

Chautauqua Lease Committee
May 27, 2015
Draft Meeting Notes

Attendance

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

City Staff: Tom Carr, Andy Pelster, and Molly Winter

Facilitation: Heather Bergman, Katie Waller

Observers: There were 7 observers present, including Chautauqua residents and interested citizens.

Next Steps

All Attendees	<ul style="list-style-type: none"> Review meeting summary from 5/14.
Tom Carr	<ul style="list-style-type: none"> Incorporate changes into a new lease draft as discussed in this meeting. Create proposal for a distribution of maintenance responsibilities with Public Works Department. Review deletion of Section 11 with Parks and Recreation Department. Prepare a list detailing options and accompanying benefits of possible lease terms. Draft a comparison of rent amounts in other City leases. With Molly Winter, collaborate with staff liaisons to identify which committees and boards should have input on the final lease and CAMP before it is presented to City Council.
CCA	<ul style="list-style-type: none"> Develop additional language for Section 6 to acknowledge the balance of parking use between Chautauqua visitors and Open Space visitors. Provide the Committee with an executive summary of the JVA Conceptual Infrastructure Master Plan. Meet with Karl Anuta and Boulder Historic Preservation staff to explain the boundary changes regarding History Colorado's covenant on portion of Chautauqua. Discuss the benefits of having an assigned City Council member on the Board of Directors at next CCA Board meeting. Note which COB maintenance activities currently occur on CCA leasehold.
Cottage Owners	<ul style="list-style-type: none"> Create proposal of new language for inclusion in Section 16 that protects cottage owners in the case of lease termination or nonrenewal. Coordinate with CCA to discuss sublease rents, approval of transfer of ownership, and termination of subleases in relation to termination of City lease.

Process Plan on CAMP (Molly Winter)

Molly Winter, Bill Cowern and Susan Connelly prepared the Chautauqua Access Management Plan (CAMP) process and schedule for the Committee to review. The schedule was created to incorporate the existing Chautauqua Lease Committee meetings, necessary Boulder City Council actions, and the 2A Projects process. The 2A process is included in the CAMP schedule because it may be desirable to have some joint public input and/or boards and commissions input. Some members thought the Lease Committee would benefit from an update on the status of 2A projects later in the year, perhaps August or September.

The CAMP schedule also includes outreach to other departments and boards such as Open Space Board of Trustees (OSBT), Parks and Recreation Advisory Board (PRAB), the Landmarks Board

(LB), and others. Ms. Winter incorporated these other organizations both as a measure of inclusiveness and because some were involved in past lease approval processes and/or are involved in Chautauqua operations. Some members found it unnecessary to include all the entities listed in the CAMP process proposal, so the Committee agreed that Ms. Winter and Mr. Carr should coordinate with staff liaisons to identify which collaborations are necessary.

The 2A projects include an increased focus on safety by adding a sidewalk on the south side of Baseline Road and adding pedestrian safety lighting on some sidewalks within Chautauqua. The Baseline sidewalk could change existing parking on Baseline due to a historic stone wall but it is hoped that modifications to existing parking on the north side of the Chautauqua Green could result in no net loss in parking.

Consideration was given to a possible summer 2015 pilot parking program in the Academic Hall lot, which would limit parking from Memorial Day through Labor Day, seven days a week, from 8 AM – 6 PM. These limitations would still allow access to the current two handicap parking spaces and continue the designation of six spaces as 15-minute parking for lodging guests checking in and out or dropping off passengers. All other remaining spaces in that lot would be limited to three hours, unless occupied by a car with a CCA employee parking permit. This initial pilot program would be enforced by the City of Boulder. Ms. Winter explained that this pilot program would allow staff and the Committee to evaluate the efficacy of this type of parking management before possibly implementing it on a larger scale later in the process. It could be implemented without much city staff involvement or investment and evaluated for effectiveness at the end of the summer. Success could be measured by violations issues and whether or not it met CCA's reasonable business needs.

Some Committee members were concerned that implementing a small-scale project would aggravate Open Space visitors without more understanding of the context. Some noted that the proposal stemmed from the recommendations of 2012 and had not been evaluated using the new parking principles. Some thought the new measures would be ignored, largely because current parking regulations are ignored. Other members wanted to ensure that all visitors understood that parking is shared and this will continue in the future. Members in favor of the pilot program indicated that such a program would be an effective way to ease visitors and lodgers into a parking management program without much investment upfront. The Committee agreed to remove the 2015 Academic Hall parking pilot program from the proposed CAMP process, but accepted the rest of the schedule.

Lease Review

The Committee examined the changes made to the lease after the last meeting and approved the new wording. Below is a list of new accepted changes based on the discussion.

- Section 3, Subsection B – Remove “Plant screening landscape around the parking lot parcel separately describes in Exhibit A.”
- Section 6 – Add bullet point explicitly referencing pedestrian access and safety.
- Section 9 – Eliminate “\$1 million dollars” as a maximum amount for liens.
- Section 11 – Strike entire section, pending approval of Parks and Recreation Department.
- Add a section discussing capital improvements with reference to the guiding principles.
- Section 13 – Move the date of the annual report from March 1st to match the current practice of delivery on June 15th.
- Section 14 - Change “substantially” to “significantly” in the sentence: “It is the intent of the parties that the number of privately owned cottages shall not change substantially.”
- Section 17, Subsection C - Include a notice and cure provision.

Members also discussed the need to refer to pedestrian safety explicitly in the new lease. The community and cottage owners both value this, and the addition would make the emphasis of pedestrian safety explicit. The Committee agreed to add a bullet point to Section 6 explicitly referencing pedestrian access and safety.

The current lease states that CCA may not incur liens in excess of \$1 million dollars in Section 9. CCA currently has no liens on buildings in Chautauqua, but thought it could prove beneficial to raise this number looking forward to larger capital improvement projects. Members clarified that CCA is only able to pledge CCA-owned buildings, as CCA does not own the land. From a legal standpoint, the City could not be held accountable for any incurred debt, so the Committee decided to eliminate a dollar amount from Section 9 while retaining the rest of the wording.

Section 11 of the current lease details a permitting process between CCA and Parks and Recreation Department that is not in practice nor applicable to the current relationship. The Committee decided to strike the entirety of Section 11, upon approval of Parks and Recreation.

The CCA and cottage owners identified issues within the lease to discuss at a later time.

- Section 15 – Discuss subsections (i), (ii) and (iii) further at a later meeting.
- Section 16 – Create wording that protects owners in case of lease termination or nonrenewal.

Because removal of private cottages would not likely be allowed by the city upon termination of the lease, some members brought up the question of some sort of compensation for private owners, noting that CCA was not asking for such compensation.

Some members thought it important to not lose the specific acknowledgement of parking problems in the lease and to mention both Open Space and Chautauqua users. Tim Plass and Susan Connelly will create language that balances these two user groups to discuss at the next meeting.

The Committee discussed the implications of Section 16 –Termination or Nonrenewal of Lease and how this would affect private cottage owners. Members thought there needed to be more clarity in how a lease termination or nonrenewal would affect cottage owners. Some members thought that there should be some sort of compensation for private owners but not for CCA. Other members stressed that if the City does not keep this section the way it is, it could possibly be relinquishing its legal rights over the buildings and improvements of the property. Deb van den Honert will draft a proposal of how to assuage the impacts on cottage owners and will present it to the Committee at a later date.

Maintenance

Susan Connelly explained to the Committee that currently there is uncertainty as to which department or organization is responsible for certain types of maintenance. Much of the confusion is driven by the ambiguity of whether roads within the CCA leasehold area are public or private. This has proven to be challenging in terms of snow removal and street maintenance. Tom Carr provided a document to the Committee that explained the current practices of various City departments in servicing Chautauqua. Currently, most of the maintenance is done by Public Works, Parks and Recreation, and OSMP in coordination with CCA. After reviewing the document, Committee members decided that the listed practices do not match the current lease as detailed in Section 3.

CCA stated they would like a commitment from the City of Boulder to remove snow on major cross streets. Some members thought asking for this sort of commitment would cause controversy as snow removal is a polarizing topic within Boulder and is not provided to other residential areas. CCA offered that Chautauqua is more than a residential area but primarily a year-round lodging operation with year-round restaurant and public programming. The Committee talked about how addressing snow removal could be incorporated into the lease. Due to the 50% cottage occupancy rate in the winter, some members thought it should be incorporated into the lease as it would clarify the current ambiguity.

The Committee also talked about possibly developing high-level language for the lease and developing a separate agreement on snow removal and other maintenance issues, similar to how the issue of parking will be handled. Some members thought maintenance issues should be treated differently, as parking will drastically transition over time while maintenance issues will not. Other members thought that major changes will be required for Chautauqua roads in the future.

The Committee agreed that the lack of consistent standards and expectations in terms of maintenance posed a problem for both the City and Chautauqua, and it should be solved by partnering with Public Works to develop a maintenance proposal. The Committee also agreed to add specific language regarding snow removal to Section 3, Subsection A, as well as to clarify public streets. To provide further clarification, the Committee agreed to include the current practices document presented by Mr. Carr as an appendix to the new lease.

CCA and cottage owners are also concerned about wildfires and wildfire mitigation due to Chautauqua's location in the wildland-urban interface (WUI). In the past, OSMP has helped with wildfire mitigation by taking care of high grass, but does not actively do mitigation on Open Space property. Andy Pelster, OSMP Land and Facilities Operations Supervisor, explained that currently the department incorporates fire mitigation into their management plan and has participated in smaller mitigation efforts in Chautauqua in the past. They are equipped to handle large and small fire threats should it become an issue. In terms of incorporating wildfire mitigation into the lease, some members thought it would be controversial for OSMP to provide mitigation assistance for Chautauqua, but not other neighborhoods throughout the area. Members agreed that it was not necessary to define the role of fire mitigation in the new lease.

Capital Improvement

Susan Connelly explained the need for substantial capital improvement projects in the leasehold area in addition to those "routine" capital replacements and improvements undertaken by CCA on an annual basis. One of the largest and most necessary projects is undergrounding the overhead utility lines, and the efficiency of addressing other infrastructure needs at the same time. CCA contracted with JVA Consulting Engineers last year to complete a Conceptual Infrastructure Master Plan addressing utilities undergrounding, storm water management and roadway repair (including replacement of the historic stone swales) and determining an opinion of probable cost. The estimated \$9 million price tag by the time of construction in 2018-19 (assuming 3% annual inflation of current cost estimates) is substantially more than CCA can afford to pay on top of its normal annual capital investments and will require City involvement. The Committee discussed other ways to fund those large infrastructure improvements. Some members thought that CCA could borrow money from the City of Boulder, but then agreed that CCA would not be able to pay it back. Other members brought up the past controversy of the proposed Arbor House, when CCA wanted to construct a new building to raise revenue and that was met with public disapproval. Some members thought that sharing capital improvements costs with the City is fundamental to the relationship between the two entities and should be explicitly stated in the new lease. Other

members stated that they did not want to fully rule out private funding sources. They found it to be fair to pass on some portion of the expenditures to cottage owners if the CCA and City are also contributing toward capital improvements. Members thought this would be best incorporated in the subleases with cottage owners, rather than included in the new lease. It is also a possibility to seek out additional grant money to accomplish these projects.

After discussing existing funding sources through the City of Boulder and Xcel Energy for some of the proposed projects, members agreed that there must be a sharing of capital improvement costs with the City and CCA. The Committee decided to refer to the Guiding Principles to inform capital improvement decisions, and Mr. Carr will add new language to the lease to capture the division of responsibility.

Lease Term

Section 111 of the Boulder Municipal Code limits leases to 20 years, which can be increased to 30 years upon approval by City Council if the tenant makes “significant improvements to the property.” The Committee discussed the lease term of the new Chautauqua lease through this lens. They agreed that “significant improvements” for the future lease do not include past property improvements. Some members of the Committee indicated that this phrase does not have to refer to only traditional capital improvements, but could incorporate projects such as creating additional viewsheds.

As capital investment funding is consistently 11% - 14% of the CCA budget, some members thought earlier improvements could serve as an example of beneficial past practice to receive a longer lease term. This intent to improve coupled with past practice could be seen as a solid investment for the City Council. Other members thought that intent to improve is not enough to justify a longer lease. They stated that some members of City Council and some members of the public are not in favor of longer leases as it is harder to correct wrong actions or interpretations.

The Committee discussed the advantages of a longer lease. CCA detailed that a 30-year lease would allow future Boards of Directors to soundly implement capital improvements that might require a longer timeframe to complete. They interpreted this section of the City Code as an incentive for tenants to make improvements. Cottage owners explained that a 30-year lease would provide more security and, to the extent that it might improve financing, could possibly encourage a more demographically diverse pool of owners. Members of the Committee also discussed the possibility of having a 20-year lease with a 10-year renewal clause. This would allow the CCA and the City Council to come together to see what criteria has or has not been met and would allow for a chance of non-renewal depending on the results.

The Committee agreed to not include a lease term shorter than 20 years. Some members thought the issue of lease term should be discussed with City Council to see what options they would like to consider. Mr. Carr will draft a list of options and accompanying benefits for Committee review. The Committee also decided that once approved by City Council, the new lease should become effective immediately.

Rent

In the current lease, Chautauqua must pay the City \$2,500 for rent and \$2,000 in lieu of property taxes (presumably on the City-owned land that is not taxed) per annum. Some members thought that although this number is small, it still takes money out of the CCA budget that could be used to benefit the property and users in other ways. Others thought having a rent of \$1.00 would exhibit that rent is nominal, but still binding in consideration of a contract. Mr. Carr provided the

Committee with other city leases for comparison, and after review the Committee decided to have members prepare a comparison of these leases for consideration. This comparison would help the group in identifying a logical dollar amount given the work that CCA does to manage the property for the City of Boulder.

Summary for Council

George Karakehian and Tim Plass will be making a presentation of the current status of the Chautauqua Lease negotiations to City Council. They will use Mr. Carr's Summary of Progress To-Date as their talking points. They stated that City Council members are aware of the issues surrounding parking and that this will be a good opportunity to gather feedback on the main ideas discussed thus far. This pre-emptive presentation will allow the Committee to gauge the reactions of Council and the public and possibly assuage or address Council concerns early on. The Committee agreed that the current Summary of Progress To-Date is accurate and should serve as the base document going forward.

Public Comment

Joe Stepanik stated that the difficulties created by the Arbor House incident are not entirely in the past. It is important to honor the letter and spirit of the Colorado Historical Society covenant to ensure the landmark status of Chautauqua has not shrunk. It is important for Chautauqua and CCA that the Colorado Historical Society reestablishes boundaries so the entire property is protected, especially if Chautauqua is looking to receive grant funding.

A member of the Committee responded that the National Historic Landmark boundaries have not changed, only the area of Chautauqua that is included in a State Historical Fund covenant that requires SHF consultation prior to external and internal alterations of buildings within the defined covenant area. Not all the cottages are included in the covenant area, but that was a conscious decision in consultation with the State Historical Fund (SHF) and the City. CCA consults regularly with the State Historical Fund when making improvements to the property, but SHF does not have veto power. CCA agreed to consult with the concerned community member and City staff to clarify the facts surrounding the change in the covenant area that occurred several years ago.