



Staff evaluated available options, including canceling the solicitation and issuing a new RFP in hopes of attracting additional proposers, as well as looked at operating the facility with County staff. Staff compared the pros and cons relating to seasonal staffing, flexibility in staffing levels, and differences in salaries and benefits between the County and Basecamp. Ultimately, staff issued a tentative award to begin contract negotiations with Basecamp to manage the resort and recreation areas at Lake Nacimiento and Lake San Antonio (LSA).

On January 15, 2019, the Board approved the removal of LSA from the Enterprise Fund when presented that it could not operate as a business-type activity and would be better suited to operate in a similar fashion to a regional County park under the General Fund. With LSA removed from the Lakes Enterprise Fund, negotiations between Basecamp and the County focused on developing a facilities management agreement for resort and recreational areas at Lake Nacimiento.

RMA staff has now concluded negotiating new contract terms, compensation, and operating plans with Basecamp and recommends that the Board of Supervisors approve the newly negotiated facility management agreement (Agreement) for the resort and recreational areas at Lake Nacimiento. The proposed Agreement includes a fixed management fee of \$300,000 annually, paid in monthly installments of \$25,000. The Fixed Management Fee shall be adjusted at the beginning of each fiscal year in accordance with the prior 12-month average (July through June) Consumer Price Index (CPI) adjustment for the San Francisco-Oakland-Hayward, CA area. In addition, the agreement includes an Annual Incentive Fee of ten percent (10%) applied against an Adjusted Net Income. The proposed Agreement includes standard terms relative to indemnification and auditing, consistent with those required by the other responsible County Departments, the Auditor-Controller and County Counsel-Risk Management, and the Lakes landowner, Monterey County Water Resources Agency (MCWRA), who leases the land to the County. This Agreement also affords the ability to contract for services at LSA, as needed, at Basecamp's cost plus an agreed-upon fee/profit.

If the Board approves the new Agreement for Lake Nacimiento, the effective date will be August 1, 2019. The County also assumes full operational control of LSA on August 1, 2019. Given that this transition will occur during the peak operating season, to ensure minimal disruption to park patrons, RMA requests that the Board authorize the RMA Director or RMA Deputy Director of Administrative Services to negotiate a transition plan with Basecamp for provision of personnel necessary to maintain existing service levels at LSA (entry gate, vessel inspections, camping, and housekeeping) for a not-to-exceed cost of \$150,000, for the period starting August 1, 2019 through November 30, 2019. The Reservoir Recreational Area Plan for LSA, based on the Board's direction regarding the desired service level offerings, will be completed by late November.

Lake Nacimiento will continue to be reported under of the Enterprise Fund 452, to account for the ongoing activities similar to those found in the private sector, specifically activities for which a fee is charged to external users for goods or services. Moving forward, the Enterprise Fund 452 will include revenue and expenses under the new Agreement, as well as County-incurred expenditures directly associated with the resort and recreational areas at Lake Nacimiento. County-incurred expenditures and transfers-in will include management of capital repairs and/or construction, utilities, property taxes; Fleet; ITD support; Vehicle Acquisition Management Program (VAMP); Insurance(s); Interest on Debt; depreciation; ranger lake surface patrol; and management oversight of Basecamp.

**OTHER AGENCY INVOLVEMENT:**

The Offices of the County Counsel and Auditor-Controller reviewed and approved the proposed Agreement with Basecamp as to form and legality and fiscal provisions, respectively. MCWRA reviewed the proposed

Agreement. RMA also worked closely with the Parks Ad Hoc Committee, Parks Commission, County Administrative Office, County Counsel-Risk Management, Auditor-Controller's Office, and stakeholders/community.

**FINANCING:**

Management service fees for the Lakes under the proposed Agreement are budgeted under FY 2019-20 Adopted Budget, Fund 452, Appropriation Unit RMA102, with expenditures totaling \$4,393,198 and revenues projected to be \$4,921,323. The FY 2019-20 Budget was based on actual revenues and expenditures from FY 2017-18, including FY 2018-19 through actuals through December 2018. Staff anticipated the budgeted expenditures are inflated due to Basecamp's previously negotiated agreement terms. The current Agreement included several compensation items that have been removed in the new Agreement, such as Admin Fee, Marketing Fee, Incentive Fee at 25% of net income. Staff also anticipates with increased direct management oversight, that operating expenditures will be kept down, as all purchases must be approved in advance by the County. As a result of the new Agreement operating revenues are anticipated to be higher due to the recognition of the sale of alcohol in which the County only received 8% of sales under the current agreement. RMA will work closely with Basecamp in reviewing Lake operations, including monthly financial reviews of their P&L, invoices, and operating costs compared to revenues.

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Reviewed by: Brett Fulgoni, Administrative Operations Manager

Reviewed by: James Rodems, Chief of Parks

Approved by: Carl Holm, AICP, RMA Director

**Attachments:**

Attachment A - Lake Management Agreement BOS 7-23-19