



TOWN OF CHAPEL HILL

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

Town Council

Meeting Minutes - Draft

Mayor Pam Hemminger
Mayor pro tem Michael Parker
Council Member Jessica Anderson
Council Member Allen Buansi

Council Member Hongbin Gu
Council Member Tai Huynh
Council Member Amy Ryan
Council Member Karen Stegman

Wednesday, February 19, 2020

7:00 PM

RM 110 | Council Chamber

Roll Call

Present: 8 - Mayor Pam Hemminger, Mayor pro tem Michael Parker, Council Member Allen Buansi, Council Member Hongbin Gu, Council Member Karen Stegman, Council Member Jessica Anderson, Council Member Tai Huynh, and Council Member Amy Ryan

Other Attendees

Town Manager Maurice Jones, Deputy Town Manager Florentine Miller, Town Attorney Ralph Karpinos, Police Officer Don Bradley, Fire Inspector Greg Peeler, Communications Manager Catherine Lazorko, Economic Development Officer Dwight Bassett, Business Management Director Amy Oland, Senior Planner Kari Grace, Principal Planner Corey Liles, Economic Development Specialist Laura Selmer, LUMO Project Manager Alisa Duffey Rogers, Urban Designer Brian Peterson, Community Safety Planner Meg McGurk, Police Chief and Executive Director for Community Safety Chris Blue, and Deputy Town Clerk Amy Harvey.

OPENING

0.01 Successes Video: Census 2020.

[\[20-0143\]](#)

Mayor Hemminger opened the meeting at 7:00 p.m. and introduced a Celebrating Successes video about the 2020 Census. She said that more information was available in multiple languages at www.2020CENSUS.gov or www.orangecountync.gov/2020census.

0.02 Mayor Hemminger Regarding Town Attorney Retirement.

[\[20-0144\]](#)

Mayor Hemminger announced that Town Attorney Ralph Karpinos would be retiring after 34 years of service. She said that he was the longest serving municipal attorney in North Carolina, and she expressed gratitude for his dedication, energy and passion. The Council would honor Mr. Karpinos at a later date and would start conducting a search for his replacement, she said.

0.03 Mayor Hemminger Regarding Council Member Schaevitz

[\[20-0145\]](#)

Resignation and Vacancy.

Mayor Hemminger noted that former Council Member Rachel Schaevitz would be traveling to New Zealand for two years. The Town would notice that vacant Council seat in the newspaper and set a deadline for how long to keep the application period open, she said.

The Council unanimously agreed to leave the application period open for 30 days, and Mayor Hemminger pointed out that they had previously discussed reducing the number of Council seats from 9 to 7. They would address that again during the process.

A motion was made by Council Member Anderson, seconded by Mayor pro tem Parker, to leave the application period for the Council vacancy open for 30 days. The motion carried by a unanimous vote.

PUBLIC COMMENT FOR ITEMS NOT ON PRINTED AGENDA AND PETITIONS FROM THE PUBLIC AND COUNCIL MEMBERS

Petitions and other similar requests submitted by the public, whether written or oral, are heard at the beginning of each regular meeting. Except in the case of urgency and unanimous vote of the Council members present, petitions will not be acted upon at the time presented. After receiving a petition, the Council shall, by simple motion, dispose of it as follows: consideration at a future regular Council meeting; referral to another board or committee for study and report; referral to the Town Manager for investigation and report; receive for information. See the Status of Petitions to Council webpage to track the petition. Receiving or referring of a petition does not constitute approval, agreement, or consent.

1. Steve Moore Request Regarding Cemetery Needs.

[\[20-0122\]](#)

A motion was made by Council Member Anderson, seconded by Council Member Buansi, that this Petition be received and referred to the Town Manager and Mayor. The motion carried by a unanimous vote.

1.01 Mayor Hemminger Request Regarding Expanding Land Use to Include Experiential Retail.

[\[20-0146\]](#)

Mayor Hemminger pointed out that there was no category in the Town's Land Use Management Ordinance for uses such as experiential retail to be considered for Downtown. Approving the petition would start a process that would include a public hearing and consideration by Town boards and commissions, she said.

Matt Gladdek, executive director of the Downtown Partnership, urged the Council to capture the opportunity quickly. He said that a lease had been signed for an escape room in a Downtown space which had been vacant for several years.

A motion was made by Mayor pro tem Parker, seconded by Council Member Anderson, that this Petition be received and referred to the Town Manager and Mayor. The motion carried by a unanimous vote.

ANNOUNCEMENTS BY COUNCIL MEMBERS

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1.02 Mayor Hemminger Regarding Winter Weather. [\[20-0147\]](#)

Mayor Hemminger said that the Town was prepared for predicted snowfall and would provide updates on weather conditions.

1.03 Mayor Hemminger Regarding East Rosemary Street Project Public Information Meeting. [\[20-0148\]](#)

Mayor Hemminger announced a public information meeting regarding the East Rosemary Street Project at Top of the Hill on February 27th from 6:00 p.m. to 8:00 p.m.

1.04 Mayor Hemminger Regarding Climate Partner Summit. [\[20-0149\]](#)

Mayor Hemminger said that the Town would hold a Climate Partners Summit at the Chapel Hill Public Library on February 28th from 8:30 a.m. to noon. The purpose would be to discuss how ongoing work intersected with the Town's climate action plan and to request help with a public engagement process, she said.

1.05 Mayor Hemminger Regarding Clean Tech Summit. [\[20-0150\]](#)

Mayor Hemminger said that a UNC Institute for the Environment meeting would be held at the Friday Center on February 27th and 28th and would be one of the largest in the South.

CONSENT

Items of a routine nature will be placed on the Consent Agenda to be voted on in a block. Any item may be removed from the Consent Agenda by request of the Mayor or any Council Member.

Approval of the Consent Agenda

A motion was made by Mayor pro tem Parker, seconded by Council Member Buansi, that R-1 be adopted, which approved the Consent Agenda. The motion carried by a unanimous vote.

2. Approve all Consent Agenda Items. [\[20-0123\]](#)

This resolution(s) and/or ordinance(s) was adopted and/or enacted.

3. Approve a Contract Extension for Audit Services Contract for Fiscal Year 2019-20. [\[20-0124\]](#)

This resolution(s) and/or ordinance(s) was adopted and/or enacted.

4. Approve the Annual Percent for Art Plan. [\[20-0125\]](#)

This resolution(s) and/or ordinance(s) was adopted and/or enacted.

5. Call for a Public Hearing for April 1, 2020 to Consider a Request to Close a Portion of an Unmaintained and Unimproved Public Right-of-Way of Monroe Street. [\[20-0126\]](#)

This resolution(s) and/or ordinance(s) was adopted and/or enacted.

6. Adopt Minutes from February 06, 2019 and October 30, 2019 and November 13 and 18, 2019 Meetings. [\[20-0127\]](#)

This resolution(s) and/or ordinance(s) was adopted and/or enacted.

INFORMATION

7. Receive Upcoming Public Hearing Items and Petition Status List. [\[20-0128\]](#)

This item was received as presented.

DISCUSSION

8. Consider Proposed East Rosemary Downtown Redevelopment Project. [\[20-0129\]](#)

Town Manager Maurice Jones presented a proposal to redevelop property in the Town's Opportunity Zone in the Downtown area. He said that Grubb Properties had offered to exchange its property on Rosemary Street with Town property that included the Wallace Parking Deck. Grubb would then construct a 1,100-space parking garage and a 200,000 square-foot wet lab/office building, he said. He pointed out that an office building associated with the proposal could attract up to 800 new jobs and become an innovation hub in Town.

Mr. Jones discussed potential challenges, such as traffic and cost, and said that the Town would need to support a \$28 million bond for construction. He pointed out that the project could generate revenue to help pay off the debt. The Town's goal would be to make the Parking Enterprise Fund self-sufficient, Mr. Jones said, and he recommended that the Council authorize him to draft a non-binding memo of understanding (MOU) with Grubb Properties and return to the Council on March 4th with that for further discussion.

Economic Development Officer Dwight Bassett provided additional details on the proposed development. He said that it would consolidate parking to support new and existing businesses and create jobs downtown. The

proposed scenario would allow UNC to reserve the right to 100 spaces to support a new admissions building in the development, he said, and he noted the potential benefits of keeping UNC researchers in Town. Mr. Bassett outlined a potential project schedule from March 2020 to September 2021.

Clay Grubb, CEO of Grubb Properties, described the project's vision and design and presented renderings of how it could look. He described a sense of urgency because many of the "Opportunity Zone" tax benefits would expire in 2021. Mr. Grubb pointed out that he had been developing projects in Chapel Hill since 1978.

Michael Stevenson, an architect with Perkins and Will, showed additional sketches and details of the vision for transforming Porthole Alley, breaking down parking deck mass, and creating a large sidewalk along Rosemary Street with recessed bays that would allow retail, artist stalls, food trucks, and more. Mr. Stevenson discussed security features, lighting, photovoltaic rooftop arrays, bike-parking facilities, step-backs, greenspace, and streetscape improvements. The proposed development would significantly transform Rosemary Street, he pointed out.

Director of Business Management Amy Oland estimated the project cost to be \$28.166 million, with parking deck construction being \$24.2 million of that. She reminded the Council that McAdams Engineering had previously estimated that designing and constructing parking would cost \$22,000 per space. The estimated demolition, construction management, land purchase fees would amount to approximately \$1.2 million, \$1 million and \$1.75 million, respectively, she said.

Ms. Oland pointed out that the Town had approved a bill in 1983 that allowed it to participate in capital economic development projects that enhance economic development and revitalize the Town. A contract could provide that the developer be responsible for construction of the entire project if it meets certain criteria, she said. She gave reasons why having the developer construct a parking deck on behalf of the Town made economic sense and said that McAdams Engineering would provide an opinion of probable cost and would help oversee the project.

Ms. Oland proposed that the Council consider increasing the Town's parking deck rate from \$1.00 to \$1.50 per hour and its leased parking rate from \$115 to \$125 per month. Doing so could yield \$70,000 after the first year, she said. She pointed out that being able to demonstrate that the Parking Fund could be self-supporting would enhance the Town's ability to borrow money. Ms. Oland said that the Town would need to issue debt in fall of 2020 in order to reimburse Grubb Properties while it constructed the deck.

Mayor Hemminger confirmed with Mr. Jones that he would bring a parking fee strategy and schedule for Council consideration on March 4th. Other Council members confirmed with Mr. Bassett that estimates being given were conservative. The goal was to be self-sustaining and the Town probably would break even if construction cost for each parking space increased to \$25,000, Mr. Bassett said. The Council also confirmed that gains from investment in the Opportunity Zone would be tax free if the investor sold it at the end of a 10-year period. They ascertained that a traffic impact analysis would be conducted.

The Council confirmed that issues such as who would maintain greenspace would be addressed during MOU discussions. The Council verified that amenities, such as rooftop solar, would add cost but that staff was exploring partnerships and possible tax credits to attract private investment. The Council confirmed that staff was continuing to move in the direction of shared parking but needed a better mix of residential and office use in order to achieve that. They also confirmed that Mr. Grubb intended to work with the Town's Transportation Department to determine how the roadway might include bike lanes.

The Council verified with staff that a maximum of 200 parking spaces would be reserved for the office building, with 100 of those being for a UNC Admissions Office. They confirmed that the appraised value of the parcels to be swapped was approximately the same and that there had been conversations regarding possibly purchasing other adjacent land.

Council Members verified that a \$1.4 million balance owed on the Wallace Deck would be paid off in December 2023 but did not need to be paid off in order to complete the land swap.

Mayor Hemminger recommended that Council Members put their detailed financial questions in writing so that all Council Members would have the same information. She noted that, if the Council chose to move forward with the MOU, other items for consideration might include having office space for Parking Services staff, installing public restrooms in the new deck, and making the deck more environmentally friendly. Those items would add cost and reduce the number of parking spaces, she pointed out.

Mr. Gladdek said that 90.1 percent of the 9.3-acre area was currently dedicated to cars. The proposed development would dramatically change the quality of Rosemary Street, he pointed out.

Joel Curran, UNC Vice Chancellor for Communications, reaffirmed the University's commitment to downtown Chapel Hill and emphasized the importance of having a vibrant area for faculty, students, staff and the greater Chapel Hill community. He expressed enthusiasm for the opportunity to have a wet lab and work space in such close proximity to

UNC's campus, and said that the University would continue to work with Town staff on the project.

Gordon Merklein, UNC Associate Vice Chancellor for Real Estate, lauded the opportunity to bring UNC's Admissions Office to the site and to partner with the Town for 100 parking spaces. He said that UNC incubated businesses would be able to remain in Chapel Hill and expressed excitement that someone of Clay Grubb's caliber and experience had come forward with such a project.

Judith Cone, UNC Vice Chancellor for Innovation, Entrepreneurship and Economic Development, pointed out that Launch Chapel Hill, a start-up accelerator that was a joint Town/UNC/Orange County/private donor venture, had been wildly successful. In that small space, 113 companies had been incubated and Launch had raised \$35.8 million, she said. Ms. Cone said that some of those businesses had gone elsewhere due to a lack of space for them to expand in Town.

Katie Loovis, Vice President of External Affairs at the Chapel Hill-Carrboro Chamber of Commerce, urged the Council to move forward with the MOU. She said that the proposal was a very exciting vision that would make the community more vibrant. Ms. Loovis asked the Town to take care to not hinder existing businesses if the project were to go forward.

Geoff Green, a Chapel Hill citizen, urged the Council to authorize the MOU but to be skeptical about numbers being presented. He questioned whether \$22,000 per parking space was realistic when Council Members were already talking about adding items such as bathrooms onto the project. Mr. Green urged the Council to think carefully about whether the project would be the best use of Town funds.

All Council Members expressed support for the project, that Mayor Hemminger and Mayor pro tem Parker characterized as a big, bold step. Mayor Hemminger pointed out that more than \$2.4 million had already been slated for merely stopping the Wallace Deck from leaking. She said that constructing a wet lab was many times more expensive than regular office space, but that being in an Opportunity Zone would allow the builder to recapture some of that cost. Mayor pro tem Parker predicted that the new building would be a magnet that would draw new entities and capital to Town.

Other Council Members expressed support for the project and excitement about the prospect of enlivening Rosemary Street. However, some wanted to see more conservative financial numbers and additional information about traffic flow and details about street/greenspace maintenance. They asked about the possibility of including affordable office space. They wanted to be sure the project would not limit the Town's ability to use

debt capacity for other priorities, such as affordable housing and parks. It was critical that the Parking Enterprise Fund be self-sustaining, Council Members said, and they emphasized the need to protect existing businesses during construction.

A motion was made by Council Member Huynh, seconded by Council Member Anderson, that R-6 be adopted. The motion carried by a unanimous vote.

9. Consider a Land Use Management Ordinance Text Amendment
- Proposed Changes to Section 3.11 Regarding Massing and Permeability in the Blue Hill District.

[\[20-0130\]](#)

Principal Planner Corey Liles gave a PowerPoint presentation on proposed text amendments (TAs) regarding massing and permeability in the Blue Hill District (BHD). He explained that the TAs were in response to a March 2018 petition from Council Members that asked for ways to reduce building mass and size.

Consultant Tony Sease, of Civitech, said that the proposed TA changes addressed the following: 1) New design requirements for pass-throughs to increase permeability and to ensure that priority is given to pedestrian usage; 2) A provision to exempt townhouse projects of a certain size, overall project size of 60 units or half of units less than 1,800 square feet, from a minimum commercial space requirement; 3) Allow 50 percent parking reduction for projects with at least 25 percent residential and 25 percent commercial space; 4) Allow a CDC design alternative for reducing the structured parking setback for all levels of a standalone parking deck but only where Type A frontages are not being used; and to 5) Allow 4-story buildings to have a full floor plate on all floors rather than being required to reduce them above the third floor.

Mr. Liles and Mr. Sease responded to advisory board comments regarding building height and mass. They reported that the Planning Commission had been in favor of the proposed TAs, which addressed the final component of a March 2018 petition from Council. Mr. Liles recommended that the Council close the public hearing, adopt Resolution 7, and enact Ordinance A to amend a section of the Land Use Management Ordinance (LUMO).

In response to questions from Council Members, Mr. Sease explained that recommendation 5 regarding 4-story buildings would provide simplicity for some developers while not being detrimental to the character of the urban street space. He said that diversity was generally considered to be a good thing and the TA would be most beneficial to smaller buildings.

The Council and staff discussed the pros and cons of wrapped parking and Mr. Sease confirmed that such "Texas donuts" would still be allowed because of the nature of the remaining undeveloped parcels in the BHD.

The Council expressed concern about exempting some townhome projects from the minimum commercial space requirement, and Mr. Sease replied that smaller scale stacked or even standard townhomes would not be feasible if the builder were burdened with figuring out how to make the 10 percent commercial space requirement work.

The Council and Mr. Sease discussed projects with 60, 80 and 100 townhomes and talked about where 12,000-15,000 square feet of commercial space might go in a small project. They confirmed with Mr. Sease that completely eliminating the minimum parking requirement for smaller projects could be an option.

Council Members asked about parcels along Elliott Road that had been omitted from BHD rezoning so that they could be used for affordable housing. Mr. Sease replied that there had been an increased understanding that zoning and density bonuses alone were not sufficient to move affordable housing projects into the realm of viability.

The Council confirmed that Mr. Sease's proposal to exempt 1800 square-foot townhomes from the commercial requirement stemmed from a desire to have a mix and a concern that being too constraining would make that option not viable. In response to a Council Member's suggestion, he said that 1600 square feet had been deemed not viable. Mr. Sease said that eliminating the minimum parking requirements for projects below a certain size would make smaller projects more easily achievable.

Council Member Huynh confirmed with Mr. Sease that 1,800 square feet did not fall into a "micro" townhome category that had previously been presented. He then ascertained from Mayor Hemminger that some people referred to 4-story buildings as "human scale" because pedestrians feel as though they can see over them from the street.

Council Member Huynh asked that the Town refrain from saying there was "broad community acceptance" of 4-story buildings when there was no data to support that.

Town Manager Jones replied that staff had consistently heard a preference for 4-stories during Future Land Use Map community discussions.

Urban Designer Brian Petersen said the proposed measures would achieve more permeability and would break down the scale of some buildings. Wrapped parking was an ineffective way of constructing a building, and the tunnel option led to long, poorly-proportioned spaces, he said. He said that breaks between buildings should be pleasant public ways that lead into mid-blocks.

Mr. Petersen pointed out that townhome developers were not experts at including commercial space and said that it would be difficult to fit

commercial space in, except as a corner store or maybe a standalone building if it's a large project. As a general concept, better urban design is achieved when a large project is broken down into smaller pieces with a variety of developers and architects involved, he said.

The Council discussed whether a corner store might be a good commercial fit with townhomes, and Mayor Hemminger pointed out that there were commercial options other than standalone buildings or stores. Commercial condos such as doctors' offices that look like townhomes already existed in Town, she said.

Susanna Dancy, Community Design Commission (CDC) chair, said that not all CDC Members had endorsed the idea of eliminating parking requirements. There had been a diversity of opinion about many things but unanimous agreement that the proposed TAs would not fix the problem of the Berkshire building, which would still be allowed, she said.

Mayor Hemminger asked if recent new requirements for 6 percent ground-level public space and regulations on block length had made a difference to the CDC.

Ms. Dancy replied that the ordinance still allowed buildings of a significant size. The CDC had been told that large dimensions were still allowed because the Council wanted to allow Texas donuts, she said. Ms. Dancy said that the CDC had unanimously stated that it did not think the proposed TAs addressed the issues that had been raised regarding massing and permeability.

Speaking as a citizen/developer, Ms. Dancy said it would be difficult to make money on 1800 square-foot townhomes. She cautioned the Council to be aware that constraining something too much could prevent it from happening at all.

Scott Radway, of Radway Design Associates, pointed out that a Chapel Hill North development included first floor flats with two townhomes above them, and recommended that the Council not eliminate that option. He suggested that the Council approve 5 floors, rather than 4. Survey respondents who preferred 4-story buildings represented less than 1 percent of the Town's population, he said. Mr. Radway recommended increasing the number of townhomes from 60 to 80 or 100 and the townhome size from 1,800 to 2,000 square feet.

Mayor Hemminger explained that the Council could vote on each of the five items individually or for all of them as a group.

Some on the Council said that their petition had not been met regarding affordable housing, Texas donuts, ways to incentivize townhome development, the number of units that would trigger commercial, and the right proportion of commercial development related to scale. They

decided to enact the ordinance without Section 12 and to continue the hearing on that section to April 22, 2020.

Mayor Hemminger suggested that the Council petitioners and CDC Members talk through what was still lacking.

A motion was made by Mayor pro tem Parker, seconded by Council Member Stegman, to continue the Public Hearing for section 12 to April 22, 2020 and recess the hearing for all other sections. The motion carried by a unanimous vote.

A motion was made by Mayor pro tem Parker, seconded by Council Member Anderson, that R-7 be adopted. The motion carried by a unanimous vote.

A motion was made by Mayor pro tem Parker, seconded by Council Member Anderson, that O-1 be enacted as amended. The motion carried by a unanimous vote.

- 10.** Consider a Land Use Management Ordinance Text Amendment - Proposed Changes to Section Articles 3 and 4 Pertaining to Conditional Zoning.

[\[20-0131\]](#)

Senior Planner Kari Grace presented LUMO text amendment changes related to conditional zoning (CZ). She gave a brief history of the CZ process and compared that to the Special-Use Permit process. She said that the proposed TA would create a path within the LUMO that would allow multi-family developments to follow a CZ process.

Ms. Grace outlined the objectives of the TA's components: 1) To allow a CZ path for multi-family development; 2) To provide concept plan review consistency; and, 3) To clean the ordinance up related to CZ. She recommended that the Council close the public hearing, adopt the Resolution of Consistency, and enact O-A.

A motion was made by Council Member Huynh, seconded by Mayor pro tem Parker, to close the public hearing. The motion carried by a unanimous vote.

A motion was made by Council Member Huynh, seconded by Council Member Anderson, that R-9 be adopted. The motion carried by a unanimous vote.

A motion was made by Council Member Huynh, seconded by Council Member Anderson, that O-2 be enacted. The motion carried by a unanimous vote.

ADJOURNMENT

The meeting was adjourned at 10:36 p.m.