

01-26-2022 Town Council Meeting Responses to Council Questions

ITEM #9: Discuss a Draft Memorandum of Understanding (MOU) For Redevelopment of Police Station Property at 828 Martin Luther King Jr., Boulevard

Council Question:

It is stated that the Town will fund all costs associated with the MSC. Does that include relocation costs, and would those costs be part of the cost base upon which Belmont will be paid a management fee? Also, has a venue for the relocation been identified or is that still to take place?

Staff Response:

The development team will assist in identifying a temporary location. For the purposes of the proforma, we have estimated a cost of \$1M for rent and relocation. Until a location is identified, we will not know the full cost of temporary rent payments or how that cost will be paid. The temporary relocation site is yet to be determined. The development team has had conversations with Police staff to understand their unique space needs. No lease for temporary space will be executed until an EDA is authorized by Council and development is expected to proceed.

Council Question:

My assumption is the Town will select the A/E team for the MSC and approve all plans? Is that correct or will features of the site require at least the engineering team be shared?

Staff Response:

The Town will directly contract with the general contractor and architect, who will be directly responsible to the Town for their services. The Town is outsourcing limited design/construction responsibilities to Belmont. Some common site costs like geotechnical/engineering costs are proposed to be shared on to be determined prorata basis.

Council Question:

What are the Town's decision rights over the EMP?

Staff Response:

The Environmental Management Plan (EMP) is overseen and approved by NCDEQ and details the site safety measures to be conducted during construction. This document is typically prepared by experts in environmental engineering and brownfield redevelopment and we intend to follow this practice. Belmont-Sayre will be responsible for preparing the EMP, with our environmental consultants and legal counsel providing input.

01-26-2022 Town Council Meeting Responses to Council Questions

Council Question:

Is it reasonable to assume that the EDA can be entered into before a Brownfields agreement is in place? Won't the final cost of the EMP affect the EDA and pour decisions regarding it?

Staff Response:

Yes, we believe the EDA can be entered into before the BFA is in place. 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.

Council Question:

We have discussed having a third party review our agreement with Belmont for fairness. Should we have a stipulation in the MOU that Belmont agrees to provide necessary information to the third party and assist in the review in whatever way is reasonable, i.e., open their books?

Staff Response:

Yes, this could be included in the MOU.

Council Question:

The MOU states that Belmont will manage the MSC project even if their separate project does not go forward. If the project becomes solely the MSC, shouldn't we bid out the PM services?

Staff Response:

The Economic Development Agreement allows for the sole sourcing of a project manager. As the qualified firm selected from the RFQ process, Belmont-Sayre has substantial experience in NC Brownfield redevelopment. If Council prefers to pursue a bid process for project management, that can be discussed.

Council Question:

On page 449, there is a statement that "hard" design and construction costs will be allocated. Aren't design costs typically considered "soft" costs? How does this affect the allocation?

Staff Response:

The MOU language can be reworded for clarity. The intent is a management fee paid to Belmont based on the design and construction costs of the MSC. This percentage has not yet been determined and would be included in the EDA.

01-26-2022 Town Council Meeting Responses to Council Questions

Council Question:

The MOU states that the Brownfields agreement will allow commercial uses in order to accommodate the MSC. Should those also be designated institutional, as I believe that is how this use would be considered under the LUMO?

Staff Response:

The MOU language is consistent with the NC Brownfields land use descriptions and should not impact LUMO definitions. For consistency, we can use "institutional" in the MOU.

Council Question:

If a CZP for Belmont's project is not approved, do they have any recourse to the Town to recover any of their costs?

Staff Response:

This will be an EDA negotiation topic.

Council Question:

When reviewing the EDA I believe that it will be necessary for the Town to see a complete allocation of costs so that it is known what the total cost to the Town will be and what the total value we are receiving for the property is.

Staff Response:

Yes. A comprehensive project proforma will be shared with Council during the EDA review to show total costs to the Town and property value.

Council Question:

What incentives, if any, does Belmont have for minimizing the Town's costs on the MSC and common site work, as Belmont receives a management fee based on total costs, i.e., their fee goes up if costs go up?

Staff Response:

Belmont benefits from reducing costs on the common site work because it is proposed that there would be a cost sharing agreement between both parties. Belmont would also pay higher costs if there are increases for common site work.

Council Question:

Council has several times over many months requested a breakdown of costs to the town for different development options (police station only, low density housing, higher density housing, commercial) before we approve a concept direction. When will it be available?

01-26-2022 Town Council Meeting Responses to Council Questions

Staff Response:

Town staff and the development team have run a series of proformas based on the different scenarios and will share them at the 1/26 Council meeting. We plan to present a more in-depth review of the financials at an upcoming work session ahead of the scheduled February 9th Council meeting for the vote on the MOU adoption.

Council Question:

There's a line on page 1 in the MOU that says, "the preference is for the private development to primarily if not wholly consist of multi-family residential housing." Council has not yet made that determination; I'd request that this line be removed, as with subsequent references to "preferred" option (p. 2, item f; p. 7 item IV.A.1., etc.).

Staff Response:

The concept plan has been created with multi-family as the private development component. This can be reimagined during the concept plan process.

Council Question:

Are we pursuing talks with UNC to have them share the clean-up costs of what appears to be their dumping site?

Staff Response:

Coal ash was used on the property as permitted, structural fill, not as a waste dump. Before the Town acquired the property, it was managed as a private facility. As a result, the Town does not have records that would indicate the direct sources of the coal ash fill. There are no current talks with UNC about cost sharing on this project.

Council Question:

Have we engaged an attorney specializing in brownfields redevelopment to review the MOU and work to develop the EDA?

Staff Response:

Yes, Keith Johnson from Poyner Spruill is the attorney representing the Town in redevelopment negotiations. Mr. Johnson specializes in counsel for local governments, brownfield redevelopment, and public/private partnerships. He has been involved since the coal ash fill was first identified.

01-26-2022 Town Council Meeting Responses to Council Questions

Council Question:

Why is the town committing to hire a planner specifically to review the entitlement and permit applications for this process? (p. 4) Would this be a temporary position?

Staff Response:

In order to expedite the review process, the Town is considering a part time temporary contract position to oversee the entitlement process for this project without negatively impacting current planning staff workloads.

Council Question:

Why are we conveying the private development parcel to Belmont instead of doing a ground lease?

Staff Response:

The Town would not benefit from future property tax revenue if the Town leased the parcel to Belmont. Also, as the MOU indicates, Belmont will pay for the land it acquires from the Town, at a price to be determined. The proceeds from that sale will help to offset the Town's costs in redevelopment of the site.

Council Question:

In the EDA, will Belmont be committing to develop the private portion of the site, or would they have an option not to proceed?

Staff Response:

Yes, provided the conditional zoning permit and brownfields agreement allow for private development, which are required entitlements for private development.

Council Question:

Who will look out for the Town's best interests regarding the MSC development if we contract with BS to manage it?

Staff Response:

David Laube of Noell Consulting would review the financials of the deal. The Town also has retained outside legal counsel to guide the terms of the MOU and EDA to protect the Town's interests. Also, the Town will directly contract with the general contractor and architect, who will be directly responsible to the Town for their services. The Town is outsourcing limited, specific design/construction responsibilities to Belmont.

01-26-2022 Town Council Meeting Responses to Council Questions

Council Question:

The use of "preferred" for the private development - I assume that refers to BS's preference?

Staff Response:

That is correct. The Multi-family housing scenario is also considered the best and highest use based on its proximity to the greenway, transit, and major Town employers. As recently noted in the Town commissioned Housing Study by Business Street, housing is not keeping pace with demand. This site presents an opportunity to add additional housing stock, in particular, housing types that are sorely needed (workforce, teacher, first responder).

Council Question:

I had understood that BS would be responsible for the costs of brownfields remediation and risk mitigation for the whole site? Have I misunderstood that or did it change at some point in the discussions?

Staff Response:

Under the preferred plan, the property will be subdivided, with both a public and private aspect to the redevelopment. Some aspects of the redevelopment are site-wide, benefitting both the public and private portions of the redevelopment. Those include the environmental mitigation measures and stormwater management. The parties have agreed to share and allocate those common redevelopment costs. The primary factor in that allocation will be the acreage of land to be conveyed by the Town to Belmont for private development in relation to the acreage to be retained by the Town for the MSC (excluding acreage of the trail). Other factors may be considered, however, including the Town's environmental assessment and remedial costs incurred to date on the Property. In other words, the Town will get credit for the fact that it has incurred some of the common site redevelopment costs already.

Council Question:

What options are under consideration for temporary relocation of the police dept? How is the word "assist" defined in terms of what BS will provide in the relocation process? What cost to the Town will be associated with that, if any?

Staff Response:

The temporary relocation site is yet to be determined. The development team has had conversations with Police staff to understand their unique space needs. No lease for temporary space will be executed until an EDA is authorized by Council and development is expected to proceed.

The development team will assist in identifying a temporary location. For the purposes of the proforma, we have estimated a cost of \$1M for rent and relocation. Until a location is identified, we will not know the full cost of temporary rent payments

01-26-2022 Town Council Meeting Responses to Council Questions

Council Question:

If the retaining wall is to be located on the privately-owned portion of the land, what avenues will the Town have over time (looking years ahead) to ensure proper maintenance, repairs, etc. are performed to maintain public safety in the future?

Staff Response:

This point remains to be negotiated in both the EDA and the Brownfield Agreement. The construction and maintenance of the retaining wall is likely to be part of the mitigation measures required in the Brownfields Agreement. The maintenance of that wall can be required in the deed restrictions imposed per the Brownfields Agreement, which DEQ can enforce. Also, it is contemplated that the Town will be a party to the Brownfields Agreement.

Council Question:

If the negotiated sales price of the property to BS will factor in required community benefits such as the affordable housing component, would that mean that the Town would, in effect, be paying for or subsidizing those costs?

Staff Response:

In arriving at the purchase price Belmont will pay to the Town for the land, to be set in the EDA, the parties will consider, among other factors, a “baseline” commitment by Belmont to affordable housing. So some degree of affordable housing will be expected of Belmont without any “subsidy” from the Town. That purchase price for land in the EDA will be agreed upon before the actual expectations regarding affordable housing are set in a conditional use zoning permit. If the affordable housing requirements in that permit are ultimately greater than the assumed baseline commitment, the parties will renegotiate the purchase price for the land, before it is sold, to account for the cost to Belmont of the additional affordable housing expectations.

Council Question:

Could we include in the agreement a commitment by BS to use local labor? Pay living wage?

Staff Response:

This could be an EDA negotiation topic.

01-26-2022 Town Council Meeting Responses to Council Questions

Council Question:

Would the Town's minority contracting % apply to this agreement? If so, can it be called out in the agreement?

Staff Response:

This could be an EDA negotiation topic.

Council Question:

Can we require BS to consult with our Urban Designer on any plans?

Staff Response:

Yes, this could be included in the MOU and/or EDA. The Town's Urban Designer has been consulted to help imagine community greenspace and we fully expect that relationship to continue.

Council Question:

The Council shared some aspirational goals for the uses of this property as part of the redevelopment, such as a community gathering space - are those still in play, and if so, will those be discussed at the concept plan stage?

Staff Response:

Yes. Community gathering space, greenspace and placemaking will all be discussed during the concept plan phase and are included in the proformas/scenarios we will share with Council.

Council Question:

Where is the relocation site?

Staff Response:

The temporary relocation site is yet to be determined. The development team has had conversations with Police staff to understand their unique space needs. No lease for temporary space will be executed until an EDA is authorized by Council and development is expected to proceed.

Council Question:

What does this assistance entail: "Belmont will assist the Town in relocating the police headquarters in accordance with Step 8 in the Schedule in Exhibit A"?

Staff Response:

The development team will assist in identifying a temporary location. For the purposes of the

01-26-2022 Town Council Meeting Responses to Council Questions

proforma, we have estimated a cost of \$1M for rent and relocation. Until a location is identified, we will not know the full cost of temporary rent payments.

Council Question:

What are the agreements for including Black/Minority owned contracting? (Moving forward I would like to see this info included in developments coming before Council)

Staff Response:

This could be an EDA negotiation topic.

Council Question:

We keep being promised development/programming alternatives, most recently at CCES; where are they?

Staff Response:

At the January 7th CCES meeting, staff were seeking Council input to help narrow the focus of site programming. We heard strong support for locating the MSC at this location, a strong desire for placemaking and community space, and a consideration for the inclusion of affordable housing. This guidance allowed staff and Belmont to develop the scenarios we are sharing on January 26th.

Council Question:

There is mention of retaining a planner to review application materials, etc. What does this mean? Hiring or contracting with someone specifically for this project?

Staff Response:

In order to expedite the review process, the Town is considering a part time temporary contract position to oversee the entitlement process for this project without negatively impacting current planning staff workloads.

Council Question:

Who is reviewing this deal for us? What are their qualifications? Will they be able to guide us on what we should negotiate for? Is the main community benefit that the developer is offering remediation? Anything else?

Staff Response:

The Town plans to retain David Laube of Noell Consulting to review the final project proforma and analyze the terms of the deal. Noell Consulting has worked with the Town in this capacity on several different projects. The primary community benefit is the site remediation and site

01-26-2022 Town Council Meeting Responses to Council Questions

safety, additional housing product (if it proceeds), and future tax revenue from private development.

Council Question:

What specifically is BS committing to in terms of “providing assistance in temporarily relocating police operations during construction”?

Staff Response:

The development team will assist in identifying a temporary location.

Council Question:

Are we factoring in the community benefits to the sale price of the parcel to BS or will it be valued by a third party appraiser?

Staff Response:

In arriving at the purchase price Belmont will pay to the Town for the land, to be set in the EDA, the parties will consider, among other factors, a “baseline” commitment by Belmont to affordable housing. So some degree of affordable housing will be expected of Belmont without any “subsidy” from the Town. That purchase price for land in the EDA will be agreed upon before the actual expectations regarding affordable housing are set in a conditional use zoning permit. If the affordable housing requirements in that permit are ultimately greater than the assumed baseline commitment, the parties will renegotiate the purchase price for the land, before it is sold, to account for the cost to Belmont of the additional affordable housing expectations or additional community benefits.

Council Question:

What is the arrangement between the Town of Carrboro and the private entity (I think it’s a hotel) for their deck by Hickory Tavern?

Staff Response:

Staff is reaching out to Carrboro to learn more and we will share information with the Council when we have it.

Council Question:

Who is representing the Town in these negotiations with BS? Who will we be getting to evaluate the terms and deal for us? When will that take place?

Staff Response:

David Laube of Noell Consulting would review the financials of the deal. This would take place

01-26-2022 Town Council Meeting Responses to Council Questions

prior to the execution of the EDA. The Town also has retained outside legal counsel to guide the terms of the MOU and EDA to protect the Town's interests. Also, the Town will directly contract with the general contractor and architect, who will be directly responsible to the Town for their services. The Town is outsourcing limited, specific design/construction responsibilities to Belmont.