

# TOWN OF CHAPEL HILL

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

Town Council Meeting Agenda

Mayor Pam Hemminger Mayor pro tem Karen Stegman Council Member Jessica Anderson Council Member Camille Berry Council Member Tai Huynh Council Member Paris Miller-Foushee Council Member Michael Parker Council Member Amy Ryan Council Member Adam Searing

# Wednesday, March 2, 2022 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 Town of Chapel Hill wants to know more about who participates in its programs and processes, including Town Council business meetings and work sessions. Please participate in a voluntary demographic survey https://www.townofchapelhill.org/demosurvey before accessing the Zoom webinar registration. After registering, you will receive a confirmation email containing information about joining the webinar in listen-only mode. Phone: 301-715-8592, Meeting ID: 893 7704 2600

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

# OPENING

# **ROLL CALL**

# ANNOUNCEMENTS BY COUNCIL MEMBERS

# AGENDA ITEMS

1. Discuss Redevelopment of the Police Station Property at 828 Martin Luther King Jr., Boulevard.

[22-0172]

PRESENTER: Laura Selmer, Economic Development Manager Keith Johnson, Attorney, Poyner Spruill

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The purpose of this item is to provide Council an opportunity to review the NC Brownfields Program, project approach, and continued discussion of key issues related to a Memorandum of Understanding (MOU) with the Belmont-Sayre development team (Belmont) for the redevelopment of the police station property.

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

# TOWN OF CHAPEL HILL

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

Item Overview

# Item #: 1., File #: [22-0172], Version: 1

**Meeting Date:** 3/2/2022

# Discuss Redevelopment of the Police Station Property at 828 Martin Luther King Jr., Boulevard.

**Department:** 

**Economic Development** 

# Staff:

Laura Selmer, Economic Development Manager

**Overview:** The purpose of this item is to provide Council an opportunity to review the NC Brownfields Program, project approach, and continued discussion of key issues related to a Memorandum of Understanding (MOU) with the Belmont-Sayre development team (Belmont) for the redevelopment of the police station property. This property presents an opportunity to combine two ongoing efforts: a site for the Municipal Services Center (MSC); and the remediation and reuse of the current police station property.

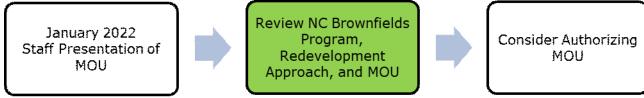
### **Decision Points:**

Consider Memorandum of Understanding with Belmont-Sayre development team for redevelopment of the 828 MLK site.

### **Key Issues:**

- Review site background information and the NC brownfields program.
- Discuss project approach.
- Discuss Memorandum of Understanding and project timeline.

# Where is this item in its process?



# **Attachments:**

- Presentation from Poyner Spruill
- Business Street Site Market Analysis
- Fact Sheet
- SELC Response Letter 2-22-22

# The Agenda will reflect the text below and/or the motion text will be used during the meeting.

PRESENTER: Laura Selmer, Economic Development Manager Keith Johnson, Attorney, Poyner Spruill

The purpose of this item is to provide Council an opportunity to review the NC

Item #: 1., File #: [22-0172], Version: 1

Brownfields Program, project approach, and continued discussion of key issues related to a Memorandum of Understanding (MOU) with the Belmont-Sayre development team (Belmont) for the redevelopment of the police station property.

# TOWN OF CHAPEL HILL

828 MLK Property Presentation

# KEITH H. JOHNSON

Poyner Spruill kjohnson@poynerspruill.com

# **STEVE HART** Hart & Hickman

Hart & Hickman shart@harthickman.com

March 2nd, 2022



Poyner Spruill

# SITE CAN BE REDEVELOPED AND MADE SAFE FOR RE-USE



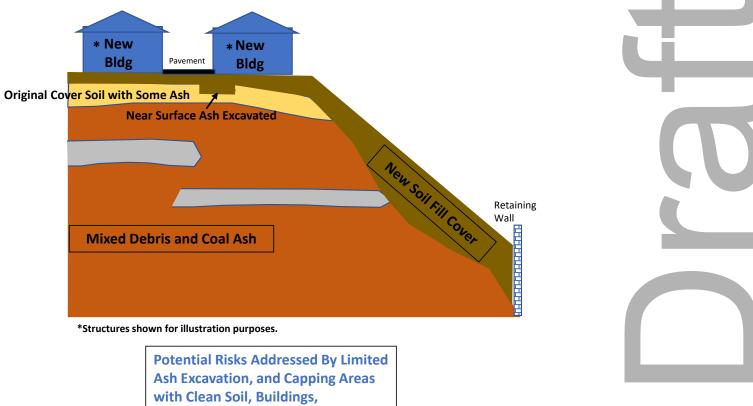
# Approach – Cap & Contain

- Some Ash Fill Removal / Off-Site Disposal
- Cap with 3-4 Feet Clean Soil, Buildings, and Pavement
- Retaining Wall
- Restrict Use of Groundwater





# Approach – Cap & Contain



Pavement, and Retaining Wall

# Approach – Cap & Contain

- Result Address <u>ALL</u> human exposure to coal ash fill/debris
- Which will be required under brownfields agreement



# Upland Coal Ash Fill is **NOT** Same Thing as a Coal Ash Slurry Impoundment

# **Coal Ash Fill v. Coal Ash Impoundment**



# **N.C. Brownfields Program**

• Means to Ensure Safe Re-Use Over Long-Term

# **Brownfields Program**

- The property will be suitable for the use specified in the agreement which fully protects public health and the environment
- There is a Public Benefit

General Statute 130A-310.32



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# Brownfields Program: Long-Term Measures

- Perpetual Deed Restrictions on Permitted Land Uses
- No Soil Disturbance (unless an emergency) Absent DEQ Approval
- Annual Inspections / Reports
- "Re-Openers" unique to brownfields program
  - New information on a contaminant
  - o Risk is unacceptable due to a change in land use
  - o Previously unreported contaminants or new area of contamination

General Statute 130A-310.33

# **MEMORANDUM OF UNDERSTANDING**

Start the Local Permitting Process with Actual Redevelopment Concept Plan

# SCHEDULE

- MOU
- Concept Review Under Town UDO (2 months)
- Brownfields Discussion with DEQ (same 2 months)
- Economic Development Agreement?
- Conditional Zoning Permit Application (12-18 months)
- Negotiate Brownfields Agreement (same 12 to 18 months)





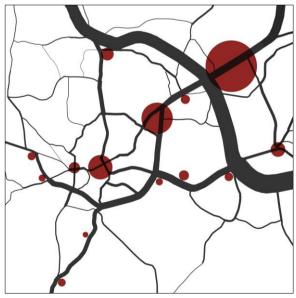
# Mini Market Study of The Police Station Site

# Summary

- 1. This is an excellent site for residential development because it is located near the center of the town; it has good walking, biking and bus connections, and it has forested views. Were it not for DEQ restrictions, this would even be a good site for condominiums or for-sale townhouses. Given the town's lack of "move down" housing, this is even a good site for senior or other age restricted housing.
- 2. This is not a good site for office development because it lacks two of the most important factors for these uses: visibility and freeway access. Because of Covid, there is also great uncertainty now about future demand for office space, and other locations with stronger locations for work will pull that demand first.
- 3. Because of the same lack of visibility and freeway access, this is also not a good site for retail development. There is potential to make the larger area around this site into an urban village with more walkable retail, but the commercial core of that village would be the intersection of Hillsborough St. and MLK, not this site.

# **Retail Demand**

This is not a good site for retail because it lacks exposure to passing traffic and a critical mass of retail nearby. The map at right, which indicates the relative amount of retail in red and the relative traffic volume in black, shows that most of the town's retail space is on the major commute routes to the east and north. Other than the small shopping center anchored by Root Cellar and Fly Leaf Books, there is relatively little retail on MLK between downtown and Weaver Dairy Rd. There is a reason for that: most in the neighborhoods between these two nodes are driving north to shop at the Harris Teeter or Food Lion at Timberlyne Village; south and east to shop at the Harris Teeter and Weaver Street Market near the old Carr Mill, or east to the Whole Foods, Trader Joes, Food Lion, Trader Joes, and Wegman's in the "Blue Hill" district or farther east along Hwy. 15-501.



The pattern of development along the MLK corridor indicates the difficulty of developing locally-serving retail here. Between Hillsborough St. and Timberlyne, the only retail development is three gas stations with convenience stores and a small retail building at the southwest corner of MLK and Homestead that has had a fair degree of turnover. The weak occupancy of both Timberlyne Village and the shopping

center around the Harris Teeter Store in Chapel Hill North shows the limits on demand there. When the town government approved the Carraway Village project, it hoped that the more than 400 new apartments there would anchor new locally-serving retail, but this has not proved to be the case, for the strongest retail there is a Starbucks on a free-floating retail island and a Chick-fil-A with drive-through lanes, both of which appeal to drivers coming off the interstate<sup>1</sup>.

# **Office Space**

The challenges of limited access and exposure that limit retail development on this site also make office development challenging here. Like Chapel Hill's retail space, most of the town's office inventory is on the western and northern approaches to the freeways. The police station site is a "tweener" location without either the cafes and coffee shops of downtown or the easy-on, easy off access of Eastowne and Chapel Hill North. Any development here would also face considerable competition from new projects in stronger locations. Based on historical absorption rates, there is currently about a six-year of supply of office space now open, approved or advanced stages of approval<sup>2</sup>. New office development at the police station site would have difficulty competing with these projects, which are in much stronger locations

If the pandemic has created vacancies in retail, it has created even more uncertainty long term about the demand for office space locally, regionally and nationally. For every day that white collar workers permanently telecommute from home, the long-term demand for office space may drop by ten or 15 percent. We will simply not need as much office space, until the market grows out of current and coming vacancies. That does not mean there will not be demand for quality office space in places like downtown, where people will want to work because of the liveliness around them, but the demand for office space at this site if the area around it becomes a higher density urban village, but in that case the residential and retail would need to come first, building in the demand for walkable places near the new and smaller multi-family units that have been put up.

# Residential

This is an excellent location for multi-family housing, either rental or for sale, depending on the DEQ. Given the aging population and the shortage of "move-down" housing for seniors, age-restricted development could also be successful here.

There are several factors that make this a good site for residential development. The first is its centrality and great biking, walking and bus connections. Both Root Cellar and Fly Leaf Books are right down the street. The Bolin Creek Trail runs right by the property, connecting not only to supermarkets and restaurants in downtown Carrboro but, with a small dog leg, the public library off Estes. There is frequent bus service that makes downtown or to UNC only a ten-minute ride away. And the site's views are largely of forest, a pleasant alternative to the lights and noise of downtown living.

Longer term, this project could be part of an urban village resulting from redeveloping low-rise apartments with taller buildings. This is already going on elsewhere in the city not only in Glen Lennox but in a project near MLK, and this could be a place that, like Five Points in Raleigh, becomes Chapel

<sup>1</sup> A good rule of thumb is that each nearby resident can support about two to three square feet of "walkable" retail. A project with 500 units and 750 people can support 1500 to 2500 s.f. of retail, or the equivalent of one or two small storefronts.

<sup>2</sup> This includes 378,000 s.f. of space for lease at the Gwendolyn in Glen Lennox, 60,000 s.f. in the "Tri properties" at Barbie Chapel and Hwy. 54, and 238,000 s.f. in the 150 E. Rosemary St. building downtown.

Hill's "midtown neighborhood", a place with interesting walk-to shops and cafes. The police station site is not in the right location to be that center, which should be at the intersection of Hillsborough St. and MLK, but it could contribute the density that would make that center work.



# **FACT SHEET**



# 828 MLK Property

February 25, 2022

#### Introduction

The coal ash used as fill beneath the 828 MLK Property has raised a series of legitimate concerns and questions about the safety of current and future site use. This Q&A fact sheet is intended to help with our community's decision making by answering questions that have come up during public meetings and planning sessions with Chapel Hill's Town Council and other stakeholders.

An overriding consideration for our community, regardless of the future use, is to ensure that the Property will be managed in a manner that is protective of the Bolin Creek ecosystem and safe for people that might live, work or visit the Property.

Further information, including copies of the various site investigations and assessments for the Property, can be found at: <u>https://www.townofchapelhill.org/residents/community-sustainability/coal-ash-disposal-site-remediation-project and https://www.futureof828.org/</u>.

#### What is coal ash?

Coal ash, also called coal combustion products (CCP) or coal combustion residuals (CCR), is a by-product when coal is burned in a coal-fired power plant. It is predominantly silica, and can include fine particles, as well as larger pieces of slag.

### Why is coal ash a concern?

Coal ash is a concern because if it is uncovered, the fine ash particles can pose a respiratory risk if inhaled. Coal ash also contains heavy metals, such as thallium, arsenic, manganese and mercury, that can cause health and environmental concerns as a result of direct exposure to it.

### What is the history of the 828 MLK property?

Before the current police headquarters was built in 1980, the 828 MLK Property was a sand and gravel borrow pit in the 1950s/1960s and then backfilled with construction debris (such as concrete), fill soil, and coal ash in the 1960s/1970s. This practice was common and coal ash was widely used at hundreds of locations in North Carolina as structural fill under roads and buildings and to fill topographic depressions, former mines, and quarries because it was easy to use, had good structural support properties, widely available, low cost, and, historically, considered to be relatively benign.

#### What rules apply to coal ash fill?

Historically coal ash when used as fill was unregulated. Coal ash can still be used as structural fill today provided certain conditions are met and permits are obtained from the State.<sup>1</sup>

<sup>&</sup>lt;sup>1</sup> In 2014, NC enacted the Coal Ash Management Act (CAMA), the country's first state-level coal ash law for electric utilities – CAMA required cleanup of utility coal ash ponds and impoundments. Environmental advocates, including the Southern Environmental Law Center, led successful court cases that resulted in Duke Energy and other utility companies being compelled to clean up their ash ponds and impoundments located throughout the Southeast.



# **FACT SHEET**



### Is dry coal ash used historically as fill different than the wet ash slurry found at utility ponds and impoundments?

Yes, the situation at the 828 MLK Property should not be seen in the same light as the catastrophic spill at the Duke Energy facility in Eden, NC in 2014, where millions of gallons of coal ash slurry were released into the Dan River, or the groundwater contamination that has been identified at ponds and impoundments at Duke Energy and other utility facilities throughout the US. Because of the presence of water in coal ash ponds, there is a significant potential for leaching of metals into groundwater which is different than the dry coal ash placed in structural fill sites such as the 828 MLK Property, which is one of hundreds of old upland fill sites in the State. That is not to say the coal ash at the 828 MLK property poses no issues, it does, but those issues can be properly and safely addressed.

### What steps has Chapel Hill taken to address the coal ash at the 828 MLK property?

Starting in 2013, when coal ash was first found, the Town reported the situation to the North Carolian Department of Environmental Quality (DEQ) and began sponsoring a series of in-depth site investigations and risk assessments. In 2020, the Town conducted an interim cleanup to eliminate the immediate hazards by removing 1,000 tons of coal ash and soil along Bolin Creek Trail and providing erosion resistance to the steep site embankment.

### What is the situation today and what are the concerns?

Today the coal ash is almost completely covered by the police station, parking lots and soil, with the exception of just a few small areas of uncovered ash remaining along the steep site embankment. The Town's environmental consultants have concluded because the ash is almost completely buried and covered, it poses <u>no</u> unacceptable risks today to our police officers, to people visiting the police station or using the Bolin Creek Trail, or to the Bolin Creek ecosystem. The only risks identified were purely hypothetical if, in the future, a person repeatedly came in contact with the few remaining areas of exposed ash.

### What steps will be taken going forward to ensure the site remains safe?

Regardless of future use, going forward, the Town intends to enter into a Brownfields Agreement with DEQ. This ensures DEQ's close supervision and approvals. The risk of contact with coal ash can be addressed, for example, by constructing a retaining wall along the creek and, depending on future site use, containing and covering the coal ash with a combination of building footprints, parking and clean fill. Stormwater runoff will be improved to minimize impacts to groundwater and Bolin Creek. In simple terms, when exposure is addressed, so is risk. This approach is common and customary for historical coal ash fill sites.

### Could the coal ash be removed?

Technically, yes, but as a practical matter, no, due to considerable safety and environmental concerns, timing and prohibitive costs. The complete removal of coal ash, disposal in a permitted offsite landfill and site restoration is estimated to cost from \$13 to \$16 million and would take three or more years to complete. The removal option, if implemented, could result in significant short-term environmental impacts, including risk of exposure to coal ash to Bolin Creek and the community during excavation and on the order of 5,000 truck trips to and from the nearest suitable landfill located 40 miles from Chapel Hill.

### What other safeguards are provided by the Brownfields Agreement?

The state Brownfields Program was started in 1997. It authorizes DEQ to work with non-responsible parties, in this case the Town of Chapel Hill, which did not cause or contribute to site contamination, to promote the safe use of urban infill properties, old industrial sites, and other types of environmentally impaired real estate. In North



# **FACT SHEET**



Carolina, to date, approximately 650 brownfields agreements have been recorded and another 250 sites, like the 828 MLK property, are enrolled to obtain an agreement. In greater Chapel Hill/Carrboro, brownfields sites include the Wegmans grocery store built at the former Performance Auto site, new apartments where the Crown Honda dealership was located along Fordham Blvd, and the future redevelopment of University Mall.

The Brownfields Agreement for the 828 MLK property will include a comprehensive framework to help ensure the site remains safe – this includes deeded perpetual land use restrictions and required regular monitoring, care and maintenance of the site. The agreement also prohibits groundwater use and unsupervised ground disturbance or construction activities and requires an annual DEQ compliance certification. If anything changes that may increase the risk to public health or the environment, or new information about site conditions or a contaminant is revealed, additional steps are built into the Brownfields Agreement framework to require further action.

### <u>Via Email</u>

February 22, 2022

Southern Environmental Law Center 601 West Rosemary St, Suite 220 Chapel Hill, NC 27516

Attn: Mr. Nick Torrey

Re: Response to SELC Comments Risk Assessment Report 828 Martin Luther King, Jr. Blvd. Chapel Hill, NC <u>H&H Job No. TCH-002</u>

Dear Mr. Torrey:

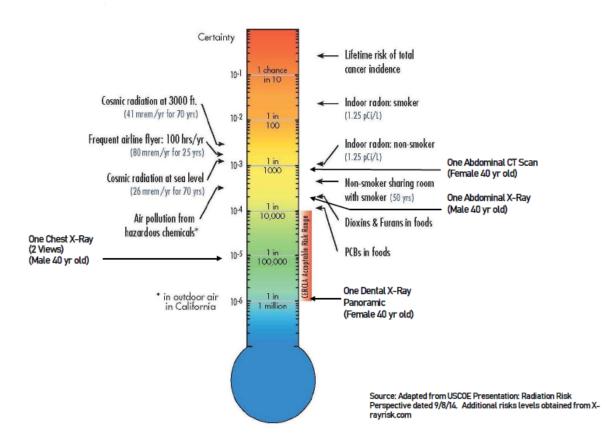
At the request of the Town of Chapel Hill, we have prepared this letter to address comments dated January 31, 2022, from the Southern Environmental Law Center (SELC) on the October 7, 2021 Risk Assessment Report (RAR) prepared by Hart & Hickman, PC (H&H) for the property located at 828 Martin Luther King (MLK) Jr. Boulevard in Chapel Hill, Orange County, North Carolina (site). For ease of reference, the abridged SELC comments are provided below followed by our response.

### **Comment:**

At the October 13, 2021 council meeting, Council members and Mayor Hemminger requested more information to update the risk assessment prepared by the town's environmental consultant before considering possible uses for the property. The additional information requested included risk calculations using  $10^{-5}$  (the level used for the initial risk assessment on the greenway) and  $10^{-6}$  cancer risk factors, as well as the inclusion of background levels of metals in the risk calculations since families living there would risk exposure to all pollutants present on the site.

#### **Response regarding cancer risk factor:**

Before answering this question, we feel it is important to understand overall carcinogenic risks to humans from various causes in comparison to the North Carolina Department of Environmental Quality (DEQ) and EPA acceptable incremental cancer risk levels of 1 in 10,000 ( $1 \times 10^{-6}$ ). Below is graphic depicting the lifetime incidence of cancer from various causes such as air pollution, radon, cosmic radiation, and X-rays in comparison to the EPA acceptable risk range.



### Lifetime Risk of Cancer Incidence

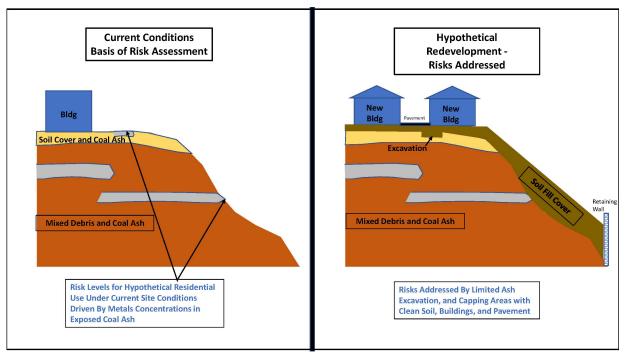
As indicated in the graphic, the overall incidence of cancer in the human population is around 1 in 5 (i.e., 20% of the population will get cancer of some type). The incidences of cancer from cosmic radiation at sea level, radon in indoor air for a non-smoker, and from a single abdominal CT scan are approximately 1 in 1000 and significantly higher than the acceptable EPA and DEQ acceptable risk range of 1 in 10,000 to 1 in 1,000,000. The incidences of cancer within the EPA and DEQ risk range are similar to that of a single dental X-ray, single chest X-ray (2 views), and single abdominal X-ray. Multiple X-rays over a lifetime will obviously increase the potential incidence of cancer.

Therefore, the incremental cancer risk from environmental exposures that are within the EPA and DEQ acceptable risk range are minimal in comparison to everyday type of exposures that occur to people. The EPA and DEQ acceptable carcinogenic risk range of 1 in 10,000 to 1 in 1,000,000 is identified in Federal rules at 40 CFR 300.430[e]. A risk range is provided in the rules to give flexibility to regulators, parties conducting cleanups, and communities in making decisions regarding cleanup objectives. The DEQ Division of Waste Management considers a cumulative cancer risk of one in 10,000 to be acceptable. The EPA recommends consideration

of a range of risk levels, but typically uses a risk of 1 in 10,000 as a trigger to define remediation areas.

Per the Town Council's request, H&H performed additional risk calculations using the risk assessment criteria outlined in the RAR for residential exposure in the upper level of the site *in the site's current condition* (i.e., no additional actions including potential capping or removal of soil/coal combustion products [CCPs] that would occur as part of redevelopment), but using the 1 in 100,000 and 1 in 1,000,000 acceptable risk levels. The results of that evaluation indicate that application of a 1 in 100,000 target cancer risk would result in a recommendation to remove/cover soil representative of one additional sample (sample HH-3) for the site *in its current condition* to be suitable for residential use. Application of a 1 in 1,000,000 target cancer soil representative of three samples (samples HH-1, HH-2, and HH-3) for the site *in its current condition* to be suitable for residential use.

Regardless of the target risk values used in evaluation of the current site conditions, risks can be addressed as part of the redevelopment of site. Where impacted soil/CCPs are covered by areas of pavement, buildings, or clean fill material, the potential for exposure to those soil/CCPs is addressed. For areas with elevated concentrations above the target risk value and no surface cover or fill material under the post-redevelopment scenario, impacted soil/CCPs near the surface can be excavated and replaced with clean fill material, thereby addressing the potential for exposure. The Brownfields process will ensure that these measures are implemented to ensure that risks are acceptable for the specified uses of the property, and will also ensure that those measures are in place and maintained in the future. The below diagram provides a hypothetical example to demonstrate how current risks identified at the site (upon which the risk calculations in the RAR are based) can be addressed as part of the site redevelopment.



The measures that will be used to address risks will be dependent on the specifics of the redevelopment project. The redevelopment information can then be used to identify specific management procedures to reduce or eliminate potential exposure risks, which are currently noted in the RAR but are not tied to specific development plans.

### **Comment:**

At the October 13, 2021 council meeting, Council members and Mayor Hemminger requested more information to update the risk assessment prepared by the town's environmental consultant before considering possible uses for the property. The additional information requested included risk calculations using  $10^{-5}$  (the level used for the initial risk assessment on the greenway) and  $10^{-6}$  cancer risk factors, as well as the inclusion of background levels of metals in the risk calculations since families living there would risk exposure to all pollutants present on the site.

**Response regarding inclusion of background metals concentrations in the risk calculations:** The RAR documents risk calculations with and without the inclusion of background metals concentrations (refer to the text, Table 1, and Appendix C of the RAR). EPA and DEQ do not require remediation of concentrations below naturally occurring background levels, because these concentrations represent naturally occurring conditions in North Carolina soil, are not associated with contamination sources, and are therefore not "pollutants". Therefore, constituent concentrations attributed solely to background conditions are not used in evaluation of areas to be addressed to reduce potential risks to site occupants. For example, it would not reduce risks or a be a good use of resources to excavate soil from the site due to concentrations of metals at typical background levels, then backfill with soil from another local uncontaminated site or quarry that contains similar concentrations of metals at typical background levels.

### **Comment:**

If the proposed developer or the town's consultant can provide examples of successful residential redevelopment projects constructed on coal ash sites, we would be interested to see that information.

### **Response:**

This inquiry is best directed to the DEQ Brownfields Program. However, H&H notes that coal ash has been used as structural fill throughout the State in both permitted fills and prior to permitting requirements. The State keeps records of permitted fill sites. Fill has been used for many types of end uses including residential properties, churches, farms, and schools. Although there have been cases where structural fill coal ash has become exposed after placement, the vast majority of the locations where coal ash has been used as structural fill have not resulted in significant risks to use of the properties. In the case of the proposed redevelopment of the subject site, a Brownfields agreement will require long term inspections and, if needed, repair of barriers to prevent exposure of occupants to underlying coal ash.

We appreciate your interest in this project.

Sincerely, *Hart & Hickman*, PC

Van Kellon

Genna K. Olson, PG Principal

Am C. 1

Steve Hart, PG Principal

cc: Dwight Bassett – Town of Chapel Hill Mary Jane Nirdlinger – Town of Chapel Hill John Richardson – Town of Chapel Hill Laura Selmer – Town of Chapel Hill Keith Johnson – Poyner Spruill Justin Ballard – Hart & Hickman, PC