repeat customers by providing quality facilities. Given the popularity of Yelp, Trip Advisor and other online customer review sites, underperformance and poor quality are open secrets in the Internet age.

Accountability

PPPs improve accountability over the status quo. State-run parks typically suffer from a conflict of interest because the state is responsible for both service delivery and oversight. By separating these functions, the private sector can specialize in innovating service delivery improvements, while the public sector can provide more effective regulation through structuring and overseeing compliance with the PPP contract.

Enhanced Risk Management

One of the most powerful and least recognized benefits of PPPs lies in the ability to use them to transfer major (and often hidden) financial and operational risks from the public sector—and thus, taxpayers—to the private sector. With regard to state park systems, PPPs would offer an opportunity to better handle risks that include:

- Revenue risk/demand risk: Under a park operation PPP, the concessionaire bears 100% of the revenue risk, meaning that the concessionaire—not taxpayers—takes on the risk that enough user-fee-paying customers visit the parks to cover the costs. This naturally incentivizes the concessionaire to provide high-quality facilities that *attract* users by

improving service quality and through better prioritization of resources. The concessionaire bears the risk of declining attendance for the parks it operates, having to absorb revenue losses since there would be no backstop by state tax dollars. There is naturally some risk to the state in that the concessionaire might go bankrupt at some point during the contract term. But this is a risk borne in almost *any* public-private contract and is one that is typically mitigated by having the state conduct due diligence during the procurement process to ensure that bidding companies are financially healthy. Conversely, the specter of bankruptcy does have merit in that it motivates companies to consider fiscal sustainability. (If the concessionaire knows that the government will bail it out, it has less incentive to innovate in service delivery or to keep costs down.)

- **Operational risks:** Operational risks transferred to the concessionaire in a PPP generally involve system and facility maintenance, regulatory compliance, liabilities and more. Since concessionaires are taking over the whole operation, they—not the state—bear the costs for most, if not all, operations and maintenance, depending on how the state chose to craft the contract. Procuring authorities also need to consider in advance important issues such as how to handle deferred maintenance, meaning the degree to which the concessionaire is asked to address a maintenance backlog that may have accumulated under government operation (since policymakers generally tend to skimp on things like asset maintenance in favor of funding other visitor-serving programs). States may choose to address deferred maintenance through a concession, or they may not—this is a policy decision to make on a case-by-case basis.
- **Legal risk/liability:** Parks concessionaires are required to have insurance to cover a range of potential liabilities including lawsuits and various other risks. Parks under state management tend to self-insure but do not account for that cost in park budgets, which means that it is effectively an off-balance-sheet liability that is imposed on taxpayers.
- **Project delivery risk:** To the extent that there might be some capital expenditure involved in a given concession—such as a new visitors center or the construction of facilities in a new state park—the concessionaire effectively takes on the project delivery risks that the state would have otherwise taken if it were doing the same project. Examples of these include construction cost risk (i.e., cost overruns, which are ubiquitous in the public sector) and schedule/delivery risk (e.g., schedule slips, etc.) on any potential capital projects that policymakers may desire. Transferring the risk of cost overruns and delays from the public sector to a concessionaire is a major benefit to governments. And concessionaires tend to be much more nimble in project delivery than governments, as they do not have to navigate the complexities of public sector procurement rules, wage mandates and the like.

Tapping Outside Capital for Park Improvements

PPPs can also potentially offer a means for parks authorities to tap private financing to upgrade or modernize facilities at a time when public funding continues to be constrained by state fiscal

challenges. As one example of this approach, in recent years California State Parks partnered with the concessionaire Recreation Resource Management to finance, develop and operate a new 24-cabin camping loop and other improvements totaling over \$1 million at McArthur-Burney Falls Memorial State Park, all at no cost to the state. The state lacked the funds to complete this project—it ran out of funding in the middle of a park redevelopment project—so the parks agency modified an existing “traditional” concession with the company to extend the term of the contract (out to 20 years) and expand the scope to include the project, allowing the company to get financing to develop the new loop, purchase and install the cabins, and deliver a project that otherwise would not have been completed by the state on its own. The benefits even extend past the initial project delivery. Over the life of the concession, Recreation Resource Management will operate the cabins and share revenues with the state.

An Overall “Win-Win”

One parks concessionaire, Recreation Resource Management, estimates that of every dollar of recreation revenue it receives, approximately 92 cents directly benefits the public, either being returned to government through concession fees and taxes (29 cents) or spent directly in the recreation area itself on wages, maintenance, utilities, waste collection and the like (63 cents).¹³ The remaining 8 cents covers the concessionaire’s legal, accounting and other overhead costs, as well as after-tax profit. Hence, the vast majority of money paid to private concessionaires in park operation PPPs is put to work toward the public benefit, illustrating the “win-win” nature of the PPP model for both partners.

In many ways, the situation for state parks today is analogous to the early days of the U.S. market for privately financed toll roads and other transportation infrastructure in the late 1980s. The completion of pioneering private road projects such as the Dulles Greenway and the Pocahontas Parkway in Richmond began to chip away at the antiquated paradigm that only governments should finance and operate highways. This cleared the way for over 30 states to enact laws advancing the expanded use of transportation PPPs. By 2012, Texas, Florida and Virginia alone had highway PPP projects in development representing over \$10 billion of private capital investment, and these and other states have begun to use PPPs for the private operation of other public assets in social infrastructure, higher education, K–12 education, corrections, mental health and numerous other fields.

There is no inherent reason to treat state parks any differently. Though these state land assets serve a variety of purposes (ecological, preservation, etc.), perhaps the most visible and fundamental—and the one that generates the bulk of individual park revenues in states that charge user/entry fees—is the recreation enterprise. Users pay to enter parks and use camping and other facilities.

After over 25 years of successful use in federally owned recreation areas under the aegis of the USFS, states are realizing they could follow a similar path with PPPs. For example, the California Legislative Analyst’s Office issued a report in March 2012 proposing that the state adopt a range of

reforms, including allowing private companies to operate some state parks, increasing park user fees and shifting toward entrance fees, and expanding the use of concessionaire agreements.¹⁴ This innovative approach was also endorsed by the American Society of Civil Engineers, which recommended in a 2009 report that public authorities “create partnerships between public agencies and private recreation and conservation groups to provide benefits to the public at a lower cost” as a way to improve parks.¹⁵

Part 5

Park Operation PPPs in the U.S. Forest Service

The U.S. Forest Service (USFS) has used whole park concessions extensively for over 25 years. In fact, major budget cuts prompted the agency to pioneer this PPP concession model in the 1980s as a means of keeping its vast recreation areas open, and according to the agency, “concession management will continue to be a vital means of accommodating visitor demands into the twenty-first century.”¹⁶ Although the USFS does not maintain a comprehensive database of all its concession operations, agency officials estimate that today over half of the agency’s hundreds of recreation units nationally are operated by private recreation management companies operating under park operation PPPs; one concessionaire has estimated that the number of USFS park operation PPPs totals over 1,000.¹⁷

The adoption of the park operation PPP model has meant that despite 20 years of falling recreation budgets and routine sweeps of the recreation budget into firefighting, the USFS has never had to consider the wholesale park closures now on the table in many states. In fact, during the federal government shutdown in the late 1990s, the only federal recreation areas that remained open were those under private concession management. Furthermore, unlike state parks, USFS concession-operated campgrounds and recreation areas are not accumulating large amounts of deferred maintenance. The private sector is held to maintenance standards under PPPs to ensure proper park upkeep—a significant contrast with in-house governmental parks management, where maintenance is routinely deferred amid budget pressures and meaningful accountability mechanisms to ensure proper maintenance are lacking.

USFS procurement has unique federal rules that won’t apply to most other public authorities across the country. However, the agency has found ways to craft PPPs with the private sector through special use permits, which are essentially commercial lease contracts for the operation of recreation areas. The owner (a public park agency) sets the rules and regulations, and maintains strict oversight. The leaseholder (a private park operator) operates within those confines to optimize park operations, with rewards coming from increased use.

In January 2011 the Utah legislative auditor general succinctly summarized the USFS model, writing:

Of all federal landowners in Utah, the best example of full operational privatization is the USFS. Officials from the USFS report it is a common practice in federal forests to allow private businesses to manage forest campgrounds and marinas, as well as offer additional concession services through the issuance of permits. Yet officials also report that the operations of private area managers are highly regulated through agreement terms and oversight by a reduced federal staff. The USFS typically issues five-year concession permits with a possible five-year extension based on performance; however, they also consider a longer-term permit if concessioners will utilize their own capital goods on forestry land. Typically, the USFS retains responsibility for capital projects unless special terms are negotiated, and retains the right to revoke a concession permit at any time. The local county sheriff typically provides law enforcement.¹⁸

The operating structure of these agreements is complex, especially when it comes to revenue generation. This complexity stems from the flexibility that public authorities need to conduct successful procurement. For example, priced and non-priced parks are commonly grouped together, which protects revenue-losing parks that are not independently self-sufficient, but that add value to the parks system.

Experience with the USFS and other agencies using park operation PPPs shows a broadly positive correlation between the amount of information that public authorities share about park operations, finances and conditions during procurement and the likelihood of a successful partnership with a given concessionaire. Revenue expectations are most accurately set by total gate revenue, while other use figures, like visitation numbers, provide additional insight into park operations. Further considerations include historical cost expenses such as electricity, water, sewer, solid waste collection and more.

Generally speaking, the primary details about park amenities, facilities and operations that form the basis of a PPP procurement—and which should be clearly communicated to potential private operators to ensure an open and competitive process—include:

- Operating season and hours;
- Current user fee structure;
- Historic revenue and expenditure data by park;
- The number of bathrooms by type;
- The number of camping sites by type;
- The number of picnic tables;
- The number of host sites and their amenities;
- Stay limits and other rules, limits and restrictions; and
- Any other amenities central to park operations.

The next step is to consider the assets and liabilities of a given facility. The public sector can choose whether it wants to continue to own all fixed assets, heavy equipment, property, consumable supplies and specialty equipment, or if it wants to transfer a mix of these assets to a

concessionaire or reassign them internally to other parts of the parks system. Major assets like buildings will generally remain in public hands, while most other assets are typically transferred to the private sector.

Various maintenance and law enforcement issues are also addressed during procurement. Regarding the latter, law enforcement is typically the only responsibility not taken on by concessionaires. While concessionaires enforce park rules and try to prevent dangerous behaviors, they will contact law enforcement authorities for assistance if necessary, just as would hotels and restaurants in similar situations. In fact, concessionaires often report a customer experience benefit to separating the facility host and law enforcement functions, in that having park rangers with guns patrolling a campground, selling firewood and cleaning bathrooms (common in state-run parks) can be perceived as intimidating to guests and less conducive to a friendly, customer-oriented experience.

Maintenance duties are almost always shared between both parties. Concessionaires often handle minor maintenance, cleaning and landscaping. Major projects are often, but not exclusively, undertaken by the public agency. Under the Granger-Thye Fee Offset, the USFS may permit concessionaires to complete major maintenance projects for the public agency, receiving a credit against fees for the cost of the work.

Overall, maintenance tasks can be divided in many ways, and responsibility for major maintenance is generally tied to the length of contract. In short contracts with up to five-year terms, like those typically used in the USFS, the landlord agency retains major maintenance, as described above. However, longer contracts (over 10 years in length, for example) would generally transfer major maintenance responsibilities to the concessionaire, since the longer contract term gives them the ability to finance larger projects and the time to recoup these costs over the life of the contract.

Finally, details about utility and tax information must be settled. Private companies operating on public lands usually collect sales and lodging taxes, even though a public agency previously provided that good/service. Additional considerations include excise taxes or other fees in jurisdictions where they have been substituted for property taxes if a tenant is not paying property taxes.

USFS campgrounds require that all reservations be made through the National Recreation Reservations System, operated by Reserve America, and every concessionaire is required to ensure interoperability with this system. This system serves as the central portal for facility reservations on federal public lands, with 60,000 reservable facilities at over 2,500 locations held by the USFS, the Army Corps of Engineers, the National Park Service, the Bureau of Land Management and the Bureau of Reclamation.

Similarly, discount programs (e.g., an annual parks pass) must also be considered during procurement. There are several ways to address this issue, ranging from exempting concession-run facilities or allowing visitors with passes a discount, to allowing the concessionaire to create its own pass or having the agency reimburse the concessionaire:

- *Exempting concession-run facilities from pass programs:* The federal government currently makes available an \$80 dollar America the Beautiful annual pass that grants pass holders entry to 2,000 federal recreation sites that include national parks, wildlife refuges, forests and grasslands, and other lands managed by the USFS, the National Park Service, the U.S. Fish and Wildlife Service, the Bureau of Land Management and the Bureau of Reclamation. However, this pass program specifically exempts facilities and activities on federal recreation lands managed by private concessionaires, as Congress has not created a legislative mechanism to facilitate the flow of funds across the various land management agencies involved (though agencies have been trying to develop administrative formulas to allow such transfers). Nor is there currently statutory authority that would allow agencies to compensate concessionaires for the revenues lost to pass program participation.
- *Voluntary discounts:* Even if exempted from mandatory participation in park agency pass programs, concessionaires often will voluntarily provide some type of a discount to pass holders, mostly for public relations, marketing and customer service reasons. For example, the concessionaire Recreation Resource Management currently offers federal pass holders a discount on entry fees for three popular day use areas in Sedona, Arizona, operated on behalf of the USFS. As a matter of business practice, concessionaires often find that offering voluntary discounts to pass holders engenders goodwill and can create repeat customers in the future, as opposed to alienating pass holders at park entry gates who are unfamiliar with the nuances of park pass rules and restrictions.
- *Required concessionaire participation (without compensation):* In addition to the America the Beautiful pass discussed above, the federal government also offers a \$10 annual Senior Pass that waives entry fees on federal lands and also provides a 50% discount on amenity fees, like camping, swimming and interpretive services. In contrast with the America the Beautiful exemption, the USFS often requires concessionaires to provide a 50% camping discount to Senior Pass holders, and the agency does not provide offsetting compensation for it—again because there is no legal mechanism in federal law—so each Senior Pass holder represents lost concessionaire revenue (and less ultimately paid back to the parks authority via annual rent payments). While the added costs of Senior Pass program participation are not so onerous that they prevent concessionaires from bidding on contracts, in effect, the industry has come to factor these costs into their bids and, as a result, they will lower the annual rent payments made to the USFS. In some cases, the effects of mandatory Senior Pass participation have prompted concessionaires to seek increases in user fee levels, effectively forcing everyone to pay higher fees at the gate to subsidize senior citizens, a perverse outcome that disproportionately benefits a politically powerful interest group.
- *Required concessionaire participation (with compensation):* Forcing concessionaires to take on costs that significantly reduce their overall revenue profile is ill-advised, unless there are agency funds available to create some form of concessionaire compensation mechanism, or unless annual rent payments can be lowered to account for the new costs. However, finding spare funds to compensate concessionaires for park pass program discounts is going to be challenging in a difficult fiscal environment. Still, there is

precedent; in the Coconino National Forest in the Sedona area, the USFS temporarily allowed concessionaires to bill USFS (at a discounted rate) for the costs of park entrants having a regional USFS Red Rock Pass that allowed free access to Sedona-region day use areas.

- *Concessionaire-run pass program:* Concessionaires in park operation PPPs routinely offer their own annual passes for day use areas, mostly for locals who frequent the parks. These programs are usually limited to a small set of facilities, but they also tend to be cheaper than federal or state park pass programs and offer a good value to regular park visitors, who get an annual pass for the price of a handful of days of admission. In addition to creating community goodwill, this also allows concessionaires to customize pass programs to best meet the needs of their customers. Recreation Resource Management currently offers specialized passes for local USFS facility users in the Sedona, Arizona, area; the Flagstaff, Arizona, area; and several additional regions throughout Arizona and California.

In the end, park pass programs impose costs on parks without providing offsetting revenue to concessionaires, so public agencies and their private partners should take care to craft sensible arrangements that achieve agency goals while not unduly harming a concessionaire's revenue profile.

Revenue reporting is vital and often depends on the operations aspect of the park. Since most concessionaires pay rent as a percentage of revenue, concessionaire reporting rules must be clear to both parties. Some figures that USFS requires include:

- The total number of units occupied based on daily counts;
- The total number of people based on daily counts;
- The percentage of occupancy by month;
- Total recreation fee revenue;
- Total taxes, gross and net revenue, and much more.

The USFS allows flexibility in parks operations. For example, when agency rules aren't defined, the concessionaire is asked what rules it proposes to enforce and how it proposes to enforce them. Certain parks require special rules, capacity limits and stay limits. Overall, because it is built on a negotiated contract, the PPP process is highly customizable and flexible, allowing unique agreements with unique standards that apply to unique parks.

After receiving concession bids, the USFS assigns a cross-functional team to evaluate them and recommend a winner. The USFS generally evaluates bids according to the following criteria (in order of priority):

- Proposed operating plan (staffing, rules, services, etc.);
- Company experience and references;
- Company financial ability;

- Proposed user fees (with lower fees seen as most advantageous); and
- Proposed annual rent paid back to the USFS (usually set as a percentage of total park revenue).

Procurement generally yields concessions with rental fees based on a percentage of revenues, which generally pay public agencies 5–18%. Public agencies also have the opportunity to select fixed price bids. There are tradeoffs between these options, and neither is inherently better or worse than the other.

This section has provided a distilled glimpse at the USFS's robust procurement process, in which concessionaire submissions are often hundreds of pages long. What is important for states to understand is that the USFS has set a thorough precedent for other public agencies. Its model can be emulated to protect and conserve valuable public spaces.

Part 6

Setting the Contract Terms in Park Operation PPPs

Parks are highly valued by the public. They serve several important roles, including the provision of outdoor recreation space, the conservation of habitat for species and the creation of an enabling environment for research. It is important, therefore, to ensure that parks are able most effectively to continue to perform these roles, regardless of who is responsible for maintaining and operating them.

As noted above, a well-structured park operation PPP is better able to ensure that a park remains open for recreation purposes than state management. We also noted that when the owner of a park contracts out the management to a separate private company, it suffers fewer conflicts of interest in the enforcement of rules and regulations. Performance-based contracts spell out the operating standards demanded by the parks agency. These contracts should be—and are, in practice—designed to hold concessionaires accountable for meeting those standards through positive and negative incentives, including, ultimately, the threat of losing the concession.

Though PPP contracts may address a wide range of operational issues, public agencies like USFS commonly incorporate the following five elements into park operation PPP contracts:

1. *Fee/rate setting:* The public authority often determines the user fees (park entry fees, camping fees, RV fees, etc.) that may be charged. If such a condition is included, however, it is important that there be provisions to enable revisions through a clearly defined and simple process. For example, a sound PPP contract should include language that says the agency should not unreasonably deny the concessionaire a fee change if it is supported by well-documented operating cost increases and local market analysis.
2. *Specification of services and facilities:* The contract must specify the services to be provided by the public authority and may specify some or all of the services to be provided by the concessionaire. The contract may also specify the facilities to be operated by the concessionaire, as well as any maintenance requirements and conditions or restrictions on the use of those facilities. Like fee/rate setting, it is important to include provisions enabling revision of these aspects of the contract.
3. *Restrictions on facility modifications:* The contract may specify what modifications may be undertaken on facilities operated by the concessionaire (ranging from a requirement to

upgrade everything to a total prohibition on any modification) and typically will require prior approval from the public authority for any modification not expressly specified.

4. *Season and hours of operation:* The contract may specify the expected dates and hours of operation. Typically this is done by facility, as parks may differ in terms of seasonal use and hours of operation.
5. *Customer service:* The public authority may include in the contract particular expectations and goals sought from the concessionaire in terms of interacting with and delivering services to park users. These may include such provisions as issuing customer surveys, rules for accepting reservations, refund policies and standards of cleaning and maintenance, for instance. Since concessionaires function as public entities, they are responsible for conforming to guidelines and policies related to civil rights and disabilities, and these should be included in the contract.

These are obviously just illustrations of the sorts of contract provisions that can be included. Actual terms will depend very much on the long-term vision of the elected officials and agents who oversee the park. Given the widespread use of the above provisions, however, it is worth reviewing their implications:

1. The fee-setting argument contends that since the park is owned by taxpayers, fees should be set at a rate that ensures access to the widest group of people. But rate setting may not be necessary to achieve that goal. The argument for rate setting has traditionally been made in the context of public utilities that are “natural” monopolies and thus able to charge monopoly prices, but parks are not monopolies. People have a wide variety of parks from which to choose. Even a park’s remoteness does not give it market power, since parks may advertise their rates online, effectively competing prior to a visit. So the concessionaire has an incentive to price competitively in order to attract customers. Also, imposing restrictions on fees, or requiring approval of changes, may discourage experimentation in the supply of services and may effectively prohibit the provision of higher-end services. It may also limit the funds available for investments in conservation and other improvements to habitat quality.
2. While it is important for concessionaires to know what services the public authority will be providing, it is not necessary for the public authority to determine fully what services the park operator will provide. As with fee-setting, the specification of what services and facilities are to be provided by the concessionaire appears to ignore economic reality and go beyond the logical division of responsibilities between the owner and the operator of the park (as discussed above). Operators clearly have an interest in ensuring that the facilities offered are consistent with the expectations of customers. Nonetheless, it may be necessary for the public authority to state restrictions on the types of services that may be provided by the concessionaire in order to ensure that facility densities and extent and types of park use do not exceed those deemed necessary to achieve the conservation role of the site.

3. Facility modification provisions effectively prevent any unanticipated or discretionary development within parks by the concessionaire and are one way to establish park quality standards. Rigid provisions make sense for short-term leases, but not for longer-term leases. In a longer-term lease, they would discourage operators from investing in innovative improvements to the facilities that might increase their attractiveness to paying customers. For longer leases, it may make sense to set broad parameters regarding what developments are permissible without seeking park agency approval in advance.
4. The public authority and the concessionaire should agree on the length of the season and hours of operation, since these affect both parties.
5. Concessionaries should be required to comply with service obligations dictated by law and legislation. In addition, per point 3 above, there may be a need to introduce restrictions on certain activities in order to achieve conservation objectives. However, it is also important to recognize the existence of trade-offs: if a certain activity, such as use of snowmobiles or motocross bikes, has a negative conservation impact but generates significant revenue, it may nonetheless be worth permitting, perhaps to some limited extent, in order to ensure that the park is able to remain self-financing.

In general, it seems unlikely that the public authority will have a better view than the concessionaire of the kinds of services that should be provided to the public. One of the primary benefits of a PPP is that private sector service providers have stronger incentives to draw from experience to and identify and provide services to customers in order to create a memorable and enjoyable experience.

Parks authorities can incorporate a wide range of additional performance or service delivery expectations into park operation PPPs, and these can be tailored for each individual contract. For example, contract provisions routinely cover such areas as:

- Division of maintenance responsibilities;
- Coordination with the agency's various pass programs;
- Existing deferred maintenance the concessionaire may inherit;
- Emergency plans (e.g., fire or hurricane evacuation plans);
- Coordination with law enforcement;
- Financial capability and cash on hand in case of unexpected costs;
- Operating procedures;
- Conditions (including odor) of toilets and trash receptacles;
- Vegetation around road and parking barriers;
- Educational/interpretive programs;
- Signage and branding;
- Marketing plans;

- Internet and social media presence;
- Multilingual programs and materials;
- Bear-resistant trash receptacles;
- Functional gravel sumps;
- Floats and lines designating swimming areas;
- Removal of hazardous trees, including stump removal;
- Entrance signage featuring contact information;
- Recycling programs;
- Provision of fire rings and grills;
- Healthy foods initiatives; and
- Special events and public programs (e.g., National Public Lands Day).

Contracting presents a spectrum of trade-offs that ultimately lie in policymakers' hands. Park facilities in designated wilderness areas, for example, are subject to The Wilderness Act of 1964, which defines wilderness in part as “an area of undeveloped Federal land retaining its primeval character and influence without permanent improvements or human habitation, which is protected and managed so as to preserve its natural conditions.”¹⁹ This has resulted in public authorities imposing what might seem to be quite extreme requirements, amounting to a directive essentially to disturb nothing, build nothing and just run clean facilities. At one privately operated concession in Florida in a designated wilderness area, the contract bans the concessionaire's use of motorized vehicles. Instead, their employees have to canoe into the recreation sites. Moreover, the concessionaire is required to use hand tools to conduct tree pruning and other maintenance, precluding the use of power tools.

Notwithstanding the need to ensure that concessionaires comply with existing laws, onerous contract mandates may lead to adverse consequences, including but not limited to reducing the number of eligible/interested concessionaires; decreasing revenue returned to the public from concessionaires; increasing contract monitoring costs; and redistributing capital from meeting the public interest to meeting the whims of public officials. To the extent that these onerous contract mandates are driven by federal and/or state legislation, there may be a case for revisiting that legislation in order to enable parks to become more sustainable.

PPPs offer a powerful way to ensure that the long-run vision for a park is implemented effectively and efficiently. These provisions can offer dramatic improvements over the status quo.

Part 7

Applying the Park Operation PPP Model: California

No state illustrates the parks crisis better than California. Even though its parks charge entry fees, only 5% of them (13 of 279) covered operating costs in 2009, according to the *Los Angeles Times*.²⁰ The rest relied on public subsidies.

In response to budget pressures in 2010, California officials cut the parks budget by \$11 million and planned a further \$22 million of cuts for future years. As a result, 150 state parks were shut down part-time or suffered deep service reductions. Moreover, state parks had already deteriorated significantly under the state's stewardship, accumulating over \$1 billion in deferred repairs and maintenance.²¹

A November 2010 California ballot initiative, Proposition 21, proposed to increase vehicle license fees in the state by \$18 a year, with the revenues (estimated at \$500 million) going to a dedicated fund for California's state parks. When this initiative was voted down 57.3% to 42.7%, the stage was set for the permanent closure of dozens of state parks.

As a preliminary step, Governor Jerry Brown signed a bill (AB 95) into law in March 2011 that would absolve the state from liability for injuries, crimes and damage incurred in closed state parks. In May 2011, the California administration followed that with an announcement that 70 state parks (a quarter of California's total) would be closed.

California State Parks Seeks an Alternative

In response to this announcement, the state parks division of the California Department of Parks and Recreation, California State Parks (CSP), began seeking partnerships with cities, counties, nonprofit organizations and private entities that would allow it to keep as many of these parks open as possible. It pursued various arrangements, ranging from donor agreements and nonprofit partnerships to the groundbreaking use of private concessions to operate state parks.

This newfound courage soon paid dividends for CSP. In July 2012, it was able to announce that 69 of the 70 parks previously targeted for closure would remain open to the public in the short term,

thanks to a recently signed state budget that authorized funding to keep the parks open while partnership agreements were pursued.²²

At the time of that announcement, partnership agreements had already been signed for 41 state parks. Of these:

- 20 will be operated by CSP under agreements with outside donors;
- 11 will be operated by municipal governments under intergovernmental operating agreements;
- 5 will be operated under park operation PPPs using private concession management;
- 3 will remain open, but with significant service reductions; and
- 2 will be operated by nonprofit organizations.

Negotiations were in progress for 24 additional state parks. Of these:

- 11 would be operated by CSP under agreements with outside donors;
- 7 would be operated by nonprofit organizations;
- 2 would be operated under park operation PPPs using private concession management;
- 2 would be operated by municipal governments under intergovernmental operating agreements;
- 1 would remain open through an interagency funding agreement; meanwhile
- Options are still being sought for the remaining park.

Five other parks still had no partnership, donor or concession agreement in place at the time of the announcement. Four were to remain open in the short term while CSP continued to pursue such agreements; the other had to close.

PPPs for California State Parks

Although successful arrangements were reached (or were still being pursued at the time of writing) for 69 out of the 70 threatened state parks, it is worth noting that intergovernmental agreements and nonprofit partnerships may not prove a sustainable operating option in many cases. Indeed, many of these arrangements are of a relatively short (one- to two-year) duration. Local governments are still facing strong fiscal headwinds in the wake of the 2008 recession and are in a poor position to take on new parks and recreation funding responsibilities. Nonprofit organizations may not have the capital or operational expertise to keep individual state parks open for the long term. Similarly, outside donor interest in supplementing parks funding is likely to be highly variable in a difficult economy.

CSP is aware of this. Indeed, these limitations prompted CSP to solicit park operation PPPs for several of the threatened parks referred to above—the first such state-level initiative in recent times. The state embraced the PPP model in earnest in March 2012, when CSP issued a new request for proposals (RFPs) seeking a five-year concession contract (or contracts) to operate campground and day use state recreational areas (SRAs) at five park units in the Central Valley:

- Turlock Lake SRA;
- Woodson Bridge SRA;
- Brannan Island SRA;
- McConnell SRA; and
- George J. Hatfield SRA.

Two of these—the McConnell and Hatfield SRAs—were subsequently removed from the procurement after the state struck agreements with outside donors to keep them open. For the remaining three parks, the procurement structured the PPPs as whole-park concessions in which the state would retain ownership and control over the parks while paying a private operator nothing to operate them. The department set a minimum annual rent level for each park that bidders had to exceed in their proposals—based either on percentage of gross revenue returned to the state or specific minimum rent payment amounts set by the state, whichever was greater—and it allowed would-be concessionaires to bid for any combination of one or more parks. The parks in question represented a mix of revenue-generating and revenue-losing parks, allowing a win-win for bidders and for the state by bundling each of the parks into one PPP vehicle. (For an explanation of how to address revenue-losing parks, see the section above on U.S. Forest Service park operation PPPs.) The Brannan Island SRA alone had cost the state \$740,000 to operate in 2011, over twice the amount it raised through user fees and traditional concession revenue, according to *The Wall Street Journal*.²³

According to the agency’s RFP (see Appendix A), the objectives of the PPP were to:

1. Maintain campground, day use, and recreational facilities, as well as signage;
2. Ensure adequate staffing to maximize use and protection of facilities, including roads and trails;
3. Collect campground and day use entrance fees;
4. Ensure the safety and convenience of park visitors; and
5. Protect the state’s natural and cultural resources.

In June 2012 the department selected a winning bidder—Utah-based American Land & Leisure, which operates 492 campgrounds across 12 states—for the three-park package. Some noteworthy aspects of the PPP include:

- The contract term lasts five years.

- The state set forth clearly delineated maintenance requirements for both itself and the concessionaire. The concessionaire is generally responsible for handling (and covering the costs of) minor improvements and day-to-day repairs. For larger maintenance jobs, all revenues paid back to the state as concession rent in these three parks will be put into a park maintenance fund from which the concessionaire can seek state approval to spend. Regardless, the state has removed the maintenance costs for these parks from its books and transferred them to the concessionaire.
- To protect itself against lower-than-expected concessionaire rent payments over the life of the concession, the state required American Land & Leisure to obtain a performance bond covering 100% of the anticipated rent payments over the next five years. This is a risk-transfer mechanism to ensure that the state receives 100% of the rent payments originally envisioned in the procurement, regardless of whether the anticipated revenues are actually generated by the park.
- Workers at the affected parks who do not stay on with American Land & Leisure will be transferred to other parks in the system and will not lose their jobs.
- The concessionaire will provide on-site, live-in staff to operate the parks, while either the California Highway Patrol or local sheriffs' offices will handle law enforcement responsibilities.
- The concessionaire is required to provide commercial general liability, automobile, and worker's compensation insurance under the contract, at levels greater than the state had previously insured itself.
- The concessionaire is required to maintain the premises, trails, roads, facilities, furnishings and equipment in good condition in accordance with agency standards and contract provisions. In fact, the concessionaire is required to implement an operations plan for each park unit (prepared by the concessionaire and approved by the state) that outlines how services will be provided and facilities maintained over the life of the concession.

Each of these parameters of the PPP structure ultimately lies in policymakers' hands. For example, CSP's decision to retain all former employees not retained by the concessionaire was a policy decision that may or may not be desirable—or even feasible, given ongoing budget pressures—in either California or other states.

Additionally, CSP signed separate park operation PPPs with the Bodie Foundation to operate Mono Lake Tufa State Natural Resource Area and with Parks Management Company to operate Limekiln State Park on the Central Coast, bringing the total number of California state parks operated under park operation PPPs to five. At the time of writing, the state was continuing to pursue park operation PPPs for two additional parks: Point Cabrillo Light Station State Historic Park and the Benbow Lake SRA.

Given the extraordinary budget pressures on California's state parks system in recent years, it is encouraging to see the state take proactive steps toward leveraging the power of PPPs to keep parks open and thriving. Perhaps more importantly for the nation as a whole, California's status as having one of the premier state parks systems makes it likely that other states will start to explore how similar PPPs could be used to enhance the fiscal sustainability of their own parks.

Part 8

Prospects for State Adoption of Park Operation PPPs

Given the potential benefits outlined in this report, it is unsurprising that policymakers in several cash-strapped states have begun to explore the use of PPPs as a means to keep parks open and thriving amid strained budgets and heightened competition for limited state funds. We have already discussed the application of the model in California. Other states exploring the concept include Arizona, Utah, Hawaii, New Jersey and New York. Here we offer a quick overview of the status of the application of the model in those states.

Arizona

In the Grand Canyon State, severe state budget deficits and threatened park closures have brought the parks funding crisis to a head, prompting policymakers to explore alternate management options designed to lower costs and create a self-sufficient parks system. While Arizona State Parks (ASP) has, in recent years, entered into a range of partnerships with local governments and Indian tribes to keep several parks open, these partnerships are short term and do not ensure the long-term viability of the parks. This has led to calls to explore the potential for park operation PPPs.

The policy discussion began in 2009 when one of the largest national recreation concessionaires, Phoenix-based Recreation Resource Management, offered to lease six Arizona state parks targeted for closure amid state budget cuts. The concessionaire proposed to collect the same visitor fees the state charged at the time, while taking the operations and maintenance costs of these parks off the state's books entirely. Further, the concessionaire would pay the state an annual lease payment based on a percentage of the fees collected. The state would retain full ownership of the land and the company would be subject to strict state controls on operations, visitor fees, maintenance and other key issues. Policymakers failed to act on this proposal, though it did serve to increase awareness that PPPs could be a viable option for Arizona.

In September 2010, the Arizona Commission on Privatization and Efficiency—a gubernatorial advisory body—issued a report recommending the expanded use of park operation PPPs to ensure that parks remain open and properly maintained.²⁴ Two months later, the Arizona State Parks

Foundation issued its own report evaluating ways in which the state could pursue more partnerships with private entities and introduce systemic efficiencies that would lead the state parks system toward financial sustainability. The report found that “[t]here are certain functions of the Arizona State Park System, as well as potential new opportunities that are better suited for the private sector or other public providers to either manage or pursue, or to share the responsibilities with state parks.”²⁵ Services identified as most ripe for privatization within the state park system included asset management and maintenance, accommodations, food, hospitality, retail and recreational services.

The foundation report assessed each of the state’s 28 parks on the potential for partnerships with either for-profit or nonprofit organizations, identifying 10 parks with high partnership potential, 12 parks with moderate partnership potential and six parks with low partnership potential.

Distinguishing qualities of parks with a high potential for partnerships included:

- Large or reliable visitation;
- Significant revenue generation capacity;
- Moderate to few land restrictions;
- Moderate to few legal or land use encumbrances;
- Moderate to few resource management challenges; and
- New revenue development potential.

Additionally, the report recommended transitioning ASP to a quasi-governmental entity that could operate in a more business-like manner and be more nimble in pursuing financially beneficial partnerships with public and private entities. The report also identified a series of constraints and challenges to privatization that included:

- The costs of effective contract management;
- The need for measureable performance criteria that can be incorporated into all PPP agreements;
- Potential legal restrictions arising from agreements that established state parks on land leased from federal land management agencies (or owned by the State Land Department);
- Compliance with federal rules on privatization related to ASP’s use of federal conservation dollars; and
- Suboptimal infrastructure and the need for capital investment at many parks.

On the heels of the two privatization reports, ASP issued a request for information (RFI) to private vendors in December 2010 to “solicit feedback and recommendations regarding the feasibility of transitioning or enhancing various operations at ASP with the private sector.” The RFI was open-ended in terms of scope, offering vendors the opportunity to present creative ideas and concepts for the agency to consider for further procurements. ASP received responses from several interested

recreation management companies, but at the time of writing, the agency had neither announced the results of the solicitation nor moved forward with specific procurements.

Utah

Utah officials have been examining the potential for park operation PPPs in recent years. The subject came to the forefront in 2011 in the wake of a performance audit of the state parks system issued by Utah's legislative auditor general in January of that year. The audit was prepared at the request of a legislative subcommittee to identify ways the parks system can be more self-sufficient and less reliant on general fund dollars. It recommended that the state's Division of Parks and Recreation adopt a more business-like operation to improve park system efficiency and suggested the adoption of a pilot program to evaluate the effectiveness of park operation PPPs. Noting that park operation PPPs have been seldom used to date at the state level, the audit found that privatization "is a feasible operational model," pointing to the USFS as an example. (For more on the Utah audit, see the section above on U.S. Forest Service Park Operation PPPs.)

The audit found that Utah could contract for camping and/or marina services (and potentially some visitor centers) to essentially privatize the operations of 33 state parks, but as an initial step it suggested that the legislature consider implementing a pilot program covering the operations of only a few state parks. Further, the audit reviewed the operating costs and revenues at five state parks that provide camping and/or marina services and found that three of the five parks operating at a deficit in FY2010 would have had surpluses if run under a PPP model similar to that used by the USFS. (Revenue-losing parks are addressed in the section on U.S. Forest Service Park Operation PPPs.)

In May 2011, the Utah Privatization Policy Board—an advisory body to the legislature on privatization and PPPs—issued a set of recommendations to Gov. Gary Herbert. It echoed the call for establishing park operation PPPs for at least a portion of the state parks, and it proposed the sale and/or lease of Utah's four state-owned golf courses. While the board rejected any outright sales of state parks, it found that "private contracting of the operations of state parks or a portion of them will be in the best interest of the taxpayers and that it can be done without harming environmental amenities or the recreation experience." The board also encouraged Utah's Division of State Parks to develop comprehensive and easily monitored PPP contracts.

Hawaii

In May 2011, state policymakers enacted a new law—Act 55 (Senate Bill 1555)—that transferred state-owned lands to a new Public Land Development Corporation, a development arm of the state's Department of Land and Natural Resources authorized to form PPPs to develop state land, renovate public recreation and leisure assets, and generate revenues to offset major departmental

budget cuts in recent years. The corporation can also issue revenue bonds for land acquisition and the construction or renovation of state facilities.

New Jersey

The final report of the New Jersey Privatization Task Force—an advisory commission appointed by Gov. Chris Christie shortly after entering office in 2010—recommended that the state should enter into long-term concession agreements with private recreation firms for the operation and management of state parks.²⁶ Department of Environmental Protection Commissioner Bob Martin told *The Star-Ledger* in May 2010 that “[New Jersey is] barely getting by this year with enough funding to run the parks, so [the state is] looking for ways to ensure that [its] parks stay open and all residents have an opportunity to be able to use parks and recreation sites.”²⁷ According to the Privatization Task Force’s estimates, using PPPs for the operation of some of the 58 state parks could save the state \$6 million to \$8 million annually.

New York

In July 2011, the New York State Office of Parks, Recreation and Historic Preservation (OPRHP) issued a request for expressions of interest from private entities interested in partnering with the state for the adaptive reuse of unused structures and facilities at Knox Farm State Park. The request aims to solicit ideas for projects to enhance and improve the park, with a particular focus on proposed improvements to a 14,400-square-foot estate house and an 11,200-square-foot stable complex located on the site.

Part 9

Conclusion

Early preservationists such as John Muir hoped that transferring the ownership, operation and maintenance of land to the government would ensure that the land was cared for in perpetuity. State parks are an example of the attempt to put that hope into practice. Recent events, ranging from poor internal administration to external economic conditions, show some of the drawbacks to this approach. The ongoing threat of fiscal uncertainty has left state parks in a precarious position.

Many people continue to want to experience the wonders of the great outdoors. The public also has certain expectations about the conservation of nature and the preservation of wilderness. Policymakers and government officials should focus on meeting these expectations in the most cost-effective way possible. This paper shows that in many cases that means using park operation PPPs.

Park operation PPPs can help ensure that parks remain open to the public, are managed according to the long-term vision of our elected and appointed officials, and remain financially sustainable. Pioneered at the federal level by the U.S. Forest Service, they are a perfectly feasible option at the state level, as evidenced by California, which is using park operation PPPs to rescue five parks from closure.

PPPs offer a wide range of benefits in park operations, including financial sustainability, optimization of staffing and operations, enhanced risk management, accountability for outcomes, proper facility maintenance and much more.

Policymakers in other states should carefully consider the long USFS history with park operation PPPs and California's recent initiatives as they contemplate ways to ensure the long-term fiscal sustainability of their own state parks. PPPs have proven to be an effective tool for conservation, which can provide stability in the face of fiscal uncertainty and transform underfunded state parks into self-sustaining public environmental assets.

About the Authors

Leonard Gilroy is the director of government reform at Reason Foundation (reason.org), a nonprofit think tank advancing free minds and free markets. Gilroy researches privatization, government reform, and fiscal, transportation, infrastructure and urban policy issues. He has a diversified background in policy research and implementation, with particular emphases on public-private partnerships, competition, government efficiency, transparency, accountability and government performance.

Gilroy has worked closely with legislators and elected officials in Texas, Arizona, Louisiana, New Jersey, Utah, Virginia and numerous other states and local governments to help design and implement market-based policy approaches. In 2010 and 2011, Gilroy served as a gubernatorial appointee to the Arizona Commission on Privatization and Efficiency, and in 2010 he served as an advisor to the New Jersey Privatization Task Force, created by Gov. Chris Christie. Gilroy also edits Reason Foundation's *Annual Privatization Report* (www.reason.org/apr), which examines trends and chronicles the experiences of local, state and federal governments in bringing competition to public services.

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Morris is the author of dozens of scholarly articles on issues ranging from the morality of free trade to the regulation of the Internet, although his academic research has focused primarily on the relationship between institutions, economic development and environmental protection. He has also edited several books and co-edited, with Indur Goklany, the *Electronic Journal of Sustainable Development*.

Morris is also a visiting professor in the Department of International Studies at the University of Buckingham (UK). Before joining Reason, he was executive director of International Policy Network (www.policynetwork.net), a London-based think tank that he co-founded. Before that, he ran the environment and technology program at the Institute of Economic Affairs, also in London.

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Appendix A

California State Parks Whole-Park Concession Request for Proposals

<http://www.parks.ca.gov/pages/22374/files/Valley%20RFP%20%20Final%203-9-12.pdf>

State of California – The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

Request for Proposals
at
Valley State Parks
Camping and Day Use Area Concession



Opening Date: March 8, 2012

Closing Date: May 1, 2012

STATE OF CALIFORNIA – NATURAL RESOURCES AGENCY
DEPARTMENT OF PARKS AND RECREATION
CONCESSIONS, RESERVATIONS and FEES DIVISION
1416 NINTH STREET, 14TH FLOOR
SACRAMENTO, CA 95814



NOTICE OF REQUEST FOR PROPOSALS

Notice is hereby given that the California Department of Parks and Recreation now is accepting proposals for the concession operation described below.

Concession Name:	Valley State Parks, Camping and Day Use Area Concession										
Park Unit (s):	Turlock Lake SRA, McConnell SRA, George J. Hatfield SRA, Woodson Bridge SRA, Brannan Island SRA										
Proposal Closing Time & Date:	2:00 PM on May 1, 2012										
Proposal Submission Location:	California Department of Parks and Recreation Concessions, Reservations and Fees Division 1416 Ninth Street, Room 1442-13 Sacramento, CA 95814										
Concession Type:	Campground, day use area, facility maintenance and housekeeping.										
Contract Term:	Five (5) Years with option to extend on a month to month basis										
Minimum Annual Rent Bid:	Minimum Annual Rent shall consist of: <table style="margin-left: 20px; border: none;"> <tr> <td>Turlock Lake SRA</td> <td>\$5,200, annually</td> </tr> <tr> <td>McConnell SRA</td> <td>\$3,000, annually</td> </tr> <tr> <td>George J. Hatfield SRA</td> <td>\$400, annually</td> </tr> <tr> <td>Woodson Bridge SRA</td> <td>\$1,200, annually</td> </tr> <tr> <td>Brannan Island SRA</td> <td>\$12,200, annually</td> </tr> </table> <p style="margin-left: 20px;">or</p> <p style="margin-left: 20px;">3 percent (3%) of Gross Receipts,</p> <p style="margin-left: 20px;">or as bid,</p> <p style="margin-left: 20px;">whichever is higher</p>	Turlock Lake SRA	\$5,200, annually	McConnell SRA	\$3,000, annually	George J. Hatfield SRA	\$400, annually	Woodson Bridge SRA	\$1,200, annually	Brannan Island SRA	\$12,200, annually
Turlock Lake SRA	\$5,200, annually										
McConnell SRA	\$3,000, annually										
George J. Hatfield SRA	\$400, annually										
Woodson Bridge SRA	\$1,200, annually										
Brannan Island SRA	\$12,200, annually										
Proposal Bond:	Five Hundred Dollars (\$500)										
Performance Bond:	6 months Minimum Annual Rent, as bid										
Proposer's Minimum Years of Relevant Experience:	Three (3) Years										

For more information you may download the RFP at www.parks.ca.gov/concessions or obtain a copy by emailing concessions@parks.ca.gov or telephoning (916) 653-7733.

Original signed by Director

Ruth Coleman, Director

TABLE OF CONTENTS

VALLEY STATE PARKS..... I

NOTICE OF REQUEST FOR PROPOSALS II

SECTION 1 - PROJECT SUMMARY..... 4

1.1 GOAL & OBJECTIVES4

Department Mission4

Goal of this Request for Proposals (RFP).....4

Objectives of this RFP.....4

1.2 GENERAL INFORMATION.....4

Closed Valley State Parks Proposed for Partial Concession Operation:.....4

Premises Description4

Site Visits6

1.3 CONTRACT SUMMARY7

CONCESSION PROPOSAL (DPR 398).....8

SECTION 2 - THE RFP PROCESS 9

2.1 PROPOSAL PROCESS.....9

Tentative Proposal Dates.....9

RFP Content Questions9

Proposal Bond.....10

Proposal Submission10

Proposal Format & Content.....10

Confidentiality of Proposals.....10

Withdrawal of Proposals10

2.2 EVALUATION PROCESS.....11

Verification of Proposal Information11

State’s Right to Reject Proposals, Waive Defects and Requirements.....11

Supplemental Information11

Proposal Evaluation11

Contract Award Board.....11

Contract Award11

Protest of Award.....12

Preparation of Contract.....12

Performance Bond and Insurance.....12

Failure to Sign/Deliver Contract13

SECTION 3 - THE PROPOSAL..... 13

3.1 INSTRUCTIONS FOR THE CONCESSION PROPOSAL.....13

 I. *PROPOSER INFORMATION*.....13

 II. *PROPOSAL INFORMATION*.....16

 III. *PROPOSAL SUMMARY*.....19

 IV. *CERTIFICATION OF PROPOSER INFORMATION*.....19

 V. *PRIVACY NOTICE*.....19

3.2 PROPOSAL EVALUATION CRITERIA20

3.3 PROPOSAL EVALUATION SHEET23

3.4 CONCESSION PROPOSAL, DPR 398.....25

3.5 SAMPLE CONCESSION CONTRACT.....26

SECTION 1 - PROJECT SUMMARY

1.1 GOAL & OBJECTIVES

Department Mission

The mission of California State Parks is to provide for the health, inspiration, and education of the people of California by helping to preserve the state's extraordinary biological diversity, protecting its most valued natural and cultural resources, and creating opportunities for high-quality outdoor recreation.

Goal of this Request for Proposals (RFP)

Acceptable proposals will provide continued public access, resource protection and use of campgrounds, day use areas, roads, trails and recreational facilities to the maximum extent possible at up to five California State Park units in the Central Valley area.

Objectives of this RFP

- 1) Maintain campground, day use, and recreational facilities and signage.
- 2) Ensure adequate staffing to maximize use and protection of facilities including roads and trails.
- 3) Collect campground and day use entrance fees.
- 4) Ensure the safety and convenience of for park visitors.
- 5) Protect the State's natural and cultural resources.

1.2 GENERAL INFORMATION

Closed Valley State Parks Proposed for Partial Concession Operation:

- Turlock Lake State Recreation Area
- McConnell State Recreation Area
- George J. Hatfield State Recreation Area
- Woodson Bridge State Recreation Area
- Brannan Island State Recreation Area

Detailed information on each of the above parks is available in the "Find a Park" section of the Department's website at <http://www.parks.ca.gov/parkindex/>.

Premises Description

The Sample Concession Contract, an attachment included with this RFP, contains Exhibit A. Exhibit A contains the following information that will be helpful in developing a proposal:

Exhibit A 1 Premises Description

Exhibit A 2 Premises Maps

Individual park unit utility costs and other unit costs are not available. Revenue and attendance statistical information is listed below:

REVENUE AND ATTENDANCE STATISTICS									
Unit Name	Fiscal Year	REVENUE				ATTENDANCE			
		Day Use	Camping	Other	Total	Paid Day Use	Free Day Use	Camping	Attendance
Brannan Island SRA	2010-2011	\$102,977	\$200,102	\$300	\$303,379	46,410	10,961	18,397	75,768
	2009-2010	\$129,405	\$222,371	\$590	\$352,366	66,906	26,231	25,308	118,445
	2008-2009	\$128,791	\$251,458	\$8,756	\$389,004	72,255	16,204	36,069	124,528
	2007-2008	\$110,539	\$273,876	\$10,883	\$395,297	67,017	11,825	42,838	121,680
	2006-2007	\$101,066	\$223,299	\$10,970	\$335,335	54,341	9,331	42,177	105,849
Park Unit 5 Year Totals					\$1,775,382				546,270
Turlock Lake SRA	2010-2011	\$84,676	\$87,804	\$0	\$172,480	30,162	7,411	11,836	49,409
	2009-2010	\$76,567	\$76,408	\$0	\$152,975	31,330	8,970	11,845	52,145
	2008-2009	\$62,453	\$64,626	\$3,083	\$130,161	40,581	10,989	11,782	63,352
	2007-2008	\$60,668	\$69,804	\$3,023	\$133,495	36,451	11,593	10,968	59,012
	2006-2007	\$68,018	\$58,809	\$10,764	\$137,591	44,608	9,404	11,082	65,094
Park Unit 5 year Totals					\$726,703				289,012
George J. Hatfield SRA	2010-2011	\$3,959	\$9,641	\$0	\$13,600	2,289	1,891	3,290	7,470
	2009-2010	\$8,232	\$13,027	\$0	\$21,259	4,010	3,284	4,082	11,376
	2008-2009	\$8,540	\$14,627	\$0	\$23,167	4,628	5,337	7,955	17,920
	2007-2008	\$6,489	\$11,151	\$0	\$17,640	3,987	7,576	7,751	19,314
	2006-2007	\$4,646	\$6,010	\$0	\$10,656	2,178	5,550	5,761	13,489
Park Unit 5 year Totals					\$86,322				69,569
Woodson Bridge SRA	2010-2011	\$2,175	\$37,959	\$25	\$40,160	1,419	10,241	3,517	15,177
	2009-2010	\$2,109	\$36,384	\$0	\$38,493	1,742	6,422	4,913	13,077
	2008-2009	\$3,219	\$36,840	\$1,462	\$41,521	2,648	9,877	11,824	24,349
	2007-2008	\$3,137	\$37,822	\$1,552	\$42,511	1,761	19,741	7,534	29,036
	2006-2007	\$3,486	\$38,259	\$1,857	\$43,602	1,542	18,817	7,296	27,655
Park Unit 5 year Totals					\$206,288				109,294

McConnell SRA	2010-2011	\$37,596	\$45,566	\$0	\$83,162	5,615	1,367	6,998	13,980
	2009-2010	\$50,849	\$45,612	\$0	\$96,460	0	0	0	0
	2008-2009	\$46,922	\$42,328	\$2,416	\$91,666	2,507	922	6,371	9,800
	2007-2008	\$42,134	\$46,100	\$2,883	\$91,117	9,532	4,482	18,116	32,130
	2006-2007	\$39,860	\$38,711	\$2,466	\$81,038	8,798	5,612	19,422	33,832
Park Unit 5 year Totals					\$443,444				89,742
5 YEAR Totals		\$1,368,973	\$2,565,213	\$66,796	\$6,226,583.37	627,913	558,250	409,150	2,644,356

Revenue and attendance statistical fluctuation are due to various factors including weather, fee structures, and episodic events and conditions. Analysis for the year-to-year fluctuations is not possible in this RFP.

Site Visits

Proposers are encouraged to visit each of the five state park units. Please do not call State Park staff to obtain information or contact state park personnel living in state residences.

1.3 CONTRACT SUMMARY

Proposers must be familiar with and understand all the terms and conditions of the Sample Concession Contract (included herein). The proposal should be based on the requirements of this contract in its entirety. The successful proposer has up to seven (7) days to review and sign the awarded contract. The successful proposer shall be expected to accept the provisions of the Sample Concession Contract as written. If necessary, minor clarifications, approved by staff counsel, the Department of General Services, and the Attorney General, may be made prior to contract execution. The intent of the contract is to provide the public with the full range of park operations, high-quality reasonably priced goods and services in an authentic manner and atmosphere that enhances the visitor's experience and the educational, natural, and cultural resources of the park. The term of the contract is for five (5) years.

Summary descriptions of some contract provisions are described below.

At a minimum, the successful proposer will be required to:

1. Pay the annual Rental Offer bid which will be either:
 - a. The Minimum Annual Rent, (Turlock Lake SRA, \$5,200/year; McConnell SRA, \$3,000/year; George J. Hatfield SRA, \$400/year; Woodson Bridge SRA' \$1,200/year; Brannan Island SRA, \$12,200/year).

or

- b. A Percentage of Gross Receipts (of at least 3.0%),

whichever is higher.

Maximum points will be given to the highest acceptable rental offer. The Minimum Annual Rent and Percentage of Gross Receipts will be the basis of scoring the rent criteria (see section 3.2).

Facility Maintenance/Improvement Account

Rent will go into a Facility Maintenance/Improvement Account to maintain the premises, facilities, furnishings, and equipment in good condition in accordance with the State Park standards contract provisions as described in Section 23 Housekeeping, and Maintenance, of the Sample Contract.

2. Operate campground, day use, and recreational facilities for public enjoyment and recreation in a high quality manner.
3. Establish and collect campground and/or day use fees consistent with charges at similar State-operated park units.
4. May provide sales and merchandise to support the park visitor's use of facilities, including but not limited to maps, brochures, and firewood.
5. Submit a list of proposed sales items to State for approval before they are sold on Premises.
6. Implement an Operations Plan for each park unit (prepared by Concessionaire) as specified in this RFP (Section 3. II. A. page 16) that clearly demonstrates the proposer's plan to provide services

and maintain facilities per the goals in the Project Summary. The Park Unit Operations Plans will become part of the contract subject to State review and approval.

7. Maintain the premises, trails, roads, facilities, furnishings, and equipment in good condition in accordance with Department standards and contract provisions.
8. Provide a continuing Performance Bond of at least six (6) months total rent as bid.
9. Pay for all taxes applicable to the operation of the concession, including possessory interest taxes, and all utility services as required by the contract.
10. Provide commercial general liability, automobile and worker's compensation insurance as required by the contract.
11. Obtain all necessary licenses, permits, and approvals as set forth in the contract and abide by all applicable health, safety, and environmental codes and regulations.
Comply with the letter and spirit of current and subsequent guidelines or plans, including General Plan amendments or updates, management and interpretive plans, historic structure reports, and others.
12. Demonstrate compliance with labor laws as specified in this RFP.

The successful proposer will not:

1. Provide or sell items or services considered inappropriate, deemed objectionable, or denied by the State.
2. Charge prices in excess of those approved by the State.
3. Promote or participate in activities that are incompatible with the rules, regulations, guidelines, or the mission of the Department.

Note: This contract summary is for general information only. Terms and conditions are set forth in detail in the Sample Concession Contract.

Concession Proposal (DPR 398)

Proposers must submit their plans for each park they wish to operate using the Concession Proposal form (DPR 398) and related documents. A DPR 398 may be requested by email concessions@parks.ca.gov or telephone at (916) 653-7733 from the Concessions Reservations and Fees Division.

SECTION 2 - THE RFP PROCESS

2.1 PROPOSAL PROCESS

Tentative Proposal Dates

March 8, 2012.....	Opening Date - Publication of the RFP
March 23, 2012.....	Questions - Last date for proposers to submit written questions
April 9, 2012.....	Answers - DPR written responses to questions
May 1, 2012.....	Closing Date - Deadline for proposal submission
May, 2012.....	Investigation and evaluation of Proposals
June 1, 2012.....	Notification of "Intent to Award Contract"
June 2012.....	Award, preparation, and execution of contract
July 1, 2012.....	Five (5) Year contract begins

Note: This schedule does not consider unforeseen factors that could impact the timing of the project. It is the intent of the State to keep proposers apprised of changes in the schedule as they occur. Should the award of the contract be protested, additional time will be required to resolve the matter.

RFP Content Questions

Questions regarding this RFP must be submitted in writing and received no later than 5 p.m. on March 23, 2012. To ensure fair competition, all proposers will receive the same information and materials; no telephone or personal inquiries about this RFP will be answered.

Please do NOT contact field staff. The California State Park website (www.parks.ca.gov) contains information. For example, General Plan information is at http://www.parks.ca.gov/?page_id=21299.

Questions must be submitted in writing to the Department by email or fax at the address and phone numbers listed below. A written compilation of all questions and answers, and any RFP addenda, will be posted at www.parks.ca.gov/concessions and sent by first-class mail to all identified potential proposers. Questions will be answered as clearly and completely as possible without jeopardizing the competitiveness of the proposals.

Proposers should send their questions:

- addressed to:

California Department of Parks and Recreation
Concessions, Reservations, and Fees Division, Room 1442.13
P.O. Box 942896, Sacramento, California 94296-0001

Or

- Faxed to: (916) 657-1856

Or

- Emailed to: concessions@parks.ca.gov

Proposal Bond

Proposals must be accompanied by a Proposal Bond or cashier's check payable to the State of California, Department of Parks and Recreation, in the amount of \$500. By submitting a proposal bond the proposer agrees that the bond may be cashed and retained by the State. If a cashier's check is submitted it will be cashed by the State. In the event the proposer fails to execute the contract, the bond or cashier's check will be retained by the State. Further, by submitting a proposal, proposer agrees that the State will suffer costs and damages not contemplated otherwise should proposer be awarded the contract but fail to execute and proceed with the contract, the exact amount of which will be difficult to ascertain. Accordingly, it is agreed that such retained sums shall not be deemed a penalty, but, in lieu of actual damages, shall represent a fair and reasonable estimate of damages to the State for failure of the proposer to execute and proceed with the contract upon notification of award by the State. Bonds will be returned to all proposers once a contract is signed by the best responsible bidder.

Proposal Submission

The proposal, including the Proposal Bond, must be received by 2:00 P.M. on May 1, 2012 at:

California Department of Parks and Recreation
Concessions, Reservations, and Fees Division, Room 1442-13
Sacramento, California 95814

Proposal Format & Content

The proposal package must be sealed and clearly marked on the outside with "Proposal for Park Operations for _____ SRA".

Submit an original plus **seven (7)** copies of the proposal in 8.5" x 11" three-ring binders. All material should be presented in an 8.5" x 11" portrait format with tabs for each section. Larger formatted graphic exhibits are acceptable if folded to fit within the 8.5" x 11" three-ring binder.

Confidentiality of Proposals

All proposals submitted in response to this RFP become the property of the State and are subject to the requirements of the California Public Records Act (California Government Code Section 6250 et seq.). The proposer must identify in writing all copyrighted material, trade secrets, or other proprietary information the proposer claims are exempt from disclosure under the Public Records Act. Proposers claiming exemption must include the following statement in their proposal:

The proposer agrees to indemnify and hold harmless the State, its officers, employees, and agents from any claims, liability, or damages against the State, and to defend any action brought against the State for Proposer's refusal to disclose such material, trade secrets, or other proprietary information to any party.

Failure of a proposer to include this statement and/or identify in writing the claimed exempt material shall be deemed a waiver of any exemption from disclosure under the Public Records Act. Requests to review proposal submissions will not be allowed until after an "Intent to Award Contract" notice is published by the State.

Withdrawal of Proposals

Proposals may be withdrawn at any time prior to the proposal closing date and time provided that a written request executed by the proposer or his/her duly authorized representative for the withdrawal of such proposal is filed with the Department. The withdrawal of a proposal shall not prejudice the

right of a proposer to file a new proposal prior to the proposal closing date and time. However, once the proposal closing date and time has passed, proposals shall be irrevocable.

2.2 EVALUATION PROCESS

Verification of Proposal Information

The State will obtain credit reports and verify tax form information to further establish the qualifications of any proposer. All proposers may be subject to a personal interview and inspection of his/her business premises prior to award. Proposers should notify bank and business references in writing that a representative from the state will be contacting them concerning the financial and credit information furnished to the Department with the proposal.

State's Right to Reject Proposals, Waive Defects and Requirements

The State reserves the right to accept or reject any or all proposals, and waive any or all immaterial defects, irregularities, or requirements in the RFP for the benefit of the State, so long as such waiver does not give any proposer a material advantage over other proposers. A proposer shall not be relieved of his/her proposal nor shall any change be made in his/her proposal due to a proposer error.

Supplemental Information

At its sole discretion, the State reserves the right, but does not have the obligation, to seek supplementary information or clarification from any proposer at any time between the dates of proposal submission/acceptance and the contract award. The State may obtain credit reports and/or make background inquiries to further establish the qualifications of any proposer. Proposers may be required to make a presentation to the Concession Contract Award Board.

Proposal Evaluation

All proposals received shall be evaluated for form and content in accordance with the requirements of this RFP. The Contract Award Board will evaluate and score each eligible proposal pursuant to the point system and selection criteria as described in the Proposal Instructions and Proposal Evaluation Form. Proposals not containing all of the items in the Concession Proposal form (DPR 398) may be rejected.

Contract Award Board

Concession Contract Award Boards are appointed by the Director of the Department, or his or her representative, and convened to review, evaluate, and rate each proposal received and make a recommendation to the Director regarding the selection of the "Best Responsible Proposer". The Award Board for this contract may include park staff with related expertise, such as Field Division Chief, Deputy Director, Park Design and Construction staff, or District Superintendent, and representatives from other public agencies or the private sector.

Contract Award

If an award is made, the award for a concession contract will be to the "Best Responsible Proposer" in accordance with Section 5080.23 of the Public Resources Code. The "Best Responsible Proposer" will be the bidder whose proposal passes each of the required elements and receives the highest total score as determined by the Contract Award Board and approved by the Director. Execution of the awarded concession contract is subject to approval by controlling agencies of the State, which include the Department of General Services and the Attorney General, and will not be binding on the State or the successful proposer until such approval is obtained. In the event the State does not identify a "Best Responsible Proposer" through the bid process, the State may negotiate a concession contract under the provisions of Public Resources Code Section 5080.16.

Protest of Award

Based on California Code of Regulations, Title 14, Division 3, Chapter 3, Section 4400 and Department of Parks and Recreation policy, within ten (10) days after the Department has issued a notice of intent to award a concession contract for a term in excess of two (2) years following a request for proposals or invitation to bid, any proposer/bidder may file a written statement of protest against awarding of the contract with the Director of the Department. The statement shall be signed by the protestor, shall specify the grounds for the protest and may include a demand for a hearing. Failure to file a verified petition within the ten-day period shall constitute a waiver of the right to protest. Protests must be sent to:

Director
California Department of Parks and Recreation
1416 Ninth Street, 14th Floor
P. O. Box 942896
Sacramento, California 94296-0001
Fax: 916-657-3903

A copy of the protest must be served on the Attorney General within the ten-day period by the proposer/bidder. Serve the Attorney General at:

State of California
Department of Justice
Office of the Attorney General
Land Law Section
1300 I Street
Sacramento, California 95814
Facsimile: 916-322-5609

If a protest is timely served and a hearing is demanded, or if the Director on his or her own motion orders a hearing, proceedings shall be conducted according to the Administrative Procedure Act, and the protest statement shall be treated as a statement of issues. Any recommendation or decision of the hearing officer shall be submitted to the Director for approval, adoption, modification, disapproval, or other interlocutory or final action. If a hearing is not so demanded or ordered, the action of the Director shall be final.

2.3 CONTRACT EXECUTION

Preparation of Contract

Subsequent to the award of a contract, if an award is made, the State will prepare a final contract for execution. The contract will contain "exhibits" developed from the selected proposal including the proposal's Operation Plans, as required. Minor changes or modifications to the contract, proposal plans, and contract exhibits may be made prior to execution based on agreement between the State and concessionaire. However, no material change to the contract or its exhibits as presented in the RFP and in the selected proposal may be made.

Performance Bond and Insurance

The successful proposer will be required to submit a Performance Bond and evidence of insurance required under the contract. Failure to submit the bond and/or insurance verification within the time limit presented may be treated as a refusal to execute, if the State so elects. The State may take the Proposer Bond and select the next Best Responsible Proposal.

Failure to Sign/Deliver Contract

A failure of the successful proposer to sign and deliver the contract within thirty (30) days of receipt may be treated as a refusal to execute, if the State so elects. The State may retain the Proposer Bond and select the next Best Responsible Proposal.

SECTION 3 - THE PROPOSAL

3.1 INSTRUCTIONS FOR THE CONCESSION PROPOSAL

A completed Concession Proposal form (DPR 398) and a Proposal Bond will constitute the proposal. Submit one DPR 398 for each park unit bid. A single DPR 398 for multiple park units will not be considered. To be considered, Proposer should complete all sections, respond to all questions, and fill in all blanks of the form. Inapplicable questions or blanks must be marked "N/A" or "Not Applicable". Failure to properly complete the form may disqualify the proposal.

- The Department may be in discussions with non-profit organizations (NPOs) to operate one or more of the parks in this RFP. If an agreement is reached, potential bidders will be notified.
- Partnership proposals between for-profit and NPOs will be considered.
- In terms of this RFP, proposer(s) may select one, or multiple park units identified in this RFP by submitted a separate Concession Proposal for each park desired.

Multiple Units

- State reserves the right to issue single or multiple contracts based on the best responsible proposal(s).

The proposal must be clear and unambiguous. The proposal should clearly commit the proposer to enter into a contract with the State to provide the services and other concession improvements as required by this RFP and offered in the proposal. Financial commitments must be made conditional only on contract execution.

The submission of a proposal shall be deemed evidence that the proposer is aware of the responsibilities of being a concessionaire and has carefully examined State laws relating to California State Park concessions; possessory interest tax as related to concessions; the site(s) selected for said concession; obligations and responsibilities related to local control agencies and permitting requirements; and the proposal instructions, proposal form, and the sample concession contract included herein.

I. PROPOSER INFORMATION

A. Proposer Identification

Proposer Name

Upon receiving the Notification of "Intent to Award Contract", the proposer must use a name other than a personal name and the name must be a business name registered with a county and/or as a corporation/LLC registered with Secretary of State.

Small Business Status

Preference will be granted to proposers properly certified as Small Businesses as defined in Title 2, Section 1896, et seq., California Code of Regulations. To claim this preference, proposals must include a copy of the Small Business Certification and Office of Small Business (OSB) identification number. To ensure a certifiable document, applications should be submitted to OSB well before the proposal closing day and properly identify a business type consistent with this RFP. It is the proposer's responsibility to contact OSB to verify the completeness of the application. Incomplete documents are not certifiable. Proposers may obtain an application for Small Business Certification from:

Office of Small Business and DVBE Certification
707 Third Street, 1st Floor, Room 400
West Sacramento, CA 95605
(800) 559-5529 or (916) 375-4940
FAX (916) 374-4950

Certification will verify that the business is independently owned and operated; not dominant in its field of operation; has its principal office located in California; has officers domiciled in California; and together with affiliates is either a service, construction, or non-manufacturer with 100 or fewer employees and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three (3) years, or a manufacturer with 100 or fewer employees.

B. Business Information

Select the type of business that describes the proposing entity (Sole Proprietorship, Partnership, Joint Venture, Limited Liability Company or Corporation, nonprofit and provide the requested information.

For profit Businesses

The type of business must be established prior to submitting a proposal and must not be a condition of receiving the contract. Limited Liability Companies (LLC) must include a copy of their Articles of Organization with the California Secretary of State seal (LLC-1 or LLC-5) and the Statement of Information (LLC-12) to identify the managing member or members of the Organization

Nonprofit Corporations

Submit copies of:

- IRS Letter of Determination
- Articles of Incorporation, certified by Secretary of State
- Bylaws, showing date approved by the Board of Directors
- Board Member roster.

C. Individual Information

This section must be completed by each individual, partner, and member of joint ventures; CEO, officers, and holders of 25% or more of the company's shares for corporations; concession manager; and the managing member(s) of the organization identified on the LLC-12 for a limited liability company. The aforementioned identified individual(s) must also complete and sign the Authorization to Release Information in Section IV.

Experience

For the purposes of this RFP, proposers must have a minimum of three (3) years of experience in any of the following areas: provision of visitor services in a public or private park, public access to parks, improvement of park facilities, interpretive, educational or recreational services, direct protection and

stewardship of natural, cultural or historic lands and resources; operation or management of campgrounds.

Proposer(s) with less than the required three (3) years of experience will be disqualified.

Provide a narrative describing in detail the duration, extent, and quality of the proposer's education and business experience with special emphasis on the experience and qualifications related to the subject concession. Be specific with respect to the type and dates of experience, the proposer's role in the management and specific duties, type and size of operation, quality of operation, public agency involvement, contractual relationships, and other factors that demonstrate an ability to successfully operate the proposed concession. Attach additional information as needed.

D. Statement of Financial Capability

Proposers must present evidence satisfactory to the State demonstrating their ability to operate and maintain the park operations as proposed. The proposer's statement of financial capability must include the source of funding and detailed information including:

Ability to Finance: Identify and describe the specific source of funding that the business will use to undertake the project as proposed. If funds are to be used from outside sources (i.e., parent company, third party, LLC partners, etc.), provide documentation, such as a recent bank statement, balance sheet, income statement, and/or other supporting documents, to demonstrate these funds are available and unconditionally committed to this concession project. In addition, if funds are to be borrowed to finance any portion of the total investment, proposer must provide loan commitment documentation such as a letter-of-intent from the individual, bank, or other lending entity indicating the minimum amount to be loaned and any applicable percentage rate. The loan commitment may contain the qualification that the loan will be consummated only upon award of an agreement with the State; otherwise the commitment must be irrevocable and unconditional.

Business Financial Statement: Use the Business Financial Statement to describe the current and true condition of the business' assets, liabilities, and net worth. Round figures to the nearest dollar. If the business is a partnership or joint venture, each general partner or joint venturer must individually submit a Business Financial Statement. Proposer may provide copies of forms filed with the Internal Revenue Service, where applicable.

Financial Proforma: Provide annual revenue projections and anticipated operating costs for the period of proposed operation. Rent proposal to State shall be based on any net profit projections identified within the Financial Proforma.

E. Credit Worthiness

Proposers must present evidence of credit worthiness. At a minimum, evidence should include a credit report issued by a nationally recognized credit bureau within 60 days of the proposal due date and include the Fair Isaac Corporation (FICO) score. Any derogatory information listed on said reports must be explained. Below average FICO scores, outstanding debts, delinquent payment history on current concession contracts, and any other derogatory information may disqualify a proposal.

F. References

Financial, client, and vendor references are used to confirm information provided by proposers and to evaluate the proposer's quality of experience and past performance. Proposers should submit one reference for each reference type required below. However, to adequately substantiate the claims made in the proposal, proposers are encouraged to provide three references that are familiar with the

individual and business. Proposers should notify their references in writing that a representative from the State will be contacting them.

For the purposes of this RFP, proposers should provide the references from the following sources:

- Financial References: Include the bank or savings and loan institution.
- Client or Business References: Name clients or other persons that most accurately reflect the business performance and ability to fulfill contract obligations with other entities for the provision of goods and services.

II. PROPOSAL INFORMATION

Provide an Operations Plan that includes each of the checked elements in the Concession Proposal form (DPR 398) as they apply to each **individual park unit** in this proposal. The proposal shall become an exhibit to the final contract, and therefore, serves as the proposer's commitment to implement the Plans as presented below. Proposers may submit additional information, such as samples, to describe and enhance their proposal.

A. Operations Plan

The Operations Plan should address the following elements and must demonstrate an understanding of and commitment to achieving the objectives of this RFP for each Park unit. The proposal must also adhere to the operational requirements as described in the Sample Contract for each Park unit.

Vision/Mission Statement

The Vision/Mission Statement should capture both the State's and proposer's goals and objectives for the park operations with proposer's clear philosophy.

Organizational Structure

Provide an organization chart and staffing plan that can guide the operation and ongoing management of the park unit or portion thereof. The plan should identify and define all job classifications to be used and the required job skills and qualifications. Describe the assignments, duties, and schedules for each staffing level considering contract requirements, the proposed hours of operation (see Sample Concession Contract), and any unique seasonal and peak use circumstances. The plan must describe the services at each specific park unit.

Visitor Services, Campground, Day Use Area Operation

Demonstrate an ability and clear commitment to successfully implement an effective visitor service program, including overnight, day use, and recreational facility operations. Describe the scope of proposed operation in relation to the existing park unit facilities and features. Include a detailed description of the proposed services, including months, days and hours of operation, inclusive or exclusive of existing facilities and land use. The plan must describe the services at each specific park unit.

Security

Demonstrate in the proposal a plan to ensure a safe and secure environment for park visitors. Site security will be important to protect the park unit from crimes of opportunity considering the proposer's scope of operations. The plan must describe the safety and security at each specific park unit, including: security personnel (if needed) and how calls for service will be handled in accordance with the Sample Contract.

Transition/Business Start-Up

Demonstrate in the proposal a plan and timeline for assuming park operations and providing a seamless transition in customer service. The plan must describe the timelines at each specific park unit.

Maintenance and Housekeeping

In accordance with the Sample Contract, provide a comprehensive plan to maintain the concession facilities in as good, or better condition as received throughout the term of the contract. The maintenance plan provisions shall include housekeeping and maintenance schedules, and a realistic budget allocation noted on the Financial Proforma described above. Proposals should describe plan to address or mitigate deferred maintenance essential to continue operations during the five-year contract term. The plan must describe the services at each specific park unit.

Plans for facility improvement will need prior State approval and are not part of this RFP.

Employee Staffing and Training

Employee policies and training program should include, but are not limited to, personnel policies; hiring practices; health, safety, and grievance policies and procedures; uniform policies and requirements; business orientation; job training; and park orientation training. Such programs must provide sufficient staffing with the skills, capabilities, and training to ensure the provision of uninterrupted, high-quality services to all park visitors. The plan must describe the employee staffing and training at each specific park unit.

At a minimum, a person having sufficient skill, knowledge, experience and authority for administering operations shall be on the Premises at all times while the concession is in operation.

- Concessionaire employees/volunteers are not State employees/volunteers.
- Concession employee training, is subject to State approval, and includes:
 - 1) Local points of interest.
 - 2) Responding to visitor inquiries.
 - 3) Expected jobs or tasks.
- Concessionaire employees conduct review with review and input from the State.

Marketing and Advertising

The marketing program should include, but is not limited to, proposed approaches, methodologies, media, advertising materials, schedules; and include an appropriate budget allocation within the Financial Proforma described above. The plan must describe the marketing and advertising at each specific park unit.

Community Involvement

Demonstrate in the proposal a plan for community involvement including benefits to the park, the surrounding community, and park visitors. This may include special events, educational programs, and community service activities that enhance and benefit the park's relationship with the local community and events. The plan must describe the Community Involvement at each specific park unit.

Natural and Cultural Resource Management

Describe the proposer's experience and background in the protection and management of natural and cultural resources, including: archaeological sites and specimens, historic buildings and structures, cultural landscapes and historic vegetation, museum objects, manuscripts, archives, and photographs. In accordance with the Sample Contract, recognize the sensitivity of working in parks

with significant natural and cultural resource values. Acknowledge that California State Parks will retain lead authority for resource management.

Interpretation and Education

Describe the proposer's experience and background in managing, maintaining interpretive exhibits, facilities and developing or presenting interpretive and educational programs to the public.

Waste Management

Outline the proposer's approach to solid waste management, including reduction, re-use, and recycling, use of post-consumer recycled products, water and energy conservation, pest management, hazardous materials handling, air quality, and other applicable facets of resource conservation and environmental protection that are applicable to the concession operation. The plan should clearly commit the proposer to a program that will minimize negative impacts on the environment and encourage park visitors to do the same for each park unit.

Accessibility

Commit to ensuring that visitors with disabilities will have access to all of the services provided through the concession operation in accordance with the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, and California Government Code Sections 4450 et. seq. and 7250. Additional accessibility resources are available at www.ada.gov; http://www.parks.ca.gov/?page_id=21944 (State Parks Accessibility Program; and http://www.parks.ca.gov/?page_id=22651 (All Visitors Welcome handbook).

Healthy Foods Initiative

If proposer intends to provide food service in operation, an important goal is the promotion of a healthy lifestyle in an environmentally-sustainable manner. Proposers should consider providing traditional menu items either updated to conform with the Department's healthy food requirements, or the addition of healthy food menu options.

Prices and Pricing Policies

Provide a price schedule for a representative sample of the products and services proposed. The policies should clearly demonstrate the relationship of pricing to the quality of services provided. Implementation of these policies should provide park visitors with recreational and educational opportunities at reasonable prices considering the competition of comparable markets for similar services and cost of doing business for each unit. All final camping and day use fees will require State's prior approval prior to implementation.

As a condition of the contract award, the successful proposer may be required to revise or further develop the Operations Plan to the satisfaction of the State and prior to the execution of the contract. If and when it is accepted, the final plan will be incorporated as an exhibit to the contract and become an obligation of the concessionaire.

B. Rental Offer

The Rental Offer consists of both the Minimum Annual Rent and the Percentage of Gross Receipts, as bid, whichever is higher. Any offer below the Rental Offer requirements will result in proposal disqualification. For purposes of this RFP, the Minimum Annual Rent must be at least (Turlock Lake SRA, \$5,200/year; McConnell SRA, \$3,000/year; George J. Hatfield SRA, \$400/year; Woodson Bridge SRA' \$1,200/year; Brannan Island SRA, \$12,200/year) and at least three percent (3.0%) of gross receipts, whichever is higher.

(Refer to 3.2 PROPOSER EVALUATION CRITERIA below for additional detail.)

Rent Payment

Concessionaire will pay rent monthly based on the gross receipts for the month. At the contract year end, if the Minimum Annual Rent has not been met, the concessionaire will remit the balance. The Minimum Annual Rent will be adjusted at the end of 5 years (see Concession contract Exhibit B – Consumer Price Index Adjustment Formula).

C. Concession Feasibility

Document proposer's ability to successfully implement park operations in a financially responsible manner, in accordance with the terms and conditions of the Sample Contract, including the proposed Operations Plan. This information must substantiate proposer's ability to: develop, furnish, equip, operate and maintain the concession in a high-quality manner; provide the public with quality products and services at reasonable and competitive prices; pay the State the rental offered; and provide a reasonable return on the investment. Fiscal documentation that will be considered in awarding points includes a Financial Proforma; statement of assets and liabilities; business, vendor, bank, and/or financial references; and credit report.

III. PROPOSAL SUMMARY

The Proposal Summary should summarize relevant experience, knowledge, and expertise, and operations plans (as applicable) in 250 words or less.

IV. CERTIFICATION OF PROPOSER INFORMATION

A. Labor Law Compliance Certification

A request may be made to the National Labor Relations Board for information regarding Administrating Hearing decisions against each proposer. Proposer must have no more than one final, unappealable finding of contempt of court by a federal court issued for violation of the National Labor Relations Act within the two-year period immediately preceding the closing date of this RFP or the proposal will be disqualified.

B. Proposer Certification

A completed certification must be included with the proposal or it may be disqualified.

C. Authorization to Release Information

A signed authorization for each individual, partner, member of joint ventures, officer of corporations, Concession Manager, and holders of 25% or more of the company's shares (as applicable) must be included or the proposal may be disqualified.

V. PRIVACY NOTICE

This section provides notice to proposers. No action by proposers is necessary.

3.2 PROPOSAL EVALUATION CRITERIA

Small Business Preference

5 Points

Five points will be awarded to those proposers who have a complete and certifiable application on file with the Office of Small Business Certification.

Experience

25 Points

For the purposes of this RFP, proposers must have a minimum of three (3) years of experience in a field related to park operation, protection, or stewardship as described in the Proposal Instructions. The proposer will be rated according to the years of relevant experience as verified by references and the quality of experience as it relates to the operations described in this RFP.

Operations Plan

40 Points

A maximum of forty points will be awarded based upon the degree to which the proposal addresses each of the elements described in Section II Proposal Information and identified in the DPR 398, Concession Proposal.

Rental Offer

30 Points

The proposer will be required to pay each month their proposed Rental Offer amount of a Percentage of Gross Receipts, as bid.

Consideration will be given to the proposal(s) that guarantees operation of the maximum number of park units up to 5 referenced within this RFP.

Multiple Proposal Bonus

additional 2 Points/proposal possible

If a single entity submits proposals for multiple parks, each proposal, will receive two additional points. These points will only be awarded if proposals meeting minimum requirements for more than one park are submitted.

Five Proposal Bonus

additional 2 Points/proposal possible

Proposers who submit proposals for operating overnight, day use, and recreational facilities in all 5 parks will receive an additional 2 points per proposal. These points will only be awarded if proposals meeting minimum requirements for five parks are submitted and are in addition to the Multiple Proposal Bonus.

Proposal Points

For the purpose of assigning points in the Proposal Evaluation, the highest acceptable* Rental Offer for each category of rent required (Minimum Annual Rent and Percentage of Gross Receipts) will be assigned the maximum points available for that category. Each Rental Offer will be assigned points in relationship to the highest Rental Offer. Proposers must propose both a Minimum Annual Rent and a Percentage of Gross Receipts as specified in the Concession Proposal Form (DPR 398). Any offer below the Minimum Annual Rent or the Percentage of Gross Receipts will result in proposal disqualification.

*Note: The highest bids may not be acceptable. Proposers may be required to prove to the satisfaction of the State their ability to operate a successful business based on their Rental Offer. Failure to prove this ability will be cause to disqualify the proposal. In this case, the next highest acceptable bid would be used to calculate points awarded.

Rental Offer Scoring

Each lower Rental Offer will be assigned points in relation to the highest rental offer based on the following formulas. Rental Offer scoring for each park will be as follows:

Turlock Lake SRA

Minimum Annual Rent (Minimum bid is \$5,152)
$$\frac{(\text{Proposer } \$ \text{ bid amount}) \text{ minus } \$5,152}{(\text{highest } \$ \text{ bid amount}) \text{ minus } \$5,152} \times 20 \text{ points} = \underline{\hspace{2cm}} \text{ points}$$

and

Percentage of Gross Receipts (Minimum bid is 3%)
$$\frac{(\text{Proposal bid } \%)}{(\text{highest bid } \%)} \times 10 \text{ points} = \underline{\hspace{2cm}} \text{ points}$$

Total Rental Offer Points /30 points

McConnell SRA

Minimum Annual Rent (Minimum bid is \$\$2,969)
$$\frac{(\text{Proposer } \$ \text{ bid amount}) \text{ minus } \$2,969}{(\text{highest } \$ \text{ bid amount}) \text{ minus } \$2,969} \times 20 \text{ points} = \underline{\hspace{2cm}} \text{ points}$$

and

Percentage of Gross Receipts (Minimum bid is 3%)
$$\frac{(\text{Proposal bid } \%)}{(\text{highest bid } \%)} \times 10 \text{ points} = \underline{\hspace{2cm}} \text{ points}$$

Total Rental Offer Points /30 points

George J. Hatfield SRA

Minimum Annual Rent (Minimum bid is \$\$400)
$$\frac{(\text{Proposer } \$ \text{ bid amount}) \text{ minus } \$400}{(\text{highest } \$ \text{ bid amount}) \text{ minus } \$400} \times 20 \text{ points} = \underline{\hspace{2cm}} \text{ points}$$

and

Percentage of Gross Receipts (Minimum bid is 3%)
$$\frac{(\text{Proposal bid } \%)}{(\text{highest bid } \%)} \times 10 \text{ points} = \underline{\hspace{2cm}} \text{ points}$$

Total Rental Offer Points /30 points

Woodson Bridge SRA

Minimum Annual Rent (Minimum bid is \$1,170)

$$\frac{(\text{Proposer \$ bid amount}) \text{ minus } \$1,170}{(\text{highest \$ bid amount}) \text{ minus } \$1,170} \times 20 \text{ points} = \underline{\hspace{2cm}} \text{ points}$$

and

Percentage of Gross Receipts (Minimum bid is 3%)

$$\frac{(\text{Proposal bid \%})}{(\text{highest bid \%})} \times 10 \text{ points} = \underline{\hspace{2cm}} \text{ points}$$

Total Rental Offer Points

 /30 points

Brannan Island SRA

Minimum Annual Rent (Minimum bid is \$12,180)

$$\frac{(\text{Proposer \$ bid amount}) \text{ minus } \$12,180}{(\text{highest \$ bid amount}) \text{ minus } \$12,180} \times 20 \text{ points} = \underline{\hspace{2cm}} \text{ points}$$

and

Percentage of Gross Receipts (Minimum bid is 3%)

$$\frac{(\text{Proposal bid \%})}{(\text{highest bid \%})} \times 10 \text{ points} = \underline{\hspace{2cm}} \text{ points}$$

Total Rental Offer Points

 /30 points

3.3 PROPOSAL EVALUATION SHEET

Proposal Name: Valley State Park Camping and Day Use Area Concession

Park Name: _____ Proposer Name: _____

(One (1) Evaluation Sheet per park concession proposal.)

LEVEL I COMPLIANCE WITH RFP REQUIREMENTS

PROPOSER QUESTIONNAIRE

I. PROPOSER INFORMATION

- A. Proposer Identification _____ (pass/disqualify)
- B. Business Information _____ (pass/disqualify)
- C. Individual Information - Minimum Experience _____ (pass/disqualify)
- Statement of Financial Capability _____ (pass/disqualify)
- D. Credit Worthiness _____ (pass/disqualify)
- E. Financial/Business/Vendor References _____ (pass/disqualify)

II. PROPOSAL INFORMATION

- A. Operations Plan _____ (pass/disqualify)
- B. Rental Offer _____ (pass/disqualify)
- C. Concession Feasibility _____ (pass/disqualify)

III. PROPOSAL SUMMARY _____ (pass/disqualify)

IV. CERTIFICATION of PROPOSER INFORMATION

- A. Labor Law Compliance Certification _____ (pass/disqualify)
- B. Proposer Certification _____ (pass/disqualify)
- C. Authorization to Release Information _____ (pass/disqualify)

V. PRIVACY NOTICE

This section provides notice to proposers. No action by proposers is necessary.

PROPOSER BOND _____ (pass/disqualify)

Proposer must pass LEVEL I to qualify for further consideration.

LEVEL II RENT PROPOSED/ FINANCE ABILITY/CREDIT WORTHINESS/COMPLIANCE

- A. Rent Proposed Met/Exceeded Minimum Requirement _____ (pass/disqualified)
- B. Ability to Finance _____ (pass/disqualified)
- C. Credit Worthiness _____ (pass/disqualified)
- D. Compliance with National Labor Relations Act _____ (pass/disqualified)

Proposer must pass LEVEL II to qualify for further consideration.

LEVEL III PROPOSAL EVALUATION

A. Proposer Information

Small Business Preference _____ / 5 Points

Experience _____ / 25 Points

B. Proposal Information

Operation Plan _____ / 40 Points

Rental Offer _____ / 30 Points

Concession Feasibility* _____ / Pass/Fail *

* A 'fail' rating in this category disqualifies the proposal.

TOTAL _____ / 100 Points

Multiple Proposal Bonus _____ / 2 points

(If multiple proposals, award 2 additional points per proposal meeting minimum requirements)

Five Proposal Bonus _____ / 2 points

(If 5 proposals meet minimum requirements, award 2 additional points per proposal)

Grand Score Possible (including all Bonus points) _____ / 104 Points

Comments:

Board Member: _____ Date: _____

3.4 CONCESSION PROPOSAL, DPR 398

Interested parties may, request an electronic version of the DPR 398 Concession Proposal form from Concessions Reservations and Fees Division at (916) 653-7733 or by email at concessions@parks.ca.gov.

3.5 SAMPLE CONCESSION CONTRACT

A sample concession contract for this RFP is available at

<http://www.parks.ca.gov/pages/22374/files/Valley%20Contract%203-8-12.pdf>.

Appendix B

California State Parks Whole-Park Concession Sample Contract

<http://www.parks.ca.gov/pages/22374/files/valley%20contract%203-8-12.pdf>

Sample
CONCESSION CONTRACT

FOR

VALLEY STATE PARK CAMPING AND DAY USE AREA CONCESSION

LOCATED IN

Turlock Lake State Recreation Area
McConnell State Recreation Area
George J. Hatfield State Recreation Area
Woodson Bridge State Recreation Area
Brannan Island State Recreation Area

STATE OF CALIFORNIA – NATURAL RESOURCES AGENCY
DEPARTMENT OF PARKS AND RECREATION
CONCESSIONS, RESERVATIONS, and FEES DIVISION
1416 NINTH STREET, 14TH FLOOR
SACRAMENTO, CA 95814



Yellow font indicates language to change when contract is finalized.

VALLEY STATE PARKS CAMPING DAY USE
CONCESSION CONTRACT
INDEX

1. DESCRIPTION OF PREMISES..... 2

2. CONDITION OF PREMISES 2

3. TERM 3

4. RENT 3

5. FACILITY MAINTENANCE/IMPROVEMENT ACCOUNT 6

6. USE OF PREMISES..... 7

7. FACILITY IMPROVEMENTS..... 10

8. NATURAL AND CULTURAL RESOURCE MANAGEMENT..... 11

9. BONDS..... 12

10. INSURANCE 14

11. LIABILITY WAIVER 16

12. ALCOHOLIC BEVERAGES..... 17

13. CONSTRUCTION AND COMPLETION OF IMPROVEMENTS..... 17

14. CONTRACT NOTICE 20

15. RECORDS AND REPORTS..... 21

16. GROSS RECEIPTS..... 22

17. RATES, CHARGES AND QUALITY OF GOODS AND SERVICES 23

18. PERFORMANCE EVALUATIONS AND INSPECTION 24

19. HOLD HARMLESS AGREEMENT 24

20. TAXES..... 25

21. MODIFICATIONS, ADDITIONS, TITLE TO IMPROVEMENTS 25

22. PERSONAL PROPERTY 26

23. HOUSEKEEPING AND MAINTENANCE 26

24. UTILITIES AND SERVICES 29

25. WASTE MANAGEMENT 29

26. HAZARDOUS SUBSTANCES..... 31

27. EQUIPMENT 33

28.	SIGNS AND ADVERTISING.....	33
29.	PHOTOGRAPHY.....	33
30.	INTELLECTUAL PROPERTY RIGHTS.....	33
31.	PARTICIPATION IN STATE PARK MARKETING PROGRAMS.....	35
32.	DEFAULT BY CONCESSIONAIRE.....	36
33.	STATE'S REMEDIES.....	38
34.	DEFAULT BY STATE.....	42
35.	SURRENDER OF THE PREMISES; HOLDING OVER.....	42
36.	NO RECORDATION; QUITCLAIM.....	43
37.	ATTORNEYS FEES.....	44
38.	EXPATRIATE CORPORATIONS.....	44
39.	COMPLIANCE WITH LAWS, RULES, REGULATIONS AND POLICIES.....	44
40.	NONDISCRIMINATION.....	44
41.	DISABILITIES ACCESS LAWS.....	45
42.	DRUG-FREE WORKPLACE.....	46
43.	NATIONAL LABOR RELATIONS BOARD CERTIFICATION.....	46
44.	CHILD SUPPORT COMPLIANCE ACT.....	46
45.	INDEPENDENT CONTRACTOR.....	47
46.	CONFLICT OF INTEREST.....	47
47.	WAIVER OF CLAIMS.....	48
48.	WAIVER OF CONTRACT TERMS.....	48
49.	INTERPRETATION OF CONTRACT.....	48
50.	DURATION OF PUBLIC FACILITIES.....	48
51.	TIME OF ESSENCE.....	49
52.	EMINENT DOMAIN.....	49
53.	TEMPORARY TENANCY.....	49
54.	SECTION TITLES.....	49
55.	CONTRACT IN COUNTERPARTS.....	49
56.	ASSIGNMENTS AND SUBCONCESSIONS.....	49
57.	MODIFICATION OF CONTRACT.....	50
58.	UNENFORCEABLE PROVISION.....	50

59.	APPROVAL OF CONTRACT	50
60.	STATE’S DISTRICT SUPERINTENDENT	51
	EXHIBIT A-1 – PREMISES DESCRIPTION.....	53
	EXHIBIT A-2 – PREMISES MAPS	60
	EXHIBIT B – CONSUMER PRICE INDEX ADJUSTMENT FORMULA.....	69
	EXHIBIT C – CONCESSIONAIRE’S OPERATION PLAN.....	70
	EXHIBIT D – DPR 54, CONCESSIONAIRE’S MONTHLY REPORT OF OPERATION	71
	EXHIBIT E – WAIVER OF LIABILITY AND RELEASE.....	73
	EXHIBIT F – DPR 86, CONCESSIONAIRE FINANCIAL STATEMENT	74
	EXHIBIT G – DPR 531, CONCESSION PERFORMANCE RATING.....	78
	EXHIBIT H – LICENSE/PERMISSION FOR USE OF TRADEMARKS	80
	EXHIBIT I – RESIDENTIAL RENTAL AGREEMENT	83
	EXHIBIT J – DRUG FREE WORKPLACE CERTIFICATION	87
	EXHIBIT K - DPR 191, PEST CONTROL RECOMENDATION.....	88
	EXHIBIT L – DPR 449, MONTHLY ATTENDANCE REPORT	89
	EXHIBIT N – DPR 918, INTERPRETIVE SUMMARY	90
	EXHIBIT O – WATERFOWL HUNTING GUIDELINES AND PERMIT	91

STATE OF CALIFORNIA
DEPARTMENT OF PARKS AND RECREATION

CONCESSION CONTRACT

For

Valley State Parks Camping Day Use Concession

Located In

One to Five California State Parks

THIS CONTRACT is made and entered into by and between the STATE OF CALIFORNIA, acting through its Department of Parks and Recreation, hereinafter referred to as "State", and **Concessionaire Name, DBA Fictitious Business Name** of City, State, hereinafter referred to as "Concessionaire";

RECITALS

WHEREAS, California Public Resources Code Section 5080.03 et seq. authorizes the Department of Parks and Recreation to enter into concession contracts for the operation of state park system lands and facilities and;

WHEREAS, it is appropriate that the following contract be entered into for the safety and convenience of the general public in the use and enjoyment of, and the overall enhancement of recreational and educational experience at units of the state park system; and

WHEREAS, in response to the State's fiscal budget shortfall, several state parks in the Central Valley have been identified for closure, effective July 1, 2012 and it is in the public's interest to provide continued maintenance, operation and access to those parks;

NOW, THEREFORE, IT IS MUTUALLY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. DESCRIPTION OF PREMISES

The State for and in consideration of the agreements hereinafter stated, grants to Concessionaire for the purposes stated herein, the right, privilege, and duty to develop, equip, operate, and maintain a nonexclusive campground and day use area operation concession in **Turlock Lake State Recreation Area, McConnell State Recreation Area, George J. Hatfield State Recreation Area, Woodson Bridge State Recreation Area, and Brannan Island State Recreation Area**, at the location(s) as set forth in **Exhibit A-1** and **Exhibit A-2**, attached to and made a part of this Contract (the "Premises"). The Premises shall be developed and operated for public outdoor recreation purposes in compliance with the provisions of the Land and Water Conservation Fund Act (LWCF).

Possessory Interest

The possessory interest herein given to the Concessionaire does not exclude the general public from the Premises; however, the use by the general public is limited by the terms and conditions of the possessory interest given herein. This Contract is not intended to confer third party beneficiary status to any member of the public who is benefited by the terms of this Contract. The possessory interest is further subject to all valid and existing contracts, leases, licenses, encumbrances, and claims of title that may affect the Premises.

2. CONDITION OF PREMISES

The taking of possession of the Premises by the Concessionaire, in itself, shall constitute acknowledgment that the Premises are in good and sufficient condition for the purposes for which Concessionaire is entering into this Contract. Concessionaire agrees to accept Premises in their presently existing condition, "AS IS", and that the State shall not be obligated to make any alterations, additions, or betterments to the Premises except as otherwise provided for in this Contract. Concessionaire is expected to maintain Premises in as good a condition or better as received during the term of this agreement.

(If Concessionaire is expect to operate visitor centers or have access to exhibits, A-V programs, natural history specimens, etc this must be noted here.)

3. **TERM**

The term of this Contract shall be for a period of five (5) years, commencing on the first day of the month following approval by the California Department of General Services. Should Concessionaire hold-over after the expiration of the term of this Contract with the express or implied consent of the State, such holding-over shall be deemed to be a tenancy from month-to-month at the herein stated prescribed rent as set forth in this Contract in Section 35, Surrender of Premises; Holding Over, of this Contract, subject otherwise to all the terms and conditions of this Contract.

For purposes of this Contract, the term "Contract Year" shall mean each one-year period of time that commences on the commencement date identified above, extending twelve (12) months therefrom, and continuing from each anniversary throughout the term of the Contract.

4. **RENT**

Concessionaire shall pay, without offset, deduction, prior notice, or demand, as "Minimum Annual Rent" the following:

Turlock Lake SRA	\$5,200, annually
McConnell SRA	\$3,000, annually
George J. Hatfield SRA	\$400, annually
Woodson Bridge SRA	\$1,200, annually
Brannan Island SRA	\$12,200, annually

or three percent (3%) of gross receipts, or Minimum Annual Rent, as bid, whichever is greater. Should this contract hold-over on month-to-month status after the expiration of the term of this contract, beginning with Contract Year Six (6) and on the first day of each fifth Contract Year thereafter, the Minimum Annual Rent shall be adjusted to reflect changes in the Consumer Price Index (CPI). Such CPI adjustments shall be made in accordance with the procedure set forth in **Exhibit B**, attached to and made a part of this Contract.

All rental payments shall be deposited by Concessionaire into a separate Facility Maintenance/Improvement Account ("FMIA"), as set forth in Section 5, Facility

Maintenance/Improvement Account. Concessionaire shall make deposits of Minimum Annual Rent and other payments in lawful money of the United States.

If Concessionaire makes rent deposits into the FMIA by check, draft, or money order and these deposits are returned due to insufficient funds, the State shall have the right, upon written notice, to require that all subsequent deposits of rent made to the FMIA be in cash or by cashier's check or certified check.

Beginning with the fifteenth (15th) day of the month following the commencement of operation, and on or before the fifteenth (15th) day of each month thereafter, Concessionaire shall furnish to State a verified statement of the concession's gross receipts for the preceding month. Such statement shall be submitted on Form DPR 54, Concessionaire's Monthly Report of Operation, attached hereto as **Exhibit D**, or in a format previously approved by the State, and shall specify the current period and cumulative total of gross receipts for the concession through the end of the preceding month for the then current Contract Year. Concurrent with such monthly statement, the Concessionaire shall deposit into the FMIA the appropriate rent for the preceding calendar month as prescribed above. If, at the end of the Contract Year, the total of Percentage of Gross Receipts deposited (or due) during that Contract Year is less than the Minimum Annual Rent required for that Contract Year, the difference shall be remitted to the FMIA with the last monthly sales statement for the Contract Year.

Late Payment

Deposits must be completed by Concessionaire on or before the fifteenth (15th) day of the month as described above. Any late deposit shall constitute a breach of contract, giving rise to State's remedies as set forth below. Further, any late deposit will be subject to a late penalty consisting of an administrative charge on the late amount, calculated at the rate of five percent (5%) of the amount of the late payment rent or portion thereof. The parties agree that the late charge represents a fair and reasonable estimate of the costs State will incur because of late deposit. Acceptance of the late charge by State shall not constitute a waiver of Concessionaire's default for the overdue amount, nor prevent State from exercising the other rights and remedies granted under

this Contract. Concessionaire shall pay the late charge as additional rent with the next monthly rent deposit.

Any amount due to State, if not deposited within five (5) days following the due date, will bear interest from the due date until paid at the rate of ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Concessionaire, nor on any amounts on which late charges are paid by Concessionaire. Payment of interest shall not excuse or cure any default by Concessionaire.

Extenuating Circumstances/Act of Nature

Upon written request by the Concessionaire to State demonstrating unusual or extenuating circumstances causing the late deposit, the State, in its sole discretion, may waive the late charge. Further, in the event Concessionaire is prevented from carrying on the operations contemplated herein by reason of an Act of Nature or other reasons beyond Concessionaire's control, and when requested in writing in advance by Concessionaire, Minimum Annual Rent may be abated in proportion to the amount by which gross receipts are reduced by the occurrence for such period of reduced or non-operation, as determined at the sole discretion of State.

Rent Due if Termination

If this Contract is terminated by State because of Concessionaire's default, and if Concessionaire becomes liable for any deficiency in rent and/or fees by way of damages or otherwise, or if at any time during the Contract term Concessionaire ceases to conduct in the Premises the business referred to herein below, then from and after the time of the breach causing this termination, or from and after the time of the cessation of business, all unpaid rent and/or fees prior to the breach causing termination or cessation of business shall become due and payable. The amount due shall be deemed to be the greater of: (a) the Minimum Rent provided herein, or (b) an amount based upon the average of the payments that have accrued to State as percentage rent during the twenty-four (24) months preceding the termination or cessation of business, unless the termination or cessation occurs within three (3) years of the beginning of the Contract term, in which event the previous twelve (12) (or fewer, if applicable) months shall be used as the basis of this average.

5. **FACILITY MAINTENANCE/IMPROVEMENT ACCOUNT**

In accordance with Section 4, Rent, Concessionaire shall establish and fund a separate interest bearing Facility Maintenance/Improvement Account (FMIA). State shall be listed as one of the holders of the account and may independently withdraw funds. State must approve any Concessionaire withdrawals.

Concessionaire shall prepare an Annual Maintenance Plan (AMP) per park unit to be approved by State. The AMP shall contain costs for maintenance projects. Once approved by the State, the State will authorize FMIA expenditures to finance needed repairs. If FMIA funds are not sufficient, State shall inform Concessionaire which projects will be deferred. Concessionaire may pre-pay for State approved facility improvements using Concessionaire's own funds, in which case, future Minimum Rent payments shall be abated in proportion to the amount expended for the pre-payment of the facility improvement.

Closure of FMIA shall require signature of both Concessionaire and State. The entire sum of Concessionaire's rental payments shall be deposited each month into the FMIA. FMIA funds including all rental payments and interest earned shall be used for Category I and II Maintenance, as defined in Section 23, Housekeeping and Maintenance, or for emergencies as approved by the State. Upon termination of this contract, if all funds in the FMIA are not expended, the unused portion shall be returned to State within five (5) days of written notice by the State.

FMIA funds shall not be expended by Concessionaire for housekeeping activities or repairs to Concessionaire's personal property. If State determines funds have been expended by Concessionaire for purposes other than those approved in writing by State, Concessionaire shall reimburse the FMIA, including any accrued interest, within thirty (30) days written notification by State.

State may elect to receive all or part of the funds in the FMIA for projects in the parks covered by this contract. Within thirty (30) days of written request by State, Concessionaire shall remit requested funds to State.

Concessionaire shall provide State with monthly statements issued by Concessionaire's financial institution holding the account. Within sixty (60) days after the conclusion of each Contract Year, Concessionaire shall provide State with an itemized statement documenting all expenditures from the FMIA for the previous Contract Year. Any account balance, including accrued interest, shall carry over to the next Contract Year.

Within thirty (30) days of Contract termination, Concessionaire shall provide State an accounting of all funds in the FMIA and Concessionaire shall pay any outstanding debt and financial obligations remaining from projects related to this Fund. Any remaining funds in the FMIA shall be immediately transferred to State.

6. USE OF PREMISES

The Premises shall be used by the Concessionaire for the provision of continued operation, maintenance and access for the use and enjoyment of the general public at park units located in the Central Valley areas of the State. Concession facilities may include, but are not limited to day use areas, campgrounds, parking, and picnic areas, as specified in **Exhibit A-1 and Exhibit A-2**. Development and operation of the Premises shall be conducted in accordance with all applicable State general planning principles, State Park and Recreation Commission policies and all federal, state, and local government statutes, laws, and regulations.

The Use of Premises shall be consistent with the State approved Operation Plan, as proposed by Concessionaire and modified by State, as is reasonable and necessary to meet the intention of the State for this concession operation and the mission of the Department. The approved Operation Plan is incorporated herein and made part of this Contract as **Exhibit C**. Subsequent modification, if any, of the Operation Plan will need written State approval. At a minimum, operation of Premises shall include the following:

- A. Reservations:
 1. All reservations made more than 48 hours prior to arrival date shall be taken by the State's statewide reservation service provider.
 2. Fees shall be collected by said provider and routed to Concessionaire on a regular basis.

3. Concessionaire may offer reservations on a first-come, first-served basis for all stays occurring within 48 hours of the time of reservation. Concessionaire shall not charge an additional fee for these services.
 4. Reservation requirements may be changed upon written approval by State.
 5. No more than five percent (5%) of campsites may be held off the reservation system. No other campsites may be removed from the reservation system for any period of time without approval by State.
 6. Concessionaire shall comply with State's reservation service contract requirements and State's reservation services rules, policies, and regulations.
- B. Security: Concessionaire shall provide security personnel, as necessary, to ensure the Premises are safe for public use.

Calls for Service

Concessionaire is not expected to provide Public Safety services, but is expected to notify Public Safety agencies (via 911 or other means) or the appropriate entity as necessary.

If Concessionaire is unable to provide security personnel or respond to Calls for Service, Concessionaire may negotiate a separate agreement with State that may include monthly reimbursement to State for a State Park Peace Officer for the provision of patrol and security support services.

- C. Volunteers: Concessionaire may utilize volunteers, such as campground hosts, to meet staffing requirements.
- D. Background Check: Concessionaire will require all concession employees and volunteers in positions of special trust to undergo a background check, including references and fingerprints, to ensure that the individual has an

acceptable record as a law-abiding citizen. The background check may be similar to the California Department of Justice's Live-Scan Program.

Concessionaire shall be responsible for covering all costs associated with said background checks. Any criminal offenses that have a nexus to said job should be considered as a basis for rejection from hire.

E. Concessionaire Residence: Concessionaire, hereinafter "Concessionaire Landlord," may occupy available housing to be utilized as a residence for Concessionaire agent or employee of Concessionaire, hereinafter "Tenant," on a month-to-month basis only, upon written approval by the State and execution of a separate written Tenant Agreement between Tenant and Concessionaire Landlord, a sample of which is attached hereto as **Exhibit I**. For purposes of the Tenant Agreement, Concessionaire Landlord shall act as State's agent. In the event Concessionaire Landlord does not act, Concessionaire shall indemnify State to act. Tenant shall maintain the site and areas in, on, or adjacent to the site to a distance of not less than ten (10) feet and Tenant's personal property and equipment on such premises in a clean, safe, wholesome, and sanitary condition free of trash, garbage, or unsightly obstructions of any kind. Tenant shall remedy without delay, upon seventy-two (72) hours of written notice by Concessionaire Landlord or State, any defective, dangerous, or unsanitary conditions. Further, all occupants of said site shall comply with all State Parks policies, rules, and regulations, and shall behave in a professional and courteous manner at all times. Tenant shall be entitled to quiet enjoyment of the premises. Tenant, members of their household, guests or invitees shall not use the premises or adjacent areas in such a way as to (1) violate any law or ordinance, including laws prohibiting the use, possession or sale of illegal drugs; (2) commit waste or nuisance; or (3) annoy, disturb, inconvenience or interfere with the quiet enjoyment and peace and quiet of any other tenant or resident or park visitor. Violations may result in termination of the residency rights provided herein. Upon sixty (60) days written notice by Concessionaire Landlord or State, Tenant shall vacate the site, remove all personal belongings, and completely restore the site to its original condition as of the execution date of Tenant agreement. Upon

Tenant's failure to vacate the site, Concessionaire Landlord or State shall exercise all its rights and remedies it may have at law including but not limited to removal of Tenant's personal property by the State.

F. Rules and Regulations

Upon written permission by State, Concessionaire may adopt rules and regulations for the use and enjoyment of the Premises by the public, including special events. Any such rules and regulations adopted by Concessionaire shall conform to and be consistent with the rules and regulations adopted by State and generally applicable to the State.

G. Hours of Operation:

1. At a minimum, Concession day use services shall be provided between sunrise and one hour after sunset and shall be open a minimum of 60 days per year, four (4) days per week between Memorial Day and Labor Day, unless otherwise approved by State.

In the event State deems the hours of operation inadequate for proper service to the public, State may require Concessionaire to adjust the days and/or hours of operation to a schedule provided by State. Concessionaire may remain open on other dates, observing same (or longer) hours, at Concessionaire's discretion with the concurrence of State. In the event of adverse weather or other operating conditions, State may permit the concession to reduce operating hours or close at any time during the term of this Contract. Concessionaire shall not use or permit the Premises to be used in whole or in part during the term of this Contract for any purpose other than as herein set forth without the prior written consent of the State.

H. Third Party Rights: The State reserves the right to grant additional leases, easements, or other appropriate right of entry permits to third parties that do not unreasonably conflict with Concession operations.

7. FACILITY IMPROVEMENTS

Upon written permission by State, Concessionaire may improve the Premises by constructing and operating park related facilities that are in compliance with the park's

unit's General Plan. These facilities shall not adversely affect the use and enjoyment of the Premises by the public.

At State's direction, Concessionaire shall be responsible for the implementation of facility improvements, including project planning, development, implementation, execution, and administration of any required construction and shall be responsible for developing the Concessionaires annual plan for facility maintenance/improvement. State may suggest projects/programs for the annual plan. Unless mutually agreed upon otherwise, Concessionaire shall be responsible for obtaining all permits and certifications. State shall identify projects, establish priorities, and approve all program expenditures in advance. Prior to initiating any facility improvement or construction project, and no later than sixty (60) days from the start of each Contract Year, Concessionaire shall meet with each park unit's District Superintendent or designee to review the Concessionaire's annual plan for facility improvements. Subsequent to such meetings, State shall provide Concessionaire with specific written direction for each approved project. All facility improvements shall be completed in accordance with Section 8, Natural and Cultural Resource Management and Section 13, Construction and Completion of Improvements.

8. NATURAL AND CULTURAL RESOURCE MANAGEMENT

Concessionaire must adhere to all natural, cultural and scenic resource regulations as mandated by local, state and federal laws. These include the Federal and State Endangered Species Act, the Historic Preservation Act, and the California Environmental Quality Act, Public Resources Code 5024, 5097, et.seq., and the Secretary of the Interior's Standards for the Treatment of Historic Properties With Guidelines for Preserving, Rehabilitating, Restoring & Reconstructing Historic Buildings. Upon written permission by State, Concessionaire may improve the Premises by constructing and operating park related facilities that are in compliance with resource management policies as directed in the park's general plan. These facilities shall not adversely affect the use and enjoyment of the Premises by the public. Consistent with the above:

1. State will continue to be the lead agency for natural and cultural resource program as it has the responsibility for the stewardship of natural and cultural resources under the Public Resources Code and other applicable constitutional and statutory requirements.
2. State will continue to be the lead agency for CEQA review/approval of all natural and cultural resource management projects, including vegetation, wildlife, and other resource stewardship requirements. Concessionaire will work along with STATE and other agencies (Cal Fire) to adhere to the park's wildfire management and fire and suppression plans.
3. Concessionaire agrees to provide access to State Parks employees, contractors, or cooperators to carry out its responsibilities as a landowner and resource manager, including any associated preparation or follow-up activities.
4. Concessionaire will partner with State on appropriate resource management projects with oversight provided by the appropriate State staff, i.e. Environmental Scientists and cultural resource specialists.
5. All natural resources work in the park, and requests for external funding for the management or restoration of natural resources in the park, requires written State approval.
6. Proposed projects that may affect cultural resources must be evaluated and follow the CEQA/PRC 5024 processes and the Secretary of the Interior's Standards for the Treatment of Historic Properties With Guidelines for Preserving, Rehabilitating, Restoring & Reconstructing Historic Buildings.

9. **BONDS**

- A. All bonds required under this Contract must be in a form satisfactory to State, issued by a corporate surety licensed to transact surety business in the State of California.

B. Performance Bond: Concessionaire operates, at Concessionaire's own cost and expense, agrees to obtain and deliver to State, prior to the commencement date of this Contract and prior to entering the Premises, and shall maintain in force throughout the term of this Contract, a valid Performance Bond (which may be renewed annually) in the sum of 6 months of Minimum Annual Rent/unit as bid payable to the State. This bond shall insure faithful performance by Concessionaire of all the covenants, terms, and conditions of this Contract inclusive of, but not restricted to, the payment of all rentals, fees, and charges and prompt performance of and/or payment for all maintenance obligations. In lieu of a bond, the Concessionaire may substitute another financial instrument (such as an Irrevocable Standby Letter of Credit), which must be sufficiently secure and acceptable to State. At least thirty (30) days prior to the expiration or termination of said bond or acceptable financial instrument, a signed endorsement or certificate showing that said bond or financial instrument has been renewed or extended shall be filed with the State. Within 15 days of State's request, Concessionaire shall furnish State with a signed and complete copy of the valid bond or financial instrument.

C. Beginning with Contract Year Six (6), and on the first day of every fifth Contract Year thereafter, the required bond amount shall be adjusted to reflect changes in the Consumer Price Index (CPI). Such CPI adjustments shall be made in accordance with the procedure identified as **Exhibit B**. Concessionaire acknowledges that allowing the Performance Bond or other security instrument(s) to expire or otherwise terminate and/or allowing the total secured amount to fall below the security required herein will cause State to incur costs and significant risks not contemplated by this Contract, the exact amount of which will be difficult to ascertain. These costs include, but are not limited to, administrative costs and other expenses necessary to ensure continued performance of services for the public and protection of the Premises. Accordingly, if Concessionaire allows the Performance Bond or other security instrument to expire or otherwise terminate and/or allows the total secured amount to fall below the security required pursuant to this Contract,

Concessionaire shall pay to State an amount equal to five percent (5%) of the required security or five hundred dollars (\$500), whichever is greater. The parties agree that this charge represents a fair and reasonable estimate of the costs State will incur. Acceptance of this charge by State shall not constitute a waiver of Concessionaire's default, nor prevent State from exercising the other rights and remedies available to it under this Contract or applicable law, including the right to terminate this Contract and seek the payment of damages.

_____ **[Initials of concessionaire(s)]**

10. **INSURANCE**

A. Concessionaire shall provide before entering the Premises and shall maintain in force throughout the term of this Contract the following insurance per park unit:

- 1) **Commercial General Liability Insurance**: Concessionaire shall maintain commercial general liability insurance on an occurrence form with limits not less than \$1,000,000 per occurrence for bodily injury and property damage liability combined with \$2,000,000 annual policy aggregate. The policy shall include coverage for liabilities arising out of Premises, operations, independent contractors, products, completed operations, personal and advertising injury. Because Concessionaire occupies State structures, liability insurance shall specify fire coverage (damage to rented premises) in an amount equal to the value of the occupied structures.
- 2) **Liquor Liability**: Where alcohol sales are permitted, Concessionaire shall include liquor liability with limits no less than \$1,000,000.
- 3) **Automobile Liability**: Concessionaire shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of motor vehicles including owned, hired and non-owned motor vehicles used by Concessionaire in the conduct of business under this Contract.

- 4) Workers' Compensation Insurance: Concessionaire shall maintain statutory worker's compensation and employer's liability coverage for all its employees who will be engaged in the performance of this Contract. Employer's liability limits of \$1,000,000 are required.
- 5) Accident Insurance: If not State volunteers, Concessionaire shall require volunteers to sign liability waivers and/or maintain Accident Insurance for their volunteers. Waivers and Accident insurance policy language shall indemnify the state for any torts or damages suffered by or caused by the Concessionaire's volunteers.
- 6) Property Insurance: Concessionaire shall provide property coverage for damage caused by fire, vandalism or natural disaster with limits based on the estimated replacement value of facilities occupied by Concessionaire.

B. In the event of destruction, loss, or damage by fire or other cause of any of the State-owned buildings, improvements, or fixtures located on the Premises that the State determines (1) to be essential to the continued operation of the Contract and (2) cannot be repaired within one-hundred-eighty (180) days of the occurrence, the State may terminate this Contract. A decision by the State to terminate the Contract under this provision shall be communicated in writing to Concessionaire as soon as practicable. If the Contract is so terminated, State shall be entitled to the proceeds payable under any applicable insurance policies pertaining to the loss as its interest may appear. Receipt of such proceeds by State shall be in addition to the right of State to pursue whatever other remedies it may have to recover any losses due to the occurrence. If the State determines not to terminate the Contract, then, in State's discretion, any buildings, improvements, or fixtures built in replacement of any damaged or destroyed property shall be subject to the terms and provisions of this Contract as if they had existed at the onset. In no event shall the provisions of this Section be deemed or construed to relieve Concessionaire from the requirement to repair or replace any damaged or destroyed property except as specifically excepted by express terms of this Contract.

C. Each policy of liability insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Concessionaire's limit of liability. The policy must include the State of California, Department of Parks and Recreation, its officers, agents, employees and servants as additional insured. This endorsement must be supplied under form acceptable to State.

Any subcontractors shall be included under Concessionaire's policy or provide evidence of coverage equal to limits and policies required of Concessionaire

D. Concessionaire must provide State with 30 days written notice of changes to insurance policy, including cancellation. In the event Concessionaire fails to keep in effect at all times the specified insurance coverage, State may, in addition to other remedies it may have, terminate this Contract upon the occurrence of such event, subject to the provisions of this Contract."

E. Each policy shall be underwritten to the satisfaction of the State. Concessionaire shall submit to State a signed and complete certificate of insurance with all endorsements required by this Section, showing to the satisfaction of State that such insurance coverage has been renewed or extended. Within fifteen (15) days of State's request, Concessionaire shall furnish State with a signed and complete copy of the required policy.

11. **LIABILITY WAIVER**

Concessionaire shall require that a liability waiver, equivalent to the waiver attached hereto as **Exhibit E**, Waiver of Liability and Release and incorporated herein by this reference, be executed between Concessionaire and each concession patron prior to the start of each rental or tour. Such waiver is subject to the State's approval and shall release State, its officers, employees, and agents from any liability resulting from any claim associated with services, equipment, and activities provided and facilitated on each rental or tour. The liability waiver text shall be pre-printed, and must be signed by every person participating in each rental or tour within the Premises as permitted in this Contract. Concessionaire shall make signed liability waivers available to State inspection and shall provide copies upon request. All required waivers shall comply with any and all conditions precedent to insurance coverage as required herein.

12. ALCOHOLIC BEVERAGES

Notwithstanding anything to the contrary, the sale of liquor, beer, or other alcoholic beverages on the Premises is expressly prohibited. Exception to this restriction may be allowed through the special event permit process, as approved by State.

13. CONSTRUCTION AND COMPLETION OF IMPROVEMENTS

A. Use of Consultants: Concessionaire shall employ licensed Contractor(s) in the completion of all required construction work. Additionally, Concessionaire shall utilize professional contractors and consultants, including architects(s) and engineer(s), acting in accordance with the latest American Institute of Architects' standards of practice to develop comprehensive construction plans, including schematic design plans, design development plans, and working drawings, and to conduct independent inspections and monitoring of all construction.

Concessionaire agrees to select contractors and consultants who are licensed to practice in the State of California and are acceptable to the State. However, in no event shall State be deemed to have control of or be responsible for Concessionaire's final hiring decisions, the day-to-day management of the project, or administration of contracts with contractors or consultants. Contracts between Concessionaire and any contractor or consultant must be approved in writing by State in advance of execution by Concessionaire.

B. Permits: At its sole cost and expense, including mitigation costs, Concessionaire shall obtain all permits, licenses, and other approvals necessary for the construction and completion of approved facility maintenance or improvement projects. Such permits may include, but are not limited to, those required under the California Environmental Quality Act (CEQA), Public Resources Code 5024, County Health Department, California Coastal Act, California Building Code, State Fire Marshal, and Secretary of the Interior's Guidelines for Historic Preservation. Any plans to comply with the Americans with Disabilities Act of 1990 (ADA) require written approval from State's

Accessibility Section, in accordance with Section 41, Disabilities Access Laws, of this Contract. Concessionaire shall reimburse State for all costs incurred by State on behalf of Concessionaire in association with acquisition of said permits. State will produce records of such costs for review by Concessionaire on a monthly basis. The State shall cooperate with Concessionaire with respect to securing said permits including the execution of documents required by a governmental authority to be initiated by State. In the event Concessionaire, having exercised all due diligence in applying for and seeking all approvals, cannot secure all required permits within five (5) years from Concessionaire's taking possession of the premises, the State shall have the option to terminate this Contract.

D. State Approval/Acceptance of Plans and Work: Concessionaire shall allocate a minimum of thirty (30) days in construction schedules for each required review by State. Concessionaire shall reimburse State for all professional services, including but not limited to architectural, engineering, construction monitoring, inspection, plan review and approval. State will produce records of such costs for review by Concessionaire on a monthly basis. State's approval of the work and plans shall be for the purpose of determining that such work conforms in scope and quality to State's policies and standards, and in no way shall relieve Concessionaire or its contractors or subcontractors of the responsibility to perform and complete the work (1) in accordance with generally accepted industry standards, (2) faithfully adhering to the approved plans, specifications, and drawings, and (3) in accordance with all applicable codes, laws, regulations, or other requirements, including but not limited to, the standards contained in this Contract. Permission to start construction will not be granted until all required permits and approvals have been secured.

E. Alterations: It is the intent of this Contract and the contracting parties that the concession facilities contemplated herein shall not only be constructed in accordance with the requirements herein, but in coordination with State's development of the unit. The State, in its discretion after consultation with Concessionaire, may alter a facility improvement plan and/or working drawings

and construction schedule, and/or the construction timeline to agree with its schedule of development for the unit. Any changes to the timeline shall not be earlier than the dates set forth in working drawings, as approved by State, except with concurrence of Concessionaire.

F. Completion of Improvements: Upon State approval of working drawings and receipt of all required permits, licenses, and other approvals, Concessionaire shall commence construction to the facility as described herein, and prosecute the same to completion with all due diligence and within **four (4) months**, unless otherwise agreed to in writing. Such time shall be extended as reasonably necessary in the event of delays caused by fire, earthquakes, wars, strikes, adverse weather, or other calamity beyond Concessionaire's control. Concessionaire shall hold monthly or more frequent status meetings throughout the period of construction, which shall include representatives of the general contractor, appropriate subcontractors, a representative of Concessionaire, and a representative of the State.

Upon completion of construction, Concessionaire shall (1) file a Notice of Completion of Construction in County within which work was executed, and identify State as recipient of recorded document; (2) secure Certificate of Occupancy if required by State Fire Marshal; (3) provide State with a complete set of "as-built" plans and updated specifications for all improvements in a format acceptable to State; (4) submit evidence that all improvements are clear of any mechanic's liens; (5) have work certified by a licensed architect or engineer to be in compliance with working drawings as approved by State and all applicable building or other laws, codes, or regulations; (6) secure sign-off for CEQA compliance; and (7) submit an account of the cost for all facility improvements, excluding equipment and trade fixtures that are the personal property of Concessionaire.

The cost accounting as required by item (7) above shall include cost statements and substantiating invoices for all project expenses including labor and materials. After such accounting has been examined by State, State in its sole discretion will establish in a reasonable and fair manner the cost of facilities

and improvements for the purposes of evaluating Concessionaire's compliance with the facility development expenditure requirements of this Contract. In the event such accounting is not filed by Concessionaire at the time specified, State shall estimate the cost of the project and serve notice of same on Concessionaire in the manner provided herein.

When Concessionaire has obtained lien releases, filed the Notice of Completion, received Certificate of Occupancy as required, and received written acceptance from the State, subject to all other provisions of this Contract, Concessionaire shall have the right to commence concession business operations.

14. **CONTRACT NOTICE**

Any notices required to be given or that may be given by either party to the other shall be deemed to have been given when made in writing and deposited in the United States mail, postage prepaid, and addressed as follows:

Concessionaire at: CT-**ConcessionaireName**
 CT-**ConcessionContactAddress**
 CT-**ConcessionCityState** CT-**ConcessionZip**
 CT-**ConcessionairePhone**

State at: Department of Parks and Recreation
 CT-**DPRContactLocation**
 CT-**DPRContactAddress1**
 CT-**DPRContactAddress2**
 CT-**DPRContactPhone**

Copy to: Department of Parks and Recreation
 Concessions, Reservations & Fees Division, Room 1442-13
 P.O. Box 942896
 Sacramento, California 94296-0001
 916-653-7733

The address to which notices shall or may be mailed as aforesaid by either party shall or may be changed by written notice given by such party to the other, but nothing in this Section shall preclude the giving of any such notice by personal service.

15. RECORDS AND REPORTS

Financial Records

Concessionaire shall keep separate true and accurate books and records per park unit showing all of Concessionaire's business transactions under this Contract in a manner that conforms to industry standards and practices and in a manner acceptable to State. Concessionaire shall keep all records for a period of at least four years.

In accordance with Public Resources Code Section 5080.18(b), copies of all sales and use tax returns submitted by Concessionaire to the California State Board of Equalization, the Employment Development Department, the Franchise Tax Board, or any other governmental agency shall be concurrently submitted to State.

Audits

In accordance with Public Resources Code Section 5080.18(c), State shall have the right through its representative and at all reasonable times to conduct such audits as it deems necessary and to examine and copy Concessionaire's books and records including all tax records and returns. Concessionaire hereby agrees to make all such records, books, and tax returns available to State upon State's request therefor. Concessionaire further agrees to allow interviews of any employees who might reasonably have information related to such records.

Concessionaire's Financial Statement

Concessionaire will submit to State, no later than May 1st of each year during the term of this Contract, a verified profit and loss statement per park unit for the previous calendar year. Such statement shall be submitted on Form DPR 86, "Concessionaire's Financial Statement", attached hereto as **Exhibit F**, or in a format previously approved by the State, and shall contain an appropriate certification that all gross receipts during the yearly accounting period covered by said statement shall have been duly and properly reported to the State. Within forty-five (45) days of the expiration or termination of this Contract, Concessionaire shall submit to the State a profit and loss statement for

the period of operation not previously reported prepared in the manner stated above., including anticipated FMIA expenditures, must be approved by the state before improvements are made.

Monthly Attendance Reports

Concessionaire shall provide STATE with a monthly attendance report per park unit to include a reasonable monthly estimate of the number of visitors and vehicles to Premises. Monthly report shall be submitted to STATE by the 15th day of the following month on a STATE DPR 449, Monthly Attendance Form **Exhibit L**.

Semi-Annual Interpretive Reports

Concessionaire will provide semi-annual reports of participation in interpretive programs, per park unit on a DPR 918, Semi-Annual Interpretive Summary, **Exhibit N**, to the State.

Cash Registers

Concessionaire shall obtain and install cash registers or other accounting equipment acceptable to the State, through which Concessionaire shall record all gross receipts from the operation of the concession. This equipment shall be non-resettable and shall supply an accurate recording of all sales on tape and produce a receipt for each transaction. All such equipment shall have a customer display that is visible to the public. Concessionaire shall make all cash register tapes available to the State upon State's request. Concessionaire shall provide a cash register receipt to each customer setting forth the full amount of a sale.

16. GROSS RECEIPTS

The term "gross receipts", wherever used in this Contract, is intended to and shall mean all moneys, property, or any other thing of value received by or owed to Concessionaire and any sub-concessionaire or operator, if other than Concessionaire, through or in connection with the operation of the concession, including any concession related business carried on through the internet or catalog sales, or from any other business carried on or in connection with the Premises, or from any other use of the Premises, and/or of any business of any kind that uses the names licensed by this Contract, or that associates with or implies an endorsement by State, all without

deduction. The term "gross receipts" shall not include any sales taxes imposed by any governmental entity and collected by Concessionaire.

Reservation deposits shall not be included in gross receipts until the services that relate to the deposit have been rendered by Concessionaire or the reservation has been canceled and the deposit has been retained by Concessionaire in accordance with the deposit policy as approved in advance in writing by the State. Such advance deposits shall be retained in an interest-bearing joint trust account. All earned interest, including interest earned on a reservation deposit, shall be included in gross receipts for the month such earned interest is reported to Concessionaire.

17. RATES, CHARGES AND QUALITY OF GOODS AND SERVICES

Concessionaire shall staff, operate, manage, and provide all goods, services, and facilities offered in a first-class manner and comparable to other high quality concessions providing similar facilities and services. State reserves the right to prohibit or modify the sale or rental of any item, accommodation, or service for public safety and/or to ensure that the public receives, in the State's view, fair pricing, proper service, and appropriate quality. State reserves the right to prohibit the sale or use of non-recyclable containers or plastics.

Concessionaire may charge camping and day use fees consistent with State's fees. Rates and fees must be approved in writing by State.

Any increased rates or charges to park visitors proposed by Concessionaire following contract approval shall be submitted in writing for the State's approval. Rate increases may not be imposed retroactively.

For the first contract year, receipts and passes showing that a visitor has paid for current State day use and camping will be honored by Concessionaire as "paid day use" and State will reciprocally honor receipts from Concessionaire. After the first contract year, Concessionaire and State may choose to honor each other's passes/day use receipts, upon mutual agreement.

18. PERFORMANCE EVALUATIONS AND INSPECTION

As part of its administration of this Contract, State will conduct periodic inspections of concession facilities, equipment, services, and programs and prepare written performance evaluations based upon its observations. A "Concessionaire Performance Rating" (DPR Form 531) attached hereto as **Exhibit G**, or other similar format(s) as may be adopted by the State will be utilized for evaluation purposes. State further reserves the right of ingress and egress without notice to inspect concession operations for the purposes of evaluating Concessionaire's performance of the terms and conditions of this Contract; to inspect, investigate, and/or survey the Premises; and to do any work thereon of any nature necessary for preservation, maintenance, and operation of the State Park System. Concessionaire agrees to cooperate with State in all respects related to the implementation of State's Concession Performance Evaluation program and with State's activities on the Premises. State shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of State's entry in the Premises as provided herein, except damage resulting from the active negligence or willful misconduct of State or its authorized representatives.

19. HOLD HARMLESS AGREEMENT

Concessionaire hereby waives all claims and recourse against the State, including the right to contribution for loss or damage to persons or property arising from, growing out of, or in any way connected with or incident to this Contract, except claims arising from, and to the extent of, the sole gross negligence or willful misconduct of the State, its officers, agents, or employees. Concessionaire shall protect, indemnify, hold harmless, and defend State, its officers, agents, and employees against any and all claims, demands, damages, costs, expenses, attorney fees, expert costs and fees, or liability costs arising out of the development, construction, operation, or maintenance of the Premises property described herein and compliance with all laws, including but not limited to the Americans With Disabilities Act of 1990 as provided for herein, except for liability arising out of, and to the extent of, the sole gross negligence or willful

misconduct of State, its officers, agents, or employees or other wrongful acts for which the State is found liable by a court of competent jurisdiction.

20. **TAXES**

A. By signing this Contract, Concessionaire acknowledges that occupancy interest and rights to do business on state property being offered Concessionaire by this Contract may create a possessory interest as that term is defined in Revenue and Taxation Code Section 107.6, which possessory interest may subject Concessionaire to liability for the payment of property taxes levied on such possessory interest.

B. Concessionaire agrees to pay all lawful taxes, assessments, or charges that at any time may be levied by the State, County, City, or any tax or assessment levying body upon any interest in or created by this Contract, or any possessory right that Concessionaire may have in or to the premises covered hereby, or the improvements thereon by reason of Concessionaire's use or occupancy thereof or otherwise, as well as all taxes, assessments, and charges on goods, merchandise, fixtures, appliances, equipment, and property owned by Concessionaire in or about the Premises.

21. **MODIFICATIONS, ADDITIONS, TITLE TO IMPROVEMENTS**

In the event that Concessionaire desires to make modifications, improvements, or additions to the Premises or any part of the Premises, including changes to structural design, required accessibility barrier removal work, landscape design, or interior or exterior fixtures, design, and/or furnishings, (collectively "Alteration(s)"), the approval in writing of State shall be obtained prior to the commencement of any Alterations. State shall dictate the plan approval process.

The Premises as, shown on **Exhibit A-1**, include a state historic facility, as defined in Public Resources Code Section 5024. No alteration, modifications, demolition, or construction, other than those which may be outlined herein, may be commenced without prior written approval from State in accordance with Public Resources Code Section 5024.5.

Once any Alteration has been approved by State and the work has begun, Concessionaire shall, with reasonable diligence, prosecute to completion all approved Alterations. All work shall be performed in a good and workmanlike manner, shall substantially comply with plans and specifications submitted to State as required herein, and shall comply with all applicable governmental permits, laws, ordinances, and regulations. It shall be the responsibility of Concessionaire, at its own cost and expense, to obtain all licenses, permits, and other approvals necessary for the construction of approved Alterations.

Title to all Alterations and improvements existing or hereafter erected on the Premises, regardless of who constructs such improvements, shall immediately become State's property and, at the end of the Term, shall remain on the Premises without compensation to Concessionaire. Concessionaire agrees never to assail, contest, or resist title to the Alterations and improvements. The foregoing notwithstanding, State may elect, by notice to Concessionaire, that Concessionaire must remove any Alterations that are peculiar to Concessionaire's use of the Premises and are not normally required or used by State and/or future occupants of the Premises. In this event, Concessionaire shall bear the cost of restoring the Premises to its condition prior to the installment of the Alterations.

22. PERSONAL PROPERTY

Except to the extent covered by Section 21, "Modifications, Additions, Title to Improvements", title to all personal property provided by Concessionaire shall remain in Concessionaire. Concessionaire shall not attach any personal property to any building without first obtaining State's written approval. Unless approved in writing by State, all property attached to real property will be considered a real property improvement and shall become property of State at the time this Contract is terminated.

23. HOUSEKEEPING AND MAINTENANCE

During the term of this Contract at Concessionaire's own cost and expense, Concessionaire shall maintain and operate the Premises and areas in, on, or adjacent to a distance of not less than fifty (50) feet, including personal property and equipment,

in a clean, safe, wholesome, and sanitary condition free of trash, garbage, or obstructions of any kind. Concessionaire shall remedy without delay any defective, dangerous, unsafe, or unsanitary conditions.

A. Housekeeping: Housekeeping activities are defined as all those activities concerned with keeping facilities clean, neat, and orderly, and includes, but is not limited to, irrigating, mowing, raking, sweeping, vacuuming, mopping, stripping, waxing, dusting, wiping, washing, hosing, and other general care or cleaning of interior and exterior floors, walls, ceilings, doors, windows, facility fixtures, and all adjacent grounds and walks and includes:

- 1) Fire clearance around Premises
- 2) Repair or replace a broken door or window
- 3) Minor repairs (less than \$100), such as:
 - a) a damaged fence section
 - b) minor vandalism

B. Maintenance and Repairs: For the purposes of this Contract, the term “maintenance” is defined as all repair and preservation work (that is not housekeeping), necessary to maintain Premises in a good state of repair, as well as to preserve for their intended purpose for an optimum useful life.

1) Category 1 Maintenance Work - Repairs

Category I maintenance work includes all preventive and recurring maintenance which is necessary every year, as well as that portion of regular maintenance activities which recur on two to five year cycles, which falls due during the budget year in question. Category I repairs must be approved by the State and submitted in an annual Category I Maintenance project plan. Once approved, by State, Category 1 Maintenance repairs may be funded from the Facility Maintenance Improvement Account.

The following are examples of Category I Maintenance:

- Paint the exterior and /or interior of a building

- Repair a faulty sewer line
- Patch a surfaced road or grade an unsurfaced road
- Repair a water line or valve

2. Category II Maintenance- Replace

Category II Maintenance includes maintenance work performed on a six or more year cycle and usually includes replacement of all or a substantial portion of a “system”, within facilities or structures. The following are examples of Category II Maintenance:

- Replacing a roof
- Replacing a septic tank or leach field
- Replacing a heating or AC system
- Replacing a majority of a fence line

Category II Maintenance does NOT include replacement of an entire facility, structure, or major infrastructure system such as water, sewer and electrical systems. Category II projects must be approved by the State and submitted in an annual Category II Maintenance project request plan. “Project approval” by the State is defined as written approval by the District Superintendent with written concurrence of the Field Division Chief or designee.

C. Pest Inspections

Pest inspections shall be performed regularly and may be funded from the FIMA. Concessionaire will remedy all pest infestations in a timely manner.

Concessionaire shall provide to State copies of all pest inspection reports or other professional assessments of the condition of the facilities. (Refer to Section 26 “Hazardous Substances” for information on pest control.)

D. Incomplete Repairs/Maintenance

Should Concessionaire fail, neglect, or refuse to undertake and complete any required maintenance, State shall have the right to perform such maintenance or repairs for Concessionaire. In this event, Concessionaire shall promptly

reimburse State for the cost thereof provided that State shall first give Concessionaire ten (10) days written notice of its intention to perform such maintenance or repairs. State shall not be obligated to make any repairs to or maintain any improvements on the Premises. Concessionaire hereby expressly waives the right to make repairs at the expense of State and the benefit of the provisions of Sections 1941 and 1942 of the Civil Code of the State of California relating thereto if any there be. State has made no representations respecting the condition of the Premises, except as specifically set forth in this Contract.

24. UTILITIES AND SERVICES

Concessionaire shall be responsible for all costs associated with the installation and provision of all utilities necessary to and used in connection with the Premises, including but not limited to sewage disposal. When installing facilities, no trees shall be trimmed or cut without permission of State. Removal and disposal of all rubbish, refuse, and garbage resulting from concession's operations shall be the Concessionaire's responsibility and shall be disposed of outside the park unit and in accordance with applicable laws and local ordinances. All trash containers and/or trash bins shall be adequately screened to the satisfaction of State.

25. WASTE MANAGEMENT

- A. Environmental Conservation Program: Concessionaire shall set a positive example in waste management and environmental awareness that shall lead to preservation of the resources of the State. Accordingly, Concessionaire shall prepare and execute a program, subject to the prior written approval of the State, designed to reduce environmental impacts that result from concession operations. This program shall address, but not be limited to: solid waste management, including reduction, reuse and recycling; water and energy conservation, pest management, grease removal and disposal, hazardous materials handling and storage, and air quality. Specifically, the program must include the following:

1) Recycling and Beverage Container Programs: The Concessionaire shall implement a source reduction and recycling program designed to minimize concession and patron use of disposable products, per Public Contract Codes Sections 12161 and 12200 et seq. Reusable and recyclable products are preferred over "throwaways". Where disposable products are needed, products that have the least impact on the environment will be selected. No Styrofoam containers or other non-biodegradable containers are to be used or sold by Concessionaire. The use of "post-consumer" recycled products is encouraged wherever possible.

The Concessionaire shall participate in the California beverage container redemption/recycling program. Products to be recycled include, but are not limited to, paper, newsprint, cardboard, bimetals, plastics, aluminum and glass. At the start of each Contract Year, Concessionaire and State shall review items sold, and containers or utensils used or dispensed by Concessionaire, and, whenever possible, eliminate the use of non-returnable or non-recyclable containers or plastics.

2) Water and Energy Conservation: The Concessionaire shall implement water and energy conservation measures. As new technologies are developed, Concessionaire shall explore the possibility of integrating them into existing operations where there is potential for increased efficiency, reduced water or energy consumption, and/or reduced impacts on the environment.

3) Erosion Control/Water Quality/Environmental Sensitivity: The Concessionaire shall comply with all requirements set forth by various oversight agencies that have jurisdiction and oversight authority relating to the Premises and surrounding properties, including, but not limited to, erosion control, water quality and environmental sensitivity standards.

B. Air and Water Pollution Violation: Under State laws, Concessionaire shall not be (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to

cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

26. HAZARDOUS SUBSTANCES

A. Use of Premises: On the Premises, and notwithstanding sections B and C below, Concessionaire, unless otherwise approved in writing by State shall not:

- 1) Keep, store, or sell any goods, merchandise, or materials that are in any way explosive or hazardous;
- 2) Carry-on any offensive or dangerous trade, business, or occupation;
- 3) Use or operate any machinery or apparatus that shall injure the premises or adjacent buildings in any way; or
- 4) Do anything other than is provided for in this Contract.

B. Nothing in this Section shall preclude Concessionaire from bringing, keeping, or using on or about said premises such materials, supplies, equipment, and machinery as is appropriate or customary in carrying-on Concessionaire's business.

C. Hazardous Materials: Gasoline, oil, and other materials considered under law or otherwise to be hazardous to public health and safety shall be stored, handled, and dispensed as required by present or future regulations and laws.

D. Storage of Hazardous Materials: Concessionaire shall comply with all applicable laws and best practices pertaining to the use, storage, transportation, and disposal of hazardous substances. Concessionaire shall protect, indemnify, defend, and hold harmless the State or any of its affiliates, successors, principals, employees, or agents against any liability, cost, or expense, including attorney's fees and court costs, arising from illegal use, storage, transportation, or disposal of any hazardous substance, including any petroleum derivative, by Concessionaire. Where Concessionaire is found to be in breach of this provision due to the issuance of a government order directing Concessionaire to cease

and desist any illegal action in connection with a hazardous substance, or to remediate a contaminated condition directly caused by Concessionaire or any person acting under Concessionaire's direct control or authority, Concessionaire shall be responsible for all cost and expense of complying with such order, including any and all expenses imposed on or incurred by the State in connection with or in response to such government order. Notwithstanding the foregoing, in the event a government order is issued naming Concessionaire, or Concessionaire incurs any liability during or after the term of the Contract in connection with contamination that preexisted the Concessionaire's obligations and occupancy under this Contract or prior contracts, or that were not directly caused by Concessionaire, the State shall be solely responsible as between Concessionaire and the State for all expenses and efforts in connection therewith, and State shall reimburse Concessionaire for all reasonable expenses actually incurred by Concessionaire therewith.

E. Certification: Upon termination of this Contract, when requested by State, Concessionaire shall provide certification prepared by a Certified Industrial Hygienist that there is no hazardous waste contamination and/or damage to the Premises.

F. Pest Control Activities: All pest control activities, chemical and non-chemical, shall be approved by the State prior to action by the Concessionaire. Concessionaire, or the pest control business acting on behalf of Concessionaire, shall submit a DPR 191, "Pest Control Recommendation" **Exhibit K**, attached hereto and made a part of this contract (or equivalent) to the State for approval. The State has fourteen (14) days to approve or deny the request. Such approval shall be solely for compliance with State's policies and in no way shall relieve Concessionaire or its contractors, employees, agents or representatives from compliance with all laws and regulations concerning such activities and from carrying out the work in a workmanlike manner.

Concessionaire, or the pest control business acting on behalf of Concessionaire, shall submit a report of completed work for each pest management action to the State no later than seven (7) days after performance

of the work. The report may be submitted on a DPR 191, "Pest Control Recommendation" (or equivalent information).

27. EQUIPMENT

Concessionaire, at Concessionaire's own expense, shall completely equip the concession improvements described herein and shall keep the same equipped in a safe and first-class manner throughout the term of this Contract.

28. SIGNS AND ADVERTISING

No signs, logos, names, placards, or advertising matter shall be inscribed, painted, or affixed upon Premises, circulated, or published, including electronically or on the internet, without prior written consent of the State and only consistent with the purposes of the Contract.

29. PHOTOGRAPHY

State may grant permits to persons or corporations engaged in the production of still and motion pictures and related activities for the use of the Premises for such purposes when such permission shall not interfere with the primary business of Concessionaire. Such permits shall not be deemed to be a competitive activity with regard to Concessionaire's rights to possession and operation under this Contract.

30. INTELLECTUAL PROPERTY RIGHTS

A. Any names, logos, and/or trademarks developed during and/or pursuant to this Contract that will in any way associate with, identify, or implicate an affiliation with California State Parks shall be approved by State, but, whether or not so approved, shall be deemed to have been developed pursuant to this Contract and licensed hereunder to Concessionaire for the term of this Contract only; shall belong to State upon creation; and shall continue in State's exclusive ownership upon termination of this Contract, and all goodwill and other rights in said marks shall inure to the benefit of the State as the mark owner. Further, any original works of authorship in which copyright resides, and any other proprietary rights, including without limitation trade secrets and

know-how, which are developed during and/or pursuant to this Contract, shall be deemed to be works made for hire in consideration of Concessionaire's rights and benefits hereunder, or alternatively Concessionaire agrees to assign such copyrights to the State, and shall be owned by the State; shall belong to State upon creation; and shall continue in State's exclusive ownership upon termination of this Contract. These works shall include, but are not limited to, all drawings, designs, reports, specifications, notes, and other work developed in the performance of this Contract. Further, Concessionaire shall deliver to the State upon request the electronic media that contain the design or other such files containing such information. Drawings and Project Manuals shall be provided in electronic format using industry standard software and in compliance with State's Guidelines for Construction and Completion of Improvements. Concessionaire intends and agrees to assign to State all right, title, and interest in and to such materials, as well as all related copyrights and other proprietary rights therein, unless otherwise agreed to in writing.

B. Concessionaire warrants that it has the full right, power, and authority over and is the sole exclusive owner of all tangible and intangible property deliverable to State in connection with this Contract and that title to such materials conveyed to State shall be delivered free and clear of all claims, liens, charges, judgments, settlement, encumbrances, or security interests.

C. Concessionaire agrees not to incorporate into or make any deliverables dependent upon any original works of authorship or Intellectual Property Rights of third parties without first (i) obtaining State's prior written permission, and (ii) granting to or obtaining for State a nonexclusive, royalty-free, paid-up, irrevocable, perpetual, world-wide license to use, reproduce, sell, modify, publicly and privately perform, publicly and privately display and distribute any such prior works for any purpose whatsoever.

D. Concessionaire further warrants that all deliverables do not infringe or violate any patent, copyright, trademark, trade secret, or any other intellectual property rights of any person, entity, or organization. Concessionaire agrees to execute any documents reasonably requested by State in connection with securing State's registration of patent and/or copyrights, or any other statutory protection in such work product, including an assignment of copyright, in all deliverables. Concessionaire

further agrees to incorporate these provisions into all of its contracts with architects, engineers, and other consultants or contractors.

F. The State hereby grants Concessionaire, and Concessionaire hereby accepts non-exclusive, non-assignable permission to use certain trademarks hereinafter referred to "Mark" (such as the California State Parks Logo), created and owned by the State, in accordance with **Exhibit H** License/Permission for use of Trademarks, attached hereto and made part of this Contract and the following terms and conditions:

- 1) Any use of Mark is subject to advance review and approval by State's Representative or designee.
- 2) One copy of any published work or product using the Mark must be provided to State.
- 3) Concessionaire shall not modify or alter the Mark in any way without prior written approval from State.
- 4) A record of each authorized Concessionaire use of the Mark shall be maintained by the District Superintendent or designee.
- 5) State reserves right to terminate Concessionaire's permission to use Mark due to unauthorized use of the Mark, whereupon all rights granted herein shall revert immediately to State.

E. Concessionaire, at its sole expense, shall hold harmless, protect, defend, and indemnify State against any infringement action and/or dispute brought by a third party in connection with any deliverable hereunder or use of Mark by Concessionaire. Concessionaire shall pay all costs, expenses, losses and damages, judgments and claims including reasonable attorney's fees, expert witness fees and other costs.

31. PARTICIPATION IN STATE PARK MARKETING PROGRAMS

Concessionaire acknowledges that the State has an established advertising and marketing program designed to promote additional revenue for the State and to deliver a consistent and positive image to the public, and Concessionaire agrees to participate in this program in the manner described below without compensation from the State for such cooperation.

A. Concessionaire agrees to honor all statewide graphic standards, licensing, and merchandising agreements entered into with corporate sponsors of the Department of Parks and Recreation.

B. Concessionaire agrees to place on the Premises any advertising that the State approves under this program. Any advertising approved by the State under this program will be placed at State's expense.

Concessionaire agrees to rent or sell, along with all other items of merchandise that are part of the Concessionaire's normal and customary inventory, any item of merchandise that the State approves under this program, provided that Concessionaire is authorized to sell or rent it under the terms of the Contract, and the Concessionaire receives reasonable compensation for its sale.

32. DEFAULT BY CONCESSIONAIRE

A. Defaults: The occurrence of any one of the following shall constitute a default and breach of this Contract by Concessionaire:

- 1) Failure to Pay Rent: Any failure of Concessionaire to make timely rent deposits due into the FMIA or any other monetary sums required to be paid hereunder where such failure continues for a period of ten (10) consecutive days after such sums are due.
- 2) Absence from Premises: Any complete absence by Concessionaire or its agents and employees from the Premises for thirty (30) consecutive days or longer. The Premises shall be deemed abandoned after State has followed the procedures set forth in Civil Code Section 1951.3.
- 3) Nuisance: Should Concessionaire create or allow to be created a nuisance on the Premises, State may declare an immediate event of default and enter upon and take possession and/or demand an assignment of the right to operate the Premises without notice to Concessionaire. Concessionaire shall immediately vacate the Premises and remove all personal property within thirty (30) days after State's declaration of default.

4) Failure to Observe Other Provisions: Any failure by Concessionaire to observe or perform another provision of this Contract where such failure continues for twenty (20) consecutive days after written notice thereof by State to Concessionaire; this notice shall be deemed to be the notice required under California Code of Civil Procedure Section 1161.

However, if the nature of Concessionaire's default is such that it cannot reasonably be cured within the twenty (20) day period, Concessionaire shall not be deemed to be in default if it is determined at the sole discretion of State that Concessionaire has commenced such cure within the twenty (20) day period and thereafter continues to diligently prosecute such cure to completion to the satisfaction of State.

5) Involuntary Assignments, Bankruptcy: State and Concessionaire agree that neither this Contract nor any interest of Concessionaire hereunder in the Premises shall be subject to involuntary assignment or transfer by operation of law in any manner whatsoever, including, without limitation, the following: (a) transfer by testacy or intestacy; (b) assignments or arrangements for the benefit of creditors; (c) levy of a writ of attachment or execution on this Contract; (d) the appointment of a receiver with the authority to take possession of the Premises in any proceeding or action in which Concessionaire is a party; or (e) the filing by or against Concessionaire of a petition to have Concessionaire adjudged a bankrupt, or of a petition for reorganization or arrangement under any law relating to bankruptcy. Any such involuntary assignment or transfer by operation of law shall constitute a default by Concessionaire and State shall have the right to elect to take immediate possession of the Premises, to terminate this Contract and/or invoke other appropriate remedies as set forth below, in which case this Contract shall not be treated as an asset of Concessionaire.

B. Notices of Default: Notices of default shall specify the alleged default and the applicable contract provision and shall demand that Concessionaire perform the provisions of this Contract within the applicable time period or quit the

Premises. No such notice shall be deemed a forfeiture or a termination of this Contract unless State specifically so states in the notice.

33. STATE'S REMEDIES

In the event of default by Concessionaire, State shall have the following remedies. These remedies are not exclusive; they are cumulative and are in addition to any other right or remedy of State at law or in equity.

A. Collection of Rent: In any case where State has a cause of action for damages, State shall have the privilege of splitting the cause to permit the institution of a separate suit for rent due hereunder, and neither institution of any suit, nor the subsequent entry of judgment shall bar State from bringing another suit for rent; it being the purpose of this provision to provide that the forbearance on the part of State in any suit or entry of judgment for any part of the rent reserved under this Contract, to sue for, or to include in, any suit and judgment the rent then due, shall not serve as defense against, nor prejudice a subsequent action for, rent or other obligations due under the Contract. The claims for rent may be regarded by State, if it so elects, as separate claims capable of being assigned separately.

B. Maintain Contract in Effect: The State has the remedy described in California Civil Code 1951.4 (lessor may continue lease in effect after lessee's breach or abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations). The following do not constitute a termination of the Concessionaire's right to possession: (1) Acts of maintenance or preservation or efforts to relet the Premises; (2) The appointment of a receiver upon initiative of the State to protect State's interests under the Contract; (3) Withholding consent to a subletting or assignment so long as such consent is not unreasonably withheld.

C. Continued Performance: At State's option, Concessionaire shall continue with its responsibilities under this Contract during any dispute.

D. Termination of Concessionaire's Right to Possession: Upon an event of default, State may terminate Concessionaire's right to possession of the

Premises at any time by written notice to Concessionaire. In the absence of such written notice from State, no act by State, including, but not limited to, acts of maintenance, efforts to relet and/or assign rights to possession of the Premises, or the appointment of a receiver on State's initiative to protect State's interest under this Contract shall constitute an acceptance of Concessionaire's surrender of the Premises, or constitute a termination of this Contract or of Concessionaire's right to possession of the Premises. Upon such termination, State has the right to recover from Concessionaire:

- 1) the worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this Contract;
- 2) the worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this Contract until the time of the award exceeds the amount of loss of rent that Concessionaire proves could have reasonably been avoided;
- 3) the worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the amount of the loss of rent that Concessionaire proves could have been reasonably avoided; and
- 4) any other amount necessary to compensate State for all the detriment proximately caused by Concessionaire's failure to perform its obligations under this Contract, which, without limiting the generality of the foregoing, includes any cost and expenses incurred by the State in recovering possession of the Premises, in maintaining or preserving the Premises after such default, in preparing the Premises for a new concessionaire, in making any repairs or alterations to the Premises necessary for a new concessionaire, in making any repairs or alterations to the Premises, and costs of clearing State's title of any interest of Concessionaire, commissions, attorneys' fees, architects' fees, and any other costs necessary or appropriate to make the Premises operational by a new concessionaire.

"The worth, at the time of the award," as used herein above shall be computed by allowing interest at the lesser of a rate of ten percent (10%) per annum or the maximum legal rate.

E. Assignment at State's Direction: In the event of a default by Concessionaire, when cure is not received and acknowledged by State after having provided notice of the breach as provided herein above, Concessionaire shall, in addition to the damages provided for herein, be obligated to assign all rights to occupy, possess, and operate on and in the Premises to State's designee within thirty (30) days of receipt of written demand by State. Concessionaire shall further remove itself and its personal property from the Premises within the same time frame. Concessionaire agrees to execute all documents necessary to effectuate and implement this provision. Upon such assignment, all rights of Concessionaire under the Contract shall transfer to the assignee.

Any designated assignee, as provided for herein, shall take and operate the concession under the same terms and conditions as those set forth herein, except for requirements that have already been performed and are no longer applicable. However, Concessionaire shall not be relieved of obligations incurred. An assignment of the Contract pursuant to the terms hereof shall not cause the Contract to terminate and shall not work a merger.

On or before termination of this Contract, Concessionaire at its own expense shall remove all personal property brought onto the Premises by Concessionaire. Concessionaire, at Concessionaire's expense, shall restore and repair the Premises, and any of Concessionaire's improvements or fixtures remaining thereon, to a good, clean, safe, and fit condition, reasonable wear and tear excepted, and shall completely remedy all injuries to the Premises.

F. Receiver: If Concessionaire is in default of this Contract, State shall have the right to have a receiver appointed to collect rent and conduct Concessionaire's business or to avail itself of any other pre-judgment remedy. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by State to terminate this Contract.

G. Right to Cure Concessionaire's Default: At any time after Concessionaire commits a default, State can cure the default at Concessionaire's cost. If State, at any time by reason of Concessionaire's default, pays any sum or does any act that requires the payment of any sum, the sum paid by State shall be due immediately from Concessionaire to State, and if paid at a later date shall bear interest at the rate of ten percent (10%) per annum from the date the sum is paid by State until State is reimbursed by Concessionaire. Any such sum shall be due as additional rent.

H. Personal Property of Concessionaire: In the event any personal property or trade fixtures of Concessionaire remain at the Premises after State has regained possession or after an assignment is accomplished, that property or those fixtures shall be dealt with in accordance with the provisions for Surrender of the Premises provided below.

- 1) State's Obligations After Default: State shall be under no obligation to observe or perform any covenant of this Contract on its part to be observed or performed that accrues after the date of any default by Concessionaire. Such nonperformance by State shall not constitute a termination of Concessionaire's right to possession nor a constructive eviction.
- 2) No Right of Redemption: Concessionaire hereby waives its rights under California Code of Civil Procedure Sections 1174 and 1179 or any present or future law that allows Concessionaire any right of redemption or relief from forfeiture in the event State takes possession of the Premises by reason of any default by Concessionaire.
- 3) Other Relief: All monetary obligations of the Concessionaire of any kind shall be considered rent. State shall have such rights and remedies for failure to pay such monetary obligations as State would have if Concessionaire failed to pay rent due. The remedies provided in this Contract are in addition to any other remedies available to State at law, in equity, by statute, or otherwise.

4) No Buy-out: In accordance with Public Resources Code Section 5080.18 (h), where the Contract has been terminated due to a breach on the part of the Concessionaire under any terms of this Contract the State shall not be obligated to purchase any improvements made by Concessionaire or to pay the Concessionaire for said improvements before or after taking possession of the Premises.

34. DEFAULT BY STATE

State shall not be in default of the performance of any obligation required of it under this Contract unless and until it has failed to perform such obligation for more than thirty (30) days after written notice by Concessionaire to State specifying the alleged default and the applicable contract provision giving rise to the obligation. However, if the nature of State's obligation is such that more than thirty (30) days is required for its performance, then State shall not be deemed in default if it shall commence performance within such 30-day period and thereafter diligently prosecute the same to completion.

35. SURRENDER OF THE PREMISES; HOLDING OVER

A. Surrender: On expiration or within thirty (30) days after earlier termination of the Contract, Concessionaire shall surrender the Premises to State with all fixtures, improvements, and Alterations in good condition, except for fixtures, improvements, and Alterations that Concessionaire is obligated to remove. Concessionaire shall remove all of its personal property and shall perform all restoration required by the terms of this Contract within the above stated time unless otherwise agreed to in writing.

1) Personal Property: All of Concessionaire's personal property remaining on the Premises beyond such time specified in this Section shall be dealt with in accordance with California Code of Civil Procedure Section 1174 and California Civil Code Sections 1980, or such other laws as may be enacted regarding the disposition of Concessionaires' property remaining at the Premises. Concessionaire waives all claims against

State for any damage to Concessionaire resulting from State's retention or disposition of Concessionaire's personal property. Concessionaire shall be liable to State for State's costs in storing, removing, and disposing of Concessionaire's personal property or trade fixtures.

2) Failure to Surrender: If Concessionaire fails to surrender the Premises to State on the expiration, assignment, or within thirty (30) days after earlier termination of the term as required by this Section, Concessionaire shall hold State harmless for all damages resulting from Concessionaire's failure to surrender the Premises.

B. Holding Over: After the expiration or earlier termination of the term and if Concessionaire remains in possession of the Premises with State's express consent, such possession by Concessionaire shall be deemed to be a temporary tenancy terminable on thirty (30) days written notice given at any time by either party. Concessionaire shall pay such rent and all other sums required to be paid hereunder monthly on or before the fifteenth day of each month. All other provisions of this Contract except those pertaining to the term shall apply to the month-to-month tenancy.

36. NO RECORDATION; QUITCLAIM

A. No Recordation: This Contract shall not be recorded.

B. Quitclaim: Concessionaire shall execute and deliver to State on the expiration or termination of this Contract immediately on State's request, a quitclaim deed to the Premises and the rights arising hereunder, in recordable form or such other document as may be necessary, to remove any claim of interest of Concessionaire in and to all property belonging to the State. Should Concessionaire fail or refuse to deliver to State a quitclaim deed or other documents as aforesaid, a written notice by State reciting the failure of the Concessionaire to execute and deliver said quitclaim deed as herein provided, shall after ten (10) days from the date of recordation of said notice be conclusive evidence against the Concessionaire and all persons claiming under Concessionaire of the termination of this Contract.

37. ATTORNEYS FEES

Concessionaire shall reimburse the State on demand for all reasonable attorney fees (including attorneys fees incurred in any bankruptcy or administrative proceeding or in any appeal) and expenses incurred by State as a result of a breach or default under this Contract. If Concessionaire becomes the prevailing party in any legal action brought by State, Concessionaire shall be entitled to recover reasonable attorney fees and expenses incurred by Concessionaire and need not reimburse the State for any attorney fees and expenses incurred by the State.

38. EXPATRIATE CORPORATIONS

Concessionaire hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1 and is eligible to contract with the State.

39. COMPLIANCE WITH LAWS, RULES, REGULATIONS AND POLICIES

Concessionaire shall comply with all applicable laws, rules, regulations, and orders existing during the term of this Contract, including obtaining and maintaining all necessary permits and licenses. Concessionaire acknowledges and warrants that it is or will make itself through its responsible concession managers, knowledgeable of all pertinent laws, rules, ordinances, regulations, or other requirements having the force of law affecting the operation of the concession facilities, including but not limited to laws affecting health and safety, hazardous materials, pest control activities, historic preservation, environmental impacts, and State building codes and regulations.

40. NONDISCRIMINATION

During the performance of this Contract, Concessionaire and its employees shall not unlawfully discriminate, harass, or allow harassment against any employee, applicant for employment, or any member of the public because of sex, sexual orientation, race, color, religious creed, marital status, need for family and medical care leave, ancestry, national origin, medical condition (cancer/genetic characteristics), age

(40 and above), disability (mental and physical) including HIV and AIDS, need for pregnancy disability leave, or need for reasonable accommodation. Concessionaire shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.

For contracts over \$100,000 executed or amended after January 1, 2007, the Concessionaire certifies compliance with Public Contract Code Section 10295.3 concerning domestic partners.

Further, as part of compliance with the foregoing, Concessionaire and Concessionaire's employees shall not discriminate by refusing to furnish any person any accommodation, facility, service, or privilege offered to or enjoyed by the general public. Nor shall Concessionaire or Concessionaire's employees publicize the accommodation, facilities, services, or privileges in any manner that would directly or inferentially reflect upon or question the acceptability of the patronage of any such person.

Concessionaire shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990 (a)-(f), are incorporated into this Contract by reference and made a part hereof as if set forth in full (California Code of Regulations, title 2, Section 7285.0 et seq.). Concessionaire shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Concessionaire shall include the non-discrimination and compliance provisions of this clause in all contracts to perform work under and/or in connection with this Contract.

In the event of violation of this Section, the State will have the right to terminate this Contract, and any loss of revenue sustained by the State by reason thereof shall be borne and paid for by the Concessionaire.

41. DISABILITIES ACCESS LAWS

Without limiting Concessionaire's responsibility under this Contract for compliance with all laws, with regard to all operations and activities that are the

responsibility of Concessionaire under this Contract, Concessionaire shall be solely responsible for complying with the requirements of the Americans With Disabilities Act of 1990 ("ADA") [Public Law 101-336, commencing at Section 12101 of Title 42, United States Code (and including Titles I, II, and III of that law)], the Rehabilitation Act of 1973, and all related regulations, guidelines, and amendments to both laws.

With regard to facilities for which Concessionaire is responsible for operation, maintenance, construction, restoration, or renovation under this Contract, Concessionaire also shall be responsible for compliance with Government Code Section 4450, et seq., Access to Public Buildings by Physically Handicapped Persons, and Government Code Section 7250, et seq., Facilities for Handicapped Persons, and any other applicable laws. Written approval from State is required prior to implementation of any plans to comply with accessibility requirements.

42. DRUG-FREE WORKPLACE

Concessionaire agrees to comply with Government Code Section 8355 in matters relating to the provision of a drug-free workplace. This compliance is evidenced by the executed Standard Form 21 entitled "Drug-Free Workplace Certification", **Exhibit J**, attached hereto and made a part of the Contract.

43. NATIONAL LABOR RELATIONS BOARD CERTIFICATION

The Concessionaire, by signing this Contract, does hereby swear, under penalty of perjury, that no more than one final, unappealable finding of contempt of court by a Federal Court has been issued against Concessionaire within the two-year period immediately preceding the date of this Contract because of Concessionaire's failure to comply with a Federal Court order that Concessionaire shall comply with an order of the National Labor Relations Board.

44. CHILD SUPPORT COMPLIANCE ACT

In the event the annual gross income generated as a result of this Contract shall exceed One Hundred Thousand Dollars (\$100,000.00), Concessionaire acknowledges that:

A. The Concessionaire recognizes the importance of child and family support relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as obligations and shall comply with all applicable state and federal laws provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code; and

B. The Concessionaire to the best of its knowledge is complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

45. INDEPENDENT CONTRACTOR

In the performance of this Contract, Concessionaire and the agents and employees of Concessionaire shall act in an independent capacity and not as officers or employees or agents of the State.

46. CONFLICT OF INTEREST

Concessionaire warrants and covenants that no official, employee in the state civil service, other appointed state official, or any person associated with same by blood, adoption, marriage, cohabitation, and/or business relationship: (a) has been employed or retained to solicit or aid in the procuring of this Contract; (b) will be employed in the performance of this Contract without the immediate divulgence of such fact to State. In the event State determines that the employment of any such official, employee, associated person, or business entity is not compatible, Concessionaire shall terminate such employment immediately. For breaches or violation of this Section, State shall have the right both to annul this Contract without liability and, in its discretion, recover from the Concessionaire the full amount of any compensation paid to such official, employee, or business entity.

47. WAIVER OF CLAIMS

The Concessionaire hereby waives any claim against the State of California, its officers, agents, or employees for damage or loss caused by any suit or proceeding directly or indirectly attacking the validity of this Contract or any part thereof, or by any judgment or award in any suit or proceeding declaring this Contract null, void, or voidable, or delaying the same or any part thereof from being carried out.

48. WAIVER OF CONTRACT TERMS

Unless otherwise provided by this Contract, no waiver by either party at any time of any of the terms, conditions, or covenants of this Contract shall be deemed as a waiver at any time thereafter of the same or of any other term, condition, or covenant herein contained, nor of the strict and prompt performance thereof. No delay, failure, or omission of the State to re-enter the Premises or to exercise any right, power, privilege, or option arising from any breach, nor any subsequent acceptance of rent then or thereafter accrued shall impair any such right, power, privilege, or option or be construed as a waiver of such breach or a relinquishment of any right or acquiescence therein. No notice to the Concessionaire shall be required to restore or revive time as of the essence after the waiver by the State of any breach. No option, right, power, remedy, or privilege of the State shall be construed as being exhausted by the exercise thereof in one or more instances. The rights, powers, options, and remedies given to the State by this Contract shall be deemed cumulative.

49. INTERPRETATION OF CONTRACT

This Contract is made under and is subject to the laws of the State of California in all respects as to interpretation, construction, operation, effect, and performance.

50. DURATION OF PUBLIC FACILITIES

By entering into this Contract, State makes no stipulation as to the type, size, location, or duration of public facilities to be maintained at this unit, or the continuation of State ownership thereof, nor does the State guarantee the accuracy of any financial

or other factual representation that may be made regarding this concession.

51. TIME OF ESSENCE

Time shall be of the essence in the performance of this Contract.

52. EMINENT DOMAIN

If, during the term of this Contract, any property described herein or hereinafter added hereto is taken in eminent domain, the entire award shall be paid to State.

53. TEMPORARY TENANCY

This tenancy is of a temporary nature and the parties to this Contract agree that no Relocation Payment or Relocation Advisory Assistance will be sought or provided in any form as a consequence of this tenancy.

54. SECTION TITLES

The Section titles and subtitles in this Contract are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope or intent of this Contract, or in any way affect this Contract.

55. CONTRACT IN COUNTERPARTS

This Contract may be executed in counterparts, each of which shall be deemed an original.

56. ASSIGNMENTS AND SUBCONCESSIONS

No transfer, assignment, or corporate sale or merger by the Concessionaire that affects this Contract or any part thereof or interest therein directly or indirectly, voluntarily or involuntarily, shall be made unless such transfer, assignment, or corporate merger or sale is first consented to in writing by State.

Portions of this concession may be operated by others under a subconcession agreement with prior written consent of State under the following conditions:

- A. The subconcessionaire must be qualified.

- B. The subconcessionaire's interest shall be subordinate and in all ways subject to the terms of this contract.
- C. Concessionaire's gross receipts shall include all receipts of the subconcessionaire.

57. MODIFICATION OF CONTRACT

This concession contract contains and embraces the entire agreement between the parties hereto and neither it, nor any part of it, may be changed, altered, modified, limited, or extended orally or by any agreement between the parties unless such agreement be expressed in writing, signed, and acknowledged by the State and the Concessionaire or their successors in interest.

An amendment is required to change the Concessionaire's name as listed in this Contract upon receipt of legal documentation to support such change.

Notwithstanding any of the provisions of this Contract, the parties may hereafter, by mutual consent expressed in writing, agree to modifications thereof, additions thereto, or terminations thereof, which are not forbidden by law. Such written modifications or additions to this Contract shall not be effective until signed and acknowledged by the State and Concessionaire and approved in writing by the Department of General Services and the Attorney General of the State of California. The State shall have the right to grant reasonable extensions of time to Concessionaire for any purpose or for the performance of any obligation of Concessionaire hereunder.

58. UNENFORCEABLE PROVISION

In the event that any provision of this Contract is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Contract have force and effect and shall not be effected thereby.

59. APPROVAL OF CONTRACT

This Contract, amendments, modifications, or termination thereof shall not be effective until approved by Department of General Services and the Attorney General of the State of California.

60. STATE'S DISTRICT SUPERINTENDENT

For the purposes of this Contract, the "District Superintendent" is the State representative responsible for the Premises. The District Superintendent is charged with the day-to-day administration of this Contract and is the Concessionaire's initial contact with the State for information, contract performance, and other issues as might arise. The District Superintendent may delegate these responsibilities to a Sector or Park Superintendent or other individual.

IN WITNESS WHEREOF, the parties hereto warrant that they respectively have the requisite authority to enter this Contract, binding the named parties for which they sign, and have executed this concession contract at the respective times set forth below.

CONCESSIONAIRE:

**STATE OF CALIFORNIA
DEPARTMENT OF PARKS & RECREATION**

Signed: _____

Signed:_____

Name:_____

Name:_____

Title: _____

Title: _____

Date:_____

Date:_____

APPROVED:

APPROVED:

ATTORNEY GENERAL:

DEPARTMENT OF GENERAL SERVICES:

Approved as to legal sufficiency in accordance with the requirements of Sections 5080.02-5080.21 of the Public Resources Code.

**KAMALA D. HARRIS, Attorney General
of the State of California**

By: _____
Deputy Attorney General

Dated:_____

Exhibit A-1 PREMISES DESCRIPTION contains a written premises description for each park unit. (In the final contact, each park will only have one park unit in its Premises Description.)

Exhibit A-2 PREMISES MAPS contains maps showing premises boundaries for each park unit. (In the final contact, each park will only have one park unit in its Premises Description.)

Exhibit O – Waterfowl Hunting Guidelines and Permit

EXHIBIT A-1 – PREMISES DESCRIPTION

The Concessionaire will provide continued public access to the Premises, which includes day use areas, campgrounds, parking, picnic areas, including all structures including restrooms, combination restroom-shower buildings, residences, maintenance shops, administrative buildings, storage buildings, signs and recreational and interpretive facilities for the use and enjoyment of the general public at Turlock Lake State Recreation Area, McConnell State Recreation Area, George J. Hatfield State Recreation Area, Woodson Bridge State Recreation Area, and Brannan Island State Recreation Area.

1. Turlock Lake State Recreation Area

Park unit details available at http://www.parks.ca.gov/?page_id=555. The concessionaire will operate the overnight, day use and recreational facilities of this 228 acre park unit which opened in 1950.

Recreation

The park unit features 26 miles of shoreline and expansive foothill country. From several lookout points, visitors can view the surrounding savannas and some of the cattle ranches and orchards nearby. Lake Road, which separates the campground from the day-use area, offers an excellent perspective of the campground, the river and sloughs, and miles of dredger tailing piles, the by-product of a half century of gold mining. Popular activities at or near the unit include a wide range of recreational opportunities, including camping, picnicking, fishing, swimming, boating and water-skiing.

Camping

A secluded campground offers 63 campsites about one mile from the lake. Each campsite has a stove, table and food locker, and piped drinking water is within a hundred feet. Hot showers and restrooms with flush toilets are nearby. Although no trailer hookups are available, trailers up to 27 feet can be accommodated in the campsites.

Day use

Along the lakeshore are two formal picnic areas, many shade trees, and an irrigated grassy area. Stationary barbecues are nearby. A boat launching ramp and ample parking for boat trailers and cars are also available.

Natural Resources

The rich riparian habitat along the Tuolumne River and adjacent sloughs with their forested banks and tangled underbrush provides a haven for many birds and animals. Over 115 species of birds have been identified along the river. The Tuolumne River's rich riparian habitat boasts some 190 species of flowers, herbs, shrubs and ferns.

Cultural Resources

There is a potentially eligible National Register historic district of Post-WWII Park Rustic buildings, landscape and structures that were designed (1951 – 1954) by Edwin Kelton.

Existing Program:

Concessionaire shall continue a waterfowl hunting access program at Turlock Lake SRA. Details of how the State has operated and managed this program are available in Exhibit O Waterfowl Hunting Guidelines and Permit.

Housing

This unit has:

- Employee Residences
 - Single family home, 3 bdrm, 1 bth, appx. 1400 sq ft. - available
 - Single family home, 3 bdrm, 1 bth, appx 1400 sq ft. - available
- Employee Trailer Pads
 - Zero employee trailers pads
- Host Sites
 - The campground has one Host site with full hookups, including power, water and sewer.

2. McConnell State Recreation Area

Park unit details are available at

<http://www.parks.ca.gov/pages/554/files/McConnellHatfield.pdf>

The concessionaire will operate the overnight, day use and recreational facilities of this 74-acre recreation area which opened in 1950.

Recreation

Several grassy fields offer youngsters ample room to play. While the low, easy summer flow of the Merced River is great for swimming, swimmers should watch out for deep holes. No lifeguard service is available. Anglers can fish for catfish, black bass and perch.

Camping

The park's tree-shaded camping and picnic areas have rock fireplaces, tables and piped drinking water. Two modern restrooms include individual coin-operated shower enclosures.

A single family campground contains 21 campsites, each with food lockers and hibachi-like grills mounted on convenient, waist-high supports.

The park unit has two group campgrounds—one with a 50-person capacity area with two rock fireplaces, a horseshoe pit and a large barbecue with an adjustable grill; and a second with that will accommodate 20 people.

Day Use

The picnic area, overlooking wide, sandy beaches, features shade trees, picnic tables and barbeques.

Cultural Resources

The park contains a National Register eligible Post-WWII Park Rustic historic district consisting of buildings and landscapes.

Housing

This unit has:

- Employee Residence
 - Single family home, 3 bedroom, 1 bath, and approximately 1400 square feet - available.
 - Another similar home is on site but a California State Parks employee will probably be living there during the term of this agreement.)
- Employee Trailer Pads
 - Zero employee pads
- Host Sites
 - One Host site with full hookups, including power, water and sewer.

3. George J Hatfield State Recreation Area

Park unit details are available at

<http://www.parks.ca.gov/pages/554/files/McConnellHatfield.pdf>

The concessionaire will operate the overnight, day use and recreational facilities of this 46.5-acre recreation area which opened in 1953.

Flooding

George J. Hatfield State Recreation Area floods annually, typically during the winter months.

Recreation

Bordered on three sides by the Merced River, the park has more than a mile of river frontage. Visitors may swim and fish in the river, but swimmers should be aware of deep holes. No lifeguard service is available, and the riverbanks are narrow and steep. This recreation area, a less frequently visited unit of the State Park System, provides significant outdoor activities for families and anglers. Spring, summer and fall offer fishing, camping, picnicking, river wading, sunbathing, hiking and nature study.

Camping

A single campground contains 15 campsites that are not defined in an open field. Drinking water and two restrooms with flush toilets are nearby. Campers use self-registration envelopes.

A separate parking lot for the group camp is limited to 20 spaces; the group campground can serve groups up to 40 people. It has a large barbecue pit, sinks, water, work and serving areas, picnic tables and benches.

Day Use

Most of the 10 picnic sites have tables and grills, and are under the shade of a grove of box elders and valley oaks; the parking lot can hold 40 vehicles.

Housing:

This unit has:

- Employee Residences
 - Single family home, 2 bdrm, 1 bth, apprx 1400 sq ft. - available
- Employee Trailer Pads
 - Zero employee pads
- Host Sites
 - No Host site exists, a Host could set up a camp site, but there would not be utilities.

4. Woodson Bridge State Recreation Area

Park unit details are available at http://www.parks.ca.gov/?page_id=459.

The concessionaire will operate the overnight, day use and recreational facilities of this 323.5 acre recreation area which opened in 1959 and includes 18,500 feet of river frontage.

Woodson Bridge State Recreation Area is a beautiful oak woodland park nestled along the Sacramento River between Chico and Red Bluff. Mount Shasta, Mount Lassen, and the Trinity Alps loom in the distance.

Recreation

A boat launch ramp located across the road in the county park makes for easy access to the river for those who enjoy water sports. A broad sand and gravel beach provides the opportunity to enjoy the sun and enjoy the Sacramento River. The park contains 2.63 miles of hiking trails.

Camping

There are two campgrounds:

1. A campground containing 37 campsites and one group site that can accommodate 40 people. A combination restroom contains showers and flush toilets. Two other restrooms only contain flush toilets.
2. Kopta, a boat-in canoe campground, can accommodate 50 boaters comfortably. If desired, concrete picnic table are also available for use in the Kopta campground.

Day Use

The small picnic area has 1 picnic site and a parking lot behind the kiosk for 8 cars. Two other smaller restrooms

Natural Resources

Woodson Bridge Natural Preserve across the river is a significant feature that is only accessible by private watercraft and is NOT operated by Concessionaire nor included as part of the Premises. This 130 acre dense native riparian forest is a winter home to the Bald Eagle and a summer nest site for the Yellow Billed Cuckoo. This jungle like grove displays some of the last remaining riparian habitat to be found in California. Over a hundred plant species have been identified throughout the park; the most prominent is the large valley oak. The California black walnut, Oregon ash, black cottonwood, sycamore, and willow are also plentiful. Beneath the oaks and cottonwoods along the river is a profusion of elderberry, wild grape, and wildflowers in season.

Housing

This unit has:

- Employee Residences
 - No fixed structure homes
- Employee Trailer Pads
 - One pad for a single wide trailer has full hookups--sewer, water, electrical
- Host Site
 - One site in campground with full hookups

Brannan Island State Recreation Area

Park unit details are available at http://www.parks.ca.gov/?page_id=487.

The concessionaire will operate the overnight, day use and recreational facilities of this 336 acre recreation area which opened in 1965.

The recreation area is bordered by the Sacramento River to the west, Three Mile Slough on the south, and Seven Mile Slough to the east.

Current projects include:

1. PGE Easement

A PG&E easement is on the north side of Twitchell Island Road (approximately 2-3 acres). The State is currently working with PG&E on the final clean-up, grading, and re-vegetation of this area. This portion of the park is NOT part of the Premises – PG&E holds the easement.

2. DWR Right of Way

The Department of Water Resources (DWR) is in the midst of planning their tidal gate project, some of which will occur at Brannan Island SRA. State has granted DWR a Right of Way permit and this area is not part of the Premises.

3. Natural Gas Wells

Three natural gas wells are currently operating in the park by a private business through a lease with the Department of Water Resources. These wells and the area around them are not part of the Premises.

Recreation

Winter temperatures range from 45 to 55 degrees; Summer days between 65 to 100 degrees. Cooling Delta breezes often gust to 25 mph, and tides can vary as much as six feet in one day.

Boating and fishing are popular activities and the park unit has a ten-lane launch ramp with parking and nearby restrooms.

Camping

Several types of camping are available:

- Family Camping—Cottonwood and Willow Campgrounds have 102 tent or RV sites with no hookups. The Olympic Loop RV Campground has 12 sites with water and electric hookups. A sanitation station is nearby. A small, hike-in cabin can accommodate four campers.
- Boat-in Camping—Thirty-two slips take boats up to 35 feet long and 10 feet wide.
- Walk-in Camping—These 13 sites have tables, stoves and cupboards. Drinking water and restrooms are nearby.

- Group Camping—Six group sites each hold up to 30 people; larger groups may reserve multiple sites. Sites accommodate RVs up to 36 feet long.

Day Use

Day use activities include:

- Picnicking—Four family picnic areas stretch along Seven and Three Mile Sloughs. Reservable group sites have shade ramadas.
- Swimming—The day-use area has a swim beach. The swim area at Seven Mile Slough is closed to powerboats.

Housing

This unit has:

- Employee Residences
 - No fixed structure homes
- Employee Trailer Pads-Available
 - 2 Mobile Homes
 - Mobile Home, 2 bd,/1 bth, 720 sq ft, about 15 years old with full hookups
 - Mobile Home, 3 bd/1 bth, 1320 sq ft, about 53 years old with full hookups
 - 4 Trailer Pads-Available
 - Trailer Pad, 430 sq ft, about 25 years old, with full hookups
 - Trailer Pad, 430 sq ft, about 25 years old, with full hookups
 - Trailer Pad, 756 sq ft, about 33 years old, with full hookups
 - Trailer Pad, 550 sq ft, about 25 years old, with full hookups

All of the above are at: 17635 State Hwy 160 Rio Vista, CA 94571

- Host Sites
 - No designated host site, however hosts reside in the campground.

EXHIBIT A-2 – PREMISES MAPS

A. Turlock Lake State Recreation Area

B. McConnell State Recreation Area

1. McConnell State Recreation Area (detail)

C. George J. Hatfield State Recreation Area

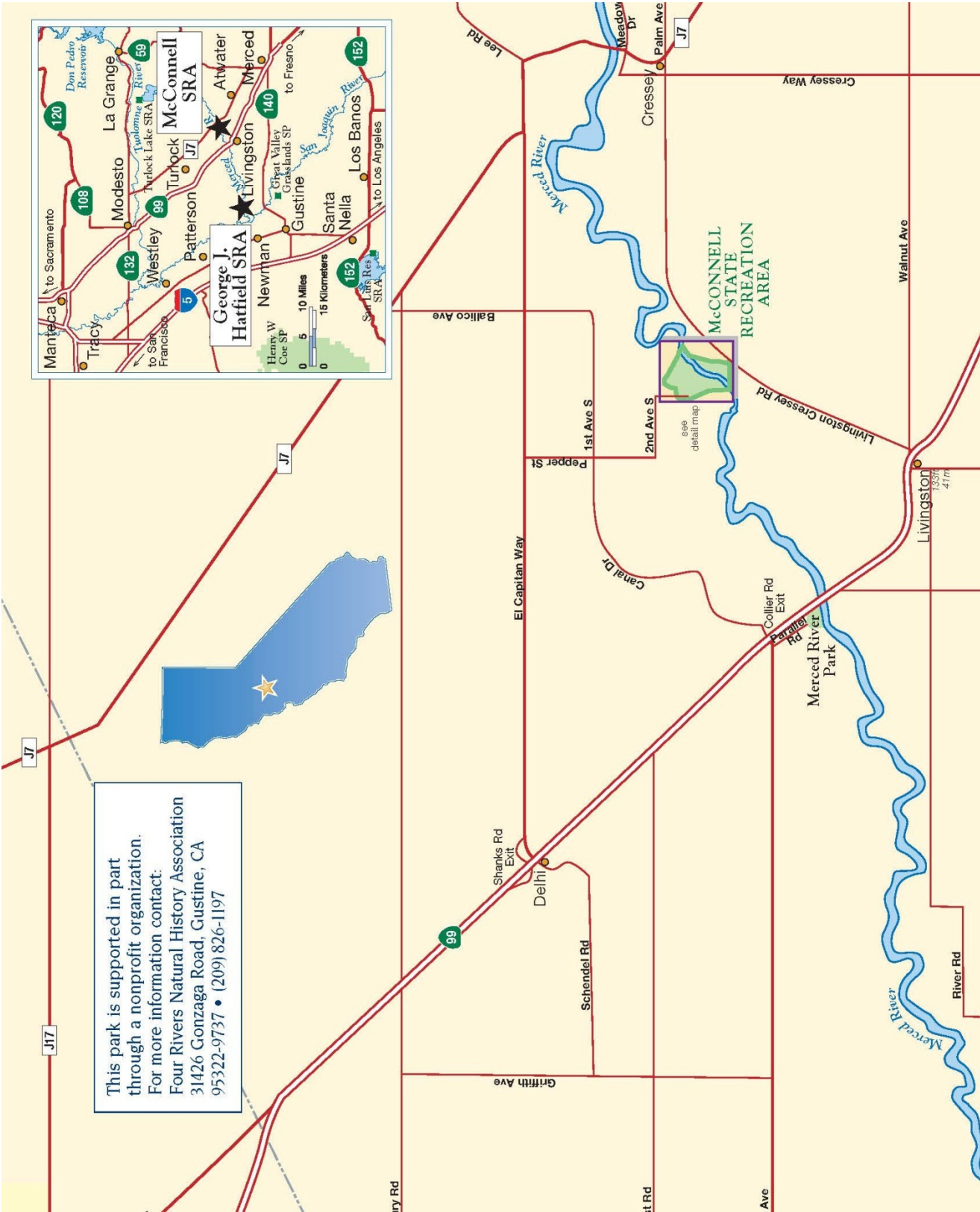
1. George J. Hatfield State Recreation Area (detail)

D. Woodson Bridge State Recreation Area

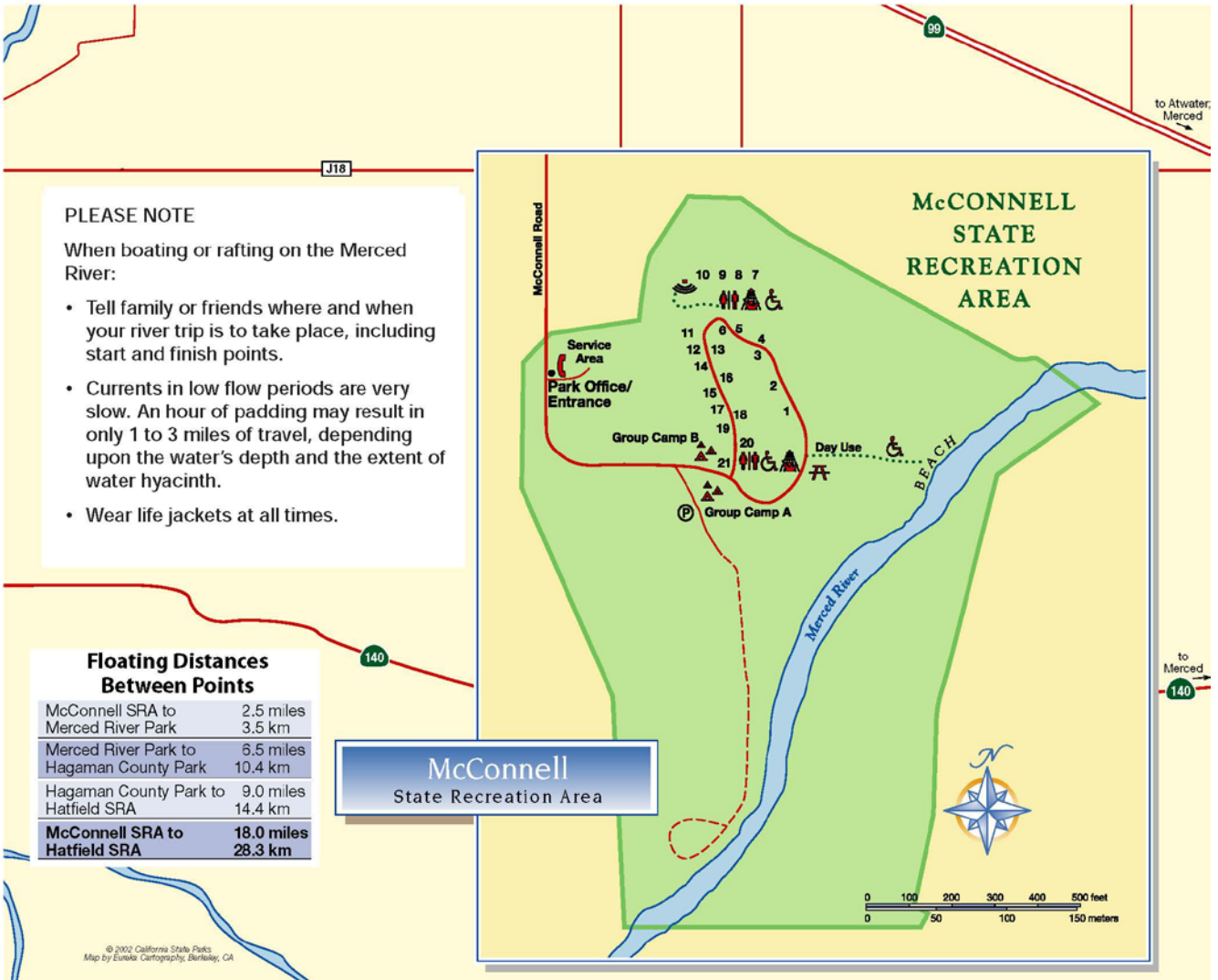
E. Brannan Island State Recreation Area

1. Brannan Island State Recreation Area Campground (detail)

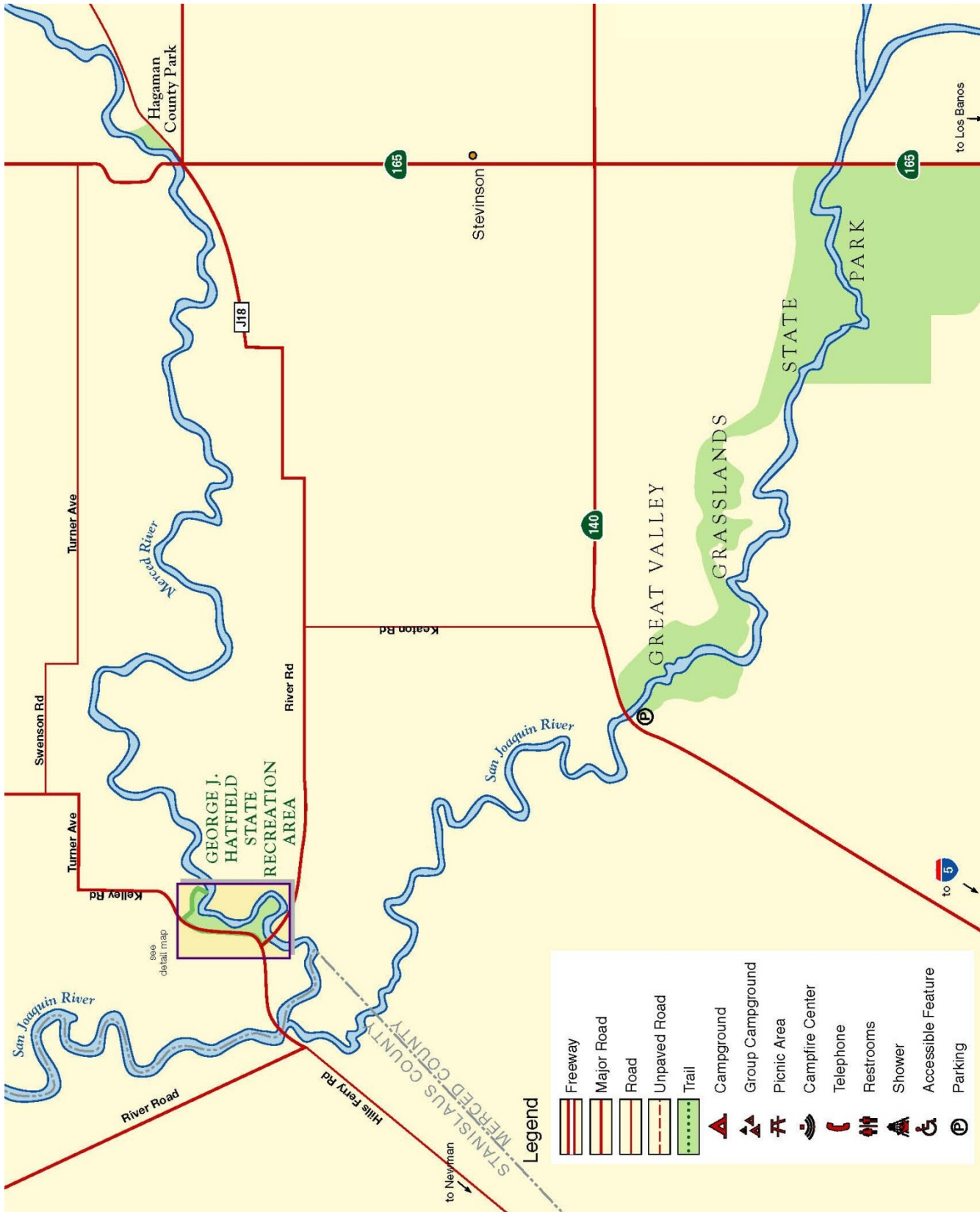
B. McConnell State Recreation Area



B. 1. McConnell State Recreation Area (detail)



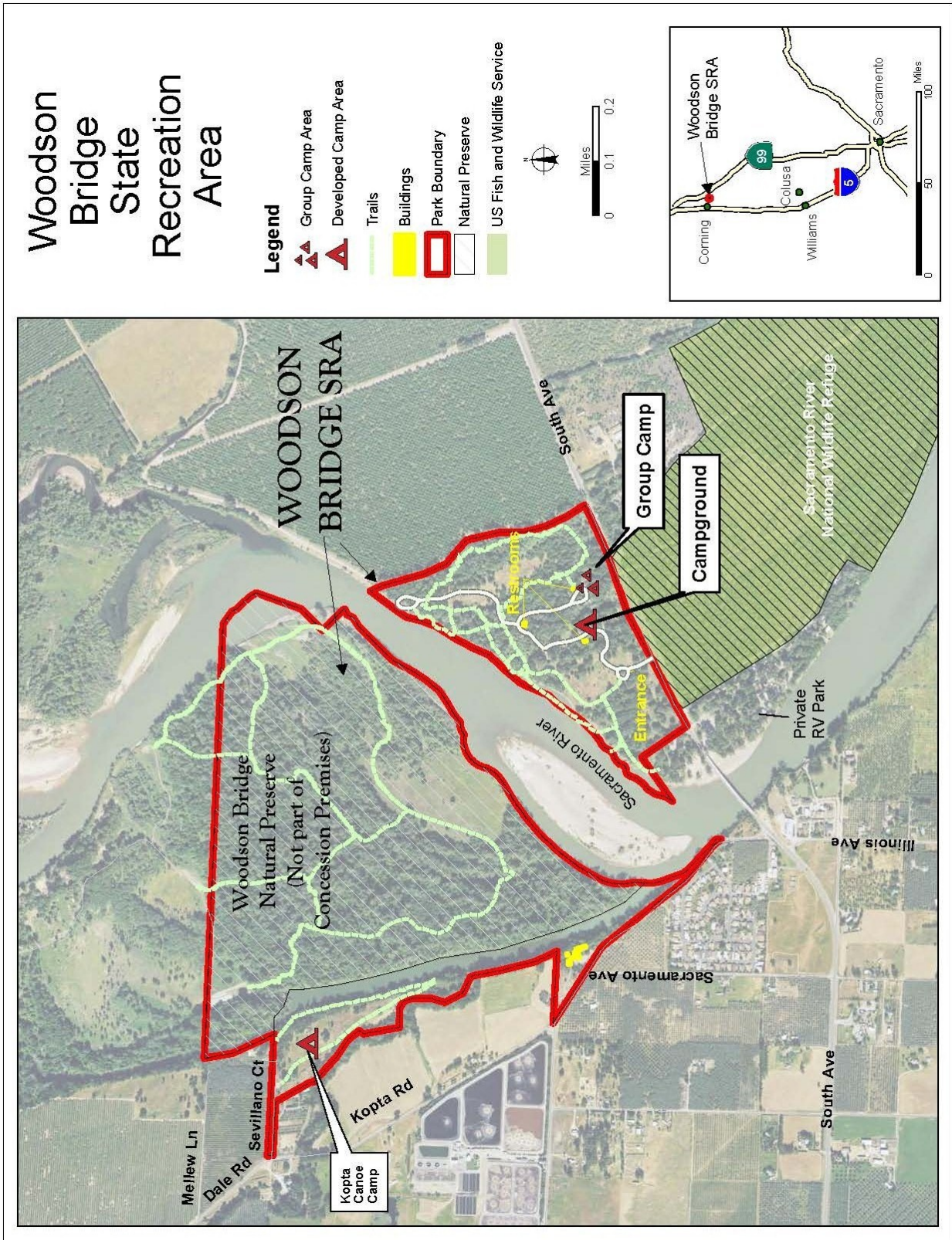
C. George J. Hatfield State Recreation Area



C. 1. George J. Hatfield State Recreation Area (detail)



D. Woodson Bridge State Recreation Area



E. Brannan Island State Recreation Area



E. 1. Brannan Island State Recreation Area Campground (detail)

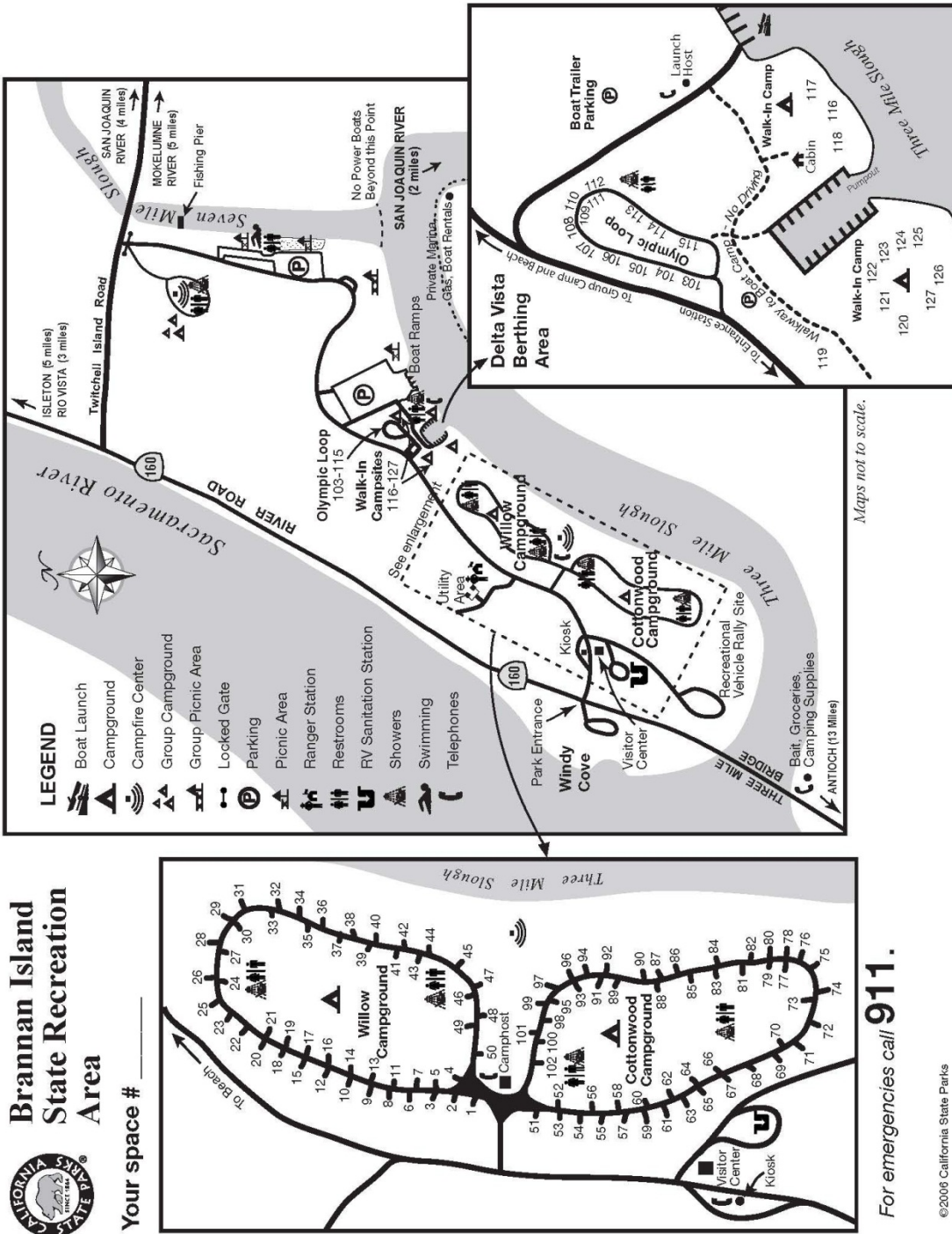


EXHIBIT B – CONSUMER PRICE INDEX ADJUSTMENT FORMULA

Consumer Price Index (CPI) adjustments applied to the \$\$\$ Minimum Annual Rent shall be based on changes in the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for “All Urban Consumers, San Francisco/Los Angeles All Items, (1982-84=100).” Calculations shall employ the following formula:

"Base Index" = CPI Index published for the month preceding the commencement date of this Contract.

“Base Rent” = Minimum \$\$\$ rent during the first Contract Year.

"Year End Index" = CPI Index for the month preceding the start of the subject Contract Year.

Step #1:
$$\frac{\text{"Year End Index"} - \text{"Base Index"}}{\text{"Base Index"}} = \% \text{ Change}$$

Step #2:
$$\% \text{ Change} \times \text{Base Rent} = \text{Adjustment}$$

Step #3:
$$\text{Base Rent} + \text{Adjustment} = \text{New Rent}$$

EXHIBIT C – CONCESSIONAIRE’S OPERATION PLAN

EXHIBIT D – DPR 54, CONCESSIONAIRE’S MONTHLY REPORT OF OPERATION

State of California - The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

FOR DEPARTMENT COMPLETION	
DISTRICT NO.	PARK UNIT NO.
ROC DOCUMENT NO.	

CONCESSIONAIRE’S MONTHLY REPORT FOR CLOSED PARK OPERATION

FOR THE MONTH OF _____, YEAR _____

(Instructions on reverse.)

1) NAME OF CONCESSION Valley State Park Camping and Day Use Area			
2) ADDRESS		3) CITY/STATE/ZIP CODE	
4) DISTRICT		5) PARK UNIT	
Complete one Monthly Report for each park operated. Submit Monthly Reports to the State representative. See reverse for address and routing information.			
7) TYPE OF REVENUE	8) GROSS REVENUE this month	9) MONTHLY ____ % bid	10) \$ Amount due to FMIA/State from Monthly ____ % bid <small>(box 15) x (box 17) = box 18</small>
a. Food & Nonalcoholic Beverages	\$		
b. Merchandise Sales	\$		
c. Equipment Rentals	\$		
d. Special Events	\$		
e. Day Use Fees and Pass Sales	\$		
f. Lodging - Camping, tent cabins, trailers	\$		
g. Marina Operations	\$		
h. Restaurants/Catering	\$		
i. Other:	\$		
<small>(use additional sheets if necessary)</small>			
Gross Revenue	\$	11) 12) ____ % bid	13) \$
			ADJUSTMENTS <small>(Box 22 or other, EXPLAIN REASON ON REVERSE)</small>
			14) \$
			TOTAL Deposited
			15) \$
Facility Maintenance/Improvement Account (FMIA)			
FMIA ALLOCATION YEAR TO DATE			
15) Total FMIA revenue deposited year to date \$			
CONCESSIONAIRE \$ EXPENDED ON ELIGIBLE MAINTENANCE THIS MONTH		CUMULATIVE FMIA AMOUNT EXPENDED IN THIS PARK YEAR TO DATE	
17) \$		18) \$	
FMIA BANK LOCATION		MONTHLY BANK STATEMENT ATTACHED:	
19) Account At: _____		20) Yes	
DECLARATION			
I declare under penalty of perjury that the information on this form is accurate and complete to the best of my knowledge.			
CONCESSIONAIRE'S SIGNATURE		PRINTED NAME	DATE
TITLE/POSITION		PHONE NO. ()	

EXHIBIT E – WAIVER OF LIABILITY AND RELEASE

Waiver of Liability and Release, Express Assumption of Risk and Indemnity Agreement

I understand and acknowledge that there are risks of personal injury, death, and property damage while participating in the activities that are the subject of this rental agreement. The risks are inherent in these concession activities; still other risks may arise from conditions, situations, or activities of which I am presently unaware. My participation is voluntary and based on my independent assessment of the risks, without reliance on representations or advice by employees or representatives of the Concessionaire, the State of California, or any other person.

In consideration of being granted this rental agreement and the use of concession equipment,

I HEREBY RELEASE, WAIVE, AND RELINQUISH ALL CLAIMS AND LEGAL ACTIONS FOR PERSONAL INJURY, WRONGFUL DEATH, OR PROPERTY DAMAGE AGAINST CONCESSIONAIRE, AND AGAINST THE STATE OF CALIFORNIA, DEPARTMENT OF PARKS AND RECREATION (STATE), ARISING AS A RESULT OF MY PARTICIPATION IN THESE CONCESSION ACTIVITIES, OR ANY ACTIVITIES INCIDENTAL THERETO INCLUDING RESCUE ACTIVITIES; THIS RELEASE APPLIES EVEN IF CONCESSIONAIRE AND/OR STATE IS NEGLIGENT OR OTHERWISE AT FAULT. I ALSO AGREE TO PROTECT, HOLD HARMLESS, DEFEND AND INDEMNIFY CONCESSIONAIRE AND STATE FROM ALL CLAIMS AND LEGAL ACTIONS FOR PERSONAL INJURY, DEATH OR PROPERTY DAMAGE ARISING FROM MY CONDUCT; THESE INDEMNITIES APPLY EVEN IF CONCESSIONAIRE AND/OR STATE IS NEGLIGENT OR OTHERWISE AT FAULT.

I understand the effect of my signing this document is that I (1) acknowledge and assume all risk of injury, death, or property damage I might suffer while participating in these concession activities, even if it occurs as a result of the negligence of Concessionaire and/or State or defects in equipment, (2) absolve and release Concessionaire and State from the consequences of their negligence, including without limit, rescue efforts, and defects in equipment, and (3) will protect, hold harmless, indemnify and defend Concessionaire and State against any legal actions or other claims for damages arising from my actions. **I UNDERSTAND THAT I AM FORFEITING IMPORTANT LEGAL RIGHTS AND INCURRING IMPORTANT LEGAL RESPONSIBILITIES.**

I understand that certain minimum skills, capabilities, physical and mental health, and fitness are required in order to participate in dangerous activities such as these concession activities; I warrant that I possess these. I understand and agree that should emergency rescue services or evacuation become necessary, the expenses are my sole responsibility and not those of Concessionaire and/or State or any other public or private entity.

I warrant that I am executing this agreement voluntarily and that neither Concessionaire nor the State has made any representations to induce or coerce me to sign this document. I agree that the terms of this document bind me, my heirs, assigns, executors, and administrators, and expressly and specifically protect Concessionaire and State including, as applicable, their agents, employees, officers, directors, and shareholders.

Printed Name & Address: _____

Signature: _____ Date: _____

Signature of parent or guardian for participant under age 18: _____

Name & Telephone of person to contact for emergencies: _____

EXHIBIT F – DPR 86, CONCESSIONAIRE FINANCIAL STATEMENT

State of California - The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

CONCESSIONAIRE FINANCIAL STATEMENT

CONCESSIONAIRE NAME	CONCESSION NAME
PARK UNIT NAME	REPORTING PERIOD From: _____ To: _____

A. CASH FLOW STATEMENT

GROSS SALES/RECEIPTS

	\$	
Less Returned Sales and Allowances	\$	
Less Sales Taxes		
Net Sales for Period	\$	
Cost of Goods Sold:		
Inventory at Beginning of Period	\$	
Add Purchases During Period		
Merchandise Available for Sale		
Less Inventory at Close of Period		
Less Cost of Goods Sold	\$	
GROSS PROFIT	\$	

LESS EXPENSES

Salaries & Wages <i>(do not include Concessionaire salaries)</i>	\$	
Rent to State		
Insurance		
Materials & Supplies		
Maintenance & Repairs		
Utilities <i>(including telephone)</i>		
Advertising		
Taxes & Licenses <i>(other than income & sales)</i>		
Legal & Accounting		
Travel & Transportation		
Interest		
Security		
Administrative Overhead		
Depreciation <i>(equipment)</i>		
Amortization <i>(improvements)</i>		
Other: _____		
Other: _____		
Other: _____		
Other: _____		
TOTAL EXPENSES	\$	
NET PROFIT FROM OPERATIONS	\$	
<i>(before income taxes)</i>		

CONCESSIONAIRE FINANCIAL STATEMENT

CONCESSIONAIRE NAME	CONCESSION NAME
PARK UNIT NAME	REPORTING PERIOD From: _____ To: _____

C. BALANCE SHEET

ASSETS

CURRENT ASSETS

Cash	\$ _____
Accounts Receivable	_____
Merchandise Inventory	_____
Notes Receivable (Less than 1 year)	_____

TOTAL CURRENT ASSETS \$ _____

NONCURRENT ASSETS

Equipment/Property	\$ _____
Less Depreciation Reserve	_____
Net Equipment/Property Cost	_____
Prepaid Expenses	_____
Other: _____	_____
Other: _____	_____

TOTAL NONCURRENT ASSETS \$ _____

TOTAL ASSETS \$ _____

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ _____
S & W Payable	_____
Short-Term Notes Payable	_____
Interest Payable	_____
Short-Term Loan Payable	_____
Other: _____	_____
Other: _____	_____

TOTAL CURRENT LIABILITIES \$ _____

OTHER LIABILITIES

Other: _____	\$ _____
Other: _____	_____

TOTAL OTHER LIABILITIES \$ _____

TOTAL LIABILITIES \$ _____

CAPITAL

OWNER'S EQUITY

Capital	\$ _____
Less Personal Drawing	\$ _____
Net Addition	\$ _____
Stockholder's Equity	\$ _____
Other: _____	\$ _____

TOTAL CAPITAL \$ _____

TOTAL LIABILITIES AND CAPITAL \$ _____

CONCESSIONAIRE FINANCIAL STATEMENT

CONCESSIONAIRE NAME	CONCESSION NAME
PARK UNIT NAME	REPORTING PERIOD From: _____ To: _____

D. STATEMENT OF MONTHLY GROSS SALES/RECEIPTS

Jan 20	\$ _____	April 20	\$ _____	July 20	\$ _____	Oct 20	\$ _____
Feb 20	\$ _____	May 20	\$ _____	Aug 20	\$ _____	Nov 20	\$ _____
Mar 20	\$ _____	June 20	\$ _____	Sept 20	\$ _____	Dec 20	\$ _____
TOTAL MONTHLY GROSS SALES/RECEIPTS \$ _____							

If the "Total Monthly Gross Sales/Receipts" above does not match the Cash Flow Statement "Gross Sales/Receipts," please explain below.

The undersigned declares and certifies that the above statement and the attached Cash Flow Statement, Schedule of Depreciation, and Balance Sheet are correct.

AUTHORIZED SIGNATURE

DATE

▶
PRINTED NAME OF PREPARER

EXHIBIT G – DPR 531, CONCESSION PERFORMANCE RATING

CONCESSION PERFORMANCE RATING

State of California - The Resources Agency
CALIFORNIA STATE PARKS

DISTRICT		PARK UNIT			DATE			
CONCESSIONAIRE				TYPE OF CONCESSION				
CATEGORIES		EXCELLENT (E)	SATISFACTORY (S)	NEEDS IMPROVEMENT (NI)	NONCOMPLIANCE/ UNACCEPTABLE (NON)	COMPLIANCE (COM)	NOT APPLICABLE (NA)	COMMENTS
Circle the appropriate points in each category. If category is not applicable, check not applicable (NA) box.								Explain items which are rated excellent, needs improvement or noncompliance/unacceptable. Make recommendations for correction for NI and NON rating. Attach additional sheets as necessary.
ACCOUNTING	RENTAL PAYMENT	8	6	2	0			
	MONTHLY DPR 54 SUBMITTAL	4	3	1	0			
	ANNUAL DPR 86 SUBMITTAL	4	3	1	0			
	MAINTAINS REGISTER JOURNAL/\$ TRAIL				0	4		
	OTHER:				0	4		
BONDS/INSURANCE	PERFORMANCE BOND				0	4		
	LIABILITY INSURANCE				0	4		
	FIRE INSURANCE				0	4		
	AUTOMOBILE INSURANCE				0	4		
	OTHER:				0	4		
CONSTRUCTION	REQUIRED IMPROVEMENTS				0	4		
	TIME SCHEDULE				0	4		
	PAYMENT BOND				0	4		
	OTHER:				0	4		
USE OF PREMISES	OPERATING DAYS/HOURS	4	3	1	0			
	AUTHORIZED GOODS/SERVICES	4	3	1	0			
	APPROPRIATE SIGNAGE/ADVERTISING	4	3	1	0			
	OTHER:	4	3	1	0			
QUALITY ASSURANCE	GOODS	8	6	2	0			
	SERVICES	8	6	2	0			
	PRICES (COMPETITIVE/POSTED)	4	3	1	0			
	CUSTOMER SERVICE	8	6	2	0			
	OTHER:	4	3	1	0			
TOTAL POINTS PER COLUMN					0			
<i>PAGE 1 ONLY</i>								

CATEGORIES		E	S	NI	NON	COM	NA	COMMENTS
SAFETY	FIRE SAFETY/PREVENTION	4	3	1	0			
	GAS/ELECTRIC	4	3	1	0			
	GENERAL SAFETY	4	3	1	0			
	OTHER:	4	3	1	0			
FACILITY MAINTENANCE	INTERIOR - HOUSEKEEPING/CLEANLINESS	4	3	1	0			
	INTERIOR - FACILITY MAINTENANCE	4	3	1	0			
	EXTERIOR - HOUSEKEEPING/CLEANLINESS	4	3	1	0			
	EXTERIOR - FACILITY MAINTENANCE	4	3	1	0			
	GROUNDS - HOUSEKEEPING/CLEANLINESS	4	3	1	0			
	GROUNDS - FACILITY MAINTENANCE	4	3	1	0			
	MAINTENANCE PLAN	4	3	1	0			
	OTHER:	4	3	1	0			
INTERPRETIVE PROGRAM <i>(When Applicable)</i>	COSTUMES	4	3	1	0			
	MERCHANDISE AND INTERPRETIVE PLAN	4	3	1	0			
	FURNISHINGS AND INTERPRETIVE PLAN	4	3	1	0			
	EVENTS/ACTIVITIES AND INTERPRETIVE PLAN	4	3	1	0			
	IMPLEMENTATION OF INTERPRETIVE PLAN	4	3	1	0			
	OTHER:	4	3	1	0			
TOTAL POINTS PER COLUMN <i>PAGE 2 ONLY</i>					0	0		
TOTAL POINTS PER COLUMN <i>PAGE 1 + PAGE 2</i>					0			
TOTAL POINTS RECEIVED FROM ALL CATEGORIES		MAXIMUM POINTS POSSIBLE FOR RATED CATEGORIES		PERCENT RATING		ARE THERE ANY NONCOMPLIANCE OR UNACCEPTABLE RATINGS IN ANY CATEGORY?*		
(_____)		÷ _____) x 100 = #DIV/0!		<input type="checkbox"/> Yes <input type="checkbox"/> No		
OVERALL RATING <i>(Based on percent rating)</i>								
<input type="checkbox"/> EXCELLENT (90% to 100%) <input type="checkbox"/> SATISFACTORY (70% to 89%) <input type="checkbox"/> NEEDS IMPROVEMENT (60% to 69%) <input type="checkbox"/> UNACCEPTABLE (less than 60%)								
RATER'S SIGNATURE			TITLE			DATE		RATER DISCUSSED REPORT WITH CONCESSIONAIRE?
								<input type="checkbox"/> Yes. Date: _____ <input type="checkbox"/> No
<i>In signing this report I do not necessarily agree with the conclusion of the rater.</i>								
CONCESSIONAIRE'S SIGNATURE					TITLE		DATE	

***NOTE:** A rating of UNACCEPTABLE or NONCOMPLIANCE in any category will result in an overall rating of no higher than NEEDS IMPROVEMENT.

EXHIBIT H – LICENSE/PERMISSION FOR USE OF TRADEMARKS

License/Permission for Use of Trademarks

A. Logo Use by External Entities: Use of the logo is restricted to State-developed publications and activities, unless the State allows otherwise. Use of the logo by external entities must not be allowed unless use of the logo is consistent with promoting the goodwill of the California State Parks and the State's goals. When the State allows the logo to be used by an external entity on material not copyrighted to the State, the following policies apply:

- 1) Written permission must be granted in writing by the State and the third party entity, confirming the terms and conditions of use. This may be incorporated into an existing contract or agreement or may be crafted as a separate license agreement. Separate license agreements must be approved by the Interpretation and Education Division.
- 2) The logo may not be the most prominent design element (unless the license agreement states otherwise, such as when the logo is used on uniforms and merchandise).
- 3) The logo may not be used in a manner that implies editorial content has been authored by or represents the views or opinions of the State.
- 4) The logo may not be used in any venue that displays adult content, promotes gambling, involves the sale of tobacco or alcohol, or violates applicable law.
- 5) The logo may not be used in a manner that is determined by the State in its sole discretion to be misleading, defamatory, infringing, libelous, disparaging, obscene, or otherwise objectionable.
- 6) For each specific use of the logo (except in the cases of use by cooperating associations, concessionaires and operating agencies), advance approval must be obtained from the Chief of the Interpretation and Education Division.

B. Visual Display of the Logo: Unless otherwise authorized by the Chief of the Interpretation and Education Division, use the logo only as represented in these Guidelines.

C. Registration Symbol: Because the logo is a trademark registered with the U.S. Patent and Trademark Office, the registration symbol ® must be used in connection with each use of the logo, unless it is infeasible from a design or fabrication standpoint (such as for patches or decals).

D. Logo Components:

1) Do not alter the logo components or use the components of the logo separately. For instance, the bear cannot be used alone or replaced with another element and/or the lettering cannot be used without the bear or replaced with different words.

1) The font used for the text in the logo is Lithos. The text in the logo has been converted so that users do not need to have this font loaded on their computers in order to reproduce the logo.

E. Colors:

1) It is best to reproduce the logo using the Pantone (PMS) colors shown below. When reproducing these colors in four-color process inks (CMYK), or on screen (RGB), the screen tints listed below should be used. The following Pantone colors are used in the design of the logo: PMS 123-Yellow, PMS 281-Blue, PMS 364-Green, PMS 490-Brown, PMS 4715 Brown (outline). The yellow background is a gradation of PMS 123. No other colors may be used in the full-color version of the logo.

PMS 123-Yellow: CMYK: C-0, M-21, Y-88, K-0	RGB: R-253, G-200, B-47
PMS 281-Blue: CMYK: C-100, M-85, Y-5, K-20	RGB: R-0, G-38, B-100
PMS 364-Green: CMYK: C-73, M-9, Y-94, K-39	RGB: R-66, G-119, B-48
PMS 490-Brown: CMYK: C-29, M-85, Y-54, K-72	RGB: R-91, G-43, B-47
PMS 4715-Brown: CMYK: C-13, M-47, Y-43, K-38	RGB: R-150, G-109, B-91

2) Do not convert the full-color logo to gray scale. Instead use the black-and-white version of the logo.

3) Do not copy the full-color logo on a black ink photocopier (except in the case of providing printouts of presentations that use the logo). Instead the black-and-white version of the logo should be used.

4) The logo, in both full-color and black-and-white, may be used on colored paper and fabric.

5) When printing in one or two colors, use the black-and-white version of the logo in a color being used for printing. When printing in two colors, the logo should be printed in the darker of the two colors.

6) When embroidering the logo or screening it onto fabric, use the full-color version of the logo or reproduce the logo in any single color. Do not reproduce the logo in any two- or three-color combinations.

F. Appearance:

1) The logo must always appear clear and crisp. In order to meet this requirement, it should be printed at a minimum of 300 DPI.

2) Do not tilt, skew, or distort the logo.

3) In order to maintain clarity, do not use the logo at a size smaller than 5/8" in diameter.

4) Reproduce the logo only from camera-ready proofs or electronic printing files. Do not redraw or trace the logo.

5) Do not download and use the logo from the Department's web site. It is not suitable due to its low resolution.

G. Placement:

1) Do not crop, overprint, screen or superimpose the logo or print it behind art or copy.

2) To make sure the logo stands out clearly, it must be placed within an area of unobstructed space. This also applies to the placement of the logo relative to the edge of a page or screen. There are two ways to determine the clear zone around the logo:

a) The space must be the height of the letter "l" in the word "CALIFORNIA" in the logo.

b) The space must be approximately 1/8 of the width of the logo. For example, if the logo is 2 inches across, then the clear zone would measure 1/4 of an inch.



EXHIBIT I – RESIDENTIAL RENTAL AGREEMENT

This is intended to be a legally Binding Agreement – Read it Carefully

For purposes of this Agreement, Concessionaire shall act as the California Department of Parks and Recreation’s agent. In the event that the California Department of Parks and Recreation (“State” or “DPR”) directs Concessionaire (“Landlord”) to act in a particular manner with regard to this Agreement and Concessionaire fails or refuses to act in that manner within a reasonable period of time under the circumstances, State shall be authorized to perform any acts that Concessionaire may perform under this Agreement and Concessionaire shall indemnify State to act.

Date: _____

_____, California

Tenant agrees as follows:

1. Landlord rents to Tenant and Tenant hires from Landlord those premises described as _____ together with the following furniture and fixtures: _____

2. The term of this agreement shall be month-to-month commencing on _____. DPR may, on Landlord’s behalf, serve Tenant with notice of termination of tenancy.
3. Tenant shall pay monthly rent, \$_____ on the first of each and every month, delinquent the 5th of each month, with a penalty of \$_____ each day thereafter. The rent shall be paid at _____.
4. Tenant agrees to pay upon execution of this agreement, in addition to rent a refundable security deposit of \$_____. The security deposit shall be refunded only if the premises are left thoroughly clean, all items are working and in place and upon full performance of the terms of this agreement by Tenant.
5. Tenant agrees to pay for _____ utilities, except for _____, which shall be paid for by the Landlord.
6. Tenant has examined the premises and all fixtures contained therein, and accepts the same as being clean and in good order, condition and repair.
7. The premises are rented for use only as a residence for a single family and for not more than _____ adults and _____ child(ren).
8. Tenant shall be entitled to quiet enjoyment of the premises. Tenant, members of their household, guests or invitees shall not use the premises or adjacent areas in such a way as to (1) violate any law or ordinance, including laws prohibiting the use, possession or sale of illegal drugs; (2) commit waste or nuisance; or (3) annoy, disturb, inconvenience or interfere with the quiet enjoyment and peace and quiet of any other tenant or resident.
9. Tenant shall obey all laws and will follow any rules issued by the Landlord. In addition, Tenant shall follow any rules issued by the DPR.

10. Tenant shall keep the premises rented for his exclusive use in good order and condition and pay for any repairs caused by his negligence or misuse or that of his invitees. Landlord shall maintain any other parts of the property and pay for repairs not caused by Tenant's negligence or misuse or that of his invitees.
11. Tenant agrees to: (1) keep the premises clean and sanitary and in good repair and, upon termination of the tenancy, to return the premises to Landlord in a condition identical to that which existed when Tenant took occupancy except for ordinary wear and tear; (2) immediately notify Landlord of any defects or dangerous conditions in and about the premises of which they become aware; and (3) reimburse Landlord, for the cost of any repairs to the premises damaged by Tenant, household members, guests or invitees through misuse or neglect. Tenant acknowledges by signing this agreement, they have examined the premises, including appliances, fixtures carpets, drapes and paint, and have noted their condition on the Landlord/Tenant Checklist. Upon moveout, the premises will again be inspected and conditions noted and acknowledged by signing the Landlord/Tenant Checklist.
12. It is understood that this Agreement may create a possessory interest subject to property taxation and Tenant may be subject to the payment of property taxes levied on such interest. Tenant agrees to pay any possessory interest or other tax levied on such interest. Tenant and Landlord shall indemnify the State of California from any damage or loss arising by reason of such tax or Revenue Taxation Code Section 107.6.
13. Tenant shall not paint or make alterations of the property. Tenant shall not perform automotive work or leave any auto in a state of disrepair. Tenant authorizes the Landlord to tow any vehicle left in a state of disrepair and deduct any costs from the Security Deposit. In addition, Tenant authorizes DPR to tow any vehicle left in a state of disrepair and authorizes Landlord to reimburse DPR by deducting the costs from Tenant's Security Deposit.
14. This lease will terminate if the premises become uninhabitable because of dilapidation, condemnation, fire or other casualty for more than 30 days. Rent will be reduced proportionately if the premises are uninhabitable for any shorter period.
15. With Tenant's permission, which shall not unreasonably be withheld, Landlord or his agent shall be permitted to enter to make repairs, and to show the premises to prospective tenants or purchasers. In an emergency, Landlord or his agent may enter the premises without securing prior permission from Tenant, but shall give Tenant notice of such entry immediately thereafter.
16. Tenant shall not let or sublet or allow anyone to move in to the premises nor assign this agreement or any interest in it without the prior written consent of Landlord.
17. If Tenant abandons or vacates the premises, Landlord may, at his option, terminate this agreement, re-enter the premises and remove all property.
18. Tenant agrees to notify Landlord in the event that they will be away from the premises for _____ consecutive days or more. During such absence Landlord may enter the premises at times reasonably necessary to maintain the property and inspect for damage and needed repairs.

19. Tenant will not change the keys or locks to the premises. In the event Tenant changes the keys or locks, Landlord may gain entry to the property in any manner.
20. Landlord or Landlord's agents may enter the premises in the event of an emergency, to make repairs or improvement, supply agreed services and show the premises to prospective buyers or tenants. Except in cases of emergency, Tenant's abandonment of the premises or court order, Landlord shall give Tenant reasonable notice of intent to enter and shall enter only during regular business hours of Monday through Friday from 9:00 a.m. to 6:00 p.m. and Saturday from 10:00 a.m. to 1:00 p.m.
21. In any action or legal proceeding to enforce any part of this Agreement, the prevailing party shall recover reasonable attorney fees and court costs.
22. The Landlord, and anyone designated by the Landlord, to manage the premises are authorized to accept service of process and receive other notices and demands. All such legal papers shall be delivered to the Landlord at the following address: _____

23. The California Department of Justice, sheriff's departments, police departments serving jurisdictions of 200,000 or more and many other local law enforcement authorities maintain for public access a database of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The database is updated on a quarterly basis and is a source of information about the presence of these individuals in any neighborhood. The Department of Justice also maintains a Sex Offender Identification Line through which inquiries about individuals may be made. This is a "900" telephone service. Callers must have specific information about individuals they are checking. Information regarding neighborhoods is not available through the "900" telephone service. (Civil Code Sec. 2079.10a)
24. For the purpose of this agreement "pets" refers to dogs or cats. Domesticated farm animals are prohibited unless specifically authorized by the Landlord or designee. Animals which remain inside the house in a cage, aquarium, or other container, are allowed.

Under the following circumstances the Landlord, Landlord's designee, or DPR may prohibit or limit the number of pets in the premises:

1. Resource management concerns;
2. Residence located in use areas where the pets could interact with the public;
3. Occupation of structures where loss of resources could occur.

When pets are permitted in the premises and associated properties, they are subject to:

- DPR's Department Operations Manual (DOM), Chapter 6, Provisions Limited to Specific Units
- City/county regulations
- State Regulations including Title 2, California Code of Regulations (CCR) Section 4312 Dogs; Animals

EXHIBIT J – DRUG FREE WORKPLACE CERTIFICATION

STATE OF CALIFORNIA

DRUG-FREE WORKPLACE CERTIFICATION

STD. 21 (Rev. 12/93)(CA ST PKS, EXCEL 4/9/1999)

CERTIFICATION

I, the official named below, hereby swear that I am duly authorized to legally to bind the contractor or grant recipient to the certification described below. I am fully aware that this certification, executed on the date below, is made under penalty of perjury under the laws of the State of California.

CONTRACTOR/BIDDER FIRM NAME	FEDERAL ID NUMBER
BY (Authorized Signature) 	DATE EXECUTED
PRINTED NAME AND TITLE OF PERSON SIGNING	TELEPHONE NUMBER (include Area Code) ()
TITLE	
CONTRACTOR/BIDDER FIRM'S MAILING ADDRESS	

The contractor or grant recipient named above hereby certifies compliance with Government Code Section 8355 in matters relating to providing a drug-free workplace. The above named contractor or grant recipient will:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code Section 8355(a).
2. Establish a Drug-Free Awareness Program as required by Government Code Section 8355(b), to inform employees about all of the following:
 - (a) The dangers of drug abuse in the workplace,
 - (b) The person's or organization's policy in maintaining a drug-free workplace,
 - (c) Any available counseling, rehabilitation and employee assistance programs, and
 - (d) Penalties that may be imposed upon employees for drug abuse violations.
3. Provide as required by Government Code Section 8355(c), that everyone who works on the proposed contract or grant:
 - (a) Will receive a copy of the company's drug-free workplace policy statement, and
 - (b) Will agree to abide by the terms of the company's statement as a condition of employment on the contract or grant.
4. At the election of the contractor or grantee, from and after the "Date Executed" and until _____ (NOT TO EXCEED 36 MONTHS), the state will regard this certificate as valid for all contracts or grants entered into between the contractor or grantee and this state agency without requiring the contractor or grantee to provide a new and individual certificate for each contract or grant. If the contractor or grantee elects to fill in the blank date, then the terms and conditions of this certificate shall have the same force, meaning, effect and enforceability as if a certificate were separately, specifically, and individually provided for each contract or grant between the contractor or grantee and this state agency.

EXHIBIT L – DPR 449, MONTHLY ATTENDANCE REPORT

State Of California – Natural Resources Agency
DEPARTMENT OF PARKS AND RECREATION

MONTH	YEAR
DISTRICT NO.	
PARK UNIT NO.	SUBUNIT CODE

MONTHLY VISITOR ATTENDANCE REPORT

Check if park is closed.

DISTRICT NAME			PARK NAME			SUBUNIT NAME						
D A Y	PAID DAY USE			FREE DAY USE			OVERNIGHT			BOATS	ST PK FOUND.	D A Y
	Vehicle	Non Veh.	# People at Group Sites	Vehicle	Non Veh.	# People at Group Sites	Sites	Other	# People at Group Sites	Launched	# Redeemed	
1												1
2												2
3												3
4												4
5												5
6												6
7												7
8												8
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26												26
27												27
28												28
29												29
30												30
31												31
TOTAL												TOTAL

CONVERSION FACTORS			NAME		
Paid Day Use	Free Day Use	Sites	TITLE		
CONVERSION FACTOR TOTALS			PHONE NO.		
Paid Day Use	Free Day Use	Sites	()		

EXHIBIT N – DPR 918, INTERPRETIVE SUMMARY

State of California -- The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

DISTRICT

SEMI-ANNUAL INTERPRETIVE SUMMARY

First Half
Second Half
Full Year (Hdq. Only)

PREPARED BY

FISCAL YEAR

INTERPRETIVE ACTIVITY	NUMBER OF PROGRAMS	HOURS OF PRESENTATION (BY CLASS)				TOTAL ATTENDANCE	AVG PROG. LENGTH (hrs.)	TOTAL HOURS OF PUBLIC EDUCATION	
		Perm.	Seas.	Vol.	Total				
PRESENTED (formal/led) INTERP. (P)	Campfire programs								
	Hikes, tours, talks, demos, & A-V								
	Junior Rangers								
	Junior Lifeguards								
	SCHOOL PROGRAMS (K-12)	In-park							
		Off-site							
		Env. Living/Studies							
	Living history programs								
	Other interp. special events								
	PRESENTATION TOTALS (P)								
SELF GUIDED INTERP. (S)	Visitor center/Museum visit								
	Self-guided trails & tours								
	SELF-GUIDED ACTIVITY TOTALS								
INTERPRETIVE ACTIVITY GRAND TOTALS (P+S)									

DPR 918 (New 6/95) (Front)

See explanations and instructions on reverse side.

EXHIBIT O – WATERFOWL HUNTING GUIDELINES AND PERMIT

Turlock Lake State Recreation Area
Waterfowl Hunting
2011 / 2012 Waterfowl Blind Permit Program

The California Department of Parks and Recreation will again administer the following program that allows waterfowl hunting from floating blinds at Turlock Lake State Recreation Area. Participation in the registration priority drawing is not required in order to obtain a Waterfowl Blind Permit for Turlock Lake. Participation in the registration priority drawing will ensure preference for blind location selection. Individuals using their draw to pin a blind location must be the blind permittee. Transfer of the priority draw number will not be allowed. **All blind locations pinned as a result of the priority drawing must have a duck blind in place on the lake no later than 10/15/11. Permittees not placing their blind on the lake by this date forfeit the pinned location.**

Fee Schedule Summary

A. Drawing Registration	\$ 50.00
B. Waterfowl Blind Permit	<u>\$300.00</u>
Total (Non-refundable)	\$350.00
C. Waterfowl Blind Removal Deposit	\$200.00
(Refundable). <u>Due at the time the blind is placed on the lake.</u>	

Important!
Please note.

1. ***DRAWING REGISTRATION***

The Turlock Lake Waterfowl Blind Permit drawing will be held on Saturday, August 6, 2011, at 10:00 A.M. The drawing will be held at the Turlock Lake State Recreation Area headquarters office. This building is located on the south side of Lake Road, approximately one mile east of the park day use entrance. This drawing will determine priority for waterfowl blind location selection for Turlock Lake. To be eligible to participate in this drawing those interested must:

- a. Complete the blue registration card (a 3x5 card may be substituted) with name, address, phone number, and signature. Registration cards are not transferable and are limited to one per person.
- b. Attach a check or money order in the amount of \$50.00, payable to the California Department of Parks and Recreation. **This registration fee is non-refundable.**

- c. Return the registration card and \$50.00 by mail or in person to:

Turlock Lake State Recreation Area
2600 Lake Road
La Grange, CA 95329

Attention: Waterfowl Blind Permit

- d. All registration materials must be postmarked by July 25, 2011, or hand delivered to the park headquarters by 5:00 p.m., on July 25, 2011.
- e. All registration applicants are required to attend the drawing and be present when the cards are selected. Those not present at the start of the drawing will not be eligible for the prioritized blind drawing. The registration fee will not be refunded. Applicants should be prepared to provide a valid picture identification to verify all registration information.
- f. The Park Superintendent or his/her designee will conduct the random drawing. Registration cards will be assigned prioritized numbers in the order drawn. After the drawing, applicants will choose and mark blind locations in order established by the draw. Applicants must be present during the blind location selection or lose his/her assigned priority. Those interested in a blind location but not registered for the drawing will be allowed to choose blind locations on a first come first served basis after all registered drawing applicants have selected locations.
- g. Applicants must be a minimum of eighteen years of age.

2. **BLIND PERMIT**

- a. A \$300.00 fee is required for each Waterfowl Blind Permit . The permit fee is non-refundable. An Annual Day Use Pass and an Annual Boat Use Pass will be issued with each Waterfowl Blind Permit which entitles the permittee unlimited entry privileges for one vehicle and one boat. Operators of vehicles and/or boats without the Annual Use passes must be prepared to pay the standard park entry fee (\$10.00) and/or boating fee (\$6.00) each day they enter the park. Additional passes for vehicles and boats may be purchased at the park headquarters. All passes issued are valid for twelve months from the date of purchase.
- b. The permittee shall be responsible for the blind and its occupants for the entire hunting season. The permit is not transferable.

- c. Each permittee will be required to submit a blind removal deposit of **two hundred dollars**. The removal deposit is due at the time the blind is placed on the lake. The deposit will be returned upon satisfactory removal of the blind by February 28, 2012.
- d. No blind authorized by an active Waterfowl Blind Permit shall be rented, leased, or sold during the period when it is located at Turlock Lake. It is the intent of the State, in conjunction with Stanislaus County ordinances, that permits are for private use only and any commercial use will result in the revocation of the permit and/or other penalties as may be provided by State Park rules and regulations or existing law.
- e. Waterfowl Blind Permits will not be issued for eight consecutive days immediately after the opening day of waterfowl season.
- f. Waterfowl Blind Permit holders must be a minimum of eighteen years of age.

3. **BLIND CHECK-IN PROCEDURES**

- a. An appointment for the checking-in and removal of a blind is required and must be made with a State Park Ranger at least **forty-eight hours** in advance by calling the Park Headquarters phone number (209) 874-2056.
- b. The permittee's blind shall be inspected and the \$200.00 deposit collected by a State Park Ranger prior to placement on the lake. Blinds shall be complete before inspection. Partial blinds will not be allowed on the lake. All blinds presented for check-in shall have the following:
 - All sections of the floating blind, including floats. **Foam floats are to be completely encapsulated to prevent foam from breaking off and floating free.**
 - All anchors that are to be used to secure the blind.
 - The blind number above the entryway.
 - Brush.
- c. The permittee must be present to sign the check-in form.
- d. The permittee must present a valid hunting license with the appropriate waterfowl stamps. The stamps must be permanently affixed and initialed in accordance with state hunting laws.

- e. Placement of authorized blinds will only be allowed between September 10, 2011 through the Sunday prior to the opening day of waterfowl season, and Monday through Friday beginning with the second Monday after the opening day of waterfowl season.
- f. All blinds must be adequately brushed for concealment of hunters and equipment and be structurally safe. A boathouse must be attached to conceal hunter's boats. The inspection check-in form must be signed by a State Park Ranger and the permittee.
- g. The Turlock Lake Waterfowl Blind Permit will contain a "hold harmless" clause.
- h. Blind permit numbers must be prominently posted and clearly visible on the exterior of the blind at check-in and at all times while on the lake. The number will be permanently attached above the doorway.

4. USE AND MAINTENANCE OF BLINDS

- a. Once placed, blinds shall not be moved without authorization from a State Park Ranger.
- b. Any floating blind that breaks loose from its moorings must be returned to its assigned location and properly anchored before it can be used for hunting. Any blind that breaks loose from its moorings and poses a threat to persons, structures, or property may be removed immediately by the State at the permittee's expense. The State will not assume responsibility for any damage done to the blind. The State will attempt to notify the permittee / owner in cases of loose blind relocation /removal.
- c. A minimum of three hundred yards between blinds must be maintained. Exceptions may only be approved in writing by the Park Superintendent.
- d. Hunting is permitted only from authorized floating blinds properly permitted by the State. Hunting from boats, islands, or from the shoreline at Turlock Lake State Recreation Area is prohibited.
- e. Hunters will make every effort to retrieve wounded waterfowl. Hunters shall exercise caution and care in the discharge of weapons at all times and shall ensure that the safety and welfare of persons and property are protected.
- f. Cleaning of waterfowl is prohibited within the boundaries of Turlock Lake State Recreation Area.

- g. Each hunter shall possess or be with a person possessing a valid blind permit or have in his/her possession written permission signed by the permittee of the blind from which he/she is hunting.
- h. Any material added or removed from a blind during the course of the season must be approved by a State Park Ranger and added or removed from the check-in form. The permittee must be present to initial any changes on the form. Major alterations to placed blinds are not allowed during the five consecutive days prior to the opening day of waterfowl season.
- i. The State will send a notice to remove a blind to any permittee/owner that is not in compliance with State Park rules and regulations, or with any of the terms of the Turlock Lake Waterfowl Blind Permit. Any violation of rules and regulations or permit conditions may result in forfeiture of blind location and hunting privileges, and revocation of the permit. Permittee shall be responsible to inform persons hunting from his/her blind of such regulations.
- j. If authorized park personnel find that required blind standards have not been met, the permittee shall have forty-eight hours after notification to correct any deficiencies. If deficiencies are not corrected within the forty-eight hours the permit may be revoked. Hunting from the blind will not be allowed until the deficiencies have been corrected and approved in writing by a State Park Ranger.

Note last day
to remove
blind.

5. **BLIND REMOVAL / DEPOSIT RETURN**

- a. Blinds must be completely removed from the lake no later than **February 28, 2012**.
- b. Blind removal must be verified by the permittee and a State Park Ranger and initialed on the appropriate form.
- c. Blinds left beyond **February 28, 2012**, are subject to removal by the State at the permittee's expense. The permittee shall be responsible for all costs of removal exceeding the removal deposit. The permittee leaving a blind or any part of a blind or other hazardous debris within the park boundaries may be subject to legal action.
- d. Failure to comply with removal procedures shall result in the forfeiture of the removal deposit.

6. **OTHER PERMIT CONDITIONS**

- a. Boats must comply with existing boating law and regulations at all times. Failure to comply with safety or registration requirements will result in termination of boating privileges and/or citation.
- b. Daily use fee payments are required upon entry to Turlock Lake State Recreation Area.
- c. Dogs must be on a leash when not assisting with actual hunting activity. Dogs shall not be permitted to pursue or take any wildlife other than waterfowl that is being hunted.
- d. **Possession and/or consumption of alcoholic beverages is prohibited on shore, in boats, and in duck blinds.** (CCR: T-14; 4326 #305-5B)
- e. The park closes at sunset. Boats are not allowed on the lake overnight.
- f. Brush cutting or removal of vegetation is prohibited within park boundaries.
- g. Waterfowl decoys shall be removed from placement at the end of each day. (Amendment 2004-2005)

Contact park staff or call the park headquarters at (209) 874-2056 if you have any questions or need information.

See next page for Waterfowl Blind Permit

DEPARTMENT OF PARKS AND RECREATION
 TURLOCK LAKE STATE RECREATION AREA
2011 / 2012 WATERFOWL BLIND PERMIT

PERMIT NUMBER _____ GRID _____

_____ is recognized as the PERMITTEE and is hereby authorized to place a waterfowl blind on the designated location at Turlock Lake State Recreation Area.

The PERMITTEE agrees to comply with all the terms, conditions, and procedures contained in the attached Waterfowl Blind Permit Program information package. Receipt of this package is acknowledged by PERMITTEE effective with the issue date of the Waterfowl Blind Permit.

The PERMITTEE agrees to complete responsibility for the blind and its occupants while it is on the lake.

The PERMITTEE agrees to waive all claims and recourse against the State including the right to contribution for loss or damage to persons or property arising from, growing out of, or in any way connected with or incident to this permit except claims arising from the concurrent or sole negligence of the State, its officers, agents or the employees. PERMITTEE shall indemnify, hold harmless and defend State, its officers, agents and employees against any and all claims, demands, damages, costs, expenses, or liability costs arising out of the development, construction, operation or maintenance of the waterfowl blind except for liability arising out of the concurrent or sole negligence of State, its officers, agents or employees.

This permit expires February 28, 2012 unless revoked. Permits may be revoked for failure to comply with the rules, regulations, terms, conditions, or procedures listed in the Waterfowl Blind Permit information package.

Permittee Signature	Date:
Permittee Name	Phone:
Address:	City, State, Zip

Permit Fee: \$100.00

Pass Fee: \$200.00 ADU Pass # _____ ADU Boat Pass # _____

Total: \$300.00 Cash _____ Check # _____

Approved:

Park Ranger
Date

-----End of Contract and All Exhibits-----



Reason Foundation
5737 Mesmer Ave.
Los Angeles, CA 90230
310/391-2245; 310/391-4395 (fax)
www.reason.org

Reason

