

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	April 13, 2010 – Consent	AGENDA NO.:	35
SUBJECT:	a. Approve Amendment No. 3 extending the Management Agreement (“Interim Agreement”) between Forever Resorts, doing business as “Monterey Lake Resorts and Marinas, LLC”, and the County of Monterey one year to operate the resort businesses at Lake Nacimiento and Lake San Antonio until April 23, 2011; and b. Authorize the Board Chair to sign Agreement Amendment No. 3.		
DEPARTMENT:	Parks Department and Water Resources Agency		

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve Amendment No. 3 extending the Management Agreement (“Interim Agreement”) between Forever Resorts, doing business as “Monterey Lake Resorts and Marinas, LLC”, and the County of Monterey one year to operate the resort businesses at Lake Nacimiento and Lake San Antonio until April 23, 2011; and
- b. Authorize the Board Chair to sign Agreement Amendment No. 3.

SUMMARY/ DISCUSSION:

On April 22, 2008, the Board of Supervisors approved an Interim Management Agreement with Forever Resorts for that entity to manage and operate, on a trial basis, the County owned County Park facility resorts at Lake San Antonio and Lake Nacimiento

The purpose of the Interim Agreement was to provide for a trial operating period to establish a working relationship with Forever Resorts. At the expiration of the Interim Agreement, Forever’s performance will be evaluated to determine whether it will be in the County’s best interest to modify, extend, or terminate the Interim Agreement. Due to unforeseen circumstances for both parties, the past two year’s resort operation has been a learning experience for Forever Resorts and the County Parks Department. To maintain continuity, it is recommended that the Board of Supervisors approve a one year extension to the Agreement until April 23, 2011.

Drought conditions and continued infrastructure repairs have resulted in reduced revenue at both Lakes in recent years and have not contributed to an appropriate evaluation of Forever’s management of the resorts. Fortunately, recent above average rainfall has significantly raised water levels at both reservoirs to the 62% at Lake Nacimiento and 54% at Lake San Antonio, and significant infrastructure improvements, such as a new marina, parking lot, restroom & campground refurbishments, and fish cleaning station, will add to visitors’ positive experience this season and a better ability to evaluate Forever’s potential. Therefore, extending an additional year should enable the County to determine if a long term relationship with Forever Resorts is warranted.

OTHER AGENCY INVOLVEMENT:

In addition to the Parks Department and Water Resources Agency, County Administrative Office, and County Counsel are in support of this recommendation.

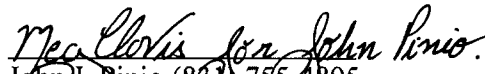
FINANCING:

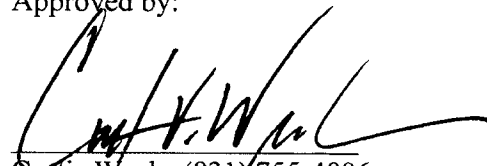
Under the proposed extension Amendment to the Agreement, the County receives revenue or reimburses Forever Resorts for Net Operating Income/Expenses. In addition, the County pays a management fee in the amount not to exceed a total of 4.9% of the annual gross revenues. Annual gross revenue, as defined, does not include the County's operation of camping, day use, and boating. Assuming anticipated 2010 water level stays at, or exceeds, 60-65% of capacity, (and with the economy on an upswing) the upcoming 2010 season is anticipated to show a significant increase in visitation numbers. Sufficient appropriations have been requested for the Fiscal Year 2010-11 Parks Lake Resorts Fund 004 for the anticipated cost of operations including debt service coverage and reimbursement to the Water Resources Agency for clean up costs.

For FY 2009-10 drought conditions and continued infrastructure repairs have resulted in reduced revenues at the Lakes. The Parks Department is currently working on a separate report to be presented to the Board's Budget Committee detailing the impacts of this situation.

Prepared and Approved by:

Approved by:


John J. Pinio (831) 755-4895
Chief Ranger/Parks Director


Curtis Weeks (831) 755-4896
Water Resources, General Mgr.

Date: 4/5/10

Date: 4/5/10

Attachment: Attachment A - Interim Management Agreement is on file with the clerk to the Board
Amendment #3 to Agreement