



TOWN OF CHAPEL HILL

Town Council

Meeting Minutes - Draft

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

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, June 2, 2021 **6:30 PM** **Virtual Meeting**

Virtual Meeting Notification

Town Council members will attend and participate in this meeting remotely, through internet access, and will not physically attend. The Town will not provide a physical location for viewing the meeting.

The public is invited to attend the Zoom webinar directly online or by phone.

Register for this webinar:

https://us02web.zoom.us/webinar/register/WN_dyIVL1yTRo-IOo3Kbcbs5w After registering, you will receive a confirmation email containing information about joining the webinar in listen-only mode. Phone: 301-715-8592, Meeting ID: 859 8856 2572

View Council meetings live at <https://chapelhill.legistar.com/Calendar.aspx> – and on Chapel Hill Gov-TV (townofchapelhill.org/GovTV).

Roll Call

Present: 7 - Mayor pro tem Michael Parker, Council Member Jessica Anderson, Council Member Allen Buansi, Council Member Hongbin Gu, Council Member Karen Stegman, Council Member Tai Huynh, and Council Member Amy Ryan

Absent: 1 - Mayor Pam Hemminger

Other Attendees

Town Manager Maurice Jones, Deputy Town Manager Mary Jane Nirdlinger, Town Attorney Ann Anderson, Planning Director Colleen Willger, Business Management Director Amy Oland, Business Management Assistant Director Matt Brinkley, Economic Development Specialist Laura Selmer, Economic Development Director Dwight Bassett, Communications and Public Affairs Director/Town Clerk Sabrina Oliver, and Deputy Town Clerk Amy Harvey.

OPENING

Mayor pro tem Parker opened the virtual meeting at 6:30 p.m. and reviewed the agenda. He said that Mayor Hemminger was not feeling well and would be absent.

Mayor pro tem Parker called the roll and Council Members replied that they were present, with the exception of Mayor Hemminger, who was absent, and Council Member Gu, who was having technical difficulties with her connection.

ANNOUNCEMENTS BY COUNCIL MEMBERS

0.01 Proclamation: Roy Williams Day.

[\[21-0505\]](#)

Mayor pro tem Parker introduced a proclamation recognizing retiring UNC Basketball Coach Roy Williams for his many contributions to the Town and to the University of North Carolina at Chapel Hill (UNC). Council Member Stegman read portions of the proclamation, which outlined Coach Williams' stellar career and described him as a legend and an exemplary citizen of the University, State and Town. The proclamation declared June 2, 2021 to be Roy Williams Day in Chapel Hill and wished him a joyful future.

Coach Williams replied that he felt honored and flattered to have such a thing happen at his, his wife's, and his children's alma mater. Chapel Hill had been in his heart every moment since he first arrived in Town in 1968, and he had been very lucky, he said.

0.02 Proclamation: LGBTQ+ Pride Month.

[\[21-0506\]](#)

Council Member Huynh read a proclamation for PRIDE month, which explained that the month of June was a time each year to reflect on the achievements of the Lesbian, Gay, Bisexual, Transgender, and Queer+ (LGBTQ+) rights movement. He read a list of the ways in which the Town had been a leader in advancing equal protection and freedom under the law. The Town Council wished to reaffirm its opposition to discrimination, prejudice, homophobia, and trans-phobia and was proclaiming June 2021 to be LGBTQ+ Month in Chapel Hill, he said.

Mayor pro tem Parker thanked Council Member Stegman for bringing the proclamation forward. He emphasized the Town's commitment to being a welcoming and inclusive community where everyone can grow and thrive.

0.03 Proclamation: Gun Violence Awareness Day.

[\[21-0507\]](#)

Council Member Anderson read a proclamation for Gun Violence Awareness Month, which proclaimed June 4th to be Gun Violence Awareness Day in Chapel Hill. The proclamation described a rise in gun violence in the U.S. and provided statistics on resulting accidents and deaths. The Town was renewing its commitment to doing all it could to keep firearms out of the wrong hands and to encourage responsible gun ownership, the proclamation said.

Mayor pro tem Parker thanked Moms Demand Action and North Carolinians

Against Gun Violence for bringing the proclamation forward. He encouraged everyone to wear the color orange on June 4th and to ask local leaders to pass background checks and other legislation that address gun violence.

0.04 Mayor pro tem Parker Regarding National Trails Day.

[\[21-0508\]](#)

Mayor pro tem Parker said that the Town would celebrate National Trails Day on June 5th. Staff had created a related interactive trail experience at the new Bolin Creek trail connector, he said, and he encourage everyone to get outdoors and check it out.

0.05 Mayor pro tem Parker Regarding Upcoming Meetings.

[\[21-0509\]](#)

Mayor pro tem Parker said that a virtual public information meeting on a hotel project at the corner of Rosemary and Columbia Streets would be held on June 8th and recommended that those interested check the Town website for additional information. He said that a Council Committee on Economic Sustainability would meet virtually on June 4th at 8:00 a.m. The next virtual Council meeting would occur on June 4th at 7:00 p.m., he said.

Budget Related Items

1. Final Update on the Development of the FY 2021-22 Budget.

[\[21-0498\]](#)

Town Manager Maurice Jones said that his recommended FY 2021-22 Town budget would total \$117 million and reflect a 5 percent increase over the current year. After considering potential community impacts of Orange County's tax revaluation, staff was proposing a property tax rate of 51.4 cents per \$100 of assessed value, he said.

Mr. Jones pointed out that the proposed tax rate had been reduced by 1 cent from staff's initial recommendation. He discussed Town priorities for the coming year and said that he and the Council would resume their discussion of a five-year budget strategy in the fall. He hoped the Council would adopt the recommended budget on June 9th, he said.

Council Members praised the Manager's effort to restore money for street paving and his proposal to invest in climate action and human services. They confirmed that staff could provide additional information on funding for the Town's connectivity and bike plans. They verified with Finance Director Amy Oland that some of the budget reductions had come from areas that had other funding opportunities. In response to a question about financing for bike and greenway plans, Ms. Oland said that staff would provide an update on such long-term needs during the Council's five-year budget discussions in the fall.

Mayor pro tem Parker confirmed with Council Members that they had no

unresolved questions regarding the Manager's recommended budget.

This item was received as presented.

2. Redevelopment of Police Station Property at 828 Martin Luther King Jr Boulevard and Consideration of Municipal Services Center at Site.

[\[21-0499\]](#)

Economic Development Specialist Laura Selmer gave a PowerPoint presentation on possible redevelopment of property at 828 Martin Luther King Jr. Boulevard (MLK), which could potentially provide a home for the Town's Municipal Services Center (MSC). She recommended that the Council pursue an economic development agreement (EDA) with Belmont Sayre to redevelop the property in a way that would include mixed-use development, public amenities, and the MSC.

Ms. Selmer provided background information on the site, which had been contaminated by construction debris and coal combustion products in the 1960s and 1970s. The Town had acquired the site in the 1980s and had constructed a Police Department building on it before discovering the contamination in 2013, she said. She said that remedial investigations had begun in 2019 and that the Town had subsequently cleaned up a portion along the Bolin Creek Trail.

Ms. Selmer pointed out that the Town was eligible for a NC Brownfields remediation program and had been considering options for safe reuse of the site. Through the Brownfields Program, the NC Department of Environmental Quality (DEQ) would determine land-use restrictions and perform risk analysis for uses that the Town proposed, she said.

Ms. Selmer said that staff had sent out a request for qualifications and had selected Belmont Sayre to explore possibly redeveloping the site. She pointed out that many MSC needs could be met at the site but said that Fire Station 4 and the Orange County Emergency Medical Services (EMS) could not be sited there. She discussed the pros and cons of developing the site and explained why staff was recommending a public-private partnership for any mixed uses.

Ms. Selmer described safety measures that would be taken during construction and said that activity would be governed by an environmental management plan and overseen by the DEQ. She noted that some residents had expressed interest in preserving the Police Department's unique form but explained why that rehabilitation would be cost-prohibitive. However, there were options for honoring the building's legacy such as replicating key details and possibly reusing some materials, she said.

Ms. Selmer said that the Council Committee on Economic Sustainability would discuss the project's financial implications on June 4th and that

staff would return to the Council on June 23, 2021 for more discussion. Staff had been identifying issues to include in an EDA framework and felt strongly that there were viable solutions to all of the variables, she said. She recommended that the Council pursue a public/private partnership with Belmont Sayre to redevelop the property, and she asked if the Council wanted to proceed with an EDA.

In response to questions from Council Member Gu, Ms. Selmer reviewed the history of investigations that had been done on the site and described the remediation along the trail. Staff had a good understanding of the entire site and believed there were pathways to developing it safely, she said. She noted that all related reports were on the Town's website and were available to the public.

Ken Reiter, president and founder of Belmont Sayre, gave a PowerPoint presentation on the assessment work that had been done on the site thus far. He shared information about Belmont Sayre's background and experience as specialists in re-purposing such facilities. He said that large scale removal of coal ash would not be feasible but that the property could be safely re-purposed through the Brownfields Program.

Mr. Reiter said that the site could accommodate an 80,000 square-foot MSC and approximately 200 parking spaces. He also described a mixed-use concept that could include approximately 250-300 units of market and workforce housing and a 450-space parking deck. He said that safe redevelopment would be done under EPA and DEQ requirements and under the Town's sustainable efficiency and building guidelines.

Mr. Reiter urged the Council to decide how it wanted to proceed. He pointed out that options included not doing anything, proceeding with only the MSC, proceeding with the MSC plus private development, proceeding with only private development, or pursuing some hybrid version.

The Council confirmed with staff that Fire and EMS stations could not be located at the site because they were needed at the northern quadrant of Town. Several Council Members asked for more information on costs and benefits of the alternatives. Some asked for more information on the environmental risks associated with different levels of development.

The Council and Ms. Nirdlinger discussed how being able to house Town departments near each other had been a driving goal for the MSC. They confirmed with Ms. Selmer that an EDA process would be similar to the one just undertaken for the East Rosemary Deck and would include as many sessions as needed.

Council Member Gu asked several questions about who would be responsible for environmental remediation, who would profit, and who would own the land in a public/private partnership.

Ms. Selmer replied that much of that would be negotiated in an EDA. She noted that the site currently had no value on the open market, despite the mitigation work that had done along the trail. The perspective developer could be the Town or Belmont Sayre or both, she said. She pointed out that the site was under Brownfields Program oversight, and Mr. Reiter said that whoever took ownership of the site would be responsible for its rehabilitation.

Ms. Selmer and Mr. Reiter emphasized that the current task was to choose a program and arrive at a legal, environmental, and business structure through the EDA process. The next step in the Brownfields Program would be to come up with an environmental management plan that would include specific ways to make the site safe, Mr. Reiter said.

In response to additional questions from Council Member Gu, Mr. Reiter explained that coal ash was not a volatile organic compound and that capping it was typically a safe approach. He believed it would be safe to build a residential development on the site, he said.

Council Member Buansi confirmed with Ms. Nirdlinger that the entitlement process could be either a Conditional Zoning or an EDA, depending on which made more sense for the project.

The Council and Ms. Nirdlinger discussed how costs associated with siting the MSC at either 828 MLK or at a Weaver Dairy Road location appeared to be equivalent. Most Council Members said that the MSC probably should be built at 828 MLK, but several said they wanted more information about costs and risks associated with different programming options. They also asked for more scientific information and more clarity on environmental impacts. They did want to see options for the public/private partnership and a better sense of what decisions the Council would be making in the process, they said.

Council Member Stegman characterized Belmont Sayre as a creative partner that had experience with Brownfields and said she was eager to hear their ideas, but others said they were not ready to make a decision regarding an EDA with Belmont Sayre. Council Members Buansi and Huynh said that a draft EDA would be okay as long as the Council could review it as many times as necessary. Council Member Stegman proposed beginning discussions of what an EDA could look like and then bringing choices to the Council in the fall.

Mayor pro tem Parker spoke in favor of proceeding, if staff felt they could get the information they needed from the Council by June 23rd. He said, in summary, that the Council nearly unanimously wanted the MSC to be built at the MLK location but had concerns about environmental issues,

safety, and finances. In general, the Council would like to see progress on an EDA made over the summer, he said.

This item was received as presented.

3. Update: American Rescue Plan Financial Support of the ReVive Recovery Plan. [\[21-0500\]](#)

Economic Development Officer Dwight Bassett gave an update on the Town's ReVive Recovery Plan and proposed several ways in which some American Recovery Plan (ARP) funds might be used to help revitalize the Downtown area. He asked the Council to consider grants for small businesses and entrepreneurship, marketing the Town, encouraging innovative ideas, changing perceptions regarding Downtown parking, working with UNC to beautify the East Franklin/Columbia Streets area, and workforce development.

Mr. Bassett asked the Council to confirm whether or not it wanted staff to consider using ARP funds in the ways he had outlined. He would return on June 23, 2021 for possible action, he said, noting that information regarding the proposed initiatives was available on the Town's website.

Council Members pointed out that Orange County had been doing workforce training in collaboration with Durham Technical Community College. They agreed that workforce development was a priority but proposed putting ARP funds toward helping people directly through tuition, transportation and childcare support rather than creating a program.

Council Members agreed that the issue needed further study in order to determine how to get training to those who need it. Council Member Huhyn asked that more funds be targeted toward traditionally under-served communities, especially refugees. He also advocated for more investment in an apprenticeship program.

The Council did not think that creating a parking initiative to re-brand Downtown would be the most effective use of ARP funds. Some said they would prefer putting those funds toward hiring a grant writer, and Council Member Huynh pointed out that advertising via social media did not require a marketing firm. The Council proposed investing in way-finding signage and in creating more attractive and comfortable spaces and attractions Downtown. They recommended several of the kinds of amenities that could draw people to the area.

The Council confirmed with Mr. Jones that the Town would coordinate its efforts with the NC Department of Transportation when DOT began re-striping the downtown area next summer. However, staff and other interested parties had also been discussing how to make the area more aesthetically pleasing in the meantime without spending a lot of money, he said.

The Council emphasized its desire to spend ARP funds locally and to target minorities and women. Council Member Huynh proposed increasing the grant amounts and collaborating with the Midway Business Center to reach minority-owned businesses. He said that providing programming to help businesses get to the point where they could be eligible for ongoing funding would have more impact than giving them \$1,000.

Two people spoke regarding Agenda Item 2.

Megan Kimball, an attorney for Southern Law Center, said that the Council did not have enough information about the environmental impacts and health risks of developing on 828 MLK to make a decision. A risk assessment of the upper portion of the property had not been done, and the Town should study the cancer risks to those who live and/or work on the site, she said. Additionally, there were serious stability concerns associated with building on that property, she said.

Julie McClintock, president of Friends of Bolin Creek, urged Council Members to make sure they understood the risk analysis results before making any economic development decisions. She recommended that the Town not just rely on what the Brownfields Program required. Belmont Sayre might be willing to take the risk, but affected people would be the ones really doing so in the end, she pointed out.

This item was received as presented.

DISCUSSION

4. Rosemary Parking Deck Update and Adopt Resolution for Initial Findings and to Call a Public Hearing for the Issuance of Limited Obligation Bonds (LOBS). [\[21-0501\]](#)

Assistant Town Manager Mary Jane Nirdlinger outlined recent market changes that had raised the cost of the Rosemary Deck Project to \$39 million. She asked the Council to provide guidance on that guaranteed maximum price and said that Resolution 1 would authorize staff to proceed with financing and to call a public hearing for June 9, 2021.

Adam Fouse, of Samet Corporation, explained that construction costs for items such as metal and rock removal had increased substantially during the COVID-19 pandemic. He outlined options for potential cost savings, but Ms. Nirdlinger pointed out that such changes would impact decisions the Council had made after much careful consideration. Staff was not recommending eliminating those, she said.

Finance Director Amy Oland explained that the Rosemary Deck would reach a positive cash flow three-four years after it opened in January 2023. An

anticipated \$3.9 million contribution from UNC for its 100 parking spaces could be used to help offset negative cash flows early on, she pointed out.

Ms. Oland explained that the change in total debt service due to the increase in cost would be about \$7.1 million, and the annual debt service payments on that would average of about \$372,000 per year. She pointed out that the Town would reach a positive cash flow four years later than had been projected when staff expected costs to be lower.

Ms. Oland said that the current plan was to borrow up to \$39 million in Limited Obligation Bond funds to pay for the Rosemary Deck Project. The goal was to have a self-sustaining Parking Fund that would support the debt service for the project, she said. She added that staff was reviewing rules to see if the deck would qualify for ARP funding, which could help offset some project costs and/or reduce the amount of borrowing.

Mayor pro tem Parker confirmed with Ms. Nirdlinger that Resolution-1 would approve moving forward with bonds but would not necessarily mean agreeing to the revised project costs or approving specific elements of the project.

Council Member Ryan recommended that Ms. Oland include the \$3.9 million payment from UNC on the spreadsheet. She confirmed with Mr. Bassett that staff had not yet had a chance to share the information about increased cost with UNC. Mr. Bassett noted that the letter of intent with UNC called for a pro rata share of the total, but Council Member Ryan said that the letter was not binding. She stressed the importance of talking with UNC about the increases as soon as possible.

Council Member Gu asked several questions about the possibility of costs going higher than \$39 million, but Mr. Fouse replied that prices would be fixed and Mayor pro tem Parker emphasized that a "guaranteed maximum price" meant exactly that. The only thing that would change the cost would be some global cataclysmic event or a change order from the Town, said Mayor pro tem Parker.

Council Member Gu characterized staff's assumptions regarding the first year's occupancy rate as "optimistic" and asked how the Town would be protected if the expected revenue did not materialize.

Ms. Oland pointed out that the Town had changed its parking fee structure and increased its parking rates and that there would be additional development downtown. She repeated her earlier statement that funds from UNC would help to offset shortfalls in the first few years. Ultimately, the Town had its Debt Fund as a backup, if needed, she pointed out.

Mr. Bassett commented that an existing tenant had already requested 55 parking spaces. He thought that was just the beginning of the demand the Town would see, he said, and he and Mayor pro tem Parker discussed a potential development at the corner of Columbia and Rosemary Streets. If Grubb Properties were to construct that building, it would owe the Town \$1.2 million for the right to parking spaces and would still have to pay monthly fees, Mr. Bassett pointed out.

Council Member Gu continued to express skepticism, and Mr. Bassett reviewed the operational philosophy that he said staff had previously explained to the Council. Council Member Gu replied that a 40 percent increase in costs had definitely changed that scenario.

The Council asked staff to provide more information regarding value engineering items such as what the different amounts would be and what the Town's contingencies were. They wanted to see a line item or table showing where the increased costs were coming from before giving specific feedback, they said.

A motion was made by Council Member Anderson, seconded by Council Member Huynh, that R-1 be adopted. The motion carried by a unanimous vote.

REQUEST FOR CLOSED SESSION TO DISCUSS ECONOMIC DEVELOPMENT, PROPERTY ACQUISITION, PERSONNEL, AND/OR LITIGATION MATTERS

A motion was made by Council Member Stegman, seconded by Council Member Anderson, that this was entered into closed session as authorized by General Statute Section 143-318.111(a)(3) to consult with the Town Attorney regarding a judicial action and to preserve attorney-client privilege. At the conclusion of the closed session, the Council will adopt a single motion to end the closed session and adjourn the meeting without taking further action. The motion carried by the following vote:

Aye: 7 - Mayor pro tem Parker, Council Member Anderson, Council Member Buansi, Council Member Gu, Council Member Stegman, Council Member Huynh, and Council Member Ryan

ADJOURNMENT

The meeting was recessed at 9:27 p.m., the Council went into closed session and the meeting adjourned at the end of the closed session.