



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

**File #:** 14-964, **Version:** 1

The Parks Lake & Resort Operations Fund 452 under-performed during FY 2013-14, rendering a fund deficit of approximately \$2,400,000 and an additional \$580,000 fund deficit for a FY 2012 Loan that needs to be reclassified, rendering a total FY 2013-14 deficit of \$2,980,000. To address the deficit, certain fiscal transactions are recommended;

- a. Approve and authorize the cancellation of \$1,542,275 from the Contingency Designation Account (Fund 001-3113) to General Fund Balance (Fund 001-3101) with a \$1,542,275 appropriation increase in the CAO (Fund 001-1050-8038-CAO017) for FY 2013-14, to use as a source to address the Parks Lake & Resort Operations Fund 452 FY 2013-14 shortfall (4/5<sup>th</sup> vote required); and
- b. Approve and authorize the transfer of \$1,437,725 from the General Fund Contingencies (001-1050-8034-CAO020) and an appropriation increase of \$1,437,725 in CAO (Fund 001-1050-8038-CAO017) for FY 2014, to use as the remaining source to address the Parks Lake & Resort Operations Fund FY 2013-14 deficit (4/5<sup>th</sup> vote required). (ADDED VIA ADDENDUM)

RECOMMENDATION:

It is recommended that the Board of Supervisors take the following actions:

The Parks Lake & Resort Operations Fund 452 under-performed during FY 2013-14, rendering a fund deficit of approximately \$2,400,000 and an additional \$580,000 fund deficit for a FY 2012 Loan that needs to be reclassified, rendering a total FY 2013-14 deficit of \$2,980,000. To address the deficit, certain fiscal transactions are recommended;

- a. Approve and authorize the cancellation of \$1,542,275 from the Contingency Designation Account (Fund 001-3113) to General Fund Balance (Fund 001-3101) with a \$1,542,275 appropriation increase in the CAO (Fund 001-1050-8038-CAO017) for FY 2013-14, to use as a source to address the Parks Lake & Resort Operations Fund 452 FY 2013-14 shortfall (4/5<sup>th</sup> vote required);
- b. Approve and authorize the transfer of \$1,437,725 from the General Fund Contingencies (001-1050-8034-CAO020) and an appropriation increase of \$1,437,725 in CAO (Fund 001-1050-8038-CAO017) for FY 2014, to use as the remaining source to address the Parks Lake & Resort Operations Fund FY 2013-14 deficit (4/5<sup>th</sup> vote required).

SUMMARY/DISCUSSION:

The Lakes Enterprise Fund began this fiscal year with \$23.71. As the detail outlines, the cash expenditures outpaced revenue throughout the year:

**Fund: 452 - Parks Lake & Resort Operations**

Period	Beginning Balance	Total Debit	Total Credit	Ending Balance
July	23.71	557,675.26	(529,914.63)	27,784.34
August	27,784.34	504,578.76	(859,568.99)	(327,205.89)
September	(327,205.89)	297,148.98	(445,188.17)	(475,245.08)
October	(475,245.08)	44,032.62	(445,044.02)	(876,256.48)
November	(876,256.48)	17,257.31	(363,211.50)	(1,222,210.67)
December	(1,222,210.67)	22,042.45	(507,500.76)	(1,707,668.98)

January	(1,707,668.98)	51,133.90	(334,624.49)	(1,991,159.57)
February	(1,991,159.57)	1,701,573.42	(942,464.21)	(1,232,050.36)
March	(1,232,050.36)	5,019,304.85	(5,690,841.50)	(1,903,587.01)
April	(1,903,587.01)	222,728.83	(471,763.56)	(2,152,621.74)
May	(2,152,621.74)	4,362,748.17	(4,530,215.28)	(2,320,088.85)
June	(2,320,088.85)	3,605,665.72	(3,620,524.14)	(2,334,947.27)
Period 13 thru 99	-2334947.27	20000	-32856.36	-2347803.63

The Parks Department lakes operations, budgeted in the Lakes Enterprise Fund 452, continue to under-perform in meeting anticipated revenue projections. The major factor which drives recreation and revenue at the lake operations is water levels. Revenue shortfalls can be traced to notable water releases from the dams as early as May 2013, prior to the start of peak season that year (2013). The current state of the historic drought has continued through all of the FY 2013-14. Moreover, repairs to the hydroelectric plant at the Nacimiento Dam delayed the release of water from that reservoir and in turn required an increased amount of water to be released from Lake San Antonio in order to maintain flow to the Salinas River. The Parks Department was forced to close Lake San Antonio North Shore in August 2013. Lake San Antonio South Shore currently remains open for camping only.

In the FY 2013-14 budget, appropriations for Building and Maintenance needs were drastically reduced due to past years revenue budget performance and in order to cover operational costs. It should be noted that there were significant costs for unbudgeted emergency repairs at the Lakes, for which some General Fund subsidies were provided, to address health and safety concerns throughout the 2014 Season. All efforts were made by Parks Department staff to operate safe and viable recreation facilities and to utilize the department's limited resources by employing best practices.

Additionally, a General Fund loan in the amount of \$580,000 was issued to Parks Resort to cover a FY 2011-12 year end deficit and is now being addressed.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office and the Auditor-Controller's Office are apprised of the Parks Department Enterprise Fund 452 Fiscal year 2013-14 anticipated cash shortfall.

FINANCING:

As described in the aforementioned sections, the recommended actions are necessary fiscal actions to address the Park Department Lakes Resorts FY 2013-14 operational deficit of \$2.4 million and a loan in the amount \$580,000, for a total deficit of \$2,980,000. The release of the Contingency designation and the use of General Fund Contingencies provides the necessary resources to appropriately close FY 2013-14 Lake Resorts operations.

This action will reduce Contingency by \$1,542,275 to address the Parks Department deficit.

Approved by:

Nicholas E. Chiulos, Assistant CAO/Interim Parks Department Director