

**CITY OF OAKLAND
AGENDA REPORT**

20070109 AM 9:03

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Office of Parks and Recreation
DATE: January 9, 2007

RE: Recommendation to Keep City Stables Closed as a Horse Boarding and Equestrian Center

SUMMARY

The City has been engaged in a search for an appropriate concessionaire for Oakland City Stables since September 2004. Earlier this year the Office of Parks and Recreation (OPR) entered into discussions with the Metropolitan Equestrian Preservation Society (MEPS) for an agreement to operate a concession at City Stables. OPR went before Council with its recommendation to negotiate with MEPS and was directed to obtain documentation of the group's financial and youth program claims. After careful consideration and several meetings, OPR discontinued its discussions with MEPS and ceased all negotiations. MEPS could not demonstrate the ability to operate and sustain programs for inner city youth, nor could they substantiate all of the financial claims made in their proposal and supplemental documents. OPR does not recommend moving forward with the MEPS proposal.

When negotiations with MEPS failed, OPR returned to another prospective concessionaire who had submitted a proposal in April 2006, Tami and William MacKerracher. OPR staff visited the MacKerrachers' home ranch and met with the MacKerrachers to open discussions with them regarding the City Stables concession. When the MacKerrachers failed to provide necessary supplemental documentation to their original proposal, OPR discontinued its discussions with the MacKerrachers. No other groups or individuals responded to the Request for Proposals for the City Stables concession. Without a viable concessionaire, staff recommends keeping City Stables closed as a horse boarding and equestrian center.

When the City submitted its projects for California Proposition 12 funding, \$400,000 was designated for a City Stables project. In order for the City to receive the State funds, it first must define, design, and implement the project and submit its expenditures for reimbursement from the State no later than March of 2009. Without a clearly defined project for the site, the State funding is at risk of being lost. Staff is seeking direction from City Council on whether to embark on a capital improvements project at City Stables immediately or reallocate the funding to another project or projects already developed for which eligible expenditures could be made in time to meet the State deadline.

Item: _____
Life Enrichment Committee
January 9, 2007

FISCAL IMPACTS

Acceptance of staff's recommendations to keep City Stables closed as a horse boarding and equestrian center would have the following fiscal impacts:

Expenditures

Expenditures to address health and safety issues at City Stables will not impact the City's General Purpose Fund (1010). Acceptance of staff's recommendation to keep City Stables closed would authorize spending of funds to clean up the site and remove safety hazards. Funds for the clean up of the site are available in the City Stables Project (Project C213720) within the Public Works Agency (PWA) budget. The clean up costs are estimated at \$50,000 and would leave a balance of \$80,000 that could be used to develop a new project plan for the site.

OPR is requesting that the City Stables be added to PWA's FY 2007-09 budget for minor facility maintenance such as weed abatement, repair or boarding of broken windows, and padlock replacement. For routine maintenance needs, funding would be drawn from PWA's FY 2007-09 budget allocation for facility maintenance.

Capital Improvement Funding

Under Resolution 76721 C.M.S., City Council authorized designating \$400,000 in Proposition 12 State funds for capital improvements to City Stables. In order for the City to receive the State funds, it first must define, design, and implement the project and submit its expenditures for reimbursement from the State no later than March of 2009. Without a clearly defined project for the City Stables site and no alternative plan in place, the State funding is at risk of being lost. Staff is seeking direction from City Council on whether to pursue development of a capital improvements project at City Stables immediately or reallocate the funding to another project that is already developed.

City Council also authorized setting aside \$172,000 in one-time city funds for the City Stables project. Some work has been done at the site since the City's funds were allocated. Of the \$172,000 set aside by the City in the City Stables Project (Project C213720), approximately \$130,000 remains. As stated above, the City Stables Project (Project C213720) funds would pay for clean up and removal of safety hazards as well as provide funding to develop a new plan for the site.

BACKGROUND

The Search for a Concessionaire

The City has been engaged in a search for an appropriate concessionaire for Oakland City Stables since September 2004. Earlier this year the Office of Parks and Recreation (OPR) entered into discussions with the Metropolitan Equestrian Preservation Society (MEPS) for an agreement to operate a concession at City Stables. OPR went before Council with its recommendation to negotiate with MEPS and was directed to obtain documentation of the group's financial and youth program claims. After careful consideration, OPR could not support the MEPS proposal for the following reasons:

- ◆ They failed to demonstrate a commitment to the City's goal for City Stables of providing equestrian programs for underserved youth. Their proposal and all subsequent discussions emphasized facility improvements first, horse boarding for horse owners second, and youth programs third.
- ◆ Staff could not confirm much of their claimed financial backing and OPR has received no new documentation from MEPS substantiating its financial claims. MEPS asserts that they now have \$450,000 in loans, grants and donations for the City Stables project. While they do have a letter from a private party offering to guarantee a loan of \$200,000 or to provide short-term loans in that amount, MEPS has stated that they would ask the City to reimburse them out of the Prop. 12 capital improvement funds and in that way pay back the loan. They also have a letter documenting \$24,000 in program support and an email from Bay Area Barns and Trails making a pledge of \$5,000. The balance of their claims remain unsubstantiated. Their budgets and projections are incomplete and do not demonstrate a capacity to be self-sustaining.
- ◆ Program information submitted by MEPS lacked specificity and did not clearly define realistic deliverables. Some of the documents they submitted lacked internal consistency in their calculations of number of people served and program hours. They provided some good ideas for programs, but the program information was not linked to their budget and again, there was no indication of how they would financially sustain programs.
- ◆ MEPS based its financial projections on stable operations that are contingent on completion of a highly ambitious capital improvement project for the site and an unrealistically aggressive timeline. The MEPS plan proposes relocating many of the horse boarding stalls and providing accommodations for up to 72 horses versus the 48 stipulated in the Master Plan for the site. It is not clear whether there would be community support for their proposal, and the financial projections are contingent upon the greater number of horses boarding. Despite staff's repeated efforts to communicate with MEPS about the priority of youth programming and the necessary processes involved in any capital project with the City, MEPS' timelines continue to be unrealistic.
- ◆ MEPS declined the opportunity to partner with OPR to provide equestrian programs at the site in lieu of a concessionaire agreement.

When negotiations with MEPS failed, OPR returned to another candidate who had submitted a proposal in April 2006, Tami and William MacKerracher. OPR staff visited the MacKerrachers' home ranch and met with the MacKerrachers to open discussions with them regarding the City Stables concession. When the MacKerrachers failed to provide necessary supplemental documentation to their original proposal, OPR discontinued its discussions with the MacKerrachers. No other groups or individuals responded to the Request for Proposals for the City Stables concession.

Challenges Inherent to the Site

The City Stables site is situated in the East Oakland hills in the midst of a residential neighborhood. The existing barns sit very close to the property line and pose major

challenges for residents when occupied by horses. All of the buildings are in decrepit condition and most would require demolition and rebuilding to be functional. The site does not now have the capacity to be a self-sustaining operation for horse boarding and does not provide adequate opportunity to generate revenue to subsidize equestrian programs for underserved Oakland youth. Steep grading in some areas makes development of a greater capacity for horse boarding facilities prohibitively expensive. The magnitude of the expenditures required to make the site functional for horse boarding and horse riding programs is too great to appeal to potential concessionaires without significant support from the City committed in advance. The City has not been willing to commit its resources without first having the potential success of an equestrian facility that serves underserved Oakland youth demonstrated. The process of the search for a new concessionaire has not yielded evidence that ongoing youth equestrian programs at the site could be successful without a significant subsidy from the City.

KEY ISSUES AND IMPACTS

The Future of City Stables

City Stables is a beautiful piece of property that has the potential to be a spectacular community park. As part of the Park Prioritization Report developed by the Public Works Agency and submitted to Council in December 2006, a conceptual plan for the City Stables site has been developed that incorporates various elements for general community and educational program use. The new conceptual plan includes keeping the existing restroom building and existing horse riding arena, some additional parking, a new multi-purpose activity building, a new arts and crafts or nature education building, an amphitheater with seating, a children's play area, and a demonstration garden or agriculture planting area. If a new plan were fully developed and approved, the City could seek additional funding for the completion of a project for the site.

Unless and until another plan is developed for the City Stables site, it remains closed. The Office of Parks and Recreation will continue to use the site in the summer for a 9-week adventure camp for children ages 7 to 12. There are local horse owners and equestrian enthusiasts who have expressed interest in bringing their horse to the City Stables property to offer demonstrations and educational programs to youth participating in OPR programs. OPR welcomes the opportunity to partner with equestrian program organizations to offer equestrian activities at the site that do not require that horses be boarded there.

Expiration of Capital Improvements Funding

The long process of searching for an appropriate concessionaire for the site has impacted the timelines associated with funding previously set aside for City Stables. In order to be reimbursed by the State under Proposition 12, a project would have to be implemented, completed, and final invoices submitted for reimbursement by March 2009. At this time a project for City Stables has not been defined and the efficacy of implementing a comprehensive capital improvement project there has not been determined. Even if the

City were to begin the process of developing and implementing a project at City Stables now, it is ambitious to assume that the requisite processes would be completed in time to meet the State reimbursement deadline and the funding would be lost. If a new plan for City Stables is developed, the City could seek different funding sources for a project at the site. Staff is seeking direction from City Council on whether to pursue development of a capital improvements project at City Stables immediately or reallocate the funding to another project that has already been developed.

SUSTAINABLE OPPORTUNITIES

Acceptance of staff's recommendation for City Stables to remain closed as an equestrian facility provides for no sustainable opportunities at this time.

DISABILITY AND SENIOR CITIZEN ACCESS

Any improvements to City Stables would conform to the requirements of the Americans with Disabilities Act, the Older Americans Act, and other applicable laws.

RECOMMENDATION(S) AND RATIONALE

Staff recommends that Council accept a recommendation to keep City Stables closed as a horse boarding and equestrian facility.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that Council accept a recommendation to keep City Stables closed as a horse boarding and equestrian facility.

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
LIFE ENRICHMENT COMMITTEE



OFFICE OF THE CITY ADMINISTRATOR

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