



Midpeninsula Regional
Open Space District

REAL PROPERTY COMMITTEE

R-14-80
May 20, 2014

AGENDA ITEM 3

AGENDA ITEM

Demolition of the Saratoga Gap Cabins

GENERAL MANAGER'S RECOMMENDATION

Forward to the full Board a recommendation to demolish the Saratoga Gap Cabins.

SUMMARY

Since purchase of the Gunetti-Larrus property in 1976, the Midpeninsula Regional Open Space District (District) has rented three cabins at the end of Charcoal Road in the Saratoga Gap Open Space Preserve (Preserve). In the last 6 to 8 years, the maintenance of the Saratoga Gap Cabins (Cabins) has become a substantial challenge due to deteriorating road conditions, an unreliable water system, tenant issues, and the absence of fire engine access in the event of fire. To rectify the maintenance issues, the District would need to invest in excess of \$900,000 to bring all three Cabins up to California State habitability standards and complete road and water infrastructure upgrades. Given that the Cabins offer minimal public and regional value, such a large investment is a questionable use of public funds. Additionally, the decommissioning and demolition of the Cabins would allow the reallocation of District resources to other higher priority projects and restore the area to a natural, open space condition. Based on the findings of a structures disposition and cost benefit analysis, the General Manager recommends that the Real Property Committee forward to the full Board of Directors a recommendation to demolish the Cabins, effectively removing them from the District's Property Management Program. The FY2014-15 Budget includes \$100,000 for the demolition. Retaining and improving the Cabins, road, and water in excess of \$900,000 is not budgeted for FY2014-15.

BACKGROUND

The purchase of the 177.2 acre Gunetti-Larrus property included three Cabins and a garage (refer to R-76-30 and Attachment 3). The Cabins are accessed via Charcoal Road, which also serves as a patrol road and public trail in Upper Stevens Creek County Park that is open to hiking, equestrian and uphill bicycle use approximately a mile off of Skyline Boulevard. A steep driveway forks to the east off Charcoal Road, traveling a ¾-mile to access the Cabins as shown in Attachment 2. The Cabins had been rented as part of the District's Property Management Program between 1976 and 2012.

DISCUSSION

Given growing challenges in maintaining and managing the Cabins, the General Manager requested that staff conduct a structures disposition analysis to provide the Board with the information to decide whether to invest public funds to maintain and operate these structures as tenant facilities or to demolish them. Staff referred to the Board-approved *Factors to Consider for Existing Structures* (R-12-91) to complete this evaluation and the findings are provided below:

1. Board Adopted District Policies. In the Board-adopted *Policies Regarding Improvements on District Lands* (adopted January 1978, last amended July 2007), the section titled “Policy Statement” provides the following guidance: “*Important considerations in the decision to retain an improvement will be its compatibility with the open space character of the site, its potential financial burden to the District in terms of liability and management, historic value, and its proposed use.*” These four factors are evaluated below.
2. Compatibility with Open Space Character of the Site. The surrounding area is densely wooded and a meadow lies below the structures. The Cabins are a collection of small, rustic buildings, consistent with other remote cabin sites that can be found in wooded, open space settings on national and state park land.
3. Historical and Educational Value. An historical assessment of the Cabins has concluded the lack of historical significance necessary to warrant listing on the California Register of Historic Places or on the local historic resource inventory. The Cabins also lack a known educational value.
4. Partnership Opportunities/Cooperation. As noted in section 5(a)(iii) below, the access road is in need of a substantial overhaul and requires regular maintenance. The only known organization that might share in the upfront and/or ongoing maintenance cost is Santa Clara County Parks. However, their use is recreational with routine ranger patrols, not residential. Although there may be other organizations willing to help fund a portion of the maintenance cost for a separate use, such as hikers huts, the District would need to make a significant investment up front to complete the major road repairs and infrastructure upgrades. Overall, use of the Cabins as rentals has had a negative impact on Santa Clara County Parks, an important District partner, by damaging their public trail and diverting patrol time to resolve tenant issues (refer to Section 5.b.ii below).
5. Potential Financial Cost, Including Liability and Management.
 - a. Financial Cost – approximately \$936,000 to retain the Cabins.
 - i. Structures - \$336,000+. The Cabins are wood framed construction on post and pier foundations with all three Cabins serviced by a single water system and single septic system. The main heat source for each cabin is a wood stove. The condition of the Cabins is fair to poor with Cabin C being the worst. The Cabins require major repairs to meet state habitability standards, including added insulation (under floor and above ceiling), insulated windows, and electrical upgrades to code. (Attachment 1)
 - ii. Water System - \$100,000+. The water system for the Cabins is a collection basin in a flowing creek (Attachment 2). Water from two 5,000 gallon tanks flows downhill and is first treated by an ultraviolet (UV) system before reaching the Cabins. The electricity cost to power the UV treatment had been paid by the tenant in Cabin C.

The availability of potable water has been problematic, even in good water years. A number of water tests have yielded results that do not meet drinking water standards. The quality of the creek water, rodents entering the water system, or inconsistent power to the UV treatment system have led to substandard results. The District had responded immediately upon receiving the water test results by requesting that tenants only consume bottled water for which they were reimbursed until repairs were completed or power restored.

Consequently, this water system has required extensive work to maintain water flow that meets water standards. Additionally, the remote location of the Cabins and access road issues have required that all maintenance be performed by District maintenance staff, diverting District resources away from other field projects.

The cost for a new water system will depend on the difficulty of drilling a well, but could exceed \$100,000. A well would eliminate the creek contamination and equalize the availability of water over the seasons, reducing some maintenance. The estimated cost includes placing the UV treatment system on a separate electrical meter from the Cabins.

- iii. Road - \$500,000. Charcoal Road transverses Upper Steven Creek County Park from Skyline Blvd for approximately 0.66 miles. It then crosses the upper north corner of the Preserve before returning to the County Park at a fork in the road. The right fork becomes the Premise driveway for about 3/4 mile before arriving to the Cabins. The District has a cooperative road agreement with Santa Clara County Parks to maintain the upper section of Charcoal Road for patrol access by both agencies. This road is also shared with trail users and had been used by tenants to access the Cabins.

The District and County formerly graded the road annually to allow access to two wheel drive vehicles and fire engines. This regular grading created a deeply incised road that is difficult to drain. Although drainage structures were added and annual grading ceased, the road has become increasingly difficult to drive due to exposed sandstone rock slabs and deep ruts. Consequently, in both rain and snow, tenant vehicles have become stuck or crashed requiring District assistance. Some contractors refuse to use the road to complete needed maintenance work. More importantly, CalFIRE is unable to respond to fire calls requiring a fire engine. To retain the Cabins, major road improvements, including road reroutes, rocking, crowning, and major retaining walls, are necessary to provide year-round access.

b. Liability

- i. Fire. CalFIRE has indicated that a fire engine cannot get to the cabins, presenting a potential fire danger to future Cabin residents and a safety concern for the District.
- ii. Tenants. The remote location has likely facilitated tenant issues over the last 20 years, diverting significant staff time to monitoring, enforcement, and evictions, and contributing to the District's liability. Examples of lease violations include:
 - 1. Holding an unauthorized Burning Man party at the Premises.
 - 2. Allowing homeless person to erect a lean-to shelter and chimney in the meadow.
 - 3. Allowing the storage of stolen car/goods.
 - 4. Igniting open fire pits.

5. Contributing to false missing persons report - allowing person to park vehicle inside the gate at Skyline without informing the District, resulting in suspected missing person’s initial report.
 6. Tenant disagreement over supplying electricity to the UV unit servicing the three Cabins.
 7. Dumping of unknown powder leading to an extensive hazardous materials emergency response.
 8. Speeding on the road/trail, including one vehicle accident.
- c. Annual Maintenance (2014 dollars). In addition to up front repairs costs, the annual maintenance costs are calculated as follows:
- i. Road - \$5,000 to \$10,000 per year. Rocking, crowning, drainage and culvert repairs.
 - ii. Water - \$1,000/yr over 10 years. Servicing the UV filter, water testing, and annual maintenance of well pump, tanks, and water line.
 - iii. Cabins- \$1,000 to \$3,000 per year. Wood stove/chimney cleaning and reroofing.
- d. 5-year Net Income and Anticipated Cost Recovery.
 Table 1 lists the rental income and expenses for the Cabins between 2008 and 2012. If rents were raised 20-25% initially, and raised accordingly over time, it would take 15 to 20 years before the total cost of improvements (road, water, and repairs) is recovered. Annual maintenance would increase the cost recovery time.

Table 1. Net Income for 5-years, Saratoga Gap Cabins

Cabin	2008 Rent	2008 Expenses	2009 Rent	2009 Expense	2010 Rent	2010 Expense	2011 Rent	2011 Expenses	2012 Rent	2012 Expense	Total Net Income
A	\$11,220	\$1,919	\$9,945	\$1,921	\$11,400	\$10,238	\$11,750	\$4,602	\$6,500	\$35	
Net Income		\$9,301		\$8,024		\$1,162		\$7,148		\$6,465	\$32,101
B	\$9,848	\$4,295	\$10,664	\$2,989	\$10,620	\$106	\$10,869	\$3,244	\$7,400	\$802	
Net Income		\$5,554		\$7,675		\$10,514		\$7,624		\$6,598	\$37,965
C	\$10,845	\$245	\$10,850	\$0	\$10,890	\$967	\$11,150	\$0	\$1,900	\$975	
Net Income		\$10,600		\$10,850		\$9,923		\$11,150		\$925	\$43,448

6. Proposed and Potential Uses

The only potential viable use known at this time for these structures is as tenant facilities. However, the repair and maintenance cost to continue using them as tenant facilities is substantially high, as noted above.

7. Public Sentiment and Value

The remote and secluded location of these structures has kept them away from public view. Consequently minimal public sentiment or value is associated with them other than potentially those of former tenants.

8. Regional Importance and Value

The Cabins provide a small source of housing in the upper Stevens Creek corridor; however, this housing is currently in substandard condition with major access issues. Therefore, the housing value is greatly reduced. The open space value that would be gained by restoring the site outweighs the minimal housing value that this site provides.

9. Consistency with Strategic Plan

The Strategic Plan aims to balance the three legs of the District's mission statement: 1) Public Access, 2) Preservation, and 3) Resource Management. By decommissioning and demolishing these Cabins, the District would be restoring the meadow area and improving the habitat value of the surrounding open space, consistent with its resource management goals.

10. Tradeoffs and Impacts on District Resources

The decommissioning and demolition of the Cabins would shift District resources from ongoing maintenance and monitoring of the Cabins to high priority District projects.

11. Visitor Experience – please refer to section 7 above.

In view of the results of the preceding Structures Disposition Analysis, the General Manager recommends removing the cabins from the Property Management Program and demolishing all associated structures and restoring the site to a natural condition. Given the condition of the access road, the Cabins, and water system, the District would need to invest approximately \$936,000 to bring all three structures up to a habitable and operational standard. Given that the Cabins offer little value to the public and to the region, making such a large investment to upgrade and maintain the structures may not be in the public's best interest. Additionally, the decommissioning and demolition these Cabins would shift District resources to other higher priority projects, and restore this area to a natural, open space condition.

FISCAL IMPACT

The FY2014-15 Budget includes \$100,000 for the demolition of the Cabins and site restoration. Demolition of the Cabins would save the District from investing \$936,000 to improve the Cabins, road, and water system.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. Notice was also given to neighbors surrounding the Cabins, including Santa Clara County Parks and Recreation.

CEQA COMPLIANCE

This action is categorically exempt under section 15301, Existing Facilities, which exempts the repair, maintenance, or minor alteration of existing public or private structures, facilities, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination, including the demolition of individual small structures. The project purposes performing minor erosion control work along existing roads, and performing minor restoration activities to return the demolition site to a natural condition.

NEXT STEPS

If the Real Property Committee agrees to forward the recommendation for disposition of the Saratoga Gap Cabins to the full Board, the item would be placed on the agenda for the next available Board meeting. If approved by the Board, demolition would occur as early as this summer.

Attachments:

1. Estimated Costs for Cabin Repairs
2. Charcoal Road in Saratoga Gap Open Space Preserve
3. Premise Area – Existing Structures and Debris to be Removed

Responsible Department Head:

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Prepared by:

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Attachment 1: Cabin Repairs and Associated Cost**Cabin A Repairs**

Repair	Approx. Cost
Insulation	\$15,000
Window replacements (9)	\$24,000
Electrical to code	\$8,000
Bathroom shower replacement	\$3,000
Relocation/replacement of water heater	\$5,000
Interior floor repair	\$10,000
Interior carpet replacement	\$2,000
Interior paint	\$5,000
Deck replacement	\$25,000
Wood Stove replacement	\$5,000
Appliances (basic)	\$2,000
Contingency (~15%)	\$16,000
Total Cost	\$120,000

Cabin B Repairs

Repair	Approx. Cost
Insulation	\$15,000
Window replacements (8)	\$20,000
Porch window replacements	\$12,000
Electrical to code	\$8,000
Bedroom ceiling repair	\$15,000
Replace back door	\$4,000
Interior floor repairs	\$10,000
Front Step replacement	\$5,000
Appliances (basic)	\$1,500
Contingency (~15%)	\$13,500
Total Cost	\$104,000

Cabin C Repairs

Repair	Approx. Cost
Insulation	\$15,000
Window replacements (8)	\$20,000
Electrical to code	\$8,000
Bathroom upgrade (basic)	\$10,000
Interior floor replacement	\$10,000
Interior carpet replacement	\$2,500
Wood stove replacement	\$5,000
Interior paint	\$5,000
Kitchen upgrade (basic) including laundry room	\$20,000
Appliances (basic)	\$2,000
Contingency (~15%)	\$14,500
Total Cost	\$112,000

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Created By: jmontgomery

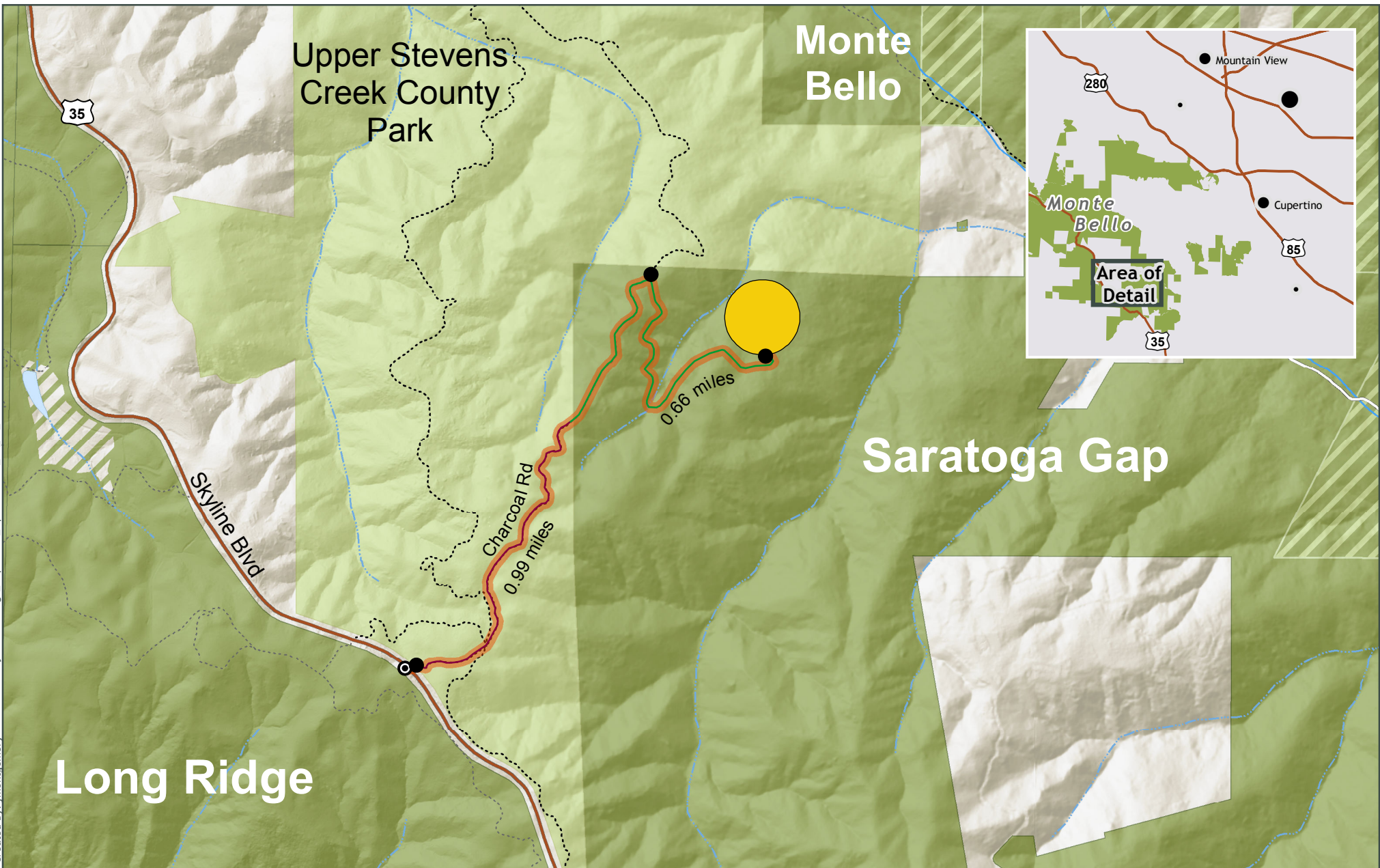








Exhibit A: Charcoal Road in Saratoga Gap Open Space Preserve

-  Saratoga Gap Cabin Residence Site
-  Charcoal Road
-  MROSD Preserves
-  Other Protected Open Space or Park Lands
-  Private Property
-  Management Agreement
-  Non MROSD Conservation or Agricultural Easement
-  MROSD Conservation or Agricultural Easement
-  Trail
-  Road








Midpeninsula Regional Open Space District (MROSD)

April, 2014

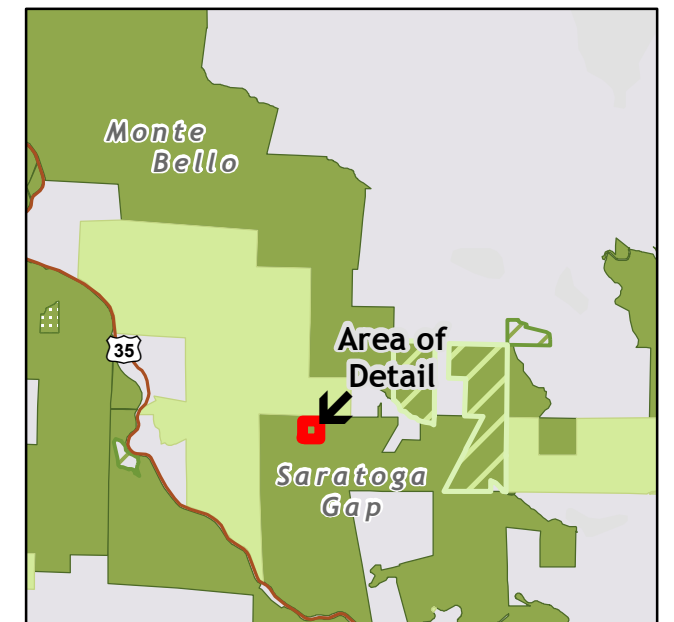


While the District strives to use the best available digital data, this data does not represent a legal survey and is merely a graphic illustration of geographic features.

Exhibit B: Saratoga Gap Premise Area- Existing Structures and Debris to be Removed

-  Structure
-  Debris
-  Parcel Boundaries
-  Well or Water Tank
-  Power Line Pole
-  Power Line
-  Road

- | | |
|--------------------------|---------------------|
| 1. House | 7. Propane Tank Pad |
| 2. Propane Tank Pad | 8. House/Debris |
| 3. Water Pump Box/Debris | 9. Concrete Shed |
| 4. Garage/Debris | 10. Septic |
| 5. House | 11. Fence/Debris |
| 6. Shed | 12. Shed |



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