



County of Monterey

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

Board Report

File #: 16-793, **Version:** 1

Receive and accept the FY 2015-16 Financial Status Report for Parks Enterprise Fund 452.

RECOMMENDATION:

It is recommended that the Budget Committee receive and accept the FY 2015-16 Financial Status Report for Parks Enterprise Fund 452.

SUMMARY/DISCUSSION:

Fund 452 is the "Lakes Enterprise Fund" for the Parks Department's resort operations at Lakes Nacimiento and San Antonio. FY 2015-16 revenues (before operating transfers in) are estimated at \$3,304,499, an increase from budgeted revenues of \$2,590,998. The department is also recognizing a \$200,000 transfer from the Agricultural Commissioner that was approved by the Board of Supervisors on December 8, 2015.

Even with the closure of Lake San Antonio, funds have been expended in order to keep the Lake in a caretaker status. The major reasons for the ongoing costs are:

- A full time employee at Lake San Antonio (LSA) along with a part time staff person are needed to keep the property in a caretaker status;
- Mandatory expenses the County must pay whether or not the site is open to the public, such as utilities;
- A regulatory report regarding the landfill on site. The County was supposed to conduct a survey 3 years ago and failed to do so;
- Expenditures required by the Concessionaire (CalParks) as part of the Management Agreement such as insurance on the buildings and vehicles

The inability of the Concessionaire, due to low water levels, to generate a profit at the Lakes Resorts requires the Parks Department to reimburse the Concessionaire for any loss in the operation of the Resort as required by the Management Agreement.

The FY 2015-16 adopted budget projected a net profit at the Resorts of \$173,968 operated by the Concessionaire. After accruing further expenses during the fiscal year, it is estimated the Resorts will operate at a loss of \$431,194 resulting in a budget shortfall of \$605,162. Resort revenue is expected to be a little higher from last fiscal year. Resort expenses such as insurance and repairs have continued to rise. Temporary labor costs are estimated at \$234,471. There is \$180,000 error in benefits that occurred in FY 2014-15 and the department was debited the error in FY 2015-16. Many operational expenses were not funded at all and are accounted in this projection including over \$85,000 needed for fleet management of vehicles and equipment. The remainder of the increase is overtime and other staffing costs.

The FY2015-16 Recommended Budget for Parks Enterprise Fund 452 included subsidies (other financing) of \$711,240 which is specifically for the Lakes settlement debt service. An additional \$200,000 was approved by the Board of Supervisors on December 18, 2015 for a total of \$911,240 in subsidies received. The fund is projected to end this fiscal year with a shortfall of \$1,054,768 based on actuals as of May 31, 2016. After negotiation with the concessionaire, CalParks is going to reimburse \$440,000 to Parks for accrual utilities and insurance by end of June. With the reimbursements from CalParks, Parks Enterprise Fund 452 is projected to

require an additional subsidy of \$614,768 to balance the budget by the end of FY 2015-16.

OTHER AGENCY INVOLVEMENT:

No other agency involved.

FINANCING:

The Parks Department estimates it needs a subsidy of \$614,768 to cover year-end payroll and other operating expenditures.

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Approved by:

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Attachments: Summary FY16 baseline with May 16 actuals