

Chautauqua Lease Committee
April 29, 2015
Final Meeting Summary

COMMITTEE ATTENDANCE

Tom Carr
 Susan Connelly

George Karakehian
 Tim Plass

Deb van den Honert
 Bob Yates

Observers: 10 members of the public

Additional Participating Staff: Susan Richstone

Facilitation: Heather Bergman and Katie Waller

NEXT STEPS

Tom Carr	<ul style="list-style-type: none"> • Will provide a draft of the new lease at the next meeting. • Will post a current sublease with no identifying information on the Committee's website.
Bob Yates	<ul style="list-style-type: none"> • Will provide the current sublease document between the CCA (Colorado Chautauqua Association) and cottage owners for the Committee's consideration.
Colorado Chautauqua Association	<ul style="list-style-type: none"> • Will provide a plan for parking in collaboration with cottage owners and other organizations. • Will provide a plan in collaboration with cottage owners that solves the issue of ensuring all buying offers brought forth by owners are bona fide.
Deb van den Honert	<ul style="list-style-type: none"> • Will speak with other cottage owners on the issue of a ratio or cap of CCA cottage ownership.
Heather Bergman	<ul style="list-style-type: none"> • Will provide an updated meeting schedule to all Committee members.

AGREEMENTS

- The new lease will not include the phrase "widest practicable use;" the new lease should include language similar to what is in Guiding Principle #4.
- The new lease will include language relating to the concept in Guiding Principle #1 that Chautauqua is a shared community place.
- The new lease will incorporate the Guiding Principles by reference.
- The new lease will state that CCA must operate free of City subsidies.
- The new lease will reflect the duty of CCA to rent to cottage owners with an additional clarification that the sublease process should begin as quickly as possible after the CCA lease has been signed.
- The new lease will reflect a continuity of the rental price with past practice.
- The new lease will reference the Guiding Principles to outline how the City and CCA will address change management.

- The language precluding appraisers from looking at third-party offers when cottage owners are selling their cottages will not be included in the new lease.
- The new lease will include an aspirational statement that the rate of privately owned cottages should not differ substantially from historic levels.
- The new lease will use the same language as the current lease regarding consanguinity and family ownership.
- Due to scheduling issues, the next meeting will be held on Thursday, May 14, from 10:00 A.M. to 1:00 P.M.

UNDERLYING PHILOSOPHY

After brief introductions, the Committee began discussing the Guiding Principles for Collaborative Place Management and Fiscal Sustainability, as available on the City of Boulder website. The Guiding Principles talk about taking a balanced approach to maintaining the spirit of Chautauqua, and the Committee agreed that it is important to make sure that this is carried over into the new lease. The Guiding Principles provide a strong foundation for incorporating changes into the new lease and represent the existing underlying philosophy of Chautauqua. In further discussion, the Committee members agreed to incorporate these principles into the new lease by reference.

The phrase “widest practicable use of facilities” is used in the current lease and was discussed thoroughly during the meeting. While some interpreted it as representing a balance between maximizing programs and maintaining quality of experience, others took it to mean that all facilities are being utilized as much as possible. The Committee discussed how “widest practicable use of facilities” is not the clearest way of capturing the current operations of Chautauqua or its future goals. The Committee agreed to remove the phrase “widest practicable use” from the new lease and replace it with language similar to what is in Guiding Principle #4 regarding a balanced approach. Additionally, the Committee agreed to add language relating to the concept in Guiding Principle #1 that Chautauqua is a shared community place.

Susan Connelly shared a packet of information with the Committee. This packet included several documents that the Committee had requested of CCA at the previous meeting. The Committee reviewed this packet, and Ms. Connelly and Bob Yates provided additional information and clarification that was not included in the packet.

- The balance of out-of-state and in-state visitors is fairly consistent from year to year.
- Rehearsals for the Colorado Music Festival (CMF) are open to the public.
- The amount of programs listed on page 3 does not include the Parks and Recreation Department and their use of the green. It also does not include programming that starts on open space and ends in Chautauqua. (Note: Tom Carr offered to provide additional use numbers from Parks and Recreation and Open Space and Mountain Parks at the next meeting.)
- The number of CCA employees is consistent on a year-to-year basis.
- Property Owners pay a total of \$137,000 in property taxes. The average amount is \$3,500.

- The use of funds as listed on page 6 is skewed from past years because of a one-time grant of \$675,000. This gift will show up in expenditures for the next few years.
- On page 7, there is a typo. "Total Spent on Capital Improvements from 1996 – 2013" should read "...from 1996 – 2014."
- Currently 57 cottages are in the rental pool.

Some members of the group expressed concern about the issue of funding and Chautauqua's sustainability in the future. Currently, the lease requires action on behalf of CCA to raise revenue. A member of the group questioned whether this expectation should be carried over to the new lease. CCA currently has enough money to sustain day-to-day operations, but not to undertake capital investment projects, such as building a new structure or putting utilities underground (which would improve the visitor experience). Some members were concerned that if there is a stronger emphasis placed on programming in order to bring in the required revenue, there will be less access for the public to hike, park, and use the facilities. In the end, the Committee agreed that while there must be cooperation with the City in regard to making capital improvements on the properties, CCA must operate free of City subsidies and this should be reflected in the lease.

The Committee discussed how cottage owner leases fit into the new CCA lease. The CCA lease and the cottage owners' leases have always run concurrently, except for a short gap when CCA's was renewed early to coincide with the centennial celebration of Chautauqua. Currently, leasing to cottage owners is assumed in the lease but not explicitly stated. The Committee agreed to incorporate an explicit requirement that CCA lease to cottage owners into the new lease, with an additional clarification that the sublease process should begin as quickly as possible after the CCA lease has been signed.

The Committee also discussed the terms of rent paid by cottage owners. Paragraph 14 of the current lease is the section that deals with leasing and subleasing. Some members thought the lease should include a guarantee of reasonable rent for owners. This would ensure an equitable approach toward new owners in the future. While some members agreed with this view, not all agreed that the City should be involved in defining what is "reasonable". The Committee agreed that the new lease should include wording that states that rent for cottages will be consistent with past practice.

The group also discussed continued public access, parking, and traffic as they relate to the lease. The issue of parking will be discussed the next meeting (5/14/15). Some members thought that it is an underlying philosophy that Chautauqua welcomes people, but not cars. They found that many people who are parking at Chautauqua are not using the facilities, but rather accessing open space. Other members thought Chautauqua is a public space that should balance access to Chautauqua with access to open space, and since people come with cars, both types of access should be accommodated. One member of the group referred back to the Guiding Principles that emphasized balance and suggested that City Council will not approve the lease if it does not reflect the necessary balance. Some Committee members expressed that the parking is a really only an issue during the peak season, and during this time it might be good to give Chautauqua members priority, but not

exclusive rights to parking. Some members were concerned about the safety issues brought about by high use by the public and cottage owners in the summer coupled with a lack of sidewalks in the area. CCA will collaborate with cottage owners prior to the next meeting to provide a parking plan proposal for group discussion.

In 2006, there was a change to CCA's mission statement that included the words "improve the site and spirit of the historic Chautauqua by enhancing its community and values." CCA made this change in order to grow Chautauqua while staying within its historical guidelines. This was used to make improvements to the property such as the garden and the dining hall, which draw more people now than in years past.

CHANGE MANAGEMENT

The discussion of change management started with a summary of CCA's strategic plan, finances, and investments in the property during the current lease term. In 2011 and 2012, there was a perceived environment of distrust regarding the City and its involvement in Chautauqua. Currently, there is a Chautauqua coordinating team that fosters collaboration between City staff and the CCA. However, this group focuses more on the ongoing management of operations rather than change management, so additional discussion is needed about how to address change management in the new lease. For example, a member of the group stated there is nothing in the current lease that would allow the City to be able to stop the construction of a new building at Chautauqua. Members of the group agreed there should be a process for the City to be involved in larger and/or more significant changes to the property.. This should be reflected in the new lease to emphasize transparency and collaboration. Some members said that there should be a section in the new lease that references change management in accordance with the Guiding Principles. The Committee agreed that incorporating the Guiding Principles into the new lease would solve many of the issues that were to be discussed under change management.

PRIMROSE BUILDING

The Committee decided that this topic was not a freestanding issue but more of an example of issues related to change management. If there are further issues, they can be discussed during the discussion of capital investments on May 27th or on June 8th during the "Loose Ends" section.

LIMITATIONS ON SALE AND THE FIRST OF FIRST REFUSAL

Right of first refusal as it is currently written into the lease has worked well for CCA in the past as it drives consistency in the subleases. It is a lengthy process, but has provided good results in the long term. There is one section in the current lease that CCA and cottage owners would like to be stricken. This section precludes appraisers from looking at third-party offers when they are calculating fair market value for cottages. The argument for removing this language is that allowing appraisers to look at third-party offers gives cottage owners more options when they are selling. Some members of the group thought that appraisals are not the best way to find the fair market value of the cottages, since there are no comparison numbers as cottages are rarely sold. The Committee agreed to take out the wording that precludes appraisers from looking at third-party offers from the lease.

The group discussed the need for offers to be bona fide to ensure that fair market value is not inflated. One option is for owners to be penalized in some way if it is found that their offer is not valid. Because it is hard to find comparative prices for these properties, this would be the best way to standardize offers in the future. Some members thought that since appraisers will now be allowed to look at third-party offers (as discussed in the previous paragraph), this was not necessary. The group requested that the representatives from CCA and the cottage owners meet before the next meeting to determine what additional language could be added to the new lease to address this issue.

The group also discussed the number or ratio of cottages that can be owned by CCA versus private ownership. Some group members thought that it is important to include some sort of limitation on CCA cottage ownership because it would change the spirit of Chautauqua if the ratio were to be skewed toward greater CCA ownership. Other members thought that there does not need to be a ratio or number as CCA values quality of cottages owned over quantity. In the past 20 years, they have been offered 6 cottages and turned them all down as these purchases did not align with their strategic goals. These members were in favor of emphasizing the importance of private ownership in the new lease without stating a specific ownership limit. Other members thought that there should be a cap on the number of cottages that CCA is able to acquire with a mechanism to adjust it in the future to allow for flexibility. One member stated that it would be preferable to include a net number of cottages that CCA can own to allow for the gifting, sale, and exchange of cottages. The Committee agreed that instead of including a specific number or ratio of ownership, the lease should include an aspirational statement that the rate of privately owned cottages should not differ substantially from historic levels. This will encourage continuity into the future as management changes.

The Committee also discussed whether to change the commitment to keeping Chautauqua cottages in current families as is reflected in the consanguinity language in the current lease. The group briefly discussed this and agreed that the current language should remain in the new lease.

Public Comment

Joe Stepanek

- Watching this process has been reassuring as these changes will affect the children of Chautauqua cottage owners in the future. It is also reassuring to hear that there will be a process for change.
- Chautauqua is a national and Colorado treasure. It is important to preserve both the physical place as well as its spirit.
- It is important that CCA and City Council encourage the State Historical Society to reestablish the outer historic boundaries of Chautauqua instead of just focusing on its core zone. Although the marking of a historical site is often honorific and not enforceable, the boundary is important to the preservation of Chautauqua.

Karl Anuta

- The Guiding Principles should be strongly referenced in the lease.
- 50 years from now, it is important that this property is preserved regardless of the role of developers in the City structure.

Bella Weber

- It is great to see how the cottage owners have been included in this process. It would be beneficial to owners if there was an actual negotiation regarding the subleases, rather than just forcing owners to sign it.
- Purchase offers for cottages are coming in far higher than the asking price. Buyers are waiving the use of appraisers and making up the difference themselves. This is raising the market value. There are realtors who are interested in the properties, and most of them are people from Boulder who love Chautauqua.
- The price of the cottages has gone up quite a bit in past years, and there are many children and grandchildren with roots in Chautauqua who cannot afford to return. This is causing Chautauqua to lose their families.

John Kenyon

- This has been a beneficial conversation, but Chautauqua is not a parking lot. The main issue is safety. Safety of children is a concern when they play outside, and people are trying to find a parking space.
- There are currently no sidewalks, which creates lots of issues. It does not matter if people drive fast or slow, it is still an issue of safety.

Tom Galey

- This process is going well and the hard work of the Committee members is appreciated.
- There is a peak season over the summer, but there are also many weekends not during this time when Chautauqua is very crowded.
- It is a good idea to look at the actual guidelines of the requirements for gaining historical status. This would clarify what can realistically be done in acquiring a historical designation for Chautauqua.

Caroline Stepanek

- It would be a good idea to add a preamble to the new lease that captures the essence and identity of Chautauqua. This would make sure that its historical depth and meaning is captured and it cannot be taken for a business where the bottom line is the most important issue. It should be measured by non-monetary contributions and individual and group involvement.
- Chautauqua is a unique place and is of national interest. It should be an honor to be a CCA board member. It is important that it is not delisted or unlandmarked and the spirit remains the same. It harms the spirit when owners rent out their cottages or the property is limited to certain citizens. This spirit was threatened in the 1970's.

We need to make sure that Chautauqua will exist in 50 years as it does now. The board will come and go, so we must widely protect this area.

Bill Patterson

- The use of the phrase “widest practical use” is important as it has given the CCA board flexibility to make important changes in the past. One of these important changes was allowing nightly rentals, which has made Chautauqua financially sustainable.
- These types of decisions are useful to the board and will remain important in the future. This specific wording is important to keep in the lease.