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Title: Environmental Management Department recommends the Board adopt a Resolution superseding Resolutions 34-81 and 247-96 amending current language, fees and penalties for commercial river use on the South Fork American River. Resolution options include the increase to the River Use Fee of \$1.00 per passenger/per day (Option 1), or the increase to the River Use Fee of \$2.00 per passenger/per day (Option 2). (Est. Time: 15 Min.)

Sponsors:

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Attachments: 1. A - 2012 River Fee Resolution Option 1.pdf, 2. A1-River Fee Reso 34-81.pdf, 3. B - 2012 River Fee Resolution Option 2.pdf, 4. B1-River Fee Reso 247-96 .PDF, 5. C - Memo from Sup. Briggs 11-1375.pdf, 6. D - Public Comments as of 12/9/11

Date	Ver.	Action By	Action	Result
12/13/2011	1	Board of Supervisors	Continued	Pass

Environmental Management Department recommends the Board adopt a Resolution superseding Resolutions 34-81 and 247-96 amending current language, fees and penalties for commercial river use on the South Fork American River. Resolution options include the increase to the River Use Fee of \$1.00 per passenger/per day (Option 1), or the increase to the River Use Fee of \$2.00 per passenger/per day (Option 2). (Est. Time: 15 Min.)

Fiscal Impact:

There is an anticipated increase in revenue in the River Management Special Revenue Fund of \$64,000 (Option 1) or \$128,000 (Option 2).

Background:

On February 10, 1981, the Board of Supervisors passed Resolution 34-81 (Attachment A) adopting the Interim Management Plan for the South Fork of the American River and establishing river use permit fees and minimum insurance requirements for commercial river outfitters. The resolution established an initial outfitter permit fee of \$300, which was reduced to \$150 to review and update the permit the second operational year, and further reduced to \$100 to review and update the permit for the third year. The resolution also required each outfitter to pay a River Use Fee of \$1.00 per passenger per day to the County. These fees were established to reimburse the County for administrative staffing and material costs, and were also to be used as the basic funding source for activities identified in the Interim Management Plan.

On November 5, 1996 the Board of Supervisors passed Resolution 247-96 (Attachment B), which increased the commercial River Use Fee for each guest guided down the South Fork of the American River, from \$1.00 to \$2.00 per passenger. The 1996 fee increase, which actually went into effect in 1997, was approved with the justification that the additional revenue would be used for the updating and implementation of the River Management Plan (2001). It was contemplated at the time that river

use fees may need to be adjusted an additional \$1.00 in 1998, for a total of \$3.00, as a result of the River Management Plan update process.

In conjunction with the adoption of the new River Management Plan on November 20, 2001, the Board of Supervisors directed Risk Management to evaluate the adequacy of the minimum insurance requirements that were established in the 1981 resolution. As a result of Risk Managements review and recommendation, the Board passed resolution 033-2002 on January 29, 2002, establishing new minimum insurance requirements for commercial outfitters, thereby superceding the prior insurance requirements established in resolution 34-81.

On December 9, 2003, the Board of Supervisors approved a Uniform Annual River Use Permit Application Fee of \$200.00. This annual fee was projected to add \$5,300 to the River Management Special Revenue Fund each year.

Other fees for the river program include the River Use Permit Transfer fee of \$150 and the Inactive River Use Permit Fee of \$200. The River Use Transfer fee has been traditionally assessed to cover staff review of River Use Permit transfers. The Inactive River Use Permit Fee allows a commercial outfitter to cease operation for no more than one year and still maintain their permit. The Inactive River Use Permit Fee is equivalent to the Uniform Annual River Use Permit Application Fee. The transfer fee and inactive permit fee cover review costs for activities that occur infrequently and are not considered sustainable revenue for the River Management Program.

Reason for Recommendation:

The current River Use Fee, which was implemented in 1997, was based on projected average use of 80,000 user days per calendar year. The average annual day use (rounded up to the nearest 1,000 users) since the fee increase in 1997 has been 70,000 user days per year. Since the adoption of the River Management Plan in 2001 the average has been 64,000 user days per year. In other words, the River Use Fee was projected to generate average annual revenue of \$160,000. The actual revenue generated averaged \$140,000 up to 2001, then further declined to an average of \$128,000 thereafter. This revenue shortfall and the corresponding impact on program expenditures was further compounded by rising program costs incurred over the past fourteen (14) years.

Another important change since 1997 is the Sacramento Municipal Utility District (SMUD) Upper American River Project (UARP) and Pacific Gas and Electric (PG&E) Chili Bar Dam Project licenses. The licenses are being reviewed by the Federal Energy Regulatory Commission (FERC) for renewal. The new license agreements, which FERC, SMUD and PG&E have been honoring since 2006, guarantee specific flow rates for the South Fork American River below Chili Bar. These flow rates supply flowing water below Chili Bar Dam every weekend of the year and provide a consistent boating season from April through October. The flow requirement has resulted in a longer, more predictable boating season for commercial boaters and year round boating for private boaters. The longer season has increased the River Programs role on the river.

Over the last 3 years the river program has reduced seasonal river staff and working hours in order to stay within budgets limits. Prior to staff reductions there were four river patrol instructors: three extra help employees and one permanent employee. For safety reasons, staff are paired and their work hours staggered between pairs allowing coverage on the river during the daylight hours until most commercial rafters are off the river. In 2010, seasonal river patrol staff were reduced from 3 positions to 2 positions. With the reduction of one staff member, pairing is no longer an option resulting in less

time spent on the river by staff. All three staff patrol for the same 8 hour period, due to safety reasons, leaving the later part of the day without patrol, even though river use continues until dusk. If there are emergencies on the river late in the day, staff must work overtime to assist, at greater expense to the county to cover overtime hours.

Currently there is limited supplementary funding, including matching grant funds, for program improvements, program expansion, or facility improvements/replacements. The County River Management Advisory Committee (RMAC) and the public have suggested program improvements that the River Program cannot fund with its current budget. The River Management Plan states that the River Management Special Revenue Fund will be used as a basic source of funding for improvements in the river corridor, including education programs, land lease/purchase, mitigation monitoring and reporting, staffing and other management activities specified in the River Management Plan.

In order to maintain adequate staffing levels for the River Program, a fee increase is needed. In 2009 the program fully staffed with 3 seasonal employees and 1 permanent employee, generated expenditures of \$200,805. Current fees result in a revenue shortfall that depletes the River Management Special Revenue Fund even with existing reduced staffing levels.

Option 1) Increase the River Use Fee from \$2.00 to \$3.00. Applying a 3% Consumer Price Index (CPI) increase to the River Use Fee of \$2.00 that was set in 1997 results in an approximate 50% increase in the fee for a total proposed fee of \$3.00 per passenger, per user day. The increase in the River User Fee from \$2 to \$3 per passenger, per user day is projected to cover the operational expenses for the program by increasing annual revenue by approximately \$64,000. Option 1 will allow the River Program to continue to function at its 2009 operating level which funds a third extra help River Patrol staff person.

Option 2) Increase the River Use Fee from \$2.00 to \$4.00. The increase in the River User Fee from \$2 to \$4 per passenger, per user day is projected to cover the operational expenses for the program **and** generate additional revenue that could be used for improvements in the river corridor, including educational programs, river safety, land lease/purchase, and other activities consistent with the River Management Plan. Option 2 will allow the County to increase its revenue approximately \$128,000 for the River Program allowing the program to continue to function at its 2009 operating level, which funds a third extra help River Patrol staff person, **and** includes additional funding for improvements.

Action to Be Taken Following Approval:

Option 1) Forward executed resolution to increase the River Use Fee by \$1.00 per passenger, per user day to Environmental Management for implementation. The new resolution and fee schedule will be become effective January 1, 2012, or,

Option 2) Forward executed resolution to increase the River Use Fee by \$2.00 per passenger, per day to Environmental Management for implementation. The new resolution and fee schedule will become effective January 1, 2012.

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