



County of Monterey

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

Board Report

File #: 21-509, Version: 1

Receive a presentation from A&D Narigi Consulting, LLC, regarding an Operations Update for Laguna Seca Recreation Area.

RECOMMENDATION:

It is recommended that the Board of Supervisors receive a presentation from A&D Narigi Consulting, LLC, regarding an Operations Update for Laguna Seca Recreation Area.

SUMMARY/DISCUSSION:

A&D Narigi Consulting, LLC (A&D) was awarded the management agreement for Laguna Seca Recreation Area effective January 1, 2020. A&D has requested to present directly to the Board of Supervisors an operations update which is attached.

Within the presentation prepared by A&D, is a section outlining financial data where a subtotal is titled “NOI before MoCo” in both FY 2020/21 and FY 2021/22. To add clarity, NOI refers to Net Operating Income which is a defined term in the management agreement as “..the fiscal year annual net operating income (or portion thereof) derived from or arising out of activities at the Management Premises. NOI shall be determined on a cash basis by calculating all Gross Revenue received on a fiscal year basis minus all fiscal year operational expenses including Management Fee Expenses and Allowed Expenses.” The presentation of a subtotal “NOI before MoCo” does not represent the mutually agreed upon determination of NOI. A&D is presenting a subtotal which may present the appearance that “MoCo” expenses are not related to operations or subject to NOI calculations, however the “MoCo” labeled expenses are mission critical services for operations as follows:

	Fiscal Year 2020/21	Fiscal Year 2021/22
Contract Oversight/Accounting	\$346,646	\$359,752
Insurance Coverage	\$283,126	\$381,746
Courier Services	\$1,623	\$1,987
Fleet Lease/Services	\$214,778	\$261,001
Cost Plan	\$150,677	\$960,738
Total Actual	\$996,850	\$1,969,075

The difference in A&D FY 2020/21 total and what is listed above is an A&D estimate through the end of the fiscal year of an additional \$199,380. The amount listed for Cost Plan of \$960,738 in FY 2021/22 is not all eligible for NOI calculations as the Cost Plan methodology utilizes data from two years in arrears for allocation purposes, that amount represents a large County expenditure over the last few years. The Cost Plan charges show a large growth due mainly to a major upgrade in LSRA information infrastructure from which current operations are benefiting by having access and use. Cost Plan also includes costs for legal, contract negotiations, contract processing, purchasing services, treasury services, and auditor services which are essential to provide a smooth overall operation of the business at Laguna Seca Recreation Area. Inclusion of these costs are contractually provided for in the management agreement in determination of NOI. A&D has been provided options to seek certain market services from private vendors and has, to date, chosen the County as provider of choice for services such as Fleet, Courier, and ITD. Other costs such as contract oversight and insurance costs are provided as allowable costs in the management agreement and are not discretionary.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office processed the presentation for A&D directly to the Board of Supervisors.

FINANCING:

The financial data and estimates provided by A&D has not been verified by the County Representative and may not reflect actuals in the County financial system of record. No change in financial responsibility or performance is created by receipt this report.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The items included in this report relate to the Board of Supervisors Strategic Initiatives on Economic Development and Administration.

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

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Attachments: Laguna Seca Recreation Area Operations Update Presentation