



County of Monterey

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

Board Report

File #: 14-238, **Version:** 1

Continued from March 11, 2014:

- a. Approve the Park Department's Renewal and Addendum No. 2 to the Management Agreement between Monterey County and Urban Park Concessionaires, doing business locally as "Monterey Lakes Recreation Company", renewing the Agreement retroactively to October 31, 2013 and extending the current term through January 31, 2015 for management of resort business operations at Monterey County Parks lakes resort; and
- b. Authorize the Chair of the Monterey County Board of Supervisors to sign Addendum No. 2 to the Agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve the Park Department's Renewal and Addendum No. 2 to the Management Agreement between Monterey County and Urban Park Concessionaires, doing business locally as "Monterey Lakes Recreation Company", renewing the Agreement retroactively to October 31, 2013 and extending the current term through January 31, 2015 for management of resort business operations at Monterey County Parks lakes resort; and
- b. Authorize the Chair of the Monterey County Board of Supervisors to sign Addendum No. 2 to the Agreement.

SUMMARY/DISCUSSION:

On October 1, 2007 the County took ownership of assets from Water World Resorts, Inc. and Lake San Antonio Resorts, Inc., including both real and personal property, as authorized by the Board of Supervisors on July 24 2007. Six months later, on April 22, 2008, the County contracted with a management company to operate the resort business operations at both lakes which include marinas, stores, restaurants, fueling facilities, lodging units, and boat rentals.

Subsequently, on May 3, 2011 the Board of Supervisors approved the current Management Agreement with Urban Park Concessionaires (UPC) for an 18 month term from May 11, 2011 through October 31, 2012 and also approved Addendum No. 1 to extend the terms for a one-year extension through October 31, 2013.

The recommendation to renew the Agreement, to October 31, 2013, and extend the term of the Agreement for an additional one-year term, through January 31, 2015, is being made to continue with the existing business relationship. The extended term will allow for further development of the resort operations through collaboration between both parties. After the past two terms of performance, UPC has met expenditure and revenue forecasts set forth in the initial Agreement, although shortages of water at the Monterey County lakes continues to challenge the future success of the operations. At this time, the department will continue to work with UPC to maintain the status quo level-of-service. A reduced level-of-service may be deemed necessary, if the water in the reservoirs is not replenished with anticipated rainfall.

OTHER AGENCY INVOLVEMENT:

In addition to the Parks Department and Water Resources Agency, County Counsel has reviewed and approved the Addendum as to form.

FINANCING:

Addendum No. 2 extends the Management Agreement with UPC until January 31, 2015 and includes the addition of Section 6.5 to the agreement which proposes a provision to compensate UPC for any closures of Lake San Antonio due to environmental, economic, and/or other factors or conditions. Currently, a monthly Management Fee of 1.5% of the Monthly Gross Revenue is paid to UPC for both Lake Nacimiento and Lake San Antonio respectively. With the addition of Section 6.5, the monthly Management Fee rate for Lake Nacimiento would increase by 1% for a total of 2.5% compensating UPC when closures occur at Lake San Antonio.

In Section 3.9 of the Agreement, the Annual Fee of \$30,000 paid to UPC for Marketing Leadership and Creative Guidance is being eliminated by Addendum No. 2.

Prepared by: Stella Sandoval, Finance Manager, 831-755-4895

Approved by: Michael C. Ferry, Parks Director/Chief Ranger, 831-755-4895

Attachments on file with Clerk of the Board:

Addendum No. 2 to the Management Agreement with Urban Park Concessionaires dated May 11, 2011