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Board Report

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Consider options for stabilizing operations at Lake Nacimiento and Lake San Antonio.

RECOMMENDATION:

It is recommended that the Board of Supervisors support Option 2 for the Lake operations as follows:

- a. Lake Nacimiento. Remains as an enterprise fund and remains open all year. Negotiate a Master Agreement for the continued operation of the resort.
- b. Lake San Antonio-South. Remove from enterprise fund, and become 100% managed by the County. Operate as a day-use/regional park with low impact activities such as camping, biking, hiking, and horseback riding. Remain fully open during the peak season, partially open (weekends) during off season.
- c. Lake San Antonio-North. Removed from enterprise fund, and become 100% managed by the County. Operate as a day-use/regional park with low impact activities such as camping, biking, hiking, and horseback riding. Remain fully open during the peak season, partially open (weekends) during off season, except remain open year-round to equestrian groups.

SUMMARY:

On October 16, 2018, the Board of Supervisors (Board) directed staff to return to the Board on November 6th with a draft business plan or viable options for the lake operations for consideration by the Board. In order to prepare a more comprehensive plan and detailed cost analysis, staff requests input and direction from the Board on the overall operational concept. Staff has prepared three (3) options for Board consideration, and recommends Option 2. Once an option has been selected by the Board, staff will move forward with completing business plans for each facility, including cost analysis for stabilizing the lake operations to reduce the reliance on the general fund and focus on increasing profitability.

Parks was added to RMA in 2016 with the direction to reopen Lake San Antonio (LSA) which had been closed for a couple years. RMA began monitoring attendance at each facility to better understand the demand. Based on attendance and observations, RMA recommends operating these facilities as follows:

- Lake Nacimiento would remain fully open all year.
- LSA South and North Shores remain fully open during the peak season utilizing a reduced footprint and simplified sanitation system
- LSA - South Shore be partially open (weekends only) during off season.
- LSA -North Shore be closed during off season, except remain open year-round to equestrian groups.

DISCUSSION:

On October 16, 2018, the Board of Supervisors (Board) received a detailed presentation from the County Administrative Office (CAO) on the financial conditions of the lake resorts operations. CAO staff's presentation highlighted the negative net position the lakes resorts fund has had every year since it began operating as an enterprise, and the total amount of general fund subsidies it has received since fiscal year 2006-07 (\$16.6 million) to keep the operations moving. CAO staff anticipates the fund will continue to draw down \$1 to \$2 million from the general fund yearly, should the current operations remain in place. The Board was made aware that staff was in the process of developing a business plan with sustainable options for the lake operations and that the plan would be brought back to the Board for consideration following its submittal through the Board's standing committees. Due to timing constraints with the fast approaching budget preparation cycle slated to commence in January 2019, staff was directed to bypass the committees and return to the Board on November 6th with a draft business plan or viable options for the lake operations for consideration by the Board.

In order to prepare a more comprehensive plan, and detailed cost analysis, staff requests further input and direction on three (3) options (see below). Once a preferred option has been selected, staff will complete a business/stabilization plan for each of the three facilities and provide a more accurate cost analysis for final approval. Said plans will also include ideas for marketing use of the Parks, that could generate new revenues (e.g. events).

Option One - Status Quo

Lake San Antonio (LSA) (both North and South Shore) and Nacimiento operations remain under one enterprise fund and operated by an outside entity as part of a Management Agreement with the County.

Option Two - Transfer of LSA operation into County park system

Negotiate a Master Agreement for the continued operation of Lake Nacimiento, operating as a resort under the enterprise fund. Remove LSA (both North and South Shores) operations from the enterprise fund and place it into the County park system within the general fund. LSA would be 100% managed by the County and would operate as a day-use/regional park with low impact activities such as camping, biking, hiking, and horseback riding.

Option Three - 100% County managed operations

All three Lake facilities would be 100% managed by the County. The LSA facilities would operate as proposed under option two. Nacimiento would continue to operate under the enterprise fund, however, would be 100% operated by County staff.

OTHER AGENCY INVOLVEMENT:

RMA has worked in collaboration with the CAO Office on matters related to the sustainability of the Lake operations. The proposed stabilization options were presented to the Parks Ad Hoc Committee on November 1, 2018.

FINANCING:

RMA is working to develop the business plans with existing resources. We have engaged support from a retired annuitant, working as a management specialist, to assist with the financial analysis.

Costs for these services are being absorbed within the RMA budget.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommended action further enhances the Board's initiatives by promoting efficient and effective management of the lake operations. Availability of Parks and open spaces provides opportunity for healthy living. Operated as a resort, Lake Nacimiento has the potential to generate revenue for the enterprise fund and remove/reduce that burden from the General Fund.

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



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