



Legislation Text

File #: [23-0640], Version: 1

Consider Leasing Space for the Police Department and Continue the Brownfield Remediation at 828 Martin Luther King Jr. Blvd.

Staff:

Chris Blue, Town Manager
Mary Jane Nirdlinger, Deputy Town Manger
Celisa Lehew, Chief
Amy Oland, Director
Dwight Bassett, Director

Department:

Manager's Office

Police Department
Business Management
Economic Development & Parking Services

Overview: For several years, we have searched for an adequate space to house our Police Department. The current facility is deteriorating and the cost of building a new Municipal Services Center (MSC) at 828 Martin Luther King Jr. Blvd. would overwhelm the Town's borrowing capacity. The staff has identified a location with suitable leased space for the Police Department - the Parkline Building at 1830 Fordham Boulevard (former BCBS building). The space meets the department's needs and we recommend moving forward with a lease. Leasing space will have a smaller cost impact on the Town's Debt Service Fund than financing construction for a new Municipal Services Center and it solves the most critical need, the Police Department.



Recommendation(s):

That the Council support the Town Manager proceeding with leasing space for the Police Department while the staff continues working with the State Brownfields program at 828 Martin Luther King Jr. Blvd.

Decision Points:

- Leasing space for the Police Department solves the most critical need in the most time efficient and cost-effective manner.
- Leasing space allows us time to determine what the best non-residential use of 828 Martin Luther King Jr. Blvd is, after remediation.
- Preserving debt capacity allows us to remediate 828 Martin Luther King Jr. Blvd. and pursue capital projects for other operations including Parks & Recreation and Fire.

Key Issues:

- Leasing can move quickly, with the possibility of having the Police Department in a new facility in about a year.
- Leasing will have an impact on the Town's available debt capacity for the duration of the lease.
- We will still need to plan for a permanent leased or owned location for the Police Department.
- The proposed location meets the Police Department's operational needs.

Fiscal Impact/Resources: Leasing space will cost about \$1.5M annually for the duration of the lease compared to the average annual debt service costs of \$3.4 million to build a new police station or \$6.0 million to build the Municipal Services Center. Estimates below depend on interest rate (estimated at 4%) and payment schedule (estimated using 20-year level principal).

Option	Amount to Borrow	Average Annual Debt Service
MSC original cost estimate	\$34 million borrowing	\$2.5 million
MSC revised cost estimate	\$82 million borrowing	\$6.0 million
Police Department only cost estimate	\$47 million borrowing	\$3.4 million
Police Department only lease estimate	N/A	\$1.5 million

The Town’s Debt Service Fund cannot absorb an \$82 million borrowing at this time without additional revenue to help offset the unanticipated debt service costs. Leasing space for a new Police Department will allow the Town time to determine long term needs and build some additional capacity in the debt service fund.



Attachments:

- Resolution

A RESOLUTION IN SUPPORT OF LEASING SPACE FOR THE POLICE DEPARTMENT (2023-09-13/R-8)

WHEREAS, it is critical that the Town of Chapel Hill find a suitable location for Police operations; and

WHEREAS, the current facility at 828 Martin Luther King Jr. Blvd. no longer meets the needs of the Department; and

WHEREAS, the Town wishes to address the immediate needs of the Police Department while simultaneously proceeding with efforts to remediate the 828 Martin Luther King Jr. site; and

WHEREAS, the Town Manager is authorized to enter into a building lease on behalf of the Town,

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council supports the Town Manager entering a lease to provide a suitable location for the Town of Chapel Hill Police Department.

This the 13th day of September, 2023.

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

PRESENTER: Celisa Lehew, Police Chief,
Mary Jane Nirdlinger, Deputy Town Manager

RECOMMENDATION: That the Council support the Town Manager entering a lease for the purpose of providing a suitable location for the Town of Chapel Hill Police Department.