

CITY OF OAKLAND
AGENDA REPORT

2010 SEP 16 PM 5: 50

TO: Office of the City Administrator
ATTN: Dan Lindheim City Administrator
FROM: Office of Parks & Recreation
DATE: September 28, 2010

RE: **Informational Report on the Status of the Operations and Management of the 50 Acre Dunsmuir Hellman Historic Estate By the City of Oakland Office of Parks and Recreation As Of May 3, 2010**

SUMMARY

This report serves as an informational report on the status of the operations and management of the 50 acre Dunsmuir Hellman Historic Estate (DHHE).

On May 3, 2010 the City of Oakland Office of Parks and Recreation resumed control over the operations and management of the Dunsmuir Hellman Historic Estate due to the inability of the Dunsmuir Hellman Historic Estate, Inc. to continue its operation without a significant subsidy from the City.

The contract between the City and the Dunsmuir Hellman Historic Estate, Inc. (NPO), formally known as Dunsmuir House and Garden Inc., the non-profit organization operating the Estate had expired in 2005 and the agreement remained on a month to month basis until the City resumed the operations and management of the facility. While attempting to reach agreement for a new contract over the past four years, the two entities were unable to resolve the following:

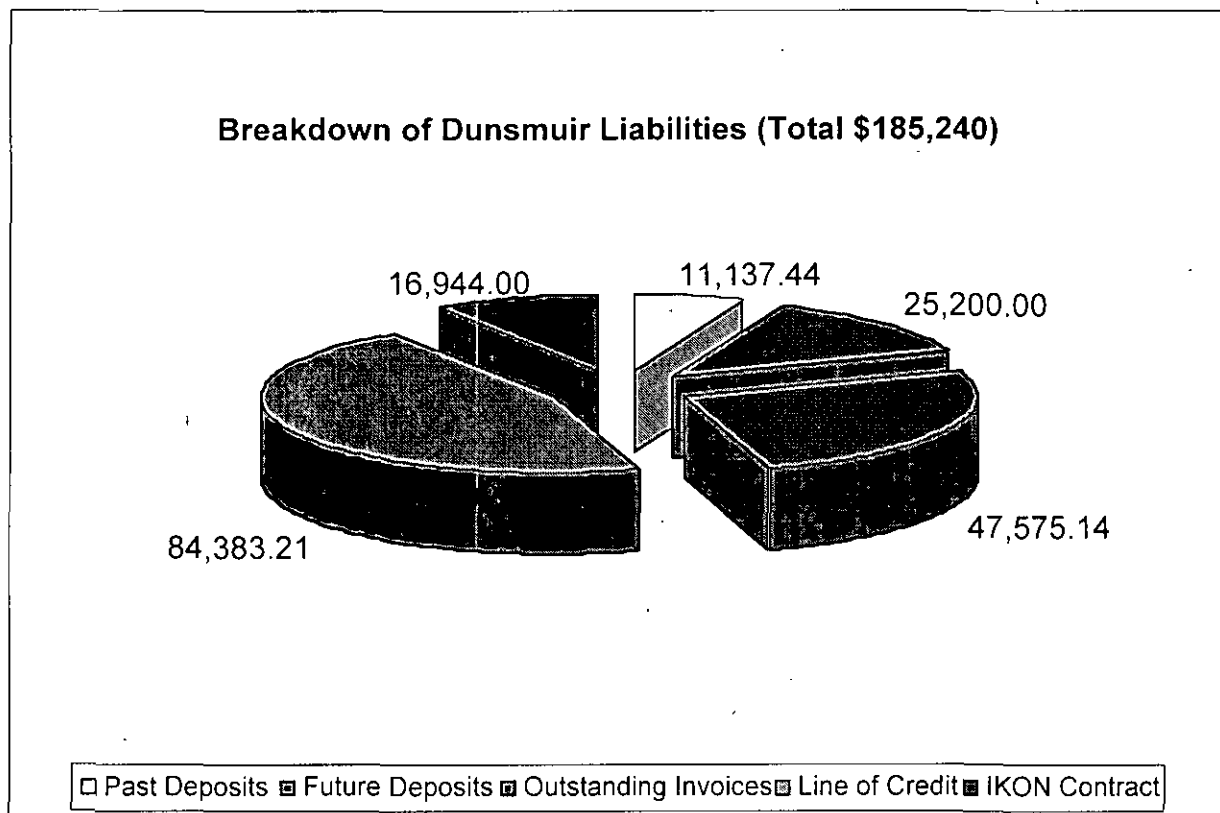
- a) The need to diversify the Dunsmuir Hellman Historic Estate Board of Directors
- b) The expectation from the City that a percentage of the board members should live in Oakland
- c) The Board's demand for significant subsidy from the City

In December 2009 the City notified the NPO that they were in jeopardy of losing the DHHE and requested a number of operating reports including, financial, attendance and payroll; after not receiving the requested information, on April 1, 2010 the Office of Parks and Recreation (OPR) sent a letter informing the NPO that the City would resume operations of the Estate effective May 3, 2010.

FISCAL IMPACT

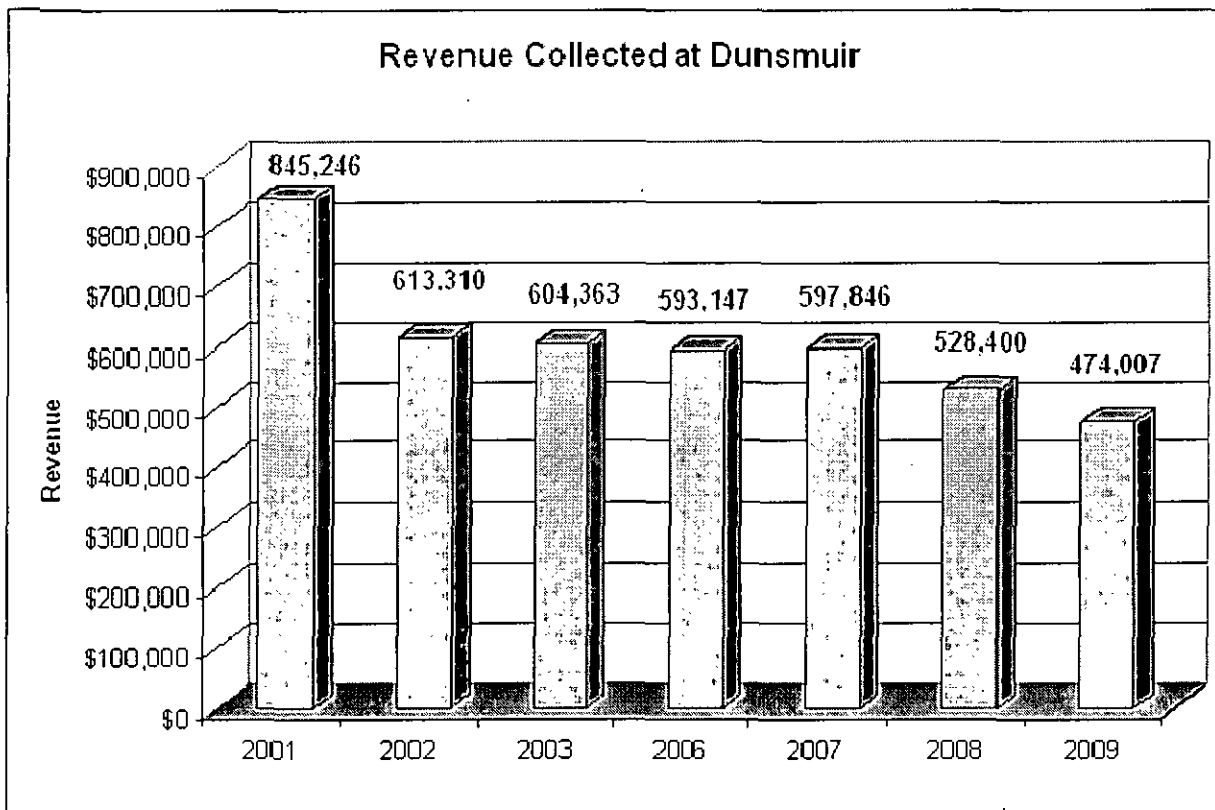
At the time the City assumed management of DHHE, the NPO left a debt of \$185,240. The graph below details the liabilities currently outstanding by the Dunsmuir Hellman Historic Estate, Inc. OPR continues to be in discussion with the DHHE Board regarding the resolution of the outstanding debt.

Item: _____
Life Enrichment Committee
September 28, 2010



After further review of the Estate's finances it was found that funds were insufficient during Fiscal Year 2009-10 which has had a significant negative impact on ongoing operations and left a debt of over \$36,000 in non returned deposits to customers over the last two years, which must be returned. Further study of the finances, as demonstrated in the chart below, show that the Estate has the potential and ability to be a premiere venue and tourist destination and to generate revenue to sustain its operations. Below is a chart of the revenue that has been generated from the Estate over the last nine years. During this time the revenue at the Estate has decreased by 50 percent.

Item: _____
Life Enrichment Committee
September 28, 2010



BACKGROUND

Dunsmuir House was built by Alexander Dunsmuir, who came to the Bay Area in 1878. He was the son of Robert Dunsmuir, a wealthy coal baron from Victoria, British Columbia. Alexander operated the family business in San Francisco.

In 1906 the Estate was purchased by I.W. Hellman Jr., who worked for Wells Fargo Bank in San Francisco, as a summer home for his family. They named their estate Oakvale Park. By 1913 the mansion was remodeled to accommodate the growing Hellman family and their acquisitions from European travel.

The Estate was purchased by the City of Oakland in the early 1960s with the intent of using the grounds and mansion as a conference center. The latter did not prove feasible and a non-profit organization was formed in 1971 to preserve and restore the Estate for the public benefit. For many years, the non-profit group and the City jointly operated the Estate.

In June 1989 an Agreement was entered into between the City of Oakland and the non-profit Dunsmuir House and Gardens, Inc. whereby the City gave the non-profit full responsibility for funding, operating, promoting, preserving, restoring, developing and improving Dunsmuir House and Gardens Historic Estate. The 50 acre estate was to be used as an educational, historical, cultural, and horticultural resource.

In December 2009, the Board of Directors of the Estate wrote to the City expressing its doubt that it could continue to operate and manage the facility due to lack of funds and asked the City for an annual subsidy of \$200,000 for the operations of the Estate. In light of the current budget restraints and after review of the Board's finances, OPR deemed the best course of action would be to resume control of the Estate to ensure its profitability and proper maintenance. On May 3, 2010 the City assumed control over the Estate.

KEY ISSUES AND IMPACTS

Dunsmuir Hellman Historic Estate sits on 50 acres of open space, which has the potential to become a destination venue for the City of Oakland and the region. The Estate is rich with history and encompasses a character and uniqueness that tells the story of the region's past, present and future, as it is home to several venues that played a significant role in Oakland's history. These include:

A **Carriage House** which is designated as a local landmark by the City of Oakland and can be rented out seven days a week.

A **Historic Mansion** that is designated as a National Historic site, where today, it serves as a museum and provides tours for local schools and residents for a small fee.

The **Gardens** are said to have been landscaped and designed with the assistance of Golden Gate Park's architect John McLaren. Restoring the gardens at the estate will speak volumes to *increasing the rental and community educational opportunities.*

The **4,500 seat Meadow** is ripe for concerts, special events, elegant parties including children's play-days and birthday parties.

The elegant **Dinkelspiel House** has the potential to serve as a visitor center, and host business retreats, meetings and intimate tea parties, while the upper floor serves as staff office space.

Item: _____
Life Enrichment Committee
September 28, 2010

A modern **Pavilion** that can be converted into a Conference Center (the original intent for the site) has the capacity to hold 300 visitors for a major conference, dinner party or reception.

Many of the afore mentioned locations have not received funding in regards to capital improvement and as a result have fallen below the level of quality expected from a premier rental facility and no longer justify charging the fees necessary to generate a significant profit. OPR recently upgraded the banquet tent area and is working with Public Works Agency (PWA) to repair the adjacent restrooms opening the opportunity to make the space available for rentals for weddings, parties and other revenue generating uses.

On July 1, 2010 the Community and Economic Development Agency (CEDA) in partnership with OPR applied for the Nature Historic Program grant to address the following areas:

1. POND – The man-made pond is one of the first introductions to the Dunsmuir Hellman Historic Estate as guests enter the Estate. Currently there are invasive species surrounding the pond, and the water in the pond is sourced through the East Bay Municipal Utilities Division (EBMUD) at the cost of \$78,000 per year. Without the appropriate pond liner, the water drains into the estate stream and is unable to maintain native wildlife; including turtles, fish, and water fowl, creating a significant financial and ecological loss. With the remediation of invasive species, the addition of a pond liner, the introduction of native plants and wildlife, and the rehabilitation of the water systems (re-routing storm run-off), the pond will become a key site to engage in environmental education with urban youth.

2. CREEK TRAIL – The San Leandro Creek crosses through the length of the Dunsmuir Hellman Historic Estate serving as a connecting element throughout the estate, with a paved trail running adjacent to the creek. In winter months, the pond overflow and natural run-off collect in this creek, and year round the flow empties into the San Leandro Bay and to the San Francisco Estuary. The creek has benefited from previous bank-stabilization, and is not in need of immediate additional fortification or remediation of invasive species. What is lacking, however, is any interpretive element to describe how this creek – in its relation to the pond, the estuary, and the bay, is part of the larger watershed that sustains all life in the Bay Area. The shallow groundwater of the San Leandro Creek is contaminated by gasoline, volatile organic compounds and even some heavy metals have been recorded in a number of these lower elevation areas. With funding from the State of California, OPR proposes to establish a series of interpretive “Creek Trail” sites with benches, native plants and placards to tell the story of the creek hydrology and the human impact along the creek.

3. DAIRY BARN – A rebuilt “Dairy Barn” would be the ultimate focal point for environmental education on the Dunsmuir Hellman Historic Estate and would serve as an interpretive classroom providing an environmental stewardship overview of the entire site. The current Dairy Barn is a substandard structure (uneven flooring, deteriorated roof, insufficient electricity and restroom facilities) which limits opportunities for nature education. It is proposed to rebuild the barn in the style that it was originally developed at the turn of the century, with the addition of sustainable elements, and interpretive elements and exhibits targeted for youth. Should OPR receive the grant funding, this site, which is currently not used, can become a rental venue for private events and educational programs.

OPR intends to:

- Restore the historic Estate to its full utility and revenue generating potential;
- Market the site as a tourist attraction, highlighting the restored gardens, streams, conference center and rich history of the Dunsmuir and Hellman families, while creating and promoting the site as a premiere wedding, retreat and special event destination;
- Create a nurturing and educational venue for City of Oakland residents and visitors, that is diverse, safe, accessible and available;
- Work closely with local Chambers of Commerce and the local hotel industry to promote the site as a tourist attraction; and
- Continue to build OPR’s relationship with the Hellman family to form a partnership of support for OPR’s efforts to restore the Dunsmuir Hellman Historic Estate.

The Office of Parks and Recreation is determined to execute a three-fold strategy to grow programs and facility revenue at DHHE that would lead to financial stability for the property.

The first strategy is to re-build a steady base of income by marketing the amenities of the facility and the experience at DHHE. OPR staff has resumed the relationship with “Here Comes the Guide” magazine and online resources where DHHE receives 5,000 internet hits annually, in addition to linking all OPR enterprise sites to the page. OPR is in the process of creating a new brochure as a key marketing tool targeting corporations and businesses to increase week day activities and usage.

The second strategy implemented at Dunsmuir Hellman Historic Estate is to initiate programs to increase awareness and educate potential users about DHHE. On July 23, 2010 OPR hosted it’s bi-annual Intimate Evening at the Dunsmuir Hellman Historic Estate as a fundraiser for the purposes of reducing the debt, introducing the Estate to the community and reacquainting others with the potential to: host weddings, retreats, family gatherings, birthday parties, enjoy guided tours of the historical mansion and hold concerts ranging from a small intimate gathering to a group as large as 6,500 from gate to gate.

Item: _____
Life Enrichment Committee
September 28, 2010

The third strategy is to implement retreats and conferences at DHHE during the weekday working hours. Staff of OPR has the challenge to book a minimum of ten conferences/retreats in the pavilion over the next 12 months Monday thru Thursday.

In addition, the following aggressive objectives have been set forth as a measurement to create a steady stream of revenue:

- Book a minimum of nine additional canopy wedding rentals per month
- Enroll a minimum of 35 campers in week-long youth programs
- Book a minimum of five parties in the Carriage House for children and adults
- Book a minimum of six receptions at the Mansion
- Book a minimum of four dinners in the Pavilion (Friday nights)
- Book a minimum of three special events
- Sponsor ongoing revenue generating activities and programs at DHHE

OPR estimates roughly \$420,000 in revenue and anticipates \$422,380 in operational expenditures for fiscal year 2010-2011. This will not impact the General Purpose Fund as all cost would come out of OPR's 1820 Self-Sustaining Fund.

Economic: The Dunsmuir Hellman Historic Estate has the potential to become a destination site for the City and region. With a proper marketing and restoration plan the property could far exceed its projections and create its own funding stream to sustain its growth and operation while increasing job opportunities for City residents.

Environmental: The Dunsmuir Hellman Historic Estate sits on 50 acres of open space, creeks and ponds that are home to wildlife and will serve as a great outdoor classroom for school age children should the City be awarded the funds from the State of California, Proposition 84 Nature Education Program Grant. Significant portions of the Estate will become green sensitive, LEED certified and environmentally friendly.

Social Equity: Dunsmuir Hellman Historic Estate provides services that increase usage and make the facility more accessible to Oakland residents.


DISABILITY AND SENIOR CITIZEN ACCESS

Dunsmuir Hellman Historic Estate conforms to the requirements of the Americans with Disabilities Act, the Older American Act, and other applicable laws.

RECOMMENDATION

Staff recommends that the Committee receive and file this informational report regarding the status of the operation and management of the 50 acre Dunsmuir Hellman Historic Estate by the City of Oakland Office of Parks and Recreation.

Respectfully submitted,


Audree V. Jones-Paylor
Director, Office of Parks and Recreation

APPROVED AND FORWARDED TO THE
LIFE ENRICHMENT COMMITTEE:


OFFICE OF THE CITY ADMINISTRATOR

Item: _____
Life Enrichment Committee
September 28, 2010