

**CITY OF BOULDER
PARKS AND RECREATION ADVISORY BOARD AGENDA ITEM**

MEETING DATE: March 25, 2019

AGENDA TITLE: Public Hearing and Consideration of a Motion to Support the Exploration of a Lease of the Harbeck-Bergheim House.

PRESENTERS:

Yvette Bowden, Director, Parks and Recreation Department
Ali 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 Harbeck-Bergheim House, an asset with a long, rich history in Boulder. The project began with many options considered for the future use and ownership of this landmarked amenity and is now in the final phase having identified the preferred option based upon in-depth research, robust community engagement and thoughtful consideration of both the Parks and Recreation Advisory Board (PRAB) and the Landmarks Board.

The purpose of this memo is to present the identified preferred option and request the PRAB's consideration of a motion for approval. The identified preferred option is a lease of the house that would be sourced and negotiated considering community values identified throughout the engagement process. This lease would seek to accept no less than a cost recovery lease rate allowing the department to cover the costs of general maintenance and adequate funding for basic repairs or replacement (R&R) of the Harbeck-Bergheim House. **The PRAB has decision-making authority based upon the home ownership by the Parks and Recreation Department (department) as a result of the dedicated Permanent Parks and Recreation funding used for the original purchase of the home.**

BACKGROUND:

The Harbeck-Bergheim House (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 Division of Public Works. In 2018, the MOB vacated the house and relocated the museum and operations to

their new location, giving rise to the department's consideration of the landmarked house's future use, management and ownership in the context of the department's mission, Master Plan, capital planning and asset management efforts.

The house was designated as a local landmark in 1980. Landmark designation honors preserve and protect buildings and areas determined to have a special character and historical, architectural or aesthetic interest or value to the city. Any exterior alterations to the house are and will continue to be subjected to the same review procedures required since the designation.

The house is currently zoned as [RL-1](#) with a non-conforming use approved to function as a museum. **According to B.R.C. 9-10-2(a), the nonconforming use expires after one year of discontinued use (May 31, 2019) unless an extension is requested. Staff has submitted an official request for a one-year extension. If approved, the non-conforming use will be allowed until May 31, 2020.**

The department initiated the first of a [four-phase planning process](#) in April 2018 to evaluate and determine the future use, management and ownership after the MOB vacated the property and to identify a preferred option based upon master plan direction and supported by the community. This process began with an [information packet](#) (IP) delivered to City Council on April 5, 2018, laying out three basic options, followed by an [IP update](#) for City Council on the research, community feedback, progress to date and the core values as defined by the community on October 25, 2018. The PRAB and Landmarks Boards were updated regularly throughout the process including a [joint board meeting](#) on January 31, 2019, where staff facilitated a discussion centered on the [five most viable refined options](#). A culmination of feedback from Phase 3 of the process was used as the basis for the latest [discussion item at the PRAB](#) meeting on February 25, 2019.

Typical to any asset within the department's portfolio, staff must carefully consider house ownership and management based upon the direction of the department's master plan, the PRAB and City Council and as aligned with community values. Early in the process, staff also 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.

Staff recognized the rich history of the house, community desires and perceptions of the property and developed a decision-making process with an early and robust community engagement plan to ensure all community members and key stakeholders could participate.

The process and public engagement plan for this project follows the city's [Engagement Strategic Framework](#), adopted by City Council in November 2017, which developed as a result of work completed by the community-based Public Participation Working Group appointed to explore public participation and develop recommendations to enhance engagement.

Process Overview:

Phase 1: Define Issue and Information Sharing	April to May 2018
Phase 2: Values and Options	June to Nov. 2018
Phase 3: Research and Refine Options	Dec. 2018 to Feb. 2019
Phase 4: Identify Preferred Option	March to April 2019

Engagement Overview

- Three Public Open Houses;
- Three House Tours (in-person and [digital](#));
- Two Neighborhood Association Meetings;
- Two Stakeholder Meetings;
- One Community-Wide Survey;
- Monthly Web Updates and Community Newsletter Promotions;
- Digital Idea Generation and Story-telling; and
- In-Depth One-on-One Discussions.

Process engagement efforts consisted of many techniques and opportunities to inform and reach a broad audience. Staff utilized citywide (What's Up Boulder) and department-wide open house events along with interactive online outreach ([BeHeardBoulder.org](#)) with participation incentives to take advantage of cross-promotion from other departments and divisions with active engagement projects to reach community members outside of their normal scope of interest.

Staff invited a stakeholder group of approximately 16 community leaders for more in-depth conversations regarding the process, research, values and refined options. This group was an integral part of the project, working alongside staff in open dialogue to develop and consider recommendations.

Comprehensive background research of the property, process approach, community engagement outcomes and monthly updates are available by visiting the [project website](#).

During Phases 1 through 3, the community developed a set of shared values to be considered for any recommended option. While the community focused on developing values, staff developed refined options based on research and successful models around the nation found in the researched [case studies](#). Feedback from the boards, stakeholders and community members, combined with previously developed community values and department master plan themes, guided the development of the preferred option for consideration.

Community Values:

- Interior Preservation
- Neighborhood Compatibility
- Public Access
- Community Benefit
- Community Use

Master Plan Key Themes:

- Financial Sustainability
- Taking Care of What We Have
- Building Community and Relationships
- Organizational Readiness

Community values, master plan alignment and city-use evaluations were used to filter the options ultimately resulting in the advancement of five [refined options](#). While these options provide alignment with community values, they also appreciate the actual financial implications of both ongoing capital and management costs. The five refined options were reviewed and discussed at a stakeholder meeting, public meeting and the joint PRAB and Landmarks Board meeting.

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)
- [PRAB and LB Joint Board Meeting Minutes](#)

ANALYSIS:

A review of feedback received throughout the process (including City Council, boards, stakeholders and community members) revealed a high level of alignment in some areas with opportunities for more discussion in others. Key outcomes of the discussion with the [PRAB on Feb. 25, 2019](#), are outlined below with a summary of community feedback from Phase 3 and analysis of the five most viable refined options.

Highest Level of Alignment:

- Lease as Preferred Option
 - Community, stakeholder and boards were most unified on the lease options
- Sale as a Contingency Plan
 - Second option for exploration only after other options are explored thoroughly
- Values and Themes
 - Community, stakeholder and boards were in support of the community values with interior preservation as a priority and wide variation of other supported priorities
- Zoning
 - All in agreement that application for nonconforming use extension is a high priority

Areas of further discussion:

- The lease rate was discussed in terms of cost recovery (covering annual and long-range anticipated total cost of home ownership of approximately \$36,000/year) to market rate (an average square foot estimation based on current market rates to rent office space of \$82,000/year)
 - The PRAB showed more interest in seeking a rate above cost recovery to support other department assets while the stakeholders and community showed more support for a base of cost recovery only.

- Use of any proceeds above cost recovery was a consideration
 - Some community members and stakeholders would like to see the funding used solely to support other department historic assets while the PRAB overwhelmingly felt confident that the department would make the best use of funds based on previous demonstration of fiscal responsibility as required by the master plan.
- A contingency plan and time limit for lease proposals were discussed.
 - Support for a timeframe to collect multiple proposals for comparison like a competitive grant or project bid was expressed. Some deemed a contingency plan (necessary should a lease arrangement meeting the above objectives not arise) as premature. They encouraged a greater short-term focus on finding and developing a lease arrangement meeting the highest-level community values and master plan alignment.

There was some support for sale in all engagement experiences. There was interest in the opportunity to use the proceeds for greater service reach more aligned with the department's mission and vision (i.e., funding other department capital projects, including but not limited to, other department owned historic assets) while a lease still requires staff support for ongoing lease management.

Some community members expressed a broader consideration that the city might consolidate ownership of all landmarked amenities under one department and pursue funding for ownership, operations and maintenance on a citywide basis. While this is beyond the purview of this project, that opinion has been shared with the Landmarks Board and will also be shared with the Facilities Management Department.

Removing a sale option from future opportunity is not recommended to allow flexibility for any future transfer of the house to combine all historical assets under one department as commonly discussed with stakeholders (potentially requiring sale from one department of the city to another). In addition, there remains some strong opinions in the community discouraging a sale of the house at any time in the future for any reason. Sale is not the preferred recommendation of this project and is, therefore, not further addressed in this memorandum.

There was some interest from board members to explore department use of the house for city programming needs or even city office space. [The 5-Year Master Plan Progress Report/Overview of 2019 Priorities](#) presented to the PRAB on February 25, 2019, reviews the Service Delivery Model and the Recreation Priority Index used to measure and to evaluate new and continuing programs. Application of this standardized measurement and evaluation process excluded options for city use based on upon the feasibility.

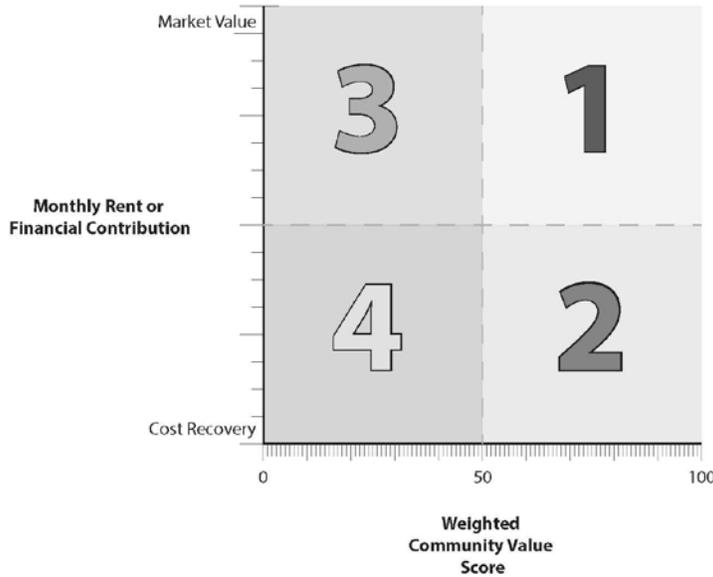
The Landmarks Board has been included in regular updates and served as a consultative body throughout the process. A [letter from the Landmarks Board has been submitted to the PRAB](#) outlining their support and recommendations taken into consideration in the staff recommendation.

STAFF RECOMMENDATION:

Staff recommends that the house is offered for lease in a competitive, transparent proposal process weighing community values as criteria for evaluation, accepting no less than the cost recovery rate satisfying, at a minimum, the estimated general maintenance and adequate annual funding for repairs and replacement.

If supported, a request for proposal (RFP) would be developed and issued. The RFP would clearly state the selection criteria and how each will be weighted. A preliminary evaluation model (below) provides insight into how the weighted criteria will be evaluated in relation to the proposed lease rate. The evaluation model shows the priority of high financial contribution and high community value score but also demonstrates that high community value is prioritized over high financial contribution. The model does not consider proposals below cost recovery rate or negative community impact.

Sample Evaluation Model



Priority Description

- 1** High Financial Contribution
High Community Value Score
- 2** Low Financial Contribution
High Community Value Score
- 3** High Financial Contribution
Low Community Value Score
- 4** Low Financial Contribution
Low Community Value Score

In addition to the request for consideration on the above, the department intends to pursue the following:

- Interior protection will be written into any lease agreement based on the [interior defining feature memo](#) with reliance on historic preservation staff's available consultation.
- At the department's expense, the stained-glass window along the main stair landing will be restored with a goal of completing the work onsite while the proposal process is underway. This onsite restoration work will reduce any risk to transport the window and will provide some occupancy in the house during the work period.

Suggested Motion Language:

Motion to support the exploration of a lease for the Harbeck-Bergheim House at market rate favorably considering community values but in no instance at less than full cost recovery.

NEXT STEPS:

Staff will present the outcomes of this meeting to City Council on April 16, 2019. If approved by the PRAB and supported by City Council, an RFP will be developed and released to the community for lease of the Harbeck-Bergheim House. This release may or may not be supplemented by the listing of this opportunity through a local qualified real estate agency.

Once proposals are received and evaluated, the most beneficial proposal will be awarded and contract negotiation would begin. A lease with terms of greater than three years requires City Council approval after an affirmative vote by at least four members of the PRAB as outlined in the [Boulder Charter and Revised Code, Article XI, Sec. 164](#). The final step requires the City Manager's signature to enter into the lease agreement.

Milestone updates will be provided to the PRAB throughout the proposal process leading up to the request for lease approval. The request for lease approval from the PRAB will include a discussion item during a regular meeting with an action item and public hearing the following month.