

Chautauqua Lease Committee
June 8, 2015
Final Meeting Summary

Attendance

Committee Members: Susan Connelly, George Karakehian, Tim Plass, Deb van den Honert, Bob Yates

City Staff: Yvette Bowden, David Gehr, Maureen Rait

Facilitation: Heather Bergman, Katie Waller

Observers: There were 13 observers present, including Chautauqua residents and interested citizens.

Next Steps

All Attendees	<ul style="list-style-type: none"> Email Tom Carr and Heather Bergman with topics not included on the current agenda that must be talked about at the next meeting. Note cancelled meeting on June 27th, with the next meeting taking place on July 20.
Tom Carr	<ul style="list-style-type: none"> Incorporate agreed-upon changes into the new lease draft. Ensure that wording of Section 8 (Insurance) is the amended lease language from 2002 rather than original language from 1998. Draft wording regarding a 20-year lease term with automatic renewal every ten years. Draft wording regarding cottager assessments, with a clarification of whether they would come from the CCA or the City of Boulder.
CCA	<ul style="list-style-type: none"> Gather information on Section 15, Subsections (ii) and (iii) for the Committee's consideration. Coordinate with Tom Carr to address wording concerns throughout lease. Further discuss sublease rent amounts internally. Draft a brief presentation to the Committee to justify a 30-year lease term with guidance from Tom Carr. Clarify the individual project costs that are incorporated into the total required budget for projects listed in the JVA Conceptual Infrastructure Master Plan.
Public Works	<ul style="list-style-type: none"> Coordinate with City Manager's Office to create new language to discuss permitting and the role of Public Works at Chautauqua. Collaborate with Tom Carr and CCA to create a standard for the City's role in construction, maintenance, and snow removal at Chautauqua.
Cottage Owners	<ul style="list-style-type: none"> Draft possible language regarding the inclusion of alternate modes of transportation in Section 6. Draft possible language regarding lease termination or nonrenewal as it affects cottage owners.

Introductory Items

- George Karakehian and Tim Plass reported that City Council was not able to fully review the progress summary at the last meeting due to time constraints. The discussion was moved to the first study session in August.
- CCA proposed changes to the meeting summary from May 27, 2015. The Committee approved all of the changes, except for changing the new lease effective date from immediately to January 1, 2016. The Committee also decided to delete the sentence, "They also identified possible items of controversy, including philosophical change in operations without city subsidy."
- CCA will be meeting with Boulder Historic Preservation staff and Karl Anuta to discuss past boundary changes associated with History Colorado's covenant on a portion of Chautauqua that requires SHF consultation on proposed interior and exterior changes to buildings within the covenant's defined area.
- CCA will be discussing having a City Council member on the Board of Directors at the next meeting and will report back to the Committee.

JVA Conceptual Infrastructure Masterplan

CCA distributed and summarized an Executive Summary of the JVA Conceptual Infrastructure Masterplan to the Committee. This document explains in further detail necessary infrastructure improvements and a possible phasing plan for the projects. Some members found that the itemized budget requirements did not match the total budget requirements. CCA will further examine the document and clear up this issue at the next meeting.

Lease Review

CCA proposed changes to the new lease and discussed the substantial issues with the Committee. Below is a list of agreed upon changes.

- Section 2 – Change rent amount to \$1.00.
- Section 3 – Clarify the usage of “Chautauqua” as compared to “CCA’s leasehold area.”
- Section 3 – Change “electrical wires” to “overhead utilities” at the bottom of Page 3.
- Section 6 – Replace entire section with Access Management and Parking proposal.
- Section 15 – Create new language regarding private cottage owner assessments.
- Section 17, Subsection C – Change “shall” to “may” in the last sentence.

Rent Amount

Some members of the Committee thought that the rent amount should be changed. They felt that the current amount was hard to understand or explain. After comparing it to other lease amounts for nonprofits leasing properties from the City, members felt as though the rent amount should be symbolic instead of what appears to be an arbitrary amount. The Committee agreed to change the rent amount to \$1.00.

Alleyways and Maintenance Responsibilities

The CCA explained that there is an ongoing problem with finding a material to repair alleyways that can be approved by the Landmarks Board. The Landmarks Board is concerned that the new material will make the alleyways look better than the streets. The CCA finds itself continuously working with materials that do not hold up over time in order to comply with the Landmarks Board’s decision. The alleys in Chautauqua are regularly plowed by CCA, which only furthers the damage to the surface material. This issue affects three alleys that provide alternative access to buildings on the property and are important to overall traffic circulation. CCA explained that the JVA Master Plan did not assess the alleys, and CCA continues to budget to make the necessary alley replacements if a reliable and approvable material can be identified. It was agreed that this is an issue between CCA and the Landmarks Board and does not need to be addressed in the lease.

Maureen Rait, Executive Director of Public Works, discussed the need to evaluate the extent of extra costs for the City if it were to take over snow removal of Chautauqua alleyways. The Committee requested that Mr. Carr and Ms. Rait will collaborate with CCA to develop a standard for construction, maintenance, and snow removal that will clarify the role of the City in regard to extraneous maintenance tasks as discussed in Section 3, Subsection 3 of the new lease.

Traffic Control and Parking

CCA distributed and proposed new wording for the entirety of Section 6 in the new lease, called Access and Parking Management, developed by Tim Plass and Susan Connelly. The new language references “peak periods” of usage and one of the Committee members asked if there are events that create parking concerns outside of the traditional peak periods. CCA explained that access; circulation and parking issues in the off-season are typically not related to specific events on the CCA leasehold but rather to open space usage, such as an unusually warm day in February that draws people to Chautauqua for the park or for hiking. Some members thought that clarification was necessary to classify the peak period, while others thought this phrase should remain the same to encourage flexibility should the “peak” timeframe change. Members agreed that this issue had been sufficiently dealt with in the Chautauqua Access Management Plan (CAMP).

The Committee agreed that the new language of Section 6 was a solid foundation for implementing the CAMP. Some members thought the new section was more reactive than aspirational and should include additional aspirational language to match the rest of the document. This new language could serve as a guide to future access changes, including development of public transportation. These members thought it could be helpful to include a bullet stating that all modes of transportation will be assessed when considering issues of access and parking management. Others members thought that alternate modes of transportation, particularly public transportation access, are a larger community issue and will have to be discussed and prioritized on a larger scale. The cottage owners reserved the right to bring back to the Committee a proposal for new wording that deals with other modes of transportation.

One member of the Committee was concerned about how bulleted items 5 and 7 in CCA's Access Management and Parking proposal will work together in actual practice. CCA explained that item 5 encourages traffic control measures such as changing routes and traffic calming measures, while item 7 is included to ensure that Chautauqua retains broad access and does not become a gated community. The inclusion of both bullets will hopefully provide balance regarding the issue of public and cottager access.

Some members of the group questioned whether the Transportation Demand Management (TDM) plan should be limited to just Chautauqua employees (including CCA, Chautauqua Dining Hall and Colorado Music Festival staff and musicians). CCA clarified that cottage renters are limited to one car, but this is not strictly enforced and has not been a problem in the past. Chautauqua Dining Hall employees are limited in where they are allowed to park. Both CDH and CMF have parking restrictions detailed in their agreements with CCA, which are coterminous with the lease between CCA and the City. CCA also requires that all CDH special event groups provide shuttles for their guests as to not put further stress on the parking situation at Chautauqua on Auditorium event evenings. The Committee agreed that Mr. Carr should replace the current Section 6 with the language proposed by Mr. Plass and Ms. Connelly.

Permitting

CCA proposed deleting Section 11 in its entirety. Ms. Rait from Public Works explained that since Chautauqua is such a popular area, the City would like to retain a form of process to coordinate usage within and around Chautauqua. Some members thought the best way to detail this relationship would be to include the current practice of the Chautauqua Coordinating Team in the new lease, which entails a meeting on the first Tuesday of every month with different departments within the City to discuss ongoing projects with CCA staff. Ms. Rait will coordinate with City Manager's Office to create new language to discuss permitting and the role of Public Works at Chautauqua.

Sublease Rent

The cottage owners created a Summary of Cottage Owner Contributions and distributed it to the Committee. CCA explained that there are only two data points and not a lengthy history regarding the setting of sublease rent for private cottage owners. The most recent sublease rent was established in 2001 by a complicated formula that incorporates many factors. CCA explained that annual rent was doubled in the 2001 sublease from the previous sublease, phased in at an increase of 20% per year over five years. In 2015, the average sublease rent for each of the 39 cottages is \$1,580/year. CCA explained that this is an area in which they would like some guidance or direction from City Council. Some members expressed that City Council is not interested in setting rent in land subleases for the cottage owners. They stated that while the amount seems reasonable, City Council members will most likely not be able to add any further insight or information as to why the rates are at their current levels or what, if any, changes should be made.

Many members expressed the need for rent to remain at a reasonable amount. While some members thought that the sublease amount directly reflects on the City, others thought that the City should remain neutral. From a legal standpoint, it is important that the landlord recovers the amount of money necessary to operate the property, including taxes and maintenance. CCA explained that typically sublease rent only contributes 2% - 3% to the yearly budget, with most CCA funding coming from lodging and public programs. Private cottage owners stated that the current sublease rent amount is fair, but a lower amount would open the door to a wider demographic of possible cottage owners. The current draft lease says that the rent must remain

fair, and some members agreed that quantifying the rationale for a specific rent amount would be challenging, but the proper balance will have been reached when both parties are happy.

Some members felt that it is important to include the possibility of assessments to private cottage owners in the Section 15 – Limitations of Subleases. These members felt it important to clarify that this discussion is in the context of the significant infrastructure capital improvements anticipated, not the annual capital improvements made by CCA. Since the City and CCA will likely be substantially investing in the property through capital improvements, some members thought it fair that the cottagers contribute as well. Some members stated that this consistent with past City practices and would be beneficial for all parties. Other members were unclear as to who would assess the private cottage owners, the City or CCA. The group requested that Mr. Carr draft new language for this issue, while clarifying which entity would be in charge of the assessment.

Lease Terms

David Gehr, Deputy City Attorney, explained that the City Charter Amendment regarding lease terms (8-10-3) was created to encourage improvements on properties leased by the City that add value to the community. It was a way to attract investors to make improvements that would benefit many people, such ice rinks, airports, or parks. City Council has never had to use this provision, so its application to Chautauqua may set a precedent. While CCA has improved the property over time, some members stressed that Chautauqua must show plans to significantly improve the property during the future lease term rather than rely on past improvements. CCA was concerned that their past capital investments would be ignored when presented to City Council. The Committee discussed the importance of including the capital investment projects planned for the future, especially those listed in the JVA Conceptual Infrastructure Master Plan.

Instead of extending the lease to 30 years, one member proposed the addition of language stating that the lease will be reevaluated every ten years by both the City and CCA with an automatic twenty-year renewal upon both parties' agreement. This would allow the lease to never approach its end and would position Chautauqua in the best possible manner for future investment opportunities. It would also allow for small, necessary tweaks in the lease at shorter intervals. Some members were concerned that the 10-year negotiations would leave out smaller parties, such as the private cottage owners, and others wanted to ensure that both parties would truly listen to the other when discussing the lease renewal. Members thought this could be solved by setting a specific time in advance of when the lease discussion would happen and including all the necessary parties.

Some members were still unsure of the benefits of a 20-year lease compared to a 30-year lease. Some members stated that it would expedite the process by not requiring a committee to get together as often to review the lease. Others thought it would promote security for the private cottage owners.

The lease as decided by the Committee must be presented to the City Council with a proposed lease term. Some members thought that the lease should include a baseline of 20 years with the possibility for 30 years. The group decided they should include a 30-year lease term and City Council can lower it if deemed necessary. Members discussed the need for a convincing presentation to City Council regarding CCA's planned improvements to the property, directly in line with the Charter Amendment. City Council members stated that they are not allowed to endorse presentations, but can explain the discussion that led to a particular stance and support the revision process as a whole. The Committee agreed that CCA and private cottage owners should draft a presentation to City Council and work with Tom Carr to ensure all the requirements have been met. The CCA and cottage owners will work on this presentation to discuss format and content outside of regular meeting time and then present it to the Committee at the next meeting to test its persuasiveness.

Governance

CCA is interested in possibly having a City Council member on the Board of Directors, but will discuss it at the next CCA Board meeting and share their final preference with the Committee at the next meeting. City Council members explained that whether or not this is feasible will come down to Council members'

bandwidth. City Council members that sit on other boards throughout the City are not required to report back on anything that they have learned; this gave some members hesitation in including this in the new lease due to questions about what value would be added by the change. Other members explained that it gives the City Council direct awareness of what is happening in an important area. Similar organizations have zero, one, or two members serving on their boards of directors.

CCA explained that while there is a difference in having elected City Council members or continuing with City appointees on the board of Directors, both options would be beneficial. Members agreed that the number of City Council members or City-appointed representatives should not increase from the ratio in the current lease.

Lease Termination

Some members are concerned about the effects of Section 16 – Termination or Nonrenewal of Lease on private cottage owners. Although members were hesitant to include any sort of specific remuneration in the lease, some thought it could be appropriate to add aspirational language to protect the cottage owners' economic investments. Other members were worried that remuneration would impose such a substantial liability on the City that it would give City Council a reason to question the entire lease. Cottage owners encouraged all Committee members to provide all feedback, especially creative ideas, regarding this issue to Deb van den Honert.

Public Comment

Tom Galey stated that he believes sublease rent should be between CCA and the cottage owners. He asserted that owning a cottage in Chautauqua is much more expensive than a space of comparable size in the rest of Boulder, and ground rent and ad valorem taxes only increase the costs. While Chautauqua is a unique and special place to live, many people, especially those who are not year-round occupants, are leaving due to the high cost. Mr. Galey believes that while the costs are high and may not be appropriate for everyone, the higher prices are worth it.

Phil Shull believes that a 30-year lease term is important for CCA, but was unclear of what the Charter Amendment meant when asking for significant improvements. Some people may interpret this as developing more programming and creating more access while other community members may view it as the exact opposite. It is important to keep aspirational language to a minimum so it does not overreach its intent.

Some Committee members responded to Mr. Shull by agreeing that more is not always better. They are most likely not going to look at a growth in programming, but rather long-term investment in continuation of Chautauqua in line with CCA's past activities and purposes. Other members expressed that it would make a compelling argument before City Council if the CCA and cottage owners presented a large commitment to raise funds for the investments detailed in the JVA Conceptual Infrastructure Master Plan.