

# CITY OF OAKLAND

## AGENDA REPORT

2010 APR -1 PM 1: 15

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Office of Parks and Recreation  
DATE: April 13, 2010

RE: **Supplemental Report 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**

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### SUMMARY

This serves as a supplemental report to the Office of Parks and Recreation's (OPR) informational report presented to the Life Enrichment Committee on December 15, 2009 on whether the Central Reservations Unit (CRU) should increase fees to be completely self-sustaining. The Committee directed staff to provide additional information on the following areas:

- An analysis of the number of events held at the facilities in the last three years to include usage, rental fees, staffing expenses, and marketing strategies.
- The amount of revenue generated from Leona Lodge, Lakeside Park Garden Center, Sailboat House and Joaquin Miller Community Center
- Report usage over the last three years of Leona Lodge, Garden Center, Sailboat House and Joaquin Miller Community Center.

The report provides information from fiscal years 2006-07, 2007-08, and 2008-09 for the above listed four sites.

### FISCAL IMPACT

If directed to implement, the information contained in this report has the potential to have a positive fiscal impact on the CRU self-sustaining fund. However, increased revenues will not yield enough to sustain required capital improvements. The CRU must have the ability to create a restricted and limited CIP fund with a one time set aside for major and minor improvements. The estimated projected cost for capital improvement projects for the four enterprise facilities is approximately \$2,000,000. Minor improvements could cost the CRU up to \$600,000 annually.

Revenue enhancing strategies include:

- Elimination of co-sponsored events.
- One time supplemental of \$50,000 for development of marketing strategy and promotional brochure.

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- Increase Rental Fees: The Lakeside Park Garden Center, Lake Merritt Sailboat House and Leona Lodge are \$75 per hour, while the Joaquin Miller Community Center rental fees for both Assembly Rooms combined is \$160 per hour. Increasing facility rental fees, without capital improvements could have a negative fiscal impact and decrease the number of annual rentals.

## BACKGROUND

On December 15, 2009, OPR presented to the Life Enrichment Committee an informational report in response to Council's request to research whether the Central Reservation Unit (CRU), in the Office of Parks and Recreation 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 addition, the CRU has absorbed the cost of closing park restrooms and some park entrance gates that has no associated revenue generation.

In order for the CRU to be totally self-sustaining to include the costs of utilities, routine maintenance and capital improvements, the 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 the CRU would have to increase rental 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.

In response to direction received at the December 15, 2009 Life Enrichment Committee staff prepared an analysis of four specific Enterprise Facilities; Leona Lodge, Lakeside Park Garden Center, Sailboat House and Joaquin Miller Community Center and a usage report for the last three years (see *Exhibit A*).

### Leona Lodge

Leona Lodge is an attractive rustic building that was built in the 1950's and was recently renovated in 2007. The facility contains a medium size room that accommodates 100 people banquet style. The facility was closed from March 2007 through June 1, 2007 for renovation and re-opened on June 2, 2007.

Leona Lodge has had a consistent increase of usage since facility enhancements were made. Revenue increased 47 percent over the last three years. In fiscal year 2006-07, revenue collected was \$27,073, fiscal year 2007-08 revenue collected was \$45,438, and in fiscal year 2008-09, revenue increased to \$51,085. Fiscal year 2007-2008 had the most daily usage with 154

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reservations. Fiscal year 2008-09 had the most people attending events with over 8,200 people. This is a 41 percent increase of attendees within three years.

#### Lakeside Park Garden Center

The Garden Center, built in 1959, is home to many Garden Club organizations including, the Oakland East Bay Garden Center Inc., Ebell/Lakeview Club, Orchid Society, East Bay Rose Society. Garden Clubs meet at least once a month and have annual garden shows that are open to the public. Additionally, the facility is utilized by many City departments for meetings.

The Garden Center has three spacious rooms with a total room capacity of 350 people banquet style. The facility interior received a minor facelift in 2006 which included fresh paint and window coverings. In addition, the Vista Room's walls were stripped and varnished and new tile was placed in the Garden Room. The Garden Center has had an increase in revenue of approximately 70 percent over the last three years. In fiscal year 2006-07 there were 261 dates reserved with over 26,000 attendees and over \$43,000 in revenue. Fiscal year 2007-08 had 257 dates reserved, over 17,000 attendees and over \$53,000 in revenue. Fiscal year 2008-09 had 276 dates reserved, over 20,000 attendees and over \$61,000 in revenue collected.

Further facility enhancements and improvements are required in the men's and women's restrooms, kitchen, and flooring in the two larger rooms in order to market this facility as a first class, multi-use, centralized venue.

#### Lake Merritt Sailboat House

The Lake Merritt Sailboat House is located in the heart of Oakland and is one of the most popular enterprise facilities rented through the Office of Parks and Recreation. The facility features a large clubroom that accommodates 125 people banquet style.

The Sailboat House has had a consistent growth in revenue with a 58 percent increase over the last three years. In fiscal year 2006-07, revenue collected was \$69,983.50, fiscal year 2007-08 revenue collected was over \$76,000 and in fiscal year 2008-09, revenue collected was over \$118,000. The usage dates have been steady over the last three years with 211 dates reserved in fiscal year 2006-07, 290 dates reserved in fiscal year 2007-08 and 286 dates reserved in fiscal year 2008-09. The usage in fiscal years 2007-08 and 2008-09 increased due in part to the adult enrichment classes, of which the residual of revenue is allocated to the City's General Purpose Fund 1010.

Facility enhancements and improvements such as upgrading and renovating the kitchen, women's and men's restroom, replacing flooring throughout the building, replacing lighting with energy efficient fixtures and repair of the outside balcony deck will aid in the marketability of the facility to both tourist and business clients.

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### Joaquin Miller Community Center

Joaquin Miller Community Center, built in October 1995, is OPR's premiere wedding facility. The facility is heavily used on weekends and the summer months for wedding receptions and other special events. The facility has two Assembly Rooms that combine into one large room and will accommodate 160 people banquet style. There are also three small conference rooms that seat up to 16 people per room.

Within the last three years, the Community Center has had a slight decrease in revenue and usage, which may be in part due to the current economic status. This venue is one of our highest priced rental facilities and has had no upgrades. In fiscal year 2006-07, over \$96,000 was collected in revenue with 188 dates reserved, fiscal year 2007-08 had over \$110,000 in collected revenue with over 280 dates reserved and in fiscal year 2008-09, over \$95,900 of revenue was collected with 145 dates reserved.

Required facility enhancements and improvements include removal of Assembly Room countertop tiles, removal/replacement of vinyl tiles on sink and wall area in the women and men's restroom, and new cabinets throughout the kitchen.

### **KEY ISSUES AND IMPACTS**

Facility enhancement and upgrades are critical in order for OPR to be competitive with neighboring cities and local venues. Additionally, anticipated increased rentals will generate increased wear and tear requiring a set aside fund for maintenance, unforeseen incidents and Capital Improvement Projects. If the City chooses to move in this direction, it would be critical for the City to utilize on call construction crews to avoid excessive facility closures and delays, and to allow OPR to manage the projects to reduce overhead.

Due to the failing infrastructure and deferred maintenance, the CRU would need to create a capital improvements fund for major and minor improvements. A one time fund of an estimated amount of \$4-6 million would be required to create a restricted and limited capital improvement fund for major and minor improvements. The estimated projected cost for capital improvement projects for the four enterprise facilities is approximately \$2,000,000. Minor improvements could cost the CRU up to \$600,000 annually. At this time the CRU cannot absorb daily minor facility repair costs, which include repairing or replacing broken windows, lights, door handles, appliances, and gas, sewer and water lines.

The cost for adding the burden of utilities (water, gas and electricity), per the Public Works Agency is estimated at \$150,000 per fiscal year. The CRU cannot at this time absorb the additional cost of utilities.

For the Central Reservations Unit to be totally cost-covering an increase in fees, on average, by 75-80 percent would be required. In the proposed FY 2009-10 Master Fee Schedule, OPR has increased certain fees between 6.7 and 42.7 percent depending on the facility, time and activity. At this particular time, facility conditions do not justify fee increases.

## **PROGRAM DESCRIPTION**

The CRU is in the process of implementing innovative new marketing strategies to increase interest and usage of the Enterprise Facilities. Current marketing strategies include:

- 3"x 5" facility marketing cards to be distributed at OPR and citywide events, Oakland Airport, Jack London Square and other destination venues in the City.
- Schedule facility viewings by appointment to potential and existing clients
- Facility Splendor Tour to be held in May 2010 to create increased awareness on the affordability, availability and accessibility of the Enterprise Facilities.
- Develop a comprehensive marketing list of Corporate America contacts and utilize e-marketing tools to entice them to host their next meeting, seminar, conference or holiday party at a City of Oakland venue.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** The CRU provides affordable facility rentals to 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:** The 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 conform to the requirements of the Americans with Disabilities Act, the Older American Act, and other applicable laws, including having an ADA accessibility at all sites.

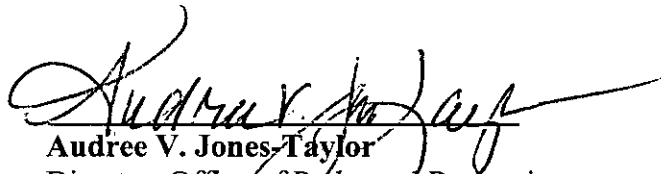
**STAFF RECOMMENDATION**

Staff recommends that the City Council accept this supplemental report.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the City Council accept this report.

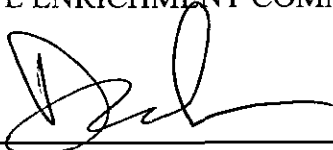
Respectfully submitted,



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

Prepared by:  
Gail McMillon, Central Reservations Supervisor

APPROVED AND FORWARDED TO THE  
LIFE ENRICHMENT COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR

Attachment:

Exhibit A - Enterprise Facility Analysis Fiscal Years 2006-2009

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Supplemental Report of the City's Enterprise Facilities

**Exhibit A**

**ENTERPRISE FACILITY ANALYSIS**

**Fiscal Years 2006-07, 2007-08, 2008-09**

Fiscal Year 2006-07	Leona Lodge	Garden Center	Sailboat House	Joaquin Miller Community Ctr.	Totals
<b>Total # Permits</b> 07/1/06-6/30/07	51	256	244	144	<b>695</b>
<b>Total # of People Served</b> 07/1/06-6/30/07	5,822	26,788	12,819	9,528	<b>54,957</b>
<b>Total Usage (# of Dates used) unduplicated dates</b>	84	261	211	188	<b>744</b>
<b>Total Revenue Collected</b>	\$27,073	\$43,573	\$69,984	\$96,292	<b>\$236,922</b>
<b>Cosponsorship Cost (Zero Funds Collected)</b>	\$7,777	\$14,174	\$3,380	\$39,484	<b>\$64,815</b>
<b>Fiscal Year 2007-08</b>					
<b>Total # Permits</b> 07/1/07-6/30/08	90	162	108	114	<b>474</b>
<b>Total # of People Served</b> 07/1/07-6/30/08	7,828	17,909	11,205	10,231	<b>47,173</b>
<b>Total Usage (# of Dates used) unduplicated dates</b>	154	257	290	167	<b>868</b>
<b>Total Revenue Collected</b>	\$45,438	\$53,806	\$76,203	\$110,286	<b>\$285,732</b>
<b>Cosponsorship Cost (Zero Funds Collected)</b>	\$14,291	\$40,985	\$1,018	\$19,765	<b>\$76,059</b>
<b>Fiscal Year 2008-09</b>					
<b>Total # Permits</b> 07/1/08-6/30/09	85	164	146	93	<b>488</b>
<b>Total # of People Served</b> 07/1/08-6/30/09	8,217	20,794	12,227	7,085	<b>48,323</b>
<b>Total Usage (# of Dates used) unduplicated dates</b>	137	276	286	145	<b>844</b>
<b>Total Revenue Collected</b>	\$51,085	\$61,853	\$118,743	\$95,936	<b>\$327,617</b>
<b>Cosponsorship Cost (Zero Funds Collected)</b>	\$10,267	\$60,565	\$3,250	\$22,137	<b>\$96,219</b>

Rental Cost Per Hour	\$75	\$65/\$75	\$75	\$30/\$80/\$160
Mandatory Setup/Teardown Fee	\$150	\$150	\$150	\$150
Alcoholic Beverage Fee	\$100	\$100	\$100	\$100
Kitchen	\$0	\$50/\$100	\$0	\$100
Refundable Deposit	\$300	\$300/\$500	\$300	\$300/\$600

Staffing Expenses	Hourly Rate	Average Hrs. Pr Rental	Total
	PSR Salary	\$50.67	3
Courtesy Associates	\$15.51	5	\$77.55
Cleaning Associates	\$16.97	4	\$67.88
<b>Total</b>			<b>\$297.44</b>

(PSR - Public Service Representative)

(Courtesy/Cleaning Associates - Recreation Attendants)