

- **Board of Directors**
Asset, Real Estate and Infrastructure Policy Committee

March 11, 2003 Board Meeting

10-2

Subject

Purchase 25 boat engines for recreation use at Lake Skinner

Description

In January 1973, Metropolitan entered into a lease agreement with the County of Riverside to promote recreational use on Metropolitan's properties east of Lake Skinner. Through subsequent years, the Lake Skinner recreation area has become a significant part of the County of Riverside's commitment to providing park and recreation facilities. Facilities presently available on Lake Skinner include two docks and up to 50 boats available for rent.

In August 2002, Metropolitan adopted boating rules and regulations proposed to be applied to Diamond Valley Lake and Lake Skinner. At Lake Skinner, these regulations are proposed to take effect on July 1, 2003. Principally, these adopted regulations would render the existing rental fleet and any private boat's two-stroke engines to be in violation. Additionally, existing use of MTBE gasoline would be prohibited on all boats. In December 2002, Metropolitan's Board approved terms for an amendment to the existing lease agreement with the Riverside County Regional Park and Open-Space District (Park District) for management of recreation facilities at Lake Skinner. The term of this amendment is for two years, ending on January 2, 2005. The Park District has taken steps to switch to non-MTBE fuel in response to the adopted boating regulations. However, the existing rental fleet's engines remain non-compliant. The Park District has indicated that they do not consider the term of the lease amendment to be sufficient to permit investment in new boats or engines, and therefore, should the proposed regulations prohibit the use of the existing rental fleet on July 1, 2003, the Park District reserves the right to terminate the lease.

To help further develop recreational facilities at Diamond Valley Lake (DVL) and to maintain the availability of a rental fleet at Lake Skinner, a number of options were identified including purchasing 25 engines for existing boats (\$80,000 of unbudgeted fiscal year 2002/03 Operations & Maintenance funds), purchasing 25 boats and engines (\$80,000 of unbudgeted fiscal year 2002/03 Operations and Maintenance funds and \$230,000 of unbudgeted fiscal year 2002/03 Operating Equipment funds); or not assisting in the acquisition of compliant equipment at this time. Staff has analyzed and determined that the most cost-effective solution would be that Metropolitan acquire a limited number of compliant boat engines. This equipment would be made available to the existing concessionaire for rental use through a lease agreement with the Park District. Should the alternative to acquire boats be favorable, it is also proposed that these boats be suitable for use on DVL to permit flexibility in the development of long-term concessionaire agreements on DVL and Lake Skinner beyond the current lease term.

The acquisition of the boat engines will be made under the Chief Executive Officer's authority and in accordance with all Administrative Code requirements.

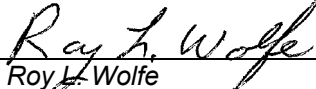
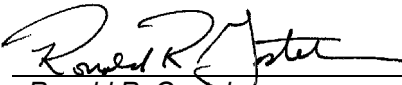
Policy

Metropolitan Water District Administrative Code § 5107: Annual Budget,
Metropolitan Water District Administrative Code § 5108: Appropriations

On October 13, 1998, Metropolitan's Board approved a policy allowing recreational activities that involve no body contact with the water in Lake Skinner. Additionally, on February 9, 1999, the Board approved a policy allowing certain recreational boating activities on Lake Skinner.

Fiscal Impact

\$80,000 of unbudgeted fiscal year 2002/03 Operations and Maintenance funds

 Roy L. Wolfe Manager, Corporate Resources	2/26/2003 Date
 Ronald R. Gastelum Chief Executive Officer	2/26/2003 Date