



Monterey County

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Budget Committee Report

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Matter Type: Budget Committee

- a. Receive the 1st and 2nd quarter financial reports for Parks General Fund and Parks Lake and Resort Fund for the period beginning July 1, 2016 and ending December 31, 2016.

RECOMMENDATION:

It is recommended that the Budget Committee:

- a. Receive the 1st and 2nd quarter financial reports for Parks General Fund and Parks Lake and Resort Fund for the period beginning July 1, 2016 and ending December 31, 2016.

SUMMARY:

The 1st quarter of FY 2016-17 the Parks General Fund revenue was \$2.1 million or 44.77% of the budget. This is typical for the 1st quarter, as the summer months attract the most park visitors and support outdoor activities. As the 2nd quarter ended, revenues began to smooth out, which is expected to continue through the 3rd quarter as well. At the end of the 2nd quarter, year-to-date revenues totaled \$2.9 million, which is 62.65% of budget. If revenues continue to follow the normal trend, Parks General Fund will reach the target budget of \$4.7 million.

Overall expenditures during the 1st and 2nd quarter totaled \$2.86 million or 42.48% of budget; \$1.54 million and \$1.32 million, respectively. Expenditures are falling short of the mid-year 50% target, by 7.52%. When factoring in payments of services and supplies are normally one month in arrears, staff estimates expenditures are closer to 3.4% under the target. Salary and benefit expenditures fell from the 1st quarter to the 2nd by \$73,687, as a result of staffing turnover. Staff anticipates Parks General Fund will stay within the expenditure budget.

DISCUSSION:

On July 19, 2016, Resource Management Agency (RMA) assumed management for the Parks Department and the operating budget that had been adopted. In December, the Board of Supervisors took actions to add Parks as part of the RMA.

RMA took steps to open Lake San Antonio in early August 2016. We were only able to partially open South Lake after it had been closed for a couple years. North Shore remained closed. The Chimney fire (August 13-September 6, 2016) had significant impacts to operations at both Lakes. It resulted in closing down LSA for most of the season. In addition, the Soberanes Fire (July 22-October 12, 2016) resulted in closing down Toro Park for use as a fire camp. US Forest Service used San Lorenzo Park as an additional base camp when the Soberanes fire moved further south. These fires had significant impacts on Parks facilities that have not yet been recovered. In addition, fire operations impacted revenue at these parks.

Lake Resorts

The Parks Lake and Resort Enterprise Fund is showing strong operating revenues through the

2nd quarter primarily from an increase in Lake Nacimiento visitors, with \$2.2 million collected. Operating revenue collections through mid-year reflect 91.29% of the budget. The percentage of budget collected is reflective of a conservative revenue budget, and increased visitor traffic. The operating revenue budget for FY 2016-17 reflects management's assumption that low water levels, due to the drought, would continue to discourage visitors and thus drive revenue down. Instead, the Lake's experienced a 29.85% rise in operating revenue over prior fiscal year 2015-16. Staff project operating revenues will exceed budget of \$2.4 million by approximately \$1.2 million. The non-operating revenue budget of \$1.3 million will be transferred based on financial need from the General Fund at the end of the fiscal year.

On the whole, Parks Lake and Resort expenses are coming in marginally higher than budget. Expenses through December were \$2.1 million or 53.09%. This is expected as CalParks', the lake concessionaire, cost rose over the prior year as a result of increased park visitors. RMA anticipates the increase in expenses will be covered by the increase in operating revenues.

Looking forward toward the next quarter, RMA had to address significant impacts from large winter storms creating damage to trees and facilities. Although there was no budget adopted for opening Lake San Antonio, staff was requested to see if we could make that happen. RMA has been working with CalParks to that end.

OTHER AGENCY INVOLVEMENT:

This report has been reviewed by the Budget Office.

FINANCING:

Staff anticipates General Fund revenue and expenditures to come in at budget by the end of the fiscal year. Lakes Resort expenses may exceed the budget by approximately \$250,000 by year end; however, the increase in projected revenue will exceed the overage.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Providing clear financial reporting on a regular basis to the Budget Committee promotes the County's commitment to accountability and transparency.

☐ Economic Development

☒ Administration

☐ Health & Human Services

☐ Infrastructure

☐ Public Safety

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

Attachments:

Attachment A - Parks General Fund Financial Summary Report, Quarter 1 & 2

Attachment B - Parks Lake Resort & Operations Financial Summary Report, Quarter 1 & 2