

CITY OF OAKLAND

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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: J. Nicholas Williams
Director, Parks &
Recreation Department

SUBJECT: Sequoia Nursery School License
Agreement

DATE: November 14, 2017

City Administrator Approval

Date:

11/21/17

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance Authorizing The City Administrator To Execute A License Agreement With Sequoia Nursery School Inc. To Operate A Cooperative Nursery School At The Sequoia Lodge For A Five-Year Term For A License Fee of \$1,457.83 Per Month; And Amend the License Agreement For Two Consecutive Five-Years Terms Without Returning To Council.

EXECUTIVE SUMMARY

Adoption of the proposed ordinance by City Council will authorize the City Administrator to execute a license agreement with Sequoia Nursery School, Inc. for the continued use of Sequoia Lodge, located at 2666 Mountain Boulevard, Oakland, California, to operate a cooperative nursery school for children ages three to five years old for a five-year term with a monthly license fee of \$1,457.83. Annual use of the facility is for school days during the months of September through the third week in June from 8:30 a.m. to 12:30 p.m. The proposed ordinance authorizes the City Administrator to amend the license agreement for two consecutive five-year terms without returning to Council, provided the City's terms and conditions are satisfied.

BACKGROUND / LEGISLATIVE HISTORY

In 1946, Sequoia Nursery School (SNS) was founded by a committee of mothers under the leadership of Mrs. Edward Scudder to operate a non-profit, parent managed cooperative nursery school. The nursery school is regulated by its members and licensed by the State of California, Department of Social Services.

In 1947, the City entered into its first license agreement with SNS to operate a cooperative nursery school at Sequoia Lodge, located on the east side of Mountain Boulevard. SNS has continued to operate the school during subsequent years with temporary operation from Park Boulevard Presbyterian Church in 1966 while the City demolished the old lodge to build a new

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building on Mountain Boulevard. The new Sequoia Lodge was completed in 1967 and became Sequoia Nursery School's new home. SNS provides a secure, nurturing and stimulating environment with preschool educational activities.

Most recently in 2005, the City entered into a License Agreement (Resolution No. 79365), with SNS for the continued use of Sequoia Lodge for a three-year term with two consecutive three-year options to renew. The License Agreement expired on December 31, 2014 and since that time SNS has been operating under the terms and provisions of the prior agreement during the interim period.

SNS serves over 30 children each year between the ages of three and five years old. About 98 percent of the families that participate in the school are Oakland residents. Tuition ranges from \$290 to \$470 per month depending on the registered number of school days per week. Tuition assistance is available to families as well as a 10 percent discount for families with multiple children concurrently enrolled.

Under the proposed agreement, SNS may occupy Sequoia Lodge Monday through Friday, from 8:30 a.m. to 12:30 p.m., September through the third week in June of each year. In addition, SNS is granted the use of the facility at no cost for two weekday evening meetings per year and one Saturday for an annual Fundraiser.

Sequoia Lodge is one of Oakland Parks & Recreation's (OPR) Enterprise Facilities and is rented by OPR on weekday afternoons and evenings and on weekends to the public for wedding receptions, birthday parties, meetings and other related special events and activities. SNS utilizes the space in a shared use capacity and in preparation for rental users is required to breakdown, crate and store supplies on a daily basis.

ANALYSIS AND POLICY ALTERNATIVES

For over 70 years, SNS has successfully operated a cooperative nursery school at Sequoia Lodge and have been stewards of the facility providing the following upkeep throughout the school year:

- Open and close facility and driveway gate leading to parking area and open space.
- Report maintenance service requests to OPR and the Public Works Department.
- Provide cleaning services during the week for day to day operations.

Under the terms of the proposed Agreement, key provisions include:

- Incremental license fee increases adjusted annually based on the relative percentage change in the Consumer Price Index (CPI) with the annual adjustment not to exceed 8% or be less than 4%.
- SNS to pay City cost of utilities prorated to SNS's use of the facility.
- SNS to comply with City requirements including insurance, records retention, and non-discrimination.
- SNS to provide annual reports, including financial statements, audits, annual enrollment and operations statements.
- Either party may terminate the Agreement at any time with ninety (90) days written notice.

FISCAL IMPACT

Under the terms of the proposed agreement, SNS shall pay a monthly license fee of \$1,457.83, a \$107.99 increase from the current fee of \$1,349.84. The license fee is deposited into OPR's Self-Sustaining Fund (1820), Office of the Director Organization (501110), Miscellaneous Concessions Account (44519), Project Account (1000012) and Central Administration Program (NB01). The revenues are used to balance OPR's expenditures within the Central Reservations and Contract Unit.

The fair market rent value of the property is estimated at \$2,248.00 per month or \$22,480.00 for SNS's ten-month usage. Oakland Municipal Code (OMC) Section 2.42.110 provides that the value of in-kind services in lieu of cash, rent (license fees) provided by lessees (licensees) to the City or community at large, including property security and maintenance, and social and cultural benefits to the community, may be considered by the Council in making a finding that the lease (license) of property for less than its fair market rental (license) value is in the best interests of the City. SNS has been providing valuable in-kind services (described in **Attachment A**) for over 70 years, that include property security; care of the grounds, playground and building; and social and cultural benefits to the community at large by serving parents and children ages three to five years old at an affordable cost in a secure environment. OPR recommends that the City Council make a finding and determination that the lease of the property for less than fair market value is in the best interest of the City.

Facility maintenance costs and utilities (water, gas, and electric) are funded by OPR through its contribution to the Internal Services Fund (4400). The proposed agreement is for SNS to pay the City utility cost prorated to SNS's use of the facility. City will provide a statement of costs to SNS within three months from the end of the calendar or fiscal year, as determined by City. SNS provides cleaning services during the use of the facility and is responsible for its own telephone, cable television, internet and related charges. OPR is responsible for setup and cleaning services for any events permitted through the Central Reservation Unit.

The City maintains responsibility for major repairs and emergency repairs. Major repairs over \$50,000 will be included in the Capital Improvement Project process for funding consideration and prioritization. The City is responsible for structural emergency repairs that is defined as plumbing, main sewer line breakage, underground water lines, and underground electrical system repairs, or incidents that are hazardous to the safety and welfare of the patrons and the public or the condition of the property.

PUBLIC OUTREACH / INTEREST

This item did not require any additional public outreach other than the required posting of the City Council Report on the City's website.

COORDINATION

This report and legislation have been reviewed by the Office of the City Attorney, Controller's Bureau and the Real Estate Services Division.

SUSTAINABLE OPPORTUNITIES

Economic: Sequoia Nursery School provides an affordable service for children and parents participating at the school with tuition assistance available to families needing financial support, and may provide job opportunities to the public.

Environmental: The location of the facility provides outdoor exposure through its natural settings to youth, parents and staff. City hazardous material policies will be adhered to by SNS during their use of the property.

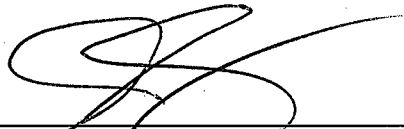
Social Equity: Nursery school services are accessible and available offering a safe and diverse environment to parents with pre-kindergarten aged children. Tuition assistance is available for Oakland residents.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt an ordinance authorizing the City Administrator to execute a License Agreement with Sequoia Nursery School, Inc. to operate a cooperative nursery school at the Sequoia Lodge for a five-year term for a license fee of \$1,457.83 per month; and amend the license agreement for two consecutive five-year terms without returning to Council.

For questions regarding this report, please contact Gail McMillon, Office Manager of Oakland Parks & Recreation, at (510) 238-3186.

Respectfully submitted,



J. NICHOLAS WILLIAMS
Director, Parks & Recreation

Reviewed by:
Dana Riley, Assistant Director

Prepared by:
Gail McMillon, Office Manager

Attachments (1):
A: Sequoia Nursery School In-Kind Services

**Sequoia Nursery School
In-Kind Services to the City of Oakland**

Sequoia Nursery School (SNS) performs many services at Sequoia Lodge, surrounding grounds and playground areas.

The rate of \$19.24 per hour for staff cost was provided as a basis for calculating the value of services.

Summary Table

<i>Service</i>	<i>Hours per year</i>	<i>Value</i>
Interior Lodge cleaning	108	\$2,077.92
Kitchen cleaning	220	\$4,232.80
Weekly grounds clean up	18	\$346.32
Grounds and playground maintenance	31	\$596.44
August grounds work	24	\$461.76
April grounds work	20	\$384.80
Garden and grounds beautification	18	\$396.32*
Stewardship as tenants		
Total per year	177	\$8,496.36

**includes \$50 allocated to garden supplies and plants*

Care for Sequoia Lodge interior building

General cleaning

Clear away the cobwebs, in and out.

Sweep and vacuum each weekday, totaling about 3 hours each week.

3 hours/week x 36 weeks = 108 hours/year

108 hours x \$19.24 = \$2,077.92/year

Kitchen cleaning

Clean and disinfect the kitchen twice each weekday (morning and afternoon).

Provide deep cleaning once a month to get into the corners, floor, stove, grout, etc.

5 hours/week x 36 weeks = 180 hours/year plus

4 hours/day x 10 months for deep cleaning = 40 hours/year

220 hours x \$19.24 = \$4,232.80/year

Care for Sequoia Lodge grounds

Weekly grounds clean up

Each Monday morning before school start, SNS families clean up trash, bottles, broken glass, and cigarette butts from Sequoia Lodge grounds, including the parking lot, playground and dumpster area.

30 minutes/week x 36 weeks in a school year = 18 hours

18 hours/year x \$19.24 = \$346.32/year

Grounds and playground maintenance

Every other week an SNS family goes to Sequoia Lodge on the weekend to do the following:

- Sweep and blow the Lodge deck and patio areas.
- Clear debris from the patio storm drains to prevent flooding.
- Rake the woodchips under slides and playing bars to a safe depth, to comply with licensing.
- Wipe down tables and equipment.

Playground equipment is also painted, sealed, and maintained by one SNS family, 4 hours per year.

$1.5 \text{ hours/week} \times 18 \text{ weeks} = 27 \text{ hours} + 4 \text{ hours on equipment maintenance} = 31 \text{ hours}$

$31 \text{ hours} \times \$19.24 = \$596.44/\text{year}$

August grounds maintenance

Every year a group of about eight SNS parents spend half a day at Sequoia Lodge weeding, pulling up invasive plants, trimming foliage, and spreading woodchips over the facility grounds.

$3 \text{ hours} \times 8 \text{ people} = 24 \text{ hours}$

$24 \text{ hours} \times \$19.24 = \$461.76/\text{year}$

April grounds maintenance

Earth Day each year, SNS has a Lodge grounds maintenance party that is optional for SNS families, but well attended. SNS weed, trim, plant, and mulch around the facility.

$2 \text{ hours} \times 10 \text{ people} = 20 \text{ hours}$

$20 \text{ hours} \times \$19.24 = \$384.80/\text{year}$

Grounds and garden beautification

One SNS family takes on the job of planting and maintaining the garden to the left of the back door, and pro-actively add to the beauty of the entire lodge grounds. In past years SNS families have spread woodchips at the bottom of the driveway on Mountain Boulevard around the signs and mailbox, spread woodchips on the islands in the parking lot and the end of the walkway near the big tree, added planted pots to the Lodge walkway.

$0.5 \text{ hour/week} \times 36 \text{ weeks} = 18 \text{ hours/year}$

$18 \text{ hours} \times \$19.24/\text{hour} = \$336.32 + \$50 \text{ budgeted for materials} = \$396.32/\text{year}$

Stewardship as Tenants

All problems are reported promptly to the City. SNS provide regular cleaning and upkeep of the property to support the longevity of the building.

Additional thoughts provided by Sequoia Nursery School:

Sequoia Nursery School utilizes the Lodge 1/3 of the time, as there is a morning, afternoon and evening, as well as weekend slots for use. Using 50 percent of market rate for rent is not accurate, as we are not truly using the Lodge 50 permit. We are also not using it during the summer months.

Sequoia Nursery School participated in the reconstruction and build out of the Lodge in 1967, donating money and time towards that effort. We are "invested" from this stand-point as well.

Oftentimes families that choose to participate in a cooperative preschool do so for the financial savings provided. With that lowered tuition, Sequoia Nursery School experience allows families that might not be able to provide a preschool experience the opportunity to do so. Sequoia provides generous financial aid each year to families who are unable to cover the cost of tuition.

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OAKLAND CITY COUNCIL


City Attorney

ORDINANCE No. _____ C.M.S.

ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A LICENSE AGREEMENT WITH SEQUOIA NURSERY SCHOOL, INC. TO OPERATE A COOPERATIVE NURSERY SCHOOL AT THE SEQUOIA LODGE FOR A FIVE-YEAR TERM FOR A LICENSE FEE OF \$1,457.83 PER MONTH; AND AMEND THE LICENSE AGREEMENT FOR TWO CONSECUTIVE FIVE-YEAR TERMS WITHOUT RETURNING TO COUNCIL

WHEREAS, the City of Oakland is the owner and Oakland Parks and Recreation (OPR) is the custodial agency of the real property commonly known as Sequoia Lodge, located at 2666 Mountain Blvd, Oakland, California; and

WHEREAS, Sequoia Nursery School, Inc. (hereinafter referred to as "SNS") was established in 1947 as a parent co-operative nursery school; and

WHEREAS, SNS is classified under the Internal Revenue Code, Section 501(c)(3) as a tax exempt, public benefit corporation; and

WHEREAS, SNS desires to continue use of Sequoia Lodge for the purposes of operating a co-operative nursery school; and

WHEREAS, SNS will occupy the lodge five days a week, 8:30 a.m. to 12:30 p.m., September through the third week in June each year; and

WHEREAS, SNS is authorized to use the lodge two weekday evenings per year for meetings and one Saturday per year for a banquet/fundraiser, at no cost to SNS, and subject to the availability of the Property; and

WHEREAS, City Administrator shall have the authorization to amend the Agreement to extend the Agreement for two consecutive five-year terms; and

WHEREAS, the SNS shall provide its own cleaning services, its telephone and cable television hook-up services, and related charges; and

WHEREAS, SNS agrees to pay the City a monthly license fee of One Thousand Four Hundred Fifty-Seven Dollars and Eighty-Three Cents (\$1,457.83) for each month of use, adjusted each year based on the relative percentage change in the Consumer Price Index (CPI) not to exceed 8% per year and not less than 4% per year; and

WHEREAS, SNS shall not make any improvements or adjustments at the property without written approval by the City Administrator or designee; and

WHEREAS, SNS shall comply with the City's Special Event Access for People with Disabilities as stated in the Declaration of ADA Compliance for Facility Use Agreements and Other Special Events Agreements; and

WHEREAS, the OPR Department shall be responsible for scheduling the use of Sequoia Lodge for SNS and other groups;

WHEREAS, Oakland Municipal Code ("OMC") Section 2.42.100 provides that leases (including licenses) of City property require approval by ordinance; and

WHEREAS, OMC Section 2.42.110 provides that the value of in-kind services in lieu of cash rent (license fees) provided by lessees (licensees) to the City or the community at large, including property security and maintenance, and social and cultural benefits to the community, may be considered by the Council in making a finding that the lease (license) of property for less than its fair market rental (license) value is in the best interests of the City;

WHEREAS, SNS is providing valuable in-kind services that include property security including opening and closing the facility and driveway gate during use, ensuring that facility and gate are locked upon departure, reporting maintenance issues to City; care of the grounds, playground and building by cleaning, sweeping, and picking up debris before and after school ends; and social and cultural benefits to the community at large by serving parents and children ages three to five years old in a secure environment for over 70 years; and

WHEREAS, OPR recommends that the City Council make a finding and determination that the lease of the property for less than fair market value is in the best interest of the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. The Oakland City Council authorizes the City Administrator to execute a license agreement with Sequoia Nursery School to operate a co-operative nursery school at the Sequoia Lodge for a five-year term as described in this resolution, and amend the license agreement for two additional five-year terms without returning to Council.

SECTION 2. The City Administrator is hereby authorized to approve any subsequent amendments, modifications, or extensions of said agreement without returning to Council, except those increasing the term of the agreement beyond the three five-year terms.

SECTION 3. Pursuant to OMC section 2.42.110 and based on the value of the in-kind services provided by Sequoia Nursery School as discussed above and in the City Administrator's report accompanying this Ordinance, the City Council hereby finds that the license of the Sequoia Lodge for less than its fair market value under the terms of this Ordinance is in the best interest of the City.

SECTION 4. The proposed license agreement shall be approved as to form and legality by the Office of the City Attorney and placed on file in the Office of the City Clerk.

SECTION 5. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Ordinance. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

SECTION 6. This Ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

NOTICE AND DIGEST

ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A LICENSE AGREEMENT WITH SEQUOIA NURSERY SCHOOL, INC. TO OPERATE A COOPERATIVE NURSERY SCHOOL AT THE SEQUOIA LODGE FOR A FIVE-YEAR TERM FOR A LICENCSE FEE OF \$1,457.83 PER MONTH; AND AMEND THE LICENSE AGREEMENT FOR TWO CONSECUTIVE FIVE-YEAR TERMS WITHOUT RETURNING TO COUNCIL

This Ordinance would authorize a license agreement with Sequoia Nursery School to use the Sequoia Lodge and operate a cooperative nursery school for a five-year term for a license rental rate of \$1,457.83 a month, adjusted each year based on the relative percentage change in the Consumer Price Index (CPI) not to exceed 8% per year and not less than 4% per year. This Ordinance would authorize the City Administrator to extend the license agreement for two additional five-year terms. This Ordinance would make a finding and determination that the license of the Sequoia Lodge for less than its fair market value is in the best interest of the City due to the in-kind services provided by Sequoia Nursery School.