



County of Monterey

Item No.7

Monterey Room
168 W. Alisal St., 2nd Floor
Salinas, CA 93901

Staff Report

Legistar File Number: 25-695

October 02, 2025

Introduced: 9/26/2025

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

Receive the Lake Nacimiento Resort and Operations Enterprise Fund Year-End Financial Report for Fiscal Year (FY) 2024-25 and the Budget Comparison for FY 2025-26.

RECOMMENDATION:

It is recommended that the Parks Commission receive the Lake Nacimiento Resort and Operations Enterprise Fund Year-End Financial Report for Fiscal Year (FY) 2024-25 and the Budget Comparison for FY 2025-26.

SUMMARY:

Lake Nacimiento operations in FY 2024-25 remained stable, with revenues below budget due to project delays and reduced visitation, while expenditures were carefully managed under budget. A major capital investment in the lodge renovation was completed, supported by a transfer from the County's Building Improvement and Replacement Fund.

The FY 2025-26 budget reflects increased operating revenues and expenditures, along with the use of Restricted Fund Balance to support several capital projects, resulting in a projected reduction in Net Position.

DISCUSSION:

The Resort at Lake Nacimiento is operated under an agreement with a third-party management company, ExplorUs (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 of 10 percent of adjusted net income. The management fee for FY 2024-25 is \$356,746.

In FY 2024-25, total operating revenues collected at Lake Nacimiento were \$4,070,826, which was \$679,133 below the adopted budget. This shortfall was primarily due to delays in the lodge renovation project, which limited available accommodations and related revenue. In addition, planned County boat repairs were not completed as anticipated, preventing the expected increase in rental and usage revenue. Lower-than-average water levels also impacted overall visitation and associated revenue streams.

Operating expenditures totaled \$4,068,589, coming in approximately \$257,509 under the adopted budget. Of the total, \$3,866,032 was related to lake operations, with the remaining \$202,557 attributable to depreciation. ExplorUs managed expenses carefully in response to revenue

performance. Although recruiting and retaining qualified staff at the lake remains a challenge, staffing vacancies resulted in savings in salaries and benefits. These savings, however, were largely offset by the purchase of new furnishings associated with the lodge renovation, which was completed during the fiscal year.

Non-operating revenues totaled \$110,893 and included both American Rescue Plan Act (ARPA) funds to support renovations to the Public Laundry and Housekeeping building, as well as interest earnings. In addition, an operating transfer in of \$2,984,725 was authorized by the Board of Supervisors from the Building Improvement and Replacement Fund to cover the cost of the lodge renovation. While the renovation required a significant upfront investment, lodging rates are scheduled to increase in January 2026, and a strong return on investment is anticipated.

Lake Nacimiento began the fiscal year with a Net Position of \$3,319,861. With a positive change in Net Position of \$3,097,855-largely due to the operating transfer for the lodge renovation-the Ending Net Position for FY 2024-25 is \$6,417,716. This total is composed of three categories: \$3,700,300 in net investment in capital assets, which reflects the value of assets net of depreciation and debt; \$585,008 in restricted net position, designated for Quagga Mussel management and Trailer Insurance Proceeds; and \$2,132,408 in unrestricted net position, available for general operations.

Looking ahead to FY 2025-26, total revenues are budgeted at \$4,850,979, primarily driven by anticipated increases in boat rentals and associated commission revenue. However, this projection was developed prior to a recent decline in summer visitation, likely due to lower water levels. Staff will continue to monitor revenue trends and work closely with ExplorUs to adjust expenditures as needed if the downturn persists.

Operating expenditures were budgeted at \$4,588,799, in line with revenues. There is an increase in the cost allocation plan and depreciation due to the completion of the lodge renovation.

The non-operating budget includes \$598,436 in capital project costs, primarily for the Quagga Mussel Project and the rollover of mobile home and roof replacements from the prior year. In addition, \$303,017 is scheduled to be transferred to the General Fund for Lake San Antonio's share of the Quagga Mussel Project, as the restricted funds for this project are held in Lake Nacimiento's account.

Overall, the FY 2025-26 budget anticipates a reduction in Net Position of \$551,272, primarily due to expenditures for the Quagga Mussel and Mobile Home Projects, which will be funded through the Restricted Net Position.

FINANCING:

Accepting the Year-End Financial Report for FY 2024-25 and Budget Comparison for FY 2025-26 has no financial impact.

Prepared by: Jessica Cordiero-Martinez, Finance Manager III, (831) 755-4824

Approved by: Bryan Flores, Chief of Parks

Approved by: Randell Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities and Parks

Attachments:

Attachment A - Lake Nacimiento, Budget to Actuals Financial Report FY 2024-25

Attachment B - Lake Nacimiento, Budget Comparison for FY 2024-25 and 2025-26