

by both parties.

The recommendation to approve this new Agreement, that restates the terms of the prior agreement including Addendums 1 and 2 through October 31, 2017, is being made to continue with the existing business relationship. The extended term will allow for Management Services of the resort operations through collaboration between both parties.

Since 2011, UPC has done a very respectable job while trying to meet expenditure and revenue forecasts set forth in the initial Agreement. Shortages of water levels at the Monterey County lakes continue to challenge the current and future success of the operations. At this time, the department will continue to work with UPC to maintain the status quo level-of-service to the community. During the last two years, the County full time staffing at the lakes resort has been reduced from 32 positions to 10. UPC has had to handle additional responsibilities because of this reduction. In FY 2016, Lake San Antonio was closed to the public and it is anticipated to remain closed next fiscal year. Additionally, a reduced level-of-service by the County and/or UPC may be deemed necessary at Lake Nacimiento because of water levels or lack of revenue from customers. This agreement allows UPC to be flexible in its staffing levels in order to expend funds as necessary to operate the facility at an acceptable level.

OTHER AGENCY INVOLVEMENT:

In addition to the Parks Department, Water Resources Agency and Parks Ad Hoc Committee, County Counsel has reviewed and approved the Agreement as to form. The Budget Analyst for the Parks Department has also reviewed this report.

FINANCING:

This new Agreement restates the terms of the prior agreement approved and executed on May 11, 2011, including the two addendums approved in 2012 and 2014. The Management Agreement with UPC is valid through October 31, 2017.

In Section 3.9 of the Agreement, the Annual Fee of \$30,000 paid to UPC for Marketing Leadership and Creative Guidance that was eliminated by Addendum No. 2 is being put back in Agreement. This will allow for the enhanced website and marketing that has occurred to date and enhancements planned and supported by the Parks Department staff. This investment in marketing and web presence should return more in revenue than what will be expended through the term of the agreement. Without investment in advertising, marketing and web presence, it is hard for potential users to find the location and make reservations.

This Agreement will include UPC paying the County eight percent of gross alcohol sales. Currently, the County does not get any percentage of gross alcohol sales. This income is expected to be approximately \$8,000 per

year.

Both of these financial changes will be retroactively included in the UPC Profit and Loss Statement effective July 1, 2015.

Prepared by:

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Approved by:

Mark Mariscal
Parks Director

Attachments:

Management Agreement with Urban Park Concessionaires dated May 11.2011 with attachments 1 & 2