



**REUSE FEASIBILITY STUDY FOR
FUTURE
CASTRO ADOBE STATE PARK**

Submitted to:
County of Santa Cruz
Planning Department

Submitted by:
BAE

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Table of Contents

1. EXECUTIVE SUMMARY	1
2. ADOBE HISTORY AND PURPOSE OF THE STUDY	2
HISTORY	2
SAVING THE CASTRO ADOBE	2
PURPOSE AND APPROACH OF THE STUDY	3
TIMELINE FOR STATE PARKS' ACQUISITION AND REHABILITATION	3
3. REUSE ISSUES AND CONSTRAINTS.....	4
STATE PARK PLANNING AND RELATION TO LOCAL PLANS	4
STATE COASTAL ZONE CONTEXT.....	4
COUNTY ZONING	4
PUBLIC SAFETY AND CODE ENFORCEMENT	5
BUILDING AND SITE CONSTRAINTS	5
OLD ADOBE ROAD ASSOCIATION AND NEIGHBORHOOD.....	6
4. POTENTIAL USES	8
USES AT EXISTING ADOBES OPERATED BY CALIFORNIA STATE PARKS	8
POTENTIAL USES FOR THE CASTRO ADOBE	8
EVALUATING POTENTIAL REVENUE GENERATING USES.....	9
5. MANAGEMENT AND OPERATING CONSIDERATIONS.....	14
MANAGEMENT ALTERNATIVES	14
FRIENDS OF SANTA CRUZ STATE PARKS.....	14
OTHER POTENTIAL NON-PROFIT FACILITY MANAGERS.....	16
ANALYSIS OF COMPARABLE FACILITIES	18
PROJECTED OPERATING BUDGET AND LEVEL OF USE	21
6. CONSULTANT RECOMMENDATIONS AND NEXT STEPS.....	23
A. APPENDIX	24
NOTES FROM JUNE 6, 2000 AD HOC COMMITTEE MEETING	

1. Executive Summary

The addition of the historic Castro Adobe to the California State Park System presents an opportunity to preserve one of the oldest and most historically significant structures in Santa Cruz County. While the State is funding the rehabilitation of the Castro Adobe, the State authorizing legislation requires that its future operation be financially self-sufficient and not receive State funds. Bay Area Economics (BAE), a national real estate economics and development consulting firm with extensive experience in park facilities and historic preservation, was retained by the County to prepare a reuse feasibility study focused on appropriate uses and management arrangements to achieve self-sufficiency. BAE worked with the ad hoc Committee for the Castro Adobe and a smaller Steering Committee to review uses, management options, and other issues. This Study presents the results of BAE's research and analysis.

State Parks is expected to complete its acquisition of the Castro Adobe from the current owner within the next several months. Design work is expected to commence soon, and State Parks will concurrently prepare an Interim Use Plan that identifies appropriate uses and activities and necessary improvements for the future park (with CEQA compliance analysis). Based on the State Parks timeline for completing design work and construction, the rehabilitation of the Castro Adobe is expected to be completed and the building ready for use sometime between March and September, 2003.

Due to the Castro Adobe's relatively remote location, its small building and site size, and the limited area for parking, there are significant physical and market constraints on the types of uses that are both feasible and able to generate sufficient revenues. The County's Agricultural zoning of the site limits commercial uses. The one-lane private access road, Old Adobe Road, does not meet County standards for access to commercial uses. At the same time, State Parks' exemption from local zoning regulations and responsibility for planning, public safety, and code enforcement provides critical flexibility in creating an appropriate State Park with revenue generating uses. State Parks will need to work closely with the Old Adobe Road neighbors to promote a harmonious relationship.

Based on a review of many potential uses for the Castro Adobe, and the need to ensure sufficient revenues for management and operating costs when rehabilitation is complete in 2003, BAE believes that the most appropriate revenue generating use is meetings and special events, including family and social events and fee programs. This use would be compatible with the school field trips, interpretive and cultural programs, and other public programs and visitation typical of State Park units. Based on an estimated annual operating budget of approximately \$52,000 the number of necessary annual revenue generating events is approximately 46 on weekend days and holidays and 17 on weekdays. Daily use fees are projected to range from \$600 to \$900 per day based upon analysis of comparable facilities.

State Parks and the Friends of Santa Cruz County State Parks, an independent non-profit supporting the State Park, have agreed that the Friends will be responsible for the future management and operation of the Castro Adobe. Because of the park focus of this organization and its agreement with State Parks, it may be able to operate the Castro Adobe with fewer revenue generating events. BAE also evaluated another management option for a local non-profit or public agency, however their typically limited staffing and resources creates significant hurdles in spite of several expressions of potential interest.

Next steps for the Castro Adobe could include a fundraising feasibility study to identify the amounts and types of funds that could support free and low-cost park programming. The County could consider its willingness to provide financial support should rehabilitation cost overruns threaten the project, or if the County wishes to see a lower level of revenue generating events held at the site.

2. Adobe History and Purpose of the Study

History¹

The Castro Adobe, including the surrounding 1-acre parcel, is the last remnant of the Castro family's landholdings in the Rancho San Andres hacienda, one of seven landholdings in Santa Cruz County that at their peak totaled over 250,000 acres. The Castro family originally came to California with the Anza Colonizing Expedition of 1775-1776 that claimed much of Northern California for Spain. Subsequently, the Castros became the largest Californio (original Spanish and Mexican) family in Alta California, with rancho land grants throughout the Central Coast, ranging from San Pablo Bay to Monterey.

A two-story, approximately 4,000 square foot adobe was built circa 1833 (on what is now Old Adobe Road) as the headquarters for the family, with nearly 60 people living in and around the property. It is significant as the only full two-story adobe rancho building ever constructed in the Monterey Bay region and is the largest rural hacienda in the region. It complements the urban adobe dwellings in Monterey and San Juan Bautista and is the oldest structure and only State Landmark in the Pajaro Valley.

As happened to most of the land owning Californio families, the Castro family's landholdings were dissolved in the decades following California's annexation to the United States. The Adobe passed into non-Castro family ownership in the late 19th century and continued to serve as a family residence, with relatively modest modifications, up until the Loma Prieta earthquake of 1989. One of the more noteworthy additions is an inner walled garden on the west side of the Adobe in the 1960's designed by Thomas Church, the renowned landscape architect. The surrounding grounds also contain the remnants of an old orchard although many of the trees are believed to not be part of the original landscaping design.

Saving the Castro Adobe

The Loma Prieta earthquake of 1989 caused significant structural damage to the Castro Adobe, including the collapse of its south exterior wall, and rendered it unsafe for residential or other occupancy. Since that time the building has been closed and somewhat stabilized and protected from the weather.

Over the last 11 years, numerous individuals and organizations have worked to devise a solution that would restore the historically significant Castro Adobe and ensure its long-term preservation. Through the efforts of Assemblyman Fred Keeley, legislation was finally passed in 1999 to fund acquisition and rehabilitation to add the Castro Adobe to the California State Park System, in recognition of its historic significance and the opportunity it represents to interpret early California history, particularly for the large numbers of Mexican and other Latino residents of the Pajaro Valley area.

However, at the insistence of the Governor's office, the legislation that authorized adding the Castro Adobe to the State Park System also contains a requirement that the costs for the future management and operation of the Castro Adobe be funded from non-State sources. This is different than the typical operation of State Park units, which are taxpayer funded through appropriations from the Legislature. This creates a significant challenge because revenue generating uses or obtaining other sources of revenue must occur in a manner that is appropriate to the historic semi-rural setting and does not detract from the

¹ The first two paragraphs of this section are drawn from the text of the approved California Registered Landmark plaque (Landmark No. 998).

State Park's ability to host the public, school groups, and others at the Adobe for interpretive and other programs.

Purpose and Approach of the Study

Bay Area Economics (BAE), a national real estate economics and development consulting firm with extensive expertise in park facilities and historic preservation, was retained by the County of Santa Cruz to conduct a reuse feasibility study that would address the financial requirements for the Castro Adobe to be self-sufficient after it has been rehabilitated by State Parks. This Study was funded through a donation from the Community Foundation of Santa Cruz County to the County.

The purpose of the Study is to identify the most appropriate revenue generating uses and management arrangements that can simultaneously fulfill the legislated requirement for the financial self-sufficiency of the Castro Adobe while being compatible with and supporting its operation as a State Park. The Study was not intended to address the full range of park programs and their associated impacts. BAE reviewed the history of the site, existing building and site conditions, and various applicable reuse constraints. Research into comparable facilities and potential uses and operators was conducted to provide a basis for evaluating revenue-generating alternatives. Meetings with the existing ad hoc Committee for the Castro Adobe, a smaller Steering Committee chosen from its members, and the Old Adobe Road Association were used to review and refine the alternatives and develop the final Study.

After final review by County staff, the Historic Resources Commission, and the Board of Supervisors, this Study is intended to be used by State Parks and others involved in the rehabilitation and reuse of the Castro Adobe.

Timeline for State Parks' Acquisition and Rehabilitation

The State is currently in negotiations to acquire the Castro Adobe and the one acre parcel that it sits on, with the acquisition expected to be completed within the next several months.

The current Fiscal Year 2000-2001 State Budget contains funds for the preparation of preliminary plans for rehabilitation of the Castro Adobe². These plans must be consistent with the park unit's General Plan (please refer to the following section for a discussion of park planning).

In State Fiscal Year 2001-2002, working (construction) drawings and bid documents will be prepared for the rehabilitation of the Castro Adobe, including future identified repairs or improvements to Old Adobe Road. The State will seek to secure a contractor for the work by the end of that fiscal year.

Construction is therefore projected to commence in approximately July, 2002, and assuming a nine to 14 month construction period, the Castro Adobe will open for public use sometime between March and September, 2003. The State will be responsible for the costs of maintenance and protection of the Castro Adobe until all rehabilitation work has been completed, which will provide the future manager or operator with up to two years or more for planning and preparation.

² State Parks is currently awaiting authorization to proceed from the State Department of Finance. The lead agency for design work is likely to be the State Department of General Services (either in-house or through an outside firm), however State Parks may have the option of directly handling design work (either in-house or through an outside firm). The designer will need to have expertise in the rehabilitation and seismic strengthening of adobe structures.

3. Reuse Issues and Constraints

State Park Planning and Relation to Local Plans

There is currently no existing General Plan for the Castro Adobe to guide the design process regarding required facilities or park management and future operation of the site. As a first step prior to the eventual preparation of a future General Plan (which will be subject to State Parks' schedule for planning and available funds), the Santa Cruz District of State Parks intends to prepare later this fiscal year an "Interim Use Plan" (and associated CEQA Section 5024 compliance). The Interim Use Plan will consider the impacts of appropriate uses on the historic resource of the Castro Adobe and will identify the types of facilities that are required to support that use. That planning effort is an administrative action that is expected to take no more than several months to complete.

The mission of the State Park System is "[t]o provide for the health, inspiration and education of the people of California by helping to preserve the state's extraordinary biological diversity, protecting its most valued natural and cultural resources, and creating opportunities for high-quality outdoor recreation." While State Parks considers local plans and zoning, its decisions regarding park plans and the operation of park units must be based upon its mission and applicable State legislation and regulations. Since the State of California is not ordinarily subject to local jurisdiction, unlike a private property owner or local agency, State Parks is not constrained by local plans, zoning, ordinances, or other regulations except to the extent identified by State law.

The discussion in the following sections expands upon the planning issues and constraints related to reuse of the Castro Adobe.

State Coastal Zone Context

The Watsonville Coastal Management Zone consists of most of the land west of Highway 1. No land east of Highway 1 is included in the zone. Since the Castro Adobe is east of Highway 1, there are no coastal issues to consider in this project.

County Zoning

The property containing the Castro Adobe is a recently created one acre parcel that used to be a portion of a larger 9.6 acre parcel containing a residence.³ Both of these parcels are zoned as "A" Agricultural and also have Historical Landmark "L" status. The purposes of the "A" Zone District are to encourage and provide for noncommercial agricultural uses such as family farming and animal raising and to allow limited commercial agricultural activities. These lands are generally not considered as commercially suitable but still constitute a productive natural resource.

BAE reviewed several development activities that might occur in conjunction with the rehabilitation of the Castro Adobe to assess what constraints current zoning would ordinarily present. Planting orchards, including fruit and nut crops is allowed and no use approval needs to be filed. Greenhouse structures are

³ Assessor's Parcel Number (APN) 049-501-01 is the larger lot with an existing single family residential unit that is in use; APN 049-501-02 is the one acre parcel contiguous to the first lot with Old Adobe Road frontage and containing the Castro Adobe.

allowed but require plans to be drawn up and, depending on the size, might require a public notice to be filed. Construction of a habitable accessory structure greater than 640 square feet requires a public hearing by the County's Zoning Administrator. Non-habitable accessory structures under 1,000 square feet require only a building permit. Non-habitable accessory structures over 1,000 square feet require someone from the County to perform a field visit. Offices within existing structures simply need to provide the County with plans regarding the structure's use. Should any improvements be made to the septic system on the property, it would require at least a 100 foot setback from the well which supplies the property's drinking water.

Under ordinary conditions, the zoning of these parcels would place heavy restrictions on any type of public use for the Castro Adobe. These rules would limit events to certain hours of the day and mandate that no noise reached beyond the property line. Public access might even be limited to one day per month. Recently, the County has been reviewing the activities and appropriateness of several small private wedding sites that are considered to generate unacceptable impacts (many of these have been in areas with Agricultural zoning). However, since the State Park System is not ordinarily subject to local zoning requirements (as described in the prior section), the use restrictions and approval processes that would otherwise apply to the Castro Adobe are not enforceable by the County, and it is up to State Parks to select and manage uses according to its plans, policies, and regulations.

Public Safety and Code Enforcement

After its acquisition of the Castro Adobe, the State will be responsible for all public safety functions and building, life-safety, and other code enforcement. State Parks is responsible for law enforcement within its units, including the Castro Adobe. The State Fire Marshal has jurisdiction regarding life-safety codes. State Parks will need to determine in the future how structural fire, hazardous material response, and emergency medical services will be provided; presumably this will be consistent with its existing mutual aid agreements or otherwise result in the establishment of additional agreements as needed. The State Architect is responsible for ensuring consistency of rehabilitation at the Castro Adobe with state building codes (including application of the State's historic building code) and conducting the "plan check" function normally provided by the County. Neither building permits nor certificates of occupancy from the County will be required.

Building and Site Constraints

Some of the most significant constraints on reuse of the Castro Adobe relate to the size and nature of the building itself and its site (Old Adobe Road issues are discussed in the following sections).

With the main portion of the structure (excluding the historic kitchen area) consisting of approximately 2,000 square feet per floor (total of approximately 4,000 square feet for the two floors), the relatively limited area that is available for reuse constrains the revenues that can be generated. The single largest open area, the fandango (dance) room is approximately 25' x 50' or 1,250 square feet, on the second floor of the building, and is not currently disabled accessible. Applying rough space planning guidelines for assembly uses to this area suggests that the maximum indoor capacity for the Castro Adobe would be approximately 75 persons (and considerably less for other uses requiring more space; for example only approximately 16 persons could typically be accommodated for office use, even with an open floorplan).

The historic preservation guidelines that State Parks must follow are likely to require the restoration of the more open floorplan of the Adobe at its time of construction (e.g. removing the subsequent walls installed to create more bedrooms) and limit the ability to make changes to the structure that would remove or

damage historic fabric or detract from its character. While open spaces work well for some uses, such as events, they are not as desirable for other uses, such as offices.

Utility systems and capacities are believed to be sufficient for the uses that are likely to be considered for the Adobe. Electricity is provided by PG&E, as well as natural gas through mains serving Old Adobe Road. Potable water is provided by a well with sufficient capacity (aside from water-intensive commercial uses). Sewage is handled through a septic system that is believed to have sufficient capacity for any of the potential uses under consideration.

While some uses, such as special events, can take advantage of the site's outdoor area during the warmer parts of the year, this will be limited by the extent to which the orchard area can be reconfigured to allow large group events (e.g. through removal of non-historic plantings) and sufficient restrooms made available to handle larger groups. A cultural landscape report has not yet been prepared that identifies the significant contributing (historic) elements of the site's design, plantings, and improvements, so it is not possible to fully identify the potential for larger group use of the outdoor portion of the site. However, parking, neighborhood, and other constraints outlined elsewhere in this Study suggest that there is not a significant potential for such outdoor use.

The other significant site constraint is likely to be the amount of available parking. No parking study or related design work has been prepared for the Castro Adobe site. A semi-circular driveway enters the property from Old Adobe Road near the southeast corner of the property, continues around the Adobe through a porte cochere (which is non-historic, unsafe, and needs to be demolished) and around the walled garden, and reconnects with Old Adobe Road on the western side of the property. This driveway needs to be maintained and possibly enhanced to provide the minimum recommended 65' turning radius so that large vehicles (such as trucks or buses) can safely turn around on the Castro Adobe property before returning down Old Adobe Road. Assuming that as much of the orchard would be preserved as possible, a simple scaling exercise suggests that it is likely that no more than 30 to 40 cars can be tandem parked on the western portion of the site west of the driveway (and potentially only 20 cars or so using standard parking spaces). Assuming an average of 2 persons per car and tandem parking, this would result in a capacity constraint of 60 to 80 persons. The current owner of the adjacent property has indicated a willingness to allow occasional use of her field adjacent to the Castro Adobe for overflow parking, however this is not expected to be available on a frequent basis, and a subsequent property owner could be unwilling to allow this use. Therefore, frequent larger events would likely require off-site parking prior to reaching Adobe Road and the use of shuttles. However, the site cannot accommodate the large scale events that are usually necessary to justify the additional cost of shuttling visitors in and out.

Old Adobe Road Association and Neighborhood

Currently, Old Adobe Road is an approximately eleven feet wide one-lane road, according to the County, and is maintained as a private road by the residents' Old Adobe Road Association. A road width of 18 feet is considered by the County to be "fire safe" and allow for slow two-way traffic; this is likely the standard for road improvements that the County would seek from a more intensive commercial development on Old Adobe Road (assuming that the zoning limitations could be addressed). While it is believed that the existing road rights-of-way are 20 feet wide and would thus allow a road of 18 feet to be constructed (even though current property fence lines are clearly less than this width), current residents along Old Adobe Road have indicated that they favor the current one-lane road as an element of the neighborhood's rural atmosphere that they wish to protect.

The funds appropriated by the State for Castro Adobe acquisition and rehabilitation are also available for necessary repairs or improvements to Old Adobe Road. Since a detailed construction budget has not been developed, it is not possible to estimate at this time the amount (if any) that might be needed for improvements to Old Adobe Road. There has been discussion about additional turn-outs to facilitate the movement of opposing traffic (while minimizing impacts to the existing fences) and also repaving of the road to better support the increased weight and number of vehicles, such as school buses, that might visit the Adobe. The Old Adobe Road Association currently spends approximately \$1,500 per year on road maintenance that is funded by resident contributions, and it may be possible for State Parks to address concerns about additional wear and tear on Old Adobe Road by picking up a larger share of the cost of road maintenance.

Another concern related to potential increased traffic on Old Adobe Road is the possible noise and other impacts arising from uses at the Adobe, particularly for events that are held outdoors. The neighbors of the Adobe are expected to be very interested in avoiding a level of activity that is perceived as detracting from the semi-rural character of the area. For example, as discussed previously, the noise from family and social and other events at small event facilities in other rural neighborhoods has led to conflicts at some venues elsewhere in the County and limits on their use and operation. While the State Park is not subject to County jurisdiction, it is interested in being a good neighbor. This means that the future management of the Adobe is likely to require ongoing dialogue with the Old Adobe Road Association to balance the need for achieving financial self-sufficiency for the Adobe with protecting the character of the neighborhood; this may possibly include the development of voluntary use guidelines regarding types of activities, frequencies, and dates and times.

The conclusions of this Study were reviewed at the annual meeting of the Old Adobe Road Association on October 28, 2000 with approximately 20 residents in attendance. There was lengthy discussion of why revenue-generating uses are needed and their selection and management, potential impacts that might arise from reuse of the Castro Adobe and measures for mitigating them, and the need for improvements to and greater maintenance of Old Adobe Road. Residents expressed both an understanding of the need for a range of uses at the Castro Adobe and concerns that if not properly managed it could create a number of issues. It was noted that several recent special events had been held at the Castro Adobe without a noticeable impact upon the neighborhood. At the conclusion of the meeting it was agreed that an advisory committee consisting of representatives from State Parks, Friends of Santa Cruz State Parks, and residents of Old Adobe Road should be established to work together throughout planning, rehab, and future operation of the Castro Adobe. This committee would identify and address issues that might arise from reuse of the Castro Adobe and seek to ensure a positive working relationship between State Parks and the neighborhood. The advisory committee is currently being formed.

4. Potential Uses

Uses at Existing Adobes Operated by California State Parks

The California State Park System owns and operates approximately 40 historic adobe structures throughout the state. While most of these other adobes in State Parks are fully funded by State appropriations, several are supported and/or operated by concessioners or non-profit partners, including the Whaling Station in Monterey whose operation is considered a model for the Castro Adobe.

Visitation at these adobes varies greatly. Some structures are completely dilapidated and attract only a few thousand visitors a year (a number are currently being restored and seismically retrofitted). However, other adobes manage to be attract relatively large levels of visitation. For instance, the Castro/Breen Adobe at San Juan Bautista State Historical Park receives approximately 68,000 visitors a year.

While most of the adobes in operation by State Parks are primarily house museums with ancillary functions on weekends, there exists a range of additional programming including special events. Some adobes have living history presentations once a month, or a yearly community fiesta, or music festivals. Some also rent out the use of their courtyards for picnics and weddings. Other adobes have major programming changes planned within the next few years. For example, Pio Pico State Historic Park is in the process of rehabilitating its adobe and plans to incorporate an interactive multimedia exhibit and a traditional Californio garden within the next two years.

Because the State Park System aggregates revenues and expenses from park units and does not do site-specific budgeting or financial reporting, it is not possible to identify the range of revenues from all sources or operating expenses for the adobes.

Potential Uses for the Castro Adobe

At BAE's kick-off meeting with the ad hoc Committee for the Castro Adobe, a complete list of potential uses was developed for the Castro Adobe irrespective of feasibility or revenue potential. This list is contained in the notes from this meeting as set forth in Appendix A to this Study, and BAE considers it to be a comprehensive list of all potential uses for the Adobe.

Revenue Generating vs. Non-Revenue Generating Uses

A review of the list of potential uses suggests that they can be grouped into revenue-generating and non-revenue generating uses, as measured by the ability of each use to contribute to the costs of overall management and operation of the future Castro Adobe. The costs of managing and operating the Castro Adobe so that it can be made available for all types of uses and activities includes State Park interpretive staff, facility management, marketing, maintenance, landscaping, utilities, insurance, replacement reserves, and so on. This can be thought of as the "overhead" cost of managing and operating the Castro Adobe. With regards to their feasibility and ability to support the overhead costs of the Castro Adobe:

- *Revenue generating uses* include commercial uses (such as meeting or event facilities) that can cover their direct costs (and generate a profit for meeting planners, caterers, or other vendors) plus generate a sizable flat fee or percentage of receipts revenue for the facility owner. For the purposes of this study, BAE has also included office, research, single-family

residential, and other self-supporting uses that would not only cover their direct costs of operation, but would also be able to take on all of the responsibility and costs for managing and operating the Castro Adobe.

- *Non-revenue generating uses* include those that are able to cover their direct costs of operation or conducting programs (whether through use or entry fees, philanthropic funding, or other sources) but are not generally able to provide revenues towards or take on the responsibility for the overhead costs of managing and operating the Castro Adobe. Any efforts to require such contributions from the program providers would greatly reduce the number that could use the Adobe. Most of these types of uses are typically associated with State Parks or cultural facilities, and include school field trips, interpretive programs, cultural programs and performances, archeology, and so on. Typically, these are the uses that contribute to the significance of a facility and its identity and attraction for the general public.

The challenge for ensuring the self-sufficiency and appropriate long-term preservation of the Castro Adobe is determining the right mix of revenue generating and non-revenue generating uses that can cover its overhead costs, while allowing the widest possible range of free and low-cost interpretive and cultural programs and public access. In other words, the simultaneous goals of achieving self-sufficiency and appropriateness for the future operation of the Castro Adobe does not require focusing on either revenue generating or non-revenue generating uses. Rather, it requires both types of uses, at levels that are appropriate to the building, its site, and the surrounding neighborhood.

Because the purpose of this Study is to assess the feasibility of achieving self-sufficiency for the Castro Adobe, the balance of this Study is primarily focused on the revenue-generating uses. This is not a reflection of the relative importance of non-revenue generating uses since they are a critical part of the future identity and significance of the Castro Adobe and can in fact enhance its attractiveness for certain revenue generating uses. However, evaluation of the feasibility of non-revenue generating uses is tied to the capabilities and resources of potential non-profit program providers, available philanthropic funding, extent of volunteer support, and other considerations that are outside the scope of this Study. Based on its experience and research for this Study, BAE does not believe that there is any foreseeable scenario in which non-revenue generating uses can cover all or even a significant portion of the overhead costs of managing and operating the Castro Adobe.⁴

Evaluating Potential Revenue Generating Uses

In order to refine the list of potential revenue generating uses, BAE developed reuse criteria based on guidance from the ad hoc Committee for the Castro Adobe to evaluate the uses, including:

- *Feasibility*, as defined by an operator's potential ability to justify and provide any up-front investment that would be needed; cover the costs of operation, including generating any profit that would be necessary to make it a worthwhile venture; and make a significant contribution towards the overhead costs of managing and operating the Castro Adobe (or simply assume the entire responsibility);

⁴ Assessment of potential philanthropic support for the Castro Adobe is beyond the scope of this Study. However, most philanthropy is directed towards the cost of providing programs. There are also philanthropic opportunities for capital campaigns to rehabilitate or build facilities, however State Parks is expected to cover this cost. Philanthropy to cover the cost of organizational overhead or facility operation is the least common and most difficult to obtain and is unlikely to be available in sufficient ongoing amounts to cover any significant portion of overhead costs.

- *Appropriateness*, based on criteria for reuse including support for interpretive programs tied to local themes; relationship and fit with local history; and promotion of public access and programs;
- *Consistency* with constraints, including historic preservation requirements; the need for an operator to be accountable, responsible, and capable of being replaced if necessary; and the ability of a use and its operators to work with State Parks, the community, and neighbors; and
- *Compatibility* with other uses, meaning the extent to which the particular use allows non-revenue generating uses such as educational, cultural, or other public programs to be accommodated and share use of the Castro Adobe.

BAE evaluated the categories and types of revenue-generating uses identified by the ad hoc Committee for each of the above criteria on a scale of high, medium, and low, as shown on Table 1 on the following page. The purpose of this evaluation was to determine the revenue-generating use(s) that should be researched in more detail.

The Potential for a Museum or Research Center at the Castro Adobe

One of the more frequently mentioned reuse options for the Castro Adobe is as a small indoor/outdoor museum or research facility. This is based on both the history and significance of the Adobe as well as the fact that there is currently no institution that presents the history and influence of Native Americans and Latinos in the Pajaro Valley.

Universities often have satellite institutions for specialized research in specific fields. For example, the University of California at Davis has a small research center in Lake County to research the marine biodiversity of Clear Lake. A similar arrangement for the Castro Adobe might be made with the nearby University of California at Santa Cruz or Cabrillo College, which has an extensive archeology program. However, the challenge for creating such a program is obtaining the support of administrators to provide the necessary funding for faculty and research expenses. Adding responsibility for the costs of operating the Castro Adobe would require additional funds and add to the challenge. The program would have to be sized and located so that a portion of the indoor space could be secured from the public, while other areas (such as the fandango room) could be open for public use at times that would not conflict with its operation. It is not possible to ensure that such a facility could be in operation by 2003 when the rehabilitation work is complete (or even at any particular date beyond that). While this type of facility is appropriate and potentially attractive, its feasibility would have to be considered speculative and uncertain as to when it might occur, if ever.

Use of the Castro Adobe as a small public museum is a good fit with the reuse criteria because programs and exhibitions could be tied to local history and culture and public access would be encouraged. The use of the Adobe as a museum could be consistent with preserving building's historic integrity⁵ and fit well with the State Park mission. However, museums nowadays are dependent for their operation upon a combination of admission fees, retail revenues generated on site, and endowment or philanthropic (or public) funds. The small scale of the Adobe and the likely limits on access due to the surrounding neighborhood significantly limits the potential for visitation based fees and revenues. The availability of

⁵ Assuming that any needs for climate-controlled storage to preserve artifacts could be handled through freestanding storage cases instead of trying to make the interior of the Castro Adobe a climate-controlled environment.

TABLE 1: Evaluation of Revenue Generating Uses

Revenue Generating Use / Examples	Feasibility	Appropriate	Consistency	Compatibility
<i>Special Events</i> <ul style="list-style-type: none"> ▪ Meetings, conferences, and other events ▪ Corporate and non-profit retreats ▪ Catered luncheons and events by reservation ▪ Weddings ▪ Family and social events 	+++	+++	++	+++
<i>Fee Programs</i> <ul style="list-style-type: none"> ▪ Special events related to history of Castro Adobe, the area, and adobes (e.g., Cinco de Mayo, Portuguese events) ▪ Historic cooking and other historic-themed demonstrations ▪ Music/dance events 	+	+++	++	+++
<i>Education</i> <ul style="list-style-type: none"> ▪ Lecture series ▪ Yoga/Zen/Tassajara-type center ▪ Tours of significant Monterey Bay adobes tied to a stay in Watsonville (e.g. Elderhostel) ▪ Retreats 	+	+++	++	+++
<i>Cultural</i> <ul style="list-style-type: none"> ▪ Living history programs ▪ Cultural center 	+	+++	++	+++
<i>Office</i> <ul style="list-style-type: none"> ▪ Offices for non-profit or foundation center or program ▪ Research institute and programs 	+++	+	++	+
<i>Retail of Adobe-Related Items</i>	+	+	++	+++
<i>Lodging/Residential</i> <ul style="list-style-type: none"> ▪ Residence ▪ Bed and breakfast 	+++	+	++	+
<i>Visitor Attraction</i> <ul style="list-style-type: none"> ▪ Santa Cruz County Winemaker’s Assoc. Tasting Room ▪ Winery 	++	++	+	++
<i>Commercial Operation</i> <ul style="list-style-type: none"> ▪ Nursery for heritage plants and master gardeners ▪ Commercial/wholesale nursery and related offices ▪ Catering kitchen ▪ Restaurant/café 	+	+	++	+
<i>Private club with some public access</i>	+	+	++	+

Legend: + = low; ++ = moderate; +++ = high

Note: see text of Study for explanation of criteria.

philanthropic or public moneys to make up operating shortfalls would require a fundraising feasibility study that is beyond the scope of this Study. As with a research facility, a museum's feasibility would have to be considered to be speculative and uncertain as to its timing and ability to open in 2003 when the rehabilitation work is complete, or at a later date.

Selection of Preferred Use(s)

The results of BAE's evaluation as set forth in Table 1 were reviewed at a meeting of the Steering Committee for the Study. The discussion revealed that certain uses that rank high in feasibility, such as a bed and breakfast inn or single family residence, rank low in appropriateness because they would conflict with or preclude public access.⁶ Conversely, other uses that rank high in appropriateness and compatibility such as fee programs (e.g. Elderhostel or cultural programs) rank low in feasibility. After reviewing the list of potential revenue generating uses, the Committee felt that the uses in the category of special events and fee programs related to the Castro Adobe and the region represented the best overall fit with the reuse criteria.

These selected uses would include events, meetings, conferences, and business retreats, including weddings, social events (and fundraisers), family gatherings, and luncheons and dinners. Fee for service educational and interpretive programs are often of interest to these groups and could provide additional revenues. The special events could include events such as Cinco de Mayo, Mexican Independence Day, Portuguese cultural events, living history programs, and public lectures or presentations. This range of uses would be compatible with a wide range of non-revenue generating uses, including school field trips, interpretive and cultural programs, and other visitor and public programs. The following sections consider a number of the selected revenue-generating uses in greater detail.

Weddings

The Santa Cruz and Monterey regions have a competitive market in terms of high end wedding venues. The spectacular views of ocean and hills have encouraged the development of a resort industry and attract a large number of weddings every year. Many of these weddings take place at high-end sites that have a base use fee of more than \$2,000/day and charge per person fees in addition to that.

The only two Santa Cruz wedding venues listed by *Here Comes the Guide* (a reference book for wedding and special event planners) which had site use fees under \$1,000 per day were Highlands House and Park and Quail Hollow Ranch, both of which are owned and managed by the County of Santa Cruz Parks. Moreover, *Here Comes the Guide* does not have any listings for wedding venues in Watsonville. An online search and through the local Yellow Pages revealed that the city had only one other venue at the Mount Madonna Inn.

This suggests that there is an opportunity for the Castro Adobe to attract weddings and related events. Since most weddings occur on weekends during the spring and summer, the Adobe could be used for educational, cultural, and other public programs during the week and the off-season. This use is consistent with historic preservation requirements, and its unique historical character contributes to the appeal of the site as a wedding venue.

⁶ Even though a single family residence would have significantly lower operating costs than a public or commercial facility.

Family and Social Events

Many of the physical characteristics that make the Castro Adobe a good site for weddings also apply to hosting family and social events. The history of the site and the semi-secluded feeling of the area contribute to the Adobe's attractiveness for certain types of events.

However, unlike wedding sites, there are a number of existing family gathering and large event venues in Watsonville. For example, the Santa Cruz County Fairgrounds and the Elks Lodge are well suited to handle these types of events and have the advantage of a larger capacity than the Castro Adobe. This is particularly important for large Mexican family events such as Quinceañeras that are large scale in nature and can easily have 200 to 300 or more guests. Local caterers who handle these types of events believe that sites need to be able to accommodate at least 200 people in order to be successful in attracting business, however, BAE believes that with competitive pricing the unique character of the Castro Adobe would attract smaller family and social events.

Meetings, Conferences and Other Events

The Pajaro Dunes resort in Watsonville offers the only meeting facilities geared towards businesses and organizations in the Castro Adobe's immediate vicinity. The other closest sites of comparable size were located in Aptos and Soquel. All other facilities with business conference capabilities were located either in or around the cities of Santa Cruz and Monterey where most of the region's businesses are located.

Event planners do not receive many requests from businesses to book sites outside of those areas and do not believe that most employees would be willing to drive to a location such as the Castro Adobe that is considered more remote. Most businesses that are looking for meeting facilities seek out spaces that have accommodations on-site or nearby and offer employees nearby amenities such as shopping or entertainment. While some amount of small meeting and conference business can be expected to be attracted to the unique character of the Castro Adobe, this is unlikely to amount to a significant amount.

Facility Requirements

The rehabilitation of the Castro Adobe should address the facility requirements for indoor and outdoor meetings and events. These include providing lighting that is appropriate for meeting and event use; sufficient electrical outlets throughout the structure and outdoors; telecommunication runs so that cabling needed to connect high-tech equipment can be hidden; finishes or other treatments as needed to soften sounds; window treatments to allow rooms to be darkened for audio-visual presentations; a catering kitchen that facilitates efficient food service by outside caterers; and if possible, a small outdoor stage that could accommodate up to 75 persons in an appropriate location with screening for visual and noise impacts. Maintaining one bedroom downstairs and two upstairs in a historically compatible manner will provide options for break-out rooms, event support, and an on-site office. Adequate bathroom capacity for larger groups is essential. While air conditioning is neither appropriate to the Adobe nor necessary for much of the year, air circulation will need to be enhanced to dissipate the heat load generated by large groups indoors. Adequate heating to make the Adobe comfortable for group use in the wintertime also needs to be provided.

5. Management and Operating Considerations

Management Alternatives

The range of feasible alternatives for the future management and operation of the Castro Adobe are those that can balance revenue generating uses to support overhead costs with non-revenue generating uses, programs, and public access appropriate to a State Park, while ensuring an operation appropriate to the semi-rural character of the surrounding neighborhood. A for-profit manager is unlikely to be interested in this type of operation because of the multiple limitations on revenue generating uses and events and the total revenue that can be generated. This would apply whether the management arrangement would be based on the for-profit operator being responsible for the costs of management and operation (including a rental payment to State Parks) and retaining all of the net income, or alternatively the for-profit operator receiving a percentage of gross receipts for management services with the costs of operation paid out of receipts and State Parks retaining any left over funds.

This means that the likeliest operator able to with the various reuse constraints on the Castro Adobe would be a non-profit entity that is committed to interpretive, cultural, and other public programs at the Adobe and whose financial objective would be to cover the overhead costs of management and operation rather than trying to maximize its profit. Examples of this type of entity would include existing non-profit organizations that manage or program cultural or arts facilities (e.g. the Friends of Santa Cruz State Parks), a new non-profit organization that would be established specifically to manage and operate the Castro Adobe, or a local public agency.

Another alternative that was identified would be an on-site resident manager who would live in a trailer on a corner of the property, and in return for free rent and salary, oversee operation and maintenance of the Castro Adobe.

Table 2 on the following page describes these four categories of potential management alternatives and assesses their capability to ensure proper historic preservation; be accountable in their operations; coordinate their work with State Parks, the community and neighbors; and other pros and cons.

During the preparation of this Study, the State Parks and the Friends of Santa Cruz State Parks (Friends) reached an understanding that the Friends would take on the responsibility for managing and operating the Castro Adobe after its rehabilitation and ensuring its self-sufficiency. Based on this arrangement, the Steering Committee for the Study concurred with describing the Friends as the primary management alternative with the back-up management alternative being an existing non-profit or local agency. The new non-profit organization alternative was rejected because it was felt to require a significant commitment of volunteer effort and philanthropic support at a time when these are strained supporting the large existing number of existing non-profits in the area. The on-site resident management alternative was felt to be problematic based on experiences at other sites where the manager's interest tend to supplant the public interest and access over time.

Friends of Santa Cruz State Parks

The Friends is an independent non-profit organization that has a cooperating association agreement with the Santa Cruz District of the State Parks dating back approximately 25 years. This agreement is currently in the process of being renewed for another two-year term, and is expected to continue being

TABLE 2: Management Alternatives Matrix

Alternative	Description	Historic Preservation Capability	Operator Accountability	Coordination w/ State Parks, Community, Neighbors	Pros	Cons
Friends of Santa Cruz State Parks	Assumes management under existing or new cooperative agreement with State Parks.	Moderate to High	High	High	Good fit with existing park programs and activities; able to raise funds for programs.	Would be one of many activities; would need to develop new capabilities.
New “Friends” Group	New non-profit corporation specifically created to manage and operate Castro Adobe.	Low to Moderate – would need to develop capability.	Moderate to High	High	Organization dedicated to Castro Adobe purpose and programs.	Complexity of starting new corporation; risk of start up failure.
Other Non-Profit or Agency	Organization operating cultural or other community facility that would assume Castro Adobe management and operation.	Low to Moderate – would need to develop capability.	Moderate	Moderate	Right organization would have experience in handling this type of facility.	Would be one of many facilities; may be unwilling to accept budgetary risk.
Resident Manager	On-site seasonal manager provided accommodations.	Low – would need to develop capability.	Low to Moderate	Moderate	Provides on-site presence.	Limited capabilities; difficult to control and supervise.

Source: BAE, 2000.

renewed into the future. Under the current arrangement, the Friends does a limited amount of booking of special events at State Park facilities.

The existing agreement that is being renewed between the Friends and State Parks applies to all State Park units in the Santa Cruz District. Therefore, there is no need for a new agreement between the Friends and State Parks since the Castro Adobe is covered by the existing agreement as soon as State Parks completes its acquisition. The nature of the arrangements between the Friends and State Parks allow the Friends to absorb a certain amount of operating loss for the Castro Adobe during a start up period.

The Friends has not yet had an opportunity to develop its business plan for the operation of the Adobe. Based on discussions with the Friends, BAE expects it to support the cost of a State Park interpreter on site, conduct other interpretive and cultural programming, hold special events related to State Parks (possibly including fundraising events), and use facility rental for events to generate revenues to help cover operating costs. However, because of the parks orientation of the Friends and the nature of its arrangement with State Parks, BAE expects that its overall level of revenue generating uses could be less than other non-profit managers who would need to ensure no operating losses.

The Friends have recently received a grant from the Packard Foundation to support strategic planning for the organization including its new role with the Castro Adobe. One of the Packard Foundation's program areas is in supporting cultural facilities and arts institutional expenses in Santa Cruz County, and this may present future opportunities for obtaining additional support for the Adobe.

Other Potential Non-Profit Facility Managers

The potential interest of other non-profit organizations or local agencies is likely to be based on two considerations: (1) the programmatic fit between the potential manager and the history of the Castro Adobe and its new status as a State Park, along with additional programmatic opportunities arising from the manager's mission; and (2) the level of risk to the manager's existing funding base and/or the opportunity to generate additional revenues to support other programs. Such a non-profit or local agency manager is likely to be interested in a longer-term agreement than the Friends to justify the significant up-front effort it would have to make in setting up management and operation.

In order to gauge the potential interest of local non-profits and public agencies, and the issues related to a potential management agreement, BAE interviewed six arts, history, and cultural non-profit organizations in the area who were felt to be potential candidates for non-profit facility management for the Castro Adobe.

Cultural Council of Santa Cruz

One of the goals of the Cultural Council of Santa Cruz (CCSC) is developing new facilities for arts in the county. However, the CCSC is currently engaged in mostly advocacy and technical assistance to existing facilities on how to improve their sites for arts exhibition. The group is not actively involved in managing or operating facilities, nor does it have any interest because of its current staffing shortage. However, facility development and management is an activity that the CCSC would be interested in pursuing given more organizational capacity and the perceived need in the Watsonville area for more visual arts studio space, interpretive venues, and museum/educational facilities.

Pajaro Valley Historical Association

The Pajaro Valley Historical Association currently operates a historic residence as a house museum and the location of its offices. Other than one paid full time office manager, its staff that is comprised completely of volunteers. Due to its staffing constraints, the Association would not be interested in managing or operating the Castro Adobe.

Pajaro Valley Performing Arts Association

The Pajaro Valley Performing Arts Association (PVPFA) manages the Henry J. Mello Center in Watsonville with the goal of exposing community members to different performance mediums such as symphony, theater, and dance. Discussions with the PVPFA revealed that it might be interested in conducting some community outreach through the development and management of smaller scale venues around the Watsonville area. Although the performance component of the Castro Adobe would be limited by the currently existing facilities, the PVPFA sees a potential for a small meeting or event venue that includes a small, attached outdoor stage.

Santa Cruz Museum of Art and History

The Santa Cruz Museum of Art and History's (MAH) mission is to develop active learning experiences through the exploration of cultural, artistic, and historical perspectives and the interests of the diverse Monterey Bay community. The MAH sees a potential opportunity of using the Castro Adobe to reach out to Watsonville with relevant programs, which would help address its isolation from the rest of the Santa Cruz region. This would however require resolving MAH's current staffing shortage.

Watsonville Cultural Center

The Watsonville Cultural Center (WCC) provides space for community involvement in the arts, serves as a working studio for local artists, and aspires to bridge the gap between technology and local economic development. The WCC expressed interest in managing the Castro Adobe as a performance space for local artists but is skeptical about the practicality of the space due to its small size, poor infrastructure, potential neighbor concerns about noise and access, and the significant physical improvements to the property would be required to support community performance groups.

Santa Cruz County Parks

The Santa Cruz County Department of Parks, Open Space and Cultural Services was contacted as the local parks agency for the Castro Adobe site (which is in the unincorporated area of Watsonville). County Parks also operates several sites that are available for weddings and events and that are comparable to the Castro Adobe. While County Parks usually does not manage properties that it does not own, it might be willing to explore this option. One of the issues that would need to be determined is whether the County would insist on a State guarantee of funding for operating costs and capital improvements and indemnification by the State, or whether it might be willing to share with State Parks a portion of any projected loss. A potentially insurmountable challenge could arise if the future use program for the Castro Adobe is not consistent with the applicable County zoning and the one-lane Old Adobe Road, unless County Parks could accept operation under State requirements and codes.

Conclusions

While there is definite interest by more than one existing non-profit organization or agency in managing the Castro Adobe, their capacity to do so is strongly affected by existing limits on staff and funding resources, and their likely inability to support any operating loss, even during the start-up of management and operations. Given the legal requirement for self-sufficiency, this may mean that some sort of third party funding or guarantee would be necessary before an existing non-profit organization or agency could assume management of the Castro Adobe.

Analysis of Comparable Facilities

BAE researched comparable event and meeting facilities in the Santa Cruz and Monterey region in order to understand the range of facility types, services, and rates and the potential positioning of the Castro Adobe relative to its competition.

Most event venues in the region of comparable size to the Castro Adobe were used primarily as sites for wedding ceremonies and receptions. Although many of these sites advertise themselves as suitable for business functions as well, few of the sites outside of the cities of Santa Cruz and Monterey/Carmel book a significant number of business or organization events.

The list of venues in Table 3 on the following page describes some of the smaller facilities similar in size to the Castro Adobe in the Santa Cruz and Monterey regions. Most of facilities listed have usage fees of more than \$1,000 a day. The exceptions are Highlands House and Park and Quail Hollow Ranch (both of which are owned and operated by the County of Santa Cruz Parks) and the Memory Garden, which is an outdoor only venue in Monterey.

In order to better understand the potential for revenue generation from meetings and events at the Castro Adobe, and the related costs and other issues, BAE further evaluated several sites in the region that are comparable to the Castro Adobe in terms of size, capacity, and surroundings. While these sites would not provide detailed financial information, information was obtained that is applicable to the future operation of the Castro Adobe.

Highlands House and Park

Highlands House and Park is owned and managed by the County of Santa Cruz Parks. The Highlands House was built in the 1930s on the foundation of a mansion built in the early 1900's. The grounds are used for weddings and family social events and has a capacity of about 75 people indoors and 200 people out on the lawn. The house itself is available for group events and meetings; for weddings, brides have access to a large changing room upstairs.

During Fiscal Year (FY) 1999-2000, Highlands had a total of 78 "Center Rentals" (all types of uses) that generated revenues of \$34,400. For weddings, Santa Cruz residents were charged \$650 to \$700 for eight hours of use. Non-residents paid \$750 to \$800 for the day's use. Ballfields and group picnic areas cost \$110 to \$125 a day. Bookings during the winter months received a 25 percent discount. From May to mid November, the weekends at Highlands were nearly completely booked. November to February had one event. In the early springtime, there were two or three events a month. Three large public festival events and concerts were held at Highlands last year. The park charged a usage fee of \$2,500 to \$3,000 for the entire day plus four percent of the receipts. These three events brought in a total of \$12,345 in addition to the Center Rentals revenues.

TABLE 3: Comparable Event and Meeting Venues

Name	City	Events Hosted	Indoor Capacity	Outdoor Capacity	Costs
Highlands House & Park	Ben Lomond	Weddings, Special Events, Bus. Functions	50 - 90	200	\$614 - \$675 for 8 hours
Mission Ranch (Patio Barn)	Carmel	Weddings, Special Events, Bus. Functions, Accomodat.	96	N/A	\$1,000
Quail Hollow Ranch	Felton	Weddings, Special Events, Bus. Functions	50	100	\$400 - \$600 + \$200 damage deposit
Historic Whaling Station	Monterey	Weddings, Special Events	N/A	100	\$700 - \$900 for 8 hours
Memory Garden	Monterey	Weddings, Special Events, Bus. Functions	N/A	250	\$2.50/person or \$350, whichever is greater
Lemon Yellow Farm	Santa Cruz	Weddings, Special Events, Bus. Functions, Accomodat.	35	150	\$2,000 + \$200 damage deposit
Wood Duck	Santa Cruz	Weddings, Special Events, Bus. Functions, Accomodat.	N/A	150	depends on service and number of guests

Source: [Here Comes the Guide](#), 1997; www.herecomestheguide.com, 2000; Santa Cruz County Conference and Visitors Council, 2000; Monterey Peninsula Visitors and Convention Bureau, 2000.

The Santa Cruz County Parks does not track operating costs by individual site. However, costs are kept fairly low and are primarily for staff and some minor repair and equipment replacement. A Facility Attendant was present during all hours of usage at the park and was paid \$20 an hour. The park paid a custodial fee of \$70 per visit to clean the entire house about 20 times last year. Occasionally, maintenance workers were contracted at \$25 an hour. The largest cost is for equipment replacement, estimated at about \$1,500 a year.

Quail Hollow Ranch

Another facility owned by the Santa Cruz County Parks is Quail Hollow Ranch, in Felton. Once part of an 1833 land grant known as Rancho Zayante, the land changed ownership several times and was purchased in 1937 by Laurence Lane, the publisher of *Sunset Magazine*. The County then bought the property and has used it as a public space ever since. It has an indoor capacity of 50 seated guests and the patio and lawn holds 100 seated guests.

Quail Hollow is less popular than Highlands House. Only 33 rentals occurred in FY 1999-2000, generating \$9,060 in revenues. Santa Cruz residents paid \$450 - \$600 for a day's use of the facility, while non-residents paid \$450 - \$600.

The cost structure is similar to Highlands House and Park. The facilities attendant, maintenance, and custodial staff were all paid at the same rates as Highland House, although fewer hours were involved due to the lesser number of events.

Historic Whaling Station

This Monterey facility is owned by California State Parks. The on-site adobe structure was used as the Old Monterey Whaling Company's headquarters and an employee residential facility in the mid 19th century. Today the site is managed by the Junior League, a women's service organization who just signed a ten year extension to its agreement with State Parks. The lot itself is only one-quarter of an acre. The adobe is approximately 2,200 square feet.

The Whaling Station is generally full on weekends through three seasons of the year. Weekdays are quiet nearly all year round and activity stops from November to March. About 80 percent of the bookings are for full day weddings, which cost different amounts depending on the day of the week. Monday through Thursday, the site is available for \$600 a day. Fridays cost \$700, and weekends cost \$900 a day.

The Junior League pays \$400 a month for gardening service, \$208 a month for sixteen hours of custodial service on the property, and \$5,000 to \$6,000 a year on building upkeep and utilities. However, because the League is a volunteer service organization, it does not pay for staffing costs. The Junior League relies upon word of mouth and the State Park's website for bookings.

Conclusions

Based on the existing level of meeting and event activity and facilities in the Santa Cruz and Monterey region and the lack of competing event facilities in the immediate Watsonville area, it appears likely that a moderate level of use for family and social events can be supported at the Castro Adobe. There will be considerably less support for business meetings and retreats due to the relative distance of Watsonville from the major clusters of businesses and organizations around Santa Cruz and Monterey, although the

unique character of the Castro Adobe can be expected to draw some of this business. Because of its relatively less attractive access, small size, and inability to operate at a level of activity that would support more extensive marketing and additional services, the Castro Adobe is not likely to be able to charge as high a rate as many of the comparable facilities. BAE believes that an achievable daily rate for weekend use of the Castro Adobe could run as high as \$900, and for weekdays as high as \$600.

Projected Operating Budget and Level of Use

The first step in developing a projected operating budget for the Castro Adobe is estimating operating costs in order to identify the amount of revenue that must be generated to offset them. BAE reviewed the relatively limited information that comparable facilities were willing to provide, obtained interpretive staff and facility management and booking costs from State Parks and the Friends, and used historical expense information for the Adobe to estimate operating costs. BAE also obtained an estimate for appropriate liability and casualty insurance coverage, marketing costs consisting of advertising in *Here Comes the Guide* and related publications and annual printing and mailing of brochures, and calculated an recommended reserve to cover period capital repairs and ongoing replacement of furniture, fixtures and equipment. This results in an estimated operating expense of approximately \$52,000 as detailed in Table 4 on the following page. It is important to note that this is a planning level estimate and may vary as much as 10 percent in either direction when a more detailed operating program is identified.

This operating cost estimate assumes that all costs of rehabilitation for the Castro Adobe are covered by State Parks as well as the costs of furnishing and equipping it for its future operation as a public interpretive facility with event and meeting uses.

The required annual revenues of approximately \$52,000 to offset operating expenses and ensure the long term self-sufficiency of the Castro Adobe were converted to a number of specific weekday events (primarily meetings and retreats) and weekend events (primarily family and social events) by applying estimated potential rental rates of \$600 per day for daily use on weekdays and \$900 per day on weekends. As discussed in the previous section, this was weighted towards a larger number of weekend events due to the significantly stronger market support for family and social events than for meetings and retreats. This results in an estimated annual level of 46 revenue generating events on weekends and 17 such events on weekdays. These figures do not include school field trips, other public interpretive or cultural events, or general public visitation to the Castro Adobe.

The level of estimated usage to achieve self-sufficiency for the Castro Adobe falls between the two meeting and event facilities operated by the County and is considerably less than other private facilities that seek to maximize their meeting and event business. It does, however, still represent a considerable level of use. Whatever the final level of such events that the Friends determines is necessary to support its program, careful management of events and ongoing communication with the neighborhood will be necessary to ensure that unacceptable impacts do not result.

Table 4: Conceptual Castro Adobe Annual Operating Budget (a)

OPERATING REVENUES		
Events and Meetings (b)		\$51,600
Merchandise (Net of Cost of Goods Sold) and Other		<u>1,000</u>
Total Operating Revenues		\$52,600
OPERATING EXPENSES		
Seasonal Park interpreter (with benefits) (c)		\$15,000
Facility Management / Booking (d)		15,000
Facility Operation:		
Janitorial	2,880	
Landscaping	4,500	
Security Alarm Monitoring	360	
Old Adobe Road Maintenance Contribution (e)	400	
Utilities	3,660	
Maintenance	2,700	
Property Taxes	-	
Office Expenses	<u>1,200</u>	15,700
Insurance (f)		1,500
Marketing (g)		2,725
Reserve for Capital Repairs, Furniture, Fixtures & Equipment		<u>2,500</u>
Total Operating Expenses		\$52,425
NET OPERATING INCOME		<u>\$175</u>

Note: This is a planning level budget subject to change as the use program is refined.

(a) Exclusive of other program revenues or costs for school field trips, park programs, or other public programs or visitation. Does not include initial rehab, capital investment, or furniture, fixtures, and equipment costs.

(b) Interpretive, educational, and other public programs are assumed to have no facility charge (i.e. no revenue to Castro Adobe). Estimated annual usage and rates for revenue generating uses:

<u>Revenue Generating Use</u>	<u>Events/Yr.</u>	<u>Avg. Rate</u>
Weekends	46	\$900
Weekdays	<u>17</u>	\$600
Total Annual Events	63	

Weekend Days/Year with Revenue Event	42%
Weekday Days/Year with Revenue Event	7%

(c) Any State Parks employee in this position would have to be funded from non-State Park sources.

(d) Friends of Santa Cruz State Parks estimates for part-time staff person with benefits.

(e) Assumes rehabilitated Old Adobe Road to reduce annual costs, and continued cost sharing.

(f) Estimate from State Farm Insurance. Does not include earthquake coverage.

(g) Advertising costs for Here Comes the Guide and related publications; brochures; mailing.

Source: BAE, 2000.

6. Consultant Recommendations and Next Steps

The decision by the Friends of the Santa Cruz State Parks (Friends) to take on the management and operation of the Castro Adobe to achieve the financial self-sufficiency required by State law means that it will have more than two years for planning and preparation. During that time the Friends will need to develop a business plan for the Castro Adobe that is appropriate for the State Park, accommodates a wide range of free and low-cost school programs and interpretive and cultural programs, generates sufficient revenues to cover all of the overhead costs of management and operation, and promotes a harmonious relationship with the neighbors of the Castro Adobe.

This project will require an evolution in the long term operating relationship between State Parks and the Friends because it places the cooperating association in a more significant operating role at a State Park unit than has been the case in the past. While this is a new sort of effort for the California State Parks, it is not unprecedented for other parks agencies. For example, the Golden Gate National Parks Association, the cooperating association for the Golden Gate National Recreation Area unit of the National Park System, operates a large meeting and event facility in the Presidio of San Francisco, the Golden Gate Club, that was rehabilitated by the National Park Service. The proceeds from the Association's operation of the Club are used to support Park Service interpretive and other programs throughout the park.⁷

One of the potential opportunities that should be explored further is foundation support for free or low-cost school field trips and other public interpretive and cultural programs that will support its significance as a unit of the State Park system. BAE's discussions with a number of persons regarding various potential cultural programs shows that there is a great deal of creative and worthwhile programming ideas and persons and organizations that are interested in carrying them out. The primary constraint is obtaining funding to support these programs. A fundraising feasibility study could help quantify the types and amounts of funds that may be available, which may be significant, and the fundraising effort that would be needed. The Community Foundation of Santa Cruz County could potentially provide technical assistance to the Friends in evaluating fundraising options and feasibility.

In addition to engaging Watsonville and other schools, facilitating the use of the Castro Adobe by Mexican and Latino and other community and cultural organizations in Watsonville and the region for appropriate types and sizes of events could help strengthen appreciation of the history of the Adobe and its connection with the current population of the area. The Castro Adobe should function as a multiple use facility, with programs and events arranged by State Parks, the Friends, and other organizations.

Finally, given the tendency of historic preservation projects to face unanticipated additional costs, and the general construction cost inflation occurring due to the strong economy, it is entirely possible that a funding shortfall may exist in the future. The County may wish to consider its willingness and ability to provide additional funding support for the rehabilitation of the Castro Adobe should that become necessary, or to reduce the number of ongoing revenue generating events needed to achieve self-sufficiency in operations.

⁷ This Association also conducts a wide range of other revenue generating activities, along with an active membership and fundraising program, that generates significant contributions for park programs and improvements.

A. Appendix

Notes from June 6, 2000 ad hoc Committee Meeting

Favorite Things About the Castro Adobe

- Represents a way of life
- Site of fandangos
- Garden
- Tangible connection to our heritage (2)
- It's a survivor
- Link to the past
- Beautiful example of architecture from another culture
- Geographic position in Monterey Bay
- Early appearance and its surroundings
- The tree with the bear and bull ring
- Great presenting space to link the past and the present
- It says "Californio"

Reuse Issues

(Note: the following issues are grouped according to the group's ranking of issues)

"A" – First Priority

- Preservation standards and resource protection
- Period of significance and showing the evolution of the property
- Resolving tension between historic preservation vs. attracting visitors – avoiding a "Disneyland"
- Interpretation
- Support of neighbors
- How to link the Castro Adobe with the current residents of the Pajaro Valley and make it meaningful to them

"B" – Second Priority

- Road maintenance on Old Adobe Road between Larkin Valley Road and the Castro Adobe
- Traffic and other impacts on neighbors
- Specific neighbor issues and ideas

“C” – Third Priority

- Uses that are inclusive and available to the public
- Carrying capacity
- Level and intensity of use
- Role for art and performance, especially fandangos
- Frequency and manner in which events are held
- Potential residential use (and guest issues)
- Impacts from evening events and activities
- Size of vehicles and buses and types that are allowed (e.g. school buses vs. tour buses)
- Parking
- Noise
- Lighting
- Neighborhood involvement in an advisory committee or council for Castro Adobe operation
- Marketing
- Impact of distance from urban areas
- Zoning constraints
- Americans with Disabilities Act compliance
- Public safety (law enforcement, fire, emergency medical services)
- Quantity of available water
- Restrooms and septic system
- Trash removal
- Ongoing maintenance
- Who is the manager and what are the terms and condition of the agreement with State Parks
- Need for professional management
- Fit between any potential concessioner and the building
- Potential for visitor or concessioner damage to the building
- Whether to allow animals (e.g. horses, sheep, etc.)
- Preserving the Thomas Church garden
- Changing the orchard
- Appropriateness of a resident caretaker to look after the property
- Terms and conditions for use of field on Kimbro’s property for parking
- Future role for the Ad Hoc Committee – does it evolve into an Advisory Council or other body?

Potential Uses (with number of votes – each attendee had 3 total votes to cast as s/he wished)

- School field trips (5)
- Residential manager scheduling events (4)
- Meetings, conferences, and other events (4)
- Cultural center (3)
- Research institute and programs (3)
- Special events related to the history of the Castro Adobe, the area, and adobe structures (e.g., Cinco de Mayo, Portuguese cultural events) (2)
- Living history programs (2)
- Historians retreats (2)
- Catered luncheons and events by reservation (2)
- Los Californios organization office and archive (1)
- Historic tours (1)
- Retreats (1)
- Historic cooking and other historic-themed demonstrations (1)
- Esperanza de Valle (1)
- Tours of significant Monterey Bay adobes tied to a stay in Watsonville (e.g. Elderhostel) (1)
- Santa Cruz County Winemaker's Association Tasting Room (1)
- Winery (1)
- Friend of Santa Cruz State Parks programs
- Weddings
- Nursery for heritage plants and master gardeners
- Commercial/wholesale nursery and related offices
- Period history tour tied to the Museum of Art and History
- Non-profit service programs (e.g. by women's centers, youth programs, etc.)
- White Hawk Indian Council center
- Early California museum
- House museum
- Environmental living programs
- Bed and breakfast
- Programs tied to *Sunset Magazine*
- 4-H program
- Smith & Hawken project

- Offices for an interested non-profit for foundation center or program (including a Packard Foundation satellite program/office)
- Retail for adobe-related items
- Music school
- Music/dance events
- Quilting center (e.g. Pajaro Valley Quilters Association)
- Weaver's Guild
- Instrument making
- Agricultural history with museum tie-in.
- Artist's retreat
- Archeological digs and interpretation tied to Cabrillo College programs
- Yoga/Zen/Tassajara-type center
- Family and social events
- Partnership with a historical association with school uses weekdays and winery uses on weekends
- Lecture series
- Residence
- Private club with some public access
- Catering kitchen
- Restaurant/café

Draft Criteria for Evaluating Uses and Operators

(Note: the following were drafted based on the grouping of potential criteria discussed at the meeting)

- Ability to raise funds and generate revenues for maintenance and capital improvements.
- Capability for working with the community, State Parks, and an advisory body overseeing Castro Adobe operations and maintenance.
- Effectiveness of interpretive programs and appropriateness and fit with local themes.
- Experience and capability to ensure minimal possible impact on the historic resource and setting.
- Experience and capability to properly maintain and protect the property at all times and maintain good relations with the neighbors resulting in minimal impacts to them.
- Promotes the greatest possible public access consistent with other objectives.
- Ability to replace the operator or take other actions to correct problems or cure defaults of the management agreement.

Steering Committee

The following persons were identified as members for a small steering committee to provide guidance to the consultant and increase communication during the reuse feasibility study with members of the Ad Hoc Committee and other interested parties (including potential outreach to the business and arts communities and involvement of County schools):

Edna Kimbro
Dave Vincent
Charles Prentiss
Jack Schoellhamer

Alternatives in the event that one of the above person is unavailable are:

Diane Cooley
Jane Borg
Bob Culbertson (for Dave Vincent)
Attendees at the 6/6 Kick-Off meeting

The spokesperson for media or other inquiries will be Jane Borg, with support from Edna Kimbro.