

(“Basecamp”), and completion of critical capital improvements at Lake Nacimiento.

The proposed Amendment No. 7 to the Agreement with Basecamp extends the term from April 30, 2019 for two (2) additional months through June 30, 2019, to allow the County additional time to negotiate the new agreement for Management Services for Lake Nacimiento under Request for Proposals (RFP) #10674.

DISCUSSION:

Monterey County Parks Department (Parks) entered into an agreement for management services at both Lakes with Basecamp (previously, “CalParks”) starting May 3, 2011. The RMA Director was appointed as the Interim Parks Director effective July 1, 2016, and the agreement was set to terminate July 26, 2016 in the middle of the busy season at the Lakes. RMA requested a 2-year extension ending October 2018 (after the busy season) but that extension was limited to one year pending completion of a new RFP for a longer-term agreement.

On December 13, 2016, the Board of Supervisors (Board) approved the integration of the Parks into the RMA. With this integration, RMA assumed responsibility for most of the Parks agreements. After RMA was able to gain enough understanding of the Lake operations, it was determined that a new RFP for long-term lake resort management services would be issued. In September 2018, after completion of the RFP process, the RMA made a tentative award to one proposer. As this tentative award is still under negotiation, RMA has negotiated an additional two (2) month term extension with Basecamp to provide continuity of services during this negotiation phase.

The Board asked RMA to develop an Operations/Business Plan. In January 2019, RMA presented options for Lakes operations that would help define both the agreement and the Operations Plan. The Board selected an option where a management agreement would be negotiated for Lake Nacimiento only and County (RMA) would assume full management of Lake San Antonio. RMA is preparing plans for staffing, capital improvements and transition with a draft agreement to present to the Board at a future date.

The busy season for Lake operations generally starts around Easter. Given the timeframe of this process, RMA has asked Basecamp for staffing assistance until County is able to fully staff Lake San Antonio. RMA is requesting eight (8) full time positions. In addition, RMA anticipates the need for seven (7) part time (seasonal) positions. If the staffing plan is approved, once we are able to fill those positions, we can begin to transition them from Basecamp.

The County-owned resort facilities at Lake Nacimiento require ongoing capital investment to remain profitable. RMA, with input from Basecamp, identified a list of capital investments at Lake Nacimiento that would increase revenue and improve the quality of resort facilities. RMA is planning about \$76,500 in the current fiscal year from the Lake Reserve Funding Account (RFA) to repair the marina restroom, replace marina cable, upgrade utilities at Oak Knolls, replace fire pits at Pine Knoll and obtain a vibrator plate tool. RFA is an account where funds are set aside from a portion of revenue from Lake Nacimiento and Lake San Antonio for maintenance and capital expenditures.

During the routing of Amendment No. 7, the Auditor-Controller’s Office (ACO) advised that a revenue audit needed to be conducted before they would sign Amendment No. 7. RMA agreed to an internal audit prior to considering the long-term agreement. However, this extension is necessary in order to maintain management of Lake Nacimiento in the interim until a long-term agreement is completed.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel-Risk Management reviewed and approved Amendment No. 7 as to form and legality. For the long-term plan, RMA is working closely with the Parks Ad Hoc Committee, including the CAO Office and Auditors Office, and also gaining input from the stakeholders/community.

FINANCING:

Costs of management service fees for the Parks under the current agreement are included in the FY2018-19 Adopted Budget, Fund 452, Appropriation Unit RMA102. Extending this Agreement for two months retains the same terms. The current year forecast estimates the Lakes Fund will exceed appropriations by \$343,964 and experience an overall net loss of \$981,736 (excluding the one-time operating transfer in for prior year losses of \$2.2 million), which will require a General Fund subsidy.

Fund 452 was established in 2011 to capture profits from Lake San Antonio and Lake Nacimiento and reinvest them into the facilities. To date, the fund has failed to be self-sufficient. From FY 2013-14 to FY 2017-18, Fund 452 realized an annual loss ranging from \$1.5 million to \$3 million. A key factor was the unprofitable scale of operations at Lake San Antonio.

Financial analysis indicates that Lake Nacimiento can be profitable if operated independently of Lake San Antonio. RMA anticipates it will take several years to build a reserve fund large enough to support the ongoing capital investment need without general fund

subsidy. The RFA account will be used to cover a portion of the capital project list.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation is consistent with the Board of Supervisors' Administration Strategic Initiative by providing for the efficient and cost-effective management of County Parks.

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

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Attachments:

- Attachment A - Summary of Agreement A-11983
 - Attachment B - Amendment No. 7 to Agreement A-11983
 - Attachment C - Amendment No. 6 to Agreement A-11983
 - Attachment D - Amendment No. 5 to Agreement A-11983
 - Attachment E - Amendment No. 4 to Agreement A-11983
 - Attachment F - Amendment No. 3 to Agreement A-11983
 - Attachment G - Amendment No. 2 to Agreement A-11983
 - Attachment H - Amendment No. 1 to Agreement A-11983
 - Attachment I - Agreement A-11983
- (Attachments on file with the Clerk of the Board)