

East Rosemary Redevelopment Proposal



CHAPEL HILL
OPEN2.BIZ

Hill
Commercial
134 E
Franklin St

Vance
Pettigrew
Hyde Hall

The Proposal:

Grubb Properties exchanges property with the Town leading to an 1,100 space parking garage and 200,000 square foot office building on East Rosemary Street

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Hill Commercial
134 E Franklin St

Battle
Vance
Pettigrew
Hyde Hall

Presentation:

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Dwight Bassett
Clay Grubb
Amy Oland

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Economic and Financial Sustainability



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134 E
Franklin St

Hill
Commercial

Vance

Pettigrew

Hyde Hall

Economic and Financial Sustainability

Attract and retain companies that create jobs in Chapel Hill

Strengthen UNC Town Gown economic development Partnerships

Add commercial office space to the Town to locate Businesses

Obtain new and innovative technology solutions to attract and retain businesses that create jobs in Chapel Hill

Strengthen and facilitate the ecosystem for entrepreneurship and innovation

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Economic and Financial Sustainability

Make Downtown Chapel Hill a destination with diverse options for work, live and play

Add more Downtown business and visitor anchors (Market Drivers)

Invest in Downtown infrastructure

Conduct Downtown parking analysis and policy expectations (meet demand)

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Economic and Financial Sustainability

Adopt a budget strategy that aligns Town revenues and expenses

\$50 million in new investment = \$270,000 in property tax revenue

800 new jobs will generate positive ripple affect on downtown businesses (\$4.2 million)

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Environmental Stewardship

Invest in green infrastructure and build community resiliency

Increase solar infrastructure

Continue electric vehicle infrastructure investment



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Connected Community

Continuously monitor and address road infrastructure utilization throughout the Town of Chapel Hill

Increase connectivity between walking, bicycling, and multi-modal networks to reduce amount of driving needed to get around Chapel Hill

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Challenges

Traffic on East Rosemary Street

Expediency of the projects

Cost of the parking garage

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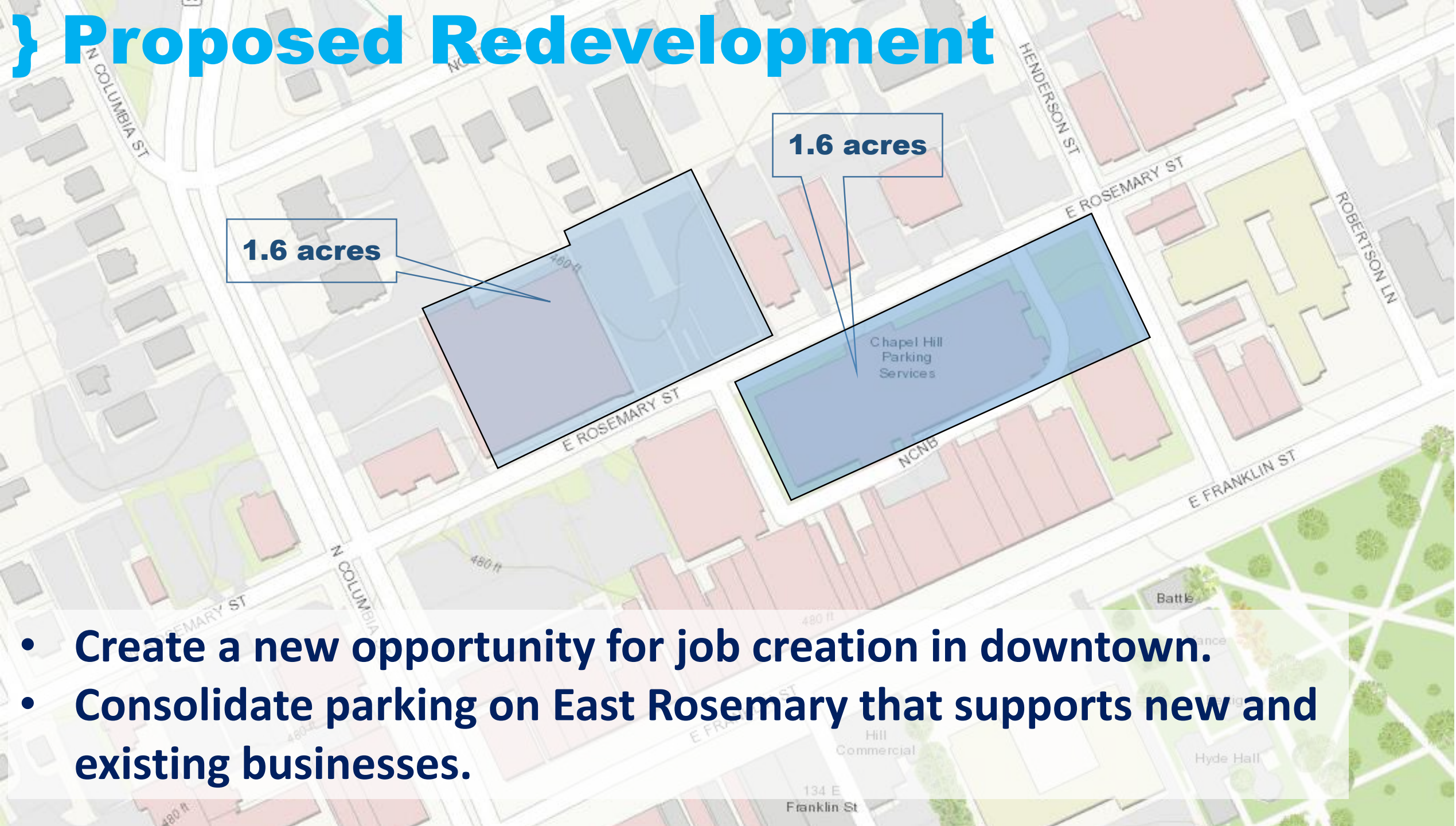
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RECOMMENDATION:

That the Council authorize the Town Manager to draft a non-binding Memorandum of Understanding (MOU) with Grubb Properties for consideration by the Council on March 4, 2020.

} Proposed Redevelopment



1.6 acres

1.6 acres

Chapel Hill
Parking
Services

- Create a new opportunity for job creation in downtown.
- Consolidate parking on East Rosemary that supports new and existing businesses.

Opportunity Zone Selection:

OZs are qualifying community census tracts, as originally established under the New Markets Tax Credit program and confirmed by the Treasury Dept. to be used for this program.

Governor Roy Cooper's target was to have at least one designated opportunity zone per county. This is the only Opportunity Zone in Orange County.

The Grubb Chapel Hill Opportunity Fund has 2022 as a deadline for investments.

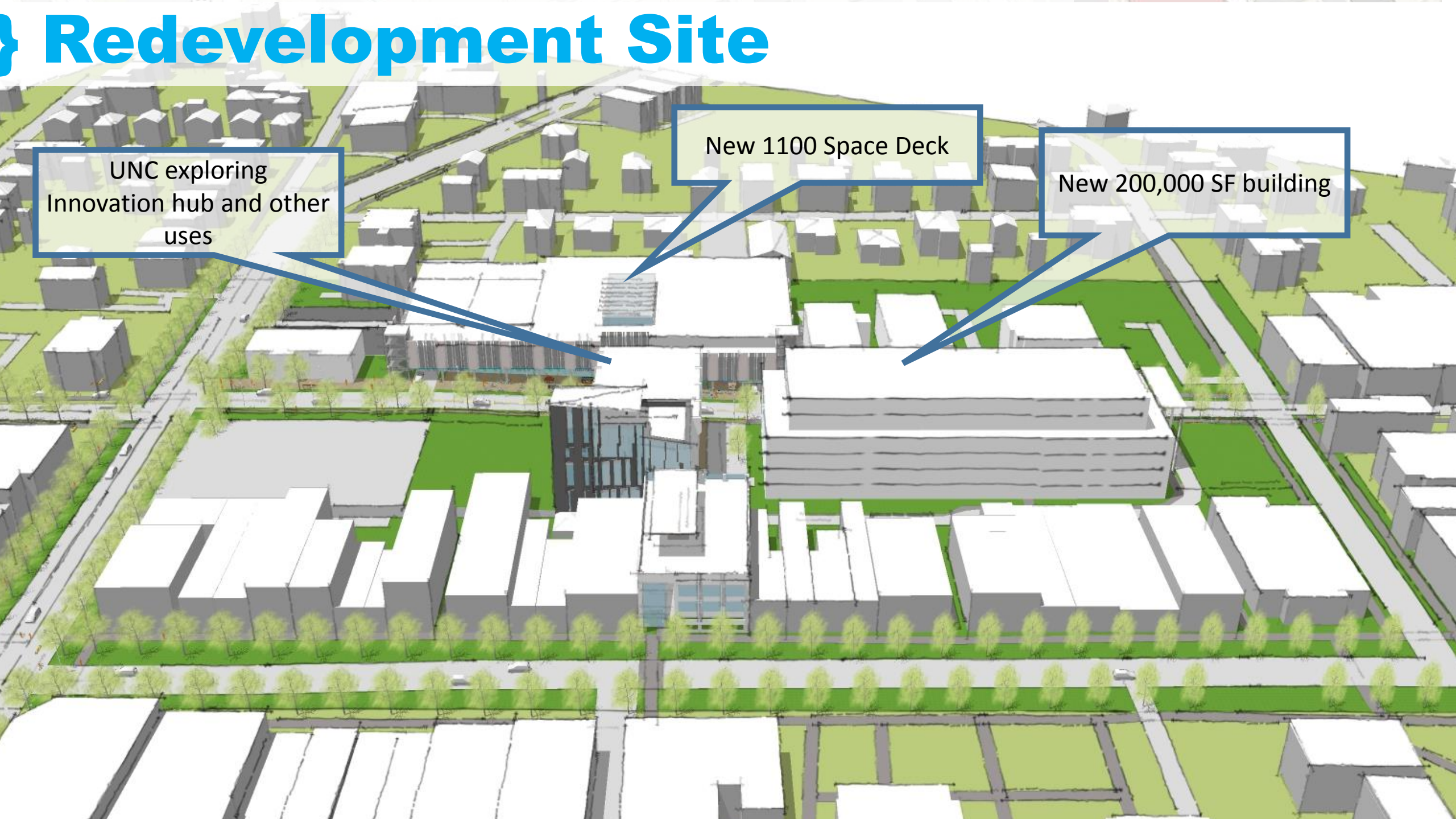


Redevelopment Site

UNC exploring
Innovation hub and other
uses

New 1100 Space Deck

New 200,000 SF building



} Downtown Benefits

- Potential of 800 new employees downtown (4/1000SF)
- \$4.2 million in new support for downtown businesses (\$102 per week times 800 employees)
- New 200,000SF office and wet lab that contributes to tax base annually
- New centralized parking that creates additional land for other developments
- Retention of researchers from UNC with wet lab space
- Retention of other companies through UNC partnership
- Support for UNC Admissions building with parking
- Adds parking to support downtown
- More publically managed parking so our policies affect the good of downtown (currently only controlling 30% of market)

} Proposed Scenario

- **Exchange Wallace parking deck/land for 137 (CVS) parking deck and adjacent parcel(s).**
- **Build a new parking deck on 137 East Rosemary parcel that provides a total of 159 new public parking spaces (1100 space deck)**
- **Reserve rights to 100 spaces to support the University for a new Admission building downtown**
- **Grubb constructs a new wet lab/office building of 200,000 SF in downtown (projected value of \$80M)**

} Parking

Projected new parking deck (1100 spaces)

Current Public Spaces	491 spaces
Current Private Spaces	350 spaces
<u>Total Existing Parking</u>	<u>841 spaces</u>

Planned New Spaces	
New spaces building and growth	159 spaces
UNC spaces for Admissions/new bldg.	100 spaces
<u>Total Net New Spaces</u>	<u>259 spaces</u>

**March 4, 2020 –
Memorandum of
Understanding**

**March 2020 – Begin
Conditional Zoning for
new deck**

**June 2020 – Consider
entitlement of new
parking deck**

**September 2020-
September 2021
Construction of new
deck**

**Staff will begin
drafting MOU based
on key issues.**

**Entitlement process
for Deck will have
full review of Board
and Commissions
despite shortened
time-frame. Some
may need to share
meeting time for a
single presentation.**

**Consider authorizing a
new deck.
> Authorize Grubb to
construct.
> Execute economic
development
agreement and
exchange of parcels.**

**Work to
approve ZCP
and Building
permits in a
90 day
window.**

**September 2020 –
Accept application for
a new office building**



**June 2021 –
Consider authorizing
a new office building**



**September 2021 –
Accept new deck and
management of new
deck**

**Formal and
complete
application for
Concept and
Rezoning.**

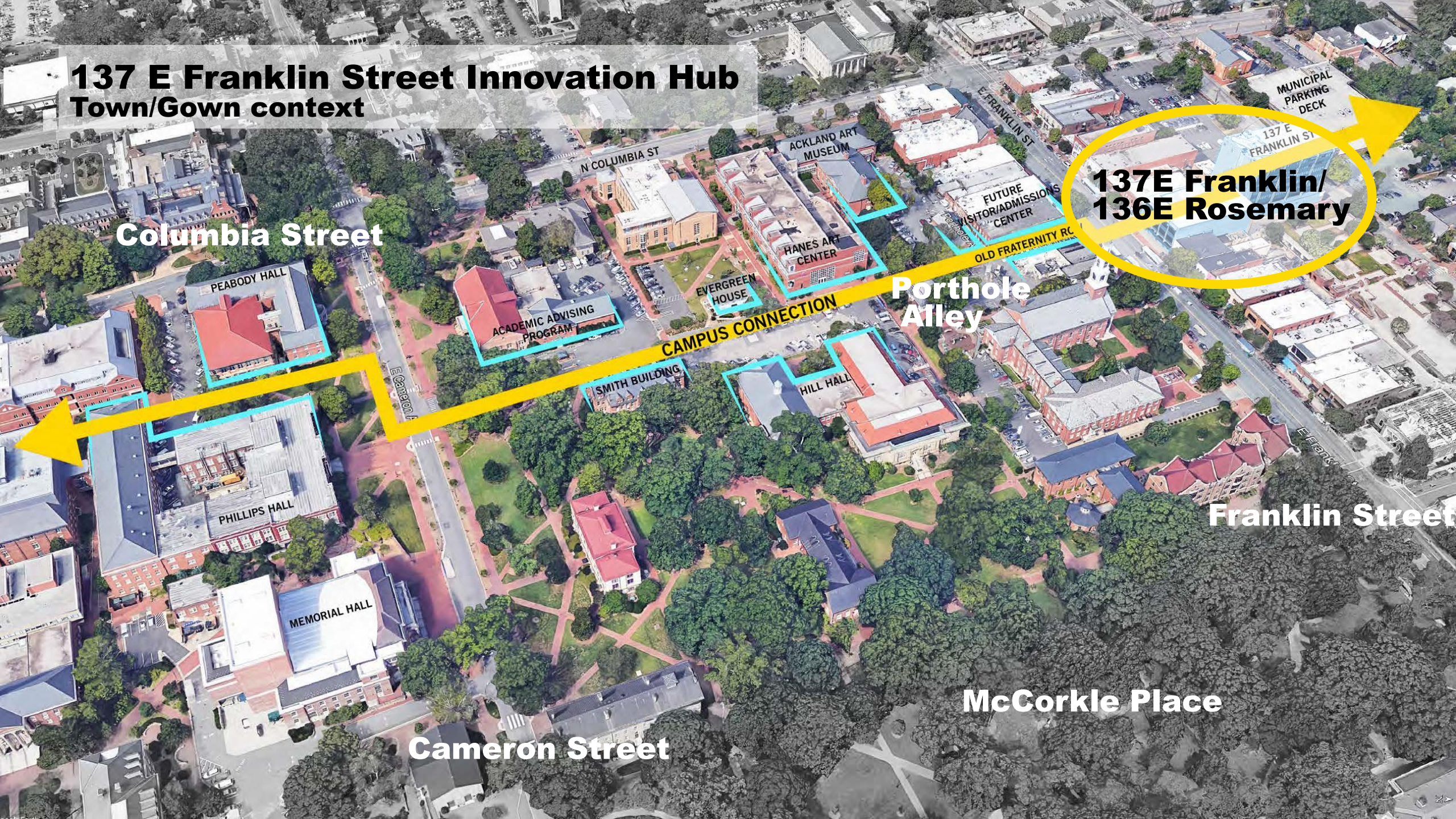
**Consider
authorizing a new
office building for
downtown.**

**Move our parking
operation from
Wallace to new
deck.
Complete transfer
of interests and
management.**

The Design Vision

Grubb Properties/Perkins&Will

**137 E Franklin Street Innovation Hub
Town/Gown context**



Columbia Street

**137E Franklin/
136E Rosemary**

CAMPUS CONNECTION

**Porthole
Alley**

Franklin Street

McCorkle Place

Cameron Street

PEABODY HALL

PHILLIPS HALL

MEMORIAL HALL

ACADEMIC ADVISING PROGRAM

SMITH BUILDING

HILL HALL

EVERGREEN HOUSE

HANES ART CENTER

ACKLAND ART MUSEUM

FUTURE VISITOR/ADMISSIONS CENTER

OLD FRATERNITY ROW

MUNICIPAL PARKING DECK

137 E FRANKLIN ST

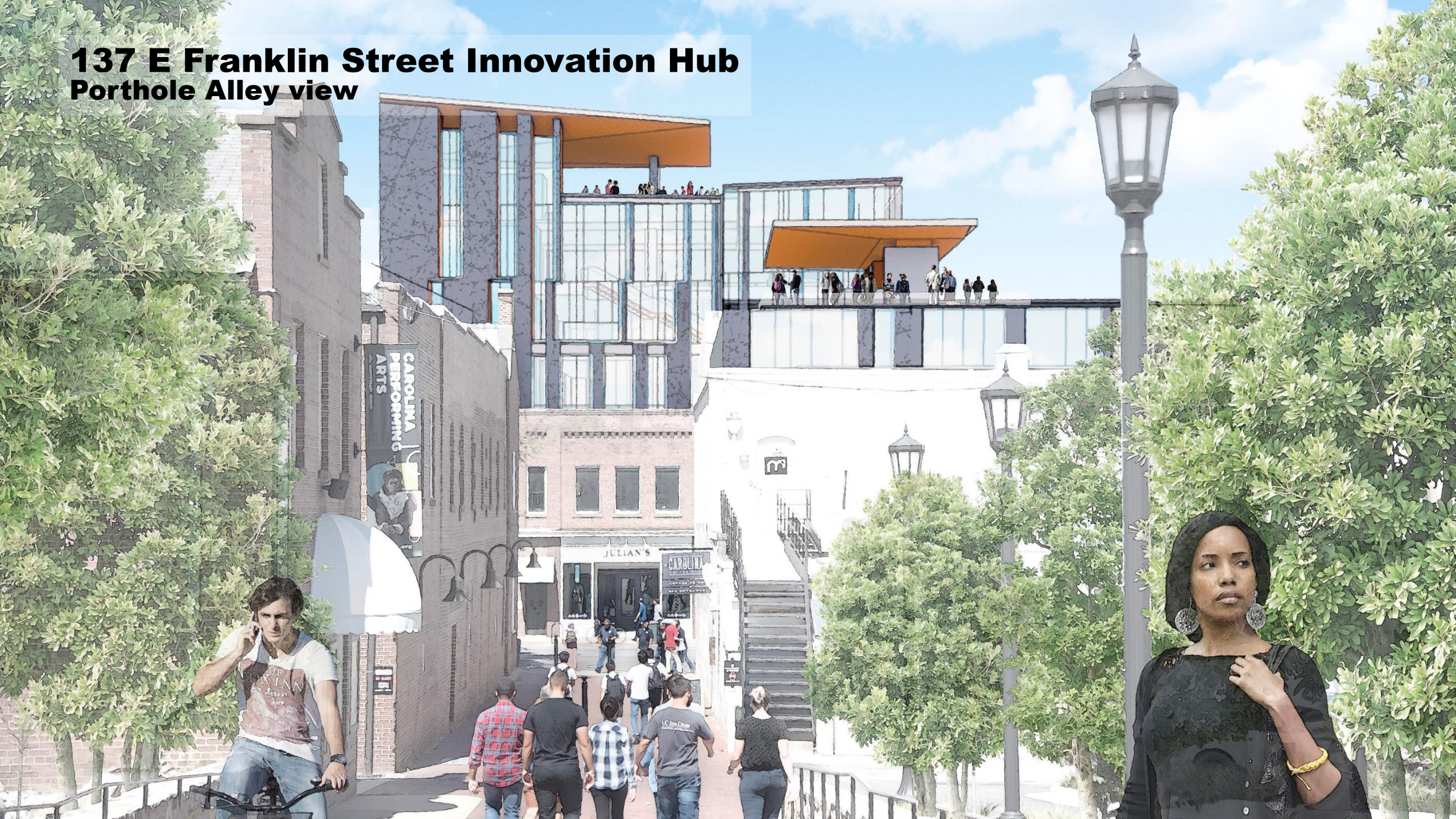
137 E Franklin Street Innovation Hub

Porthole Alley view



137 E Franklin Street Innovation Hub

Porthole Alley view



137 E Franklin Street Innovation Hub

Franklin Street View

Where ideas, research, industry and innovators collide to create social and economic impact





Parking deck: Rosemary Street and retail porch



Flat floors for visibility and walkability



Emergency stations



Access control



Video cameras

Parking deck: passive and active security features



LED lighting



Rooftop PV arrays



EV charging stations



Bike parking

Parking deck: sustainability features



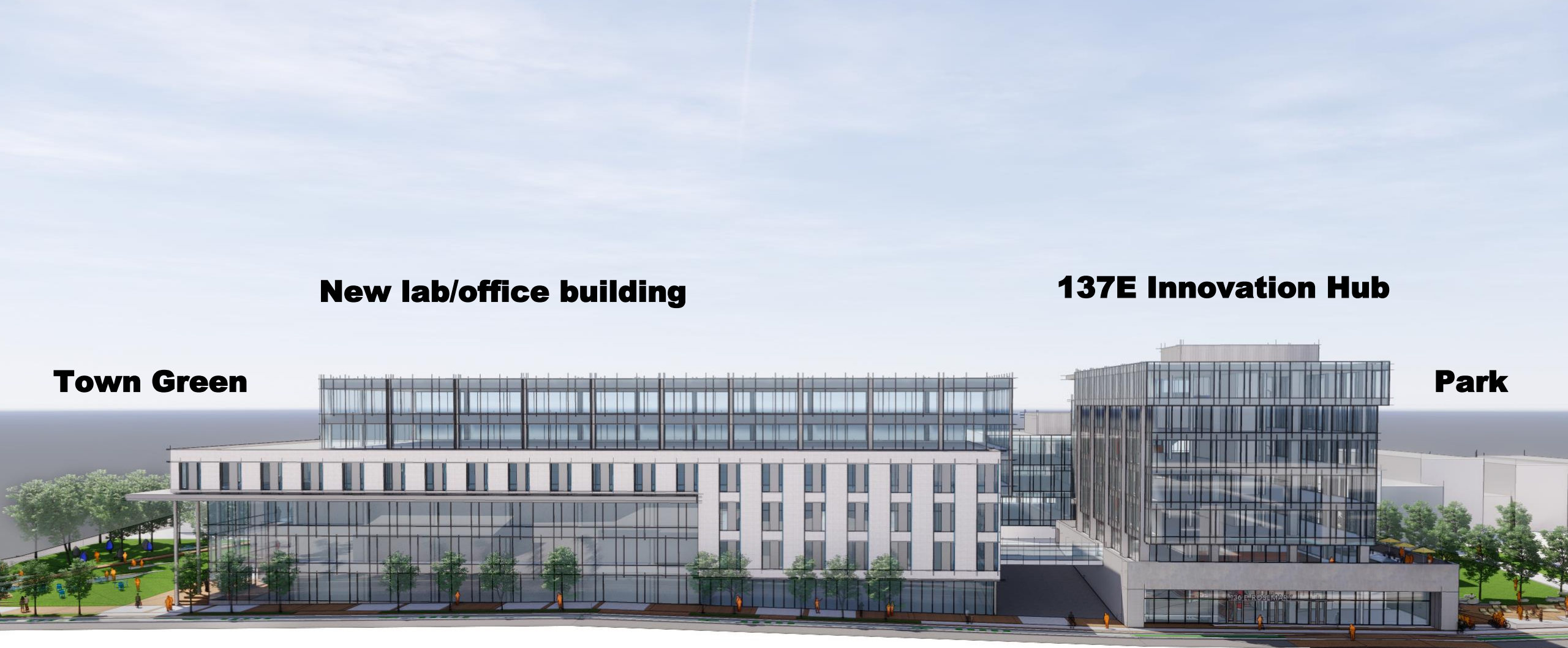
Rosemary and Henderson Streets: Town Green

137E Innovation Hub



Park

Rosemary Street looking east: Urban Park and Varsity Alley



New lab/office building

137E Innovation Hub

Town Green

Park

Rosemary Street looking south

Columbia St.

New parking deck

Henderson St.

Retail Porch

Rosemary St.

**Protected bike lanes
Bike parking**

Widened sidewalk & street trees

Park

136 E Rosemary

New lab/office building

Town Green

Varsity Alley

137 E Franklin

Post Office Alley

Streetscape improvements: over 50% of total frontage

Community Benefits

- **Improved Rosemary Street streetscape – over 50% of street frontage**
- **Two public green spaces**
- **Mid-block pedestrian connection between Franklin and Rosemary Streets**
- **Alleyway improvements**
- **Expanded public parking**
- **Sustainable development features for deck & building**
- **Walkable development to reduce car dependency**
- **Economic development and jobs in downtown Chapel Hill**

Project Cost

Parking Deck Construction Cost	\$ 24,200,000
Existing Deck Demolition Cost	1,200,000
Construction Management Fee (4%) (4% of Garage Cost & Demolition)	1,016,000
Adjacent Land Purchase	<u>1,750,000</u>
Total	\$ 28,166,000

- *Assumes borrowing amount \$28.5 million; 3.5% interest*
- *Assumes \$22,000 per space cost for 1100 space deck - design & construction costs*

East Rosemary Development Structure

Session Law 1983, Chapter 1961

- “Town may expend funds, acquire property and participate in capital economic development projects which Town Council determines will enhance the economic development and revitalization of the Town”
- “Construction or renovation of parking facilities”
- “Contract between Town & developer may provide that developer shall be responsible for construction of entire economic development project”
 - “Meet needs of the Town”
 - “Operated for benefit of the residents of the town”
 - “Constructed at a reasonable price”

} Project Profit & Loss Statement

Rosemary Parking Deck Revenue	
TOTAL spaces	1100
Spaces leased	225
Leased Spaces monthly rate	\$ 125
Percent Leased	70%
Hourly Parking rate	\$ 1.50
Hourly Occupancy	65%
Hours of Operation	12
Days of Operation	312
Hourly Spaces	625
Annual Lease Revenue	\$ 236,250
Annual Hourly Revenue	\$ 2,281,500
Guaranteed Lease Revenue (250 spaces)	\$ 375,000
Misc. Other Income	\$ 40,000
Total Revenue	\$ 2,932,750
Revenue Per Space	\$ 2,666.14
Operating Expenses	\$ (440,000)
Debt Service (Yr 1)	\$ (2,422,500)
Total Cost	\$ (2,862,500)
Net	\$ 70,250

Proposed Fee Changes:

- Consider Hourly Parking Rate for Parking Decks from \$1 per hour to \$1.50 per hour to be consistent with other hourly rates
- Consider Leased Parking Rate for Parking Decks from \$115 per month to \$125 per month

} Project Cash Flows

Town Build Sceario - Revised Fee Structure

Par Amount \$ 28,500,000
Interest Rate 3.50%

A	B	C	D	E	F	G	H
FY	Year	Principal	Interest	Debt Service	Net Revenues	Surplus/ (Deficit)	Cumulative Surplus/(Deficit)
Total		\$28,500,000	\$10,972,500	\$39,472,500	\$52,882,751	\$13,410,251	
2021	0	-	498,750	498,750	-	(498,750)	(498,750)
2022	1	1,425,000	997,500	2,422,500	1,246,375	(1,176,125)	(1,674,875)
2023	2	1,425,000	947,625	2,372,625	2,492,750	120,125	(1,554,750)
2024	3	1,425,000	897,750	2,322,750	2,479,550	156,800	(1,397,950)
2025	4	1,425,000	847,875	2,272,875	2,627,504	354,629	(1,043,321)
2026	5	1,425,000	798,000	2,223,000	2,461,400	238,400	(804,921)
2027	6	1,425,000	748,125	2,173,125	2,599,076	425,951	(378,970)
2028	7	1,425,000	698,250	2,123,250	2,584,219	460,969	81,999
2029	8	1,425,000	648,375	2,073,375	2,578,367	504,992	586,991
2030	9	1,425,000	598,500	2,023,500	2,714,705	691,205	1,278,196
2031	10	1,425,000	548,625	1,973,625	2,698,471	724,846	2,003,042
2032	11	1,425,000	498,750	1,923,750	2,681,750	758,000	2,761,042
2033	12	1,425,000	448,875	1,873,875	2,826,077	952,202	3,713,244
2034	13	1,425,000	399,000	1,824,000	2,808,337	984,337	4,697,581
2035	14	1,425,000	349,125	1,774,125	2,790,065	1,015,940	5,713,521
2036	15	1,425,000	299,250	1,724,250	2,771,245	1,046,995	6,760,516
2037	16	1,425,000	249,375	1,674,375	2,913,411	1,239,036	7,999,552
2038	17	1,425,000	199,500	1,624,500	2,893,444	1,268,944	9,268,496
2039	18	1,425,000	149,625	1,574,625	2,872,879	1,298,254	10,566,750
2040	19	1,425,000	99,750	1,524,750	2,851,697	1,326,947	11,893,697
2041	20	1,425,000	49,875	1,474,875	2,991,429	1,516,554	13,410,251

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