

Staff Memorandum on Kidzu Letter of Intent

Signed Letter of Intent:

On June 13, 2018, the Town Council authorized the Manager to enter into a Letter of Intent (attached) which states:

It is the Town's present intention to negotiate with Kidzu and consider providing the site and it is Kidzu's present intention to pursue use of the site for construction of the Chapel Hill-Carrboro Children's Museum. The parties intend that under an agreement resulting from these negotiations the site would be made available at little or no charge to Kidzu and that the lease of the site for the museum would be of sufficient length to justify Kidzu's investment in construction and operation of the museum. The physical building that would become the future Chapel Hill-Carrboro Children's Museum will be built with funding raised by Kidzu.

Both parties pledge to work toward a timetable to present a formal agreement to the Town Council for its consideration in, or prior to, the Spring of 2019.

Purpose of Tonight's update:

Town staff and Kidzu representatives met on July 31, August 30, and October 1, 2018 and are sharing this update with the Council tonight to affirm the general direction and timeframe for moving toward a formal agreement in spring 2019, as anticipated in the Letter of Intent.

The Council is not being asked to take formal action this evening.

Additional information:

Kidzu's initial analysis of the site shows sufficient space to accommodate their program needs, as outlined in the letter of intent (30,000 SF of building plus infrastructure and open area). There may also be an opportunity to include another 15,000 SF of building by expanding the park-and-ride lot south of Sumac Drive.

At the [June 13, 2018](#)¹ Council discussion, the Council asked whether other parties might be interested in the site or in sharing space in a facility. The Town could formally solicit proposals for use of this property (by others) in the winter.

Kidzu has asked whether the Town sees an opportunity to participate in the design and construction of a facility to meet a Town need. Understanding the total size of their project will be helpful to Kidzu as they enter into a design process. The program scope will impact their design cost and process.

If the Town has an interest in having space in this facility, the Town would want to tell Kidzu

- a) What type of programming would be desirable, and

¹ <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=3524646&GUID=03E4D29B-33EC-4EBD-A744-C6E06F24FCBB&Options=&Search=>

b) Evaluate the Town’s capacity to fund design, construction, and associated infrastructure (specifically parking), according to schedule.

If the Town does not have an interest in having space in this facility at this time or is not able to confirm program type or funding, Kidzu could

- a) Move forward with a facility sized for their needs and budget, or
- b) Include additional “future” space in their program on speculation or in partnership with another entity, subject to the Town’s lease arrangements with Kidzu at a later date.

At this time, the Town staff is not aware of a discrete project identified for this site.

Affirming the general direction and timeframe for moving toward a formal agreement in spring 2019.

Town staff and Kidzu have discussed the following as potential next-steps:

October	<ul style="list-style-type: none"> • Council discussion, Kidzu requests confirmation of direction • Kidzu: Solicit cost-estimate information • Kidzu: Prepare options for the Town to react to prior to budget development, if desired by Council
February	<ul style="list-style-type: none"> • Share any anticipated cost to the town in time for budget process: value of land or site improvements, shared cost, shared use leasable space, and other options.
March/April	<ul style="list-style-type: none"> • Prepare proposed schedule/scope of entitlements process, how long will it take. (the lease, the authorization from Council, Development Agreement, post entitlements process, etc.)
May	<ul style="list-style-type: none"> • Request Town decision on lease and entitlements (Development Agreement discussed by team as possible option) per Letter of Intent
June	<ul style="list-style-type: none"> • If approved, team could begin entitlement process • Assumes 8-9 months negotiation if Development Agreement is chosen

The Town does have statutory authority to convey land for a public purpose without a competitive process. State law (NCGS §160A-488) authorizes the Town to support museums so long as they are open to the public. State law (NCGS §160A-279) also allows the Town to convey real property by private sale to a non-profit organization that is carrying out an authorized public purpose.

Based on tonight’s discussion, the Town Manager and Town staff can adjust the next-steps to include any additional follow-up required of Town staff.

Kidzu Presentation:

Kidzu will present this evening to share their current analysis of the site.

Site Location:



Site Close-up:

