



Monterey County

Item No.

Board Report

Board of Supervisors Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: A 22-031

February 01, 2022

Introduced: 1/19/2022

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

- a. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute Amendment No. 1 to the Operation and Management Agreement with Urban Parks Concessionaires dba Monterey Lakes Recreation Company to add a contractor-owned and managed vessel rental fleet at the Lake Nacimiento resort; and
- b. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute an Assignment & Assumption Agreement in a form substantially similar to the attached upon sale of assets from Urban Parks Concessionaires dba Monterey Lakes Recreation Company to RRM-CLM Services, LLC (RRM-CLM).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute Amendment No. 1 to the Operation and Management Agreement with Urban Parks Concessionaires dba Monterey Lakes Recreation Company to add a contractor-owned and managed vessel rental fleet at the Lake Nacimiento resort; and
- b. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute an Assignment & Assumption Agreement in a form substantially similar to the attached upon sale of assets from Urban Parks Concessionaires dba Monterey Lakes Recreation Company to RRM-CLM Services, LLC (RRM-CLM).

SUMMARY:

Staff recommends the Board of Supervisors approve and authorize execution of Amendment No. 1 [Attachment A] to the Operations and Management Agreement A-15648 (Agreement) [Attachment B] with Urban Parks Concessionaires dba Monterey Lakes Recreation Company (UPC) to implement a UPC-owned and managed vessel rental fleet as part of the Lake Nacimiento resort and recreation operations. UPC is in the process of selling assets, including this Agreement, to another company. The recommended action will authorize preparation and execution of an Assignment & Assumption agreement to reflect this change once the sale is finalized.

DISCUSSION:

On November 16, 2021, the County Board of Supervisors authorized the Department of Public Works, Facilities, & Parks (PWFP) to negotiate an amendment to the Agreement to incorporate provisions for a concessionaire-owned and managed boat rental fleet. Boat rentals are a primary

draw at a lake resort. PWWP views this proposal as a unique, mutually beneficial opportunity to increase guest satisfaction, revenue generation, and overall visitation at the Lake Nacimiento Resort with minimal to no County capital outlay. This new rental fleet is projected to generate \$300,000-\$400,000 in rental fees annually, in addition to positively impacting other revenue-generating sectors within the resort.

The County-owned boats currently leased by UPC have aged and are no longer in a condition to generate optimal rental rates or are not operable. The decrease in available vessel rentals at the Lake Nacimiento resort has negatively impacted not only marina revenues, but also revenues across all sectors of the resort operation. The deteriorating County rental fleet has had a domino effect, greatly reducing resort marketability, attracting fewer visitors, and adversely impacting day use, lodging, camping, fuel sales, and boat and equipment rental revenue-generation sectors. UPC proposes to purchase ten (10) new Crest Classic LX 240 SCL pontoon boats as the new concessionaire-owned and managed boat rental fleet to improve the resort's overall operation. Due to aluminum shortages and supply chain delays, boat delivery may be delayed until 2023. It is the County and UPC's goal to begin rental vessel services as soon as possible.

UPC will be responsible for all costs associated with operating and managing the rental fleet. The County would receive fifteen percent (15%) of monthly rental fees. UPC would be entitled to keep revenue from optional damage waivers sold as an add-on to rentals, with the funds used to cover maintenance and repair costs. All revenues and expenses are recorded and reported to the County in separate financial statements. A negotiated portion of UPC/RRM-CLM staff time is deducted from the resort staff time costs to account for time spent managing the rental fleet. To efficiently operate and respond to fluctuations in demand, UPC/RRM-CLM will independently set and adjust its fleet rental fees. County-owned vessels will continue to be rented at the approved rates listed in Article V-Parks User Fees. The current term of UPC's management agreement, through December 31, 2026, will remain unchanged.

In December 2021, UPC notified PWWP staff that UPC assets, including the Agreement, were being sold to RRM-CLM. This sale is in progress, and an exact transfer date is not yet known. Staff recommends that the Board approve and authorize execution of an Assignment & Assumption Agreement [Attachment C], so once the sale is finalized it can be made effective, per County standard practice. The sale is not anticipated to impact the day-to-day operations at the Lake Nacimiento resort or result in any change to the current management team.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel-Risk Manager and Auditor-Controller's Office reviewed and approved the Amendment as to form and fiscal provisions, respectively. On November 3, 2021, the Monterey County Parks Commission supported PWWP negotiating an amendment to the existing Lake Nacimiento Resort Operations management agreement with UPC to incorporate provisions for a concessionaire-owned and managed boat rental fleet. The Monterey County Water Resources Agency was apprised of the proposed concessionaire-owned and operated boat rental fleet at the Lake Nacimiento resort.

FINANCING:

The Lake Nacimiento resort’s boat rental revenue is expected to increase by \$45,000 to \$60,000 annually, based on fifteen percent (15%) of the estimated \$300,000 to \$400,000 annual concessionaire-owned boat rental fees. Additional ancillary revenues are projected at \$280,000 annually as a result of adding a concessionaire-owned and managed boat rental fleet. UPC is responsible for all costs associated with operating and managing the rental fleet.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation is consistent with the Board of Supervisors’ Economic Development, Administration, and Health & Human Services Strategic Initiatives. Efficient, cost-effective management of County Parks and proactively seeking alternative funding enhance the County’s ability to offer expanded public recreational facilities at Lake Nacimiento. The availability of County parks and open spaces provides opportunities for healthy living activities. The potential new boat rental opportunities will increase the marketability of the park thereby increasing park visitation which will also stimulate economic development in the surrounding community.

Economic Development

Administration

Health & Human Services

Infrastructure

Public Safety

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Reviewed by: Bryan Flores, Chief of Parks

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Approved by: Randy Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities, & Parks



Attachments:

Attachment A-Amendment No. 1 to Agreement

Attachment B-Agreements A-15648 and A-15649 UPC

Attachment C-Assignment and Assumption Agreement

(Attachments are on file with the Clerk of the Board)