



CONSIDER AN APPLICATION FOR A DEVELOPMENT AGREEMENT - TOWN AND UNIVERSITY JOINT OPERATIONS CENTER

STAFF REPORT

TOWN OF CHAPEL HILL PLANNING AND DEVELOPMENT SERVICES
 Ben Hitchings, Director
 Judy Johnson, Operations Manager

PROPERTY ADDRESS 1050 Estes Drive, PINs 9789-24-7373 and 9789-03-3163	PUBLIC HEARING DATE May 9 and June 27, 2018	APPLICANT Town of Chapel Hill; University of North Carolina-Chapel Hill; Trustees, University of North Carolina Endowment Fund
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UPDATES SINCE PUBLIC HEARING

Since the public hearing, the applicant has worked with Town staff and nearby residents to refine the Development Agreement. Notable changes include construction signage; wildlife management; documentation of pre-construction stormwater conditions; a requirement for native landscaping; and a reduction in the types of permissible land uses; additional clarity regarding the trail surface material type; and clarity regarding off-site construction language.

TOWN MANAGER’S RECOMMENDATION

I have reviewed and discussed key issues with Town staff. Based on the information in the record to date, I believe the Council could make the findings required to approve the application.

PROCESS

The Town Council authorized staff to proceed with a development agreement on September 27, 2017. The applicant has since performed outreach with residents in the surrounding community and coordinated with the University of North Carolina.

The rezoning application and draft development agreement have been presented to each of the development review advisory boards, and the Stormwater Management Utility Advisory Board, and the Parks, Greenways, and Recreation Commission. The comments from each of these boards are provided as an attachment.

DECISION POINTS

- Development Agreements allow for customized development standards.
- This Development Agreement is between the University of North Carolina at Chapel Hill, the Board of Trustees of the Endowment Fund of the University of North Carolina at Chapel Hill, and the Town of Chapel Hill, as prospective lessor; and the Town of Chapel Hill as regulator.
- Full build-out contains 200,000 square feet; up to 50 percent may be occupied by the Town.
- Stormwater management for the entire site will be provided with the first phase of development.

KEY ISSUES

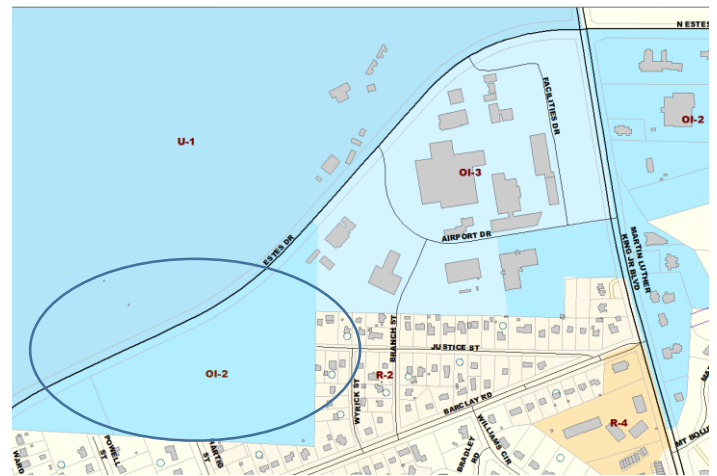
- Should the project pursue LEED Silver certification?

PROJECT OVERVIEW

The Council authorized the Town Manager and Attorney to negotiate with the University of North Carolina to draft a development agreement that, if approved, would govern and regulate development of this property. This project will contain the Town’s future Municipal Services Center and future University uses on an approximately 20-acre site, owned by the University and Foundation. The Town is pursuing a 99-year lease and the first phase of development is expected to be the 72,000-square foot Municipal Services Center. There is no current timeline for the other buildings.

The property is currently zoned Office/Institutional-2 (OI-2) and an accompanying rezoning application has been submitted to rezone the property to University-1 (U-1) to accommodate a development agreement.

PROJECT LOCATION



ATTACHMENTS

1. Resolution A Approval
2. Full Development Agreement with Exhibits (provided separately)
3. Resolution B Denial
4. Advisory Board & Commission Comments
5. Town Ordinance - Energy Conservation In Design and Construction of New and Renovated Town Buildings

CHANGES SINCE PUBLIC HEARING

This section includes the major changes to the Development Agreement since the May 9, 2018 Public Hearing. Changes that are editorial in nature are not included in this section but may be identified in the "Track Changes" version of the Development Agreement, provided as an attachment in this packet.

Construction Signage and Management:

Change: Section 5.17.d: A construction sign to facilitate communication during the project and containing a phone number to report noise issues shall be located in the Elkin Hills neighborhood. The sign shall be located in a visible location within the right-of-way, such as a median. The exact location of the sign shall be determined through consultation between interested neighbors and Town staff.

Staff Comment: This change results from comments expressed by Council at the May 9, 2018 Public Hearing and subsequent conversation with neighboring residents. Staff will work with adjacent residents in advance of construction to identify a highly visible location for a construction sign in the Elkin Hills neighborhood to effectively communicate construction-related information.

Change: Section 4.8.c.10: If initial site clearing is proposed during the Spring season, the developer shall consider methods to reduce the impact to nesting birds.

Staff Comment: This change results from concern about the ecological impacts of development expressed by residents in the Elkin Hills community. Staff will work with the contractor during construction to identify opportunities to reduce the impact to nesting birds if construction is planned in the Spring.

Stormwater Management:

Change: Section 5.5.O: Once project funding is allocated, the Town shall initiate an evaluation of downstream stormwater conditions and opportunities for improvement. The evaluation will include documentation of pre-construction stormwater conditions, and downstream stormwater performance shall be monitored following construction of the Municipal Services Center.

Staff Comment: This language has been modified to include documentation of pre-construction stormwater conditions and monitoring of stormwater performance following construction of the Municipal Services Center. A proposed project area for downstream improvements is provided as an attachment to this staff report, and as an exhibit to the Development Agreement.

Tree Canopy and Landscaping:

Change: 5.7.b. Native plant species shall be used by the Town in all plantings. Prior to the issuance of the first Site Development Permit, the Town shall consult with staff, the UNC Botanical Garden, and other resources for appropriate species.

Staff Comment: This change results from discussion at the May 9, 2018 Public Hearing and subsequent conversation with neighboring residents to require the use of native plantings, and consultation with the UNC Botanical Garden.

Permitted Land Uses:

The following table shows the permitted land uses, as modified from the May 9, 2018 Public Hearing based on discussion with the University and neighborhood representatives:

Uses	
Accessory use customarily incidental to a permitted principal or special use	A
Automated teller machines (ATM) (Walkup)	P
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Child day care facility (See also Article 6)	P
Clinic	P, A
College or University	P
Essential services	P, A
Independent Senior Living Facility (See also Article 6)	P

Public cultural facility	P, A
Public use facility	P, A
Radio, television or wireless transmitting and/or receiving antenna, accessory	A
Recreation facility: Non-profit	P
Research activities	P
Research Activities, Light	P
Temporary portable building: Construction-related (See also Article 6)	A
Temporary portable building: Not construction related	S

KEY ISSUE

Council Members discussed whether LEED certification should be pursued with this project at the May 9, 2018 Public Hearing, and staff prepared the following information in response. In 2005 (and recently amended), Council adopted Ordinance No. 2005-05-09/O-3, §1 which requires that each applicable town building project achieve at least the LEED Silver level of certification. The Municipal Services Center has been designed to comply with this ordinance.

Council asked for information about additional costs incurred through the LEED Silver certification process so they could evaluate compliance vs. exemption from this ordinance. The project consultant was asked to provide an estimate of the additional costs of pursuing LEED certification, using the same building design as presently proposed. An estimated total cost of \$175,000-\$200,000 is anticipated to be incurred through documentation, design and construction review fees, and enhanced commission fees for LEED certification.

There are both benefits and drawbacks to pursuing LEED certification for this project. A primary benefit is having a recognized third-party agency that certifies the environmental and energy efficient design strategies incorporated into the project, and this building will be a recognized LEED project. Council may direct staff to design the building with the same design strategies that would be required by LEED Silver to achieve the same benefits, although it's uncertain as to whether the energy efficient design strategies would be implemented as well in the absence of a rigorous independent third-party reviewer. Following construction, LEED provides a framework for review of operations and building maintenance performance to demonstrate continued compliance with the building design.

Without the ongoing monitoring, it is more likely that certain measures may be value-engineered from the building or not optimized in order to achieve short-term cost savings.

The drawback in pursuing LEED certification is the cost associated with certification, and potential review, inspection, and the upfront commissioning and reporting during building construction.

It is worth noting that the systems and design decisions that will be made for long-term efficiency, maintenance and operations effectiveness, and environmental stewardship also contribute toward LEED certification. Pursuing a LEED certified building is estimated to cost +/- 7 percent of "hard" construction costs, and tonight's meeting represents a decision point about whether to pursue LEED and commit to this cost estimate. The next phase of work is expected to begin in July 2018 and will require LEED commitments as a guide for design decisions, and changing course after that point will result in time delays and cost increases. The Council could choose not to pursue LEED certification, or if the Council chooses to stay with LEED, staff would bring an update if anything indicates a significant increase in the anticipated costs.