

Alpine Balsam Medical Pavilion Study

Report from Technical Advisory Panel (TAP) of the Colorado District Council of the Urban Land Institute (ULI) Colorado

February 6, 2017

At the end of 2015, the City of Boulder (the City) purchased an 8.8-acre site, formerly the Boulder Community Hospital (BCH). The purchase included a 64,000-square-foot Medical Pavilion (Medical Office Building) that was still partially occupied in 2017.

On February 6, 2017, the City asked a volunteer panel of experts from the Colorado District Council of the Urban Land Institute (ULI Colorado) to study the feasibility of reusing the building for a new purpose that complements community goals to redevelop the entire BCH site, now known as Alpine Balsam.

The ULI panel conducted an independent analysis of the Medical Pavilion and made recommendations on its suitability and approaches for reuse.



Overview:



*"We're talking about a heart, lung and liver transplant."—
Tim Van Meter*

The panel concluded that the Medical Pavilion is an excellent candidate for adaptive use for City services or other uses through major remodeling and potentially expansion.

To be clear, the existing building's floor plan, designed as medical suites, is not today suitable for city offices, private offices, or housing. Yet the building's structure, footprint, form, walls and site are solid and valuable for a new phase of life.

Even considering the cost of major remodeling to the City's highest energy standards, recycling the building's core and shell for City Services or other uses can save the City money and time over constructing a new building on site. This scenario creates a "quick win" and a big step toward overall redevelopment of Alpine Balsam.

"It would be crazy to scrape it and to rebuild it with exact same floorplate."—Josh Radoff

Reasoning:

The 64,000-square-foot building has good urban form that sits comfortably at the Broadway and Alpine corner. With a floor area ratio of about 2.5, it fills its site efficiently within Boulder's 55-foot height limit and addresses the street and the context nicely. Given the city's zoning, tearing down the building and replacing it would only create extra expense, budget and logistics. The likely result would be a new building of the same size in the same envelope.

The Medical Pavilion is a cast-in-place concrete structure built to last. It appears to be structurally sound to add a fourth floor, which would increase usable space by 25 percent to about 80,000 square feet, and possibly increase the building's value by roughly \$6 million. With no fourth floor, the feasibility for reuse decreases dramatically.



"That courtyard element needs to come alive, needs to be daylighted ... simple things like that can inform the overall process."—Josh Radoff

The potential 80,000 square feet is almost equal to most of the office/service space the City seeks to replace and consolidate from three locations in one place at Alpine Balsam. This includes two substandard city buildings located in a high-hazard flood zone: the Park Central and New Britain buildings downtown. These total 50,000 square feet. Leased space at Center Green near Valmont Road and Foothills Parkway in northeast Boulder totals 38,000 square feet. This is a large portion of the scattered 130,000 square feet of City services the City wants to replace and consolidate.

The City now pays \$35 per square foot for leased space (\$27 base plus \$8 per square foot triple-net). It costs the City \$12 per square foot (including energy) to maintain its space at Park Central and New Britain. This totals about \$1.93 million a year to maintain space at Park Central and New Britain, and to lease at Center Green. If redirected to create new space for city services at the Medical Pavilion, this \$1.93 million could help pay for the adaptive use.

Time is of the essence as construction costs in Colorado are rising as fast as anywhere nationwide—about 10 percent a year. Retrofitting the Medical Pavilion will be several years faster than building a new ground-up structure to consolidate city services. The time saved over new construction will avoid years of cost escalation, eroding the budget for a new building.

In today's marketplace, the cost saving on retrofitting over new construction is about one-third. Recent examples discussed included:

- \$110 per square foot for a light "refresh" of building interior and exterior for office space
- \$125 per square foot for an office "tenant finish" put into a new core and shell office
- \$310 per square foot for a new office building

To reuse the Medical Pavilion, the City will pay significantly more than these renovation estimates (perhaps \$275 per square foot, given the extensive demolition, sitework, exterior envelope, mechanical, and electrical work required, in addition to a probable new façade "skin.")

Another consideration is the high cost of building parking. If the City were to build a new city services building at another location, the cost of parking would be a major expense. Structured parking costs \$25,000 to \$55,000 per space, with more than 250 spaces required for 80,000 square feet of offices.

Potentially the Medical Pavilion re-use does not require the cost of new parking. The Medical Pavilion can use as many as 240 spaces out of 400 in existing covered parking right across Alpine. Using 240 parking spaces in the existing parking structure saves not just money, but also 2+ acres not needed for surface parking this building. That frees almost 25 percent of the site for more important development uses that meet community goals

Energy is another issue. Soon the City will begin paying for energy costs for an empty hospital complex, estimated at \$600,000 to \$1 million a year, in addition to the debt service of the \$40 million purchase cost of the 8.8-acre site. These are fixed costs that yield no value in return. They will be a drain on City resources.

"The cost to renovate this building will be less than to tear down and rebuild. You could probably finance adaptive reuse using the \$1.9 million the City now spends on Park Central, New Britain, plus the 38,000 square feet of leased space at Center Green."—Jeff Wingert

"The architecture already has a civic character. With creative design strategies, this building can be a dynamic destination to serve the people of Boulder."—Lisa Gardner

The panel emphasized that the repurposed building should meet or exceed the city's highest energy standards. This may include complete HVAC overhaul and the incorporation of passive solar strategies.

Finally, the panel suggested that recycling the Medical Pavilion could be a "quick win" that builds momentum for redeveloping the entire site with a mix of uses and community benefits.

Panel responses to City issues:

The City asked the ULI panel to address the following:

1) *Potential cost savings for re-use*

Panel responses: Reusing the Medical Pavilion will save time and money. The cost of a gut remodel could be roughly one-third less than demolition/ground-up construction. In addition, recycling the building can occur much faster vs. total demolition and new construction. Given rapidly rising construction costs, this alone could save the City money. The panel did not think the current "party wall" with the hospital tower would create an expensive obstacle to re-use.

2) *Impacts on financing or the project pro-forma*

Panel responses: The panel considered two basic models for finance: public funding and private redevelopment.

- Under the public model, the city might go to voters to fund a public bond issue. This process takes time to generate support for a ballot and wait for it to come to vote, with no certainty of passage.
- Under the private model, the city could issue a request for proposal for a private developer to redevelop the building. The private developer might actually buy the building to create and lease a build-to-suit product for the City. The guarantee of a long-term City lease should make it straightforward for a private developer to finance such a project. The financial pro forma could be appealing for private redevelopment.

3) *Suitability for city offices or other uses including housing*

The panel thought this was a good spot for City offices/services. They also emphasized the building must be mixed-use to realize community goals for Alpine Balsam site redevelopment.

The panel also liked the idea of using an added fourth floor for market-rate, loft-style housing that would benefit from amazing views and access to transit and retail. This market-rate housing could also help finance other aspects of the project. The panel thought this would not impede affordable housing goals for the entire Alpine Balsam site.

"It's a cast in place [concrete] building and it ain't going anywhere. It's the way the Romans built and the aqueducts are still standing."—Chris Squadra

"There will be significant upgrades required to the envelope, mechanical and electrical systems to meet Boulder's rigorous energy standards. This would likely include adding insulation to the entire exterior envelope, replacing doors and windows, replacing mechanical systems and replacing existing lighting with LED. Understanding the extent of upgrades to meet these standards is pretty important."—Lisa Gardner

If remodeled as a Class A private office building, the Medical Pavilion would likely attract market lease rates in the high \$20 per square foot range.

The panel also considered senior housing in the building. While this would work, the panel thought a civic program with some element of mixed use would be best for the first redevelopment at Alpine Balsam.

Given the presence of North Broadway Shops/Ideal across the street, the building is not a great candidate for lots more ground-floor retail. However a specialty use such as a small coffee shop/yoga studio in the Garden level would be a rich and enlivening addition to office/housing uses. Another idea: enclose the south-facing port cochere to create a sunny café entrance on Alpine.

"You could make a DBOM agreement with a private developer to Design, Building, Operate and Manage. For speed and best value, a lot of times partnering with developer gets it done."—Chris Squadra

4) *Impacts on the future urban design of the site.*

Panel responses: Recycling the Medical Pavilion in its current footprint will have no negative impact on urban design of the entire 8.8-acre site. For example, the building site is compact and would fit into a new street grid if 11th Street was reconnected through the site from Balsam to North. An adaptive reuse scenario to lower the northwest courtyard to daylight the garden level could have a positive influence on the shape and form of future adjacent buildings.

5) *Impacts on future underground parking scenarios*

The panel discussed repurposing the Garden level as additional underground parking if needed. But the presence of existing parking (potentially up to 240 spaces) across the street may make this unnecessary. With its access to mature landscape and potential to be opened up with more daylight, the Garden level could be appealing another amenity use, such as coffee shop, yoga studio, or coworking space for small businesses that work under contract to the City.

6) *Impacts on the phasing of re-development*

"Don't fall into the trap of creating a monolithic, mediocre government building."—Josh Radoff

Panel responses: Repurposing the Medical Pavilion could create a "quick win" that would drive momentum to redevelop the entire Alpine Balsam site. This project needs to become a source of civic pride. It will set the tone and the standard for future phases, and keep citizens engaged and excited about the entire site's potential. The City should manage the building program, redesign, and materials used to ensure a strong public image for Alpine Balsam.

ULI Volunteer Panelists

Tim Van Meter, Partner, Architect, Urban Designer, Van Meter Williams

Pollack LLP (panel chair). A firm partner and founder, Tim is a leading architect and urban designer whose work has focused on green architecture and sustainable urban design. Tim heads the firm's Denver office, which he established in 1999. He has led the design team on many of the firm's projects in Colorado, Hawaii, Texas, New Mexico, and California. He is experienced in a wide range of architecture and urban design projects at various scales, focusing on transit-oriented development, neighborhood design, mixed-use urban infill, and affordable housing. On the national level, Tim is the Urban Design Adviser for the U.S. Environmental Protection Agency's Smart Growth Program. He was co-chair of CNU XVII, the 2009 national conference of the Congress for the New Urbanism. Tim is a licensed architect in Colorado, California, Hawaii, and Utah. A graduate of the University of Colorado School of Environmental Design. He lectures on issues of urban and sustainable design and development across Colorado's Front Range and throughout the West and Hawaii.



Lisa Gardner, Senior Associate, Owner, Hord Coplan Macht. Lisa joined HCM in 2001 and is a senior associate and owner of the firm. She is a project manager in the firm's education studio. During her 18 years of experience, she has worked with public and charter K-12 schools, institutes of higher education, and public entities throughout the state. Project work include structures assessments, master planning, historic preservation, BEST Grants and design and construction of public facilities. Along with her project work, Lisa also manages operations and staff development within the Denver office of HCM.

Josh Radoff, Principal and Co-Founder, YR&G. Josh has a background in sustainable energy engineering and works at the intersection of sustainability in the built environment, integration of sustainable energy systems, and organizational sustainability initiatives. Josh has consulted on public and private clients nationally and internationally. He is a regular writer and speaker on sustainability topics whose work has been featured in print and web magazine articles, blogs, and book essays. Josh has managed built environment projects pursuing nearly all of the LEED rating systems, Enterprise Green Communities, Living Building Challenge, Net Zero Energy, and WELL Building Certification. Josh is an adjunct professor at CU Denver teaching classes on Sustainable Infrastructure and Sustainable Energy Systems. He was the founding co-chair of the ULI Colorado Building Healthy Places committee, a Board Member of DRCOG's Sustainable Communities Initiative Executive Committee, and a current member of USGBC's LEED Advisory Committee.



Chris Squadra, Project Controls Lead, Peak Program Value, LLC. Mr. Squadra is one of the nation's proven leaders in providing program management services to the construction industry,



with an emphasis on project controls. His experience includes founding and running two highly successful project controls firms for a total of almost 30 years, as well as an assignment as the Director of Program Management for the largest real estate services firm in the world. Chris specializes in focusing teams on building solid project schedules and budgets, and effectively implementing those plans.

Jeff Wingert, Developer, WWR Real Estate Services. Since joining W.W. Reynolds in 1991 as a property manager, Jeff Wingert has overseen and directed the company's asset and property management, leasing, and development operations. A partner of WWR Real Estate Services, Jeff has been directly involved in the development of over 1.5 million square feet of office, retail, mixed-use, and industrial real estate and over 1,250 apartments in the Front Range. At W.W. Reynolds, Jeff has handled over a \$500 million in combined sales and leasing real estate transactions. Prior to joining W.W. Reynolds, Jeff worked for CU Boulder Facilities Management overseeing campus remodels and construction. Raised in Colorado, Jeff attended CU Boulder receiving a bachelor's degree in Environmental Design/Architecture in 1987 and MBA in 1991. He recently became co-chair of the Boulder committee of ULI Colorado.



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ULI Colorado is the 1,300-member District Council (field office) of the international Urban Land Institute (uli.org), a 501-c-3 nonprofit dedicated to Leadership in Responsible Land Use. Founded in 1936, the 40,000-member ULI is recognized for research, conferences, publications and community outreach. Members are the leaders in land use from architect to developer to planning director to zoning attorney. ULI Colorado leverages the experience of members to host 40 educational and networking events annually, in addition to advisory panels, mentoring programs, and volunteer community service. Funded entirely in Colorado, our District Council supports 15 committees and 250 volunteers along with our members and community. ULI Colorado is led by an executive committee chaired by Amy Cara, a partner in East West Denver. The staff is executive director Michael Leccese, manager Sarah Franklin, and associate Charles Allison-Godfrey.

Overview of ULI Advisory Services: Since 1947, the national ULI Advisory Services program has assembled 400+ ULI-member teams to help sponsors find solutions for issues including downtown redevelopment, community revitalization, and affordable housing, among other matters. In Colorado, ULI Advisory Services have provided solutions for such key sites as the Colorado Convention Center, Coors Field, Fitzsimons, and the Denver Justice Center. ULI Colorado's Technical Advisory Panels (TAPs) offer the same expertise at the local level. Each panel is composed of qualified and unbiased professionals who volunteer their time. Panel chairs are respected ULI members with previous panel experience. Since 2003, ULI Colorado has completed more than 50 TAPs leading to many positive policy changes and built projects. TAPs recommendations are advisory only and non-binding.

