



SARATOGA CITY COUNCIL

MEETING DATE: May 18, 2016
DEPARTMENT: Public Works
PREPARED BY: Mainini Cabute, Management Analyst II

SUBJECT: Hakone Master Plan and Initial Study/ Negative Declaration

RECOMMENDED ACTIONS:

1. Approve Resolution adopting the Initial Study/ Negative Declaration for the Hakone Gardens Master Plan.
2. Approve Hakone Gardens Master Plan Dated April 18, 2016.

BACKGROUND:

The Hakone Foundation and the City have long shared the goal of developing a comprehensive Master Plan for Hakone Gardens. In 2013, the City of Saratoga amended its long term lease agreement with Hakone to set a framework for the Foundation and the City to collaborate in a process that develops a Master Plan.

The agreement states that the City would retain and manage relevant professionals, in consultation with the Foundation. The City committed to contributing \$250,000 and the Foundation would match certain costs of the Master Plan preparation and a three-to-one match for other costs associated with master plan implementation. A Master Plan Development Agreement between the City and the Foundation was developed as a result of this amended lease agreement.

The Development Agreement outlined the process for jointly developing the Master Plan and the funding commitments of each party. As stated in the Development Agreement, the City prepared a request for proposals (RFP). The City obtained approval of the RFP from the Foundation's representative and the City and Foundation each deposited \$150,000 into a dedicated account prior to the release of the RFP.

After a four- month RFP process that involved receiving eight different proposals and interviewing three different consulting firms, in December 2014, the City selected the Portico Group to develop a Master Plan for Hakone Gardens, conduct a fiscal assessment of the current and future operations of the Gardens, and complete the necessary CEQA documents for the Master Plan.

COMMUNITY OUTREACH:

The Portico Group and the City worked closely with the Hakone Foundation, key stakeholders, and the general public to develop the draft Master Plan. The outreach effort spanned over the course of six months between February and July 2015. During that time period, the Portico Group conducted three (3) in-person work sessions, one (1) phone conference and two (2) community workshops that were held in the evenings so that many of the community members could attend. As a result of the outreach efforts, Portico was able to collect broad long-term goals that guided the development of the draft Master Plan.

- 1: Connecting to the Community
2. Restoring the Legacy Gardens and Buildings
3. Expanding Interpretive and Educational Opportunities
4. Enhancing the Visitor Entry and Arrival Sequence
5. Providing Adequate Space for Staff
6. Improving Visitor Services and Amenities
7. Creating a Sustainable Organization

During the outreach efforts, and the public review of the environmental document, members of the public expressed concerns about current financial and event operations at Hakone and voiced opposition about building a new event facility in the gardens. The concerns over event operations focused on sounds heard by residents living nearby, particularly during the evening hours when amplified sound is used during wedding receptions. While Hakone is required to comply with the City's noise regulations, neighbors continue to hear sounds during events.

The Master Plan proposes both short and long-term solutions to address these concerns. The short-term solution is a recommendation to construct a sound barrier between the Cultural Exchange Center (CEC) and the Lower House. The long-term solution is to move events that occur in the Upper Courtyard inside a building to further reduce sound leaving the property. This solution is also consistent with the Foundation's goal of having an all-weather event facility that allows Hakone Gardens to have a consistent flow of revenue during the year.

The Master Plan has two options for creating indoor event space: renovation of the CEC or construction of a new events hall. A renovated CEC is the preferred option but a large portion of the floor area is covered by a commitment to maintain an apartment. A new events hall is identified in the Master Plan as an alternative to bring events indoors in case the CEC commitment continues to constrain the use of the building.

Draft Master Plan Scope

Through collaboration with the City, the Hakone Foundation and Hakone Gardens stakeholders, the Portico Group developed a long-term vision for the Gardens. The draft Master Plan includes descriptions and drawings of the following components:

1. New arrival at the upper end of the entry drive, parking lot, and service drives
2. New entry courtyard, buildings and gardens, including accessible paths
3. New garden maintenance and operations yard
4. Renovations and repurposing of existing garden buildings.
5. Repurposing and renovation of indoor meeting/ event hall
6. Other smaller improvements:
 - Enhancements to existing gardens
 - Immediate, short-term improvements

Implementation Costs

The total cost to fully implement various phases in the Master Plan is approximately \$27,725,000. This amount includes non-construction and construction costs. Non-construction costs include design fees, project management and administrative fees; permitting costs and agency fees (planning, utility, etc.); entitlement costs, including required consultants and legal support; an allowance for other fees and service which include non design consultants such as geotechnical, surveys; fixtures, furniture and equipment which are presumed to be purchased and installed by the owner directly.

Phase 1 revitalizes the Koi Pond and surrounding Hill & Pond Garden to give the visitor an authentic experience of Japanese gardens. Cost: \$4,925,000

Phase 2 tackles three significant built structures that are currently in some state of disrepair and are underutilized. These are: the Zen Garden House (Lower House), Moon Viewing House (Upper House), and the Cultural Exchange Center (CEC). Cost: \$5,250,000

Phase 3 addresses the need for a welcoming and significant entry to complement the strength of the core garden and structures. It also creates an accessible path from parking to the Lower Courtyard. In this phase, amenities for visitors and staff that support an extended stay-time at the garden and more versatile use of all of Hakone are added. Finally it creates an accessible path from the Lower Courtyard to the Upper Courtyard. Cost: \$9,750,000

Phase 4 primarily creates an accessible (ADA-compliant) entry and parking area through grading and paving. These changes to the parking lot also address stormwater management. This phase also adds capacity for a dedicated space for garden operations, maintenance, and material storage. Cost: \$7,800,000

The costs associated with implementing the draft Master Plan will need to come primarily from fundraising and donations as annual revenue from events and admissions is intended to maintain operations of the gardens. This information was determined by the comprehensive analysis conducted by the Portico Group's sub-consultant, Dean Runyan.

According to the comprehensive business plan analysis conducted by Dean Runyan, attendance, membership and event activities are likely to increase by phase 4 of the Master Plan, as a result of the improved facilities. The improvements would also create opportunities to bolster fees associated with facility rentals for events, membership, gate revenue and retail. Fee increases in the area of facility rentals for weddings and other events would provide a substantial portion of the Garden's revenue. While operational expenses would also increase, the business plan projections show potential for a sustainable organization in the future.

ENVIRONMENTAL REVIEW

The Portico Group's sub-consultant, Denise Duffy & Associates, performed the necessary CEQA environmental review for this project, referred to as the Initial Study/Mitigated Negative Declaration (IS/MND). The IS/MND addressed the aesthetics, biological resources, water quality, sounds, geotechnical hazards, traffic and short term construction effects. On March 8, 2016, the Heritage Preservation Commission (HPC) reviewed the draft Hakone Master Plan Executive Summary and the IS/MND. At that meeting, the HPC forwarded a favorable recommendation to the City Council to approve the Master Plan and to adopt the Negative Declaration. In addition, the HPC recommended that implementation of items in the Master Plan must be reviewed by the HPC before the commencement of any work.

The Initial Study was released for public review between March 22nd and April 20th. During the review, staff received six (6) public comments. City staff responded to two residents who requested for answers to their questions. Attached are the public comments and the City's responses.

Upon City approval of the Master Plan and completion of the environmental review process, the Foundation will notify the City when it wishes to proceed with final engineering, design, and construction.

ATTACHMENTS:

- A: Completed Draft Master Plan (also provided via hardcopy)
- A1: Master Plan Appendices
- A2: IS/MND
- B: Resolution for Adoption of Negative Declaration
- C: Public comments and City responses