

East Rosemary Redevelopment Proposal



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Hill
Commercial
134 E
Franklin St

Vance
Pettigrew
Hyde Hall

East Rosemary Redevelopment Proposal

Design update & Draft Framework for Economic Development Agreement

April 13, 2020

Maurice Jones, Town Manager

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04/07/2020

East Rosemary Street Parking Deck

Grubb Properties

Perkins&Will

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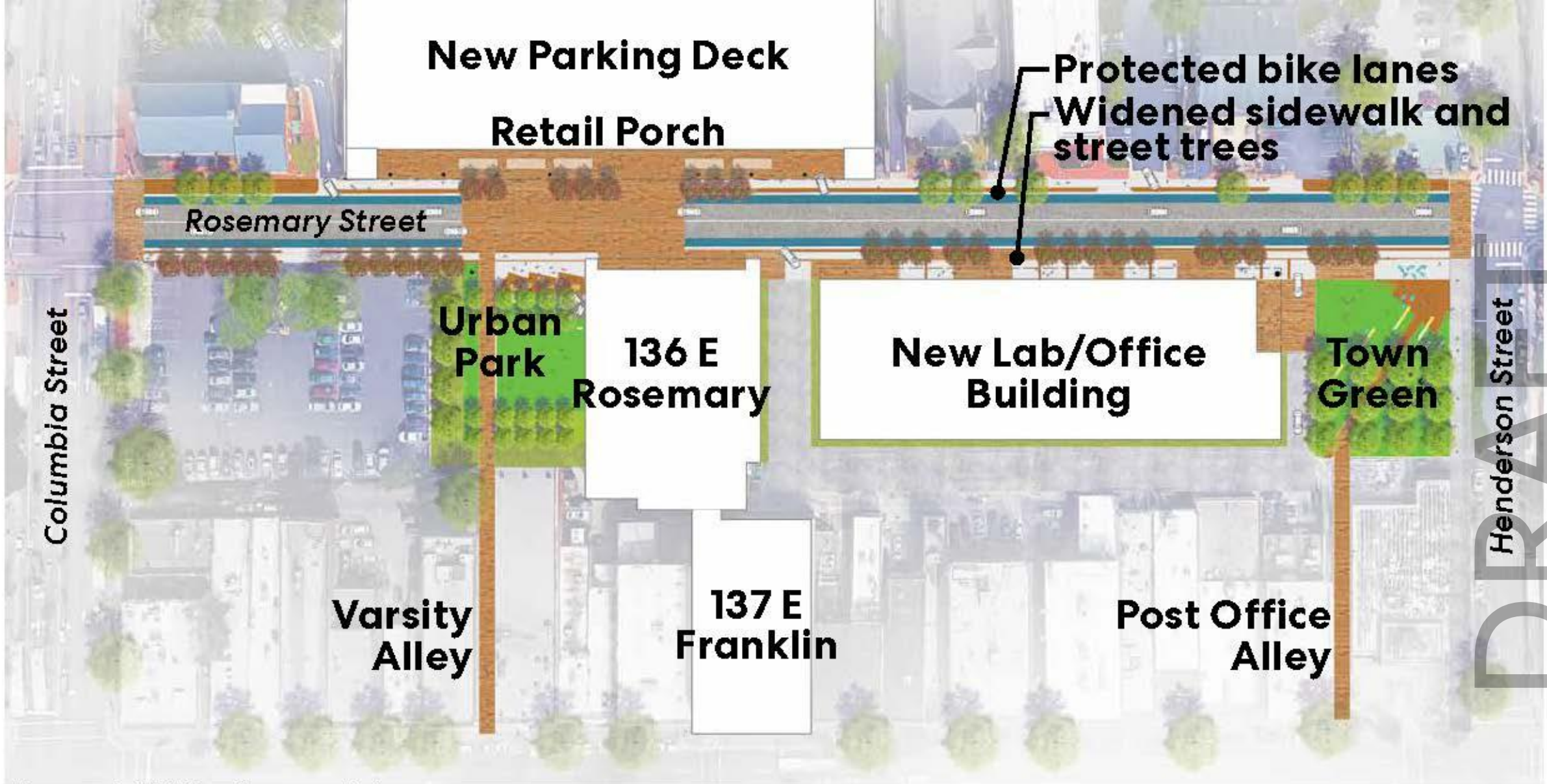
137 East Franklin
Street renovation

New 1,100 car
parking deck

New 200,000 SF
building

Redevelopment Strategy

Perkins&Will



Over 50% of total frontage
Streetscape Improvements

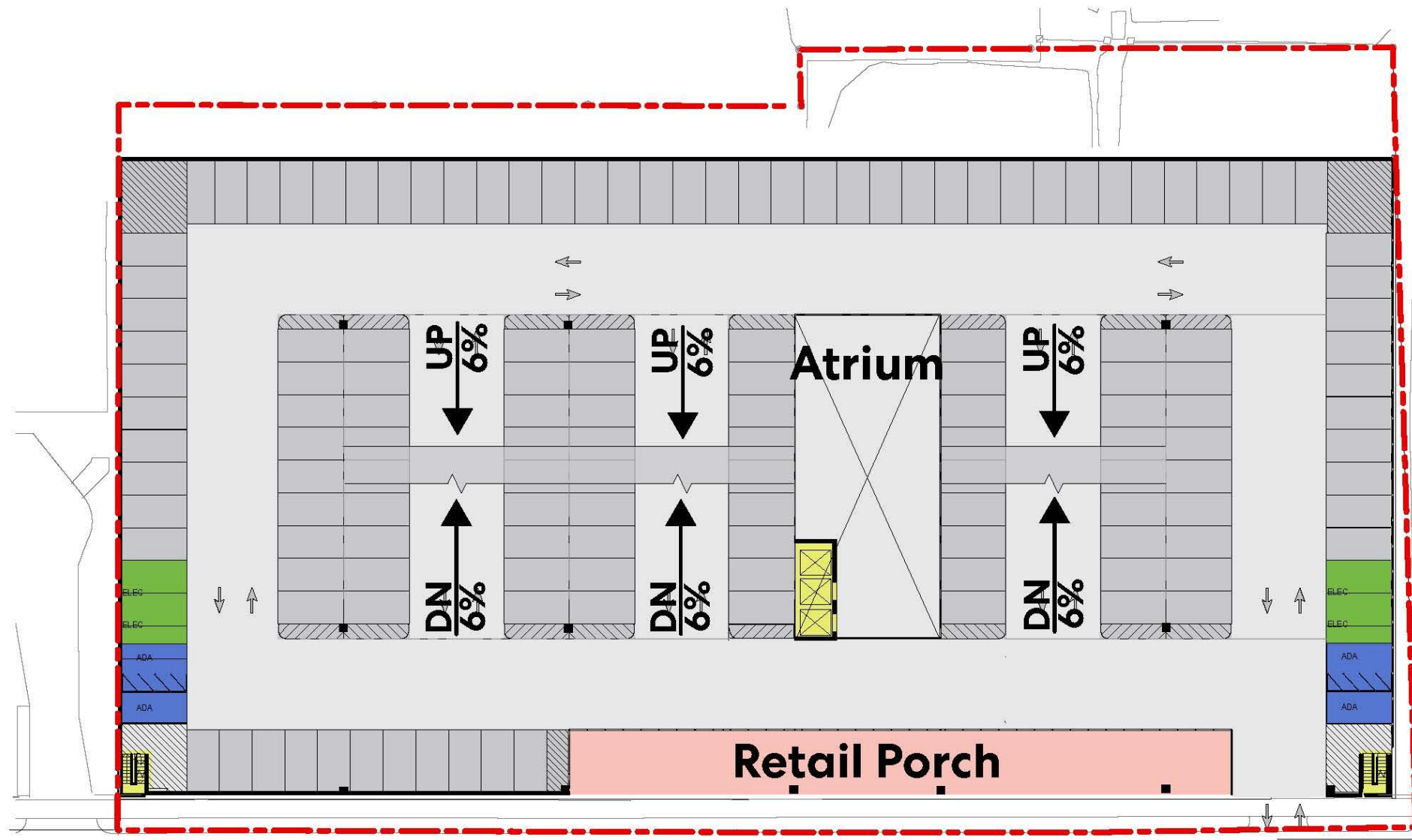
Perkins&Will

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Aerial View From Southeast

Perkins&Will

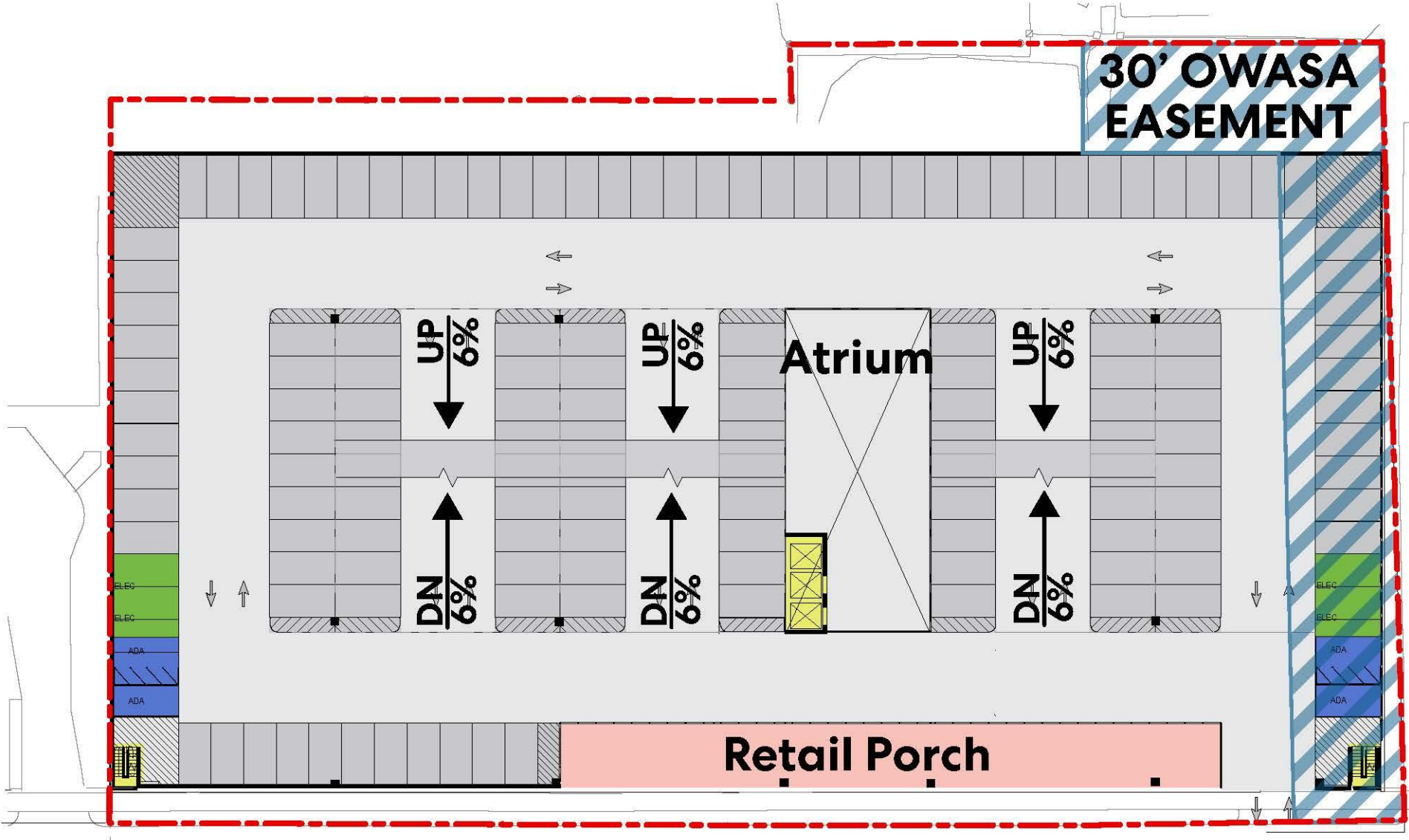


Rosemary Street

Original Atrium Plan

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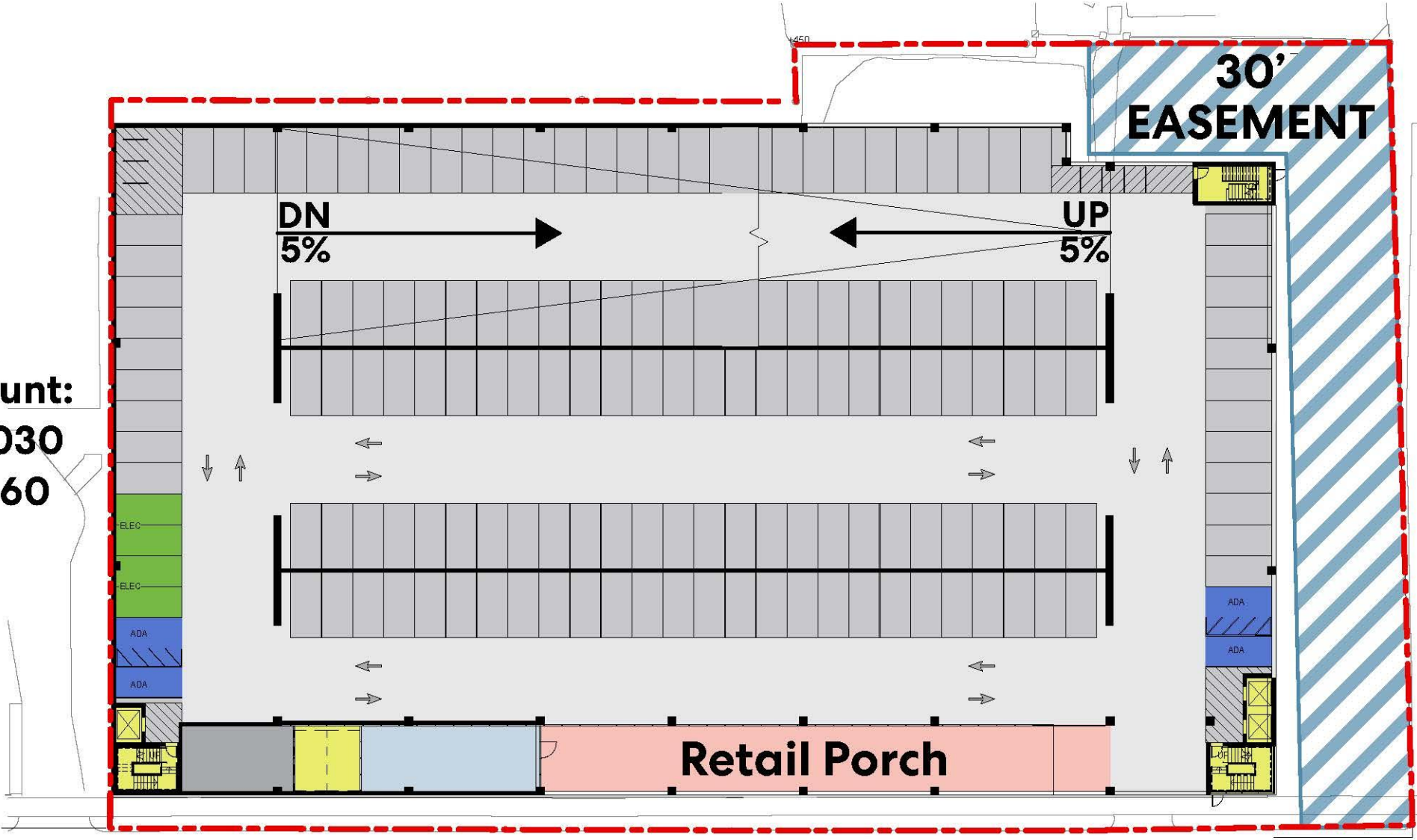
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OWASA Easement

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Parking Count:
6 Levels: 1,030
7 Levels: 1,160

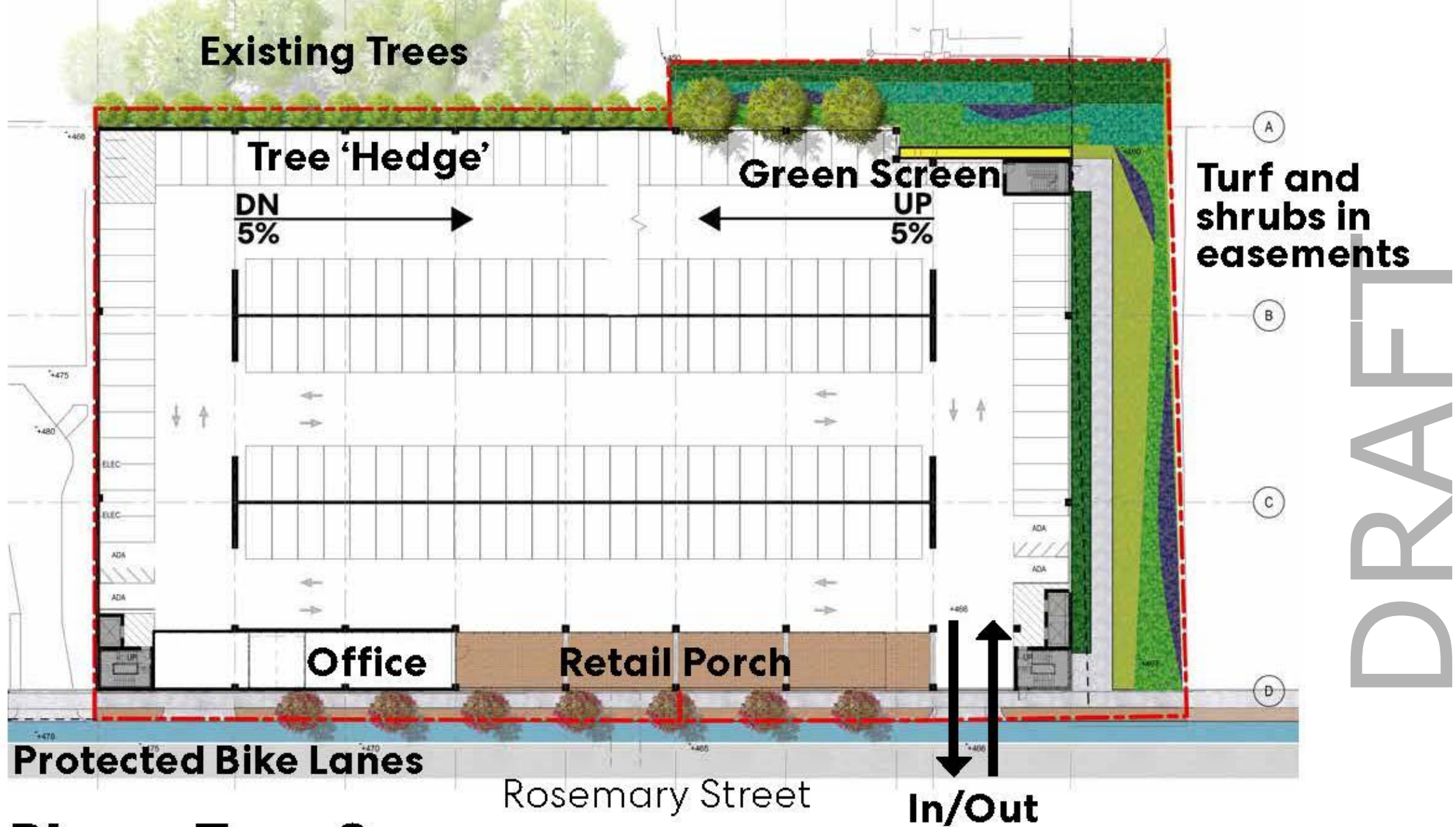


Rosemary Street

Long Ramp

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Site Plan - Tree Screen

Perkins&Will

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Rosemary Street Looking West

Perkins&Will



Rosemary Street Looking East

Perkins&Will



Rosemary Street at Retail Porch

Perkins&Will

Review of key points from Council's previous discussions

Dwight Bassett, Economic Development

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Key points for MOU/EDA

PARKING DECK

- a. Number of parking spaces (new and replacement) - 1100 spaces minimum**
Sell 100 right to spaces to UNC (plus annual maintenance) - Separate Agreement with UNC after EDA considered.
- c. Placemaking and activation of parking deck – Council and CDC consideration as a part of entitlement.**
- d. Traffic impact to Rosemary – TIA forth coming.**
- e. Exiting from parking deck onto Columbia or other street – As a part of TIA.**
- ~~f. Grubb carrying parking deck debt for 8 yrs without interest (only 7% fee for design/build)~~

- g. When would Town exchange parcels – See #2 EDA Framework**
- h. When would Town take over deck – See #2 EDA Framework**
- i. Pedestrian connection from deck to Franklin – See EDA Framework #11**
- j. Acquiring Fine property – See EDA Framework #1**
- k. Commitment from Grubb for spaces in new parking deck – See #15 EDA Framework**
- l. Grubb lender release of asset and income replacement – See #7 EDA Framework**
- m. PNC property for exit from parking deck – As a part of TIA and final negotiations/entitlement**

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OFFICE BUILDING

n. Height of office building (number of stories) [6 on top of parking?]-

Town Entitlement / See #12 EDA

Framework

o. Step-back of office building – This a partial Entitlement issue and Fire

Regulation issue on the amount

of the step-back

p. Impact of office building on Franklin Street – Noted in previous

information shared in sketch

drawing

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- q. Entitlement of deck and building** (timing) - Deck in process, Office bldg. to be submitted in July.
- r. Mobility issue** (trails, other connections) [pledge a % of profit from new deck to mobility?] – Grubb to consider as part of Community Benefits and to be considered as Parking Fund increases income.
- s. Community benefit** – New Class A office/wet lab bldg., two new green spaces for downtown, consideration or improvement of bike lanes and streetscape on East Rosemary, new tax base for downtown, consolidated parking for downtown, OWASA easement, UNC parking, supporting downtown businesses with new worked in downtown, and possibility of innovation hub for downtown.

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Bob Jessup, Sanford Holshouser

Attorney for the Town of Chapel Hill

Framework for Town of Chapel Hill & Grubb Properties East Rosemary Economic Development Agreement

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	Issue	Town's view	Grubb's view	Notes
1	The Fine lot	Grubb to acquire.	Will acquire.	Working with appraiser to finalize values.

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	Issue	Town's view	Grubb's view	Notes
2	When will the property exchange occur?	Late August/early September.	Late August/early September (Interest cost/reimbursement for entitlement and design fees) \$600,000 design and Permit fees	Note that we will also need to effect the Grubb lien switch in connection with the swap.

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	Issue	Town's view	Grubb's view	Notes
3	When will the settle-up in value occur – at the same time or some later time?	At the time of the land transaction	At land transaction and closing.	If the Town is the party owed money in connection with the swap, then we could swap and settle up in advance of the Town's loan closing

	Issue	Town's view	Grubb's view	Notes
4	How will the parties determine the difference in relative value?	Appraisals accepted.	Accept appraisals subject to minor adjustment.	
5	Will Grubb begin demolition before the swap and the Town's closing? If so, when can they start?	No, should be after the land transaction and when Town is ready to fund the work	After land transaction. End existing CVS Deck Management Agreement.	

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	Issue	Town's view	Grubb's view	Notes
6	When does the Wallace Deck Management Agreement need to be done?	Before the land transaction and referenced in the Economic Development Agreement.	Similar to existing Operating Agreement for CVS Deck.	This will be a separate agreement from EDA. Will need to be approved by Council either prior to summer break or at first meeting post-break

	Issue	Town's view	Grubb's view	Notes
7	Who gets the net revenues from Wallace Deck operation?	Draft scenario with input of need from Grubb balanced against Town expectations and operational costs.	Scenario in consideration.	

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	Issue	Town's view	Grubb's view	Notes
8	Deadline for substantially complete parking deck design	So that Council can approve at its meeting of June 24. This will encompass the various design aspects referenced in MOU, including all aspects of the 2d outlet. This remains subject to the Town's regulatory process and final Council decision.	By Council Concept Plan review. (April 15) Town explores second access land as a separate part of this Deck construction.	But if we know enough to say anything about the 2nd outlet in the EDA we can include at least a diagram

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	Issue	Town's view	Grubb's view	Notes
10	More detailed provisions to define expectations for processing contractor payments	Not really an area of disagreement as much as something that just needs to be spelled out in more detail	Bob Jessup drafting agreement as a part of general construction process contract.	

	Issue	Town's view	Grubb's view	Notes
12	<p>Design requirements (office bldg)– what is required here, as opposed to being worked through in the entitlements process?</p> <ul style="list-style-type: none"> -Not more than 6 floors plus 2 parking? -Approx. 200K sq ft -Requirement for wet lab -Finish to Class A standard 	<p>THIS IS AN ENTITLEMENT ISSUE</p> <p>Limit on total building height and requirement for upper floor setbacks (even if minimal) are requirements. (Fire Dept. Issues if we step-back on front façade)</p> <p>Must also preserve easement or otherwise provide access to Franklin St and the Post Office property. Wet lab is a requirement.</p>	<p>Make an application for the defined office building by July 2020</p>	<p>Will be subject to what happens in the entitlement process</p>

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	Issue	Town's view	Grubb's view	Notes
13	<p>What happens if Grubb can't take occupancy of a building that meets the requirements by 1/1/2023?</p>	<p>LUMO standards as well as Entitlement stipulations. Accept first-right-of-offer from Grubb</p>	<p>LUMO Standard This is an example of a stipulation: <u>Expiration of Conditional Zoning Atlas Amendment</u>: An application for Zoning Compliance Permit must be filed by _____ (2 years from the date of this approval) or the land shall revert to its previous zoning designation. [LUMO 4.4.5(f)]</p>	<p>If they do not respond to a given entitlement within a specific period, they lose the rights. Grubb is willing to offer the Town first-right-of-offer if they were to sell. 150 East Rosemary</p>

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	Issue	Town's view	Grubb's view	Notes
14	Nature and details for the community space at Henderson – Rosemary – incl. long-term ownership	Agree with Grubb.	Committed element. Grubb to dedicate the land and back to the Town.	Diagram and “concept plan” as attachments. Need to re-divide the property, then or now?

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	Issue	Town's view	Grubb's view	Notes
15	<p>Plan for Grubb's commitment to the revenue equivalent of the 250 spaces</p>	<p>Grubb will pay for a reserved number of spaces for 12 hour use daily. Grubb gets a guaranteed number of spaces for a guaranteed amount of money, but spaces are not specifically labeled or designated.</p>	<p>Grubb is requesting a ramp-up period for completion of 137 E. Franklin and construction of new office building (1 year).</p> <p>Bob has asked that we consider an Annual Agreement that might self-renew due to the effect on tax-exempt financing. Should the Town provide an offset if we see a high occupancy during construction of 137 and construction of new office building?</p>	

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- ## Next Steps:
1. Draft Economic Development Agreement for Council to hold first Public Hearing
 2. Council holds second Public Hearing on Economic Development Agreement

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Questions and discussion.

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