HLUET TRANSMITTAL

TO: Housing, Land Use, Environment & Transportation Committee
FROM: Lisa Killough, Acting Director
DATE: July 26, 2002
SUBJECT: Coyote Lake- Harvey Bear Ranch County Park Master Plan- Selection of a Preferred Alternate- August 15, 2002, Agenda

Prepared by: ______________________________
Elish Ryan, Park Planner

Reviewed by: ______________________________
Mark Frederick, Planning & Real Estate Mgr.

RECOMMENDED ACTION
It is recommended that the Housing, Land Use, Environment, and Transportation (HLUET) Committee accept this report and select either Draft Alternative A with a 18 hole public golf course in the Western Flat area or Draft Alternative B with a Campground, Picnic, and Large Group Events Center in the Western Flat Area, as the preferred Alternate for the Coyote Lake-Harvey Bear Ranch County Park Master Plan.

FISCAL IMPLICATIONS
Parks Capital Improvement Project (CIP) funds have been allocated in the amount of $250,000 for a Master Plan, Environmental Impact Report, and Natural Resource Management Plan for Coyote Lake-Harvey Bear Ranch County Park. It is estimated that the total capital improvement costs for Alternative A at build out will range between $18.5 million and $28.5 million. Total capital improvement costs for Alternative B will range between $13.8 million and $21.9 million. In the proposed 2003 CIP budget, $1.2 million has been earmarked from Proposition 12 Per Capita Funding for construction of Phase 1 Improvements, including trails, staging areas, and lakeside campgrounds.

CONTRACT HISTORY
Not Applicable

BACKGROUND/REASONS FOR RECOMMENDATION
With the selection of a Preferred Alternative, the Parks Department will proceed with the development of a Draft Master Plan and Draft Environmental Impact Report (EIR) for the Park.

Coyote Lake-Harvey Bear Ranch County Park is located in the foothills east of Gilroy. The Park was established in 1969 with 760 acres leased from the Santa Clara Valley Water District and 36 acres of County owned land. In 1997, the Parks Department acquired the former Harvey Bear
Ranch (2,940 acres) and the Mendoza Ranch (711 acres). The acquisition of this land and a few other minor parcels increased the size of the park to 4,448 acres. The Bear Ranch and Mendoza properties do not currently provide public access, pending the completion of a Master Plan and EIR.

The Master Plan process began in November 2000. A citizen advisory Task Force, Parks Department Project Team, and a Technical Advisory Committee were formed to facilitate the process. Regular Task Force and Community Meetings have been held on the project. Information is also provided through a monthly newsletter and postings on the Department’s website. The Master Plan and Natural Resources Management Plan will determine appropriate uses and management objectives for the park. The process is divided into four main phases, each with a milestone product: Program Document, Design Alternatives, Draft Master Plan with Draft Natural Resources Management Plan and Draft EIR, and a Final Master Plan with Natural Resources Management Plan and Final EIR. The Parks and Recreation Commission (PRC) accepted the Draft Program Document in November 2001.

Between November 2001 and March 2002, three alternatives were developed. (The Alternatives Report was listed as Attachment 1 in a transmittal to the PRC, dated May 1, 2002). In February 2002, a Community Meeting was held to review the alternatives. At the March 2002 Task Force meeting, members made their comments on the alternatives. From the Task Force, Community Meeting, and Parks Department Project Team comments, a Draft Preferred Alternative was created, combining ideas from the three alternatives. The Draft Preferred Alternative is organized into four distinct areas: the Lakeside Area, Mendoza Ranch Area, Slopes and Ridges, and the Western Flat Area (Attachment 1 - Alternative A).

At the April 2002 Task Force meeting, the members reached consensus for the Lakeside, the Slopes and Ridges, and the Mendoza Ranch Areas of the plan. They did not reach consensus as to whether to include an 18-hole golf course on the Western Flat Area. Members not in support of a golf course recommended preparation of another alternative for the Western Flat Area that would include alternate recreational facilities with revenue generating potential. Activities such as camping and large group picnicking were recommended. (Notes from this meeting were listed as Attachment 5 in a project transmittal to the PRC, dated May 1, 2002).

On May 1, 2002, the Draft Preferred Alternative was presented to the PRC. At that meeting, 16 members of the public spoke in support of various uses for the park. Many speakers advocated for the inclusion of a BMX bike track and downhill bike slalom course, both of which were not included in the Program Document. The PRC recommended that a site visit and special workshop be held to gain a better understanding of the uses proposed.

At the June 2002 Task Force meeting, a “Revised Draft Preferred Alternative” (now called Alternative B) was presented (Attachment 2 - Alternative B). This alternative included a campground for 50 to 100 campsites with RV hookups, two group picnic sites for 100 persons each, and an Events Pavilion capable of hosting up to a 500 person group event. The pavilion would have an enclosed space with facilities for music, warming kitchen, and landscaped grounds,
in the tradition of the 200 people Brazilian Room in the East Bay Regional Parks. The response from many of the Task Force members was favorable. They then requested a financial analysis comparing the revenue generating potential, capital costs, and annual operations budget for both the alternatives.

On July 11, 2002, a combined PRC and Task Force workshop was conducted. The Alternative presented in May to the PRC, as well as the one developed for the Task Force in June was reviewed. A financial analysis of both plans was presented (Attachment 3). It was determined that the two alternatives would be brought back to the PRC at their August meeting for a final recommendation.

Task Force Recommendations for the Draft Preferred Alternative

At their July 2002 meeting, the Task Force reviewed the financial analysis for the two alternatives. The members then gave their final recommendation. Eight Task Force members recommended the Campground, Picnic, Group Events Center Alternative (Alternative B) and five members recommended the Golf Course Alternative (Alternative A). The Task Force recommended more discussion of hang gliding uses between staff and the sport advocates. They also suggested that staff investigate possible opportunities for BMX and bike slalom activities in the Park if it could be done with a minimum of environmental impact. Comments by the Task Force were summarized in the meeting notes (Attachment 4).

Department Recommendation for the Draft Preferred Alternative

The Parks Department is in agreement with the Task Force about the Lakeside, Slopes and Ridges, and the Mendoza Areas of the Draft Preferred Alternative. This is the only County Park to offer camping, picnicking, boating, and multi-use trails together. The uses proposed address the Park’s needs envisioned for the next twenty years. They also work to balance recreation with open space preservation. But the Department recommends Alternative A as the Draft Preferred Alternative. The Department supports the inclusion of a lease-operated public golf course for the following reasons:

1. Market Feasibility– In 1998, the Parks Department contracted with Economic Research Associates to prepare a Market and Financial Feasibility Study for a golf course at the Western Flat Area. The report states, “the strength of the public golf market in the market area was tested by comparing the demand for public golf with the supply of public courses. Based on projected population growth and the current and future supply of public courses, the public golf markets in the primary and secondary market areas (those areas within a 50 minute drive of the subject site) are expected to remain under-supplied well into the future. Within five years, demand for public golf is projected to exceed supply by nearly 40 percent in Santa Clara County. Although nine new public golf courses are expected to enter the market within the next five years in the market area, more than sufficient market support for the subject is demonstrated.”
Based on increasing revenue from the County’s two existing golf course leases, the Market Study model has proven to be reliable. Both courses report an average of 75,000 rounds a year, with special fee structures for youth, seniors, and twilight play. There are also many indications that the market for public golf continues to grow. It remains a strong recreational interest, continues to attract new players of all age groups both male and female, is fostered through an expanding number of school teams, and is a sport that is enjoyed by players for many decades. It is anticipated that the County will continue to support golf as a form of recreation to be provided in our regional parks.

2. Compliance with County Golf Course Guidelines – The County approved the Environmental/Design Guidelines and Standard Development Requirements for Golf Courses in 1996. These guidelines relate primarily to site selection, course design, construction and long-term operation. They also reflect the design and environmental issues that are typically of greatest concern when golf courses are being proposed, including: grading, habitat, water quality, water demand, archaeology, traffic, aesthetics, noise, and growth inducing impacts. It is anticipated that course development in the Western Flat Area can comply with all major elements of the recommended guidelines, including those of habitat enhancement and water quality. It is understood that the Guidelines are not a replacement of site-specific analysis, recommended actions, or appropriate conditions of approval. These steps would be taken at the time of course design, a focused project EIR, and project permitting. However, preliminary analysis of potential environmental impacts at the Alternatives Phase of the Master Plan indicated that minimal environmental impact would be anticipated as a result of a golf course at this location.

3. Environmentally Responsible Golf Course Objective – the Department recognizes that certain adverse environmental impacts can be caused by improper golf course design. As part of the Master Plan, specific recommendations for an environmentally responsible golf course would be established. These recommendations would be to protect water quality, create wildlife habitat, enforce Best Management Practices to limit uses of herbicides, pesticides, fertilizers, and to reflect the ranchland theme of the rest of the park. Upon approval of the Master Plan, the Department would contract for the design of a course that would meet these recommendations. A focused EIR would be required. With completion of the EIR, revenue bonds could be used to construct the course and create a “turnkey” facility. To ensure that these goals would continue to be met, any agreement with an independent operator would include conditions to that end. In this way, the County would retain control over all aspects of the design and development of the golf course.

4. Lower Annual Operations Costs – A lease-operated 18-hole golf course will generate minimal annual operations costs for County Parks. Based on our current long-term leases, a lessee would be responsible for all maintenance and operation costs. They would also be responsible for compliance to all applicable regulations for water
quality, habitat preservation, etc., as conditions of their lease and subject to Department lease monitoring. County revenue would be based on a percentage of the total gross facility revenue with a guaranteed minimum. Annual operations for Alternative A, including picnicking, fishing pond, dog off leash enclosure, historic site and equestrian center at the Western Flat area is estimated at $1,179,450 (2002 costs).

Annual operations cost for Alternative B is estimated at $1,804,300 (2002 costs), which is 53% more than the same park with a golf course. These activities require substantial staff support. Campgrounds require coverage between 8am and 10pm, on call staff after hours, and have high maintenance needs. Picnic facilities require maintenance of the actual sites and supporting facilities including play areas, turf, parking lots, and restrooms. Events centers need specialized staff, skilled in events supervision, building maintenance, lighting, and landscape care. Projected costs outlined in the Financial Analysis relate to staffing and do not include all County costs, such as equipment, materials, vehicles, or training. The financial analysis was provided to give a relative scale of comparison between alternatives. As the single largest Department expense, staff costs have the greatest potential to erode revenue generation. While projected revenues associated with Alternative B would appear to offset some of the Department costs, net operational costs are still higher for Alternative B.

5. **Lack of Market Study** – The County has two lease-operated public golf courses and a Golf Course Market Feasibility Study. These form a working model to project revenue and expenses for a new course. No such data for the other proposed uses exists. The model for an Events Pavilion used in the Financial Analysis is the Brazilian Room, operated by East Bay Regional Parks. This is a 200-person facility in Tilden Park. The room has a complicated rental fee structure and additional fees are charged for photo permits, equipment rental, and caterers. A Saturday event base charge is $1400 for East Bay residents. Two bookings at this rate are available on Saturday, Sundays, and Holidays. Per information provided by East Bay Regional Parks, they have 180 events booked for 2002. Projected gross revenue for this facility is $352,000 and projected net revenue is $179,500. East Bay Regional Parks has no debt service on this facility.

To estimate the revenue for a 500-person pavilion at the Western Flat Area, the project consultant assumed the same number and mix of events as the Brazilian Room and approximately doubled the fees. Annual gross revenue was estimated at $550,000 to $600,000. Debt service estimated at $150,000 on a $2 million dollar facility. Adjusted gross revenue is estimated at $400,000 to $450,000. It is not clear that County Parks would be able to set such a fee structure or book as many events. While our customer feedback indicates that there is demand for RV camping, group picnic sites, and an events pavilion, our consultants recommend that a study be done prior to design to determine the needs and strength of the market.

The Parks Department has no experience in operating an events pavilion like the
Brazilian Room. The possibility exists to lease out the facility to an independent operator. This scenario would be likely to further reduce our revenue projections. However, it may be worth pursuing to reduce operational costs. A concession-run model was not used in the Financial Analysis because we could not find a similar lease-operated model in the Bay Area at this time.

6. **More Stable Revenue** – For over thirty years, the County has successfully operated two public golf courses through lease agreements. During that time, the County has had stable and increasing revenue from each lease. It is reasonable to assume that the County will experience the same with a new course at the Western Flat Area. Given the high cost of land acquisition and course development, market saturation is very unlikely for public golf courses with reasonable green fees.

7. **Less Potential Traffic Impact** – Both the golf course and camping/events pavilion alternatives are estimated to serve between 70,000 to 90,000 people per year in addition to the other uses proposed for the Western Flat Area. While enough roadway capacity exists to handle either alternative, traffic patterns between the two are significantly different. Golf course tee times are 8 to 10 minutes apart, spreading daily traffic out through the day. Some peak use would be associated with events at the Clubhouse should it include banquet facilities. Camping/events pavilion use is concentrated on the weekends with peak times in the morning and afternoon. Further analysis of traffic impacts on the neighborhood roads would occur in the project Draft EIR stage. However, it is assumed that a golf course will have less traffic impact.

For the aforementioned reasons, the Parks Department recommends that the HLUET Committee endorse Alternative A as the Preferred Alternative for the Coyote Lake-Harvey Bear Ranch Master Plan.

**Parks and Recreation Commission Recommendation**

At their August 7, 2002 meeting, the Parks and Recreation Commission summarized their recent participation in both the project’s June site tour and July workshop. The Commissioners generally expressed satisfaction with majority of the proposed plan. The project consultant Lee Steinmetz reminded the Commission that the Alternatives were still conceptual. Additional refinement would occur during the development of the Master Plan in response to their concerns and recommendations.

Six members of the public offered comment. Task Force member Bill Konle urged the PRC to endorse a plan with a 27-hole golf course per the recommendations of the 1998 Market Feasibility Study. Open Space Authority Board member Garnetta Annabel spoke in favor of Alternative A, citing the need for a public course in South County and that other uses proposed in Alternative B could be met in other areas of the park or the golf course alternative. She also recommended that bonds be issued for the entire project. The President of the Stanford University Cycling Team recommended that a BMX track and dual slalom course be included in the plan, citing basic
requirements of a track and need for more training facilities in South County. Kelly Crowley of the Santa Clara Valley Chapter of the Audubon Society thanked the Task Force for their hard work in putting together a good plan. However, the Audubon Society felt that there was potential risk with both alternatives and they were concerned with the proposed level of use for the Western Flat Area. Should the PRC support Alternative A, the Audubon Society recommended that the golf course design be a model for environmental sensitivity and habitat enhancement. Hang gliding advocate Jim Woodward urged the PRC to allow continued exploration of a walk-in launch site. He recounted a recent site visit with staff to explore the potential from the ridge northwest of the dam at Coyote Lake. Neighbor James Gwinn thanked the PRC for their balanced review of the proposals. He advocated for a 27-hole golf course that would support youth play without impacting revenue generation of the facility. He also encouraged the PRC to include the concept of the events pavilion in the golf course design and suggested that the off-lease dog park be placed elsewhere in the plan.

After the close of public comment, the Commissioners offered their recommendations:

Commissioner Ciesla would like to see more consideration for the BMX and dual slalom uses, suggesting that they could be placed at the eastern edge of the Western Flat Area. She recommended that up to five acres be reserved for these uses and that their visual and environmental impacts be studied in the project EIR. She did not feel that a golf course fit with the other uses proposed for the park and indicated that she would support Alternative B.

Commissioner Ames expressed satisfaction with the majority of the plan and strongly supported the trails component for Phase 1 implementation. He was concerned about the number of golf courses that have closed in the County over the past twenty (20) years. He felt that Alternative B would serve the most diverse number of people. He recommended that the number of campsites be reduced and a large flexible flat area be preserved as grassland for large special events. He also expressed interest in exploring an upland off-leash area and a bike park. He indicated that he would support Alternative B.

Commissioner Levy expressed that while both alternatives served approximately the same number of people, Alternative B would serve a wider range of users and host more diverse events. He was supportive of facilities in the Western Flat Area which would promote urban recreation similar to those provided at Vasona or Hellyer County Parks. He indicated that he would support Alternative B. While he understood that the golf course design was still conceptual, he was concerned that it did not appear sensitive enough to existing site conditions. He indicated that he would like more information about a bike park and would like to see a perimeter trail around the Western Flat Area in both alternatives. He indicated that he would support Alternative B.

Commissioner Redding urged the Commission to see the golf course proposal as an opportunity that should not be discounted or overlooked. He indicated that there is solid evidence for the need for reasonably priced courses. He believed the concept fit with the mission to be inclusive of a wide range of recreation. Its revenue would ease demand for funds, allowing new resources to be directed to the backlog of deferred parks projects. He felt that as a revenue source, an events
pavilion had a degree of uncertainty while the past performance of the County’s lease operated golf courses demonstrated a higher level of certainty. He felt that course design could meet a high level of environmental sensitivity and the Department may not have another opportunity as this to do so when developing a course. Commissioner Redding felt strongly about the need to include more opportunities for hang gliding and that he was getting more comfortable with the idea of a bike park. He urged the other Commissioners to consider these points and recommended that they support Alternative A.

Commissioner Sandhu indicated that he wanted to serve the maximum number of people and would like to see an effort to combine the uses of both alternatives. He felt that, with over 300 hundred acres in the Western Flat Area, enough land would be available to do so. He recalled the strong public support voiced for the golf course, bike park, and hang gliding at the May Commission meeting and wants a plan that best serves the community. While he urged consideration of a combined plan, he would support Alternative A as inclusive of all uses proposed.

Commissioner Saba thanked the Task Force for their hard work and dedication to this project over the past months. He stated that the park is a rare opportunity from many aspects and has the potential for many uses. He urged the Commission to respect that this was a South County regional park. There is potential to provide a number of uses not currently available in local parks in the area. He also remarked that the Financial Analysis demonstrated that neither alternative would provide net revenue to the Department in the short term, but held promise to do so in the long term. He stated he supports Alternative B as an opportunity to restore and preserve a landscape that is fast disappearing in South County. Should Alternative A be recommended, he would like it to be a model for environmentally sensitive golf course design.

Following these comments, a motion was made by Commissioner Ames to endorse Alternative B, conduct more study to include a BMX/dual slalom bike park and hang gliding opportunities in the plan, and forward these recommendations to the HLUET Committee. Commissioner Ciesla seconded this motion. Following further discussion, a vote was taken which resulted in the motion passing by a margin of 4 to 2. Commissioners Redding and Sandhu voiced strong opposition to the motion with their no votes. Commissioner Foran was not in attendance.

**STEPS FOLLOWING APPROVAL**

Following endorsement of one of the two alternatives, the Parks Department will proceed with phase three of the master plan: development of a Draft Master Plan, Draft EIR and Draft Natural Resources Management Plan. Development of the draft documents will be based on the Preferred Alternative selected by the HLUET Committee. The three documents will be presented to the PRC for endorsement and forwarded to HLUET for recommendation to the BOS for approval of the final Master Plan, Final EIR and NRMP.

Attachments:

Attachment 1: Coyote Lake-Harvey Bear Ranch County Park Master Plan Alternative A
Attachment 2: Coyote Lake-Harvey Bear Ranch County Park Master Plan Alternative B