



Midpeninsula Regional  
Open Space District

R-22-24  
Meeting 22-06  
February 23, 2022

## AGENDA ITEM 6

### AGENDA ITEM

Disposition of the Quam House and Accessory Structures

### GENERAL MANAGER'S RECOMMENDATION *den*

Retain the Quam residential structure for rental use and complete driveway repairs and culvert replacements, as specified by Waterways Consulting Inc., and minor structure repairs and cleanup at a total cost of no more than \$350,000. However, if refined costs or bids come in above this cost, authorize the General Manager to demolish the Quam residence and accessory structures and perform site remediation for an estimated cost of \$400,000.

### SUMMARY

On November 1, 2018, the prior tenants vacated the former Quam residence located at Russian Ridge Open Space Preserve. The residence has remained vacant for the past three years due to poor access conditions of the approximately mile long driveway, making travel unsafe during inclement weather. Given long-term maintenance and repair costs to retain the residence, the Board of Directors (Board) directed staff to evaluate disposition alternatives and costs and present these to the Board to arrive at a long-term disposition decision. Staff evaluated two long-term options for Board consideration. Based on the cost-benefit analysis, if repair costs come in below \$350,000, the General Manager recommends retaining and repairing the residence for rental use. However, if permitting discussions with San Mateo County elevate these costs or bids come in above this amount, the General Manager seeks authority to instead move forward with demolition of the structures and reseeded the area with native seed.

### BACKGROUND

#### *Property Description*

The former Quam residential site includes a single-family house constructed in 1977 (45 years old). The residence is less than 50 years old and not deemed historic. The residential area is comprised of several other structures and facilities (See Attachment 2):

- 960 square foot house with one bedroom, two bathrooms
- Four stall horse stable
- Two car garage with office room and half bath
- Large storage barn
- Garden structure and storage shed with 1/8-acre fenced area
- Wood storage lean-to structure

- An extensive driveway that is over a mile and half from Skyline Boulevard (8,233 feet); the first section serves several private residences and a complex of three District residences; the last 3,545 feet only serves this residence.

#### *Rental History and Driveway Condition*

The house was leased to a general public tenant until November of 2018. After the tenant vacated the property, staff determined that the driveway to the residence required significant maintenance repairs prior to selecting a new tenant. The driveway serving the Quam residence is approximately 3,545 linear feet further into the preserve from the Bergman residential compound and has experienced failures in past years. The driveway is the only vehicle accessible route in or out of the property and does not serve any other property management need. If and when needed, the driveway can provide seasonal patrol and fire access to this area of the preserve if maintained at a rural road standard and can provide year-round access if maintained at a residential road standard. There are no plans to extend or connect this driveway to an additional outlet, route, or destination.

#### *Rental Income Potential*

Staff estimate the potential income from the property to be \$2,000 per month at gross market rate. The house could serve as an employee housing unit (25% percent discount from market) depending on employee interest or as general public housing (market rate). Due to its remote location, the residence would not be considered a good candidate for employees providing services (e.g., public safety emergency or maintenance staff call outs). District staff have previously expressed interest in this house as a potential housing opportunity; however, interest may change and may not always result in an employee entering into a lease.

#### *Required Driveway Improvements*

In March 2019, staff retained Waterways Consulting Inc., to prepare construction documents for improvements to the entire driveway beginning at Skyline Boulevard and terminating at the Quam residence. The construction documents divided the project into two sections: north and south. The north section stretches from Skyline Boulevard to the Bergman Residences; the south section extends from the Bergman residence to the Quam residence. Improvements identified are typical of ranch roads and include culvert replacement, grading, and road surfacing (rocking). The south section scope of work, from Bergman to Quam, was estimated to cost \$204,216 in 2019 (equivalent to \$260,000 in 2023 costs). If the residence is retained, these driveway repairs will be necessary to maintain year-round residential access.

Due to staff turnover, the onset of COVID-19, and early pandemic uncertainty regarding future budget constraints, the entire driveway improvement project was temporarily deferred until 2021. On October 23, 2021, the Board approved a contract to complete driveway improvements from Skyline Boulevard to the Bergman property (R-21-134). This work is currently underway. As part of prior action plan reviews, the Board directed staff to return with disposition options and costs for the Quam residence to guide future next steps for this site, including whether to proceed with driveway improvements for the lower section.

## **DISCUSSION**

### Disposition Options

Board policy 4.02 *Improvements on District Lands* provides for five categories of infrastructure on District lands:

1. Site protection, management, and stewardship
2. Public utilization
3. Contributes to the character of the site
4. Agricultural or other special uses
5. Income sources

The Quam residence falls into two of these categories: #1 as a potential employee residence and #5 as an income source. Therefore, its viability can be evaluated by comparing potential revenue over the next 25 years as general employee housing to the cost of maintaining the driveway and residence versus the cost of demolition and no revenue.

Board policy 4.09 *Factors to Consider for Disposition of Structures* provides a series of decision-making factors to consider for the disposition of structures. An evaluation of each factor relative to this residence is included below followed by a description of the disposition options.

| <b>Factors to Consider for Structures:</b>                      | <b>Evaluation/Conclusion</b>   |
|---|--|
| A. Board-Adopted District Policies                              | Per <i>Basic Policy</i> , rental residences may be allowed when it does not utilize significant areas of natural land, does not unduly impact natural or aesthetic resources, does not unreasonably restrict public access, and provides benefits or income to the District. |
| B. Compatibility with Open Space Character of the Site          | Minimal Impact - May detract from natural surroundings but is not visible from most vantage points.  |
| C. Historic and Educational Value                               | None - structures are not historic and do not provide interpretive or educational value.   |
| D. Partnership Opportunities / Cooperation                      | None   |
| E. Potential Financial Cost, Including Liability and Management | See further below  |
| F. Proposed and Potential Uses                                  | Residential employee or public rental  |
| G. Public Sentiment and Input                                   | None - no public input has been received and staff is not aware of any strong public interest.   |
| H. Regional Important or Value                                  | None   |
| I. Strategic Fit  | Minimal: nine (9) District-owned residences that are in good condition already exist within three miles of the site; may provide general District employee housing to aid in future employee recruitment and retention.  |
| J. Tradeoffs and Impacts on District Resources                  | Cost benefit analysis and tradeoffs is discussed further below in the report.  |
| K. Visitor Experience   | None   |
| L. Condition of the Structure                                   | The structures are in good condition; the driveway is in poor condition.   |

Based on the evaluation above, the primary factors for consideration for this structure are (1) the financial costs, (2) the tradeoffs and impacts on District resources, (3) potential revenue, and (4) use as general employee housing to support recruitment and retention.

### Option 1: Retain the Quam Residence; Repair Driveway and Residence

The construction documents prepared by Waterways Consulting Inc., can be used to prepare a Request for Bids from qualified road/driveway construction contractors. Using the State Department of General Services California Construction Index and annual escalation costs, the driveway repairs are estimated to cost \$260,000 using 2023 dollars. Staff anticipate an additional \$20,000 to complete minor structure repairs and cleanup of the residence buildings, plus \$10,000 in overall permit fees. To account for other potential hidden costs, a 15% contingency is added (\$43,500), for a total project cost of \$333,500. Project permitting can be initiated as early as this spring to allow construction in Summer 2023.

#### *Permitting Uncertainty*

At this time, it is uncertain what permit conditions may be placed on the driveway to complete the repairs. If permits trigger fire vehicle turn-arounds and turn-outs, the cost of the driveway repair could substantially increase.

### Option 2: Remove the Quam Structures

Under this option, staff would proceed directly with the removal of all existing structures and reseed the site to match the surrounding open space environment (See Attachment 2). Based upon the recent Bergman Demolition project, staff estimates the total cost of removal to be \$300,000 to \$400,000; costs reflect the long access driveway that remains in poor condition to bring in equipment and off-haul the materials.

### Cost-Benefit Analysis for Each Option

The following table estimates the 25-year costs and revenues for maintaining the residence. Demolition costs were based on the cost of the nearby Bergman demolition contract (~\$91,000 at about one-quarter ( $\frac{1}{4}$ ) the size, located closer to Skyline Boulevard, and excludes a well decommissioning). The high end of the estimated range is used for comparison.

Costs for structure repairs and cleanup are based on an average \$5,000 a year for a typical District residence. Structure maintenance includes plumbing repairs, HVAC service, sewer/septic system maintenance, chimney sweeping, rodent control, and well and water system testing. Although the Quam residence is currently in good working order, future capital repair and replacement projects, such as roof replacement (~\$25,000), appliance replacement, such as HVAC and water heater (~\$7,500), and window replacement (~4,000) will need to be budgeted as part of ongoing operational costs. The estimated total capital cost for the Quam House over the next 25 years is \$36,500. The total cost for structure upkeep over 25 years is \$161,500. This does not include administrative staff time to manage or marginal cost to insure the property.

Driveway repair costs are based on an engineer's estimate with a cost escalation to 2023. Ongoing driveway maintenance for year-round residential access is based on \$5,000 a year for grading and rock, and \$1,000 a year in staff time for regular checks and cleaning of culverts, removing sluffed earth from road edges caused by winter storm events, and tree clearing. If the structures are demolished the driveway will be left in place as a seasonal access road but will not be a priority for maintenance, so the ongoing cost would just be \$1,000/year, with the understanding that if there is significant damage to the road it will likely not be repaired. An initial investment (\$20,000 in crew time) to install larger drainage swales that are typical of non-residential preserve roads would be completed to reduce future maintenance needs.

Rental revenue is based on \$1,500 per month at a 25% employee discount off the estimated \$2,000 per month market rate, assuming an estimated 5% vacancy. All figures are expressed in 2023 dollars for comparison purposes. While ongoing residential/driveway maintenance will increase over time, the rental income will also increase over time. Over 25 years, an additional \$142,500 of revenue could be generated if the residence was rented to the public at full market. Per Board policy, employees are initially given preference over the general public; renting this residence to the public would be a secondary option if there was no employee interest.

The Cost-Benefit Analysis table below indicates that the residence would operate at a loss to the District over a 25-year time frame but would be less expensive than demolition when offset by rental revenue, assuming the repair costs come in as estimated.

**Cost-Benefit Analysis**

|   | Option 1 Repair Road <sup>1</sup> | Option 2 Demolition <sup>1</sup> |
|---|-----------------------------------|----------------------------------|
| Demolition and Grading  |                                   | (\$400,000)                      |
| Driveway and Structure Repairs  | (\$333,500)                       |                                  |
| 25 Years of Structures Maintenance  | (\$161,500)                       |                                  |
| 25 Years of Driveway Maintenance  | (\$150,000)                       | (\$45,000) <sup>2</sup>          |
| 25 Years of Rental Revenue<br>(assumes as employee housing at 75% of market rate) | \$427,500                         |                                  |
| <b>Total 25 Year Cost or Revenue</b>  | <b>(\$217,500)</b>                | <b>(\$445,000)</b>               |

1.All costs in 2023 dollars no escalation is included for rent or ongoing costs

2.Estimated cost to maintain marginally as a seasonal road – note that this is for an operational cost not associated with the residence

Natural Resources Considerations

Natural Resources staff evaluated the site to determine if there were natural resource benefits that could be gained from the removal of structures and cessation of daily residential use of the driveway. Staff noted purple star thistle currently exists along the driveway, therefore measures should be taken to avoid spread of this invasive species. Continued use of the road and residential area could increase risk of invasive species and pathogen introduction and spread. There are historical occurrences of San Francisco Garter Snake (SFGS) nearby at Rapley Ranch and an unconfirmed sighting at the Bergman residential complex. Natural Resources staff describe the area as having ‘low potential’ for SFGS to be encountered. Nonetheless, resource management training for any tenant should be provided if the residence is retained. Repair work would follow protective SFGS/California red-legged frog provisions. Staff conducted preliminary bat surveys and found low potential for bat use if the property does not stay vacant much longer. Badger and burrowing owl are present in the area; however, continued residential use would not impact these species unless new development occurs.

Housing Program Considerations

Neither retaining nor removing the Quam Residence would significantly impact the District’s Housing Program. Currently, 50% of all District housing is located on Skyline Boulevard from Highway 9 to Highway 92 – a total of 17 units. Of these units, eight house District staff that provide services, and two house staff that do not provide services. Moreover, nine housing units are located within three miles of the Quam Residence.

***Recommendation: Retain and repair if costs are under \$350,000, otherwise authorize removal***

The General Manager recommends retaining the Quam residence for rental use and completing the necessary driveway repairs and culvert replacements and minor structure repairs and cleanup at a total cost of no more than \$350,000. However, if refined costs or bids come in above this cost, such as due to the addition of costly County permitting requirements, the General Manager seeks Board authorization to pivot and instead demolish the Quam residence and accessory structures and perform site remediation for an estimated cost of \$400,000.

**FISCAL IMPACT**

The FY22 adopted budget includes \$207,000 for the 61026 - Quam Residence Road Repair project. If the Board authorizes retaining and repairing the structure and driveway, the work will likely take place in FY22 and FY23. There are sufficient funds in the adopted FY22 Budget for anticipated expenditures in FY22 for option 1. Funds for future fiscal years will be recommended in future fiscal year budgets as a part of the annual Budget and Action Plan process.

| 61026 - Quam Residence Road Repair                    | FY22 Projected | FY23 Projected | FY24 Projected | Estimated Future Years | TOTAL     |
|---|----------------|----------------|----------------|------------------------|-----------|
| Option 1: Repair Driveway and Residence               | \$48,500       | \$285,000      | \$0            | \$0                    | \$333,500 |
| Option 2: Remove Existing Structures and Restore Site | \$0            | \$400,000      | \$0            | \$0                    | \$400,000 |

The recommended action is not funded by Measure AA.

**BOARD AND COMMITTEE REVIEW**

There was no prior Board or committee review of this item.

**PUBLIC NOTICE**

Public notice was provided as required by the Brown Act.

**CEQA COMPLIANCE**

Review of the disposition options is not subject to the California Environmental Quality Act (CEQA). An appropriate level of CEQA review will be conducted following the selection of an option by the Board and before the option is implemented.

**NEXT STEPS**

If approved, the General Manager will direct staff to proceed with repairs and remain informed as to the future refined costs to confirm the direction.

**Attachments**

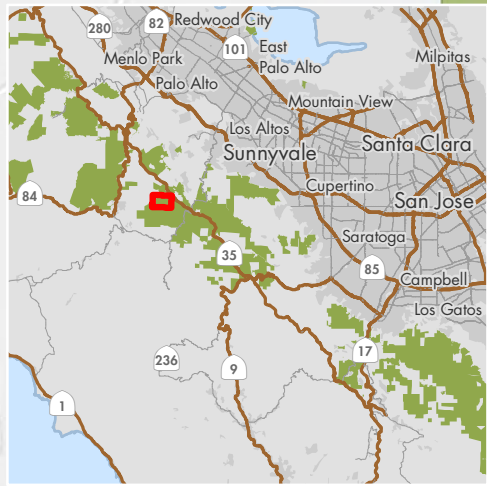
1. Quam Driveway
2. Quam Residence
3. Site photos

Responsible Department Head:

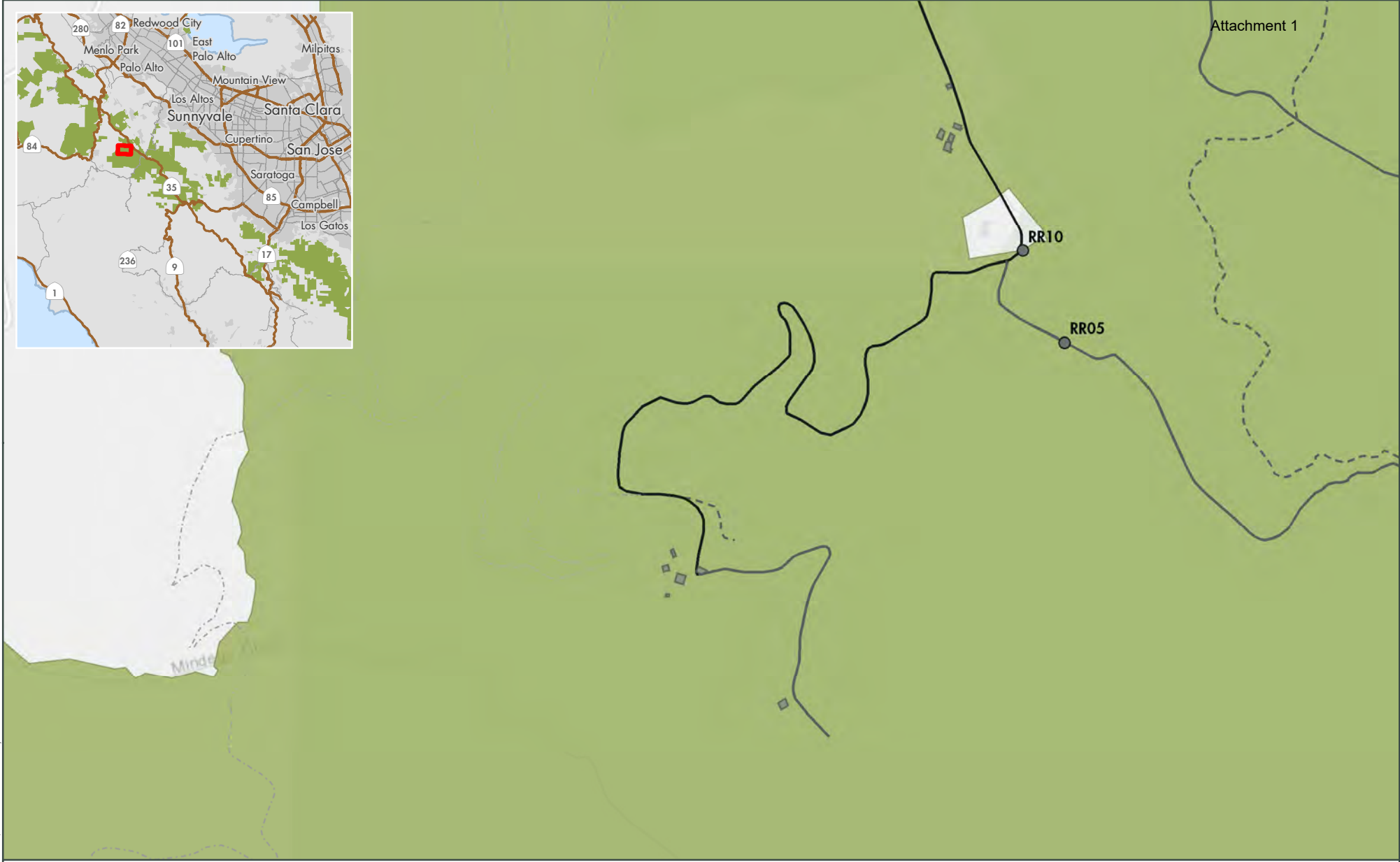
Brandon Stewart, Land and Facilities Manager

Prepared by and contact person:

Omar Smith III, Senior Property Management Specialist, Land and Facilities



Attachment 1



### Attachment 1: Quam Driveway

- Building**
- Present
- Trail (classes)**
- Unpaved All-Season Road
- Unpaved Seasonal Road
- Trail
- Abandoned / Unmaintained Road
- Preserve Boundary (fill)

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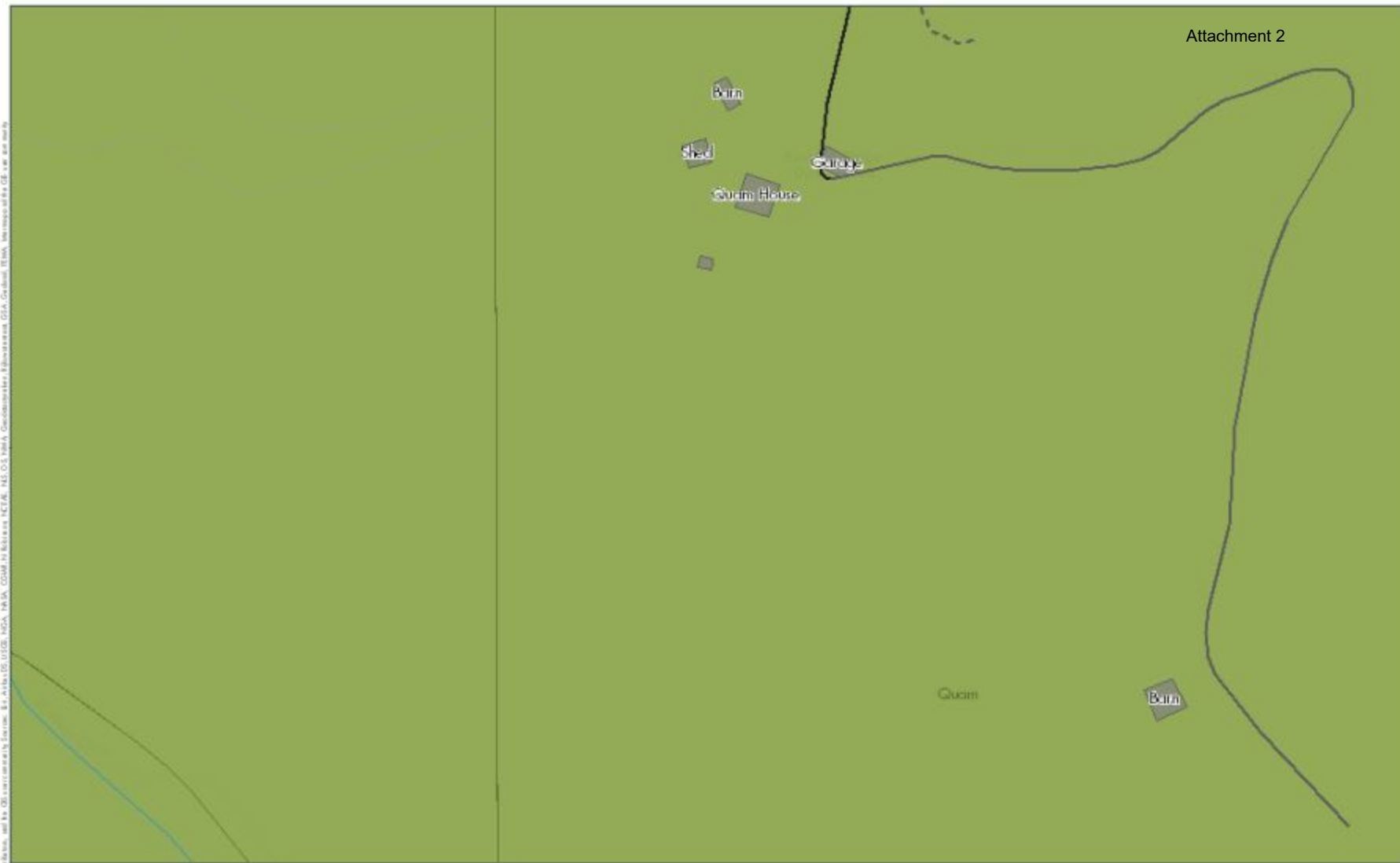


Data Source(s): Esri, HERE, Garmin, (c) OpenStreetMap contributors, and the GIS user community

Omar Smith

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





### Quam Structures

#### Building

■ Present

#### Trail (classes)

— Unpaved All-Season Road

— Unpaved Seasonal Road

- - - Trail

..... Abandoned / Unmaintained Road

#### MROSD Land

■ MROSD Fee Property

■ Preserve Boundary (fill)

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Data Sources: Bui, ITE, Grand, [Open Development], and the District's GIS Department. Data provided by the GIS Department, 10/15/2021. Data provided by the GIS Department, 10/15/2021.

Site Photos



Site Exterior



Site Exterior



Site Interior



Site Road Condition