



Monterey County

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Board Report

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Consider amendments to Article V of the Monterey County Master Fee Resolution relating to Parks User Fees adjusting existing and establishing new fees for park use, enforcement, and rentals, effective January 10, 2019.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Adopt a Resolution amending Article V of the Monterey County Master Fee Resolution relating to Parks User Fees for park use, enforcement, and rentals, effective January 10, 2019;
- b. Authorize the RMA Director to make non-substantive modifications as to formatting only;
- c. Provide direction for staff to work with a volunteer citizen committee to identify a process for establishing long-term subsidy such as an assessment district or some type of tax; and
- d. Approve the 1st Sunday of each month as a day when there is "no fee" for entry into County day-use parks.

SUMMARY:

The Monterey County Master Fee Resolution-Article V Parks User Fees was last updated on November 1, 2014. The Resource Management Agency (RMA) recommends reorganizing the Parks User Fees so that the document is easier to use, resulting in more consistent implementation. In addition, staff recommends updating the fees to help offset increased operations costs to improve sustainability of parks infrastructure.

Proposed amendments generally consist of:

1. Organization. Currently, fees are organized by County park, leading to inconsistencies and duplication of fees, which creates confusion and makes it difficult for staff to implement. For instance, currently, there are ten different day-use vehicle-entry fees on the fee schedule ranging from \$5 to \$15. Removing the specific park reference will allow staff to apply fees when new parks are added like County-owned open space lands and the Travel Camp in the former Fort Ord area.
2. Content. RMA has identified in the current Article V several park activities for which there are no fees established, e.g., walk-in or bike-in entry for day use. Also, some fee units are difficult to implement and erosive of fee value. One example is when the vehicle entry is included in the price for group picnic areas. The proposed changes allow for the recovery of overlooked costs to augment the Parks' finances.
3. Inconsistencies. RMA staff found several inconsistencies between policy set by Chapter 14.12 of the Monterey County Code, and policy language included in Article V. The proposed update will eliminate policy items from Article V and clarify any inconsistencies. Concurrently, staff is updating Chapter 14.12 so all fee policies align.

The Parks Commission voted to support the amendments as proposed with one addition. In order to make parks more accessible to under-privileged families, the Commission recommends that the Board consider offering at least one day a week where there is no entry fee charged at the County day-use parks, excluding Laguna Seca and the Lakes. This fee waiver would not apply to fees for renting picnic/BBQ areas or camping. The Commission's preferred day is Sunday even though it is one of the busiest days because that is when Ag Workers could use the facilities.

Article V-Parks User Fees are established to offset some or all of the cost of services, without exceeding actual costs for provision of the services. The proposed Parks User Fees adjustment will offset actual expenditures incurred. The FY 2018-19 Adopted Budget includes anticipated revenues from the proposed fee adjustments. Staff estimates that eliminating fees on the first Sunday of each month, not excluding holidays, would reduce day-use revenue by about 36% based on recorded Sunday attendance. That equates to about \$30,000 of the approximately \$314,000 in entry fees collected. Since County Parks are supported by the General Fund, this would have an impact on the General Fund. The Commission also supports beginning efforts for a countywide fee/assessment for recreational facilities.

Staff requests the Board of Supervisors adopt the attached resolution, **Attachment D**, to amend existing and establish new fees in Article V of the Monterey County Fee Resolution to recover costs related to the use of County parks. Fee amendments become effective 30 days after adoption; accordingly, the updated Article V Parks User Fees would become effective January 10, 2019. A long-term subsidy such as an assessment district or some type of tax could be marketed as eliminating entry fees if that fee is passed.

DISCUSSION:

RMA identified the need to reorganize and update Article V-Parks User Fees of the Monterey County Fee Resolution. Article V has not been updated since November 1, 2014. Parks fees are authorized by state law pursuant to Government Code, Section 50402. By definition, the changes to these fees are not a "tax" and are exempt from voter approval pursuant to Article XIII C, section 1(e), subpars. (1)-(5) of the California Constitution (Proposition 26, excepting certain fees and charges from the definition of "tax"). As such, they reflect no more than the actual cost of the service/benefit received by the payor.

The proposed reorganization is designed to make Article V easier to navigate, consolidate the same fees associated with multiple parks, and provide flexibility for adding new park/open space lands. The proposed changes to Article V will reorganize and add and delete fees to optimize the recovery of costs related to the use of County parks. While Laguna Seca Recreation Area, Lake Nacimiento, and Lake San Antonio are currently under management agreements with third parties, fees associated with their operations have been incorporated in the proposed amended Article V. The amended Article V more closely reflects, while still not exceeding, the actual and reasonable costs of services and benefits provided to the public. Staff has provided information specific to each amendment in **Attachment A**. The current Article V-Parks User Fees is provided in **Attachment B** and the recommended update to Article V-Parks User Fees can be found in **Attachment C**.

On August 2, 2018, RMA staff presented the draft Parks User Fees Article V Update to the Parks Commission. The Commission had in-depth discussions regarding the charging of entry fees in the County's day-use parks. A fundamental question whether to recover fees from people entering the day-use parks was identified by a couple Commissioners, but the Commission recognized that this question involves a policy decision by the Board of Supervisors since it would impact the General Fund to backfill for that lost revenue. The Commission requested that staff complete further investigation and analysis on the following seven issues:

1. *Identify the impact of replacing revenue generated by entry fees in day-use parks by increasing fees in other areas, such as building rentals and group picnic areas, rifle range, and houseboat annual passes.*

In its analysis, RMA staff utilized prior fiscal year reservations for group picnic areas and building rentals within the day-use parks to evaluate the impact of restructuring entry fee collection projections. Camping was excluded to keep costs in alignment with competing venues operating in proximity to San Lorenzo Park. The Rifle Range was excluded as its function is under County Administrative Office oversight. Fees related to Laguna Seca and Lakes operations were excluded as these facilities are part of an enterprise fund(s). The current adopted budget for the day-use parks assumes entry fees will contribute at least \$620,965 in revenues (\$313,659 FY18 Actuals + \$307,306 FY19 Projected Increase). Assuming group picnic areas and building rental fees were increased to compensate for the loss of not charging an entry fee in the County's day-use parks, staff's calculations found that other fees would need to be increased, on average, by 500 to 600 percent. With fee increases this great, the number of reservations would likely decline dramatically and further erode collections within the day-use parks. This, in turn, would result in a significant higher reliance on County General Fund subsidy and ultimately, may result in loss of much-needed resources to keep the parks operating. Refer to **Attachment E**.

2. *Identify impacts of providing each child in each of the 25 County school districts four passes per year to the day-use park closest to the school district to provide them the opportunity for free park entry.*

RMA staff recommendations in the Article V Parks User Fees Update include entry-fee discounts not reflected in the current Article V. These discounts include: children under five free entry and charging half of the proposed entry fee of \$2 or \$1 for students producing a valid student ID. There would be an increase in administrative costs associated with establishing and managing such a program on an annual basis. The development of this program would require coordination with the Monterey County Office of Education and the current 25 area school districts. Due to the time needed to establish the program details, RMA did not recommend this be established as part of the Article V Parks User Fees Update.

3. *Identify the impact of establishing one (1) day a week free admittance*

into day-use parks.

Based on the attendance information collected and available for Toro, Royal Oaks and Jacks Peak, the busiest days with the highest admittance (excluding Special Events) in order of highest to lowest is Sunday, Saturday, Wednesday, Tuesday, Friday, Monday and Thursday. **Refer to Attachment F.** Given the financial condition of the day-use parks and the growing need across County Departments for increases in discretionary funds, staff did not recommend establishing a day a week for free admission into day-use parks. However, at its November 29, 2018 Parks Commission meeting the Parks Commission has recommended to this Board to offer a free admission Family Day each month in each of the day-use parks, excluding the Lakes and Laguna Seca. The Parks Commission agreed that the day of the week most advantageous for families would be Sundays. Therefore, the Parks Commission is recommending the first Sunday of each month be considered free Family Day, excluding Holidays or Special Events. If the first Sunday falls on a Holiday or occurs during a Special Event, then the following Sunday would be designated free admission. The Parks Commission thought offering one day a month for free admission is a good start.

4. *Identify what the process would be for establishing long-term subsidy such as an assessment district or some type of tax.*

Staff has reviewed the Countywide initiative process and will consult with Monterey County Elections Program Manager Jessica Cedillo regarding how to proceed with establishing a ballot initiative for a long-term subsidy. Based on available documentation from the Registrar of Voters, this process could take over one year to be placed on the ballot for an election.

5. *Identify events at the day-use parks that would generate income to offset charging an entry fee.*

Staff remains vigilant for events to host in all county parks, such as the Salinas Valley Pride Festival. No additional significant events have been identified to date that have the potential to generate significant new revenue for the parks.

6. *Consider Partnerships with non-profits to operate and manage park facility(s) while still offering discounts.*

Currently, the County has Agreements with two non-profits, North County Youth Recreation Association and Monterey County Agricultural & Rural Life Museum, to assist with managing portions (specified areas) of Manzanita Park and San Lorenzo Park respectively. In addition, staff utilizes non-profits for assisting with brush clearing, trail maintenance, and general maintenance within the park facilities. Staff will extend its outreach efforts and provide the Parks Commission with periodic progress updates.

7. *Develop a long-term plan between 5-10 years to work toward the parks*

becoming self-sufficient.

Staff will develop specific plans for each park as each offers unique amenities and attractions. The plans will focus on improving the parks infrastructure while enhancing the experience for users, while striving to become less dependent on the County General Fund.

RMA staff received updates from the new Chief Executive Officer overseeing Laguna Seca as well as from the CalParks interim General Manager regarding additional updates to the Article V Parks User Fees for Laguna Seca and the Lakes. These updates have been incorporated into the recommended Article V Parks User Fees. The Article V update for the Lakes Operations expands fees to include the rental rates for the Lodges, Boating, and other ancillary rentals. Since Laguna Seca and the Lakes operate as enterprise funds, staff did not focus on obtaining comparable data from other jurisdictions.

OTHER AGENCY INVOLVEMENT:

RMA-Parks worked with the County Administrative Office and the Office of the County Counsel. On June 7, August 2, and November 29, 2018, the Parks Commission received reports to the Article V update.

Staff presented the proposed Article V Parks User Fees Update to the Parks Commission on August 2, 2018. The Parks Commission requested further investigation and analysis be done related to eliminating fees for park entry and increasing fees in other areas to make up the difference. RMA returned to the Parks Commission on November 29, 2018, with the information, analysis, and other changes the Commission requested to be incorporated into the updated Parks User Fees. The analysis specifically addressed why the No-entry Fee proposal suggested by the Parks Commission is not feasible and exploring additional alternative funding sources for day-use park facilities. Based on the analysis, staff requested the Parks Commission's support to proceed with the fees as presented until/unless there is an alternative source of revenue established (e.g., tax initiative).

At the November 29, 2018, the Parks Commission voted 5-0-1 (Supervisor Adams absent) to recommend that the Board consider offering a free admission Family Day each month in each of the day-use parks, excluding the Lakes and Laguna Seca. The Parks Commission recommends that the day of the week most advantageous for families would be Sundays. The Parks Commission recommends the first Sunday of each month be considered free admission Family Day, excluding Holidays or Special Events. If the first Sunday falls on a Holiday or occurs during a Special Event, then the following Sunday would be designated free admission. The Parks Commission thought offering one day a month for free admission is a good start. The Commission also discussed the need for staff to continue to actively pursue other sources of funds such as grants. County Counsel has reviewed the proposed amendment to Article V of the Monterey County Master Fee Resolution and approved it as to legal form.

FINANCING:

RMA-Parks consists of two separate operating units: 1) Park Operations, Fund 001-Unit 8475, which includes the County Day-Use Park facilities, such as Toro Park, Manzanita, Royal Oaks, Jack's Peak, as well as San Lorenzo Park; 2) Lake Operations, Fund 452-Unit 8477, is an enterprise fund and includes Lakes Nacimiento and San Antonio.

The FY 2017-18 Modified Budget for Parks Operations reflected \$3,764,235 in appropriations, which included the increase of \$268,478 in appropriations approved by the Board of Supervisors on June 26, 2018, as well as an adjustment for COWCAP of \$325,822. The recent need to increase appropriations in Parks Operations in addition to the COWCAP, was attributed to increases in building, equipment, and vehicle maintenance resulting from the accumulation of deferred maintenance, as well as damages sustained from winter storms and seasonal drought. The FY 2017-18 revenue projection for Park Operations was \$961,977 versus the modified adopted budget of \$1,266,455, leaving the need for County General Fund contributions of \$2,802,258 to balance the budget. Staff recommends modifications to Article V to assist in offsetting the increases in costs of services. A significant change recommended to Article V for the Day-Use Parks is the frequency of charging patrons that visit. Currently, there is no daily entry fee for individuals entering the Parks when not in a vehicle, except on Holidays or during Special Events. Changing the current Article V to include a daily entry fee at Day-Use Parks will increase revenues that can be used within the Day-Use Parks to offset the costs of operations and maintenance. Based on daily entry counts at Toro Park alone, staff estimates an increase in receipts of \$300,000 annually. To accommodate patrons that frequently visit County Parks, staff is recommending Park-specific annual passes. Currently, annual Park passes are valid at all County Parks, except for Lake Nacimiento.

The FY 2018-19 Adopted Budget for Parks Operations was developed using expenditure trends for maintenance experienced in FY 2017-18, as well as incorporating increased costs for salaries and benefits resulting in an appropriations budget of \$3,779,134. In anticipation of the Article V update, RMA staff included an assumption to increase budgeted revenues to \$1,269,283 or \$307,306 above projected FY 2017-18 revenues of \$961,977, to maintain FY 2017-18 levels of service. By incorporating an increase in fees generated by changes to Article V, the General Fund contributions needed to balance the Parks Operations in FY 2018-19 is expected to decrease from \$2,802,258 to \$2,509,851. Staff is confident that the Article V Parks User Fees update will reduce the need on the general fund contribution for Parks Operations; however, it will not generate sufficient revenues to fully cover the operations and maintenance costs for the Day-Use Parks. The Day-Use Parks will still require a significant contribution from the General Fund to balance the budget in the future.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Parks are intended to provide a safe, recreational environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general. Parks require a certain level of financial stability to continue offering opportunities for outdoor recreation and green space, in support of healthy lifestyles and the environment. Establishing appropriate Parks User Fees ensures that RMA can respond to customer preferences and recover costs for the use of Parks infrastructure. When necessary, RMA will bring a future update to the fee schedule reflecting the Board of Supervisors' General Financial Policy number 7.4, User Fees, directing that *“all fees be reviewed as necessary and adjusted (as necessary). The full cost of providing a service is calculated to provide a basis for setting the charge or fee. Full cost incorporates direct and indirect costs, including operations and maintenance, overhead, charges for the use of capital facilities, as well as depreciation.”*

- ☐ Economic Development
- ☒ Administration
- ☒ Health & Human Services
- ☒ Infrastructure:
- ☒ Public Safety

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

Attachments:

A - Changes and Additions to Article V

B - Current Article V Parks User Fees

C - Recommended Article V Parks User Fees

D - Draft Resolution

E - Group Picnic and Building Rentals Comparison

F - Average Admittance by Location and Day

(Attachments on file with the Clerk of the Board)

cc: Carl P. Holm, AICP, RMA Director; Nick Chiulos, Asst. CAO; Cam Sanchez, RMA-Parks

Interim Chief; Lucila Sanchez, CAO Budget & Analysis; Brian Briggs, Deputy County Counsel