REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION

February 9, 2021

FROM
BEAHTA R. DAVIS, Director, Regional Parks Department

SUBJECT
Operations and Management Agreement with Lake Gregory Community Recreation Company for the Management of Daily Operations at Lake Gregory Regional Park

RECOMMENDATION(S)

1. Approve Operations and Management Agreement with Lake Gregory Community Recreation Company (Operator) for the management of daily park operations at Lake Gregory Regional Park (Park) for a period of fifteen years beginning upon mutual execution by both parties~~on February 12, 2021 and ending February 11, 2036~~ with two, five year options to extend the term of the Agreement whereby:
   a. The County will provide a one time contribution in the amount of $1.65 million for capital improvements to the Park into a Capital Investment Improvement Fund for improvements, construction and modernization to the Park as agreed to by the parties (Four votes required).
   b. The County will pay an annual management fee of $50,000 to Operator through December 31, 2023 if the annual gross income is below $1,250,000 and will not pay Operator a management fee if the annual gross income is above $1,250,000 with no County potential annual management fee payment after December 31, 2023 (Four votes required).
2. Approve appropriation and revenue adjustments in the amount of $1.65 million for modernization and improvements to the Park and its facilities, and authorize the Auditor-Controller/Treasurer/Tax Collector to post the necessary budget adjustments as detailed in the Financial Impact Section, subject to the approval of Recommendation No. 1 (Four votes required).
~~2.~~3. Delegate authority to the Chairman or County Executive Officer to execute the Agreement upon the formation of the Operator as a Limited Liability Company and execution of the Agreement by the newly formed Limited Liability Company, subject to the approval of Recommendation No.1.

(Presenter: Beahta R. Davis, Director, 387-2340)

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COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES
Create, Maintain and Grow Jobs and Economic Value in the County.
Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT
This item will result in the use of additional Discretionary General Fund (Net County Cost). Upon approval of this Operations and Management Agreement (Agreement) with Lake Gregory Community Recreation Company (Operator), the County agrees to make a deposit into a Capital Investment Improvement Fund of $1.65 million to address deferred maintenance and project costs at Lake Gregory Regional Park (Park). The deposit is recommended to be funded by the use of available General Fund Contingencies. Under the terms and conditions of the 15-year agreement, Operator will assume the responsibility and costs for daily management and operations of the

Park on behalf of the Regional Parks Department (Department), including all equipment, furnishings, building and grounds maintenance, and payment of all utilities, permits, any property and/or possessory interest taxes up to $20,000 imposed based upon a determination that the Agreement herein granted constitutes a taxable interest, and associated operating and maintenance costs. The Operator will set aside $150,000 of the amount contributed by the County to the Capital Investment Improvement Fund for future unforeseen project costs and will contribute $50,000 annually to said fund.

The County will pay the Operator a management fee of $50,000 annually through December 31, 2023 if the gross income level received by the Operator is below $1,250,000. If the gross income level is above $1,250,000, County will not pay Operator. In the event the management fee becomes payable to the Operator, the fee will be funded from the Department's existing budget and is not anticipated to require additional Discretionary General Funding. Appropriation will be included in future recommended budgets, commencing in 2021-22.

Fund Center	Commitment Item/GL Account	Description	Action	Amount	WBSE
1280001000	56006000	Contingencies	Decrease	$1,650,000	
1161161000	55305030	Operating Transfers Out	Increase	$1,650,000	
6520002751	40909975	Operating Transfers In	Increase	$1,650,000	
6520002751	52002135	Special Dept. Expense	Increase	$1,650,000	

The County will maintain operational management and annual maintenance of the Lake and Lake Gregory Dam. This includes any required capital improvement projects which may result in the need for additional one-time Discretionary General Funding. Any such requests will be included in future recommended budgets. Adequate appropriation and revenue for current year costs associated with the Lake and Lake Gregory Dam operational management and annual maintenance have been included in the Department's 2020-21 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

Approval of this 15-year agreement with Operator will provide for the daily management and operations of Lake Gregory Regional Park (Park). Operator will be responsible to staff and operate the Park at its sole expense and in return will collect all fees and revenues generated by the programs/services offered at the Park and provide an annual report in July showing annual Gross Income.

Historically, the County has operated the Park at a deficit. From January 1, 2014 through December 31, 2020, the Park was managed by Urban Parks Concessionaires (Urban Parks) pursuant to Agreement No. 13-1048, approved by the Board of Supervisors (Board) on December 17, 2013 (Item No. 68). The agreement with Urban Parks was such that the County and Urban Parks were working towards minimizing the operating deficit at the Park. Since the expiration of the agreement with Urban Parks, the Department has been operating the Park.

The Operator will be a partner under the mutual management of TM Camping/Thousand Pines for the operations of the concession, rental, and recreational venues. TM Camping/Thousand Pines partners will ensure successful operations by maintaining high standards of customer service and excellent property and equipment maintenance. Operator brings with them expertise with regard to outdoor recreation, event management, camping and conference property

development as part of a larger network currently branded as TM Camping Company. With over 80 years in business (originally founded in 1938), Thousand Pines and their network of subsidiary organizations, is known for their expertise in the industries of hospitality, outdoor recreation, special events, camping and conference centers management, camping property development, and outdoor education.

Upon investment of monies from the Capital Investment Improvement Fund, improvements and repairs to the boat dock, swim facility, concession areas, and San Moritz Lodge will be completed to allow Operator to be fully operational for the summer season. These improvements will also provide for increased revenue generation and improved services for the Crestline community and all Park visitors. All future improvements made out of the Capital Investment Improvement Fund will be mutually agreed upon by the County and Operator.

The Agreement provides for renegotiation of the Agreement if either the Operator fails to make an annual profit over $75,000 in the first sixty (60) months or the annual possessory income tax exceeds $20,000. Under either scenario, the parties agree to renegotiate the terms of the Agreement to reach a resolution and, if unable to resolve the issue, the Agreement is subject to termination.

Approval of this Agreement aligns with the County and Chief Executive Officer's Goals & Objectives to Create, Maintain and Grow Jobs and Economic Value in the County and Operate in a Fiscally-Responsible and Business-Like Manner.

PROCUREMENT

Anticipating the expiration of the agreement with Urban Parks, the Department initiated a Request for Proposal (RFP) to solicit proposals from interested and qualified organizations. During this time, the agreement with Urban Parks came to an end and they did not submit a proposal for the RFP. On May 6, 2019, the Department released RFP No. PARKS19-PARKS-3359 for the maintenance and operations of the Park. This RFP was unsuccessful in securing a qualified organization and was closed by County Purchasing on June 18, 2020. On August 4, 2020, the Department received a proposal from Lake Gregory Community Recreation Company for the operation and maintenance of the Park. Following the review of this proposal, the Department has determined that the Operator would best meet the needs of the County as they have demonstrated the experience and knowledge in managing and operating similar facilities.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Dawn Martin, Deputy County Counsel, 387-4322) on January 29, 2021; Auditor-Controller/Treasurer/Tax Collector (Erika Gomez, General Accounting Manager, 382-3191) on February 1, 2021; Purchasing (Bruce Cole, Supervising Buyer, 387-2148) on January 29, 2021; Finance (Elias Duenas, Administrative Analyst, 387-4052) on February 1, 2021; County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on February 1, 2021.