

AGENDA
REGULAR MEETING
BOARD OF DIRECTORS

EAST BAY REGIONAL PARK DISTRICT

Tuesday, December 15, 2009

C. BUSINESS BEFORE THE BOARD

8. BOARD COMMITTEE REPORTS

d. Operations (10/22/09) (Severin)

Present

Board: Directors Carol Severin (Chair), Whitney Dotson, John Sutter

Staff: John Escobar, Mimi Waluch, Pete Alexander, Steve Myli,
Tiffany Margulici, Renée Patterson, Amy Coulter
Bill Surges (Union Representative, Local 2428)

Public: Judi Bank (PAC), Glenn Kierstead and Jane Jones (California Splash II)

I. **Review of Ardenwood Café Food Concession Agreement: Ardenwood Historic Farm**

Operations Revenue & Administration Manager Mimi Waluch briefed the Committee on Urban Park Concessionaires' (aka Ardenwood Affairs or Picnic People) history with the District, dating back to 1989 when they began operating the Ardenwood Cafe and providing reservable wedding and group picnic services. Ms Waluch reported that the District's Master Agreement with the City of Fremont to operate Ardenwood ended on February 27, 2008. Staff does not anticipate finalizing negotiations for a new Master Agreement until the end of 2009, and is therefore hesitant to enter into a long-term agreement with any of its Ardenwood concessionaire and non-profit providers until a new agreement with the City is in place. Both the City of Fremont and the District's legal counsel are working to finalize the Master Agreement prior to the end of 2009. This timeline will allow staff to complete the RFP process by June 1, 2010.

In response to Director John Sutter's concern about the ability to attract competitive bids in light of the current concessionaire having already contracted with clients for 2010 events, Ms. Waluch assured the committee that staff expects to receive at least 3-4 active submittals. Director Sutter also asked how a change in concessionaire might affect current reservations, and Ms. Waluch indicated that the RFP would require the selected concessionaire to honor any reservations already booked for the facility by the outgoing concessionaire.

AGM John Escobar noted that Ardenwood's food concession has gradually transitioned from mainly a corporate picnic business to primarily a wedding business. Since weddings provide an opportunity for greater profits, staff expects the RFP process in 2010 to attract competition from more traditional catering companies.

Director Sutter moved to recommend a one-year extension of the food concession agreement with Urban Park Concessionaires. Director Severin seconded the motion, which passed unanimously (2-0).

2. Review of California Splash II Concession Agreement: Shadow Cliffs Regional Recreation Area

Revenue & Administration Manager Waluch introduced Glenn Kierstead, operator of the Shadow Cliffs waterslide since April 1980. Mr. Kierstead has expressed a desire to continue to operate and maintain the facility for two additional seasons. Ms. Waluch reported several reasons staff is recommending an extension at this time rather than proceeding with an RFP. Current review of the Shadow Cliffs Land Use Plan Amendment (LUPA) will establish a long-term vision for recreational facilities and resource management at the park. Should the LUPA include continuation of the waterslide operation, a formal RFP process will be conducted near the end of Mr. Kierstead's option period.

This agreement extension will disallow further development or improvements to the existing site, and will include expected site maintenance requirements of the operation, remove the need to contribute to a maintenance fund, and increase the District's concession fee from 3.3% to 4% of gross sales.

Director Sutter questioned the justification for relieving the concessionaire of the requirement to pay 2.5% of gross revenue into a maintenance fund. AGM Escobar explained that the fund is used to reimburse the concessionaire for expenses related to site improvements and does not represent actual monetary profit to the District. The purpose of this requirement is to provide incentive for the concessionaire to make necessary site improvements that may outlive the length of the agreement, so that when the agreement ends, the facility will be in good shape to turn over to the next concessionaire. The District will, however, realize an actual profit from staff's recommended increase in concession fee.

Mr. Kierstead described some of the major maintenance costs associated with this type of operation. He also noted that the facility lacks a place for small children to play (since those under 42" in height are not allowed on the waterslides) and has considered installing a small spray zone to accommodate small children and to provide a place for older adults to cool off during extremely hot weather. Director Carol Severin suggested that it would serve Mr. Kierstead well to first discuss the issue of a spray area with Rita Shue, General Manager of Hayward Area Recreation and Park District (HARD), whose experience with this type of installation has not been entirely positive.

Director Sutter moved to recommend approval of a one-year License Agreement with a one-year option for California Splash II at Shadow Cliffs Regional Recreation Area. Director Severin seconded the motion, which passed unanimously (2-0).

3. Review of Merry-Go-Round Concession Agreement: Tilden Regional Park

Ms. Waluch approached the Committee with a request to amend the Tilden Merry-Go-Round Concession Agreement with Terri Oyarzun, to reduce the concession fee for the holiday program known as *Christmas Fantasy*, which Ms. Oyarzun has been operating at Tilden Regional Park since 1993.

This three and a half week special event, held evenings from the day after Thanksgiving through Christmas Eve, is an addition to the operating schedule of the Merry-Go-Round, which is not required under the current concession contract. The event has grown over the years resulting in a complicated preparation process involving the purchase and selling of merchandise, production of a Santa's Village, caroling, and other seasonal attractions. The concessionaire reports a loss factor related to shipping and handling, breakage, and thefts that occur during the event. Consequently, the cost of producing and maintaining this program has increased dramatically, prompting the concessionaire to request a modification of the 7% concession fee on retail sales items, specifically for the 2009 event.

Concession fees to the District from this event amount to \$7,500. At this time staff is recommending reducing the concession fee from 7% to 2.5% on gross sales of retail items. This action will result in an approximate \$1,500 loss in concession revenue to the District.

In responding to Director Sutter's query, Ms. Waluch noted that so far this year, concession fees from the Merry-Go-Round operation amount to almost \$30,000. Ms. Waluch further reported that the concessionaire is planning a big celebration in 2011 to commemorate the 100th anniversary of the Merry-Go-Round.

Director Sutter moved to recommend approval of staff's request to reduce the Merry-Go-Round concessionaire's fee to 2.5% of *Christmas Fantasy* gross retail sales for the 2009 event. The motion was seconded by Director Whitney Dotson, and approved unanimously (3-0).

Director Severin closed the discussion by remarking how impressed she has been with Ms. Waluch's performance since she assumed the position of Revenue and Administration Manager, and further commended Ms. Waluch for her reasonable approach and willingness to make adjustments in managing the District's many concession operations.

4. Annual Review of Fee Schedule – 2010

AGM Escobar introduced Acting Revenue Analyst Amy Coulter, and commended Ms. Coulter for her excellent work in preparing recommended changes to the 2010 Fee Schedule for presentation to the Committee during Revenue Analyst Rita Fesler's leave of absence. The Committee members were reminded that staff was not requesting a Board Committee

recommendation regarding the proposed changes at this time. Staff will be returning to the Committee at their next meeting to seek a recommendation to the full Board.

AGM Escobar noted that Fisheries Manager Pete Alexander was present at the meeting in support of staff's recommendation to increase the daily fishing access permit fee from \$4.00 to \$5.00, and to answer any questions the Committee may have relating to this proposed fee increase.

Ms. Coulter reported that staff is recommending relatively few changes to the 2010 Fee Schedule, with total revenue to the District from recommended concessionaire increases amounting to \$11,250, and recommended increases in public use fees totaling \$108,500. If the Board implements all recommended changes, staff anticipates an increase of approximately \$119,750 in annual revenue, representing a little more than a 1% increase.

Director Sutter expressed concern about increasing fees during the current economic downturn. AGM Escobar responded that District concessionaires are also struggling to survive in today's difficult business environment and fee increases are necessary in order for them to continue to operate a viable business. Director Sutter requested a list comparing last year's fees with recommended changes now before the Committee, and staff agreed to provide this information prior to the November 19th Board Operations Committee meeting.

Ms. Coulter reviewed the list of recommended changes to the Fee Schedule and staff members responded to the Committee's comments and questions on each of the recommended adjustments.

Fisheries Manager Alexander addressed the Committee regarding staff's recommendation to increase the daily fishing access permit fee from \$4.00 to \$5.00. The District offers a wide variety of fishing opportunities between 25 miles of shoreline and numerous piers, and the backbone of the fishing program is in the District's eleven reservoirs. Seven of those reservoirs are operated under an agreement with the California Department of Fish & Game (CDF&G). The Cooperative Fish Stocking Agreement allows the District to charge the public a fee, in addition to the state fishing license fee, and in turn is required to plant at least as many game fish as the CDF&G. The District goes out to bid every two years for game fish. This spring the cost of rainbow trout increased by 20%, and consequently, staff believes it is now prudent to pass some of that charge on to the public by increasing the daily fishing access permit fee from \$4.00 to \$5.00/day.

During this past summer, the District's Fisheries intern surveyed over 200 anglers at each of two lakes, asking whether they would be willing to pay an additional \$1.00/day for the same amount of fish or have the fee remain at \$4.00 and get fewer fish. Anglers overwhelmingly supported the increase at both Del Valle (84%) and at Quarry Lakes (87%). Even with the \$1.00/day fee increase, the District remains behind on its charges by 10%.

AGM Escobar noted that the District maintains two fee schedules: a public use fee schedule reviewed by the Board Operations Committee, and an administrative fee schedule reviewed by the Board Executive Committee. Staff recommends that the two fee schedules be combined

following review by both Committees, and presented as one item for adoption by the full Board.

Since Director Sutter was not able to remain for the full length of the meeting, Facilities Manager Steve Myli and Reservations Supervisor Tiffany Margulici, were asked to postpone their presentations relating to facilities and reservations until the November 19th meeting.

5. Public Comments

There were no public comments.

6. Staff Comments

AGM Escobar reported that staff learned today that the East Ridge fuel management tree project is complete and the East Ridge Trail is now open with no restrictions.

Park Operations Chief Jack Kenny reported that 2009 has been a difficult year for completing resource projects on trails, creeks and ponds. Due to a delay in cultural resource review by regulatory agencies, many projects will not be completed this year; however, staff is working diligently to complete as many projects as possible prior to the October 31st deadline.

Chief Kenny reported that staff transitions continue, and we are currently in the process of interviewing for one Unit Manager and at least three Park Supervisor positions.

7. Adjournment

Director Severin adjourned the meeting at 4:00 p.m. The next meeting of the Board Operations Committee will be held on Thursday, November 19, 2009, at 2:00 p.m. in the Board Room, Peralta Oaks.