



# TOWN OF CHAPEL HILL

Town Hall  
405 Martin Luther King Jr.  
Boulevard  
Chapel Hill, NC 27514

## Legislation Details (With Text)

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<b>On agenda:</b>	1/26/2022	<b>Final action:</b>		1/26/2022	
<b>Title:</b>	Discuss a Draft Memorandum of Understanding (MOU) For Redevelopment of Police Station Property at 828 Martin Luther King Jr., Boulevard.				
<b>Sponsors:</b>					
<b>Indexes:</b>					
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<b>Attachments:</b>	1. Draft MOU, 2. 828 MLK Jr Blvd Proposed SiteConcept, 3. Council Questions with Staff Responses, 4. Staff Presentation, 5. Emails from the Public				

Date	Ver.	Action By	Action	Result
1/26/2022	1	Town Council	received and filed	

### Discuss a Draft Memorandum of Understanding (MOU) For Redevelopment of Police Station Property at 828 Martin Luther King Jr., Boulevard.

**Staff:**

Mary Jane Nirdlinger, Deputy Town Manager  
Laura Selmer, Economic Development Specialist

**Department:**

Manager's Office  
Manager's Office

**Overview:** The purpose of this item is to provide Council an opportunity for continued discussion of key issues related to a Memorandum of Understanding (MOU) with the Belmont-Sayre development team (Belmont) for the redevelopment of the police station property. This property presents an opportunity to combine two ongoing efforts: a site for the Municipal Services Center (MSC); and the remediation and reuse of the current police station property.

The preferred project consists of the following elements:

- demolition of the existing police station building and improvements, after temporary offsite relocation of the police department operations;
- construction of a retaining wall and any other environmental remedial measures required pursuant to a brownfields agreement and management plan, stormwater management design and construction, and other site-wide redevelopment tasks;
- subdivision of the Property into one or more Town-owned parcels for the MSC and Bolin Creek Trail right-of-way, and one or more privately-owned parcels for the private development component by Belmont;
- sale of the parcel(s) designated for private development from the Town to Belmont or a Belmont affiliate company;

- e) construction of the new MSC;
- f) construction of the private development component that may include apartment complex (preferred), offices, retail or a mix of uses; and
- g) construction of a parking deck that would serve both the MSC and the private development; and
- h) preservation of the existing Bolin Creek greenway trail.
- i) Belmont would serve as the Preferred Project's overall development and construction manager, including the MSC, private development and brownfields remediation and risk mitigation.

## **I. Memorandum of Understanding Summary**

- Common site development costs, including brownfields remediation and risk mitigation, will be apportioned between the parties in a manner to be set forth in the Economic Development Agreement (EDA).
- The parties will account for the Town's environmental and other costs incurred to date that will aid in redevelopment of the Property, and the proportion of the Property that will be used for private redevelopment versus the MSC.
- The Town would fund all costs associated with the development of the MSC.
- The Town would pay Belmont a management fee based on a to-be determined percentage of the total hard costs for both the design and construction of the MSC, in exchange for Belmont's services for development and construction management.
- Belmont would fund its private development component of the Preferred Project. As reflected in the current concept plan, the preference is for the parking deck to be located on the privately-developed land.
- Belmont as the developer will take the lead in seeking a Conditional Zoning Permit (CZP) and satisfactory Brownfields Agreement, with the Town's development staff, its environmental consultants and counsel providing support.
- Belmont will retain at its sole expense planning, design, engineering, environmental consulting and other professionals needed for seeking the CZP and a brownfields agreement, with the exception of any design services for the MSC and the Town's environmental consultants and counsel, who shall be retained by the Town.
- Both parties will be signatories to the brownfields agreement, provided the Project includes a private development component. The Town would be the sole signatory to the agreement in the event that development is solely for the MSC.
- Belmont at its expense will be responsible for preparation of a development environmental management plan ("EMP") under the brownfields agreement, per DEQ's requirements, with input from the Town's environmental consultants and counsel.
- A CZP shall be sought for a private development component that seeks to provide additional community benefit, which is technically and economically feasible. The CZP shall include both the

MSC and a private development component.

- The Town anticipates financing the design and construction of the MSC, and possibly it's portion of common site development costs, through issuance of limited obligation bonds.
- This financing will require approval from the North Carolina Local Government Commission ("LGC").
- Belmont will provide assistance in temporarily relocating police operations during construction.
- A parking deck will be constructed by Belmont on the Private Parcel(s), and the Parties will enter a 100-year lease, by which Belmont will lease a to-be-determined number of parking spaces on the lowest floors of the deck to the Town for its exclusive use.

## **II. Other Provisions to be Included in Economic Development Agreement**

- A defined cost sharing agreement for common site development costs.
- Land sale price for private development and acreage to be conveyed.
- A defined commitment from Belmont regarding community greenspace and placemaking.
- A defined affordable housing component including number of units and target AMI.
- The design, engineering and construction of a retaining wall, which will separate the upper portion of the Property, which will be redeveloped, from the lower portion along the Bolin Creek Trail right-of-way. The Town will approve the final design of the retaining wall. Under the current concept plan, the retaining wall will be located on the private portion of the redeveloped Property. A maintenance agreement would be negotiated and included in the EDA.
- A defined proforma for project development.
  - The Town will use a third-party financial consultant to review the structure of the deal prior to execution of the EDA.

## **III. Project Timeline**

February 2022- Memorandum of Understanding (MOU) entered

February/March 2022- Concept Plan Submitted for Town Review

February 2022- Commencement of joint discussions with DEQ brownfields program representatives

May/June 2022 - Economic Development Agreement (EDA) entered - 45 days from completion of Concept Plan Review

June 2023- Conditional Zoning Permit (CZP) and Brownfield Agreement (BFA) completed

September-December 2023- Zoning Compliance Permit (ZCP)

- The Town will seek bond financing approval from LGC for the MSC building by the time the CZP is obtained and the brownfields agreement is entered.

After Issuance of CZP, Entry of Brownfields Agreement and Securing Public Financing:

Step 1- Temporary Relocation of Police Operations and Demolition

- Q1/Q2 2024- Site demolition begins

Step 2 - Site-wide Redevelopment and Remedial Tasks

Step 3 - Subdivision of the Property and Conveyance of Land from the Town to Belmont for Private Development Component (assuming Preferred Project is entitled and pursued)

Step 4 - Construction Completion

Step 5 - Occupancy

- Building occupancy estimated 2+/- years from demolition start



**Recommendation(s):**

That Council discuss a Memorandum of Understanding (MOU) with Belmont-Sayre regarding a redevelopment project at 828 Martin Luther King Jr. Blvd. and identify key issues ahead of a February vote to execute.

**Decision Points:**

- Pursue a public/private partnership with Belmont Sayre

**Key Issues for Consideration:**

- Private development of multifamily housing, up to 275 units.
- Affordable Housing component for Council to negotiate; number of units, target AMI, unique product types.

**Fiscal Impact/Resources:**

The Town's five-year financing plan has \$34M set aside for the Municipal Services Center Project. The Town could receive payment for the sale of land used for private development in addition to future tax revenue.

**Where is this item in its process?**



**Attachments:**

- **Draft MOU**
- **Site Concept**
- **Links to: [October 2021 Risk Report](https://www.townofchapelhill.org/home/showpublisheddocument/49955/637695445799930000)**  
[<https://www.townofchapelhill.org/home/showpublisheddocument/49955/637695445799930000>](https://www.townofchapelhill.org/home/showpublisheddocument/49955/637695445799930000),
- **Links to: [May 2021 Risk Report](https://www.townofchapelhill.org/home/showpublisheddocument/48995/637559734961130000)**  
[<https://www.townofchapelhill.org/home/showpublisheddocument/48995/637559734961130000>](https://www.townofchapelhill.org/home/showpublisheddocument/48995/637559734961130000)

**The Agenda will reflect the text below and/or the motion text will be used during the meeting.**

**PRESENTER:** Laura Selmer, Economic Development Manager  
Mark Moshier, Legacy Property Group

**RECOMMENDATION:** That Council discuss a Memorandum of Understanding (MOU) with Belmont-Sayre regarding a redevelopment project at 828 Martin Luther King Jr. Blvd. and identify key issues ahead of a February vote to execute.