



County of Monterey

Budget Committee

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Item No.

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

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

RECOMMENDATION:

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

SUMMARY:

Lake Nacimiento operations in FY 2024-25 remained stable, with revenues below budget due to reduced visitation and project delays, 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.

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. The shortfall was primarily driven by increased competition from Lake San Antonio and lower-than-average water levels, both of which reduced overall visitation and related revenue streams. In addition, delays in the lodge renovation project, caused by the late discovery of additional rodent and water intrusion damage that required unplanned repairs, limited available accommodations and further impacted revenue. Planned boat repairs were also delayed due to limited vendor availability and parts shortages, preventing the expected increase in rental and usage revenue.

Operating expenditures totaled \$4,068,589, coming in \$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: \$585,008 in restricted net position, designated for Trailer Insurance Proceeds and Quagga Mussel management; \$3,700,300 in net investment in capital assets, which reflects the value of assets net of depreciation and debt; and \$2,132,408 in unrestricted net position, available for general operations.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

The completion of the lodge renovation and planned rate adjustments are expected to enhance future revenues. However, continued attention will be needed to address factors such as fluctuating water levels, staffing challenges, and competition with Lake San Antonio, which can affect visitation and overall financial performance. Overall, Lake Nacimiento remains in a solid financial position entering FY 2025-26.

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Attachments:

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