



Monterey County

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Board Report

Legistar File Number: A 19-018

February 26, 2019

Introduced: 2/13/2019

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

- a. Approve Amendment No. 6 to Agreement No. A-11983 with Urban Park Concessionaires dba Monterey Lakes Recreation Company (Basecamp), to continue provision of lake resort management services, and to extend the term for an additional two (2) months, for a revised term of February 1, 2015 through April 30, 2019;
- b. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute Amendment No. 6 to Agreement No. A-11983; and
- c. Authorize execution of Amendment No. 6 to Agreement No. A-11983 without signature of the Auditor-Controller's Office.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve Amendment No. 6 to Agreement No. A-11983 with Urban Park Concessionaires dba Monterey Lakes Recreation Company (Basecamp), to continue provision of lake resort management services, and to extend the term for an additional two (2) months, for a revised term of February 1, 2015 through April 30, 2019;
- b. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute Amendment No. 6 to Agreement No. A-11983; and
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SUMMARY:

Resource Management Agency (RMA) is developing an Operations/Business Plan for Lake San Antonio and Lake Nacimiento. The plan includes negotiating a long-term management agreement for Lake Nacimiento, County investment in lake facilities and greater management and contract oversight by RMA. Due to the complex nature of lake operations and the transition to direct County management at Lake San Antonio, RMA is implementing the operations plan in multiple phases. Phase 1 is a short-term extension of the current agreement with Urban Parks Concessionaires, dba Monterey Lakes Recreation Company ("Basecamp"), and completion of critical capital improvements at Lake Nacimiento.

The proposed Amendment No. 6 to the Agreement with Basecamp extends the term from February 28, 2019 for two (2) additional months through April 30, 2019, to allow the County additional time to negotiate a new agreement for Facility Management Services for Lake Nacimiento under Request for Proposals (RFP) #10674. A major part of the operations plan for Lake Nacimiento is completing capital improvements to maintain revenue streams, including select facility improvements before the 2019 summer busy season. To date, RMA has completed about \$32,700 in capital projects at Lake

Nacimiento and have planned another \$76,500 in improvements using the Lakes Reserve Fund Account (RFA). These capital projects show a good-faith effort by the County to commit to the long-term success of resort operations at Lake Nacimiento, a commitment crucial to successful negotiations of a long-term management agreement.

DISCUSSION:

Parks Department entered into an agreement for management services at both Lakes with Basecamp (previously, "CalParks") starting May 3, 2011. The RMA Director was appointed as the Interim Parks Director effective July 1, 2016, and the agreement was set to terminate July 26, 2016 in the middle of the busy season at the Lakes. RMA requested a 2-year extension ending October 2018 (after the busy season) but that extension was limited to one year pending completion of a new RFP for a longer-term agreement.

On December 13, 2016, the Board of Supervisors approved the integration of the Monterey County Parks Department (Parks) into the Resource Management Agency (RMA). With this integration, RMA assumed responsibility for most of the Monterey County Parks agreements. After RMA was able to gain enough understanding of the Lake operations, it was determined that a new RFP for long-term lake resort management services would be issued. In September 2018, after completion of the RFP process, the RMA made a tentative award to one proposer. As this tentative award is still under negotiation, RMA has negotiated an additional two (2)-month term extension with Basecamp to provide continuity of services during this negotiation phase.

The Board asked RMA to develop an Operations/Business Plan. In January 2019, RMA presented options for Lakes operations that would help define both the agreement and the Operations Plan. The Board selected an option where a management agreement would be negotiated for Lake Nacimiento only and County (RMA) would assume full management of Lake San Antonio. RMA is preparing plans for staffing, capital improvements and transition to present with a draft agreement in April 2019.

The busy season for Lake operations generally starts around Easter. Given the timeframe of this process, RMA has asked Basecamp for staffing assistance until County is able to fully staff Lake San Antonio. RMA is in the process of processing Request to Classify forms for eight (8) full time positions. In addition, RMA anticipates the need for seven (7) part time (seasonal) positions. Once we are able to fill those positions, we can begin to transition them from Basecamp.

The County-owned resort facilities at Lake Nacimiento require ongoing capital investment to remain profitable. RMA, with input from Basecamp, identified a list of capital investments at Lake Nacimiento that would increase revenue and improve the quality of resort facilities. RMA has expended \$32,700 to complete repairs of the Admin Building roof, cold patching roads, and refurbishing the marina barge. In addition, RMA is planning about \$76,500 from the Lake Reserve Funding Account (RFA) to repair the marina restroom, replace marina cable, upgrade utilities at Oak Knolls, replace fire pits at Pine Knoll and obtain a vibrator plate tool. RFA is an account where funds are set aside from a portion of revenue from Lake Nacimiento and Lake San Antonio for maintenance and capital expenditures. The complete list of capital projects along with the associated funding source is included with this report as Attachment A.

During the routing of Amendment No. 6, the Auditor-Controller's Office (ACO) advised that a revenue audit needed to be conducted before they would sign Amendment No. 6. RMA agreed to an internal audit prior to considering the long-term agreement. However, this extension is necessary in order to maintain management of Lake Nacimiento in the interim until a long-term agreement is completed.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel-Risk Management reviewed and approved Amendment No. 6 as to form and legality. For the long-term plan, RMA is working closely with the Parks Ad Hoc Committee, including the CAO Office and Auditors Office, and also gaining input from the stakeholders/community.

FINANCING:

Costs of management service fees for the Parks under the current agreement are included in the FY2018-19 Adopted Budget, Fund 452, Appropriation Unit RMA102. Extending this Agreement for two months retains the same terms, so there is no impact to the general fund to approve Amendment No. 6 to the Agreement.

Fund 452 was established in 2011 to capture profits from Lake San Antonio and Lake Nacimiento and reinvest them into the facilities. To date, the fund has failed to be self-sufficient. From FY 2013-14 to FY 2017-18, Fund 452 realized an annual loss ranging from \$1.5 million to \$3 million. A key factor was the unprofitable scale of operations at Lake San Antonio.

Financial analysis indicates that Lake Nacimiento can be profitable if operated independently of Lake San Antonio. RMA anticipates it will take several years to build a reserve fund large enough to support the ongoing capital investment need without general fund subsidy. The RFA account will be used to cover a portion of the capital project list. One-time funding for the remaining capital projects is recommended by RMA as "seed money" to begin the process of making Lake Nacimiento self-sustaining. Increased revenue from capital projects can help to begin a scheduled upgrade and replacement program (e.g., revenue from boat rentals will be set aside to fund an ongoing vessel replacement program).

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation is consistent with the Board of Supervisors' Administration Strategic Initiative by providing for the efficient and cost-effective management of County Parks.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Reviewed by: Melanie Beretti, Special Programs Manager

Approved by: Shawne Ellerbee, RMA Deputy Director of Administrative Services

Approved by: Carl P. Holm, AICP, RMA Director

Attachments:

Attachment A - FY 2018-19 RFA Projects

Attachment B - Summary of Agreement A-11983

Attachment C - Amendment No. 6 to Agreement A-11983

Attachment D - Amendment No. 5 to Agreement A-11983

Attachment E - Amendment No. 4 to Agreement A-11983

Attachment F - Amendment No. 3 to Agreement A-11983

Attachment G - Amendment No. 2 to Agreement A-11983

Attachment H - Amendment No. 1 to Agreement A-11983

Attachment I - Agreement A-11983

(Attachments on file with the Clerk of the Board)