



Board Report

File #: 21-017, **Version:** 1

Receive a report on the current operations at Lake San Antonio.

RECOMMENDATION:

It is recommended that the Parks Commission:

- a. Receive a report on the operations at Lake San Antonio; and
- b. Provide recommendations to the Board of Supervisors regarding the current operations at Lake San Antonio.

SUMMARY:

The Resource Management Agency (RMA), now successor Public Works, Facilities, & Parks (PWFP) Department was assigned responsibility for County Parks in 2016. The Board received reports on the conditions of the Lakes, which generated a request for a business plan for lake operations (Plan). In developing that Plan, it was determined that Lake San Antonio (LSA) was set up to operate more like a County Park where Lake Nacimiento was designed to operate more like a resort. County parks tend to have expenses exceed revenues where the resort has potential to make a profit in a good water year.

Based on this information, ahead of having a final Plan, 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. This was the context used during the preparation of the initial *Draft Reservoir Recreational Area Plan* (Draft Plan) for LSA, which was released to the public on March 20, 2019, and shortly after presented to the Community of Lockwood, Parks Commission, Parks Ad Hoc Committee, Capital Improvement Committee and Budget Committee.

Staff has been working on an Operations Plan based on Board direction. Meanwhile, a new Management Agreement with Basecamp for the operation and maintenance of the resort and recreation area of Lake Nacimiento went into effect August 1, 2019, including transition of LSA operations to the County resulting in a loss of seventeen (17) support positions. The Board also approved an additional position for RMA, but deferred discussion of full staffing until a Plan was completed. At that time, the Board provided additional comments on expectations for the Plan including a request for demographics in the plan.

On December 10, 2019 a draft *Lake San Antonio Operations Plan* (Plan) was attached for Board consideration and approval (**Attachment A**). In order to maintain existing service levels at LSA that were performed by Basecamp, RMA requested a baseline budget adjustment of additional funding for the remainder of FY 2019-20. Capital costs were not included, however a timeline had been developed to create a capital plan for all parks inclusive of Lake San Antonio. The capital plan was to be brought back to the Board for consideration after the Plan was adopted and RMA had a better understanding of impacts from the major reservoir projects being handled by Monterey County Water Resources Agency (tunnel, spillway), property owner.

The December 10, 2019, an updated Lake San Antonio Operations Plan was presented. The following was requested: Adopt a Resolution to:

1. Authorize and direct the Auditor-Controller to amend Fiscal Year 2019-20 Adopted Budget, Fund 001, Appropriation Unit RMA104 to increase appropriations in the amount of \$1,714,758, financed by an increase in Park Revenues of \$703,530 and a decrease in General Fund Contingencies, Fund 001, Appropriation Unit CAO020 of \$1,011,228;
2. Amend RMA Parks Operations, Fund 001, Appropriation Unit RMA104, to add one (1) Parks Building and Grounds Worker II and five (5) Park Service Aide II positions;
3. Authorize the Auditor-Controller to incorporate the six (6) positions in the RMA-Park Operations, Fund 001, Appropriation Unit RMA104;and
4. Direct the Human Resources Department to implement the changes in the Advantage HRM system. (4/5th Vote Required)

The Board did not act on the resolution and requested staff to return with more information on options, including reducing the annual recurring expenses. In April of 2020, the Chief of Parks and the existing Administrative Operations Manager left the employ of the County, leading to a significant delay in presenting the revised Plan to the Board. Over the last several months, RMA has encountered significant challenges, including: the COVID-19 pandemic, several large wildfires affecting Parks, and the dissolution and restructuring of the Resource Management Agency after the Citygate report was released.

As a result of these challenges, no appropriations or budget amendments relative to Lake San Antonio were requested for Fiscal Year 2020 or Fiscal Year 2021. Lake San Antonio has been operating within the confines of the existing Parks budget. With reduced service offerings LSA expenses have been successfully absorbed, due to the existing attrition rate. However, operating Lake San Antonio without additional funding in place is unsustainable and has led to significant decreases in service offerings and revenues.

DISCUSSION:

In response to the Board request to recreate and present a revised Operations Plan, an analysis was done of the history of LSA as well as the detrimental effect of the drought to the viability of the operation. Visitation after the drought never fully rebounded due to reduced services and limited marketing efforts. Regardless of current visitation and revenue generation, potential to reconstruct a previously viable operation remains.

Current staffing shortages, resulting from the loss of the 17 positions from Basecamp, has created an unsustainable operation with significantly reduced service offerings. At current staffing levels, comprised of five (5) Full-Time Equivalents and four (4) Temporary positions, lodging units sit vacant, entry gates are run on an inconsistent and abbreviated basis, full campground inventory cannot be maintained or opened, retail locations remain closed, and no on-site customer facing positions are funded. Guest experience has significantly decreased, evident by recent online reviews and comments to existing staff. For the first time in recent history, excluding the closure during the severe drought conditions, Lake San Antonio is unable to provide vessel inspection on a consistent daily basis during peak season.

In response to the above challenges and the current state of the operation, staff have created four options with

varying service offerings and estimated revenues for Board consideration. These options range from full closure of LSA to the public, to additional funding for staffing to sustainably operate. Additional staffing would allow the operation to increase revenues and investment potential over the coming years. Without increases in funding in the short term, service offerings and revenues will continue to degrade making investment and minimization of required General Fund contributions impossible.

The options listed below include “revenue capture rates” for the entire Parks System as well as the LSA share of expenses and revenues systemwide. It should be stated that the national average revenue capture rate, according to the National Recreation and Parks Association (NRPA), is 25.9%. Pre-Covid conditions produced a systemwide capture rate of 24.5%.

**Refer to Attachment B “Lake San Antonio Option Analysis”*

- **Option 1**, full closure of LSA to the public. Fiscal impact of recurring annual General Fund Contributions of approximately \$567,500.
 - No benefit to the public, including over 60,000 current annual users, no revenue generation possible.
 - Complete degradation of County assets will make potential reopening significantly more costly.
 - Negative impacts to the local community by taking away their only County park within 45 miles.
 - Complete loss of ability to market to large events at the only park within the County Park system, excluding Laguna Seca, equipped to handle them.
- **Option 2**, status quo staffing and expenses and reduced service offerings. Fiscal impact of recurring annual General Fund Contributions of approximately \$951,500.
 - Inability to open lodging units, full campground inventory, fully functioning Entry Gates, and retail establishments would further reduce revenue generation annually.
 - Inability to maintain park assets due to opportunity costs of staff time cleaning restrooms and campgrounds.
 - Inability to fully maintain over 900 developed acres and 60 structures leads to loss of marketing potential and further degradation of assets.
- **Option 3**, existing staffing + five (5) additional Full-Time Equivalents (FTE) Park Aide positions. Fiscal impact of recurring annual General Fund Contributions of approximately \$1,115,694.

- One (1) Park Aide III, One (1) Park Aide II, Three (3) Park Aide I. Additional labor expense: \$561,847.
 - Additional staffing provides ability to staff Entry Gate 7 days/week at LSA South Shore. Providing vessel inspections daily will significantly increase revenues to previous estimate of \$703,530. FY 2019-20 revenues were \$595,434. This revenue included full gate operations and additional services with staffing provided by Basecamp from July 1st, 2019 - November 30, 2019.
 - Allows greater parks maintenance and beautification projects by removing need for higher skilled staff to clean restrooms and campgrounds.
 - Increased customer service leading to recurring visitation.
 - Retail and lodging assets would remain unused under this scenario, limiting revenue generation to Day Use, Boating, and Camping.
- **Option 4**, existing staffing + five (5) additional FTE Park Aide positions + seven (7) additional temporary/seasonal Park Aide I positions. Fiscal impact of recurring annual General Fund Contributions of approximately \$1,062,426 annually.
 - Additional labor expense for seasonal temporary positions: \$107,513.
 - Ability to staff both Entry Gates when favorable water levels allow.
 - Ability to reopen lodging and retail
 - Ability to gradually increase revenues with significant potential in the future.
 - Ability to explore and promote large events.
 - This option would restore staffing resources to pre-November 2019 when Basecamp was managing LSA.

Option 4 is recommended by staff.

**Refer to Attachment C "Lake San Antonio Proposal Comparison"*

The above options do not address deferred maintenance and investment needs at LSA. There has been a significant need to invest in infrastructure and facilities for several years. However, there are current facilities are conducive for patronage focused around camping, boating, and day use. Most support amenities for these functions specifically, are in usable condition. If Option 4 is approved and funding for additional staffing provided, marketing and event opportunities will allow staff to pursue increased revenues. As revenues increase, investment strategies can be gradually introduced.

Staff will consistently explore other funding opportunities during this time. One such opportunity, Proposition 68 Funding, is being aggressively pursued. Staff will be submitting applications, through the Board, to several Prop 68 grants available for Lake San Antonio as well as other parks within the system. Two projects being considered include a replacement marina at South Shore and an Amphitheater at North Shore) will greatly increase visitation and decrease reliance on water levels.

The Lake San Antonio Marina has been out of commission since 2014. Lacking a viable fueling option or secure overnight parking for vessels has impacted visitation, particularly multiple night camping groups with vessels. Prop 68 funding, if awarded, would allow the County to remove and replace the existing unusable marina with a new state of the art dock. A functional marina would greatly increase lake and campground usage on both shores, provided staffing level is conducive to performing vessel inspections consistently.

North Shore Lake San Antonio has been plagued by low water levels reducing visitation. Though revenues have drastically decreased since the drought, the sheer size and potential for large events at North Shore is exceptional. Several large events have taken place at North Shore since 2014 and have proven successful. Staff will be seeking the Boards support to apply for Prop 68 funding to build a large amphitheater in order to capitalize on available space. Creating a “Summer Concert Series” would realize massive gains in camping and day use revenues, regardless of water levels. Infrastructure upgrades at the proposed location will be required and would be included in the project scope, if funds are awarded.

OTHER AGENCY INVOLVEMENT:

RMA, now PWFP staff have worked closely in collaboration with the Counsel, Parks Ad Hoc Committee, and Parks Commission during the iterations, preparation and analysis of the Plan that have been brought forward. The Plan was presented to the Capital Improvement Committee on April 8, 2019, Budget Committee on April 10, 2019, and MCWRA Board of Directors on October 21, 2019. Input from the meetings was also considered in the plan. In addition to the aforementioned, RMA, now PWFP staff also collaborated with the Parks Commission and the Community of Lockwood during the preparation of the original Plan.

FINANCE:

PWFP has been working to develop options for the Board of Supervisors consideration pertaining to the level of operations at Lake San Antonio. The level of staffing resources dropped significantly once Lake San Antonio was no longer being managed by Basecamp, resulting in loss revenue opportunities as existing staffing levels are not able to provide similar services such as entry gate operations, including vessel inspections, lodge rentals (housekeeping), or the store consistently, causing frustration to park guests. In the current Fiscal Year 2020-21, costs associated with the operations at Lake San Antonio are being absorbed within the PWFP budget. However, with the dissolution of the RMA and loss revenues associated with COVID-19, there is less flexibility to manage to the bottom-line general fund contributions within the new PWFP Department.

**Refer to Attachment D "Lake San Antonio FY21 Funding Request"*

As the remainder of Fiscal Year 2020 - 21 visitation remains an unknown and park revenues have been negatively affected by the COVID-19 pandemic, staff understands funding Option 4 is not advisable at this time. If the Board conceptually approves Option 4 for the future, staff will request a budget augmentation for Fiscal Year 2021 - 22. In order to increase revenues and improve the viability of the operation for the remainder of the current Fiscal Year 2020 - 21, staff requests a one-time increase in funding of \$500,000 for operations expenses and additional temporary staffing. Addition of the temporary staffing expense amounts to \$67,000 and will allow the operation to maintain a more consistent service offering while enabling entry gate staffing and vessel inspections daily. Existing staff costs at Lake San Antonio will continue to be absorbed by the overall Parks Budget, however this is only possible due to the existing attrition rate. Absorbing LSA staff costs decreases flexibility in staffing at other regional parks within the system.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation is consistent with the Board of Supervisors' Administration Strategic Initiative by providing efficient, cost-effective management of County Parks. Availability of Parks and open spaces provides opportunity for healthy living.

☒ Economic Development
☒ Administration
☒ Health & Human Services
☐ Infrastructure
☐ Public Safety

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Attachments:

Attachment A - Lake San Antonio Proposal 12.10.2019

Attachment B - Lake San Antonio Option Analysis

Attachment C - Lake San Antonio Proposal Comparison

Attachment D - Lake San Antonio FY21 Funding Request