



TOWN OF CHAPEL HILL

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

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Update on Redevelopment of Police Station Property at 828 Martin Luther King, Jr Boulevard.

Staff: Mary Jane Nirdlinger, Deputy Town Manager
Laura Selmer, Economic Development Specialist
Department: Manager's Office

Overview: This item provides Council with additional information concerning redevelopment of the current police station property located at 828 Martin Luther King, Jr. Blvd. This property presents an opportunity to combine two ongoing efforts in the Town: a site for the Municipal Services Center (MSC) and the remediation and reuse of the current police station property.



Recommendation(s):

That the Council provide feedback on guiding principles; staff will work over the summer to explore redevelopment options and draft an Economic Development Agreement (EDA) framework(s) to return to the Council for future discussion and decision in the fall.

I. Project Background

At the Council Work Session on [June 2nd <https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4969210&GUID=FD594A2B-271E-4CF7-9C27-8AD0E0CAE077&Options=&Search=>](https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4969210&GUID=FD594A2B-271E-4CF7-9C27-8AD0E0CAE077&Options=&Search=>), Council expressed an interest in building the Municipal Services Center at 828 Martin Luther King, Jr. Blvd. Council also requested supplemental information about additional site uses and exploring an Economic Development Agreement (EDA) with Belmont Sayre (RFQ Respondent).

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 time. The Municipal Services Center program, if located at 828 Martin Luther King, Jr. Blvd, includes new space for:

1. The Police Department
2. The Fire Department Administration & Emergency Management
3. The Parks and Recreation Department

4. Some Technology Solutions Department space
5. Meeting space
6. Parking for the uses in the building

In response to the Council's discussion and questions, Town staff has gathered additional information on key topics, which we have included in this update. Hart & Hickman will provide an update to Council at the June 23rd Council Meeting on the Risk Assessment.

Summary of Additional Information:

Item	Description
Risk Assessment	Hart & Hickman will conduct a risk analysis for site uses on the upland portion of the property. We expect this work to be completed over the summer.
Decision Making Timeline	Staff and Belmont Sayre created an outline of key decisions Council would need to make and when.
Site Scenarios and Cost Estimates	Belmont Sayre prepared two site scenarios and preliminary cost estimates. These scenarios will be updated to include use risks after the Risk Assessment is complete.
Summary of Site Analysis	Staff prepared a summary of site sampling, reports, and data conducted on the site since Coal Ash Combustion Products (CCPS) were discovered in 2013.
Third Party Financial Review	A Review of development scenarios will be completed over the summer.

II. Public/Private Partnership

The Town solicited qualifications from development teams who could partner with the Town to pursue a beneficial redevelopment of the 828 site.

A public/private partnership with the successful RFQ respondent, Belmont Sayre, could allow for the development of mixed-use space and the MSC.

In broad terms, a redevelopment process would include these steps:

- The developer would enter into a brownfields agreement with the NC DEQ to redevelop the property.
- The Town would incur construction costs, but the developer would cover, in part, the permanent remedial measures for the site under an environmental management plan as a component of the brownfields agreement.
- This scenario would allow for tax base growth for the mixed use(s), a solution to the MSC siting, cleanup of the site, development along the BRT corridor, and trail oriented development.
- Temporary relocation of police operations would be needed during construction.
- For private development, as an incentive to repurpose impacted sites, property taxes would

be reduced by approximately 50% on constructed improvements for five years after redevelopment occurs, under a special Brownfields Tax Exclusion

A replacement for Fire Station #4 and space for Orange County EMS at the Fire Station #4 site on Weaver Dairy Road would still be needed. These functions cannot be co-located at the Martin Luther King Jr. Blvd location because of the proximity to Fire Station #1. Fire Stations must be spread across Town to meet response times to different parts of Town.

If the MSC proceeds at this location, Town Staff would add these needs into the five-year budget strategy.

III. Guiding Principles

Town staff has identified some guiding principles, based on earlier Council input that could be used to guide the drafting of an Economic Development Agreement for redevelopment over the summer. Tonight, we are seeking Council feedback on these principles, which could be applied to one or more scenarios, described below.

- Explore best and highest use types and market feasibility for the site
- Incorporate sustainability into the MSC design to the greatest extent possible
- Safe redevelopment of site
- Use types informed by risk assessment
- Social costs of carbon

IV. Preliminary Redevelopment Scenarios

Scenario I

In addition to the Municipal Services Center, the developer could include up to 300 residential units on the site.

Residential clean up requirements are typically more stringent than those for commercial/retail and industrial use in order to protect new on site residents.

Scenario II

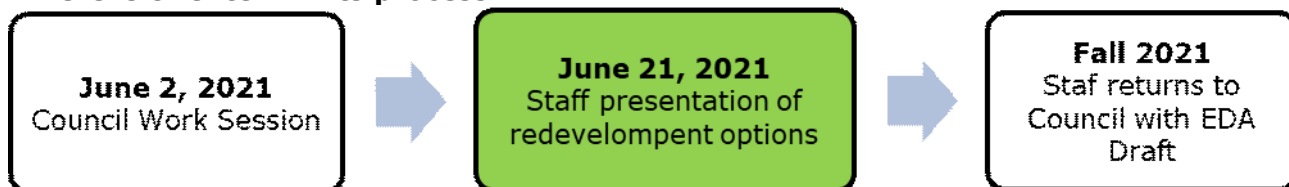
In addition to the Municipal Services Center, the developer could include a second office building of up to 60,000 SF.

Based on Council conversations to date and the results of the RFQ process, staff recommends a public/private partnership with Belmont Sayre to redevelop the property in a way that includes the MSC, mixed-use development, public amenities, and cleanup of the site. This could be achieved through an Economic Development Agreement (EDA).

Decision Points:

- Consider guiding principles for redevelopment
- Consider acceptable/preferred use types for co-location on site

Where is this item in its process?



Attachments:

- Site Analysis Summary

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

PRESENTER: Laura Selmer, Economic Development Specialist
Members of the Belmont Sayre Team

RECOMMENDATION: That the Council provide feedback on guiding principles; staff will work over the summer to explore redevelopment options and draft an Economic Development Agreement (EDA) to return to the Council for future discussion and decision in the fall.