



## **Boulder Parks & Recreation Advisory Board**

**TO:** Parks and Recreation Advisory Board

**FROM:** Yvette Bowden, Director, Parks and Recreation Department  
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**SUBJECT:** Matters from the Department

**DATE:** December 17, 2019

### **A. Harbeck – Bergheim House Lease**

#### **EXECUTIVE SUMMARY:**

In response to the recent call for proposals for leasing, proposals to lease the Harbeck-Bergheim House have been received and evaluated by staff. The evaluation was based on the criteria previously agreed upon with the community, PRAB, Landmarks Board and City Council. The process developed by and supported by the community is being closely followed to honor the collaborative process and ensure the successful outcome desired by all who have been involved in the process.

After careful and comprehensive evaluation, 1 of the 5 submitted proposals has been selected to proceed with the lease/contract negotiation. The process, as presented to the community and PRAB, is aligned with a typical Request for Proposal process to ensure transparency and fairness. The process and level of confidentiality staff is adhering to also aligns with standard real estate negotiating practices.

#### **BACKGROUND:**

In April of 2018, staff began a planning initiative to engage the community and decision-makers in determining the long-term approach to the future use, management and ownership of the locally designated historic Harbeck-Bergheim House. The initiative became a priority when the previous tenant, Museum of Boulder, announced plans to vacate the Harbeck-Bergheim House.

The initiative began with multiple options considered for the future use and ownership of this landmarked amenity. The final decision was based upon in-depth research, robust community engagement, multiple stakeholder meetings and thoughtful consideration by both the Parks and Recreation Advisory Board (PRAB) and the Landmarks Board. The outcome of that initiative was a 7-1 City Council vote on April 16, 2019 approving the following motion.

City Council Amendment: Motion support the exploration of a lease for the Harbeck - Bergheim House at market rate favorably considering community values but expected to be no less than full cost recovery.

Staff immediately began developing a fair and transparent proposal process and investigating the most efficient and effective way to list the [Harbeck-Bergheim House](#) for lease. The project web page details the process with monthly updates posted to keep the community abreast of the initiative.

The Colorado Group was selected through a separate traditional Request for Proposal (RFP) process for real estate services to support the department by applying industry standard methods for a lease listing, marketing, proposal evaluation recommendations and contract negotiation with the understanding of the special needs and community interest for this house.

The Parks and Recreation Department opened the process to receive competitive proposals to lease the landmarked Harbeck-Bergheim House on Aug. 30, 2019. Standard real estate methods of marketing complimented the departments robust outreach efforts commonly used to communicate public meetings in effort to ensure the community was aware of the opportunity. The [brochure](#) created by the Colorado Group and the proposal [selection process](#) developed with the community and related boards were widely marketed with a focus on non-profit organizations. The selection process document outlines the community values, department key themes and an overview of the evaluation model.

Lease Proposal Schedule:

Request for Lease Proposals Issued:	August 30, 2019
Open House:	September 18, 2019
Proposal Responses (Due 5 p.m.):	November 1, 2019
Lessee Selection Notification:	November 15, 2019

Overview of Marketing:

Colorado Group

- The Colorado Group listed the property on their website
- The property was listed on commercial multiple listing data bases of Catalyst and Costar (These data bases are used by real estate professionals both locally, regionally, and nationally)
- Standard 4' x 4' real estate sign installed on the property
- Broadcast emails to the Commercial Brokers of Boulder (CBB) which has a membership of 300+ real estate professionals that are active in Boulder and Boulder County
- Direct marketing and an e-mail campaign to a list of 255+/- non-profit organizations located in Boulder County
- Two open houses on September 18, 2019 (one for real estate brokers and one for the general public)
- Over a dozen showings to over three dozen individuals throughout the marketing period

**BPR**

- The opportunity was posted on the Harbeck-Bergheim House web page with links to the brochure and selection process
- Multiple e-mail campaigns to the Parks and Recreation following of over 30k
- Monthly e-mail updates direct to the project e-mail list
- Outreach to BPR partners
- Several social media bursts including Facebook, twitter, Instagram and Citywide NextDoor posts
- Volunteer projects advertised and completed for projects in and around the house
- Key staff was requested to reach out to their networks with information

**ANALYSIS:**

Staff is excited to share as much information as possible about the proposal selection process leading to the initiation of a lease of the Harbeck - Bergheim House. Existing city purchasing guidelines are considered in this regard. Staff recognizes that this is not a purchased service or good, however, following the purchasing guidelines ensures consistency within our organization.

Colorado Group received 5 lease proposals by the response due date and time. The staff review team received a package of all submitted proposals and a list of criteria for evaluation, which mirrored in the selection process outlined in presentations to the community and related boards. The criteria are divided in 2 categories to ensure that the proposals evaluations honor the evaluation model developed during the community engagement process.

**Proposal Evaluation Criteria**

Community Value Considerations (weighted community value score, horizontal line)

- *Interior Preservation* - Use is compatible with historic interior features
- *Neighborhood Compatibility* - Complimentary to the surrounding neighborhood, parking needs, foot and car traffic expected, noise, hours of operation, number of occupants
- *Public Access* - Includes a plan for how the public has at least limited access for the community to be able to experience the asset
- *Community Benefit* - The organization provides a service to a wide range of community members with consideration for underserved populations and equitable access to resources.
- *Community Use* - Proposal outlines a program for public use of the space in reference to meeting space or small events



Financial Considerations (financial contribution, vertical line)

- *Requested Investment* - Is the organization requesting capital improvements from BPR prior to move-in?
- *Viability of Organization (mission)* - Is the proposing organization aligned with BPR mission, years of experience as an organization, operationally sustainable, solid financial history, etc.
- *Financially Sustainable Business Model (business)* - Years of experience in the business they are proposing, professional business plan, financially viable
- *Lease Rate* - Monthly lease payment proposed

Each reviewer completed the evaluations and met as a team to review the cumulative outcomes, which were automatically calculated. Staff evaluations included considerations for community values and financial considerations as shown above. In addition to staff evaluations, Colorado Group provided a recommendation in the form of pros and cons for the proposals based on traditional real estate business transactions. Their recommendation was a piece of the information, but not the determining factor used to select a proposal to move into lease negotiation.

#### Real Estate Recommendation Criteria

- Amount of rent offered
- Length of lease term offered
- Financial stability of tenant
- Length of time in business
- Impact on property

The staff review team evaluations led to an offer to 1 of the 5 submitted lease proposals that most aligned with the selection process criteria to proceed with lease/contract negotiation. **All proposals will remain confidential until the contract negotiation is complete.** This is consistent with the City's traditional RFP process and standard real estate practices. Once the negotiation is complete, the final lease/contract approval will become public through the customary practices of sharing PRAB packet materials in advance of the Board's consideration. The final lease agreement requires PRAB approval of at least 4 members. Once the agreement is finalized, all submitted proposals become public record and would be available through the [Colorado Open Records Act \(CORA\)](#).

#### Concurrent and Ongoing Efforts

The stained-glass window restoration is underway. The window was removed on Dec. 9 with an anticipated timeline of 4-6 weeks. The glazing on the exterior (box window on the exterior protecting the window) will be completed in the spring of 2020 based on current weather conditions.

The interior easement is in process and expected to be complete by the end of the year. Any new lessee will be provided a draft and any negotiation points to ensure they are aware and willing to comply. The lease agreement will include additional details and required permissions from staff or director not covered by the easement. Preservation continues to be a high priority for this house and surrounding property.

**NEXT STEPS:**

Staff will work diligently to quickly and efficiently execute the lease/contract negotiation returning to PRAB with a draft lease for discussion. Any changes that arise from that discussion will be presented to PRAB again as an action item requesting approval of the agreement by at least 4 members.