




Midpeninsula Regional
Open Space District

Memorandum

DATE: March 28, 2018

MEMO TO: MROSD Board of Directors

THROUGH: Ana M. Ruiz, Acting General Manager 

FROM: Gretchen Laustsen, Planner III; Dave Jaeckel, Management Analyst; Elaina Cuzick, Acting Land and Facilities Manager

SUBJECT: Bear Creek Stables Site Improvements -- Project Update

This memorandum provides an update on the Bear Creek Stables Site Improvements Project, including next steps and important, new information that affects the estimated Project costs. Staff will bring this item to the Board of Directors in early summer at an open, public meeting.

Background

On January 25, 2017, the Board approved the Bear Creek Redwoods Preserve Plan and certified the Environmental Impact Report, including the Bear Creek Stables (Stables) Site Plan, which outlines a phased implementation plan (R-17-01). As part of Fiscal Year (FY) 2017-18 Action Plan and Budget, the Board approved the initiation of design development for the Phase I improvements, which includes conducting site assessments, developing design and implementation plans, and initiating permitting.

The Board also reviewed a 3-year funding program for the Stables and associated water improvements totaling \$5,927,800. The projected 3-year capital costs were based on early cost estimates and not part of an approved budget. A total amount of \$3,777,300 was projected to come from Measure AA funds and \$500,000 from District general funds. The remaining amount of \$1,650,500 was projected to come from grants/partnerships/other funding. The grants/partnerships/other funding sources have not yet been secured.

New Information

A detailed topographical survey and a geotechnical/geological assessment were completed in 2017 to further inform the design and engineering plans for the Stables improvements. The results of this work show that the available space in the lower public area is more limited than anticipated in the conceptual site plan. New findings also reveal extensive landslides on the site, with the most significant movement located in the planned parking area and the public/livery site. As a result, much more extensive site grading, installation of multiple retaining walls to address landslide areas, and the rearrangement of project elements to fit within the constrained site is required. Revised conceptual-level cost estimates are \$3.3M to \$4.2M higher than the prior Preserve Plan cost estimates as shown in the following table. Given this significant increase in cost, District staff is evaluating viable options for Board consideration on how best to proceed.

Conceptual-level Cost Estimates for the Stables Phase I and Water System Improvements

Preserve Plan (January 2017)	\$4.5 M
Engineered Concept Design Plan (September 2017)	\$7.8 M
Peer Review Cost Estimate of Engineered Concept Plan (October 2017)	\$8.7 M

Based on expenditures to date and the recent increase in the estimated total project cost, the unsecured funding gap has risen to approximately \$5 M. Because the cost estimates are still based on preliminary designs, the cost is expected to change throughout the design development process and will likely increase based on past experience, the strong construction market, and inflation.

Fund-Raising Interest

To date, the District has been contacted by two groups with interest in leading a serious fundraising effort to financially support the implementation of the stables improvements and address the funding gap. Given the level of community interest, staff is exploring the opportunities to formalize a funding partnership with a 501(c)(3) or similar qualified fundraising entity to help cover the increase in implementation costs as a potential funding option. If deemed viable, the option to pursue a community fundraising partnership to address the funding gap will be brought to the Board for consideration. Staff is also exploring other possible options to bring to the Board.

As part of the due diligence work to determine the viability of a potential fundraising partnership, District staff is evaluating the potential conflicts of interest that may arise if a prospective Stables operator is also interested in participating or leading a fundraising effort to financially support the site improvements. As part of the Board's review of a potential partnership option, District staff will offer recommendations on how best to proceed to avoid a potential conflict of interest. In addition, District staff will recommend partnership parameters for Board consideration, which may include:

- Total number of funding partnerships (one versus multiple).
- Total amount of funds (or minimum) required to be raised by a partner.
- Agreement that the District retains full control over the design, contract management, and Project implementation.
- Method and extent by which a partner would be informed of progress, milestones, and any significant hurdles encountered, especially if these affect the fundraising or timeline.
- Posting fundraising entity information on the District's webpage or other District media.

Any future partnership agreement, if deemed appropriate, will require Board review and approval at an open public meeting.

The District's project webpage has been recently updated to include the information in this memorandum (<https://www.openspace.org/our-work/projects/bear-creek-stables>). In addition, District staff is preparing a Frequently Asked Questions document where questions raised by the public regarding the stables site improvement project, a potential fundraising partnership, and the future Stables operator lease solicitation will be posted along with District responses. Notification will be sent to people on the interested parties list for the Stable project to inform them of the available information on the project webpage. This information will ensure a high level of transparency and universal access to relevant information about the project and the Stables site for all interested members of the public.