

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2003 OCT 16 PM 4:54

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Office of Parks and Recreation
DATE: October 28,2003

RE: RESOLUTION AUTHORIZING THE CITY MANAGER TO MODIFY THE
LICENSE AND MASTER CONCESSION AGREEMENT WITH WILDCAT
CANYON RANCH YOUTH PROGRAM TO EXTEND THE TERM FOR SIX
(6) MONTHS THROUGH APRIL 30,2004

SUMMARY

Staff has prepared a resolution authorizing the City Manager to modify the License and Master Concession Agreement with Wildcat Canyon Ranch Youth Program (WCRYP) for six (6) months ending April 30,2004. The current 3-year agreement will expire on November 1,2003 and the agreement contains a provision to execute a 2-year extension at the City's sole option. However, due to financial difficulties, the WCRYP fell behind in paying Federal and State withholding taxes and meeting its payroll. The City Stables Advisory Council has received many complaints from the neighborhood. Staff recommends preparing a Request for Proposals (RFP) to identify a potential concessionaire who can invest private capital to make capital improvements, increase facility maintenance and provide youth programming.

The concessionaire has requested authorization to increase their fees approximately 15%. The proposed fees will increase from \$240 to \$275 per month per paddock and from \$280 to \$315 per month per stall. The fee increases are necessary to cover higher expenses. This is the first fee increase since the 3-year agreement was approved.

FISCAL IMPACT

There is no fiscal impact on the General Fund. However, there is no facility maintenance funding budgeted in the OPR or PWA budgets specifically for City Stables. Four hundred thousand dollars (\$400,000) is available from State Park Bond (Proposition 12) for City Stables but no consensus has been reached on which project(s) to do first. There are Capital Improvement Funds in the amount of \$49,169 (Fund 5500, Project C213710) for capital repairs. The capital projects *are* being managed by the Public Works Agency. The City receives five percent (5%) of the boarding fees collected by the concessionaire and the funds are deposited into a maintenance fund. For the Fiscal Year ending June 30, 2003 the City collected \$5,081.47 and for the previous Fiscal Year \$4,088.84 was received. The maintenance fund has approximately \$23,561 available for facility maintenance.

The proposed fee increase will generate approximately \$1,000 per month in additional revenues. This will help cover rising Worker's Compensation Insurance, Liability Insurance, health insurance, feed and other supplies.

Item: 6
Life Enrichment Committee
October 28,2003

BACKGROUND

WCRYF⁷ is a California non-profit organization dedicated to providing Oakland youth with the opportunity to experience a western ranch with horse back riding, and horse care and maintenance being the central activities. Most of the youth participants come from the Oakland Unified School District, and there are program collaborations with Girls Scouts and OPR.

Privately owned horses are boarded at City Stables on a monthly basis. The horse owners pay \$240 (paddock) or \$280 (stall) per horse (per month) and on average, there are 30 private horses being boarded on a year round basis. WCRYF has 12 horses for youth programming.

The current License and Master Concession Agreement has a 3-year term and will expire on November 1, 2003. The agreement has a provision to execute a 2-year extension at the City's sole option. During the past year, the WCRYF has experienced financial difficulties and as a result, State and Federal withholding taxes were not paid in a timely manner. According to WCRYF⁷, they have paid State withholding taxes and an "offer in compromise" has been submitted to the Internal Revenue Service. The concessionaire's failure to pay State and Federal taxes constitutes a breach of contract and the agreement could be terminated. Also, WCRYF⁷ was not able to meet its payroll and this is another indication of financial difficulty.

KEY ISSUES AND IMPACTS

During the past six months, there have been a steady number of complaints from adjacent residents regarding horse manure odors, insect (fly) infestations, dusty conditions emanating from the riding arena and excessive numbers of chickens, including noisy roosters. The inconsistent maintenance by WCRYF can be traced back to financial conditions, including a lack of funds to purchase gasoline for the truck that is used to haul away manure. The City's Integrated Pest Management policy prohibits the use of chemical pesticides on park property and instead, fly traps are set up to reduce the fly population. Fly traps are not effectively controlling the fly population and other alternatives must be examined. The dusty conditions are the result of a lack of new sand for the riding arena. Purchase of sand could be covered by the maintenance funds held by OPR. The chickens have been part of the WCRYF program but the recent increase in chicken population, including roosters, was a public concern due to the early morning crowing. WCRYF staff agreed to voluntarily reduce the chicken population and to relocate the chicken coops away from the property line.

It should be noted that during the past year, the OPR staff person assigned to City Stables retired and the vacant position was eliminated as part of OPR's budget reductions. The remaining Park Manager and four Park Supervisors must supervise all park maintenance staff and park facilities.

WCRYF's financial condition has been affected by economic difficulties and the lack of private donations for youth programming. The lack of private funding has affected their overall financial stability and their ability to perform additional maintenance. It should be noted that many non-profit organizations are struggling due to the economic conditions in the Bay Area.

The physical conditions at City Stables are *fair to poor* due to the lack of capital investment. It should be noted that the concessionaire is not responsible for capital improvements or major repairs. The City has installed a fire hydrant and water main, new restrooms and made minor structural

repairs, but the horse barns, paddocks, fencing, covered arena and main house need significant repairs. The Advisory Council has not been able to identify which improvement(s) should take priority. The overall physical conditions and appearance of City Stables will make it difficult to attract a private investor because, in staff's opinion, the amount of private capital required will not generate sufficient profit or return on investment to be financially attractive.

One method to determine the economic viability for City Stables is to issue a RFP for another concessionaire. The RFP will include community input, youth programming requirements and private capital investment in exchange for a long-term concession agreement. Staff estimates it will take **up** to six (6) months to prepare a RFP and to evaluate the responses.

Staff recommends the increase in horse boarding fees because it will offset higher operating costs such as Worker's Compensation Insurance, general liability insurance, health insurance, horse feed and related supplies. The proposed fee increase will help WCRYP's cash flow at a critical time for the organization.

RECOMMENDATIONS AND RATIONALE

The following alternatives were considered for City Stables operations:

1. Terminate the agreement November 1, 2003. This option is not recommended because there is no alternative operator and horse owners would be inconvenienced and pressed to find other accommodations. This would terminate all youth programming and the City would have to maintain City Stables for open space purposes, only because it does not have the staff to operate City Stables.
2. Execute the 2-year extension with modifications. Given the recent concerns by neighboring residents, the 2-year extension must contain more stringent requirements to address the manure odor problem, insect (fly) problem, dusty conditions and limiting the number of chickens on the property.
3. Modify the existing agreement for 6-months and prepare a Request for Proposals to identify an alternative concessionaire. The modified agreement would be terminated April 30, 2004.

Staff recommends that the City Council approve modifying the License and Master Concession Agreement and extending the term for a six (6) month period ending April 30, 2004, and direct staff to prepare a Request **for** Proposals for the operation of City Stables.

Staff also recommends City Council approval to proceed with increasing the horse boarding fees to take effect through the next modification of the Master Fee Schedule.

SUSTAINABLE OPPORTUNITIES

Economic: The horse boarding operation grosses between \$90,000-\$100,000 per year and this service fills a niche for private horse owners. However, given the current City Stables' condition, it is not likely the number of horses boarded can be increased unless additional measures are implemented to reduce odors, insect (fly) population and dusty conditions.

Item: 6
Life Enrichment Committee
October 28, 2003

Environmental: City Stables generates a considerable amount of horse manure that must be removed regularly to minimize odors and to prevent insect (fly) breeding. The manure is transported to a nearby site for composting and it is recycled as soil amendment for use in parks.

Social Equity: WCRYP has provided unique opportunities for Oakland youth to experience horse riding, horse care and other educational programming in a western ranch like setting.

DISABILITY AND SENIOR CITIZEN ACCESS

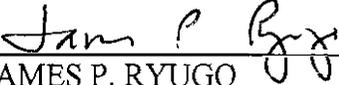
City Stables is located on Skyline Boulevard and has rolling topography. Wheelchair access is limited due to uneven grounds, topographic changes and a lack of paved paths.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve a resolution to modify the License and Master Concession Agreement and extend the term for a six (6) month period ending April 30, 2004 and to direct staff to prepare a Request for Proposals for the operation of City Stables.

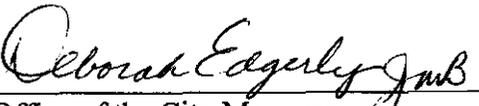
Also, staff recommends increasing the horse boarding fees to \$275 (paddock) and \$315 (stable) per horse per month and will bring forward the appropriate revisions to the Master Fee Schedule ordinance.

Respectfully submitted,



JAMES P. RYUGO
Interim Director
Office of Parks and Recreation

APPROVED AND FORWARDED TO
THE LIFE ENRICHMENT COMMITTEE:



Office of the City Manager

Item: 6
Life Enrichment Committee
October 28, 2003

OAKLAND CITY COUNCIL

DRAFT

OFFICE OF THE CITY CLERK
RESOLUTION NO. _____ C.M.S.

2003 OCT 16 PM 4:55

RESOLUTION AUTHORIZING THE CITY MANAGER TO MODIFY THE LICENSE AND MASTER CONCESSION AGREEMENT WITH WILDCAT CANYON RANCH YOUTH PROGRAM TO EXTEND THE TERM FOR SIX (6) MONTHS THROUGH APRIL 30, 2004

WHEREAS, City Stables was acquired using Measure K funds for the purposes of operating a horse stable, providing horse riding programs and preserving open space; and

WHEREAS, City Stables was acquired "as is" and significant amounts of City funds were invested to install a fire hydrant, water supply, and new restrooms but additional repairs including renovations of the horse barns, house, paddocks, and covered arena are needed; and

WHEREAS, Wildcat Canyon Ranch Youth Program is a California non-profit corporation ("Licensee") whose purpose is to operate the City of Oakland Stables and to provide horse riding programs for Oakland youth; and

WHEREAS, the License and Master Concession Agreement will automatically terminate on November 1, 2003 unless the City at its sole discretion extends the agreement in writing for an additional 2-year term; and

WHEREAS, there is a significant amount of deferred facility maintenance and repairs needed to improve the facility; and

WHEREAS, the License and Master Concession Agreement should be modified to extend the term for a 6-month period ending April 30, 2004 and to allow City staff time to prepare a Request for Proposals (RFP) to identify potential concessionaires with private capital available to invest in the facility; now, therefore be it

RESOLVED: That the Oakland City Council authorizes the City Manager to modify the current License and Master Concession Agreement with Wildcat Canyon Ranch Youth Program to extend the term for six (6) months ending April 30, 2004 and to prepare a Request for Proposals for the operation of the City Stables facility; and be it

FURTHER 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.

6
LIFE ENRICHMENT CMTE
OCT 28 2003

IN COUNCIL. OAKLAND, CALIFORNIA, _____, 20

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California

LIFE ENRICHMENT CMTE.
OCT 28 2003