



Midpeninsula Regional
Open Space District

R-20-34
Meeting 20-08
April 8, 2020

AGENDA ITEM 2

AGENDA ITEM

Bear Creek Stables Project Update and Funding Allocation

GENERAL MANAGER'S RECOMMENDATIONS

1. Receive an update on the Bear Creek Stables Project, including status of the plan development, permitting requirements, schedule, and cost estimates.
2. Allocate \$1.223M of the available Interest on Measure AA Bond Proceeds to close the known funding gap to implement the Bear Creek Stables Project in fiscal year 2020-21.

SUMMARY

On January 25, 2017, the Board of Directors (Board) approved the Bear Creek Stables (Stables) Site Plan, which included a preliminary cost estimate for Phase I improvements of \$4.5M (R-17-15). Subsequent site assessments identified the need for costly sitework to complete the improvements, raising the cost estimate by an additional \$3.3M to \$4.2M. At the April 25, 2019 Board meeting to consider various project options for the Stables, the Board directed staff to move forward with repairs at the Stables in the near-term and the Preserve Plan Site Design as a long-term solution (R-19-53).

Through ongoing coordination with Santa Clara County Planning Department (County), the County has indicated that the site repairs can be implemented without obtaining a Use Permit, and without triggering commercial permit conditions. Repairs to the legal non-conforming structures, such as the existing barns, while restricted, can be completed using a maximum of 25% of the District's construction cost estimate within a 12-month period, allowing the District to complete substantial improvements over several years. The District is now preparing permit materials to submit to the County to begin the formal pre-application permit process.

At the April 25, 2019 Board meeting, the repair costs were estimated between \$4M and \$4.4M, resulting in a roughly \$1M funding gap. The General Manager requests Board authorization to allocate \$1.223M of available interest earned from Measure AA bond proceeds to close the known funding gap (refer also to the March 11, 2020 FYI to the Board).

DISCUSSION

Background

On January 25, 2017, the Board approved the Stables Site Plan, which included conceptual-level cost estimates for Phase I improvements totaling approximately \$4.5M (including \$1M for water

infrastructure) (R-17-15). In summer 2017, design and engineering consultants developed two schematic design alternatives that maximized public programming at the site (original plan for the Stables). The updated cost estimates for these alternatives were \$3.3M to \$4.2M higher than the prior cost estimate due to the need for extensive site engineering to address slope instability and improve surface drainage for a new expanded public program area. The updated cost estimates had a funding deficit of approximately \$6 million.

In 2018, the District revisited a separate option with the County of Santa Clara that focuses on deferred repairs for the stables and complies with the existing non-conforming use status of the property. On April 25, 2019, District staff presented various options for the Stables site to the Board for review and discussion. The Board directed staff to move forward with a repair plan for the near-term (Bear Creek Stables Site Plan Implementation (Project), MAA21-004) and the Preserve Plan Site Design as a long-term solution.

The current Board-approved Project includes demolition of select dilapidated structures, repairs to remaining structures, replacement of the trailer restroom with a prefabricated flush restroom, a new potable water system with a San Jose Water Company water line connection, ADA-accessible parking and pathways, driveway and drainage repairs, hillside restoration, and replacement of the caretaker cottage (Attachment 1, Stable Repairs). Current equestrian programs, public access, and two permitted equestrian trailer parking spaces remain status quo. These repairs allow the Stables to continue operating under its legal non-conforming use status.

At the October 2019 meeting, the Board considered the potential for working with the Friends of Bear Creek Stables (FBCS) to close existing funding gaps through private fundraising. Given the lack of an existing donor base, highly limited development expertise, significant up front staff and financial investment, and uncertainty on the return of investment, the Board made the decision to not pursue a private fundraising endeavor for this project, and to focus exclusively on implementing the repair plan. The Board's decision affirmed that the District would no longer attempt to preserve the large-scale public access improvements as part of the design and subsequent repair project, with the understanding that the Board retains the ability to implement the large-scale public access improvements at a future date (R-19-131).

County of Santa Clara Permitting Consultation

Since April of 2019, the District has continued ongoing coordination with the Santa Clara County Planning Department. Staff met with the County four times to clarify expectations regarding the anticipated permitting process and conditions associated with the repair project. The County has confirmed that the Project can be implemented within the framework of the County's existing zoning ordinance. The scope of the work, with the site retaining its existing uses, can be completed without obtaining a Use Permit. Key permit conditions include:

- Replacement of the caretaker residence will be permitted with residential driveway and water supply permit conditions.
- Repairs to legal non-conforming structures (existing barns), while restricted, will be limited to work that can be completed using a maximum of 25% of the District's construction cost estimate within a 12-month period, allowing substantial repairs over several years.
- Repairs to legal non-conforming structures cannot exceed the threshold that would be considered a rebuild versus a repair, as determined by the County's Building Department's point calculator.

Design Plans, Construction Documents Development and Project Schedule

Under the General Manager's authority, staff negotiated a revised fee and scope, and administratively amended the existing contract with John Northmore Roberts & Associates (JNRA) to implement the Project. The revised fee is within the original Board-approved contract amount. As discussed in the September 25, 2019 Board FYI memorandum, this new scope of work includes design development and engineering, coordination with the water system design team, development of construction plans, and construction administration to implement the Stables repair project. The District has completed the schematic designs and is preparing the materials for submittal to the County for pre-application review.

The tentative project schedule for the Repair Project is shown below.

Milestones	Tentative Schedule
Design, Engineering and Construction Documents	Fall 2019 – ongoing
Permitting	Spring 2020 - ongoing
Board of Directors – Project Update	March 25, 2020
Bidding Process	Spring 2021
Board of Directors – Award of Contract	Spring 2021
Initiate Construction	Summer 2021

Current Cost Estimate and Funding Gap

At the April 25, 2019 Board meeting, staff presented the estimated construction costs for the Repair Project of between \$4M and \$4.4M, resulting in a roughly \$1M funding gap. The Project's current total costs, with the water system, are estimated between \$4.5M and \$5M (2021 dollars). Staff will continue to refine the design plans to maintain the Project cost presented at the April 2019 Board meeting.

Final project cost estimates are expected to be reduced through:

- *Updating the water system design to align with the reduced project scope:* Current costs include the 2017 cost estimate for the water system designed as part of the Preserve Plan Site Plan. A revised design of this water system is under development and is expected to have a reduced scope and cost.
- *Postponing implementation of yearly workplan scope to legal non-conforming structures:* Repairs to the three existing structures (main barn, hay barn, and breezeway) are limited to 25% of the construction cost estimate within a 12-month period, reducing the initial total construction cost. Subsequent yearly workplans will be based on available funding.
- *Refining the Project scope:* As the development of the plans progress, staff will apply value engineering where feasible and eliminate nonessential or lower priority improvements that may be deferred to a future time.

The District's Measure AA, approved by the voters in 2014, enables the District to issue \$300 million in bonds over the next 30 years to fund 25 priority portfolios of capital projects and land acquisitions. When a portion of bonds is issued, the proceeds are deposited with a trustee, who holds the proceeds while the District works through its capital program and executes on acquisitions and new construction. During the time the trustee holds the bond proceeds, awaiting

gradual drawdown, proceeds are invested. To date, the interest earned totals \$2,447,300. These interest earnings must be expended on Measure AA projects. The General Manager recommends that \$1.223M of the available interest earnings are allocated to close the known funding gap to implement the Repair Project at the Bear Creek Stables. The remaining interest earnings would be allocated to other eligible Measure AA projects as appropriate.

FISCAL IMPACT

The amended budget for fiscal year ending June 30, 2020 (FY20) includes a combined amount of \$561,242 for the Bear Creek Redwoods Water System (MAA21-003) and Bear Creek Stables Site Plan Implementation (MAA21-004). Given the repair option chosen by the Board on April 25, 2019 (R-19-53), the MAA21-003 project will merge into MAA21-004 in the FY21 Capital Improvement and Action Plan.

The table below shows the project budget and includes the General Manager's recommendation to allocate \$1.223M of available interest earnings to the MAA21-004 project.

Bear Creek Stables Site Plan Implementation (MAA21-004) & Bear Creek Redwoods Water System (MAA21-003)	Prior Year Actuals	FY2019-20 Amended	FY2020-21 Projected	FY2021-22 Projected	TOTAL
District Funded (Fund 30):	\$476,288	\$503,242	\$62,398	2,769,470	\$3,811,398
District Funded (Fund 40):	-	-	-	500,000	500,000
Allocation of available MAA interest earnings:	-	-	500,000	723,530	1,223,530
Total Funding Sources:	\$476,288	\$503,242	\$562,398	\$3,993,000	\$5,534,928
Total Project Budget:	\$476,288	\$503,242	\$562,398	\$3,993,000	\$5,534,928
Spent-to-Date (as of 03/05/2020):	(476,288)	(148,904)	-	-	(625,192)
Encumbrances:	-	(181,096)	-	-	(181,096)
Budget Remaining (Proposed):	\$0	\$173,242	\$562,398	\$3,993,000	\$4,728,640

The District has made significant progress on MAA Portfolio 21: Bear Creek Redwoods: Public Recreation and Interpretive Projects (*Open for hiking, equestrian activities. Provide parking areas, trails; upgrade stables. Restore & protect habitats for various species. Repair roads & trails to reduce sediment. Rehabilitate Alma College site*). The primary projects that will complete the portfolio goals, Phase II Trail Improvements, Alma Cultural Landscape Rehabilitation Project, Invasive Weed Treatment and Restoration, and the Bear Creek Stables Site Plan Implementation project, are in progress and have reached the point where we have cost estimates for each project. The estimated project costs exceed the MAA funds allocated to the portfolio; \$1,223,530 of available interest earned on MAA funds is being recommended for use to close the majority of that funding gap. As project costs are refined additional funding sources will be explored where feasible.

The following table outlines the Measure AA Portfolio 21: Bear Creek Redwoods: Public Recreation and Interpretive Projects allocation, costs-to-date, projected future project expenditures and projected ending balance at the portfolio level.

MAA21: Bear Creek Redwoods - Public Recreation and Interpretive Projects Portfolio Allocation:	\$17,478,000
Grant Income (through FY23):	\$3,741,424
Committed General Fund Capital (Fund 40) funds:	\$500,000
Allocation of available MAA interest earnings:	1,223,530
Total Portfolio Allocation:	\$22,942,954

Life-to-Date Spent (as of 03/18/2020):	(\$9,633,063)
FY20 Encumbrances:	(\$836,380)
Remaining FY20 project budgets*:	(\$1,069,646)
Future MAA21 project costs (projected through FY23):	(\$11,697,917)
Total Portfolio Expenditures:	(\$23,237,006)
Portfolio Balance Remaining (Proposed)**:	(\$294,052)

*Budget adjustments will be necessary during the end of quarter 3 budget adjustment cycle to cover changes in projected project costs.

**Future project costs continue to be refined with each budget cycle; total MAA21 project costs in this table reflect estimated costs as of March 2020.

The following table summarizes the Measure AA Portfolio 21 allocation, estimated total project costs and remaining portfolio balance.

MAA21: Bear Creek Redwoods - Public Recreation and Interpretive Projects	\$17,478,000
Portfolio Allocation:	
Grant Income (through FY23):	\$3,741,424
Committed General Fund Capital (Fund 40) funds:	\$500,000
Allocation of available MAA interest earnings:	1,223,530
Total Portfolio Allocation:	\$22,942,954
Projected Project Expenditures (life of project):	
MAA21-001 Moody Gulch Fence & Gate Improvements	\$847
MAA21-002 Bear Creek Redwoods Preserve Plan	(\$14,369)
MAA21-003 Bear Creek Redwoods Stables Water System	\$200,038
MAA21-004 Bear Creek Stables Site Plan Implementation	\$5,334,890
MAA21-005 Bear Creek Redwoods Public Access	\$5,873,159
MAA21-006 Bear Creek Redwoods Alma College Cultural Landscape Rehabilitation	\$6,600,488
MAA21-007 Bear Creek Redwoods Preserve Plan Invasive Weed Treatment	\$1,131,036
MAA21-008 Bear Creek Redwoods Ponds Restoration and Water Rights	\$712,619
MAA21-009 Bear Creek Redwoods Webb Creek Bridge	\$487,492
MAA21-010 Bear Creek Redwoods Landfill Characterization and Remediation	\$413,913
MAA21-011 Phase II Trail Improvements, Bear Creek Redwoods OSP	\$2,395,000
MAA21-012 Bear Creek Redwood Tree Restoration	\$101,893
Total Portfolio Expenditures:	\$23,237,006
Portfolio Balance Remaining (Proposed):	(\$294,052)

BOARD COMMITTEE REVIEW

At the October 2019 Board meeting, the Board directed the General Manager to implement the Repair Plan for Bear Creek Stables (R-19-131).

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. In addition, Bear Creek Stables interested parties were notified of the public meeting.

CEQA COMPLIANCE

The Bear Creek Redwoods Preserve Plan Environmental Impact Report (EIR) analyzed the Stables Site Plan. Two additional project alternatives, the no project alternative and the no special events alternative, were analyzed in the EIR. The Board of Directors certified the Final EIR on January 25, 2017.

The EIR evaluated project elements associated with the repair plan. The implementation of the repair plan would not result in new significant effects or a substantial increase in the severity of previously identified significant effects; therefore, no additional environmental review is necessary.

NEXT STEPS

If the Board approves the allocation of \$1.223M of the available interest earnings to close the known funding gap to implement the Project at the Bear Creek Stables, the District's annual Budget and Action Plan will reflect the allocated funding source.

The project team will continue to complete design and secure permits for the project. Construction is anticipated in summer 2021.

Attachment

1. Stables repair plan

Responsible Department Head:

Jane Mark, AICP, Planning Department Manager

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Graphics prepared by:

Xucan Zhou, Planner II

SAN JOSE WATER COMPANY SUPPLY FROM BC 01

OPTION A

OPTION B

REPLACE RESIDENCE

REPAIR / STABILIZE (E) BARN

GRADING / DRAINAGE / PAVING / WALL IMPROVEMENTS

(P) PRE-FABRICATED RESTROOM & ADA PARKING STALLS

ADA HORSE MOUNTING AREA

REPAIR / STABILIZE (E) BREEZEWAY

REPAIR / STABILIZE (E) HAY BARN

MANURE MANAGEMENT

RELOCATE PADDOCKS TO UPPER BOARDING AREA

LEACH FIELD AREA

PROPOSED LOCATION FOR RELOCATED PADDOCKS

ARENA SURFACE & FENCE IMPROVEMENTS

HORSE TRAILER PARKING SPACE

DRIVEWAY IMPROVEMENTS

(E) PADDOCKS TO REMAIN

WATER DISTRIBUTION POINT

(E) ROAD, ROCK AND GRADE

DRAINAGE IMPROVEMENTS

BOARDING AREA

HILLSIDE EROSION CONTROL GRADING / SEEDING

(E) PADDOCKS TO REMAIN

RELOCATE PASTURE BOARDING TO PADDOCK AREA

ATTACHMENT 1 BEAR CREEK STABLES REPAIRS PLAN



LEGEND

	NEW		TO BE RELOCATED
	TO BE REPAIRED		TO REMAIN
	TO BE REPLACED		TO BE DEMOLISHED