

CITY OF BOULDER
PARKS AND RECREATION ADVISORY BOARD MEETING

MEETING DATE: February 25, 2019

AGENDA TITLE: Harbeck-Bergheim House Future Use and Ownership

PRESENTERS:

Yvette Bowden, Director, Parks and Recreation Department
Alison Rhodes, Deputy Director
Jeff Haley, Planning, Design and Community Engagement Manager
Tina Briggs, Parks Planner
Caitlin Berube-Smith, Historical and Cultural Asset Coordinator

EXECUTIVE SUMMARY:

Last April, 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 asset that has a long, rich history in Boulder. The project is in the final phase to identify the preferred option based upon in-depth research and robust community engagement throughout the past year.

The purpose of this meeting is to provide a summary of all the research, process, community feedback and joint board meeting discussion for consideration of a preferred option(s) for the long-term approach for implementation.

Staff anticipates an informed discussion with members from both boards on Feb. 21st to gather input from the Landmarks Board (LB) and Parks and Recreation Advisory Board (PRAB) to aid in further filtering the refined options leading to identification of a preferred option(s) to be presented to PRAB at the regular business meeting in February for discussion and in March for consideration of approval and subsequently discussed with City Council in April. The outcomes of the discussion will be reflected in the presentation of the preferred option(s). The meeting occurs prior to the deadline for the memo of the February PRAB meeting, therefore the preferred option is not included in the memo but will be presented at the meeting. However, the full [Joint Board Meeting memo](#) designed to facilitate discussion is available for review for those PRAB members unable to attend and participate in the Joint Board Meeting discussion.

PRAB has final decision-making authority based upon the home ownership by the Parks and Recreation Department as a result of the dedicated funding used for the original purchase of the home. Discussion at this meeting will revolve around an identified

preferred option, the consideration of an imposed time limit for either sale or lease and a contingency plan.

Staff is currently in the process of requesting a 1-year extension of the existing nonconforming use. If approved, that extension will expire on May 31, 2020. The department assumes the identification of and concluded negotiations with a tenant or owner before that date would be desirable and would schedule any subsequent work toward that conclusion.

BACKGROUND:

The Harbeck-Bergheim property (house), located at 1206 Euclid Ave., was leased by the City of Boulder with an option to buy in 1970 and finalized the purchase in 1979 for a total of \$82,500, utilizing Permanent Parks and Recreation Funds (PPRF). Since 1985, the Museum of Boulder (MOB) leased the building operating and managing it as a museum. Throughout that lease, the department facilitated the MOB lease with the Facilities and Asset Management (FAM) Division of Public Works. In 2018, the MOB vacated the house and relocated the museum and operations to their new location at 2205 Broadway, giving rise to the department's consideration of the landmarked property's future use, management and ownership in the context of the department's mission, Master Plan, capital planning and asset management efforts.

Landmark designation honors preserve and protect buildings and areas that have been determined to have a special character and historic, architectural or aesthetic interest or value to the city. Specifically, any exterior alterations to the house will continue to be subjected to the same review procedures required since the designation.

The department initiated the first of a [4-phase planning process](#) in April 2018 to determine the future use, management and ownership after MOB vacated and to identify a preferred option that is based upon master plan direction and supported by the community. This process began with an [information packet](#) (IP) that was delivered to City Council and the PRAB while the LB has been updated on the project throughout the process. Typical to any asset within the department's portfolio, staff must carefully consider property ownership and management based upon the direction of the department's master plan, direction from the PRAB and City Council including the community's desires. Early in the process, staff convened a stakeholder committee that has been influential in guiding the process, reviewing the research and background information as well as providing input on options and deliverables. Comprehensive background research of the property, process approach and community engagement outcomes are available by visiting the [project website](#) (research resources are found in the tan box on the right while monthly updates regarding the process and public engagement outcomes are in the tabs at the end of the page).

The department has several key themes within the [master plan](#) that guide this process and decision-making including: "Taking Care of What We Have," Organizational Readiness, Financial Sustainability and Building Community and Relationships. The department continues to work within a fiscally constrained budget to deliver the variety of programs, services and facilities to the community that is prioritized based upon the direction of the

master plan. Limited funding exists for the department to meet all the needs and desires and staff consistently works with the PRAB and ultimately City Council to consider how to prioritize limited resources. As an example, each year through the capital and operational budget development, several requests are received from the community and staff to improve or build new facilities as well as begin new recreation programs. Staff must carefully work with the community and decision-makers in reviewing the Master Plan framework to inform these decisions. This current process for the house followed a similar and consistent process to identify the preferred option moving forward.

Background Information and Research

Given the vibrant history of the home and the complexities of understanding financial implications and lifecycle management of any asset, staff has generated and gathered a variety of data to inform the community and decision-makers in understanding the available options for the home and the financial implications of the options. Much of this research has come as a direct result of the stakeholder committees desire for information and support to staff in assisting in the process.

A variety of research has been critical to the process including the appraisal, zoning review, inspection, property history and all applicable regulatory framework. The links below are just an example of research (a catalog of information can be viewed on the [project web page](#) and staff encourages participants to review):

- [Original Deed](#)
- [Current Zoning and Uses](#)
- [Historical Timeline and Past Uses](#)
- [Inspection](#)
- [Appraisal](#)
- [Assessment of Interior Character Defining Features](#)
- [Landmark Designation](#)
- [Grant History](#)
- [Case Studies](#)
- [The Secretary of the Interior's Standards for the Treatment of Historic Properties](#)

During the Joint Board Meeting, staff will provide a brief overview of the key research outcomes and information that have been influential throughout the process and in more recent refinement of options.

The home [inspection](#) report and [appraisal](#) were used to understand the current state of the home and the market value to calculate average annual costs for ownership and management that were ultimately used to evaluate options. Key data used in the option evaluation is listed below:

1. Estimated Value

Final Reconciled Value: \$3,066,000

Value Range is approximately \$2,830,000 to \$3,520,000

Insurable Value (IV):	\$1,045,000
<i>Replacement Cost New</i>	
2. Annual Cost Calculation	
Operations and Maintenance (O&M):	\$20,900/yr.
<i>(industry standard is 2% of IV)</i>	
Repair and Replacement (R&R):	\$26,125/yr.
<i>(industry standard is 2.5% of IV)</i>	
3. Market Rent Conclusion	
‘As Is’	
Single Family Residential	\$ 39,600/yr.
Office Space	\$ 81,929/yr.
‘If Renovated’	
Single Family Residential	\$ 54,000/yr.
Office Space	\$125,545/yr.
4. Estimated Renovations Cost:	
Window Renovations	\$ 30,000
Residential Renovations	\$468,336
Office Space Renovations	\$441,416

In appreciation of precedents (local and/or in other communities) and how those experiences and initiatives have been successful with similar properties, [case studies](#) were pursued demonstrating success in meeting community values in a wide variety of ways with a varying degree of cost recovery. These case studies provided the basis for refined options. Staff also learned from the case studies that there is not a single best practice in such instances, but rather many successful models from which our community can benefit.

Specific to the history of the house, the [Historical Timeline and Past Uses](#) was used as a tool to learn from the past by demonstrating where the process can be improved to account for previously unforeseen issues.

- A local investor, Leonard Blystad, purchased the property from Harbeck estate representatives in 1936 and proposed remodeling it as a fraternity and then as apartments. The city did not approve either plan, due to zoning restrictions. The home was then sold to Milton Harbeck in 1939 to be used as a single-family home. The lessee or owner of the house must consider the existing zoning designation, understand the process and risk of denial for any nonconforming use request.
- The City of Boulder leased with option to buy the house in 1970. The original stated purpose of the home was to provide a cultural center for encouragement of nature study and interpretation, conservation, gardening and related

activities for persons of all ages within the Boulder community. The stated purpose was never actualized. A Facility Use Study Committee was formed to determine the best use and policies were adopted in 1974. This example demonstrated the needed thoughtful process vetting any proposal for viability and the need to develop a contingency plan to avoid additional processes.

- Understanding the full scope of financial requirements needed to operate and maintain the house (including large capital requirements) could be difficult for a non-profit to absorb. As an example, the original [lease](#) to MOB in 1985 held the lessee responsible for all maintenance, repair and replacement with additional requirements for the responsibility to make the first floor accessible and install a fire suppression system. In 1990, a notice was sent MOB outlining the unmet obligations of an accessible ramp, fire suppression system and general maintenance. An archived letter from 1992 notes a request that the City fund half of their operating costs of \$45,000, all maintenance and waive \$10,907 of a balance due on a loan taken from the City to install a fire suppression system. Renegotiation of the lease commenced in 1992. A solution to prevent this challenge in the future would be to establish a monthly lease rate covering the average planned maintenance, repair and replacement allowing the City to bear the costs of home-related long-range planning and fluctuation in capital requirements.

[The Secretary of the Interior's Standards for the Treatment of Historic Properties](#) provides standards for preservation, rehabilitation, restoration and reconstruction. The first standard listed for preservation, rehabilitation and restoration refer to use. The rehabilitation standard reads, "A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces and spatial relationships." This standard reinforces the importance of protection of key historic interior features with an easement or clear lease restrictions informed by the [Assessment of Interior Character Defining Features](#).

Community Engagement

Recognizing the rich history of the home, community desires and perceptions of the property, staff developed a robust community engagement plan early in the process to ensure all members of the community and key stakeholders have had an opportunity to participate.

Throughout the process, the engagement has consisted of many techniques and opportunities:

- public open houses;
- neighborhood association meetings;
- stakeholder meetings;
- survey;
- monthly web updates and community newsletter promotions;
- house tours (in-person and [digital](#));

- digital idea generation and story-telling; and
- in-depth one-on-one discussions.

Phase 1 and 2 Engagement

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 the 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 the PRAB specifically requested outreach 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), followed by a second public meeting held in the neighborhood and dedicated to the house. Heavy use of the department's 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 define 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 viewed information regarding the house while approximately 200 people 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 preferred factors or conditions that would heighten the ability of each option to meet the community's needs and values. With this feedback, staff is refining the options for further consideration by the PRAB, the Landmarks Board and, ultimately, council.

The community's expressed values and priorities are 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 department's Master Plan directed services and priorities; and
- 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 entities have approached the city expressing interest in future building use. In each case, staff has provided tours and information appropriate to those requests. In some cases, interest has been expressed in leasing the property. Staff has been careful to ensure that each entity has 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.

Stakeholder Meeting Themes and Outcomes

Approximately sixteen 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 much 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
 - The department has struggled with prioritization of cultural properties within its overall mission
 - Historic and cultural properties need a different level of management than standard park assets
 - The department is not traditionally in the business of managing/leasing facilities
 - Consider consolidating all city historic and cultural assets under one department

Use and Neighborhood Compatibility:

- Exterior and Interior features of the home are both key neighborhood assets
 - 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 integrity of the property and understands the nature and cost of historic restorative maintenance
 - Limited desire for exterior 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. Many members of the earlier stakeholder group were representatives of community members who 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.

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 residents. 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 residents 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 Online 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.

Phase 3 Engagement

At the completion of phases 1 and 2, staff developed five refined options and the process to identify those options were shared with the community in multiple ways. A second stakeholder meeting was held on January 16 to discuss and verify that staff was in alignment with the community. A third public meeting was held on January 31 for the

broader community followed by the monthly update of information published to the web page including meeting presentation, stakeholder discussion summary and a feedback submission box. The public meeting was held as an open house with multiple high-profile department projects, such as the Boulder Reservoir and Scott Carpenter Pool, in effort to reach a broader audience as previously requested by the PRAB. Shortly after the meeting, a third self-guided tour was offered on February 13 for viewing of the house interior with staff available to answer question and collect feedback.

Key outcomes and summaries from each of those recent meetings can be viewed here: [Summary of Stakeholder Meeting #2 Discussion](#) [Community Feedback from Public Meeting #3](#) (including digital submissions to date)

ANALYSIS:

Throughout this initiative, the community, PRAB and LB as well as City Council have endorsed and supported the process, engagement and research. Through this, the overall intention of the process has been to ultimately identify a preferred option for the long-term ownership, management and use of the home in keeping with the community’s values and aligned with the department’s Master Plan.

Throughout phases 1, 2 and 3, staff utilized background research and information combined with community input and direction from the PRAB and City Council to determine community values related to the house as well as determine feasible options that could be considered. Like determining any solution, this was a process of vetting all ideas and options to determine the most feasible. Generally, the process went from twelve to five options. The process is further visualized in the graphic below:



Three areas of consideration were presented at the beginning of the project including leasing the property in a variety of ways, selling the property with several negotiating factors and continued city use for operational needs or community programming. Each of these focus areas had a variety of considerations that were vetted and explored using filters that were based upon the community’s desires and background information. As a result, twelve models were theoretically applied to the Harbeck-Bergheim House creating twelve refined options. Community values, master plan alignment and city-use

evaluations were used to filter the refined options down to five of the most viable refined options. Throughout phase 3, staff and the community identified and responded to the five [refined options](#). These options outline the many considerations associated with option ranging from alignment with community values to the actual financial implications of both capital and management costs. Any decision made for the future use and ownership of the house does not preclude or block future consolidation of historic assets or prevent petition to consider the surrounding area as a historic district as associated with Chautauqua, Columbia Cemetery and other historic resources in the area.

The following provides a brief overview of each option. Staff will provide greater detail of the analysis during the upcoming meeting:

Seek to Sell House – Throughout the engagement and consideration process, staff has reinforced public awareness that the house is landmarked and will always be protected on the exterior and through all applicable codes and regulatory framework in terms of use. Some feedback has been expressed that if the community’s values are met through the sale, continued ownership and operation of the historic home might not be best situated with the department. Similarly, community members expressed appreciation that proceeds from the sale could fund other community-supported parks and recreation-related capital priorities, including but not limited to other historic preservation initiatives within the department. *The two options associated with a sale would allow the department to seek a new owner and negotiate the aspects of the sale to achieve the community’s values including an interior preservation easement, preservation of the stained-glass window and maintaining appropriate public access.* If a sale were determined as the preferred option, a contingency of sale would require an interior easement for the protection of parts of the interior be given to the city. A desire for limited public access to the house will also be considered. An example of public access might be opening the home for visitation during an historic homes tour. Such access might potentially align with a preservation goals of returning the historic property to its original intended use if purchased as a single-family home. These options are very similar to several other historic homes within Boulder that are currently privately owned. Such options would provide approximately \$3M in funding to the department that could be prioritized for improvement of other city-owned assets and would relieve the city of the ongoing O&M responsibilities and lifecycle expenses currently estimated at \$47K per year. The community members in favor of selling the house mainly expressed concerns about the house diverting annual and capital funding from other department priorities. Priority examples were pools, fields and the Boulder Reservoir. There was interest in using sale proceeds to accelerate other projects rather than retaining property to provide a potentially unfair advantage to a single non-profit organization. This option follows the city’s standard parkland disposal process and engage the community, PRAB, Planning Board and ultimately City Council in the decision-making to ensure the community’s values are met.

Retain City Ownership and Lease House – As outlined in the community engagement section, other key feedback throughout the process showed an interest in the city maintaining ownership and leasing the property to another entity to relieve the cost of ownership and maintenance but maintaining ownership. The benefit of this option is that

the home stays within the public domain. However, this option requires the department to become a landlord and continuously manage the property and tenants according to any future lease that would be negotiated. Some have argued that this option does not align with the mission of the department and resources are better spent on other programs and facilities. This option has little impact on the preservation of the home again given the designated landmark status and that interior protection and community access are being considered in any option. *If a lease is the preferred option, the intention would be to honor the community values and Master Plan themes.* Offering a below market lease provides some opportunity to develop a competitive proposal process that would be open to the community and evaluated in a fair and transparent process using community values and key themes as selection criteria. Protection of some parts of the interior would be included in any lease agreement.

All five of the refined options presented to the stakeholder group and community are generally supported with some variation of the preferred option. Overall, the stakeholders were more in support of the lease as the preferred option while the broader community was more diverse in their preference divided between lease and sell. Moreover, most stakeholders were most interested in the discussion of Option H, which is a model that would lease the house for below market value but collect a minimum monthly rent calculated to recover estimated maintenance, repair and replacement needs. The city would remain responsible for maintenance, repair and replacement, however, the lessee would fund those estimated costs through a monthly rent.

As with any option, all applicable zoning codes, landmark designation and use review applies and the house will always be subject to these existing regulatory frameworks. In any case, once a preferred option is selected, staff suggests that a contingency plan be proposed within a specific timeframe to ensure the house does not remain vacant or lose the non-conforming use status. For example, if the home is placed on the market and no acceptable offers are made within six months, the department should switch strategies and offer a lease. This is similarly the case should a lease arrangement be deemed the preferred option.

Finally, staff recognizes that the home is a unique property and that this consideration is not intended to set a precedence for all other city or department-owned landmarked or historic assets. The applied cost recovery model is an opportunity presented by this house specifically and, for example, would not be applicable or expected of other properties such as Columbia Cemetery.

NEXT STEPS:

Based upon the outcomes of the discussion with PRAB, staff will present the identified preferred option(s) for PRAB's review and consideration for approval at a public hearing in March. The outcome of this final action will be presented to City Council on April 2, 2019 with implementation of the option to immediately follow throughout 2019.

It should be noted that extension of allowed non-conforming use is ongoing and that this extension will be considered along with the results of the joint boards' discussion.

Attachments:

Most recent previous memos

[PRAB Update October 22, 2018](#)

[City Council Information Packet October 25, 2018](#)

[Landmarks Board Update November 7, 2018](#)