



INFORMATION PACKET MEMORANDUM

To: Mayor and Members of Council

From: Jane S. Brautigam, City Manager
Yvette Bowden, Director, Parks and Recreation
Alison Rhodes, Deputy Director, Parks and Recreation
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Date: October 25, 2018

Subject: Information Item: Harbeck-Bergheim House – Update on Research, Community Feedback and Next Steps

EXECUTIVE SUMMARY

The purpose of this item is to provide City Council with an update concerning the current Harbeck-Bergheim House planning process exploring a preferred ownership/operation model and community values in determining future use of the landmarked City of Boulder property. This update provides a summary of research and background information about the property's use and financial history as well as community feedback to date. Further, this memo outlines an overview of the remaining process including research to be completed and additional community engagement planned before council's next review in early 2019.

Council members are encouraged to contact, Yvette Bowden, Parks and Recreation Director, (bowdeny@bouldercolorado.gov or 303-413-7215) by Nov. 1, 2018 with questions related to this Information Packet Item or with input regarding the department's proposed timeline and approach.

BACKGROUND

Last April, ahead of an Information Packet to City Council, staff kicked-off a planning process considering options for the house meant to determine a preferred ownership/operation model supported by the community. Typical to any asset within the department's portfolio, staff must carefully consider property ownership and management factors based upon comprehensive community engagement and recommendations from the Parks and Recreation Advisory Board

(PRAB) and City Council. A comprehensive background of the property and the process approach can be viewed by visiting the [project website](#).

The Harbeck-Bergheim property, located at 1206 Euclid Ave., was first leased and ultimately purchased by the City of Boulder in 1979 for \$82,500, utilizing Permanent Parks and Recreation Funds (PPRF). Since 1985, the former Boulder History Museum, now the Museum of Boulder (MOB), leased the building operating and managing it as a museum. Throughout that lease, the Parks and Recreation Department (department) has facilitated the MOB lease with the Facilities and Asset Management (FAM) Division of Public Works. In 2012, the MOB signed a contract to purchase the former Masonic Lodge in downtown Boulder indicating their intention to relocate museum operations. The MOB has since vacated the Harbeck-Bergheim property, giving rise to the department's consideration of the landmarked property's going-forward use and maintenance in the context of the department's mission, Master Plan, capital planning and asset management efforts.

Additional highlights of the property's history are provided in the following links:

[History at a Glance](#)

[1972 Appointing official name of House](#)

[1979 Unrestricted Deed](#)

[1980 Landmark Designation](#)

FISCAL IMPACT

To complete the process and approach outlined for this project, staff budgeted approximately \$25,000 for a variety of studies, assessments, outreach initiatives and collecting background information related to the property.

A home appraisal report was submitted on Sept. 27, 2018. The "as is" market rate value for the property is estimated at \$3,066,000 with an estimated real estate tax estimated at \$57,865.53 per year. Current ownership is tax exempt.

Annual operation and maintenance (O&M) costs of facilities, as a citywide standard, are 4.5 percent of the total replacement value. According to the appraisal report, total replacement value is estimated at \$1,045,000 placing O&M cost at approximately \$47,025/yr.

COMMUNITY SUSTAINABILITY ASSESSMENTS AND IMPACTS

- **Economic: The house is a locally designated landmark through the city's landmark ordinance.** An updated appraisal was completed in 2018 valuing the house at nearly \$3.1 million. The city has recently made roughly \$100,000 in repairs to the property and basic operations must assume a minimum amount in annual O&M expenditures of \$47,000 annually, not including additional capital projects and historic restoration. Currently the building is vacant, and funding has not been identified to cover previous tenant requirements of basic utilities and modest internal repairs.
- **Environmental:** The Harbeck-Bergheim property could be subject to recent code changes related to energy efficiency and code compliance. Due to the landmark designation of the property, code compliance will be subject to sensitive historic preservation of the property.

- Social: From 1985 to 2018, the property was leased to the MOB for use as a museum. The MOB vacated the property in June 2018. The property is currently zoned Residential – Low 1 (RL-1). Use as a museum is considered, by code, a nonconforming use. This nonconforming use status will expire if discontinued for a year without first receiving approval to extend the nonconforming status prior to the one-year period. This circumstance limits future use to permitted uses in RL-1 zoning districts or would need to be considered through the appropriate administrative review procedures.

ANALYSIS

A) REPORTS AND ASSESSMENTS

As outlined in the April 5, 2018 Information Packet to City Council, staff compiled a variety of studies and assessments to inform the project, give context to the community and inform decision-making. The following sections provide overview of the research completed to date with more detailed information found in attachments.

Inspection

An inspection report is a written evaluation of current conditions at the time of the inspection. It provides a level of deficiency but does not prioritize or provide cost estimates for repairs. It also provides information on projected capital needs for repair and maintenance, not considering restoration efforts which were not a part of the inspection.

A [home inspection report](#), dated Aug. 21, 2018, revealed no immediate safety hazards. This report was used to determine that there were no immediate safety concerns and allowed the department and FAM to identify short-term capital needs versus those efforts that might be addressed once future use is determined. Many property features were recommended for repair to prevent deterioration typical of structures of its age. In accordance with the report's findings, however, no major repairs or renovations are scheduled as the city's decision-making process continues. The department and FAM are working together to insure all critical systems are reviewed and monitored (e.g.: security and fire suppression systems).

Appraisal

The appraisal provides current market value for lease or sale of the home. In addition, it provides the current replacement value which is necessary to accurately approximate the annual O&M.

A home appraisal report was submitted on Sept. 27, 2018. **The “as is” market rate value is estimated at \$3,066,000 with an estimated real estate tax estimated at \$57,865.53 per year.** Current ownership is tax exempt. For standard facilities, FAM uses an industry standard formula (4.5 percent of the replacement value) in approximating the cost of annual O&M. In this instance, staff anticipates some lower costs due to minimal use, but such savings are offset by anticipated higher repair and renovation costs associated with historic buildings. To that end, application of the standard O&M valuation is deemed appropriate. **Assuming the appraisal report's total replacement value (estimated at \$1,045,000), O&M would be approximately**

\$47,025/yr. Exact O&M cannot be accurately accounted for due to the variety contract packages and service bundles developed for cost savings.

Ascertaining appropriate market rate rent for the building is more complicated. In several instances, determining “as is” suitability and appropriate rent would vary based on anticipated property use. For example:

- The building would require certain interior amendments to accommodate single-family home use. Most notably, the building has had interior modifications and would require the reconstruction of at least one full-service bathroom (four-piece) to function as a residential home (allowable use under current zoning).
- Multi-unit housing, if desired, might require zoning change and would warrant further consideration based on several factors (structural, etc.).
- Office use would also require some changes. Office space is a prohibited use under RL-1 zoning and would require at least 21 parking spaces based on square footage. The property currently has 11 parking spaces with one accessible space.
- Other uses (or combination of uses) would also require amendments to the property’s infrastructure.

Lease Related History and Potential Valuation for Lease

The Harbeck-Bergheim property was purchased by the City of Boulder in 1979 for \$82,500, utilizing PPRF. The original suggested purpose of the facility was, “to provide a cultural center for the encouragement of nature study and interpretation, conservation, gardening and related activities for persons of all ages within the Boulder community.” As noted in the May 14, 1970 memo to PRAB recommending the purchase of this property on a lease-option basis over a period of ten years. Unfortunately, interest among then-existing community groups never materialized and original planned use never became reality. The building was subsequently used intermittently for classes, special events, fund raising activities (Santa’s House), meetings, housing interns and drama workshops.

In 1985, the property was leased to the MOB. The original lease terms included no annual fee in return for:

- Payment of all utilities
- Provision of insurance coverage
- Addition of fire sprinkler system
- Provision of free classroom/meeting space to City
- Provision of historically oriented recreation classes (20 percent of class fee paid to the city)
- Repair and maintenance to the building

A prerequisite to the opening of the museum at this location was the installation of a fire suppression system, back door ramp installation and bathroom alterations for accessibility.

When the organization’s trustees entered into the lease, they realized that certain capital improvements were necessary, and this would result in a partial depletion of the MOB’s reserves. The capital expenses exceeded their original estimates. Between 1990 and 1992 requests for

matching funds for the operating budget were made in addition to having the city fund all capital improvements and maintenance, including electrical, plumbing and heating systems at the property. Moreover, the MOB requested that the city waive the balance of \$10,907 due for the fire suppression system while the City additionally funded the ramp and bathroom improvements. The city appears to have released the MOB remainder capital obligations listed above while eventually supporting the Museum budget using the Historic and Cultural Fund. Records show at least \$115,000 of such city expenditures between 2006 and 2015. In addition to the city's ongoing investments in the property, staff has identified and acknowledges prior grants awarded by the [State Historic Fund \(1993-2017\)](#) related to the home. Initial study suggests that the State Historic Fund has contributed \$46,175 received by the MOB for exhibits, brochures and exterior restoration of the Harbeck-Bergheim House.

Historic Feature Assessment

The exterior of the home is protected as a local landmark. There are no current proposals underway concerning changes to the exterior of the property and, should there be any in the future, city ordinance requires the formal review by the Landmarks Board. The property's interior currently has no similarly required level of protection. As previously highlighted, the property's interior includes several features suggested worthy of further study and, perhaps protection or preservation. A third-party evaluation of the home's interior features is underway. This assessment should aid in property valuation and prioritization of any easement or covenant designed to protect such features. Easements or covenants sought to protect interior features may increase sale value estimations but may also reduce the lease or sale value or interest depending on the breadth of coverage. This assessment will determine an appropriate level of protection based on authenticated historic value.

B) COMMUNITY FEEDBACK

In April, staff provided context for the property outlining three broad options which would be further explored through the engagement process. These options (sale, lease or city owned/operated/programmed) were established to give framework to the community's conversations hopefully leading to more fully developed options addressing particular community concerns or desires as the project moved forward.

Since April, staff has conducted a thorough engagement process consisting of:

- public open houses,
- neighborhood association meetings,
- stakeholder meeting,
- survey,
- web updates and community newsletter promotions
- house tours (in-person and [digital](#)),
- digital idea generation and story-telling, and

- in-depth discussions.

Staff utilized participation in the citywide open house (What's Up Boulder) on April 30, 2018, to kick-off the project, raise awareness of the decision-making process and offer future participation opportunities. A host of digital resources were used to define the issue and share information with the community through notifications related to the history of the property and the potential options including articles as needed in the Community Newsletter, press releases from the department, regular web page updates and social media pushes with pictures, videos and stories. Staff submitted several updates to PRAB in addition to a [City Council Information Packet on April 5, 2018](#).

The stakeholder and public meetings invited participation by community members specifically interested in historic preservation, residents of the University Hill neighborhood and the broader community. Early direction from PRAB specifically requested a reach to a broader audience through a myriad of communications vehicles. In response, the kick-off meeting was held at a citywide community engagement event (What's Up Boulder), heavy use of Parks and Recreation social media is regularly infused with project information and the citywide interactive public engagement site (BeHeardBoulder.org) was utilized and cross-promoted by other departments with active projects. The interactive online format, included idea generation, story-telling and a survey that was developed to clearly defining the issue and provide embedded links to ensure the widest degree of project education as survey responses were considered. All sign-in barriers were removed, and incentives were provided to try to capture a broader audience with the educational survey. The incentive was broadly cast via digital media for a month-long promotion. Digital analytics show nearly 6,000 people have viewed information regarding the house while approximately 200 people have been engaged in the process through the opportunities mentioned.

Overall Outcomes

Again, phase 1 of the project sought community input regarding the three proposed options (sale, lease or city ownership/operation/programming). Largely, the interaction with the most impacted groups interested in historic preservation and neighbors have expressed interest in the house remaining a public asset. However, the broader community has responded with little preference. Both groups are aligned on a series of factors or conditions preferred which would heighten the ability of each option to meet the communities needs and values. With this feedback, staff is refining the options for further consideration by PRAB, the Landmarks Board and, ultimately, council.

The community's expressed values and priorities might be summarized as follows:

- Preference for continued protection as a landmark
- Preference for some degree of community access and/or benefit determined by the ultimate use
- Preference for a financially sustainable long-term solution

- Preference for the department's continued focus on the Parks & Recreation Master Plan directed services and priorities
- Preference for analyzing interior features to appreciate the property's value and/or to determine whether some degree of additional protection might be warranted for the interior of the home.

In addition, several organizations have approached the city expressing interest in the building use. In each case, staff has provided tours and information appropriate to those requests. In some cases, local organizations have expressed interest in leasing the property. Staff has been careful to ensure that each such organization received the same access and information and has assured organizations that – if lease of the property was ultimately determined to be the preferred community option – selection of the tenant(s) would be through a fair and transparent process.

Staff presented a project update to PRAB in October 22, 2018. Feedback from PRAB was an overall support of the extended process. There were concerns that only approximately 200 community members have chosen to be involved. They understand that was not lack of staff effort but would like further analysis on what low evidenced interest might mean in addition to a recommendation to conduct outreach at other events not related to the house. There was also a desire to receive additional information regarding unmet needs in the department that could utilize the house.

Stakeholder Meeting Themes and Outcomes

Approximately 16 community members were invited to a discussion of values to be considered in the decision-making process regarding the future of the property. The stakeholders were selected as representatives of community groups most impacted by the future use and ownership of the house. A list of [invitees and participants and meeting notes](#) can be viewed. Stakeholder feedback is summarized under three key themes. Not every discussion point is listed, although they will all be considered as part of the process. In addition, the group discussed areas where additional research needs to be done or where more information could be shared. Staff has obtained and shared the majority of the additional information requested at the meeting.

Ownership:

- The priority should be preservation/stewardship of the property, regardless of ownership
- The house is an important and unique asset to the City of Boulder
 - A sale of the house to shore up a budget shortfall appears short-sighted
 - Consider funding such as future bonds and grants to support the house
- The Parks and Recreation department (P&R) may not be the best owner/steward
 - P&R has struggled with prioritization of cultural properties within its overall mission
 - Cultural properties need a different level of management than standard park assets
 - P&R is not traditionally in the business of managing/leasing facilities

- Consider consolidating all city cultural assets under one department

Use and Neighborhood Compatibility:

- Exterior and interior are a key neighborhood asset
 - Covenant or easement in lease or deed to protect the interior
- Key priorities of steward or owner
 - Understands neighborhood in terms of student and homeless populations and proximity to the playground and park
 - Values the historic quality of the property and understands the nature and cost of historic restorative maintenance
 - Limited desire for visual change (ex. garages and fences)

Public Access:

- At least some public access to the preserved interior regardless of ownership
- Consider making house and property feel more like part of the park
 - Example: Remove vegetation barriers and combine landscape maintenance
- Consider restoring interior and exterior to be a neighborhood icon rather than maintained at a minimum required level

Public Meeting Themes and Outcomes

Approximately 50 people attended the meeting and the feedback received is summarized and categorized in two key themes. In addition to the key themes, the public meeting also generated thoughts on additional information valuable in the decision-making process and providing multiple ideas for possible future uses of the house. Feasibility of the ideas generated will be explored as the process moves forward. Many members of the earlier stakeholder group were representatives of community members that attended the public meeting. Not surprisingly therefore, the larger audience similarly recognized and valued the property as a landmarked asset. Staff was able to engage the larger group in discussing specific values, concerns or conditions making each option potentially more viable. Full [meeting notes](#) are available to demonstrate the alignment.

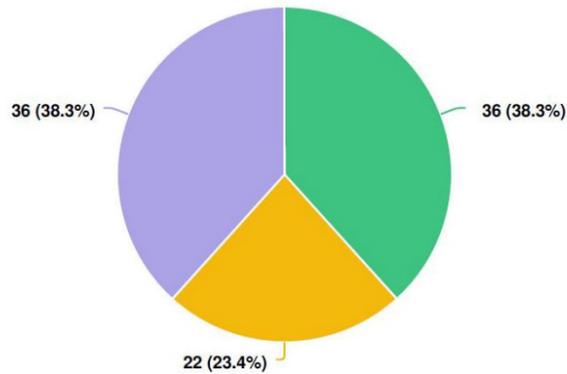
Community Survey

The feedback obtained from the survey included participants in the stakeholder and public meeting along with the broader audience. The survey reach was 95 including many of the 50 meeting participants. The heavy digital push effectively only gained approximately 50 new participants, however, there is a large swing in opinion between the meeting participants and the digital reach participants. The survey questions were intended to be in alignment with the values and options discussion held at the public meeting. The digital reach participants are more flexible in considering future use and ownership than the meeting participants. There is less alignment of values and ownership preference found in the survey than the in-person opportunities. [Full survey results](#) and comments are available for review.

An example of a community value questions asked is part 1 and 2 of Question 3 below:

Ownership

The house is a [local designated landmark](#) for its significant social, historical and architectural features which indefinitely protects and preserves the house regardless of ownership. Given that ongoing level of protection and the fact that the majority of Boulder's landmarked properties are privately owned, how important is it that the City remains the owner of the house?

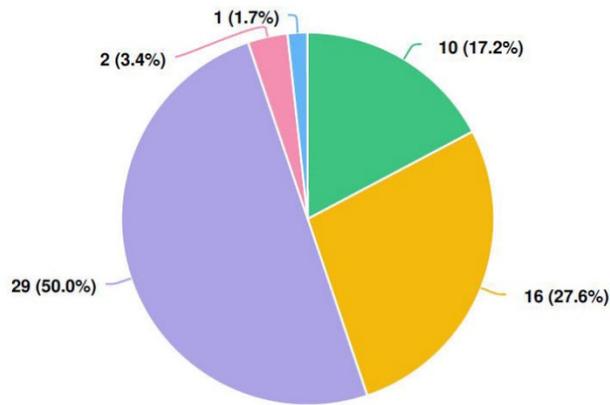


Question options

- I think it's critically important that the city remains the owner for many reasons.
- It's somewhat important/desirable that the city remains the owner, simply so the house remains in public ownership.
- It is not important that the city remains the owner, knowing the house will always be protected regardless.

Optional question (94 responses, 1 skipped)

3a) If you answered A or B to the previous question, what are the reasons why you consider the City as the best owner of the house? This will help us further appreciate community expectations related to ownership.



Question options

- Public access to the interior
- Best steward of the historical integrity of the structure
- Provide opportunities for short-term or long-term community use
- Best neighbor to the surrounding neighborhood
- Other

Idea Generation

The continuing community engagement process has also generated significant, varied and highly valuable community ideas. Staff has retained all ideas generated by the community for future reference. Below is a small sampling of a wide range of ideas from public meetings, online survey and direct e-mail (not intended to be a complete list). These ideas are purely from the community without any staff vetting:

- A “Community Academy” on the Hill can add vitality to our local citizens. It can spur events and interactions among the children, the young and the old. Perhaps we can have a discussion of the activities that such a nucleus can stimulate. This question precedes the question of funding.
- Please fund mutually beneficial community amenities that enhance the potential quality of life now, such as the game courts, playgrounds, aquatic centers, and other park and recreation facilities that boost community health and happiness.
- I think using this building as a community and social benefit specifically as a low lease option for youth services and or arts and cultural use would be an amazing asset!
- I have lived in Boulder 10 years and am just vaguely aware of this property. Whatever significance and historical value it might have has been lost on me. I think that the best way to make this property valuable to the city is to use it for some capacity that makes it a functional part of the city. Perhaps rezone it so it could be a restaurant/bistro/coffee shop/gift shop. As it is, it is barely noticeable and might be better off to free up the capital/equity for something else by selling it to a private owner.
- I would love to see it used for non-profit organizations for meetings and events, especially those that can contribute towards maintenance of the house.

- Developing this as low-income housing could be one way to get closer to the City's affordable housing goals AND diversify the neighborhood.
- Use Harbeck House as a showcase for the responsible historical restoration by partnering with local businesses that already provide these services.
- Sell it on the open market and use the proceeds to create quiet zones at all of Boulder's railroad crossings. The city has previously stated that they don't know where they could get the money for quiet zones, which would allow hundreds, if not thousands, of Boulder citizens to literally sleep better at night, resulting in more peaceful and better-rested (and thus less-dangerous) citizens.

See BeHeardBoulder.org for more suggestions made by the community.

Other Digital Feedback

Multiple avenues of feedback were accepted for consideration such as [direct e-mail and feedback from digital sites](#) mentioned above. The feedback provided through these avenues mirrors the large swing in opinion expressed in the survey results as well as a myriad of new ideas.

NEXT STEPS

Phase 1: Define Issue and Information Sharing (Q1-Q2 2018 – Complete)

To date, staff have completed Phase 1 of the project as outlined in this memo which included defining the issue, background research and information sharing. The process and approach for this initiative has been extended to allow time for completion of additional research necessary for the decision-making process, exploration of additional options including public-private partnership models and other community beneficial options reflecting expressed community prioritized values. The process will include additional community touchpoints and opportunities for public input during meetings with the Parks and Recreation Advisory Board and the Landmarks Board. Several consultants have been brought on board to perform an inspection, appraisal and an historic features assessment to provide more in-depth information about the house and its contributing features. Pending any additional direction from the PRAB or City Council, staff will continue following the [process and approach](#).

Phase 2: Values and Options (Q2-Q4 2018 – In Progress)

Feedback from a broad range of the community is key for this citywide asset. Staff is making an effort to engage the most invested community members interested in historic preservation and the house as part of their neighborhood in addition to community members with a more varied background of interest in Parks and Recreation. The second round of public engagement focused on defining community values as an important lens for exploring possible future use options. Stakeholder and public meetings were combined with an online survey and other digital opportunities on BeHeardBoulder.org such as story-telling and idea generation. Two self-guided tours were hosted with a third opportunity in November. Social media pushes, web updates and community newsletter articles appear on a regular basis. Monthly updates are sent directly to those who signed up. PRAB and the Landmarks Board will receive updates in October and November to coincide with this IP.

Phase 3: Research and Refined Options (Q4 2018 – Q1 2019)

Staff will use the research and background information collected in combination with expressed values and feedback from community, boards and City Council to develop refined options for the future use and ownership of the house. This will include another round of community engagement with stakeholder and public meetings in conjunction with a broad digital engagement effort to reach beyond those currently invested. The refined options will be aligned with the original 3 options (sale, lease or city owned/operated/programmed) while considering the values that have been expressed through the comprehensive community feedback. These refined options will also be informed by all the research completed to date including appraisals, lease rates, O&M costs, historic assessments, etc. Staff anticipates working closely with the PRAB and the Landmarks Board through this process to refine the options and identify a final preferred option that will be provided to City Council for consideration in 2019. As a local landmark, continued exploration will comply with the home's regulatory-mandated protection. Further exploration of options will reinforce protection of the home as a historic asset, ensuring the department's ability to conform with Master Plan direction related to all asset prioritization and ensuring some degree of community benefit and access.

A joint PRAB and Landmarks Board meeting in early 2019 is anticipated. Feedback and discussion of the refined options is expected to drive staff towards in-depth evaluation and final exploration to answer any questions or obtain any feedback necessary for decision-making prior to the next touchpoint with the boards and City Council.

Phase 4: Identify Preferred Option (Q2 2019)

Based on the outcomes of the community outreach including discussions with the PRAB and Landmarks Board, staff will evaluate all ideas and feedback to identify a preferred option for consideration by the community and the PRAB. The goal of this phase is to get final feedback prior to seeking consideration and approval from the PRAB and ultimately City Council. Staff anticipates providing the PRAB and City Council with the preferred scenario in 2019.

Decision-making Roles and Responsibility

Throughout the project, staff have been updating PRAB, Landmarks Board and City Council about the process, feedback and outcomes. As the project enters the decision-making in phase 4, an identified option will be presented to PRAB for a formal motion. The preferred option recommended will be informed by a joint board meeting between Landmarks Board and PRAB. City Council will ultimately be asked to consider PRAB's recommendation for acceptance.