



# TOWN OF CHAPEL HILL

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

## Legislation Text

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File #: [22-0245], Version: 1

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### **Consider Authorizing a Memorandum of Understanding for the 828 Martin Luther King, Jr. Blvd. Redevelopment Project.**

**Staff:**

Laura Selmer, Economic Development Manager

**Department:**

Economic Development

**Overview:**

The Town of Chapel Hill has studied the environmental conditions and redevelopment options for the property located at 828 Martin Luther King Jr. Blvd. (828 MLK) since the initial discovery of environmental impairment in 2013. The Town has worked with experts in environmental engineering, risk analysis, the NC Department of Environmental Quality, and the NC Brownfields Program to determine viable options for site safety and reuse. All information on our communications, reports, and past public meetings is available on our project page:

<https://www.townofchapelhill.org/residents/community-sustainability/coal-ash-disposal-site-remediation-project>

After many years of study, this property presents an opportunity to combine two ongoing efforts for the Town: a site for the Municipal Services Center (MSC); and the remediation and reuse of the current police station property.

The Town is committed to following all environmental laws and standards to ensure the health and safety of our community. The Memorandum of Understanding (MOU) before you this evening is the first step in a long public process for redevelopment. Authorizing this MOU will allow staff and development partners to refine a concept plan that informs the long-term remediation and mitigation measures necessary to safely redevelop the site.

In 2019 the Town Council passed a set of strategic goals and objectives that focused on seven goal areas. Many of those goals and objectives align directly with the proposal before the Council this evening:

Connected Community:

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

Safe Community:

- Invest in facilities and infrastructure that support public safety

Affordable Housing:

- Increase availability of affordable housing for all incomes

### **The Municipal Services Center**

The vision for the Municipal Services Center is to co-locate key community services and to support interdepartmental collaboration. The project is also an opportunity to move departments out of facilities that are well-past their prime with significant repair costs which will increase with delay. The Municipal Services Center program, if located at 828 Martin Luther King Jr. Blvd, includes new space for:

- The Police Department
- The Fire Department Administration & Emergency Management
- The Parks and Recreation Department
- Some Technology Solutions Department space
- Parking for the uses in the building

### **Memorandum of Understanding Summary**

The Memorandum of Understanding (MOU) is a non-binding document to outline the high level terms of a potential public-private partnership for redevelopment. Approval of the MOU does not indicate a zoning approval of any kind. The project would still need to follow the existing public review and zoning process, as would any project in Chapel Hill.

The proposed public-private redevelopment plan is a mixed-use project, consisting of construction of a new Town MSC, a complementary private development by Belmont that would provide additional community benefit, and a common parking deck. The private development portion of the property could consist of multi-family housing.

Belmont would serve as the Project's overall development and construction manager, including the MSC, private development and brownfields remediation and risk mitigation. The Town development staff, attorneys and consultants would provide assistance.

Certain costs of common site development, including brownfields remediation and risk mitigation, will be apportioned between the parties in a manner to be set forth in the EDA. In arriving at that apportionment, the parties will account for, among other relevant factors, the Town's environmental and other costs incurred to date that will aid in redevelopment of the Property, and the proportion of the Property that will be used for private redevelopment versus the MSC.

If a private development is not allowed for in the CZP or Brownfields Agreement, the redevelopment would be limited to required remediation and risk-mitigation, construction of the MSC and related parking, with retention of the greenway trail. In such a case, Belmont could still serve in the project management role for the redevelopment project on behalf of the Town, for the to-be-determined fee based upon the costs of design and construction of the MSC.

Both parties will be signatories to the Brownfield Agreement. Belmont Sayre will be responsible for creating the Environmental Management Plan for redevelopment, with Town staff and consultant's input. The Town would be the sole signatory to the Brownfield Agreement if development is solely for the MSC.

Prior to execution of the EDA, Belmont agrees to provide the Town with any and all financial information necessary for a third-party financial analysis.

If the MOU is approved, the project will be submitted for the Town's Concept Plan review process to gather feedback on the proposed site plan and refine the project vision.

### **Recommendations:**

That the Council authorize the Town Manager to sign a non-binding Memorandum of Understanding with Belmont-Sayre regarding a redevelopment project on the 828 Martin Luther King Jr. Blvd. property and to proceed with the Town's concept plan process.

**Decision Points:**

- Proceed with Memorandum of Understanding
- Proceed with the concept plan process.

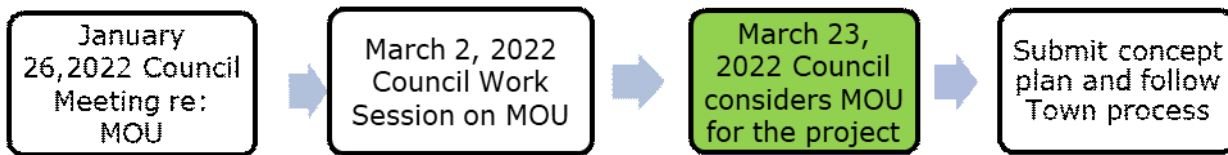
**Key Issues for Consideration:**

- Creation of ~80,000 SF of office space to serve as the Town’s Municipal Service Center.
- Creation of a private development component that could consist of multi-family housing.

**Fiscal Impact/Resources:**

- The Town will finance the MSC design and construction. The Town has budgeted \$34M for this project.
- Town costs may be offset with the addition of private development through cost sharing of common site costs and permitting, as well as potential future tax revenue.

**Where is this item in its process?**



**Attachments:**

- Resolution
- Draft Staff Presentation
- Draft Memorandum of Understanding

**A RESOLUTION TO AUTHORIZE THE TOWN MANAGER TO SIGN A NON-BINDING MEMORANDUM OF UNDERSTANDING WITH BELMONT\_SAYRE FOR CONSIDERATION OF REDEVELOPMENT ON THE 828 MLK, JR. BLVD. POLICE STATION PROPERTY (2022-03-23/R-1)**

WHEREAS, Chapel Hill Town Council desires to uphold the Town's values of Environmental Stewardship and address the public concern about long term safety and stability of the impaired property; and

WHEREAS, the Town Council wants to identify a permanent location for the Municipal Services Center to replace current facilities that do not meet the Town's needs; and

WHEREAS, Belmont-Sayre, selected through an RFQ process, presented an opportunity to engage with the Town in a public-private partnership to build the Municipal Services Center, a parking deck for site use, and optional commercial development; and

WHEREAS, this project aligns with established Town goals of transit oriented development, environmental stewardship, a safe community, and the possibility for affordable housing;

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council authorizes the Town Manager to sign a non-binding Memorandum of Understanding with Belmont-Sayre regarding a redevelopment project on the current police station property, as described in the March 23, 2022 meeting materials, and proceed with the Town's concept plan process.

This the 23rd day of March, 2022.

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

PRESENTER: Laura Selmer, Economic Development Manager

RECOMMENDATION: That the Council authorize the Town Manager to sign a non-binding Memorandum of Understanding with Belmont-Sayre regarding a proposed redevelopment project on the 828 MLK property and to proceed with the Concept Plan process.