



# County of Monterey

Item No.

## Budget Committee Report

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

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Receive Lake Nacimiento Resort and Operations Enterprise Fund Year-end Financial Reports for Fiscal Year 2023-24 and for Mid-Year Financial Report for Fiscal Year 2024-25.

### RECOMMENDATION:

It is recommended that the Budget Committee receive Lake Nacimiento Resort and Operations Enterprise Fund Year-end Financial Report for Fiscal Year 2023-24 and Mid-Year Financial Report for Fiscal Year 2024-25.

### SUMMARY:

Public Works, Facilities and Parks (PWFP) is providing the Year-End Financial Report for Fiscal Year (FY) 2023-24 and Mid-Year Financial Report for FY 2024-25 for Lake Nacimiento Resort and Operations Enterprise Fund.

Attachment A shows two sets of comparative financial reports. First set shows budget vs actual for FY 2023-24. Second set provides budget vs current year estimate for FY 2024-25, and actual revenues and expenses for the 7-month period, July 1, 2024 through January 31, 2025.

In FY 2023-24, Lake Nacimiento's (Lake) net income of \$831,617 increased the net position from \$2,488,244 to \$3,319,861. Majority of this net income is from net Operating Transfers (\$809,473), while the rest is from Net Interest Income (\$36,858), offset with an Operating Loss of \$14,714.

Lake's total net position is allocated into three categories - Net Investment in Capital Assets (\$830,002), Restricted Net Position (\$585,008), and Unrestricted Net Position (\$1,904,851).

Net investment in Capital Assets represents the amount invested in capital assets, reduced by accumulated depreciation and any attributable debt.

Restricted net position includes amounts reserved for Zebra/Quagga Mussel Program (\$321,375) and for Lake's renovations using the 2018 Trailer fire insurance proceeds (\$263,633).

In FY 2024-25, Attachment A estimates only \$9,983 increase in Net Position, including expenditures for capital assets of \$3,819,059 (Lake Lodge project and some smaller projects). The Net Position will increase to \$7,148,903, with the adjustment for the capital asset expenditure, as presented on Attachment A.

DISCUSSION:

The Resort at Lake Nacimiento is operated under an agreement with a third-party management company, Explor Us (formerly Vista Recreation). The agreement allows for reimbursement of the Operator's expenses that exceed revenues, in addition to a monthly management fee and annual incentive fee. The management fee for FY 2024-25 is \$356,746, adjusted annually by the June Consumer Price Index for the San Francisco Area. The annual incentive fee is ten percent (10%) of adjusted net income. The adjusted net income excludes specific costs, such as administrative staff costs, ranger surface patrol, County insurance, depreciation, and capital expenses. The County is responsible for capital expenses such as repairs to infrastructure. The estimated annual incentive fee for FY 2024-25 is \$23,022, based on the Operator's net operating income estimate of almost \$1.1 million (before adjustments).

The FY 2024-25 modified budget anticipated \$423,861 of Net Operating Income. Updated current-year estimate is anticipating \$38,783 due to reduced Operating revenue estimates as the lodges undergoing renovation were expected to be completed sooner. Additionally, the lower expected net operating income is affected by the delay in the County-boat repairs that were considered in the budget to generate additional revenues.

Non-operating expenses include \$3.8 million of capital expenditures. This amount is presented separately from Operating expenses as these are to be capitalized upon completion of the projects, which is expected by fiscal year end. Total FY 2024-25 capitalizable expenditures are comprised of Lake Lodge Renovations (\$3.3 million, in addition to the \$415,275 initial project cost spent in FY 2023-24), Mobile homes funded by Prop 68 (\$250,000), Public Laundry Housekeeping project (\$208,387), and County vessels repair project (\$45,000). Funding for most of these projects (\$3.7 million) will be received through Operating transfers from Resource Planning's (Fund 478) Building Improvement and Replacement Fund.

Total Net Position is estimated to grow to \$7.2 million, largely due to the capital project expenditure adjustment and corresponding Operating Transfers In. Of that, \$4.4 million will be set aside as Net Investment in Capital Assets, \$585,008 Restricted for Quagga Mussels and the Trailer Insurance Proceeds, and \$2.1 million Unrestricted.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

Accepting the Year-End Reports for FY 2023-24 and the Mid-Year Report for FY 2024-25 has no financial impact.

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Attachment:

Attachment A - Lake Nacimiento Financial Reports for Fiscal Years 2023-24 and 2024-25