



Monterey County

Parks Commission

Item #1

Legistar File Number: 18-1216

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January 10, 2019

Introduced: 12/18/2018

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

Receive a status report on operations at Lake Nacimiento and Lake San Antonio.

RECOMMENDATION:

It is recommended that the Parks Commission:

- a. Receive a report on operations at Lake Nacimiento and Lake San Antonio
- b. Provide input on proposed options *scheduled for Board of Supervisors consideration on January 15, 2019*

SUMMARY:

On October 16, 2018, the Board of Supervisors (Board) directed staff to return to the Board on November 6th with a draft business plan or viable options for the lake operations for consideration by the Board. Staff presented options to the Ad Hoc Parks Committee and intended to take a report to the full Board on November 6, 2018. Due to competing Board priorities, this item was deferred from the November 6th agenda to January 15, 2019.

When Parks was added to RMA in 2016, there was an agreement with CalParks for managing all Lake facilities. RMA was directed to reopen Lake San Antonio (LSA) which had been closed for a couple years without any additional resources. Over the past two years, RMA has been monitoring attendance at each facility to better understand the operations. Options for managing operations at the Lakes range from 100% outside management to 100% County managed, recognizing that there are very different conditions and needs between the three facilities. Based on our experience over the past two years, staff recommends that the County manage Lake San Antonio (north shore and south shore) and the County negotiates an agreement for managing Lake Nacimiento.

Once an option has been selected by the Board, staff will move forward with completing business plans for each facility, including cost analysis for stabilizing the lake operations to reduce the reliance on the general fund and focus on increasing profitability. Based on attendance and observations, RMA recommends operating these facilities as follows:

- Lake Nacimiento would remain fully open all year.
- LSA/South and LSA/North remain fully open during the peak season utilizing a reduced footprint and simplified sanitation system
- LSA/South be partially open (weekends only) during off season.
- LSA/North be closed during off season, except remain open year-round to equestrian groups.

DISCUSSION:

On --February 22, 2018, RMA released a Request for Proposals (RFP) for management services at the Lakes. There is an existing agreement with CalParks for services that was scheduled to expire on

October 31, 2018. RMA processed an amendment, approved by the Board on October 23, 2018 that extended the agreement through December 31, 2018 with options for the RMA Director to extend if needed. RMA and CalParks agreed to an extension through February 28, 2019 while a preferred approach to Lake operations is worked out.

In September/October 2018, RMA and CAO staff presented information on the financial conditions of the lake resorts operations to the Budget Committee and Board of Supervisors. Staff's presentations highlighted the negative net position that the Lakes resorts fund has had every year since it began operating as an enterprise, and the total amount of general fund subsidies it has received since fiscal year 2006-07 (\$16.6 million) to keep the operations moving.

Staff anticipates the fund will continue to draw down \$1 to \$2 million from the general fund yearly, should the current operations remain in place. The Board was made aware that staff was in the process of developing a business plan with sustainable options for the Lakes operations and that the plan would be brought back to the Board for consideration following its submittal through the appropriate committees/commissions. Due to timing constraints with the fast approaching budget preparation cycle, slated to commence in January 2019, staff was directed to bypass the committees/commission and return to the Board on November 6th with a draft business plan or viable options for the lake operations for consideration by the Board.

Staff considered operational options ranging from 100% outside management to 100% County managed. There are very different conditions and needs between three Lakes facilities - Lake Nacimiento, Lake San Antonio-South Shore, and Lake San Antonio-North Shore. In order to prepare a more comprehensive plan, and detailed cost analysis, staff is seeking input and direction on the following three (3) options:

Option One - Status Quo

Lake San Antonio (LSA) (both North and South Shore) and Nacimiento operations remain under one enterprise fund and operated by an outside entity as part of a Management Agreement with the County.

Option Two - Transfer of LSA operation into County park system

Negotiate a Master Agreement for the continued operation of Lake Nacimiento, operating as a resort under the enterprise fund. Remove LSA (both North and South Shores) operations from the enterprise fund and place it into the County park system within the general fund. LSA would be 100% managed by the County and would operate as a day-use/regional park with low impact activities such as camping, biking, hiking, and horseback riding.

Option Three - 100% County managed operations

All three Lake facilities would be 100% managed by the County. The LSA facilities would operate as proposed under option two. Nacimiento would continue to operate under the enterprise fund, however, would be 100% operated by County staff.

Once a preferred option has been selected, staff will complete a business/stabilization plan for each of the three facilities and provide a more accurate cost analysis for final approval. Said plans will also

include ideas for marketing use of the Parks, that could generate new revenues (e.g. events).

OTHER AGENCY INVOLVEMENT:

RMA has worked in collaboration with the CAO Office on matters related to the sustainability of the Lake operations. Proposed options were presented to the Parks Ad Hoc Committee on November 1, 2018.

FINANCING:

RMA is working to develop the business plans utilizing existing staff resources. We have engaged support from a retired annuitant, working as a management specialist, to assist with the financial analysis. Costs for these services are being absorbed within the RMA budget.

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