

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 DEC -3 PM 6:20

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Office of Parks and Recreation
DATE: December 15, 2009

RE: **AN INFORMATIONAL REPORT IN RESPONSE TO THE CITY COUNCIL'S REQUEST TO RESEARCH WHETHER THE CENTRAL RESERVATION UNIT OF THE OFFICE OF PARKS AND RECREATION SHOULD INCREASE FEES TO MAKE ENTERPRISE FACILITIES SELF-SUSTAINING AND ITS EFFECT ON THE CITY'S BUDGET AND CURRENT MASTER FEE SCHEDULE**

SUMMARY

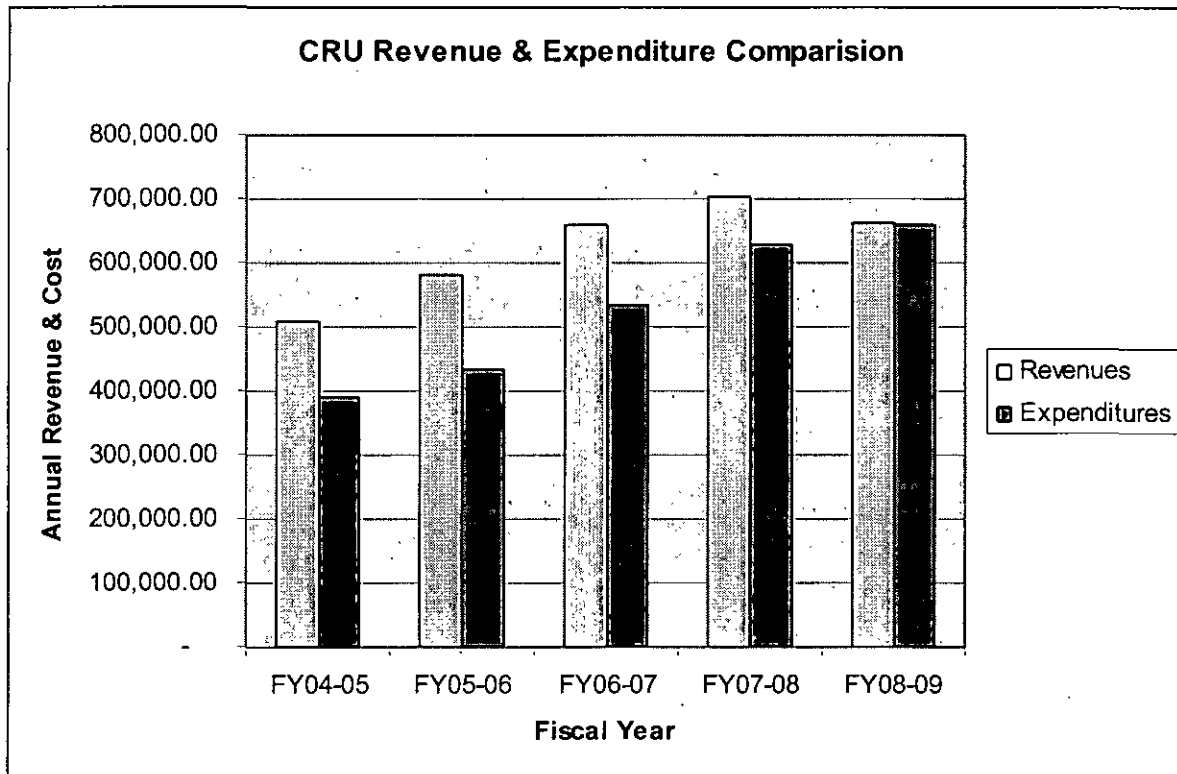
This report serves as an informational report to the Life Enrichment Committee in response to Council's request to research whether the Central Reservation Unit (CRU) in the Office of Parks and Recreation (OPR) should increase fees to be completely self sustaining. The CRU is the only unit in OPR that is self-sufficient covering 100% staffing cost and day to day operations to include: cleaning, set-up and breakdown of activities as well as covering the costs of supplies and equipment.

In order for the CRU to be wholly self-sustaining to include the costs of utilities, routine maintenance and capital improvements, CRU would have to support additional cost of \$450,746 annually per the Public Works Agency (PWA). These costs are currently budgeted through transfers from the General Purpose Fund to the City's Facilities Fund (4400) which OPR is expected to pay \$1.97 million in FY 2009-10. Facilities account for roughly 15.4 percent of OPR's FY 09-10 budget. The CRU, at this current time, does not have the capacity to cover these additional costs. It is estimated that CRU would have to increase the current fees by 75-80 percent to account for these costs. Increasing fees to that extent, without major improvements at the facilities, would reduce OPR's competitive edge and possibly decrease patron usage.

FISCAL IMPACT

During the October 2008 budget adjustments (FY 2008-09), OPR transferred the CRU's revenue and expenditures from the General Purpose Fund (1010) to Self-Sustaining Fund (1820). OPR reduced GPF spending by transferring \$617,222 in CRU staff (10.65 FTE's) and operating costs to the Self-Sustaining Fund (1820). The graph below provides detail comparison of revenue and expenditures over a 5 year period.

Item: _____
Life Enrichment Committee
December 15, 2009



In FY 2008-09 the CRU generated revenues of over \$660,000 and Expenditures (Personnel and O&M) \$656,000. FY 2009-10, the CRU anticipates increasing revenues through creative revenue enhancements to include rentals of linen, china, glass and flatware. Staff has also increased its marketing strategy to include open houses, staff presentations, facility tours and outreach to Corporate America. The potential revenue increase from these initiatives will allow the CRU to continue to be self-sustaining for fiscal year FY 2009-10. OPR does not project revenue to increase sufficiently enough to cover utility cost and facility improvements at any level. The chart below provided by PWA gives an estimated annual cost by site for the repairs and utilities of enterprise facilities under OPR.

OPR ENTERPRISE FACILITIES	CITY FACILITIES FUND (4400)	ALL OTHER FUNDS	TOTAL FACILITY COST	UTILITIES COST (included in totals)
BANDSTAND	468		468	-
DUNSMUIR HOUSE GARDENS/ESTATE PARK	93,940		93,940	78,212
GARDEN CENTER	111,456	38,142	149,598	37,172
JOAQUIN MILLER COMMUNITY CTR	13,971	16,026	29,997	2,800
LEONA LODGE	10,626	4,888	15,514	5,848
MORCOM ROSE GARDEN	14,934	719	15,653	793
SAILBOAT HOUSE	98,366	10,450	108,816	4,551
SEQUOIA LODGE	33,983	4,268	38,251	4,951
WOODMINSTER CASCADES	30,031	591	30,622	15,605
WOODMINSTER THEATER	43,199	2,900	46,099	-
Grand Total	450,974	77,984	528,958	149,932

The estimated breakout of the cost for the utilities (water, gas and electricity) is estimated at \$150,000 per fiscal year. The CRU cannot at this time absorb the daily minor repair costs for each facility, which include repairing or replacing broken windows, lights, door handles, appliances, and gas, sewer and water lines.

For the enterprise facilities to be wholly cost-covering an increase in fees, on average, by 75 percent and 80 percent would be required. In the proposed FY 2009-10 Master Fee Schedule, OPR has increased certain fees between 6.7 percent and 42.7 percent depending on the facility, time and activity. CRU also increased the fees for park use permits, the cascade and picnic sites at Joaquin Miller Park, Lakeside Park Bandstand, and facilities rental at Sequoia Lodge, Leona Lodge, Sailboat House and the Garden Center. The negative impact (decrease in revenues) of increasing fees above those in the FY 2009-10 Master Fee Schedule has not yet been determined.

Additionally, because of failing infrastructure and deferred facilities maintenance, the CRU would need to create a capital improvements fund for major and minor improvements, which could cost the CRU between \$575,000 and \$600,000 annually. The estimated projected cost for capital improvement projects for six of

the Enterprise Facilities is \$4,000,000. These six sites include the Garden Center, Leona Lodge, Sequoia Lodge, Sailboat House, Joaquin Miller Community Center and Woodminster Amphitheatre.

BACKGROUND

With the passing of the budget in October 2008, OPR established the Central Reservations Unit (CRU) as an Enterprise Center by transferring the budget and revenues from the General Purpose Fund (1010) to their Self Sustaining Fund (1820). This has made the nine sites (Sailboat House, Leona Lodge, Sequoia Lodge, Joaquin Miller Community Center, Joaquin Miller Cascades, Woodminster Amphitheatre, Lakeside Park Garden Center, Lakeside Park Bandstand, Morcom Rose Garden,) cost-covering, including the cleanup, setup and breakdown services which are now budgeted in OPR.

Majority of the enterprise facilities were built between 1930 and 1959, and over the course of these years the sites have received very little capital improvements. In 2006, the Garden Center and Leona Lodge went through minor upgrades such as painting, refinishing of the walls and floors and window replacement at the lodge. However, there were no upgrades to the kitchen, electrical or restrooms at the Garden Center and Leona Lodge. Upgrading the enterprise facilities will enhance the overall appeal for private, public and community needs and provide local businesses affordable and accessible facilities that add to the City and regional economic benefits. In addition to facility upgrades, and to continue to be competitive, the sites are in need of electrical enhancements, for wireless amenities that will greatly increase patronage to local businesses and Corporate America.

The Lakeside Park Garden Center and the Lake Merritt Sailboat House are located in the heart of Oakland. Making improvement to these sites will aid in attracting tourists, in addition to attracting businesses in the downtown area. The Lakeside Park Garden Center improvements include renovation of the women and men's restroom, replacing the flooring in two of the three rooms, and replacing the counter tops, cabinets and appliances in both kitchens.

Lake Merritt Sailboat House improvements include total upgrade and renovation of the kitchen, women's and men's restroom, replacing the flooring throughout the building, painting the interior and exterior, replacement of the deck surrounding the entire building, electrical upgrades and the replacement of the lighting to energy efficient lighting.

Sequoia Lodge upgrades include making the facility energy efficient, removal of the dilapidated flooring in the kitchen, hallway, entranceways and main room, refinishing the wall paneling throughout the building, upgrade of electrical wiring to accommodate wireless amenities and enhance its capacity, and replacing the windows.

Joaquin Miller Community Center, built in October 1995, is in need of structural improvements such as repairing cracked wall structures in the alcove, kitchen, Assembly Rooms and

Conference Rooms, replacing all windows with energy efficient covering, and enhancing the ventilation in the restrooms. Upgrade improvements include removal of tiles on counters in Assembly Rooms, remove/replace vinyl tiles on sink and wall area in the women and men's restroom, remove top cabinets, remove/replace the blinds, install new cabinets throughout the kitchen, and refinish the wooden floors in the Assembly Rooms.

Woodminster Amphitheatre, built in 1940, is in need of a new ADA compliance concessionaire booth. Improvements include replacement of existing audience seats with newer seating, electrical upgrades that include installation of lighting in theatre and outdoor audience area, upgrades to the men's and women's restrooms in the dressing room area to make them ADA compliant, replacement of restroom sinks, painting the right and left stage area and the interior of the green rooms, dressing rooms and office space, and replacement of the telephone cable and conduit.

KEY ISSUES AND IMPACTS

OPR has done a thorough rate comparison with neighboring cities and local organizations and is comparable with their current pricing structure as it relates to fees being charged for social/banquet halls, meeting/conference rooms and deposits for similar room capacity as illustrated below:

FACILITY (BUILDING) RENTAL RATE COMPARISON

	Oakland OPR	Alameda	Berkeley	East Bay Regional Parks	Richmond	San Leandro	Snow Building	Preservation Park
Meeting/Conference Rooms	\$30/hr	N/A	N/A	\$75-\$110/hr	\$20-\$30/hr	\$30-\$55/hr	N/A	\$40/hr
Banquet Hall	\$75-\$160/hr	\$100-\$150/hr	\$89-\$107/hr	\$58-\$267/hr	\$50-\$75/hr	\$140/hr	\$80-\$200/hr	\$675-\$1,825 per time period
Kitchen Fee	\$100/use	10% caterer fee	\$58/use	\$50-\$500/non- catered fee	N/A	\$30-\$60/hr	None	None
Setup and Teardown Fee	\$150 per room/per date	N/A	N/A	Included with fees	N/A	N/A	Included in rental fees	No charge inside, extra charge outside
Standard Refundable Deposit (per event)	\$300	\$300-500	\$200	\$200 Business Day Meetings	\$100-\$350	\$250	\$150-\$250	\$100-\$250 mtgs/conf.
Refundable Banquet Deposit (per event)	\$300-500	\$300-500	\$200	\$500-\$1000	N/A	\$250	\$150-500	\$500 wed, rec, special events

Facility Capacity - Meeting Rms.	20	N/A	N/A	80-180	25-50	35-60	N/A	15-40
Facility Capacity - Banquet Style	80-160	250	70-150	80-180	45-100	200-240	250	50-150

Facility enhancements and upgrades are critical in order for OPR to continue to be competitive with the neighboring cities and local sites. As the number of rentals increase with patron usage, additional wear and tear will occur at OPR's enterprise facilities, requiring a set aside for maintenance and unforeseen incidents. In order to increase fees and anticipate greater usage the city would have to invest in the CIP projects, solicit an on call construction crew to expedite the work, and allow OPR to hire and manage the projects to reduce the overhead. This is necessary to compete with the amenities offered by surrounding communities.

SUSTAINABLE OPPORTUNITIES

Economic: CRU provides affordable facility rentals to the residents of Oakland who might not have the capacity to utilize these facilities otherwise. In addition, the Enterprise Facilities add to the property value and are a great asset for the City of Oakland and contribute over \$600,000 in revenue to OPR's Self-Sustaining (1820) fund which employs 10.65 FTE's.

Environmental: The improvements at the enterprise facilities will support the City in creating lead friendly venues that will create for a healthy community.

Social Equity: CRU provides services that will increase usage and make facilities more accessible and affordable to Oakland residents.

DISABILITY AND SENIOR CITIZEN ACCESS

The City of Oakland enterprise facilities conforms to the requirements of the Americans with Disabilities Act, the Older American Act, and other applicable laws, including having an ADA accessible available at all sites.

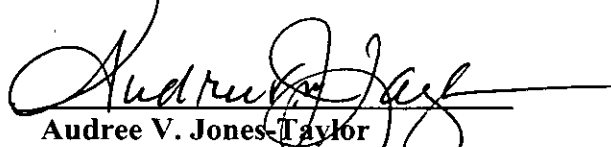
STAFF RECOMMENDATION

Staff recommends that the City Council approves this informational report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council accepts this report.

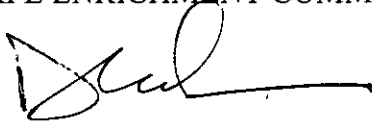
Respectfully submitted,



Audree V. Jones-Taylor
Director, Office of Parks & Recreation

Prepared by:
Gail McMillon, Central Reservations Supervisor

APPROVED AND FORWARDED TO THE
LIFE ENRICHMENT COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR

Attachments:

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