

## Memorandum

**To:** Mayor and Council  
**From:** Tom Baker, Town Administrator  
**Date:** September 1, 2015  
**Re:** Health and Wellness Campus Update

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**Purpose:** The purpose of this item is to keep a continuous dialogue with Council regarding progress with the Kuersten property.

**Background and Discussion:** As you know, SGM and Public Works are working on an analysis of the site. The goal of this analysis is to understand how the site needs to be shaped and how much material needs to be retained on site and how much material needs to be removed from the site. With this information the town can request proposals from excavators/developers to remove this material and shape the site. Of course the town expects that the material that is removed from the site has value (gravel) and this will help us understand the site's net cost, (part of this analysis is understanding who is the end user of the gravel). Understanding the site's net cost will allow Council to develop a finance/purchase strategy, which is the first step in determining whether or not this is a viable project. See attached email and Soil Pit Survey from Jeff Simonson.

The second step in understanding if this is a viable project is understanding the market. Three different contacts, Robert Jones, Frontline Management, Don Ensign, developer, and Elisabeth Borden, the Highland Group have all said or eluded to the fact that it will be necessary to have a market study if we are interested in attracting health and wellness businesses. Robert Jones, Frontline Management said, "You will need a market study in order to interest any significant (healthcare) business to look at New Castle". Attached is a conceptual Process Matrix.

Once Council addresses site feasibility, we can send out an RFP for a market study. In order to prepare for this RFP, we could invite Elisabeth Borden, and her colleagues from the Highland Group, to come talk to us about the dynamics of the industry – trends, opportunities, likely costs of a project of this nature, scope and cost of a market study, timing of development, etc. Mr. Jones recommended Ms. Borden as a high quality, reputable, and affordable contractor to accomplish a market study. Ms. Borden is available to attend a meeting with Council for time and mileage. It seems reasonable to request Ms. Borden to attend one of our next meetings.

Our health and wellness campus idea is a long-term project that needs care and study. Our hope is that this project will contribute to building a stronger more resilient community with family supporting jobs that increase patronage of our existing business community. Supporting of our existing businesses is one of Council's economic development goals.

**Question:** Is it premature to invite Ms. Borden to one of our next Council meetings? See attached email between Tom Baker and Elisabeth Borden and Highland Group engagement letter.

## Tom Baker

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**From:** Jeff Simonson <JeffS@sgm-inc.com>  
**Sent:** Wednesday, August 26, 2015 4:05 PM  
**To:** John Wenzel; Tom Baker; Dave Gray  
**Cc:** Bob Gordon  
**Subject:** Soil Survey Update  
**Attachments:** Soil Pit Survey.pdf

Hi All,

Here is an update of the data gathered yesterday on the Kuerstin property. Generally we are looking at 24" of material that we can dig until we hit a "hard scramble" that the backhoes could not excavate. We might be able to "rip" the material with a larger excavator or a D8 Dozer with a ripper. For planning purposes in this analysis, I would assume we need some material from the pit to accommodate utilities.

To get to a 66" frost depth, we would need  $66'' - 24'' = 42'' - 23''$  (3" asphalt and 8" base and 12" of pit run)= 19" of gravel from the berms and 19" of over burden from the area to the north (placed between buildings and roadway).

Do these planning numbers make sense to everyone?

Thanks!

**Jefferey S. Simonson, PE, CFM**  
*Principal*



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# Town of New Castle

## Soil Pit Survey

8/25/2015



## Vicinity Map

Kuerstin Gravel Pit Property

## Soil Pit Locations

# Pit Data Observed



12-18" Sandy Clay overburden

54 to 72" of Gravel/Pit Run material  
Backhoe refusal at 72" on Shale

Pit #1



0-2" Gravelly topsoil

22-24" of Gravel/Pit Run material  
Backhoe refusal at 24" - hard scabble

Pit #2



0-3" Gravelly topsoil

21-24" of Gravel/Pit Run material  
Backhoe refusal at 24" - hard scabble

Pit #3





0-3" Gravelly topsoil  
33-36" of Gravel/Pit Run material  
Backhoe refusal at 36" - hard scabble

**Pit #4**



0-6" Gravelly topsoil  
18-24" of Gravel/Pit Run material  
Backhoe refusal at 24" - hard scabble

**Pit #5**



0-6" Gravelly topsoil  
6-12" of Gravel/Pit Run material  
Backhoe refusal at 12" - hard scabble

**Pit #6**





6-12" Gravelly topsoil

36"-42" of Gravel/Pit Run material  
Backhoe refusal at 48" - hard scabble

Pit #7



0-2" Gravelly topsoil

22"-24" of Gravel/Pit Run material  
Backhoe refusal at 24" - hard scabble

Pit #8



2-4" Gravelly topsoil

20"-22" of Gravel/Pit Run material  
Backhoe refusal at 24" - hard scabble

Pit #9



**Health and Wellness/Kuersten Property  
Process Matrix**

When Mayor and staff spoke with the developer Don Ensign he identified four elements of a project that needed tracking in order to be successful. He emphasized that all elements needed to run in parallel and that one could be misled if one element outpaced others. Don Ensign agreed to work with John Wenzel to develop a preliminary development roadmap. While that work has not yet begun, staff has developed the following as a first draft of our process matrix.

<u>Site</u>	<u>Finance</u>	<u>Market</u>	<u>Politics</u>
<ul style="list-style-type: none"> <li>• Physical aspects of site are good: soil, location for annexation; access for transportation; access to utilities; size.</li> <li>• Understanding the excavation challenges and opportunities is important to understanding the value of the gravel on the property. Physical analysis is being undertaken.</li> <li>• Need physical analysis to solicit proposals from excavators or others to understand the net cost of site.</li> </ul>	<ul style="list-style-type: none"> <li>• The physical analysis of the site that SGM and PW are undertaking will help Council understand the net cost of the site and determine if/how to fund the purchase.</li> <li>• Staff can identify available funds for acquisition.</li> <li>• Council and staff can develop funding strategies to consider.</li> </ul>	<ul style="list-style-type: none"> <li>• Council and staff have undertaken informal research to understand industry trends and professional resources available in the region that may be able to assist us in market study. Council may seek a discussion with market professional in advance of market study.</li> <li>• Once Council is comfortable that this land acquisition is feasible, we need a market study to understand the market realities for the health and wellness campus.</li> <li>• Market study can be used to attract specific uses and developers.</li> </ul>	<ul style="list-style-type: none"> <li>• Political will at the formal level (Council) is strong.</li> <li>• Once a concept plan is developed and well in advance of any land use application, staff and developers should engage the community in reviewing ideas and seeking discussion and feedback to identify problems and solutions appropriate to New Castle.</li> <li>• Public Hearings for development application.</li> </ul>

## Tom Baker

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**From:** Elisabeth Borden <eborden@TheHighlandGroupInc.com>  
**Sent:** Wednesday, August 26, 2015 12:35 PM  
**To:** Tom Baker  
**Cc:** mcregut@thehighlandgroupinc.com  
**Subject:** RE: New Castle  
**Attachments:** Town of New Castle Highland Group Engagement Letter August 26 2015.pdf

Hi Tom,

I can make September 15<sup>th</sup> work, but have an early morning board meeting in Longmont on the 16<sup>th</sup>, so would have to get back this way later that evening. Would you want me to arrive earlier on the 15<sup>th</sup> to look at the site and/or talk with you prior to the meeting, or would you want me just to be there right at the beginning of the Town Council meeting? Would you want me to do any advance prep work?

I'm reading your list of topics for the Town Council meeting and can tell you which items I am able to speak to off the top of my head, and which items I would not be able to speak to: I can speak to trends and dynamics in housing and care across the spectrum of senior housing and long-term care (including short-term rehab in skilled facilities). I can speak to new and alternative approaches/trends for aging in community (such as co-housing, group homes, cooperatives, shared services, etc.). I can speak to existing and planned properties and trends in rural and mountain communities in Colorado. And, I can speak to approaches and potential costs of various types of market and feasibility research.

We do not work with primary care and acute health care settings, either outpatient or inpatient, either traditional or complementary/wellness, so I can't speak to or evaluate potential demand for those kinds of services.

Also, while we are often involved in up-front planning of housing/care types, units, amenities, pricing, etc., we do not get involved with development proformas and don't have data to speak to the potential costs of development. If it would be helpful, I could see if someone from a very experienced senior housing/care architecture firm would be willing to also attend. There is a firm based in Denver that is one of the top national firms and because of that, they have worked with many campus properties and have a great depth of knowledge about required square footage for different types of housing/care, land/site requirements, as well as development costs. Those folks can talk off the top of their heads about these topics. Generally, because they are hoping for a large design contract later, this firm and firms like theirs do up-front meetings like this at no charge, so someone might be willing to attend, if you'd like.

Regarding fees, we almost always work on a flat fee basis for a specific scope of service. Initially, and for this situation, it seems that an hourly assignment is called for. I've attached our standard letter of engagement for hourly work. I would bill you for any actual work time in New Castle or advance prep requested, travel time, and mileage reimbursement. We bill 50% for travel time hours that are equal to or less than the actual work time billed and 100% for travel time hours that exceed the actual work time billed. So, for example, if I drive 6 hours round trip to New Castle and I work with you there for 2 hours, I would bill two of my travel hours at 50% and 4 hours at 100%, plus \$285 times the work time. You could calculate the total cost if you know how many total hours you would want from me in any advance work and time in New Castle. At this level, I'm assuming you don't want me to prepare a formal presentation, but rather, be part of a discussion. If you want me to prepare a presentation or materials, let me know and we can talk about the time that would be required for that.

Let me know if you want to talk this through. I am here until about 2:30 today, then in and out tomorrow, here most of Friday.

Thanks, Tom.

Elisabeth

Elisabeth Borden, Principal  
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**From:** Tom Baker [mailto:[tbaker@newcastlecolorado.org](mailto:tbaker@newcastlecolorado.org)]  
**Sent:** Tuesday, August 25, 2015 9:53 AM  
**To:** [eborden@thehighlandgroupinc.com](mailto:eborden@thehighlandgroupinc.com)  
**Subject:** New Castle

Ms. Borden, I'm looking at Town Council's schedule and wonder if you are available to attend a 6PM meeting in New Castle on either September 15<sup>th</sup> or October 6<sup>th</sup>. The purpose of the meeting is to listen to your insights into the dynamics of the healthcare industry – trends, opportunities, likely costs of a project of this nature, likely cost of market study, etc.

Our vision is to create a health and wellness campus on a 22 acre parcel adjacent to New Castle. We are beginning to think we understanding some of the trends – aging in place with the need for home and community services seems to be a future trend; skilled nursing facilities are downsizing and becoming less feasible...

Please let me know your availability and an estimated cost for you time and travel.

Thank you, Tom



THE HIGHLAND GROUP

August 26, 2015

Tom Baker  
via email only to: [tbaker@newcastlecolorado.org](mailto:tbaker@newcastlecolorado.org)

Dear Tom;

This is our standard letter of engagement for hourly consulting services. This letter outlines the fees and general terms for consulting work. For initial or periodic consulting services, it can be most cost-effective to work on an hourly basis. When/if you prefer and if a specific scope of work can be identified, we can provide a proposal detailing the scope and methodology and guarantee a flat fee for that work.

Hourly fees are billed based on which portion of the work is performed by which of our staff. Our hourly rates are currently as follows:

	Private/for-profit	Public/not-for-profit
Elisabeth Borden, Principal	\$340 per hour	\$285 per hour
Michelle Cregut, Principal	\$290 per hour	\$246 per hour
Fred Borden, Research Analyst/Demographics	\$225 per hour	\$190 per hour
De Wayne Perry, Research Analyst/Database	\$190 per hour	\$160 per hour

*Printed or electronic documents, maps, spreadsheets, and presentations (such as lists and tables of properties, maps indicating competitive properties, specific database queries, demographic reports, PowerPoint slides, etc.) are priced separately and will be quoted when requested.*

Our hourly fee policy is as follows. For new clients, we have a two-hour minimum for hourly work. We bill for the actual time spent in phone or in-person meetings, preparation time that may be required prior to a meeting, document review, or other time spent on a client's behalf and at the client's request. We bill for travel time required for us to meet with client or other meetings on client's behalf; although for meetings of 3 hours or longer in the Denver-Boulder area, we split travel time 50-50 with the client. We complete work for client and bill only for work that has specifically been authorized by the client, either verbally or in writing. We do not charge mileage or expenses incidental to our work (phone, fax, copying, etc.). Mileage expenses for travel required outside the Denver-Boulder area are billed at \$.56 per mile. Direct project expenses, if any, are paid by the client (examples: application fees, other third party reports, neighborhood meeting expenses, marketing costs, etc.). For new clients, we request an advance payment equal to 50% of the anticipated total fees for the first month, if work is expected to extend more than a few days. We will bill immediately after the completion of work if no further work is anticipated within a short time frame; or will bill monthly for hourly work completed as of the end of the month, if hourly work will be extended.

Prior to beginning any work, we would like your signature on this letter of engagement to ensure that we are both clear about the terms of our initial work for you.

Please let me know if you have any questions about the terms outlined in this letter. If not, please sign this letter and return it to us via email to [eborden@thehighlandgroupinc.com](mailto:eborden@thehighlandgroupinc.com) or fax (720.294.9663). I look forward to working with you.

Sincerely,

Elisabeth Borden  
Principal

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Organization or Individual	Person Authorized to Sign for Organization and/or Guaranteeing Payment	Date
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