HLUET TRANSMITTAL

TO: Housing, Land Use, Environment & Transportation Committee

FROM: Lisa Killough, Director

DATE: November 1, 2002


RECOMMENDED ACTION

It is recommended that the Housing, Land Use, Environment, and Transportation (HLUET) Committee accept this report and endorse, as the preferred alternative for the Draft Master Plan, Draft Environmental Impact Report (DEIR), and Draft Natural Resource Management Plan (DNRMP), one of three Alternative designs and recommendations for BMX/Dual Slalom/Hang Gliding Uses for the Coyote Lake-Harvey Bear Ranch County Park Master Plan.

FISCAL IMPLICATIONS

Parks Capital Improvement Project (CIP) funds in the amount of $273,752 have been allocated for a Master Plan, Environmental Impact Report, and Natural Resource Management Plan for Coyote Lake-Harvey Bear Ranch County Park. Total estimated capital improvement costs for the three alternatives range from ($15.0 to $31.7 million):  

<table>
<thead>
<tr>
<th>Alternative</th>
<th>Low</th>
<th>High</th>
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<tbody>
<tr>
<td>Alternative A</td>
<td>$22.7</td>
<td>$29.0</td>
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<tr>
<td>Alternative B</td>
<td>$15.0</td>
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<tr>
<td>Alternative C</td>
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$1.2 million from the Proposition 12 Per Capita Funding has been allocated in the FY2003 Capital Improvement Plan (CIP) (Fund 0056, Index 5905, ESBJ 4700, FABC 918) for construction of Phase 1 Improvements, including trails, staging areas, and lakeside campground expansion. Additionally, $50,000 is identified in the 2003 CIP (Fund 0056, Index 5800, ESBJ 4700, FABC 859) for a Group Campsite Facility, which is included in the first phase improvements for the master plan. No other CIP funds have been identified for future phases of development at this time.
CONTRACT HISTORY

Under a Professional Services Agreement (PSA), executed by the Board of Supervisors on November 14, 2000, the firm of Bellinger Foster Steinmetz (BFS) has been contracted to provide planning and design services under four separate project agreements.

- Project Agreement #1, in the amount of $120,862, was executed for preparation of the Coyote Lake-Harvey Bear Ranch County Park Master Plan.
- Project Agreement #2, in the amount of $4,000, was executed for additional planning and design services for the Coyote Lake-Harvey Bear Ranch County Park Master Plan.
- Project Agreement #3, in the amount of $6,250, was executed for an Economic Study of Golf Courses, Hotels, and Conference Centers in Santa Clara County.
- Project Agreement #4, in the amount of $14,550 was executed for a Study of Golf Courses, Event Pavilions and Campgrounds for Coyote Lake-Harvey Bear Ranch Master Plan.

This PSA was amended on October 29, 2002 to extend the terms of the agreement an additional two years to allow for completion of the project agreements.

A PSA and Project Agreement #1, in the amount of $75,000, was executed by the Board on May 15, 2001, with the firm of Environmental Science Associates (ESA) to prepare an Environmental Impact Report for Coyote Lake-Harvey Bear Ranch County Park Master Plan.

An Agreement for Services, in the amount $59,340, was executed by the County on March 12, 2001, with the firm of Rana Creek Habitat Restoration Group to prepare a Natural Resources Management Plan for Coyote Lake-Harvey Bear Ranch County Park.

REASONS FOR RECOMMENDATION

At the August 2002 HLUET meeting, the Parks Department presented two alternative plans for the Coyote Lake-Harvey Bear Ranch County Park Master Plan. Both alternatives are identical except for the 300-acre “Western Flat Area” in the vicinity of San Martin Avenue and Foothill Blvd. HLUET directed the Parks Department to develop a third alternative (now known as Alternative C) that would combine key elements of Alternative A and B, including an 18 hole golf course and a reduced sized events pavilion, in the Western Flat Area. The Department was directed to provide an economic analysis of all three alternatives and study in general the potential for Hang Gliding/BMX/Dual Slalom Bicycle opportunities.

Alternative A for the Western Flat Area

Alternative A includes an 18-hole golf course located on 110 to 150 acres of the Western Flat Area with small clubhouse and auxiliary services such as lunch grill and pro shop. Other uses for the Western Flat Area in Alternative A include picnicking, youth fishing, off leash dogs, historical interpretation, environmental education, equestrian center, trails and trail staging, and habitat restoration. *(Attachment 1 – Master Plan Alternative A for Western Flat Area)*
**Alternative B for the Western Flat Area**

Alternative B includes a 50 to 100-site RV campground and an events pavilion for up to 500 people on 25 to 50 acres of the Western Flat Area. Parking for full capacity events may be accommodated in overflow parking lots in flailed or grazed fields. Alternative B also includes facilities for picnicking, fishing, off leash dogs, historical interpretation, environmental education, equestrian center, trails and trail staging, and habitat restoration. (Attachment 2 - Master Plan Alternative B for Western Flat Area)

**Alternative C for the Western Flat Area**

Alternative C incorporates a separate 200 person Events Pavilion into an 18-hole golf course design. Sited near the golf course clubhouse, the events pavilion could operate as an independent facility with its own building entrance, kitchen facilities, and patio seating or as a part of the golf course. It would share access roads and parking with the clubhouse. Areas for group picnicking are somewhat more reduced than as shown in Alternative A and B. But facilities for picnicking, fishing, off leash dogs, historical interpretation and environmental educational, equestrian center, trails and trail staging, and habitat restoration are still included. (Attachment 3-Master Plan Alternative C for Western Flat Area)

**Economic Study of Alternatives A, B, and C**

The Economic Study for Coyote Lake-Harvey Ranch Master Plan Alternatives (Economic Study), prepared by Strong Associates, provides estimated information on the initial capital costs, operations and maintenance budget, and net revenue for Alternatives A, B, and C. For the purposes of the Study, it is assumed that capital improvements are financed with tax-exempt bonds for a term of 31 years. The County would bear the cost of the debt service on these bonds. The figures reported in the Economic Study are based on similar projects in the Bay Area and professional architectural review. Although the expanded Economic Study provides more detail on the financial implications of each alternative, it should be viewed as a preliminary cost estimate and economic projection, which provides a relative scale for revenue/expenditure comparisons. (Attachment 4 - Economic Study: Coyote Lake-Harvey Ranch Master Plan Alternatives)

As stated, the estimated costs in the Economic Study are for comparative purposes only since no design concepts or engineering work has been done. Each alternative is projected to have a net loss for at least the first two years due to initial high capital costs and debt service. Based on preliminary market research, the Economic Study also finds that all three scenarios have the potential to provide a good to substantial return on investment and generate positive revenue for the County over the life of the project. Alternative A is estimated to generate over $11,000,000 in net revenue in 31 years and constitute a 15.9% return on an initial capital investment of $14,750,00. Alternate B is estimated to generate almost $5,000,000 in net revenue in 31 years and constitute a 32.7% return on an initial capital investment of $4,538,600. Alternate C is estimated to generate over $14,000,000 in net revenue in 31 years and constitute a 17.2% return on an initial capital investment of $17,450,000. Each alternative is potentially an attractive long-range...
A BMX/Dual Slalom/Hang Gliding Feasibility Report was prepared to examine the feasibility of including BMX/Dual Slalom/Hang Gliding Uses in the Master Plan. (Attachment 5-BMX/Dual Slalom/Hang Gliding Feasibility Report) BMX/Dual Slalom uses had not been evaluated during the preparation of the Master Plan Program Document (October 2001). However, interest in this sport is growing and bicycling groups support facilities for it. Facilities to support BMX use was suggested in later public meetings and recommended for further study by the Task Force and PRC. The report identified use requirements, and existing and proposed facilities in the area. It also identified development costs, operations and maintenance impacts, primary environmental concerns, and liability issues related to the sports.

Based on the findings of the Report, the Department recommends that a BMX site operated under a special use permit be endorsed in the Master Plan. This alternative was identified in the Feasibility Report in response to use patterns, costs, maintenance responsibilities, and potential liability related to a permanently open facility. Operated under a special use permit, user groups would be allowed to construct event-specific mounds and jumps. These same groups would also be responsible for the removal of any set up at the end of an event. No permanent structures would be built. No capital investment or long-term maintenance by Parks would be required. Support facilities such as parking, picnic areas, and restrooms would be provided by other planned park elements or provided by event organizers as agreed to in special use permits. The liability for the County would also be reduced, as event organizers would be required to provide insurance on an event-by-event basis under special use permits. The BMX special event site is seen as a compliment to the miles of multi-use trails that will be open to bicycle use in the park and would support organized BMX events.

Supporters of off-road bicycling have also recommended the inclusion of a Dual/Slalom racing course in the Master Plan. They suggested screened locations on the lower western slopes. A dual slalom course would allow competitors to race downhill on parallel courses of 5 to 20 degree grades, using straight-aways, switchbacks and banked turns. It used to demonstrate more advanced skill levels and is part of the growing trend in the sport. Potential environmental concerns identified in the Report, including visual impacts, erosion, and damage to habitat, conflict with resource management goals to minimize impacts on the park. Proposed multi-use trails will be open to off-road biking and opportunities for events may be available on these trails under a special use permit. The Department recommends that no dedicated dual slalom course be proposed for the Master Plan.

The Feasibility Report identified the site needs of the proposal for hang gliders to launch from the top of the western facing slopes of the park and land in the Western Flat Area. The Feasibility Report identified access constraints, environmental issues, liability, potential conflicts with other users, development costs, and revenue return. The Report suggests that conflicts with sensitive species habitat, other park uses, and trails may arise. There may also be potential conflict with
San Martin County Airport, should the Airport move forward with expansion plans. It is recommended by the Department that no additional hang gliding launch and landing sites be included in the Master Plan other than the landing site proposed in Alternatives A and B adjacent to Roop Road.

**BACKGROUND**

The Park Master Plan process for the recently expanded Coyote Lake-Harvey Bear Ranch County Park began in November 2000. To date, 20 public meetings have been held to develop a 20-year plan responsive to community needs and regional values. In August 2002, two possible alternatives for the plan were presented to the HLUET Committee. The recommendations of the Task Force, Parks and Recreation Commission (PRC) and Department on the two alternatives were also presented. Both alternatives are identical for over 95% of the park. They differ in that Alternative A includes an 18-hole golf course on 110 to 150 acres of the 300-acre Western Flat Area of the park. Alternative B includes a 50 to 100-site RV Campground and a 500-person Group Events Pavilion on 50 acres of the Western Flat Area. A financial analysis of both alternatives to compare their impact on annual operations costs and cost recovery potential was also presented. The Parks Department recommended Alternative A. The Task Force and PRC recommended Alternative B. The Task Force and PRC recommended further study of hang gliding uses. They also asked staff to investigate opportunities for BMX and bike slalom activities not previously considered at the Program Document level for the Master Plan. (Attachment 6–Transmittal to the HLUET Committee, August 15, 2002 Agenda)

At the August HLUET meeting, public interest in both alternatives was acknowledged. Staff was directed to prepare a third alternative that would combine a 200-person Group Events Pavilion combined with the golf course, eliminate RV camping, and keep all other elements proposed for the Western Flat Area. Staff was asked to prepare a financial analysis of all three alternatives with an operation scenario and report back on opportunities for hang gliding and BMX facilities.

**Economic Study of Alternatives A, B, and C**

An economic performance forecast was prepared for Alternative A, B, and C by an independent financial consultant, Strong Associates. The Economic Study for Coyote Lake-Harvey Ranch Master Plan Alternatives (Economic Study) focused on the primary revenue generation component of each alternative. The Economic Study provides information on the initial capital costs, operations and maintenance budget, and net revenue for each alternative. For the purposes of the Economic Study, it is assumed that capital improvements are financed with tax-exempt bonds for a term of 31 years. The County would bear the cost of the debt service on these bonds. A comparison of the three alternatives is included. The figures reported in the Economic Study are based on similar projects in the Bay Area and professional architectural review. Although the expanded Economic Study provides more detail on the financial implications of each alternative, it should be viewed as a preliminary cost estimate and economic projection of revenues/expenditures for all three alternatives.
The original scope of the Economic Study assumed revenues for each alternative to be based upon leased facilities. However, the Economic Study cautions that federal tax laws restrict for-profit leases of any publicly financed facility. Should the County finance capital improvements with tax-exempt bonds, limitations are placed upon the terms and length of leases the County may enter into for the life of the debt service. As outlined in the Economic Study, these limitations would almost certainly require the County to operate the facilities under management contracts rather than long-term leases. Typically, management contracts are not as profitable for a public agency as a long-term lease. Fees for management services are based on yearly guarantees and management firms assume no liability for operational losses. The County assumes this risk. Contracts with management firms typically require renegotiation every three to five years. This differs from the long-term leases in place at the two other County owned golf courses, where the County receives a guaranteed percentage of the gross revenues irrespective of operation costs. However, debt service on tax-exempt bonds is significantly lower.

The Economic Study also contains information on current market trends and construction costs for golf courses in the Bay Area. In 1998, Economic Resources Associates (ERA) prepared a Golf Course Feasibility Report, based on a 27-hole course model. The ERA report indicated that the market for golf in the greater Bay Area was considerably underserved, even if planned new golf courses were completed. Revenue projections and capital costs contained in the ERA report formed the basis of financial analysis of a golf course in the earlier study of alternatives phases of the Master Plan. Discussions with current course operators for the Economic Study indicate that the market for new and existing courses have reached a plateau. Some course operators report a decrease in rounds of play and total revenue. Research indicates that course construction costs have risen considerably from the earlier ERA report. The ERA report also did not include offsite capital improvements costs such as roadway improvements and utilities infrastructure to support site development. Increased construction costs and infrastructure costs have been added to total estimated costs in the current Economic Study.

The Economic Study indicates that event pavilions can serve a wide range and style of gatherings. Depending on the marketing focus of the public agency, pavilions also have a wide range of financial performance. Some events pavilions serve as local community centers, supporting such programs as senior activities, youth recreation programs and child care facilities. They offer room rentals when possible. Such events venues typically cover only 50% of their operations costs. Others focus primarily on facility rental for private events and offer event support such as catering referral, furniture rental, etc… These types of venues can generate significant net revenue. Location, setting, and ability to host groups larger than 200 people also play a large role in financial viability. The events pavilion scenario used in the Economic Study was based on a venue focused on rental for private events.

The Economic Study finds that all three alternatives have significant capital improvement costs, including offsite capital improvements not considered in earlier economic forecasts. These higher capital costs necessitate higher debt service. But in the long run, each alternative would likely generate positive net revenue. Alternative A is estimated to generate over $11,000,000 in net revenue in 31 years and constitute a 15.9% return on an initial capital investment of $14,750,00. Alternate B is estimated to generate almost $5,000,000 in net revenue in 31 years and constitute a
32.7% return on an initial capital investment of $4,538,600. Alternate C is estimated to over $14,000,000 in net revenue in 31 years, which constitutes a 17.2% return on an initial capital investment of $17,450,000. Alternative C, with an 18-hole golf course and an events pavilion, generated the highest net revenue. Alternative B provided the highest percentage return on investment overall in the same time frame. When the net revenues from these scenarios are factored into the total park operations and maintenance costs for each alternative, the cost recovery rates for each alternative range from 29% to 33%. These are lower than earlier projections with less debt service.

**BMX/Dual Slalom Feasibility Study**

A BMX/Dual Slalom/Hang Gliding Feasibility Report examined the feasibility of including facilities for these sports in the Master Plan. Sport advocates have requested a one to three acre dirt BMX site that would allow for the building of mounds for jumps and stunts to attract a wide range of ages and abilities. A dual slalom course would allow competitors to race downhill on parallel courses of 5 to 20 degree grades, using straight-aways, switchbacks and banked turns.

The report identified use requirements and existing and proposed facilities for BMX/Dual Slalom. It also identified development costs, operations and maintenance impacts, primary environmental concerns, and liability issues related to the proposal. The Report suggested that a BMX site for special use events be considered as an alternative to a permanent facility. No permanent structures would be built. No capital investment or long-term maintenance by Parks would be required. Support facilities such as parking, picnic areas, and restrooms would be provided by other planned park elements or provided by event organizers as agreed to in special use permits. The liability for the County would also be reduced, as event organizers would be required to provide insurance on an event-by-event basis under special use permits. A site for a temporary facility (to be specified later) would reduce operations costs, impact to other uses, and liability for the County. A special event venue for this use would be easiest to accommodate under Alternative B since this alternative has the most space for additional uses on the Western Flat.

**Additional Hang Gliding Uses**

Potential hang gliding use in the park was discussed in the Master Plan Program Document (October 2001). A landing site was identified in the Mendoza Area of the both Alternative A and B. The proposed landing site is adjacent to Roop Road, where it is easily accessible and is comparable in size to the landing sites in use at Ed Levin County Park. At subsequent planning meetings, sport advocates have asked for additional launch sites from the top of the western slopes of the park and landing sites in the Western Flat Area, with intermediate landings possible on the western slopes themselves.

The Feasibility Report examines the potential impacts of allowing more hang gliding facilities in the Master Plan as suggested by the sport’s advocates. It identifies access constraints, potential environmental impacts, liability, potential conflicts with other users, the San Martin County Airport, development costs, and potential revenue. Key concerns identified in the Report include access to the launch zone on the western ridge, potential trail conflicts on the way up to the launch
zone, potential conflict with San Martin County Airport, buffer zone requirements at the landing zone, and potential impacts to sensitive habitat/species located in intermediate landing zones on the slopes above the western flat area.

The Report notes that if launching is to be permitted on the western ridge, access to this location will need to be on foot, as private motor vehicles will not be permitted on trails. Hang gliders would enter the park from Roop Road and park at the Coyote Lake dam near the north end of the park. They would then be required to use proposed trails to hike up on foot to the proposed launch site. The distance between the launch site and the closest vehicular parking at the dam is approximately 4400 feet or 0.83 miles. The trail to reach the launch site would be a multi-use trail also used by hikers, cyclists, and equestrians. The potential for conflict exists on the trail and close to the launch site, especially with equestrians.

The proposal to allow hang gliders to launch from the western ridge and land in the western flat area was reviewed by the Director of County Airports, Jerome T. Bennett. It was concluded that hang gliding would not pose a conflict for the airport at this time. However, the airport is considering expansion and potential conflict may exist in the future. Expansion plans have not been finalized but conflicts with future airport operations are expected. To provide for safety, flight altitude of hang gliders would need to be restricted, not to exceed 500 feet above ground level. How this limit would be regulated and enforced is not known.

According to the Report, the proposed landing zones are approximately 100’ in diameter. While landing sites are small, large buffer zones around the landing zones are needed to reduce conflicts with other users and increase landing safety. At Ed Levin County Park, the buffer area for hang gliding landing zones is approximately 20 acres. A buffer zone of this size at a landing site on the Western Flat Area may pose a conflict with other proposed uses and compete for space with other proposed park elements.

The primary environmental issue associated with the proposal is the proximity of the launch site to areas designated as “Special Status Species Habitat.” Launches and unscheduled or emergency landings in this area may disturb this habitat. It is also not clear what impact intermediate landings on the western slopes may have on the steep grasslands in this area.

Should hang gliding launches be considered in the park and additional landing sites be added to the plan, the Report suggests implementing several criteria to manage potential conflicts and limit access to launch sites to non-vehicular access only. This sport is easiest to accommodate under Alternative B since this alternative has the most space for additional uses on the Western Flat.

**STEPS FOLLOWING APPROVAL**

Following endorsement of a preferred alternative by the HLUET Committee and recommendations for BMX/Dual Slalom/Hang Gliding Uses for the Coyote Lake-Harvey Bear Ranch County Park Master Plan, the Parks Department will proceed with the preparation of a Draft Master Plan, Draft Environmental Impact Report, and Draft Natural Resources Management Plan for the park.
Attachments:

Attachment 1: Master Plan Alternative A for Western Flat Area
Attachment 2: Master Plan Alternative B for Western Flat Area
Attachment 3: Master Plan Alternative C for Western Flat Area
Attachment 4: Economic Study: Coyote Lake-Harvey Bear Ranch Master Plan Alternatives
Attachment 5: BMX/Dual Slalom/Hang Gliding Feasibility Report
Attachment 6: Parks Department Transmittal to the HLUET Committee, Coyote Lake-Harvey Bear Ranch County Park Master Plan – Selection of a Preferred Alternative, August 14, 2002 Agenda