

CITY OF OAKLAND
AGENDA REPORT

OFFICE OF THE CITY CLERK
CITY OF OAKLAND
2006 JUL 18 PM 5:43

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Office of Parks and Recreation
DATE: July 18, 2006

RE: SUPPLEMENTAL REPORT REGARDING THE PROSPECTIVE CONCESSIONAIRE FOR CITY STABLES PROVIDING (1) A STATEMENT FROM THE PROSPECTIVE CONCESSIONAIRE ADDRESSING FUNDING SOURCES (2) A YOUTH PROGRAM MATRIX WITH PROGRAM HOURS AND PERCENT OF YOUTH SERVED, (3) A TIMELINE FOR IMPLEMENTATION OF KEY DELIVERABLES, AND (4) A PRO FORMA BUDGET; AND MAKING A RECOMMENDATION TO ALLOW MORE TIME TO OBTAIN FURTHER INFORMATION FROM THE PROSPECTIVE CONCESSIONAIRE

On July 11, 2006, the Life Enrichment Committee reviewed a report requesting authorization for the City Administrator to negotiate and execute a concessionaire agreement with Metropolitan Equestrian Preservation Society (MEPS) to manage and operate Oakland City Stables for a five-year term with three consecutive five-year options to renew. The Committee directed staff to come back with materials that addressed specific concerns regarding the proposed concessionaire. In particular, the Committee requested (1) more information on MEPS funding sources, (2) detailed information on youth programs to be offered showing program hours and the percent of inner City Oakland youth served, (3) a timeline for key deliverables including when City funding would be required by MEPS, and (4) a pro forma budget for operations.

The MEPS materials are provided in attached Exhibits A-D. Exhibit A provides a statement from MEPS describing their fundraising efforts and expected funding sources. Exhibit B provides detail on youth programs to be offered showing program hours and the percent of inner City Oakland youth served together with brief descriptions of key programs. Exhibit C demonstrates the timelines for key deliverables, and Exhibit D is MEPS' pro forma budget.

The Office of Parks and Recreation (OPR) received Exhibits A-D from MEPS and found that the materials did not adequately address the Committee's concerns. OPR and MEPS have had numerous, detailed discussions regarding the Council's priority of youth programming for the site. The supplemental materials that MEPS provided raised concerns about MEPS' commitment to Council's goals for City Stables. OPR is requesting more time to work with MEPS to ensure that youth programming is their first priority for City Stables operations.

In addition to concerns about priorities for youth programming, OPR also had concerns that the timeline for facility improvements presented by MEPS is unrealistically aggressive. Even with a

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wet weather waiver – assuming the contractor could meet the runoff retention requirements for such a waiver – the permitting and planning process would add at least 90 days to the MEPS plan for a start date no earlier than November 2006. Non-horse-related programming could be implemented as soon as an agreement was entered into, but MEPS has not presented a plan for youth programs that does not include horses.

RECOMMENDATION

Staff recommends that the Office of Parks and Recreation conduct meetings and obtain further clarifying materials from MEPS before moving forward with a concessionaire agreement and that OPR return to Council in September with its recommendations.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that Council take no action on this item at this time to allow staff to enter into further discussions with the prospective concessionaire for City Stables.

Respectfully submitted,



AUDREE V. JONES-TAYLOR

Director, Office of Parks and Recreation

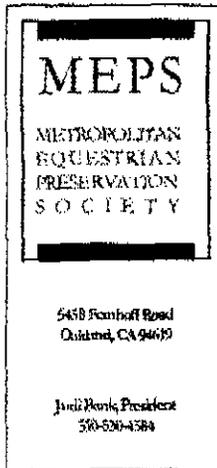
Prepared by:
Kip Walsh, Assistant to the Director
Office of Parks and Recreation

APPROVED AND FORWARDED TO THE
CITY COUNCIL:



OFFICE OF THE CITY ADMINISTRATOR

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July 12, 2006

Ms. Audree V. Jones-Taylor
Director, Office of Parks and Recreation
250 Frank H. Ogawa Plaza, Suite 3330
Oakland, CA 94612

Dear Ms. Audree V. Jones-Taylor,

MEPS appreciated the opportunity to have its proposal presented to the City of Oakland's Life Enrichment Committee. Concerns expressed by the Committee are well founded and real. MEPS is working diligently to achieve the level of assurance that the City Council will require before approval of our proposal. We fully expect that the City Administrator will require definitive proof of financing and program implementation capability before consummating any contract for performance. MEPS will endeavor in the time frame given to satisfy City concerns. MEPS shares the desire to develop an equestrian facility dedicated to positive and healthy experiences for Oakland's inner city youth. MEPS will craft effective programs through cooperative agreements with qualified providers. These programs will be supported from operating funds and by funds raised through grants and donations obtained by MEPS and by the program providers.

Most understand the complex world of grants and charitable giving. It takes time and dedication along with appropriate relationships to build the base needed to sustain these kind of operations. MEPS has positioned itself as a 501c3 corporation with an experienced and multi-faceted Board of Directors to optimize the benefit to this project. The MEPS City Stables project will start from a position where the facility has suffered from years of deferred maintenance aggravated by the closing of the facility for almost two years. MEPS has analyzed the needs of the facility and has offered creative solutions and an aggressive improvement plan. A large private contractor has committed to provide one of the most critical and expensive items pro bono. The value of this contribution can not be dismissed and is key to moving the rest of the plan along. The value associated with the earthwork required to bring the facility up to workable standards is upwards of \$200,000. Preparation work for the earthwork and preparation for installation of new covered stalls will run another \$50,000. Installation of the stalls will average \$5000 per stall with initial installation expected to be about 30 stalls. The time needed to effect these essential preliminary improvements will be approximately two months from contract finalization. Because of the current condition of the facility and the nature of the construction activities in the initial phase, youth riding programs would be precluded until completion of preliminary activities.

MEPS is working a broad array of program and facility development initiatives with associated funding identification. Without the benefit of confirmation of City approval of MEPS, MEPS has firm pledges of \$50,000. Additional commitments are in the works but made more difficult by the absence of formal City approval. MEPS has pursued multiple paths to both initial funding needs for capital improvements and ongoing funding needs for youth programs. The initial capital funding of \$200,000 will be provided through a combination of loans and matching grants. If these can not be put in place in the time available, MEPS will acquire a market rate bridge loan guaranteed by a private party. Every indication at this point is that the loan/matching grant option will be confirmed by next week but more certainly within at most 30 days. Youth programs will be subsidized from

EXHIBIT A

direct operating receipts at a level sufficient to fully support OPR Recreation Center horse programs. Actions are underway to secure significant additional funding through grants for more robust and extensive youth programs. Again, City Council approval is essential to finalizing these opportunities.

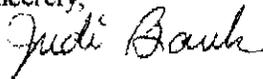
Questions have arisen about the timing of City financial participation in the MEPS City Stables project. Given the complexity of the administrative requirements for the source of City funds, MEPS has no expectation of receipt of City funding until next year. The second phase of covered stalls and more substantial renovation of existing substandard facilities will be funded by that fund source. MEPS expects to bring in funding over the first year well in excess of the funds the City is providing and will operate the facility at no cost to the City on an on-going basis. City funding will be put to good use to assure a sufficient facility capacity and quality to sustain long-term operations.

Incidental programs for the benefit of Oakland residents including programs specifically targeted at inner city youth will be essentially fee-for-service programs. The OPR programs will be funded directly by MEPS and other programs for inner city youth will be funded or subsidized by grants and donations. Donations will be predominately monetary but will also include donated professional services. All youth programs will be implemented with certified and qualified professional staff under contract to MEPS. Corollary programs not specifically related to horses will be initiated as soon as practicable but probably not before next Spring. Youth oriented programs will begin as soon as initial site preparation activities have been completed which should coincide with arrival of the first group of boarding horses approximately two months after contract signing. As indicated in our proposal, program horses will be by arrangement with selected boarders whose horses are suitable for the targeted programs and whose owners have agreed to allow use of their horse for consideration. MEPS will have no horses boarded at the facility for program use or for the benefit of MEPS Board Members. MEPS will most likely supplement program designated horse with leased horses during the Summer months when school is out and program activity is expected to peak.

Attached are the revised program matrix showing contact hours as well as percentage inner city youth participation for all proposed programs. Also attached is the latest pro forma reflecting expected income and costs. This pro forma shows the worst-case scenario of a three-year loan to cover start-up capital improvements. Grant and donation funding is minimized in this presentation to focus on viability of on-going operations essential to providing a base for associated programs. The schedule has been revised to highlight receipt of City funding and is attached.

MEPS is excited about the prospects of restoring a quality equestrian facility in the Oakland hills that will be a source of pride for the City and will become a meaningful resource in the City's attempt to find healthy alternative activities and growth experiences for its citizens while emphasizing outreach to inner city youth. We bring a dedicated group of core people who have cared about this endeavor for an extended period of time and have translated that care into actions that will work to improve the facility and provide a base for the programs that we all believe will expand opportunities for inner city youth.

Sincerely,



Judi Bank, President
Metropolitan Equestrian Preservation Society

**Projected MEPS Youth Program Matrix
Contract Year 1**

Program	Number Youth Served	Percent Of Inner City Youth by Program	Fee	Community Program hours annually	Program Projected Start Date
Oakland Range Riders	45	100%	no	3,600	November 2006
Vaulting*	35	75%	yes	2,000	November 2006
Young Children	120	60%	no	1,440	November 2006
4H	24	50%	no	1,500	November 2006
Therapeutic Riding*	240	50%	yes	2,880	November 2006
Subsidized Riding Lessons*	6	20%	yes	1,152	November 2006
Horse Sponsorships*	10	10%	yes	4320	November 2006
Intro to Horses (OPR)	120	100%	no	1,800	April 2007
Master Gardening*	300	50%	yes	3,600	April 2007
Events (2)*	75	50%	yes	800	May 2007
Summer Camp*	60	50%	yes	2,160	June 2007
Art Classes*	10	50%	yes	960	June 2007
TOTAL Number of Participants	1045	616 Inner City Youth	59% Inner City Youth	26,212	

*Fee subsidies and/or scholarships available

75% of programs offered by MEPS serve Inner City Youth.

59% of all participants in all programs are projected to be Inner City Youth.

40,808 program hours projected

MEPS Programs Overview

School Year Programs:

Baywood School: Enrichment classes for special needs youth. Aprox 15 students. On site. Lease Main house and classroom for school year. Utilize Therapeutic Riding Program. Fee for service.

Introduction to Horses for Young Children: Pre-school and Kindergarden Classes. Lesson plans before stable visit. Stable visit. Post stable visit activities. Need transportation for field trip.

Year Round Programs:

Oakland Range Riders: Junior High and High School students. Start with 5+. Need use of 5+ horses. Students get boots, jeans and hat. Learn horse care and horsemanship. Make own chaps. Specially trained councilors. 2nd year students become mentors to new students. Need sponsors. No cost to participants.

Therapeutic Riding: Accredited instructor and trained assistants. Need 1 to 3 suitable horses. Fee for service or scholarships.

Vaulting: Gymnastics on horseback. Accredited instructor. 1 or 2 suitable horses. Up to 10 students per horse. Students practice gymnastic moves on stationary horse and on moving horse controlled by a handler. Fee for service or scholarships.

English/Dressage Riding lessons: Individual and group lessons. Need use of 5 suitable horses. Qualified instructors. Fee for service or scholarships.

Western Riding Lessons: Individual and group lessons. Need use of 5 suitable horses. Qualified instructor. Fee for service or scholarships.

Horse Sponsorship: Experienced youth partner with horse owners and provide care, grooming and exercise for the horse in exchange for permission to ride.

Summer Programs:

Half-Day Day Camps: 3 hour program 4 or 5 days a week. Lease 5 or 6 suitable horses for this program. Need 4 councilors: 2 for riding session (1 hour), 1 for horsemanship education session, and 1 for crafts, gardening or other session. 15 campers divided into 3 groups that rotate through 3 activities. Fee for service or scholarships.

Rec Center Intro to Horses: 4 or 5 days a week. 6+ sessions. Pre visit orientation, Half days on site with hands on activities. 15 participants max. Suitable horse. Need transportation. Free.

Other Collaborative Programs:

4-H:

Master Gardeners:

5 A Day Program:

MEPS Timeline & Program Matrix Summary:

July: Council Approval Contract negotiation

Complete engineered grading plans (Civil Engineer services donated)
Secure commitment of \$100,000 loan with \$100,000 matching grant

August: Contract signed.

Planning approvals Work permits
Start grading permit process
Site clearing including demolition of corrals \$5,000
Renovate Apartment for on-site stable hand \$5,000
Order Phase I covered stalls \$180,000
Apply for grants for capital improvement and Youth programs

September:

Eucalyptus Tree removal permit and removal \$10,000
Grading site for new covered pens (\$150,000 Grading services donated)
Renovate Agriculture Building #2 (horse barn) for hay storage \$5,000
\$100,000 matching funds for state grant

October:

Install covered stalls
Complete storm drainage improvements
Renovate main house for learning center
Bring in Horses when pens are ready

November: (Rain starts)

Start Youth programs:
Oakland Range Riders
Vaulting
Therapeutic Riding
Riding lessons
4-H projects

January:

Baywood Learning Center

April:

Install Phase II covered stalls \$180,000 State Bond \$\$
Complete renovation of existing buildings and site

June: (School is out)

OPR Intro:
Day Camp

MEPS City Stables Timeline

EXHIBIT C

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
1 Project Initiation													
1.1 Finalize Concessionaire Agreement	█												
1.2 Obtain Planning Approvals		█											
1.3 Obtain Work Permits			█										
2 Milestones and Deliverables													
2.1 City Council Approval	█												
2.2 Contract Award		█											
2.3 Planning Approval			█										
2.4 Permits			█										
2.5 Bring In Horses				█									
2.6 Start Youth Programs					█								
2.7 Receive City Funding								█					
3 Rehab Work and Site Preparation													
3.1 Inspect Bldgs & Prepare Scope		█											
3.2 Remove Eucalyptus Trees			█										
3.3 Remove Pipe Corrals & Sheds			█										
3.4 Detail Cut & Fill Requirements		█											
3.5 Prepare Barn for Hay Storage			█										
4 Install Horse Shelters Phase-I													
4.1 Prepare Engineered Drawings		█											
4.2 Order Horse Shelters			█										
4.3 Clear & Grub Area/Install Retaining Walls			█										
4.4 Cut & Fill Soil As Required			█										
4.5 Install Storm Drainage System				█									
4.6 Install Horse Shelters				█									
4.7 Connect Electricity & Water to Shelters					█								
5 Equestrian Operations													
5.1 Establish Barn Rules & Boarder Agreements				█									
5.2 Populate Horse Stalls					█								
5.3 Provide Youth Programs					█								
5.4 Establish Learning Center				█									
5.5 Establish Community Gardens						█							
6 Install Horse Shelters Phase-II													
6.1 Prepare Engineered Drawings									█				
6.2 Order Horse Shelters									█				
6.3 Install Horse Shelters										█			
6.4 Install Storm Drains/Electricity/Water											█		

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MEPS City Stables Pro-Forma

Prepared: July 18,2006

	PHASE I (9 Months)		PHASE II (27 Months)		PHASE III (>3 Years)	
	Month	Annual	Month	Annual	Month	Annual
INCOME						
Qty of Horses at Board A	35		66		66	
Board Rate A	425	178,500	425	336,600	425	336,600
Lesson Income	100	1,200	200	2,400	400	4,800
Arena Rental	35	420	100	1,200	200	2,400
Vending	75	900	100	1,200	150	1,800
Trailer Parking	350	4,200	650	7,800	650	7,800
Grants (Not Subject to 5% Fee)	400	4,800	800	9,600	1,000	12,000
Gifts (Not Subject to 5% Fee)	300	3,600	600	7,200	800	9,600
Fundraising (Not Subject to 5% Fee)	500	6,000	1,000	12,000	1,000	12,000
Rent - Tack Shop	800	9,600	1,000	12,000	1,000	12,000
Rent-House: Baywood	600	7,200	900	10,800	900	10,800
Utility Contribution: Baywood	175	2,100	190	2,280	190	2,280
Rent-Classroom: Baywood	150	1,800	300	3,600	300	3,600
TOTAL INCOME:	18,360	220,320	33,890	406,680	34,640	415,680
EXPENSE						
Operating Expense						
City Fee: 5% of Receipts	0	0	0	0	1,592	19,104
Hay	2,431	29,172	4,804	57,649	4,804	57,649
Bedding	1,050	12,600	1,980	23,760	2,310	27,720
Stall Cleaning	3,150	37,800	5,940	71,280	6,930	83,160
Vet/Farrier/Etc.	500	6,000	800	9,600	800	9,600
Debt Service	6,360	76,319	6,360	76,319	0	0
Subtotal: Variable Expense	13,491	161,891	19,884	238,608	16,436	197,233

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	PHASE I (9 Months)		PHASE II (27 Months)		PHASE III (>3 Years)	
	Month	Annual	Month	Annual	Month	Annual
General and Admin Expense						
Insurance	800	9,600	1,200	14,400	1,200	14,400
Manure Removal	945	11,340	1,782	21,384	1,980	23,760
Telephone	60	720	75	900	75	900
Utilities (Power & Water)	1,050	12,600	1,200	14,400	1,200	14,400
Tax/License	75	900	100	1,200	100	1,200
Accounting	75	900	300	3,600	300	3,600
Car/Truck	250	3,000	500	6,000	700	8,400
Bank Fees	10	120	20	240	25	300
Equip Rental	250	3,000	500	6,000	600	7,200
Office	100	1,200	150	1,800	200	2,400
Outside Serv	150	1,800	200	2,400	300	3,600
Ranch Supp.	250	3,000	300	3,600	350	4,200
Fly/Dust	75	900	200	2,400	200	2,400
Repair/Maint	400	4,800	800	9,600	800	9,600
Reserve	1,000	12,000	2,000	24,000	3,000	36,000
Subtotal: G&A Expense	5,490	65,880	9,327	111,924	11,030	132,360
Personnel Expense						
Stable Manager	2,500	30,000	2,500	30,000	2,500	30,000
Resident Assistant Manager	1,900	22,800	1,900	22,800	1,900	22,800
Youth Instructors (monthly average)	500	6,000	500	6,000	1,000	12,000
Worker's Comp	500	6,000	500	6,000	551	6,612
Payroll Tax and Contribution	333	3,996	333	3,996	367	4,404
Employee Benefits	217	2,604	217	2,604	239	2,870
Subtotal: Personnel Expense	5,950	71,400	5,950	71,400	6,557	78,686
TOTAL EXPENSE:	24,931	299,171	35,161	421,932	34,023	408,278

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PROFIT (LOSS)	<u>(6,571)</u>	<u>(78,851)</u>	<u>(1,271)</u>	<u>(15,252)</u>	<u>617</u>	<u>7,402</u>
	PHASE I (9 Months)	PHASE II (27 Months)	PHASE III (>3 Years)			
Cost Assumptions						
Cost of Hay/Ton	210	220			220	
Weight/Bale	105	105			105	
Bales/Ton	19	19			19	
Cost of Hay/Bale	11.05	11.58			11.58	
Bedding/Horse/Month	30	30			35	
Weight of Hay/Horse/Day	22	22			22	
Bales of Hay Consumed/Horse/day	0.21	0.21			0.21	
Stall Cleaning Cost/Stall/Day	3.00	3.00			3.50	
Manure Removal Cost/Horse/Day	0.90	0.90			1.00	
Capital Loan Amount	200000	200000				
Loan Interest Rate (%)	9.00	9.00				
Amortization Period (YR)	3	3				

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OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A CONCESSIONAIRE AGREEMENT BETWEEN THE CITY OF OAKLAND AND METROPOLITAN EQUESTRIAN PRESERVATION SOCIETY TO OPERATE AND MANAGE EQUESTRIAN PROGRAMS AND PROVIDE FACILITY IMPROVEMENTS TO OAKLAND CITY STABLES, LOCATED AT 13560 SKYLINE BOULEVARD, OAKLAND, CALIFORNIA FOR A FIVE YEAR TERM WITH THREE CONSECUTIVE FIVE YEAR OPTIONS TO RENEW

WHEREAS, the City is the fee simple owner and the Office of Parks and Recreation is the custodial agency of the real property located at 13560 Skyline Boulevard, Oakland, California, known as "City Stables"; and

WHEREAS, City Stables offers a unique opportunity to provide specialized programs to underserved youth in Oakland; and

WHEREAS, the City wishes to preserve City Stables' natural beauty and utilize the property as an equestrian center; and

WHEREAS, the City has been engaged in a search for an appropriate concessionaire for City Stables since September 2004; and

WHEREAS, the Metropolitan Equestrian Preservation Society, "MEPS" has as its vision to revitalize City Stables and bring back the joy of horses and the equestrian arts to the people of Oakland; and

WHEREAS, MEPS demonstrated a commitment to the City's goals for the site to offer equestrian and other programs to inner city youth while addressing the need for necessary capital improvements in order to make City Stables a self-sustaining operation; and

WHEREAS, the MEPS youth program plan is extensive and includes programs specially designed to serve youth at-risk, introduce children to animal care and feeding, horse riding techniques, stable operations and nature activities as well as ecology, environmental sustainability and gardening; and

WHEREAS, the MEPS capital improvement plan for City Stables is in keeping with the overall goals of the 1996 Master Plan for the site in that it retains the existing structures, provides for maintaining the site's use as an equestrian facility and enhances the site's assets for better community use; and

WHEREAS, the City acknowledges there are merits to the MEPS capital improvements project and proposal to amend the Master Plan and that MEPS will undergo a thorough public process; and

WHEREAS, pursuant to the concessionaire agreement, MEPS will not be allowed to make or permit to be made any alterations or additions to the property during the term of the agreement without the prior written consent of the City and will further be required to acquire all necessary permits to do any work and comply with the terms of any permits and all applicable rules, regulations and laws; and

WHEREAS, pursuant to the concessionaire agreement the use of the property will be restricted to boarding of horses, operating horse riding programs, program and stable related business activities, horse shows and clinics, horse demonstrations and related equestrian activities, community outreach and educational activities, gardening and horticultural programs, family and community gatherings, housing for a caretaker, and operation of a business office; and

WHEREAS, pursuant to the concessionaire agreement MEPS will, at no cost to the City, operate group youth riding and associated equestrian programs on the property specifically targeting Oakland youth for participation with a goal of 80% of youth participants at the site residing in Oakland; and

WHEREAS, pursuant to the concessionaire agreement MEPS will be required to pay to the City, as concession revenues, an amount equal to five percent (5%) of the monthly gross receipts from all operating activities including boarding operations, program fees, lessons, and arena fees, unless waived by mutual agreement; and

WHEREAS, the City of Oakland Office of Parks and Recreation conducted a competitive process in its search for a concessionaire and has determined that it is appropriate to recommend MEPS as the concessionaire for City Stables; now, therefore, be it

RESOLVED: that the City Council hereby authorizes the City Administrator to negotiate and execute a concessionaire agreement between the City of Oakland and Metropolitan Equestrian Preservation Society to operate and manage equestrian programs and provide facility improvements to Oakland City Stables, located at 13560 Skyline Boulevard, Oakland, California for a five year term with three consecutive five year options to renew; and be it

FURTHER RESOLVED: that the City Council authorizes the City Administrator, in negotiations with MEPS, to modify the City Stables boarding fees on the 2004 Master Fee Schedule and that the City Council will approve and amend the Master Fee Schedule at a later date to reflect the contracted changes; and be it

FUTHER RESOLVED: That the Office of the City Attorney has approved this resolution as to form and legality and a copy will be on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20____.

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID and PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California